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**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1988

NO. 14 OF 1989

UNION GOVERNMENT (POSTS AND TELECOMMUNICATIONS)
HUMAN RESOURCE AUDIT - DEPARTMENT OF POSTS

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PREFATORY REMARKS

This Report of the Comptroller and Auditor General of India containing a review on the "Human Resource Audit" in the Department of Posts has been prepared for submission to the President under Article 151 of the Constitution

of India. This review is the first of its kind on manpower planning.

The points mentioned in the review are those which came to the notice in the course of test audit.

OVERVIEW

This Audit Report contains a review on "Human Resource Audit" in the Department of Posts. The significant Audit findings, as a result of test check of records, are summarised below:

The main functions of the Department of Posts are planning, development, expansion, operation and maintenance of postal services. Besides, it is also undertaking certain other agency functions. The Indian Post Office Act came into existence in 1898. Even after 90 years of its enactment and after forty years of independence, the Department have not spelt out its long term organisational and financial objectives.

Department employed 2.91 lakh regular staff and an almost equal number of extra-departmental staff. The pay and allowances of the staff alone accounted for about 70 to 80 per cent of the total working expenses during 1979-88. It absorbed the entire revenue receipts and the Department were to meet the rest of the expenditure by subsidies out of general revenues of Government of India.

Despite the upward revision of postal tariff for the different services from time to time, the Department has been incurring losses year after year ranging between Rs.12 crores and Rs.216 crores during 1979-88. This was due to the absence of financial objectives and fixation of tariffs without correlating it to the cost of operations.

In a Department with a large work force, huge staff cost, recurring deficit and constant growth of mail traffic, forecasting the manpower demand on the basis of its

policies, trend of development, plans for diversification etc. is of paramount importance. However, there were only three major work measurement studies during the last 100 years covering the operations in respect of post offices, railway mail service and returned letter offices. The norms prescribed as a result of time test conducted in 1951 continued to be in force. There is an apparent need to review the staffing norms to determine the staff requirement for major functions of the Department. The performance of the Internal Work Study Unit, intended to conduct work measurement and method study, was far below normal.

The Department collected two sets of statistics. One for the purpose of cost calculation for fixing postal tariff, and the other for determining staff requirements. A correction factor ranging between 57 to 66 per cent was applied on the data collected for cost calculations, but no such cut was imposed on the data for determining staff strength resulting in over staffing and increased cost of operations. The traffic data reckoned for staff requirement was being inflated.

The Department attempted modernisation and mechanisation in a few areas over the years; but they were more related to functional mechanical aids. These were grossly inadequate and did not help to increase productivity, contain operation cost and provide job satisfaction to the staff. It adopted lukewarm pursuit of programmes and poor monitoring in its implementation leading to surrender of funds which was a regular feature. Revamping of the services with a balanced mix of work

force and mechanisation is an urgent task for the Department.

The Department introduced in October 1980, a scheme of creating a reserve pool of trained candidates. These candidates were to be trained in the departmental work and drawn for short duty work at hourly rate basis and subsequently appointed in regular posts. The intake of trainees was increased in June 1982 apparently ignoring the surplus manpower generated due to introduction of rationalisation measures in the railway mail service wing. The scheme was discontinued from 1984. In all, 12,104 candidates were trained, out of which 5,910 candidates were absorbed against regular posts upto 1987-88. The remaining 6,194 candidates trained at a cost of Rs. 24.16 lakhs were waiting for more than six years with a hope of getting absorbed. The circle offices, Directorate did not have any record to show the distribution of candidates awaiting absorption.

The Department has only five training centres, throughout the country. They are mainly engaged in providing basic knowledge and skills necessary for postal operations to the new inductees. The training facilities were inadequate. The expenditure incurred on training was a meagre 0.2 per cent of total expenditure of the Department. The annual intake of trainees was only six per cent of the total employees and certain cadres of staff were not covered by training. The system of feed back from the trained candidates was not effective. The Directorate did not monitor effectively the training needs of the organisation.

The need for work as first determined is subject to change from time to time. The Department had not undertaken any systematic and periodical review on the need for work either centrally at the Directorate level or through field offices. The Internal Check Organisation did not identify the declining areas of activity. Absence of such reviews led to continuance of unremunerative post offices and unjustified divisional offices which did not conform to norms resulting in idle employment and extra expenditure.

As a result of policy decision taken in June 1978, upto February 1980, 11,207 extra-departmental branch offices, having public call facility, were upgraded to the status of extra-departmental sub-offices. This upgradation did not involve any intrinsic increase in workload. The policy was reversed in August 1983 and 8,942 sub offices needed downgradation. Out of this, 2,694 such-offices were yet to be downgraded. The extra cost to the Department as a result of the decision taken in June 1978 was Rs. 7.29 crores upto March 1988.

Certain rationalisation measures in the railway mail service wing, conceived with a view to improving the mail arrangement, effecting economy in mail operations and reducing the loss sustained by the Department, were implemented during March 1982 to December 1985. Lack of adequate planning, effective implementation and redeployment of surplus manpower in the areas of demonstrable need militated against the objective of the scheme. The revised staff strength has not been notified.

Even six years after the introduction of the scheme, the Department did not have a correct picture of the surplus manpower existing in different cadres and in different circles. Surprisingly, the rationalisation measures having major impact in the staffing pattern and with sizeable financial implications were implemented without consulting the Postal Services Board - the apex body of the Department.

The broadcast receiver licences were abolished partly in February 1980 and fully in March 1985. 950 officials engaged on this work were retained after March 1985 causing an additional burden of Rs.182.31 lakhs per annum to the Department. The Directorate had no feed back whether this surplus manpower had

been absorbed in useful employment.

The Department did not have any Management Information System. Financial and non-financial data collected from circles were not put to efficient use for strategic planning or for firming management principles and processes.

Thus, there is an urgent need for the Department which is labour intensive, to develop a system of projecting its future manpower requirements on a scientific basis with reference to staffing levels held in the past and keeping in view the escalating costs, increasing traffic, changing environment, improved technology and work culture.

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**MINISTRY OF COMMUNICATIONS
(Department of Posts)**

Human Resource Audit

1. Introduction

1.1 Human Resource audit, in the ultimate analysis, denotes the efforts made towards stock-taking or diagnosis of the reasons leading to poor utilisation and effectiveness of human resource. It evaluates the utilisation and effectiveness of human resource with a view to suggesting measures for optimising them in an organisation. It has to be stressed that human resource audit should not be viewed as a tool for manpower reduction; it is intended to assess how far optimisation of manpower has been achieved.

1.2 The management of manpower in the western corporate world is done through human resource planning. It may be defined as a process by which it is ensured that the right number of people and right kind of people in the right places at the right time do things for which they are economically most useful. Human resource audit is more concerned with audit of human resource planning and the systems associated with it. Such planning essentially involves a definition of organisational objectives for a cycle of four to five years and manpower demand forecasting based thereon. The objectives themselves are periodically reviewed in the light of changing circumstances and the manpower forecast itself undergoes change in accordance with it.

1.3 Although essentially a corporate concept, human resource planning has great relevance to Government departments. With the proliferation of government activities, inevitable in a welfare state, there has been

a tremendous growth of manpower, at times haphazardly. Control of manpower costs has, thus, become an imperative necessity.

1.4 The problem of developing countries is scarce resources. In public utilities and service departments like Postal, Telecommunications, Railways, etc., where the dependence is more on human resource, deployment of manpower needs review from time to time with a view to ensuring its optimum utilisation.

1.5 The Department of Posts is a labour intensive department. The staff costs by way of pay and allowances alone accounted for about 70 to 80 per cent of the total working expenses during 1979-88. The entire revenue receipts of the Department were absorbed by the staff cost itself forcing the Department to meet the rest of the expenditure by subsidising out of general revenues of Government of India.

1.6 The Department employed 2.91 lakh regular staff (March 1988) and an almost equal number of extra-departmental staff. Of these, postal assistants and postmen in the Postal Wing and sorting assistants and mailmen in Railway Mail Service (RMS) Wing of the Department accounted for about 65 per cent of the total staff strength.

2. Scope of Audit

2.1 An attempt has been made in Audit to review mainly the working of four important operational cadres - viz., postal assistants, postmen,

sorting assistants and mailmen. In addition, the review also covers, in general, interesting features noticed in respect of other cadres. The procedure for estimating the staff requirement, forecasting manpower demand, determination of norms and standards for various activities, review of need for work and also utilisation of manpower resources have been examined both at the level of Directorate of Department of Posts and Circle offices. Test check of records in some divisions of four circles - Andhra Pradesh, Delhi, Uttar Pradesh and West Bengal was also carried out.

2.2 The draft Audit review was sent to the Department in September 1988. The Department furnished its reply in November 1988 in respect of the paragraph relating to work measurement study and stated that replies to other paragraphs were under finalisation and would be sent "separately". The replies have not been received (April 1989).

2.3 In the succeeding paragraphs the findings of Audit are brought out. Certain suggestions regarding human resource planning and its optimal utilisation have also been made for consideration of the Department.

3. Organisational set up

3.1 The Department carries out its activities through a network of 1,44,829 post offices (25,181 departmental and 1,19,648 extra-departmental offices), 1,000 mail offices, 45 postal store depots, 19 circle stamp depots and 66 mail motor service units. For this purpose, entire country is divided into 18 circles - 14 circles headed

by Chief Postmasters General (upgraded from February 1989) and 4 circles headed by Postmasters General, assisted by Regional Postmaster General/Regional Director and Senior Superintendent/Superintendent of Post Offices at divisional level.

The administrative set up of the Department consists of 18 circle offices, 37 regional offices, 431 postal divisions and 68 RMS divisions. At the top is the Postal Services Board - the apex body - which formulates policies and exercises overall control on the working of the organisation.

3.2 India has the biggest postal administration in the world in terms of number of post offices and employees. It ranked seventh in the volume of mail handled; the United States of America, United Kingdom, West Germany, Japan, France and Union of Soviet Socialist Republics handled more traffic than India.

3.3 Each post office in India served an average of 22.70 square Kms. and a population of 4,730 (figures based on 1981 census), as on 31st March 1988. As against this, the norms of Universal Postal Union, in which India is a member, were 20.40 square Kms. or 3,000 to 4,000 habitants.

4. Organisational functions and objectives

4.1 The postal system in India, in its present form, was established in October 1854, through the promulgation of Imperial Post Office Act, 1854. The enactment of Indian Post Office Act in 1898 provided a legislative base for the various

functions of the Department. Thereafter, its activities expanded from time to time.

4.2 The Department's main functions are planning, development, expansion, operation and maintenance of post services in the country. In this process, it is responsible for collection, transmission and delivery of mails, sale of stamps for postage and philatelic purposes, and providing facilities to the public for internal and external remittances of cash by means of money orders and postal orders. The Department also discharges certain other functions of Government of India on agency basis, such as savings bank and other small savings schemes, postal life insurance, collection of customs duty on inward postal articles, disbursement of pension to railway pensioners, disbursement of family pension to the families of employees of coal mines and industries covered

by provident fund scheme.

4.3 Even 90 years after the enactment of Indian Post Office Act, 1898, and after over 40 years of independence, the Department did not spell out its long term organisational and financial objectives. The Expert Committee on Excellence in Postal Services headed by Shri S.B.Lal, observed in its interim report in December 1988, that the Department functioned without any objectives relating to quality of service, financial performance and objective-oriented goals and targets. It also pointed out that the Department was being run by directives and not by objectives.

5. Financial results

5.1 The financial results of the Department during the last nine years ending 1987-88 were as under:

(Rupees in crores)

Year	Recei- pts	Net revenue expen- diture	Surplus (+) Deficit (-)	Gross working expen- ses	Staff cost	Percentage of staff cost to gross work- ing expenses
1979-80	259.22	270.75	(-) 11.53	305.98	234.63	77
1980-81	278.11	350.26	(-) 72.15	383.16	273.41	71
1981-82	309.41	403.10	(-) 93.69	447.59	317.50	71
1982-83	378.01	468.94	(-) 90.93	516.92	373.75	72
1983-84	434.54	516.84	(-) 82.30	570.52	429.82	75
1984-85	444.41	580.50	(-)136.09	633.87	488.61	77
1985-86	476.84	640.39	(-)163.55	725.20	547.53	76
1986-87	557.50	773.93	(-)216.43	899.38	630.25	70
1987-88	642.98	833.85	(-)190.87	1027.24	823.27	80

(Note:- The gross working expenses represent the total expenditure of the Department including agency functions, but excluding depreciation and dividend to general revenues. The net revenue expenditure represents the net expenditure of the Department plus depreciation and dividend, after deducting the recoveries realised from other departments).

It will be seen from the table above that the expenditure on staff towards their pay and allowances accounted for 70 to 80 per cent of working expenses of the Department, and this cost alone absorbed the entire receipts since 1984-85.

The inland and foreign postal tariff were enhanced five times for different services during the period 1979 to 1988 for augmenting the receipts. Even then, the loss sustained by the Department had been mounting, year after year mainly due to burgeoning staff cost, which exceeded even the receipts.

5.2 In the absence of any organisational and financial objectives, the fixation of postal tariff was not correlated with cost of operations. During 1987-88, the tariff was lower than the cost of operations in 17 out of 18 services.

In this connection, the Expert Committee observed in December 1988 as follows:

"There is no systematic costing of services and no attempt to even develop a system of normative costs. There appears to be a pronounced emphasis on the routine implementation of financial rules and procedures. This situation has seriously affected the quality of postal services. This is bound to happen in a situation when financial goals for the organisation and its various units are lacking".

5.3 The last Tariff Enquiry Committee was held way back in 1968. The Committee recommended in July 1968, "for the purpose of fixation of tariffs, efforts should be made to attain, as far as possible, financial self-sufficiency within the post branch". But the recurrent loss of the Department and the subsidisation from general revenues had continued.

6. Manpower forecasting.

6.1 The mail traffic handled by the Department grew at the rate of four to five percent per annum. Correspondingly the growth of staff strength during the last nine years (1979-88) had been as under:

Years	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Total departmental staff	266865	281772	297069	313803	313722	308053	298707	291757	291478
Actual variation over previous year		(+)14907	(+)15297	(+)16734	(-)81	(-)5669	(-)9346	(-)6950	(-)279
Percentage variation	-	(+)5.58	(+)5.43	(+)5.63	(-)0.03	(-)1.81	(-)3.03	(-)2.33	(-)0.03
Total extra-departmental staff	275950	284419	292526	294451	299468	300851	299042	297086	298320
Actual variation over previous year	-	(+)8469	(+)8107	(+)1925	(+)5017	(+)1383	(-)1809	(-)1956	(+)1234
Percentage variation	-	(+)3.07	(+)2.85	(+)0.66	(+)1.70	(+)0.46	(-)0.60	(-)0.65	(+)0.41

As a measure of economy, a ban was imposed by Government of India from January 1984 on the creation as well as filling up of posts. The ban on filling up of posts was relaxed in August 1986. The ban on creation of posts, however, continues (March 1989).

6.2 In a Department with a large work force, high staff cost, recurring deficit and constant growth of mail traffic forecasting the manpower demand on the basis of its policies, trend of development, plans for diversification etc. is of paramount importance.

Under the departmental rules, the staff requirement was being estimated at prescribed intervals (annual/biennial/triennial) in respect of each individual unit, the periodicity depending on the status of units. Additional staff when justified was also being granted unit-wise. No collective proposal on such estimation existed for the division, region or circle as a whole. This procedure placed more emphasis on planning for immediate action and incremental growth of manpower rather than systematic and comprehensive assessment as a whole.

Such 'action planning' (i.e. planning for immediate action) should, however, stem from a look into the future, using forecasts systematically and in a practical attempt linking together recruitment, staff relations and training plans. No such manpower planning existed in the Department either at the level of Directorate or subordinate circle offices. Even at the level of Postal Services Board, discussions and directions on this vital aspect

had been absent. Certain information regarding staffing and their utilisation in lower formations was being obtained by the Directorate through periodical returns but there was no evidence of such materials having been collected, analysed and studied in the context of planning the staff requirements.

6.3 The Department had passed through seven plan periods (1950-90) and its developmental activities formed part of Five Year Plans. A study by Audit of the Sixth and Seventh Five Year Plan documents (1980-85-90) of the Department revealed that the plan frames were not based on any systematic assessment with reference to the data obtained from field offices, consistent with the approved policies. The plan projections were confined to the cost of extra-departmental staff to be engaged in post offices but did not incorporate the cost of departmental staff necessary to attend to the related activities. Horizontal expansion of postal activities with the formation of more rural post offices necessitated strengthening of superstructure at the levels of sub and head post offices, mail offices and hierarchical administrative set up upto circle offices. It was, therefore, necessary for the Department to forecast the manpower demand of regular staff, but this was not done.

6.4. Thus, there was an apparent need to have a more scientific projection of future manpower requirement, based on staffing levels held in the past and also keeping in view the escalating costs, increasing traffic, changing environment, improved technology and work culture.

7. Review of need for work

7.1 The need for work as first determined is changeable as the demand for that work, its perceived need, rules and procedure requiring its continuance etc., change over time. These changes make it essential for the Department to evolve effective means of reviewing such areas of work so as to adopt manpower requirements to these developments. There was a decline in staff strength since 1984-85 due to ban on filling up of posts (upto August 1986), abolition of broadcast receiver licences (March 1985), introduction of the scheme of time bound one promotion (December 1983), and rationalisation in the railway mail service procedure (April 1982). But the reduction in manpower (except due to rationalisation in RMS) were attributable to constraints imposed on the Department and not to any special efforts made to identify declining areas of activity and excessive deployment of manpower.

7.2 Apart from its line management, the Directorate had its internal check unit, internal work study unit and efficiency bureau. In addition, there was internal check unit at circle level. There was no evidence to show that the Department had undertaken any systematic and periodical review on the need for work either centrally at the Directorate level or through field offices. As for internal check organisation, no provision existed in its manual and no such study was conducted to identify the declining areas of activity.

7.3 An instrument employed for achieving optimum utilisation of

resources is zero base budgeting which makes it obligatory to justify total operations from zero. In other words, at the beginning of each budgeting period it is assumed that no expenditure has been allowed and if any expenditure is proposed, it has to be justified. This would result in current activities, which have become redundant due to changed circumstances, being highlighted and identification of manpower engaged thereon. The concept of zero base budgeting, adopted by the Government in 1986 has not been, however, introduced effectively in the Department to identify redundant activities and the manpower engaged thereon. In reply to a questionnaire sent in July 1986 by the Department of Expenditure, Ministry of Finance, the Department stated in December 1986: "A number of steps have been undertaken to reduce working expenditure of the postal services. As such it would be difficult to identify any particular activity which can in total be given up in the following year".

7.4 Scant attention to review the time-old operations could obviously lead to distortion in resource allocation and also manpower utilisation, thus depriving the high priority areas of activity of adequate resources. A systematic review would compensate for such deficiencies.

8. Work measurement techniques

8.1 The requirement of manpower in different cadres of the Department upto Junior Administrative Grade are estimated with reference to prescribed norms and standards. They are determined with reference

to work measurement techniques.

A periodical examination of the norms and standards for the various functions carried out by the Department is an essential part of the system to have an efficient management combined with the cost benefit of the services rendered. The changes in the technology adopted from time to time and the resultant modifications of the working procedures of the Department call for a continual reassessment of the norms and standards; on these rational norms and standards lie proper determination of manpower required by the Department.

During the last 100 years, there were only three major work measurement studies. The operations in respect of post offices, railway mail service (RMS) and returned letter offices (RLO) were first covered in 1898, 1906 and 1919 respectively. A comprehensive time test embracing all these areas was undertaken in 1929 (Shri G.V. Bewoor) and the next in 1951 (Shri R.V. Marathe). The time tests conducted by Shri Marathe in 1951 known as "Marathe Time Test" continue to be in force till date for the various items of operations in the post offices, RMS and RLO excluding accounts branch. Time tests conducted by Shri Madan Kishore in 1953 form the basis for staff requirement of accounts branch of both Postal and RMS Wings.

Administrative offices in the Department are covered by the norms and standards as fixed by Staff Inspection Unit (SIU), Government of India, Ministry of Finance. Norms for other activities, not covered by the above, are deter-

mined by Internal Work Study Unit (IWSU) of the Department and enforced with the approval of SIU.

8.2 Subsequent to Marathe time test of 1951 and Madan Kishore's time test of 1953, which were based on the then existing procedures, traffic and workload, there was no major study to redefine the norms and standards for the operative areas of the Department as a whole or groups of operations, despite manifold increase in the activities.

As the staff costs formed 70 to 80 per cent of Department's working expenses, there is an apparent need to review these norms, keeping in view the volume of traffic, improved technology, procedures and changed working conditions.

8.3 The areas calling for upward revision of norms and reduction in the staff strength were given lesser attention. The existing instructions of Government of India, Ministry of Finance stipulate that the norms approved as per work measurement studies should be given effect to within three months of the decision to implement and any surplus staff arising from revised norms should not also be continued beyond three months. Three work measurement studies conducted by IWSU in 1985-86 and ordered to be implemented from August and October 1986 were withheld as they involved reduction in existing staff level. It was decided to implement the revised (tightened) norms in July 1988, after a delay of nearly two years, but the staff unions resisted.

Ultimately the norms determined by IWSU were relaxed in November 1988, after discussions with the staff union. The Directorate was yet to ascertain the implementation of final orders of November 1988 by field offices and also the extent of surplus posts in all the circles arising therefrom.

As per the assessment of IWSU, the revision of norms in these three studies would have resulted in substantial reduction of staff and savings. The savings anticipated in 44 post offices alone, where work study was conducted, amounted to Rs.10.80 lakhs per annum as shown below:

Name of study	No. of post offices covered	Percentage of expected reduction to total strength as per existing norms	Staff cost to be saved per annum (Rupees in lakhs)
Revision of norms for registration branch	13	25.3	8.11
Revision of norms for treasury branch	21	13.2	2.55
Revision of norms for stamp vendors	10	18.7	0.14
Total	44		10.80

The Department stated in November 1988: "It is a fact that the revised norms in respect of the three studies ordered to be implemented were kept in abeyance in accordance with the terms of settlement on the charter of demands reached with the Federations/Unions. Further after considering the various points raised by the Federations in the Memoranda submitted by them, orders implementing the revised norms will henceforth be followed in sanctioning of staff".

8.4 According to the instructions of Government of India, Ministry of

Finance, norms and standards evolved by IWSU of respective administrative Ministries should be subjected to review and confirmation by SIU before they are enforced. These findings of SIU are mandatory and are required to be implemented speedily (within one month upto October 1980 and three months thereafter). Where the findings of SIU are not acceptable, final decision of the Committee of Secretaries is to be obtained. This requirement was not followed in respect of 69 posts of assistant superintendent (RMS) created from March 1974 to January 1976 and

which were not justified as per the standards approved by SIU as explained below.

As per the norms fixed by the Department in September 1973, each set (shift) of sorting mail office with 35 sorting assistants or more was to be headed by higher selection grade assistant. In addition, an assistant superintendent for attending to the executive supervisory duties was also to be provided. The norm for sanctioning the posts of higher selection grade assistant was liberalised in March 1974 by delinking it with the strength of sorting assistants. Instead, this was determined with reference to the number of lower selection grade supervisors in the set and one higher selection grade assistant became admissible even with less than 35 sorters in the set. These orders did not contemplate posting of one assistant superintendent for each higher selection grade assistant, if the number of sorters was less than 35. The Department, however, continued to sanction the posts of assistant superintendents, in the sets with less than 35 sorters. Internal Finance of the Department insisted that the assistant superintendent should be linked only with the number of sorters in a set of mail office. 69 posts of assistants superintendent were, nevertheless, created between March 1974 and January 1976. SIU, to whom the matter was referred in January 1976, concurred with the Internal Finance and conveyed that (a) set of mail office was to be based only on the work load thrown by a set of mail office functioning with not less than 35 sorters and (b) it should not be linked to the post of higher selection grade

assistant which was not based on any workload. Despite the specific decision of SIU, the Department prescribed norms in May 1978 permitting the creation of the posts of assistant superintendent in a set with less than 35 sorters and also regularising the retention of 69 posts already created. Neither any fresh study was undertaken through IWSU nor was the matter referred to SIU for reconsideration.

These posts formed part of the present strength, and extra cost to the Department was Rs.66.33 lakhs upto March 1988. Number of posts created subsequent to May 1978 was not ascertainable from the records of the Directorate.

8.5 The Directorate has presently one IWSU (formed in 1967) to conduct work measurement and method studies and also one Efficiency Bureau formed in 1968 with a combined staff strength of 25 (March 1988). A study conducted by Audit on the working of the IWSU and Efficiency Bureau revealed the following:

(i) The IWSU confined itself only to work measurement studies for evolving norms and standards for specific areas asked for by various branches of the Department and did not take up any of the other items of work listed by Government of India in its orders of October 1968 and April 1972 though its staff requirement was determined to cover these areas as well.

(ii) According to the present system, besides SIU whose approval is mandatory, three branches of the Directorate are involved in the finalisation of work measurement reports - Work study wing, Establish-

ment branch which is to implement the norms and Internal Finance. With the division of responsibilities among IWSU and other branches of the Directorate, and also in view of lack of coordination among them, there was hardly any control over the timely consideration and implementation of work measurement studies. There was no systematic account of the studies referred to SIU, pending with them, and those not implemented after SIU's approval.

(iii) An average of only 9.4 work measurement studies per year were undertaken during the last 20 years since formation of IWSU in September 1967. Implementation apart, in respect of 16 out of 113 studies, there were delays upto seven years in completing the studies.

(iv) As per the Department's own assessment in June 1985, the number of studies conducted by IWSU was far below normal and the progress was not satisfactory. Upto October 1985, quarterly progress reports were compiled by IWSU and they were also monitored by the Postal Services Board. Eventhough the position of work studies undertaken was unsatisfactory, these reports were discontinued and the monitoring by the Board dispensed with.

(v) One part of IWSU was entrusted with the method study of the sections of the Directorate so as to cover all the sections in a cycle of three years as laid down by Government of India, Ministry of Finance. Only 27 out of 69 sections were subjected to method study during the last four years,

1984-85 to 1987-88, with five working days for each of the sections taken up. Keeping in view the review of six to seven sections conducted per annum, it would take 10 years to complete method study of all the sections of the Directorate. This indicated under utilisation of IWSU and poor performance.

(vi) The Efficiency Bureau is intended to conduct perspective studies for tackling and investigating specific problems with the object of improving performance and achieving economy in the Department. It conducted only 40 studies since its inception in April 1968 upto March 1988, working out to an average of two studies per annum, which was far below normal, even as per the Department's own assessment. The Efficiency Bureau had also no system to watch the implementation of its reports by the respective branches of the Department.

9. Inflation of statistical data

9.1 Growth of mail traffic in the Department forms the basis to measure the growth of its activities and also to have its future plan projections. The traffic data was the main factor to determine the cost benefit of the various services rendered by the Department, its policy on postal tariff and also estimating the staff requirement from year to year. Of the total traffic handled by the Department, unregistered mail formed the bulk. The staff requirement of postal assistants and postmen essentially depended upon the traffic data of both accountable and unaccountable mails.

9.2 The Department kept complete statistics for the accountable mail traffic like registered, insured, value payable articles, money order, postal order and other transactions dealt with within the Postal and RMS offices, but no account was kept for the unregistered mail handled due to its very large volume. The Department adopted two systems of enumeration of unregistered mail traffic. One system was for ascertaining the growth of traffic, cost calculation of the various services and determining the productivity index for payment of productivity linked bonus to the departmental staff. The other system was for estimating staff requirement of different cadres in the post offices. In the first system, traffic data was collected on a sample basis through a special enumeration of unregistered mail delivered in 14 days uniformly in all postal units during second week of February and August each year, whereas in the other system adopted for estimating staff requirement, the traffic was determined through an enumeration for continuous 14 days in any of the preceding 12 months before the staff proposals were projected by the respective departmental post offices. As per the departmental instructions, both the sets of enumeration of unregistered mail were expected to be taken under rigorous supervision to give true picture of mails handled.

According to Department's own assessment, one set of data collected through special enumeration for 14 days (one week each in February and August) and adopted for costing of the services was not considered representative, realistic and also

reliable in relation to the revenue realised. Accordingly, as a standing practice, the traffic data was subjected to a correction factor, which during the last 10 years varied from 57 to 66 per cent. No such cut was, however, imposed on the statistics for 14 days enumerated by the individual post offices for the purpose of determining the staff strength.

Both the sets of traffic data, though collected in different spells of the same year, should bring out comparable volume of traffic (subject to marginal variations) as the mechanism of enumeration, machinery involved, period of collection, supervision and environments were the same.

As the Department was satisfied, for valid reasons, that the traffic of 14 days obtained through special enumeration was unreliable and needed moderation through correction factor, there was no rationale in adopting another set of enumerated traffic, collected for 14 days and in similar environments, in full for staff calculations.

Review of the position for the last 10 years indicated that keeping in view the level of staff deployment and taking into account the correction factor applied by the Department in its cost calculations, a large number of postal assistants, postmen had been sanctioned and appointed in excess of the strength justified as per actual traffic and workload.

The average staff required for handling unregistered mails was 14 per cent of total staff requirement of post offices. Reckoned

on this basis, the cost of extra establishment borne by the Department from 1977-78 to 1986-87 on the basis of the conversion factor applied for cost calculation purposes, amounted Rs.126.05 crores. The recurring annual establishment cost was Rs.23.34 crores per annum (based on the current scales of pay).

9.3 Detailed examination by Audit of the records of two divisions in Uttar Pradesh circle also confirmed that the strength of postmen was sanctioned in excess of that justified by adopting incorrect traffic data - 18 posts during 1986-87 to 1987-88.

9.4 The excess staff in the cadres of postal assistants and postmen also had a chain effect on 20 per cent lower selection grade posts (upto November 1983), time bound promotion posts (from December 1983), other supervisory staff and also the strength of divisional/circle offices. The extent of over-staffing on this account and the extra establishment expenditure was not ascertainable. Thus, the over staffing in the cadres of postal assistants/postmen and other posts pushed up the cost of various services, which was an important parameter in determining the tariff policy.

9.5 (a) It was admitted by Tariff Enquiry Committee of the Department in 1968, that there was tendency to exaggerate the figures with a view to influence the determination of staff strength.

(b) Another study conducted by the Efficiency Bureau of the Department in 1974 confirmed that the

statistics of 14 days enumerated for staff purposes were not collected properly by the various post offices and the data was extended to 14 days after collecting them merely for two to three days.

(c) In his report on the extra-departmental system, Shri R.R. Savor also made the following observations in July 1986 on the unreliability of data adopted for staff proposals:-

"Over the years, progressively reduced importance is being attached by the postal officials at the grass root level whether at the head, sub or branch office in the matter of collection and reporting of figures especially of the unregistered mail. No count is kept, at any stage, of articles of the unregistered mail. There is a tendency among postmasters to show that their offices receive more articles for delivery than are actually received, either for fear of possible reduction of staff (sanction of staff depends on the volume of traffic handled) or else in the hope that some additional staff will be sanctioned for their office. The practice of reporting inflated figures of delivery is not new. It has been there for decades. Besides, the figures of inflation is not small. At times it is appalling".

9.6 In three out of four circles reviewed by Audit, the staff proposals were determined based on three days unregistered mail traffic as against continuous 14 days required to be adopted as per the existing instructions. Thus the reduced coverage of the unregistered traffic from 14 to 3 days,

besides being arbitrary and irregular, was on the basis of a sample which could not be considered adequate and representative.

9.7 The staff requirement on accountable (registered) mail traffic was required to be assessed with reference to systematic record of such traffic kept by the post offices. In certain head post offices in Andhra Pradesh, Uttar Pradesh and West Bengal circles the statistical registers were not maintained at all by the post offices or, if maintained, were incomplete. In the absence of this record, effective workload review was not possible and staff sanctioned from time to time was not verifiable.

9.8 Audit examined the staffing pattern in different circles in respect of three selected cadres (postal assistants, postmen and sorting assistants) by correlating the total traffic obtained through special enumeration with the strength of the respective cadres. The study conducted for 1982-83 and 1983-84 (Annexures I and II) revealed that the staff engaged was disproportionate to the traffic handled in seven to nine circles, confirming that the staff assessment by obtaining the statistics of unregistered mails and other accountable items were not correctly or realistically worked out. This mismatch between establishment and the traffic handled required a review by the Department for taking suitable remedial measures and ensuring the correct estimating of the staff requirement by the various circles.

9.9 The staff strength of returned

letter offices (RLO) were to be determined based on enumerated data on undelivered mails received by RLO in the second week of August and February each year. The records of RLO in Uttar Pradesh and West Bengal circles disclosed that the enumerated data in the second week were more than the data of remaining three weeks of each of these two months during 1985-86 and 1986-87. It implied that the traffic data reckoned for staff requirement was inflated, apparently to claim more staff and that the supervision at the level of circle office, as contemplated in the rules, was not effective.

10. Mechanisation and technology

10.1 The postal system has continued to be labour oriented with no major investment for bringing about technological improvements. The Department attempted modernisation and mechanisation in a few areas over the years, but they were more related to functional mechanical aids. These measures were grossly inadequate and did not help to increase productivity, contain cost of operation and provide job satisfaction to the staff. Such measures had not been introduced in the rural post offices (1.29 lakhs as on 31st March 1988) so far. Even in the urban post offices (0.16 lakh), introduction of such measures had been marginal. Also the targets did not materialise resulting in surrender of funds as shown in the table below:

(Rupees in lakhs)

Years	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Plan provision	-----365-----				----- 7010-----			
Budget provision	10.00	40.00	34.50	63.00	120.00	375.00	240.00	170.00
Actual expenditure	0.84	0.79	6.18	1.96	58.86	69.40	157.39	35.76
Percentage utilisation	8.40	1.97	17.91	3.11	49.05	18.50	65.57	21.03

This was suggestive of rather lukewarm pursuit of programmes and poor monitoring in implementing the measures for mechanisation and modernisation of the services in the Department and is bound to affect adversely the satisfaction of the consumers which is already low. Morale of staff engaged on repetitive jobs cannot also remain unaffected as such jobs add to monotony and reduce productivity. Revamping of the services with a balanced mix of workforce and mechanisation is an urgent task for the Department to improve its cost effectiveness.

10.2 In this context the following comments made by Expert Committee are relevant:

"The postal service suffered from

- failure to attend itself to the changing needs of the various segments of postal users;
- failure to increase the productivity of postal employees in the context of increasing manpower costs and availability of new technology;

- insensitivity to the low morale of postal employees who do routine manual jobs which offer no change for upgradation of the skills and self-development.
- a purposeful technological policy is missing".

11. Recruitment and promotion

11.1 Recruitment : The recruitment to the four cadres - postal assistants, postmen, sorting assistants and mailmen - under review is governed by the recruitment rules framed by the Department and as codified in the departmental manuals. The recruitment rules provide for both direct recruitment of candidates and promotion of departmental candidates in a prescribed ratio which varies for different cadres. The number of vacancies for the next recruitment (calendar) year are assessed in the preceding year.

Postal and sorting assistants, who form the core cadres in the Department, account for 40 per cent

of the total departmental strength. The recruitment rules, as applicable, in respect of these two cadres, were notified in 1971; during the last 17 years there had been no change.

11.2.1 Reserve Training Pool Candidates: As per extant rules, the posts of postal assistants and sorting assistants falling vacant in recruitment year are to be filled in by direct recruitment and departmental promotion of lower grade officials in the ratio of 50:50. The panel of direct recruit candidates is limited to 50 per cent of estimated vacancies of the recruitment year and similarly the panel of eligible departmental examination passed candidates is limited to 50 per cent of total vacancies to be filled in the same recruitment year.

In October 1980, the Department decided to enlarge the panel of direct recruits viz., 75 per cent of total vacancies through a scheme of creating a pool of reserve candidates trained in the departmental work (RTP), over and above the leave reserve.

The scheme was applicable to both the cadres of postal and sorting assistants. The reserve candidates in the pool were to be drawn for short duty work by payment at hourly rate basis and ultimately appointed in regular posts of postal assistants/sorting assistants in order of their merit in the empanelled list. The scheme, as envisaged in October 1980, provided for enlisting reserve

candidates only to the extent of 50 per cent over and above the direct recruits empanelled for appointment; it was modified, in June 1982, increasing the intake of reserve candidates to the extent of 15 per cent of the total sanctioned strength of postal/sorting assistants.

The scheme was discontinued from 1984, as during 1982-84, surplus manpower was generated by the introduction of Time Bound One Promotion scheme and rationalisation measures in RMS wing. But, during the period of four years the scheme was in operation, as many as 12,104 candidates were trained by giving three months training and payment of training allowance at the rate of Rs.130 per month per candidate during the period of training. Of the total candidates trained, only 5,910 candidates were absorbed against regular posts upto 1987-88 and the remaining 6,194 trained candidates were yet to be accommodated (March 1988). The Department decided in July 1987 that all the available reserve candidates would be absorbed within a period of two years.

11.2.2 The scheme was introduced in October 1980, ignoring the surplus staff to be generated as a result of contemplated rationalisation in sorting of mails in RMS wing. The actual implementation of rationalisation in sorting of mails from March 1982 onwards threw up surplus manpower; but even thereafter, the intake of reserve pool candidates was continued, in fact in much greater numbers, as indicated in the table:

<u>Year of training</u>	<u>No. of reserve candidates trained</u>		
	Postal assistants	Sorting assistants	Total
1980	2	3	5
1981	251	218	469
1982	4051	1306	5357
1983	5091	1182	6273
Total	<u>9395</u>	<u>2709</u>	<u>12104</u>

More than the introduction of scheme in October 1980, the increase in the intake of reserve candidates as per the orders of June 1982 was unrealistic. In effect, the defective planning and implementation of the scheme not only resulted in an expenditure of Rs.24.16 lakhs in training 6,194 candidates who could not be absorbed for more than five to six years, but also resulted in avoidable hardship to the candidates who waited indefinitely and lived with the hope of appointment in the Department.

Surprisingly, the orders of the Department of June 1982, which had far reaching administrative and financial implications, were issued and implemented without the approval of Postal Services Board (then P&T Board).

11.2.3 In the process of enlisting more reserve candidates during 1981, 1982 and 1983, the direct recruits

who were lower down in the merit list on the basis of their lower marks and otherwise not eligible for appointment, were also enlisted for absorption. Regular appointment of such candidates in the Department would have diluted the quality of staff employed.

11.2.4 The Government imposed a ban in January 1984 on creation and filling up of posts as a measure of economy. It was partly relaxed in August 1986 and filling up of vacancies arising due to promotion, retirement, death, resignation, dismissal, removal or deputation was allowed. In addition, the Department also issued instructions restricting fresh appointments in view of the rationalisation measures under implementation in RMS wing since March 1982. Despite these restrictions upto August 1986, 2,083 reserve candidates were appointed as postal/sorting assistants by the subordinate authorities

without obtaining any relaxation and regardless of the availability of surplus manpower. This defeated the objectives of both the ban orders and the rationalisation scheme introduced in RMS.

11.2.5 The RTP scheme of 1980 was not a new scheme, but was a modified version of a similar scheme which was in force since September 1971. With the introduction of the scheme of 1980, the earlier scheme of 1971 should have been discontinued, but this was not done. A test check in Audit conducted in Uttar Pradesh and West Bengal circles revealed that the Department continued to operate both the schemes simultaneously. Thus retired persons who were eligible for short duty work as per the scheme of 1971 were also engaged along with the short duty staff of RTP scheme of 1980.

11.2.6 Subsequent to the introduction of the scheme in October 1980, the Directorate started obtaining feedback from postal circles, though belatedly, from March 1985 regarding the intake of reserve pool candidates

or their appointments. The data received from the circle offices from March 1985 onwards was not consistent and contained several inaccuracies. Lack of proper feed back and accurate data indicated that the postal circles were equally oblivious of the happenings in their subordinate offices.

11.3 Promotion of lower grade officials: The departmental quota was to be filled in by promotion of lower grade officials (LGOs), comprising the staff below postal/sorting assistants who passed the departmental examination; such appointments were to be made on the basis of their merit in the examination held annually, the panel was to be limited only to the number which could be accommodated within the recruitment year.

Owing to the non-adherence of prescribed ratio and consequent excess appointment of direct recruits including reserve candidates in 1983, imbalance was created as shown below in the appointment of direct recruits and departmental promotees:-

Cadre	Direct recruits	Lower Grade Officials promoted	To be promoted in	
			1981 1982	1982 1983
Postal assistants	5009	1987	59	495
Sorting assistants	666	472	8	247
Total	5675	2459	67	742

Consequently, the departmental candidates, who passed the examination and were otherwise eligible for appointment had to wait without promotion.

In order to offset the imbalance, the Department decided in January 1986, in relaxation of ban imposed by Government in January 1984, to promote all the 809 departmental officials of 1981 and 1982 examinations who were awaiting promotions. In this process, the total number of appointments to the posts of postal/sorting assistants through departmental and direct quota put together exceeded the total number of vacancies. This led to surplus manpower and additional recurring staff cost involving Rs. 1.55 crores per annum. Information regarding excess over the vacancies was not available in the Directorate and the avoidable expenditure caused could not be determined.

Adherence to the parity prescribed in recruitment rules between departmental and direct recruit candidates would have avoided creation of further surplus assistants and extra expenditure thereon.

The Directorate called for data regarding the departmental officials awaiting promotion in April and again in June 1985. The two sets of data furnished by circle offices were inconsistent and did not bring out a clear picture of the persons appointed and those waiting for promotion. This confirmed that not only the Directorate but circle offices were also not in full control of deployment of staff in their subordinate offices.

12. Training

12.1 The postal system is manpower intensive and by the very nature of services it provides, the opera-

tive cadres have a close interface with the public. Training plays a vital role in development of knowledge, skills, techniques, attitudes (including courtsey) and experience. To illustrate more from a layman's point of view, one finds it difficult to get to know from the clerk at the counter in the post office even in metropolitan cities the correct postal rates for mails to foreign countries as he has not heard of the names of some countries and does not know in which part of the world they lie. Training, therefore, helps individuals to make effective contribution to the combined effort of the team, and improves the quality of human resource. The importance of the services, the nature of the organisational set up and the characteristics of its functions highlight the necessity of proper and adequate training for the personnel. However, prior to independence there was no infrastructure for organised formal training. The first institution to train the operative cadre of postal assistants was set up in 1951 in Saharanpur. It was followed by four more training centres at Darbhanga, Madurai, Mysore and Vadodara. The Postal Staff College, an institution to train the managerial cadres, was set up in Delhi only in 1977.

12.2 The postal training centres are mainly engaged in providing basic knowledge and skills necessary for postal operations to the new inductees; a small component of inservice training of postal/sorting assistants and first line supervisors also forms a part of their annual curricula. The Postal Staff College provides induction training to management trainees and in-service training to middle and senior management levels. The table given below indicates the achievement made by these centres in training the personnel and the total expenditure incurred on the maintenance of these institutions:-

Years	Total intake of trainees	Total expenditure of five training centres (Rupees in lakhs)
1982-83	10681	94.67
1983-84	14528	128.92
1984-85	13588	153.65
1985-86	13554	112.64
1986-87	14691	132.42

The expenditure incurred on training of the staff was a meagre 0.2 per cent of the total expenditure. It may be pertinent to point out that French Postal Administration spends on training 4.01 per cent of total expenditure on salary. The total strength of the operative and supervisory cadres was about 2.29 lakhs and the average intake of the five training centres during the last five years was about 13,400, working out to about six per cent. This calls for increase in the intake of trainees to meet the challenges of development and change.

Certain cadres of the staff viz. staff of circle offices, divisional offices, mail motor services, postal store depots, circle store depots, accounts branch of head post offices and mailguards in RMS have not yet been covered by training.

12.3 For organisational efficiency, training must necessarily be goal oriented and open to response and criticism of those who participate in it. Not much importance had been given to this. A test check in respect of the training at Saharanpur revealed the following position:

Year	No. of candidates trained	No. of candidates from whom feedback was received	No. of candidates in respect of whom feedback was received from the offices concerned.
1984-85	2097	Nil	Nil
1985-86	1973	34	Nil
1986-87	2281	147	2

This indicated that the system of feedback was ineffective and inadequate. There was need to design

evaluation techniques to ensure reliability and utility of training for the organisation.

12.4 The Directorate did not monitor effectively the training needs of the organisation. The training requirement was not being systematically reassessed and the training programmes did not take into account fully the new field requirements.

13. Motivation

13.1 Career planning: The task force of 2.91 lakh departmental staff broadly fell under the four classified groups as below:

Group 'A'	Group 'B'	Group 'C'	Group 'D'
794	1,465	2,31,413	57,806

Career planning, providing promotional avenues, is one of the

factors for motivation to the staff. During the last 15 years (1973 to 1988), only one scheme of career planning, viz. time bound one promotion scheme (1983) was given effect to in respect of certain cadres of Group 'C' and 'D' staff of the Department; one cadre review was done in respect of Inspectors of post offices and Inspectors of RMS in Group 'C'. There was no evidence of any cadre review for Group 'B' posts. Two cadre reviews were, however, carried out in Group 'A' (February 1981 and August 1985), involving creation as well as upgradation of posts in Senior Administrative Grade (SAG), Junior Administrative Grade (JAG) and Senior Time Scale (STS) as shown below; one more review was stated to be in progress:

Posts created new or upgraded

	Senior Administrative		Junior Administrative		Senior Time Scale	
	In Directorate	In field	In Directorate	In field	In Directorate	In field
Cadre review of 1978-81	6	7	3	11	3	-
Cadre review of 1982-84	5	17	-	16	3	5

With the completion of two cadre reviews, the Directorate had, at the end of March 1989, 18 Deputy Directors General (DDG) and Senior DDG as against three in 1970 and nine in 1980. Their present strength in the Directorate is 46 per cent of total number of Senior Administrative Grade posts in 18 circle offices.

13.2 Performance appraisal : As a department directly dealing with the public and serving their cause, it has to concern itself with the

performance of staff through effective performance appraisals and efficient analysis of such appraisals. The Department did not have any extensive system to measure manpower performance except the prescribed annual confidential reports. The concept of self appraisal was introduced in supervisory cadres of Group 'C' and above in 1987. However, in respect of other subordinate staff, the confidential report forms introduced nearly two decades earlier still continue.

A study of the proceedings of the Postal Services Board for five years ending 1986-87 also indicated that there were no effective management discussions and decisions analysing the performance appraisals of the staff and the measures to correct the imbalances.

13.3. According to a survey conducted in 1988 on the postal staff by Expert Committee on Excellence in Postal Services, the following factors contributed to lack of innovativeness, efficiency and productivity consciousness among the staff.

- Lack of learning opportunities and scope for development;
- Repetition and routine work with no creativity and innovation;
- Either no growth or expansion with indifferent future;
- Low employee participation, application of powers and autonomy.

Notwithstanding its constraints as a Department governed by the general rules and orders of Government, it may be desirable to go into the application of corporate management techniques in phased and selective manner to improve its functioning.

13.4 Time Bound One Promotion Scheme: The time bound one promotion (TBOP) scheme, which was intended to benefit the basic operative cadres of the Department in Groups 'C' and 'D' (excluding the staff common to other departments in circle office, civil wing and P&T Dispensaries), contained the following salient features:

- (a) Operative staff belonging to basic grades in Groups 'C' and 'D' covered by direct recruitment and who completed 16 years of service in lower grade, were to be placed in higher grade and admitted the benefits of fixation of pay as for posts involving higher responsibilities.
- (b) Such officials allowed higher grade would continue to perform the same operative duties unless they were assigned regular supervisory posts in their turn.
- (c) The sanctioned strength as on 30th November 1983 was to be reduced to the extent of five per cent in basic grades and 15 per cent in supervisory as well as promotional posts outside the basic grade sanctioned as per norms. For new posts created in subsequent years, similar reductions were to be made by 1st April of each year in respect of posts sanctioned in the preceding 12 months.
- (d) With the time bound promotion of officials, their basic grades were to be upgraded by issue of formal sanction distributing the higher posts to different units.
- (e) Officials placed against regular supervisory posts, sanctioned as per standards, were to be given special allowance at specified rates over and above the scale of pay in higher grade.

The scheme came into effect from 30th November 1983. A review

of the implementation of the scheme by Audit revealed the following:

- (i) The higher grade posts to which the officials were promoted under the scheme on completion of 16 years by 30th November 1983 or later were not identified and notified by the respective cadre controlling authorities as required. In the absence of such notifications, neither the divisional nor heads of circle had any control over the number of officials promoted to higher grades from time to time under this scheme and also over their even distribution within the division.
- (ii) As on the date of introduction of TBOP scheme, the Department had 20 per cent of total number of postal sorting assistants in the higher scale viz. lower selection grade, who were treated as supervisory-cum-operative staff through another scheme that was in existence from April 1974 to November 1983. Though the 20 per cent lower selection grade officials carried higher scale of pay, they were included in the strength of basic operative cadres involving only five per cent reduction in the sanctioned strength. These supervisory-cum-operative posts having higher scale of pay should have been reckoned as supervisory posts and the cut of 15 per cent in the strength applied as per the TBOP scheme. Had this been done, the strength of lower selection grade supervisors would have been reduced by 2,655 posts from 1st December 1983 bringing down the operative expenses by Rs.5.10 crores per annum.

(iii) The instructions issued in December 1983 on the scheme specified, "the posts in operative and supervisory cadres would continue to be sanctioned on the basis of present norms until further orders." The contemplated revision had not been done so far even five years after the introduction of the scheme.

- (iv) In two circles - Andhra Pradesh and West Bengal - the reduction of five per cent and 15 per cent in sanctioned strength of base and supervisory cadres was not correctly implemented. The sanctioned strength of lower selection grade assistants, postal assistants, sorting assistants, postmen and Group 'D' cadres was not correctly reduced and notified. The short reduction in strength was as indicated below:

	<u>West Bengal</u>	<u>Andhra Pradesh</u>
Lower Selection Grade assistants	-	3
Postal assistants	340	22
Sorting assistants	96	-
Postmen	37	-
Group 'D'	-	12

14. Monitoring manpower levels

14.1 Manpower for post offices

14.1.1 The Department serves a vast clientele through a large network of departmental and extra-departmental post offices. The policies

and norms governing the opening of these post offices are decided by the Postal Services Board from time to time.

Extra-departmental post offices which form the bulk of total number of post offices in the country were opened in the urban, rural, hilly and tribal areas by engaging non-departmental staff (extra-departmental agents) where the workload did not justify departmental post offices.

Under such an arrangement, while limited needs of public were met, the postal administration was not to spend disproportionately large sums for opening and maintaining regular post offices. Such a practice was not new to India but was in vogue in other countries like Brazil, Canada, France, Indonesia, Japan, United Kingdom and the United States of America.

The number of post offices and staff strength at the close of each of the five years ending 31st March 1988 were as under:

	March 1984	1985	1986	1987	March 1988
No. of post offices	1,44,700	1,44,875	1,44,396	1,43,987	1,44,829
Total postal staff Group 'C' and 'D'	2,45,290	2,41,944	2,35,801	2,30,622	NA

Note: Staff strength at the end of March 1988 was not available at the time of review by Audit.

14.1.2 In order to ensure that the staff employed was commensurate with the workload, departmental rules provided that head post office and departmental sub-offices should be subjected to review at fixed intervals as stated below:

- (a) All head post offices every year
- (b) Higher selection grade sub-offices every two years
- (c) Lower selection grade sub-offices (except 20 per cent selection grade sub-offices) every two years

- (d) Sub-offices in Class I every three years
- (e) Sub-offices other than Class I every four years

A test check in Audit revealed that in West Bengal circle in respect of the 10 head post offices and 102 departmental sub-offices, prescribed reviews during the years 1980-81 to 1986-87 had not generally been carried out. In Uttar Pradesh circle, in two divisions test checked, the reviews due from 1983-84 to 1986-87 had not been carried out. In the absence of such reviews there was no scope to verify that the staff as sanctioned and employed was justified with reference to the traffic handled.

14.1.3 As per the rules, experimen-

tal extra-departmental post offices in urban and rural areas were to be subjected to annual (triennial from February 1988) financial review beyond the gestation period of three years subsequent to their opening. The rules also provided that the heads of circles should exercise control over the retention of such branch offices as were running in loss beyond the permissible limit.

In two divisions of Andhra Pradesh circle, test check conducted by Audit showed that 77 experimental extra-departmental post offices opened prior to 1981 and running in loss beyond permissible limits continued to function for three to four years and no action was taken to close them so far (June 1988).

14.1.4 The permissible limit of loss for running the extra-departmental branch offices in rural areas was increased from Rs.240 to Rs. 2,400 per annum in January 1987 based on the decision of the Postal Services Board in December 1986. According to this decision, such branch offices as were working even beyond the enhanced limit of loss were to be closed. In two divisions each of Andhra Pradesh and Uttar Pradesh circles test checked by Audit, 506 branch offices were functioning in loss (February - March 1988) in excess of the enhanced limit. Continuance of post offices, which were running in loss beyond the permissible limit, needs constant review.

14.1.5 The justification for divisional and sub-divisional offices are based on the norms approved by Staff Inspection Unit, Ministry of

Finance, according to which (a) a sub-division with one Inspector of post offices and one orderly (Group 'D') is justified when the total co-efficient reached 1.0 for the items specified, (b) a division is justified with one superintendent and other staff, when the total co-efficient of various items specified worked out to 0.9 or more, (c) and an additional assistant superintendent is justified when the total co-efficient exceeded 1.3. The continuance of these divisions sub-divisions subsequent to their formation were also to be subjected to review every year.

The records of Andhra Pradesh circle showed that these norms were not adhered to. Consequently, one division and seven sub-divisions of Andhra Pradesh circle were continued (March 1988). In addition, in nine divisions, the posts of assistant superintendent were retained without justification. Total additional expenditure incurred by Andhra Pradesh circle upto March 1988 on this account was Rs.17.35 lakhs.

14.1.6 In the course of reconsidering its policy regarding the justification for extra-departmental sub-offices, the Department decided in July 1978 that all the extra-departmental branch offices, with public call facility should be upgraded to the status of extra-departmental sub-offices. Further, the expenditure incurred due to such conversion should be shared between the postal and telecommunication wings in the ratio of 1:2. In the light of this decision, 11,207 branch offices functioning with public call office facility were upgraded as sub-offices from July 1978 to Feb-

ruary 1981 although they did not justify upgradation as per the then existing norms for extra-departmental sub-offices. The mass upgradation of post offices had a chain effect resulting in substantial increase in the number of head post offices and divisions without any intrinsic increase in the workload as such.

In view of the objections raised by Staff Inspection Unit, the Department halted fresh upgradation of post offices from March 1981 and decided in August 1983 that (i) the policy of automatic upgradation of branch offices with public call facility was to be discontinued, (ii) such offices already upgraded upto February 1981 merely on the basis of public call facility and not conforming to otherwise approved norms were to be downgraded after two reviews in 1983-84 and 1984-85 and (iii) the incumbents of such downgraded branch offices would continue to draw higher allowance as drawn by them as extra-departmental sub-postmasters till they vacated the posts, or the branch office itself was upgraded conforming to the prescribed standards at a later date.

As a result of reviews conducted in 1983-84 and 1984-85, out of 11,207 upgraded extra-departmental sub-offices only 2,265 post offices conformed to the prescribed norms. Of the remaining substandard sub-offices (8942), only 6,248 were downgraded; remaining 2,694 were continued without being downgraded (June 1988).

14.1.7 As a fall out of the upgradation of 11,207 branch offices, 213 head post offices and 30 postal

divisions were opened in all the postal circles during July 1978 to February 1981 in accordance with the norms prescribed for justifying head post-office and division. With the reversal of the policy on upgradation of extra-departmental branch offices with public call facility, the Directorate ordered (August 1983) that all the head post offices and divisions opened on account of such upgradation of branch offices should be reviewed within six months. As a result, 95 head post offices and 14 divisions, which did not have adequate work load were found to be sub-standard. Out of these, 25 head post offices and 7 divisions were closed by March 1986; 70 head post offices and seven divisions continued (June 1988).

A committee appointed by the Department confirmed in May 1981 that (a) the factors which were regarded for upgrading the branch offices did not really exist, (b) their upgradation unrelated to other important instructions such as workload and limit on loss was prima facie untenable and (c) this policy further gave rise to various destabilising factors due to runaway increase in the number of head post offices and divisions. Thus, not only was the decision of the Department ill considered but also it resulted in avoidable staff cost amounting Rs.7.29 crores during July 1978 to March 1988.

Annual expenditure in maintaining this establishment amounted Rs.21.71 lakhs and this shall recur as long as the substandard head post offices and divisions continued.

14.1.8 Once the extra-departmental sub-offices did not conform to standards and required downgradation, the posting/continuance of extra-departmental packers in such post offices was not also justified as per existing norms. But the decision of the Directorate ordering discontinuance of packers in such post offices was conveyed belatedly in September 1985, i.e. two years after the policy decision to downgrade the substandard extra-departmental sub-offices was taken in August 1983. In Andhra Pradesh circle alone, 558 posts of extra-departmental packers were retained without justification in such post offices, involving extra expenditure of Rs.9.65 lakhs (upto September 1985).

Even this decision was confined only to Andhra Pradesh circle and was not endorsed to other heads of circle. Therefore, the position regarding continuance of extra-departmental packers in substandard sub-offices in other circles was not known. Information for all the circles and the extra expenditure caused on such employment was not ascertainable in the Directorate.

14.1.9 Thus, there is an apparent need to balance the expansion of postal facilities and financial viability.

14.2 Surplus in railway mail service wing

14.2.1 The core operation of railway mail service (RMS) network in the Department was to carry out detailed sorting of mail matters with reference to the destination points to which they were intended

to reach and to transmit them through different means of conveyance according to their destination. The detailed sorting was earlier being done partly in stationary mail offices and partly in trains (in special railway coaches intended for the purpose). From April 1985, entire sorting work is done in stationary mail offices and only closed mail bags are carried through the trains.

As detailed sorting in the trains led to a significant staff wastage, it was decided by the Department in March 1982, after obtaining the views of various Postmasters General, to dispense with the sorting work in the trains in a phased manner from March 1982 to March 1985. Under the new arrangement, entire detailed sorting was to be done in stationary sorting mail offices and they had to transmit only closed mail bags through RMS coaches. As a sequel to this, certain other rationalisation measures were also carried out from January 1985 to December 1985 viz., (i) discontinuing the preparation of advance work papers, (ii) dispensing with second check of work papers in the head record/sub record/record offices, (iii) merger of multiple record offices in the same station and (iv) declaring the head record office as operative office on par with other RMS units.

All these measures were aimed at, inter-alia, to (a) improving the mail arrangements and transmitting more mail matters within the limited space provided in the trains by Railways so as to accommodate the increasing mail traffic, (b) effecting economy in mail operations and curtailing the

establishment cost as also overtime allowance and (c) reducing the loss sustained by the Department.

The implementation of rationalisation measures since 1982-83 disclosed the following:

(i) The process of transferring the sorting work from the trains to stationary mail offices was carried out in two stages - first stage (March 1982 - January 1984) covered 149 sections and the second stage

(April 1984 - March 1985) covered the remaining 137 sections. Due to this change in the system of sorting, the same volume of mail handled in the trains was to be sorted in stationary mail office with only 40 per cent of the total staff required for running sorting.

Accordingly, with the transfer of sorting work from 286 sections, about 4,606 posts of sorting assistants and 2,450 posts of mailmen were required to be reduced as shown below:

Stage	Sorting assistants	Mailmen
First stage :		
March 1982 to January 1984 -149 sections	2255	1137
	(Actuals as arrived at in January 1984)	
Second Stage :		
April 1984 to March 1985 - - 137 sections	2351*	1322*
Total	4606	2459

* (Estimated figures of the Department as in March 1984)

It was necessary for the respective divisional offices/circle offices to have determined and notified the revised strength of sorting assistants, mailmen and supervisory cadres with a view to identifying surplus force for suitable redeployment till their absorption in the future vacancies. This was not done by the Department as evidenced from the annual statements of the various circles showing sanctioned strength retained by them for the years 1982-83 to 1985-86. This deficiency persisted (June 1988).

The cost of maintaining the establishment of 4,606 sorting assistants and 2,459 mailmen worked out to Rs.34.16 crores upto 1987-88; recurring expenditure is Rs.12.04 crores per annum (at current scales of pay).

(ii) Reduction in the strength of sorting assistants had the effect of corresponding reduction in the supervisory posts of higher selection grade assistants, Inspectors of RMS and assistant superintendents which were all required to be

reassessed. Excess posts of inspectors and assistant superintendents were, however, not identified after completion of first stage reorganisation of sorting though, as per norms, about 30 posts of inspectors should have been declared surplus. The number of posts of assistant superintendents which became surplus was not ascertainable. Only for the second stage reorganisation, excess strength of these supervisory posts was worked out to be 15 although as per Department's estimation in March 1984 it was 50. As for higher selection grade posts, excess strength was assessed to be 32 for both the stages of reorganisation of sorting.

The incumbents of all these 77 posts (including 30 posts of inspectors not identified as excess) were continued in the same capacity though not justified as per the norms and workload. The approval of Internal Finance of the Department for the protection of 47 posts (15 posts of inspectors/assistant superintendents plus 32 posts of higher selection grade) was obtained only upto March 1986, though the benefit was continued even thereafter.

Total cost of 77 posts was Rs.70.90 lakhs upto 1987-88; recurring expenditure is Rs.22.70 lakhs per annum (current scales of pay).

(iii) As a sequel to dispensing with the sorting work in the trains, the task of preparation of certain advance work papers by the record offices of the RMS wing as envisaged in the departmental rules had become redundant and unnecessary. This was being done by sorting assistants working in record offices sanctioned for this purpose as per

norms of Marathe time test. Orders of the Department dispensing with these work papers and reducing the post of checkers (sorting assistants) were issued belatedly by the end of January 1985 one year after the first stage, covering 149 sorting sections, was completed, and three years after the process of rationalisation started. As a result of this delay, 225 sorting assistants, who were sanctioned for the check of advance work papers, were retained without any work, for periods between March 1982 and January 1985. The cost on this account was Rs.31.24 lakhs per annum.

(iv) The Department decided in January 1985 to (a) discontinue the procedure of preparing the advance work papers (b) dispense with the check of work papers in record/sub-record/head record offices and (c) merge the multiple record offices located in same station. These measures also had the effect of reducing the staff requirement from February 1985 and onwards.

Against the estimate made by the Directorate in February 1985 that 1,250 posts of sorting assistants and 200 Group 'D' would be reduced as a result of these measures, the postal circles intimated a total reduction of only 633 posts of sorting assistants and 54 Group 'D'. This showed that either the estimation was unrealistic or the implementation and monitoring of the scheme was faulty and deficient.

It was noticed by Audit that the instructions to discontinue the preparation of advance work papers were not implemented in West Bengal circle.

(v) Head record offices, which were earlier treated as administrative offices, were declared as operative offices from December 1985 onwards. This change resulted in reduction of staff strength in all these offices in view of the increase in the working hours and reduced number of holidays. Beyond issuing the orders in December 1985, the Directorate had kept no watch on their implementation. No postal circle furnished the figures to the Directorate (June 1988), even two years after the issue of orders in December 1985. Extra staff involved was not ascertainable.

Test check in Delhi and West Bengal circles revealed that they did not reassess the strength of head record offices and did not reduce the sanctioned strength. It was not known from the Directorate's records, how many more circles had failed to comply with the above orders.

(vi) The series of rationalisation measures carried out in phases, commencing from March 1982 to December 1985, had major impact on the working of the RMS network and its staffing pattern, with sizeable financial implications. Surprisingly, entire set of rationalisation measures were carried out without the approval of Postal Services Board.

(vii) Before the scheme was introduced in March 1982, the staff likely to be rendered surplus was not determined, nor was their redeployment considered. It was only after the first phase was completed by January 1984, that the Department knew of surplus of 3,815 officials in different cadres.

The second phase was expected to render 4,211 officials surplus but the correct position was not known to the Directorate (June 1988), even three years after the full implementation of the scheme.

(viii) The circle offices were sending two statements, one half yearly and the other annually depicting staff position of different offices and cadres under their control. The half yearly statements were being received by one section of the Directorate and the annual statements by another section. Strangely, the two sets of statements furnished by circle offices contained different data and revealed different picture of the staff strength for the same periods; but these deficiencies were not identified and no action was taken for want of coordination.

(ix) All the posts rendered surplus in the RMS wing were to be treated as supernumerary and adjusted against the future vacancies caused by retirement, death and resignation, but the six monthly/annual statements of the circles received by the Directorate revealed that this requirement was not implemented by the circles and sanctioned strength was not reviewed.

(x) According to the departmental rules, the transit sections of the RMS wing carrying only closed mail bags were to be manned by head mailguard/mailguard and mailmen, and their strength was to be determined as per the norms. As a part of the arrangement to redeploy the surplus work force, the Department decided in March 1984 to strengthen the transit sections with sorting assistants

and mailmen through an adhoc formula. In view of this decision, 1,000 sorting assistants were employed in transit sections which were to be otherwise manned only by mailguards. The adhoc arrangement was continued for more than four years and the Department was yet to reassess the staffing pattern of such transit sections so as to ensure proper utilisation of manpower (June 1988).

14.2.2 Thus, instead of planning in advance on the effects of rationalisation and resultant reduction of staff, the Department implemented revised procedure and discovered the consequences subsequently. The expected economy in staff cost was not achieved due to the retention of supervisory posts without workload, non-notification of revised strength and non-regulation of working strength with reference to the revised requirement. Lack of proper evaluation of the rationalisation measures, adequate planning, effective implementation and suitable redeployment of the surplus manpower in the areas of demonstrable need both within the Postal and RMS wings militated against the objectives of the scheme of rationalisation.

15. Agency functions

15.1 One of the agency functions carried out by the Department was issue of broadcast receiver licences (BRL) to public for the possession of wireless and television sets and anti-evasion work connected therewith. The Department recovered the cost from the Ministry of Information and Broadcasting for carrying out the function on no-profit no-loss basis. The issue of licences for one and two band radios was abolished with effect from February 1980, substantially bringing down the number of licences to be handled by the Department. Corresponding decrease in the staff deployed on anti-evasion work - investigation inspectors wireless (IIW) and wireless licence inspectors (WLI) - was not, however, made by the Department; but remuneration was claimed for all the years 1980-85 based on an adhoc strength of anti-evasion staff which was less than the staff actually engaged. Excess staff cost borne by the Department during 1980-81 to 1984-85 on this account was Rs. 66.25 lakhs as shown in the table:

Year	No. of licences handled (in lakhs)	Staff adopted in cost calculations for recovery		Actual strength engaged		Staff short taken for recovery of cost		Total cost short recovered	
		IIW	WLI	IIW	WLI	IIW	WLI	IIW	WLI
(Rupees in lakhs)									
1	2	3	4	5	6	7	8	9	10
1980-81	194	88	1518	104	1629	16	111	2.02	9.31
1981-82	119	88	1518	114	1632	26	114	3.77	11.34
1982-83	149	88	1518	122	1579	34	61	5.16	6.51

1	2	3	4	5	6	7	8	9	10
1983-84	121	88	1518	113	1622	25	104	4.48	13.58
1984-85	129	88	1518	113	1556	25	38	4.74	5.34
								20.17	46.08

Total Rs.66.25 lakhs.

The position of postal assistants and supervisors retained subsequent to the abolition of licences for one and two band radios was not ascertainable from the records of the Directorate. However, references issued to seven postal circles by the Directorate indicated that postal assistants were retained in excess without reassessment with reference to the number of licences actually handled. This was further confirmed by test check of the records of West Bengal circle where no reduction in the staff strength was carried out subsequent to February 1980.

15.2 The licence scheme was fully abolished in March 1985. Accordingly, the Department decided to drop all the enquires and prosecutions pending on 31st March 1985 in regard to non-renewal of licences, and also abolished all the posts connected with the licence work with effect from 1st April 1985. Yet, five circles retained 13 posts of investigation inspectors upto March 1986, involving an expenditure of Rs. 36.25 lakhs. This amount was not realised from the Ministry of Information and Broadcasting.

15.3 With the abolition of licence

scheme from March 1985, 1,863 officials engaged by the Department on this work became surplus from 1st April 1985. Of these, only 913 officials stood absorbed against the vacancies existing in the Department as on that date and the remaining 950 officials had to be retained for being adjusted against future vacancies, though without corresponding workload as per norms. The Directorate had no feedback and was not aware whether the personnel rendered surplus were absorbed in useful employment. Retention of this task force caused an additional burden of Rs.150.79 lakhs for 1985-86 and Rs.182.31 lakhs per annum (recurring) from 1986-87 onwards till they were absorbed against regular vacancies.

15.4 The agency work on broadcast receiver licence alone, contributed a loss of Rs.617.91 lakhs to the Department from 1980-81 to 1987-88.

16. Management information system

Management information System (MIS) is a systematic interrelated collection and use of information for decision making. It helps to raise the management from the levels of piecemeal information, intuitive

guess work and isolated-problem-solving to the level of information-desimination on effective decision making. It also helps the Department to measure its efficiency from time to time and take suitable corrective measures.

The Department did not have any MIS, though it obtained mass of information - both financial and non-financial - from the circles and other subordinate offices through various periodical returns, inspection reports, special studies or one time collection of information etc. These returns were received by different sections of the Directorate and were not put to efficient use by correlating and co-ordinating the data available therein either for strategic planning or for managerial use. No key indicators were developed either at circle or Directorate level to monitor the performance of reporting units.

With the decentralisation of powers upto the level of Regional Postmaster General/Director in regard to staffing, financial matters and also other operations of the Department, there was an apparent need to evolve suitable MIS so as to obtain adequate and timely feedback, both in regard to financial and non-financial information, and also to monitor effectively the functioning of the circles and subordinate offices.

17. Grievances

17.1 The Department deals with two types of grievances, one from its personnel concerning their claims, conduct and career and the other from the large clientele, on its services in respect of their mail.

The former category of grievances are dealt with within the frame work of departmental rules and instructions and Central Civil Service (Classification, Control and Appeal) Rules. If the grievances are not redressed to the satisfaction of the employees, they have the right to take their cases to Administrative Tribunals. Staff associations exist at local, regional and all India forum to deal with matters of common interest.

17.2 The performance of manpower engaged by the Department is ultimately measured through the satisfaction of public which in turn is gauged with reference to their grievances. The Directorate has a complaints-wing to handle public complaints. All the complaints received are indexed and classified under different categories. Post offices are the nodal points and play an important role in prompt handling of public complaints. The processing of complaints is monitored through periodical reports at divisional, circle and Directorate levels. Annually a resume is also submitted to the Postal Services Board.

The Department has, however, no public relations policy, nor infrastructure to maintain public relations so as to gauge the response of public to the services rendered and take corrective steps.

17.3 The Department has been getting an average of eight lakh complaints every year during the last five years from 1982-83 to 1986-87.

Complaints on registered/insured letters and money orders formed the bulk (69 to 74 per

cent) during 1982-83 to 1986-87. Out of these, 54 per cent of complaints related to non-receipt of acknowledgements in respect of money orders (27 per cent) and registered letters (27 per cent).

17.4. Categorywise break-up of total number of complaints received during the years 1982-87 revealed that Delhi, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal circles continued to receive a large number of complaints (ranging between 8 and 14 per cent of the total traffic of each circle) accounting for more than 50 per cent of the total complaints in all these years. In Delhi, Maharashtra and Uttar Pradesh circles a large number of complaints were in respect of value payable letters and parcels. In Uttar Pradesh circle complaints on savings bank and small savings scheme transactions were abnormally high.

17.5 The Department undertook two drives in January 1987 and April 1988, to investigate delays in payment of money orders in the rural post offices. These two reviews disclosed that money order payments were deliberately delayed in certain rural post offices after their receipt, and this accounted for 1.80 per cent of the total payments as per January 1987 drive and 4.06 per cent as per the second drive of April 1988. The increasing trend in such cases of deliberate delay in payments was a disturbing feature, requiring urgent attention of the Department.

17.6 The test check by Audit of receipt/payment of money orders and delivery of registered letters in three circles (Andhra Pradesh,

Delhi and Uttar Pradesh) revealed that 45 to 48 per cent were received only after a delay of four days and more from the dates of issue.

After receipt by the delivery offices only about 57 per cent of the money order payments were made within two days of their receipt and the balance 43 per cent of the cases were paid after a delay of three to seven days, whereas in the case of registered letters, 8 to 11 per cent were delivered three to seven days after their receipt.

18. Other points of interest

Test check of records in Audit in some of the offices in Andhra Pradesh, Uttar Pradesh and West Bengal circles disclosed the following deficiencies:

18.1 In West Bengal circle, five posts of inspectors of post offices were created in the circle in 1979 for monitoring and implementation of plan scheme/targets. Even though the posts were filled in, no planning cell functioned in the circle office to monitor implementation of the plan and there were also no records in the circle office regarding the plan monitoring done by the inspectors created for this purpose. Two posts were abolished in July 1987 and the remaining three posts continued (March 1988).

18.2 The strength of postmen is to be determined with reference to the statistical data of mail delivered, distance covered for delivery by cycle/foot and also the number of deliveries made in a day. This requirement was not ensured in two head post offices

(Baruipur, Tollygunj) in West Bengal circle. Reduction in number of deliveries and the resultant decrease in workload were not taken into account to reassess the strength of postmen. This led to deployment of 10 postmen in excess from 1982-83 involving expenditure of Rs.6.09 lakhs per annum till March 1988.

18.3 In one head post office in West Bengal circle, work-load review justified 37 posts of Group 'D' as against 44 posts (including 10 adhoc posts) sanctioned and maintained during the last five years from 1983-84 to 1987-88. The basis for the same was not available in the records of regional director's office or the head office. Even taking the justified posts as 37, the head office had seven posts of Group 'D' in excess during the last five years.

18.4 As per the instructions of the Directorate (April 1968), Group 'D' staff required for savings bank control organisation branch in the post offices were to be independently assessed on the strength of Group 'C' of that branch; where this was not possible they were to be determined for the post offices as a whole, including the savings bank control branch. Postmaster General, West Bengal circle, created 10 posts of extra-departmental packers in 10 savings bank control units in January 1977 and increased them to 20 in July 1978. All the 20 posts were retained (June 1988) without assessing the actual requirement of Group 'D' staff even 20 years after the issue of Directorate's instructions.

18.5 As per existing orders, departmental sub-offices in urban areas

were to be self-supporting and were to have a workload for not less than 7 hours and 30 minutes. In three divisions of Uttar Pradesh circle test checked, nine urban sub-offices had the workload ranging between one hour 30 minutes and 4 hours 45 minutes; all these post offices were also running in loss. Despite this, they were continued (June 1988) without proper justification for their continuance. This involved avoidable expenditure of Rs.1.73 lakhs per annum. The continuance of these unremunerative post offices was also not reported to the Postmaster General by divisional offices.

18.6 The postal store depots catered to the needs of both the postal and telecommunications wings of combined P & T Department upto December 1984. The downgradation of extra-departmental sub-offices during the years 1983-85 and transfer of telecommunication units from the control of postal store depots in January 1985 decreased the workload of the depots requiring reduction in staff. In Andhra Pradesh circle, the workload of one depot at Vijayawada was reviewed in November 1986 and the staff strength was reduced by March 1987, after a delay of more than two years; for the remaining depots at Rajahmundry and Guntakal the reviews were conducted only by May - June 1988, more than 3½ years after the workload had come down. Nine posts of assistants in Group 'C' and six posts of Group 'D' found in excess of the requirements in these two depots were yet to be reduced (June 1988). Position in respect of other circles was not ascertainable from the records of the Directorate.

19. Highlights

- The Department of Posts have not spelt out its long term organisational and financial objectives even 90 years after the enactment of the Indian Post Office Act, 1898 and after over 40 years of independence.

Despite the upward revision of postal tariff for different services from time to time, the Department had been incurring losses year after year ranging between Rs.12 crores and Rs.216 crores during 1979-88. This was mainly due to the absence of financial objectives and the fixation of tariff without correlating it to the cost of operations.

- The Department did not have human resource planning to meet the anticipated growth in traffic and was yet to develop a comprehensive system to measure its manpower requirement, monitor the staffing levels and ensure proper utilisation.
- There was decline in staff strength since 1984-85. This reduction (except due to rationalisation in railway mail service) was attributable to constraints imposed on the Department mainly by ban on creation of posts and not to any special efforts made by the Department to identify declining areas of activity and excessive deployment of manpower.
- During the last 100 years, the Department undertook only three major work measurement studies. The last study conducted in 1951 continued to determine

staff requirement for major functions in the postal, railway mail service and returned letter offices. As the staff costs formed 70 to 80 per cent of the Department's expenditure, there is an apparent need to review these norms, keeping in view the volume of traffic, improved technology, procedures and changed working environment.

- The performance of internal Work Study Unit was far below normal. There was no proper follow up or close monitoring of studies undertaken by the Unit for their speedy completion and implementation. The Unit is required to conduct the method study of sections in the Directorate in a cycle of three years. However, as per their existing achievement of reviewing six to seven sections per annum it will take more than ten years to complete the cycle.
- The Department collected two sets of statistics independently on unregistered traffic handled for 14 days, one for the purpose of cost calculation for fixing postal tariff and the other for determining staff requirements. The data collected through special enumeration for cost calculation was not considered representative and reliable. Hence, a correction factor ranging from 57 to 66 per cent was applied during the last 10 years linking the data to the revenue. No such cut was, however, imposed on the data for determining the staff strength. The practice resulted in over-staffing and increased the cost

of operations adding substantially to the losses sustained by the Department year after year. The traffic data reckoned for staff requirement was being inflated.

- A sample study in Audit of the staffing pattern in different circles revealed that in nine circles the staff was disproportionate to the traffic handled. This mismatch between the establishment and the traffic needed review and suitable remedial measures.
- The Department attempted modernisation and mechanisation in a few areas over the years; but they were more related to functional mechanical aids. These were grossly inadequate and did not help to increase productivity, contain operation cost and provide job satisfaction to the staff. It adopted lukewarm pursuit of programmes and poor monitoring in its implementation leading to surrender of funds which was a regular feature. Revamping of the services with a balanced mix of work force and mechanisation is an urgent task for the Department.
- A scheme for creation of reserve pool of trained candidates was introduced in October 1980. It was subsequently modified in June 1982 by increasing the intake of trainees, apparently ignoring the surplus manpower likely to be generated with the introduction of rationalisation measures in railway mail service wing. As a result of this decision, 6,194 candidates trained at a cost of Rs.24.16 lakhs were awaiting

absorption, even after five to six years of their enlistment. The circle offices/Directorate did not have any record to show the distribution of reserve candidates awaiting absorption and also the drop-outs among them.

- Training facilities were not adequate and there were only five training centres throughout the country, covering the staff of all the 18 circles. They are mainly engaged in providing basic knowledge and skills necessary for postal operations for the new inductees. The annual intake of trainees was a meagre six per cent of the total regular employees. Certain cadres of the staff viz., staff of circle/divisional offices, postal store depots, circle store depots, accounts branch of head post offices etc., were not covered by training. Expenditure incurred on training was a meagre 0.2 per cent of total expenditure of the Department. The Directorate failed to monitor effectively the training needs of the organisation. The system of getting feed back from the trainees was also not effective.
- Test check of the records of three circles revealed that in contravention of the existing orders, work load as well as financial reviews were not carried out in respect of departmental and extra-departmental post offices. This led to the continuance of unremunerative post offices and unjustified divisional offices which did not conform to norms, resulting in idle employment and extra expenditure.

-It was decided in June 1978 to upgrade extra-departmental branch offices where the public call office facility existed. As a result 11,207 branch offices were upgraded to the status of extra-departmental sub-offices during July 1978 to February 1981. As the upgradation of these post offices did not involve any intrinsic increase in the workload, the policy was reversed in August 1983 and 8,942 sub-offices were found substandard requiring downgradation. Of these, 2,694 were yet to be downgraded. Consequent upon the upgradation of branch offices, 95 head post offices and 14 divisional offices were opened which were also substandard. Out of these, 70 head post offices and 14 divisional offices were still continuing. The extra cost as a result of the decision taken in June 1978 was Rs.7.29 crores upto March 1988.

Certain rationalisation measures in the railway mail service wing, conceived with a view to improving the mail arrangement, effecting economy in mail operations and reducing the loss sustained by the Department, were implemented during March 1982 to December 1985. Lack of adequate planning, effective implementation and redeployment of surplus manpower in the areas of demonstrable need militated against the objective of the scheme. The revised staff strength had not been notified. Even six years after the introduction of the scheme, the Directorate did not have a correct picture of the surplus manpower existing in different

cadres and in different circles. Surprisingly, the rationalisation measures having major impact in the staffing pattern and with sizeable financial implications were implemented without consulting the Postal Services Board - the apex body of the Department.

- The Department had been issuing broadcast receiver licences on behalf of the Ministry of Information and Broadcasting. As a policy, the Government dispensed with the requirement of licences partly in February 1980 and fully in March 1985. Despite reduction in the number of licences handled from February 1980, the Department retained on an average, 110 officials without justification. The cost of this establishment amounting Rs.66.25 lakhs for the period upto March 1985 was not recovered from the Ministry of Information and Broadcasting. 950 officials were rendered surplus to requirement after the total abolition of the licence scheme in March 1985. Retention of this task force, created for the agency function, caused an additional burden of Rs.182.31 lakhs per annum to the Department from April 1985. The Directorate had no feed back and was not aware whether these surplus personnel had been absorbed in useful employment.

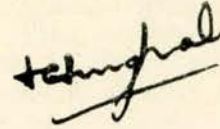
- The Department did not have any Management Information System. Financial and non-financial management data collected from the circles were not put to efficient use either for strategic planning or for firming up management

principles and processes.

- Complaints on registered/insured letters and money orders formed the bulk (69 to 74 per cent) during 1982-83 to 1986-87. Categorywise break-up of total

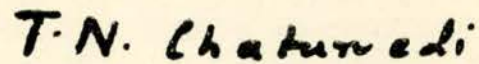
number of complaints received during the years 1982-87 revealed that Delhi, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal circles continued to receive a large number of complaints.

Delhi
29 May 1989



(S.C. SINGHAL)
Director of Audit
Posts and Telecommunications

Countersinged



New Delhi
31 May 1989

(T.N. CHATURVEDI)
Comptroller and Auditor General
of India

ANNEXURE - I

Comparative statement showing the position of staff engaged in relation to the traffic handled
in 1982-83
(Referred to in Paragraph 9.8)

Sl. No.	Name of the Circle	Total traffic handled	Percentage of traffic to total traffic	Staff employed on the mail traffic				Percentage of staff engaged to total staff	Percentage of staff	
				Postal Assistants	Sorting Assistants	Post-men	Total		more than the percentage of traffic	less than the percentage of traffic
1.	Andhra Pradesh	1005891	7.58	7006	2147	3878	13031	7.55		0.03
2.	Bihar	582128	4.39	5158	1600	2709	9467	5.49	1.10	
3.	Delhi	733381	5.53	3001	1611	2739	7351	4.26		1.27
4.	Gujarat	843057	6.35	5723	1477	3834	11034	6.39	0.04	
5.	Jammu & Kashmir	159325	1.20	820	106	340	1266	0.73		0.47
6.	Karnataka	747276	5.63	5949	1114	3022	10085	5.84	0.19	
7.	Kerala	695965	5.25	4905	1236	3232	9373	5.43	0.18	
8.	Madhya Pradesh	461660	3.48	4462	904	2408	7774	4.50	1.02	
9.	Maharashtra	1890667	14.25	10680	3014	9053	22747	13.18		1.07
10.	North Eastern	422622	3.18	2514	643	1512	4669	2.71		0.47
11.	North Western	761425	5.74	6957	1443	2934	11334	6.57	0.83	
12.	Orissa	307708	2.32	3287	714	1062	5063	2.93	0.61	
13.	Rajasthan	714509	5.38	3324	992	1776	6092	3.53		1.85
14.	Tamil Nadu	1401047	10.56	10859	2481	5696	19036	11.03	0.47	
15.	Uttar Pradesh	1204852	9.08	10561	2634	5394	18589	10.77	1.69	
16.	West Bengal	1337831	10.08	7965	2128	5594	15687	9.09		0.99
Total		13269344	100.00	93171	24244	55183	172598	100.00		

- NOTE:
1. Mismatch means the percentage of staff more than the percentage of traffic in respect of each circle.
 2. Total traffic of mails is worked out taking into account all kinds of mails handled.
 3. All accountable mail traffic have been converted into ordinary traffic by applying the same conversion factors adopted for the purpose of calculation of productivity linked bonus.

ANNEXURE - II

Comparative statement showing the position of staff engaged in relation to the traffic handled
in 1983-84
(Referred to in Paragraph 9.8)

Sl. No.	Name of the Circle	Total traffic handled	Percentage of traffic to total traffic	Staff employed on the mail traffic			Percentage of staff engaged to total staff	Percentage of staff	
				Postal Assistants	Sorting Assistants	Post-men		Total	more than the percentage of traffic
1.	Andhra Pradesh	1142090	8.20	7785	2008	3692	13485	7.63	0.57
2.	Bihar	607172	4.36	5397	1651	2839	9887	5.60	1.24
3.	Delhi	713911	5.13	3120	1617	2820	7557	4.28	0.85
4.	Gujrat	842736	6.05	5851	1499	3962	11312	6.40	0.35
5.	Jammu & Kashmir	140720	1.01	829	93	332	1254	0.71	0.40
6.	Karnataka	770679	5.54	5847	1092	2991	9930	5.62	0.08
7.	Kerala	773010	5.55	4707	1191	3152	9050	5.12	0.43
8.	Madhya Pradesh	523630	3.76	4666	802	2425	7893	4.47	0.71
9.	Maharashtra	2013212	14.46	10866	3524	9049	23439	13.27	1.19
10.	North Eastern	518316	3.72	3152	643	1766	5561	3.15	0.57
11.	North Western	955765	6.86	7382	1459	3043	11884	6.73	0.13
12.	Orissa	329971	2.37	3559	720	983	5262	2.98	0.61
13.	Rajasthan	622715	4.47	4011	953	1869	6833	3.87	0.60
14.	Tamil Nadu	1476502	10.60	11190	2316	5753	19259	10.90	0.30
15.	Uttar Pradesh	1131902	8.13	10877	2621	5426	18924	10.71	2.58
16.	West Bengal	1362988	9.79	7689	2197	5227	15113	8.56	1.23
Total		13925319	100.00	96928	24386	55329	176643	100.00	

NOTE: 1. Mismatch means the percentage of staff more than the percentage of traffic in respect of each circle.
2. Total traffic of mails is worked out taking into account all kinds of mails handled
3. All accountable mail traffic have been converted into ordinary traffic by applying the same conversion factors adopted for the purpose of calculation of productivity linked bonus.