

Dated: 12th May 2011

OFFICE MEMORANDUM

Subject: New Speed Post discount Structure and operational mechanism.

This is in continuation to this office O.M. of even number dated 10th December 2010 on the above subject.

2. The new Speed Post discount structure and operational mechanism came into effect from 1st January 2011. Subsequent to the implementation of the new Speed Post discount structure and operational mechanism, BD&M Dte received several references from field offices on a number of issues for clarifications etc. on the subjects listed below:

- 2.1 Imposition of the limit of Rs. 10,000/- per month of Speed Post business for availing credit facility
- 2.2 Acceptance of Bank Guarantee issued by the Nationalized Banks or Scheduled Banks.
- 2.3 Exemption from submission of Bank Guarantee to bulk customers who are Scheduled Banks.
- 2.4 Whether the bulk customer may opt for depositing the amount of security in UCR in lieu of submission of Bank Guarantee.
- 2.5 Requirement of entering into an agreement and submission of Bank Guarantee in respect of customers opting for advance payment/payment at the time of booking of Speed Post articles.
- 2.6 Mechanism for regulating discount in respect of customers opting for advance payment/payment at the time of booking of Speed Post article.

3. Clarifications/decisions on each of these subjects are elaborated in subsequent paras:

3.1 Imposition of the limit of Rs. 10,000/- per month of Speed Post business for availing credit facility

3.1.1 Any customer, who provides speed post business of Rs. 10,000/- in a calendar month continues to be considered as a bulk customer and will be eligible for credit facility. The benefit of discount would however, be applicable when the Speed Post business of the bulk customer in a calendar month reaches Rs. 50,000/-

3.1.2 No credit facility will be provided to any customer, whose monthly Speed Post business is less than Rs. 10,000/- per month.

3.2 Acceptance of Bank Guarantee issued by the Nationalized Banks or Scheduled Banks.

3.2.1 As per clause 7.14 of **OM** No. 57-02/2010-BD&MD dated 10th December 2010, Bank Guarantee is to be issued by a Nationalized or Scheduled Bank.

3.2.2 A Scheduled Bank is defined as a Bank that is listed under the Second Schedule of Reserve Bank of India Act, 1934. This Schedule lists SBI & Associates, Nationalised Banks, Foreign Banks, State Cooperative Banks, Urban Cooperative Banks, Other Public Sector Banks, Private Sector Banks and Gramin Banks. Before accepting a Bank Guarantee, the circles would confirm that the Bank that issued the guarantee is listed on the latest version of this schedule.

3.3 Exemption from submission of Bank Guarantee to bulk customers who are Scheduled Banks.

3.3.1 Clause 7.15 of OM no. 57-02/2010-BD&MD dated 10th December 2010 exempts Central/State Government Ministry/Department/Nationalized Bank/Public Sector Undertaking from submission of Bank Guarantee. In such cases, the authorized signatory of the applicant is required to furnish an undertaking in prescribed format that the applicant shall make the full payment of the bills raised by the Department by the due date.

3.3.2 It has been now decided that this exemption would be extended to all Banks listed in the second schedule of Reserve Bank of India Act, 1934.

3.4 Whether the bulk customer may opt for depositing the amount of security in UCR in lieu of submission of Bank Guarantee.

3.4.1 The bulk customer is required to submit a Bank Guarantee to the Department of Posts as prescribed vide clause 7.12 of O.M. No. 57-02/2010-BD&MD dated 10th December 2010.

3.4.2 Henceforth, bulk customer would have the option of depositing the amount of security, to be calculated as per clause 7.12 of O.M. No. 57-02/2010-BD&MD dated 10th December 2010, in UCR(Unclassified Receipt) in a Post Office and submit the receipt in original to the designated authority in lieu of the Bank Guarantee.

3.5 Requirement of entering into an agreement and submission of Bank Guarantee in respect of customers opting for advance payment/payment at the time of booking of Speed Post articles.

3.5.1 A bulk customer is required to enter into an agreement with the Department of Posts and submit a bank guarantee or undertaking for availing credit facility, as provided under various sub clauses under clause 7 of OM No. 57-02/2010-BD&MD dated 10th December 2010.

3.5.2 In respect of those bulk customer, who opt for advance payment or payment at the time of booking of Speed Post articles and desire to have volume based discount facility, it has been decided that:

(i) Since the payment is made in advance or at the time of booking of the Speed Post articles, there is no need for submission of any Bank Guarantee or undertaking by such customers.

(ii) However to regulate the admissible volume based discount, there is a need to have an Agreement with Department of Posts. Such bulk customers who opt for advance payment/payment at the time of booking of Speed Post articles would enter into an agreement with Department of Posts. The format of the agreement is at Annex 'A'.

3.6 Mechanism for regulating discount in respect of customers opting for advance payment/payment at the time of booking of Speed Post article.

3.6.1 To regulate discount in respect of customers opting for advance payment/payment at the time of booking of Speed Post articles following operational mechanism would apply:

(i) The Bulk customer will have to enter into an Agreement as prescribed (Annex 'A') with the designated authority. The Contract will be applicable for a period of one year and the approving authority shall renew the contract on an annual basis.

(ii) Designated authority to enter into agreement on behalf of the Department would be as follows:

Office of Posting	Designated Authority
Sub office	Divisional Head
HO/ MDG (up to HSG – I)	Divisional Head
HO/ GPO (Gr 'B' & above)	Head of the office
RMS Units/ MBCs	Divisional Head
NSPC/ State SPC (Gr 'B' & above)	Manager
NSPC/ State SPC (Below Gr 'B')	Divisional Head

(iii) The Bulk customer would commit the volume of monthly business to be given by him under Speed Post.

(iv) The designated authority shall verify the application and would forward both the copies of the application to the approving authority with his/her recommendation.

(v) Following authorities have been identified as 'Approving Authority':-

- (i) Regional PMsG : All cases falling under his/her region (i.e. the location where the mail of the applicant is generated falls in the jurisdiction of the Region)
- (ii) CPMsG : All other cases

(vi) The approving authority shall examine the application in consultation with his/her financial advisor and would approve/ reject the application and send one copy of the application duly approved/ rejected to the designated authority. The second copy of the application would be retained by the approving authority.

(vii) Following would be the office of Billing etc. in respect of various categories of office of postings:-

Office of Posting	Office that prepares the bill of the discount due	Office that checks the bill of discount due & settles the same with customer as per the procedure prescribed in subsequent clauses
(1)	(2)	(3)
Sub office	Sub office	Divisional Office
HO/ MDG (up to HSG – I)	HO/ MDG (up to HSG – I)	HO/ MDG (up to HSG – I)
HO/ GPO (Gr ‘B’ & above)	HO/ GPO (Gr ‘B’ & above)	HO/ GPO (Gr ‘B’ & above)
RMS Units/ MBCs	RMS Units/ MBCs	Divisional Office
NSPC/ State SPC (Gr ‘B’ & above)	NSPC/ State SPC (Gr ‘B’ & above)	NSPC/ State SPC (Gr ‘B’ & above)
NSPC/ State SPC (Below Gr ‘B’)	NSPC/ State SPC (Below Gr ‘B’)	NSPC/ State SPC (Below Gr ‘B’)

(viii) The bill will be prepared on a monthly basis (calendar month) by the office of posting.

(ix) Monthly business for deciding upon the rate of discount applicable would be determined by the Speed Post business excluding Service Tax and Education Cess etc.

(x) Discount would be applicable on the Speed Post tariff excluding Service Tax and Education Cess etc. as illustrated in Annex ‘A’ of OM No. 57-02/2010-BD&MD dated 10th December 2010.

(xi) Based on the monthly business given by the Bulk customer, the rate of discount applicable to the Bulk customer may differ on a month to month basis.

(xii) The prescribed discount will be applicable to customers who provide the soft copy of their bulk bookings in the format prescribed vide BD&M Dte. O.M. no.51-09/2009-BD&MD dated 13 July, 2009..

(xiii) In respect of bulk bookings that are received with a paper manifest only without soft copy, the amount of discount as offered to the bulk customer, would be reduced to half.

(xiv) The discount offered would be on the basis of Speed Post articles booked from the identified booking office on a monthly basis. No consolidation of Speed Post business received in multiple offices would be allowed for working out the discount due.

(xv) In respect of advance payment, Speed Post charges will be debited on each posting against the advance received.

(xvi) Further, in case of advance payment, Speed Post posting will be stopped as and when no amount is left against the credit of the bulk customer.

(xvii) The discount sanctioned by the competent authority will be refunded from the account head "1201.00.101.03.04".

(xviii) The bulk customer will have an option to either get the amount of the discount credited to his account which can be used for booking of SPAs subsequently OR to get the refund through cheque on a monthly basis. The customer shall give a declaration to this effect while entering into the agreement with the department.

4. This order takes effect from June 1, 2011.
5. This issues with the approval of competent authority.

(TS Sinha)
Additional General Manager(SP&M)

To:

1. All Heads of Circles/Addl. DG, APS
2. CGM(BD&MD)/CGM(MBD)/CGM(Indipex)/CGM(PLI)/Director (Postal Staff College)
3. All Regional PMsG
4. All DDsG in Postal Directorate/JS&FA/GM(Indipex)/Secretary(PSB)
5. All PMsG(BD) in the circle
6. All Directors(BD) in the circle
7. All Directors in Postal Directorate
8. All Directors in Postal Training Centers
9. E.A. to Secretary (P)
10. All Officers in BD&MD
11. All National Speed Post Centres

Copy to:

1. Sr. PPS to Secretary (Posts)
2. PPS to Members of the Postal Services Board
3. Guard File.

The following format of agreement would apply in respect of bulk customers who opt for advance payment or payment at the time of booking of Speed Post articles and desires volume based discount:

CONTRACT

An agreement made this _____ day of _____ between the Department of Posts on behalf of the President of India (hereinafter called the 'Department' on the one part) and _____ having its Head Office at _____ residing at _____ (hereinafter called 'the sender' which expression shall unless excluded by or repugnant to the context be deemed to include his successor, representatives and permitted assigns) on the other part.

Whereas the Department has agreed with the sender to book, transmit and deliver such articles, presented by the sender as Speed Post consignments on prepayment of Speed Post charges as per the terms & conditions hereinafter contained.

It is hereby mutually agreed and declared by and between the parties hereto as follows:

(i) This agreement shall come in force as from the _____ day of _____ and shall continue in force for a period of one year.

(ii) The sender shall prepare, pack and make up the Speed Post consignments as prescribed by the Department. The contents, shape and size of the articles shall be according to the provisions and conditions provided for and as notified by the Department from time to time.

(iii) The sender shall ensure that no article, transmission of which is prohibited for transmission as Speed Post article as per the instructions issued by the Department from time to time, is presented for booking.

(iv) The sender shall fill up correctly such documents / records, which may be prescribed by the Department to enable it to book, convey and deliver the articles expeditiously.

(v) The expected monthly Speed Post charges come to Rs. _____.

(vi) The arrangements covered by this contract shall be liable to be terminated by either party without assigning any reasons therefore at any time giving one month's notice in writing to the other party.

(vii) The Department shall calculate the applicable discount on a calendar month's Speed Post business basis and will settle the same with the sender as per the procedure prescribed for the purpose.

(viii) Sender shall abide by all rules and orders etc. brought out by the Department from time to time on the subject.

(ix) The Sender understands that Speed Post is not an insured service unless expressly provided and liability of Speed Post is limited to the provision of Post Office Act.

(x) The Sender shall post its articles at _____ Office.

Witness:

1.

2.

1. Signed by _____ for and on behalf of the President of India.	2. Signed by _____ for and on behalf of the _____
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