

F. No. 10/1/2008-NS-II
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 9th April 2010

OFFICE MEMORANDUM

Sub: Setting Up of an Expert Group for Review of Rates of Agency Charges Payable to Department of Posts for Operation of Small Savings Schemes

The small savings schemes of Government of India are formulated and managed by the Ministry of Finance, Department of Economic Affairs (Budget Division). These are mainly operated through the network of over 1.55 lakh post offices all over the country. Department of Posts is paid agency charges/remuneration by Ministry of Finance on per account/per certificate basis for deposit accounts and various categories of savings certificates. The present rates of agency charges/remuneration are based on the recommendations of Expert Group of 1995, headed by the then Chief Advisor (Cost), Ministry of Finance.

2. It has been decided by the Government to set up an Expert Group to give recommendations on the above subject. The Group will have the following composition:

- (i) **Shri D.C. Bajaj, Additional Chief Advisor (Cost)**, [in his capacity as Officiating Chief Advisor(cost)], Department of Expenditure, Ministry of Finance – Chairman.
- (ii) **Ms Annie Moreas, Joint Secretary & FA**, Department of Posts, Ministry of Communication & IT – Member
- (iii) **Shri A.S. Prasad, Deputy Director General (Financial Services)**, Department of Posts, Ministry of Communication & IT – Member.
- (iv) **Dr K.L. Prasad, Advisor, Economic Division**, Department of Economic Affairs, Ministry of Finance – Member.
- (v) **Shri Anil Bhattacharya, Director, National Savings Institute**, Nagpur – Member.
- (vi) **Ms Seema Vyas, Commissioner Small Savings and State Lotteries**, Finance Department, Government of Maharashtra – Member
- (vii) **Shri Rajan Shukla, Secretary, Finance Department**, Government of Uttar Pradesh – Member.
- (viii) **Shri C.M. Bachhawat, Principal Secretary, Finance Department**, Government of West Bengal – Member.
- (ix) **Shri Ritvik Pandey, Deputy Secretary (Budget)**, Department of Economic Affairs, Ministry of Finance – Member Secretary

2. The **terms of reference** of the Expert Group will be as under:

- (i) To examine the basis of payment of remuneration in its whole perspective taking into account all cost elements including 'at source' commission payments to various categories of agents, SB

pairing, computerization, accounts and audit, maintenance of 'silent accounts', etc., and recommend a suitable formula to be adopted for remunerating Department of Posts for their agency functions relating to small savings schemes. While doing so, aspects of improving efficiency and optimising costs, etc may also be factored in.

- (ii) To examine and recommend the formula for sharing the cost of management of small savings schemes between the Central Government and the State Governments.
- (iii) To recommend suitable measures for improving the efficiency of post offices relating to small savings work.
- (iv) To see and recommend if any power of relaxation of rules presently held by Ministry of Finance (Department of Economic Affairs) can be delegated to Department of Posts to save operational cost and to avoid delay in cases related to general public.
- (v) To examine the reasons for large number of irregularities, such as opening of irregular accounts and issue of NSCs and KVPs to the persons, firms, institutions, trust, etc, and to suggest remedial measures to curb such irregularities.

3. The Group would submit its report within a period of six months.

Sundar 9.4.10

(Shaktikanta Das)

Joint Secretary to the Government of India

To

1. Shri D.C. Bajaj, Additional Chief Advisor (Cost), Department of Expenditure, Ministry of Finance, New Delhi
2. Ms Annie Moreas, Joint Secretary & FA, Department of Posts, Ministry of Communication & IT, New Delhi
3. Shri A.S. Prasad, Deputy Director General (Financial Services), Department of Posts, Ministry of Communication & IT, New Delhi
4. Dr K.L. Prasad, Advisor, Economic Division, Department of Economic Affairs, Ministry of Finance, New Delhi
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6. Ms Seema Vyas, Commissioner Small Savings and State Lotteries, Finance Department, Government of Maharashtra, Mumbai
7. Shri Rajan Shukla, Secretary, Finance Department, Government of Uttar Pradesh, Lucknow
8. Shri C.M. Bachhawat, Principal Secretary, Finance Department, Government of West Bengal, Kolkata
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