

A JOURNEY INTO INTROSPECTION

“ At long last I am able to say a few words of my own. Not that I could not say those, but that constitutionally it was not possible for me to do that” -----King Edward.

THE SAGA OF CORPORATIZATION OF THE PAKISTAN POST OFFICE IN THE HISTORIC PERSPECTIVE.

While I was working as Controller General of Stamps and Treasury Papers at Karachi with the additional concurrent charge of Deputy Director General, Pakistan Post as well as General Manager, Postal Life Insurance, in late 1991, I was directed by the Establishment Division to appear for an interview with the then Minister and Secretary Communications Division alongwith other selected BPS-20 officers of the other occupational groups, for appointment as Joint Secretary vice Mr. Ijaz Rahim promoted and transferred as Additional Secretary Establishment Division. Upon my interview and final selection by the Prime Minister, I was transferred and posted as one of the two Joint Secretaries in the Ministry of Communications, one incharge of Ports and Shipping and the other was me, incharge of Telecommunications, National Highways and Pakistan Post Office Department with additional responsibility of selection of new airports sites as a part of three-member selection committee appointed by the Government of Pakistan. Subsequently, I was also required to monitor the Yellow Cab Scheme.

I was also appointed Secretary, PTCL Privatization Committee with the legendary Mr. A.G.N. Qazi the then Chairman, Planning Commission as its Chairman. The other members included Governor State Bank of Pakistan,

Secretary General, Ministry of Finance, Principal Secretary to the Prime Minister, Secretary, Economic Affairs Division and Secretary, Communications.

Far reaching transformations and ultimate developments that took place in the Highways, Motorways and Telecommunications Sectors in early 1990's laid the solid foundations for the growth of IT as well as other communications sectors. This historic era has proved to be a catalyst in the transformation of archaic analog telephone system to the state of the art digital telecom technology and introduction of cellular mobiles services through issue of licence to different global service providers lead to the phenomenal growth of trade and commerce in such a manner that Pakistan became a symbol of swiftest development of newly emerging technologies in the communications, Highways and Motorways networks.

By far the most vibrant and challenging task assigned to me was also the transformation of the Post Office Department into a corporate entity by converting it from an archaic system into an autonomous corporate body which envisioned for it the necessary administrative and financial autonomy to run its state of affairs free from the day to day dominance and dictates of the Government. This revolutionary transformation was not only welcome by the Universal Postal Union (UPU) but also by the World Bank and Pakistan was considered as a symbol of vision and new directions for the postal administrations of the developing countries at large.

It was increasingly felt that Pakistan Post was functioning under a **highly regimented and restricted regime of Rules, Procedures and Regulations**, which were framed more than a century ago under the Government of India Act, 1898. These are contained in voluminous Manuals and are obviously not tailored to respond to the needs and challenges of the 21st Century.

In early 1992, I prepared a **STUDY on the “Need for Re-structuring & Corporatization of Pakistan Post Office” ...Doc -1).** This was the pre-cursor of the decision for converting Pakistan Post into a Corporation. The Universal Postal Union had also concluded that the postal administrations in their existing capacity had failed to compete with the private couriers which had already deprived them of a sizeable chunk of business because of their selective and cherry picking policies. This analysis led to the 20th Congress of the Universal Postal Union to adopt “Washington General Action Plan” which emphasized upon the governments all over the world to be cognizant of the emergent challenges to the Post to adapt to modern legal and management systems guaranteeing to enable adequate independence and sufficient human and financial resources based on concepts of competitive position, motivation and cost-effectiveness.

The above mentioned **Study(Doc-1)** prepared by me was aimed at converting Pakistan Post Office into a Corporation with maximum administrative and financial autonomy, keeping in view the prevailing challenges while retaining the traditional services of letter and parcel mail and agency functions providing concomitantly excellent post office banking services in the cities in general and in the rural areas in particular on modern lines making fullest use of computerization, modern banking procedures in line with the Management Information System. Post Office Bank was recommended to be converted into one of the Postal Corporation’s subsidiaries.

In addition to the above, two more subsidiary Corporations were recommended to be established — one to recapture the market share lost to the private couriers and to manage all the special mail and financial services, while the other one had to be established by converting the existing Postal Life Insurance into a Corporation

subsidiary with full administrative and financial powers to manage its affairs on commercial lines, introducing new products and investing PLI Fund in profit generating projects / schemes.

Sadly, I met untold hurdles not only from different unions but also from some of my postal group colleagues who simply refused to comprehend the myriad challenges that lay ahead to the Pakistan Post. The most unfortunate thing was that I found that lobbies working for the different postal staff unions and support by some highly influential postal group officers both in the parliament as well as in the media refused to grasp the need of the time. Apart from the solid support given to me by my Secretary and Additional Secretary Communications, I also fortunately had a handful of very outstanding and visionary colleagues such as Altaf Hussain Shah, Nusratullah Khan, Sultan Mohammad and Wasim Zafar just to name a few, on my side who had a clear vision of the challenges that post was to confront in future, who encouraged me to pursue the dream of converting the Post into a self governing corporate entity. Umpteen meetings were held by me with different ministries and Prime Minister's Secretariat level and sifting through a large number of drafts ably assisted by the then Director General, Amir Nawaz Khan and Altaf Hussain Shah a draft was finally approved in July, 1992 by the Prime Minister of Pakistan and the erstwhile Pakistan Post Office Department was converted into a public sector Corporation w.e.f. 01-08-1992 promulgated through Ordinance No.XX of 1992 through Gazette of Pakistan (Doc-2)

LIMITED SUCCESS OF THE EXPERIMENT:

The experience of the two years of the Pakistan Postal Services Corporation, however, showed the impediments that were to be encountered. Foremost among these was the chronic budgetary deficit of the corporation on account of the

unrealistic tariff in comparison to the operational costs. While the domestic postal tariff remained stationary over a period of more than 5 years while in the same period the operational cost almost doubled. Another main factor causing deficit was the existence of more than 6,000 post offices in the rural areas which were not self-sustaining and were being operated despite heavy losses due to social and political compulsions. The rise in wages and allowances at the time also contributed towards enhancement of the deficit. The situation had drastic consequences on the development requirements of the Corporation as no funds were allocated for the purpose. Although the revenue receipts of the Corporation kept on increasing satisfactorily every year, yet the percentage of capital budget in relation to revenue receipts had been decreased from 7.3% to 2.5% over the 5 years preceding to establishment of Corporation and zero allocation made in the period of first two years of the Corporation, thus hampering badly the efforts of the Corporation aimed at modernization, mechanization and expansion of postal services in the country.

Corporation could have become viable provided complete control of the tariff policy and administrative autonomy had been given to it to frame its own regulations for maximum utilization of its resources through its Board of Directors, which was never allowed by the Government.

Keeping all this in view, an alternate proposal to form a High-powered Board under the Ministry of Communication by withdrawal of the Ordinance by the Government which was placed before the National Assembly in the shape of a Bill. Copy of this **Summary and Proposed outlines of the High-powered Board were submitted to the Government on 25-11-1994. (Doc -3)**

“REVERSION OF THE PAKISTAN POSTAL SERVICES CORPORATION TO STATUSQUO ANTE

The Ordinance was on the floor of the assembly and was put up as a bill and was about to be approval by the Parliament when it was withdrawn in haste without any logical coherent reason by the then Government.

Pakistan Post Office was already being cited globally and appreciated by no less than the World Bank and Universal Postal Union of its visionary and dynamic approach from a moribund institution towards an enviable, progressive institute thereby setting an example for the entire postal community to come out of the perennial deficit institution and turning into a vibrant and pulsating entity guaranteeing its Universal Service Obligation but also competing as a commercial entity.

Post Office had actually submitted a **Summary for the Prime Minister ...(Doc-4)** for revision of postage rates wherein the adverse circumstances which were hampering the PPSC to pursue any significant development activities with a view to modernizing the postal services in the country, were explained and an upward revision in postage rates was requested. Although the revision of postage rates was allowed in a Cabinet meeting but in the same Cabinet Meeting it was **decided that the PPSC be reverted to status-quo ante...(Doc-5).**

Working of the Corporation: 1992 -1996

The Pakistan Postal Services Corporation was formed and its different areas of operation were separated from each other like the conventional domestic mail, express mail services, International mail and financial operations relating to Universal Postal Union, Postal Life Insurance, Railway Mail and Sorting Services. Each of these operations were put under a separate General Manager with the aim

that each one will strive to make it customer friendly, efficient and self-supporting in financial terms. All that was done keeping in view the spirit of the Ordinance and to make each one of those segments of operations ready to be run as a commercial entity, later on privatizing anyone or each one of those.

Prior to the conversion of Pakistan Post Office into a Corporation (PPSC) in 1992, the Directorate General was headed by a Director General in BPS-21 with ex-officio status of Additional Secretary to the Government of Pakistan. Besides this the Dte-General had 5 posts in BPS-20. In terms of Section 10 of the PPSC Ordinance, the Board of Directors was to consist of the Chairman (BPS-22) and not more than 13 other Directors including Secretaries Incharge of Ministry of (i) Communications, (ii) Finance, (iii) Planning and Development and at least 3 full time Directors General of the Corporation drawn from the Postal Occupational Group, Director General (Finance) and Director General (Admn) (All Directors General in BPS-21).

Employees in BPS-1 to 16 who were members of the Postal Group prior to 01-08-1992 but did not remain so and became employees of the Corporation and served it as such till the expiry of the Ordinance No.XXVII of 1996 (on 5th July, 1996).

THE IMPEDIMENTS SUFFERED BY THE ERSTWHILE PAKISTAN POSTAL SERVICES CORPORATION. (AUGUST, 1992 TO JULY, 1996)

After conversion of Pakistan Post Office Department into a public sector Corporation on August 2, 1992, no reasonable time frame was provided for the transformation, adaptation and acclimatization from a total bureaucratic ambience into that of working in a corporate culture; demands and challenges of which are undoubtedly, altogether different from that of rigid, inflexible and impersonal

Government owned enterprises. This resulted in a kind of a sudden jolt of the whole postal services functioning.

This situation was further aggravated by the dichotomy created through the establishment of this Corporation when the Civil Servants from BPS-1 to BPS-16 forming part of the “Postal Occupational Group” of the Federal Government were suddenly denied their lawful status as Civil Servants and were converted into “non-Government Servants”. This was not only against the principles of the General Clauses Act but also natural justice.

The postal employees as Civil Servants were also denied the right to exercise the option not to be transferred to the service of the Corporation and other legal options that were to be made available to them to exercise this right. This lacuna was about to be addressed alongwith many similar short comings of the Ordinance promulgated on August 2, 1992 when it was placed on the floor of the then National Assembly for converting it into an Act. Before related amendments could be carried out, the then Prime Minister in the Cabinet on 6 May, 1996 abruptly decided that the Corporation should revert to its erstwhile status of an attached Department of the Ministry of communications on the expiry of the term of the Ordinance i.e. July, 1996.

Grant of adequate financial and administrative autonomy was not provided.

As per Section 6 of PPSC Ordinance, transfer of all assets and liabilities of Post Office Department including the balance of PLI Fund, amounts of Post Office Savings Bank etc were required to be transferred to the Corporation but this was not done.

Under the relevant proviso of Ordinance the Government was required to take steps to strengthen the Corporation to act as a Regulatory Authority for the private couriers to regulate the operation of private couriers in order to safeguard the interest of the State and the public – this was not done.

PPSC was not allowed to fix cost-based tariff in the light of rising costs of services. Thus the chronic budgetary deficit continued on account of unrealistic inland tariff in comparison to the operational cost.

The Corporation was never compensated for thousands of loss-making post offices which were being run as social obligation of the Corporation with a view to providing subsidized postal services in every nook and corner of the country.

- Drastic cut was made on the budgetary allocations on the pleas that Post Office Department was now a Corporation;
- A turn-over tax was imposed by the CBR;
- Excise Duty was imposed on time-sensitive services like UMS, Airex, International Speed Post, etc.;
- Municipal Taxes were imposed on the properties of the Corporation.
- The employees were declared as “non-Government Servants” and hence were deprived of medical facilities in Government hospitals, thereby adding direct additional cost for medical services through private hospitals.

Period after reversion upto constitution of a High Powered Management Board 1996 to 2002

IMPLICATIONS OF THE REVERSION OF THE PPSC AS AN ATTACHED DEPARTMENT

Prerequisites for its success and denials by the “Owner” the Government itself :

In line with the world wide trend to operate Post as a business enterprise (the UPU and WB have been exhorting Governments for grant of maximum Administrative and Financial autonomy to enable their services to operate on modern corporate lines) a number of options were subsequently considered i.e. Holding Corporation (ii) An Attached Division of the Ministry of Communications on the pattern of India Post, (iii) A Board at the apex of the Department like the CBR or (iv) on the pattern of Railways Board or (v) a High Powered Management Board of the Post itself within defined scope of authority and autonomy to meet the challenges in the Post Sector.

After reversion subsequent meetings were held and constant struggle was undertaken by me to convert the Post Office again into a self-sustaining viable autonomous corporate entity

A number of efforts were made and meetings were held at the top level and lot many options were explored and it was decided by the Government to conduct a Study through the Management Services Wing of the Cabinet, and thereafter a Canadian Study was also conducted.

- **JULY, 1999 MS WING STUDY, TITLED, “A CHANGE MANAGEMENT STRATEGY AND ACTION PLAN” ...(Doc-6)**
- **MS WING STUDY JULY, 2000 ..(Doc-7)**
- **2001 – CANADIAN STUDY...(Doc-8)**

The above studies were discussed at all appropriate forums starting from Ministry of Communications, Finance, Planning and even by the Prime Minister’s Secretariat. None was considered with of implementation in one form or the other and ultimately I was again tasked by the Ministry of Communications to prepare draft proposal encompassing different options i.e. High Powered Management Board, Holding Corporation and the possibility of giving greater administrative and financial powers necessary to run the existing Post Office Department making it self sufficient. Numerous presentations were made to the Ministry of Communications, Finance, Economic Affairs, Planning & Development and Prime Minister’s Secretariat. An epitome of which is given here for reference and record.

All these efforts finally culminating into the present Ordinance forming a High-Powered Board of Directors for the Pakistan Post and on 15th November, 2002, Pakistan Postal Services Management Board was established through promulgation of **Ordinance No.CXXVI dated 15 November, 2002....(Doc-9)** which stands approved as an Act of the Parliament.

Finally the PPSMB Option was approved.

Inspite of the earlier experiment by the GOP of converting the PPOD into a public sector corporation (PPSC) from 1992-1996 and subsequently into a High Powered PPSMB the malaise of **“Dichotomy”** persists even today. Instead of abdicating, abjuring or abandoning its **“Powers”** and **“Authority”** as an **“Owner of the Post”** the Government instead, in a strange fit of arrogance and disdain denied the PPSMB the rights that the Government as an “Owner” itself bestowed upon the Pakistan Post through well defined legislative Act of the Parliament.

Instead of providing the **“Nascent PPSMB”** a proper “nursery” and **“conducive environment”** to grow and realize its dreams to develop its fullest potential, the owner (and NOT the competitors of the Post) advertently gagged its voice and growth – less through carrot and more through stick.

HAZARON HAIN SHIKWAY KIA KIA BATAAEIN

UDNAY SAY PAISHTER HI MERA RANG ZARD THA

CORE ISSUES IMPENDING PPSMB DEVELOPMENT

Insisting on PPOD being an Attached Department when the PPSMB Ordinance now an Act, defines it as a body corporate (PPSMB Ordinance Clause 3(2) :

..... Calause 3(2) The Board shall be a body corporate having perpetual succession and a common seal, with power, subject to the provisions of this Ordinance, to acquire, hold, and dispose of its property, both moveable and immoveable, and shall by its name sue and be sued

On promulgation of the Ordinance into an Act the Ministry of Communications (MOC) was to initiate removal of the Post Office Department from the list of its Attached Departments – This was denied from the every outset; thereby rendering the whole exercise “superfluous”.

PPSMB Ordinance provides the desired operational, financial and administrative autonomy (Clause 11 of the Ordinance) to ensure desired change in time as delays imposed in decision making deny timely development.

Organizational autonomy: In fact the *raison detre* for the establishment of Pakistan Postal Services Management Board (PPSMB) was as enumerated below in clause 11 :-

.....Clause 11 Powers and functions of the Board :

(1) *Subject to the provisions of this Ordinance, the **Board shall have complete decision making power** in matters relevant to all the administrative, operation, and finance of the Pakistan Post Office Department:*

Provided that the power to make decisions in important policy matters shall vest in the Federal Government. .

(2) *In particular and without prejudice to the generality of the foregoing powers, the following shall be the powers and functions of the Board, namely: -*

(a) *To manage, maintain and operate the Pakistan Post Office Department;*

(b) *to manage, maintain and operate the Post Office savings Bank throughout Pakistan;*

- (c) to frame overall market oriented postal policies and introduce, flexible tariff regime in consultation with the Government;*
- (d) to manage postage rates for ordinary postal articles in consultation with the Government;*
- (e) to manage, maintain and operate the Postal Life Insurance throughout Pakistan;*
- (f) to make such provisions as appear to it to be appropriate for advancing the skills of its officers, employees and servants by education, training and otherwise, and to promote, within reasonable limits, their welfare.*
- (g) to conduct and assist research experiments or trials for the improvement of methods of postal facilities and other services being carried out by the Pakistan Post Office Department;*
- (h) to advise the Federal Government on matters relating to postal and other services being provided by the Pakistan Post Office Department and to provide consultancy services thereto;*
- (i) to maintain liaison with the Universal Postal Union and other international postal organizations;*
- (j) to open, operate and maintain bank accounts only with those banks authorized by the Finance Division in accordance with the instructions issued, from time to time, for maintaining working balances of public sector enterprises;*
- (k) to undertake domestic or foreign borrowings in consultation with the Finance Division and invest surplus funds of the Board in accordance with the instructions issued, from time to time, by the said Division;*

- (l) to seek contracts and provide postal services abroad, and*
- (m) to perform such other functions as the Federal Government may, from time to time, assign.*

If this autonomous body was to remain an “Attached Department” of the Ministry of Communications (MOC) then, instead of empowering the Board, we had created another hurdle to decision making process and injected yet another greater delay in the system. Clearly we can’t be that naive in 2013. PPSMB is crystal clear on the subject.

It was clearly agreed and understood by the MOC that only policy matters be referred to MOC and only important cases shall be taken up with the Establishment, Law and Finance Divisions, while only the initial brief to go through MOC and later on PPSMB had to handle its progress – This was NOT implemented by the MOC at the very outset.

The originally drafted Ordinance was unfortunately badly altered by the MOC without any consultation with me as the Chairman of the Restructuring Committee of Pakistan Post.

The Ordinance No.CXXVI dated 15 November, 2002 for establishment of Pakistan Postal Services Management Board was first published on 15 November, 2002 vide pages 1967-1978 in Part-I of the **Gazette of Pakistan Extraordinary** **...(Doc- 9)** but the Schedule-I and Schedule-II which had to appear as Annexures to the Ordinance were substantially mutilated and were not printed by the Ministry of Communications. The initial publication was thus devoid of any specific mention of Administrative and Financial Powers of the PPSMB and its Chairman.

On pointing out persistently this omission was subsequently rectified but again in a very reluctant and flawed manner through issue of a CORRIGENDA in

the Gazette of Pakistan Extraordinary Part-I dated **11 December, 2002 vide pages 2160-2168 ...(Doc-10).** Being superfluous and dichotomous in its contents the Ministry again issued a CORRIGENDUM to rectify the anomalies. Instead of rectifying the anomalies the Ministry issued yet again a CORRIGENDUM for “rectification of typographical errors” under the caption **THIRD CORRIGENDUM** in the Gazette of Pakistan Extraordinary dated **20 February, 2003 vide pages 10 and 11....(Doc-11).**

Inspite of written submissions and verbal pleadings the anomalies were never ever rectified till my resignation as Chairman / Director General, Pakistan Post in 2006. I can safely **presume the Ordinance continues to limp but thank God it is still walking.**

But remember one thing :

“YOU MAY BE DISAPPOINTED IF YOU FAIL, BUT YOU ARE DOOMED IF YOU DON’T TRY IT”.

Believing is what George Eliot had once said and I quote :

“IT IS NEVER TOO LATE TO BE WHAT YOU MIGHT HAVE BEEN”.

The Post has continued its mission of attaining true ADMINISTRATIVE and FINANCIAL autonomy.

....