

**No. BDG-20/3/2021-Building-DOP  
Government of India  
Ministry of Communications  
Department of Posts  
(Estates Division)**

Dak Bhawan, Sansad marg,  
New Delhi-110001

Dated 18th February, 2022

To,

1. All Heads of Circles/Regions
2. Parcel Directorate

Subject: Long term leasing and licensing policy for hiring accommodation for office purpose in Department of Posts-reg.

In supersession of existing orders/instructions on the subject, the competent authority has now decided to frame a comprehensive guideline for leasing office accommodation for use of the Department and licensing of the surplus space available with the Department. These guidelines are given as under in two parts. Part A is for leasing office accommodation for use of the Department and Part B is for licensing of the surplus space available with the Department:

**Part A**

1. Revision of rent shall be allowed only once in five years except in the case of accommodation to be hired for setting up of Parcel Hubs in which case revision can be made once in three years. Such revision shall, however, be undertaken by the department only on receipt of a written request for the same from the landlord concerned. Revision of rent, if requested by the landlord should be processed well in time by the Circle, i.e. within 6 months from the date of the request made by the landlord. The quantum of increase of rent in all cases shall not exceed 8% p.a. with the exception of cities and towns where Rent Control Act is applicable where it would be lesser of the increase permitted under the Rent Control Act or increase up to 8% per annum. If the enhancement proposed is beyond this limit, the Head of the Circles may examine the exigencies involved and decide the case as per his financial powers. Rest of the cases, beyond his financial powers, should be referred to Directorate with the concurrence of CIFA and approval of HOC for approval of Secretary (Posts).
2. The date of receipt of a request from the landlord for the revision of rent or the date from which such revision is due i.e. after three/five years, whichever is later, will be the date from which the revision is to be allowed.
3. Revision of rent should be allowed only if necessary repairs, special repairs and maintenance of the rented premises have been carried out by the landlord to the satisfaction of the Department and the landlord agrees and executes a fresh lease agreement after revision of rent.

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4. There would be no distinction for the revision of rent between the premises located at stations where the Rent Control Act is applicable and where it is not applicable in so far as periodicity is concerned i.e it will be uniformly three/five years.
5. The re-assessment of a reasonable rent when it will become due , will be got done by the landlord himself from the respective Rent Controller in respect of premises taken on rent through the Rent Controller. In respect of all other buildings revision of rent will be examined by the departmental Fair Rent Assessment Committee (FRAC).
6. While intimating the rent payable, the Fair Rent Assessment Committee will intimate the revised rent in two parts. The first part would contain the recommendation for the "core" rent payable to the landlord which would consist of the component of Municipal charges /Taxes, surcharges etc. which is to be passed on by the landlord to the Municipal Corporation /local authorities. In case, after completion of assessment /re-assessment of such rent as referred to above, Municipal Charges/Taxes , surcharge etc. go up or any new tax is levied before the date of the next revision after three years, payment of the same will also be allowed on production of documentary evidence by the landlord regarding the discharge of higher liability towards taxes etc. It is further added that the department will pay taxes only if these are required by the laws applicable in a state or within the jurisdictions of local authority. In any case only a part of it will be borne by the department. Before doing so, it would, therefore, be necessary to find out from the concerned State Government/local authority the orders in force within its particular jurisdiction.
7. In the past, after expiry of the original period of lease, the department used to take resort to the optional clause to continue in the same premises without enhancement of rent. Clause 19 of the new lease form seeks to correct this imbalance by providing for a mutually agreed upon rate of enhancement to protect the landlord's interest. At the same time, if an agreement cannot be reached, the department retains the right to continue in the premises on a year to year basis to prevent any disruption to public services and this period should not exceed two years.
8. The lease agreement can be made for a period of three/five/ten/fifteen/twenty/twenty-five years on the new lease form enclosed based on necessity for the same to be recorded in writing. Revision of rent after expiry of the lease agreement will be as per para 1 above.
9. The question of rationalizing the principles for certifying the reasonableness of rent in in respect of rented building under the occupation of the department has been examined and it has been decided that revised/enhanced rent of such building will be treated as a fresh case of rent assessment and will be done according to the following principles:
  - a. Work out the reproduction cost of the building as on the date of reassessment on the cost index for the concerned locality.

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- b. Work out the depreciated value of the building assuming a straight line variation of depreciation depending on the age of the building.
- c. Work out the land area appurtenant to the building taking into account the local bye-laws. In case no such bye-laws exist in the locality, general practices prevailing in the locality should be followed. Any surplus land that does not enhance the utility of the building should be excluded. Extra rent for utilisation of surplus land for cycle/car parking/generator shed etc. may be limited to 10% of the rate of rent per sq ft./ sq. m. rent of the main accommodation.
- d. The cost of the appurtenant land should be ascertained from the local Revenue Authority. For this purpose, the cost of land should be divided between the number of tenants in the building, apportioned between the tenants according to the plinth area each one is having, if the Department is not the sole tenant.
- e. Where the landlord has made additions/ alterations in the building as per departmental requirements, the same will be taken into consideration in working out the capital cost of the building.
- f. The cost of the appurtenant land may be added to the depreciated value of the building to assess the reasonable return on the property. In the case of Metropolitan cities, this percentage rate of return must be taken as 10% per annum. In the case of other cities/towns, this figure may be taken as 9% per annum.
- g. The figure arrived at thus would constitute the annual rent of the building on the basis of the principle of valuation. This is the "Core rent as mentioned in Directorate letter dated 25.02.1992.
- h. After working out the rent on the above principles of valuation, the current rate of market rent in the locality will be ascertained by FRAC. For this purpose, rent paid by Government and semi Government organizations, public sector undertakings and nationalized banks will be taken into account. If there are no land//building/go down/premise hired/occupied by these organisations in the vicinity/near highway/airports/multi modal transportation hubs etc., rent being paid by private organisations engaged in Courier, Express, Parcel or Logistics sector etc. may also be taken into account by recording the reasons in writing, in case of accommodation required for purpose of setting up of Parcel Hubs and Transshipment Centres. The data collected must be authentic and the building should be comparable in specifications an amenities provided.
- i. After getting the two values, i.e. rent based on the recognized principles of valuation and the current market rate, the endeavor of the competent authority should be to balance the two factors of rent worked out on the basis of the principles of valuation as well as market rent. While weightage should be given to the market rent so as to sufficiently compensate the landlord, all efforts should be made to fix the rent lower than the market rent. For this purpose, after considering the FRAC's report, the competent authority should

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negotiate with the landlord. Where the enhanced rent falls within the powers of the Divisional Superintendent, the negotiation will be carried out by the next higher authority.

- j. If the Department has incurred any expenditure on maintenance/repairs of a particular building, it shall be recovered from the rent payable.
- k. Enhancement of rent should be effected only after a fresh lease deed is signed by the landlord.
- l. For the purpose of these orders, the constitution of FRAC at various level will continue to be guided by the orders already in force. However, for all cases where enhancement of rent would fall within the powers of the Divisional Superintendent, the revision of rent will be considered by a duly constitute FRAC even where the initial rent has been within the delegated powers of the Divisional Head without the assistance of the FRAC.
10. If the other party in the rent agreement decided to register the lease/license deed in their own format, it may be allowed provided that it should not be contrary to the interest of the department in any manner. In all other cases, the lease/license deed will be executed on the format enclosed herewith.
11. Department is liable to pay the GST, as admissible, on rent, wherever applicable.
12. Composition of Fair Rent Assessment Committees at the three Levels namely 1<sup>st</sup> Level, 2<sup>nd</sup> Level and 3<sup>rd</sup> Level in respect of Cities/towns which have been reclassified as 'X', 'Y' and 'Z' categories vide Ministry of Finance O.M. No. 2913)/2008-E-II dated 29<sup>th</sup> August, 2008 and the competent authority to approve/accept the recommendations of the FRAC is as follows:

Class of City		Recommending powers for Operative Offices & Trg. Centers, hostel accommodation and RMS Rest Houses, Administrative offices & office-cum-residence based on class of City		Composition of FRAC
Existing	Revised	Above Rs. (per month)	Up to Rs. (per month)	
1 <sup>st</sup> Level F.R.A.C.				
A-1	'X'	5,000	15,000	1. Divisional Head 2. Asstt. Engineer (Civil) 3. A.O. Class-I Division/ A.A.O. Class-II Division
A	'Y'	5,000	10,000	
B-1	'Y'	4,000	10,000	
B-2	'Y'	4,000	10,000	
Others	'Z'	3,000	8,000	

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2 <sup>nd</sup> Level F.R.A.C.				
A-1	'X'	15,000	40,000	1. Divisional Head 2. A. E (Civil) 3. Sr. AO/AO
A	'Y'	10,000	20,000	
B-1	'Y'	10,000	20,000	
B-2	'Y'	10,000	20,000	
Others	'Z'	8,000	12,000	
3 <sup>rd</sup> Level F.R.A.C.				
A-1	'X'	40,000	1,00,000	1. Dir. Postal Services 2. Dy. Dir. Of A/Cs(P)/ACAO. 3. Ex. Engineer (Civil)
A	'Y'	20,000	50,000	
B-1	'Y'	20,000	40,000	
B-2	'Y'	20,000	30,000	
Others	'Z'	12,000	20,000	

12.1. For renting buildings beyond the financial powers of Divisional Head, FRAC of appropriate level would be constituted in accordance with the rent demanded by the owner of the building in the order stated in the Table in para 13 above.

12.2 In all cases where the rent is to be decided with the recommendations of FRAC, the constitution of FRAC of appropriate level as per the composition shown in Table in para 1 above would be ordered by the Regional PMsG/CPMsG in respect of units under their jurisdiction.

12.3 The 3<sup>rd</sup> level FRAC would also examined the cases beyond the powers of Regional PMsG/CPMsG and the recommendation of the Committee would be forwarded to the Directorate in the manner stated below in para 13.

12.4 The Divisional Head can hire accommodation within their delegated financial powers under revised Schedule III and Schedule IV of Schedule of Financial Powers (issued vide DoP O.M. No.6-1/2008-FC (Posts) dated 06.02.2009 depending upon the class of City without Fair Rent Assessment Committee.

12.5 The Financial approval of rent beyond the powers of Divisional Heads would also be granted by the Regional PMsG/CPMsG in respect of units under their jurisdiction.

13. All proposals referred to the Directorate should come along with the recommendations of Head of the Circles/Regions and concurrence/comments of the Circle IFA with the following requisite documents:

- i. Proforma I (General information about the proposed building) (enclosed)
- ii. Proforma II (Rent being paid by the similar offices in the vicinity) (enclosed)
- iii. Schedule of Accommodation
- iv. Core rent Calculation Certificate
- v. Rent Reasonable Certificate issued by Civil Wing
- vi. Minutes of FRAC
- vii. Concurrence of CIFA/recommendation of PMG/CPMG
- Viii. Guidelines value of District/Municipal Corporation
- ix. Acceptance letter of the landlord
- x. Copy of the Rent Control Act if applicable to the area

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Proforma I to be submitted along with the requisition for rental cases of PO....

- 1. Name of the owner :
- 2. Locality with address :
- 3. Land area appurtenant to the building:
- 4. Surplus land (whether proposed to be taken or not) indicating the purpose for which land is required
- 5. Plinth area :
- 6. Carpet area :
- 7. Year of construction :
- 8. Mode of construction (RCC/Tiled) :
- 9. Municipal Taxes (receipt to be enclosed):
- 10. Local prevailing rent along with the authentic documents of any two govt office/banks (RCC/tiled) :
  - 1. Name of office/bank
  - 2. Carpet
  - 3. Rent paying
  - 4. Lease deed effective from
  - 5. Type of building
- 11. Electrical installation with or without fittings:
- 12. Rent demanded by the landlord :
- 13. Present rent :
- 14. Additional alterations if any required :
- 15. Availability of water supply etc :
- 16. Land cost as per revenue records :
  - (latest rate per square yard. Certificate to be obtained from Sub Registrars' Office)
- 17. Building plan duly indicating portion occupied by the dept. :
- 18. Justified accommodation along with statement of Schedule of Accommodation :

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## PROFORMA II

RENT PAID TO THE GOVT. OFFICES FUNCTIONING IN RENTED BUILDING of.....

Sl.NO.	Name of the office	Area occupied	Rent per month in rupees	Rent per sq ft

## PART B

The competent Authority has also approved the proposal for hiring out of vacant space, in excess of Schedule of Accommodation, in postal buildings on license basis. To implement this, following guidelines are hereby issued for necessary action by all concerned,

### 1.1 Main Features

1.1.1 Power of giving vacant built up space in postal buildings on license basis is delegated to regional PM'sG except in 7 metro cities, i.e. Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bengaluru and Ahmedabad where PMsG after completion of all formalities will take approval of their CPMsG.

1.1.2 The definition of vacant built up space is the space in excess of Schedule of Accommodation required for functioning of the office.

1.1.3 The vacant space will be given at the prevailing market rent in the area of location (which will be termed as license fee) by issue of open tender **as per the format enclosed herewith**. The open tender will be in two parts:

- A technical bid to shortlist the party
- A commercial bid to select the highest bidder, the rate being comparable to the rent paid by the best private party in the area of an equivalent space, location and quality.

1.1.4 The vacant built up space can be given on market rent (which will be termed as license fee) to the following:

- Central Government
- State Government
- Central Government PSUs
- State Government PSUs
- Nationalized Banks
- Foreign Banks of repute
- National and International Financial Institutions of repute
- Company or Corporate Body of repute

1.1.5 The vacant space will not be given to any individual

1.1.6 The Head of region/Circle as the case may be will enter into a License Agreement (Standard Format Enclosed) with the licensee for giving the vacant space for a maximum period of three years. The license fee will be enhanced by 10% of previous year's License Fee, every year, after the completion of first year from date of agreement.

### 1.2 PROCEDURE

1.2.1 All Circle/Regional Heads will collect data of excess built up vacant space available in all departmental buildings in the region once every quarter. To

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start the process in 2022-2023, data of all vacant built up space should be updated by 15<sup>th</sup> May latest.

1.2.2 The Head of the Division in whose jurisdiction the vacant space is available should certify that this space cannot be utilised for any postal purpose for next one year and no additional space will be hired for any other operation of this department in the city if this space is given on license basis to outsiders with the exception of post offices which are location specific.

1.2.3 From the data so collected, the vacant space not needed for any activity or the operation of the Department of Posts and not likely to adversely affect the functioning of the department, services to the customer or postal property be identified by the Circle/Regional Head to be given on license basis.

1.2.4 A committee comprising the following will recommend the minimum reserve license fee for vacant space proposed to be given on license basis:

- i. Director Postal Services
- ii. Internal Finance Adviser to PMG
- iii. (a) Executive Engineer (Civil) in case space proposed to be hired out is over 5000 sq ft.  
(b) Assistant Engineer (Civil) if the space proposed to be hired out from 500 sq ft to 4999 sq ft.  
(c) Junior Engineer (Civil) in case space proposed to be hired out is up to 499 sq ft.

1.2.5 The definition of minimum license fee is the rent comparable to that paid by the best private party in the area of an equivalent space, location and quality of building" including component for annual maintenance plus the amount of all proportionate taxes, ground rent and charges of whatsoever character assessed and imposed by or payable to lawful authority in respect of the said premises.

1.2.6 The recommendation of the above committee will be approved by PMG or CPMG concerned in consultation with the concerned IFA, as per power delegated in para 1.1.1 of this order.

1.2.7 On the basis of minimum license fee, Circle/Regional Head will float an open tender in the format as prescribed in CPWD manual in two parts, i.e. (a) a technical bid to shortlist the party (b) a Financial bid to select highest bidder. Wide publicity should be given to the tender notice. The NIT should also be put on the website as per instructions issued by DDG (Vig) vide his letter no.4-1/04-Vig dated 13.01.2004 and 09.03.2004.

1.2.8 The same committee as mentioned in para 1.2.4 will open the tender and recommend the highest bidder to the PMG/CPMG concerned on the basis of bids received.

1.2.9 On the basis of recommendations of the committee. PMG/CPMG in consultation with Regional/Circle IFA, will issue a letter of acceptance of tender to the tenderer so selected, mentioning the amount of advance license fee to be deposited as security deposit. The advance license fee in the shape of security deposit shall be six month's license fee. In the event the highest bidder is unwilling to pay the six months advance license fee, but is willing to pay three months license fee, his offer may be considered after recording reasons of the same.

1.2.10 When the successful tenderer deposits the security deposit with the department, the earnest money will be refunded to him. Accounting procedure for accounting for the advance license fee which is refundable to the licensee and cannot be credited to the Licensor's account will be circulated by DDG(PAF).

1.2.11 The Head of Region/Circle as the case may be, will enter into a License Agreement as per the draft enclosed for giving the vacant space on license for a maximum period of three years. The license fee will be enhanced by 10% of the previous year's License Fee every year after the completion of first year from start

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of agreement. Draft format of License Agreement is attached with this order. Before handing over the possession of the space to the successful tenderer, this License Agreement be signed after getting the same vetted from Branch Secretariat of Ministry of Law or Government Standing Counsel where Branch Secretariat is not available, on a case to case basis after incorporating any changes if required as per local by-laws.

1.2.12 In case the licensee desires to continue the agreement beyond three years, he should give a written intimation of the same at least 6 months prior to the expiry of the agreement. In case he desires to retain the space on license fee beyond the three years, Rent Assessment Committee will work out and recommend the revised market rate (which will be termed as license fee) for the space. PMG/CPMG in consultation with Regional/Circle IFA, will intimate the revised License Fee to the licensee one month prior to the expiry of License Agreement. The licensee will have to convey his acceptance of the revised License Fee in writing within 15 days of the receipt of the communication from PMG/CPMG. The fresh License Agreement will also be for a period not exceeding 3 years with annual escalation of 10% of the License Fee of the previous year. If the revision of the License Fee could not be finalized for any reason whatsoever, then the licensee may continue for a period of one year with the condition of enhancement of License Fee @10% per year.

1.2.13 Six monthly report for period ending 30<sup>th</sup> September and 31<sup>st</sup> March about the space given on License basis, in chronological order in the enclosed format, will be submitted by each region to Directorate by 15<sup>th</sup> of the following month. A register of vacant space available in departmental buildings and given on License basis in the region will be maintained in the same format. While inspecting regions and Divisions, the inspecting Officer should note and record the vacant space available, and the amount of revenue earned from hiring out such vacant space. No space should be kept vacant for more than 90 days after it is identified as excess space to be given on License basis.

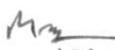
2. In order to follow up implementation of these orders, an interim progress report may be submitted to the Directorate by June 2022. Further progress reports for the period ending 30 September, and 31 March may be submitted as per Para 1.2.13 above.

3. The under noted precautions may kindly be taken into account while considering giving vacant space in postal buildings:

i. It might be a case that the land, where the postal building has been constructed, has been acquired in some cases from the State Government on concessional rate for extending public utility service. If the department now plans to utilise those buildings partially on commercial basis, the case of charging commercial rate may not altogether be ruled out. In such eventuality the matter may be reported to the Directorate for further decision.

ii. It may be ensured that renting out postal buildings to proposed institutions/body (bodies) may not be inconsistent to the rules of town planning approved by the Department of Urban Development. The tenant's activities, i.e. like stocking of inflammable articles, alcoholic beverages, explosives, contraband items or any other prohibitory items or activities which are not conducive to the residential colonies where post offices functions should be avoided.

4. If the other party in the agreement decided to register the license deed in their own format, it may be allowed provided that it should not be contrary to the interest of the department in any manner. In all other cases, the license

  
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deed will be executed on the format enclosed herewith.

5. For renting out surplus land/building space owned by the department, the party should not be an individual but a central government/state government department, Central/State Statutory authority, CPSU/SPSU or reputed MNCs etc.
6. While renting out surplus land/building space owned by the department, which falls within prohibited and restricted area as specified in AMASR Act, 1958, consultation with or permission of, as the case may be, NMA (National Monuments Authority) and/or the competent Authorities setup under Ancient Monuments and Archaeological Sites and Remains (AMASR) Act, 1958, shall be obtained, if so required.
7. The licensee is liable to pay GST, as admissible, on license fee wherever applicable.

All concerned are requested to adhere to these guidelines issued with the concurrence of AS & FA and approval of Secretary (Posts).

Yours faithfully,

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18/02/2022

(Manoranjan Samal)

Assistant Director General (Building)

Copy to:

1. All Members of Postal Service Board
2. Director, RAKNPA, Ghaziabad
3. Chief Engineer (Civil)-I and II
4. All Circles' IFAs
5. All CGMs of Directorates
6. All Sr. DDsG/DDsG
7. All DA(P)s
8. All Directors, Postal Training Centers
9. DO (BP-I) and DO (BP-II)
10. All staff Unions/Associations

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(Manoranjan Samal)

Assistant Director general (Building)

## Tender Format

Sl.No.	Particulars	Remarks
1.	Tender Reference	
2.	Tender Inviting Authority	
3.	Name/Detail of the Tender	
4.	Tender Fee	
5.	Earnest Money Deposit (EMD)	
6.	Date of publication of Tender Enquiry.	
7.	Clarification Start date	
8.	Clarification end date	
9.	Clarification submission/upload date	
10.	Start date for Submission/uploading of Bids	
11.	End date of Submission/uploading of Bids	
12.	Date of opening of Technical bids	
13.	Date of opening of Commercial bids of eligible bidders.	
14.	Address for communication	
15.	Email id	
16.	Contact Person	

  
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