

Item No. 3 Minutes of meetings of the Sub-Committees of the Board.

Statement regarding the meetings of the following Sub-Committees of the Board, is given below:-

1. Finance, Investment and Audit Committee (FIAC) – 137th meeting was held on 8th February, 2018 (minutes are placed as **Annexure-3A**); 138th meeting was held on 21th February, 2018 (minutes are placed as **Annexure-3B**).
2. Pension & EDLI Implementation Committee – No meetings were held.
3. Exempted Establishments' Committee – No meetings were held.
4. Sub-Committee on Construction Workers – No meetings were held.
5. Sub-Committee on Contract Workers - No meetings were held.

Proposal: The Board may please take note of the minutes of the meetings referred above.

Minutes of the 137th Meeting of the Finance Investment & Audit Committee (FIAC) held on 08-02-2018 at EPFO, Head Office, New Delhi.

The 137th meeting of Finance Investment & Audit Committee of Central Board, EPF, chaired by Dr. V. P. Joy, Central Provident Fund Commissioner was held on 08.02.2018 at 2.00 P.M. at EPFO, Head Office, New Delhi.

The following members/representatives were present in the meeting.

1.	Shri Prabhakar J. Banasure	Member, Central Board, (Employees' Representative)
2.	Dr. G. Sanjeeva Reddy	Member, Central Board, (Employees' Representative)
3.	Shri J.P.Chowdhary	Member, Central Board, (Employers' Representative).
4.	Shri Balasubrahmanyam Kamarsu	Member, Central Board, (Employers' Representative)

The following members could not attend the meeting.

- (i) Additional Secretary (L&E), Ministry of Labour & Employment, Govt. of India
- (ii) Additional Secretary & Financial Advisor, Ministry of Labour & Employment, Govt. of India
- (iii) Joint Secretary, Banking Operation Pension Reforms, Department of Financial Services, Ministry of Finance.

In addition to the above, Shri Manish Gupta, Joint Secretary, MoL&E/ FA&CAO, EPFO, Convener was present during the meeting.

The Chairman welcomed all the members and officers present in the meeting. Thereafter, the agenda were taken up.

Item No.1: Confirmation of the Minutes of 136th Meeting of the Finance Investment and Audit Committee held on 27.09.2017.

Minutes of 136th FIAC meeting held on 27.09.2017 were confirmed.

Item No.2: Action Taken Report on the recommendations of the 136th Finance Investment Audit Committee held on 27.09.2017.

The action taken report as placed was taken note of by the Committee.

Item No. 3: Revised Estimates for the year 2017-18 and Budget Estimates for the year 2018-19 for EPFO and Schemes administered by EPFO.

Revised estimates and budget estimates to be placed in CBT. Meanwhile, observation from members of FIAC, if raised in writing may be replied in writing.

Item No. 4: Performance Evaluation of Portfolio Managers for the period 01-07-2017 to 30-09-2017.

The Committee took note of the Performance evaluation of Portfolio Managers for the period 01.07.2017 to 31.12.2017.

Item No. 4 (a): Inadequate supply of corporate issuances in the Category (ii) of the New Investment Notification No. S.O. 1071 E dated 23, April 2015 of Ministry of Labour and Employment

The item was placed before the FIAC and the members after deliberation recommended it for consideration of the Central Board.

Item No. 5: CBLO borrowing transactions by the Portfolio Managers during the period 01-04-2017 to 31-12-2017.

The agenda item was taken note of by the Committee.

Item No. 6: Diversification of investments in Exchange Traded Fund (ETF) under category (iv) i.e. investment in Equity and related Investments of Investment Pattern 2015.

The item was placed before the FIAC and the members after deliberation recommended it for consideration of the Central Board.

Table

Item No. 7: Realization of capital gains from investment in Exchange Traded Fund (ETF), EPF Scheme.

The item was placed before the FIAC and the members recommended to be placed before the Central Board.

Item No. 8: Performance Evaluation of Custodian of EPFO Securities, M/s. Standard Chartered Bank (SCB) for the period 01.04.2016 to 31.03.2017.

The proposal was recommended by the Committee to place before CBT, EPF for information and perusal.

Item No. 9: Modifications to the Accounting Policy for ETFS (Equity and Related Instruments) for EPF Scheme: feasibility study by CRISIL.

The item was placed for information. The report of M/s. CRISIL Ltd. be placed in next meeting for deliberation.

Item No.10: Centralised Payment System through single Nodal Bank using NPCI.

FA & CA: informed the committee that IDBI Bank has submitted lowest net financial commitment to EPFO for the centralized payment through NPCI platform. He further informed that this arrangement will save more than Rs 15 crore per year on bank charges. Dr. G. Sanjeeva Reddy voiced his concern over financial stability of IDBI Bank as the bank is currently running in huge losses and a large NPA ratio.

Shri J.P. Chaudhary suggested that in the backdrop of constant innovations in technology, EPFO may explore the option of adopting a better model/product for centralized payment by inviting banks to a system wherein EPFO will not maintain any FD or Overdraft facility for payment to beneficiaries. CPFC also quoted the Brazilian model, where the banks actually pay charges to the social security agency for being enrolled for disbursement, since they get captive accounts of pensioners where recurring deposits are transacted.

The proposed new model will not only facilitate savings on OD charges, but also provide opportunity for leveraging technology for a secure, robust and effective mechanism for centralized payment to beneficiaries. Further, widening the participation to all the banks of EPFO receipt portal, is likely to bring down the rates. Accordingly, it was decided that a meeting of banks already in contract with EPFO for the centralized collection may be called to discuss the system for centralized payment and accordingly an agenda note to be placed before CBT.

Meeting ended with vote of thanks to the Chair.

Minutes of the 138th Meeting of the Finance Investment & Audit Committee (FIAC) held on 21-02-2018 at Shram Shakti Bhawan, Ministry of Labour & Employment, New Delhi.

The 138th meeting of Finance Investment & Audit Committee of Central Board, EPF, chaired by Dr. V. P. Joy, Central Provident Fund Commissioner was held on 21.02.2018 at 10.00 A.M. at Shram Shakti Bhawan, Ministry of Labour & Employment, New Delhi.

The following members/representatives were present in the meeting.

1.	Shri Prabhakar J. Banasure	Member, Central Board, (Employees' Representative)
2.	Shri B. S. Suri	On behalf of Shri J. P. Chowdhary, Member, Central Board, (Employers' Representative)
3.	Shri Heera Lal Samariya	Additional Secretary (L&E), Ministry of Labour & Employment, Govt. of India

The following members could not attend the meeting.

- (i) Dr. G. Sanjeeva Reddy, Member, Central Board, (Employees' Representative)
- (ii) Shri Balasubrahmanyam Kamarsu, Member, Central Board, (Employers' Representative)
- (iii) Additional Secretary & Financial Advisor, Ministry of Labour & Employment, Govt. of India
- (iv) Joint Secretary, Banking Operation Pension Reforms, Department of Financial Services, Ministry of Finance.

In addition to the above, Shri Manish Gupta, Joint Secretary, MoL&E/ FA&CAO, EPFO, Convener was present during the meeting.

The Chairman welcomed all the members and officers present in the meeting. Thereafter, the agenda were taken up.

Item No.1: Confirmation of the Minutes of 137th Meeting of the Finance Investment and Audit Committee held on 08.02.2018.

Minutes of 137th FIAC meeting held on 08.02.2018 were confirmed.

Item No.2: Action Taken Report on the recommendations of the 137th Finance Investment Audit Committee held on 08.02.2018.

The action taken report as placed was taken note of by the Committee.

Item No.3 Recommendation of rate of interest to be credited to EPF members' accounts for the year 2017-2018.

The CPFC explained the agenda. The agenda was discussed among the members. Shri P.J. Banasure, Member (Employee's Representative) said that the Table (b) including the surplus/deficit for the previous year should be considered for interest as per the precedent for the last few years. Upon discussion, it was agreed by the members present that both the tables of income liability comparison should be placed before the Central Board for an appropriate decision for declaration of rate of interest for the year 2017-18.

Item No.4 Amendment in the Investment Pattern 2015 notified by Ministry of Labour & Employment, Government of India.

FIAC deliberated upon the matter and recommended that since EPFO has already downgraded investment grade to dual AA+ in private sector companies bonds, it would not be appropriate to further relax investment below AA in Public Sector Undertaking (PSU), Public Financial Institute (PFI) & Public Sector Bank (PSB), dual AA+ in Private Sector Banks and dual AA+ in Private Sector Companies category. FIAC further recommended the matter to be placed before Central Board

Item No.5 Centralised Payment System through single Nodal Bank using NPCI.

The item was discussed in detail and FIAC recommended to constitute a committee comprising of FIAC member Shri Prabhakar J. Banasure and officers of EPFO to study the proposed model of centralized payment.