

Item No. 1: Information to be placed before the Central Board in accordance with para 23 of the EPF Scheme.

- Para 23 of the Employees' Provident Fund Scheme, 1952 provides that the "Reference relating to all appointment of officers of the Regional Provident Fund Commissioners and above made by the Chairman, Central Board shall be placed before the next meeting of the Central Board for information".
- Details of the references relating to the appointments of Officers in the cadres of ACC (HQ), ACC Gr. I, ACC Gr. II, RPFC Gr. I and RPFC Gr. II during the period from 10.12.2016 to 21.03.2017 is appended as **Annexure-I**.

Proposal: - In view of the above, central Board of Trustees, EPF may please take note of the appointments made in the cadres of ACC (HQ), ACC Gr. I, ACC Gr. II, RPFC Gr. I and RPFC Gr. II during the period from 10.12.2016 to 21.03.2017.

Annexure-I

Appointments made in the cadre of ACC (HQ), ACC, Gr. I, ACC Gr. II, RPFC Gr. I, RPFC Gr. II during the period from 10.12.2016 to 21.03.2017.

S.N	Name of the Officer	Date of Appointment
ACC (HQ)		
1.	Shri M. Narayanappa	20.12.2016
2.	Shri Jagmohan	14.03.2017
3.	Shri P.D.Sinha	14.03.2017
4.	Shri S.K.Thakur	14.03.2017
5.	Shri K.V.Sarveswaran	14.03.2017
6.	Shri Kishan Lal Taneja	14.03.2017
7.	Shri Sandeep Kumar Aggarwal	14.03.2017
8.	Shri V. Vijayakumar	14.03.2017
ACC, Gr. I		
1.	Shri P.U.Kulkarni	20.12.2016
ACC, Gr. II		
1.	Shri Shashi Bhushan Sinha	27.12.2016
2.	Shri Gautam Dixit	27.12.2016
RPFC, Gr. I		
1.	Shri M.M.Ashraf	03.03.2017
2.	Shri Subrata Kumar	03.03.2017
3.	Shri Navendu Rai	03.03.2014
4.	Shri E.S.Sanjeeva Rao	07.03.2017
5.	Shri Jaideep Chakrabarty	18.03.2017
6.	Smt. Swagata Rai	18.03.2017
7.	Shri N.Gopalakrishnan	18.03.2017
8.	Smt. Nisha O.V	18.03.2017
9.	Shri Jayant Kumar Pandey	18.03.2017
10.	Shri Rakesh Sehrawat	18.03.2017
11.	Smt. Indira Thirumalaraju	18.03.2017
12.	Shri Rizwan Uddin	18.03.2017
13.	Shri Bolla Chandra Sekhar	18.03.2017
14.	Shri Ranjay Mooshahary	18.03.2017
15.	Shri Rajesh Kumar Sinha	18.03.2017
16.	Shri Soumya Kanti Gupta	18.03.2017
17.	Shri Parampal Singh Maingi	18.03.2017
18.	Shri Ravi Kant	18.03.2017
19.	Shri Dinachandra Singh Samom	18.03.2017
20.	Shri Prasant K.	18.03.2017
21.	Shri Siddharth Singh	18.03.2017
22.	Shri Rajesh Pandey	18.03.2017
23.	Shri Santanu Bandyopadhyay	18.03.2017
24.	Shri Shiv Kumar	18.03.2017
25.	Shri Saurabh Suman Prasad	18.03.2017
26.	Shri Sanat Kumar	18.03.2017
27.	Shri Manoj Yadav	18.03.2017

28.	Shri Amardeep Mishra	18.03.2017
29.	Shri Uttam Prakash	18.03.2017
30.	Shri Manoj Kumar Yadav	18.03.2017
31.	Shri Ravindra Babra	18.03.2017
32.	Shri Subhash Chandra Sharma	18.03.2017
33.	Shri Ashok Kumar	18.03.2017
34.	Shri Jagdish Tambe	18.03.2017
35.	Smt. Pooja Singh	18.03.2017
36.	Shri Krishna Shankar	18.03.2017
37.	Shri Prashant Kumar Sinha	18.03.2017
38.	Shri Raman Dhanasekar	18.03.2017
39.	Shri Arun Kumar	18.03.2017
40.	Shri Abhishek Kumar	18.03.2017
41.	Shri Sanjay Kesari	18.03.2017
42.	Shri Nanda Kumar Adurkar	18.03.2017
43.	Shri Bhupendra Singh	18.03.2017
44.	Shri K. Rupeshor Singh	18.03.2017
45.	Shri Shekhar Kumar	18.03.2017
46.	Shri Sudhir Nathu Ganvir	18.03.2017
47.	Shri Shyam Veer Tonk	18.03.2017
48.	Smt. C.Amudha	18.03.2017
49.	Shri Vijay Kumar	18.03.2017
50.	Shri Vijay Kumar Prasad	18.03.2017
51.	Shri Ranjan Kumar Sahoo	18.03.2017
52.	Shri M.H.Varsi	18.03.2017
53.	Shri J.P.Chauhan	18.03.2017
54.	Md. Ashraf Kamil	18.03.2017
55.	Shri Rajiv Kumar Pal	18.03.2017
56.	Shri Kandaswamy Muthuselvan	18.03.2017
57.	Shri Jitender Kumar Sangalay	18.03.2017
58.	Shri Vikas Sodai	18.03.2017
59.	Shri Birender Kumar	18.03.2017
60.	Shri Rakesh	18.03.2017
61.	Shri Abhay Kumar Mandal	18.03.2017
62.	Shri Viswajeet Sagar	18.03.2017
63.	Shri Rituraj Medhi	18.03.2017
64.	Shri Thothar Ningshen	18.03.2017
65.	Shri Ravindra Kumar Kondru	18.03.2017
66.	Shri Rahul Arya	18.03.2017
67.	Shri Robert Worchipem Kapai	18.03.2017
68.	Shri M.S.Arya	18.03.2017
69.	Shri Nand Ram Meena	18.03.2017
70.	Shri Montung Ngullie	18.03.2017
71.	Shri K.C.Chandrappa	18.03.2017
72.	Shri Dheeraj Gupta	18.03.2017
73.	Shri Narender Kumar Singh	18.03.2017
74.	Shri Aditya Sah	18.03.2017
75.	Shri Nidhi Singh	18.03.2017
76.	Shri Rakesh Kumar	18.03.2017
77.	Shri Vineet Gupta	18.03.2017

78.	Shri Amiya Kant Tripathi	18.03.2017
79.	Shri Neeraj Srivastava	18.03.2017
80.	Shri Nilendu Mishra	18.03.2017
81.	Shri Kishan Pratap	18.03.2017
82.	Shri Navin Kumar Kanaujia	18.03.2017
83.	Shri Ganesh Kumar	18.03.2017
84.	Shri Manoranjan Kumar	18.03.2017
85.	Smt. Renu Ramachandran	18.03.2017
86.	Shri Dhanwant Singh	18.03.2017
87.	Shri Sunil Kumar Yadav	18.03.2017
88.	Shri Vijay Vikram Bahadur Singh	18.03.2017
89.	Shri Shashank Dinkar	18.03.2017
90.	Shri Brijesh Kumar Mishra	18.03.2017
RPFC, Gr. II		
1.	Shri P.B. Bhattacharya	24.12.2016
2.	Shri Shambhu Nath Parida	24.12.2016
3.	Shri Volli Mukhtar Ahmed	24.12.2016
4.	Shri Abanindra Mohanty	24.12.2016
5.	Shri Naresh Kumar Dewan	24.12.2016
6.	Shri Ajay Kumar Madaan	24.12.2016
7.	Shri Taranjit Singh Narang	24.12.2016
8.	Shri T.A. Varghese	24.12.2016
9.	Shri Ananda Charan Sahoo	24.12.2016
10.	Shri M.K. Srivastava	24.12.2016
11.	Shri Giriraj Sharma	24.12.2016
12.	Shri Utswa Nand Mishra	24.12.2016
13.	Shri Padam Narayan Dubey	24.12.2016
14.	Shri Manoj Kumar Mishra	24.12.2016
15.	Shri M. Jalarama Rao	24.12.2016
16.	Shri Umesha	24.12.2016
17.	Mohd. Aslam Khan	24.12.2016
18.	Shri A.P. Unnikrishnan	24.12.2016
19.	Shri Rikhi Ram Verma	24.12.2016
20.	Shri Ishwar Dayal Sharma	24.12.2016
21.	Shri Subhajit Das Mohapatra	24.12.2016
22.	Shri Samiran Biswas	24.12.2016
23.	Shri S.K. Manjunath	24.12.2016
24.	Shri C. Vijaya Kumar	24.12.2016
25.	Shri Vivek V. Gothindikar	24.12.2016
26.	Shri P. Krishna Murthy Raju	24.12.2016
27.	Shri Pradeep Kr. Chattopadhyay	24.12.2016
28.	Shri Satyapal Singh	24.12.2016
29.	Shri Rajesh Kumar Meena	24.12.2016
30.	Shri D. Hanumanthappa	24.12.2016
31.	Shri Pradeep Kumar Mondal	24.12.2016
32.	Shri C.M. Mahawar	24.12.2016

Item No. 2: Ratification of approval given by Chairman, CBT for creation of 361 supernumerary posts in the cadre of APFC in PB-3 (Rs. 15600 -39100/-) with Grade Pay of Rs. 5400/-/Level-10 in the Pay Matrix.

The CBT, EPF in its 213th Meeting held on 8th July, 2016 has approved the Organisation and Cadre Restructuring proposal as contained in the report of the Cadre Restructuring Committee as well as the report of the Anomalies Redressal Cum Implementation Committee Report.

2. One of the recommendations made in the report relates to a matter of stagnation in the cadre of EO/AO especially, those who were regularly appointed upto the year 1999. It was decided to create additional posts of APFCs to be filled from EO/AOs belonging to 1999 batch as a onetime measure by filling all the posts by seniority cum fitness. It was further decided that in case the posts are not sufficient, supernumerary posts may also be created for the purpose.

3. The recommendations of the Board were forwarded to the Government of India for according approval and the Ministry of Labour & Employment vide letter No. A-32022/10/2014-SS-I dated 27.12.2016 conveyed the approval of Government of India. As per the approval received, the following additional posts were sanctioned in Group-A posts:

Cadre	Earlier cadre strength	Creation	Revised cadre strength
Additional CPFC (HQ)	4	9	13
Additional CPFC [Level 13(A) in Pay Matrix]	0	32	32
Additional CPFC-I [Level 13(A) in Pay Matrix]	10	-10	0
Additional CPFC-II	15	-15	0
Regional P.F.Commissioner-I	59	180	239
Regional P.F.Commissioner-II	226	73	299
Assistant P.F. Commissioner	545	-93	452

4. As may be seen the sanctioned strength of APFCs has decreased from the erstwhile sanctioned posts which has resulted in excess appointment made above, the sanctioned strength. While the report was under consideration, the department had received the dossiers from the UPSC against the vacancies intimated for Direct Recruitment and appointment process have been initiated. With this position and that there were no posts available to accommodate the EO/AO to promote these EO/AOs as APFCs on the basis of seniority, there was an immediate requirement to create supernumerary posts in the cadre of APFC. Accordingly, the existing availability was assessed and analyzed to arrive at a tentative number of posts that may be required to accommodate all the EO/AOs upto 1999

batches. The details worked out are as under:

Excess appointment due to decrease in cadre strength (Including Adhoc APFCs)	73
Total Officers to be considered for regularization to accommodate EO/AO upto 1999 batch – <u>327 EO/AO + 19 SO + 1 PS=</u> 347 <u>Less Adhoc APFCs (included in the list)</u> 59	288
Total supernumerary posts to be created	361

5. Accordingly, a proposal was sent to the Chairman, CBT, EPF vide Note dated 06.03.2017 for approval and the same has been received back with approval on 10.03.2017.

6. As per the Provisions of Section 5D(3) of EPF & MP Act, 1952 read with Provisions of Para 22A of the EPF Scheme, 1952, the CBT is empowered to create posts upto the Grade Pay of Rs. 10,000/-. The Provision of Section 5D (3) as well as Para 22A are reproduced as under:

EPF & MP Act, 1952:

“Section: 5D (3): The Central Board may appoint [subject to the maximum scale of pay, as may be specified in the Scheme, as many Additional Central Provident Fund Commissioners, Deputy Provident Fund Commissioners, Regional Provident Fund Commissioners, Assistant Provident Fund Commissioners and] such other officers and employees as it may consider necessary for the efficient administration of the Scheme”.

EPF Scheme, 1952:

“Section 22A.: Appointment of Officers and employees of the Central Board – The power of appointment vested in Central Board under sub-section (3) of the Section 5-D of the Act shall be exercised by the Board in relation to posts equivalent to the Joint Secretary to the Govt. of India.”

7. The supernumerary posts can be created in accordance with the Rule 11(2) of Delegation of Financial Power Rules, 1978 read with Min. of Finance OM No., F.84(4)-EG.I/61 dated 15.03.1961- subject to the conditions as under:-

- (i) The supernumerary post is a shadow post i.e., no duties are attached to such a post. The officer whose lien is maintained against such a post performs duties in some other vacant post and accordingly it should not be created in circumstances which at the time of the creation of the post or thereafter, would lead to an excess of the working strength.
- (ii) As a supernumerary post is a post created for accommodating a permanent officer till he is absorbed substantively in a regular permanent post, it should

not be created for an indefinite period as other permanent posts are, but should be created for a definite and fixed period sufficient for the purpose in view.

- (iii) It is personal to the officer for whom it is created and no other officer can be appointed against such a post. It stands abolished as soon as the officer, for whom it was created, vacates it on account of retirement or confirmation in another permanent post or for any other reason. In other words, no officiating arrangements can be made against such a post. Since a supernumerary post is not a working post, the number of working posts in a cadre will continue to be so regulated that, if a permanent incumbent of one of the regular Posts returns to the cadre and all the posts are manned, one of the officers of the cadre will have to make room for him. He should not be shown against a supernumerary post.
- (iv) No extra financial commitment is involved in the creation of such posts in the shape of increased pay and allowances, pensionary benefits etc.
- (v) Administrative authorities should maintain a record of the supernumerary posts. The particulars of the individuals who hold liens against them and the progressive abolition of such posts as and when the holders of the posts retire or are absorbed in regular permanent posts, for the purpose of verification of service for pension.

Proposal: The approval for creation of 361 supernumerary posts in the cadre of Assistant Provident Fund Commissioner as approved by the Chairman, CBT may be ratified by the Board. The supernumerary posts will be personal to the officer for whom it is created and stand abolished as soon as the officer for whom the posts is created, vacates the post on retirement, promotion or confirmation in any other permanent posts or for any other reasons.

Item No.3: Ratification of the proposal for cadre restructuring and creation of posts in Group – ‘A’, ‘B’ & ‘C’ as per the recommendations of 76th Meeting of Executive Committee held on 25th February, 2013.

A comprehensive Agenda was placed before the Executive Committee in its 72nd Meeting held on 14th July, 2011 for creation of certain number of posts in Group – ‘A’, ‘B’ & ‘C’, keeping in view the rapid expansion of the work and the responsibilities of EPFO. After detailed deliberations, the proposal was approved by the Executive Committee for recommending the same to the Government. The Ministry of Labour & Employment vide its letter No. 11013/1/2011-SS-I dated 25th October, 2015 had communicated that proposal of cadre restructuring has been examined by the Ministry of Finance which had made certain observations and it was desired that the EPFO may send the proposal including proposed Recruitment Rules for newly created posts in accordance with the directions of Ministry of Finance for further necessary action. A copy of the MoL&E letter dated 25.10.2015 is placed at **(Annexure-I)**.

2. In relation to the comprehensive Agenda placed before the EC and creation of Group –A & B posts, the Ministry of Finance vide its Note I.D. No. 2(3)/E.III Desk/2011 dated 9th October, 2012 which was forwarded by the Ministry had *inter-alia* made the following observations in Para 2(i) of its Note:

“Ministry of Labour & Employment have sought creation of 113 posts, 56 posts have been sought for vigilance set up and 34 for audit. In view of the fact that under the EPF and Miscellaneous Provisions Act, 1952, the Central Board has powers to create posts upto the Grade Pay of Rs. 8700, Ministry of Labour & Employment is advised to consider this restructuring/creation/upgradation of posts within the delegated powers in consultation with the FA for posts upto the Grade Pay of Rs. 8700”.

3. A copy of the Ministry of Finance I.d. Note dated 09.10.2012 is placed at **(Annexure-II)**. Consequently, the posts in the Grade of ACC (HQ) in Pay Band-4 with Grade Pay of Rs. 10,000 as well as the posts in the Grade pay of Rs. 8700 were created with the approval of Ministry of Finance and were notified to be filled up. With regard to the remaining posts which were proposed in Group –‘A’, ‘B’ & ‘C’ below the Grade Pay of Rs. 8700, a further Agenda was placed before the 76th Meeting of Executive Committee which was held on 25th February, 2013. A copy of the Agenda approved by the Executive Committee and its Minutes is enclosed at **(Annexure – III & Annexure-IV)**. The following posts were approved for creation and revised cadre strength were notified by the EPFO vide Office Order No. HRD/1(1)2011/Cadre Restructuring/787 dated 10.04.2013 (Copy placed at **(Annexure-V)**) :

No. of posts approved for creation and revised cadre strength.

Sl.No.	Name of the Post	Creation	Revised Cadre Strength	Remarks
1.	Director (Vig.)	01	01	Vigilance Wing, Head Office
2.	Regional P.F. Commissioner-I	01	59	Vigilance Wing, Head Office

3.	Dy. Director (Vig.)	07	12	01 post –HO Vigilance Wing, 06 posts for zonal Vigilance Offices
4.	Law Officer	01	01	Vigilance Wing, Head Office
5.	Assistant Director (Vig.)	20	40	06 posts –HO Vigilance Wing, 14 posts for Zonal Vigilance offices
6.	Vigilance Assistant	28	40	06 post –HO Vigilance Wing, 22 posts for Zonal Vigilance Offices
7.	Regional P.F. Commissioner-II	19	226	10(Ten) posts for Zonal ACC Offices, 08 (Eight) posts for Big Regions [(Delhi (North), Delhi (South), Mumbai (Bandra), Bangalore, Hyderabad, Chennai, Kolkata and Ahmadabad]
8.	Enforcement Officer/Accounts Officer	40	2333	04 posts in each Zonal ACC office
9.	Section Supervisor	20	2680	02 posts in each Zonal ACC office
10.	Social Security Assistant	60	13633	06 posts in each Zonal ACC Office
11.	Assistant Director (Audit)	01	31	Audit Wing
12.	Assistant Audit Officer	07	38	Audit Wing
13.	Auditor	27	62	Audit Wing

4. As per the Provisions of Section 5D(3) of EPF & MP Act, 1952 read with Provisions of Para 22A of the EPF Scheme, 1952, the CBT is empowered to create posts upto the Grade Pay of Rs. 10,000/-. The Provision of Section 5D (3) as well as Para 22A are reproduced as under:

EPF & MP Act, 1952:

“Section: 5D (3): The Central Board may appoint [subject to the maximum scale of pay, as may be specified in the Scheme, as many Additional Central Provident Fund Commissioners, Deputy Provident Fund Commissioners, Regional Provident Fund Commissioners, Assistant Provident Fund Commissioners and] such other officers and employees as it may consider necessary for the efficient administration of the Scheme”.

EPF Scheme, 1952:

“Section 22A : Appointment of Officers and employees of the Central Board – The power of appointment vested in Central Board under sub-section (3) of the Section 5-D of the Act shall be exercised by the Board in relation to posts equivalent to the Joint Secretary to the Govt. of India.”

5. It may be mentioned that under the Provisions of the EPF & MP Act, 1952, the Central Board of Trustees has been conferred financial and administrative powers to create the posts for efficient administration of the Scheme framed under the Act. Under the Provisions of Section 5.E of the Act the Central Board has been conferred powers to delegate its power in the Provisions of Section 5.E are reproduced as under:

“Section 5E : The Central Board may delegate to the Executive Committee or to the Chairman of the Board or to any of its officers and a State Board may delegate to its Chairman or to any of its officers], subject to such conditions and limitations, if any, as it may specify, such of its powers and functions under this Act as it may deem necessary for the efficient administration of the Scheme.”

6. The Executive Committee of the Central Board was constituted w.e.f. 10th July, 1990 and vide EPFO Circular No. Conf. 3(1)1/1990 dated 05.07.1990 the functions of the Executive Committee were communicated which included creation of Group –A posts. With these Provisions, the Organisation had been placing the Agenda for creation of posts and other service related matters before Executive Committee of the CBT for implementation in the interests of the Organisation.

7. Similarly, the Agenda for Cadre Restructuring was placed before the 76th Executive Committee held on 25th February, 2013. However, in the context of the observations made by the Ministry of Finance in their I.D. Note dated 9th October, 2012 and that the creation of posts is a substantive function of the Board of Trustees as stated in para 4 above, the recommendations of the Executive Committee in respect of creation of Group –‘A’, ‘B’ & ‘C’ posts is now being placed before Central Board for ratification and to fulfill the legal requirement in relation to creation of posts under the law. It may be mentioned that recently the Department had moved a proposal to fill up the posts of RPFC-II in which the number of posts created by Executive Committee were also proposed to be filled up. An observation was made by the Ministry of Labour & Employment that the recommendations of the DPC may be approved subject to the condition that the number of posts created in the Grade of RPFC-II by Executive Committee may be ratified by the Central Board of Trustees, EPF.

8. It may further be added that it has already been decided to place the Minutes of the Executive Committee before the Central Board of Trustees for ratification as per the directions of the then Secretary (L&E), Vice Chairman, CBT, EPF and the same has been put into practice from the 204th Meeting of CBT wherein the Minutes of the 78th Meeting of the Executive Committee as well as 79th of the Meeting of the Executive Committee were placed for ratification. Therefore, the instant Agenda also proposes to ratify the Minutes of the 76th Meeting of Executive Committee to meet the legal requirement under the law.

Proposal: The Central Board of Trustees may consider and ratify the creation of the Group – **‘A’, ‘B’ & ‘C’ posts approved by the Executive Committee** as per Agenda item No.5 of the 76th Meeting held on 25.02.2013 and also ratify the Minutes of the Executive Committee placed before the Central Board to fulfill statutory requirements.

Ser. No. 1 CR)

No. A-11013/1/2011-SS.I
 Government of India
 Ministry of Labour & Employment
 Social Security Division
 SS-I

New Delhi, dated the 25th October, 2012

To,

✓ Acc. (HR)
 Central Provident Fund Commissioner,
 Employees' Provident Fund Organisation,
 Bhavishya Nidhi Bhawan,
 14, Bhikaiji Cama Place,
 New Delhi - 110 066.

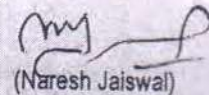
Subject: Cadre Restructuring of Employees Provident Fund Organisation (EPFO)-reg.

Sir,

I am directed to refer EPFO's letter No. HRD/1(1)/2011/Cadre Restructuring/1085 dated 14.10.2011 on the above mentioned subject and say that the proposal of restructuring has been examined by Ministry of Finance and they have made certain observations(copy enclosed). EPFO is requested to send a proposal including the proposed Recruitment Rules for newly created posts, in accordance with the directions of Ministry of Finance, to this Ministry for further necessary action.

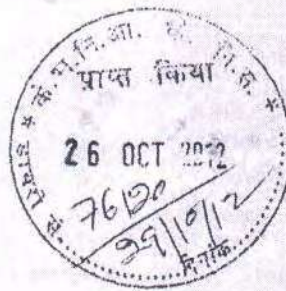
Yours Faithfully,

Encls.: As Above



(Naresh Jaiswal)

Under Secretary to Govt. of India



Diary No. 3010112
 Date 30/10/12
 R.P.F.C.-II (HRM/HRD)

Adm. C. P. F. C. (HR) Secretariat
 स्वी. सं./Dy. No. 3734
 तिथि/Date 30/10/2012

Subject: Cadre Restructuring of Employees Provident Fund Organisation (EPFO)

Reference: M/o Labour File No. A-11013/1/2011-SS-I

Ministry of Labour & Employment may refer to their proposal for cadre restructuring of Employees Provident Fund Organisation (EPFO). The proposal has been examined.

2. Observations of this Department are as under:

- i) Ministry of Labour & Employment have sought creation of 113 posts, 56 posts have been sought for vigilance set up and 34 for audit. In view of the fact that under the EPF and Miscellaneous Provisions Act, 1952, the Central Board has powers to create posts upto the Grade Pay of Rs. 8700. Ministry of Labour & Employment is advised to consider this restructuring/ creation/ upgradation of posts within the delegated powers in consultation with the FA for posts upto Grade Pay of Rs. 8700. However, the same is subject to the following:-
 - a) The pay scale of none of the posts may be changed during the process of cadre restructuring and only the number of posts at various levels may be modified. There is also no justification for revision of grade pay of ex-cadre posts.
 - b) It may be ensured that there is no increase in the overall strength of the organization in the current financial year and any increase in organizational strength (which may not exceed the number proposed) may take place only after 2012-13.
 - c) Further, as far as grant of non-functional upgradation to Electrician, Plumber, Pump Operator, etc. is concerned, keeping in view the provisions of the Act, they can only be made eligible for the Modified Assured career Progression Scheme which is applicable to Central Government employees after 1.9.2008 and according to which financial upgradation after 10, 20 & 30 years is allowed.
- ii) Creation of the following posts is agreed to :-
 - a) 10 posts in the Grade Pay of Rs. 8900 (PB-4) for the 10 Zones in the country.
 - b) 2 posts in the Grade Pay of Rs. 10,000 in the Headquarters.
 - c) The creation of 1 post in the HAG grade of Rs. 67000-79000 is not agreed to at this stage.
- iii) The post of FA&CAO may be upgraded to JS level (PB-4 GP Rs. 10,000).

3. This issues with the approval of Finance Secretary.

Smit
(Shivani Dutt)
Under Secretary

AS&FA (M/o Labour), Shram Shakti Bhawan, New Delhi
MoF, DoE ID No. 2(30)/E.III Desk/2011 dt. 9.10.2012

Item No. 5 Revised Cadre Restructuring Proposal

An item was placed before the Executive Committee in its 72nd meeting held on 14.07.2011 for cadre restructuring of the EPFO upon its rapid expansion. After detailed deliberations the proposal was approved by the Executive Committee for recommending the same to the Government with the concurrence of the Internal Finance of EPFO.

2. The Cadre Restructuring proposal as approved by the EC, CBT, EPF in its 72nd meeting held on 14.07.2011 was sent to the Ministry of Labour & Employment vide letter dated 19.07.2011 for approval.

3. The Ministry of Labour & Employment vide its letter No.A-11013/1/2011-SS-I dated 25.10.2012 (**Annexure-5A**) informed that the proposal of cadre restructuring has been examined by the Ministry of Finance and they have made certain observations. The MoL&E requested EPFO to send a proposal including the proposed Recruitment Rules for newly created posts, in accordance with the directions of Ministry of Finance, to MoL&E for further necessary action.

4. The Ministry of Finance, in its note no. MoF, DoE ID No.2(30)/E.III Desk /2011 dated 09.10.2012 (**Annexure-5B**) made the following observations:

I. In view of the fact that under the EPF & MP Act, 1952, the Central Board has powers to create posts upto the Grade Pay of Rs.8700/- , Ministry of Labour & Employment is advised to consider this restructuring /creation/Upgradation of posts within the delegated power in consultation with the Financial Advisor for posts upto grade pay of Rs, 8700/- However, the same is subject to the following:

- (a) The pay scale of none of the posts may be changed during the process of cadre restructuring and only the number of posts at various levels may be modified. There is also no justification for revision of grade pay of ex-cadre posts.
- (b) It may be ensured that there is no increase in the overall strength of the organisation in the current financial year and any increase in organizational strength (which may not exceed the number proposed) may take place only after 2012-13.
- (c) Further, as far as grant of non-functional Upgradation to Electrician, Plumber, Pump Operator, etc. is concerned, keeping in view the provisions of the Act, they can only be made eligible for the Modified Assured Career Progression Scheme which is applicable to Central Government employees after 01.09.2008 and according to which financial Upgradation after 10, 20 & 30 years is allowed.

II. Creation of the following posts is agreed to:

- (a) 10 posts in the Grade Pay of Rs.8900/- PB-4 for the 10 zones in the country.
- (b) 02 posts in the Grade Pay of Rs.10,000/- in the Headquarters.

-15-

- (c) The creation of one post in the HAG grade of Rs.67000 – 79000 is not agreed to at this stage.
- III. The post of FA& CAO may be upgraded to JS level (PB-4) Grade Pay of Rs.10,000/-.
5. The Cadre Strength in the Selection Grade and Senior Administrative Grade after the approval of the Ministry of Finance:

Sl. No.	Cadre and Grade	Existing Posts	Additional Posts	Revised Cadre Strength
1.	Addl. Central PF Commissioner (Head Quarter) (PB4, Grade Pay 10,000)	00	02	02
2.	Addl. Central PF Commissioner (Zone) (PB4 Grade Pay 8900)	00	10	10
3.	Addl. Central PF Commissioner (PB4 Grade Pay 8700)	15	00	15
4.	FA&CAO (PB4, Grade Pay 10,000)	One post upgraded from GP 8700 to GP 10,000.		

Keeping in view the observations of the Ministry of Finance, a revised proposal has been prepared. While preparing the revised proposal, the approval given by the EC, CBT, EPF to the original cadre restructuring proposal and the recommendations contained therein has been taken into consideration.

6. Revised proposal:

- 6.1. **Zonal Offices of Addl. CPFC (Zone):** Presently, there are 10 Zonal Offices headed by Addl. CPFCs. No separate supporting staff/Officers have been sanctioned. With the assigning of new role & responsibilities assigned to the Addl. CPFCs of Zonal Offices of EPFO, it has become quite imperative to strengthen the Zonal Offices by providing sufficient staff support, to enable them to discharge their functions and duties effectively. There is a need for RPFC (Grade-II) level officer, Enforcement Officers, Section Supervisor and Social Security Assistants.

Accordingly, it is proposed to create the following posts for Zonal Offices of the EPFO:

- (i) RPFC-II (PB3 GP 6600) - 10 Posts (One in each zonal office)
- (ii) Enforcement Officer (PB2 GP 4800) - 40 Posts (Four in each zonal office)

-16-

(iii) Section Supervisor (PB2 GP 4600) - 20 Posts (Two in each zonal office)

(iv) Social Security Asstt. (PB2 GP 2400) - 60 Posts (Six in each zonal office)

6.2. Bigger Regional Offices: Each Regional Office has been provided with two RPFCs (Grade-II) in PB3 GP 6600 to look after the Compliance and Accounts functions respectively. No officer at the level of RPFC (Grade II) has been provided to look after the establishment and administration matters relating to staff and officers. There are some big regions which have heavy work load on Compliance & Accounts side. These bigger regions also have to deal with the administration related matters such as, seniority, promotion, transfer and posting of Group 'B' & 'C' posts in respect of their own office as well as in respect of the other Regional Offices bifurcated from the main regional Office and also in respect of the Sub-Regional Offices under the jurisdiction of the main Regional Office. It is therefore felt that there is a need for posting of one RPFC (Grade-II) level officer in each such bigger region. Eight such Regional Offices have been identified which need to be provided one more RPFC (Grade-II) level officer each in PB3 GP 6600. These offices are - Delhi (North); Delhi (South), Mumbai (Bandra), Bangalore, Hyderabad, Chennai; Kolkata and Ahmedabad. Accordingly, It is proposed to create 08 posts of RPFC (Grade II).

6.3. Vigilance wing: The expansion of Vigilance Wing and its augmentation with adequate manpower and physical infrastructure and other resources – both at the zonal level and at the Head office level has been a critical need for the past few years. CVO, EPFO from time to time has been elaborating upon the difficulties being faced by the Vigilance Wing in terms of the acute shortage of manpower.

While the strength of the Vigilance Wing of Head office has remained stagnant for the past 14 years, the organisation, keeping in line with its growing business needs has grown in size significantly. Volume of its business transaction as well as increase in the number of personnel has witnessed a considerable increase. In view of the significant growth, there is a need for creation of additional post in the Vigilance Wing accordingly the creation of following post is proposed:-

Sl. No.	Grade of the Post	Existing Posts	Creation	Total	Remarks
1.	Director (Vig.) (PB4/GP 8700)	00	01	01	Vigilance Wing, Head Office
2.	Regional PF Commissioner – I (PB4/GP 7600)	00	01	01	Vigilance Wing, Head Office
3.	Regional PF Commissioner – II (PB4/GP 6600)	00	01	01	Vigilance Wing, Head Office

-17-

4.	Dy. Director (Vig.) (PB-3/GP 6600/-)	05	07	12	01 post- HO Vigilance Wing, 06 for Zonal Vigilance Offices
5.	Law Officer (PB-3/GP 6600/-)	00	01	01	Vigilance Wing, Head Office
6.	Assistant Director (Vig.) (PB-3/GP 5400/-)	20	20	40	06 post-HO Vigilance Wing, 14 for Zonal Vigilance Offices
7.	Vigilance Assistant (PB-2/GP 4600/-)	12	28	40	06 post-HO Vigilance Wing, 22 for Zonal Vigilance Offices

- 6.4. **Audit Wing:** In order to strengthen the field level deployment and functioning of the Audit Wing there is a need to add strength at the level of Assistant Audit Officer and Auditor working with the Audit Parties. Therefore, it is proposed to create 07 posts of Assistant Audit Officer in PB-2 GP4600/- and 27 posts of Auditor in PB-2 GP4200/-.

Accordingly the following posts are proposed to be created in the Audit Wing:

S. No.	Grade of the Post	Existing Posts	Creation	Total
1.	Assistant Director (Audit) (PB-3/GP 5400)	30	01	31
2.	Assistant Audit Officer (PB-2/GP 4600)	31	07	38
3.	Auditor (PB-2/GP 4200)	35	27	62

- 6.5. **Information Service Division:** There are 56 posts of Assistant Director (IS) in the Jr. Time Scale i.e. GP 5400/- in the technical cadre in EPFO. They manage the technical infrastructure in EPFO. The EC in its 72nd meeting held on 14.07.2011 has already approved grant of Sr. Time Scale to Assistant Director (IS) GP 5400/- in the next Grade Pay of 6600/- on completion of 4 years regular service.

- 6.6. **Senior Time Scale to APFCs:** Presently, there are 540 posts of APFCs posted in various field offices. They are granted Senior Time Scale in the next Grade Pay of Rs.6600 on completion of 5 years regular service as approved by the CBT, EPFO. In the organized departments of the Central Govt. the same benefit is provided after four years of regular service. ESIC has also extended the same benefit to the Deputy Director after four years of regular service. In order to have parity, It is proposed to grant Senior Time Scale to APFCs i.e. Grade Pay of Rs.6600 to these officers after completion of 4 years of regular service. The EC in its 72nd meeting held on 14.07.2011 has already approved grant of Sr. Time Scale to Assistant Director (IS) GP 5400/- in the next Grade Pay of 6600/- on completion of 4 years regular service.

- 6.7. In view of the above the following posts are proposed to be created:

-18-

Sl. No.	Grade of the Post	Existing Posts	Creation	Total	Remarks
1.	Director (Vig.) (PB4/GP 8700)	00	01	01	Vigilance Wing, Head Office
2.	Regional PF Commissioner-I (PB4/GP 7600)	58	01	01	Vigilance Wing, Head Office
3.	Regional PF Commissioner II (PB4/GP 6600)	207	19	226	For Zonal ACC offices, Big Regions and Vigilance Wing
4.	Dy. Director (Vig.) (PB-3/GP 6600/-)	05	07	12	01 post- HO Vigilance Wing, 06 for Zonal Vigilance Offices
5.	Law Officer (PB-3/GP 6600/-)	00	01	01	Vigilance Wing, Head Office
6.	Assistant Director (Vig.) (PB-3/GP 5400/-)	20	20	40	06 post-HO Vigilance Wing, 14 for Zonal Vigilance Offices
7.	Vigilance Assistant (PB-2/GP 4600/-)	12	28	40	06 post-HO Vigilance Wing, 22 for Zonal Vigilance Offices
8.	Assistant Director (Audit) (PB-3/GP 5400)	30	01	31	Audit Wing
9.	Assistant Audit Officer (PB-2/GP 4600)	31	07	38	Audit Wing
10.	Auditor (PB-2/GP 4200)	35	27	62	Audit Wing
11.	Enforcement Officer (PB2 GP 4800)	2293	40	2333	04 posts in each Zonal ACC office
12.	Section Supervisor (PB2 GP4600)	2660	20	2680	02 posts in each Zonal ACC office
13.	Social Security Assistant (PB2 GP2400)	5863	60	5923	06 posts in each Zonal ACC office

Proposal

1. The Executive Committee is requested to take note of the cadre strength in the Senior Administrative grade and the Selection grade as at para 5 above after the approval for creation of new posts by the Ministry of Finance.

2. The Executive Committee may kindly consider and approve the revised proposal for creation of posts as at Para 6.7 above.

-19-

Corrigendum

In the agenda item on Revised Cadre restructuring, a typographical error in point no. 2 of the proposal is observed. The same may be read as under:-

"2. The Executive Committee may kindly consider and approve the revised proposal for creation of posts as at Para 6.5 to 6.7 above."

EMPLOYEES' PROVIDENT FUND ORGANISATION**MINUTES****76th MEETING OF THE EXECUTIVE COMMITTEE, CBT (EPF)****(EPF HEADQUARTERS, NEW DELHI; 25th February 2013; 11.00 AM)**

The 76th meeting of the Executive Committee, CBT (EPF) was held under the Chairmanship of Dr Mrutyunjay Sarangi, Secretary to the Govt. of India, Ministry of Labour and Employment. The following members attended the meeting:

Sh Anil Swarup
Central PF Commissioner

Member Secretary
Ex-officio

Shri P.K.Pujari, Additional Secretary/ Financial
Advisor (Ministry of Labour & Employment,
Government of India

Central Government Representative

Shri Santosh Saraf
Shri Ravi Wig

Employers' Representative

Dr G Sanjeeva Reddy
Shri DL Sachdev

Employees' Representative

Shri Mohan Pyare, Principal Secretary
(Labour), Govt of Tamil Nadu

State Government Representative

Shri Girish Awasthi, employees' representative and Dr UD Choubey, employers' representative could not attend the meeting due to pre-occupation and sought leave of absence

The following members were absent from the meeting:

Secretary (Labour), Govt of Assam
Secretary (Labour) Govt of Rajasthan

State Government Representative

The list of officers of the Employees' Provident Fund Organisation, who attended the meeting, is at **Annexure – 'A'**.

The proceedings started with the Central PF Commissioner welcoming the Chairman and members to the 76th meeting of the Executive Committee. Chairman informed the EC that this is the first EC meeting of the CPFC and in two months that he has been at helm he has already made a lot of difference to the working of the Organisation. Chairman also recalled the contribution of Sh RC Mishra, ex CPFC. Sh DL Sachdev informed the EC that he had occasions to interact with Sh Swarup and wished that he may continue as regular CPFC.

CPFC thanked all members for their good wishes. Thereafter, formal proceedings were taken up.

Item No. 1: Confirmation of the Final Minutes of 75th meeting of Executive Committee, held on 06-08-2012.

The CPFC informed the Committee that the draft minutes duly approved by the Chairman, EC were circulated vide EPF letter dated 3rd September 2012. No comments/observations have been received from any of the members. Accordingly, the said minutes are placed before the EC for confirmation.

Thereafter, the minutes of 75th EC were confirmed by the Executive Committee.

Item No. 2: Action Taken Statement in respect of decisions taken in the EC meetings held upto 06.08.2012 (75th EC meeting).

The CPFC explained the action taken statement placed before the EC.

Thereafter, EC took note of the action taken statement placed before it.

Item No.3: Draft Annual Report on the work and activities of the Employees' Provident Fund Organization for the year 2011-12.

The Committee recommended that the Annual Report (2011-12) be placed before the CBT, EPF for adoption.

Item No. 4: Audited Annual Accounts in respect of Employees Provident Fund Scheme 1952, Employees' Pension Scheme 1995 and Employees' Deposit Linked Scheme 1976. For the financial year 2011-12

CPFC introduced the item. Sh DL Sachdeva stated that the Annual Report and Annual Accounts are statutory items and these should be brought before the Board in due time.

Sh Santosh Saraf pointed out certain issues in the Management letter and issues raised in the audit certificate appended to the Annual Accounts placed before the EC:-

- a) Negative balance of Rs 1336.12 in the Interest Suspense Account (ISA). He reiterated that he had requested to ensure complete reconciliation of ISA during discussions on annual accounts for last year also.
- b) No provision has been made for investments to the extent of Rs 25.10 crore, which have now become unrealizable and to that extent liabilities of EPFO are understated.
- c) No depreciation is being charged on fixed assets. We are simply writing off the total expenditure in one go.
- d) Common formats of balance sheet as recommended by Finance Ministry in 2001, which were agreed by EPFO in 2007 are yet to be adopted by EPFO.
- e) There is no disclosure about arbitration proceedings with SISL for a claim of Rs 69 crore.
- f) Number of inoperative accounts, principle amount and interest thereon is not mentioned.

- g) Number of accounts which were not updated, principle and interest thereon is not mentioned.
- h) The observation that there is regular increase in over payments is cause for concern.
- i) Certain differences in Balance sheet figures and investment figures as indicated in annexure to management letter were highlighted by Sh Saraf.
- j) Remittances in transit as well as the un-reconciled amounts in the office of Delhi (S) are required to be reconciled properly.

Sh Saraf requested that a firm commitment on the requisite details is required to be given. Sh Saraf also mentioned that the actuarial valuations of the Employees' Pension Scheme are badly delayed and they need to be made upto date as soon as possible. He further stated that due to pending reconciliation issues it may become problematic to approve the annual accounts.

CPFC thanked Sh Saraf and assured that some of the issues raised shall be replied to today and such of those issues which cannot be replied to immediately, specific time frames shall be conveyed within 15 days. CPFC also stated that balance sheets are always approved with observations. Then he requested FA & CAO to responds.

Responding to the general observations made, FA & CAO informed the EC as under:-

- 1) EPF is on single entry accounting system and hence controls are weak and that's how prima facie "unreconciled" amounts appear. These need to be gone into detail to have control systems which the double entry accounting system provides.
- 2) Second phase of computerization which shall result in a centralized data base shall be accompanied by introduction of double entry accounting system.
- 3) He informed the EC that a Committee has already been constituted for working out modalities for double entry accounting.
- 4) ISA does have a negative balance probably on account of higher rates of interest declared earlier.
- 5) We are adjusting the overdrawals made on previous years and there shall be no negatives on ISA from next year onwards.

Sh Ravi Wig intervened to state that permanent PF account numbers and centralization of databases was an commitment given earlier and we have still seen no progress. CPFC assured the EC that a specific time frame for introduction of centralized data base, which shall facilitate introduction of permanent PF account numbers, has been worked out.

Sh Saraf stated that we may consider having a two pronged strategy, wherein the existing reconciliation and updations happen on separate computer systems and new processes are introduced on a separate platform. Once the older platform is completely updated and reconciled then we may consider merging the two. FA & CAO assured the members that the same is being contemplated now.

FA & CAO thereafter gave replies to specific issues raised-

- i) The existing format of balance sheet approved long back and requires to be changed. He informed the EC that the proposal for Common Approved formats has already gone to CAG and their approval is awaited.
- ii) Formats of Balance sheet for Provident Fund and Pension need to be different.
- iii) Fixed assets accounting is not correct. Depreciation needs to be provided for in books of accounts.
- iv) As regards increase in over payments, it was informed that audit teams are already on the job and detailed tour programmes have been assigned to them.
- v) It was also informed that bank reconciliation schedule has already been committed to CAG and same shall be adhered to.
- vi) Details have been shared with SBI and the process of reconciliation has already been started. The balance sheet of 2012-13 shall not have such figures.
- vii) Pension payment accounts have also not been reconciled and they need to be attended to on priority.
- viii) Transfer of member accounts is an area of concern and is being worked upon to ensure that employees are not put to undue harassment.

At this point Chairman intervened to state that a specific time frame be worked out and shared with members to resolve outstanding issues. He also advised that double entry accounting system be adopted in EPFO on priority to ensure that such unreconciled amounts do not show up in books of accounts.

With the above observations the Annual Accounts were recommended for adoption and for placing before the CBT, EPF.

Item No. 5: Revised Cadre Re-structuring proposal

CPFC introduced the item and informed the EC that this proposal is in accordance with approval given by Executive Committee, CBT, EPF in its 72nd meeting and the Ministry of Finance, Government of India. He also informed that this is a part proposal and detailed proposal shall be placed before EC later.

Dr GS Reddy and Shri DL Sachdev stated that a comprehensive proposal encompassing all cadres should be brought before the EC for approval. CPFC informed that the same shall be done.

It was also informed that norms for opening of offices and staff sanction is undergoing revision and once the same is finalized a comprehensive proposal for opening of offices and sanction of additional staff shall be placed for consideration of EC. CPFC assured that the same shall be done in a specific time frame not exceeding three months.

With these observations the proposal as contained in the agenda was approved.

Item No. 6: Removal of pay anomaly consequent upon the implementation of the recommendations of the Sixth CPC in EPFO

The proposal was introduced by CPFC. AS & FA stated that post Sixth Central Pay Commission such anomalies have arisen in almost all organizations and specific guidelines

have been issued to handle the same as there are many other implications of such approvals. He further stated that stand-alone approvals for addressing specific anomalies may create other problems when viewed in totality. They need to be gone into.

Chairman concurred with the view and observed that the issue needs to be examined in a comprehensive manner along with extant recommendations.

With these remarks the proposal was not agreed to.

Item No. 7 Hiring of accommodation for officers-Enhancement of existing ceiling on lease rental

The item was introduced by CPFC. It was informed that the proposal was initially approved for officers having all India transfer liability. After discussions EC authorized the CPFC to take a final decision in the matter. It was discussed that it may be examined whether this facility can be extended to Group B officers having transfer liability.

Chairman advised that the enhancement should be made applicable from a prospective date.

Item No. 8 Proposal for enhancement in the rate of Fixed Medical Allowance paid to the employees & pensioners of the Employees' Provident Fund Organization

The proposal contained in the agenda was approved by the Executive Committee with the observation that the increase shall be given effect to from 1st March 2013.

Item No. 9 Proposal for creation of additional posts of PS, PA and Stenos as per entitlement as on 31.03.2010

The proposal as contained in the agenda was discussed and it was decided to form a committee to examine :-

- i) Whether the proposal is in accordance with extant guidelines of DoPT?
- ii) Whether there is a functional justification for the proposal?

Chairman desired that the Committee should give its report as early as possible.

With these remarks the proposal was not accepted in its present form.

Item 10: Deployment of Technical Manpower for project implementation in the field offices of EPFOs stop gap arrangement before filling the vacancies and for National Data Centre for sustained support through UTIITSL and NICSI rate contract rates.

The proposal contained in the agenda was approved by the Executive Committee.

Item 11: Construction of Annexe Building for Regional Office, Bangalore

The proposal contained in the agenda was approved by the Executive Committee subject to the condition that Ministry of Urban Development gives approval to the agency being recommended to execute the work.

It was also decided that the sub-Committee on Building and Construction may be directed to formulate guidelines in regard to :-

- a) Selecting agencies.
- b) Paying agency charges.
- c) monitoring the process of award of work to Govt agencies.

Item 12 Proposal for hiring of premises for SRO Yellahanka

The proposal contained in the agenda was approved by the Executive Committee.

Item 13 Proposal for hiring of additional space for office building at SRO (Salem)

The proposal contained in the agenda was approved by the Executive Committee.

Item 14 Construction of Boundary wall around the plot of EPFO at Gurgaon

The proposal contained in the agenda was approved by the Executive Committee.

Item 15 Installation of Fire-Fighting System at Regional Office –Ahmedabad

The proposal contained in the agenda was approved by the Executive Committee.

Item 16 Supplying, Installation, Testing and Commissioning of passenger lift at various offices of EPFO

The proposal contained in the agenda was approved by the Executive Committee.

Item 17 Proposal for strengthening of IS division at field level by creating 10 additional posts of Deputy Director (IS) one each in the office of Additional CPFC, political states also referred as Zonal office

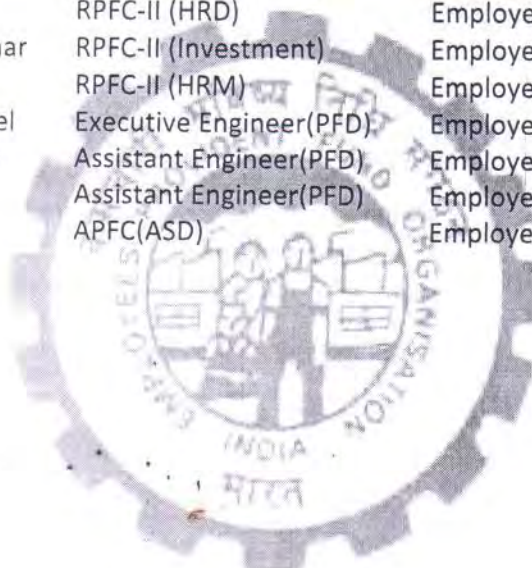
The proposal contained in the agenda was approved by the Executive Committee.

Thereafter, the meeting ended with a vote of thanks to the Chair.

Annexure A

List of officers of Ministry of Labour and EPFO who attended the 76th EC meeting held on 25.02.2013

S.N.	Name	Designation	Ministry/Office
1.	Shri Animesh Bharti	Director (SS)	Ministry of Labour & Employment
2.	Shri Sanjay Kumar	FA & CAO	Employees' P F Organisation
3.	Shri B.K. Panda	ACC(IS)	Employees' P F Organisation
4.	Shri K.C.Pandey	ACC(Pension)	Employees' P F Organisation
5.	Shri R.K. Kukreja	ACC(HR)/Conference	Employees' P F Organisation
6.	Shri Jagmohan	RPFC-I (Pension)	Employees' P F Organisation
7.	Shri Abhay Ranjan	RPFC-I (FA)	Employees' P F Organisation
8.	Shri Kumar Rohit	RPFC-I (ASD)	Employees' P F Organisation
9.	Shri Uday Baxi	RPFC-I (HRM)	Employees' P F Organisation
10.	Shri Navendu Rai	RPFC-II (Conference)	Employees' P F Organisation
11.	Shri MM Ashraf	RPFC-II (HRD)	Employees' P F Organisation
12.	Shri Manoranjan Kumar	RPFC-II (Investment)	Employees' P F Organisation
13.	Shri Mohit Shekar	RPFC-II (HRM)	Employees' P F Organisation
14.	Shri Jagat Singh Baghel	Executive Engineer(PFD)	Employees' P F Organisation
15.	Shri Ajay Kr. Chauhan	Assistant Engineer(PFD)	Employees' P F Organisation
16.	Shri H.N. Saha	Assistant Engineer(PFD)	Employees' P F Organisation
17.	Shri V. Sharma	APFC(ASD)	Employees' P F Organisation





कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION
 (श्रम एवं रोजगार मंत्रालय, भारत सरकार)
 (MINISTRY OF LABOUR & EMPLOYMENT, GOVT. OF INDIA)
 मुख्यालय, भविष्य निधि भवन/HEAD OFFICE, BHAVISHYA NIDHI BHAWAN
 14, भीकाजी कामा प्लेस, नई दिल्ली-110066 / 14-BHIKAJI CAMA PLACE, NEW DELHI-110066
 www.epfindia.gov.in; www.epfindia.nic.in

No. HRD/1(1)2011/Cadre Restructuring/ 787

Date: 10 APR 2013

OFFICE ORDER

The Executive Committee, CBT, EPF in its 76th Meeting held on 25.02.2013 has approved the creation of posts and Senior Time Scale to the following posts:-

(I) CREATION OF POSTS

Sl. No.	Name of the Post	Creation	Revised Cadre Strength.	Remarks
1.	Director (Vig.) *	01	01	Vigilance Wing, Head Office
2.	Regional PF Commissioner-I	01	59	Vigilance Wing, Head Office
3.	Dy. Director (Vig.)	07	12	01 post- HO Vigilance Wing, 06 posts for Zonal Vigilance Offices
4.	Law Officer *	01	01	Vigilance Wing, Head Office
5.	Assistant Director (Vig.)	20	40	06 post-HO Vigilance Wing, 14 posts for Zonal Vigilance Offices
6.	Vigilance Assistant	28	40	06 post-HO Vigilance Wing, 22 posts for Zonal Vigilance Offices
7.	Regional PF Commissioner II	19	226	10 (Ten) posts for Zonal ACC offices, 08 (Eight) posts for Big Regions [Delhi (North), Delhi (South), Mumbai (Bandra), Bangalore, Hyderabad, Chennai, Kolkata and Ahmedabad] and 01 post for Vigilance Wing, Head Office
8.	Enforcement Officer / Accounts Officer	40	2333	04 posts in each Zonal ACC office
9.	Section Supervisor	20	2680	02 posts in each Zonal ACC

Page 35 of 63

30-03-2017 : New Delhi

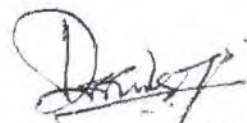
Sl. No.	Name of the Post	Creation	Revised Cadre Strength	Remarks
10.	Social Security Assistant	60	5923	06 posts in each Zonal ACC office
11.	Assistant Director (Audit)	01	31	Audit Wing
12.	Assistant Audit Officer	07	38	Audit Wing
13.	Auditor	27	62	Audit Wing

* The post of Director (Vig.) is created in PB-4 in the Grade Pay of Rs.8700/- and the post of Law Officer is created in PB-3 in the Grade Pay of Rs.6600/-. The remaining posts are created against their existing grade pay as per the existing recruitment rules.

(II) Senior Time Scale to Assistant PF Commissioner (GP Rs.5400/-) in the next Grade Pay of Rs.6600/- on completion of 04 years of regular service. (Effective from 25.02.2013 i.e. the date of the approval by EC, CBT, EPF).

(III) Senior Time Scale to Assistant Director, Information Service (GP Rs.5400/-) in the next Grade Pay of Rs.6600/- on completion of 04 years of regular service. (Effective from 25.02.2013 i.e. the date of the approval by EC, CBT, EPF).

(This issues with the approval of CPFC).



(R.K. Kukreja)

Additional Central PF. Commissioner (HR)

30-03-2017 : New Delhi

Copy to:

1. All ACCs of the Zones/Head Office.
2. Director NATRSS.
3. All RPFs of Regions/ZTIs
4. PS to Central P.F. Commissioner
5. PS to FA & CAO
6. PS to Chief Vigilance Office
7. All Deputy Director (Vig.) Zone
8. Director (Audit)
9. Officer-in-Charge of SROs
10. All officers in Headquarters
11. RC (HRM) to modify the sanctioned strength of all the posts.
12. RC (NDC) for Web circulation.
13. Secretary General, EPFOA, New Delhi.
14. Secretary General, AIEPFSF, Chandigarh
15. Secretary General, AIEPF SC/ST Staff Federation, New Delhi.
16. Guard File.



(Uday Baxi)
Regional PF. Commissioner-I (HRM)



कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION

(श्रम एवं रोजगार मंत्रालय, भारत सरकार)
(MINISTRY OF LABOUR & EMPLOYMENT, GOVT. OF INDIA)

मुख्यालय, भविष्य निधि भवन/HEAD OFFICE, BHAVISHYA NIDHI BHAWAN
14, भीकाजी कामा प्लेस, नई दिल्ली-110066 / 14-BHIKAJI CAMA PLACE, NEW DELHI-110066
www.epfindia.gov.in; www.epfindia.nic.in

No. HRD/1(1)2011/Cadre Restructuring/

1405

Date:- 23 APR 2013

CORRIGENDUM

Please refer to the office order of the even no. dated 10th April, 2013 issued in respect of creation of posts as approved in 76th meeting of the EC, CBT, EPF held on 25.02.2013.

In the said office order, the revised cadre strength for the post of Social Security Assistant has been shown as **5923** erroneously. The same may be read as **13633** (13573 + 60) instead of **5923** after creation of 60 new posts of Social Security Assistant.

(R.K. Kukreja)
Additional Central PF. Commissioner (HR)

1. All ACCs of the Zones.
2. All ACCs in the Head Offices.
3. Director Natrass.
4. All RPFs of Regions/ZTIs

Copy to:

1. PS to Central P.F. Commissioner
2. PS to FA & CAO
3. PS to Chief Vigilance Officer
4. Director (Vigilance, Headquarters)
5. All Deputy Director (Vig.) Zones
6. Deputy Director (Audit)
7. Officer-in-Charge of SROs
8. All officers in Headquarters
9. RC (HRM) to modify the sanctioned strength of all the posts.
10. RC (NDC) for Web circulation.
11. Secretary General, EPFOA, New Delhi.
12. Secretary General, AIEPFSF, Chandigarh
13. Secretary General, AIEPF SC/ST Staff Federation, New Delhi.
14. Guard File.

23/04/13
(Uday Baxi)

Regional PF. Commissioner-I (HRM)

Item No.4: Action Taken Statement on Implementation of Organisational and Cadre Restructuring consequent to the approval of Central Board, EPF and Government.

The Central Board, EPF approved the Organisational and Cadre restructuring in EPFO in its 210th, 212th and 213th Meeting held on 09th December, 2015, 29th March, 2016 and 08th July, 2016. With the concurrence of Department of Expenditure, Ministry of Finance, the Ministry of Labour & Employment vide their letter number A-32022/10/2014-SS-I dated 27th December, 2016 has conveyed its approval to the Organisational and Cadre Restructuring in EPFO as recommended & approved by Central Board, EPF in its 210th, 212th and 213th meetings held on 09th December, 2015, 29th March, 2016 and 08th July, 2016.

2. The Ministry of Labour vide letter no. A-32022/10/2014-SS-I dated 27th December, 2016 has conveyed the approval to the proposal of Organisational and Cadre Restructuring in EPFO as approved by the Central Board (EPF) with following modifications:
 - (i) The designation of Regional Provident Fund Commissioner is replaced by Regional Provident Fund Commissioner-I existing designation of Regional Provident Fund Commissioner-I and Regional Provident Fund Commissioner-II will continue to be used.
 - (ii) The designation of Deputy Provident Fund Commissioner be replaced by Regional Provident Fund Commissioner-II. Deputy Provident Fund Commissioner as proposed by Central Board shall be replaced by Regional Provident Fund Commissioner-II in the organisation.
 - (iii) The revised sanctioned strength of total posts of Regional Provident Fund Commissioner-II shall be 299.
 - (iv) The revised sanctioned strength of Assistant Provident Fund Commissioner shall be 452.
 - (v) As regards the post of Additional Central Provident Fund Commissioners in the Grade pay of Rs. 10,000/-, the total number of 13 posts (4 existing+ 9 newly created) also includes posts to be filled on deputation basis which will be 4 in number.
 - (vi) The expenditure to the proposed Organisational and Cadre Restructuring in EPFO shall be met entirely from the internal budgetary resources of the Employees' Provident Fund Organisation.

3. The Central Board, EPF in its 212th meeting held on 29.03.2016 had constituted an Anomaly Redressal cum Implementation Committee consisting the following members:
 - (i) Central Provident Fund Commissioner
 - (ii) Joint Secretary (SS), Ministry of Labour & Employment
 - (iii) FA & CAO, EPFO
4. The Board in its 215th Meeting held on 19th December, 2016 authorised the Anomaly Redressal cum Implementation Committee to consider and decide administrative issues that may arise during the implementation of the proposal.
5. The Anomaly Redressal Cum Implementation Committee met on 03.01.2017, 12.01.2017, 20.01.2017, 09.02.2017, 20.02.2017 and took various decisions relating to implementation of the cadre restructuring.
6. Consequent to the approval received from the Government as well as the decisions taken by the Implementation Committee, the following actions have been taken:
 - (i) Circular/Office orders on Revised cadre strength/sanction of posts consequent to Implementation of Organizational and Cadre Restructuring in EPFO was issued on 13.01.2017.
 - (ii) Circular/Office orders on Revised sanctioned strength and restructuring of Zones and Regional Offices was issued on 13.01.2017.
 - (iii) Circular/Office order on placement of EO/AO and Section Supervisor in revised grade pay was issued on 19.01.2017.
 - (iv) Circular/Office order on filling up of posts in various grades and promotion of staff in promotion quota has been issued on 27.01.2017 for compliance by all the cadre controlling authorities in Head Office and field office.
 - (v) Circular/Office order on distribution of sanctioned posts as per the revised cadre strength has been issued on 27.01.2017 among the various offices in the organization.
 - (vi) DPC was held on 03.03.2017 for drawing a panel of 11 officers. Promotion Order in the cadre ACC (HQ) have been issued on 14.03.2017 for promotion of 7 officers
 - (vii) DPC was held on 03.03.2017 for drawing panel of 88 officers for promotion in the cadre of RPFC-I.

- (viii) DPC was held on 06.03.2017 for making promotion in the cadre of Section Officer. Promotion orders have been issued on 07.03.2017 for promotion of 104 officers.
- (ix) DPC for promotion in the cadre of Assistant was held on 09.03.2017 for promotion of 20 officials.
- (x) The following action taken towards implementation have been reported by the field offices in charge managing the Group 'B' and 'C' cadres in the field offices:
 - a. DPC is under process in cadre of EO/AO
 - b. Promotions have been given to eligible candidates in the cadre of Section Supervisor.
 - c. Eligible SSAs have been upgraded to Sr. SSA in GP Rs.4200.
 - d. Eligible SSA have been upgraded to GP Rs.2800.

The agenda is placed before the Board for information.

Item No.5: Request for extension of the duration of probation for Social Security Assistants and Data Entry Operators in Employees Provident Fund Organisation- regarding.

An offer of appointment was issued to Sh. Asis Barik s/o Late Sh. Laxmidhar Barik to the post of Social Security Assistant in EPFO on compassionate ground under 5% of vacancies falling under direct recruitment quota on certain terms and conditions vide RPFC Bhubaneswar letter no. OR/GA-I/42/87/VOL-III/475 dated 04/01/2011.

2. In response to the said offer of appointment dated 04/01/2011, Sh. Asis Barik submitted his acceptance in writing vide his representation dated 07/01/2011. Consequent upon acceptance of offer of appointment vide his representation dated 07/01/2011. Sh. Barik was issued appointment order vide Offer Order No. OR/GA-I/42/87/VOL-III/3118 dated 10/01/2011 to join as Social Security Assistant in EPFO, SRO, Keonjhar on compassionate ground on the terms and conditions already mentioned in offer of appointment issued to him vide this office letter no. OR/GA-I/42/87/VOL-III/475 dated 04/01/2011. Accordingly Sh. Asis Barik joined as SSA in EPFO, SRO, Keonjhar on dated 11/01/2011.

3. In terms of conditions of order of appointment Sh. Asis Barik was mandated to complete normal period of probation satisfactorily i.e. two years from the date of joining. Therefore, he was supposed to complete normal period of probation within 10/01/2013. Further, he was given another two year 11/01/2011 to 10/01/2015 (i.e. deemed extended period) to qualify the skill test and complete the probation. It is also a fact that he failed to qualify the skill test even after availing himself of opportunities allowed to him by this office during the period of normal period as well as deemed extension period of probation.

4. As per Rule 7 (1) of Employees Provident Fund (Officers and Employees conditions of Services) Regulation, 2008 Every employees appointed to a post either by Direct Recruitment or by promotion shall be on probation for such period as may be provided in the relevant recruitment rules prescribed for various posts.

5. Provided that the appointing authority may, if considered necessarily so to do, extend the period of probation of an employee ordinarily for not more than one year and for special reasons, for more than one year, but no employee shall, in any case be kept on probation for a total period exceeding four years in any post.

6. RPFC Bhubaneswar, Odisha in the capacity of the Appointing Authority after exercising the powers conferred on him vide explanation (VIII) (a) (below) Rule 7 (ix) of EPF Staff (CCA) Rules, 1971 read with Rule 7(2) of EPF (Officers and Employees Condition of Services) Regulation, 2008 terminated the services of Sh. Asis Barik with effect from 10/01/2015 vide letter no. OR/GA-I/42/87/VOL-II/707, dated 23/01/2015.

7. Aggrieved by the said order, Sh. Asis Barik represented to grant the extension of one year more for qualifying test examination on humanitarian ground. In this representation the

official had given the reason for not clearing the skill test as his widow mother is an acute cardiac and neuro patient and under-going regular supervisions of the consulting physicians. It poses a very daunting test for him not only to lead the normal life but also to extend whole hearted attention to this official work. She needs regular medications, pathological tests, periodical checkup etc with proper care for her survival.

8. The matter was examined in the light of Rule 7 (1) of Employees Provident Fund (Officers and Employees conditions of Services) Regulation, 2008 read with Rule 23 of regulation which provides that :-

“Relaxation in exceptional cases- Where the Commissioner is satisfied that the operation of any regulation or provision in the matter of the conditions of service of an employee is likely to cause undue hardship in any particular case, he may with the approval of the Central Board of Trustees, Employees Provident Fund by order, dispense with or relax the requirement of that regulation or provision to such extent and subject to such conditions as may be considered necessary for dealing with the case in a just and equitable manner.”

9. In view of the para 23 of Regulation, the Hon’ble Chairman, Central Board of Trustees, EPF has extended the period of probation in respect of Sh. Asis Barik for a period of one year from the date of dismissal till 11/01/2016 by relaxing the provisions of rule 7(1) of EPF (Officers and Employees of Services) Regulation, Rule 2008, in anticipation of approval by Central Board of Trustees. This was communicated to Addl. CPFC (AP, OR & TS) vide Head office letter no. HRM-IV/14/8/2007/25851, dated 18/09/2015. The said official has qualified the skill test on 22.12.2015 and has been confirmed accordingly.

10. As the case of Shri Asis Barik, SSA was considered on extreme compassionate grounds, in order to extend same treatment to similarly placed officials, it was decided to call for the details from the RPFCs-in-Charge in the Regions. The requisite information was also called where the Social Security Assistant and Data Entry operators appointed either by direct recruitment or on compassionate grounds and they have not qualified the probation examination or computer skill test during the probation period of two years and also extended period of four years. The said information have been received from various field offices. On compilation these information, it has been found that the following SSAs and DEOs have not qualified the probation examination or computer skill test during the probation period or extended period of probation due to various factors and circumstances:

S.no	Name of the region	Name of the official	Cadre	Date of joining	On which date 02 years completed	Date of extended period upto 04 years.	Status of whether passed probation/skill test
1.	RJ	Vikas Meena	SSA	07/01/2010	06/01/2012	05/01/2014	Skill test not qualified
2.	HR	Smt. Deepa Bhardwaj	SSA	12/09/2011	11/09/2013	11/09/2015	Qualified the probationary exam held in Nov.,2015
3.	WB	Smt. Mahua Dey	SSA	23/08/2011	22/08/2013	22/08/2015	Skill test not qualified
4.	UP	Smt. Manju Mishra	SSA	10/01/2008	10/01/2010	10/01/2012	Skill test not qualified
5.	UP	Shri Shailendra Kumar	SSA	22/08/2007	22/08/2009	22/08/2011	Skill test not qualified
6.	HR	Sh. Dheeraj Sharma	DEO	11/12/2007	10/12/2009	10/12/2011	Skill test not qualified
7.	HR	Smt. Rattan Kaur Dalal	DEO	11/12/2007	10/12/2009	10/12/2011	Skill test not qualified

8.	HR	Sh. Ramesh Kumar	DEO	17/06/2008	16/06/2010	16/06/2012	Skill test not qualified
9.	RJ	Sh. Vinod Kumar Meena	DEO	30/01/2008	29/01/2010	29/01/2012	Qualified the skill test held in Jan.,2014.
10.	RJ	Madhur Acharya	DEO	21/11/2008	20/11/2010	20/11/2012	Qualified the skill test held in June,2014.
11.	AP	Smt. B. Latha	DEO	03/11/2008	02/11/2010	02/11/2012	Skill test not qualified
12.	AP	Ch. Ram Babu	DEO	23/06/2008	22/06/2010	22/06/2012	Skill test not qualified

11. The above officials have not been able to qualify the probationary examination or the computer skill test for various reasons and circumstances. As they have failed to qualify the skill test and the probation, they are not drawing annual increment which have been withheld. It may be further submitted that consequent to organizational and cadre restructuring, there has been creation of posts at various levels and staff will be promoted to higher levels. Therefore, the above officials are likely to be superseded in the seniority if they fail to qualify the skill test for the purpose of confirmation.

Proposal:

Taking a humanitarian view, the Central Board may relax the rules under powers available as per Rule 23 of Employees Provident Fund (Officers and Employees Conditions of Services) Regulation, 2008 which empowers the CBT to relax the operation of any regulation or provision in the matter of conditions of services of an employee. It is proposed that the period of probation in respect of persons who have till date not qualified the skill test may be extended for one more year from the date

of approval of CBT by relaxing the Rule 7 (1) of Employees Provident Fund (Officers and Employees Conditions of Services) Regulation, 2008. During

Item No.6: Proposal for grant of relaxation in the provisions of Recruitments Rules of Lower Division Clerk for providing more chances to the existing Lower Division Clerks having matriculation certificate and have not qualified the typing/computer skill test even after completion of two years period of probation.

The organization had created the post of SSA to restructure the existing posts of UDC and LDC by bringing it at par with the posts existing in Income Tax Department and as a consequence of computerization of the basic process of claims settlement in field offices. The cadre of SSA was created with approval of the CBT in its 162nd meeting held on 27.06.2003. The LDC cadre has been declared as dying cadre after introducing the SSA on 03.01.2004 by merger of UDC and LDC cadres. 576 number of posts were kept for MTS as an avenue for promotion. Thereafter 16 posts and 1 more post of LDC were created for Head Office vide HRD Orders No. HRD/1(1)2001/CSS (Restructuring)/67066 dated 18.12.2008 and HRD 1(4)2009/IWU/44156 dated 17.09.2009 respectively. A total 593 posts of LDC have been sanctioned in the Organization for providing promotional opportunity to the officials in Group 'D'/MTS (now Group 'C')..

2. As per existing Recruitment Rules 2005 (Notified on 25.03.2006 copy enclosed as **(Annexure-I)**) the recruitment of LDC from the feeder cadre is as under:

- | | |
|------------------------------------|---|
| A. By Promotion as per Seniority : | 70% of the vacancies shall be filled on seniority-cum-fitness basis from Group "D" employees who possess matriculation or equivalent qualification and have completed minimum five years of regular service in Group "D" |
| B. By Departmental Examination : | 30% by promotion through limited Departmental Examination from Group "C" employees whose scale of pay is identical or lower than that of Lower Division Clerks and Group "D" employees serving in the respective offices on the result of limited Departmental examination restricted to group "C" employees whose scale of pay is equivalent or lower than that of Lower Division Clerk and Group "D" employees who possess the minimum educational qualification of matriculation or equivalent and have completed five years regular service in group "D" and Group "C isolated cadre. |

3. The existing Recruitment Rules, 2005 of LDC against Sl. No. 9 and Sl. No.10 contains the following provisions about educational qualification and probation:-

Sl. No.9: Essential

- (i) Matriculation or equivalent
- (ii) Typing skill test at the speed of 30 w.p.m in English or 25 w.p.m in Hindi.

Sl. No.10: Period of probation- 2 years

4. After notifying the above Recruitment Rules, the RPFCs of various regions as well as All India EPF Staff Federation had given the representation that many Group 'D' employees are not able to get promotion to the post of LDC due to stipulation of passing the typing test before promotion. The matter was examined in Head Office in the light of the instruction issued by DOP&T vide OM No. 49011/1/96-Estt.(c) dated 16th August 1996 (Copy enclosed as **(Annexure-II)** which provides that "any person appointed as LDC on the basis of the qualifying examination should pass typewriting test within two years of his appointment, failing which he would be reverted to his earlier Group 'D' post. Until he passes the typewriting test within the time limit of two years, he will not be allowed to draw his increments." In view of above, the matter was placed before the Executive Committee in its 56th meeting held on 06.12.2006 for considering to grant relaxation to Group 'D' & other employees for promotion to the post of LDCs to extent of instructions of Govt. in regard to required qualifying typing test. The Executive Committee after considering the matter has approved the proposal and accordingly an order no. HRD/4(4)91/Pt./23067 dated 05.01.2007 (Copy enclosed as **(Annexure-III)** was issued to all Regional Offices. The LDC appointed from either by seniority quota or by exam quota, the typing test is mandatory to be qualified within 2 years of appointment otherwise the official will not get increment and liable to be reverted.

5. This office has received representations from officials in the cadre of LDC that they have not got their increment due to not qualifying the Typing skill test as they were not provided sufficient chances. To examine the matter information regarding LDCs who have not qualified the typing skill test has been called from all the Regional Offices which has been received from all the offices as under:-

- (i) There are 59 Lower Division Clerks who have not qualified the typing skill test
- (ii) Out of which 48 Lower Division Clerks have already completed more than 2 years service.
- (iii) Out of which 11 Lower Division Clerks have not yet completed 2 years of service as on date.

6. As the officials in the cadre of Lower Division Clerks have not been granted sufficient chances to pass the typing test, and they were not reverted to their substantive post for not passing typing skill test within 2 years of service, therefore, at this stage when almost all the

officials have been working for long period without any increment except 11 employees who have not completed 2 years of service in the post of Lower Division Clerk, the action for "reversion" at this stage is not justified considering their long period of service.

7. Moreover, Government of India decision No(17) appended below Fundamental Rules 26 provides the following provision in respect of grant of exemption from typing test as applicable to the Lower Division Clerks appointed in the Government of India:-

"17 Grant of exemption to Lower Division Clerks in the Attached and Subordinate Offices from passing Typing Test.- Instructions have been issued by the Department of Personnel and Training from time to time laying down the criteria for grant of exemption from passing the Typing Test in respect of Lower Division Clerks who do not belong to Central Secretariat Clerical Service. In the light of the provisions contained in this Department's O.M. No. 14/10/78-CS.II, dated 7-6-1990 and 24-9-1990 and O.M. NO.12/5/91-CS. II, dated 22/23-8-1991 (not printed), which have been issued after discussion with the Staff Side, the existing instructions on the subject have simplified and consolidated as in this Office Memorandum.

2. (1) To whom applicable:

Persons appointed as Lower Divisions Clerks to posts which do not belong to Central Secretariat Clerical Service whether such appointment is by promotion from Group 'D' or by direct recruitment through Staff Selection Commission or otherwise or by any other methods including appointment on compassionate grounds or on ad hoc basis.

(2) When exemption may be allowed:

- (a) *If above 45 years of age on the date of their appointment may be granted exemption from the date of their appointment.*
- (b) *If between the age of 35 years and 45 years at the time of appointment may be granted exemption on attaining the age of 45 years.*
- (c) *If below 35 years of age on the date of appointment may be given exemption after 10 years of service as Lower Division Clerk, provided they have made two genuine attempts to pass the Typing Test; otherwise they may be granted exemption after attaining the age of 45 years.*
- (d) *Those Lower Division Clerks who have made two genuine attempts for passing the Typing Test prior to the issue of this OM but have not completed 8 years' service as Lower Division Clerk may be granted exemption from passing the Typing Test after completion of 8 years of service or on attaining the age of 45 years, whichever is earlier.*

(3) Typing Test:

(a) *The Typing Test for the purpose of these orders will be the Typing Test conducted by the Staff Selection Commission.*

(b) *The Certificate in Typewriting issued under the Hindi Teaching Scheme will be treated as equivalent to the Certificate issued by the Staff Selection Commission for the purpose of these orders.*

(4) *Genuine attempt:*

The “genuine attempt” referred to above would be determined by the Head of the Department in consultation with the Staff Selection Commission keeping in view that mere appearance in the test or perfunctory attempt would not constitute a genuine attempt.”

8. The above said instructions on the conditions for grant of exemption from passing the Typewriting test had been issued vide DoP&T O. M. No. 14020/2/91-Estt.(D) dated 29th September,1992 (Copy enclosed as **(Annexure-IV)** and further reiterated vide O.M. No. 14020/1/2014-Estt(D) dated 22.04.2015 (Copy enclosed as **(Annexure-V)** after the decision that skill test will be conducted on Computer and it is stated that *“the criteria for grant of exemption from passing the typing test in respect of such LDCs including Physically Handicapped persons/ Persons with Disabilities as stipulated in this Department’s O.M. No. 14020/2/91-Estt(D) dated 29th September, 1992 would also be applicable to the test on Computers.”*

By virtue of Regulation 22 of Employees’ Provident Fund (officers and Employees’ Conditions of Services) Regulation 2008, the rules applicable to the Central Government employees as specified in Schedule II shall also apply to the employees of the Organisation.

9. In the past, on the basis of above instructions exemption from typing test was also granted to all regular Lower Division Clerks as on 31.01.2004 who attained the age of the 45 years after the approval of 56th Executive Committee held on 06.12.2006 for the purpose of their conversion as Social Security Assistant.

10. With reference to above circumstances where the officials have completed long period of service and they have neither been reverted after 2 years of service nor given any increment since their promotion, their reversion at this stage will not be appropriate in the interest of Organization as well as against the concerned officials/ Lower Division Clerks who do not have promotional avenues in these circumstances. After considering the facts of the matter and the DoP&T instructions contained in O.M. No. 14020/2/91-Estt.(D) dated 29th September,1992 and further reiterated vide O.M. No. 14020/1/2014-Estt(D) dated 22.04.2015 and discussed in para 7 above, it is proposed as under :-

- (i) All the regular Lower Division Clerks who have attained the age of 45 years may be exempted from the condition of passing typewriting test.
- (ii) One time relaxation may be granted to remaining Lower Division Clerks who have not passed typing skill test within a period of 2 years of their appointment and grant chances to such officials who had already been provided chances or who had not been provided any chance so far to qualify the typewriting test within period of two years.
- (iv) The Lower Division Clerk who have acquired the Certificate in Typewriting issued under the Hindi Teaching Scheme as per the Department of Personnel & Training instructions may be treated as having passed the typing skill test and such certificate has been obtained any time after their promotion to the post of Lower Division Clerk.
- (v) As per the instructions of DoP&T such skill test is required to be held on computer only, accordingly the above said typing skill test may be conducted only on computer.

Proposal: The Board may consider the agenda and approve the proposal in para10 above.

रजिस्ट्री सं. डीएल (एन)-04/0007/2003-05

REGISTERED No. DL(N)-04/0007/2003-05



भारत का राजपत्र The Gazette of India

साप्ताहिक/WEEKLY

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 12] नई दिल्ली, शनिवार, मार्च 25—मार्च 31, 2006 (चैत्र 4, 1928)
No. 12] NEW DELHI, SATURDAY, MARCH 25—MARCH 31, 2006 (CHAITRA 4, 1928)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
(Separate paging is given to this Part in order that it may be filed as a separate compilation)

भाग III—खण्ड 4

[PART III—SECTION 4]

[संवैधानिक निकायों द्वारा जारी की गई विविध अधिसूचनाएं जिसमें कि आदेश, विज्ञापन और सूचनाएं सम्मिलित हैं]
[Miscellaneous Notifications including Notifications, Orders, Advertisements and Notices issued by Statutory Bodies]

दि इंस्टीट्यूट आफ चार्टर्ड एकाउन्टेन्ट्स आफ इंडिया

नई दिल्ली-110002, दिनांक 8 मार्च 2006

च. 13-सी.ए. (परीक्षा)/मई/2006:- इंस्टीट्यूट की अधिसूचना सं. 13-सी.ए. (परीक्षा)/मई/2006 दिनांक 16 जनवरी, 2006 के आंशिक विस्तार के तहत, सर्वसाधारण को यह सूचित किया जाता है कि चार्टर्ड एकाउन्टेन्ट्स व्यवसायिक शिक्षा-प्रशिक्षण, व्यवसायिक शिक्षा-द्वितीय एवं फाईनल की परीक्षाएं तथा पोस्ट क्वालिफिकेशन परीक्षाओं, मैनेजमेंट एकाउन्टेन्ट्स परीक्षाएं (भाग-प्रथम), कोरपोरेट मैनेजमेंट परीक्षाएं (भाग-प्रथम), टेक्स मैनेजमेंट परीक्षाएं (भाग-प्रथम), इन्स्यूरेन्स एवं रिस्क मैनेजमेंट (आई. अवर. एम.) तथा इन्वैस्टमेंट ट्रेड एजेंसी एवं बजट ट्रेड अग्रीगेशन (आई.टी.एल. एवं डब्ल्यू. टी.ओ.) की परीक्षाएं जो की 2 मई 2006 से 10 मई तक निर्धारित हुई थी स्थगित कर दी गयी है। अब यह परीक्षाएं 2 मई 2006 से 12 मई 2006 तक होगी। पुनर्विचारित परीक्षाओं की तिथियां निम्न प्रकार हैं:-

व्यवसायिक शिक्षा-प्रथम परीक्षा:- (परीक्षात्मक शिक्षा प्रणाली जो दि इंस्टीट्यूट आफ चार्टर्ड एकाउन्टेन्ट्स के चार्टर्ड एकाउन्टेन्ट्स रेगुलेशन 1988 के रेगुलेशन 25-बी (4) के अन्तर्गत जारी हुई, के अनुसार)

1-519/G/2005

2,4,5 और 6 मई 2006 (प्रति: कालीन सत्र-8 बजे से 11 बजे तक) भारतीय समयानुसार।

व्यवसायिक शिक्षा-द्वितीय परीक्षा:- (परीक्षात्मक शिक्षा प्रणाली जो दि इंस्टीट्यूट आफ चार्टर्ड एकाउन्टेन्ट्स के चार्टर्ड एकाउन्टेन्ट्स रेगुलेशन 1988 के रेगुलेशन 28-बी (5) के अन्तर्गत जारी हुई है, के अनुसार)

ग्रुप-I : 2, 4 और 5 मई 2006

ग्रुप-II : 6, 9 और 10 मई 2006

(दोपहर का सत्र-12 बजेकर 30 मिनट से 3 बजेकर 30 मिनट तक) भारतीय समयानुसार।

फाईनल परीक्षा:- (परीक्षात्मक शिक्षा प्रणाली जो दि इंस्टीट्यूट आफ चार्टर्ड एकाउन्टेन्ट्स के चार्टर्ड एकाउन्टेन्ट्स रेगुलेशन 1988 के रेगुलेशन 31 (2) के अन्तर्गत जारी हुई, के अनुसार)

ग्रुप-I : 2,4,5 और 6 मई 2006

ग्रुप-II : 9, 10, 11 और 12 मई 2006

(प्रातःकालीन सत्र-8 बजे से 11 बजे तक) भारतीय समयानुसार।

(327)

219

Sec. 4]

THE GAZETTE OF INDIA, MARCH 25, 2006 (PART 4, 1928)

343

SAVINGS

Nothing in these rules shall affect reservations, relaxation of age limit and other concessions required to be provided for the Scheduled Castes, the Scheduled Tribes, Ex-Servicemen and other special categories of persons in accordance with the orders issued by the Central Government from time to time in this regard.

(A. VISWANATHAN)

CENTRAL PROVIDENT FUND COMMISSIONER

SCHEDULE**RECRUITMENT RULES FOR THE POST OF LOWER DIVISION CLERK IN THE EMPLOYEES' PROVIDENT FUND ORGANISATION**

1.	Name of the Post	Lower Division Clerk
2.	No. of Posts	576 (2005) (Subject to variation dependent on workload)
3.	Classification	Gr. 'C' Ministerial
4.	Scale of Pay	Rx. 3050-75-3950-80-4550
5.	Whether selection post or non-selection post	Non-selection
6.	Whether benefit of added years of service admissible under Rule 30 of the CCS (Pension) Rules, 1972	Not Applicable
7.	Age limit for direct recruits	Not Applicable
8.	Educational and other qualifications required for direct recruits	Not Applicable
9.	Whether age and educational qualifications prescribed for direct recruits will apply in the cases of promotees.	Age - No Essential (i) Matriculation or equivalent (ii) Typing Skill test at the speed of 30 w.p.m. in English or 25 w.p.m. in Hindi
10.	Period of probation if any.	Two Years.

S-5 (1900/-)

11.	Method of Recruitment whether by direct recruitment or by promotion or by deputation/transfer and percentage of the posts to be filled by various methods	<p>(i) 70% of the vacancies shall be filled on seniority-cum-fitness basis from Group 'D' employees who possess matriculation or equivalent qualification and have completed minimum five years of regular service in Group 'D'</p> <p>(ii) 10% of the vacancies shall be filled on seniority-cum-fitness basis from Group 'C' employees whose scale of pay is identical to that of Group 'D' employees working in the respective offices on the result of limited Departmental examination restricted to Group 'C' employees whose scale of pay is equivalent to that of Group 'D' employees. 10% of the vacancies shall be filled on seniority-cum-fitness basis from Group 'C' employees who possess the minimum educational qualification of matriculation or equivalent and have completed five years regular service in Group 'D' and Group 'C' isolated cadre.</p>							
12.	In case of recruitment by promotion/deputation/absorption grades from which promotion/deputation/transfer to be made.	As stated in column No. 11							
13.	If Departmental Promotion Committee exists what is its composition	<p>For promotion and Confirmation</p> <table border="1"> <tr> <td>1) Regional Provident Fund Commissioner – in Charge of the Region/Regional Provident Fund Commissioner (ASD) in Headquarters</td><td>Chairman</td></tr> <tr> <td>2) Assistant Provident Fund Commissioner-in-charge of Administration</td><td>Member</td></tr> <tr> <td>3) An officer of appropriate grade from Central Govt. Departments/Organisation outside Employees' Provident Fund Organisation</td><td>Member</td></tr> </table>		1) Regional Provident Fund Commissioner – in Charge of the Region/Regional Provident Fund Commissioner (ASD) in Headquarters	Chairman	2) Assistant Provident Fund Commissioner-in-charge of Administration	Member	3) An officer of appropriate grade from Central Govt. Departments/Organisation outside Employees' Provident Fund Organisation	Member
1) Regional Provident Fund Commissioner – in Charge of the Region/Regional Provident Fund Commissioner (ASD) in Headquarters	Chairman								
2) Assistant Provident Fund Commissioner-in-charge of Administration	Member								
3) An officer of appropriate grade from Central Govt. Departments/Organisation outside Employees' Provident Fund Organisation	Member								
14.	Circumstances in which Union Public Service Commission to be consulted in making recruitment	Not applicable							

ANNEXURE - II

289

RECRUITMENT, PROMOTION AND DPCs

officials may be delimited from the number of posts to be created in the restructured cadres as already indicated in D.O. Letter No. 2-5/94-Trg, dated 5-1-1995 from Advisor (HRD).

5. This issues with the concurrence of Telecom Finance Advice-I vide their U.O. No. 551/95-FA-I, dated 24-2-1995.

163

D.P.T., O.M., No. 49011/1796-Estt. (C), dated 16-8-1996

Educationally qualified Group 'D' employees appointed as LDC on the basis of the qualifying examination should pass typewriting test within two years of appointment for drawal of increment

The undersigned is directed to refer to this Department's OM of even number, dated 25-1-1996 on the subject noted above and to say that since Para. 2 (iii) of the Department of Personnel O.M. No. 12/1/91-CS-II, dated 27-8-1992 has been modified vide O.M. No. 12/1/91-CS-II, dated 19-7-1996, Para. 2 (iii) of this Department's OM, dated 25-1-1996 may therefore, be read as follows:—

"Any person appointed as a Lower Division Clerk on the basis of the qualifying examination should pass typewriting test within two years of his appointment, failing which he would be reverted to his earlier Group 'D' post. Until he passes the typewriting test within the time-limit of two years, he will not be allowed to draw his increments. However, if he passes the typing test within six months of his initial appointment, his first increment will be granted after six months instead of one year which will be absorbed in subsequent regular increment."

164

D.P.T., Notfn. No. 15012/7/91-Estt. (D), dated 9-9-1996

Relaxation of upper age-limit for residents of State of Jammu & Kashmir

G.S.R. 412 (E).— In exercise of the powers conferred by the proviso to Article 309 and Clause (5) of Article 148 of the Constitution, and after consultation with Comptroller and Auditor-General of India in relation to the persons serving in the Indian Audit and Accounts Department, the President hereby makes the following rules to amend the Residents of Kashmir Division in the State of Jammu and Kashmir (Relaxation of Upper Age Limit for Recruitment to Central Civil Services and Posts) Rules, 1995, namely:—

1. (1) These rules may be called the Residents of Kashmir Division in the State of Jammu and Kashmir (Relaxation of Upper Age Limit for Recruitment to Central Civil Services and Posts) Amendment Rules, 1996.

(2) They shall come into force on the date of their publication in the Official Gazette (11-6-1996).

SA-19

SPEED POST



कर्मचारी भविष्य निधि संगठन

(श्रम मंत्रालय, भारत सरकार)

Employees' Provident Fund Organisation

(Ministry of Labour, Govt. Of India)

मुख्य कार्यालय / Head Office

भविष्य निधि भवन, 14-भिकजी कामा प्लेस, नई दिल्ली-110066

Bhavishya Nidhi Bhawan, 14-Bhikaji Cama Place, New Delhi-110066

No. HRD/4(4)91/Pt./ 23067
To

Dated:

15 JAN 2017

All Addl. Central P.F. Commissioners (Zone),
All Regional Provident Fund Commissioners-in charge of Region
Including Regional Provident Fund Commissioner (ASD), Headquarters

Sub: Promotion to the post of LDC from Group 'D' and isolated cadre in E.P.F.
Organisation – Relaxation in condition related to typing test – Regarding

Sir,

The existing Recruitment Rules for the post of LDC envisage promotion from Group 'D' staff who possess matriculation or equivalent qualification subject inter-alia to their passing the prescribed typewriting test before appointment.

2. The RPFCs of various regions as well as All India EPF Staff Federation have represented that many Group 'D' employees are not able to get promotion to the post of LDC due to stipulation of passing the typing test before promotion. They have requested to allow the Group 'D' Staff to be considered for promotion & allow them to pass typing test within 2 years of promotion.

3. The matter was examined in Head Office. According to the instruction issued by DOP&T vide O.M. No. 49011/1/196-Estt.(c) dated 16th August, 1996 provides that "any person appointed as LDC on the basis of the qualifying examination should pass typewriting test within two years of his appointment, failing which he would be reverted to his earlier Group 'D' post. Until he passes the typewriting test within the time limit of two years, he will not be allowed to draw his increments."

4. In view of above, the matter was placed before the Executive Committee in its 56th meeting held on 06.12.2006 for considering the grant a relaxation to Group 'D' & other employees for promotion to the post of LDCs to the extent of instructions of Govt. ibid in regard to required qualifying typing test. The Executive Committee after considering the matter has approved the proposal.

5. You are requested to implement the decision of Executive Committee, CBT, EPF ibid and take further action accordingly in this regard.

Yours faithfully,

(S.K. Khanna)
(S.K. Khanna)

ADDL. CENTRAL P.F. COMMISSIONER (HR)

Copy to:

1. RPFC, Examination for information and necessary action in this regard.
2. RPFC-II (HRM-III) for similar necessary action.
3. Secretary General, All India EPF Staff Federation, Chandigarh for information
4. Secretary General, All India SC/ST Staff Association, New Delhi for information

(N.N. Sharma)
(N.N. Sharma)

REGIONAL PROVIDENT FUND COMMISSIONER-I (HRM)

No.14020/2/91-Estt.(D)
Government of India
Ministry of Personnel, P.G. & Pensions
(Department of Personnel & Training))

New Delhi, the 25 Sept., 1992.

OFFICE MEMORANDUM

SUB:-Typewriting Test-Exemption from passing the typing test for drawal of increments and confirmation in respect of LDCs who do not belong to Central Secretariat Clerical Service- Consolidated instructions.

The undersigned is directed to say that instructions have been issued by this Deptt. from time to time laying down the criteria for grant of exemption from passing the typing test in respect of LDCs who do not belong to Central Secretariat Clerical Service. In the light of the provisions contained in this Deptt. O.M.No.14/10/78-CS.II dated 7.6.90 and 24.9.90 and O.M. No.12/5/91-CS.II dated 22/23.8.91 (which have been issued after discussion with the Staff Side) the existing instructions on the subject have been simplified and consolidated as in this O.M.

2. (1) To whom applicable :

Persons appointed as LDCs to posts which do not belong to CSCS whether such appointment is by promotion from Group 'DI' or by direct recruitment through SSC or otherwise or by any other method including appointment on compassionate grounds or on ad-hoc basis.

(2) When exemption may be allowed :

(a) If above 45 years of age on the date of their appointment may be granted exemption from the date of their appointment.

(b) If between the age of 35 years and 45 years at the time of appointment may be granted exemption on attaining the age of 45 years.

(c) If below 35 years of age on the date of appointment may be given exemption after 10 years of service as LDC provided they have made main two genuine attempts to pass the typing test; otherwise they may be granted exemption after attaining the age of 45 years.

(d) Those LDCs who have made two genuine attempts for passing the typing test prior to the issue of this O.M. but have not completed 8 years' service as LDC may be granted exemption from passing the typing test after completion of 8 years of service or on attaining the age of 45 years whichever is earlier.

(3) Typing Test :

(a) The Typing Test for the purpose of these orders will be the typing test conducted by the SSC.

(b) The Certificate in typewriting issued under the Hindi Teaching Scheme will be treated as equivalent to the Certificate issued by the SSC for the purpose of these orders.

(4) Genuine Attempt :

The 'genuine attempt' referred to above would be determined by the Head of the Department in consultation with the SSC keeping in view that mere appearance in the test or a perfunctory attempt would not constitute a genuine attempt.

(5) Service as LDC :

For the purpose of computing service as LDC

(a) Broken periods of service, if any, as LDC on a regular scale of pay may also be taken into account.

(b) Continuous combatant clerical service will also be reckoned in the case of ex-servicemen appointed as LDC.

(6) Release of increments :

(a) On such exemption being granted, the increments of affected persons may be released from the date from which such exemption is granted to them without any arrears for the period prior to the date of exemption, subject to the retention of normal annual date of increment.

(b) On their passing the typing test, the increments may be released from the date of the test without any arrears for the period prior to the date of the test subject to retention of the normal annual date of increment.

(7) Eligibility for regularisation confirmation :

They would also be eligible for regularisation confirmation in LDC Grade from a date not earlier than the date of exemption or the date of the test at which they passed the typing test, as the case may be.

(8) Physically Handicapped :

(a) Physically handicapped persons who are otherwise qualified to hold clerical post and who are certified as being unable to type by the Medical Board attached to Special Employment Exchanges for the Handicapped (or by a Civil Surgeon where there is no such Board) may be exempted from passing the typing test.

(b) The term 'physically handicapped persons' does not cover those who are visually handicapped or who are hearing handicapped but covers only those whose physically disability permanently prevents them from typing.

(9) Surplus Employees :

In respect of surplus employees redeployed as LDCs the provision for stoppage of increment for not passing the typing test may be enforced from the date of next but one increment after re-deployment.

(10) Existing LDCs :

Those LDCs who have put in at least 10 years' service in the grade as on 1.1.90 may be exempted from passing the typewriting test without insisting on the condition of genuine attempt as a one time measure not to be quoted as a precedent in future.

(11) Date of Effect :

These instructions will come into force with effect from 1.1.90.

3. This O.M. may be brought to the notice of all concerned.

SS/-

(Y.G. PARANDE)
Director (E)

All Ministries/Deptt. etc. etc.

ANNEXURE - V

Annexure - V

477

F.No. 14020/1/2014-Estt. (D)
Government of India
Ministry of Personnel, Public Grievances and Pensions
Department of Personnel & Training

North Block, New Delhi
Dated the 22nd April, 2015

OFFICE MEMORANDUM

Subject:- Instructions on exemption from passing the Typewriting Test on Computer in respect of LDCs, regarding.

The undersigned is directed to say that instructions issued by this Department vide O.M.No.14020/2/91-Estt(D) dated 29th September, 1992 provide for grant of exemption from passing the typing test for drawal of increments and confirmation in respect of LDCs.

2(i). The above mentioned instructions provide for exemptions as under:-

- a) If above 45 years of age on the date of their appointment, such persons may be granted exemption from the date of their appointment.
- b) If between the age of 35 years and 45 years at the time of their appointment, such persons may be granted exemption on attaining the age of 45 years.
- c) If below 35 years of age on the date of appointment, such persons may be given exemption after 10 years of service as LDC provided they have made two genuine attempts to pass the typing test; otherwise they may be granted exemption after attaining the age of 45 years.
- d) Those LDCs who have made two genuine attempts for passing the typing test prior to issue of this O.M. but have not completed 8 years service as LDC, may be granted exemption from passing the typing test after completion of 8 years of service or on attaining the age of 45 years, whichever is earlier.

(ii) For the Physically handicapped persons, these instructions provide for exemptions as under:-

- a) Physically handicapped persons who are otherwise qualified to hold clerical post and who are certified as being unable to type by the Medical Board attached to Special Employment Exchanges for the Handicapped (or by a Civil Surgeon where there is no such Board) may be exempted from passing the typing test.
- b) The term 'physically handicapped persons' does not cover those who are visually handicapped or who are hearing handicapped but cover only those whose physical disability permanently prevents them from typing.

3. Model RRs for the post of Lower Division Clerk (LDC) were issued vide this Department's O.M.No.AB-14017/32/2009-Estt(RR) dated 7th October, 2009. The entries pertaining to Skill Test Norms prescribed in the Col. 8 of the Model RRs for the post of LDC were modified to include the Skill Test Norms 'only on computers' vide this Department's O.M.No.AB-14017/32/2009-Estt(RR) dated 17th May, 2010.

4. This Department has received references whether the instructions as contained in this Department's OM dated 29.9.1992 are applicable for test on Computer or not. The matter has been examined and it has been decided that the criteria for grant of exemption from passing the typing test in respect of such LDCs including Physically Handicapped persons/Persons with Disabilities as stipulated in this Department's O.M.No.14020/32/91-Estt(D) dated 29th September, 1992 would also be applicable to the test on Computers.

5. It has also been decided to extend the above instructions to Sportspersons recruited against Sports quota under the Scheme of appointment of meritorious Sportspersons.

(Mukta Goch)

Director(E-I)

Tel. No. 2309 2479

All Ministries/Departments of the Government of India

Copy to:

1. The President's Secretariat, New Delhi.
2. The Vice-President's Secretariat, New Delhi.
3. The Prime Minister's Office, New Delhi.
4. The Cabinet Secretariat, New Delhi.
5. The Rajya Sabha Secretariat/Lok Sabha Secretariat, New Delhi.
6. The Comptroller and Auditor General of India, New Delhi.
7. The Secretary, Union Public Service Commission, New Delhi.
8. The Secretary, Staff Selection Commission, New Delhi.
9. Chief Commissioner for Persons with Disabilities, Sarojini House, 6, Bhagwan Dass Road, New Delhi-110001.
10. All attached offices under the Ministry of Personnel, Public Grievances and Pensions.
11. All Officers and Sections in the Department of Personnel and Training.
12. NIC (DOP&T) for placing this Office Memorandum on the Website of DOP&T.

Item No. 7: Grant of Senior Time scale of Rs. PB 3 Rs. 15600-39100/-+ Grade pay Rs. 6600/- to regular Assistant Director (Information Service) after completion of 5 years regular service in the cadre of Assistant Director (Information Service)-Regarding.

The benefit of Senior Time Scale (PB 3 Rs. 15,600-39100/- G.P. Rs. 6600/- {Pre-revised}) had been granted w.e.f. 01.01.2002 in the cadre of APFC after completion of 5 years' regular service in accordance with decision taken by Hon'ble Chairman, CBT who had been empowered by the CBT to take a decision on the date of implementation of the STS benefit in its 206th meeting held on 11.03.2015.

2. It may be mentioned that the Executive Committee, CBT, EPF in its 76th meeting held on 25.02.2013 approved the proposal to give senior Time Scale to Assistant Director, Information Service (GP Rs. 5400/- pre-revised) in the next Grade Pay of Rs. 6600/- on completion of 04 years of regular service alongwith a similar decision in respect of APFCs. Accordingly, the benefit of Senior Time Scale in the cadre of Assistant Director (IS) has been granted on completion of 4 years regular service on or after 25.02.2013 i.e. the decision of Executive Committee, CBT along the same lines as the benefit of Senior Time Scale to APFCs on completion of 4 years.

3. However, the benefit of Senior Time Scale w.e.f. 01.01.2002 as had been approved in the case of APFCs was not extended to the Assistant Director (IS). There has been demand from officers in the Assistant Director (IS) cadre to give them same treatment and parity in terms of the STS benefit as APFC level officers. The demand made by the Assistant Director (IS) officers have merit and it felt that the benefit of STS should be extended to them along the same lines as APFCs. At present, there are 5 Assistant Director (IS) who are to be given the benefit of STS w.e.f. 01.01.2002 subject to the completion of 5 years regular service in the cadre of Assistant Director (IS) in the same analogy as in the APFC cadre.

Proposal: The Central Board may consider and approve grant of Senior Time Scale benefit of PB 3 Rs. 15,600-39,100+Grade Pay Rs. 6600/-(pre-revised) with effect from 01.01.2002 to regular Assistant Director (IS) after completion of 5 years of regular service on the same analogy as APFC level officers.

Item No. 8: Status note on Investment in Exchange Traded Fund (ETF) by EPFO.

1. The Pattern of Investment, notified on 23rd April 2015 prescribes 05 to 15% investments in equity and related investment. The Central Board in its 207th Meeting held on 31.03.2015 while recommending the said Pattern of Investment for adoption decided to invest 5% of the total investments made during the year in Exchange Traded Fund (ETF) of Nifty and Sensex. Accordingly, investment in ETF started w.e.f from 06th August 2015 in SBI Mutual Fund Nifty and Sensex ETF.
2. Initially investment was permitted only in ETFs of SBI Mutual fund. Later the Central Board in its 213th meeting held on 8th July, 2016 approved selection of UTI Mutual Fund in addition to the SBI Mutual Fund. In the 214th meeting of the Central Board held on 26th July, 2016 the ratio of allocation of funds between SBI MF and UTI MF was fixed at 75% and 25% respectively.
3. The FIAC in its 124th meeting held on 22.03.2016 constituted an Expert Group whose terms of reference included suggesting allocation to Equity and related investments for the financial year 2016-17. The Expert group after deliberation submitted the report on 13th July, 2016. The Expert Group in its report concluded that *"allocation to equity can be made 10% in the current financial year (2016-17). Going forward, an allocation over 10% to equity may be considered based on the experience, prevailing market conditions, investment guidelines and expert feedback"* (Annexure 'A').
4. The Ministry of Labour and Employment vide letter order F. No. G-20031/2/2016 SS.II dated 19th September, 2016 conveyed the direction to under section 20 of the EPF & MP Act 1952 to enhance investment in Equity (ETF) from 5% to 10% within the scope of Investment Pattern notified by the Ministry of Labour and Employment. (Annexure-'B').
5. In pursuance to the direction of Central Government, the allocation to ETF has been increased so as to achieve 10% of investment in ETF by the end of the current financial year.

6. The Investment and return on ETF investments from August 2015 to till 31st October, 2016 is as under:

Scheme	Amount invested in Crores (as on Feb, 2017)		Return in % (as on 17.03.2017)	
	Nifty 50	Sensex	Nifty 50	Sensex
SBI				
EPF	7,448	2,510	13.93%	13.01%
EPS	3,461	1,177	14.22%	13.20%
EDLI	250	91	16.90%	15.94%
PNG	179	68	11.28%	10.70%
SPF	8	11	22.72%	13.56%
Total SBI MF	15,206		13.81%	
UTI MF				
EPF	997	343	9.54%	9.12%
EPS	413	146	9.69%	9.21%
Total UTI MF	1,900		9.47%	
Total	17,105		13.33%	

Scheme	CPSE Amount invested in Crores (Allotment date 28/01/2017)	Return in % (as on 17.03.2017)
EPF	1132	10.18%
EPS	372	
Total	1504	

Proposal: The item is placed before the CBT for information.

The Expert Group's views and recommendations are as follows:

I) Allocation to equity and related instruments for the next financial year

The Expert Group was of the view that the current allocation of 5% of incremental flows to equity may not be adequate for meaningful contribution to the overall portfolio return of the EPFO.

It was highlighted that equity currently constitutes less than 1% of EPFO's total corpus compared with the global average of 30% (Refer Annexure A). At the current allocation of 5% of incremental investments, it may take around 15 years for equity investments to become 5% of EPFO's total corpus.

Case Study

Assumptions:

1. Starting with EPFO's total corpus of Rs. 633,713 crores as on March 31, 2015;
2. Annual incremental investments of Rs. 100,000 crores growing at 10% every year; and,
3. Expected annual returns of 8% and 12% in debt and equity, respectively over longer periods

Results:

Equity allocation as % of total corpus

Time period	5% equity allocation	10% equity allocation	15% equity allocation
5 years	2.50%	4.99%	7.47%
10 years	3.83%	7.61%	11.34%
15 years	4.82%	9.53%	14.12%
20 years	5.69%	11.17%	16.46%
25 years	6.51%	12.71%	18.62%
30 years	7.41%	14.35%	20.86%

The Group also studied the equity allocation of other comparable retirement funds in India. Under the National Pension System (NPS), equity allocation is permitted upto 15% for contributions received under Central Government (CG), State Government (SG), Corporate CG, NPS Lite (Swavalamban) and Atal Pension Yojana (APY) schemes. On the other hand, a maximum equity allocation of 50% is permitted under the Equity scheme in case of NPS for the private sector. Life Insurance Corporation, the largest insurance company in India, had investments of 18.13% in equities as on March 2016 in its Life schemes.

Recommendation

The Expert Group concluded that allocation to equity can be made 10% in the current financial year (2016-17). Going forward, an allocation over 10% to equity may be considered based on the experience, prevailing market conditions, investment guidelines and expert feedback.

II) Risk-diversification strategy while making investment in ETFs

The Expert Group deliberated on the approach that EPFO could follow for ETF investments. It was highlighted that at present, EPFO follows a systematic investment plan (SIP) based approach for ETF investments. Since EPFO's ETF investment is less than 1% of the total corpus, there is no merit in timing the market.

Recommendations

The Expert Group concluded that given EPFO's investment philosophy and low proportion of equity investments, it can continue with the SIP strategy.

III) Alternate ETFs other than Nifty 50 and Sensex in order to optimise return with minimum risk

The Expert Group discussed the following alternate passive-investment strategies, based on existing indices, for EPFO's equity investment:

- a. Expansion of EPFO's exposure from Nifty 50 and Sensex 30 stocks to top 100 stocks by market capitalization, as per criteria defined by index providers
- b. Low volatility index: The strategy targets to invest in stocks with low return volatility or low beta and aims to minimize effects of market fluctuations.
- c. Quality Index: The strategy targets to invest in stocks that are characterised by quality of metrics such as low debt, high ROE and stable earnings growth. The objective of the strategy will be to invest in companies which reflect long term growth and stability in earnings.

Confidential

F. No. G-20031/2/2016-SS II
 Government of India
 Ministry of Labour & Employment
 Social Security Division

*FA/CR
 B/C/F*

Shram Shakti Bhawan, Rafi Marg,
 New Delhi, dated 19th September, 2016

To

The Central Provident Fund Commissioner,
 Employee's Provident Fund Organization,
 4, Bhikaiji Cama Place
 New Delhi 110066

Subject: Pattern of Investment followed by EPFO-Enhancing Investment in Equity(ETF) from existing 5% to 10%-reg.

Sir,

I am directed to refer to EPFO letter bearing no.HO/IMC/158/ETF investment/2015/Vol.II/222 dated 8th September, 2016 on the subject mentioned above and to say that the matter has been examined in this Ministry in consultation with Internal Finance Division. In view of the Pattern of Investment notified by Ministry of Finance vide no 11/14/2013-PR dated 02.03.2015 and Investment Pattern notified by Ministry of Labour & Employment vide SO no. 1071(E) dated 23.04.2015 and the power conferred under Section 20 of the Employees' Provident Funds & Miscellaneous Provisions (EPF&MP) Act, 1952, EPFO is directed to enhance investment in Equity (ETF) from existing 5% to 10% within the scope of Investment Pattern notified by this Ministry. EPFO is accordingly directed to take further necessary action in the matter

2. This issues with the approval of Hon'ble Minister of State (Independent Charge) for Labour & Employment.

Yours' faithfully, .

(Signature)

(SUBHASH KUMAR)

Under Secretary to the Govt. of India
 Telefax: 2371158

Item No. 9: Selection of External Concurrent Auditor (ECA) for the audit of
EPFO's investments

1. As per the decision taken in 196th meeting of the Central Board, EPF held on 20.07.2011, M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai were appointed as External Concurrent Auditor (ECA) for Portfolio Managers of EPFO for tenure of three years **(Annexure A)**. The tenure of the ECA, M/s Chandabhoy & Jassoobhoy commenced from 01.11.2011.
2. The Central Board in its 204th meeting held on 26.08.2014 **(Annexure B)** decided that:-
 - (a) The task of selection of External Concurrent Auditor (ECA) with the assistance of Consultant may be carried out by FIAC. (Item No.16) In the same meeting following was decided:-
 - (b) Approved the appointment of M/s CRISIL Ltd., as Consultant for selection of Concurrent Auditor (ECA). (Item No.15)
3. The Central Board in its 205th meeting held on 19.12.2014 extended the tenure of appointment of M/s Chandabhoy & Jassoobhoy as External Concurrent Auditor on nomination basis till October, 2016. **(Annexure C)**.
4. Request for proposal (RFP) process for the selection of new External Concurrent Auditor (ECA) was conducted by FIAC and bids were received from 3 (three) applicants M/s Haribhakti & Co LLP, M/s Jain Chowdhary & Co and M/s M M Nissim & Co. Based on the criteria defined in the RFP for Pre-qualification, Technical evaluation and Financial bid, the Financial bid of the only shortlisted applicant M/s Haribhakti & Co LLP was opened and announced as Rs.9,00,000 (Rs. Nine Lacs only) per month. The revised fee was quoted by M/s Haribhakti & Co LLP as Rs. 7,20,000 /- (Rs. Seven Lakh Twenty Thousand only) per month.
5. The Central Board in its 214th meeting held on 26.07.2016 decided to cancel the process and go for retendering afresh. The Board also authorized FIAC to constitute a committee of officers to finalize the tender process and report of this Committee be first considered by FIAC and then placed before the Board along with recommendations of the FIAC. **(Annexure D)**
6. FIAC in its 129th meeting held on 19.08.2016 decided to constitute a committee with two FIAC members - Dr. G Sanjeeva Reddy and Sh. J P Chowdhary and two officers of EPFO - Additional CPFC-I (IMC) and RPFC-II (Investment) for carrying out the processes as per the approved RFP alongwith the assistance from Consultant M/s CRISIL for submitting the proposal for selection of ECA before the FIAC for its consideration and appropriate recommendation to the Board. **(Annexure E)**
7. The decisions taken in 130th FIAC meeting held on 20.10.2016 on the changes proposed by Consultant M/s CRISIL were incorporated in the RFP. **(Annexure F)**

8. The committee constituted in the 129th FIAC meeting held on 19.08.2016 submitted its report (**Annexure G**) with the proposal – “As per the overall RFP process evaluation as above it is proposed that FIAC may consider the selection of M/s Haribhakti & Co LLP (scoring Rank 1) as new External Concurrent Auditor for the audit of investments done by Employees’ Provident Fund Organization’s Portfolio Managers at the quoted fee of Rs.6,30,000 (Rupees Six lakhs Thirty Thousands) per month.” The report of the committee was placed in the 131st FIAC meeting held on 13.12.2016.

9. FIAC in its 131st meeting held on 13.12.2016 recommended to the Central Board as below:

1. The Central Board may cancel the current Request for Proposal (RFP) process.
2. A fresh RFP may be floated with necessary changes and alongwith 50:50 weightage each for Technical and Financial bid respectively (instead of 70:30 as in the current RFP).
3. Central Board may also authorize CPFC to constitute a committee of officers to carry out the processes for execution of the fresh RFP process.
4. Consequently, the tenure of the present ECA, M/s Chandabhoy and Jassoobhoy may be extended by the Central Board upto 31st March, 2017.

10. The Central Board in its 215th meeting held on 19.12.2016 approved the recommendations made by the 131st FIAC.

11. As per the decision taken in 215th meeting of the Central Board, CPFC constituted a three member committee for carrying out the processes for execution of RFP with necessary changes and alongwith 50:50 weightage each for Technical and Financial Bid respectively with the assistance of Consultant, M/s CRISIL for the selection of External Concurrent Auditor (ECA) for the EPFO Fund Managers. The members of the committee were as follows –

- i) FA&CAO, Chairman
- ii) Additional CPFC-HQ (IMC), Member
- iii) Additional CPFC-I (Finance), Member

12. The Committee finalised a fresh RFP with the assistance from Consultant M/s CRISIL and executed the RFP process. Five (5) applicants, as below, submitted bids in response to RFP for appointment of ECA before the last date of receipt of bids i.e. by February 22, 2017, 12:00 noon.

Sr. No.	Name of Applicant
1	M/s Jain Chowdhary & Co
2	M/s M M Nissim & Co
3	M/s Haribhakti & Co LLP
4	M/s Mukund M Chitale & Co
5	M/s Khimji Kunverji & Co

All the above 5 applicant firms were found qualified as per the Pre-Qualification criteria of RFP and shortlisted for further evaluation of Technical and Financial bids. As per the evaluation of the Technical bids, except M/s Mukund M Chitale & Co, all other four applicants were qualified (i.e. applicants scoring at least 2.50 in Technical bid out of 5.00).

Financial bids submitted by the applicants who qualified in the Technical bid were opened in presence of the tender committee and applicants' representatives present on March 01, 2017

On evaluation of the Technical and Financial bids of the 4 applicants (qualified in the Technical bid) as per the criteria given in the RFP the final evaluation score and ranks are as below:

Sr. No.	Applicant	Technical bid scaled score (50% weight)	Financial bid scaled score (50% weight)	Final score	Rank
1	M/s Jain Chowdhary & Co	0.93	1.00	0.97	1
2	M/s Khimji Kunverji & Co	0.84	0.56	0.70	2
3	M/s Haribhakti & Co LLP	1.00	0.17	0.58	3
4	M/s M M Nissim & Co	0.68	0.21	0.44	4

13. The Report of the Committee is placed as **Annexure H**.

14. FIAC in its 133rd meeting held on 27.03.2017 considered the report of the committee and recommended to the Central Board for the appointment of M/s Jain Chowdhary & Co (scoring Rank 1) as new External Concurrent Auditor for the audit of EPFO's investments at the quoted fee of Rs. 1,06,000 (Rupees One Lakh Six Thousands only) per month for a period of three years with effect from 01st April 2017.

Proposal – The recommendation of the FIAC as in para 14 above is placed for consideration and approval of the Central Board for the appointment of M/s Jain Chowdhary & Co (scoring Rank 1) as new External Concurrent Auditor for the audit of EPFO's investments at the quoted fee of Rs. 1,06,000 (Rupees One Lakh Six Thousands only) per month for a period of three years with effect from 01st April 2017.

The list of the officers of the Ministry of Labour & Employment and the officers of EPFO who attended the meeting is given at **Annexure --"A"**.

2. The Central Provident Fund Commissioner after welcoming Hon'ble Minister for Labour & Employment, Vice-Chairman, CBT, EPF other Members of the CBT, Central Government representatives and State Government Representatives to the 196th meeting of the CBT, EPF, invited the Chairman, CBT to address the Members.

3. The Chairman welcomed the Secretary Labour & Employment, the Central Provident Fund Commissioner and Members of the Board to the extended meeting of the CBT. He thanked the members that have come to attend the Meeting, since meeting was called at a very short notice and that too outside Delhi for the first time in recent years and appreciated the support being rendered by all the members of the present Board. He invited the attention of the Members to the two agenda items that were deferred in the last meeting and now placed for consideration. He then invited the Central Provident Fund Commissioner to take up the agenda items.

4. The CPFC introduced the agenda items and based on the deliberations, the decisions of the Board on each agenda item in the list of agenda are as follows. The detailed observations made by the Members are contained in the proceedings at **Annexure-"B"**.

Item No. 1: Appointment of External Concurrent Auditor (ECA) to audit the investments of EPFO by Fund Managers.

Decision: The Board approved the recommendations of the FIC for appointment of M/s Chandabhoy and Jassoobhoy, Mumbai as external concurrent auditor for a period of three years, with the observation that their performance would be reviewed after one year and further extension would be given after assessing the performance on yearly basis.

-4-

-12-

Item No. 2: Appointment of External Concurrent Auditor (ECA) to audit the investments of EPFO by Fund Managers.

The Central Board of Trustees' EPF in its 181st meeting held on 24.01.2008 had approved the appointment of External Concurrent Auditor (ECA) to audit the investment of EPFO made by the Multiple Fund Managers. Thereafter, the Executive Committee, EPF in its 67th meeting held on 04.12.2009, approved the appointment of M/S. Jain Chowdhary & Co., the CA firm, as ECA for the period of one year for a monthly fee of Rs. 72,000 (Rupees Seventy Two Thousand per month) and also delegated powers to the CPFC for extension of the auditor for another one year based on satisfactory working of ECA. The Tenure of ECA expired on 31.03.2011.

2. The tenure of the then existing fund managers of EPFO also expired on 31.03.2011. Since, the process of selection of new fund managers was likely to take some more time, hence an agenda seeking the extension of the then existing fund managers for 3 months was put before CBT in its 193rd Meeting held on 30.03.2011. However, the CBT did not approve the extension of tenure of existing fund managers and decided that the fund management of EPFO corpus will be done solely by SBI till the selection of new fund managers.

3. In the same meeting of CBT held on 30.03.2011, an agenda was placed before it to extend the tenure of existing Concurrent Auditor for another 3 months to maintain continuity and consistency with the tenure of the then existing fund managers. But, since the CBT decided not to extend the tenure of existing fund managers, the agenda for extension of tenure of External Concurrent Auditor was withdrawn.

4. Since the tenure of the ECA expired on 31.3.2011, hence the process of appointment of New Concurrent Auditor was initiated and accordingly a committee was constituted by the competent authority under the Chairmanship of FA & CAO with RPFC (IMC) and Director (Audit) as members to propose the name of New Concurrent Auditor after following all the necessary procedures of selection who will be acting External Concurrent Auditor for the EPFO Fund Managers.

- 13 -

5. A Request for Proposal (RFP) was issued on 20.06.2011 to shortlisted 10 CA firms based on the list provided by office of Comptroller & Auditor General of India (C&AG). The shortlisted CA firms were requested to submit their Technical and Financial bids. Technical bids were to be analyzed on the basis of certain technical qualifications like technical manpower, past experience and technical knowhow, etc. The technical qualifications prescribed as per RFP Document to qualify for opening of financial bids are as follows:

- I. The name of the Partnership Firm should be registered with the ICAI.
- II. There must be atleast Five Qualified Chartered Accountants working as full-time Partners.
- III. The firm must have atleast fifteen other accounting staff members in addition to the Partners.
- IV. The firm must be registered with the ICAI on or before 01 April 2000.
- V. The Firm must have experience of atleast Five years in audit on (Concurrent basis) of the accounts of Portfolio Managers having turnover of not less than Rs. 5000 Crores.
- VI. The Firm/any partner should not have been convicted by a court of law or indictment / adverse order passed against the firm/ any partner by any regulatory authority that casts a doubt on the ability of the applicant to conduct audit, during the past Five years i.e. 01 April 2006 till date. A declaration on affidavit to this extent shall be furnished duly signed by the Managing Partner of the Firm in the Technical Bid. The affidavit should be attested by a Notary Public/Magistrate.

6. The aforesaid technical qualifications were only qualifying in nature for the shortlisted CA Firm to become eligible for opening of its financial bid.

7. A Pre-bid Conference was held on 29th June, 2011 to clarify the doubts of the applicants, if any. Last date of submission of RFP document was fixed on 8th July, 2011.

8. In response to RFP document issued, 3 CA firms submitted their bids within the stipulated time which are as under:

Sl. No.	CA Firm
1.	M/s Sarda & Pareek, Mumbai
2.	M/s Chokshi & Chokshi, Mumbai
3.	M/s Chandabhoy & Jassoobhoy, Mumbai

-2- -14-

9. In addition to the above, two more CA firms, i.e. M/s Rastogi & Donald, New Delhi and M/s Kommandor & Company, Hyderabad also submitted their proposal. However, it was observed by the Committee that two aforesaid CA firms were not included in the list supplied by the C&AG and hence have not been issued the RFP Document. The Committee decided not to open the bids submitted by these 2 CA firms.

10. Technical Bids of 3 CA Firms mentioned at Sl. No. 1 to 3 of above-mentioned table in Para 7 were opened on 11.07.2011. After evaluation of the technical bids, it was found that only two CA firms out of the three qualify for opening of their financial bids, based on the documents submitted by them. One of the applicant firm i.e. M/s Sarda & Pareek, Mumbai had neither submitted the details of experience in Portfolio Management Services (PMS) audit nor the size of the funds handled in audit were specified. Hence the Committee decided that M/s Sarda & Pareek, Mumbai does not qualify in the technical bid.

11. The financial bids of two qualifying CA Firms were opened on 15.07.2011. The results are summarized as under:

Sl. No.	Name of the CA Firm	Concurrent Audit Fee Quoted per month		Status
1.	M/s Chandabhoy & Jassoobhoy, Mumbai	Rs. 1,00,000/-	(Rupees One Lakh Only)	L1
2.	M/s Chokshi & Chokshi, Mumbai	Rs. 2,50,000/-	(Rupees Two Lakhs and Fifty Thousand only + Out of Pocket expenses not exceeding 10 % of fee and applicable taxes)	L2

12. Based on the financial bids submitted by the qualifying CA Firms, the Selection Committee recommended the name of M/s Chandabhoy & Jassoobhoy, Mumbai as the External Concurrent Auditor of Portfolio of EPFO to be managed by the Fund Managers, since it is the L1 bidder out of the participating applicants, having quoted a total fee of Rs. One Lakh only per month irrespective of number of Fund Managers.

13. The above proposal will be placed before the 106th FIC Meeting to be held on 27.07.2011 at 10.30 A.M. and the recommendations of the FIC will be placed on the table in the 196th CBT Meeting on 27.07.2011.

-3- -15-

am No. 13: Proposal for expanding Investment opportunity to Increase the earnings of the Fund (recommended by 112th FIAC held on 28.04.2014).

26/08/14
Ann-B'

The Board deferred the item. Secretary (L&E) referred to page number 127, para (v) of the agenda book and stated that the Kaul Committee was to consider the issue. She suggested that the committee may examine and the proposal be brought before the Board along with recommendations of the Kaul Committee.. Secretary also mentioned that henceforth the agenda items should be more elaborate and all the facts should be brought to the notice of the Board.

Item No.14: Challenges in investment of EPFO fund in the changed economic scenario (recommended by 113th FIAC held on 23.06.2014).

The Board deferred the item.

Item No. 15: Appointment of Consultant for Selection of Portfolio Managers, Custodian and Concurrent Auditor and Performance Evaluation of Selected Portfolio Managers (recommended by 113th FIAC held on 23.06.2014).

The proposal as contained in the agenda was approved.

Item No. 16: Constitution of Committee for Selection of Portfolio Managers, Custodian and Concurrent Auditor and Extension of tenure of appointment of Portfolio Managers, External Concurrent Auditor, Custodian.

The proposal as contained in para 16.4 of the agenda was approved. Further, instead of three member committee as proposed at para 16.6 of the agenda it was decided by the Board that the task of selection of portfolio managers, custodian and external concurrent auditor with the assistance of consultant may be carried out by FIAC.

Item No. 17: Review of Annual Performance of the Portfolio Managers of CBT, EPF for the period 01.04.2013 to 31.03.2014.

The Board noted the contents of the item and the proposal as contained in the agenda was approved.

Item No. 18: Long term funding Arrangement Agreement with Public Sector Undertakings such as NTPC (recommended by 112th FIAC held on 28.04.2014).

The Board appreciated the agenda item. After deliberations it was decided that it would be wrong to process the case on the basis of one PSU. It was decided that the matter be discussed with Central Public Sector Undertakings and State Public Sector Undertakings having investment-grade ratings of AAA. Thereafter, a comprehensive proposal be placed before the Board for consideration.

Item No. 15: Appointment of Consultant for Selection of Portfolio Managers, Custodian and Concurrent Auditor and Performance Evaluation of Selected Portfolio Managers (recommended by 113th FIAC held on 23.06.2014).

15.1 The Central Board of Trustees, EPF in its 202nd Meeting held on 13.01.2014 gave its approval for constitution a Committee to carry out the process of selection of Consultant from among the credit rating agencies registered with SEBI after which a five members Committee consisting of following members was constituted:

- i. Dr. G. Sanjeeva Reddy, Member CBT
- ii. Sh. Sharad Patil, Member CBT
- iii. Sh. Sanjay Kumar, FA & CAO, EPFO
- iv. Sh. Sanjay Kumar, RPFC-I (IMC), EPFO
- v. Sh. P.C. Pati, Director (Audit), EPFO

15.2 The said Committee met three times as detailed below:

Meeting	Date	Purpose
1.	30.01.2014	To discuss and decide the parameters for Request for Proposal (RFP)
2.	04.03.2014	To finalise the RFP for bidders
3.	12.05.2014	To open bids and evaluation thereon.

15.3 The Committee prepared the Request for Proposal and sent the same to the six credit rating agencies registered with SEBI. The same was also posted on website of EPFO. The interested parties were given four weeks time to send in their bids i.e. Pre Qualification, technical bid and financial bids till 11:30 A.M. of 9th May, 2014. Three bids were received by the office within the stipulated time pertaining to following Credit Rating Agencies:

- (i) M/s. CRISIL Ltd
- (ii) M/s. CARE
- (iii) M/s. Brickwork Ratings

15.4 The Committee met on 12th May, 2014 at 11:30 a.m. onward as per the schedule for opening of the bids received in the office and evaluating the same. It may be pertinent to highlight here that the representatives of all the bidders were present for opening of the bids. The minutes of the said Meeting are enclosed as Annexure 15A.

15.5 The Committee was of the unanimous opinion that M/s. CRISIL was the technically qualified for carrying out the assignment successfully. Thereafter, the financial bid of M/s. CRISIL was opened and the following rates were quoted for the works to be done:

-17-

Sl. No	Activity to be carried out	Period of Engagement	Consultancy Fee (In Rs.)	Total (In Rs.)
1.	Preparation of Expression of Interest (Eoi) and Request for Proposal (RFP) and In evaluating the Technical and Financial Bids for appointment of Portfolio Managers, Custodian & Concurrent Auditor. <u>(ONE TIME EXERCISE)</u>	1	32,00,000	1 X 32,00,000 = 32,00,000
2.	Monitoring the performance of the selected Portfolio Managers, Strengthening of in-house Investment Monitoring Cell (IMC) of EPFO and training the officials on investment procedure and practices from time to time and Providing research based assistance to EPFO. <u>(RECURRING EXERCISE)</u>	3	24,00,000	3 X 24,00,000 = 72,00,000
	TOTAL			1,04,00,000

15.6 The Sub-Committee decided to recommend to the Central Board of Trustees, EPF the name of M/s. CRISIL Ltd. for appointment as Consultant for the assignment as mentioned in the RFP on its quoted fee.

15.7 The recommendations of the Sub-Committee constituted for the purpose was placed before the 113th Meeting of Finance Investment & Audit Committee (FIAC) held on 23rd June, 2014 as Item No. 4. (Copy placed as Annexure 15B). Keeping in view of the paucity of time and importance of the matter the Committee after detailed discussion decided to recommend the name of M/s. CRISIL Ltd. for appointment as Consultant for Selection of Portfolio Managers, Custodian and Concurrent Auditor and performance evaluation of selected Portfolio Managers to the Chairman, CBT, EPF for approval and the matter may be placed in the next Meeting of CBT for information/ratification. A copy of minutes of the said FIAC Meeting is placed as Annexure 15C.

15.8 Accordingly, recommendations of the FIAC was forwarded to the Hon'ble Chairman, CBT, EPF vide UO Note no. HO/IMC/116/AOC/2013/893 dated 09th July, 2014 for approval. A copy of the said note is placed as Annexure 15D.

-18-

15.9 Accordingly, the following is placed for consideration by the Board;

(a) After sending the note to Hon'ble Chairman, the 204th meeting of CBT, EPF was scheduled to be held on 21.08.2014. Accordingly, if the approval of the Hon'ble Chairman is received before the meeting the same may be ratified and taken note of.

(b) However, if the same is not received the Board is requested to consider the recommendation of FIAC and approve the name of "M/s CRISIL Ltd. for appointment as Consultant for Selection of Portfolio Managers, Custodian and Concurrent Auditor and performance evaluation of selected Portfolio Managers".

Proposal : The agenda is placed before the Board for consideration of
Para 15.9(a) 'OR' 15.9(b) as proposed above

-19-

Item No. 16: Constitution of Committee and Selection of Portfolio Managers, Custodian and Concurrent Auditor and Extension of tenure of appointment of Portfolio Managers, External Concurrent Auditor, Custodian and Consultant.

16.1 The Central Board of Trustees, in its 191st Meeting held on 09.12.2010, approved the appointment of M/s. CRISIL as Consultant to assist EPFO in selection of Portfolio Managers. In the same meeting, the CBT also decided to constitute a new committee for selection of Portfolio Managers. Subsequently, the CBT in its 195th Meeting held on 14.07.2011 appointed four Portfolio Managers namely State Bank of India, ICICI Securities PD Ltd, Reliance Capital AML and HSBC AML for EPFO for three years. The appointed Portfolio Managers started managing the EPF funds from 01.11.2011. Accordingly, the three-year tenure of the present Portfolio Managers is due to expire on 31st October, 2014..

16.2 Going by the process on the last occasion as briefly mentioned in the above Para wherein first a consultant to assist EPFO in selection of portfolio managers was appointed and thereafter, the portfolio managers were selected by EPFO, the process of appointment of Consultant was initiated in November 2013. As the CBT Meeting was not likely to be held in the near future, approval on proposal for initiating the process of appointment of consultant was sought from the Chairman, CBT (EPF). The Hon'ble Chairman approved the proposal after which a Five-Member Committee for Appointment of Consultant for selection of Portfolio Managers, Custodian and Concurrent Auditor and Performance Evaluation of Selected Portfolio Manager was constituted. The recommendations of the said Committee were placed before the 113th Meeting of FIAC held on 23rd June, 2013. As per the recommendation of FIAC, the approval of the Chairman, CBT (EPF) on appointment of M/s. CRISIL Ltd. as Consultant of EPFO for the tasks as outlined in the RFP was sought vide UO note No. HO/IMC/116/ACC/2013/893 dated 9th July, 2014. The Hon'ble Chairman gave its approval on appointment of M/s. CRISIL Ltd. as a Consultant for selection of Portfolio Manager, Custodian and External Concurrent Auditor and Performance Evaluation of Selected Portfolio Managers. An agenda item on the same is also placed in this Meeting for information and ratification. A formal agreement with the new Consultant will be finalized soon.

16.3 The process for appointment of portfolio managers, custodian and external concurrent auditor is to be initiated at the earliest with the aim to complete the process by the first week of October, 2014. However, it may be pertinent to highlight that the process has already got delayed because this being a general election year, the CBT could not meet after February 2014. Further in 2011, the entire process of selection of Portfolio Managers took about 8 months from the date of appointment of Consultant i.e. the Consultant was appointed on 09th December, 2010 and the selection procedure of Portfolio Managers was completed on 04th August, 2011.

16.4 Moreover, in the selection process there would be unforeseeable delay in various approvals which could delay the process. It is further pointed out that about one and half months time would be required for opening of accounts, etc. with RBI and Custodian. Accordingly, it is proposed to extend the tenure of the present Portfolio Managers, Custodian and External Concurrent Auditor upto 31st March, 2015 on the same terms and

-20-

conditions. Consequently, the period of M/s. CRISIL Ltd, Consultant for performance evaluation of present Portfolio Managers may also be extended upto 3^{1st} March, 2015 on the same terms and conditions, as it is felt that the management fees being charged by all the Portfolio Managers is reasonable as well as competitive.

16.5 It is further highlighted that the Consultant, M/s. CRISIL has given a minimum of three month schedule for the entire process of selection of Portfolio Managers, Custodian and Concurrent Auditor, which would broadly include the following activities:

- i. Designing of criteria for selection of Portfolio Managers, Concurrent Auditor and Custodian.
- ii. Preparation of Expression of Interest (EOI) for invitation of bids.
- iii. Preparation of Request for Proposal (RFP).
- iv. Holding pre-bid conference.
- v. Evaluation of technical and financial bids.

16.6 Further, on the last occasion (i.e. in 2011), the Hon'ble Chairman, CBT (EPF) had constituted a Three-Member Committee consisting of officers from EPFO headed by the CPFC with FA & CAO and RPFC-I (IMC) as members to carry out the task of selection of portfolio managers with the assistance of the Consultant. Accordingly, in the instant case also, it is proposed to constitute a Committee preferably consisting of three members including the Chairman for the purpose of selection of Portfolio Managers, Custodian and External Concurrent Auditor.

Proposal: The proposal contained in Para 16.4 and Para 16.6 are placed before the Board for consideration and approval.

-21-

core competence to run Workers Bank. However, the suggestions for a Workers' Bank can be referred for consideration of DFS based on discussions in CBT.

Item No. 18: RFP for appointment of Portfolio Managers- Recommendation of FIAC to appoint SBI as Port Follo Manager on nomination basis.

The proposal as contained in the agenda was approved.

Item No. 19: Extension of M/s Standard Chartered Bank as Custodian

The proposal as contained in the agenda was approved.

Item No. 20: Extension of M/s Chandooobhoy and Jassoobhoy as External Concurrent Auditor.

The proposal as contained in the agenda was approved.

Item No. 21: Amendment in Pattern of Investment notified by MoL & E on 21st November 2013.

The proposal as contained in the agenda was approved for recommending to the Government.

Item No. 22: Increasing the limit of investment in Private Sector category from 10% to 15%.

The Board desired that the issue be examined first by the expert committee and then by FIAC. The detailed analysis of expert committee and FIAC should later be presented before Board.

Item No. 23: Proposal for implementation of enhancement of minimum pension to Rs. 1,000/- per month (Implemented for financial year 2014-15) in perpetuity

The Board after deliberations decided to refer the matter to the Government. The Board also recommended that such pensioners who had taken commutation, should also be eligible for minimum pension of Rs. 1,000/- after 15 years.

Item No. 24: Proposed amendments in the Employees' Pension Scheme 1995.

The proposal was deferred.

Item No. 25: Information regarding implementation of National Pension System (NPS) w.e.f. the date NPS was adopted by the Central Board in its 190th meeting i.e. w.e.f. 15-09-2010 and representations received by various officers in this regard.

Item No. 20: Extension of M/s Chandabhoy & Jassoobhoy as External Concurrent Auditor (ECA) for the Employees' Provident Fund Organization (EPFO) Portfolio Managers.

20.1 The CBT in its 204th meeting held on 26.08.2014 - *inter alia*

- a. approved the appointment of M/s. CRISIL Ltd., as Consultant for Selection of Portfolio Managers, Custodian and Concurrent Auditor and Performance Evaluation of Selected Portfolio Managers and its term was extended upto 31st March 2015 on the same terms and conditions.
- b. decided by the CBT that the task of selection of portfolio managers, custodian and external concurrent auditor with the assistance of consultant may be carried out by FIAC.

20.2 M/s. CRISIL Ltd., accordingly prepared the draft Request for Proposal (RFP) documents for the selection of the External Concurrent Auditor (ECA), and the same was placed before the 115th FIAC held on 11-11-2014.

20.3 The FIAC in its 115th meeting on the agenda of Request for Proposal (RFP) documents for appointment as External Concurrent Auditor (ECA) for the Employees' Provident Fund Organisation (EPFO) deliberated and concluded as below:-

The Consultant tabled the changes in the selection process of the External Concurrent Auditor that were agreed to by the FIAC.

FA & CAO however, informed the committee that the term of the current external concurrent auditor should be extended to 5 years in line with the provisions of the present Companies Act. If agreed to, this will ensure the continuity of the Chartered Accountant who has acquired specialized knowledge for doing the concurrent audit of highly regulated investment process that EPFO follows. Extending the tenure of the concurrent auditor, will in turn ensure that at the time of new cycle of appointment of portfolio managers, concurrent auditor is better equipped with its previous experience to oversee and monitor the functioning of the portfolio managers. Considering the above arguments, the FAIC decided that the tenure of present external concurrent auditor should be extended till October, 2016 on the same terms and conditions on which they were appointed. The committee further directed that a letter of consent should be obtained from the present external concurrent auditor and agenda may be placed before the next CBT for its approval.

20.4 Letter of consent has been obtained from M/s. Chandabhoy & Jassoobhoy, as External Concurrent Auditor. *(to be included after receiving of the same, accordingly)*

20.5 The CBT may consider to further extend the tenure of appointment of M/s Chandabhoy & Jassoobhoy on nomination basis from 01/04/2015 till October 2016 on the same terms and conditions on which they were appointed.

Proposal: The proposal contained in para 20.5 above are placed for consideration and decision please.

-23-

14

CHANDABHOY & ASSOOBHOY

CHARTERED ACCOUNTANTS

Ref. No. 493

December 5, 2014

Mr. Anuraj Singh
Regional P.F. Commissioner -II (Investment)
Employees' Provident Fund Organisation
Bhavishya Nidhi Bhavan,
14-Bhikaiji Cama Place,
New Delhi - 110 066.

Dear Sir,

Re: Extension of our tenure as External Concurrent Auditor for EPFO's Portfolio.

We acknowledge with thanks receipt of your letter no. Invest.I/1(35)/02/ECA/2011/26942 dated 3rd December 2014, regarding proposed extension of the tenure of our firm as External Concurrent Auditor. We shall be glad to continue, if the tenure of our assignment is extended on the earlier terms and conditions.

Thanking you,

Yours faithfully,
For Chandabhoi & Jassooobhoi
Chartered Accountants

Samir Chitoy
Samir Chitoy
Managing Partner

Priority

G.O. (Inv)

20/12/14

अंतरिमिति

15/12/14

12/14

Senior Citizen Welfare Fund, Central Government would give guarantee of payment of the amount to the said member along with interest. He further, stated that this amendment has been carried out by the Government in exercise of its sovereign powers by notification of the Amendment Act as well as the rules framed for this purpose. Since the subject matter pertains to EPFO, it is duty bound to inform the Board about the said Amendment approved by the Parliament.

S/Sh. Ravi Wig, J.P. Chowdhary and G. P. Srivastava stated that even if said law has been passed, the Central Board, being Trustees, should have ultimate control over the Funds under the statutory provisions contained in the EPF & MP Act, 1952 regarding administration of the funds. They proposed that the Board may consider and recommend to the Government that issue may be taken up with Finance Ministry for cancellation of the amendment in respect of EPFO.

Sh. Sushant Sen submitted that EPFO must try to reduce the number of inoperative account by counselling employers and also by clarifying definition of unclaimed accounts. Sh. D. U. Menon stated that since the notification is dated 14.05.2016, it would have been proper, if this agenda was brought to the notice of Board in its next meeting held immediately thereafter.

Vice Chairman and Secretary (L&E) informed the Board that during the process of inter-ministerial consultation, the Ministry of Labour & Employment had reservations on the proposal. However, in spite of the reservations, the Parliament has approved the said amendment.

All the members requested the Chairman that notwithstanding the said amendment, the issue may be taken up with the Finance Ministry.

Intervening in the discussion, Chairman appreciated the sentiments of the members and assured that he would definitely explore what can be done in the matter. He directed that EPFO may work out mechanism to ensure that inoperative accounts should not increase in future. Chairman stated that we need to launch a nation wide programme to ensure the maximum possible Aadhaar seeding of UAN by 31.03.2017. The members requested Chairman to convene special meeting for discussing various possible schemes for benefit of workers.

With these observations, item as placed before the Board was withdrawn.

Item No. 8: Selection of External Concurrent Auditor (ECA) for the audit of investments done by Employees' Provident Funds Organization's Portfolio Managers

CPFC explained the agenda. The Board decided to cancel the process and go for retendering afresh. The Board also authorized FIAC to constitute a committee of officers to finalize the tender process and report of this Committee be first considered by FIAC and then placed before the Board along with recommendations of the FIAC.

26-07-2016

New Delhi

Item No. 8: Selection of External Concurrent Auditor (ECA) for the audit of investments done by Employees' Provident Fund Organization's Portfolio Managers

1. As per the decision taken in 196th meeting of the Central Board, EPF held on 20.07.2011, M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai were appointed as External Concurrent Auditor (ECA) for Portfolio Managers of EPFO for tenure of three years (**Annexure B**). The tenure of the ECA, M/s Chandabhoy & Jassoobhoy commenced from 01.11.2011.
2. The Central Board in its 204th meeting held on 26.08.2014 (**Annexure C**) decided that:-
 - (a) The task of selection of External Concurrent Auditor (ECA) with the assistance of consultant may be carried out by FIAC. (Item No.16)
 - In the same meeting following was decided:-
 - (b) Approved the appointment of M/s CRISIL Ltd., as Consultant for selection of Concurrent Auditor (ECA). (Item No.15)
3. M/s CRISIL prepared the draft Request for Proposal (RFP) documents for the selection of the External Concurrent Auditor (ECA), and the same were placed before the 115th FIAC held on 11.11.2014. In the meeting, the Consultant tabled the changes in the selection process of the External Concurrent Auditor that were agreed to by the FIAC.
4. 115th FIAC further recommended that the tenure of present External Concurrent Auditor should be extended till October 2016 on the same terms and conditions on which they were appointed. The Central Board in its 205th meeting held on 19.12.2014 extended the tenure of appointment of M/s Chandabhoy & Jassoobhoy as External Concurrent Auditor on nomination basis till October, 2016. (**Annexure D**)
5. Consultant M/s CRISIL submitted the updated Request for proposal (RFP) documents for the selection of External Concurrent Auditor (ECA) and the same was approved by FIAC in its 125th meeting held on 24.05.2016 with certain changes.
6. The date-wise key activities undertaken for the purpose of the above approved RFP process is outlined below -

Sr.No.	Key Activities	Date
1.	Issue of Request For Proposal (RFP)	06 th June 2016 (Monday)
2.	Last date for submission of queries via e-mail or post on RFP	24 th June 2016 05:00 PM (Friday)
3.	Pre-bid Conference	27 th June 2016 03:00 PM (Monday)
4.	Last date for receipt of bid; Opening of Pre-Qualification bids; Opening of Technical bids for eligible Applicants	04 th July 2016 03:00 PM (Monday)

Sr.No.	Key Activities	Date
5.	Opening of Financial bids for the eligible Applicants	22 nd July 2016 (Friday)

7. Bids were received from following 3 (three) applicants:
- M/s Haribhakti & Co LLP (No representative was present)
 - M/s Jain Chowdhary & Co (Representative name: Sh D B Joshi)
 - M/s M M Nissim & Co (Representative name: Sh Nitesh K Jain)
8. Based on pre-qualification criteria defined in the RFP, the pre-qualification documents were examined and FIAC declared all the above three applicants as qualified in the pre-qualification bid.
9. The technical bids of the three applicants qualified in the pre-qualification bid were opened and evaluated by consultant M/s CRISIL as per the criteria defined in the RFP and the findings were placed before the FIAC in its 128th meeting held on 22/07/2016. On the basis of the score of the applicants in the Technical Bid, FIAC declared M/s Haribhakti & Co LLP shortlisted for the evaluation of the Financial Bid.

Applicant	Quantitative Criteria (65% weight)	Qualitative Criteria (35% weight)	Final Score	Rank	Eligible for Financial Bid
M/s Haribhakti & Co LLP	0.6449	0.2400	0.8849	1	Yes
M/s Jain Chowdhary & Co	0.3121	0.2713	0.5833	2	No
M/s M M Nissim & Co	0.3144	0.1682	0.4826	3	No

10. The Financial bid of the shortlisted applicant M/s Haribhakti & Co LLP was opened and the financial bid quoted by M/s Haribhakti & Co LLP was announced as Rs.9, 00,000 (Rs. Nine Lacs only) per month.
11. FIAC decided that since only one applicant was eligible for financial bid opening, the reasonableness of financial bid should be evaluated. FIAC noted that financial bid quoted by M/s Haribhakti & Co LLP of Rs.9,00,000/- (Rupees Nine Lakh Only) per month since unreasonable as compared to the fee currently being paid to the current ECA which is Rs.1,00,000/- per month. FIAC discussed the matter and considered that the owing to the specific requirements of the EPFO such as - the firms should have functional offices at Mumbai & Delhi having responsible officials; the firm must be empanelled with comptroller and Auditor General of India (CAG) as on the date of RFP etc., there are limited number of qualified firms. FIAC, therefore, in view of the CVC

—27—

Circular No. 4/3/07 dated 3rd March, 2007, decided that in this exceptional situation of limited sources of supply, the authorised representative(s), as given by M/s Haribhakti & Co LLP in its proposal, be called for negotiation on the quoted fees to arrive at a reasonable fee. FIAC decided to authorize a three member committee (Sh. Sunil Kumar Yadav RPFC-II (IMC), Sh. Amul Raj Singh RPFC-II (Investment) and Sh. Ajay Kumar RPFC-II (IMC)) for conducting the negotiation on the quoted fees with the authorized representative(s) of M/s Haribhakti & Co LLP to arrive at a reasonable fee and to authorise the Chairman, FIAC to place the outcome before the Central Board for a suitable decision.

12. The three member committee submitted its report dated 25.07.2016 alongwith the written response from the authorized representative of M/s Haribhakti & Co LLP to the Chairman FIAC/CPFC. (Annexure A)
13. The revised fee quoted by M/s Haribhakti & Co LLP is Rs. 7,20,000 /- (Rs. Seven Lakh Twenty Thousand only) per month.
14. Chairman FIAC/ CPFC decided to place the matter before the Central Board –

- Proposal:**
- (a) **Whether the revised quoted fee by M/s Haribhakti & Co LLP of Rs. 7,20,000 /- (Rs. Seven Lakh Twenty Thousand only) per month for External Concurrent Auditor (ECA) may be accepted and accordingly M/s Haribhakti & Co LLP be selected as External Concurrent Auditor for the next 3 years.**
 - or
 - (b) **In view of the differential between the fee being paid to the current ECA (i.e. Rs.1,00,000/- per month) and the revised fee quoted by M/s Haribhakti & Co LLP (ie. Rs. 7,20,000 /- Rs. Seven Lakh Twenty Thousand only) per month, whether the Central Board may authorise FIAC to go for a fresh tender for Selection of External Concurrent Auditor (ECA) for the audit of investments of Employees' Provident Fund Organization's Portfolio Managers**

-28-

Item No.1: Confirmation of the Minutes of 128th Meeting of the Finance Investment & Audit Committee (FIAC) held on 22.07.2016.

The minutes of 128th Meeting of the Finance Investment & Audit Committee held on 22.07.2016 were confirmed.

Item No.2: Action taken report on the recommendation of the 128th Meeting of the Finance Investment & Audit Committee (FIAC) held on 22.07.2016.

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

Item No.3: Selection of External Concurrent Auditor (ECA) for the audit of Investments done by Employees' Provident Fund Organisation's Portfolio Managers.

In view of the 214th Central Board decision to cancel the process of the selection of External Concurrent Auditor and to go for re-tendering afresh, the FIAC deliberated upon the Request for Proposal as prepared by consultant CRISIL and approved the Request for Proposal with below mentioned modifications in the process-

(i) There will not be any minimum score in technical bid evaluation criteria for short listing of applicants for evaluation of financial bid.

(ii) The RFP will also be shared with ICAI for wider circulation of RFP among the

Chartered Accountants empanelled with the Controller and Auditor General of India. Further, as discussed in the 214th Central Board, the FIAC deliberated and decided to constitute a committee of two FIAC Members, Dr. G. Sanjeeva Reddy and Sh. J.P. Chowdhary and two officers of EPFO, Addl.CPFC(IMC) and RPFC-II(Investment) for carrying out the process as per the approved Request for Proposal along with the assistance of M/s CRISIL, Consultant for submitting the proposal for the selection of External Concurrent Auditor before the FIAC for consideration and appropriate recommendations to Central Board.

Item No.4: Model Agreement on Banking Agreement between the Central Board, EPF and Nationalised Banks in respect of funds belonging to and under control of the Central Board.

FIAC approved the model agreement on banking agreement to be entered with Nationalised Banks other than SBI.

Item No.5: Performance Evaluation of Portfolio Managers for the period 01.04.2016 to 30.06.2016.

The item was taken note of by the Committee.

Item No.1: Confirmation of the Minutes of 129th Meeting of the Finance Investment & Audit Committee (FIAC) held on 19.08.2016.

The minutes of 129th Meeting of the Finance Investment & Audit Committee held on 19.08.2016 were confirmed.

Item No.2: Action taken report on the recommendation of the 129th Meeting of the Finance Investment & Audit Committee (FIAC) held on 19.08.2016.

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

In respect of item no 8 of 129 FIAC (Amendment of clause 11 (vii) of Portfolio Management Service Agreement pertaining to primary market transactions, it was directed to bring an agenda item on the issue before the FIAC.

Item No.3: Extension of External Concurrent Auditor (ECA) M/s Chandabhoy & Jassoobhoy for the audit of investments done by employees' Provident Fund Organisations's portfolio Managers upto quarter ending 31st December, 2016.

The item as contained in the agenda was approved by the FIAC.

Item No.4: Selection of External Concurrent Auditor (ECA) for the audit of investments done by Employees' Provident fund Organisation's Portfolio Managers.

Based on the deliberations of the committee constituted by FIAC to administer the ECA selection process, CRISIL presented the proposed changes in the RFP for appointment of ECA for consideration to the members of FIAC. The key changes proposed in the RFP along with the decision taken by FIAC are summarized below:

1. Pre-qualification criteria:

S. No	Criteria	Proposed changes in criteria	Discussion points and decision taken in the meeting
1	The name of the Partnership Firm should be registered with the ICAI. The Firm must have registered with the ICAI on or before 01 April, 2006.	The firm must have registered with the ICAI on or before 01 April, 2011.	Given the criticality of concurrent audit function it was decided that the requirement of the firm being registered with ICAI on or before 01 April, 2006 be retained. * The requirement of the firms being registered

S. No	Criteria	Proposed changes in criteria	Discussion points and decision taken in the meeting
			with ICAI at least 10 years before is essential to weed out small audit firms which are typically a consortium of few auditors and carry out petty audit related work.
2	Should have valid Income tax Permanent Account Number (PAN) as on date of application	-	<ul style="list-style-type: none"> Old and established audit firms have the advantage of robust systems and processes and also attract efficient work force. <p>It was agreed to retain parameter in the RFP.</p>
3	There must be at least FIVE (5) Qualified Chartered Accountants working as fulltime Partners as on the date of application.	This parameter can be removed.	It was decided that the requirement of at least FIVE (5) Qualified Chartered Accountants working as fulltime Partners be retained. It was also highlighted that IRDA also prescribes similar criteria for appointment of statutory auditors.
4	The firm must have at least FIFTEEN (15) other accounting staff members in addition to the Partners as on the date of application.	This parameter can be removed.	It was decided that the requirement at least FIFTEEN (15) other accounting staff members be removed. It was discussed that the criteria of having at least 5 fulltime partners would be sufficient to assess adequacy of staff.
5	The Firm must have experience in each of the last FIVE (5) Financial Years ending 31 March,	Concurrent audit of investment function	It was decided that the concurrent audit of portfolio manager be considered

S. No	Criteria	Proposed changes in criteria	Discussion points and decision taken in the meeting
	2016 in concurrent audit of at least one account of Portfolio Manager* with annual turnover# of at least Rs.5,000 Crores.	can be considered.	instead of specifying concurrent audit of investment function of portfolio manager. It was discussed that specifying concurrent audit of investment function of portfolio manager would make the criteria restrictive.
6	The Firm / any partner should not have been convicted by a court of law or indictment / adverse order passed against the firm / any partner till the date of application.	-	It was agreed to retain parameter in the RFP.
7	Should have functional offices at Mumbai & Delhi having responsible officials.	Requirement of having an office in Delhi can be removed.	It was decided that the criteria of having an office in Delhi be removed. It was deliberated that since all the portfolio managers of EPFO as well as the Custodian operate from Mumbai, having an office in Mumbai would suffice.
8	The firm must be empanelled with Comptroller and Auditor General of India (CAG) as on the date of RFP.	This parameter can be removed.	It was decided that the criteria of the firm being empaneled with CAG be retained. Further, though EPFO has no statutory requirement of appointing only auditors empaneled with CAG, selecting auditors empaneled with CAG would be more prudent as: <ul style="list-style-type: none"> * CAG has the requisite expertise in empaneling auditors.

-32-

S. No	Criteria	Proposed changes in criteria	Discussion points and decision taken in the meeting
-------	----------	------------------------------	---

- CAG empaneled auditors undergo a robust examination process.
- The credentials of the auditors not being empaneled with CAG may be uncertain.

2. Technical evaluation criteria - Quantitative:

Measure	Measurement Criteria	Weight	Proposed changes	Proposed weight	Final weight	Discussion points and decision taken in the meeting
Track record of continuous operations	Number of years of continuous operations as of 31 March, 2016.	5%	This parameter can be removed and 5% weight can be assigned to parameter capturing relevant experience.	0%	0%	It was decided to remove this parameter.
Aggregate of Average Assets Under Management (AAUM)	Aggregate AAUM across all accounts of Portfolio Managers*	15%	Only concurrent audit of investment function	15%	15%	It was decided that the concurrent audit of

- 33 -

Measure	Measurement Criteria	Weight	Proposed changes	Proposed weight	Final weight	Discussion points and decision taken in the meeting
---------	----------------------	--------	------------------	-----------------	--------------	---

(whose concurrent audit is done by the firm) - sum of aggregate AAUM as of 31 March, 2016; 31 March, 2015; 31 March 2014; 31 March 2013 and 31 March 2012.

can be considered.

portfolio manager be considered instead of specifying concurrent audit of investment function of portfolio manager. It was discussed that specifying concurrent audit of investment function of portfolio manager would make the criteria restrictive.

Relevant experience	Experience of the firm in terms	15%	Only concurrent	20%	20%	The change in weight
---------------------	---------------------------------	-----	-----------------	-----	-----	----------------------

Measure	Measurement Criteria	Weight	Proposed changes	Proposed weight	Final weight	Discussion points and decision taken in the meeting
---------	----------------------	--------	------------------	-----------------	--------------	---

of financial years
as of 31 March,
2016 in
concurrent audit
of the accounts
of Portfolio
Managers*
having turnover[#]
of not less than
Rs.5,000 Crores.

audit of
investment
function
can be
considered
and
increase
weight to
20%.

assigned to
this
parameter
was
approved.
However, it
was decided
that the
concurrent
audit of
portfolio
manager be
considered
instead of
specifying
concurrent
audit of
investment
function of
portfolio
manager. It
was
discussed
that
specifying
concurrent

- 35 -

Measure	Measurement Criteria	Weight	Proposed changes	Proposed weight	Final weight	Discussion points and decision taken in the meeting
---------	----------------------	--------	------------------	-----------------	--------------	---

audit of investment function of portfolio manager would make the criteria restrictive.

Number of clients	Number of accounts of Portfolio Managers* having turnover# of at least Rs.5,000 Crores - sum of number of clients as of 31 March, 2016; 31 March, 2015; 31 March 2014; 31 March 2013 and 31 March 2012	15%	Number of accounts of portfolio managers where concurrent audit of investment function was carried out can be considered.	15%	15%	It was decided that the concurrent audit of portfolio manager be considered instead of specifying concurrent audit of investment function of portfolio manager. It was discussed
-------------------	--	-----	---	-----	-----	--

- 36 -

Measure	Measurement Criteria	Weight	Proposed changes	Proposed weight	Final weight	Discussion points and decision taken in the meeting
---------	----------------------	--------	------------------	-----------------	--------------	---

that specifying concurrent audit of investment function of portfolio manager would make the criteria restrictive.

Number of qualified Chartered Accountants working as fulltime Partners	Number of qualified Chartered Accountants working as fulltime Partners as of 31 March, 2016.	6%	These parameters can be removed and weights can be assigned to	0%	5%	It was decided that these parameters be retained along with the new parameters
Experience of partners	Cumulative experience of partners of firm 31 March, 2016	6%	the proposed new parameters		5%	proposed for evaluation of proposed
Number of accounting staff	Number of accounting staff members	3%	evaluating the assigned		5%	execution team.

Measure	Measurement Criteria	Weight	Proposed changes	Proposed weight	Final weight	Discussion points and decision taken in the meeting
---------	----------------------	--------	------------------	-----------------	--------------	---

members	excluding fulltime Partners, who are chartered accountants as of 31 March, 2016.		partner and proposed execution team.			
---------	--	--	--------------------------------------	--	--	--

Proposed new parameters:

Measure	Measurement Criteria	Proposed weight	Final weight	Discussion points and decision taken in the meeting
Relevant experience of the partner assigned	Experience (in years) of the assigned partner for the said assignment in concurrent audit of investment function of portfolio managers* as on March 31, 2016	15%	5%	The new proposed parameters were approved.
Number of members in the proposed execution team	Number of members who are qualified CA in the proposed execution team for the said assignment	5%	5%	

-38-

Relevant experience of proposed execution team

Aggregate experience (in years) of proposed execution team in concurrent audit of investment function of portfolio managers* as on March 31, 2016

10% 5%

CRISIL highlighted that the aggregate weight of quantitative parameters would increase to 80% from 65% and was approved in the meeting.

3. Technical Evaluation Criteria - Qualitative:

Objective	Parameters	Measurement criteria	Weight	Proposed changes	Proposed weight	Discussion points and decision taken in the meeting
	Proposed project plan for execution of the assignment		20%	-	20%	-
Proposed project plan	Proposed technology platform & system, MIS formats, Business Continuity Plan & Disaster Recovery Plan and Data Security	Detailed of proposed technology platform & system, MIS formats, Business Continuity Plan & Disaster Recovery Plan and Data Security	20%	-	20%	It was decided to retain this parameter.

-39-

Objective	Parameters	Measurement criteria	Weight	Proposed changes	Proposed weight	Discussion points and decision taken in the meeting
Proposed execution team			15%	-	0%	-
Profile of the proposed execution team	Qualification and Experience	Qualification and Experience based on CVs submitted	15%	This parameter can be removed	0%	It was decided that this parameter be removed as new parameters on relevant experience of the assigned partner and number of members and experience of proposed execution team are added in quantitative criteria.
Total			35%	-	20%	-

CRISIL highlighted that the aggregate weight of qualitative parameters would decrease to 20% from 35% and was approved in the meeting.

4. RFP process:

-40-

Steps	Details of steps	Proposed changes	Discussion points and decision taken in the meeting
-------	------------------	------------------	---

Step 1 - Submission

- Submission of Pre-Qualification, Technical and Financial bids by Applicants as per the formats prescribed in the RFP along with all supporting documents.

Step 2 - Verification

- A Committee of officers of EPFO constituted for the purpose and consultant appointed by EPFO, will open and evaluate the contents of the documents received to ascertain that all documents/information requirements are provided in the format and the manner specified.

- In the 129th meeting of FIAC, it was decided to constitute a committee of two FIAC members, Dr. G Sanjeeva Reddy and Sh. J.P Chowdhary and two officers of EPFO, Addl. CPFC (IMC) and RPFC-II (Investment) with the objective of carrying out the process of selection of ECA as per the approved RFP along with the assistance of CRISIL and submit the proposal for the selection of ECA before FIAC for its consideration and appropriate

— 41 —

Steps	Details of steps	Proposed changes	Discussion points and decision taken in the meeting
-------	------------------	------------------	---

recommendations to the Central Board.

Step 3 - Evaluation	<ul style="list-style-type: none"> • Evaluation of Pre-Qualification bids of all applicants. • Evaluation of Technical bids of the applicants qualifying in the pre-qualification criteria. • Evaluation of financial bid of applicants obtaining minimum score of 65% in the technical bid • The final evaluation would be based on applicants' score in technical and financial bids having weight of 80% and 20% respectively. 	<ul style="list-style-type: none"> • For the evaluation of financial bids of the applicants, the minimum qualifying score of 65% can be removed. • Revision in the weights of the final evaluation based on applicants' scores in technical and financial bids to be 70% and 30%, respectively. • Applicant eligible for technical bid evaluation will be required to make a presentation on the technical bid submitted. 	<p>Proposed changes were approved. Further, it was suggested that the presentations be scheduled within the evaluation timelines of technical bid evaluation.</p>
---------------------	---	--	---

5. It was discussed and agreed by members of FIAC that physical verification of all the securities of EPFO with custodian and other securities every quarter and at the end of financial year and furnish the certificate to this extent be added in the duties and responsibilities of the ECA.

-42-

Report of the committee constituted for carrying out the process as per the approved RFP for Selection of External Concurrent Auditor (ECA) for the audit of investments done by Employees' Provident Fund Organization's Portfolio Managers

1. As per the decision taken in 196th meeting of the Central Board, EPF held on 20.07.2011, M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai were appointed as External Concurrent Auditor (ECA) for Portfolio Managers of EPFO for tenure of three years. The tenure of the ECA, M/s Chandabhoy & Jassoobhoy commenced from 01.11.2011.
2. The Central Board in its 204th meeting held on 26.08.2014 decided that:-
 - (a) The task of selection of External Concurrent Auditor (ECA) with the assistance of Consultant may be carried out by FIAC.
 - In the same meeting following was decided:-
 - (b) Approved the appointment of M/s CRISIL Ltd., as Consultant for selection of Concurrent Auditor (ECA).
3. The Central Board in its 205th meeting held on 19.12.2014 extended the tenure of appointment of M/s Chandabhoy & Jassoobhoy as External Concurrent Auditor on nomination basis till October, 2016.
4. The Request for proposal (RFP) document for the selection of new External Concurrent Auditor (ECA) was submitted by the Consultant M/s CRISIL and was approved with certain changes by FIAC in its 125th meeting held on 24.05.2016.
5. Bids were received from 3 (three) applicants M/s Haribhakti & Co LLP, M/s Jain Chowdhary & Co and M/s M M Nissim & Co. Based on the criteria defined in the RFP for Pre-qualification, Technical evaluation and Financial bid, the Financial bid of the only shortlisted applicant M/s Haribhakti & Co LLP was opened and announced as Rs.9,00,000 (Rs. Nine Lacs only) per month. The revised fee was quoted by M/s Haribhakti & Co LLP as Rs. 7,20,000 /- (Rs. Seven Lakh Twenty Thousand only) per month.
6. The Central Board in its 214th meeting held on 26th July 2016 decided to cancel the process and go for retendering afresh. The Board also authorized FIAC to constitute a committee of officers to finalize the tender process and report of this Committee be first considered by FIAC and then placed before the Board along with recommendations of the FIAC.
7. FIAC in its 129th meeting held on 19th August 2016 decided to constitute a committee with two FIAC members - Dr. G Sanjeeva Reddy and Sh. J P Chowdhary and two officers of EPFO - Additional CPFC (IMC) and RPFC-II (Investment) for carrying out the processes as per the approved RFP alongwith the assistance from Consultant M/s CRISIL for submitting the proposal for selection of ECA before the FIAC for its consideration and appropriate recommendation to the Board.
8. The decisions taken in 130th FIAC meeting held on 20th October 2016 on the changes proposed by Consultant M/s CRISIL were incorporated in the RFP.

9. The committee constituted for the purpose executed the RFP process schedule of key activities as outlined below:

Sr.No.	Key Activities	Date
1.	Issue of Request For Proposal (RFP)	4 th Nov 2016 (Friday)
2.	Last date for submission of queries via e-mail or post on RFP	14 th Nov 2016 (Monday)
3.	Pre-bid Conference	15 th Nov 2016 (Tuesday)
4.	Last date for receipt of bid	28 th Nov 2016 (Monday) 03:00 PM
5.	Opening of Pre-Qualification bids	28 th Nov 2016 (Monday)
6.	Opening of Technical bids for eligible Applicants	28 th Nov 2016 (Monday)
7.	Opening of Financial bids for the eligible Applicants	11 th Dec 2016 (Sunday) 11:00 AM

On the above scheduled dates, for meeting of the Committee on 15th November, 28th November and 11th December 2016 as above, Sh. M. Narayanappa, Additional Central PF Commissioner -I (FA&IMC) and Sh. Amul Raj Singh, Regional PF Commissioner-II (Investment) were present while Dr. G. Sanjeeva Reddy, Member Central Board (Employees' Representative) and Sh. J. P. Chowdhary Member Central Board (Employers' Representative) were not present.

10. Six (6) applicants submitted bids in response to RFP for appointment of ECA before 3:00 PM on November 28, 2016 as below.

Sr. No.	Name of applicant
1	M/s Jain Chowdhary & Co
2	M/s P C Ghadiali & Co
3	M/s Haribhakti & Co LLP
4	M/s Khimji Kunverji & Co
5	M/s K K Goel & associates
6	M/s M M Nissim & Co

11. Based on the evaluation as per the Pre-Qualification criteria of RFP 3 applicant firms were found qualified and shortlisted for further evaluation of Technical and Financial bids.

Sr. No.	Name of Applicant
1	M/s Haribhakti & Co LLP
2	M/s Khimji Kunverji & Co
3	M/s Jain Chowdhary & Co

The Technical and Financial bids submitted by the other applicants viz. M/s P C Ghadiali & Co, M/s K K Goel & associates and M/s M M Nissim & Co were not opened as they did not qualify in the Pre-Qualification bid evaluation.

12. As per the evaluation of the Technical bids of the 3 shortlisted applicants as per technical evaluation parameters (quantitative criteria and qualitative criteria) given in the RFP the key findings are as summarized below:

Sr. No.	Applicant	Quantitative Criteria (80% weight) - A	Qualitative Criteria (20% weight) - B	Technical bid score - (A+B)	Technical bid scaled score
1	M/s Haribhakti & Co LLP	0.6001	0.2000	0.8001	1.0000
2	M/s Khimji Kunverji & Co	0.4164	0.2000	0.6164	0.7704
3	M/s Jain Chowdhary & Co	0.3254	0.1636	0.4890	0.6112

13. Financial bids of the shortlisted applicants were opened in presence of the applicants' representatives (as below) on December 11, 2016.

Sr. No.	Name of Applicant	Applicant firm's Representative present for Financial bid opening
1	M/s Haribhakti & Co LLP	Mr. Prakash Chandra
2	M/s Khimji Kunverji & Co	Mr. Ved Prakash
3	M/s Jain Chowdhary & Co	Mr. Siddharth Jain and Mr. Vinay Agarwal

The Financial bids were opened and announced as below:

Sr. No.	Applicant	Concurrent Audit Fee per month (in Rs.)	Financial bid scaled score
1	M/s Haribhakti & Co LLP	Rs. 6,30,000	0.1825
2	M/s Khimji Kunverji & Co	Rs. 1,90,000	0.6053
3	M/s Jain Chowdhary & Co	Rs. 1,15,000	1.0000

14. On evaluation of the Technical and Financial bids of the 3 applicants (qualified in the Pre-Qualification bid) as per the criteria given in the RFP the final evaluation score and ranks are as below:

Final scores and ranks

Sr. No.	Applicant	Technical bid scaled score (70% weight)	Financial bid scaled score (30% weight)	Final score	Rank
1	M/s Haribhakti & Co LLP	1.0000	0.1825	0.7548	1
3	M/s Jain Chowdhary & Co	0.6112	1.0000	0.7278	2
2	M/s Khimji Kunverji & Co	0.7704	0.6053	0.7209	3

It was noted that the same Applicant M/s Haribhakti & Co LLP in the earlier RFP process had quoted a fee of Rs. 7,20,000 per month and has now in this RFP process has quoted a fee of Rs. 6,30,000 per month.

Proposal - As per the overall RFP process evaluation as above it is proposed that FIAC may consider the selection of M/s Haribhakti & Co LLP (scoring Rank 1) as new External Concurrent Auditor for the audit of investments done by Employees' Provident Fund Organization's Portfolio Managers at the quoted fee of Rs.6,30,000 (Rupees Six lakhs Thirty Thousands) per month.

M. Narayanappa
 11/12/16
 M. NARAYANAPPA
 अपर केन्द्रीय प्र. नि. आयुक्त-1
 Addl. Central P. F. Commissioner

Amul Raj Singh
 11/12/16
 अमूल राज सिंह
 AMUL RAJ SINGH
 प्र. म. नि. आ.-II
 RPFC-II

Page 3 of 3

Report of the Committee of officers constituted to carry out the processes as per the approved RFP for Selection of External Concurrent Auditor (ECA) for the audit of Employees' Provident Fund Organization's investments

1. As per the decision taken in 215th meeting of the Central Board, CPFC constituted a three member committee for carrying out the processes for execution of RFP with necessary changes and alongwith 50:50 weightage each for Technical and Financial Bid respectively with the assistance of Consultant, M/s CRISIL for the selection of External Concurrent Auditor (ECA) for the EPFO Fund Managers. The members of the committee are as follows -

- i) FA&CAO, Chairman
- ii) Additional CPFC-HQ (IMC), Member
- iii) Additional CPFC-I (Finance), Member

2. The Committee constituted as above finalised a fresh RFP with the assistance from Consultant M/s CRISIL and executed the RFP process schedule of key activities as outlined below:

Sr.No.	Key Activities	Date
1.	Issue of Request For Proposal (RFP)	27 January 2017
2.	Last date for submission of queries via e-mail or post on RFP	13 February 2017 by 23:59
3.	Bid Conference	15 February 2017 at 15:00
4.	Last date for receipt of bid	22 February 2017 by 12:00 noon
5.	Opening of Pre-Qualification bids	22 February 2017 at 15:00
6.	Opening of Technical bids for eligible Applicants	22 February 2017 at 17:00
7.	Presentation by Applicants on Technical Bids to tender committee	27 February 2017 at 15:00
8.	Opening of Financial bids for the eligible Applicants	01 March 2017 at 15:00

3. Five (5) applicants submitted bids in response to RFP for appointment of ECA before 12:00 noon by February 22, 2017 as below.

Table 1: Applicants bids received in response to RFP

Sr. No.	Name of applicant
1	M/s Jain Chowdhary & Co
2	M/s M M Nissim & Co
3	M/s Haribhakti & Co LLP
4	M/s Mukund M Chitale & Co
5	M/s Khimji Kunverji & Co

4. Based on the evaluation as per the Pre-Qualification criteria of RFP all the above applicant firms were found qualified and shortlisted for further evaluation of Technical and Financial bids.

5. As per the evaluation of the Technical bids of the applicants as per technical evaluation parameters (quantitative criteria and qualitative criteria) given in the RFP the key findings are as summarized below:

Table 2: Technical bid results

Sr. No.	Applicant	Quantitative Criteria (80% weight) – A	Qualitative Criteria (20% weight) – B	Technical bid score – (A+B)	Eligibility on Technical bid (min score of 2.50)	Technical bid scaled score
1	M/s Jain Chowdhary & Co	3.05	0.54	3.59	Yes	0.93
2	M/s M M Nissim & Co	2.35	0.26	2.61	Yes	0.68
3	M/s Haribhakti & Co LLP	3.40	0.46	3.86	Yes	1.00
4	M/s Mukund M Chitale & Co	1.45	0.06	1.51	No	NA
5	M/s Khimji Kunverji & Co	2.80	0.46	3.26	Yes	0.84

6. Financial bids submitted by the applicants who qualified (refer to table 2) in the Technical bid (i.e. applicants scoring at least 2.50 in Technical bid out of 5.00) were opened in presence of the tender committee and applicants' representatives present (refer to table 3) on March 01, 2017

Table 3: Applicants' representatives for Financial bid opening

Sr. No.	Name of applicant	Representative present for Financial bid opening
1	M/s Jain Chowdhary & Co	No representative present
2	M/s M M Nissim & Co	Mr. Ketan Sharma
3	M/s Haribhakti & Co LLP	Mr. Prakash Chandra
4	M/s Khimji Kunverji & Co	Mr. Ved Prakash Bansal

The Financial bids were announced as below:

- 47 -

Table 4: Financial bid results

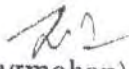
Sr. No.	Applicant	Concurrent Audit Fee per month (in Rs.)	Financial bid scaled score
1	M/s Jain Chowdhary & Co	Rs. 1,06,000	1.00
2	M/s M M Nissim & Co	Rs. 5,00,000	0.21
3	M/s Haribhakti & Co LLP	Rs. 6,30,000	0.17
4	M/s Khimji Kunverji & Co	Rs. 1,90,000	0.56

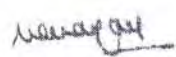
7. On evaluation of the Technical and Financial bids of the 4 applicants (qualified in the Technical bid) as per the criteria given in the RFP the final evaluation score and ranks are as below:

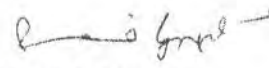
Table 5: Final scores and ranks

Sr. No.	Applicant	Technical bid scaled score (50% weight)	Financial bid scaled score (50% weight)	Final score	Rank
1	M/s Jain Chowdhary & Co	0.93	1.00	0.97	1
2	M/s Khimji Kunverji & Co	0.84	0.56	0.70	2
3	M/s Haribhakti & Co LLP	1.00	0.17	0.58	3
4	M/s M M Nissim & Co	0.68	0.21	0.44	4

Proposal - As per the overall RFP process evaluation as above it is proposed that FIAC may consider the selection of M/s Jain Chowdhary & Co (scoring Rank 1) as new External Concurrent Auditor for the audit of EPFO's investments at the quoted fee of Rs. 1,06,000 (Rupees One lakh Six Thousands) per month for a period of three years with effect from 01st April 2017.


(Jagmohan)
Additional CPFC-I (Finance)
Member


(M. Narayanappa)
Additional CPFC-HQ (IMC)
Member


(Manish Gupta)
FA & CAO
Chairman

Item No.10: Guidelines and Standard Operating Procedure for investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management.

1: Background

The Central Board of Trustees (CBT) in its 215th meeting held on December 19, 2016 had approved, Investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management. The temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes was discussed in the quarterly performance review meeting of EPFO's portfolio managers held on January 25, 2017. Accordingly, CRISIL had prepared a document with regard to Standard Operating Procedure (SOP) needed for implementation of temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes (CRISIL document placed at **Annexure A**).

The agenda item on Guidelines and Standard Operating Procedure for investment in Liquid Mutual Fund Schemes for temporary deployment of funds by EPFO's Portfolio Managers for Liquidity Management was placed in 132nd FIAC (item placed at **Annexure B**) wherein FIAC constituted a Sub-Committee of Officers for examining and giving recommendations on the proposals as contained in the then agenda item (minutes of 132 FIAC placed at **Annexure C**).

A meeting of the Sub-Committee took place in the Chamber of FA&CAO on 16.3.2017 wherein the Sub-Committee after due examination, has given its recommendations on the proposals as contained in the original agenda item as placed in 132 FIAC (minutes of the meeting of Sub-Committee placed at **Annexure D**).

Accordingly, an updated agenda item (**Annexure E**) was placed before the 133 FIAC held on 27.03.2017 for consideration.

The criteria to be followed in liquid mutual funds are:

Para 2: Universe of shortlisted liquid mutual fund schemes

Following criteria can be followed for shortlisting of liquid mutual fund schemes:

- Step A: Shortlisting of the mutual fund houses based on quarterly average assets under management (QAAUM)
 - Considering the high amount of fund inflows to EPFO, top 10 mutual fund houses on the basis of QAAUM be shortlisted. Top 10 mutual fund houses constitute 81% of the industry AUM. (QAAUM for mutual fund houses for the quarter of October - December 2016 is given in **Annexure 1 of the CRISIL report placed at Annexure A**). The list would be revised by the EPFO's Portfolio Managers on a quarterly basis.

- Step B: Shortlisting of liquid mutual fund schemes based on monthly average assets under management (monthly AAUM)

- o Top 10 liquid mutual fund schemes (from the universe of mutual fund houses shortlisted in step A) on the basis of monthly AAUM be considered. (Monthly AAUM for liquid mutual fund schemes for November 2016 is given in **Annexure 2 of the CRISIL report placed at Annexure A**). As per the monthly AAUM data as on November 2016, top 10 liquid mutual fund schemes from the universe of top 10 mutual fund houses constitute 59% of the overall liquid mutual fund AUM across 39 mutual fund houses. If the monthly AAUM of the scheme is not available on the website then the scheme may not be considered for evaluation. The list would be revised by the EPFO's Portfolio Managers on a monthly basis.

Para 3: Investment restrictions and exposure limits

Following investment restrictions and exposure limits can be considered:

- Step C: Exposure limit for the shortlisted liquid mutual fund schemes
 - o Exposure to a shortlisted liquid mutual fund scheme be limited to predefined percentage of monthly AAUM of that scheme. To start with, an exposure limit of 10% can be imposed. A 10% limit would translate to overall liquid mutual fund exposure limit up to Rs. 20,000 Crores (approx.) if top 10 schemes are considered as per Step B. Further, daily average deployment in CBLO considering EPFO's investments from July 1, 2015 is Rs. 2,000 Crores (approx.) and highest amount deployed in CBLO on a single day is Rs. 11,000 Crores (approx.).
 - o The above maximum exposure limit per scheme can be defined on a monthly basis based on monthly AAUM and exposure limit can be monitored on an ongoing basis by portfolio managers.
- Step D: In view of avoiding conflict of interest, the portfolio managers should not invest in liquid mutual fund schemes wherein the mutual fund house is either
 - o The same entity as that of the portfolio manager, or
 - o The group company, holding company, subsidiary company or associate company of the portfolio manager
- Step E: Before investing in any of the shortlisted liquid mutual fund schemes, EPFO's portfolio managers to ensure that
 - o Investment is made only in direct plans of the liquid mutual fund schemes to minimise the overall expense charged on EPFO's funds being deployed.
 - o All securities in the underlying portfolio of the liquid mutual fund scheme must be either sovereign/ state loan or rated AAA/ AA+/ AA/ A1+ (based on latest available month end portfolio as on date of investment). This is also

consistent with guidelines prescribed for debt instruments category and short term instrument category in investment pattern notified by Ministry of Labour and Employment, Government of India.

- All the shortlisted Mutual Funds should be Liquid Mutual Funds regulated by SEBI.
- All the Portfolio Managers shall ensure that their investment in Liquid Mutual Funds shall not be more than 5% of their investment by the end of the year as prescribed in category (iii) of Investment Pattern S.O. 1071(E) dated 23.04.2015.
- Maximum no of days up to which the Portfolio Manager may remain invested in a given Liquid Mutual Fund Scheme shall be 30 days.
- Compliance Certificate: Portfolio Managers shall submit a compliance certificate with regards to EPFO's investment guidelines and procedure for liquid mutual fund investments on a quarterly basis.
- Further, CRISIL will submit the gain made in Liquid Mutual Funds, portfolio manager wise as against the CBLO investment for each performance review.

Para 4: It is further submitted that the investment in Liquid Mutual Fund as detailed in Para 2 and 3 would be operationalized only when changes are made in the existing investment software developed by IS Division for accounting and book-keeping of EPFO's investments.

Para 5: The Guidelines and procedure for temporary deployment of funds in Liquid Mutual Funds by EPFO's Portfolio Managers as contained in Para 2 and 3 was approved by the 133 FIAC subject to Para 4 above.

Proposal: The agenda item was approved by the 133 FIAC with a direction to place it before the ensuing CBT for information. Accordingly, the above agenda is placed before the CBT for information.

SOP for Investments in Liquid Mutual Funds by EPFO's Portfolio Managers

January 2017

Contents

Background	3
SOP for investments in liquid mutual fund schemes by EPFO's portfolio managers	4
Universe of shortlisted liquid mutual fund schemes	5
Investment restrictions and exposure limits	5
Monitoring of exposure limits and guidelines	6
Annexure 1	6
Annexure 2	7

Background

The Central Board of Trustees (CBT) in its 215th meeting held on December 19, 2016 had approved investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers.

Accordingly, EPFO has requested CRISIL to prepare a document with regard to Standard Operating Procedure (SOP) needed on implementation of temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes while also taking into consideration the portfolio manager service agreement entered between EPFO & its Portfolio Managers.

Further, the SC³ with regard to temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes was discussed in the quarterly performance review meeting of EPFO's portfolio managers held on January 25, 2017 at EPFO Head Office, New Delhi. The points discussed during the course of this meeting and as recorded in the minutes of the meeting have also been incorporated in this document.

SOP for investments in liquid mutual fund schemes by EPFO's portfolio managers

Universe of shortlisted liquid mutual fund schemes

- Step A: Shortlisting of mutual fund houses
- Step B: Shortlisting of liquid mutual fund schemes managed by shortlisted mutual fund houses

Investment restrictions and exposure limits

- Step C: Determining exposure limit for shortlisted liquid mutual fund schemes
- Step D: Addressing the issue of conflict of interest while making investments in liquid mutual fund schemes
- Step E: Portfolio managers to deploy funds only in direct plans and assess credit quality of underlying portfolio before deploying funds

Monitoring of exposure limits and guidelines

- Portfolio managers to monitor their liquid mutual fund scheme wise exposure limits and ensure that the exposure limits are not breached and report the same to EPFO
- Portfolio managers to ensure adherence to investment pattern prescribed by Ministry of Labour and Employment while investing in liquid mutual fund schemes and report the same to EPFO

Universe of shortlisted liquid mutual fund schemes

Following criteria can be followed for shortlisting of liquid mutual fund schemes:

- Step A: Shortlisting of the mutual fund houses based on quarterly average assets under management (QAAUM)
 - Considering the high amount of fund inflows to EPFO, top mutual fund houses on the basis of QAAUM can be shortlisted. Top 10 mutual fund houses constitute 81% of the industry AUM. (QAAUM for mutual fund houses for the quarter of October - December 2016 is given in Annexure 1).
 - The QAAUM data for all mutual fund houses are available on AMFI Website.
- Step B: Shortlisting of liquid mutual fund schemes based on monthly average assets under management (monthly AAUM)
 - Top liquid mutual fund schemes (from the universe of mutual fund houses shortlisted in step A) on the basis of monthly AAUM can be considered. (Monthly AAUM for liquid mutual fund schemes for November 2016 is given in Annexure 2). As per the monthly AAUM data as on November 2016, top 10 liquid mutual fund schemes from the universe of top 10 mutual fund houses constitute 59% of the overall liquid mutual fund AUM across 39 mutual fund houses while top 15 liquid mutual fund schemes from the universe of top 10 mutual fund houses constitute 69% of the overall liquid mutual fund AUM across 39 mutual fund houses.
 - If the monthly AAUM of the scheme is not available then the scheme may not be considered for evaluation.
 - The monthly AAUM data for mutual fund schemes managed by each mutual fund house is available on their respective website.

Investment restrictions and exposure limits

Following investment restrictions and exposure limits can be considered:

- Step C: Exposure limit for the shortlisted liquid mutual fund schemes
 - Exposure to a shortlisted liquid mutual fund scheme can be limited to a pre-defined percentage of monthly AAUM of that scheme. A 10% limit would translate to overall liquid mutual fund exposure limit up to Rs. 20,000 Crores (approx.) if top 10 schemes are considered as per Step B and up to Rs. 25,000 Crores (approx.) if top 15 schemes are considered as per Step B. Further, daily average deployment in CBLO considering EPFO's investments from July 1, 2015 is Rs. 2,000 Crores (approx.) and highest amount deployed in CBLO on a single day is Rs. 11,000 Crores (approx.).
 - The above maximum exposure limit per schemes can be defined on a monthly basis based on monthly AAUM and exposure limit can be monitored on an ongoing basis by portfolio managers.
- Step D: In view of avoiding conflict of interest, the portfolio managers should avoid investment in liquid mutual fund schemes wherein the mutual fund house is either
 - The same entity as that of the portfolio manager, or
 - The group company, holding company, subsidiary company or associate company of the portfolio manager
- Step E: Before investing in any of the shortlisted liquid mutual fund schemes, EPFO's portfolio managers to ensure that
 - Investment is made only in direct plans of the liquid mutual fund schemes to minimise the overall expense charged on EPFO's funds being deployed.

- All securities in the underlying portfolio of the liquid mutual fund scheme must be either sovereign/ state loan or rated AAA/ AA+/ AA/ A1+ (based on latest available month end portfolio as on date of investment). This is also consistent with guidelines prescribed for debt instruments category and short term instrument category in investment pattern notified by Ministry of Labour and Employment, Government of India.

Monitoring of exposure limits and guidelines

- EPFO's portfolio manager can report the following to EPFO
 - Report the transaction done in liquid mutual funds to EPFO on a daily basis and compliance certificate with regards to EPFO's investment guidelines and SOP for liquid mutual fund investments by EPFO's portfolio managers on a monthly basis.

Annexure 1

Sr. No.	Mutual Fund House	Average Assets under Management (AAUM) for the quarter of October - December 2016 (Rs. Crores)*
1	ICICI Prudential Mutual Fund	227,989
2	HDFC Mutual Fund	221,825
3	Reliance Mutual Fund	195,845
4	Birla Sun Life Mutual Fund	180,808
5	SBI Mutual Fund	140,997
6	UTI Mutual Fund	129,389
7	Kotak Mahindra Mutual Fund	82,135
8	Franklin Templeton Mutual Fund	75,783
9	DSP BlackRock Mutual Fund	58,357
10	IDFC Mutual Fund	57,998
11	Axis Mutual Fund	49,281
12	Tata Mutual Fund	38,271
13	L&T Mutual Fund	35,191
14	Sundaram Mutual Fund	27,013
15	DHFL Pramerica Mutual Fund	24,807
16	Invesco Mutual Fund	23,617
17	LIC Mutual Fund	18,022
18	JM Financial Mutual Fund	13,522
19	Baroda Pioneer Mutual Fund	10,785
20	Indiabulls Mutual Fund	10,227
21	Canara Robeco Mutual Fund	9,411
22	HSBC Mutual Fund	8,670
23	IDBI Mutual Fund	7,761
24	Motilal Oswal Mutual Fund	7,131
25	Edelweiss Mutual Fund	6,826
26	Mirae Asset Mutual Fund	6,343
27	BNP Paribas Mutual Fund	6,032
28	PRINCIPAL Mutual Fund	4,868
29	Union Mutual Fund	3,056

Sr. No.	Mutual Fund House	Average Assets under Management (AAUM) for the quarter of October - December 2016 (Rs. Crores)*
30	BOI AXA Mutual Fund	2,896
31	Taurus Mutual Fund	2,339
32	Mahindra Mutual Fund	1,457
33	Peerless Mutual Fund	946
34	Quantum Mutual Fund	858
35	PPFAS Mutual Fund	676
36	IIFL Mutual Fund	424
37	Escorts Mutual Fund	286
38	Sahara Mutual Fund	67
39	Shriram Mutual Fund	38

* Excluding Fund of Funds - Domestic but including Fund of Funds - Overseas

Annexure 2

Sr. No	Liquid Mutual Fund Scheme Name	Mutual fund house name	Total AUM managed by mutual fund house	Rank as per mutual fund house AUM	Monthly Average AUM of scheme - November 2016 (Rs. Crores)
1	ICICI Prudential Liquid Plan	ICICI Prudential Mutual Fund	227,989	1	32,309
2	HDFC Liquid Fund	HDFC Mutual Fund	221,825	2	29,707
3	Birla Sun Life Cash Plus	Birla Sun Life Mutual Fund	180,808	4	28,275
4	Reliance Liquid Fund - Treasury Plan	Reliance Mutual Fund	195,845	3	25,374
5	SBI Premier Liquid Fund	SBI Mutual Fund	140,997	5	22,654
6	UTI Liquid Cash Plan	UTI Mutual Fund	129,389	6	22,427
7	Kotak Floater - Short Term	Kotak Mahindra Mutual Fund	82,135	7	12,887
8	Axis Liquid Fund	Axis Mutual Fund	49,281	11	12,811
9	DSP BlackRock Liquidity Fund	DSP BlackRock Mutual Fund	58,357	9	12,135
10	ICICI Prudential Money Market Fund	ICICI Prudential Mutual Fund	227,989	1	11,099
11	LIC MF Liquid Fund	LIC Mutual Fund	18,022	17	9,987
12	IDFC Cash Fund	IDFC Mutual Fund	57,998	10	9,929
13	UTI Money Market Fund	UTI Mutual Fund	129,389	6	9,793
14	Kotak Liquid	Kotak Mahindra Mutual Fund	82,135	7	9,332
15	Tata Money Market Fund	Tata Mutual Fund	38,271	12	8,206
16	DHFL Pramerica Insta Cash Plus Fund	DHFL Pramerica Mutual Fund	24,807	15	7,762
17	L&T Liquid Fund	L&T Mutual Fund	35,191	13	7,485
18	HDFC Cash Management Fund - Savings Plan	HDFC Mutual Fund	221,825	2	6,928
19	Invesco India Liquid Fund	Invesco Mutual Fund	23,617	16	6,682
20	Indiabulls Liquid Fund	Indiabulls Mutual Fund	10,227	20	6,625
21	BARODA PIONEER Liquid Fund - Plan A	Baroda Pioneer Mutual Fund	10,785	19	6,161

Sr. No	Liquid Mutual Fund Scheme Name	Mutual fund house name	Total AUM managed by mutual fund house	Rank as per mutual fund house AUM	Monthly Average AUM of scheme - November 2016 (Rs. Crores)
22	Birla Sun Life Floating Rate Fund - Short Term	Birla Sun Life Mutual Fund	180,808	4	5,884
23	Sundaram Money Fund - Super Institutional	Sundaram Mutual Fund	27,013	14	5,429
24	Reliance Liquid Fund - Cash Plan	Reliance Mutual Fund	195,845	3	5,066
25	SBI Magnum InstaCash	SBI Mutual Fund	140,997	5	4,866
26	Reliance Liquidity Fund	Reliance Mutual Fund	195,845	3	4,271
27	IDBI Liquid Fund	IDBI Mutual Fund	7,761	23	4,230
28	JM High Liquidity Fund	JM Financial Mutual Fund	13,522	18	5,206*
29	Franklin India Treasury Management Account	Franklin Templeton Mutual Fund	75,783	8	2,843
30	Tata Liquid Fund	Tata Mutual Fund	38,271	12	2,758
31	HSBC Cash Fund - Institutional Plus	HSBC Mutual Fund	8,670	22	2,102
32	Union Liquid Fund	Union Mutual Fund	3,056	29	1,892
33	Taurus Liquid Fund	Taurus Mutual Fund	2,339	31	1,712
34	Canara Robeco Liquid	Canara Robeco Mutual Fund	9,411	21	1,532
35	Mahindra Liquid Fund	Mahindra Mutual Fund	1,457	32	1,355
36	BNP Paribas Overnight Fund	BNP Paribas Mutual Fund	6,032	27	1,317
37	BOI AXA Liquid Fund - Retail	BOI AXA Mutual Fund	2,896	30	1,056
38	Principal Cash Management Fund	PRINCIPAL Mutual Fund	4,868	28	983
39	L&T Cash Fund	L&T Mutual Fund	35,191	13	634
40	Peerless Liquid Fund	Peerless Mutual Fund	-946	33	500
41	Mirae Asset Cash Management Fund	Mirae Asset Mutual Fund	6,343	26	268
42	IIFL Liquid Fund	IIFL Mutual Fund	424	36	172
43	Franklin India Cash Management Account	Franklin Templeton Mutual Fund	75,783	8	118
44	Quantum Liquid Fund	Quantum Mutual Fund	858	34	90
45	SBI Magnum InstaCash - Liquid Floater Plan	SBI Mutual Fund	140,997	5	59
46	Sahara Liquid Fund	Sahara Mutual Fund	67	38	18*

* Month end AUM has been given as monthly AAUM is not available

Agenda: Guidelines and Standard Operating Procedure for investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management

Para 1: Background

The Central Board of Trustees (CBT) in its 215th meeting held on December 19, 2016 had approved, Investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management. The temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes was discussed in the quarterly performance review meeting of EPFO's portfolio managers held on January 25, 2017. Accordingly, CRISIL has prepared a document with regard to Standard Operating Procedure (SOP) needed for implementation of temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes (CRISIL document placed at **Annexure A**). The criteria to be followed in liquid mutual funds are:

Para 2: Universe of shortlisted liquid mutual fund schemes

Following criteria can be followed for shortlisting of liquid mutual fund schemes:

- Step A: Shortlisting of the mutual fund houses based on quarterly average assets under management (QAAUM)
 - o Considering the high amount of fund inflows to EPFO, top mutual fund houses on the basis of QAAUM be shortlisted. Top 10 mutual fund houses constitute 81% of the industry AUM. (QAAUM for mutual fund houses for the quarter of October - December 2016 is given in **Annexure 1 of the CRISIL report placed at Annexure A**).
- Step B: Shortlisting of liquid mutual fund schemes based on monthly average assets under management (monthly AAUM)
 - o Top liquid mutual fund schemes (from the universe of mutual fund houses shortlisted in step A) on the basis of monthly AAUM be considered. (Monthly AAUM for liquid mutual fund schemes for November 2016 is given in **Annexure 2 of the CRISIL report placed at Annexure A**). As per the

monthly AAUM data as on November 2016, top 10 liquid mutual fund schemes from the universe of top 10 mutual fund houses constitute 59% of the overall liquid mutual fund AUM across 39 mutual fund houses while top 15 liquid mutual fund schemes from the universe of top 10 mutual fund houses constitute 69% of the overall liquid mutual fund AUM across 39 mutual fund houses. If the monthly AAUM of the scheme is not available on the website then the scheme may not be considered for evaluation.

Para 3: Investment restrictions and exposure limits

Following investment restrictions and exposure limits can be considered:

- Step C: Exposure limit for the shortlisted liquid mutual fund schemes
 - o Exposure to a shortlisted liquid mutual fund scheme be limited to predefined percentage of monthly AAUM of that scheme. A 10% limit would translate to overall liquid mutual fund exposure limit up to Rs. 20,000 Crores (approx.) if top 10 schemes are considered as per Step B and up to Rs. 25,000 Crores (approx.) if top 15 schemes are considered as per Step B. Further, daily average deployment in CBLO considering EPFO's investments from July 1, 2015 is Rs. 2,000 Crores (approx.) and highest amount deployed in CBLO on a single day is Rs. 11,000 Crores (approx.).
 - o The above maximum exposure limit per scheme can be defined on a monthly basis based on monthly AAUM and exposure limit can be monitored on an ongoing basis by portfolio managers.
- Step D: In view of avoiding conflict of interest, the portfolio managers should not invest in liquid mutual fund schemes wherein the mutual fund house is either
 - o The same entity as that of the portfolio manager, or
 - o The group company, holding company, subsidiary company or associate company of the portfolio manager
- Step E: Before investing in any of the shortlisted liquid mutual fund schemes, EPFO's portfolio managers to ensure that

o Investment is made only in direct plans of the liquid mutual fund schemes to minimise the overall expense charged on EPFO's funds being deployed.

o All securities in the underlying portfolio of the liquid mutual fund scheme must be either sovereign/ state loan or rated AAA/ AA+/ AA/ A1+ (based on latest available month end portfolio as on date of investment). This is also consistent with guidelines prescribed for debt instruments category and short term instrument category in investment pattern notified by Ministry of Labour and Employment, Government of India.

- o All the shortlisted Mutual Funds should be Liquid Mutual Funds regulated by SEBI.
- o All the Portfolio Managers shall ensure that their investment in Liquid Mutual Funds shall not be more than 5% of their investment by the end of the year as prescribed in category (iii) of Investment Pattern S.O. 1071(E) dated 23.04.2015.
- o Maximum no of days up to which the Portfolio Manager may remain invested in a given Liquid Mutual Fund Scheme shall be 30 days.
- o Compliance Certificate: Portfolio Managers shall submit a compliance certificate with regards to EPFO's investment guidelines and procedure for liquid mutual fund investments on a quarterly basis.
- o Further, CRISIL will submit the gain made in Liquid Mutual Funds, portfolio manager wise as against the CBLO investment for each performance review.

Para 4: It is further submitted that the investment in Liquid Mutual Fund as detailed in Para 2 and 3 would be operationalised only when changes are made in the existing investment software developed by IS Division for accounting and book-keeping of EPFO's investments.

Proposal :

1. FIAC may decide on the no. of Mutual Fund Houses to be shortlisted, as mentioned in Step A of Para 2.
2. FIAC may decide on the no. of Liquid Mutual Fund Schemes to be shortlisted as either 10 or 15, as mentioned in Step B of Para 2.
3. FIAC may decide on the exposure limit of monthly AAUM of the Liquid Mutual Fund Scheme, as mentioned in Step C of Para 3.

4. The Guidelines and procedure for temporary deployment of funds in Liquid Mutual Funds by EPFO's Portfolio Managers as contained in Para 2 and 3 is submitted before the FIAC for approval subject to Para 4 above.

→ III-A



कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION

श्रम एवं रोजगार मंत्रालय, भारत सरकार

MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA

मुख्य कार्यालय/Head Office

भविष्य निधि भवन, 14, भीकाजी कामा प्लेस नई दिल्ली - 110066

Bhavishya Nidhi Bhawan, 14, Bhikaji Cama Place, New Delhi - 110066

www.epfindia.gov.in, www.epfindia.nic.in

No. Invest.I/132nd Mtg./FIAC/2017 / 31518

Dated 07-02-2017

To

17 FEB 2017

All Members,
Finance Investment & Audit Committee,
Central Board, Employees' Provident Fund Organization.

Sub: Forwarding of Minutes of 132nd Meeting of the Finance Investment & Audit Committee (FIAC),
CBT,EPF held on 09-02-2017 at 12.00 Noon at EPFO, Head Office, New Delhi - regarding.

Sir,

Minutes of 132nd Meeting of the Finance Investment & Audit Committee (FIAC) held on
09-02-2017 approved by the Chairman is enclosed herewith for your kind perusal and necessary action
please.

Encl: As above.

Yours faithfully,

(Amul Raj Singh)

Regional P.F. Commissioner-II(Investment)

Copy alongwith a copy of Minutes of 132nd (FIAC) meeting forwarded for information and necessary action alongwith the request to kindly communicate and furnish the approved Agenda items and Action taken report in respect of your sections to be placed in FIAC meetings in advance without waiting for the communication regarding the date/time of convening of the FIAC meetings.

1. P.S. to Central Provident Fund Commissioner, EPFO, Head Office.
2. P.S. FA&CAO, EPFO, Head Office.
3. ACC-(HQ)(IMC), EPFO, Head Office.
4. ACC-I(Finance), EPFO, Head Office.
5. ACC-I(Pension), EPFO, Head Office.
6. ACC-II(Audit), EPFO, Head Office.
7. RPFC-I(Finance & Accounts) EPFO, Head Office.
8. RPFC-II(Conference) EPFO, Head Office.
- ✓ 9. All RPFC-II(IMC) EPFO, Head Office

(Amul Raj Singh)

Regional P.F. Commissioner-II(Investment)

Minutes of the 132nd Meeting of the Finance Investment & Audit Committee (FIAC) held on 09-02-2017 at EPFO, Head Office.

1. The 132nd meeting of Finance Investment & Audit Committee of Central Board, EPF, chaired by Dr. V.P.Joy, Central Provident Fund Commissioner was held on 09-02-2017 from 12.00 Noon onwards in the Conference Hall, 3rd Floor, EPFO, Head Office, New Delhi.
2. The following members/representatives were present in the meeting.

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

The following members could not attend the meeting.

- (i) Dr. G.Sanjeeva Reddy Member, Central Board, (Employees' Representative).
 - (ii) Additional Secretary (L&E), Ministry of Labour & Employment, Govt. of India.
 - (iii) Additional Secretary & Financial Advisor, MoL&E
 - (iv) Joint Secretary, Banking Operation Pension Reforms, Ministry of Finance, Department of Financial Services.
3. In addition to the above, Shri R.K. Gupta, Joint Secretary, MoL&E / FA&CAO, EPFO, Convener was present during the meeting.
 4. 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 131st Meeting of the Finance Investment and Audit Committee held on 13.12.2016.

Minutes of 131st FIAC meeting held on 13-12-2016 were confirmed.

Item No.2: Action Taken Report on the recommendations of the 131st Finance Investment Audit Committee held on 13.12.2016.

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

Item No.3: Request by M/s Chandabhoy & Jassoobhoy, Chartered Accountants (External Concurrent Auditor (ECA) for nominal increase in fees of 10% w.e.f. 01.11.2016.

The proposal was recommended by the Committee to place before CBT for approval.

Item No.4 Proposal for implementation of Ministry of Labour & Employment notification No.GSR 6E dated 4th January, 2017 regarding engaging Private Sector Banks- in addition to SBI and other Nationalized Banks for collection of contributions.

A comparative chart in respect of service charges (bank commission) for collection and payments offered by three private sector banks- ICICI Bank, HDFC Bank and Axis Bank- was placed on table before the FIAC.

Shri J.P. Chowdhary was of the view that EPFO should start collection and payment with these private sector banks. He was also of the view to explore with these banks to make available the overdraft facility by linking the same with other form of guarantee so that the requirement of fixed deposit may be done away with.

It was noted that ICICI Bank has offered that it would levy 'Zero transaction charges' for direct net banking while the rate of SBI for the same is Rs. 12 per challan. Further the rate offered by ICICI Bank for aggregation charges is Rs. 6 per challan whereas the same in respect of SBI is Rs. 12. It was agreed that EPFO may immediately start collections through the internet banking (INB)/Aggregator of ICICI Bank since it facilitates the employers and achieves substantial savings for EPFO. Direct collections are seamless, efficient and the contributions are received in T+1 day. It was felt that the agreement may be done on a token amount of Re.1 since such a monetary consideration would be required for legal service agreement. Such a "Pilot Project" with ICICI shall be in place for three months from the date of commencement of its operation on a trial basis. It was noted that the other two private banks- HDFC Bank and Axis Bank- have quoted higher rates for net banking compared to ICICI bank. Therefore, they may be asked to match the rate of ICICI Bank for direct collections through the internet banking. Feedback may be brought to the next FIAC on the working of the collection system within three months of commencement of collections through ICICI Bank so as to decide upon the continuance of the arrangement. As for payments, appropriate proposal may also be brought up for consideration.

Item No.5 CBLO Borrowing transactions by the Portfolio Managers during the period 01.10.2016 to 31.12.2016.

The agenda item was taken note of by the Committee.

Item No.6 Guidelines and Standard Operating Procedure for investment in Liquid Mutual Fund Schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management.

Shri R.K.Gupta, FA & CAO suggested that the report of CRISIL on the above subject be examined by a Committee consisting of Officers. Chairman decided that the committee can be under the Chairmanship of Shri. R.K. Gupta, FA & CAO incharge and comprising of following officers.

- 1- Shri M. Narayanappa, ACC (HQ)
- 2- Shri S.K. Thakur, ACC-I
- 3- Shri Sanjāy Kumar, RPFC-I
- 4- Shri Sunil Yadav, RPFC-II
- 5- Shri Ankur Gupta, APFC

Concerned officers of EPFO shall provide secretariat assistance and services of CRISIL shall be extended to the committee for technical inputs.

The Committee shall also give its recommendations on the proposals as contained in the agenda item and shall submit its report to the FIAC.

Item No.7 Agenda on Performance Evaluation of the Portfolio Managers for the quarter ended December 2016.

The FIAC expressed its displeasure on unsatisfactory performance of HSBC and SBI. It was decided to summon both the Portfolio Managers, HSBC and SBI before the FIAC in the next FIAC meeting for hearing their explanation.

Meeting ended with vote of thanks to the Chair.

Minutes of the meeting of the Sub Committee of Officers constituted to decide on investing in Liquid Mutual Fund HELD in the Chamber of FA&CAO, dated 16.03.2017 (Thursday):

A meeting of the Sub-Committee of Officers constituted by FIAC to decide on investing in Liquid Mutual Fund was convened under the Chairmanship of Sh. Manish Gupta, FA&CAO. Following officers were present:

- 1- Sh. M. Narayanappa, ACC (HQ)/ IMC
- 2- Sh. Jagmohan, ACC (HQ)/Finance
- 3- Shri Mukesh Kumar, RPFC-I (Link to RPFC-I Finance)
- 4- Sh. Sunil Yadav, RPFC-II (IMC)
- 5- Sh. Ankur Gupta, APFC (IMC)

Sh. Vikram Shastry, Manager CRISIL Research was also present.

The overall Standard Operating Procedure to be followed by EPFO's Portfolio Managers for investment in Liquid Mutual Fund was discussed. An overview of the Liquid Mutual Fund market was presented before the Sub-Committee. Detailed deliberations were done on the proposals submitted before the FIAC in its 132nd meeting held on 09-02.2017 and following recommendations were made:

- 1- **No. of Mutual Fund Houses to be shortlisted:** It was discussed that top 10 mutual fund houses can be shortlisted, since they constitute 81% of the industry AUM. The list would be revised by the EPFO's Portfolio Managers on a quarterly basis.
- 2- **No. of Liquid Mutual Fund Schemes to be shortlisted:** It was discussed that top 10 liquid mutual fund schemes from the universe of top 10 mutual fund houses can be considered, since they constitute 59% of the overall LMF AUM across 39 mutual fund houses. The list would be revised by the EPFO's Portfolio Managers on a monthly basis.

3- Exposure Limit as percentage of monthly AAUM of the shortlisted Liquid Mutual Fund Schemes:

It was discussed that to start with, an exposure limit of 10% can be imposed.

Chairman directed IMC Section to incorporate the recommendations of the Sub-Committee in the agenda item on Guidelines and Standard Operating Procedures for investment in LMF Schemes for Temporary deployment of Funds by EPFO's Portfolio Managers and placed an updated agenda item before the FIAC.

The meeting ended with a vote of thanks to Chair.

Agenda: Guidelines and Standard Operating Procedure for investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management

Para 1: Background

The Central Board of Trustees (CBT) in its 215th meeting held on December 19, 2016 had approved, Investment in liquid mutual fund schemes for temporary deployment of funds by EPFO's Portfolio Managers for liquidity management. The temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes was discussed in the quarterly performance review meeting of EPFO's portfolio managers held on January 25, 2017. Accordingly, CRISIL had prepared a document with regard to Standard Operating Procedure (SOP) needed for implementation of temporary deployment of funds by EPFO's portfolio managers in liquid mutual fund schemes (CRISIL document placed at **Annexure A**).

The agenda item on Guidelines and Standard Operating Procedure for investment in Liquid Mutual Fund Schemes for temporary deployment of funds by EPFO's Portfolio Managers for Liquidity Management was placed in 132nd FIAC (item placed at **Annexure B**) wherein FIAC constituted a Sub-Committee of Officers for examining and giving recommendations on the proposals as contained in the then agenda item (minutes of 132 FIAC placed at **Annexure C**).

A meeting of the Sub-Committee took place in the Chamber of FA&CAO on 16.3.2017 wherein the Sub-Committee after due examination, has given its recommendations on the proposals as contained in the original agenda item as placed in 132 FIAC (minutes of the meeting of Sub-Committee placed at **Annexure D**).

Accordingly, an updated agenda item is being placed before the FIAC for consideration. The criteria to be followed in liquid mutual funds are:

Para 2: Universe of shortlisted liquid mutual fund schemes

Following criteria can be followed for shortlisting of liquid mutual fund schemes:

- Step A: Shortlisting of the mutual fund houses based on quarterly average assets under management (QAAUM)
 - Considering the high amount of fund inflows to EPFO, top 10 mutual fund houses on the basis of QAAUM be shortlisted. Top 10 mutual fund houses constitute 81% of the industry AUM. (QAAUM for mutual fund houses for the quarter of October - December 2016 is given in **Annexure 1 of the CRISIL report placed at Annexure A**). The list would be revised by the EPFO's Portfolio Managers on a quarterly basis.
- Step B: Shortlisting of liquid mutual fund schemes based on monthly average assets under management (monthly AAUM)
 - Top 10 liquid mutual fund schemes (from the universe of mutual fund houses shortlisted in step A) on the basis of monthly AAUM be considered. (Monthly AAUM for liquid mutual fund schemes for November 2016 is given in **Annexure 2 of the CRISIL report placed at Annexure A**). As per the monthly AAUM data as on November 2016, top 10 liquid mutual fund schemes from the universe of top 10 mutual fund houses constitute 59% of the overall liquid mutual fund AUM across 39 mutual fund houses. If the monthly AAUM of the scheme is not available on the website then the scheme may not be considered for evaluation. The list would be revised by the EPFO's Portfolio Managers on a monthly basis.

Para 3: Investment restrictions and exposure limits

Following investment restrictions and exposure limits can be considered:

- Step C: Exposure limit for the shortlisted liquid mutual fund schemes
 - Exposure to a shortlisted liquid mutual fund scheme be limited to predefined percentage of monthly AAUM of that scheme. To start with, an exposure limit of 10% can be imposed. A 10% limit would translate to overall liquid mutual fund exposure limit up to Rs. 20,000 Crores (approx.) if top 10 schemes are considered as per Step B. Further, daily average deployment in CBLO considering EPFO's investments from July 1, 2015 is Rs.

2,000 Crores (approx.) and highest amount deployed in CBLO on a single day is Rs. 11,000 Crores (approx.).

o The above maximum exposure limit per scheme can be defined on a monthly basis based on monthly AAUM and exposure limit can be monitored on an ongoing basis by portfolio managers.

- Step D: In view of avoiding conflict of interest, the portfolio managers should not invest in liquid mutual fund schemes wherein the mutual fund house is either

- o The same entity as that of the portfolio manager, or

- o The group company, holding company, subsidiary company or associate company of the portfolio manager

- Step E: Before investing in any of the shortlisted liquid mutual fund schemes, EPFO's portfolio managers to ensure that

- o Investment is made only in direct plans of the liquid mutual fund schemes to minimise the overall expense charged on EPFO's funds being deployed.

- o All securities in the underlying portfolio of the liquid mutual fund scheme must be either sovereign/ state loan or rated AAA/ AA+/ AA/ A1+ (based on latest available month end portfolio as on date of investment). This is also consistent with guidelines prescribed for debt instruments category and short term instrument category in investment pattern notified by Ministry of Labour and Employment, Government of India.

- o All the shortlisted Mutual Funds should be Liquid Mutual Funds regulated by SEBI.

- o All the Portfolio Managers shall ensure that their investment in Liquid Mutual Funds shall not be more than 5% of their investment by the end of the year as prescribed in category (iii) of Investment Pattern S.O. 1071(E) dated 23.04.2015.

- o Maximum no of days up to which the Portfolio Manager may remain invested in a given Liquid Mutual Fund Scheme shall be 30 days.

- Compliance Certificate: Portfolio Managers shall submit a compliance certificate with regards to EPFO's investment guidelines and procedure for liquid mutual fund investments on a quarterly basis.
- Further, CRISIL will submit the gain made in Liquid Mutual Funds, portfolio manager wise as against the CBLO investment for each performance review.

Para 4: It is further submitted that the investment in Liquid Mutual Fund as detailed in Para 2 and 3 would be operationalized only when changes are made in the existing investment software developed by IS Division for accounting and book-keeping of EPFO's investments.

Proposal:

1. The Guidelines and procedure for temporary deployment of funds in Liquid Mutual Funds by EPFO's Portfolio Managers as contained in Para 2 and 3 is submitted before the FIAC for approval subject to Para 4 above.



Item No.11: List of ineligible cases for waiver of damages rejected by
Central Provident Fund Commissioner

The powers for waiver or reduction of damages levied u/s. 14B of The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 are vested with the Central Board of Trustees under conditions specified in 2nd proviso to Section 14B of EPF & MP Act, 1952.

2. The CBT in its 176th meeting held on 07.11.06 delegated the powers to Central P.F. Commissioner to reject the request of establishments for waiver or reduction of damages, which are not eligible for consideration by CBT as they do not satisfy the eligibility criteria laid down by 2nd proviso to section 14B of the Act. The 176th meeting also mandated that such rejected cases be placed before the CBT for information. Accordingly, a list of such ineligible requests rejected by Central Provident Fund Commissioner during the period from **26.12.2016 to 17.03.2017** in exercise of the above delegated powers is furnished below for kind information of the Board.

Sl. No.	Name & code No. of the establishment.	Whether BIFR sanctioned Revival Scheme	Date of receipt of application	Date of informing rejection
1.	M/s. Tricom India Limited(MH/44930)	No	31.08.2016	26.12.2016
2.	M/s. Peoples Papers Ltd.,(WB/HWR/27659)	No	25.05.2016	03.01.2017
3.	M/s. Lamifabs & Papers (P) Ltd.(NG/AUR/37553)	No	18.08.2016	06.01.2017
4.	Dr. B. R. Ambedkar College(AP/HYD/7859)	No	17.06.2016	13.01.2017
5.	M/s. CARD Christian Agency(KR/TVM/22195)	No	12.10.2016	14.02.2017
6.	Shree Gopinath Weavers' Co-Operative Spinning Mills Limited(OR/4958)	No.	04.11.2016	09.03.2017
7.	M/s Kansara Bearing Limited (RJ/4923)	NO	20.04.2015	17.03.2017

EMPLOYEES' ENROLLMENT CAMPAIGN

No. of employees enrolled upto 31st March 2017

Zone	Office Name	No. of employees joined between 01.01.17 and 31.03.17	No. of employees exited between 01.01.17 and 31.03.17	Net Increase	No. of Employees for new coverages between 01.03.17 and 31.03.17	No. of Declarations	Grand Total	Membership enrollment potential	Percentage %
DL & UK	DELHI (NORTH)	1,20,820	30,383	90,437	4,129	52,959	1,47,525	2,12,100	70
	DELHI (SOUTH)	89,853	8,593	81,260	1,957	53,695	1,36,912	1,55,700	88
	DEHRADUN	40,483	5,024	35,459	1,185	13,253	49,897	50,400	99
	LAXMI NAGAR	21,522	3,691	17,831	1,285	30,432	49,548	33,400	148
	HALDWANI	19,831	3,615	16,216	730	7,328	24,274	13,600	178
	Total	2,92,509	51,306	2,41,203	9,286	1,57,667	4,08,156	4,65,200	88
HR & RJ	GURGAON	1,54,583	23,477	1,31,106	3,162	19,879	1,54,147	1,77,000	87
	JAIPUR	53,216	4,316	48,900	4,427	19,330	72,657	83,100	87
	FARIDABAD	47,476	9,635	37,841	1,665	10,593	50,099	61,300	82
	KARNAL	23,036	1,568	21,468	1,600	5,212	28,280	38,200	74
	UDAIPUR	16,679	2,320	14,359	1,231	3,326	18,916	31,200	61
	ROHTAK	10,562	735	9,827	977	5,431	16,235	23,900	68
	JODHPUR	8,836	2,427	6,409	1,576	4,525	12,510	21,000	60
	KOTA	5,354	272	5,082	1,158	1,937	8,177	6,600	124
	Total	3,19,742	44,750	2,74,992	15,796	70,233	3,61,021	4,42,300	82
PB & HP	CHANDIGARH	32,440	3,350	29,090	1,712	28,297	59,099	93,600	63
	SHIMLA	24,908	3,634	21,274	7,636	15,701	44,611	68,300	65
	LUDHIANA	20,636	4,742	15,894	1,462	13,091	30,447	63,300	48
	BHATINDA	7,116	953	6,163	1,690	7,147	15,000	28,400	53
	JALANDHAR	11,258	1,262	9,996	1,409	7,335	18,740	20,800	90

Zone	Office Name	No. of employees joined between 01.01.17 and 31.03.17	No. of employees exited between 01.01.17 and 31.03.17	Net Increase	No. of Employees for new coverages between 01.03.17 and 31.03.17	No. of Declarations	Grand Total	Membership enrollment potential	Percentage %
	AMRITSAR	3,578	404	3,174	9,803	4,608	17,585	14,200	124
	Total	99,936	14,345	85,591	23,712	76,179	1,85,482	2,88,600	64

GJ & MP	AHMEDABAD	76,609	9,259	67,350	15,474	34,277	1,17,101	1,22,400	96
	RAJKOT	47,725	2,456	45,269	2,073	14,019	61,361	74,900	82
	VADODARA	36,705	2,350	34,355	3,319	14,545	52,219	65,500	80
	VAPI	40,618	1,276	39,342	2,679	16,154	58,175	50,400	115
	SURAT	49,972	5,276	44,696	3,700	40,199	88,595	49,100	180
	INDORE	33,582	2,645	30,937	3,402	10,644	44,983	43,900	102
	BHOPAL	15,293	764	14,529	4,408	8,793	27,730	33,100	84
	JABALPUR	6,826	638	6,188	3,239	10,311	19,738	25,800	77
	BHARUCH	15,968	529	15,439	1,547	5,862	22,848	24,400	94
	NARODA	8,232	406	7,826	1,574	12,077	21,477	19,000	113
	GWALIOR	6,203	915	5,288	1,481	3,568	10,337	13,000	80
	VATWA	6,470	860	5,610	2,036	2,372	10,018	11,800	85
	UJJAIN	3,027	688	2,339	1,399	8,041	11,779	8,900	132
	SAGAR	2,296	166	2,130	709	3,981	6,820	5,400	126
	Total	3,49,526	28,228	3,21,298	47,040	1,84,843	5,53,181	5,47,600	101

WB, NCD & P.	JANGIPUR	15,170	797	14,373	922	950	16,245	53,500	30
	PARK STREET	21,608	4,842	16,766	952	12,917	30,635	51,400	60
	HOWRAH	11,159	2,304	8,855	3,427	13,872	26,154	41,300	63
	JALPAIGURI	2,104	841	1,263	1,342	11,642	14,247	36,900	39
	DURGAPUR	9,037	2,586	6,451	2,793	4,534	13,778	34,700	40
	JAMSHEDPUR	14,035	1,208	12,827	735	3,540	17,102	32,000	53
	KOLKATA	53,926	7,567	46,359	5,046	35,580	86,985	30,500	285
	SILIGURI	6,097	1,011	5,086	2,075	13,568	20,729	25,900	80

Zone	Office Name	No. of employees joined between 01.01.17 and 31.03.17	No. of employees exited between 01.01.17 and 31.03.17	Net Increase	No. of Employees for new coverages between 01.03.17 and 31.03.17	No. of Declarations	Grand Total	Membership enrollment potential	Percentage %
NE & JH	BARRACKPORE(TI	8,245	2,696	5,549	1,863	6,786	14,198	25,900	55
	GUWAHATI	10,043	6,021	4,022	2,098	12,072	18,192	25,200	72
	RANCHI	10,089	1,517	8,572	1,860	7,958	18,390	15,200	121
	DARJEELING	222	11	211	66	256	533	4,700	11
	AGARTALA	995	329	666	791	947	2,404	4,400	55
	TINSUKIA	1,458	137	1,321	831	1,238	3,390	3,000	113
	SHILLONG	1,141	276	865	1,265	1,023	3,153	1,700	185
	PORT BLAIR	476	9	467	68	219	754	500	151
Total		1,65,805	32,152	1,33,653	26,134	1,27,102	2,86,889	3,86,800	74

TN & KR	CHENNAI	1,14,815	18,154	96,661	7,567	15,689	1,19,917	1,85,700	65
	COIMBATORE	73,332	24,468	48,864	5,694	20,452	75,010	97,900	77
	AMBATTUR	42,989	8,008	34,981	3,573	8,190	46,744	77,900	60
	TAMBARAM	39,624	9,185	30,439	4,151	17,121	51,711	71,000	73
	SALEM	41,652	7,493	34,159	3,697	21,519	59,375	61,100	97
	KOCHI (COCHIN)	26,990	6,163	20,827	1,664	9,819	32,310	52,700	61
	TRICHY	16,008	4,646	11,362	3,979	11,764	27,105	44,600	61
	MADURAI	30,880	10,133	20,747	4,030	19,716	44,493	40,300	110
	VELLORE	11,080	2,607	8,473	1,361	5,438	15,272	33,900	45
	TIRUNELVELI	10,963	1,739	9,224	1,639	7,917	18,780	29,700	63
	KOZHICODE	7,508	1,427	6,081	495	5,187	11,763	26,400	45
	IRUVANANTHAPURAM	8,079	626	7,453	697	2,853	11,003	22,700	48
	KOTTAYAM	3,405	434	2,971	317	2,996	6,284	15,400	41
	PONDICHERRY	8,136	1,402	6,734	1,686	3,298	11,718	13,900	84
	KOLLAM	987	208	779	150	1,058	1,987	11,800	17
	KANNUR	1,237	129	1,108	277	3,893	5,278	10,500	50
	NAGERCOIL	3,989	233	3,756	566	4,759	9,081	9,300	98
Total		4,41,674	97,055	3,44,619	41,543	1,61,669	5,47,831	8,04,800	68

Zone	Office Name	No. of employees joined between 01.01.17 and 31.03.17	No. of employees exited between 01.01.17 and 31.03.17	Net Increase	No. of Employees for new coverages between 01.03.17 and 31.03.17	No. of Declarations	Grand Total	Membership enrollment potential	Percentage %
------	-------------	--	--	--------------	--	------------------------	----------------	---------------------------------------	--------------

AP, TN & OR	HYDERABAD	1,17,250	23,909	93,341	79,348	1,22,330	2,95,019	1,76,700	167
	VISHAKAPATNAM	19,549	2,992	16,557	3,255	8,134	27,946	48,000	58
	KUKATPALLI	28,479	8,163	20,316	1,211	8,769	30,296	47,500	64
	NIZAMABAD	33,671	140	33,531	49	2,012	35,592	41,300	86
	GUNTUR	14,634	2,921	11,713	10,007	19,932	41,652	38,000	110
	BHUBANESWAR	17,813	2,545	15,268	5,206	20,070	40,544	34,800	117
	ROURKELA	9,566	2,121	7,445	2,143	8,825	18,413	33,800	54
	PATANCHERU	11,632	632	11,000	1,147	2,403	14,550	28,900	50
	KADAPA	17,132	2,146	14,986	2,069	3,750	20,805	22,800	91
	RAJAMUNDRY	6,753	983	5,770	1,342	6,028	13,140	22,100	59
	KARIMNAGAR	3,287	1,071	2,216	1,250	2,589	6,055	13,300	46
	WARANGAL	3,178	403	2,775	1,017	2,421	6,213	11,400	55
	BERHAMPUR	1,540	186	1,354	3,785	4,997	10,136	11,300	90
	KEONJHAR	2,315	140	2,175	771	4,084	7,030	9,100	77
	SIDDIPET	1,532	68	1,464	155	1,084	2,703	1,400	193
Total		2,88,331	48,420	2,39,911	1,12,755	2,17,428	5,70,094	5,40,400	105

UP & BR	NOIDA	81,655	9,123	72,532	2,778	56,153	1,31,463	1,10,700	119
	MEERUT	23,474	3,940	19,534	3,787	24,842	48,163	69,200	70
	PATNA	17,839	780	17,059	4,526	19,258	40,843	47,200	87
	LUCKNOW	13,701	1,206	12,495	17,222	15,465	45,182	47,200	96
	KANPUR	10,199	2,691	7,508	22,122	9,373	39,003	41,200	95
	VARANASI	12,841	544	12,297	24,716	9,599	46,612	32,500	143
	AGRA	7,666	843	6,823	8,895	20,047	35,765	24,600	145
	BAREILLY	5,314	798	4,516	2,084	11,767	18,367	15,000	122
	ALLAHABAD	2,701	227	2,474	2,047	4,328	8,849	12,500	71
	GORAKHPUR	1,541	307	1,234	776	5,146	7,156	10,200	70

Zone	Office Name	No. of employees joined between 01.01.17 and 31.03.17	No. of employees exited between 01.01.17 and 31.03.17	Net Increase	No. of Employees for new coverages between 01.03.17 and 31.03.17	No. of Declarations	Grand Total	Membership enrollment potential	Percentage %
	MUZAFFARPUR	1,344	99	1,245	5,036	4,039	10,320	6,700	154
	BHAGALPUR	1,214	200	1,014	1,749	2,649	5,412	3,100	175
	Total	1,79,489	20,758	1,58,731	95,738	1,82,666	4,37,135	4,20,100	104

MH & CHH	BANDRA	1,92,976	6,632	1,86,344	1,57,406	35,296	3,79,046	4,59,900	82
	PUNE	1,52,810	5,624	1,47,186	13,574	54,319	2,15,079	2,42,100	89
	KANDIVALI	1,10,445	2,206	1,08,239	6,107	22,716	1,37,062	1,81,500	76
	THANE	65,501	4,680	60,821	5,797	17,559	84,177	1,32,000	64
	VASHI	55,420	603	54,817	3,775	9,324	67,916	62,800	108
	NASIK	26,895	963	25,932	3,071	18,876	47,879	62,300	77
	RAIPUR	26,424	2,435	23,989	4,816	9,561	38,366	53,800	71
	KOLHAPUR	12,555	428	12,127	2,453	9,856	24,436	39,000	63
	AURANGABAD	24,519	1,318	23,201	2,790	6,955	32,946	33,900	97
	NAGPUR	22,188	597	21,591	3,587	15,412	40,590	29,300	139
	SOLHAPUR	3,244	397	2,847	1,497	8,416	12,760	18,600	69
	AKOLA	2,426	170	2,256	443	1,779	4,478	3,900	115
	Total	6,95,403	26,053	6,69,350	2,05,316	2,10,069	10,84,735	13,19,100	82

KR & GOA	BANGALORE	1,15,665	19,470	96,195	4,473	23,789	1,24,457	2,13,500	58
	BOMMASANDRA	1,23,505	11,910	1,11,595	12,652	9,108	1,33,355	1,54,900	86
	K R PURAM	58,842	8,077	50,765	3,492	9,918	64,175	1,18,700	54
	PEENYA	40,488	4,625	35,863	1,805	6,852	44,520	68,200	65
	MANGALORE	7,242	1,545	5,697	1,890	4,241	11,828	44,700	26
	HUBLI	10,616	1,161	9,455	3,072	10,621	23,148	34,100	68
	MYSORE ROAD	18,659	2,638	16,021	2,277	2,402	20,700	33,000	63
	MYSORE	12,274	2,347	9,927	2,731	8,095	20,753	30,100	69
	GOA	17,200	217	16,983	1,118	2,896	20,997	27,700	76
	UDUPPI	3,698	816	2,882	1,378	3,179	7,439	13,300	56

Zone	Office Name	No. of employees joined between 01.01.17 and 31.03.17	No. of employees exited between 01.01.17 and 31.03.17	Net Increase	No. of Employees for new coverages between 01.03.17 and 31.03.17	No. of Declarations	Grand Total	Membership enrollment potential	Percentage %
	BELLARY	5,912	694	5,218	1,811	2,597	9,626	12,800	75
	GULBARGA	2,376	502	1,874	1,131	4,396	7,401	11,300	65
	SHIMOGA	4,198	188	4,010	830	2,133	6,973	10,800	65
	CHIKAMAGALUR	2,420	82	2,338	468	2,591	5,397	7,500	72
	RAICHUR	2,007	177	1,830	1,186	1,620	4,636	4,500	103
	Total	4,25,102	54,449	3,70,653	40,314	94,438	5,05,405	7,85,100	64
	Grand Total	32,57,517	4,17,516	28,40,001	6,17,634	14,82,294	49,39,929	60,00,000	82

(The above data has been compiled on the basis of ECR data.)

Item No.(): Amendments in EDLI Scheme 1976 for introducing minimum assurance amount on death in service and loyalty cum life benefit to PF members on superannuation.

The following agenda item was placed in the 39th Pension and EDLI Implementation Committee (PEIC) Meeting held on 12.04.2017 (Minutes enclosed)

Agenda Item 4: Amendments in EDLI Scheme 1976 for introducing minimum assurance amount on death in service and loyalty cum life benefit to PF members on superannuation.

The corpus of EDLI Scheme as on 31.03.2016 is Rs.18119.29 Crores and is increasing every year. Analysis of the Receipt & Payment under EDLI Fund during last 10 years was made as under:

S. N.	Year	Opening balance	Contributions Employers	Interest Recd.	14B & 7Q	Total	Payments	Closing balance
1.	2006-07	5,019.72	250.65	410.61	3.87	5,684.86	47.97	5,636.88
2.	2007-08	5,636.88	308.44	476.60	3.17	6,425.09	48.60	6,376.50
3.	2008-09	6,376.50	368.40	569.96	3.73	7,318.58	48.72	7,269.86
4.	2009-10	7,269.86	423.22	587.41	2.89	8,283.37	49.57	8,233.81
5.	2010-11	8,233.81	480.01	701.91	4.69	9,420.42	49.15	9,371.27
6.	2011-12	9,371.27	566.40	833.34	5.10	10,776.11	75.84	10,700.27
7.	2012-13	10,700.27	620.13	927.88	4.72	12,253.00	124.21	12,128.79
8.	2013-14	12,128.79	697.78	1,057.95	7.97	13,892.49	153.23	13,739.26
9.	2014-15	13,739.26	936.12	1,220.98	15.19	15,911.54	179.27	15,732.27
10.	2015-16	15,732.27	1,231.912	1,392.74	16.00	18,372.93	253.64	18,119.29

From the statistics available as above following details are derived:

- i) Payments out of the EDLI Fund is only a small part of annual contribution received each year during the last ten years. It formed only around 13% to 20% of annual contribution from 2006-07 to 2015-16.

- ii) Even after increase in the limit of payment to Rs.6 lakh the estimated payment (based on details from Sept. 2016 to December. 2016) comes only to 31% of annual contribution.
- iii) The interest component accrued each year on investment is simply added to corpus so that corpus of EDLI has risen from 5636.88 crores as on 31-3-2007 to 18119.29 crores as on 31-3-2016.
- iv) There is sufficient surplus fund available on annual basis in terms of contribution and interest each year, which is required to be paid to EDLI beneficiaries. Contributions paid on behalf of the EPF/EDLI members by the employers are meant for devised assurance/insurance benefits and not for accumulation of fund.

Considering the above, status on financial health of the EDLI fund, it is legitimate that the benefits under EDLI Scheme are increased. Since, increase in limit of benefits on death of the member has been increased to Rs.6 lakh in May 2016 only, it is considered not necessary to make any amendment for enhancement of upper limit at this stage.

Moreover, many establishments are seeking exemption from the EDLI Scheme as the benefits extended under the scheme are less as compared to that provided by the Private Insurance Companies.

Therefore, it will be appropriate to provide additional benefits in the EDLI Scheme, 1976 in order to make it more attractive.

Accordingly a proposal was made for amendment in the EDLI Scheme 1976 for providing:

1. Minimum assured benefit of Rs.2,50,000/- (Rs. Two lakh fifty thousand) on death of EDLI members under Para 22(3) of the EDLI Scheme, 1976
2. Loyalty cum life benefit to members on superannuation/total and permanent disablement

The proposal is placed as **annexure 'H'**. The proposal was approved by CPFC and forwarded to Internal Finance Division for concurrence.

The following observations were made by the IFD.

- I. Proposal for minimum assurance of Rs.2,50,000/- been concurred.
- II. Legal opinion may be obtained on whether the proposal for loyalty is in conformity with Section 6C of the Act.
- III. Actuarial assessment be made on the Funds' sustainability in case loyalty benefit is provided.

As per observation in point II above, legal opinion was sought from the Legal Advisor and is placed as **annexure 'I'**. As per the opinion of the Legal Advisor the Central Government is empowered under section 7 to, amend, vary, add either prospectively or retrospectively the Scheme, the pension Scheme or the Insurance Scheme.

The actuarial assessment which was already obtained is placed as **annexure 'J'**. In the said report, it has been stated that 80% of the interest income be utilized to pay the loyalty benefit to the members retiring after putting in 20 years of service as a lump sum amount. The amount may kept at Rs.20,000/-

In the proposed amendment it has been proposed to extend the loyalty cum life benefits to members on retirement on completion of 58/60 years of age and have completed minimum 20 years of contributory service as under:

S.No.	Average Wages Per Month	loyalty cum life benefit (in Rs.)
1	Less than or equal to Rs. 5000	30,000
2	More than Rs.5000 but less Rs.10000	40,000
3	More than Rs.10000	50,000

Although the average loyalty cum life benefit comes to Rs.40000/-, the estimated annual outgo towards the loyalty benefits will be Rs.692 Crore. This is well below the 80% of the income earned through interest on corpus as shown under:

Annual receipt through return on investment for the year 2015-16	-	1362.74 Crores
--	---	----------------

80% of the above amount	-	1090.19 Crores
-------------------------	---	----------------

Estimated annual outgo towards the Loyalty cum life benefit	-	692 Crores
---	---	------------

The total estimated outgo from the EDLI fund is also well within the 80% of the total contribution received and interest earned as shown under:

Total contribution received during 2016-17	-	1425.96 Crores
--	---	----------------

Annual receipt through return on investment for the year 2015-16	-	1362.74 Crores
--	---	----------------

Total income in the fund	-	2788.70 Crores.
--------------------------	---	-----------------

80% of the total income	=	2230.96 Crores
-------------------------	---	----------------

Estimated payments as benefit on death for the year 2017-18 – 432 crores.

Estimated outgo towards minimum assurance benefit -	386.10 Crores.
---	----------------

Estimated annual outgo towards the Loyalty cum life benefit	-	692 Crores
---	---	------------

Total outgo from the fund	-	1510.10 Crores
---------------------------	---	----------------

Accordingly, the following proposal is placed for consideration

Proposal:

1. Provision be made for minimum assured benefit of Rs.2,50,000/- (Rs. Two lakh fifty thousand) on death of EDLI members under Para 22(3) of the EDLI Scheme, 1976
2. Provision be made in the EDLI Scheme for Loyalty cum life benefit to members on superannuation on completion of 58/60 years of age/total and permanent disablement and completion of 20 years of contributory service

The above proposal as detailed in note on amendment in EDLI scheme 1976 and placed at annexure 'H' is placed before PEIC for consideration and approval for placing the matter before the Central Board of Trustees for necessary amendment in the EDLI Scheme, 1976.

Decision taken by PEIC

The agenda item was deliberated at length. The proposal was welcomed and approved by the committee for placing the same before the CBT for making necessary amendment in the scheme. The members of the committee also suggested that this provision should be made known to all such members of the scheme through wide publicity and written communication after approval of the same by the Govt.

Proposal: The decision taken by the PEIC in its 39th Meeting held on 12.04.2017 as per subject agenda item is placed before the CBT for consideration and recommendation to the Government for making necessary amendments in the scheme.

Minutes of 39th Meeting of Pension & EDLI Implementation Committee

Date: 12th April, 2017

Venue: Conference Hall,

Employees Provident Fund Organisation,
Head office, Bhavishya Nidhi Bhawan,
14, Bhikaji Cama Place, New Delhi-66.

Present:

1.	Dr. V.P. Joy, Central Provident Fund Commissioner	Chairman
2.	Shri Subhash Kumar, U.S. (MoL&E)	Member
3.	Shri G.P. Srivastava, Employers' Representative, CBT (EPF)	Member
4.	Shri Vrijesh Upadhyay, Employees' Representative, CBT (EPF)	Member
5.	Shri D.L. Sachdev, Employees' Representative, CBT (EPF)	Member
6.	Dr. S.K. Thakur, ACC-HQ (Gujarat)	Special invitee
7.	Shri R.M. Verma, ACC-II (Pension)	Convenor

Shri Arun Goel, Additional Secretary & Financial Advisor (MoL&E), Shri R.S. Maker, Employers' Representative, CBT (EPF), the representative of PFRDA and Shri Jayesh D. Pandit, Actuary could not attend the meeting.

Central P.F. Commissioner welcomed the members of the Pension and EDLI Implementation Committee (PEIC) and introduced the agenda items in brief before the committee for consideration.

With these opening remarks he requested ACC-II (Pension) to take up the matters for discussion as per agenda note. Accordingly, the agenda items were placed for consideration of the committee.

Item No.1 Confirmation of minutes of the 38th meeting of the Pension & EDLI Implementation Committee.

Decision/Recommendation: The PEIC confirmed the minutes of the 38th meeting as circulated.

Item No.2 Action Taken Report on the 38th meeting/decision.

Decision/Recommendation: The PEIC took note of the Action taken report placed before the committee.

Item No.3 Decision on Aadhar identification of beneficiaries of the pension scheme.

The information was noted as contained in the agenda note and noted the actions already taken in this regard for getting digital life certificate from pensioners.

Item No.4 Amendments in EDLI Scheme 1976 for introducing minimum assurance amount on death in service and loyalty cum life benefit to PF members on superannuation.

The agenda item was deliberated at length. The proposal was welcomed and approved by the committee for placing the same before the CBT for making necessary amendment in the scheme. The members of the committee also suggested that this provision should be made known to all such members of the scheme through wide publicity and written communication after approval of the same by the Government.

The meeting ended with a vote of thanks to the chair.



(Dr. V.P. Joy)
Central P.F. Commissioner
and Chairman, PEIC, CBT, EPF.

AMENDMENT IN EDLI SCHEME, 1976

- i) Provision for minimum assurance benefit of Rs.250000 (Rupees two lakh fifty thousand) on death of members of EDLI Scheme, 1976 under Para 22(3) of this Scheme.
- ii) Introduction of loyalty cum life benefit under EDLI Scheme, 1976 on superannuation from service on attaining the age of cessation from membership as per Employees Pension Scheme, 1995.

Upon detailed evaluation of the corpus, annual contribution, annual interest accrued and payments made out of the EDLI funds, increase in benefit under EDLI Scheme, 1976(Para 22(3) was effected w.e.f. 24-05-2006 through notification of GSR NO. 543(E) dated 24-05-2016 from the existing ceiling of Rs. 360000 to Rs. 600000 on the death of the member under Para 22(3) of the EDLI Scheme, 1976.

3. On further analysis of the EDLI Fund after implementation of the above notification for increasing the limit of benefit to Rs.600000 on death of the member, following financial status of the fund under EDLI Scheme, 1976 has been noted.

A. Receipt and Payment under EDLI Fund (during 2015-16 and 2016-17)

Sl. No.	Details of EDLI Fund	Amount in crores(Rs.)
1.	Total Corpus of the Fund as on 31-3-2016	18372.93
2.	Annual Receipt through contributions for the year 2015-16	1231.92
3.	Annual receipt through return on investment for the year 2015-16	1362.74
4.	Annual payment as benefits on death for the year 2015-16	253.64
5.	Contributions received during 2016-17	1386.66
6.	Estimated payment as benefits on death for the year 2017-18 (based on the payments made from Sept. 2016 to December 2016, after amendment for increase in benefit limit to Rs. Six lakhs on 24-5-2016)	432.00

B. Other Details

1.	Average Annual number of beneficiaries	32568
2.	Average payment per death case (432 crores/32568)even after increase in limit to Rs.600000/-from 24-05-2016	1.33 lakhs

C. Receipt & Payment under EDLI Fund during last 10 years.

S.N o.	Year	Opening balance	Contributions Employers	Interest Recd.	14B & 7Q	Total	Payments	Closing balance
1.	2006-07	5,019.72	250.65	410.61	3.87	5,684.86	47.97	5,636.88
2.	2007-08	5,636.88	308.44	476.60	3.17	6,425.09	48.60	6,376.50
3.	2008-09	6,376.50	368.40	569.96	3.73	7,318.58	48.72	7,269.86
4.	2009-10	7,269.86	423.22	587.41	2.89	8,283.37	49.57	8,233.81
5.	2010-11	8,233.81	480.01	701.91	4.69	9,420.42	49.15	9,371.27
6.	2011-12	9,371.27	566.40	833.34	5.10	10,776.11	75.84	10,700.27
7.	2012-13	10,700.27	620.13	927.88	4.72	12,253.00	124.21	12,128.79
8.	2013-14	12,128.79	697.78	1,057.95	7.97	13,892.49	153.23	13,739.26
9.	2014-15	13,739.26	936.12	1,220.98	15.19	15,911.54	179.27	15,732.27
10.	2015-16	15,732.27	1,231.912	1,392.74	16.00	18,372.93	253.64	18,119.29

3. From the statistics available as recorded in Table A, B and C above following details are derived:

- payments out of the EDLI Fund is only a small part of annual contribution received each year during the last ten years, it formed only around 13% to 20% of annual contribution from 2006-07 to 2015-16;
- Even after increase in the limit of payment to Rs. 600000 the estimated payment (based on details from Sept. 2016 to December. 2016) comes to 31% of annual contribution.
- The interest component accrued each year on investment is simply added to corpus so that corpus of EDLI has risen from 5636.88 crores as on 31-3-2007 to 18119.29 crores as on 31-3-2016.

iv) There is sufficient surplus fund available on annual basis in terms of contribution and interest each year, which is required to be paid to EDLI beneficiaries. Contributions paid on behalf of the EPF/EDLI members by the employers are meant for devised assurance/insurance benefits and not for accumulation of fund.

4. considering the above, status on financial health of the EDLI fund, it is legitimate that the benefits under EDLI Scheme are increased. Since, increase in limit of benefits on death of the member has been increased to Rs.600000 in May 2016 only it is considered not necessary to make any amendment for enhancement of upper limit at this stage.

5. Therefore, it is proposed that additional benefits are given in the existing provisions under EDLI Scheme, 1976. It has been noted that despite increase in benefit limit to Rs.600000/- the average amount per death case is still Rs. 1.33 lakhs. Actual payments in sizable number of cases is in few thousands of rupees only.

6. Based on the average benefit paid under Para 22(3) of the EDLI Scheme and availability of the surplus contributions each year, it is proposed to make provision of minimum assured amount of benefit on death of the member.

7. Similarly, it has also been considered that apart from the benefits on death of member, some benefit is also extended to the surviving members on superannuation from service and cessation from membership.

8. Both the proposals as above were placed before the Internal Finance Division (IFD) of the EPFO. The FA & CAO of the Organization concurred on the proposal for introduction of minimum benefit of Rs.300000 in case of death of the member in the existing provisions under Para 22(3) of the EDLI Scheme.

9. Regarding loyalty cum life benefit, It was suggested to have views from Actuary before taking any decision on the proposed Scheme.

10. Accordingly, the proposals were forwarded to Actuary (M/s. K.A. Pandit) for expert opinion in the matter. The Actuary has forwarded the opinion and is placed at Annexure A of this proposal. It has been opined that the experience on the impact of enhanced limit of

benefit Rs.600000/- is short and mortality analysis has not been conducted for this. So it would be difficult to predict the mortality improvement and its impact.

11. However, the Actuary suggested the following:-

- a) EPFO may think of sharing the surplus arising out of the contributions received from the members. Upto 80% of the surplus generated after servicing the claims may be contributed to the members Provident Fund Account each year.
- b) 80% of the income earned through interest on the surplus asset be utilized to pay the loyalty benefit to the members retiring after putting 20 years of service as lump sum amount.
- c) The loyalty benefit may be paid upto Rs. 20000/-

Accordingly, proposals for minimum benefit of Rs.2,50,000/- on death of the member and also for giving loyalty cum life benefit to the member having the membership under EDLI Scheme on attaining the age of superannuation and rendered service of minimum 20 years as member to EDLI Fund are placed for consideration.

12. Minimum assured benefit of Rs.2,50,000/-(Rs. Two lakhs fifty thousand) on death of EDLI members under Para 22(3) of the EDLI Scheme, 1976

Providing minimum assurance benefit to a member on death in service

As of now there is no provision for providing minimum assurance benefit under EDLI scheme to a PF member who dies while in service. The benefit paid under the scheme is linked to the average balance in the account of the deceased in the provident fund (50%) and 30 times the average monthly wages drawn during the 12 months proceeding the month in which he died subject to the overall ceiling of 6 lakhs rupees.

The assurance amount paid to members at times is as low as few thousand rupees. Payment of this low amount of EDLI benefit to the beneficiary defeat the very purpose of providing insurance Scheme for the beneficiaries of the members who die while in service.

Hence, to make the Scheme more meaningful the concept of minimum assurance amount can be introduced.

The annual surplus amount available by way of surplus contribution can be utilized for providing minimum assurance benefit as explained in previous para. The average number of EDLI cases settled is taken as 33000 (slightly higher than the average number of cases – 32568) per annum and accordingly, minimum assurance benefit of rupees two lakhs fifty thousand has been calculated as viable lower limit to be provided. The total estimated additional outgo per annum on account of providing minimum assurance benefit of Rupees 2.5 lakhs will be rupees 386.10 crores (33000 claims X rupees 1.17 lakhs) which is within the earmarked fund for this new proposed provision under EDLI Scheme, 1976.

The estimated fund required to finance this proposal of minimum assurance benefit of Rs. Two lakhs fifty thousand on death of the member would be Rs. 386.10 crores in one year at present rate, whereas the suggested fund available for this proposal out of the surplus of contribution over the payment is 80% of this surplus. The 80% of surplus contributions is calculated as under:

Total contribution received during 2016-17 -	1425.96 crores
Total estimated annual payments during 2016-17 (on higher enhanced ceiling of Rs.600000)	432.00 crores
<hr/>	
Surplus	993.96
80% of surplus contributions =	795.17

13. Loyalty cum life benefit to members on superannuation/total and permanent disablement

Loyalty cum life benefits can be extended to all members who have retired on superannuation on completion of 58/60 years of age (as per cessation of membership under EPS, 1995) and have completed, minimum twenty years of contributory service. In addition, the provident fund members who retire from service on account of total and permanent disablement and are eligible for disablement pension under the Employees Pension Scheme, 1995 can also be given

the proposed loyalty cum life benefit, provided they have completed 20 years of contributory service.

During the year 2015-16, a total of 148701 members were given superannuation pension and 24126 members were given disablement pension. Thus total number of such member pension cases in the year 2015-16 comes to 1, 72,827 (rounded to 1, 73,000).

Members who have completed 20 years of contributory service on the date superannuation will be eligible for the loyalty cum life benefit. The quantum of loyalty cum life benefit can be based on the average wages drawn by a member in the 12 months preceding the date of superannuation on cessation of membership.

The survival benefit can be given as under;

S.No.	Average Wages Per Month	loyalty cum life benefit (in Rs.)
1	Less than or equal to Rs. 5000	30,000
2	More than Rs.5000 but less Rs.10000	40,000
3	More than Rs.10000	50,000

The average benefit for the above three categories comes to Rs. 40,000. Accordingly, the estimated annual outgo towards the loyalty cum life benefit will be Rs. 692 crores (1,73,000 members X Rs. 40,000). This is well within the anticipated available fund of Rs. 1090.19 crores (80% of the income earned through interest i.e. 80% of Rs. 1362.74 crores).



Page No. 55

ANNEXURE - I

File No. _____

I have seen section 6C relating to EDLI Scheme under the EPF & MP Act 1952. On perusal it is revealed that the provision in section 6C relates to providing Life Insurance benefits to the employees.

The department proposes to add some more benefit in the EDLI scheme. My attention has been invited towards section 7 which relates to modification of Schemes. On perusal of this provision the Central Government may add to, amend or vary, either prospectively or retrospectively the Scheme, the pension Scheme or the Insurance Scheme.

of the EPF & MP Act -

Exercising the power under section 7 the Central Government is empowered to, amend, vary, add either prospectively or retrospectively the Scheme, the pension Scheme or the Insurance Scheme.


19-4-2017


Dr. R. M. Sharma

IA (EPFO)

CPFC 11/4/17

Acc (Pension)

Re a (Pension)


11/4/2017

238
ANNEXURE - 'J'

Date: 31-03-2017

To:
The Central Provident Fund Commissioner
EPFO
Bikaji Cama Place
Delhi

We refer to our discussion and your concern as to the generation of the surplus in the EDLI fund. Though the exercise for the valuation and enhancement of benefit was conducted 2 years back, the enhancement was made just last year. As the experience on the claim based on the enhanced ceiling is not yet gathered and mortality analysis is also not conducted, it would be difficult to predict the mortality improvement and its impact.

As a matter of benefit, EPFO may think of sharing the surplus arising out of the contributions received from the members. Surplus if any generated each year by claims paid being less than the contribution received can be set aside for sharing as a low claim bonus to the contributor. We feel that only 80% of the surplus generated out of low claims may be credited to the members Provident Fund Account each year.

There is also a surplus asset which is earning interest, a decision may also be taken that 80% of the income be utilised to pay the loyalty benefit to the members retiring after putting in 20 years of service as a lumpsum amount. The benefit may be kept at Rs.20,000.

The above may be reviewed in three years and an effort be made to conduct mortality investigation to work out the mortality applicable to EPFO members.

We would also request to make it clear to the members that the benefit given may change depending on the actual experience and it should not be treated as a right of the members.

As the above suggestions are not based on the data of mortality improvement, a close watch on the movement of the fund may be kept and a full-fledged actuarial valuation based on the mortality experience of EPFO may be conducted to validate above suggestions.

Thanking you

Yours Faithfully

For M/S.K.A.PANDIT

Status note on action taken on the allegations on the members of the Board that appeared in a section of the press – deliberation on Item No.25 of the 215th Meeting of CBT (EPF)

The Board may recall that in the 215th meeting of the Central Board of Trustees held on 19.12.2016, some members of the Board had expressed concern on news report that had appeared in a leading daily newspaper on allegations on Board members with respect to the approval accorded to the cadre re-structuring report. The deliberation and minutes as recorded against the Item are reproduced as below:

"Shri B. Kumarasu brought the attention of the Board to allegations which appeared in press against the Central Board (EPF). He further stated that unfortunately this allegation has not been countered either by EPFO or by the Ministry of Labour & Employment. He urged that a time bound inquiry be conducted in the matter by the Ministry and action taken against the complainant if false and unsubstantiated allegations against the Board have been made. S/Shri GP Srivastava, PJ Banasure and KV Shekhar Raju strongly demanded that inquiry be conducted in the matter and strong action be taken against anyone found culpable.

Vice Chairperson assured the Board that the Ministry will inquire into the matter and take requisite action.

She assured the Board that the approval of re-structuring has been fair, transparent and objective. In fact delays in approval has been because the Ministry has conducted thorough examination of the matter. Vice Chairperson assured the Board that the re-structuring would be implemented as soon as Orders are issued by the Government."

2. In this connection it is stated that a news item titled "Labour Ministers OSD sacked over graft charges" was published in the Times of India on 17.08.2016 wherein allegation of bribery by officers of EPFO to members of CBT and the officers of the Ministry for passing cadre restructuring proposal was made.

3. A letter dated 27.01.2017 was written to the Ministry of the Labour & Employment for conducting an inquiry as directed by the CBT in its 215th meeting. Further, in January-February, 2017, one of the staff members of EPFO namely Shri Dev Kumar, who was then working as Section Officer on Ad-hoc basis in the Head Office, uploaded three audio/video clips on a social media site You Tube wherein he claimed that he had filed various complaints with various authorities and media alleging corruption in the restructuring exercise in EPFO.

4. A complaint was filed by Shri Saurabh Swami, RPFC-II (erstwhile General Secretary, EPF Officers Association) with the Press Council of India against the Times of India Newspaper for its aforesaid news item dated 17.08.2016 which was dubbed as highly malicious, completely false, factually erroneous and devoid of any merit. The Council after obtaining comments of the respondent newspaper and conducting an inquiry, held that the Times of India newspaper has violated the norms of journalistic ethics. The Council therefore **Censured** the respondent newspaper and copy of the Order was forwarded to the Director General, DAVP, Director of Information, Govt. of Delhi, Registrar of newspaper in India for appropriate actions (copy of the Order enclosed).

5. In the meantime, a Committee was also constituted to look into the matter pertaining to upload of videos on You Tube. The Committee called Shri Dev Kumar to put his case before the Committee. However, Shri Dev Kumar refused to receive the Notice and did not appear before the Committee. After thoroughly enquiring into the issue, the Committee prima-facie found Shri Dev Kumar guilty of various counts of misconducts and recommended stern action against him.

6. Based on the Committee's recommendation, Shri Dev Kumar has since been put under suspension for his misconduct and his headquarters has been changed from Head Office to Zonal Office, Chandigarh. A charge Memorandum dated 17.03.2017 has also been issued to Shri Dev Kumar proposing to hold an inquiry under Rule-10 of EPF Staff (CC&A) Rules, 1971 for his several misconducts noticed.

7. The aforesaid status is placed before the Board for information.

PRESS COUNCIL OF INDIA

Sl. No. 21

F.No.14/301/16-17-PCI

Complainant

Shri Saurabh Swami,
Regional P.F. Commissioner,
Rohtak.

Respondent

The Editor,
Times of India,
New Delhi.

Adjudication
Dated 3.3.2017

This complaint dated 30.8.2016 has been filed by Shri Saurabh Swamy, Regional P.F. Commissioner, Grade II, EPFO, Rohtak against the editor, Times of India, New Delhi alleging publication of false, factually incorrect and defamatory news item in its issue dated 17.8.2016 under the caption "Labour Minister's OSD sacked over graft charges". It is reported in the impugned news item that officers holding the rank of Regional Provident Fund Commissioner, Grade-II(RPFC-II) in the Employees' Provident Fund Organisation have collectively paid huge sums of bribe to the members of the Central Board of Trustees(CBT) and the officers of the Labour Ministry in order to approve the proposal for grant of higher pay scales to officers of RPFC-II rank in EPFRO. It is also reported in the impugned news item that a CBI probe has been initiated in the matter and that Shri Shyam Veer Tonk has been removed from his post following above allegations of corruption. It is also reported in the impugned news item that a crucial note related to the decision to restrict the cadre in EPFO was also tampered before it reached the labour minister. The papers have reported that the matter came into light when the EPFO Section Officer's Association wrote to the CBI Director last month asking the agency to probe massive corruption and bribery in organizational and cadre restructuring in EPFO.

Denying the allegations levelled in the impugned news item the complainant submitted that the news item is completely false, factually erroneous and devoid of any merit. The complainant stated that the respondent published the news item without inquiring into the truth of the matter in connivance with the one Shri Dev Kumar who is interested in anyhow derailing the ongoing cadre restructuring process and has also

filed a case against the same before the Central Administrative Tribunal. The complainant also submitted that there has no CBI probe in the matter and the news item maligned the collective reputation of officers of EPFO with the baseless allegations. The complainant vide letter dated 18.8.2016 drew the attention of the respondent towards the impugned publication with a request to publish retraction within a week.

It is submitted that the respondent on 18.8.2016 published clarification wherein only the statement of Shri Shyam V. Tonk, Regional Provident Fund Commissioner-II, has been published stating that "Shri Shyam Veer Tonk, claimed that he was not aware of any CBI probe and he has been serving informally as officer on special duty (OSD) to labour minister since two years and he has not been sacked from the post". The complainant submitted that the newspaper has not published any editorial remark regarding the incorrect news item and he was not happy with the clarification published by the respondent. He has requested the Council to take appropriate action in the matter.

A Notice for Comments was issued to the respondent editor, Times of India on 13.10.2016.

Comments

In response to the Council's Notice for Comments the respondent vide his comments dated 27.10.2016 denied the contents of the complaint and submitted that they published the news without any ill will or malice against the complainant or anyone else. The news was carried on the basis of the information received from the reliable sources and newspaper keeping in mind the journalistic ethics and norms immediately published a clarification of 18.8.2016 and another clarification was published on 9.10.2016 and removed the news from the online edition.

Report of the Inquiry Committee

The matter came up for hearing before the Inquiry Committee on 9.1.2017 at New Delhi. Shri Saurabh Swami, the complainant appeared in person. There was no appearance on behalf of the respondent.

This complaint has been filed by one Shri Saurabh Swami who happens to be an officer in the rank of Regional Provident Fund Commissioner (RPFC) presently posted at Rohtak. He is aggrieved by the publication of a news item in the Times of India, New Delhi edition dated 17.08.2016 under the caption "**Labour Minister's OSD Sacked Over Graft Charges**", it has been reported that a mid-level officer Shri Shyam Veer Tonk, serving as officer On Special Duty (OSD) to labour Minister Shri Bandaru Dattatreya has been removed from his post following allegation of major corruption. It has been further reported that Officers of the rank of RPFC, Grade-II, in the Employees Provident Fund Organisation (EPFO) have collectively paid bribes to the Members of the Central Board of Trustees (CBT) and officers of the Labour Ministry. According to the complainant the news item that Shri Shyam Veer Tonk has been removed from the post of OSD is false and concocted. Further, the news that officers holding the rank of Regional Provident Fund Commissioner have collectively paid huge sums of bribe to the Members of the Central Board of Trustees and the Officers of the Labour Ministry for approval of the proposal for grant of higher scale of pay are false and concocted.

The respondent has filed its written statement and in paragraph-5 thereof it has been stated as follows

"The news was carried without any ill will or malice against the complainant or anyone else. The news was carried on the basis of the information received from the reliable sources and on further investigating in the matter and on speaking with Mr. Shyam Veer Tonk, my client's newspaper keeping in mind the journalistic ethics and norms immediately published a clarification on 18/08/2016 and again another clarification was published on 09/10/2016. My Client keeping in mind the true journalistic spirit has removed the news from the online edition and e-paper of the newspaper. The copies of both the clarification are attached with this reply. It is respectfully submitted that my client has already taken remedial steps the complaint is liable to be dismissed on this ground itself as nothing survives "

The clarifications published by the respondent newspaper are as follows:-

"Clarification: The times of India on August 17, 2016 in an article titled "OSD to labour minister sacked on graft charges" reported that Shyam V Tonk has been sacked as officer on special duty (OSD) to the labour minister on the basis of corruption charges in organisational and cadre restructuring in EPFO and alleged tampering of files.

The report also says that CBI was looking into the case.

Based on more facts made being available the times of India regrets the reference to Shyam V Tonk in the context of corruption charges. It has been clarified that he continues to serve as OSD to the labour minister.

CBI's visit to the EPFO was not specifically aimed at Shyam V Tonk.

We regret any inadvertent harm caused to Shyam V Tonk's reputation".

And

"With reference to the report Labour Minister's OSD sacked over graft charges published in TOI on Wednesday, Shyam V Tonk regional provident fund commissioner-II, has claimed that he was not aware of any CBI probe. He clarified that he has been serving as an informal officer on special duty (OSD) to labour Minister Bandaru Dattatreya since two years and he has not been sacked from the post. Denying any wrong doing Tonk said "the alleged corruption is stated to have taken place in EPFO and not in the ministry of labour and employment where he is currently posted.

Tonk further clarified that "he has not paid any bribe as alleged to avail of better pay scales as it is purely an administrative and official matter beyond his control", the officer said the allegations against him were made by certain disgruntled employees, who were opposed to organizational and cadre restructuring in EPFO.

TOI has reported on Wednesday that there were allegations of corruption and bribery in EPFO and the labour ministry over cadre restructuring. A complaint has been registered and is being looked into by the CBI".

Despite service of notice nobody has chosen to appear on behalf of the respondent. The Inquiry Committee has heard the complainant and perused the compliant, the written statement and all other connected papers. In the opinion of the Inquiry Committee sacking of an officer over graft charges is a verifiable fact and it was expected of the newspaper to make enquiry in respect thereto before its publication. The Respondent newspaper does not seem to have carried out any such verification had it been done so, such news could not have been published and hence the clarification published in no way helps the newspaper.

The Inquiry Committee is of the further opinion that projecting the officers of a particular Cadre to be bribe giver and all the Members of the CBT and officers of Labour Ministry to be bribe taker without any basis is an act of irresponsible journalism. This has not only maligned the complainant but all other Members of his service as also the Member of the CBT and Officers of the Ministry. Before publication of such a news item

containing allegation against a large number of people the newspaper ought to have enquired about it and taken the version of all concerned. The clarification published later on and deletion of the impugned news item from the web edition in no way advance the case of the respondents. In the opinion of the Inquiry committee the newspaper has violated the norms of journalistic ethics.

Accordingly the Inquiry Committee recommends that Delhi edition of the respondent newspaper Times of India be censured. The Inquiry Committee further directs the respondent newspaper to publish a gist of this order in the newspaper and to forward a copy of this order to the Director General, DAVP, Director of Information, Govt. of Delhi, Registrar of Newspaper in India for appropriate actions.

Held

The Press Council on consideration of records of the case and report of the Inquiry Committee accepts reasons findings and adopts the report of the Committee and decided to Censure the respondent newspaper 'The Times of India, New Delhi'. A copy of this order be forwarded to the Director General, DAVP, Director of Information, Govt. of Delhi, Registrar of Newspaper in India for appropriate actions.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II.
SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Labour and Employment

Notification

New Delhi, the _____, 2017

G.S.R.(E).- In exercise of the powers conferred by section 5 read with sub-section (1) of section 7 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government hereby makes the following Scheme, further to amend the Employees' Provident Funds Scheme, 1952, namely:-

1. (1) This Scheme may be called the Employees' Provident Funds (Fourth Amendment) Scheme, 2017.

(2) It shall come into force from the date of its publication in the Official Gazette.

2. In the Employees' Provident Funds Scheme, 1952, after paragraph 68 BC, the following paragraph shall be inserted, namely:-

"68BD. Withdrawal of, and financing from, the Fund for purchase of dwelling house or flat or the construction of a dwelling house.- (1) Notwithstanding anything contained in paragraph 68B or 68BB or 68BC, where a member of the Fund, who,-

- (a) being a member of a cooperative society or a society registered for housing purpose under any law for the time being in force and such society has at least ten members of the Fund, and
- (b) desires to purchase a dwelling house or flat including flat in a building owned jointly with others, outright or on hire-purchase basis, or for construction of a dwelling house including the acquisition of a suitable site for the purpose, from the Central Government, a State Government, or any housing agency under any housing scheme or any promoter or builder for the members,

may apply in such form and in such manner, as may be prescribed by the Commissioner, for withdrawal from the amount standing to the credit of the member in the Fund.

(2) The Commissioner, or any other officer subordinate to him where so authorised by the Commissioner, on receipt of such application may, sanction such amount not exceeding the member's own share of contribution with interest thereon and the employer's share of contribution with interest thereon to his credit or the cost of the acquisition of the proposed property whichever is less by debiting to the member's account:

Provided that the amount of the withdrawal shall not exceed ninety per cent of the employer's share of contribution and interest thereon and employee's share of contribution and interest thereon:

Provided further that the member and the society as the case may be, shall be, liable in accordance with the terms of the agreement with the housing agency or builder or promoter and the Commissioner shall not be responsible or liable or make himself liable for the act of the parties to the agreement.

(3) No withdrawal under this paragraph shall be granted-

- (i) unless the member has membership of the Fund for at least three years;
- (ii) more than once;

- (iii) unless the share of contribution with interest thereon in the amount standing to the credit in the Fund of the member/ or together with the spouse who is also a member, is not less than twenty thousand rupees:

Where a member desires and authorises that monthly installment for the repayment, wholly or partly, of any outstanding principal or interest of a loan obtained in the name of the member or spouse of the member or jointly by the member and spouse may be paid from the amount standing to the credit of the member in the Fund, and payment may be made on behalf of the member to the Government or a housing agency or primary lending agency or bank concerned as the case may be:

Provided that when the membership of the member ceases to exist, or, where the amount standing to in the credit of the member's account is not sufficient to pay the monthly installment for any month, the Commissioner or where so authorized by the Commissioner any other officer subordinate to him shall not be liable to pay the monthly installment or any late fee or interest or other such charges.

(5) The withdrawal for the purchase of a dwelling house or flat or a dwelling site or construction of a dwelling house, under sub-paragraphs (1) and (2), shall not be made to the member in any event and shall be made direct to the Cooperative Society, Central Government, a State Government, or any Housing Agency under any Housing Scheme or any promoter or builders as the case may be, in one or more installments, as may be authorized by the member.

(6) (a) If the withdrawal or finance granted under this paragraph exceeds the amount actually spent for the purpose for which it was sanctioned, the excess amount shall be refunded by the member to the Fund in one lump sum within thirty days of the finalization of the purchase, or the completion of the construction of, or necessary additions or alterations to a dwelling house or flat, as the case may be;

(b) The amount so refunded under sub-paragraph (a) shall be credited to the employer's share of contribution in the member's account in the Fund to the extent of withdrawal granted out of the said share and the balance, if any, shall be credited to the member's share of contribution in his account;

(c) In the event of the member failing to get allotted a dwelling site or dwelling house or flat or in the event of the cancellation of an allotment made to the member by the Cooperative Society, the Central Government, a State Government, or any Housing Agency under any Housing Scheme or any promoter or builders to which the amount so withdrawn has been given the member shall be liable to ensure the refund of the amount to the Fund in one lump sum in such manner as may be specified by the Commissioner, within a period not exceeding fifteen days from the date of such cancellation or non-allotment;

(d) The amount so refunded under clause (c) shall be credited to the employer's share of contributions in the members account in the Fund, to the extent of withdrawal granted out of the said share, and the balance, if any, shall be credited to member's own share of contributions in his account."

[No. S-35012/9/2016-SS-II]



(R.K. Gupta)

Joint Secretary to the Government of India

Note. - The principal scheme was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number S.R.O. 1509, dated the 2nd September, 1952 and was lastly amended vide number G.S.R. 298 (E), dated the 29th March, 2017.

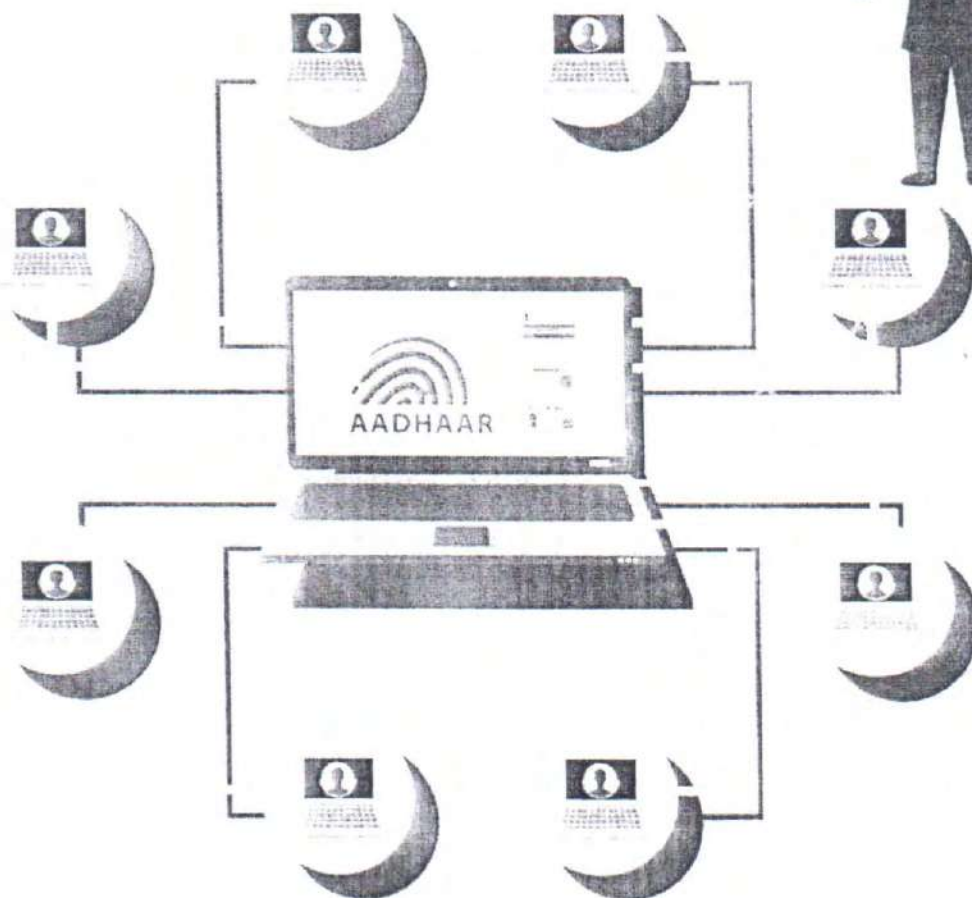


C C

COMMONWEALTH SERVICES INDIA LIMITED

Aadhaar Seeding Service for EPFO through CSCs

CSC SPV join hands with
Employees Provident Fund Organisation of India (EPFO)
to seeding citizens Aadhaar with their
Universal Account Number (UAN)



Join us on: [facebook.com/cscspv](https://www.facebook.com/cscspv)

[csc spv](#)

[cscspv](#)

www.cscspv.in



**Employees' Provident Fund Organisation,
Ministry of Labour & Employment,
Government of India**

Release Note of the e-KYC Aadhaar Seeding Application.

In pursuance to the policy of the Government of India, for optimum usage of information technology for efficient service delivery and widening the reach of EPF benefits, appropriate guidelines have been issued from Head Office for installation and operationalization of proper infrastructure in the field office of EPFO to help and facilitate our subscribers/members to be onboard and take benefits of the current digitization of the service delivery system which will result in better and smooth delivery of the benefits to the intended target groups.

As all of you are aware that Aadhaar Card details and related verified data is becoming the backbone of the current initiatives undertaken by the Government of India for identification and payment of benefits to the target groups as well as preventing any misuse and leakage of the benefits.

The Common Services Centers (CSCs) are ICT enabled front end service delivery points at the village level for delivery of Government, Financial, Social and Private Sector services in the areas of agriculture, health, education, entertainment, FMCG products, banking, insurance, pension, utility payments, etc.

In the light of the need to achieve the seeding of Aadhaar data of the provident fund members & Pensioner with their allotted UAN, a e-KYC Aadhaar Seeding Application has been developed with support of the CSC & CDAC and is put in operation at all the CSC outlets and also at the EPFO Field Offices including the District Offices.



With the implementation of the e-KYC Aadhaar Seeding Application, now any Provident fund member or pensioner can walk in any of the field office of EPFO or CSC outlet with his UAN & Aadhaar and seed the Aadhaar with the UAN.

The e-KYC Aadhaar Seeding Application has been launched by the Hon'ble Minister of State, Labour & Employment, Shri Bandaru Dattatreya (Independent Charge) on the occasion of 217th meeting of Central Board of Trustees, EPFO on 12th April 2017.
