EMPLOYEES’ PROVIDENT FUND ORGANISATION

AGENDA BOOK

219^{th} Meeting
Central Board (EPF)

Date : 23.11.2017

Time : 03.00 PM

Venue : Conference Hall, EPFO Headquarters, New Delhi.

EMPLOYEES' PROVIDENT FUND ORGANISATION
AGENDA BOOK

219th Meeting of the Central Board (EPF)

Date : 23.11.2017

Time : 03.00 PM

Venue : Conference Hall, EPFO Headquarters, New Delhi.

INDEX OF ITEMS

Item No. 1: (a) Confirmation of minutes of the 217th meeting of the Central Board (EPF) held on 12.04.2017.

1. The minutes of the 217th meeting of the Central Board (EPF) held on 12.04.2017 were circulated to all the members vide EPFO letter dated 05.06.2017.
2. No observations have been received on the same.
3. The minutes of the 217th meeting of the Central Board (EPF) as approved by the Chairman CBT (**Annexure-1A**) are placed for confirmation by the Board.

Proposal: The minutes of the 217th meeting of the Central Board (EPF) as approved by the Chairman are placed for confirmation by the Board.

Item No. 1: (b) Confirmation of minutes of the 218th meeting of the Central Board (EPF) held on 27.05.2017.

1. The minutes of the 218th meeting of the Central Board (EPF) held on 27.05.2017 were circulated to all the members vide EPFO letter dated 09.06.2017.
2. No observations have been received on the same.
3. The minutes of the 218th meeting of Central Board (EPF) as approved by the Chairman CBT (**Annexure-1B**) are placed for confirmation by the Board.

Proposal: The minutes of the 218th meeting of the Central Board (EPF) as approved by the Chairman are placed for confirmation by the Board.

Annexure - 1A

Speed Post

दूरभाष: 011-26186517
फैक्स:011-26178343

EMPLOYEES' PROVIDENT FUND ORGANISATION
MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA
मुख्य कार्यालय/Head Office
भविष्य निधि भवन,14,भीकाजी कामा प्लेस नई दिल्ली110066-
Bhavishya Nidhi Bhawan , 14, Bhikaji Cama Place, New Delhi -110066
www.epfindia.gov.in, www.epfindia.nic.in

No. Conf. 1(1)217th CBT (EPF) 5784 Dated: 05.06.2017

05 JUN 2017

To

All Members,
Central Board (Employees' Provident Fund),
(As per list).

Sub: - Forwarding of minutes of 217th meeting of the Central Board (EPF) held on 12.04.2017 – reg.

Sir/Madam,

I am directed to forward herewith the minutes of 217th meeting of the Central Board (EPF) held on 12.04.2017 at India Habitat Centre, Lodhi Road, Near Bal Bharti School, New Delhi, duly approved by the Chairman, Central Board (EPF) for kind perusal.

Kindly acknowledge receipt.

Yours faithfully,

5-6-17

Encl: As above.

(Amiya Kant)
Regional PF Commissioner (Conference)

Copy forwarded for information and necessary action to :

1. Internal Circulation: FA & CAO, ACC (HQ) MN, ACC (HQ) KLT, ACC (HQ) KVS, All Addl. CPFCs Headquarters, New Delhi.
2. Under Secretary to SS-II, Ministry of Labour & Employment, New Delhi.
3. PS to CPFC for information.
4. Deputy Director (OL) for Hindi Version.
5. Guard File.

05/06/2017

(Kewal Kishan)
Section Officer (Conference)

EMPLOYEES' PROVIDENT FUND ORGANISATION

MINUTES OF THE 217th CBT MEETING

(INDIA HABITAT CENTRE, NEW DELHI: 12th April, 2017: 6.45 PM)

The 217th meeting of the Central Board (EPF) was held under the Chairmanship of Shri Bandaru Dattatreya, Chairman Central Board (EPF) and Union Minister of Labour & Employment. Following members attended the meeting:-

1.	Smt. M Sathiavathy, Secretary (L&E)	VICE CHAIRPERSON
2.	Shri Heeralal Samaria, A S (L&E)	CENTRAL GOVERNMENT REPRESENTATIVES
3.	Shri Arun Goel, AS & FA (L&E)	
4.	Sh R K Gupta, JS (SS) (L&E)	
5.	Sh.Rajit Punhani,JS & DGLW	
6.	Shri Suchindra Misra,JS, (Insurance & Pension)	
7.	Shri Balasubrahmanyam Kamarsu	EMPLOYERS' REPRESENTATIVES
8.	Shri K.V. Sekhar Raju	
9.	Shri Ashok Gupta (vice Dr U.D. Choubey)	
10.	Shri G P Srivastava	
11.	Shri Sushanta Sen	
12.	Dr. S S Patil	
13.	Shri Bhagirathi Dhal (vice Shri RS Maker)	
14.	Shri B. P. Pant	
15.	Shri Virjesh Upadhyay	EMPLOYEES' REPRESENTATIVES
16.	Shri M Jagadishwara Rao	
17.	Shri A.K. Padmanabhan	
18.	Shri Sankar Saha	
19.	Shri Raman Pandey	
20.	Shri D.L. Sachdev	
21.	Shri P.J. Banasure	
22.	Dr. G. Sanjeeva Reddy	
23.	Shri Ashok Singh	
24.	Shri T. Srinivasa, Karnataka	STATE REPRESETATIVES
25.	Shri K R Verma, New Delhi	
26.	Shri Chand Tetarwar, Rajasthan	
27.	Shri Y.E. Kerure, Maharashtra	
28.	Dr VP Joy, Central PF Commissioner	MEMBER SECRETARY

(1)

12-04-2017 New Delhi

Following members could not attend and were granted leave of absence:-

1.	Shri A.D. Nagpal	EMPLOYEES' REPRESENTATIVES
2.	Shri Ravi Wig	EMPLOYERS' REPRESENTATIVES
3.	Shri J.P. Chowdhary	
4.	Principal Secretary (Labour), Andhra Pradesh	
5.	Principal Secretary (Labour), Chhattisgarh	STATE GOVERNMENT REPRESENTATIVES
6.	Principal Secretary (Labour), Himachal Pradesh	
7.	Principal Secretary (Labour), Gujarat	
8.	Principal Secretary (Labour), Madhya Pradesh	
9.	Principal Secretary (Labour), Haryana	
10.	Principal Secretary (Labour), Punjab	
11.	Principal Secretary (Labour), Kerala	
12.	Principal Secretary (Labour), West Bengal	
13.	Principal Secretary (Labour), Uttar Pradesh	
14.	Principal Secretary (Labour), Tamilnadu	

The list of officers who attended the meeting is appended as **Annexure A** to the minutes.

CPFC welcomed the Chairman, Vice Chairperson and other Members to the 217th meeting of the Board.

Chairman welcomed the Vice Chairperson/Secretary, L & E, Members of CBT, Officers from the Ministry and EPFO and requested the CPFC to take up the items for discussion.

At the outset Shri P J Banasure, Member sought attention of the Chairman and requested that before the agenda was taken up, the long pending issue of clarifying the status of CBT Members may be addressed. Shri Jagadishwara Rao, Member stated that during the previous (215th) meeting of the CBT, Shri Virjesh Upadhyay, Member had raised the issue of inclusion of CBT Members' agenda items which are socially relevant and are related to extension of Social Security to workers, but no efforts were made to call for agenda items from CBT Members and no time has been given in special CBT to discuss Member's agenda items.

Addressing the Members of the Board, the Chairman stated that the present meeting has been convened to discuss the left over agenda items from the 216th meeting of CBT held on 30.03.2017. Regarding status of Members and Members' agenda items, the Chairman assured the Members that a separate meeting would be convened, preferably out of Delhi where these will be taken up and discussed at length. Chairman desired that the Board should first discuss the left over agenda items, and remaining issues would be discussed after deliberations on aforesaid agenda items.

Shri A K Padmanabhan, member drew attention of the Hon'ble Chairman to one of the important agenda items in the 216th Meeting regarding enhancement of wage ceiling from Rs15,000 to Rs 25,000 which is not included in the agenda. Vice Chairperson clarified that the matter needs to be referred to Ministry of Finance, as the Government has to contribute 1.16 percent of wages in pension fund. Shri Sachdeva, member expressed displeasure on the agenda item being deferred.

Thereafter, the agenda items were then taken up for deliberation:

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

The Board took note of the Information regarding appointment of ACC (HQ), ACC Gr.I, ACC Gr.II, RPFC Gr.I and RPFC Gr.II during the period from 10.02.2016 to 21.03.2017.

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/-/Leve-10 in the Pay Matrix

Introducing the agenda, the CPFC stated that the Cadre Restructuring proposal has been approved by the CBT, EPF in the 213th meeting held on 8th July, 2016 which was subsequently approved and accepted by the Government vide order No.A-32022/10/2014-SS-1 dated 27.12.2016 with some modifications. Cadre Restructuring Report, considering the stagnation of EO/AOs appointed upto the year 1999 had recommended creation of supernumerary posts for promotion of EO/AO upto the batch of 1999 to the post of APFC, as a onetime measure. Accordingly, a proposal for creation of 361 supernumerary posts of APFCs was placed for approval of Chairman, CBT which was duly approved on 08.03.2017. The agenda note seeks ratification of the approval granted by the Chairman, CBT. Shri Jagadishwara Rao, member suggested that keeping in view the fact that promotional avenues needs to be provided to lower cadres, the supernumerary posts should be treated as permanent regular posts. It was clarified that definition of supernumerary post cannot be changed and, supernumerary post stands abolished as soon as the officer, for whom it was created, vacates it on account of retirement or confirmation to another permanent post or for any other reason.

After deliberation, the Board ratified the approval for creation of 361 supernumerary posts that had been accorded by Chairman, CBT.

Item No. 3: Ratification of the proposal for creation of post in Group-'A', 'B' & 'C' as per the recommendations of 76th Meeting of Executive Committee held on 25th February, 2013

Shri Jagadishwara Rao, member suggested that all such items which have been approved by the Executive Committee previously and are pending for ratification, should be placed together before Board for ratification.

The Board ratified the creation of the posts as detailed in the agenda note, as per the approval accorded by the Executive Committee in its 76^{th} meeting held on 25.02.2013.

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

Apprising the CBT about the promotions that had been made and the future promotions, CPFC stated that 94 Group A, 1610 Group B and 458 Group C officials have been promoted in 2016-17. In 2017-18, 71 Group A, 1086 Group B and 1755 Group C officials are likely to be promoted. Shri G S Reddy, member advised that such information should be placed in the agenda book. Shri Jagadishwara Rao, member desired to know, what was the percentage of benefits given to Group B and Group C posts, out of total promotions given. Vice Chairperson advised that the information may be compiled and provided to the members through e-mail. Shri Jagadishwara Rao, member further expressed his concern about promotion avenues in the cadre of MTS. CPFC informed that benefits of MACP is available for MTS, apart from the fact that promotion under examination quota can be availed in the next grade. A notification of examination quota posts would be issued shortly.

After deliberation, the Board took note of the information as contained in the agenda.

Hon'ble Chairman assured that date of implementation of Restructuring will be where ever possible notionally from 09.12.2015 and with financial benefits from 27.12.2016 which has been decided in the Ministry file and will be communicated to EPFO for implementation.

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**

After deliberation, the Board approved the proposal as contained in the agenda note and also approved delegation of the powers to the CPFC to extend probation period for two more years, if required.

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**

iv

The Board approved the proposal as contained in the agenda.

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

Proposal as contained in the agenda was approved .

Item No.8: Agenda on "Status Note on investment in Exchange Traded Fund (ETF) by EPFO" – reg.

Shri P J Banasure, member expressed his concern that despite suggestions in previous meetings, 'Exit Policy' has not been formed. CPFC informed that IIM, Bangalore has been assigned consultancy to advise EPFO on ETF accounting and exit policies and their report is expected shortly. Once the report is received from IIM, the same would be finalised. Chairman desired that with 12.7 % return on equity, we may consider increasing the present allocation of ETF from 10% to 15%. Shri G S Reddy, member desired that the matter may first be discussed in FIAC, because the money being invested belongs to members, and their interest may be safeguarded. Chairman further said that the return on equity (ETF) is slowly increasing and our beneficiaries should get more benefits. However, members, particularly employees' representatives desired that the matter may first be discussed in FIAC.

The information contained in the agenda was noted by the CBT.

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

Proposal as contained in the agenda was approved.

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.

JS, MOL&E and FA &CAO informed that the return on liquid mutual funds is about one percent more than CBLO.

After deliberations, proposal as contained in the agenda was approved.

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

(v)

12-04-2017 New Delhi

CPFC introduced the agenda item and informed the Board that the list of ineligible cases for waiver of damages was placed for information of CBT. Shri G S Reddy, member suggested that the policy of Government is to encourage the sick industries to run/function properly. The cases, where request to waive damages has been received, are perhaps, being rejected in mechanical manner, whereas, paying capacity of the establishment must be considered before rejecting such proposals of waiver of damages, irrespective of the fact whether the establishment is registered with BIFR or not. CPFC informed the Board that as per existing provisions of the EPF & M P Act, 1952 and Schemes framed under it, only in respect of those cases, where establishments are registered under BIFR, the waiver of damages can be considered. None of the non- BIFR cases has been considered for waiver of damages. Vice Chairperson desired that reasons for rejection may also be recorded in future in the agenda note.

Information as contained in the agenda was noted by CBT.

Item No.12: Progress achieved in Members' Enrolment and Establishment Coverage Campaign, 2017

CPFC informed the Board that till 31st March, 2017 49.3 lacs members have been enrolled under the 'Employee Enrolment Campaign, 2017'. Shri G S Srivastava, member desired that the Scheme may further be extended. CPFC informed that the same has already been extended upto June, 2017. Shri Jagadishwara Rao, member informed that a number of infrastructure projects are being executed in various parts of the Country, and a considerable number of construction workers needs to be enrolled as members. Some Offices have performed well in enrolling construction workers as members, however, some other Offices need to improve their performance. Shri G S Reddy, member suggested that better performing Offices should be suitably rewarded. CPFC informed CBT that in the 88th meeting of the Executive Committee, an award scheme has been approved for rewarding the best offices of EPFO.

Information contained in the agenda was noted by the Board.

Item No.13: Amendments in EDLI Scheme, 1976 for introducing minimum assurance amount on death in service and loyalty cum life benefit to P F members on superannuation.

CPFC informed that the agenda item was discussed in Pension and EDLI implementation Committee (PEIC) meeting held on 12.04.2017 and recommendations of the Committee are placed on the table. CPFC, further informed that there is accumulated corpus of Rs 18,200 crores in EDLI Fund. Income to the fund during 2015-16 from contribution was Rs.1425 crore and Rs1363 from interest earned. Total annual income during 2015-16 comes out to Rs 2788 crores, whereas only Rs.232 crores is paid towards settlement of EDLI claims. The expected outgo after increase of limit of maximum benefits in EDLI to Rs6 lacs, in this financial year is approximately Rs432 crores. CPFC informed that a large number of establishments are seeking exemption from EDLI Scheme by providing better benefits. In order to make EDLI Scheme more attractive and acceptable, there is need to amend the Scheme as per recommendation of PEIC, and considering the surplus corpus already available in the Fund. Thereafter, he explained that in the proposed amended Scheme, minimum amount of insurance has been kept at Rs2,50,000/- and a loyalty- cum-life benefit has been proposed to those members retiring at 58/60 years and who have minimum 20 years of contributory service and for those members who retire from service on account of total and permanent disablement. This proposal is not merely in the form of return of the capital remitted by members, but is an incentive to discourage large scale premature closures and to encourage long term membership to provide Social Security. Accordingly, rates of loyalty–cum–life benefits proposed are - Rs30000, for those members whose monthly wages are upto Rs5000, Rs40000 for members drawing monthly wages between Rs5000 to Rs10000; and Rs 50000, for members drawing monthly wages above Rs10000.

Director General, Labour Welfare expressed his reservations towards long term viability of the Scheme and stated that after contributing a total amount of Rs6000/- in twenty years, a member would derive benefit of Rs30000/- . Additional Secretary and F A, MOL&E also desired to have detailed actuarial valuation as suggested by Internal Finance. After detailed deliberations, Chairman decided that the proposal may be implemented on Pilot basis for two years during which period, the Scheme may further be assessed for its viability.

The Proposal contained in the agenda was approved with the modification that the Scheme be implemented on pilot basis for two years during which period its further viability may be assessed.

Other issues discussed:

A status note on action taken on the allegations on the members of the Board that appeared in the section of the press, deliberated upon in 215th meeting of CBT vide item number 25, was placed on the table for information.

Members desired to know about the new Housing Scheme. Copies of the draft Gazette notification number S-35012/9/2016-SS-II was circulated in the meeting and CPFC briefly explained the provisions of the Scheme to the Board.

Chairman launched e-KYC Aadhaar Seeding Application of EPFO for seeding Aadhaar of members with their Universal Account Number (UAN).

Chairman appreciated the pro-worker initiatives taken by EPFO and suggested the Members to propagate such initiatives amongst the stakeholders.

The meeting ended with vote of thanks to the Chair.

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ANNEXURE A

LIST OF OFFICERS OF EPFO WHO ATTENDED THE 217th MEETING OF CENTRAL BOARD (EPF) ON 12-04-2017 AT INDIA HABITAT CENTRE, NEW DELHI

Sl No.	NAME	Designation	Organisation
1.	Shri Manish Gupta	FA & CAO	Employees' PF Organisation
2.	Shri S K Thakur	ACC (HQ)	Employees' PF Organisation
3.	Shri K V Sarveswaran	ACC (HQ)	Employees' PF Organisation
4.	Shri K L Goyal	ACC	Employees' PF Organisation
5.	Shri S C Goyal	ACC	Employees' PF Organisation
6.	Shri M S Kalia	ACC	Employees' PF Organisation
7.	Shri Chandramouli Chakraborti	ACC	Employees' PF Organisation
8.	Smt Udita Choudhary	ACC	Employees' PF Organisation
9.	Shri R S M Verma	ACC	Employees' PF Organisation
10.	Shri Mukesh Kumar	RPFC	Employees' PF Organisation
11.	Shri Sanjay Bisht	RPFC	Employees' PF Organisation
12.	Shri Rizwan Uddin	RPFC	Employees' PF Organisation
13.	Shri R K Pal	RPFC	Employees' PF Organisation
14.	Shri Prithi Chand	APFC	Employees' PF Organisation

Annexure - 1B

Web Site
Speed Post
दूरभाष: 011-26186517
फैक्स:011-26178343

EMPLOYEES' PROVIDENT FUND ORGANISATION
MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA
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Bhavishya Nidhi Bhawan , 14, Bhikaji Cama Place, New Delhi -110066
www.epfindia.gov.in, www.epfindia.nic.in

No. Conf. 1(1)218th CBT (EPF)/2017/3842 Dated: 08.06.2017

9 JUN 2017

To

All Members,
Central Board (Employees' Provident Fund),
(As per list).

Sub: - Forwarding of minutes of 218th meeting of the Central Board (EPF) held on 27.05.2017 – reg.

Sir/Madam,

I am directed to forward herewith the minutes of 218th meeting of the Central Board (EPF) held on 27.05.2017 at Regency Ball Room, 1st Part, Hyatt Regency, Weikfield IT Park, Nagar Road, Pune, duly approved by the Chairman, Central Board (EPF) for kind perusal.

Kindly acknowledge receipt.

Yours faithfully,

Encl: As above.

(Amiya Kant)
Regional PF Commissioner (Conference)

Copy forwarded for information and necessary action to :

1. Internal Circulation: FA & CAO, ACC (HQ) MN, ACC (HQ) KLT, ACC (HQ) KVS, All Addl. CPFCs Headquarters, New Delhi.
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5. Guard File.

08/06/2017

(Kewal Kishan)
Section Officer (Conference)

EMPLOYEES' PROVIDENT FUND ORGANISATION
MINUTES OF THE 218th CBT MEETING
(BENGALURU: 27th May 2017: 10:30 AM)

The 218th meeting of the Central Board (EPF) was held under the Chairmanship of Shri Bandaru Dattatreya, Chairman Central Board (EPF) and Union Minister of Labour & Employment. Following members attended the meeting:-

1.	Smt M Sathiavathy, Vice Chairperson (L&E)	**VICE CHAIRPERSON**
2.	Shri Arun Goel, AS&FA (L&E)	**CENTRAL GOVERNMENT REPRESENTATIVES**
3.	Shri K.V. Shekhar Raju	**EMPLOYERS' REPRESENTATIVES**
4.	Shri B. Kamarasu	
5.	Shri Ravi Wig	
6.	Shri B.P. Pant	
7.	Shri Sushanta Sen	
8.	Dr. S.S. Patil	
9.	Shri R.S. Maker	
10.	Shri M. Jagadishwara Rao	**EMPLOYEES' REPRESENTATIVES**
11.	Shri Virjesh Upadhyay	
12.	Shri P.J. Banasure	
13.	Shri Ashok Singh	
14.	Shri A.K. Padmanabhan	
15.	Shri Shankar Saha	
16.	Shri Ramen Pandey	
17.	Shri Sanjiv Kumar, Additional Chief Secretary, Karnataka	**STATE GOVERNMENT REPRESENTATIVES**
18.	Shri R.H. Vasava, Deputy Secretary, Labour Department, Gujarat	

19. Shri R.K. Saini, Deputy Labour Commissioner, Haryana
20. Shri Baldev Singh, Principal Secretary, Labour, Maharashtra
21. Shri Jawaid Akhtar, Labour Commissioner, West Bengal
22. Shri K.R. Verma, Additional Labour Commissioner, Delhi

23. Dr V.P. Joy, Central PF Commissioner **SECRETARY**

Following members could not attend and were granted leave of absence:-

1. Additional Secretary (L&E)
2. DG Labour Welfare
3. Joint Secretary (SS)
4. Joint Secretary (Min of Finance)

5. Shri J.P. Chowdhary **EMPLOYERS' REPRESENTATIVES**
6. Shri G.P. Srivastava
7. Shri U.D. Choubey

8. Dr. G. Sanjeeva Reddy **EMPLOYEES' REPRESENTATIVES**
9. Shri A.D. Nagpal
10. Shri D.L. Sachdev

11. Principal Secretary (Labour), Andhra Pradesh **STATE GOVERNMENT REPRESENTATIVES**
12. Principal Secretary (Labour), Chhattisgarh
13. Principal Secretary (Labour), Himachal Pradesh
14. Principal Secretary (Labour), Madhya Pradesh

15. Principal Secretary (Labour), Kerala
16. Principal Secretary (Labour), Rajasthan
17. Principal Secretary (Labour), Tamil Nadu
18. Principal Secretary (Labour), Uttar Pradesh
19. Principal Secretary (Labour), Punjab

The list of officers who attended the meeting is appended as **Annexure A** to the minutes. CPFC initiated the proceedings and welcomed Chairman, Vice Chairperson and all other members to the 218th meeting of the Board. CPFC then requested the Chairman to give the opening address.

The Chairman informed that he had assured in the last meeting held in New Delhi that very soon a special meeting of the Board shall be convened to consider the issues relating to the members. He was happy to note that as discussed in the last meetings, the agenda proposed by members of the CBT is also placed today for deliberations along with the status.

Chairman said that during the last three years, a lot of initiatives have been taken by EPFO for betterment of services to its stake holders: Universal Account Numbers have been issued to members which was a long standing demand of workers, minimum pension has been raised to Rs. 1000/- per month, SMS to members on credit of monthly contribution, increase in EDLI benefits, reduction in employers' administrative charges, Pradhan Mantri Rojgar Protsahan Yojana (PMRPY), Employees' Enrolment Campaign, 2017, launch of Unified Web Portal, Housing Scheme for workers, etc. The Chairman launched the softwares for "Exempted Establishments Returns Filing System" and for "UAN based Merger of Accounts". A presentation was made by C-DAC on developments on computerisation of processes of EPFO.

The Chairman requested CPFC to take up the listed agenda items for discussion.

With the permission of the Chairman, Shri Ravi Wig raised the concern that meetings of CBT should not be held outside Delhi. Shri A.K. Padmanabhan said that the meeting should be held in Delhi only. Shri M.J. Rao said that the 89th meeting of EC held on 27.03.2017 should not have been postponed by half an hour. Irrespective of rule position, it should have been postponed to another date. Shri M.J. Rao said that during the 89th meeting of EC held on 27.03.2017, it was decided that the next meeting would be held on 19-05-2017. The meeting should not be postponed at the convenience of just one or two persons, convenience of the majority should be considered. Shri A.K. Padmanabhan said that convenience of members can be considered for Sub-Committees though this cannot be done for CBT. Shri K.V. Shekhar Raju said that though CPFC telephoned he could not attend the meeting. However, the members should be given at least 15 days' notice for participating in the meeting. Shri B. Kamarasu said that the system of calling/telephoning members to attend the meeting to fulfil the quorum should be done away with. He said that agenda should be provided in advance. CPFC said that the system of allowing proxies to attend CBT Meetings is there since 1960s. Shri Ashok Singh said that proxies should either be allowed for everybody or should be disallowed for everybody. CPFC said that proxies are being allowed for CBT, Regional Committees and by extension to Sub-Committees but not being allowed in Executive Committee.

Shri A.K.Padmanabhan inquired about the reason for setting up a reserve fund with reference to action taken report of item 15 (rate of interest) of 215th meeting of CBT. Vice Chairperson clarified that when the issue of losses made by Seamen's Provident Fund was considered, it was felt that EPFO should maintain a reserve fund which can be used to meet the liabilities of EPFO, in case of deficiency in EPFO account. Shri Ashok Singh expressed concern that the money lying in inoperative accounts might be utilised for some other purpose. Vice Chairperson clarified that inoperative funds cannot be utilised for any person other than EPFO members or pensioners.

Shri A.K. Padmanabhan said that in the meeting of Coal Mines Provident Fund held on 21-03-17, there was a proposal for merger of Coal Mines Provident Fund with EPFO. He wanted to know whether anything has been discussed with EPFO regarding merger of Coal Mines PF with EPFO. CPFC said that no such proposal has been received in EPFO. Shri Virjesh Upadhyay said that Coal Mines PF will discuss the issue of merger with EPFO only after consensus at the level of Coal Mines PF Trust on this matter.

Sh. M.J. Rao said that there is problem in speed of server which results in problem in smooth functioning of EPFO. Sh. M. Narayanappa, ACC(HQ) informed that this issue has been addressed in the month of March 2017.

Item No. 1: Confirmation of minutes of 216th CBT meeting of Central Board (EPF) held on 30.03.2017.

Shri B.P. Pant said that his name did not appear in the minutes of the 216th meeting under the list of members who attended the meeting even though his name was mentioned in the record of discussions in the minutes. Shri A.K. Padmanabhan said that he had sent his comments on item no. 09 and also said that the Chairman had decided to defer the item and it should not have been recorded in the minutes.

Shri A.K. Padmanabhan said that the minutes should be correctly recorded for the proceedings of the meeting. He said that this is not a reference to the officers who are recording the minutes. Shri Ravi Wig said that the statements made by members should be recorded in the minutes of the meeting.

The Board confirmed the minutes as placed before it with the correction that the name of Shri B.P. Pant should be included under the list of members who attended the meeting.

Minutes of the 217th meeting of CBT were circulated in the CBT meeting. The action taken report will be furnished in the next CBT meeting.

Item No. 2: Action Taken Statement in respect of decisions taken in the CBT meetings held upto 30-03-2017 (216th CBT meeting).

In item no. 2 of ATR: Shri P.J. Banasure inquired about the progress regarding Workers' Bank. CPFC informed that the issue is now in final stage and once the Ministry gives approval, the process of study and submitting feasibility report for setting up of Workers' Bank will start. Sh. Manish Gupta said that the process is expected to start in a month's time and be completed in two months' period after commencement.

In item no. 4 of ATR: Sh. Ashok Singh said that the coolies of Railways should be provided social security benefit under EPFO. It was replied that railways coolies are not employees of Indian Railways. Members suggested that it can be taken up with Indian Railways as the coolies are provided with Railway pass facility.

In item no. 9 of ATR: Shri P.J. Banasure said that publicity campaign should be done in regional languages also. CPFC confirmed that publicity is being done in regional languages also.

In item no. 10 of ATR: Vice Chairperson said that the proposal for coverage of Anganwadi, Workers and helpers has been recommended by the Labour Ministry and sent to a Group of Ministers for consideration and on receipt of response further action will be taken.

Shri M.J. Rao said that all the staff members who have requested for transfer should be transferred as a one-time measure.

The Board noted the action taken status with these observations.

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

The Board took note of the minutes placed before it with the suggestion to hold the meetings of the Sub Committees on (i) Exempted Establishments, (ii) Construction Workers and (iii) Contract Workers.

Item No. 4: Tenure of ETF manufacturer for investment in ETF by EPFO – SBI & UTI Mutual Fund.

The Board took note of the information placed before it and approved the proposal as contained in the agenda.

Item No. 5: Status of ETF Investments

Shri Ashok Singh said that the money with EPFO is workers money and should not be invested in equity as investment in equity requires day to day monitoring by experts. CPFC said that a small part of EPF Funds are invested in exchange traded funds only. In ETF too, investment is done through the instruments of NIFTY and SENSEX only. There is no discretion with EPFO in choosing the products in which to invest. Shri Shankar Saha raised concern whether we should risk worker's money without their consent. He said that he opposes investment in equity. Shri A.K. Padmanabhan reiterated his opposition to investment in equity.

Chairman said that we are very cautious in investing EPF Money as it is workers money. Chairman said that we can consider increasing the limit on investment on ETF from 10% to 15% as returns on ETF are good. In workers' and national interest we should not oppose for the sake of opposition. He thanked all the members who participated in the discussion on this matter.

Accordingly, it was decided to increase the ETF investment from 10% to 15%.

Item No. 6: Dividend distribution transactions by the Portfolio for SBI ETF Nifty 50 and SBI ETF SENSEX.

Shri Arun Goel, AS&FA (L&E) observed that why NIFTY dividend was 1.25 INR per unit and SENSEX dividend was 4.25 INR per unit. He suggested that decisions on investments need to be taken by an empowered in-house committee only, though it can be assisted by experts from outside the organisation.

The Board took note of the information placed before it.

Item No. 7: CBLO borrowing transactions by the Portfolio Managers during the period 01.01.2017 to 31.03.2017.

The Board took note of the information placed before it.

Item No. 8: Expanding Investment Opportunity in Private Sector Companies

Representative from CRISIL made a presentation highlighting the pros and cons of expanding investment opportunity in private sector companies. The slides of the presentation are placed as Annexure – B to the minutes. Shri Arun Goel, AS&FA (L&E) stated that we should keep pace with the market which is changing rapidly and we should be dynamic in taking decisions on making investments. Shri Ravi Wig said that we can also consider appointing private body to give advice on making investments. Shri B. Kamarasu stated that we should have an in-house competent committee to decide on the issue of investments. Vice Chairperson said that we use CRISIL for taking professional inputs for analytical advisory purpose.

Shri Sushant Sen stated that we should try to maximise the returns on investments if needed by investing even more in equity. If we insist only on absolute safety, we may not even get reasonable returns on our investment.

After deliberations, it emerged that in the context of falling yield of corporate bonds, steps needs to be taken to widen the basket of funds to obtain better yield. Since the guidelines of the Ministry of Finance have permitted dual AA+ rating, the Board approved relaxation of investment norms in private sector bonds from AAA bonds to dual AA+ rated private sector bonds.

Item No. 9: Agenda Items proposed by CBT Members.

Shri M.J. Rao said that in the agenda item, observations have been given stating that proposal cannot be accepted. However, the proposal should first be discussed in the CBT and then recommendation be sent to the Government. CPFC said that only facts have been furnished and no opinion has been given.

PDNASS Training

Shri M.J. Rao said that training for employees' representatives may be organised at PDNASS without charging any fees. Shri Virjesh Upadhyay said that PDNASS should take initiative to give training to Regional Committee and CBT Members to educate them about provisions of the scheme. Shri Raman Pandey said that gross root level training should be conducted to spread awareness about the Labour Code as well as about the changes being made in ESIC and EPFO. The proposal to give training to Regional Committee and CBT Members in PDNASS and at Zonal Training Institutes was agreed by the Board. Vice Chairperson suggested that few slots may be earmarked for the purpose.

CBT Members' Grievance

Shri M.J. Rao said that his personal experience is that he does not get acknowledgment or replies to grievances addressed to CPFC or to Regional Offices. Shri A.K. Padmanabhan said that this experience is shared by everybody. Vice Chairperson said that one officer will be assigned the work to ensure that all mails sent by CBT members to CPFC are replied to.

Cadre Restructuring

Shri M.J. Rao said that DPC is yet to be done for many cadres. He said that it should be ensured that DPCs are conducted and promotions given for all the cadres. CPFC said that in some cadres many steps are required to be completed and follow up is being done to ensure that all necessary actions are taken for all the cadres. Vice Chairperson stated that rules have to be followed in giving promotions and this may take more time for some cadres.

Shri M.J. Rao said that existing District Offices should be upgraded to be headed by APFCs and new District Offices should be opened in the remaining districts. Shri Ravi Wig said that every district should have an APFC so that awareness about EPFO can reach to the lowest level. CPFC clarified that APFCs are already posted to District Offices.

Shri M.J. Rao said that there should be an amendment so that all workers who do not have GPF are provided social security under EPF. Vice Chairperson said that in the Labour Code, the ultimate objective is to provide social security to everyone but at present we should focus on specific areas where social security can be provided by EPFO as per law. Shri K.R. Verma, Additional Labour Commissioner, Delhi said that the criteria for coverage should be same for both ESIC and EPFO and the number of workers required for coverage under EPF should be 10 instead of 20. Sh. Arun Goel, AS&FA (L&E) said that the Government is moving in this direction but it will take time

HIgher Pension

Shri A.K. Padmanabhan raised the issue of grant of higher pension on higher salary to members of exempted PF trusts. CPFC said that higher pension on higher salary can be given only if contribution has been received by EPFO on higher salary. Shri Raman Pandey said that functioning of exempted establishments has to be monitored by EPFO. CPFC said that if contributions are received in EPFO accounts, then only higher pension can be paid. He said that if contribution is not received on higher salary, EPFO is neither legally liable nor financially capable of paying higher pension. CPFC said that for the purpose of pension contribution, establishment has to directly pay contribution to EPFO and trusts of exempted establishments have no role in this. Vice Chairperson said that if employees of exempted establishments are given higher pension, it will be unfair to the other EPS members. Vice Chairperson stated that this issue will come as a separate agenda item in the next meeting after detailed examination. Shri B. Kamarasu said that a wrong impression has been created that anyone can pay arrears and get higher pension. Vice Chairperson said that the matter may be clarified to avoid wrong impressions.

Shri M.J. Rao said that Atal Pension scheme is better than EPS. He said that there is some fault in our pension scheme and we should study how the Government is giving better pension under their scheme so that we can improve the pension under EPS. He said that LIC pension scheme is also better. CPFC said that he will study the matter. Shri A.K. Padmanabhan said that it is not acceptable to say that for the amount of contribution paid, the returns provided by EPS, 1995 are good. He said that features like the yearly review, commutation and return of capital have been withdrawn. He said that there should be a thorough study on EPS, 1995 by EPFO.

Shri A.K. Padmanabhan said that the issue relating to restoration of commuted value of pension was approved by the CBT in its 206th meeting held on 11-03-2015 whereas a draft notification in this regard was forwarded by EPFO to the Ministry on 17-08-2016. This delay cannot be justified. Vice Chairperson stated that the status on the issue will be reported in the next meeting.

Item No. 10: Lowering of the Employer's share of contribution from the present 12% to 10%.

Sh. Raman Pandey said that he had raised many concerns in his letter addressed to CPFC and desired that a copy of the letter be circulated to all the members. A copy of the letter was circulated to all the members.

All employees' and employers' representatives and State Government representatives were against reducing the rate of contribution from 12% to 10%. Vice Chairperson said that the discussion and the opposition by Employees', Employers' and State Government representatives be conveyed to Government of India, Ministry of Labour & Employment.

Item No. 11: Enrolment Campaign, 2017 - Update

The Board took note of the information placed before it.

Item No. 12: Withdrawal from provident fund to facilitate housing needs of P.F. Members – Action Taken Report

Sh. Ashok Singh said that the Central Government should direct all Chief Ministers to make land available for providing housing facility to EPF members.

The Board took note of the information as placed before it.

Item No. 13: Status Note in the Arbitration proceedings in the dispute between Employees' Provident Fund Organisation (EPFO) & Siemens Information Systems Limited (SISL) now Atos India Pvt. Ltd.

CPFC said that if both parties agree, the new law on arbitration, which provides that arbitration proceedings have to be completed in 6 months, will apply to them. Shri Arun Goel, AS&FA (L&E) said that we should make sure that there are no adverse implications to EPFO from agreeing to make the new law on arbitration applicable to its dispute with M/s Seimens.

The Board took note of the information placed before it.

Item No. 14: Action Taken Statement in respect of decisions taken in the 211th to 215th CBT meetings

Sh. A.K. Padmanabhan inquired whether unclaimed money available with EPFO can be utilised for the benefit of senior citizens who are not EPF members. CPFC clarified that EPF money will be utilised only for those senior citizens who are EPF pensioners.

Sh. A.K. Padmanabhan wanted to know the status regarding the proposal sent to the Government for amendment to EDLI Scheme, 1976 for extending voluntary retention of membership for members who ceased to be in employment at reduced rate of contribution. Sh. Arun Goel, AS&FA (L&E) said that he will look into the matter.

The Board took note of the information placed before it.

Item No. 15: Information to be placed before the Central Board in accordance with para 23 of the EPF Scheme.

The Board took note of the information placed before it.

Item No. 16: Waiver of damages in respect of M/s Indian Plywood Manufacturing Pvt. Ltd. and in respect of its Nettana Unit (KN/5060), Hungarkatte Unit (KN/5611), Mumbai Unit (MH/1857), Dandeli Unit (GB/HBL/1091) and Dharwad Unit (GB/HBL/2019)

The Board approved the proposal as contained in the agenda.

Item No. 17: List of ineligible cases for waiver of damages rejected by Central Provident Fund Commissioner

The Board took note of the information placed before it.

Item No. 18: Accounting Policy for ETFS (Equity and related instruments) for EPF Scheme

Shri A.K. Padmanabhan said that the report of IIM Bangalore on accounting policy for ETF is a technical matter and should be considered by a sub-committee of the CBT. Shri A.K. Padmanabhan said that the issue should be studied with interest of employees in mind. CPFC said that the matter was considered during the 134th meeting of the Finance Investment and Audit Committee (FIAC) held on 25.05.2017. Shri B.P. Pant said that the matter should be deferred and in the next meeting, a presentation can be made by IIM Bangalore on this matter. Shri Virjesh Upadhyay said that a simplified non-technical presentation may be made on the matter.

Shri P.J. Banasure asked how the rate of interest would be decided, in case the proposed change in accounting policy is accepted and the recommendation was rejected by Ministry of Finance. Shri Manish Gupta replied that for the funds which are not invested in ETF, the process of declaration of interest will be the same as at present. As regards the investment in ETF, the investment will be shown separately in members' accounts and at the time of withdrawal from the fund, the member would get the market value of the ETF investment shown in his account. Shri Arun Goel, AS&FA (L&E) suggested that a member should have an option to continue to hold his ETF investment if the market situation is not favourable at the time of his retirement. He also suggested that IIM Bangalore can be requested to prepare a document giving the contents of the report in simple language and then put up that document on website and seek suggestions.

Vice Chairperson said that this being a complicated issue with far reaching implications the same can be studied in detail by members and can be decided in the next meeting where we can also have a presentation from IIM Bangalore.

Item No. 19: In principle approval for supply of e-sign free of cost to employers and amendment in para 47 of Employees' Provident Fund Scheme, 1952 for introduction of e-sign to employers.

Shri Manish Gupta expressed concern whether the e-sign provided by EPFO can be used by the employers for other purposes. Shri M. Narayanappa clarified that the e-sign provided by EPFO can be used only for signing documents related to EPFO.

The Board agreed to the proposal as contained in the agenda.

Shri K.V. Shekhar Raju raised concern that for the purpose TA/DA, status of CBT is being equated to that of Director. Sh. Raman Pandey said that status is important and money provided as TA/DA is not important. He said that status is not being sought for the purpose of remuneration. He said that the CBT members are ready to forego the amount of remuneration as DA and are not interested in it. Sh. B. Kamarasu proposed that both employees' and employers' representatives will not take any amount as TA/DA. He said that the concern is about self-respect and identity and CBT Members should be treated with respect. Sh. Banasure said that RC-I Pune refused to meet him. He said that respect should be shown to CBT Members. Sh. Virjesh Upadhyay said that if a CBT Member visits an EPFO office and sends an adverse remark about an officer, it should be taken seriously. Sh. Ashok Singh said that CBT EPFO is the highest body of its kind as only in CBT EPFO, the Labour Minister of the nation presides over the meetings unlike in Banks, Income Tax, LIC etc. He said that comparing CBT EPFO to other bodies is degrading. Shri K.R. Verma, Additional Labour Commissioner, Delhi said that as an individual he suggests that there should be a protocol to be followed for CBT Members to visit an office.

Vice Chairperson said that there is no need to equate a CBT member to any officer of EPFO. The functions of CBT Members involve framing of policy whereas EPFO Officers are employees of EPFO. She said that the communication regarding fixing of TA/DA of CBT members is between EPFO and Ministry and should be ignored.

Shri M.J. Rao stated that though it is not part of agenda items, the issue of Sahara India exemption status and report of the Committee constituted to verify the functioning of Sahara India Exempted Trust be informed. It was replied that the status note will be submitted in the next CBT meeting.

The Chairman said that CBT EPF is a very important body and cannot be compared to any other body. He said that no such complaint has been received in meetings of ESIC Corporation. It appears that there is a problem at the level of lower officers of EPFO. He said that the issue of the status of CBT Members can be closed in an informal meeting. He said that Home Ministry will issue identity cards to all CBT Members. Instructions have been issued to all EPFO offices to extend proper courtesy to CBT Members. Acknowledgment and reply will be given to grievances sent by CBT Members. The Chairman expressed satisfaction that some very good decisions were taken during the meeting.

Chairman thanked the members for their cooperation.

The meeting ended with vote of thanks to the Chair.

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ANNEXURE A

LIST OF OFFICERS OF EPFO WHO ATTENDED THE 218th MEETING OF CENTRAL BOARD (EPF) ON 27-05-2017 AT PUNE

Sl No.	NAME	Designation
1.	Shri Manish Gupta	FA & CAO
2.	Shri M Narayanappa	ACC(HQ)
3.	Shri SC Goyal	ACC, Headquarters
4.	Shri R.K. Singh	Zonal ACC, PUNE
5.	Shri Arun Kumar	RPFC, R.O. PUNE
6.	Shri Amiya Kant	RPFC Conference, Headquarters
7.	Shri Ajay Kumar	RPFC Investment, Headquarters
8.	Shri Neeraj Singh	APFC, R.O.PUNE
9.	Shri Prithi Chand	APFC Conference, Headquarters
10.	Shri Kewal Kishan	S.O. Conference, Headquarters

Item No. 2 Action Taken Statement in respect of decisions taken in the CBT meetings held upto 27-05-2017 (218th CBT meeting).

Sl. No.	Decisions/Directions of CBT	Action Taken Status
1.	**Confirmation of minutes of 216th CBT meeting of Central Board (EPF) held on 30.03.2017.** The Board confirmed the minutes as placed before it with the correction that the name of Shri B.P. Pant should be included under the list of members who attended the meeting. **(Item No. 1, 218th CBT, 27-05-2017)**	The minutes of the 215th meeting was amended by including the name of Shri B.P. Pant under the list of members who attended the meeting.
2.	**Constitution of Workers' Bank.** Sh. Manish Gupta said that the process is expected to start in a month's time and be completed in two months' period after commencement. **(Item No. 2(2), 218th CBT, 27-05-2017)** **(Item No. 2(2), 216th CBT, 30-03-2017)** **(Item No. 2, (Sl. No.9) of 215th CBT, 19-12-2016)** **(Item No. 2(6) of 214th CBT, 26-07-2016)** **(Item No. 2(9), 211th CBT, 08-07-2016)** **(Item No. 2(6), 211th CBT, 16-02-2017)** **(Item No. 2, 208th CBT, 16-02-2015)** **(Item No. 2(2), 207th CBT, 31-03-2015)** **(Item No. 1, 206th CBT, 11-03-2015)** **(Item No. 17 of 204th CBT, 26-08-2014)**	As per suggestions of RBI three retired Executive Directors – Shri V.K Sharma, Shri V. S. Das and Shri Jasbir Singh were advised by the MOL&E vide letter dated 16.12.2016 for engaging as consultants for studying and submitting feasibility report on setting up of Workers 'Bank. Two out of three, namely- Shri V. K. Sharma and Shri V.S. Das submitted their willingness following which a letter dated 28.04.2017 was sent to MOL&E for approval of their engagement as the consultants for a period of two months. Later, MOL&E vide letter dated 01.08.2017 conveyed the desire of the Hon'ble MOS(IC), to call Shri C.S. Ghosh CEO, Bandhan Bank for presentation this regard and desired EPFO to furnish a brief along with the considered opinion of FA&CAO. Accordingly, a brief note in the matter has been sent to MoL&E vide letter dated 27.09.2017 (copy enclosed).

		Further direction from MoL&E is awaited in the matter.
3.	**Proposed Employees' Provident Fund Members' Enrolment and Establishment Coverage Campaign, 2017.** Members suggested that it can be taken up with Indian Railways as the coolies are provided with Railway pass facility. **(Item No. 2(4), 218th CBT, 27-05-2017)** **(Item No. 2(4), 216th CBT, 30-03-2017)** **(Item No. 10, 215th CBT, 19-12-2016)**	The coolies of Indian Railways are self-employed persons and they are not covered by any provisions in schedule II of EPF & MP Act, 1952. They are not working under Indian Railways. In various meetings held with representatives of Indian Railways, on 21.02.2017, 25.04.2017, 29.05.2017, 27.07.2017 & 18.09.2017 for extension of PF benefits to the contract/casual workers engaged with Indian railways, the issue of coolies has also been discussed. The Railway representatives have unequivocally reiterated that the coolies working on Railway stations are not their employees and are not engaged as contract/casual workers by the Railways.
4.	**Social Security benefits to the workers employed as i.e. Anganwadi, Mid-day Meal and Asha Workers in the unorganized Sector.** Vice Chairperson said that the proposal for coverage of Anganwadi, Workers and helpers has been recommended by the Labour Ministry and sent to a Group of Ministers for consideration and on receipt of response further action will be taken. **(Item No. 2(10), 218th CBT, 27-05-2017)** **(Item No. 14, 216th CBT, 30-03-2017)**	A Committee headed by Secretary (L&E) set-up as per the orders of Inter-Ministerial Group headed by Hon'ble Finance Minister to examine the issue of giving social security benefits to unorganized Sector i.e. Anganwadi, Mid-day Meal and Asha Workers in its meeting held on 31.03.2017 recommended to bring such workers/volunteers under the social security net in phased manner and in the first phase, around 26 lakh Anganwadi workers and helpers to be taken up. The rate of contribution at the rate 10% each has been approved by CBT in its 216 meeting. The committee further recommended that the honorarium fixed by Government of India will be treated as monthly wage for calculation of contribution as different stage have different honorarium for the Anganwadi workers/helpers. In this regard, Ministry of Labour & Employment, New Delhi has directed the EPFO to formulate a scheme for Anganwadi, Workers/Helpers in consultation

		with the Ministry of WCD. The matter is under process.
5.	**Expanding Investment Opportunity in Private Sector Companies.** Since the guidelines of the Ministry of Finance have permitted dual AA+ rating, the Board approved relaxation of investment norms in private sector bonds from AAA bonds to dual AA+ rated private sector bonds. **(Item No.8, 218th CBT, 27-05-2017)**	Subsequent to the approval of CBT in its 218th meeting, the matter of investing in dual AA+ rated private sector bonds, certain guidelines were approved by FIAC in its 135th meeting with a recommendation to place them before the Board for information. The same is being placed before the CBT as a separate agenda item.
6.	**Agenda Items proposed by CBT Members - PDUNASS.** The proposal to give training to Regional Committee and CBT Members in PDUNASS and at Zonal Training Institutes was agreed by the Board. Vice Chairperson suggested that few slots may be earmarked for the purpose. **(Item No.9, 218th CBT, 27-05-2017)**	A training program for CBT members was held at PDUNASS on 31.10.2017.
7.	**Agenda Items proposed by CBT Members – Higher Pension.** Shri A.K. Padmanabhan raised the issue of grant of higher pension on higher salary to members of exempted PF trusts. Vice Chairperson stated that this issue will come as a separate agenda item in the next meeting after detailed examination. Shri B. Kamarasu said that a wrong impression has been created that anyone can pay arrears and get higher pension. Vice Chairperson said that the matter may be clarified to avoid wrong impressions. **(Item No.9, 218th CBT, 27-05-2017)**	In this regard interim Circular letter No. Pension-I/12/33/EPSAmendment/96/Voll.I I/4432 dated 31.05.2017 has been issued. As per the said circular no member whose contribution on full salary has not been received in the account of the EPFO at the respective periods of contributions, shall be eligible for the benefits contemplated in the judgement as per the aforesaid Hob'ble Supreme Court Order.
8.	**Lowering of the Employer's share of contribution from the present 12% to 10%.** Vice Chairperson said that the discussion and the opposition by Employees', Employers' and State Government representatives be conveyed to	As decided the discussions and the opposition by Employees' Employers and state Government representatives has been duly conveyed to Government of India,

	Government of Ind ia, Ministry of Labour & Employment. **(Item No.10, 218th CBT, 27-05-2017)**	Ministry of Labour & Employment vide letter no. C-1/3(31)2017/Contribution Rate/612 dated 13.07.201 7.
9.	**Action Taken Statement in respect of decisions taken in the 211th to 215th CBT Meetings.** Sh. A.K. Padmanabhan wanted to know the status regarding the proposal sent to the Government for amendment to EDLI Scheme, 1976 for extending voluntary retention of membership for members who ceased to be in employment at reduced rate of contribution. **(Item No.14, 218th CBT, 27-05-2017)**	The proposal is under consideration.
10.	**Accounting Policy for ETFS (Equity and related instruments) for EPF Scheme.** Vice Chairperson said that this being a complicated issue with far reaching implications the same can be studied in detail by members and can be decided in the next meeting where we can also have a presentation from IIM Bangalore. **(Item No.18, 218th CBT, 27-05-2017)**	Revised item is being placed in next CBT meeting.
11.	**Amendments in EDLI Scheme, 1976 for introducing minimum assurance amount on death in service and loyalty cum life benefit to P F members on superannuation.** The Proposal contained in the agenda was approved with the modification that the Scheme be implemented on pilot basis for two years during which period its further viability may be assessed. **(Item No.13, 217th CBT, 12-04-2017)**	The proposal is under consideration.

Proposal: The Board may please take note of the action taken statement placed above.

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

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

1. Finance, Investment and Audit Committee (FIAC) – 135th meeting was held on 5th July, 2017 (minutes are placed as **Annexure-3A**); 136th meeting was held on 27th September, 2017 (minutes are placed as **Annexure-3B**).
2. Pension & EDLI Implementation Committee – No meetings were held.
3. Exempted Establishments' Committee – No meetings were held.
4. Sub-Committee on Construction Workers – 6th meeting was held on 18th September, 2017 (minutes are placed as **Annexure-3C**).
5. Sub-Committee on Contract Workers - 6th meeting was held on 18th September, 2017 (minutes are placed as **Annexure-3D**).

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

Annexure - 3A

Revised Minutes of the 135th Meeting of the Finance Investment & Audit Committee (FIAC) held on 05-07-2017 at Le Meridien Hotel, New Delhi.

The 135th meeting of Finance Investment & Audit Committee of Central Board, EPF, chaired by Dr. V. P. Joy, Central Provident Fund Commissioner was held on 05.07.2017 at 12.30 P.M. at Le Meridien Hotel, Windsor Place, New Delhi-110001.

The following members/representatives were present in the meeting.

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

The following members could not attend the meeting.

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

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

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

Item No.1: **Confirmation of the Minutes of 134th Meeting of the Finance Investment and Audit Committee held on 25.05.2017.**

Minutes of 134th FIAC meeting held on 25.05.2017 were confirmed.

Item No.2 : **Action Taken Report on the recommendations of the 134th Finance Investment & Audit Committee held on 25.05.2017.**

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

Item No.3 : **Audited Annual Account in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2015-2016.**

During the meeting, detailed deliberations were held on the Annual Accounts for the year 2015-16. Shri J.P.Chowdhary, Member FIAC sought more details on the following points:

1. Negative cash in bank (both SBI & RBI)
2. Special reserve fund A/c (Liability Side)
3. Advance paid on Land & Building
4. Sundry Debits

CPFC assured that a detailed note on the above shall be placed before the next FIAC meeting. Shri Banasure, Member, FIAC requested Chairman to postpone deliberations on the issue and the agenda may be taken in the next FIAC meeting.

Item No.4 : **Comparative Performance of SBI & UTI MF on the basis of Tracking Error of ETF.**

It was decided that details of performance may be called for from both Mutual Funds first and then subjected to evaluation by third party. The item was accordingly deferred.

(Table item)
Item No.5 : **Investments in dual AA+ private sector company bonds as approved by CBT in its 218th meeting.**

Shri P.J. Banasure, Member, FIAC inquired about the number of additional issues likely to be added, if the investment norms in Private Sector Category are relaxed from Dual AAA to Dual AA+. It was informed by CRISIL that approximately 10-13 issuers would be additionally available. After due deliberation, the committee approved the agenda and recommended it to be placed before the CBT for information.

(Table item)
Item No.6 : **Amendment in relevant portion of clause 11(vii) of Portfolio Management Service Agreement entered with Portfolio Managers, pertaining to secondary market transactions.**

FIAC deliberated upon the issue. It was felt that before making amendments in the Portfolio Management Service Agreement with Portfolio Managers, suitable amendments to the investment guidelines pertaining to secondary market transactions shall be drafted. Subsequently, the committee will deliberate on both the amendments together. EPFO, in consultation with CRISIL shall prepare the draft investment guidelines for secondary market transactions.

The committee further decided that a meeting shall be arranged to study the investment of funds by LIC.

Meeting ended with vote of thanks to the Chair.

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Annexure - 3B

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/136th Mtg./FIAC/2017/10894 Dated

To

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

Sub: Forwarding of Minutes of 136th Meeting of the Finance Investment & Audit Committee (FIAC), CBT,EPF held on 27-09-2017 at 3.00 P.M at EPFO, Head Office, New Delhi – regarding.

Sir,

Minutes of 136th meeting of the Finance Investment & Audit Committee (FIAC), Central Board, EPFO held on 27-09-2017 approved by the Chairman is enclosed herewith for your perusal and necessary action please.

Yours faithfully,

Encl: As above.

(Amul Raj Singh)
Regional P.F. Commissioner-I (Investment)

Copy alongwith a copy of Minutes of 136th (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. to FA & CAO, EPFO, Head Office.
3. ACC-II(Pension), EPFO, Head Office
4. ACC-II(IMC & Finance), EPFO, Head Office.
5. ACC-II(Audit), EPFO, Head Office.
6. RPFC-I(Finance & Housing – Financial concurrence, Banking & Budget) EPFO, Head Office.
7. RPFC-I(Finance-Central Payment Accounts & Reconciliation), EPFO, Head Office.
8. RPFC-I(Finance-WSU, Balance Sheet and Research & Amendment), EPFO, Head Office.
9. RPFC-I(Finance-Central Receipts Processing System), EPFO, Head Office.
10. RPFC-I(Conference), EPFO, Head Office.
11. RPFC-I &II(IMC), EPFO, Head Office.

Minutes of the 136th Meeting of the Finance Investment & Audit Committee (FIAC) held on 27-09-2017 at EPFO, Head Office, New Delhi.

The 136th meeting of Finance Investment & Audit Committee of Central Board, EPF, chaired by Dr. V. P. Joy, Central Provident Fund Commissioner was held on 27.09.2017 at 3.00 P.M. at EPFO, Head Office, New Delhi.

The following members/representatives were present in the meeting.

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

The following members could not attend the meeting.

(i) Shri Balasubrahmanyam Kamarsu, Member, Central Board, (Employers' Representative)

(ii) Additional Secretary (L&E), Ministry of Labour & Employment, Govt. of India

(iii) Additional Secretary & Financial Advisor, Ministry of Labour & Employment, Govt. of India

(iv) Joint Secretary, Banking Operation Pension Reforms, Department of Financial Services, Ministry of Finance.

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

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

Item No.1 : Confirmation of the Minutes of 135th Meeting of the Finance Investment and Audit Committee held on 05.07.2017.

Minutes of 135th FIAC meeting held on 05.07.2017 were confirmed.

Item No.2 : **Action Taken Report on the recommendations of the 135th Finance Investment Audit Committee held on 05.07.2017.**

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

In item no. 6 of ATR: Shri P.J. Banasure inquired about the progress on study of investment of funds by the LIC. CPFC informed that EPFO has written to LIC in the matter. Action taken shall be placed before the Committee in its next meeting.

Item No. 3 : **Audited Annual Account in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2015-2016.**

During the course of the discussion on the agenda, the member made certain observations. Regarding negative balance in cash in Bank, the members raised their concern on the large negative balance, but it was clarified that the receipt of contributions is not uniform throughout the month, usually peaking around the deadline of 15th of the month for deposit of remittances; at other times, the fund flow is insufficient to meet the obligatory outflow for payment to beneficiaries, necessitating utilization of overdraft facility, for ensuring that payments to members are not dishonoured by the bank. To this the members remarked that we should think of a payment system without the need to avail the OD facility. For this purpose, Shri Banasure and Shri Reddy suggested to separately make a comparative study between cost involved on OD interest in the present system vis a vis the financial implication of keeping the contribution received uninvested, to provide adequate buffer to meet the obligatory payments to beneficiaries, without the need for resorting to OD facility.

Further, Shri Banasure sought clarification regarding the amount booked under the head 'interest paid to vendors' in the EPF balance sheet. Shri Ajay Kumar, RPFC-II (IMC) explained that the amount pertains to the interest accrued (but not due to EPFO) on the securities purchased by EPFO in the secondary market, in between the coupon due dates.

After detailed deliberations, FIAC was pleased to recommend that audited annual accounts of EPFO in respect of all the three schemes for the financial year 2015-16 be placed before the Executive Committee, Central Board.

Item No. 4 : Guidelines pertaining to additional Bond covenants applicable to bilateral deals involving AA+ private sector company bonds, not done on NSE/ BSE electronic bidding platform.

After detailed discussion, the Committee approved the proposal contained in Para 4 of agenda item.

Item No. 5 : Performance Evaluation of Portfolio Managers for the period 01.04.2017 to 30.06.2017.

The performance of Portfolio Manages was taken note of by the Committee.

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

Shri P.J. Banasure stated that the items need detailed examination. Hence, the proposal was deferred for next meeting.

Item No. 7 : Comparative Performance of SBI & UTI MF on the basis of Tracking Error or ETF.

The committee deliberated on the performance of SBI and UTI Mutual fund and approved the proposal to continue with the existing allocation of 75:25 for SBI and UTI Mutual Fund.

Item No. 8 : Accounting policy for ETFS (EQUITY AND RELATED INSTRUMENTS) for EPF Scheme.

The Committee decided to place the item before the Central Board, EPF for consideration and approval.

Meeting ended with vote of thanks to the Chair.

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Annexure - 3C

कर्मचारी भविष्य निधि संगठन
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

EMPLOYEES' PROVIDENT FUND ORGANISATION
(Ministry of Labour & Employment, Govt. of India)
मुख्य कार्यालय / Head Office
भविष्य निधि भवन, 14-भीकाजी कामा प्लेस, नई दिल्ली-110 066
Bhavishya Nidhi Bhawan, 14, Bhikaiji Cama Place, New Delhi - 110 066.

No. C-III/4/3(158)SC(Construction Worker)2014/HQ/ 10591

Date:

To

All the Members
Sub-Committee on Construction Workers,
Central Board of Trustees, EPF

Sub:-Minutes of the 6th Meeting of the Sub-Committee on Construction Workers, Central Board of Trustee, EPF held on 18.09.2017 at 03:00 P.M. at Conference Hall, 3rd Floor, EPFO, Head Office, New Delhi.

Sir,

Please find enclosed herewith the minutes of the 6th meeting of the Sub-Committee of Central Board of Trustees, EPF on Construction Workers for your kind information, please.

Yours faithfully,

Encl: As above.

(Aprajita Jaggi)
Regional PF Commissioner-I (Compliance-I)

Copy forwarded for information to:

1. Secretary (Labour & Employment), Government of India (through PSO).
2. Central Provident fund Commissioner and Chairman, Sub-Committee of the Central Board of Trustees, EPF on Construction Workers (through PS).
3. PS to Addl. Central PF Commissioner - HQ (Compliance) for information.
4. PS to Addl. Central PF Commissioner (Compliance) for information.
5. RPFC-II (NDC) for uploading the minutes of the official website.

List of members of the Sub-Committee on Construction Workers:

1. Central Government representative (to be nominated by Secretary (L&E), Ministry of Labour & Employment, Government of India, Shram Shakti Bhawan, Rafi Marg, New Delhi – 110 001.

2. Shri M.Jagadiswara Rao
   All India Secretary, BMS
   D.No.31-3-3/2, Gowri Nagar,
   Opp.All India Radio Station,
   Kurmannapalem,
   Visakhapatnam -530046(A.P.)

4. Shri Raman Pandey
   President, INTUC, West Bengal,
   Maruti Building, 12, Loudon Street,
   Kolkata-700017,
   West Bengal.

5. Shri Ravi Wig
   House No.618,
   Sector -21A,
   Faridabad (Haryana).

6. Shri S.S. Patil
   Zonal Vice President (AIMO)
   Patil Group of Industries
   B-1457, M/s. L.R. Patil Building,
   Near APMC Office, Nehru Ganj,
   Gulbarga-585104,KARNATAKA.

EMPLOYEES PROVIDENT FUND ORGANIZATION

MINUTES OF THE 6th MEETING OF THE SUB-COMMITTEE OF THE CENTRAL BOARD OF TRUSTEES, EPF ON CONSTRUCTION WORKERS (EPF HEADQUARTER, NEW DELHI, 18th Sept, 2017 at 03:00 P.M.)

The 6th meeting of the Sub-Committee of Central Board of Trustees, EPF on Construction Workers was chaired by Dr. V.P. Joy, Central Provident Fund Commissioner. The following members attended the meeting:-

Shri Ramen Pandey	:	Employees' Representative
Shri M. J. Rao	:	Employees' Representative
Dr. S. S. Patil	:	Employers' Representative
Shri Ravi Wig	:	Employer's Representative
Shri Vinod Kumar	:	Director, SS, Central Government Representative
Shri K.L. Taneja	:	ACC – HQ (Compliance) – Convener

The list of officers of the Employees' Provident Fund Organization who attended the meeting is at Annexure-I.

The Central PF Commissioner & Chairman of the Sub-Committee welcomed the members to the 6th meeting of the Sub-Committee of CBT, EPF on Construction Workers and requested the members to present their views. The discussion regarding the definition of Construction and construction workers was initiated and it was agreed that there is a considerable overlap between Construction and Contract workers as in most of the cases construction workers are engaged by or through contactors.

Thereafter, the agenda items were taken up.

Item No. I: Confirmation of the minutes of 5th meeting of the Sub-Committee of the CBT, EPF on Construction Workers held on 18th January, 2017.

The minutes of the 5th meeting of the Sub-Committee of the Central Board of Trustees, EPF on Construction Workers held on 18th January, 2017 had been circulated to all members and no comments were received. Accordingly, the minutes of the 5th meeting of the Sub-Committee of the Central Board of Trustees, EPF on Construction Workers were approved.

Item No.2: Action taken statement in respect of decisions taken in the 5th meeting of the sub-committee of the CBT, EPF on Construction Workers held on 18th January, 2017.

The contents of the action taken statement were noted.

Item No.3: Progress made in coverage of Construction Workers.

The Sub-Committee noted the progress in coverage of Construction Workers which increased from 10,11,295 contributing subscribers to 11,80,579. Accordingly, there is an increase of 1,69,284 i.e. 17%. Shri Ramen Pandey said that since last 2-3 meetings, he has been proposing to hold a national level meeting between employers and workers of the establishment. In the local level also, such meetings should be held. There should be awareness and employers should be willingly accepting this scheme. CBT members shall be made part of such meetings. He also added that there has been a major default in the jute industry of West Bengal. The workers of these industries are brought in trucks, they work in industry, get paid and are sent back in their trucks without being enrolled under EPF schemes. Also inspection should be made against Trusts to ensure that they are working properly as 98% of the Trusts in Jute Industry are not working properly. Shri S. S. Patil told that it shall be ensured that all the eligible construction workers shall be made members of EPF Schemes. Shri M.J. Rao suggested that we may focus on NHAI to improve the coverage of their Construction Workers.

CPFC informed that there is a multi-level default management system in EPFO. In 4-6 days workers receive SMS about the payment made in their account. We are trying to reduce this period to 2 days. If they do not receive this message, they may contact the Employer or send grievance to EPFO. We further publish the list of defaulting establishments on our official website and then action as per the Act and Scheme is initiated by the field offices in respect of these defaulting establishments. Even for exempted establishments action is being taken and monitoring is done for timely collection of contribution and its investment, audit and remittances. Ranking has also been prepared for exempted establishments which is published on our website every month. In case the establishment is not performing well, we propose to cancel their exemption. Further CPFC informed that there is lack of inspectors in EPFO which is resulting in low number of inspections, however we will soon have 500 more inspectors which will result in more number of inspections and better coverage and compliance. CPFC also informed about the mandatory seeding of UAN with Aadhar and requested the CBT members to encourage Employers and Workers to get members' UAN seeded with Aadhar. CPFC also said that we may involve the Trade Union in our efforts to increase the coverage of Construction workers. He further added that regular meetings with Railway Personnel are being conducted to improve the coverage of Railway contactors and ensure that EPF benefits are extended to the Construction workers. It was concurred that NHAI will also be monitored separately.

Item No. 4: Reasons for non-enrollment of Construction workers.

The members discussed the reason for non-enrollment of Construction workers in detail. Shri Ravi Wig pointed out that there are 4 crore construction workers and only about 11 lacs are covered. This can be improved by making principal employer liable for PF and putting in a system whereby contractor are reimbursed PF remitted to EPFO. Circular instructions have been issued for this purpose.

Shri M. J. Rao stated that as suggested by Shri Ravi Wig in earlier meetings camps may be organized where trade unions, employers and employees can be brought together for ensuring the coverage of unenrolled employees. Shri Ravi Wig may provide the list of location where such camps can be held. Shri M. J. Rao further added that discussion with the State Departments may be done to cover all the employees registered with Building and other Construction Workers Welfare Boards. He pointed out that NHAI are constructing highways and they are employing workers from local villages, these workers are not being provided provident fund benefits.

It was informed to members that the Building and other Construction Welfare Board are not employers of workers registered with them. As regards the dual ceiling idea, the committee was informed by CPFC that a separate proposal for enhanc[ing] the wage ceiling to Rs 25,000 from Rs 15000 has already been recommended by the CBT to the Government and hence no other proposal need to be considered now.

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

Annexure 1

The list of officers of the Employees' Provident Fund Organization who attended the meeting are as follows:

1. Shri S.C. Goyal	:	ACC (Compliance)
2. Smt. Aprajita Jaggi	:	RPFC-I (Compliance)
3. Shri Randhir Kumar	:	APFC (Compliance)
4. Smt. Sunita Nagpal	:	SO (Compliance)

Annexure - 3D

कर्मचारी भविष्य निधि संगठन
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

EMPLOYEES' PROVIDENT FUND ORGANISATION
(Ministry of Labour & Employment, Govt. of India)
मुख्य कार्यालय Head Office
भविष्य निधि भवन, 14, भीकाजी कामा प्लेस, नई दिल्ली-110066
Bhavishya Nidhi Bhawan, 14, Bhikaiji Cama Place, New Delhi - 110 066.

No. C-III/4/3(158)SC(Contract Worker)2014/HQ/ 10580

Date:

To

All the Members
Sub-Committee on Construction Workers,
Central Board of Trustees, EPF

Sub:-Minutes of the 6th Meeting of the Sub-Committee on Contract Workers, Central Board of Trustee, EPF held on 18.09.2017 at 03:00 P.M. at Conference Hall, 3rd Floor, EPFO, Head Office, New Delhi.

Sir,

Please find enclosed herewith the minutes of the 6th meeting of the Sub-Committee of Central Board of Trustees, EPF on Contract Workers for your kind information, please.

Yours faithfully,

(Aprajita Jaggi)
Regional PF Commissioner-I (Compliance-I)

Encl: As above.

Copy forwarded for information to:

1. Secretary (Labour & Employment), Government of India (through PSO).
2. Central Provident fund Commissioner and Chairman, Sub-Committee of the Central Board of Trustees, EPF on Construction Workers (through PS).
3. PS to Addl. Central PF Commissioner - HQ (Compliance) for information.
4. PS to Addl. Central PF Commissioner (Compliance) for information.
5. RPFC-II (NDC) for uploading the minutes of the official website.

List of members of the Sub-Committee on Contract Workers:

1. Central Government representative (to be nominated by Secretary (L&E), Ministry of Labour & Employment, Government of India, Shram Shakti Bhawan, Rafi Marg, New Delhi – 110 001.

2. Shri K.V. Shekhar Raju,
FASIL, National President,
C/o Spun Concrete Pipe Manufacturers,
Association of Karnataka,
B-5 & 6, Swiss Complex, 33 Race Course,
Road, Bengaluru – 560 001

3. Dr. U.D. Chowbey,
Director General (SCOPE),
Core-8, 1st Floor,
Scope Complex,
7, Lodhi Road,
New Delhi – 110 003

4. Shri Shankar Saha,
General Secretary, All India United trade Union Centre,
77/2/1,
Lenin Sarani, (1st Floor),
Kolkata – 700 013

5. Shri A.D. Nagpal,
Secretary, Hind Mazdoor Sabha,
1181, Sector – 43-B
Chandigarh – 160 022 (Punjab)

EMPLOYEES PROVIDENT FUND ORGANIZATION

MINUTES OF THE 6th MEETING OF THE SUB-COMMITTEE OF THE CENTRAL BOARD OF TRUSTEES, EPF ON CONTRACT WORKERS (EPF HEADQUARTER, NEW DELHI, 18th Sept, 2017 at 03:00 P.M.)

The 6th meeting of the Sub-Committee of Central Board of Trustees, EPF on Contract Workers was chaired by Dr. V.P. Joy, Central Provident Fund Commissioner. The following members attended the meeting:-

Shri Shankar Saha	:	Employees' Representative
Shri A.D. Nagpal	:	Employees' Representative
Shri K.V. Shekhar Raju	:	Employers' Representative
Shri Vinod Kumar	:	Director, SS, Central Government Representative
Shri K.L. Taneja	:	ACC – HQ (Compliance) – Convener

Dr. U.D Chowbey, Director General, SCOPE could not attend the meeting and in his place his representative Shri Ashok Kumar Gupta attended the meeting.

The list of officers of the Employees' Provident Fund Organization who attended the meeting is at Annexure-I.

The Central PF Commissioner & Chairman of the Sub-Committee welcomed the members to the 6th meeting of the Sub-Committee of CBT, EPF on Contract Workers and requested the members to present their views. The discussion regarding the definition of contract and construction workers was initiated and it was agreed that there is a considerable overlap between contract and construction workers as in most of the cases construction workers are engaged by or through contactors.

Thereafter, the agenda items were taken up.

Item No. I: Confirmation of the minutes of 5th meeting of the Sub-Committee of the CBT, EPF on Contract Workers held on 18th January, 2017.

The minutes of the 5th meeting of the Sub-Committee of the Central Board of Trustees, EPF on Contract Workers held on 18th January, 2017 had been circulated to all members and no comments were received. Accordingly, the minutes of the 5th meeting of the Sub-Committee of the Central Board of Trustees, EPF on Contract Workers were approved.

Item No.2: Action taken statement in respect of decisions taken in the 5th meeting of the sub-committee of the CBT, EPF on Contract Workers held on 18th January, 2017.

The contents of the action taken statement were noted.

Item No.3: Progress made in coverage of Contract Workers.

The Sub-Committee noted the progress in coverage of Contract Workers which increased from 1,07,11,346 contributing subscribers to 1,30,90,697. Accordingly, there is an increase of 23,79,351 i.e. 22%.

Shri Shankar Saha stated that EPFO schemes provide comprehensive social security and we should see that all contract workers are covered by EPFO. He pointed out that PSUs are having significant number of contract workers which needs to be brought into EPF coverage.

Item No. 4: Reasons for non-enrollment of contract workers.

Shri K. V. S. Raju pointed out that State Government and corporations are not sharing the list of contractors, so the ROs in the field should conduct awareness programmes for the State Government and Corporations also about PF. Shri Shankar Saha pointed out that the reason for non-enrollment is that there is no regular inspection. Unless inspectors are put to work, no labour law can work. He also informed that NBCC in Delhi alone has thousands of contract workers engaged through contractors and they should be contacted for their enrolment.

Shri A. D. Nagpal suggested that we should try to learn from the coverage of brick kiln industry in Punjab and try to replicate that in the coverage of other industry. He also enquired about the number of defaulting establishments.

CPFC informed that current non-complying establishments' data is being given in the website so that the employer may be immediately approached by its employees as soon as they notice any non-compliance. He also informed that CAIU is already conducting regular meetings with PSUs at Head Office to monitor upload of contractors and contract details by PSUs and the monitoring shall be continued with.

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

Annexure 1

The list of officers of the Employees' Provident Fund Organization who attended the meeting are as follows:

1.	Shri S.C. Goyal	:	ACC (Compliance)
2.	Smt. Aprajita Jaggi	:	RPFC-I (Compliance)
3.	Shri Randhir Kumar	:	APFC (Compliance)
4.	Smt. Sunita Nagpal	:	SO (Compliance)

Item No. 4 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 2^{nd} proviso to Section 14B of EPF & MP Act, 1952.

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 2^{nd} proviso to section 14B of the Act. The 176^{th} 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 **20.05.2017 to 30.09.2017** in exercise of the above delegated powers is furnished below for kind information of the Board.

S. No.	Name & code No. of the establishment.	Whether BIFR sanctioned Revival Scheme	Date of receipt of application	Date of informing rejection
1.	M/s. Ayurvidya Prasarak Mandal,Bandra(MH/35455)	No	17.12.2016	01.06.2017
2.	M/s. Petromar Engineered Solutions Pvt Ltd, Mumbai(MH/BAN/48779)	No	15.05.2017	13.06.2017
3.	M/s. Shri Jagdamba Swayam Rojgar, (NGAKL/0110038)	No	06.03.2017	15.06.2017
4.	M/s. Ranchi Municipal Corporation, Ranchi(JH/32891)	No	18.07.2016	29.06.2017
5.	M/s ABG Shipyard Ltd.,	No	15.12.2016	29.06.2017
6.	M/s. Shree Extrusions Limited, Gujrat(GJ/RAJ/25110)	No	Nil	30.06.2017
7.	M/s. Saraswati Shishu Mandir, Kolkata	No	18.06.2015	12.07.2017

8.	M/s. Maharastra Village Minitries, Nagpur	No	22.08.2016	24.07.2017
9.	M/s. Jainex Metaliks Ltd, Hooghly,WB	No	19.11.2016	27.07.2017
10.	M/s Sri RamakrishnaSarada Sangha Balika Vidyalaya, WB(WB/61686)	No	01.02.2016	19.09.2017

Proposal: **In view of the above, Central Board of Trustees, EPF may please take note of the list of ineligible requests for waiver of damages rejected by Central Provident Fund Commissioner during the period from 20.05.2017 to 30.09.2017.**

Item No. 5 Accounting Policy for ETFs (Equity and Related Instruments) for EPF Scheme

1. In accordance with Investment Pattern notified by Ministry of Labour and Employment vide Notification no. 1071 (E) dated 23rd April, 2015 and the decision of the 207th Central Board held on 31.03.2015, EPFO started investments in Exchange Traded Fund (ETF) under category (iv) i.e. Equity and related investment from August, 2015.

2. Accounting policy & Method of accounting for equity and related investment was approved by Finance Investment and Audit Committee (FIAC) in its 122nd meeting held on 09.12.2015.

3. The approved Accounting policy was forwarded to the Comptroller & Auditor General of India (CAG) for their comments vide this Office letter dated 18th March 2016 followed by letter dated 27th April, 2016. In response to which the CAG vide its letter dated 14th July, 2016 informed that "the *proposed accounting policy has been examined and it is found that the accounting policy proposed by EPFO is not consistent with the Accounting Standard 13 'Accounting for Investment' and further suggested that EPFO may review its accounting policy and make it consistent with the Accounting Standards issued by ICAI. Further in view of the peculiar and unique conditions of the working of EPFO, you may like to refer this matter to the Expert Committee of Institute of Chartered Accountants of India for their expert advice*".

4. As per the suggestion of CAG, a reference was made to ICAI vide letter dated 04th July, 2016 followed by letter dated 09th September, 2016 with a request to suggest to EPFO the accounting policy for investments in Equity (ETF). ICAI submitted their comments on the "Accounting Policy and Method of Accounting for investments in Equity & related investments" vide communication dated 28/11/2016. The suggestions/recommendations of ICAI are summarised as under:-

- Option 1. Recognition of MTM gains and losses based on classification of equity investments

- Option 2. Recognition of MTM gains and losses in Equity Income Stabilisation Reserves (EISR) in the balance sheet.
- Option 3. Recognition of MTM losses in Income and Expenditure account and Recognition of MTM gains in Income and Expenditure account and partly in ESIR in Balance Sheet.

ICAI had concluded that based "*on the accounting concept of prudence, it is felt that gains and losses on equity and related instruments should be accounted for in EISR and should be taken to Income & Expenditure account on disposal only"*. On the issue of creation and utilisation of **Equity Income Stabilisation Reserve (EISR), ICAI** commented that "*It has been felt that the declaration of interest rate is not an accounting matter but prerogative of EPFO management, therefore we are unable to comment on the EPFO proposed policy in this regard*."

5. The other possible methodologies for disposal of investments/accounting profits which can be envisaged includes- selling of existing Units of ETF to book profits, accrual based accounting for accounting profits and unitization of the investments made in ETF for individual subscribers. Since no clear policy direction was received from ICAI, it was decided that there is a need for independent assessment of advantages and disadvantages for each of the methodology by a third party independent expert keeping in mind the specific requirement of EPFO. Accordingly experts from the discipline of Finance and accounting from **Indian Institute of Management (IIM), Bangalore** were requested to suggest best possible method of accounting investment in Equity and related investments on consultancy basis.

6. **Dr. Padmini Srinivasan**, Associate professor & Chairperson Finance and accounting area and **Dr. M. S. Narsimhan**, Professor in Finance and accounting area and Chairperson of the PGP program and Chairperson Provident Fund Investment Committee have submitted their report on the "Accounting Policy for Investment in Equity and Related Investments by EPFO" in June 2017. (**Annexure-5A**).

7. The report suggests different methodologies for accounting which have been evaluated on the basis of two principles

a) Need to capture benefits on investing in Equity in accounting
b) Fairness in computing rewards.

8. The report recommends '***Accounting based on MTM and Unit Based NAV'*****:** This method is similar to accounting system followed by collective fund management schemes for valuing investments. The methodology suggests splitting the investments into two (a) Fixed Income (b) Equity (ETF). The fixed income portion of the contribution by the subscribers shall continue to have annual fixed interest rates. The Equity portion of the contribution by the subscribers is valued on Marked to Market (MTM) basis and gains or loss is recognized in MTM reserve as it is not realized. Units are allotted to investors based on net asset value (NAV) and this ensures fairness to investors who enter into the scheme at different points of time. In the disclosure to subscriber it is suggested to have two separate accounting heads (a) Fixed Income where fixed annual interest gets credited to members account and (b) Equity (ETF) where is return is marked to market rate.

9. A presentation on the draft report on the Accounting policy for investment in ETF by Indian Institute of Management, Bangalore was made before the 134th FIAC held on 25th May 2017. The members discussed the various options suggested in the report and observed that the policy suggested by IIM (B) is broadly in lines with the policy followed by similar fund management institutions like NPS, Mutual Fund and the Life Insurance companies. Further since EPFO started investment in ETF, the returns from such investment has not yet been made available for distribution to the subscribers. Therefore we may proceed further with the Method 4 'Accounting based on MTM and Unit Based NAV' as mentioned in the report and be placed before CBT for consideration.

10. The item was then placed in the 218th meeting of the CBT held on 27/05/2017 where it was decided that since it is a complicated issue with far reaching implications the same can be studied in detail by members and can be decided in the next meeting where we can also have a presentation from IIM Bangalore.

11. In the meantime in order operationalise the methodology suggested by IIM, Bangalore a committee consisting members from SBI, Mutual Fund, UTI Mutual Fund, M/s. CRISIL, Consultant and EPFO was constituted. The Committee deliberated on the issue and have come up with Operational Guidelines for the **unitisation methodology** for accounting the equity EPF investments and submitted its report on 25th August, 2017 (**Annexure-5B**).

12. Based on the two reports, accounting policy for investment in equity to be included under ***'significant accounting policies'*** as per the suggestion of CAG has been prepared and placed as **Annexure-5C**.

13. Accounting Policy formulated/recommended by IIM Bangalore for investments in ETF by EPFO was also sent to CAG for its comments. The CAG vide its letter dated 12.09.2017 conveyed it's concurrence on methodology on Accounting Policy proposed by EPFO with certain observation/clarifications (**Annexure-5D**). Clarifications to the observation of CAG along with Significant accounting policies placed as annexure III for approval have been sent to CAG vide letter dated 19.09.2017 (**Annexure-5E**).

14. An agenda item on Accounting Policy for ETFs (Equity and Related Instruments) for EPF Scheme was place before the FIAC in its 136^{th} Meeting held on 27.09.2017. The Committee decided to place the item before the Central Board, EPF for consideration and approval.

Proposal: **The proposal contained in Para 12 of the agenda item is placed before the Central Board of Trustees, EPF for consideration.**

EMPLOYEE PROVIDENT FUND ORGANISAION

Accounting Policy for Investment in Equity and Related Investment

Submitted by

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1. Introduction

The Employees' Provident Fund Organisation (henceforth EPFO) is an autonomous body under the Ministry of Labour & Employment constituted under an Act of the Parliament i.e. Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (19 of 1952). The EPFO collects contributions from the members and invests in securities. The primary objective of EPFO is to provide retirement benefit to its members and hence investments are generally made in risk-free or low-risk securities. The contribution is divided into three parts as detailed below and each one serves different objectives:

- Employees Provident Fund Scheme, 1952: Each member of the scheme has separate individual account in which the contributions from the employer and the employee are deposited. The interest declared by EPFO on an annual basis is credited to each members account and becomes part of the member balance. This becomes liability on part of EPFO.

- Employees' Pension Scheme, 1995: Part of contributions from the employer and government contribution is deposited in the pooled fund. The scheme has defined benefits. The rate of interest declared by EPFO on annual basis is not applicable to this scheme.

- Employees' Deposit Linked Insurance Scheme, 1976: The part of the employer contribution is deposited' in the pooled fund. Only death benefit is paid to the survivor as the part of the scheme. The rate of interest declared by EPFO on annual basis is not applicable to this scheme.

Until March 2015, investments made by the EPFO were in interest bearing fixed income securities and normally held till maturity. The Central Government while deciding the interest to be credited to members of EPFS, 1952 considers the interest received from securities invested under the scheme. The capital appreciation or depreciation of the securities are not considered since securities are held till maturity. In April 2015, the Government of India notified a new investment pattern under which EPFO started investing in Exchanged Traded Funds (ETF). The premise for investing in equity is that in the long run, the scheme will deliver better returns compared to other asset class. Unlike fixed income securities, ETF is exposed to capital appreciation or depreciation. The para 60 of the EPFS, 1952 which discusses the interest computation was not amended and hence there is no clarity on the treatment of dividend and capital appreciation or depreciation of ETF in computing the income of the scheme, which in turn is used for declaration of interest/return on the amount invested.

We were given to understand that C&AG advised the EPFO not to distribute unrealized gains to the subscribers. Thus, the accounting treatment is important and critical because it has a direct impact on the return available to subscribers, particularly if ETF's are not sold periodically. The accounting policy is important so that it is fair to subscribers and at the same time not resulting in any additional financial obligation to EPFO or Government of India.

The objective of this study is to examine the various accounting issues in investments and to suggest alternative methods for addressing the same.

In particular the study will examine the following:

(a) Options available for accounting the earnings (dividend, capital appreciation and depreciation, bonus or any other cash or cash equivalent) of equity oriented investments.

(b) Advantage and disadvantage of each option taking into account the requirement of EPFO.

(c) Ranking of the options along with their impact to subscribers and EPFO.

(d) Recommend Policy related to liquidating the investments in equity or equity oriented investments if needed.

2. Methodology

We adopted the following steps to arrive at various alternatives

1. Review of current practice
2. Examine in detail the various accounting regulations related to equity investments. These includes Accounting Standards, International Financial Reporting Standards (IFRS) applicable to India (Ind-AS), Banking Regulation, Insurance Regulation related to Pension products, Mutual Funds regulation and any other relevant regulations for accounting.
3. Review of current accounting practices of different collective fund management companies operating in India and abroad. (Annexure 1)
4. Meeting with various stakeholders including Portfolio Managers and others to discuss the current practices and challenges.

3. Basic Principles on Accounting of Investments in Equity

As the Indian economy matures and progresses, equity market also develops and offers return much higher than the return being realized through fixed income securities. The long-term equity market return (NIFTY and Sensex) is around 16% though the equity market is exposed to volatility in the short run. The primary reason for EPFO investing a part of its collection in equity is to earn on average higher return on investments. We are also aware of the C&AG's comments on not to distribute unrealized gains from the investments. We also believe that the accounting policy should not undo the philosophy for investing in equity.

We set the following two broad guidelines while deciding accounting policy for equity investments.

(A) Need to capture the benefits on investing in Equity in accounting: Since subscribers enter and exit from the scheme periodically, investments made at different points should capture the benefits of equity investments periodically. In other words, benefits are to be captured continuously to reward the subscribers.

(B) Fairness in computing rewards: Fairness has two components. The first one is related to computing the returns, particularly the treatment of capital appreciation and depreciation. The second one is related to treatment of fresh inflow. The fairness is relevant even for fixed income investments[1] but its impact is more in equity investments.

4. Current Practice

Under the Clause 51 of the Employees' Provident Funds Scheme 1952, interest and other income received under the scheme are credited to Interest Suspense Account. Clause 60 of the Scheme states that the interest amount credit to subscribers are to be debited to Interest Suspense account. It further states under Clause 60 (4) that "in determining the rate of interest, the Central Government shall satisfy itself that there is no overdraw on the Interest Suspense Account as a result of the debit thereto of the interest credited to the accounts of members". In other words, only realized income is allowed to be recognized through Interest Suspense Account, which in turn is used for declaring interest. There is no provision for recognizing unrealized gains.

[1] A and B invested Rs. 100 each in year 1. The fund manager invested Rs. 200 at 8% GOI bonds. The interest earned is Rs. 16 and A and B gets Rs. 8 each. In year 2, A, B and C invested Rs. 100 each and Rs. 300 + 16 is invested at 5% interest rate. Total interest income is Rs. 31.80 (Rs. 16 + Rs. 15.80) and total outstanding principal is Rs. 516. C will now get Rs. 6.16 (31.80/516 x 100) whereas he should get only Rs. 5. His gain of Rs. 1.16 is loss to other two investors. The source of unfairness is on account of treating the second year contribution on par with first investment.

Since investments in equity is currently through ETFs, which is a passive investment strategy, the need for selling ETF arises only when there is a need for cash deficit (incremental cash inflow is lower than cash outflow). EPFO is currently investing in NIFTY and Sensex oriented Exchange Traded Funds (ETF) and committed to invest 10% of the incremental funds in equity investments. Incremental fund includes fresh contribution, interest income, and redemption of bonds less withdrawals. Since the incremental subscription is two times of the cash outflow, the need for selling is not likely to arise for several years from now. In that process, equity portfolio will not contribute any income to subscribers. The subscriber gets benefit of income equity investment only when she/he happens to be a member of the fund at a time when incremental cash inflow is lower than cash outflow. If we ignore recognizing income periodically, it not only violates the basic principles that we have set out earlier on accounting policy but also results in recognizing income in an ad-hoc manner.

The accounting treatment is important and critical because it has a direct impact on the return available to subscribers. Investors of mutual funds which also offer collective investment scheme buy and sell mutual funds units at NAV. EPFO on the other hand declares interest at the end of every year and hence it is a commitment or financial obligation on EPFO irrespective of future market condition of the investment. Therefore, it is important to set an accounting policy that is fair to subscribers and at the same time not resulting any additional financial obligation to EPFO or Government of India.

EPFO needs to examine the accounting issue related to recognizing investment in equity and take a decision after consulting different stakeholders.

5. Review of Accounting Regulations

In the absence of any specific guidelines under the Act or Scheme, it is natural to examine whether the generally accepted accounting principles of the country provide any guidance to handle the accounting issue. We first examine AS-13 which deals with accounting for investments. Since AS-13 is also likely to be replaced by Ind AS 109 eventually, we examined how investments are to be accounted under Ind AS 109.

Accounting standards (AS 13): Accounting for Investments

The Accounting Standard 13 (AS 13) deals with accounting and disclosures of investments. Para 2 (c) states that the standard does not deal with investments of retirement benefit plans and life insurance enterprises. In Para 2 (d), AS 13 excludes mutual funds and venture capital funds and/or the related asset management companies, banks and public financial institutions formed under a Central or State Government Act or so declared under the Companies Act, 1956.

Is EPFO covered under 'investments of retirement benefit plan'?

Though there is no explicit statement that the EPFO manages retirement benefit plan of the subscribers and the contributions to EPFO by the members or their employers are in the nature of retirement benefit plan, the general understanding of the investment by the subscribers is for retirement benefit. However, in exceptional conditions, subscribers can withdraw the amount for specific needs like constructing or purchase of house. In the normal circumstances, the investment in EPFO is withdrawn at the time of retirement.

Is EPFO covered under 'related asset management companies'?

AS 13 under this clause articulates that it may not be possible for the AS 13 to list all collective fund management schemes under this exclusion clause. Hence after naming mutual fund and venture capital fund, it consider all similar asset management companies which primarily collect money from investors, manage the investments and then return the same. EFPO performs all three functions (collect subscription, manage the investments and finally return the amount to investors) and hence qualify under this broader category of asset management companies related to mutual funds and venture capital fund. Here we don't need to consider how EPFO is defined but we need to consider whether exclusion clause of AS 13 applies to EPFO. Considering the primary function of EPFO, we are of the view that AS 13 excludes EPFO. However, there is nothing that prevent EPFO to adopt AS 13 if the same is approved by the Government of India.

The accounting standards AS 13 classifies investments into Current and Long Term (Non-Current) investments. The accounting for the same is elaborated below:

Accounting for current investments: The standard in Para 14 states that the carrying amount for current investments is the lower of cost and fair value. In respect of investments for which an active market exists, market value generally provides the best evidence of fair value. The difference is adjusted to the profit and loss statement.

Long-term Investments: Long-term investments are usually carried at cost. However, when there is a decline in the value of long term investment which is permanent in nature, then the carrying amount is reduced to recognise the decline.

The accounting standards AS 13 is under transition and will be replaced by **Ind AS 109 "Financial Instruments"** from the accounting year beginning from 1s April 2016.

Under Ind AS 109, all financial assets are classified among three principle categories a) those measured at amortised cost b) held for trading measured at fair value and accounted through statement of profit and loss and c) held as available for sale, measured at fair value and accounted through other comprehensive income statement. Equity investments is not qualified under (a). In effect equity instruments would be measured using fair value and the only issue is whether the unrealized profit or loss is to be routed through income statement or directly in balance sheet. The equity investments by EPFO are not in the nature of 'held for trading' and hence by exclusion are in the nature of 'held as available for sale'. Equity investments are to be valued at fair value but accounted through other comprehensive income in Balance Sheet.

While it is relevant to understand how EPFO accounts the unrealized gain and loss, it is important to discuss how such profit or loss is accounted in individual's accounts.

6. Options for accounting for investments

We now discuss the various options for both accounting for investments as well as calculating the returns for the subscriber. We then evaluate whether the option meets the basic guidelines that we set in Section 3 of this report.

6.1 Option 1: EPFO adopts AS 13 for Accounting of Investments

If the EPFO adopts AS 13 voluntarily, then the accounting treatment of investments depends on whether the investments is current or long-term in nature. Since investments in equity is for long-term, they are to be carried at cost. However, when there is a decline in the value of long term investment which is permanent in nature, then the carrying amount is reduced to recognise the decline.

Implication of adopting AS 13

The accounting standard follows a principle of conservatism where the current investments are taken at cost or market which ever lower. The long term investments are held for a longer period and hence held at cost irrespective of market appreciation or depreciation. The notional gains or losses derived from a market value is not considered as these are not meant for immediate sale. While the above accounting helps in prudence, it violates both principles that we set in Section 3. This option doesn't allow the Fund to recognize the appreciation in the market value of the investments. This method of accounting will be unfair to investors who leaves the scheme before the fund sells the equity investments. Since AS-13 is being replaced by Ind AS-109 eventually, this method of accounting may not be relevant.

6.2 Option 2: EPFO adopts Ind AS 109 for Accounting of Investments

As per Ind AS 109, EPFO can classify the equity investments into two ways

i) Equity Investments measured at fair value through Other Comprehensives income (OCI).
ii) Equity investments measured through income statement

In both the methods, Ind AS 109 requires such investments to be valued on fair value basis. This ensures investments are always reflected at current market value. However the treatment of the gains and loss arising due to changes in fair value are treated differently under these two methods. Under method (i) investments are measured at mark to market and the difference is taken to the "Other Comprehensive Income (OCI)". The OCI is reported directly in the Balance Sheet. Under method (ii) difference in mark to market is taken to the income statement. In our view, method (i) is applicable to EPFO.

Implication of Ind AS 109

Equity investments are generally subject to higher volatility. If EPFO follows Ind AS 109 for accounting for equity investments, it meets the first principle that we set in Section 3. The gains or losses are reflected in the investments value appropriately. Since the unrealized gains or loss is not reflected under Interest Suspense account, it will not reach subscribers periodically. In the absence of NAV based computation for computing the settlement amount, subscribers who are leaving the scheme before EPFO actually selling any equity investments will not benefit from the increase in the value. Therefore it suffers on second principle of fairness.

If EPFO treats the investments in ETF as held for trading, the unrealized gain (or loss) is treated as income (or loss) through income statement (interest suspense account in the EPFO case). Since it gets into the income statement, it is part of the distributable pool subscribers. Thus the MTM gains/losses gets in the "pool" through which the EPFO declares the interest. EPFO can declare two interest rates: i) Fixed rate which is the current practice ii) Variable rate that will depend on the mark to market gains in the pool. In that process, this method of accounting achieves both principles that we laid down earlier. This ensures fairness to the subscriber principle. However a major drawback is the variable interest rate can be negative if the mark to market value is negative. This will create confusion among subscribers and hence not desirable.

6.3 Net Asset Value based Unit Method

Employees' Provident Fund Organisation (EPFO) collects contribution from employees and invest them in securities. In terms of functions, EPFO is similar to pension funds, mutual funds, National Pension Scheme and to some extent insurance schemes where saving component is high. All these organizations manage the funds of investors by investing in securities. We can follow the accounting system that is adopted by these organizations. We can consider few variations to suit EPFO needs.

Under NAV based unit method, we don't recognize the changes in the value of equity investments under the books of accounts in the normal course. However, we compute the NAV of the equity investments and use the same when a subscriber contributes to the scheme. Since EPFO has already started investing in ETFs, we need to start the unit computation process from inception (i.e. August 2015).

The steps to be followed are listed below for allocating units to the subscribers:

1. We assume the NAV of the EPFO Equity Fund is equal to Re. 1 at the beginning of the scheme. Investors are allotted units after deducting the brokerage value. Suppose Mr. A contributes 1000, this is divided into two parts – Fixed Income and Equity. The equity component is 10% of his investments which is Rs. 100. Assuming the brokerage and other costs is 0.5%, the net amount available for investments is 99.5000. Mr. A gets Rs. 99.5000 units at the beginning.

2. Next month if Mr. A contributes Rs. 1000 again, his equity contribution is Rs. 100. The units to be allotted after deducting the brokerage is equal to 99.50/NAV of the EPFO Equity Fund. The NAV of the EPFO Equity Fund is equal to market value of existing investments divided by total units allotted till that point of time by the EPFO to subscribers.

3. The NAV of EFPO Equity is always equal to Market Value of all ETF holding divided by cumulative number of units that EPFO has allotted to subscribers on that date. The NAV computation is done on the last working day of the month.

In the annual statement provided to the subscribers, EPFO provides the unit details and value of the units as per NAV prevailing on the statement date. When the subscriber retires, she/he can encash the accumulated units at the prevailing NAV.

The advantage of this option is the methodology is simple and would not require any major change in the accounting system. Additional accounting entry is required only when the person leaves the scheme in order to reward the investors with equity return.

The following example shows the operational part of this option.

	Cash	ETF Investments	=	Liabilities to Subscribers	Investment Reserve or OCI
Collected Rs. 1000 and allotted 100 units at Par (initial entry)	1000			1000	
Purchased 100 ETF at Rs. 10	-1000	1000			
Market value of ETF 12	No Accounting Entry				
Collected Rs. 2400 and allotted 200 units at Rs. 12 per unit	2400			2400	
Purchased 190 ETF at Rs. 12	-2280	2280			
One subscriber carrying 10 units retires and 10 units are revalued to market value		20			20
Paid 120 to the retiring subscriber	-120			-100	-20
Total	0	3300		3300	0

Units available with EPFO is 290 units. Cost value of ETF holding is Rs. 3300 and market value of ETF is Rs. 3480/- (290 x 12 = 3480)

The Investment Reserve or OCI is a temporary accounting entry which will close itself immediately. The effect of this accounting is entry is equal to selling the units outstanding against a subscriber who leaves the scheme at market value and immediately buying it back from the market to realize the gains.

Implication of NAV based Unit Method of Accounting

The method is fairly simple and is not affecting any of the existing method of accounting in a major way. There is no need for marked-to-market accounting. The accounting statement that subscribers receive is in the same previous format with additional details of Equity-oriented Investments Units outstanding and market value of the units on the date of statement. Though earnings are not regularly recognized through accounting system, its impact is regularly captured through accounting statement provided to investors. It achieves the fairness in all its true sense[2]. This method of accounting meets both principles we have laid down earlier in Section 3 of this report.

[2] While this method ensure fairness on equity investments, minor unfairness still exits on fixed income investments as described in Footnote 2. We can eliminate unfairness in FI investments also if we adopt the same model for FI investments also.

6.4 Accounting Based on Mark to Market and Unit Based NAV

In this method, the investments made are accounted initially at cost. All investments are marked to market either using market price (if traded in stock exchanges) or fair value. For the purpose of the financial statements, EPFO shall **mark all investments to market and carry investments in the balance sheet at market value**. This will be done on a monthly basis. The unrealized gains (losses) may be set aside to an account that can be termed "Unrealised gains or losses due to MTM accounting" (UMTM) or simply "MTM Reserve".

When the subscriber retires, she/he can encash the accumulated units at the prevailing NAV. This amount is paid and the difference in the NAV and contribution of subscriber is adjusted in the UMTMA account which mimics the sale of the ETF's thus in some sense it is realised gain/losses.[3]

At any given point of time, we have two information related to each subscriber of the fund. The first one is related to amount contributed and the second relates to the units outstanding in her/his name as on that date. In the annual statement provided to the subscribers, EPFO can provide the unit details and value of the units as per NAV prevailing on the statement date. The illustration can be applied from August 2015 itself. We illustrate the same through an example.

Illustration using Mark to Market Accounting with Units

	Subscribers	Contribution	Units allotted	Cumulative Units
Period 1	A	100	99.5000	99.5000
	B	80	79.6000	79.6000
	C	200	199.0000	199.0000
	D	500	497.5000	497.5000
	E	2000	1990.0000	1990.0000
	Total	2880.0000	2865.6000	2865.6000
	Amount Invested in ETFs	2865.6000		
	NAV for Allotting units	Re.1		

[3] ETFs generally don't declare dividend but reinvest the dividend received by them. However, there is no restriction that ETF should not declare dividend. For example, Birla Sun Life NIFTY ETF has both growth and dividend options. If ETF declares dividend, it is treated as income (like interest income). EPFO may sell ETF when there is a need for fund or switching between Sensex and NIFTY ETFs. Profit or loss on sale of ETF are recognized as income of the period.

	Subscribers	Contribution	Units allotted	Cumulative Units
Period 2				
	A	100	97.5490	197.0490
	B	90	87.7941	167.3941
	C	210	204.8529	403.8529
	D	500	487.7451	985.2451
	E	2100	2048.5294	4038.5294
	Total	3000	2926.4706	5792.0706
	Amount Invested in ETFs	2985		
	NAV For allotting units	1.0200		
Period 3				
	A	100	100.5660	297.6150
	B	90	90.5094	257.9035
	C	210	211.1886	615.0415
	D	520	522.9432	1508.1883
	E	2100	2111.8860	6150.4154
	Total	3020	3037.0932	8829.1638
	Amount Invested in ETFs	3004		
	NAV For allotting units	0.9894		
Period 4				
	A	120	114.9403	412.5553
	B	95	90.9944	348.8979
	C	210	201.1456	816.1871
	D	520	498.0747	2006.2630
	E	2200	2107.2391	8257.6545
	Total	3145	3012.3941	11842
	Amount Invested in ETFs	3129.275		
	NAV For allotting units	1.0388		
Period 5	A	120	112.6840	525.2394
	B	0	0.0000	348.8979
	C	210	197.1971	1013.3841
	D	550	516.4685	2522.7315
	E	2200	2065.8739	10323.5284
	Total	3080.0000	2892.2235	14733.7814
	Amount Invested in ETFs	3064.6000		
	NAV For allotting units	1.0596		

Accounting:

Since EPFO has already started investing in ETFs, we need to start the unit computation process from inception (i.e. Aug 2015).

The steps to be followed are listed below for allocating units to the subscribers:

1. We assume the NAV of the EPFO Equity Fund is equal to Re. 1 at the beginning of the scheme. Investors are allotted units after deducting the brokerage value. Suppose Mr. A contributes 1000, this is divided into two parts – Fixed Income and Equity. The equity component is 10% of his investments which is Rs. 100. Assuming the brokerage and other costs is 0.5%, the net amount available for investments is 99.5000. Mr. A gets Rs. 99.5000 units at the beginning.

2. Next month if Mr. A contributes Rs. 1000 again, his equity contribution is Rs. 100. The units to be allotted after deducting the brokerage is equal to 99.50/NAV of the EPFO Equity Fund. The NAV of the EPFO Equity Fund is equal to market value of existing investments divided by total units allotted till that point of time by the EPFO to subscribers.

In the above example for period 2 we have assumed the Market value of existing investments at 2922.9120 this will give a NAV of Re. 1.02 calculated as 2922.912/ 2865.6000.

In Period 3 our assumption of the market value is 5730.6746. The NAV for the period will be 5730.6746/ 5792.0706 and so on

When B retires and withdraws/retires from the fund, his cumulative units are paid off based on the NAV calculated at the end of the month,

3. The NAV of EFPO Equity is always equal to Market Value of all ETF holding divided by cumulative number of units that EPFO has allotted to subscribers on that date. The NAV computation is done on the last working day of the month.

4. The allotment of the units to subscribers is done on the last date of the month in which the subscription is received based on the NAV as calculated in 3 above. Similarly all pay out can happen on the last date of the month using the NAV above.

Additional Inputs

The following additional decisions/ steps are to be taken while implementing the recommendation :

i. EPFO need to decide how frequently the investments are to be revalued and NAV to be computed. Mutual Funds compute the NAV on daily basis based on the market value of the stocks that they hold. EPFO can do this on daily basis or weekly basis or monthly basis. This decision depends on how EPFO plans to allocate the units.

ii. The most important decision is when does EPFO wants to allot the units. Subscribers contribute the fund along with salary and normally salary is paid on the last day of the month. However, the firms which collect the subscription remit the amount to EPFO after few days. EPFO in turn invests the money after few days. To keep accounting process simple, we can assume the EPFO receives the funds from subscribers at the end of month and units are allotted on that date based on the NAV of the funds on that date. All remittances received during the month are kept in a separate pool account and transferred to Equity Investments on that date. On the same date, NAV is computed and units are allotted.
iii. In addition, subscribers account should have a UNIT and Cumulative Units field which tracks the units allotted to the subscribers. The statement should also show the latest NAV and value of investments to subscribers.
iv. Since we recommend that the units allotment takes place since inception of the scheme, the market value of ETFs has to be computed at the end of every month since August 2015 and NAV is computed based on the outstanding units. For the first month, the default NAV value is Rupee 1 (or Rs. 10 as may be decided) and hence the units issues equal to investment. For subsequent months, the NAV is equal to market value of ETFs divided by outstanding units net of withdrawals. If amount invested in ETF is less than amount collected under Equity account, the difference is treated as cash balance and added to the market value of the ETF.
v. We have assumed certain percentage as brokerage in the example. EPFO can decide the basis for recovering the amount of expenses including GST if any, from the subscriber by allotting lesser units.
vi. EPFO should keep the month-wise purchase of ETFs, subscription received in each month for each subscribers under Equity component and withdrawal details.
vii. The surplus/deficit in individual subscribers account who have closed the EPFO account is transferred to Temporary account. This account is closed and transferred to Unrealized Profit and Loss Reserve Account.

Implication of MTM & Unit based NAV

This method has the advantage of taking the investment at the market value and fairness to the investor. The unrealized gain is not distributed but accrued in the UMTMA or MTM Reserve Account. In that process, this method of accounting achieves both principles that we laid down earlier. That is, this method of accounting not only recognizes the gains or loss periodically but also is fair to the investors[4] when they exit giving the benefit of equity investment. The method requires calculating the units from the date on which the scheme was implemented ie from Aug 2015 for allotting to the subscribers as given in the illustration.

[4] There is still minor unfairness arising out of pooling subsequent subscriptions with existing subscriptions but this unfairness exists even on investments in fixed income securities as pointed out in Footnote 1. We can remove this unfairness only when EPFO completely changes its accounting system and adopts NAV based accounting.

6.5 Accounting based on Sale of ETF's to realize income

For some regulatory reasons, if EPFO is required to follow an accounting method under which equity investments are valued at cost unless they are sold, it affects both principles that we laid down in Section 3 of this report. Under this situation, we can achieve the principles only by selling equity investments periodically to reward investors who are leaving the scheme. The challenge is how much to sell and when to sell. It is easy to answer the second part if we know the value of how much to sell. The selling can happen on monthly or quarterly basis to avoid any major selling effect in the market. We explain the model that derives how much to sell as follows.

EPFO has to set two things to decide the percentage of ETF accrued profit that it would like to transfer to investors. They are:

(a) Floor level of accrued profit. For example, EPFO can decide that it will consider sale decision only when the profit accrued is above 8%.

(b) If the profit accrued is above the floor level, the second decision is how much of the profit to be distributed. Here, EPFO can decide that it will distribute all excess profit over and above 8% to investors in the year in which such profits are earned. With these two conditions, we can derive the proportion of holding that should be sold by EPFO to realize the profit and include the same under distributable profit. The proportion of holding that should be sold by the EFPO is as follows for the above situation:

$$Propotion\ of\ ETF\ to\ be\ sold = 1 - \frac{F\%}{R\%}$$

where F% = Floor; in the above example, it is 8%
R% = The percentage of profit accrued during the year.
[(NAV as on 31st March/NAV as on 1st April) – 1]

For example, if the ETF earned a return of 12% and it decides to distribute 4% of the profit, it should sell 33.33% of the existing ETF to realize the profit equal to 4% existing investments. The formula ensures that when the returns are small, only a small quantity is sold out and when the returns are large, a significant part of the ETF is sold and profits are booked. It basically tracks the return and ensures that all excess profits are realized. How frequently this formula has to be applied is the choice that EPFO Board has to take. It can be done on monthly or quarterly or half-yearly or annually. The F value in the above example is based on the annual resetting. If it is for quarterly, then we should reduce the F% proportionately. The following Table shows the proportion of ETF to be sold at different profit accrued level.

Profit Accrued (R%)	Floor Return (F%)	Excess Return over Floor (R% - F%)	Percentage of ETF holding to be sold*
9%	8%	1%	11.11%
10%	8%	2%	20.00%
11%	8%	3%	27.27%
12%	8%	4%	33.33%
13%	8%	5%	38.46%
14%	8%	6%	42.86%
15%	8%	7%	46.67%
20%	8%	12%	60.00%
25%	8%	17%	68.00%
30%	8%	22%	73.33%
35%	8%	27%	77.14%
40%	8%	32%	80.00%
45%	8%	37%	82.22%
50%	8%	42%	84.00%
60%	8%	52%	86.67%
70%	8%	62%	88.57%
80%	8%	72%	90.00%
90%	8%	82%	91.11%
100%	8%	92%	92.00%
110%	8%	102%	92.73%
120%	8%	112%	93.33%
130%	8%	122%	93.85%
140%	8%	132%	94.29%
150%	8%	142%	94.67%
200%	8%	192%	96.00%

* $Propotion\ of\ ETF\ to\ be\ sold = 1 - \frac{F\%}{R\%}$

Implication of Periodic Sale of ETF

If there is a regulatory compulsion of accounting equity investments at cost basis unless the capital gain is realized, then the above model ensures both principles of accounting that we laid down in Section 3 of this report to an extent. There are several disadvantages. The first one is avoidable transaction cost, which are ultimately borne by the investors. If the market is up by 50%, we end up selling nearly 84% of ETF which might affect the market if the EPFO holding are sizable. This is not a desirable solution but a regulatory compulsion to achieve fairness.

7. Summary and Conclusion

The accounting treatment of equity and equity-oriented investments depends on the regulations that govern the EPFO and the objectives that EPFO would like to achieve through the accounting treatment.

Since EPFO is established under an Act of Parliament (Employees' Provident Funds & Miscellaneous Provisions Act, 1952), it is necessary to examine whether there is any regulation provided under the Act. As per sub-section 5 of Section 5A of the Act, "the Central Board shall maintain proper accounts of its income and expenditure in such form and in such manner as the Central Government may, after consultation with the Comptroller and Auditor-General of India, specify in the Scheme". Therefore, the power to prescribe the method of accounting of equity and equity-oriented investments vests with the Central Government in consultation with CAG of India. While the regulations provided by the ICAI, SEBI and other regulating agencies can provide broad guidance, they are not binding on EPFO. Since EPFO has started investing in equity and equity-oriented investments recently, it is desirable that the Central Government prescribe the accounting treatment in consultation with the CAG of India.

The remaining part of the note will be useful for the Central Government to prescribe the accounting regulation in consultation with the CAG of India. We considered two principles in deciding accounting method. They are: (a) Recognition of the income earned periodically in the accounts to reflect the correct investments as well the investor to benefit from equity investments and (b) Fairness to investors who contribute at different points of time.

We considered five methods and evaluated each method on above two principles.

- Method 1: Accounting as per AS-13 (Recognize income/loss only on realization)
- Method 2: Accounting as per Ind AS-109
- Method 3: NAV based Unit Method (No change in accounting)
- Method 4: Accounting based on MTM and Unit Based NAV
- Method 5: Accounting based on Sale of ETF to realize Income

We summarise each Method below.

Method 1-Accounting as per AS-13: Investments are accounted on cost basis and profit or loss are realized only on sale of investments. This method suffers on both principles of accounting of investments stated earlier (i.e. periodic recognition and fairness to investors). EPFO has to sell investments to realise gains.

Method 2-Accounting as per Ind AS 109: Investments are valued on fair value by recognizing unrealized gains or losses. We considered two options. Under the first option, equity is valued at fair value but the gains (losses) are accounted to the other comprehensive income in the balance sheet. Though this option recognizes the gain or loss periodically, it fails to meet the requirement of fairness. The second option is when equity is valued at fair value and the gains or losses is recognized through income statement. This option meets both periodical recognition of gains and lossess and also ensure fairness. However the gains and losses are not realised and hence might have regulatory objection.

Method 3-NAV based Unit Method: Under this method, we don't propose any accounting entry in the normal course except when subscribers exits the scheme. However, investors are allotted units based on NAV and they redeem the units on the prevailing NAV when they leave the scheme. This method meets the principles of fairness, the accounting of equity investments in the books is still at cost and realised only when the subscribers exit.

Method 4-Accounting based on MTM and Unit Based NAV: This method is similar to accounting system followed by collective fund management schemes for valuing investments. Equity investments are valued on MTM basis and gains or loss is recognized in "Unrealised gains or losses due to Marked to Market Accounting" or MTM reserve as it is not realized. Units are allotted to investors based on NAV and this ensures fairness to investors who enter into the scheme at different points of time. The units allotted subscribers are likely to be in fraction given the wide range of contribution per subscriber received we suggest the same to be rounded off to four digits (that is decimals after four are ignored).

Method 5-Accounting based on Sale of ETF to realize Income: Under this method, ETFs are sold periodically to realize profit to achieve periodic recognition and fairness. There are several problems with this method and EPFO can consider this as last option if there is any regulatory constraint of following accounting methods suggested under AS-13

In the next section we make our recommendation.

Recommendation

Our recommendations herewith are applicable only for Employees Provident Fund Schemes.

I. Based on the evaluation of different methods of accounting on two principles (periodic recognition and fairness), we recommend **Method 4** as our first option. Method 4 is a standard method followed by several collective fund management schemes.

II. Employee Pension Scheme (EPS) and Employee Deposit Linked Insurance Schemes (EDLI) are pooled funds and the investment horizon of these schemes are long term in nature. It is therefore recommend that as and when the schemes requires funding by liquidating existing securities for settlement of dues, the investments in Equity (ETF) made may be sold periodically and funds realized

The implementation of this method would require the following considerations:

i. Since EPFO is established under an Act of Parliament (Employees' Provident Funds & Miscellaneous Provisions Act, 1952), necessary approvals need to be taken from the appropriate authority including the Central Government for changing the accounting method. i.e. This will involve regulatory changes.
ii. Existing accounting software may have to undergo significant changes. Additionally, this may need a specialized software for maintaining individual units allotted, NAV, online access of account etc. The development of the software itself will have to be done carefully, taking into account the growth in the number of subscribers (volume) the frequency of the NAV calculation and the payouts.
iii. Additional resources including manpower to implement the same would be required.
iv. EPFO may also need to educate the subscriber on the new developments periodically.

III. If there are regulatory or administrative constraints in adopting Method 4, we recommend **Method 3**. Method 3 skips accounting issue to a great extent but brings out most of the desirable features of accounting principles. This method calls for NAV computation, allotting Units based on NAV and redemption of Units based on NAV. Accounting entry is restricted only for the redemption.

This method would also require additional software and infrastructure to calculate the NAV and maintain individual unit records.

The investment in ETF's is a good move for the investor as they get higher benefits from investing in equity. Staying invested for a longer period also ensures higher returns. The principle of fairness to the subscriber is not achieved if such gains are not distributed to them. Any accounting challenge cannot be the reason for not giving a fair return to the investor.

Annexure 1: Accounting Adopted by Collective Fund Managers

I. Mutual Funds

Mutual Funds are governed by Securities and Exchange Board of India (Mutual Funds) Regulations 1996. Clause 47 and Clause 50 of the Regulations related to Valuation of Investments states the following:

Valuation of investments

47. Every mutual fund shall ensure that the asset management company computes and carries out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and publishes the same.

The Eighth Schedule of the Regulation provides valuation guidelines related to traded securities as follows:

1. Traded Securities:

i. The securities shall be valued at the last quoted closing price on the stock exchange.

ii. When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. It would be left to the asset management company to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should, however, be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded.

iii. Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the asset management company.

iv. When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange may be used.

v. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than [thirty] days prior to the valuation date.

To maintain proper books of account and records, etc.

50. (1) Every asset management company for each scheme shall keep and maintain proper books of account, records and documents, for each scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of

the state of affairs of the fund and intimate to the Board the place where such books of account, records and documents are maintained.

(2) Every asset management company shall maintain and preserve for a period of [eight] years its books of account, records and documents.

(3) The asset management company shall follow the accounting policies and standards as specified in **Ninth Schedule** so as to provide appropriate details of the scheme-wise disposition of the assets of the fund at the relevant accounting date and the performance during that period together with information regarding distribution or accumulation of income accruing to the unitholder in a fair and true manner.

Clause 1 of Ninth Schedule

For the purposes of the financial statements, mutual funds shall **mark all investments to market and carry investments in the balance sheet at market value**. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision has to be made for exclusion of this item when arriving at distributable income.

II. Portfolio Management Scheme

SEBI regulations on Portfolio Managers (1993) has no specific guideline on accounting policies related to investments. However, Clause 12 of the guideline states "Disclose the accounting policy followed by the portfolio manager while accounting for the portfolio investments of the clients". In the absence of specific guidelines on accounting of investments, PMS entities follow the guidelines provided under Mutual Fund Regulations. A few extracts from the PMS Service providers on accounting policy

Sundaram Asset Management Company

As SEBI (Portfolio Management) Regulations, 1993, do not explicitly lay down detailed accounting policies, such policies which are laid down under SEBI (Mutual Fund) Regulations would be followed, in so for as accounting and valuations for equities/equity related instruments, Fixed Income securities and other securities are concerned.

HSBC Asset Management (India) Private Limited

Accounting under the respective portfolios will be done in accordance with Generally Accepted Accounting Principles. As SEBI (Portfolio Management) Regulations, 1993, do not explicitly lay down detailed accounting policies, such policies which are laid down under SEBI (Mutual Fund) Regulations would be followed, in so for as accounting and valuation for equities or equity related instruments are concerned.

Canara Robeco Asset Management Company Ltd

Investments in listed equity and debt instruments will be valued at the closing market prices on the National Stock Exchange (NSE)/Bombay Stock Exchange (BSE)- (Principal Stock Exchange). If the securities are not traded on the NSE/BSE on the valuation day, the closing price of the security on the Bombay Stock Exchange/NSE will be used for valuation of securities as the case may be. In case of the securities are not traded on the valuation date, the last available traded price shall be used for the valuation of securities. Investments in units of Mutual Funds shall be valued at the Net Asset Value of the previous day declared for the relevant Scheme on the date of the report.

Open positions in derivative transactions, will be marked to market on the valuation day.

Private equity/Pre-IPO placements will be valued at cost or at a last deal publicly available price at which company has placed shares to other investors till it is listed.

III. Insurance Companies

Insurance Regulatory and Development Authority (IRDA) which regulates Insurance Companies provided the accounting policy related to equity investments under **Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000.** Under this regulation, equity shares listed in Stock Exchanges are valued at the lowest of the last quoted closing price. The extract from the regulation is provided below:

Equity Securities and Derivative Instruments that are traded in active markets

Listed equity securities and derivative instruments that are traded in active markets shall be measured at fair value on the balance sheet date. For the purpose of calculation of fair value, the lowest of the last quoted closing price at the stock exchanges where the securities are listed shall be taken.

The insurer shall assess on each balance sheet date whether any impairment of listed equity security(ies)/derivative(s) instruments has occurred. An active market shall mean a market, where the securities traded are homogenous, availability of willing buyers and willing sellers is normal and the prices are publicly available.

Unrealised gains/ losses arising due to changes in the fair value of listed equity shares and derivative instruments shall be taken to equity under the head 'Fair Value Change Account". The 'Profit on sale of investments' or 'Loss on sale of investments', as the case may be, shall include accumulated changes in the fair value previously recognised in equity under the heading 'Fair Value Change Account' in respect of a particular security and being recycled to the relevant Revenue Account or Profit and Loss Account on actual sale of that listed security.

i. Accounting Policies related to Equity Investments by Life Insurance Corporation of India[5]

Listed equity securities that are traded in active markets and listed securities classified as strategic investments are measured at fair value on the balance sheet date and the change in the carrying amount of equity securities is taken to Fair Value Change Account.

ii. Accounting Policy of LIC Pension Funds Ltd, a Pension Fund Manager of National Pension System Trust

Investment Valuation

The below mentioned valuation of investment is carried out by Stock Holding Corporation of India, the Custodian of NPS Trust as per the tripartite agreement between NPS Trust, LIC Pension Fund Limited and Stock Holding Corporation of India Ltd.

The following valuation norms are as prescribed by PFRDA (Preparation of Financial Statements and Auditor's Report of schemes under National Pension System) Guidelines 2012.

Securities traded at a stock exchange:

i. The securities shall be valued at the daily close price on the stock exchange.
ii. Debt securities (other than government securities) are valued at the last quoted closing price on the principal exchange on which the security is traded.
iii. Money market instruments like treasury bills, commercial paper and certificate of deposit are valued at amortised cost.
iv. Government securities and unlisted debt securities are valued at yield to maturity based on the methodology provided by CRISIL/ICRA.
v. Investments in mutual fund schemes are valued based on the latest available net asset value of the respective schemes.

[5] Annual Report of LIC of India, 2014-15 page 165

Operational guidelines - unitisation methodology for accounting policy of equity ETF investments – a report of the committee constituted by the EPFO

August 25, 2017

Smt. Udita Chowdhary

Additional Central P.F. Commissioner-I (IMC),

Employees' Provident Fund Organisation (EPFO),

Bhavishya Nidhi Bhawan, 14-Bhikaiji Place

New Delhi - 110066

Dear Madam,

We herewith submit the report of the committee on operational guidelines for the unitisation methodology for accounting the EPFO's equity ETF investments.

Yours sincerely,

Shri Vishal Dhanesha

SBI Funds Management Pvt. Ltd.

(Member)

Shri Satish umar

SBI Funds Management Pvt. Ltd.

(Member)

Smt. Dhanashree Shringarpure

UTI Asset Management Company Limited

(Member)

Shri atin Visaria

UTI Asset Management Company Limited

(Member)

Shri i u Vidyadharan

CRISIL Limited

(Member)

Shri Piyush Gupta

CRISIL Limited

(Member)

Shri A ay umar

Employees' Provident Fund Organization

(Member)

Contents

Background

The Employees' Provident Fund Organisation (EPFO) used to invest only in interest-bearing fixed-income instruments until 2014-15. It started investing in equity exchange-traded funds (ETFs) in August 2015, as per the new pattern of investment notified by the government for the EPFO.

The annual interest credited to the employees' provident fund (EPF) accounts of members is decided by the central government every year on the basis of estimated earnings from the fixed income instruments held by the fund. Capital appreciation/depreciation of these interest bearing instruments is not considered, since these are held to maturity.

However, with the EPFO mandated to invest in equity ETFs, the question of treatment of capital appreciation/depreciation assumed importance, as returns from equity investments can be generated mainly through capital appreciation/depreciation, though there may be some cash inflow from dividends.

To suggest possible measures/methodology for accounting earnings from equity ETF investments by the EPFO, a study was conducted by a team of professors from IIM Bangalore. In its report, the team suggested the EPFO adopt 'accounting based on mark-to-market and unit-based net asset values (NAVs)', or unitisation methodology, for equity ETF investments.

Thereafter, this committee was constituted with a view to prepare the detailed operational guidelines for the methodology suggested by IIM Bangalore, vide Office Order HO/IMC/198/APF/2015/dated July 6, 2017.

The committee comprised representatives from:

1. SBI Funds Management Private Limited
2. UTI Asset Management Company Limited
3. CRISIL Limited
4. Employees' Provident Fund Organisation

Discussion

The committee met thrice – on July 18, 2017 (New Delhi), August 3, 2017 (Mumbai) and August 14, 2017 (Mumbai) – for discussions and deliberations on the subject. It concluded with consensus on the detailed operational guidelines appropriate for the EPFO. Its report is as tabled below.

Excerpts of the unitisation methodology suggested by IIM Bangalore

The highlights of the accounting policy, based on mark-to-market and unit-based NAVs, suggested by IIM Bangalore are:

NAV computation

- The ETF investments made are accounted initially at cost.
- The ETF investments are marked to market either using market price (if traded in stock exchanges) or fair value for the purpose of NAV computation as well as for Balance Sheet disclosure.
- EPFO need to decide how frequently the investments are to be revalued and NAV to be computed. EPFO can do this on daily basis or weekly basis or monthly basis. This decision depends on how EPFO plans to allocate the units.
- Subscribers contribute the fund along with salary and normally salary is paid on the last day of the month. However, the firms which collect the subscription remit the amount to EPFO after few days. EPFO in turn invests the money after few days. To keep accounting process simple, we can assume the EPFO receives the funds from subscribers at the end of month and units are allotted on that date based on the NAV of the funds on that date.
- Thus the NAV of the EPFO equity may be computed on the last day of the month
- The unrealised gains (losses) may be set aside to an account that can be termed “unrealised gains or losses due to MTM accounting” (UMTM) or simply “MTM Reserve”.
- The NAV of EFPO Equity would always be equal to Market Value of all ETF holding divided by cumulative number of units that EPFO has allotted to subscribers on that date.

EPFO Equity unit allotment

- The member’s contribution is divided into two parts viz., debt and equity
- All remittances received during the month are kept in a separate pool account and transferred to Equity Investments on that date.
- For the equity component the members will be allotted units at the applicable NAV
- The NAV computation is done on the last working day of the month.
- The allotment of the units to subscribers is done on the last date of the month in which the subscription is received.

EPFO Equity withdrawal

- Pay out to retiring/outgoing subscribers can happen on the last date of the month using the NAV.
- This amount is paid and the difference in the NAV and contribution of subscriber is adjusted in the UMTM account which mimics the sale of the ETF’s thus in some sense it is realised gain/losses.

Operational guidelines for implementing the unitisation methodology

Unit-allotment parameters

- The face value of units should be considered at Re 1 per unit
- The NAV should be computed up to four decimals
- Members should be allotted units up to four decimals

Unit allotment from August until the actual implementation date of the unitisation methodology

The EPFO started investing in equity ETFs since August 2015. Thereafter, the interest for 2015-16 and 2016-17 has been credited to the members' accounts. The ETF investment is yet not reflected in the individual members' account. Further, in the interim, there have also been withdrawals from retiring/exiting members' accounts, who have been paid interest for the contributions until the exit date.

Therefore, to implement the suggestions made by IIM Bangalore to allot the initial (one-time) units for the retrospective period, the EPFO can adopt the following method:

- For the purpose of initial allotment of units on a retrospective basis, face value of Re 1 should be considered to factor in the small contribution by subscribers.
- The market value of ETF investments as on the cutoff date for the actual implementation of the unitisation method (i.e., the go-live date) should be considered for this purpose.
- The units should only be allotted to the members having balances in their EPFO accounts as on the go-live date (members with balances in their EPFO accounts as on the cut-off date are hereinafter referred as 'active members').
- The units will be allotted to the identified active members in the proportion of their yearly contributions during the respective periods.

Example: The formula for calculating the unit allotment to a member (say, A) for 2015-16:

$$= \frac{\left\{\frac{Market\ value\ of\ ETFs\ purchased\ in\ 2015-16\ as\ on\ the\ go-live\ date\ \times\ Contribution\ of\ A\ for\ 2015-16}{All\ active\ members'\ contribution\ for\ 2015-16}\right\}}{NAV\ per\ unit}$$

Refer **Annexure** for the input data used for illustrating the proposed unitisation methodology and **Annexure** for the calculation of unitisation for both the initial and ongoing allotments.

For illustration, seven members are considered and the cut-off date (or the go-live date) is assumed to be March 31, 2017. In **Annexure** , the 16th and 17th rows highlight the active members eligible for the initial allotment. It can be noted that, of the seven members, member A is eligible for the allotment of units only for 2016-17, as there were no monthly contributions during 2015-16. Similarly, member B is eligible only for 2015-16. It may be noted that although member C had made contributions during 2015-16 and 2016-17, he/she is not eligible for the initial allotment of units since he/she exited before 2016-17, thereby not being an active member as on the cut-off date (go-live date).

Accordingly, member B's unit allotment for the initial period is:

$$= \frac{\left\{\frac{9450 \times 800}{30800}\right\}}{1} = 245.4546\ units$$

Similarly, units will be allotted for ETF investments in 2016-17, and for the period up to the go-live date, in the ratio of the respective member contributions until the go-live date.

Refer rows 18 to 22 in **Annexure** for the initial unit-allotment process.

- The EPFO shall have to change the way the member accounts are maintained. Currently, members' contributions are maintained in cash terms and not in investment terms. After unitisation, the members' balances would need to be divided into two sections – debt (fixed-income investments) and units from equity ETFs.
- During the initial unitisation exercise, an equivalent amount to the extent of members' ETF investments would need to be reduced from the contribution corpus and equity ETF units shall be separately disclosed in the statement of accounts.
- A communication to this effect may be considered for sending to each subscriber, giving the basis of adjustment, NAV and calculation.
- Refer rows 8 to 10 in **Annexure** for a sample member (say, B) account, reflecting the disclosure towards the adjustment of initial ETF unit allotment.
- In a likely situation where a member's EPF balance cannot be reduced to the credit-equivalent value of ETF units for the past-period contribution because of the restrictions of the EPF scheme, the sum of all units of all active members can be earmarked as the reserve fund. A separate policy can be framed for utilisation of this reserve fund.

Ongoing allotment of EPFO equity units

- On an ongoing basis, the NAV of the units created by the EPFO for its members' equity portion is proposed to be computed at the end of every month.
- The amount invested in equity ETFs during the month should be allocated to the individual member accounts in the ratio of their individual contributions for that month. The net amount after adjustment of a member's share of ETF units shall be reflected in the debt contribution (i.e., Monthly contribution – ETF contribution = debt (contribution))
- Therefore, the proportionate share of the equity ETF component of a member's monthly contribution for the month is computed as under:

$$= \frac{\text{Amount invested by the EPFO in ETFs during the month} \times \text{Individual members' contribution for the month}}{\text{Total active members' contribution for the month}}$$

In the illustration in **Annexure ,** the ongoing unit allotment for member B for May 2017 would be computed as under.

$$= \frac{1{,}360 \times 125}{3{,}175} = \text{Rs } 53.54, \text{ equivalent of the monthly ETF investment}$$

- EPFO's debt component of a member's monthly contribution

$$= \text{Member's monthly contribution} - \text{Member's equity contribution computed above}$$

Example: Member B's debt component for May 2017 would be:

$$= 125 - 53.54 = \text{Rs } 71.46$$

- EPFO's equity units allotted to the individual members based on month-end NAV

$$= \frac{\text{EPFO equity component of a member's monthly contribution (computed above)}}{\text{NAV per unit at the month} - \text{end}}$$

Example: Number of units allocated to member B for May 2017 would be

$$= \frac{53.54}{0.9894} = 54.1169\ units$$

Refer rows 23 to 52 in **Annexure** for the illustration of the monthly allotment process of equity units on an ongoing basis.

ithdrawal of a member's balance

- For members who withdraw their balances due to exit/retirement/advance, the equity units to that extent should be redeemed.
- The NAV of the previous month will be applied for such redemptions, in case the settlement of funds to a member has to be done immediately without having to wait for the computation of the NAV in the month in which the member exited/retired.
- Refer the 14th row in **Annexure** for the treatment of redemption of EPFO equity units in the member's account statement.
- It may be pertinent to note that since the EPFO currently has more contributions than withdrawals, it may not lead to a situation where the organisation would have to liquidate its equity ETF investments to make good the exiting member(s) funding. Accordingly, the share of ETF units of the exiting members will be redistributed to the existing members in the same proportions, as that is considered for monthly allotment of ETF units. Refer rows.44 and 45 in **Annexure** for an illustration.
- However, in the event where the EPFO has more withdrawals than contributions, it may require the organisation to liquidate its equity ETF investments to make good the funding for exiting member(s). Refer rows 48 to 51 in **Annexure** for an illustration.

Disclosure in the members' EPFO statements

- A member's EPFO statement will have two sections – fixed-income investments and units from equity ETFs)
- The fixed-income investment portion should continue to be disclosed as it is done currently.
- The equity investment part will be shown separately in a member's account, as illustrated in **Annexure** .
- As mentioned earlier, a one-time adjustment in the member's account statement may have to be disclosed towards the initial units allotted retrospectively (If the regulation permits or else an equivalent number of units can be kept as a reserve fund).

NAV Computation Process

- In order to follow unitization process, NAV for the portfolio will need to be calculated at intervals which would be applied to allot and redeem units to its unit holders.
- The key components of NAV are:
  - Face Value (FV): is the nominal value of a security stated by the issuer.
  - Unit Premium Reserve (UPR): in simple terms is the difference between the current NAV less the face value. UPR is created on account of subscription (or redemption) of units to new / existing unit holders.
  - Un-realised Gains / Loss (UR/UL): refer to profits or losses that have occurred on paper (i.e. book profit/loss) on account of mark to market of the portfolio. These are generated through an accounting entry rather than the actual sale of a security.
  - Income Equalisation reserve (IER): is created by crediting (debiting) the equalization account in respect of the subscription (or redemption) of units by an appropriate amount which represents the distributable income at the time of subscription (or redemption).
  - Profit and Loss on Sale of Investment (PL): refers to the profit (or loss) derived on sale of investments. It is recognized by reducing from the sale proceeds the cost of investments so sold. Where the cost of investments is determined on weighted average cost basis.
  - Realised Gains / Loss (R = IER + PL): Gains or losses are said to be "realized" when an investment is sold.

  The sum total of the below components represents NAV.

$$NAV = FV + UPR + UR\ or (UL) + R$$

- Refer Annexure 4 - Illustrative NAV Computation Sheet and Ledger Position for computation of NAV and corresponding ledger position for the illustrative unitization process depicted in Annexure 2 above.
- For example, the NAV for the period including its component for the period 30 April 2017 is computed as under:

  NAV per unit for EPFO members as at 30 April 2017 is Rs 1.02. The same is computed as under:

  NAV per unit as at end of 30 April 2017 for EPFO's investment is assumed to be at Rs16.0650 as depicted in Annexure 5 EPFO's investment in ETF at cost and market value giving corresponding NAV row no. 6.

  EPFO's investment in ETF units as at 1 April 2017 is 1524.4444 units as depicted on row no. 3 in Annexure 5.

  NAV per unit for EPFO's members is computed as under:

$$= \frac{(Opening\ EPFO's\ investment\ in\ ETF\ units\ \times\ \text{NAV per unit of EPFO's investment as at end of month})}{Opening\ balance\ of\ units\ of\ EPFO's\ members}$$

$$= \frac{1524.4444 \text{ x } 16.0650}{24010.0005} = Rs\ 1.0200\ per\ unit$$

The UPR would be computed as below

$$= (\text{NAV per unit for EPFO's members} - \text{FV}) \times \text{No. of units subscribed (or redeemed)}$$

$= (1.02 - 1) \times 1098.0392 = (0.02 \ \times 1098.0932) = Rs. 21.9608$

The UR/UL is computed as under

$= Opening\ UR\ (or\ UL) + ClosingAppreciation\ (or\ Depreciation) - Opening\ \ Appreciation\ (or\ Depreciation)$

$= 0 + 4489.2936 - 4010.0000 = Rs. 479.2936$

Accordingly, Net Asset Value in amount terms for 25,108.0397 units is =

$= FV + UPR + UR\ or (UL) + R$

$= 25{,}108.0397 + 21.9608 + 479.2936 + 0 = 25{,}609.2941$

NAV per unit is $= \frac{Net\ Asset\ Value\ in\ amount\ terms}{No. of\ unit\ holders\ at\ the\ end\ of\ the\ month} = \frac{25609.2941}{25108.0397} = Rs. 1.02$

Refer row no. 8 in Annexure 4 for the values computed as above.

Other considerations

This method is similar to the accounting system followed by collective fund management schemes for valuing investments. Equity investments are valued on an MTM basis; a gain or loss is recognised in 'unrealised gains or losses due to MTM accounting' or 'MTM reserve', as it is not realised. Units are allotted to investors based on the NAV, thus ensuring fairness to investors who enter the scheme at different points of time.

The units allotted to subscribers are likely to be in a fraction, given the wide range of contribution per subscriber received. We suggest this to be rounded off to four decimals.

The implementation of this method would require the following considerations:

1. Since the EPFO is established under an Act of Parliament (Employees' Provident Funds & Miscellaneous Provisions Act, 1952), necessary approvals need to be taken from the appropriate authority, including the Central government, for changing the accounting method – i.e., this will involve regulatory changes.
2. The existing accounting software may have to undergo significant changes. Additionally, this may need a specialised software for maintaining individual units allotted, NAV, and online access of accounts. The development of the software should be done carefully, taking into account the growth in the number of subscribers (volume), the frequency of NAV calculation, and the payouts.
3. Additional resources, including manpower to implement these, would be required.
4. The EPFO may need to educate the subscribers on the new developments periodically.
5. Alternatively, the unit-level accounting of members can be outsourced to specialised agencies, such as fund administrators and registrar-and-transfer agents. This is a practice followed widely by collective fund management schemes.

Annexure 1 – Illustrative information of members and ETF investments used for unitisation

Members Cash flow position

Row No.	Description	Members Account: A	B	C	D	E	F	G	Total Contribution	ETF Investment (Amount)
1	Op. Bal April 15	268,400	5,000	249,000	75,000	865,000			1,462,400	
2	Corpus Contributions for the year ended 16		800	2,000	5,000	20,000	5,000		32,800	9,450
3	Interest Credit (8.75%)	23,485	508	21,963	7,000	77,438	438	-	130,830	
4	Op. Bal April 16	291,885	6,308	272,963	87,000	962,438	5,438		1,626,030	
5	Corpus Contributions for the year ended 17	1,000		2,100	5,200	21,000	5,000		34,300	14,560
6	Interest Credit (8.80%)	25,774	555	24,206	8,114	86,543	919		146,109	
7	Withdrawals during 16-17			(299,268)					(299,268)	
8	Op. Bal April 17	318,659	6,863	-	100,314	1,069,980	11,356	-	1,507,171	
9	30-Apr-2017- Contributions	100	125	-	500	2,000	450		3,175	1,120
10	31-May-2017- Contributions	100	125	-	500	2,000	450		3,175	1,360
11	30-Jun-2017- Contributions	-	125	-	500	2,000	450	600	3,675	1,490
12	June 17 - Withdrawals		(7,250.57)	-					(7,251)	
13	31-Jul-2017- Contributions	-			500	2,000	450	600	3,550	1,540
14	July 17 - Withdrawals					(1,079,275)				
15	31-Aug-17	-	-	-	500		450	600	1,550	650
16	Eligible members - Mar 16	-	800	-	5,000	20,000	5,000	-	30,800	
17	Eligible members - Mar 17	1,000	-	-	5,200	21,000	5,000	-	32,200	

Annexure 2 – The unitisation process (1/2)

Row No.	Description	ETF Invt /Outflow	NAV	Cash Flow of members A	B	C	D	E	F	G	Total units allotted
18	Proportionate Distribution of ETF invesments to members for Y.E. March 16	9,450.00		-	245.45	-	1,534.09	6,136.36	1,534.09	-	
19	Proportionate Distribution of ETF invesments to members for Y.E. March 17	14,560.00		452.17	-	-	2,351.30	9,495.65	2,260.87	-	
20	**Total ETF Contribution in Amount terms as at 1 April 2017**	**24,010.00**		**452.17**	**245.45**	**-**	**3,885.40**	**15,632.02**	**3,794.96**	**-**	
21	NAV for alloting units as at 1 April 2017		1								
22	Proportionate units allotted per members contribution as computed above ***			452.174	245.4546	0	3885.3954	15632.0159	3794.9606	0	24010.0005
23	Balance as at 1 April 2017			452.174	245.4546	0	3885.3954	15632.0159	3794.9606	0	24010.0005
24	Proportionate member wise ETF Contribution in Amount for April 2017	1,120.00		35.28	44.09	-	176.38	705.51	158.74	-	
25	NAV for alloting units in April 2017		1.02								
26	Redemption of ETF Contribution in Amount terms for Outgoing Member		1.00								
27	Redemption units of outgoing member re-alloted to new members proportionately			0	0	0	0	0	0	0	0
28	Units subscribed / allotted April 2017***			34.5839	43.2299	0.0000	172.9196	691.6782	155.6276	0.0000	1098.0392
29	Balance as at 30 April 2017 in units	25,130.00		486.7579	288.6845	-	4,058.3150	16,323.6941	3,950.5882	-	25,108.0397
30	Proportionate member wise ETF Contribution in Amount for May 2017	1,360.00		42.83	53.54	-	214.17	856.69	192.76	-	
31	NAV for alloting units in May 2017		0.9894								
32	Redemption of ETF Contribution in Amount terms for Outgoing Member		1.02								
33	Redemption units of outgoing member re-alloted to new members proportionately			0	0	0	0	0	0	0	0
34	Units subscribed / allotted May 2017***			43.2935	54.1169	0.0000	216.4678	865.8711	194.8210	0.0000	1374.5703
35	Balance as at 30 May 2017 in units			530.0514	342.8014	-	4,274.7828	17,189.5652	4,145.4092	-	26,482.6100
36	Proportionate member wise ETF Contribution in Amount for June 2017	1,490.00		-	50.68	-	202.72	810.88	182.45	243.27	
37	NAV for alloting units in June 2017		1.0388								
38	Redemption of ETF Contribution in Amount terms for Outgoing Member		0.99								
39	Redemption units of outgoing member re-alloted to new members proportionately			0	0	0	0	0	0	0	0
40	Units subscribed / allotted June 2017***			0.0000	48.7874	0.0000	195.1493	780.5972	175.6344	234.1791	1434.3474
41	Balance as at 30 June 2017 in units			530.0514	391.5888	-	4,469.9321	17,970.1624	4,321.0436	234.1791	27,916.9574

Annexure 2 – The unitization process (2/2)

Row No.	Description	ETF Invt /Outflow	NAV	Cash Flow of members A	B	C	D	E	F	G	Total units allotted
41	Balance as at 30 June 2017 in units			530.0514	391.5888	-	4,469.9321	17,970.1624	4,321.0436	234.1791	27,916.9574
42	Proportionate member wise ETF Contribution in Amount for July 2017	1,540.00		-	-	-	216.90	867.61	195.21	260.28	
43	NAV for alloting units in July 2017		1.0596								
44	Redemption of ETF Contribution in Amount terms for Outgoing Member	(406.78)	1.04								
45	Redemption units of outgoing member re-alloted to new members proportionately			0	(391.5888)	0	55.1533	220.6134	49.6380	66.1840	0
46	Units subscribed / allotted July 2017***			0.0000	0.0000	0.0000	204.7012	818.8048	184.2311	245.6415	1453.3786
47	Balance as at 31 July 2017 in units			530.0514	0.0000	-	4,729.7866	19,009.5806	4,554.9127	546.0046	29,370.3360
48	Proportionate member wise ETF Contribution in Amount for August 2017	650.00		-	-	-	209.68	-	188.71	251.61	
49	NAV for alloting units in August 2017		1.0304								
50	Redemption of ETF Contribution in Amount terms for Outgoing Member	(20,142.55)	1.06								
51	Redemption units of outgoing member re-alloted to new members proportionately			0	0	0	0	(19,009.5806)	0	0	(19,009.5806)
52	Units subscribed / allotted August 2017***			0.0000	0.0000	0.0000	203.4913	0.0000	183.1422	244.1895	630.8230
53	Balance as at 31 August 2017 in units			530.0514	0.00004	-	4,933.2779	(0.0000)	4,738.0549	790.1941	10,991.5784

*** Units would be allotted towards ETF only to the members who are live as on the closing of the month or year and active as on date of unititsation

Annexure 3 – A sample of a member’s account

Proforma for Member B' account position							
Row No.		Cash	Interest	ETF Units	NAV applicable	ETF Value	Total
1	Op. Bal April 15	5,000.00					5,000.00
2	Corpus Contributions for the year ended 16	800.00					800.00
3	Interest Credit (8.75%)		507.50	-	-		507.50
4	Op. Bal April 16	6,307.50		-	-		6,307.50
5	Corpus Contributions for the year ended 17	-			-		-
6	Interest Credit (8.80%)		555.06	-	-		555.06
7	Withdrawals during the year						
8	Op. Bal April 17	6,862.56		-	-		6,862.56
9	Adjustment for ETF - units	(245.45)		245.4546	1.0000	245.45	
10	Revised Opening Balance april 17	6,617.11				245.45	6,862.56
11	30/Apr/17	80.91		43.2299	1.0200	44.09	125.00
12	31/May/17	71.46		54.1169	0.9894	53.54	125.00
13	30/Jun/17	74.32		48.7874	1.0388	50.68	125.00
14	Withdrawals during the month - Cash & equivalent ETF amount	(6,843.79)		(391.5888)	1.0388	(406.78)	(7,250.57)
15	Closing Balance	-	-	-			
16	Income on ETF Portfolio to the member					(13.01)	(13.01)

Annexure 4 – Illustrative NAV Computation Sheet and Ledger Position (1/2)

		NAV Cost Sheet						Ledger Position						
Row No.	Basis	No. of Units (U)	Face Value (FV)	Unit Premium Reserve (UPR)	Unrealised Gains / Loss (UR /(UL))	Realised Gains (R) (R=IER + PL)	Net Asset Value (NAV) = FV + UPR+UR / (UL) + R	UPR Ledger Balance (LUPR)	Face Value (FV)	Income Equalisation Reserve (IER)	Profit and Loss on Sale of Investment (PL)	Appreciation / Depreciation Books	Investment	Cash Balance positive / negative
1	NAV Per unit		1	0	0	0	1	0	0	0	0			
2	For 24010.0005 units in Amount (Rs.)	24010.0005	24010.0005	0	0	0	24010.0005	0	24010.0005	0	0	4010	20000	
3	For closing balance 24010.0005 units in Amount (Rs.) as at 1 April 2017	24010.0005	24010.0005	0.0000	0.0000	0.0000	24010.0005	24010.0005				4010.0000	20000.0000	
4	NAV Per unit	1	1	0	0.02	0	1.02							
5	NAV Per unit post redemption	1	1		0.02	0	1.02							
6	For redemption of .0000 units in Amount (Rs.)	0	0	0	0	0	0	0	0	0	0	0	0	0
7	For subscription of 1098.0392 units in Amount (Rs.)	1098.0392	1098.0392	21.9608	0	0	1120	21.9608	1098.0392	0			1120	
8	For closing balance 25108.0397 units in Amount (Rs.) as at 30 April 2017	25108.0397	25108.0397	21.9608	479.2936	0.0000	25609.2941	21.9608	25108.0397	0.0000	0.0000	4489.2936	21120.0000	0.0000
9	NAV Per unit as at 1 May 2017	1	1	0	-0.0106	0	0.9894							
10	NAV Per unit post redemption	1	1		-0.0106	0	0.9894							
11	For redemption of .0000 units in Amount (Rs.)	0	0	0	0	0	0	0	0	0	0	0	0	0
12	For subscription of 1374.5703 units in Amount (Rs.) as at 31 May 2017	1374.5703	1374.5703	-14.5704	0	0	1359.9999	-14.5704	1374.5703	0			1360	
13	For closing balance .0000 units in Amount (Rs.) as at 31 May 2017	26482.6100	26482.6100	7.3904	-288.9060	0.0000	26201.0944	7.3904	26482.6100	0.0000	0.0000	3721.0940	22480.0000	0.0000
14	NAV Per unit NAV Per unit as at 1 June 2017	1	1	0	0.0388	0	1.0388							
15	NAV Per unit post redemption	1	1		0.0388	0	1.0388							
16	For redemption of .0000 units in Amount (Rs.)	0	0	0	0	0	0	0	0	0	0	0	0	0
17	For subscription of 1434.3474 units in Amount (Rs.) as at 30 June 2017	1434.3474	1434.3474	55.6527	0	0	1490.0001	55.6527	1434.3474	0			1490	
18	For closing balance 1434.3474 units in Amount (Rs.) as at 30 June 2017	27916.9574	27916.9574	63.0431	1019.3746	0.0000	28999.3751	63.0431	27916.9574	0.0000	0.0000	5029.3746	23970.0000	0.0000

Annexure 4 – Illustrative NAV Computation Sheet and Ledger Position (2/2)

		NAV Cost Sheet						Ledger Position						
Row No.	Basis	No. of Units (U)	Face Value (FV)	Unit Premium Reserve (UPR)	Unrealised Gains / Loss (UR /(UL))	Realised Gains (R) (R=IER + PL)	Net Asset Value (NAV) = FV + UPR+UR / (UL) + R	UPR Ledger Balance (LUPR)	Face Value (FV)	Income Equalisation Reserve (IER)	Profit and Loss on Sale of Investment (PL)	Appreciation / Depreciatiin Books	Investment	Cash Balance positive / negative
18	For closing balance 1434.3474 units in Amount (Rs.) as at 30 June 2017	27916.9574	27916.9574	63.0431	1019.3746	0.0000	28999.3751	63.0431	27916.9574	0.0000	0.0000	5029.3746	23970.0000	0.0000
19	NAV Per unit	1	1	0	0.0449	0	1.0449							
20	NAV Per unit post redemption	1	1		0.0449	0	1.0449							
21	For redemption of 391.5887 units in Amount (Rs.)	391.5887	391.5887	15.1936416	0	0	406.7823416	15.19364156	391.5887	0	0	0	0	406.782342
22	For subscription of 1473.8252 units in Amount (Rs.) as at 31 July 2017	1473.8252	1473.8252	66.1748	0	0	1540	66.1748	1473.8252	0			1540	
23	For closing balance 3299.7613 units in Amount (Rs.) as at 31 July 2017	29782.3713	29782.3713	144.4115	1600.0293	0.0000	31526.8121	144.4115	29782.3713	0.0000	0.0000	5610.0293	25510.0000	406.7823
24	NAV Per unit	1	1	0	0.0484	0	1.0484							
25	NAV Per unit post redemption	1	1		-0.0492	0.0976	1.0484							
26	For redemption of .0000 units in Amount (Rs.)	0	0	0	0	0	0	0	0	0	2906.76	0	-16416.36	19323.12
27	For subscription of 619.9923 units in Amount (Rs.) as at 31 August 2017	619.9923	619.9923	-30.5036	0	60.5112	649.9999	-30.5036	619.9923	60.5112			650	
28	For closing balance 3919.7537 units in Amount (Rs.) as at 31 August 2017	30402.3636	30402.3636	113.9079	-1608.8347	2967.2707	31874.7075	113.9079	30402.3636	60.5112	2906.7600	2401.1653	9743.6400	19729.9023

Annexure 5 – EPFO's investment in ETF at cost and market value giving corresponding NAV

Row No.	Description	EPFO Investment units	At weighted average cost	At market value	cost per unit	NAV per unit
1	Subscription - FY 15- 16	600.00	7,000.00	9,450.00	11.67	15.75
2	Subscription - FY 16- 17	924.44	13,000.00	14,560.00	14.06	15.75
3	Total Investment as at 1 April 2017	1524.4444	20000.0000	24010.0000	13.1195	15.7500
4	Redemption April 2017	0	0	0	0	0
5	Subscription April 2017	69.6604	1120			16.078
6	Total Investment as at 30 April 2017	1594.1048	21120.0000	25609.2936	13.2488	16.0650
7	Redemption May 2017	0	0	0	0	0
8	Subscription May 2017	87.274	1360			15.5831
9	Total Investment as at 31 May 2017	1681.3788	22480.0000	26201.0940	13.3700	15.5831
10	Redemption June 2017	0	0	0	0	0
11	Subscription June 2017	91.0691	1490			16.3612
12	Total Investment as at 30 June 2017	1772.4479	23970.0000	28999.3746	13.5237	16.3612
13	Redemption July 2017	0	0	0	0	0
14	Subscription July 2017	92.2775	1540			16.6888
15	Total Investment as at 31 July 2017	1864.7254	25510.0000	31120.0293	13.6803	16.6888
16	Redemption August 2017	-1200	-16416.36	-19323.12	0	16.1026
17	Subscription August 2017	38.5711	650			16.852
18	Total Investment as at 31 August 2017	703.2965	9743.6400	12144.8053	13.8542	17.2684

Annexure –III

ACCOUNTING POLICY FOR INVESTMENT IN EQUITY AND RELATED INSTRUMENTS

(To be included under 'Significant Accounting Policies).

The Employeesô Provident Fund Organisation (EPFO) invested only in interest-bearing fixed-income instruments until 2014-15. It started investing in equity exchange-traded funds (ETFs) in August 2015, as per the new pattern of investment notified by the Government for the EPFO.

The annual interest credited to the EmployeesôProvident Fund (EPF) accounts of members is decided by the central government every year on the basis of estimated earnings from the fixed income instruments held by the fund. Capital appreciation/depreciation of these interest bearing instruments is not considered, since these are held to maturity.

However, with the EPFO mandated to invest in equity, the accounting treatment of capital appreciation/depreciation needs to be decided, as returns from equity investments can be generated mainly through capital appreciation/depreciation, though there may be some cash inflow from dividends.

In view of the above the following policy for valuation and accounting of equity investment is proposed to be adopted.

Unit based NAV (Unitisation)

- The equity investments made are accounted at market value (marked to market) either using market price (if traded in stock exchanges) or fair value for the purpose of NAV computation as well as for Balance Sheet disclosure.
- Valuation of the investments (computation of NAV) to be done on a monthly basis (last day of the month).
- The NAV of EPFO Equity portfolio would always be equal to market value of all equity holding divided by cumulative number of units that EPFO has allotted to subscribers on that date.
- NAV per unit is

$$= \frac{\text{[illegible]}}{\text{[illegible]}}$$

Unit-allotment parameters

- The face value of units at Re 1 per unit.
- The NAV computation up to four decimals.
- Memberøs unitøs allocation up to four decimals.

Accounting treatment of EPFO equity units.

- When EPFO equity units are sold the difference between the sale price and the face value of the unit, if positive, the amount be credited to reserves and if negative be debited to reserves, the face value being credited to Capital Account.
- When units are repurchased, the difference between the purchase price and face value of the unit, if positive the amount be debited to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account.

EPFO Equity unit allotment methodology

- Investment made in equity during the month is allocated to the individual member accounts in the ratio of their individual contributions for that month. The net amount after adjustment of a member's share of equity units is reflected as debt contribution and which gets invested in fixed income securities.

  (i.e., Monthly contribution – equity contribution = debt contribution)
- The proportionate share of the equity component of a member's monthly contribution for the month is computed as under:

$$= \frac{\textbf{Amount invested by the EPFO in equity during the month} \times \textbf{Individual members' contribution for the month}}{\textbf{Total members' contribution for the month}}$$

- EPFO's equity units allotted to the individual members based on month end NAV

= [illegible]

EPFO Equity withdrawal methodology

- Members who withdraw their EPF balance due to exit/retirement/advance, the EPFO equity units to that extent should be redeemed.
- The NAV of the equity portfolio of the previous month will be applied for such redemptions, as the settlement of claims of a member has to be done immediately without having to wait for the computation of the NAV in the month in which the member exited/retired or sought advances.
- The contributions by the current members are higher than the withdrawals made by exiting members in EPF Scheme. Therefore there is no need to liquidate its equity investments to make for the funding of withdrawal of exiting member(s). The equity units released by the **exiting** members (withdrawal) will be utilized against creation of fresh units from the contributions made by the **existing** members.
- In the event of EPFO having more withdrawals than contributions, it may liquidate its equity investments to make good the funding for exiting member(s).

Accounting treatment on sale of securities

- On sale of the Securities, difference between the sale price and the purchase price of the security, if positive (profit) the amount will be credited to reserves and, if negative (loss), be debited to reserves, the face value being credited to Capital Account.

Disclosure in the members' EPFO statements

- A memberœs EPFO statement will have two sections ï fixed-income investments and units from equity investment)
- The fixed-income investment portion will continue to be disclosed as per existing norms.
- The equity investment will be shown separately in a memberœs account with following heads:

Period (monthly)	Contribution	ETF units	Applicable NAV	Equity value	Total

Note: Implementation of this accounting policy will require prior suitable amendment in the Employees Provident Fund Scheme 1952, by the Central Government.

Annexure - IV

RC (AB)/ Misc./ 04-02/ 2016/ 66

Annexure - 5D

भारत के नियंत्रक एवं महालेखापरीक्षक का कार्यालय
9, दीन दयाल उपाध्याय मार्ग, नई दिल्ली-110 124

OFFICE OF THE
COMPTROLLER & AUDITOR GENERAL OF INDIA
9, Deendayal Upadhyay Marg, New Delhi - 110 124

सत्यमेव जयते

दिनांक / DATE 12 September 2017

To
Addl. Central P.F. Commissioner-II (IMC),
Employees' Provident Fund Organisation,
Bhavishya Nidhi Bhawan, 14 – Bhikaiji Place,
New Delhi – 110 066.

Sir,

Sub: Accounting Policy for investment in equity & related investment by EPFO

Ref: Your Letter No. HO/IMC/198/APFETF/2015 dated 29 June 2017

This is with reference to your letter cited above wherein EPFO had requested to provide our comments on the said Accounting Policy. The enclosure submitted has been examined and our comments are as under:

(i) The enclosure submitted is a mere Accounting Methodology and is not the Accounting Policy which has to be incorporated under 'Significant Accounting Policies'.

(ii) Ind AS are not applicable to EPFO as the same are applicable to Companies only.

(iii) We concur to the EPFO proposal that all investments are marked to market, either using market prices (if traded in stock exchange) or fair value. For the purpose of financial statements, EPFO shall carry all investments in Balance Sheet at market value.

(iv) We concur to EPFO methodology wherein unrealized gains (losses) may be set aside to an account that can be termed as "Unrealized gains or losses due to MTM accounting (UMTM Reserve)". The NAV computation, allotment of units and pay out to subscribers will be done on the last working day of the month.

अ.के.भ.नि.आ. (नि.) एवं
डायरी सं. 2022
दिनांक 14/9/17

13/9
IMC -

(v) We however, do not concur to EPFO's proposal to adjust the difference in NAV and contribution of subscriber in the UMTM Reserve at the time of retirement/exiting of the subscribers. This will results in distribution of unrealized gains to the subscribers. This is also not allowed as per SEBI Regulations.

(vi) Further, EPFO needs to clarify as to how the subscribers will be paid, in a scenario where in a particular month, the cash inflow (towards 10% equity contribution) is less than cash outflow (towards 10% equity contribution).

Yours faithfully,

Manoj Sahay

(Manoj Sahay)
Principal Director (AB)

 21

ई/ मेल-E-mail: acc.fa.imc@epfindia.gov.in

दूरभाष /Telephone : 01126713254
फैक्स /Fax : 011-26166609

कर्मचारी भविष्य निधि संगठन
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)
Employees' Provident Fund Organisation
(Ministry of Labour & Employment, Govt. Of India)
मुख्य कार्यालय/ Head Office
भविष्य निधि भवन, 14- भीकाजी कामा प्लेस, नई दिल्ली -११००६६
Bhavishya Nidhi Bhawan, 14-Bhikaji Cama Place, New Delhi-110066
www.epfindia.gov.in, www.epfindia.nic.in

File no. HO/IMC/198/APEETF/2015 13238

Date: 15.09.2017

19 SEP 2017

To,

Shri Manoj Sahay
Principal Director (AB)
Comptroller & Auditor General of India
9, Deendayal Upadhyay Marg,
New Delhi.

Subject: - Accounting Policy for investment in equity & related investment by EPFO.

Reference: -
1. EPFO letter no. HO/IMC/198/APFETF/2015/25008 dated 18.03.2016
2. CAG letter no 85/RC (AB)/Misc./04-12/2016 dated 14.07.2016
3. EPFO letter no. HO/IMC/198/APFETF/2015/5925 dated 29th June, 2017.
4. CAG letter no. RC (AB)/Misc./04-02/2016/66 dated 12th Sep., 2017.

Sir,

This is with reference to your letter referred at sl. No.4 above vide which comments on Accounting Policy for investment in equity & related investment by EPFO have been provided to this office.

2. In response to your comments at Point (i), (v) & (vi) of said letter, the following are informed:

(i) The accounting policy has been prepared which can be incorporated under 'Significant Accounting Policies' after approval by the Central Board. The same is enclosed for approval.

(v) Refer to SEBI (Mutual Funds) regulation 1996, Ninth Schedule Part A (h) "*when in the case of an open-ended scheme units are sold, the difference between the sale price and the face value of the unit, if positive, should be credited to reserves and if negative be debited to reserves, the face value being credited to Capital Account. Similarly, when in respect of such a scheme, units are repurchased, the difference between the purchase price and face value of the unit, if positive should be debited*

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to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account".

Further, in the proposed methodology the accounting for selling units when the member exits and the accounting for repurchasing units when members contribute to the scheme follows the above regulation as laid down by SEBI.

The units held by the exiting members would be sold to the existing members from the fresh subscription made by them. The gains due to the exiting member are realized within the scheme as per the mark to market valuation and cash outgo would happen from the fresh contributions made by the existing members who in turn would be allotted units based on mark to market valuation of the unit (NAV).

Illustration

Aug-17	Table A							
Members		No of units	Face value	NAV	Difference	Capital account	Reserve	MTM
	OB	100	1	1.2	0.2	100	20	120
A	Exit	-10	1	1.2	0.2	10	2	12
B	Exit	-20	1	1.2	0.2	20	4	24
C	Exit	-15	1	1.2	0.2	15	3	18
D	Contribute	10	1	1.2	0.2	-10	-2	-12
E	Contribute	20	1	1.2	0.2	-20	-4	-24
F	Contribute	15	1	1.2	0.2	-15	-3	-18
	CB	100				100	20	120

Aug-17	Table B							
Members		No of units	Face value	NAV	Difference	Capital account	Reserve	MTM
	OB	100	1	0.8	-0.2	100	-20	80
A	Exit	-10	1	0.8	-0.2	10	-2	8
B	Exit	-20	1	0.8	-0.2	20	-4	16
C	Exit	-15	1	0.8	-0.2	15	-3	12
D	Contribute	10	1	0.8	-0.2	-10	2	-8
E	Contribute	20	1	0.8	-0.2	-20	4	-16
F	Contribute	15	1	0.8	-0.2	-15	3	-12
	CB	100				100	-20	80

From the above illustration it can be seen that members A, B and C on exit are liquidating units held by them on the prevailing NAV. The positive difference in face value and NAV (sale price) is credited to the reserve account (Table A). The negative difference in face value and NAV (sale price) is debited to the reserve account (Table B). The gains/losses are realized in case of both table A and B. There is no distribution of unrealized gains.

(vi) In scenario where in a particular month, the cash inflow towards equity contribution is less than cash outflow, the securities would be liquidated to make payout to the exiting member. At all points in time only the realized gains are distributed to the members on exit.

Enclosure: As above

Yours faithfully,

Udita

(Udita Chowdhary)
Addl. Central P.F. Commissioner-II (IMC)

ACCOUNTING POLICY FOR INVESTMENT IN EQUITY AND RELATED INSTRUMENTS

(To be included under 'Significant Accounting Policies).

The Employees' Provident Fund Organisation (EPFO) invested only in interest-bearing fixed-income instruments until 2014-15. It started investing in equity exchange-traded funds (ETFs) in August 2015, as per the new pattern of investment notified by the Government for the EPFO.

The annual interest credited to the Employees' Provident Fund (EPF) accounts of members is decided by the central government every year on the basis of estimated earnings from the fixed income instruments held by the fund. Capital appreciation/depreciation of these interest bearing instruments is not considered, since these are held to maturity.

However, with the EPFO mandated to invest in equity, the accounting treatment of capital appreciation/depreciation needs to be decided, as returns from equity investments can be generated mainly through capital appreciation/depreciation, though there may be some cash inflow from dividends.

In view of the above the following policy for valuation and accounting of equity investment is proposed to be adopted.

Unit based NAV (Unitisation)

- The equity investments made are accounted at market value (marked to market) either using market price (if traded in stock exchanges) or fair value for the purpose of NAV computation as well as for Balance Sheet disclosure.
- Valuation of the investments (computation of NAV) to be done on a monthly basis (last day of the month).
- The NAV of EPFO Equity portfolio would always be equal to market value of all equity holding divided by cumulative number of units that EPFO has allotted to subscribers on that date.
- NAV per unit is

$$= \frac{\textbf{Net Asset Value in amount terms}}{\textbf{No.of unit holders at the end of the month}}$$

Unit-allotment parameters

- The face value of units at Re 1 per unit.
- The NAV computation up to four decimals.
- Member's unit's allocation up to four decimals.

Accounting treatment of EPFO equity units.

- When EPFO equity units are sold the difference between the sale price and the face value of the unit, if positive, the amount be credited to reserves and if negative be debited to reserves, the face value being credited to Capital Account.

- When units are repurchased, the difference between the purchase price and face value of the unit, if positive the amount be debited to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account.

EPFO Equity unit allotment methodology

- Investment made in equity during the month is allocated to the individual member accounts in the ratio of their individual contributions for that month. The net amount after adjustment of a member's share of equity units is reflected as debt contribution and which gets invested in fixed income securities.

  (i.e., Monthly contribution – equity contribution = debt contribution)

- The proportionate share of the equity component of a member's monthly contribution for the month is computed as under:

$$= \frac{\text{Amount invested by the EPFO in equity during the month} \times \text{Individual members' contribution for the month}}{\text{Total members' contribution for the month}}$$

- EPFO's equity units allotted to the individual members based on month end NAV

$$= \frac{\text{EPFO equity component of a member's monthly contribution}}{\text{NAV per unit at the month end}}$$

EPFO Equity withdrawal methodology

- Members who withdraw their EPF balance due to exit/retirement/advance, the EPFO equity units to that extent should be redeemed.
- The NAV of the equity portfolio of the previous month will be applied for such redemptions, as the settlement of claims of a member has to be done immediately without having to wait for the computation of the NAV in the month in which the member exited/retired or sought advances.
- The contributions by the current members are higher than the withdrawals made by exiting members in EPF Scheme. Therefore there is no need to liquidate its equity investments to make for the funding of withdrawal of exiting member(s). The equity units released by the **exiting** members (withdrawal) will be utilized against creation of fresh units from the contributions made by the **existing** members.
- In the event of EPFO having more withdrawals than contributions, it may liquidate its equity investments to make good the funding for exiting member(s).

Accounting treatment on sale of securities

- On sale of the Securities, difference between the sale price and the purchase price of the security, if positive (profit) the amount will be credited to reserves and, if negative (loss), be debited to reserves, the face value being credited to Capital Account.

Disclosure in the members' EPFO statements

- A member's EPFO statement will have two sections – fixed-income investments and units from equity investment)
- The fixed-income investment portion will continue to be disclosed as per existing norms.
- The equity investment will be shown separately in a member's account with following heads:

Period (monthly)	Contribution	ETF units	Applicable NAV	Equity value	Total

Note: Implementation of this accounting policy will require prior suitable amendment in the Employees Provident Fund Scheme 1952, by the Central Government.

Item No. 6 Investments in dual AA+ private sector company bonds as approved by CBT in its 218th meeting.

. Presently, the investment norms being followed by EPFO while investing in Private Sector Companies, as approved by CBT, are as follows:

Sl. No.	Private Sector Companies	Existing guidelines
1	Minimum rating	Dual AAA
2	Tenure	Min 3/ Max 10
3	Limits as % of net worth	25%
4	Listed company	Yes
5	Continuously made net profit during last 5 years	Yes
6	Minimum positive net worth	Rs. 3000 cr
7	Continuously paid minimum dividend during last 5 years	15%

. Central Board of Trustees in its 218th meeting took the decision to relax the investment criteria for Private Sector Company bonds from dual AAA to dual AA+ (agenda & minutes of the 218th CBT enclosed as **Annexure-6A)**. Accordingly, all other investment norms being followed by EPFO while investing in Private Sector Companies will continue to be followed for dual AA+ rated bonds as well.

. During the meeting held on 21st June 2017 with Portfolio Managers and chaired by CPFC, it has been decided to invest in the following categories of dual AA+ Private Sector Bonds to start with:

i) Dual AA+ Private Sector Bonds with maturity limit of up to 5 years.
ii) Investment in dual AA+ Private Sector Bonds up to a limit of 2%.

(Meeting minutes enclosed at **Annexure-6B**)

. Accordingly, an agenda item was placed before the 135th FIAC (agenda and minutes placed at **Annexure-6C)** wherein the FIAC approved the above guidelines as contained in para 3 with a recommendation to place them before the ensuing CBT meeting for information.

Proposal: Accordingly, the above agenda as approved by FIAC is being placed before the CBT for information.

Annexure - 6A

Web Site
Speed Post
दूरभाष: 011-26186517
फैक्स:011-26178343

EMPLOYEES' PROVIDENT FUND ORGANISATION
MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA
मुख्य कार्यालय/Head Office
भविष्य निधि भवन,14,भीकाजी कामा प्लेस नई दिल्ली110066-
Bhavishya Nidhi Bhawan , 14, Bhikaji Cama Place, New Delhi -110066
www.epfindia.gov.in, www.epfindia.nic.in

No. Conf. 1(1)218th CBT (EPF)/2017/3841 — Dated: 08.06.2017
9 JUN 2017

To

All Members,
Central Board (Employees' Provident Fund),
(As per list).

Sub: - Forwarding of minutes of 218th meeting of the Central Board (EPF) held on 27.05.2017 – reg.

Sir/Madam,

I am directed to forward herewith the minutes of 218th meeting of the Central Board (EPF) held on 27.05.2017 at Regency Ball Room, 1st Part, Hyatt Regency, Weikfield IT Park, Nagar Road, Pune, duly approved by the Chairman, Central Board (EPF) for kind perusal.

Kindly acknowledge receipt.

Yours faithfully,

Encl: As above.

(Amiya Kant)
Regional PF Commissioner (Conference)

Copy forwarded for information and necessary action to :

1. Internal Circulation: FA & CAO, ACC (HQ) MN, ACC (HQ) KLT, ACC (HQ) KVS, All Addl. CPFCs Headquarters, New Delhi.
2. Under Secretary to SS-II, Ministry of Labour & Employment, New Delhi.
3. PS to CPFC for information.
4. Deputy Director (OL) for Hindi Version.
5. Guard File.

08/06/2017

(Kewal Kishan)
Section Officer (Conference)

Chairman said that we are very cautious in investing EPF Money as it is workers money. Chairman said that we can consider increasing the limit on investment on ETF from 10% to 15% as returns on ETF are good. In workers' and national interest we should not oppose for the sake of opposition. He thanked all the members who participated in the discussion on this matter.

Accordingly, it was decided to increase the ETF investment from 10% to 15%.

Item No. 6: Dividend distribution transactions by the Portfolio for SBI ETF Nifty 50 and SBI ETF SENSEX.

Shri Arun Goel, AS&FA (L&E) observed that why NIFTY dividend was 1.25 INR per unit and SENSEX dividend was 4.25 INR per unit. He suggested that decisions on investments need to be taken by an empowered in-house committee only, though it can be assisted by experts from outside the organisation.

The Board took note of the information placed before it.

Item No. 7: CBLO borrowing transactions by the Portfolio Managers during the period 01.01.2017 to 31.03.2017.

The Board took note of the information placed before it.

Item No. 8: Expanding Investment Opportunity in Private Sector Companies

Representative from CRISIL made a presentation highlighting the pros and cons of expanding investment opportunity in private sector companies. The slides of the presentation are placed as Annexure – B to the minutes. Shri Arun Goel, AS&FA (L&E) stated that we should keep pace with the market which is changing rapidly and we should be dynamic in taking decisions on making investments. Shri Ravi Wig said that we can also consider appointing private body to give advice on making investments. Shri B. Kamarasu stated that we should have an in-house competent committee to decide on the issue of investments. Vice Chairperson said that we use CRISIL for taking professional inputs for analytical advisory purpose.

Shri Sushant Sen stated that we should try to maximise the returns on investments if needed by investing even more in equity. If we insist only on absolute safety, we may not even get reasonable returns on our investment.

After deliberations, it emerged that in the context of falling yield of corporate bonds, steps needs to be taken to widen the basket of funds to obtain better yield. Since the guidelines of the Ministry of Finance have permitted dual AA+ rating, the Board approved relaxation of investment norms in private sector bonds from AAA bonds to dual AA+ rated private sector bonds.

Item No. 9: Agenda Items proposed by CBT Members.

Item: Expanding Investment Opportunity in Private Sector Companies:

A communication was received from the Ministry of Labour and Employment vide letter no G-20031/1/2017-SS-II dated 16.2.2017 wherein EPFO was requested to furnish its comments as to the feasibility of the present norm being followed by EPFO and whether it needs to be revisited and also the need to explore option to invest in AA rated instruments (**Annexure A**).

2. Presently, the investment norms being followed by EPFO while investing in Private Sector Companies are as follows:

Sl. No.	Private Sector Companies	Guidelines
1.	Minimum rating	Dual AAA
2.	Limit as % of net worth	25%
3.	Tenure	Min 3/ Max 10
4.	Listed Company	Yes
5.	Continuously made profit during last 5 years	Yes
6.	Minimum positive net worth	Rs. 3000 cr
7.	Continuously paid minimum dividend during last 5 years	15%

3. The matter of expanding investment opportunity by relaxing the eligibility criteria for investment in private sector companies and also to increase the basket of private companies by allowing investment in bonds of AA+ rated private companies was placed before the 204th CBT held on 26/08/2014 wherein it was decided that the proposal be brought before the Board along with recommendations of the Kaul Committee (Agenda and Minutes of 204th CBT is placed at **Annexure B**).

4. The Kaul Committee in its report (**Annexure C**) stated that the following eligibility criteria for investment in Asset based Private Company can be considered:

I. Dual AA+

ii. Networth of Rs. 1,000 crores (as per latest audited financials)

iii. Return on capital Employed (ROCE) of minimum 20% (average of last 3 years)

iv. Debt to EBITDA ratio of 2 times or less (average of the last 3 years and the latest financials)

v. Gross Current Assets (GCA) days not exceeding 150 days (average of 3 years and latest available financials)

vi. Debt instruments listed or proposed to be listed

5. The matter was placed in 131 st FIAC meeting held on 13.12.2016 wherein it was decided that the recommendations for relaxing investment norms in private sector would be taken up some time later when the market conditions are more suitable (Agenda & Minutes of 131st FIAC is placed at **Annexure D**).

6. Another communication dated 22.5.2017 has been received from the Ministry vide letter no G-20031/1/2017-SS-II wherein EPFO is requested to place the matter of investment in AA+ rated private sector bonds before CBT for consideration (**Annexure E**).

7. CRISIL had made a presentation before the Hon'ble Minister on April 11, 2017 and also sent a follow-up presentation in response to certain observations made by the Ministry.

8. CRISIL made a presentation before FIAC highlighting the pros and cons of expanding investment opportunity in Private Sector Companies in terms of the directions of the Ministry of Labour and Employment vide letter no G-20031/1/2017-SS-II dated 22.05.2017. It was decided that CRISIL shall make a presentation before the CBT in its 218th meeting to be held on 27.05.2017 as advised by Ministry of Labour & Employment((copy of the Minutes of 134th FIAC Meeting is enclosed).

Accordingly, the matter is placed before the CBT for further deliberation.

Annexure - 6B

Minutes of the meeting with regard to Expanding Investment Opportunity in Private Sector Companies

Date: June 21, 2017
Time: 12:30 PM
Venue: EPFO Head Office, Bhikaiji Cama Place, New Delhi

EPFO officers present:

1. Dr. V.P. Joy – Central Provident Fund Commissioner
2. Mr. Manish Gupta – Financial Advisor and Chief Accounts Officer
3. Ms. Udita Chowdhary – Additional Central PF Commissioner, IMC & Finance
4. Mr. Sunil Yadav – Regional P F Commissioner, Grade I, IMC
5. Mr. Ajay Kumar – Regional P F Commissioner, Grade II, IMC
6. Mr. Ankur P Gupta – Assistant P F Commissioner, IMC
7. Mr. Nitesh Kumar - Assistant P F Commissioner, IMC

Consultant representatives:

1. Mr. Prasad Koparkar – Senior Director, CRISIL Research
2. Mr. Piyush Gupta – Associate Director, CRISIL Research
3. Mr. Vikram Shastry – Manager, CRISIL Research

Portfolio managers (PMs):

1. ICICI Securities Primary Dealership Limited (I-Sec PD)
2. HSBC Asset Management Company Limited (HSBC AMC)
3. Reliance Asset Management Company Limited (Reliance AMC)
4. State Bank of India (SBI)
5. UTI Asset Management Company (UTI AMC)

The meeting started with the CPFC informing participants about the decision taken by the Central Board of Trustees in its 218^{th} meeting to relax the investment criteria for private sector company bonds from dual AAA to dual AA+. Following are the key points of discussion during the meeting:

1. **Discussion on proposed change in performance evaluation criteria in light of allowing investments in dual AA+ private sector company bonds:** Following points were deliberated
   a. CRISIL presented a methodology on evaluation of investment in dual AA+ private sector company bonds of maturity beyond 5 years. However, Portfolio managers suggested that instead of incorporating points in the performance evaluation criteria, such limit should be stipulated by EPFO. It was agreed by all that to start

with, there may be maturity limit up to 5 years for investments in dual AA+ private sector company bonds.

b. Further, portfolio managers also suggested having an investment limit for dual AA+ private sector company bonds. It was agreed by all that to start with, an investment limit of up to 2% should be put for investments in dual AA+ private sector company bonds.

It was further agreed that the above parameters may be placed before FIAC and reviewed based on experience in due course.

2. **Status of existing eligibility criteria for private sector company bonds other than dual AAA rating criteria**: It was clarified by EPFO officials that existing criteria related to net-worth, profitability, dividend and equity listing for investment in private sector company bonds would continue to hold in respect of investment in AA+ security as well.

3. **Discussion on covenants for dual AA+ private sector company bonds:** Portfolio managers suggested that in order to safeguard EPFO's investments, following bond covenants should be made mandatory for any investments in dual AA+ private sector company bonds:

   a. Coupon step up for every rating downgrade

   b. Redemption in case of rating going below AA

   c. Redemption in case of promoter stake falling below required limit to maintain controlling stake in the entity

   Action point: Portfolio managers to share the exact wordings of the above discussed bond covenants along with the spread for stepping up for every rating downgrade with EPFO.

4. **Increasing exposure limits in private sector companies:** Portfolio managers suggested that in order to have flexibility in investment options, the current exposure limit of 25% of net-worth in AAA rated private sector companies may be increased to 30% of net-worth. It was discussed that CRISIL would analyse the proposal and share the details of additional limit that would be available for investment in private sector companies if the exposure limit is increased.

   Action point: CRISIL to analyse the proposal and share details of additional limit that would be available for investment in private sector companies if the exposure limit is increased.

Annexure - 6C

Minutes of the 135th Meeting of the Finance Investment & Audit Committee (FIAC) held on 05-07-2017 at Le Meridien Hotel, New Delhi.

The 135th meeting of Finance Investment & Audit Committee of Central Board, EPF, chaired by Dr. V. P. Joy, Central Provident Fund Commissioner was held on 05.07.2017 at 12.30 P.M. at Le Meridien Hotel, Windsor Place, New Delhi-110001.

The following members/representatives were present in the meeting.

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

The following members could not attend the meeting.

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

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

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

Item No.1 : Confirmation of the Minutes of 134th Meeting of the Finance Investment and Audit Committee held on 25.05.2017.

Minutes of 134th FIAC meeting held on 25.05.2017 were confirmed.

Item No.2 : Action Taken Report on the recommendations of the 134th Finance Investment & Audit Committee held on 25.05.2017.

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

Item No.3 : Audited Annual Account in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2015-2016

During the meeting, detailed deliberations were held on the Annual Accounts for the year 2015-16. Shri J.P.Chowdhary, Member FIAC sought more details on the following points:

1. Negative cash in bank (both SBI & RBI)
2. Special reserve fund A/c (Liability Side)
3. Advance paid on Land & Building
4. Sundry Debits

CPFC assured that a detailed note on the above shall be placed before the next FIAC meeting. Shri Banasure, Member, FIAC requested Chairman to postpone deliberations on the issue and the agenda may be taken in the next FIAC meeting.

Item No.4 : Comparative Performance of SBI & UTI MF on the basis of Tracking Error of ETF.

It was decided that details of performance may be called for from both Mutual Funds first and then subjected to evaluation by third party. The item was accordingly deferred.

(Table item)
Item No.5 : Investments in dual AA+ private sector company bonds as approved by CBT in its 218th meeting.

Shri P.J. Banasure, Member, FIAC inquired about the number of additional issues likely to be added, if the investment norms in Private Sector Category are relaxed from Dual AAA to Dual AA+. It was informed by CRISIL that approximately 10-13 issuers would be additionally available. After due deliberation, the committee approved the agenda and recommended it to be placed before the CBT for information.

(Table item)
Item No.6 : Amendment in relevant portion of clause 11(vii) of Portfolio Management Service Agreement entered with Portfolio Managers, pertaining to secondary market transactions.

FIAC deliberated upon the issue. It was felt that before making amendments in the Portfolio Management Service Agreement with Portfolio Managers, suitable amendments to the investment guidelines pertaining to secondary market transactions shall be drafted. Subsequently, the committee will deliberate on both the amendments together. EPFO, in consultation with

CRISIL shall prepare the draft investment guidelines for secondary market transactions.

The committee further decided that a meeting shall be arranged to study the investment of funds by LIC.

Meeting ended with vote of thanks to the Chair.

*****

Agenda: Investments in dual AA+ private sector company bonds as approved by CBT in its 218th meeting.

1. Presently, the investment norms being followed by EPFO while investing in Private Sector Companies, as approved by CBT, are as follows:

Sl. No.	Private Sector Companies	Existing guidelines
1	Min rating	Dual AAA
2	Tenure	Min 3/ Max 10
3	Limits as % of net worth	25%
4	Listed company	Yes
5	Continuously made net profit during last 5 years and	Yes
6	Minimum positive net worth	Rs. 3000 cr
7	Continuously paid minimum dividend during last 5 years	15%

2. Central Board of Trustees in its 218th meeting took the decision to relax the investment criteria for Private Sector Company bonds from dual AAA to dual AA+ (agenda & minutes of the 218th CBT enclosed as **Annexure 'A')**. Accordingly, all other investment norms being followed by EPFO while investing in Private Sector Companies will continue to be followed for dual AA+ rated bonds as well.

3. During the meeting held on 21st June 2017 with Portfolio Managers and chaired by CPFC, it has been decided to invest in the following categories of dual AA+ Private Sector Bonds to start with:

   i) Dual AA+ Private Sector Bonds with maturity limit of up to 5 years.
   ii) Investment in dual AA+ Private Sector Bonds up to a limit of 2%.

   (Meeting minutes enclosed at **Annexure 'B'**)

Accordingly, the proposal at para 3 is placed before the FIAC for consideration.

Item No. 7: Appointment of a Consultant for Selection of Portfolio Managers, Custodian and Performance Evaluation of Portfolio Managers.

1. The Central Board of Trustees, EPF had appointed the following five Portfolio Managers for managing the corpus of EPFO in its 207th meeting held on 31.03.2015;

I. State Bank of India (PMS)
II. ICICI Securities Primary Dealership Ltd.
III. Reliance Capital Asset Management (India) Private Ltd.
IV. HSBC Asset Management (India) Private Ltd.
V. UTI Asset Management Company

The Portfolio Managers were appointed for a period of three years, starting from 01.07.2015, which shall expire on 30th June, 2018. Consequently, the process of selection of new Portfolio Managers who will manage the EPFO Funds from 01.07.2018 must commence in right earnest.

2. The selection of Portfolio Managers entails the following steps/process;

i. Constitution of a Committee duly approved by the Central Board, EPF.

ii. Preparation and Issuance of Request For Proposal (RFP) after approval of FIAC.

iii. Pre-bid Conference.

iv. Opening of Pre-qualification bid.

v. Technical bid opening for eligible Applicants.

vi. Financial bid opening for the eligible Applicants.

vii. Approval of Central Board on recommendations of Committee.

viii. Issuance of letters to the selected Portfolio Managers.

ix. Signing of Portfolio Management Service Agreements with selected Portfolio Managers after discussion and approval of competent authority.

x. Allotment of Funds to selected Portfolio Managers.

3. The CBT, in its 181st meeting held on 24.01.2008, when for the first time EPFO decided to appoint Multiple Portfolio Managers, had adopted a policy decision to take outside assistance for the selection of Portfolio Managers and their performance evaluation through a dynamic and customized performance benchmark based on regular professional input on market related data. The existing Portfolio Managers were shortlisted with the help of a Credit Rating Agency (CRA), M/s. CRISIL, which was involved in the process of preparation of Request for Proposal (RFP) and detailed analysis of technical bids submitted by Portfolio Managers. CRISIL was also mandated to assist EPFO in evaluating the performance of fund managers.

4. During the Second cycle of appointment of Portfolio Manager, the Central Board, EPF in its 190th Meeting held on 15.09.2010 approved the following proposal for appointment of a Consultant for selection of Fund Managers, Custodian, Concurrent Auditor and Performance Evaluation of Portfolio Managers:

"The CRAs registered with SEBI and having minimum ten years of experience of operation in India may be invited under the GFR provisions to assist EPFO in the selection of Fund Managers as well as their performance evaluation. The tenure of the Consultant for performance evaluation will be for three years subject to satisfaction of the quality of services rendered, drawn on periodical review. Further, a five members committee including one representative each from the Employees & the Employers side, would be constituted by the Board (CBT), for carrying out the exercise of selection of consultant."

5. On the same line for appointment of Portfolio Managers on the previous occasion, the Chairman, Central Board in 2014 approved the proposal to appoint a Consultant which was later ratified by the Board in its 202nd meeting. A five member Committee was constituted consisting of following members, which carried out the task of selecting a consultant to assist EPFO in Selection of Portfolio Managers, Concurrent Auditor and Custodian:

1. Shri. Sharad Patil, - Member, Employers Representative
2. Dr. G. Sanjeeva Reddy – Member, Employees' Representative
3. FA & CAO, EPFO – Member, EPFO
4. RPFC-I (IMC) – Member, EPFO
5. RPFC-I (Audit) – Member, EPFO

This Committee's recommendation was approved by the Central Board.

6. As M/s CRISIL Ltd. had already performed its work relating to appointment of Portfolio Manager for the current cycle, it is therefore necessary to appoint a fresh consultant by a transparent bidding process. The appointed consultant will then assist EPFO in selection of Portfolio Managers & Custodian. Accordingly, it is proposed that:

A. The Credit Rating Agencies (CRA) registered with SEBI and having minimum ten years of experience in India may be invited under the GFR provisions to assist EPFO in (a) Selection of Portfolio Managers and Custodian & (b) Performance evaluation of Portfolio Managers and Custodian. The tenure of the consultant for performance evaluation of Portfolio Manager will be concurrent with

agreement period of the portfolio managers subject to satisfaction of the quality of services rendered drawn on periodical review.

B. **A committee may be constituted by the Board (CBT), for carrying out the exercise of selection of consultant** (list of representative from employees and employers annexed as **Annexure-7A**).

Further, it is highlighted that now since posts of Addl. CPFC (IMC) and (Audit) are functional at Head Office, the same may be considered for nomination as member in place of RPFC-I.

Proposal: The proposal contained in Para 6 A & B is placed before the CBT, EPF for approval.

Annexure-7A

Details of Representatives from Employers and Employees in Central Board

Employers' Representatives:

i. Shri. J.P. Chowdhary
ii. Shri Balasubrahmanyam Kamarsu
iii. Shri Rajinder Singh Maker
iv. Dr. U.D. Choubey
v. Shri G.P.Srivastava
vi. Shri Sushanta Sen
vii. Shri B.P. Pant
viii. Dr. S.S. Patil
ix. Shri. K.V. Sekhar Raju
x. Shri Ravi Wig

Employees Representatives:-

i. Shri Virjesh Upadhyay
ii. Shri Prabhakar J. Banasure
iii. Shri M. Jagadiswara Rao
iv. Dr. G. Sanjeeva Reddy
v. Shri Ashok Singh
vi. Shri A.D. Nagpal
vii. Shri A.K. Padmanabhan
viii. Shri Sankar Saha
ix. Shri Ramen Pandey
x. Shri D.L. Sachdev

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

1. The Pattern of Investment, notified on 23rd April 2015 prescribed 05% to 15% investments in equity and related investment.
2. 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.
3. Later the Central Board also selected UTI Mutual Fund in addition to the SBI Mutual Fund. The ratio of allocation of funds between SBI MF and UTI MF was fixed at 75% and 25% respectively.
4. The allocation to ETF was enhanced form 5% to 10% vide Ministry of Labour and Employment vide letter order F. No. G-20031/2/2016 SS.II dated 19th September, 2016.
5. Subsequently, vide 218th meeting of the Central Board held on 27-05-2017, the allocation to ETF was increased so as to achieve **15% of investment in ETF during FY 2017-18.**
6. The Investment and annualized return on ETF investments from **August 2015** to **31st October**, **2017** is as under:

Scheme	Amount invested in Crores:- August 2015 to 31st October 2017		Return in % (As on 31st October, 2017)	
	Nifty 50	Sensex	Nifty 50	Sensex
SBI				
EPF	12,345.68	4,165.67	21.17%	20.00%
EPS	5,805.81	1,959.88	20.96%	19.79%
EDLI	450.98	155.07	24.25%	22.99%
PNG	282.13	110.13	24.55%	23.04%
SPF	18.84	21.24	25.15%	24.12%
Total SBI MF	**25,315.44**		**20.92%**	
UTI				
EPF	2,648.62	885.32	28.47%	27.32%
EPS	1,212.96	428.58	28.02%	26.83%
Total UTI MF	**5,175.48**		**28.03%**	

Scheme	CPSE Amount invested in Crores	Return in % (As on 31st October, 2017)
EPF	1359.09	

EPS	448.72	**29.21%**
Total	1807.81	

Grand Total	**32,298.73**	**21.87%**

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

Item No. 9: Proposal for implementing centralized payment system to member accounts.

Presently EPFO is making payment to its beneficiaries in a decentralized mode through field offices from individual accounts at SBI link branches. These payments contain two types of payment instruction files: one for CBS payments to SBI account holders and the other for the accounts in different banks through RTGS/NEFT mode. Thus present system of payments is totally account based system whereby for every payment the bank accounts details of the members are obtained from them which are got approved by their employers and then the payments are made as per the given bank accounts details.

The present system entails separate payment process by each individual field office of the EPFO to their respective link branches of SBI. Such payment instructions files are given in CD forms which are manually delivered on daily bases through a special messenger of each field office to their respective link branch. Reconciliation of payments is undertaken by the respective field offices. This manual process is prone to fraud and several internal audits have pointed out the need to create a system avoiding the CDs.

The CBS transactions are intra bank transactions for the SBI account holders which are generally processed involving least time. The Non CBS transactions for payment to the members having accounts in banks other than SBI are processed through the RBIs clearance platform of NEFT/RTGS. In case of any inaccurate bank account details, such transactions are not successfully executed and their details are furnished back to the SBI which inturn furnishes the details to EPFO field offices. Such transmission of information involves upto two days delay. After receipt of the information, the details are verified and the cases are reprocessed for reauthorization of settlement and eventual credit to the member’s accounts.

In order to bring-in security in settlement of claims through cheques, the CCPAP (Corporate Cheque Payable at Par) module was introduced in 2013. Under this module, the details of cheques issued by EPFO are made available to SBI for uploading the same on their server before the cheques are actually issued / presented for clearance.

SBI charges at the rate of 5.5 paisa per hundred rupees for all payments. The total cost on this account was to the tune of Rs. 24.65 Crores for the year 2016-17.

The present system of decentralized payments is being reviewed for the following reasons:-

- Likelihood of fraud in the payment process.
- Higher cost of transactions in the form of bank charges.
- Delay in reconciliation of transaction data particularly in case of failed transactions.
- Non availability of the facility of AADHAAR enabled transfer of funds.

EPFO proposes to move towards the Centralised Payment System through single Nodal Bank using NPCI (National Payments Corporation of India) platform. NPCI is the umbrella organization for all retail payment systems in India. Set up with the support and guidance from the RBI and Indian Banks' Association (IBA), it was conceived to fulfill RBI vision to offer a domestic, open-loop multilateral system which will allow all Indian banks and financial institutions in India to participate in electronic payments.

The benefits of proposed centralised payment through NPCI are:

- **Availability of the facility of AADHAAR enabled transfer of funds.**
  This will obviate the need to collect bank account details at the time of each settlement. The bank account details and other KYC details mapped with Aadhaar will be the basis for making the payments to beneficiaries. It will reduce the dependence upon the Establishment / Employer for getting the members details verified by them. It will also reduce the scope of error in fetching / feeding the members details each time for settlement. This will reduce the risk of fraudulent payments. Thus it will also reduce the number of failed transactions.
  In accordance with Central Government's Digital India Mission, EPFO is also moving in this direction. Aadhaar numbers are being mapped with the UANs and E-KYC data is being collected in mission mode. As on date, more than 65 lakhs subscribers' Aadhaar numbers have been verified by EPFO enabling them to apply through online and mobile platforms for claim settlement.

- **Funds will be transferred on same day to beneficiaries through NPCI platform.**
  The payments shall be credited to the subscribers accounts on same day. This will expedite the payments schedule.

- **The information on transaction details shall be available on T+0 basis. This will result in early recredit in the accounts of beneficiaries in the case of failed transactions.**

- **Reduced transaction cost by way of bank charges.**
  On account of centralization of payments system, the cost of payment transaction is likely to reduce by an amount of Rupees 25 crore (apprx.).

In view of the above, a meeting of nationalised banks was conducted on 08.11.2017 to discuss the centralised payment system through NPCI. All the banks unanimously agreed that there is no concern with payments using NPCI platform as it is already in place in respect of other government bodies. All banks present in meeting were requested to submit their expression of interest to be the nodal bank for centralised payment of EPF and EDLI Schemes through NPCI platform. It is proposed to implement the centralized payment system through a nationalized bank quoting lowest charges.

Proposal: **The Centralized payment system through NPCI is placed for consideration and in-principle approval of the Board.**

Item No. 10: Audited Annual Account in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2015-16.

Para 74 of Employees' provident Fund Scheme, 1952 provides that the annual report on the work and activities of the Central Board and its audited accounts together with the report of Comptroller and Auditor General of India shall be considered by the Executive Committee and shall be placed for adoption at a meeting of the Board to be held before the Tenth of December following the close of the financial year concerned.

2. Para 74 also provides that if the report of the Comptroller and Auditor General is not received by the first of December following the close of the financial year to which it pertains, the audited accounts together with report of the Comptroller and Auditor General may be placed before the Executive Committee / Board separately from the annual report on the work and activities of the Board.

3. The annual accounts of EPFO for the year 2015-16 in Existing Format (Legacy System) duly approved and authenticated by the Committee for approval of Annual Accounts comprising of Central Provident Fund Commissioner and Financial Advisor & Chief Accounts Officer, were submitted to the Director General of Audit, Central Expenditure (DGACE), New Delhi on 05-08-2016. Further, the Annual Accounts of EPFO for the year 2015-16 in Common Format of Accounts and (Revised) in Existing Format (Legacy System) were submitted to the Director General of Audit, Central Expenditure (DGACE), New Delhi on 04-10-2016. The DGACE took up the audit on 15-11-2016 which was completed on 21-12-2016. The separate draft Audit Report was received from the DGACE only on 27-01-2017 for comments of the EPFO. The comments of the EPFO were forwarded to DGACE on 08-03-2017. Thereafter, Audit Certificate dated 15-05-2017 along with the Audit Report on accounts of Employees' Provident Fund Organisation for the year 2015-16 was received on 16-05-2017.

4. The audited annual account in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the year 2015-16 alongwith the Audit Report and the replies of the Organisation thereon (enclosed as **Annexure-10A**) placed before the Executive Committee, CBT in their 90th meeting held on 01-11-2017 and on the recommendation of Executive Committee, the abovesaid are placed before the Central Board of Trustees, EPF for comments and adoption thereof and the same shall be submitted to the Central Government for being placed before the Parliament.

Proposal: The audited annual account in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the year 2015-16 alongwith the Audit Report and the replies of the Organisation thereon

placed before the Executive Committee, CBT in their 90th meeting held on 01-11-2017 and on the recommendation of Executive Committee, the abovesaid are placed before the Central Board of Trustees, EPF for comments and adoption thereof and the same shall be submitted to the Central Government for being placed before the Parliament.

Annexure - 10A

वर्ष 2015-16 के समेकित वार्षिक लेखे लेखा परीक्षा की रिपोर्ट सहित

Consolidated Annual Accounts with Audit Report for the Year 2015-2016

कर्मचारी भविष्य निधि संगठन

Employees' Provident Fund Organisation

CONSOLIDATED ANNUAL ACCOUNTS
WITH AUDIT REPORT
FOR THE YEAR 2015-2016

EMPLOYEES' PROVIDENT FUND ORGANISATION

HEAD OFFICE

BHAVISHYA NIDHI BHAWAN 14, BHIKAIJI CAMA PLACE

NEW DELHI-110 066

INDEX

INCOME AND EXPENDITURE ACCOUNT
AND
BALANCE SHEET OF
EMPLOYEES' PROVIDENT FUND SCHEME, 1952

EMPLOYEES' PROVIDENT FUND
INCOME AND EXPENDITURE ACCOUNT
(EMPLOYEES' PROVIDENT

Previous year 1	S. No. 2	Expenditure 3	Amount 4
Rs. P.			Rs. P.
8,19,25,00,100.14	1.	Salaries of Officers and Staff	8,63,06,27,574.74
1,90,65,58,152.84	2.	Allowances & Honorarium	1,97,21,25,777.60
19,56,79,434.06	3.	T.A. & L.T.C.	15,86,20,797.72
2,62,75,97,601.39	4.	(a) Pension/Family Pension/Death-cum-Retirement Gratuity	2,93,31,44,411.60
0.00		(b) Amount transferred to Pension-cum-Gratuity Fund	2,04,74,58,761.48
18,83,912.58	5.	S.P.F., D.L.I. Benefits	21,19,477.14
4,35,69,20,543.92	6.	(a) Other Charges (Recurring/Non-recurring)	4,71,45,90,168.36
14,68,00,131.86		(b) Maintenance of office Buildings/ staff quarters	14,98,05,789.21
5,57,14,148.27	7.	(a) Grants	55,13,777.18
0.00		(b) Refund of G.I. Savings Fund	0.00
17,48,36,54,025.06		**Total Expenditure incurred on E.P.F. Scheme**	**20,61,40,06,535.03**
	8.	<u>Expenditure incurred on Administration of</u>:	
0.00		(a) Employees' Pension Scheme	0.00
17,66,02,565.91		(b) E.D.L.I. Scheme	20,82,22,288.24
0.00		(c) A.E.C.D. Scheme	0.00
31,39,94,33,142.19	9.	**Excess of Income over Expenditure**	**28,26,28,09,461.92**
49,05,96,89,733.16		**TOTAL**	**49,08,50,38,285.19**

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ORGANISATION
FOR THE YEAR, 2015-2016
FUND SCHEME, 1952)

Previous year 5	S. No. 6	Income 7	Sch. No. 8	Amount 9
Rs. P.				Rs. P.
36,81,50,54,342.28	1.	Receipt by way of Administrative Charges, Inspection Charges and Penal Damages	(I)	36,49,21,03,820.88
11,74,78,26,625.55	2.	Interest earned on Investment of surplus Administrative Fund		12,07,71,66,859.29
26,91,79,718.87	3.	Receipt from Pension Fund and other Accounts	(II)	35,21,00,000.00
22,76,29,046.46	4.	Miscellaneous Receipts		16,36,67,605.02
0.00	5.	**Excess of Expenditure over Income**		0.00
49,05,96,89,733.16		TOTAL		49,08,50,38,285.19

Previous year	S. No.	Expenditure	Amount
Rs. P.			Rs. P.
0.00	1.	Excess Expenditure over income	0.00
0.00	2.	Provision for Building Construction Fund	0.00
0.00	3.	Provision for Maintenance (Repair, Renewal and Replacement) Fund	0.00
31,39,94,33,142.19	4.	Balance carried down to Balance Sheet	28,26,28,09,461.92
31,39,94,33,142.19		TOTAL	**28,26,28,09,461.92**

Previous year	S. No.	Income	Amount
Rs. P.			Rs. P.
31,39,94,33,142.19	1.	Excess of Income over expenditure	28,26,28,09,461.92
0.00	2.	Balance carried down to Balance Sheet	0.00
31,39,94,33,142.19		TOTAL	28,26,28,09,461.92

Previous Year :		Foot Note :	Current Year :
	(i)	The accounts have been compiled on actual basis.	
Rs. 0.00 Lakh	(ii)	Interest earned on investment of surplus Administration Fund of previous years included in the current year	Rs. 0.00 Lakh
Rs. 0.00 Lakh	(iii)	Expenditure incurred for Administration of Employees' Pension Scheme due from Govt.	Rs. 0.00 Lakh
Rs. 0.00 Lakh	(iv)	Expenditure incurred for Administration of A.E.C.D.	Rs. 0.00 Lakh
	(v)	Estimated amount in arrear due from the employers but not received :	
Rs.21,900.23 Lakh		(a) Administrative charges (b) Inspection charges (c) Penal damages on Adm. Account	Rs. 25,749.45 Lakh

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

Previous year	S. No.	Liabilities	Sch. No.	Amount
Rs. P.				Rs. P.
30,82,66,43,88,832.18	1.	Employees' Provident Fund A/c	III	36,02,89,49,34,871.10
3,55,31,39,44,807.18	2.	Inoperative Account	IV	4,08,65,13,81,748.73
2,68,43,96,578.40	3.	Special Reserve Fund A/c	V	2,92,06,22,776.30
	4.	**Interest Account :**		
28,43,26,37,214.46		(a) Balance in the Account to be credited to members Account upto 31.03.2016	VI	97,37,46,04,148.56
3,09,26,82,78,566.61		(b) Amount received during the year and to be credited to members Account next year	VI	3,53,97,79,09,030.60
	5.	**Staff Provident Fund Account :**		
8,85,35,27,535.80		a) Staff Provident Fund A/c	VII	9,58,03,52,720.80
94,44,50,172.52		b) Staff Provident Fund Interest A/c	VIII	1,15,45,06,253.09
22,69,67,74,430.83	6.	Pension-cum-gratuity A/c (Staff)	IX	26,74,61,46,604.08
2,70,07,98,358.13	7.	Investment Fluctuation Account	X	2,70,07,98,358.13
1,13,21,208.46	8.	Security Deposits		1,30,36,316.46
38,13,57,05,17,704.57		**TOTAL**		**45,06,01,42,92,827.85**

ORGANISATION
31ST MARCH, 2016
FUND SCHEME, 1952)

Previous year	S. No.	Assets	Sch. No.	Amount
Rs. P.				Rs. P.
	1.	<u>Investment Account</u>:		
37,87,29,92,76,240.33		a) Employees' Provident Fund	XV	44,81,43,79,37,671.00
11,44,90,63,887.17		b) Staff Provident Fund A/c	XVI	12,75,25,70,282.52
22,64,40,94,413.57		c) Pension-cum-Gratuity Fund	XVII	26,74,15,42,312.02
1,56,36,97,50,648.72		d) Administration Fund	XVIII	1,84,69,81,41,426.98
	2.	<u>Land and Building</u>:		
4,48,53,40,582.21		a) Assets acquired		4,50,01,47,757.18
5,63,44,12,615.50		b) Advances paid		7,53,56,16,688.53
17,02,59,308.07	3.	Recoverable Advances (Staff)	XIX	15,07,91,879.24
68,79,04,827.21	4.	Special Reserve Fund (Recoverable)	XXIII	68,87,57,635.21
2,90,84,035.20	5.	Security Deposits (Advance to parties)		2,99,11,892.20
27,74,14,988.94	6.	Remittances in transit	XX	26,53,88,909.86
48,469.79	7.	Cash in hand		51,369.79
-4,24,49,37,885.78	8.	Cash in Bank (Both SBI & RBI)	XXI	-13,59,03,22,083.94
1,78,84,22,334.27	9.	Sundry Debits	XXII	1,85,21,42,664.55
39,86,59,01,34,465.20		**TOTAL**		**47,07,06,26,78,405.14**

EMPLOYEES' PROVIDENT FUND
BALANCE SHEET AS AT
(EMPLOYEES' PROVIDENT

Previous year	S. No.	Liabilities	Sch. No.	Amount
Rs. P.				Rs. P.
38,13,57,05,17,704.57		**Total B/F**		**45,06,01,42,92,827.85**
8,87,25,41,897.04	9.	Building Construction Fund	XI	8,87,25,41,897.04
0.00	10.	Building Maintenance (repair, renewal & replacement) Fund	XII	0.00
1,61,35,24,25,199.64	11.	Revenue Surplus	XIII	1,89,56,72,84,761.19
18,30,371.02	12.	Group Insurance Scheme (New)		21,35,805.02
2,79,28,19,292.93	13.	Sundry Credits	XIV	2,60,64,23,114.03
39,86,59,01,34,465.20		**TOTAL**		**47,07,06,26,78,405.14**

ORGANISATION
31ST MARCH, 2016
FUND SCHEME, 1952)

Previous year	S. No.	Assets	Sch. No.	Amount
Rs. P.				Rs. P.
39,86,59,01,34,465.20		Total B/F		47,07,06,26,78,405.14
39,86,59,01,34,465.20		TOTAL		47,07,06,26,78,405.14

Previous Year		Foot Note	Current Year
	(i)	The accounts have been compiled on actual basis.	
	(ii)	Estimated amount due from the employers but not received :	
Rs.1,39,514.37 Lakh		(a) E.P.F. contribution	Rs. 1,68,245.35 Lakh
Rs. 1,40,442.90 Lakh		(b) Penal damages on contribution, Adm. charges and Inspection charges	Rs. 1,52.543.66 Lakh
	(iii)	The investment of E.P.F., S.P.F. & Pension-cum-Gratuity Fund are shown in the Balance Sheet at cost price after amortisation.	
	(iv)	Out of the Building construction Fund of Rs. 8,87,25,41,897.04 the cost of Land and Building acquired as on 31.03.2016 including the advances paid is Rs. 12,03,57,64,445.71	
	(v)	All the fixed Assets except Land & Building are treated as Revenue Expenditure & no depreciation is provided on Land & Building as per Manual provisions.	

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. I	
		Details of Income :	
35,78,72,06,841.75	1.	Administration Charges	35,02,30,29,789.24
60,62,13,428.50	2.	Inspection Charges	1,07,68,55,844.70
22,52,90,337.62	3.	Penal Damages	21,81,66,869.15
19,63,43,734.41	4.	7Q Interest	17,40,51,317.79
36,81,50,54,342.28		**Total**	**36,49,21,03,820.88**
		SCHEDULE No. II	
		Receipts from Pension fund and other Accounts :	
0.00	1.	From Pension Fund for Adm. of Employees' Pension Scheme, A.E (C.D.) Scheme	0.00
26,91,79,718.87	2.	From other Accounts	35,21,00,000.00
26,91,79,718.87		**Total**	**35,21,00,000.00**
		Details of receipt from other Accounts :	
26,91,79,718.87	1.	From Administration A/c of E.D.L.I. Scheme	35,21,00,000.00
0.00	2.	From other Accounts	0.00
26,91,79,718.87		**Total**	**35,21,00,000.00**
		Less :	
0.00	1.	Amount transferred to other Accounts	0.00
0.00	2.	Transfer from Account No.2 to Account No.4 and *vice versa* as per Regional Offices Accounts and Central Office Accounts	0.00
0.00		**Total**	**0.00**
26,91,79,718.87		**Net Total**	**35,21,00,000.00**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. III	
		Employees' Provident Fund Account :	
26,76,46,23,95,215.51		Balance as per last Balance Sheet	30,82,66,43,88,832.18
	Add :		
6,00,81,01,33,481.55	1.	Contribution (including refund of withdrawal and transferred securities) received	7,00,72,14,47,437.71
1,21,13,22,672.96	2.	Contributions received by way of transferred securities (H.Q. Office contra.)	1,64,02,22,278.74
2,46,76,94,38,312.93	3.	Interest credited to members Account	2,32,97,46,70,468.25
48,64,21,09,403.80	4.	Other Receipts	63,76,43,20,762.63
0.00	5	T.D.S. deducted on Contribution	1,71,09,77,331.00
35,73,89,53,99,086.75		**Total**	**40,83,47,60,27,110.51**
	Less :		
2,36,04,88,49,105.33	1.	Payment made during the year to outgoing members on final settlement	2,36,92,22,54,452.85
21,82,66,800.00	2.	Premia paid on members life insurance policy	16,69,75,111.00
51,18,78,71,904.00	3.	Loan paid during the year to the members	63,22,29,35,560.00
1,45,73,86,43,794.24	4.	Inoperative Account	1,11,60,63,49,709.55
58,03,73,78,651.00	5.	Miscellaneous payment amount of securities transferred back to exempted establishments	67,09,06,15,287.01
0.00	6	T.D.S. on Contribution deposited (I.T.)	1,57,19,62,119.00
4,91,23,10,10,254.57		**Total**	**4,80,58,10,92,239.41**
30,82,66,43,88,832.18		**Balance as on 31st March**	**36,02,89,49,34,871.10**

		SCHEDULE No. IV	
		Inoperative Account :	
2,74,48,54,03,529.94		Balance as per last Balance Sheet	3,55,31,39,44,807.18
	Add :		
1,45,73,86,43,794.24	1.	Amount transferred during the year	1,11,60,63,49,709.55
4,20,22,40,47,324.18		**Total**	**4,66,92,02,94,516.73**
64,91,01,02,517.00	Less :	Amount paid during the year	58,26,89,12,768.00
3,55,31,39,44,807.18		**Balance as on 31st March**	**4,08,65,13,81,748.73**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. V	
	Special Reserve Fund :		
2,46,84,12,598.07		Balance as per last Balance Sheet	2,68,43,96,578.40
	Add :		
0.00	1.	Amount recovered from Employers	0.00
21,59,86,102.33	2.	Interest on S.R.F. Account	23,62,26,898.90
2,68,43,98,700.40		**Total**	**2,92,06,23,477.30**
	Less :		
2,122.00	1.	Amount paid from Special Reserve Fund	701.00
0.00	2.	Amount transferred to Death Relief Fund	0.00
2,122.00		**Total**	**701.00**
2,68,43,96,578.40		**Balance as on 31st March**	**2,92,06,22,776.30**
		SCHEDULE No. VI	
	Interest Account :		
2,79,40,60,43,304.21		Balance as per last Balance Sheet	3,37,70,09,15,781.07
	Less :		
2,46,76,94,38,312.93	1.	Interest credited to members account	2,32,97,46,70,468.25
2,912.00	2.	Intt. paid on deposits refunded to exmptd.estt.	0.00
3,79,75,83,546.82	3.	Interest paid to vendors	6,90,92,44,998.34
21,59,86,102.33	4.	Interest accrued on S.R.F. A/c adjusted	23,62,26,898.90
0.00	5.	Interest accured of Fluctuation A/c adjusted	0.00
19,03,95,215.67	6.	Overdraft interest charged by Bank	20,61,69,267.02
2,50,97,34,06,089.75		**Total**	**2,40,32,63,11,632.51**
28,43,26,37,214.46		Balance in the Accounts to be credited to the subscribers account upto 31.03.2016	97,37,46,04,148.56
	Add :		
3,03,80,18,38,524.59	1.	Interest realised on investment of securities	3,48,39,38,93,604.51
0.00	2.	Interest on S.B. Accounts (Central)	0.00
38,58,089.87	3.	Interest on S.B. Accounts (Ragional)	20,47,932.45
0.00	4.	Interest on securities received from estts.	19,80,435.00
1,175.00	5.	Interest realised from members on loans	66,885.00
5,46,25,80,777.15	6.	Penal damages and 7Q Interest on belated contributions received during the year	5,57,99,20,173.64
0.00	7.	Amount of loss on sale of securites credited	0.00
3,09,26,82,78,566.61		**Total**	**3,53,97,79,09,030.60**
3,37,70,09,15,781.07		**Balance as on 31st March**	**4,51,35,25,13,179.16**

SCHEDULE No. VII

2014-2015 Rs. P.			2015-2016 Rs. P.
	A.	**Staff Provident Fund Account :**	
8,18,52,53,157.93		Balance as per last Balance Sheet	8,81,47,18,935.93
	Add :		
2,60,46,36,956.00	1.	Contribution (including refund of withdrawal)	2,62,48,71,432.00
74,46,80,967.00	2.	Interest credited to member's account	79,20,61,485.00
0.00	3.	Other receipts	0.00
11,53,45,71,080.93		Total	**12,23,16,51,852.93**
	Less :		
1,71,74,14,359.00	1.	Payment made during the year to outgoing members on final settlement	1,72,34,90,626.00
0.00	2.	Premia paid on members life insurance policy	0.00
38,62,27,717.00	3.	Loan paid during the year to members	36,15,44,303.00
61,62,10,069.00	4.	Other Payments (Transfer to other Regions)	62,39,84,634.00
2,71,98,52,145.00		Total	**2,70,90,19,563.00**
8,81,47,18,935.93		**Balance as on 31st March**	**9,52,26,32,289.93**
	B.	**S.P.F. A/c transferred from other Regions :**	
4,26,05,964.87		Balance as on 1st April, 2015	3,88,08,599.87
61,62,10,069.00	Add :	Amount transferred out to the Regions	62,39,84,634.00
65,88,16,033.87		Total	**66,27,93,233.87**
62,00,07,434.00	Less :	Amount received from other Regions	60,50,72,803.00
3,88,08,599.87		**Balance as on 31st March**	**5,77,20,430.87**
8,85,35,27,535.80		**Total (A+B)**	**9,58,03,52,720.80**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. VIII	
		Staff Provident Fund Interest Account :	
77,79,82,216.18		Balance as per last Balance Sheet	94,44,50,172.52
	Add :		
92,10,83,088.86	1.	Interest realised on investment of securities	1,01,12,29,891.46
35,481.00	2.	Interest on S.B. Account	37,949.00
1,69,91,00,786.04		**Total**	**1,95,57,18,012.98**
	Less :		
74,46,80,967.00	1.	Interest credited to members account	79,20,61,485.00
99,69,646.52	2.	Interest paid to vendors	91,50,274.89
75,46,50,613.52		**Total**	**80,12,11,759.89**
94,44,50,172.52		**Balance as on 31st March**	**1,15,45,06,253.09**
		SCHEDULE No. IX	
		Pension-cum-Gratuity Account :	
20,84,78,64,971.53		Balance as per last Balance Sheet	22,69,67,74,430.83
	Add :		
22,735.00	1.	Amount transferred from Account No. 4	2,06,81,40,163.11
0.00	2.	Interest realised on S.B. Account	0.00
1,86,25,73,386.75	3.	Interest realised on Securities during the year	2,01,33,54,918.09
2,62,75,97,601.39	4.	Amount paid by the Regions from A/c No.2	2,93,31,44,411.60
25,33,80,58,694.67		**Total**	**29,71,14,13,923.63**
	Less :		
2,62,75,97,601.39	1.	Payment made by the Regions	2,93,31,44,411.60
1,36,86,662.45	2.	Interest paid to vendors during the year	3,21,22,907.95
2,64,12,84,263.84		**Total**	**2,96,52,67,319.55**
22,69,67,74,430.83		**Balance as on 31st March**	**26,74,61,46,604.08**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. X	
		Investment Fluctuation Account :	
2,70,07,98,358.13	A	Gain on redemption of securities accounted upto 2014-2015	2,70,07,98,358.13
0.00	B	Gain on redemption of securities accounted	0.00
0.00	C	Interest on Fluctuation Account	0.00
2,70,07,98,358.13		Total	**2,70,07,98,358.13**
0.00	Less :	Amount amortised during the year	0.00
2,70,07,98,358.13		**Balance as on 31st March**	**2,70,07,98,358.13**

		SCHEDULE No. XI	
		Building Construction Fund :	
8,87,25,41,897.04		Balance as per last Balance Sheet	8,87,25,41,897.04
	Add :		
0.00	1.	Provision made during the year	0.00
0.00	2.	Interest credited to the Fund	0.00
8,87,25,41,897.04		**Balance as on 31st March**	**8,87,25,41,897.04**

NOTE :

The cost of Land & Building acquired including advances paid as on 31.3.16 is Rs. 12,03,57,64,445.71

2014-2015 Rs. P.		2015-2016 Rs. P.
	SCHEDULE No. XII	
	Building Maintenance (repair, renewal, replacement) Fund :	
0.00	Balance as per last Balance Sheet	0.00
	Add :	
0.00	1. Amount appropriated from Revenue surplus	0.00
0.00	2. Interest credited to the Fund	0.00
0.00	**Balance as on 31st March**	**0.00**

2014-2015 Rs. P.		2015-2016 Rs. P.
	SCHEDULE No. XIII	
	Revenue Surplus :	
1,29,95,01,46,126.32	Balance as per last Balance Sheet	1,61,35,24,25,199.64
	Less :	
89,83,798.44	1. Amount adjusted by the Regional Offices	5,73,82,196.00
0.00	2. Excess of Expenditure over Income during the year as transferred from Income and Expenditure Appropriation Account	0.00
89,83,798.44	**Total**	**5,73,82,196.00**
	Add :	
1,18,29,729.57	1. Amount adjusted by the Regional Offices	94,32,295.63
31,39,94,33,142.19	2. Excess of Income over Expenditure during the year as transferred from Income and Expenditure Appropriation Account	28,26,28,09,461.92
31,41,12,62,871.76	**Total**	**28,27,22,41,757.55**
1,61,35,24,25,199.64	**Balance as on 31st March**	**1,89,56,72,84,761.19**

SCHEDULE No. XIV

2014-2015 Rs. P.			2015-2016 Rs. P.
		Sundry Credits :	
	A.	**Regional :**	
71,60,71,085.30	a	(i) Suspense Account (Unclassified) (EPF)	58,02,65,204.03
49,03,23,096.45		(ii) Suspense Account (Admn. Fund)	58,93,43,134.24
0.00	b	Erroneous Receipt	0.00
5,93,74,974.22	c	Irregular payments	5,97,82,573.22
4,23,49,598.49	d	Over Payments	5,18,58,289.17
0.00	e	A.E.C.D. (D.A.) Account	0.00
0.00	f	Amount repayable to E.D.L.I. Account	0.00
3,13,08,123.50	g	New Pension Scheme	2,62,16,607.50
	B.	**Central :**	
0.00	a	Excess credits in E.P.F. Investment Account	0.00
0.00	b	Excess credits in S.P.F. Investment Account	0.00
0.00	c	Excess credits in Pen-cum-grat fund inv. A/c	0.00
0.00	d	Amount not accounted for by the Regions though received in A/c No.5 from A/c No.1	0.00
12,13,13,339.00	e	Amount credited to Account No. 1 but not debited to A/c No. 5	12,13,13,339.00
1,29,90,64,761.09	f	Excess credits to Account No. 5	1;14,45,90,753.99
3,21,84,534.88	g	Excess credits to Account No. 8	3,22,23,432.88
8,29,780.00	h	Excess credits to Account No. 9	8,29,780.00
0.00	i	Adv. From Govt. towards Disabilities Scheme	0.00
2,79,28,19,292.93		**Total**	**2,60,64,23,114.03**

2014-2015 Rs. P.		2015-2016 Rs. P.
	SCHEDULE No. XV	
	Investment A/c of Employees' Provident Fund :	
	A. Securities purchased centrally (cost price) :	
32,19,85,47,41,396.74	Balance as per last Balance Sheet	37,64,98,93,72,025.71
	Add :	
7,08,92,24,07,703.00	1. Amount invested centrally (Cost Price)	8,80,55,45,74,805.42
0.00	2. Gain on purchase of securities during the year	0.00
39,28,77,71,49,099.74	**Total**	**46,45,54,39,46,831.13**
	Less :	
0.00	1. Loss on sale of securities during the year	0.00
1,63,78,77,77,074.03	2. Value of securities redeemed during the year	1,88,05,61,35,653.49
1,63,78,77,77,074.03	**Total**	**1,88,05,61,35,653.49**
37,64,98,93,72,025.71	**Balance (A) as on 31st March**	**44,57,48,78,11,177.64**
	B. Securities transferred by Regions :	
21,09,85,81,541.66	Balance as per last Balance Sheet (A. Value)	22,30,99,04,214.62
	Add :	
1,21,13,22,672.96	1. Securities received (Accepted Value)	1,64,02,22,278.74
0.00	2. Other Adjustments	0.00
22,30,99,04,214.62	**Total**	**23,95,01,26,493.36**
0.00	Less : 1. Securities returned back to establishments	0.00
0.00	2. Other Adjustments	0.00
22,30,99,04,214.62	**Balance (B) as on 31st March**	**23,95,01,26,493.36**
37,87,29,92,76,240.33	**Total (A) + (B)**	**44,81,43,79,37,671.00**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. XVI	
		Investment Account of Staff Provident Fund :	
10,29,13,51,091.75		Balance as per last Balance Sheet	11,44,90,63,887.17
1,48,77,83,395.42	**Add :**	Amount invested centrally (Purchase Price)	1,98,33,62,888.26
11,77,91,34,487.17		**Total**	**13,43,24,26,775.43**
33,00,70,600.00	**Less :**	Value of Securities redeemed during the year	67,98,56,492.91
11,44,90,63,887.17		**Balance as on 31st March**	**12,75,25,70,282.52**
		SCHEDULE No. XVII	
		Investment Account of Pension-cum-Gratuity Fund (Staff) :	
20,81,79,00,629.27		Balance as per last Balance Sheet	22,64,40,94,413.57
2,22,37,03,584.30	**Add :**	Amount invested centrally (Purchase Price)	5,07,81,69,783.45
23,04,16,04,213.57		**Total**	**27,72,22,64,197.02**
39,75,09,800.00	**Less :**	Value of securities redeemed during the year	98,07,21,885.00
22,64,40,94,413.57		**Balance as on 31st March**	**26,74,15,42,312.02**
		SCHEDULE No. XVIII	
		Investment Account of Administration Fund :	
1,27,70,19,24,023.17		Balance as per last Balance Sheet	1,56,36,97,50,648.72
28,66,78,26,625.55	**Add :**	Investments made	28,32,83,90,778.26
1,56,36,97,50,648.72		**Total**	**1,84,69,81,41,426.98**
0.00	**Less :**	Securities redeemed during the year	0.00
1,56,36,97,50,648.72		**Balance as on 31st March**	**1,84,69,81,41,426.98**

2014-2015 Rs. P.			2015-2016 Rs. P.

SCHEDULE No. XIX

Recoverable Advances (Staff) as on 31-03-2016 :

2014-2015 Rs. P.			2015-2016 Rs. P.
2,49,25,209.50	a	Conveyance advance	2,07,10,213.34
5,51,60,318.26	b	House Building advance	3,90,49,687.59
2,76,003.10	c	Fan advance	91,503.10
5,284.75	d	Warm Clothing advance	39,034.75
2,30,68,753.30	e	Festival advance	2,52,70,735.30
12,78,434.00	f	Natural Calamity advance	17,60,046.00
1,91,74,057.34	g	Advance of Pay/DA/TA	2,17,56,443.34
1,216.75	h	Food grain advance	1,216.75
2,84,765.00	i	Advance to Staff Co-operative Canteen/Stores	16,54,864.00
4,49,72,633.85	j	Computer Advance	3,62,54,323.85
0.00	k	Unorganised Workers Social Security Scheme	0.00
11,12,632.22	l	Miscellaneous Payments	42,03,811.22
17,02,59,308.07		**Total**	**15,07,91,879.24**

SCHEDULE No. XX

Amount in Transit :

2014-2015 Rs. P.			2015-2016 Rs. P.
5,18,03,111.28	a	E.P.F. Account No. 4	5,18,03,114.18
21,33,43,378.41	b	E.P.F. Account No. 5	20,06,61,170.43
1,22,68,499.25	c	S.P.F. Account No. 8	1,29,24,625.25
0.00	d	Pension-cum-Gratuity Account No. 9	0.00
0.00	e	Head Office A/c No.4a	0.00
0.00	f	E.P.F. Investment Account	0.00
0.00	g	S.P.F. Investment Account	0.00
0.00	h	Pension-cum-Gratuity Fund Investment A/c	0.00
27,74,14,988.94		**Total**	**26,53,88,909.86**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE NO. XXI	
		Cash Book Balance as on 31-03-2016 :	
	(A)	**State Bank of India :**	
-6,87,28,05,588.45	a	E.P.F. Account No. 1	-9,97,19,24,319.62
1,56,42,08,382.36	b	E.P.F. Account No. 2	-18,82,69,892.77
34,04,68,699.93	c	E.P.F. Account No. 4	-18,91,80,650.96
-48,60,75,913.72	d	E.P.F. Account No. 5	-3,66,52,32,333.42
33,23,161.00	e	E.P.F. Account No. 8	59,60,267.29
1.00	f	E.P..F Account No. 9	6,150.77
4,13,01,350.93	g	Head Office	-3,17,87,254.44
98,61,767.62	h	PDUNASS	-29,15,593.00
25,33,00,558.37	i	EPF Appellate Tribunal	31,73,34,187.37
-5,14,64,17,580.96		Total (A)	**-13,72,60,09,438.78**
	(B)	**Reserve Bank of India :**	
80,98,88,066.96	a	E.P.F. Investment Account	12,82,82,901.66
3,86,14,717.47	b	S.P.F. Investment Account	25,09,417.40
5,29,76,910.75	c	Pension-cum-Gratuity Investment A/c	48,95,035.78
90,14,79,695.18		Total (B)	**13,56,87,354.84**
-4,24,49,37,885.78		Total (A) + (B)	**-13,59,03,22,083.94**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE NO. XXII	
		Sundry Debits :	
	A.	**Suspense Account (Unclassified) :**	
86,30,92,577.41		(i) Suspense Account (Unclassified) (EPF)	97,37,81,960.09
18,59,03,427.54		(ii) Suspense Account (Admn. Fund)	24,11,32,494.56
5,93,74,974.22	B.	**Irregular Payments**	5,97,82,573.22
4,23,49,598.49	C.	**Over Payments**	5,18,58,289.17
	D.	**Erroneous Debit to Account Nos. 5, 8 & 9 :**	
40,80,96,451.70	a	Excess accounted for by R.Os as transfer to A/c No.5 from A/c No.1 and vice-versa	40,80,96,451.70
6,01,52,001.55	b	Extra debit made to Account No.5 by bank	6,01,47,137.55
14,88,36,169.39	c	Amount debited to A/c No.5 but not credited to A/c No.1 & vice-versa	3,67,26,624.29
2,04,38,794.97	d	Excess accounted for by R.Os as transfer to A/c No.8 from A/c No.2 and vice-versa	2,04,38,794.97
1,78,339.00	e	Erroneous debit made to Account No.8	1,78,339.00
0.00	f	Erroneous debit made to Account No.9	0.00
1,78,84,22,334.27		**Total**	**1,85,21,42,664.55**

		SCHEDULE NO. XXIII	
		Special Reserve Fund (Recoverable) :	
68,51,45,596.21		Balance as per last Balance Sheet	68,79,04,827.21
27,60,536.00	**Add :**	Amount paid to Members during the year	8,88,847.00
68,79,06,132.21		Total	68,87,93,674.21
1,305.00	**Less :**	Amount received from Employers	36,039.00
68,79,04,827.21		**Balance as on 31st March**	**68,87,57,635.21**

RECEIPT AND PAYMENT ACCOUNT

AND

BALANCE SHEET OF

EMPLOYEES' PENSION SCHEME, 1995

Previous year	S. No.	Receipts	Amount
Rs. P.			Rs. P.
20,83,72,05,57,596.23	1.	Opening Balance as on 01-04-2015	23,91,77,43,31,756.78
2,19,51,70,26,881.26	2.	(i) Contribution of Employers	2,90,26,87,51,118.48
0.00		(ii) Contribution of Govt. 2015-2016	0.00
22,99,80,00,000.00		(iii) Arrears of contribution of Govt. up to the year 2014-2015*	32,80,20,00,000.00
64,19,58,00,000.00	3.	Interest on the balance in the Public Account	72,66,86,00,000.00
27,86,110.20	4.	Interest on Saving Bank Account	28,83,199.73
1,26,77,43,90,023.43	5.	Interest received on Securities	1,46,35,68,39,242.50
2,12,13,29,505.58	6.	Penal Damages	2,22,82,99,923.22
	7.	Other receipts :	
85,24,40,220.40		(a) Regional Contribution A/c No. 10	77,51,49,382.79
0.00		(b) Central Contribution A/c No. 11	0.00
25,20,18,23,30,337.10		**TOTAL**	**29,36,87,68,54,623.50**

*Including a sum of Rs. 2,50,00,00,000.00 received from MoLE against reimbursment of minimum pension of Rs. 1,000.00 on 03.08.2015

SCHEME - 1995
FOR THE YEAR 2015-2016
Account)

Previous year Rs. P.	S. No.	Payments	Amount Rs. P.
	1.	Amount paid to outgoing members/beneficiaries :	
0.00		(a) Amount of Employee's share with interest	0.00
53,75,29,99,206.68		(b) Withdrawal/Retirement benefits	52,80,49,06,855.73
13,12,51,060.00		(c) Life Assurance benefits	1,63,70,362.00
72,12,53,79,177.07		(d) Pension	82,63,03,76,053.74
49,06,56,702.53	2.	Amount paid as commission for disbursement of pension	62,09,48,238.25
0.00	3.	Amount paid towards Pension Fund Admn. Expenses	0.00
0.00	4.	Amount of securities transferred on grant of exemption	0.00
1,67,43,37,868.07	5.	Amount paid as accrued interest on purchase of Securities	3,33,88,45,057.65
	6.	Other payments :	
4,46,81,936.11		(a) Regional Contribution A/c No. 10	3,15,58,140.40
18,86,92,629.86		(b) Central Contribution A/c No. 11	18,91,48,035.19
23,91,77,43,31,756.78	7.	Closing Balance as on 31-03-2016	27,97,24,47,01,880.54
25,20,18,23,30,337.10		**TOTAL**	**29,36,87,68,54,623.50**

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

Previous year Rs. P.	S. No.	Receipts	Amount Rs. P.
	1.	Amount received from Government towards cost of administration	
0.00		2015-16	0.00
0.00	2.	Amount received from Pension Fund towards Admn. Expenses	0.00
0.00	3.	Amount received from EPF Admn. Account C/F	0.00
0.00		TOTAL	0.00

SCHEME - 1995
FOR THE YEAR 2015-2016
Account)

Previous year	S. No.	Payments		Amount
Rs. P.			Rs. P.	Rs. P.
	1.	Balance amount incurred from EPF Administration Account B/F		
0.00		as on 01.04.2015		0.00
	2.	<u>Payment on Administration</u> :		
		(i) <u>Revenue Expenditure</u> :		
0.00		(a) Salaries	0.00	
0.00		(b) Allowance & Honorarium	0.00	
0.00		(c) Travelling Allowance	0.00	
0.00		(d) Pension Gratuity (Staff)	0.00	
0.00		(e) S.P.F. D.L.I. Benefits	0.00	
0.00		(f) Other Charges	0.00	
0.00		(g) Grants	0.00	
0.00		(h) Charges on maintenance and repairs of Office Building	0.00	
0.00		**TOTAL**	**0.00**	0.00
		(ii) <u>Capital Expenditure</u> :		
0.00		Construction (Office Building etc.)		0.00
0.00		TOTAL		0.00

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

Balance as at 31st March Previous year	S. No.	Liabilities	Sch. No.	Amount
Rs. P.				Rs. P.
23,91,77,43,31,756.78	1.	Employees' Pension Fund Contribution Account		27,97,24,47,01,880.54
0.00	2.	Employees' Pension Fund Admn. A/c : Amount incurred from EPF Administration Account		0.00
0.00	3.	Investment Fluctuation Account		0.00
93,65,65,749.53	4.	Sundry Credits	I	95,51,59,001.70
23,92,71,08,97,506.31		**TOTAL**		**27,98,19,98,60,882.24**

Balance as at 31st March Previous year	S. No.	Assets	Sch. No.	Amount
Rs. P.				Rs. P.
8,00,38,99,20,241.86	1.	Employees' Pension Fund Contribution investment A/c. kept in Deposit with Public A/c.	II	9,03,36,05,20,241.86
15,96,94,30,04,649.47	2.	Investment in securities	III	19,00,25,35,11,466.56
	3.	Employees' Pension fund Admn. A/c.		
0.00	(A)	Amount recoverable from Central Govt.		0.00
0.00	(B)	Amount recoverable from Pension Fund		0.00
-6,41,52,68,187.58	4.	Cash Book Balance Contribution A/c.	IV	-7,16,00,05,207.33
21,52,59,146.68	5.	Remittance in Transit		21,52,00,427.68
1,57,79,81,655.88	6.	Sundry Debits	V	1,53,06,33,953.47
23,92,71,08,97,506.31		**TOTAL**		**27,98,19,98,60,882.24**

Previous Year		Foot Note	Current Year
Rs. 79,763.70 Lakh	1.	Pension Contribution due from employers of exempted and unexempted establishments as on 31.03.2016	Rs. 93,026.55 Lakh
Rs. 3,228.93 Lakh	2.	Pension Contribution due from Government as on 31.03.2016	Rs. 4,651.93 Lakh
Rs. 0.00 Lakh	3.	Pension Administrative Cost due from Pension Fund as on 31.03.2016	Rs. 0.00 Lakh
Rs. 69,873.44 Lakh	4.	Penal damages due on EPS contribution as on 31-03-2016	Rs. 80,654.06 Lakh
	5.	The investment in securities are shown in Balance Sheet at cost price after amortisation.	
	6.	The accounts have been compiled on actual basis.	

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SCHEDULE No. I

2014-2015 Rs. P.			2015-2016 Rs. P.
		Sundry Credits :	
32,04,35,070.69	1.	Account No. 10	33,90,28,322.86
61,61,30,678.84	2.	Account No. 11	61,61,30,678.84
0.00	3.	Excess credits in EPS Investment A/c	0.00
93,65,65,749.53		**Balance as on 31st March :**	**95,51,59,001.70**

SCHEDULE No. II

2014-2015 Rs. P.		2015-2016 Rs. P.
	Amount kept in deposit with Public A/c :	
7,13,19,61,20,241.86	Balance as per last Balance Sheet	8,00,38,99,20,241.86
	Add :	
0.00	(i) Amount deposited in Public Account	0.00
22,99,80,00,000.00	(ii) Arrears of Govt. share upto 2014-15	30,30,20,00,000.00
0.00	(iii) Govt. share of contribution for 2015-16	0.00
64,19,58,00,000.00	(iv) Interest on Public Account	72,66,86,00,000.00
8,00,38,99,20,241.86	**Balance as on 31st March :**	**9,03,36,05,20,241.86**

SCHEDULE No. III

Investment in Securities :

2014-2015 Rs. P.			2015-2016 Rs. P.
	A.	**Securities purchased centrally (C.P.) :**	
13,73,08,38,81,679.53		Balance as per last Balance Sheet	15,96,94,30,04,649.47
	Add :		
3,03,60,13,88,301.97	1.	Amount invested centrally (Cost Price)	4,28,30,56,76,757.53
0.00	2.	Gain on purchase of securities	0.00
3,03,60,13,88,301.97		**Total**	**4,28,30,56,76,757.53**
	Less :		
0.00	1.	Loss on sale of securities	0.00
79,74,22,65,332.03	2.	Securities redeemed during the year	1,24,99,51,69,940.44
79,74,22,65,332.03		**Total**	**1,24,99,51,69,940.44**
15,96,94,30,04,649.47		**Balance (A) as on 31st March :**	**19,00,25,35,11,466.56**
	B.	**Securities transferred by Regions :**	
0.00		Balance as per last Balance Sheet (Accepted Value)	0.00
	Add :		
0.00	1.	Securities received (Accepted Value)	0.00
0.00	2.	Other adjustment	0.00
0.00		**Total**	**0.00**
	Less :		
0.00		Securities returned to establishments (Accepted Value)	0.00
0.00		**Balance (B) as on 31st March :**	**0.00**
15,96,94,30,04,649.47		**Total (A+B)**	**19,00,25,35,11,466.56**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. IV	
		Cash Book Balance :	
-2,16,53,78,619.36	1.	Account No. 10	-2,57,07,62,100.58
-4,45,64,67,178.19	2.	Account No. 11	-4,66,82,03,000.79
20,65,77,609.97	3.	Balance with SBI Mumbai	7,89,59,894.04
-6,41,52,68,187.58		**Balance as on 31st March :**	**-7,16,00,05,207.33**

		SCHEDULE No. V	
		Sundry Debits :	
1,24,43,08,063.42	1.	Account No. 10	1,19,65,96,392.01
6,95,34,895.98	2.	Account No. 11	6,95,28,578.98
20,17,63,057.60	3.	Excess accounted for by R.Os as transfer from A/c.10 to 11 & vice-versa	20,17,63,057.60
6,23,75,638.88	4.	Amount debited to A/c No.11 but not credited to A/c No.10 & vice-versa	6,27,45,924.88
1,57,79,81,655.88		**Balance as on 31st March :**	**1,53,06,33,953.47**

RECEIPT AND PAYMENT ACCOUNT
AND
BALANCE SHEET OF
EMPLOYEES' DEPOSIT LINKED
INSURANCE SCHEME, 1976

Previous year	S. No.	Receipt	Amount
Rs. P.			Rs. P.
1,37,39,25,50,794.98	1.	Opening Balance as on 01-04-2015	1,57,32,27,29,237.63
9,36,11,57,287.49	2.	(i) Contribution of Employers	12,31,91,97,467.22
0.00		(ii) Contribution of Government	0.00
0.00		(iii) Arrears of Contribution of Govt.	0.00
5,88,45,00,000.00	3.	Interest on investment in Public Account	6,38,47,00,000.00
6,41,69,40,409.14	4.	Interest on investment in securities	7,71,20,21,342.57
1,01,02,512.85	5.	Interest on S.B. Accounts	1,72,886.70
13,83,05,966.56	6.	Penal Damages	14,04,76,069.60
	7.	Other receipts in :	
1,35,54,905.00		Account No. 21	1,94,96,985.70
0.00		Account No. 25	0.00
1,59,21,71,11,876.02		**TOTAL**	**1,83,89,87,93,989.42**

Previous year	S. No.	Payment	Amount
Rs. P.			Rs. P.
1,77,85,01,845.59	1.	Assurance Benefits	2,53,34,27,270.76
0.00	2.	Amount refunded to employers on grant of exemption	0.00
10,17,00,096.57	3.	Amount paid as accrued interest on purchase of securities	16,94,96,192.45
	4.	Other payments in :	
1,41,72,532.13		Account No. 21	29,87,822.14
8,164.10		Account No. 25	8,193.91
1,57,32,27,29,237.63	5.	Closing Balance as on 31-03-2016	1,81,19,28,74,510.16
1,59,21,71,11,876.02		**TOTAL**	**1,83,89,87,93,989.42**

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Previous year	S. No.	Receipts	Amount
Rs. P.			Rs. P.
19,53,04,69,593.19	1.	Opening Balance as on 01-04-2015	21,38,08,30,275.16
30,03,41,245.22	2.	Administrative Charges received from the employers during the year	1,06,93,95,202.53
86,47,570.27	3.	Inspection Charges received	1,77,92,684.85
90,86,525.25	4.	Penal Damages	85,86,612.54
0.00	5.	Amount received from Govt. towards cost of Administration of the fund for the year 2014-15	0.00
1,71,07,87,356.10	6.	a) Interest received in investment from Administration A/c.	1,58,23,82,799.00
3,23,349.01		b) Interest on S.B. A/c.	2,34,062.05
0.00		c) Interest on Advances	0.00
	7.	Other receipts :	
24,721.00		Account No. 22	41.93
0.00		Account No. 24	0.00
21,55,96,80,360.04		**TOTAL**	**24,05,92,21,678.06**

INSURANCE SCHEME - 1976
FOR THE YEAR 2015-2016
Account)

Previous year	S. No.	Payments		Amount
Rs. P.				Rs. P.
	1.	Payment on Administration :		
Rs. P.	(a)	Revenue Expenditure :	Rs. P.	
8,27,52,526.26		1. Salaries	8,71,78,056.31	
1,92,58,163.16		2. Allowance & Honoraria	1,99,20,462.40	
19,76,559.94		3. T.A. & L.T.C.	16,02,230.28	
2,65,41,389.91		4. (a) Pension/Gratuity (Staff)	2,96,27,721.33	
0.00		4. (b) Amount transferred to Pension-cum-Gratuity Fund	2,06,81,401.63	
19,029.42		5. Staff Provident Fund DLI Benefits	21,408.86	
4,40,09,298.44		6. Other charges (Recurring and non-recurring)	4,76,22,122.92	
5,62,769.17		7. Grants	55,694.72	
14,82,829.61		8. Maintenance and repairs of office buildings etc.	15,13,189.79	
17,66,02,565.91		TOTAL	20,82,22,288.24	20,82,22,288.24
	(b)	Capital Expenditure :		
21,53,206.57		Construction of office building/ staff quarters etc.		7,02,961.00
	2.	Other payments :		
94,312.40		Account No. 22		1,14,926.00
0.00		Account No. 24		3,693.21
21,38,08,30,275.16	3.	Closing Balance as on 31-03-2016		23,85,01,77,809.61
21,55,96,80,360.04		**TOTAL**		**24,05,92,21,678.06**

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Balance as at 31st March Previous year	S. No.	Liabilities	Sch. No.	Amount
Rs. P.				Rs. P.
1,57,32,27,29,237.63	1.	Employees' Deposit Linked Insurance Fund A/c.		1,81,19,28,74,510.16
21,38,08,30,275.16	2.	Employees' Deposit Linked Insurance Fund Adm. A/c.		23,85,01,77,809.61
19,78,21,947.49	3.	Sundry Credits	I	19,77,70,108.04
1,78,90,13,81,460.28		TOTAL		2,05,24,08,22;427.81

Balance as at 31st March Previous year	S. No.	Assets	Sch. No.	Amount
Rs. P.				Rs. P.
	1.	Investment Account :		
	a)	Employees' Deposit Linked Insurance Fund Account :		
81,99,73,09,875.47		(i) Investment in securities	II	99,65,08,70,653.10
75,11,39,14,794.14		(ii) Deposit in Public Account	III	81,49,86,14,794.14
	b)	Employees' Deposit Linked Insurance Adm. Fund Account :		
21,42,70,38,309.19		(i) Amount invested in Term Deposits	IV	23,75,15,71,108.19
-6,77,55,772.48		(ii) Amount due from EPF Adm. A/c.	V	7,54,18,978.28
17,09,26,569.70	2.	Cash Balance	VI	95,70,689.36
11,61,26,724.87	3.	Remittance in transit	VII	11,34,60,824.18
14,38,20,959.39	4.	Sundry Debits	VIII	14,13,15,380.56
1,78,90,13,81,460.28		**TOTAL**		**2,05,24,08,22,427.81**

Previous Year		Foot Note	Current Year
Rs. 5,421.26 Lakh	1.	EDLI contribution due from employers as on 31.03.2016	Rs. 8,745.33 Lakh
Rs. 274.56 Lakh	2.	EDLI Adm. and Inspection Charges due from employers as on 31-03-2016	Rs. 384.98 Lakh
Rs. 5,841.70 Lakh	3.	Penal damages due on EDLI Contb., Adm. & Inspection Charges as on 31-03-2016	Rs. 6,846.11 Lakh
	4.	The investment in securities are shown in Balance Sheet at cost price after amortisation.	
	5.	The accounts have been compiled on actual basis.	

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2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. I	
	Sundry Credits :		
3,57,06,833.63	1.	Excess credit in A/c No. 21	3,81,50,852.83
9,66,58,322.21	2.	Excess credit in A/c No. 25	9,60,91,369.21
13,44,061.55	3.	Excess credit in R.B.I. A/c	13,44,061.55
1,36,37,909.02	4.	Excess credit in A/c No. 22	1,38,07,951.06
5,04,74,821.08	5.	Excess credit in A/c No. 24	4,83,75,873.39
0.00	6.	Excess credits in EDLI Investment A/c	0.00
19,78,21,947.49		**Balance as on 31st March**	**19,77,70,108.04**
		SCHEDULE No. II	
	A. Investment in Securities :		
67,76,40,88,502.88		Balance as per last Balance Sheet	81,99,73,09,875.47
	Add :		
17,47,16,35,372.59		Amount invested centrally (Cost Price)	23,67,34,40,742.63
85,23,57,23,875.47		**Total**	**1,05,67,07,50,618.10**
	Less :		
3,23,84,14,000.00		Securities redeemed during the year	6,01,98,79,965.00
81,99,73,09,875.47		**Balance**	**99,65,08,70,653.10**
	B. Securities transferred by Regions :		
0.00		Balance as per last Balance Sheet (Accepted Value)	0.00
	Add :		
0.00	1.	Securities received (Accepted Value)	0.00
0.00	2.	Other adjustments	0.00
0.00		**Total**	**0.00**
	Less :		
0.00		Securities returned to Establishments (Accepted Value)	0.00
0.00		**Balance B**	**0.00**
81,99,73,09,875.47		**Balance as on 31st March (A+B)**	**99,65,08,70,653.10**

2014-2015 Rs. P.			2015-2016 Rs. P.

SCHEDULE No. III

Amount deposited in Public A/c :

2014-2015 Rs. P.			2015-2016 Rs. P.
69,22,94,14,794.14		Balance as per last Balance Sheet	75,11,39,14,794.14
0.00	1.	Deposits made during the year	0.00
0.00	2.	Govt. share of contribution	0.00
0.00	3.	Govt. share arrears	0.00
5,88,45,00,000.00	4.	Interest on balance in Public Account	6,38,47,00,000.00
75,11,39,14,794.14		**Balance as on 31st March**	**81,49,86,14,794.14**

SCHEDULE No. IV

Amount Invested :

2014-2015 Rs. P.			2015-2016 Rs. P.
19,66,42,50,953.09		Balance as per last Balance Sheet	21,42,70,38,309.19
	Add :		
5,20,00,000.00	1.	Amount deposited during the year	74,21,50,000.00
1,71,07,87,356.10	2.	Interest on SDA during the year	1,58,23,82,799.00
21,42,70,38,309.19		Total	**23,75,15,71,108.19**
	Less :		
0.00		Amount redeemed during the year	0.00
21,42,70,38,309.19		**Balance as on 31st March**	**23,75,15,71,108.19**

2014-2015 Rs. P.			2015-2016 Rs. P.
		SCHEDULE No. V	
		Amount due from E.P.F. Administration A/c :	
		A. Transaction in A/c No.24 :	
-15,81,79,718.87		Balance as per last Balance Sheet	-6,77,55,772.48
	Add :		
26,91,79,718.87		During the year	35,21,00,000.00
	Less :		
0.00		Amount received back	0.00
11,10,00,000.00		**Balance as on 31st March**	**28,43,44,227.52**
		B. Transaction in regard to A/c No.22 :	
-17,87,55,772.48		Amount transferred to E.P.F. Account No.2 (Administration Expenses Share)	-20,89,25,249.24
-6,77,55,772.48		**Balance as on 31st March (A+B)**	**7,54,18,978.28**
		SCHEDULE No. VI	
		Cash Book Balance :	
-14,49,65,558.40	1.	Account No. 21	-10,72,41,124.12
1,53,83,956.58	2.	Account No. 25	1,24,16,707.43
-12,23,933.76	3.	Account No. 22	-10,92,350.15
27,74,472.41	4.	Account No. 24	30,48,488.00
29,89,57,632.87	5.	Balance with SBI	10,24,38,968.20
17,09,26,569.70		**Balance as on 31st March**	**95,70,689.36**
		SCHEDULE No. VII	
		Remittance in Transit :	
9,95,95,527.65	1.	From A/c No. 21 to 25	9,74,96,579.96
5,32,224.15	2.	From Bank to A/c No. 25	5,32,224.15
1,59,98,973.07	3.	From A/c No. 22 to 24	1,54,32,020.07
11,61,26,724.87		**Balance as on 31st March**	**11,34,60,824.18**
		SCHEDULE No. VIII	
		Sundry Debits :	
7,54,90,668.91	1.	Account No. 21	7,31,12,708.24
1,65,96,388.50	2.	Account No. 25	1,65,96,337.50
1,03,60,966.48	3.	Account No. 22	1,02,33,399.32
1,18,32,348.32	4.	Account No. 24	1,18,32,348.32
1,66,08,121.04	5.	Excess accounted for by R:Os as transfer from A/c.22 to 24 & vice-versa	1,66,08,121.04
1,29,32,466.14	6.	Excess accounted for by R.Os as transfer from A/c.21 to 25 & vice-versa	1,29,32,466.14
14,38,20,959.39		**Balance as on 31st March**	**14,13,15,380.56**

DISCLOSURE STATEMENT.

I. ADOPTION OF COMMON FORMAT OF ACCOUNTS:

The Ministry of Finance in 2001 had prescribed a Common Format of Accounts to be mandatorily followed by all Central Autonomous Bodies for preparation of its accounts. This Format of Accounts was intended to bring about transparency and uniformity in the accounts of Central Autonomous Bodies. However, EPFO has not yet switched over to Common Format of Accounts. Moreover, the accounts are to be prepared on accrual basis whereas the accounts are currently being prepared on cash basis due to which a large number of transactions of EPFO have remained out of the ambit of accounts e.g. non-depiction of fixed assets (except land & building). The non-adoption of Common Format of Accounts have repeatedly been highlighted in the CAG of India's report on Consolidated Annual Accounts.

A draft Format of Accounts has now been prepared on the basis of the Common Format of Accounts prescribed by Ministry of Finance, Government of India. A few changes have been carried out in accordance with the activities being carried out by the EPFO. Similarly, draft accounting policies to be followed by EPFO to switch over to accrual system of accounting from the current cash based accounting system has also been prepared. The format and the policies have since been approved by Finance, Investment and Audit Committee (FIAC) and the Central Board of Trustees. The format of accounts shall, thereafter, be notified by the Ministry of Labour & Employment in consultation with the CAG of India.

II. INTEREST ACCOUNT:

EPFO has developed new software to credit interest annually of its subscribers. The Annual Accounts for the year 2014-15 was updated on 1st of April, 2015. As on 31st March, 2016 only 2,46,228 accounts were pending to be updated on account of technical glitches in the system.

III. SUNDRY CREDITS:

National Pension System was implemented from the financial year 2013-14 in the EPFO. The amount towards NPS deducted from the pay in respect of officials appointed on or after 01.01.2004 was 32.52 crore as on 31st March, 2013 which was reduced to Rs. 15.29 crore as on 31st March 2014, Rs.3.13 crore as on 31st March, 2015 and further reduced to Rs.2.62 crore as on 31st March, 2016. This amount is likely to be liquidated in the current financial year.

IV. ANNUAL VALUATION:

As per paragraph 32 of Employees' Pension Scheme, 1995, the annual valuation of Employees' Pension Fund has been done by a Valuer as on 31st March, 2015. The report has been sent for consideration of the Central Government.

V. REFUND OF TDS:

A sum of TDS of Rs. 8.37 crore had been erroneously deducted and deposited in the Income Tax Department during 1997-1998 to 2005-2006. The issue has been taken up with the Chairman, Central Board of Direct Taxes.

VI. LAND & BUILDING:

On adoption of Common Format of Accounts, the expenditure incurred on Land & Building will also be treated in accordance with the relevant Accounting Standard.

VII. NO. OF INOPERATIVE ACCOUNTS:

As on 31st March, 2016, a sum of Rs. 40,865.14 crores have been classified as "Inoperative Accounts". The number of such accounts is 9,29,89,648

VIII. REALISABILITY OF ENTIRE INVESTED AMOUNT :

EPFO has yet to realise the entire principal amount of investment and interest thereon in respect of the following establishments shown in the Table. The action taken by EPFO is also been reflected in the table below:

S. No.	Name of establishment	Default Period	Principal & Interest (Rs in Lakhs)	Action taken by EPFO
1.	Uttar Pradesh Financial Corporation	Since 2004	4155.75	UPFC has failed to comply with the order of Hon'ble High Court of U.P. (Lucknow Bench) for payment of the defaulted amount. A contempt petition is being filed in the High Court.
2.	M/s. The Pradeshia Investment Corporation UP Ltd (UP PICUP)	Since 2003	307.72	To recover the interest, a Writ Petition has been filed before Hon'ble High Court of Uttar Pradesh at Allahabad.
3.	M/s Richard &Cruddas (RCL)	Since 2002	338.79	A writ petition is being filed in the High Court to recover the interest.
4.	M/s Bangalare Mahanagar Pallika	Since 2004	130.64	SBI has been asked to pay the interest due to delayed receipt of the maturity amount from the issuer.
5.	M/s. PSIDC	Since 2004	6.69	A claim has been filed to recover the defaulted amount from PSIDC
6.	HMT Machine Tools Ltd BIFR case	Since 1996	185.83	HMT has filed an application before BIFR for stay on recovery proceedings filed in City Civil Court, Bangalore.
	Total		5125.42	

IX. DIFFERENCE BETWEEN THE FIGURES OF INVESTMENT:

The difference in the holding as shown in the Balance Sheet and in the holding held in the investment section is due to the fact that while the holdings are reflected at the cost price after amortisation in the Balance Sheet, they are kept at the face value in the Investment Section. The differential between the cost price after amortisation and the face value would, therefore, depend upon the extent of premium paid/discount availed and to the extent the same has already been amortized. As securities are regularly purchased, the calculation of amortization is a dynamic and ongoing process and is handled through dedicated software for computing the same.

X. STAFF PENSION-CUM-GRATUITY FUND:

As per provision contained in Section 5-D of the EPF & MP Act, 1952 read with Employees Provident Funds (Staff & Conditions of service) Regulations, 1962, the officers and employees of Central Board of Trustees, EPF are eligible for pension-cum-gratuity benefits as applicable to the employees of the Central Government drawing corresponding scales of pay. CCS(Pension) Rules, 1972 are applicable mutatis mutandis to the employees of EPFO.

Staff Pension-cum-Gratuity Fund was created w.e.f.1st April, 1965 to enable the CBT, EPF to adequately discharge its pension and gratuity payments liabilities towards its employees. The fund is fed from the surplus of administrative charges levied on establishments. The CBT, EPF in its 174th meeting held on 23.02.2006 had approved the proposal to increase the contribution to 21% of total emoluments from 12.4% of total emoluments being transferred prior to 23.02.2006 by way of monthly transfer. The CBT, EPF in the said meeting had, iter alia, recommended that Pension-cum-Gratuity Fund may be valued by the actuary on bi-annual basis.

The actuary has submitted its report in November 2015 and the total Projected Benefit Obligation (PBO) is tabulated below:

(Rs. In crores)

(i)	Pension	9809.39
(ii)	Gratuity	750.27
(iii)	Total liabilities (i) + (ii)	10559.66
(iv)	Available balance as on 31.03.2015	2269.68
(v)	Deficit (iii) – (iv)	8289.98

The report of the actuary was accepted by the CBT, EPF and, thereafter, the surplus amount of administrative charges is being transferred in the Staff Pension-cum Gratuity Fund to meet out the requirement of the Fund. An amount of Rs.204.75 crore has been transferred in the Staff Pension-cum Gratuity Fund.

XI. IRREGULAR PAYMENTS, OVERPAYMENTS AND MINUS BALANCES:

As on 31.03.2016, a sum of Rs. 5.98 crore and Rs. 5.19 crore were the closing balance under the heads "Irregular Payment" and "Overpayments" respectively. During 2015-16 an amount of Rs.0.05 crore has been recovered in respect of Irregular Payments and Rs.1.39 crore has been recovered in cases of Overpayments. After detection of over payments or irregular payments, the loss is made good by officials responsible for the same. These payments are properly accounted for and monitored by a duly constituted Over Payment Review Committee headed by Regional P.F. Commissioners. The field offices have also filed civil suits/criminal proceedings against the employees of the organisation as well as outsiders involved in such cases. Moreover, the Internal Audit Parties have been suitably directed to take up the issue relating to overpayments & irregular payments during the audit of the field offices."

As on February 2014, 11,13,903 subscribers accounts were indicating minus balances of Rs. 1,013.29 crore which after recovery reduced to 3,65,814 accounts and Rs. 330.87 crore as on June 2014 pertaining to the field offices. As on 31.03.2016, the minus balance further reduced to Rs.193.46 crore in 2,39,739 accounts.

The work of reconciliation of negative balances has been taken up by EPFO. A comprehensive effort for investigating the reasons for minus balances was initiated on an all India level. It was found that negative balance more often than not were because of accounting errors/software errors. However, in a few cases negative balance is due to overpayment. Overpayment Committee has been entrusted with the work of identifying the reasons for such minus balances. In case of any of the minus balances due to negligence on the part of any of the officials, the committee recommends recovery of the actual amount from the concerned official.

Sd/-
(Meenakshi Gupta)
Financial Advisor &
Chief Accounts Officer

Sd/-
(V.P. Joy)
Central P.F. Commissioner

Consolidated Annual Accounts (Common Format) for the year 2015-2016

EMPLOYEES' PROVIDENT FUND ORGANISATION

CONSOLIDATED BALANCE SHEET AS AT 31-03-2016

Amount-Rs.

	Schedule	Current Year	Previous Year
CAPITAL FUND AND LIABILITIES			
Employees' Provident Fund Scheme, 1952			
EPF CONTRIBUTION FUND -MEMBERS A/C			
Memebrs Operative A/c	1	36,02,75,59,19,659.11	30,82,66,43,88,832.18
Memebrs Inoperative A/c	2	4,08,65,13,81,748.73	3,55,31,39,44,807.18
RESERVES AND SURPLUS			
Special Reserve Fund	3	2,92,06,22,776.30	2,68,43,96,578.40
Interest A/c - EPF Contribution Fund	4	2,09,42,62,87,218.58	3,37,70,09,15,781.07
Investment Fluctuation Account		2,70,07,98,358.13	2,70,07,98,358.13
CURRENT LIABILITIES AND PROVISIONS	5	3,57,43,96,82,024.45	9,59,70,55,260.27
SUB -TOTAL - EPF CONTRIBUTION FUND		45,83,89,46,91,785.30	37,90,66,14,99,617.23
Employees' Pension Scheme, 1995			
EPS CONTRIBUTION FUND	6	28,94,64,23,01,542.46	23,91,77,43,31,756.78
CURRENT LIABILITIES AND PROVISIONS			
Sundry Credits	7	8,19,41,24,103.07	7,55,84,11,547.08
SUB -TOTAL - PENSION FUND		29,02,83,64,25,645.53	23,99,33,27,43,303.86
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI CONTRIBUTION FUND	8	1,83,82,22,47,814.35	1,57,32,27,29,237.63
CURRENT LIABILITIES AND PROVISIONS			
Sundry Credits	9	27,21,36,928.70	30,79,84,296.78
SUB -TOTAL -EDLI CONTRIBUTION FUND		1,84,09,43,84,743.05	1,57,63,07,13,534.41
Employees' Provident Fund Scheme, 1952			
EPF - ADMINISTRATION FUND	10	1,89,39,35,35,485.33	1,61,35,24,25,199.64
RESERVES AND SURPLUS			
Staff Provident Fund- Interest A/c	11	1,47,83,55,239.14	94,44,50,172.52
EARMARKED/ ENDOWMENT FUNDS			
Building Construction Fund	12	8,87,25,41,897.04	8,87,25,41,897.04
Staff Provident Fund A/c	13	9,58,03,52,720.80	8,85,35,27,535.80
Staff Pension-cum-Gratuity A/c	14	27,44,51,67,053.81	22,69,67,74,430.83
CURRENT LIABILITIES AND PROVISIONS	15	1,24,50,96,766.52	63,69,82,445.87
SUB -TOTAL - EPF ADMINISTRATION FUND		2,38,01,50,49,162.64	2,03,35,67,01,681.70
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI ADMINISTRATION FUND	16	23,84,85,15,191.52	21,38,08,30,275.16
CURRENT LIABILITIES AND PROVISIONS	17	6,32,76,174.60	13,30,92,436.34
SUB -TOTAL -EDLI ADMINISTRATION FUND		23,91,17,91,366.12	21,51,39,22,711.50
GRAND TOTAL		79,32,75,23,42,702.64	65,72,49,55,80,848.70

EMPLOYEES' PROVIDENT FUND ORGANISATION			
CONSOLIDATED BALANCE SHEET AS AT 31-03-2016			
			Amount-Rs.
	Schedule	Current Year	Previous Year
ASSETS			
Employees' Provident Fund Scheme, 1952			
EPF CONTRIBUTION FUND - INVESTMENTS	18	44,81,43,79,37,671.00	37,87,29,92,76,240.33
CURRENT ASSETS, LOANS, ADVANCES ETC.	19	1,02,45,67,54,114.30	3,36,22,23,376.90
SUB -TOTAL - EPF CONTRIBUTION FUND		45,83,89,46,91,785.30	37,90,66,14,99,617.23
Employees' Pension Scheme, 1995			
EPS CONTRIBUTION FUND - INVESTMENTS	20	28,03,61,40,31,708.42	23,97,33,29,24,891.33
CURRENT ASSETS, LOANS & ADVANCES ETC.	21	99,22,23,93,937.11	1,99,98,18,412.53
SUB -TOTAL - PENSION FUND		29,02,83,64,25,645.53	23,99,33,27,43,303.86
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI CONTRIBUTION FUND -INVESTMENTS	22	1,81,14,94,85,447.24	1,57,11,12,24,669.61
CURRENT ASSETS, LOANS & ADVANCES ETC.	23	2,94,48,99,295.81	51,94,88,864.80
SUB -TOTAL -EDLI CONTRIBUTION FUND		1,84,09,43,84,743.05	1,57,63,07,13,534.41
Employees' Provident Fund Scheme, 1952			
FIXED ASSETS	24	4,28,98,06,421.01	4,48,53,40,582.21
CAPITAL WORK IN PROGRESS - ADVANCES PAID FOR LAND & BUILDING		7,53,56,16,688.53	5,63,44,12,615.50
EPF ADMINISTRATION FUND -INVESTMENTS	25	1,84,69,81,41,426.98	1,56,36,97,50,648.72
STAFF PROVIDENT FUND - INVESTEMENTS	26	12,75,25,70,282.52	11,44,90,63,887.17
PENSION CUM GRATUITY FUND - INVESTMNETS	27	26,74,15,42,312.02	22,64,40,94,413.57
CURRENT ASSETS, LOANS & ADVANCES ETC.	28	1,99,73,72,031.58	2,77,40,39,534.53
SUB -TOTAL - EPF ADMINISTRATION FUND		2,38,01,50,49,162.64	2,03,35,67,01,681.70
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI ADMINISTRATION FUND -INVESTMENTS	29	23,75,15,71,108.19	21,42,70,38,309.19
CURRENT ASSETS, LOANS & ADVANCES ETC.	30	16,02,20,257.93	8,68,84,402.31
SUB -TOTAL -EDLI ADMINISTRATION FUND		23,91,17,91,366.12	21,51,39,22,711.50
GRAND TOTAL		79,32,75,23,42,702.64	65,72,49,55,80,848.70

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

SCHEDULES

Liabilities

Employees' Provident Fund Scheme, 1952

		Current Year	Previous Year
SCHEDULE No. 1			
EPF CONTRIBUTION FUND -MEMBERS OPERATIVE A/C			
	Opening Balance	30,82,66,43,88,832.18	26,76,46,23,95,215.51
Add :			
1.	Contribution (including refund of withdrawal / loans and transferred securities) received	7,00,72,14,47,437.71	6,00,81,01,33,481.55
2.	Contributions received by way of transferred securities (H.Q. Office contra.)	1,64,02,22,278.74	1,21,13,22,672.96
3.	Interest credited to members Account	2,32,97,46,70,468.25	2,46,76,94,38,312.93
4	Tranferred from Inoperative A/c during the year	0.00	0.00
5	Other Receipts	63,76,43,20,762.64	48,64,21,09,403.80
	Total	40,81,76,50,49,779.52	35,73,89,53,99,086.75
Less :			
1.	Payment made during the year to outgoing members on final settlement	2,36,92,22,54,452.85	2,36,04,88,49,105.33
2.	Premia paid on members life insurance policy	16,69,75,111.00	21,82,66,800.00
3.	Withdrawals / Loan paid during the year to the members	63,22,29,35,560.00	51,18,78,71,904.00
4.	Transferred to Inoperative A/c during the year	1,11,60,63,49,709.55	1,45,73,86,43,794.24
5.	Miscellaneous payment amount of securities transferred back to exempted establishments	67,09,06,15,287.01	58,03,73,78,651.00
	Total	4,79,00,91,30,120.41	4,91,23,10,10,254.57
	Balance as on 31st March	36,02,75,59,19,659.11	30,82,66,43,88,832.18
SCHEDULE No. -2			
EPF CONTRIBUTION FUND -MEMBERS INOPERATIVE A/C			
	Opening Balance	3,55,31,39,44,807.18	2,74,48,54,03,529.94
Add :			
1.	Amount transferred from Operative A/c during the year	1,11,60,63,49,709.55	1,45,73,86,43,794.24
2	Interest credited to members Account	0.00	0.00
	Total	4,66,92,02,94,516.73	4,20,22,40,47,324.18
Less :			
1	Amount transferred to Operative Memebrs A/c during the year	0.00	0.00
2	Payment made during the year to memebers on settlement	58,26,89,12,768.00	64,91,01,02,517.00
	Total	58,26,89,12,768.00	64,91,01,02,517.00
	Balance as on 31st March	4,08,65,13,81,748.73	3,55,31,39,44,807.18
SCHEDULE No. -3			
Special Reserve Fund :			
	Balance as per last Balance Sheet	2,68,43,96,578.40	2,46,84,12,598.07
Add :			
1.	Amount recovered from Employers	0.00	0.00
2.	Interest on S.R.F. Account	23,62,26,898.90	21,59,86,102.33
	Total	2,92,06,23,477.30	2,68,43,98,700.40
Less :			
1.	Amount paid from Special Reserve Fund	701.00	2,122.00
2.	Amount transferred to Death Relief Fund	0.00	0.00
	Total	701.00	2,122.00
	Balance as on 31st March	2,92,06,22,776.30	2,68,43,96,578.40
SCHEDULE No. 4			
Interest A/c - EPF Contribution Fund			
	Opening Balance	3,37,70,09,15,781.07	2,79,40,60,43,304.21
Add :			
1.	Excess of Income over Expenditure carried forward from Income & Expenditure A/c of EPF Contribution Fund	-1,28,27,46,28,562.49	58,29,48,72,476.86
	Balance as on 31st March	2,09,42,62,87,218.58	3,37,70,09,15,781.07

SCHEDULE No. 5 (Current Liabilities and Provision)			
I - CURRENT LIABILITIES			
1	TDS Payable-dedcuted on claim settlements	13,90,15,212.00	-
2	Sundry Credits :		
	A. Regional :		
a	Suspense Account (Unclassified) (EPF)	58,02,65,204.03	71,60,71,085.30
b	Irregular payments	5,97,82,573.22	5,93,74,974.22
c	Over Payments	5,18,58,289.17	4,23,49,598.49
	B. Central :		
a	Amount credited to Account No. 1 (EPF Contribution A/c - Regional) but not debited to A/c No. 5 (EPF Contribution A/c - Central)	12,13,13,339.00	12,13,13,339.00
b	Excess credits to Account No. 5 (EPF Contribution A/c - Central)	1,14,45,90,753.99	1,29,90,64,761.09
c	Excess credits in EPF investment A/c	0.00	0.00
3	Cash Book Balance		
	State Bank of India (Over Draft)		
	Account No. 1 (EPF Contribution A/c - Regional)	9,97,19,24,319.62	6,87,28,05,588.45
	Account No. 5 (EPF Contribution A/c -Central)	3,66,52,32,333.42	48,60,75,913.72
4	Others	0.00	0.00
	Total	15,73,39,82,024.45	9,59,70,55,260.27
II - PROVISIONS			
a	Provision for Interest payable on Members PF A/c for the FY 2015-16	3,41,70,57,00,000.00	0.00
b	Provision for Interest payable on Members PF A/c for the earlier years	0.00	0.00
	Total	3,41,70,57,00,000.00	0.00
	Balance as on 31st March	3,57,43,96,82,024.45	9,59,70,55,260.27
	Employees' Pension Scheme, 1995		
SCHEDULE No. 6			
EPS Contribution Fund			
	Opening Balance	23,91,77,43,31,756.78	20,83,72,05,57,596.23
Add :	Excess of Income over Expenditure carried forward from Income & Expenditure A/c of EPS Contribution Fund	5,02,86,79,69,785.68	3,08,05,37,74,160.55
	Balance as on 31st March	28,94,64,23,01,542.46	23,91,77,43,31,756.78
SCHEDULE No. 7 -CURRENT LIABILITIES & PROVISIONS			
	Sundry Credits :		
1.	Account No. 10 (EPS Contribution A/c - Regional)	33,90,28,322.86	32,04,35,070.69
2.	Account No. 11 (EPS Contribution A/c -Central)	61,61,30,678.84	61,61,30,678.84
3.	Excess credits in EPS Investment A/c	0.00	0.00
	Cash Book Balance		
4.	State Bank of India (Over Draft)		
	Account No. 10 (EPS Contribution A/c - Regional)	2,57,07,62,100.58	2,16,53,78,619.36
	Account No. 11 (EPS Contribution A/c -Central)	4,66,82,03,000.79	4,45,64,67,178.19
5.	Others	0.00	0.00
	Balance as on 31st March :	8,19,41,24,103.07	7,55,84,11,547.08
	Employees' Deposit Linked Insurance Scheme, 1976		
SCHEDULE No. 8			
	EDLI Contribution Fund		
	Opening Balance	1,57,32,27,29,237.63	1,37,39,25,50,794.98
Add :	Excess of Income over Expenditure carried forward from Income & Expenditure A/c of EDLI Contribution Fund	26,49,95,18,576.72	19,93,01,78,442.65
	Balance as on 31st March	1,83,82,22,47,814.35	1,57,32,27,29,237.63
SCHEDULE No. 9- CURRENT LIABILITIES & PROVISIONS			
Sundry Credits :			
1.	Excess credit in A/c No. 21 (EDLI Contribution A/c - Regional)	3,81,50,852.83	3,57,06,833.63
2.	Excess credit in A/c No. 25 (EDLI Contribution A/c -Central)	9,60,91,369.21	9,66,58,322.21
3.	Excess credit in R.B.I. A/c	13,44,061.55	13,44,061.55
4	Excess credits in EDLI Investment A/c	0.00	0.00
5	Amount payable to EDLI Adm. A/c	2,93,09,520.99	2,93,09,520.99
6	Cash Book Balance		
	State Bank of India (Over Draft)		
	A/c No. 21 (EDLI Contribution A/c - Regional)	10,72,41,124.12	14,49,65,558.40
	A/c No. 25 (EDLI Contribution A/c -Central)	0.00	0.00
	Balance with SBI	0.00	0.00
7	Others	0.00	0.00
	Balance as on 31st March	27,21,36,928.70	30,79,84,296.78

	Employees' Provident Fund Scheme, 1952 - Administration Fund		
SCHEDULE No. 10			
EPF - ADMINISTRATION FUND			
	Opening Balance	1,61,35,24,25,199.64	1,29,95,01,46,126.32
Add :			
1.	Amount adjusted by the Regional Offices	94,32,295.63	1,18,29,729.57
2.	Excess of Income over Expenditure during the year transferred from Income & Expenditure A/c of EPF Administration Fund	28,08,90,60,187.02	31,39,94,33,142.19
3.	Others	0.00	0.00
	Total	1,89,45,09,17,682.29	1,61,36,14,08,998.08
Less			
1.	Amount adjusted by the Regional Offices	5,73,82,196.96	89,83,798.44
2.	Excess of Expenditure over Income during the year transferred from Income & Expenditure A/c of EPF Administration Fund	0.00	0.00
3.	Others	0.00	0.00
	Total	5,73,82,196.96	89,83,798.44
	Balance as on 31st March	1,89,39,35,35,485.33	1,61,35,24,25,199.64
			0.00
SCHEDULE No. 11			
Staff Provident Fund Interest Account:			
	Opening Balance	94,44,50,172.52	77,79,82,216.18
Add :			
1.	Interest realised on investment of securities	1,01,12,29,891.46	92,10,83,088.86
2	Interest accrued but not due on investments	32,38,48,986.05	0.00
3	Interest due but not received on Investments	0.00	0.00
4	Interest on S.B. Account	37,949.00	35,481.00
	Total	2,27,95,66,999.03	1,69,91,00,786.04
Less :			
1.	Interest credited to members account	79,20,61,485.00	74,46,80,967.00
2.	Accrued interest paid to vendors on purchase of investment	91,50,274.89	99,69,646.52
	Total	80,12,11,759.89	75,46,50,613.52
	Balance as on 31st March	1,47,83,55,239.14	94,44,50,172.52
SCHEDULE No. 12			
Building Construction Fund :			
	Opening Balance	8,87,25,41,897.04	8,87,25,41,897.04
Add :			
1.	Provision made during the year	0.00	0.00
2	Interest credited to the Fund	0.00	0.00
	Balance as on 31st March	8,87,25,41,897.04	8,87,25,41,897.04
SCHEDULE No. 13			
A. Staff Provident Fund :			
	Opening Balance	8,81,47,18,935.93	8,18,52,53,157.93
Add :			
1.	Contribution (including refund of withdrawal)	2,62,48,71,432.00	2,60,46,36,956.00
2.	Interest credited to member's account	79,20,61,485.00	74,46,80,967.00
3.	Other receipts	0.00	0.00
	Total	12,23,16,51,852.93	11,53,45,71,080.93
Less :			
1.	Payment made during the year to outgoing members on final settlement	1,72,34,90,626.00	1,71,74,14,359.00
2.	Premia paid on members life insurance policy	0.00	0.00
3.	Loan paid during the year to members	36,15,44,303.00	38,62,27,717.00
4.	Other Payments (Transfer to other Regions)	62,39,84,634.00	61,62,10,069.00
	Total	2,70,90,19,563.00	2,71,98,52,145.00
	Balance as on 31st March	9,52,26,32,289.93	8,81,47,18,935.93
B. S.P.F. A/c transferred from other Regions :			
	Opening Balance	3,88,08,599.87	4,26,05,964.87
Add :	Amount transferred out to the Regions	62,39,84,634.00	61,62,10,069.00
	Total	66,27,93,233.87	65,88,16,033.87
Less :	Amount received from other Regions	60,50,72,803.00	62,00,07,434.00
	Balance as on 31st March	5,77,20,430.87	3,88,08,599.87
	Total (A+B)	9,58,03,52,720.80	8,85,35,27,535.80

SCHEDULE No. 14			
Staff Pension-cum-Gratuity Fund			
	Opening Balance	22,69,67,74,430.83	20,84,78,64,971.53
Add :			
1.	Amount transferred from Account No. 4 (EPF Administartive Charges A/c - Central)	2,06,81,40,163.11	22,735.00
2.	Interest realised on S.B. Account	0.00	0.00
3.	Interest realised on Securities during the year	2,01,33,54,918.09	1,86,25,73,386.75
4	Interest accrued but not due on Investments	69,90,20,449.73	0.00
5	Interest due but not received on Investments	0.00	0.00
6	Amount paid by the Regions from A/c No.2 (EPF Administratrive Charges A/c - Regional)	2,93,31,44,411.60	2,62,75,97,601.39
	Total	30,41,04,34,373.36	25,33,80,58,694.67
Less :			
1.	Payment made by the Regions	2,93,31,44,411.60	2,62,75,97,601.39
2.	Accrued Interest paid to vendors on purchase of investments during the year	3,21,22,907.95	1,36,86,662.45
	Total	2,96,52,67,319.55	2,64,12,84,263.84
	Balance as on 31st March	27,44,51,67,053.81	22,69,67,74,430.83
SCHEDULE No. 15 - CURRENT LIABILITIES & PROVISIONS			
I -CURRENT LIABILITIES			
1	New Pension Scheme Contribution Payable	2,62,16,607.50	3,13,08,123.50
2	Provision for Board's Share towards N.P.S. Payable	2,62,16,607.50	0.00
3	Security Deposit Refundable	1,30,36,316.46	1,13,21,208.46
4	Group Insurance Scheme (New)	21,35,805.02	18,30,371.02
5	Sundry Credits :		
	A. Regional :		
a	Suspense Account (Admn. Fund)	58,93,43,134.24	49,03,23,096.45
	B. Central :		
a	Excess credits to Account No. 8 (Staff Provident Fund A/c)	3,22,23,432.88	3,21,84,534.88
b	Excess credits to Account No. 9 (Staff Pension Cum Gratuity A/c)	8,29,780.00	8,29,780.00
c	Advance from Govt. towards Disabilities Scheme	0.00	0.00
d	Amount payable to EPF Contribution A/c	6,91,85,331.56	6,91,85,331.56
6	Cash Book Balance		
	State Bank of India : (Over Draft)		
	EPF A/c No. 2 (EPF Administrative Charges A/c - Regional)	18,82,69,892.77	0.00
	EPF A/c No. 4 (EPF Administrative Charges A/c - Central)	18,91,80,650.96	0.00
	Account No. 8 (Staff Provident Fund A/c)	0.00	0.00
	Account No. 9 (Staff Pension Cum Gratuity A/c)	0.00	0.00
	Head Office	3,17,87,254.44	0.00
	PDUNASS	29,15,593.00	0.00
	EPF Appellate Tribunal	0.00	0.00
7	Propotionate (1%) of Total Administration Cost Excess received from A/c No- 24 (EDLI Administrative Charges A/c -Central)	7,37,56,360.19	0.00
8	Others	0.00	0.00
	Total	1,24,50,96,766.52	63,69,82,445.87
II - PROVISIONS			
a	Provisiosn for amount transferable to A/c 9 (Staff Pension Cum Gratuity Fund)	0.00	0.00
b	Provision for Rent, Rates & Taxes payable	0.00	0.00
c	Other Expenses Payable	0.00	0.00
	Total	0.00	0.00
	Balance as on 31st March	1,24,50,96,766.52	63,69,82,445.87
	EDLI Scheme, 1976 - Administration Fund		
SCHEDULE No. 16			
EDLI Administration Fund			
	Opening Balance	21,38,08,30,275.16	19,53,04,69,593.19
Add :			
1.	Excess of Income over Expenditure carried forward from Income & Expenditure A/c of EDLI Administration Fund	2,46,76,84,916.36	1,85,03,60,681.97
	Balance as on 31st March	23,84,85,15,191.52	21,38,08,30,275.16

SCHEDULE No. 17- CURRENT LIABILITIES & PROVISIONS			
a	Sundry Credits :		
1	Excess credit in A/c No. 22 (EDLI Administrative Charges A/c Regional)	1,38,07,951.06	1,36,37,909.02
2	Excess credit in A/c No. 24 (EDLI Administrative Charges - Central)	4,83,75,873.39	5,04,74,821.08
b	Propotionate (1%) of Total Administration Cost transferrable to A/c No.-4 (EPF Administrative Charges A/c -Central)	0	6,77,55,772.48
c	Cash Book Balance : (Over Draft)		
	A/c No. 22 (EDLI Administrative Charges A/c - Regional	1092350.15	1223933.76
	A/c No. 24 (EDLI Administrative Charges A/c - Central	0	0
d	Others	0.00	0.00
	Balance as on 31st March	6,32,76,174.60	13,30,92,436.34
	Employees' Provident Fund Scheme, 1952		
SCHEDULE No. 18			
Employees' Provident Fund -Investments		44,81,43,79,37,671.00	37,87,29,92,76,240.33
SCHEDULE No. 19 (Current Assets, Loans & Advances)			
I - CURRENT ASSETS			
1	Amount in Transit :		
	Account No. 5 (EPF Contribution A/c -Central)	20,06,61,170.43	21,33,43,378.41
2	Cash Book Balance		
	State Bank of India :		
	Account No. 1 (EPF Contribution A/c - Regional)	0.00	0.00
	Account No. 5 (EPF Contribution A/c -Central)	0.00	0.00
	Reserve Bank of India :		
	E.P.F. Investment Account	12,82,82,901.66	80,98,88,066.96
3	Interest on EPF Investment receivable		
	Interest accrued but not due on Investments	97,25,61,13,952.89	0.00
	Interest due but not received on Investments	38,86,92,392.56	0.00
	Interest accrued on FDRs	2,13,46,67,693.97	0.00
4	Sundry Debits :		
a	Suspense Account (Unclassified) :		
	Suspense Account (Unclassified) (EPF)	97,37,81,960.09	86,30,92,577.41
b	Irregular Payments	5,97,82,573.22	5,93,74,974.22
c	Over Payments	5,18,58,269.17	4,23,49,598.49
d	Erroneous Debit to Account Nos. 5, 8 & 9 :		
i	Excess accounted for by R.Os as transfer to A/c No.5 from A/c No.1 and vice-versa	40,80,96,451.70	40,80,96,451.70
ii	Extra debit made to Account No.5 by bank	6,01,47,137.55	6,01,52,001.55
iii	Amount debited to A/c No.5 but not credited to A/c No.1 & vice-versa	3,67,26,624.29	14,88,36,169.39
5	Amount receivable from EPF Admn. A/c	6,91,85,331.56	6,91,85,331.56
6	Others	0.00	0.00
	Total	1,01,76,79,96,479.09	2,67,43,18,549.69
II - LOAN & ADVANCES			
	Special Reserve Fund (Recoverable) :		
	Balance as per last Balance Sheet	68,79,04,827.21	68,51,45,596.21
Add :	Amount paid to Members during the year	8,88,847.00	27,60,536.00
Less :	Amount received from Employers	36,039.00	1,305.00
	Total	68,87,57,635.21	68,79,04,827.21
	Balance as on 31st March	1,02,45,67,54,114.30	3,36,22,23,376.90
	Employees' Pension Scheme, 1995		
SCHEDULE No. 20			
Employees' Pension Fund -Investments		28,03,61,40,31,708.42	23,97,33,29,24,891.33

SCHEDULE No. 21 - CURRENT ASSETS, LOANS & ADVANCES			
a	Cash Book Balance :		
1.	Account No. 10 (EPS Contribution A/c - Regional)	0.00	0.00
2.	Account No. 11 (EPS Contribution A/c -Central)	0.00	0.00
3.	Balance with SBI Mumbai	7,89,59,894.04	20,65,77,609.97
b	Sundry Debits :		
1.	Account No. 10 (EPS Contribution A/c - Regional)	1,19,65,96,392.01	1,24,43,08,063.42
2.	Account No. 11 (EPS Contribution A/c -Central)	6,95,28,578.98	6,95,34,895.98
3.	Excess accounted for by R.Os as transfer from A/c.10 to 11 & vice-versa	20,17,63,057.60	20,17,63,057.60
4.	Amount debited to A/c No.11 but not credited to A/c No.10 & vice-versa	6,27,45,924.88	6,23,75,638.88
c	Remittance in Transit	21,52,00,427.68	21,52,59,146.68
d	Interest on EPS Fund Investment receivable		
	Interest accrued but not due on Investments	47,94,87,54,469.26	0.00
	Interest due but not received on Investments	0.00	0.00
	Interest accrued on FDRs	2,92,95,45,192.66	0.00
	Interest receivable on Public Account	0.00	0.00
e	Pension contribution receivable from Central Govt.	46,51,93,00,000.00	0.00
f	Others	0.00	0.00
	Balance as on 31st March	99,22,23,93,937.11	1,99,98,18,412.53
Employees' Deposit Llinked Insurance Scheme, 1976			
SCHEDULE No. 22			
EDLI CONTRIBUTION FUND -INVESTMENTS		1,81,14,94,85,447.24	1,57,11,12,24,669.61
SCHEDULE No. 23 - CURRENT ASSETS, LOANS & ADVANCES			
a	Cash Book Balance :		
1.	A/c No. 21 (EDLI Contribution A/c - Regional)	0.00	0.00
2.	A/c No. 25 (EDLI Contribution A/c -Central)	1,24,16,707.43	1,53,83,956.58
3	Balance with SBI	10,24,38,968.20	29,89,57,632.87
b	Remittance in Transit :		
1.	From A/c No. 21 to 25	9,74,96,579.96	9,95,95,527.65
2.	From Bank to A/c No. 25	5,32,224.15	5,32,224.15
c	Sundry Debits :		
1.	A/c No. 21 (EDLI Contribution A/c - Regional)	7,31,12,708.24	7,54,90,668.91
2.	A/c No. 25 (EDLI Contribution A/c -Central)	1,65,96,337.50	1,65,96,388.50
3	Excess accounted for by R.Os as transfer from A/c.21 to 25 & vice-versa	1,29,32,466.14	1,29,32,466.14
d	Interest on EDLI Fund Investment receivable		
	Interest accrued but not due on Investments	2,60,82,50,540.88	0.00
	Interest due but not received on Investments	0.00	0.00
	Interest accrued on FDRs	2,11,22,763.31	0.00
	Interest receivable on Public Account	0.00	0.00
f	Others	0.00	0.00
	Balance as on 31st March	2,94,48,99,295.81	51,94,88,864.80
Employees' Provident Fund Scheme, 1952 - Administration Fund			
SCHEDULE No. 24			
FIXED ASSETS		4,28,98,06,421.01	4,48,53,40,582.21
SCHEDULE No. 25			
EPF ADMINISTRATION FUND -INVESTMENTS			
	Special Deposit Account	1,82,59,81,41,426.98	1,56,36,97,50,648.72
	FDRs	2,10,00,00,000.00	0
	Balance as on 31st March	1,84,69,81,41,426.98	1,56,36,97,50,648.72
SCHEDULE No. 26			
EPF STAFF PROVIDENT FUND -INVESTMENTS		12,75,25,70,282.52	11,44,90,63,887.17
SCHEDULE No. 27			
EPF STAFF PENSION CUM GRATUITY FUND -INVESTMENTS		26,74,15,42,312.02	22,64,40,94,413.57

SCHEDULE No. 28 -CURRENT ASSETS, LOANS & ADVANCES			
1	Inventories	0.00	0.00
2	Amount in Transit :		
a	EPF A/c No. 4 (EPF Administrative Charges A/c - Central)	5,18,03,114.18	5,18,03,111.28
b	Account No. 8 (Staff Provident Fund A/c)	1,29,24,625.25	1,22,68,499.25
	Total	6,47,27,739.43	6,40,71,610.53
3	Cash Book Balance		
(A)	State Bank of India :		
a	EPF A/c No. 2 (EPF Administrative Charges A/c - Regional)	0.00	1,56,42,08,382.36
b	EPF A/c No. 4 (EPF Administrative Charges A/c - Central)	0.00	34,04,68,699.93
c	Account No. 8 (Staff Provident Fund A/c)	59,60,267.29	33,23,161.00
d	Account No. 9 (Staff Pension Cum Gratuity A/c)	6,150.77	1.00
e	Head Office	0.00	4,13,01,350.93
f	PDUNASS	0.00	98,61,767.62
g	EPF Appellate Tribunal	31,73,34,187.37	25,33,00,558.37
	Total	32,33,00,605.43	2,21,24,63,921.21
(B)	Reserve Bank of India :		
a	S.P.F. Investment Account	25,09,417.40	3,86,14,717.47
b	Pension-cum-Gratuity Investment A/c	48,95,035.78	5,29,76,910.75
	Total	74,04,453.18	9,15,91,628.22
(C)	Imprest Account	51,369.79	48,469.79
4	Sundry Debits :		
	Suspense Account (Unclassified) :		
a.	Suspense Account (Admn. Fund)	24,11,32,494.56	18,59,03,427.54
5	Erroneous Debit to Account Nos. 8 & 9 :		
a	Excess accounted for by R.Os as transfer to A/c No.8 from A/c No.2 and vice-versa	2,04,38,794.97	2,04,38,794.97
b	Erroneous debit made to A/c No.8 (Staff Provident Fund A/c)	1,78,339.00	1,78,339.00
c	Erroneous debit made to A/c No.9 (Staff Pension cum Gratuity	0.00	0.00
	Total	2,06,17,133.97	2,06,17,133.97
6	Recoverable Advances (Staff)		
a	Conveyance advance	2,07,10,213.34	2,49,25,209.50
b	House Building advance	3,90,49,687.59	5,51,60,318.26
c	Fan advance	91,503.10	2,76,003.10
d	Warm Clothing advance	39,034.75	5,284.75
e	Festival advance	2,52,70,735.30	2,30,68,753.30
f	Natural Calamity advance	17,60,046.00	12,78,434.00
g	Advance of Pay	39,14,542.00	36,26,930.00
h	Advance of DA/TA	1,78,41,901.34	1,55,47,127.34
i	Food grain advance	1,216.75	1,216.75
j	Advance to Staff Co-operative Canteen/Stores	16,54,864.00	2,84,765.00
k	Computer Advance	3,62,54,323.85	4,49,72,633.85
l	Unorganised Workers Social Security Scheme	0.00	0.00
m	Miscellaneous Payments	42,03,811.22	11,12,632.22
	TOTAL	15,07,91,879.24	17,02,59,308.07
7	Prepaid Expenditure	0.00	0.00
8	Interest on EPF Administration Fund Investment receivable		
	Interest accrued but not due on Special Deposit A/c	0.00	0.00
	Interest due but not received on Special Deposit A/c	0.00	0.00
	Interest accrued on FDRs	13,65,65,028.00	
9	Interest on Staff Provident Fund Investment receivable		
	Interest accrued but not due on Investments	32,38,48,986.05	0.00
	Interest due but not received on Investments	0.00	0.00
10	Interest on Pension cum Gratuity Fund Investment receivable		
	Interest accrued but not due on Investments	69,90,20,449.73	0.00
	Interest due but not received on Investments	0.00	0.00
11	Propotionate (1%) of Total Administration Cost receivable from A/c No- 24 (EDLI Administrative Charges A/c -Central)	0.00	0.00
12	Security Deposits (Advance to parties)	2,99,11,892.20	2,90,84,035.20
13	Others	0.00	0.00
	Balance as on 31st March	1,99,73,72,031.58	2,77,40,39,534.53

Employees' Deposit Linked Insurance Scheme, 1976 - Administration Func			
SCHEDULE No. 29			
EDLI ADMINISTRATION FUND -INVESTMENTS			
	Special Deposit Accounts	23,75,15,71,108.19	21,42,70,38,309.19
SCHEDULE No. 30 -CURRENT ASSETS, LOANS & ADVANCES			
A	Cash Book Balance :		
1.	A/c No. 22 (EDLI Administrative Charges A/c - Regional)	0.00	0.00
2.	A/c No. 24 (EDLI Administrative Charges A/c - Central)	30,48,488.00	27,74,472.41
B	Remittance in Transit :		
1.	From A/c No. 22 to 24	1,54,32,020.07	1,59,98,973.07
C	Sundry Debits :		
1.	A/c No. 22 (EDLI Administrative Charges A/c - Regional)	1,02,33,399.32	1,03,60,966.48
2.	A/c No. 24 (EDLI Administrative Charges A/c - Central)	1,18,32,348.32	1,18,32,348.32
3.	Excess accounted for by R.Os as transfer from A/c 22 to 24 & vie -versa	1,66,08,121.04	1,66,08,121.04
D	Interest on EDLI Administration Fund Investment receivable		
	Interest accrued but not due on Investments	0.00	0.00
	Interest due but not received on Investments	0.00	0.00
E	Amount receivable from EDLI Contribution A/c	2,93,09,520.99	2,93,09,520.99
F	Excess Transfer of Propotionate (1% share) of Total Administration Cost A/c No.-4 (EPF Administrative Charges A/c -Central)	7,37,56,360.19	0.00
G	Others	0.00	0.00
	Balance as on 31st March	16,02,20,257.93	8,68,84,402.31

EMPLOYEES' PROVIDENT FUND ORGANISATION

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON 31-03-2016

Amount-Rs.

INCOME	Schedule	Current Year	Previous Year
Employees' Provident Fund Scheme, 1952			
EPF- Contributions Fund			
Interest Income during the year	31	4,48,17,74,62,896.38	3,03,80,56,97,789.46
Other Income during the year	32	5,57,99,20,173.64	5,46,25,80,777.15
TOTAL INCOME- EPF CONTRIBUTION FUND (A)		4,53,75,73,83,070.02	3,09,26,82,78,566.61
Employees' Pension Scheme, 1995			
EPS CONTRIBUTION FUND			
Income from Pension Contribution	33	3,69,59,00,51,118.48	2,42,51,50,26,881.26
Interest Income during the year	34	2,69,90,66,22,104.15	1,90,97,29,76,133.63
Other Income	35	3,00,34,49,306.01	2,97,37,69,725.98
TOTAL INCOME - PENSION FUND (B)		6,42,50,01,22,528.64	4,36,46,17,72,740.87
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI CONTRIBUTION FUND			
Income from Contribution from employers		12,31,91,97,467.22	9,36,11,57,287.49
Interest Income during the year	36	16,72,62,67,533.46	12,31,15,42,921.99
Other Income	37	15,99,73,055.30	15,18,60,871.56
TOTAL INCOME -EDLI CONTRIBUTION FUND (C)		29,20,54,38,055.98	21,82,45,61,081.04
Employees' Provident Fund Scheme, 1952			
EPF - Administration Fund			
Income from Contribution, Penal Damages & 7Q interest during the year	38	36,49,21,03,820.88	36,81,50,54,342.28
Interest Income during the year	39	12,26,57,99,838.00	11,83,11,39,831.96
Receipt from A/c No.- 24 (EDLI Administrative Charges A/c -Central) -Propotionate share (1%) of Total-Administrative Expenses of EPFO for the current year (receivable) & arrears for earlier years received		27,83,43,639.81	26,91,79,718.87
Other Income - Miscellaneous Receipts		11,15,99,654.31	14,43,15,840.05
TOTAL INCOME - EPF ADMINISTRATION FUND (D)		49,14,78,46,953.00	49,05,96,89,733.16
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI ADMINISTRATION FUND			
Income from Contribution, Penal Damages & 7Q Interest during the year	40	1,09,57,74,499.92	31,80,75,340.74
Interest Income during the year	41	1,58,26,16,861.05	1,71,11,10,705.11
Other Income -Receipts from A/c No.-22 (EDLI Administartive Charges A/c -Regional)		41.93	24,721.00
Other Income -Receipts from A/c No.-24 (EDLI Administartive Charges A/c -Central)		-	-
TOTAL INCOME -EDLI ADMINISTRATION FUND (E)		2,67,83,91,402.90	2,02,92,10,766.85

Amount-Rs.

EXPENDITURE	Schedule	Current Year	Previous Year
Employees' Provident Fund Scheme, 1952			
EPF- Contributions Fund			
Interest payment to the Members	42	5,74,68,03,70,468.25	2,46,76,94,38,312.93
Interest paid to vendors on purchase of securities		8,90,92,44,998.34	3,79,75,83,546.82
Interest accrued on SRF		23,62,26,896.90	21,59,86,102.33
Interest on overdraft paid to Banks		20,61,69,267.02	19,03,95,215.67
Miscelleneous-Interest paid on deposits refunded to exempted trusts		-	2,912.00
TOTAL EXPENDITURE - EPF CONTRIBUTION FUND (A-1)		5,82,03,20,11,632.51	2,50,97,34,06,089.75
I - Excess of Income (A) over Expenditure (A-1) carried to Balance Sheet		(1,28,27,46,28,562.49)	58,29,48,72,476.86
Employees' Pension Scheme, 1995			
EPS CONTRIBUTION FUND			
Amount paid to outgoing memebrs / beneficiaries	43	1,35,45,16,53,271.47	1,26,00,96,29,443.75
Commission to Banks for disbursement of pension		62,09,48,238.25	49,06,56,702.53
Accrued Interest paid on purchase of Investments (Securities)		3,33,86,45,057.65	1,67,43,37,868.07
Other payments			
- A/c No.- 10 (EPS Contribution A/c No.- Regional)		3,15,58,140.40	4,46,81,936.11
- A/c No.- 11 (EPS Contribution A/c No.- Central)		18,91,48,035.19	18,86,92,629.86
TOTAL EXPENDITURE - PENSION FUND (B-1)		1,39,63,21,52,742.96	1,28,40,79,98,580.32
II- Excess of Income (B) over Expenditure (B-1) carried to Balance Sheet		5,02,66,79,69,785.68	3,08,05,37,74,160.55
Employees' Deposit Llinked Insurance Scheme, 1976			
EDLI CONTRIBUTION FUND			
Assurance Benefits paid		2,53,34,27,270.76	1,77,85,01,845.59
Accrued Interest paid on purchase of Investments (Securities)		16,94,96,192.45	10,17,00,096.57
Other payments			
- A/c No.- 21 (EDLI Contribution A/c - Regional)		29,87,822.14	1,41,72,532.13
- A/c No.- 25 (EDLI Contribution A/c - Central)		8,193.91	8,164.10
TOTAL EXPENDITURE-EDLI CONTRIBUTION FUND (C-1)		2,70,59,19,479.26	1,89,43,82,638.39
III- Excess of Income (C) over Expenditure (C-1) carried to Balance Sheet		26,49,95,18,576.72	19,93,01,78,442.65
Employees' Provident Fund Scheme, 1952			
EPF - Administration Fund - (100% Expenditure of EPFO)			
A- Establishment Expenses			
Salaries of Officers and Staff & Bonus		8,71,76,05,631.05	8,27,52,52,626.40
Allowancesand Honorarium		1,99,20,46,240.00	1,92,58,16,316.00
Grants - Welfare Funds etc		55,69,471.90	5,62,76,917.44
Contribution to Staff Pension cum Gratuity Fund		5,03,09,12,296.04	2,65,41,38,991.30
S.P.F., D.L.I. Benefits		21,40,866.00	19,02,942.00
TA & LTC		16,02,23,028.00	19,76,55,994.00
TOTAL A		15,90,86,97,552.99	13,11,10,43,787.14
B- Other Administrative Expenses			
Electricity Expenses		24,53,63,153.00	22,49,52,675.00
Postage		9,25,38,816.00	9,14,93,042.00
Printing & Stationery		12,94,46,676.50	13,48,50,662.50
Rent, Rates & Taxes		28,28,02,784.00	18,44,85,834.00
Vehicle Runnung & Maintenance Expenses		2,03,21,353.77	1,75,71,650.00
Telephone, Internet & Communication Charges		4,72,01,246.64	4,27,35,783.00
Insurance Expenses		-	-
Water Charges		1,36,28,936.00	1,56,51,735.00
Staff Paid from contingencies		37,30,08,516.14	33,66,80,989.00
Advertisement & Publicity		7,06,76,072.80	3,05,47,639.00
AMC - Computers, Servers, Electrical Equiment & other Office Equipements		71,42,83,859.60	36,24,01,686.86
Travelling Expenses		3,75,12,559.00	2,75,45,610.00
Other Charges (Recurring/Non-recurring)		2,73,54,28,350.63	2,93,20,32,556.00
Maintenance of Office Buildings/staff quarters		15,13,16,979.00	14,82,82,961.47
Net Depreciation on Fixed Assets		21,03,41,302.41	-
Provision for Building Construction Fund		-	-
Provision for Board's Share towards N.P.S. Payable		2,62,16,607.50	-
Total B		5,15,00,89,212.99	4,54,92,12,803.83
TOTAL EXPENDITURE- EPF ADMINISTRATION FUND (D-1)		21,05,87,86,765.98	17,66,02,56,590.97
IV- Excess of Income (D) over Expenditure (D-1) carried to Balance Sheet		28,08,90,60,187.02	31,39,94,33,142.19

Employees' Deposit Linked Insurance Scheme, 1976			
EDLI ADMINISTRATION FUND			
Propotinate share (1%) in the total administrative expenditure of EPFO		21,05,87,867.33	17,87,55,772.48
Other payment:			
Account No. 22		1,14,926.00	94,312.40
Account No. 24		3,693.21	-
TOTAL EXPENDITURE -EDLI ADMINISTRATION FUND (E-1)		21,07,06,486.54	17,88,50,084.88
V- Excess of Income (E) over Expenditure (E-1) carried to Balance Sheet		2,46,76,84,916.36	1,85,03,60,681.97
TOTAL EARNING OF THE EPFO (I + II + III + IV + V)			

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

Consolidated Income & Expenditure Account

		Current Year	Previous Year
	EPF Contributions Fund		
SCHEDULE No. 31			
Interest Income during the year			
1	Interest received on investment during the year.	3,48,39,38,93,604.51	3,03,80,18,38,524.59
2	Interest accrued but not due on Investments	97,25,61,13,952.89	0.00
3	Interest due but not received on Investments	38,86,92,392.56	0.00
4	Interest accrued on FDRs	2,13,46,67,693.97	0.00
5	Interest on Regional Savings Bank Account	20,47,932.45	38,58,089.87
6	Interest on Securities received from estts.	19,80,435.00	0.00
7	Interest from subscribers / memebrs on loans	66,885.00	1,175.00
8	Excess Provision of Interest payable for earlier year - written back	0.00	0.00
	Total	**4,48,17,74,62,896.38**	**3,03,80,56,97,789.46**
SCHEDULE No. 32			
Other Income during the year			
1	Penal Damages collected during the year	2,68,25,97,111.12	2,69,76,49,450.77
2	7 Q Interest collected during the year	2,89,73,23,062.52	2,76,49,31,326.38
3	Other receipts	0.00	0.00
	Total	**5,57,99,20,173.64**	**5,46,25,80,777.15**
	EPS CONTRIBUTION FUND		
SCHEDULE No. 33			
Income from Pension Contribution			
1	Pension contribution received from employers	2,90,26,87,51,118.48	2,19,51,70,26,881.26
2	Pension contribution received from Central Govt.	32,80,20,00,000.00	22,99,80,00,000.00
3	Pension contribution receivable from Central Govt.	46,51,93,00,000.00	0.00
	Total	**3,69,59,00,51,118.48**	**2,42,51,50,26,881.26**
SCHEDULE No. 34			
Interest Income during the year			
1	Interest received on investment during the year	1,46,35,68,39,242.50	1,26,77,43,90,023.43
2	Interest accrued but not due on Investments	47,94,87,54,469.26	0.00
3	Interest due but not received on Investments	0.00	0.00
4	Interest accrued on FDRs	2,92,95,45,192.66	
5	Interest received on Public Account	72,66,86,00,000.00	64,19,58,00,000.00
6	Interest receivable on Public Account	0.00	0.00
7	Interest on Regional Savings Bank Account	28,83,199.73	27,86,110.20
	Total	**2,69,90,66,22,104.15**	**1,90,97,29,76,133.63**
SCHEDULE No. 35			
Other Income during the year			
1	Penal Damages collected during the year	1,27,48,45,391.50	1,14,15,92,025.92
2	7 Q Interest collected during the year	95,34,54,531.72	97,97,37,479.66
3	Other receipts - Regional Contribution A/c No.-10	77,51,49,382.79	85,24,40,220.40
4	Other receipts - Regional Contribution A/c No.-11	0.00	0.00
	Total	**3,00,34,49,306.01**	**2,97,37,69,725.98**
	EDLI CONTRIBUTION FUND		
SCHEDULE No. 36			
Interest Income during the year			
1	Interest received on investment during the year	7,71,20,21,342.57	6,41,69,40,409.14
2	Interest accrued but not due on Investments	2,60,82,50,540.88	0.00
3	Interest due but not received on Investments	0.00	0.00
4	Interest accrued on FDRs	2,11,22,763.31	
5	Interest received on Public Account	6,38,47,00,000.00	5,88,45,00,000.00
6	Interest receivable on Public Account	0.00	0.00
7	Interest on Regional Savings Bank Account	1,72,886.70	1,01,02,512.85
	Total	**16,72,62,67,533.46**	**12,31,15,42,921.99**

SCHEDULE No. 37			
Other Income during the year			
1	Penal Damages collected during the year	7,91,32,781.19	7,76,76,802.50
2	7 Q Interest collected during the year	6,13,43,288.41	6,06,29,164.06
3	Other receipts in A/c No.- 21	1,94,96,985.70	1,35,54,905.00
4	Other receipts in A/c No.- 25	0.00	0.00
	Total	**15,99,73,055.30**	**15,18,60,871.56**

EPF - Administration Fund

SCHEDULE No. 38			
Income from Administration Charges, Penal Damages & 7Q Interest during the year			
1	EPF Administration Charges received during the year	35,02,30,29,789.24	35,78,72,06,841.75
2	EPF Inspection Charges received during the year	1,07,68,55,844.70	60,62,13,428.50
3	Penal Damages collected during the year	21,81,66,869.15	22,52,90,337.62
4	7 Q Interest collected during the year	17,40,51,317.79	19,63,43,734.41
	Total	**36,49,21,03,820.88**	**36,81,50,54,342.28**
SCHEDULE No. 39			
Interest Income during the year			
1	Interest received on investment during the year	12,07,71,66,859.29	11,74,78,26,625.55
2	Interest accrued but not due on Investments	0.00	0.00
3	Interest due but not received on Investments	0.00	0.00
4	Interest accrued on FDRs	13,65,65,028.00	
5	Interest on Regional Savings Bank Account	5,20,67,750.71	8,33,13,206.41
	Total	12,26,57,99,638.00	11,83,11,39,831.96
Less:	Interest credited to Building Construction Fund	0.00	0.00
	Total	**12,26,57,99,638.00**	**11,83,11,39,831.96**

EDLI ADMINISTRATION FUND

SCHEDULE No. 40			
Income from Administration Charges, Penal Damages & 7Q Interest during the year			
1	EDLI Administration Charges received during the year	1,06,93,95,202.53	30,03,41,245.22
2	EDLI Inspection Charges received during the year	1,77,92,684.85	86,47,570.27
3	Penal Damages collected during the year	45,57,350.00	46,30,743.50
4	7 Q Interest collected during the year	40,29,262.54	44,55,781.75
	Total	**1,09,57,74,499.92**	**31,80,75,340.74**
SCHEDULE No. 41			
Interest Income during the year			
1	Interest received on investment during the year	1,58,23,82,799.00	1,71,07,87,356.10
2	Interest accrued but not due on Investments	0.00	0.00
3	Interest due but not received on Investments	0.00	0.00
4	Interest on Savings Bank Account	2,34,062.05	3,23,349.01
	Total	**1,58,26,16,861.05**	**1,71,11,10,705.11**

EPF Contributions Fund

SCHEDULE No. 42			
Interest payment to the Members			
1	Interest credited to Members PF A/c during the year (Including In operative A/c's)	2,32,97,46,70,468.25	2,46,76,94,38,312.93
2	Provision for Interest payable on Members PF A/c for the FY 2015-16	3,41,70,57,00,000.00	0.00
3	Provision for Interest payable on Members PF A/c for the earlier years	0.00	0.00
	Total	**5,74,68,03,70,468.25**	**2,46,76,94,38,312.93**

EPS Contributions Fund			
SCHEDULE No. 43			
Amount paid to outgoing memebrs / beneficiaries			
1	Withdrawal / retirement benefits	52,80,49,06,855.73	53,75,29,99,206.68
2	Life Assurance Benefits	1,63,70,362.00	13,12,51,060.00
3	Pension	82,63,03,76,053.74	72,12,53,79,177.07
Total		1,35,45,16,53,271.47	1,26,00,96,29,443.75

Schedule No.24

Fixed Assets

(Amount in Rs.)

S No.	Fixed Asset	Gross Block: Cost/ Valuation at the bigninng of the year	Gross Block: Additions of fixed assets during the year	Gross Block: Deletions of fixed assets during the year	Gross Block: Cost/Valuation at the end of the year (A)	Depreciation: Accumulated depreciation at the beginning of the year	Depreciation: Depreciation for the current year	Depreciation: Depreciation on fixed assets deleted during the year	Depreciation: Accumulated depreciation at the the year end (B)	Net Block: As at the Current Year-end [A-B]	Net Block: As at the Previous year-end
1	Land										
a	Freehold Land	62,16,73,005.53	2,58,04,535.00	-	64,74,77,540.53	-	-	-	-	64,74,77,540.53	62,16,73,005.53
b	Leasehold Land	33,73,10,720.50	-	-	33,73,10,720.50	2,37,30,868.00	1,68,767.00	-	2,38,99,635.00	31,34,11,085.50	33,73,10,720.50
2	Building				-				-	-	-
a	Building-Office	1,59,52,00,267.47	3,17,04,247.00	-	1,62,69,04,514.47	22,93,01,574.37	1,19,59,282.73	-	24,12,60,857.10	1,38,56,43,657.37	1,59,52,00,267.47
b	Lease hold Building-Office	85,03,81,187.92	-	-	85,03,81,187.92	10,37,41,996.80	17,00,455.00	-	10,54,42,451.80	74,49,38,736.12	85,03,81,187.92
c	Building -Residential	71,17,05,698.90	1,27,87,284.00	-	72,44,92,982.90	15,35,24,366.70	38,44,656.62	-	15,73,69,023.32	56,71,23,959.58	71,17,05,698.90
d	Lease hold Building-Residential	22,24,66,700.00	-	-	22,24,66,700.00	4,73,22,119.00	19,93,154.00	-	4,93,15,273.00	17,31,51,427.00	22,24,66,700.00
3	Plant Machinery & Equipment	457.00	36,54,560.00	-	36,55,017.00	-	2,50,424.38	-	2,50,424.38	34,04,592.62	457.00
4	Vehicals & Motar Car	96.00	47,18,060.00	-	47,18,156.00	2,290.12	5,43,614.26	-	5,45,904.38	41,72,251.62	96.00
5	Furniture & Fixtures	6,49,93,532.00	1,83,65,094.00	-	8,33,58,626.00	7,02,684.65	13,75,572.95	-	20,78,257.60	8,12,80,368.41	6,49,93,532.00
6	Office Equipments	7,04,388.00	74,05,249.00	-	81,09,637.00	3,01,273.39	10,78,453.19	-	13,79,726.58	67,29,910.42	7,04,388.00
7	Computers/Peripherals	32,24,657.00	38,27,00,241.00	-	38,59,24,898.00	3,65,956.00	5,19,85,536.07	-	5,23,51,492.07	33,35,73,405.93	32,24,657.00
8	Electrical Instalations	14,45,678.00	61,93,761.00	-	76,39,439.00	6,38,000.61	10,62,586.40	-	17,00,587.01	59,38,851.99	14,45,678.00
9	Library Books	37,412.00	4,36,471.00	-	4,73,883.00	-	998.00	-	998.00	4,72,885.00	37,412.00
10	Tubewells & Water Supply	159.00	2,38,962.00	-	2,39,121.00	-	43,501.90	-	43,501.90	1,95,619.10	159.00
11	Other Fixed Assets	1,97,80,379.00	27,14,214.00	-	2,24,94,593.00	-	2,02,463.17	-	2,02,463.17	2,22,92,129.83	1,97,80,379.00
Total		4,42,89,24,338.32	49,67,22,678.00	-	4,92,56,47,016.32	55,96,31,129.64	7,62,09,465.67	-	63,58,40,595.31	4,28,98,06,421.01	4,42,89,24,338.32

Add:-	9,11,14,077.10	Land & Building OB adjustment - Difference being treated as Depreciation
Add:-	5,54,88,924.79	Land & Building -OB adjustment by RO Bandra -already adjusted and affected in BS as previous year adjustment
Less:-	9,01,86,758.00	OB of Assets other than Land & Building - to be adjusted against depreciation (current year revenue)
Previous year OB	4,48,53,40,582.21	

Net Depreciation to be charged to current year's revenues

	Depreciation for the year	63,58,40,595.31
Add:-	Land & Building OB Difference - other assets wrongly capitalised as Land & Building in earlier years -now corrected by adjusting with Depreciation	9,11,14,077.10
Less:-	Value of Assets (other than Land & Building) capitalised during the year - which has been treated as revenue expenditure in legacy	42,64,26,612.00
Less:-	OB considered for Assets (other than Land & Building) - to be adjusted against depreciation	9,01,86,758.00
	Net Depreciation for the year charged to Income & Expenditure A/c	21,03,41,302.41

Amount in Rs.

SCHEDULE No. 18

Employees' Provident Fund -Investments

S No.	Nature of Investment	Opening Balance		Amount Invested during the year	Securities received (Accepted Value) on cancellation of exemption	Value of securites redeemed during the year	Cost of Amortisation	Current Value	
		Face Value	Amortized value					Amortized Value	Face Value
1	Central Govt Securities -CTG	9,77,75,36,42,640.00	9,60,08,87,79,996.93	1,29,61,30,59,452.61	23,35,10,000.00	2,28,65,000.00	9,25,28,040.67		11,06,82,26,97,640.00
2	Public Sector Undertaking -PSU	11,15,95,95,24,454.76	11,15,65,30,95,487.80	2,42,98,31,32,088.36	-	1,10,86,94,07,265.49	-		12,27,83,27,48,599.50
3	Private Securities	2,55,87,11,56,200.00	2,55,73,51,35,154.56	78,80,14,50,000.00	-	29,28,15,00,800.00	-		3,26,89,66,55,400.00
4	State development Loans -SDL	7,79,73,36,30,656.00	7,81,70,12,05,066.70	3,59,97,92,06,634.49	7,54,10,000.00	18,87,78,81,656.00	-		11,18,99,49,88,700.00
5	State Govt Securities -STG	1,36,81,35,04,478.64	1,38,25,88,83,651.46	2,60,61,17,031.00	17,90,60,108.00	9,90,92,03,333.00	-		1,29,64,13,61,253.30
6	Special Deposit Scheme -SDS	5,28,45,36,13,822.83	5,28,45,36,13,822.83	-	76,14,69,956.41	-	-		5,29,21,50,83,779.24
7	Public Account	-	-	-	-	-	-		-
8	ETF	-	-	43,11,88,60,040.63	-	-	-		43,11,88,60,040.63
9	LMF	-	-	19,09,52,77,599.00	-	19,09,52,77,599.00	-		-
10	FDR	4,05,00,00,000.00	4,05,00,00,000.00	4,45,00,00,000.00	-	-	-		8,50,00,00,000.00
11	Amount Under-Reconciliation		3,35,85,63,060.05	-	-	-	-		-
	Total	37,98,63,50,72,252.23	37,87,29,92,76,240.33	8,80,64,71,02,846.09	1,24,94,50,064.41	1,88,05,61,35,653.49	9,25,28,040.67	44,81,43,79,37,671.00	44,91,02,23,95,412.67

SCHEDULE No. 20

Employees' Pension Fund -Investments

S No.	Nature of Investment	Opening Balance		Amount Invested during the year	Securities received (Accepted Value) on cancellation of exemption	Value of securites redeemed during the year	Cost of Amortisation	Current Value	
		Face Value	Amortized value					Amortized Value	Face Value
1	Central Govt Securities -CTG	5,37,95,97,23,700.00	5,32,10,73,25,385.90	63,63,26,35,219.79	-	-	94,60,75,257.70		6,01,24,73,23,700.00
2	Public Sector Undertaking -PSU	5,01,67,29,74,837.22	5,01,69,09,80,381.62	1,20,98,24,56,774.56	-	58,45,53,76,800.00	-		5,41,47,68,83,049.30
3	Private Securities	1,29,35,48,22,000.00	1,29,34,15,20,660.55	35,63,00,00,000.00	-	35,93,85,39,108.44	-		1,52,51,68,22,000.00
4	State development Loans -SDL	3,36,68,38,05,200.00	3,37,53,10,08,723.82	1,77,94,07,89,107.86	-	11,09,88,21,000.00	-		5,02,48,42,58,500.00
5	State Govt Securities -STG	65,25,20,00,000.00	65,55,46,28,700.76	74,50,83,039.00	-	10,30,80,00,000.00	-		55,68,10,00,000.00
6	Special Deposit Scheme -SDS	14,00,52,28,022.64	14,00,52,28,022.64	-	-	-	-		14,00,52,28,022.64
7	Public Account	8,00,38,99,20,241.86	8,00,38,99,20,241.86	1,02,97,06,00,000.00	-	-	-		9,03,36,05,20,241.86
8	ETF		-	21,12,78,48,737.74	-	-	-		21,12,78,48,737.74
9	LMF		-	9,19,44,33,032.00	-	9,19,44,33,082.00	-		-
10	FDR	11,53,00,00,000.00	11,53,00,00,000.00	-	-	-	-		11,53,00,00,000.00
11	Amount Under-Reconciliation		5,18,23,12,754.18	-	-	-	-		-
	Total	23,96,84,84,74,001.72	23,97,33,29,24,891.33	5,32,22,38,45,910.95	-	1,24,99,51,69,940.44	94,60,75,257.70	28,03,61,40,31,708.42	28,03,42,98,84,251.54

SCHEDULE No. 22

Employees' Deposit Linked Insurance Scheme -Investments

S No.	Nature of Investment	Opening Balance		Amount Invested during the year	Securities received (Accepted Value) on cancellation of exemption	Value of securites redeemed during the year	Cost of Amortisation	Current Value	
		Face Value	Amortized value					Amortized Value	Face Value
1	Central Govt Securities -CTG	25,01,02,42,000.00	24,65,80,44,931.74	3,51,03,34,232.50	-	-	2,77,26,978.62		28,51,30,32,000.00
2	Public Sector Undertaking -PSU	27,75,58,24,000.00	27,74,77,30,487.90	7,00,01,11,819.45	-	4,67,21,50,000.00	-		30,01,93,94,000.00
3	Private Securities	6,40,19,51,000.00	6,39,88,13,423.07	2,03,00,00,000.00	-	18,60,00,000.00	-		8,24,59,51,000.00
4	State development Loans -SDL	19,69,49,61,800.00	19,76,91,07,956.97	8,84,57,23,162.31	-	23,58,15,000.00	-		28,24,15,52,800.00
5	State Govt Securities -STG	3,22,80,00,000.00	3,25,88,30,140.05	43,70,26,270.00	-	28,10,00,000.00	-		3,37,70,00,000.00
6	Special Deposit Scheme -SDS	2,49,76,309.05	2,49,76,309.05		-	-	-		2,49,76,309.05
7	Public Account	75,11,39,14,794.14	75,11,39,14,794.14	6,38,47,00,000.00	-	-	-		81,49,86,14,794.14
8	ETF		-	1,16,98,93,187.99	-	-	-		1,16,98,93,187.99
9	LMF		-	70,80,79,049.00	-	64,49,14,965.00	-		6,31,64,084.00
10	FDR	11,00,00,000.00	11,00,00,000.00	-	-	-	-		11,00,00,000.00
11	Amount Under-Reconciliation		2,98,06,626.69	-	-	-	-		-
	Total	1,57,33,98,69,903.19	1,57,11,12,24,669.61	30,08,58,67,721.25	-	6,01,98,79,965.00	2,77,26,978.62	1,81,14,94,85,447.24	1,81,26,35,78,175.18

SCHEDULE No. 26

EPF Staff Provident Fund -Investments

S No.	Nature of Investment	Opening Balance		Amount Invested during the year	Value of securites redeemed during the year	Cost of Amortisation	Current Value	
		Face Value	Amortized value				Amortized Value	Face Value
1	Central Govt Securities -CTG	3,64,93,61,100.00	3,60,98,07,022.12	29,04,89,368.33	100.00	1,30,28,702.57		3,93,95,61,000.00
2	Public Sector Undertaking -PSU	3,39,03,92,000.00	3,39,64,73,893.78	67,24,09,298.47	50,15,97,000.00	-		3,54,57,45,000.00
3	Private Securities	70,40,64,000.00	70,36,36,853.42	16,00,00,000.00	3,30,00,000.00	-		83,10,64,000.00
4	State development Loans -SDL	2,54,77,70,000.00	2,56,09,93,451.55	68,74,07,310.95	7,24,50,000.00	-		3,16,09,20,000.00
5	State Govt Securities -STG	23,60,00,000.00	23,84,99,099.92	3,55,71,935.00	2,50,00,000.00	-		24,60,00,000.00
6	Special Deposit Scheme -SDS	83,33,20,534.92	83,33,20,534.92	-	-	-		83,33,20,534.92
7	Public Account		-	-	-	-		-
8	ETF		-	9,75,95,542.08	-	-		9,75,95,542.08
9	LMF		-	5,29,18,136.00	4,78,09,392.91	-		51,08,743.09
10	Amount Under-Reconciliation		10,63,33,031.46	-	-	-		-
	Total	11,36,09,07,634.92	11,44,90,63,887.17	1,99,63,91,590.83	67,98,56,492.91	1,30,28,702.57	12,75,25,70,282.52	12,65,93,14,820.09

SCHEDULE No. 27

EPF Staff Pension cum Gratuity Fund -Investments

S No.	Nature of Investment	Opening Balance		Amount Invested during the year	Value of securites redeemed during the year	Cost of Amortisation	Current Value	
		Face Value	Amortized value				Amortized Value	Face Value
1	Central Govt Securities -CTG	6,73,88,61,200.00	6,66,95,48,039.74	77,03,62,259.99	-	1,60,93,521.58		7,52,98,61,200.00
2	Public Sector Undertaking -PSU	6,93,34,57,000.00	6,93,37,38,688.86	1,53,18,81,240.84	83,15,87,000.00	-		7,61,53,90,000.00
3	Private Securities	2,36,78,10,000.00	2,36,65,66,119.13	36,00,00,000.00	30,00,000.00	-		2,72,48,10,000.00
4	State development Loans -SDL	5,08,06,40,000.00	5,09,48,63,727.73	2,00,82,08,061.50	1,37,00,000.00	-		7,07,13,30,000.00
5	State Govt Securities -STG	45,80,00,000.00	46,32,24,887.44	12,70,42,625.00	9,00,00,000.00	-		49,30,00,000.00
6	Special Deposit Scheme -SDS	91,79,27,326.87	91,79,27,326.87	-	-	-		91,79,27,326.87
7	Public Account		-	-	-	-		-
8	ETF		-	25,43,34,232.70	-	-		25,43,34,232.70
9	LMF		-	4,24,34,885.00	4,24,34,885.00	-		-
10	Amount Under-Reconciliation		19,82,25,623.80	-	-	-		-
		22,49,66,95,526.87	22,64,40,94,413.57	5,09,42,63,305.03	98,07,21,885.00	1,60,93,521.58	26,74,15,42,312.02	26,60,66,52,759.57

EMPLOYEES' PENSION SCHEME, 1995 - Contribution Account RECEIPT AND PAYMENT ACCOUNT FOR THE YEAR 2015-2016							
Previous year	S. No.	Receipts	Amount	Previous year	S. No.	Payments	Amount
Rs. P.			Rs. P.	Rs. P.			Rs. P.
20,83,72,05,57,596.23	1.	Opening Balance as on 01-04-2015	23,91,77,43,31,756.78		1.	Amount paid to outgoing members/beneficiaries :	
2,19,51,70,26,881.26	2.	(i) Contribution of Employers	2,90,26,87,51,118.48			(a) Amount of Employee's share with	
0.00		(ii) Contribution of Govt. 2015-2016	0.00	0.00		interest	0.00
		(iii) Arrears of contribution of Govt.		53,75,29,99,206.68		(b) Withdrawal/Retirement benefits	52,80,49,06,855.73
22,99,80,00,000.00		up to the year 2015-2016	32,80,20,00,000.00	13,12,51,060.00		(c) Life Assurance benefits	1,63,70,362.00
	3.	Interest on the balance in the Public		72,12,53,79,177.07		(d) Pension	82,63,03,76,053.74
64,19,58,00,000.00		Account	72,66,86,00,000.00		2.	Amount paid as commission for	
27,86,110.20	4.	Interest on Saving Bank Account	28,83,199.73	49,06,56,702.53		disbursement of pension	62,09,48,238.25
1,26,77,43,90,023.43	5.	Interest received on Securities	1,47,29,16,59,970.42		3.	Amount paid towards Pension Fund	
2,12,13,29,505.58	6.	Penal Damages	2,22,82,99,923.22	0.00		Admn. Expenses	0.00
	7.	Other receipts :			4.	Amount of securities transferred on	
85,24,40,220.40		(a) Regional Contribution A/c No. 10	77,51,49,382.79	0.00		grant of exemption	0.00
0.00		(b) Central Contribution A/c No. 11	0.00		5.	Amount paid as accrued interest on	
				1,67,43,37,868.07		purchase of Securities	3,33,88,45,057.65
					6.	Other payments :	
				4,46,81,936.11		(a) Regional Contribution A/c No. 10	3,15,58,140.40
				18,86,92,629.86		(b) Central Contribution A/c No. 11	18,91,48,035.19
				23,91,77,43,31,756.78	7.	Closing Balance as on 31-03-2016	27,98,17,95,22,608.46
25,20,18,23,30,337.10		TOTAL	29,37,81,16,75,351.42	25,20,18,23,30,337.10		TOTAL	29,37,81,16,75,351.42

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

EMPLOYEES' DEPOSIT LINKED INSURANCE SCHEME, 1976

RECEIPT AND PAYMENT ACCOUNT FOR THE YEAR 2015-2016

(Contribution Account)

Previous year	S. No.	Receipt	Amount	Previous year	S. No.	Payment	Amount
Rs. P.			Rs. P.	Rs. P.			Rs. P.
1,37,39,25,50,794.98	1.	Opening Balance as on 01-04-2015	1,57,32,27,29,237.63	1,77,85,01,845.59	1.	Assurance Benefits	2,53,34,27,270.76
9,36,11,57,287.49	2.	Contribution of Employers	12,31,91,97,467.22		2.	Amount refunded to employers on	
5,88,45,00,000.00	3.	Interest on investment in Public Account	6,38,47,00,000.00	0.00		grant of exemption	0.00
6,41,69,40,409.14	4.	Interest on investment in securities	7,73,86,53,852.17		3.	Amount paid as accrued interest	
1,01,02,512.85	5.	Interest on S.B. Accounts	1,72,886.70	10,17,00,096.57		on purchase of securities	16,94,96,192.45
13,83,05,966.56	6.	Penal Damages	14,04,76,069.60		4.	Other payments in :	
	7.	Other receipts in :		1,41,72,532.13		Account No. 21	29,87,822.14
1,35,54,905.00		Account No. 21	1,94,96,985.70	8,164.10		Account No. 25	8,193.91
0.00		Account No. 25	0.00	1,57,32,27,29,237.63	5.	Closing Balance as on 31-03-2016	1,81,21,95,07,019.76
1,59,21,71,11,876.02		TOTAL	1,83,92,54,26,499.02	1,59,21,71,11,876.02		TOTAL	1,83,92,54,26,499.02

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

EMPLOYEES' DEPOSIT LINKED INSURANCE SCHEME, 1976
RECEIPT AND PAYMENT ACCOUNT FOR THE YEAR 2015-2016
(Administration Account)

Previous year	S. No.	Receipt	Amount	Previous year	S. No.	Payment	Amount
Rs. P.			Rs. P.	Rs. P.			Rs. P.
19,53,04,69,593.19	1.	Opening Balance as on 01-04-2015	21,38,08,30,275.16	17,87,55,772.48	1	1% Propotionate expenditure on EPFO	21,05,87,867.33
30,03,41,245.22	2.	Administrative Charges received from the employers	1,06,93,95,202.53		2	Other payments in :	
86,47,570.27	3	Inspection Charges received	1,77,92,684.85	94,312.40		Account No. 22	1,14,926.00
90,86,525.25	4	Penal Damages	85,86,612.54	0		Account No. 24	3,693.21
1,71,07,87,356.10	5	Interest received on Investment	1,58,23,82,799.00	21,38,08,30,275.16	3	Closing Balance as on 31-03-2016	23,84,85,15,191.52
3,23,349.01	6	Interest on Savings Bank A/c	2,34,062.05				
	7.	Other receipts in :					
24,721.00		Account No. 22	41.93				
0.00		Account No. 24	0.00				
21,55,96,80,360.04		TOTAL	24,05,92,21,678.06	21,55,96,80,360.04		TOTAL	24,05,92,21,678.06

Sd/-
(MEENAKSHI GUPTA)
FINANCIAL ADVISOR & CHIEF ACCOUNTS OFFICER

Sd/-
(V.P. JOY)
CENTRAL PROVIDENT FUND COMMISSIONER

Schedule 44: Significant Accounting Policies:

1. **Accounting Convention**

The financial statements are prepared on accrual basis unless otherwise stated, under the historical cost convention in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of Common Format of Accounting recommended by Government of India.

2. **Inventory Valuation**

All items in the store, stock and spares are valued at cost.

3. **Investments**

3.1 In the operational context of the provident fund the decision to invest in equity and related instrument, while has the objective to maximise the profit on investment the objective of accounting policy should be to ensure that-

i) The declared rate of interest is smooth over a long period of time despite making investment in equity and related instrument to the extent possible.

ii) The capital invested in equity is protected to the extent possible.

iii) To avoid generation shift in distribution of profit from investment in equity and related investment as far as possible.

3.2 In view of above, the following accounting policy for equity & related investments are proposed as under:

A. **Calculation of Profit/loss:**

1. Valuation of the Asset investment in equity will be as per mark to the market basis (MTM).
2. The opening stock of the first year will be nil (zero).
3. The purchases shall be calculated on the basis of the cost of purchase + brokerage and other direct cost paid for the purchase.
4. The closing stock of the investment relating to equity and related instruments will be valued at market price (mark to market basis).
5. The closing stock of the previous year shall become the opening stock of the subsequent year.
6. The dividend will be considered as receipt on accrual basis. In other words, the dividends declared by 31st March on any of the equity held as investment shall be treated as income of the year.

7. The profit or loss every year in equity and related investments will be difference of the closing stock + dividend received + sale price (sale if there is any) as reduced by the value of opening stock + purchase during the year.

B. Creation of Equity Income Stabilisation Reserve:

1. It is expected that over period of next 7-10 years, the compound annual growth rate of equity will be 12% though this target may be achieved in long term. There may be year to year volatility in the same.

2. In order to declare a smooth rate of return, certain portion of profit from the investment in equity shall be declared as distributable profit for the year under para 60 of EPF Scheme. Remaining portion of profit shall be transferred in reserve, which may be called Equity Income stabilisation reserve (EISR).

3. The profit from investment in equity shall be bench marked to the average G-sec rate. For calculation of average G-sec rate, average closing price of current series of 10 year G-sec. for last day of each month of pervious year will be considered. If there are more than one current series in the previous year, the relevant series will be considered for the months in which it was current. In month of April every year EPFO will calculate and make available the working of the average g-sec rate on it's website.

4. The profit from equity and related investment will be considered for distribution in the following manner.

Percentage (profit on cost of investment)	Distributable profit in percentage	
Above average G sec rate Upto 15%	200 bp above Average G.Sec. rate	A.
From 16% to 20%	A + 40% of the profit in excess of 15%	B
From 21% to 30%	B+ 50% of profit in excess of 21%	C
Above 30%	C+ 60% of profit in excess of 31%	

5. The excess of the profit from the investment in equity and related instrument over and above distributable profit as calculated in the paragraph 4 above shall be transferred to ESIR.

6. The excess of profit from fixed income assets as against the amount of interest payable to individual beneficiary calculated on the basis of declared rate of interest for that year shall also be credited to this EISR.

7. The Equity Income stabilisation reserve will hold maximum upto 10% of the value of AUM.

8. If the interest stabilisation reserve become more than 10% of AUM, there will be no further credit to this account and any amount which otherwise would have been creditable to the reserve will be available for distribution of the profit.

C. Use of Funds in EISR:

1. The EISR can be used for smoothen out the rate of interest declared by EPFO from year to year.

2. In case the profit from investment in share and related instrument is between the "Average G. Sec. Rate" and 200 basis point above average G. Sec. Rate, no drawl from interest stabilisation reserve will be made to distribute or declared the interest for the year.

3. If the profit from the share and related instruments for a particular year is below the average of G. Sec. Rate, the Board may at his discretion decide to draw from the reserve to declare the rate of interest for the year.

4. If during any year, there is income from equity below the average G. Sec. rate and there is no balance in EISR, the actual income calculated alone shall be distributed.

5. If during any year, there is loss on investment in equity and there is no balance in EISR, the loss out of investment in equity shall be added to income out of investment in other asset and the resultant income shall be distributed as interest for that particular year.

4. Fixed Assets:

4.1 Till 2015-16, Land & buildings were shown together, however in new format Land is separately shown for 2015-16 onward. Land is classified as lease hold land and free hold land.

4.2 Expenditure on all items which is used for providing services for more than one year will be considered as Asset and Depreciation on that asset will be treated as expenditure for the year.

4.3 All assets costing less than Rs. 5,000 are fully provided in the year of capitalization.

4.4 Fixed assets are stated at historical cost.

4.5 All fixed assets except Land, Building acquired before 01.04.2015 (Date of switching from cash basis to accrual basis of accounting) are valued at nominal price at Re. 1 per item.

Explanation:

At present only land, building are considered as Fixed Assets but in new system all the items falling under definition of Fixed Assets are treated as Fixed Asset and depreciation will be charged accordingly. Prior to 01.04.2015 all the assets purchased and booked as expenditure in the respective years will be valued at Re. 1 per asset and accounting for as opening assets. This is done as per guidelines of Indian Government Financial Reporting Standard (IGFRS) issued by Government Accounting Standard Advisory Board (GASAB) constituted by C&AG of India with the support of Government of India which is working on migration to accrual basis accounting in Union and States.

5. **Depreciation**

5.1 On Fixed Assets Depreciation is provided on Straight Line Method at the rates Specified on Companies Act, 2013 (as amended)

5.2 Full rate of Depreciation is provided on fixed assets, which have been used for more than 180 days and at half rate is provide if used upto 180 days during the Year of capitalization.

5.3 On leasehold buildings such as buildings acquired from government agencies or lump sum payment for specified number of the year of lease, depreciation is provided on Straight Line method with reference to lease period.

5.4 The lump sum lease amount paid on lease hold land is amortised proportionately every year over the lease period of the holding.

(Ref. Accounting Standard-10)

Explanation: Depreciation Rate chart as per Part "C" of Schedule II of the Companies Act, 2013 as Annexed need to be followed for calculating depreciation.

6. **Building & Construction Fund**

6.1 Provisions for building Construction Fund for construction of office building, staff quarters etc.

6.2 Provision for construction fund needs to be made. Such a decision has been taken by the Central Board of Trustees, EPF.

6.3 An amount of Rs. 887.25 cores are provided upto year 2015-16, thereafter no provision was made, the same amount is continuing.

6.4 The expenditure on construction works are being met from the capital budget provided on year to year basis.

7. **Government Grants/Subsidies**

Government Grants/contribution due for the employees' pension scheme is accounted on accrual basis

8. **Employees Dues:**

8.1 The salary paid for the month of March in April shall be treated as expenditure of April. There will not be any salary payment in March of the financial year. Twelve months' salary payment will be ensured in each year.

8.2 The provision for interest on advances to employees is accounted on cash basis after recovery of principal amount to full extent.

9. **Lease**

9.1 Lease rentals are expensed with reference to lease terms.

9.2 Rent to hired buildings, payable by the end of the year shall be accounted on accrual basis and provision to that extent shall be made.

10. Interest Income

10.1 Interest income on investment pertaining to the year will be treated as income of that year.

10.2 As actual amount is not received it will be shown proportionately, as receivable in the account head "Interest accrued but not due".

10.3 Interest accrued and due but not received on investments are accounted on accrual basis from 2015-16 onwards.

11. Retirement Benefits

11.1 EPFO maintains separate funds for Pension-cum-Gratuity. The liabilities of the EPFO on the account of such items are accounted on actuarial basis at the year end. The addition or deletion to funds on account of actuarial valuation is accounted as expenditure or income, as the case may be, of EPFO in the year of addition or deletion. According to the provisions of Accounting Standard-15, the employees' benefits should be accounted as per the Actuarial Valuation and as per provisions. The cost of retirement benefits should be accounted for during the period for which the services are rendered.

11.2 Leave encashment shall be treated as revenue expenditure of that year.

12. Revenue Recognition

In case of any recovery through demand/recovery notice issued to employers, the revenue is recorded on cash basis. Other disclosures with regard to assessment under Section 7A, damages levied under Section 14 B and interest levied under 7Q of the EPF & MP Act, 1952 are disclosed in notes to accounts.

13. Addition/deletion of any head

In case any exigency due to policy decision or statutory requirement, if new head of Account is required to be added/deleted the same shall be done with authorization from competent authority which shall be FA & CAO, EPFO.

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Schedule 45: Contingent Liabilities and Notes on Accounts:

1. Contingent Liabilities

S.No.	Contingent Liability	Current year (Rs.)	Previous year (Rs.)
1.1	Claims against the entity not acknowledge as debts.		
(a)	Service Tax	19,95,67,16,649.00	10,78,70,91,720.00
(b)	Tax Deduction at Source (TDS)	13,90,15,212.00	0.00

2. Capital Commitments

Estimated value of contracts remaining to be executed on capital account and not provided for Rs. 30,751.97 Lakh. Previous Year Rs.________________.

3. Notes:

1. Unrealisable category (court Stay, winding up and BIFR cess) amount assessed under 7A, damages under 14-B & interest assessed under 7Q shall be shown as scheme wise.

(Rs. In Lakh)

S.No	Name of the scheme	Current year - Total cumulative amount assessed under 7A, damages under 14 -B & interest assessed under 7Q under Unrealisable category (in Rs. in lakh)		Previous year - Total cumulative amount assessed under 7A, damages under 14-B & interest assessed under 7Q under Unrealisable category (in Rs in lakh)	
		Arrear	Penal Damages/ Interest	Arrear	Penal Damages/ Interest
1.	Employees Provident Fund	168245.35	152543.66	139514.37	130647.06
2.	EPF Admn. fund	14774.24	10975.21	12104.39	9795.84
3.	Employees' Pension Scheme	93026.55	80654.06	79763.70	69873.44
4.	Employees Deposit Link Insurance Scheme(EDLI)	8745.33	6638.06	5421.26	5653.63
5.	EDLI Admn. Fund	384.98	208.05	274.56	188.07
	Total	**285176.45**	**251019.04**	**237081.28**	**216158.04**

(Source MIS)

Contingent Liabilities and Notes on Accounts continued...

2. Realisable category amount assessed under 7A, damages under 14-B & interest assessed under 7Q, and recovery through demand/recovery notice issued to employers, the revenue is recorded on cash basis.

3. Due to uncertainty of recovery and unable to quantify the exact amount of recovery before completion of proceedings, the recognition of revenue should be postponed as per provisions of Accounting Standard-9 with respect to revenue recognition. Further, on receipt of actual contributions amount are to be credited in EPF member's account and not on due basis.

4. Employees' Pension Fund actuarial valuation was last made as at 31.03.2015 and broad findings reported are as under:

   i. Salary ceiling for the EPS is not raised for quite some, the benefit gets eroded due to the inflation, but considering the effect the increase in the wage ceiling which can have on the financial health of the scheme, some alternative method to take care of inflation should be considered. Any enhancement in salary ceiling for EPS may be done after looking at the effect on the fund. In our opinion if enhancement in the salary ceiling is made then a revision in the scheme will be required so as to give service credit at different level of salary ceiling.

   ii. There is no protection for inflation on the pension in payment the same also needs consideration, but this will put burden on the scheme finances. There is a provision in case of valuation surplus which may be considered in future.

   iii. An exercise as to collection of the full data for all the type of beneficiary may be undertaken so as to have proper evaluation of the scheme. In the current year an effort was made to collect the data and we have got 100% of the Pensioners and Beneficiary Pensioner's data and 58% in respect of the active member's data which is substantially large as compared to the earlier data provision. The data in respect of other category of members and balance data for active members should be collected.

   iv. An endeavor may be made to have statistical cell in the EPFO so as to generate scheme specific mortality, attrition, and salary escalation etc.

   v. Having proper asset liability matching and investment of the money considering the cash flow will help in proper investment and earning of the fund. Investment department may work closely with the benefit department to achieve the goal of higher earnings. This can be possible, when the data required for cash flow projection is available.

   vi. Pension is a long term liability and the discount rate and earning rate are driven by the economic factors. It is unlikely that economic factors will remain static for such a long term. Considering a static discount and earning rate would give a scenario of the liability based on the current economic scenario. As the scheme is an ongoing one and benefit and contributions are defined, any variation in the actuarial parameters may be re-adjusted in annual valuations so as to have a perspective of the scheme year on year.

   vii. Sensitivity analysis is recommended once the data is available to do such analysis, current data availability and purpose of valuation does not call for the analysis as of now.

viii. The surplus of Rs. 5026.86 crore can accommodate a onetime relief of 5% on the pension in payment, we understand that the subsidy given by the government for minimum pension of Rs. 1000 shall continue, As the data is as on March 15 and the relief is going to be prospective, after considering cost of one-time relief there will still be a surplus of app Rs.100 crore, this surplus, we feel is required as the total liability of the fund is large.

ix. Any future relief shall be given based on future surplus if any

x. Valuation Results:

Net Liability bifurcation	Amount in crore Rs.
(a) Present Value of all the benefits	5,25,315.42
(b) Present Value of contribution	2,91,810.45
Net Present value of all benefits (C)=(a)-(b)	2,33,504.98
Corpus as on 31-03-2015 (d)	2,38,531.84
Net Liability { (c)-(d)}	(-) 5,026.86

In this regard, it is intimated that in the valuation results, actuary has shown the net result of net liability of Rs. 5,026.86 crore in minus, because it is liability of EPFO, but the figure is in "surplus".

5. Employees' Deposit Linked Insurance (EDLI) Fund actuarial valuation was last made for the year/as on 01-09-2014 and broad findings reported are as under

EDLI Scheme with the current benefits has no immediate problem of solvency, Fundaments of the schemes are strong and it can sustain the benefits over a current cohort.

- The main reason behind the sustainability of the scheme is the availability of current corpus Rs.13,711 crores.
- Annual valuation of the scheme is recommended
- It is also suggested that any alteration in the scheme in future should be done only after formal valuation.
- Mortality experience of the scheme will be change over a period of time, and it may be advisable to create an experience mortality table for the scheme.

6. Inoperative Accounts: Accumulations in respect of any member who has either ceased to be employed or died, but no application for withdrawal under paragraphs 69 or 70 or transfer, as the case may be has been preferred within a period of thirty six months from the date it becomes payable (Provident fund becomes payable after 60 days from the

date of leaving, if the reason for leaving is resignation. However 60 days waiting period is not applicable if the employee has resigned to go abroad or in case of female employee getting married). Provident Fund is payable immediately if the reason for leaving is retirement, voluntary retirement, termination, permanent disability and death, or if any amount remitted to a person is received back undelivered, and it is not claimed again within in a period of thirty six months from the date if becomes payable shall be transferred to an account called in-operative account Number of inoperative accounts for the year 2015-16 is 9,29,89,648.

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Disclosure for the Annual Accounts (Common Format) for the year 2015-16

1. The disclosure regarding following difference in the position of Assets & liabilities in the balance sheet is made :

EPF & EPF admin. Account		
	EPF Account	**EPF Admin**
Assets	(-) 6.91 crore	(+) 6.91 crore
Liabilities	(+) 6.91 crore	(-) 6.91 crore
EDLI & EDLI Admn. Accounts		
	EDLI Account	**EDLI Admin. Account**
Assets	(-) 2.93 crore	(+) 2.93 crore
Liabilities	(+) 2.93 crore	(-) 2.93 crore

The similar difference is observed in previous year balance sheet and the difference might be continuing since long but as the figures has been bifurcated in common format, the same has become evident now. The same has been shown as payable and receivable in respective accounts to adjust the difference.

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Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of Employees' Provident Fund Organisation for the year ended 31st March, 2016

SEPARATE AUDIT REPORT – OBSERVATIONS	COMMENTS OF THE ORGANISATION
We have audited the attached Balance Sheet of **Employees' Provident Fund Organization (EPFO)** as at 31 March 2016, Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under Section 19 (2) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 5A (6) of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. These financial statements include the accounts of Head office, 40 Regional offices (ROs), NATRSS and EPF Appellate Tribunal of the Employees' Provident Fund Organization. Out of these accounts of Head Office and 12 Regional Offices were audited and comments have been suitably included in this report. These financial statements are the responsibility of the EPFO's management. Our responsibility is to express an opinion on these financial statements based on our audit.	1. No Comments, being factual.
2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.	2. No Comments, being factual.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.	3. No Comments, being factual.
4. Based on our audit, we report that:	
i We have obtained all the information and explanations, except mentioned in comment no A.1.2(ii),A.1.2(iii),B.2.1(ii), B.2.1(iii) of the annexure I of the audit report.	4. The Annual Accounts have been prepared in the format as prescribed under Para 55 of the Employees' Provident Funds Scheme, 1952 read with Section 5A (5) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
ii The consolidated Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report have been drawn up by EPFO in the format prescribed by the Government of India, Ministry of Finance, subject to observations given in the succeeding paras. However, Regional Offices / Sub Regional Offices have not drawn up their accounts in prescribed common format.	The Annual Accounts for the year 2015-16 have also been prepared in Common Format of Accounts as prescribed by Central Government for autonomous bodies. Ministry of Labour & Employment has in principle approved the Common Format. But the CAG has raised some certain observations on the "Draft Common Format of Accounts". The "Draft Common Format of Accounts" will be modified accordingly and to be submitted to the C&AG for their approval. Once the format is approved by CAG, the Annual Accounts will be prepared accordingly.
iii In our opinion, proper books of accounts and other relevant records except stated in comment C-I and E-1 of the annexure I of the audit report have been maintained by the EPFO as required under Section 5A (5) of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 in so far as it appears from our examination of such books.	
Subject to our observations in the subsequent paragraphs and Annexure I and II of the Audit	

Report, we report that the Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report are in agreement with the books of accounts.

iv we are unable to form an opinion on the following:

- Interest liabilityon EPF Contribution Fund as EPFO had not updated 2.46 lakh EPF subscriber accounts as on 31 March 2016 and liability on these accounts was not ascertained by EPFO.(Refer Comment no. A.1.1)

- Difference of Rs. 70.37 crore between liabilities of earmarked fund for Staff Pension cum Gratuity Account and corresponding investment.(Refer Comment no. A.1.2 (i))

- Investment of Staff Provident Fund Account Rs.1275.26 crore has been shown in the Balance Sheet. EPFO has not provided any supporting documents in support of this investment to audit.(Refer Comment no. A.1.2 (ii))

- Rs. 887.25 crore shown as liability of earmarked fund for Building Construction Fund as on 31 March.2016. Investment made against this fund could not be verified as EPFO has not provided the details/documents in support of such investment. (Refer Comment no. A.1.2 (iii))

- The amount of depreciation of Rs. 21.03 crore was not calculated as per the provision of Accounting Standard 6 on depreciation and various ROs have not charged depreciation on Fixed Assets in their accounts and the details relating to leased assets such as period of lease and effective date of lease were not provided to audit. (Refer Comment no. B.2.1)

- Rs.887.52 crore has been shown as amount under reconciliation in the various schedules of investment and as hence EPFO is unable to classify this amount into respective securities and could not classify the amortised value of total investment shown in the Balance Sheet into the types of investment.(Refer Comment no. C.1 (b))

In our opinion and to the best of our information and according to the explanations given to us subject to our observations highlighted above and in Annexure I & II to the audit report and significant matter stated above, the said financial statement read together with the Accounting Policies and Notes on Accounts gives a true and fair view in conformity with the accounting principles generally accepted in India.

a. in so far as it relates to the Balance Sheet, of the state of affairs of the Employees' Provident Fund Organization as at 31 March 2016; and

b. in so far as it relates to Income & Expenditure Account of the surplus for the year ended on that date.

For and on behalf of the C&AG of India

Sd/-
Director General of Audit
Central Expenditure

Place: New Delhi
Date: 15-06-2017

Annexure I of Audit Report

We report that:

SEPARATE AUDIT REPORT – OBSERVATIONS	COMMENTS OF THE ORGANISATION
A Balance Sheet **A.1 Liabilities** **A.1.1 Interest Account-EPF Contribution Fund (Schedule 4) Rs. 20942.63 crore** As on 31st March 2016, 2.46 lakh EPF subscriber accounts were pending for updation. The interest thereon have not been calculated and liability on these accounts was not ascertained by EPFO. In view of above, audit is unable to form any opinion on the correctness of the interest liability.	A.1.1 EPFO has developed new software to credit interest annually to its subscribers. The Annual Accounts for the year 2014-15 was updated on 1st of April, 2015. As on 31st March, 2016 only 2,46,228 accounts were pending to be updated on account of technical glitches in the system.
A.1.2 Earmarked / Endowment Funds **Building Construction Fund (Schedule-12) Rs.887.25 crore** **Staff Provident Fund (Schedule - 13) Rs.958.03 crore** **Staff Pension cum Gratuity Account (Schedule 14) Rs.2744.52 crore**	
(i) EPFO had Rs.2744.52 crore as liability of earmarked fund for Staff Pension cum Gratuity Account. However, the corresponding investment as on Balance Sheet Date has been shown as Rs. 2674.15 crore (Schedule 27) which leaves a differenc e of Rs. 70.37 crore. This needs to be reconciled.	(i) The work relating to actuarial valuation of Staff Pension-cum-Gratuity Fund was entrusted to M/s K.A. Pandit Consultants & Actuaries in July, 2014. The actuary had submitted its report in November, 2015 which was placed before the Central Board of Trustees, EPF in its 209th meeting held on 24.11.2015. The Board accepted the report to transfer the surplus fund to Staff Pension-cum-Gratuity Fund Account No 9. Accordingly a sum of Rs. 206.81 crore were transferred to the Pension & Gratuity Fund in 2015-16 and further in 2016 17 it has been budgeted to transfer Rs.1500 crore in the said fund. Ministry of Labour & Employment has also been requested to transfer the entire deficit from Special Deposits & Accounts to the EPF Staff Pension-cum-Gratuity Fund Account. Further, valuation shall be done on a biennial basis as per the decision of the Board.
(ii) EPFO had Earmarked Fund of Rs. 958.03 crore under Staff Provident Fund Account and against this fund investment of Rs.1275.26 crore has been shown in the Balance Sheet. EPFO did not provide any supporting documents in support of this investment.	(ii) The liabilities is less than the assets since the interest earned on the investment is more than the interest credited to members account as interest to staff members at the statutory rates.
(iii) EPFO had Rs. 887.25 crore as liability of earmarked fund for Building Construction Fund as on 31.03.2016. Investment made against this fund could not be verified as EPFO did not provide the details/documents in support of such investment.	(iii) The Building Construction Fund is a pro forma account and amount shown in this account is only the provision made for Building Construction from the revenue surplus and the amount of Building Construction Fund is not being kept separately .

Thus, Audit is unable to form any opinion on correctness of this fund. (iv) No actuarial valuation was conducted for the year 2015-16. However, during the current financial year an amount of Rs.206.81 crore was transferred to Staff Pension cum Gratuity Fund on the basis of actuarial valuation in the year 2014-15 and Rs. 1500 crore was budgeted to be transferred during the year-2016 17. This fact regarding the non-conducting the actuarial valuation in 2015-16 and the shortfall in the provision with respect to the actuarial valuation report of 2014-15 should have been disclosed in Notes on Accounts.	(iv) The actuarial valuation is being conducted in an interval of some time (years). However, we may disclose in the notes on accounts the latest actuarial valuation conducted and its report received.
A.1.3 Current Liabilities & Provisions (Schedule 15) - Rs.124.51 crore i) The above do not include liabilities for the cost of computer software purchased by EPFO Hqrs. during 2015- 16 (29/2/2016) but not paid for amounting to Rs. 13.89 crore resulting in understatement of Current Liabilities & Provisions and overstatement of EPF-Administration Fund by Rs.13.89 crore. (ii) The above do not include liabilities for expenses due but not paid amounting to Rs. 63.58 lakh in respect of SRO, Laxmi Nagar. This resulted in understatement of Current Liabilities & Provisions and Expenditure by Rs. 63.58 lakh. EPFO should follow the accrual accounting in their all units.	**A.1.3** (i) & (ii) The field offices are preparing their Annual Accounts in existing legacy formats of accounts. Only Consolidated Annual Accounts for the year 2015-16 have been prepared in Common Format on the basis of annual accounts received from the respective field offices as per requirement of Common Format.
A.2. Assets **A.2.1 EPF Contribution Fund-Investment (Schedule 18) - Rs. 448143.79 crore** **EPF – FDR Investment (Schedule 18) -Rs. 850 crore** (i) EPFO had shown investment of EPF in FDR amounting to Rs. 850 crore as on 31.03.2016 in balance sheet whereas as per details furnished investment of EPF in FDR was Rs. 1160 crore as on 31.03.2016 . The difference of Rs.310 crore needs to be reconciled. (ii) As per the details given in Schedule 18 the closing value of amortised value of investment as on 31/3/2016 works out to Rs. 448104.72 crore whereas in the schedule as well as the Balance Sheet it has been shown as Rs.448143.79 crore resulting in a difference of Rs. 39.07 crore. This needs to be reconciled.	**A.2** **A.2.1** (i) The difference is being reconciled. (ii) The figures as reflected in the Opening Balance column of the Schedule 18 are the scheme account-wise, category-wise investment figures as derived from the amortization report for 2014 15. The impact of amortization cost is to be revised as per the revised Amortization Report for 2015 16 and for previous periods in the amount of the investment figures reflected in Balance Sheet data that are under reconciliation.
A.2.2 Current Assets, Loan & Advances (Schedule 19) -Rs. 10245.67 crore **EPF – Interest Accrued on FDR-Rs. 213.47 crore** EPFO has shown interest accrued of Rs. 213.47 crore on FDRs of EPF as on 31.02.2016 whereas as per details furnished to audit accrued interest on FDRs of EPF was Rs. 351.62 crore. The difference of Rs. 138.15 crore needs to be reconciled.	**A.2.2** The difference is being reconciled.

A.2.3 Employees Pension Fund-Investment (Schedule 20) - Rs. 280361.40 crore	**A.2.3**
EPS – FDR Investment (Schedule 20) - Rs. 1153 crore	
(i) EPFO had shown investment of EPS in FDR amounting to Rs. 1153 crore as on 31.03.2016 in the Balance Sheet whereas as per details furnished investment of EPS in FDR was Rs. 843 crore as on 31.03.2016. The difference of Rs.310 crore needs to be reconciled	(i) The difference is being reconciled.
(ii) As per the details given in Schedule 20 the closing value of amortised value of investment as on 31/3/2016 works out to Rs. 280361.54 crore whereas in the schedule as well as the Balance Sheet it has been shown as Rs. 280361.40 crore resulting in a difference of Rs. 0.14 crore. This needs to be clarified.	(ii) The figures as reflected in the Opening Balance column of the Schedule 20 are the scheme account-wise, category-wise investment figures as derived from the amortization report for 2014 15. The impact of amortization cost is to be revised as per the revised Amortization Report for 2015 16 and for previous periods in the amount of the investment figures reflected in Balance Sheet data that are under reconciliation.
A.2.4 EPS – Current Assets, Loan and Advances (Schedule 21) – Rs. 9922.24 crore	**A.2.4**
The above does not include:	
(i) Grants-in-aid of Rs. 259.80 crore sanctioned by Government of India, Ministry of Labour and Employment on 31.03.2016 towards reimbursement of excess amount disbursed by EPFO to keep minimum pension of Rs. 1000/- p.m to pensioners which was credited in EPFO accounts on 02.04.2016. This has resulted in understatement of Current Assets by Rs. 259.80 crore.	i) The said amount of Rs.259.80 was credited on 02.04.2016 in EPFO's accounts. The amount could not be shown in the financial year 2015 16 as the same was credited in EPFO's account in the financial year 2016-2017.
ii) An amount of Rs. 816.32 crore payable by Central Government for amount disbursed by EPFO for providing minimum pension of Rs. 1000/- p.m to pensioner under EPS-1995 as on 31.03.2016. This has resulted in understatement of Current Assets by Rs. 816.32 crore.	ii) A sum of Rs.816.32 crore and Rs.4,651.93 crore was receivable from Central Government as on 31.3.2016 under the grants-in-aid for minimum pension of Rs.1,000/- p.m. and EPS-1995 (Public Account) respectively.
iii) Rs. 36.58 crore being the interest receivable on balance in Public Account as on 31.03.2016, resulted in understatement of Current Assets and EPS Contribution Fund by Rs. 36.58 crore.	iii) A sum of Rs.36,58 crore was less interest received from Central Government under the Employees; Pension Scheme,1995 (Public Account) which will be adjusted in financial year 2016-17. The accounts have been prepared in the legacy formats of accounts.
(iv) TDS of Rs. 8.37 crore on Investment deducted and deposited in Income Tax Department during 1997-98 to 2005-06 by concerned parties and not recovered till date. This was not taken in the accounts. This needs to be corrected.	(iv) The matter has been taken up with Chairman, CBDT.
(v) **EPS – Interest Accrued on FDR- Rs. 292.95 crore** EPFO has shown interest accrued of Rs. 292.95 crore on FDRs of EPS as on 31.03.2016 whereas as per details furnished it was Rs. 154.81 crore. The difference of Rs. 138.14 crore needs to be reconciled.	(v) The difference is being reconciled.

A.2.5 Fixed Assets (Schedule 24) Rs. 428.98 crore EPFO has not follow the accrual accounting in their field units which resulted non capitalization of various capital expenditure. The details are as under: (i) The above do not include Capital Expenditure of Rs. 7823.05 lakh {EPFO Hqrs.: Rs. 7595.15 lakh (inclusive of Rs. 6881.12 lakh on computerization), RO Gurugram: Rs. 12.32 lakh, RO Faridabd Rs. 15.53 lakh, RO Meerut: Rs. 56.74 lakh, SRO Agra Rs. 6.71 lakh , SRO Noida Rs. 36.94 lakh, RO Ahmedabad: Rs. 15.80 lakh), RO (South) Delhi Rs. 83.86 lakh} which has been booked in the accounts as revenue expenditure. This has resulted in understatement of Fixed Assets & EPF - Administration Fund by Rs. 7823.05 lakh. (ii) RO Surat & RO Dehradun had shown only Land & Building as Fixed Assets in the accounts. The other Fixed Assets such as Furniture& Fixtures, Office Equipment and Computers were charged to Income & Expenditure Account resulting in understatement of Fixed Assets and EPF-Administration Fund. Amount could not be quantified. (iii) The above do not include two staff cars of RO Faridabad and one staff car of RO Gurugram. Amount could not be quantified. (iv) The above do not include purchase of computer hard ware of Rs. 9,16,747 and computer software of Rs. 48,738 which has been shown in the accounts as revenue expenditure under computerisation by RO Gurugram. This resulted into overstatement of Expenditure and understatement of Fixed Assets by Rs 9.65 lakh. (v) Purchase of computers amounting to Rs. 4.10 lakh has been shown in the accounts as revenue expenditure under computerization (Rs. 16.04 lakh) by RO Faridabad. This resulted into overstatement of Expenditure and understatement of Fixed Assets by Rs 4.10 lakh. EPFO should follow the accrual accounting in their all units.	**A.2.5** **(i),((ii),(iii), (iv) & (v)** The field offices are preparing Annual Accounts in existing formats of accounts. Only Consolidated Annual Accounts for the year 2015 16 have been prepared in Common Format on the basis of annual accounts received from the respective field offices as per requirement of Common Format. In addition to above, the Common Format of Accounts is under consideration of C&AG for approval.
A.2.6 EPF Administration Fund Investment (Schedule 25) Rs. 18469.81 crore As intimated by the Pay & accounts office of Ministry of Labour& Employment the investment of EPF Account No. 4 (Central Administration Fund) under Special Deposit as on 31.3.2016 was Rs. 18267.44 crore however the same has been depicted in the Balance Sheet of EPF Account No. 4 (Central Administration Fund) as Rs. 18259.81 crore. Thus there is a variation of Rs.7.63 crore in the closing balance as on 31.3.2016. As the difference is relates to year 1989 to1998 as no record is available with RBI. A note on this should be included in the Notes on Accounts till the decision on variation of Rs. 7.63 crore was taken.	**A.2.6** The matter has been taken up with RBI, where the SDA is maintained. RBI has expressed thejr inability to provide the statement of Account for the period of difference w.e.f. 1989 to 24.07.1998 as no record is available with RBI.

A.2.7 Current Assets, Loans and Advances (Schedule 28) -Rs. 199.74 crore **(i) Interest on EPF Administration Fund – Rs. 13.66 crore** EPFO has shown interest accrued of Rs. 13.66 crore on FDRs of EPF Administration Fund as on 31.03.2016 whereas as per details furnished it was Rs. 12.27 crore. The difference of Rs.1.39 crore needs to be reconciled. (ii) The above do not include an amount of Rs 3.63 crore receivable from CBEC and CBDT (CBEC: Rs. 1.74 crore and CBDT: Rs. 1.89 crore) for the period from July 2011 to March 2016 towards monthly electricity, water charges and maintenance of commonly shared services at HUDCO Vishala Building. This has resulted in understatement of Current Assets, Loans and Advances and EPF Administration Fund by Rs 3.63 crore.	A.2.7 (i) As per the certificate provided by SBI in this regards, the amount shown in 'Interest Paid' was wrongly shown as 'Accrued Interest upto 31.03.2016', whereas the actual accrued interest upto 31.03.2016 was Rs.12.27 crore. The same shall be adjusted in the next financial year. (ii) The matter has been taken up with concerned authorities.
B. Income & Expenditure Account **B.1 Income** **B.1.1 Other Income -Miscellaneous Receipts –Rs. 11.16 crore** The above does not include interest income of Rs. 2.48 lakh (HBA Rs. 1,74,852, Computer Advance Rs. 60,667 and Conveyance Advance Rs. 12,264) recovered for the year 2015-16 in respect of RO (South) Delhi. This has resulted into understatement of Other Income -Miscellaneous Receipts by Rs. 2.48 lakh.	B B.1 **B.1.1** The para has been noted.
B.2 Expenditure **B.2.1** Significant Accounting policy No. 5 on depreciation states that "on fixed assets depreciation is provided on Straight Line Method at the rates specified in Companies Act, 2013". On review of fixed assets schedule it was seen that opening balance adjustment of land and building and other adjustment is taken as depreciation for the current year. Though As per the provision of AS -6 depreciation should have been calculated from the date of purchase and depreciation calculated upto 31.03.2015. (ii) Regional Offices (RO Gurugram, RO Faridabad, RO Meerut, RO Dehradun, RO Ahmedabad, RO Surat) have not charged depreciation on Fixed Assets in their accounts. In the absence of information of depreciation by ROs it is not clear as to how the depreciation was worked out in the Consolidated Accounts. EPFO has not provided the working of depreciation during audit stating that the same was availabl e with the ROs/SROs (iii) As per accounting No 5.3 & 5.4 on depreciation "*The lump-sum lease amount paid on lease hold land and building is amortised proportionately every year over the lease period of the holding*". In the fixed assets schedule gross block value of leasehold land and leasehold building was shown as Rs. 33.73 crore and Rs.107.28 crore respectively. The details relating to leased assets such as period of lease and effective date of lease was not provided to audit. Thus, in the absence of information audit is unable to form any opinion on the depreciation/amortization charged on leasehold assets.	B.2 **B.2.1, (ii) & (iii)** The Consolidated Annual Accounts for the 2015-16 has been prepared in Common Format as well as in Legacy System and submitted to DG(A)CE, New Delhi for certification. Further, it is stated that Employees' Provident Fund Organisation has adopted Common Format of Accounts from the year 2015-16. Any change on this account shall be done in consultation of C&AG of India. Regarding the depreciation, the same has been charged as per Schedule 44 accounting policy 5 on depreciation of EPFO and shown the 'Accumulated depreciation at the beginning of the year' and 'Deprecation for the current year' separately in Schedule No. 24 (Fixed Assets) of Common Format of Accounts and the disclosure has given under Schedule No. 24 of Common Format of Accounts.