

EMPLOYEES' PROVIDENT FUND ORGANISATION



AGENDA BOOK

224th Meeting Central Board (EPF)

Date : 21.02.2019

Time : 03:00 PM

**Venue : Committee Room, "C" Wing, 1st Floor
Annexe, Shram Shakti Bhawan, Rafi
Marg, New Delhi**

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Item No. 1: Confirmation of minutes of the 223rd meeting of the Central Board (EPF) held on 04.12.2018.

1. The minutes of the 223rd meeting of the Central Board (EPF) held on 04.12.2018 were circulated to all the members vide EPFO letter dated 27.12.2018.
2. The minutes of the 223rd 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 223rd meeting of the Central Board (EPF) as approved by the Chairman are placed for confirmation by the Board.



Website
SPEED POST

कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION
(श्रम और रोजगार मंत्रालय, भारत सरकार)
MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA
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www.epfindia.gov.in

No. Conf.1(1)/223rd CBT (EPF)/2018

Dated: 27.12.2018

To,

127 DEC 2018

All Members,
Central Board of Trustees, EPF
(As per list).

Sub: Forwarding of minutes of the 223rd meeting of the Central Board of Trustees, EPF, held on 04.12.2018 - reg.

Madam/Sir,

I am directed to forward herewith the minutes of the 223rd meeting of the Central Board of Trustees, EPF, held on 04.12.2018, duly approved by the Chairman, Central Board of Trustees, EPF, for kind perusal.

Yours faithfully,

(Amiya Kant)

Regional PF Commissioner-I (Conference)

(Email: rc.conf@epfindia.nic.in)

Copy to:

1. PS to MOS (I/C), Labour & Employment for information.
2. PPS to Central Provident Fund Commissioner, Head Office, New Delhi.
3. Internal Circulation:- CVO, FA & CAO, All Addl. CPFCs (HQ), All ACCs EPFO (Head Office), Director (PDUNASS).
4. RPFC-I (NDC) with request to facilitate upload on EPFO's website.
5. Under Secretary (SS-II), Ministry of Labour & Employment, New Delhi.
6. Deputy Director (OL) – for Hindi Version.
7. APFC/Protocol Officer, EPF Headquarters, New Delhi.
8. Section Officer (SS-II), Ministry of Labour, New Delhi.
9. Guard File.

A
21/12/18

(Amiya Kant)

Regional PF Commissioner-I (Conference)

EMPLOYEES' PROVIDENT FUND ORGANISATION
MINUTES OF THE 223rd CBT MEETING
(DELHI, 04th DECEMBER, 2018 AT 03:00 PM)

The 223rd meeting of the Central Board of Trustees, Employees' Provident Fund was held under the Chairmanship of Hon'ble Shri Santosh Kumar Gangwar, Chairman, Central Board of Trustees, Employees' Provident Fund and Minister of Labour and Employment (Independent Charge).

List of members who attended the meeting is placed at **Annexure A**. List of officers who attended the meeting is placed at **Annexure B**.

CPFC welcomed the Chairman, the Vice Chairman and all the members to the first meeting of the Board after its reconstitution.

The Chairman in his opening remarks welcomed all the members. He said that officers of EPFO should give hearing to the employees and their representatives and redress their grievances. He informed that the issue of grant of higher pension to employees of exempted establishments is under consideration of the Hon'ble Supreme Court. He further informed that a High Empowered Monitoring Committee (HEMC) has been constituted for complete evaluation and review of the Employees' Pension Scheme (EPS) 1995. The committee is expected to submit its report shortly. He gave an overview of the agenda for the meeting and asked CPFC to take up the agenda items for discussion.

Item No. 1: Confirmation of minutes of the 222nd meeting of the Central Board (EPF) held on 26.06.2018.

The Board confirmed the minutes of the 222nd meeting of CBT.

Item No. 2: Action Taken Statement in respect of decisions taken in the CBT meetings held upto 26.06.2018 (222nd CBT meeting).

Sr. no. 2 of ATR : Shri P.J. Banasure said that the issue of workers' bank should be decided as it is a very old issue. The Chairman informed that the issue is under consideration of Ministry of Finance.

Sh. A.K. Padmanabhan said that in respect of many recommendations made by the Board in its previous meetings, action has not been completed. He said that status regarding action taken should be presented to the Board. CPFC assured to look into the matter.

The Board noted the action taken status with these observations.

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

The Board took note of the information placed before it.

Item No. 4: Reconstitution of Executive Committee – Election of the representatives of employers’ and employees’ to the Executive Committee of the Central Board of Trustees.

Sh. Ram Kishore Tripathi said that at present three vacancies from the employees’ side as well as from the employers’ side need to be filled up.

The Board authorised the Chairman to nominate employers’ and employees’ representatives to the Executive Committee.

Item No. 5: Reconstitution of other non- statutory Committees of Central Board of Trustees, Employees’ Provident Fund.

The Board approved the proposal to constitute the following committees of the Board on the terms of reference as proposed in the agenda:-

- a) Finance, Investment and Audit Committee
- b) Pension & EDLI Implementation Committee
- c) Exempted Establishments Committee

The Board authorised the Chairman to constitute Committees.

Item No. 6: Appointment of Consultant for Selection of Portfolio Managers & Performance Review of Portfolio Managers.

Members said that the proposals need to be considered in detail before arriving at a decision. It was informed that FIAC has dealt in detail the matter and accordingly FIAC recommended the proposal.

The Board ratified the decision mentioned in sub-para (i) of para 14 of the agenda item and decided that the proposals given in sub-para (ii) to (iv) of para 14 of the agenda item should be considered in detail by the Finance, Investment and Audit Committee.

Item No. 7: Proposal for Recruitment to various cadres in the Employees’ Provident Fund Organisation on Direct Recruit basis through Institute of Banking Personnel Selection (IBPS).

Members expressed that utmost secrecy should be ensured in the process of conduct of examination. It was suggested that MoU should include provisions for stringent penalty against

the recruiting agency in case of question paper leak or other such wrong doing. The suggestion was accepted by the Board.

Sh. P.J. Banasure said that the matter should first be considered by the EC. CPFC informed that at present the proposal is only for entering into MoU with IBPS.

The Board approved the proposal as contained in the agenda.

Item No. 8: Investments in TRI-PARTY REPO launched by Clearing Corporation of India Limited (CCIL) in place of CBLO.

The Board approved the proposal as contained in the agenda.

Item No. 9: Selection of Portfolio Managers for managing Corpus of Central Board, EPF by Finance, Investment and Audit Committee.

The Board approved the proposal as contained in the agenda.

Item No. 10: Allocation of funds to Portfolio Managers consequent to closure of Portfolio Management Service activity by SBI.

It was agreed that the proposal contained in the Agenda should first be placed before the Finance, Investment and Audit Committee (FIAC) for consideration. Action can be taken on the basis of recommendation of FIAC with approval of Chairman CBT to be ratified in next meeting.

Item No. 11: Extension of tenure of current Portfolio Managers of EPFO up to 30th June, 2019 or till appointment of new Portfolio Managers whichever is earlier.

The proposal contained in the agenda item was approved with the modification that tenure of current Portfolio Managers except SBI be extended upto 31.03.2019 instead of upto 30.06.2019 and during the period the process to appoint successor should be completed.

Item No. 12: Extension of tenure of M/s. CRISIL Ltd as Consultant for six month i.e. 30.06.2019 or till appointment of new Portfolio Managers, whichever is earlier.

The proposal contained in the agenda item was approved with the modification that tenure of M/s CRISIL be extended upto 31.03.2019 instead of upto 30.06.2019 and during the period the process to appoint successor should be completed.

Item No. 13: Information to be placed before the Central Board in accordance with para 23 of the EPF Scheme.

The Board took note of the information as contained in the Agenda.

Item No. 14: Procedure to be observed by the Departmental Promotion Committee – Revised crucial date of eligibility for the vacancy year and relevant years up to which APARs are to be considered for conducting Departmental Promotion Committees.

The Board approved the proposal as contained in the agenda.

Item No. 15: Relaxation in the period of eligibility service for promotion to the post of Addl. CPFC in Level 13 A of the pay matrix in relaxation of the Recruitment Rules.

Sh. A. K. Padmanabhan said that he is not against granting relaxation for promotion of officers but promotion related issues of staff members should also be addressed.

Sh. Sunkari Mallesham said that all post are very important and therefore one time relaxation should be granted in respect of all cadres.

Sh. P.J. Banasure said that the proposal can be approved only after proposals for relaxation for grant of promotion in respect of all cadres are brought before the Board.

Sh. Virjesh Upadhyay said that irrespective of cadre, from the lowest to the highest post, relaxation to be granted for filling up the next higher post, should be granted.

The Chairman opined that one time relaxation should be given to all cadres in a time bound manner and the entire exercise of promotion be completed within 2 months.

The Chairman was authorised to grant relaxation for all the cadres.

Item No. 16: Relaxation in the period of eligibility service for promotion to the post of Regional PF Commissioner Gr. II in Level 11 of the pay matrix in relaxation of the Recruitment Rules.

The agenda item was decided as per the observations as recorded under item number 15.

Item No. 17: Inter Regional (State) Transfer Policy for the cadre of Social Security Assistant (SSA).

Sh. Virjesh Upadhyay said that there should be fairness in providing the benefit of the transfer policy to all eligible employees.

Sh. Michael Dias said that it should be ensured that the functioning of the office does not suffer on account of transfer of the employees of the office.

The Board took note of the observations and approved the proposal as contained in the agenda.

The working of the policy may be reviewed after two years.

Item No. 18: Appointment of C-DAC as a Consultant to carry out the study of EPFO's existing IT system.

Sh. Michael Dias suggested that a high-powered committee should be constituted to look into the matter professionally. Sh. Ram Kishore Tripathi said that EPFO's management of Information Technology system has been much better than of ESIC and Coal Mines PF Organisation. The Vice Chairman informed that the proposal is with a view to making the existing system more robust.

CPFC said that a high level advisory committee consisting of technical experts will be constituted to oversee the activity. There was general consensus on engaging C-DAC for the work. However, considering the technical nature of the proposal, it was decided to put up the recast proposal in the Executive Committee for approval.

Item No. 19: Enhancement of Roles and Functions of District Offices.

Sh. Michael Dias said that it should be ensured that the new system does not result in inspector raj. Sh. Ram Kishore Tripathi, Sh. P.J. Banasure and Sh. Dilip Bhattacharya said that the proposal is in the interest of the employees.

The proposal contained in the agenda was approved.

Item No. 20: Relaxation in the period of eligibility service for promotion to the post of Regional P.F. Commissioner, Gr. I in Level 12 of the pay matrix in relaxation of the Recruitment Rules.

The agenda item was decided as per the observations as recorded under item number 15.

Other issues

Sh. Dilip Bhattacharya said that for many employees, the names and dates of birth in EPFO's records are incorrect. CPFC informed that procedure is in place for addressing such grievances. Sh. Dilip Bhattacharya also raised the concern that many workers are not being covered due to lack of inspection. He said that minimum pension should also be increased.

Sh. A. K. Padmanabhan said that the Board should be informed about the status of the issue of grant of higher pension to employees of exempted establishments. He said that hard copy of the agenda should be made available at least 2-3 days in advance.

The Vice Chairman briefed the Board about the developments regarding the issue of grant of higher pension to employees of exempted establishments. He informed that report of actuary is expected next week and a decision will soon be taken in this matter.

Sh. A. K. Padmanabhan said that medical facility should be provided to pensioners. The Vice Chairman informed that this facility to be provided by ESIC to EPF pensioners in metro cities subject to payment of Rs. 200/- per pensioner per month is under consideration.

Shri Sunkari Mallesham expressed concern that most of the employers are being employed under NEEM scheme and not being covered under EPF or ESI Act and, thus, their social security is jeopardised. Concerns were noted.

Sh. P.J. Banasure expressed concern about the delay in finalization of annual accounts. CPFC informed that CAG has prescribed a new common format and the same is under process and efforts are being made to expedite action in this matter.

The Chairman thanked all the members. The meeting ended with vote of thanks to the Chair.

ANNEXURE A**List of members who attended the 223rd meeting of Central Board (EPF) on 04-12-2018**

1.	Shri Heera Lal Samariya, Secretary, Ministry of Labour & Employment	VICE CHAIRMAN
2.	Ms. Anuradha Prasad, Additional Secretary, Ministry of Labour & Employment	CENTRAL GOVERNMENT REPRESENTATIVE
3.	Ms. Sibani Swain, Additional Secretary & Financial Advisor, Ministry of Labour & Employment	
4.	Shri R. K. Gupta, Joint Secretary, Ministry of Labour & Employment	
5.	Shri Arun Chawla	EMPLOYERS' REPRESENTATIVES
6.	Shri Michael Dias	
7.	Shri M.L. Maurya	
8.	Shri Sougata Roy Choudhury	
9.	Shri Ashish Wig	
10.	Shri K.E. Raghunathan	
11.	Shri Govind Lele	
12.	Shri Anupam Mailk	
13.	Shri Sanjay Bhatia	
14.	Shri Virjesh Upadhyay	EMPLOYEES' REPRESENTATIVES
15.	Shri Prabhakar J. Banasure	
16.	Shri Sunkari Malleshram	
17.	Shri A.K. Padmanabhan	
18.	Sh. Ram Kishore Tripathi (substitute of Shri Harbhajan Singh Sidhu)	
19.	Shri Dilip Bhattacharya	
20.	Sh. K. R. Verma, Addl. Labour Commissioner, Delhi	STATE GOVERNMENT REPRESENTATIVES
21.	Shri Anurag Gahlawat, Jt. Director, Labour Department, Haryana	
22.	Shri Sunil Barthwal, Central PF Commissioner	MEMBER SECRETARY

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

1.	Joint Secretary and Director General Labour Welfare, Ministry of Labour & Employment.	CENTRAL GOVERNMENT REPRESENTATIVES
2.	Joint Secretary (Pension Reforms) Deptt. of Financial Services, Ministry of Finance.	
3.	Shri Ramendra Kumar	EMPLOYEES' REPRESENTATIVE

4.	Secretary to the Govt. of Andhra Pradesh, Labour Department, Hyderabad.	STATE GOVERNMENT REPRESENTATIVES
5.	Secretary to the Govt. of Chandigarh Administration, Labour Department, Chandigarh.	
6.	Secretary to the Govt. of Gujarat, Labour and Employment Department, Gandhinagar.	
7.	Secretary to the Govt. of Karnataka, Department of Labour, Bangalore.	
8.	Secretary to the Govt. of Kerala, Labour Department, Thiruvananthapuram.	
9.	Secretary to the Govt. of Madhya Pradesh, Department of Labour, Bhopal.	
10.	Secretary to the Govt. of Maharashtra, Department of Labour, Mumbai.	
11.	Secretary to the Govt. of Punjab, Department of Labour, Chandigarh.	
12.	Secretary to the Govt. of Rajasthan, Department of Labour, Jaipur.	
13.	Secretary to the Govt. of Tamil Nadu, Labour Department, Chennai.	
14.	Secretary to the Govt. of Telangana, Department of Labour, Hyderabad.	
15.	Secretary to the Govt. of Uttar Pradesh, Labour Department, Lucknow.	
16.	Secretary to the Govt. of West Bengal, Department of Labour, Kolkata.	

ANNEXURE B**List of officers who attended the 223rd meeting of Central Board (EPF) on 04-12-2018**

Sl No.	Name	Designation
1.	Sh. S. K. Lohani	ACC (HQ)
2.	Shri Rajesh Bansal	ACC (HQ)
3.	Ms. Neelam Sanghi	ACC (HQ)
4.	Sh. Hemant Jain	FA & CAO
5.	Sh. Jag Mohan	ACC (HQ)
6.	Sh. K.L. Goyal	ACC (HQ)
7.	Sh. Chandramauli Chakraborty	ACC
8.	Ms. Udit Choudhary	ACC
9.	Sh. R. M. Verma	ACC
10.	Ms. Uma Mandal	ACC
11.	Sh. Samarendra Kumar	RPFC-I
12.	Sh. Saurabh Jagati	RPFC-I
13.	Sh. Rupesh Singh	RPFC-I
14.	Sh. Vineet Gupta	RPFC-I
15.	Sh. Nilendu Mishra	RPFC-I
16.	Sh. Amiya Kant	RPFC-I
17.	Sh. Rajeshwar Rajesh	RPFC-II
18.	Sh. Lalit Kumar	APFC
19.	Sh. Alok Kumar	APFC
20.	Sh. Raunak Jain	APFC
21.	Sh. Kewal Kishan	Section Officer
22.	Sh. Sanjeev Sikri	Section Officer
23.	Sh. Narender Singh Rawat	Section Officer
24.	Sh. Pawan Kumar	Section Officer



Item no. 2: Action Taken Statement in respect of decisions taken in the CBT meetings held upto 04.12.2018 (223rd CBT meeting).

Sl. No.	Decisions/Directions of CBT	Action Taken Status
1.	<p>Introduction of non-functional grades in respect of Lower Division Clerk (LDC), Stenographer and Upper Division Clerk (UDC) for promotion to subsequent cadres.</p> <p>Shri M.J. Rao said that one time relaxation should be granted to officials in all cadres under cadre-restructuring. The Hon'ble Chairman informed that the matter will be considered favorably.</p> <p>(Item No. 2(1), 222nd CBT, 26-06-2018) (221st CBT, 13-04-2018)</p>	<p>Recruitment Rules in respect of Lower Division Clerk (LDC), Stenographer and Upper Division Clerk (UDC) with modification as directed by the competent authority forwarded to MoL&E for approval on 09.10.2018.</p> <p>Internal Finance Division (IFD) of MoL&E vide letter dated 13.12.2018 sought some information which forwarded to MoL&E on 07.01.2019.</p> <p>Matter is under consideration in Ministry.</p>
2.	<p>Constitution of Workers' Bank.</p> <p>Shri A.D. Nagpal enquired about the status regarding constitution of Workers' Bank. Shri R. K. Gupta informed that a proposal in this regard has been sent to the Ministry of Finance vide Ministry of Labour & Employment's note dated 31.05.2018.</p> <p>(Item No. 2(3), 222nd CBT, 26-06-2018) (Item No. 2(1), 221st CBT, 13-04-2018) (Item No. 2(1), 220th CBT, 21-02-2018) (Item No. 2(2), 218th CBT, 27-05-2017) (Item No. 2(2), 216th CBT, 30-03-2017) (Item No. 2(9), 215th CBT, 19-12-2016) (Item No. 2(6), 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)</p>	<p>For study of feasibility of setting up of Workers' Bank names of two retired officers of RBI, Sh. V. K. Sharma and Shri V.S. Das both ED (Retired) were intimated to MoL&E vide Head Office letter dated 28.04.2017. In reply of the MoL&E letter No. Z-25011/1/2004-SS-II (Vol. II) dated 28.02.2018, a letter No. Bkg.1(10)2010/Workers' Capital Trust/05 dated 03.04.2018 has been sent to the Ministry of Labour & Employment for doing needful.</p> <p>Response from MoL&E is awaited.</p>
3.	<p>Relaxation in the period of eligibility service for</p>	<p>Proposals for grant of relaxation in</p>

	<p>promotion to the post of Addl. CPFC in Level 13 A of the pay matrix in relaxation of the Recruitment Rules</p> <p>The Chairman opined that one time relaxation should be given to all cadres in a time bound manner and the entire exercise of promotion be completed within 2 months.</p> <p>The Chairman was authorised to grant relaxation for all the cadres.</p> <p>(Item No. 15 of 223rd CBT, 04-12-2018)</p>	<p>the period of eligibility service by relaxing the Recruitment Rules for promotion to the post of Addl. CPFC, RPFC-I, RPFC-II, Deputy Director (Official Language), Enforcement Officers/ Accounts Officer, Social Security Assistant and Lower Division Clerk have been sent to Hon'ble Chairman, Central Board of Trustees, EPF for approval. Approval received in respect of Addl. CPFC, RPFC-II and Social Security Assistant.</p>
4.	<p>Modification of the conditions for grant of instalment facility to the establishment.</p> <p>Dr. Sanjeeva Reddy said that a Sub-Committee of the Board should consider the issue. Chairman was authorised to form a Committee to examine this issue.</p> <p>(Item No. 20 of 220th CBT, 21-02-2018)</p>	<p>A UO note dated 11.04.2018 was forwarded to MoL&E to constitute a Sub-committee (EPF) on this subject but the reply is till awaited from MoL&E. A reminder has also been sent to MoL&E vide email dated 13.02.2019. After constitution of the Sub-committee (EPF) by MoL&E, the matter will be dealt accordingly.</p>
5.	<p>Appointment of Consultant for Selection of Portfolio Managers & Performance Review of Portfolio Managers.</p> <p>The Board ratified the decision mentioned in sub-para (i) of para 14 of the agenda item and decided that the proposals given in sub para (ii) to (iv) of para 14 of the agenda item should be considered in detail by the Finance, investment and Audit Committee.</p> <p>(Item no. 6 of 223rd CBT, held on 04.12.2018)</p>	<p>Appointment letter has been issued to M/s. CRISIL, Consultant. As regard, other directions of Board, a proposal was placed before the FIAC in its 141st Meeting for its consideration and the FIAC has in principle agreed for the appointment of another Consultant in addition to M/s. CRISIL.</p>
6.	<p>Investments in TRI-PARTY REPO launched by Clearing Corporation of India Limited (CCIL) in place of CBLO.</p> <p>The Board approved the proposal as contained in the agenda.</p> <p>(Item no. 8 of 223rd CBT, held on 04.12.2018)</p>	<p>Necessary instructions have been issued to Portfolio Managers and EPFO has started investment in TRI-PARTY REPO SYSTEM. Action has been Completed.</p>

7.	<p>Selection of Portfolio Managers for managing Corpus of Central Board, EPF by Finance, Investment and Audit Committee.</p> <p>The Board approved the proposal as contained in the agenda.</p> <p>(Item no. 9 of 223rd CBT, held on 04.12.2018)</p>	<p>Selection process of appointment of Portfolio Manager has been initiated. Draft RFP prepared by Consultant M/s. CRISIL has been placed before the FIAC in its 141st Meeting. FIAC has requested for certain additional information and suggested some amendments to the RFP. Same will be placed before the FIAC in its ensuing meeting.</p>
8.	<p>Allocation of funds to Portfolio Managers consequent to closure of Portfolio Management Services activity by SBI.</p> <p>It was agreed that the proposal contained in the Agenda should first be placed before the Finance, Investment and Audit Committee (FIAC) for consideration. Action can be taken on the basis of recommendation of FIAC with approval of Chairman CBT to be ratified in next meeting.</p> <p>(Item no. 10 of 223rd CBT, held on 04.12.2018)</p>	<p>An agenda item for Allocation of funds to Portfolio Managers beyond 31.03.2019 consequent to closure of Portfolio Management Service activity by SBI was placed before the FIAC in its 141st Meeting. Recommendations of the FIAC are being place before the Board in this meeting.</p>
9.	<p>Extension of tenure of current Portfolio Managers of EPFO up to 30th June, 2019 or till appointment of new Portfolio Managers whichever is earlier.</p> <p>The proposal contained in the agenda item was approved with the modification that tenure of current Portfolio managers except SBI be extended upto 31.03.2019 instead of upto 30.06.2019 and during the period the process to appoint successor should be completed.</p> <p>(Item no. 11 of 223rd CBT, held on 04.12.2018)</p>	<p>Necessary instructions have been issued to all concerned. Action has been Completed.</p>
10.	<p>Extension of tenure of M/s. CRISIL Ltd. As Consultant for six month i.e. 30.06.2019 or till appointment of new Portfolio Managers, whichever is earlier.</p> <p>The proposal contained in the agenda item was</p>	<p>Necessary instructions have been issued to all concerned. Action has been Completed.</p>

	<p>approved with the modification that tenure of M/s CRISIL be extended upto 31.03.2019 instead of upto 30.06.2019 and during the period the process to appoint successor should be completed.</p> <p>(Item no. 12 of 223rd CBT, held on 04.12.2018)</p>	
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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 Committees of the Board held since the last meeting of CBT, is given below:-

1. Finance, Investment and Audit Committee (FIAC) – 141st meeting was held on 12th February, 2019 and 142nd meeting is scheduled to be held on 21st February, 2019. Minutes of these meetings will be placed on the table.
2. Pension & EDLI Implementation Committee – 41st meeting was held on 06th February, 2019. Minutes is enclosed as **Annexure-3A**.
3. Exempted Establishments' Committee – 42nd meeting is scheduled to be held on 18th February, 2019. Minutes will be placed on the table.

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



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
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No. Pension. III/41st / PEIC - Meeting /2019/

Date: 14.02.2019

To

All Members,
Pension & EDLI Implementation Committee,
Central Board, Employees' Provident Fund Organization.

Subject : Minutes of the 41st Meeting of the Pension & EDLI Implementation Committee
(PEIC) held on 06.02.2019 – Regarding.

Sir,

A copy of minutes of the 41st Meeting of the Pension & EDLI Implementation Committee (PEIC) held on 06.02.2019 as approved by the Chairman, PEIC is forwarded herewith for information.

Encl:- As above

Your faithfully,

Mukesh Kumar
(MUKESH KUMAR)
REGIONAL P.F. COMMISSIONER – I (Pension)

Copy to:-

1. PS to Central Provident Fund Commissioner & Chairman, PEIC
2. PS to Director/Deputy Secretary (SS), Ministry of Labour & Employment.
3. PS to Director/ Deputy Secretary (Finance), DFS, Ministry of Finance.
4. PS to ACC –HQ (Pension) EPFO, Head Office.
5. PS to ACC (Pension) EPFO, Head Office.
6. RPFC-I (Conference), EPFO, Head Office.

**MINUTES OF THE 41st PENSION & EDLI IMPLEMENTATION
COMMITTEE MEETING HELD ON 06.02.2019 AT 11.00 AM
IN THE CONFERENCE HALL OF EPFO, NEW DELHI**

Members present:

1.	Shri Sunil Barthwal, Central Provident Fund Commissioner	Chairman
2.	Shri Vinod Kumar, Director (MoL&E)	Member
3.	Shri M.L.Maurya, Employer's Representative	Member
4.	Shri Michael Dias, Employer's Representative	Member
5.	Shri Sunkari Malleshram, Employees' Representative	Member
6.	Shri Harbhajan Singh Sidhu, Employees' Representative	Member
7.	Shri Jayesh D.Pandit, Actuary	Domain Expert
8.	Shri Rajesh Bansal, Addl.Central P.F.Commissioner (HQ)(Pension)	Convenor

Director / Dy.Secretary (Finance), DFS, Ministry of Finance and representative from PFRDA could not attend the meeting.

2. CPFC welcomed all the members to the first meeting of the newly constituted Pension and EDLI Implementation Committee (PEIC) and said that EPFO will benefit with their advice and guidance. He directed Convenor of the Committee to introduce the agenda items to the members.

3. Shri Rajesh Bansal, Addl.CPFC (HQ) introduced the agenda items before the Committee for consideration.

Item No.1: Confirmation of the minutes of the 40th meeting of the Pension & EDLI Implementation Committee held on 24.05.2017

Decision / Recommendation:

The PEIC confirmed the minutes of the 40th meeting as circulated.

Item No.2: Action taken report on the 40th meeting / decision

Decision-/ Recommendation:

The PEIC took note of the Action Taken Report placed before the Committee.

Item No.3: Report of the High Empowered Monitoring Committee

Shri Sunkari Mallesham requested that complete report of the High Empowered Monitoring Committee should be provided so that fruitful discussions can take place. Other members also demanded a copy of the complete report.

Shri Vinod Kumar, Director (MoL&E) informed that a Cabinet note has been moved on some of the recommendations of the report of the High Empowered Monitoring Committee and hence complete report can be shared only after approval of the Government. CPFC requested the members to discuss the broad recommendations of the High Empowered Monitoring Committee and give their views. Accordingly, the recommendations of the Committee were taken up for discussion.

The members welcomed the recommendation to increase the minimum monthly member pension to Rs.2000/- per month. Shri Sunkari Mallesham stated that on 01.02.2019, the government has announced minimum pension of Rs.3000/- per month to workers of unorganised sector. Hence the minimum pension under EPS-1995 where the contribution of workers is more should not be less than Rs.3000/- per month. Shri Harbhajan Singh Sidhu suggested that the minimum pension under EPS-95 should be increased to Rs.6000/- per month.

Shri Michael Dias suggested that EPFO should have an in-house full time Actuary. CPFC explained the provision of Para 32 of EPS-95 and informed that it is the prerogative of the Central Government to get the valuation of the Pension fund done by a valuer appointed by it. However, he welcomed the suggestion of Shri Jayesh Pandit that besides independent valuation of the Pension Fund by the Government appointed actuary there should be an in-house actuary for giving day to day inputs.

Members welcomed the recommendation relating to the restoration of commuted value of pension. Shri Sunkari Malleshham while supporting the recommendation of the High Empowered Monitoring Committee suggested to consider restoration after expiry of 10 years instead of 15 years. Shri Vinod Kumar explained the rationale behind taking the period for restoration of the commuted value of pension as 15 years.

Shri Sunkari Malleshham desired to know the status of the proposal regarding extension of medical benefits to the pensioners of the EPFO through ESIC hospitals. Shri Vinod Kumar explained the draw backs of the medical benefit scheme through ESIC and explained that benefits provided under Ayushman Bharat (PMJAY) is better and more comprehensive as it provides tertiary treatment including super-speciality treatment.

CPFC assured that EPFO and MoL&E will examine this issue and a separate agenda item may be placed regarding providing of medical benefits to pensioners. The members of the Committee welcomed the other recommendations of the High Empowered Monitoring Committee.

Item No.4: Information on the issue of Pension on higher wages and status of court cases

Shri Sunkari Malleshham suggested that the existing employees who are presently contributing on full wages to the Provident Fund but Pension contribution is restricted to Rs.15000/- per month should also be allowed to exercise for option to contribute on higher wages in the pension scheme in light of the Kerala High Court judgement. However, the field offices are not accepting the applications submitted by the employees in this regard. CPFC informed that the matter is sub-judice and it has been decided to file SLP in the Hon'ble Supreme Court against the Kerala High Court judgement. Shri Sunkari Malleshham requested to direct the Regional Offices to accept the applications from the employees and issue reply that the matter is sub-judice. CPFC stated that legal advice will be taken in the matter.

Shri Harbhajan Singh Sidhu suggested that a separate scheme be formulated for disbursing pension to employees drawing salary above Rs.15000/- per month. CPFC welcomed the suggestion and informed that the matter will be examined.

Item No.5: Status of proposals relating to Employees' Pension Scheme, 1995

Shri Rajesh Bansal explained that this agenda item is regarding the proposals approved by the PEIC and CBT in earlier meetings which are yet to be implemented. He briefly outlined the present status of the proposals and stated that this agenda item is placed for information.

Shri Sunkari Mallesham suggested for the need to spread awareness about the provisions of EPS-1995 by way of leaflet. He also suggested that RPFCs should conduct a monthly meeting with pensioners in which local CBT / Regional Committee members should also be invited. CPFC agreed to the suggestion and said that the FAQ on Pension provisions will be prepared and circulated to stakeholders as well as uploaded on the EPFO website. Leaflets will also be prepared for distribution. Monthly meeting with pensioners will be held along with the Nidhi Aapke Nikat.

Item No.6: Status of proposal relating to Employees' Deposit Linked Insurance Scheme, 1976

Shri Rajesh Bansal explained in brief the proposal approved by PEIC in its 39th meeting held on 12.04.2017 and the reason why the same has not been approved by the government.

Shri Vinod Kumar suggested that instead of providing loyalty-cum-life benefit to the retiring employees it will be better if the maximum insurance amount be enhanced from the present Rs.6,00,000/- to Rs.8,00,000/- or Rs.10,00,000/-. Shri Sunkari Mallesham suggested that the minimum assurance amount should also be enhanced. Other members of the Committee welcomed the suggestion. CPFC assured to examine the suggestion for increasing the assurance benefit from time to time.

Members expressed the need for spreading awareness regarding the provisions of EDLI scheme especially eligibility and calculation of assurance amount. CPFC agreed to the suggestion and

informed that FAQ on EDLI scheme provisions will also be prepared in Hindi and English and circulated to stake holders.

Other items:

Members expressed concern over the large number of cases filed in various courts and suggested to explore ways and means to reduce the same. CPFC stated that scientific analysis of the pending cases need to be carried out to weed out frivolous cases.

Shri Harbhajan Singh Sidhu informed that Regional Committee meetings has not been held in Delhi Region since last many years. Other members also informed that Regional Committee meetings are not held regularly. CPFC assured the members that the status of constitution of all Regional Committees and meetings held during last five years will be compiled and placed in the next meeting.

CPFC expressed his gratitude for giving very valuable suggestions and assured that various suggestions made by members will be carried forward. Shri Sunkari Mallesham thanked the Chair for having a fruitful discussion.

Item No. 4: Performance Review of Portfolio Managers from a separate agency in addition to the review by M/s. CRISIL Limited.

1. The Central Board, EPF in its 223rd Meeting held on 04th December, 2018 ratified the decision of the Hon'ble Chairman, Central Board, EPF for appointment of M/s. CRISIL Limited as Consultant for selection and review of Portfolio Manager for three years. While approving the proposal, the Board mandated the FIAC to consider following proposal:

- i) A separate agency to be selected to review the performance of Portfolio Managers in addition to the review by CRISIL, For this, tendering process to be initiated early.
- ii) EPFO is to prepare a concept note on Third Party Assessment of Portfolio Management of EPFO Fund.
- iii) Possibility be explored for international competitive bidding.

2. Accordingly, a concept note on Third Party assessment of Portfolio Management of EPFO Funds (**Annexure 4A**) was placed before the Finance Investment & Audit Committee (FIAC) in its 141st Meeting held on 12.02.2019 for deliberation on:

- i) Concept note on Third Party Assessment of Portfolio Management of EPFO Fund;
- ii) The requirement for a separate agency to be selected to review the performance of Portfolio Managers (PMs) in addition to the review being carried out by M/s. CRISIL Limited, and the terms of reference of such a review.

It was stated that as regard point (iii) of Para (1), regarding possibilities for international competitive bidding for selection of Portfolio Managers, the same can be taken up as and when the selection process of PMs is initiated.

3. The Committee after detailed discussion agreed in principle to recommend a separate Agency/Consultant in addition to M/s. CRISIL limited, inter-alia to review the working of the Portfolio Managers (PMs), assist the investment Committee in redemption of ETFs, etc. The Committee authorised Chairman, FIAC to finalize the terms of reference of the said agency.

Proposal: The item is placed for deliberation and approval.

Concept note on Third Party Assessment of Portfolio Management of EPFO Fund

1. A Third Party Assessment (TPA) is an independent operational evaluation of an entity or a vendor providing products or services to a principal, which is conducted by an experienced professional. Its purpose is to provide an unbiased evaluation of the entity's operations and assess its efficiency in terms of concrete matrices & objective benchmarks.
2. TPA also entails an objective evaluation of the systems and controls with a view to improve efficiency and maximize returns.
3. TPAs can vary greatly depending on the requirement of the organization. It may look at an organization's policies and procedures to determine whether they are comprehensive and comply with regulations and standards. Beyond that, the assessment can also evaluate as to how those policies and procedures are actually implemented and whether they are effective. The assessment can also include an evaluation of the efficiency of operations in relation to the objective benchmark, identify any weaknesses as well as propose suitable corrective actions.
4. The funds of the EPFO are invested by discretionary Portfolio Managers (PMs) as per the investment pattern notified by the Ministry of Labour & Employment as well as additional guidelines approved by the Central Board, EPF. The pattern & guidelines ensures prudent investment decision on the part of PMs. The Central Board, EPF has appointed M/s. CRISIL Limited for "third party assessment" of its Portfolio Managers (PMs). M/s. CRISIL, Consultant evaluates the performance of Portfolio Managers on the basis of an objectively set benchmark giving due weightage to Asset Quality and Yield of the permissible investments as per the notified investment pattern & guidelines. M/s. CRISIL provides a performance evaluation report of portfolio managers on a monthly/quarterly/half-yearly and yearly basis to EPFO. Based on the Performance evaluation report of M/s. CRISIL, EPFO reviews the performance of PMs after every quarter. M/s. CRISIL also periodically submits reports and advisory on various emergent as well as on any other investment related issues, which aids decision making & policy formulation exercise. The detailed scope of Consultant is as under:
 - i) Create relevant benchmark/parameters & design techniques for reviewing the functioning/performance and provide for periodical modification of the same from time to time as per the circumstances/requirement.
 - ii) Conduct the review of the functioning/performance of the Portfolio Managers of EPFO and prepare analytical & comparative analysis of performance review on monthly basis. The Consultant shall prepare consolidated cumulative performance reports of quarterly/half yearly/yearly and for other relevant periods as required from time to time & also advise measures and assistance to EPFO & Portfolio Managers for betterment/improvement, in all areas.
 - iii) Analyze/compare investments done by Portfolio Managers in various financial instruments and verify that such investments comply with the extant Investment pattern and guidelines/applicable rules.

- iv) Analyze & evaluate investment categories permitted in investment pattern as well as investment guidelines of EPFO based on risk and return and to render advice to help EPFO in their correct & beneficial decision making process.
- v) Review performance of Portfolio Managers in terms of yield/risk/return/timing as well as review equity investment/ETF investments on identified parameters namely yield/asset quality/timing and tracking error as well as other prevalent/acceptable parameters. Submission of reports including those required for Equity/ETF investments from time to time.

5. EPFO has also appointed an external concurrent auditor (ECA) to monitor the transactions & processes related to investments made by the PMs. The ECA's system of audit has been made operational from the year 2010.

6. Concurrent audit is a systematic and timely examination of financial transactions on a regular basis to ensure accuracy, authenticity, compliance with procedures and guidelines. The emphasis under concurrent audit is not on test checking but on substantial checking of transactions. It is an ongoing appraisal of the financial health of an entity to determine whether the financial management arrangements (including internal control mechanisms) are effectively working and identify areas of improvement to enhance efficiency. Objectives of Concurrent audit are:

- Ensure compliance with laid down systems, procedures and policies
- Ensure accuracy and timeliness in maintenance of books of accounts
- Ensure timeliness and accuracy of periodical financial statements
- Improve accuracy and timeliness of financial reporting
- Assess & improve overall internal control systems

7. The Central Board, EPF had appointed M/s. Jain Chowdhary as the External Concurrent Auditor since April 2017 for carrying out the auditing of investments. The reports of ECA are received every month, which are examined and necessary actions/directions are issued accordingly. Role of ECA for auditing of investments is as below:

- a) Reconcile the Funds flow and Bank Accounts of EPFO with the Portfolio Manager(s) on a monthly basis.
- b) Check the MIS from custodians of securities and report exceptions, if any, on an immediate basis.
- c) Check the receipt of data and MIS from Portfolio Managers and report any exceptions to EPFO.
- d) Check the daily transactions with the market data and report deviations.
- e) Check the Credit ratings of the Investments on a daily basis and report any downgrades or negative watch/outlook immediately.

- f) To examine and verify whether the portfolio managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between EPFO and the portfolio managers.
- g) To scrutinize the investment transactions made by the portfolio managers on day-to-day basis to ensure that the same are as per the pattern as well as the guidelines issued by the CBT, EPF. Also to point out wherever deviations have been made.
- h) To highlight any potential conflict of interest issues such as investment of CBT, EPF funds by Portfolio managers in TDRs of the banks under same management group.
- i) To verify whether the interest and maturity proceeds are collected promptly and re-invested as per the provisions made in the Pattern of Investment. Also to point out delays, if any, and the causes for such delay.
- j) To verify whether the incentives, wherever receivable from the institutions, are collected promptly and invested as per the prescribed pattern/guidelines.
- k) To bring out cases of undue delay in the receipt of incentives.
- l) To verify, from the daily transaction details, whether the charges are levied correctly by the Portfolio Manager as per the terms and conditions and to report any excess charges levied by Portfolio Manager on account of splitting up of investment deals.
- m) To verify whether the funds were invested promptly by Portfolio Managers. If the funds remained un-invested for a significant period, then to assess opportunity cost/benefit due to delayed investments for un-invested period.
- n) To verify whether proper records have been maintained in respect of all transactions and contracts and to ascertain whether the records are updated correctly and on timely basis.
- o) To verify whether all shares, securities, debentures and other investments have been held in the name of Central Board of Trustees, Employees' Provident Fund (CBT, EPF).
- p) To verify whether there is a reasonable system of authorization at proper levels and there are adequate system of internal controls commensurate with quantum and value of investment transactions.
- q) To verify whether adequate records are kept in support of each investment decision.
- r) To ascertain and report whether the Investments have always been made at the optimal market rate. The ECA will look into the price on the date of investment and check the proportion of investment closer to lowest, medium and highest rates.
- s) To verify whether investments are made at the highest available yield for the particular period of maturity.
- t) To comment on internal control mechanism, whether the systems are adequate to avoid any internal frauds. If not, suggest a suitable mechanism after discussing the matter with the Portfolio Manager concerned.

- u) To examine whether the Portfolio Manager has taken steps to address issues highlighted during the performance review of Portfolio Managers or otherwise.
- v) To bring out any other point which comes to notice of ECA during the course of audit.
- w) Special care shall be taken to examine the cases of tax deducted at source and the receipt of refund for the same or the receipt of TDS certificates in Form 16-As for those cases. The details may be worked out for the cases in respect of which no refunds or TDS Certificates are received.
- x) The auditors have to ensure that all the guidelines/circulars issued by the Government/CBT, EPF from time to time are followed and the various points mentioned in the scope of audit mentioned above are looked into.
- y) The Audit Report shall also identify shortcomings in the existing set up, which are to be taken care of by issuing suitable guidelines.
- z) The concurrent audit needs to be carried out and Report submitted to the EPFO on a monthly basis. The audit report for a given month needs to be submitted to EPFO by 15th day of the subsequent month.
- aa) In Audit Reports, audit observations regarding Pension Fund, Provident Fund, EDLI Fund, EPF Staff Provident Fund, EPF Staff Pension and Gratuity Fund, etc., should be categorized separately as separate accounts are maintained by EPFO. Concurrent Audit report on Pension fund shall be bound separately and a consolidated report on all other funds shall be bound separately for submission to EPFO.

The above is submitted for deliberation of the FIAC.

Item No. 5: Revised Estimates for the year 2018-19 and Budget Estimates for the year 2019-20 for EPFO and Schemes administered by EPFO.

In terms of the provisions contained in Paragraph 58 of the Employees' Provident Fund Scheme, 1952, the Budget Proposals (Revised Estimates for the year 2018-19 and Budget Estimates for the year 2019-20) in respect of Employees' Provident Fund Scheme, 1952 (Including the Employees' Pension Scheme, 1995) and Employees' Deposit Linked Insurance, 1976 have been tabulated and the position as indicated in the Budget Book is placed as **annexure** (separate book) to this item.

2. The statement showing the receipts on account of Contributions, Administrative Charges, Inspection Charges, Penal charges & Miscellaneous Income and the proposals for expenditure made in the Revised Estimates for the year 2018-19 and Budget Estimates for the year 2019-20 are indicated in the Budget book.

3. The Revised Estimates 2018-19 & Budget Estimates 2019-20 was placed in 141st meeting of Finance Investment and Audit Committee on 12.02.2019. The committee decided to recommend the Revised Estimates 2018-19 and Budget Estimates 2019-20 for placing the same before the CBT, EPF. Accordingly, the agenda item of Revised Estimates for the year 2018-19 and Budget Estimates for the year 2019-20 is placed for approval of the Central Board of Trustees, EPF.

Proposal: The agenda item of Revised Estimates for the year 2018-19 and Budget Estimates for the year 2019-20 is placed for approval of the Central Board of Trustees, EPF.

Item No. 6: Investment in BHARAT 22 ETF by EPFO.

1. The Government of India in August, 2017 announced a new ETF by the name of “BHARAT 22 ETF”. It has 22 constituents including CPSE, Public Sector Banks and strategic holding of *Specified Undertaking of the Unit Trust of India* (SUUTI). Overall it is a well-diversified portfolio constituting of 6 sectors.
2. Investment in BHARAT 22 ETF has been permitted under Category IV(d) of Pattern of Investment notified on 23rd April 2015 - Equities and Related Investments – ETF’s issued by SEBI regulated Mutual Funds constructed specifically for disinvestment of shareholding of the Government of India in body corporates.
3. Based on the proposal received from Department of Investment & Public Asset Management (DIPAM) and after approval of Chairman, CBT, EPFO invested in the New Fund Offer (NFO) of the BHARAT 22 ETF. The details of amount invested in this NFO of Bharat 22 are as below:-

BHARAT 22 ETF ALLOTMENT	
(DATE OF ALLOTMENT - 25.11.2017)	
TOTAL INVESTMENT	Rs. 2024.75 Crs.

4. The final outcome of the aforesaid transaction was placed in the 220th meeting of CBT held on 21.02.2018 wherein, the Central Board took note of the information.
5. Further, another proposal was received from DIPAM wherein it was informed that the government was launching the Further Fund Offer (FFO) of Bharat 22 ETF between 20th June, 2018 and 22nd June, 2018. 19th June, 2018 was for Anchor Investor.
6. In view of the diversification required in different ETFs, EPFO invested 250 crores in the FFO of Bharat 22 ETF. The details of amount invested are as under:

BHARAT 22 ETF ALLOTMENT	
(DATE OF ALLOTMENT - 29.06.2018)	
TOTAL INVESTMENT	Rs. 250.00 Crs.

7. An agenda item in this regard was placed before 141stFIAC held on 12.02.2019, wherein the Committee took note of the information.

Proposal: The item is placed before CBT for information.

Item No. 7: Investment in CPSE ETF by EPFO.

1. The Department of Investment & Public Asset management (DIPAM), Ministry of Finance had launched New Fund offer (NFO) as regards a PSU based ETFs namely CPSE ETF in March 2014. Later, Further Fund offers FFO-1 and FFO-2 were launched in January and March 2017 respectively.
2. EPFO subscribed to both FFO-1 and FFO-2 and was allocated Rs. 1,504 crores and Rs. 303 crores respectively.
3. The investment in CPSE ETF investment in 2017 was done in accordance with the approval of 208th meeting of Central Board Trustees, EPF held on 16.09.2015. The decision of Central Board is as under:

*“EPFO need to negotiate with Department of dis-Investment to get incentives at least at par with the retails investors for investment in CPSE-ETF. Depending upon the offer of Ministry of finance, minimum **5% to about 20%** of the total investment made during the year in ETFs would be made in CPSE-ETF. This is being done so that EPFO would have sufficient flexibility to optimize its yield taking advantage of “surprise element” in investment decision. However, in case EPFO decides to go beyond 20% that may also be permitted”*

4. The total holding of CPSE ETF first tranche (**date of allotment -28.01.2017**) and second tranche (**date of allotment-25.03.2017**) is as under:

Account no.	Investment in CPSE ETF
Total	Rs. 1807.81 Crs.

5. Further, another proposal was received from DIPAM dated 23.10.2018 wherein it was informed that the government was launching the Further Fund Offer- 3(FFO-3) of the CPSE ETF.
6. In view of the diversification required in different ETFs, EPFO invested 1425 crores in the FFO-3 of CPSE ETF in accordance with the approval of Chairman, Central Board of Trustees, Employees’ Provident Fund (CBT, EPF). The details of amount invested are as under:

Account no.	Investment in CPSE ETF
DATE OF ALLOTMENT-28.11.2018	
Total	Rs. 1425.00 Crs.

7. An agenda item in this regard was placed before 141stFIAC held on 12.02.2019, wherein the Committee took note of the information.

Proposal: The item is placed before CBT for information.

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

1. The Pattern of Investment, notified on 23rd April 2015, prescribes 5% to 15% investments in equity and related investment. The Central Board, in its 207th Meeting held on 31.03.2015 while recommending the said Pattern of Investment for adoption, decided to invest 5% of the total investments made during the year in Exchange Traded Fund (ETF) of Nifty and Sensex. Accordingly, investment in ETF started w.e.f from 06th August 2015 in SBI Mutual Fund Nifty and Sensex ETF.
2. Initially investment was permitted only in ETFs of SBI Mutual fund. Later the Central Board in its 213th meeting held on 8th July, 2016 approved selection of UTI Mutual Fund in addition to the SBI Mutual Fund. In the 214th meeting of the Central Board, held on 26th July, 2016, the ratio of allocation of funds between SBI MF and UTI MF was fixed at 75% and 25% respectively. During the FY 2015-16, the total investment made by EPFO in the ETF was Rs 6577 crores.
3. Later, the Ministry of Labour and Employment vide letter order F. No. G-20031/2/2016 SS.II dated 19th September, 2016 conveyed the direction under section 20 of the EPF & MP Act 1952 to enhance investment in Equity (ETF) from 5% to 10% within the scope of Investment Pattern notified by the Ministry of Labour and Employment.
4. In pursuance to the direction of Central Government, the allocation to ETF was increased so as to achieve 10% of investment in ETF by the end of the financial year 2016-17. A total of Rs 14,983 crores was invested during 2016-17. Subsequently, in the 218th CBT held on 27.05.2017, the investment percentage in ETF was further increased from 10% to 15%.
5. The Investment and notional return on ETF investments from **August 2015** till **31stDecember 2018** is as under:

Scheme	Amount invested in Crores August 2015 to 31 st Dec 2018	Return in % (As on 31 st Dec 2018)
SBI		
Total SBI MF	45,960.09	12.02%
UTI		
Total UTI MF	11,756.97	10.31%

Scheme	CPSE (Amount invested in Crores)	Return in % (As on 31 st Dec 2018)
Total	3,232.81	1.89%

Scheme	Bharat 22 (Amount invested in Crores)	Return in % (As on 31 st Dec 2018)
Total	2,274.75	0.48%

Grand Total	63,224.62	11.04%
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6. An agenda item in this regard was placed before 141stFIAC held on 12.02.2019, wherein the Committee took note of the information.

Proposal: The item is placed before CBT for information.

Item No. 9: Extension of tenure of engagement of the SBI, PMS Portfolio Manager upto 31st March, 2019.

1. The State Bank of India had informed that it is going to close its Portfolio Management Service (PMS) w.e.f. 31st December 2018 as per advice of RBI. Accordingly, an agenda item on extension of tenure of Portfolio Managers (except SBI) was placed before the Central Board, EPF in its 223rd Meeting held on 04th December, 2018 (item no.11). The Board has extended the tenure of other Portfolio Managers namely, ICICI PD Limited, Reliance Capital AML, HSBC AMC and UTI AMC for another three months i.e. upto 31st March, 2019 (Minutes placed as **Annexure 9A**). The Board in the same meeting directed that the proposal for allocation of funds of SBI subsequent to the closure of its PMS, among other Portfolio Managers first be placed before the FIAC for consideration (item no.10). As the FIAC had to be reconstituted, the meeting of Committee could not be held for deliberation in the matter.

2. The SBI, PMS is managing the largest corpus i.e. 35% of total corpus of Central Board, EPF and is solely managing three schemes namely EDLI, P&G and SPF. Considering the issues involved in allocation of funds to other Portfolio Managers and direction of the Board to deliberate the matter in the FIAC, SBI was requested to extend its PMS activity for another three months.

3. SBI vide letter no.GM/143/PM/146 dated 27th December, 2018 has conveyed its consent for extending its PMS upto 31st March, 2019 on the existing terms and conditions (**Annexure 9B**).

4. As the Central Board, EPF had already considered the extension of tenure of the other four Portfolio Managers for three months and considering the urgency of the matter, Hon'ble Chairman, Central Board, EPF was requested to extend the tenure of SBI PMS as a Portfolio Manager for a period of three months i.e. upto 31st March, 2019 or till appointment of new Portfolio Managers, whichever is earlier on the same terms and reference as agreed in the Portfolio Management Service Agreement entered with it on 12.05.2015.

5. The Hon'ble Chairman has approved the proposal and tenure of SBI has been extended upto 31st March, 2019 or till appointment of new Portfolio Managers, whichever is earlier.

Proposal: The item is placed for ratification by the Board.

**“EMPLOYEES' PROVIDENT FUND ORGANISATION
MINUTES OF THE 223rd CBT MEETING
(DELHI, 04th DECEMBER, 2018 AT 03:00 PM)**

The 223rd meeting of the Central Board of Trustees, Employees' Provident Fund was held under the Chairmanship of Hon'ble Shri Santosh Kumar Gangwar, Chairman, Central Board of Trustees, Employees' Provident Fund and Minister of Labour and Employment (Independent Charge).

List of members who attended the meeting is placed at Annexure A. List of officers who attended the meeting is placed at Annexure B.

CPFC welcomed the Chairman, the Vice Chairman and all the members to the first meeting of the Board after its reconstitution.

The Chairman in his opening remarks welcomed all the members. He said that officers of EPFO should give hearing to the employees and their representatives and redress their grievances. He informed that the issue of grant of higher pension to employees of exempted establishments is under consideration of the Hon'ble Supreme Court. He further informed that a High Empowered Monitoring Committee (HEMC) has been constituted for complete evaluation and review of the Employees' Pension Scheme (EPS) 1995. The committee is expected to submit its report shortly. He gave an overview of the agenda for the meeting and asked CPFC to take up the agenda items for discussion.

Item No. 1: Confirmation of minutes of the 222nd meeting of the Central Board (EPF) held on 26.06.2018.

The Board confirmed the minutes of the 222nd meeting of CBT.

Item No. 2: Action Taken Statement in respect of decisions taken in the CBT meetings held upto 26.06.2018 (222nd CBT meeting).

Sr. no. 2 of ATR : Shri P.J. Banasure said that the issue of workers' bank should be decided as it is a very old issue. The Chairman informed that the issue is under consideration of Ministry of Finance.

Sh. A.K. Padmanabhan said that in respect of many recommendations made by the Board in its previous meetings, action has not been completed. He said that status regarding action taken should be presented to the Board. CPFC assured to look into the matter.

The Board noted the action taken status with these observations.

against the recruiting agency in case of question paper leak or other such wrong doing. The suggestion was accepted by the Board.

Sh. P.J. Banasure said that the matter should first be considered by the EC. CPFC informed that at present the proposal is only for entering into MoU with IBPS.

The Board approved the proposal as contained in the agenda.

Item No. 8: Investments In TRI-PARTY REPO launched by Clearing Corporation of India Limited (CCIL) in place of CBLO.

The Board approved the proposal as contained in the agenda.

Item No. 9: Selection of Portfolio Managers for managing Corpus of Central Board, EPF by Finance, Investment and Audit Committee.

The Board approved the proposal as contained in the agenda.

Item No. 10: Allocation of funds to Portfolio Managers consequent to closure of Portfolio Management Service activity by SBI.

It was agreed that the proposal contained in the Agenda should first be placed before the Finance, Investment and Audit Committee (FIAC) for consideration. Action can be taken on the basis of recommendation of FIAC with approval of Chairman CBT to be ratified in next meeting.

Item No. 11: Extension of tenure of current Portfolio Managers of EPFO up to 30th June, 2019 or till appointment of new Portfolio Managers whichever is earlier.

The proposal contained in the agenda item was approved with the modification that tenure of current Portfolio Managers except SBI be extended upto 31.03.2019 instead of upto 30.06.2019 and during the period the process to appoint successor should be completed.

Item No. 12: Extension of tenure of M/s. CRISIL Ltd as Consultant for six month i.e. 30.06.2019 or till appointment of new Portfolio Managers, whichever is earlier.

The proposal contained in the agenda item was approved with the modification that tenure of M/s CRISIL be extended upto 31.03.2019 instead of upto 30.06.2019 and during the period the process to appoint successor should be completed.

Item No. 13: Information to be placed before the Central Board in accordance with para 23 of the EPF Scheme.



भारतीय स्टेट बैंक
भारतीय स्टेट बैंक
STATE BANK OF INDIA

The Financial Advisor & Chief Accounts Officer,
Employees Provident Fund Organisation,
Bhavishya Nidhi Bhavan,
14-Bikaji Cama Place,
NEW DELHI-110066.

GM/143/PMS/146
27/12/2018

Dear Sir,

EXTENSION OF PORTFOLIO MANAGEMENT SERVICES UPTO 31/03/2019

We refer to your letter no.HO/IMC/181/SBI/2015/1299 dated 13.12.2018 & letter no.HO/IMC/181/SBI/2015/12602 dated 20.12.2018. We give our consent to extend the tenure of fund management upto 31/03/2019 as desired on existing terms and conditions. However, it may please be noted that due to directives of Reserve Bank of India, we would not be able to provide Portfolio Management Services beyond 31.03.2019.

We request you to arrange accordingly

Yours faithfully,


(H.K. Jena)
Chief General Manager



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एम्प्लॉयर्स प्रोविडेंट फंड
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Item No. 10: Extension of tenure of Custodian of EPFO Securities M/s Standard Chartered Bank (SCB) upto 31.03.2019 after their performance evaluation for the period 01.04.2017 to 31.03.2018.

1. The Central Board in its 196th meeting held on 20.07.2011 approved the appointment of M/s Standard Chartered Bank, Mumbai as Custodian of EPFO Securities for a period of three years, with the observation that their performance would be reviewed after one year and further extension would be given after assessing the performance on yearly basis.
2. The Central Board in its 205th meeting held on 19.12.2014 had agreed to extend the period of appointment of Custodian of EPFO Securities M/s Standard Chartered Bank on nomination basis for a period of 6 months beyond the date of expiry of the period of Portfolio Managers to be appointed with effect from 01.04.2015. The Portfolio Managers were actually appointed w.e.f. 01.07.2015 vide 207th CBT meeting held on 31.03.2015.
3. The Central Board in its 220th meeting held on 21.02.2018 extended the tenure of the Custodian, M/s Standard Chartered Bank till 31.03.2018 after their performance evaluation from 01.04.2016 to 31.03.2017 (Recommended by 137th FIAC held on 08.02.2018).
4. The Central Board of Trustees (CBT) EPF in its 223rd meeting held on 04.12.2018 has decided to extend the tenure of the existing Portfolio Managers till 31.03.2019 or till appointment of new fund managers, whichever is earlier on the same terms and conditions as laid down in the existing agreement.
5. The performance of Custodian of EPFO Securities M/s Standard Chartered Bank has been evaluated for the period 01.04.2017 to 31.03.2018 on the parameters of duties and responsibilities as specified in the Agreement for Custodial Services between SCB and Central Board. The performance evaluation report is placed at **Annexures- 10A and 10B**.
6. The FIAC in its 141st meeting held on 12.02.2019 noted the performance of M/s Standard Chartered Bank (SCB), Custodian as satisfactory and recommended to the Central Board, EPF for extension of its term upto 31.03.2019. Therefore, M/s Standard Chartered Bank may be given extension as Custodian on the existing terms and conditions of Agreement for the period up 31.03.2019.

Proposal: The proposal at para 6 above is placed for consideration and approval.

**PERFORMANCE EVALUATION OF CUSTODIAN
M/S. STANDARD CHARTERED BANK (SCB)
FOR THE PERIOD 01.04.2017 to 31.03.2018**

Sl. No.	Duties and Responsibility of Custodian (SCB)	Performance Appraisal of Custodian M/s. Standard Chartered Bank (SCB)
1.	SCB shall, in a proper manner, hold the Securities and Investible fund and documents of title to or evidencing ownership of the securities.	Yes. Securities are held in segregated Dematerialized accounts which are opened on instructions by EPFO. Further, Standard Chartered Bank (SCB) also maintains these bifurcated accounts in their back office system Custodial Services System (CSS). There is a daily recon between the NSDL depository accounts and the back office system CSS. Similarly, each scheme of EPFO has an underlying Cash Account opened in SCB Banking system EBBS. There are few authorized SCB staff who can operate these accounts in line with EPFO instructions and SCB policies. Physical documents of Title such as Fixed Deposit Receipts, Physical Bonds if any, Account Opening Documents etc are held in a Vault at SCB premises and operated under dual control at all times.
2.	SCB shall establish and maintain one or more account(s) in the name of the CBT, EPF or as directed by the CBT, EPF and in accordance with the applicable regulations.	Yes, all securities and cash accounts for EPFO are opened by SCB post receipt of the authorized instructions from CBT, EPF. We have added 5 th Portfolio Fund Manager in June 2015 as per instructions received from CBT, EPF.
3.	SCB shall keep the Securities and Investible Funds in the name of CBT, EPF or in such other manner as may be mutually agreed which would provide for better identification.	Yes. The securities and cash accounts are segregated for EPFO and opened Scheme wise and Fund Manager wise post receipt of the authorized instructions from CBT, EPF. Shares and cash post settlement are not held in any omnibus account or co-mingled.
4.	SCB shall keep the Securities and Investible Funds segregated from the other securities and funds of other clients of SCB. It shall be the duty of SCB to ensure that the securities and the investible fund of the CBT, EPF are not in any case co-mingled with the securities and investible fund of any other client of SCB.	Yes, please refer to our response in Point no. 3 above.
5.	SCB shall keep the Securities and Investible Funds held segregated and accounted separately. SCB shall be able to identify on its own books and maintain adequate records identifying the Securities and	Yes, the securities and cash are held segregated in separate scheme wise/ fund manager wise accounts for EPFO

	<p>investible fund belonging to CBT, EPF.</p> <p>SCB shall, subject to the applicable Regulatory and/or statutory requirements maintain records in such manner so as to be able to identify the securities and investible fund held under this agreement as being held for the benefit of the CBT, EPF.</p>	<p>in the systems of SCB (CSS and eBBS) as required by CBT, EPF. The physical and electronic records are maintained in accordance with local regulations and can be retrieved at any given time based on the instructions from CBT, EPF or its designated portfolio managers or any regulatory authorities</p>
6.	<p>SCB shall hold in its custody, to the order of the CBT, EPF and cash to be deposited to the credit of Account and shall, be in a position to segregate the moneys so deposited and deposit such monies to the credit of the designated/bank account, whichever may be applicable.</p>	<p>Yes, SCB keeps the funds in designated cash account of EPFO as per requirements of CBT, EPF.</p>
7.	<p>SCB shall freely transfer (without payment of any money or other value) the securities in terms of the Agreement as may be directed/instructed by the CBT, EPF.</p>	<p>Yes SCB shall abide by such instructions given by authorized signatories of EPFO or its designated portfolio managers..</p>
8.	<p>SCB shall not assign, transfer, hypothecate, pledge, lend, use or otherwise dispose the Securities and investible fund except as per the instructions of the CBT, EPF.</p>	<p>For the period under review SCB has not assigned or transfer, hypothecate, pledge, lend, use or otherwise dispose the Securities and investible fund except as required to fulfill duly authorized instructions by EPFO or its designated portfolio managers. SCB shall not act on disposal instructions except as required for fulfilling instructions of CBT, EPF or designated portfolio managers or in case of any regulatory requirements.</p>
9.	<p>SCB shall exercise reasonable care, skill and diligence in the selection or appointment of such Agents to which it may entrust, delegate or deliver the Securities and investible fund of CBT, EPF or any part thereof in the course of performing its obligations under the Agreement. SCB shall be liable for all the acts and omissions of its Agent as if such acts or omissions were acts and omissions of SCB.</p>	<p>SCB will act in accordance with the custody agreement executed with CBT, EPF. Currently there are no vendors utilized for any core activities of processing of EPFO instructions. Activities such as Settlement, Reporting and Corporate Action processing are managed by SCB staff.</p>
10.	<p>SCB shall, in performance of all instructions, take relevant action in accordance with accepted market practice and local settlement practices and shall conform with such guidelines and/or directives issued by the regulatory authorities in this regard.</p>	<p>Yes. For the review tenor specified SCB has processed the authorized instructions received from CBT, EPF as per agreed practice with EPFO, market practice, SCB polices and various regulatory guidelines as required.</p>
11.	<p>SCB shall take necessary action to convert the eligible physical securities into electronic balances through the Depository System, whenever necessary and in case of any rejection/objection, take necessary action to rectify the objection so far as it relates to SCB and shall proceed further for conversion of the said securities into electronic balances.</p>	<p>Not applicable. During the period under review there was no physical security which required conversion into electronic form. SCB holds only Fixed Deposits for EPFO in physical form</p>
12.	<p>SCB, shall, in case of any other dealing in connection with the securities, take such other action as may be required in relation thereto consistent with the rights of the CBT, EPF and in the</p>	<p>SCB has processed the authorized instructions received from CBT, EPF or its designated portfolio managers as per</p>

	best interests of CBT, EPF.	the agreed process with EPFO, market practice, SCB policies and various regulatory guidelines as required. Where required we have consulted with EPFO and discussed potential changes in process to streamline the same for example as required for incorporation of 5th Portfolio Fund Manager.
13.	<p>Upon receipt of instructions and insofar as cash is available, SCB shall make, or cause its agent to make, payments out of the Securities and Investible fund of CBT, EPF only in the following circumstances -</p> <p>(a) in connection with the purchase or acquisition of securities upon receipt of necessary details from CBT, EPF.</p> <p>(b) SCB shall pay out the moneys held hereunder in accordance with established law and customary market practices in the local market or as may be separately advised by the CBT, EPF.</p> <p>(c) For payment of such taxes, advisory fees, custodian fees, service charges, legal expenses, brokerage, out of pocket expenses or other costs incurred by SCB, as may be approved in writing by the CBT EPF or from time to time by specific instructions.</p> <p>(d) for such other payments as may be mutually agreed by the CBT, EPF and SCB.</p> <p>(e) For payments to be made in connection with the conversion, exchange or surrender of Property held in the Custody Account.</p> <p>(f)</p>	Yes, in the period under review there is no use of investible funds other than that as specified herein or as per instructions from CBT, EPF or its designated portfolio managers.
14.	SCB shall in any transaction involving money market and debt instruments, on receipt of the instructions make payment / receive instruments across the counter against payment and collect the proceeds/benefits due.	The trades in Money Market and Debt instruments are settled as per existing regulatory guidelines and market practice through the clearing corporations of the respective stock exchanges for secondary market trades. For purchase transactions the underlying value of the trade are paid to the clearing corporation's designated settlement bank account post which after receipt of securities, the EPFO scheme depository account is credited. For sale transactions, the securities are delivered to the clearing corporation's designated dematerialized settlement account and upon receipt of cash from the clearing corporation the proceeds are credited to the underlying scheme account of EPFO.
15.	To collect and receive any income and other payments and	Yes for the period under review SCB

	<p>distributions made by the issuer of Securities, for the account of the CBT,EPF and in the absence of contrary Instructions credit the non monetary distributions to the Custody account or the monetary distributions to the Saving Account as the case may be.</p> <p>Bearer securities shall be physically deposited with proper identification in the vault of SCB for the purposes of providing for the safekeeping thereof.</p>	<p>has followed a process wherein follow up is done with the issuer of the security for all monetary corporate action credits for EPFO. Post receipt of such credits EPFO's respective scheme account is credited and the FM is notified as per the agreed process.</p> <p>There are no non- monetary corporate actions credits applicable to EPFO during this period since all the securities are debt instruments.</p> <p>There are NIL bearer securities under EPFO portfolio.</p>
16.	To take all/any action necessary and proper in connection with the receipt of income and other payments and distributions referred above, including without limitation the presentation of coupons and other interest items.	<p>Yes, SCB as a process does a follow up with all the issuers of debt securities subscribed to by EPFO prior to the pay date. On the pay date SCB closely monitors the receipt of cash and in case of any delay or non receipt notifies the Portfolio Fund Manager (FM) and EPFO accordingly as per the agreed process.</p> <p>For cases where issuer has not credited the funds on the pay date, SCB does follow up for the principal as well as the delayed interest.</p>
17.	To receive and hold for the account of the CBT,EPF all/any moneys arising out of or in connection with the Property whether as a result of it being called or redeemed or otherwise becoming payable and credit the same to the Saving Account.	<p>Yes, SCB monitors such events such as Call, redemptions etc closely and executes the required corporate action on the defined date. The cash arising out of such events are immediately credited to the respective EPFO scheme account. There has been no miss out of any such call or redemption event during the review period.</p>
18.	To take all/any action necessary and proper in connection with the receipt of the moneys referred above, including without limitation the presentation for payment of any Property becoming payable as a result of being called or redeemed or otherwise becoming payable and the endorsement for collection of cheques, drafts and other negotiable instruments.	<p>Yes, please refer to our response in Point no. 17 above.</p>
19.	To receive and hold for the account of the CBT, EPF, the Securities received by the Custodian as a result of reorganization, consolidations, conversions, capitalisation of reserves, and the like issued with respect to any Securities held by it.	<p>Yes as a process SCB has the capability to handle such kind of corporate actions events and report the same to EPFO and the FM in line with agreed practice.</p>
20.	To exchange interim or temporary receipts for definitive Securities, and old or over stamped certificates for new certificates.	<p>Yes SCB as custodian will act on instructions/directive from CBT EPF or its appointed portfolio managers to exchange interim or temporary receipts for definitive Securities, and old or over</p>

		stamped certificates for new certificates and report the same to EPFO and the FM in line with agreed practice.
21.	To deliver any security cash and/or any other property belonging to CBT,EPF which has been sold after confirmation from CBT EPF and/or make payment for, and receive Property purchased on behalf of CBT, EPF, provided however that the Custodian will deliver Property only after receipt of payment for sale transactions and/or make payment only after receipt of Property for purchase transactions unless instructed to the contrary or is required by prevailing rules, operating procedures and regulations on any relevant stock exchange, clearance system, depository to do otherwise but with a simultaneous intimation to the EPF/CBT.	The process of settlement is stipulated by the existing regulations and SCB adheres to the same at the time of settlement. For Primary market deals the payment is made based on the instructions received from the FM of EPFO, however securities are credited by the issuer subsequently on the allotment date. For Secondary market procedures kindly refer to our response under Point no 14.

22.	To deal with rights, or public issues, warrants and other similar interests offered or received by the Custodian.	Not applicable for the period under review as EPFO did not hold any applicable investments during this period. SCB has the capability to process such events.
23.	To deal with or deliver such Securities to the issuer thereof or its agent when Securities are called, redeemed, cancelled, retired or otherwise mature or become payable and to receive payment thereof.	Yes, please refer to our response under Point No. 17 above.
24.	To deliver such Securities for exchange for a different number of Securities or certificates representing the same aggregate face value; or conversion pursuant to any plan of merger, consolidation, capitalisation, reorganization or readjustment of the Securities by the issuer of such Securities; or pursuant to provision for conversion contained in such Securities; provided that, in any such case, the new Securities and cash, if any, are to be delivered back to the Custodian.	Yes SCB has the ability to process such kind of transactions. In such a case securities delivered are shown as sale and equivalent securities received are shown as purchases and reported to EPFO accordingly.
25.	To surrender warrants, rights or similar Securities and receive back the delivery of new Securities. Except as provided, to deliver or dispose of the Property only as may be specified by Instructions and supported by confirmation from CBT EPF.	Yes SCB has the ability to process such kind of transactions. In such a case securities delivered are shown as sale and equivalent securities received are shown as purchases and reported to EPFO accordingly.
26.	The Custodian shall arrange on written request by the CBT,EPF for registration of Property with the issuer or its agent in the name of CBT EPF, provided such registration is permissible under prevailing laws	Not applicable as during the period under review EPFO does not hold any such physical instrument except Fixed Deposits which are in the name of the respective scheme.
27.	The Custodian shall furnish to the CBT, EPF a daily statement of cash and a daily/ weekly statement of Securities held by the Custodian in a mutually agreed format, before the close of the next day and within two days after the end of each such week respectively and additionally such other statements or reports that the CBT, EPF may request. It shall be obligatory for the Custodian to provide all information, reports or any explanations sought by the CBT, EPF, at such frequency and in such formats as mutually agreed, and/ or the Auditor of the CBT, EPF for the purpose of audit and for physical verifications and reconciliation of Securities belonging to the CBT, EPF so long as necessary information is available with the Custodian to prepare and provide such other additional statements or reports.	Yes SCB is currently providing daily/ weekly reporting to SCB as per the duly agreed timeframes for the period under review. Any ad hoc reporting / query or information has been addressed and responded to within agreed timelines with EPFO as applicable.

28.	The Custodian may supply to the CBT, EPF from time to time operating procedures which shall govern the day to day operations of the Custody Account and the Saving Account. Such operating procedures may be amended by from time to time by mutual consent between the Custodian and the CBT, EPF.	The custodian act on the basis of instructions from the designated portfolio managers appointed by CBT EPF or by CBT EPF itself. SCB follows and adheres the requirements notified by CBT EPF at time of awarding the mandate. We have added 5th Portfolio Fund Manager in June 2015 as per instructions received from CBT, EPF.
29.	The CBT, EPF reserves the right to call for information and exercise such other rights which under these presents are exercisable by the CBT, EPF by giving intimation to the Custodian to that effect.	Yes, CBT EPF can ask for any information related to its investments and will provide sufficient time to SCB to collate and provide the information to CBT EPF.
30.	The Custodian shall allow the CBT, EPF, withdrawal of all or any part of the Property in the Custody Account and/or the Saving Account.	SCB will act in accordance with the authorized instruction from EPFO or its designated portfolio managers and in accordance with the custodian agreement.
31.	Delivery of any Property other than cash shall be made within reasonable time at such locations as agreed.	Yes SCB agrees to process such requests for securities as per mutually agreed timelines and as per authorized instruction from EPFO or its designated portfolio managers and in accordance with the custodian agreement.
32.	The Custodian shall arrange an adequate insurance cover for the entire Property belonging to the CBT, EPF, the details of which shall be submitted to the CBT, EPF.	<p>Standard Chartered maintains a global crime and civil liability insurance from AON Ltd with a limit of liability of USD 200 million in the aggregate for the period 1 November 2017 to 31 October 2018. Please find attached a copy of the said insurance letter.</p> <p>The cover for Crime includes:</p> <ul style="list-style-type: none"> • Fidelity • Physical Loss • Forged Instruments • Extortion • Computer and Telephonic Misuse <p>The cover for Civil Liability includes:</p> <p>Claims made against Standard Chartered for Civil Liability arising from the provision or the failure to provide Services.</p> <p>1. 'Civil Liability' shall mean:</p> <ul style="list-style-type: none"> • A legally enforceable obligation to a third party to pay compensation or Professional Damages in accordance with an award of court by whose jurisdiction the Insured is bound, or • A legally enforceable obligation to a third party for compensation or Professional Damages acknowledged by an agreement made, with prior consent of Leading Insurer, between the Insured and a third party in settlement of a Professional Claim; or

		<p>Any legally enforceable liability to a third party pursuant to any award, directive, order or similar act of a regulatory authority acting under its rules or regulations, or following arbitration or other alternative dispute resolution process whose findings are binding upon the Insured.</p> <p>2. "Services" means financial and/or professional services or other activities performed for a past, present or prospective client or customer of the Insured as part of or in connection with the business of the Insured, and shall include all administrative, back office or other operations of the Insured which support the provision of those financial and/or professional services or activities.</p> <p>3. Other terms are as more fully defined in the policy and shall take precedence over any meaning that maybe ascribed hereto. The above policy covers all our businesses including Securities Services.</p>
33.	The Custodian shall be responsible for following up with the issuers of securities for any default in payment of interest and/or maturity proceeds. The custodian shall take necessary legal action (including initiating and defending the cases) on behalf of CBT, EPF in order to protect the interest of CBT, EPF within the scope of the Agreement for Custodial Services.	SCB as custodian will follow up with the issuer for any default payment for interest and maturity proceeds as agreed with CBT EPF and in accordance with custody agreement. The custodian will represent CBT EPF on any legal action initiated by CBT EPF on any defaulting companies as mutually agreed and authorized by CBT EPF.
34.	SCB shall furnish to the CBT, EPF, by computer data transmission, or by any other mode as may be mutually agreed and at such frequencies as may be mutually agreed, details of all transaction, and entries relating to the account of CBT, EPF. The CBT, EPF agrees that the reports provided by SCB shall be deemed to be proper if no discrepancy is reported by the CBT, EPF within thirty (30) days.	SCB does scheme wise reporting of settlement of trades and other corporate events to EPFO via email to designated email Id's of EPFO as per the current agreed process.
35.	SCB will deliver securities on sale transaction and make payment for purchase transactions as per the prevailing market practice/mechanism. SCB shall check the instruments of transfers so that the transactions do not constitute bad delivery in terms of rules, Regulations, bye-laws of the stock exchange for any bad deliveries. SCB will notify the CBT, EPF and act as per instructions of the CBT.	Yes. For the period under review all debt instruments other than Fixed Deposits are held in Dematerialized form which are settled/delivered in line with existing regulations and Market norms. For Fixed deposits SCB does check the instrument and approaches the issuer for any rectification required to make it good for redemption.
36.	To notify the CBT, EPF of all notices, reports and other financial information relating to the investment when received by SCB and to seek instructions as to any action to be taken in connection therewith.	Yes, SCB as custodian will notify CBT EPF any notices/reports received from the company(s) related to CBT EPF investments for necessary actions to be taken by CBT EPF.

Sl. No.	Qualification of Custodian	Status of the Custodian
1	Custodian should be registered with SEBI and RBI and the registration should be valid.	Yes, SCB is registered with SEBI and RBI and the registration is valid. In the capacity of a custodian we are governed by SEBI in India under the SEBI (Custodian of Securities) Regulation, 1996. In our role of Designated Depository Participant, we are regulated by SEBI under SEBI FPI Regulation 2014. We are registered as an Authorised Dealer (AD) category I with Reserve Bank of India (RBI).
2	Custodian should have more than 5 year experience in providing custody services.	Yes, SCB commenced offering Securities Services in India since 1995.
3	Custodian should have more than Rs. 1,00,000 crores total Assets Under Custody (AUC).	Total Assets Under Custody (AUC) as on 30-09-2018. (Rs 482,111.84 crores excluding EPFO)
4	Custodian should be having at least Rs. 50,000 crores of Debt Assets Under Custody.	Out of the above Total AUC, Total Debt Assets Under Custody as on 30-09-2018. (Rs 198,085.24 crores excluding EPFO)
5	Custodian should be able to offer custodial services, settlement services and reporting thereof for all type of eligible securities i.e. Corporate Bonds, Government Securities (through SGL/CSGL), Bank FDRs, CBLO or any other securities in which CBT,EPF may transact in future as prescribed by the Government.	Standard Chartered Bank is registered as custodian with SEBI and registered as a Clearing Member with The National Stock Exchange (NSE) and The Bombay stock exchange for Clearing & Settlement of Trades. Standard Chartered Bank is also an empanelled Clearing Bank with NSE and BSE. We provide clearing and settlement services to our clients for Equity – Listed and unlisted securities • Debt – Corporate bond and Government Securities (through SGL/CSGL) • Processing and safekeeping of Fixed/Term deposit receipts • Derivative-Exchange traded derivative contracts including interest rate futures and currency futures on the National Stock Exchange. • We are also registered with CCIL as Designated settlement bank for CBLO and securities segment. For the period under review SCB has supported all the securities type where CBT EPF has made

		investments.
6	Custodian should have a system which can generate consolidated MIS reports as required by EPFO which should include reports on all eligible securities. The reports should be system generated	Yes, for the period under review SCB through its custodial processing system (CSS), Corporate Action Processing Engine (CAPE) and banking system (eBBs) are providing reports to EPFO as per agreed requirements and timelines
7	Custodian should have capability to develop a new system for catering to automation and straight through processing and reporting requirements of EPFO.	SCB has developed/enhanced its custodial system to perform custodial function as per CBT EPF requirement. As per our mutual discussion and agreement SCB has developed the custodial system to meet the CBT EPF requirements on reporting and processes during the period under review.

8	Custodian should have Flexibility in the system to provide any new reports required by EPFO.	Yes, SCB has developed the system post mutual discussion and agreement on final requirements to provide reports as required by CBT EPF during the period under review . We have added new reporting requirement post discussion with CBT, EPF to meet 5th Portfolio Fund Manager requirement
9	Custodian should have Scalability in system to handle large volumes	During the period under review we have been able to meet the volume requirements for EPFO as the custodian. In addition, a formal capacity management procedure is in place for our custodial systems to monitor on-going system utilization and conduct regular reviews to anticipate future business requirements.
10	Custodian should have Adequate insurance to cover any liability that may arise. (Details thereof)	Standard Chartered maintains a global crime and civil liability insurance from AON Ltd with a limit of liability of USD 200 million in the aggregate for the period 1 November 2017 to 31 October 2018. Please find attached a copy of the said insurance letter. The cover for Crime includes: <ul style="list-style-type: none"> • Fidelity • Physical Loss • Forged Instruments • Extortion • Computer and Telephonic Misuse The cover for Civil Liability includes: Claims made against Standard Chartered for Civil Liability arising from the provision or the failure to provide Services. 'Civil Liability' shall mean: A legally enforceable obligation to a third party to pay compensation or Professional Damages in accordance with an award of court by whose jurisdiction the Insured is bound, or ••A legally enforceable obligation to a third party for compensation or Professional Damages acknowledged by an agreement made, with prior consent of Leading Insurer, between the Insured and a third party in settlement of a Professional Claim; or ••Any legally enforceable liability to a third party pursuant to any award, directive, order or similar act of a regulatory authority acting under its rules or regulations, or following arbitration or other

		<p>alternative dispute resolution process whose findings are binding upon the Insured.</p> <p>"Services" means financial and/or professional services or other activities performed for a past, present or prospective client or customer of the Insured as part of or in connection with the business of the Insured, and shall include all administrative, back office or other operations of the Insured which support the provision of those financial and/or professional services or activities. Other terms are as more fully defined in the policy and shall take precedence over any meaning that maybe ascribed hereto.</p> <p>The above policy covers all our businesses including Securities Services</p>
11	<p>Custodian should have functional offices at Mumbai & Delhi having responsible officials. (Details thereof)</p>	<p>Our Delhi Office-</p> <p>Standard Chartered Bank SC Tower DLF Building 7A, DLF Cyber City, Gurgaon, Haryana, 122002 Key Contacts at Standard Chartered Bank: Manish Bajaj Relationship Manager Executive Director & Head North India, FI Tel: +91 124 4876367 Email: manish.bajaj@sc.com</p> <p>Bhagyesh Bhawe Director, I&I Sales, TB Tel: 022 61157768 Email: Bhagyesh.Bhawe@sc.com</p> <p>Mumbai Office: Standard Chartered Bank Crescenzo, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051, India Key Contacts at Standard Chartered Bank Anand Dutt Head, Custody and Clearing Operations Tel : 91 22 61157123 Email: Anand.Dutt@sc.com</p> <p>Chaitanya Joshi Head Of Securities Services India, Executive Director, Transaction Banking Tel :91 22 261157782 Email: Chaitanya.Joshi@sc.com</p> <p>Vikas Tandon Director, I&I Products, TB Transaction Banking Tel :91 22 26115778 Email: Vikas.Tandon@sc.com</p>
12	<p>Custodian should provide information regarding any conviction by a Court of Law or indictment/adverse order by a regulatory authority that casts a doubt on the ability of the applicant to provide Custodial and other related services</p>	<p>In the context of our provision of Custody services in India, Standard Chartered is currently not under investigation by any authorities (regulator and others) and in the period under review Standard Chartered has not been convicted by a Court of Law and no indictment/adverse order has been passed by a regulatory authority which would impact our ability to provide Custodial services in India.</p>

13	Custodian should be different from Banker and/or Fund Manager of EPFO. However EPFO reserves its right to allow the Custodian of EPFO work as Banker and/or Fund Manager of EPFO.	During the period under review SCB acted as the custodian for EPFO with associated settlement cash accounts.
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Item No. 11 Allocation of funds to Portfolio Managers beyond 31.03.2019 consequent to closure of Portfolio Management Service activity by SBI.

1. The Central Board of Trustees (CBT) in its 207th meeting held on 31.03.2015 has appointed five Portfolio Managers namely 1. State bank of India; 2. ICICI Securities Primary Dealership Limited, 3. Reliance Capital Asset management Limited; 4. HSBC Asset Management (India) Private Limited and 5. UTI Asset management Company Ltd for managing EPFO corpus for a minimum period of three years. Tenure of current portfolio managers has been extended till 31st March, 2019

2. The State Bank of India (SBI) one of the Portfolio Managers of EPFO is managing corpus of EPFO since 1995. SBI solely managed EPFO corpus till 2008, when the Central Board, EPF introduced Multiple Portfolio Management so as to have better return on investments. SBI was selected through nomination basis by the Central Board in its 205th Meeting held on 19.12.2014.

3. The State Bank of India vide its letter no.GM/150/PMS/18 dated 05th June, 2018 informed that Reserve Bank of India (RBI) has advised it to shift the Portfolio Management Service (PMS) activity of the Bank to its subsidiary or other fund Manager by 31st March,2019. SBI has informed that its Board has approved closure of PMS activity, being handled by them, by facilitating transfer of existing client portfolio to their subsidiary or to any other fund manager as identified by respective client. SBI initially informed closing of its Portfolio Management Service activity on 31st December, 2018. **Further on request of EPFO it has extended its PMS activity till 31st March, 2019 and reiterated that due to directives of Reserve Bank of India, they would not be able to provide Portfolio Management Service beyond 31.03.2019 (Annexure 11A). Hon'ble Chairman, Central Board, EPF has approved the extension of PMS by SBI till 31.03.2019.**

4. SBI informed that their subsidiary, SBI Funds Management Pvt Ltd (SBIFM), is well equipped with all the necessary resources and expertise to competently handle the PMS activity. They have requested to consider nominating SBIFM as EPFO's fund manager in the next fund management mandate. SBI Chairman vide his letter dated 31.08.2018 has requested to transfer the entire EPFO's PMS business to SBI Funds Management Private Limited (SBIFMPL), which is a subsidiary of their Bank, on the same terms and conditions **(Annexure 11B)**. In this regard, it is stated/highlighted that :

- a) M/s. SBI Funds Management is not a wholly owned subsidiary or a division of SBI (63% by SBI and 37% by M/s. Amundi).
- b) M/s SBI Fund Management was not one of the successful bidders in the RFP floated in 2015 and hence would have to be appointed on nomination basis only.

- c) As it would be a purely interim and stop gap arrangement for a few months (beyond 31.03.2019, it would be more feasible to appoint an existing Portfolio Manager than a new Portfolio Manager for such a short duration.
- d) For a new Portfolio Manager it will be time consuming to open new accounts with RBI & Standard Chartered. The new PMs would also take time to learn our systems & procedures besides signing of a new agreement will also be required.
- e) Track record of our PMs are known to us & all have performed above benchmark.
- f) SBI had the highest cost/ Management fees among all PM, hence it would be better to appoint any of our own PMs than SBI Funds Management in place of SBI on the existing terms and conditions.

5. In view of above, **the issue of appointment of SBI FM Pvt. Ltd on nomination basis, as requested by SBI may be taken up at the time of selection process of new Portfolio Managers through the competitive bidding process.**

6. As per the recommendations of the FIAC, M/s. CRISIL has been approved as the Consultant for the next mandate by the Hon'ble Chairman, Central Board, EPF. The decision of the Hon'ble Chairman has also been ratified by the Central Board in its 223rd Meeting held on 04.12.2018. The Consultant M/s. CRISIL Limited will assist EPFO in the selection of new Portfolio Managers.

7. As per experience of last two-selection processes of Portfolio Managers, entire process of appointment [including opening of (SGL accounts with RBI and Demat accounts with Custodian) accounts of new Portfolio Managers, allocation of fund, transfer of securities etc.] took minimum six months from date of appointment of Consultant who assists EPFO in Selection of new Portfolio Managers.

8. Accordingly, consequent to closure of PMS activity by SBI, and in case of any further requirement for extension of tenure of current Portfolio Managers (except) beyond 31st March, 2019, the following options/arrangements are available:

- a) allocate the corpus of SBI to other four Portfolio Managers in proportion to their exiting ratio.

Or

- b) allocate the entire corpus of SBI to UTI as the UTI is best performer in terms of net returns/yield i.e. taking in to account the asset management fees amongst the present Portfolio Managers of EPFO since 2015 (as per CRISIL report till September, 2018). The details are as under:

PMs	Cumulative yield (for the period July, 2015	Asset Management	Net Yield(Cumulative yield – Asset	Rank
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	to September, 2018	Fees	Management Fees)	
UTI AMC	8.06	0.0025	8.0575	1
SBI	8.06	0.0085	8.0515	2
I-Sec PD	8.04	0.0000000005	8.04	3
Reliance AMC	8.04	0.00009	8.03991	4
HSBC AMC	8.03	0.0043	8.0257	5

It is also highlighted that M/s. UTI AMC is majorly owned by PSU Banks & LIC as mentioned below:

Name of Shareholder	Percentage of Shareholding
SBI	18.24
LIC	18.24
Bank of Baroda	18.24
Punjab National Bank	18.24
Total	72.96

Further EPFO has on nomination basis appointed M/s. UTI MF (a division of UTI AMC) as the ETF manufacture for investments in ETF/equity with effect from October, 2016.

9. The views of the Investment Division were sought on the aforesaid proposal and their comments as well as that of the Custodian, M/s. Standard Chartered Bank to examine feasibility of proposal (a) & (b) at Para 6 are as under:

A. Comments of Investment Division: Allocation to four Portfolio Managers would be relatively more time taking due to opening of new SGL & Demat Accounts for a/c no. 8, 9 & 25 (SPF, Pension & Gratuity & EDLI as these accounts are centralized with SBI only) of other Portfolio Managers with RBI and Standard Chartered Bank respectively which is a time taking process, whereas if entire funds of SBI is allocated to one fund manager, it could be completed in comparatively lesser time.

Apart from above, SBI is also maintaining an account for transfer in of past accumulations in case of cancellation of exemption which would also need to be allocated to other portfolio managers.

B. Investment division also obtained comments of the Custodian, M/s. Standard Chartered Bank, which are as below:

Sl.	Proposal (a) i.e. allocation of SBI fund to other	Proposal (b) Allocation of SBI fund
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no.	four Portfolio Manager	to One Portfolio Manager
I.	It would be very difficult to allocate the legacy portfolio which is managed by SBI and hence need to be carefully evaluated and discussed with SBI on case to case basis.	Legacy portfolio would be shifted to one portfolio manger thereby maintaining the continuity of legacy cases.
II.	Currently four Portfolio Managers manage only two schemes of EPFO i.e. EPF and EPS whereas SBI solely manages the other three schemes namely SPF, PNG & EDLI for EPFO. With the option of distribution of corpus across four fund managers the corpus of other schemes will also get distributed to four fund managers. This will increase the complexity as they need to open additional 24 cash accounts and accordingly process the settlement of trade. These Schemes/funds are very small to be further distributed across additional four fund managers	The existing SBI accounts for the three schemes would be replaced by the new fund manager's account thereby reducing the requirement of additional accounts.
III.	The allocation of Govt. of India securities managed by SBI across five schemes would increase multifold. It would need to be discussed with RBI for allocation to four Portfolio Managers for value free transfer	The legacy portfolio would be shifted to one Portfolio Manager thereby maintaining the continuity of legacy case and there will be no requirement for allocation of securities among four fund managers.
IV.	RBI will take tentatively 3/4 weeks on value free transfer of SGL securities. SBI currently has around 3000 lines of stock which would result in around 11,000 entries across other fund managers. RBI generally transfer 25-30 securities per day. RBI also requires a letter & time frame for the transfer in advance to accordingly plan the movement. Demat accounts will be transferred by the Custodian, which would require one week, post receipt of allocation file.	The number of entries with respect to transfer of Gsec securities would decrease substantially with RBI as the entire portfolio would be shifted to one portfolio manager.
V.	Since the corpus is small, SBI has invested in Single fixed deposits and distributed it across the three scheme internally, Distributing it further will not be possible without reaching to bank branches or issuer division, in small denominations. The distribution of Fixed Deposit placed with SBI across four portfolio managers will multiply the complexity.	There is no requirement of division of fixed deposits between the portfolio managers as entire portfolio would be shifted to one portfolio manager. It will be a onetime exercise to change the underlying cash account number.
VI.	The SBI also has investments in Special Deposit Scheme 1975 of Government of India It would be difficult to allocate interest on SDS Scheme Managed by SBI	The SBI also has investments in Special Deposit Scheme 1975 of Government of India. It would be easier if the entire interest is credited to one portfolio manager

		instead of four.
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10. M/s. CRISIL Limited, Consultant of EPFO for performance review of Portfolio Managers has opined that:

- A) In case EPFO decides to transfer the portfolio managed by SBI to all its existing portfolio managers, EPFO needs to be cognizant of the following aspects in case it decides to go with this option:
 - i) EPFO will have to ensure proportionate distribution of SBI's 35% allocation from incremental accretion, else this may impact the performance of the portfolio manager for the remaining period of the current mandate of fund management activity.
 - ii) Transfer of legacy portfolio (mapped to SBI) to existing portfolio managers will increase the future cash inflows arising from coupon and maturity proceeds. The distribution of cash flow should be done in such a manner that there is a minimum impact on the performance due to un-even asset allocation of portfolio manager. The legacy portfolio mapped to SBI will need to be transferred to existing portfolio managers in such a manner that it ensures the time of cash flows is the same and the proportion of cash flows is maintained across portfolio manager in order to minimize impact on the performance of the portfolio managers.
 - iii) This option will have minimal impact on the existing allocation of funds among the portfolio managers and investment limits required to be achieved at the end of the financial year if the distribution of cash flows is carried out proportionately.
- B) In case EPFO decides to transfer the portfolio managed by SBI to any one of the existing portfolio managers, EPFO needs to be cognizant of the following aspects in case it decides to go with this option:
 - i) EPFO needs to arrive at a rationale for selecting one of the existing portfolio managers for this purpose. Some of the aspects the EPFO may consider while selecting one of the existing portfolio managers may be performance during the current mandate and the fee charged by it, etc.
 - ii) This option will increase the allocation of funds to the selected portfolio manager significantly as SBI was allocated 35% of incremental accretion.
 - iii) This option may impact the investment limits required to be met by the selected portfolio manager at the end of the financial year and therefore may have an impact on the performance of the selected portfolio manager for the remaining period of the current mandate of fund management active.

- iv) This option may increase the cash flows to the selected portfolio manager in terms of coupons and maturity proceeds arising from the legacy portfolio of SBI, which would now be mapped to the selected portfolio manager. Therefore, this may impact the performance of the portfolio manager for the remaining period of the current mandate of fund management activity.

11. It may also be noted that the arrangement proposed above would be an interim arrangement only for the period beyond 31.03.2019 till the new portfolio managers are appointed through the competitive bidding process

12. A proposal for allocation of funds managed by SBI to other Portfolio Managers was placed before the Board in its 223rd Meeting held on 04.12.2018 for consideration. The Board had decided that the proposal should first be placed before the FIAC for consideration.

13. Accordingly, consequent to closure of PMS activity by SBI, and in case of any further requirement for extension of tenure of current Portfolio Managers (except SBI) beyond 31st March, 2019, following two interim options/arrangements were placed before the FIAC in its 141st Meeting held on 12.02.2019 to recommend to the Board:

- a) allocate the corpus of SBI to other four Portfolio Managers in proportion to their exiting ratio . EDLI, P&G and SPF schemes are small in quantum and bifurcation of investments made in these scheme would be difficult, all three schemes may be allocated to one Portfolio Managers namely UTI AMC,

Or

- b) allocate the entire corpus of SBI to UTI as the UTI is best performer in terms of net returns/yield i.e. taking in to account the asset management fees amongst the present Portfolio Managers of EPFO since 2015 (as per CRISIL report till September, 2018)

14. The FIAC after detailed discussion and considering the operational difficulties in allocation of legacy portfolio amongst other PMs as well taking note of the fact that the said arrangement is a temporary stop gap measure and that UTI is the best performer among all PMs, decided to recommended to the CBT to allocate the corpus being managed by SBI to M/s. UTI AMC.

Proposal: Recommendations of the FIAC at Para 14 placed for consideration and approval.



भारतीय स्टेट बैंक
भारतीय स्टेट बैंक
STATE BANK OF INDIA

The Financial Advisor & Chief Accounts Officer,
Employees Provident Fund Organisation,
Bhavishya Nidhi Bhavan,
14-Bikaji Cama Place,
NEW DELHI-100066.

GM/143/PMS/146
27/12/2018

Dear Sir,

EXTENSION OF PORTFOLIO MANAGEMENT SERVICES UPTO 31/03/2019

We refer to your letter no.HO/IMC/181/SBI/2015/1299 dated 13.12.2018 & letter no.HO/IMC/181/SBI/2015/12802 dated 20.12.2018. We give our consent to extend the tenure of fund management upto 31/03/2019 as desired on existing terms and conditions. However, it may please be noted that due to directives of Reserve Bank of India, we would not be able to provide Portfolio Management Services beyond 31.03.2019.

We request you to arrange accordingly.

Yours faithfully,


(H.K. Jena)
Chief General Manager



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कॉर्पोरेट केंद्र
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रजनीश कुमार

अध्यक्ष

RAJNISH KUMAR

Chairman

Shri Sunil Barthwal, IAS
Central Provident Fund Commissioner
Employees Provident Fund Organization
Head Office Bhavishya Nidhi Bhawan
14-Bhikaji Cama Place New Delhi - 110066

Date: 31/08/2018

Ref.: GM/150/PMS/SS/674

Dear Sir,

PORTFOLIO MANAGEMENT SERVICES OFFERED BY OUR BANK

Our Bank has been managing the corpus of Employees Provident Fund Organization (EPFO) over the past many years under our Portfolio Management Services (PMS). The services are offered through our Global Markets (Treasury) at Corporate Centre who have a license from SEBI to provide such services to our Institutional Clients. All transactions for the fund are done at arms-length from our own operations at the Treasury.

In this regard, Reserve Bank of India has in the past, advised us to discontinue providing such services to our clients and shift such business to our subsidiaries. Recently, Reserve Bank of India has again reiterated its stand in the matter and asked us to migrate our PMS services by 31st March 2019 to our subsidiary or any other fund manager.

It is in this context that I am addressing this communication to request you to transfer the entire EPFO's PMS business currently being handled at our Treasury to SBI Funds Management Private Limited (SBIFMPL) which is a subsidiary of our Bank on the same terms and conditions at which your funds are currently managed by us.

SBIFMPL is currently the fourth largest asset manager in the country managing assets of over INR 2.79 lakh crores, across business lines. It has experience of over 30 years and is acting as investment manager for Mutual Funds, PMS, Offshore Funds & Alternate Investment Funds. They have been catering to a diversified target clientele through a varied range of offerings. The PMS investors are predominantly large domestic institutional and offshore investors.

On the PMS front, SBIFMPL currently caters to individuals (HNIs), domestic and offshore investors. SBIFMPL has 21 institutional mandates with a corpus of INR 11,850 crores in equity and INR 36,260 crores in Fixed Income. They cater to large domestic institutions such as Postal Life and EPFO. SBIFMPL has the capability and staff of professionals required to manage the investment needs of an esteemed client like yours.

My team will continue to remain at your disposal and I would like to assure you that SBIFMPL will manage your funds with the same sense of professionalism, care and diligence that our Bank has done in the past years.

I once again thank you for the faith you have placed across SBI entities and services, and remain confident that we will consistently deliver to retain the same.

With best regards,

Yours faithfully,

(Rajnish Kumar)
Chairman

Item No. 12: Extension of tenure of current Portfolio Managers (except SBI) of EPFO up to 30th June, 2019 or till appointment of new Portfolio Managers whichever is earlier.

1. The Central Board, EPF in its 207th Meeting held on 31.03.2015 appointed five Portfolio Managers namely State Bank of India, ICICI Securities PD Limited, Reliance Capital AMC, HSBC AMC and UTI AMC to manage its corpus for three years. The current Portfolio Managers started managing EPFO corpus from 1st July, 2015 and their tenure has been extended till 31.03.2019 by the Central Board in its 223rd meeting held on 04th December, 2018.
2. The Central Board in same meeting appointed M/s. CRISIL limited as Consultant to assist EPFO in selection of new Portfolio Managers for managing EPFO's corpus. The Board also in same meeting mandated FIAC the task of selection of Portfolio Managers of EPFO.
3. The Consultant, M/s. CRISIL Limited drafted Request for Proposal (RFP) document for appointment of Portfolio Managers which was placed before the FIAC in its 141st Meeting held on 12.02.2019. FIAC has requested for certain additional information and suggested some amendments to the RFP. Same will be placed before the FIAC in its ensuing meeting.
4. Entire process of selection of Portfolio Managers and completion of operational formalities such as signing of Agreements, opening of SGL accounts, transfer of securities from RBI may take another three to four months.
5. Tenure of current Portfolio Manager is going to expire on 31st March, 2019. Considering the reasons given in Para 4 above, it is proposed to extend tenure of current Portfolio Managers (except SBI) upto 30th June, 2019 or till appointment of new Portfolio Managers whichever is earlier.

Proposal: The proposal contained in Para 5 above is placed for approval.

Item No. 13: Amendment in EPF Scheme 1952 for Accounting Policy of Exchange Traded Fund (ETF) (Equity and related investment).

The Central Board of Trustees, in its 219th meeting held on 23rd November, 2017 approved the “significant accounting policies” based on the report of IIM Bangalore and as per the suggestion of CAG on the ETF accounting policy and report on operational guidelines-unitization methodology for accounting policy of equity ETF investments.

2. To enable the accounting policy as approved by the Central Board, four member Committee was constituted by CPFC vide order dated 12.12.2017 to suggest amendment in the Employees’ Provident Fund Scheme 1952 to enable accounting of investments in Exchange Traded funds (ETFs)(Equity and Related Investment). The terms of reference of the said Committee were as below:

“To suggest amendment in the Employees’ Provident Fund Scheme 1952 to enable accounting of investments in Exchange Traded funds (ETF) (Equity & Related Investments) as approved by the Central Board, EPF in its 219th meeting”.

3. However, as the accounting policy which was approved in the 219th CBT and was later modified in 221st CBT meeting held on 13/04/2018, the Committee again studied the amended policy & changes required and after several rounds of discussions, a draft proposing required amendments in the EPF Scheme, 1952 to enable accounting of investments made in ETFs has been submitted. The Report of the Committee members is reproduced as under:

Para	Existing	Amendment Required	Proposed changes
1	Short title and application.		
Para 27AA Appendix “A” Condition 18 (b)	The Board of Trustees shall maintain a script wise register and ensure timely realization of interest.	INSERTION	The Board of Trustees shall maintain a scrip wise register and ensure timely realization of interest, dividends and any other receipts from the investments.
Para 51A	NEW PARA ADDED	ADDITION	<u>EPF Unit Account</u> The investments unitized into EPF Units as provided in paragraph 60A shall be credited or debited, as the case may be, to an account called the “EPF Unit Account”.

			Brokerage and Commission of the purchase and sale of underlying securities and other such investments, shall be included in the purchase or sale price, as the case may be, and not separately charged to the "EPF Unit Account".
Para 59	<p><u>Member's Accounts:</u></p> <p>(1) An account shall be opened in the office of the Fund in the name of each member in which it shall be credited:—</p> <p>(a) his contributions,</p> <p>(b) the contributions made by the employer in respect of him, and</p> <p>(c) Interest as provided in paragraph 60.</p> <p>(2) All items of account shall be calculated to [the nearest rupee, 50 paise or more to be counted as the next higher rupee and fraction of a rupee less than 50 paise to be ignored].</p> <p>(3) On receipt of the contribution card or cards of a member from</p>	INSERTION	<p><u>Member's Accounts:</u></p> <p>(1) An account shall be opened in the office of the Fund in the name of each member in which it shall be credited:—</p> <p>(a) Net of his contributions after reducing the amount diverted for unitisation into EPF Units,</p> <p>(b) Net of the contributions made by the employer in respect of him after reducing the amount diverted for unitization into EPF Units,</p> <p>(c) Interest as provided in paragraph 60,</p> <p>(d) EPF Units unitized out of his contributions diverted for unitisation into EPF Units as referred to in clause (a) above, and</p> <p>(e) EPF Units unitized out of contributions made by the employer in respect of him diverted for unitisation into EPF Units as referred to in clause (b) above.</p> <p>Explanation: EPF Units as provided in paragraph 60A</p> <p>(2) All items of account except EPF Units shall be calculated to the nearest rupee, 50 paise or more to be counted as the next higher rupee and fraction of a rupee less than 50 paise to be ignored.</p> <p>(3) On receipt of the contribution card or cards of a member from his employer or employers at the end of</p>

	his employer or employers at the end of the period of currency of the contribution card, the Commissioner shall compare the entries made in the contribution card or cards with those made in the member's individual account in the office of the Fund and shall rectify any discrepancy found in these entries.		the period of currency of the contribution card, the Commissioner shall compare the entries made in the contribution card or cards with those made in the member's individual account in the office of the Fund and shall rectify any discrepancy found in these entries.
Para 60A	NEW PARA ADDED	ADDITION	<p><u>EPF Units</u></p> <p>(1) The Commissioner shall credit to the account of each member EPF Units unitized from the amount diverted from his contributions and from the contributions made by the employer in respect of him at such percentage of fresh accretions as may be determined by the Central Board.</p> <p>(2) (a) (i) EPF Units shall be unitized from the amount diverted for unitization as specified in sub-para (1) above at the applicable per unit Net asset value (NAV) as may be determined by the Central Board.</p> <p>(ii) EPF Units shall be credited to the member's account on a regular periodicity as may be decided by the Central Board from time to time.</p> <p>(iii) EPF Units and per unit</p>

			<p>NAV both shall be calculated upto the nearest four decimal places.</p> <p>(b) In the case of a claim for the refund under para 69 or para 70, EPF Units standing to the credit of member shall be redeemed at the last declared per unit NAV preceding the date of receipt of the claim from the claimant concerned irrespective of the date on which the final payment is authorised thereby converting EPF Units to cash in the members account for disbursal.</p> <p>(c) In the case of a claim for payments under paragraph 62, 68B, 68BB, 68BC, 68H, 68J, 68K, 68L, 68M, 68N, 68NN, 68NNN and 68NNNN, the amount shall be debited from the amount standing to the credit in the Member's Accounts except the EPF Units as per clause (d) and (e) of sub-para (1) of para 59 of the Scheme.</p>
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4. The approval of Finance Division of the said report was also obtained and thereafter the same was forwarded to Legal Division for vetting.

5. The Panel Advocate has vetted the draft amendments and found them to be in order. He has also mentioned three additional points for consideration. The suggestions of Panel Advocate were forwarded to Committee Members, vide U.O. note dated 16.11.2018, with a request to examine the report in light of the suggestions made by the Panel Advocate.

6. The Committee members examined the report in light of additional suggestions of Panel Advocate and submitted their point wise comments, the detail of which is as under:

SI no.	Additional Points for consideration suggested by Panel Advocate	Comments of the Committee on the Additional Points
1.	<i>The Amending Statute/Gazette Notification may carry a "Statement of Objects and Reasons" in the beginning.</i>	Gazette Notification is carried out by the Government and Notification contains only the amendments in the specific paragraphs.

2.	<i>Although the proposed amendments allow the EPF authorities to invest in EPF Units, please examine whether there are adequate provisions in the Scheme to deal with the remittance of the amount in the EPF Unit Account (proposed Para 51A r/w 60A) to the members, or conversion thereof to other form, etc. Reference may be made to the subsequent Chapters of the EPF Scheme. (In case of doubt, this point can be discussed with me over the telephone.)</i>	In order to get clarity on the issue this point was discussed with the Panel Advocate, Shri Prithu Garg. It was informed that the intent of this draft amendment is to create necessary provisions in the EPF scheme 1952 to enable the process of unitization of the investments being made by EPFO in equity. Para 60A (2) (b), (c) has been specifically inserted which addresses the concern of the Advocate.
3.	<i>Whether the consent of the Members is required before investing their fund in securities? Or is there at least a requirement of informing the members of such investments since they are subject to markets risks? Please look into this issue as well."</i>	There is no provision in the EPF & MP Act 1952 and the EPF Scheme 1952 regarding consent of the members while making investments of the fund. The investments are done as per the Pattern of Investment notified by the Government of India which derives powers from Para 52 of the EPF Scheme and both the documents are in public domain.

7. An agenda item in this regard was placed before 141stFIAC held on 12.02.2019, wherein the said item was approved by the Committee.

Proposal: The item is placed before CBT for consideration and approval.

Item No. 14: Cumulative performance evaluation for the period July, 2015 to June, 2018.

1. The Central Board of Trustees in its 207th meeting held on 31.03.2015 approved the appointment of following five fund managers for managing the EPFO corpus for a period of three years:

- i. State Bank of India.
- ii. ICICI Securities Primary Dealership Ltd.
- iii. Reliance Capital Asset Management Ltd.
- iv. HSBC Asset Management (India) Private Ltd.
- v. UTI Asset Management Company Ltd.

The New Portfolio Managers started managing EPFO corpus from 01.07.2015.

2. Further, the Central Board of Trustees in its 204th meeting held on 26.08.2014 had also appointed CRISIL as a Consultant for Selection of New Multiple Fund Managers and their Performance Evaluation.

3. The Central Board, EPF being administrators of the fund reviews the performance of Portfolio Managers annually. Cumulative Performance Evaluation of Portfolio Managers for the period 01 July 2015 to 30 June 2017 was placed before the Board in its 220th Meeting held on 21.02.2018. Performance evaluation upto June 2018 is due to be reviewed by the Board. Finance Investment & Audit Committee (FIAC) in its 141st meeting held on 12.02.2019 has reviewed performance of Portfolio Manager for said period.

4. The performance of the portfolio managers of EPFO are evaluated on the basis of following criteria prepared by Consultant, M/s. CRISIL limited :-

- **Portfolio Yields (80% weight)**
- **Asset Quality (20% weight)**

Performance evaluation ranking (debt)

Cumulative performance evaluation for the period July, 2015 to June, 2018.

Yield (80% weight)

Portfolio Manager	Score on Yield%	Benchmark Yield%	Yield Rank
UTI AMC	8.02	7.95	1
SBI PMS	7.99	7.95	2
Reliance AMC	7.99	7.95	2
ICICI Sec PD	7.98	7.95	4
HSBC AMC	7.97	7.95	5
Overall EPFO	7.99	7.95	

Asset quality (20% weight)

Portfolio Managers	Asset Quality out of 100%	Asset Quality Rank
SBI PMS	76.438	1
UTI AMC	76.400	2
Reliance AMC	75.955	3
HSBC AMC	75.814	4
ICICI Sec PD	75.540	5

Final Score/Ranking

Portfolio manager	Score on yield out of 100%	Rank on yield	Score on asset quality out of 100%	Rank on debt-asset quality	Final score out of 100%	Final rank
UTI AMC	92.779%	1	76.400%	2	89.503%	1
Reliance AMC	91.655%	2	75.955%	3	88.515%	2
SBI PMS	91.465%	3	76.438%	1	88.460%	3
ICICI Sec PD	91.205%	4	75.540%	5	88.072%	4
HSBC AMC	90.688%	5	75.814%	4	87.713%	5

- On the portfolio yield parameter, UTI AMC is ranked first with portfolio yield of 8.02%, on account of high yielding SDLs, among the portfolio managers
- On the asset quality parameter, SBI is ranked first due to highest exposure to G-Secs, CBLO and SDLs

Performance of equity investments**Equity investments – August 2015 to June 2018****SBI Mutual Fund:**

Scheme	Amount invested in Crores		Return in %	
	Nifty 50	Sensex	Nifty 50	Sensex
EPF (05)	18,924.91	6,372.01	15.71%	16.97%
SPF (08)	32.59	24.75	16.02%	18.06%
SP&G (09)	474.28	172.19	15.11%	16.75%
EPS (11)	8,518.40	2,869.04	14.86%	16.17%
EDLI (25)	630.19	222.12	16.36%	17.85%
Overall SBI MF	38,240.48			

Overall SBI MF

Amount	XIRR return	XIRR Benchmark
38,240.48	15.77%	16.01%

UTI Mutual Fund

Scheme	Amount invested in Crores		Return in %	
	Nifty 50	Sensex	Nifty 50	Sensex
EPF (05)	4,840.73	1,620.56	14.87%	17.43%
EPS (11)	2,117.84	730.62	14.72%	17.28%
Overall UTI MF	9309.75			

Overall UTI MF1

Amount	XIRR return	XIRR Benchmark
9309.75	15.47%	15.81%

Investments in CPSE and Bharat 22 ETF:

Scheme	Amount invested in Crores	XIRR Return in %
CPSE ETF	1,807.81	0.89
Bharat 22 ETF	2,024.75	-9.80

Overall investment in Equity upto June 2018:

Amount	XIRR return
51,382.79	14.58%

Proposal: The performance of all the Portfolio Managers and ETF Investments as above may be taken note of by the Board.

Item No. 15: Appointment of C-DAC as a consultant to carry out the second phase of Computerisation Project.

1. The present application software of EPFO was developed by NIC and deployed in 2009-10. The application software as well as members' related information/database was then maintained at the respective field offices in standalone mode. This application computerised some of the manual works in the field offices but had its limitations. The processes of the application software were exact replica of the manual process hence the benefits of computerisation could not be fully realised. Also, centralised services for the stake holders, namely, employers and members could not be offered.
2. In 2012, with the launch of Electronic Challan-cum-Receipt (ECR) centralised filing of returns & remittances was started. This became a base for commencement of several other online and centralised services for employers and also members.
3. The idea of providing centralised services to the members also required the identification of the members through a single identifier, which would not be linked to one EPFO office or employer and remain unchanged with change of employment. This culminated in the allotment of Universal Account Numbers (UANs) in 2014. However, in order to fully realise the benefits of UAN as single identifier as well as to make the service delivery more user centric, the software as well as hardware architecture required major revamp. Also, the centralised services for the stake holders required the centralisation of the data bases.
4. In order to carry forward this phase of computerisation, Centre for Development of Advanced Computing (C-DAC), a premier scientific agency working in the area of developing cutting age technologies, under Ministry of Electronics and Information Technology (MeiTy), Government of India, was engaged on nomination basis with the approval of the EC, CBT (79th meeting: dated 25th July 2014). At that stage CDAC was mainly engaged for consolidation of the field office data bases using the Oracle 12C and development of various other functionalities. Initially this contract was for two years from 16th July, 2014 to 15th July, 2016.
5. In 2016, a flagship scheme of Government of India, namely, the Pradhan Mantri Rojgar Protsahan Yojna (PMRPY) was launched. This Scheme required the benefit transfer to the employers at the time of filing of returns and was based on the Aadhar linking with UAN of members. It therefore necessitated changes in the ECR filing system as well as KYC linking of UAN. Accordingly, to address these requirements, C-DAC developed the Unified Portal for the employers & members and the PMRPY Portal. C-DAC also developed a Field Office Interface on the Unified Portal

and some field office functions were migrated from the EPFO Application to Field Office Interface.

6. It was suggested by C-DAC to bring all the de-centralized databases to a single Central Location. Accordingly, all the individual, stand-alone databases were ported into 120 Pluggable Databases, and the same application customized for working from Central Location. Subsequent to the engagement of C-DAC the following online services have been provided.

For Members: Online facility for download of passbook, filing claims online, nomination and modification of basic details.

For employers: Online facility for registration of establishment, UAN based ECR filing and online payment, generation of members UAN, linking of KYC of members and benefits under PMRPY.

7. The online requests of members are processed at the back end through the EPFO Application software by respective field offices. This application has limitations and design problems and is not in sync with the Unified Portal, resulting in deficiencies in performance and deliverables.
 - (i) It has outlived its utility in view of its outdated design and technology. Initially designed for decentralised handling, its maintenance is becoming a drain on manpower and time resources.
 - (ii) It is unable to handle bifurcation/merging/creation of new offices.
 - (iii) The principles of Double Entry Accounting are not incorporated in it.
 - (iv) Compliance functions are not adequately addressed in the software.
 - (v) Technological advances after 2008-09 cannot be leveraged to be in tune with time.
 - (vi) It is the need of the hour in view of high expectations of stakeholders for better automated services.
8. Further, even after UAN allotment the processing of the services like claim settlement and the interest updation are based on the member id in the EPFO Field Application. There is still a requirement of transfer of the account on switching of job by a member. The establishments are still linked with respective offices and on change of location or in case of opening of a new office, the data base of the new office cannot be segregated from that of the parent office and many of the operational functions continue to be processed by the parent office instead of the new office. Therefore, there is a need to continue the present work of development in the Second Phase, so that the services are fully centralised and the back-end processing is centralised and is in sync with the Unified Portal for which UAN based accounting for members is essential.

9. The proposal received from C-DAC for initiating activities for next phase of computerisation in EPFO was placed before the CBT in its 223rd meeting dated 04.12.2018 (agenda item No. 18). As approved in the minutes, the CBT observed that the management of the Information Technology System of EPFO is much better than that of ESIC and Coal Mines PF Organisation. There was a general consensus on continuing with C-DAC for the upgradation of the IT Infrastructure. However, after deliberation CBT directed EPFO to put up a recast proposal in a comprehensive manner before the Executive Committee for approval.
10. In accordance with the directions of the CBT in the 223rd meeting on 4th December, 2018, C-DAC submitted a recast proposal for the second phase of computerisation for developing a comprehensive system riding on a centralised database for EPFO, to be implemented in three stages namely planning, development and maintenance. It also covers the scope for any new requirement that comes as a result of changes in the rules, business processes etc. The initial stage will be the preparation of Software Required Specification (SRS) Documents based on which further development will take place.
11. The scope of the requirements document to be prepared covers all the work areas related to the back-end services for the stakeholders and is categorised under Establishment Life Cycle, Member Life Cycle, EPFO Office Life Cycle, integration with the Double Entry accounting system and also the various MIS Reports. The scope under the second phase of computerisation would cover the following important work areas:
- a. **Establishment Life Cycle** includes services starting from registration, profile management, remittance reconciliation, default management, inquiries and assessment of dues, recovery, exemption and closure of establishment.
 - b. **Employee life cycle** starting from registration, profile management, nomination, account updating including ETF accounting, job switching, withdrawals, payment reconciliation and pension processing.
 - c. **EPFO Office life cycle** covers new office creation and closure, merger of office and a role-based user management.
 - d. C-DAC will also analyse **integration/interface with Double Entry Accounting System**.
 - e. **MIS reports** will cover the Zone/Region wise reports, functional reports and dynamic data analysis.
12. The work in initial stage will involve collection of the user requirements, identifying work flows, carrying out the business process re-engineering and thereby arriving at the Software Required Specification (SRS) document. This document will form the blue print for all future development. It will also involve analysing the existing IT Infrastructure landscape and coming out with appropriate recommendations in the same.

13. Since the Unified Portal has been developed by C-DAC, planning for development of a centralised back end application is a logical continuation of the development already done. The rates quoted by C-DAC for this stage of computerisation is Rs.1,75,000/- per man month for 25 persons and the proposed time period is 4 months. The rate for the consultants is less than the rates in other Government of India Agencies like the NICSI. The timeline was also deliberated by our technical team and it was felt that the time of 4 months appears to be reasonable.
14. Finance has concurred to the proposal.
15. The proposal to accord the work on nomination basis to C-DAC falls within the ambit of the Rule 194 (i) and (ii) of the GFR which is quoted below:
- Rule 194** - Single Source Selection/Consultancy by nomination. The selection by direct negotiation/nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate only under exceptional circumstance such as:
- (i) Tasks that represent a natural continuation of previous work carried out by the firm;
 - (ii) In case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance;
16. The CBT in its 223rd Meeting (dated 04.12.2018) had directed to put up the proposal before the EC. Since the EC was not constituted, the proposal was submitted through the Chairman, EC to the Chairman, CBT (subject to post facto ratification by the CBT) for in principle approval to the proposal of C-DAC to continue the execution of Second Phase of the Project in three stages, namely preparation of Software Requirement Specification (SRS) Documents, Development and Maintenance. It was also requested to accord administrative approval for the first stage of this Second Phase of Project which is the preparation of the SRS Documents and the IT Infrastructure analysis and requirement, at a cost of Rs.1,75,00,000/- (Rs One crore seventy-five lakh) only. The proposal has been approved by Chairman, CBT is placed before the CBT for post facto ratification.

Proposal: The proposal contained in Para 16 above is placed before the Central Board for approval.

Item No. 16: Grant of Exemption by the Appropriate Government under Section 17(2) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 read with para 27A of the Employees' Provident Funds Scheme, 1952 in respect of six establishments.

- 1 Section 17(1) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 provides for grant of exemption as under:

Power to exempt – (1) The Appropriate Government may, by notification in the Official Gazette, and subject to such conditions as may be specified in the notification, [exempt, whether prospectively or retrospectively, from the operation] of all or any of the provisions of any Scheme –

- a) Any [establishment] to which this Act applies if, in the opinion of the appropriate Government, the rules of its provident fund with respect to the rates of contribution are not less favourable than those specified in section 6 and the employees are also in enjoyment of other provident fund benefits which on the whole are not less favourable to the employees than the benefits provided under this Act or any Scheme in relation to the employees in any other [establishment] of a similar character; or*
- b) Any [establishment] if the employees of such [establishment] are in enjoyment of benefits in the nature of provident fund, pension or gratuity and the appropriate Government is of opinion that such benefits, separately or jointly, are on the whole not less favourable to such employees than the benefits provided under this Act or any Scheme in relation to employees in any other [establishment] of a similar character.*

[Provided that no such exemption shall be made except after consultation with the Central Board which on such consultation shall forward its views on exemption to the appropriate Government within such time limit as may be specified in the Scheme].

- 2 Further, Para 27A (1) of the Employees' Provident Fund Scheme, 1952 provides as under:

[The appropriate Government] may be order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme any class of employees to whom the Scheme applies:

Provided that such class of employees is entitled to benefits in the nature of Provident Fund, gratuity or old age pension according to the rules of the [factory or other establishment] and such benefits separately or jointly are on the whole not less favourable than the benefits provided under the Act and this Scheme.

- 3 As per the above provisions of the of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Ministry of Labour and Employment letter dated 01.04.2008, all cases of grant of exemption shall be placed before the Central Board of Trustees, EPF for consideration before sending the same to Appropriate

Governments. The copy of the Ministry's D.O. letter dated 01.04.2008 is placed as **Annexure - '16A'**.

- 4 Before placing a proposal in the CBT, EPF, its suitability is scrutinized with respect to the provisions for grant of exemption as contained under Section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Further in view of the guidelines issued by Ministry of Labour & Employment, Government of India vide their letter dated 27.02.2007, placed as **Annexure -'16B'**, all RPFCs shall furnish a certificate after due verification carried out at their end with regard to the Ten Point Check List.
- 5 Ministry of Labour & Employment, Government of India has also issued directions to the effect that the proposals shall be forwarded only if the latest Compliance Audit Report is found to be satisfactory. Hence compliance audit covering all the points as mentioned under the revised conditions for grant of exemption is undertaken and a copy of the said report is ready to be forwarded to the Appropriate Government.
- 6 Central Board of Trustees in its 202nd meeting held on 13.01.2014 and 216th meeting held on 30.03.2017 authorized this committee to consider exemption proposals subject to ratification by the Board.
- 7 The agenda item has already been placed before the Exempted Establishments' Committee in its 42nd meeting held on 18.02.2019 and the recommendation in respect of the proposal contained in the agenda item is placed before the Central Board of Trustees for consideration (minutes of 42nd meeting of Exempted Establishments' Committee will be placed separately before the Board).
- 8 A list of establishments as indicated in the table below are now placed before Central Board of Trustees, EPF for consideration and recommendation to the appropriate Government.

Sl.No.	Name of the Establishment	Estt. Code	Office	With Effect From	Appropriate Government	No. of Members	Annexures Details
1.	M/s. HP PPS Services India Private Limited.	BG/BNG/1353792	RO, Bangalore	01.08.2015	Government of Karnataka	1197	16C
2.	M/s. HP PPS India Operations Private Limited.	BG/BNG/1370095	RO, Bangalore	01.09.2015	Government of Karnataka	694	16D
3.	M/s. HP Computing and Printing Systems India Private Limited	BG/BNG/1431033	RO, Bangalore	01.02.2016	Central Government	4397	16E
4.	M/s. Hewlett Packard	BG/BNG/1353776	RO, Bangalore	01.08.2015	Central Government	3580	16F

	Enterprise India Private Limited.						
5.	M/s. Cisco Video Technologies India Private Limited.	BG/BNG/25359	RO, Bangalore	Date of issue of order for grant of exemption	Central Government	1770	16G
6.	M/s. Philips Lighting India Limited.	GN/GGN/1457911	RO, Gurgaon	01.04.2016	Central Government	1114	16H

Proposal: The Central Board of Trustees is requested to consider and recommend the proposals in respect of the establishments indicated in Annexures from '16C' to '16H' to the appropriate Government.

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DO Hq. 5-35025/18/2007.35.1

April 1, 2004

8

As you are aware section 17(1) of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 provides that appropriate Government may, inter alia, exempt any establishment from the operation of any Scheme subject to the condition that such exemption shall be made after consultation with Central Board of Trustees (CET).

2 The Ministry is receiving a number of cases of establishments recommending exemption under Section 17(1) of the Act and para 27A of EPF Scheme. In these cases, as decided in some earlier meetings of Central Board of Employees (EPF), Central Provident Fund Commissioner has been exercising the powers of the Board in recommending the cases to the appropriate Government.

This matter has recently been examined in consultation with Department of Legal Affairs who have opined that under section 32 of the Act, essential function of the Central Board of Trustees (EPF) is this function cannot be delegated and such delegation by the Board under general powers of section 32 of special functions of consultation under section 17 will not be permissible.

9. The matter has been brought to the kind notice of Chairman, CST/Hon'ble LEM who has also concurred with these views and it has been decided that henceforth all such cases of exemption be placed before the Central Board of Trustees (CBT) for consideration before sending the same to appropriate Government as per the provisions of the Act.

3. In view of the above, I shall be grateful if you could kindly take further action in this subject matter accordingly.

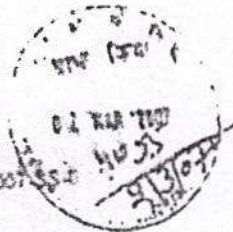
Yours sincerely,

15. L. Syngma

Shri A. Viswanathan,
Central Provident Fund Commissioner,
Employees' Provident Fund Organisation,
New Delhi-110056.

श्री एच. वेंकटराव
 भारत सरकार
 मंत्रालय, एन. ए.
 नं. दिल्ली-110001
 MINISTRY OF LABOUR & EMPLOYMENT
 GOVERNMENT OF INDIA
 D-2011, B-2011, NEW DELHI, INDIA
 NEW DELHI-110001
 February 27, 2007

OFFICER
 SECRETARY
 2007-2008



Dr. Viswanathan

Kindly refer to Ministry's letter bearing no. B-31015/18/2003-SS-II dated 17.02.2004 from the then Joint Secretary regarding incorporation of nine-point check points in the EPFO's proposal while sending the same to the Ministry seeking prior approval for establishments under the EPF & MP Act, 1952.

As you are aware that due to changes in the Income Tax Act, 1962 announced in the Budget 2000-01, a number of establishments are seeking exemption under the EPF & MP Act, 1952 before 31-3-2007 in a time bound manner. As a part of the initiative for disposal of such cases in a speedy and efficient manner it has been decided that EPFO should incorporate one more check point to the existing nine-point check list viz.

"Whether the establishment is fulfilling the prescribed conditions after grant of exemption under Para 79 of the EPF Scheme, 1952 and that there is no violation of these conditions."

Hence, a standardised forwarding list may be devised, mentioning the nine check points in a systematic manner. Revised ten-point check list is enclosed herewith. Further this ten-point checklist should be filled in and signed by the competent officer concerned of the EPFO and not by the establishment. Since CB1 EPF has delegated powers to CPFC for recommending exemption cases to the Central Government, EPFO's letter should clearly mention that the exemption proposal has the approval of the CPFC.

I shall be pleased if you could arrange to furnish the proposal in respect of each establishment in future on the above lines so that the same could be examined and processed in the Ministry in a more efficient and time-bound manner. It may kindly be ensured that the proposals received from EPFO are complete in all detail.

With regards,

Dr. A. Viswanathan,
 Central Provident Fund Commissioner,
 Bhambhata Nagar Bhubaneswar
 Bhubaneswar, Odisha
 Bhubaneswar-751 005

5/10/2007
 R1-ECentrl
 No. - 5072

100R/OF KAURA

Name of the Establishment	: M/s. HP PPS Services India Private Limited.
Code No.	: BG/BNG/1353792
No of members as on 31.03.2017	: 1197
Corpus as on 31.03.2017	: 50,91,27,596/-
Name of the Office	: RO, Bangalore
Date from Exemption sought	: 01.08.2015
Section/Para under which Exemption sought	: 27A
Appropriate Government	: Government of Karnataka.

2. The above establishment has been incorporated as a result of demerger of Hewlett Packard Global Soft Limited. The establishment M/s. Hewlett Packard Global Soft Limited is an exempted establishment by an order dated 03.04.2009 issued by the Government of Karnataka (**Annexure – '1'**). Since M/s. HP PPS Services India Private Limited has already applied for the grant of exemption and the employees of the said establishment were the part of M/s. Hewlett Packard Global Soft Limited i.e. an exempted establishment, therefore Head Office in wake of the instructions contained in the Head Office circular dated 24.05.2000 (**Annexure – 'D'**) has allowed M/s. HP PPS Services India Private Limited vide Head Office letters no. E-III/7(5)15/KN/Exemp/27A/25633 dated 14.09.2015 and E-III/7(5)15/KN/Exemp/27A/11992 dated 14.09.2018 (**Annexure – '2'**) to remit the P.F. contributions of its employees in the erstwhile Trust of M/s. Hewlett Packard Global Soft Limited till the time the final decision on the proposal for grant of exemption is taken by the appropriate Government.

3. The establishment has submitted the proposal for exemption under Section 17(2) read with para 27A of EPF Scheme, 1952 addressed to Government of Karnataka. The same was forwarded by RO, Bangalore to Head Office on 10.09.2015. The inconsistencies observed in the proposal by the Head Office were rectified by respective Office and last such reference was received from field office on 31.01.2017.

4. The following requirements for grant of exemption under Section 17(2) of the Act are fulfilled by the applicant establishment:

- The Rules of its Provident Fund with respect to the rates of contribution are not less favourable than those specified in Section 6 of the EPF & MP Act, 1952 and
- The employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favourable than the benefits provided under this Act or the EPF Scheme, 1952.

5. Other essential requirements for grant of exemption have also been verified and are found in order. The same are detailed below:

- The application for exemption is by the employer and is addressed to the Appropriate Government.
- RPFC concerned has examined the proposal in accordance with the Ten Point Checklist (**Annexed as Annexure – '3'**) prescribed by the Ministry of Labour and Employment, Government of India and certified that the proposal is in order.
- There is specific recommendation of the RPFC for grant of exemption.
- The establishment as well as Trust have certified that notice expressing intention of obtaining exemption under Section 17(2) of the Employees Provident Funds & Miscellaneous Act, 1952 read with Para 27A of the Scheme was published in the Noticed Board as well as their website and further certified that no observation has been received from any employees of the establishment.
- The composition of the Board of Trustees is in accordance with the provisions of Para 79 of the Scheme.
- Names and addresses of all the members of the BOTs have been incorporated in the Trust Rule.
- The establishment is stated to be regular in compliance.

- The RPFC has submitted copies of balance sheets of the establishment and of the Trust for last three years.

Above all, the proposal has been examined in the light of Act and Scheme provisions, conditions stipulated in Appendix 'A' to Para 27AA of the EPF Scheme, 1952, Ten Point Checklist prescribed by Ministry of Labour & Employment, Government of India and instructions issued by EPFO from time to time in this regard and it is found to be a fit case to be placed before the CBT, EPF on Exempted Establishments for consideration and recommendation to Appropriate Government for grant of exemption.

Government of Karnataka

No.LD 30 LWA 2007

Karnataka Govt., Secretariat,
Vikasa Soudha,
Bangalore, Dated:03-04-2009.Notification

Whereas, M/s Hewlett Packard Global Soft Ltd., Bangalore (KN/13015) (hereinafter referred to as "the said establishment") has applied for exemption under Para 27A of Employees' Provident Fund Scheme, 1952, read with Section 17(2) of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (hereinafter referred to as "the said Act").

And whereas, in the opinion of the State Government the rules of the Provident Fund of the said establishment with respect to the rates of contributions are not less favorable to employees therein than those specified in Section 6 of the said Act and the employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favorable to the employees than the benefits provided under the said Act or under the Employees' Provident Fund Scheme, 1952 (hereinafter referred to as "the said Scheme") in relation to the employees in any other establishment of a similarly character.

Now, therefore, in exercise of the powers conferred by under Section 17 of the said Act subject to the conditions specified in the Schedule annexed hereto the State Government hereby exempts the said establishment from the operation of the provisions of the said Schemes, except the provisions of paragraph 32-A, 32-B, 79-A and 79-C with effect from 01.08.1990.

SCHEDULE

1. The employer shall establish a Board of Trustees under his Chairmanship for the management of the Provident Fund according to such directions as may be given by the Central Government of the Central Provident Fund Commissioner, as the case may be, from time to time. The Provident Fund shall vest in Board of Trustees who will be responsible for and accountable to the Employees' Provident Fund Organization, Inter alia, for proper accounts of the receipts into and payment from the Provident Fund and the balance in their custody. For this purpose, the "employer" shall mean-
 - i. In relation to an establishment, which is a factory, the owner or occupier of the factory; and
 - ii. In relation to any other establishment, the person who, or the authority, that has the ultimate control over the affairs of the establishment.

...2

-2-

2. The Board of Trustees shall meet at least once in every three months and shall function in accordance with the guidelines that may be issued from time to time by the Central Government/Central Provident Fund Commissioner (CPFC) or an officer authorized by him.
3. All employees, as defined in Section 2(f) of the Act, who have been eligible to become members of the Provident Fund, has the establishment not been granted exemption, shall be enrolled as members.
4. Where an employee who is already a member of Employees' Provident fund or a Provident Fund of any other exempted establishment is employed in his establishment, the employer shall immediately enroll him as member of the Fund. The employee should also arrange with his previous employer transferred and credited into his accounts.
5. The employer shall transfer to the Board of Trustees the contributions payable to the Provident Fund by himself and employees at the rate prescribed under the Act from time to time by the 15th each month following the month for which the contributions are payable. The employer shall be liable to pay simple interest in terms of the provisions of Section 7Q, of the Act for any delay in payment of any dues towards the Board of Trustees.
6. The employer shall bear all the expenses of the administration of the Provident Fund and also make good any other loss that may be caused to the Provident Fund due to theft, burglary, defalcation, misappropriation or any other reason.
7. Any deficiency in the interest declared by the Board of Trustees is to be made good by employer to bring it up to the statutory limit.
8. The employer shall, display on the notice board of the establishment, a copy of the rules of the Funds as approved by the appropriate authority and as and when amended thereto along with a transaction in the language of the majority of the employees.
9. The rate of contributions payable, the conditions and quantum of advances an other matter laid down under the Provident Fund Rules of the establishment and the interest credited to the account of each member, calculated on the monthly running balance of the member and declared by the Board of Trustees shall not be than those declared by the Central Government under the various provisions prescribed in the Act and the Scheme framed there under.

-3-

10. Any amendment to the Scheme, which is more beneficial to the employees than the existing rules of the establishment, shall be made applicable to them automatically pending formal amendment of the Rules of the Trust.
11. No amendment in the rules shall be made by the employees without the prior approval of the Regional PF Commissioner (referred to as RPFC hereafter). The RPFC shall before giving his approval give a reasonable opportunity to the employees to explain their point of view.
12. All claims for withdrawals, advances and transfers should be settled expeditiously, within the maximum time frame prescribed by the Employees' Provident Fund Organization.
13. The Board of Trustees shall maintain detailed accounts to show the contributions credited, withdrawal and interest in respect of each employee. The maintenance of such records should preferably be done electronically. The establishments should periodically transmit the details of members' accounts electronically as and when directed by the CPFC/RPFC.
14. The Board of Trustees shall issue an annual statement of accounts or pass books to every employee within six months of the close of financial/ accounting year free of cost once in the year. Additional printouts can be made available as and when the members want, subject to nominal charges. In case of passbook, the same shall remain in custody of employee to be updated periodically by the Trustees when presented to them.
15. The employer shall make necessary provisions to enable all the members to be able to see their account balance from the computer terminals as and when required by them.
16. The Board of Trustees and the employer shall file such returns monthly/ annually as may be prescribed by the Employees' Provident Fund Organization within the specified time-limit, failing which it will be deemed as a default and the Board of Trustees and Employer will jointly and separately be liable for suitable penal action by the Employees' Provident Fund Organization.
17. The Board of Trustees shall invest the monies of the Provident Fund as per the directions of the Government from time to time. Failure to make investments as per directions of the Governments shall make the Board of Trustees separately and jointly liable to surcharge as may be imposed by the Central Provident Fund Commissioner or his representative.
18. (a) The securities shall be obtained in the name of Trust. The securities so obtained should be in dematerialized (DEMAT) form and in case the required facility is not available in the areas where the Trust operates, the Board of Trustees shall inform the Regional PF Commissioner concerned about the same.

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(b) The Board of Trustees shall maintain a script wise register and ensure timely realization of interest.

(c) The DEMAT Account should be opened through depository participants approved by Reserve Bank of India and Central Government in accordance with the instruction issued by the Central Government in this regard.

(d) The Cost of maintaining DEMAT Account should be treated as incidental cost of investment by the Trust. Also all types of cost of investments like brokerage for purchase of securities etc., shall be treated as incidental cost of investment by the Trust.

19. All such investments made, like purchase of securities and bonds, should be lodged in the safe custody of depository participants, approved by Reserve Bank of India and Central Government, who shall be the custodian of the same. On closure of establishment or liquidation or cancellation of exemption from Employees' Provident Fund Scheme, 1952 such custodians shall transfer the investment obtained in the name of the Trust and standing in its credit to the RPFC concerned directly on receipt of request from the RPFC concerned to that effect.
20. The exempted establishments shall intimate to the RPFC concerned the details of depository participants (approved by Reserve Bank of India and Central Government), with whom and in whose safe custody, the investments made in the name of Trust, viz., investments made in securities, bonds etc., have been lodged. However, the Board of Trustees may arise such or sums of money as may be required for meeting obligatory expenses such as settlement of claims, grant of advances as per rules and transfer of member's Provident Fund accumulations in the event of his / her leaving service of the employer and any other receipts by sale of the securities or other investments standing in the name of the Fund subject to the prior approval of the Regional PF Commissioner.
21. Any Commission, incentive, bonus or other pecuniary rewards given by any financial or other institutions for the investments made by the Trust should be credited to its account.
22. The employer and the members of the Board of Trustees, at the time of grant of exemption, shall furnish a written undertaking to the RPFC in such format as may be prescribed from time to time, inter alia, agreeing to abide by the conditions which are specified and this shall be legally binding on the employer and the Board of Trustees, including their successors and assignees, or such conditions as may be specified later for continuation of exemption.

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23. The employer and the Board of Trustees shall also give an undertaking to transfer the funds promptly within the time limit prescribed by the concerned RPFC in the event of cancellation of exemption. This shall be legally binding on them and will make them liable for prosecution in the event of any delay in the transfer of funds.
24. (a) The account of the Provident Fund maintained by the Board of Trustees shall be subject to audit by a qualified independent Chartered Accountant annually. Where considered necessary, the CPFC or the RPFC in charge of the Region shall have the right to have the accounts re-audited by any other qualified auditor and the expenses so incurred shall be borne by the employer.
- [b] A copy of the Auditor's report along with the audited balance sheet should be submitted to the RPFC concerned by the Auditors directly within six months after the closing of the financial year from 1st April to 31st March. The format of the balance sheet and the information to be furnished in the report shall be as prescribed by the Employees' Provident Fund Organization and made available with the RPFC Office in electronic format as well as a signed hard copy.
- [c] The same auditors should not be appointed for two consecutive years and not more than two years in a block of six years.
25. A company reporting loss for three consecutive financial years or erosion in their capital base, shall have their exemption withdrawn from the first day of the next / succeeding financial year.
26. The employer in relation to the exempted establishment shall provide for such facilities for inspection and pay such inspection charges as the Central Government may from time to time direct under Clause (a) of sub-section (3) of Section 17 of the Act within 15 days from the close of every month.
27. In the event of any violation of the conditions for grant of exemption, by the employer or the Board of Trustees, the exemption granted may be cancelled after issuing a show cause notice in this regard to the concerned persons.
28. In the event of any loss to the Trust as a result of any fraud, defalcation, wrong investment decisions etc., the employer shall be liable to make good the loss.
29. In case of any change of legal status of the establishments, which has been granted exemption, as a result of merger, de-merger, acquisition, sale, amalgamation, formation of a subsidiary, whether wholly owned or not, etc, the exemption granted shall stand revoked and the establishment should promptly report the matter to the RPFC concerned for grant of fresh exemption.

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30. In case, there are more than one unit / establishment participating in the common Provident Fund Trust which has been granted exemption, all the Trustees shall be jointly and separately liable / responsible for any default committed by any of the Trustees / Employer of any of the participating units and the RPFC shall take suitable legal action against all the Trustees of the common Provident Fund Trust.
31. The Central Government may lay down any further conditions for continuation of exemption of the establishments.

By Order and in the Name of
the Governor of Karnataka

Chandramma R.M.
(R.M. Chandramma)

Under Secretary to Govt.
Labour Department

TO.

The Complier, Govt. Press, Bangalore, with request to publish the Notification in the next Special Gazette.

Copy to :

1. The Regional Provident Fund Commissioner, Employees Provident Fund Organisation, No.13, Raja Ram Mohan Roy Road, P.B.No.25146, Bangalore-560025
2. The Employees Provident Fund Organization, Bhavishyanidhi Bhavan, No.14, Bhikaji Cama Place, New Delhi-110068
3. Director, Govt. & Public Affairs, HP Avenue, 39/40, Electronic city, Hosur Road, B'lore-560 100.
4. The Labour Commissioner, Karmika Bhavan, Bangalore-29
5. PS to Labour Minister, Vidhanasoudha, Bangalore.
6. PS to The Secretary, Labour Department, Vikasasoudha, Bangalore.

कर्मचारी भविष्य निधि संगठन
(भारत सरकार, भारत सरकार)Employees' Provident Fund Organisation
(Ministry of Labour, Govt. of India)

मुख्यालय/Head Office

भविष्य निधि भवन, 14, भिकाजी कामा प्लेस, नई दिल्ली-110066
Bhavishya Nidhi Bhawan, 14, Bhikaji Cama Place, New Delhi-110066

E.II/Misc./2000/

दिनांक

Dated 24-5-2010

To

All Regional Provident Fund Commissioners,
And Officers-in-charge of SROs.

Subject:

Instructions regarding Grant of Relaxation / Exemption.

Sir,

The existing system of observing compliance in respect of exempted sector is often characterised by rude behaviour, arbitrary directions, selective harassment or neglect of the functioning of the exempted establishment to the point of callous indifference even when complaints regarding malfunctioning of the trusts are received. Where prompt action is required often no action is taken leading to insurmountable difficulties for the Organisation in the event of cancellation of exemption / relaxation. Scrutiny of rules and finalisation of exemption by issue of notification is neglected to the point almost 1/3rd of the exempted establishments are still languishing as relaxed establishments inviting strident criticism against the Employees' Provident Fund Organisation from various quarters.

2. Though, the number of exempted establishments in comparison with the un-exempted establishments appears to be very small, they are often opinion makers from the leading industries and commerce and they do play an important and pivotal role in extending the social security benefits on behalf of the Employees' Provident Fund Organisation. Therefore, in our interactions with these establishments we necessarily have to bring about an attitudinal change from that of a staid, overbearing, rude and often ir-responsive behavior to a more courteous and responsive Organisation. With a view to improve our monitoring and service to the exempted sector, the following instructions are issued for strict compliance :-

Inspections

3. Inspections will hereafter be carried out only by an APFC level officer in whose jurisdiction the establishment is located. In respect of Regional Office, Mumbai, Calcutta, Chennai and Bangalore inspections have to be carried out by an APFC level officer exclusively assigned by RPF - I. The monthly returns received from the exempted establishments should be scrutinised only at the level of APFC or above. The functioning of the Trust can be monitored from these monthly returns itself and only in those cases where the establishment do not respond or do not give a satisfactory reply on

the deficiencies communicated by the APFC there should be a need for an inspection. The particulars furnished by the establishment in the monthly return should be either entered in register manually or the information may be fed in respect of each establishment in the computer. Normally, those exempted establishments which are found to function well in the matter of enrolment, proper investment of investible surplus after meeting the obligatory outgoings, declaration of same or better rate of interest than the statutory interest rate, prompt sanctioning of withdrawals, settlement / transfer of PF accumulations etc. during the last two financial years as disclosed in the monthly annexure - A as well as the report of the squad during the exempted months need not be inspected during this financial year.

4. In case the monthly returns are not received from an establishment a letter should be sent by the APFC reminding the establishment in polite language to submit the return. If the first letter do not elicit any reply or submission of returns within fifteen days a more tersely worded letter has to be sent to the establishment. If the second letter also do not generate any response a competent EO should be sent to the establishment with a specific written direction to ascertain the reasons for non-submission of the returns. The EO is not expected to do any inspection. Depending upon the report of the EO the APFC, In-charge of Enforcement should inspect the establishment. This procedure is intended to detect default promptly and to take necessary legal action immediately so that the arrears do not mount.

Monitoring system

5. A monthly return should be submitted by all the regions consolidating the information in respect of all the exempted establishments functioning in their region in the enclosed format and submitted to the Head Office before 20th of every month commencing from July, 2000. The first return pertaining to the month of June, 2000 for the entire Region should contain the total investments made by each Trust category wise as at the end of the financial year 1999-2000 and investments made during the current financial year upto the end of June, 2000. This information should be gathered, if necessary by deploying an APFC or a capable Enforcement Officer and the return for the month of June should positively be received in the Headquarters before 20th of July, 2000. Thereafter this information should be submitted every month along with the CAP Returns.

Relaxation under Para 79

6. The administrative instructions issued wide circular No. E.111/10(10)97/MH/ dated 7.4.97 to the effect that establishments should comply as unexempted establishments prior to grant of relaxation / exemption has caused inconvenience to the members, employers and also for the Organisation by way of unnecessary work involved in transfer of past accumulations on grant of exemption. Therefore in the following cases we need not insist on compliance as an unexempted establishment under Employees' Provident Fund Scheme, 1952.

- i. Where the establishment is already having a Trust recognised by the IT authorities even prior to our coverage.

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Where an existing exempted establishment is bifurcated to form two or more establishments.

Where one part of the business activity of the establishment is hived off as a separate company or merged with another company.

Merger or amalgamation of an exempted establishment with an unexempted establishment.

In the case of (ii) and (iii) above till the formalities of drawing up a separate trust deed, obtaining recognition from I.T. authorities, formulating their own set of rules obtaining consent from the majority of the employees in the new entity etc they may be permitted to participate in the existing P. F. Trust. The new entity should be allotted a separate code No. if required.

In respect of category (iv) above consent of the majority of employees in the unexempted establishment for contributing to the exempted trust is to be obtained. In this category of establishments on completion of the formalities of transfer of Past accumulations to the Trust, the code No. allotted to the unexempted establishments may be cancelled.

9. The administrative instructions issued earlier withdrawing the powers for grant of relaxation vide circular No. E.II/18(5)96/Genl/520-598/ dated 11.4.97 is withdrawn with immediate effect. However, before relaxation is granted by RPFCs the establishment may be advised to submit all particulars mentioned in the two proforma mentioned in para 11 below along with the supporting documents mentioned therein. It would be the responsibility of the RPFC who has issued the relaxation order to ensure that the rules of the Trust are properly scrutinised and the proposal is sent to Head Office as per the procedure mentioned below in para 11 within a period of two months from the date of issue of relaxation order.

10. Instances have come to our notice that certain provisions for incorporation of refundable loans in addition to the provisions for withdrawals on par with the statutory scheme were objected. Provisions for refundable withdrawals actually subserve the spirit of the EPF and MP Act and hence we should not have any difficulty in accepting such proposals where the interest on the refundable loans is sought to be charged on the lines of the provisions in the Fourth Schedule to the Income Tax Act or one or two percent interest over and above the amount declared by the Trust to the subscribers.

Finalisation of exemption

11. A list of exempted establishments, relaxed establishments and Para 27A establishments in each region is enclosed herewith. The documents required for finalisation of exemption have been pruned to the barest minimum level and the proposal may be sent in the enclosed formats. These formats may be sent to all the relaxed establishments in the first week of June with a direction to submit the same duly filled up along with the supporting documents mentioned therein. The particulars mentioned in the format may be got verified by the RPFC and forwarded to Head Office duly counter signed in the space provided in the format. The rules of the Trust should be scrutinised

by an RPFC II level officer before sending the proposals for final exemption to H.O. The above exercise should be completed in respect of all relaxed cases in respective regions within a period of four months. RPFCs in-charge of the Region should closely monitor this activity periodically.

Cancellation of Exemption / Withdrawal of Relaxation

12. Where establishments are found to have defaulted in transferring the dues to the Trust for a period of three months or more it should normally result in taking prompt steps in cancellation of exemption / withdrawal of relaxation. Before actually cancelling the exemption / relaxation a show cause notice has to be issued to the establishment citing all the defects / deficiencies noticed in the functioning of the Trust including default. Proposals for cancellation of exemption should be sent in the enclosed form along with the copies of documents mentioned therein.

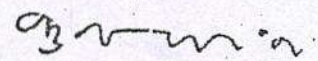
Switching of exemption from Section 17(1)(a) / Para 27 to Para 27A

13. It has come to our notice that where an exempted establishment already notified under section 17(1)(a) requests for exemption under Para 27A unnecessary objection were raised. In such cases the only requirement in the Head Office is the copy of the notification issued under Section 17(1)(a), copy of the relevant amendment in the Trust rule where the rules specify the class of employees in respect of whom exemption is sought and proforma mentioned above in para 11 duly filled in by the employer and signed by the RPFC.

14. Instances have come to our notice that more than 50 % of the employees in certain establishments have been exempted under Para 27. In such cases the establishments may be advised to apply for exemption either under Section 17(1)(a) or under Para 27A by following the procedure mentioned above. RPFCs should before granting individual exemption check up how many persons have already been exempted under Para 27.

15. It is noticed that some of the RPFCs have been insisting for compliance in respect of factories falling in their jurisdictions where the establishment has already been exempted in some other region or in another place within the same region. The policy in this regard should be to allot a number to such establishments under Section 2A and advise the establishment to comply under the Employees Pension Scheme, 1995 to avoid difficulties for the members and permitting the establishment to participate in the exempted provident fund trust provided the number of participating units do not exceed 6 establishments. However this arrangement may be made applicable only in respect of new factories set up after 25th July, 1992.

Yours faithfully,



(K.B. YADAV)

Addl. Central Provident Fund Commissioner (Compliance)

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1

RECOMMENDATION FOR CANCELLATION OF EXEMPTION/RELAXATION

1. Name and Address of the Establishment
2. Code no.
3. Date and reference no. of issue of
 - (i) Relaxation order
 - (ii) Exemption order of the appropriate government
4. Grounds for which exemption/relaxation is sought to be cancelled
 - (i)
 - (ii)
 - (iii)
 - (iv)
 - (v)
5. Details of the show cause notice issued to the establishment
(Photocopies to be enclosed)
6. Details of replies, if any, received from the establishment
(Photocopies to be enclosed)
7. Rule No. of the Trust Rules which has been violated
(Extract of the Rules to be enclosed)

Regional Provident Fund Commissioner



कर्मचारी भविष्य निधि संगठन
श्रम मंत्रालय भारत सरकार

Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

भविष्य निधि भवन नई दिल्ली, भीकाजी कामा प्लेस-14, 110066
Bhavishya Nidhi Bhawan, 14- Bhikaji Cama Place, New Delhi - 110066
www.epfindia.gov.in, www.epfindia.nic.in

ANNEXURE - 2

No. E-III/7(5)15/KN/Exemp/27A

Date: 14 SEP 2018

To

The Regional P.F. Commissioner,
Regional Office,
Bengaluru - I

[By name to: - Shri Maneesh Aganihotri, RPFC-I]

Subject : Remittance of Provident Fund Contribution in respect of New Employees to the Existing Trust Account - Regarding.

Reference : H.O. letter No. E-III/7(5)15/KN/Exemp/27A/25633 dated 14.09.2015.

Sir,

Please refer to the subject and reference cited above. Vide letter under reference above, M/s. HP PPS Services India Private Limited, BG/BNG/1353792 was accorded permission to continue the remittance of P.F. contributions into the M/s. Hewlett Packard Global Soft Private Limited in respect of the employees transferred from M/s. Hewlett Packard Global Soft Private Limited to M/s HP PPS Services India Private Limited.

Since, the proposal for grant of exemption is pending with Head Office, therefore permission to remit Provident Fund contributions is further extended in respect of the new employees which have joined the establishment M/s. HP PPS Services India Private Limited after August, 2015 and for the employees who will join the said establishment in future till the time final decision in respect of the proposal for grant of exemption is taken by the appropriate Government. Further, the establishment should be marked in the computer system as relaxed establishment so that transfer-in amounts of new employees can be transferred to the existing trust account.

[This issues with the approval of CPFC]

Yours faithfully

(Subrat Kumar)

Regional P.F. Commissioner-I (Exemption)

Copy to: M/s. HP PPS Services India Private Limited, No. 24, Salarpuria Arena, Hosur Main Road, Adugodi,
Bengaluru - 560030. for information please

जारी किया
100000



प्रम मंत्रालय भारत सरकार
Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

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

Date : 14.09.2015

No. E-III/7(5)2015/KN/EXM/27A/25633-34

To

M/s. HP PPS Services India Private Limited.
No.24, Salarpuria Arena, Hosur Main Road,
Adugodi, Bengaluru-560030.

Subject : Permission to continue remitting the provident fund contribution in respect of your employees to erstwhile Hewlett Packard Global Soft Private Limited Employees' Provident Fund Trust exempted under the EPF & MP Act, 1952 under Code Number PY/BOM/13015 from the wage month of August 2015 -regarding.

Sir,

This is with reference to your application for exemption under Section 17(2) of the EPF & MP Act, 1952 read with Para 27A of the Employees' Provident Funds Scheme, 1952 dated 06.08.2015.

2. Pending grant of the exemption by the Appropriate Government and in the interest of the employees who have been transferred from M/s Hewlett Packard Global Soft Private Limited to your establishment due to bifurcation, permission is accorded to you to continue Provident Fund Contributions in respect of the so transferred employees to the erstwhile 'Hewlett Packard Global Soft Private Limited Employees' Provident Fund Trust' from the wage month of August 2015.

3. You are thus directed to remit the Provident Fund contribution to the Trust within the stipulated dates.

Yours faithfully,

[Signature]
14/9/2015
(P. K. Udgata)

Additional Central P. F. Commissioner-I (Compliance)

Copy to: Regional Provident Fund Commissioner, Bengaluru for information and verification of regular remittance of Provident Fund contribution to the erstwhile 'Hewlett Packard Global Soft Private Limited Employees' Provident Fund Trust' which enjoys exemption till grant of exemption

[Signature]
14/9/2015
(P. K. Udgata)
Additional Central P. F. Commissioner-I (Compliance)

4
जागी निवा
ISSUED



कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION

श्रम एवं रोजगार मंत्रालय, भारत सरकार
Ministry of Labour and Employment, Government of India
क्षेत्रीय कार्यालय /REGIONAL OFFICE

भविष्य निधि भवन, सं० 13, राजा राम मोहन रॉय रोड
Bhavishya Nidhi Bhawan, No. 13, Raja Ram Mohan Roy Road,
बेंगलूर 560025 - Bengaluru - 560025

M/s HP PPS Services India Private Limited - BG/BNG/1353792

Points on which comments/information are to be furnished invariably alongwith proposal for exemption:-

Sl. No.	Particulars	Comments
i.	Whether a Board of Trustees has been created under the chairmanship of employer.	Yes
ii.	Whether all the eligible employees are enrolled as members.	Yes
iii.	Whether the accounts will be maintained electronically and members will be able to see their accounts balance from the computer terminals. If not, the reasons therefore, and by what time accounts are expected to be maintained electronically.	Yes
iv.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.22 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
v.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.23 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
vi.	Comparative statement of benefit admissible under EPF & MP Act, 1952 and Scheme proposed by establishment, on the basis it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes. But the date of superannuation is shown as 60 years and not 58 years as in Model Rules.
vii.	Mechanism proposed by EPFO/RPFC to ensure that establishment is complying with the provisions of conditions for grant of exemption.	Periodical Inspections and scrutiny of returns
viii.	Name of the RPFC in whose jurisdiction the establishment falls.	Regional P.F. Commissioner, Regional Office, Bengaluru-1.
ix.	Payment, which needs to be made by the establishment to EPFO, even after grant of exemption.	Inspection Charges in A/c-2 and EPS & EDLI Compliance
x.	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation under para 79 of the EPF Scheme, 1952 and there is no violation of the same.	Not applicable. The establishment is complying as per Head Office letter No.E-III/7(5)2015/KN/EXM/27A/25633 dated 14.09.2015**

** All employees including new joinees are contributing to the Hewlett Packard Global Soft Private Limited EPF Trust, in contravention of HO permission.

Regional P.F. Commissioner-I,
Bengaluru-1.

Name of the Establishment	: M/s. HP PPS India Operations Private Limited.
Code No.	: BG/BNG/1370095
No of members	: 694
Name of the Office	: RO, Bangalore
Date from Exemption sought	: 01.09.2015
Section/Para under which Exemption sought	: 27A
Appropriate Government	: Government of Karnataka.

2. The above establishment has been incorporated as a result of demerger of M/s. Hewlett Packard India Software Operations Pvt. Ltd. The establishment M/s. Hewlett Packard India Software Operations Pvt. Ltd is an exempted establishment by an order dated 03.04.2009 issued by the Government of Karnataka (**Annexure – '4'**). Since M/s. HP PPS India Operations Private Limited has already applied for the grant of exemption and the employees of the said establishment were the part of M/s. Hewlett Packard India Software Operations Pvt. Ltd i.e. an exempted establishment, therefore Head Office in wake of the instructions contained in the Head Office circular dated 24.05.2000 (**Annexure – 'D'**) has allowed M/s. HP PPS India Operations Private Limited vide Head Office letters no. E-III/7(6)15/KN/Exemp/27A/27389 dated 14.10.2015 and E-III/7(6)15/KN/Exemp/27A/11947 dated 13.09.2018 (**Annexure – '5'**) to remit the P.F. contributions of its employees in the erstwhile Trust of M/s. Hewlett Packard India Software Operations Pvt. Ltd till the time the final decision on the proposal for grant of exemption is taken by the appropriate Government.

3. The establishment has submitted the proposal for exemption under Section 17(2) read with para 27A of EPF Scheme, 1952 addressed to Government of Karnataka. The same was forwarded by RO, Bangalore to Head Office on 06.10.2015. The inconsistencies observed in the proposal by the Head Office were rectified by respective Office and last such reference was received from field office on 31.01.2017.

4. The following requirements for grant of exemption under Section 17(2) of the Act are fulfilled by the applicant establishment:

- The Rules of its Provident Fund with respect to the rates of contribution are not less favourable than those specified in Section 6 of the EPF & MP Act, 1952 and
- The employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favourable than the benefits provided under this Act or the EPF Scheme, 1952.

5. Other essential requirements for grant of exemption have also been verified and are found in order. The same are detailed below:

- The application for exemption is by the employer and is addressed to the Appropriate Government.
- RPFC concerned has examined the proposal in accordance with the Ten Point Checklist (**Annexed as Annexure – '6'**) prescribed by the Ministry of Labour and Employment, Government of India and certified that the proposal is in order.
- There is specific recommendation of the RPFC for grant of exemption.
- The establishment as well as Trust have certified that notice expressing intention of obtaining exemption under Section 17(2) of the Employees Provident Funds & Miscellaneous Act, 1952 read with Para 27A of the Scheme was published in the Noticed Board as well as their website and further certified that no observation has been received from any employees of the establishment.
- The composition of the Board of Trustees is in accordance with the provisions of Para 79 of the Scheme.
- Names and addresses of all the members of the BOTs have been incorporated in the Trust Rule.
- The establishment is stated to be regular in compliance.

- The RPFC has submitted copies of balance sheets of the establishment and of the Trust for last three years.

Above all, the proposal has been examined in the light of Act and Scheme provisions, conditions stipulated in Appendix 'A' to Para 27AA of the EPF Scheme, 1952, Ten Point Checklist prescribed by Ministry of Labour & Employment, Government of India and instructions issued by EPFO from time to time in this regard and it is found to be a fit case to be placed before the CBT, EPF for consideration and recommendation to Appropriate Government for grant of exemption.

Government of Karnataka

No.LD 30 LWA 2007

Karnataka Govt., Secretariat,
Vikasa Soudha,
Bangalore, Dated: 03-04-2009.Notification

Whereas, M/s Hewlett Packard India Software Operations Pvt., Ltd., Bangalore (KN/24101) (hereinafter referred to as "the said establishment") has applied for exemption under Para 27A of Employees' Provident Fund Scheme, 1952, read with Section 17(2) of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 (hereinafter referred to as "the said Act").

And whereas, in the opinion of the State Government the rules of the Provident Fund of the said establishment with respect to the rates of contributions are not less favorable to employees therein than those specified in Section 6 of the said Act and the employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favorable to the employees than the benefits provided under the said Act or under the Employees' Provident Fund Scheme, 1952 (hereinafter referred to as "the said Scheme") in relation to the employees in any other establishment of a similarly character.

Now, therefore, in exercise of the powers conferred by under Section 17 of the said Act subject to the conditions specified in the Schedule annexed hereto the State Government hereby exempts the said establishment from the operation of the provisions of the said Schemes, except the provisions of paragraph 32-A, 32-B, 79-A and 79-C with effect from 01-05-2007.

SCHEDULE

1. The employer shall establish a Board of Trustees under his Chairmanship for the management of the Provident Fund according to such directions as may be given by the Central Government of the Central Provident Fund Commissioner, as the case may be, from time to time. The Provident Fund shall vest in Board of Trustees who will be responsible for and accountable to the Employees' Provident Fund Organization, Inter alia, for proper accounts of the receipts into and payment from the Provident Fund and the balance in their custody. For this purpose, the "employer" shall mean-
 - i. In relation to an establishment, which is a factory, the owner or occupier of the factory; and
 - ii. In relation to any other establishment, the person who, or the authority, that has the ultimate control over the affairs of the establishment.

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2. The Board of Trustees shall meet at least once in every three months and shall function in accordance with the guidelines that may be issued from time to time by the Central Government/Central Provident Fund Commissioner (CPFC) or an officer authorized by him.
3. All employees, as defined in Section 2(f) of the Act, who have been eligible to become members of the Provident Fund, has the establishment not been granted exemption, shall be enrolled as members.
4. Where an employee who is already a member of Employees' Provident fund or a Provident Fund of any other exempted establishment is employed in his establishment, the employer shall immediately enroll him as member of the Fund. The employee should also arrange with his previous employer transferred and credited into his accounts.
5. The employer shall transfer to the Board of Trustees the contributions payable to the Provident Fund by himself and employees at the rate prescribed under the Act from time to time by the 15th each month following the month for which the contributions are payable. The employer shall be liable to pay simple interest in terms of the provisions of Section 7Q, of the Act for any delay in payment of any dues towards the Board of Trustees.
6. The employer shall bear all the expenses of the administration of the Provident Fund and also make good any other loss that may be caused to the Provident Fund due to theft, burglary, defalcation, misappropriation or any other reason.
7. Any deficiency in the interest declared by the Board of Trustees is to be made good by employer to bring it up to the statutory limit.
8. The employer shall, display on the notice board of the establishment, a copy of the rules of the Funds as approved by the appropriate authority and as and when amended thereto along with a transaction in the language of the majority of the employees.
9. The rate of contributions payable, the conditions and quantum of advances an other matter laid down under the Provident Fund Rules of the establishment and the interest credited to the account of each member, calculated on the monthly running balance of the member and declared by the Board of Trustees shall not be than those declared by the Central Government under the various provisions prescribed in the Act and the Scheme framed there under.

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10. Any amendment to the Scheme, which is more beneficial to the employees than the existing rules of the establishment, shall be made applicable to them automatically pending formal amendment of the Rules of the Trust.
11. No amendment in the rules shall be made by the employees without the prior approval of the Regional PF Commissioner (referred to as RPFC hereafter). The RPFC shall before giving his approval give a reasonable opportunity to the employees to explain their point of view.
12. All claims for withdrawals, advances and transfers should be settled expeditiously, within the maximum time frame prescribed by the Employees' Provident Fund Organization.
13. The Board of Trustees shall maintain detailed accounts to show the contributions credited, withdrawal and interest in respect of each employee. The maintenance of such records should preferably be done electronically. The establishments should periodically transmit the details of members' accounts electronically as and when directed by the CPFC/RPFC.
14. The Board of Trustees shall issue an annual statement of accounts or pass books to every employee within six months of the close of financial/ accounting year free of cost once in the year. Additional printouts can be made available as and when the members want, subject to nominal charges. In case of passbook, the same shall remain in custody of employee to be updated periodically by the Trustees when presented to them.
15. The employer shall make necessary provisions to enable all the members to be able to see their account balance from the computer terminals as and when required by them.
16. The Board of Trustees and the employer shall file such returns monthly/ annually as may be prescribed by the Employees' Provident Fund Organization within the specified time-limit, failing which it will be deemed as a default and the Board of Trustees and Employer will jointly and separately be liable for suitable penal action by the Employees' Provident Fund Organization.
17. The Board of Trustees shall invest the monies of the Provident Fund as per the directions of the Government from time to time. Failure to make investments as per directions of the Governments shall make the Board of Trustees separately and jointly liable to surcharge as may be imposed by the Central Provident Fund Commissioner or his representative.
18. (a) The securities shall be obtained in the name of Trust. The securities so obtained should be in dematerialized (DEMAT) form and in case the required facility is not available in the areas where the Trust operates, the Board of Trustees shall inform the Regional PF Commissioner concerned about the same.

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(b) The Board of Trustees shall maintain a script wise register and ensure timely realization of interest.

(c) The DEMAT Account should be opened through depository participants approved by Reserve Bank of India and Central Government in accordance with the instruction issued by the Central Government in this regard.

(d) The Cost of maintaining DEMAT Account should be treated as incidental cost of investment by the Trust. Also all types of cost of investments like brokerage for purchase of securities etc., shall be treated as incidental cost of investment by the Trust.

19. All such investments made, like purchase of securities and bonds, should be lodged in the safe custody of depository participants, approved by Reserve Bank of India and Central Government, who shall be the custodian of the same. On closure of establishment or liquidation or cancellation of exemption from Employees' Provident Fund Scheme, 1952 such custodians shall transfer the investment obtained in the name of the Trust and standing in its credit to the RPFC concerned directly on receipt of request from the RPFC concerned to that effect.
20. The exempted establishments shall intimate to the RPFC concerned the details of depository participants (approved by Reserve Bank of India and Central Government), with whom and in whose safe custody, the investments made in the name of Trust, viz., investments made in securities, bonds etc., have been lodged. However, the Board of Trustees may arise such or sums of money as may be required for meeting obligatory expenses such as settlement of claims, grant of advances as per rules and transfer of member's Provident Fund accumulations in the event of his / her leaving service of the employer and any other receipts by sale of the securities or other investments standing in the name of the Fund subject to the prior approval of the Regional PF Commissioner.
21. Any Commission, incentive, bonus or other pecuniary rewards given by any financial or other institutions for the investments made by the Trust should be credited to its account.
22. The employer and the members of the Board of Trustees, at the time of grant of exemption, shall furnish a written undertaking to the RPFC in such format as may be prescribed from time to time, inter alia, agreeing to abide by the conditions which are specified and this shall be legally binding on the employer and the Board of Trustees, including their successors and assignees, or such conditions as may be specified later for continuation of exemption.

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23. The employer and the Board of Trustees shall also give an undertaking to transfer the funds promptly within the time limit prescribed by the concerned RPFC in the event of cancellation of exemption. This shall be legally binding on them and will make them liable for prosecution in the event of any delay in the transfer of funds.
24. (a) The account of the Provident Fund maintained by the Board of Trustees shall be subject to audit by a qualified independent Chartered Accountant annually. Where considered necessary, the CPFC or the RPFC in charge of the Region shall have the right to have the accounts re-audited by any other qualified auditor and the expenses so incurred shall be borne by the employer.
- [b] A copy of the Auditor's report along with the audited balance sheet should be submitted to the RPFC concerned by the Auditors directly within six months after the closing of the financial year from 1st April to 31st March. The format of the balance sheet and the information to be furnished in the report shall be as prescribed by the Employees' Provident Fund Organization and made available with the RPFC Office in electronic format as well as a signed hard copy.
- [c] The same auditors should not be appointed for two consecutive years and not more than two years in a block of six years.
25. A company reporting loss for three consecutive financial years or erosion in their capital base, shall have their exemption withdrawn from the first day of the next / succeeding financial year.
26. The employer in relation to the exempted establishment shall provide for such facilities for inspection and pay such inspection charges as the Central Government may from time to time direct under Clause (a) of sub-section (3) of Section 17 of the Act within 15 days from the close of every month.
27. In the event of any violation of the conditions for grant of exemption, by the employer or the Board of Trustees, the exemption granted may be cancelled after issuing a show cause notice in this regard to the concerned persons.
28. In the event of any loss to the Trust as a result of any fraud, defalcation, wrong investment decisions etc., the employer shall be liable to make good the loss.
29. In case of any change of legal status of the establishments, which has been granted exemption, as a result of merger, de-merger, acquisition, sale, amalgamation, formation of a subsidiary, whether wholly owned or not, etc, the exemption granted shall stand revoked and the establishment should promptly report the matter to the RPFC concerned for grant of fresh exemption.

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30. In case, there are more than one unit / establishment participating in the common Provident Fund Trust which has been granted exemption, all the Trustees shall be jointly and separately liable / responsible for any default committed by any of the Trustees / Employer of any of the participating units and the RPFC shall take suitable legal action against all the Trustees of the common Provident Fund Trust.
31. The Central Government may lay down any further conditions for continuation of exemption of the establishments.

By Order and in the Name of
the Governor of Karnataka

Chandramma R.M.
(R.M. Chandramma)

Under Secretary to Govt.
Labour Department

TO.

The Complier, Govt. Press, Bangalore, with request to publish the Notification in the next Special Gazette.

Copy to :

1. The Regional Provident Fund Commissioner, Employees Provident Fund Organisation, No.13, Raja Ram Mohan Roy Road, P.B.No.25146, Bangalore-560025
2. The Employees Provident Fund Organization, Bhavishyanidhi Bhavan, No.14, Bhikaji Cama Place, New Delhi-110068
3. Director, Govt. & Public Affairs, HP Avenue, 39/40, Electronic city, Hosur Road, B'lore-560 100.
4. The Labour Commissioner, Karmika Bhavan, Bangalore-29
5. PS to Labour Minister, Vidhanasoudha, Bangalore.
6. PS to The Secretary, Labour Department, Vikasasoudha, Bangalore.



कर्मचारी भविष्य निधि संगठन

श्रम मंत्रालय भारत सरकार

Employees' Provident Fund Organisation

(Ministry of Labour, Govt. Of India)

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

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

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

No. E-III/7(6)15/KN/Exemp/27A

11947-118

Date:

3 SEP 2015

To

The Regional P.F. Commissioner,
Regional Office,
Bengaluru - I

[By name to: - Shri Maneesh Aganihotri, RPFC-I]

Subject : Remittance of Provident Fund Contribution in respect of New Employees to the Existing Trust Account - Regarding.

Reference : H.O. letter No. E-III/7(6)15/KN/Exemp/27A/27389 dated 14.10.2015.

Sir,

Please refer to the subject and reference cited above. Vide letter under reference above. M/s. HP PPS India Operations Private Limited BG/BNG/1370095 was accorded permission to continue the remittance of P.F. contributions into the M/s. Hewlett Packard India Software Operations Private Limited in respect of the employees transferred from M/s. Hewlett Packard India Software Operations Private Limited to M/s HP PPS India Operations Private Limited.

Since, the proposal for grant of exemption is pending with Head Office, therefore permission to remit Provident Fund contributions is further extended in respect of the new employees which have joined the establishment M/s. HP PPS India Operations Private Limited after September, 2015 and for the employees who will join the said establishment in future till the time final decision in respect of the proposal for grant of exemption is taken by the appropriate Government. Further, the establishment should be marked in the computer system as exempted establishment so that transfer-in amounts of new employees can be transferred to the existing trust account.

[This issues with the approval of CPFC]

Yours faithfully

(Subrat Kumar)

Regional P.F. Commissioner-I (Exemption)

Copy to: M/s. HP PPS India Operation Private Limited, No. 24, Salarpuria Arena, Hosur Main Road, Adugodi
Bengaluru - 560030...for information please

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

दूरभाष /Telephone : 011-26172672

फैक्स /Fax : 011-26103100



कर्मचारी भविष्य निधि संगठन

भारत सरकार

Employees' Provident Fund Organisation

(Ministry of Labour, Govt. Of India)

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

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

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

No. E-III/7(6)15/KN/EXM/27A/27389

Dated: 14-10-2015

To

M/s. HP PPS India Operations Private Limited,
No. 24, Salarpuria Arena, Hosur Main Road,
Adugodi, Bengaluru - 560030.

Subject : *Permission to continue remitting the Provident Fund contribution in respect of your employees to erstwhile Hewlett Packard India Software Operations Private Limited Employees Provident Fund Trust exempted under the EPF & MP Act, 1952 under Code No.BG/BNG/24101 from the wage month September, 2015 - Regarding.*

Sir,

This is with reference to your application dated 08.09.2015 for grant of exemption under Section 17(2) of the EPF & MP Act, 1952 read with Para 27A of the Employees' Provident Funds Scheme, 1952.

2 Pending grant of exemption by the appropriate Government and in the interest of the employees who have been transferred from M/s. Hewlett Packard India Software Operations Private Limited to your establishment due to bifurcation and on account of continuity of service, permission is hereby accorded to continue remitting Provident Fund contributions to 'Hewlett Packard India Software Operations Private Limited Employees Provident Fund Trust' in respect of the employees so transferred from the wage month of September, 2015 till further orders.

3 You are thus directed to remit the Provident Fund contribution to the Trust within the stipulated dates.

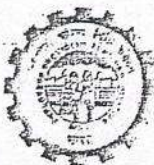
Yours faithfully

(K. L. Taneja)

Additional Central PF Commissioner-I (Compliance)

Telephone : 011-26172672

फैक्स / Fax : 080-22244161 ईमेल / E-mail : ro.bangalore@epfindia.gov.in फोन/PH : 080-222301



कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION

श्रम एवं रोजगार मंत्रालय, भारत सरकार
(Ministry of Labour and Employment, Government of India)

क्षेत्रीय कार्यालय /REGIONAL OFFICE

भविष्य निधि भवन, सं० 13, राजा राम मोहन रॉय रोड

Bhavishya Nidhi Bhawan, No. 13, Raja Ram Mohan Roy Road,

बैंगलूर 560025 - Bengaluru - 560025

M/s HP PPS India Operations Private Limited - BG/BNG/1370095

Points on which comments/information are to be furnished invariably alongwith proposal for exemption:-

Sl. No.	Particulars	Comments
i.	Whether a Board of Trustees has been created under the chairmanship of employer.	Yes
ii.	Whether all the eligible employees are enrolled as members.	Yes
iii.	Whether the accounts will be maintained electronically and members will be able to see their accounts balance from the computer terminals. If not, the reasons therefore, and by what time accounts are expected to be maintained electronically.	Yes
iv.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.22 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
v.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.23 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
vi.	Comparative statement of benefit admissible under EPF & MP Act, 1952 and Scheme proposed by establishment, on the basis it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes. But the date of superannuation is shown as 60 years and not 58 years as in Model Rules.
vii.	Mechanism proposed by EPFO/RPFC to ensure that establishment is complying with the provisions of conditions for grant of exemption.	Periodical Inspections and scrutiny of returns
viii.	Name of the RPFC in whose jurisdiction the establishment falls.	Regional P.F. Commissioner, Regional Office, Bengaluru-1.
ix.	Payment, which needs to be made by the establishment to EPFO, even after grant of exemption.	Inspection Charges in A/c-2 and EPS & EDLI Compliance
x.	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation under para 79 of the EPF Scheme, 1952 and there is no violation of the same.	Not applicable. The establishment is complying as per Head Office letter No.E-III/7(6)15/KN/EXM/27A/27389 dated 14.10.2015**

** All employees including new joiners are contributing to the Hewlett Packard India Software Operations Private Limited EPF Trust, in contravention of HO permission.

Name of the Establishment	: M/s. HP Computing and Printing Systems India Private Limited.
Code No.	: BG/BNG/1431033
No of members as on 31.03.2017	: 4397
Total Corpus as on 31.03.2017	: 1,21,22,01,890/-
Name of the Office	: RO, Bangalore
Date from Exemption sought	: 01.02.2016
Section/Para under which Exemption sought	: 27A
Appropriate Government	: Central Government

2. The above establishment has been incorporated as a result of demerger of Global E-Business Operations Private Limited. The establishment M/s. Global E-Business Operations Private Limited is an exempted establishment by an order dated 30.06.2009 issued by the Central Government (**Annexure - '7'**). Since M/s. HP Computing and Printing Systems India Private Limited has already applied for the grant of exemption and the employees of the said establishment were the part of M/s. Global E-Business Operations Private Limited i.e. an exempted establishment, therefore Head Office in wake of the instructions contained in the Head Office circular dated 24.05.2000 (**Annexure - 'D'**) has allowed M/s. HP Computing and Printing Systems India Private Limited vide Head Office letters no. E-III/3(7)2016/KN/Exemp/27A/41946 dated 14.03.2016 and E-III/3(7)2016/KN/Exemp/27A/11990 dated 14.09.2018 (**Annexure - '8'**) to remit the P.F. contributions of its employees in the erstwhile Trust of M/s. Global E-Business Operations Private Limited till the time the final decision on the proposal for grant of exemption is taken by the appropriate Government.

3. The establishment has submitted the proposal for exemption under Section 17(2) read with para 27A of EPF Scheme, 1952 addressed to Central Government. The same was forwarded by RO, Bangalore to Head Office on 10.02.2016. The inconsistencies observed in the proposal by the Head Office were rectified by respective Office and last such reference was received from field office on 31.01.2017.

4. The following requirements for grant of exemption under Section 17(2) of the Act are fulfilled by the applicant establishment:

- The Rules of its Provident Fund with respect to the rates of contribution are not less favourable than those specified in Section 6 of the EPF & MP Act, 1952 and
- The employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favourable than the benefits provided under this Act or the EPF Scheme, 1952.

5. Other essential requirements for grant of exemption have also been verified and are found in order. The same are detailed below:

- The application for exemption is by the employer and is addressed to the Appropriate Government.
- RPFC concerned has examined the proposal in accordance with the Ten Point Checklist (**Annexed as Annexure - '9'**) prescribed by the Ministry of Labour and Employment, Government of India and certified that the proposal is in order.
- There is specific recommendation of the RPFC for grant of exemption.
- The establishment as well as Trust have certified that notice expressing intention of obtaining exemption under Section 17(2) of the Employees Provident Funds & Miscellaneous Act, 1952 read with Para 27A of the Scheme was published in the Noticed Board as well as their website and further certified that no observation has been received from any employees of the establishment.
- The composition of the Board of Trustees is in accordance with the provisions of Para 79 of the Scheme.
- Names and addresses of all the members of the BOTs have been incorporated in the Trust Rule.

- The establishment is stated to be regular in compliance.
- The RPFC has submitted copies of balance sheets of the establishment and of the Trust for last three years.

Above all, the proposal has been examined in the light of Act and Scheme provisions, conditions stipulated in Appendix 'A' to Para 27AA of the EPF Scheme, 1952, Ten Point Checklist prescribed by Ministry of Labour & Employment, Government of India and instructions issued by EPFO from time to time in this regard and it is found to be a fit case to be placed before the Central Board of Trustees, EPF for consideration and recommendation to Appropriate Government for grant of exemption

FROM :

PHONE NO. : 0000000000000

JUL 02 2009 06:12PM P2

~~ANNEXURE - 7~~

18

No.S-35015/46/2007-SS.II
GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT

New Delhi, dated 27 June, 2009

ORDER

Whereas M/s Global-e-Business Operations Pvt. Ltd. (under code No. XH/25002 in Karnataka Region (hereinafter referred to as the establishment) has applied for exemption under paragraph 27A of the Employees' Provident Funds Scheme, 1952 (hereinafter referred to as the Scheme) framed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, (No.19 of 1952) (hereinafter referred to as the Act).

2. And whereas in the opinion of the Central Government, the rules of the provident fund of the said establishment with respect to the rates of contribution are not less favourable to employees therein than those specified in Section 6 of the said Act and the employees are also in enjoyment of other provident fund benefits provided under the said Act or under the Scheme in relation to the employees in any other establishment of similar character.

3. Now, therefore, in exercise of the powers conferred under paragraph 27A of the said Scheme and subject to the conditions specified in this regard from time to time, the Central Government hereby exempts the class of employees in respect of which exemption is recommended is defined under rule 2(c) of the PF Trust Rules from the operation of all the provisions of Employees' Provident Funds Scheme, 1952 with effect from 01.05.2007 until further orders/notification.

S.D. Xavier
(S.D. XAVIER)

Under Secretary to the Government of India

Copy to:-

(1) The Central Provident Fund Commissioner,
 Employees' Provident Fund Organization,
 (Attn: Shri Saurabh Jagati, (RPFC))
 14, Bhikalji Cama Place,
 New Delhi

(2) M/s Global-e-Business Operations Pvt. Ltd.
 HP Tower, 1, 2 & 3 Golf View Complex,
 Wind Tunnel Road,
 Murugeshpalaya,
 Bangalore-560 017



श्रम मंत्रालय भारत सरकार

Employees' Provident Fund Organisation

(Ministry of Labour, Govt. Of India)

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

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

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ANNEXURE - 826

No. E-III/3(7)2016/KN/Exemp/27A

To

The Regional P.F. Commissioner,
Regional Office,
Bengaluru - I.

[By name to: - Shri Maneesh Aganihotri, RPFC-I]

Subject : Remittance of Provident Fund Contribution in respect of New Employees to the Existing Trust Account - Regarding.

Reference : H.O. letter No. E-III/3(7)2016/KN/Exemp/27A/41946 dated 14.03.2016.

Sir,

Please refer to the subject and reference cited above. Vide letter under reference above, M/s. HP Computing and Printing Systems India Private Limited, BG/BNG/1431033 was accorded permission to continue the remittance of P.F. contributions into the M/s. Global E-Business Operations Private Limited in respect of the employees transferred from M/s Global E-Business Operations Private Limited to M/s HP Computing and Printing Systems India Private Limited.

Since, the proposal for grant of exemption is pending with Head Office, therefore permission to remit Provident Fund contributions is further extended in respect of the new employees which have joined the establishment M/s. HP Computing and Printing Systems India Private Limited after February 2016 and for the employees who will join the said establishment in future till the time final decision in respect of the proposal for grant of exemption is taken by the appropriate Government. Further, the establishment should be marked in the computer system as relaxed establishment so that transfer-in amounts of new employees can be transferred to the existing trust account

[This issues with the approval of CPFC]

Yours faithfully

(Subrat Kumar)

Regional P.F. Commissioner-I (Exemption)

Copy to: M/s. HP Computing and Printing Systems India Private Limited, No. 24, Salarpuria Arena, Hosur Main Road, Adugodu, Bengaluru - 560030...for information please.

जारी किया



S. No. 4 (I)

-202

कर्मचारी भविष्य निधि संगठन

श्रम मंत्रालय भारत सरकार

Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

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. E-III/3(7)2016/KN/EXM

To

M/s. H. P. Computing and Printing Systems India Pvt. Ltd.
No. 24, Salarpuria Arena,
Hosur Main Road, Adugodi,
Bengaluru - 560030.

Date:

14 MAR 2016

Subject : Permission to continue remitting the Provident Fund Contributions in respect of your employees to erstwhile 'Global E-Business Operations Private Limited Employees' Provident Fund Trust'-Exempted under the EPF & MP Act, 1952 under code No. BG/BNG/25002 from the wage month of February, 2016-Regarding.

Sir,

This is with reference to your application dated 10.02.2016 for grant of exemption under section 17(2) of the EPF & MP Act, 1952 read with para 27A of the Employees' Provident Fund Scheme, 1952 and letter dated 10.02.2016, addressed to Regional Provident Fund Commissioner, Bengaluru.

2. Pending grant of exemption by the appropriate Government and in the interest of the employees who have been transferred from M/s. Global E-Business Operations Private Limited (GEBOP), BG/BNG/25002 to your establishment due to the demerger of the income division of GEBOP, permission is accorded to you to continue remitting Provident Fund contributions in respect of the employees so transferred to the erstwhile 'Global E-Business Operations Private Limited Employees' Provident Fund Trust' from the wage month of February, 2016.

3. It is to be noted that the applicant establishment i.e. M/s. H.P. Computing and Printing Systems India Pvt. Ltd., has been permitted to continue to remit PF contributions to the erstwhile Trust i.e. 'Global E-Business Operations Private Limited Employees' Provident Fund Trust' in respect of the employees' transferred from GEBOP only.

4. You are thus directed to remit the provident fund contribution to the Trust within the stipulated dates.

Yours faithfully

(K. L. Goyal)

Addl. Central P.F. Commissioner-I (Exemption)

Ph: - 011-26170928

Copy to:- Regional P. F. Commissioner, Bengaluru... for information and necessary action please with reference to letter No. BG/BNG/RO/EXEM/1431033/497/2015-16 dated 01.03.2016.

जारी किया



कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION

श्रम एवं रोजगार मंत्रालय, भारत सरकार
(Ministry of Labour and Employment, Government of India)

क्षेत्रीय कार्यालय /REGIONAL OFFICE

भविष्य निधि भवन, सं० 13, राजा राम मोहन रॉय रोड

Bhavishya Nidhi Bhawan, No. 13, Raja Ram Mohan Roy Road,

बैंगलूर 560025 - Bengaluru - 560025

M/s HP Computing and Printing Systems India Private Limited - BG/BNG/1431033

Points on which comments/information are to be furnished invariably alongwith proposal for exemption:-

Sl. No.	Particulars	Comments
i.	Whether a Board of Trustees has been created under the chairmanship of employer.	Yes
ii.	Whether all the eligible employees are enrolled as members.	Yes
iii.	Whether the accounts will be maintained electronically and members will be able to see their accounts balance from the computer terminals. If not, the reasons therefore, and by what time accounts are expected to be maintained electronically.	Yes
iv.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.22 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
v.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.23 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
vi.	Comparative statement of benefit admissible under EPF & MP Act, 1952 and Scheme proposed by establishment, on the basis it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes. But the date of superannuation is shown as 60 years and not 58 years as in Model Rules.
vii.	Mechanism proposed by EPFO/RPFC to ensure that establishment is complying with the provisions of conditions for grant of exemption.	Periodical Inspections and scrutiny of returns
viii.	Name of the RPFC in whose jurisdiction the establishment falls.	Regional P.F. Commissioner, Regional Office, Bengaluru-1.
ix.	Payment, which needs to be made by the establishment to EPFO, even after grant of exemption.	Inspection Charges in A/c-2 and EPS & EDLI Compliance
x.	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation under para 79 of the EPF Scheme, 1952 and there is no violation of the same.	Not applicable. The establishment is complying as per Head Office letter No.E-III/ 3(7)2016/KN/ EXM/41946-47 dated 14.03.2016

** All employees including new joiners are contributing to the Global E-Business Operations Private Limited EPF Trust, in contravention of HO permission.

Name of the Establishment	: M/s. Hewlett Packard Enterprise India Private Limited.
Code No.	: BG/BNG/1353776
No of members as on 31.03.2017	: 3580
Corpus as on 31.03.2017	: 330,53,09,380/-
Name of the Office	: RO, Bangalore
Date from Exemption sought	: 01.08.2015
Section/Para under which Exemption sought	: 27A
Appropriate Government	: Central Government

2. The above establishment has been incorporated as a result of demerger of M/s. Hewlett Packard India Sales (P) Ltd. The establishment M/s. Hewlett Packard India Sales (P) Ltd is an exempted establishment by an order dated 03.03.2009 issued by the Central Government (**Annexure – '10'**). Since M/s. Hewlett Packard Enterprise India Private Limited has already applied for the grant of exemption and the employees of the said establishment were the part of M/s. Hewlett Packard India Sales (P) Ltd i.e. an exempted establishment, therefore Head Office in wake of the instructions contained in the Head Office circular dated 24.05.2000 (**Annexure – 'D'**) has allowed M/s. Hewlett Packard Enterprise India Private Limited vide Head Office letters no. E-III/7(4)15/KN/Exemp/27A/25635 dated 14.09.2015 and E-III/7(4)15/KN/Exemp/27A/7940 dated 17.09.2018 (**Annexure – '11'**) to remit the P.F. contributions of its employees in the erstwhile Trust of M/s. Hewlett Packard India Sales (P) Ltd till the time the final decision on the proposal for grant of exemption is taken by the appropriate Government.

3. The establishment has submitted the proposal for exemption under Section 17(2) read with para 27A of EPF Scheme, 1952 addressed to Central Government. The same was forwarded by RO, Bangalore to Head Office on 10.09.2015. The inconsistencies observed in the proposal by the Head Office were rectified by respective Office and last such reference was received from field office on 31.01.2017.

4. The following requirements for grant of exemption under Section 17(2) of the Act are fulfilled by the applicant establishment:

- The Rules of its Provident Fund with respect to the rates of contribution are not less favourable than those specified in Section 6 of the EPF & MP Act, 1952 and
- The employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favourable than the benefits provided under this Act or the EPF Scheme, 1952.

5. Other essential requirements for grant of exemption have also been verified and are found in order. The same are detailed below:

- The application for exemption is by the employer and is addressed to the Appropriate Government.
- RPFC concerned has examined the proposal in accordance with the Ten Point Checklist (**Annexed as Annexure – '12'**) prescribed by the Ministry of Labour and Employment, Government of India and certified that the proposal is in order.
- There is specific recommendation of the RPFC for grant of exemption.
- The establishment as well as Trust have certified that notice expressing intention of obtaining exemption under Section 17(2) of the Employees Provident Funds & Miscellaneous Act, 1952 read with Para 27A

- of the Scheme was published in the Noticed Board as well as their website and further certified that no observation has been received from any employees of the establishment.
- The composition of the Board of Trustees is in accordance with the provisions of Para 79 of the Scheme.
 - Names and addresses of all the members of the BOTs have been incorporated in the Trust Rule.
 - The establishment is stated to be regular in compliance.
 - The RPFC has submitted copies of balance sheets of the establishment and of the Trust for last three years.

Above all, the proposal has been examined in the light of Act and Scheme provisions, conditions stipulated in Appendix 'A' to Para 27AA of the EPF Scheme, 1952, Ten Point Checklist prescribed by Ministry of Labour & Employment, Government of India and instructions issued by EPFO from time to time in this regard and it is found to be a fit case to be placed before the CBT, EPF for consideration and recommendation to Appropriate Government for grant of exemption.

TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (II) OF THE GAZETTE
OF INDIA

GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT

New Delhi, dated 3rd March, 2009

NOTIFICATION

S.O..... Whereas M/s Hewlett Packard India Sales (P) Ltd.. [under Code No.KN/18846 in Karnataka Region] (hereinafter referred to as the establishment) has applied for exemption under clause (a) of sub-section (1) of section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) (hereinafter referred to as the Act);

2. And whereas in the opinion of the Central Government, the rules of the provident fund of the said establishment with respect to the rates of contribution are not less favourable to employees therein than those specified in section 6 of the said Act and the employees are also in enjoyment of other provident fund benefits provided under the said Act or under the Employees' Provident Funds Scheme, 1952 (hereinafter referred to as the Scheme) in relation to the employees in any other establishment of similar character.

3. Now, therefore, in exercise of the powers conferred by clause (a) of sub-section (1) of section 17 of the said Act and subject to the conditions specified in this regard from time to time, the Central Government, hereby, exempts the said establishment from the operation of all the provisions of the said Scheme with effect from 01.03.1999 until further notification.

(No.S-35015/3/2006-SS-II)

S.D. Xavier
(S.D. Xavier)

Under Secretary to the Government of India



कर्मचारी भविष्य निधि संगठन
भारत सरकार
Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

भविष्य निधि भवन नई दिल्ली, भीकाजी कामा प्लेस-14, 110066
Bhavishya Nidhi Bhawan, 14- Bhikaji Cama Place, New Delhi - 110066
www.epfindia.gov.in, www.epfindia.nic.in

ANNEXURE-11

No. E-III/7(4)15/KN/Exemp/27A

Date: .

17 SEP 2018

To

The Regional P.F. Commissioner,
Regional Office,
Bengaluru - I.

[By name to: - Shri Maneesh Aganihotri, RPFC-I]

Subject : Remittance of Provident Fund Contribution in respect of New Employees to the Existing Trust Account - Regarding.

Reference : H.O. letter No. E-III/7(4)15/KN/Exemp/27A/25635 dated 14.09.2015.

Sir,

Please refer to the subject and reference cited above. Vide letter under reference above, M/s. Hewlett Packard India Sales Private Limited was accorded permission to continue the remittance of P.F. contributions in the M/s. Hewlett Packard Enterprise India Private Limited in respect of the employees transferred from M/s. Hewlett Packard India Sales Private Limited to M/s. Hewlett Packard Enterprise India Private Limited.

Since, the proposal for grant of exemption is pending with Head Office, therefore permission to remit Provident Fund contributions is further extended in respect of the new employees which have joined the establishment M/s. Hewlett Packard Enterprise India Private Limited after August, 2015 and for the employees who will join the said establishment in future till the time final decision in respect of the proposal for grant of exemption taken by the appropriate Government. Further, the establishment should be marked in the computer system as relaxed establishment so that transfer in amounts of new employee can be transferred to the existing Trust account.

[This issues with the approval of CPFC]

Yours faithfully

(Subrat Kumar)

Regional P.F. Commissioner-I (Exempted)

Copy to: M/s. Hewlett Packard Enterprise India Private Limited, No. 24, Salarpuria Arena, Hosur Main Road, Adugodi, Bengaluru - 560030...for information please.

ISSUED

-237



वम मंत्रालय भारत सरकार
Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

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. E-III/7(4)15/KNEXMI/27A/25635-36

Date : 14.09.2015

To

M/s. Hewlett Packard Enterprise India Private Limited.
No.24, Salarpuria Arena, Hosur Main Road,
Adugodi, Bengaluru-560030.

Rel. Contd. SEP 2015
168

Subject

: Permission to continue remitting the Provident Fund contribution in respect of your employees to erstwhile Hewlett-Packard India Sales Private Limited Employees Provident Fund Trust exempted under the EPF & MP Act, 1952 under Code Number BG/BNG/18846 from the wage month of August 2015-regarding.

Sir,

This is with reference to your application for exemption under Section 17(2) of the EPF & MP Act, 1952 read with Para 27A of the Employees' Provident Funds Scheme, 1952 dated 06.08.2015.

2. Pending grant of the exemption by the Appropriate Government and in the interest of the employees who have been transferred from M/s. Hewlett-Packard India Sales Private Limited to your establishment due to bifurcation and on account of continuity of service, permission is accorded to you to continue Provident Fund Contributions in respect of the so transferred employees to the erstwhile 'Hewlett-Packard India Sales Private Limited Employees Provident Fund Trust' from the wage month of August 2015.

3. You are thus directed to remit the Provident Fund contribution to the Trust within the stipulated dates.

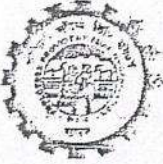
Yours faithfully,

[Signature]
14/9/2015
(P. K. Udgata)

Additional Central P. F. Commissioner-I (Compliance)

Copy to: Regional Provident Fund Commissioner, Bengaluru for information and verification of regular remittance of Provident Fund contribution to the erstwhile 'Hewlett-Packard India Sales Private Limited, Employees Provident Fund Trust' which enjoys exemption till grant of exemption

[Signature]
14/9/2015
(P. K. Udgata)
Additional Central P. F. Commissioner-I (Compliance)



कर्मचारी मंत्रि
EMPLOYEES' PR
श्रम एवं रोजगार
(Ministry of Labour and
क्षेत्रीय कार्यालय /RE
भविष्य निधि भवन, सं० 13,
Bhavishya Nidhi Bhawan, No. 13,
बैंगलूर 560025 - Bengal

जन
UND ORGANISATION
सरकार
of, Government of India)
OFFICE
इन रॉय रोड
Mohan Roy Road,
525

M/s Hewlett Packard Enterprise India Private Limited - BG/BNG/1353776

Points on which comments/information are to be furnished invariably alongwith proposal for exemption:-

Sl. No.	Particulars	Comments
i.	Whether a Board of Trustees has been created under the chairmanship of employer.	Yes
ii.	Whether all the eligible employees are enrolled as members.	Yes
iii.	Whether the accounts will be maintained electronically and members will be able to see their accounts balance from the computer terminals. If not, the reasons therefore, and by what time accounts are expected to be maintained electronically.	Yes
iv.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.22 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
v.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.23 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
vi.	Comparative statement of benefit admissible under EPF & MP Act, 1952 and Scheme proposed by establishment, on the basis it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes. But the date of superannuation is shown as 60 years and not 58 years as in Model Rules.
vii.	Mechanism proposed by EPFO/RPFC to ensure that establishment is complying with the provisions of conditions for grant of exemption.	Periodical Inspections and scrutiny of returns
viii.	Name of the RPFC in whose jurisdiction the establishment falls.	Regional P.F. Commissioner, Regional Office, Bengaluru-1.
ix.	Payment, which needs to be made by the establishment to EPFO, even after grant of exemption.	Inspection Charges in A/c-2 and EPS & EDLI Compliance
x.	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation under para 79 of the EPF Scheme, 1952 and there is no violation of the same.	Not applicable. The establishment is complying as per Head Office letter No.E-III/7(4)15/KN/EXM/27A/25634 dated 14.09.2015**

** All employees including new joinees are contributing to the HP India Sales Pvt. Ltd. EPF Trust, in contravention of HO permission.

Regional P.F. Commissioner-1,
R.O. Bengaluru-1.

Name of the Establishment	: M/s. Cisco Video Technologies India Private Limited.
Code No.	: BG/BNG/25359
No of members	: 1770
Name of the Office	: RO, Bangalore
Date from Exemption sought	: Date of issue of order for grant of exemption
Section/Para under which Exemption sought	: 27A
Appropriate Government	: Central Government.

2. The above establishment has submitted the proposal for exemption under Section 17(2) read with para 27A of EPF Scheme, 1952 addressed to Central Government. The same was forwarded by RO, Bangalore to Head Office on 11.06.2015. The inconsistencies observed in the proposal by the Head Office were rectified by respective Office and last such reference was received from field office on 03.03.2017.

3. The following requirements for grant of exemption under Section 17(2) of the Act are fulfilled by the applicant establishment:

- The Rules of its Provident Fund with respect to the rates of contribution are not less favourable than those specified in Section 6 of the EPF & MP Act, 1952 and
- The employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favourable than the benefits provided under this Act or the EPF Scheme, 1952.

4. Other essential requirements for grant of exemption have also been verified and are found in order. The same are detailed below:

- The application for exemption is by the employer and is addressed to the Appropriate Government.
- RPFC concerned has examined the proposal in accordance with the Ten Point Checklist (**Annexed as Annexure - '13'**) prescribed by the Ministry of Labour and Employment, Government of India and certified that the proposal is in order.
- There is specific recommendation of the RPFC for grant of exemption.
- The establishment as well as Trust have certified that notice expressing intention of obtaining exemption under Section 17(2) of the Employees Provident Funds & Miscellaneous Act, 1952 read with Para 27A of the Scheme was published in the Noticed Board as well as their website and further certified that no observation has been received from any employees of the establishment.
- The composition of the Board of Trustees is in accordance with the provisions of Para 79 of the Scheme.
- Names and addresses of all the members of the BOTs have been incorporated in the Trust Rule.
- The establishment is stated to be regular in compliance.
- The RPFC has submitted copies of balance sheets of the establishment and of the Trust for last three years.

Above all, the proposal has been examined in the light of Act and Scheme provisions, conditions stipulated in Appendix 'A' to Para 27AA of the EPF Scheme, 1952, Ten Point Checklist prescribed by Ministry of Labour & Employment, Government of India and instructions issued by EPFO from time to time in this regard and it is found to be a fit case to be placed before the Central Board of Trustees, EPF for consideration and recommendation to Appropriate Government for grant of exemption.



कर्मचारी भविष्य निधि संगठन
EMPLOYEES' PROVIDENT FUND ORGANISATION

श्रम एवं रोजगार मंत्रालय, भारत सरकार
(Ministry of Labour and Employment, Government of India)

क्षेत्रीय कार्यालय /REGIONAL OFFICE

भविष्य निधि भवन, सं० 13, राजा राम मोहन रॉय रोड

Bhavishya Nidhi Bhawan, No. 13, Raja Ram Mohan Roy Road,

बैंगलूर 560025 - Bengaluru - 560025

M/s Cisco Video Technologies India Private Limited - BG/BNG/25359

Points on which comments/information are to be furnished invariably alongwith proposal for exemption:-

Sl. No.	Particulars	Comments
i.	Whether a Board of Trustees has been created under the chairmanship of employer.	Yes
ii.	Whether all the eligible employees are enrolled as members.	Yes
iii.	Whether the accounts will be maintained electronically and members will be able to see their accounts balance from the computer terminals. If not, the reasons therefore, and by what time accounts are expected to be maintained electronically.	Yes
iv.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.22 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
v.	Whether Board of Trustees has furnished a copy of prescribed undertaking as per Condition No.23 of Para 27AA of the EPF Scheme, 1952. If yes, a copy of the same to be enclosed.	Yes
vi.	Comparative statement of benefit admissible under EPF & MP Act, 1952 and Scheme proposed by establishment, on the basis 'it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes
vii.	Mechanism proposed by EPFO/RPFC to ensure that establishment is complying with the provisions of conditions for grant of exemption.	Periodical Inspections and scrutiny of returns
viii.	Name of the RPFC in whose jurisdiction the establishment falls.	Regional P.F. Commissioner, Regional Office, Bengaluru-1.
ix.	Payment, which needs to be made by the establishment to EPFO, even after grant of exemption.	Inspection Charges in A/c-2 and EPS & EDLI Compliance
x.	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation under para 79 of the EPF Scheme, 1952 and there is no violation of the same.	Not applicable. The establishment is complying as an unexempted establishment.

Regional P.F. Commissioner-I,

मनीश अग्निहोत्री

Maneesh Agnihotri

क्षे.भ.नि.आ./RPFC-I

Name of the Establishment	: M/s. Philips Lighting India Limited.
Code No.	: GN/GGN/1457911
No of members as on 31.03.2017	: 1114
Corpus as on 31.03.2017	: 114,45,70,654/-
Name of the Office	: RO, Gurgaon
Date from Exemption sought	: 01.04.2016
Section/Para under which Exemption sought	: 27A
Appropriate Government	: Central Government

4. The above establishment has been incorporated as a result of demerger of M/s. Philips India Limited. The establishment M/s. Philips India Limited is an exempted establishment by an order dated 04.03.2007 issued by the Central Government (**Annexure – '14'**). Since M/s. Philips Lighting India Limited has already applied for the grant of exemption and the employees of the said establishment were the part of M/s. Philips India Limited i.e. an exempted establishment, therefore Head Office in wake of the instructions contained in the Head Office circular dated 24.05.2000 (**Annexure – 'D'**) has allowed M/s. Philips Lighting India Limited vide Head Office letter no. Exem/10(2)2016/HR/NZ/2943 dated 13.05.2016 (**Annexure – '15'**) to remit the P.F. contributions of its employees in the erstwhile Trust of M/s. Philips India Limited till the time the final decision on the proposal for grant of exemption is taken by the appropriate Government.

5. The above establishment has submitted the proposal for exemption under Section 17(2) read with para 27A of EPF Scheme, 1952 addressed to Central Government. The same was forwarded by RO, Gurgaon to Head Office on 04.05.2016. The inconsistencies observed in the proposal by the Head Office were rectified by respective Office and last such reference was received from field office on 14.06.2018.

3. The following requirements for grant of exemption under Section 17(2) of the Act are fulfilled by the applicant establishment:

- The Rules of its Provident Fund with respect to the rates of contribution are not less favourable than those specified in Section 6 of the EPF & MP Act, 1952 and
- The employees are also in enjoyment of other Provident Fund benefits which on the whole are not less favourable than the benefits provided under this Act or the EPF Scheme, 1952.

4. Other essential requirements for grant of exemption have also been verified and are found in order. The same are detailed below:

- The application for exemption is by the employer and is addressed to the Appropriate Government.
- RPFC concerned has examined the proposal in accordance with the Ten Point Checklist (**Annexed as Annexure – '16'**) prescribed by the Ministry of Labour and Employment, Government of India and certified that the proposal is in order.
- There is specific recommendation of the RPFC for grant of exemption.
- The establishment as well as Trust have certified that notice expressing intention of obtaining exemption under Section 17(2) of the Employees Provident Funds & Miscellaneous Act, 1952 read with Para 27A of the Scheme was published in the Noticed Board as well as their website and further certified that no observation has been received from any employees of the establishment.
- The composition of the Board of Trustees is in accordance with the provisions of Para 79 of the Scheme.
- Names and addresses of all the members of the BOTs have been incorporated in the Trust Rule.
- The establishment is stated to be regular in compliance.
- The RPFC has submitted copies of balance sheets of the establishment for last three years.

Above all, the proposal has been examined in the light of Act and Scheme provisions, conditions stipulated in Appendix 'A' to Para 27AA of the EPF Scheme, 1952, Ten Point Checklist prescribed by Ministry of Labour & Employment, Government of India and instructions issued by EPFO from time to time in this regard and it is found to be a fit case to be placed before the Sub-Committee of CBT, EPF on Exempted Establishments for consideration and recommendation to Appropriate Government for grant of exemption.

No.S-35015/48/2007-SS.II
GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT

New Delhi, dated 4 March, 2007

ORDER

Whereas M/s Philips Electronics India Ltd. (under Code No. KN/23286 in Karnataka region; (hereinafter referred to as the establishment) has applied for exemption under paragraph 27 A of the Employees' Provident Funds Scheme, 1952 (hereinafter referred to as the Scheme) framed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, (No.19 of 1952) (hereinafter referred to as the Act).

2. And whereas in the opinion of the Central Government, the rules of the provident fund of the said establishment with respect to the rates of contribution are not less favourable to employees therein than those specified in Section 6 of the said Act and the employees are also in enjoyment of other provident fund benefits provided under the said Act or under the Scheme in relation to the employees in any other establishment of similar character.

3. Now, therefore, in exercise of the powers conferred under paragraph 27A of the said Scheme and subject to the conditions specified in this regard from time to time, the Central Government hereby exempts the class of employees who are directly paid wages/salaries and designated as Management Staff by the establishment other than Bargainable staff from the operation of all the provisions of EPF Scheme, 1952 with effect from 01.06.2007 until further orders/notification.

S.D. Xavier
(S.D. XAVIER)

Under Secretary to the Government of India

Copy to:-

- (1) Central Provident Fund Commissioner,
Employees' Provident Fund Organization,
{Atten: Shri Saurabh Jagati, (RPFC)}
14, Bhikaji Cama Place,
New Delhi.
- (2) The Company Secretary,
M/s Philips Electronics India Ltd.,
Manyata Tech Park,
Nagavara, Bangalore-560 045.

Chingfai
21/08/07

ANNEXURE-15
434



भविष्य निधि संगठन

श्रम मंत्रालय भारत सरकार

Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

भविष्य निधि भवन 14 भिकाजी कामा प्लेस नई दिल्ली 110066

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

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

No. Exem./10(2)/2016/HR/NZ/

Dated:

To

M/s. Philips Lightning India Limited,
9B, 9th Floor, DLF Cyber City,
DLF Phase-III, Sector -25,
Gurgaon -120 002.

13 MAY 2016

Subject : Permission to continue remitting the Provident Fund Contributions in respect of your employees to erstwhile 'Philips Electronics India Limited Management Staff Provident Fund Trust' - Exempted under the EPF & MP Act, 1952 under code No. BG/BNG/23286 from the wage month of April, 2016-Regarding.

Sir,

This is with reference to your application dated 11.04.2016 for exemption under section 17(2) of EPF & MP Act, 1952 read with para 27A of the Employees' Provident Fund Scheme, 1952 and letter dated 1.04.2016, addressed to Regional Provident Fund Commissioner, Gurgaon.

2. Pending grant of exemption by the appropriate Government and in the interest of the employees who have been transferred from M/s. Philips India Limited, BG/BNG/23286 to your establishment due to the demerger of the business activities of M/s. Philips India Limited, permission is accorded to you to continue remitting Provident Fund contributions in respect of the employees so transferred to the erstwhile 'Philips Electronics India Limited Management Staff Provident Fund Trust' from the wage month of April, 2016.

3. It is to be noted that the applicant establishment i.e. M/s. Philips Lightning India Limited has been permitted to continue to remit PF contributions to the erstwhile Trust i.e. 'Philips Electronics India Limited Management Staff Provident Fund Trust' in respect of the employees transferred from M/s. Philips India Limited.

You are thus directed to remit the provident fund contribution to the Trust within the stipulated dates.

Yours faithfully

20/5/2016
धनवन्त सिंह
क्षेत्रीय आयुक्त-II

A4 (Exemption)

(K. L. Goyal)
Addl. Central P.F. Commissioner-I (Exemption)
Ph: - 011-26170928

Annexure - 16

225-80

ANNEXURE "A"

M/s Philips Lighting India Limited
PF Code No: GN/GGN/1457911000

Points on which comments / information are to be furnished invariably along with proposal for exemption:-

Sl No.	Particulars	Comments
i.	Whether a Board of Trustees has been created under the chairmanship of Employer	Yes
ii.	Whether all the eligible employees are enrolled as members	Yes
iii.	Whether the accounts will be maintained electronically and members will be able to see their accounts balance from the computer terminals. If not, the reasons therefore, and by what time accounts are expected to be maintained electronically.	Yes
iv.	Whether Board of Trustees has furnished a copy of prescribed undertaking to RPFC as per the Para 22 of Scheme. If yes, a copy of the same to be enclosed.	Yes
v.	Whether the employer and the Board of Trustees has furnished the undertaking as per Para 23 of Scheme. If yes, a copy of the same to be enclosed.	Yes
vi.	Comparative statement of benefit admissible under EPF & MP Act, 1952 and Scheme proposed by establishment, on the basis it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes
vii.	Mechanism proposed by EPFO/ RPFC to ensure that establishment is complying with the provisions of conditions for grant of exemption.	Periodical inspections & Scrutiny of returns
viii.	Name of the RPFC in whose Jurisdiction, the establishment falls.	Regional PF Commissioner, Regional Office, Gurgaon.
ix.	Payment, which needs to be made by the establishment, to EPFO, even after grant of exemption.	Inspection Charges in A/c - 2 and EPS & EDLI Compliance.
X	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation under Para 79 of the Employees Provident Fund Scheme, 1952 and there is no violation of the same.	Not applicable

for Philips Lighting India Limited

Bidhu Bhusan Mohanty
Head of Finance

PHILIPS LIGHTING INDIA LIMITED
9B, 9th FLOOR, DLF CYBER CITY, RO, Gurgaon
DLF PHASE-3, SECTOR-25
GURGAON-122 002

Regional PF Commissioner

Item No. 17: Grant of Exemption in respect of M/s. Software Technology Parks of India, DL/CPM/21101 under Section 17(2) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 read with para 27A of the Employees' Provident Funds Scheme, 1952 by appropriate Government.

1. Section 17(2) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 provides for grant of exemption as under:

Any Scheme may make provision for exemption of any person or class of persons employed in any establishment to which the Scheme applies from the operation of all or any of the provisions of the Scheme, if such person or class of persons is entitled to benefits in the nature of provident fund, gratuity or old age pension and such benefits, separately or jointly, are on the whole not less favourable than the benefits provided under this Act or the Scheme:

Provided that no such exemption shall be granted in respect of a class of persons unless the appropriate Government is of opinion that the majority of persons constituting such class desire to continue to be entitled to such benefits.

2. Further, Para 27A (1) of the Employees' Provident Fund Scheme, 1952 provides as under:

[The appropriate Government] may be order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme any class of employees to whom the Scheme applies:

Provided that such class of employees is entitled to benefits in the nature of Provident Fund, gratuity or old age pension according to the rules of the [factory or other establishment] and such benefits separately or jointly are on the whole not less favourable than the benefits provided under the Act and this Scheme.

3. The important facts about the establishment, in chronological order is as follows:-

- i) The establishment was covered under EPF & MP Act, 1952 w.e.f. 05.06.1994.
- ii) The establishment challenged the applicability and the issue was decided through a 7A order dated 10.09.2004.
- iii) Aggrieved by the 7A order, the establishment moved Hon'ble EPFAT (now CGIT). However, EPFAT decided the matter in favour of EPFO.
- iv) Further, the establishment also moved Hon'ble High Court of Delhi in 2005 and the matter was sub-judice until the establishment withdrew the petition in September 2018 (order of the High Court is placed as **Annexure – '17A'**).
- v) The establishment further moved various Courts/Tribunals against various orders issued under 7A, 14B and 7Q. The establishment has now withdrawn all the cases from various Courts/Tribunals.
- vi) The compliance audit for the establishment has been done upto 2016-17 and RPFC has certified that the establishment has rectified all the observations raised in the compliance audit.

- vii) The establishment was not given any relaxation under Para 79 of the EPF Scheme, 1952 and same has been recorded by RPFC in the Ten point Checklist (enclosed as **Annexure – ‘17B’**).
- viii) The RPFC, RO, Delhi(Central) has recommended the proposal of the establishment for grant of exemption retrospectively w.e.f. 05.06.1994 (placed as **Annexure – ‘17C’**).
4. As per the provisions cited in para 1 and 2 above, of the of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and Ministry of Labour and Employment letter dated 01.04.2008, all cases of grant of exemption shall be placed before the Central Board of Trustees, EPF for consideration before sending the same to Appropriate Governments. The copy of the Ministry’s D.O. letter dated 01.04.2008.
5. Before placing a proposal in the CBT, EPF, its suitability is scrutinized with respect to the provisions for grant of exemption as contained under Section 17 of the of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. Further in view of the guidelines issued by Ministry of Labour & Employment, Government of India vide their letter dated 27.02.2007, all RPFCs shall furnish a certificate after due verification carried out at their end with regard to the Ten Point Check List (placed as **Annexure – ‘17B’**).
6. Ministry of Labour & Employment, Government of India has also issued directions to the effect that the proposals shall be forwarded only if the latest Compliance Audit Report is found to be satisfactory. Hence compliance audit covering all the points as mentioned under the revised conditions for grant of exemption is undertaken and a copy of the said report is ready to be forwarded to the Appropriate Government (placed as **Annexure – ‘17D’**).
7. Central Board of Trustees in its 202nd and 216th meetings held on 13.01.2014 and 30.03.2017 respectively authorized this committee to consider exemption proposals subject to ratification by the Board.
8. The agenda item has already been placed before the Exempted Establishments’ Committee in its 42nd meeting held on 18.02.2019 and the recommendation in respect of the proposal contained in the agenda item is placed before the Central Board of Trustees for consideration (minutes of 42nd meeting of Exempted Establishments’ Committee will be placed separately before the Board).
9. The proposalis now placed before Central Board of Trustees for consideration and recommendation to the appropriate Government.

Proposal: The Central Board of Trustees is requested to consider and recommend the proposal in respect of the establishment M/s. Software Technology Parks of India, DL/CPM/21101 with effect from 05.06.1994 to the appropriate Government for grant of exemption.

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IN THE HIGH COURT OF DELHI AT NEW DELHI
W.P.(C) 18220/2005

SOFTWARE TECHNOLOGY PARKS OF I Petitioner

Through: Mr.J.K.Singh, Advocate

versus

ASST. P.F.COMMISSIONER NEW DEL Respondent

Through: Mr.Tejaswi Kumar Pradhan,
Advocate

CORAM:

HON'BLE MS. JUSTICE ANU MALHOTRA

ORDER

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04.09.2018

CM APPL. 35886/2018

The matter is indicated to be listed on 21.1.2019 and taken up on CM No.35886/2018 filed on behalf of the petitioner seeking withdrawal of the present petition *inter alia* submitting to the effect that the application filed by the petitioner qua exemption from applicability of the Employees Provident Fund Scheme, 1952 of the petitioner is now pending consideration before the respondent qua the application filed by the petitioner seeking exemption.

In response to a specific court query, it is submitted by the learned counsel for the respondent that such consideration of grant of exemption to the petitioner is presently pending though vide the application under consideration, the petitioner has simplicitor sought to withdraw the writ petition. It has been submitted on behalf of the petitioner that the petitioner may be permitted to withdraw the present

petition with liberty to seek withdrawal against disallowing of exemption, if any, after consideration of the application of the petitioner. It is submitted on behalf of the respondent that if the prayer made by the petitioner seeking exemption from applicability of the EPF Scheme to the petitioner is not granted, the same amounts to a fresh cause of action in view of the proceedings dated 24.1.2013. Vide the said proceedings itself it was observed to the effect that:

" Since the petitioner is also a government corporation, in my view, it makes no sense in disregarding the application made by the petitioner and in proceeding to hear this case, as, if eventually the application for exemption is granted, there can be no doubt that the petition would become infructuous.

So as to curtail the litigation between the parties particularly when both sides are limbs of the State, in my view, it would be appropriate that the respondent authority decides the application of the petitioner dated 18.4.1999 in the light of further meetings and documents submitted by the petitioner at the earliest."

The present writ petition No. 18220/2005 is thus dismissed as withdrawn with liberty granted to the petitioner in accordance with law qua the rejection (if any) of the claim of the petitioner having been filed pursuant to the present petition seeking the non-applicability of exemption from applicability of the EPF Scheme and Miscellaneous Provisions Act, 1952.

ANU MALHOTRA, J

SEPTEMBER 04, 2018/SV

Name of the Establishment: M/s Software Technology Parks of India, 9th floor, NDCC-II, Jai Singh Marg, New Delhi - 110001.

Code No.: DLCPM - 21101

10 Check Points on which comments/information's are to be furnished invariably along with Proposal for exemption

S. No	Contents	Comments
1	Whether a Board of Trustees has been Created under the Chairmanship of Employer	Yes, under the Chairmanship of the Director General of M/s Software Technology Parks of India.
2	Whether all the eligible employees (as defined in P.F. Trust Rules) are Enrolled as members.	Yes. The establishment has submitted a revised application for exemption u/s 17(2) of the EPF & MP Act, 1952 read with Para 27A of the EPF Scheme, 1952 for a class of employees. All employees as defined in the Trust rules are enrolled as members.
3	Whether the accounts will be maintained Electronically and members will be able to See their account balance from the Computer Terminals.	Yes
4	Whether Board of Trustees has furnished a copy of undertaking to RPFC as per the Condition No. 22 of Appendix 'A' under Para 27AA of the Scheme.	Yes
5	Whether the employer and the Board of Trustees have furnished the undertaking as per the Condition No. 23 of Appendix 'A' under Para 27AA of the Scheme.	Yes
6	Comparative statement of benefit Admissible under EPF&MP Act, 1952 and the Scheme proposed by establishment, on the basis it is concluded that Scheme of establishment is at least comparable with those of EPF Act.	Yes, Comparison of benefits chart enclosed.
7	Mechanism proposed by Employees' Provident Fund Organization / RPFC to ensure that the establishment is complying with the Provisions of Conditions for grant of exemption	Through annual compliance audit and regular monitoring of statutory returns submitted by the Establishment.
8	Name of the RPFC in whose jurisdiction the establishment falls	RPFC, Delhi(Central)
9	Payments which needs to be made by the Establishment, to Employees Provident Fund Organization even after grant of exemption.	Payments on account of EPS 1995, Inspection Charges Acc.2, 22.
10.	Whether the establishment is fulfilling the prescribed conditions after grant of relaxation and are there any violations.	The Establishment has not yet been granted relaxation. However, Compliance audit of the PF Trust of the Establishment has been conducted upto 2016-17. All major contraventions have been set right by the establishment. Deviation in Investment

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		Pattern has been regulated through levy and collection of surcharge at the rates prescribed. Also, an undertaking has been obtained for ensuring compliance in respect of employees outsourced through different contractors.
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J.P. Chauhan
19/11/18

(J.P. Chauhan)

Regional PF Commissioner-I



कर्मचारी भविष्य निधि संगठन
भारत सरकार
EMPLOYEES' PROVIDENT FUND ORGANIZATION

Ministry of Labour & Employment, Govt. of India

क्षेत्रीय कार्यालय, दिल्ली ५/ Regional Office, Delhi 5

भविष्यनिधिभवन, २८, सामुदायिककेन्द्र, बजिरपुर औद्योगिक क्षेत्र, दिल्ली - ११००५२
Bhishya Nidhi Bhavan, 28, Community Centre, Wazirpur Industrial Area, Delhi-110052

फ़ोन/Telephone: 011 27376776, फैक्स/Fax: 011 27376777, e-mail: ro.delhicentral@epfindia.gov.in, www.epfindia.gov.in

No. E/DL/21101/Rel/

5643 TO 5645

Dated: 19.11.2018

By Name to:

Sh. ChandraMauli Chakraborty
(ACC-Exemption)

Employees' Provident Fund Organisation
Head Office, BhavishyaNidhiBhawan
14, Bhikaiji Cama Place
New Delhi - 110066.

19 NOV 2018

Subject:

Forwarding of proposal for grant of exemption under Section 17(2) of EPF & MP Act, 1952 read with Para 27A of the Employees' Provident Fund Scheme 1952 in respect of M/s Software Technology Parks of India DLCPM/21101.

ज.के.म.नि.आयुक्त (प्रशा.) सचिवालय
Addl. C.P.F.C. (ASD) Secretariat
आयरी सं./Dy. No. 6-10410
दिनांक/Date 19/11/18

ज.के.म.नि.आयुक्त (प्रशा.) सचिवालय
Addl. C.P.F.C. (ASD) Secretariat
आयरी सं./Dy. No. 6-10410
दिनांक/Date 19/11/18

Sir,

M/s Software Technology Parks of India (hereinafter referred to as 'the Establishment') is an Autonomous Society set up by the Ministry of Electronics and Information Technology (MeitY) Government of India in 1991, with the objective of encouraging, promoting and boosting the Software Exports from India.

The Establishment M/s Software Technology Parks of India had set up a Provident Fund Trust for its employees which was recognized by the Commissioner of Income Tax vide Order No. CIT-VIII/JC-III/PF/93-94/4280 dated 16/02/1994 w.e.f. 31st Oct., 1993.

On the basis of particulars furnished in respect of the Establishment M/s Software Technology Parks of India on 19.11.1998, the establishment was covered under the EPF & MP Act, 1952 w.e.f. 05.06.1994 under section 1(3) (b) of the Act vide Coverage letter dated, 29.01.1999. However, the Establishment challenged the applicability of the Act by projecting itself as an exempted Establishment u/s 16(2) of the Act as well as an excluded Establishment u/s 16(1)(b) of the Act and did not report compliance under the EPF Act, 1952 with the office of the Regional Provident Fund Commissioner, Delhi.

Vide letter Ref. No. 5(2)94-STPI dated 18/05/1999 addressed to the Central Provident Fund Commissioner, the establishment applied for Exemption under section 17 of the EPF Act, 1952 to manage its in-house PF Trust. A copy of the above letter was also endorsed to the office of the Regional Provident Fund Commissioner, Delhi. This application was submitted without the requisite documents and enclosures essential for examination of exemption proposal of the PF Trust.

The matter of applicability in favour of the Department was decided by Section 7A authority vide orders dated 10/09/2004 issued u/s 7A of the Act. The Establishment preferred an appeal against the Orders dated 10/09/2004 under section 7-I of the Act before the Employees' Provident Fund Appellate Tribunal. However, the said appeal was dismissed and orders of applicability in favour of the Department were upheld by the Tribunal. After the dismissal of its appeal filed u/s 7-I of the Act before the EPFAT, the Establishment moved the hon'ble High Court of Delhi vide WP (C) No. 18220/2005.

An enquiry under section 7A of the Act was initiated by this office for determination of PF dues payable by the Establishment for the period 05/06/1994 to 03/2005 in respect of all the three Schemes.

The hon'ble High Court of Delhi after hearing the matter passed an interim order on 20.09.2005 directing that the proceedings for assessment of liability, if any, of the petitioner may go on, however, final order shall not be enforceable without leave of this court till the next date.

This Exemption application dated 18.05.1999 was disposed off vide this office letter dated 19.02.2013 wherein the Establishment was informed that their exemption application cannot be considered by the very fact that the act of seeking exemption from the Act postulates the applicability of the Act which has been challenged before different quasi-judicial forums and sub-judice before the hon'ble High Court of Delhi in Writ Petition No. 18220/2005.

The Establishment again submitted an exemption application dated 24.10.2014 u/s 17(2) of the Act to this Office for exemption for its Provident fund Trust and remitted amounts due towards EPS Contribution, EDLI Contribution and inspection charges from the date of coverage till date with this office. Amount due towards Provident fund Contribution in A/c-I was retained in the EPF Trust of the Establishment.

The enquiry u/s 7A of the Act against the Establishment on account of non-compliance since its date of coverage, viz. 05.06.1994 till 31.03.2005 was concluded on 22/12/2016 where assessment of PF dues was done treating the Establishment as unexempted. The establishment

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filed a request for review under section 7B of the EPF & MP Act, 1952 which was rejected by the Competent authority vide letter dated 28.03.2017 finding no merit for re-consideration.

The Establishment moved an application u/s 7-O of the EPF & MP Act, 1952 before the Employees Provident Fund Appellate Tribunal, New Delhi vide ATA No. 324(4)2017 which was admitted and an order dated 26.05.2017 was passed by the Presiding Officer, EPFAT that "no coercive step shall be taken against the appellant in the meantime".

The Establishment in the meantime also filed another Petition in the hon'ble High Court of Delhi viz., WP (C) 10301/2017 with CM No. 42034/2017 to consider the grant of exemption to STPI under section 17(2) of the EPF & MP Act 1952 as per the Circular dated 28.12.2007 extending its provisions & benefits to the Petitioner Establishment and also as per the direction of the hon'ble High Court of Delhi vide order dated 24.01.2013 within a certain time frame.

Since the Establishment had started complying under the Act and the Schemes in August 2015 and remitted payments towards Account - 2, 10, & 22 on 12/8/2015 amounting to Rs.3,62,61,741 for the period commencing from its date of coverage, it made itself liable for levy of Damages and interest on account of delayed deposit of Pension Fund in Account No. 10 and EDLI Charges in Account No. 21 alongwith the Administration and Inspection Charges in Account No. 2 and 22. Consequently, damages and interest for the period 05.06.1994 to 11/2015 to the tune of Rs.2,69,38,891/- and Rs.2,43,30,540/- respectively were levied on the Establishment vide Orders dated 28.10.2016. The Establishment deposited the impugned damages and interest under protest and challenged the said order before the Central Govt. Industrial Tribunal for quashing and setting aside of the impugned order dated 28.10.2016 in Appeal No. D-1/08/2017.

Exemption Application of the Establishment dated 24.10.2014 u/s 17(2) of the Act read with Para 27A of the EPF Scheme along with relevant documents was returned by the competent authority vide letter dated 11.02.2015 since anomalies of serious nature were noticed in the exemption proposal (including non-submission of Trust Balance Sheet for the years 2011-12, 2012-13 & 2013-14 and non-adherence to the prescribed pattern of investment since 2007-08).

The establishment vide letter dated 02.05.2015 submitted the reply to the observations noticed in their proposal dated 24.10.2014 and once again requested to grant exemption u/p 27. Request of the establishment was again rejected vide letter dated 25.08.2015 and 18/4/2016 on the ground that till the matter of applicability is decided by the Court or the same is withdrawn, the exemption cannot be processed further.

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The establishment submitted an undertaking dated 08.05.2018 stating that it will withdraw the contempt petition and other court cases challenging applicability of the Act (CWP 18220/2005 – applicability of the Act; CWP 10301/2017 Exemption Application; CA 530/2017 Contempt Petition; CGIT 324(4)/2017- 7A assessment challenge; CGIT D-1/08/2017- Levy of damages and interest u/s 14B & 7Q).

Post submission of the above undertaking, this office had constituted a squad headed by APFC on 10.05.2018 for Compliance Audit for the period 2010-11 till 2016-17.

Vide its letters dated 19/09/2018, 31.10.2018 and 01.11.2018, the Establishment submitted the requisite Contractor PF compliance records with this office, which was thoroughly examined by the Compliance audit squad. Additionally, an undertaking dated 31.10.2018 has also been obtained from the Establishment regarding securing compliance of Contractor Employees – covered and uncovered under the Act.

As the Establishment has complied the observations pointed out by the squad and no court case is pending now, please find enclosed herewith two sets of the proposal submitted by the establishment for grant of exemption under Section 17(2) of the EPF Act read with Para 27, of the EPF Scheme, containing the following documents for onward submission to the Appropriate Government i.e., Ministry of Labor, Govt. of India, New Delhi – 110001:

1. Application dated 31.10.2018 for grant of exemption under Section 17(2) of the Act addressed to the Appropriate Government i.e. Ministry of Labour, Government of India Shram Shakti Bhawan, Rafi Marg, New Delhi 110001.
2. Particulars of the establishment for grant of exemption.
3. Undertaking of the Employer to abide by the revised 31 conditions with Appendix A grant of exemption u/s 17(2) of the Act read with Para 27A of the Employees' Provident Fund Scheme, 1952.
4. Undertaking that all the eligible employees have been enrolled as member.
5. Undertaking by the Employer/BOT to abide by condition No.22 of Appendix-A to 27AA of the Employees' Provident Fund Scheme, 1952.
6. Undertaking by the Employer/BOT to abide by condition No.23 of Appendix-A to 27AA of the Employees' Provident Fund Scheme, 1952.

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8. Name and Address of Board of Trustees.
 9. Copy of PF Trust Rules duly signed by the members of BOT along with Annexure A to I
 10. Copy of Income Tax Recognition Certificate.
 11. List of Contractors along with their PF code numbers and number of Employees engaged
 12. Comparison of benefits duly attested by the members of the Board of Trustees.
 13. Investment pattern followed by the Board of Trustees during the last 3 financial years 2015-16 to 2017-18.
 14. Annexure- A- Points on which comments/information are to be furnished along with proposal for Exemption.
 15. Trust Deed.
 16. Undertaking by the employer for maintenance of accounts electronically.
 17. Copy of the audited Balance Sheets of the Trust & the Establishment for the last three years.
 18. Undertaking of the employer regarding securing compliance of contractor employees covered & un-covered under the Act.
 19. Undertaking of the employer regarding adherence to the prescribed pattern of Investment

In this connection, it is certified that:

1. Statutory compliance is being rendered to the Trust Fund in so far as it relates to contributions while family Pension/Pension Contributions are being remitted to the RPF Delhi.
2. The trust rules are not less favorable to the employees as compared to the statutory scheme specifically with regard to (a) rate of contribution as provided under Section 6 EPF & MP Act, 1952 and (b) other benefits available to the members under the various provisions of EPF Scheme, 1952.
3. The Board of Trustees has been created under the chairmanship of the Director General (Employer).
4. The number of trustees representing the employer and employees are 3 each and the same is within the permitted limit under Para 79C of the EPF Scheme.
5. All the employees, as defined under Rule-1(d) of Revised P.F. Trust Rules, are enjoying PF benefits on the whole not less favorable than the benefits available under the statutory scheme.

6. The establishment has enrolled all the eligible employees.
7. The compliance of the establishment and the employment strength is verified. 477
8. The investment in various securities by the Trust during the last 3 years has been verified and surcharge levied and collected in respect of deviation found from the prescribed pattern of investment.
9. The trustees maintain proper records of withdrawals, transfers etc.
10. The trustees are maintaining accounts of the Trust electronically and members are able to see their account balance from the computer terminals.
11. Board of Trustees has furnished copies of the undertakings as per Condition No. 22 & 23 of Appendix 'A' under Para 27AA of the EPF Scheme, 1952.
12. The accounts of the trust as well as the establishment have been verified by a team of Enforcement Officers headed by APFC to ensure that the establishment comply with all the conditions for grant of exemption and the trust handles the funds effectively and efficiently. Compliance Audit report for the period 2010-11 to 2016-17 is attached for ready reference containing pages 1 to 136.
13. The establishment has remitted the inspection charges and the contribution dues in respect of Employees Pension Scheme and EDLI Scheme as the case may be. The compliance status on the remittance of statutory dues against all the three schemes are made up to date.

It is requested to forward the proposal to the appropriate Government for issuance of necessary order for grant of exemption to the above establishment w.e.f. 05.06.1994 under section 17(2) of the EPF & MP Act 1952 read with Para 27A of the EPF Scheme 1952 for the class of employees as defined under the PF Trust Rules of the establishment, under intimation to this office. Recommendation in Ten Point Check List is also enclosed herewith as Annexure-A.

Encl.: as above.

Yours faithfully,

15/11/18
MHD SARGAR
2)

19/11/18

(J.P. Chauhan)

Regional President, Employees' Provident Fund Commission

REPORT OF THE FINDINGS OF INSPECTION OF DL/21101

DETAILS OF THE ESTABLISHMENT:

ANNEXURE -1

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- (i) Name of the establishment : M/s. Software Technology Parks of India, 9th floor, NDCC-II, Jai Singh Marg, New Delhi-110001.
- (ii) P.F. Code no. of the establishment : DL/21101, Applicability of EPF & MP Act 1952 matter is pending before Hon'ble Delhi High Court as per WP (C) no. 18220/2005.
- (iii) Date of audit : 14.05.2018, 24.05.2018, 19.06.2018, 26.06.2018, 27.06.2018, 04.07.2018 and 06.07.2018.
- (iv) Period upto which audit carried out : 2016-17
- (v) Date of coverage : 05.06.1994.
- (vi) Names, addresses of branches/departments : Software Technology Parks of India has 57 centres operational across the country (List enclosed). No sub code has been allotted to any unit of STPI u/s 2A of the EPF & MP Act 1952.
- (vii) Whether relaxation has been granted by the Commissioner in terms of para 79 of the Scheme : No relaxation order issued.
- (viii) Whether exempted under section 17(1)(a), 17(1)(b), para 27/27A : The establishment vide application dated 24.10.2014 addressed to Ministry of Labour again applied for grant of exemption under section 17(2) of the EPF & MP Act 1952 read with Para 27A of the EPF Scheme 1952 along with other documents. *Not applicable*
- (ix) If exempted u/p 27, the employment strength of the establishment and the total no. of employees exempted. : *Not applicable*
- (x) If exempted u/p 27A, the class the employees : 495 as on 31.03.2017 exempted and total no.
- (xi) The no. of "excluded employees" by virtue of drawing : No excluded employee more than Rs. 6500/- per month respectively.

AGAINST ALL THE POINTS BELOW, THE INSTANCES OF VIOLATIONS/ DISCREPANCIES BE NOTED CLEARLY FOR NECESSARY ACTION.

II REMITTANCES & RETURNS

➤ Whether the contributions payable at the rate prescribed under the Act are transferred to the Board of Trustees by the employer by 15 th of each month following the month for which the contributions are payable.	:	Yes, please see obs no.4 & 6.
➤ Whether contribution to EPS dues have been deposited by 15 th of each month.	:	Yes
➤ In case of default furnish month-wise details	:	NA
➤ In case of delayed remittances, whether interest in terms of section 7Q & damages u/s 14B of the Act has been levied upon and received from the employer.	:	Please see obs memo brief facts s.no. 7 & 8
➤ Whether the employer has paid prescribed inspection charges within 15 days from the close of every month.	:	Yes
➤ If not, furnish month-wise detail	:	NA
➤ Whether there are any assessed damages outstanding against the employer	:	NA
➤ Whether the Board of Trustees and the employer file the prescribed monthly/annual returns within the specified time limit. If not, whether suitable penal action has been taken against the Board of Trustees and the employer jointly.	:	Yes, submitting returns from 11/2015 onwards in physical form.

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III CLAIM SETTLEMENTS & ACCOUNT SLIP & GRIEVANCES :-

- Whether all claims are settled within the maximum time framed prescribed by the EPFO : Yes
- Whether there is an effective mechanism for redressal of grievances regarding claim settlement (e.g. Register of grievances etc.). If yes, the same may be verified and described. : Yes, Grievance register have been maintained.
- Verification of the rejected / returned claims : One claim rejected during the above period.
- The total no. of claims returned/rejected during the year : 1
- Percentage of the total claims during the year : 96.15% (settlement)
- Reasons for return/rejection as verified from records : Pls see reply point no. 11 of establishment letter dated 06.07.2018
- Whether the accounts in respect of the employees are maintained electronically, whether the members have access to their accounts and are able to see their account balance from the computer terminals : Yes
- Whether the Board of Trustees issue an annual statement of accounts or passbook to every employee within six months of the close of the financial / accounting year free of cost once in a year : Yes, up to the year 2016-17
- In case if an employee who is already a member of the EPF or the PF of an exempted establishment is employed, whether his accumulations with his previous employer has been transferred and credited into his account by his new employer. : NO such case is found
- The problems/grievances of the employees as expressed by their representative Union or the employees' trustees be listed. Their claim related difficulties be specially recorded. : No employee union exists in STPI. Pls see reply point no. 12 of establishment letter dated 06.07.2018.

IV ENROLMENT & CONDITIONS

Whether all the employees as defined under section 2(f) of : Yes
the Act are enrolled as members.

➤ Total member of P.F. members in the trust. Details in : 495 as on 31.03.2017.
respect of contributing and non-contributing members be
furnished.

➤ In case of exempted/relaxed under section 17(1) (a)/Para : NA
79 whether all the contract employees are enrolled to the
trust. Details of contract employees and contractors may
be furnished.

➤ In case of exemption under para 27 or 27A of the EPF : The establishment vide application dated 24.10.2014 addressed to
Scheme, whether the contributions of employees other : Ministry of Labour again applied for grant of exemption under
than those in respect of which exemption has been either : section 17(2) of the EPF & MP Act 1952 read with Para 27A of the
granted or applied for have been remitted into the : EPF Scheme 1952 along with other documents.
statutory fund with the RPFC

○ The no. of employees exempted u/p 27/27A : 495 as on 31.03.2017

○ The no. of un-exempted employees : Nil

➤ In respect of employees engaged by or through : Please see obs. No. 7.
independent contractors with separate provident fund
code numbers, compliance would be into the statutory
fund as Unexempted establishments. The following
details be furnished.

S. No.	Name of the contractor	PF Code No.	No. of employees engaged through the contractor	Office of EPFO where compliance is being reported	Compliance made upto
1	2	3	4	5	6
Detail enclosed - Annexure -					

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- A brief description of the mechanism adopted by the principal employer to ensure proper compliance by such contractors
- They are taking salary sheet and challans along with Form no. 3A/6A and presently ECR before releasing the payments.

V RATE OF INTEREST:

- Whether the interest declared by the Board of Trustees is at par with or higher than that declared by the Central Govt. If not, whether the employer has made good the deficiency to bring it upto the statutory limit. Furnish the details

VI INVESTMENTS:

- Whether the Board of Trustees have invested (within 2 weeks from the date of receipt of the said contributions) the monies of the provident fund as per the directions to the Govt. from time to time

➤ Total Invested Corpus including SDS : Rs. 53,68,99,771/- as on 31.03.2017

Investment Pattern	% amount invested	Norm	Reasons for deviation, if any
1	Annexure - 2016-17	3	4
1) Category-I, Central Govt & State govt Securities	47.39	Not less than 45 to 50%	Surcharge for Rs.14948/-
2) Category-II, Debt Instrument & related Investments	43.99	Not less than 35 to 45%	calculated as per HO
3) Category-III, Short term debt and related investments.	04.01	Up to 5%	circular dated 01.02.2017.
4) Category-IV Equities	04.61	5 to 15%	Please see obs no.10.
5) Category-V, Asset backed, trust structured & misc investments	0	Up to 5%	

- Whether on failure to invest as per the above norm, the Board of Trustees separately and jointly have been made liable to pay surcharge.
- The total amount retained for obligatory : Rs. 1,82,80,701/- as on 31.03.2017
- outgoing/expenses as on 31.03.2017
- Whether the amount retained for obligatory expenses are : Yes, Please see obs no.12 (f).
- reasonable and proportionate to the amount required for claim settlement etc.

- ▶ Whether the securities have been obtained in the name of the Trust and in dematerialized (DEMAT) form : Yes.
- ▶ Whether the Board of Trustees has maintained a script wise register and has ensured timely realization of interest : Yes.
- ▶ Whether DEMAT account has been opened through depository participants approved by RBI and Central Govt. in accordance with the instructions. : Yes,
- ▶ Whether all the investments made like purchase of securities and bonds have been lodged in the safe custody of depository participants : Yes, except investment in fixed deposits are in physical foam.
- ▶ Whether the details of the depository participants in whose safe custody the investment made in the name of the Trust viz. in securities, bond etc. have been lodged have been intimated to the RPFC : Yes
- ▶ Whether the Board of Trustees while raising sums of money for meeting obligatory expenses such a settlement of ~~claims etc.~~ have taken prior approval of the RPFCs for sale of the securities or other investments. : No such case observed.
- ▶ Is there any case of non-delivery of contracted investment instruments/script. Furnish details. : No.
- ▶ Whether any case of securities bonds which could not be redeemed/encashed even after their date of maturity.. If yes complete details thereof. : No.

VI AUDIT OF ACCOUNTS

- ▶ Whether the accounts of the provident fund as maintained by the Board of Trustees are audited annually by a qualified independent Chartered Accountant. : Yes. By Sharvan & Associates.
- ▶ The date of submission of a copy of the auditors' report along with the audited balance sheet to the RPFC concerned. : Submitted during the course of present compliance audit. Please see obs. No. 18.
- ▶ Whether it is ensured that the same auditors are not accounted for the two consecutive years and for not more than two years in a block of six years. : Yes

- 1251
- ▶ Whether the Company has reported loss for three consecutive financial years or erosion in the capital base thereby invoking condition no. 25 of para 27AA. : NO
 - ▶ Whether a show case notice/proposal for cancellation of exemption has been sent for violation of conditions 25 of para 27AA of the EPF Scheme, 52. : NA
 - ▶ Whether the establishment is registered with BIFR. : NO
 - ▶ Whether all commission, incentive, bonus or other pecuniary rewards given by any financial or other institution for investments made by the Trust have been credited to its account. Furnish the details. : Yes. - -
 - ▶ Whether any loss been caused to the provident fund? : No loss during 2016-17.
 - ▶ Whether the loss to the PF Trust has been good by the employer/establishment & not from the reserves & surplus of the PF Trust. : Yes.
 - ▶ Complete details of the loss made good/recouped by the establishment including amount, cheque/D.D. no. and date of credit in the trust account. : The establishment had remitted the EPS contributions for the period 04/94 to 06/15 to RPF during 2015. The said payment was not made from STPI ECPFT. Therefore, book entry was made, in the STPI ECPFT on 31.03.2016. The loss was adjusted by making entry in STPI ECPFT books of accounts during 2016-17. Pls see reply point no. 13 of establishment letter dated 06.07.2018.
 - ▶ Whether all the expenses of the administration of the provident fund has been borne by the employer. Furnish the details. : Yes, please see obs no. 12(e).
 - ▶ A special note to be given on treatment of investment : Amortized the profit/loss during the life time of the concerned whether it is marked to market or amortized or booked on face value with profit and loss transferred to a separate proforma account etc. : investment.

OTHER BENEFITS

- Whether all amendments to the EPF scheme which are more beneficial to the employees than the existing rules of the establishment have been automatically made applicable pending formal amendment of the rules of the Trust. : Applicability of EPF & MP Act 1952 is pending before Hon'ble Delhi High Court.

- Whether any amendment of the rules has been made by the employer without the prior approval of the RPFC. : As above.

IX EDLI SCHEME COMPLIANCE

- Whether exempted under section 17(2A) or 17(2B) of the Act or relaxed under paragraph 28(7) of the Employees' Deposit Linked Insurance Scheme, 1976 : EDLI contribution remitted to RPFC, Delhi up to 06/2015. The establishment has taken EDLI policy from LIC and applied for exemption u/s 17 (2B) of the EPF Act 1952 w.e.f. 01.07.2015. The exemption order is still pending. See obs. no.14.

- If yes, Notification/order no. and date of issue by appropriate authority/Government : NA

- The date of expiry of the exemption : NA

- Whether application for extension of exemption has been made : NA

- If not, action taken for securing compliance as Un-exempted from Insurance Scheme : NA

- If complying as un-exempted for EDLI whether the dues have been deposited timely. : NA

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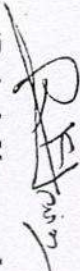
- (X) > Whether Board of Trustees is reconstituted? If so : NO, on 18.09.1993. Pls see reply point no. 22 of establishment letter dated 06.07.2018. Pls. see obs.no. 17.

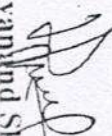
(XI) Complete details of all the Participating units (If any) in the trust be provided in the below format. NA

Sr. No.	Name of the P. F. Trust	Name of the participating unit/establishment	P.F. Code no.	No. of P.F. members	Whether exempted or relaxed	RPFC who granted relaxation/permission for participation	Effect date of relaxation.
			NA				

> Whether at least one representative each of the participating units has been made a member of the common PF Trust as per the provisions of Para 79(C)(1)

NA, Details not separately available. Pls see obs no. 13.


(Rajesh Kumar. Jain)
Enforcement Officer


(Dayanand Sharma)
Enforcement Officer


(Kumar Punit)
Assistant P.F. Commissioner

To,
RPFC/APFC (Exemption)

Item No. 18: Information on the issue of Pension on higher wages and status of court cases.

An agenda item on the issue of pension on higher wages was placed for information in the 221st CBT Meeting held on 13.04.2018.

Shri. A. K. Padmanabhan, CBT Member desired to place an agenda item on the issue of pension on higher wages including the status of court cases before the CBT. Accordingly information on the issue of pension on higher wages including the status of court cases is placed as **Annexure 18A** for information. The information was placed as an agenda item in the 41st meeting of the Pension & EDLI Implementation Committee (PEIC) held on 6.2.2019 & the views of the committee members are appended in the minutes.

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

NOTE ON EMPLOYEES' PENSION SCHEME, 1995.

1. Vide GSR 748(E) dated 16.11.1995 published in the Gazette of India Extra, Pt.II, Sec. 3(i), dated 16th November, 1995 the Employees Pension Scheme, 1995 was notified for implementation, substituting the erstwhile Employees Family Pension Scheme, 1971.
2. The option to become the member of this Scheme was given w.e.f. 01.04.1993 itself to the members who left membership or died between 01.04.1993 and 15.11.1995.
3. In the Employees Pension Scheme, provision was made for diversion of 8.33% of wage out of the Employer share of P.F. contribution along with the contribution of 1.16% of wage from Government to the EPS account. The balance amount is required to be continued in the account of the P.F. member as employer share of contribution.
4. Different stakeholders including the employees of big establishments, Public Sector undertakings, various Trade Unions and Political Parties opposed this Scheme. Many Establishments, Employees Associations and others approached various High Courts against implementation of the Employees Pension Scheme, 1995.
5. Several rounds of negotiations were initiated by the Government for acceptance of Employees Pension Scheme by the opposing parties. In order to have wider acceptance by various shareholders, following provisions were added in the Employees Pension Scheme, 1995 on 28th February 1996 as major amendments within three months of introduction of the main scheme:-

(i) Option for Commutation

(ii) Option for Return of Capital

(iii) Option to contribute on higher wages exceeding the statutory limit.

These were perhaps introduced to make EPS, 1995 more attractive to a wider group of employees without detailed financial analysis regarding sustainability of the Pension Fund on long term basis.

6. CONTRIBUTION TO PROVIDENT FUND ON HIGHER WAGE

The provision for contribution on higher wages is provided in Para 26(6) of Employees Provident Fund Scheme 1952, which reads as following.

Para 26(6)

Notwithstanding anything contained in this paragraph an officer not below rank of an Assistant Provident Fund Commissioner may, on the joint request in writing, of any employee of a factory or the establishment to which this Scheme applies and his employer, enroll such employee as a member or allow him to contribute on more than (rupees six thousand and five hundred) of his pay per month if he is already a member of the Fund and thereupon such employee shall be entitled to the benefits and shall be subject to the conditions of the Fund, provided that the employer gives an undertaking in writing that he shall pay the administrative charges payable and shall comply with all statutory provisions in respect of such employee.

7. CONTRIBUTION TO PENSION FUND ON HIGHER WAGE

The erstwhile Para 11(3) (deleted through amendment dated 22.08.2014) of Employees' Pension Scheme, 1995 provided the clause for considering higher wage as pensionable salary under Employees' Pension Scheme, 1995 and is reproduced below:-

The maximum pensionable salary shall be limited to [Rupees six thousand and five hundred/Rs. 6500/-] per month.

Provided that if at the option of the employers and employee, contribution paid on salary exceeding [Rupees six thousand and five hundred/Rs. 6500/-] per month from the date of commencement of this Scheme or from the date salary exceeds [Rupees six thousand and five hundred/Rs. 6500/-] whichever is later, and 8.33 percent Share of the employers thereof is remitted into the Pension Fund; pensionable salary shall be based on such higher salary.

This provision for contributing on higher wages in Pension Fund continued from 16.11.1995 to 31.08.2014 in the EPS, 1995 as a legal provision. As such provision under this para 11(3) of EPS, 1995 allowed employer and employee to pay contribution to Pension Fund on higher wage and get the pension on such higher wage on retirement or otherwise, upto 31.08.2014.

8. After introduction of new benevolent provisions the Bill on Employees' Pension Scheme, 1995 was passed by the Parliament also.

9. In the meantime, various petitions against introduction of Employees' Pension Scheme, 1995 were filed in different High Courts and all cases were transferred to Hon'ble Supreme Court through Transfer Petition. The Hon'ble Supreme Court in the year 2003 decided the pending matters by upholding the validity of the Employees' Pension Scheme, 1995.

10. Since the matter was pending in Honøble Supreme Court up to 2003 and some interim orders were also passed during this period, many of the Employees who had not opted to become members of Pension Scheme were given opportunity to become members of the Pension Scheme and also to contribute on higher wages as per the provisions of Para 11(3) of Employees Pension Scheme, 1995 through detailed instructions dated 05.02.2004 for payment of contribution.
11. Subsequently, considering the financial viability of the Employeesø Pension Scheme, 1995 based on various actuarial reports till then, the opportunity for giving option to contribute on higher wages on becoming member of the Employeesø Pension Scheme was stopped in the year 2004 vide circular No.Pen 4(38)/96/WB/59867 dated 01.12.2004. A clarificatory circular discontinuing acceptance of contributions on higher wage in Pension Fund was also issued vide communication dated 22.11.2006.
12. Although administrative instructions were issued disallowing option to contribute on higher wages (wages exceeding ceiling amount), this provision for contribution on higher wage in scheme was not amended till the year 2014. So legally, the provision for contribution on higher wages continued from 16.11.1995 to 31.08.2014.
13. The provisions relating to option for commutation and option for return of capital were deleted with effect from 26.09.2008 by GSR.688(E) dated 26.09.2008.
14. The scheme was amended in 2014 by omitting the proviso to clause 11 (3) by G.S.R. No.609 (E), dated 22.08.2014 (with effect from 01.09.2014).
15. During the period 2004 to 2014 many cases were filed in various forums and High Courts, praying for payment of pension on higher wages by allowing to contribute on higher wages under the pension scheme.
16. On being aggrieved by the orders of the High Courts, EPFO appealed to the Honøble Supreme Court wherein the department filed 8 SLPs in series against the orders of Honøble Kerala High Court. The said SLPs were dismissed by the Honøble Supreme Court vide order dated 31.03.2016 (7 ó SLPs) and dated 12.07.2016 (1-SLP) by bunching the SLPs. Some of the Writ Petitions filed against the stand taken by EPFO in this matter were as old as 2007, that is, immediately after issue of circulars for stoppage of option for contribution on higher wages.

The details are as under:-

Details of SLP dismissed by Supreme Court of India

S.No.		SLP No.	Title	Arising out of order	Against W.P No.	Name of the establishment	Whether Exempted or Unexempted
1.	i)	7074/2014	A.Majeed Kunju & Ors.	1135/2012 6 dt.05.03.13	7878/2011 dt.24.02.12	Kerala State Handloom Development Corpn. Ltd.	Unexempted
	ii)	7075/2014	Abdul Hakkim Sherief & Ors	1137/2012 – dt.05.03.13	15252/2011 dt.24.02.12	Kerala State Handloom Development Corpn. Ltd.	Unexempted
	iii)	7076/2014	M.Babu & Ors	568/2012– dt.05.03.13	6643/2007 dt.04.11.11	Fertilizers & Chemicals Ltd.	Exempted
	iv)	7107/2014	A.K.Jayappan & Ors.	569/2012– dt.05.03.13	9929/2007 dt.04.11.11	Fertilizers & Chemicals Ltd.	Exempted (Relaxed)
	v)	7108/2014	P.N.Pillai & Ors.	1174/2012 – dt.05.03.13	13220/2007 dt.12.04.12	Hindustan Newsprint Ltd.	Exempted
	vi)	7224/2014	S.Nizar & Ors.	1138/2012	15313/2011	Kerala State Handloom Development Corpn. Ltd.	Unexempted
	vii)	697/2016	K.J.Varkey & Ors.	1423/2014	167/2014 dt.04.03.14	Kerala State Handloom Development Corpn. Ltd.	Unexempted
	(Dismissed vide common order dated 31.03.2016)						
2.		19954/2015	Austin Joseph & Ors.	1362/2014 4 dt. 17.10.14	254/2014 dt.04.03.14	Kerala State Financial Enterprises Ltd.	Unexempted

(Dismissed vide order dt.12.07.16)

17. Out of the 8 SLPs dismissed, three were relating to employees of Exempted establishments, namely, FACT (2 SLPs) and Hindustan Newsprint Limited (1 SLP).
18. The remaining SLPs were relating to employees of Unexempted establishments, namely, Kerala State Handloom Development Corporation Limited (4 SLPs) and Kerala State Financial Enterprises Limited (one SLP).
19. After dismissal of the aforesaid multiple SLPs by the Apex Court, compliance of the orders in the respective Writ Petitions was required to be made and benefit of pension on higher wages retrospectively was allowed to the members who were petitioners in the aforesaid writ petitions including the employees of the concerned exempted establishments.
20. In the case of employees of FACT Limited, the request of the employees to remit the pension contribution on higher wages was permitted earlier by EPFO and the difference amount was transferred and credited to the Pension Account. Later on, the permission already granted was disallowed and the differential amount was transferred back to the P.F. account in the Exempted Trust on the plea that the difference amount was deposited after the cut-off date of 01.12.2004 based on the circular issued by EPFO on the subject matter.
21. In the case of Hindustan Newsprint Limited, the Petitioners had given option on 20.01.1999 for contributing to EPS, 1995 on actual salary from 16.11.1995. But the employer remitted the contribution on full wages from April, 2003 onwards awaiting further direction. Hence the order of the Honøble High Court allowing the benefit of retrospective contribution under Para 11(3) of the Pension Scheme was on the basis of the factual circumstances of the case and it cannot be construed that the benefit of retrospective option under Clause 11(3) can be allowed to employees of all exempted establishments in general.
22. Thus the judgement passed by the Honøble High Court on the facts of the cases of FACT Ltd. & Hindustan News Print Ltd. cannot be construed to be applicable in general to employees of all exempted establishments.
23. After disposal of the SLPs, various Writs were filed and orders allowing option to contribute on Higher wages retrospectively were issued. Two SLPs were filed by employees of M/s Himachal Pradesh Tourism Development Corporation against the orders of the Division Bench of Honøble High Court of Himachal Pradesh

disallowing the option for contributing to Pension Fund on higher wage. The Honøble Supreme Court disposed off the aforesaid 2 SLPs vide order dated 04.10.2016 (R.C. Gupta Vs RPFC Shimla) allowing the petitions.

24. In this matter of R.C. Gupta Vs. RPFC Shimla the Honøble Supreme Court vide its judgment dated 04.10.2016, decided the matter of pensionary benefit on higher wages with detailed order examining the provisions of the Employees Provident Fund Scheme, 1952 and Employeesø Pension Scheme, 1995 and also citing the orders passed by the Apex Court for dismissal of SLPs filed by EPFO with reference to the orders passed by Honøble Kerala High Court.
25. Relevant portion of judgment of the Supreme Court dated 04.10.2016 may be summarized and reproduced as follows:-
 - (a) Reading the proviso, we find that the reference to the date of commencement of the Scheme or the date on which the salary exceeds the ceiling limit are dates from which the option exercised are to be reckoned with for calculation of pensionable salary. The said dates are not cut-off dates to determine the eligibility of the employer-employee to indicate their option under the proviso to Clause 11(3) of the pension Scheme.
 - (b) A somewhat similar view that has been taken by this court in a matter coming from the Kerala High Court, wherein the special Leave petition (C) No. 7074 of 2014 filed by the Regional Provident Fund Commissioner was rejected by this court by order dated 31.03.2016.
 - (c) A beneficial Scheme, in our considered view, ought not to be allowed to be defeated by reference to a cut-off date, particularly, in a situation where (as in the present case) the employer had deposited 12% of the actual salary and not 12% of the ceiling limit of Rs. 5,000/- or Rs. 6,500/- per month, as the case may be.
 - (d) Exercise of the option under paragraph 26(6) is a necessary precursor to the exercise of option under Clause 11(3). Exercise of such option, therefore, would not foreclose the exercise of a further option under Clause 11(3) of the Pension Scheme unless the circumstances warranting such foreclosure are clearly indicated.
 - (e) The above apart, in a situation where the deposit of the employerø share at 12% has been on the actual salary and not the ceiling amount, we do not see how the Provident Fund Commissioner could have been aggrieved to file the LPA before the Division Bench of the High Court.

- (f) All that the Provident Fund Commissioner is required to do in the case is an adjustment of accounts which in turn would have benefitted some of the employees. At best what the Provident Fund Commissioner could do and which we permit him to do under the present order, is to seek a return of all such amounts that the concerned employees may have taken or withdrawn from their Provident Fund Account before granting them the benefit of the proviso to Clause 11(3) of the Pension Scheme. Once such a return is made in whichever cases such return is due, consequential benefits in terms of this order will be granted to the said employees.
26. The outcome and implications of orders of the SLPs already dismissed and detailed order dated 04.10.2016 of the Honøble Supreme Court was placed for consideration and opinion before senior officers of Head Office in the meeting held on 23.11.2016 wherein it was decided to place the matter before Pension and EDLI Implementation Committee (PEIC) for taking decision on compliance of orders of the Honøble Supreme Court considering the financial implication involved in compliance of the judgment.
27. The matter was placed before Pension and EDLI Implementation Committee (PEIC) in its meeting dated 08.12.2016. After detailed discussion, Pension and EDLI Implementation Committee (PEIC) agreed to comply with the aforesaid order and recommended to place it before Central Board of Trustees (CBT).
- (i) ó **Unexempted establishment** - However, it was agreed that compliance may be made immediately in respect of the Provident Fund & Pension Members including superannuated cases whose accounts are maintained by EPFO as their details are already available with EPFO and contribution on higher wages has been received by EPFO. Their pension settlement may be regulated in accordance with the order of the Honøble Supreme Court by taking joint option from the employee and the employer and transfer/payment to Pension Fund as per details of payable contributions with interest.
- (ii) ó **Exempted establishment** - In respect of those members of Exempted Provident Fund Trusts whose contribution on higher wages has not been received by EPFO, it was decided that their cases may be examined on verification of books of record of the exempted establishment and the trust regarding compliance to Provident Fund and Pension Fund as per the provisions of the EPF Scheme 1952 and Employees Pension Scheme 1995 and the information may be submitted to the committee.

28. The matter was placed as a separate agenda in the 215th CBT meeting on 19.12.2016. The Central Board of Trustees (CBT) approved the proposal contained in the agenda as per recommendations of PEIC for consideration of the Government for implementation.
29. The proposal for implementing the directions of the Honøble Supreme Court order dated 04.10.2016 by way of issuing administrative instructions to field offices for compliance as approved by Central Board of Trustees (CBT) was forwarded to Ministry of Labour & Employment vide UO. Note Pension-I/12/33/EPS Amendement/96/Vol.II 1839 dated 10.01.2017.
30. After series of queries and discussions by the MOL&E on the subject matter, the MOL&E vide letter dated 16.03.2017 conveyed its approval to implement the directions given in the order dated 04.10.2016 of the Honøble Supreme Court as per proposal approved and recommended by the CBT, EPF.
31. Accordingly the officers in-charge of all filed offices were directed vide letter No.Pension-I/12/33/EPS Amendement/96/Vol.II/34007 dated 23.03.2017 to take necessary action in accordance with the order of the Honøble Supreme Court in SLP No.33032-33033 of 2015 as approved by the Government and as per the provisions of the EPF & MP Act, 1952 and Schemes framed there under.
32. Upon issue of instructions for compliance of the judgment of Honøble Supreme Court as above, many groups of employees belonging to Exempted Establishments who had not contributed on higher wages to the Pension Fund started approaching the various field offices of EPFO for extending the benefits to them also.
33. The case of exempted establishments was examined in detail further with regard to the Supreme Court judgments, as per decision of the Pension and EDLI Implementation Committee. It was found that the Supreme Court order is not applicable to the exempted establishments and benefits cannot be given to these employees for the reasons annexed.
34. Considering the difficulties faced by the field offices in convincing such employees belonging to exempted establishments that they are not covered by the directions of Honøble Supreme Court order dated 04.10.2016 for Pension on higher wages in compliance of the instant judgment of the Honøble Supreme

Court, clarification was issued on 31.05.2017 that the provisions mentioned by the Honøble Supreme Court in its order dated 04.10.2016 applied only to the employees of unexempted establishments, whose both Provident Fund and Pension contributions were being deposited by the employer in EPFO account. As such the decision of the Pension & EDLI Implementation Committee has been complied with.

35. After issue of such clarification many of the groups of employees belonging to exempted establishments filed petitions in various High Courts challenging the clarification issued on 31.05.2017 and claiming for benefits misrepresenting the instant judgment of the Honøble Supreme Court.
36. In order to avoid adverse order from different courts, a conscious decision was taken to file a petition for transfer of all such petitions filed in various High Courts to the Honøble Supreme Court to have uniform and finality in the matter. Accordingly, a petition for transfer of petitions have already been filed in Honøble Supreme Court.
37. The Honøble Supreme Court has passed an interim order dated 15.12.2017 in the said transfer petition wherein it has requested the other High Courts to await for the outcome of the order passed by the High Court of Kerala in the cases reserved for judgment and only thereafter to proceed further in the matter and that too subject to further orders to be passed by the Honøble Supreme Court in these matters.
38. The provisions of the Employeesø Pension Fund 1995 has been subject to litigation from its inception in different courts starting from District Consumer Forums due to various factors including the complexities in the Scheme and interpretation of the Court, added with the view taken by legal fora on humanitarian ground and considering Pension Scheme as welfare measure of the Government. Even after the judgment of Honøble Supreme Court in 2003, upholding the validity of Employeesø Pension Scheme, 1995, the cases filed by the members right from consumer forums to High Courts have been enormous. As per information made available by the field offices more than 400 cases relating to EPS 1995 are pending in various courts.
39. The Consumer Forums & Courts have been issuing orders on humanitarian grounds considering the pension scheme as a welfare legislation. Such orders

are either based on the interpretation of the provisions under the scheme, absence of express provisions in the scheme and at times not in consonance with the Scheme provisions.

40. The cases and disputes relating to EPS crop up due to the fact that pension granted is not directly linked to the contributions paid by the individual member of this scheme during entire period of membership. Rather it is based on the average pay at the end of the membership which is much higher than the average of entire period of membership. Infact, the contribution against a member are not even individually accounted. It is credited to a pool fund. Since benefits of the pension is granted for entire life time of the pensioners from a pool fund contributed by all members for future payouts it is thought by the pensioners that common fund can pay higher pension irrespective of their individual accumulated contribution.
41. It is believed that the spate of litigation can be stopped only by a complete revamp of the pension scheme and moving towards a individual contribution based scheme from the current pool based scheme.

Reasons for not extending the benefits envisaged in the Hon'ble Supreme Court order dated 04.10.2016 to the employees of the exempted establishments cannot be considered on following grounds.

- i) The Hon'ble Supreme Court in its judgment dated 04.10.2016 has clearly mentioned that option under para 26(6) of the Employees' Pension Scheme 1952 is a necessary precursor to the exercise of option under clause 11 (3) of the Employees' Pension Scheme 1995.

The provisions of the para 26(6) of the Employees Provident Fund Scheme 1952 applies to the employees of unexempted establishments only for whom deposit of Provident Fund contribution is made in account maintained by EPFO. The employees of Exempted Establishments are governed by the respective Provident Fund Schemes of concerned establishments as framed by the Establishment and managed by the respective board of Trustees. As such the judgement is not applicable to them.

- ii) Monthly contributions to Provident Fund have not been paid to EPFO by these employees whereas the demand is for benefits from EPFO. They are demanding to pay monthly contributions to Pension Fund on higher wage for past many years now. It is much relevant to impress that EPFO has not accepted monthly contribution from the employees of even unexempted establishments now who had not given joint option from the date of eligibility and paid for contribution on actual salary under Para 26 (6) of the EPF Scheme, 1952. What has been granted is only a reclassification of contributions already paid to EPFO so far based on Court order.
- iii) If monthly contributions are accepted by EPFO now, the same demand will be made by unexempted establishments' employees also, who have not made such contributions, which will be in effect extending the facility to contribute on higher wages to any and all members of EPF with retrospective effect.
- iv) Allowing benefit of retrospective option to members of Pension Scheme of exempted establishments whose contribution was received in the pension fund on higher wage would bring them at par with those member/pensioners who had the foresight to contribute to the Pension Fund on higher wages since beginning and who had accordingly sacrificed a part of their earnings (by not depositing the contribution above the ceiling amount in P.F and earn

handsome interest on it) to avail higher pension, continuously for several years.

If the option to contribute retrospectively is allowed to those who consciously chose not to make contribution in Pension Fund on salary above ceiling limit, they will get the same benefit now (that is pension on higher wages) and this will send a wrong message.

- v) If these employees of exempted establishments could have complied in the initial days of beginning of Employees Pension scheme 1995, the return on investment could have been on much higher rate of return and for longer period as the rate of interest in late 1990s and early 2000s were around 12 to 14 % where as the current interest rate on investment is around 6%. Further, it would have yielded returns for future period also as EPFO investments are for longer tenure. As such deposit of the amount for past many years (having higher return regime) in the current low interest regime and paying pension on much higher wage for future (say 15 to 20 years) will be detrimental to the financial health of the pension fund. It is not just loss of past interest income, but erosion of corpus itself.
- vi) It is stated that if a member is allowed to give option to contribute on higher wages in the Pension Scheme, retrospectively, it will amount to enhancing monthly pension of the member many fold without getting any contribution from him towards increased pension. This will be evident from the following live example where the member retired on 31.03.2011 and subsequently remitted contribution on higher wages in 2016.

PPO No:	:	XXXXXXXXXX
PF Account No.	:	XXXXXXXXXX
Date of Birth	:	01.04.1953
Date of Joining	:	01.04.1983
Date of Exit	:	31.03.2011
NCP days	:	0
Date of Commencement of Pension	:	01.04.2011
Past Service	:	13years 5months 18days
Pensionable service	:	15years 4months 16days
Weightage	:	2

Commutation option : N
 ROC option : N

Calculation of Pension

	Existing	Revised (on higher wages)
Pensionable salary	6500	78106
Pension as per formula	1613*	19384
Past service benefit	313	313
Total pension	1926	19697

*including weightage

Amount remitted (contribution at 8.33% on higher wages with interest up to 10/2016): Rs.7,64,971/-
 Arrears of Pension paid: Rs.12,21,076/-

Thus in this case the member received an amount of Rs. 456105 up front as arrears of pension and his monthly pension was increased 10 times from Rs. 1926 to Rs. 19697, without practically paying single Rupee towards the enhanced pension in the Pension Scheme. The liability of this enhanced monthly pension will be borne by the members who are presently contributing to the Pension Scheme.

vii) That after the judgment of this Honøble Court in the aforesaid matter, as per the data received, pension has been revised in respect of 1175 pensioners upto 30.06.2017. The details are as under:

Sl. No	Name of Regional Office	Total No. Pensioners	Amount of contribution and interest remitted by pensioners (In Rs.)	Old Pension (In Rs.)	New Pension (In Rs.)	Pension Arrears paid to pensioners (In Rs.)
1	RO, Kannur	81	20553462	149898	648197	25213944
2	RO, Kochi	489	158010947	866315	4001877	169894870
3	RO, Kollam	58	31234177	101692	682608	36680128

4	RO, Kottayam	59	21953239	105572	503649	23922839
5	RO, Kozhikode	297	68215669	524466	2130410	84749984
6	RO, Trivandrum	191	86230650	380919	2173730	90082275
	TOTAL	1175	386198144	2128862	10140471	430544040

viii) It would be evident that in nearly every case the pension arrears paid to the pensioners is much more than the amount of contribution and interest remitted by the pensioners.

ix) It can be seen from the table/data that the average original pension in respect of 1175 pensioners is Rs.1811.80 and the average revised pension in respect of 1175 pensioners is Rs.8630.19. Thus the increase in average pension is Rs.6818.39 for each revised case.

x) It is reported that as on 31.03.2016 there are 53.85 lakh pensioners out of which 9,72,231 member pensioners are of exempted establishments. If all the employees of exempted establishments who have contributed on higher salary to the P.F. Trust of Exempted Establishments give option for revision of pension, the monthly impact will be 662.9 crore per month. Such huge outgo would make the fund unsustainable.

xi) In order to provide proper social security cover, the Govt. enhanced minimum pension to Rs.1,000/- w.e.f. 01.09.2014. The yearly expenditure to provide the minimum pension Rs.1,000/- is as under:-

S. No.	Year	No. Pensioner affected	Amount provided by Central Government (Rs.)
	2014-15	18,55,273	439.46 Cr.
	2015-16	18,34,791	821.70 Cr.
	2016-17	18,34,624	813.05 Cr.

This additional liability of approximately Rs. 800.00 crore is provided entirely by the Central Govt. through budgetary support as pension fund cannot bear this load.

xii) Vide letter dated 17.01.2017 EPFO had sought comments of actuary with respect to the financial implication of the fund if members drawing salary exceeding Rs.15,000/- per month are allowed to become the members of the Pension Scheme. The actuary informed that allowing member to contribute on salary without ceiling and get benefit on the same will not be financially viable.