

**EMPLOYEES' PROVIDENT FUND ORGANISATION**  
**MINUTES OF THE 219<sup>th</sup> CBT MEETING**  
**(DELHI, 23<sup>rd</sup> NOVEMBER, 2017 AT 03:00 PM)**

The 219<sup>th</sup> 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.

Following members attended the meeting:-

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| 1. Ms. M. Sathiyavathy, Secretary, Ministry of Labour & Employment                      | <b>VICE CHAIRPERSON</b>                   |
| 2. Shri Heera Lal Samariya, Addl. Secretary, Ministry of Labour & Employment            | <b>CENTRAL GOVERNMENT REPRESENTATIVES</b> |
| 3. Shri Arun Goel, Addl. Secretary & Financial Advisor, Ministry of Labour & Employment |   |
| 4. Shri R.K. Gupta, Joint Secretary, Ministry of Labour & Employment                    |   |
| 5. Shri Madnesh Kumar Mishra, Joint Secretary, Ministry of Finance                      |   |
| 6. Shri Rajit Punhani, Joint Secretary & Director General (Labour Welfare)              |   |
| 7. Shri J.P. Chowdhary  |   |
| 8. Shri B.P. Pant   | <b>EMPLOYERS' REPRESENTATIVES</b>         |
| 9. Shri Ravi Wig  |   |
| 10. Dr. S.S. Patil  |   |
| 11. Shri Sushanta Sen   |   |
| 12. Shri K.V. Sekhar Raju   |   |
| 13. Shri Balasubrahmanyam Kamarasu  |   |
| 14. Sh. Vijay Padate  |   |
| 15. Shri Ashok Gupta (substitute for Sh. U.D. Choubey)                                  |   |
| 16. Shri A.D. Nagpal  | <b>EMPLOYEES' REPRESENTATIVES</b>         |
| 17. Shri Sankar Saha  |   |
| 18. Shri Ashok Singh  |   |
| 19. Shri A.K. Padmanabhan   |   |
| 20. Shri Virjesh Upadhyay   |   |
| 21. Shri P.J. Banasure  |   |
| 22. Shri Ramen Pandey   |   |
| 23. Shri Ramendra Kumar   |   |
| 24. Shri Pawan Kumar (substitute for Sh. M.J. Rao)                                      |   |

25. Shri Chand Tatarwal, Joint Labour Commissioner, Rajasthan. **STATE GOVERNMENT REPRESENTATIVES**
26. Shri R.H. Vasava, Deputy Secretary, Labour Department, Gujarat. **STATE GOVERNMENT REPRESENTATIVES**
27. Shri Mangat Ram Sharma, Principal Secretary, Tamil Nadu. **STATE GOVERNMENT REPRESENTATIVES**
28. Shri Jatinder Pal Singh, Asst. Labour Commissioner, Government of Punjab. **STATE GOVERNMENT REPRESENTATIVES**
29. Shri R.K. Saini, Deputy Labour Commissioner, Haryana. **STATE GOVERNMENT REPRESENTATIVES**
30. Dr. V.P. Joy, Central PF Commissioner **SECRETARY**

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

1. Shri G.P. Srivastava **EMPLOYERS' REPRESENTATIVES**
2. Dr. G. Sanjeeva Reddy **EMPLOYEES' REPRESENTATIVES**
3. Principal Secretary (Labour), Andhra Pradesh **STATE GOVERNMENT REPRESENTATIVES**
4. Principal Secretary (Labour), Chhattisgarh **STATE GOVERNMENT REPRESENTATIVES**
5. Principal Secretary (Labour), Himachal Pradesh **STATE GOVERNMENT REPRESENTATIVES**
6. Principal Secretary (Labour), Madhya Pradesh **STATE GOVERNMENT REPRESENTATIVES**
7. Principal Secretary (Labour), Kerala **STATE GOVERNMENT REPRESENTATIVES**
8. Principal Secretary (Labour), Uttar Pradesh **STATE GOVERNMENT REPRESENTATIVES**
9. Principal Secretary (Labour), Karnataka **STATE GOVERNMENT REPRESENTATIVES**
10. Principal Secretary (Labour), Maharashtra **STATE GOVERNMENT REPRESENTATIVES**
11. Principal Secretary (Labour), West Bengal **STATE GOVERNMENT REPRESENTATIVES**
12. Principal Secretary (Labour), Delhi **STATE GOVERNMENT REPRESENTATIVES**

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

CPFC welcomed Chairman, Vice Chairperson and all other members to the 219<sup>th</sup> meeting of the Board. All the members appreciated the contribution made by Late Sh. D.L. Sachdev as CBT member and expressed condolence at his passing away by observing silence for two minutes.

The CBT placed on record its appreciation of the leadership provided by Hon'ble Shri Bandaru Dattatreya, the previous Chairman, CBT, EPF and former Minister of Labour and Employment.

CPFC briefly described the two softwares being launched by EPFO and requested the Chairman to launch them.

The Chairman launched the following two softwares: (1) Online Aadhar verified UAN allotment to any citizen (2) Online request functionality to EPF members for correction in name, DOB and gender.

The Chairman in his introductory address welcomed all the members to the meeting and gave an overview of the agenda items to be taken up in the meeting. He requested the co-operation and participation of all the CBT Members.

With the permission of the Chairman, Sh. Ramen Pandey said that a number of representations are being received on the issue of pension on higher wages and this issue should be discussed and the stand of CBT in this matter should be decided. Sh. A.D. Nagpal said that in the previous meeting, it was decided that an agenda item on this issue would be taken up in the next meeting but this issue was not included in the agenda for this meeting. Sh. A.K. Padmanabhan also raised this issue and said that he has received a number of representations in the matter and hence the issue needs to be discussed. Sh. Ashok Singh also raised this issue and said that a decision on this issue should be taken early. Sh. Virjesh Upadhyay also expressed concern on the issue of pension on higher wages. He said that the current stand taken by EPFO would need to be discussed. Sh. Ramendra Kumar said that since this issue was considered in the 218<sup>th</sup> meeting of CBT and was to be brought up in the next meeting (219<sup>th</sup> meeting) of CBT should have brought up the agenda for the CBT.

Sh. A.K. Padmanabhan raised concern that replies are not given to letters of CBT members. He said that important circulars should be sent by email to CBT members. CPFC assured that this will be done. Sh. A.K. Padmanabhan also said that meeting of the CBT should have been held earlier and not after a long gap of six months. Sh. Virjesh Upadhyay raised the concern that all statements are not recorded in the minutes. He said that the duration of the meeting should not be very short. Sh. Pawan Kumar said that only administrative agenda is placed before the CBT but the agenda of workers should be sought from the employees' representatives for discussion in the CBT. Sh. B. Kamarasu also said that the meeting should be held for a longer duration.

Sh. Shankar Saha expressed concern that the Jangipur Office is being shifted. CPFC informed that the office building is being shifted to Berhampur which is within jurisdiction of Jangipur office only and the district headquarter is Berhampur which is more convenient location. Sh. Virjesh Upadhyay- asked about the status of the proposal for increasing the

wage ceiling from Rs. 15,000/- to Rs. 25,000/-. The Vice Chairperson informed that the proposal has been forwarded to the Ministry of Finance.

The Vice Chairperson said that the issue of pension on higher wages should be discussed in the next meeting in which the declaration of rate of interest will also to be taken up. She said that different High Courts have taken different decisions on this issue and therefore in order to have uniform decision, the Hon'ble Supreme Court has been approached. CPFC said that the Hon'ble Supreme Court's earlier decision on the issue was placed before the CBT, recommended by the CBT and then approved by the Government. He said that EPFO has implemented the decision of the Courts in letter and spirit. He said that some people have approached the Hon'ble Court requesting that they should get additional benefits. EPFO has moved the Hon'ble Supreme Court to hear all the petitions together. The Chairman said that the matter can be discussed on a suitable date in December. The Chairman thereafter requested CPFC to take up the agenda items.

**Item No. 1: (a) Confirmation of minutes of the 217<sup>th</sup> meeting of CBT, EPF held on 12.04.2017.**

**(b) Confirmation of minutes of the 218<sup>th</sup> meeting of CBT, EPF held on 27.05.2017**

Sh. A.K. Padmanabhan said that the minutes of the 218<sup>th</sup> meeting of the CBT were not properly recorded. He said that on the issue of commutation of pension, action has not been concluded on the decision taken on 11.03.2015 in the 206<sup>th</sup> meeting and The Vice Chairperson had assured in the 218<sup>th</sup> meeting that the issue will be looked into but this was not recorded in the minutes. He said that in the 218<sup>th</sup> meeting, the Chairman had also assured to look into the EDLI issue as well as the issue of medical benefit to EPFO pensioners through ESIC.

The Vice Chairperson said that decision on the EDLI issue is being finalized. She said that the issue of commutation of pension has a lot of financial implications as well as it involves amendments in the Employees' Pension Scheme. She said that an actuarial study is needed which will be done after appointment of actuary. She informed that the proposal for appointment of actuary has been forwarded by EPFO to the Government and is under consideration. She said that the issue of medical benefit to EPFO pensioners through ESIC is complicated because coverage of ESIC is not available in all the districts, it is not clear how many pensioners are willing to pay the contribution for this Scheme and proper identification of the subscribers needs to be done along with the amount of provident fund balance that can be diverted for this purpose. She said that the progress on all these issues will be reported to the CBT.

The Board confirmed the minutes of the 217<sup>th</sup> and the 218<sup>th</sup> meetings of CBT.

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

**In item no. 2 of ATR:** Sh. Ashok Singh said that the issue of Workers' Bank should be expedited. He said that setting up of Workers' Bank is in the interest of workers as it will maximise returns on investments. Sh. P.J. Banasure said that this issue is being raised since 2013. He said that Workers' Banks are there in other countries and this facility should be made available in India also. Sh. Pawan Kumar said that a time frame should be fixed for setting up of workers bank. Sh. Manish Gupta said that a proposal has been sent to the Government to give approval for conducting a feasibility study by appointing experts.

**In item no. 3 of ATR:** Sh. Ashok Singh said that as Indian Railways issues passes and uniforms, fixes the rates of coolies and also issues identification number of coolies, social security should also be provided to the coolies. The Chairman said that the member may give specific detailed proposal on this issue.

**In item no. 4 of ATR:** Sh. Pawan Kumar said that mid-day meal workers, Asha workers and Aaganwadi workers should also get social security. The Chairman said that the process will be expedited.

**In item no. 5 of ATR:** Sh. Ashok Singh said that proper assessment should be done on the effect of investing in AA bonds. CPFC informed that a separate agenda item has been placed before the CBT on this issue.

**In item no. 6 of ATR:** Sh. Virjesh Upadhyay said that a training for CBT members was conducted on 31.10.2017 but proper training for Regional Committee members has not been conducted. CPFC said that a training has been conducted and further training sessions will be organised.

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

Sh. P.J. Banasure said that the post of FA & CAO should be filled up. The Vice Chairperson informed that appointment to the post of FA & CAO is under process. She said that earlier also applications were invited for appointment to the post of FA & CAO but no one could be appointed for want of sufficient applications from suitable candidates. Sh. P.J. Banasure said that in the FIAC meeting he had raised the issue that we should study the system of LIC. Sh. Manish Gupta said that action is being taken on this matter and a meeting was also held with LIC. Sh. P.J. Banasure said that there should be forensic audit of EPFO. Joint Secretary (Ministry of Finance) said that accounts of EPFO are audited by CAG. He said that the purpose of forensic audit is to determine whether funds are utilised for a different purpose from that for which the funds were intended and EPFO should take a call on whether such audit is needed on any specific item.

Sh. Ashok Singh said that meetings are not being held regularly for all sub-committees. He said that in order to monitor the issues, the Sub-Committees should meet regularly. CPFC said that meetings will be held regularly.

Sh. Ramendra Kumar said that contract workers are not being provided social security cover. A proper decision should be taken to extend social security to contract workers by taking into account their particular circumstances.

The Board took note of the minutes placed before it.

**Item No. 4: List of Ineligible cases for waiver of damages rejected by Central Provident Fund Commissioner.**

Sh. A.D. Nagpal said that the rules should be changed so that sick establishments, even if not registered in BIFR, should get the benefit of waiver of damages, in order to revive such industries and reduce joblessness.

The Board took note of the information placed before it.

**Item No. 5: Accounting Policy For ETF (Equity and Related Instruments) for EPF Scheme.**

FA & CAO explained the proposal contained in the agenda item to the members. He said that in the previous meeting of CBT, it was decided to invite an expert to CBT meeting to explain the proposed accounting policy regarding Exchange Traded Funds. He welcomed Ms. Padmini Srinivasan from IIM Bangalore and requested her to make a presentation on this issue. She made a detailed presentation on the accounting policy related to ETFs.

Sh. Virjesh Upadhayay said that accounting policy related to investment in ETF is a very difficult and technical subject and there should be a workshop so that CBT members can understand it better and to explain it to the workers also. He expressed concern that gradually the responsibility of making decisions related to investment may be shifted to individual employees, majority of whom are not educated enough to take decision on this issue. CPFC clarified that decisions related to investment such as buying and selling of ETF will be taken by EPFO only and not by individual employees.

Sh. P.J. Banasure asked about how EPFO will get rid of ETF when the market goes down. FA & CAO said that prudent investment policy is to buy more ETF and not to sell more when market goes down. He said that EPFO's policy is to continuously purchase and not to sell ETF randomly. Sh. Arun Goel said that within the limits set by Ministry of Finance for investment in equity, EPFO has the option to sell as well as purchase new equity stocks. He said that EPFO should not be a static investor but use professional expertise and manage the stocks prudently by not just buying but also selling stocks. Sh. Arun Goel said that we should not bind ourselves to invest 15 % all the time in equity. Instead we should prudently invest money by taking into account the market situation e.g. we may buy more stocks when the market is down and not buy stocks when the market is up.

Sh. A.K. Padmanabhan expressed concern about the investment of PF amount in stock market. He wanted to know how the risk would be mitigated.

Sh. Pawan Kumar said that markets should not be supported by investing the money of poor workers in the market thus putting that money at risk. Ms. Padmini Srinivasan said that as the country develops, the interest rates will get lowered and so investing in stock markets is necessary for ensuring higher returns on investments. The Chairman said that workers'

money is of utmost concern. He said that EPFO endeavours to invest and safeguard workers' money without loss in the investment. However, if need arises, the decision can be reviewed later on.

The Board approved the proposal as contained in the agenda.

**Item No. 6: Investment in dual AA+ private sector company bonds as approved by CBT in its 218<sup>th</sup> meeting.**

The Board took note of the information placed before it.

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

The Board approved the following proposal:

“A. The Credit Rating Agencies (CRA) registered with SEBI and having minimum ten years of experience in India may be invited under the GFR provisions to assist EPFO in (a) Selection of Portfolio Managers, External Concurrent Auditor and Custodian (b) Performance evaluation of Portfolio Managers. The tenure of the consultant for performance evaluation of Portfolio Managers will be concurrent with agreement period of the portfolio managers subject to satisfaction of the quality of services rendered drawn on periodical review.”

The Board also authorised the Chairman to nominate one representative each to the proposed Committee from employers' and employees' members of CBT, for carrying out the exercise of selection of consultant.

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

Sh Ashok Singh said that since performance of UTI mutual fund is better than that of SBI, more funds should be allotted to UTI than to SBI. Shri Manish Kumar Gupta, FA & CAO informed that the performances of UTI and SBI are for different periods and therefore cannot be compared. The Vice Chairperson said that performance of the ETF fund managers for the same period may be compared and an agenda item may be placed in the next meeting of CBT.

The Board took note of the information placed before it.

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

Sh. Ramendra Kumar asked whether adopting the proposed system could result in delay or inaccuracy in making payment. CPFC said that the new system will result in quicker and more accurate payments to members.

The Board approved the proposal as contained in the agenda.

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

Sh. Ashok Singh said that the observations of the CAG on the Annual Account should be addressed. CPFC informed that the observations of the CAG have been replied to. Sh. A.D. Nagpal said that the same amount under irregular payment and over payment has been shown as sundry credit and as sundry debit in the annual accounts. CPFC explained that these entries are related to over payments and irregular payments which are being reviewed in the Overpayments Committee. The Vice Chairperson explained that for an entry on the debit side, there is a corresponding entry on the credit side also in the accounts. Sh. A.D. Nagpal expressed concern about the amount recoverable towards income tax on provident fund amount. The Vice Chairperson informed that Income Tax Department has been addressed for refund and EPFO is not liable to pay income tax on provident fund amount.

The Board approved the proposal as contained in the agenda.

**Item No. 11: IT initiatives undertaken by EPFO i.e. (1) online Aadhar verified UAN allotment to any citizen (2) online request functionality to EPF members for correction in name, DOB and gender.**

The Board took note of the information placed before it.

The Chairman thanked all the members for their active participation and knowledgeable discussion on all the issues. The meeting ended with vote of thanks to the Chair.

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**LIST OF OFFICERS OF EPFO WHO ATTENDED THE 219<sup>th</sup> MEETING OF CENTRAL BOARD (EPF)  
ON 23-11-2017 AT EPFO, HQ, DELHI**

| Sl No. | Name                    | Designation          |
|--------|-------------------------|----------------------|
| 1.     | Shri Manish Kumar Gupta | FA & CAO             |
| 2.     | Shri S.K. Thakur        | ACC(HQ)              |
| 3.     | Sh. K.V. Sarveswaran    | ACC (HQ)             |
| 4.     | Sh. K.L. Taneja         | ACC (HQ)             |
| 5.     | Sh. K.L. Goyal          | ACC (HQ)             |
| 6.     | Sh. S.C. Goyal          | ACC (Conference)     |
| 7.     | Sh. M.S. Kalia          | ACC (ASD)            |
| 8.     | Ms. Anita Sinha Dixit   | ACC (Publicity)      |
| 9.     | Ms. Uditia Choudhary    | ACC (Finance)        |
| 10.    | Sh. Vipin Sharma        | RPFC-I (Finance)     |
| 11.    | Sh. J.K. Sangalay       | RPFC-I (Finance)     |
| 12.    | Ms. Nidhi Singh         | RPFC-I (Publicity)   |
| 13.    | Sh. Sunil Yadav         | RPFC-I (IMC)         |
| 14.    | Sh. Amiya Kant          | RPFC-I (Conference)  |
| 15.    | Sh. Ajay Kumar          | RPFC-II (Investment) |
| 16.    | Sh. Kewal Kishan        | SO (Conference)      |