EMPLOYEES’ PROVIDENT FUND ORGANISATION

NEW DELHI

XVITH MEETING OF THE PENSION IMPLEMENTATION COMMITTEE (EXECUTIVE COMMITTEE, CBT, EPF)

ON

28TH FEBRUARY 2001

AT

10:30 AM

VENUE

COMMITTEE ROOM, C, WING,
SHRAM SHAKTI BHAWAN,
(EXECUTIVE COMMITTEE, CBT, EPF)

ON

28TH FEBRUARY 2001

AT

10:30 AM
**AGENDA**

**Date of the Meeting** : 28th February, 2001  
**Time** : 10:30 AM  
**Venue** : Committee Room, C Wing, Shram Shakti Bhawan, New Delhi – 110001.

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   b) Action Taken Report on the decisions of XVth PIC Meeting. | 12-15  
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| 3. 3rd Valuation of the Pension Fund Report for the period from 01.04.98 to 31.03.99 submitted by Shri Bhudev Chatterjee, Actuary. | 22-23 |
| 4. Disbursement of pension under Employees' Pension Scheme, 1995 through Post Office – proposal for entering into an agreement with postal authorities. | 24-48 |
| 5. Nomination under Employees' Pension Scheme, 1995 – Operational instruction for validity of submission – regarding. | 49-55 |
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| 9. Any other item with the permission of the Chair. | |
The 15th meeting of the Pension Implementation Committee was held on 21st June, 2000 under the Chairmanship of Secretary, Labour/Chairman, Executive Committee.

Following members attended the meeting:

i) Shri Parduman Singh, Employees' Representative
ii) Shri A D Nagpal, Employees' Representative
iii) Shri W R Varadarajan, Employees' Representative
iv) Shri V P Chopra, Employers' Representative
v) Shri S K Ray, FA & CAO
vi) Shri A N Roy, Addl. CPFC & Convenor.

Shri A K Kasliwal and Shri N Kannan, Employers' Representatives could not attend the meeting due to pre-occupation and were granted leave of absence.
Shri Bhudev Chatterjee, Actuary, Shri Rastogi, Senior Director, NIC and Mr O.P. Goel, Technical Director, NIC, Ministry of Labour also attended the meeting as special invitees.

A list of other Officers of Ministry of Labour & Employees' Provident Fund Organisation who attended the meeting is given in Annexure.

At the outset, Secretary Labour & Chairman, Pension Implementation Committee welcomed the members and informed the Committee about the developments which have taken place since the last PIC Meeting held in June, 1999.

The Chairman apprised the Committee that:-

- The Employees' Pension Scheme, 1995 is in the Fifth year since its commencement and it has withstood the teething problems/difficulties and has shown stable progress in all the work areas.

- As on 31.03.2000, total 7,37,998 beneficiaries have been sanctioned pension and payment is being released to them regularly.

- So far, 2 annual valuations of the pension fund have been carried out and pension relief @ 4% for the first year and @ 5.5% for the second year have been allowed.

- 4% pension relief has been released to all the pensioners except few in respect of three regions viz., Maharashtra, West Bengal and Uttar Pradesh. Follow-up action is being taken to complete the work in these three regions also on priority.

- 5.5% relief has so far been provided to 85,954 pensioners which works out to approximately 25% of the requirement. The remaining work is under progress and it is expected to be completed shortly.

- In regard to data base creation, around 71% of contributing member's forms have been collected although the percentage is not coterminous with the percentage of data entry of such forms which is much less. There is improvement in this direction, but it needs to be strengthened, and stabilised in each and every office. The correctness of the data needs to be checked and database used for settlement of claims. He has further informed the members that, due to Supreme Court's interim orders, there exists some resistance
from some of the pension fund members/Unions for submitting the Form —2 which is causing hindrance in completing the work.

- It has been stressed that all Offices (ROs, SROs/SAOs) should be fully computerised and necessary hardware support office-wise with technically qualified and trained personnel be provided to take care of the data base creation work and its maintenance/updation requirements and also for taking care of the pension claims settlement process through Computer Programme, and smooth administration of EPS – 1995. It has been desired that the Director(Computer) and the Addl. CPFC(IS) and NIC should look into these aspects immediately and the requirements be fulfilled, at the earliest.

- It was desired that, there should not be any delay in release of pension once the Pension Payment Order is issued to the bank. Necessary efforts be put in this regard to expedite release of pension to the pensioners and maintain its regularity.

- It was informed that the case filed in Supreme Court is fixed for final disposal on 31.08.2000.

Thereafter the Agenda Items were taken up for discussion.

**Item No.1:** **Confirmation of the Minutes of the 14th Meeting of PIC held on 24.06.1999.**

Draft minutes of the 14th Meeting of the Pension Implementation Committee held on 24.06.1999 were confirmed subject to the comments received from Shri Parduman Singh vide his letter dated 21.7.1999. Chairman informed the Committee that, the draft minutes have taken care of all the points suggested by Shri Parduman Singh. However, further additions suggested by Shri Parduman Singh may be incorporated in the draft minutes. With these, Draft Minutes have been confirmed.

**Item No.2:** **Action Taken on the Outstanding Decisions of the Pension Implementation Committee Meetings**

a) **Action Taken Report on Pending Matters:-**

Committee noted the four amendment proposals pending with the Government and desired that, Govt may take necessary follow-up action to expedite the amendments proposed by the PIC/CBT.
b) **Action Taken Report on the decisions of last PIC Meeting:**

i) In regard to grant of pension to dependant parents retrospectively, from the date following death, in respect of the deaths occurred during the period 16.11.1995 to 05.03.1999, Shri Parduman Singh reiterated that, the payment of pension to such dependant parent pensioners should be paid from the date of death of the deceased members, and not prospectively from 6.3.1999 as is being followed at present.

Shri Parduman Singh brought to the notice of the Committee a letter issued by the Labour Ministry under the signature of Mr. J.P. Shukla, the Deputy Secretary (Letter No.R-15012/2/99-SS.II) dated 18th October, 1999 in which the judgement of the Madhya Pradesh High Court has been quoted according to which pension was ordered to be paid with effect from date of death of the deceased worker. Actually on the basis of this letter the amendment of the Scheme to give pension to parents was effected.

In spite of repeated unanimous decisions of the P.I.C. and the C.B.T. to pay pension from the date of death of the employee, the E.P.F.O. has been refusing to do so till date.

"The Committee unanimously decided to request the Govt. to direct the E.P.F.O. to pay pension to the parents of the deceased from the date of death as per judgment of Madhya Pradesh High Court as well as decision of P.I.C. and C.B.T".

He also brought to notice 3 claims of parents who were nominated by their sons/daughter but in spite of provisions of Para 44(2) and Para 16(5)(a) of E.P.S., pension was denied to them for a number of years. Further these claims relate to the early period when new form 2 was not even printed or was not made available to the entire establishment. After the amendment of the scheme, pension in respect of the 3, 2 cases have been granted but not from date of death of the employee but from 06.03.1999.

"The Chairman directed that the third claim may also be settled immediately and in these three cases payment of pension may be made from date of death of the 'subscribers'."

ii) Shri Parduman Singh desired that, exemption under Employees' Pension Scheme, 1995, to M/s. Mother Dairy, Delhi be considered
favourably by the Govt as the Scheme has been verified and recommended by the Actuary. In this connection, it was informed by Shri J P Shukla, Deputy Secretary, Ministry of Labour that, M/s. Mother Dairy is not enrolling the contractor employees into the Provident Fund Scheme/Pension Scheme though they have made a provision in their Scheme. Recently, Parliament Question has also come on this particular issue of non-enrolment of contractor employees by M/s. Mother Dairy and in view of this deficiency, the Govt has already rejected the proposal for grant of exemption.

iii) In regard to amendment to Para 14 of Employees' Pension Scheme, 1995 to discourage premature withdrawal of contribution under Employees' Pension Scheme, 1995, Chairman informed the Committee that a proposal formulated by the Ministry of Social Justice and Empowerment on the basis of the recommendations made by Dave Committee to put a cap on the premature withdrawal under EPF-EPS was under consideration of the competent authority. More so, due to the case being heard by the Supreme Court challenging the petitions filed against Employees' Pension Scheme, 1995, the matter can be looked into after the case is finally disposed off by the Supreme Court.

iv) In regard to data base creation, in the matter of collection of Form 2 from the members and capturing of the details of the Form 2 through the outside Agencies engaged for this purpose, the Committee noted the performance, Region-wise and observed as under:-

➢ Though collection of Form 2 is around 71%, Committee desired that it should be further improved to complete the task for all the existing members. In this connection, it was informed that, due to closed establishments, the response is not being received from such members. Further, due to impending litigation, a sizeable section of employees/Unions are resisting to file the Form 2, in spite of the best efforts made by the field Offices. This problem is visible in Maharashtra and West Bengal Regions.

➢ Committee expressed concern on the slow progress relating to capturing of the Form 2 and also transfer of the captured data into the EPFO Systems. Inadequacy of computer hardware arrangement was attributed as the main reason for this. Committee desired that necessary computer hardware
arrangement be completed by a deadline in each Office to complete the data entry work and also for transferring the data into the EPFO Systems.

Chairman desired that the Coordination Committee on computerisation in the EPFO, Head Office should examine the issues relating to the capturing the details of the Form 2 through the outside Agencies and also make necessary arrangements within each Office for capturing the Form 2, to speed up the work, and strengthen the hardware support for transferring the data into EPFO Systems and for keeping the data base online for settlement of claims under Employees' Pension Scheme, 1995.

Chairman also desired that the data punched by the outside Agencies be scrutinized for its correctness and authenticated data should be kept in the system for proper use.

Chairman further desired that, Region-wise computer availability, manpower availability, data entry, data transfer through proper checking should be compiled each Office-wise and be submitted to the Committee for its perusal.

Committee desired that, the work relating to data base creation be expedited to be completed in a fixed time frame i.e., December, 2000.

It was informed to the Committee that, recently a circular letter of instructions has been issued to all the Regions to constitute a “Data Base Creation Cell” in each office for taking care of the current work from 01.04.2000 for the new entrants, as an ongoing arrangement and also for maintaining and updating all the database so far created. This will substitute the outside agency arrangement, as a permanent measure. However, the outside Agency will continue for completing the work relating to the existing members, as on 31.03.2000.

In regard to release of 4% pension relief to the eligible pensioners, Committee expressed its concern for the sizeable pendency in Maharashtra, Uttar Pradesh and West Bengal Regions. Chairman desired that, the West Bengal Region be advised to assist the widows concerned, for obtaining the option forms required and ensure to complete the release of 4% relief quickly. In regard to
Maharashtra and Uttar Pradesh, Chairman desired that, suitable instructions be issued to the concerned for immediate compliance in the matter.

vi) In regard to release of 2\textsuperscript{nd} Pension relief of 5.5\%, Committee noted the present level of performance and desired that, all concerned be instructed suitably to complete the work expeditiously. It was informed to the Committee that, by 30.06.2000, 75\% of the eligible pensioners possibly will be getting the 5.5\% relief and the balance will be completed by 31.08.2000.

vii) In regard to operation of CEPS Program, Chairman desired that, necessary training be imparted to the EDP Personnel to operate the programme on the desired lines and for completing the work relating to the Pension Payment Orders and release the pension relief quickly. In this connection, Chairman desired that, the Computer Division of EPFO and NICLISD should work out an arrangement for training the EDP Officials in the computer programs.

viii) In regard to calculation of pension under Para 12, Shri Parduman Singh brought to the notice of the Committee that the E.P.F.O. has been giving much less pension to the workers by a possible misinterpretation of provisions of the E.P.S. and by trying to insert its own illperceived interpretation. According to various judgements of the highest court of the land – the Supreme Court (which have been brought to the notice of Ministry as well as of the E.P.F. Pension Department) that the laws should be interpreted according to the words as they are in the law enacted by the Parliament and in case of social welfare legislation the law should be interpreted in favour of beneficiaries. Nobody has the right to insert a comma or full stop or a word in the law.

He also brought to the notice of the Committee that the calculation of pension in the first six months after its promulgation was correct and if comparison is made with the pensions being paid now in similar cases, the difference would be obvious. In the case of workers who have both past and future service the pension has to be aggregate of minimum pension specified in the Para 12(5)(a) and (b) of the Scheme in both cases which is not being paid.

In this regard, he also brought to the notice of the Committee the circular letter issued by E.P.F.O. on 16\textsuperscript{th} February,
1999 and how it was changed in a subsequent Circular dated 29th June, 1999. Even this circular has not been implemented. A particular case of Shri Nemi Chand Jain, P.F. A/c No.BR/1904/4 of Bihar Region S.R.O., Ranchi was brought to the notice of the Committee in which after applying the factor to past service and calculating the pension due for both past and future service as Rs.487/- the pension was reduced to Rs.417/- by again calculating the past service according to the service rendered.

The Government must decide this basic issue immediately and direct the E.P.F.O. under Para 35 of E.P.S. to revise all PPO's issued so far and pay arrears to the concerned pensioners.

He desired that, the Chairman should look into the matter and ensure that the pensioners are not deprived of their legitimate dues, as provided in the scheme. It has been explained to the members that, based on the interpretation provided by the Govt on Para 12 of the Employees' Pension Scheme, 1995 in the month of May, 1999 and on consultation with Actuary Shri Bhudev Chatterjee, computation of monthly member pension under Para 12 of Employees' Pension Scheme, 1995, has been worked out appropriately and accordingly, revised software programme with instructions have been issued to all the Offices on 29.06.1999, with the approval of PIC in their Meeting held on 24.06.1999. Accordingly, the computer revised programme is being implemented uniformly in all the Offices to take care of the current cases and also revising the Pension Payment Orders from 16.11.1995 onwards. However, Shri Parduman Singh expressed his apprehension about its accuracy. Shri W R Varadarajan expressed his doubt. At this, Chairman intervened and suggested that members may suggest an arbitrator for closer scrutiny to settle the matter once for all. The Employees' representatives informed the Chairman that, they will send their suggestion in 15 days time to the Chairman.

ix) Shri Parduman Singh informed the Committee that a copy of P.P.O. is sent to the Bank but a copy is not made available to the pensioner. He pleaded that the workers must be provided a copy of P.P.O. and even to all the existing pensioners.

x) Status position in regard to 3rd valuation, due as at 31.03.1999, was apprised to the Committee. Members expressed concern for the delay in the valuation and desired that the 4th valuation which has
already fallen due from 1.4.2000 be taken up immediately and taken up concurrently with the 3rd valuation work. Actuary Shri Bhudev Chatterjee informed that, there may not be any difficulty in doing the work concurrently as two sets of data can be compiled and provided. Chairman desired that, EPFO may formulate proposal and send to the Govt for consideration.

Item No.3: Review of the performance of Employees' Pension Scheme, 1995 for the period ending 31.03.2000

- The Committee noted the performance/status position as on 31.03.2000 of the Employees' Pension Scheme, 1995.

- Shri W R Varadarajan, Employees' Representative, desired that, EPFO may bring out a handbook on Employees' Pension Scheme, 1995 comprising of updated Employees' Pension Scheme, 1995 with amendments, notifications issued by the Govt, Circular instructions issued by the EPFO under Employees' Pension Scheme, 1995, forms prescribed under Employees' Pension Scheme, 1995 and guideline instructions for its filling up. He desired that, this will be useful to the members and the employers Officials in the implementation of the Employees' Pension Scheme, 1995.

Shri W R Varadarajan observed that the performance status position as on 31.03.2000 does not give a correct and comprehensive information on all aspects related to the Employees' Pension Scheme, 1995.

He pointed out that the total number of members of EPF included in the Status Paper and not the number of members of the EPS – '95. He also pointed out that the Status Paper contained number of members as on 01.04.99 and contributing members as on 01.04.98. The figures must be related to one and the same cut off date as recent as may be available. He further desired that the basis of arriving at the number of contributing members must be explained.

He also desired that detailed information in respect of the undernoted aspects be furnished:
a) Category-wise benefits sanctioned under EPS – '95 and FPS – '71.

b) Options availed for return of capital under Para 13 of EPS, '95.

c) Commutation benefits availed under Para 12A of EPS – '95, which has become operational from 16.11.1998.

d) Exit cases under Para 14 of EPS – '95, withdrawal benefits, scheme certificates sanctioned/issued.

e) Arrears of contributions, status of arrears, arrears management.

Information under these heads should be in the same pattern/format as in the case of EPF; region-wise figures be given; for all categories of benefit, claims received, returned, rejected, settled and pending figures be furnished.

Shri W R Varadarajan also referred to the arrear figures in respect of EPS – '71 as on 31.03.1996, as given in the Annual Report of the EPFO for 1995-96 and desired that realisation or otherwise thereof may be reported.

He contended that there was no justification for increase in the service charges from 2.5% to 4.75% of the pension amount, as demanded by the IBA and emphasised that no increase should be agreed to at the joint meeting slated for 26.06.2000.

He pointed to the gap of almost one year between the 14th & 15th meetings of the P.I.C and urged that meetings of the Committee should be held at frequent intervals.

Item No.4: 3rd Valuation of the Pension Fund for the period 01.04.1999 to 31.03.2000.

Committee perused the contents of the Memorandum and desired that, the 3rd valuation be completed by 31.08.2000 and the 4th valuation proposal be submitted to the Govt immediately for consideration.

Item No.5: "Electronic Clearing Service" for disbursement of pension under Employees' Pension Scheme, 1995

Committee perused the contents of the Memorandum and approved in principle for its adoption wherever feasible.
Other two Supplementary Items i.e.

Item No.1: Nomination under Employees' Pension Scheme, 1995 – Operational instruction for validity of submission.

Item No.2: Determination of eligible service under Para 9 of Employees' Pension Scheme, 1995 – Adverse effects for separate rounding off.

could not be taken up for paucity of time and hence deferred.

At the end, Secretary, Labour and Chairman, Pension Implementation Committee informed the Committee that, Shri A N Roy, Addl. C.P.F.C. (Pension) will be retiring from the Service on 31.07.2000 on attaining the age of superannuation. Chairman expressed his deep sense of appreciation and placed on record his appreciation for the excellent services rendered by Shri Roy, in implementing the Employees' Pension Scheme, 1995. He informed the Committee that, Shri A N Roy has taken lot of pains in stabilizing the Employees' Pension Scheme, 1995 and put excellent efforts for streamlining the administration of Employees' Pension Scheme, 1995 in all the Offices. The Committee Members also endorsed the same view expressed by the Chairman and recorded their appreciation for the excellent services rendered by Shri A N Roy. Chairman informed the Committee that, Shri A Viswanathan, Addl. CPFC will take over as Addl. CPFC(Pension) from Shri A N Roy, on his retirement. Committee Members expressed satisfaction and assured their support and cooperation to Shri A Viswanathan for continuing the work of Employees' Pension Scheme, 1995.

Meeting ended with a vote of thanks to the Chair.

ADDL. CENTRAL PROVIDENT FUND COMMISSIONER(PENSION) & CONVENOR.
**ACTION TAKEN REPORT ON PENDING MATTERS RELATING TO DECISION TAKEN IN EARLIER MEETINGS (14 MEETINGS)**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Subject matter for proposed amendment to Employees' Pension Scheme, 1995</th>
<th>Action taken/Status position</th>
</tr>
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<tbody>
<tr>
<td>1)</td>
<td>Amendment to paragraph 39 of Employees' Pension Scheme, 1995 to include a provision for transfer of contribution upon grant of exemption from Employees' Pension Scheme, 1995. (10th PIC meeting dated 16.9.97) (147th CBT meeting dated 2.12.97)</td>
<td>CBT in its 150th meeting held on 6.3.99 approved the proposal and recommended to the Government for amending Paragraph 39, to incorporate Table-E for transfer-in and transfer-out cases on grant of exemption under Employee's Pension Scheme, 1995. Accordingly, the proposal has been sent to the Govt. vide this office letter No. Pension.12(33)96/220 dated 23.4.99 for consideration and appropriate amendment in Paragraph 39. Still pending with Government</td>
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<td>2)</td>
<td>Payment of appropriate benefit to the legal heirs of the deceased member under EPS, 95 in respect of cases where monthly pension or withdrawal benefits are not admissible. Proposal for incorporating such a benefit by amending EPS, 1995.</td>
<td>The proposal was placed in the 150th meeting of the CBT held on 6.3.99. After the approval of the CBT in the above said meeting the proposal was sent to Ministry on 6.5.99 for consideration and appropriate amendment in Employees' Pension Scheme - 1995. Proposal has been rejected as the same was not found feasible by the Government vide order No. R-15025/2/98/SS-II dated 27.6.2000 (copy enclosed).</td>
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<td>3)</td>
<td>Follow up action on 1st valuation of EPS, 95 - proposal amendment in table B &amp; C and to add one new table 'E'.</td>
<td>The proposal has been sent to Ministry of Labour on 29.9.99 as recommended by CBT in its 151st meeting held on 14.8.99 for appropriate amendment to Employees' Pension Scheme - 1995. Still pending with the Government.</td>
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<tr>
<td>4)</td>
<td>Prescribing necessary returns for establishments exempted under section 17 (1C) of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 read with Para 39 of Employees Pension Scheme, 1995.</td>
<td>Proposal with the proposed returns was placed before the Central Board of Trustees in their 152nd Meeting held on 4.12.99. As approved by Central Board of Trustees, Government has been requested to notify the said Returns for putting into use by the field offices. Pending with the Government.</td>
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</table>
New Delhi, dated 1st June, 2000.

To,
The CPFC,
New Delhi.

Subject - Payment of appropriate benefit to the legal heirs of the deceased member under Employees' Pension Scheme, 1995 in respect of cases where monthly pension or withdrawal benefit are not admissible - proposal regarding.

Sir,

I am directed to refer to your letter No. Pension/2/1/AP/Clarification/A/96/1296 dated 1.9.1999 on the subject mentioned above and to say that conceptually and legally Family Pension benefits are payable to the members of the family only. As indicated by the EPFO in their note under reference, it is observed that there are no eligible family members to receive pension benefits under the scheme. Therefore the suggestion to make provision for payment of family pension related benefits to persons outside the family is self-contradictory and totally against the basic principle of the Family Pension Scheme. Further the Employees' Pension Scheme is based on the concept of 'pooling of risks and resources' in which the members contribute to the scheme according to their capacity and get benefits when they are in need. In this scheme of cross-subsidization, every family is not expected to derive benefit as the same will make the Pension Fund unviable. Recently, the ILO in its report of 1996 and the
Task Force on Social Security in its report of 2000 have found provisions of the EPS unduly liberal and have therefore recommended inter-alia for deletion of provisions relating to nominee pension. In view of these recommendations it is not considered desirable to make provisions for payment of family pension related benefits to persons who are not eligible for such benefit under the scheme.

Yours' faithfully

\( \{ \text{J.P. Shukla} \} \)
Deputy Secretary
PENSION IMPLEMENTATION COMMITTEE

ACTION TAKEN REPORT ON XVTH PIC MEETING

<table>
<thead>
<tr>
<th>POINTS RAISED</th>
<th>ACTION TAKEN</th>
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<tbody>
<tr>
<td>4% pension relief not released in respect of three regions viz, Maharashtra, West Bengal and Uttar Pradesh.</td>
<td>All RPFCs have reported that the 4% relief has been released to all eligible pensioners.</td>
</tr>
<tr>
<td>Sizeable pendency in Maharashtra, Uttar Pradesh and West Bengal Regions. The West Bengal Region be advised to assist the widows concerned, for obtaining the option forms required and ensure to complete the release of 4% relief quickly.</td>
<td></td>
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<tr>
<td>5.5% relief has so far been provided to 85,954 pensioners which works out to approximately 25% of the requirement. The remaining work is under progress and it is expected to be completed shortly. By 30.06.2000, 75% of the eligible pensioners possibly will be getting the 5.5% relief and the balance will be completed by 31.08.2000.</td>
<td>Additional relief has been extended to 411556 pensioners and the remaining 6813 cases are being released shortly. Region-wise pendency are as under:-</td>
</tr>
<tr>
<td>Necessary hardware support office-wise with technically qualified and trained personnel be provided to take care of the data base creation work and its maintenance/ updation requirements and also for taking care of the pension claims settlement process through Computer Programme.</td>
<td>The Computer Division's reply is as under:-</td>
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<tr>
<td>- Inadequacy of computer hardware arrangement was attributed</td>
<td>• With the introduction of the latest version of CEPS, the Pension Software has been integrated with the CAMPS and CRAS Software. Databases are being shared and information is being exchanged among these Software. In this context, without modifying the existing Pension software, it would not be possible to operate CEPS on a separate System. As such, at the moment provision of a</td>
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</table>

Andhra Pradesh : 128
Maharashtra : 6463
North Eastern Region : 222
Total : 6813
as the main reason for this. Committee desired that necessary computer hardware arrangement be completed by a deadline in each Office to complete the data entry work and also for transferring the data into the EPFO Systems and for keeping the database online for settlement of claims under EPS, 95.

- Region-wise computer availability, manpower availability, data entry, data transfer through proper checking should be compiled each Office-wise and be submitted to the Committee for its perusal.

- Though collection of Form 2 is around 71%, Committee desired that it should be further improved to complete the task for all the existing members. In this connection, it was informed that, due to closed establishments, the response is not being received from such members. This problem is visible in Maharashtra and West Bengal Regions.

- Latest position of database creation as at 15.01.2001 is as under:

<table>
<thead>
<tr>
<th>Members of EPF</th>
<th>Total Members as on 01.04.2000</th>
<th>24537241</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributing Members</td>
<td>20016107</td>
<td></td>
</tr>
<tr>
<td>Form-2 Received</td>
<td>14528887</td>
<td>(72.59%)</td>
</tr>
</tbody>
</table>

| Database Created | Data entry in Computer(Members) | 9312216 | (46.52%) |
|------------------|--------------------------------|--------|
| Data transferred to | 5131922 | EPFO System (Members) (25.64%) |

Further, regional offices were directed to constitute a full fledged "Database Creation
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
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<tr>
<td>1</td>
<td>Data punched by the outside Agencies be scrutinized for its correctness and authenticated data should be kept in the system for proper use.</td>
</tr>
<tr>
<td>2</td>
<td>Database creation be expedited to be completed in a fixed time frame, i.e. December, 2000.</td>
</tr>
<tr>
<td>3</td>
<td>Take necessary follow-up action to expedite the amendments proposed by the PIC/CBT.</td>
</tr>
<tr>
<td>4</td>
<td>Proposal to amend Para 39, extended Table B, enlargement of Table C and inclusion of Table ‘E’ for transfer value of withdrawal benefit to exempted Pension Trust, and to include Form I for return to be submitted by exempted establishment under Employees’ Pension Scheme 1995, are pending with the Government. Required clarification has also been provided to Government on 1.9.2000.</td>
</tr>
<tr>
<td>5</td>
<td>In respect of the deaths occurred during the period 16.11.1995 to 05.03.1999, Shri Parduman Singh reiterated that, the payment of pension to such dependant parent pensioners should be paid from the date of death of the deceased.</td>
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</tbody>
</table>
members, and not prospectively from 6.3.1999 as is being followed at present. Request the Government to give direction to pay pension to the parents of the deceased member from the date of death as per the judgement of M.P. High Court as well as the decision of PIC/CBT.

Necessary training be imparted to the EDP Personnel to operate the programme on the desired lines and for completing the work relating to the Pension Payment Orders and release the pension relief quickly. The Computer Division of EPFO and NICLISD should work out an arrangement for training the EDP Officials in the computer programs.

Members may suggest an arbitrator for closer scrutiny to settle the matter once for all. They will send their suggestion in 15 days time to the Chairman.

Zonal Level Training for EDP Officials from RO/SRO/SAOs were conducted at Ahmedabad (West Zone), Calcutta (East Zone), Hyderabad (South Zone) in July 2000 and at Kanpur (North Zone) in September 2000.

Instructions were also issued to all RO/SROs/SAOs not to shift the trained officials for atleast 2-3 years so as to ensure operational benefit and to maintain continuity.

Based on suggestions received from Sh. Parduman Singh, a proposal was sent to Govt. to appoint Shri Shankaran, IAS (Retd.), as arbitrator. Govt.desired to seek expert advice from Shri Shankaran. Accordingly a reference has been sent to Sh. Shankaran.In reply Sh. Shankaran did not accept the proposal of the Govt. A copy of his letter alongwith the comments offered by Shri Parduman Singh and W R Varadarajan, PIC Members on the same were sent to Govt. for taking a decision.
3rd Valuation report is being finalised by the Actuary (since received and placed for consideration of PIC).

Proposal to initiate 4th Valuation has been sent to the Govt. on 8.8.2000. Chairman, CBT directed to complete the 3rd and 4th Valuation work within 4 months i.e. 31.12.2000.

Detailed instruction to all Regional Offices to initiate the process of 4th Valuation has already been issued on 20.9.2000 as per the direction of Chairman, CBT, EPF. A proposal to appoint the Actuary with appropriate terms and conditions and to fix his fee has also been sent to the Govt on 6.9.2000. However, process data collection has already been initiated and so far 50 lakh data have been collected against the target of 1.2 crore data. Efforts are on to collect the remaining data and it may take a couple of months to complete the work.

Action has already been initiated to collect and compile additional data. As these are detailed and minute statistics relating to pension payments etc. we have recently modified the MIS Return and advised all the Regional Offices to work out and provide the details in the newly devised format. It takes some time to collect those details and we will be in a position to compile the same in April/May onwards.

Handbook has been prepared and is under printing. A copy of the same will be supplied to all PIC/CBT Members and to all the Regional Offices/SROs.

Shri Varadarajan desired that in addition to pension benefits, other benefits sanctioned under Employees' Pension Scheme, 1995, following important statistics on pension scheme work should also be furnished in the status note:

- Benefits like return of capital and commutation details.
- Withdrawal benefits sanctioned under the Scheme; and
- Scheme Certificate issued etc.

Further, a handbook on EPS, 95 should also be prepared for the benefit of staff of EPFO, subscribers, employers and CBT members.

4th valuation which has already fallen due from 1.4.2000 be taken up immediately and taken up concurrently with the 3rd valuation work. EPFO may formulate proposal and send to the Govt for consideration.

3rd valuation be completed by 31.08.2000 and the 4th valuation proposal be submitted to the Govt immediately for consideration.
Adoption of “Electronic Clearing Service” for disbursement of pension under Employees' Pension Scheme, 1995 wherever feasible.

AP & WB Regions have reported that some pension cases are being serviced through ECS. Gujarat has also sought permission. Although ECS is a cost effective instrument for transfer of funds, it is also fraught with following hurdles/risks as extending pensionary benefits is a continuous process.

1. Identification of pensioners and subsequent beneficiaries for opening of Accounts, after issue of PPOs, for correct identification of Payee(s).

2. Collection of life certificates/non-marriage certificates/death certificates etc. from the beneficiaries, as required under the procedure.

3. Transfer of PPOs, if the beneficiaries would like to shift their places/Accounts in different situations.

4. Consent from the beneficiaries concerned.

Feed back have been called for from AP, WB & GJ.
Item 3: 3rd Valuation of Employees' Pension Fund for the period 1.4.98 to 31.3.99 – Report submitted by Shri Bhudev Chatterjee, Actuary, Appointed by the Government under para 32 of Employees' Pension Scheme, 1995.

Para 32 of the Employees' Pension Scheme, 1995 provides as under:-

"(1) The Central Government shall have an annual valuation of the Employees' Pension Fund made by the Valuer appointed by it.

(2) At any time when the Employees' Pension Fund so permits the Central Government may alter the rate of contributions payable under this Scheme or the scale of benefits admissible under the Scheme or the period for which such benefit may be given."

2. 3rd Valuation of Pension Fund for the period 1.4.98 to 31.3.99 fell due on 31.3.99. Central Government vide letter No.S-65013/3/99-SS-II dated 5.5.2000 had appointed Shri Bhudev Chatterjee, Actuary as Valuer on the following terms and conditions:-

i) Shri Chatterjee is required to complete the valuation work and submit his report within a period of four months.

ii) For the valuation work, Shri Chatterjee may be paid a sum not exceeding Rs.1.08 lakhs towards professional fee, data processing charges, Secretarial and Computer Charges etc.

3. Shri Bhudev Chatterjee carried out the valuation and submitted his report to the Government and Employees' Provident Fund Organisation. A copy of the Report is enclosed which is self-explanatory. Shri Chatterjee has given observations on various areas of work connected to the operation of Employees' Pension Fund in his executive summary of report and under various chapters of the report.

4. The executive summary of the report dealt with the following item:-

1) Correctness and consistency of the Data.
2) Inadequacy of Computer Programme.
3) Inadequate information regarding investment.
4) Adequacy of the Fund.
5) Solvency of the Fund.
6) Payment of benefit from corpus of erstwhile Family Pension Scheme.
7) Actuarial Cell.
8) Exemption.
9) Pension Relief.
10) Conclusion.

- In regard to Item 2,3, Computer Division and the Investment Wing have been requested to examine the issue raised by Actuary and furnish their comments besides taking appropriate follow-up action to remedy the situation.
- In regard to item No.6, the matter has been taken up with the Ministry of Labour to take up the matter with Ministry of Finance for allowing to withdraw the amount from the public account in an appropriate manner. Matter is being followed up.
- Regarding Item No.7, a detailed proposal was formulated in consultation with Actuary for constitution of Actuarial Branch in Head Office with appropriate set-up. HRM Wing has once again been requested to constitute the required Wing with suitable manpower and infrastructure.
- In regard to Item No.9, regarding declaration of pension relief for the 3rd Valuation period (1.4.98 to 31.3.99), PIC may consider to recommend CBT/Government, Pension reliefs @ 4% for all pensioners as at 31.3.99 on the original amount of pension payable from 1.4.99, as recommended by the Valuer/Consultant Actuary.
- In regard to Item No.8,10, the observations/recommendations of Actuary are being examined in detail.

5. Pension Implementation Committee may consider the observations and recommendations made by the Actuary and formulate its recommendation to the CBT, EPF/Central Government for appropriate consideration and necessary follow-up action.

[File Pen.I/18(1)99/Vol.IV]
Item 4- Disbursement of Pension under the Employees' Pension Scheme, 1995 through Post Offices — Agreement with the Postal Department — regarding.

Para 33 of the Employees' Pension Scheme, 1995 (EPS) provides that the Commissioner shall with the approval of the Central Board enter into arrangement for the disbursement of pension and other benefits under this Scheme with disbursing agencies like Post Offices or Nationalised Banks or Treasuries. The commission payable to the disbursing agencies and other charges incidental thereto shall be met as provided in paragraph 27 of this Scheme. Sub-para (2) of Para 27 ibid, provides, inter alia, that the cost of remittance of Pension shall be charged on the Pension Fund.

3. In pursuance of the aforesaid provisions, the Employees' Provident Fund Organisation (EPFO) entered into an agreement with the nationalised Banks for disbursement of monthly pension to the pensioners under the EPS, 1995. In consideration of the service rendered by the banks, service charges @ 2.5% of the amount disbursed, are paid. The rates are service charges are provisional and are under the process of finalisation. Disbursement procedure has been laid down and provided to the Banks in a booklet form entitled “MANUAL OF ACCOUNTING PROCEDURE, EMPLOYEES' PENSION SCHEME, 1995 (PART IV) — Scheme on Disbursement of Pension Through Nationalised Banks”.

4. Subsequently, it has been considered that in order to bring the pension disbursement at the doorsteps of the pensioners, the Post offices may also be engaged for the disbursement of pension under the EPS, 1995. Incidentally, it may be mentioned here that the disbursement of Family Pension under the erstwhile Employees' Family Pension Scheme, 1971 is already being done through Post Offices throughout the country. A series of meetings with the Postal Department has culminated into agreeing by them to disburse Pension under the EPS, 1995. After discussion in a number of meetings between the EPFO
and the Postal Department, modalities of disbursement have been worked out. The draft operational procedure has been prepared by the Postal Department and sent to us for approval and entering into an agreement in this regard as at Annexure ‘A’.

5. The draft operational procedure proposed by the Postal Department has been examined. It is more or less on the same lines as has already been prescribed for the Banks except for a few deviations which need modification. The deviations in the proposed procedure are:

i) Where the link office is at a station other than where RO/SRO of EPFO, the charges for clearance of outstation cheques will have to be borne by the EPFO. Alternatively, they have proposed that EPFO may make arrangement with the banker that such cheques may be paid at par to the post office without any collection charges.

ii) Postal authorities have agreed that the same rates of service charges as being paid to the Banks, i.e. @ 2.5% of the amount of the pension to be disbursed, may be paid to them also but the amount of service charges be paid in advance.

6. In this connection, it is submitted that point at (i) above is under consideration. Regarding point at (ii) above, the Postal Department may be paid the service charges at the same rates as may be paid to the Banks, from time to time. So far as advance payment of service charges is concerned, it may not be possible in view of the present agreement with the Banks and also it may be objectionable by the audit. The service charges could be paid only on receipt of a claim alongwith the consolidated statement of credit confirmation and the same will be paid through a separate cheque (alongwith the pension amount for the next month). The deviations, as in Annexure ‘B’, which are not acceptable in principle or due to practical difficulties, have been communicated to Department of Post, vide letter dated 8.01.2001 and their response is awaited.

7. It is further submitted that the Disbursement of Family Pension under the old Employees’ Family Pension Scheme, 1971, is presently being made by the Post Offices throughout the country. In the earlier agreement, 75% amount of disbursable pension is paid in advance and the balance is paid after the statement of payment is received from
them. This procedure had created a lot of reconciliation problem leading to cross correspondence and deployment of staff to remove the differences. The Postal Department vide their letter dated 7.11.2000 has informed that they will dispense with the system of seeking reimbursement of the amount disbursed towards pension payment. They have advised that arrangement for 100% advance payment of pension amount and service charges under the old scheme may also be made, failing which the Department of Posts shall not be responsible for non disbursement of pension to the pensioners. It may be noted that on finalizing the new agreement with the Department of Posts, pension to pensioners of ceased Family Pension Scheme 1971 will also be disbursed under new arrangement and hence there will not be any reimbursement problem presently being faced now. The proposed arrangement with post office will take care of the pensioners under ceased Family Pension Scheme 1971 as well as Employees' Pension Scheme, 1995. The new arrangement is worked out in the same line as it operated through Nationalised Banks.

8. On submitting this proposal with the present position for Government's concurrence Secretary (Labour) and Chairman, PIC has desired that the same may be placed before the PIC before finalizing the agreement. Accordingly committee may consider the proposal for appropriate decision.

[Pension.I/3(Postal Disb) EPS95]
A.K. BHATNAGAR  
Dy. Director General (PO&I)  
Telefax. 3711951  

D.O.No.6-2/98-PO  

September 2000

Dear Sir,

This is regarding disbursement of pension through the post offices under the Employees Pension Scheme, 1995.

2. Based on series of discussions between our Department and your organization, comprehensive operational procedure drafted for disbursement of pension under the Employees Pension Scheme, 1995 through the Departmental Post Offices is sent herewith. While every care has been taken to include the requirements of the EPFO to facilitate disbursement of the pension by the post offices, I would request you to let us know if the draft procedure covers every aspect or something more requires to be included or need any modifications.

3. It has been decided to undertake payment of pension/family pension to the pensioners of other Departments/Organizations subject to advance realization of the amount to be disbursed as pension along with the service charges.
4. In the meeting dated 7.8.2000 with officers from EPFO it was conveyed to us that service charges will be paid following the month of disbursement of pension. In view of the above policy as also to adopt a simplified accounting procedure it is requested that service charges at 2.5% of the amount of the pension may also be paid in advance along with the amount of pension.

5. I shall be thankful for your early acceptance of the draft operational procedure along with the proposal for advance payment of service charges.

With regards,

Yours sincerely,

(A.K. Bhatnagar)

Encl: As above

Shri Ajay Singh
Central Provident Fund Commissioner,
EPFO, 14, Bhavishya Nidhi Bhawan,
Bhikaiji Cama Place, New Delhi- 110 066
Subject: Operational procedure for disbursement of pension under the Employees Pension Scheme 1995 (EPS-1995) through all Departmental Post Offices.

Director General, Department of Posts and the Employees Provident Fund Organisation (EPFO) have agreed to disburse the pensionary benefits under the Employees Pension Scheme 1995 through all departmental Post Offices. This will be called Employees Pension Scheme 1995 (EPS-1995).

II. SALIENT FEATURES OF THE SCHEME AS DIFFERENT FROM EPS-1971 ARE AS UNDER:

1. Under the EPS-1995 Post Office shall only disburse the pension.

2. The payment for disbursement of the pension will be made 100% in advance by cheque by the EPFO along with separate cheque for the commission for disbursement of the pension.

3. Pension payment orders and related documents will be routed by the EPFO through the Head Post Offices and not through the office of the DAP.

4. Head Post Office will be referred to as the Link Office and Sub Office will be referred to as Payee Office under the EPS-95. Since the pensioners can also draw their pension through the Head Office it will, therefore, also function as Payee Office.
5. Disbursement of the pension shall be through savings bank account called EPS 95 SB A/C only and not through the Money Order. No other deposits except the pension will be allowed to be deposited into it. The savings account of the pensioner will be subject to all the rules applicable to Post Office Savings Bank Account. In other words, the account will be governed by the Post Office Savings Bank General Rules, 1981 and concerned rules governing SB Account under P.O. Savings Account Rules 1981.

6. Crediting of pension amount in individual SB A/c will also be deemed as disbursed pension for the purpose of certificate of disbursement to be furnished by the payee offices (HO/SO).

III. ROLE AND RESPONSIBILITY OF EMPLOYEES PROVIDENT FUND ORGANISATION (EPFO)

1. EPFO will communicate to the Payee Office (HO/SO), the name of the pensioner whose pension will be disbursed through that office. A copy of the letter addressed to the pensioner by the EPFO to approach the payee post office will also be endorsed to the concerned Payee Office (HO/SO), accompanied by the PPO (both disburser's half and pensioner's half). EPFO will also send a duly filled computer printed call letter to be issued by the concerned Payee Office asking the pensioner to report to the Payee Office on a date specified by the Postmaster for completion of formalities in connection with opening of savings bank account in the Payee Office (HO/SO).

2. The names and specimen signature of the authorities of the EPFO competent to issue the PPO will be circulated to all the link offices (HOS) by the EPFO.
3. Pension payment order containing photograph of the pensioner will be sent by the EPFO to the Link Office (HO) one month before the month in which pension payment is due to be effected to facilitate completion of required formalities.

4. Details of the pensioner, the amount of pension etc. to be disbursed will be communicated by the EPFO 10 days in advance through monthly statement of pension payment (Annex A). The statement for the Payee Office (SO) will be received by the Link Office (HO) in triplicate. The statement for payment by the Link Office (HO) itself will be received in duplicate.

5. EPFO will also send a Summary Sheet of all the Payee Offices (SO) in duplicate indicating the total amount of pension due to be credited/dischursed by the Link Office (HO) as well as by each of the Payee Office (SO) in accounts with the HO. The proforma is given vide Annex- 'B'.

6. A consolidated cheque for the entire amount of pension to be disbursed by the Link Office (HO) and the Payee Offices (SOs) under it will be sent by the EPFO to the Link Office along with Monthly Statement and Summary Sheet. Where the Link Post Office is at a station other than where the RO/SRO of Employees' Provident Fund Organisation is situated, the charges for clearance of out station cheques will have to be borne by the Employees' Provident Fund Organisation. In the alternative, the Employees' Provident Fund Organisation may make arrangements with their bankers that their cheques should be paid at par to the post office.

7. All legal matters/grievances of the pensioners shall be handled by the EPFO only. Any problem consequent to non-receipt of cheque, Monthly Statement etc. in time would be the sole responsibility of the EPFO.
8. Deduction of income tax, wherever so required, from the pension to be disbursed by the post office shall be the responsibility of the EPFO and not of the Department of Posts.

9. Adequate copies of non-marriage and life certificate to be furnished by the pensioner in November each year will also be sent by the Regional Office (RO)/Sub Regional Office (SRO) of EPFO to the Link Office/Payee Offices latest by October each year. A letter will also be issued by RO/SRO to the pensioner instructing him/her to submit the same each year in the month of November to the Payee Office, failing which the pension from January of the next calendar year will not be drawn by EPFO.

IV. OPENING OF SB ACCOUNT BY PENSIONER UNDER EPS-1995

Note (1): Procedure prescribed herein is applicable to Link Office (HO) as well as Payee Office (SO) insofar as opening of SB account to facilitate disbursement of the pension is concerned.

(2) In all matters concerning opening, closing or transfer of SB account procedures already prescribed for the purpose shall be followed.

1. The pensioner will approach the post office on receipt of the call letter from the prospective Payee Office. The photograph specimen signature of the pensioner will be duly attested by the designated EPFO authority competent to issue the PPO. The PPO will also be deemed to be an introduction of the pensioner by the EPFO as required under SB rules for opening of the SB Accounts.
2. Specimen signatures of the pensioner will be obtained on SB-3 as required for opening of Savings Accounts at Sub Office/Head Post Office. A single SB Account will be opened, number allotted and pass book issued by the post office to the pensioner.

3. At the time of opening of the SB account the post office shall also obtain an undertaking (Annex C) from the pensioner that any excess payment credited to his/her account, due to delay in receipt of any material information or due to any bonafide error shall be recovered by the post office through which pension is disbursed.

4. For opening of the account the pensioner shall have to present himself/herself in person at the post office designated for disbursement of pension. In case of temporary inability to appear in person due to illness etc., verification of pensioner may be done by the post office.

5. Pensioners specimen signature or thumb or finger impressions, as the case may be, will be obtained by the office of payment in the space provided for the purpose in the disburser is portion of the PPO. The pensioner’s half of the PPO will be handed over to the pensioners under acquittance.

V. ROLE AND RESPONSIBILITY OF LINK OFFICE (HEAD POST OFFICE) AND PAYEE OFFICE (SUB-OFFICE)

1. The Head Post Office will function both as Link Office and Payee Office as some pensioners will want to open their accounts and draw their pension through it under the EPS-95.

2. On receipt of the communication and other documents like PPO from EPFO in respect of the pensioners who desire to open their SB account and draw their pension
from the Head Office or the Sub Office under it, the postmaster of the Link Office will issue the necessary call letter to the pensioners who desire to draw pension from it. The postmaster will indicate the date on which the pensioner should report to the post office with necessary documents for opening SB account.

3. In respect of the pensioner who desire to draw pension from a Sub Post Office under it, the head postmaster will send the papers received from EPFO to the concerned sub post office where similar action will be taken by the sub-postmaster concerned.

4. On the first appearance of the pensioner at the HIO/SO, the postmaster will satisfy himself about the identification of a pensioner by ensuring that:-

a) The personal identification marks, if any, on the face or/and hand of the pensioner given in the disburser’s portion of the Pension Payment order, have been checked.

b) The pensioner has produced his/her personal copy of the intimation received directly from the authority issuing the Pension Payment Order or any other documentary proof establishing his/her identity as pensioner.

c) The pensioner bears a close resemblance with the photograph affixed on the disburser’s portion of the Pension Payment Order.

d) The pensioner’s specimen signatures or thumb and fingers/great toe impressions, as the case may be, to be obtained by him in the space provided for the purpose in the disburser’s portion of the PPO agree with the attested signatures or thumb and fingers/great toe impressions received with the Pension Payment Order; and

e) In cases where it is not possible to comply with the requirement at (d) above due to the pensioner being handicapped, his/her identity may be verified with reference to (a) to (c) above.

f) In case of temporary inability to appear in person in consequence of the pensioner’s bodily illness or infirmity, verification may be carried out as above, as soon as the pensioner recovers from illness.
g) In case pensioner is unable to move and attend the office for verification, this will be got done through local postal official such as SDI/Mail Overseers, postman, EDDA etc.

5. The personal identification of the pensioner as prescribed in the preceding paragraphs, will be only for the first payment of pension at the Link Post Office/Payee Post Office.

6. SB account will be opened in the Payee Office (HO/SO) as per the existing SB rules. In the head office, ledger cards will be opened for each pensioner and these will be kept in a special binder which will be marked as "EPS-95". Similarly in the sub offices after necessary entries are made in the ledger, the head office will be sent the information regarding the opening of the account. On receipt of such information, postmaster of the head post office will open S.O. Ledger Cards in each account holder's name and these will be kept in a special S.O. binder marked "EPS-95". In the same way, in the sub offices the ledger will be marked as "EPS-95" in order to distinguish it from the ledgers which are used for other variety of accounts.

7. After opening the account in the post office the postmaster of HO and SO will give the pensioner's portion of the PPO to the pensioner concerned. The Disburser's portion of the PPO will be kept in the concerned post office in a separate file marked as "EPS-95" which must be in the personal custody of the Postmaster. The SB Pass Book marked as "EPS-95" will be handed over to the pensioner under receipt and the pensioner will be asked to fill up Annex C and sign it. The Postmaster of Payee Post Office will keep it as a record in the file "EPS-95".

8. The monthly statement of Payment of Pension (Annexure A) for Payee Office (HO & SO) will be sent by EPFO to the Link Office i.e. Head Office along with the
cheque for the total amount of pension due to be disbursed by the HO and SOs in account with it by 20th of each month. Monthly Statements of Pension Payment (MSPP) for the head office will be received in duplicate and for the sub offices under it, these will be received in triplicate. On receipt of the same, postmaster will check the signature of the Authorised Officer of the EPFO with the specimen signature circulated by the EPFO.

9. The cheque which comes with the MSPP will be sent immediately for clearance to the concerned bank.

10. In the HO, pension amount will be credited in the respective SB accounts of the pensioners. After crediting the pension, the postmaster will complete column 9 of the MSPP and also furnish certificate No. II.

11. In respect of pension payable by SO, the HO will furnish Certificate I in the MSPP as proof of having received the amount to be disbursed by the sub office and send three copies of MSPP to the concerned sub offices after making suitable entries in the SB slip (SB-27) to be prepared in duplicate and duly date stamped and signed by the savings bank assistance in token of the correctness of the entries made. The duplicate copy of SB slip should be despatched to SO, the original copy should be retained by the HO for record. The postmaster of the head office should send the MSPP promptly so that the pension amount is credited in the account of the pensioner of the sub office by the first of the month of payment of pension.

12. On receipt of MSPP in the sub office, the SPM will credit pension amount in respective SB accounts. Date of credit will be indicated in Col. 9 of the MSPP. Two copies will be returned to the HO after endorsing Certificate II by the 5th of each month. Third copy will be retained for SO record of pension payment.
13. On receipt of the duplicate copies of the MSPP from the sub offices, the Postmaster of Head Post Office will consolidate them and then send one copy of MSPP from each Sub Post Office to the SBCO and the other to the EPFO. Likewise, he will also send a copy of MSPP of the Head Office to EPFO and the other to the SBCO after filling up the entries and certifying the credit.

14. The summary sheet received by the Link Office (HO) will also be returned to EPFO after making due entries along with the MSPP by the 10th of each month.

15. During November of each year certificate of life and non-remarriage will be obtained from each pensioner by the IIO/SO. The two certificates obtained by SO will be sent to HO for submission to EPFO along with similar certificates obtained by IIO.

16. Whenever a pensioner desires for a transfer of his account from one sub post office to another under the same head office, the sub post office hitherto making payments will transfer the disburser's copy of the PPO along with the other documents under the SB rules to the Head Post Office. The Head Office will make necessary entries in the ledger card and the send the disburser's portion of PPO and necessary intimation to the new sub post office for effecting transfer of SB account as per the existing SB rules. EPFO will be endorsed a copy of the letter for effecting necessary changes in the records.

17. In case a pensioner applies for a transfer of his account from one HO jurisdiction to another HO jurisdiction, the head postmaster or the sub postmaster as the case may be through the Link Office will transfer the PPO along with other documents to the RO/SRO along with a statement indicating the month upto which the pension of the pensioner has been credited in his account and the date from which SB account of the pensioner has been closed. EPFO will send the necessary documents and duly filled call letter to the
new Link Offices for doing the needful for opening of EPS 95 SB account in the HO or SG as the case may be. On receipt of the same, the Head Office (Link Office) if it is the Payee Office will issue the call letter to the pensioners for completing the formalities for opening a SB account. In case the Payee Office is a sub post office then the HO will send all the documents to the sub post office for doing the needful. After the needful is done, the sub post office will communicate the account number to Head Post Office where Ledger Card will be opened for the new account holder.

18. In all matters concerning opening/closure/transfer of SB A/C procedures already prescribed for this purpose shall be observed.

VI FINANCING THE POST OFFICES

Under the EPS-95 sub offices will have additional financial liability on account of disbursement of pension. It shall be the responsibility of the Divisional Superintendents to review cash balances of such sub office and determine the manner in which sub office effecting pension payment shall receive funds in time either from Bank or HO or cash office as the case may be.

VII HEAD OF ACCOUNT AND ACCOUNTING PROCEDURE RELATING TO DISBURSEMENT OF PENSION UNDER EPS-95 ON BEHALF OF EPFO

(A) on encashment of cheques for pension and commission.

In Post Office (Entry(s) in cash account & UCR schedule)

1. Pension S.B. Deposit (C/A)
2. Commission UCR – Commission on account of disbursement of EPS-95 Pension.
(B) Payment of excess realised pension and commission arisen due to non-reporting of pensioner in the same month for opening of S.B. Account.

**Payment side**

(i) UCP - refund of excess S.B. Deposits

(ii) UCP - refund of excess commission.

(This should be refunded by issue of cheque).

_in Postal Accounts Offices_

In respect of transactions as at 'A' above.

(i) Pension

(C/A)

(ii) Commission

(Difference of UCR and UCP)

8001 - S.B. Deposit

3201-02-101-1(P)-deduct commission on account of disbursement of EPS-95 pension on behalf of EPFO (for the purpose of agreement with Post Office balance, this should be taken under add group in classified abstract).

_in respect of transactions as at 'B' above._

**Payment side**

(i) 8001-S.B. withdrawal (UCP)

(ii) Refund of commission as at (ii) above.
### EMPLOYER'S PROVIDENT FUND ORGANISATION
### REGIONAL/SUB REGIONAL OFFICE

**NAME OF THE PAYEE OFFICE/OPPICE CODE:**

**FOR THE MONTH**

**MONTHLY STATEMENT OF PENSION PAYMENTS RECONCILIATION OF PAYEE OFFICE ACCOUNTS**

(To be submitted to the Payee Office in Duplicate if Payee Office is a Link Office and in triplicate if Payee Office is a Sub Office)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>PPO No.</th>
<th>Name of Pensioner/Beneficiary</th>
<th>Class of Pension</th>
<th>SB A/C No.</th>
<th>Monthly Amt. of Pension</th>
<th>a. Arrears of Pension</th>
<th>b. Commutation</th>
<th>c. Arrears of Relief</th>
<th>d. Return of Capital</th>
<th>Total (Col.6-7)</th>
<th>For use of PO</th>
<th>Remarks</th>
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</table>

Class of Pension: S-Superannuation, R-Retirement, W-Widow, C-Children, O-Orphan, N-Nominee, P-Permanent Disablement

**CERTIFICATE I**

Certified that Rs. _____ has been credited into the account of ____ Head Post Office in respect of A/C mentioned in Col.3

(name)

**POSTMASTER**

HEAD POST OFFICE

**CERTIFICATE II**

Certified that Rs. _____ has been credited by the Payee Office.

W.C./A.A.O./A.P.F.C

**POSTMASTER**

PAYEE OFFICE HEAD/SUB POST OFFICE)
### SUMMARY SHEET OF ALL THE PAYEE OFFICES (HO AND SO) (IN DUPLICATE)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Payee Office</th>
<th>No. of PPOs</th>
<th>Amount of Pension</th>
<th>Arrears of Pension</th>
<th>Commutation</th>
<th>Return of Relief of Capital</th>
<th>5a + 5e</th>
<th>Total</th>
<th>Actual Amount credited by Payee Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5a)</td>
<td>(5b)</td>
<td>(5c)</td>
<td>(5d)</td>
<td>(5e)</td>
<td>(6)</td>
</tr>
</tbody>
</table>

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1. Total of Column 4 & 5 (a to e). Rs: __________
2. Less Balance in S.B. A/C with Link Branch Rs.: __________
3. Net amount to be deposited Rs: __________

Issued through Cheque No. __________ Dt __________ for Rs: __________

For use of Payee Office

1. Certified that out of the amount mentioned under Col. 4 & 5 above (Col. 6 to 7) of Payee Office statements a sum of Rs. __________ have been credited to the Pension accounts on the date mentioned against each beneficiary is shown in the Payee Office wise list. Accordingly, actual amount of Pension disbursed as per Col. 6 has been debited to the EPFO's Pension Account.
2. Balance in SB A/C maintained in Link Office as on ________ Rs. ________

Place __________ Date __________

Postmaster
Payee Office.
ANNEXURE-C

SPECIMEN LETTER OF UNDERTAKING BY THE PENSIONER

To

The Head Postmaster/Postmaster

(NAME OF THE POST OFFICE)

(ADDRESS)

Dear Sir,

Payment of Pension under P.P.O. No. ________________________
through your office.

In consideration of your having, at my request, agreed to make payment of pension due to me every month by credit to my account with you, I, the undersigned, agree and undertake to refund or make good any amount to which I am not entitled or any amount which may be credited to my account in excess of the amount to which I am or would be entitled. I further hereby undertake and agree to bind myself and my heirs, successors, executors and administrators to indemnify the Department of Posts from and against any loss, suffered or incurred by them in so crediting my pension to my account under the Scheme and to forthwith pay the same to it. I also irrevocably authorise the Department to recover the amount due by debit to my said account belonging to me in possession of the Department of Posts.

Yours faithfully,

[Signature]

Name:
Address:

Witnesses:

(1) Signature:
Name:
Address:
Date:

(2) Signature:
Name:
Address:
Date:
CERTIFICATE OF NON RE-MARRIAGE

1. I hereby declare that I have not got re-marriage and I undertake to report such an event promptly to the Pension Disbursing Authority.

(Applicable for widow/widower recipient of family pension).

2. I hereby declare that I am not married/I have not got married during the past one year.

(To be submitted by widow/widower once every year in the month of November).

Signature :
Name of the Pensioner :
P.P.O. No.

Place :
Date :

I certify to the best of my knowledge and belief that the above declaration is correct.

Signature of a responsible Officer or a well-known person :
Name :
Designation :

Place :
Date :
LIFE CERTIFICATE

(To be submitted by Pensioner in duplicate once a year in November)

Certified that I have seen the Pensioner Shri./Smt. ____________________________
holder of Pension Payment Order No. ____________________________ and that he/she is alive on this date.

Signature/thumb impression of Pensioner

Name & Signature:

Designation of Authorised Officer

Seal:

Place:

Date:
A. VISWANATHAN  
Addl. C.P.F.C. (Pension)  

D.O. No. Pension – 1/3(Postal Disb)/EPS/98/  

Dear Shri Bhatnagar,  

Kindly refer to your D.O. letter No.6-2/98/PO, dated the 24th/27th November, 2000 addressed to Central Provident Fund Commissioner, regarding the proposal for disbursement of pension through Post offices.

The draft operational procedure and the proposal for advance payment of commission have been examined in this office. The draft operational procedure needs certain modifications. These modifications have been summarized separately and are enclosed herewith as Annexure.

As regards your proposal for payment of commission in advance, it is informed that the same may not be possible because such arrangement would be a deviation from the arrangement we have for the Banks. The service charges will be paid only after the pension amount is disbursed to the pensioner concerned and the duplicate copies of the statement form the payee offices together with the summary statement from the link office alongwith a claim for the service charges is received. We can, however, build a strong system to self verify whether the service charges are paid in time and raise the flag if service charges are not paid or claimed.

Yours sincerely,

(A VISWANATHAN)

Encl.: Annexure.

Shri A.K. Bhatnagar,  
Deputy Director General (PO&I),  
Department of Posts,  
Dak Bhawan, Sansad Marg,  
New Delhi – 110001.
ANNEXURE

PROPOSED MODIFICATIONS TO THE DRAFT OPERATIONAL PROCEDURE PROPOSED BY THE DEPARTMENT OF POSTS FOR DISBURSEMENT OF PENSION THROUGH POST OFFICES UNDER THE EPS, 1995

Item No.II Salient features of the scheme

Under Point No.1, the word “only” may be deleted. Under Point No.2, the words commencing “alongwith separate cheque for the commission for disbursement of pension” may be deleted as the service charges will be paid only after disbursement of pension and making a claim for it.

Item No.III Role and responsibility of E.P.F.O

i) Under Point No.1, the words “payee office” may be deleted. E.P.F.O will deal with the Head Post Office only, but, not with Sub-Offices.

ii) Under Point No.3, postal authorities desired that the PPO containing the photograph of the pensioner may be sent to the link office one month in advance. In fact, as per the existing procedure, PPOs generated from Monday to Friday will be deposited with the Link Office(HO) on weekly basis for taking necessary action to transmit the PPOs to the payee offices for completing the formalities and effecting the payment at the earliest. The link office should dispatch the PPOs within three days to the payee offices. The payee office should take immediate action on receipt of the PPOs from the link office, to identify the pensioner, open the SB a/c and making the payment. Normally, this process should be completed within 10 days period. Point No.3 may please be modified accordingly.

iii) Under Point No.4, the words appearing “triplicate” should be modified as “duplicate”. That is, the statement for the post office will be submitted in duplicate only. One copy will be retained by the payee office and the second copy with the credit confirmation, will be mailed back to the E.P.F.O through link office.

iv) Under Point No.6, it has been proposed by the postal authorities that, where the link office is at a station other than where RO/SROs of E.P.F.O, the charges for clearance of out station cheques will have to be borne by the E.P.F.O. Alternatively, it has been proposed that E.P.F.O may make arrangement with the banker that such cheques may be paid at par to the post office without any collection charges. This matter is being considered and on its finalisation appropriate amendment to point No.6 will be made.
v) Under Point No.7, it has been mentioned that, all legal matters/grievances of the pensioners shall be handled by the E.P.F.O only. This para needs to be modified that, on receipt of the cheque and the statement if the post office concerned has not effected the payment within the stipulated period, post office should be responsible for the consequences, to compensate the pensioner concerned. In other words, the responsibility of the post office and E.P.F.O. should be clearly demarcated so as to avoid future complication in the matter.

vi) Under Point No.9, the words “non-marriage” be modified as “non-remarriage”. Postal authorities desired that E.P.F.O should supply adequate copies of non-remarriage/life certificates (blank forms) to the post office/payee office latest by October every year. They have also suggested that E.P.F.O should directly write a letter to all the pensioners concerned for submitting life certificate/non-remarriage certificate as the case may be. We may consider to supply the blank forms to the postal authorities in the month of October every year. But, writing letters to each pensioner be done by the payee offices (S.O.) to inform the pensioners under their jurisdiction for submitting such certificates, which will facilitate smooth implementation of the disbursement of Pension. Point No.9 may be modified appropriately so that the payee post offices will take the responsibility of collecting the said certificates from the pensioner concerned as a coordinating agency, as this is also part of the service to be rendered.

Item No.V Role and responsibility of link office and payee office

i) Under Point No.2, it may be added that, the link office/payee office should immediately on receipt of PPO by way of writing a letter to the pensioner concerned and ensure completion of formalities quickly.

ii) Under Point No.8, it is also modified that the Monthly Statement of Pension Payment (MSPP) for each payee office will be submitted in duplicate, but, not in triplicate. There is no need for the link office to retain one copy of the said MSPP of the payee office, whereas, link office is provided with a summary statement of all the MSPPs of the payee offices, which will be sufficient for the link office to maintain the necessary record. Out of the two copies of the MSPP, one copy will be retained by the payee office and the another copy duly certified by the payee office will be returned to the EPFO through the link office, for reconciliation of pension payment. Likewise, link office will furnish certified record copy of summary statement duly enclosing the second copy of the MSPP received from each payee office.

iii) Under Point No.11, the word “three copies” be replaced with “two copies”.
iv) Under Point Nos.12, 13, 15 needs to be modified as explained for Point Nos.8 and 11.

**Item Nos. VII & VIII:** pertains to internal accounting activity of the postal authority on which we have no comments to offer.

**Annexure-A:** needs to be modified that "duplicate copies" will be furnished payee office-wise. (Not triplicate).

**Service Charges:**

The postal authorities desired that the service charges @ 2.5% of the amount of the pension may also be paid in advance along with the amount of pension. The service charges will be paid only after the pension amount is disbursed to the pensioner concerned and not before that. More so, the postal authority (link office) should make a claim for the service charges duly furnishing the summary statement copy along with the second copy of the MSPP of all the payee offices, having disbursed the pension amount. Only after disbursing of pension and on receipt of the duplicate copies of the statement from the payee offices together with the summary statement from the link office along with a claim for the service charges, the service charges can be paid. Same procedure is being followed for the banks at present.

The service charges being paid to the banks @ 2.5% is on a provisional basis and subject to modification which is under consideration of a joint committee constituted by the Chairman CBT, EPF with the representatives of the participating banks IBA, EPFO officials. Therefore, the service charges being paid to the banks from time to time will only be considered for Postal Deptt. also, in future.

**GENERAL**

It is also made clear that the fresh PPOs will be deposited on a weekly basis to the link office together with an arrears statement (weekly statement payee office-wise) and a summary statement for the link office, to proceed with the formalities of identifying the pensioner and opening the account etc. The monthly statements will contain only the monthly payments to the existing pensioners. Suitable additions in this regard may be made in the draft operational procedure.

The Procedure, Agreement being worked out for the nationalised banks should be applicable to the postal authorities also in the matter of disbursement under EPS, 1995, to have uniformity in the procedure for the Banks and Post Offices (By and large) which will facilitate smooth implementation and understandings in the fields offices.
As per provision of the Employees' Pension Scheme - 1995 in the case of death of the member, Family Pension is admissible to the spouse and the children under Para 16 of the Scheme.

Para 16 (5) (aa) further provides that:

If a member dies leaving behind no spouse and/or an eligible child falling within the definition of family and no nomination by such deceased member exists, the widow pension shall be paid under sub-clause (i) and (ii) of clause (a) of sub-paragraph 2 either to dependent father or dependent mother as the case may be. On grant of pension to such dependent father and in the event of death of the father pensioner, the admissible pension shall be extended to the surviving mother life long.

In the case of an unmarried member, Para 16 (5) (a) provides that:

A member who is not married or who does not have any living spouse and/or an eligible child may nominate a person to receive benefits as laid down hereinafter provided that in the event of his/her acquiring a family subsequently, the nomination so made shall become void. In the event of death of the member such a nominee shall be entitled to receive a monthly pension equal to the monthly widow pension, as admissible under sub-clause (i) and (ii) of clause (a) of sub-paragraph (2).

2. While the Scheme has provided for submission of nomination forms by the member, its provisions are silent as to its operation parameters for submission and validity. As such doubts have been raised by certain field offices on the following:
If a Nomination Form is filed by a member and submitted to his employer before death but is submitted in the E.P.F. Office after death whether such nomination should be taken as a valid nomination under Employees' Pension Scheme – 1995 for the purpose of extending benefits as provided under Para 16 (5) (a), (b) of Employees' Pension Scheme – 1995. If employer forwards the Nomination Form/Form 2 (R) after the death of the employee, whether such form can be considered and accepted for grant of 'Nominee Pension' benefit and if so, what are the formalities to be completed by the Employer.

The Para 16 (5) (a) provides that a member who is not married or who does not have any living spouse and/or an eligible child may nominate a person to receive benefits. In the light of this whether any nomination form wherein more than one name is mentioned will be an invalid nomination being defective. Pension will be paid to one nominee only. In case, if more than one are nominated whether the first name can be considered for 'Nominee Pension' ignoring the other names or the Nomination itself is void?

3. The aforesaid issues have been got examined and legal opinion obtained from the Legal Advisor Shri K.C. Sharma who has opined that: -

**Point – I**

i) No time limit has been prescribed for submission of nomination forms. Therefore, the nomination forms can be submitted at any time.

ii) Para 61 (5) of the Employees' Provident Fund Scheme, 1952 which is applicable in case of Employees' Pension Scheme, 1995 also provides that a nomination may be modified by a member at any time after giving a written notice of his intention of doing so in Form 2.

iii) The Scheme do not provide for the channel of submission of nominations. It is, therefore, presumed that an employee has to submit the nomination
form through his employer duly certifying the genuineness of the nomination. As far as the employee is concerned his nomination is complete as soon as he has submitted the completed Form 2 to the employer. The provision in para 61 (6) is to be interpreted to mean the receipt of the form by the employer on behalf of the commissioner.

Para 61 (6) is also seen in the context that many employees are illiterate or semi-illiterate and their job of submission of the nomination form is completed when they have submitted the form to the employer for onward transmission.

There may be cases, like the present ones that the nomination forms are unduly held back by the employer for no reason and the employee is not even aware that his nomination has not reached the commissioner. Therefore, in my view, the course are likely to interpret para 61 (6) more liberally and take it that the moment the form 2 is submitted properly filled to the employer for transmission to EPF Organisation, it is deemed to have been received by the commissioner. Further, there may be a case where an employee may die immediately on making the nomination and handing it over to the employer with no time left for the employer to send it to the E.P.F. Organisation before the death of the employee. We have, therefore, to consider the nomination as a Will of the employee and accept the nomination as valid.

Therefore on this ground the nominations are valid.

4. In view of the above, it is felt that:

- The nominations in Form - 2(R) received even after the death of the member can be treated as valid for extending the benefits under Employees' Pension Scheme, 1995 provided:

  the Nominations were filed by the members when they were alive and submitted by their Employers after the death of the member concerned to the E.P.F. Organisation. Those nomination forms may be
accepted subject to certifying the same by the employer as to the correctness and genuineness of such documents.

5.

With regard to point No. (ii), the Legal Advisor has opined that:

i) As regards the pension under Para 16(5) is concerned, the provisions are not only defective but also at variance with the provisions of para 29 of the earlier Family Pension Scheme, 1971. The Family Pension Scheme was restricted to the widow, the children below the age of 25 and the members of family as defined. It did not allow the nomination of "any person" for receipt of Family Pension. To this extent, para 16 (5) (a) is defective as it extends the definition of family to "any person" who may not be a member of the family. This is contrary to the very heading of para 16, namely, BENEFITS TO THE FAMILY ON DEATH OF MEMBER. Therefore para 16 (5) (a) requires amendment to restrict the nomination to "a person" who is included in the definition of the family. Even now the nomination of cousins can be contested on this ground that under the law they are not included in the definition of Family.

ii) As regards the nomination of more than one person is concerned, since the form permits nomination of more than one person by using the words "I hereby nominate the following person(s) ________" it would be difficult to contest the nomination of one member.

iii) In view of the above I strongly recommend re-consideration of the provisions of para 16(5) (a) of the EPF Pension Scheme, 1995 not to include any other person except the eligible members of the family.

6. Notwithstanding the legal infirmities pointed out by the Legal advisor, in regard to point (ii), it is felt that in keeping with existing provision permitting pension payment to a person, it may be considered: