AGENDA ITEMS FOR 36TH MEETING OF PENSION AND EDLI IMPLEMENTATION COMMITTEE

Date of Meeting : 09.09.2015

Time : 11.00AM

Venue : Conference Hall
        EPF Headquarters,
        14th Bhikaji Cama Place,
        New Delhi – 110066

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<td>Confirmation of minutes of 35th Pension Implementation Committee &amp; EDLI.</td>
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<td>Action Taken Report on 35th Meeting decision.</td>
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<td>3.</td>
<td>Implementation of Jeevan Pramaan-an Aadhaar based online pensioners’ Digital Life Certificate for pensioners under EPS,95- Proposal for cash incentive to Pensioners for registration under the facility.</td>
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EDLI MATTERS

| 4.    | Amendment in EDLI Scheme, 1976-removing requirement of one year service for benefits under Para 22(3) of the Scheme. | 9-12      |
| 5.    | Proposal for increase in scales of assurance benefit on the death of a member of EDLI Fund | 13-15     |

MISCELLANEOUS MATTERS

| 6.    | Any other item with permission of Chair.                             |           |
Item No.1: Confirmation of minutes of 35th meeting of the Pension & EDLI Implementation Committee held on 30-01-2015.

1. Confirmation of minutes of 35th Pension and EDLI Implementation Committee.

The minutes of 35th Pension and EDLI Implementation Committee held on 30-01-2015 were forwarded to all members vide letter No. Pension/35th PIC Meeting/2015/17512 dated 12-02-2015 for information.

Proposal: The Pension & EDLI Implementation Committee may consider and confirm the minutes of the 35th Meeting of the PEIC as circulated vide letter cited above.
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<tr>
<th>Item No. 3: Information regarding change in term of Reference and change in Nomenclature to Pension &amp; EDLI Implementation Committee.</th>
<th>The PEIC was apprised of the approval of the CBT, EPF in its 205th meeting held on 19-12-2014 for the change in nomenclature to ‘Pension and EDLI Implementation Committee’ and the revision in the Terms of Reference. Action Taken: The meeting of new created PEIC was held on 30-01-2015.</th>
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<td>2. Item No. 4: Actuarial Valuation Reports for 2009-12 (Combined) and 2012-13, 2013-14 and 2014-15.</td>
<td>The Committee recommended that the actuarial valuation reports for the period 2012-13 and 2013-14 may be placed before the CBT, EPF for acceptance. In respect of the preliminary report as on 31-12-2014 assessing the impact of the minimum pension implementation the PEIC recommended that the same may be placed before the CBT, EPF for recommending to the Government for continuing the minimum pension support in perpetuity. Action Taken: Actuarial Valuation Reports for 2009-12 (Combined) and 2012-13, 2013-14 and 2014-15 was placed for CBT, EPF in its 206th meeting held on 11-03-2015 and Board approved the proposal as contained in the agenda.</td>
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<td>3. Item No. 5: Minimum Pension Implementation – Review of cases with Commutation, ROC and Short Service Pension.</td>
<td>The committee agreed that the minimum pension implementation is in consonance with the scheme and recommended that the present method of implementation should be agreed and accepted. Action Taken: Minimum Pension Implementation – Review of cases with Commutation, ROC and Short Service Pension was placed for CBT, EPF in its 206th meeting held on 11-03-2015 and Board approved the proposal as contained in the agenda.</td>
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<td>Item No. 6: Proposal based on representations received – Restoration of Committed Value of Pension, re-introduction of Commutation and Return of Capital provisions and deferment of age for drawing pension.</td>
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<td>The committee recommended that the acceptance of the proposal for restoration of commuted value, subject to adjustment of liability, which is to be worked out by the actuary. It also recommended acceptance of the proposal for re-introduction of the provision of commutation. This would be subject to the fact that the restoration of commuted value and the facility of commutation should only be available from the date of notification. Further, the commutation would only be available on the original amount of pension determined and not the minimum pension. The committee also recommended acceptance of the proposal for increase in the age of vestment of pension from 58 years to 60 years on optional basis. The committee did not recommend the re-introduction of the provision for return of capital.</td>
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<td><strong>Action Taken:</strong> Restoration of Committed Value of Pension, re-introduction of Commutation and Return of Capital provisions and deferment of age for drawing pension was placed for CBT, EPF in its 206th meeting held on 11-03-2015 and the Board approved the proposal as contained in the agenda. Further, Ministry sought clarification vide letter dated 18-08-2015 and this office has given reply to the Ministry vide letter dated 31-08-2015.</td>
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<th>Item No. 7: Extension of Medical benefits for EPS pensioners – Proposal of Shri M. Jagdishwara Rao, Member CBT, EPF.</th>
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<td>The committee decided that the possibility for a medical scheme should be explored. The members may also provide concrete suggestion which can be taken in subsequent meeting of the committee.</td>
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<td><strong>Action Taken:</strong> A meeting was held on 14-08-2015 in the chamber of CPFC. Officers from</td>
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| 6. | Increase in scale of EDLI benefits - Actuarial Valuation Report of EDLI Fund. | The committee decided to defer the issue for further discussion in the next meeting before making any recommendation.  
**Action Taken:** Now the matter is placed before the members of committee. |
| 7. | Regulation of pending EDLI Exemption cases. | The committee decided that the proposal for EDLI exemptions had been made in time by the establishments and satisfied other requirements should be accorded exemption retrospectively. Recommendation should also be made for delegation of powers to Additional Central P.F. Commissioner and/or Regional P.F. Commissioner level for approval of EDLI exemptions as per guidelines laid down.  
**Action Taken:** The pending EDLI Exemption cases are being processed. |
The Hon'ble Prime Minister has recently launched "Jeevan Pramaan" – an "Aadhaar-based Online Digital Life Certificate" for pensioners, a move that was aimed towards self-certification for pensioners in Central, State and other Government entities. Under this initiative a pensioner can digitally provide proof of being alive to authorities for continuity of pension every year instead of requiring to present oneself physically or through a Life Certificate issued by specified authorities. The present system requires that the pensioner has to submit a physical life certificate to EPFO directly or through pension disbursement agency i.e. bank. This exercise is to be carried out annually in the month of November to establish that the pensioner was alive in order to ensure continuity of his pension. The proposed digital certification will do away with the requirement of a pensioner having to submit a physical Life Certificate in November each year to the pension disbursement bank branch. The proposed system makes use of Aadhaar-based Digital Life Certificate for pensioners. The pensioners are required to have Aadhaar number to make use of this facility.

2. After discussions on implementation and technical aspects with Deity/NIC, the implementation of the project in all the field offices of EPFO has already been proposed. In this regard, all the field offices have been requested to take up the task of implementing 'Jeevan Pramaan' initiative. The orientation and user training are being provided to field offices for smooth implementation. The field offices will ensure registrations for Aadhaar based online pensioners' digital life certificates from different locations i.e. Designated Jeevan Pramaan Centres in the Region, EPFO offices and Branches of pension disbursing banks. For implementation of the facility, Aadhaar Numbers, finger prints and other related information are required to be obtained from pensioners and seeded in Pensioners’ Accounts. As on 31.03.2015 there are more than 51 lac pensioners who are drawing pension.
Therefore, the implementation of the facility will require efforts to obtain the Aadhaar Numbers, finger prints etc. in relation to pensioners and to update the database.

3. In this regard, it is pertinent to mention that there are large number of pension beneficiaries where the Life Certificates/Non-remarriage Certificates have not been received for periods above 1 years or more. The field offices have also reported a large number of pension beneficiaries where beneficiary details are not available and also where the pension is stopped. It has been reported by the field offices that the service charges claimed by the banks are pending due to non-submission of life certificates/non-remarriage certificates by the disbursing banks. In this regard, it is to place on record that under the banking arrangements for pension disbursement the Banks have the onus for collecting and forwarding life certificates/non-remarriage certificates to EPF offices.

4. The issue of release of bank service charges and collection of life certificates/Non-remarriage certificates was considered and instructions/guidelines vide circular letter No. Pens.14/Bkg. Arg./Ser.Chg./Disb.Ag./2005/17046 dated 16.07.2015 were issued to all field offices wherein it has been categorically emphasized that the bank service charges should be paid in the month of January every year and that too for pensioners whose life certificates have been received from the banks.

5. Keeping in view the importance of updation of Life Certificates and to ensure the smooth implementation of Jeevan Pramaan facility, it is proposed to extend cash incentives of Rs. 100/- to be credited in the pensioners’ account who will come forward to provide requisite details and get registration under the facility. It is also further proposed to provide cash incentive of Rs. 30/- against submission of digital life certificate for the subsequent years by the pensioners. The above proposal will encourage the pensioners to register themselves under the facility and to submit the digital life certificate every year. Also, in case of death or if the LC/NRMC has not been received, then the excess amount after the date of death or the date the LC/NRMC was due and not received should be recovered from the account and paid
back to EPFO. Wherever pension has not been disbursed for 3 years or more action to contact the pensioner should be taken both by the bank and EPF Office.

6. In this connection, it is to place on record that as on 31.03.2015 there are 51,04,397 pensioners under EPS, 95. In case of providing cash incentives of Rs. 100/- per pensioner, the approximate financial implications is worked out to be approximately 51 crore initially and keeping in view the average increase of 10% in the number of pensioners every year, it is estimated that approximately Rs. 20.5 crore will be required next year for implementation of the above proposal (Rs. 15.5 crore for current already registered pensioners @ Rs. 30/- and Rs. 5 crore for new pensioners added @ Rs. 100/-).

7. In this context, it is pertinent to mention here that a meeting with Pension Disbursing Banks under EPS, 95 was held on 05.06.2015 wherein issue of collection of life certificates by Pension Disbursing Banks was a part of the Agenda of the meeting. It was decided in the meeting that EPFO would make available branch wise list of cases for each bank where LC/NRMC had not been received and a sustained effort would be made by the respective banks in conjunction with the EPFO offices to either secure the LC/NRMC or refund the money in account to EPFO. Further, the payment of service charges to pension disbursing banks for payment of monthly pension under EPS, 95 was also discussed with banks. In the meeting, the banks were informed that the service charges could be revised considering the efforts involved in the present technology environment. The EPFO asked the banks to provide the charges under two scenarios first in the in case where the task of collection of LC/NRMC/DC is taken over from banks and it rests only with EPFO and only disbursement of monthly pension through centralized banking arrangement is made by banks and in the other scenario where the banks would carry out the function of LC/DC/NRMC as at present so that effective revision of service charges may be considered. In the meeting it was decided that all banks will discuss the issue of revising the cost framework under the two scenarios indicated among themselves and revert back with their proposal.
Therefore, future savings in payment of service charges to banks is likely to partially offset the above proposed cash incentive. However, at present EPFO will have to bear the cost of cash incentive.

8. The above proposal of extending cash incentives to pensioners was forwarded to Internal Finance for financial concurrence to the proposal. The Internal Finance is of the view that the matching savings on account on reduction of service charges may also form part of the proposal.

9. In this regard, it is submitted that the matching saving on account of reduction of service charges can only be calculated/projected as and when the discussions with pension disbursing banks is concluded on the issue of reduction in service charges as already discussed in the meeting with banks on 05.06.2015.

10. The above proposal is placed before the Committee for consideration and approval for further implementation.

Proposal: The Pension & EDLI Implementation may deliberate on the proposal and give such directions and recommendations as deemed fit.
The Employees’ Deposit Linked Insurance Scheme, 1976 (EDLI) is an insurance scheme which has been specifically devised for the Employees’ Provident Fund members who are its sole target group. As the name of the EDLI scheme itself suggests the benefits under the scheme are meant to be linked or related to the Provident Fund deposits of the members.

2. The benefits provided under the EDLI scheme are intended to provide benefits in the nature of a lumpsum amount as an insurance cover for the families of the members in the unfortunate event of death of the member. This benefit under the EDLI Scheme at present is determined at a different scale for members who have rendered less than one year of service at the time of their demise and separately for the members who have completed more than one year of service. It would be helpful to consider the EDLI benefits as contained in Para 22 of the scheme:

**Paragraph 22 - Scales of assurance benefit and the minimum average balance to be maintained by an employee**

1) On the death of an employee who is the member of the Fund or a provident fund exempted under Section 17 of the Act, as the case may be, the persons entitled to receive the provident fund accumulations of the deceased shall, in addition to such accumulations be paid an amount, equal to the average balance in the account of the deceased in the Fund or of a provident fund exempted under Section 17 of the Act, as the case may be, during proceeding twelve months or during the period of his membership, whichever is less, except where the average balance
exceeds rupees fifty thousand, the amount payable shall be rupees fifty thousand plus 40% of the amount in excess of rupees fifty thousand subject to a ceiling of rupees one lakh.

**Explanation 1.** – For the purpose of determining the average balance in the Fund or in the provident fund exempted under section 17 of the Act, as the case may be, in relation to any employee, the sum total of contributions by the employee and the employer, due for and up to the relevant period, whether paid or unpaid in the Fund or in the provident fund exempted under section 17 of the Act, as the case may be, together with interest thereon, shall be included.

**Explanation 2.** – The period of twelve months for calculation of benefits under this Scheme shall be computed backwards from the month preceding the month in which death of the member occurs.

(3) **On the death** of an employee who is the member of the Fund or a provident fund exempted under Section 17 of the Act, as the case may be, who was in employment of the same establishment for a continuous period of twelve months, preceding the month in which he died, the persons entitled to receive the provident fund accumulations of the deceased shall, in addition to such accumulations to be paid an amount, equal to:-

(i) the average monthly wages drawn (subject to a maximum of rupees fifteen thousand, during the twelve months period preceding the month in which he died, multiplied by twenty times or;

(ii) the amount of benefit under sub-paragraph (1)

whichever is higher

3. From a plain reading of Para 22 it would be clear that the benefits are arranged in a manner that **in the event of death occurring within one year of joining the**
benefits are the Average balance in the PF account, but if balance exceeds Rs. 50,000 then it will be Rs. 50,000/- plus 40% of the amount exceeding Rs. 50,000/- subject to a ceiling of Rs. 1,00,000/-. An additional 20% of the above amount is also admissible under the recent amendment. Therefore, maximum benefit possible is Rs. 1,20,000/- for this category at present.

4. However, in the event of death after one year of continuous service in the same establishment the benefits amount to twenty (20) times the average monthly wages drawn during the preceding 12 months plus an additional 20% of the above amount is also admissible under recent amendment. Therefore, maximum benefit possible is Rs. 3,60,000/- for this category at present (assuming average wage of Rs. 15,000/- per month)

5. The above benefit structure presents two anomalies; first, the benefits for a new entrant who dies due to unfortunate eventualities are extremely meagre and the family of such an employee is left with little to fend with from the EDLI benefits. Usually the PF deposits of such members would be very low as the length of service is less for them. Under an Insurance scheme framed under the Social Security umbrella the aim should be to provide higher benefits to the families of members who die at an early age as the families in such cases have to live through a longer period of existence compared to older members. In insurance the families of the younger members who die need the most in terms of assistance. The second anomaly is in respect of members who transfer from one establishment to another and who have not completed one year of employment under the same employer are also not entitled for the higher scale of benefits.

6. The exact reason for such differentiation in the scale of benefits based on length of service committed is not apparent in the scheme but an obvious rationale could be the exploitation of the system and prevention of false claims. It is noteworthy that
the detailed reportage of an employees' accounts by the employer used to happen only at the end of the year and the monthly reportage of new entrants and exits through Form 5 & 10 was not enforced very strictly. Presently, with ECR and UAN these records are difficult for manipulation and instructions are in place to verify all the cases of suspicion in EDLI/EPS claims with the records of the establishment.

7. It is, therefore, felt that presently it can be contemplated to remove the restriction of having one year's employment under the same employer for getting the higher scale of benefits under Para 22 of the EDLI scheme. The matter is placed for consideration of the committee and subject to agreeing to the proposal the necessary amendments would be drawn and forwarded to the Government for consideration.

Proposal: The Pension & EDLI Implementation may deliberate on the proposal and give such directions and recommendations as deemed fit.
ITEM NO. 5: Proposal for increase in scales of assurance benefit on the death of a member of EDLI Fund.

Employees' Deposit Linked Insurance (EDLI) Scheme, 1976 provides a benefit in the unfortunate event of death of a member and is linked to the deposit held in the Provident Fund Account of a member. This linkage of benefits to the PF deposit is coming out of the Para 22 of the Scheme which is reproduced below:

"Paragraph 22 – Scales of assurance benefit and the minimum average balance to be maintained by an employee –

(1) On the death of an employee who is the member of the fund or a provident fund exempted under Section 17 of the Act, as the case may be, the persons entitled to receive the provident fund accumulations of the deceased shall, in addition to such accumulations be paid an amount, equal to the average balance in the account of the deceased in the Fund of a provident fund exempted under Section 17 of the Act, as the case may be, during proceeding twelve months or during the period of his membership, whichever is less, except where the average balance exceeds rupees fifty thousand, the amount payable shall be rupees fifty thousand plus 40% of the amount in excess of rupees fifty thousand subject to a ceiling of rupees one lakh.

.............

(3) On the death of an employee who is the member of the fund or a provident fund exempted under Section 17 of the Act, as the case may be, who was in employment of the same establishment for a continuous period of twelve months, preceding the month in which he died, the persons entitled to receive the provident fund accumulations of the deceased shall, in addition to such accumulations to be paid an amount, equal to:

(i) the average monthly wages drawn (subject to a maximum of rupees fifteen thousand) during the twelve months
period preceding the month in which he died, multiplied by twenty times or;

(ii) the amount of benefit under sub-paragraph (1) whichever is higher.

4) The benefit under this Scheme shall be further increased by twenty percent in addition to the benefits admissible under sub-paragraph(1), (2) or (3) of paragraph 22, as the case may be.”

2. In terms of the above Para, it means that if a member has an average deposit of Rs. 1,00,000 in his PF account and has wages of Rs. 15,000/- per month, the EDLI benefit in respect of such a member for the beneficiaries would be Rs. 3,60,000/-. 

3. The Hon’ble Minister of State (IC) for Labour & Employment had taken a review on 06.01.2015 on issues related to EPFO where the increase of EDLI benefits was also discussed. In the meeting it was decided that the Actuarial Report on the EDLI Fund may be referred to the Ministry of Labour & Employment for taking a view on the increase in EDLI benefits. The terms of reference given to the Actuary for the valuation was to look at the viability of existing scheme by projecting year-on-year cash inflow on account of given contribution rate & cash outflow on account of death benefit under EDLI Scheme, 1976. It was also desired to examine enhancement of death benefit to take care of inflation with current contribution rates given the fact that the mortality experience is improving across the country.

4. The Actuary in its report offered different scenarios. The valuation has been done with projection of 40 years including the income and outgo for all the members as on 01.09.2014. It is felt that the benefits under scenario 7 (given in the actuarial report) can be considered for increase in the EDLI benefits. The benefits under this scenario as compared to the existing provisions would be as under:-

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<th>Present Benefit (maximum)</th>
<th>Proposed increase in Benefit (maximum)</th>
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<td>(i) In the event of death occurring within one year of joining</td>
<td>Thirty (30) times the average monthly wages drawn during the preceding 12 months</td>
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<td>Average balance in the PF account, but if balance exceeds Rs. 50, 000 then it will be Rs. 50,000/- plus 40% of the amount exceeding Rs. 50,000/-</td>
<td>Plus 50% of the average balance in the PF account subject to a ceiling of</td>
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subject to a ceiling of Rs. 1,00,00/-

Additional 20% of the above amount is also admissible under recent amendment.

Therefore, maximum benefit possible is Rs. 1,20,000/- for this category at present

| (ii) In the event of death after one year of continuous service in the same establishment |
| Twenty (20) times the average monthly wages drawn during the preceding 12 months |
| Additional 20% of the above amount is also admissible under recent amendment. |
| Therefore, maximum benefit possible is Rs. 3,60,000/- for this category at present (assuming average wage of Rs. 15,000/- per month). |

Rs. 1,00,000/-.

Provision of additional 20% introduced under recent amendment to be deleted.

Therefore, maximum benefit possible is Rs. 5,50,000/- for this category at present (assuming average wage of Rs. 15,000/- per month and average PF balance equal to or exceeding Rs. 1,00,000/-)

5. It was also thought proper to discuss the issue with the Life Insurance Corporation of India (LIC) as they are one of the biggest service providers in EDLI. After meeting with the LIC, it has been indicated by them that they can increase the benefit to 30 times the salary, while presently the benefit is 20 times the salary apart from an additional 20% bonus. It actually means that LIC has indicated that the benefits can be increased 30 times the salary instead of present 20 times of salary plus 20% bonus which translates into 24 times the salary. The proposal of the LIC is on the basis of the present contribution to the EDLI. They are not taking into account the corpus which has been acquired over the years. Taking into account the corpus and the conservative calculation LIC has taken into account while making a proposal, the benefit can be enhanced.

6. The proposal made in Para (4) above is placed before the Committee for consideration and approval.

Proposal: The Pension & EDLI Implementation may deliberate on the proposal and give such directions and recommendations as deemed fit.
No. Pension/ 36th Meeting/PEIC/2015/

Dated: 14 SEP 2015

To

All Members,
Pension & EDLI Implementation Committee
CBT, EPF

Sub.: Minutes of the 36th Meeting of the Pension & EDLI Implementation Committee Held on 09-09-2015 – reg.

Sir

The minutes of the 36th Meeting of the Pension & EDLI Implementation Committee as approved by the Chairman, Pension & EDLI Implementation Committee is forwarded herewith for information and comments, if any please.

Encl.: As above

Yours faithfully

[Signature]
ADDL CENTRAL P.F.COMMISSIONER-II(Pension)

Copy to:
1. PS to CPFC & Chairman, PIC
2. PS to joint Secretary & FA, Ministry of Labour & Employment, New Delhi.
3. PS to Director (SS), Ministry of Labour & Employment, New Delhi.
4. PS to Addl CPFC (HQ)
5. PS to Addl. CPFC (Pension)
Minutes of Meeting
36th Meeting of
Pension & EDLI Implementation Committee

Date: 09-Sep-2015

Venue: 3rd Floor, Conference Hall,
EPFO Headquarters
Bhavishyanidhi Bhavan
14-Bhikaiji Cama Place
New Delhi - 110 066

Present:
1. Shri. K.K. Jalan, Central Provident Fund Commissioner - Chairman
2. Shri. G.P. Shrivastava, Employer's Representative, CBT (EPF) - Member
3. Shri. D.L. Sachdeva, Employee's Representative, CBT (EPF) - Member
4. Shri. Pawan Kumar substituting for Shri. Vrijesh Upadhyay,
   Employee's Representative, CBT (EPF) - Member
5. Shri. D.S. Negi, Director (SS), MoL&E - Member
6. Shri. Jayesh D. Pandit, Representative of M/s. K.A. Pandit,
   Appointed Actuary (Domain Expert) - Member
7. Shri. Pravesh Kumar, DGM, PFRDA (Domain Expert) - Member

Smt. Meenakshi Gupta, Joint Secretary & Financial Advisor (MoL&E) could not attend the
meeting but had sent her comments on the agenda by e-mail dated 09.09.2015. Shri. Rajesh
Bansal, Additional Central Commissioner (HQ) & Convenor also could not attend the
meeting.

Shri. Chandramauli Chakraborty, Additional Central Commissioner - II (Pension & IWU)
EPFO, Headquarters also attended the meeting.

Central Provident Fund Commissioner welcomed the members of the Pension and
EDLI Implementation Committee (PEIC) and stated that the agenda before the committee
included two proposals for amendments to the Employees' Deposit Linked Insurance
Scheme, 1976; one for removing anomalies in the benefit determination under EDLI and
the other for increasing the scale of benefits under the scheme. These matters have also
been included in the agenda for the forthcoming meeting of the Central Board of Tristees,
EPF (CBT) scheduled for 16-Sep-15 at Hyderabad. The recommendations of the PEIC would
be placed for consideration of the CBT. With these opening remarks he requested the committee to take up the matters in the Agenda for discussion.

Item No. 1: Confirmation of minutes of the 35th meeting of the Pension & EDLI Implementation Committee held on 30-01-2015

2. Discussion: The minutes of the 35th meeting of the Pension & EDLI Implementation Committee held on 30.01.2015 has been circulated vide letter No. Pension/35th PIC Meeting/2015/17512 dated 12.02.2015.

3. Decision/Recommendation: The PEIC confirmed the minutes as circulated.

Item No. 2: Action taken Report on the 35th Meeting/Decision

4. Discussion: The Committee reviewed the action taken reported on the decisions/recommendations made in the 35th meeting of PEIC held on 30-01-15.

5. The committee noted that the Actuarial valuation reports for EPS that had been recommended for acceptance had been accepted by the CBT in its 206th meeting held on 11-03-15 and the Government had also accepted and implemented the recommendation for continuing the minimum pension of Rs. 1,000/- per month beyond 2014-15. The CBT in the 206th meeting held on 11-03-15 had also accepted the recommendations of the PEIC on the method of implementation of the minimum pension where commutation, Return of Capital and short service pension was involved. The board had also accepted the recommendations on restoration and re-introduction of commutation, and deferment of age for drawing pension as well as restriction of liability of EPS where contributions have not been received for more than 36 months. Based on these recommendations of the PEIC and the CBT, the EPFO had forwarded the proposals for necessary amendments in the EPS to the Government. Certain clarifications had been sought by the Ministry on this proposal and the same had been provided vide letter dated 31-08-2015. Shri Pawan Kumar wanted to know the nature of the clarification sought by the Ministry of Labour & Employment. The CPFC informed that the clarifications were on procedural points which had been clarified. Director (SS), Ministry of Labour informed that the matter is under active consideration in the Ministry.

6. On the issue of extension of Medical Benefits for EPS pensioners it was informed that matter had been discussed at a meeting where both CPFC and DG-ESIC were present along with officials from Ministry of Labour & Employment where aspects were deliberated. Shri Pawan Kumar wanted to know the details of the deliberations and the
CPFC stated that this matter can be further discussed after taking up the items on Agenda. On the agenda related to regulation of pending EDLI exemption cases, it was informed that based on the recommendations of the PEIC the pending EDLI exemption cases were being processed.

7. **Decision / Recommendation:** With these deliberations the Committee took note of the Action Taken report on the various decisions and recommendations made in the 35th meeting of the PEIC held on 30.01.2015.

Item No. 3: Implementation of Jeevan Pramaan – an Aadhaar based Online Pensioners’ Digital Life Certificate for pensioners under EPS, 95 - Proposal for cash incentive to Pensioners for registration under the facility

8. **Discussion:** Giving an outline of the agenda for the members of the Committee it was informed by ACC-II (P) that during the last year Jeevan Praman an "Aadhar based Online Digital Life Certificate for Pensioners" launched by the Hon’ble Prime Minister in 2014 had been taken up on a trial basis at Regional Office, Delhi and Chandigarh. The trial had been was reasonably successful and it is intended to implement the same in all the offices during this year. The Committee was informed that Jeevan Praman was a web-based application with which pensioners can provide their life certificates electronically with fingerprint based authentication using the Aadhar platform. This procedure significantly reduces the time of submission and updation of database for the life certificate of an individual pensioner.

9. It is presently proposed is to give an incentive of Rs. 100/- to every pensioner who registers and provides the digital life certificate in Jeevan Praman for the first year. In subsequent years, it is proposed to give cash incentive of Rs. 30/- for submission of digital life certificate. The proposal is meant to encourage the pensioners to register themselves under the facility and to submit the digital life certificate every year. The anticipated expenditure in the proposal is Rs. 51 crore for the present year and Rs. 20.5 crore for the next year.

10. The PEIC welcomed the proposal and agreed in principle that it should be implemented. Shri Pawan Kumar, however, pointed out that it must be borne in mind that every body has not got Aadhar in India as well as the fact that in a recent judgement, the Hon’ble Supreme Court of India has held that the Aadhar cannot be made mandatory. JS&FA, MoL&E had also pointed out the interim decision of the Hon’ble Supreme Court and the instructions issued by the DBT Mission, Department of Expenditure, Ministry of Finance in the comments sent over e-mail. Responding to these observations, the CPFC pointed out
that Aadhar penetration in India was quite widespread and almost 70% of the population has the Aadhar number. Further, the Jeevan Praman initiative of EPFO was not a mandatory requirement and pensioners were required to opt for this method of submission of life certificate on voluntary basis only. The cash incentive was meant only to encourage the EPS pensions to adopt this easy and convenient digital mode of life certificate submission. Director (SS), MoL&E felt that the directions of the Hon’ble Supreme Court were against making the Aadhaar a mandatory requirement and the initiative of EPFO would not be violative of the directions, but this issue should be examined in detail. The CPFC suggested that a legal opinion can be taken to ensure that the directions of the Hon’ble Supreme Court are adhered to.

11. Shri. Pravesh Kumar, DGM, PFRDA stated that it should also be considered that when a member registers during the first year but does not subsequently use the facility, the incentive given during first year would not give the desired long term result.

12. Shri G.P. Srivastava stated that since Aadhar cannot be made mandatory for providing services, the pensioners of EPS cannot in any way be asked to give the Life Certificates through this mode only and it has to be a voluntary exercise. However, given that this system provides benefits, both to the pensioners as well as to the department and makes the entire process of Life Certificate submission, collection and updation smooth and effective, the EPFO should proceed for implementation of the system and the incentive proposed.

13. The Committee was of the general opinion that even if this initiative was take up as an experiment, given the advantages that this initiative provides the EPFO should go ahead with it. It was felt that even if there is an expenditure of Rs. 5 crore involved, it would be a worthwhile experiment and in any case the expenditure would be met out of the administrative fund and would not impact the EPS. Shri. Pawan Kumar pointed out that there was also a possibility of recovering part of the expenditure through reduction in bank charges as had been indicated in the Agenda.

14. Shri Sachdeva pointed out that it should be examined further whether there is any discrimination involved as the incentive is being given only to those pensioners who have Aadhar and are coming forward for this facility and not to the remaining pensioners.

15. The CPFC stated that it would be advisable to get the issue legally examined as to whether the interim orders / directions of the Hon’ble Supreme Court are being adhered to as well as the fact if there was any discrimination or inequality involved in the proposed incentive for the digital life certificate initiative.
16. **Decision/Recommendation:** The Committee recommended that the proposal should be accepted and considered for implementation subject to an appropriate legal opinion being obtained as to whether the interim orders/directions of the Hon’ble Supreme Court are being adhered to as well as the fact if there was any discrimination or inequality involved in the proposed incentive for the digital life certificate initiative.

17. **Discussion:** The proposal for amendment in EDLI Scheme, as contained in the Agenda, was primarily to address two existing anomalies; first, in respect of new entrants/members who die within 1 year of joining, their families get lesser EDLI benefits as compared to those who have more than one year of service. At present beneficiaries of such members can get a maximum benefit of Rs. 1,20,000/- only. The second anomaly is in respect of members who change employment and have not completed one year of service under the new employer also get the reduced scale of benefits though there is continuity of membership and their overall membership would be in excess of one year. This is due to a specific provision in Para 22 (3) of the EDLI Scheme which provides higher scale of benefits only where there is employment in the same establishment for a continuous period of 12 months preceding the month in which the member dies. It was felt that these anomalies should be removed and the higher scale of benefits should be allowed in respect of all members, particularly given the fact that the families of a new member who dies unfortunately require higher financial support for their sustenance compared to the members who have many years of service.

18. Shri Pawan Kumar wished to know as to why such a situation was existing in the Scheme. The CPFC stated that these were anomalies that existed in the Scheme as it stood today and it was high time that such infirmities were addressed and, therefore, requested the Committee to accept the proposal as contained in the Agenda. Shri. Sachdeva also stated that the proposed amendment was for the benefit of members and their families and such anomalies should be removed.

19. **Decision/Recommendation:** The PEIC unanimously recommended the proposal as contained in the Agenda for acceptance by the CBT, EPF.
ESIC and other officers of the Ministry of Labour & Employment various aspects of the proposal had been deliberated.

25. During the meeting it was noted that while EPF has an all India coverage the ESI is present in specific areas and almost 40% of the EPF subscribers would not be covered by ESI. Further, an estimated 30% of the EPF members do not contribute to EDLI being exempted. It was also estimated that approximately 10-15 lakhs of the EPS pensioners out of 50 lakh would have medical benefits from ESI being Insured Persons (IP). The target, therefore, was the remaining 35-40 lakh pensioners for whom medical benefits were to be provided.

26. There was a proposal under consideration in the ESIC for extending medical benefits for unorganized sector workers and the possibility existed for extending medical benefits to EPF members and pensioners under that scheme. The ESIC was working out the reasonable sustainable premium based on age group for extending such benefits. The proposed benefits would include primary and secondary medical care but not super-speciality care. However, the question of diversion of EDLI funds for payment of such premiums would have to examined considering the fact that 30% of EPF subscribers are not contributing to EDLI. The payment of premiums is a continuous and perpetual stream and any one time payment from EDLI would not suffice. Further, even financing from EPS would require examination as approximately 24% of the pensioners are expected to use this facility, others already being IPs or in uncovered areas and contribution of 100% members cannot be utilized for a limited number of persons.

27. Apart from the above, the Government is also considering a health scheme for coverage of senior citizens for which it has been proposed to divert Rs. 6,000 crore from the unclaimed deposits of EPF. The EPS pensioners would be covered under this scheme once it is formulated.

28. The members of the Committee also suggested that steps should be taken to give publicity to the EDLI scheme as its advantages were not widely known among the members. It was suggested that boards should be placed in EPF offices as well as state labour offices.

29. **Decision / Recommendation:** It was decided that further developments on the extension of medical benefits would be apprised to the Committee and steps for giving publicity for EDLI would be taken by EPFO.

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