No. Pension/37th PEIC Meeting/2016

To

All Members,  
Pension & EDLI Implementation Committee  
CBT, EPF

Sub: Draft minutes of the 37TH Meeting of the Pension & EDLI Implementation Committee held on 28.03.2016 – reg.

Sir,

A copy of the minutes of the meeting as approved by the Chairman, Pension & EDLI Implementation Committee held on 28.03.216 is forwarded herewith. It is requested to forward your comments, if any, on the minutes, with 10 days from the date of receipt of this letter.

Encl: As above

Yours faithfully

(Chandramaauli Chakroborty)
Addl. Central. P.F. Commissioner-II (Pension)

Copy to:
1. PS to CPFC & Chairman, of PEIC
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 ACC HQ (Pension)
Minutes of Meeting
37th Meeting of
Pension & EDLI Implementation Committee

Date: 28-Mar-2016

Venue: Mini Committee Room
Ministry of Labour & Employment
Shram Shakti Bhavan
Rafi Marg
New Delhi – 110 001

Present:

1. Dr. V.P. Joy, Central Provident Fund Commissioner - Chairman
2. Shri. G.P. Shrivastava, Employers’ Representative, CBT (EPF) - Member
3. Shri. Vrijesh Upadhyay, Employees’ Representative, CBT (EPF) - Member
4. Shri. Jayesh D. Pandit, Representative of M/s. K.A. Pandit,
   Appointed Actuary (Domain Expert) - Member
5. Shri. Chandramauali Chakraborty, ACC (Pension) - Convenor

Shri. D.L. Sachdeva, Employee’s Representative, CBT (EPF), Shri. R. S. Maker, Employer’s Representative, CBT (EPF), Smt. Meenakshi Gupta, Joint Secretary & Financial Advisor (MoL&E), Shri. D. S. Negi, Director (SS), MoL&E and representative of PFRDA could not attend the meeting.

Shri. Rajesh Bansal, Additional Central Commissioner (HQ), EPFO also attended the meeting.

Central Provident Fund Commissioner welcomed the members of the Pension and EDLI Implementation Committee (PEIC) and stated that there is only one main agenda before the committee which is a proposal for amendments to the Employees’ Deposit Linked Insurance Scheme, 1976 to allow for retention of membership in the EDLI scheme for members who had exited from employment. He further informed that the proposal is also included in the agenda for the forthcoming meeting of the Central Board of Trustees, EPF (CBT) scheduled for 29-Mar-16. The recommendations of the PEIC would be placed for consideration of the CBT.
2. 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 36th meeting of the Pension & EDLI Implementation Committee held on 09-09-02015

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

Item No. 2.: Action taken Report on the 36th Meeting/Decision

4. Decision / Recommendation: The PEIC took note of the Action Taken Report placed before the committee.

Item No. 3: Proposal for amendment to the EDLI Scheme, 1976 for extending voluntary retention of membership for members who cease to be in employment at reduced rate of contribution

5. The CPFC introduced the agenda item to the committee by giving a broad outline of the proposal. He explained that at present the EDLI scheme provides benefits to the family members / beneficiaries of a member in the event of death of the member while in service / employment. However, in the current employment scenario a worker takes up several employments during their working lifetime. On many occasions there is a break or gap between spells of employment on account of layoff or downsizing for which the worker is not responsible. During such periods the worker is in a vulnerable position and in the unfortunate event of his death during such a period the family is worst affected and in this situation even the EDLI benefits are not available.

6. The present proposal for amendment to the EDLI scheme was meant to address this lacunae and offer a voluntary retention of membership of the EDLI scheme to the workers on the cessation of their employment. Since the financial position of the workers in this period is likely to be weak, the contribution for such retention of membership is also kept at a reduced rate (half of the normal EDLI contributions). This proposal would allow the workers to be covered with a life insurance on a voluntary basis during the periods between their employment spells.
7. Shri. Vrijesh Upadhyay welcomed the proposal but stated that it would be preferable that continuity of the membership is maintained from the PF balance and the earnings on it as now full settlement of the PF balance is not being allowed prior to the age of 58 with the introduction of Para 68-NNNN in the EPF scheme. It was explained that in the voluntary retention of membership in EDLI that is being proposed the EDLI contribution is to be deducted from the PF balance of the member and only if there is insufficient balance there is a provision for payment by cheque / draft by the member.

8. Shri. G.P. Shrivastava said that since the continued membership is being given at reduced contribution rate the membership should be offered for a fixed period during which the worker is expected to obtain another employment. The suggestion was welcomed by the committee and it was decided after deliberation that a period of 3 years would be a reasonable period for which the voluntary retention of membership could be allowed after cessation of employment.

9. **Decision / Recommendation:** The Committee recommended the acceptance of the proposal with the condition that the voluntary retention of membership of EDLI should be allowed for a period of 3 years from the date of cessation of employment as any member can be reasonably expected to find employment within such period.

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

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No. Pension/37th PEIC Meeting/2016

To

All Members,
Pension & EDLI Implementation Committee
CBT, EPF

Sir,

It has been decided to convene the 37th meeting of the Pension and EDLI Implementation Committee on 28.03.2016 at 2:00 pm at Mini Conference Hall Sharm Shakti Bhawan, Ministry of Labour & Employment, Rafi Marg, New Delhi. The agenda item for the meeting is enclosed herewith.

It is requested to make it convenient to attend the meeting as per schedule mentioned above.

(This issues with the approval of CPFC)

Yours faithfully,

(Chandramauni Chakraborty)
Addl. Central. P.F. Commissioner-II (Pension)

Copy to:
1. PS to CPFC & Chairman, PEIC
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 ACC (Pension)
AGENDA ITEMS FOR 37TH MEETING OF PENSION AND EDLI IMPLEMENTATION COMMITTEE

Date of Meeting : 28.03.2016
Time : 2.00 PM
Venue : Mini Conference Hall
Sharm Shakti Bhawan
Ministry of Labour & Employment, Rafi Marg,
New Delhi – 110066

<table>
<thead>
<tr>
<th>S.No.</th>
<th>ITEM</th>
<th>Page. No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Confirmation of minutes of 36th Pension and EDLI Implementation Committee.</td>
<td>1 - 7</td>
</tr>
<tr>
<td>2.</td>
<td>Action Taken Report on 36th Meeting decision.</td>
<td>8 - 9</td>
</tr>
<tr>
<td>3.</td>
<td>Proposal for amendment to the EDLI Scheme, 1976 for extending voluntary retention of membership for members who cease to be in employment at reduced rate of contribution.</td>
<td>10 - 18</td>
</tr>
</tbody>
</table>
Subject: RE: Amendment to EDLI Scheme - extending voluntary membership on cessation of employment - views sought for
To: chandramauli.ch@epfindia.gov.in <chandramauli.ch@epfindia.gov.in>
Cc: RPFC Pension, EPFO Ministry of Labour <rc.pension@epfindia.gov.in>

Dear Mr. Chandramauli,

We refer to your mail as regards proposed amendment. As the data of the member not in service and keeping their contribution with EPFO can only be generated after some years, it would be difficult to ascertain the cost or required premium, but considering the surplus generated in EDLI scheme in the past and lower claim rate, the proposal may be workable, but in absence of the factual data it would be difficult to estimate the liability on account of change in the scheme.

Regards

Regards
Jayesh D. Pandit
Consultant to M/S.K.A. PANDIT
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From: chandramauli.ch@epfindia.gov.in [mailto:chandramauli.ch@epfindia.gov.in]
Sent: 17 March 2016 19:00
To: Jayesh Pandit <jayesh@ka-pandit.com>
Cc: RPFC Pension, EPFO Ministry of Labour <rc.pension@epfindia.gov.in>
Subject: Amendment to EDLI Scheme - extending voluntary membership on cessation of employment - views sought for

Dear Jayeshji,

This has reference to our discussion on the subject earlier. It has been proposed to make an amendment in the EDLI Scheme, 1976 to make available continuity of membership on voluntary basis to a member of the EDLI Scheme on the cessation of his employment on payment of a reduced contribution (half of the normal contribution i.e. 0.25% of wages). The benefits proposed are 30 times the 12 month average wages prior to the date of exit from employment. The component of 50% of the PF accumulations would not be available in this case, which is otherwise available in normal/regular membership.

Other changes proposed are defining membership clause with a maximum date of entry at 58 years and the maximum age of continuity of membership has been proposed at 60 years.

The agenda item on this subject that is proposed to be placed before the Pension & EDLI Implementation Committee and thereafter to the CBT. EPF is attached herewith.

It is requested to kindly go through the proposed changes and provide us your professional views, particularly the
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. Chandramaunil 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
Minutes of 36th Meeting of Pension & EDLI Implementation Committee

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 "Aadhaar 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 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 finger print 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. MoF&EA, 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 wide spread 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&ES 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 Praves 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.

**Item No. 4:** Proposal for amendment to the EDLI Scheme – Normalizing benefits – removing length of service criteria for benefits under Para 22(3) of the scheme

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.
Minutes of 36th Meeting of Pension & EDLI Implementation Committee

Item No. 5: Proposal for increase in scales of assurance benefit on the death of a member of EDLI Fund

20. **Discussion:** The proposal as contained in the Agenda was to increase the scale of benefits under EDLI as per the recommendations contained in the Actuarial Valuation Report of the EDLI Fund. The Committee was informed that an Actuarial Valuation of the EDLI Fund had been carried out for the first time and the report had been submitted by the Actuary which had been earlier placed before this Committee. The Valuation Report had brought out different scenarios and among them the scenario No. 7 in the Report was being recommended for acceptance and implementation. It was proposed under this scenario to increase the EDLI benefits to 30 times the average monthly wages drawn during the preceding 12 months before death plus 50% of the average balance in the Provident Fund Account subject to a ceiling of Rs.1,00,000/-. Therefore, the maximum benefit possible would be Rs. 5.50 lakhs. In contrast the present maximum benefits were 24 times the average monthly wages with a maximum possible benefit amount of Rs. 3,60,000/-. 

21. The Committee was informed that the proposal was in terms of the recommendations of the Actuary in the Valuation Report and the EDLI fund would be sustainable even after the proposed increase in the benefits and it would also encourage members to continue their PF membership and increase the PF balances in their account.

22. On a query from Shri Sachdeva and Shri Pawan Kumar on the ceiling of Rs. 1,00,000/- for the PF balances, CPFC explained that the ceiling of Rs.1 lakh on the PF balance component of the EDLI benefit has been suggested keeping in view that the interest of the poorer section of the workers should be addressed primarily and there is no disproportionate benefits in respect of the higher paid workers whose PF balances would be higher. Further, it can be seen that a member earning Rs.15,000/- p.m. would accumulate approximately Rs.2 lakhs over a period of 5 years and for this accumulation the PF balance component of the EDLI benefit would be Rs. 1 lakh.

23. **Decision/Recommendation:** After deliberation, The PEIC recommended the proposal as contained in the Agenda for acceptance by the CBT, EPF.

Other Item (with permission of Chair): Developments in the proposal for extension of Medical Benefits for EPS pensioners and publicity for EDLI scheme benefits

24. **Discussion:** On the request of Shri Pawan Kumar to apprise the Committee of the deliberations on the proposal for extension of Medical Benefits for EPS pensioners, the CPFC informed the Committee that the issue had been discussed at various levels including at the level of the Secretary (L&E). In a recent meeting held on 14-08-2015 between CPFC and DG.
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.
## Item No. 2: Action taken Report on 36th Meeting/Decisions

| --- |
| **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.  

**Action Taken:** The Hon’ble Supreme Court in an interim order dated 11.08.2015 in Writ Petition (Civil) No. 494 of 2012 had permitted the use of unique Identification Number or the Aadhaar Card only in respect of PDS and LPG Distribution. Subsequently vide another order dated 15.10.2015 the Hon’ble Supreme Court had permitted the use of Aadhaar for a few more Schemes and Services including the EPFO but had stated that the Aadhaar Card Scheme is purely voluntary and cannot be made mandatory. Further the Aadhaar Bill has recently been passed in parliament and this item will be reconsidered in the light of the law once it comes into force and, if necessary, a new item will be placed before the committee for consideration. |

<table>
<thead>
<tr>
<th>Item No. 4: Proposal for amendment to the EDLI Scheme – Normalizing benefits – removing length of service criteria for benefits under Para 22(3) of the scheme.</th>
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| **Decision / Recommendation:** The PEIC unanimously recommended the proposal as contained in the Agenda for acceptance by the CBT, EPF.  

**Action Taken:** The recommendations of the PEIC were placed before the CBT, EPF in its 208th meeting held at Hyderabad on 16.09.2015. The Board had recommended the acceptance and implementation of the proposal. Based on the approval of the Board a proposal for amendment of the EDLI Scheme has been sent to the Government on
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Action Taken</th>
<th>Decision / Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>Item No. 5: Proposal for increase in scales of assurance benefit on the death of a member of EDLI Fund</td>
<td>16.10.2015. However, the present proposal placed for reconsideration of PEIC in its 37th meeting scheduled for 28.03.2016 subsumes the earlier proposal.</td>
<td>After deliberation, the PEIC recommended the proposal as contained in the Agenda for acceptance by the CBT, EPF.</td>
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<td>4.</td>
<td>Item No. 6: Any other Item (with permission of chair): Developments in the proposal for extension of medical Benefits for EPS pensioners and publicity for EDLI Scheme benefits.</td>
<td>Action Taken: The recommendations of the PEIC were placed before the CBT, EPF in its 208th meeting held at Hyderabad on 16.09.2015. The Board had recommended the acceptance and implementation of the proposal. Based on the approval of the Board a proposal for amendment of the EDLI Scheme has been sent to the Government on 16.10.2015. However, the present proposal placed for reconsideration of PEIC in its 37th meeting scheduled for 28.03.2016 subsumes the earlier proposal.</td>
<td>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.</td>
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Action Taken: The ESIC had prepared draft EPF pensioners Medical Scheme, 2016 for providing medical care to pensioners under Employers Pension Scheme, 1995 through the network of dispensaries and hospitals set up under the ESIC Act, 1948. The Ministry of Labour & Employment called for comments on the Scheme from EPFO and the same was provided on 27.01.2016. The matter is presently under consideration of the Government.

As regards the measures for giving publicity of the EDLI Scheme, the same would be taken up after the proposed amendments to the EDLI scheme are implemented for maximizing the impact of the initiative.
37th Meeting of Pension & EDLI Implementation Committee
28.03.2016

Item No: 3 Proposal for amendment to the EDLI Scheme, 1976 for extending voluntary retention of membership for members who cease to be in employment at reduced rate of contribution

It may be recalled that the Central Board of Trustees, Employees’ Provident Fund (CBT) in its 208th Meeting held at Hyderabad on 16.09.2015 had based on the recommendations of the Pension & EDLI Implementation Committee in its 36th meeting held on 09.09.2016 considered two proposals for amendments to the Employees’ Deposit Linked Insurance Scheme, 1976 (EDLI) and had recommended the following proposals for acceptance and implementation:

(i) Removing the length of service criteria for benefits under Para 22(3) of the EDLI Scheme:

This recommendation removed an anomaly wherein different scales of benefit existed for members viz. a lower scale for members who have rendered less than one year of service and a higher scale for members who have completed more than one year of continuous service in the same establishment. The CBT recommended replacement of the two existing scales with a uniform scale of benefit for all the members.

(ii) Increase in the scales of assurance benefit on the death of a member of EDLI Fund.

It had been recommended to increase the EDLI benefits to 30 times the average monthly wages drawn during the preceding 12 months from the date of death of the member while in service plus 50% of the average balance in the PF account subject to a ceiling of Rs. 1,50,000/- whereby the maximum benefit possible under EDLI would be Rs. 6,00,000/-. 

2. Based on the recommendations of the CBT a justification note on the amendment proposed in EDLI to give effect to the proposals approved by the CBT had been forwarded to the Ministry of Labour & Employment. That proposal is presently under consideration in the Government.

3. In the meantime amendments have been carried out in the Employees’ Provident Fund Scheme, 1952 vide Gazette Notification G.S.R. No. 158(E) dated 10-02-2016 carrying out amendments in Para 69 of the EPF Scheme and introducing a new Para 68-NNNN which combined together have the effect that any member ceasing to be in employment prior to the date of
superannuation i.e. 58 years is only entitled only for settlement of the employee’s share of PF accumulations. The amendments are meant to encourage retention of PF membership by the employees and to discourage the quite prevalent practice of settlement of accounts immediately on exit from employment which had resulted in a situation where the members had very low PF balances at the end of their careers thus defeating the very purpose of a social security cover to provide for the post retirement life of members.

4. The above move results in a situation where a member retains the PF membership even after exit from employment whereas the EDLI membership ceases on exit from employment. It was felt that it would be preferable to offer retention of the membership of the EDLI scheme on voluntary basis to the members after cessation of employment. The contributions for such retention of membership are proposed to be at lower rates (half of normal contributions i.e. 0.25% of the wages). The amendments that are proposed for giving effect to this proposal as well as the proposals approved by the CBT earlier are given in Annex-I of this note. The salient points of the proposed amendments are as under:

(i) Membership and retention of membership clauses that were not available in the EDLI Scheme earlier as the membership was co-terminus with the employment have been added to provide for voluntary retention of membership on cessation of employment.

(ii) The membership and retention of membership were also necessary to be defined in the scheme to ensure that there is no scope for posthumous membership.

(iii) The membership commencement age in the scheme has been kept at the maximum of 58 years and the membership cessation age is kept at 60 years.

(iv) The commencement and cessation age has been specified as the EDLI is a scheme that provides benefits in the nature of insurance in the event of death for any reason, whatsoever, and it is not prudent to allow membership after the normal age of superannuation when the mortality risks are higher.

(v) Voluntary retention of membership is allowed to members on exit from employment. If the member re-joins another employment then the membership continues on normal mode.

(vi) The contributions for voluntary retention of membership are kept at one-half of the normal contributions i.e. 0.25% of the wages.

(vii) The contributions for voluntary membership retention would be calculated on the average 12-month wages prior to the date of exit and is calculated for a year as a whole and are payable in advance in one lumpsum for each year that the membership is proposed to be retained by the member.

(viii) The contributions can be paid by means of deduction from the available PF balances of the member or by payment by cash, cheque or electronic transfer within 15 days of the commencement of the year for which membership is sought to be retained.
(ix) The retention of membership has to be contiguous to the membership prior to exit from employment i.e. membership cannot be continued at any point without payment of previous years dues.

(x) Provisions for calculation of benefits and payments have been included in the proposed amendments.

(xi) The benefits payable in the event of death for a member who has opted to retain membership would be 30 times the wages for which contribution has been paid. There would be no payment linked to the PF balances.

(xii) The benefits are slightly lesser than a regular member as the rate of contribution has been reduced in such cases.

PROPOSAL

5. The PEIC may consider the proposal as contained in the Agenda note and the proposed amendments and make such recommendations as deemed fit.
**Annex-I**

**Proposed Amendments in the EDLI Scheme**

1. Insertion of Paragraph 6A and 6B defining membership and retention of membership (including voluntary retention of membership)

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<tr>
<th>Proposed Amendment</th>
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<td>&quot;6A. Membership of the Employees’ Deposit Linked Insurance Scheme, 1976. – (1) Subject to the provisions of section 16 of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, this scheme shall apply to every employee who has not attained the age of 58 years and becomes a member of the Employees’ Provident Fund Scheme, 1952 or of the provident funds of the factories and other establishments exempted by the appropriate government under section 17 of the Act, or where exemption has been granted under paragraph 27 or 27-A of the Employees’ Provident Fund Scheme, 1952, from the date of such membership. Provided that membership of this scheme shall cease from the date the employee is covered by a notification of exemption from this scheme under section 17 of the Act or an order of exemption under paragraph 28 of this scheme and the cessation shall continue till such time that the notification is in force. Provided further that where the scheme applies to a factory or other establishment on the expiry of cancellation of an order of exemption from this scheme under section 17 of the Act or paragraph 28 of this scheme, every employee who but for the exemption would have become and continued as a member of this scheme, shall become a member of the scheme forthwith. Provided also that the membership to this scheme shall not be allowed posthumously with retrospective effect and the employer shall be liable for payment of benefits under paragraph 22 of this scheme in respect of employees, in the event of their death, in whose case information in requisite return and form as required under paragraph 10 has not been furnished and the contribution under paragraph 7 has not been made within the specified time – frame.</td>
<td>The amendment as proposed in Para 6A (1) has been made to fulfill the recommendation of the CBT in the 208th meeting held on 16.09.2015 for removing the length of service criteria for benefits. It was necessary to define membership as it was not defined in the scheme earlier. This amendment had already been sent to Ministry of Labour earlier for carrying out notification.</td>
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<td>(2) Any member of this Scheme under sub-paragraph (1) of this paragraph on ceasing to be an employee of the establishment in which the member was employed, may at his option continue to retain the membership of this scheme, and such option shall be subject to the following;</td>
<td>The amendment proposed in Para 6A (2) is new as per the present proposal to allow retention of membership on</td>
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<td>(a) the option for retention of membership should be contiguous with the membership under sub-paragraph (1) and the option is preferred by the member within 3 months of cessation of employment, and</td>
<td>voluntary basis for a member who has ceased to be employed.</td>
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<td>(b) the retention of membership under this sub-paragraph will not be allowed posthumously with retrospective effect, and</td>
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<td>(c) the member continues to make payment of the contributions specified in sub-paragraph (1a) and sub-paragraph (1b) of paragraph 7 of this Scheme</td>
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<td>(d) the mode, manner and time within which the payment of contribution on preferring the option under this sub-paragraph is to be made shall be as specified in sub-paragraph (2a) and sub-paragraph (2b) of paragraph 8 of this Scheme.</td>
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<td>(e) in case the contributions are not received within the time specified, the membership shall cease forthwith. Such terminated membership can be revived only at the request of the member along with payment of the contributions that have fallen due in the intervening period along with interest at the rate of twelve (12) per cent from the date the contributions have fallen due to the date of remittance. However, such revival of membership will not be allowed posthumously with retrospective effect.</td>
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<td>(f) the option given by the member under this sub-paragraph can be withdrawn by the member at any time by giving a request in writing to the Commissioner, but there would be no refund of any contributions that have already been paid towards retention of the membership as on the date of receipt of the request for withdrawal of option by the Commissioner.</td>
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<td>(g) the form and manner in which the option under this sub-paragraph is to be preferred shall be such as may be specified by the Commissioner in this regard.</td>
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<td>(h) if the member joins any establishment to which the Act applies and becomes a member of the Scheme as a result of such employment then his membership will continue under sub-paragraph (1) of this paragraph and the voluntary contribution would cease to apply in respect of the member. However, there would be no refund of any contributions that have already been paid towards voluntary retention of the membership once the membership commences under sub-paragraph (1) of this</td>
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**Proposed Amendment**

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| 68. Retention of membership. – A member of the Scheme shall continue to be a member if such member—  
(a) continues to be an employee in service and a member of the Fund or of the provident funds of factories and other establishments exempted by the appropriate government under section 17 of the Act or which has been granted exemption under paragraph 27 or 27-A of the Employees Provident Funds Scheme, 1952, or  
(b) has opted to retain the membership under sub-paragraph (2) of paragraph 6A and the contributions on account of retention of the membership has been received within the time specified for the purpose in sub-paragraph (2a) of paragraph 8 of this Scheme, and such membership of the Scheme shall be retained till the member attains the age of 60 years, or on the death of the member, whichever is earlier, or if the member is covered by a notification of exemption from this scheme under section 17 of the Act or an order of exemption under paragraph 28 of this scheme.” | The amendment as proposed in Para 6B (a) has been made to fulfill the recommendation of the CBT in the 208th meeting held on 16.09.2015 for removing the length of service criteria for benefits. It was necessary to define the retention of membership as it was not defined in the scheme earlier.  
This amendment had already been sent to Ministry of Labour earlier for carrying out notification.  
Para 68(b) added as per present proposal for voluntary retention of membership. |

**Provisions for calculation of contributions and payment of contributions**

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| After sub-paragraph (1) of paragraph 7 the following sub-paragraphs shall be inserted, namely –  
“(1a) The contribution payable by a member who has opted to retain the membership under sub-paragraph (2) of paragraph 6A shall be calculated on the basis of the average monthly wages (subject to a maximum of fifteen thousand rupees) on which contributions were paid in the twelve | The amendment proposed in Para 7 and 8 is new as per the present proposal to provide for calculation of contribution and payment of |
months immediately preceding the date of exit from the employment during which the member was covered as a member of this Scheme under sub-paragraph (1) of paragraph 6A and such contribution shall be calculated at one-half of the rates specified by the Central Government under sub-section (2) of section 6C of the Act.

(1b) The contribution payable by a member under sub-paragraph (1a) shall be calculated for one year at a time and will be payable in advance at the time of commencement of the year for which retention of membership is sought by the member."

After sub-paragraph (2) of paragraph 8 the following sub-paragraphs shall be inserted, namely –

"(2a) The contribution payable by the member who has opted to retain the membership under sub-paragraph (1a) and sub-paragraph (1b) of paragraph 7 will be deducted at the option of the member either from the Provident Fund balance of the member, subject to availability of sufficient balance to cover the contribution under sub-paragraph (1b) of paragraph 7. In the absence of sufficient balance in the Provident Fund the contribution can also be paid by means of a cheque or draft or electronic fund remittance directly by the member in the manner as may be specified by the Commissioner in this behalf. The cost of remittance, if any, shall be borne by the member.

(2b) The contribution referred to in sub-paragraph (2a) will be deducted from the Provident Fund balance by the Commissioner or paid by the member by means of a cheque, draft or electronic transfer, as the case may be, within 15 days of the commencement of the year for which retention of membership is sought by the member."

(III) New Scales of assurance benefits payable

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<td>Paragraph 22 shall be substituted with the following, namely – &quot;22. Scales of assurance benefit payable on the death of an employee. – (1) On the death of a member of this scheme while in harness / service, and who is a member of the Fund or of a provident fund exempted under Section 17 of the Act or under paragraph 27 or 27-A of the Employees’ Provident Fund Scheme, 1952, 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 aggregate of the below</td>
<td>The amendment as proposed in Para 22 (1) has been made to fulfill the recommendation of the CBT in the 208th meeting held on 16.09.2015 for increasing the scale of</td>
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Page 9 of 11
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<td>mentioned components in the same proportion in which they are entitled to receive the provident fund accumulations:--</td>
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<td>(i) The average monthly wages drawn subject to a maximum of fifteen thousand rupees, during the twelve months preceding the month in which he died, multiplied by thirty times, and;</td>
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<td>(ii) Fifty percent of the average balance in the account of the deceased in the Fund or of a provident fund exempted under Section 17 of the Act or under paragraph 27 or 27-A of the Employees' Provident Fund Scheme, 1952, as the case may be, during preceding twelve months or during the period of his membership, whichever is less, subject to a ceiling of one lakh and fifty thousand rupees.</td>
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<tr>
<td>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, or under paragraph 27 or 27-A of the Employees' Provident Fund Scheme, 1952, as the case may be, in relation to any employee, the sum total of contributions by the employee and the employer, due for and upto the relevant period, whether paid or unpaid in the Fund or in the provident fund exempted under section 17 of the Act or under paragraph 27 or 27-A of the Employees' Provident Fund Scheme, 1952, as the case may be, together with interest thereon, shall be included.</td>
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<td>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.</td>
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<td>Explanation 3. – In the case of an employee who was a member of the Fund or of a provident fund exempted under Section 17 of the Act, or under paragraph 27 or 27-A of the Employees' Provident Fund Scheme, 1952, as the case may be, and in respect of whom contributions were received or are receivable in separate accounts in respect of employments in more than one factory or establishment, the quantum of benefit under this Scheme shall be determined with reference to the average of the aggregate balance in all his accounts, whether inoperative or not, in the Fund or of a provident fund exempted under Section 17 of the Act or under paragraph 27 or 27-A of the Employees' Provident Fund Scheme, 1952, as the case may be, during the preceding twelve months.</td>
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<td>Explanation 4. – In the case of a part-time employee who was a member of the Fund or of a provident fund exempted under Section 17 of the Act or under paragraph 27 or 27-A of the Employees' Provident Fund Scheme, 1952, as the case may be, and in respect of whom contributions were being received concurrently in respect of employment in more than one factory or</td>
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This amendment had already been sent to Ministry of Labour earlier for carrying out notification.
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<td>establishment, the quantum of benefit under this Scheme shall be determined with</td>
<td>Para 22(2) added as per present proposal for specifying the benefits in</td>
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<td>reference to the average wages of the aggregate of all the wages wherever he was</td>
<td>the event of retention of membership on voluntary basis by a member who</td>
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<td>working concurrently in the period of twelve months preceding the month in which</td>
<td>has ceased to be employed.</td>
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<td>the death of the member occurs, subject to the wage ceiling of fifteen thousand</td>
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<td>rupees.</td>
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<td>(2) On the death of a member of this scheme who has opted to retain the membership</td>
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<td>under sub-paragraph (2) of paragraph 6A, the persons entitled to receive the</td>
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<td>provident fund accumulations of the deceased shall in addition to such</td>
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<td>accumulations be paid an amount equal to the average monthly wages (subject to</td>
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<td>a maximum of fifteen thousand rupees) on which contributions were paid for</td>
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<td>retention of the membership multiplied by thirty times in the same proportion in</td>
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<td>which they are entitled to receive the provident fund accumulations.&quot;</td>
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