



**EMPLOYEES' PROVIDENT FUND OFFICERS' ASSOCIATION**  
**EMPLOYEES' PROVIDENT FUND ORGANISATION**  
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Date:22.06.2021

**To**

**Shri Sunil Barthwal, IAS**  
**Central Provident Fund Commissioner,**  
**Employees Provident Fund Organisation,**  
**NEW DELHI 110 066.**

**Sub: Suggestions for improving the systemic functioning of the organisation so as to deliver timely and responsive services to the stakeholders as well as improve the quality of life of EPFO functionaries – regarding**

Sir,

EPF field offices are being put under tremendous pressure and are being forced towards increasingly unrealistic targets without there being any evident efforts towards systemic improvements. The increasingly comatose Application software severally impacts performance and officers and staff are being forced to attend offices beyond office hours and on closed holidays. We are a part of Labour ecosystem and function within the time, space and rules defined by Government of India as regards personal and professional spheres of officers and employees. Occasional ingress into personal time and space on emergent grounds should be ok. But we seem to continuously function in a permanent emergency mode. We have missives being received from EPFHQ on holidays and on unearthly hours. It is forcing a perverse response from field functionaries, where a few have started revelling in responding to such missives and considering it an achievement to respond on closed holidays and beyond office hours. This must stop. Almost all offices are in varying stages of lockdown and barely managing to hold their head above the proverbial water.

We seek to offer our support in redressing the situation. But first, a brief history of computerisation is in order. CBT, EPF in its 182<sup>nd</sup> meeting held on 17<sup>th</sup> April 2008 approved two phase computerisation of EPFO: -

- **Phase 1:** Computerizing basic operations in all the offices in a decentralized manner on standalone basis. This focussed simply on automating the existing work processes and procedures. This was a basic level of Computerization and met only the bare minimum requirements of EPFO. The Computerization process and our systems continue to remain only rudimentary i.e. a replica of manual processes. There are problems and issues that this phase could not address due to inherent limitations. ***We, as an organisation have not moved beyond this phase. Individual EPF offices' database continues to exist on a standalone basis.***
- **Phase 2:** Shifting to centralized mode and carry out Computerization by consolidating data at the central level for 'anytime-anywhere' service. ***This is still only a statement of intent with no real progress.***

In the 199<sup>th</sup> meeting of CBT, EPF held on 25<sup>th</sup> May 2012 a plan for next phase was placed before CBT. ***"The system today is burdened with huge workload of claims and Annual accounts pendency creating unsustainable levels of work pressure on staff and officers who are forced to work on Saturdays and Sundays to liquidate the pendency"***, thus reads the minutes of the meeting. The situation remains the same today, but the workload has increased manifold. During the year 2011-12 EPFO settled 90.50 lakh claims. The claims workload during 2020-21 was 4.68 crore claims, an increase of more than five times, without there being any commensurate increase in resources. Further, additional work over and above the norms based on which staff sanctions were allowed have been added to the workload, viz. a) processing of pending Joint Declaration requests, b) processing of transfer-in cases, c) processing of recredit cases, d) processing of grievances, e) approval of DSC etc.

The power of system assisted workflow is evident in auto-updating of Annual Accounts introduced since 2015-16, which has substantially improved the member services and eliminated almost all grievances related to member accounts updation. This was a major grievance prone area till then. A complete overhaul of all the functional areas and their automation would be a multi-year exercise. In the interim we submit a few changes based on existing provisions of Manual of Accounting Procedure of EPFO as well as the revolution which has taken place in the payments eco-system in India, which will enhance our efficiency and improve our services and minimize grievances to a large extent. We also submit that till the time these urgent procedural changes are carried out unilateral target-fixing and the underlying threat of coercive action must stop. We appreciate the almost superhuman effort of Team IS in keeping the existing system barely afloat. We would like to especially request Finance, Pension and Customer Service Divisions to ensure following to streamline the work processes:

- a) It would be really helpful if a summary report on all pending tasks at initiator {DA (Acs)} and Approver {SS/AO(Acs)} levels is made available to help prioritize work. Presently these reports are available on MIS, to which users of EPF Application Software have no access, or beyond office hours (upto 930 am or after 530 pm).
- b) The claims in form No. 19 and Form No. 10C [WB] are now required to be processed separately adding to claims process burden and delays. Form No. 10C [WB] may be auto processed for payment once the linked Form -19 is approved. Similarly, Form 31 for part withdrawal may also be considered for auto-processing. It is seen that Form 10C [WB] together with Form 31 constitutes more than 65% of the total claims processed. Once these are auto processed, the claim processing will become efficient.
- c) For processing of transfer claims the existing MAP provisions state that ***"While effecting the transfer, no interest for the part of the current year shall be allowed. [Para 11.8.3.3, MAP Vol. II]"***. However, at present such transfers require that upto date interest is allowed. This needlessly complicates transfer claims requiring Form 13 to be processed at par with Form 19 (final settlement). Since interest during updation of annual accounts is updated by system, modifying processing of Form 13 as specified in MAP will simplify processing of transfer claims and save time. We should allow transfer of money along with all transfer intimations, as is being done in case of transfer from an exempt to an unexempted establishment. This will ensure auto credit in the transfer-in office. Currently this requires manual approval at Accounts (three level function DA/SS/AC), in transfer-in office which adds to the claim workload.

- d) Large number of interest-bearing claims initiated upto 24<sup>th</sup> of each month but not approved, are required to be returned to DA Accounts (need to edit) for re-calculation of the interest amount. This needlessly adds to delay of processing of all interest-bearing claims (Form No. 19 and Form No. 13). It is submitted that EPFO has been auto-crediting annual interest to members since 2015-16. Similarly, the application of interest to interest bearing claims should be done on the date the claims are approved by the approving authority. This will remove huge bottleneck in processing of such claims which leads to delay.
- e) The following provisions of Manual of Accounting Procedure require special mention:-
- i. .... **no payment need be authorised between 25th and 31st March..... [Para 8.4.5, MAP Vol-II]**
  - ii. **As the interest is credited through Computer, rechecking is not necessary at the time of settlement or before issue of annual statement of accounts. [Para 6.1.21, MAP Vol II]**
- f) Currently, processing of all interest-bearing claims is stopped from 25-30/31 of each month. As mentioned above, the MAP specifies that this needs to be done only during the month of March. This may be corrected accordingly.
- g) For almost every claim, the date of joining and date of exit is to be updated first in the FO Interface. This process could be automated as DA has to only login to his account in FO and click the update button. There is no other activity involved in this process.
- h) During the claim settlement process already seeded and verified KYC is required to be compulsorily clicked for viewing, two times by DA Accounts (at the initiator level) and once at the approver level (SS/AO/APFC). This is a redundant step as seeding has been done earlier duly following the process specified by EPFHQ. This step only adds to delay in claims processing.
- i) The pending transactions (VDR including pending re-credit, Appendix-E, Transfer-In, 10C withdrawal benefit) in member ledger appears towards the end of claim settlement process. If these pending transactions are shown at first step before processing of the claim, the claim settlement process will become more efficient.
- j) Link for Form No. 09 is to be clicked open while processing each claim. This link provides the change history of the member profile. However, this is redundant step as change in member profile is duly approved by Officers concerned in accordance with the directions issued by the EPF Headquarters from time to time. By forcing DA to go through this step the original approval in basic details by the Officers concerned is rendered redundant.
- k) The EPF Scheme was amended in November 2016 inter-alia amending the definition of inoperative account. This amendment of 2016 is yet to find mention in the claim settlement process of interest-bearing claims. All such claims appear as "Inoperative Account" by default. This is required to be manually converted into an operative account in each claim both at the initiator level as well as approver level. This may be rectified immediately.
- l) There is no requirement of opening of members ledger during the claims settlement process as the contributions and interest thereupon are posted by system after due reconciliation. ***As the interest is credited through Computer, rechecking is not necessary at the time of settlement or before issue of annual statement of accounts. [Para 6.1.21, MAP Vol II]***. This step may be deleted from claims processing.
- m) There is a screen for data entry of Form-3A which appears in the claim settlement process for each claim. This is a redundant step and requires to be removed immediately.
- n) Certain categories of cases of final settlement (amount more than Rs 50,000/, contributory service less than five years) require application of TDS. The member is required to file PAN and 15G/15H along with the claim application to ensure ZERO TDS. Even in cases where Form 15G or Form 15H is filed by the member, it requires to be manually selected again by DA Accounts during the processing of claims. The TDS deducted is then required to be filed with Income Tax department with due return. This is a needless activity we have taken upon ourselves. ***It is submitted that the existing para 69 (2) of EPF Scheme 1952 be deleted.*** After introduction of Para 68 HH in EPF Scheme 1952, a member has the option to withdraw upto 75% of her accumulated balances. This will ensure continuing membership for all members and also reduce unnecessary workload on our field offices.
- o) There is a TAB to check multiple payments into a single Bank Account. This process clubs all the payments initiated from same member account (Form No. 3A, Form No. 10C withdrawal benefit) to same Bank Account. These are not multiple payments and should not appear in the list which becomes unnecessarily

long and then requires manual scrolling to verify, resulting in errors and delays. Such payments should be excluded from the list of multi-payments.

- p) Returned payment i.e. payment could not be recredited to member's account appears first as a task in Cash Section (3-level approval) and thereafter as a task in the Accounts Section (3-level approval) before the amount is recredited back to the member's ledger. This process of recrediting the member ledger was designed for payment where individual cheques were issued to each beneficiary for each member payment. EPFO does not now make any individual cheque payment to the members and all the payments are made electronically. **The recredit process requires modification accordingly to adopt efficiency of electronic payments.** The present re-credit process puts unnecessary workload on accounts section and requires to be automated. **Once Cash Section uploads and reconciles the payments, the member account should be auto credited.**
- q) Processing of pension claims [Form 10D] are not in accordance with extant provisions of Manual of Accounting Procedure, Vol-III. Para 1.1.1 of this MAP states that the Manual is essentially designed for the period **"before embarking on the total computerisation and also to meet the requirement of offices that are yet to be equipped with the Computer"**, as also for "computerised application".
- r) Following provisions of MAP Vol-III are relevant as regards modifying the processing of Form 10D in computerised application: -
- (I) **On introduction of revised software, the Form-10D as approved by Accounts Section will be processed by EDP directly and the preparation of worksheet and Input Data sheet will be dispensed. [Para 9.3.19]**
  - (II) **The preparation-of worksheet can be dispensed with on introduction of revised software for deciding the entitlement of benefits on the basis of the particulars in the claim [Para 9.4.5]**
  - (III) **On introduction of revised software to calculate the entitlement of benefits on the basis of particulars in Form 10D (PS), as verified, by Accounts Sections, the preparation of Input Data sheet may be dispensed with. [Para 9.5.9]**
- s) The pension claims processing software was computerised more than two decades ago. However, the above provisions are yet to be given effect to. **It is requested that this may be implemented immediately.**
- t) EPFO has also introduced e-nomination for all members. It may be considered to make it compulsory that all member pension claims are filed online only. Member pension claims are about 1% of total claims workload. Once these claims are made online, the member pension claims may land directly in Pension Section in EPFO filed offices for processing for sanction of pension. This will considerably reduce the time required for processing pension claims.
- u) The existing archaic pension payments system should be junked immediately. It is a relic of pre-CORE banking technology and results in all round harassment of members/pensioners. Three illustrations will suffice.
- i) Bangalore has multiple EPF offices. If a member's PF account is maintained in Office - 1 but the bank in which he desires to receive pension is in jurisdiction of Office - 2, Office-1 will prepare IDS & transmit to Office-2 for generation of PPO and payment of pension. For any grievance regarding pension payment, pensioner has to approach Office-2. However, for any grievance relating to calculation of pension etc. he will have to approach Office-1.
  - ii) Pensioner has EPF Account in Delhi and has opted for pension from Muzaffarpur, Bihar. His IDS alongwith the pension papers are still physically sent through Post from Delhi to Muzaffarpur and there is no monitoring mechanism for such transfer-in pension claims causing huge delay in disbursement of pension.
  - iii) Pensioner had a EPF member account in Mumbai. His PPO has been issued and monthly pension is being serviced by the same office. Now, the member desires to move to Lucknow. His PPO will be transferred to Lucknow, where the existing PPO will be cancelled and a new PPO would be generated to ensure payment of pension.
- v) The above instances result in harassment of pensioner and leads to grievances. To resolve this, monthly Pension payments may be paid as NEFT payments every month by the original office which serviced the member account, as is being done for EPF payments. The existing pension payment agreements specifying pension payment banks for different states may be discontinued. The superb in-built reconciliation of NEFT would ensure real time pension payment reconciliation. This would also result in substantial cost savings for EPFO towards pension payments. We could also consider issuing standing

instruction to SBI to make next 12 payments to pensioner automatically as pension amounts don't change normally. This will substantially reduce the burden of running and generating monthly BRS by each field office. **This will likely be more cost effective also. Today we pay approximately 60 lac pensions per month or 7.2 crore pensions per annum. Assuming NEFT charges @ Rs 1 per transaction, we would be paying about Rs 7.2 crore per annum for pension disbursement. This would be considerably less than the amount we pay today to banks for pension disbursement.**

- w) The collection of Life Certificates has substantially moved to Jeevan Praman platform with banks having negligible role in this activity.
- x) **The filing of Joint Declaration requests should be made completely online with employers digitally authenticating all such requests.** This will ensure better monitoring and traceability. The instructions issued in February 2021 mandating physical submission of JD requests are a regressive step and may be withdrawn.
- y) The data collection directions issued from various Divisions in EPF Headquarters through Google sheets may be stopped immediately. If required, a fillable form may be created in the MIS portal, where each office can input the required details.
- z) EPFIGMS exists as standalone software having no integration with our Application Software. Surprisingly, EPFIGMS follows a different nomenclature for identifying EPF offices. For example, RO Kolkata is identified as WBCAL and with numbers 470 in our mainline softwares. EPFIGMS identifies it as ROKKT. There are only 138 EPF field offices and 21 Zonal Offices. It is requested that the identification codes should be uniform across all software platforms. **This is an essential first step for integrating the scattered softwares.** Presently, an EPFIGMS grievance is to be manually pushed to the person concerned for redressal. This delays the transmission & redressal of grievances. Once the office identification is made universal, grievances may be pushed directly to the login of individual concerned. **It may be noted that this is how claims received on the portal are pushed to the application software. The same process may be replicated for grievances.**

We also find that various Divisions in EPF Headquarters perhaps are not in sync with each other. The changes in member profile carried out in accordance with directions of Finance Division are routinely flagged by Concurrent Audit Division as suspect cases requiring manual re-verification. The claims which are auto settled are again flagged for manual verification rendering the automation pointless and adding to work burden in filed offices. We feel that the software application modules presently functional are not trusted by various Divisions of EPF Headquarters as all activities performed by the Application software require attestation by field officials, who are solely responsible for any mistakes which may happen. Some of the responsibility for errors arising out of work processes should lie with user Divisions also, who allow operation of such tools without taking any responsibility for consequences thereof.

We would request that a joint meeting may be called of Division Heads from Finance/WSU, Pension, IS with Officer Association representatives chaired by your goodself for urgent consideration & immediate resolution of these pressing issues.

Yours sincerely,



**(Saurabh Swami)**  
**Secretary General**