

EMPLOYEES' PROVIDENT FUND ORGANISATION
FINAL MINUTES & PROCEEDINGS OF THE
192nd MEETING OF CENTRAL BOARD OF TRUSTEES (EPF)

Meeting: Central Board of Trustees, Employees' Provident Fund
Date: **15.02.2011 (Tuesday)**
Venue : Employees' Provident Fund Organisation,
 Conference Hall, 3rd Floor,
 Bhavishya Nidhi Bhawan,
 Bhikaiji Cama Place, New Delhi-110 066.

The 192nd Meeting of the Central Board of Trustees, Employees' Provident Fund was held under the Chairmanship of **Shri Mallikarjun Kharge**, Hon'ble Minister for Labour and Employment and Chairman, Central Board of Trustees (Employees' Provident Fund).

The following members of the Board were present at the Meeting:

<p>Shri Prabhat Chandra Chaturvedi, Secretary to Government of India, Ministry of Labour & Employment Government of India, New Delhi.</p> <p>Shri Ravi Mathur, Addl. Secy. to the Government of India, Ministry of Labour & Employment Government of India, New Delhi.</p> <p>Shri D.D. Maheshwari, Under Secretary Deptt. of Financial Services , Ministry of Finance (Representing Joint Secretary, Insurance & Banking, Ministry of Finance, Govt. of India)</p>	<p>Central Government Representatives.</p>
<p>Shri S. Chatterjee, Central Provident Fund Commissioner</p>	<p>Member Secretary.</p>

<p>Shri Girish Awasthi Shri A.D. Nagpal Shri B.N. Rai Shri M. Jagadiswara Rao Shri Ashok Singh Shri D. L. Sachdev Shri Sankar Saha Shri Dipankar Mukherjee</p>	<p>Employees' Representatives.</p>
<p>Dr. T. Prabhakara Rao, Principal Secretary, Labour & Employment Govt. of Tamil Nadu</p> <p>Dr. Pukhraj Maroo, Principal Secretary, Labour Govt. of Madhya Pradesh</p> <p>Shri Ramesh Zalki, Secretary Labour, Labour Deptt. Govt. of Karnataka</p> <p>Dr. Anuradha Lamba, Dy. Labour Commissioner, Representing Principal Labour Secy. Govt. of Haryana</p> <p>Shri Tapan Das, Information Officer (Representing Labour Secretary, Govt. of Orissa).</p> <p>Shri Jacob Partap, Assistant Labour Commissioner(Hq.) (Representing Principal Secretary (Labour & Employment), Govt. of Punjab.</p> <p>Shri V.P. Wadhwa, Jt. Labour Commissioner, Govt. of NCT of Delhi</p> <p>Shri Ram Sahai,</p>	<p>State Government Representatives.</p>

Chief Medical Officer, ESI Scheme, Ghaziabad, Representing Principal Secretary Labour, Govt. of Uttar Pradesh	
Dr. Ram Tarneja Shri Sharad S. Patil Shri P. Rajendran Shri Ravi Wig Shri Babu Lal Todi Shri Santosh Saraf Shri Dipak Sarkar Shri Ashok Kumar Gupta (Representing Dr. U.D. Choubey)	Employers' Representatives.

The following members could not attend the meeting due to pre-occupation and were granted leave of absence:

Shri Chaman Kumar, Addl. Secy. & FA (L & E), Ministry of Labour & Employment Government of India, New Delhi.	Central Govt. Representative.
Ms. Kavita Gupta Principal Secretary (Labour), Govt. of Maharashtra.	State Govt. Representative.
Shri J.P. Chowdhary Shri B.P. Pant	Employers' Representatives.

The following members were absent from the meeting:-

Secretary (Labour) Govt. of West Bengal. Secretary (Labour) Govt. of Gujarat. Secretary (Labour) Govt. of Assam.	State Government Representatives.
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Secretary, Labour Govt. of Andhra Pradesh, Secretary(Labour) Govt. of Bihar. Secretary (Labour) Govt. of Rajasthan	
Dr. Sanjeeva Reddy Shri Nirmal Ghosh	Employees' Representatives

The list of the officers of the Ministry of Labour & Employment and the officers of EPFO who attended the meeting is given at **Annexure –“A”**.

The Central Provident Fund Commissioner after welcoming Hon'ble Minister for Labour & Employment, Secretary Labour & Employment, all other Members of the CBT and Government representatives to the 192nd meeting of the CBT, EPF, invited the Chairman, CBT to address the house.

The Chairman welcomed the Secretary Labour & Employment, the Central Provident Fund Commissioner and Members of the Board to the ninth meeting of the CBT after its reconstitution. He firstly apologized to the Members for the change in the scheduled meeting time due to his preoccupation with an urgent business in the Cabinet. He observed that he would like to invite the CPFC to take up the agenda straightaway and start the proceedings.

The CPFC introduced the agenda items and based on the deliberations, the decisions of the Board on each agenda item in the list of agenda are as follows. The detailed observations made by the Members are contained in the proceedings at **Annexure-“B”**.

Item No. 1: Confirmation of the minutes of the 191st CBT Meeting held on 09.12.2010 & Action Taken Statement in respect of decisions taken in the said meeting.

Sl. No.	Decisions/ directions of CBT	Action Taken
1.	<p>Draft Annual Report on the work and Activities of the Employees Provident Fund Organisation for the year 2009-10.</p> <p><i>Item 2 of 191st CBT held on 09.12.2010</i></p> <p>The Draft Annual Report for the year 2009-2010 was adopted by the Board after a detailed deliberation.</p>	<p>The Annual Report for the year 2009-10 will be sent to the Govt. of India for placing before the Parliament along with Audited Annual Accounts of EPFO for the year 2009-10.</p>
2.	<p>Audited Annual Accounts in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2009-2010.</p> <p><i>Item 3 of 191st CBT held on 09.12.2010</i></p> <p>The agenda item was withdrawn with the observation to be placed in the next meeting of the CBT.</p>	<p>The item was placed in the 192nd CBT as Item 3 for consideration. The Board adopted the Audited Annual Accounts for the year 2009-2010.</p>
3.	<p>Revised Estimates for the year 2010-2011 and Budget Estimates for the year 2011-2012 for the Employees Provident Funds Scheme 1952, Employees Pension Scheme, 1995 and Employees Deposit Linked Insurance Scheme, 1976.</p>	

	<p><i>Item 4 of 191st CBT held on 09.12.2010</i></p> <p>The revised estimates for the year 2010-2011 and budget estimates for the year 2011-2012 were approved by the Board. It was also observed that wherever the estimates are at variance for more than 13%, the estimates should contain the reasons for increase in future.</p>	<p>The Revised Estimates for the year 2010-11 have been communicated to the field offices of EPFO vide letter no. Budget/105(44)2010-11/2011-12/Main/11102 dated 07.01.2011.</p> <p>(Action is complete)</p>
4.	<p>Updated Status Report on Computerisation Project.</p> <p><i>Item 5 of 191st CBT held on 09.12.2010</i></p> <p>The status on the computerization and the improvements made in the service area was noted by the Board.</p>	<p>A further updated version on Computerisation was placed in the 192nd CBT. The Board took note of the progress made that 116 offices were computerized as on 15.02.2011 and remaining 06 offices would be computerized by February 2011. It also appreciated the new features introduced in the software to improve settlement of claims on computer and transfer of PF accumulations.</p> <p>(Action is complete)</p>
5.	<p>Relaxation in Investment Guidelines for Investment in Bonds/Securities of PSUs/PSBs/PSFIs – expansion of limits to net-worth.</p> <p><i>Item 6 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in Para 5 of the agenda for relaxation in the investment guidelines was approved by the Board to the expansion of limits linked to net-worth in the case of public sector financial institutions (PSFIs), Public Sector Banks (PSB) & Public Sector undertakings (PSUs) as</p>	<p>The new limits have been conveyed to all the fund managers.</p> <p>(Action is complete)</p>

	<p>follows :-</p> <p>(i) In case of PSBs having AA+, AA ratings by SEBI approved credit rating agencies (CRAs) the existing limit of 45% to be raised to 50% of net worth.</p> <p>(ii) In case of PSUs having dual AAA rating the existing limit of 40% of net worth to be raised to 50% of Net worth.</p> <p>(iii) In case of PSUs, PSFIs having AA+, AA ratings the existing limit of 25 % of net worth to be raised to 40% of net worth.</p>	
<p>6.</p>	<p>Investment in Dual AAA (S0) rated Category – Clarification sought by Fund Managers – Ratification thereof and further approval to continue in this category.</p> <p><i>Item 7 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in the Para 5 of the Agenda was approved by the Board, for issue of clarification to Fund Managers.</p>	<p>The decision of the CBT has been conveyed to all the fund managers.</p> <p>(Action is complete)</p>
<p>7.</p>	<p>Deferring further Investment in LIC Housing Finance Company in Pvt. Sector Category.</p> <p><i>Item 8 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in Para 4. of the agenda to defer further investment in LIC Housing Finance Company was approved by the Board.</p>	<p>The decision of the CBT has been conveyed to all the fund managers. A further agenda item was placed in the 192nd meeting of the CBT to reconsider the decision. The Board. The Board reviewed its decision taken in the last meeting to not to make further investments in LIC HF Ltd. The Board decided that the investments may be continued in LIC HF Ltd. in view of the fact that</p>

		<p>LIC is a large public sector unit, and it has been confirmed by the Finance Ministry and the credit rating agencies, that its finances are sound</p> <p>(Action is complete)</p>
8.	<p>Report of the Working Group on comprehensive amendment to the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.</p> <p><i>Item 9 of 191st CBT held on 09.12.2010</i></p> <p>The agenda item was deferred by the Board for the next meeting.</p>	<p>The item was placed in the 192nd CBT as Item 11 for consideration. The Chairman decided to allow the members to examine the recommendations and discuss the same with their suggestions in the next meeting of the CBT.</p>
9.	<p>Relaxation in Investment Guidelines to increase limit and expand the basket of instruments in Pvt. Sector</p> <p><i>Item 10 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in the agenda item was deferred by the Board.</p>	<p>The item stood withdrawn in the previous CBT.</p> <p>(No action required)</p>
10.	<p>Appointing Consultant for Selection of Multiple Fund Managers and their Performance Evaluation</p> <p><i>Item 11 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in the Para 4 of the agenda item was approved by the Board.</p> <p>The Board also decided to constitute a New Committee for selection of Multiple Fund Managers</p>	<p>1. The letter of appointment has been issued to M/s. CRISIL.</p> <p>2. The Chairman, CBT (EPF) has constituted the Selection Committee, consisting of the following officers</p>

	<p>in consultation with the consultant M/s CRISIL. The CBT empowered the Chairman, CBT to nominate the members of the Committee for the said purpose.</p> <p>CPFC proposed to the Chairman, CBT to nominate at least one senior Officer of the level of Additional Secretary from Ministry of Labour and Employment in the said committee, as Chairman, in view of the importance of the work involved.</p>	<p>for selection of fund managers in consultation with Ms. CRISIL:</p> <p>(i) CPFC (Chairman) (ii) FA & CAO (Member) (iii) RPFC-I, IMC (Member)</p> <p>(Action is complete)</p>
11.	<p>Shifting investment from IIFCL Bonds to SDLs.</p> <p><i>Item 12 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in the Para 4 of the Agenda was approved by the Board for recommending to the Central Government for allowing the proposed sale transaction of 6.85% tax free India Infrastructure Finance Company Limited (IIFCL) Bonds at a premium and reinvestment of proceeds at a higher yield as a onetime measure, which is otherwise, not permissible as per the extant pattern.</p>	<p>As approved by the Board, a note on shifting investments from IIFCL bonds to SDLs has been sent to the Govt. of India vide note dated 201.01.2011 for approval. The Ministry has since given its approval.</p> <p>(Action is complete)</p>
12.	<p>Proposal for simplification and rationalization of the process of settlement of claims for Transfer of PF accounts (Form 13) – changes to the Manual of Accounting Procedure (MAP).</p> <p><i>Item 13 of 191st CBT held on 09.12.2010</i></p> <p>The proposal contained in the Para 8 of the Agenda was approved by the Board.</p>	<p>The change in Manual of Accounting Procedure has been circulated to all the offices. The computer software for transfer has already been tested and installed.</p> <p>(Action is complete)</p>

Decision: The action taken report was noted by the Board. It also confirmed the minutes of the 191st meeting of the CBT which were circulated and also placed on the table.

Item No. 2: Action Taken Statement in respect of decisions taken by the CBT in the last three years starting from 181st CBT held on 24.1.2008 to 190th CBT held on 15.09.2010.

Decision: The Board perused and appreciated the comprehensive action taken report on the decisions taken by the CBT during last three years, from 181st meeting of the CBT to 190th CBT meeting, covering ten meetings of the CBT.

Item No. 3: Audited Annual Accounts in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2009-2010.

Decision: The CBT adopted the Audited Annual Accounts of the Organisation for the year 2009-2010 after discussing the observations of the CAG and the replies given by the Organisation, for sending to the Government for placing the same before the Parliament.

Item No. 4: Request for waiver of damages u/s 14B of the Act with regard to M/s. British India Corporation (UP/11855) – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 73,00,488/- as damages was approved by the CBT, EPF.

Item No. 5: Request for waiver of damages u/s 14B of the Act with regard to M/s. Premier Polyfilms Ltd. (UP/MRT/21271) – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 31,50,451/- as damages was approved by the CBT, EPF.

Item No.6: Request for waiver of damages u/s 14B of the Act with regard to M/s. Premier Pratyusha Chemicals & Fertilisers Ltd. (AP/VP/36833) – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 3,30,819/- as damages was approved by the CBT, EPF.

Item No. 7: Request for waiver of damages under section 14B of the Act with regard to M/s. DCM Hyundai Ltd., Chennai (TN/39551) – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 41, 31,627/- as damages was approved by the CBT, EPF.

Item No. 8: Grant of Exemption under section 17 of the EPF & MP Act- 1952 by Appropriate Governments.

Decision: (i) The proposal contained in para 6 of the agenda to grant exemption to five establishments was approved by the Board.

(ii) It was also agreed that the meetings of the Sub-committee on Exempted Establishments should be convened regularly so that the Sub-Committee could effectively oversee the working of the exempted establishments and make valuable suggestions for

consideration of the Board to improve the working of the exempted funds.

Item No. 9: Status of Grant of Exemption u/s 17 of the EPF & MP Act – 1952.

Decision: (i) The details provided to the Board on the present position of the proposals for grant of exemption in a transparent manner, which were due for consideration and those which are at various stages of the consideration before the appropriate Govt. was noted by the Board.

(ii) It was also decided that the proposals for cancellation of exemption received shall be reviewed and a status report shall be placed before the next meeting of the CBT.

Item No.10: Delegation of powers of amending the Recruitment Rules to the Central Provident Fund Commissioner.

Decision: The proposal contained in the Para 5 of the Agenda was approved by the Board.

Item No. 11: Report of the Working Group on comprehensive amendment to the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.

Decision: The Chairman decided to allow the members to examine the recommendations of the Working Group, give their suggestions and discuss the same in the next meeting of the CBT.

Item No.12: Analysis of claim settlements – improvement in transfer facility through computerization.

Decision: While appreciating the analysis and noting their concern on the reasons for premature withdrawals, the additional feature introduced in the software to automate the transfer of PF

accumulations to facilitate faster transfer was also appreciated by the Board.

Item No.13: Provision for submission of e-returns under all the Schemes.

Decision: The proposal contained in the Para 8 of the Agenda to carryout amendments to incorporate enabling provisions for submission of mandatory returns in soft form also, in the provisions of the EPF Scheme, EPS 1995 and EDLI Scheme, 1976 was approved by the Board.

Item No.14: Inoperative Accounts – Modalities for payment out of inoperative Accounts.

Decision: The proposal contained in the Para 3 of the Agenda was approved by the Board.

Item No.15: Request for waiver of damages u/s 14B of the Act with regard to M/s. United Bleachers Ltd. (TN/510) – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 51, 62,799/- as damages was approved by the CBT, EPF.

Item No.16: List of ineligible requests for waiver of damages rejected by Central Provident Fund Commissioner.

Decision: The list of ineligible request in respect of 5 establishments as proposed in the agenda was noted by the Board.

Item No.17: Status Report on Computerisation project.

Decision: The status note on computerization of 116 offices as on 15.02.2011 out of 120 offices marking successful completion of first phase of computerization programme was noted by the Board. The Board also appreciated the new features introduced in the software to improve settlement of claims such as NEFT on computer, SMS alert facility for members and new feature for transfer of PF accumulations and introduction of e-challan facility as per the details placed before the Board.

Item No.18: Publicity campaign on inoperative accounts and on other issues.

Decision: The status of the launch of publicity campaign on inoperative accounts and the action plan for publicity in the second phase through private channels alongwith Govt. channels was noted by the Board.

Item No.19: Review of decision on deferring further Investment in LIC Housing Finance Company in PVT. Sector category.

Decision: The Board reviewed its decision taken in the last meeting not to make further investments in LIC HF Ltd. The Board decided that the investments may be continued in LIC HF Ltd. in view of the fact that LIC is a large public sector unit, and it has been confirmed by the Finance Ministry and the credit rating agencies, that its finances are sound.

Item No.20: Discussion on letter of Finance Ministry regarding Government Guarantee on investments of EPF monies in Capital Market.

Decision: The Board deliberated on the investment pattern to be followed by EPFO in view of the letter from the Ministry of Finance received recently. After deliberations and detailed discussions, the CBT decided to act with proper prudence and responsibility to ensure that the capital invested by the members was safe. The members reiterated that safety of capital was more important than return on capital and therefore decided to continue with the present pattern of investment.

Item No.21: Discussion on letter of Finance Ministry regarding ratification of the decision to pay 9.5% interest on EPF accumulation for the year 2010-2011.

Decision: The Board discussed the letter from the Ministry of Finance regarding non-approval of 9.5% interest from 2010-11 recommended by the CBT on 15.09.2010. The members noted that a letter has been sent by the Ministry of Labour & Employment to the Ministry of Finance reiterating that the calculations made were correct, and that no Government money was involved, and the Organisation has certified that there will be no over-withdrawal from the ISA. The Board stood by its decision of recommending 9.5% interest.

Item No.22: Request for waiver of damages under section 14B of the Act with regard to M/s. Spectrum Ethers Ltd. (MH/51272) – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 5,49,095/- as damages was approved by the CBT, EPF.

Item No.23: Request for waiver of damages under section 14B of the Act with regard to M/s. Indira Extraction Pvt. Ltd., Nashik – Consideration of.

Decision: The proposal contained in para 9 of the agenda to waive Rs. 2,62,793/- as damages was approved by the CBT, EPF.

Item No.24: Issues to be taken up with State Governments – Notification of Inspectors under Section 13 of the EPF & MP Act - 1952.

Decision: The agenda item was noted by the Board. CPFC to take up the matter with State governments.

Item No.25: Rectification in respect of Item No. 8 in the proposal contained in para A, B, C and D placed before the 190th Meeting of the CBT held on 15.09.2010 – Consideration of.

Decision: The agenda item was noted by the Board. As already decided earlier, the full amount of damages as recommended by BIFR was to be considered for waiver in future also.

Item No. 26: Any other item with permission of the Chairman- Observations of Members and general discussions.

Decision: It was decided that the observations of the members would be examined and suitable replies would be given.

The meeting ended with vote of thanks to the Chair.

Minutes Confirmed.



(Mallikarjun Kharge)

Minister of Labour & Employment &
Chairman, Central Board of Trustees, EPF.

Date: 29th March 2011

Annexure – 'A'

List of the officers of the Ministry of Labour & Employment and Employees' Provident Fund Organisation, who were present in the 192nd Meeting of the Central Board of Trustees (EPF) held on 15.02.2011.

1. Shri S.K. Verma, Director, Ministry of Labour & Employment.
2. Shri Rajesh Bansal, FA & CAO.
3. Shri Rajiv Kumar, Chief Vigilance Officer.
4. Shri B.K. Panda, Addl. CPFC (IS).
5. Shri Ajit Kulshrestha, Addl. CPFC (Pension).
6. Shri S.R. Joshi, Addl. CPFC (HR).
7. Shri R. Subash, Director (NATRSS).
8. Col. P.K. Chaturvedi, Chief Engineer.
9. Shri Satish Chandra, RPFC (Project).
10. Shri Sharad Singh, RPFC (Vigilance).
11. Dr. A. K. Dubey, Director (Recovery).
12. Shri R. K. Kukreja, RPFC (HRM).
13. Shri P.K. Udgata, RPFC (F&A).
14. Shri P.K. Aggarwal, RPFC-I (Compliance).
15. Shri K.L. Goyal, RPFC (IMC).
16. Shri Chandramauli Chakraborty, RPFC (IS).
17. Smt. Anita Dixit, RPFC (Coordination).
18. Shri V. Shyam Sunder, Director (Audit)
19. Shri Kumar Rohit, RPFC-I (ASD).
20. Shri Uttam Prakash, RPFC-II (Project)
21. Shri Manoranjan Kumar, RPFC-II (Investment).
22. Shri Rajeev Bisht, RPFC-II (IMC).
23. Ms. Nidhi Singh, RPFC-II, SRO Laxmi Nagar.
24. Shri Sanjay Bisht, RPFC-II (Conference).
25. Shri J.C. Thukral, RPFC-II(HRD)
26. Shri Pramod Singh, APFC (MIS).
27. Shri Vishwanath Sharma, APFC (ASD).

**EMPLOYEES' PROVIDENT FUND ORGANISATION
PROCEEDINGS OF THE
192nd MEETING OF CENTRAL BOARD OF TRUSTEES (EPF)**

Meeting: Central Board of Trustees, Employees' Provident Fund
Date: **15.02.2011 (Tuesday)**
Venue : Employees' Provident Fund Organisation,
Conference Hall, 3rd Floor,
Bhavishya Nidhi Bhawan,
Bhikaiji Cama Place, New Delhi-110 066.

The 192nd Meeting of the Central Board of Trustees, Employees' Provident Fund was held under the Chairmanship of **Shri Mallikarjun Kharge**, Hon'ble Minister for Labour and Employment and Chairman, Central Board of Trustees (Employees' Provident Fund).

The Central Provident Fund Commissioner welcomed Hon'ble Minister for Labour & Employment, Secretary Labour & Employment, all other Members of the CBT and Government representatives to the 192nd meeting of the CBT, EPF and invited the Chairman to address the house.

The Chairman welcomed the Members of the Central Board of Trustees, Employees Provident Fund, Secretary Labour & Employment, Central Provident Fund Commissioner, senior officers of the Ministry and all other present to the 192nd Meeting of the Central Board of Trustees, EPF which was the ninth meeting of the CBT after its reconstitution. He first expressed regret for inconvenience to the Members in view of the change in the scheduled meeting time due his preoccupation with an urgent business in the Cabinet. He observed that he would like to invite the CPFC to take up the agenda straightaway and start the proceedings. This gesture was appreciated by all the Members present.



Shri D.L. Sachdev requested the Chairman to take up only urgent agenda items such as those at Sl. No. 20 and 21. He noted that his organisation was agitated over the issue but at the same time there had been appreciation of the stand being taken by the Ministry of Labour & Employment.

The Chairman clarified that all the items were important and would be taken up quickly. He then invited the CPFC to introduce the items to the Board.

Item No. 1: Confirmation of the minutes of the 191st CBT Meeting held on 09.12.2010 & Action Taken Statement in respect of decisions taken in the said meeting.

The CPFC introduced the action taken report based on the minutes of the 191st CBT meetings held on 09.12.2011. He informed that the draft minutes of the meeting were circulated among all the Members vide letter dated 03.01.2011 and comments were invited. As no comments were received, the minutes have been approved by the Chairman and final minutes of the 191st CBT have also been circulated among the Members. Copy of the final minutes has been placed on table also. He then requested the Members to take note of the action taken report and minutes be confirmed.

The action taken report was noted by the Board. The Board also confirmed the minutes of the 191st meeting of the CBT which were circulated and also placed on the table.

Item No. 2: Action Taken Statement in respect of decisions taken by the CBT in the last three years starting from 181st CBT held on 24.1.2008 to 190th CBT held on 15.09.2010.

The CPFC informed the members that as further decided in the 191st CBT held on 09.12.2010, a comprehensive action taken report in respect of meetings held during the last three years was circulated in advance to all the Members. This was also placed as Item No. 2 of the agenda. He observed that Members may confirm to have taken note of the comprehensive action taken.

The Board appreciated the comprehensive action taken report on the decisions taken by the CBT during last three years, starting from 181st meeting of the CBT to 190th CBT meeting, covering ten meetings of the CBT.

Shri B.N. Rai invited attention to Sl. No. 4 of the report on Workers Capital Trust. He noted that it had been suggested to call the members who had initiated the issue in the meetings of the Expert group but has not been done as first meeting of the Expert Group has taken place on 25.11.2010.

The CPFC clarified that it was a preliminary meeting of the Expert Group and many of the Members are yet to be nominated by the Indian Banking Association. The Ministry has recently written to the IBA to expedite the nominations. The suggestion of the Member was noted.

Shri Babu Lal Todi inviting attention to item 1 of the action taken, observed that the decision of the Board to waive the employees' share for pre-discovery period need to be reconsidered keeping in view of the employees interest.

Secretary (L&E) observed that action taken report has been placed for information of the Board. At this stage it may not be proper to question the final decision that has been taken by the Government.

With the above deliberations, the action taken report was noted by the Board.

Item No. 3: Audited Annual Accounts in respect of Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976 for the financial year 2009-2010.

The CPFC introduced the agenda item to the Board. He observed that in accordance with the provisions of Para 74 of the Employees Provident Funds Scheme 1952, the Audited Annual Accounts in respect of three schemes for the financial year 2009-2010 have to be adopted by the CBT for being sent to the Government for placing it before the Parliament of India.

The CPFC informed that the Audited Annual Accounts for the year 2009-2010 together with separate audit report and management letter of the C&AG alongwith replies were deliberated in the 104th meeting of the Finance and Investment Committee held on 03.02.2011. It had recommended the Audited Annual Accounts to be placed before the 70th meeting of the Executive Committee. The EC had considered the agenda and the observations of the CAG were discussed. It had recommended the Audited Annual Accounts to be placed before the CBT for adoption. The minutes of the 70th EC on the agenda have been placed on table for information of the Board.

The CPFC further informed that observations made by CAG's office have been given at page 48 to 52 of the Audited Annual Accounts together with the relevant replies against each observation of the DGACE. He thereafter proposed that Audited Annual Accounts in respect of three Schemes for the financial year 2009-2010 may be adopted by the Board.

Shri M. Jagadiswara Rao invited attention to page 38 of the Annual Audited Accounts to the amount outstanding for "Unorganized Workers Social Security Scheme" which was very high and desired to know the nature of advance shown as outstanding. At page 42, he observed that there was huge amount shown as due from Government towards Pension contribution. At page 50, he desired to know the action being taken on

the comments of the CAG on "Remittances in transit" at para A.2.4 and on "Sundry Debits" at para A.2.5. of the report.

Shri A.D. Nagpal pointed out under the heading "Remittances in transit" that there was an amount shown as not reconciled for more than one year and requires to be clarified.

The CPFC clarified that the Unorganized Workers Social Security Scheme was launched at the instance of the Government during 2002-2003 and some advances were made. The matter would be further clarified and placed in the next meeting. Regarding the second point he stated that the receipt of amount towards Pension contribution is generally reconciled with the Government at the end of the financial year. The actual receipt of money may take some time but it is accounted for in the beginning. Regarding the third point he stated that the matter relates to correct accounting of the money that has been received by the organisation. It was a regular feature in present manual system of accounting when the money is deposited in link Branch and when it finally reaches the correct destination account. It does not mean that the money has not been received by the offices. He clarified that to resolve these issues the e-challan modalities have been finalized with the SBI recently. It would start working in the next financial year and it is expected that all the transactions would be reconciled during the same financial year.

Shri B.N. Rai invited attention to page 52 of the Audited Annual Accounts, to the comments of the CAG on adequacy of internal audit system in EPFO. This comment has been made by CAG in the last report also. He desired that efforts should be made to improve internal audit and to be ensure that action is taken to clear the backlog within a period of one year and pending audit is brought upto date.

The CPFC clarified that Members may peruse the comments of the Organisation which gives the basic explanation. He further clarified that the audit wing has been gradually strengthened. All efforts are being made to cover maximum offices by the present audit parties. Hence forth offices would be audited regularly.

Shri Ashok Singh suggested that since many posts in Audit Wing were being filled on deputation, the Organisation may consider hiring outside agencies for audit to clear the backlog as a one time measure. The CPFC observed that the suggestion would be examined.

The Chairman observed that internal audit plays an important role in all public financial institutions. Internal audit should be given due importance irrespective of the fact that there are comments from CAG or not. He directed that to improve internal audit in the organisation and if required more staff may be appointed to further strengthen the internal audit system.

Shri Babu Lal Todi invited attention to comments of the CAG at page 49 at para A.1.3. and the reply given by the Organisation. He noted that while admitting that an amount was found as surplus in the Interest Suspense Account for the reason that interest was not credited to members accounts in backlog, it would entail loss to the members for which they deserve for compensation.

The CPFC clarified that the matter related to updation of members accounts annually. He stated that the accounts remain pending when the mandatory returns of contributions are not received in time from the employers at the close of the financial year. When returns are pending for a long time, the pending accounts also multiply. But all such accounts are updated immediately on receipt of returns by crediting full interest due. This matter has also been addressed and a separate item for making enabling provisions in the Scheme for soft copies of mandatory returns has been placed for consideration of the Board. It is expected that by uploading soft copies of contribution returns directly to the system would speed up the updation of members account.

With the above deliberations the Board adopted the Audited Annual Accounts in respect of three Schemes for the financial year 2009-2010 and for sending to the Government for placing the same before the Parliament of India.

The CPFC thereafter took up the regular agenda items at sl. No. 4-7, 15, 22 and 23 which related to application received from establishments for waiver of damages under the EPF and MP Act, 1952. He briefly explained that the applications of establishments for whom BIFR package had been sanctioned, it has been proposed full waiver of the damages levied which earlier included the penalty as per the applicable slabs under the provisions of Section 14B of the Act and a component of notional interest. He clarified that as per the provisions of Section 14B, the Board has fully competent to waive full waiver of damages. However, the interest levied under Section 7Q which recoups the interest to be credited on the members account when there is delay in deposit of PF contributions, cannot be waived under the law. The agenda items placed before the Board for consideration have been prepared in accordance with the provisions of the EPF & MP Act.

Secretary (L&E) observed that a decision has been taken in the matter by the CBT that in accordance with the law, the entire package of the BIFR has to be waived to make the scheme viable. The damages cannot be reduced further to render the failure of the package.

Item No. 4: Request for waiver of damages u/s 14B of the Act with regard to M/s. British India Corporation (UP/11855) – Consideration of.

The proposal contained in para 9 of the agenda to waive Rs. 73,00,488/- as damages was approved by the CBT, EPF.

Item No. 5: Request for waiver of damages u/s 14B of the Act with regard to M/s. Premier Polyfilms Ltd. (UP/MRT/21271) – Consideration of.

The proposal contained in para 9 of the agenda to waive Rs. 31,50,451/- as damages was approved by the CBT, EPF.

Item No.6: Request for waiver of damages u/s 14B of the Act with regard to M/s. Premier Pratyusha Chemicals & Fertilisers Ltd. (AP/VP/36833) – Consideration of.

The proposal contained in para 9 of the agenda to waive Rs. 3,30,819/- as damages was approved by the CBT, EPF.

Item No. 7: Request for waiver of damages under section 14B of the Act with regard to M/s. DCM Hyundai Ltd., Chennai (TN/39551) – Consideration of.

The proposal contained in para 9 of the agenda to waive Rs. 41,37,627/- as damages was approved by the CBT, EPF.

Item No. 8: Grant of Exemption under section 17 of the EPF & MP Act- 1952 by Appropriate Governments.

The CPFC introduced the agenda item and requested the Board to recommend the proposals to the appropriate government for grant of exemption to 5 establishments.

Shri B.N. Rai with the permission of the Chairman observed that there was another associated issue to be placed for consideration. He noted that based on information gathered by him from Kolkata Region, there were many cases recommended by the RPFC in-Charge to the Headquarters for cancellation of exemption when the exempted trusts were found to be violating the conditions for grant of exemption pending for many years. There were many instances where the statutory rate of interest was not been given to the employees in the exempted trusts. Whenever the matter is reported to Headquarters drastic action needs to be taken. He mentioned that this issue needs attention of the Board. In the last meeting also it was suggested to place all proposal for grant of exemption and cancellation of exemption before the Sub-committee on Exempted Establishments so that proper monitoring is done.

The CPFC agreed to the suggestion to place the proposals through the Sub-committee on Exempted Establishments.

Shri Sankar Saha observed that being the Chairman of the sub-committee, many such cases have come to notice. He noted that since exemption is granted with the consent of the State Government, cancellation of exemption also has to take the same route. He suggested that a meeting of the Sub-committee may be held with the CPFC alongwith the reports of the RPFCs in-Charge.

Shri M. Jagadiswara Rao observed that he has been pointing out that there is a list of 10 check points to be met by the trust to seek exemption. There were many trusts not fulfilling point no.3 to provide the employees access to their accounts. He had given details of such violations in the last meeting of the Sub-committee at Kolkata. He further endorsed the view of Shri B.N. Rai that the proposals for grant of exemption should be placed before the Sub-committee before placing the same in the CBT. It was directed by the Chairman that the meetings of the Sub-Committee on Exempted Establishments should be convened regularly so that the objectives of the Committee to oversee the working of exempted units could be achieved.

The Chairman summed that matter of cancellation of exemption needs to be examined by the CPFC. He directed that such proposals may be reviewed and a report may be placed before the CBT.

With the above deliberations, the proposal contained in para 6 of the agenda to grant exemption to five establishments was approved by the Board.

Item No. 9: Status of Grant of Exemption u/s 17 of the EPF & MP Act – 1952.

The CPFC introduced the agenda item that a status has been given on the present position of the proposals for grant of exemption which were due for grant of exemption and those which are at various stages of the consideration of Head office, RPFCs in-Charge and the appropriate Government. He further observed that all efforts would be

made to clear the cases which have been received in the Headquarters. He requested the Board to take note of the status given in Annexure "A" to "E" of the agenda item.

Shri B.N. Rai observed that in the agenda the status of cancellation cases may also be given.

The CPFC clarified that at page 94-97 of the agenda a list of 84 cases has been given where relaxation has been withdrawn.

Shri A.D. Nagpal pointed out that there was deadline to be met by the exempted trusts as per the Income Tax Act which had expired on 31.12.2010.

Secretary (L&E) informed the Board that the Ministry has written to the Ministry of Finance to extend the deadline by one more year.

With the above discussion, the details provided to the Board on the present position of the proposals for grant of exemption in a transparent manner, which were due for consideration and those which are at various stages of the consideration before the appropriate Govt. was noted by the Board.

Item No.10: Delegation of powers of amending the Recruitment Rules to the Central Provident Fund Commissioner.

The CPFC introduced the agenda item that it was an enabling item for ratification of delegation made by the Executive Committee in its 68th meeting under Section 5E of the Act. The proposal contained in the Para 8 of the Agenda was approved by the Board.

Item No. 11: Report of the Working Group on comprehensive amendment to the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.

