

EMPLOYEES' PROVIDENT FUND ORGANISATION
FINAL MINUTES OF THE
65th MEETING OF EXECUTIVE COMMITTEE, CBT (EPF)

Meeting : Executive Committee, Central Board of Trustees (EPF)
Date : **22.02.2009**
Venue: : Conference Room, 3rd Floor,
EPFO Headquarters,
Bhavishya Nidhi Bhawan,
Bhikaiji Cama Place, New Delhi – 110 066

The 65th meeting of the Executive Committee, CBT (EPF) was presided over by **Smt. Sudha Pillai**, Chairperson, Executive Committee, CBT (EPF) and Secretary to the Govt. of India, Ministry of Labour and Employment. The following members attended the meeting:

Shri Ashok Singh
(representing Dr. G. Sanjivareddy)

Employees' Representatives

Shri J. P. Chowdhary

Shri B. P. Pant

Shri Babulal Todi

Employers' Representatives

Shri S. Krishnan,
Special Secretary,
Ministry of Labour & Employment

Smt. Ananya Ray,
JS & FA,
Ministry of Labour & Employment

**Central Government
Representatives**

Shri K. Chandramouli,
Central Provident Fund Commissioner

Member Secretary

The following member was granted leave of absence as he could not attend the meeting due to his ill health:

Shri Girish Awasthi

Employees' Representative

The following members were absent from the meeting:

Secretary to the Govt. of Bihar,
Deptt. of Labour, Training & Employment

Secretary to the Govt. of Haryana,
Deptt. of Labour & Employment.

Secretary to the Govt. of Uttar Pradesh,
Deptt. of Labour, Employment & Training

State Govt. Representatives

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

At the outset, the CPFC welcomed the Chairperson and informed the House that there were 12 items for consideration of the Executive Committee, apart from the two regular items on confirmation of the minutes and action taken statement. He further informed that Shri Girish Awasthi has sought leave of absence due to his ill health. Thereafter, the Chairperson welcomed all the members to the 65th Meeting of the Executive Committee of CBT (EPF). She further welcomed the new Central Provident Fund Commissioner, Shri K. Chandramouli who had taken over as the Central Provident Fund Commissioner and Member Secretary of the Executive committee. She added that the CPFC was not new to the Ministry of Labour & Employment as he had served for long time as Joint Secretary on the Ministry. She observed that Shri Chandramouli had taken over at a time when new things are being tried in EPFO. It is a crucial assignment for him and expressed her confidence in the new CPFC. She also welcomed Smt. Ananya Ray, JS & FA who had recently joined the Ministry. She wished both of them a wonderful and brilliant tenure and requested the CPFC to take up the agenda items.

Thereafter, the CPFC thanked the Chairperson and welcomed all the members to the 65th Meeting of the Executive Committee. With the permission of the Chair, the Central Provident Fund Commissioner took up the agenda items for discussion.

ITEM No. 1: Confirmation of the minutes of 63rd & 64th meetings of Executive Committee, CBT (EPF) held on 10.11.2008 & 10.12.2008 respectively.

The CPFC introduced the item and informed the House that no comments were received from the members on any of the draft minutes and therefore they may be treated as final.

However, during the discussion on item no. 2 on action taken statement, the FA & CAO observed that one of the item relating to outsourcing of internal audit and the

directions of the Chairperson thereon have not been suitably included in the draft minutes of the 64th Meeting of the Executive Committee held on 10.12.2008 and requested the Chairperson that the same may be included in the final minutes to which the Chairperson agreed. He further informed the House that the necessary action in the matter had already been initiated and the same had been included in the Action taken statement placed on table. It was taken note of by the members.

After brief discussion, minutes of 63rd & 64th meetings of the Executive Committee, CBT (EPF) held on 10.11.2008 & 10.12.2008 were confirmed by the Executive Committee.

ITEM No. 2: Action Taken Statement in respect of EC Meetings held upto 10.12.2008.

The CPFC introduced the item and informed each action taken serially.

Regarding Sl. no. 1 the CPFC informed the House that reference had been made to the Ministry for reconstitution of the Sub-Committee of the Executive Committee for Building & Construction to which JS (SS) confirmed that progress has been made in this regard.

Regarding Sl. no. 2, the CPFC informed that the process for notification of amendment in the Recruitment Rules of Assistant Director (Information Services) in the official Gazette was underway. As soon as it is notified both the Ministry as well as UPSC will be informed accordingly. Meanwhile the action taken may be noted by the Executive Committee.

Regarding Sl. no. 3, the CPFC informed the House that necessary directions have been issued to all field offices as well as Addl. CPFC offices for processing the claims. At this point, JS (SS) enquired whether there was any progress in the process of claiming

damages from M/s. Oriental Insurance Company Limited. The CPFC clarified that necessary action to claim damages for M/s. OIC has been initiated separately.

Regarding Sl. no. 4, the CPFC informed that necessary directions have been issued to all field offices as well as Addl. CPFC offices and have been further directed to inform the progress to the Head Office.

Regarding Sl. no. 5, the CPFC informed the House that as directed by the Executive Committee in its 64th meeting, though payment has been made to M/s. Batliboi & Purohit, EPFO needs resolution of the Board for lodging formal complaint against the said agency for which an item has been included in the agenda for the 186th Meeting as Item No. 4.

At this point Shri Babulal Todi referred to page 10 of the draft minutes of the 63rd Meeting of the Executive Committee and enquired about the progress in the recruitment of Engineers in the Physical Facilities Division of EPFO and specifically about the revision of the pay-scale of various cadres including the Chief Engineer. Shri Ashok Singh aired the same views and observed that the pay-scales of all the cadres of Engineers in EPFO must be enhanced as he felt that it was the main reason of shortage of staff in the Physical Facilities Division of EPFO. The CPFC clarified that the process of recruitment of Engineers was underway and other issues as pointed out by the members would be resolved within the EPFO. He will come back to the Executive Committee for guidance and directions if so required.

With the above deliberations, all the actions taken as mentioned above were taken note of by the members.

ITEM No. 3: No supersession in 'selection' promotion – Review of Recruitment Rules in EPF Organisation.

The CPFC introduced the item and explained that the action as proposed in the item should have been taken earlier as the same was in practice since 2002 and EC may give formal approval of the amendments.

The agenda item was approved by the Executive Committee.

ITEM No. 4: S/I/T/C of one no. 8 (eight) passenger lift at Regional Office, Chhattisgarh, Raipur.

The CPFC introduced the item. In the last meeting of the EC it was felt by the members that the cost of said lift was on the higher side and accordingly it has been reviewed and revised to Rs. 15.00 lacs. The cost has been reduced because the speed of the lift had reduced, keeping in view the fact that the building of Regional Office, Chhattisgarh is only of ground plus three floors, there was no need to have a high speed lift.

Shri Babulal Todi observed whether the recommendation of the Sub-Committee on Building & Construction, to have a minimum four quotations to be called from reputed suppliers for S/I/T/C of the lift with a three-year AMC clause was followed.

At this point Shri J. P. Chowdhary observed that even the price of Rs. 15.00 lacs for eight-passenger lift was on the higher side as he had installed the lift with same specification in his office for Rs. 3.00 lacs only. And further the sanction required appeared to be ad-hoc sanction only.

The Chief Engineer further clarified that the ceiling of Rs. 15.00 lacs has been kept based on the CPWD cost of the lift with similar specifications which comes to Rs. 13.50 lacs. Moreover, it has been proposed to purchase the lift directly from the supplier without any intermediary agency and there will be savings which will accrue to the department only.

The CPFC also observed that EPFO would go only by the quoted price and approval of the EC will be taken before undertaking the work in case of any deviation.

After the above discussion the item was approved.

ITEM No. 5: Construction of National Registry and Processing Office (NRPO).

The CPFC introduced the item and informed the House that both the Sub-Committee on Building & Construction and Internal Finance wing of EPFO have concurred with the proposal and requested the Committee to approve it.

Shri Ashok Singh enquired whether initially there was any clause for cost-escalation in the agreement with M/s. RITES. The Chief Engineer clarified that cost-escalation was not permissible if the work went on as per schedule of 18 months with no interference by EPFO. But the work was held up for about a year on the instructions of EPFO due to cost-cutting measures and changes in the requirements of BPR Project. The schedule of eighteen months was over and hence a no-escalation clause could not be applied. However, the cost escalation part in the whole estimate was just Rs. 0.50 crores as mentioned at Sl. no. 11 (page 65) and the rest was due to change in design and specifications as explained. As the delay was on the part of EPFO and not M/s. RITES, the proposal may be approved.

At this point Shri J. P. Chowdhary observed that the cost per unit area (say sq. m. or sq. ft.) earlier and what has been proposed was not indicated in the proposal. If it has been placed before the sub-committee, then the same could have been placed before the Executive Committee also and requested that it must be included in all the PFD items in future. He further observed that it appeared that we are paying a compensation to M/s. Unitech by way of cost escalation.

The Chief Engineer clarified that it was not the case and there was no hidden benefit being given to M/s. Unitech at all. Only a sum of Rs. 0.50 crores mentioned at sl. no. 11 as cost escalation, was the only compensation being given by EPFO and the remaining amount was due to change scope of the building as desired by the EPFO.

The CPFC in his concluding remarked that the doubts of Shri Ashok Singh and Shri J. P. Chowdhary were related to cost escalation clause and cost per unit area respectively which have been replied by the Chief Engineer. The reasons for escalation and higher cost have also been explained and there was no benefit extended to the builder M/s. Unitech in any case. Regarding the summary of cost per unit area , the CPFC accepted the request of the members and advised the Chief Engineer to ensure that in future all the PFD items should indicate a summary of cost per unit area for perusal of the EC.

After the above discussion the proposal as contained in the agenda item was approved by the Executive Committee.

ITEM No. 6: Construction of office building and staff quarters at SRO, Tirunelveli by M/s. NBCC - Claim for escalation in steel price.

After brief discussion the agenda item was approved by the EC.

ITEM No. 7: Construction of Office Building and Staff Quarters at Regional Office Dehradun (Uttaranchal).

The CPFC explained the item which had the approval of the Sub-committee on building & construction and requested the House to approve the proposal as contained in the agenda.

At this point the Chairperson observed that while considering such projects the architectural aspects also required to be seen. During her visits to various offices across the country, she had observed that there was lot of wastage of space in the offices especially near the lift shaft and staircase area etc., due to which area of the rooms become small. The buildings need to be designed in such a way that the unused space was minimal and also make provisions to take into account local conditions.

At this point Shri Ashok Singh observed that the building of the Kanpur Office was in a very bad shape. To this Chief Engineer clarified that renovation work was underway at the Kanpur Office.

With these observations the proposal as contained in the agenda item was approved by the EC.

ITEM No. 8: Construction of Annex Building for Regional Office, Bangalore.

The CPFC introduced the item and informed that the item was deferred in the last meeting of the Executive Committee with the direction to ascertain whether it was a heritage building or not. It has been clarified by ASI in writing that it was not a heritage building. It was also desired by the Chairperson that some members of the Committee to visit the office in Bangalore before any decision was taken in this regard. However, due to various reasons the visit could not be undertaken by the members and since a decision was urgently required on the issue, the item was placed before the House for consideration. He further requested the EC to approve the proposal as contained in the agenda.

The Chairperson observed that she was in agreement with the view that the building should not be demolished and some other ways could be found out.

The CPFC observed that in the case of Bangalore, expansion of the office is imperative as it will not be able to function for long in current space. Some alternative was absolutely necessary, if present proposal of demolition was unacceptable. He then drew attention to another proposal for hiring of additional space for the Regional Office, Bangalore, placed for approval of the EC.

The Chief Engineer further suggested that for the present open space around the building can be utilized for expansion without demolishing the existing building or it can be developed vertically. However, this option was not found to be workable as there would be some associated problems like that of car-parking etc.

The suggestion made by Shri Babulal Todi to have underground parking was also not accepted by the Committee as it was felt that it may affect the foundation of the existing building, which may lead to further complications.

The CPFC made concluding remarks that since demolition was ruled out, the EC can take a decision on record, that office requires expansion without demolition and damaging the existing building as it was difficult to run the Bangalore office in the existing space. He further reiterated that without expansion Bangalore office would find it very difficult to operate. The Chairperson agreed to the views of the CPFC.

With these observations the item was approved by the Committee on principle. A detailed proposal taking into account the observations need to be put up for the EC in the next meeting.

ITEM No. 9: Updating of Fire hydrant at EPFO Headquarters, HUDCO Vishala Building, New Delhi.

The CPFC introduced the item and informed the House that this item was deferred last time for the reason that since this HUDCO VISHALA building was owned jointly by EPFO and Ministry of Finance, upgrading of fire-fighting system should also be done jointly. In this regard matter has been taken up with the Ministry of Finance. But despite 5 official letters and 3-4 meetings, the response has not been forthcoming. However, the CPFC suggested that one more effort could be made.

The Chairperson observed that JS & FA may be requested to take up the matter with the Ministry of Finance for an early amicable solution.

Shri Babulal Todi observed that in the last meeting it was decided that the work of updating fire-fighting system may be undertaken for the whole building, as even if the fire breaks out in second half of the building, EPFO portion will be effected.

The Chairperson suggested that the fire-fighting system of the whole building could be updated and after the work was over a proportionate bill can be given to Ministry of Finance for payment. To this JS & FA responded that it may not be advisable and she will take up the matter with the Ministry of Finance.

JS & FA further desired to know whether the work was being done through the single tender, as the agenda is mentioning the name of only M/s. UPRNN. The Chief Engineer clarified that it was not the case and M/s. UPRNN is the executing agency and after sanction of the work it would invite tender on behalf of EPFO.

Joint Secretary (SS) raised two queries. Firstly, whether the estimate of Rs. 36 lacs was for the integrated set-up of the whole building or only for EPFO part and secondly, who was the competent authority to certify that what has been suggested was the correct method of doing it?

The Chief Engineer clarified that the estimate of Rs. 36.00 lacs was for the whole as fire-fighting system was integrated for the whole building which cannot be demarcated. The officials of Delhi Fire Services (DFS) who was the competent authority, have visited the building and given their views which are available in writing.

The CPFC summed up the discussion that the Executive Committee was agreeable to the proposal in the agenda item in principle. Regarding the final consultation with Ministry of Finance, he would take up the matter with Secretary, Ministry of Finance. The EPFO building was not the only building which was having this type of arrangement and hence everybody must be facing the same problem around the area. Once the Ministry of Finance agrees, EPFO would go ahead with the proposal with due intimation to the members of the Executive Committee.

With the above deliberations the agenda item was approved.

ITEM No.10: Revised Estimate of Rewiring, replacement of existing damaged wiring, electrical fixtures, damaged main control panel and also providing additional fixtures in Regional Office, Hyderabad.

After brief discussion the agenda item was approved.

ITEM No.11: Re-structuring of the Information Services Wing in Employees Provident Fund Organization (EPFO).

The Central Provident Fund Commissioner introduced the item and stated that it was an important agenda that seeks to put in place an organization structure for the Information Services Wing to meet the present and emerging needs of the organization. He informed the Executive Committee that the agenda had been extensively discussed in a meeting of the Sub-Committee on Information Technology Reforms held on 19th February 2009 and the sub-committee had agreed in principle to the structure proposed in the agenda. However, he felt that there were a few issues particularly the handling of the data entry workload during the transition period on which a little more internal deliberations were required. The CPFC proposed that if the Executive Committee deemed it necessary, the agenda could be deferred and an updated and revised agenda containing the system to provide for the transition period can be brought before the committee for which a special meeting of the Executive Committee can be convened in a short period.

The Secretary (Labour & Employment) felt that the proposal was very important for the organization and since there was a general agreement on the proposed structure in the IT Sub-Committee, the proposal could be approved and the decision on the transition phase can be left to the Central Provident Fund Commissioner. If it was felt necessary, then the CPFC can come back to the Executive Committee for any decisions that were felt necessary from the Executive Committee.

Joint Secretary (SS), Ministry of Labour & Employment also felt that the structure for the Information Services Wing proposed in the agenda was quite reasonable and appeared to be the minimum requirements necessary for the organization. He, however, wanted to know whether there was any possibility of having a review of the number of posts required in the category of Data Processing Assistant and Programmers.

The CPFC clarified that as it is the structure proposed a 1+2 structure of Programmer and Data Processing Assistant at each office and reducing the number would not be a feasible solution given the fact that any person going on leave would put the centre to difficulty. The Joint Secretary (SS) fully appreciated the position and agreed with the number of posts proposed.

Shri Babu Lal Todi pointed out that during the discussions in the Sub-Committee on IT Reforms, it was observed that the nomenclature of Programmer was a misnomer and a better term could be thought of. The CPFC assured that this point had been noted and if possible a better nomenclature would be considered.

JS & FA (Labour) opined that the savings indicated in the agenda would be substantially less as many of the posts should be considered in the "deemed lapsed" category as they had not been filled up for more than a year. It was also suggested that EPFO should consider the possibility of outsourcing the requirements to reputable agencies.

Secretary (L&E) felt that there were a number of reasons for which posts are lying vacant and it would not be correct to consider such posts as "deemed lapsed" given the fact that it took such a long time in government to get vacancies filled up. Even though efforts are taken to fill up these posts at times, it was not possible to get the suitable candidates for the posts. Departments should not be penalized for such situations. On the question of outsourcing, the Secretary (L&E) felt that it was not possible to outsource responsibilities and dedication outside the department. For the posts under consideration this was not possible.

The CPFC also explained that even as of today outsourcing has taken place to quite an extent with the data entry jobs outsourced to third parties and even for the

transition period, EPFO would have to look at outsourcing the data entry job. But it would not be possible to outsource the work in respect of the posts for which the proposal had been placed.

Shri J.P. Choudhary wished to know what actions were being taken towards implementing the e-filing of returns, as this activity would substantially reduce the data entry work in the organization and provide convenience to a lot of employers who prepare electronic information and then print the information and give to EPFO offices.

The CPFC explained that a number of steps were being taken to prepare the system to achieve this as a final objective. Initiatives have been taken in Gurgaon office for introducing e-challan system that provided a number of benefits in terms of speed of transactions and savings for EPFO. Eventually the e-submission of returns would also be introduced and the concerns of the member would be met.

Joint Secretary (SS) also informed the members that during his visits to many EPF offices, he had seen in many instances even today that offices were accepting electronic statements and returns from employers and these were being uploaded in the system. With the modernization project he expected that this feature would be strengthened and used more effectively. On the agenda, he further observed that the recruitment rules proposed were reasonable as it proposed a balanced intake of promotions and deputations.

Secretary (L&E) felt that in the cases where the Recruitment rules provided for deputation or direct recruitment, the clauses for transfer on deputation, absorption on transfer, etc. should also be provided as a measure of fallback so that all avenues are available to fill up the vacancies.

With the above deliberations, the Executive Committee approved the agenda as placed before the committee and empowered the CPFC to take the appropriate decisions to provide for data entry work in the transition period and to carry out the changes in Recruitment rules as suggested by the Executive Committee.

ITEM NO.12: Hiring of additional accommodation for Regional Office, Bangalore.

The CPFC introduced the item and requested that it may be approved as additional space was required urgently for the Bangalore office as explained while considering item no. 8.

Shri Babulal Todi observed that since the rents have gone down recently, it may be re-negotiated. The Chairperson agreed with the suggestion of Shri Babulal Todi.

With these observations the item was approved.

ITEM No.13: Appointment of Shri Bhudev Chatterjee, Actuary as Consultant Actuary for Employees' Pension Scheme, 1995.

The CPFC introduced the item. He informed the House that Shri Chatterjee has been the regular consultant for EPS,1995 on the same rates as mentioned in the agenda item since 2003. Since the financial powers to appoint consultant actuary involving payments upto Rs. 5.00 lacs per annum rests with the Executive Committee, the item was placed before the Executive Committee for consideration and approval.

Joint Secretary (SS) observed that during the discussion with Secretary (L&E), Secretary (Finance) expressed reservations about the quality of the actuarial work which has been done and had suggested that since this actuarial exercise was very important some internationally recognized qualified actuarial consultant may be associated for the job.

Shri B. P. Pant remarked that we can have more than one actuary.

Addl. CPFC (Pension) clarified that this item was not about the annual valuation, for which Shri P.A. Balasubramanian has already been appointed with the approval of the Government. The item pertains to appointment of regular consultant actuary for EPS, 1995 for day-to-day advices on routine issues. In fact even the evaluations reports, etc. given by the regular consultant actuary are being getting revalued from other valuers also. Shri Bhudev Chatterjee had been a regular consultant to the EPFO since 2003 and since the financial powers have been delegated by the Government to the Executive Committee the item had been brought for the approval of the Committee.

The Chairperson further observed that PFRDA may be approached for the purpose. The CPFC suggested that in view of shortage of consultant actuaries, Shri Chatterjee may be appointed for this year and for the next year other options may be pursued.

Shri Babulal Todi observed that there was no need of sanctioning Rs. 5.00 lacs as total expenditure as mentioned in the agenda item will not be so much. Addl. CPFC (Pension) clarified that since the EC has powers upto Rs. 5.00 lacs and the expenditure will not exceed Rs. 5.00 lacs in any case, ad-hoc sanction was being taken and actuary would be paid only the actual as mentioned in the agenda item and the balance will be informed to the Committee.

After the above discussion the proposal as contained in the agenda item was approved by the EC.

**ITEM No.14: Amendment to the Recruitment Rules for the post of
Assistant Engineer (Civil)/ Assistant Engineer (Electrical)
in the pay scale of Rs.8000-275-13500 in EPF Organisation.**

The CPFC introduced the item which was passed by the Committee after brief discussion.

At the concluding session, the Chairperson observed she would like to make one request to EPFO, that all the construction work, including repairs, must be completed as expeditiously as possible so that it may boost the economy in these times of recession.

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

Minutes Confirmed.

**(Sudha Pillai)
Secretary (Labour & Employment) &
Chairperson, Executive Committee, CBT, EPF.**

ANNEXURE – 'A'

List of officers of Ministry of Labour & Employment and Employees' Provident Fund Organisation, who attended the 65th Meeting of the Executive Committee, CBT (EPF) held on 22.02.2009.

1. Shri S. K. Srivastava, Joint Secretary (SS), Ministry of Labour & Employment.
2. Shri Vikas, Director (Finance), Ministry of Labour & Employment.
3. Shri Abhay Kumar Singh, FA & CAO, EPFO.
4. Shri Trilok Chand, Addl. CPFC (HR).
5. Col. P .K. Chaturvedi, Chief Engineer, EPFO.
6. Shri K.C. Pandey, Addl. CPFC (Pension & IS).
7. Shri V. P. Ramaiah, Addl. CPFC (CSD) & CVO.
8. Shri R. K. Kukreja, RPFC (HRM).
9. Shri K. V. Sarveswaran, RPFC (Pension).
10. Shri V. Krishnamoorthy, RPFC (F&A).
11. Shri K. V. Ranganadhan, DD (Audit), EPFO.
12. Shri C. Chakraborty, RPFC – II (IS).
13. Shri Kumar Rohit, RPFC-II.
14. Shri Sanjay Bisht, RPFC (Conference).
15. Shri J. C. Thukral, APFC (ASD).
16. Shri Vishal Agarwal, APFC (Conference).