

# MANUAL OF ACCOUNTING PROCEDURE

## PART - I - GENERAL ( Common to all the three Schemes )

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## CHAPTER - 8

A - Investment

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**CHAPTER -8**

- A - Investment**
  - B - Acceptance of Past Accumulation dues**
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**A - INVESTMENT**

8.1.1 It should be the constant endeavour of the Employees' provident Fund Organisation to find ways and means of providing the members of Employees' Provident Fund with best return of the contributions and in the process to adopt the basic parameters of Investment viz. **safety and yield**. To achieve this, timely and judicious investment of funds are necessary.

8.1.2 The State Bank of India is appointed as the Banker of the Organisation through which the various dues payable by the employers are collected and invested. The Financial Adviser & Chief Accounts Officer of the Organisation is responsible for investment of EPF money and monitors centrally through the Regional Provident Fund Commissioner (Investment) in Central Office.

8.1.3 Considering the need for giving a special emphasis to look after the work relating to prompt collection of dues and its investment, the Board has constituted a Sub-Committee known as Finance & Investment Committee. The Finance & Investment Committee functions to oversee the investment being done by the State Bank of India, to watch the collection and timely Investment of Trust money with a view to realising optimum return thereon and to give such directions as may be necessary in regard to investment/re-investment of redemption proceeds, interest, etc. within the broad investment pattern as approved by the Central Government and to consider fixation of rate of interest for the members of the fund.

8.1.4 The Employees' Provident Fund Scheme, 1952, the Employees' Pension Scheme, 1995 and the Employees' Deposit Linked Insurance Scheme, 1976 provide for the investment of fund moneys. Apart from this, the Organisation is also investing moneys relating to Administration Funds of the Employees' Provident Fund & Insurance Fund and also Staff Provident Fund and Pension-Cum-Gratuity Fund of the employees of the Organisation.

The Organisation is responsible for investing the following :

- a) EPF moneys
- b) Pension Fund moneys

- c) Insurance Fund moneys
- d) Surplus EPF Administration Fund
- e) Surplus EDLI Administration Fund
- f) Staff Provident Fund Contribution
- g) Pension-cum-Gratuity Fund

**PROVISIONS OF THE SCHEME ON INVESTMENT;  
EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952 :**

8.1.4 Para 52 of the Employees' Provident Fund Scheme, 1952 provides that all moneys belonging to the Fund shall be invested subject to such directions as the Central Government may from time to time give in the securities mentioned or referred to in clauses (a) to (d) of section 20 of the Indian Trust Act, 1882.

**EMPLOYEES' PENSION SCHEME, 1995 :**

8.1.5 Para 26 of the Employees' Pension Scheme, 1995 provides that all moneys accruing to Employees' Pension Fund except the contributions of the Central Government shall be invested in accordance with the provisions of the Employees' Provident Fund Scheme, 1952.

**EMPLOYEES' DEPOSIT LINKED INSURANCE SCHEME, 1976.**

8.1.6 According to Para 15 of the Employees' Deposit Linked Insurance Scheme, 1976.w.e.f. 1-4-97, all moneys belonging to the Insurance Fund shall be invested in accordance with the pattern as applicable to the investment of Employees' Provident Fund money.

**INVESTMENT OF STAFF PROVIDENT FUND & PENSION-CUM-GRATUITY FUNDS :**

8.1.7 The Staff Provident Fund moneys and Pension-Cum-Gratuity Fund moneys are also invested in the pattern as applicable to the investment of Employees' Provident Fund moneys.

**SURPLUS ADMINISTRATION FUND (EPF & EDLI) :**

8.1.8 As per para 52 of the Employees' Provident Fund Scheme, 1952 the surplus Administration Fund (EPF & EDLI) are kept deposited with the Reserve Bank of India, New Delhi.

**INVESTMENT OF EMPLOYEES' PROVIDENT FUND MONEYS :**

8.1.9 The procedure for collection of moneys due from the Employers under the Employees' Provident Funds Scheme, 1952 through the Bankers of the Organisation, namely the State Bank of India has been dealt with in detail in Chapter 6 of this part of Manual.

8.1.10 The Employees' Provident Funds moneys collected by Link branches located in the Headquarters of the Regional/Sub-Regional/Sub-Accounts Office are credited to Account No.

1 and utilised, in the first instance, to meet payments due under the Employees' Provident Fund Scheme, 1952. The surplus amount under this account shall be transferred by the Assistant Provident Fund Commissioner (Cash) as per the procedure prescribed in Chapter 7 of this part of the Manual. The surplus amount in the contribution account shall be transferred from account No. 1 to 5 namely Employees' Provident Fund Investment Account maintained at State Bank of India, Main branch, Mumbai. After meeting the requisition for funds received from the Regional/Sub-Regional/Sub-Accounts Office, the balance in this account shall be transferred to Securities Services branch of State Bank of India, Mumbai on the same day. The amount received from Account No. 5 (EPF) shall be credited to a separate account wherein the moneys are parked for investment in accordance with the prescribed pattern of investment. The Organisation has entered into an agreement with the State Bank of India to act as Portfolio Managers for the investment of the funds on certain terms and conditions and the details of which are given in Annexure-1. The interest realised on various investments and also redemption proceeds received on maturity of the security, deposits, etc. shall be credited to this account for re-investment. The type of account opened for this purpose is explained in Chapter 6.5 of this part of Manual.

### **PATTERN OF INVESTMENT :**

8.1.11 Central Government, Ministry of Labour notifies the pattern of Investment under Para 52 of the Employees' Provident Fund Scheme, 1952. The pattern of Investment followed from 1952 onwards is given in Annexure -2. The pattern of Investment as applicable with effect from 1.4.97 is given in Annexure- 3 There is no periodicity for prescribing the pattern of Investment.

8.1.12 The Central Board of Trustees, considering the need for increasing the rate of interest payable to the subscribers and also under certain other circumstances, may recommend to the Central Government for modification in the pattern which will enable the Fund to derive additional yield towards Interest. Considering the recommendation of the Board, the Central Government may modify the pattern of Investment, specifying the date from which it is applicable, in the Gazettee of India. The pattern of Investment prescribed by the Central Government should conform to Section 20 (a to d )of Indian Trust Act, 1882 as given in Annexure '4'

### **CATEGORY IN WHICH THE FUND IS INVESTED :**

8.1.13 The Investible Funds, as far as un-exempted establishment is, the one that is available under the Investment account opened at Security Services Branch which includes the contributions transferred from EPF Account No. 5, the Interest earned on investment, redemption proceeds received. The percentage of the amount to be invested is applied with reference to total available Fund, on each day.

8.1.14 The pattern, as in force, as on 1.4.98, provides for investment in the following categories:

Central Government Securities ; State Government and Govt. Guaranteed Securities ; Bonds/Securities of Public Financial Institutions and Public Sector Companies and certificate of Deposits issued by Public Sector Bank. Apart from this, the Central Board of Trustees, as per the Item No. (iv) of Investment pattern has decided that 20% of the investible amount shall be invested in any of the remaining 3 categories. The explanation to the terms used in the pattern of Investment is given in Annexure -5.

## **SPECIAL DEPOSIT SCHEME :**

8.1.16 As per the pattern of Investment in force, as on 1.4.98, no amount out of the current accretions shall be invested in the Special Deposit Scheme. However as per para 3 of the pattern of Investment (as on 1.4.98), the interest received on the Special Deposit Scheme shall be invested in the Special Deposit Scheme itself. The Special Deposit Scheme, as per the existing directions of the Government of India, will be in force upto 30. 6. 2003. Further, all moneys received on maturity of deposits under the Special Deposit Scheme are required to be reinvested in the Special Deposit Scheme only (Authority : Central Office Letter No. Inves./I/ 1 (14)/94, dt. 18.3.97).

**NOTE:** Special Deposit Scheme was introduced by the Government of India for the benefit of non-Government Provident Fund Superannuation and Gratuity funds on 1.7.75. This Scheme has been extended up to 30.6.2003. The deposits will fetch interest @ 12% p.a. from the date of deposit. The Special Deposit Scheme Account may be opened in the Reserve Bank of India or in any nationalised Bank. The deposit and withdrawal from the Special Deposit Scheme should be strictly in accordance with the scheme governing the Special Deposit Scheme.

## **PROCEDURE FOR INVESTMENT BY THE SECURITIES SERVICE BRANCH OF THE STATE BANK OF INDIA, MUMBAI.**

8.1.17 In accordance with the agreement entered into with the State Bank of India, Securities Service Branch will invest the Employees' Provident Fund moneys as per the pattern of Investment and furnish the following on a daily basis :-

- a) Investment advice
- b) Details of interest realised
- c) Details of maturity/redemption proceeds realised. On the close of every half-year, the Bank shall furnish half-yearly certificate of investment holdings held on behalf of the Central Board of Trustees, Employees' Provident Fund.

## **MONITORING OF INVESTMENT :**

8.1.18 The Head Office of the Organisation in New Delhi is responsible for monitoring the investment of Employees' Provident Fund moneys by the State Bank of India. It is the prime responsibility of the Financial Adviser & Chief Accounts Officer to ensure that the investment is made according to the pattern and the Bank adheres to the terms of agreement in full. The Investment Section in the Head Office under the charge of Regional Provident Fund Commissioner (Investment) shall be responsible for proper maintenance of accounts, registers and data relating to investment made by State Bank of India. The Investment accounts and other Registers as indicated below are required to be maintained :-

1. Investment of Employees' Provident Fund moneys (Main Account)
2. Investment of Employees' Pension Fund moneys (Pension fund account)
3. Investment of Insurance Fund moneys (EDLI Investment account)
4. Investment of Staff Provident Fund moneys (SPF Investment Account)
5. Investment of Pension-Cum-Gratuity Fund moneys (Pension-cum-Gratuity Investment account)



6. Investment of Administration Funds (Central Administration Investment account) under Employees' Provident Fund and Employees' Deposit Linked Insurance Fund.

**NOTE :**

The Family Pension Fund moneys and Insurance Fund moneys invested in the Public Account till 15.11.95 & 30.6.97 continue to be kept in the Public account and interest thereon is being credited to Public Account .

**Investment Registers**

8.1.19. A register of securities in the form prescribed (Refer Chapter 17) to indicate the number and type of securities in which the moneys of the Fund are invested and the interest and Maturity proceeds realised should be maintained separately in respect of each account. This includes deposits made in Public Accounts and Special Deposit Scheme accounts of Administration funds.

8.1.20 The Securities registers should be kept up-to-date by posting the details of securities purchased and interest realised as per the advice received from the State Bank of India, Mumbai. At the close of each month, a summary should be prepared furnishing the details of the amount available for investment by transfer from account No. 5, 11, 21, 8, 9, 4, 24, as the case may be, interest realised on securities, securities with-drawn from the holdings (in the event of grant of exemption to an establishment) securities credited to the holdings (acceptance of past accumulations on cancellation of exemption) value of securities matured, investment made under each category (viz. Central, State, SDS, etc.) and the balance available.

8.1.21 A scrip wise register of the securities purchased under each category should also be maintained for watching the realisation of interest and maturity proceeds. The entries in these registers should be checked 100% and initialled by the Superintendent (Investment Section) before its submission to the Assistant Provident Fund Commissioner Regional Provident Fund Commissioner (Investment). The monthly summary should be submitted to the Financial Adviser and chief Accounts officer before 20th of the month following to which the transaction relates.

**SCRUTINY OF ADVICES/CERTIFICATES :**

8.1.22 On receipt of Advice from the Bank on the transactions of each day, it should be verified that the balance is correctly brought forward, apportionment is made in accordance with the pattern of investment, interest realised promptly and accounted for; maturity proceeds collected promptly ; amount transferred correctly accounted for ; interest and brokerage paid collected correctly ; instructions for Investment properly complied with.

**PROMPT COLLECTION OF INTEREST :**

8.1.23 The Investment Section will maintain the interest collection register and scrip-wise register for watching the collection of interest and maturity proceeds and their re-investment by Bank. Any delay in the collection of interest etc. and re-investment should be brought to their notice.

## VERIFICATION OF CERTIFICATE OF HOLDING :

8.1.24 The scrip wise register will show the face value and cost price of securities purchased on various dates and its progressive balance, due date of interest, date of maturity, etc. This register should be kept up-to-date.

8.1.25 On receipt of the half-yearly certificate of holding from the Bank, the correctness should be verified with reference to the scrip-wise register and discrepancies, if any, should be referred to the Bank.

8.1.26 It is necessary to maintain data relating to Investment, interest due, etc. on various securities, redemption due on various Securities and fed to the Computer so as to have effective control over the management of investing the funds.

## PROCEDURE FOR INVESTMENT OF PENSION FUND MONEYS, INSURANCE FUND MONEYS, STAFF PROVIDENT FUND MONEYS, PENSION-CUM-GRATUITY FUNDS MONEYS :-

8.1.27 The above Funds are required to be invested in accordance with the pattern of investment as applicable to Employees' Provident Fund moneys. In view of this, the procedure explained for investing the Provident Fund moneys is applicable for these Funds also. State Bank of India also will Invest these moneys as per the agreement.

## INVESTMENT OF SURPLUS ADMINISTRATION FUND UNDER EMPLOYEES' PROVIDENT FUND & EMPLOYEES' DEPOSIT LINKED INSURANCE FUND SCHEME :

8.1.28 The surplus administration Funds under Employees' Provident Fund and Employees' Deposit Linked Insurance Fund Schemes were invested upto January, 1989 in State Bank of India, its associate Banks and its nationalised banks in Term Deposits fetching Interest @ 10% p.a. With effect from February, 1989, the surplus administration accounts are being invested in the Special Deposit Account with the Central Government in Reserve Bank of India New Delhi. For this purpose, with the approval of the Central Government and Reserve Bank of India, Mumbai, two separate accounts were opened in Special Deposit Account by the Central Provident Fund Commissioner in Reserve Bank of India, New Delhi, one in respect of Employees' Provident Fund Scheme and the other for Employees' Deposit Linked Insurance Scheme. The head of accounts are as under :-

### Scheme

(1) E.P.F Scheme, 1952

#### Heads of Accounts

Administration Fund of Employees

Provident Fund Scheme

8012-SDs - Special Deposit

Employees' Provident Fund Scheme

(Administration Fund)

(Account No. 62 allotted by Reserve Bank of India)

(2) E.D.L.I. Scheme, 1976

Administration Fund of Employees'

Deposit Linked Insurance Scheme

8012-SDs - Special Deposit

of Employees' Deposit Linked Insurance  
Scheme (Administration Fund)  
(Account No. 63 allotted by Reserve Bank  
of India)

8.1.29 The salient features of the Scheme as it relates to the above accounts are as under :-

- (i) the deposits will carry interest @ 12% per annum payable from the date of deposits;
- (ii) the interest will be credited to the deposit account ;
- (iii) the deposits will be accounted for by the Reserve Bank of India in the Government account under the respective heads of accounts, namely, Administration Fund of Employees' Provident Funds Scheme and Administration Fund of Employees' Deposit Linked Insurance Scheme ;
- (iv) the interest will be debited to the head "2049 interest on small savings, Provident Fund-interest on Special Deposits and accounts" ;
- (v) a Pay and Accounts Officer of the Ministry of Labour will be authorised to make withdrawal from these accounts by cheque ;
- (vi) the bank will send a monthly scroll in respect of accounts to the Controller of Accounts, Ministry of Labour.

8.1.30 The Central Board of Trustees, Employees Provident Fund accorded its approval to the investment of surplus Administrative Fund in the Special Deposit Account with the Reserve Bank of India, New Delhi at its 117th meeting held on 13.10.88 and 118th meeting held on 4.4.89.

8.1.31 The Central Board of Trustees, Employees' Provident Fund through a resolution authorised the Central Provident Fund Commissioner, Additional Central Provident Fund Commissioner, Financial Adviser and Chief Accounts Officer, Regional Provident Fund Commissioner (Finance and Accounts) (headquarters) to operate the Special Deposit Account with the Reserve Bank of India and do all such actions as may be necessary for that purpose for and on behalf of the Central Board of Trustees, Employees' Provident Fund.

8.1.32 In order to ensure prompt transfer of surplus administration funds for investment in Special Deposit Scheme account, Banking Section in the Central office may issue a standing instruction to the State Bank of India, New Delhi to transfer the surplus amount from Account No. 4 and 24, after retaining a minimum balance that may be required to meet normal expenses, which may be determined from time to time in consultation with Financial Adviser & chief Accounts Officer. Bkg. section will watch prompt investment by State Bank of India and keep a record of investment made with reference to Bank statement /advices, in the Cash Book of Account Nos. 4 and 24 and the withdrawals made, if any, from Special Deposit Scheme Account. This should be verified with the records kept by Pay and Accounts Officer, Ministry of Labour Interest due on Special Deposit Account should also be promptly collected on due dates.

#### **INVESTMENT OF PENSION FUND MONEYS IN PUBLIC ACCOUNT**

8.1.33 Consequent on the introduction of Employees' Pension Scheme, 1995, (Employees' Family Pension Schem, 1971 ceased to operate with effect from 16.11.1995), the deposits that were standing to the credit of Public Account as on 15.11.95 are treated as Pension Fund moneys and continue to remain in the same account. Further, the contribution of the Central

Government towards pension Fund @ 1.16% of pay of members will also be deposited into the Public Account. The interest due on the Public Account will continue to be realised and credited in the same account (Rate of Interest allowed as per the ceased Employees' Family Pension Scheme, 1971, for the deposit in Public Account was @ 8.5% per annum).

8.1.34 In view of the above, the Pension Fund money is kept in two different places i.e. one in State Bank of India and another in the Public Account. The Investment Section in the Head Office will maintain a register showing the amount deposited in the Public account and interest thereon and verify the correctness thereof.

#### **INSURANCE FUND MONEYS KEPT IN PUBLIC ACCOUNT :**

8.1.35 Deposits made into the Public Account on account of the investment of Insurance Fund moneys upto 30.6.97 shall continue to be kept invested in the Public Account. Investment Section in the Head Office will ensure maintenance of accounts on the amount kept invested in Public Account and also watch realisation of interest due thereon.

**PORT FOLIO TO MANAGEMENT OF FUNDS BELONGING TO AND UNDER THE CONTROL OF THE CENTRAL BOARD OF TRUSTEES OF THE EMPLOYEES' PROVIDENT FUNDS BY THE STATE BANK OF INDIA**

1.1 Central Office of the State Bank of India, Mumbai has entered into an agreement with the Central Board of Trustees, Employees' Provident Fund on 28.3.1995 to act as the Portfolio Manager of the Funds belonging to and under the control of Central Board of trustees, Employees' Provident Fund with effect from 1st day of April 1995.

1.2 The appointment of State Bank of India as Investment Manager/Agent is for one year from 1.4.1995 and unless notice in writing in advance of 60 days is given by the Trustees, the appointment shall continue from year to year on the same conditions. The State Bank of India is entitled to terminate this agreement by giving a notice specifying a date of such termination which shall not be fewer than 60 days after the date of giving such notice to the Trustees. The Portfolio Management of the funds of the Central Board of Trustees, Employees' Provident Fund by State Bank of India, Security Service Branch, Mumbai will be strictly in accordance with the said Agreement (not printed).

2.1 The accounts that are maintained by the Securities Service Branch, Mumbai for the purpose of Port-folio management of the funds of the Central Board of Trustees, Employees Provident Fund and inflow of the funds are :-

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| Investment Account that are kept<br>with Securities<br>Services Branch, Mumbai | Funds to be received from<br>the accounts<br>kept at SBI, Main Branch |
|--|---|
|--|---|

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- |   |                |
|---|----------------|
| 1. Central Board of Trustees, Employees'<br>Provident Fund Investment Account<br>Employees' Provident Fund  | Account No. 5  |
| 2. Central Board of Trustees,<br>Employees' Provident Fund<br>Investment Account<br>Employees' Pension Fund | Account No. 11 |
| 3. Central Board of Trustees,<br>Employees' Provident Fund<br>Investment A/C EDLI Fund                      | Account No. 25 |

- |    |   |               |
|----|---|---------------|
| 4. | Central Board of Trustees,<br>Employees' Provident Fund<br>Investment Account<br>Staff Provident Fund       | Account No. 8 |
| 5. | Central Board of Trustees,<br>Employees' Provident Fund<br>Investment Account<br>staff Pension-Cum-Gratuity | Account No. 9 |
| 6. | Central Board of<br>Trustees Employees<br>Provident Fund<br>Investment Account<br>Calcutta High Court.      | -nil -        |

2.2 Apart from the above transfer from the State Bank of India, Mumbai Main Branch (except the Calcutta High Court Investment Account), the receipts by way of collection of interest and maturity proceeds, on investment held by the bank on behalf of the Trustees will also be credited to the respective accounts.

2.3 The debits will be raised for the purpose of the investment of funds.

2.4 The investment should be made as per the prescribed pattern of investment to the extent prescribed. The Securities Services Branch, State Bank of India, Mumbai, shall maintain separate Special Deposit Scheme accounts in respect of each investment accounts for depositing the money in Special Deposit Scheme Account. The investible amount in the said investment accounts, is required to be deposited in the respective Special Deposit Scheme Account of the Central Board of Trustees, Employees Provident Fund on the same day by retaining Rs. 1,000/- in each account.

To meet the investment to the extent required and to adjust the shortfall, if any, the amount already parked in Special Deposit Scheme Account over and above the present pattern of investment is required to be withdrawn for investing in other categories. The amount thus withdrawn should be taken to the respective investment account for further investment.

### 3. **OFFICERS OF EMPLOYEES' PROVIDENT FUND AUTHORISED**

The persons holding any of the following offices in the Employees' Provident Fund Organisation are authorised to communicate with State Bank of India, Mumbai on day to day affairs of investments :

- i). Central Provident Fund Commissioner
- ii). Financial Adviser and Chief Accounts Officer
- iii) Additional Central Provident Fund Commissioner, Head Office, New Delhi
- iv) Regional Provident Fund Commissioner (Finance and Accounts), Head Office,

**4.1 GUIDELINES FOR INVESTMENT ON EMPLOYEES PROVIDENT FUND MONEY TO BE FOLLOWED BY SECURITIES SERVICE BRANCH, STATE BANK OF INDIA, MUMBAI.**

The funds of the Employees' Provident Fund Organisation are required to be invested as per the pattern of investment prescribed by the Government of India from time to time.

The investment decisions are to be taken with maximum emphasis on safety, optimum return, sound commercial judgement and avoiding funds to be idle.

The bonds, securities are to be purchased from the primary market with the following conditions :

- i) Firm allotment should be ensured ;
- ii) No brokers should be involved ;
- iii) Interest should accrue from the date of payment itself ;
- iv) If any brokerage or any such commission is payable by the Public Financial Institutions/Public Sector Companies, it is to be secured for Employees' Provident Fund and should be credited to Central Board of Trustees, Employees' Provident Fund Investment account.
- v) Quotations should be called for from the empanelled brokers every day.

4.2 (i) The Bank will fix the maximum price at which it will buy securities, keeping in view the current yield pattern in the market available on the type of loan bonds eligible for purchase under this category.

(ii) The quotations will be opened in the presence of two senior officers of State Bank of India, Securities Service Branch and they will take joint unanimous decision.

(iii) On opening of quotation, if the rate offered is less than the reserve price, the bank will invest. If no offer is made below the fixed/reserved price, all offers will be rejected.

4.3 The reserved price file should be kept in the custody of Senior most official managing the job of investment in the State bank of India, Securities Service Branch.

The Bank will review the reserve price from time to time, keeping in view of the current market yield pattern.

4.4 While investing any State loans and/or guaranteed bonds, past track records regarding payment of interest/maturity proceeds should be taken into consideration. This investment should be done by calling for competitive quotation as a standing arrangements on day to day basis. As far as possible, only short dated securities, that is, maturing within 10 years should be purchased from the secondary market. If such securities are not available in the secondary market, State Bank of India may go for longer maturity security by subscription in the primary market.

4.5 State Bank of India can also purchase securities from any scheduled bank without payment of brokerage, provided the securities are purchased at market price. If the securities are purchased from State bank of India itself, it should be ensured that they are of market price and that on the day the State Bank of India is not off-loading low yielding securities of a similar nature. It should also be ensured that no other securities of this nature are available in the market.

4.6 Employees' Provident Funds' money shall not be used to buy securities/bonds held by State Bank of India or its subsidiary banks in its own investment portfolio or any other portfolio managed by them.

4.7 **PARKING OF FUNDS IN SPECIAL DEPOSIT SCHEME ACCOUNT WITHDRAWAL, COLLECTION OF INTEREST.**

(a) The State Bank of India Should on a daily basis ensure that the funds are transferred to Special Deposit Scheme Account and keep a minimum of Rs.1,000/- in the investment account. This will ensure interest from day one.

(b) While calculating the interest payable to the Trustees of the Funds, for all the funds withdrawn from Special Deposit Scheme for investing in other avenues, the interest should be calculated on last in first out method. This is as per Government of India's instructions because;

(i) Government orders contemplate that the pattern of investment shall conform to the proportion laid down at the year end.

(ii) It has also been clarified by Government that the funds withdrawn from Special Deposit Scheme shall earn interest of 5.5% for the duration they were parked in Special Deposit Scheme. Therefore when, say, an amount of Rs. 10 crores is withdrawn from Special Deposit Scheme the liability of 5.5% interest will only be on this Rs. 10 corers. To identify this Rs. 10 crores in a fund where there are daily accretions the only logical method is last in first out.

5.1 **COLLECTION OF INTEREST ON MATURITY PROCEEDS BY THE PAST, PRESENT AND FUTURE INVESTMENTS.**

State Bank of India Securities Service Branch shall collect interest and maturity proceeds on investment as on 1.4.95 kept with Reserve Bank of India and transferred to them by the Central Board of Trustees, Employees' Provident Fund and the subsequent transfer of securities and also the investments made by them on or after 1.4.95, on the due dates and credit them to the appropriate accounts of the Trustees. While doing so, it shall be the duty of State Bank of India, Securities Services Branch to inform the institutions etc., where the money is invested, that in terms of Section 10 of the Income Tax Act, 1961, the interest received by the Trustees is not income and hence not liable for deduction of tax at source.

5.2 **TRANSFER AND ACCEPTANCE OF SECURITIES FROM THE EXEMPTED FUND OF THE EMPLOYEES' PROVIDENT FUND**

State bank of India shall transfer and accept securities on behalf of Trustees to and from exempted funds as per instructions issued by the Trustees in this regard from time to time.

5.3 **TRANSFER OF SECURITIES FROM NEWLY COVERED ESTABLISHMENTS HAVING EXISTING PROVIDENT FUND**

State Bank of India shall also accept securities on transfer by the newly covered establishments having their own Provident Fund Trust.



6 **ADVISES AND STATEMENTS TO CENTRAL BOARD OF TRUSTEES,  
EMPLOYEES' PROVIDENT FUND**

Daily statement and monthly statement of accounts in the format (Statements B to E) should be sent separately in respect of each account maintained at State Bank of India, Securities Services Branch, Mumbai. The Bank will send half yearly holding statement for the period ended 31st March and 30th September in respect of each account. They will supply to the Employees Provident Fund details with tabulation of securities owned and held by them including certificate numbers in such tabulation.

At the end of each financial year, State Bank of India shall furnish a statement of the investments and income and expenditure account and a balance sheet reflecting the position of the fund and the investments made.

7. **CUSTODY OF SECURITIES**

Securities on assets acquired on behalf of the Trustees shall be kept at the discretion in the custody of State Bank of India, securities Service Branch, Bombay or any of its branch/office at Bombay by giving due notice to the Trustees.

8 **REPORTS TO THE TRUSTEES BY INDEPENDENT AUDITORS/  
ACCOUNTANTS :**

State Bank of India shall provide to the Trustees, at the expense of the Trustees and at such times as the Trustees reasonably require, with reports by independent auditors/accountants on the accounting system, internal accounting control and procedures for safeguarding securities, including securities deposited and/or maintained in a Securities system, relating to the service provided by State Bank of India, such reports shall be of sufficient scope in sufficient detail as may reasonably be required by the Trustees to Provide reasonable assurance that any material inadequacies would be disclosed by such examination, and, if there are no such inadequacies, the reports shall so state.

9.1 **RECORDS**

State Bank of India shall create and maintain such records relating to its activities and obligations in such manner as is usual in the course of business and or as may be agreed between the Trustees and State Bank of India. All such records shall be subject to security requirements of State Bank of India applicable to its own employees having similar records within the State Bank of India and such regulations as may reasonably be imposed by State Bank of India at all times, during the regular business hours of State Bank of India be open for inspection by duly authorised officers, employees or agents of the Trustees. Reserve Bank of India, Stock Exchange Bureau of India, comptroller and Auditor General of India, Auditors and any other authorities.

9.2 **SECURITY SYSTEM**

Securities are required to be kept in accordance with the stipulation laid down in the agreement entered into with Central Board of Trustees, Employees' Provident Fund.

10 **REMUNERATION**

State Bank of India shall be entitled to the remuneration/fees that may be fixed by mutual consent every year. All out-of-pocket expenses shall be reimbursed by the Central Board of Trustees, Employees' Provident Fund at actuals. These are exclusive of government commission payable to State Bank of India by Reserve Bank of India on transactions put through the Special Deposit Scheme Account (s).

The Schedule of fees includes transaction fees on actual money invested for every investment in any manner except Special Deposit Scheme Accounts ; income collection fees to be charged on actual money collection, including overdue interest, if any, in respect of interest income collected in all investment avenues other than Special Deposit Scheme Accounts ' Custodial fees to be collected on face value of holdings in respect of all securities held for all investments other than Special Deposit Scheme Accounts and SGL Account Securities.

CUMULATIVE POSITION OF VARIOUS FUND INFLOWS & OUTFLOWS  
ENCLOSURE TO DAILY STATEMENT OF INVESTIBLE FUNDS

STATEMENT NO. :

ACCOUNT NO.: 5

DATE :

| PARTICULARS                                 | POSITION AS OF<br>PREVIOUS WORKING DAY | TODAYS POSITION | TOTAL POSITION AS<br>OF TODAY |
|---|--|-----------------|-------------------------------|
| <b>INFLOWS</b>                              |  |                 |                               |
| FRESH ACCRETIONS                            |  |                 |                               |
| LESS CHARGES                                |  |                 |                               |
| ADD CHARGES O/A REFUND                      |  |                 |                               |
| NET ACCRETION                               |  |                 |                               |
| <b>INTEREST</b>                             |  |                 |                               |
| 1. ST. GTEED. SEC. 15%                      |  |                 |                               |
| 2. PSU/PSFI BONDS 40%                       |  |                 |                               |
| 3. CENTRAL GOVT. 25%                        |  |                 |                               |
| 4. ST. GUARANTEED 20%                       |  |                 |                               |
| INTEREST TOTAL                              |  |                 |                               |
| <b>MATURITIES</b>                           |  |                 |                               |
| REFUND OF APPLICATION<br>MONEY              |  |                 |                               |
| OTHER RECEIPTS                              |  |                 |                               |
| INCENTIVES                                  |  |                 |                               |
| BROKERAGE                                   |  |                 |                               |
| TOTAL                                       |  |                 |                               |
| <b>OUTFLOWS</b>                             |  |                 |                               |
| CREDIT INTO SDS A/C<br>INVESTMENT           |  |                 |                               |
| CENTRAL GOVT. 25%                           |  |                 |                               |
| ST/CEN GTEED SEC. 15%                       |  |                 |                               |
| INV. IN PSU/PSFI 40%                        |  |                 |                               |
| ST GT/PSFI. 20%                             |  |                 |                               |
| ST. DEV. LOAN 20%                           |  |                 |                               |
| CENTRAL GOVT. 20%                           |  |                 |                               |
| TOTAL                                       |  |                 |                               |
| <b>OPENING BALANCE IN CURRENT A/C</b>       |  |                 |                               |
| DAYS NET RECEIPTS INTO CURRENT A/C          |  |                 |                               |
| WITHDRAWAL MADE FROM SDS A/C FOR INVESTMENT |  |                 |                               |
| <b>SUB-TOTAL</b>                            |  |                 |                               |
| DAYS INVESTMENTS                            |  |                 |                               |
| CLOSING BALANCE IN CURRENT A/C.             |  |                 |                               |

STATE BANK OF INDIA  
SECURITIES SER. BRANCH.  
EPFO SECTION  
DATE :

For STATE BANK OF INDIA

CHIEF MANAGER  
(E.P.F.O.)

STATEMENT - A

DAILY STATEMENT OF INVESTIBLE FUND

ANNEXURE B

**DETAILS OF INTEREST RECEIPTS  
ENCLOSURES TO DAILY STATEMENT OF INVESTIBLE FUNDS**

Account No: \_\_\_\_\_

Date \_\_\_\_\_

---

| Particulars<br>of Security | Security<br>Code | Face<br>Value | Quantity | Total<br>Value | Coupon<br>Rate | Interest<br>due date | Date<br>interest<br>Received |
|----------------------------|------------------|---------------|----------|----------------|----------------|----------------------|------------------------------|
| (1)                        | (2)              | (3)           | (4)      | (5)            | (6)            | (7)                  | (8)                          |

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| Amount due | Amount<br>Received | Income Tax<br>Deducted,<br>if any. | Bank Charges | Remarks if any |
|------------|--------------------|------------------------------------|--------------|----------------|
| (9)        | (10)               | (11)                               | (12)         | (13)           |

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**DETAILS OF INVESTMENTS  
ENCLOSURE TO DAILY STATEMENT OF INVESTIBLE FUNDS**

Account No. \_\_\_\_\_

Date \_\_\_\_\_

---

|     |  |                               |
|-----|--|-------------------------------|
| 1.  |  | Sr. No.                       |
| 2.  |  | Brief Particulars Of security |
| 3.  |  | Security Code No.             |
| 4.  |  | Face Value                    |
| 5.  |  | Quantity                      |
| 6.  |  | Rate                          |
| 7.  |  | Front and incentive           |
| 8.  |  | Coupon Rate                   |
| 9.  |  | Cost or Rate (6 x 5-7)        |
| 10. | ] Due date   | For Interest                  |
| 11. |  | For Maturity                  |
| 12. |  | Redemption value              |
| 13. |  | Mode of Purchase              |
| 14. | ] Details of interest (recovered for secondary market purchased) | From                          |
| 15. |  | To                            |
| 16. |  | Months                        |
| 17. |  | Days                          |
| 18. |  | Gross Interest                |
| 19. |  | Income Tax                    |
| 20. |  | Net Interest                  |
| 21. |  | Brokerage paid                |
| 22. |  | Total cost (9+20+21)          |
| 23. |  | Bank Charges                  |

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**DETAILS OF FEES & CHARGES**  
**ENCLOSURE TO DAILY STATEMENT OF INVESTIBLE FUNDS**

Account No. : \_\_\_\_\_

Date : \_\_\_\_\_

- I. Transaction fees as per Annexure (c) \_\_\_\_\_
- II. Income Collection fees as per Annexure (b) \_\_\_\_\_
- III. Other Expenditure, if any with full particulars as under : \_\_\_\_\_  
\_\_\_\_\_
- IV. Total for today \_\_\_\_\_

- 
- a. Cum. Amount of outstanding fees & charges to be recovered from EPFO as of previous working day \_\_\_\_\_
  - b. Add. : Today's fees & charges as per IV above \_\_\_\_\_  
Sub-total \_\_\_\_\_
  - c. Less : Fees & Charges recovered today in respect of transaction \_\_\_\_\_  
Date : \_\_\_\_\_
  - d. Cum. Amount of outstanding fees & charges to be recovered from EPFO as of today \_\_\_\_\_

**Chief Manager**  
**E.P.F.O. Section**

## MONTHLY STATEMENT FOR THE MONTH OF \_\_\_\_\_ FOR EPFO A/C \_\_\_\_\_

| Sr. No. | Particulars of Securities | Balance as on Rs.                                    | Deposits Rs. | Withdrawal Rs. | Balance as on Rs. |
|---------|---------------------------|--|--------------|----------------|-------------------|
| 1.      | a.                        | Central Govt. Loans- SGL                             |              |                |                   |
|         | b.                        | State Govt. Loans- SGL                               |              |                |                   |
| 2.      | a.                        | State Gteed. Bonds-Non- SGL                          |              |                |                   |
|         | b.                        | Public Sector and financial<br>Institutions -NON-SGL |              |                |                   |
| 3.      |                           | Residual category                                    |              |                |                   |
| 4.      |                           | Special Deposit Scheme Account                       |              |                |                   |
|         | a.                        | RBI 31.3.95  |              |                |                   |
|         | b.                        | SBI  |              |                |                   |
|         | c.                        | Recd. on Transfer from branches<br>Banks             |              |                |                   |
|         |                           | GRAND TOTAL 1+2+3+4                                  |              |                |                   |

STATE BANK OF INDIA  
SECURITIES SERVICES BRANCH  
EPFO SECTION, MUMBAI

DATED :

HOLDING STATEMENT FOR THE MONTH OF ..... OF C.B.T. E.P.F. ACCOUNTSFOR THE HALF YEAR ENDED

| S. No. | Particulars of SGL<br>A/C No. | Main A/C No. 5 | A/c No. 8 | A/c No. 9 | Calcutta Pension<br>High Court | Insurance Fund<br>No. 11 | Insurance Fund<br>No. 25 |
|--------|-------------------------------|----------------|-----------|-----------|--------------------------------|--------------------------|--------------------------|
|--------|-------------------------------|----------------|-----------|-----------|--------------------------------|--------------------------|--------------------------|

S.G.L.

1. Central Govt Loan
2. State Govt. Loan

NON-S.G.L

1. State Guaranteed Bonds  
Public sector financial Institutional Bonds

TOTAL

SPECIAL DEPOSIT A/C

1. RBI as on
2. SBI as on
3. SBI as on

TOTAL



**THE PATTERN OF INVESTMENT AS PRESCRIBED BY THE CENTRAL GOVERNMENT**

| <b>Period</b>                         | <b>Pattern</b>   |
|---------------------------------------|--|
| 1952-55                               | (i) 10% N.S.Cs<br>(ii) 10% Short Terms securities]<br>(iii) 30% Medium Term Securities<br>(iv) 50% Long Term securities  |
| 1955 to July, 1959                    | (i) 10% N.S.Cs<br>(ii) 20% Medium Terms securities<br>(iii) 70% Long Term securities   |
| August, 1959 to February, 1961        | (i) 10% N.P.S.Cs<br>(ii) 10% 10 year T.S.D.Cs<br>(iii) 10% medium dated securities<br>(iv) 70% Long dated Securities   |
| March 1961 to April, 1961             | (i) 10% N.P.S.Cs<br>(ii) 10% 10 year T.S.D.Cs<br>(iii) 80% Long Term securities  |
| May, 1961 to October, 1962            | (i) 20% N.P.S.Cs<br>(ii) 80% Long Dated securities   |
| November, 1962 to August, 1968        | (i) 20% N.D.Cs. (including of N.P.S.Cs and T.S.D.Cs)<br>(ii) 80% other Central Government securities   |
| September, 1968 to March, 1969        | (i) 65% in Central Government Securities (including small savings)<br>(ii) 35% State Government & other Government guaranteed securities   |
| 1 st April, 1969 to 31 st March, 1970 | (i) 50% in Central Government Securities<br>(ii) 50% balance in securities created and issued by the State Government small Savings securities & other securities guaranteed by the Central or State Government.   |
| 1st April, 1970 to 31st March 1971    | (i) 25% in Central Government Securities<br>(ii) 15% in state Government Securities and State or Central Govt. Guaranteed Securities<br>(iii) 30% in Special Deposit Scheme.<br>(iv) 30% in Public Financial Institutions/Public Sector Companies and certificate of Deposits issued by a Public Sector bank |
| 1st April, 1971 to 31st March, 1972   | (i) 45% in Central Government Securities<br>(ii) 55% State government securities and these securities guaranteed by the Central Government or the State Government in the Tax free small savings securities & in the 1 year, 3 years and 5 years Time Deposits in post office                                |

|   |  |
|---|--|
| 1st April, 1972 to<br>30th June, 1972       | (i) 45% in Central Government Securities<br>(ii) 55% State Government securities and these securities guaranteed by the Central Government or the State Government in the Tax free small savings securities & in the 1 year, 3 years and 5 years Time deposits in post office  |
| 1st July, 1972 to<br>30th September, 1972   | (i) 45% in Central Government Securities.<br>(ii) 25% State Government securities and State or Central Government Guaranteed securities<br>(iii) 30% Post office Time Deposits and Small Savings.  |
| 1st October, 1972 to<br>31st March, 1973    | (i) 25% State Government securities and State or Central Government guaranteed securities<br>(ii) 75% Post Office Time Deposits.   |
| 1st April, 1973 to<br>30th September, 1973. | (i) 45% Central Government Securities<br>(ii) 25% State Government Securities and State or Central Government guaranteed securities<br>(iii) 30% Post office Time Deposits & small savings.  |
| 1st October, 1973 to<br>31st march, 1975    | (i) 25% State Government securities and State or Central Government guaranteed securities<br>(ii) 75% post office Time deposits & Small Savings  |
| 1st April, 1974 to<br>31st March, 1975      | (i) 45% Central Government Securities<br>(ii) 30% post Office Time Deposits & Small Savings<br>(iii) 25% State Government securities and State or Central Government guaranteed securities   |
| 1st April 1975 to<br>30th June, 1975        | (i) 45% central Government Securities<br>(ii) 30% Post Office Time deposits & Small Savings<br>(iii) 25% state Government securities and State or Central Government guaranteed securities   |
| 1st July, 1975 to<br>31st March, 1976       | (i) 25% Central Government Securities<br>(ii) 25% State Government/Central & State Government Guaranteed securities<br>(iii) 30% 7 years National Savings Certificates (Second issue and Third issue) or Post office Time Deposits.<br>(iv) 20% Special deposits   |
| 1st April, 1976 to<br>31st December, 1978   | (i) 25% Central Government Securities<br>(ii) 25% State Government/Central & State Government Guaranteed securities<br>(iii) 30% 7 years national savings certificates (second issue and third issue) or Post office time Deposits.<br>(iv) 20% Special Deposits<br>N.B: From 1.2. 1977 onwards, the maturity proceeds on Post office Time Deposits shall be re-invested 50% in Post office Time Deposits and 50% in Special Deposits. |
| 1st January, 1979 to<br>31st December, 1980 | (i) 20% Central Government Securities<br>(ii) 20% State Government/Central & state Government guaranteed securities<br>(iii) 35% 7 year National savings certificates (Second issue and Third issue) or Post office Time deposits.<br>(iv) 25% Special Deposits  |

