

# GROUP 'A' CADRE RESTRUCTURING PROPOSAL, 2015

by E.P.F. OFFICERS' ASSOCIATION

[In response to MoL&E's letter bearing number No. F. No.A-32022/10/2014-SS.I dated May 14, 2015]

2015

## SALIENT FEATURES

### Summary for Present Cadre Review Proposal:

1. Statutory post of Deputy P.F. Commissioner to be activated by redesignating all APFCs in STS as DPFC.
2. Grade Pay of RPFC-II should be upgraded to 7600/- grade pay as approved by 72<sup>nd</sup> EC.
3. At present major distortion in the Cadre of P.F. Commissioners is that in between JAG and SAG scale (instead of only one scale of 8700 NFSG as provided by DoPT Rules) there are three scale namely, 8700/- NFSG (RPFC-I), 8700/- Functional Scale, (ACC-II) and 8900/- Grade pay (ACC-I). Till this major distortion is removed, no real cadre review is possible. To this end, the proposal is as follows:
  - a. In 8700/- Grade Pay both Functional as well as Non-functional posts may not be provided as is the case at present. This is directly opposed to cadre structure of IRS (Income Tax) or any other service in Govt. of India. This can be achieved by placing all ACCs-II (who are in 8700/- Functional Scale) in the 10,000/- Grade Pay (SAG Scale).
  - b. Grade pay of 8900/-, not being part of IRS or any other Organized Service at the Centre, may be discontinued and all officers in 8900/- Grade Pay (i.e. ACCs-I) may be placed in the Grade Pay of HAG.
4. **Post parity with IRS (IT), Recruitment Rules for each cadre of P.F. Commissioner should be revisited to conform to the following provisions:**

a. **Qualifying Service:**

Qualifying Service in RRs in EPFO should be made compatible to provisions Service Rule for IRS (IT) of equivalent scale. It is necessary as at present excessive qualifying service is provided in RRs for various cadres of PF Commissioners as summaries in the table below:

Sl. No.	For Grade Pay	Qualifying Service (in Group 'A') (As per DoP&T's Rules)	Qualifying Service (in Group 'A') (in EPFO)	NO REASON IS DISCERNABLE FOR PROVIDING HIGHER NUMBER OF YEARS AS QUALIFYING SERVICE FOR EPF OFFICERS.
1.	10000 (SAG)	17 Years	24 years	
2.	8900	15 years	20 years	
3.	8700	13 years	15 years	

**This results into denial of promotion and NFU benefits.**

**b. Limit of 30% on NFSG to be removed:**

As per IRS Service Rules, 30% limit on NFSG should be removed. This so required as the recruitment in EPFO has been and continue to be irregular and haphazard resulting in complete distortion of model cadre pyramid, which is an essential precondition for covering all officers on completion of 13 years of service, under NFSG.

**c. DEPUTATION SHOULD BE REMOVED:**

Deputation provision should be removed from RRs for all Group 'A' officers in EPFO for the following reasons:

**i. IT CREATES INEFFICIENCY:**

It is unimaginable that income tax act is administered by an officer who is taken into income tax department on deputation for three years. No specialized service provides deputation for lay persons. Whether the person on deputation will spend three years in understanding the act, schemes and the organisation or will he discharge his functions and serve the organisation. Not only it is against the existing rules but shall also create inefficiency in the management of the affairs of the Board/EPFO.

**ii. IT'S AGAINST RULES:**

Once parity is drawn with IRS by 72<sup>nd</sup> EC in the year 2011, RRs should conform to service rules that provides for no deputation, being antithetical to the concept of the cadre.

**iii. IT WILL EAT INTO ALREADY MINISCALE PROMOTION OPPORTUNITY OF CADRE OFFICERS:**

**d. Amendment in Recruitment conditions for DR APFCs:**

Recruitment conditions for DR APFCs should be compatible to Civil Services recruitment conditions:

1. Age compatibility by reducing upper age limit to 30 years.
2. Desirable qualifications of Degree in Labour Law should be removed.
3. Recruitment through Civil Services Exam to avoid erratic recruitment over the years.

**5. Amendment of Para 22A of the EPF Scheme:**

Part of the instant proposal which is within the Grade Pay of 8700, being within the powers of the Central Board, shall be approved by the Board immediately, to facilitate the implementation of the part of the proposal involving Grade Pay beyond 8700 scale, Para 22 A of the Scheme may be amended to enhance the appointing power of the Board from present 8700 Grade Pay to HAG+ Scale.

## REPORT ON COMPREHENSIVE CADRE RESTRUCTURING PROPOSAL

### Objectives of Cadre Review

The objectives of the cadre restructuring primarily are as under:

- ❖ To enhance the effectiveness of the service delivery.
- ❖ Estimate future manpower requirements on a scientific basis over the review period.
- ❖ Plan recruitment in such a way so as to avoid future promotional blocks and at the same time prevent gaps building up.
- ❖ Restructure the cadre so as to harmonize the functional needs with the legitimate career aspirations of the staff and officers.

### Methodology

The cadre restructuring report of XLRI in respect of EPFO was also consulted during this exercise. Besides, the DoPT Monograph on cadre restructuring was also taken into account while preparing the report.

The examination of existing structure in various cadres in the EPFO is as under:

Sl. No.	Post	Existing Strength	Grade Pay (in Rs.)
1.	SSA/Sr.SSA	14005	2400/- 2800/-(4year) 4200/-(60% of SSA/Sr. SSA)
2.	SS	2660	4200/-
3.	EO/AO	2293	4600/-
4.	APFC	540	5400/- 6600/- STS (after 4 years)
5.	RPFC-II	226	6600/-
6.	RPFC-I	59	7600/- 8700/-(NFSG) 30% of Sr. Duty Posts
7.	Addl. CPFC	15	8700/-
8.	Addl. CPFC(Zone)	10	8900/-
9.	Addl. CPFC(HQr.)	2	10000/-
10.	CPFC	1	80000/- (Fixed)
	Total	<b>19,811**</b>	

\*\*This does not include manpower posted in Audit, Vigilance, IS Division, Physical Facilities Division, Rajbhasha and MTS etc.

### Analysis of Structural Anomalies in EPFO

On analysis of the present structure in the Organization it has been arrived at the conclusion that the anomaly in the structure has crept in due to the fact that cadre review is not held regularly in EPFO leading to accumulated stagnation across all the cadres. In fact, instructions of DoPT and Cabinet Secretariat direct that all Cadre Controlling Authorities must carry out Cadre Review every five years in order to remove anomalies.

Further, non-recruitment in the cadre of APFC and EO/AO in DR quota on annual basis is contributing to stagnation as well as impacting the performance of the Organization in a very large way as these two cadres form the backbone in terms of delivery of service to the stakeholders.

The existing norms for staff sanction and opening of new offices are very old and efforts to replace the same with new set of norms are yet to materialise. Recently, the National Productivity Council (NPC) has submitted a Report recommending therein the norms for opening of new offices which is yet to be formally accepted by the Competent Authority.

### **Diagnosis of Existing Process Flow**

The existing workflow processes in the organisation was examined in detail and the problem areas are as under:

- The process relating to settlement of claims in the field offices is one of the major activities in the organisation. Under the existing system, Section Supervisors (SS) approves claims up-to an amount of Rs.25000/- and claims of Rs. 25000/- and above are authorised by Accounts Officers (A.O). Thus claims pass through two different channels according to claim value – (i) SSA/Sr. SSA to SS (ii) SSA/Sr. SSA to A.O. Irony is that EPF claim in F-19 and 20 and EPS/EDLI claim in Form 10C and 5IF of the same member may reach different authorising officers depending upon the value of the claim. This often causes avoidable delay in settlement of claims.
- Administratively, the S.S. with Grade Pay of Rs.4200/- is supervising Sr. SSA, who also very often is in receipt of same Grade Pay of Rs.4200/-.
- Similarly, the process relating to initiating compliance action from defaulting establishment is handled separately by another SSA of Compliance Section and is dependent upon key information furnished by SSA/Sr.SSA of Accounts Section. This results in delayed compliance action in the field offices, leading to grievances by the affected members/claimants.
- Inordinate delay in initiating compliance actions such as inspection of defaulting establishment and consequent Inquiries under Section 7A and 14B of the Act leading to resultant delay in assessment of dues and collection of contribution, damages, interest and administrative revenue due to shortage of manpower and resultant grievance.

Further, it is believed that an exponential increase in volume of work in EPFO (**Table 1**) over the years has led to various structural problems which are evident as under:

- Declining rate of growth in the area of receipt of revenue in the Administration Account (**Table 2**).
- Declining trend in the matter relating to assessment of dues under section 7A of the Act (**Table 3**).

- Declining trend in percentage terms in the area of collection of interest under section 7Q of the Act **(Table 4)**.
- Damages are not being levied timely and collection is very meager with respect to the workload **(Table 5)**.
- Increase in outstanding arrear demand pending for collection. **(Table 6)**.
- Increase in quantum of workload relating to Claims settlement throwing huge challenges to the existing manpower. **(Table 7)**.
- Geometric growth in terms of number of Establishments and consequent increase in volume of contribution collection. **(Table 1)**.
- Deterioration in span of supervisory control at all levels that undermined efficiency and effectiveness.
- Large volumes of work breeding inefficiency leading to harassment to members and also inordinate delays in service delivery.
- Deteriorating career prospects of staff and officers in the EPFO at a fast pace making them lag behind when compared with their counterparts in Central Government Departments.

**Table-1**

**Ten Years' Workload of EPFO**  
(Source Annual Report of EPFO)

<b>Year</b>	<b>No. of Covered Estt.</b>	<b>No. of Members (In Lakhs)</b>	<b>Contributions Collected (During the year) (Rs. In Crores)</b>
2004-05	4,48,831	411.10	19,621.62
2005-06	4,44,464	429.53	23,682.70
2006-07	4,71,678	444.04	27,763.39
2007-08	5,32,702	449.19	33,988.11
2008-09	5,73,063	470.72	39,515.53
2009-10	6,15,902	587.96	59,998.54
2010-11	6,60,546	615.89	60,648.29
2011-12	6,91,237	855.40	70,888.81
2012-13	7,43,045	887.62	77,000.94
2013-14	7,95,827	1,178.13	94,762.09

**Table – 2**

**REVENUE GROWTH (ADMINISTRATION ACCOUNT, EPF SCHEME)**

*(Source Annual Report of EPFO)*

<b>Year</b>	<b>Income (Rs. In Crores)</b>	<b>% Increase</b>
2009-10	2,107.60	-
2010-11	2,509.69	19.08%
2011-12	3,081.50	22.78%
2012-13	3,508.92	13.87%
2013-14	4,062.05	15.76%

**Table – 3**

**INITIATION AND DISPOSAL OF 7A CASES**

*(Source Annual Report of EPFO)*

<b>Year</b>	<b>Total Workload</b>	<b>Cases disposed by issue of final order</b>	<b>Disposal in terms of Percentage</b>
2010-11	48,075	26,623	55.38%
2011-12	40,914	22,661	55.39%
2012-13	35,879	18,732	52.21%
2013-14	35,200	18,062	51.31%

**Table – 4**

**LEVY OF INTEREST UNDER SECTION 7Q**

*(Source Annual Report of EPFO)*

<b>Year</b>	<b>Workload (Rs. In Crores)</b>	<b>Collection Made (Rs. In Crores)</b>	<b>% of Collection</b>
2010-11	404.43	101.20	25.02%
2011-12	601.71	123.08	20.46%
2012-13	677.29	122.57	18.10%
2013-14	867.84	274.19	31.59%

**Table - 5**

**LEVY OF DAMAGES UNDER SECTION 14B**

*(Source Annual Report of EPFO)*

Year	Workload (Rs. In Crores)	Collection Made (Rs. In Crores)	% of Collection
2011-12	1,024.93	176.55	17.23%
2012-13	1,029.97	176.36	17.12%
2013-14	1,243.84	186.13	14.96%

**Table – 6**

**ARREARS**

*(Source Annual Report of EPFO)*

Year	Workload (Rs. In Crores)	Recovered (Rs. In Crores)	Balance (Rs. In Crores)
2010-11	4,620.28	1,640.57	2,979.71
2011-12	5,301.24	1,718.15	3,583.09
2012-13	5,534.91	1,441.43	4,093.48
2013-14	6,269.26	1,789.50	4,479.76

**Table – 7**

**Settlement of Claims**

*(Source Annual Report of EPFO)*

Year	Claims settled (In Lakhs)
2000-11	72.49
2011-12	90.50
2012-13	111.42
2013-14	123.36

As it can be seen from **Table-1** above, the workload in terms of Establishments, Members and Contributions have increased tremendously. Whereas Table-2 indicates that corresponding increase in revenue in Administration Account is not commensurate with the increase in number of Establishments/Members.



In-fact the revenue growth has come down from 22.78% in 2011-12 to 15.76% in 2013-14. Table 3-5 above showcases the disposal of cases under Section 7A, collection of interest under section 7Q and levy of damages under section 14B of the Act, which is a major cause for concern for the organization as the performance is far from satisfactory. As on 31-3-2014, a total number of 17,138 enquiries are pending under Section 7A and 50,098 enquiries are pending under Section 14B. This situation is very alarming, which would further aggravate if all those defaulting establishments are factored in for which the provisions of Section 7A and 14B, yet to be invoked. Similarly Table- 6 throws light on decreasing trend in recovery of arrear demand while outstanding arrears are increasing at an alarming rate with outstanding balance as on 31-03-2014 being Rs. 4,479.76 crores.

And therefore, in the light of above, it was felt that any meaningful improvement in administration of the provisions of the Act and Schemes framed there-under could come only through a **'comprehensive cadre restructuring'** which would improve service to stakeholders both Employers and the Members, provide a user-friendly environment and enable handling of growing volumes of workload.

The statistics as per EPF Website Dashboard dated 05<sup>th</sup> May 2015 reveal the following:

Total No. Of Estt.	No. of Actionable Estt. (Includes Net Workload + Estt. not updated since coverage)	No. Of Estt. Regd. On the Employer Portal	No. Of Estt. Contributing Regularly
8.64 lakh	7.22 lakh	5.77 lakh	5.11 lakh

As can be seen from above, out of 8.64 lakh covered establishments with EPFO, 7.22 lakh establishments are actionable and only 5.77 lakh establishments have been registered on the employer portal and 5.11 lakh establishments are contributing regularly. Thus only 70% of actionable establishments are remitting dues regularly.

It is obvious from above table that there are a large number of non-complying establishments which need to be brought under the compliance fold as per our statutory commitment/responsibility towards our valued stakeholders. It has been found that a large number of covered Establishments are remitting only administrative and inspection charges. In Delhi (North) Region alone, approximately there are 1800 such Establishments. If we extrapolate this for the entire country, the number of such Establishments will be huge. Such Establishments need to be inspected thoroughly to ensure verification of the veracity of declaration being made by the Employers of such Establishments. Apart from this, each and every covered establishment must be inspected at least once a year so as to ensure that all the eligible employees have been enrolled as PF members. This is a gigantic task by any standards and can be accomplished satisfactorily on a sustained basis only with adequate number of field functionaries, i.e., EOs and APFCs and also the supervisory level officers namely RPFC-II, RPFC-I and ACCs.

On a norm of inspection of 1.50 establishments per day, an Enforcement Officer can at best inspect about 360 establishments in a span of working one year. In the present structure, EO/AO is a joint cadre with 2293 as total strength and only about 1000 have been deployed in field duties/compliance work. It need not be emphasised that due to shortage of manpower, the compliance aspect is not getting the due attention. With the concerted efforts of officers and staff, the organisation has made tangible progress in the area of service delivery, it is now strongly felt that now is the time to strengthen the compliance aspect in the organisation. Thus with a view to strengthening the compliance area, it is proposed that a new post of Provident Fund Inspector (PFI) be created in Grade Pay of Rs. 4800/-. The designation as 'Inspector' would be compatible with the provisions contained in Section 13 of the Act. Appropriate number of PFIs is required for inspection of 7.22 lakh establishment at least once a year. Assuming 5% annual growth in the number of actionable establishment, we are likely to have 9.20 lakh such establishments at the end of five years, which would require PFIs for inspection of such establishments and approximately, another 25% of this number of PFIs would be required for meeting this requirement and tasks other than inspection of establishments, such as legal, representing department in 7A/14B inquiries and other work relating to recovery of current/arrear demand etc. It is proposed to provide non-functional upgradation to the PFI to the grade pay of Rs.5400/- after completion of four years of regular service and subject to fitness, as is available to similarly placed Section Officers and Private Secretaries in Head Office. This will also restore the historical parity that existed between these three cadres, which jointly form the feeder grade for promotion to the post of Assistant Commissioner.

#### **Proposed Re-organization of Accounts Groups in the field Offices**

In the proposed scheme of claims processing and settlement thereof, the existing posts of Section Supervisors in the field offices be abolished and after initiation of claims by the SSA/Sr.SSA, all the claims are proposed to be authorised by the new cadre 'Assistant Accounts Officers', proposed to be created in the Grade Pay of Rs.4600/- who will exercise supervisory control over 05 SSAs/Sr. SSAs. The existing Accounts Groups in the field offices are proposed to be named as 'Integrated Sections'. This can be done by re-organising the work at SSA/Sr. S.S.A. level which would include claim settlement, annual account processing, compliance actions including handling of 7A/14 B files, recovery of demand etc. Each SSA/Sr.SSA is proposed to be allocated around 50 Establishments. In view of the fact that there are 7.22 lakh actionable establishments, 14,500 SSAs/Sr.SSAs would be required to handle 7.22 lakh actionable establishments. In addition, there would be requirement of around 20% of 14,500 i.e., 2900 to attend to the work of non-integrated sections such as Administration, Cash, Pension, Legal etc. Besides, 10% Leave Reserve of 15,600 i.e., 1560 is also proposed. It is however, suggested that while re-organizing the work of Integrated Sections, Establishments which are within the geographical proximity be allocated for effective coordination with the PFI in the field.

This will help in cutting down the turnaround time in settlement of claims and also in addressing the issues relating to delay in initiating compliance action. This will also give some kind of vertical mobility to the

otherwise stagnating cadre of Section Supervisors (in the Grade Pay of Rs.4200/-) and address the issue of administrative difficulties of supervising SSA/Sr.SSA which are very often in the same Grade pay of Rs.4200/-.

### **Proposed Re-Organisation of Offices**

The following discerning disparities in the existing set up of ROs/SROs are observed on the basis of 18<sup>th</sup> August, 2013 data obtained from EPF Website:

- i) On an average there are 10.52 lakh accounts in each office. Maximum in Bandra (64.30 lakh) and minimum in Port Blair (0.23 lakh)
- ii) There is an average of 3.34 lakh contributing members in each office. Maximum in Bandra (25.98 lakh) and minimum in Port Blair (0.10 lakh)
- iii) There is an average of 5431 net establishments in each office. Maximum in Delhi (North) (24384) and minimum in Darjeeling (258).
- iv) The average number of establishments registered in ECR portal per office is 3954. Maximum in Delhi (North) (15,400) and minimum in Darjeeling (236).
- v) The average number of establishments registered in ECR portal and complying per office is 3385, maximum in Delhi (North) (12,610) and minimum in Darjeeling (203).

As already mentioned, there are 7.22 lakh actionable establishments. Assuming an annual growth of 5% in the number of actionable establishments, the number of these establishments is expected to rise to 9.20 lakhs in five years. Thus, it is likely that there will be requirement of more EPF Regional/Sub-Regional offices. It is proposed that the Regional & Sub-Regional offices to be headed by RPFC-I (NFSG, G.P. Rs.8700/-) and RPFC-II (G.P. Rs.7600/-) respectively. With more number of Regional/ Sub-Regional Offices, there is genuine need of having a supervisory level in each of the Political states proposed to be at the level of ACC in the Grade Pay of Rs.10,000/-. ACC (PS) will have supervisory and Administrative control over all the RO/SRO, in the respective Political states. All RPFC-II (G.P. Rs. 7600/-) in charge of SROs and RPFC-I (NFSG, G.P. Rs. 8700/-) in charge of ROs will directly report to the ACC (PS) in the Grade Pay of Rs 10,000/-. It is also proposed that suitable delegation of Administrative and Financial Powers and responsibilities be considered to be provided to ACC (PS).

Further, it is proposed to substitute the post of APFC (STS) with Deputy PF Commissioner, which has already been provided in the Act. DPFC (GP Rs 6600/-) is proposed to be the in-charge of District Offices under various ROs/SROs and also work in tandem with APFC when posted in ROs/SROs.

The aforesaid data reveals that the present workload distribution is highly skewed and calls for immediate rationalization of each office. *Post computerisation, Membership as a criterion for organizing offices increasingly loses its primacy because of automation of work processes and it is, therefore, proposed that:*

- An office with 3000 Estts. & 5000 Estts. be designated as Sub-Regional Office and Regional Office respectively. However, the existing offices (ROs as well as SROs) with more than 5000 Estts. are proposed to be split into as many ROs/SROs.
- It is proposed that ACCs with Grade Pay of Rs. 10,000- to head Political States namely Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh, West Bengal, NER. ACCs (Political States) will also function as the Secretary of the Regional Committee in the respective Political state.

### **Functions of Addl. CPFC (Zone)**

At present there are 10 Addl. CPFC heading the Zonal Offices in the Organization. But the roles, responsibilities and functions of Addl. CPFC(Zone) are still in the process of being defined and are inadequately staffed. No comprehensive delegation of Administrative and Financial powers to the ACCs in-charge of Zonal Offices exists as on date. At present ROs/SROs headed by RPFC-I/RPFC-II perform the actual field functions in the matters relating to securing compliance from the establishments, processing of claims of the members/beneficiaries and up-dation of annual accounts of the registered establishments in addition to supervisory and administrative functions. Thus at present, there is an overlap in the functions of RPFC-I and ACC (Zone) as both perform supervisory functions in respect of ROs and SROs. Therefore, it is proposed that ACC (Political State) shall perform the supervisory and administrative functions over ROs and SROs. The ACC (Political State) shall report to ACCs in-charge of Zonal offices in the HAG Grade Pay, i.e. Rs 67,000-75,000. Suitable delegation of administrative and financial powers and responsibilities may be considered accordingly.

### **Head Office**

Subordinate cadres of H.O. have been restructured in the recent past along the lines of Central Secretariat Service (CSS) of the Ministries which provided much needed upward vertical mobility for the Subordinate services of H.O. Nonetheless, further avenues of their upward promotions are recommended on the lines of Central Secretariat Services such as Section Officers may be considered for promotion to the post of Under Secretary to the extent of 25% of the sanctioned strength of RPFC-II in Head Office.

As regards the posts of Electrician/Plumber/Pump Operator/Lift Operator/Cook-cum-Guest House Attendant/Staff Car Driver, the Ministry of Finance has observed that they are eligible for the benefits under Modified Assured Career Progression Scheme only. The same view is proposed here also. However, during the last two decades considerable changes has taken place in the services sector and many of these jobs are now preferred to be outsourced in Govt. Departments as well. Therefore it is proposed that these isolated posts may be notified as 'Dying Cadre' and the possibility of outsourcing these petty jobs may be explored.

### **Leave Reserve/ Deputation Reserve/Training Reserve**

All the organized services provide for leave reserve and deputation reserve. A well-structured Group 'A' cadre consists of two distinct parts: (i) Regular Duty Posts and (ii) Reserves. The regular duty posts which constitute the core of the cadre are meant for performing the functions for which the service has been constituted. It consists of both permanent posts as well as temporary posts which are likely to continue indefinitely. As mentioned above, the duty posts are structured into different levels of hierarchy in the time scale, junior administrative grade, senior administrative grade, etc. corresponding to different levels of responsibility. Incidentally, it is the structure of the regular duty posts which is examined in a cadre review.

The other reserves, namely, leave training and deputation reserves are intended to serve as substitute for regular duty posts in the event of service officers holding duty posts being temporarily away from their cadre on leave training, or deputation. Officers holding the posts under such reserves do perform regular functions of the posts against which they are posted as substitutes. In this sense, they are only temporary replacements for regular cadre officers who are currently away for one reason or the other and as such the reserve posts do not represent net additions to the cadre. The various types of reserves including probations reserves are usually created in the junior time scale.

### **Statutory Provision(s)**

Section 5(D) (7) of the EPF & MP Act, 1952 provides for recruitment, salary and allowances etc. of the officers and employees of the Central Board. The Provisions contained in Section 5(D) (7)(a) and (b) is reproduced hereunder verbatim :-

*[(7)(a) "The method of recruitment, salary and allowances, discipline and other conditions of service of the Additional Central Provident Fund Commissioner, Deputy Provident Fund Commissioner, Regional Provident Fund Commissioner, Assistant Provident Fund Commissioner and other officers and employees of the Central Board shall be such as may be specified by the Central Board in accordance with the rules and orders applicable to the officers and employees of the Central Government drawing corresponding scales of pay :*

*Provided that where the Central Board is of the opinion that it is necessary to make a departure from the said rules or orders in respect of any of the matters aforesaid, it shall obtain the prior approval of the Central Government.*

*(b) In determining the corresponding scales of pay of officers and employees under clause (a), the Central Board shall have regard to the educational qualifications, method of recruitment, duties and responsibilities of such officers and employees under the Central Government and in case of any doubt, the Central Board shall refer the matter to the Central Government whose decision thereon shall be final.]"*

The provisions of the Act quoted in preceding para lays down in clear terms that conditions of service of the officers and employees of the Central Board shall be such as may be specified by the Central Board in

accordance with the Rules and Orders applicable to the officers and employees of the Central Government drawing corresponding scales of pay.

Furthermore, the footnote to the Item No. 3 of the Agenda placed before the 71st meeting of EC, CBT related to Cadre restructuring consequent upon rapid expansion of EPFO drew parity with IRS (Income Tax Department) which read as under:

*“EPFO may grant Organized Group ‘A’ Service Benefits to the Officers of EPFO in the grade by prescribing service conditions as applicable to IRS (Income Tax Department) – Reg. ESIC Memo No. B-11/14/1/07-E.III (Vol.II) dated 06.02.2009.”*

The above agenda was finally placed and approved by the 72<sup>nd</sup> EC, CBT held on 14.07.2011.

If the spirit of the EPF & MP Act, 1952 is to create this parity and EC,CBT, the competent authority created under the Act has already granted approval, then the next logical step is to implement the decision of the competent authority. Here it would not be out of place to mention that though the advice of the Ministry of Finance lays certain conditions/restrictions on EPFO regarding cadre restructuring, it must not be lost sight that an ideal structure as per DoP&T is possible only if we shape the structure of our mainstream Group ‘A’ posts along the lines of an ideal Group ‘A’ Central Service. In this regard, a comparative study of Income Tax Department has been undertaken which is as follows:

Strength of Officers in Income Tax Department  
(Source Report of Cadre Restructuring, Website of Income Tax Department)  
Vide D.O.F.No. HRD/CM/102/3/2009-10/(Pt)/1102 – dated 02-07-2013  
C.R.I. -13/1(Core Comm): Corr. No. 2

S. No.	Cadre	Pay Scale	Number		
			Existing (Pre-Cadre Restructuring)	Approved	Additional Manpower finally approved
1.	Principal Chief Commissioner of Income Tax	Rs. 80,000 (fixed)	0	26	26
2.	Chief Commissioner of Income Tax	Rs. 75500-80000	0	91	91
3.	Principal Commissioner of Income Tax	Rs. 67000-79000	116	300	184
4.	Commissioner of Income Tax	Rs. 37400-67000+grade pay of Rs.10000	731	635	-(96)
5.	Additional /Joint Commissioner of Income Tax	Rs. 37400-67000+grade pay of Rs. 8700/ Rs.15600-39100 + grade pay of Rs.7600	1253	1575	322
6.	Deputy Commissioner of Income Tax	Rs. 15600 +39100 + grade pay Rs.6600	1358	1394	36

7.	Assistant Commissioner of Income Tax	Rs. 15600-39100 + grade pay of Rs. 5400	734	900	166
8.	Reserves (Group 'A')	Rs. 15600-39100 + grade pay of Rs. 5400	0	760	620

The basic criteria for creation of posts has been taken as increase in number of Income Tax assesses, revenue generation and for providing better services to tax payers. An additional expenditure of Rs. 449.71 crore per annum is likely to be incurred on creation of additional posts and upgradation of some existing posts. This additional expenditure is expected to be compensated by the increased revenue target of Rs. 25,756.04 Crores per annum to be generated as a result of this exercise.

It is pertinent to mention here that the Income Tax Department during the year 2013 has placed the Direct Recruits of 2004 batch of IRS Officers in JAG Grade in 2013, meaning at the end of 9 years a direct recruit Group A Officer is granted JAG Grade i.e., GP of Rs. 7600/-. Further, on completion of 14 years of service in Group A, an Officer is placed in NFSG of Rs. 8700/- GP in Income Tax Department.

### **Recommendations**

To sum up the norms for opening of offices and sanction of staff are proposed as under:

- Accounts Groups be renamed as “ Integrated Sections”
  - Each “ Integrated Section” be manned with five SSAs/Sr.SSAs
  - “ Integrated Sections” be headed by AAOs
- Three PFIs for 1000 actionable establishments.
- One APFC (G.P. Rs. 5400) for 1000 actionable establishments.
- One DPFC (G.P. Rs. 6600) for 1000 actionable establishments and One for each District Office.
- One RPFC-II (G.P. Rs. 7600) as OIC for 3000 actionable establishments.
- One RPFC-I (G.P. Rs. 8700, NFSG) as OIC for 5000 actionable establishments.
- All RPFC-II/RPFC-I as OIC in each Political State shall report to ACC (PS) (G.P. Rs 10,000).
- ACC (PS) shall work under Administrative control of ACC (Zone) in the scale of HAG (i.e. Rs 67,000-75,000).

In the light of above, the following cadre restructuring in EPFO is proposed:

**Proposed Structure of Unified Mainstream Services in EPFO**

Sl. No.	Post		Existing		Proposed		Rationale	
			Sanctioned Strength as on	Grade Pay (in Rs.)	Number of posts	Grade Pay		
1.	SSA/Sr.SSA		14005	2400/-  2800/-(4 year)  4200/-(60% of SSA/Sr. SSA)	<b>19008</b>  Creation of 5003 additional posts	2400/-  2800/-(4 years)  4200/-(Officials in the Grade Pay Rs 2800 who have completed 9 years of service as SSA in EPFO.)	50 Estt. per SSA <u>7,20,000</u> 50 + 20% for other work  +10% Leave Reserve	14400  2880  1728  <hr/> Total 19008
2.	SS		2660	4200/-	To be abolished			
					<b>2660</b> (Creation of AAO)	4600/-	Creation of Post of Assistant Accounts Officer with full powers for claim settlement	2660
3.	EO/AO		2293	4600/-	To be abolished			
					<b>2820</b>  (Creation of new posts of "Provident Fund Inspector")	4800  To be placed in the grade pay 5400 (after 4 yrs of regular service)	<u>7,20,000x 3</u> 1000  + 25% (including 10% Leave Reserve) of 2160 for other compliance work  + For ACC(PS)/ ACC(Zone) @ 4 each	2160  540  <hr/> 120 Total 2820
4.	(i)	APFC		5400/-	<b>1079</b>  (Creation	5400/-  DPFC (GP	One APFC/DPFC per 1000 Estt. i.e. <u>7,20,000</u>	720



			540	<p>of 539 additional posts)</p> <p>APFC in STS to be renamed as <b>Deputy PF Commissioner</b>, in-charge of D.O. and to be posted in RO/SRO along with APFC.</p> <p>30% of total posts in time scale is to be taken into the strength of JTS (APFC) and</p> <p>70% in STS (DPFC.).</p> <p>Irrespective of actual strength at any point in time, calculation of Senior Duty Posts (SDP) shall be based on this division.</p>	6600/- (4 years)	6600)after 4 years of regular service)	<p>1000</p> <p>+20% (including 10% Leave Reserve) for Pension, Admin., Cash, Legal etc.</p> <p>One DPFC per D.O.</p> <p>+ 2 APFC/DPFC each for 21 ACC(PS) and 10 ACC(Zone)</p> <p>+ for HO</p>	<p>144</p> <p>113</p> <p>62</p> <p>40</p> <p><u>Total 1079</u></p>
--	--	--	-----	---	------------------	--	--	--



8.	Addl. CPFC(Gr-I)	10	8900/-	<b>10</b> to be renamed as <b>Addl</b> <b>CPFC</b> <b>(Zone)</b>	HAG (67000- 79000)
9.	Addl. CPFC(HQr.)	2	10000/-	<b>2</b>	HAG+ (75500- 80000)
12.	CPFC	1	80000/- (Fixed)	<b>1</b>	80000/- (Fixed)
	Total	19,811		<b>26003**</b>	

**\*\*This does not include manpower posted in Audit, Vigilance, IS Division, Physical Facilities Division, Rajbhasha and MTS etc.**

## Schedule-II

Method of Recruitment, field of selection and minimum qualifying service in the next lower grade for appointment of officers on recruitment/appointment to Duty Posts included in various Grades of EPFO

Sl. No.	Grade & Designation	<u>Method of recruitment/appointment/promotion</u>	<u>Field of selection and minimum qualifying service for promotion</u>
1	Apex Scale (Central Provident Fund Commissioner)	By Central Deputation, IAS cadre (Secretary Rank)	
2	Higher Administrative Grade Plus (HAG+) (Additional Central Provident Fund Commissioner(Hqrs))	By Promotion, on the basis of selection	Officers in HAG with (a) 1 year of service in HAG, or (b) 26 years of service in Group "A" of EPFO.
3	Higher Administrative Grade (HAG) (Additional Central Provident Fund Commissioner(Zone))	By Promotion, on the basis of selection	Officers in SAG with 3 years of service in the Grade, or 25 years of service in Group "A" of EPFO out of which at least 1 year's service should be in SAG.
4	Senior Administrative Grade (SAG) (Additional Central Provident Fund Commissioner (Political States))	By Promotion, on the basis of selection	Officers in JAG with 8 years of service in the grade including NFSG or with seventeen years of service in Group 'A' of EPFO, out of which at least four years' service should be in the JAG, including service rendered in the NFSG of the JAG
5	Non- functional Selection Grade (Regional Provident Fund Commissioner-I)	Appointment by placement in the scale on non-selection basis i.e. on the basis of seniority-cum-fitness.	Appointment by placement in the scale on the basis of seniority. Officers in the Junior Administrative Grade who have entered the fourteenth year of Service in Group "A" of EPFO.
6	Junior Administrative Grade (Regional Provident Fund Commissioner-II)	By Promotion, on the basis of selection	Officers in the Senior Time Scale who have completed 5 years of Service in STS or who have completed 9 years of service in Group "A" of EPFO
7	Non Functional Grade Senior Time Scale (Deputy Provident Fund Commissioner)	Appointment by placement in the scale on the basis of seniority-cum-fitness	Officers in the Junior Time Scale who have completed four years of service in Group "A" of EPFO.

8	Junior Time Scale (Assistant Provident Fund Commissioner)	(i.) Fifty percent by direct recruitment through Examination.	Based on the result of the competitive Examination conducted by UPSC
		(ii) Fifty percent by promotion on the basis of Selection	By promotion of Provident Fund Inspector /PS with a minimum of one year service in Grade Pay 5400 in Pay Band Rs 9300-34800 OR five years of service in the Grade Pay Rs. 4800.
9	Provident Fund Inspector	(i) Sixty percent by direct recruitment through Examination.	Based on the result of the competitive Examination conducted by UPSC
		(ii) Twenty percent by Departmental Competitive Examination.	No changes in existing rules.
		(iii) Twenty percent by promotion on the basis of Seniority.	No changes in existing rules.
10	Asst Accounts Officer(AO)	(i) Sixty percent by promotion on the basis of Seniority.	No changes in existing rules.
		(ii) Forty percent by Departmental Competitive Examination.	No changes in existing rules.
11	Senior Social Security Assistant (Sr. SSA)	Appointment by placement in the scale on the basis of seniority-cum-fitness	Officials in the Grade Pay Rs 2800 who have completed 9 years of service as SSA in EPFO.
12	Social Security Assistant (SSA)	(i) Eighty five percent by direct recruitment through Examination.	Based on the result of the competitive Examination conducted by EPFO through an Agency or Agencies approved by the CBT.
		(ii) Fifteen percent by Departmental qualifying Examination/Skill Test.	(a) From amongst LDC with five years regular service in the grade who have passed matriculation or equivalent examination; and  (b) have passed computer skill test of at least 5000 key depression per hour.

## **Proposed impact or benefits of Restructuring**

### **Productivity**

The extent of improvement in efficiency after restructuring in areas such as effective compliance, quality of assessments, increased revenue generation, settlement of claims, redressal of member grievances is expected. Every employee is expected to assume ownership of organizational goals resulting in higher productivity and effectiveness.

### **Additional Revenue Gains**

Consequent to restructuring, the Organization is expected to be well placed to deal with key areas of non-compliance with early disposal of assessments under Section 7A and 14B and prompt recovery of assessed amounts thereof. This, in turn, shall lead to an 'immediate' impact on revenues due to the enhanced ability to deal with non-complying establishments and bringing the potentially coverable Establishments under the purview of the Act in a focused manner. Another gain estimated to be the additional impact on revenues from disposal of pending assessments. Increase in the number of Recovery Officers is expected to contribute huge arrears to the revenues. *This will result in availability of additional corpus for investment thereby yielding more returns impacting rate of Interest to the Members.*

### **Conclusion**

The proposal is aimed therefore, to restructure the Organization, retrain and reorient its personnel through:

- Improvement of services to members.
- Increasing efficiency to increase productivity.
- Increase in the number of officers rationalizing the span of control for better supervision, control and management of workload.
- Reorientation and retraining staff and officers by providing appropriate incentives like promotions.

It has been taken into consideration the existing sanctioned strength of Officers & Staff in EPFO as on 31.3.2014 being 24,659 (Group A -1132, Group B- 6361, Group C-17166 - Source Annual Report 2013-14) and the proposed cadre strength exceeds the sanctioned strength by a very meager margin. And therefore aforesaid proposal is very well within the advice rendered by Ministry of Finance as conveyed by Ministry of Labour & Employment vide letter dated 25.10.2012 on creation of posts. Further the 72<sup>nd</sup> Executive Committee has already sanctioned Rs. 19.43 Crores as annual financial implication as a result of Cadre Re-structuring. **(Item No. 3 of 71<sup>st</sup> EC as at Annexure-II).**

Section 5D(3) of EPF & MP Act, 1952 has granted the power to the Central Board of Trustees, EPF to appoint as many officers up-to Rs. 8700/- Grade Pay as on date for the efficient administration of all the three schemes, i.e., EPF Scheme 1952, EPS 1995 and EDLI 1976. Thus it is imperative to point out that the above proposal comprises of two parts- within & above the powers of CBT and the part of the proposal which is within the powers of Central Board of Trustees, EPF is in consonance with the directions given by the EC, CBT in its 76<sup>th</sup> Meeting and the mandate given by the Hon'ble Minister to this committee.

It is also recommended that cadre restructuring at regular intervals as per the DoPT guidelines may be undertaken in future to streamline the restructuring in EPFO.