



**EMPLOYEES' PROVIDENT FUND OFFICERS' ASSOCIATION**  
**EMPLOYEES' PROVIDENT FUND ORGANISATION**

Ministry of Labour and Employment, Government of India

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Dated: 14.08.2015.

To,

Shri Shankar Aggarwal, I.A.S.,  
Secretary to Government of India,  
Ministry of Labour & Employment,  
Shram Shakti Bhawan,  
NEW DELHI 110001

Sub: DO letter no. HRD/1(1)2011/Cadre-  
Restructuring/411 dated 12.08.15 addressed by  
CPFC to Secretary (L&E) - strong dissent &  
condemnation by the EPF Officers' Association  
and immediate implementation of cadre  
restructuring in EPFO. - reg.

Sir,

It has been learnt by the EPF Officers' Association that the CPFC, EPFO has issued a DO letter to your good self, as cited above, wherein he has recommended for entry of deputationists into the organisation's core functions. At the outset the EPF Officers' Association would like to register its strong dissent against above letter of the CPFC & would request for your kind indulgence to allow us to explain our principled stand in the matter as below.

The CPFC by his tone, tenor & content, in afore cited letter, has expressed a deep bias against & contempt for the EPF Officers' community as a whole. He has made several unsubstantiated remarks based on false notions which lack any real grounding in facts whatsoever. Although some of the issues that the CPFC has raised are real, however, the logical conclusions arising from these issues have been purposefully avoided & the facts have been misconstrued to justify predetermined conclusions.

A para-wise analysis of the argument present in afore cited letter is as below:

1. Para number 1 & 2 of the afore cited DO letter correctly state that under recent able guidance of the Ministry of Labour certain paradigm-changing decisions have been taken and as a result, EPFO is growing at a very fast rate & in view of projected future growth, it is imperative to look at the HR issues of EPFO. Unfortunately, after stating the above, the letter deviates from facts and moves into the realm of baseless conjectures.
2. The first line of the Para 3, of the afore cited DO letter, states that EPFO is being run by Group A officers of EPFO. However, a thoughtful analysis shows that this statement does not bear dispassionate scrutiny of facts. EPFO is run by the "Central Board of Trustees" & the "Executive Committee". As per the EPF Act and the rules of financial & administrative delegation framed there under, almost all the powers for effectively running the organisation are vested with either the CBT or the EC or in the office of the CPFC. And you may appreciate that the office bearers of all these bodies are "outsiders" or "dispassionate" persons. EPFO Group A officers work under the overall command & control of above offices and are ex-officio members of none of them. In the backdrop and forecasted increase in fund size of EPFO, the CPFC suggestion about changes in leadership team of EPFO is very welcome. However, such a change demands a thorough analysis of national and international best practices, views of Administrative Reforms Commissions

and other such recommending bodies. The prescription of a disease can't be worse than the disease itself and any such suggestion has to be backed by empirical evidences rather than pure whims and biases.

3. With successful implementation of new initiatives, it is evident that the organization's direction is very much dependent upon leadership and such a leadership needs to have consistency in its approach. EPFO, with such a large fund size (Rs 20 lakh crore as projected in the afore cited DO letter) will become increasingly unwieldy to be headed by a single Central PF Commissioner. It may also be noted that all organizations with such a large money reserve perform well when decisions are taken after considerable deliberations and involve multiple viewpoints. Therefore, we propose that EPFO also reflect the wisdom acquired by other similar agencies (such as LIC, CBDT, CBEC, Railway Board, etc.) and gears itself for future challenges by having a board like structure to manage rather than being headed by an individual. This will make the task of managing EPFO easy by bringing in more expertise which can have detailed analysis and then make decisions. Also, we are of the considered opinion that creating specialization within is better than borrowing from outside, for officers from within have developed a perspective over years which will be wanting in officers from outside whose careers have been in wholly unrelated services. The ideal way to cater to future challenges will be to have mid-career trainings and grooming talent from within by building domain expertise through exposure as advocated by 2nd Administrative Reforms Commission. The EPFO performs specialised services and the officers in other services such as IAS, IRS, IA&AS, ICAS, etc. do not deal with similar issues in their regular service. It is not understood how an officer of IA&AS or ICAS who does not have any grounding in accounting system of the organisation, does not understand the historical perspective or the actual functioning of EPFO offices will provide a better solution to the problems of accounts. In fact the post of FA&CAO has been

always ex-cadre & the so-called “state of accounts” cannot now be cited as EPFO officers doing. Reality is that, EPFO officers have been working tirelessly for the past year and more to rectify the situation and as a result the state of negative member balances, inoperative accounts, un-reconciled establishment accounts has improved drastically. Similarly, fund management is a highly specialised function for which individuals in private sector train professionally for years and acquire specialised degrees, therefore, to expect that an IAS or IRS officer, though he may be very competent in his own field, on a five year deputation in EPFO shall be able to take such major fund investment decisions without any relevant academic or professional qualification or experience is preposterous. In fact any disastrous investment decision taken by an unqualified officer shall devastate the social security structure of the nation. If required, as stated above, at mid-career level, officers of EPFO can be groomed for specialised functions and their existing experience in social security is an added advantage. Those who have worked in Investment Monitoring Cell of EPFO will be better placed to take major investment decisions later on. Second Administrative Reforms Commission strongly advises to develop expertise even to “generalists”.

4. Ministry of Finance has developed its specialised cadre of officials and with growing importance of labour related issues, it is logical that Ministry of Labour & Employment emulate this and develop world class cadre of officers. And thus as a long term solution, Ministry of Labour & Employment should take steps to put in practice a service by name “Indian Social Security Service” and groom these officers for future challenges.
5. The fact is that the organisations which have most of their senior hierarchy imported from outside have consistently failed in delivering good performance, while organisations such as ONGC, LIC, SBI, etc which have their own cadre of officers have consistently delivered. This is analytical and in sync with existing best practice of Enforcement machinery such as Central

Board for Direct Taxes (CBDT), Central Board of Excise & Customs (CBEC) or Regulatory Bodies such as RBI, SEBI, IRDA. Such a vast organization needs consistency in approach for realizing the goals of social security and high returns for its members, which is only possible with multi-member & permanent body for carrying out executive functions. Thus, to maintain the consistency in leadership, the right solution, considering best practices & other host of recommendations, is replacement of the post of CPFC with an “Executive Board”.

6. In para number 4 of the DO letter cited above, comes to the meat of the matter. The actual issue plaguing EPFO is non-existent HR policies. An organisation which is projected to grow at such rapid pace is manned by a highly demoralised & de-motivated cadre of officers. And the principle reason for the same is that EPFO has never had any comprehensive cadre review or restructuring, while *ad-hocism* has been the order of the day since inception. Unfortunately, the logic of the afore cited letter has played a cruel joke on EPFO officers by subverting their legitimate demand for cadre restructuring for its own nefarious purposes. As analysed in above para, EPFO is already headed & controlled by “dispassionate” persons.
7. A view may be taken that non-implementation of cadre-restructuring despite clearer instruction of even Hon’ble Supreme Court as well as the Union Ministry of Labour is because of apathy of the “dispassionate” person at the helm of affairs in the organization whose career interests are not aligned with that of other officers of organization. Examples such as Air India, BSNL /NTC/ MTNL are rife where dominance of officers from outside with no stake in organizational growth and development has resulted in destruction of such organizations and considering these issues the Government has started posting of en-cadre officers as head of many such organisations. It is a well known management practice that interest of stakeholders shall be aligned with that of the organization and any deviation results in disastrous

consequences. It is painful to observe that the proposed solutions are not in sync with any analytical thought, national existing best practice, and empirical evidences or as per recommendation of Administrative Reforms Commissions. Certainly such sensitive matters can't be left to individual whims whomsoever the individual maybe.

8. The CPFC has stated that it is his "considered view" that deputationists are needed in various decision making levels of EPFO, without showing any basis of such consideration. In fact the issue of deputationists has been resolved earlier by court in favour of EPFO officers. Even the Ministry of Labour had recently at the time of framing of recruitment rules of ACC-level officers felt that to cover all exigencies the option of deputation in recruitment should be permitted in the rules, however, later the Ministry its wisdom, re-visited its own decision and has withdrawn the said letter by issuing a corrigendum. The CPFC DO letter ignores all these facts and reopens an issue which has already been decided. A prevalent view amongst the officers' community is that the real intention of said DO letter is to attempt to deviate the focussed attention of the Ministry from actual pending issue of cadre restructuring in EPFO and entangle the matter in unnecessary complexities so as to ultimately derail the progress made in past few years. However, in doing so the CPFC has also thoughtlessly derailed the excellent progress being made by EPFO under your able guidance in all the functional areas and created a non-issue for industrial unrest within the organisation.
9. It is with above reasons that I on behalf of the EPF Officers' Association and with the concurrence of EPFO officers humbly request your good self to direct the CPFC to immediately withdraw his afore cited DO letter which is deeply damaging to the future of the organisation & direct the cadre review committee formed by your good self to immediately submit its long delayed report which is overdue since 30.06.15.

10. Furthermore, I urge your good self to direct EPFO to immediately implement cadre review as approved in the 72<sup>nd</sup> EC Meeting. I would also like to submit to your good self that during the past two days the EPF Officers' Association has received written communications from all EPFO offices across the nation, expressing strong dissent towards the afore cited DO letter & formally authorising the EPF Officers' Association to call for pan-India protest through constitutional means if so required. Accordingly, I once again request your good self, in the long term interests of the organisation and all the stakeholders, to resolve the issues, viz. issuance of directions for withdrawal of afore cited DO letter of CPFC & issue direction for immediate implementation of cadre restructuring in EPFO.

Thanking you.

Yours faithfully,

*A. Swami*

( Saurabh Swami )  
Secretary General