



Chapter – 1
INTRODUCTION

1.1 PROLOGUE

1.1.1 The EPFO was set up in 1952 under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the Act"), to cater to the social security needs of industrial employees. From a small organisation charged with the responsibility of administering provident fund, the EPFO has grown into a giant organisation over a period of fifty years. The phenomenal growth of EPFO in size and complexity can be discerned from the fact that it presently covers 4.08 lakh establishments [1400 in 1952-53], caters to 411 lakh members [12 lakhs in 1952-53], administers three schemes, i.e., Provident Fund, Pension and Deposit Linked Insurance [Provident Fund in 1952-53], and has a complement of 18,709 as at the close of the accounting year 2004-05. The rate of growth in terms of the number of members served by the EPFO is of the order of a staggering 3425% in five decades, i.e., between 1952-53 and 2004-05. The unprecedented all-round growth in different sectors of the economy during the past 5-6 years and, more importantly, the phenomenal growth in the service, information technology and IT-Enabled Services (ITES) are likely to bring more and more employees within the purview of the Act. The move of the Government of India to extend social security benefits to the hitherto untapped sections of people engaged in several segments of the unorganised sector is yet another source of pressure on the EPFO in terms of the need to gear itself to provide prompt and efficient services to the members. The following charts show the number of establishments covered under the Act and the rate of growth.



Chart - 1.1.1(a): No of Establishments Covered

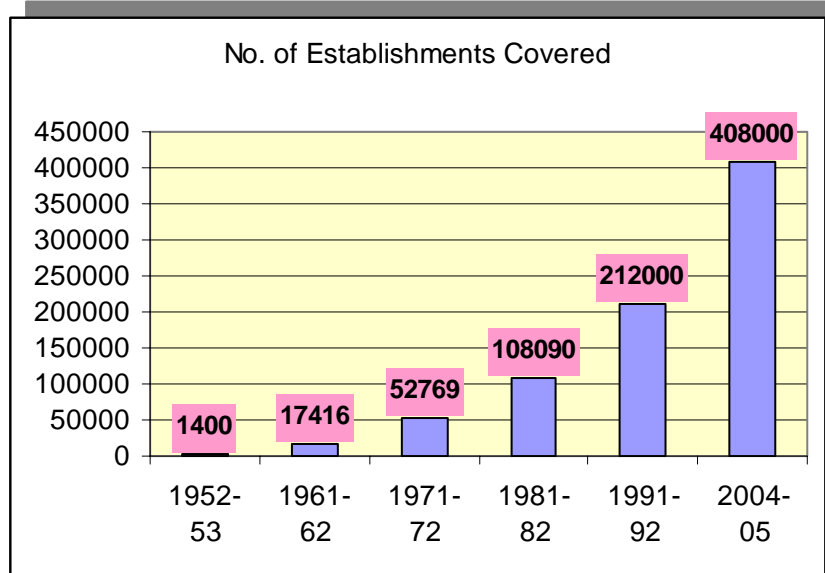
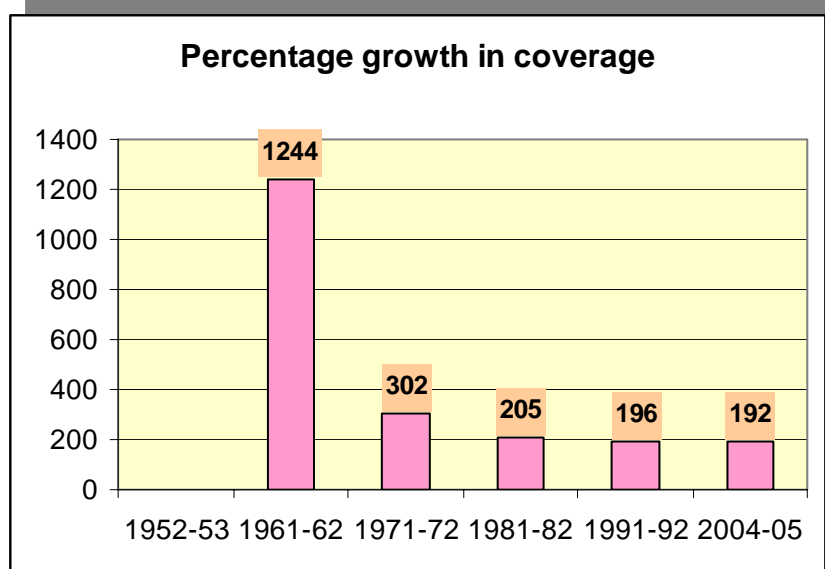


Chart - 1.1.1(b): Rate of Growth in Coverage of Establishments





- 1.1.2 'Social Security' is a wider concept, which takes into its fold not merely provident fund and family pension, but also a complex range of benefits such as accident insurance, unemployment dole, old-age pension, dependents' benefit (in the event of fatal accidents), maternity benefit, sickness benefit, gratuity, etc.. At present, these benefits are available only to the people employed in the organised sector, which comprises hardly 10% of the total working population of the country. Further, these benefits are administered and/or enforced by different agencies such as Employees' State Insurance Corporation, and Chief Labour Commissioner (Central), apart from EPFO. In view of the priority given by the Government of India to extend the social security benefits to the remaining 90% of working population engaged in an assortment of employments in the unorganised sector, which is of the order of a staggering 37 crore people, it is possible to visualise that the EPFO will soon groom itself into the largest agency in the world administering a wider range and variety of social security benefits under its aegis.
- 1.1.3 With a Vision to transform itself into a world-class social security organisation, the EPFO entrusted the task of Business Process Re-engineering (BPR) to M/s. Siemens Information Systems Ltd. (SISL), which submitted its comprehensive report in 2002 (hereinafter referred to as "BPR Report"). The said project titled '*Re-inventing EPF, India*' was designed to achieve the following objectives:
- Maintain real time updated running ledger accounts of members and establishments;
 - Effective accounting system secured with audit trails and authorisation levels in accordance with internationally accepted procedures;



- Considerable reduction in lead-time for consolidation of balance sheet and other books;
- Reducing chances of frauds in the organisation (as all records will be integrated);
- Saving the loss of interest due to idling of funds by pooling of funds in Central Account (at least 50% of the estimated loss of around Rs. 20 crores per year);
- Achieving a turn around time of 2/3 days between receipt of a claim and dispatch of claim (either instruction or cheque) to the member's bank;
- Decreasing the turnaround time for payment of money to members using electronic mode of transfer;
- Reducing the compliance lead time (from detection of default to compliance);
- Enhancing convenience of establishments to transact with EPFO;
- Supporting the geometric growth by intelligent coverage mechanism;
- Enhancing subscriber satisfaction due to increased convenience of access and reach.

1.1.4 The BPRR re-classified the above processes into the following seven Key Business Processes (KBPs):

1. Coverage and Compliance
2. Accounting and Reporting
3. Fund-flow Management
4. Claims Settlement
5. Grievance Redressal
6. Client Relationship Management
7. Publicity and Awareness



1.1.5 At this point, it may be relevant to mention the systemic and organisational weaknesses that surfaced in some of the KBPs, which have been highlighted in the BPR Report, for the reason that quite a few of these very infirmities can, and do, exercise an adverse impact on employee motivation and organisational effectiveness, and operate as a major barrier to the realisation of the Vision that the EPFO has set for itself:

(a) Coverage and Compliance Process

- Growth rate of new establishments covered is very low
- Weak mechanism to identify 'coverable' establishments
- Low percentage of compliance, i.e., 50% of coverable establishments
- Harassment of complying establishment is common
- Cost of complying is higher than non-compliance;
- Weak mechanism to detect under-reporting
- Compliance action delayed because of backlog in updating the records

(b) Claims Settlement Process

- Member records not updated resulting in delays in processing claims
- Too many steps in the process of settling claims
- Customer un-friendly process
- Dependency on Establishments
- Process is not transparent
- Harassment of members is common
- Claims are returned / rejected often on trivial or no rational ground
- Low %age of claims gets settled - in some regions as low as 20%
- Large number of grievances relate to Claims Settlement Process

**(c) Grievance Redressal Process**

- Large number of pending unresolved grievances
- Large number of grievances related to claims settlement
- Long lead-time to resolve or respond to grievances
- Low priority activity – *ad-hocism* in registering grievances
- Customer unfriendly process

(d) Client Relationship Management (CRM) Process

- Too many forms to deal with, for the customer
- High lead-time in customer-related processes and lack of transparency
- Low access convenience for the members and establishments
- Information Access is very poor
- Reactive approach to customer service

(e) Publicity and Awareness Process

- Lack of awareness even amongst educated members about the Act
- Poor image in the minds of establishments and members
- Approx. 40% Inoperative accounts (UCDs) exist in the current system

1.1.6 The EPFO had taken a decision to change the business processes as envisaged in the BPR Report in the right earnest. A logical sequencing of various actions such as, (a) determining the business goals, (b) designing the processes that enable the meeting of the said goals, and (c) identifying the kind of technology required to support the business processes, was undertaken by the EPFO. The EPFO has committed its resources in terms of procuring the necessary components of hardware, network, etc., for implementation at six pilot sites to start with. The EPFO is of the firm belief that the changes contemplated in the process and technology should invariably be accompanied by a corresponding change in the organisation structure and human resource system in order to make a best fit between people, functions and physical factors.



- 1.1.7 The following observations made by the Central Provident Fund Commissioner (CPFC) in his proceedings dated 6-12-2002 are significant in so far they set the tone for the nature, scope and objects of the project assigned to XLRI Jamshedpur:

“It may be understood that we are undertaking this exercise and the professional help of a premier Institute like XLRI for essentially two reasons. These are –

- (i) To develop, enable and motivate our human resource or human capital to function with efficiency, effectiveness, integrity, innovativeness in a radically changed business environment (post-BPR), i.e., supported and enabled with current and emerging state-of- the-art information and communication technologies. The objective is to create an environment that encourages innovation, recognizes and promotes performance and gives every member of the EPF team an equal opportunity to contribute and be recognized.*

- (ii) To establish convergence between the Vision of the Organisation and the goals under the Vision and the individual career aspirations of individual members of the EPF team. It is the intention to ensure that legitimate career aspirations are met and growth opportunities within the Organisation are equally available in each cadre irrespective of the date on which a particular officer or staff member joined or the region where such person is posted or the vacancies available at a higher level. Assured*



career paths and compensation enhancements should be visible to all.”

- 1.1.8 Shri N.K. Prasad, RC, Jharkhand and Shri S. K. Nayak, RC, Jamshedpur had a couple of meetings during October–November 2002 with Dr. EM Rao, Dean (Academics) and Fr. PD Thomas, Director, XLRI Jamshedpur in connection with the project and to finalise the dates for the scheduled Apex level meeting between EPFO and XLRI. The apex level meeting was held on 16-17th December 2002 in XLRI Jamshedpur. The EPFO was represented by a team of 10 officers led by Shri Ajai Singh, Central Provident Fund Commissioner.

Representing the EPFO

Shri Ajai Singh	Central PF Commissioner, New Delhi
Shri Laik Ram Dabas	Addl. CPFC (HR), New Delhi
Shri NA Nair	RPFC – I (MIS/Conf.), New Delhi
Shri NK Prasad	RPFC – I, Jharkhand, Ranchi
Shri SK Nayak	RPFC – II, Jamshedpur
Shri SK Thakur	RPFC – II, Pune & Secy. Genl., EPFOA
Shri Navendu Rai	APFC, Central Office, New Delhi
Shri Sanjay Bisht	APFC (HRM-I), New Delhi
Shri Sanjay Kesari	APFC, Jamshedpur
Shri B. Rama Kharvy	Secy. Genl., AIEPFSF, Bangalore

Representing XLRI

Fr. PD Thomas	Director
Dr. EM Rao	Dean (Academics) & Professor (PMIR)
Dr. P Ray	Professor (PMIR)
Fr. EA Augustine	Administrator



1.1.9 The MOU was signed by EPFO and XLRI on 14th October 2003 (and firmed up during the last week of December 2003) in terms whereof, XLRI was assigned the consultancy project, which is in two separate, yet interdependent parts, namely, (i) Organizational re-designing; and (ii) Review of HR Policy, Roles, Responsibilities and Cadre Structure. In this report, the expressions 'organizational re-designing' and 'organizational restructuring' are used interchangeably. The team of consultants from XLRI comprises the following:

Dr. EM Rao	-	Project Coordinator
Dr. P Ray	-	Consultant
Fr. EA Augustine	-	Consultant

1.2. THE SCOPE AND OBJECTS OF THE STUDY

1.2.0 'Scope' of study is a qualitative measure and refers to the nature, variety and range of subjects that can be studied. It is a delimiting factor in so far as it specifies not only the subjects/aspects that can be studied but also the subjects/aspects that fall outside the purview of the assignment. 'Objects' refers to what is sought to be achieved as a consequence of the study. The scope and objects of the study are enumerated below:

1.2.1 Organisational re-structuring

1.2.1.1 A. Scope:

- 1 The entire EPFO – from the Central Office at the top rung to the District Office at the bottom.
- 2 The entire body of organizational participants numbering a little over 19,000 employees at all levels of the hierarchy.



- 3 The current structure, i.e., the network of formal and functional relationships.
- 4 The departmentation (horizontal) with special reference to the nature of functions, line-staff differentiation.
- 5 Job titles / Designations, responsibility, authority and accountability of organizational participants.
- 6 Corresponding changes in the Act.
- 7 The hierarchy (vertical) in terms of the number of levels and job titles, the powers conferred on, the authority vested in, the duties assigned to, and the responsibilities discharged.
- 8 Workload norms for offices at different levels and parity among offices / officers operating at the same level in different locations.
- 9 The operational aspects, such as, the new functional focus with a clear tilt in favour of customer orientation, speedy settlement of claims, and the implementation of reengineered business process and installation of new technology which is currently under implementation.
- 10 Exit policy.

1.2.1.2 B. Objects:

- 1 To lay down norms of work load for business units at different levels in the hierarchy on a realistic basis keeping in view the need for efficiency and effectiveness.
- 2 To suggest the optimum number of levels (from bottom to top) to be provided for in terms both of units and staff/officers for enhancing organizational effectiveness.
- 3 To identify the legal and functional status of EPFO (including the CBT) vis-à-vis the Government of India in the light of s. 5C of the Act.
- 4 To figure out business units with uniform profile and staff



- structure so that there is parity in workload among parallel units operating at the same level in different locations.
- 5 To suggest optimum spans of control at each level consistent with the principles governing effective supervision and management.
 - 6 To clearly define communication channels down the line and across and suggest means for smooth and fast flow of information.
 - 7 To ensure that the delegation of responsibility and accountability to various functionaries is accompanied by delegation of authority in an equal measure (the principle of 'co-equality').
 - 8 To lay down the chain of command with focus on unity of command.
 - 9 To identify and differentiate 'Line' and 'Staff' functions with a view to ensure line authority and functional specialization.
 - 10 To ensure that no function / activity is carried out by more than one person at the same time (prevention of overlapping) and that no function/activity is left unassigned or unattended to.
 - 11 To suggest scientific organization of workflow including receipt and despatch of documents, cheques, with a view to reduce the time-lag between decision-making and decision-communication to the outside parties.
 - 12 To put in place a scientific monitoring system by which the creation and manning of new units, as warranted by increase in the workload norms and growth in the business, is taken care of automatically without going through the cumbersome processes of approvals, sanctions and the consequent delays.
 - 13 To suggest a methodology for empowering staff down-the-line, and especially those in Group 'C' in terms of decision-making and problem-solving, particularly, in matters of routine nature.
 - 14 To recommend the need for infusing a culture of teamwork and



utilizing cross-functional teams in respect of compliance/enforcement and settlement of claims.

- 15 To recommend physical improvements in the EPFO offices at different levels and providing modern amenities and facilities so that the levels of efficiency and motivation are preserved and enhanced.
- 16 To recommend a comprehensive organization structure which is consistent with the new business model recommended by SISL, with emphasis on effective compliance, speedy settlement of claims, redressal of grievances of members and greater customer-orientation in a fast-expanding role of EPFO in administering social security benefits to a large chunk of Indian population.

1.2.2 Review of HR Policy, Processes and Cadre Structure

1.2.2.1 A. Scope:

- 1 Professionalising Human Resource and Employee Relations Function at different levels of the organization.
- 2 Human Resource Planning, recruitment, selection, placement and induction.
- 3 Matching of functional role responsibilities with qualifications and aptitude.
- 4 Open and interactive performance criteria with inputs in quantitative and qualitative terms.
- 5 Pay scales.
- 6 Objective criteria for introducing a system of Performance-related Pay (PRP).
- 7 Training & Development.
- 8 Career growth and promotional channels.
- 9 Transfer policy.



- 10 Employee' welfare.
- 11 Grievance redressal.
- 12 An adequate platform for interaction between representative bodies of officers and staff on the one hand and the EPFO top brass on the other.

1.2.2.2 B. Objects:

- 1 To introduce an effective Human Resource Planning mechanism, and projection of manpower requirements, both short- and long-term.
- 2 To formulate a realistic recruitment plan and framing of rules for same.
- 3 To provide for adequate reserves for leave, training, deputation and absence.
- 4 To put in place a system of orientation/induction of new recruits.
- 5 To suggest an objective performance management system with focus on performance-related incentives.
- 6 To ensure systematic and orderly identification of training needs and to provide for continuous training and management development.
- 7 To lay down norms for promotions in terms of seniority and merit, and to establish a structural ratio for smooth mobility in promotional posts.
- 8 To ensure minimum guaranteed career advancement.
- 9 To evolve a transfer policy in respect both of cross-functional and inter-locational transfers, which takes care of the interests of the organization as well as the individuals.
- 10 To suggest optimum pay structure for different levels consistent with the task responsibilities and with what is prevailing in other comparable services of government and similar organizations.
- 11 To introduce the concept of "Quality of Work Life" (QWL) – as an inseparable part of the overall HR philosophy of EPFO.



- 12 Rationalization of cadre structure at all levels by removing the existing deficiencies and distortion in the cadre.
- 13 To ensure speedy redressal of employee grievances, which, if not attended to, can operate as a drag on employee motivation.
- 14 To introduce measures geared to promote the welfare of the employees and their families.
- 15 To promote greater understanding and sense of cooperation between the Officers' and Staff Association on the one hand and the top management of EPFO on the other in matters of common concern.

1.2.3 Deliverables

- 1 To suggest a suitable organisation structure in terms of the district offices, sub-regional offices, regional offices and zonal offices and the manning pattern of the different tiers.
- 2 To suggest a suitable framework of organisational hierarchy in terms of levels and positions, which caters to the organisational needs, while meeting the legitimate expectations of employees at different levels coupled with opportunities for growth and advancement.
- 3 To suggest a policy framework with focus on human resource planning, recruitment, placement, performance evaluation, promotions, transfers, training and development.
- 4 To identify personnel practices, performance evaluation systems, and other related processes, which have the potential to result in stagnation and consequent de-motivation.
- 5 To develop a policy framework on promotions consistent with the degree of authority, responsibility, and accountability that needs to inform different levels in hierarchy.
- 6 To suggest performance characteristics and objective measurement criteria to help in implementing a policy of performance related pay (PRP), which can take care of individual differences and at the same time, co-exist with the current system



of rewards and compensation.

- 7 To suggest corrective actions in terms of philosophy, policy and practices geared to sustain the motivational levels of employees to meet the organisational goals in the context of the paradigm shift.
- 8 To integrate all the core aspects of study and make a complementary set of recommendations geared to achieving a best fit between HR and the new business model.

1.3 DATA COLLECTION AND ANALYSIS

1.3.1 The study has been conducted by adopting survey method. A structured questionnaire was used to elicit responses from a representative sample of organizational participants drawn from Groups 'A', 'B' & 'C'. Apart from the demographic information, the questionnaire was constructed using two sets of statements: (a) 50 statements on a 3-point scale consisting of "Yes-No-No Answer" type response categories; and (b) 116 statements on a 4-point scale consisting of "Strongly Agree-Agree-Disagree-Strongly Disagree" type response categories (see Annexure - I).

1.3.2 The questionnaire was administered to officers and staff in Groups 'A', 'B', & 'C', who were chosen on the basis of random sampling. One constraint in the selection of sample from Group 'C' has been that a substantial number of clerical staff have difficulty in understanding the larger implications of the subject under study, which problem can be attributed to their educational level. Staff members belonging to Group 'D' have been left out of the survey in view of the difficulty in understanding the implications of the statements and responding. Out of a total of 936 questionnaires mailed, responses were received from 790 employees. It was found



that 33 questionnaires were either wholly incomplete or otherwise defective and, hence they were discounted for the purpose of analysis. The net responses numbering 757 work out to 84 percent of the total number of questionnaires mailed.

- 1.3.3 In addition to the structured questionnaire, the consultants had interactive sessions with officers and staff for obtaining their views on the terms of reference. Preliminary interviews commenced on 23.9.2003 and concluded on 7.11.2003 in the course whereof the consultants interacted with officers and staff located at Jamshedpur, Ranchi, Kolkata and Hyderabad. The post-questionnaire interview process commenced on 28th April 2004 at Delhi and concluded at Jamshedpur on 18th June 2004. A total number of 138 at New Delhi, Faridabad, Kolkata, Bangalore, Mumbai, Delhi and Jamshedpur, (see Annexure - II). The consultants had detailed discussions with the Office-bearers of Officers Association and Staff Association in Kolkata, New Delhi, Bangalore and Mumbai and obtained their views on different aspects of Organisational Restructuring and Cadre Review. The inputting of data commenced on 23rd April 2004 and the data analysis was completed by 30th May 2004. The data were analyzed with the help of SPSS package.

1.4 PRESENTATION – DRAFT & FINAL REPORTS

- 1.4.1 The soft copy of the Draft Report was sent to the EPFO on 9th August 2004 and the hard copies were sent on 14th August 2004 for the perusal of the EPFO and comments. We received the comments from the Review Committee constituted by the EPFO on vide letter No. XLRI/HR/2004/2803 dated 12th May 2005. Several issues were



raised by the Review Committee in the said letter, *inter alia*, touching upon Business Unit Restructuring, Levels and Positions, Scales of Pay and problems relating to the Group 'C' and Group 'D' employees. We gave our reply to the said comments, whereafter several meetings were held between the Consultants and the top brass of EPFO on 16th November 2005 (in Delhi), 1st February 2006 (in Jamshedpur), and on 5th March 2006 (in Delhi). In between, the Office-bearers of the All India Employees Provident Fund Staff Federation (AIEPFSF) led by Mr. G.S. Chattopadhyay, Vice-President, Mr. Vijay Kumar Sharma, Secretary General, and Mr. Abhaya Kumar, Organising Secretary, met the consultants in Jamshedpur on 23rd & 24th December 2005 and presented their views on the Draft Report. The final discussions took place on 5th March 2006 in Delhi with Sri A. Viswanathan, CPFC and other senior officers of the EPFO. The XLRI team had one-to-one interaction with 163 organisational participants in all. The consultants sought a few clarifications with regard to the manning pattern of different Business Units, which were finally received by 5th April 2006.

- 1.4.2 Work on the Final Report commenced in the first week of April 2006. In view of the sweeping changes contemplated in the Organisational Restructuring as well as Cadre Review, the entire Report had to be completely re-written, which is a time-consuming affair. The Data have been compiled and presented in this Report under the following heads for the sake of convenience:



2.	DEMOGRAPHIC PROFILE
2.1	Respondents by age
2.2	Respondents by qualifications
2.3	Respondents by Group
2.4	Respondents by functional dispersion
2.5	Respondents by mode of entry into present position
2.6	Respondents by their total experience in EPFO
3.	ORGANISATIONAL RESTRUCTURING
3.1	Functional Restructuring
3.2	Business Unit Restructuring
3.3	Organisational Hierarchy & Manning
3.4	Uniformity Among Coordinate Units
3.5	Mechanism for Creating Business Units
4.	MANAGEMENT PROCESS RESTRUCTURING
4.1	Restructuring of Jobs/Posts
4.2	Creation of New Jobs/Posts
4.3	Command-Control Systems
4.4	Legislative Reference
4.5	Physical Restructuring
5.	RECRUITMENT – PERFORMANCE – PAY
5.1	HRP, Recruitment, Selection & Induction
5.2	Performance Management
5.3	Positions and Scales of Pay
6.	CAREER DEVELOPMENT
6.1	Career Growth – Issues in the Context of EPFO
6.2	Career Progression: Seniority, Merit & Competence
6.3	Intra-Group Promotions
6.4	Inter-Group Promotions
6.5	Ad hoc Promotions
6.6	Promotion vs. Recruitment – Ratio
6.7	Deputation from other Departments
6.8	Refusal to Accept Promotion or Transfer
6.9	Transfers
6.10	Training & Development
6.11	Employee Relations & Welfare
7	SUMMARY OF SALIENT RECOMMENDATIONS



- 1.4.3 It is recognized that 'Organizational Restructuring' and 'Cadre Review' are not independent exercises confined to water-tight compartments, but are closely intertwined with, and flow into, each other. For instance, Geographical Restructuring influences Functional Restructuring in a large measure. Similarly, Promotions and Transfers are influenced by Performance Management. It is, therefore, possible that quite a few issues are likely to be repeated for the purpose of ensuring clarity, though every effort has been made to peg such repetitions down to the minimum. Care has been taken to avoid management jargon and to make the presentation as simple, direct, lucid and vigorous as possible.
- 1.4.4 In view of the magnitude of the data, which comprise a little over 176 statements (with 3 & 4 response categories) and involving 757 respondents, not to speak of the voluminous inputs given by 135 officers and staff members of EPFO in the course of interactive sessions, only a few important statistical tables have been incorporated selectively in the Report. All the key responses have been presented in the form of self-explanatory charts at the appropriate places together with a brief commentary on the trends. Likewise, the views expressed by participants, in the course of the interactive sessions we had with them at different locations, have also been incorporated in the text.

Chapter – 2**DEMOGRAPHIC INFORMATION****2.1 INTRODUCTION**

2.1.1 The study has been conducted by adopting survey method. Data has been collected from a representative sample of organizational participants belonging to Groups 'A', 'B' & 'C'. A structured questionnaire was used to elicit responses from the employees. The demographic profile comprises personal particulars of respondents and has been classified under the following heads:

2.2	Respondents by their Age
2.3	- By Qualifications
2.4	- By Group
2.5	- By Functional Dispersion
2.6	- By Mode of entry into present position
2.7	- By Total experience in EPFO



2.2 Respondents by their Age

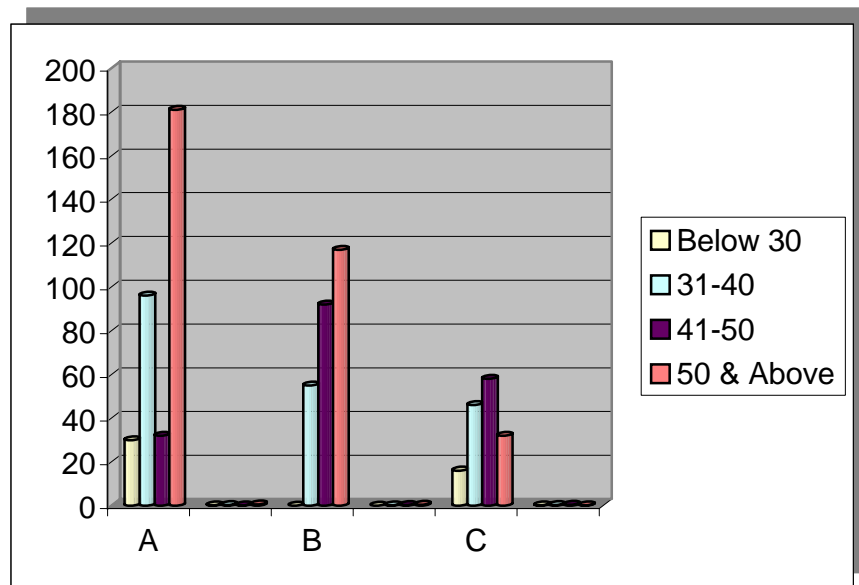
2.2.1 The Age Groups of Respondents are as follows:

Table – 2.2

Age Group	A		B		C		WA
	NoR	%age	NoR	%age	NoR	%age	%age
Below 30	30	8.8	0	0.0	16	10.5	6
31-40	96	28.2	55	20.8	46	30.1	26
41-50	32	9.4	92	34.8	58	37.9	24
50 & Above	181	53.2	117	44.3	32	20.9	44
Total	339		264		152		

NoR: No. of Respondents; WA: Average Mean Weighted Score

Chart – 2.1





2.2.2 From the above it can be seen that a majority of respondents in Groups 'A' and 'B' are above 50 years of age (44%), followed by the age group of 31-40 years (26%) and 41-50 years (24%).

2.3 Respondents by Qualifications

2.3.1 The respondents have been further sub-divided on the basis of their qualifications, i.e., (i) General and (ii) Technical/Professional. While 55% of respondents are graduates, 28% have a post-graduate degree. Interestingly, the under-graduate population is of the order of 7.6% in Group 'A', 14% in Group 'B' and 15% in Group 'C'. The actual ratio of under-graduates to the total number of employees, particularly, in Groups 'B' & 'C' could be much higher than what is represented by the above figures.

Table – 2.3.1(a)

General Qualifications	A		B		C		WA
	NoR	%age	NoR	%age	NoR	%age	
B.A/B.Com/B.Sc	174	51.2	149	56.4	95	62.1	55
M.A/M.Com/M.Sc/MBA	120	35.3	64	24.2	25	16.3	28
Under-Graduate	26	7.6	37	14.0	23	15.0	11
Ph.D etc	15	4.4	9	3.4	4	2.6	4
Total	335		259		147		



Chart – 2.3.1 (a)

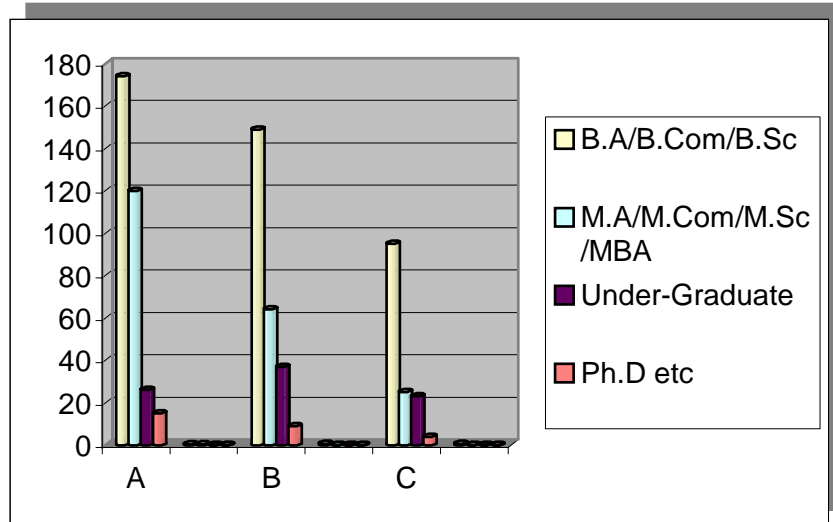
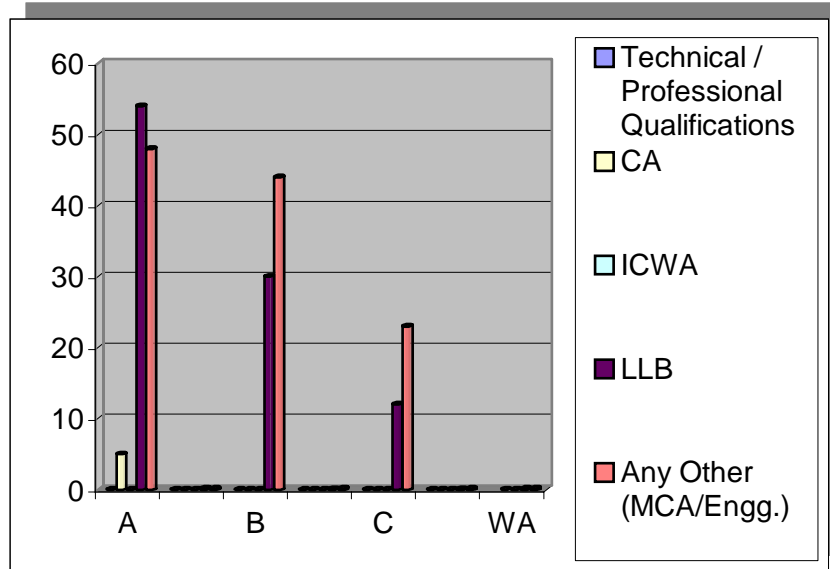


Table – 2.3.1 (b)

Technical / Professional Qualifications	A		B		C		WA
	NoR	%age	NoR	%age	NoR	%age	
CA	5	1.5	0	0.0	0	0.0	1%
ICWA	0	0.0	0	0.0	0	0.0	0%
LLB	54	15.9	30	11.4	12	7.8	13%
Any Other (MCA/Engg.)	48	14.1	44	16.7	23	15.0	15%
Total	107		74		35		



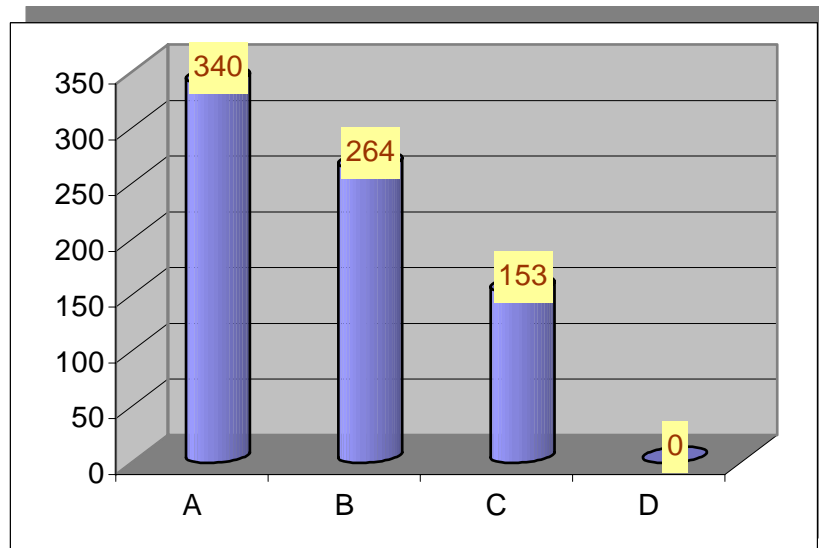
Chart – 2.3.1 (b)



2.4 Respondents by Group

2.4.1 47% of respondents are from Group ‘A’, followed by Group ‘B’ (33%) and Group ‘C’ (20%).

Chart – 2.4.1

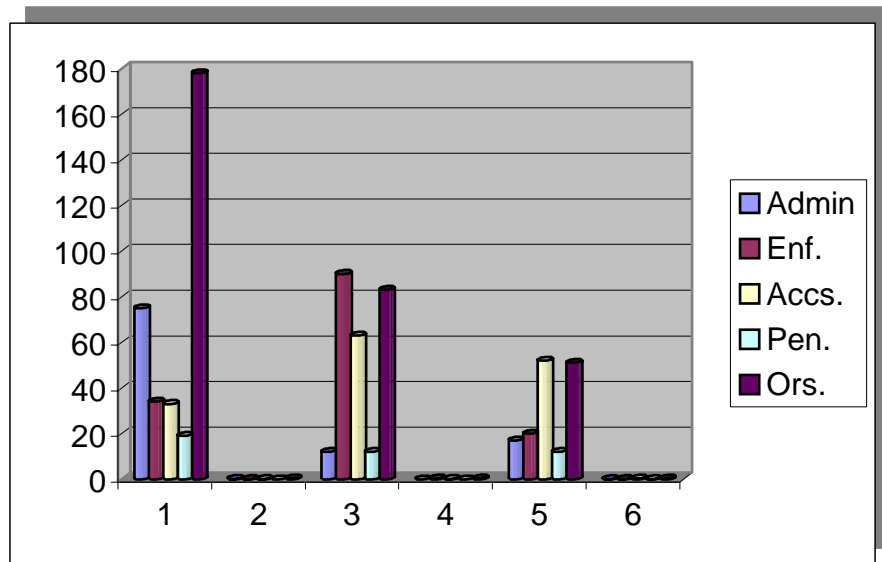




2.5 Respondents by Functional Dispersion

2.5.1 A majority of respondents (42%) of all Groups put together are from an assortment of functions followed by Accounts (20%), Enforcement (20%), Administration (13%), and Pension (5%).

Chart – 2.5.1

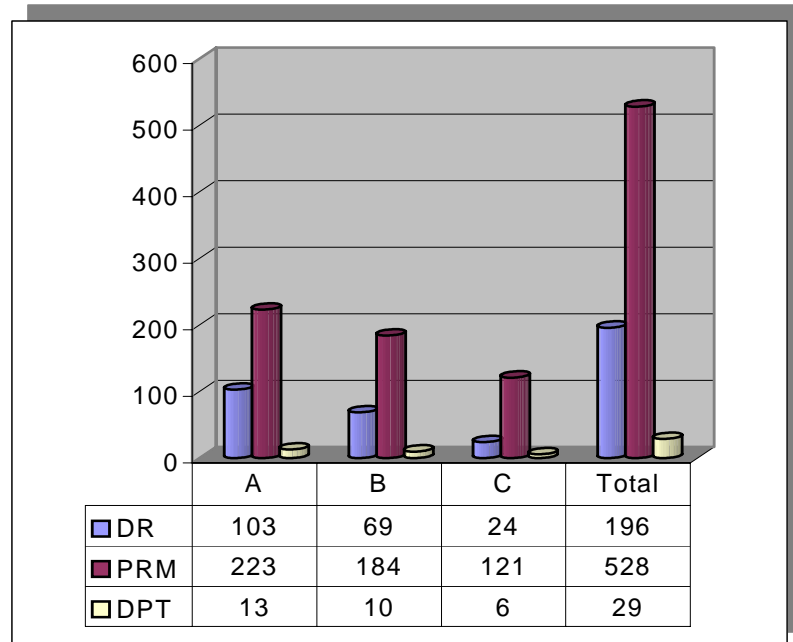




2.6 Respondents by Mode of Entry into the Present Position

2.6.1 It has been observed that while 26% of respondents have entered into the present position through direct recruitment, 70% have moved through internal promotion, and 4% by way of deputation

Chart – 2.6.1

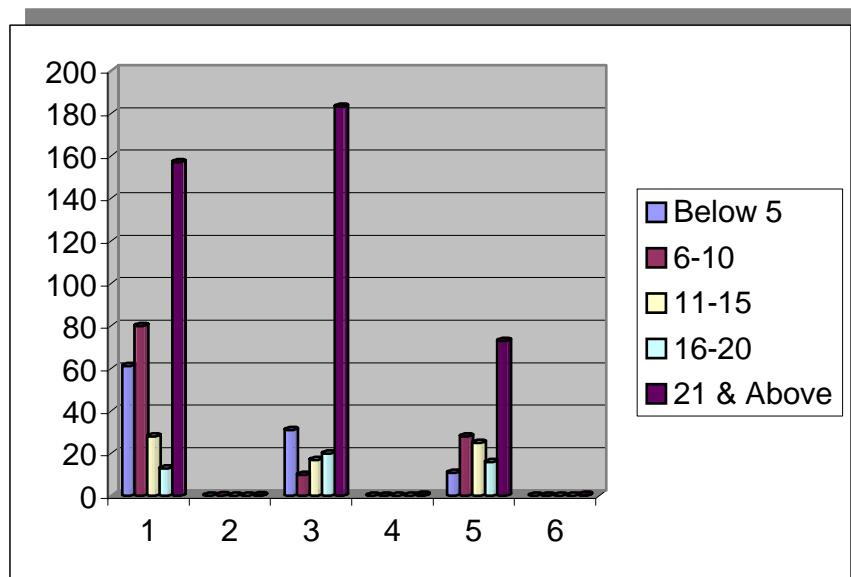




2.7 Respondents by their total Experience in EPFO

2.7.1 55% of the respondents (of all groups put together) have put in more than 20 years of service in EPFO, followed by 16% (6-10 years), 14% (below 5 years), 9% (11-15 years) and 6% (16-20 years).

Chart – 2.7.1



Chapter - 3**ORGANISATIONAL RESTRUCTURING**

- 3.0 “Organisational Restructuring” is a comprehensive expression, which takes into its fold all aspects relating to the matrix of functions, business units, management processes, and physical conditions, and, in the context of EPFO, the legislative aspects. In this chapter, organizational restructuring has been discussed under the following heads:

3.1	Functional Restructuring
3.2	Business Unit Restructuring
3.3	Organisational Hierarchy
3.4	Uniformity Among Co-ordinate Units
3.5	Mechanism for Creating Business Units



3.1 FUNCTIONAL RESTRUCTURING

3.1.0 Structure should follow functions, and not the other way round. Any exercise of restructuring the organization should, therefore, begin with a critical look at the range and variety of functions to be performed in the business context and determine which of the functions directly contribute to the realization of organizational objectives, and which contribute indirectly. Functional restructuring at the organisation level deals primarily with Line-Staff differentiation, and demarcation of roles and responsibilities of 'Line' and 'Staff'. This Theme is discussed below under the following Sub-Themes:

3.1.1	Line-Staff Differentiation
3.1.2	Roles and Responsibilities of Staff Functionaries



3.1.1 LINE-STAFF DIFFERENTIATION

3.1.1.1 The various functions performed by a business organization are broadly classified into 'Line' and 'Staff' functions. Line functions are those which directly contribute to the realization of organizational goals. Staff functions, on the other hand, are those specialized functions, which indirectly contribute to the realization of organizational goals and are clearly outside the line command. In a typical business organization, the three functions, namely, operations, finance and marketing, constitute the line functions in the sense that these are fundamental to its survival, no matter whether the organization is in the manufacturing sector or in the service sector. On the contrary, functions such as personnel & industrial relations, legal, public relations, are classified as 'staff' or supportive functions, notwithstanding the fact that these functions call for specialized knowledge, experience and expertise in the respective fields. Business-related decisions are taken by the heads of Line functions, with the active support of, and assistance from, Staff functions like HR, legal, etc.



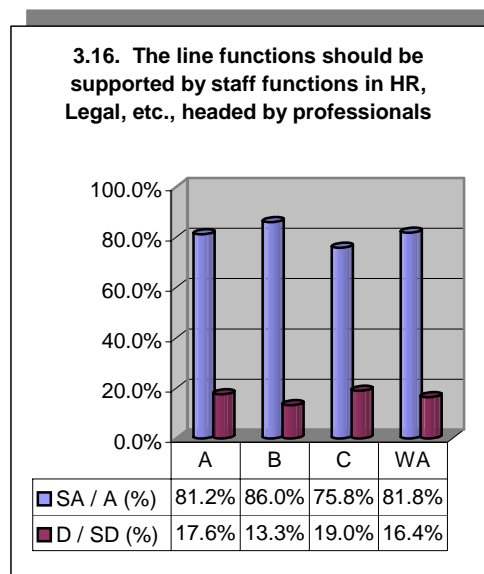
3.1.1.2 The present structure of EPFO comprises the following processes:

- 1 **Administration**, which includes personnel and employee relations, establishment, provision of physical facilities, etc.
- 2 **Enforcement**, which includes all matters relating to the coverage of establishments, default management, recovery proceedings, legal matters, etc.
- 3 **Accounts**, which covers all aspects concerning the maintenance of establishment accounts, member accounts, banking claim processing and settlement, etc.
- 4 **Pension**, which relates to the administration of pension to the members and their family.

SURVEY OUTCOMES

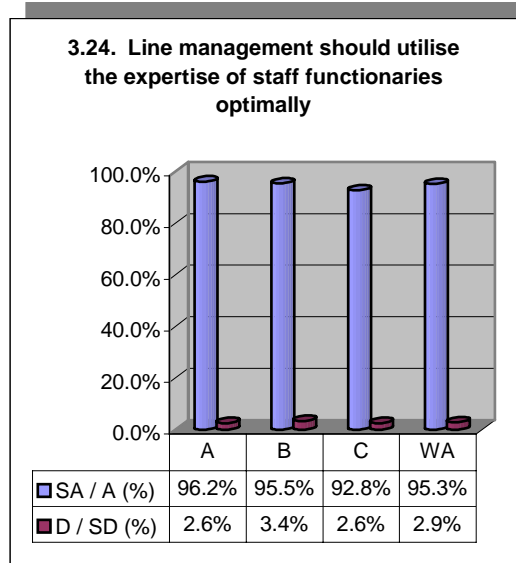
3.1.1.3 Questionnaire

- 82% of respondents are for creating staff functions in areas like HR, legal, etc., to be manned by qualified professionals.

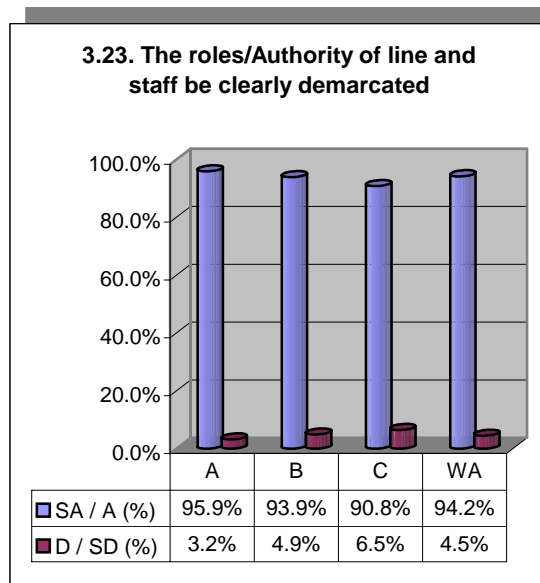




- 95% feel that the line management should utilize the expertise of staff functionaries to the optimum level.



- However, 95% feel that this should not give rise to role conflict between line and staff.





3.1.1.4 Interview

1. Despite the fact that EPFO is an autonomous body with a huge workforce and that human factor plays critical role in the successful accomplishment of organizational goals, there has been no professional approach to HRM.
2. In the present set up, the HR Department plays, if any, little, role in vital HR matters like performance management, grievance redressal, training and development, etc. This position should be rectified given the huge complement of EPFO by entrusting the HR function to qualified, experienced, professionals at the level of Central Office, Zonal Office and below.

ANALYSIS

3.1.1.5 It would be axiomatic to say that the EPFO is a business organization operating in the service sector and catering to a few millions of customers. The present four-fold classification of functions into Administration, Enforcement, Accounts, and pension resembles more the kind of structure that is prevailing in government offices, such as, Accountant General, etc. It does not reflect the objectives of the EPFO and is certainly nowhere near the business model of a service-oriented organization. The seven KBPs identified by SISL in the new BPR model constitute the line functions in the context of EPFO, and set the direction in which the organization should move in order to realize its objectives. The implementation of the new Model signals the point of departure from the way EPFO has all along been functioning. To put it briefly, the traditional, bureaucratic way of working and the impersonal approach, which is one of the core characteristics of governmental way of dealing with stakeholders, has to necessarily yield place to a new work culture that pervades business organisations operating in a competitive environment. This fact is further buttressed by the decision of Supreme Court in



Regional Provident Fund Commissioner v. Shiv Kumar Joshi, wherein it was held that EPFO falls squarely within the provisions of the Consumer Protection Law, which aspect has been discussed in the following sections at some length.

3.1.1.6 It is, therefore, imperative that EPFO should recast its processes on the lines of a business corporation, thus breaking with the past, though gradually and in a phased manner. The seven KBPs identified by SISL constitute Line Functions and the sum-total of the Mission of EPFO. Out of the seven KBPs, only the last one, i.e., Publicity and Awareness, can be said to be falling within the twilight zone of Line and Staff. The reason is that the Act and Scheme, read with the apex court decision, address the other six KBPs either in express terms or by necessary implication, while remaining silent on Publicity aspect. Even so, in the context of the changes contemplated in the approach of the EPFO to the administration of the benefits under the Act, a full-fledged Publicity and Awareness function, as suggested by SISL, is a necessary corollary to the realization of the objectives, and can thus legitimately claim the status of a Line Function.

3.1.1.7 Adverting to the responses of organizational participants, some of which have been appended above, it is significant to note that a majority of officers and staff are in favour of: (a) segregating the line functions from staff functions, (b) clearly demarcating the respective turfs of Line and Staff so that there is no role conflict, and (c) optimum utilization of the expertise of qualified HR professionals in all matters relating to personnel function. Similarly, a majority of them feel that the HR function, in the state in which it is left to



operate at present, plays little role, if any, and that there is no professional approach to HR issues, despite the fact that EPFO employs a large contingent of 20,000 employees. We share these concerns.

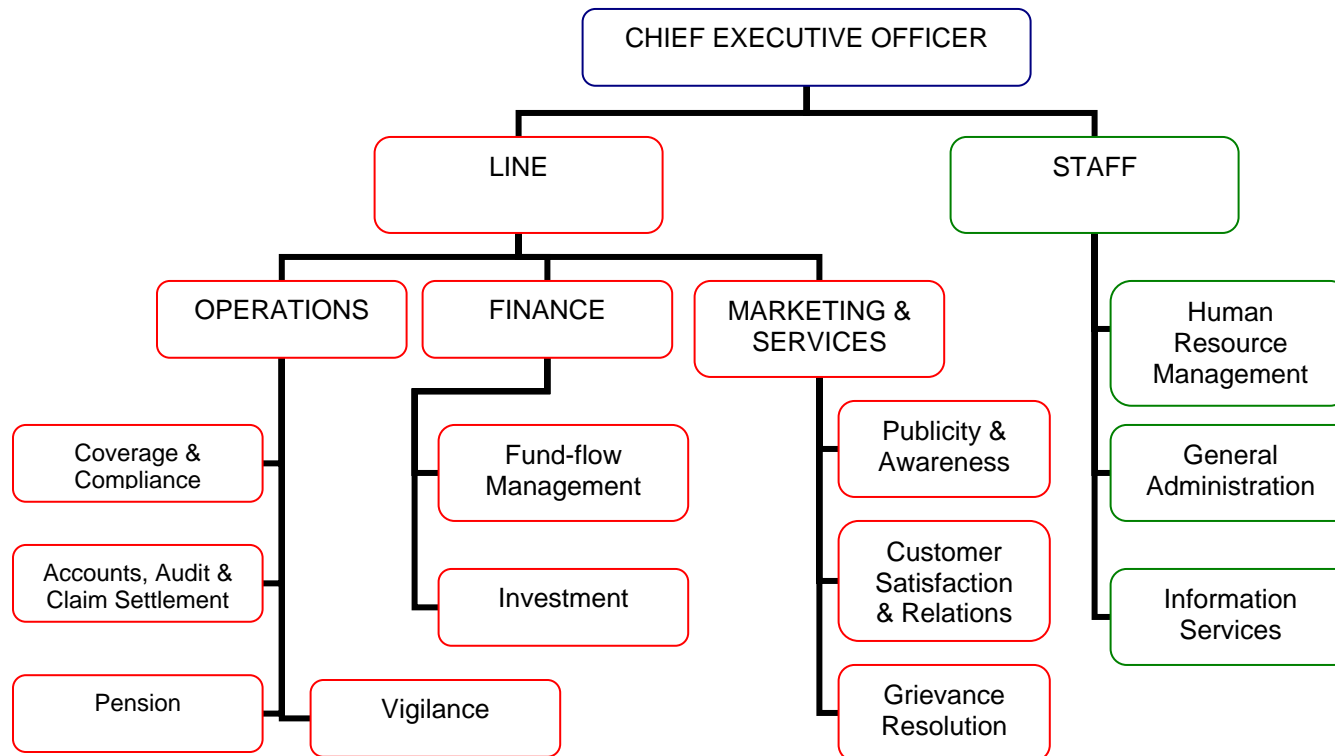
RECOMMENDATION

3.1.1.8 We recommend Line-Staff differentiation as indicated below:

Table – 3.1.1.8

1	Line Functions
a.	Coverage and Compliance
b.	Accounting and Reporting
c.	Fund-flow Management
d.	Claims Settlement
e.	Grievance Redressal
f.	Client Relationship Management
g.	Publicity and Awareness
h.	Vigilance
2	B. Staff Functions
a	<i>Human Resource Management</i>
(i)	HRP – Recruitment – Selection – Placement & Induction
(ii)	Performance Management – PRP – Promotions & Transfers – Training & Development
(iii)	Employee Relations – discipline – employee involvement – employee' grievance redressal
(iv)	Welfare
b	<i>General Administration</i>
(i)	Overseeing physical aspects in business units
(ii)	Acquisition of land/property
(iii)	Standardisation of physical factors, i.e., furniture, etc.
(iv)	Providing the requisite facilities
c	<i>Information Services</i>
(i)	Computer Services
(ii)	Data Bank

3.1.1.9 *EPFO - Line-Staff Departmentation*





3.1.2 ROLES & RESPONSIBILITIES OF 'STAFF' FUNCTIONARIES

3.1.2.1 No officer outside the chain of core command has any authority to enforce the provisions of the Act. This proposition, in the changing context, calls for optimum utilization of the services of the officers in the Line command for realizing the scheme and objects of the Act, unhampered by any functional distraction. Paraphrasing, these officers should not be saddled with functions and responsibilities, which are sufficiently large in magnitude, perennial in nature, and fall outside the boundary of statutory functions. To be more specific, the line authorities should, as far as practicable, be entrusted with the enforcement, compliance, recovery, legal and other KBPs and not with the staff functions. This general proposition is subject to one exception. For reasons explained on the Theme titles "Career Growth and Promotions" (Chapter-6), such of those officers, who have a flair for performing service functions, may be transferred to the Administrative functions in the same level and grade, as these functions do not call for any specialized knowledge or professional qualifications, other than the willingness to, and a flair for, rendering service.

3.1.2.2 That takes us to the question of extending 'Staff' support to the Line functionaries in a manner that the latter can concentrate and carry out their statutory responsibilities efficiently and effectively. The various support and advisory functions, which can be classified as **Staff Functions** have been enumerated in the opening paragraph of this section. A scientific restructuring of business organisations calls for segregation of Line Functions from Staff Functions, and entrusting the latter to specialists who



are professionally qualified and experienced in their respective streams. The 'Staff' experts assist the Line management in policy formulation, overseeing implementation, research, and troubleshooting. The roles and responsibilities of Staff functions are briefly enumerated in the following paragraphs.

RECOMMENDATION

Human Resource / Personnel

3.1.2.3 The HR functions offers advice, assists line management and performs the following functions:

1	Formulation of a comprehensive HR policy covering all aspects of employment relationship and terms of employment;
2	Human Resource Planning, recruitment, selection, placement and induction
3	Performance Management: design of appraisal format; spelling out the appraisal process, training the appraisers on conducting post-appraisal interview, feedback and counseling;
4	Assisting line management in the establishment of performance standards; designing performance-related pay systems;
5	Identification of training needs; designing training and development programmes; liaison with external faculty; and training agencies;
6	Promotions and transfers; career development and succession planning
7	Union-management relations,
8	Enforcement of discipline; employee' grievance redressal; participative management;
9	Employee welfare;
10	Voluntary retirement, termination, discharge, dismissal

**Services / Administration**

3.1.2.4 The Service function caters to the following tasks:

1	Provision of physical facilities, such as, procuring office space, provision of furniture, office equipment, computers, etc;
2	Administration of guest houses / transit houses, employee quarters (wherever applicable),
3	Transport, security and house-keeping;
4	Travel and Stay arrangement for officers moving on duty;
5	Assisting employees-on-transfer to a different location in securing accommodation;
6	All other matters which do not fall within any of the above categories General Administration.

Information Services

3.1.2.5 Notwithstanding the fact that the new BPR Model will be wholly technology-driven, the function of Information Services falls within the 'staff' category, for the simple reason that technology is only a means and not the end product of the EPFO. The Addl. Director-General (IS) and his team down-the-line assist the Line management in the timely provision of services in this respect and the maintenance and upkeep of the equipment. Typically, this function involves the following tasks:

1	Planning computerization of operations;
2	Co-ordination and setting up of computer centres;
3	Planning Hardware requirement;
4	Policy formulation for EDP skill development;
5	Development of application Software;
6	Designing system to fulfill the requirement of users and management;
7	Programming;
8	Maintenance;
9	Creating Data Bank;
10	Information support for management decisions; etc.

**Training & Development (NATRSS & ZTIs)**

3.1.2.6 The NATRSS and ZTIs cater to the captive induction, training and development of officers and staff, and perform the following functions:

NATRSS	
1	Planning and design of induction programmes for new recruits in Groups 'A' and 'B';
2	Review of the induction programmes in terms of content, process and relevance;
3	Identification of, and liaison with, experienced and competent faculty in different disciplines;
4	Planning and design of function-specific training programmes;
5	Planning and design of Management Development Programmes;
6	Research & Programme Innovation and Product Development;
7	Publication of the Annual Training and Development Calendar;
8	Acquisition of up-to-date training tools, manuals, and equipment;
9	Library management;
10	Research in training methodology;
11	Upkeep of residential blocks and catering facilities;
12	Guidance to the ZTIs on all aspects related to training and development.

3.1.2.7 It has been proposed in this report that the NATRSS and ZTIs should be headed, respectively, by a ZC and an RC-1.



3.1.2.8 The ZTIs shall be entrusted with the following tasks:

Zonal Training Institutes

- 1 Planning and design of induction programmes for new recruits in Group 'C';
- 2 Review of the induction programmes in terms of content, process and relevance;
- 3 Ensuring the availability of internal faculty;
- 4 Identification of, and liaison with, experienced and competent faculty in different disciplines;
- 5 Planning and design of function-specific training programmes, geared to skill-upgradation;
- 6 Acquisition of up-to-date training tools, manuals, and equipment;
- 7 Library management;
- 8 Upkeep of residential blocks and catering facilities;



3.2 BUSINESS UNIT RESTRUCTURING

3.2.1.1 Business Unit Restructuring has two ingredients: (i) the number of units across, i.e., the *geographical spread of business units*; and (ii) the number of levels from top to bottom, i.e., the *Organisational hierarchy*. The number and levels of operating Business Units and their geographical spread are determined by the magnitude of workload. This Theme, in addition, deals with the issue of parity among co-ordinate units in terms of workload, systemic support for monitoring increase in workload norms and a mechanism for creating new units, as detailed below:

3.2.1.2 “Geographical spread” signifies, and is dependent on, the volume of business done by the various business units located in different parts of the country. The determination and standardization of workload norms in quantitative terms is a critical component of Functional Restructuring and is the forerunner of qualitative aspects of organizational functioning. The overall effectiveness of the organization, as manifested in the strict enforcement of the statutory provisions, recovery of moneys due, speedy settlement of claims, grievance redressal and customer-orientation, depend to a large extent on rationalized and achievable Work-Load Norms (WLN) for different operating units. As a matter of fact, such determination of WLN for business units is not something new to the EPFO. The phenomenal increase in business volumes from a modest 1400 establishments (1952-53) to over 3,60,000 (2003-04) has witnessed the creation of new units not contemplated in the original Act, such as the District Office, SRO, SAO, etc. The need for adding these units was solely triggered by the need to



cope with the increase in workload. It has been a continuous process of dividing the workload of the Regional Offices and pushing it downward to be shared by the newly created SROs/SAOs. If the separation of certain functions from the 'Line' command for being entrusted to the specialists called 'Staff' (Line-Staff differentiation) is an outcome of functional differentiation outward, the creation of operating levels below is an outcome of functional differentiation downward. While the former results in functional specialization in the lateral direction outside the line authority, the latter results in the addition of downstream levels in the vertical chain of command. This differentiation is an unending process in a growing organisation. With these introductory observations, let us take a look at the position currently obtaining in the EPFO on this front.

PRESENT POSITION

3.2.1.3 The number of business units operating at different levels, in the ascending order, are as follows:

Business Unit	No.
District office	163
Sub-Regional Office / Sub-Accounts Office	78
Regional Office	(17+15) = 32
Zonal Office	4
Central Office	1

3.2.1.4 The District Office is headed by an EO, the SRO & SAO by a RPFC-II and, in some cases, by an APFC, and the RO by a RPFC-I. The ZO is headed by an Addl. CPFC. The CO is headed by a CPFC. In this hierarchy, the operating business units are SRO/SAO and RO. The District Office and Zonal Office do not



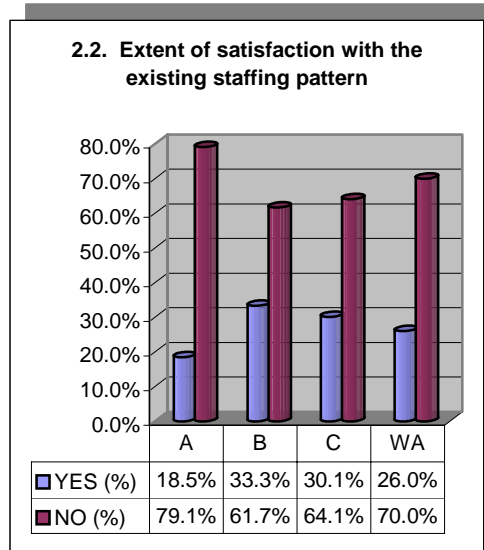
perform any operating functions under the Act. Historically speaking, the Act, as it stood in 1952, provided for CPFC, RPFC, Dy. PFC and PF Inspectors for discharging the statutory functions contemplated therein. However, the subsequent growth in volumes led to the creation of additional facilities and positions such as Addl. CPFC, RPFC-II and APFC. The post of PF Inspector – Grade I was abolished and merged with PF Inspector – Grade II and was re-designated as EO/AAO in the year 1992. Reverting to the issue of workload, the present WLN for setting up a SRO are as follows:

No. of members	Unit	Unit Head
Up to 1,25,000	SRO	APFC
Above 1,25,000	SRO	RPFC-II

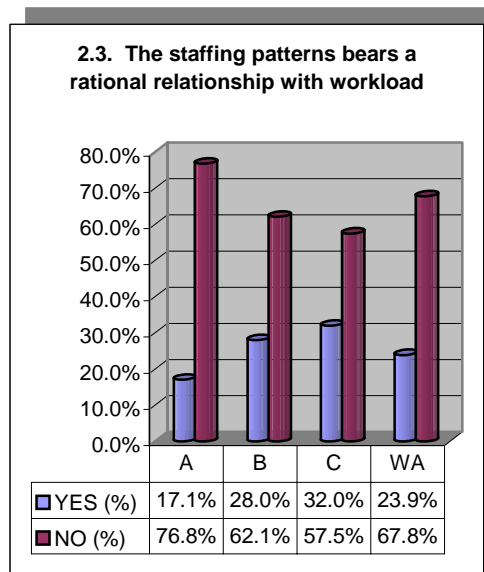


3.2.1.5 Questionnaire:

- 70% of respondents expressed their dissatisfaction with the existing staffing pattern vis-à-vis workload.

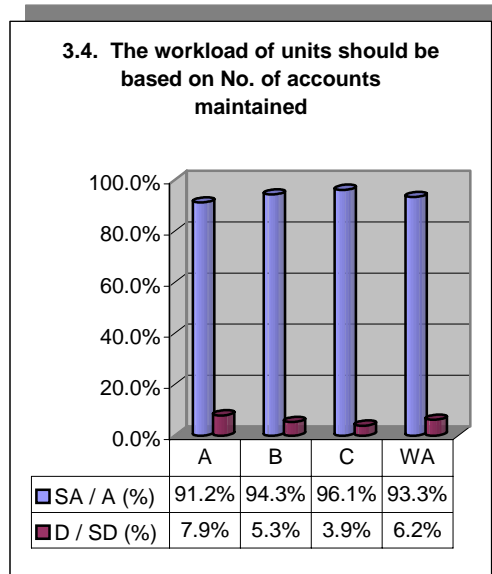


- 68% feel that the staffing pattern does not bear rational relationship with the workload.

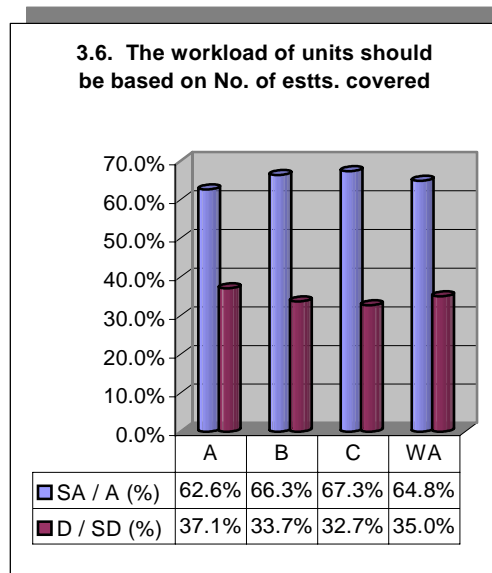




- 93% of respondents feel that the workload of units should be based on the number of accounts.

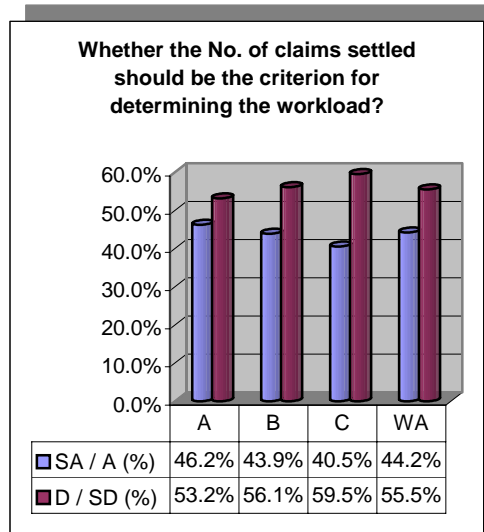


- As against this, only 65% are in favour of having the number of estts., as the criterion for determining the workload.

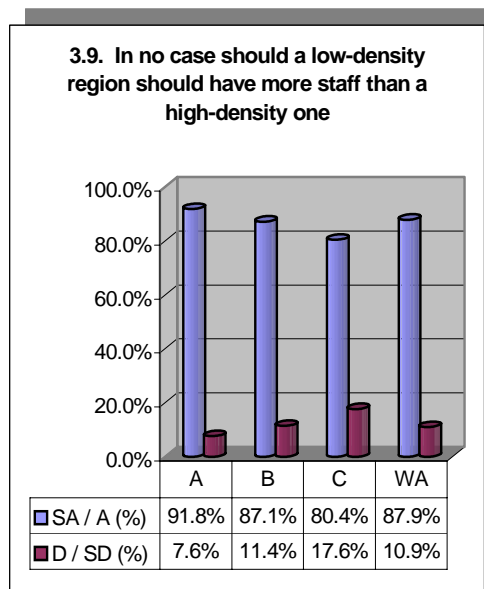




- The opinion is, however, evenly divided for determining the workload on the basis of the number of claims settled (3.8).

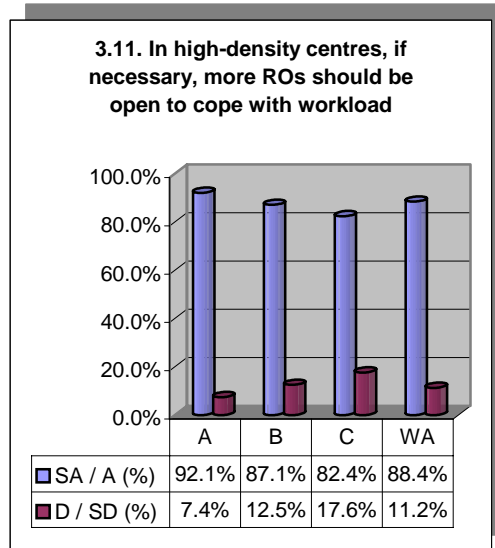


- 88% of respondents are opposed to the negative disparity in the staffing of units, i.e., low-density units having more staff than high-density units.

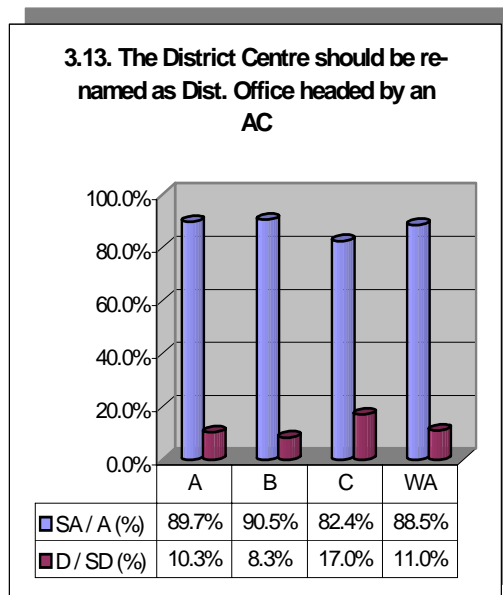




- The general feeling is that, in high-density areas, additional units should be opened in order to cope with the workload instead of entrusting the entire workload to one officer.

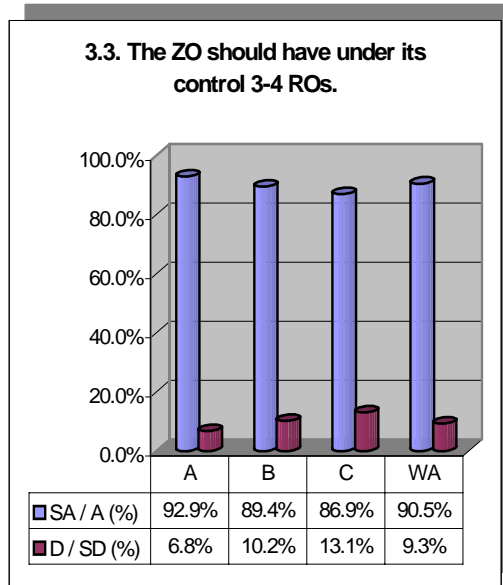


- 88% feel that the District /Service Centre should be re-named as District Office headed by Assist Commissioner.

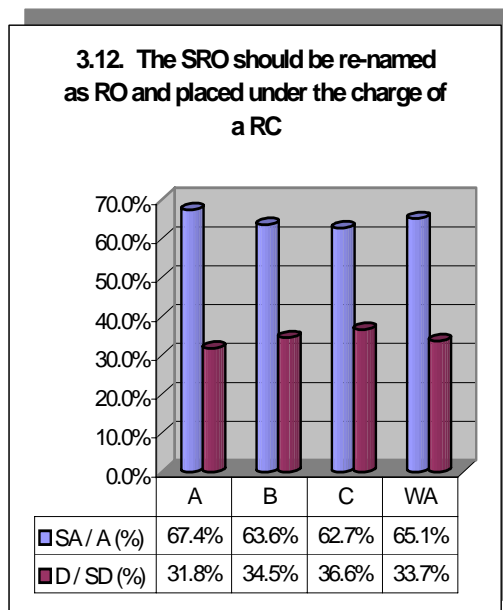




- 90% respondents feel that the Zonal Office should have under its direct control 3-4 regional offices.

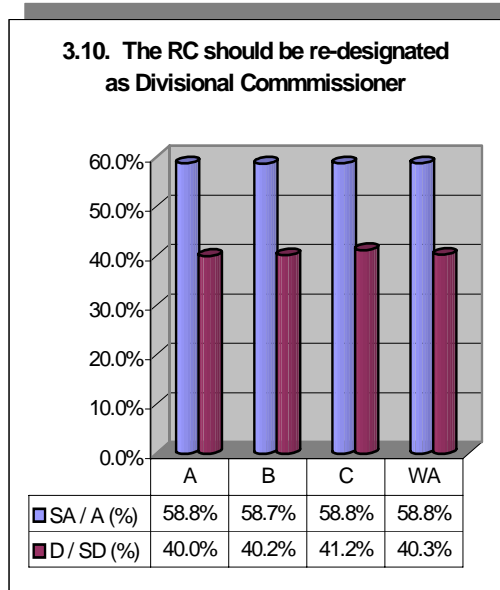


- 65% feel that the SRO should be re-named as RO, headed by RC, who should report to the Divisional Commissioner.

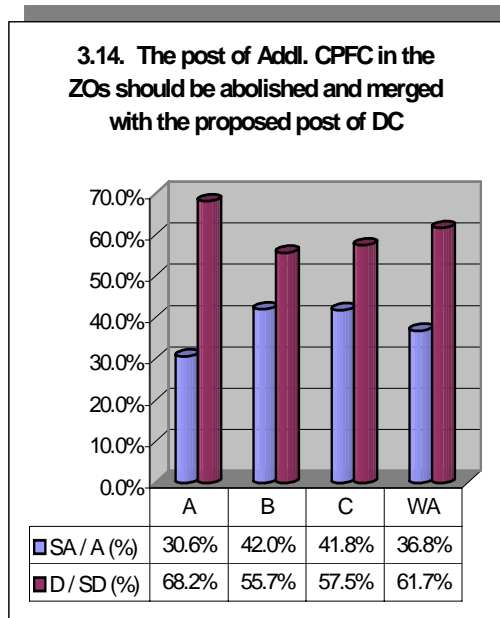




- 59% of Group ‘A’ officers (as against 41%) feel that the RC-I should be re-designated as Divisional Commissioner.

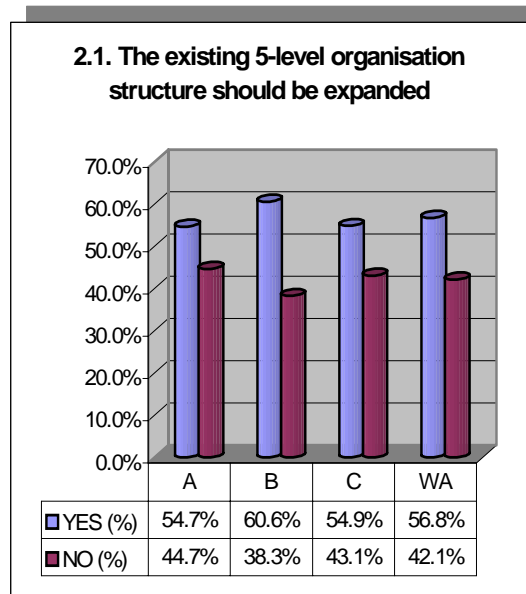


- Quite interestingly, only 37% respondents are in favour of abolishing the post of Addl. CPFC positioned in the Zones and merging it with that of Divisional Commissioner.





- 57% of respondents (as against 42%) feel that the existing 5-level organisation should be expanded.



3.2.1.6 Interview

1. Workload for an RC-II assisted by 2 or 3 ACs should not be more than 1 lakh accounts.
 - a. 1 lakh members - one Unit - RC-II
 - b. 4 Unit offices - one RO - RC-I
 - c. 4 Regions - One ZO - ZC
2. Regional office should not be entrusted with the task of settlement of claims. RC should limit his functions to monitoring, general administration, information storage and dissemination, etc.
3. The present criterion of "State" as constituting a region for the purpose of PF should be replaced by the size of the customer-base. For example, small states like Goa, Uttaranchal can be handled by an AC in view of the smaller size of membership / accounts. On the other hand, Maharashtra with 40 lakh accounts requires to be divided into several regions, instead of being handled by an RC-I.



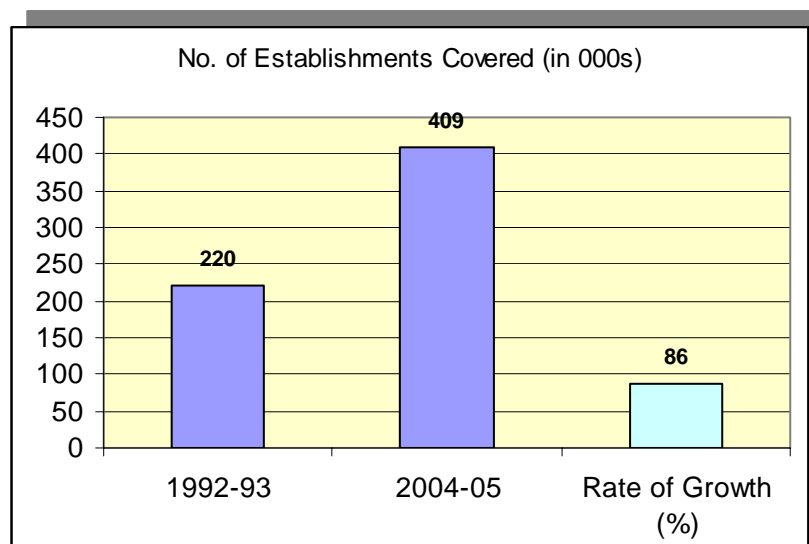
4. RC-II of many SROs are, in some cases, handling 300 employees as compared to any other corresponding level officer of the government. There is a pressing need for cadre-position parity, by suitable upgradation and other adjustments.
5. The RO should not be treated as a separate unit. RC-I should only take care of the general administration, HR related activities, and co-ordination, etc., of the entire region, instead of confining himself to the day-to-day work of the RO.
6. Where there are 4 or 5 ACs reporting to a RC, each AC should be responsible for:
 - a. Accounts which includes receiving money, maintaining accounts, accounts slips, sanctioning of advances and settlement of claims;
 - b. Compliance
 - c. Resolution of membership disputes
 - d. Assessment and Recovery
 - e. Grievance Redressal.
7. For ACs, the workload norms should be:
 - a. 700-1000 establishments or 40,000-50,000 members, whichever is less.
8. Workload norms for opening offices / creating positions:
 - a. SRO : 1 lakh members or 2 lakh Accounts
 - b. 1 RC-II [Head of the SRO] & 4 ACs
 - c. Total Staff strength: 200-225
 - d. Compliance: 700-1000 establishments: 1 AC
 - e. 1 RC-II for 1000 estts. & up to 1 lakh members
 - f. 1 RC-I for regions with more than 1 lakh members.
9. The SROs and ROs should be decentralized and moved to locations near the customer-base so that they are easily accessible to members and that the claims could be settled faster.



ANALYSIS

3.2.1.7 There has been phenomenal growth in the operations of EPFO over years and, particularly, during the past decade the increase has been staggering on almost every parameter, viz., the number of establishment covered under the Act, the number of members, the receipts, the number of claims settled per year, and so forth. Some of these facts and figures are presented here. The number of establishments covered under the Act has gone up from 2.2 lakhs (1992-93) to 4.09 lakhs (2004-05), which means an increase of 86% in a span of 12 years.

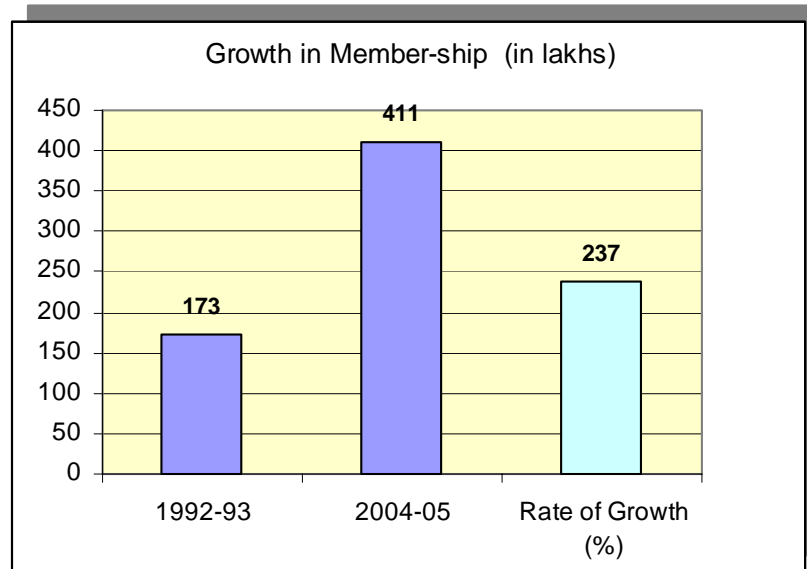
Chart – 3.2.1.7: No of Esttts. covered between 92-93 and 04-05





3.2.1.8 The membership during the same period has grown from 1.73 crores to 4.11 crores, the rate of growth being of the order of 237%.

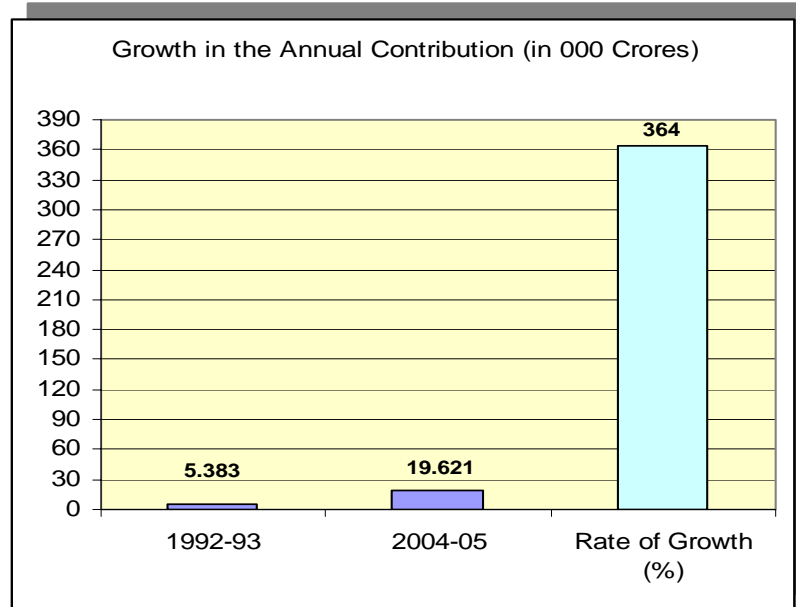
Chart – 3.2.1.8: Growth in membership between 92-93 and 04-05





3.2.1.9 The annual contribution collected during the period took a quantum jump from Rs. 5383 crores (1992-93) to Rs. 19621 crores (2004-05), a rate of growth to the tune of 364%.

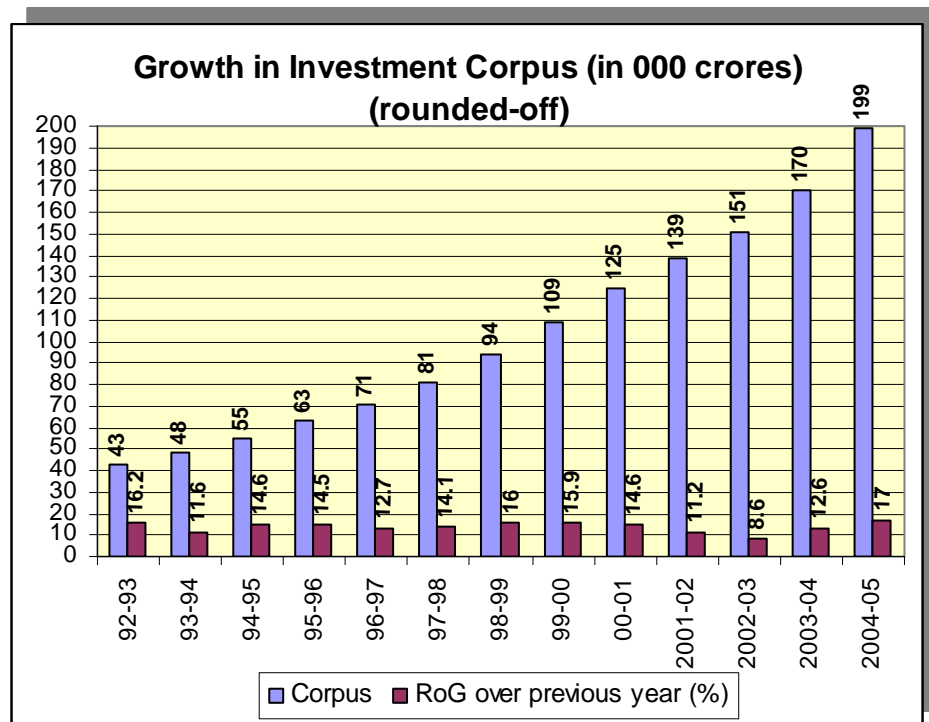
Chart – 3.2.1.9: Annual Contribution between 92-93 and 04-05





3.2.1.10 There has been a phenomenal growth in the total investment corpus in respect of which the figures are available from 1980-81. The corpus rose from Rs. 7387 crores in 1980-81 to Rs. 109125 crores in 1999-2000, which is of the order of 1477% in a span of 20 years. The corpus nearly doubled between 1999-00 and 2004-05 in so far it stood at 199015 crores as at the close of the financial year 2004-05, the rate of growth being 182%.

Chart – 3.2.1.10
Growth in Investment Corpus between 92-93 and 04-05



3.2.1.11 As against the increase in workload on all counts, the complement of EPFO grew from 16899 (1992-93) to 18709 (2004-05). In percentage terms, the growth was of the order of 10.7%. More importantly, there has been negative growth in the manpower disposition during the years 1993-94 and 2001-02. In the former,



there was a reduction in manpower to the tune of 33, whereas in the latter it was 247, and in percentage terms it was (-) 0.22% and (-) 1.3% respectively. This downhill trend in manpower has been continuing at an even more vigorous pace in that, as against a total strength of 19775 in 2003-04, the total manpower stands at 18709 as at the close of the Financial Year 2004-05, recording a negative annual growth rate of 5.4% over previous year, which is the highest ever in the history of the EPFO. The figures given in the following table further go to show that even the sanctioned positions have not been filled up in any year, and the short-fall between the sanctioned and positioned posts ranges from 7% to 20%. The average annual shortfall over the last 13 years stood at a staggering 11%.

Table – 3.2.1.11(a): Manpower Disposition from 92-93 to 04-05

Year	Sanctioned	Positioned	Difference (%) (Rounded off)
1992-93	18174	16899	(-) 7
1993-94	18758	16863	(-) 10
1994-95	19442	17265	(-) 11
1995-96	19672	17483	(-) 11
1996-97	20265	17612	(-) 13
1997-98	20455	17803	(-) 13
1998-99	20656	19024	(-) 8
1999-00	20973	19534	(-) 7
2000-01	20984	19574	(-) 7
2001-02	21022	19327	(-) 8
2002-03	21780	19329	(-) 11
2003-04	23276	19775	(-) 15
2004-05	23276	18709	(-) 20
Average Annual Short-fall			(-) 11%



Chart – 3.2.1.11(b): Manpower Disposition from 1992-93 to 2004-05

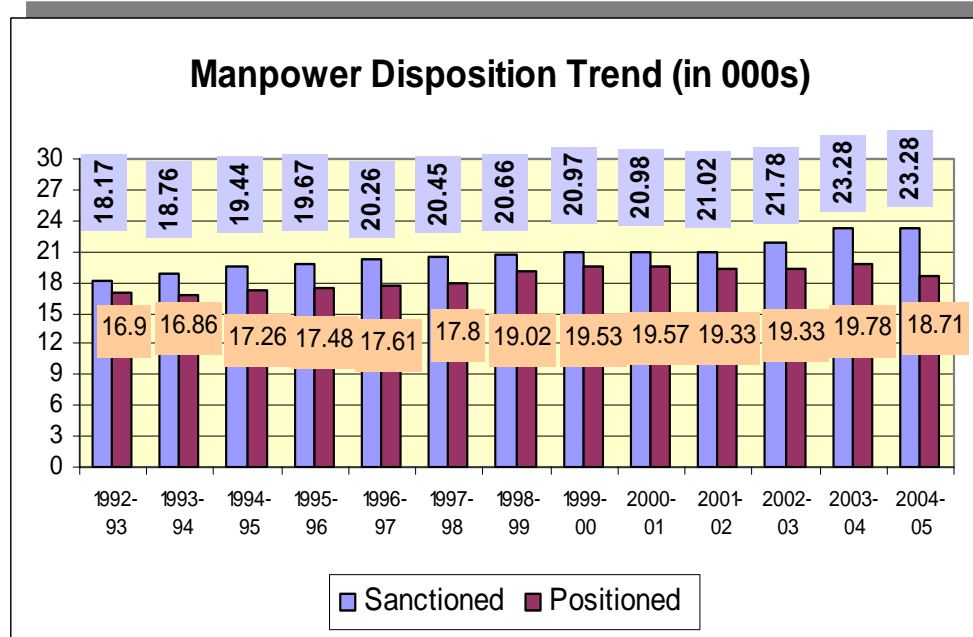
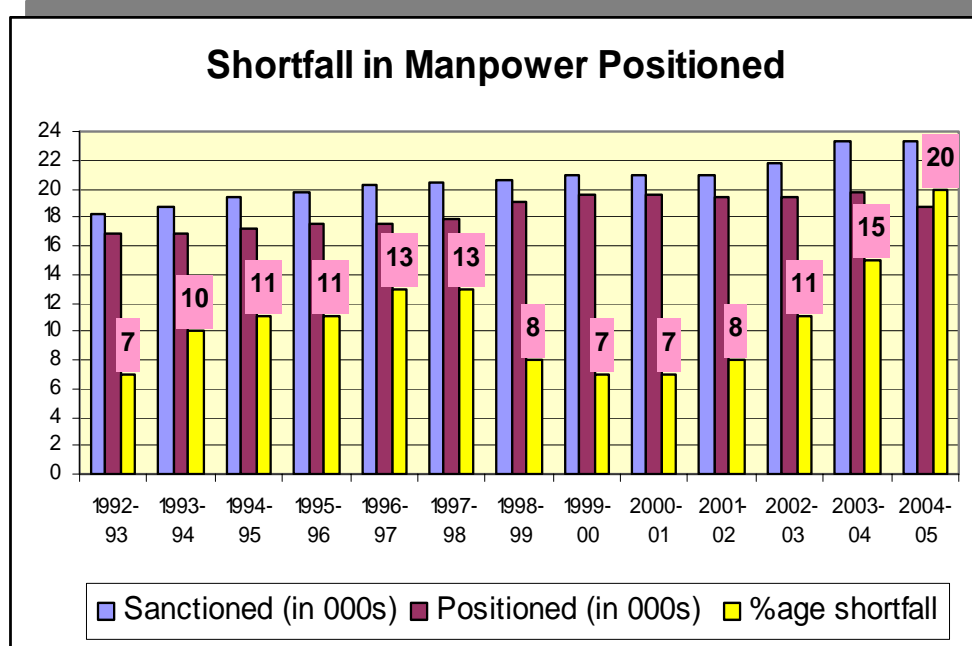


Chart – 3.2.1.11(c): Manpower Disposition from 1992-93 to 2004-05





3.2.1.12 The Group-wise break-up of sanctioned manpower as against manpower actually positioned as on 31.03.2005 (appended below) discloses that there has been a shortfall in every Group ranging from 12% in Group 'D' to 22% in Group 'C', while Group 'A' and 'B' account for a shortfall of 20% & 11% respectively. The total shortfall in the positioned strength (all Groups put together) was 4567 (20%).

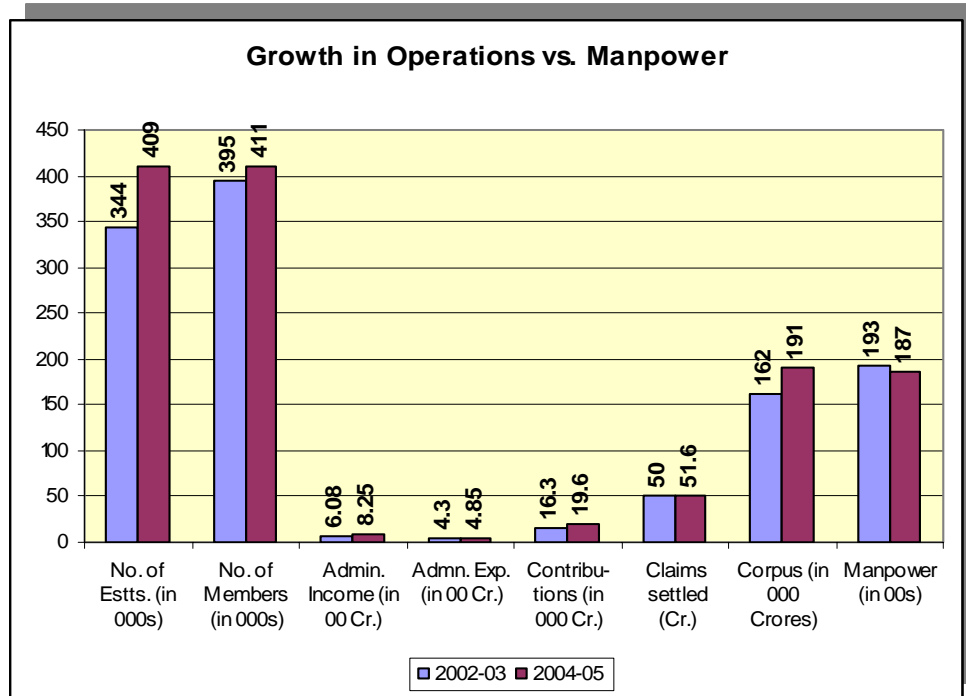
Table – 3.2.1.12: Group-wise manpower disposition & Shortfall

Group	Sanctioned	In position	Shortfall (-)	% (-)
A	675	537	(-) 138	(-) 20
B	2222	1982	(-) 240	(-) 11
C	17959	14057	(-) 3902	(-) 22
D	2420	2133	(-) 287	(-) 12
Total	23276	18709	(-) 4567	(-) 20

3.2.1.13 The growth in manpower during the period from 2002-04 to 2004-05 as compared to the growth in operations – in terms of (a) the number of establishments covered, (b) the number of members (c) the increase in the PF contributions, (d) the number of claims settled and the amount involved, and (d) the income and expenditure under the Head “administrative charges” – shows a negative growth in manpower to the tune of 3.2% from 19329 (2002-03) to 18709 (2004-05) at all levels. This phenomenon has placed the EPFO in a double jeopardy in so far as (a) the number of establishments covered has increased from 344508 to 408831, (b) the number of members from 3.95 crores to 4.11 crores, and (c) the number of claims settled went up from 50 lakhs to 51.6 lakhs.



Chart – 3.2.1.13: Growth in Operations vs. Manpower



3.2.1.14 The above charts reveal a two-fold inconsistency in the operations management of EPFO. In the first place, there was no manpower planning worth the name, as can be seen from the fact that the manner in which positions were sanctioned from time to time had no rational or intelligible relationship either with manifold increase in the workload on almost every parameter or with the very norms set by the EPFO for sanctioning additional manpower and/or creation of new units. The EPFO was all along operating from a reactive mode than anticipation and forecasting in the matter of matching human resource requirements to the operational needs. Secondly, the manpower sanctions, howsoever unrealistic they might be, remained merely on paper without getting translated into concrete actions for positioning manpower at the right time or for



creating additional business units. In the ultimate analysis, officers and staff in all groups and at all levels are required to cope with staggering increase in workload in the face of a universal shortfall in strength aggregating to a little over 4500 employees. It is even more surprising that the manpower registered a negative growth during some years as for instance, in 2001-02 and again in 2004-05, when it touched an all time low of (-) 5.4% over the preceding year. The non-adherence to the workload norms has resulted in wide disparities and distortions among co-ordinate units, which problem is not merely confined to SROs / SAOs, but extends to ROs. Bandra RO has been repeatedly cited as a striking example of workload disparity. It is in this background that we need to look at the present WLN, which were fixed quite some time back and are currently in force.

- 3.2.1.15 We share the feelings of dissatisfaction, expressed by officers and employees at every level, with regard to (a) the staffing pattern, (b) the unscientific approach to workload determination, (c) the non-filling up of the sanctioned positions, and finally with regard to (d) the workload inequity among co-ordinate business units. We endorse the views of organizational participants that the WLN of business units should have some rational relation with the number of accounts/members handled as well as the number of establishments covered. We are not favourably inclined to include the number of claims settled for the purpose of determining the WLN. Such a parameter would infuse a few more distortions, in the light of the fact that the settlement of claims is dependent on retirement, disability, and death of members (and resignations and terminations), which are highly unpredictable in terms of (a) long



gestation before retirement, (b) regularity of their occurrence, and (c) absence of uniform trends among co-ordinate units.

3.2.1.16 We do not subscribe to the view that the present five levels in the hierarchy should be increased. Too many levels would only contribute to bureaucratic delay. On the other hand, we are strongly in favour of reducing the number of levels from five to four coupled with greater delegation and decentralization of decision making authority. The four levels of business units, in the ascending order, are: (a) Branch Office, (b) Regional Office, (c) Zonal Office and (d) Corporate Office. Again, the issue is not so much the re-christening of Business Units or Unit Heads as the real and substantial restructuring aimed at improving operational efficiency. The exercise should meet the objective of removing the present inequitable distribution of workload as well as the uneconomic processes and unproductive facilities.

3.2.1.17 We endorse the view of majority of respondents that as and when the workload increases beyond a certain limit, there should be a mechanism by which new business units are opened and the corresponding increase in the workload is diverted to them. We also agree with the suggestion that the business units should be located closer to the customer-bases and not at far off places which makes it difficult for them to have access to the officers. A few officers were of the view that the "RC should not be entrusted with the settlement of claims or have original jurisdiction, but should be confined only to monitoring the work of subordinate units, administration, information storage and dissemination." We do not agree with this suggestion. The present system in which the RC exercises both original and supervisory jurisdictions is



perfectly all right. We recognize that there is a conflict in the roles performed by RCs – one in their original capacity and the other in their supervisory capacity. This role conflict is not uncommon nor is it unique to EPFO. This conflict occurs due to, and results from the necessity for a person to carry out two (or more) roles in the same situation, and from his own perception of which of the two roles is more important. Once the Officer is aware of the fact that his overall performance is measured not merely on the basis of the original work done by him as the Head of the RO, but also on the basis of *“how effectively he supervised the functioning of SROs / SAOs placed under his direct control”*, the issue of defending himself as against his subordinate gets automatically resolved. This aspect has been taken care of in the section titled “Performance Management” (Chapter-5). Hence we are of the view that the Regional Office should continue to retain its original and supervisory jurisdictions.



RECOMMENDATION

3.2.1.18 In this section, our main focus is on the determination of reasonable and achievable workload norms for Business Units at different levels. It therefore follows that the recommendations made hereunder seek to address the Line Functions, which are critical for realizing organizational objectives. Accordingly, this section is silent with respect to the Staff Functions such as HR, administration, information services, NATRSS and ZTI, which have been dealt with elsewhere in the report, because they play no part in the determination of WLN.

3.2.1.19 We recommend the merger of District Office with SRO to create a new Business Unit, i.e., Branch Office with original jurisdiction. Above the Branch Office, there shall be Regional Office. The Regional Office will be an Operating Business Unit, in so far as it has original jurisdiction. In addition, it shall exercise supervisory jurisdiction over Branch Offices. Above the Regional Office, there shall be the Zonal office with exclusive supervisory, monitoring and appellate jurisdiction over the Regional Offices and their subordinate units. We recommend the following WLN and staffing pattern for different Business Units commencing with Branch Office in the ascending order.

**3.2.2 BRANCH OFFICE (BO)**

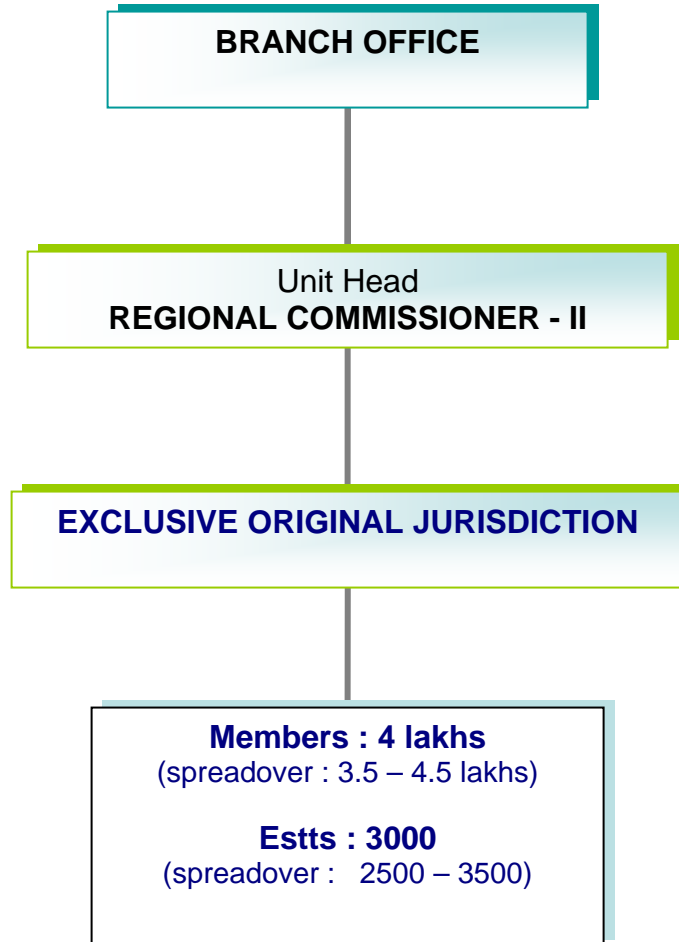
3.2.2.1 As outlined in Para 3.2.2.1.1, the present District Office (which shall be merged with SRO/SAO) shall stand upgraded and re-named as BO. The BO shall be the base unit with original jurisdiction. Taking all the factors into consideration, we recommended the following workload norms for each BO:

1	Number of members	4,00,000
2	Spread-over range of (1)	3,50,000 – 4,50,000
3	No of Establishments	3000
4	Spread-over range of (3)	2500 – 3500
5	Head of the Unit	
(a)	Regional Commissioner - II	1
6	Manning Pattern	
(a)	Deputy Commissioners	3
(b)	Assistant Commissioners	4
(c)	Sr. EO / AO	13 (minimum)
(d)	EO/AAO	22 (minimum)
(e)	SSA/Sr. SSA	87 (minimum)
(f)	Others (OL, Programmer, Steno, MTAs, Driver, etc.	19
(g)	Total complement	149
7	CORE CRITERION	NO. OF MEMBERS



3.2.2.2

Branch Office – Magnitude of Workload



**3.2.3 REGIONAL OFFICE (RO)**

3.2.3.1 The Regional Office shall exercise both Original and Supervisory Jurisdictions as detailed below

3.2.3.2 Original Jurisdiction

1	Number of members	4,00,000
2	Spread-over range of (1)	3,50,000 – 4,50,000
3	No of Establishments	3000
4	Spread-over range of (3)	2500 – 3500
5	CORE CRITERION	NO. OF MEMBERS

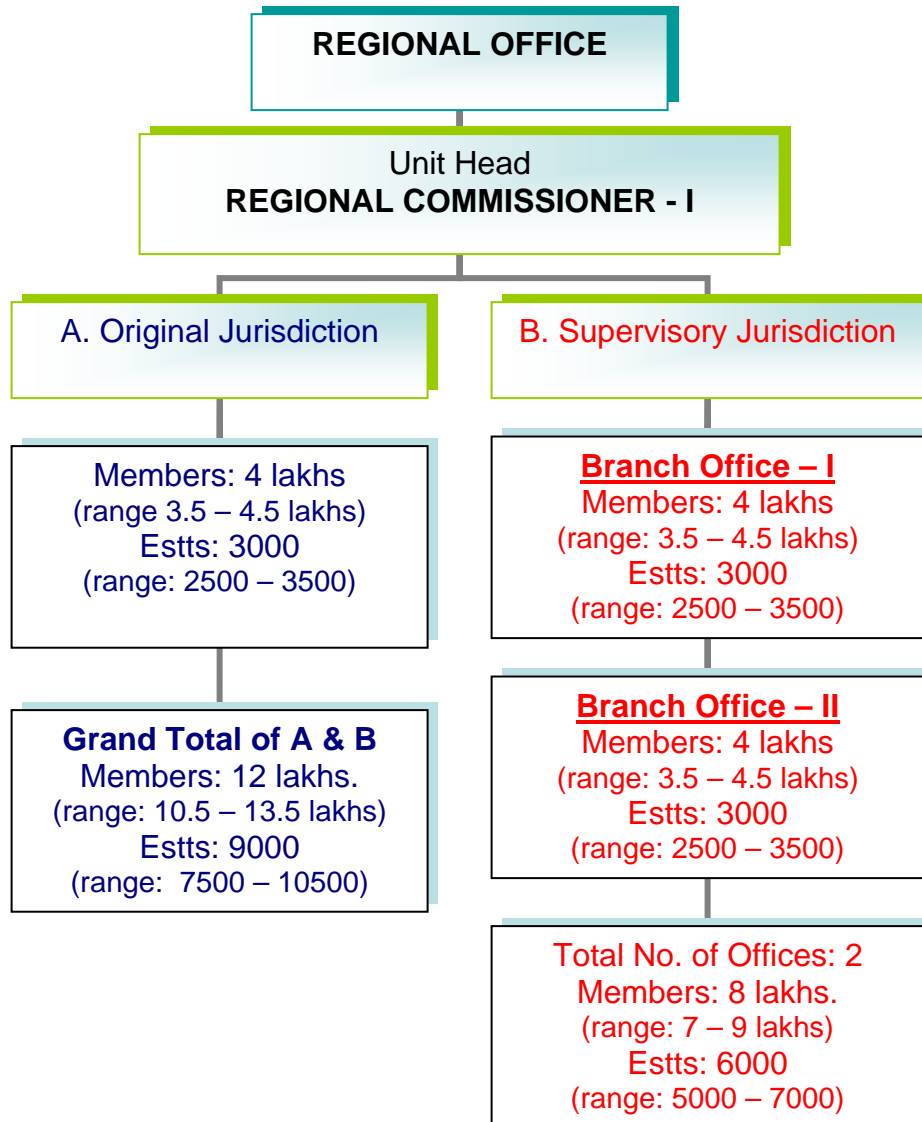
3.2.3.3 Supervisory Jurisdiction

1	No of BOs	2 (Two)
2	Head of the Unit	
(a)	Regional Commissioner - I	1
3	Manning Pattern	
(a)	Regional Commissioner-II	3
(b)	Deputy Commissioner	3
(c)	Asst. Commissioner	4
(d)	Sr. EO / AO	13 (minimum)
(e)	EO/AAO	22 (minimum)
(f)	SSA	87 (minimum)
(g)	Others	27
(h)	Total complement	160
4	Magnitude of Work Load	
(a)	No. of Business Units	3 (1+2)
(b)	No. of Members - Range	10.5 lakhs – 13.5 lakhs.
(c)	No. of Establishments - Range	7500 – 10500



3.2.3.4

Regional Office – Magnitude of Workload



**3.2.4 ZONAL OFFICE**

3.2.4.1 The ZO exercises supervisory and administrative jurisdiction and acts as a trouble-shooter for the Divisions, Regions and Branches under its control. It is the principal data bank for the Central Office in respect of the operations of down-stream business units. It is the via media between the CO and operating business units.

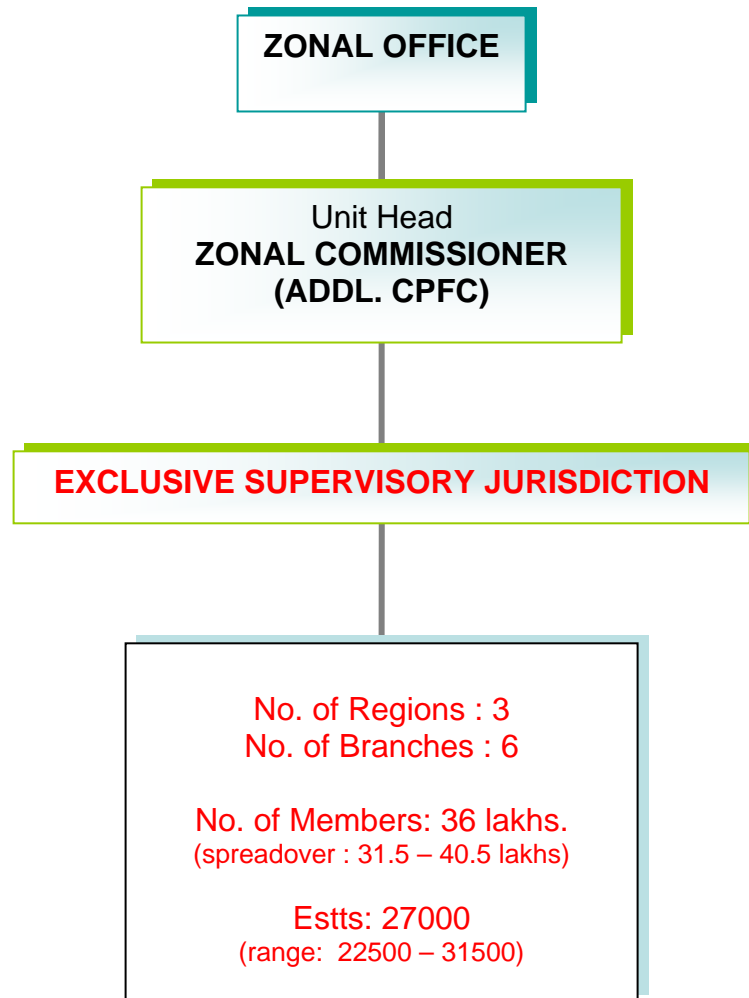
3.2.4.2 Supervisory Jurisdiction only

1	No of ROs	3 (Three)
2	Head of the Unit	
(a)	Zonal Commissioner	1
3	Manning Pattern	
(a)	Regional Commissioner-I	2
(b)	Director - Vigilance	1
(c)	Director – Audit	1
(d)	Director – IS	1
(e)	Regional Commissioner – II	3
(f)	Deputy Commissioner	6
(g)	Deputy Director – Vigilance	1
(h)	Deputy Director – Audit	1
(i)	Deputy Director – IS	2
(j)	Deputy Director (OL)	1
(k)	Asst. Commissioner	2
(l)	Asst. Director – Vigilance	2
(m)	Asst. Director – Audit	2
(n)	Sr. EO / AO	6
(o)	EO	2
(p)	SSA	27
(q)	Others	31
(r)	Total complement	92
4	Magnitude of Work Load	
(a)	No. of Business Units	9 (3+6)
(b)	No. of Members – Range	31.5 lakhs – 40.5 lakhs
(c)	No. of Establishments – Range	22,500 – 31,500



3.2.4.3

Zonal Office – Magnitude of Workload (Supervisory)





3.3 ORGANISATIONAL HIERARCHY & MANNING

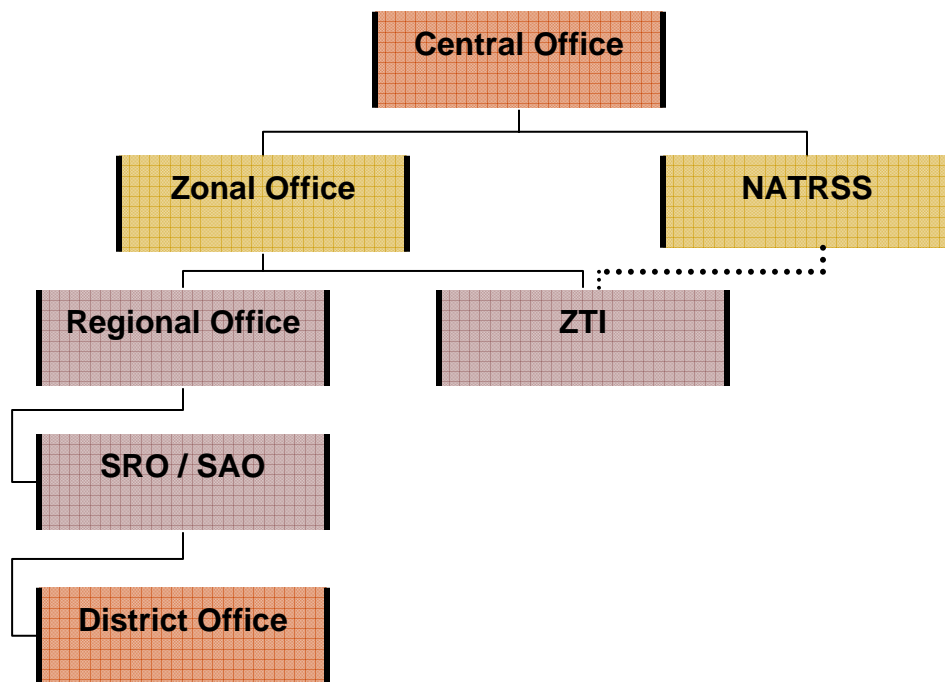
3.3.0 'Organisational Hierarchy' refers to the number of levels created in an organisation in the top-down order, and indicates the channel through which the communication flows. Organizational hierarchy, as generally expressed in the form of a chart, is not a mere diagram showing downward and lateral lines connecting different boxes. It reveals the story as to how the business is done and discloses the instrumentalities through whom the tasks are accomplished. It is the basic step in the process of laying down the structure of formal relationships that should exist among people at different levels. From a traditional perspective, it also presents a clear idea of who is at the helm of affairs and who is at the lowest rung of the ladder, apart from the status, position and the degree of authority conferred on the incumbent relative to his immediate superior and subordinate officers. This aspect has been discussed under the following heads:

3.3.1	Organisational Hierarchy - Corporate Level
3.3.2	Organisational Hierarchy - Business Unit Level
3.3.3	Hierarchy & Manning - Branch Office
3.3.4	Hierarchy & Manning - Regional Office
3.3.5	Hierarchy & Manning - Zonal Office
3.3.6	Hierarchy & Manning – Corporate Office
3.3.7	Hierarchy & Manning - Zonal Training Institute
3.3.8	Hierarchy & Manning - NATRSS



3.3.1 ORGANISATIONAL HIERARCHY - CORPORATE LEVEL

3.3.1.1 Presently, there are five operational levels as detailed below:





SURVEY OUTCOMES

3.3.1.2 Interview

1. Central office structure should be determined on a different set of criteria, and not as per the norms applicable to field officers like RC, AC, etc.
2. Reporting systems are clumsy. There is practically no concern for the need to adhere to the hierarchy. The Zonal Commissioners are completely bypassed by the officials of the Central Office.
3. Change should be in the top-down direction and not the other way round.
4. The Central Office can be aptly described as comprising “one officer, all others being peons regardless of their level, qualifications, experience, and expertise.
5. The reporting systems are in a shambles. To illustrate, Additional CPFCs are sidelined. They are like pensioners while being in active service. Their expertise and experience is not utilized to the optimum advantage of the EPFO.
6. The HO should stop communicating directly with Regions and should route it through the Additional CPFCs.
7. The difference in the designations RC-I and RC-II are known to the internal participants of the EPFO, but not known to the outsiders. These should be re-designated properly so that the distinction between them and the difference in the levels is *prima facie* known to every one who deals with EPFO.
8. Like the Addl. Commissioners posted in different zones, the Addl. Commissioners based at Delhi also do not have any powers with the sole exception of Addl. Commissioner (HR). These positions can be dispensed with.



ANALYSIS

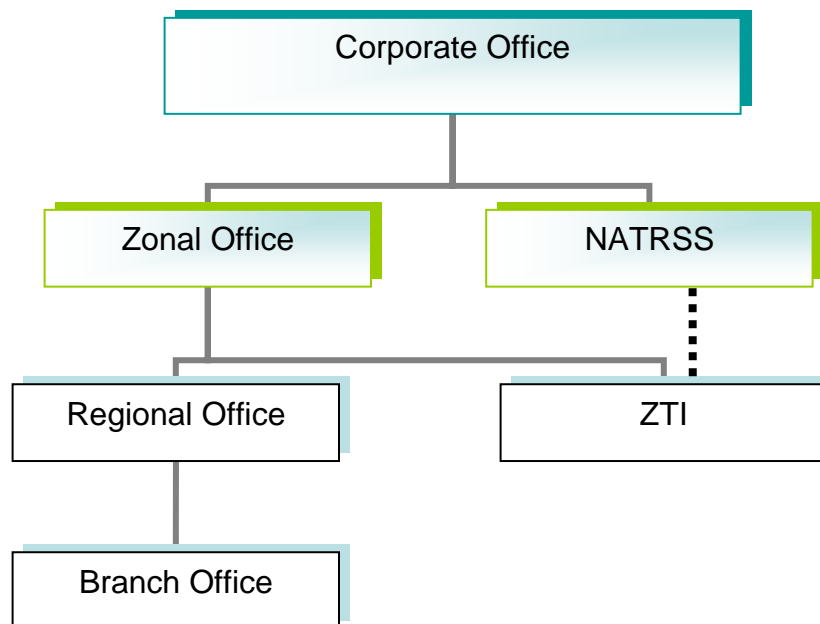
3.3.1.3 One object of the BPR exercise is to make the EPFO customer-friendly. Secondly, as will be seen later in this chapter, is to devolve decision-making power down the line coupled with fixing responsibility and accountability, and bring the EPFO closer to the customer-base for speedy disposal of claims and redressal of subscriber grievances. Keeping the current business goals and the long-term projections as, for instance, extending the social security cover to some 36 crore workers engaged in the unorganized sector, the following hierarchy is recommended in place of the existing one.

RECOMMENDATION

3.3.1.4 The number of levels in the hierarchy in the new BPR model organization suggested below remains the same as that of the present one. The major departure, however, lies in the fact that the District Office is upgraded into a functional/productive Office and re-named as Branch Office. The essence of the new hierarchy in functional terms is the devolution of power to the lower rung on the one hand and moving the functional units closure to the customer base with a view to ensure effectiveness and speed in transactions. The recommended Business Units at different levels in the hierarchical ladder and the Heads of the Business Units are as per the following chart.

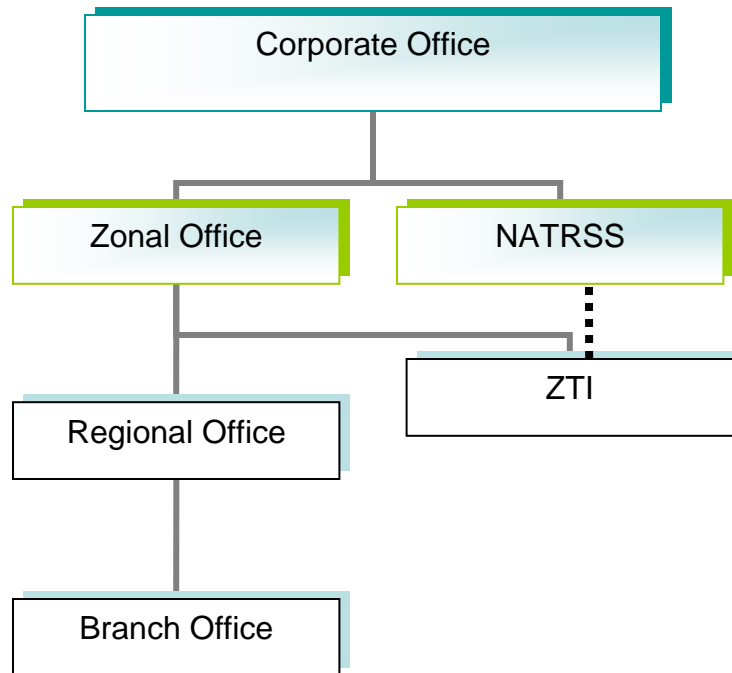


3.3.1.5 Recommended Hierarchy – Corporate Level

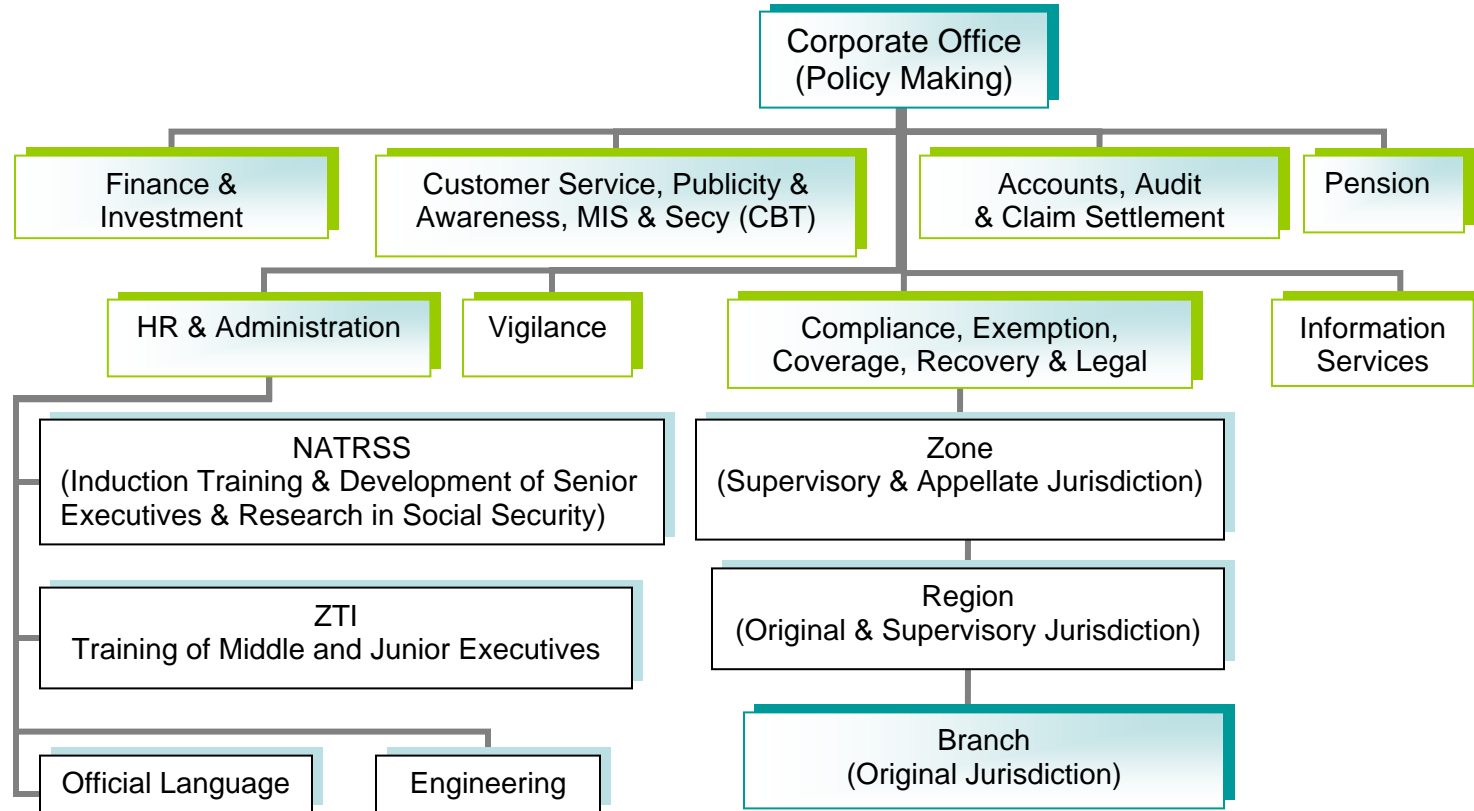




3.3.1.5 Recommended Hierarchy – Corporate Level



3.3.1.6 Recommended Functional Structure – Corporate Level



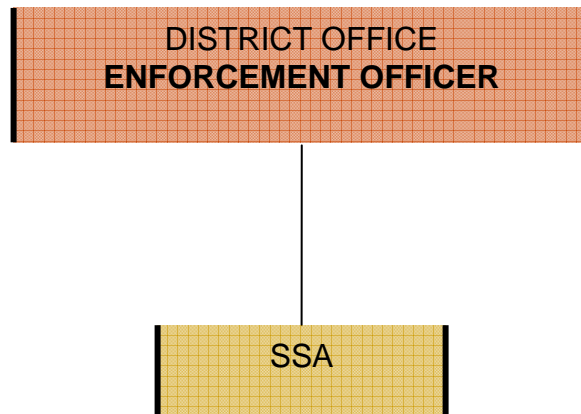


3.3.2 ORGANISATIONAL HIERARCHY - BUSINESS UNIT LEVEL

PRESENT POSITION

District Office

3.3.2.1 The District Office is headed by an EO assisted by one SSA and, in some cases, only an office boy. The DO is, for all intents and purposes, a centre for mere collection of documents from the external stakeholders for being forwarded to the SRO / SAO / RO concerned. The organization structure of DO is as follows:



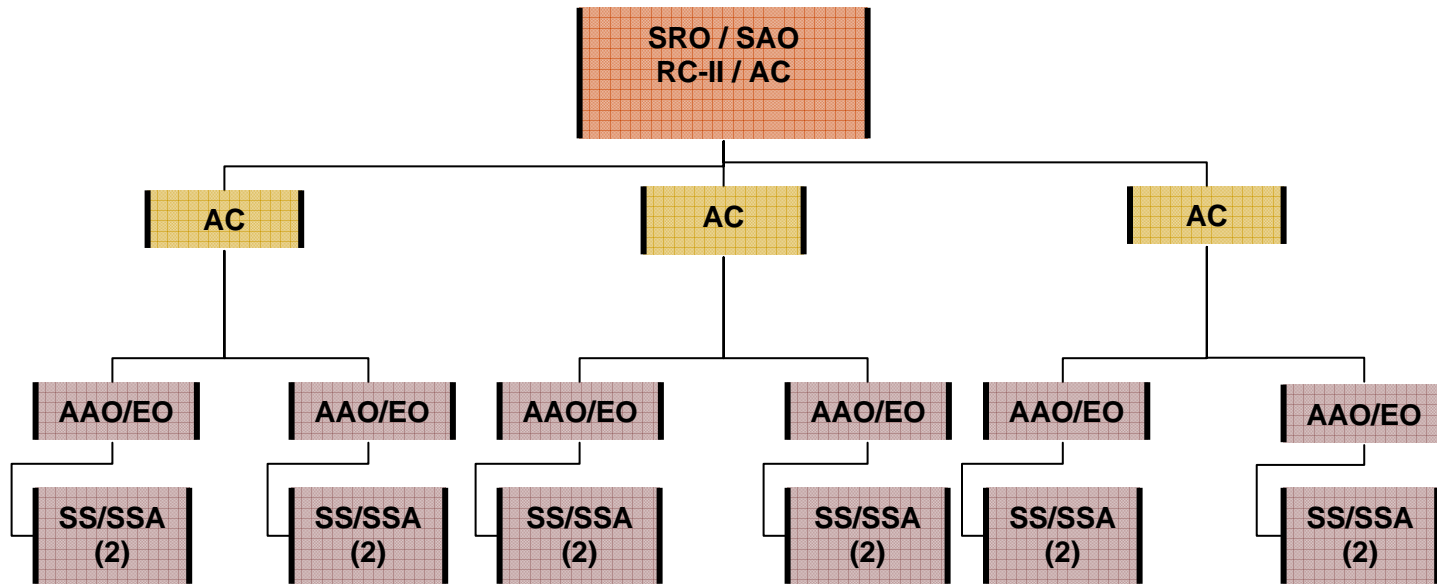
**ANALYSIS**

3.3.2.2 It is observed that the functions discharged by the District Office are not scientifically organised. It has been reduced to the status of a center for collecting documents from members and transmitting them to SRO/SAO. There is no output, in tangible terms, from the staff members deployed in the District Office, except introducing one more step in the settlement / redressal process leading to unwarranted delay. The entire work done by the staff in the District Office is duplicated at the SRO / SAO *in toto* in so far as the staff working in SRO / SAO are required to go through all the formalities/procedures commencing from the receipt of the documents through processing and final decision-making. Thus, the District office is nothing more than a drag on the resources of EPFO contributing nothing worthwhile to the organisation for the investment made in terms of physical and human assets.

Sub-Regional Office / Sub-Accounts office

3.3.2.3 Between the District Office and the Regional Office, there is a Sub-Regional Office (SRO) and a Sub-Accounts Office (SAO). The SRO and SAO are co-ordinate offices catering to different aspects: the former focusing on compliance, enforcement, recovery, etc., and the latter on maintaining the accounts of members and settlement of claims. The SROs / SAOs are headed by a RC-II in some cases, and by an AC in others. There are 82 SROs /SAOs at the moment out of which 40 are headed by RPFC-II, and 42 by AC. The unit head is assisted by an AC and/or EOs, AAOs and other ministerial staff. The following is the structure of a typical SRO headed by an officer of the level of RPFC-II

3.3.2.4 Present Organisational Hierarchy – SRO/SAO

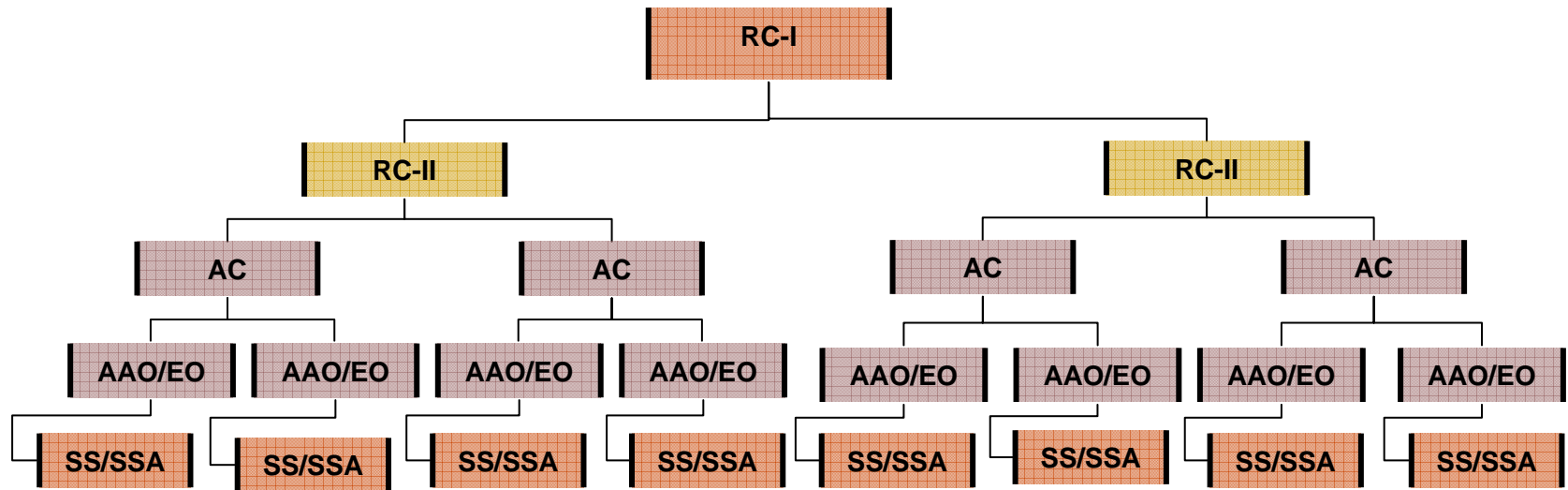




Regional Office

3.3.2.5 In the current scheme of things, Regional Office constitutes the vital unit for the EPFO. There are at present 32 ROs, each of which is headed by an officer of the level of RPFC-I. From the standpoint of business processes, the RO is more complex in its structure than a SRO or SAO. From a traditional perspective, ROs are considered to be coextensive with the political States, though there are exceptions to this general rule in respect of smaller States or States with a lesser degree of industrialization. As regards the latter class of States, one RO looks after more than one State. The RO is, by implication, the final and superior unit in so far as the implementation of the provisions of Act is concerned. From the standpoint of workload too, the RO stands on a higher footing than any other unit below. The RO discharges original as well as supervisory functions: original, in so far as it performs functions such as compliance, coverage, recovery, accounts, settlement, etc., and supervisory, to the extent that it oversees the working of SRO / SAO. The typical structure of a RO with a large base of members and establishments is as follows:

3.3.2.6 Present Organisational Hierarchy - RO





ANALYSIS

- 3.3.2.7 The practice of the RO discharging both original and supervisory functions, i.e., as in-charge of the Region and as the Head of the RO, in respect of the same business processes, has given rise to certain managerial incongruities and perpetual role-conflict. More often than not, the RC is forced to defend his own unit as against the SRO / SAO, which, in reality, is subordinate to him and is under his direct control and supervision. This general disposition on the part of RC-I has resulted in an unhealthy competition between himself and his own direct subordinates.
- 3.3.2.8 The organisation structure suggested in the BPR Report (at Para 5.1.) has provided for only three levels, the Branch Office, Regional Office and Central Office. Out of these, there is only one operating level, i.e., Branch Office with Regional Office as a supervisory and monitoring unit, and the Central Office at the apex level. This essentially means condensing the existing five levels to three. We have no disagreement on the general assumption that the lesser the number of levels between the top and the bottom, the greater the facility of communication and delegation and the greater the operational efficiency. All the same, we cannot entirely ignore the fact that the EPFO has set certain collateral objectives on the HR front, and that any BPR exercise will be successful if only it takes into consideration the needs and aspirations of its human resources. We are also in agreement with the positions, roles and responsibilities prescribed in the BPR for different functionaries operating at different levels. But, we are not in favour of a drastic reduction in the number of levels from 5 to 3. We prefer a via media in the light of what we



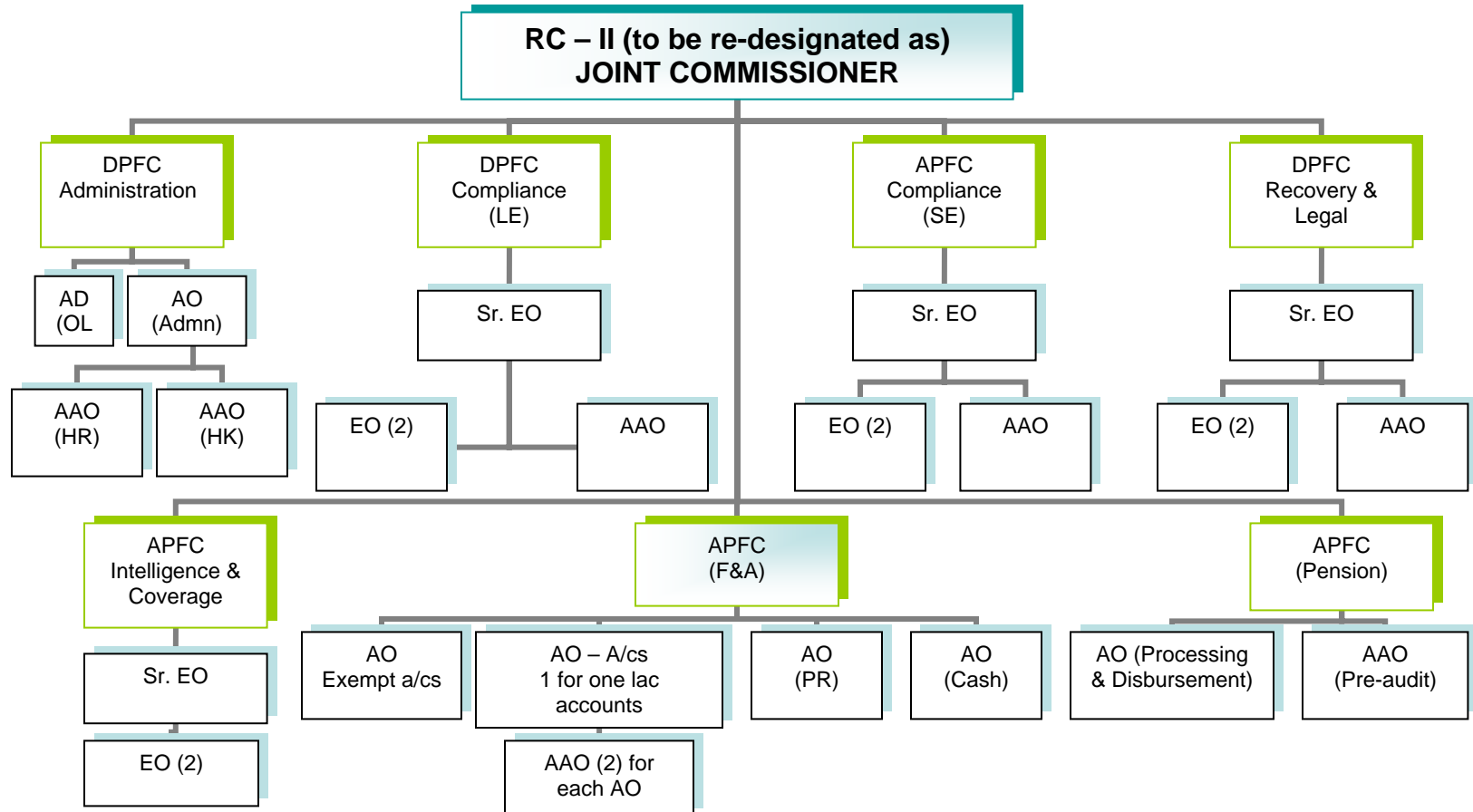
stated above and recommend a 4-tier structure. The new organizational structure thus consists of (i) Branch Office at the lowest rung with an exclusive original jurisdiction, (ii) Regional Office with original and supervisory jurisdiction, (iii) Zonal Office with supervisory and appellate jurisdiction and (iv) Corporate Office at the Apex level.

RECOMMENDATION

3.3.3 HIERARCHY & MANNING - BRANCH OFFICE

3.3.3.1 The BO be headed by Regional Commissioner-II. (As can be seen from our recommendations in the following sections, the RC-II may be re-designated as JOINT COMMISSIONER, though we have frequently used the present designation of RC-II in this report). He will be assisted by Deputy Commissioners and Assistant Commissioners and other officers/staff of Groups 'B' & 'C' as shown below:

3.3.3.2 **Recommended Hierarchy – Branch Office**



**3.3.3.3 Recommended Manning Pattern – Branch Office**

S No	Function	Manning	Total
1	UNIT HEAD	RC-II (JC)	1
2	COMPLIANCE	DC (LE)	1
		AC (SE)	1
		Sr. EO (1+1)	2
		EO (2+2)	4
		AAO (1+1)	2
		SSA (5+4)	9
3	RECOVERY & LEGAL	DC	1
		Sr. EO	1
		EO	2
		AAO	1
		SSA	4
4	INTL. & COVERAGE	AC	1
		Sr. EO	1
		EO	2
		SSA	2
5	FINANCE & ACCOUNTS	AC	1
		AO (4+3)*	7
		AAO	8
		SSA	49
6	PENSION	AC	1
		AO	1
		AAO	1
		SSA (4+3+4)**	11
7	ADMINISTRATION	DC	1
		Asst. Director (OL)	1
		AO	1
		AAO	2
		Hindi Translator	1
		SSA	12
8	GENERAL / MISC.	Progrmr./ Asst. Progrmr	1
		Steno/PA	3
		MTAs	12
		Driver	1
	TOTAL		149

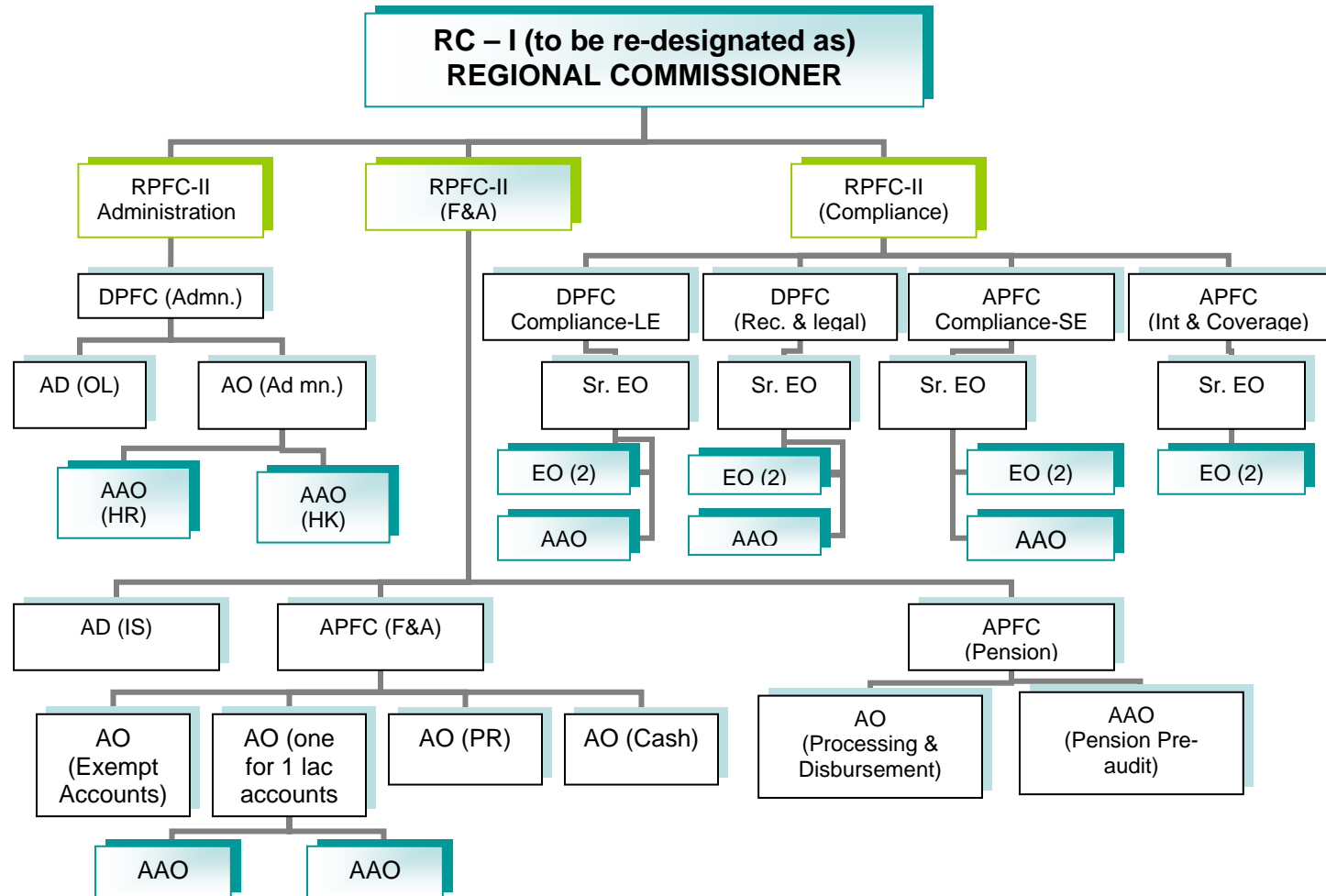
- (*) 1 AO shall be deployed for every one lakh accounts
(**) 1 SSA (P &D) and 1 SSA (Pension pre-audit) shall be deployed for every one lakh members, and 1 SSA (reconciliation) for every 10,000 pensioners.



3.3.4 HIERARCHY & MANNING - REGIONAL OFFICE

3.3.4.1 It is recommended that the traditional notion of the RO being coextensive with political States be dispensed with. Instead, the RO should be constituted on the basis of the workload norms suggested in the preceding paragraphs. The RO should be headed by Regional Commissioner-I. The present role-conflict involved in performing original and supervisory functions can be resolved by making the RC-I responsible for the overall performance not only of the RO, but also the BOs operating under his control, and by incorporating the same parameter in the performance appraisal of RC-I. This aspect has been discussed at some length in the theme titled "Performance Management" in Chapter-5. (As can be seen from our recommendations in the following sections, the RC-I may be re-designated as REGIONAL COMMISSIONER by removing the suffix "I", though we have frequently used the present designation of RC-I in this report). He will be assisted by RC-II (Joint Commissioners), Deputy Commissioners and Assistant Commissioners heading the various business processes.

3.3.4.2 **Recommended Hierarchy – Regional Office**



**3.3.4.3 Recommended Manning Pattern – Regional Office**

S No	Function	Manning	Total
1	UNIT HEAD	RC-I (RC)	1
2	COMPLIANCE	RC-II (JC)	1
		DC (LE)	1
		AC (SE)	1
		Sr. EO (1+1)	2
		EO (2+2)	4
		AAO (1+1)	2
		SSA (5+4)	9
2(a)	Recovery & Legal	DC	1
		Sr. EO	1
		EO	2
		AAO	1
		SSA	4
2(b)	Intelligence & Coverage	AC	1
		Sr. EO	1
		EO	2
		SSA	2
3	FINANCE & ACCOUNTS	RC-II (JC)	1
		AC	1
		AO (4+3)*	7
		AAO	8
		SSA (40+1+2+6)**	49
3(a)	Pension	AC	1
		AO	1
		AAO	1
		SSA (4+3+4)**	11
3(b)	Information Services	Asst. Director	1
		Programmer	1
4	ADMINISTRATION	RC-II (JC)	1
		DC	1
		Asst. Director (OL)	1
		AO	1
		AAO	2
		Hindi Translator	1
		SSA	12
5	GENERAL / MISC.	JE / AE	1
		Steno/PA/PS	6
		MTAs	15
		Driver	1
	TOTAL		160

(*) 1 AO shall be deployed for every one lakh accounts

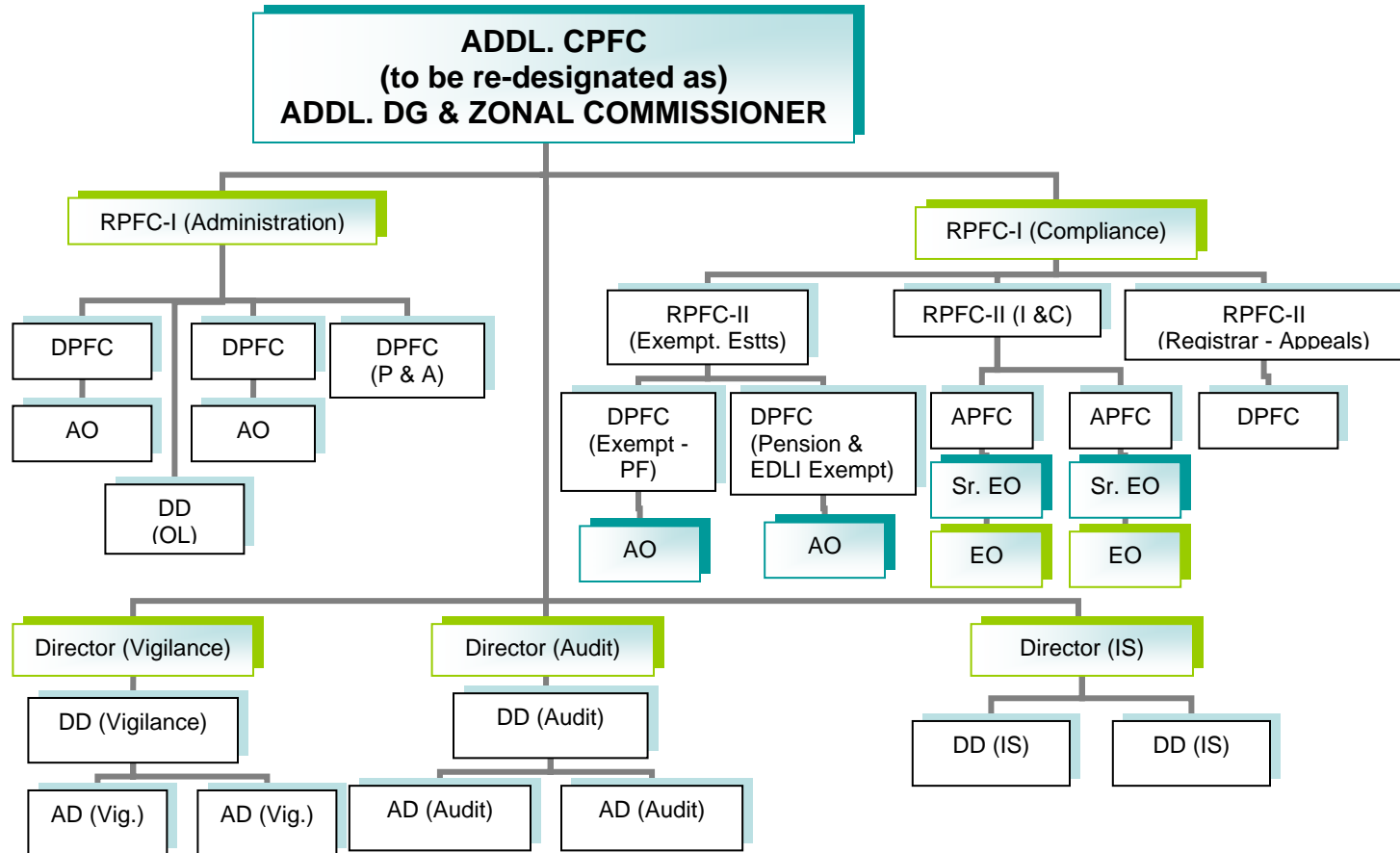
(**) 1 SSA (P & D) and 1 SSA (Pension pre-audit) shall be deployed for every one lakh members, and 1 SSA (reconciliation) for every 10,000 pensioners.



3.3.5 HIERARCHY & MANNING - ZONAL OFFICE

3.3.5.1 Presently, there are 4 Zonal Offices (ZO) overseeing 32 Regions. Each ZO is headed by an Addl. CPFC. But, in actual practice, the Zonal Office and Zonal Commissioner have been reduced to non-entities with the CO directly dealing with Regional and Sub-Regional Offices. We strongly feel that, both from the standpoint of organizational requirements and the increasing volume of business, the Zonal Office and Zonal Commissioner have a significant role to play as the via media between field offices in charge of enforcement and operations, at the one end, and the Central Office in charge of policy formulation and other macro activities, at the other. (As can be seen from the following sections, we have recommended that the Addl. CPFC be re-designated as Addl. Director General & Zonal Commissioner. The ZC, in turn, performs the following functions assisted by the following officers and such other subordinate officers as may be necessary:

3.3.5.2 **Recommended Hierarchy – Zonal Office**



**3.3.5.3 Recommended Manning Pattern – Zonal Office**

S No	Function	Manning	Total
1	UNIT HEAD	ADDL. CPFC (Addl. DG &ZC)	1
2	COMPLIANCE	RC-I	1
		RC-II (Exempt)	1
		DC (PF Exempt)	1
		DC (Pension & EDLI Exempt)	1
		AO	2
		SSA (2+2)	4
2(a)	Intelligence & Coverage	RC-II	1
		AC	2
		Sr. EO	2
		EO	2
		SSA	4
2(b)	Appellate Function	RC-II (Registrar)	1
		DC	1
		SSA	2
3	VIGILANCE	DIRECTOR	1
		Dy. Director	1
		Asst. Director	2
		SSA (2+2)	4
4	AUDIT	DIRECTOR	1
		Dy. Director	1
		Asst. Director	2
		SSA(2+2)	4
5	INFORMATION SERVICES	DIRECTOR	1
		Dy. Director	2
		Progrmr. / Asst. Progrmr	4
4	ADMINISTRATION	RC-I	1
		DC	2
		DC (Pub. & Awareness)	1
		Dy. Director (OL)	1
		AO	2
		Sr. Hindi Translator	1
		SSA (4+4+1)	9
5	GENERAL / MISC.	Stenos	10
		MTAs	12
		Driver	4
	TOTAL		92



3.3.6 HIERARCHY & MANNING - CORPORATE OFFICE

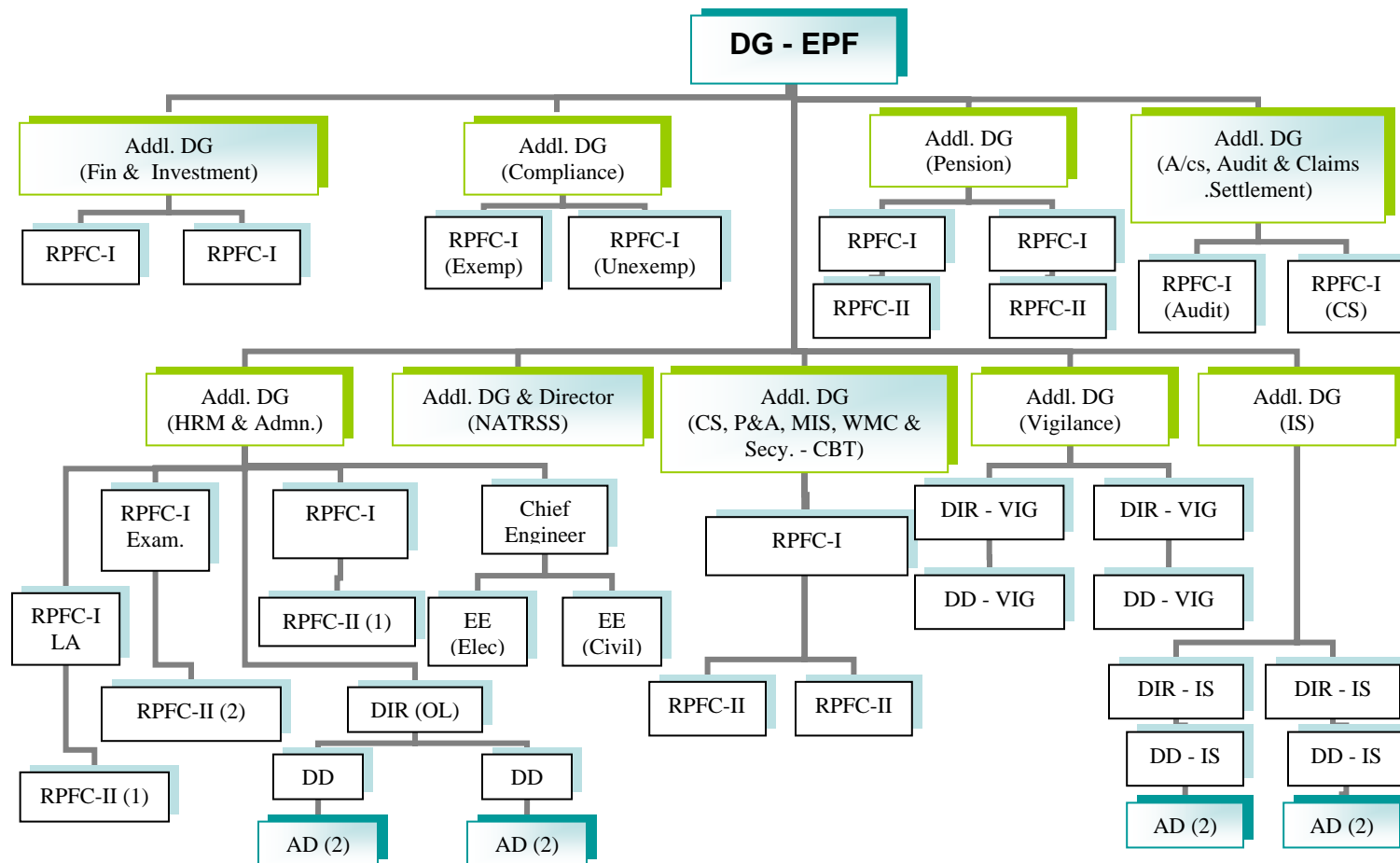
3.3.6.1 The Corporate Office (CO) is presently headed by Central Provident Fund Commissioner (CPFC). The CPFC is assisted by a FA & CAO and 4 Addl. Commissioners. It is recommended that the Chief Executive of EPFO should be re-designated as Director-General - EPF (for short the 'DG'). The DG is assisted by the following senior officers heading the following functions.

1	Addl. DG (Finance & Investment)
2	Addl. DG (Compliance)
3	Addl. DG (Accounts, Audit & Claims Settlement)
4	Addl. DG (CS, Publicity & Awareness, MIS, WMC & Secretary, CBT)
5	Addl. DG (HR & Administration)
6	Addl. DG (Pension)
7	Addl. DG (Information Services)
8	Addl. DG (Vigilance)
9	Addl. DG & Director (NATRSS)



3.3.6.2

Recommended Hierarchy – Corporate Office



**3.3.6.3 Recommended Manning Pattern – Corporate Office**

S No	Function	Manning	Total
1	UNIT HEAD	DIRECTOR GENERAL - EPF	1
2	COMPLIANCE	ADDL. DG	1
		RC-I (Exempted & Un-Exempted Estts.)	2
		DC (Un-Exempted Estts.)	1
		DC (PF – Exempted Estts.)	1
		DC (Pension & EDLI Exempted Estts.)	1
		SO (4) + Assistant (8)	12
3	FINANCE & INVESTMENT	ADDL. DG	1
		RC-I	2
		SO (4) + Assistant (8)	12
4	ACCOUNTS & CS	ADDL. DG	1
		RC-I	2
		SO (4) + Assistant (8)	12
5	PENSION	ADDL. DG	1
		RC-I	2
		RC-II	2
		SO (4) + Assistant (8)	12
4	VIGILANCE	ADDL. DG	1
		Director	2
		Dy. Director	2
		SO (4) + Assistant (8)	12
5	INFORMATION SERVICES	ADDL. DG	1
		Director	2
		Dy. Director	2
		Asst. Director	4
		Progrmr. / Asst. Progrmr	8
6	CS, PA, MIS, WMC & SECY.	ADDL. DG	1
		RC-I	1
		RC-II	2
		SO (4) + Assistant (8)	12
7	HRM & ADMINISTRATION	ADDL. DG	1
		RC-I	3
		RC-II	4
		Director (OL) (1) + CE (1)	2
		Dy. Director (OL)	2
		Asst. Director OL	4
		EE – Civil (1) + EE – Electrical (1)	2
		EE – Electrical	1
		JE (4) + Hindi Translator (8)	12
		DO (9) + Assistant (25)	34
8	GENERAL / MISC.	PS / PA / Stenos	35
		MTAs (40) + Drivers (10)	50
	TOTAL		266



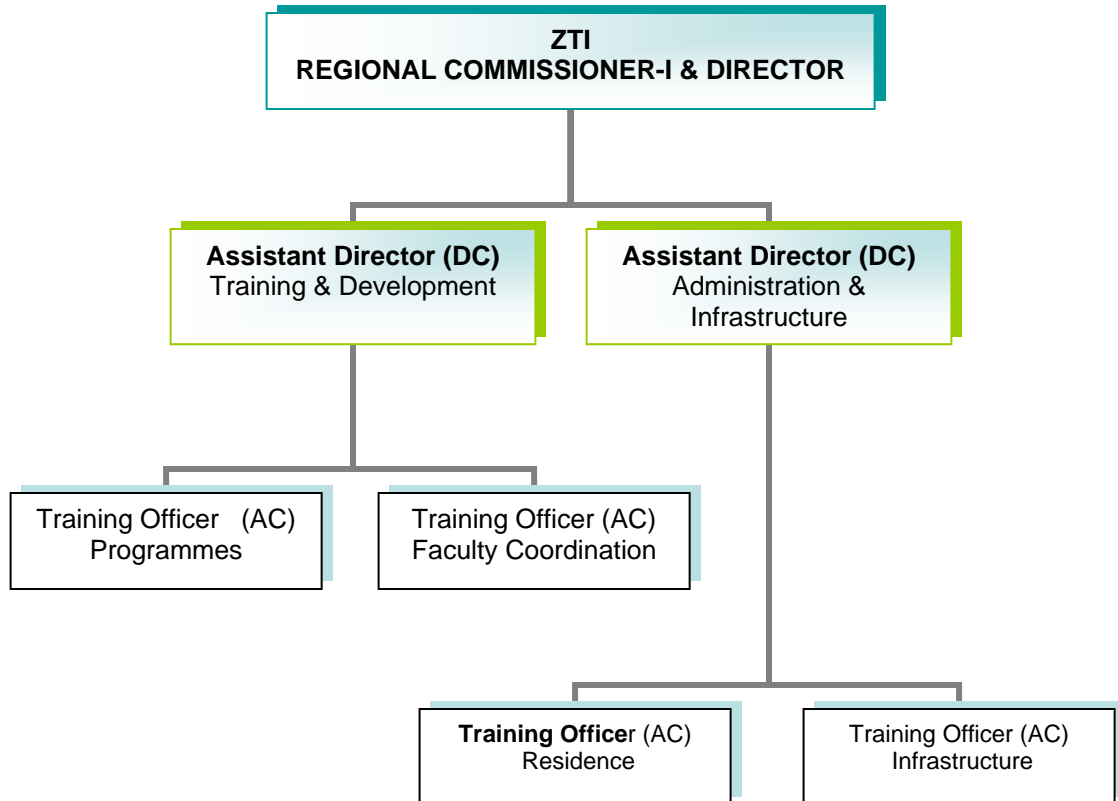
3.3.7 HIERARCHY & MANNING - ZONAL TRAINING INSTITUTE

3.3.7.1 There are four ZTIs catering to the four Zones. The ZTIs mainly impart training to the officers and staff in Groups 'B' & 'C' in various functional areas relating to the administration of the Act and Scheme. Typically, the ZTI should be under the administrative control of the Zonal Commissioner, while, at the same time, following the training policy and guidelines framed and issued by the NATRSS, which is the apex level training unit of EPFO. We, however, visualize a situation that, once the restructuring exercise based on WLN is completed, there may be more number of Zones. A question may, therefore, validly arise "whether we should continue with the present 4 (four) ZTIs or would it be expedient to have one ZTI for each Zone." We are not in favour of the proliferation of ZTIs merely because new Zones have sprung up. On the other hand, we strongly feel that the number of ZTIs should, for the time being, be frozen at four and placed under the supervisory and administrative control of the Zonal Commissioner located in the nearest Metro. Where there is more than one Zonal Commissioner operating from the same Metro, the senior one as between them will have the administrative control over the ZTI concerned. The idea is that the four ZTIs can cater to the training requirements of the employees assigned to a cluster of 3-4 Zones without any difficulty. Adverting to the organization structure of ZTIs, we recommend the following structure.



3.3.7.2

Recommended Hierarchy – Zonal Training Institute



**3.3.7.3 Recommended Manning Pattern - ZTI**

S No	Function	Manning	Total
1	UNIT HEAD : DIRECTOR	RC-I	1
2	TRAINING & DEVELOPMENT	DC	1
		AC	2
		AAO	1
		EO	2
		SSA	6
3	ADMINISTRATION & INFRASTRUCTURE	DC	1
		AC	2
		AAO	1
		EO	2
		SSA	6
4	GENERAL / MISC.	Steno	2
		MTA	6
		Driver	2
	Total		35



3.3.8 HIERARCHY & MANNING - NATRSS

3.3.8.1 The National Academy for Training and Research in Social Security (NATRSS) was established in the year 1990 as an umbrella organisation for training and research in social security in all its aspects. Thus the scope of operations of NATRASS is not confined to the provisions of the Act and Scheme, but travels far beyond to social security issues in their comprehensive connotation. In so far as EPFO is concerned, NATRASS is charged with the responsibility to design, plan, and implement a range of refresher programmes for the benefit of the officers of EPFO. Secondly, NATRASS offers guidance and oversees the training activities of the four ZTIs. Thirdly, NATRASS is entrusted with the promotion of research on social security. Lastly, it provides the much needed induction training to the new recruits in Group 'A'. A few of these activities are discussed in the following paragraphs.

3.3.8.2 The internal customers of the training programmes conducted by NATRSS are mainly officers at all levels of Group 'A'. The training covers a wide range of subjects including the administration and enforcement of the provisions of Act, accounting procedures and recovery, default management, settlement of claims etc. The external customers are the officers engaged in the administration of provident funds, not under the EPF Act, but other similar cognate Acts covering special sections of industrial community as well as the officers of ESI Corporation. It is heartening to note that several developing countries of Asia like Nepal and Bangladesh make use of the training imparted by NATRSS. The



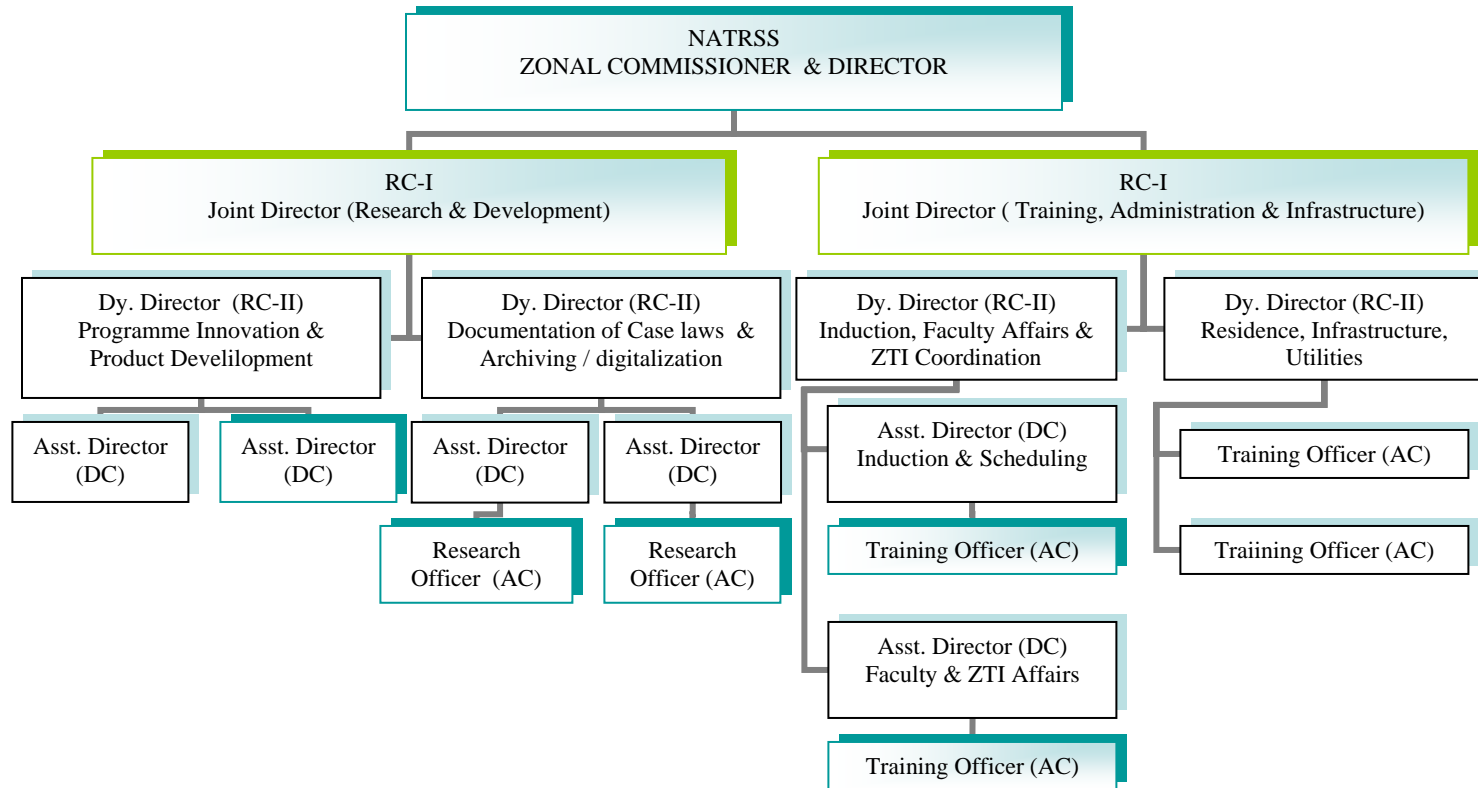
customer base of NATRSS, outside the EPFO, comprise participants from these constituencies:

- Employees' State Insurance Corporation
- Coal-miners' Provident Fund
- Assam Tea Plantations' Provident Fund
- Seamen's Provident Fund
- Social Security organizations in developing countries (e.g. Nepal, Bangladesh)

RECOMMENDATION

3.3.8.3 We recommend the following organisation structure for NATRSS, which, in its capacity as the apex-level training unit, not only formulates and implements training policy, but also acts as a supervisory body over the functioning of ZTIs in all matters connected with, or incidental to, training and development.

3.3.8.4 Recommended Hierarchy – NATRSS



**3.3.8.5 Recommended Manning Pattern – NATRSS**

S No	Function	Manning	Total
1	UNIT HEAD : DIRECTOR	ADDL. CPFC	1
2	RESEARCH & DEVELOPMENT	RC-I (Joint Director)	1
		RC-II (Dy. Director)	2
		DC (Asst. Director)	4
		AC (Research Officer)	2
		Asst. Director (IS)	1
		Sr. EO (Asst. Research Officer)	4
		Sr. Programmer/ Programmer	3
		SSA	8
3	TRAINING, ADMINISTRATION & INFRASTRUCTURE	RC-I (Joint Director)	1
		RC-II (Dy. Director)	2
		DC (Asst. Director)	1
		AC (Programme Officer)	4
		AO	2
		AAO / EO	4
		SSA	8
4	GENERAL / MISC.	Steno	4
		MTA	15
		Driver	4
	Total		71



3.4 UNIFORMITY AMONG CO-ORDINATE UNITS

3.4.1 It has been observed that lack of uniform workload among units of co-ordinate jurisdiction is one of the main causes of helplessness and frustration among unit heads at different levels, and is a source of negative orientation and indifference on their part. It has also been observed that in some cases the disparity in workload is staggering. For instance, a situation of the kind prevailing in Maharashtra Region with some 40 lakh members being placed under the control of one RC-I as against several other regions where one RC-I is in charge of some 10 lakh members should under no circumstances be allowed to continue.

RECOMMENDATION

3.4.2 The workload and manning disparities should be ironed out by suitable re-distribution on the lines recommended in the preceding section. Such an exercise calls for recasting the existing business units and creation of new units at different levels. A built-in mechanism for monitoring workload increase, suggested in the following section, should function as an ongoing mechanism and for initiating timely actions geared to provide facilities - human and physical - as soon as the workload touches the warning signal.

3.4.3 From the recommended structures, as reflected in the organizational charts above, it may be seen that we have not stated the number of functionaries to be provided for below a certain level. For instance, in respect of the CO, the organisation chart is silent about the ranks and number of officers below: the levels of RC-I and/or RC-II and/or Asst. Director for want of space.



This should not be construed to mean that the lowest rung in the CO ends at the above positions. To obviate any misunderstanding in this regard, the manning pattern down-the-line has been indicated in the form of tables in respect of each business unit.



3.5 MECHANISM FOR CREATING BUSINESS UNITS

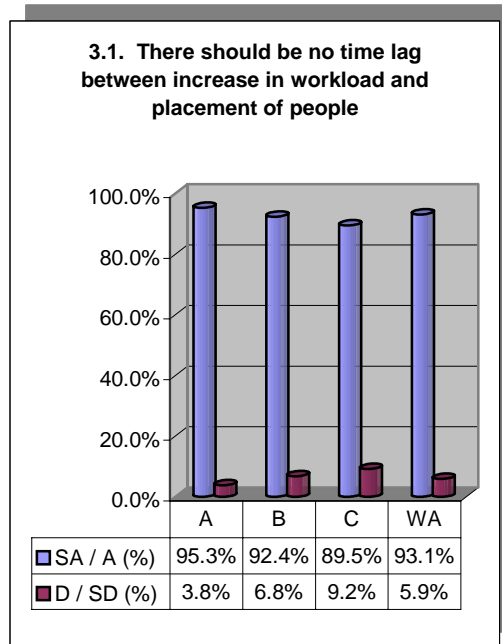
3.5.1 The Regional Commissioners are required to put up proposals justifying creation of a SRO or SAO as per the procedure laid down in Circular No. PQ Cell / . . . /94685 dated 21-01-1999. The proposals submitted by the RCs pass through several committees and filters before they ripen into tangible outcome at the apex level. It so happens that fearing a cut in the strength requested for, howsoever justified it may be, the indenting authorities inflate the demand so that the axe, when it inevitably falls, does not affect them too harshly. As has been illustrated in the preceding paragraphs, there has been no scientific planning in terms of creating new business units or equitable distribution of workload among the existing business units. The geometrical growth in business in terms of (i) the number of establishments covered from year to year, (ii) the number of members added to the EPF kitty, (iii) the growth in the contributions, and (iii) the increase in the number of pensioners and pension claims, has not been matched by either (a) corresponding growth in manpower or (b) creation of new business units. In the final analysis, the organisation is afflicted by a score of dysfunctional problems such as wide disparities in the workload, unnecessary and avoidable pressure on the officers, delays in settlements of claims and even in the up-dating of members accounts, frustration and demotivation across and down-the-line.



SURVEY OUTCOMES

3.5.2 Questionnaire

- 93% of the respondents feel that there should be no time lag between the increase in workload and positioning of people.





3.5.3 Interview

1. There is a big gap between the sanctioning of staff and recruitment. Even after the fulfillment of workload Norms, sanctioning process takes years. The blame for the delay in settlement of claims or enforcement is being placed on officers, even though the fault lies with the Central Office.
2. Once the work-load norms are laid, creation of additional positions as required thereby should be automatic and recruitment/promotion should be spontaneous without waiting for approvals and sanctions from the HO / CBT. The whole system should be scientifically structured so that things move automatically as per the norms / guidelines laid down.
 - District Offices and Branch Offices, when opened, may give rise to the problems of staff resisting transfers to the locations, because of the lack of educational facilities for children, etc. This problem needs to be looked into.

ANALYSIS

3.5.4 We share the strong feelings of helplessness and frustration expressed by the organizational participants at all levels. The procedure laid down, the parameters prescribed, and the manner of determining the degrees are not only complex and cumbersome, but are also susceptible to manipulation. Secondly, the procedure for considering the proposals, if ever made, is equally time-consuming leading to delays and frustration. Such an approach to the assessment of workload is unscientific in its content and de-motivating in its import, and is clearly out of step with the new BPR model. Monitoring of workload, in terms of the number of members and establishments, should be a continuous, on-going activity of the HRP process. Equally important are the follow-up actions such as initiating action for recruitment and/or internal selection, identification of the location for setting up the new business unit, procurement of office space, provision of



physical facilities, accommodation to officers/staff, etc., all of which should be done by a Cross Functional Team (CFT) as a set of integrated activities within a time frame.

- 3.5.5 We observe that, even going by the manning parameters presently in force in the EPFO, the sanctioned strength itself has never been commensurate with the magnitude of increased workload as can be discerned from the fact that the number of members and statement of accounts have virtually doubled between 1997-98 and 2004-05. Secondly, the sanctioned strength, howsoever inadequate, remained only on paper without getting translated into ground strength infusing few more distortions into the system. No wonder, the shortfall of 16% and 11% in positioned manpower, in the face of mounting number of members and accounts, has been operating as an impediment which, standing alone, can throw the services out of gear. A large part of the problem can be directly attributed to the traditional slow-motion approach, which is one of the core attributes of bureaucratic structures, the cumbersome procedure for the sanctioning of posts, and the perpetual failure to bridge the gap between sanctioned and positioned strength.

**RECOMMENDATION**

3.5.6 We recommend scrapping of the Circular dated 21-01-1999 and constituting, in its place, a Workload Monitoring Committee (WMC) at the Apex level. By the same token, the present practice of business unit heads submitting proposals for additional staff once in a year duly accompanied by justification also be dispensed with. We recommend a formal monitoring and sanctioning mechanism to be put in place on a permanent basis at the Zonal level as detailed below:

3.5.7 As soon as the subscriber strength crosses the lower limit of spread over, for example, 3,50,000 mark in the case of a BO or 10,50,000 in the case of a RO (including Branch Offices), the Zonal Commissioner (ZC) shall send a requisition in the prescribed form to the Addl. Director General (CS, P&A, WMC, MIS & Secretary-CBT) setting all the relevant details and indicating the approximate time by which the membership is likely to cross the outer limit of 3,50,000 or 10,50,000, as the case may be. The idea is that the Addl. DG has sufficient time to convene the meeting of WMC, obtain clearance and initiate action in the right earnest by way of internal selection and/or direct recruitment so that the officers and staff required for the new unit are in place at the right time. The WMC may have the following officers as its members:

- Addl. DG (Compliance)
- Addl. DG (CS, P&A, MIS, WMC & CS)
- Addl. DG (A/cs, Audit & CS)
- Addl. DG (HR & A) – Convenor
- Chief Engineer and
- ZC concerned.



- 3.5.8 Once the WMC clears the proposals the actions relating to (a) recruitment of people – internally and/or externally, and (b), where it involves opening of a new business unit in a different location or the same location, plans for identifying the location, procuring land and/or office space whether by hiring or by construction, provision of all other physical facilities, etc., could be drawn up. The most important point is that the clearance given by WMC should be final without the proposals having to travel up and down for approvals and clearances. In other words, adequate financial and administrative powers have to be conferred on the WMC, which is an apex-level CFT, to take decisions in this regard and to execute them through the respective officers / teams of officers down the line.



Chapter - 4

MANAGEMENT PROCESS RESTRUCTURING

4.0 The changing complexion of EPFO calls for a radical review of the present organizational set up with special reference to the job matrix. We have deliberated on this aspect extensively at different levels of the EPFO with a view to re-align the Organisation with the new Business Model. As a sequel to this, certain existing jobs have been re-designated in addition to creating new positions to take care of the various KBPs. Likewise, we have recommended merger of certain jobs with others with the sole objective of rationalizing the structure and ensuring greater operational flexibility. It has been considered expedient to outline, in as broad terms as possible, the job content of both the existing and new jobs to the limited extent of the change contemplated in the functional profile of the jobs.

4.1	Restructuring of Jobs/Posts
4.2	Creation of New Jobs/Posts

**4.1 RESTRUCTURING OF JOBS/POSTS**

4.1.1 The post of CPFC has been re-designated as Director-General (EPF). In addition, several positions have been recommended to take care of the different KBPs in the new business model. The changes in the matrix of jobs are two-fold. While certain existing jobs/positions have been re-designated with or without changes in the overall job content, certain other jobs/positions are new. To illustrate, the existing jobs/posts of CPFC, Addl. CPFC have been re-designated as Director-General (EPF) and Addl. Director-General respectively, whereas the jobs/posts of Joint Director, Deputy Director, Assistant Director, Research Officer and Training Officer to be posted in NATRSS are the new ones proposed. Similarly, the post of Deputy Provident Fund Commissioner be re-positioned at a level above the AC below the RC-II.

RECOMMENDATION

4.1.2 The recommended designations for the existing jobs/posts and the roles and responsibilities assigned to them are as follows:

SI No	Existing	Recommended
1	Addl. CPFC	Addl. DG (Compliance)
2	Addl. CPFC	Addl. DG (Accounts, Audit & Claims Settlement)
3	FA&CAO	Addl. DG (Finance & Investment)
4	Addl. CPFC	Addl. DG (Pension)
5	RC-I	Regional Commissioner
6	RC-II	Joint Commissioner
7	Addl. CPFC (Zonal)	Addl. DG & Zonal Commissioner
8	Deputy Commissioner	Deputy Commissioner (coupled with re-positioning in the hierarchy)
9	APFC	Assistant Commissioner



4.1.3 Additional Director-General (Compliance)

- 1 Policy formulation in consultation with, and with the approval of, Director-General (EPF), in all matters relating to compliance, coverage, default management, recovery, legal, exempted establishments and Workload Monitoring of business units.
- 2 Issuing directions to the Zonal Commissioners for stepping up compliance and enforcement of the Act in the respective Zones;
- 3 Delegation of powers to various heads of business units for enforcement, compliance recovery, and legal actions.
- 5 Co-ordination with the Addl. DG (Accounts & Claims Settlement) on matters concerning the maintenance of accounts and settlement of claims
- 6 Continuous monitoring the fluctuation in WLN of business units in collaboration with Addl. Director-General (HR & Administration);
- 7 Presiding over, and conducting, the meetings of WMC for different zones;
- 8 Clearing the creation of new facilities and business units, as and when WLN cross the limits prescribed;
- 10 Overseeing the implementation of policy guidelines and decisions by different business units in so far as they relate to compliance, coverage, recovery and legal



4.1.4 Addl. Director-General (A/Cs, Audit & Claims Settlement)

- 1 Policy formulation in consultation with, and with the approval of, the Director-General (EPF), in all matters relating to accounts, audit, settlement of claims and EDLI.
- 2 Issuing directions to the Zonal Commissioners for speedy settlement of claims and disposal of grievances. in the respective Zones;
- 3 Co-ordination with the Addl. DG (Finance & Investments) on matters relating to receipts, funds management, and other related matters.
- 5 Overseeing the implementation of policy guidelines and decisions by different business units in so far as they relate to maintenance of accounts, settlement of claims,
- 6 Evolving Policy for Internal Audit, Planning & Execution of Internal Audit



4.1.5 Addl. Director-General (Finance & Investment)

Without being exhaustive, the following are some of the key functions to be performed by Addl. DG (F&I)

- 1 Ensure policy formulation in respect of liaison with RBI, Banks and other financial institutions
- 2 Achieve target of 'return on Investments'
- 3 Overseeing the performance of Banks with reference to the contracted service levels in respect of Investments
- 4 Prescribing norms of performance of Banks as to Banking & Investments
- 5 Continuous monitoring of market trends and looking for new opportunities in funds management within the framework of Government guidelines, if any, on the matter
- 6 Contract documentation
- 7 Negotiations with banks
- 8 Monitoring the performance of Banks in respect of Investments



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4.1.6 Addl. Director-General (CS, P&A, MIS, WMC, Secy -CBT)

- 1 Policy formulation in consultation with, and with the approval of, the Director-General (EPF), in all matters relating to customer relations management, grievance redressal mechanisms, publicity & Awareness, printing & despatch of cheques and other instruments;
- 2 Issuing directions to the Zonal Commissioners for disposal of grievances. in the respective Zones;
- 3 Designing procedure for, and laying down norms of, customer relationship management, and effective/prompt service to customers
- 4 Collaborating with Addl. DG (Compliance), Addl. DG (A&CS) in the design of a customer feedback format and taking steps for implementing the system.
- 4 Formulating strategies for publicity campaign, and maintaining relations with media;
- 5 Overseeing the implementation of policy guidelines and decisions by different business units in so far as they relate to, grievance redressal, customer relations, publicity and awareness, and timely printing and dispatch of cheques to business units.
- 6 As the Chairman of the Workload Monitoring Committee, issuing policy guidelines to the Zonal Commissioners on all aspects relating to WLN and taking timely action for creation and/or segregation of Zones / Regions / Branches
- 7 Taking advance measures for creating the necessary infrastructure, including acquisition of land and buildings, procurement of furniture, coordinating with Addl. DG (HR & Administration) for filling up the positions in the newly created Branches, Regions and Zones.
- 8 Assisting the DG (EPFO) in all matters relating to the meetings of CBT

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**4.1.7 ADDL. Director General & Zonal Commissioner**

- 1 Fully responsible for the performance and operations of the Regions placed under control, as well as the down-stream subordinate business units;
- 2 Ensures that the Regional Offices and other subordinate offices within the Regions enforce the provisions of the Act and the Scheme;
- 3 Conduct inspection of Regional Offices at such intervals as he deems fit;
- 4 Provides for regular internal audit of the operations of the Regional Offices in their original and supervisory jurisdictions;
- 5 Has the full authority to take such decisions as are deemed fit for the implementation of the provisions of the Act and Scheme;
- 6 Collection and up-dating of Data and creating a Data Bank on all business processes of the units falling within the Zone;
- 7 Monitoring the fluctuations in WLN's of different units within the Zone;
- 8 Making out a comprehensive report justifying the need for creating new business unit, the location of the unit, the physical facilities required and the manpower required at different levels to man the new unit;
- 9 Convening the meeting of WMC in consultation with the Addl. DG (Compliance) and other Senior Functionaries in the CO;
- 10 Supervising the formulation of training calendar by the ZTI.
- 11 Overseeing the training programmes in ZTI and evaluating their effectiveness in consultation with the Director, ZTI.
- 12 Overseeing the content and process of induction programme for new recruits in Group 'C';
- 13 First Appraiser of the performance of Regional Commissioners and other officers (based in the ZO), who directly report to him;
- 14 Reviewing Officer of the performance appraisals made by the aforesaid officers in respect of their immediate subordinates.
- 15 Monitoring the performance of business units within the Zone with special reference to the Performance Related Pay, and monthly up-dating of information on various parameters on which business unit performance is measured.
- 16 As Director, NATRSS, he shall be responsible for the conception, design, planning and implementation of induction and other training and development programmes as well as research and documentation, duly assisted by Joint Directors, Deputy Directors and other officers and staff.



4.1.8 Regional Commissioner-I (to be re-designated as "RC")

A. Original Jurisdiction

- 1 Responsible for enforcing statutory provisions in relation to the Region which is placed under his direct original jurisdiction;
- 2 Take all such actions as are deemed fit and proper in accordance with law for ensuring compliance and recovery;
- 3 Ensure timely filing of court cases and speedy disposal thereof;
- 4 Ensures proper maintenance and updating of accounts;
- 5 Take necessary action for speedy settlement of claims;
- 6 Administration and disbursement of pension
- 7 Responsible for effective default management;
- 8 Provides standing machinery for prompt redressal of grievances of members or their legal heirs and of employers;
- 9 Provides standing machinery for interaction with customers, and for obtaining customer feedback on the quality of service;
- 10 Ensures discipline, punctuality, decorum and good conduct on the part of the officers and staff of the RO;
- 11 Take necessary actions for the upkeep of computer facilities;
- 12 Ensures proper conduct of departmental examinations;
- 13 Prepares annual calendar the schedule of DPC meetings.

B. Supervisory Jurisdiction

- 1 Exercises supervisory control over Branches within his jurisdiction;
- 2 Monitor the working of Branch Offices;
- 3 Ensures that Branches perform all statutory functions as per the provisions and guidelines, if any, issued from time to time;
- 4 Conducting inspection of Branches at regular intervals;
- 5 Provides for regular internal audit of the Branch Offices;
- 6 Conduct monthly meeting of the Branch Offices under his control and review the working of various business processes;
- 7 Trouble-shoot by taking decisions and giving instructions to the Regional Commissioners - II;
- 8 Maintains accurate information on the performance of Business Units under his control on various performance parameters for determining the PRP payable to the staff
- 9 Handling unresolved grievances, etc., referred from the BOs;
- 10 Ensure smooth functioning of the Branches, by providing necessary manpower and infrastructure and other facilities;
- 11 First Appraiser of the performance of RC-II, DC, AC and other



- officers directly reporting to him;
- 12 Reviewing Officer of the performance appraisals made by Branch Heads, i.e. Regional Commissioners - II, etc., in respect of their immediate subordinates.
 - 13 Maintaining and up-dating on aspects of the working of Region, and submitting the same to the Zonal Office periodically.

C. Job/Role-Specific Responsibilities

1. As Director, ZTI is wholly responsible for all the functional and managerial activities such as planning and execution of training programmes, faculty search and coordination, training infrastructure, etc.
2. As Joint Director, NATRSS, responsible for all matters relating to the conducting of methodology surveys visits to reputed training & development institutes both in public and private sector, B-schools, interaction with the trainers and academics, and bring about programme innovation on a continuous basis, which includes research and development in terms of (i) Training Needs Analysis (TNA), (ii) programme content, (iii) content relevancy, (iv) acquisition of training manuals, (v) training methods, (vi) training tools and techniques, (vii) pre-testing and post-testing of trainees, (viii) training evaluation, (ix) overseeing the transfer of skills and knowledge back at workplace, (x) faculty coordination and faculty evaluation, and (xi) follow-up.
3. As Joint Director, NATRSS, responsible for all matters relating to the publicity of the training programmes in other neighbouring countries and attracting officers in-charge of social security for the training programmes conducted in NATRSS, planning, design and publication of Training Calendar, maintaining high quality residential and catering services, provision of other infrastructure including computers with internet connection, building a full-fledged library, provision of syndicate rooms for group discussions and team activities, documentation of case laws, archiving, digitalization, administration of the training establishment, and provision of infrastructure

**4.1.9 Regional Commissioner-II (to be re-designated as "JC")**

- 1 As Unit Head, responsible for enforcing the statutory provisions in the Branch;
- 2 Take necessary action for ensuring compliance and recovery;
- 3 Co-ordinate with the legal cell to initiate cases in the court and ensure speedy disposal thereof;
- 4 Ensure proper maintenance and updating of accounts;
- 5 Take all necessary actions for speedy settlement of claims;
- 6 Administration and disbursement of pension
- 7 Responsible for effective default management;
- 8 Provide standing machinery for prompt redressal of grievances of members or their legal heirs and of employers;
- 9 Provide standing machinery for interaction with customers, and for obtaining customer feedback on the quality of service;
- 10 Ensure discipline, punctuality, decorum and good conduct on the part of the officers and staff of the RO;
- 11 Maintenance and upkeep of computer facilities;
- 12 Ensure proper conduct of departmental examinations;
- 13 Calendar the annual schedule of DPC meetings.
- 14 As Deputy Director, NATRSS, assists the Joint Director in conducting of methodology surveys, visits to reputed training institutes, B-schools, interaction with the trainers/academics, and bring about programme innovation, which includes research in terms of (i) Training Needs Analysis (TNA), (ii) programme content, (iii) content relevancy, (iv) acquisition of training manuals, (v) training methods, (vi) training tools and techniques, (vii) pre-testing and post-testing of trainees, (viii) training evaluation, (ix) overseeing the transfer of skills and knowledge back at workplace, (x) faculty coordination and faculty evaluation, and (xi) follow-up.
- 15 As Deputy Director, NATRSS, assists the Joint Director in the publicity of training programmes in neighbouring countries and attracting officers in-charge of social security for the programmes, planning, design and publication of Training Calendar, maintaining quality residential and catering services, provision of infrastructure including computers, internet, building a full-fledged library, provision of syndicate rooms for group discussions and team activities, documentation of case laws, archiving, digitalization, general administration, etc.



4.1.10 Deputy Commissioner

- 1 Reports to the RC-II in the Branch, and is responsible for compliance, Recovery & Legal matters in the Branch and/or Region in which he is posted; also responsible for Administration in the Region and shall take all such actions as are deemed fit and proper in accordance with law for ensuring compliance and recovery
- 2 Gives guidance to the AC in matters relating to Compliance (Small Establishments), Intelligence & Coverage;
- 3 Assists the RC-II in-charge of the afore-said functions both at the Branch and Regional levels;
- 4 Effectively co-ordinates with other DCs in the Branch and Region with a view to ensure there is no duplication of work and there is no task which is left unattended to;
- 5 At the Zonal level, assists the RC-I in-charge of Administration in all matters relating to HRM, performance management, training, development and employee relations and welfare;
- 6 At the Zonal level, assists the RC-I in-charge of Administration in matters relating to the creation of new Business Units, acquisition of property, accommodation, provision of facilities for employees and officers transferred to the new locations;
- 7 At the Zonal level, assists the RC-I in-charge of Administration in all matters relating to Publicity and Awareness, Customer Relations and Grievance Redressal;
- 8 At the Zonal level, assists the RC-II in-charge of Compliance, in matters relating to exempted estts., Pension & EDLI
- 9 At the Zonal level, assists the Registrar (Appeals) in timely putting up of cases, hearing and disposal
- 10 Take all such actions as are necessary for the maintenance and upkeep of computer facilities;
- 11 As **Assistant Director**, when posted in the ZTI & NATRSS, assists the RC-II & RC-I, respectively, in planning and scheduling training programmes, provision of infrastructure & faculty, documentation, research, Archiving and Digitalization



4.1.11 Assistant Commissioner

- 1 Reports to the RC-II (Unit Head) in the Branch and RC-II (F&A) and RC-II (Compliance) in the Region, and is responsible for Compliance (Small Establishments), Intelligence & Coverage, Finance & Accounts, and Pension-related matters; and shall take all such actions as are deemed fit and proper in accordance with law;
- 2 Effectively co-ordinates with other ACs in the Branch and Region with a view to ensure there is no duplication of work and there is no task which is left unattended to;
- 3 At the Zonal level, assists the RC-II in-charge of Compliance in all matters relating to Intelligence & Coverage;
- 4 Ensures proper functioning on the part of the Sr. EO and AO placed under his direct control and supervision in prompt discharge of the tasks;
- 5 Ensures discipline, attendance and leads his team of officers and staff in Groups 'B' 'C' & 'D' towards accomplishing the tasks efficiently and effectively ;
- 6 Assists DC in ZTI, in all matters relating to (i) training programmes, (ii) faculty coordination, (iii) residential facilities, and (iv) infrastructure;
- 7 Assists the Deputy Director (RC-II) and Assistant Director (DC), NATRSS in his capacity as Research Officer / Training Officer in (i) documentation of Case Laws, (ii) research in training and development, (iii) archiving and (iv) digitalization, and other related matters;
- 8 Assists the Deputy Director / Assistant Director, NATRSS in matters relating to (i) induction, (ii) faculty affairs, (iii) ZTI Coordination, (iv) residence, (v) infrastructure, (vi) utilities and (vii) general administration
- 9 Take all such actions as are necessary for the maintenance and upkeep of computer facilities;
- 10 As **Research Officer** and/or **Training Officer**, when posted in the ZTI & NATRSS, assists the DC, RC-II & RC-I, as the case may be, in planning and scheduling training programmes, provision of infrastructure & faculty, documentation, research, Archiving and Digitalisation;
- 11 Performs such other functions as are assigned by his superiors from time to time.



4.2 NEW JOBS AND POSTS

4.2.1 In Groups 'A' & 'B', the following new jobs have been recommended:

GROUP 'A'

- 1 Addl. Director-General (HR & Administration)
- 2 Addl. Director-General (IS)
- 3 Addl. Director-General (Vigilance)
- 4 Addl. Director-General (CS, Publicity & Awareness, MIS, WMC & Secy. (CBT)
- 6 Director (IS)
- 7* Joint Director (NATRSS)
- 8* Dy. Director (NATRSS)
- 9* Asst. Director (NATRSS)
- 10* Research Officer (NATRSS)
- 11* Training Officer (NATRSS)

GROUP 'B'

- 1 Senior Enforcement Officer / Accounts Officer

() These are job/role-specific designations assumed by the Regional Commissioner-I, Regional Commissioner-II, Deputy Commissioner and Assistant Commissioner as and when they are placed in NATRSS and/or ZTI. Their respective job responsibilities relating to these roles have been specified and incorporated in Paragraphs 4.1.7 to 4.1.11. Hence, they are not being repeated below.*



4.2.2 Zonal Commissioner & Director (NATRSS)

- 1 Take complete charge of Induction programmes for new recruits,
- 2 Take complete charge of refresher programmes and Management Development Programmes officers
- 3 To oversee preparation of training modules for participants from external agencies such as ESIC, etc.
- 4 To oversee preparation of training modules on social security for overseas participants
- 5 To identify competent and experienced faculty from internal sources
- 6 To identify competent and experienced faculty from external sources
- 7 To oversee preparation of an inventory of faculty
- 8 To design honorarium package for the faculty and to revise it from time to time
- 9 To oversee preparation of training calendar by NATRSS for the purposes of refresher training of existing officers;
- 10 Supervising the formulation of induction programme schedule by NATRSS for the new recruits.
- 11 To take all steps to modernize and/or upkeep of NATRSS residence
- 12 To prescribe quality standards for the catering department of NATRSS
- 13 To plan for, and procure, latest state-of-the-art training tools and equipment and ensure their installation, commissioning and maintenance
- 14 To procure training manuals for use by trainers and faculty
- 15 To co-ordinate with other agencies – both public and private sector – engaged in training and management development
- 16 To build a strong library by procuring latest editions of books in various disciplines, and journals
- 17 To identify training needs of the internal faculty and sponsor them for Faculty Development Programmes conducted by outside agencies



4.3 COMMAND-CONTROL SYSTEMS

4.3.0 Process Restructuring is discussed below under the following four heads:

4.3.1	Command
4.3.2	Control
4.3.3	Work Flow
4.3.4	Outsourcing

4.3.1 COMMAND

4.3.1.0 ‘Command’, in its comprehensive connotation, refers to the channel through which managerial authority flows in the top-down direction. From the standpoint of the subordinate, it refers to the superior officer (or officers) whose instructions and orders he is required to obey and carry out as an organizational necessity. In other words, the supervisor shoulders complete responsibility and is accountable for the work done (or not done) by his subordinates, who have been placed under his direct control and supervision. In any hierarchical system of working, the presumption is that every level is directly supervised and/or operationally controlled by, and is subordinate to, the immediate higher level. In the context of the proposed structure, typically, the BO is under the direct control and supervision of RO; the RO is under the direct control and supervision of ZO and so forth. The expressions “Chain of Command” and “Unity of Command” have critical implications for organizational discipline and performance. The kind of command system adopted by an organisation depends to a large extent on the nature of the tasks and the range and sweep of operations. The general rule in favour of “unity of command” is subject to certain well-recognised exceptions. For instance, in a project organisation or a matrix organisation, there



could be “plurality of command”. The Theme ‘command’ will be discussed under the following sub-themes:

Reporting Relationships

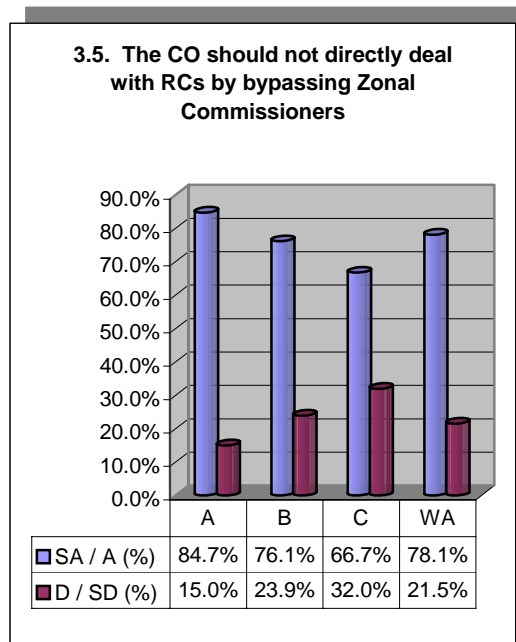
4.3.1.1 It has been observed that, as a general practice, the senior officers located at the Central Office have not been adhering to this vital principle of management of business processes. For instance, officers located in the Central Office have been directly dealing with the RCs in operational and all other related matters bypassing the position and authority of ZCs. The expertise and experience of ZCs is not utilized by the Central Office. It would be an under-statement to say that the ZCs have been reduced to the status of pensioners while being in active service.



SURVEY OUTCOMES

4.3.1.2 Questionnaire:

- 78% of respondents are of the view that the Central Office should not directly deal with unit heads bypassing the ZCs.



4.3.1.3 Interview

1. The powers that be in the Head Office jump the gun and directly seek information from the RCs and ACs.
2. There is practically no concern for the need to adhere to the hierarchy. The (Addl CPFC) Zonal Commissioners are completely bypassed by the officials of the Central Office.
3. The HO should stop communicating directly with Regions and should route it through the Additional CPFCs.
4. The Head Office should not deal directly with RCs as long as there are Zonal Commissioners. Obtaining information from ZCs also helps the Head Office in so far as it need not deal with 18-20 RCs.



5. Some SROs are headed by an AC, to whom two or three ACs [officers of the same cadre] report. This anomaly has to be sorted out.

ANALYSIS

- 4.3.1.4 It is not a sound management practice for the apex body to establish direct communication channels with the lower rungs by consciously and deliberately bypassing the hierarchy. Such an organizational practice, apart from depriving the organisation of the benefit of experience of senior level officers, sends wrong signals and encourages indiscipline and insubordination down-the-line, bordering on structural anarchy and functional chaos.

RECOMMENDATION

- 4.3.1.5 We are of the firm view that no functionary of the Central Office should seek unit-specific information from, or pass instructions directly to the RO or BO. It is the fundamental responsibility and duty of every organizational participant, from top to bottom, to respect the formal reporting relationships and to conform to the norms of organizational hierarchy. The Central Office should communicate only with the ZO and obtain information therefrom. The same principle applies down the line. Another possibility is that, in the new IT-driven set up, the CO may not need to contact even the ZO for data, as the information is available in the database. This, however, may take some time before the entire information is computerized in the new BPR model and proper systems are in put in place to regularly up-date it. This recommendation is, however, not applicable to issues or directions of general / administrative nature or to the policy changes affecting some or all units and/or certain categories or all categories of employees. In such matters, the CO can



communicate the messages through the medium of circulars, etc. Barring the above, all other information relating to the performance of Regions and Branches should be obtained from the ZC concerned and not directly from the operating units below.

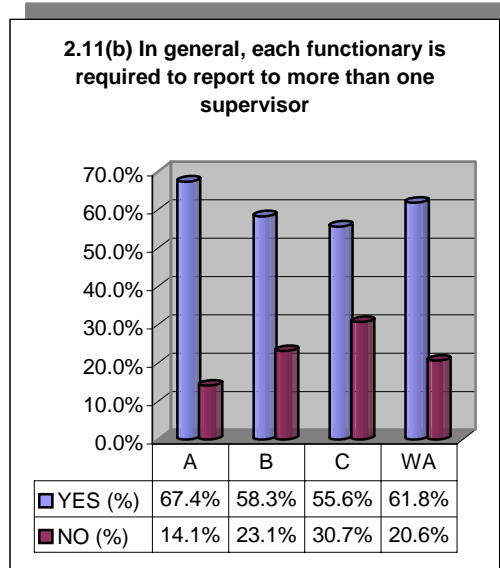


Unity of Command

SURVEY OUTCOMES

4.3.1.6 Questionnaire

- 62% of respondents are of the view that no functionary should be required to report to more than one supervisor.



4.3.1.7 Interview

1. Reporting systems are clumsy.
2. Most of us don't know who our real boss is. Even though we are supposed to work under the guidance or, and report to, one designated superior, in actual practice, every one, who is in a higher rank than us from the next higher business unit to the Head Office, directly gives instructions, which, sometimes go counter to those given by our formal supervisor. This throws the whole system out of gear.



RECOMMENDATION

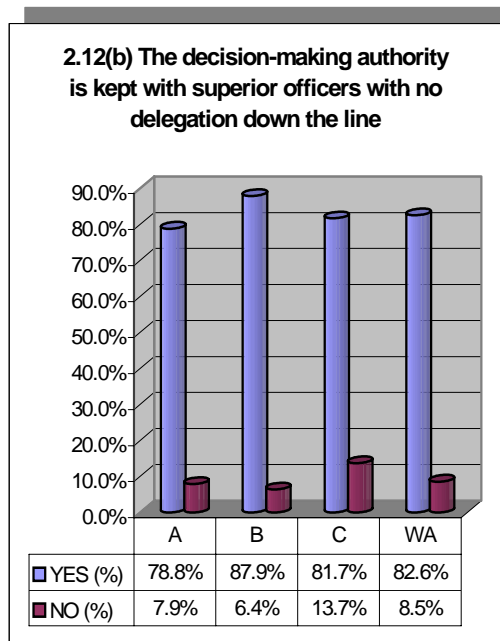
4.3.1.8 It is recommended that, as a general rule, ‘unity of command’ be strictly adhered to. No employee or officer should report to, or take instructions from, more than one superior officer, who will exercise direct authority - supervisory and administrative - over the former. Again, it is the said immediate superior who monitors and evaluates the performance of the subordinate. The basic philosophy underlying this requirement is that no officer should be saddled with mutually contradictory instructions from two different bosses

Responsibility – Authority – Accountability

SURVEY OUTCOMES

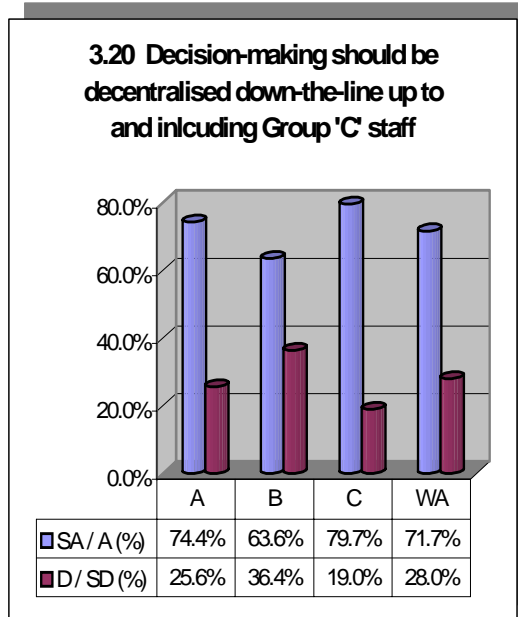
4.3.1.9 Questionnaire:

- 83% of respondents are of the opinion that the decision-making authority is retained with the superior officers with no delegation down the line.

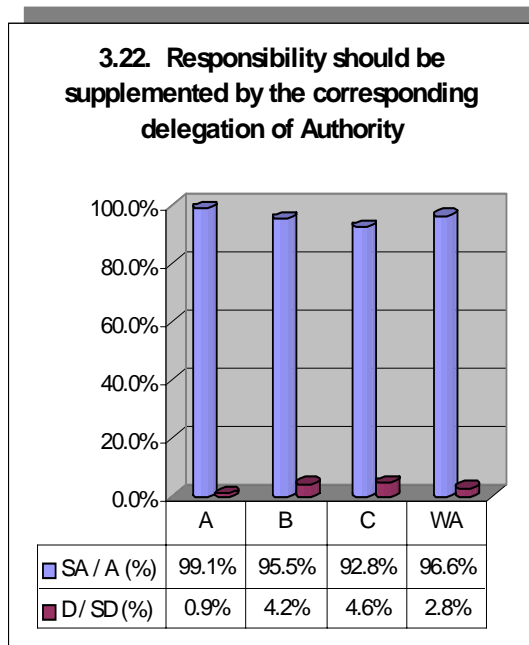




- 71% feel that decision making should be decentralized up to the level of Group 'C' staff.

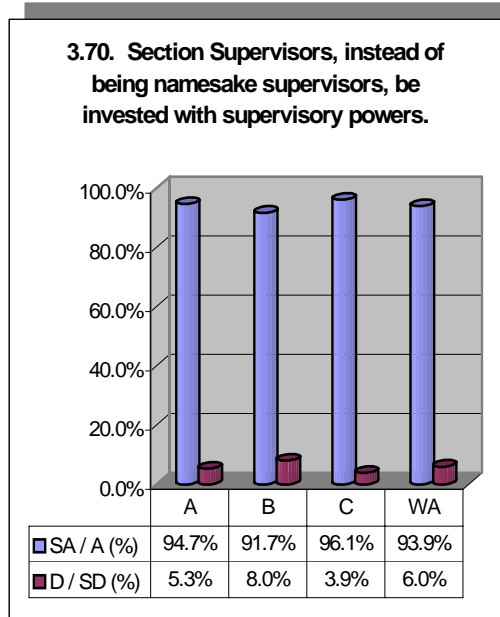


- 97% feel that delegation of responsibility should be accompanied by delegation of adequate authority.





- 94% of respondents of all groups feel that ‘Section Supervisors’ should be invested with supervisory powers.



4.3.1.10 Interview

1. At the AC level, only responsibility is assigned without corresponding authority to get the things done.
2. For every small requirement, the officers have to put up notes to the higher-ups and get their approval. For example, the ACs have no power even to get a waste paper basket.
3. The “fear factor”, i.e., “if some thing goes wrong, I will be hanged”, which haunts almost every officer in groups B and A, and hinders performance, should be eliminated.
4. No guidelines / functional /operational manual is in existence.
5. Currently, there is no accountability on the part of PF officers, who do not initiate the recovery proceedings.
6. The decisions of RC, which are quasi-judicial in nature depending upon the facts and circumstances of the case, should not be questioned by the higher-ups.



7. As a result of the fault-finding approach that has increasingly come to inform the dealings of top-brass of EPFO, officers don't feel like taking decisions for fear of committing an error and the likelihood of a consequent disciplinary action, which in turn is leading to indifference and inefficiency.
8. Powers to be delegated to the RCs to carry out repairs, and maintenance of buildings within the framework of liberal budget, without their having to approach the Central Office for every small work.
9. The erstwhile power conferred on RCs to incur an expenditure of Rs. 25,000 annually, should be restored.

ANALYSIS

4.3.1.11 On the presumption that the right person is placed in the right position, the logical conclusion is that his services should be utilized fully and to the best advantage of the organisation. Where the officers have been entrusted with certain statutory responsibilities, they should be allowed to exercise the powers needed to discharge the responsibilities. Both the situations, namely "responsibility without authority" and "authority without responsibility", should be eschewed at all costs in the business context, where result-orientation is the single most critical success factor. Decentralised responsibility coupled with centralized authority will plunge the organization in chaos, and will degenerate the whole business process into a sort of 'blame-storming' exercise. The three components, namely, *Authority*, *Responsibility* and *Accountability* go together in the same breath, and are inseparable from one another. It is, therefore, essential that a functionary who is entrusted with a given set of responsibilities should also be conferred adequate *authority-power-autonomy* to do all such things as are necessary to fulfill the responsibilities and/or to accomplish the tasks.



RECOMMENDATION

- 4.3.1.12 Nevertheless, we are not in favour of blanket delegation of decision-making power across-the-board to the staff members in Group 'C', in the light of the fact that a large number of them suffer from certain disabilities like lack of minimum educational qualifications, lack of exposure to decision-making processes, want of long-term perspective or overall view of the organizational processes and/or objectives, etc. It is possible that these problems might be haunting a substantial number of officers in Group 'B', who have reached the positions through internal promotions. Any delegation of responsibility-cum authority, even in respect of routine matters, should be selectively done, preceded by intensive training, observation and evaluation.
- 4.3.1.13 We are not inclined to accept some of the observations made by a few officers to the effect that *"powers were centralized"*, *"there was no delegation"*, and that *"the APFC has no power to procure even a waste paper basket"*, etc. The codified Schedule of Administrative and Financial Powers published in 1993, which delineates the powers of officers and is a comprehensive document, bears ample testimony to the fact that authority has been delegated down the line up to the level of AC.

**Executive Directions from Corporate Office****SURVEY OUTCOMES**

4.3.1.14 The Corporate Office, being the apex body in matters relating to policy, keeps issuing directions from time to time on several aspects including the enforcement of the provisions of the Act. One point which has come up in the course of our survey is that, in a substantial number of cases, there is no consistency in so far as the directions are self-contradictory and fluctuating too frequently. In addition, some of the directions issued by the CO run patently counter to the provisions of the Act, as borne out by the following responses:

4.3.1.15 Interview

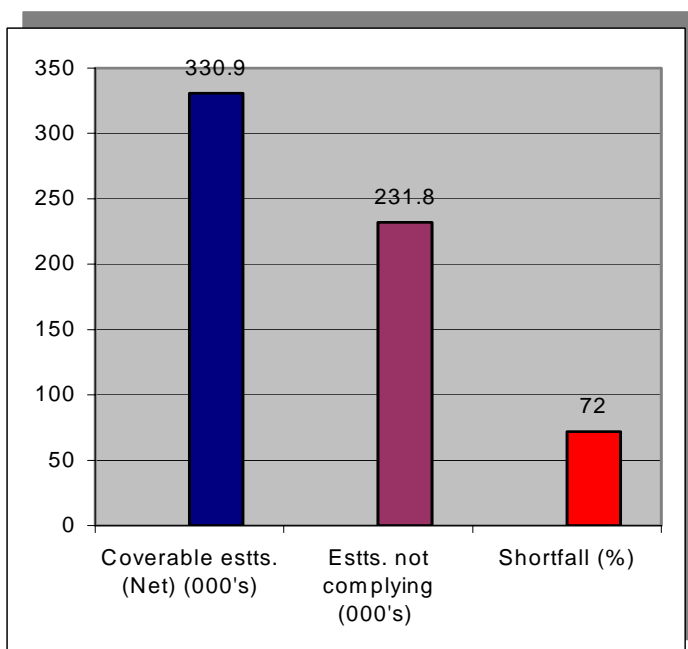
1. The flow of relevant information, which is most crucial, is not freely flowing rendering several section heads ineffective.
2. That apart, a great majority of problems can be traced to the Administrative orders / circulars issued by the Central Office, which run counter to the provisions of the Act.

4.3.1.16 Reference has been made to certain circulars issued by the CO as, for instance, Circular No. RRC/COMPLIANCE2001/Genl 32335 dated 14.8.2001, No. H 11020/41/2000/SS-II dated 14.10.2003, and E II/Instt/03/DL/50863 dated 15.10.2003, which curtail the statutory powers conferred by the Act and Scheme on the Assessing Officers, Commissioners and Recovery Officers. While it is desirable that the PF officials ensure compliance by convincing the employers, we cannot deny the fact that a substantial number of employers, if given an option to voluntary comply with the provisions of the Act, would undoubtedly opt against compliance as it would save their labour costs in



substantial terms. In such an eventuality, the PF authorities are left with no other alternative than to, and should invariably, invoke their penal jurisdiction and proceed against the erring employers, who seek to frustrate the scheme meant for the benefit of working class.

4.3.1.17 Out of a total 3,30,949 coverable establishments as at the end of the year 2001-02, the actual number of establishments complying with the provisions of the Act stood at a little less than 1,00,000. In other words, 72% of coverable establishments are not complying with the provisions of the Act, as shown in the following chart.





4.3.1.18 The All-India average of complying establishments stands at 27.57%, while the business unit-wise range of complying establishments, discloses the highest compliance in Mangalore at 57.83% and a dismal lowest compliance rate of 0.31% in Lakshminagar, New Delhi. In the course of our interview, it was pointed out by several officers that a maximum number of officers are located in Laxminagar with minimum output, which makes it a strange combination of sorts. There is no denying that a duty is cast on the Enforcement Authorities not to harass employers. In the same strain, the Act imposes a duty on them to ensure compliance and, if an employer refuses to comply with the provisions, to proceed against him without fear or favour.

RECOMMENDATION

4.3.1.19 The above facts and figures disclose that the enforcement function (notwithstanding the euphemism as reflected in the new expression 'compliance') needs to be fortified. If the organisational goal is to bring under the purview of the Act every eligible employee, the main focus should be to ensure strict compliance by the employers. Deployment of *experienced and assertive officers* in this area is critical to prevent a larger section of employers from violating the provisions of the Act with impunity, denying social security benefit to millions of employees, and getting away with it. As long as the enforcement authorities operate within the four walls of the Act, there should be no interference from the CO to the contrary. And, lastly, no direction emanating from the CO should operate to the prejudice of the objects, scheme and plain provisions of the Act, whatever may be magnitude of the political and other pressures exerted on it.



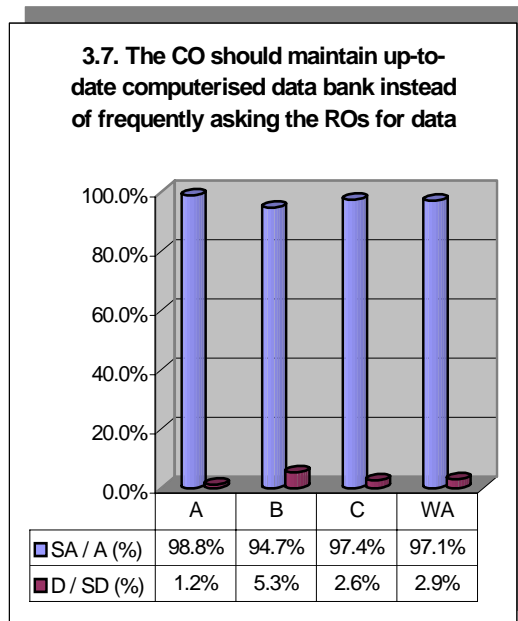
Management Information Systems

SURVEY OUTCOMES

4.3.1.20 One point, which was very vehemently argued by Group ‘A’ officers at all levels, is the manner in which CO calls for a range and variety of information too frequently on the same or similar matters. Almost all officers, without exception, are opposed to this practice as it is adversely affecting their regular work of enforcement, settlement of claims, etc.

4.3.1.21 Questionnaire:

- 97% feel that the CO should maintain up-to-date information on all operational aspects, which should be obtained from the Zonal Office, and not from individual business units.



4.3.1.22 Interview

1. The senior officers at the CO keep on asking us to furnish different types of information, and some times the same information in different formats too frequently.
2. Most of our productive time at the ROs and SROs is spent on collecting information and transmitting it to the Central Office, with the result our regular activities of enforcement, settlement of claims, etc., are taking a back seat.

RECOMMENDATION

4.3.1.23 In the new dispensation, the ZO typically constitutes (a) the apex level monitoring unit; (b) the exclusive data bank on all aspects (other than finance and investment matters) relating to compliance, coverage, legal actions, recovery, settlement of claims, grievance redressal, customer feedback, HR related matters, etc., of all subordinate offices falling within its jurisdiction; and (c) the appellate authority. The ZO should design suitable on-line format to be used by BOs and ROs for transmitting information on various activities at such intervals as it deems fit.

4.3.1.24 In a business-oriented dispensation, the officers positioned in the Central Office should consider themselves as liaison officers between operating units and the Director-General (Social Security) and, more importantly, as facilitators and enablers. **It is quite possible that certain senior officers in the Corporate Headquarters call for a range and variety of information from field offices and sometimes the same information in different formats, with a view to demonstrate their visibility. This tendency needs to be curbed.** It is of utmost importance to ensure that the officers at the CO refrain from calling for different kinds of information in different formats at different points of time directly from the operating units, as it would cause serious



dislocation to the core activities entrusted to the latter and amounts to undue interference with the business process to the detriment of operational efficiency. The CO can obtain information relating to different zones from ZO only and nowhere else. Similarly, downward communication from the CO to the operating units should, unless otherwise warranted, be through the ZO.

'Maharaja' mindset vs. 'Business/Corporate' mindset

4.3.1.25 In the course of our interaction with officers and staff at different locations, a culture, environment and a mindset, which can be aptly described as 'Maharaja' mindset on the part of superior officers and a 'Durbar' mindset on the part of their subordinates, were manifestly visible. For instance, when a RC-I has visited the place where an SRO is located, the entire staff of the SRO including the RC-II, ACs, EOs, AAOs and several other subordinate staff left the tasks at their hands. While some senior officials were closeted with the RC-I for hours, other junior and subordinate staff members were waiting outside. This went on for a couple of hours. We are aware that this conservative style of functioning, which was inherited in its full flow from the British Raj by the Central and State Governments, continues to be the accepted norm of superior-subordinate relations and office etiquette.

RECOMMENDATION

4.3.1.26 While we appreciate the fact that such *en bloc* attendance of subordinates satisfies the ego need of the superior officer (which is an important need even according to Maslow's hierarchy of needs), we would nevertheless like to add that it is archaic both in form and substance, and is clearly inconsistent with the new BPR



model. We recommend that the CO may, by a suitable circular, issue instructions to all concerned to the effect that *except one designated 'protocol' officer*, no other officer or staff member should go to the Railway Station or Airport to receive a superior officer visiting the place or spend their whole day and days with him or should go *en bloc* to see him off. Such mass absence from the place of work will result in delay in discharging their duties, apart from causing inconvenience to members. We recognize that it is a painful change, yet the business imperatives call for a change not only in the structure and processes, but also in the mindset of people.



4.3.2 CONTROL

4.3.2.1 'Span of Control' refers to the human limitation to supervise effectively a given number of people. Typically, the issue, whether the span could be wide or narrow, depends upon a number of factors, such as, the level of education of subordinates, their willingness to take responsibility and level of motivation, the nature of tasks entrusted to them, the functional similarity, functional complexity, the extent to which various functions are interlocked, geographical proximity, and so forth. To illustrate, this principle can be hypothesized thus: *"the greater the complexity of functions, the lesser the number of people one can effectively supervise"*; *"the greater the similarity of functions, the more the number of people that can be effectively supervised"*, and *"the greater the geographical proximity (as in the case of a compact workshop), the more the number of people that can be effectively supervised."*

Bureaucratic Structures - Attributes

4.3.2.2 In the traditional bureaucratic organizations as, for instance, the Government, the spans are narrow resulting in huge pyramidal structures. Max Weber's classical analysis of Bureaucratic Organisation contains the following elements common to all organisations:

- a continuous organisation of functions bounded by rules;
- specified spheres of competence (such as job specialization, limited allocation of authority, and rules governing the exercise of that authority);



- a hierarchy of jobs (which Weber calls ‘offices’), where jobs at one level are subject to the authority of jobs at the next highest level;
- all appointments are made on the basis of technical competence and ability to do the job;
- the officials (managers) of the organisation are separated from its ownership; and
- rules, decisions and actions are made explicit and recorded in writing.¹

Weber focused more on the rational and seemingly efficient aspects of bureaucracy, whereas many subsequent studies highlighted the inefficiencies and cumbersome constraints upon decision-making. Pyramidal structures are based on certain core assumptions, such as, the employees down the line are not capable of shouldering responsibility; that they need to be closely supervised, guided and directed on every minute aspect of work; and that they do not possess adequate decision-making and problem-solving skills.

4.3.2.3 During the past two decades or so, and more particularly with the advent of the Information Technology sector and the upgradation of technology from manual to hi-tech in manufacturing and other service sector organisations, the traditional assumptions underwent a radical change. The gradual replacement of ‘skill-workers’ with “knowledge-workers” called for wider spans of control, which means greater empowerment of employees in the lower rungs on the assumption that (a) they have the knowledge and skills to accomplish the tasks with least supervision; (b) they

¹. Weber, M. (1947), *The Theory of Social and Economic Organisation*, OUP, New York.



are capable of, and willing to, shoulder greater responsibility; and
(c) given an opportunity, they can independently plan, budget, execute (of course, within the broad framework laid down by the organisation) and be accountable for the outcomes.

- 4.3.2.4 The process of Globalisation with its sharp focus on competitive advantage, innovation and customer-orientation, gave a further boost to the shifting of emphasis from the narrow-span pyramidal structures to wide-span lean-flat structures. The core assumptions of lean-flat structures are exactly opposite to the traditional assumptions, namely, the employees have the necessary knowledge and skills to handle matters independently; they have the necessary mental and intellectual equipment to take decisions and solve problems; if only they are empowered and motivated, they can given the best with least amount of supervision.

PRESENT POSITION

- 4.3.2.5 In EPFO, the span of control is certainly wide, while at the same time, strangely, there has been little or no empowerment down the line. A rough estimate of the **present ratio of Group 'A' Officers to the other groups of employees is of the order of 1:34, which can be categorized as a wider-span, implying that there is less supervision and greater autonomy down the line.** But, strangely, the employees in the successive lower rungs, particularly, **those in Group 'C', do not seem to have been empowered in the strict sense of the term.** This position is understandable in the light of the fact that substantial number of staff members in Group 'C', who have been promoted from Group

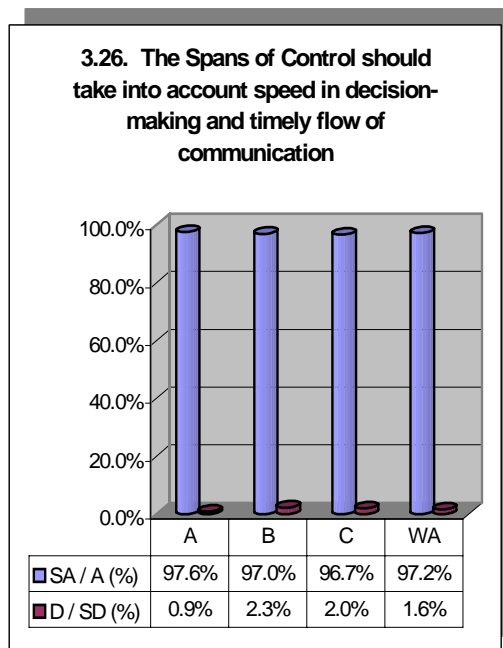


'D', do not possess proper background or the ability and/or willingness to take responsibility.

SURVEY OUTCOMES

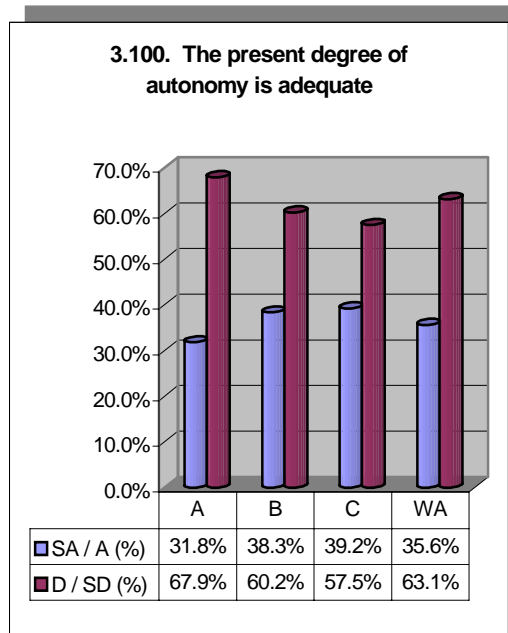
4.3.2.6 Questionnaire:

- 97% feel that the Span of Control should focus on speedy decision making and the timely flow of communication.

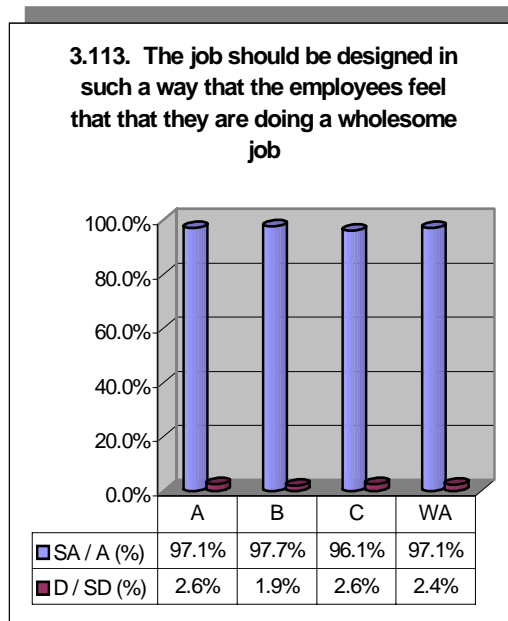




- 64% of respondents are not satisfied with the present degree of autonomy.



- 97% feel that the job should be wholesome and self-fulfilling.



4.3.2.7 Interview

1. Span of control for each office should not be more than 50-60 employees and not more than 1 lakh accounts, which should be headed by one RC-II assisted by 2 or 3 ACs.
2. Officer-Staff Ratio should be 1:12/14

ANALYSIS

4.3.2.8 The issue whether the span of control should be wide or narrow depends upon the nature of business and the magnitude and complexity of operations. It is not as if a 'wider' span is always better than a 'narrower' span or *vice versa*. Nevertheless, the concept of 'wide' span implies that those at lower rung(s) enjoy a greater degree of autonomy and self-direction, which are conspicuous by their absence in 'narrow' structures. By the same token, the employees operating in wide-span structures are invested with power to take decisions without depending on instructions / orders from superiors. 'Empowerment' is a state of mind and an environment in which individuals and teams plan, budget, execute their work independently, and take full responsibility for the outcomes. *This presupposes that the individuals and teams possess the necessary educational background, skills and competence, and are also capable of self-direction and self-management.*

**RECOMMENDATION**

4.3.2.9 The ratio of staff and officers of Groups 'B', 'C' & 'D' to Group 'A' officers in different units shall be as follows

UNIT	Gr. 'A'	Gr. 'B'	Gr. C&D	TOTAL	RATIO (A : B+C+D)
BO	8	37	104	149	18
RO	11	38	111	160	13
ZO	22	17	53	92	3
CO	51	215		266	4

4.3.2.10 In the context of EPFO, the concept of empowerment refers to the line functions or, say, the seven KBPs. While there is no dispute that the staff down-the-line should be empowered, the fact remains that it is a long-drawn process, given the work culture of EPFO, which has evolved under the shadow of governmental-style of working characterized by pushing problems upwards by putting up notes, looking for instructions from superiors, and implementing/executing them. It is possible that a large majority of employees in Groups 'B' & 'C', who have been assigned to KBP areas, might not have been exposed to decision-making and problem-solving processes. In such a dispensation, extending the concept of 'empowerment' to these categories straightaway without anything more is not a viable proposition.

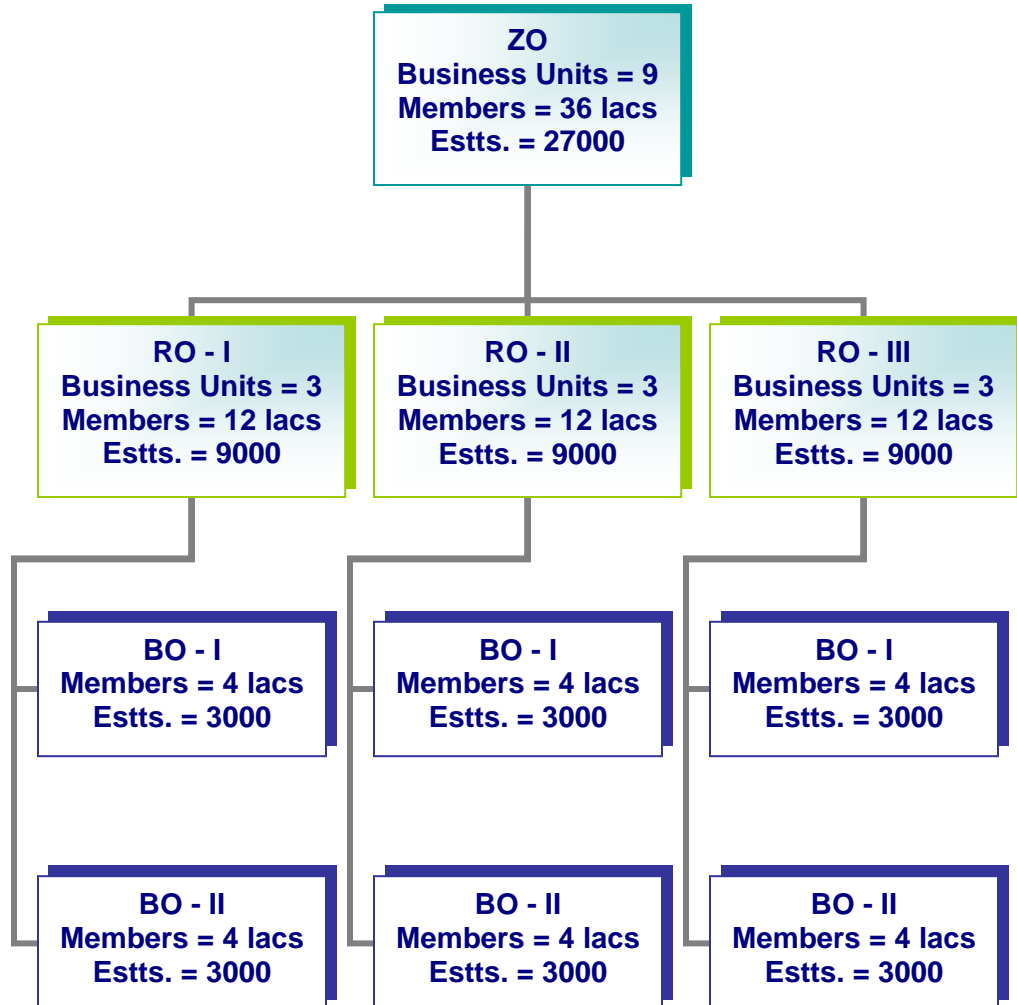
4.3.2.11 We recommend that the EPFO should undertake an exercise of identifying staff members (Group 'C') and Officers in (Group 'B'), who possesses the kind of initiative, knowledge of the processes and the ability necessary to take decisions or, in other words, "self-starters" and put them through proper training and



development programmes coupled with assured growth so that the EPFO can derive maximum benefit from its human resources. This should be an on-going exercise. For these reasons, we have recommended retention of the existing pyramidal structure, as can be discerned from the Theme “Business Unit Restructuring” in Paragraph 3.2. For instance, the profile of the Zonal Office, after implementing the WLN-based restructuring of Business Units will be like the one shown in the following Chart.



4.3.2.12 Profile of ZO after implementing the WLN-based Structure





Commentary

- 4.3.2.13 From the above chart, it can be seen that each BO will have exclusive original jurisdiction over 4 lakh members and 3000 establishments, with no supervisory jurisdiction whatsoever. The Head of the Unit is RC-II, who will be assisted by 3 Deputy Commissioners and 4 Assistant Commissioners.
- 4.3.2.14 Each RO will, in addition to its original jurisdiction over 4 lakh members and 3000 establishments, exercise supervisory jurisdiction over two BOs, which together account for 8 lakh members and 6000 establishments. The Head of the Unit is RC-I, who will be assisted by 3 Regional Commissioners (Gr. II), 3 Deputy Commissioners and 4 Assistant Commissioners, thus making a total of 10 officers of Group 'A', excluding himself.
- 4.3.2.15 Each ZO will exercise exclusive supervisory jurisdiction over three ROs, which account for 36 lakh members and 27000 establishments under their composite jurisdiction – original and supervisory. The Head of the Unit is Addl. CPFC, who will be assisted by 2 Regional Commissioners (Gr. I), Director (Audit), Director (Vigilance), Director (Information Services), 4 Regional Commissioners (Gr. II), 6 Deputy Commissioners and 5 Deputy Directors in the Areas of Official Languages, Audit, Vigilance and Information Services.
- 4.3.2.16 We recommend the introduction of the concept of Cross-Functional Teams (CFTs) at the level of DPFCs and ACs in the BO, Regional Commissioners (Gr.II) and DPFCs in the RO, and Regional Commissioners (Gr. I) and Regional Commissioners (Gr.



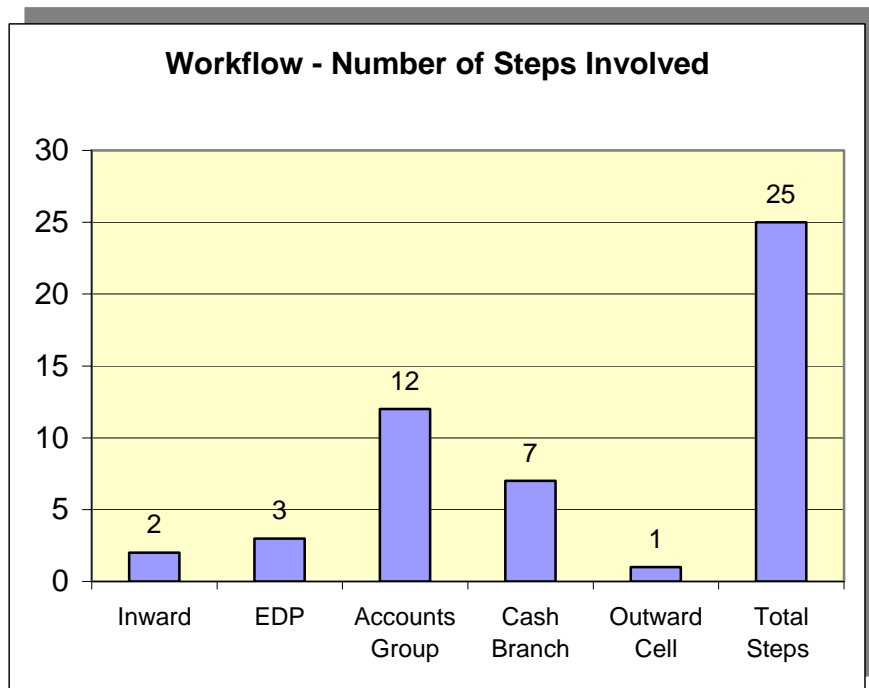
II) in the ZO. The CFTs comprise officers in-charge of cognate functions who meet at such intervals as is necessitated by the extent of issues/problems which require coordinated decision-making by officers in-charge of different functions in the operational units. To wit, a CFT comprising the officers in-charge of Accounts, Claims Settlement, Customer Relations and Grievance Redressal can meet at regular intervals of, say, a week and discuss all outstanding issues and clear the cases. Similarly, another CFT of the officers in-charge of Compliance, Coverage, Recovery and Legal, can meet, say, once in a fortnight, discuss and formulate a joint-strategy to enforce the provisions of the Act or effect recovery of outstanding dues from employers or prepare the background for the legal battle, if so warranted. The system of CFTs should be formalized and the decisions taken in the CFTs should be minuted. This should be supplemented by a formal mechanism to follow up the decisions taken in the CFTs. The single most important advantage of CFTs lies in that the matters falling in the twilight zone of more than one business process need not be pushed up, down and laterally among different officers resulting in avoidable delay. Instead, they can be resolved by officers, who can reflect together, analyse the facts, deliberate upon jointly, apply their minds and arrive at a joint decision. This will eliminate the traditional, cumbersome procedure of noting, counter-noting, querying, answering in the note files and so forth, and thus speeds up the decision-making process.



4.3.3 WORKFLOW

PRESENT POSITION

4.3.3.1 It has been observed that there are several system-related bottlenecks in the settlement process. The first is that of receiving mail from, and dispatching it to, external agencies. The staff in the inward / dispatch section largely perform unproductive jobs of fixing date stamps, entering in the register, recording the registration number, sending it to the section head, the section head making another entry in his register, and so forth. Similarly, the outgoing mail passes through a like number of channels as shown below:

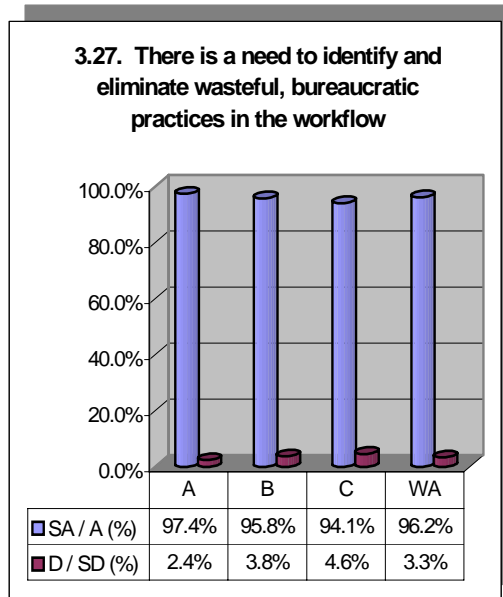




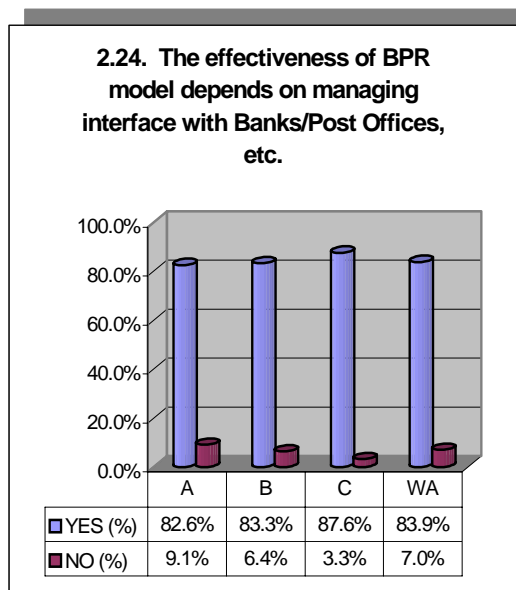
SURVEY OUTCOMES

4.3.3.2 Questionnaire

- A staggering 96% respondents are in favour of identifying and eliminating bureaucratic practices in the workflow



- 84% feel that the effectiveness of BPR model depends on managing interface with banks, post offices, etc.





4.3.3.3 Interview

1. It takes 5-6 working days for a claim to travel from the inward section to the concerned staff member, which delays the settlement process.
2. Nothing has been done during the last 50 years to reduce the large number of steps involved in the claim-settlement process. How does the EPFO expect the officers to speed up the settlement of claims?

ANALYSIS

4.3.3.4 The following have been identified as the problem areas in the settlement process: (a) Attestation requirement; (b) Physical movement of claim through all the stages and steps; (c) Manual processing; and (d) Absence of on-line real-time data. Presently, certain business units are disposing of claims within 3 days keeping in tune with the objectives set by the Organisation. But the percentage of claims settled within 3 days is small as compared to the number of claims either not settled within three days or are rejected. There is a need to look at the procedural road blocks on at a structural level and remove them thereby simplifying the movement of claim inward and outward. This requires policy level initiative and a uniform systemic change applicable to all operating business units rather than leaving the matter to the discretion of individual business units.

4.3.3.5 At this stage, we would like to refer to BPR Report, which dealt with the direction of solution for the process of claims settlement in Para. 1.2.9. (at pp. 20-21, Vol. I); the relevant portion is reproduced below:



“Considering the factors identified as critical to the success of EPFO and to reduce the time to settle claims to bare minimum, the direction of solution for the process of claims settlement is:

- To provide the facility of “anywhere” claim settlement;
- To minimise the number of process steps, while improving the checks in process:
- Single “error free” identity check in entire process
- Single “error free” information entry and validation in entire process
- Single “error free” authorisation in entire process
- Separation from Accounting & Reporting

The key features of Claims Settlement Process are:

- Claims Settlement is facilitated by Central database, which is updated as per the Accounting Process;
- Acceptance [includes Identity check], Entry of claim details into the system, Acknowledgement of receipt of claim, Authorisation [application of eligibility and scheme rules] of the Claim will be done at each of the Branch Offices;
- Identity check will be based on matching of Social Security Number [SSN] & live finger-scan with the finger-scan database & Social Security Number [SSN] from the Central database;
- Quantum calculation as per scheme provisions will be supported by the system;
- Disbursement of payment to the member will then be categorised as electronic advice based payment, Cheque payment or Money Order payment;

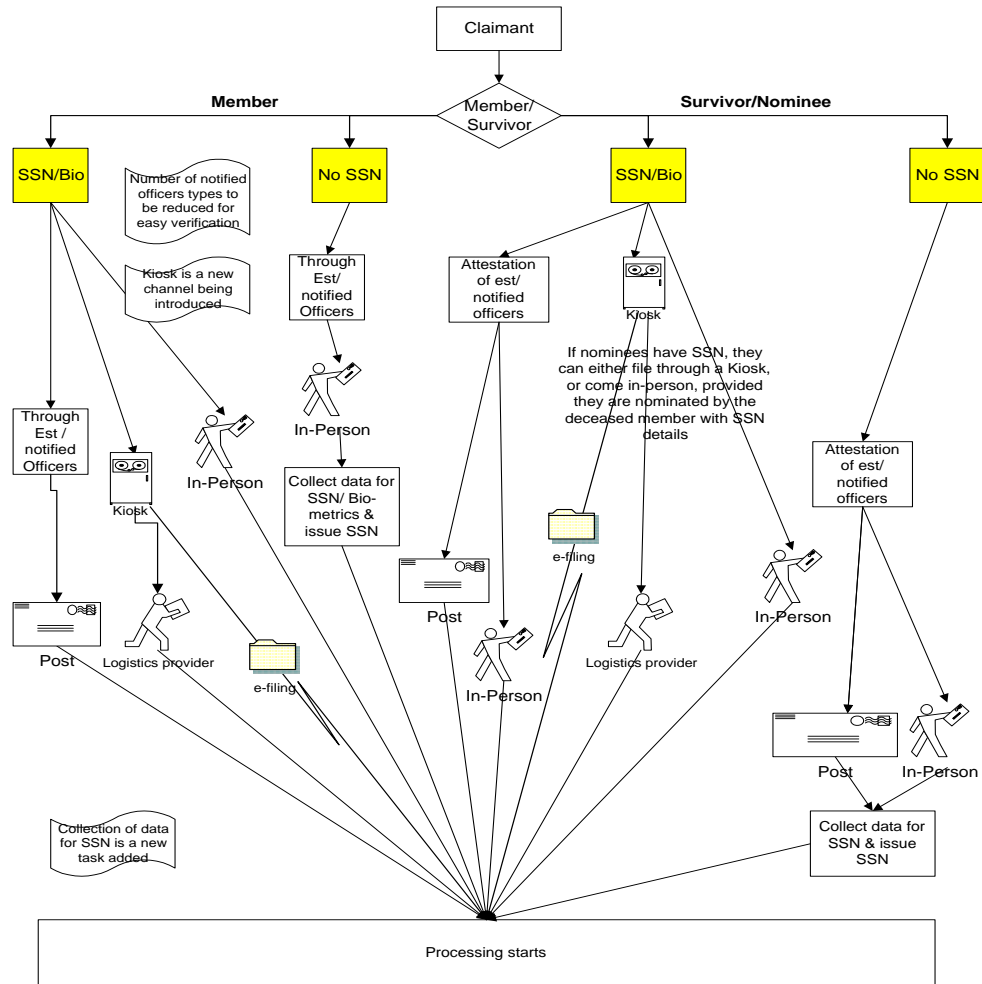


- Printing and Dispatch of the Cheques will be done at the automated in-line mailing system to expedite the auto printing, enveloping and dispatch to the Members' bank."

4.3.3.6 Vol. IV of BPR Report directly addresses, *inter alia*, the Claim Settlement Process. From the Chart at E1330, it can be seen that the in-warding of claims is going to be a complex process depending upon (a) whether the member is the claimant or his survivor / nominee, (b) whether he has been allotted an SSN or has no SSN, (c) whether the claim is submitted in person or through the EPF notified kiosk, (d) where the claimant is a survivor/nominee with a SSN, (e) whether the claim is through post duly attested by the establishment /notified officers or through kiosk or in person, and (f) where the survivor/nominee has no SSN, whether through post duly attested by the establishment/notified officers or in person, and so forth. The said chart is reproduced hereunder:



**Inwarding of Claims
(Various combinations of options)**



e-filing



- 4.3.3.7 In the BPR model, the claim submitted, whether in person or through post or through kiosk, has to pass through various verification channels for identity check (E1650 of the BPR Report) as detailed below:

1	Verification of SSN
1(a)	Keying in the SSN
1(b)	Sending the application to CSD for enquiry
2	Checking identify using Bio-metrics
2(a)	Entering SSN and sending the claim for investigation
3	Where there is no SSN,
3(a)	Verify whether the details are submitted and he has SSN case ID
3(b)	Generate case ID
3(c)	Attach the copy of acknowledgement to claim form
3(d)	Divert the claimant to SSN coverage cell
4	Where the SSN details have been submitted,
4(a)	Generate case Id against SSN case ID
4(b)	Scrutinise the claim form for completeness
4(c)	Ensuring the form is complete
4(d)	Print acknowledgment and issue case ID to claimant

RECOMMENDATION

- 4.3.3.8 The processing of claim starts only after the above steps have been cleared. The actions to be taken in the above steps (“Events” in BPRR terminology) are manual in nature. It remains to be seen how much time would it take for each claim to pass from one stage to the other before processing starts, which again involves certain activities to be carried out manually. Since the new system is yet to be tried out before being put in place, we are not making any recommendation as to the ideal number of steps / stages between the filing of a claim and posting of the cheque/PPO, except observing that the number of check-posts should be drastically reduced.

**4.3.4 OUTSOURCING****ANALYSIS****Core vs. Peripheral Activities**

4.3.4.1 The EPFO should focus more on its core activities of compliance, claims settlement, etc., and identify and outsource all other peripheral activities. For instance, the following activities can be classified as peripheral activities:

1	Security
2	House-keeping
3	Gardening & Horticulture
4	Transport
5	Catering and Pantry services
6	Guest House maintenance
7	Computer Maintenance – hardware and software
8	Civil & electrical maintenance services

RECOMMENDATION

4.3.4.2 We do not propose any downsizing of the existing manpower at any level. We, however, recommend that the afore-mentioned activities be outsourced in a phased manner. Typically, this calls for a three-pronged approach: (a) imposing a freeze on recruitment to these positions in the event of retirement, VRS, death or resignation of the incumbents; (b) floating an attractive Voluntary Retirement Scheme (VRS) after a couple of years or so, as discussed in the next paragraph; and (c) contracting out the resultant vacancies to external agencies gradually, so much so that, in the course of time all these tasks will be exclusively performed by independent contractors through their workers. There should be no objection or resistance to VRS from any



source in view of the fact that it is purely voluntary in nature and no employee is forced or compelled to opt for it.

- 4.3.4.3 The outsourcing exercise may be confined to Group 'D' jobs. It is observed that the average age in Group 'D' is low because of continuous additions to the cadre. In this regard, the EPFO may have to follow the guidelines given by the Government in terms of the minimum qualifying service for being eligible to opt for VRS, the outer age limit beyond which the employee renders himself ineligible to opt for VRS, the quantum of compensation, the relative weightage to be given to the residual service vis-à-vis past service rendered, and other relevant aspects.



4.4 LEGISLATIVE REFERENCE

4.4.0 The theme on legislative reference will be discussed under the following heads:

4.4.1	Legislative framework vs. New Business Model
4.4.2	Position of Addl. DG (CPFC) vs. CBT
4.4.3	Executive Committee and Regional Committee
4.4.4	Autonomy
4.4.5	Designation-change – Amendments to the Act
4.4.6	EPF Appellate Tribunal vs. Internal Appellate Authorities

4.4.1 Legislative Framework vs. New Business Model

PRESENT POSITION

4.4.1.1 As a statutory body created under the Act, the operations and working of EPFO are subject to the provisions of the Act and the Scheme made thereunder. A cursory look at the provisions of the Act disclose that the EPFO was conceived as a wing of the Government of India to be administered by a Central Board of Trustees (CBT), which is a body corporate having perpetual succession and a common seal, etc., in terms of ss. 5A r/w s. 5C of the Act. The Central Government appoints the Central Provident Fund Commissioner, who, as the CEO, is subject to the general control and superintendence of the CBT. The CBT in turn has the power to appoint Additional, Deputy, Regional and Assistant Provident Fund Commissioners as may be necessary for the administration of the scheme. The method of recruitment, salary and allowances, discipline and other conditions of service of the said officers shall be in accordance with the rules and orders applicable to the officers and employees of the Central



Government drawing corresponding scales of pay. Where the CBT desires to depart from the said rules, etc., it shall obtain the prior approval of the Central Government (s. 5D). The CBT is empowered to delegate powers to the officers down the line for the efficient administration of the scheme.

4.4.1.2 Thus, it can be seen that the influence of Central Government pervades all the processes and activities of EPFO. Paraphrasing, the EPFO was conceived as an inherent part of the bureaucratic structure, which is the core feature of any Government set up. The policies, procedures, practices, methods of administration, style of dealing with customers and every aspect of the EPFO for over five decades bear eloquent testimony to this assertion. Against this backdrop comes the BPR project “Re-inventing PF – India” with its core object of bringing about a radical change in the working of EPFO with greater focus on customer-orientation and the re-alignment of processes to meet the Vision that the EPFO has set for itself. In other words, the contemplated change takes EPFO away from the governmental style of functioning to that of a dynamic result-oriented business house with emphasis on compliance, speedy settlement of claims, customer -service, grievance redressal and so forth. This fact plays critical role in evaluating the provisions of the Act and Scheme with special reference to the nature of systemic and structural impact they can, as they stand today, exercise on the functioning of the new business model. It is axiomatic to say that a Government department *per se* does not fit into a business model of any sort, for the obvious reason that it does not do business or trade in the technical sense of the terms. The main focus of Government is on adherence to rules because of the overriding impact of Part-III of



the Constitution and the amenability of its actions to the writ jurisdiction. The relationship between the Government and its citizens can by no means be equated with that of a service provider and its customer. In that sense, the concept of 'customer' has little or no place in Government parlance, at the least in the current scheme of things. On the other hand, the BPR exercise visualizes EPFO as a service organization modeled on the lines of any business house in the industrial realm. Even according to the latest legal position, EPFO falls within the ambit of Consumer Protection Law, which adds yet another dimension to the nature and scope of the business operations of the EPFO.

4.4.1.3 The other side of the picture lies in the landmark decision of Supreme Court in *RPFC v. Shiv Kumar Joshi*,² which made a fundamental departure from the way the EPFO viewed itself for nearly five decades. The apex court preemptorily set the direction as to the manner in which it should organize its processes and function in future. The facts of the case deserve mention for a full understanding of the change in the judicial thought ways: On a complaint filed by a member against the delayed payment of provident fund, the District Consumer Redressal Forum ordered the RPFC to pay interest @ 18% on the delayed payment in addition to costs. Both the State CDR Commission and the National CDR Commission dismissed the appeal filed by the RPFC. The issues before the Supreme Court were:

- (a) Whether an employee, who is a member of provident fund, could be considered a 'consumer' u/s. 2(1) (d) of the Consumer' Protection Act; and

². *Regional Provident Fund Commissioner v. Shiv Kumar Joshi*, [2000 I LLJ 552 (SC)], per Sethi, J.



(b) Whether the Employees' Provident Fund Scheme be considered a 'service' u/s. 2(1) (o) of the said Act.

Speaking for the Bench, Sethi, J. held:

“The Regional Provident Fund Commissioner under the Act and the scheme discharges statutory functions for running the scheme. . . . The Commissioner is a separate and distinct entity. It cannot legally claim that the facilities provided by the 'scheme' were not 'service' or that the benefits under the scheme being provided were free of charge. The definition 'consumer under the [Consumer Protection] Act includes not only the person who hires the 'services' for consideration but also the beneficiary, for whose benefit such services are hired. Even if it is held that administrative charges are paid by the Central Government and no part of it is paid by the employee, the services of the Provident Fund Commissioner in running the scheme shall be deemed to have been availed of for consideration by the Central Government for the benefit of employees who would be treated as beneficiary within the meaning of that word used in the definition of consumer (Para 11, at p. 560). . . . A perusal of the scheme clearly and unambiguously indicates that it is a 'service' within the meaning of section 2(1) (o) of the Act. It is, therefore, without any substance to urge that the services under the scheme are rendered free of charge and, therefore, the scheme is not a 'service' under the Act. Both the State as well as National Commission have dealt with this aspect in detail and rightly came to the conclusion that the Act was applicable in the case of the scheme on the ground that its member was a 'consumer' under section 2(1)(d) and the scheme was a 'service' under section (1)(o). No ground is, therefore, made out for interference with the impugned order. (Para 12, at p. 560).”

4.4.1.4 **The above ruling distinguished pure government service of the nature of 'public duty' performed in discharge of the sovereign functions from a 'commercial service' that characterises the relations between a vendor and a vendee. It is significant to note that the Supreme Court held that the PF Commissioner is an entity separate and distinct from the**



Government. The consequences of this decision are far-reaching and complex for the EPFO and its officers/staff in so far as they will henceforth be liable to shell down huge sums as damages awarded by the Consumer Forums, in the event of inordinate delays in the settlement of claims that have become a characteristic feature of EPFO for over five decades. The new business model coupled with the decision of Supreme Court calls for a revolutionary change in the mindset and attitudes of the officers and staff of EPFO, which is, in turn, dependent on the quality of the system and structure in which they operate. Viewed in this perspective, the basic question that requires to be answered is: *“Do the provisions of the Act and scheme, and the organizational structure contemplated therein, catalyse the transition of EPFO or do they hinder it?”* In this section, an attempt has been made to find an answer that makes a best fit between the legislative framework and the proposed business model without, of course, upsetting the apple cart.

SURVEY OUTCOMES

4.4.1.5 Interview

1. EPFO seems to be nobody's baby. We are neither an autonomous body nor a government department in absolute terms, and get the worst of both worlds. The status of EPFO in the eyes of the world should be declared in unmistakable terms.
2. Nothing has been done during the last 50 years to reduce the large number of steps involved in the claim-settlement process. How does the EPFO expect the officers to speed up the settlement of claims?
3. Once the work-load norms are laid, creation of additional positions as required thereby should be automatic and



recruitment/promotion should be spontaneous without waiting for approvals and sanctions from the HO / CBT. The whole system should be scientifically structured so that things move automatically as per the norms / guidelines laid down.

4. Even to settle petty claims of Rs. 200/- or so, we are incurring five times the cost because of our complex procedures. This has to be looked into.

4.4.2 Position of CPFC vs. CBT

ANALYSIS

4.4.2.1 Under s. 5A, Central Government can appoint the CPFC as an ex-officio member of the CBT. Para 19(2) of the Scheme lays down that the CPFC while attending the meeting of the CBT may take part in its deliberations but shall not be entitled to vote. Para 22 stipulates that the CPFC shall be the Secretary of the CBT, etc.

4.4.2.2 There is an inherent anomaly of grave magnitude in so far as the status conferred on the CPFC as respects the world at large and the position offered as respects the Central Board of Trustees. As regards the former, the CPFC has been notified as the final arbiter and the Chief Executive Officer of the CBT [s. 5D(1)], and as regards the latter, he has been reduced to the status of a mere Secretary. The office of Secretary to a Board of Directors or a Board of Governors is, by implication, one charged with the meager responsibility of convening the meetings, recording and circulating the minutes, arranging for annual audit, etc., and nothing more. What is even more conspicuous and surprising is the fact that the CPFC, in his capacity of the CEO of a giant organisation handling some Rs. 199000 crores of corpus, is not entitled to vote in matters affecting the financial fortunes of 4.11 crore members. Both the provisions, namely, reducing the CPFC



to the status of a Company Secretary, and making him a non-voting member of CBT, are wholly incompatible with any business model of any magnitude, not to speak of EPFO, which is on the threshold of an unprecedented transformation into a world-class social security organisation almost without a parallel in the world.

RECOMMENDATION

4.4.2.3 We recommend the following:

1. The CPFC [here-in-after referred to as “Director-General”] shall be one of the Trustees of the CBT.
2. The Director-General should have the power to vote like any other Trustee
3. Section 5A of the Act, and Paras. 19 & 22 of the Scheme be suitably amended reflecting the above changes.

4.4.3 Executive Committee and Regional Committee

ANALYSIS

4.4.3.1 Ss. 5AA & 5B of the Act empower the Central Government to constitute an Executive Committee and, in consultation with the State Governments, Regional Committees. Para 22 provides for the Secretary of the Central Board, Executive Committee and Regional Committees. The Executive Committee is intended to assist the CBT in the performance of its functions.

RECOMMENDATION

4.4.3.2 We recommend deletion of both the Sections from the Act and the corresponding provisions from the Scheme for the following reasons: In the face of a full-fledged CBT, the Executive Committee has practically no productive role to play except



costing the exchequer. Further, it adds one more step in the decision-making process resulting in avoidable delays. Instead, the CBT can be assisted by a full-time Secretary recommended in the preceding sections. Reverting to the Regional Committees contemplated in s. 5B, it is pointed out that the traditional concept of each State or a cluster of small States forming one Region will no longer be valid in view of the organizational and geographical restructuring of the business units on the basis of WLN. In the new dispensation, it is possible that a given State may have more Regions than one. Again, a Zone may include Regions traversing two or more states. For these reasons, the Executive Committee and Regional Committees can be scrapped and the corresponding provisions deleted from the Act and Scheme and such a measure will have no adverse affect on the functioning of EPFO.

4.4.4 Autonomy

RECOMMENDATION

4.4.4.1. While on this aspect, it is pertinent to dwell upon the status and position of EPFO vis-à-vis the Government of India with special reference to nature of service rendered by EPFO, the manner in which its expenditure is met. Notwithstanding the historical fact that the EPFO had come into being through an Act of Parliament, we cannot ignore the further fact that the expenditure incurred by the EPFO is met from the Administrative Charges collected from the Employers as a percentage of contributions towards EPF, and not from the Consolidated Fund of India or any other civil grant from the Government. This position coupled with the service/commercial orientation envisaged in the Supreme Court



ruling cited above calls for a more pragmatic look at the scheme of things. By the same token, the various directives issued by the Government of India imposing economic / fiscal restrictions on Government Departments are not strictly applicable to the EPFO. On the contrary, there is a strong case for the Government to authorize the CBT to take all such decisions, including imposing / loosening of restrictions on this front in so far as the EPFO and its activities are concerned.

- 4.4.4.2 We recommend that, consistent with the new Business Model and the ruling of the Supreme Court, the Central Government should confer greater autonomy to the EPFO so much so that in the course of time the EPFO will grow into a self-sustaining and self-directing Social Security Organisation on the lines of its counterparts operating in advanced nations like USA, and administering a range of benefits to the workers in both the organized and unorganized sectors. This by no means implies that the Government should completely divest its responsibility or control over the EPFO, which aspect can be taken care of by the CBT, which comprises, inter alia, representatives from Government.

4.4.5 New Designations – Amendments to the Act

- 4.4.5.1 There is a need to amend various definitional clauses and operative Sections of the Act and the corresponding Paras of the Scheme to reflect the changes contemplated in the Designations of officers and the nomenclatures of business units. More specifically, the following new designations may be substituted for, or added to, old ones, where they occur:

**RECOMMENDATION****4.4.5.2 Statutory Designations of Officers**

4.4.5.2.1 The existing and proposed designations of various officers of EPFO are given below, for incorporation in the draft amendment bill to be introduced in the Parliament. From column 3 of the following table, it may be observed that we recommended, inter alia, re-designating the RPFC-I and RPFC-II as Regional Commissioner and Joint Commissioner, respectively. Till such time, the amendment Bill is passed, the present designations of RPFC-I and RPFC-II may be continued, to be substituted with the proposed designations later once the amended Act comes into force.

Sl No	EXISTING	PROPOSED
1	CPFC	Director-General (EPF)
2	NIL	Addl. Director General
3	Addl. CPFC	= delete =
4	NIL	Zonal Commissioner (Rank: Addl. DG)
5	RPFC-I	Regional Commissioner
6	RPFC-II	Joint Commissioner
7	Dy. PF Commissioner	Deputy Commissioner (the level of the position in the hierarchy has to be specified)
8	APFC	Assistant Commissioner
9	NIL	Accounts Officer / Sr. Enforcement Officer



4.4.5.2.2 To be more specific, the following provisions require recast duly incorporating the changes suggested in the above paragraphs:

<u>A. IN THE ACT</u>	
Section	Title
2(aa)	[Definition] – “authorized officer”
5D	Appointment of officers (designations of officers)
7A	Determination of moneys due from employers (designations)
8F	Others modes of recovery (designation of CPFC etc.)
14AC	Cognizance and trial of offences (designations)
14B	Power to recover damages (designations)
17(1A)(d)(ii)	Power to exempt (designation of CPFC)
17(2A)	Power to exempt (designation of CPFC)
<u>B. IN THE SCHEME</u>	
Paragraph	Title
2(d)	[Definition] – “Commissioner” means”
19	CPFC & FA&CAO (change to me made in designations and powers)
22	Secretary to the CB or RC – To be deleted in its entirety

**4.4.6 EPF Appellate Tribunal vs. Internal Appellate Authorities****PRESENT POSITION**

4.4.6.1 Sections 7D deals with the constitution of one or more one-man Tribunal(s) to hear and decide appeals against any notification issued or order passed by the Central Government or any authority under Sections 1(4)(3), 3, 7A(1), 7B, 7C or 14B of the Act. Sections 7E to 7P deal with the procedure, powers and other miscellaneous aspects relating to EPFAT. Presently there is only one EPFAT for the whole of the country located in Delhi.

4.4.6.2 Apart from the above provision for appeal to the EPFAT, s. 7B provides that an aggrieved party can file an application before the same officer for review of an order passed by him u/s. 7A, provided that no appeal has been preferred by the aggrieved party to the EPFAT.

ANALYSIS

4.4.6.3 The EPFAT is a quasi-judicial tribunal outside the matrix of authorities prescribed under the Act, i.e., from the CPFC to the APFC on whom the power to decide as to the applicability of the Act and to determine the money due from any employer under the Act and the Scheme. With the sole exception of 'Review', there is no provision in the Act for an internal (departmental) appeal to a higher-ranking officer against the order made by an original authority.

**RECOMMENDATION**

- 4.4.6.4 We recommend that a provision conferring appellate powers on the higher-ranking officers against the orders passed by the officers in their original jurisdiction be made in the Act. This provision is in addition to the Review by the officer of original jurisdiction contemplated u/s. 7B. Such a facility will minimize the costs and procedural delays involved in litigation, which has to be pursued in one location for the whole of the country. The scope of powers of PF Officers under the original and appellate jurisdictions is indicated below, though illustratively:
- 4.4.6.5 Original Authority for assessment of dues and damages in respect of establishments employing up to 100 employees shall be the **Assistant Commissioner**.
- 4.4.6.6 Original Authority for assessment of dues and damages in respect of establishments employing more than 100 employees shall be the **Deputy Commissioner**.
- 4.4.6.7 Original Authority in respect of disputes relating to the applicability of the Act to any establishment falling within the jurisdiction of Branch Office shall be Head of the Branch, i.e., **Regional Commissioner-II** *(to be re-designated as “Joint Commissioner” while drafting the amendment Bill)*.
- 4.4.6.8 Original Authority in respect of disputes relating to the applicability of the Act to any establishment falling within the jurisdiction of Regional Office shall be Head of the Region, i.e., **Regional Commissioner-I** *(to be re-designated as “Regional Commissioner” while drafting the amendment Bill)*.
- 4.4.6.9 Original Authority for assessment of dues in respect of exempted establishments (s. 7A, Para 26B & 14B) shall be the Head of the Region, i.e. **Regional Commissioner-I** *(to be re-designated as “Regional Commissioner” while drafting the amendment Bill)*.
- 4.4.6.10 Appellate Authority in respect of all the appeals pertaining to the Zone shall be **Zonal Commissioner**.



4.4.6.11 Original Authority to decide EDLI Exemption cases and their renewal every 3 years: **Zonal Commissioner**

4.4.6.12 Original Authority to issue of notification for voluntary coverage u/s 1(4): **Zonal Commissioner**

Explanation: The delegation of power to ZC in respect of EDLI exemption / renewal and of voluntary coverage will ease the CO of the day-to-day operational work and help in concentrating on higher order issues relating to strategy, investment, and policy formulation.

4.4.6.13 For securing proper compliance i.e. evasion-less compliance from all covered establishments, one additional post of Assist Commissioner (Circle Officer) may be provided to the BO and RO, as the case may be, if the number of establishments exceeds 1000.

4.4.6.14 As regards Pension, the most important part is of checking the eligibility of the claimant/pensioner. While keeping this part of the work with the Assistant Commissioner in-charge of Pension, the power to sign the PPOs may be delegated to Accounts Officers.



4.5 PHYSICAL RESTRUCTURING

PROLOGUE

4.5.1 This section pertains to the physical facilities of the EPFO. Without being exhaustive, the following aspects fall under this head:

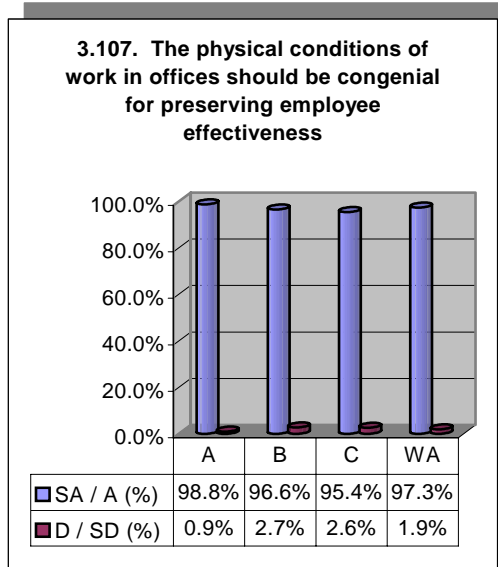
- The kind and quality of furniture and fixtures, provision of adequate rooms with filing racks and cupboards for keeping the records;
- The quality of tools and equipment such as computers, etc.,
- The outward appearance of the business unit, and the maintenance and upkeep of the offices;
- A proper and spacious reception lounge in all the business units with facilities for receiving and seating customers;
- Facilities for attending to the problems of customers, and provision of congenial and comfortable workplace;
- Air conditioning of offices, provision of water coolers, pantry services with spacious, decently furnished dining halls;
- Official conveyance facility to the statutory authorities such as enforcement officers, etc., who visit establishments as representative of EPFO, and so forth.

SURVEY OUTCOMES

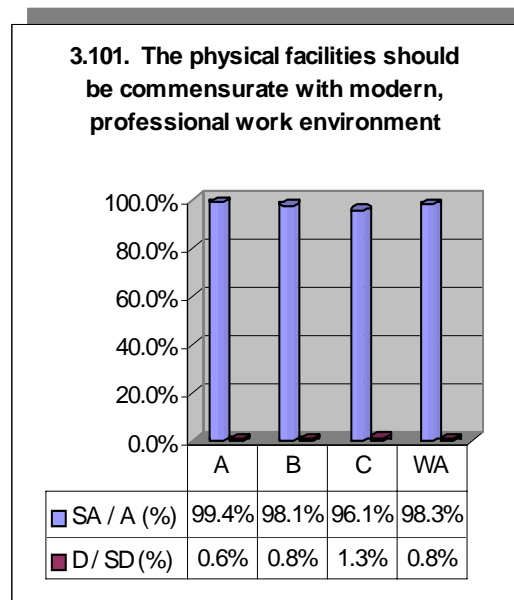
4.5.2 The responses of organizational participants, which are reproduced hereunder, are self-explanatory.



- 97% of respondents feel that the physical conditions of work should be congenial for preserving the efficiency and effectiveness of employees.



- 98% want the physical facilities to be commensurate with modern, professional work environment.





4.5.3 Interview

- No vehicle is given to the field enforcement staff. This makes it difficult for them to handle enforcement from a position of authority.
- The quality of the office furniture is poor and depressing and is nowhere near a modern, civilized organization operating in a competitive environment.
- Every office, at any level, should have all the basic amenities and present a decent, modern look.
- Computers are not in working condition. A bigger office like Calcutta has only 13 terminals, while some smaller offices have 25 terminals.
- Space for records is insufficient. Offices are cramped (example: Chandigarh). Basic amenities are conspicuous by their absence.

RECOMMENDATION

4.5.4 We agree with the concerns expressed by the organizational participants in this regard. While it is heartening to note that the business units of EPFO today present a definitely better look, have decent furniture, and the like, it is recommended that the facilities in all these afore-mentioned and other related areas need to be standardized in the first place, and periodically upgraded in the same manner as a modern business corporation does. We are not making any specific recommendation in view of the fact that (a) the problems highlighted are themselves suggestive of solutions, and hence do not call for elaborate analysis; and (b) these are matters, which are partly policy-related and partly-administrative in nature and can be handled without any suggestion from external sources.

Chapter – 5**RECRUITMENT – PERFORMANCE – PAY****5.1 HRP, Recruitment, Selection & Induction**

Recruitment is the process of searching for, and attracting, prospective employees. Recruitment could be from internal and external sources. In this section, we are concerned more with the search for candidates from without. The issues are discussed below under the following heads:

5.1.1	Human Resource Planning
5.1.2	Recruitment and Selection
5.1.3	Placement and Induction
5.1.4	Orientation Programme for Internal Promotees

5.1.1 HUMAN RESOURCE PLANNING

5.1.1.1 HRP is the process of analyzing and identifying the need for and availability of human resources so that the organisation can meet its objectives promptly and effectively. In today's business context, HRP is not merely confined to the traditional view of projecting the need for right number, skills and kinds of employees to be placed on the right jobs at the right time. It goes beyond and seeks to establish a nexus with, and build itself into, the organizational strategy. The re-invented EPFO, with a business vision and objectives, is no exception to the need for integrating its HRP efforts into its long-term business strategy.



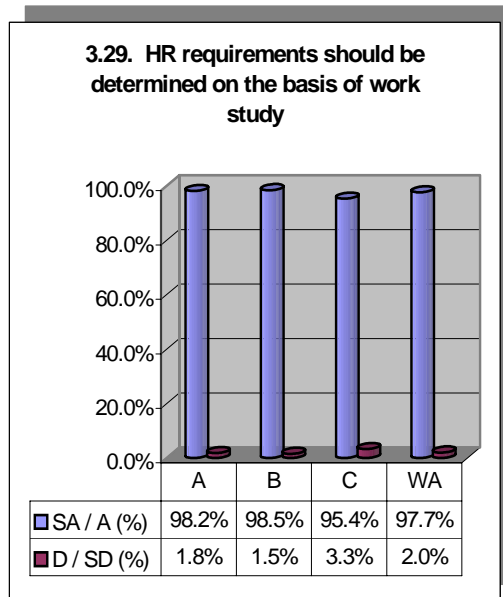
5.1.1.2 In the existing dispensation, the ROs submit proposals to the CO on an annual basis seeking additional manpower for the following year together with justification. The CO vets the proposals, determines what the number and types of employees required according to its own assessment of the workload, and submits its recommendations to the CPFC for according sanction. It is possible that both the CO and CPFC may impose moderate to drastic cuts in the proposals submitted by operating units below. Typically, it is only after the sanction has been accorded, the further action to procure the required number is initiated by the CO by sending a requisition to the UPSC. It has, however, been observed that, in almost all cases and at all levels, the recruitment efforts suffered for want of promptness on the part of the CO. In the ultimate analysis, the manpower sanctions accorded by the CO largely confined to statements with no perceptible effort to translate them into actual placement resulting in shortage of manpower and the eventual fall in the quality of service. This aspect has been discussed in Para 3.2 in great detail and with illustrations, and hence is not being repeated here.



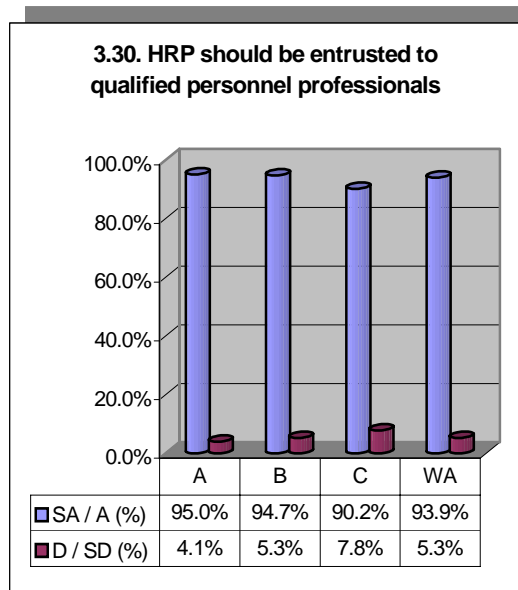
SURVEY OUTCOMES

5.1.1.3 Questionnaire:

- 98% are in favour of conducting work-study before determining manpower requirements.



- 4% are of the opinion that HRP, both long- and short-term, should be entrusted to qualified personnel professionals.





5.1.1.4 Interview

1. Recruitment should be continuous, consistent and phased out / planned properly by inducting more or less equal number of officers / employees on a year-to-year basis, rather than recruiting some 140 officers one year and no recruitment for another 6-7 years thereafter. Such recruitment in bulk leads to stagnation and stultified growth.
2. Right man in the right place should be the policy. No political factors should intervene in the placement of people
3. Earlier, the direct recruits for AC position were required to possess a minimum of 5-8 years experience, which condition was dispensed with later, with the result that now freshers are recruited as ACs. Even with 6 months training, they are not able to manage effectively as they don't have previous work / supervisory experience.

ANALYSIS

5.1.1.5 There is a wide gulf (a) between workload norms and the manpower sanctioned, and (b) between the sanctioned and positioned manpower at all levels, which aspect has been discussed in Chapter-3. Secondly, it has been observed that the actual recruitment of candidates at different levels and, more importantly, the Assistant Commissioners in Group 'A', was not properly planned on scientific lines, with the result the EPFO is facing the crises of stagnation and the consequent frustration and de-motivation among officers. For instance the number of APFCs recruited was 28 in 1997, 138 in 1998 and 21 in 2003. This kind of recruitment unfolds lack of proper planning in so far as the number of officers recruited touched an all-time high in 1998 with no additions to the cadre for four years at a stretch thereafter.

5.1.1.6 Given the fact that in a typical government set up, there is hardly any turnover of employees, and that they solely depend on the



organisation for realizing their career aspiration, recruitment efforts should be backed by scientific planning and phasing out. In the course of our interactions with organizational participants, we have noticed an all-round, universal frustration and lack of enthusiasm on the part of young officers, who were comparing themselves with their counterparts who were recruited along with them for other government services. Almost every officer who belonged to the 1998 batch felt that his fate in EPFO is sealed forever. This situation can be attributed to the deluge in 1998 followed by a four-year drought, which resulted in an unusual bulge in the cadre.

- 5.1.1.7 The feelings of organizational participants against dispensing with the experience requirement of new entrants are not without merit. In view of the fact that the organizational exigencies require that the new entrants should be placed in their positions for discharging their statutory duties such as enforcement, recovery, claim settlement, not to speak of quasi-judicial functions, it is desirable to prescribe minimum work experience for new recruits. In the absence of work experience, the organisation has to take additional steps to bridge the gap, which has its own implications in terms of cost and time incurred in connection with the imparting of adequate training, observation and evaluation before regular placement. This aspect has been dealt with in some detail elsewhere in this chapter.

**RECOMMENDATION**

- 5.1.1.8 As already pointed in sub-paragraph 3.2.4, the present system of submitting and sanctioning of proposals should be replaced by an objective criterion of increase in WLN to be considered by the WMC at the CO level. Once the WMC submits the proposals to DG, the sanction should be a mere formality and should be without any cut in the numbers. The Addl. DG (HR & Administration) thereafter consolidates all the sanctions and forwards to UPSC for further action. We recommend the restoration of minimum “work experience” as part of the job specification for the post of Assist Commissioner or, alternatively, reduction of maximum age to 28 years for the direct recruits.
- 5.1.1.9 We have also considered the short-range HRP, which assumes critical dimensions, particularly, in lower cadres such as clerical and other subordinate staff because of fluctuating rates of absenteeism ranging from 10% to even 30% in some cases. This generally occurs in industrial context, and is taken care of by providing for leave reserve and absenteeism coverage while planning for human resources in the short-term. After going through the working of EPFO, we are satisfied that this problem is not so acute as to warrant additional manpower by way of leave reserve and absenteeism coverage, and hence no specific recommendation is being made in this regard.

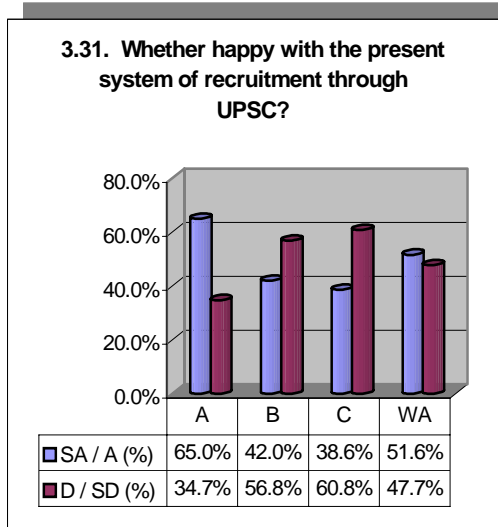


5.1.2 RECRUITMENT AND SELECTION

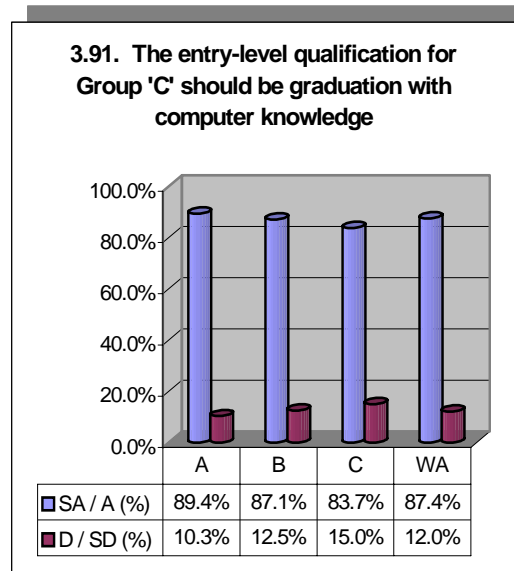
SURVEY OUTCOMES

5.1.2.1 Questionnaire

- While 65% of Group ‘A’ officers are happy with recruitment through UPSC, a majority in Group ‘B’ & ‘C’ are not.



- 87% feel that the minimum qualification for Group ‘C’ should be graduation with computer knowledge.





5.1.2.2 Interview

1. Selection tests should be more rigorous and focus on functional aspects of the job for which the officer is being recruited. For some positions over-qualified candidates are called, as, for example, B.Tech., for EDP supervisor. This should be avoided, as such highly qualified candidates have high expectations, which cannot be fulfilled by the EPFO, apart from the fact they result in unfavourable comparisons and inter-personal problems.
2. For direct recruitment of AC cadre, the upper age limit should not be more than 28 years. There should be no dilution of recruitment/selection standards
3. Regional Recruitment Board should be constituted. [A better alternative could be to have a Central EPFO Recruitment Board and not Regional Recruitment Board].
4. UPSC should continue to be associated with recruitment.

ANALYSIS

5.1.2.3 The qualifications prescribed for different entry-level positions need review in the light of the functions assigned, the duties require to be discharged, and the potential of candidates for growth. These attributes become important in the context of providing assured growth opportunities and career paths. Any leniency displayed while selecting for entry-level positions will prove costly for the organisation in so far as it has to carry the dead wood for over 30 years. For the employees, the consequences of such poor selection are no less devastating.

**RECOMMENDATION**

5.1.2.4 We recommend that the present system of recruitment through the UPSC should continue. However, the EPFO should continuously monitor the qualifications and experience of recruits in the light of changing complexion of the job profiles, upgrade the parameters, wherever warranted, and incorporate the same in the manual. The minimum qualification for entry level position in the clerical cadre of Group 'C' should be graduation with knowledge of working on computers. Given that the post of LDC is abolished, the issue of internal promotion from Group 'D', as per the existing quota system, is likely to be raised. We recommend that irrespective of whether the candidates are recruited from external sources or from within, there should be no relaxation in the minimum qualification. More specifically, the qualifications prescribed for the post of 'EDP Supervisor', i.e., B.Tech, require review and, if necessary, lowered. As regards other cadres in different groups, the minimum qualifications currently in force can be left untouched.



5.1.3 PLACEMENT AND INDUCTION

- 5.1.3.1 Placement decisions play a pivotal role in determining organizational effectiveness. It is not enough that the person recruited has the required qualifications and experience, but he should have the aptitude and competence to perform the tasks involved in a given job. Certain jobs call for specific personality attributes as, for instance, an officer in charge of customer relations should be empathetic apart from possessing excellent inter-personal skills and, more importantly, listening skills. Thus, in a batch of 5-6 candidates recruited as Assistant Commissioners albeit with identical qualifications and background, all may not be equal in the degree of fitness to handle enforcement or accounts or customer relations. Even when they are fit, there is still no guarantee that all of them have the same degree of decision-making or problem-solving skills. It is here that the problem of placing the right man in the right job becomes more acute, particularly, if the position falls in Group 'A'.
- 5.1.3.2 Induction is the process of familiarizing the new recruit with the people, technology, structure and processes. In the context of induction, our focus is mainly on the operational staff in Groups 'A', 'B' & 'C', who are recruited from external sources. In Group 'C', the entry-level positions are SSA and DEO. In Group 'B', the entry-level positions are EO and AAO, whereas in Group 'A', the entry-level position is AC. Given that the direct recruits, as a general rule, are not conversant with the nature, scope and variety of operations of EPFO, much less the provisions of the Act and the Scheme, it is imperative that every direct entrant at every level

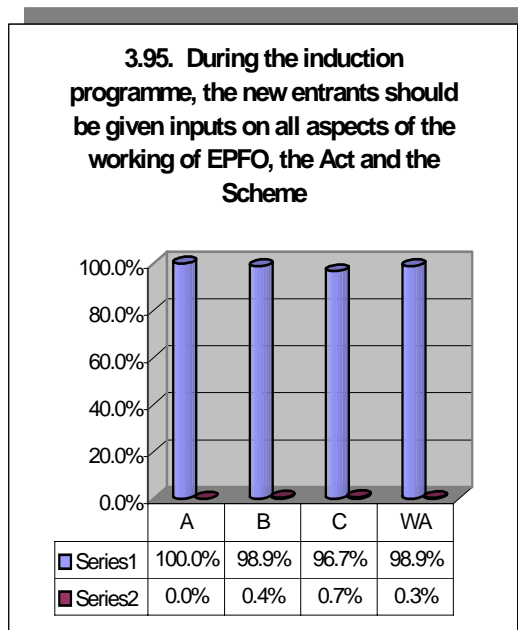


should be put through a well-designed induction programme. The duration and the content of induction programme, however, vary from one Group to another and even from one position in one Group to another in the same Group. The nature and scope of functions and responsibilities determine the duration of induction programme as well as the content of induction training. We propose to deal with this issue on a Group-to-Group and position-to-position basis.

SURVEY OUTCOMES

5.1.3.3 Questionnaire

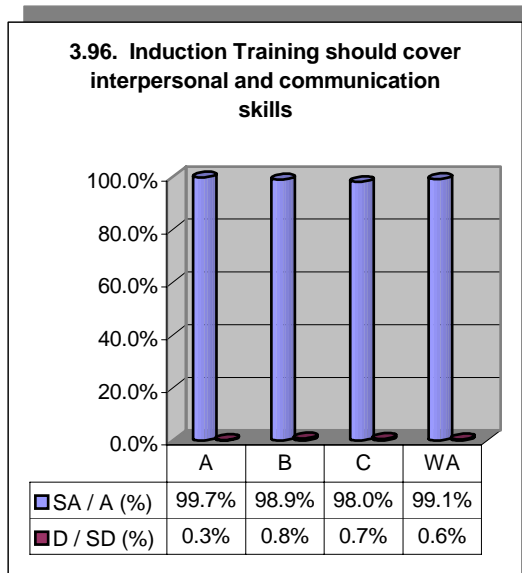
- It has, however, been observed that a majority of respondents of all the three Groups feel that every new entrant should be put through an intensive induction training programme before being assigned to his job.





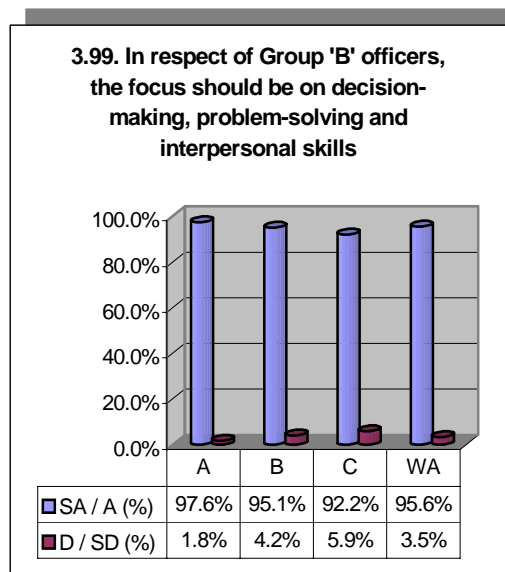
Group 'A'

- 99% opted for comprehensive induction programme covering also interpersonal and communication skills.



Group 'B'

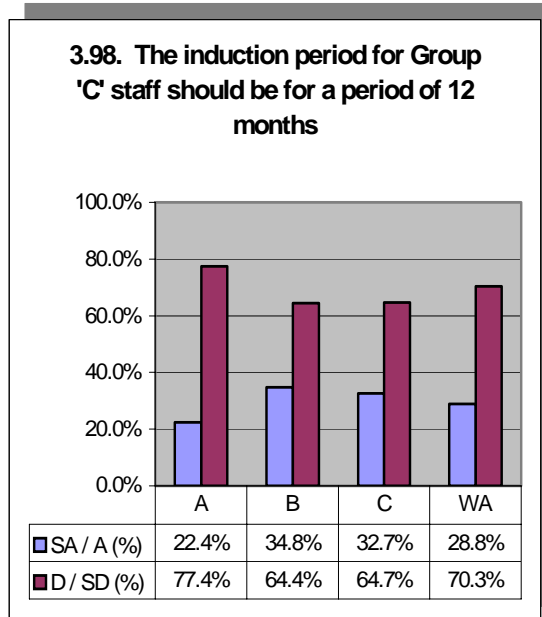
- 96% feel that direct recruits in Group 'B' be given inputs on decision-making, problem-solving and interpersonal skills.





Group 'C'

- 70% feel that the duration of induction programme for Group 'C' entrants should be for six months.



5.1.3.4 Interview

1. Right man in the right place should be the policy. No political, personal or other extraneous factors should intervene in the placement of people
2. Induction programme for the new recruits should be in the office proper and not in NATRASS.
3. The period of training for all direct recruits to the post of AC should be two years.

ANALYSIS

5.1.3.5 As already stated by us, a structured induction programme is indispensable for all new recruits. The difference lies in the duration of the programme depending upon (a) the level and position for which the person is recruited, and (b) whether he has past work experience or not. Equally important is the content and process of induction programme, in the light of the fact that



the objective is to assimilate the new recruit into the organizational processes, people and culture. Secondly, the content should be such that the new entrant, when given regular posting, is capable of discharging his functions with little supervision. It need not be overemphasized that not only new recruits, but even the internal promotees do require induction, particularly when the job involves a different kind of responsibilities of a higher order and calls for a different profile. For the sake of convenience, we use the term 'orientation' in respect of internal promotees.

RECOMMENDATION

5.1.3.6 We recommend that the new recruits to the position of Assist Commissioners (Group 'A') be put through an aptitude and personality test to be designed by professional psychologists with focus on the personality attributes, such as aggression, extraversion, introversion, agreeableness, cooperation, perseverance, etc., called for performing different tasks. Even though there is a lot of controversy over the efficacy/relevance of personality tests, still we recommend them because they give a rough idea about the profile of the candidates with reference to their general abilities and aptitudes. This recommendation equally applies to candidates who are selected from within through the medium of a written test and interview.

New entrants

5.1.3.7 Taking the tasks and responsibilities into consideration, we recommend a 9-month full-throttle induction programme for the direct recruits to the post of Assistant Commissioner. Out of these nine months, the six months should be earmarked for intensive



training in NATRSS on various aspects covering different subjects as detailed below:

1	About EPFO and its functioning
2	Economics, the concepts of social security and social assistance, international practices, Indian economic context
3	Constitution of India, Labour Legislation with sharp focus on EPF Act, rules and regulations of EPFO,
4	Basic Financial Accounting, Accounting procedures as adopted in EPFO;
5	Financial management - Funds management, Investments, Corporate taxation, Banking, etc
6	Behavioural Science inputs: Leadership, Conflict resolution, Team building, Personality Development Etc.
7	Managing Grievances (both for members of EPFO and employees)
8	Communication skills, counseling skills, decision-making and problem-solving skills, interpersonal skills.
9	Vigilance

5.1.3.8 The six months of initial training be followed by a two-month stint in the field. Each new recruit may be attached to a BO under the direct supervision of the RC-II and is put through the practical aspects of compliance, coverage, recovery, legal, accounts, settlement of claims, and customer relations. We suggest that, during this two-month period, they should also be assigned to the EO / AAO of the Branch Office and understand the processes



involved. The last month should be reserved for a 'validation' programme to be at NATRASS for 4 weeks. As soon as they report for 'validation' programme, they should be administered a written test on the theoretical and practical aspects covered during the two modules. The feedback on their performance in the tests can be given to the individual officers. This helps in bridging the gaps in the understanding and assimilation of the conceptual and practical aspects. It is only thereafter, i.e., after completing the 9-month pre-placement induction training as above, that the new recruits be assigned to the place of their regular posting.

5.1.3.9 The direct recruits to the posts of Enforcement Officer and Assistant Accounts Officer need a six-month induction programme of which three months should be internship in NATRASS followed by field placement for a period of two months in any business unit, during which period they are exposed to the practical aspects of the working of EPFO, under the guidance and supervision of an officer in the rank of AC. We recommend a one-month 'validation' programme for them, on the same lines as indicated in the preceding paragraph, thus making it a total of six months induction programme before being given posting.

5.1.3.10 In respect of Group 'C', we recommend two-month induction programme for SSAs. We are not giving a separate recommendation in respect of DEOs, as the post of DEO will stand merged with, and re-designated as, SSA. Out of the two months, the SSAs should spend one month in the ZTI during which period, they should be given basic inputs on the various business processes of EPFO, the objects of the Act, the actual working of Scheme, the kinds of tasks / jobs they will be required



to perform and the manner of doing them, the rules, regulations and norms of work-related behaviours, etc. This should be followed by one month practical experience in a business unit under the guidance of an officer of the rank of SEO / AO.

- 5.1.3.11 For all the induction programmes to be held in the NATRSS, each candidate should be given a “certificate” duly signed by (a) Director, NATRSS and (b) Director-General (EPF), marking the successful completion of the programme. In the case of batch-wise induction programme (where a group of candidates are recruited together for a given position in the same level), we recommend that a formal Certification Function be organised by NATRSS, to be presided over by the Director-General (EPF), with other top functionaries of EPFO present, during which Certificates are awarded to the individual trainees. We suggest that the Certification Ceremony should be marked by giving token rewards to the top three rankers of the batch.
- 5.1.3.12 Similarly, for all the induction programmes to be held in the ZTI, a formal Certification function be organised by the ZTI during which all the outgoing trainees be awarded a “certificate” duly signed by the Director, ZTI and Zonal Commissioner, marking the successful completion of the programme. In Group induction programmes, a formal Certification Function of the kind recommended for NATRSS be organised to be presided over by the Zonal Commissioner with all the top officers of the ZO being present, and the first three rank holders be given a token reward.

**5.1.4 ORIENTATION PROGRAMME FOR INTERNAL PROMOTEEES**

5.1.4.1 In the current scheme of practices with so much emphasis on doing things according to the rule and regulations of the organization, the general presumption is that the employees having been in the organisation for a long period of time, are fully aware of the provisions of the Act and Scheme and also the manner of carrying out their responsibilities in the higher grade position. This presumption can even be validated by way of a written test and interview.

5.1.4.2 Mere knowledge of the Act and Scheme is not adequate for discharging responsibilities in a higher-grade position. For example, an employee in Group 'C', who is unfamiliar with generating alternatives, discrimination, decision-making, self-assertion, controlling, etc., which are essential for an EO or AAO, may be out of step with the job requirements notwithstanding his familiarity with the provisions and procedures. The same could be the case with an officer of Group 'B', who is being considered for internal selection to Group 'A' positions. It is here that the orientation programme comes handy to the organisation. While there may not be much difference between the job content (except that the degree of authority, responsibility and accountability may be more), the role expectations of the new position and level will nevertheless be different from the existing one. Orientation programmes seek to bridge the gap between the existing role and the new role.

**RECOMMENDATION**

5.1.4.3 We recommend that the internal promotees be put through a training programme, which is designed to highlight and train them to understand, appreciate and imbibe the new roles and the expectations that go with those roles. At a very general level, the outlook needs to be broadened so that the promoted employee may be able to take a macro perspective. Typically, the programme should focus on imparting such skills as, lateral thinking, ability to generate alternative solutions to a given problem or issue, decision-making, self-assertion, oral and written communication skills, ability to direct and guide subordinates, leadership skills, etc. As can be seen from the following sections, we have recommended that **all inter-Group promotions (from Group 'C' to Group 'B', and from Group 'B' to Group 'A') should be made exclusively on the basis of merit, which means through a written test followed by interview.** We recommend that the candidates, who are successful in the test and interview and are identified for promotion from one Group to another, should be put through a 3-month orientation programme covering the above aspects. From the point of view of availability of good quality faculty and of administrative convenience, we recommend that the orientation training be centrally administered by NATRSS.



5.2 PERFORMANCE MANAGEMENT

5.2.0 Performance management covers all aspects relating to the laying down of performance standards, appraiser-appraisee interaction, monitoring, performance appraisal, feedback, counseling and follow-up actions. Presently, the EPFO is following the Annual Confidential Report system (CR), which is a legacy of British civil administration and which is being followed in evaluating the performance of government servants. The CR system, apart from being out-dated, has many drawbacks, such as, absence of measurable performance standards for the appraisees, built-in arbitrariness and subjectivity, mechanical approach, communication of negative / adverse aspects to the appraisee to the total exclusion of positive / favourable aspects, absence of rewards for meritorious performance, and so forth. The system, in the form and substance in which it has evolved over time and is practised in Government, is clearly out of step with any modern business model, whose main focus is prompt and quality service. This Theme has been dealt with under the following sub-Themes:

5.2.1	Performance Focus & Standards
5.2.2	Appraisal Process
5.2.3	Appraisal Outcomes



5.2.1 Performance Focus & Standards

5.2.1.1 The emphasis of the traditional CR system is not so much on performance characteristics as on personality traits, such as, initiative, reliability, loyalty, commitment, dependability, cooperation, general disposition, etc., which are purely subjective in nature and are not amenable to measurement. This makes the system wholly appraiser-driven in so far as his personal likes, dislikes and bias play major role to the exclusion of objectivity, and the appraisee has no role to play except being placed at the receiving end. The system is thus dictatorial and arbitrary in its content and import. The fact that only negative remarks are communicated to the appraisee makes the system counter-productive. What we would like to emphasize is the fact that the CR system, in the form in which it has evolved and is left to stand, brings down performance, which could prove disastrous for a business model.

5.2.1.2 It is not out of place to mention here that the Surinder Nath Committee, appointed by the DoPT, Government of India, in 2003 for reviewing the prevailing performance appraisal system in respect of the officers of AIS has identified the following weaknesses:

1. Appraisal is not based on monitorable inputs (i.e., relationship to accomplishment of an agreed work plan).
2. Adverse remarks are hardly given for fear of being required to defend such remarks later.
3. Considerable delay in writing CRs. (In many cases, CRs of several years were found to have been written together).



4. Insufficient variance in the structure and content of CRs across different jobs.
5. The CRs of the officers on deputation have not been written at all.
6. No provision for feed back from peers and/or juniors on leadership, team work skills and behavioural aspects.
7. Ratings given to officers below the benchmark level for promotions were not communicated to them, which were challenged and eventually struck down by courts.
8. No clear linkage between evaluation for individual parameters and overall grading (implicit weights for different attributes are subjective and variable).
9. No provision for a trend (individual level) or macro (cadre level) analysis.
10. A very large proportion of the officers were being graded as *very good or outstanding*, making it difficult to identify the really outstanding officers ('Leniency' error).
11. No focus on exceptional work accomplished or manifestly revealed incompetence (e.g. in crisis situations).
12. No provision for recognition of innovation and creativity.
13. Although there are enabling powers for screening non-performers at the age of 50 (or after 20 years of service), the lack of clear norms for such screening seems to be operating as a constraint.
14. Core professional competency is not evaluated adequately.

5.2.1.3 The above observations speak volumes about the inadequacy of the CR system even in the public service context, let alone the business realm. In striking contrast, performance focus refers to the process of converging all activities relating to employee



evaluation towards specific performance goals within a given timeframe, usually one year. The emphasis shifts from appraising personality traits to appraising work-related behaviours and the results achieved. Most importantly, the performance targets are set either by way of a standard operating manual, where the WLN's are brainstormed at all levels and agreed to by the organizational participants, or, in the absence of such a manual, jointly by the appraiser and appraisee at the beginning of the year. It is, of course, recognized that mere substituting the CR system with a Performance Appraisal (PA) system by itself does not guarantee 100 percent objectivity and results, unless it incorporates **SMART** – an acronym which stands for **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime-bound performance goals. Setting **SMART** objectives for all organizational participants is not very often an easy task even in the industrial realm with the result some degree of subjectivity creeps into the appraisal process and corrupts the evaluation.

- 5.2.1.4 However, it is heartening to note that the task of setting objective yardsticks in EPFO is not very difficult, in view of the fact that the very exercise of Organizational Restructuring is based to a substantial extent on (a) the identification and re-classification of business processes, (b) setting WLN's for business units at all levels, (c) ensuring uniformity of workload among co-ordinate units, and (d) the ability to set objective standards and measure performance in quantitative terms, such as, the number of establishments covered, the number of claims settled, the percentage of amount (in default) recovered, etc. Performance standards for each level and category of officers and staff can be incorporated in an operating manual and made known to all the

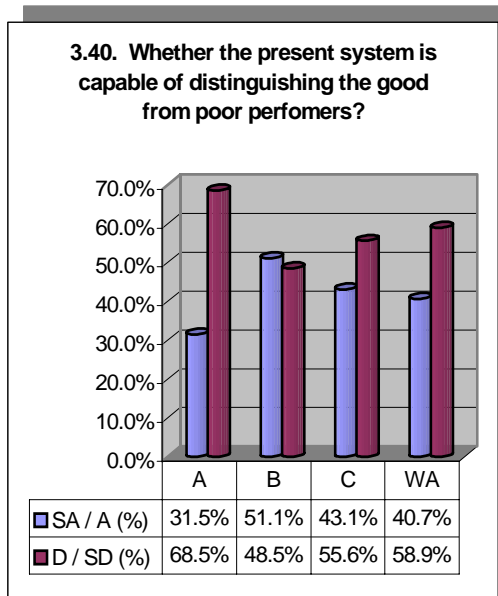


employees. This obviates the chance of any deviation on the part of individual appraisers to the prejudice of the appraisees.

SURVEY OUTCOMES

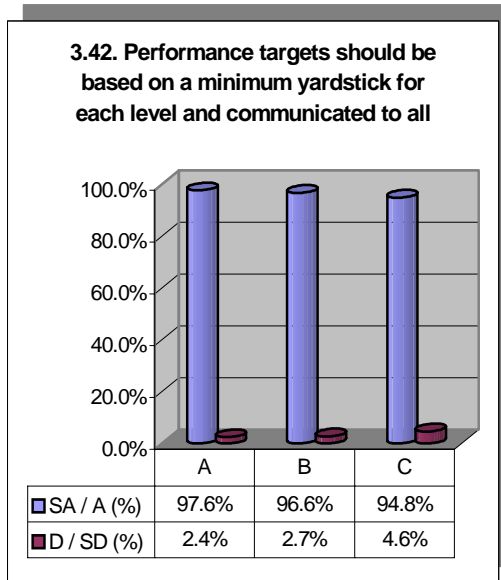
5.2.1.5 Questionnaire

- 60% of the respondents feel that the present CR system is not capable of distinguishing good from poor performers or of giving feedback to the appraisees.

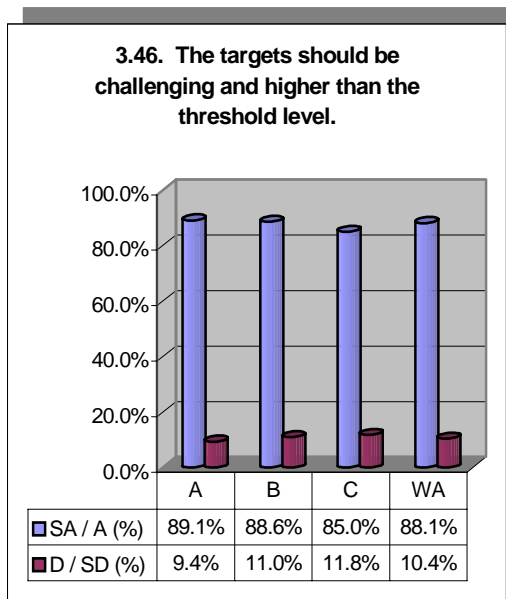




- 95% respondents feel that performance targets should be based on output for each level and communicated to all.

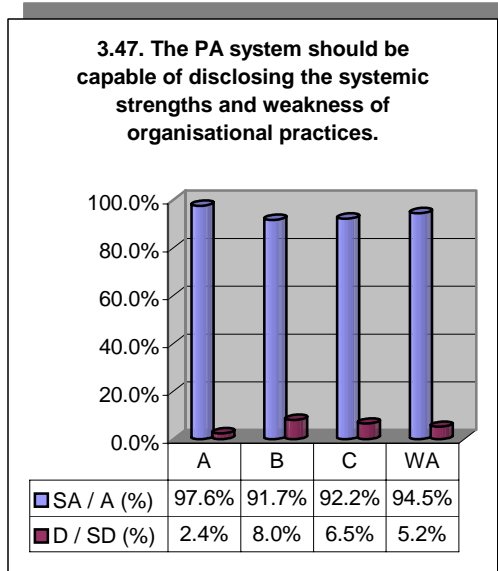


- 88% respondents feel that the performance targets should be challenging and above the threshold level.

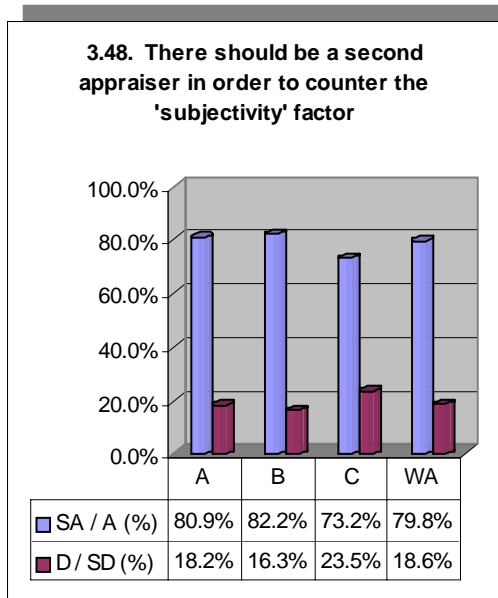




- 95% feel that the PA process should disclose systemic problems so that corrective action could be taken.

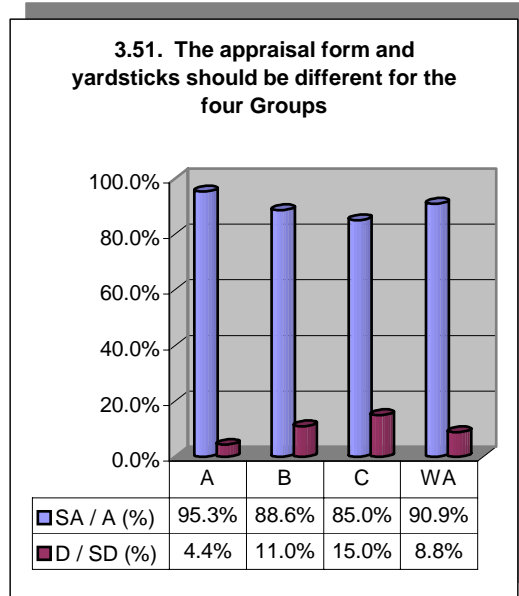


- 80% feel that there should be a 'second appraiser' in order to counter the problem of subjectivity and bias.

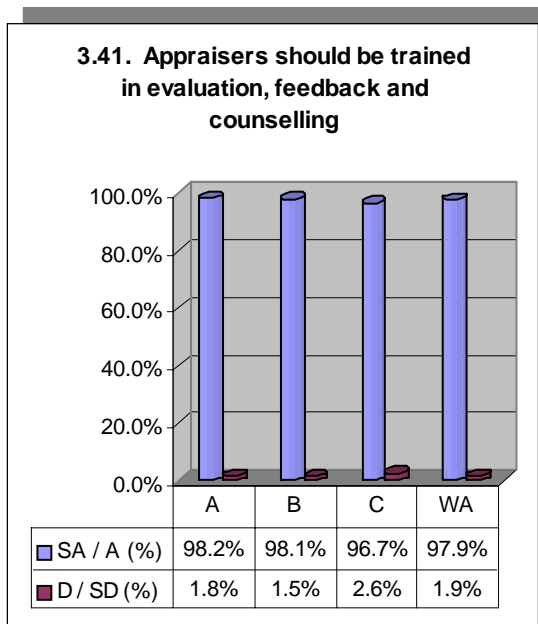




- 91% feel that the appraisal form and yardsticks should be different for four Groups.



- 98% respondents feel that the appraisers should be trained in evaluation, feedback and counseling skills.





5.2.1.6 Interview

1. The CRs are not being written on the basis of actual performance, but on the only basis of superior's likes and dislikes. There are no objective, measurable criteria, with the result it has more demotivating effect on the employees. This much-maligned system should be dispensed with.
2. Performance evaluation is outdated, skewed. Constraints are not factored. It should be on the basis of target accomplishment. Customer satisfaction is an indicator of the growth of business.
3. We should try out 360-degree feedback.
4. Continuous monitoring of performance throughout the year is required.
5. Where the officer has worked under 3-4 bosses during the period of appraisal, all the 3-4 officers should be asked to appraise the performance, and not the present boss alone.
6. Subordinate evaluation of superiors in terms of capacity to guide, counsel, taking decisions, solving problems, etc.
7. Performance appraisal can be made more objective by incorporating therein such criteria as, the number of claims settled, the number of days within which they are settled, and so forth.
8. Mere collection of arrears in terms of percentages cannot be the exclusive yardstick for assessing performance in view of the fact that there are several legal hurdles. In one case, an AC could collect the dues without much problem, while another AC may have to go through hell / legal formalities before recovering the amounts. It depends on several external factors on which the AC has no control. Where the employer prefers litigation, there is no choice for the AC than to meet him in the court of law, which may take years before the recovery can be effected.
9. The percentage increase /improvement / growth in terms of contributions, coverage, realization, recovery, etc., does not find place in the performance appraisal. On the other hand,



the thrust of the top management is on how many employers were show-caused, prosecuted or sent to jail. What is the use of such retrogressive parameters? For instance, if an RC shows an increase in contributions from 1 crore to 1.5 crores over the previous year, it has no bearing on evaluating his performance, but if he has sent a dozen employers to jail, that is eulogized even though the contributions have come down from Rs. 1 crore (previous year) to Rs. 80 lakhs (current year).

ANALYSIS

5.2.1.7 The major thrust of “performance appraisal”, as distinguished from its predecessor “merit rating”, is to evaluate the performance with a view to identify “what is wrong” and not so much “who is wrong”. It is an organizational diagnostic tool, which can bring a host of system-related, process-related and people-related issues to the surface and thereby help the management to take corrective actions in time. If the appraisal process discloses that the delay in initiating action is universal and is not confined to a couple of isolated cases, it should be taken as a warning signal about some thing that could be wrong with the system. It, thus, acts as a sort of Management Information System, designed to help the top management to pick up the thread and take corrective action. At the same time, the PA system should be such that it is capable of identifying, by objective measures, star performers and of sifting the grain from the chaff. When the appraisal process is followed up with corrective actions and rewards, it can do wonders for the organisation. This, of course, is the ideal situation. We feel that the appraisal system should not degenerate into a reprisal process with the appraisers conducting themselves as autocrats, giving a wholly biased account of their appraisees, and thereby corrupting the whole process. Such (officers) appraisers should be considered as the enemies of EPFO and punished in an exemplary manner, whatever may be their level and position.

**RECOMMENDATION**

5.2.1.8 We recommend that the present CR system be replaced with a comprehensive and objective PA system as given in the following table. A few critical parameters have been incorporated in the table, illustratively, for the guidance of the HR Authorities.

Table – 5.2.1.8 : Appraisal Parameters for employees of Business Units

I	Compliance, Intelligence & Coverage
(a)	No. of estts., covered as against the total coverable estts. & %age
(b)	No. of new members added during the year
(c)	Annual growth rate (%) in contributions over the preceding year
II	Recovery & Legal
(a)	Amount due vs. amount recovered & its %age to the total amount
(b)	No. of cases initiated in the Court
(c)	The amount of money lying in default
III	Accounts, Audit & Claims Settlement
(a)	Promptness in the up-dating of contributions
(b)	No. of claims preferred vs. No. of claims settled & %age to the total
(c)	Avg. time for settling claims to be measured on a 5-point scale
IV	Customer Satisfaction, Grievance Redressal, Publicity & Awareness
(a)	Extent and effectiveness of publicity and media relations
(b)	Total no. of grievances received vs. redressed & %age to the total
(c)	Customer feedback
V	Pension
(a)	Total pensioners vs. no. of claims processed/disbursed & %age
(b)	Prompt and accurate reconciliation of pension accounts
(c)	No. of pension accounts pre-audited vs. Total no. of accounts
VI	HR & Administration
(a)	Effective of HR Planning w.r.t. new business units
(b)	Promptness in filling up vacancies at different levels
(c)	Quality/promptness of dispute resolution w.r.t. Staff Association
(d)	Effectiveness of joint consultation in resolving IR problems
(e)	Timely provision of infrastructure, i.e., office space, housing, etc.,
VII	Information Services
(a)	Quality and timely IT & software support to operating units
(b)	Prompt trouble-shooting



5.2.1.9 From the above, it can be seen that, in several aspects, the performance measurement is not based merely on the percentage of cases handled, for the reason that percentages may not disclose the real picture. Hence, wherever practicable, we have provided for a two-dimensional measurement, as for instance, (a) Actual amount recovered as against the amount determined as due; and (b) the rate of recovery as a percentage of the total amount. The above parameters could be given differential weightages depending upon the order of preference / priority, the total number of points being 100. The format has to be designed suitably reflecting all aspects of employees and should be in eight parts as shown below:

Table – 5.2.1.9: Appraisal Content

PART	CONTENT
A	Name, Designation, and other details of the appraisee and appraiser; date of joining and of promotion to the current level.
B	General commentary on major job responsibilities, weightage assigned to each responsibility, performance commentary and actual score obtained.
C	Quantitative standards as set at the beginning of the year in terms of numbers and percentages, actual output, the difference in (+) or (-) terms on each performance standard.
D	Work-related behaviours and the corresponding response categories, not more than five ranging from 'poor' to 'excellent'.
E	(i) Eligibility to performance related pay (PRP) or bonus, (ii) potential for promotion, if so, whether immediate, or after a few years, or whether he is not a promotion material, (iii) the potential for transfer to another function, (iv) the need for training; if so, in what areas, etc.
F	Post-appraisal interview and provision for recording the views of the appraisee on the feedback.
G	Reviewing Officer's remarks.
H	Functional Head's recommendations and follow-up action.



- 5.2.1.10 Once the WLN's are determined, they stand incorporated in the operating manual. As regards work-related behaviours (Part 'D'), there shall be 5 (five) response categories ranging from 'Poor' to 'Excellent' for each performance characteristic. We recommend incorporation of the following work-related behaviours.

Table – 5.2.1.10: Work-related Behaviours

1	Job knowledge,
2	Work accomplishment,
3	Quality of work,
4	Planning skills,
5	Analytical skills,
6	Decision-making skills,
7	Problem-solving skills,
8	Inter-personal skills,
9	Communication skills,
10	Cost consciousness,
11	Initiative, Ability to withstand pressure,
12	Adherence to time-boundaries
13	Overall perspective,
14	Assertiveness
15	Administrative ability.

- 5.2.1.11 The Appraisal parameters for officers and staff posted in NATRSS and ZTIs may comprise qualitative and quantitative aspects of programme design, planning, execution, and timely communication to the business units, ability to procure the services of experienced faculty, infrastructure, documentation, innovation, number of participants – Indian and overseas, time-bound research, training of internal faculty, etc. The following table gives an illustrative account of performance parameters:



Table – 5.2.1.11: Appraisal parameters for officers/staff of NATRSS & ZTIs

- I Programme Design, Planning & Communication**
- (a) Quality, relevance and sequencing of programme / topics
 - (b) The extent of interaction with Business Unit Heads in the process of designing programmes
 - (c) Planning of programmes and preparation of Training Calendar
 - (d) Communication of programme schedules to various Business Units
- II Programmes and Participants**
- (a) No. of Training Programmes conducted
 - (b) No. of participants from within EPFO & from other countries
 - (c) Participant feedback on the quality of faculty, programme design & content, and perceived relevance to their work
 - (d) Participants' perceptions in respect of skill-upgradation and knowledge-updating
- III Research and Innovation**
- (a) The kind and quality of training research conducted
 - (b) Innovations brought about in the programme design, content and training methodology
 - (c) New programmes conceived and designed
 - (d) Documentation of case laws – Indian and Foreign, social security developments taking place across the globe, etc.
 - (e) Case-writing/development; design of new exercises, and inventories for being utilized in the training programmes
- IV Infrastructure and support services**
- (a) Participant perception as to the library services including acquisition of new volumes, journals, etc.
 - (b) Participant perception as to the quality of computer services and internet facilities
 - (c) Participant perception as to the quality of training tools such as OHP, LCD, Video-Camera, flip charts, etc.
 - (d) Participant perception as to the quality of residential facilities and accommodation
 - (e) Participant perception as to the quality of canteen facilities and refreshments/food served
 - (f) Participant perception as to the adequacy of secretarial services such as xeroxing, Air/Train-ticket booking, and pick-up and dropping arrangements



5.2.1.12 Corporate Office vs. Appraisal Parameters: The officers and staff located in the Corporate Office essentially perform two types of functions, namely, (i) Monitoring the operations of the downstream units; and (ii) policy-making. Of these two, policy-making assumes critical position with monitoring activity playing a secondary role, given the fact that the Zonal Commissioners, who are placed in the same position and level as the Addl. Director-General, are required to ensure the implementation of policy-guidelines and meeting of the targets in so far as their respective Zones are concerned. Policy-making is conditioned by several factors, which are beyond the realm of staff and subordinate officers located in the Corporate Office. For instance, the CBT and the general guidelines issued by the Government of India from time to time determine what should be the policy at any given time. Similarly, within the legal framework, the DG (EPF) may, in consultation with the Addl. Directors-General, issue directives changing the policy from time to time. These are matters in which the staff and subordinate officers play no role whatsoever. In other words, it is neither feasible nor plausible to lay down standards and norms for policy-making, which is further conditioned by legislative provisions. In the absence of standardized, quantifiable output in say, weight, volume, number and percentages, it would be unrealistic to have appraisal parameters of the kind set out in Tables - 5.2.18 or 5.2.1.11. The appraisal for the Corporate Officers and Staff will therefore comprise a combination of work-related behaviours (see Table - 5.2.1.10) and personality traits such as, initiative, drive, commitment, etc.



5.2.2 APPRAISAL PROCESS

PROLOGUE

5.2.2.1 Appraisal process refers to (a) who should appraise whom, (b) who should be the reviewing authority, (c) mode of setting performance standards, i.e., whether unilaterally by the appraiser or jointly by the appraiser and the appraisee, (d) time frame of reference, (e) continuous monitoring, (f) recording critical incidents, (g) identifying the factors that hinder performance and taking corrective actions, (h) counseling, guidance and administrative support, (i) appraisal, (j) feedback to and from the appraisee, (k) follow-up. Our recommendations are as follows:

5.2.2.2 The immediate superior, to whom the officer reports, should be appraiser. The immediate boss of the appraiser should be reviewing authority. The time frame is one year. In view of the pre-determined and documented WLN, the problem of unilateralism vs. bilateralism in setting performance standards stands eliminated. The performance should be reviewed jointly by the appraiser and appraisee on a quarterly basis, unless otherwise warranted by the existence of special circumstances. This review is meant to take stock of the situation and assess the progress made, the pace at which the appraisee is proceeding and to identify inhibiting factors, if any, which may be both internal to the appraisee and external to him, i.e., environmental and systemic. It is here that the appraiser is required to play a very positive and constructive role. He, being a senior officer with wider exposure and experience than the appraisee, should offer every help to the appraisee in overcoming his own personality deficiencies which are coming in the way of realizing the targets. If the problems are



attributable to the system, i.e., lack of facilities, rigidity of procedure, etc., the appraiser should take immediate steps to ensure that the problem is sorted out either by himself or by the intervention of his superiors.

5.2.2.3 Then comes the actual report writing. The appraisal report is normally made at the end of the year by which time, the information about the realization of performance targets should be in the hands of the appraisee and the appraiser. In the new BPR Model, the information on most of the parameters is readily available on the computer, which makes the task of appraiser easy. Wherever latest information is not available, the appraiser can ask the appraisee to furnish the same together with the supporting documents to facilitate comprehensive appraisal. There should be a provision in the appraisal form for recording critical incidents, such as, some outstanding contribution made to the organisation by the appraisee by going out-of-the way, or some risk taken by the appraisee in the discharge of his duties, etc., with separate weightage for such exemplary performance. Similarly, critical incidents, in the negative, include such acts, as a gross failure despite providing all the facilities, gross negligence resulting in huge loss to the EPFO, etc. The appraiser should record the accomplishment of tasks in real terms and compare them with the targets set at the beginning of the year. Where, during the mid-year review certain systemic constraints beyond the control of the appraisee come to light, which could not be eliminated despite efforts on the part of the appraiser, the appraiser should clearly indicate the same in the appraisal report with all the details, such as, the nature of the constraint, when identified, what action was taken, whether it was eliminated



altogether and, if so, when, and, if it could not be eliminated altogether, what was the extent to which it was mitigated, what could be the impact of the constraint on the realization of the particular target in quantitative terms, and so forth.

- 5.2.2.4 One of the major attacks on PA system centres on the 'subjectivity' and 'bias' error of appraisers. This error manifests most commonly while evaluating the appraisee on work-related behaviours (Part 'D') mentioned above. The error can be minimized by insisting that the appraisal in respect of work-related behaviours should be consistent with the measurable outputs as recorded in Part 'C' above. Secondly, to obviate the errors of excessive leniency or excessive severity or central tendency, the response categories can be (a) randomized so that they do not follow the same sequence of "*poor-below average-average-good-excellent (1-2-3-4-5)*" for all the characteristics, but are staggered in such a way that the order is changed for each performance characteristic (as, for example, it is "*good-poor-excellent-below average-average (4-1-5-2-3)*" for Characteristic No. 1, and "*average-excellent-poor-below average-good (3-5-1-2-4)*" for Characteristic No.2, and so forth, which helps in minimizing mechanical approach and forces the appraiser to go through each characteristic as well as each descriptive response category corresponding to it, reflect, relate his impressions to the objective standards of Part 'C' and then indicate his choice. Once the report writing is completed in all respects, the appraiser should fix a date of interview at the earliest opportunity. On the appointed day, both should sit together and discuss item by item of the report against the backdrop of the targets set at the beginning of the year.



RECOMMENDATION

5.2.2.5 Appraisal interview is more an art than a science, and all are not good interviewers, much less counselors. It is, therefore, incumbent upon the EPFO to have a comprehensive training programme organized for all officers of Group 'A' and Group 'B' on the practical aspects of appraisal process, post-appraisal interview, feed back and counseling skills.



5.2.3 APPRAISAL OUTCOMES

5.2.3.0 The post-appraisal interview is a valuable tool to gauge the individual shortcomings, organizational (systemic-structural-procedural) problems that impede performance, the merits and potential of individual officers, training needs, aptitude of officers to perform a different set of tasks better than the existing one, and so forth. The outcomes of appraisal process are briefly discussed under the following heads:

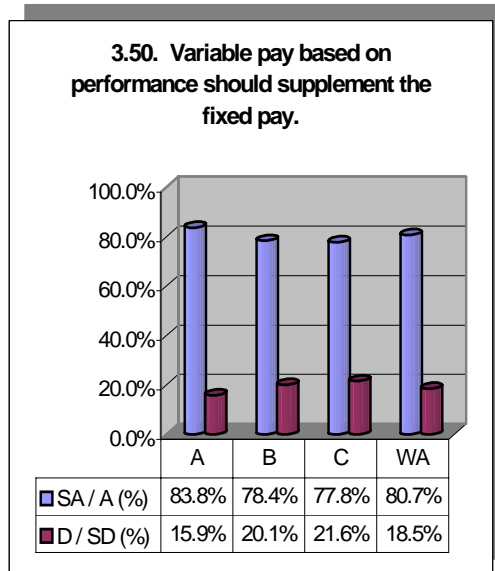
5.2.3.1	Training Needs Assessment (TNA)
5.2.3.2	Identification of Systemic Problems
5.2.3.3	Performance-Related Pay (PRP)
5.2.3.4	Promotions
5.2.3.5	Transfers



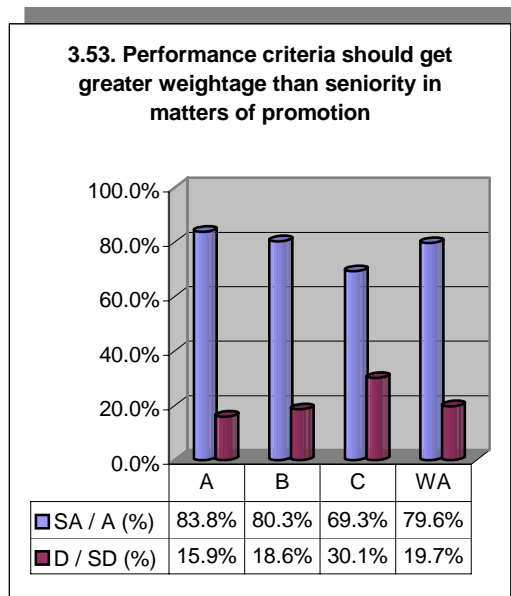
SURVEY OUTCOMES

5.2.3.1 Questionnaire

- 81% feel the need for introducing variable pay based on performance, in addition to the fixed pay.

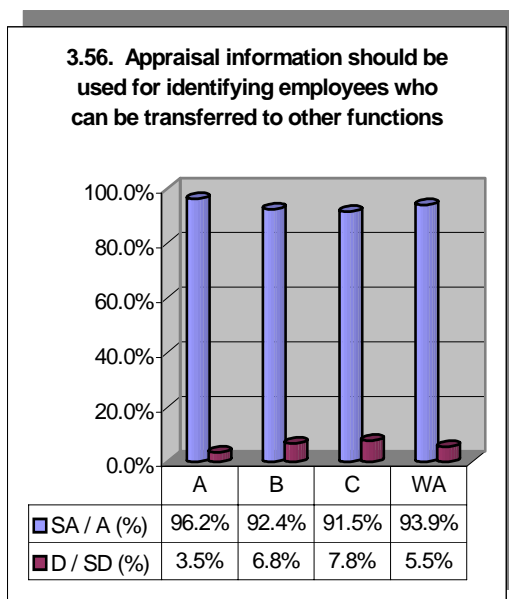


- 80% are in favour of giving greater weightage to performance than to seniority in matters of promotion.





- 94% feel that appraisal information be used for identifying employees who can be transferred to other functions.



5.2.3.2 Interview

1. There is no incentive for being productive. An officer who recovers 1000 crores and an officer who recovers Rs. 50000/- are treated alike and get the same salary and benefits. Apart from monetary incentives, merit certificates, adding points to the merit part of merit-cum-seniority, citations, preference in future promotions, annual merit awards should be introduced.
2. In addition to salary and allowances, there should be monetary incentive, i.e., performance-related-pay, for the quantum of output, be it the number of claims settled, the time within which they are settled, the no. of establishments covered, the no. of members enlisted, and so forth.
3. Where, for example, out of the two officials – one in-charge of 500 establishments, another in charge of 250 establishments – the first handles 400 cases (80%) and the second handles 230 cases (92%), the former is being penalized for the shortfall even though the total number of cases handled by him are nearly double the latter. This is yet another instance of inequity of grave magnitude.



- 5.2.3.3 Once measurable performance standards are set at the beginning of the year, it becomes easier to determine the eligibility of employees to performance bonus / performance related pay.

RECOMMENDATION

5.2.3.4 TRAINING NEEDS ASSESSMENT (TNA)

- 5.2.3.4.1 In so far as the individual appraisee is concerned, the appraisal process helps in the assessment of his own training needs. For instance, at the level of Group 'B' and Group 'A' officers, the training needs could be in any one or some of the following areas, which require to be made good by organizing suitable training programmes, which aspect has been dealt with in some detail in the appropriate section. However, it is important to bear in mind that training needs as surfaced in the appraisal process are individual-specific and, therefore, care should be taken to tailor the programmes to suit the shortcomings of the individual employees.

1	Comprehension of the legal provisions
2	Decision-making skills
3	Problem-solving skills
4	Inter-personal skills
5	Communication skills
6	Assertive skills
7	Team skills
8	Cross-functional skills
9	General awareness



5.2.3.5 IDENTIFICATION OF SYSTEMIC PROBLEMS

5.2.3.5.1 Systemic problems relating to organizational structure, procedures, constraints, infra-structure support, etc., which come to light in the course of appraisal process, and which operate as a stumbling block to the realization of organizational goals and/or performance standards, should be promptly attended to by the functionaries operating in the HR and Information Services under the overall supervision of Addl. DG (HR & Administration) and Addl. DG (IS).

5.2.3.6 PERFORMANCE-RELATED PAY (PRP)

5.2.3.6.1 We recommend PRP for performance beyond the norms. The implication is that the salary and allowances paid to the employees are for meeting the contracted output norms. That being the position, an annual bonus or incentive is paid for performance beyond the norms. The incentive is payable to all the officers and staff of the Branch or Region, as the case may be, for beating the targets on different parameters. However, with a view to simplify monitoring and computation of PRP, we recommend that each Zone should be treated as a separate unit. Paraphrasing, the overall performance of various business units (BOs and ROs) under the control of each Zone should be taken into account for the determination of the annual incentive payable to the officers and staff of the Zone. The performance parameters are more or less common for both the performance appraisal and PRP, with the sole difference that, for the purpose of PRP, the output is translated into monetary terms. The parameters for the RO and the Branches unit under its control could be as detailed below:



1	Total No. of claims settled vs. No. of claims settled within 3 days (or any other timeframe as may be prescribed by EPFO)
2	Total amount lying in default vs. Actual amount recovered (and its percentage)
3	Percentage increase in contributions over the previous accounting year
4	Percentage of establishments covered during the year over the previous year
5	Percentage of members enlisted during the year over the previous year
6	Total number of grievances vs. the number of grievances actually redressed (in percentage terms) within a prescribed time frame
7	Customer feedback

5.2.3.6.2 For the purpose of obtaining customer feedback (Sl. No. 7 above), a printed feedback form should be designed and kept in the reception of every business unit and a sealed box with instructions that the officer-in-charge of Customer Relations and Grievance Redressal should invariably obtain the feedback to be put in a sealed cover and dropped in the box. The form may contain a brief narration of the problem of the customer, the kind of response/action taken by the officers, the time frame within which the action was initiated, the kind of counseling, if any, offered, and his/her satisfaction on a five-point scale of “Most Satisfactory” to “Least Satisfactory.” A suitable scale can be developed on the basis of the majority opinion and the degree of satisfaction level with the responses/action of the unit authorities.

5.2.3.6.3 At this point, we feel it necessary to strike a note of caution. While PRP is an excellent incentive to boost output and performance, it can also degenerate into a gamble and a losing proposition, if it is



not backed up by a proper monitoring and evaluation system that is free from distortions and manipulation. Stabilization of operations is a condition precedent to the determination of output norms in some or all the above areas. In the section titled “Business Unit Restructuring”, we have recommended the restructuring of business units on the basis of WLN, which essentially refer to the minimum and maximum number of members and the number of establishments, and it does not include other KBPs like defaults, recovery, Accounts, claims settlement, customer relations / feedback, grievance resolution, etc., whereas the PRP suggested in this section includes all those parameters. The implication is that proper systems should be designed and put in place to track and monitor every business process on a day-to-day basis, which process is likely to take some time. It is only thereafter the norms of other business processes can be included in the PRP Scheme.

5.2.3.7 PROMOTIONS

5.2.3.7.1 As a sound management practice, **the PA outcomes should not be exclusively relied upon by the management for promotional decisions. While excellent performance in the present job is a pre-requisite for determining the promotability of an employee, it cannot be the sole indicator of his potential.** This is particularly so, where the higher grade job has a different profile in terms of the range and variety of functions performed, the degree of responsibility required to be shouldered, the power / authority to be exercised in relation to people and processes, the degree of maturity needed, and so forth. Where the jobs present such a huge divergence, it is unsafe to promote on the sole basis of performance in the present



job. The same problems are associated with the concept of seniority. That is precisely the reason why we are not in favour of seniority-based promotions between Groups.

5.2.3.7.2 The above observations are subject to one well-recognised exception. Where the promotion from one position in a grade to another in a higher grade does not involve much difference in terms of the nature of work, performance appraisal comes handy in determining the eligibility to promotion. To cite an illustration, for promotion from SSA to Sr. SSA, performance appraisal can be safely relied upon, because the job responsibilities do not differ by far between the lower and higher positions. This, however, is subject to the condition that the appraisal has been done objectively. Similarly, the information from performance appraisal can furnish valuable inputs in determining eligibility to promotion from EO/AAO to Sr.EO/AO (new positions recommended in the following section) in Group 'B'.

5.2.3.8 TRANSFERS

5.2.3.8.1 Yet another important function of performance appraisal is that it generates information relating to the interests, likes and aptitudes of appraisees. It is possible that the appraisee is not cut out for the present job, but has sound knowledge of, and aptitude for doing a different job in the same grade though. A typical example is that an officer holding the job title of Enforcement Officer is inherently an introvert, not being able to relate himself to the outside world, not aggressive and not very assertive, may find it very uncomfortable to perform the tasks contemplated under the Act. Alternatively, he may have a flair for a desk-job in which he can confine himself to his chamber, engage himself in figure



crunching, with no interaction with others, or he may have a flair for performing functions falling within general administration. It may be that he can perform well as an AAO or in some other administrative job in the same grade and scale of pay than in the present job as EO.



5.3 POSITIONS & SCALES OF PAY

5.3.0 The CPFC, who is the Chief Executive Officer of EPFO, has been assigned to the scale of pay of Rs. 18400-500-22400 and has been placed in the level of a Joint Secretary to the Government of India. With reference to CBT, the CPFC acts as the ‘Secretary’ to the Board. The various officers, who have been conferred the power to enforce the provisions of the Act, have been designated with the suffix ‘Commissioner’ operating at different levels. The BPR Report has recommended the replacement of the suffix ‘Commissioner’ with ‘Manager’. The suggested designations align themselves not only with the new business model, but, to some extent, also with the ones prevailing in the ESIC, which is the sister organisation of EPFO. The Theme has been dealt with below under the following sub-Themes:

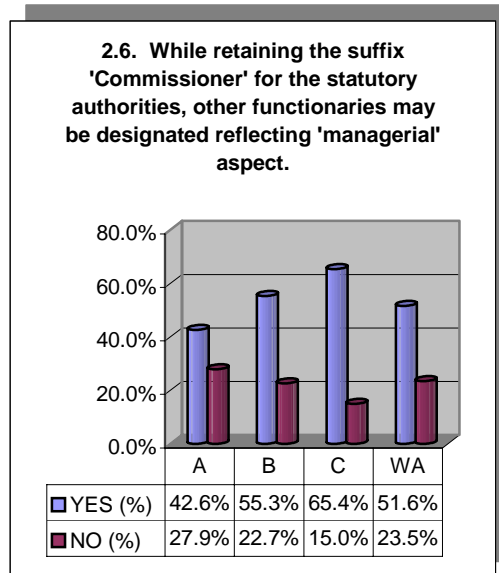
5.3.1	Group ‘A’
5.3.2	Group ‘B’
5.3.3	Group ‘C’
5.3.4	Group ‘D’



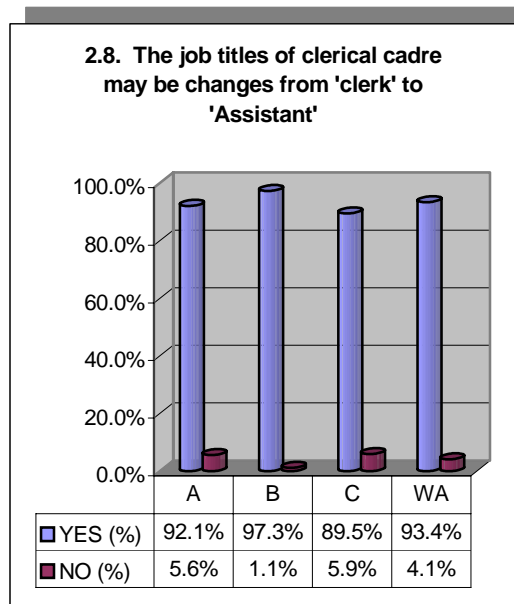
SURVEY OUTCOMES

5.3.0.2 Questionnaire

- 52% want the suffix 'Commissioner' to be retained.



- The majority (93%) are in favour of changing the job titles of clerical staff by replacing 'clerk' with 'assistant'.





5.3.0.3 Interview

1. The salary, perks and benefits of the staff of EPFO should be commensurate with the new BPR model which classifies it as a service/commercial organization, and not those applicable to government employees.
2. Group B is presently non-gazetted, i.e., AAO in the scale of Rs. 5500. There should be a gazetted cadre in Group B in the scale of Rs. 6000, i.e., the erstwhile post of AO, which was since abolished, should be restored.
3. There should be an intermediate post between AAO (scale: 5500) and AC (scale: 8000)
4. The AAO of AG department or Railway Accounts is in 7450 scale whereas the AAO of EPFO is in 5500 scale. Such disparities should be ironed out.
5. Pay-scales of different levels should be upgraded to fall in line with other government and autonomous organizations in similar line of business.
6. Labour Inspector, Inspector of Factories, ESI Inspector, which are all parallel to EO are in higher scales than that of EO of EPFO.
7. The salary, perks and benefits of the staff of EPFO should be commensurate with the new BPR model which classifies it as a service/commercial organization, and not those applicable to government employees.

ANALYSIS

5.3.0.4 Given the magnitude of present operations of EPFO – covering some 4.08 lakh establishments with a total membership of 411 lakhs, and 52 lakhs claims settled annually, and a whopping corpus of around 199000 crores as at the end of the financial year 2004-05 – and the contemplated extension of social security benefit to a staggering 40 crore persons engaged in unorganized sector, the position assigned, and the pay scale offered to the



CPFC are wholly inadequate and unrealistic. The EPFO, which is next only to LIC in terms of the magnitude of operations, does not stand anywhere near other public services such as Indian Defence Accounts Service, Indian Civil Accounts Service, Indian Railway Accounts Service or Indian Information Service, not to speak of Group-I All India Services like IFS or IAS in terms of the rank of officers or the scales of pay assigned to them. The rank position and scale of pay of the CEO of EPFO has its own cascading effect operating as a drag on the rank and file of EPFO, and has been identified by us as the single major de-motivating factor across and down-the-line. The dysfunctional effects of this iniquitous treatment of EPFO, as surfaced both in the responses to the questionnaire and interactive sessions the consultants had with more than 120 employees, are too numerous and complex cutting at the roots of organizational efficiency and effectiveness. At a time when a comprehensive BPR exercise has been completed and work on pilot projects is also nearing completion, it is important that this vital aspect is addressed in a fair and just manner keeping the objects of new business model in view.

- 5.3.0.5 However, the majority of Group 'A' officers are not in favour of substituting the suffix 'Commissioner' with 'Manager' across-the-board. Their main concern is that once they are called as 'managers', the sting is taken out of their peremptory position as 'enforcement authorities', vested with quasi-judicial powers. For this reason, the general view is to retain the suffix 'Commissioner' in the case of officers responsible for the enforcement of the provisions of the Act, while the designations of others who are not in the front-line can be changed suitably to reflect the 'managerial' component of the job.



RECOMMENDATION

5.3.1 Group 'A'

5.3.1.0 Consistent with the new BPR Model and the “responsibility-authority-accountability’ matrix in the context of a service-oriented organisation, we recommend the following scales of pay for different categories of officers and staff:

5.3.1.1 Positions & Scales of Pay

Recommended Designation	Recommended Scale
(CPFC) / Director-General (EPF)	22400-600-26000
Addl. DG (F&I) / Addl. DG (Compliance) / Addl. DG (HR & Admn.) / Addl. DG (Pension)	18400-500-22400
Addl. DG (Vigilance) / Zonal Commissioner/ Addl. DG & Director (NATRSS) / Addl. DG (IS)	18400-500-22400
Addl. DG (Accounts, Audit & Claims) / Addl. DG (CS, P&A, MIS, WMC & Secy-CBT)	18400-500-22400
Director (Vigilance) / Director (IS) /	16400-450-20000
Regional Commissioner – I / Joint Director (NATRSS) / Chief Engineer	16400-450-20000
Regional Commissioner (Non-Functional Selection Grade)	14300-400-18300
Director (OL) / Executive Engineer	12000-375-16500
Dy. Director (Audit) / Dy. Director (Vigilance) / Dy. Director (IS)	12000-375-16500
Regional Commissioner - II / Dy. Director (NATRSS)	12000-375-16500
Asst. Director (Audit) / Asst. Director (Vigilance) / Asst. Engineer	10000-325-15200
Deputy Commissioner (DC) / Asst. Director (NATRSS) / Dy. Director (OL) / Asst. Director (IS)*	10000-325-15200
Assistant Commissioner / Research Officer (NATRSS) / Training Officer (NATRSS) / Asst. Director (IS)*	8000-275-13500

(*) Asst. Director (IS) can be placed in one of the two pay scales, depending upon market forces



Head Quarters Allowance

5.3.1.2 Before we proceed to come out with our recommendation on this aspect, we would like to observe that a majority of staff members have been allowed to stay in the Head Quarters for decades without being transferred to a place outside Delhi. “Headquarters”, for this purpose means and includes NATRSS and ZTI, Faridabad. The number of such firmly entrenched staff members, as we understand, is more than 75% of the total staff posted in the above offices. This is very much like carving out an oasis for some employees outside the transfer policy and giving them special treatment. Such a practice sends wrong signals to their counterparts working in the down-stream units and is one of the de-motivating factors. We strongly recommend that employees of the same cadre and group should be subject to same conditions of service regardless of their initial place of posting or subsequent transfer. Whatever be the extra-organisational compulsions, pulls and pressures, we do not subscribe to the view that those employees posted in Delhi and having own residential accommodation or other personal and family interests in Delhi should continue to be working in the Corporate Office eternally. In all fairness to the employees, in general, they should fall in line with their counterparts in the cadre who are working elsewhere in the country.

5.3.1.3 Subject to the above, we recommend a Head Quarters Allowance (HQA) equivalent to 10% of the “*Basic PLUS Dearness Pay*” to all the officers and staff posted in the Head Quarters. For the purpose of HQA, the expression “Head Quarters” means and



includes (i) Corporate Office (ii) NATRSS and (iii) ZTI, Faridabad.

This recommendation is subject to the following conditions:

- The existing staff (other than Group 'D') in EPF Head Quarters will have to necessarily move out to any other place other than Delhi within two years.
- No employee of EPF in Groups 'A', 'B' & 'C', who prefers to stay in Head Quarters for 5 years or has stayed for 5 years at a stretch (as on the date of implementing this recommendation) will be entitled to HQA.
- Even otherwise, no employee should be permitted to stay in Head Quarters after completing the maximum period of 5 (five) years at a stretch.
- Such employee, if not already transferred before completing five years out of the municipal limits of Delhi, must necessarily be transferred out immediately on completion of ten years and work elsewhere in the country for a **minimum period of three years** before being considered for a second innings in the Head Quarters. The same principle shall apply for being posted back in the Head Quarters for a third or fourth time.

5.3.1.4 Group 'A' - Changes at a Glance:

1. Re-designation of CPFC as DG (EPF) and elevation to the scale of pay of Rs. 22400-600-26000.
2. Creation of a new posts of Addl. Director General in the scale of pay of Rs. 18400-500-22400 to head the following Functional Areas:
 - a. Compliance
 - b. Pension
 - c. Finance & Investment
 - d. Human Resources & Administration
 - e. Vigilance
 - f. Information Services
 - g. Accounts, Audit & Claims Settlement



- h. Customer Satisfaction, Publicity & Awareness, MIS, WMC & Secretary – CBT
3. Re-designation of Addl. CPFC (Zone) as Addl. DG & Zonal Commissioner in the scale of pay of Rs. 18400-500-22400 to be positioned in the ZO (as the OIC of ZO), and/or in the CO, according as the exigencies of operations warrant.
 4. Positioning of a Zonal Commissioner (in the rank of Addl. DG) as the Director (NATRSS).
 5. A Non-functional Selection Grade in the scale of pay of Rs 14300-400-18300 has been earmarked for the benefit of officers holding the post of RC-II (scale of pay of Rs. 12000-375-16500) to insure against stagnation. Those of the officers who have put in a total of 14 years service, subject to a minimum period of six months in the scale of pay of Rs. 12000-375-16500 may be promoted to the NFSG Post.
 6. Re-classification of the post of Deputy PF Commissioner in the scale of pay of Rs. 10000-325-15200.

5.3.1.5 Comments and Justification

1. The Director-General (EPF), who is the CEO of the EPFO be elevated to the rank of Additional Secretary to the Government of India, considering the magnitude of operations, nature of change contemplated and the importance of the organisation in the national and social context, and is assigned appropriate scale of pay consistent with the position, rank and responsibilities of the CEO of a service-oriented business organisation.
2. The positions of Addl. CPFC (Head Quarters) be re-designated as Addl. Director-General. We have recommended eight posts of Addl. Director-General to be positioned in the CO.
3. On the Staff side, we have recommended the creation of a new post of Addl. Director-General (HR & Administration) to be positioned in the CO. He will co-ordinate with all the line and other staff heads located in the CO, and assist the DG (EPF) in the formulation of HR and General Administration



policy and oversee its implementation across and down the line. He will be the corporate head and is responsible for all the functions relating to HRM, Employee Relations and Welfare, and also all administrative matters, relating to delegation of administrative and financial powers, location and procurement of office space, provision of physical facilities to the business units, construction, guest houses, staff quarters maintenance, transport, security and office administration.

4. The Chief Engineer should be placed in-charge of all services and infrastructure facilities to be provided for the existing business units and the new ones to be created from time to time, including the construction and maintenance of official buildings, guest houses and staff quarters.
5. Assistant Commissioners currently in service with a minimum experience of 5 years be elevated as Deputy Commissioner.
6. The Branch Office shall be headed by Regional Commissioner-II and the Regional Office will be headed by Regional Commissioner-I, whereas the Zonal Office will be headed by Addl. Director General.
7. We have recommended higher scales of pay for the Heads of Business Units. In this regard, it may be relevant to take note of the following facts:
 - The Branch Office is a product of the District Office and SRO/SAO merged into one with increased operational responsibilities.
 - In the new BPR Model, the Branch Office is required to take care of almost all the business processes, with the sole exception of Finance & Investment, i.e., (i) Compliance, (ii) Intelligence and Coverage, (iii) Recovery and Legal, (iv) Accounts, Audit and Claim Settlement, (v) Pension, (vi) Customer Relations, and (vii) Human Resource Management & General Administration.
 - This functional complexity calls for wider exposure to a range and variety of functions at the level of Assistant Commissioner and Deputy Commissioner, before being elevated to RC-II. Secondly, the incumbent should have



the capability to shoulder the responsibilities of a Business Unit Head, which calls for decision-making and problem-solving skills, and a high degree of inter-personal skills, apart from conceptual skills covering all the KBPs. Given the fact that each Branch will have some 150 staff members and officers, the Unit Head should possess consummate leadership skills and administrative skills. In addition, each Branch will be handling some 400000 members and 3000 establishments. This is in addition to some 20,000-30,000 pensioners and a few thousand claims coupled with problems of intelligence, coverage, compliance, recovery and legal issues.

- The above discussion goes to prove that the remuneration should be commensurate with the responsibilities shouldered and the functions attended to. This is the fundamental reason behind our prescribing higher scales of pay. The same reasons do apply to the Regional Commissioner-I and Zonal Commissioner too. For instance, as a Business Unit Head, the Regional Commissioner-I is entrusted not only with original jurisdiction but also is made wholly responsible for the efficient performance of two Branch Offices placed under his supervisory jurisdiction. In effect, the RC-I, in his capacity as the Head of Regional Office, will be responsible for 1200000 members and 9000 establishments, apart from Pension, Claims Settlement, and other related matters.
8. The post of Zonal Commissioner has all along been in the grade of Addl. CPFC. As part of the present restructuring exercise, the post of Addl. CPFC – both in the Corporate Office and Zones – has been re-designated as Addl. Director-General. Apart from this structural change, we have recommended a range and variety of changes in the functional aspects too as detailed below. For instance, the Zonal Commissioner shall henceforth perform, and be wholly responsible for the following functions:
- The performance and operations of the Regions/branches within his jurisdiction, and overseeing the enforcement of the provisions of the Act and the Scheme;
 - Internal audit of Regional Offices;



- Collection, maintaining and up-dating of Data and creating a Data Bank on all business processes;
- Monitoring the fluctuations in WLN's of Business Units;
- Initiating action for creating Business Units;
- Overseeing the on-going training programmes for the present employees, and evaluating their effectiveness in consultation with the Director, ZTI;
- Overseeing the content and process of induction programme for new recruits in Group 'C';
- First Appraiser of the performance of Regional Commissioners and other officers;
- Reviewing Officer of the performance appraisals made by the aforesaid officers in respect of their immediate subordinates;
- Monitoring the performance of business units with reference to PRP and up-dating of information on parameters relating to performance measurement;
- Original Authority to decide EDLI Exemption cases and their renewal every 3 years.
- Appellate Authority in respect of all the appeals pertaining to the Zone.
- Original Authority to issue of notification for voluntary coverage u/s 1(4).

**5.3.2 Group 'B'**

Grade	Proposed Designation	Proposed Scale
1	Programmer / Accounts Officer / Sr. Enforcement Officer / Desk Officer / Audit Officer*	7450-225-11500
2	Asst. Programmer / Asst. Dir. (OL) / PS / Section Officer (HQ) / EO/ AAO / Section Officer / Asst. Audit Officer* / Junior Analyst* / Welfare Officer* /	6500-200-10500
3	PA / Hindi Translator - Gr. I / Yoga Instructor / Asst. (HQ) / Research Assistant*	5500-175-9000

- (*) The ex cadre posts, such as, Audit Officer, Assistant Audit Officer, Junior Analyst, Welfare Officer, Research Assistant, etc., may be encadred and suitable personnel for the positions may be drawn from within the EPFO.



5.3.2.1 Group 'B' - Changes at a glance

1. Creation of new posts of Sr. Enforcement Officer / Accounts Officer in Grade 1 and in the scale of pay of Rs. 7450-225-11500.
2. Elevation of the present posts of EO / AAO from Grade 3 to Grade 2 (the so-called "Gazetted Rank") in the scale of pay of Rs. 6500-200-10500.
3. Assimilating the existing Personal Assistants and Personal Secretaries into the main-line functions of EO/AAO and Sr. EO/AO respectively, subject to their attaining the required benchmarks. As a consequence, further recruitment of Personal Assistants and Personal Secretaries should be dispensed with.
4. Consequent on the abolition of the post of Section Supervisor (Group 'C'), the AAO will act as the first-line supervisor.

5.3.2.2 Comments and Justification

1. The most critical positions from the standpoint of operations, i.e., enforcement, compliance and settlement of claims, are the Enforcement Officer and Assistant Accounts Officer, both of which are currently in the scale of pay of Rs. 5500-175-9000. In this connection, it is pertinent to recall that prior to 1992, there were two positions with the designation (a) PF Inspector, Grade-I (Gazetted rank) and (b) PF Inspector, Grade-II (non-Gazetted rank) with different scales of pay. In 1992, both the positions were collapsed to create the new position of Enforcement Officer and, while doing so, the Enforcement Officer was assigned to the lower scale. This, we feel, was an unscientific way of handling personnel/HR matters. As a matter of sound management practice, when a superior position is merged with an inferior position to create a composite new position, the resultant new position should be assigned the scale of pay applicable to the superior position.



2. Secondly, the EO / AAO continue to be the members of the Staff Union because of the fact that they have been placed one Grade below the (so-called) Gazetted Grade. Such a position leads to divided loyalty and a major conflict between the two roles, i.e., as executing officers of EPFO and members of the Union, should a conflict arise between the management and union. Given the fact that EO / AAO are key front-line functionaries operating in the two KBPs, i.e., Compliance/Coverage and Accounts/Claims Settlement, it is not in the best interests of EPFO to reduce them to (what is called as) non-gazetted status. Taking all the factors into consideration, we recommend upgradation of the posts of EO / AAO from Grade 3 to Grade 2.
3. Lastly, as per the existing promotion policy, the AAO / EO are eligible for promotion to the post of Assistant Commissioner. It is observed the salary/scale differential between the EO/AAO and AC is too wide implying a high jump and not a gradual progression. There is no intermediary position between the two. The combined effect of merging PF Inspector-I and PF Inspector -II and the absence of an intermediary position is that a few EOs/AAOs get quick promotions, that too a high jump, while a majority face stagnation.
4. Considering the afore-mentioned factors, we recommend the creation of the posts of Accounts Officer and Senior Enforcement Officer both in the scale of pay of Rs. 7450-225-11500. This new position, coupled with the promotion policy recommended in the following sections, operates as an effective filter to sift those EOs/AAOs, who have the potential to move up into Group 'A' from those who do not.
5. We recommend that further recruitment in the cadre of Personal Assistant and Private Secretary (and also Steno) be dispensed with. The existing personnel in the PA cadre may be allowed to join in the main line function as EO/AAO (6500-10500) subject to the attainment of specified benchmarks. The existing personnel in the PS cadre may be allowed to join in the main line function as Sr. EO/AO (7450-11500) subject to their attaining specified benchmarks.

**5.3.3 Group 'C'**

Grade	Designation	Proposed Scale
1	EDP Supervisor / Junior Engineer	5500-175-9000
2	Sr. Social Security Assistant / Hindi Translator - Gr. II / Statistical Assistant* / Vigilance Assistant* / Legal Assistant* / Steno* Note: The posts with (*) may be merged with the post of Sr. SSA	5000-150-8000
3	Social Security Assistant / (DEO) SSA / Note: The post of DEO to be upgraded, and re-designated as Social Security Assistant	4500-125-7000
4	Steno Gr. III / Caretaker / LDC / Telex / Tel. / Lift / Pump / Gestr. Opr.(Sr.) / Driver / Electr. / Plumber	3050-75-3950-80-4590

(*) **The *ex cadet* posts such as Statistical Assistant, Vigilance Assistant, Legal Assistant, etc., may be *encadere*d and suitable personnel for these functions may be drawn from within the EPFO.**



5.3.3.1 Group 'C' - Changes at a Glance

1. Abolition of Section Supervisor. The AAO will be the first-line Supervisor
2. Re-designation of HC as Sr. Social Security Assistant and re-designation of erstwhile UDC (SG) as SSA and merging with SSA. **[Note: The post of UDC in Grade 3 has already been re-designated as SSA coupled with a gradual phasing out of the post of LDC].**
3. **We recommend that the posts of SSA & Sr. SSA may be constituted as a combined cadre with 20% posts being in the SSA grade (in the scale of pay of Rs. 4500-125-7000) and the remaining 80% posts in the grade of Sr. SSA (in the scale of pay of Rs. 5000-150-8000). After five years of residency in the SSA grade, the incumbent may be considered for promotion as Sr. SSA subject to attaining the prescribed benchmarks.**
4. Assimilation of Stenos in the main-line post of Sr. SSA.
5. Abolition of the post of UDC as a consequence of the creation of the post of SSA.
6. Upgradation and re-designation of DEO as SSA.
7. Merging of all the stand-alone jobs such as Legal Assistant, Statistical Assistant, Vigilance Assistant, Auditor, etc., with SSA.
8. We recommend that there be no more recruitment in the cadres of Caretaker / Telex / Tel. / Lift / Pump / Gestr. Opr. (Sr.) / Driver / Electr. / Plumber. It would be more economical to outsource these activities gradually as and when the present incumbents retire.

5.3.3.2 Comments and Justification

1. The post of EDP Supervisor may be phased out and the present incumbents in the post may be promoted to the post of Asst. Programmer in Group 'B' over a period of 3-4 years.
2. The present position of UDC (SG) has already been re-designated as SSA and in fact a few candidates have already been recruited. The revised designation has been incorporated in the above matrix. The post of UDC stands upgraded and re-designated as SSA along with the erstwhile UDC (SG). As a consequence, there will be no post of UDC henceforward. So also the concept of selection grade stands dispensed with.



3. There is a need to determine the level (ceiling) up to which such staff members can move in the hierarchy. We are not in favour of promoting such under-qualified employees beyond SSA level. An employee, who is stuck at the level of 'SSA' for want of minimum qualifications, has to acquire the same and appear for the tests / examination, if any prescribed by the EPFO, before staking his claim to further growth in the ladder. Otherwise, the level/position of SSA is all that he can move up to.
- We have recommended that the present post of Data Entry Operator (4000-100-6000) be up-graded (5000-150-8000) and re-designated as SSA. Given the fact that quite a substantial number of the Data Entry Operators are well-qualified, young and also possess good communication skills, they may even be able to compete with others for internal selection to Group 'B' positions in the course of time.
 - We recommend the merger of all the stand-alone jobs such as Legal Assistant, Vigilance Assistant, Statistical Assistant, Auditor, etc., with SSA.
 - Assimilating the existing Stenos into the main-line function as Sr. SSA in the scale of pay of Rs. 5000-150-8000, subject to their attaining the required benchmarks. As a consequence, further recruitment of Stenos should be dispensed with.



5.3.3.4 Group 'D'

Grade	Designation	Proposed Scale
1	Daftary	2750-70-3800-75-4400
2	Peon / Chowkidar / Mali / Sweeper / Frash / Helper Gestetner Opr. / Record Sorter (Sr./Jr.), Helper / Water Carrier	2650-65-3300-70-4000

Chapter - 6**CAREER DEVELOPMENT****6.1 CAREER GROWTH – ISSUES**

- 6.1.1 Career Growth is a highly sensitive issue which has been agitating the organizational participants in so far as the general feeling among officers and staff is that the opportunities for growth in EPFO are nowhere near the practice prevailing in other similar government services. This aspect comes next only to 'workload disparities' in terms of responses to the questionnaire and personal interactions we had with the employees. Opportunity for growth and development, or the lack of it, is a pivotal factor affecting motivation of organizational participants one way or the other. We have come across heated arguments by officers and staff at all levels on different aspects relating to promotion policy, stagnation, etc.
- 6.1.2 In the context of a business organization, this one factor, standing alone, is capable of driving the employees out of the organisation in search of greener pastures, whereas in Government, though it may not lead to high employee turnover, it can, and does, adversely affect efficiency and performance. This does not mean that every employee/officer is fit for promotion to a higher-grade position involving higher responsibilities, nor do we predicate that promotion is an automatic reward given for long service. If the employee is not having the physical, mental and intellectual equipment to handle the job responsibilities competently, he should not be, and has no claim to be, promoted to that position. What is critical for promotion to, and within, Group 'B' and Group 'A' level positions is the potential of the individual rather than the



superior performance in the present job. Instances are numerous, where a highly skilled worker, who is an outstanding performer, when promoted to the level of supervisor, turned out to be a square peg in a round hole and failed miserably. We are, therefore, of the firm view that promotion decisions in a business context should be taken meticulously and with utmost care. In respect of jobs involving supervisory and managerial responsibilities, even the outstanding performance in the present job is not the sole criterion for determining the fitness of the person for promotion.

- 6.1.3 At this point, it is pertinent to revert to the policy statement made by the CPFC in his proceedings dated 6-12-2002, which was incorporated in Para 1.1.6. of Chapter-I. We would like to make a reference to the relevant portion of the said proceedings, even at the cost of repetition, as our approach to the cadre review exercise, in general, and career growth, in particular, is largely shaped by the said proceedings. In item (ii) of the said proceedings, the CPFC outlined the intention of the EPFO and one of the cardinal objects of the Cadre Review Exercise, in the following words:

“To establish convergence between the Vision of the Organisation and the goals under the Vision and the individual career aspirations of individual members of the EPF team. It is the intention to ensure that legitimate career aspirations are met and growth opportunities within the Organisation are equally available in each irrespective of the date on which a particular officer or staff member joined or the region where such person is posted or the vacancies available at a higher level. Assured career paths and compensation enhancements should be visible to all.”



- 6.1.4 We fully concur with the above observations of CPFC, given the intensive motivational component that is peremptorily required to be built into the human resource policy without which the new BPR model could hardly produce the results expected of it. Our focus is more on promotional / internal selection policy rather than a micro-level discussion about individual job-titles and promotional channels. Even so, we attempted to highlight certain jobs, which also figured prominently in the course of our interaction with organizational participants. For instance, we have analysed the promotional ladder comprising “LDC-UDC (SSA)-UDC (SG)-SS”, only to draw the attention of EPFO to the need for laying down a comprehensive promotional policy consistent with the need for organizational efficiency. We also recognize that there are certain jobs, which are *per se* dead-end jobs, as, for example, Mali, Sweeper, and Cook-cum-Attendant (Group ‘D’), Telephone Operator, Telex Operator, Lift Operator, and Pump Operator (Group ‘C’), which have hardly any promotional avenue.
- 6.1.5 That takes us to the issue of “stagnation”, which is closely interlinked with the issue of annual increments in a graded scale of pay, on the one hand, and promotions to higher level positions, on the other. The concept of “stagnation” can be viewed from different perspectives: (i) stagnation in terms of no further annual increments as a result of the employee reaching the maximum of the scale; (ii) stagnation in terms of no opportunity for advancement in the organizational ladder; and (iii) relative stagnation. The first two cases refer to the same phenomenon viewed from two different perspectives, one from the standpoint of monetary benefit, the other from the standpoint of the dead-end nature of the job. “Relative Stagnation” is more concerned with



maintaining external equity, i.e., the availability of growth opportunities, or the lack of it, within a specific timeframe, as compared to the employees of same or similar cadre in comparable services of the government. The above issues with special reference to the employees of EPFO are discussed below:

- 6.1.6 (i) Stagnation due to reaching the maximum of the scale of pay or (ii) as a result of lack of avenues for promotion, for whatever reasons: This problem is acute in cases, where the incumbent has no potential to grow within the organisation or where the job for which he has been recruited happens to be a low-ceiling job or a dead-end job with no higher rung in the ladder. In both the cases, this problem can only be tackled by providing a compensatory grade which should typically start at a much higher level and also end at an equally higher level in terms of the pay scale, because the objective is to ensure that the employee continues to draw assured annual increments as long as he remains with the organisation. In other words, there will be no change in the designation or in nature of work or the responsibilities shouldered by the employee, but he is merely placed in a higher scale of pay purely as compensation for lack of avenues for upward mobility in the hierarchy.
- 6.1.7 (iii) "Relative Stagnation" within EPFO as compared to other services of Government: In the course of our interaction with organizational participants, particularly, ACs, the issue of external inequity has been highlighted. For instance, a Group 'A' officer directly recruited in the grade and scale of pay of Rs. 8000-275-13500 in other comparable services of Government seems to be getting promotion to the next higher grade, i.e., Rs. 10000-325-

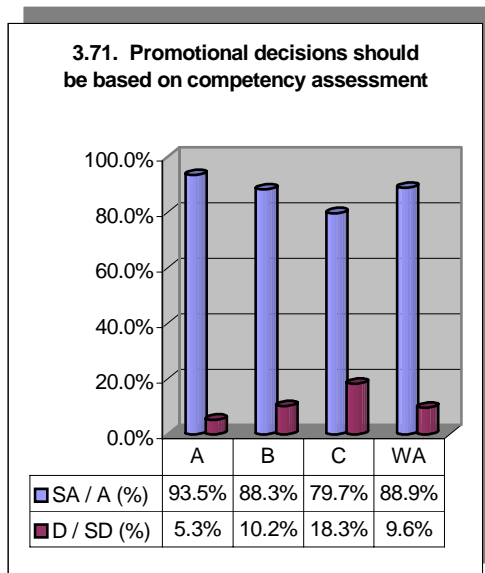


15200 within a span of 4 years in some cases and 5 years in others, whereas in the case of ACs of EPFO, it is 9-10 years and, even after putting in 9-10 years of service, the chances of promotion are bleak. Judged by the standards obtaining in different allied services of Government, not to speak of the new business model contemplated in the post-BPR scenario, this is too long a wait. Before we proceed further, we may take a look at the general feelings of organizational participants as reflected in their responses in the course of the survey conducted by us.

SURVEY OUTCOMES

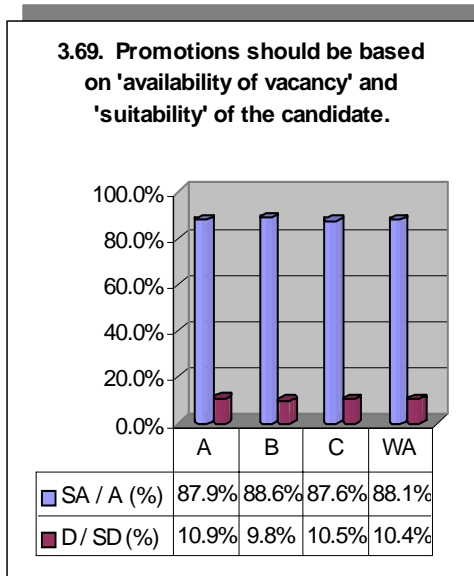
6.1.8 Questionnaire

- 89% respondents feel that promotions be based on competency assessment through the performance appraisal.

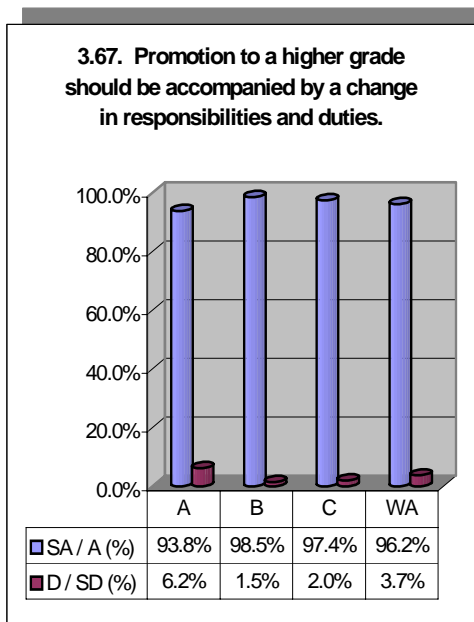




- 88% feel that promotions should be based on both the availability of vacancy and the suitability of the candidate.

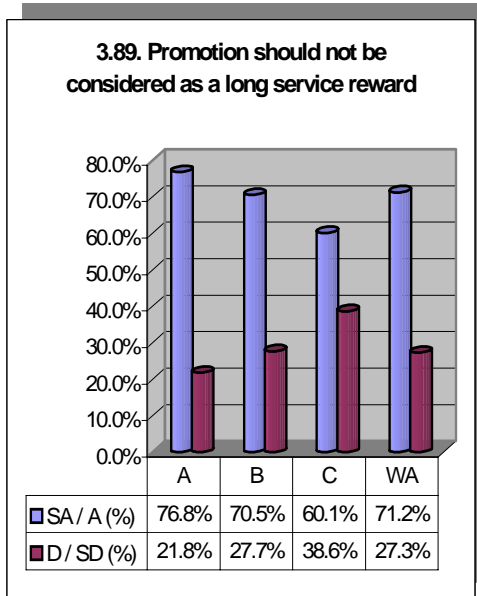


- 96% feel that promotion to a higher grade should involve a change in responsibilities and duties.

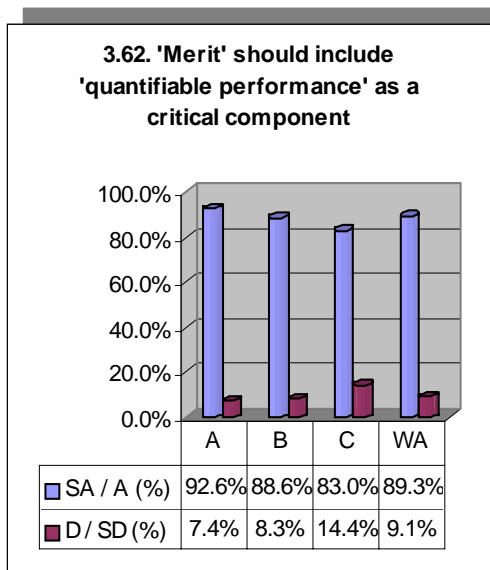




- 71% respondents are of the view that promotion should not be considered as a 'long-service reward'.

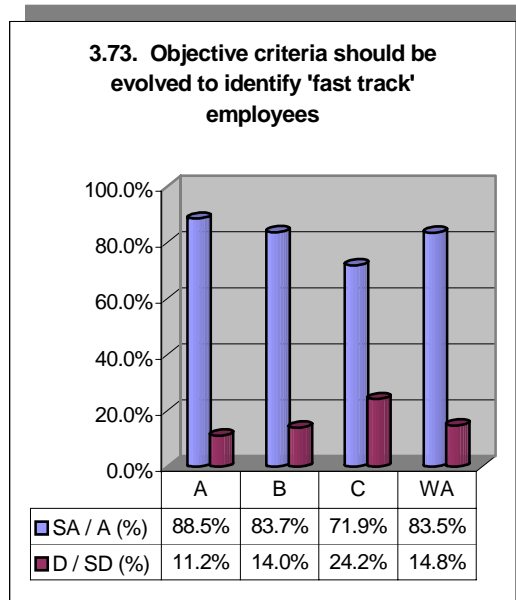


- 89% want "quantifiable performance" as a component of 'Merit' for the purposes of merit-based promotions.





- 83% are in favour of a mechanism by which 'fast-track' employees are identified for quick promotions.



6.1.9 Interview

1. No uniform yardsticks for promoting people at various levels. The following are some of the feelings.
2. Assured career progression is only on paper and not in practice.
3. Because of lateral induction at different levels (either through direct recruitment or deputation), promotional opportunities are scuttled leading to stagnation and discontentment.
4. If not time-bound promotions, there should be some method of giving replacement scales to avoid the feeling of stagnation.
5. Seniority-cum-merit should be the norm for promotion. Procedures relating to promotion should be clear and transparent and automatic on the fulfillment of the norms.
6. DPCs should meet at regular intervals and as a matter of course and not on the basis of expediency.



7. The DPCs can empanel candidates suitable for promotion immediately or in the near future as and vacancies arise, subject, of course, to the condition that the DPC panel will be valid for a given frame of time. This will reduce ad-hocism which has become synonymous with the HR philosophy of EPFO.
8. It is necessary to lay down a comprehensive policy framework relating to promotions, which should provide for the following factors: (a) Minimum Guaranteed Career Growth; (b) Minimum Qualifying Service for Promotions; (c) Seniority Criterion; (d) Seniority-cum-Merit Criterion; (e) Merit Criterion; ((f) Internal Promotions vs. Direct Recruitment; and (g) Fast-track employees
9. Alternative measures for employees having no potential for promotion, as, for instance, placing him in a higher, intermediary scale.
10. There should be a probation period of one year for those who are promoted to a higher-grade position.

ANALYSIS

6.1.10 While we are conscious of the feelings expressed by the organizational participants on this sensitive issue, some of which have been cited above, we are not oblivious to the performance demands on, and the larger interests of, the organisation in the new business model. We firmly believe that not every employee recruited at the level of LDC level can reach the level of AC, and not every officer recruited at the level of AC has the potential to become the Zonal Commissioner. Even assuming that they do possess all the attributes, still the limitations of a pyramidal structure, which essentially tapers as it moves upwards, do not permit such mass promotions of employees to higher levels at regular intervals. A business organisation cannot have more than one CEO, and EPFO is no exception to this rule. That takes us to the short question of thorny simplicity: *“can an organisation*



ensure guaranteed career progression to every incumbent, particularly, at Group 'A' level"? We realize that this is not an easy question which can be answered to the satisfaction of all the stakeholders. Even so, we try to reconcile the larger interests of organisation with the concerns and aspirations of its participants to the extent the situation permits. We deal with the Theme and frame our recommendations under the following sub-Themes:

6.2	Career Progression: Seniority - Merit - Competency
6.3	Intra-group promotions
6.4	Inter-group promotions
6.5	<i>Ad hoc</i> promotions
6.6	Promotion vs. Recruitment – Ratio
6.7	Deputation from other Government departments
6.8	Refusal of promotion or transfer



6.2 CAREER PROGRESSION: SENIORITY, MERIT & COMPETENCY

6.2.1 General

Before we make our specific recommendations on promotions / internal selection, we would like to state that the *organisational philosophy of career development* be clearly understood by all the organizational participants. It cannot be gainsaid that at some point, mere the number of years spent in the organisation becomes less and less relevant and its place is taken over by Merit, without which no organisation can survive in a competitive environment. There is undoubtedly a basic responsibility cast on the Organisation to provide adequate opportunities for the employees to move up in the ladder. At the same time, it is also equally true that the responsibility cast on the employees, to avail the opportunities by taking range and variety of initiatives, is even greater. It is therefore incumbent upon every employee, in general, and the officers in Groups 'B' & 'A', in particular, to be on the constant lookout to acquire and enhance their knowledge and skills so that they are in a position to avail growth opportunities as and when they arise and are internally advertised.

6.2.2 Seniority

6.2.2.1 In respect of jobs/positions to which promotions could be based exclusively on 'seniority', the major share of weightage goes to the number of years of service put in by the employee in the present post and Grade, followed by his personal record, i.e., attendance, discipline, and general performance. We recommend a weightage of 70 to the former and 30 to the latter. In other words, if the record is not otherwise blemished, the incumbent who has



put in the minimum qualifying years of service will be eligible to move into the next higher grade position at any time thereafter, even if his performance in the present post is not outstanding. This kind of promotions is confined to levels where the job in the higher grade does not call for a major change in the content or knowledge and skills of a higher order. Illustrations are given at the appropriate places in the following paragraphs.

6.2.3 ***Merit***

6.2.3.1 By the same token, at some point and level in the hierarchy, 'Merit' and 'Competency' may even become the absolute criteria for career advancement, to the exclusion of every other consideration. We would like to discuss, as briefly as possible, what exactly the ingredients of 'merit for the purpose of internal selection. This elaboration is necessitated not only because of our bias for considerations of merit in matters of promotions, but even the majority of organizational participants have shown their deep concern for, and are in favour of, merit-based promotions in Groups 'B' and 'A', as disclosed by their responses and views cited above. Alongside 'merit, competencies also become important, which require to be assessed while promoting people to higher level positions. We would like to place some of these aspects in the proper perspective for the benefit of EPFO and its employees. In the following paragraphs, we have identified the positions for which promotions can be made (a) on the exclusive basis of 'seniority', (b) on the basis of both 'seniority' and 'merit' in some proportion, and (c) on the exclusive basis of 'merit'. We would broadly suggest the parameters to be taken into consideration under each of the three categories.



- 6.2.3.2 What does 'merit' imply in terms of its ingredients? How is it assessed? We would like to address these two fundamental questions before proceeding further with the discussion on the process. The jobs to which employees can be promoted can be broadly classified under two categories: (a) jobs, which carry a higher grade, and scale of pay than the lower ones, but without any significant change either in the job content or in the degree of responsibility/authority; (b) jobs, which carry a higher grade and scale of pay than the lower ones, and also involve a change in the job content and are invested greater degree of responsibility, authority and accountability. In other words, the latter class of jobs calls for a different set of skills and attitudes than those required for the present job. To illustrate, the "LDC – UDC - UDC (SG) – HC" route falls in the first category in that the job content of the incumbent, while moving up through these rungs, does not get enlarged to any significant extent, nor is he required shoulder a higher responsibility. The same would be the position if a Data Entry Operator were to be promoted as, let us assume for the sake of discussion, Senior Data Entry Operator.
- 6.2.3.3 In striking contrast, the profile of a Section Supervisor is substantially different from that of a Senior Social Security Assistant (recommended here-in-before), in so far as the former is required to possess and display supervisory and managerial skills though in a lesser degree, where as the latter is holding an operative position in that he is responsible for the unit of work entrusted to him and nothing more. While the former is responsible not only for the unit of work entrusted to him, but also for the output of a group of employees placed under his direct control and supervision, the latter is not answerable for the output



of his peers. The former class of jobs can be filled on the basis of seniority alone, the latter cannot be. It is here that 'merit' comes to play a major role. With these observations, let us take a detailed look at what 'merit' is all about. 'Merit' consists of the following ingredients: (a) Performance in the present job (in degrees); (b) Potential; (c) Competency; and (d) Work-related behaviours.

6.2.3.4 Performance in the present job, though not conclusive, is an important factor in assessing the merit of a person. An employee, who has not been performing up to the standards, can under no circumstances be considered for promotion, whatever may be his other credentials. Sub-optimal performance in the present job in both qualitative and quantitative terms, as disclosed in the performance appraisal process, operates as a fundamental disqualification for the purpose of career growth.

6.2.3.5 'Potential' is something intangible and cannot be readily sensed, and is difficult to be assessed. The performance appraisal information gives some clue as to the potential of the individual to shoulder higher responsibilities. Particularly, the information contained in the appraisal as to his decision-making skills, problem-solving skills, inter-personal skills, initiative, innovation and creativity, if any, displayed, in the discharge of his responsibilities and critical incidents, i.e., those incidents which disclose his ability to take risk, to go that extra mile, or to work effectively in conditions of uncertainty or his unconventional approaches in handling extra-ordinary problems, gives an idea of the potential. This should be further validated by a structured position rotation across functions, and temporary promotion to the



next higher job. During the said temporary phase when the incumbent holds the post, he may be paid “Acting Allowance” as per the normal rules. The sum-total of the material furnished by performance appraisal, and his performance across functions and in the higher grade position give a near-certain idea about the potential of the candidate for shouldering higher responsibilities.

6.2.4 Seniority-cum-Merit

6.2.4.1 The ‘seniority-cum-merit’ formula operates in two different ways. In its first version, the eligibility of an employee for promotion is determined on the twin criteria of ‘seniority’ as well as ‘merit’. Seniority in the present grade/job is taken into consideration in conjunction with ‘merit’, i.e., potential to discharge a wider range of responsibilities in the higher-grade position. In this formula, ‘merit’ is generally given greater weightage than ‘seniority’. The second version, which is more popular in respect of promotions in the junior and middle level managerial positions, predicates that the number of vacancies available in the higher grade positions is filled on the basis of seniority and merit in a ratio of 50:50. If there are two positions lying vacant, the first one goes to the senior most employee, and the second is internally advertised calling applications from all the eligible employees in the grade, who satisfy the minimum qualifying service requirements, etc. Selection is made on the basis of test and/or interview. Thus, under the second formula, even a junior employee can make it. The third vacancy, if and when it arises, goes to the senior most employee in the residual cadre and the fourth by merit and so forth. In this method, the seniority in the promoted grade does not align itself with the seniority of the lower grade in so far as a junior officer, who made it to the higher-grade position under the



'merit' part of the formula becomes senior to the one who follows him under the 'seniority' part.

6.2.5 ***Competencies***

6.2.5.1 Competencies are the knowledge, skills, attitudes and other attributes (KSAOs), which can be linked to enhanced performance of individuals or teams. From the stand point of career aspirations, people can be classified in the following five categories in terms of their *career anchors*, which are propelled by their own perception of their competencies: (a) Managerial Competence; (b) Technical-Functional Competence; (c) Security; (d) Creativity; and (e) Autonomy-Independence.

6.2.5.2 We would like to briefly discuss the above career anchors, as this discussion would certainly give a better idea to the higher echelons of EPFO as to the career development policy that it has to pursue.

Managerial Competence:

6.2.5.3 Those with "managerial competence" as their career anchor possess phenomenal leadership skills. They are a 'no nonsense' type of decision-makers, endowed with superior analytical skills, possess self-objectivity, behavioural flexibility, resistance to stress, tolerance for uncertainty, and interpersonal effectiveness. These people are fast-track managers who reach top positions at a relatively young age, and even preside over the destinies of giant business organisations.



Technical-Functional Competence

6.2.5.4 People anchored in “technical-functional competence” are basically interested in function-related work, are obsessed with their technical knowledge and acumen, and possess functional, analytical and research expertise. They dislike managerial functions / responsibilities and look at managerial duties as a distraction and an irritant. Research scientists, hard-core technocrats and academics fall in this category.

Security

6.2.5.5 People, who focus on “security” anchor, have a deep concern for stability and security of their employment. Typically, they are attached to an organisation and/or a geographical area. They are reluctant try out or entering an unfamiliar organisation. These people are willing to sacrifice many rewards and even autonomy, and growth for the sake of job security. They are generally endowed with loyalty, commitment and a sense of belongingness to the organisation for which they work. Examples can be found in every organisation, particularly, at the level of operative staff in the industry, clerical cadre in the public sector and government service.

Creativity

6.2.5.6 People with “creativity” anchor are highly innovative and dislike beaten track. They have the ability to think and generate unconventional ideas, products and service. These people are high risk-takers, and possess entrepreneurial competencies. Examples can be found in entrepreneurs.

Autonomy-Independence

6.2.5.7 People with this career anchor are freedom-loving, and are unwilling to serve others. They want to be on their own coupled with an uncompromising desire for flexibility of work, time, tasks, etc. Examples can be found in freelance journalists, consultants, etc. A careful scanning would unfold that almost all these categories can be found in EPFO with a complement of 20,000 employees. Reverting back to the discussion on the initiatives which the staff and officers are required to take to constantly update their knowledge and skills, we enumerate a few of the initiatives hereunder:

1. Prompt and timely discharge of duties as per the qualitative and quantitative standards prescribed,
2. Constantly striving to update their job knowledge
3. A willingness and enthusiasm to shoulder greater responsibility , i.e., the willingness to go that extra mile,
4. Demonstrable ability to be a good team player.
5. Acquisition of organizational knowledge in an effort to widen their knowledge horizons
6. Acquisition and improving of function-related or, so to say, technical skills,
7. Voluntarily seeking opportunities to perform collateral functions instead of confining themselves to one Area
8. Acquisition and improving of Inter-personal and communication skills – oral and written,
9. Acquisition and honing of decision-making and problem-solving skills,



10. Display of proper work-related behaviours (better and more acceptable ways of performing tasks)
11. Display of a positive attitude towards the organisation, people, functions, and, more importantly, customers
12. An ability to inspire others and to lead from the front.

6.2.5.8 The above requirements become increasingly critical as employees move into higher management categories. We have identified EO / AAO as the starting point for meticulous evaluation of performance and assessment of potential in terms of growth within Group 'B' to start with, and into Group 'A' eventually. The EO / AAO, being the front line executives who, by the nature of the duties vested in them, are required to reach out and deal with stakeholders in the outside world with dignity, concern and a sense of purpose, should strive for and enhance their competencies to their best advantage so that they are in a position to avail themselves of the growth opportunities.

6.2.6 **Assessment Centre**

6.2.6.1 It goes without saying that all these skills cannot be tested in the course of an interview which may last for some 30-40 minutes. The candidates have to be put through an Assessment Centre, where a range of selection tools are used to determine the aforementioned skills. A few such tools are (a) Business Games, (b) In-basket, (c) Role Play, (d) Case Analysis, (e) LGD (Leaderless Group Discussion), (f) An *impromptu* presentation on a topic, which is assigned with no or short-notice, (g) Interest inventory, (h) General ability tests, and (i) Interview. Typically, the selection through the medium of Assessment Centre takes 2-3 days. During all these exercises, the performance of the candidates,



both in their individual capacities and as team players, are observed and evaluated by a team of experts. Thus, Assessment Centre is an invaluable selection method to judge competencies of the candidates. There are a few agencies based in India, who have the expertise to use Assessment Centre Technique, as for instance, Saville and Holdsworth, Mumbai, Eicher Consultancy Services, XLRI and a few others. We do not recommend the use of Assessment Centre Technique for the Assessment of Merit within Group 'C' for very valid and obvious reasons.

RECOMMENDATION

6.2.7 Normal Promotions vs. Fast-Track Promotions

6.2.7.1 The expression "normal promotion" conjures certain well-recognised pre-requisites such as (i) a minimum qualifying service, (ii) Overall good performance in the present job, (iii) possession of the required general/special qualifications, (iv) general discipline, (iv) regularity and punctuality, etc. In addition, we recommend that the EPFO introduce a system by which dynamic and highly competitive employees are encouraged by recognizing their worth in the form of upward movement before complying with the requirements prescribed above. This is an exception to the general rule and is geared to address the organizational need to maintain and improve efficiency and effectiveness. In this system, employee performance is closely monitored with special reference to such attributes as (i) initiative shown in handling difficult tasks without much dependence on superiors' orders, (ii) achievements and contribution which are exclusively attributable to the individual's own efforts, (iii) Commitment and (i) risk-taking ability. These attributes should be



displayed demonstrably and measurable before an employees claims that he is a “Fast-Track Employee”. Such employees can be promoted out of turn and before complying with the minimum qualifying requirements. It is, however, essential to ensure than an objective and transparent system is designed and put in place before the organization embarks upon “Fast-Track Promotions” lest the system suffers from gross abuse and may cause more problems for the EPFO than it can solve. We suggest that a Committee be constituted at the Corporate Level for recommending “Fast-Track Promotions” in respect of all the three Groups, namely, the Whole of Groups ‘C’ & ‘B’ and up to RC-I in Group ‘A’. Fast-Track Promotions should not be left in the hands of the Unit Heads of Branches, Regions and Zones. There shall be only one Committee at the corporate level, which shall receive and appraise all the nominations from different business units. The Committee shall design a foolproof mechanism for evaluating the performance, verification of the information furnished by the Business Units and for pronouncing final results. All recommendations in respect of “Fast-Track Promotions” shall be submitted to the Director General (EPF) and cleared by him before being given effect to. However, there can be no “Fast-Track Promotions” from one group to another. In other words, the concept of “Fast-Track Promotions” has no application in Inter-Group Promotions.

6.2.7.2 In respect of “normal promotions”, we recommend the second version, i.e., filling of vacancies under ‘seniority-cum-merit’ formula on 50:50 ratio in respect of positions within Groups ‘B’ & ‘C’ and up to the level of RC-I in Group ‘A’. These promotions are subject to the employees fulfilling the minimum qualifying



requirements as indicated in the preceding paragraph. The objective is to ensure that relatively junior employees in a given grade and scale of pay, who are effervescent, dynamic, and capable of taking risk, get an opportunity to move into higher positions without having to wait for long in their present grade and position. We recommend this approach for three reasons: First, it takes into account considerations of fairness and equity by giving due consideration to seniority in the grade, while, at the same time, preserving the interests of the organization in terms of efficiency and effectiveness. While seniority is given its due place, employees who are relatively junior are also given an opportunity to compete with their seniors and come out with flying colours. The overall interest of organization is also protected in so far as merit is given its due share. Secondly, the former version is cumbersome and time consuming. That apart, it may fan the fire of stagnation by perpetually denying promotion to seniors because of low weightage given to seniority as compared to merit. Lastly, this formula will ensure that every employee in the cadre is on the lookout to improve his knowledge and skills, and thus preserves the drive, and initiative and, more importantly, the competitive spirit among juniors, while sending warning signals to the senior most employee(s) to the effect that complacency on their part would entail delay in promotion and the consequent loss of 'seniority' in the promoted grade.

**6.3 INTRA-GROUP PROMOTIONS****6.3.1 Group 'D'**

6.3.1.1 Group 'D' consists of the following jobholders classified in two grades and corresponding scales of pay. For the sake of convenience, the two Grades have been assigned numericals and shown in the descending order:

Table – 6.3.1.1: Grading of Group 'D' Jobs

Grade	Job Titles
1	Daftary
2	Peon / Chowkidar / Mali / Sweeper / Frash / Helper / Gestetner / Record Sorter(JR> / Sr.) / Jamadar / Binder

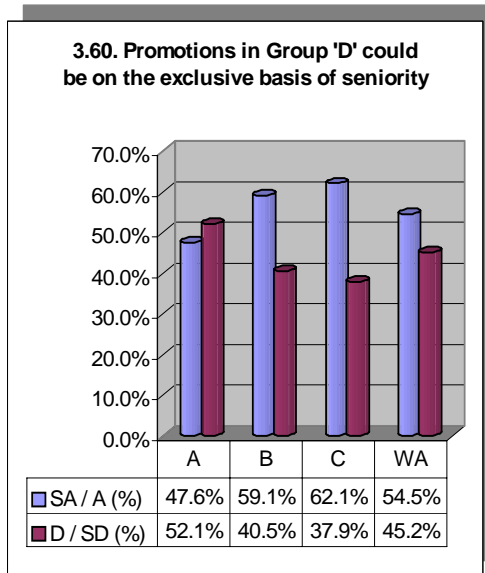
6.3.1.2 Of the several jobholders in the lower rung, i.e., Grade 2, many have no chance of moving upward as there is no corresponding position performing the same or similar function in the higher grade. The only career path for Grade 2, is that of Daftary in Grade 1. Almost all these jobs should be considered as dead-end jobs, as there is practically no promotional avenue within the Group. However, history has it that a large number of Group 'D' employees did in fact move into higher positions not only within Group 'D', but also into Group 'C' on the basis of some quota.



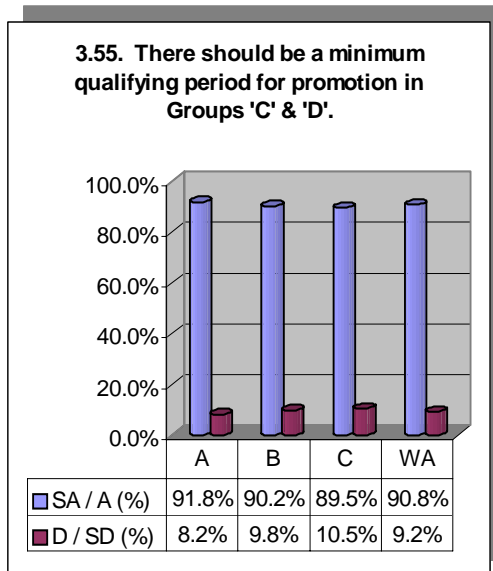
SURVEY OUTCOMES

6.3.1.3 Questionnaire

- 54% feel that promotions within Group 'D' could be made on the exclusive basis of 'seniority'.

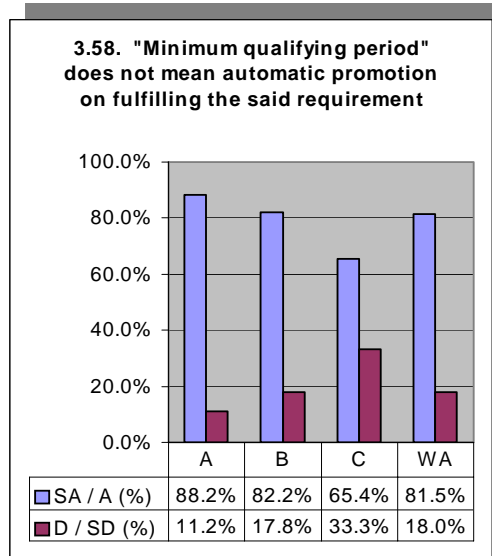


- 91% are in favour of a minimum qualifying service for promotions within Groups 'D' & 'C'.





- However, they feel that mere fulfilling the said requirement does not entitle them to automatic promotion.



RECOMMENDATION

6.3.1.4 We prefer to leave Group ‘D’ as such. We are not inclined to recommend creation of further rungs in the Group in order to facilitate intra-group promotions for the reason that one of our main recommendations relating to Organisational Restructuring is to dispense with Group ‘D’ services in a phased manner and contract them out.

**6.3.2 Group 'C'**

6.3.2.1 Considering the complex matrix of heterogeneous jobs in this Group, we propose to deal with a couple of core jobs, i.e., clerical staff and computer professionals, which were highlighted both by the organizational participants and the representatives of Employees' Association. Group 'C' consists of the following jobholders classified in five grades and corresponding scales of pay. The table below has been adopted from our recommendation contained in Para 4.2.1.4. above. For the sake convenience, we have assigned a numerical to each Grade within the Group and presented the descending order:

Table – 6.3.2.1: Grading of Group 'C' Jobs

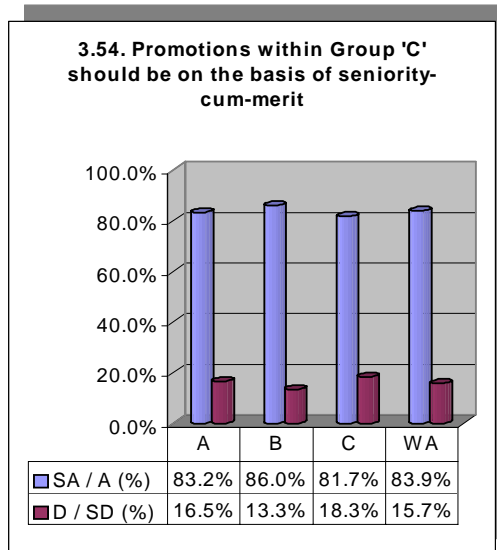
Grade	Designation	Proposed Scale
1	EDP Supervisor / Junior Engineer	5500-175-9000
2	Sr. Social Security Assistant / Hindi Translator – Gr. II / Auditor* / Statistical Assistant* / Vigilance Assistant* / Legal Assistant* / Steno* Note: The posts with (*) be merged with Sr. SSA	5000-150-8000
3	Social Security Assistant / (DEO) SSA Note: The post of DEO to be upgraded, and re-designated as Social Security Assistant	4500-125-7000
4	Steno Gr. III / Caretaker / LDC / Telex / Tel. / Lift / Pump / Gestr. Opr.(Sr.) / Driver / Electr. / Plumber	3050-75-3950-80-4590



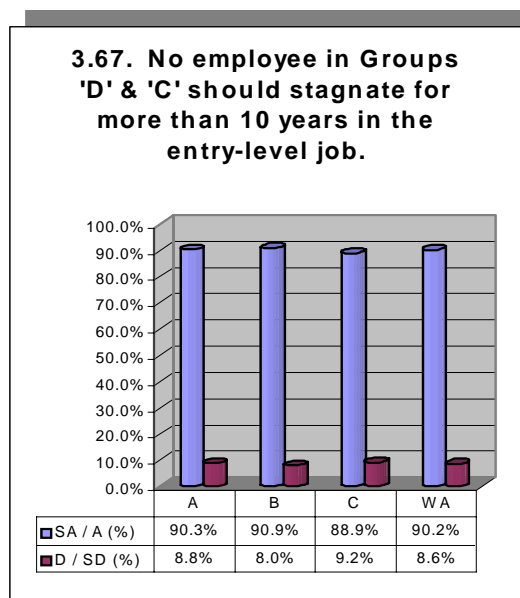
SURVEY OUTCOMES

6.3.2.2 Questionnaire

- 84% feel that promotions within Group 'C' should be based on seniority-cum-merit

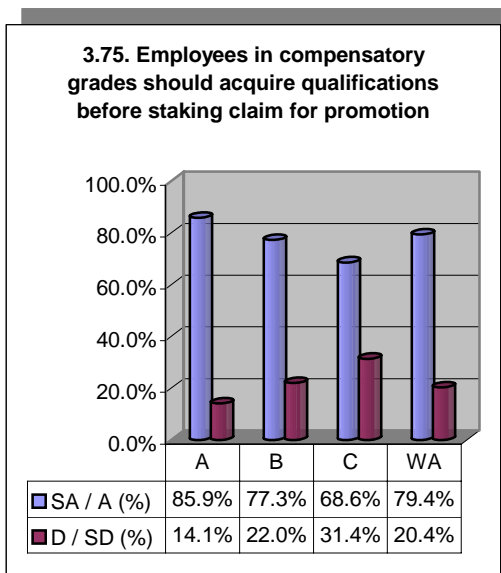


- 90% are opposed to stagnation of any employee in Groups 'D' & 'C' for more than 10 years in the entry-level job.





- 79% feel that employees placed in a higher grade as a result of 'stagnation', should acquire qualifications before staking claim for further promotion.



6.3.2.3 Interview

1. The post of "Head Clerk" can be dispensed with. The present hierarchy of "LDC-UDC-HC-SS-AAO" should be replaced by a new structure coupled with the corrective steps to make the objectives of EPFO realizable.
2. LDCs have been working for 8-10 years with no promotion. The new rule requires that within 3 years they have to pass examination, skill test, etc., for getting promoted as SSAs with a qualifying service of 5 years as against the existing rule of qualifying service of 4 years for promotion from LDC to UDC.
3. Departmental candidates in LDCs grade, who are having the minimum qualifications, should be given a chance for moving into SSA cadre before declaring the results relating to the direct recruits to SSA.
4. In the case of promotion from LDC to UDC, the EPFO conducted examinations, but the successful candidates were given only *ad hoc* promotion. This is unjust and unfair.



5. LDC, UDC, SS cadres should be restructured comprehensively. Intermediate grades to be provided to ensure reasonable promotion.
6. LDC cadre can be upgraded and merged with UDC thereby dispensing with the former altogether.
7. What is the fate of the existing LDCs in the wake of the creation of SSA; what to do with them, where to fit them?
8. Senior LDCs have been deprived of promotion to UDC grade. Several LDCs are presently working as UDCs on an *ad hoc* basis. Now with the abolition of UDC post and its merger with SSA, the *ad hoc* service rendered by LDCs as UDCs is likely to be a wash out.

RECOMMENDATION

- 6.3.2.4 We prefix our recommendations with what we have stated in para 6.2.7 on the issue of “Fast-Track Promotions” versus “Normal Promotions”, which apply to the Intra-Group Promotions in Group ‘C’. Reverting to the subject proper, we recommend that, in the light of the fact that the post of LDC is proposed to be abolished for ever, all those LDCs, who have earlier been selected after conducting departmental examination, and have either officiated as UDCs for any period of time or have been kept on the selection panel, be straightaway promoted/re-designated as SSAs on a permanent and regular basis.
- 6.3.2.5 The residual LDCs may be put through the departmental examination in a phased manner and successful candidates be promoted as SSAs over the next 3 years. At the end of 3 years, the position may be reviewed and those LDCs who, despite repeated attempts (not more than three in all), fail to measure up to the selection criteria applicable for the post of SSA be given the



option either to remain with the organisation and retire as LDCs or to opt for Voluntary Retirement (to be proposed in the later part of this report). It is, however, clearly understood that, once the residual cadre of LDCs is exhausted either through promotion or through normal attrition or voluntary retirement, the job-title of LDC will stand completely erased from the HR manual.

6.3.2.6 **As a logical corollary to our recommendation (contained in Para 5.3.3.1) to the effect that the posts of SSA and Sr. SSA be treated as one composite cadre, with 80% posts of Sr. SSA and 20% posts of SSA, we further suggest that the incumbents in the post of SSA may, after five years residency in that post and grade, be considered for promotion as Sr. SSA subject to attaining the prescribed benchmarks. Promotion from SSA to Sr. SSA could be on the basis of seniority and other related criteria such as job knowledge, efficiency, discipline, attendance, the absence of any negative feedback, etc.** These criteria should necessarily be supplemented by a minimum qualification of a degree in Arts, Science or Commerce from a recognized University. In other words, those under-graduates, who moved into the LDC cadre and thereafter into the erstwhile UDC cadre, cannot qualify themselves for promotion to Sr. SSA unless they improve their educational qualifications to the level of graduation.

6.3.2.7 Subject to the recommendation we made in Para 6.2.5 with regard to Fast-Track Promotions, which applies to Group 'C' as well, we suggest that, in respect of normal promotions, a minimum qualifying service of 5 (five) years in the present grade and position is a pre-requisite. This, however, does not mean that on



completing five years of service in the present post, one would automatically be entitled to promotion.

6.3.2.8 We have already recommended elsewhere in this Chapter that the DEOs / Auditors to be merged with, and re-designated as SSAs. In the same way, all the stand-alone posts such as Legal Assistant, Statistical Assistant, Vigilance Assistant, etc., may also be merged with the post of SSA. Once this exercise is completed, their career path will be on the lines suggested in the preceding paragraphs of this section.

**6.3.3 Group 'B'**

6.3.3.1 Group 'B' consists of the following jobholders classified in three grades and corresponding scales of pay.

Table - 6.3.3.1: Grading of Group 'B' Jobs

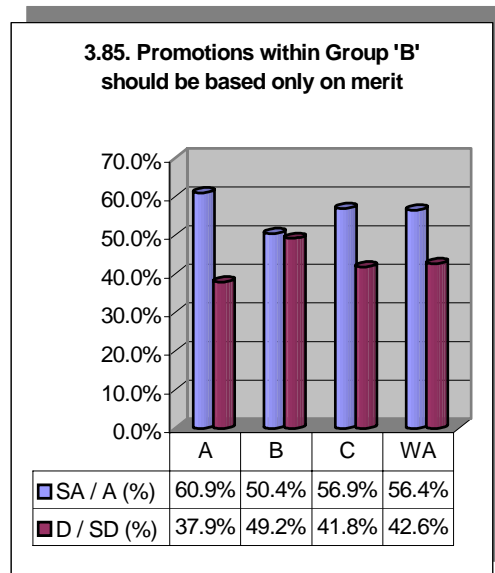
Grade	Proposed Designation	Proposed Scale
1	Programmer / AO / Sr. EO / Audit Officer*	7450-225-11500
2	Asst. Programmer / Asst. Dir. (OL) / PS / Section Officer (HQ) // EO/ AAO / Section Officer / Asst. Audit Officer* / Junior Analyst* / Welfare Officer*	6500-200-10500
3	PA / Hindi Translator - Gr. I / Yoga Instructor / Asst. (HQ)* / Research Assistant*	5500-175-9000



SURVEY OUTCOMES

6.3.3.2 Questionnaire

- 56% respondents are of the view that promotions within Group 'B' should be on the basis of merit only, while 43% oppose the proposition.



6.3.3.3 Interview

1. PF Inspector Grade I and Grade II (the former was gazetted, and the latter non-gazetted) were merged in 1992 and a new post of EO was created. As per the norms of scale / grade fixation, when two scales are merged, the combined grade should be higher of the two scales so merged.
2. Presently, the EO and AAO are in the same grade. The AAO post should be abolished and replaced by AO in a gazetted rank. Presently, the EO is being promoted as AC straightaway, which is a high jump. The promotion channel should be recast thus: EO to AO to AC. The EOs should pass through a departmental examination before moving into the AO's position.



3. In the case of EOs, regularization is done after 10-15 years of officiating in the grade on an ad hoc basis, that too, from the date of issuing the order, and not from the original date of ad hoc promotion.

Enforcement Officer / Assistant Accounts Officer

ANALYSIS

6.3.3.4 The post of 'Enforcement Officer' is a product of the merger of PF Inspector-Gr.I & PF Inspector-Gr.II, which was in two different grades/scales of pay, in the year 1992. While so merging, the newly created post of EO was placed in the lower grade, instead of the higher one. We recognize the fact that the whole mission of EPFO rests on (a) enforcement & compliance; and (b) speedy settlement of claims. These two functions are presently handled by EO / AAO.

6.3.3.5 It is further observed that the incumbents in the post of EO / AAO are eligible for promotion as AC in Group 'A'. This means a high-jump from the present scale of pay of Rs. 5500-175-9000 to a scale of pay of Rs. 8000-275-13500. Such a promotion policy which permits a junior level officer in the supervisory cadre to get promoted straight away to a position in Group 'A' with a difference of Rs. 2500 and Rs. 4500, respectively, at the minimum and maximum of the pay scales, coupled with a further hike of Rs. 100 in the rate of increment, is neither scientific not desirable.

**RECOMMENDATION**

6.3.3.6 We prefix our recommendations with what we have stated in para 6.2.7 on the issue of “Fast-Track Promotions” versus “Normal Promotions”, which apply to the Intra-Group Promotions in Group ‘B’. Reverting to the subject proper, we recommend that the two co-ordinate positions, i.e., EO / AAO be elevated to the Gazetted rank (as already recommended in Para 5.3.2.1). The job of Sr. EO/AO in Grade-1 would facilitate orderly promotion/internal selection and would also act as a filter separating those EOs / AAOs, who have the potential to grow from those who do not have. We recommend that intra group promotions within Group ‘B’ could be based on two-pronged “*Seniority-cum-Merit*” formula. *As a general rule, we recommend that for all promotions / internal selections from one Grade to another within Group ‘B’, the seniority should be reckoned on an All India Basis.* The minimum qualifying period of service as EO / AAO for promotion / internal selection to the level of Sr. EO / AO is 4 years. Before being considered for elevation to the post of Sr. EO / AO, the EO / AAO should be familiar with the accounting and claims settlement processes. It is, therefore, necessary that an EO / AAO should put in a minimum service of 3 years in Enforcement and Accounts functions put together. Given that we have identified the position of EO / AAO for multi-skilling, which is so essential in the context career progression as well as operational flexibility, they should have a stint in Grievance Redressal and Customer Relations Areas for a minimum period of 6 months each, thus making it a total of 4 years. The posting of EO / AAO in Grievance Redressal and Customer relations will undoubtedly go a long way in enhancing their problem-solving, interpersonal and counseling skills.



6.3.3.7 The “Seniority-cum-Merit” formula works as detailed below: Let us assume for the sake discussion that 10 posts of Sr. EO/AO fall vacant. Subject to the minimum qualifying service of 4 years, Vacancies No. 1-3-5-7-9 would go to the senior most EO/AAO in the same order, provided they have no bad record in terms of discipline, vigilance cases, etc. But the orders will not be issued till the selection on the ‘merit’ part of the formula is also completed. Simultaneously, Vacancies No. 2-4-6-8-10 are internally advertised. All the eligible EOs / AAOs, who have put in the minimum qualifying service of 4 years in that grade and position, may apply against the vacancies so advertised. The applications, will be screened by the Addl. DG (HR &A) with reference to their eligibility and good record, and the candidates will be administered a written test. Successful candidates will be called for an interview and those selected will be empanelled in the order of merit. Once this process is also complete, the promotion/internal selection letters will be issued to all. The positions at odd numbers will be filled by those promoted on the basis of seniority, and the positions at even numbers will be filled by those selected on the basis of merit. It is possible that the No. 2 vacancy may go a junior EO / AAO, who has just put in 4-5 years of service as against some one who has been in the grade for a longer period. In other words, movement upwards through this formula can have implications for seniority in the post-promotion dispensation and for the rest of one’s service in the EPFO. These recommendations with regard to promotion / internal selection apply *mutatis mutandis* to other classes of employees in Grade - 2 such as Asst. Audit Officer, Asst. Programmer, etc.



6.3.3.8 We now proceed to deal with the remaining non-executive jobs in Group 'B'. From the above Table, we come across the following jobs in Grades 2 & 3: JA / Asst. Dir. (OL) / RA / Hindi Translator-Gr.I / Yoga Instructor. The job of Yoga Instructor and RA (Gr. 3) and Junior Analyst (Gr. 2) have no corresponding positions in the same stream in Gr. 2 and Gr. 1 respectively, and thus seem to be dead-end jobs, unless they are presently manned by persons who are on a parallel transfer from other functions and who can seek repatriation at any time to their original jobs and claim their normal seniority therein. However, as already recommended elsewhere in this Chapter, the ex cadre posts such as Junior analyst, Welfare Officer, Research Assistant, Junior Analyst, Audit Officer, Asst. Audit Officer, etc., may be encadred and suitable personnel for these functions may be drawn from within the EPFO. We have no recommendation to make in respect of Yoga Instructor in view of the afore-mentioned difficulty.

Certain Positions of Head Quarters

6.3.3.9 There are a few positions such as Section officer (HQ.), Assistant (HQ), Personal Assistant and Private Secretary, which call attention from the standpoint of career growth and development. The incumbents of the post of Section Officer (HQ) may be allowed a promotion as Sr. EO/AO and a specific promotion quota may be earmarked for them. Next issue is that of Assistant (HQ). We recommend that the existing incumbents may be provided an opening to become EO/AAO by fixing a quota for them in the EO/AAO cadre. Once this is implemented, there should no further additions to the post of Assistant (HQ) and the job will stand phased out. In its place, the Corporate Office may engage the services of SSA / Sr. SSA to perform the functions



entrusted to the erstwhile Assistant (HQ). Similarly, we have already recommended elsewhere in the report regarding the manner in which the posts of Personal Assistant and Private Secretary be handled. We reiterate that the existing Personal Assistants may be permitted to join the main-line function as Sr. EO/AO, provided they attain the specified Benchmarks. Likewise, the existing Private Secretaries may be permitted to join the main-line function as Sr. EO/AAO, provided they attain the specified Benchmarks. As a sequel to this arrangement, we recommend a permanent freeze be imposed on the recruitment of candidates for these positions in future. In addition, we hasten to add that the Fast-Track Promotion Channel may be opened for bright candidates holding the posts of Section Officer, Assistant (HQ), Personal Assistant and Personal Secretary on the same lines as indicated in Para 6.2.7.



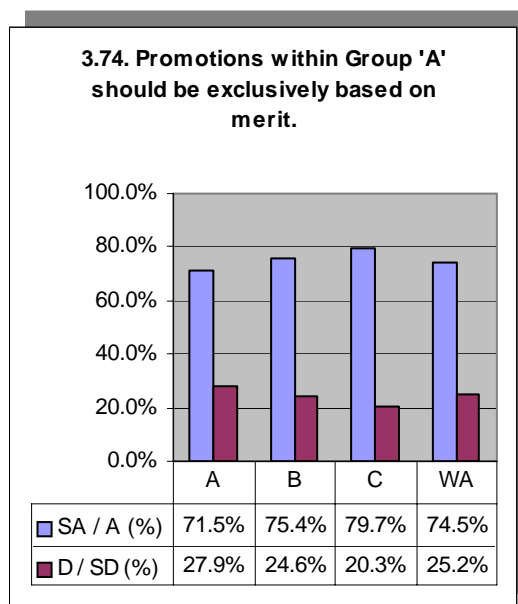
6.3.4 GROUP 'A'

6.3.4.1 In Group 'A', we identify the position of AC as the major thrust area for cadre review exercise. A large majority of ACs, who have been directly recruited through the UPSC, are going through the trauma of impending stagnation stretching long years of their residual service. The unplanned and haphazard recruitment of ACs seems to be the major reason for this situation, resulting in unmanageable bulges in the cadre. For example, the 1998-batch of ACs, with a batch size of 118 officers and five years experience, feel that they have a very bleak prospect in terms of career growth as can be seen from the variety and complexity of views expressed by them, some of which are reproduced below.

SURVEY OUTCOMES

6.3.4.2 Questionnaire

- A majority of respondents are of the opinion that promotions within Group 'A' should be based on merit only.





6.3.4.3 Interview

1. The direct recruits to the position of AC can at best move up to RC-I level during their life time, and not beyond, whereas in other civil services, an officer who is recruited at a level equivalent to AC moves up to the level of "Joint Secretary". The EPFO should provide the same growth opportunity to its officers.
2. The number of levels in the hierarchy should be increased.
3. The minimum qualifying period for promotion is presently 9-10 years, which is too long. It should not be more than 5-6 years in a grade/position.
4. Senior officers in ROs and SROs should be given officiating in a higher grade vacancy.
5. After putting in 10 years of service, we the ACs have no idea as to what our future would be.
6. The Rs. 10000/- scale should be made a time scale, not necessarily a promotional scale. Senior ACs could be placed in this scale after, say, five (5) years of service as AC.
7. The 1999 batch of ACs is the most de-motivated one, as there is no chance of promotion in the near future. Mere appreciation letters do not help, if they are not followed by tangible benefits such as promotion, assignment to a time scale, etc.
8. Seniority should be one of the criteria along with previous performance for posting an officer-in-charge.
9. An officer-in-charge should have experience and knowledge in almost all the Areas / Branches before being considered for the post of officer-in-charge.
10. After two years of probation, the ACs should be put in junior time scale in the same way the government officers are placed.



11. Senior ACs could be placed in the next higher scale, not necessarily a promotional scale after, say, five (5) years of service as AC.
12. An officer deputed from other departments (who incidentally was directly recruited through UPSC at the same time and in the same grade as that of the AC) draws a basic salary of Rs. 14000 in a higher grade, whereas after putting in the same 14 years of service in EPFO, we still languish somewhere near Rs. 10000 in the same grade in which we were recruited.
13. The promotion policy as regards the ratio of ACs who are directly recruited and ACs who are internal promotees eligible for promotion RC-II is enigmatic.

ANALYSIS

6.3.4.4 While there is no dispute on the proposition that adequate growth opportunities should be available for the direct recruits to the post of AC, we do not subscribe to the view that the growth opportunities should be as expansive as that of All India Services, which can take them up to the level of Joint Secretary. Such a comparison is odd and unrealistic, in the light of the vast difference in the scope and sweep of operations of Government of India on the one hand and the EPFO on the other. The EPFO, which caters to a small portion of social security benefits contemplated in one piece of legislation, can by no means be equated with the baffling range and variety of Ministries and Departments, which are typical of a Sovereign Government.

6.3.4.5 We understand the deep sense of frustration and de-motivation that has gripped the entire cadre of ACs, and fully share their view that mere appreciation of good work done is of no use, unless it is followed up by tangible rewards and opportunities for growth. We are in agreement with the view that the present gestation period of



9-10 years for promotion from AC to RC-II is too long and requires to be brought down to a reasonable level. We agree with the view that there should be an intermediary grade above the scale of pay of Rs. 8000-275-13500 to take care of the problem of stagnation, if any.

RECOMMENDATION

6.3.4.6 We prefix our recommendations with what we have stated in para 6.2.7 on the issue of “Fast-Track Promotions” versus “Normal Promotions”, which apply to the Intra-Group Promotions in Group ‘A’, but up to the level of RC-I. Reverting to the subject proper, we recommend that the post of Deputy Provident Fund Commissioner (‘DPFC’, also referred to as ‘DC’ at several places in this report) be re-classified with the pay scale of Rs. 10000-325-15200 as an intermediate position between the AC and RC-II. The minimum qualifying period for promotion from AC to DC should be 5 years. This does not mean that on completion of 5 years service as AC, the incumbent will be automatically entitled to promotion to the post of DC. We recommend a spread over period of 5-8 years for promotion from AC to DC. We recommend that those ACs, who have been directly recruited and who, at the time of implementation of this report, have completed 7 (seven) years service, be placed in the pay scale of Rs. 10000-325-15200. Subject to the above relaxation, the movement from AC to DC should be exclusively based on merit, and hence we are not repeating it here all over again. We are not in favour of conducting written examination for promotions within Group ‘A’ for very obvious reasons. However, a personal interview of eligible candidates who apply against an internal advertisement is a pre-requisite and the commencement point of the selection process.



- 6.3.4.7 Paraphrasing, the qualifying ACs have to apply against an internal advertisement, and compete with one another by going through the Assessment Centre Technique, interview, etc., before being selected for the post of DC. As already stated in the preceding paragraphs, the candidates so selected need not necessarily be the senior most in the cadre. This is the major departure from the existing policy of seniority-based promotion. Thus the existing policy (with regard to the assignment of the said grade and scale of pay after 8 years of minimum service) remains intact, even after implementing these recommendations.
- 6.3.4.8 It is possible that an AC may suffer stagnation, not because s/he does not fulfill the minimum eligibility requirements, but because of availability of posts in the higher grade. To obviate such pressures of stagnation, a scheme of personal (temporary) promotion may be introduced. Such a scheme exists for the executive cadre in the Reserve Bank of India. Under this scheme, an AC will be entitled to personal promotion in the scale of pay of Rs. 10000-325-15200 after completing a minimum of 5 (five) years in that post. Likewise, a DC will be eligible for personal promotion in the scale of pay of Rs. 12000-375-16500 after completion of a minimum of 5 (five) years in that post. The personal (temporary) promotion in both cases is, however, subject to suitability of the officer, which has to be determined on the basis of Performance Appraisal, discipline and Vigilance. On personal promotion as above, the officer will be entitled to receive pay, perquisites and facilities admissible to the corresponding grade, and will continue to hold the post s/he is gets confirmed in that post on substantive basis. S/he may also be assigned



additional higher duties/responsibilities, if required by administrative exigencies.

6.3.4.9 As regards promotion from DC upwards, we recommend that they should be based on 'seniority-cum-merit formula enunciated in Para 4.3.1., i.e., 50% by seniority and 50% by merit. Normally, we would have favoured 'seniority' as the exclusive criterion. But, in a service-oriented organisation in the post-BPR scenario, such a promotion policy at higher levels would operate as a drag on the efficiency of officers pushing them into a state of lethargy and complacency, for they know for sure that turn would, in any case, come only after all the seniors above them are promoted, whether or not they display initiative, innovation and drive. Thus, in respect of promotions from DC to RC-II, RC-II to RC-I, the principle of 'seniority-cum-merit would apply. From RC-I to ZC, we recommend that the movement should be exclusively by 'Merit', for the reason that the Zonal Commissioner, being the Addl. Director General, constitutes the top-brass of the EPFO and is required to display (a) conceptual skills, i.e., the ability to see the big picture of the organisation, (b) strategic vision and strategic thinking, i.e., the ability to look at the long-term implications of current decisions, and the ability to analyse and identify the range and variety of possibilities to enlarge the scope of the activities of EPFO, and (c) planning skills perfected to a high degree. It need not be overemphasized that the 'seniority' part of the formula includes not merely the number of years put in, but as well include how effectively and without blemish the officer has served.



**GENERAL RECOMMENDATION ON INTRA-GROUP
PROMOTIONS / UPGRADATIONS IN THE WAKE OF
ORGANISATIONAL RESTRUCTURING**

6.3.4.10 *In respect of filling positions created in different Grades within each Group or, say, intra-group promotions / upgradations occasioned by, or arising out of, the implementation of this Report on Organisational Restructuring, it is recommended that a ONE-TIME RELAXATION be given in the minimum qualifying service requirements and the senior most officers in the Grade be given the up-gradation to the newly created or re-designated positions. We further recommend that, at any rate and in no circumstances, the Organizational Restructuring exercise should deprive the present incumbents of benefits thereof in preference to outsiders and, by the same token, the up-graded and re-designated higher positions should not be filled by officers drawn from other departments. Such a course will render the entire exercise otiose, nugatory and counter-productive to the goals set by the EPFO. We would like to punctuate that, even at the cost of repetition, the twin exercises of ORGANISATIONAL RESTRUCTURING and CADRE REVIEW, by their very nature and essence are meant for the employees of EPFO and not for the benefit of outsiders.*



- 6.3.4.11 *We further recommend that the intra-Group promotion policy indicated herein, if accepted by the EPFO, be implemented prospectively, i.e., after the Organisational Restructuring is completed in full flow and the operations of the EPFO have stabilized. This recommendation **does not, however, apply to inter-Group promotions, i.e., from Group 'C' to Group 'B', and from Group 'B' to Group 'A'.***

Grant of Lien to Officers in Group 'A'

- 6.3.4.12 This is an issue on which we have reflected with special reference to the new Business Model contemplated for the EPFO under the post-BPR scenario. As we have stated elsewhere in this Report, the typical functioning of Government Officers, is tempered by the British concepts, attitudes and approaches, though there has been remarkable change during the past few decades. Given the fact that the EPFO is going to look at itself as a “service provider” and is attracted by the provisions of Consumer Protection Law, it is desirable that the EPFO should evolve a scheme and methodology, whereby its officers, who have hitherto been groomed in a bureaucratic mindset, get some valuable inputs of a service-oriented business organization. We visualize two options in this regard as discussed in the following paragraphs.
- 6.3.4.13 Industry-EPFO Exchange: The first option that could be explored is that of entering into an MOU with reputed corporate houses, whereby the EPFO deutes its officers (to be selected meticulously before short-listing for deputation) for a period of 2-3 years so that they can be given exposure in various functions with a sharp focus on marketing, service and customer-relations. This arrangement, if introduced in EPFO, is likely to ensure greater



industry-EPFO interaction and enhance the efficiency and effectiveness of the officers. The EPFO can also explore the possibility of inviting industries to depute their managers on similar terms and conditions to work in EPFO and understand the processes.

- 6.3.4.14 “Lien” to officers on loss of pay: This is the second option. The EPFO may evolve a scheme whereby lien is granted to officers for a period of 2-3 years on “loss of pay” without, however, adversely affecting the seniority in the grade and scale of pay. The officer availing the “lien” can, with the prior clearance by the EPFO, choose a non-governmental, business or service organization for work. At the end of three years, the officer has to decide one way or the other, i.e., whether to join back or to resign and leave the EPFO. If he opts for leaving the EPFO, he shall be permitted to do so, but giving him the benefit of service up to the date of resignation and final relief. The latter type of arrangement is not something new in the Government service. We are given to understand that the Government of India has a similar facility as, for instance, an IPS officer of Karnataka Cadre was allowed leave without pay, when he got a job with the RPG Group. As a matter of fact, such granting of “lien” is a well-recognised practice in all the Universities, IITs, IIMs and other seats of higher education.



6.3.4.15 Career Trajectory – Group ‘A’

AC	<u>merit-based internal selection</u> (minimum qualifying service of 5 years)	DC
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AC	<u>seniority-based promotion</u> (if remains as AC for 8 years without promotion)	DC
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DC	<u>seniority-cum-merit</u>	RC-II	<u>seniority-cum-merit</u>	RC-I
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RC-I	<u>merit</u>	ADDL. DG / ZC
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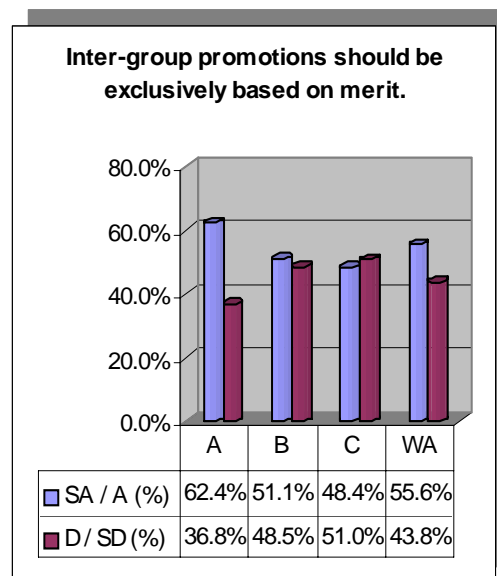
6.4 INTER-GROUP PROMOTIONS

6.4.1 It has been observed that, for long, there had been some degree of admitted looseness in the criteria laid down for promotion from one Group to the next higher Group. We are not in favour of blanket promotions of people across Groups, without putting in place a foolproof system of selection through written and other tests followed by interview. This also pre-supposes that the candidates should have acquired the minimum required qualifications and also put in the minimum experience in the present before presenting himself for internal examination and interview

SURVEY OUTCOMES

6.4.2 Questionnaire

- 56% feel that inter-Group promotions (i.e., 'D' to 'C', 'C' to 'B' and 'B' to 'A') should be exclusively based on merit.





6.4.3 Interview

1. A majority of respondents are of the view that promotion to the post of Section Supervisor should be based exclusively on merit determined through a departmental examination and interview.
2. A person joining as LDC cannot go beyond AC at the most.
3. Section Supervisors [Grade 'C'] with 3 years experience and Social Security Assistants (SSAs) with 5 years experience should also be eligible to appear for the departmental examination conducted to fill the positions of EO.

RECOMMENDATION

6.4.4 As a general rule, promotions from a Group to the next higher Group should not be given on the sole basis of seniority, for the reason that the nature and complexion of jobs, as well as the degree of authority-responsibility-accountability differ widely as between different groups. 'Merit' should be the fundamental criterion for inter-group mobility.

6.4.5 No employee in any grade of Group 'D' should be considered for any position in Group 'C' until he acquires a minimum qualification of Graduation in Arts, Science or Commerce from a recognized university. The actual movement upward is subject to availability of vacancy and suitability, which should be tested by way of internal advertisement calling for applications, a written examination followed by interview and selection.

6.4.6 No employee in any grade of Group 'C' should be considered for a position in Group 'B' until and unless he is a graduate and clears the written examination (as and when the post is advertised internally inviting applications from eligible candidates) followed by



interview. The term 'eligible candidates' refers only to those employees of Group 'C', who are placed in the highest grade of the Group. For example, in clerical cadre, the highest grade is that of Sr. SSA.

6.4.7 No employee or officer of Group 'B' should be considered for a position in Group 'A' until and unless he clears the written examination (as and when the post is advertised internally inviting applications from eligible candidates) followed by interview. The term 'eligible candidates' refers only to those officers of Group 'B', who are in the highest grade of the Group. For example, in respect of the officers in the enforcement and accounts functions, the highest Grade is that of Sr. EO/AO, with the further assumption that the Sr. EO/AO is a graduate in Arts, Science or Commerce.

6.4.8 It is possible that a Sr. EO / AO may suffer stagnation, not because s/he does not fulfill the minimum eligibility requirements, but because of availability of posts in Group 'A'. To obviate such pressures of stagnation, a scheme of personal (temporary) promotion may be introduced. We are given to understand that such a scheme exists for the executive cadre in the Reserve Bank of India. Under this scheme, a Sr. EO / AO will be entitled to personal promotion to Group 'A' in the scale of pay of Rs. 8000-275-13500 after completing a minimum of 5 (five) years in his/her post in Group 'B'. The personal (temporary) promotion is, however, subject to suitability of the officer which has to be determined on the basis of Performance Appraisal, discipline and Vigilance. On personal promotion as above, the officer will be entitled to receive pay, perquisites and facilities admissible to the



corresponding grade, and will continue to hold the post s/he is gets confirmed in that post on substantive basis. S/he may also be assigned additional higher duties/responsibilities, if required by administrative exigencies.

6.5 AD HOC PROMOTIONS

6.5.1 Several employees are being promoted to higher grade positions to tide over the functional requirements, but on an ad hoc basis. We do not see any thing inherently wrong with ad hoc promotions per se. It is also a fact that in several cases, the employees kept in the promoted post and grade for several years before either being reverted to their original post and grade or being given promotion on a permanent basis. Here also we do not find anything essentially bad with the practice. But what is certainly bad is that the ad hoc service rendered by the employee in the promoted post and grade is not reckoned as part of the permanent service rendered in the said post and grade when he finally moves into it on a permanent basis. This one infirmity in the promotion policy has demotivated hundreds of employees both across and down the line from Group 'A' to Group 'D'. For that matter, we have highlighted in the earlier paragraphs the fact that several LDCs are working as UDCs on an ad hoc basis and the apprehension of the staff that with the abolition of the post of UDC and its merger with SSA, their fate may hang in balance for ever.

**6.5.2 Interview**

1. There is too much of ad-hocism in the matter of promotions. Persons who are promoted on an ad hoc basis are retained as such for 5-6 years and later regularized. But the service rendered by them as ad hoc promotees is not reckoned for the purpose of seniority in the promoted grade. This is a major anomaly which should be rectified. This one practice has demotivated hundreds of employees.
2. DPCs should meet at regular intervals and as a matter of course and not on the basis of expediency. The DPCs can empanel candidates suitable for promotion immediately or in the near future as and vacancies arise, subject, of course, to the condition that the DPC panel will be valid for a given frame of time. This will reduce ad-hocism which has become synonymous with the personnel philosophy of EPFO.

RECOMMENDATION

6.5.3 We are fully aware of the fact that organizational exigencies and functional demands do at times warrant temporary promotion of employees to a higher post and grade. In such an event the Organisation is fully justified in promoting employees on a temporary or *ad hoc* basis. We have in fact recommended such promotions in the preceding paragraphs. But we are not in favour of putting the employees to a disadvantage in terms of loss of service. Such *ad hoc* service rendered by them should, in all fairness, be added to their service in the promoted post and grade, as and when they are substantively promoted/confirmed in the promoted post. This problem can be tackled at a more fundamental level and on a permanent basis by activating the Departmental Promotion Committees (in respect of promotions effected on the exclusive basis of seniority).



6.5.4 The Departmental Promotion Committees should meet at least once a year and short-list the candidates job-wise and grade-wise, who are provisionally qualified for promotion to the next higher grade and empanel them. The list, once drawn up and published, should be valid for a period of one year. As and when vacancies arise in the higher-grade, the senior most candidates from the panel should be promoted in the same order. If the promotion is on a permanent basis, then there is no problem. It is possible that sometimes the vacancy is a temporary one, in which case the promotee gets reverted to his original post and grade once the tenure stands expired, but the temporary period of service so rendered should be added on to his reckonable service as and when he gets promoted on a permanent basis, so that his seniority in the promoted grade is protected.

6.6 PROMOTION *versus* RECRUITMENT – RATIO

6.6.1 We have carefully considered the views expressed by some of the Group 'B' officers with special reference to the ratio of ACs recruited directly to that of internal promotees. We are of the view that the present system is working well and is capable of taking care of the interests of the organisation as well as the Group 'B' officers. We feel that there is no need to reduce the ratio of direct recruits to the position of AC.



6.7 DEPUTATION FROM OTHER DEPARTMENTS

6.7.1 The existing practice provides for drawing officers, on deputation, from other departments / services of Government of India. It has been observed that such deputation is more confined to Group 'A' positions, than to any other Group below. In the course of our interview as well as in response to the questionnaire, we found that there is a widespread opposition to the practice of bringing officers from other services. There is a strong feeling among Group 'A' Officers that their career growth is further stultified by bringing officers on deputation and placing them over their heads.

SURVEY OUTCOMES

6.7.2 Interview

1. Deputation to EPFO should be the last resort, that too, only when a qualified and experience candidate eligible for promotion from within is not available. It should never be at the expense of an internal promotion, as the current policy of deputation into EPFO has only demotivated the officers to the detriment of the objectives of the EPFO.
2. Due to lateral induction at different levels through deputation the promotional opportunities are scuttled leading to stagnation and discontentment.

RECOMMENDATION

6.7.3 Drawing officers from other departments on deputation can be justified, if only the following two conditions are satisfied, i.e., (a) the officer, whose services were so requisitioned, has specialized knowledge of the business processes of EPFO including the provisions of the Act, and (ii) there is no qualified and experienced officer who is eligible for promotion either on a temporary basis or permanently to the higher grade position. In no other situation can



there be any justification for drawing officers from other departments to the detriment of the motivation and efficiency of internal staff. We are not in favour of drawing officers and staff on deputation from other services, unless the above two conditions are satisfied.

6.8 REFUSAL TO ACCEPT PROMOTION OR TRANSFER

RECOMMENDATION

- 6.8.1 It has been observed that, in certain circumstances, employees do refuse promotion whether such promotion is coupled with an inter-locational transfer or not. We suggest that whoever refuses promotion or a promotion-cum-transfer should be down-listed in the seniority roster and placed at the bottom of the list, and the promotion be offered to the next senior most in the cadre (where promotion is effected on the seniority criterion, as, for example, intra-group promotions in Group 'D' and 'C'). Such down-listing will act an effective deterrent against refusals.



6.9 TRANSFERS

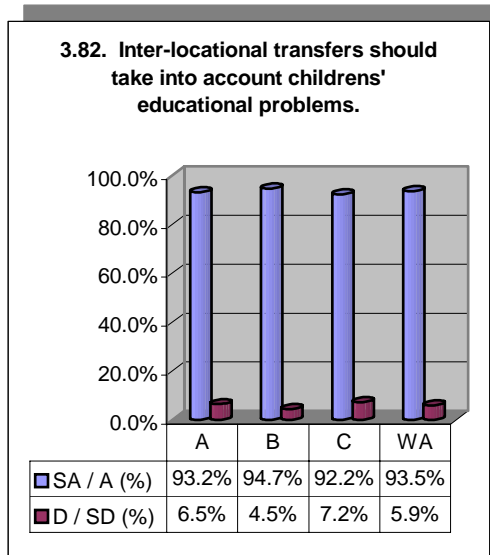
6.9.0 In an organisation with country-wide operations, transfer of employees from one job to another, and one place to another is an implied term of contract of employment. Any other way of looking at the issue would adversely impact operational flexibility as well as effective deployment of people. The fact that the jobs are transferable implies that there should be a proper transfer policy, more so given the size and magnitude of the organisation. The policy has to take into account both the individual and organizational needs. This is one of the sensitive aspects of employment relationship, as manifested in the views and responses. We propose to deal with the Theme under the following four Sub-Themes:

6.9.1	General guidelines on Transfers
6.9.2	Cross-Functional Transfers
6.9.3	Intra-Zonal and Intra-Regional Transfers
6.9.4	All India Transfers

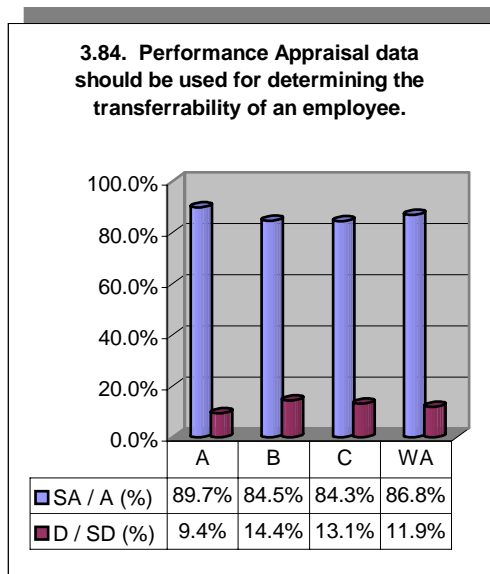


6.9.0.2 Questionnaire

- 93% feel that inter-locational transfers should align themselves with the academic year.

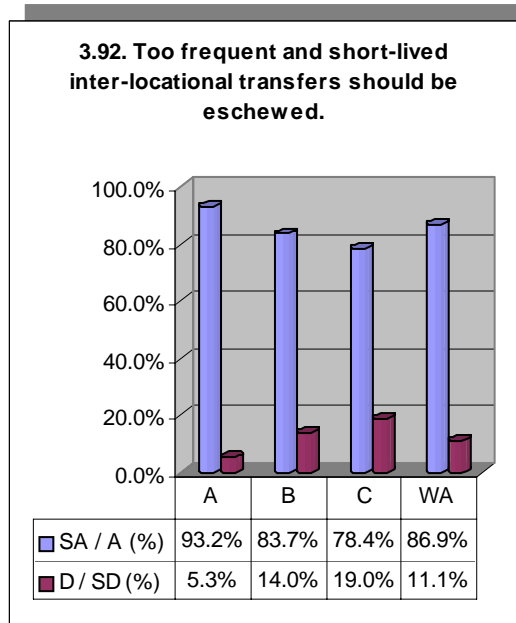


- 87% feel that the appraisal data should be taken into account while determining the transferability of employees.

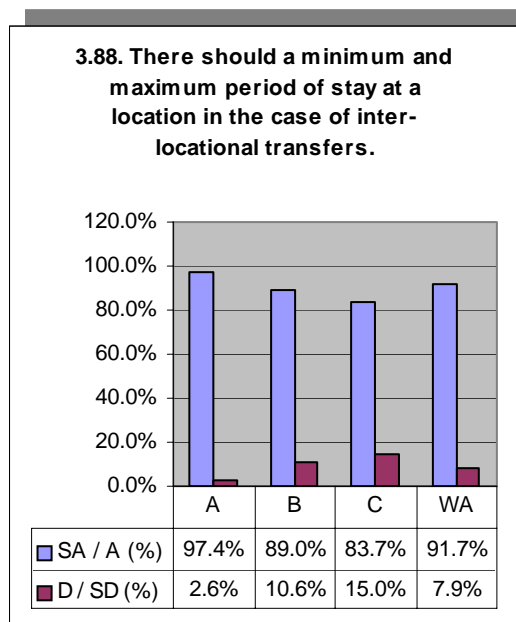




- 87% are against the too-frequent, short-duration inter-locational transfers.



- 92% feel the need for a minimum period and a maximum period





6.9.0.3 Interview

1. Frequent transfers, sometimes even within a few months of posting at a work-station
2. Sub-optimal utilization of experience and expertise as a consequence of frequent transfers
3. Effecting transfers in certain situations on an All-India basis even though the policy guidelines clearly lay down that such transfers should be confined within zones
4. Transfer of employees on a rotation basis so much so each employee reports at the new work-station and works for a few months and his place is taken by some one else for a like period, and so on.
5. In certain cases, the officers and staff are posted for several years without being subjected to transfer, as, for example, the Delhi Office.
6. Transfer of some officers and staff to the same location for a second and third time.

6.9.1 General Guidelines on Transfers

6.9.1.1 It has been observed that employees and officers at different levels are transferred too frequently from one place to another. It has come to our notice that the transferee is shifted to another place within a few months of his transfer. Such short-term transfers from place to place are not scientific, and hence should be avoided. Conversely, there are instances of several officers, having been posted in one location, particularly, Delhi and the Central Office, are continuing there for several years without any transfer. Both are extreme practices, which have resulted in unfavourable comparisons and adverse perception about the sanctity of transfer policy as well as the manner in which it has been translated into practice. We are not in favour of creating such protective oasis for a particular group or class of officers as



those obtained posting in Delhi office and Central Office. Whatever policy is enunciated, it should be made applicable to all those similarly circumstanced uniformly and without exception.

SURVEY OUTCOMES

6.9.1.2 The responses and views of organizational participants on the issue of transfers are generally hostile with special reference to the financial hardships they have been causing apart from the dislocation to their families and particularly, children's education. It is also not uncommon that in certain cases, no employee is willing to report and work at the place of transfer on a long-term basis, with the result employees are being deputed on a rotational basis lasting for a few months. We have noticed this problem in Faridabad. The position is no different in other Zones and Regions.

6.9.1.3 Interview

1. Some officers are perennially posted in Delhi Office without being subjected to any transfer, whereas others belonging to other centres are frequently transferred. There should be no blue-eyed boys. Those posted in Delhi offices, including HO should come under the transfer policy like any other member belonging to their cadre.
2. In view of the fact that, in the event of a permanent vacancy in SS/EO in an SRO, the employee eligible for promotion (on the basis of seniority) refuse to be posted at that place, employees in the same grade from other offices are being posted on temporary transfer basis. This of course is a problem created by the employees themselves.
3. All the senior staff members are generally posted in the RO, and there is always surplus in the RO, whereas there is a shortage in SROs. The staff members of ROs are generally reluctant to move to SROs for a variety of personal and family reasons. This surplus / shortage



problem needs to be addressed in XLRI report. Why should there be surplus staff in ROs?

ANALYSIS

6.9.1.4 The problem of transfers - be they intra-regional or All-India - requires to be handled on a realistic basis without any mental reservations on the issue, given the fact that both types of transfers come to stay and are essential for optimum utilization of human resources across business units spread over the whole country. Our concern for the dysfunctional impact of inter-locational transfers on the general motivational level and enthusiasm of employees and officers is no less. It is true that refusal to obey the order of transfer amounts to misconduct and the employee is liable to disciplinary action under the regulations of EPFO. But that itself does not solve the problem, if the reluctance to move to another location is demonstrated by a large section of employees.

RECOMMENDATION

6.9.1.5 Our focus is not on invoking the option of disciplinary action, but to work out a formula, which takes care of the interests of organisation and its employees by making some adjustments in the existing policy. We recommend the following general guidelines, which, while taking into account the need to maintain the existing salary structure intact, provide the necessary incentive to move to different locations:

1. The transfers should as far as possible be aligned with the commencement and closing of academic years. Almost all schools are closed for summer vacation during April-May and re-open in June. The transfer order should be issued some time during February-March so that the employee



can plan his movement and report at the new location in June.

2. For an employee who is in a location where EPFO has provided quarters, it may be an expensive proposition to move to a location where he has to take a house on rent. In such cases, the employee may be allowed to keep his family in the original place and retain the quarter for a period of six months or till the end of the academic year, whichever is later. That apart, the Administration Department should officially assist the employee in finding a suitable accommodation in the new place, as and when the transferee plans to shift his family.
3. Similarly, the problem of differential HRA seems to be a deterrent in transfers from a city in 'A' class to 'B' class or 'C' class. While not much could be done in terms of the quantum of HRA, the employee can be compensated monetarily by a one-time lump sum payment as recommended in the next point. If, however, the employee doesn't want to shift his family immediately, he may be permitted to avail the higher HRA applicable to the higher class city till such time subject to a maximum period of one year.
4. Presently, the transferee is paid one-month basic salary as a dislocation/inconvenience allowance. We recommend that it should be stepped up to 3 months basic salary or 2 months basic salary PLUS dearness allowance, whichever is higher.
5. Once posted in, or transferred to, a location, the employee should not normally be disturbed and should be allowed to work there for a reasonable period. We recommend that the minimum period of service in a location should be 3 years and maximum 4 years, after which he should invariably be transferred to another location for obvious reasons.
6. An AC recruited directly should not be disturbed from the BO of his original posting at least for 3 years, which means that he has handled independently two (out of four) sets of business processes, before being moved out of the BO.



7. Where an employee with a school going child is given leased accommodation, he should, on transfer to a different location, be permitted to retain the same for a period of six months or till the end of the academic year, whichever is later.
8. Subject to the provision of above facilities and benefits, if a transferee refuses to move to the new location, he may be down-listed in the seniority roster and also proceeded against under the service rules of the EPFO.

6.9.2 Cross-functional Transfers

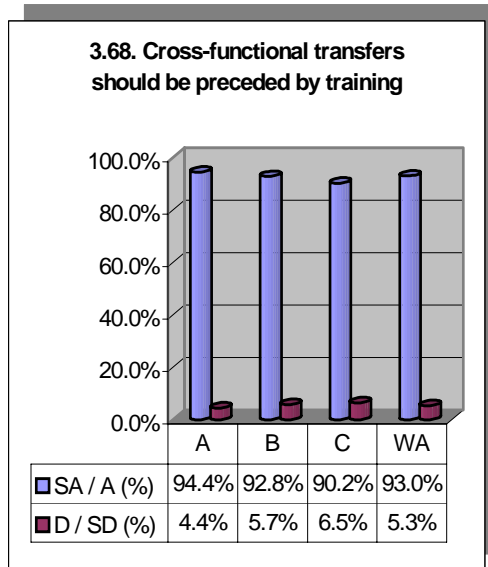
6.9.2.1 Simply defined, the term 'function' means "*work that can be distinguished from other work.*" To illustrate, the function of compliance can be defined and distinguished from accounts, just as planning can be separated from directing. The basic object of cross-functional transfers is to expose the employees to a variety of functions which, even though inter-dependant, are nevertheless different from one another in terms of job content and the human requirements of the job. We would also like to state that not all the jobs at all the levels of the hierarchy call for cross-functional transfers. Such a proposition is neither feasible nor desirable. Certain specialized, professional/technical jobs cannot simply be subjected to cross-functionalism. For instance, an engineer cannot be transferred to work as a medical officer or vice versa. It is, therefore, necessary to identify, as a first step, which category or categories of employees down the line require cross-functional exposure. While on this subject, it need not be over-emphasized that cross-functional transfers can, and often do, raise the expectations of employees in terms of career growth and promotions.



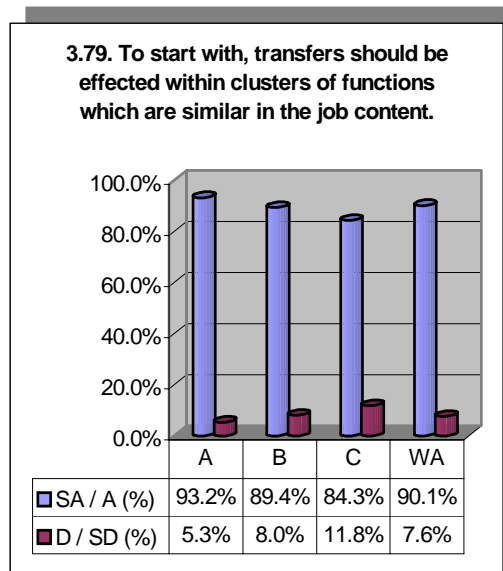
SURVEY OUTCOMES

6.9.2.2 Questionnaire

- 93% are of the view that cross-functional transfers should be preceded by training.

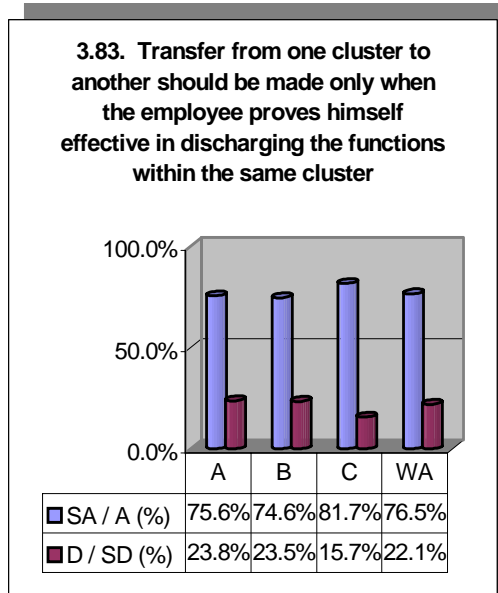


- 90% feel that, to start with, transfers should be made within clusters of similar jobs.

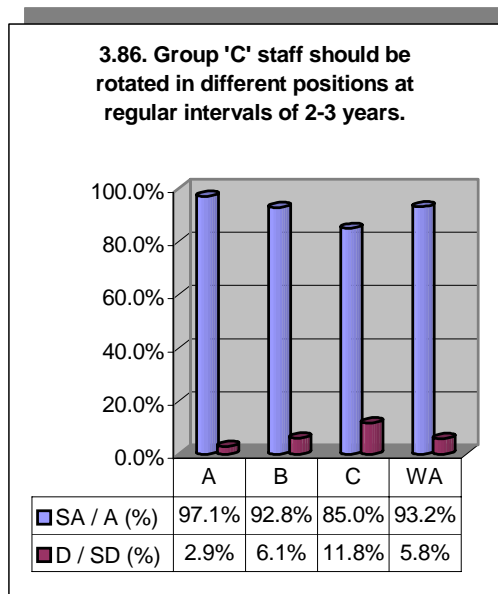




- 76% feel that inter-cluster transfer should be subject to the incumbent being effective in the homogeneous clusters.

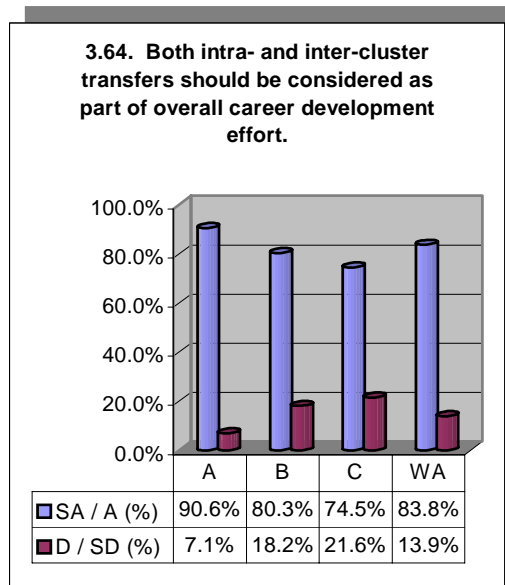


- 93% are of the view that Group 'C' employees should be rotated among different jobs at an interval of 2-3 years.





- 84% feel that experience in intra- and inter-cluster jobs should form part of the overall career development effort.



6.9.2.3 Interview

1. There should be a minimum period of posting in each activity / location
2. Below AC level, the transfers should be intra-regional, whereas AC and above they can be on an All-India basis.
3. From RC-I and above, transfers could be across the country, but not below that level
4. Transfers should be aligned to the academic years. Transfer order should be given at least two months in advance to facilitate proper preparation for movement.
5. If the officers at RC level are transferred as frequently as a few months of stay at a location, what kind of involvement can the EPFO expect from them?



6. Position rotation should be systematic and orderly. The locational tenure should not be less than 3 years and not more than 5 years, after which the officer / employee should be compulsorily transferred to another location.
7. A transferee should be retained in the location for at least 2-3 (some said 5) years. On completion of five years, he should invariably be shifted out of that location.
8. Transfers should be monitored by a Committee and in accordance with the guidelines
9. Officers should be given the place of their choice, wherever practicable, or a centre near to his hometown. In the event of conflict between two or more aspirants for a particular location, the senior should be given preference subject to the above conditions
10. No one should be sent to the same location for a second time during his tenure with EPFO
11. Cross-functional experience is essential. Inter-functional transfer should be made at least after 2 years of working in a particular functional area.
12. In Groups 'B' & 'C', the recruitment should be from the local linguistic area and transfers should be within the same region, and not beyond.
13. Rotational transfers are effective in sections supervisors, enforcement officer levels.

RECOMMENDATION

Group 'D'

6.9.2.4 We do not recommend any systematic cross-functional transfers in so far as Group 'D' jobs are concerned.

Group 'C'

6.9.2.5 The focus group in this category comprises SSAs and Sr. SSAs. Clerical work, as a general rule, involves: receiving papers, filing, putting up notes, preparing and correcting drafts, putting up letters for the signature of the officer, transmitting the letters to dispatch,



maintaining records and other similar duties. Though, there is not much of a difference in the content of clerical work of different functions, we still recommend that SSAs and Sr. SSAs should be rotated once in two years among different business processes. Such periodical cross-functional transfers serve four important objects: (a) It relieves the employees of the monotony involved in doing the same job for ever; (b) widens their knowledge horizons; (c) enables them to appreciate the operational problems and difficulties involved in other functions; and (d) eliminates the chance of building empires or developing long-term vested interests.

Group 'B'

6.9.2.6 In Group 'B', the focus is mainly on Accounts and Enforcement functions. The posts of EO & AAO on the one hand and of Sr. EO & AO on the other are interchangeable as has already been stated in the preceding paragraphs. That being so, it goes without saying that the officers in the same grade should necessarily be transferred from Enforcement to Accounts and *vice versa* at least once in two years. The reasons given in the preceding paragraph hold good for the cross-functional rotation of Group 'B' officers. In addition, they should also be exposed to Grievance, Customer Relations, Publicity and Awareness functions.

Group 'A'

6.9.2.7 Coming to Group 'A', we take the post of AC as an illustration for the purpose of cross-functional transfers. No AC should be straight away posted in the Central Office or Zonal Office after induction, for the reason that these offices do not have original jurisdiction, and hence cannot equip the direct recruits with the



necessarily skills of managing the affairs in a field office. Paraphrasing, every direct recruit to the post of AC, on completion of his induction programme, should necessarily be assigned to a BO and be placed in charge of a business process. On this presumption, we recommend that the ACs should, to start with, be rotated between the two critical KBPs, i.e., Compliance & Coverage and Accounts & Claims Settlement at an interval of 18 months. This can be followed by a one-year stint in Recovery & Legal, and a brief stint of 6 months each in other KBPs such as Customer Service and Publicity & Awareness so much so that in a period of 5 years from the date of regular posting (after induction), the AC should have had hands-on experience in all the Line KBPs. The position rotation in respect of DPFC, RC-II and RC-I should not present any problem, for the reason that an AC, by the time he moves into the cadre of DC and above, must have been fully acquainted with a majority of KBPs. Position rotation at these levels is purely governed by organizational exigencies.

6.9.3 Intra-Zonal and Intra-Regional Transfers

6.9.3.1 'Intra-Zonal Transfer' refers to the transfer of employees from one BO or RO located at one place to another within the territorial jurisdiction of the ZO to which the BO and RO constitute the subordinate offices. As already stated in Chapter-III, with the restructuring of business units on the basis of WLN, the whole complexion of EPFO will undergo radical change so much so that the traditional concept of making Regional Offices co-extensive with the territorial jurisdiction of political States will no longer hold good. It is possible that there may be more than one RO in each State and the ZO may take into its fold ROs located in more than



one State. The ZO plays an important role in differentiating localized transfers from All-India transfers.

Group 'D'

6.9.3.2 In respect of Group 'D' employees, we do not recommend any transfer, whatsoever, from one place to another.

6.9.3.3 In respect of Group 'C' employees, it is desirable that transfers are confined within the Region only, i.e., primarily intra-regional. We further recommend that, as far as practicable, intra-regional transfers may be confined to the offices located in the same linguistic State from which the employees hail.

6.9.4 All-India Transfers

6.9.4.1 We recommend that Officers in Groups 'B' and 'A' be liable to transfer to any place in the country.



6.10 TRAINING & DEVELOPMENT

6.10.0.1 The fact that EPFO has established 5 Zonal Training Institutes (including one sub-ZTI in Shillong) to cater to the training needs of the staff of different zones and further established National Academy for Training and Research in Social Security (NATRSS) to impart higher level training to the officers at the All-India level richly vindicates the importance given to training and development function. The NATRSS also serves as an induction training institute in so far as the direct recruits to Group ‘A’ cadre are put through a six months training programme before being given regular posting. In the post-BPR scenario, training function is going to play critical role.

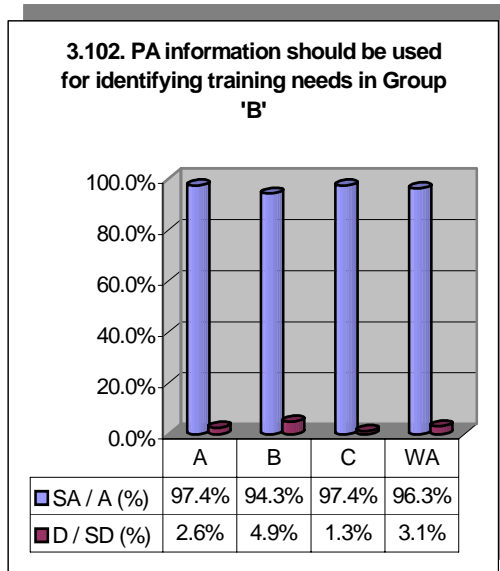
6.10.0.2 Organizational effectiveness will depend to a large extent on the quality of training imparted to the officers and staff in a complex range and variety of skills. This predicates the soundness of structure, process and technology of the training establishment. Structure refers to the network of formal reporting relationships among functions, people and physical factors. Process refers to the most critical component, i.e., the kind, quality and competence of faculty in various disciplines, and technology refers to the various tools, techniques and methods by which the knowledge and skills are transmitted to, and assimilated/internalized by, the trainees. We propose discuss this Theme under the following Sub-Themes:

6.10.1	Continuous training
6.10.2	Staffing & Faculty
6.10.3	Infra-structure development

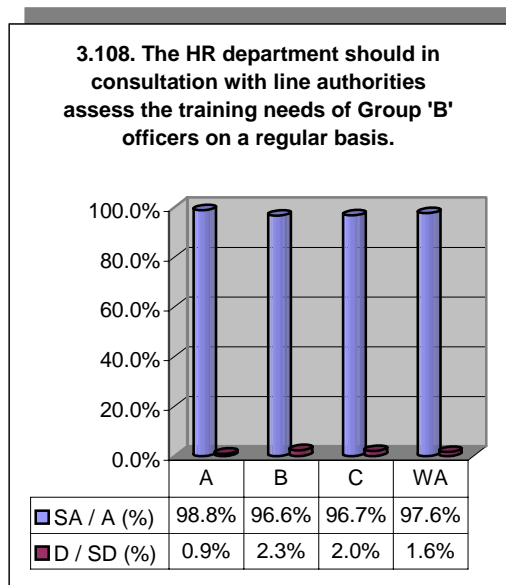


6.10.0.3 Questionnaire

- 96% feel that the Appraisal information be utilized in identifying the training needs of Group 'B' officers.



- 98% feel that the HR deptt. should, in consultation with line authorities, assess training needs of Group 'B' officers.





6.10.0.4 Interview

1. The 1994 batch of ACs were directly put on the job without any induction/training. Such defective recruitment practices should be avoided.
2. It is not sufficient to impart training to officers up to the RC level. The CEO and Divisional Heads should also be put through training and development programmes.
3. Field officers, who are required to settle claims and prepare accounts, are neglected in terms of training. It is essential that training and development programmes percolate down the line up to the lower rung of the ladder.
4. Training programmes are not scientifically planned or structured. The faculty chosen and the inputs given in NATRSS are of substandard quality.
5. It is observed that most faculty members are poor both in process and content.
6. Training period for new recruits to the post of ACs should be at least for 1 year, which should include inputs in legal, IR, social security, economics, etc.
7. Sponsorship for general/periodical training is determined not on the basis of TNA or the individual's need, but on extraneous factors such as workload problems, whether the AC can be spared, whether the boss is favourably inclined to sponsor him for training, etc. This aspect should be seriously looked into.
8. The infrastructure in ZTIs is very poor, and so is the quality of faculty. No learning takes place in ZTIs. Training modules should be relevant to the objectives of training.
9. Officers should be sponsored for training programmes conducted by external agencies both in India and abroad.



10. For direct recruits to the post of AC, the training should be as follows:
 - a. 6 months classroom training, and
 - b. 6 months field training as understudies to EO/AO, followed by one month validation programme at NATRSS for clarifications, feedback, etc.

ANALYSIS

6.10.0.5 The above observations, coming as they were from officers of Group 'A', need to be taken seriously, if we believe that a professional approach to training and management development are critical for organizational effectiveness. Induction training has already been discussed in the section on Recruitment. We look at NATRSS and the ZTIs as centres of knowledge creation and dissemination. It is time to set up a full-fledged research wing in the NATRSS.

RECOMMENDATION

6.10.1 CONTINUOUS TRAINING

6.10.1.1 As the saying goes, "learning is a lifetime process", there is nothing like a one-shot training which can sustain effectiveness for some 30 years thereafter. EPFO organises continuous training programmes for its executives. We recommend this practice should continue. Continuous training and development should focus both on imparting / upgrading the skills necessary for performing the present job more effectively and individual development to facilitate that the employee/officer acquires knowledge and skills which are necessary to take up higher positions in the near future. We suggest that the on-going training programmes should be classified under two heads: (i) Function-specific Training and (ii) Management Development.



Function-specific Training

- 6.10.1.2 Function specific training is meant to bridge the gap between the performance standards required in the present job and the actual performance. The difference between the two is the training need. This presupposes that the analysis of training needs of every organizational participant, coupled with the designing/imparting of knowledge and skills falling short of the requirement, is a continuous process. It is here the information furnished by performance appraisal come handy. The observations of the appraiser as to the performance shortfalls and the areas of deficiency together with the appraisees own self-assessment of his performance can be of immense value. Thus, function-specific training calls for designing tailor-made programmes to suit the training needs of different employees. This is a time-consuming process, but when handled in a professional manner, it can do wonders for the individuals and the organisation in terms of enhancing functional competencies and the quality of output / service. The responsibility for imparting training to the subordinates as also taking care of their developmental needs has to be spelt out clearly and incorporated as one of the performance characteristics in the performance appraisal of every officer.
- 6.10.1.3 In respect of Group 'B' and Group 'A' Officers, the ZCs should pool the information and forward the same to the CO within one month from the close of the 'performance year'. A Performance Review Committee headed by Addl. DG (Compliance) with the Chief of NATRSS and Addl. DG (HR& Admn.) should classify and group the training needs, design suitable programme schedules ranging from 5 to 7 days of training (to be imparted in NATRSS) and publish the calendar together with the list of participants



selected for each programme. This task should be completed within one month from the date the information is received from ZCs. Apart from the shortfall of specific skills needed for the task accomplishment, as disclosed in the performance appraisal and post-appraisal interview for which specific programmes need to be conducted, we are giving below some areas where, a general skill development programme would be useful for all the employees in 'C' and 'B' Groups:

- 1 Samples of any new formats to be used and the manner of using them
- 2 The nature and quality of responses from the employees to concerns that may be raised by employers, banks, etc.
- 3 Coping with, and familiarizing change in the structure, procedures, records maintained
- 4 How to use of computer-based information in decision-making in a most effective manner
- 5 Working knowledge of software packages
- 6 Security measures for data protection
- 7 Basics of quantitative techniques

Management Development

6.10.1.4 Management Development Programmes (MDPs) focus more on the growth needs of executives in so far as they relate to moving up in the organizational ladder, than on upgradation of skills necessary for performing the present job. This involves, as a first step, the identification of potential for being groomed to take up higher responsibilities. Performance Appraisal provides the basic information about individuals on different parameters. In the light of the fact that the appraisal process is going to be based on measurable performance norms, there would be no difficulty in identifying officers/staff, who can outperform others by beating the performance norms. Given the fact that the jobs at different levels



within each group involve more or less the same job content, the difference between one grade and the next higher one is only marginal in terms of the scope and magnitude of operations, appraisal information can be safely relied upon. This information together with outstanding contribution, if any, made by the employee and critical incidents in his work-related behaviours can furnish reliable material as to the potential. The staff and officers so identified as having the potential to take up higher responsibilities should be short listed for being put through a series of MDPs. MDPs should be centralized and conducted at NATRSS only and not in ZTIs. We recommend that the MDPs should be confined only Group 'B' and Group 'A' officers. Some of the topics that can be covered under the MDPs are:

1	Customer and Service Orientation
2	Quality focus ñ TQM
3	Change Management
4	Human Resource Management
5	Leadership Skills
6	Globalisation and Competition
7	Strategic Management
8	Time Management and Empowerment
9	Group Dynamics and Team Building
10	Goal Setting and Personal Growth
11	Stress Management
12	Conflict Management
13	Negotiation Skills
14	Managing Creativity
15	Competency-based career management
16	The Art of Dialogue and Communication skills
17	Performance Management
18	Feedback and Counseling skills



Training Research

6.10.1.5 It is considered desirable that NATRSS should utilize the facilities provided for conducting research into the ‘content’ and ‘process’ aspects of social security benefits and their administration, for conducting research into all aspects of Training and Development. We recommend the creation of a full-fledged department headed by a reputed behavioural scientist well-versed in training and development. Without being exhaustive, we would like to state that the basic objective of the department is to conduct research into various aspects of training, which may include: (i) Training tools, (ii) Training methods, (iii) Programme Design, (iv) Delivery of Training and (v) Evaluation tools. This should be operationalised and put in place as an on-going activity so that the participants and through them the Organisation get the maximum benefit.

6.10.2 STAFFING & FACULTY

6.10.2.1 The most important, *and also the most neglected*, issue relating to “Training & Development” function is: (a) who should be placed at the helm of affairs to organise the function in a manner that it best delivers the goods to the organisation; and (b) what should be the qualifications and experience of the OIC and more importantly, what skills and attitudes are critical for the successful discharge of his responsibilities? For a long time, Training Departments were viewed nothing more than as dumping grounds, “where elephants are sent to die”, to quote the words of Prof. William Reddin. Officers / Managers, who were either inefficient in their own stream or were unwanted by the management were pushed out to head the training department. This was the state of affairs even



in some of the so-called professionally managed industrial organisations up to mid-1980s.

6.10.2.2 Thanks to the pressures exerted by Globalisation, etc., the situation has undergone a radical change during the past one-and-half decades. Today, the training and development is viewed as the most critical function for sustaining and enhancing the skills and competencies of organizational participants and eventually the competitiveness of the organisation in the market place. In the course of our impromptu discussions with officers, we have been given to understand that a majority of them feel that the training function in EPFO has not received the importance and status it deserves, and that posting to NATRSS & ZTIs are made in a most unscientific manner. The general feeling is that the administrators as well as trainers and faculty of these two bodies are in the grip of a general sense of indifference, mechanical approach and lack of enthusiasm, apart from being incompetent to deliver the goods. We cannot totally ignore these feelings. In the current turbulent context, a highly competitive Training & Development Manager is the most sought after species by the organisations, coupled with a fat remuneration package and mind-boggling perquisites.

RECOMMENDATION

Administrative Heads of NATRSS & ZTI

6.10.2.3 The EPFO, as we visualize it in the post-BPR scenario, cannot afford to be different to the paradigm shift. By the same token, the Institutional Heads, such as, Chief of NATRSS and the Chiefs of ZTIs should be drawn from the cream of officers in the respective grades. This, in turn, calls for a rigorous selection process.



Selection, by itself does not solve the problem, if the person selected is not favourably inclined to head the training function or be a trainer or a faculty, regardless of his other credentials in terms of knowledge and skills needed for the job. It is therefore necessary that the EPFO should identify officers who not only possess mastery over the conceptual and practical aspects of the EPFO functioning and excellent communication skills, but also have a flair for training and development. These two criteria are, in our opinion, most critical while taking decisions relating to staffing of NATRSS and ZTIs. We strongly recommend that the Officers who are willing to head various functions in the ZTIs and NATRSS and who are found suitable for the job(s) should, ***if and when posted in ZTIs or NATRSS be paid a special allowance @ 15% of their basic pay***, and other allowances, if any, admissible in terms of the Government of India OM No. 11012/3/97-Trg dated 18-03-1998. This would go a long way in giving formal recognition to the commitment of officers to devote their knowledge and skills in imparting training to the organisational participants.

Faculty

6.10.2.4 We strongly feel that an organisation of the magnitude of EPFO with 20,000 employees, which number is likely to go up phenomenally in the years to come, should have competent core faculty in different disciplines on its rolls, who can be supplemented by visiting / guest faculty in certain areas of specialization according as the needs demand. No doubt, there is an acute shortage of competent teachers and trainers in the country. Nevertheless, efforts should be made to locate and procure the services of competent teachers in some of the basic



disciplines, such as Economics, Law, Management, Information Systems, etc., by offering attractive terms.

Workload

6.10.2.5 There is a pressing need to increase the workload of faculty. The current teaching load of only 2-3 sessions per week is very insignificant. Optimally, each faculty should be able to teach on an average 6-8 sessions per week. In addition, they should be involved in case writing and research projects. Cases can be written from the recorded experiences and judicial decisions for analysis in the class room. Similarly research projects which go to the root of the problems facing EPFO in particular, and the social security administration in general can be undertaken by a team of two or three faculty members. We recommend that case writing and project work be suitably rewarded in monetary terms.

Evaluation

6.10.2.6 Training, like any other function in an organization, needs to be evaluated to understand its contribution to the organization's goals and objectives. It is therefore essential that all involved in training do understand, appreciate and utilize measures to evaluate training programmes conducted both at NATRSS and the ZTIs. This would also necessitate the involvement of the line superiors of the trainees. The information so collected could be used for modifying the programmes and developing new areas. Answers to the following three questions indicate the effectiveness or other wise of the training programme:

1. Did the changes/improvements occur in work-related behaviour?
2. Is the change/improvement attributable exclusively to training?



3. Will similar changes occur with new participants in the same programme?

6.10.2.7 The evaluation criteria are two-dimensional: (i) internal to trainees; and (ii) external. The former are measured by: (a) ascertaining the trainee's feelings (*Reaction*) and (b) administering a post-test (*Learning*); and the latter are measured by: (c) observing the change in his day-to-day work (*Behaviour*) and (d) assessing whether it has led to improvement in the quality and quantity (*Results*). We recommend that the EPFO should operationalise training evaluation by developing suitable mechanisms for (a) obtaining feedback from trainees and their overall reaction; (b) administering post-tests and/or holding focused interviews; (c) permitting them to translate the acquired skills into specific work-related behaviours back at workplace; and (d) evaluating their performance in the post-training scenario.

6.10.3 INFRASTRUCTURE DEVELOPMENT

6.10.3.1 The infrastructure includes: (i) Training tools and equipment; (ii) Lecture halls and syndicate rooms; (iii) Library; (iv) Residential facilities; (v) Catering facilities; (vi) Competent faculty; (vii) Adequate supporting / maintenance staff. While there can be no dispute on the proposition that all the above aspects have to be taken care of meticulously, we would like to focus more on faculty. One of the issues raised by organizational participants across the country was that the faculty chosen in NATRSS as well as ZTIs and the inputs given are of substandard quality.

6.10.3.2 Having recognized that the training function is critical for organizational effectiveness success, and provided for NATRSS and ZTIs, there should be no let up in going the whole hog of the



process or in committing resources to strengthen NATRSS and ZTIs by liberal allocation of funds and provision of world-class facilities in all respects, which are so essential to attract talented and competent faculty – be it regular or visiting. Programme scheduling and finding suitable faculty are the two difficult tasks faced by every training organisation and EPFO is no exception to this rule. Compromise on quality in choosing faculty can drive the trainees away from the programme apart from resulting in wastage of resources and inviting adverse perceptions. Even the choice of visiting faculty should be done with lot of care. We suggest that every external faculty member short-listed for empanelment should be first screened in terms of his mastery over the subject and his teaching skills. This can be done by requiring him to make a presentation to a team of senior officers of the EPFO, which may include the Director (NATRSS), DG (HR & Admn.) and other officers. The presentation should be followed by a question-answer session geared to test the classroom-handling skills of the faculty. The empanelment of the visiting faculty should invariably be preceded by tight selection norms.

- 6.10.3.3 The next most important aspect, which, though not strictly falls under the head 'infrastructure', is closely associated with the quality of faculty and refers to the content of training. *'What should be taught'* in a training session is no less important than *"how it should it be taught"*. This calls for curriculum development for each topic setting out (a) the title of the topic as, for example, "group dynamics and team building"; (b) the objects sought to be achieved and the take away for the participants from the topic; (c) the sub-topics to be covered; (d) the manner in which they should be covered, i.e., the principle of *"something to listen, something to*



see and something to do” by and for the participants; (e) the extent of class participation required; and (f) validation and feedback. In the absence of careful planning, the whole training programme degenerates into a set of rambling sessions with no value addition to the participants. This is yet another area which should get due attention.



6.11 EMPLOYEE RELATIONS & WELFARE

6.11.1 EMPLOYEE RELATIONS

6.11.1.1 There are two Associations - one representing officers and the other representing staff. Given the massive complement of EPFO, the Associations can act as effective representatives of their respective constituencies. We have no doubt that the two Associations can play a positive and constructive role in the realization of organizational objectives. We suggest the constitution of separate Standing Joint Councils in respect of staff and officers at the Zonal level and Central Office level, which can meet at regular intervals, deliberate on matters of common concern and take decision on matters of routine nature. In respect of policy matters, the deliberations can be of immense help to the top management to reflect, crystallize its thinking and come out with alternatives which could be further discussed at the apex level for resolution.

Employee' Grievance Redressal Mechanism

6.11.1.2 There is hardly any organisation where the employees do not have grievances of one kind or another. These grievances may be real or imaginary, valid or invalid, genuine or false. Grievance produces unhappiness, discontent, indifference, low morale, frustration, etc. In the ultimate analysis, it affects employees' commitment, concentration, efficiency and effectiveness. Quite a few work stoppages and other undesirable behaviour patterns and negative orientation can be traced to non-handling or the faulty handling of employee grievances. The costs of unattended or faultily handled grievances can be very high in terms of time lost, poor performance both qualitatively and quantitatively, employee resentment, poor customer service, resistance to change,



union-management conflict and so on. It is, therefore, in the larger interests of the organisation to introduce a well-defined, time-bound, in-house, grievance redressal machinery, which would go a long way in supplementing other policy initiatives geared to fostering employee commitment and morale. Effective grievance administration helps management to shift from purely preventive and maintenance needs to the growth and developmental needs of employees such as improving communication, job redesign, integration with corporate goals, fostering democratic and participative culture.

SURVEY OUTCOMES

6.11.1.3 Interview

1. No formal grievance resolution procedure in vogue. It is currently on a one-to-one basis. This needs to be formalized.
2. There is no machinery to listen to employee grievances. No single genuine demand of the employees is accepted.
3. Extra-mural activities, holiday homes, indoor games, picnics, etc., should be organized as part of the employee welfare programmes.

RECOMMENDATION

6.11.1.4 We recommend the following Grievance Procedure to be instituted formally:

1. The aggrieved employee to present grievance verbally in person to the officer designated for this purpose (generally the head of the business unit), who shall give an answer within 3 days.
2. If the employee is not satisfied with the decision, he can, accompanied by a representative of the Association, present the grievance in writing to his superior, who shall settle it within 10 days. For example, if the original officer



is RC-II, the officer of the second tier would be RC-I, and so on.

3. If dissatisfied with the decision, the employee has the right of appeal to the Zonal Commissioner for revision. A decision on the appeal to be communicated within 7 days.
4. If still dissatisfied with the decision, the employee has the right to make a final appeal to the Director-General (EPF). A decision on the appeal to be communicated within 21 days. The decision of Director-General (EPF) is final.

6.11.1.5 It is recognized that all grievances cannot be resolved to the satisfaction of the grievant. There may be instances, where the redressal of one's grievance may call for reversal of several decisions taken in the past in respect of other employees. In such a case, the grievant should be clearly told, in writing, that his grievance, though genuine, cannot be redressed because it is going to kick off problems with other employees. We give hereunder a few tips to handle employee grievances:

- a) Receive and define the problem precisely.
- b) Identify the nature of dissatisfaction in its integrated whole.
- c) Get the facts and ensure that the facts represent the real picture in objective terms.
- d) Analyse the facts. Look for precedents, if any, set in the matter.
- e) Take a decision.
- f) Apply the answer to the case at hand.
- g) Communicate the result.
- h) Follow up to evaluate the impact of the redressal decision on the morale of the aggrieved worker as well as on other employees of the organisation.

**6.11.2 EMPLOYEE WELFARE**

- 6.11.2.1 The officers and staff have expressed concern about lack of welfare facilities / programmes in EPFO. “Employee Welfare” takes into its fold a range of extra-mural and intra-mural activities organised by the Organisation for the benefit of employees and their families. Provision of welfare facilities/benefits and organizing programmes typically means the employees do not get any monetary benefit, but, all the same, it means the expenditure for the organisation. By ‘welfare’, we are not referring to the statutory measures of the sort contemplated under different labour laws, but to those facilities which falls outside the law.
- 6.11.2.2 These activities/benefits are voluntary in nature and the range and variety of these benefits depends upon the organizational culture, its financial well-being and, to some extent, collective agreements between the managements and unions. In the course of our interview, we noticed that the employees expect the organisation to organise welfare programmes and introduce welfare benefits, such as holiday homes, indoor games, sports, picnics, etc.

RECOMMENDATION

- 6.11.2.3 Without going into the details, we hasten to add that the HR Department should be entrusted with the task of drawing up a detailed plan of ‘employee welfare’, the various facilities to be offered, the activities to be organised and the financial implications of the programmes. It is desirable for the EPFO to work out the modalities, budget the costs and implement the welfare programmes duly taking the Staff Association into confidence.

Chapter – 7**SUMMARY OF RECOMMENDATIONS**

7.0 A summary of key recommendations on each Theme and Sub-Theme is given below together with the corresponding paragraph reference. For full details, the respective chapters may be referred.

Chap -ter	Theme / Sub-Theme	Para
7.1	ORGANISATIONAL RESTRUCTURING	
(a)	The seven KBPs together with the Vigilance function should be differentiated from Staff functions, i.e., HR, Administration, and Information Services.	3.1.1.8 & 3.1.1.9
(b)	District Office to be merged with the SRO/SAO to form a new Business Unit at the lowest rung, i.e., Branch Office (BO) with exclusive original jurisdiction headed by Regional Commissioner-II and with a workload of 4 lakh members and 3000 establishments	3.2.1.18 & 3.2.2
(c)	Regional Office (RO) to exercise both original and supervisory jurisdictions headed by Regional Commissioner-I and with a workload of 4 lakh members and 3000 establishments in its original jurisdiction and two Branch Offices under its Supervisory jurisdiction	3.2.3
(d)	Zonal Office (ZO) to have supervisory and appellate jurisdictions over 3 ROs (i.e., a total of 9 business units including BOs). In terms of workload, the ZO has supervisory jurisdiction over 36 lakh members and 27000 establishments	3.2.4
(e)	The BO shall have a minimum complement of 146 including the Unit Head	3.3.3
(f)	The RO shall have a minimum complement of 160 including the Unit Head	3.3.4
(g)	The ZO shall have a minimum complement of 92 including the Unit Head	3.3.5
(h)	The CO shall have a minimum complement of 166 including the Chief Executive Officer	3.3.6
(i)	The ZTI shall have a minimum complement of 35 including the Unit Head	3.3.7
(j)	The NATRSS shall have a minimum complement of 71	3.3.8



- including the Unit Head
- (k) Scrap the circular dated 21-10-1999 and in its place set up a Workload Monitoring Committee (WMC) for ensuring parity among Business Units, monitoring workload and initiating timely action for the creation and staffing of new Business Units 3.4.2
- (l) As soon as the strength crosses the lower limit of the spread over in respect of any Business Unit, the ZO concerned shall send a requisition to Addl. DG (CSD, P&A, WMC, MIS & Secretary-CBT) for convening the Workload Monitoring Committee (WMC), which shall have as its members, the ADG (C&C), ADG (A&CS), ADG (HR &A), Chief Engineer & ZC. The WMC to clear the proposals 3.2.4.7
- (m) Once cleared by the WMC, the decision should be executed in respect of staffing, identification of location and the setting up of new BU without having to go in for further approvals and clearances. In other words, the WMC should be vested with financial and administrative powers to take decisions and also to implement them in this regard. 3.2.4.8
- 7.2 MANAGEMENT PROCESS RESTRUCTURING**
- (a) Re-designation of the jobs/posts of CPFC, Addl. CPFC, FA&CAO, Deputy Commissioner, APFC and specification of their roles and responsibilities 4.1.2 to 4.1.8
- (b) New posts, such as, Addl. DG (HHR& Admin.), Addl. DG (IS), Addl. DG (CS, P&A, WMC, MIS, Secy - CBT), Joint Director (NATRSS), Deputy Director (NATRSS), Training Officer, Research Officer, etc. 4.2
- (c) The sanctity of hierarchy and reporting relationships should be respected by every officer and staff member from top to bottom. The position and authority of ZC should not be bypassed by the officers of Central Office (CO) by corresponding directly with the Heads of RO & BO. 4.3.1.5
- (d) The unity of command, i.e., an officer reporting to one and only one superior be maintained, subject to certain well-recognised exceptions 4.3.1.8
- (e) Executing Directions from CO should not run counter to the objects and scheme of the Act. 4.3.1.19
- (f) The practice of calling for different kinds of information or the same kind of information in different formats too frequently from the operating units should be dispensed with, as it would only cause distraction to the functionaries 4.3.1.23 & 24



- and impede the realization of organizational objectives.
- (g) **‘Maharaja’ mindset vs. Business mindset:** it has been observed that, where a superior officer visits a subordinate office, the entire staff of the subordinate office leave the tasks at hand and wait on the visiting officer. This practice has to be replaced by designating one officer as the ‘protocol officer’, who will be responsible for receiving and seeing-off of the visiting officer, instead of the entire unit spending its valuable time with him resulting in the dislocation of business and the eventual inconvenience to customers 4.3.1.26
- (h) **Span of Control:** The ratio of the subordinate officers in Groups ‘B’, ‘C’ & ‘D’ to Officers in Group ‘A’ shall be as follows: 4.3.2.9
- | UNIT | Gr. ‘A’ | Gr. ‘B’ | Gr. C&D | TOTAL | RATIO (A : B+C+D) |
|------|---------|---------|---------|-------|-------------------|
| BO | 8 | 37 | 104 | 149 | 18 |
| RO | 11 | 38 | 111 | 160 | 13 |
| ZO | 22 | 17 | 53 | 92 | 3 |
| CO | 51 | 215 | | 266 | 4 |
- (d) *Cross-Functional Teams* (CFTs) to be constituted in different units for the purpose of resolving issues falling in twilight zones and taking consensus based decisions without delay. 4.3.2.16
- (e) The various jobs / functions in Group ‘D’ to be outsourced in a phased manner. This exercise may be coupled with the floating of an attractive Voluntary Retirement Scheme (VRS) to the staff of Group ‘D’, to start with. 4.3.4.2 & 3
- (f) **Legislative Reference:** Change in the status, level and position of DG (EPF) 4.4.2.3
- (g) Repeal of provisions relating to Executive Committee and Regional Committee 4.4.3.2
- (h) The Government of India should confer greater autonomy to the EPFO and allow it to grow into a world-class Social Security Organisation on the lines of its counterparts in advanced economies like USA and other nations. 4.4.4.1 & 2
- (i) Make necessary changes in the Act and Scheme incorporating the new designations 4.4.5.2
- (j) Make a provision in the Act and Scheme conferring Appellate Powers on the Zonal Commissioners, who will hear and decide disputes in the first instance, before taking the matters to the EPF Appellate Tribunal. 4.4.6.4 & 4.4.6.14

**7.3 RECRUITMENT – PERFORMANCE – PAY**

- | | | |
|-----|--|------------------|
| (a) | Workload based HR planning to be monitored and executed by the WMC at the Corporate level | 5.1.1.8
& 9 |
| (b) | Recruitment through UPSC, etc., to stay | 5.1.2.4 |
| (c) | A nine-month induction programme for direct recruits in Groups 'A' & 'B' | 5.1.3.8 |
| (d) | A nine-month induction programme for internally selected candidates for the posts of EO / AAO | 5.1.3.9 |
| (e) | A three-month orientation programme for recruits in Group 'C', particularly, SSAs. | 5.1.3.10 |
| (f) | All internal promotees to be put through a training programme with focus on imparting both the job-specific knowledge and skills | 5.1.4.3 |
| (g) | The Confidential Report (CR) system to be replaced with a comprehensive Performance Appraisal System | 5.2.1.8
to 10 |
| (h) | Systematic and orderly assessment of training needs should precede the designing and scheduling of training programmes | 5.2.3.4 |
| (i) | Performance-Related Pay (PRP) recommended illustrating a few important parameters | 5.2.3.6 |
| (j) | Positions & Scales of Pay for all categories | 5.3.1-4 |

7.4 CAREER DEVELOPMENT**Promotions**

- | | | |
|-------|---|---------|
| (a) | Normal promotions vs. Fast-Track Promotions: Fast-track Promotions to dynamic, effervescent and risk-taking employees even before their complying with the minimum eligibility criteria prescribed for "normal promotions | 6.2.7 |
| (b) | <u>Intra-Group Promotions – Group 'C':</u> | |
| (i) | Confirmation of the erstwhile LDCs (who have officiated as UDCs or have been kept on selection panel) as SSAs | 6.3.2.4 |
| (ii) | Putting the residual LDCs through an examination for assessing their eligibility for promotion as SSAs | 6.3.2.5 |
| (iii) | The positions of Sr. SSA & SSA to be constituted as a single composite cadre with 80% of Sr. SSA and 20% of SSA | 6.3.2.6 |
| (iv) | Merger of DEOs and other stand-alone posts with SSA | 6.3.2.7 |
| (c) | <u>Intra-Group Promotions – Group 'B':</u> | |
| (i) | Elevation of EO/AAO to Gazetted rank; promotions on "seniority-cum-merit" formula; All-India Transfers | 6.3.3.6 |
| (ii) | Section Officer (HQ), Assistant (HQ), etc., be allowed promotion as Sr. EO/AO | 6.3.3.8 |
| (d) | <u>Intra-Group Promotions – Group 'A':</u> | |
| (i) | Deputy Commissioner (DC) be re-classified with the pay | 6.3.4.7 |



- scale of Rs. 10000-325-15200; Straightaway promotion of ACs (direct recruits), who have completed 8 years service to the post of DC
- (ii) Personal (temporary) promotion of ACs and DCs in the next higher scale of pay in the event of stagnation in their current post/grades for more than 5 years 6.3.4.9
- (iii) From DC to RC-II, and from RC-II to RC-I, seniority-cum-merit formula to apply 6.3.4.10
- (iv) From RC-I to ZC, etc., promotions should be based exclusively on 'merit'. 6.3.4.10
- (e) Inter-Group Promotions:**
- (i) All movements from one Group to another, i.e., from 'C' to 'B' and from 'B' to 'A', should be exclusively based on 'Merit'. 6.4.4 to 7
- (ii) Personal (temporary) promotion of Sr. EO/AO to the scale of pay of Rs. 8000-275-13500 after completion of 5 years of service in that post, subject to suitability to be determined on the basis of performance appraisal, discipline and vigilance 6.4.8
- (f) Ad hoc Promotions:** Service rendered in the course of ad hoc or temporary promotion be treated as service in the promoted grade as and when final promotion is effected. 6.5.9
- (g) Internal promotion vs. Direct Recruitment - Ratio**
The present system is working well and is capable of taking care of the interests of the organisation as well as the Group 'B' officers. There is no need to reduce the ratio of direct recruits. 6.6.1
- (h) Deputation from other Departments:** Drawing officers from other departments on deputation can be justified, if only the following two conditions are satisfied, i.e., (a) the officer has specialized knowledge, and (ii) there is no qualified and experienced officer who is eligible for promotion to the higher grade position, and not otherwise. 6.7.3
- (i) Refusal to accept transfer or promotion-cum-transfer:** An employee, who refuses promotion or promotion-cum-transfer should be down-listed in the seniority roster 6.8.1

Transfers

- (a) General Guidelines:**
- (i) The transfers should as far as possible be aligned with the commencement and closing of academic years. 6.9.1.5
- (ii) Where the employee is required to move from a location where he is staying in official quarter to a place where no such facility is available, he may be allowed to keep his family in the original place and retain the quarter for a period of six months or till the end of the academic year, whichever 6.9.1.5



- is later.
- (iii) The transferee-employees can be compensated monetarily by a one-time lump sum payment equivalent to 3 months basic salary or 2 months basic salary PLUS dearness allowance, whichever is higher. 6.9.1.5
- (iv) The minimum period of service in a location should be 3 years and maximum 4 years, after which s/he should invariably be transferred to another location for obvious reasons. 6.9.1.5
- (v) An AC recruited directly should not be disturbed from the BO of his original posting at least for 3 years, which means that he has handled independently two (out of four) sets of business processes, before being moved out of the BO. 6.9.1.5
- (vi) Where an employee with a school going child is given leased accommodation, he should, on transfer to a different location, be permitted to retain the same for a period of one year or till the end of the academic year, whichever is later. 6.9.1.5
- (vii) Subject to the provision of above facilities and benefits, if a transferee refuses to move to the new location, he may be down-listed in the seniority roster and also proceeded against under the service rules of the EPFO. 6.9.1.5
- (b) Cross-Functional Transfers:**
- (i) Rotation of SSAs & Sr. SSAs among different business processes once in two years 6.9.2.5
- (ii) Cross-functional Transfer of EO and Sr. EO as AAO and AO respectively 6.9.2.6
- (iii) Cross-functional Transfer of the officers of Group 'A', particularly, ACs among different business processes 6.9.2.7
- (iv) No transfer of Group 'D' employees from one place to another 6.9.3.2
- (v) In respect of Group 'C' employees, transfers to be restricted to the Region only 6.9.3.3
- (vi) In respect of Groups 'B' & 'A', transfers should be on an All-India Basis. 6.9.4.1

Training & Development

- (a) ***Function-specific Training – Group 'C'***
Tailor-made training programmes to be designed for imparting function-specific skills on the basis of the information generated from Performance Appraisal and from the self-assessment made by employees. The responsibility for imparting training to the subordinates as also their taking care of their developmental needs has to be clearly spelt out and should be included in the performance appraisal of every officer. 6.10.1.2



- (b) **Function-specific Training – Groups ‘B’ & ‘A’**
In respect of Group ‘B’ and Group ‘A’ Officers, the ZCs should pool the information and forward the same to the CO within one month from the close of the ‘performance year’. A Performance Review Committee headed by Addl. DG (Compliance) with the Chief of NATRSS and Addl. DG (HR& Admn.) should classify and group the training needs, design suitable programme schedules ranging from 5 to 7 days of training (to be imparted in NATRSS) and publish the calendar together with the list of participants selected for each programme. This task should be completed within one month from the date the information is received from ZCs. 6.10.1.3
- (c) **Management Development Programmes – Groups ‘B’&‘A’**
Regular Management Development Programmes for Group ‘B’ and ‘A’ Officers, preceded by identification of potential for growth and development. 6.10.1.5
- (d) **Staffing & Faculty**
- (i) Officers who are willing to head various functions in the ZTIs and NATRSS and who are found suitable for the job(s) should, *if and when posted in ZTIs or NATRSS be paid a special allowance @ 10% of their basic pay, which will act both as an incentive to take up the training assignments and also as a token recognition of their contribution to this vital aspect of Human Resource Development.* 6.10.2.3
- (ii) Efforts should be made to locate and procure the services of competent teachers in some of the basic disciplines, such as Economics, Law, Management, Information Systems, etc., by offering attractive terms 6.10.2.4
- (iii) Each faculty member should be able to teach on an average 6-8 sessions per week. In addition, they should be involved in case writing and research projects. Cases can be written from the recorded experiences and judicial decisions for analysis in the class room. Similarly research projects which go to the root of the problems facing EPFO in particular, and the social security administration in general can be undertaken by a team of two or three faculty members. Case writing and project work may be suitably rewarded in monetary terms. 6.10.2.5



- (e) **Evaluation of Training**
- (i) The outcomes of training should be measured in terms of (a) ascertaining the trainee's feelings (*Reaction*) and (b) testing the extent of learning as compared to pre-training performance (*Learning*); (c) observing whether the employee has been displaying the change in his day-to-day work (*Behaviour*) and (d) by assessing whether it has resulted in actual improvement in the quality and quantity of output (*Results*). EPFO to operationalise training evaluation by developing suitable mechanisms 6.10.2.6 & 7
- (f) **Infrastructure Development** 6.10.3
- Programme scheduling and finding suitable faculty are the two difficult tasks faced by every training organisation and EPFO is no exception to this rule. Compromise on quality in choosing faculty can drive the trainees away from the programme apart from resulting in wastage of resources and inviting adverse perceptions. Screening of visiting faculty through individual presentations and question-answer sessions before empanelment.
- 'What should be taught'* in a training session is no less important than *"how it should it be taught"*. This calls for curriculum development for each topic setting out (a) the title of the topic as, for example, "group dynamics and team building"; (b) the objects sought to be achieved and the take away for the participants from the topic; (c) the sub-topics to be covered; (d) the manner in which they should be covered, i.e., the principle of *"something to listen, something to see and something to do"* by and for the participants; (e) the extent of class participation required; and (f) validation and feedback.
- Employee Relations & Welfare**
- (a) **Grievance Procedure:** A 4-tier Grievance Procedure to redress individual grievances. 6.11.1.4 & 5
- (b) **Employee Welfare** 6.11.2.3
- The HR Department should be entrusted with the task of drawing up a plan relating to 'employee welfare', the various facilities to be given, the activities organised together with the financial implications. EPFO at the corporate level to work out the modalities, budget the costs and implement welfare programmes taking the Staff Association into confidence.