

**MEMORANDUM FROM E..P.F OFFICERS' ASSOCIATION BEFORE THE ANOMALIES
COMMITTEE, C.B.T., E.P.F.**

Government of India accepted the recommendations of the Sixth Central Pay Commission (SCPC) vide Department of Expenditure Resolution No. 1/1/2008-IC dated August 29, 2008. This resolution has been adopted **mutatis-mutandis** by the Central Board of Trustees, Employees Provident Fund (CBT, EPF) in respect of its employees in a special meeting held on 18th September, 2009. Para 1(ix) of the said Department of Expenditure resolution has advised all the Cadre Controlling Authorities to update the cadre review in respect of the services under their administrative control within a year.

Accordingly DOPT has advised all cadre controlling authorities vide OM No. 1-11019/6/2008/CRD dated 5.9.2008 (**Annexure-I**) to submit proposals of cadre review. The Cabinet Secretary vide his DO letter dated 29th April, 2008 (**Annexure-II**) also advised all the Secretaries, Government of India to initiate the process of cadre review within two months with a view to ensure “ timely career growth and progression of officers.” The Cabinet Secretary has also advised that “this review is made in time so that frustration and demotivation leading to litigation etc. could be reduced. “. The process of cadre review has not yet started in the Employees Provident Fund Organization.

Cadre Structure

A Central Group “A” Service represents a group of posts belonging to a distinct functional area arranged in a hierarchical order representing different grades of levels of responsibility. All the posts in the Service carry the same functions involving specific skills. They are thus **nonfunctional**. They only differ in rank and status corresponding to given levels. Of responsibility attached to different grades of posts. The hierarchical arrangement of posts along with the pay scales attached to different grades constitutes what may be called a **cadre** and the arrangement itself is known as **cadre structure**.

As per the DoPT monograph on cadre management “*a typical unifunctional Group “A” service has a cadre structure which is constituted in the form of a pyramid, the various layers of the pyramid corresponding to different levels of responsibilities with no functional distinction. The pyramid starts with junior Time Scale (APFC) which is generally a probation-cum-training grade for direct recruits, and passes through Senior Time Scale (RC-II), Junior Administrative Grade (RC-I)*”

and Senior Administrative Grade (**Jt. Secretary**). In a number of services, a Selection Grade (**ACC**) also exists as part of Junior Administrative Grade. In some cases, it is functional and in others it is non-functional. “

The monograph goes on to suggest certain broad parameters for the guidance of the cadre controlling authorities while working out the cadre review proposals which are enumerated below:-

- i) All directed recruits will be promoted to the senior time scale from junior time scale round say 5th or 6th year.
- ii) A large proportion of direct recruits in the senior time scale will be promoted to the **JAG**.

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- iii) A reasonable proportion of the direct recruits in the **JAG** will see their way to **SAG**.
- iv) As for the promoted officers, a large proportion of them may retire in Junior Time Scale itself and most of the rest in Senior Time Scale.
- v) A small proportion may cross the time scale and superannuate after reaching **JAG**.

The Fifth Central Pay Commission provided the following structure of an ideal “cadre” to the cadre controlling authorities:-

SCALE	% OF SENIOR DUTY POST	MANDATORY ELIGIBILITY FOR GRANT OF THE GRADE
HAG	3 %	25 TH Year
SAG	17%	17 th Year
JAG/SG	50 %	9 th Year/14 th Year
STS	30%	5 th Year

However, the actual cadre strength of various Central Group ‘A’ Services reveals that this ideal structure is yet to be achieved as indicated in the table below:-

Sl. No.	Group of Service	Grades				
		HAG (above A.S)	HAG (A.S. Level)	SAG	JAG (JAG NFSG) +	Time (STS + JTS)
1.	Non-Technical Services	0.63%	2.54 %	14.26%	27.49 %	55.07 %
2.	EPFO	0.15%	0	0	11.18 %	88.67 %

The above table clearly brings out the acutely skewed structure of the Groups A cadre in EPFO vis-à-vis the position obtaining in other Group A services in Government of India. The officers in EPFO are accordingly facing acute career stagnation leading to frustration and demotivation.

Service-wise break-up of the Non-Technical Services is attached as **Annexure III** to this memorandum. It may be seen from the table that the EPFO Group A services suffer very badly in terms of structural ratios and emergent action is required to set right the anomalies indicated therein.

Organizations like the Income Tax-Department have already initiated this exercise by constituting a cadre review committee in December 2008 (**Annexure IV**). It is understood that this committee has already submitted its draft report. The same exercise needs to be initiated in EPFO on priority.

Date of first increment after adopting recommendations of the SCPC

The method of fixation of pay under SCPC, which provides that there shall be an uniform increment date of 1st July, 2009 for every employee; and that the employee should have completed a minimum of six months service before s/he becomes eligible to draw the increment has put a large number of officers to huge disadvantage. Officers having date of last increment/date of joining in December '05 are entitled to get their next increment on 1st July

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'06, whereas an officer whose date of last increment/joining is on 1ST Jan, '06 is entitled to get the next increment only on 1ST July, '07. Effectively there is a gap of 18 months in getting the first increment. There is a clear anomaly in benefits between these two categories of Officers. The officers in the second category will not only face a recurring loss during their entire service career but also in retirement benefits. To rectify this anomaly it is suggested that as a one time measure the first increment may be given to all Officers from July 06 irrespective of the date of last increment.

Non-Functional pay up-gradation

A. The **SCPC** has not made any specific advice for cadre review. However, it has proposed grant of Non-Functional Selection Grade (NFSG) for officers. Department of Personnel and Training vide its orders dated 24th April 2009 (**Annexure V**) has given operational guideline for implementing the Non-Functional up-gradation to the officers of Organized Group A services. These guideline have been further amplified vide DoPT orders dated 25th September 2009 (**Annexure-VI**). As per the OM dated 24th April 2009 this up-gradation is to be allowed in cases where the officers have not been granted promotions to a particular grade in normal course.

Section 5D (7) of the EPF & MP Act, 1952 mandates that the method of recruitment, salary and allowances, discipline and other conditions of service of the Officers and employees of the Central Board shall be such as may be specified by the Central Board in accordance with the rules and orders applicable to the Officers and employees of the Central Government drawing corresponding scale of pay. The CBT, EPF has already accepted the recommendations of SCPC mutatis-mutandis in its meeting held on 18th September, 2009. Accordingly, NFSG as prescribed by the DoPT vide its O.Ms. dated 24th April and 25th September, 2009 be implemented in respect of EPF Officers immediately.

B. Subsequent to acceptance of recommendations of the Fifth Central Pay Commission (FCPC), Government of India issued guidelines for implementation of NFSG in Group A services. As per the then instructions, 15% of the **senior duty posts** were to be given nonfunctional grade of A.C.C. The Executive Committee, (EC) CBT, EPF, adopted this NFSG scheme in 1999. Subsequently, government of India enhanced the non-functional grade percentage to 30 % in the year 2000 (**Annexure VII**). However, the enhanced percentage is yet to be applied to the E.P.F.O. This may be adopted immediately. The NFSG scale along with

the corresponding 6th CPC, benefits may be extended to all the eligible officers from the dates it became due.

C. CBT, EPF in its meeting held on 11-11-'08 approved the interim recommendations of its Sub-committee constituted to go into the report on organizational restructuring of EPFO as submitted by XLRI Jamshedpur. The administrative approval for operationalising the above recommendations has been given by the Central P.F. Commissioner in December 2008 and again in March, 2009. Following has been approved for implementation.

1. Senior Time Scale shall be granted to all regular APFCs as on 11-11-2008.
2. The time scale shall be granted from the dates such officers complete five years regular service from the date of joining in the grade of APFC.

The orders in this regard are yet to be issued. The orders once issued will require refixation of pay of large no. of officers as per the recommendation of the 6th CPC.

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New Pension Scheme (NPS)

As per the extant instructions, all the employees entering Government service after 1st April, 2004 can not become members of the pension scheme under CCS (Pension) Rules 1972. They have to compulsorily enroll in the NPS. The NPS has been placed for consideration before the EC, CBT, EPF a number of times and is yet to be approved for adoption. It is pertinent to note that the pension scheme of Government of India {(CCS) (pension) Rules, 1972}, is an unfounded scheme whereas, even though the pensionary benefits given to retired employees of the EPFO are in accordance with CCS (Pension) Rules, 1972, the pensions to retired EPF employees come from a fully funded scheme. The **EPF Staff Pension & Gratuity Fund** has sufficient corpus and it undergoes an actuarial evaluation every year. It is accordingly suggested that CCS (Pension) Rules 1972 may be extended to all the new entrants to EPFO after 1st April, 2004 also.

Compendium on advances and House Building Advance (HBA)

The quantum of advances (including HBA) allowed to EPF officers are regulated by Compendium of Advances as appended to GFRs. The quantum of advance and rates of interest are also borrowed directly from the scheme prevalent in government of India. It is submitted that the budgetary constraints which underline the quantum and rate of interest for these advances in Government of India, do not operate in the case of EPFO. All the advances granted to EPF employees are allowed from the administration account (Account-2). The accumulated corpus of EPF administration account is lying invested in the Special Deposit Account which currently earns interest at the rate of 8%. It is submitted that quantum of advance may be enhanced for EPF employees. This will not result in any financial loss to CBT, EPF and at the same time enable EPF officers to acquire tangible assets.

It is submitted that the quantum of advances in case of four wheeler advance may be enhanced to a maximum of twelve months pay and grade pay or a maximum of Rs. five lakhs whichever is least. Similarly, HBA should be enhanced to 90% of the cost of house/plot or repayment capacity of the officer, whichever is the least. It is pertinent to note that EC, CBT, EPF in its 53rd meeting had passed a resolution recommending that in view of high capital cost of constructing and maintaining staff quarters a conscious policy be adopted to promote employee owned housing. Enhanced quantum of H.B.A. shall be in line with this policy decision taken by E.C.

RATIONALISATION OF PAY SCLCES TO REMOVE ANOMALIES

As per Section 5D (7) of the EPF & MP Act, 1952 ***“(a) The method of recruitment, salary and allowances, discipline and other conditions of service of the Additional Central Provident Fund Commissioner, Deputy Provident Fund Commissioner, Regional Provident Fund Commissioner, Assistant Provident Fund Commissioner and other officers and employees of the Central Board shall be such as may be specified by the Central Board in accordance with the rules and orders applicable to the officers and employees of the Central Government drawing corresponding scales of pay:***

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

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

This statutory provision notwithstanding this equation with “corresponding category” is yet to be done in EPFO. It is submitted that we may initiate this exercise immediately to fulfill the statutory mandate. Following is suggested for immediate consideration.

The post of Central P. F. Commissioner has been upgraded to the rank and scale of Secretary to Govt. of India. It was equivalent to the rank of Joint Secretary to Govt. of India earlier. The next level of Officers available in EPFO today is of the rank of ACC which is equivalent to Director in Govt. of India. After up-gradation of the post of CPFC to the rank of Secretary, the rank and level of CVO in the Organization is upgraded to that of Jt. Secretary. All other core functions of the organization are headed by A.C.Cs. who is in the rank of Director. This is resulting in a huge anomaly in the administrative hierarchy. This anomaly needs to be set right by allowing creation of at least two posts in the rank of Additional Secretary, Govt. of India (PB-4 plus Grade Pay of Rs. 12,000) and sufficient posts in the rank of Joint Secretary, Govt. of India (PB-4 plus Grade Pay of Rs. 10,000) by upgrading the posts of Divisional Heads and Director, NATRSS. It is suggested that the position of RPFC-I be upgraded to the level of PB-4 plus Grade Pay of Rs. 8,700/- and that of RPFC-II be upgraded to the level of PB-3 plus Grade Pay of Rs. 7,600/-

6) The officials in the grade of Section Officers (SOs.) E.P.F., Hqrs. and Personal Secretaries (PS) have been allowed the time scale, which is equivalent to the pay of Assistant Commissioners. The SOs and PS are one of the feeder grades from which promotion are to be made to the rank of Assistant Commissioners. The pay and position of

Officers in the grade of Assistant Commissioners needs to be suitably enhanced to the level of PB-3 plus Grade Pay of Rs. 6,600/- to address this resultant anomaly. The PB-3 level pay with Grade pay of Rs. 5400/- be made the probationer pay scale in accordance with the guidelines of DOPT , Govt. of India's monograph on cadre review (**Annexure VIII**).

The above proposals may be considered for recommendation by the Anomalies Committee for being processed in a time bound manner.

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