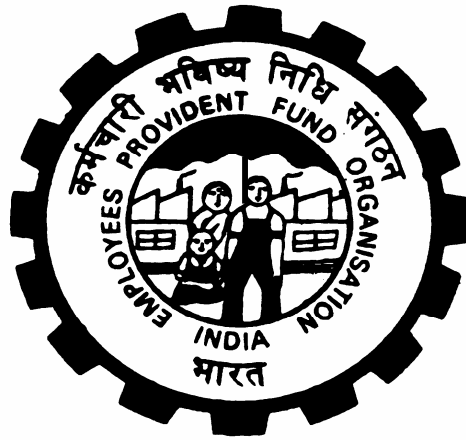


**INTERIM REPORT
ON THE RECOMMENDATIONS OF
XLRI ON ORGANISATIONAL
RESTRUCTURING AND H.R POLICY**



By Sub-Committee of CBT

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INTERIM REPORT OF THE SUB-COMMITTEE OF CBT ON RECOMMENDATIONS OF XLRI REPORT:

The Central Board of Trustees, Employees' Provident Funds in its meeting held on 24.09.2007 decided to constitute a subcommittee of Central Board of Trustees, to examine the report of XLRI on Organisational restructuring and cadre review in Employees' Provident Fund Organisation for appropriate recommendations. Vide office order dated 10.04.2008, the Chairman Central Board of Trustees, EPF appointed the sub-committee with the following terms of reference:

- (a) Analyze the scientific findings of the XLRI suggesting organizational restructuring and recommend acceptance of the recommendations if necessary with appropriate modifications as deemed fit after considering the present structure of the organization and the functional deficiencies so as to transform the EPFO to a professional, citizen friendly organization dedicated to the extension of social security to the Indian workforce.
- (b) Examine the recommendations on the cadre review in respect of officers and staff and recommend the changes, which are necessary to meet the aspirations on career growth of both the officers and staff with special emphasis in improving the administration of the Act and the Schemes.
- (c) Suggest steps for institutionalizing 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.
- (d) To list out recommendations that can be implemented by the Central Board within the statutory delegates under section 5D (7) (a) of the EPF and MP Act.
- (e) To list out and recommend implementable recommendations for consideration of the government in the spirit of section 5D (7) (a) of the EPF and MP Act.
- (f) To recommend the date of effect thereof that should govern the structure of pay, allowance and other facilities/ benefits whether in cash or in kind to the various categories of employees.
- (g) To suggest policy timeline for subsequent cadre reviews at appropriate intervals.

2. The Committee extensively deliberated on the recommendations of the XLRI on Organisational re-structuring and Human Resource Management. The Committee found that the report of the XLRI does not extensively explain the work study and the norms on the basis of which creation of new offices, officers and staff has been recommended. The Committee has therefore felt that the report may not be accepted in totality for the following reasons:

- The XLRI has analysed the issues only by following the methodology of survey and structured questionnaire from the officers and staff of the organization only and the external stakeholders were not consulted about the implications of their findings.
- Though the SIU norms fixed in 1984 and the norms recommended by NPC in 1998-99, were considered by the Consultants, the rationale behind fixing norm of 8163 members as workload of one SSA (Group C staff) is not specifically brought out in the Report.
- The recommendations of the consultants, if approved in totality, would result in creation of 691 Group A posts, 1883 Group B posts and abolition of 6056 Group C posts and 227 Group D posts. The Committee was of the unanimous view that Group C personnel are vital functionaries in attending to the basic processing of the various activities. Abolishing such large number of posts in one go may not be a desirable step and it may affect the immediate efficiency of the organization. The Committee also did not favour with the idea of abolition of large number of Group D posts. The Committee was of the view that, with the projected growth rate the present sanctioned strength of Group C personnel needs to be continued for hassle free service delivery.
- The Committee noted that although the consultants have taken note of the technological developments and improvements and procedural rationalizations while recommending restructuring, the report while recommending work norms did not elaborate the rationale in fixing the work norms for both the clerical staff as well as the different levels of offices viz. Branch Offices, Regional Offices and to this extent the report is having grey areas. The Committee found that the proposal to establish offices by fixing a work norm of 3.5-4.5 lakh without adequately explaining the logic in deciding the norms might not be a sound proposition.

3. The Committee has therefore felt that the recommendations need to be revisited to provide a viable and feasible approach for re-structuring the organization for infusing professionalism. The Committee also was of the view that the projected reform process in the EPFO has also to be considered while re-structuring. The Committee has therefore decided to re-visit the recommendations by giving emphasis on the following situations:

- The expected level of computerization with re-engineered business processes in the next two years.
- The rationalization of process changes and the consequent reduction of work processes at various levels of functionaries.
- The immediate requirement of providing adequate career growth to the officers and staff for their career advancement and motivation.
- The urgent need to improve service delivery to the stakeholders.
- The growth that is expected to be achieved by the EPFO in the next 5-10 years considering the industrial growth as well as the need of bridging the coverage gap.
- Under any workable proposition, additional sanction of officers and staff should be able to be absorbed in the future requirements and when the IT enabled technologically friendly processes are put in place.

4. An Approach Paper was prepared on the basis of the above guidelines and was presented before the meeting of the Committee held on 23.07.2008. The Committee had extensive deliberations on the proposals brought out in the Approach Paper on 23.07.2008 and 28.07.2008.

4.1 While deliberating on the organizational issues explained in the Approach Paper, the Committee noted with concern the issues plaguing the organization. For instance, System Assisted Membership Audit 2001 and 2004 has brought out close to 50% of the non-contributory members and large number of establishments where compliance has not been received from date of coverage and updation of accounts was not attempted, the relatively large number of establishments with less than 20 live members, etc. While some of the problems could be addressed by sanction of additional officers and staff, the process changes under the BPR would be the more important factor. **Therefore the present recommendation addresses the acute shortage of personnel and represents a stopgap arrangement till the BPR is rolled out.**

5. The Approach Paper has brought out the deficiencies identified in the EPFO. The deficiencies brought out in the report faced by the EPFO which act to the disadvantage in providing a credible administration for ensuring efficiency in the organization are briefly outlined below:

5.1 These deficiencies have been extensively identified in the “XLRI report” as well as in the “AS IS study” report conducted by the Siemens Info Systems. The findings of the XLRI Report on the following areas would throw insight into the state of affairs. The “AS IS study” conducted as a prelude to the implementation of the “Project Re-

inventing EPF India” also brought out the total mismatch between the expected and executed and the vulnerability of the field offices in the present scenario. The deficiencies identified are a direct result of the lack of proper and scientific management.

- Delay in settlement of claims. In many regions bulk of claims get settled after 30 days.
- High percentage of return of claims (25% in some regions).
- Skewed settlements of claims – bulk of the claims get settled around the third week of the month.
- Most of the Grievances relate to non/unsatisfactory settlement of claims.
- Instances of over and under payment.
- Opening balance in the system for a member account is not reliable.
- Implementation of HO soft (application software for settlement of claims) has led to increase in lead-time of claim settlement.
- High rate of Money Order returns.
- Instances of return cheques due to improper bank address or name.
- No tracking of process between dispatch of cheque and updation at member’s bank account. Any problem in that stage is difficult to track.
- Return cheques from banks are usually not conveyed to subscribers. Poor tracking of return cheques in many locations.
- Instances of piece-meal objections for returned claims.
- Form 5 for reporting Membership entry and Form 10 for reporting Membership exit are not getting updated on a monthly basis in Form 9 (Member’s profile) regularly making it difficult to check the manpower on form 12 A (statement of monthly dues).
- The calculations in Form 12A as per the contribution rates are not getting checked in most locations on its receipt.

- No check between the actual receipts as per schedule of receipts and the DCBR done, which may result in a fraud.
- Schedule of receipts checked after Form 24 and hence members account updated even for establishments with incorrect or no contributions. The procedure requires updation of members accounts to be done up to the period for which the contribution is received.

5.2 In the compliance area, the study revealed that:

- Non-compliance amongst establishments is as high as 50% in many places. This is as per records analysed.
- Delay in issuing 7A and 14B notices.
- Pendency of large no. of 7A and 14 B cases.
- Large backlog of cases where damages processes have to be initiated.
- No mechanism to verify number of coverable employees as claimed by the establishments.
- Cases of 7A notices to employers even when they have not defaulted due to unavailability of updated information. (About 20% 7 A notices are dropped in the first hearing).
- 7Q processes initiated twice under 7A and 14B for the same period.
- CCTS reports, which forms the basis of compliance machinery is not accurate. Suspense account entries and bottleneck in movement of bank challans in the SBI, batch cleaning in EDP affect the quality of CCTS report.
- Only full payments defaults cases are identified for 7A notices. (Part payments, defaults in returns cases are not monitored).
- 14B notices are not issued on a continuous basis throughout the year.
- In many regions there is no tracking mechanism for various notices being issued.
- Rules of sending soft letters prior to 7A & 14 B notices are not being followed in most cases. In case of 14B, where the rules are followed, the cost of communication is more than the dues to be recovered.

- 5.3 The norm for Assistant Accounts Officers (AAOs) is 40,000 subscribers per AAO. The work handled by the officers has however substantially increased in the last 12 years and has contributed to increase in the various work areas assigned to AAOs. On 10 critical parameters to have perfect accounting in accordance with Manual of Accounting Procedure, the Audit has found that 90% of the accounts are having shortcomings in one or many parameters. This is attributed to the direct result of the lack of supervision by the AAOs. The parameters prescribed by the Audit wing for treating the Members' Account as correct are as follows:
- Closing balances of previous year's Form 24 tallies with opening balances in current year Form 24.
 - There are not more than one Form 24 in respect of any establishment
 - There are no residual/negative balances in the settled accounts in form 24.
 - All the withdrawal / transfer-out are debited correctly in withdrawal columns of form-24.
 - All the transfers-in are entered in form 24.
 - All the dues/deposits as per 12A / Bank Statement tallies with each other and there are no short deposits (as per DCBR)
 - Dues in 6A tally with Form 24
 - Interest credited to members account up to date and is correct.
 - Form 9 is up to date and there are no differences / discrepancies in members' names in Form 9 / Form-24 / Form-6A / Form-3A.
 - Form 24 is prepared up to date/reconciled and authorized by the SS and AAO
- 5.4 The number of claims that are handled by AAO on an average in the year 1995 was 4521 per year and as against this the present workload is 9800 in 2006-07, which is 117 % over the workload handled in 1995-96. The quality of work executed with such an increased workload has contributed to the inaccuracy levels as revealed in reconciliation of accounts. The increased workload also leads to high risk of fraudulent and irregular payments that has increased in the last 12 years.

- 5.5 The posts of Enforcement Officer and Asst. Accounts Officer were last sanctioned on basis of work load as of 31.03.1995 and there is an increase of 220665 number of establishments and 256.8 Lacs of members during the period from 1995 to 2007 i.e. an increase of 88 % in number of establishments and 137 % in number of members during the last 12 years. The shortage of the Enforcement Officer has thus contributed to the increased default & non-compliance and therefore there is an urgent need to regulate the covered establishments by executing compliance monitoring and required execution of actions on a regular basis.
- 5.6 The present workload in both compliance and accounts work area have also contributed to the work load of Section Supervisors which is showing an increase of 2.49 Crores of accounts, 37.43 Lacs of claims and 205033 number of establishments over the workload 1994-1995. Understandably quality of supervision, which requires cent percent verification of the work executed by the dealing assistants, has deteriorated with such additional workload. The Section Supervisors being the primary supervisory level who are expected to supervise 06 dealing assistants in the accounts area and 07 dealing assistants in other work areas are expected to execute cent percent check on all the claims, balance sheets etc. With the increase in the workload the strain put on such officers becomes a de-motivating factor. The inaccuracy levels of 90% in the reconciling area and failure to monitor real time default and subjecting the defaulters to assessment proceedings is reported to be the direct result of this scenario of acute shortage of staff and officers.
- 5.7 86.56% of the total membership (i.e.4.29 crore members) holds PF moneys in their accounts, which are less than Rs.20, 000/- and account for only 15.71% of the total accounted corpus.

These findings reveal that immediate remedial steps are required.

6. The Committee takes note of the suggestions of the organization that the restructuring of the organization will also help in addressing the present ills of the organization in service delivery in so far as it relates to manpower issues narrated below are concerned:

- i. On an average, 48 % of the total numbers of operative establishments default in remittances of dues. In quantitative terms, this is a staggering figure of Rs. 1.74 Lacs establishments on all India basis. As against these defaulting establishments, proceedings which are being carried out in field offices on a year to year basis is only, on an average 20000 assessment proceedings which accounts for only 11% of total defaulting establishments. Close to 90% of the defaulting

establishments are not subjected to any proceedings and defaulters go unchecked.

- ii. Productivity per Assessing officer on an average is also to the level of 10 assessment proceedings per month. Though the norms for conducting assessment proceedings is fixed at 50, proceedings per month with the present complement of officers in position would require 3500 man months. Even if productivity reaches to the level of 50, the maximum number of proceedings that could be achieved on a month to month basis will be close to 60,000 per year, provided that one establishment is subject to assessment of 7A proceedings only once in a year which may not be feasible as many of the defaulters are continuous defaulters and we may have multiple assessments in a year. Still defaults in respect of over a lakh of establishments go unchecked. This failure in subjecting the establishment to process of assessment of dues put huge amount of arrears of contribution unchecked and unassessed.
- iii. This failure to check default in the field is mainly due to shortage of officers to man this work area. Coupled with this, the non-availability of sufficient number of officers' results in defaulting units not subjected to sanction to detect the failures and to initiate penal steps under the provisions of the Act. The failure to deploy the officers in the field offices also adds to the incidence of defaults. The higher the incidence of default, the service area too tend to slow down and the public perception on the efficiency get adverse criticism and confidence get eroded.
- iv. On the book keeping area, an audit of the balance sheet of individual establishment and members' accounts has revealed an alarming inaccuracy level to the extent of 90 % in the reconciled accounts. This has also resulted in large number of accounts showing negative balance and residual balance. Even after these findings are communicated to set right the deficiency, much headway could not be achieved primarily for the reason that the available supervisory manpower in the accounts area is tied up with demands of client service.

7. On identifying these issues, the Committee has discussed the structure that could be positioned to address these shortcomings. It need also to be mentioned with concern that deficiencies in service by EPFO is a subject matter of adverse criticism by Parliament Committees, Governments, CBT, Employer's Organisations and Trade Unions alike. The Hon'ble Supreme Court has also held that EPFO is within the ambit of Consumer Protection Act, 1986 and this make it mandatory for the organization to ensure delivery of service efficiently and without delay. To this extent the manpower constraint will need to be resolved

which will also ensure career growth for them. In this context one of the possible options available is to make the organization responsive by restructuring the EPFO and positioning adequate manpower. The committee found that the proposal for the bifurcation of the regions by adopting the norm of upper limit of 7.5 –10 Lakhs of subscribers which would roughly workout to close to 15-20 lakhs of members, could be an acceptable proposition as per the analysis brought out below:

- 1984 norms for creation of new Regions for every 5 Lakh to 7.5 Lakhs subscribers were devised for improving the efficacy of monitoring and administrative requirements. The norms were devised when the recovery powers were with the Revenue authorities.
- Measure was the effectiveness of the position in maintaining efficiency.
- The lack of a monitoring system at present is largely due to the expansion of the scope of supervisory requirements.
- Administration of the Employees' Pension Scheme, 1995 has been added after 1984 (In November, 1995).
- The shifting of processes for service delivery do not reduce the work requirements expected of the position of RPFC-I.
- The increased incidence of default requires intervention of the level of RPFC-I.
- The opening of new Sub-Regional Offices across the country, also add to additional functional requirements at the level of RPFC Incharge of Region.

8. The Committee has kept the above findings in view for arriving at the recommendations. The Committee has also considered the estimated growth in the EPFO in the next few years. The Committee broadly agreed with the growth projections and also considered the recent decision of the Central Board of Trustees to extend the coverage under the Act to establishments having more than 10 employees and the potential number of establishments that would add to the increase in the workload. The committee was of the unanimous view that bifurcation of the regions by fixing a lower limit of 15-20 Lakh for a bigger region could address the administrative issues felt in monitoring and control of bigger regions.

9. The Committee therefore recommends that for efficient management and better administration and service delivery the major 10 regions of Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Haryana, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal be bifurcated to more than one region as per the details given below:

Sl. No	Name of Regions	Estts	Members (in Lakhs)	No. of regions proposed
1.	AP	37588	41.81	3
2.	DL	32414	36.65	2
3.	GJ	37463	49.30	3
4.	HR	18730	30.28	2
5.	KN	30158	54.26	3
6.	MH	69826	103.78	5
7.	PB	24453	24.36	2
8.	TN	55133	74.72	4
9.	UP	25702	24.90	2
10	WB	26907	27.58	2
Total				28

- 9.1 The regions of North Eastern Region (comprising seven states, Assam, Meghalaya, Arunachal Pradesh, Manipur, Nagaland, Tripura and Mizoram), Orissa, Bihar, Jharkhand, Himachal Pradesh, Uttaranchal, Rajasthan, Madhya Pradesh, Chattisgarh, Goa, Kerala (11 Regions) be retained. On bifurcation, the number of Regions in the country would be 39.
- 9.2 On bifurcation of these regions, all the 39 Regions shall be headed by RPFC-I.
- 9.3 In the ten states having more than one Region, Addl.CPFC rank officer shall be positioned in the State Headquarters, who will have administrative and monitoring control of the political state including all the regions in the state. In addition, the Addl.CPFC shall also have administrative, monitoring and supervisory jurisdiction in respect of an additional State having only one region. Under this arrangement the following shall be the allocation of Regions to the Addl.CPFCs:

Sl.No.	Name of the Region headed by Addl.CPFC	Jurisdiction of addl. State having only one Region
1.	Andhra Pradesh	Orissa
2.	Delhi	Uttaranchal
3.	Gujarat	Madhya Pradesh
4.	Haryana	Rajasthan

Sl.No.	Name of the Region headed by Addl.CPFC	Jurisdiction of addl. State having only one Region
5.	Karnataka	Goa
6.	Maharashtra	Chattisgarh
7.	Punjab	Himachal Pradesh
8.	Tamil Nadu	Kerala
9.	Uttar Pradesh	Bihar
10.	West Bengal	North Eastern Region, Jharkhand

- 9.4 Regions where the default is critical, the compliance and recovery division may be under the charge of an RPFC-I level officer who will be reporting to the Addl.CPFC Incharge of the Region. The Committee recommends that the Compliance Division in the following regions where the default percentage is over 48% in remittances and 68% in full compliance and the accumulation of arrears is more than Rs.200 Crores be identified as 'Critical Regions' and RPFC-I level officer be placed as Incharge of Compliance. Presently four regions, i.e. West Bengal, Maharashtra, Tamilnadu and Uttar Pradesh are in this category.
- 9.5 With the bifurcation of the regions and positioning the post of Addl.CPFC Incharge of one or more states, having three or more regions, the present Zonal Offices headed by Addl.CPFC shall be abolished and the sanctioned strength of Addl.CPFC for the zones to be consumed by the new positions of Addl.CPFC created.
- 9.6 Presently one RPFC-II is positioned in the areas of compliance and recovery, finance and accounts, pension and EDP. The sanction of the above posts has been done only in respect of 21 regions. The committee has however considered the requirement of providing support as Divisional Heads for each area and was of the view that Divisional Heads in the areas of Compliance and Recovery and Finance and accounts and pension would be sufficient to support the newly bifurcated regions as the area of operation gets reduced. **The Committee recommends that in each region, two RPFC-II level officers shall be positioned, one to head the compliance & recovery division and the second to head finance, accounts and pension.**
- 9.7 31 posts of Assistant Provident Fund Commissioners sanctioned to Headquarters office shall be withdrawn and in its place 16 posts of RPFC-II level officers shall be positioned. As the Headquarters office is equated with Central Secretariat and the Section Officers in the scale of Rs.6500-10500 (**and selection grade of Rs.8000-13500 on completion of four years regular service**) are heading the section, the

reporting channel will be from the Section Officer to the RPFC-II level officer.

- 9.8 As regards the technical manpower, the present positioning of RPFC(EDP) does not seem to support the technical requirements which will arise as the BPR project gets completed. The position of RPFC(EDP) may need to be replaced by converting this post to a technical post. Since this will have to be designed in the context of the overall restructuring of the Information Systems Department structure in EPFO, **this issue would be addressed in the final report.**
- 9.9 The Assistant Provident Fund Commissioners (APFCs) are the first level of the managerial cadres who are entrusted with statutory powers and who are primarily responsible for effective compliance mechanism and service delivery. Inadequate number of APFCs would be putting the field offices into much difficulties resulting in lack of compliance and service delivery. The committee therefore felt that 50% of the requirement of APFCs as per norms needs to be sanctioned for deployment so that the requirement of APFCs could be reassessed after total computerisation. The Committee also taken note of the fact that considering the unsatisfactory state of affairs of the Finance and Accounts area and the deficiencies brought out in Para 5.1 to 5.7, there is a need to place a mechanism for ensuring proper maintenance and reconciliation of members' accounts. **The Committee therefore recommends that once the additional sanction of APFCs is positioned, the APFCs on the Finance and Accounts area be made responsible for reconciliation of accounts. The AAOs who are presently in the Group B scale of Rs.6500-10000 be authorized to release the claims once the reconciliation is approved by the APFCs. The redesignation of the posts of AAOs and Accounts Officer is also recommended. The Committee also recalled that a proposal in this regard has been placed in the 62nd Executive Committee, which could now be taken up for acceptance.**
- 9.10 The Committee appreciates the difficulties being faced by Sub-Regional Offices headed by lone APFC in the functional areas for the reason that the lone officer has to discharge the duties of compliance activities, finalization of accounts, processing and authorisation of claims and issue of cheques, which are contrary to the financial discipline stipulated in the Manual. The number of Sub-Regional Offices, which are presently manned by lone APFC level officer, is 37. The committee recommends that all the 37 SROs presently headed by APFCs be upgraded to the level of RPFC-II and minimum one APFC positioned to support RPFC-II. 37 number of RPFC-II officers may be created to man these offices.

- 9.11 The APFCs who have completed 5 years of regular service without promotion to the next grade of RPFC-II may be allowed the time scale of Rs.10000-15200.
- 9.12 Once the proposal at para 9.1 to 9.11 finds acceptance, the positioning of the officers in the field offices would be as follows:

Designation	Scales	Existing	Proposed	Total	Ratio w.r.t feeding grade strength
Addl. CPFC (Hqrs ,Zones, NATRSS)*	14300-18300	10	5	15	1: 4
RPFC –I	12000-13500	48	14	62	1: 3.2
RPFC –II	10000-15200	148	53	201	1: 2.83
APFC	8000-13500	409	162	571	1: 2.84
Senior time scale after five years	10000-15200		(45% of 361 entitled as per norms)		

*Excluding Addl.CPFC(IS),ex-cadre post.

The Committee is aware of the XLRI proposal to elevate the scale of the Divisional Heads, Addl.CPFCs in Head Quarters & Director (NATRSS) to the level of Rs.16400-20000 and positioning an Addl.CPFC (SG) in the scale of Rs.16400-20000 as Head of Monitoring and Evaluation Division in Head Office. The availability of the pay scale, it is learnt, is being examined in the Ministry in the context of Employees' State Insurance Corporation. The Committee would be considering these proposals in its final report. Until such time the Divisional Heads in Headquarters & Director (NATRSS) would be continued in the scale of Rs.14300-18300.

10. The Committee noted with concern the lack of effective monitoring and evaluation system in the organization. In order to bring a turnaround in the system of monitoring and evaluation, which is presently reported to be in shambles, the Committee recommends that the post of RPFC Grade-I heading the M&E Division be upgraded to the level of Addl.CPFC. With the positioning of Addl.CPFCs Incharge of the States, the upgradation of this post to an equal rank is the essential requirement for putting in place an effective monitoring system. This position should be the nodal point in Monitoring and Evaluation of the performance of the organization and shall be entrusted with the duties of Collection, Monitoring, Inspection and Evaluation of field business activities. The post will be responsible for liaising the CBT, Parliamentary Committees and Parliament Question Cell. The recommendation would require sanction of one

Addl.CPFC post by upgradation of the existing RPFC-I post heading this Division.

11. The positioning of Addl.CPFC, in charge of the political State with two or more regions and another state having one region, in the scale of Rs.14300-18300, would also not create additional financial burden as presently 29 officers are in the scale of 14300-18300. Out of the 10 posts of Addl.CPFC 5 posts of existing sanctioned strength shall be diverted to run the regions. The remaining 5 posts shall be positioned by upgradation of RPFC-I (NFSG) posts. Positioning of Addl. CPFC would also support the requirement under Para 4 regarding constitution of a Regional Committee for the State as a Unit. The proposed restructuring would require six Addl. CPFC posts (including Addl. CPFC{M&E}) by upgradation of six RPFC (NFSG) posts.

12. The Group B and C post may be sanctioned by allowing a percentage of the entitlement so that the proposed additional sanction could be adjusted against the improvements expected under the computerisation and the additional growth expected. The Committee further considered the requirement of additional manpower in the categories of EO/AAO, Section Supervisor and SSAs. The Committee felt that the SIU norm presently being applied has outlived its utility and therefore not to be revisited after considering the extent of computerisation which has been implemented until now. We should also consider the possible total computerisation expected in a couple of years and thereafter whatever the additional manpower put on the basis of the bridging proposal would be able to consume once the total computerisation efforts get completed.

12.1 The Committee therefore recommends that-

- As regards to the sanction of posts of Section Supervisor and SSAs the Committee is of the view that the norms developed by NPC, though not still approved by the Board, which was determined after considering the stand alone softwares could be considered as a base for providing additional manpower and a percentage of the entitlement of Section Supervisor and SSA could be sanctioned.
- The Committee however after considering the expected computerisation in the next couple of years is, however, of the view that 50% of the additional requirement of the EO/AAO could be sanctioned.
- The ratio of between the Section Supervisor and SSAs need to be revisited and the Committee recommends that considering the increase in the number of the claims and the service by the field offices a ratio of 1:5 and 1:6 for other areas could be accepted as a norm, as recommended by the NPC and accordingly committee recommends

that the Section Supervisor should also be positioned on the above basis.

- The committee also find that in few of the offices due to growth in industrialization and coverage in the states there is a huge shortage of staff. The committee is therefore of the view that 25% of the total requirement of the staff as per the NPC norms could be positioned as an interim measure to improve the service delivery. This would also help in the preparatory arrangements that are required for successful implementation of the total computerisation. The Committee therefore recommends that the following additional manpower for EO/AAO, Section Supervisor and SSAs may be considered for sanction by the Board:

Group –B	Existing	Additions	
EO/AAO 6500 -10500	1773	520	50% of entitlement (1041)
S.S 5500 -9000	1969	697	1:5 for Accounts. 1:6 for Compliance & Administration
Group –C			
SSA 4000 -6000	13009	995	40% of entitlement (2488)

- Posts in Group B & C proposed would get absorbed into the projected growth on total Computerization and vacancies occurring due to retirements.

13. The Committee is of the view that the requirement of staff and officers for deployment in the Physical Facilities Division, Information Services Division and Stenographer services and the staff of Headquarters Office the CPFC could examine the additional sanctions within the prescribed parameters and norms applicable under the delegated powers and he may bring up the issues separately before the Board during final report.

14. As regards to the other terms of reference and also the recommendations on career development, cross-functional transfers, training and development, performance appraisal and Headquarters Allowance are by and large in line with the existing policy. However, the committee will be making its specific recommendations in its final report.

15. The Committee therefore recommends that the interim recommendations of the sub-committee may be considered by the Board and appropriate approval given to restructure the organization and also to position the manpower recommended.

16. **Summary of Recommendations:**

- 16.1 A restructuring of the Organisation with its ten major regions bifurcated to more than one Region each; resulting in 28 new regions is proposed to be created. The eleven smaller regions shall continue in its present status. **(Para 9)**
- 16.2 On bifurcation, the total number of Regions in the country would be 39 and each of the Regions shall be headed by RPFC-I. **(Para 9.1)**
- 16.3 An Addl.CPFC who will have administrative and monitoring control of the political state including all the regions in the state shall head the ten states having more than one Region. In addition, he shall also have administrative, monitoring and supervisory jurisdiction in respect of an additional State having only one region. **(Para 9.3)**
- 16.4 Compliance and Recovery division of four critical regions where the default is high be placed under the charge of an RPFC-I level officer who will be reporting to the Addl. CPFC Incharge of the Region. **(Para 9.4)**
- 16.5 The present Zonal Offices headed by Addl. CPFC shall be abolished and the sanctioned strength of Addl.CPFC for the zones to be consumed by the new positions of Addl.CPFC created. **(Para 9.5)**
- 16.6 In each region, two RPFC-II level officers shall be positioned one to head Compliance and Recovery Division and the second to head Finance, Accounts and Pension Division. **(Para 9.6)**
- 16.7 31 posts of APFCs sanctioned to Headquarters office be adjusted against the new sanction required and 16 posts of RPFC-II level officers positioned in Headquarters. **(Para 9.7)**
- 16.8 RPFC (EDP) needs to be replaced by placing technical manpower. The committee shall make separate recommendations on this front in its final report. **(Para 9.8)**
- 16.9 162 numbers of APFCs, which is 45% of the requirement of APFCs, as per norms, may be sanctioned and deployed. Additional requirement be reassessed at a later stage when total computerisation takes place. **(Para 9.9 & 9.12)**
- 16.10 520 posts in the grade of EO/AAO, 697 posts of Section Supervisor and 995 posts SSA be sanctioned as a bridging arrangement,

which would be got absorbed once the total computerisation is implemented. **(Para 12.2)**

16.11 All SROs presently manned by lone APFC level officer should be upgraded to RPFC-II and minimum one APFC be positioned to support RPFC-II. **(Para 9.10)**

16.12 APFCs on completion of five years regular service without promotion to the next grade of RPFC-II be allowed time scale of Rs.10000-15200. **(Para 9.11)**

16.13 One post of Addl. CPFC in the pay scale of Rs.14300-18300 be created at Headquarters for positioning as Addl. CPFC (M&E) for effective monitoring and evaluation. **(Para 10)**

17. **Concluding Remarks:**

17.1 The higher management of EPFO acknowledges the ills that are affecting the organization. However, the strategy suggested is higher number of executives for better supervision and faster decision making. The committee recommends that upgradation of the post of CPFC to the next higher grade in the government hierarchy with consequent adjustments of pay scale of the executives in the next rungs can make significant changes for good in service delivery. The latter suggestion has the support of all the employee and employer representatives of the Committee.

17.2 The plethora of complaints of users and studies by experts reveal the lack of systems, automation and the failure of the organization to introspect adequately. The Committee's interim recommendations address the immediate frustration of the staff and officers and offers modest avenues for career growth and an improved degree of supervisory control. The unanswered question, if it is the system lacunae or manpower shortage that is a roadblock will be finally answered only on the implementation of the BPR. In any case EPFO will have to monitor carefully the improvements in parameters (agreed *a priori*) and report to the CBT.

17.3 Apart from the recommendations made above, the CPFC may like to experiment one SRO each in two or three critical regions with what is considered as an ideal manpower and run it parallel with field offices as per recommendations made above. This will serve as an additional input at the time of implementation of the BPR. However, the additional requirements will have to be met within the overall recommendations made.

17.4 The Board may therefore consider the recommendations of the Sub-Committee for implementation so that the administration of the mandate of EPFO is improved with a touch of professionalism. Once the Board approves the recommendations for implementation the Committee would further study the recommendations of XLRI relating to career development, cross functional transfers, training and development, performance appraisal and other conditions of service referred to the Committee in the terms of reference could be examined only after the implementation of the recommendations in this interim report. Once the Board approves the recommendations the Committee would further study these areas and recommendations would be placed in the final report.

18. **Acknowledgements:**

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