



# **CBT Approved Proposal to Recommend Amendment in EPS 1995**

## **225th meeting of CBT held on 21st august, 2019 at Hyderabad**

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In a major decision, the Central Board of Trustees (CBT) EPF in a meeting held at Hyderabad on 21 August 2019, approved the proposal to recommend for amendment in Employees' Pension Scheme (EPS) 1995 for restoration of commuted value of pension to the Pensioners after 15 years of drawing commutation which will benefit approx. 6.3 lakhs pensioners. This was a long pending demand of the pensioners.

The Minister of State (I/C) for Labour and Employment Shri Santosh Kumar Gangwar whose also Chairman CBT, while addressing the CBT expressed satisfaction that Employees' Provident Fund Organisation (EPFO) is settling more than 91 % claims of EPF members in online mode and lauded the efforts made to improve services for settlement of claims of family of deceased members and EPF call centre function 24 by 7.

He also appreciated the good governance strategy adopted by EPFO in saving of Rs.22 crores p.a. due to negotiating reduced OD charges increased FD interest and waiver of collection charges by SBI and further savings of Rs.50 lakhs p.a. due to reduction in collection charges by three banks and achievement of highest yield (8.55%) by Portfolio Managers since July 2015.

The Minister released the educative booklet on seasonal employees regarding special provision in EPS'1995 regarding eligibility of seasonal employees for pension. The contents of booklet brings out the Scheme provision that contributory service in any year, even if contributory period is less than a year is treated as full year of eligible service for seasonal employee and this will help dispel doubts in minds of members/employers.

The Chairman CBT also launched the revamped EPFIGMS 2.0 version which will benefit more than 5 crores subscribers and lakhs of employers by speedy and smooth resolution of grievances.

The Board approved the proposal for Selection and Performance Evaluation of next Custodian by the new Consultant which will be appointed on the basis of Report of Five Members' Committee constituted by the CBT for the purpose.

In the matter of coupon default of IL&FS Ltd, the Board nominated three officers of Investment Division of EPFO to attend the Debenture – Holders’ Meeting that may be held in future and if need be, vote on behalf of the Central Board, EPF.

**Selection of ETF Manufacturers:** The Board approved the decision to choose the Exchange Traded Fund (ETF) manufacturers through public bidding by 30/10/2019, extension of the term of the present ETF manufacturers (SBI MF and UTI MF) till then and also to authorized the Finance Investment & Audit Committee (FIAC) to conduct the exercise of choosing ETF manufacturers.

**Allocation of investment in Nifty 50 and Sensex:** The Board approved the proposal that the fund allocation between Nifty 50 and Sensex ETFs be divided evenly, i.e. in the ratio of 50% to 50%.

**Appointment of a Consultant in addition to M/s. CRISIL Ltd:** The Board approved the nomination of members from employer’s and employee side in a Committee constituted to select and appoint a separate Agency/Consultant in addition to M/s. CRISIL limited, inter-alia to review the working of the Portfolio Managers (PMs), assist the investment Committee in redemption of ETFs, etc.

**Appointment of Portfolio Managers for managing funds of Central Board, EPF:** The Central Board approved Request for Proposal (RFP) document for appointment of Portfolio Managers and recommendation of the FIAC on appointment of Portfolio Managers.

**Exercise of early redemption options available in DHFL Bonds:** The Board approved for early redemption option in DHFL bonds recommended by FIAC.

**Consent for Transfer of Non- Convertible Debentures (NCDs) of GSPC to GSIL:** EPFO has total investment of Rs.2300 Cr in GSPC NCDs. The Board approved the transfer of NCDs of GSPC to GSIL, a wholly owned subsidiary of Govt. of Gujarat and a better rated company which had made an offer to take over debt of GSPC with budgetary support of Government of Gujarat

**Legal Entity Identifier Code (LEI) for participation in non- derivative markets by EPFO:** In Nov’18, the Reserve Bank Of India (RBI) issued advisory to all eligible market participants in the Financial Markets to obtain LEI Code. The Board approved the nomination of the EPFO Officers as the authorized Officials to obtain LEI Code.

**Withholding Investments in bonds of private sector companies:** The CBT approved the decision to withhold any further investment in Private Sector Companies Bonds and to compulsorily consider one of the two required ratings necessarily from CRISIL, CARE, ICRA & India Ratings for investments in PSU Bonds category.

The Board ratified the decision of put option in NCDs of Tamil Nadu Power Finance Corporation and also approved put option in bond issued Kerala Finance Corporation & Tamil Nadu Power Finance and Infrastructure Dev. Corp. Ltd.

Shri Raghunathan, Employees' Representative on the Central Board, EPF appreciated the efforts of the Finance Investment & Audit Committee chaired by the Central Provident Fund Commissioner in finalizing the new Portfolio Managers for investing EPFO's corpus through

a very transparent procedure. He further informed the Board that while SBI's Fund Management Arm has quoted 94% lesser than SBI PMS in the last mandate, UTI AMC has quoted 28% lesser. This would result in huge savings in portfolio management fees by EPFO.

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