:FEDERATION OF COAL INDUSTRY RETIRED EMPLOYEES ASSOCIATION :

(Regd. No. Mah-91/14 (Nag))

(Registered Office : 185, Nari Ring Road, Jaripatka, Nagpur-440014)

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Respected Members of the J.B.C.C.I

Through: Director (P&IR), C.I.L

It is really heartening to know that JBCCI-X, for the first time in its history, has accorded priority to the welfare measures for the separated employees of Coal Industry. On earlier occasions pay and perks of the working employees used to receive utmost attention of the Trade Unions.

I am placing some facts related to Pension. Most of the information and issues are known to you. However, I take the liberty to furnish them.

(1) The CMPF & MP Act, 1948 is the first "Statutory Contributory Provident Fund" in India. We should be grateful to Late Babu Jagjivan Ram who engineered passage of this Act. He had enormous sympathy for Coal workers. EPF & MP Act came into being after four years in 1952.

(2) Family Pension and Deposit-Linked Insurance (DLI) Schemes were implemented simultaneously under both the Acts in 1971 and 1976 respectively.

(3) The Pension Scheme replacing Family Pension Scheme was brought in effect in 1995 under EPF. Coal Mines Pension Scheme came to effect after 3 years in 1998.

(4) Constitution of Pension Scheme was envisaged in NCWA-III (covering period 1-1-1983 to 31-12-1986). Under the Memorandum signed on 14th Nov 1983, it was agreed in principle that management would also pay 2% of Basic pay and DA at par with the employees. However, subsequently the management did not comply to contribute the agreed contribution. There was enormous delay (15 years) in finalization of the Scheme.

(5) A full paragraph (9.6.0) was devoted on “Pension” under the NCWA-V (period covering 1-7 -1991 to 30.6.1996). The text is enclosed under write-up. It may be seen that the management agreed to contribute amount equal to one increment only for those employees who were on roll as on 1.4.1994 and before. Most of them have retired by or died by now.

(6) The Trade Unions had indicated under the said agreement (NCWA-V) that the Govt’s contribution would be limited to 1.66% on emolument of Rs 1600 for a temporary period. This may be seen under the Annexure- I of the write- up. However, the Govt

continued to pay 1.66% of Rs 1600 i.e. at Rs 26=56 per member per month till date. It is worth noting that the limit of contribution towards Pension Fund under EPF has been gradually raised to Rs 174 per employee per month.

(7) The Employer's contribution excepting what has been brought under para 5 above is NIL. It is being wrongly claimed that the management also contributes 1.16% of the wages to the Pension Fund. It is absolutely wrong. The Provident Fund of employee constitutes 24% of salary (12% from employee and another 12% by employer). Out of this 24% PF of the employee an amount of 2.32% is diverted to Pension Fund. Thus diversion is from Employees' Provident Fund only and not that from Employer.

(8) The Clause 22 (3) of the Coal Mines Pension Scheme, 1998 stipulates revision of pension every 3rd year subject to availability of Fund. Therefore, the SIXTH REVISION is due on 1st April 2016. There has been no revision inspite excessive rise of cost of living by about FOUR TIMES

(9) Revision could not be undertaken because the Pension Fund was not adequate for revision. The reasons for inadequacy of fund are as follows:

a) The number of contributing members to CMPF went on reducing. It is less then "ONE – HALF" what it was during

1998-99. It was because of contractual operation of mines went on increasing and as of now more than 75% of total efforts put in for extraction of coal and overburden is by contractors.

b) Only a fraction of contractor-workers were enrolled as CMPF members and those who were fevoured with membership were paid much less wages than provided under N.C.W.A Therefore, their contribution to the Pension Fund was negligible.

c) The Govt's contribution remained stagnant for the last 45 years (commencing in 1971 under the Family Pension Scheme). Non – revision of the Govt's contribution is **painful and shameful** specially in view that such ceiling has been raised to Rs 174 in respect of Pension Fund under EPF.

d) The employees contribute 7.33% of salary (1.16%+1.16% + 2% + one increment of approximately 3%) without any contribution by the employer.

e) Contribution of amount equal to one increment by employee was not on the current rate but on the rate what was admissible at the time of joining service or on 31st March 1998.

f) Number of Pensioners increased year after year and the number of contributing members went on decreasing.

Wage revision of employees, both executive and no-executives, entitled the recent retirees much higher pension than their counter-parts retired earlier.

All these factors have been elaborated under the Write- up.

(10) It needs to be noted that any contributory pension depends heavily or the contribution by the successive employees and also on the contribution by other agencies contributing to the Pension Fund. Contribution made to the Pension Fund is realized by any pensioner just within 8-10 years after his/her retirement. Therefore, any objection on the ground of little contribution by earlier retirees is not logical at all.

(11) All over the globe, including India, there is no “Welfare Scheme” which has remained stagnant for 18 years.

(12) (a) The Minimum Pension has been revised under E.P.F to Rs 1000 per month. In CMPF pension there is a stipulation of Minimum Pension at Rs 350 per month. However, it is subject to service of 30 years. Therefore, the retired employees of Coal Industry get Pension of even Rs 49. Many of then get Pension much less than that of “BRIDHA PENSION” paid by the State Government.

(b) As of now, without the revision of wages w.e.f. 1-7-2016 the minimum pension to the Category- 1 worker is not less than Rs 5700 per month. It will automatically increase to well above Rs 7000 based on 25% of Basic pay + S.D.A + V.D.A (after fist installment of V.D.A). Therefore, the Minimum Pension is to cover only old retirees. It should not be less than 1/8th of Basic pay + S.D.A without adding any V.D.A. This may be expressed through the following formula:

Minimum Pension = (Minimum Basic pay + SDA + NIL VDA)»*8*

If the Minimum Pension is calculated keeping the NCWA-IX into view, it would come to Rs 2000 per month.

Minimum Pension = [15712.62+282.05+0] » 8

(In Rs) = Rs 1999.33, Say Rs 2000

The Minimum Pension would be upgraded on every revision of pay structure

(13) We had a prolonged deliberation on the subject at the Ministry of Coal and thereafter Sri P.S. Bhattacharyya and Sri N.C.Jha, the then Chairman, C.I.L had addressed letters to the Secretary (Coal) on the revision of pension. The copies of the letters dated 25.01.2011 and 20.9.2011 are enclosed under the write-up. It was very clearly brought out under those letters that the old retirees must not be paid less then 50% of the pension admissible to the corresponding current retirees. Such request Supports “ONE RANK HALF PENSION”.

(14) Inspite supplementation of Pension Fund by taking care of the reasons for depletion of Pension Fund , brought out under para 9 above, there is NO WAY OUT BUT TO LINK THE CONTRIBUTION BY EMPLOYER ON PRODUCTION OF COAL AND OVERBURDEN. It has been tentatively estimated that **Rs 14 per cubic metre** of excavation will solve the problem. The contribution by the management may be defined under the following formula:

*Management Contribution= (Coal production in tonnes » 1.4**

+

O.B in Cum) x 14

* (1.4 is the average Density of Coal)

If the computation of contribution on this account is worked out only in respect of Coal India Ltd for the year 2015-16 it would be around Rs 2150 Crores

Contribution by = (538»1.4+1149)x14 Million Rupees

C.I.L. Management = 21462 Million Rupees

= 2146.2 Crores of Rupees,

Say 2150 Crores of Rupees

This formula may be vetted by an Actuary. I will be wiling to co-operate with any exercise to be carried out for working out the details.

(15) As has been brought out under the write–up the Government is fully empowered under the section 3E (amended in 1996-Text enclosed as Annexure) to impose any such “LEVY” based on production. The

agreement of the Ministry of Finance is not required to impose any such levy. Likewise the Government is at its liberty to contribute any amount without any limit to the Coal Mines Pension Fund.

(16) As the employees are contributing about 7.33% of the salary towards Pension Fund they should not be burdened further. However, out of the arrear likely to be paid to them some amount, as lump-sum, may be diverted to the Pension Fund. Any suggestion for contribution by retired employee is not worth even consideration as it would mean DEATH PENALTY.

Ignoring the **peace time soldiers fighting war against nature**, day in and out, for the nation will mean neglecting and disregarding the LIFE LONG ASSOCIATES OF COAL INDUSTRY.

Wish you and your associates a very happy and prosperous NEW YEAR!

Sincerely Yours,

J.N. Singh

President

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