:FEDERATION OF COAL INDUSTRY RETIRED EMPLOYEES ASSOCIATION :

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

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

Ref: CMPF Merger EPF/2017/01 Date:09.05.2017

To,

The Additional Secretary
(Kind Attn-Sri Suresh Kumar)
Ministry of Coal
Shastri Bhawan
New Delhi – 110001
Email- suresh.iasjk@nic.in

Sub: Ramification of proposed merger of Coal Mines Provident Fund (CMPF) with Employees' Provident Fund & (EPF) and other related matter.

Dear Sir,

News in the Print Media and concern expressed by the Trade Union representatives have prompted us to place the relevant issues related to proposal of merger of the above said Provident Fund. It is understood that a committee is constituted for working out the modalities of the merger.

Volume can be spoken and written on the conceptualisation, enactment and implementation of both the funds and schemes framed under them. However, we would like to be very-very brief enabling you to appreciate the implication of the proposed merger of the two and appreciate other related matter.

(1) Formative Years.

It is to be noted that the FIRST STATUTE related to Provident Fund was enacted in the name of "The Coal Mines Provident Fund & Bonus Act, 1948". The word "Bonus" was replaced with "Miscellaneous Provisions" and the Act was then read as "The Coal Mines Provident Fund & Miscellaneous Provisions Act, 1948"- in short CMPF.

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It was the wisdom of late Jagjivan Ram who had special consideration for the Coal-Mine workers as they were engaged in the most hazardous profession.

“The Employees’ Provident Funds and Miscellaneous Provisions Act was enacted by following the CMPF & MP Act in the year 1952. That is to say that the EPF & MP Act was enacted after 4 years.

(2) LIMITATION OF CONTRIBUTION.

Right from the inception of the CMPF there **was no ceiling on Pay** for contribution to the Fund. Where as the EPF had wage limit per month which rose gradually from Rs 300 per month for the period 1-11-1952 to 31.5.1957 to Rs 6500 in June 2001 and to Rs 15,000 w.e.f 1.9.2014. This is the major difference between the CMPF and EPF. Such limitation of salary under EPF limits both the Provident Fund accumulation and the Pensionary benefit. It is to be noted that Coal workers were paid higher wages compared to employees covered under the EPF. Coal Mining being the most hazardous profession such limit of salary for contribution towards the Provident Fund was never imposed

(3) MINIMUM WAGE FOR COAL-WORKERS

Minimum Wage in Coal Industry as on 1.7.2011 (the first day of NCWA-IX covering period of 1.7.2011 to 30.6.2016) was Rs 17565.93 excluding Underground Allowance and at NIL Variable D.A. The minimum wage as on 30.6.2016 works out to Rs 24449.19 and the same is likely to be above Rs 30,800 w.e.f. 1.7.2016. The wages of senior non-executive and executive is to be 3 to 7 times the minimum wage.

(4) COMPARISION OF THE TWO PROVIDENT FUNDS

There is no doubt that the modalities for computation of Pension, Employees’ Deposit-Linked Insurance, Government’s contribution towards

Pension Fund is much better under EPF than that of CMPF. These are briefly described below:

(A) Formula for Computation of monthly Pension:

(i) CMPF – Pension.

$$\frac{\text{Pensionable salary (Unlimited) (Basic pay + V.D.A)} \times \text{Pensionable Service Limited to to 30 years}}{120}$$

(ii) EPF – Pension.

$$\frac{\text{Pensionable Salary Limited to Rs 15,000 (Basic pay + V.D.A)} \times \text{Pensionable Service without limit}}{70}$$

Note:- (i) Inspite that the Formula for Pension under EPF is better in the ratio of 120:70 but the limit of Pensionable Salary to Rs 15,000 is too little compared to that of unlimited Pensionable Salary under CMPF

(ii) EPF Pension Scheme has as advantage of addition of 2 years of service if the service rendered is 20 years or more.

(iii) If any employee contributes to the Provident Fund beyond 58 years under EPF, the Pension is raised by at the rate of 4% per year subject to the ceiling of 8%

(iv) If a computation is made in respect of an employee under EPF having served for 30 years and contributed to the Pension fund upto 60 years of age, his monthly Pension would be computed on the following lines:

$$\frac{\text{Rs } 15000 \text{X}(30+2)}{70} + 8\%$$

=Rs 6855+Rs548 = 7403/only

(v) Against a limit on pension under EPF of Rs 7403 (or few Rupees more if Pensionable Service is more than 30 years) the limit under the CMPF Pension Scheme may work out to more than 70-80 thousand of Rupees. The senior non-executive after implementation of the MCWA – X may get monthly Pension upto 30-35 thousand Rupees.

(B) Employees' Deposit- Linked Insurance:

The Scheme was introduced simultaneously in 1976 under both the Act. The employees were not required to contribute any amount under this Scheme. However, the ceiling for this benefit remained at Rs One (1) lakh through out under CMPF where as it was revised under EPF to Rs 3.6 Lakhs w.e.f 1.9.2014 and RS 6 Lakhs since 24.5.2016. In fact the DLI is not applicable to the employees of C.I.L and its subsidiaries and "Singareni Collieries Company Ltd (SCCL)" as they increased the amount under the Life Cover Scheme above a limit of Rs One (1) lakh to Rs 1,12,800 w.e.f 1st February 2012. Even if it is increased under the NCWA X it is not likely to be more than Rs. three (3) Lakhs or so.

(C) Government's Contribution to the Pension Fund:

It is painful to note that the Government's contribution remained limited to 1.66% of Rs 1600 which works out to Rs 26.56 per month per employee member since 1971 i.e. for the last 46 years. Where as the limit of the Govt's contribution @ 1.16% of pay has been even rising for EPF pension fund It was only Rs 11.60 in 1971 which was raised during various years and stood at Rs 75.00 since 1-6-2001 and has been further raised to Rs 174 w.e.f 1.9.2014.

The above facts and figure only supports the statement made under the first line of this Paragraph.

(5) DEPLETING CMPF AND AUGMENTING EPF

The live membership of the CMPF is reducing day by day. The membership of the CMPF as on 31.3.1998 stood at 7,93,936 which has gone down to 4,68,703 on 31.32016 i.e. a reduction of more than 3.25 lakhs. This works out to average annual reduction of membership by about 18000. This is so inspite mammoth growth of production of Coal and overburden where as the membership of EPF is rising by several lakhs every year and the membership might be touching a figure of about 5 crores by now. The reduction in membership of CMPF is mainly due to handing over of more than 75% of mining operation (Coal production and Overburden removal) to contractors and sizeable numbers of contractor-workers are illegally denied their right of membership of the CMPF. The purpose of this short letter is not to bring out the extreme exploitation of contractor – workers jointly by the Coal companies and contractors. The number of Pensioner under the CMPF Pension Scheme is more than the live members where as the Pensioners under EPF is less than 15% of the live membership. EPF stands on very strong footing where as the CMPF will collapse within few years if remedial measures are not taken immediately.

(6) INFLOW AND OUT FLOW TO CMPF AND PENSION FUND OF CMPF

It is though painful but not surprising that the In flow to the Provident Fund and Pension Fund is less than the Out flow. The figures tabulated below would support the statement above.

Year	CMPF(In flow) Rs Crores	CMPF (out flow) Rs Crores	Pension Fund (In flow) Rs Crores	Pension Fund (Out flow) Rs Crores
2013-14	4103.7	4650.8	833.0	1353.9
2014-15	4286.1	5176.8	800.5	1601.6
2015-16	4947.9	5593.9	966.9	1895.8

Note: The figures of the year 2016-17 is not readily available but the trend continues. The reason has been detailed under the para 5 above. However, in other words it can be stated that such a situation has arisen because the new entrants to the CMPF is much less than the employee-member retiring and entitled for payment of their own Provident Fund and Pension due to them. Further it is to be noted that such depletion is inspite the fact that the employee member retiring prior to July 2006 are admitted paltry pension, as low as Rs 49, without any revision of the same for the last 18 years.

(7) ADMINISTRATIVE MINISTRY

It is worth knowing that the CMPF & MP Act, 1948 was administered by the **Ministry of Labour** since its inception and continued for several years. The administration was transferred to the Ministry of Energy/Coal probably in the Eighties after nationalization of Coal Mines Such change must have at its back, that the Ministry of Coal will look after the CMPF better than the Ministry of Labour having burdened with many activities related to welfare and social security of the workers at large. However, the reverse happened as the ministry of Coal Concentrated on production and profit making by the Coal companies coupled with allotment of Coal Blocks to private companies. The Ministry of Coal Could not get the Govt's contribution raised even at par with that of the Pension Fund under the EPF. The Para 4(C) may kindly be referred. The Board of Trustees of the CMPF chaired by the Secretary (Coal) did not find time to appreciate the hardship faced by the Pension Fund. The B.O.T did not impose any contribution to be made to the Pension Fund by employer. Their contribution is NIL. The employer's claim for contribution of 1.16% of pay is absolutely wrong. This 1.16% is paid out of 24% of pay as Provident Fund of the employee-member. The employer was paying an amount equal to one increment only in respect of such employees who were on roll as on 30.6.1994. Most of them, if not all, here retired by now.

The Pension Fund receives payment only to the extent of about 7.33% of employee-member's pay and sum of rupees 26.56 per month per employee-member by the Government. Such paltry payment by the Government is not only discriminatory compared to a limit of Rs 174 for EPF Pension Fund but amounts to an insult of Coal workers. The B.O.T did not take serious note of the depletion of the fund and suffering of the pensioners retiring earlier than July 2006. We would like to mention that we made the depletion of Pension Fund and non-revision of Pension known at all the authorities -- Minister, Secretary (Coal), Addl Secretary (Coal), Commissioner CMPF, Chairman Coal India Ltd and many more. We have been persistently requesting for augmentation of the fund. The Members of parliament raised question in parliament. "The Parliamentary Committee on "Coal and Steel" strongly recommended for revision of Pension. So much so Dr Manmohan Singh, the then Prime Minister addressed a d.o. on the subject to Sri Prakash Jaiswal, then Cabinet Minister (Coal). They all realized and agreed for needful but nothing happened. We took up the matter with Present Prime Minister and Minister. They forwarded our appeal to the Ministry of Coal. However, no tangible action was taken by the Ministry. It is understood now that the Management and Unions have agreed to enhance the total contribution of 14% of Pay to the Pension Fund. Our Federation is best placed to understand and suggest the modalities of the augmentation of Pension Fund**.** However, we cannot check ourselves without writing that the Pension Fund would be viable only on linking the employer's contribution to production of both Coal and Overburden. We are willing to render our services for ameliorating the CMPF and Pension Fund for Coal Mines. However, we fear that the Ministry of Coal will not be playing its role even now and it would be Advisable to transfer back the Administration of CMPF & MP Act, 1948 to the Ministry of Labour and Employment.

CONCLUSION

On the brief account under the Paras above we would like to advise the following:

(1) The Ministry of Coal should not undertake any step to merge CMPF with EPF.

(2) The CMPF & MP Act, 1948 may be handed over to the Ministry of Labour and Employment for its administration.

[May not be reference to your committee However, you may recommend the transfer)

(3) In the mean while step should be taken to augment the Pension Fund enabling its sustenance and revision of Pension. It will be wise on the Part of the committee chaired by you to recommend measures for the same.

(4) Should there be need our experience and expertise may be utilized for augmenting the CMPF and Pension Fund.

We would be obliged for your response to our communication.

Thanking You,

Faithfully Yours,

J.N Singh

President