



COAL MINES OFFICERS' ASSOCIATION OF INDIA

(Regd. No. 11502 of W.B. Under the Trade Union Act, 1926)

Registered Office: PO-Ukhara, Dist-Burdwan, West Bengal-753363.

No. CMOAI APEX/SG/2016-17/321

Dated: 28.05.2017

To,

The Hon'ble Union Minister for Power, Coal & Renewable Energy Sources,
Government of India
Ministry of Coal,
Shastri Bhawan, New Delhi 440 001.

Sub: Implication of proposed merger of Coal Mines Provident Fund Organization with Employees' Provident Fund Organization.

Respected Sir,

This has reference to the Office Memorandum vide No 20090/17/2017-CMPF date 19th April, 2017 issued by the Ministry of Coal regarding Constitution of Committee to examine the merger of CMPFO with EPFO with following Terms of Reference.

1. Determine whether CMPFO can be merged with EPFO.
2. Terms and conditions of merger, if it is feasible to merge CMPFO to EPFO.
3. To examine all practical and leagal aspects of merger.
4. Likelihood of acceptance of merger by Coal Workers.
5. Changes required to be made in CMPF Act due to merger.
6. Suggest road map of merger, if at all feasible to merge CMPFO with EPFO.
7. Identify amendments in other laws that are needed before merger.

We would like to brief below the factual position on the issue and suggestion for remedial measures to strengthen the CMPFO to safeguard the interest of existing CMPF and CMPS Members instead of merging of CMPFO with EPFO.

(1). Circumstances and Formative Years of both Act.

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. It was the wisdom and vision of **late Jagjivan Ram**, who had special consideration for the Coal-Mine workers, as they were engaged in the **most hazardous profession**. In 1946, he became the youngest minister in provisional government and also in the subsequent first Indian Cabinet, as a Labour Minister, where he is credited for laying the foundation for several labour welfare policies in India. He was a part of the prestigious high-profile Indian delegation that attended the International Labour Organization (ILO)'s International Labour Conference on 16 August 1947 in Geneva and few days later he was elected President of the ILO. He served as Labour Minister until 1952.



COAL MINES OFFICERS' ASSOCIATION OF INDIA

(Regd. No. 11502 of W.B. Under the Trade Union Act, 1926)

Registered Office: PO-Ukhara, Dist-Burdwan, West Bengal-753363.

He was so visionary that during his tenure as Labour Minister, following important and far-reaching Acts were promulgated in addition to "The Coal Mines Provident Fund & Bonus Act, 1948".

1. Industrial Employment Act 1946.
2. Mica Mines Labour Welfare Fund Act 1947.
3. Industrial Dispute Act 1947.
4. Dock Wage Act 1948.
5. Factory Act 1948.
6. Minimum Wages Act 1948.
7. Employees State Insurance Act 1948.
8. Industrial (Appellate Tribunal) Act 1950.
9. Plantation Labour Act 1951.
10. **Employees Provident Fund Act 1952.**
11. Coal Mines (Conservation and Safety Act 1952. And others

In addition to the above Act promulgated, there were amendments and changes in many central laws.

Being a visionary, sensitive and having a realistic approach of leadership on the part of Late Jagjivan Ram, he never thought that both the PF Act should be one, since working condition of Coal Mines is most hazardous, hence for other employees, a separate EPF & MP Act 1952, was promulgated after four years of enacted of "The Coal Mines Provident Fund & Bonus Act, 1948".

(2) **Ceiling/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 wages for coal employees**

Minimum Wage in Coal Industry is always higher in comparison to the other Industries or office establishment.

(4) **Comparison of Pension under both Acts.**

There is no doubt that the modalities for computation of Pension, Employees' Deposit-Linked Insurance and Government's contribution towards Pension Fund are much better under EPF than that of CMPF. These are briefly described below:



COAL MINES OFFICERS' ASSOCIATION OF INDIA

(Regd. No. 11502 of W.B. Under the Trade Union Act, 1926)

Registered Office: PO-Ukhara, Dist-Burdwan, West Bengal-753363.

(A) **Formula for Computation of monthly Pension:**

(i) **CMPF – Pension.**

$$\frac{\text{Pensionable salary (Without limitation)} \times \text{Pensionable Service (Limited to 30 years)}}{120}$$

(ii) **EPF – Pension.**

$$\frac{\text{Pensionable Salary (Limited to Rs 15,000)} \times \text{Pensionable Service (Service without limit)}}{70}$$

Note: (i) Though, the Formula for Pension under EPF is better in the ratio of 1/120 : 1/70; but the limit of Pensionable Salary at Rs 15,000 for calculation of pension under EPF is too little compared to that of average ten months Pensionable Salary under CMPF, which ranges from approx. Rs 40000 to Rs.220000 for bottom to top level of employees. After the new Wage/Pay revision, pensionable salary under CMPF scheme will further increase.

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

(iii) 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:

$$\begin{aligned} & \text{Rs } 15000 \times (30+2) \\ & \text{-----} + 8\% \\ & \quad \quad \quad 70 \\ & = \text{Rs } 6855 + \text{Rs. } 548 = 7403/\text{only} \end{aligned}$$

(v) Against a limit on pension under EPF at Rs.7403, the limit under the CMPF Pension Scheme may work out to approx Rs.10000 to Rs.55000 PM from bottom to top level and this will increase further after Wage/ Pay revision.

(B) **Employees' Deposit- Linked Insurance:**

The Scheme was introduced in 1976 under both the Acts simultaneously. The employees were not required to contribute any amount under this Scheme; but Coal Management had got exemption to deposit against DLI since long and implemented the Live Cover Scheme (LCS) for their employees.



COAL MINES OFFICERS' ASSOCIATION OF INDIA

(Regd. No. 11502 of W.B. Under the Trade Union Act, 1926)

Registered Office: PO-Ukhara, Dist-Burdwan, West Bengal-753363.

However, the ceiling for this benefit is only Rs.112800 where as, it was revised under EPF to Rs.3.6 Lakhs w.e.f 01.09.2014 and Rs.6 Lakhs since 24.05.2016. However the benefit under LCS may increase marginally after finilisation of new Wage revision.

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

It is painful to note that the Government's contribution towards CMPS fund remained limited to 1.67% of Rs.1600 which works out to Rs.26.56 per month per employee since 1971 i.e. for the last 46 years; where as the limit of the Govt's contribution towards EPF pension fund @1.16% of pay has been rising, which was Rs.11.60 in 1971 and raised periodically and was Rs.75.00 since 01-06-2001 and further raised to Rs.174 w.e.f 01.09.2014.

(5). Efficiency of Fund Management

So far the efficiency of fund management of the both the Corpus, undoubtedly EPF Fund Management is compratatively more efficient.

(6) Depleting of CMPF and augmenting EPF

The live membership of the CMPF is reducing day by day. The membership of the CMPF as on 31.03.1998 stood at 7,93,936 which has gone down to 4,68,703 on 31.03.2016 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 of the 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 still not covered under the scheme. The number of Pensioners under the CMPF Pension Scheme is more than the live members; where as the Pensioners under EPF are less than 15% of the live membership.

(7) Inflow and out flow of fund under CMPF and CMPS

The In flow to the Provident Fund and Pension Fund is less than the Out flow. The figures tabulated below.

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: Interest earned on corpus is not added on the above in flow.



COAL MINES OFFICERS' ASSOCIATION OF INDIA

(Regd. No. 11502 of W.B. Under the Trade Union Act, 1926)

Registered Office: PO-Ukhara, Dist-Burdwan, West Bengal-753363.

(8) ADMINISTRATIVE MINISTRY

It is worth mentioning 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 after nationalization of Coal Mines and such a change must have been made keeping in view that the Ministry of Coal will look after the CMPF better than the Ministry of Labour, which is burdened with many activities related to welfare and social security of the workers at large. Hence it is the prime responsibility of Coal Ministry to manage the CMPFO in a better way in comparison to EPFO; rather to escape from the responsibilities by handing over the CMPFO to EPFO.**

SUGGESTION FOR REMEDIAL MEASURES TO STRENGTHEN CMPFO INSTEAD OF MEARGING CMPFO WITH EPFO

(1) Restructuring of the Board of Trustees of CMPFO:

To utilise the fund in most efficient manner and to curtail unnecessary administrative & wasteful expenditure, it requires professional as well progressive approach. Hence, atleast 50% of BOT members must have professional background with full of integrity. It is further suggested to include two members of BOT from Coal Mines Officers' Association (CMOAI) in line with representatives of workers' unions.

(2) Closure of Regional Offices of CMPFO:

To curtail the wasteful administrative expenditure, total Regional Offices should be reduced to maximum 10 from existing 24.

(3) Computerization of CMPFO with online facilities:

To increase efficiency, transparency and to reduce the human interference, it is necessary to equip with full computerization with online facilities so that the Settlement of claim, disposal of loan, individual balance enquiry, transfer of data, redressal of grievances and other issues may be addressed instantly.

(4) Disclosure of the Statement of Accounts and fund position of CMPFO:

To maintain transparency and also to know the status of fund and its utilisation in efficient with professional manner or otherwise, it should be obligatory to disclose the state of affairs in Website in every 3 month.

(5) Increase the Government Share in CMPS:

It is painful to note that the Government's contribution remained limited to 1.67% of Rs.1600 which works out to Rs.26.56 per month per employee since 1971 i.e. for the last 46 years. Considering 6% annual inflationary impact, Government should contribute per month per employee Rs.389.57 [$1600 * (1.06)^{46} * 1.67/100$] wef 2017 and afterward 6% should be increased every year.



COAL MINES OFFICERS' ASSOCIATION OF INDIA

(Regd. No. 11502 of W.B. Under the Trade Union Act, 1926)

Registered Office: PO-Ukhara, Dist-Burdwan, West Bengal-753363.

(6) Creation of separate fund under CMPS to facilitate increased pension to neutralize the inflationary impact on pension payable to senior pensioners.

It is very painful to say that employees who had separated/superannuated much earlier are getting negligible amount of pension which is not sufficient to meet even food of two times. To overcome this pathetic situation, Coal Management should contribute 1% of the net turnover to a separate fund under CMPS to facilitate an increased pension amount to neutralize the inflationary impact.

Keeping the above situation in view, CMOAI earnestly request your good offices to have a holistic approach on the issues and remedial measures as suggested above may kindly be taken to strengthen the CMPFO instead of merging the CMPFO with EPFO.

Thanking You

Yours faithfully

(P. K. SINGH)

Secretary General, CMOAI-APEX

Copy for information and necessary action please:

The Secretary (Coal), Govt. of India, New Delhi
The Chairman, Coal India Limited, Kolkata
The Additional Secretary (Coal), Govt. of India, New Delhi
The Board Members of CIL and its Subsidiaries
The Commissioner, CMPFO, Dhanbad, Jharkand
The Board of Trustee, CMPFO
President/Sr vice President/Jt. Secy.Gen/Treasurer/Jt. Treasurer/
VP/CEC Members of CMOAI Apex

(P. K. Singh)

Secretary General, CMOAI-APEX
Camp: SECL HQ, Bilaspur (CG)