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MANAGEMENT OF FUNDS

MINISTRY OF COAL

PUBLIC ACCOUNTS COMMITTEE
(2019-20)

TWELFTH REPORT

SEVENTEENTH LOK SABHA

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

PAC NO. 2193

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LOK SABHA SECRETARIAT
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*Not appended to the cyclostyled copy of the report

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

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2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
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RAJYA SABHA

16. Shri Rajeev Chandrasekhar
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18. Shri Naresh Gujral
19. Shri P. Bhattacharya*
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri M.L.K Raja - Director
3. Shri U.C. Bharadwaj - Additional Director
4. Dr. Sheetal Kapoor - Committee Officer

* Elected w.e.f. 10 February, 2020 in lieu of vacancy caused due to resignation of Shri Bhubaneswar Kalita from Rajya Sabha on 05 August, 2019.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2019-20) having been authorised by the Committee, do present this Twelfth Report (Seventeenth Lok Sabha) on "Management of Funds" based on Chapter VI of the C&AG Report No. 12 of 2017 (Compliance Audit Observations, Union Government (Civil)-relating to the Ministry of Coal).

2. The Civil Report of the Comptroller and Auditor General of India was laid on the Table of the House on 21 July, 2017.

3. The Public Accounts Committee (2019-20) selected the subject for detailed examination and report thereon. The Committee took evidence of the representatives of the Ministry of Coal and Coal Mines Provident Fund Organization (CMPFO) on the subject at their Sitting held on 27 December, 2019. The Committee considered and adopted this Report at their Sitting held on 17 March 2020. The Minutes of the Sittings are appended to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** and form Part- II of the Report.

5. The Committee would like to express their thanks to the representatives of the Ministry of Coal and CMPFO for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

6. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the office of the Comptroller and Auditor General of India.

NEW DELHI:
17 March ,2020
27 Phalguna, 1941 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

REPORT
PART- I

I. INTRODUCTORY

1.1 Coal Mines Provident Fund Organization (CMPFO) is an autonomous body which comes under the aegis of Ministry of Coal with the twin objective of providing social security and to inculcate the spirit of savings. CMPFO was envisaged to provide for the future of all eligible employees of coal industry. It was established under the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 to make provisions for administering Provident Fund (PF) scheme, Pension Scheme and Deposit Linked Insurance (DLI) scheme for the persons employed in coal companies and to provide them with lump sum retirement benefits, monthly pension/family pension etc.

1.2 For CMPFO, Board of Trustees is the administrative agency for implementing the schemes and consists of representatives of Central/State Government, employers and employees. The Coal Mines Provident Fund Commissioner is the ex-officio member of the Board and overall in-charge of the Organization. At the State level, the schemes are implemented through 24 Regional Offices (RO) located in different states, headed by Regional Commissioners. The Board of Trustees is entrusted with the task of appointing an actuary every three years to review and value the Pension Fund every third year so that, the rates of contribution payable under the Scheme or the scale of any benefits admissible or the period for which such benefit may be allowed, may be amended if warranted.

1.3 The scope of this audit was the scrutiny of the records of CMPFO from 2013-14 to 2015-16. It involved scrutiny of records maintained at Headquarters, Dhanbad and 13 ROs located at Jharkhand, West Bengal and Chhattisgarh which were test checked. The Audit scrutiny and examination revealed in their Report No. 12 of 2017 (Chapter VI) that the funds of different CMPFO schemes were not effectively utilized leading to sub-optimal achievement of organizational objectives thereby hampering the financial interests of the beneficiaries. The Audit pinpointed that the non-implementation of recommendations of the actuary led to acute deficit in the Pension Fund, incorrect diversion of funds, incorrect payment of interests etc. Further, cases of untraced balance of ₹ 1.71 crore for more than seven years, non-review of rate of administrative charges for nearly five decades have been noted by the Committee.

1.4 The Public Accounts Committee examined this subject and the observations contained in the Chapter VI of C&AG Report No. 12 of 2017 on "Management of Funds" of Coal Mines Provident Fund Organization (CMPFO). The Committee took oral evidence of the representatives of the Ministry of Coal on 27.12.2019 and also obtained written information on various aspects of the said subject. Based on the oral evidences and written replies, the Committee examined the subject in depth with due diliegnce which is enumerated in the succeeding paragraphs.

II. Significant Observations on the Accounts of CMPFO

1.5 The Committee have found out that the Para No. 6.1.2.1 C&AG Report No. 12 of 2017 has clearly brought out that there has been serious irregularity in the appointment of actuary together with non implementation of the recommendations of the actuarial valuation. As per the latest available valuation report of Pension Fund, there was a net deficit of ₹ 19698.58 crore as on 31st March, 2013. The actuarial report had opined that if this trend of deficit was allowed to be continued for another 16 years, the balance of the Fund would be eroded and those who contributed for the Pension Fund would not receive any pension. The C&AG report strongly recommended enhancement of the rate of contribution to 19.46 per cent of salary from the existing contribution rate of 4.91 per cent (effective since 1998) for sustainability of the Pension Fund. No action has been taken on this recommendation yet. The Audit further highlighted that in order to overcome the deficit in the Pension Fund; CMPFO had to resort to irregular diversion of fund from Provident Fund account.

1.6 Explaining the reason for the net deficit, Ministry of Coal in their written reply stated as under :

> "There is no actual deficit in Coal Mines Provident Fund Organization at the end of 2018-19. The Pension Scheme which was formulated by Shri Bhudev Chatarjee and came into existence in 1998 appears to be faulty since the defined benefit was not in commensurate with defined contribution which led to actuarial

deficit just after 5 years of its implementation. To bridge the deficit and make the scheme sustainable, reports of actuaries and the recommendations of the Committee of Group of Officers were discussed in at least thirteen (13) Board of Trustees (BoT) meetings between 2005-2015 but the recommendations were not accepted due to resistance from Central trade union representatives in the BoT. The present actuarial deficit in pension fund can be assessed by an actuary. With the approval of BOT in its 172nd Meeting held on 20.12.2019, the actuary has been appointed with the mandate to submit its preliminary report at earliest."

1.7 The Ministry further added,

"The Coal companies have been requested to voluntarily contribute Rs.10 per tonne for welfare of their own ex-employees. It is not in a nature of cess. Coal companies are free to accept the request or refuse. If accepted, this amount will be treated as additional pension contribution and will be accounted in that account."

III. Net Deficit of CMPFO

1.8 When the Committee desired that the Ministry furnish the real/net deficit of Coal Mines Provident Fund Organization at the end of December, 2019 and the details in respect of both Pension Fund Account and provident Fund Account, the Ministry in response, stated as under:

"There is no net deficit in Coal Mines Provident Fund Organization at the end of December 2019, only actuarial (notional) deficit exists. The interest allowed on provident fund is based on the interest earned by the Corpus of Provident Fund as such there is no deficit in Provident Fund. Pension is payable from the contribution received during the year and any deficit in contribution is met by utilizing the surplus invested in preceding years. Since inception the contribution received upto the year 2005 was sufficient to meet the yearly pension output. However, from 2005 onwards to meet the pension payment liability invested amount was utilized till 2018. As the pension contribution revised with effect from 01.10.2017 a surplus of Rs.360.32 crores was noticed in 2018-19 due to receipt of arrears. The actual/actuarial deficit/status in pension can be assessed only by an Actuary for which M/s. K.A. Pandit has been assigned the job in January 2020."

IV. Additional Cess

1.9 Further, the Committee noted from the written submission of the Ministry that a welfare cess of Rs 10/- per tonne was levied on the coal companies as a means to set off the deficit in the Coal Mines Provident Fund Organization (CMPFO). While clarifying the basis and approval of the Cess so imposed, the Ministry submitted as under:

"The Board of Trustees (BoT) decided to request the Coal companies to contribute this amount as a welfare measure, and neither has it been mandatorily imposed least of it being a cess. For welfare of ex-employees of coal companies (pensioner) the Sub Committee of BoT comprising of representatives from Management as well as Union in its report recommended for raising of pension contribution @Rs.10 per tonne of coal production. The matter was discussed in 172nd Meeting of BoT and BoT accepted the recommendation to request coal companies for deposition of enhanced contribution. It is not at the behest of CMPFO or Ministry of Coal but as per the discussion of management as well union representatives that the recommendation of sub-committee was accepted by the BoT."

V. Diversion of Funds from Provident Fund Account to Pension Fund Account

1.10 The mandate of Coal Mines Provident Fund Scheme, 1948 lays down that the amount standing in the PF account should not be expensed or diverted for any purpose other than for payment of the sums standing credit to the members of the fund or their nominees or heirs or legal representatives, in accordance with the provisions of the PF Scheme. The audit highlighted glaring blunders in the financial proprietary of CMPFO where in CMPFO had diverted ₹ 3520.14 crore from **Provident Fund (**PF) account to Pension Fund account during the window period of 2007-08 to 2014-15 so as to meet the grave deficit reflected in the accounts of CMPFO. Not only this, Provident Fund account maintained under aegis of CMPFO did not receive any interest and even interest payment made out was much lower than the interest actually earned during 2010-11 and 2011-12.

When asked about the reasons for transfer of funds from Provident Fund (PF) account to Pension Fund account and if the management of CMPFO had explored other sources of funding, the Ministry through their written submission intimated that contributions under both the schemes are remitted though a single instrument supported by PS-5. Since contributions under both the schemes are received through a single instrument, the same is also credited in a single account (Account No. I maintained by CMPF).

1.11 The Ministry further submitted that there are no specific fund flow guidelines contained in the Coal Mines Pension Scheme, 1998. In the initial years, disbursement was less than the contribution. Hence, all the payment for disbursement of pension was made through Account-I and surplus, if any, determined after year end classification, was sent for investment. This practice was continued even when disbursement became more than the contribution in Coal Mines Pension Scheme, 1998. This excess withdrawal from Account-I under Coal Mines Pension Scheme resulted in loan over Provident Fund (P.F.) scheme which was determined at the time of compilation of Annual Account for the respective year and laid down before the Parliament. The Ministry further advocated that there was no financial irregularity in the diversion of fund as sudden stoppage of pension due to deficit in the pension fund would have resulted in industrial unrest as well as non-compliance of contractual obligation to ensure uninterrupted pension payment as mandated in the scheme. As per the Ministry, it would also have resulted in great personal hardship to pensioners. CMPFO had used the fund available in Provident Fund as a temporary measure for committed pension liabilities, as there was no other alternative available except for increasing the contribution rate, which was under consideration of the Board of Trustees (BoT) of Coal Mines Pension Scheme.

1.12 The Ministry further informed that the Sub-Committee constituted by the Board of Trustees recommended to increase the contribution to 14 percent w.e.f. 1.10.2017 (7 percent each by the employer and employee) so as to suffice for future pensioners' financial payouts. The recommendation was accepted and notified by GSR No. 540(E) dated 08.06.2018 and thereafter was implemented by CMPFO for all its contributors.

VI. Non adherence to Ministry's guidelines for investment of Provident fund of own employees

1.13 The Committee note that the C&AG Para No. 6.1.2.3 of Report No. 12 of 2017 had highlighted serious violation of the prescribed pattern of investment of funds of CMPFO. The Ministry of Finance (MoF), Department of Economic Affairs have prescribed (August 2008) ceilings for investment of Non-Government Provident Funds, Superannuation Funds and Gratuity Funds in Government Securities (55 per cent), Debt Securities/Term Deposits (40 per cent), Money Market instruments (5 per cent), shares of companies (15 per cent). It was also provided that at no time, investments in any category would exceed 10 per cent of the prescribed limit. In serious contrast to the ceilings prescribed, CMPFO invested the entire amount of General Provident Fund (GPF) contribution of its own employees for the period under audit (2011-16) in short term deposits of State Bank of India against the allowed 44 per cent of the total amount of investment.

1.14 When the Committee desired to be apprised of the compelling circumstances of the approving authority which led to such inappropriate investment, the Ministry submitted that the approval of Board of Trustees (BoT) was not sought for investing the entire corpus of Provident Fund contribution of CMPFO in short term deposits of SBI. However, it was prevalent practice at that point of time to invest the entire corpus of PF contribution of CMPFO in short term deposits in nationalized banks offering highest rate of interest through negotiations. However, since 2014-15, the fund is invested through Portfolio Managers.

1.15 The Committee when pin-pointedly asked the Ministry to report if the CMPFO had devised any financial plan seeing the number of pensioners, dependents in the near future, the Ministry informed that there are 5,22,398 pensioners as against 4,02,597 of active workers/employees. Besides unanimous acceptance of raising of contribution, following further measures are under consideration for smooth running of the pension scheme:-

1) Capping of maximum pension;
2) Extension of period for arriving average salary for fixation of pension, and
3) Appointment of Actuary to suggest further measures for smooth running of pension scheme.

VII. Non review of rate of administrative charges

1.16 The audit findings in Para 6.1.2.8 of the C&AG Rupert revealed that the rate of administrative charges were last reviewed and fixed at 3 percent in 1981. It has been almost five decades since Coal Mines Provident Fund Organization (CMPFO) have not reviewed the rate of administrative charges. Further, audit scrutiny highlighted that the Income and Expenditure Statements of the Administrative Fund of Coal Mines Provident

Fund Organization (CMPFO) had consistent surpluses of Rs. 238.37 crore, Rs. 357.63 crore and Rs. 266.19 crore at the end of the financial years 2012-13, 2013-14 and 2014-15 respectively, after meeting all the regular expenditures related to administration of Provident Fund. The surplus was available to CMPFO even after incurring irregular expenditure on electricity charges (of Rs. 2.16 crore for electricity consumed by employees of CMPFO during 2010-11 to 2014-15 in violation of the instructions issued by Ministry of Coal as pointed out in para no. 4.1 of C&AG's Civil Report No. 11 of 2016) and capital expenditure (of Rs. 0.88 crore for procurement of fixed assets during 2012-13 to 2014-15) which was not permissible as per CMPF scheme. Despite such persistent surpluses, CMPFO did not review the rate of administrative charges recovered during the last 35 years.

1.17 Giving the background and clarification on the issue of non-review of charges, the Ministry submitted as under:

> "......The matter was discussed in 170th Meeting of Board of trustees (BoT) and BoT constituted a sub-committee to recommend suitable changes. As recommended by sub-committee the matter will be referred to the new actuary being appointed. Further necessary action is possible only after the receipt of the report of actuary and the same is considered and accepted by BoT."

VIII. Excess Payment of Pension

1.18 The Committee considered and found that there has been an instance of excess disbursement of pension under Coal Mines Pension Scheme to the pensioners of Godaharikhani Region under Hyderabad Regional Office. The bankers (IDBI) had stated that such excess payment of ₹18.11 crore to 10,340 pensioners were made on the data supplied by the Dhanbad office of CMPFO. When asked to explain such irregularity, the Ministry stated in their background note that the IDBI bank was replaced by 14 nationalized banks. This, is no way, hides the inefficiency/carelessness on the part of CMPFO and neither rectifies the irregularity; rather CMPFO should have been keen enough to supply correct records of payable pension so that an amount of ₹18.11 crore would have not have gone astray. During oral evidence on 27th December, 2019, the Ministry informed that an amount equal to ₹ 1.82 crore was yet to be recovered.

IX. <u>Untraced balances of ₹ 1.71 crore for more than seven years</u>

1.19 Audit scrutiny of the bank accounts maintained at Headquarters of CMPFO, Dhanbad detected a shortage of ₹1.71 crore [(₹0.95 crore in Account No. III (Administrative Account), ₹0.73 crore in Account No. V (GPF Account of the employees of CMPFO) and ₹0.02 crore in Account No. VI (Pension Cess Gratuity Fund for employees of CMPFO)]. The shortage of ₹ 1.71 crore was reported way back in 2008; more than a decade has lapsed since then and only ₹ 0.29 crore has been traced so far. An amount equal to ₹1.42 crore is yet untraced.

PART – II

Observations/Recommendations

1. Role of Nodal Ministry

The Committee note that Ministry of Coal has been apparently found severely wanting in discharging its nodal administrative role which resulted in financial mis-management by CMPFO, a statutory organization under the Ministry's administrative control. Though CMPFO has been accorded with functional autonomy, the nodal administrative Ministry cannot shy away from its responsibility and accountability on the grounds of autonomy given to the organization. During the Audit examination, it is found that the Ministry of Coal has not taken due care of its main responsibility of being a watchdog for CMPFO under its aegis. The Committee are aghast to note that it is only after C&AG Report No. 12 of 2017 that brought out the financial irregularities, the issues of financial impropriety by CMPFO came to the notice of the officials of Ministry of Coal.

As per mandate, a senior level officer not below the rank of Joint Secretary is the nominee of the Ministry to the Board of Trustees (BoT) but, it is astonishing to note that even after due representation, the nodal Ministry has not properly executed their responsibility and defined role. The Ministry cannot abdicate its role of being the administrative body just by conveying that CMPFO has been delegated with necessary powers. The Committee therefore exhort the Ministry to ensure that the activities of CMPFO are overseen with due care so as to prevent instances such as the unwarranted transfer of funds in CMPFO from PF account to Pension Fund Account in the future. The Committee are of the considered view that had the Ministry been vigilant enough in monitoring the activities of CMPFO, particularly on account of the fact that the Ministry's nominee is a apart of BoT, the financial irregularities that came to the notice could have been avoided. The Committee in this regard express the need on the part of the

Ministry of Coal to discharge the administrative and supervisory role of being a nodal Ministry at all times with due diligence and sincerity.

2. <u>Stringent Internal Audit</u>

The Committee note that the internal audit of CMPFO did not detect and point out the deficit recurring in the Pension Fund account. The system of internal audit is a *prima facie* imperative wing within an organization tasked with providing unbiased feedback, independent reviews of systems regarding business operations and processes of CMPFO. The Committee are dismayed to note that even internal audit could not early visualize/see and caution about the mismanagement of funds at CMPFO. They are astonished to further notice that even the internal audit could not bring to light the failure even following the occurrence. The Committee strongly depreciate the apparent lackadaisical attitude of the internal audit mechanism of the CMPFO and recommend that a system of regular and intermittent reporting by the internal audit must invariably be put in place and ensure that its recommendations are duly adopted and followed so as to avoid instances of financial mishandling in the future. The Committee are of the firm view that the unwarranted diversion of funds and the initial untraced balance of ₹ 1.71 crore are an evidence of weak internal control, checks and also failure on the part of internal financial advisory system.

3. <u>Element of Transparency – Single Instrument</u>

The Committee note from the reply of the Ministry that contributions under both the schemes viz. Provident Fund and Pension Fund, are remitted through a single instrument supported by PS-5. As per Ministry of Coal's submission, since contributions under both the schemes are received through a single instrument, the same is also credited in a single account (Account No. I) maintained by CMPFO. From this, it is obvious that as contributions are not bifurcated from the beginning, the transparency in maintenance of both accounts-Provident Fund and Pension Fund could not be realized by reconciling the contribution made separately in these accounts by the employers. Resultantly, diversion of funds continued unabated. The Committee strongly feel that there is a need for ensuring breakup of contributions into two separate Heads so that the funds are channelized in separate accounts thereby ensuring transparency. The Committee, therefore, recommend that there is a need to relook into the accounting systems and practices of CMPFO, whereby separate accounts are maintained for Provident Fund and Pension Fund. This would, to a large extent, contribute in avoiding any future mis-management and enable fool proof and transparent financial operations and activities in CMPFO.

4. Restructuring of Coal Mines Pension Scheme

The Committee are constrained to note from the written submission of the Ministry that the pension scheme, which was formulated by Shri Bhudev Chatarjee, Actuary and came into existence in 1998, appears to be faulty, as the actuarial deficit was reported just after 5 years of its implementation. The defined benefit has not been commensurate with defined contribution which resulted in actuarial deficit within 5 years of its launch. Initially, the return on investment of Pension Funds, as per Government guidelines at the time of implementation of CMPS, 1998 was above 12% and there was a surplus in Coal Mines Family Pension Scheme. The amount of monthly pension payable to an employee was manageable with the earnings on investment. To bridge the deficit and make the scheme sustainable, reports of actuaries and the recommendations of the Committee of Group of Officers were discussed in at least thirteen (13) BoT meetings between 2005-2015, but the recommendations were not accepted ostensibly due to resistance from central trade union representatives in the BoT. Furthermore, with subsequent pay revisions and no changes in pension Scheme, erosion in the Corpus of Pension Fund started. During the course of examination, the Committee have noticed that, as a corrective remedial measure, the rate of Contribution has been revised vide GSR No. 540 (E) dated 08.06.2018 to 14 percent (7 percent employee + 7 percent employer) with effect from 01.10.2017 to take care of the deficit between accrual and disbursal in the Pension Fund.

The Committee are of the considered opinion that the Ministry, in consultation with the management of CMPFO, should have made a detailed and diligent analysis of the optimum quantum of funds required for sustainable pension, taking into account the number of pensioners, number of active workers, ratio of active workers to dependents in order to arrive at the feasibility of the present structure of pension scheme in terms of contributions earmarked and payments there-from. The Committee strongly express the need for undertaking a review exercise of the existing Pension scheme. It is imperative to revamp the scheme so as to enable in payments being commensurate with the contributions received. The Ministry in this regard is needed to guide CMPFO in strengthening the fund through appropriate measures/amendments. Levying a welfare Cess ₹ 10 per tone, though voluntary as told by the Ministry, would not help in resolving the issues in the long-run. The Committee are of the firm view that fixation of any random percentage of contribution is no means to maintain the health and spirit of CMPFO; rather it should be based on a well structured and detailed actuarial analysis. Since the Coal Mines Provident Fund Organization has a broader horizon to cater to in terms of pensions, family pension and insurance, the Committee strongly urge the Ministry to initiate the process of restructuring the Coal Mines Pension Scheme without further delay, inter-alia, taking into account the recommendations of the Actuary appointed on 20.12.2019.

5. <u>Regular Scrutiny of Bank Account</u>

During Audit scrutiny, it was found that there existed an untraced balance shortage of ₹ 1.71 crore in 2008 which remained undetected till 2016. The Committee note that, out of ₹ 1.7 crore, only ₹0.29 crore had been traced owing to unavailability of bank statements. The Committee notice in this regard that there has been no proper maintenance of bank records and statements. Had bank statements been asked for and reconciled on regular basis, say, monthly or quarterly, instances of such untraced balances would not have cropped up. The

Committee are dismayed to note that even pension was paid in excess to the tune of ₹18.11 crore to the pensioners under Godavarikhani Region as per the data supplied by CMPFO to the bankers (IDBI, in this case). As per Ministry's written submission, only a balance amount of ₹ 1.82 crore (out of ₹ 18.11 crore) is likely to be recovered within the next two years. The Committee are of the firm view that the act of improper maintenance and non-reconciliation of bank statements led to such excess payments and the act of replacing the banker (IDBI) with 14 nationalized banks has not really served a meaningful purpose. Measures towards maintenance of proper bank records and vigilant bank scrutiny mechanism would not have waited for Audit's Report to highlight such issues; rather they should have been prompt enough to avoid or to rectify such financial irregularities on time. The Committee recommend that the Ministry ensure that an effective system of bank records and reconciliation impromptu be initiated at CMPFO and the Committee be apprised of the status of untraced balances and recovery of pension within 6 months of the presentation of this Report.

6. Regular Appointment of Actuary

The Committee note that as per the Coal Mines Pension Scheme (CMPS), the Board of Trustees (BoT) at CMPFO is required to appoint an Actuary every three years to review and value the Pension Fund, rates of contribution payable under the scheme and the scale of benefits admissible. However, the Committee are disappointed to note that since the introduction of CMPS in 1998, the actuarial valuation of Pension fund has been done only four times in the years 2001, 2005, 2012 & 2013 with no fruitful implementation of its recommendations ever. The CMPS is a contributory Pension Fund wherein issues like periodic review of rates of contribution payable and valuation of Pension Fund and other issues are imperative to run the Fund effectively & efficiently. In the absence of an actuarial valuation, the very essence of a Pension Fund stands defeated and the interests of beneficiaries remain unaddressed too. The Committee note with concern that in order to bridge the deficit between defined benefit and defined contribution, and to make the pension scheme more sustainable, reports of the Actuaries and

Group of Officers in past were placed before the BoT at least thirteen (13) times but the recommendations of theses advisory bodies were never accepted by the BoT. For instance, the draft actuarial report that had recommended enhancement of the rate of contribution to 19.46 percent of salary from existing contribution rate of 4.91 percent, did not see light of the day in terms of implementation, there by usurping the avenues of balancing off the net deficit of ₹ 19,698.58 crore as on 31st March, 2013.

The Committee strongly recommend not only appointment of Actuary but also desire that actuarial valuation should be done as mandated in CPMS (once in three years) so that future concerns are well taken care of and mounting deficit can be corrected and set off at the initial juncture itself. The Committee also recommend that the activities of CMPFO should be regularly watched by the nodal Ministry, as Secretary, Ministry of Coal is the Chairman of BoT and other officers like JS and FA are the Members to the Board of Trustees (BoT).

NEW DELHI;
17 March, 2020
27 Phalguna 1941 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee