



## ALL INDIA ASSOCIATION OF COAL EXECUTIVES (AIACE)

(Regd. under The Trade Union Act 1926; Regd. No. 546 / 2016)

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Ref No. **AIACE/CENTRAL/2020 / 077**

**Dated 11.8.2020**

To

Hon'ble Sri Pralhad Joshi Jee,

Minister of Coal

Govt of India, New Delhi.

Email-- [officeofpralhadjoshiji@gmail.com](mailto:officeofpralhadjoshiji@gmail.com)

Subject: Payment of Interest component to retirees and their dependents due to delayed finalisation of 'Coal India Ltd Executive Defined Contribution Pension Scheme-2007'

Dear Sir,

We, at All India Association of Coal Executives like to draw your kind attention to our long pending issue of non- payment of interest due to delayed finalisation of CIL Executive Defined Contribution Pension Scheme-2007.

We present a brief history of the matter in the following few paragraphs.

1. Since 2nd pay revision of executives of CPSE wef 1/1/2007, the executives of CIL are eligible for 30% of Basic Pay and DA as Superannuation Benefits. The department of Public Enterprises(DPE) issued Office Memorandum number 2(70)/08/DPE(WC)-GL-XVI/08 dated 26<sup>th</sup> November, 2008 and OM No. 2(70)/08/DPE(WC)-GL-VII/09 dated 2<sup>nd</sup> April, 2009 for implementation of Pay Revision of Board Level and below Board Level Executives, with effect from 1<sup>st</sup> January, 2007. Based on the aforementioned OMs issued by DPE, Coal India Limited issued an OM Number 1210 dated 02/07-05-2009 on 'Revision of Pay of Board Level and below Board Level Executives of CIL and its subsidiary companies w.e.f. 1<sup>st</sup> January, 2007. It was stated under paragraph 13 with the heading - 'Superannuation Benefits' that a separate Fund/Trust would be created by diverting funds for superannuation benefits and schemes for extending benefits would also be formulated and circulated in due course.

2. After a long gap, CIL Board agreed for implementation of CIL Executives Defined Contribution Pension Scheme-2007, as brought out in the agenda note, on 6<sup>th</sup> March, 2017 as recommended by the Nomination and Remuneration Committee. The proposal was forwarded to the Ministry of Coal for

its approval. The Agenda Note on the subject, as recommended by the CIL Board to the Ministry of Coal, included the following four points:

- I. Approval of CIL Executives Defined Contribution Pension Scheme-2007 along with the Trust Deed.**
- II. Approval of Trustees as provided in the Scheme and registration of the trust under the Income Tax Act.**
- III. Approval for the appointment of LIC as Fund Manager and Annuity Service Provider.**
- IV. Approval for transfer of Fund accumulated under the Superannuation Benefit since 1<sup>st</sup> January, 2007 to 31<sup>st</sup> March, 2016 to the Trust along with compensatory interest i.e., average Net Yield (Post Tax)**

In clause (j) of chapter III of the Trust Deed, as placed before the Board (as noted in point-I above) it is also mentioned that 'Interest Accrued shall also be credited to the respective member's pension account'.

As per information gathered In a RTI case vide communication from CIL vide their letter no. CIL/C-5CPIO/17-18/F-3336/1174 dt. 11/14 November 2017, CIL Board had submitted the recommendations of the above Board Meeting to the Ministry of Coal vide their letter No. 2001 dated 28.03.2017 and revised proposal submitted vide letter no. 2235 dated 08.08.2017. Thereafter, a confirmation of compliance of DPE guidelines was submitted to MoC vide letter no. 2334 dated 11.10.2017.

3. Finally, CIL Executive Defined Contribution Pension Trust was registered on 30<sup>th</sup> July, 2018 and Income Tax Exemption was obtained on 5<sup>th</sup> January, 2019. CIL started transferring fund to the Trust since February 2019, without the accrued interest component for the past 12 years since 2007.

4. In a reply to RTI Online Status Enquiry vide Registration No. CILTD/R/2017/50916, CIL informed that on account of pension and superannuation benefit @9.84% of basic and D.A. of executives as on 31.03.2015 is 1109.71 Crores.

In the same reply, it was further divulged that, surplus fund is invested as per CIL investment policy as a regular investment and the Net Yield earned by CIL HQ in percentage is given below:

Year	Net Yield %	Year	Net Yield %	Year	Net Yield %
2007-08	7.02	2010-11	4.97	2013-14	6.13
2008-09	6.78	2011-12	6.99	2014-15	6.20
2009-10	5.08	2012-13	6.83	2015-16	5.44

5. On our consistent follow up with the CIL management, the issue of payment of interest component of the "Defined Contribution" amount was understood to be sent to the Ministry of Coal for necessary direction. The issue remains unresolved till now. Many Public Sector Undertakings have kept provision in their books of account for the Principal amount along with interest at the rate of 8.5% per annum or at the rate of interest as was being earned by the Trust. Other PSUs have transferred the contribution to the accounts of the respective retirees immediately after implementation of the scheme, but, CIL has so far failed apparently for want of directive from Government.

**However, at this point for this indecision, we apprehend apathy on the part of CIL on payment of interest, since the Board recommendations to Government was without disclosing the amount available against this interest fund. The Management at CIL appears to be unable to divulge these figure as they have even ignored the order of CIC to whom we had approached for such information to be procured from CIL. It may be recalled that being unsatisfied by the RTI response from CIL, a 2<sup>nd</sup> appeal was made to CIC, on which, CIC was kind enough to pass an order vide no. CIC/CILTD/A/2017/176427 DT. 13-5-2019 directing CIL to submit details of Interest earned by it on the NPS corpus fund.**

**We are afraid that when the implementation of the scheme took a long 12 years, the decision on payment of Interest may again take 12 years or more.**

It is to be noted that, retired executives of CIL have suffered huge losses due to delay in implementation of the Annuity Scheme for various reasons like (i) loss of interest for delay in formation of Trust / Fund ; (ii) loss due to delay in start of payment of annuity and (iii) substantial drop in rate of annuity during this period of about ten years. It may also kindly be noted that the loss on account of non-payment of interest is roughly to the extent of 50% of the annuity being paid to the retired executives.

We would also like to inform you that a total of around Ten thousand executives have superannuated from the services of Coal India Limited during the period 1<sup>st</sup> January, 2007 to 31<sup>st</sup> March, 2020. Unfortunately, a number of such retired executives have died during this period without availing the benefit of scheme and also the interest component of this scheme. Also, CIL and its subsidiary companies have not identified the nominees of many of executives who died before implementation of the scheme and as such their corpus fund is lying in suspense account with CIL/subsidiary companies.

Under these circumstances, our association requests your kind intervention for speedy approval of payment of interest from 1<sup>st</sup> January, 2007 at the compensatory interest rate, for delayed settlement of CIL Executive Defined Contribution Pension Scheme-2007 as Superannuation Benefits for both Board Level and below Board Level Executives of CIL. This noble gesture from your end will go a long way in ensuring speedy justice to retired executives and their dependents.

With great expectation and kind regards,

Yours sincerely



(P.K.SINGH RATHOR)

Principal General Secretary  
All India Association of Coal Executives (AIACE)

CC

1. The Secretary, Ministry of Coal, Govt of India, New Delhi  
Email -- [secy.moc@nic.in](mailto:secy.moc@nic.in)
2. The Secretary, Department of Public Enterprises, Govt of India, New Delhi  
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3. The Secretary, Ministry of Personnel & Public Grievance, Govt of India, New Delhi.  
Email - [secy\\_mop@nic.in](mailto:secy_mop@nic.in)
4. The Director General, SCOPE, New Delhi.
5. Chairman, CIL--- for his kind information with a request to take up the matter afresh with Ministry of Coal.
6. The CMD, Singreni Collieries Company Ltd, Kothagudem-- for his kind information with a request to take up the matter afresh with Telangana Govt/ Ministry of Coal.

Copy to – Honourable Sri Narendra Modiji, Prime Minister’s Office, Government of India, New Delhi - For necessary direction to the Ministry of Coal .