



Ref No. **AIACE/CENTRAL/2023 / 036**

Dated **27.6.2023**

To
The Coal Secretary,
Govt of India,
Shastri Bhavan,
New Delhi.

Sub: Request for appointment for apprising burning issues of coal executives/employees for urgent action by the coal ministry/govt

Dear Sir,

AIACE is the only association of executives of Coal India Ltd, and Singreni Collieries Company Ltd which is legally registered under the Trade Union Act, 1926. It has members from both WORKING and RETIRED Executives from coal industry.

We seek a few minutes of your valuable time to apprise following two burning issues of executives.

1. **Pay conflict between executives and non-executives-** There is a need to address Pay conflict arising after implementation of wage agreement for workers under NCWA XI. It is to state that, recently NCWA XI has been approved by the govt and is under implementation by CIL and SCCL. The implementation will create a pay conflict between executives and that of workers. The probable implication is attached for resolution. (Annexure-I)
2. **Pension revision of retired executives by restructuring CMPS-1998 –** There is a need for immediate restructuring of pension scheme CMPS-1998, as pointed out by CAG and agreed by Coal Ministry. Pensioners are eagerly awaiting pension revision pending since long. In the light of proposals in 176th Board of Trustee (BoT) meeting of CMPFO on 16-8-2022, CIL agreed for contributing Rs 15 /te towards pension fund. The recommendation has been sent to the coal Ministry for approval.

Based on the recommendation of BOT of CMPFO, AIACE team has tried to assess the feasibility of enhancement of pension without any burden to government. This study advocates feasibility of restructuring revision and enhancement of pension on an average Rs 1000 per month to every pensioner if Rs 15 per ton of sold coal as proposed by BoT, CMPFO and agreed by CIL is implemented. The need of the day is to push forward for these reforms vigorously.

The study made by AIACE Research team is enclosed for kind perusal. (Annexure-II)

We shall be thankful to you for granting us an appointment at the earliest for apprising the issues in person and to understand constraints in implementation.

In anticipation of a positive response from your end for granting us an appointment,

Thanking You,

(P. K. SINGH RATHOR)
Principal General Secretary

Encl: As above

COMPARISON BETWEEN TENTATIVE WAGE OF HIGHEST GRADE STAFFS AFTER IMPLEMENTATION OF NCA XI AND THAT OF EXECUTIVES WITH PROPOSED PP (PERSONAL PAY) TO NEUTRALIZE THE WAGE-PAY CONFLICT

NON-EXECUTIVE			EXECUTIVE GRADES									
		T&S Gr-A1		E1		E2		E3		E4		
				EXISTING	PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly	
Basic @26 Days		71030.56	BASIC	40000	41343	50000	51678	60000	62014	70000	72350	
VDA	11.70%	8310.58	VDA@37.7%	15080	15586	18850	19483	22620	23379	26390	27276	
SDA	1.80%	1275	PERKS@35%	14000	14470	17500	18087	21000	21705	24500	25322	
ATTND. BONUS	10%	7103.06		0		0		0		0		
SPL. ALLOWANCE	5%	3551.53		0		0		0		0		
WASHING ALLOWANCE	187.5	187.5		0		0		0		0		
TRANSPORT SUB.	28.75	747.5		0		0		0		0		
ADDL. TRANS. SUB.	50	1300		0		0		0		0		
CONV. ALLOWANCE	62.5	1625		0		0		0		0		
LPG	1100	1100		0		0		0		0		
SUNDAY	SUNDAY	24412.66		0		0		0		0		
CHARGE ALLOWANCE	25%	19835.28		0		0		0		0		
GROSS PAY		140478.67		69080	71399		89248		107098		124948	
DIFFERENCE				71399	0							
			EXECUTIVE GRADES									
			E5		E6		E7		E8		E9	
			EXISTING	Proportionate PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly	EXISTING	Proportionate PP to neutralise Anomaly
			80000	82685	90000	93021	100000	103356	120000	124028	150000	155035
			30160	31172	33930	35069	37700	38965	45240	46758	56550	58448
			28000	28940	31500	32557	35000	36175	42000	43410	52500	54262
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
			0		0		0		0		0	
				142797		160647		178497		214196		267745



ASSESSMENT OF FUND AVAILABILITY FOR ENHANCEMENT OF PENSION UNDER CMPS-1998

By Dr B K Shrivastav, Vice President, AIACE

1. PREAMBLE

Coal mines employees are covered under Contributory Pension Scheme CMPS-1998. This Scheme is administered by the Coal Mines Provident Fund Organization (CMPFO) working under the Ministry of Coal covering roughly 6 lakhs coal employees retired after 31st March, 1994.

2. NEED FOR RESTRUCTURING PENSION SCHEME

In Part II of the 12th report of **Public Accounts Committee (PAC)** No. 2193 report, under **Restructuring of Coal Mines Pension Scheme**, it is mentioned that, *“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.”*

https://164.100.47.193/lssccommittee/Public%20Accounts/17_Public_Accounts_12.pdf

In this regard, Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 12th Report (17th Lok Sabha), it is stated that, *“For the sustainability of fund, Ministry is working on multipronged strategy viz. capping of maximum pension, extension of period for arriving average salary for fixation of pension and appointment of actuary to suggest further measure for sustainability of fund.”*

https://164.100.47.193/lssccommittee/Public%20Accounts/17_Public_Accounts_36.pdf

On the request of BoT of CMPFO, CIL Board approved to enhance the non-coking coal price by Rs.10/- per tonne for Regulated and non-Regulated sectors across CIL towards contribution to the corpus of CMPS 1998. This came into force from 00:00 hours of 1st Dec., 2020.

<https://www.coalindia.in/media/documents/nsebse23112020.pdf>

Later, in 176th Board of Trustee (BoT) meeting of CMPFO on 16-8-2022, a proposal for enhancement of contribution from Rs. 10 per ton to Rs. 20 per ton. However, CIL agreed for an initial enhancement of Rs 15 per ton, to which the BoT agreed and sent recommendations to the Ministry of Coal for approval.

Here we analyze whether this cess can allow pension enhancement under CMPS-1998.

3. ESTIMATION OF SURVIVING PENSIONERS AS IN 2021-22

The present lot of 6.06 lakhs (approx.) pensioners constitute of surviving pensioners over the years since 1994-1995. Considering the mortality rate among elders in India, the following Table-1 is obtained. (vide <https://www.statista.com/statistics/1302846/india-mortality-rate-among-elderly-by-age-group/>)



Table-1 Fund Required for Estimated Number of surviving Pensioners from 1994-1995 till the year 2021-2022									
Mortality rate as per https://www.statista.com/statistics/1302846/india-mortality-rate-among-elderly-by-age-group/									
Pensioner joining in Year	No. of years of receiving pension (Years)	Age as in 2020-2021 (Years)	Mortality rate in 2018	Total Pensioners (Actual/Estimated with 6.6% decline every year till 1994-1995)		Pensioners considered added in the year	Surviving Pensioners as in 2021-22 (No.)	Per month Envisaged enhancement in pension (Rs)	Per annum amount for enhancement in pension (Rs in Crores)
				(No.)	Remarks				
1994-1995	27	87	17.47%	81190	Estimated	81190	67006	1000	80.41
1995-1996	26	86	17.47%	86927	Estimated	5737	4735	1000	5.68
1996-1997	25	85	17.47%	93070	Estimated	6143	5069	1000	6.08
1997-1998	24	84	10.65%	99646	Estimated	6577	5876	1000	7.05
1998-1999	23	83	10.65%	106688	Estimated	7041	6291	1000	7.55
1999-2000	22	82	10.65%	114227	Estimated	7539	6736	1000	8.08
2000-2001	21	81	10.65%	122298	Estimated	8072	7212	1000	8.65
2001-2002	20	80	10.65%	130940	Estimated	8642	7722	1000	9.27
2002-2003	19	79	6.60%	140193	Estimated	9253	8642	1000	10.37
2003-2004	18	78	6.60%	150100	Estimated	9907	9253	1000	11.10
2004-2005	17	77	6.60%	160706	Estimated	10607	9907	1000	11.89
2005-2006	16	76	6.60%	172062	Estimated	11356	10607	1000	12.73
2006-2007	15	75	6.60%	184221	Estimated	12159	11356	1000	13.63
2007-2008	14	74	4.75%	197239	Estimated	13018	12399	1000	14.88
2008-2009	13	73	4.75%	211176	Estimated	13938	13276	1000	15.93
2009-2010	12	72	4.75%	226099	Estimated	14923	14214	1000	17.06
2010-2011	11	71	4.75%	242076	Estimated	15977	15218	1000	18.26
2011-2012	10	70	4.75%	259182	Estimated	17106	16293	1000	19.55
2012-2013	9	69	3.13%	277497	Estimated	18315	17742	1000	21.29
2013-2014	8	68	3.13%	297105	Estimated	19609	18995	1000	22.79
2014-2015	7	67	3.13%	318100	Estimated	20995	20337	1000	24.40
2015-2016	6	66	3.13%	340578	Estimated	22478	21775	1000	26.13
2016-2017	5	65	3.13%	364645	Estimated	24067	23313	1000	27.98
2017-2018	4	64	1.95%	390412	Estimated	25767	25265	1000	30.32
2018-2019	3	63	1.95%	418000	Actual	27588	27050	1000	32.46
2019-2020	2	62	1.95%	535000	Actual	117000	114719	1000	137.66
2020-2021	1	61	1.95%	566000	Actual	31000	30396	1000	36.47
2021-2022	0	60	1.95%	606666	Actual	40666	40666	----	----
Total						606666	572069		638
Estimation Error, Approx 6%							34597		
Grand Total						606666	606666		638

As shown in Table-I, in the year 1994-1995, there were estimated 81190 out of which at an age of 87 years in 2021-22, a total of 67006 pensioners are estimated to be still surviving considering a mortality rate of 17.47%. Thus, these 67006 pensioners still estimated to be alive 27 years after 1994-95 and eligible for pension enhancement.

Thereafter, next year in 1995-96, there were 86927 pensioners which means that 5737 pensioners were added during this year. Out of these 5737 pensioners added in 1995-96, considering the respective mortality rate of 17.47% at an age of 86 years in 2020-21, there are 4735 pensioners estimated to be alive 26 years after 1995-96 and eligible for pension enhancement.

Similarly, surviving pensioners for all the subsequent years till 2021-22 have been estimated.

4. PROPOSED PENSION ENHANCEMENT

Let us make an academical study to allow a fixed pension enhancement of Rs 1000 to every pensioner up to 2020-21. The pensioners retiring in current year have been excluded from this enhancement. As shown in Table-1 above, the fund requirement has been calculated for all surviving pensioners for the year 2021-22. This requirement is estimated as Rs. 638 Crores for the year 2021-22.

5. STATUS OF PENSION FUND

In 2018-19, 19-20 and 20-21, surplus of in pension fund was observed as the pension contribution was revised with effect from 01.10.2017, as shown in table below.



Table – 2 Pension Fund Flow Position

Financial Year	Accrual (Yearly inflow) (Rs. in crore)	Disbursement (Yearly outflow) (Rs. in crore)
2017-18	1031.00	2459.81
2018-19	3084.12	2842.29
2019-20	3519.14	3369.57
2020-21	4520.14	3831.54
2021-22	4187.82	4449.74

Q. N. 1046 at <https://loksabha.nic.in/Questions/QResult15.aspx?qref=46819&lsno=17>

6. FUND AVAILABILITY FOR INTRODUCING PENSION ENHANCEMENT

Table – 3 Assessment of Pension Fund Availability

SN	DESCRIPTION	FORMULA	VALUE
A	CMPS-1998 Pensioners, in Lakhs		6.06
B	Pension fund inflow per year, Rs Crore		4187.82
C	Pension fund outflow per year, Rs Crore		4449.74
D	Additional fund required for proposed enhancement for the year 2021-22, Rs Crore		638.00
E	Total fund required with enhanced pension	C + D	5087.74
F	Total yearly shortfall in fund, Rs Crore	E - B	899.92
G	Coal Production in 2020-21, Million Tonne	754	754
H	Cess generated by levy of Rs 15 per tonne of coal, Rs Crore		1131
I	Surplus Fund available with cess of Rs 15 per tonne, Rs Crore	H - F	231.08

From above Table-2&3 presented above, it is seen that for the year 2021-22,

Pension fund inflow per year is Rs. **4187.82** Crore

Total fund required with enhanced pension per year is Rs. **5087.74** Crore

Total yearly shortfall in fund is Rs **899.92** Crore

Coal Production in 2020-21 was **754** Million Tonne

Cess generated by levy of Rs 15 per tonne of coal, Rs **1131** Crore per year

Thus, we have a Surplus Fund, being Rs **231.08** Crore in later case.

6. CONCLUSION AND RECOMMENDATIONS

This study has made several assumptions on higher side for finding feasibility of restructuring revision and enhancement of pension. The need of the day is to push forward for these reforms vigorously. It is further recommended to link the cess with selling price of coal which presently hovers around Rs 1800 per tonne. This approach of linking the cess with price rise of coal will automatically take into consideration wage/pension revision impact over the years. Hence, fixing one-time cess @1% of coal price will eradicate the problem of seeking raising the cess per tonne of coal production will be eliminated. Further, it can be inferred that, if we are able to raise the cess from 1% per tonne to, say, 5% per tonne, we can pay the enhanced pension, as well as, keep the present inflow from subscribers untouched and add in the efforts of compensating the loss of corpus due to earlier mismanagement.



References

Before finding feasibility of introducing DR component, it is necessary to study how the welfare cess of Rs 15 per ton on coal production is going to facilitate this. Followings are the basic considerations for tabulating the findings of our studies.

i. CMPF Subscribers and Pensioners

Year	As on date	CMPF Subscribers	Number of Pensioners	Data Source
2018-19	31-1-2019	4.18 lakhs (approx.)	5.18 lakhs (approx.)	*
2019-20	31-3-2020	4 lakhs (approx.)	5.35 (approx.)	**
2020-21	31-7-2020	3.91 (approx..)	5.50 (approx.)	***
2020-21	30-9-2021	3.72 (approx..)	5.66 (approx.)	****
2021-22	31-3-2022	3.64 (approx..)	6.06 (approx.)	*****

* <https://coal.gov.in/sites/default/files/2020-09/Chapter1-en.pdf>

** <https://coal.gov.in/sites/default/files/2021-03/chap1AnnualReport2021en.pdf>

*** <https://coal.gov.in/sites/default/files/2021-03/chap1AnnualReport2021en.pdf>

**** <https://coal.gov.in/sites/default/files/2022-11/chap1AnnualReport2022en.pdf>

***** <https://coal.gov.in/sites/default/files/2023-03/chap1AnnualReport2023en.pdf>

Based on the above data, we infer that,

- Rate of yearly increase of Pensioners: 6.6% of subscribers
- Rate of yearly increase in Pension fund inflow: 5.23% of previous year
- Rate of yearly increase in Pension fund inflow: 8.8% of previous year

ii. CMPF Subscribers Decrease rate is envisaged at 5% per annum on the basis of CIL plans to reduce the manpower at a rate of 5% per annum

https://www.icidirect.com/mailimages/IDirect_CoalIndia_CoUpdate_Sep22.pdf

iii. Coal Production at an envisaged rate of 7% annual growth (Million tonne)

<https://pib.gov.in/newsite/printrelease.aspx?relid=115635>

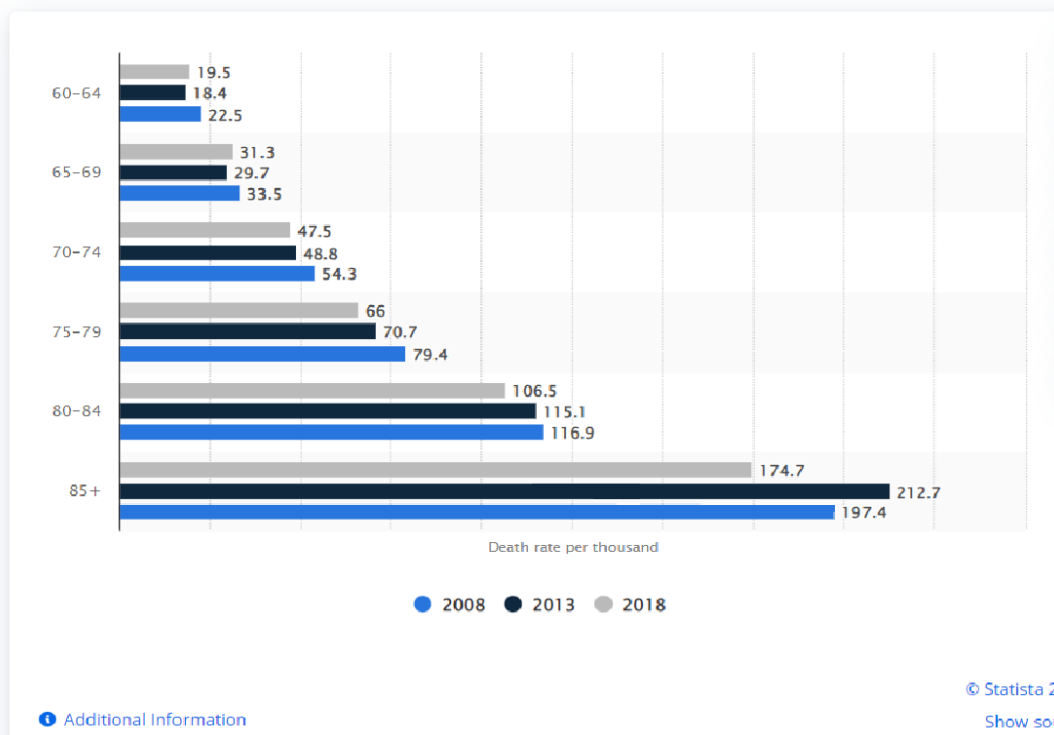
iv. Assumed cess on per tonne of coal production is taken as Rs 15 based on recommendations in 176th BoT (CMPF) Meeting deliberations on 16-8-2022



v.

Society › Demographics

Mortality rate among the elderly in India from 2008 to 2018, by age group (per 1,000 people)



Source:-

<https://www.statista.com/statistics/1302846/india-mortality-rate-among-elderly-by-age-group/>