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*Ref No.* ***AIACE/CENTRAL/2023 / 001*** ***Dated 18.1.2023***

To

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

Sub - Enhancement of pension to retired coal employees by giving dearness relief (DR)

Dear Sir,

It has been learnt that BOT meeting of CMPFO is scheduled to be held on 25/1/2023. We wish to put up following facts for your kind consideration before the meeting of BOT, CMPFO.

Coal mines employees are covered under Contributory Pension Scheme CMPS-1998 and roughly 5.66 lakhs coal employees retired after 31st March, 1994 are getting pension as per scheme as on date. As pointed out by reports of Public Accounts Committee (PAC) attached to coal ministry, this scheme is plagued by mismanagement and erosion of Pension Fund, resulting in no enhancement of pension amount since inception in 1998, in spite of the fact that there is a provision in the scheme to review and revise the payable pension after every three years.

In section 1.6 of the 12th report of PAC No. 2193, Restructuring of Coal Mines Pension Scheme has been advised to Coal ministry which was accepted by the ministry in its Action Taken Report (ATR). Subsequently, on the advice of Coal ministry, CMPFO had requested the coal companies to voluntary levy Rs.10/- per tonne of coal production which strengthened the depleting pension fund. The proposal was accepted by Coal India Ltd. (CIL) in middle of the year 2020.

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 tonne and making it compulsory was undertaken. For such additional contribution, the BoT agreed to send recommendations to the Ministry of Coal for approval and other follow-ups.

As the matter is still under consideration, studies have been made by AIACE Research team to analyze the shortcomings of pension scheme and how to overcome them for doing a favour to the pensioner by best utilization of the proposed welfare cess of Rs 20 per tonne.

The study begins by taking a hypothetical case of basic salary of Rs 1000 with assumed annual increment of 4%. It is found that on pension contribution of this salary, the employee deposits Rs 148936 along with assumed return of 8% interest in a full span of 30 years. This deposit could easily earn a pension/return of Rs 993 p.m., but the present scheme allows a pension of Rs 780 only, beside losing the entire corpus/deposit. This phenomenon clearly spells out the justification for restructuring the pension scheme along with the need of introducing Dearness Relief (DR) component to do justice for the pensioner.

This DR may be uniform for all pensioners or vary with the amount of pension being received. For simplicity of our analysis, we have distributed all pensioners in 10 different Pension-slabs based on the pension being received. The study assumes 10 different pension slabs with minimum pension of Rs 1000 in the lowermost first slab to maximum of Rs 70000 in topmost 10th slab.

Further, a differentially decreasing DR rate, starting at 6% per annum, to a lower rate of 0.5% (say) for pensioners in higher pension slab is assumed. Obviously, the later approach will yield a saving and has potential to afford higher DR to pensioners at lower slabs.

For simplicity of calculations, all the existing 5.66 lakhs pensioners have been equally distributed in these ten slabs. These existing pensioners constitute of surviving pensioners (either self or spouse) over the years since 1994-1995. Considering the mortality rate among elders in India, surviving pensioners over years 1994-1995 till 2020-2021 have been estimated. Impact of allowing DR to all these surviving pensioners from the year 1994-1995, has been calculated for all pensioners in every slab. It is seen that for the year 2020-21, these 566000 pensioners will have a fund requirement of Rs 589 crores (approx.) for allowing DR to all pensioners.

To understand the feasibility of introducing DR component, study proceeds to study fund requirement for the year 2020-21 as well as predicts for other years to come. For the year 2020-21, total yearly shortfall in fund is estimated to be Rs 1158.88 Crore. This shortfall of fund can be easily managed by levying a cess of Rs 15.37 only on the planned total coal production of 754 million tonne. The study further infers that, 3 years after 2020-21 ie 2023-24 onwards, the pension fund will start decreasing every year which can be easily arrested by a proper mix-up of revised cess and upward revision of coal prices necessary for future wage revisions.

The study report of AIACE research team is enclosed here with. We request to consider this report and do needful for enhancement of pension by allowing dearness relief (DR).

We also request to invite us to the coming BoT meeting of CMPFO as special invitee in which we may present the report in full before the trustees and impress upon them how, enhancement of pension is possible after levying Rs 20/te on coal production.

Hope, our request and advise will be given due consideration.

Regards,

Thanking You,

(P. K. SINGH RATHOR)
Principal General Secretary

Encl: As above

**NEED FOR IMMEDIATE RESTRUCTURING AND REVISION OF COAL MINERS' PENSION**

**By Dr B K Shrivastav, Vice President, AIACE**

**PREAMBLE**

Coal mines employees are covered under Contributory Pension Scheme CMPS-1998. This scheme was launched by NDA govt as a revolutionary measure to ensure robust social security of coal employees who toil hard to produce coal to light the country. This Scheme is administered by the Coal Mines Provident Fund Organization (CMPFO) working under the Ministry of Coal and covers roughly 5.66 lakhs coal employees retired after 31st March, 1994.

As pointed out by reports of Public Accounts Committee (PAC) attached to coal ministry, the scheme is plagued by Mismanagement and erosion of Pension Fund, resulting in no enhancements since inception in 1998, in spite of the fact that there is a provision in the scheme to review and revise the payable pension after every three years.
(Ref. http://164.100.47.193/lsscommittee/Public%20Accounts/17_Public_Accounts_36.pdf)

As per Action Taken Report prepared by PAC, the only visible act so far is that on the instructions of the Ministry of Coal, the CMPFO had requested the coal companies to voluntary levy Rs.10/- per tonne of coal production which has strengthened the depleting pension fund. The next phase of amendment in CMPS act to ensure compulsory cess of Rs 20 per ton of coal production is yet to see the day of light. This study has been undertaken to prove that that this proposed welfare cess of Rs 20 per tonne is capable enough to ensure restructuring of the pension scheme and provide much needed relief to pensioners.

**NEED FOR RESTRUCTURING PENSION SCHEME**

In section 1.6 of the 12th report of PAC No. 2193 mentions that,
*"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."* (Part-I of report). https://164.100.47.193/lsscommittee/Public%20Accounts/17_Public_Accounts_12.pdf

In Part II of the same 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/lsscommittee/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/lsscommittee/Public%20Accounts/17_Public_Accounts_36.pdf*

Further, in section 1.9 of the same The 12th report of PAC No. 2193 mentions that,

*"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. 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."*

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

The proposal for voluntary contribution @Rs. 10 per tonne was agreed by Coal India Ltd (CIL) in the middle of the year 2020. Subsequently, in 175th BoT Meeting deliberations on 20-1-2022, the Chairman of BoT observed that private coal companies are not depositing voluntary contribution @Rs. 10 Per ton, they should be encouraged as it is a welfare compulsory measure. He suggested that amount of contribution may be enhanced depending upon the requirement in the light of Actuary's report. He further instructed to examine if the contribution could be made compulsory through amendment in CMPS' 1998.

Taking the next step, in 176th BoT Meeting deliberations on 16-8-2022, the Chairman instructed to examine the issue to make the contribution @Rs. 10 per ton compulsory through amendment in CMPS, 1998. In consultation with MoC, it has been decided to place a proposal in the matter before next Board Meeting. Finally, the Board agreed to the proposal for enhancement of contribution from Rs. 10 per ton to Rs. 20 per ton. For additional contribution, a recommendation may be sent accordingly to the Ministry of Coal for approval.

Now let us analyze the shortcomings of pension scheme and how to overcome them and do a favour to the pensioner by best utilization of the proposed welfare cess of Rs 20 per ton.

Let, with reference to Table-1,

| | |
|---|---|
| Notional Monthly salary in first year | 1000 ₹ |
| Annual increase rate of salary and pension contribution | 4% |
| Expected return rate on contribution (p.a) | 8.0% |
| Yearly Rate of Intt which can be earned on accumulated corpus | 8.5% |
| Time period for Full pension | 30 years |

CALCULATIONS:-

| | |
|---|---|
| Monthly contribution for pension from 1.4.1998 | 4.91% |
| Monthly contribution for pension from 1.10.2017 | 14% |
| Total Contributed amount in 30 years | 54280 ₹ |
| Estimated returns in 30 years ₹ | 94656 ₹ |
| Total value of Pension Corpus fund (Contribution + Return) | 148936 ₹ |
| Yearly Interest @8% to be earned on accumulated corpus | 11915 ₹ |
| Monthly Interest likely to be earned on accumulated corpus `` | 993 ₹ |
| Notional Monthly salary in last 30-th year | 3119 ₹ |
| Pension fixed @25% | 780 ₹ |
| Monthly pension denied and retained in corpus fund | 213 ₹ |

| Table-1 Ideal Pension for a Contributory Pension Scheme | | | | | | | |
|---|---|---|---|---|---|---|---|
| Year | FY | Notional salary per month with p.a. increase @4% | Rate of Pension contribution per month | Pension contribution per month | Pension contribution per year | Interest on Corpus for the year @8% | Total Corpus Fund at year end |
| 1 | 1994-1995 | 1000.00 | 4.91 | 49.10 | 589.2 | 0 | 589.2 |
| 2 | 1995-1996 | 1040.00 | 4.91 | 51.06 | 612.77 | 98.04 | 1300.01 |
| 3 | 1996-1997 | 1081.60 | 4.91 | 53.11 | 637.28 | 152.95 | 2090.24 |
| 4 | 1997-1998 | 1124.86 | 4.91 | 55.23 | 662.77 | 212.09 | 2965.09 |
| 5 | 1998-1999 | 1169.86 | 4.91 | 57.44 | 689.28 | 275.71 | 3930.09 |
| 6 | 1999-2000 | 1216.65 | 4.91 | 59.74 | 716.85 | 344.09 | 4991.03 |
| 7 | 2001-2002 | 1265.32 | 4.91 | 62.13 | 745.53 | 417.49 | 6154.05 |
| 8 | 2002-2003 | 1315.93 | 4.91 | 64.61 | 775.35 | 496.22 | 7425.62 |
| 9 | 2003-2004 | 1368.57 | 4.91 | 67.20 | 806.36 | 580.58 | 8812.56 |
| 10 | 2004-2005 | 1423.31 | 4.91 | 69.88 | 838.62 | 670.89 | 10322.06 |
| 11 | 2005-2006 | 1480.24 | 4.91 | 72.68 | 872.16 | 767.50 | 11961.73 |
| 12 | 2006-2007 | 1539.45 | 4.91 | 75.59 | 907.05 | 870.76 | 13739.54 |
| 13 | 2007-2008 | 1601.03 | 4.91 | 78.61 | 943.33 | 981.06 | 15663.93 |
| 14 | 2008-2009 | 1665.07 | 4.91 | 81.76 | 981.06 | 1098.79 | 17743.78 |
| 15 | 2009-2010 | 1731.68 | 4.91 | 85.03 | 1020.30 | 1224.36 | 19988.44 |
| 16 | 2010-2011 | 1800.94 | 4.91 | 88.43 | 1061.12 | 1358.23 | 22407.79 |
| 17 | 2011-2012 | 1872.98 | 4.91 | 91.96 | 1103.56 | 1500.84 | 25012.19 |
| 18 | 2012-2013 | 1947.90 | 4.91 | 95.64 | 1147.70 | 1652.69 | 27812.59 |
| 19 | 2013-2014 | 2025.82 | 4.91 | 99.47 | 1193.61 | 1814.29 | 30820.49 |
| 20 | 2014-2015 | 2106.85 | 4.91 | 103.45 | 1241.36 | 1986.17 | 34048.01 |
| 21 | 2015-2016 | 2191.12 | 4.91 | 107.58 | 1291.01 | 2168.90 | 37507.92 |
| 22 | 2016-2017 | 2278.77 | 4.91 | 111.89 | 1342.65 | 2363.06 | 41213.63 |
| 23 | 2017-2018 | 2369.92 | 4.91 | 116.36 | 1396.36 | 2569.30 | 45179.28 |
| 24 | 2018-2019 | 2464.72 | 14 | 345.06 | 4140.72 | 7950.19 | 57270.19 |
| 25 | 2019-2020 | 2563.30 | 14 | 358.86 | 4306.35 | 8612.70 | 70189.24 |
| 26 | 2020-2021 | 2665.84 | 14 | 373.22 | 4478.61 | 9315.50 | 83983.35 |
| 27 | 2021-2022 | 2772.47 | 14 | 388.15 | 4657.75 | 10060.74 | 98701.84 |
| 28 | 2022-2023 | 2883.37 | 14 | 403.67 | 4844.06 | 10850.69 | 114396.59 |
| 29 | 2023-2024 | 2998.70 | 14 | 419.82 | 5037.82 | 11687.75 | 131122.15 |
| 30 | 2024-2025 | 3118.65 | 14 | 436.61 | 5239.33 | 12574.40 | 148935.89 |
| **Sum Total** | - | - | - | - | **54279.90** | **94655.99** | **148935.89** |

It is seen that a pensioner is being denied almost 27% of the pension being received along with denial of accrued pension corpus.

**DEARNESS RELIEF (DR) FOR PENSIONERS**

This anomaly of lesser pension justifies the demand for introduction of a Dearness Relief (DR) component for all pensioners. This DR may be uniform for all pensioners or vary with the amount of pension being received. For simplicity of our analysis, we have distributed all pensioners in 10 different Pension-slabs based on the pension being received as shown below:

1-1000, 1001-2000, 2001-4000, 4001-10000, 10001-20000,
20001-30000, 30001-40000, 40001-50000, 50001-60000, 60001-70000.

**Types of Dearness Relief**

Now this DR component may be at uniform rate of 6% or at a differentially decreasing starting at 6% to a lower rate of 0.5% (say) for pensioners in higher pension slab. Obviously, the later approach will yield a saving and has potential to afford higher DR to pensioners at lower slabs.

**DR at fixed rate**

In this case, DR is allowed to a pensioner at a fixed rate irrespective of amount of pension being received as shown below:

| Pension Slabs and Envisaged DR Rate | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Pension Slab, Rs** | 1-1000 | 1001-2000 | 2001-4000 | 4001-10000 | 10001-20000 | 20001-30000 | 30001-40000 | 40001-50000 | 50001-60000 | 60001-70000 |
| **DR Rate, %** | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

Assuming DR rate of 6% of pension, the DR at the maximum of slab, for the next year after retirement, will be calculated as follows:

First slab up to Rs 1000 (@6%) = Rs 60
next slab up to Rs 2000 (@6%) = Rs 60 + 6% of slab difference =Rs 60+ Rs 60 = Rs 120
next slab up to Rs 4000 (@6%) = Rs 120 + 6% of slab difference =Rs 60+ Rs 120 = Rs 240
next slab up to Rs 10000 (@6%) = Rs 240 + 6% of slab difference =Rs 240+ Rs 360 = Rs 600
next slab up to Rs 20000 (@6%) = Rs 600 + 6% of slab difference =Rs 600+ Rs 600 = Rs 1200
next slab up to Rs 30000 (@6%) = Rs 1200 + 6% of slab difference =Rs 1200+ Rs 600 = Rs 1800
next slab up to Rs 40000 (@6%) = Rs 1800 + 6% of slab difference =Rs 1800+ Rs 600 = Rs 2400
next slab up to Rs 50000 (@6%) = Rs 2400 + 6% of slab difference =Rs 2400+ Rs 600 = Rs 3000
next slab up to Rs 60000 (@6%) = Rs 3000 + 6% of slab difference =Rs 3000+ Rs 600 = Rs 3600
last slab up to Rs 70000 (@6%) = Rs 3600 + 6% of slab difference =Rs 3600+ Rs 600 = Rs 4200
.**DR at differentially decreasing rate**

In this case, DR is allowed to a pensioner at a differentially decreasing rate depending up on amount of pension being received.

| Pension Slabs and Envisaged DR Rate | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Pension Slab, Rs** | 1-1000 | 1001-2000 | 2001-4000 | 4001-10000 | 10001-20000 | 20001-30000 | 30001-40000 | 40001-50000 | 50001-60000 | 60001-70000 |
| **DR Rate, %** | 6 | 5.5 | 5 | 4.5 | 4 | 3.5 | 3 | 2.5 | 2 | 0.5 |

Assuming at a differentially decreasing rate starting with 6% of pension, the DR at the highest of slab, for the next year after retirement, will be calculated as follows:

First slab up to Rs 1000 (@6%) = Rs 60
next slab up to Rs 2000 (@5.5%) = Rs 60 + 5.5% of slab difference =Rs 60+ Rs 55 = Rs 115
next slab up to Rs 4000 (@5%) = Rs 115 + 5% of slab difference =Rs 115 + Rs 100 = Rs 215
next slab up to Rs 10000 (@4.5%) = Rs 215 + 4.5% of slab difference =Rs 165 + Rs 270 = Rs 435
next slab up to Rs 20000 (@4%) = Rs 435 + 4% of slab difference =Rs 210+ Rs 400 = Rs 610
next slab up to Rs 30000 (@3.5%) = Rs 610 +3.5% of slab difference =Rs 610+ Rs 350 = Rs 960
next slab up to Rs 40000 (@3%) = Rs 960 + 3% of slab difference =Rs 960+ Rs 300 = Rs 1260
next slab up to Rs 50000 (@2.5%) = Rs 1260 + 2.5% of slab difference =Rs 315+ Rs 250 = Rs 1510
next slab up to Rs 60000 (@2%) = Rs 340 + 2% of slab difference =Rs 1510+ Rs 200 = Rs 1710
last slab up to Rs 70000 (@0.5%) = Rs 360 + 0.5% of slab difference =Rs 1710+ Rs 50 = Rs 1760

## ESTIMATION OF PENSIONERS IN DIFFERENT SLABS OVER THE YEARS

he present lot of 5.66 lakhs (approx.) pensioners constitute of surviving pensioners over the years since 1994-1995. Considering the mortality rate among elders in India, the following Table-2 is obtained. (vide https://www.statista.com/statistics/1302846/india-mortality-rate-among-elderly-by-age-group/ )

**Table-2 Estimated Number of surviving Pensioners from 1994-1995 till the year 2020-2021**

| Pensioner joining in Year | No. of years of receiving pension | Total Pensioners (Actual/Estimated) with 3% rise every year from 1999-2000 | Age as in 2020-2021 | Mortality rate | Estimated Number of surviving Pensioners from 1999-2000 inthe year 2020-2021 | Total Additional Surviving Pensioners added during the year for DR estimation | Estimated survivingl pensioners in every slab (Keeping slabs same as envisaged earlier) |
|---|---|---|---|---|---|---|---|
| 1994-1995 | 26 | 264308 | 85 | 98% | 5286 | 5286 | 529 |
| 1995-1996 | 25 | 272482 | 84 | 97% | 8174 | 2888 | 289 |
| 1996-1997 | 24 | 280909 | 83 | 97% | 8427 | 253 | 25 |
| 1997-1998 | 23 | 289597 | 82 | 96% | 11584 | 3157 | 316 |
| 1998-1999 | 22 | 298554 | 81 | 95% | 14928 | 3344 | 334 |
| 2000-2001 | 21 | 307788 | 80 | 90% | 30779 | 15851 | 1585 |
| 2001-2002 | 20 | 317307 | 79 | 87% | 41250 | 10471 | 1047 |
| 2002-2003 | 19 | 327120 | 78 | 86% | 45797 | 4547 | 455 |
| 2003-2004 | 18 | 337238 | 77 | 85% | 50586 | 4789 | 479 |
| 2004-2005 | 17 | 347668 | 76 | 80% | 69534 | 18948 | 1895 |
| 2005-2006 | 16 | 358420 | 75 | 70% | 107526 | 37993 | 3799 |
| 2006-2007 | 15 | 369505 | 74 | 60% | 147802 | 40276 | 4028 |
| 2007-2008 | 14 | 380933 | 73 | 50% | 190467 | 42665 | 4266 |
| 2008-2009 | 13 | 392715 | 72 | 40% | 235629 | 45162 | 4516 |
| 2009-2010 | 12 | 404861 | 71 | 35% | 263159 | 27531 | 2753 |
| 2010-2011 | 11 | 417382 | 70 | 30% | 292167 | 29008 | 2901 |
| 2011-2012 | 10 | 430291 | 69 | 25% | 322718 | 30551 | 3055 |
| 2012-2013 | 9 | 443599 | 68 | 20% | 354879 | 32161 | 3216 |
| 2013-2014 | 8 | 457318 | 67 | 17% | 379574 | 24695 | 2470 |
| 2014-2015 | 7 | 471462 | 66 | 13% | 410172 | 30598 | 3060 |
| 2015-2016 | 6 | 486043 | 65 | 10% | 437439 | 27267 | 2727 |
| 2016-2017 | 5 | 501076 | 64 | 8% | 460990 | 23551 | 2355 |
| 2017-2018 | 4 | 516573 | 63 | 6% | 485579 | 24589 | 2459 |
| 2018-2019 | 3 | 532549 | 62 | 4% | 511247 | 25669 | 2567 |
| 2019-2020 | 2 | 549020 | 61 | 2% | 538040 | 26792 | 2679 |
| 2020-2021 | 1 | 566000 | 60 | ---- | 566000 | 27960 | 2796 |

Thus, in the year 1994-1995, there were estimated 264308 out of which 5286 pensioners are estimated to be still surviving and forming a part of present 5.66 lakhs pensioners. For simplicity of our analysis, we distribute all these 5286 pensioners in 10 different Pension-slabs envisaged as before. Thus, in the year 1994-1995, there are 529 pensioners estimated to be in every slab who are still alive 26 years after 1994-95 and eligible for DR relief.

Over successive years, number of pensioners in totality, and also in every slab, will vary. Whereas, the pensioners joining as pensioners will be receiving pension for 26 years, it will gradually decrease by 1 year in every following year.

Based on the above considerations, impact of allowing DR to all these surviving pensioners from the year 1994-1995, has been calculated and shown in Table-3 below:

Fund requirement, for introducing DR, from this Table-3 is found to be,

(i) For all pensioners, in all grades, surviving in 1994-1995 = Rs 1420.44 lakhs
(ii) For all pensioners, in any slab surviving since 1994-1995 = Rs 342.08 lakhs (for lowest slab)

The above methodology is applied further to estimate DR for all surviving pensioners from 1994-1995 up to 2020-21 totaling to a number of 566000 pensioners causing a fund requirement of Rs 590 crores (approx.) for allowing DR to all pensioners.

## Table - 3 Estimated Fund required for DR to all surviving pensioners (Rs in Lakhs)

| Maximum of the slab (Rupees) | 1000 | 2000 | 4000 | 10000 | 20000 | 30000 | 40000 | 50000 | 60000 | 70000 | Year-wise Impact on Fund requirement for introdicing DR | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Differential DR Rate<br>Year of joining as Pensioner | 6.0% | 5.5% | 5.0% | 4.5% | 4.0% | 3.5% | 3.0% | 2.5% | 2.0% | 0.5% | Sum total of Estimated Fund required for DR (Rs in Lakhs) | Year-wise Cumulative Sum total of Estimated Fund required for DR (Rs in Lakhs) |
| 1994-1995 | 8.25 | 15.81 | 29.55 | 66.66 | 121.63 | 169.74 | 210.97 | 245.33 | 272.82 | 279.69 | 1420.44 | 1420.44 |
| 1995-1996 | 4.33 | 8.30 | 15.52 | 35.02 | 63.90 | 89.18 | 110.84 | 128.89 | 143.33 | 146.94 | 746.27 | 746.27 |
| 1996-1997 | 0.36 | 0.70 | 1.30 | 2.94 | 5.37 | 7.49 | 9.31 | 10.83 | 12.04 | 12.35 | 62.71 | 62.71 |
| 1997-1998 | 4.36 | 8.35 | 15.61 | 35.21 | 64.25 | 89.66 | 111.44 | 129.59 | 144.12 | 147.75 | 750.34 | 750.34 |
| 1999-2000 | 4.41 | 8.46 | 15.82 | 35.68 | 65.10 | 90.85 | 112.92 | 131.31 | 146.02 | 149.70 | 760.28 | 760.28 |
| 2000-2001 | 19.97 | 38.28 | 71.57 | 161.44 | 294.59 | 411.10 | 510.96 | 594.18 | 660.75 | 677.40 | 3440.24 | 4200.52 |
| 2001-2002 | 12.57 | 24.08 | 45.03 | 101.57 | 185.34 | 258.64 | 321.46 | 373.82 | 415.70 | 426.17 | 2164.38 | 6364.90 |
| 2002-2003 | 5.18 | 9.94 | 18.57 | 41.90 | 76.46 | 106.69 | 132.61 | 154.21 | 171.49 | 175.81 | 892.87 | 7257.76 |
| 2003-2004 | 5.17 | 9.91 | 18.53 | 41.81 | 76.29 | 106.45 | 132.31 | 153.86 | 171.10 | 175.41 | 890.86 | 8148.62 |
| 2004-2005 | 19.33 | 37.04 | 69.25 | 156.23 | 285.07 | 397.81 | 494.44 | 574.97 | 639.40 | 655.50 | 3329.05 | 11477.67 |
| 2005-2006 | 36.47 | 69.91 | 130.69 | 294.82 | 537.97 | 750.73 | 933.10 | 1085.07 | 1206.64 | 1237.04 | 6282.45 | 17760.11 |
| 2006-2007 | 36.25 | 69.48 | 129.89 | 293.01 | 534.66 | 746.11 | 927.36 | 1078.39 | 1199.22 | 1229.43 | 6243.80 | 24003.91 |
| 2007-2008 | 35.84 | 68.69 | 128.42 | 289.69 | 528.61 | 737.67 | 916.86 | 1066.19 | 1185.65 | 1215.51 | 6173.13 | 30177.04 |
| 2008-2009 | 35.23 | 67.52 | 126.23 | 284.75 | 519.59 | 725.08 | 901.21 | 1047.99 | 1165.41 | 1194.77 | 6067.77 | 36244.81 |
| 2009-2010 | 19.82 | 37.99 | 71.03 | 160.23 | 292.37 | 408.00 | 507.11 | 589.70 | 655.78 | 672.30 | 3414.34 | 39659.15 |
| 2010-2011 | 19.15 | 36.70 | 68.60 | 154.76 | 282.39 | 394.07 | 489.80 | 569.57 | 633.39 | 649.35 | 3297.78 | 42956.93 |
| 2011-2012 | 18.33 | 35.13 | 65.68 | 148.17 | 270.37 | 377.30 | 468.95 | 545.33 | 606.43 | 621.71 | 3157.41 | 46114.34 |
| 2012-2013 | 17.37 | 33.29 | 62.23 | 140.38 | 256.16 | 357.47 | 444.30 | 516.66 | 574.55 | 589.03 | 2991.45 | 49105.78 |
| 2013-2014 | 11.85 | 22.72 | 42.48 | 95.82 | 174.84 | 243.99 | 303.26 | 352.65 | 392.16 | 402.04 | 2041.80 | 51147.58 |
| 2014-2015 | 12.85 | 24.63 | 46.05 | 103.88 | 189.55 | 264.52 | 328.77 | 382.32 | 425.16 | 435.87 | 2213.60 | 53361.19 |
| 2015-2016 | 9.82 | 18.81 | 35.17 | 79.35 | 144.79 | 202.05 | 251.13 | 292.03 | 324.75 | 332.93 | 1690.83 | 55052.02 |
| 2016-2017 | 7.07 | 13.54 | 25.32 | 57.11 | 104.21 | 145.42 | 180.75 | 210.19 | 233.74 | 239.63 | 1216.98 | 56268.99 |
| 2017-2018 | 5.90 | 11.31 | 21.15 | 47.70 | 87.04 | 121.47 | 150.98 | 175.56 | 195.24 | 200.15 | 1016.50 | 57285.49 |
| 2018-2019 | 4.62 | 8.86 | 16.56 | 37.35 | 68.15 | 95.10 | 118.21 | 137.46 | 152.86 | 156.71 | 795.86 | 58081.36 |
| 2019-2020 | 3.22 | 6.16 | 11.52 | 25.99 | 47.42 | 66.18 | 82.25 | 95.65 | 106.36 | 109.04 | 553.79 | 58635.15 |
| 2020-2021 | 1.68 | 3.22 | 6.01 | 13.56 | 24.74 | 34.53 | 42.92 | 49.91 | 55.50 | 56.90 | 288.97 | 58924.12 |
| Slab-wise Impact on Fund requirement for introdicing DR (Rs, Lakhs) | 342.08 | 655.66 | 1225.80 | 2765.19 | 5045.75 | 7041.25 | 8751.67 | 10177.03 | 11317.31 | 11602.38 | 58924.12 | |

**ADMISSIBILITY OF INTRODUCING DR COMPONENT**

To understand the feasibility of introducing DR component, we proceed to study its impact on fund requirement for the year 2020-21.

We have,

1) CMPS-1998 Pensioners 5.66 lakhs
2) Pension fund inflow 280.54 x 12 = 3366.48 Rs Crore
3) Pension fund outflow 328.01 x 12 = 3936.12 Rs Crore
4) Yearly shortfall in fund 3936.12-3366.48 = 569.64 Rs Crore
5) Additional Pension fund required for DR Rs 589.24 Crore
6) Total yearly shortfall in fund Rs 569.64 + Rs 589.24 = Rs 1158.88 Crore
7) Coal Production 754 Million tonne
8) Required cess per tonne of coal Rs 15.37
9) Surplus fund by cess of Rs 20/tonne Rs 326.02 crore

The above findings can be extended to create Table-4 which infers that, 3 years after 2020-21 ie 2023-24 onwards, the pension fund will start decreasing every year. This declining tendency can be easily arrested by,

a) Yearly increase of levy to a level as suggested in column-(10) of Table-4
b) increase in average selling price of coal which presently hovers around Rs 1800 per tonne.
c) High breed approach of linking the cess with price rise of coal which step will automatically take into consideration wage/pension revision impact over the years. The present cess is about 1% of average selling price of coal and this cess is sufficient for next 3 years. Hence, fixing an all time cess @1% of coal price will eradicate the problem of seeking raising the cess per tonne of coal production will be eliminated.

## Table-4 Impact of Welfare Cess in Adding Pension Corpus for Introducing DR Component

| Year | CMPF Subscribers in lakhs (Decrease rate 5% of manpower) | Number of Pensioners (Increase rate 6.6% of subscribers) | Pensioners added during the year | Pension fund inflow Increase at 5.23% of previous year (Rs Crore) | Pension fund outflow at 8.8% of previous year (Rs Crore) | Additional fund required for introducing DR with rise proportional to fund outflow (Rs Crore) | Yearly shortfall in fund (Rs Crore) (7+6)-(5) | Coal Production envisaged at 7% annual growth (Million tonne) | Required levy of cess per tonne of coal production (Rs/tonne) | Proposed Levy (Rs/tonne) | Additional Fund accumulated (Rs Crore) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 2020-21 | 3.72 | 5.66 | 16000 | 3366.48 | 3936.12 | 589.24 | 1158.88 | 753.91 | 15.37 | 20 | 348.94 |
| 2021-22 | 3.53 | 6.03 | 37356 | 3542.52 | 4283.64 | 641.27 | 1382.39 | 806.68 | 17.14 | 20 | 230.98 |
| 2022-23 | 3.36 | 6.43 | 39821 | 3730.27 | 4660.60 | 697.70 | 1628.02 | 863.15 | 18.86 | 20 | 98.28 |
| 2023-24 | 3.19 | 6.86 | 42450 | 3927.98 | 5070.73 | 759.09 | 1901.85 | 923.57 | 20.59 | 20 | -54.70 |
| 2024-25 | 3.03 | 7.31 | 45251 | 4136.16 | 5516.96 | 825.89 | 2206.69 | 988.22 | 22.33 | 20 | -230.25 |
| 2025-26 | 2.88 | 7.79 | 48238 | 4355.38 | 6002.45 | 898.57 | 2545.65 | 1057.40 | 24.07 | 20 | -430.85 |
| 2026-27 | 2.73 | 8.31 | 51422 | 4586.21 | 6530.67 | 977.65 | 2922.10 | 1131.42 | 25.83 | 20 | -659.27 |
| 2027-28 | 2.60 | 8.85 | 54816 | 4829.28 | 7105.36 | 1063.68 | 3339.76 | 1210.61 | 27.59 | 20 | -918.53 |
| 2028-29 | 2.47 | 9.44 | 58433 | 5085.23 | 7730.64 | 1157.28 | 3802.69 | 1295.36 | 29.36 | 20 | -1211.97 |
| 2029-30 | 2.34 | 10.06 | 62290 | 5354.75 | 8410.93 | 1259.13 | 4315.31 | 1386.03 | 31.13 | 20 | -1543.24 |
| 2030-31 | 2.23 | 10.72 | 66401 | 5638.55 | 9151.09 | 1369.93 | 4882.47 | 1483.06 | 32.92 | 20 | -1916.36 |
| 2031-32 | 2.12 | 11.43 | 70784 | 5937.40 | 9956.39 | 1490.48 | 5509.48 | 1586.87 | 34.72 | 20 | -2335.74 |
| | | | | | | | | | | **TOTAL** | -8622.71 |

## CONCLUSION AND RECOMMENDATIONS

This study has made several assumptions on higher side for finding feasibility of restructuring revised pension with DR. The need of the day is to push forward for these reforms vigorously.