

COAL INDIA LIMITED RETIRED EXECUTIVES WELFARE ASSOCIATION

(Registered under W.B. Societies Registration Act, 1961 vide no.: 60903 of 2016-2017 Dated 16.09.2016)

Ekta Niketan, Flat 1A, 23 Bondel Road, Kolkata - 700019

(email: cil.rewa2017@gmail.com)

Letter No.

Date- 27.09.2018

To

The Chairman,

Coal India Limited.

Newtown, Kolkata- 700156.



Sub : CIL Executives' Defined Contribution Pension Scheme, 2007
(Addl Retirement Benefit of 9.84%)

Dear Sir,

This is in continuation of our earlier letter No. 101(1) dated 1st August, 2018 on the aforementioned subject. In our letter dated 01.08.2018 we had requested your Office to advise concerned department to upload the compensatory interest part as was approved by the CIL Board in its 337th Meeting, alike individual contributions uploaded in the CIL Website, for ease of vouching.

Further to the same point, we try to bring out the following points for your kind notice and advise for necessary action:

a) Income Tax (TDS):

It is learnt that CIL will deduct TDS for Income Tax for the amount of contribution to the 'Superannuation Fund' in respect of each employee. You will appreciate that this will have severe pain to all Executive employees both retired and on roll. As you are aware that initial clearance was obtained from MOC vide letter no 49029/50/2011-PRIWI dated 02.02.2016 (copy enclosed) for adoption of New Pension Scheme for Board Level and below Board Level Executives. Section 10(13)(V) of Income Tax Act provides for exemption from Tax to any payment from approved 'Superannuation Fund' by way of transfer to the Account of the employees under New Pension Scheme.

However, for the benefit of a few Executives (both Board level and below Board level), who joined CIL from other CPSEs, having less than 15 years of service in continuity in CIL, which is a condition for NPS, the then Director(P&IR), CIL vide his letter no CIL/C5A/(PC)/Pension/1939 dated 19.01.2017, requested the Economic Advisor, MOC, either to allow waiver of 15 years eligibility condition for introduction of NPS or to Sanction 'Superannuation Fund' (Own Pension Scheme) with LIC as Fund Manager and Annuity service Provider. Accordingly, Board Note was prepared and put up before the

PRESIDENT
N. C. JHA
(9831334341)

VICE - PRESIDENT
A. K. DEBNATH
(9934305664)

SECRETARY **JT. SECRETARY**
T. K. SINHA U. BHOWMIK
(9433208421) (9433017967)

TREASURER
A. K. SEN
(9434793468)



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Remuneration Committee and Board . However, we are afraid that nowhere the Taxation aspect was discussed, where contribution to the 'Superannuation Fund' is taxable and contribution to NPS is tax exempted.

You will appreciate that this fiasco is for the benefit of a few executives/ Directors who joined from other CPSEs to CIL, ignoring all other Executives who have invested their entire career in CIL and are continuing in CIL. With the implementation of CIL's own Superannuation Fund, the Executives' contribution to the fund will reduce substantially because of application of Income Tax, which would have been tax exempt, if NPS was adopted.

b) Selection of LIC:

- i) For selecting LIC as Fund Manager and Annuity Service Provider, in the Board Note beside others it was stated, that the leading CPSEs, such as NTPC, IOCL, HPCL, ONGC, etc have implemented their own Scheme through Trust and LIC as Fund Manager and Annuity Service Provider.

Our Association has gathered the information on this account from NTPC, IOCL and ONGC so far and has come to know that these companies are managing their funds at their own and LIC is the Annuity Service Provider only.

- ii) In other Para (put up as Annexure to the Board Note it is stated that LIC provides **higher Rate of Return** where LIC is 'Fund Manager' as well as 'Annuity Service Provider'. But from the Table displayed in CIL Website (now withdrawn), showing the Option and returns, we find that other Annuity Provider, offers better return than LIC.

For example, HDFC Life provides better returns in most options compared to LIC. A Mail received from HDFC Life is attached. HDFC Life provides better return in Option IV (page 6), which is the most popular Option and most of the Executives /retired Executives may like to opt for this Option.

Thus, it is evident that both the statements made in the Board Note were factually not correct in totality. While naming the other CPSE, full scheme which they are following are not the same which CIL is going to implement.

It is irony that even after a decade, CIL has not been able to finalise the Defined contribution Pension Scheme and it has created huge frustration among the Executives especially the retired Executives.

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We ,therefore, request you to consider the following:

- 1) Advise the concerned Department to upload the compensation interest against individual Executive as per the decision of CIL Board in its 337th Meeting, at the earliest.
- 2) Decision for opting 'Superannuation Scheme in place of New Pension Scheme (NPS) was taken by CIL Management suo-moto without considering the implication of Taxation aspect. Hence, the taxation burden on Executives need to be taken care of by CIL, by forming a Trust seeking exemption from Income Tax Benefit or so. In any case Executives, especially retired Executives should not be penalised by deducting TDS, for no fault on their part.
- 3) Other CPSEs, which is named in aforementioned Board Note, are managing their fund on their own. CIL should also manage the fund through a Trust, as it does for its own cash reserves.
- 4) CIL Management should make a proactive bargain with LIC to provide the best Annuity Rates as compared to other Annuity service provider, which should be 'tailor-made' for CIL Executives considering the volume of corpus and business, to be passed on to them.

Wishing for an early resolution of the issues mentioned above.

With kind regards,



(Nirmal Chandra Jha)
President CILREWA
Former CMD, CIL
President
COAL INDIA LIMITED RETIRED
EXECUTIVES WELFARE ASSOCIATION

Encl: as above.



PRESIDENT N. C. JHA (9831334341)	VICE - PRESIDENT A. K. DEBNATH (9934305664)	SECRETARY T. K. SINHA (9433208421)	JT. SECRETARY U. BHOWMIK (9433017967)	TREASURER A. K. SEN (9434795468)
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