

# 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. 137

Date: 17.02.2020

To  
The Secretary  
Ministry of COAL  
Government of India  
New Delhi

Subject: Interest component for delayed settlement of 'CIL Executive Defined Contribution Pension Scheme-2007'

Dear Sir,

I would like to draw your kind attention to our long pending issue of non payment of interest for delayed settlement of CIL Executive Defined Contribution Pension Scheme-2007.

1. As per DPE guidelines issued vide 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, the Executives of CPSEs are eligible for up to 30% of Basic Pay and DA as Superannuation Benefits. Based on the aforementioned OMs issued by GOI, 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 para 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 considered the proposal 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 and accepting the proposal advised to forward the same to 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:

Quote

- I. Approval of CIL Executives Defined Contribution Pension Scheme-2007 along with the Trust Deed.
- II. Approval of Trustees as provided on the Scheme an irrevocable trust may be registered under the Income Tax Act.



<b>PRESIDENT</b> <b>A. K. DEBNATH</b> (9934305664)	<b>VICE - PRESIDENT</b> <b>T. K. NAG</b> (8002432200)	<b>SECRETARY</b> <b>R. N. BISWAS</b> (9836022668)	<b>JT. SECRETARY</b> <b>A. K. SEN</b> (9434795468)	<b>TREASURER</b> <b>B. BAKSI</b> (9836870946)
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- 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)

## Unquote

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'.

3. 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.

4. It may be worth mentioning here that many Public Sector Undertakings have kept provision in their books of account for the principle amount along with interest and transferred the contribution to the accounts of the respective members immediately after implementation of the Pay Revision w.e.f. 1<sup>st</sup> January, 2007. Some companies have transferred the amount to the individual member's account along with interest at the rate of 8.5% per annum or at the rate of interest as was being earned by the Trust.

5. You must appreciate, 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, 2019. Unfortunately, a number of such retired executives have died during this period without availing the benefit of the interest component of this scheme.

On our consistent follow up with the CIL management, the issue of payment of interest component of the "Defined Contribution" amount was sent to the Ministry of Coal sometimes in July/August 2019. The issue remains unresolved till now.

**PRESIDENT**  
**A. K. DEBNATH**  
(9934305664)

**VICE - PRESIDENT**  
**T. K. NAG**  
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In the above context I, on behalf of Retired Executives' Welfare Associations of Coal India Ltd. and its subsidiaries, request you to kindly review this issue of payment of interest from 1<sup>st</sup> January, 2007 at the compensatory interest rate, as accepted by CIL Board and recommended to the Ministry of Coal on 6<sup>th</sup> March, 2017 at your level and take necessary action at the Ministry for speedy approval of payment of interest 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 so that the retired executives get justice in the matter.

With great expectation and kind regards,

Yours faithfully

(A.K. Debnath)

President / CILREWA

President

COAL INDIA LIMITED RETIRED  
EXECUTIVES WELFARE ASSOCIATION



CC to Chairman, CIL for his kind information with a request to take up the matter afresh with Ministry of Coal.

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