

Investment Section

EMPLOYEES' PROVIDENT FUND ORGANISATION

NEW DELHI



**112th Meeting of the
FINANCE INVESTMENT AND AUDIT
COMMITTEE**

[CENTRAL BOARD OF TRUSTEES, EMPLOYEES' PROVIDENT FUND]

on

28 /04/2014 at 12 NOON

Venue:

Conference Hall, 3rd Floor
HO, EPFO
Bhikaiji Cama Place, New Delhi

Telephone: 26178450

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कर्मचारी भविष्य निधि संगठन
Employees' Provident Fund Organisation

(श्रम एवं रोजगार मंत्रालय, भारत सरकार)
(Ministry of Labour & Employment, Govt. Of India)

मुख्यालय / Head Office

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No. Invest.I/(112th Mtg.)FIAC/2014

Dated: 17.04.2014

To

All Members,
Finance Investment & Audit Committee,
Employees' Provident Fund.

22 APR 2014

Sub: Agenda Papers for the 112th meeting of the Finance Investment & Audit Committee to be held on 28.04.2014 at 12 Noon in the Conference Room, Bhavishya Nidhi Bhawan, 14-Bhikaiji Cama Place New Delhi-110066.

Sir,

In continuation of this office letter of even no. dated 17.04.2014 on the captioned subject, please find enclosed agenda papers for the 112th meeting of the Finance Investment & Audit Committee, to be held on 28.04.2014 at 12 Noon in the Conference Room, Bhavishya Nidhi Bhawan, 14-Bhikaiji Cama Place New Delhi-110066.

You are requested kindly to make it convenient to attend the meeting.

Yours faithfully,

Enclosure-Agenda Papers

(MANORANJAN KUMAR)
REGIONAL P.F. COMMISSIONER-II (INVEST.)

EMPLOYEES' PROVIDENT FUND ORGANISATION

AGENDA BOOK
112th Meeting of the Finance Investment & Audit Committee, CBT, EPF

Date: 28.04.2014

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Time:12 NOON

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Item No.1:- Confirmation of the Minutes of the 111th meeting of the Finance Investment & Audit Committee held on 27.03.2014 at EPFO, Head Office, New Delhi.

Minutes of 111th meeting of Finance Investment and Audit Committee held on 27.03.2014 were circulated vide letter No Invest.1/(111th Mtg.)/FIAC/2014/ dated 7.04.2014. Copy of the minutes is enclosed as Annexure – 1 of this item.

Minutes may be taken as confirmed.

**Minutes of the 111th meeting of Finance Investment & Audit Committee
held on 27.03.2014**

The 111th meeting of the Finance Investment & Audit Committee, Central Board of Trustees, Employees' Provident Fund was held at 02:30 p.m. on 27.03.2014 at EPFO, Head office, New Delhi.

(a) The following were present in the meeting:

1.	Shri K.K.Jalan	Chairman, Finance Investment & Audit Committee (FIAC), CBT, EPF and Central Provident Fund Commissioner, Employees' Provident Fund Organisation, Head Office.
2.	Ms. Meenakshi Gupta	Joint Secretary & Financial Advisor, MOL&E
3.	Shri Anil Kumar Khachi,	Joint Secretary (Social Security), MOL&E
4.	Dr. G.Sanjeeva Reddy	Member, CBT, EPF (Employees' Representative)
5.	Shri Prabhakar J. Banasure	Member, CBT, EPF (Employees' Representative)
6.	Shri J.P.Chowdhary	Member, CBT, EPF (Employers' Representative)
7.	Dr. Shashank Saksena,	Domain Expert, Director(MOF) (Representative of Sh. Anup Wadhawan, Joint Secretary, I&P, DFS, MOF)
8	Shri Sanjay Kumar	Convener and FA & CAO, EPFO

The following member could not attend the meeting:

1. Shri Dr. Ram S. Tarneja could not attend the meeting and had sought leave of absence.

(b) The following officers also attended the meeting:

1. Shri P.C. Pati, Director (Audit)
2. Shri Manoranjan Kumar, RPFC-II (Investment)
3. Shri Ajay Kumar, RPFC-II (IMC)
4. Shri Vishal Agarwal, RPFC-II (IMC)

The Chairman welcomed all the members and officers present in the meeting.

The members shown concern for delayed or non receipt of the agenda booklet in hard copy. It was decided to arrange to deliver the agenda booklet through local PF offices. It was also decided to inform to the members about the schedule of the meeting and dispatch of agenda through SMS.

Item No.1:- Confirmation of the Minutes of the 110th meeting of the Finance & Investment Committee held on 15.02.2013 at EPFO, Head Office New Delhi.

The minutes were approved by the Committee.

Item No.2: Actions taken on the recommendations of the 110th meeting of Finance & Investment Committee held on 15.02.2013.

The Committee took note of the Action Taken Report.

Item No. 3: Performance evaluation of portfolio managers of CBT, EPF for the period 1.1.2013 to 31.12.2013.

The FA & CAO introduced the item and the performance evaluation criteria were explained. The quarterly performance for the quarters starting from September to December 2012 to September to December 2013 on the basis of evaluation criteria was presented to the FIAC that was taken note of. The final performance evaluation

ranking of portfolio managers for the cumulative period from 1st November, 2011 to 31st December, 2013 was as under:

Name of the Portfolio Manager	Rank
SBI	1
Reliance Capital AML	2
ICICI Sec. PD Ltd	3
HSBC	4

The Committee took note of the performance evaluation of the portfolio managers from cumulative period as well.

Director (MoF) desired to know the Investment and Risk Management Policy of EPFO to which it was replied that there is no such policy in EPFO as of now. Presently, EPFO invests its funds as per regulations notified by the Ministry of Finance, Govt. of India and subsequently by the Ministry of Labour & Employment. The risk factors are taken into consideration at the time of evolving regulations. However, the need to have a risk management policy will be separately examined and if need be, formulated. The FIAC will be informed about the development in this regard.

Further, Shri J. P. Chowdhary desired that since EPFO is managing public money, in order to have transparency and accountability, information pertaining to investments of EPF funds may be made available on the website. FA & CAO informed that such information as can be disclosed has already been approved by him for hosting on the EPF website.

**Item No. 4: Additional investment guidelines for new pattern of investment
(decided in 202nd meeting of CBT).**

FA & CAO introduced the agenda item to the Committee and explained the changes suggested in the guidelines. After detailed discussion, the Committee approved the following guidelines;

Government Securities

1. No investment in STG.
2. Minimum 15% investments in CTG category.
3. Minimum 10% investments in SDL category.

Corporate Bonds

1. Investment in PSU category Upto 55%
2. Investment in Private category upto 10%

It was brought to the notice of the Committee that there were some companies which as per the definition in Companies Act as illustrated in the agenda note did not qualify to be Public Sector Undertaking as none of the Public Sector Undertaking or the Govt. alone has more than 51% of the share. However, the PSUs and the Govt. Companies together hold more than 51% of the share. Further, these categories of Company are also audited by the Statutory Auditors appointed by the CAG under section 619(B) of Companies Act. Accordingly, FIAC decided to recognize such PSUs as a separate sub-category among the body corporate with the following riders apart from the existing guidelines for investment in PSU bonds:

- a) Maximum tenure of 10 yrs for AAA rated company.
- b) Maximum tenure of 05 yrs for AA rated company.

Bonds of Private Companies (Private Bonds)

Dr. G. Sanjeeva Reddy observed that since hard copy of the agenda was received recently, he could not go through the agenda. Further, the Committee decided that further relaxation in the private category required detailed discussion. Accordingly, this part of the agenda was deferred for the next meeting.

Money Market Instruments

While the Committee took note of the proposal as contained in Para 29(a), it was decided to form a Sub-Committee comprising of the following for analyzing the risks associated with the other money market instruments.

Chairman: A person of repute in financial industry to be nominated by the CPFC

Members: Shri J. P. Chowdhary, Employers'

Representative

Dr. G. Sanjeeva Reddy, Employees'

Representative

JS & FA, Ministry of Labour & Employment,

Govt. of India

Convenor: FA & CAO, EPFO

Option to Trade

The Committee agreed to the proposal of the constitution of the Sub-Committee to look into the various aspects of benefit and associated risk of trading and evolve comprehensive guidelines for trading in EPFO which includes triggers for trading as mentioned in Para 33 (a & b). It was decided that the Sub-Committee formed for examination of money market instruments other than those already allowed in the above Para may be entrusted this task also.

Item No. 5: Information for realignment of Government Securities (switching of Debt).

An Action taken on the decision of 203rd CBT held on 05th February, 2014 on Realignment of Government Securities was placed before the Committee.

The Committee appreciated the step resulting not only in profit to the EPFO but also locking the investment for a longer duration of twenty nine years with a higher return of 9.36% and noted the action taken.

Item No. 6: Constitution of committee for examination of Bajpai Committee report.

The Committee decided that a Sub Committee formed for considering items of guidelines shall also have mandate to examine the Report in detail. This Sub-Committee is also entrusted with the task of preparing a well researched paper to suggest pattern of investment specific to EPFO. This Sub-Committee will submit its recommendation to the FIAC.

Item No. 7: Waiver of the claim against default by HPSFC in timely payment of interest and maturity amount.

The item was approved for recommendation to the CBT,

Item No. 8: Finalisation of MoU with NTPC for subscription to the bond issuance for next 3 years.

Both Dr. G. Sanjeeva Reddy and Shri P. J. Banasure observed that since the agenda required more time for going through it in detail, it may be deferred for next Meeting which was accepted by the Committee.

Item No.9: Framing of guidelines for investment of provident fund made by exempted trust.

The FA & CAO introduced the agenda item to all members and informed that a new investment pattern for exempted trust was likely to be notified by Ministry of Labour & Employment soon. The Committee after detailed discussion decided to approve the proposal as contained in Para 6 (b) of the Item. A separate Investment Guidelines for exempted trust may be as detailed below;

1. No internal limits in Government Securities namely G Sec and SDL.
2. Investment in STG restricted upto 10%.
3. No investment in unrated Corporate Bonds.
4. The trust fund should not be invested in debt securities issued by the parent company and any group company.
5. All the investments by the trust should be done keeping in mind the sole interest of the trust and it should be at arms length.

6. While making investments in rated securities it should be endeavored to invest in higher rated instruments.
7. T-bills, CBLO and in rated money market instrument allowed for investment in Money Market instrument.
8. Trading option can be exercised only if any of the instruments mentioned above are rated and their rating falls below investment grade as confirmed by one credit rating agency. Further, trading not permitted in any other condition for time being.

Item No.10: Discussion on C&AG audit report on annual accounts.

FA & CAO explained the item to the members. The Members desired to be briefed on important queries of C&AG.

On point A.1.2 relating to negative balance it was informed that a drive has been already initiated to clear the negative balance, and it is expected to clear negative balance of all the offices of EPFO within next 6 months.

On point C.3 regarding Non provision of interest on short credit by Bank, it was informed that already more than the stated amount has been recovered from the bank.

Other points were taken note by the members.

Item No.11: Discussion on C&AG report on performance audit.

FA & CAO explained that an executive summary on main findings has been enclosed with the agenda.

On increasing the wage limit it was informed that the matter is pending in the Ministry of Labour for notification.

Other points were taken note by the members.

Item No.12: Agenda Item on National Pension System (NPS).

(Placed on table with permission of Chair)

The Committee took the agenda as informative and approved the same.

Item No.13: Agenda Item on Progress on conversion to Double Entry Accounting System.

(Placed on table with permission of Chair)

The Committee took the agenda as informative and approved the same. Considering statutory status of ICAI the committee decided to engage ARF of ICAI for consultation in execution of the task.

The meeting ended with vote of thanks to the Chair.

Item No.2: Statement showing the actions taken on the recommendations of the 111th Finance & Investment Committee meeting held on 27.03.2014.

Item No.	Decisions/Directions of FIAC	Action Taken
3.	<p>Performance Evaluation of Portfolio Managers for the period 01.10.2012 to 31.12.2013 (i.e. five quarters).</p> <p>The Committee took note of the performance evaluation of the portfolio managers from cumulative period as well.</p>	No action required.
4.	<p><u>Additional Investment Guidelines for New Pattern of Investment 2013</u></p> <p>i) Govt. securities and PSUs Bonds- approved.</p> <p>ii) Private Companies' Bonds- item deferred</p> <p>iii) Money market instruments- decided to form a Sub – committee for analysis of risk</p> <p>iv) Option to trade- the sub-committee to evolve comprehensive guidelines</p>	<p>I. Govt. securities and PSUs Bonds- Noted for compliance</p> <p>II. Private Companies' Bonds- item is being placed in the present meeting.</p> <p>III. Money market instruments- Letter sent to Sh. Arun Kaul, CMD UCO Bank, requesting him to head the Sub – committee. His reply is awaited.</p> <p>IV. Part of the issue is being placed before the present FIAC for reconsideration. Sub-committee, as approved by FIAC has been constituted CMD UCO Bank has been requested to head the Sub-committee.</p>

5.	<p>Information for realignment of Government Securities (switching of Debt). The item was informative and was noted by the members.</p>	No action required.
6.	<p>Constitution of committee for examination of Bajpai Committee report. It was decided to entrust the task to the same Sub –committee.</p>	<p>Action to be taken as per suggestion of the Sub-committee. Sh Arun Kaul CMD UCO Bank has been requested the head the sub-Committee</p>
7.	<p>Waiver of the claim against default by HPSFC in timely payment of interest and maturity amount. Item was approved for recommendation to the CBT.</p>	Item will be placed before the ensuing meeting of CBT.
8.	<p>Finalisation of MoU with NTPC for subscription to the bond issuance for next 3 years. Item was deferred</p>	Item is being placed in the present meeting.
9.	<p>Framing of guidelines for investment of provident fund made by exempted trust. Item was approved.</p>	Draft guidelines sent to MoL&E for necessary action.
10.	<p>Discussion on C&AG audit report on annual accounts. Item was noted by the members.</p>	Required action on observations has been considered and the timeline for completion of various actions has been finalized the table of timeline is being place before FIAC for its consideration.

11.	Discussion on C&AG report on performance audit. Item was noted by the members.	Required action on observations are being considered.
12.	National Pension System (NPS) The agenda was informative.	No action required.

Item No 3: Additional Investment Guidelines for New Pattern of Investment 2013

It is highlighted that there were six parts in the above agenda (**Item 4 of 111th FIAC placed as Annexure -2**) that were discussed in the 111th Meeting of the FIAC. The decision as per minutes of the said Meeting is extracted as under:

"After detailed discussion, the Committee approved the following guidelines;

Government Securities

4. *No investment in STG.*
5. *Minimum 15% investments in CTG category.*
6. *Minimum 10% investments in SDL category.*

Corporate Bonds

1. *Investment in PSU category Upto 55%*
2. *Investment in Private category upt 10%*

Bonds of Public Sector Undertakings (PSU Bonds)

It was brought to the notice of the Committee that there were some companies which as per the definition in Companies Act as illustrated in the agenda note did not qualify to be Public Sector Undertaking as none of the Public Sector Undertaking or the Govt. alone has more than 51% of the share. However, the PSUs and the Govt. Companies together hold more than 51% of the share. Further, these categories of Company are also audited by the Statutory Auditors appointed by the CAG under section 619(B) of Companies Act. Accordingly, FIAC decided to recognize such PSUs as a separate sub-category among the body corporate with the following riders apart from the existing guidelines for investment in PSU bonds:

1. *Maximum tenure of 10 yrs for AAA rated company.*
2. *Maximum tenure of 05 yrs for AA rated company.*

Bonds of Private Companies (Private Bonds)

Dr. G. Sanjeeva Reddy observed that since hard copy of the agenda was received recently, he could not go through the agenda. Further, the Committee

decided that further relaxation in the private category required detailed discussion. Accordingly, this part of the agenda was deferred for the next meeting.

Money Market Instruments

While the Committee took note of the proposal as contained in Para 29(a), it was decided to form a Sub-Committee comprising of the following for analyzing the risks associated with the other money market instruments.

Chairman: A person of repute in financial industry to be nominated by the CPFC

*Members: Shri J. P. Chowdhary, Employers' Representative
Dr. G. Sanjeeva Reddy, Employees' Representative
JS & FA, Ministry of Labour & Employment, Govt. of India*

Convenor: FA & CAO, EPFO

Option to Trade

The Committee agreed to the proposal of the constitution of the Sub-Committee to look into the various aspects of benefit and associated risk of trading and evolve comprehensive guidelines for trading in EPFO which includes triggers for trading as mentioned in Para 33 (a & b). It was decided that the Sub-Committee formed for examination of money market instruments other than those already allowed in the above Para may be entrusted this task also."

2. In view of the above decisions, the following is submitted for kind consideration of the FIAC:

Bonds of Private Companies (Private Bonds)

3. Since the said Part of the above agenda was deferred for requirement of detailed discussion, the same may be deliberated / decided.

Option to Trade

4. The said Part of the agenda further had two broad parts, both of which have been referred to the Experts Sub-Committee by the FIAC in its 111th Meeting. However, the following is submitted for reconsideration:

5. As far as first broad part is concerned, it was proposed that the Finance, Investment & Audit Committee (FIAC) of the CBT, EPF may go into various aspects of benefit and associated risks of trading and evolve comprehensive guidelines for trading in EPFO funds on which it was decided that the matter may be referred to the Experts Sub-Committee to be constituted by the Chairman, FIAC. The action on the same is underway.

6. However, as mentioned in the original agenda and again may be worth highlighting here that there are certain conditions where the trading may be allowed to the Portfolio Managers of EPFO subject to the approval of Investment Monitoring Cell (IMC) of EPFO and accordingly, it was proposed to allow:

- a) **Trading after seeking approval of IMC, EPFO in all securities of EPFO holding which do not conform to the existing investment guidelines approved by CBT. These securities have come to the portfolio of EPFO mostly consequent to cancellation of exemption.**
- b) **Trading should also be allowed with approval of IMC in such transactions which demonstrate profit to the EPFO on the basis of assured and matching purchase and sale calls available in the market.**

7. Accordingly, as far as second broad part of the said Agenda as stated above is concerned, it is suggested that it may be reconsidered in view of the fact that it will benefit EPFO immediately.

Proposal: The Item is placed for consideration / approval of Para 3, 6 & 7.

Annexure -2 of Item no. 3

Item No. 4 of 111th FIAC: Additional Investment Guidelines for New Pattern of Investment 2013

1. The CBT, in its 201st Meeting held on 25th Feb, 2013 had approved adoption of modified Pattern of Investment notified by Ministry of Finance on 14th August, 2008. This approved pattern has since been notified by Ministry of Labour on 21st November, 2013. The Pattern has also been made applicable for the management of EPFO funds w.e.f. 1st January, 2014. The guidelines that have been approved by CBT from time to time need to be realigned for Implementation of New Pattern of Investment 2013. In its 201st Meeting, the CBT had also decided to review the guidelines and relax the same in a gradual manner.

2. The Pattern of Investment notified on 21st November, 2013 by Ministry of Labour & Employment, Govt. of India required some alignment in investment guidelines on urgent basis. Accordingly, an agenda item (no. 12) was placed before the CBT in its 202nd Meeting held on 13th January, 2014 wherein the decision on the item has been minuted as follows:

"After deliberations, the Board decided to refer the matter to Finance Investment & Audit Committee (FIAC) for taking appropriate action. AS & FA, Ministry of Labour & Employment observed that investment in SDL category should be restricted to states following prudent financial norms. Further, investment in this category should be evenly distributed."

3. Since the FIAC could not be constituted by 5th February, 2014 and the guidelines aligned to the New Pattern of Investment 2013 were required to be formulated as early as possible, the said Agenda item was placed as Additional Item

in the 203rd Meeting of CBT, EPF held on 5th February, 2014 comprising of agenda item taken to CBT in its 202nd Meeting held on 13th January, 2014 alongwith some modifications considered necessary in view of the current economic scenario as well as demand supply gap in different kind of securities. The CBT decided to refer the matter to Finance Investment & Audit Committee (FIAC) for detailed examination and decision thereon.

4. In view of the above, the item is placed for detailed examination and decision by the FIAC.

5. Ministry of Finance while deciding upon the matter related to revising the maximum wage ceiling on which provisions of EPF & MP Act 1952 is mandatory and also the matter relating to providing minimum pension has recommended the following:

"It may also be pointed out that the returns on the fund appear to be inadequate on account of the restrictive guidelines for investment adopted by the Central Board. These guidelines should, therefore, be aligned with the pattern of investment notified by the Ministry of Finance from time to time."

6. In view of the above, the present agenda item seeks to:

- a) Realign the guidelines to implement the Pattern of Investment of Ministry of Finance as approved and notified by Ministry of Labour & Employment in 2013, and
- b) Amend certain other guidelines relating to Govt. Companies and Private Companies in order to maximize the return for the workers while ensuring highest level of security of the investment proposed to be made under the amended guidelines.

Govt. Securities:

7. There are broadly 3 sub-classes of assets under the Govt. Securities as follows:

- a) Central Govt. Securities
- b) State Development Loans
- c) State Govt. Guaranteed Bonds

In 2003 Pattern of Investment, the minimum investment in this asset class was prescribed to be 40% while the maximum investment could have been upto 70%. In New Pattern of Investment 2013, though minimum investment has not been prescribed it is implicit that the minimum will remain at 40% while maximum will get reduced from 70% to 55%. The New Pattern of Investment 2013 does not prescribe any internal limits in terms of percentage in the 3 sub-classes of assets. However, while notifying New Pattern of Investment 2013, the Ministry of Labour & Employment had desired that the CBT internally provides certain percentage allocation among the 3 asset classes. The direction of Ministry of Labour & Employment is placed at Annexure 'A'.

8. In view of the above, the FIAC may consider the following percentage:

- a) In the sub-class of State Govt. Guaranteed Securities, we may continue with the earlier guidelines of CBT which prohibited any investment in this sub-class. Therefore, **FIAC may continue with the above guidelines for the time being and prescribe 0% investment in this sub class.**
- b) In the sub-class of Central Govt. Securities, the minimum prescribed investment was 25% while the maximum possible investment in this sub class could have been 55%. In view of the fact that maximum itself of the sub class have been reduced from 70% to 55%, we may either :
 - (i) not prescribe any minimum investment in this sub-class

'OR'

(ii) reduce the minimum as prescribed in 2003 pattern by suitable percentage.

Considering the fact that investment in Central Govt. Securities is not only possible for a longer tenure, but also has highest security, it is felt that we may not completely do away with the minimum prescribed allocation in this sub class of asset. Accordingly, **it is proposed that the minimum in this sub-class of asset may be kept at 15%.**

c) In the sub-class of State Development Loans the minimum prescribed investment in SDL was 15% while maximum possible investment this asset class could have been 45% in the earlier Pattern of 2003. RBI undertakes the responsibility of payment of principle as well as interest. Therefore, this class of sovereign guaranteed asset has also not seen any default in its entire history. A report of CRISIL to this effect is placed at **Annexure 'B'**. The FIAC in this situation can consider that it may either:

i. not prescribe any minimum investment in this sub-class

'OR'

ii. reduce the minimum as prescribed in 2003 pattern by suitable percentage.

Considering the nature of the asset and also maintaining a healthy balance between G. Sec. and SDL, the FIAC may consider that **the minimum investment in SDL may be reduced from existing 15% to 10% in the New Pattern of Investment 2013.**

- d) Further, the above inter-se allocation of the asset will be reviewed by FIAC based upon the feedback from the Fund Managers and also its impact on the returns on the funds invested by EPFO.

Corporate Bonds

9. There are broadly 2 sub-classes of assets under the Corporate Bonds as follows:

- a) Bonds of Public Sector Undertakings (PSU Bonds)
- b) Bonds of Private Companies (Private Bonds)

10. In the 2003 Pattern of Investment maximum exposure in Private Sector Category is restricted to maximum 10%. In the New Pattern of Investment 2013, there is no such restriction. However the exposure in the private category is self-limiting due to the supply constraints in the approved guidelines/ framework. Accordingly, **it is proposed that the following percentage may be approved by the FIAC:**

- **Upto 15% investment in private category**
- **Upto 55% investment in PSU category**

11. Further, the investments in PSU and Private bond category as above shall be made within the framework of guidelines as approved by the CBT / FIAC from time to time.

Bonds of Public Sector Undertakings (PSU Bonds)

12. In 201st Meeting of the CBT held on 25th February, 2013, certain amendments in investment of PSU were approved.

13. However, there are certain companies which do not qualify to be PSUs by the definition prescribed for PSU in section 2(36-A) of the Income tax Act 1961. The definition of PSU as per Income tax Act is reproduced below:

"Public Sector Company means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956)."

14. As per section 617 of the Companies Act 1956 there are certain companies defined as Govt. Companies. The definition of Govt. Company is reproduced below:

"Government company means any company in which not less than fifty- one percent of the [paid up share capital] is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government company as thus defined."

15. The subsidiary is defined at section 4 of the companies Act 1956, which is again reproduced:

"Meaning of" holding company" and" subsidiary". For the purposes of this Act, a company shall, subject to the provisions of sub- section (3), be deemed to be a subsidiary of another if, but only if,-

1. that other controls the composition of its Board of directors; or

2. that other-

a. where the first- mentioned company is an existing company in respect of which the holders of preference shares issued before the commencement of this Act have the same voting rights in all respects as the holders of equity shares, exercises or controls more than half of the total voting power of such company;

- b. where the first- mentioned company is any other company, holds more than half in nominal value of its equity share capital; or*
- 3. the first mentioned company is a subsidiary of any company which is that other's subsidiary.*

16. There are some companies which as per above definition do not qualify to be Public Sector Undertaking as none of the Public Sector Undertaking or the Govt. alone has more than 51% of the share. However, the PSUs and the Govt. Companies together hold more than 51% of the share and therefore, have dominant position in the decision making process to these companies.

17. These categories of Company are also audited by the Statutory Auditors appointed by the CAG under section 619(B) of Companies Act. **So, FIAC may recognize them as a separate sub-category among the body corporate. However, since this recognition will be for the first time, FIAC may as measure of abundant precaution to restrict the tenure of investment in this category of Company as under:**

- **Maximum tenure of 10 yrs for AAA rated company.**
- **Maximum tenure of 05 yrs for AA rated company.**

18. All other conditions of PSUs will apply on this category.

Bonds of Private Companies (Private Bonds)

19. In 201st Meeting of CBT, EPF a detailed presentation on the investment pattern and guidelines governing the investment of EPFO fund (EPF, EPS and EDLI Fund) was made. The reason for moderate earning of EPFO was also discussed in detail in the said presentation. After the deliberation, CBT had made certain decisions. From the perusal of the decision, it is observed that CBT had decided to

relax the existing guidelines in gradual manner. Pursuant to the meeting, it is observed that only 5.83% of incremental investment of EPFO fund could be invested in the Private sector Bonds as per the figures of EPFO holding as on 30th November, 2013. The average rate of return from these bonds is around 9.39% which is more than 90 basis points above the last interest rate declared by EPFO. Though the existing guidelines allows EPFO to invest upto 10% of its incremental investment in private bonds, the same percentage could not be achieved for the reason that bonds with required eligibility criteria as per the existing guidelines are not in supply in the market. The companies which are qualified as per the existing guidelines also have alternate sources of raising debt including raising the same from the overseas market. Apparently, the cost of raising debt through such alternate sources is cheaper than the current domestic interest rate that may be demanded by domestic investors for the bonds of these selected companies. The present guidelines for investment in Private bonds are as follows:

Sl. No.	Private Sector Companies	Guidelines
i.	Min rating	Dual AAA
ii.	Tenure	10
iii.	Limits as % of net worth	25
iv.	Listed company	Yes
v.	Continuously made net profit during last 5 years	Yes
vi.	Positive net worth of minimum Rs. 3,000 Crores	Yes
vii.	Continuously paid minimum dividend of 15% during last 5 years	Yes

20. It may be pertinent to highlight here that the dual AAA rating of any bond by itself considers the factors that may be associated with the risk of the Bond being issued by eligible company. Therefore, providing additional guidelines for investment in dual AAA rating further restricts the possibility of investment in the relatively low risk paper which have been rated as AAA by two independent and separate rating agencies. We may, therefore, consider removing these additional guidelines.

21. Subsequent to the 201st meeting of CBT, investment of few Exempted Trusts who have sizeable funds under their management and are getting returns better than EPFO on their investment were analyzed. One of the main reasons that appear for better returns being generated by these Exempted Trusts is that these funds have been making investment in Pvt. Sector Bonds upto at least A- rated which is allowed as per the 2003 pattern of investment notified by the Ministry of Labour & Employment. Two of the analyzed exempted trusts have confirmed that there has been no reported default in their investment in the bonds rated upto A- of Pvt. Companies. The following are investment grade for bonds of Private / PSU category:

AAA	AA+	AA	AA-	A+	A	A-			
BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	

22. From the above hierarchy of the ratings, it is apparent that investment as per the 2003 Pattern was allowed upto 16 categories of rating. In the recently notified pattern (based on 2008 Pattern of Investment of Ministry of Finance, Govt. of India), 25% of the investment can also be done in the bonds which are unrated. **However, due to unknown risk associated with unrated bonds, investments in unrated bond should be avoided without any exception.**

23. **The FIAC may, however, consider investment in dual AA+ rated bonds also alongwith dual AAA.** As per the study of the CRISIL, only insignificant number of body corporate rated as AA+ have been downgraded or have defaulted in the period 2002 – 2012. Even in case of a downgrade by one or two notches in the rating, the instruments are still investible grade.

24. In 2003 pattern as well as in New Pattern of Investment 2013, sell option of the bond consequent to their downgrade is available. EPFO may exercise its option to exit the bond which has been downgraded by both the rating agencies.

25. In order to safeguard the interests of the EPF, we may ensure that:

- a) The issuer of the bond makes express covenant in their bonds for stepping up of interest consequent to their downgrade by one notch by the rating agency. There have been instances of such bonds issued in the past like Raymond Limited and Apollo Tyres Ltd.
- b) In event of the downgrade of the bond by more than one notch by both the rating agencies, EPFO will have an option to redeem the bond (put option of their investment).
- c) In order to ensure further safety, we may begin with restricting the tenure of investment in such bonds to 5 years and limit as % of networth to 20%.

26. To sum up, the following guidelines may be considered / approved by the FIAC for investment in bonds issued by Private Companies:

- a) The bonds must be at least dual AA+ rated by independent recognized rating agencies. No investment shall be made in unrated bonds without any exception.
- b) All additional conditions like positive networth, continuous profitability, etc. other than tenure and limit as % of net worth may be dispensed with.
- c) Accordingly, the following table summarizes the proposed guidelines for investments in private sector bonds:

Sl. No.	Guidelines	Private Companies rated AAA by atleast two rating agencies	Sector Companies rated AA+ by atleast two rating agencies
i.	Tenure	10	5
ii.	Limits as % of net worth	25	20
iii.	Listed company	No	No
iv.	Continuously made net profit during last 5 years	No	No

v.	Positive net worth of minimum Rs. 3,000 crores	No	No
vi.	Continuously paid minimum dividend of 15% during last 5 years	No	No
vii.	Stepping up of interest (coupon)	No	Investment only in such dual AA+ rated bonds of the Private companies which have express covenant of stepping up of the interest on the bond by minimum 25 basis points in case of downgrade by one notch.
viii.	Option to redeem (PUT option by EPFO)	No	Investment only in such bonds which have express covenant of option to redeem (put option by EPFO) in case the bonds are downgraded by more than 1 notch.

Money Market Instruments

27. There are following money market instruments available in the market in which EPFO is allowed to participate:

- a) CBLO
- b) Treasury Bills
- c) Certificate of deposit (CD)
- d) Commercial Papers
- e) Forward rate agreement/ interest rate swap
- f) Bill rediscounting
- g) Market Repo

28. Out of the above instruments, EPFO already invests in CBLO and Treasury Bills as the same was allowed under 2003 pattern. Apart from these, investment in Certificate of deposits (CDs) of banks which are eligible as per the investment guidelines for investments in bank bonds & TDRs of upto 364 days of the scheduled commercial bank have also been included for investment by Fund Managers as the same are treated as money market instruments for the said category. A copy of the letter dated 18.12.2013 communicating the same to the Fund Managers is placed as **Annexure 'C'** for reference.

[CDs are securitised short term time deposits issued by scheduled commercial banks (excluding Regional Rural Banks). Select Financial Institutions (FIs) that have been permitted to raise short-term resources under umbrella limit fixed by RBI can issue CDs within the umbrella limit. The minimum maturity period of CDs issued by banks is 7 days. Selected all-India financial institutions can issue CDs for a maturity period of 1 to 3 years. Banks and FIs have to necessarily issue CDs in dematerialised form. As per the current RBI guidelines, CD should be issued at a discount to the face value. They normally give a higher return than Bank term deposit, and are rated by approved rating agencies (e.g. CARE, ICRA, CRISIL, and FITCH) which considerably enhance their tradability in the secondary market, depending upon demand. CDs can be issued to individuals (other than minors), corporations, banks, companies, trusts, funds, associations and Non-Resident Indians.]

29. Accordingly, the following are placed before the FIAC for consideration:

- a) The fact that CDs and TDRs of upto 364 days as described above [Para 2 (iii)] has been included for investment may be taken note of by the FIAC.
- b) Other money market instruments may be considered after the risk associated with the instrument has been analyzed by a Sub-Committee formed by the Finance, Investment & Audit Committee (FIAC) of the CBT, EPF.

Option to Trade

30. In 2003 Pattern, the option to exit was restricted in respect to the Bonds, only in event of its rating falling below investment grade and confirmed by two Credit Rating Agencies. The investments in Bonds by EPFO have so far been restricted to dual AAA rated Private Sector Bonds and upto AA rated PSU Bonds for different

maturities. It is brought to the notice of the Board with satisfaction that there has been no occasion to sell the Bonds either of the PSU or the Private category under the enabling provision given in 2003 Investment Pattern.

31. The New Investment Pattern 2013 provides following conditions for trading:
- a) If any of the instruments mentioned above are rated and their rating falls below investment grade as confirmed by one credit rating agency then the option of exit can be exercised.
 - b) Turnover Ratio (the value of securities traded in the year /average value of the portfolio at the beginning of the year and the end of the year) should not exceed 2.

32. Long term social security funds such as EPF, EPS & EDLI, primarily invest in instruments of long term maturity. Active trading in such Funds is contrary to its vision to invest for long trade. Trading also involves the risk popularly called as traders risk in a situation where an individual has perception about the movement of the market which eventually is proven to be incorrect. In this situation, there is a possibility of active trade leading to loss. Accordingly, it is advisable to have a well thought of guidelines for trading in the Provident Fund, Pension Fund and other old age social security fund. **It is, therefore, proposed that a Sub-Committee may be formed by FIAC that may go into various aspects of benefit and associated risks of trading and evolve comprehensive guidelines for trading in EPFO funds.**

33. However, there are certain conditions where the trading may be allowed to the Portfolio Managers of EPFO subject to the approval of Investment Monitoring Cell (IMC) of EPFO. It is proposed to allow:

- c) **Trading after seeking approval of IMC, EPFO in all securities of EPFO holding which do not conform to the existing investment guidelines approved by FIAC. These securities have come to the portfolio of EPFO mostly consequent to cancellation of exemption.**
- d) **Trading should also be allowed with approval of IMC in such transactions which demonstrate profit to the EPFO on the basis of assured and matching purchase and sale calls available in the market.**

34. All other guidelines as applicable today continue to remain in force.

35. It is highlighted that while placing the above agenda before the CBT, EPF it was proposed that the matter of investments in money market instruments other than those allowed in this agenda as well as comprehensive trading policy may be considered by the FIAC. However, in view of the decision of the 203rd CBT that the agenda may be referred to the Finance Investment & Audit Committee (FIAC) for detailed examination and decision thereon, it has been proposed in Para 29(b) and 32 above that a Sub-Committee may be formed by the FIAC for both the tasks. However, the FIAC can also consider the proposal placed before the CBT for approval.

Proposal: The proposals at Paras 8 (a, b, c, d), 10, 11, 17, 18, 26 (a, b, c), 29 (a), 33 (a, b), 34 and 29(b) & 32 'or' 35 are placed before the FIAC for consideration and approval.

Item No. 4: Finalisation of MoU with NTPC for subscription to the bond issuance for next 3 years.

The above agenda was placed as Item No. 8 of the 111th Meeting of the FIAC held on 27th March, 2014 (placed as **Annexure 3**). The decision as per minutes of the said Meeting is extracted as under:

"Both Dr. G. Sanjeeva Reddy and Shri P. J. Banasure observed that since the agenda required more time for going through it In detail, it may be deferred for next Meeting which was accepted by the Committee."

2. Since the said agenda was deferred for want of more time for perusal, the same may be deliberated / decided.

Proposal: The Item is placed for consideration of the FIAC.

Item No 8 of 111th FIAC: Agreement for Long term Investment

Arrangement with NTPC.

1. As per Section 5 (1A) of the EPF & MP Act 1952, the Fund shall vest in, and be administered by the Central Board. Till the year 1995, the entire fund was being managed by RBI. Subsequently, SBI was doing the portfolio management solely till 16th Sept. 2008. The CBT decided to bring in four independent discretionary Portfolio Managers to bring competition which would deliver better returns on the investments. This arrangement has been working fine for EPFO.
2. However, with the growing size of the fund under management of EPFO, need to have coordinated negotiations with some of the major PSU issuers was felt. This issue was also discussed in the Quarterly Review Meeting of the Fund Managers held on 25th January, 2014 in Mumbai wherein it was suggested that the EPFO can have discussions with the major PSU issuers.
3. Coordinated negotiations with the PSU issuers were felt necessary not only because of the increased flow of the fund but also in view of the fact that the limits for investments in many of on the run PSU issuers have already been exhausted, which has seriously reduced the avenues of investment for EPFO in the corporate bond category. It is also gathered that the collective bargaining will provide better size for getting better deal from many of the PSU issuers. It was also felt by the Fund Managers that if the role for coordinated negotiations with the PSUs is taken by EPFO, it will give better access to the top management of the PSUs as EPFO is a Govt. Organisation. However, in the absence of in-house technical expertise to discover appropriate pricing of bonds for negotiations with PSU issuers by EPFO, the

most appropriate way to do it would be to utilize the expertise of all the Fund Managers in the area which is within the terms of the current mandate also.

4. In above context, it is proposed to constitute a PSU Cell within IMC. This PSU Cell would mainly identify and negotiate with PSU issuers for their primary issuances on behalf of all Portfolio Managers. The issue of quantum, pricing and timing of the investment will be decided by the fund managers as EPFO does not have technical expertise to do the same and EPFO will only act as an agent of Fund Managers. The broad structure of the proposed PSU Cell is placed as **Annexure 'A'** for consideration.

5. NTPC, a AAA rated Public Sector Undertaking (PSU) has submitted a proposal for long term funding line with EPFO. The proposal is placed as **Annexure 'B'**. The broad terms and condition of the proposal are as under:

a.	Instruments	Secured Non Convertible Non Cumulative Taxable Redeemable Bonds
b.	Amount of Funding line	Rs. 2,000 crore to Rs. 5,000 crore per annum for a period of three years starting from 2014-15 subjects to maximum of Rs. 10,000 crore.
c.	Draw down schedule	Every quarter (minimum quantum Rs. 5,00 crore) or as may be mutually agreed upon
d.	Bench Mark for determining coupon rate	Reuters (AAAINBMK less x bps). As may be mutually agreed upon between NTPC and EPFO to be adjusted to semi-annual interest payment
e.	Coupon rate for each drawal	As applicable one day prior to date of drawal as per benchmark which will remain fixed through-out the tenure of Bonds
f.	Interest payment date (s)	Semi Annual- dates as may be mutually agreed upon
g.	Tenure	Door to Door maturity of 10 years
h.	Repayment	Bullet Repayment
i.	Rating	AAA rating by SEBI Registered Agency (ies)
j.	Listing	To be listed on the stock exchange BSE and or/NSE

k.	Put and Call Option	No put or Call option
l.	Documentation	As per market norms, a Disclosure Document is required to be prepared in conformity with SEBI (issue and Listing of Debt Securities) Regulation, 2008 issued vide Circular no. LAD-NRO/GN/2008.13.12778 dated June 06, 2008 and as may be amended from time to time.
m.	Security	As per market norms. Presently as per the SEBI Regulation and Listing Agreement for Debt Securities, 100% security cover is required i.e. one time of the outstanding Bonds. Security would be created as per the statutory period prescribed under the Companies Act.
n.	Trustee for the Bonds	SEBI Registered Agency would be appointed as Trustee for the Bonds
o.	Registrar & Transfer Agent	SEBI registered category-I Registrar would be appointed
p.	Other terms & conditions	As agreed upon between EPFO and NPTC

6. The proposal was forwarded to all portfolio managers and their suggestions on terms and conditions and also the rate expectation were sought. Reply of Portfolio Managers is placed as **Annexure 'C'**.

7. The Fund Managers have agreed on the broad terms & conditions with changes in terms of benchmark to be adopted for deciding the rate. They have suggested that the benchmark should be FIMMDA instead of Reuters. They have also suggested that some average should be taken. Accordingly, it is proposed to have 15 days average of AAA corporate FIMMDA benchmark prior to the deal day. The rate expected for the deal is between 10 to 15 bps less than the average benchmark yield as proposed above. This agreement would ensure assured supply of two to five thousand crores of AAA credit per annum to EPFO for the next three years.

8. The proposal of NTPC with the changes and the rates suggested by the Portfolio Managers as detailed in Para 7 above can be considered and approved and

thereafter, EPFO can enter into an agreement with NTPC for long term investment arrangement.

9. It is highlighted that such agreements/MOU's will only be entered with other PSU's with due approval of the competent authority. However keeping in view the time constraint and urgency of finalization of such agreements, the power of signing the same may be delegated to the CPFC who is also the chairman FIAC. The agreement/MOU will be subsequently placed in the following FIAC for information.

The proposed suggestions outlined in Para 4, 8 and 9 above are placed before the FIAC for perusal and consideration.

Item No 5: Proposal for borrowing of funds for participation in primary auctions of Government Securities and Corporate bonds.

1. EPFO has a constantly accreting corpus. The Fresh accretions received are largely confined to the 3rd week of the month. The money received during the period is invested in the securities either by way of primary auctions of Government securities, SDL and corporate bond or through the secondary market purchase as per the Pattern of Investment.
2. Purchase of securities through the route of primary auctions is preferred as it enables EPFO to bid for desired quantum and also the pricing is many a times better than the secondary market purchase.
3. Auctions of Government securities by RBI is conducted almost every week while EPFO cash flow remains confined to mostly one week during the entire month. This restricts the investment opportunity of EPFO through primary auction route. The timing of corporate bond primary issuances also does not match with our cash flows timings on many occasions.
4. With the investible funds size of over 6000 Crs. in a month, there is absence of matching supply in the secondary market. This results in pricing of bonds which is not favourable to EPFO.
5. In the context above it is proposed to enable EPFO to borrow funds by means of CBL, Corporate Term Repo and other such instruments for participation in primary auctions of both Government Securities and Corporate bonds wherever there is demonstrable profit.

6. This borrowing will not be for a period of more than 30 days.
7. Similar item of borrowing from CBLO for participation in primary auction of Government securities and SDL by RBI has already been approved by CBT, EPF in its 200th meeting held on 07/08/2012. However due to operational issues the borrowing from CBLO could not be done till date. Copy of the agenda and minute is enclosed as annexure "A".
8. If recommended, this issue may be referred to DFS, Ministry of Finance for its approval.

The proposed suggestions outlined in the item above in Para 5 and 6 is placed before the FIAC for consideration and approval.

Annexure A of Item no. 5

200th CBT

Annexure 'A'

Item - 4.

ratings and reducing the maximum tenure for investments in non-banking private sector companies from existing 15 to 10 years).

It is proposed that initially the Board may consider expansion of the basket of investment universe for Private Sector for those companies fulfilling the following five criteria's

- (a) Which are listed,
- (b) Have dual AAA ratings,
- (c) Have continuously paid dividend during last 5 years,
- (d) Had continuously made net profit during last 5 years and
- (e) Having positive net worth of minimum Rs. 5,000 crores.

ii. It is also recommended that the maximum tenure for investment in private sector non banking companies be uniformly restricted to maximum 10 years while for dual AAA rated private sector banks who are regulated by RBI the maximum tenure of investment be kept unchanged at 15 years.

iii. The maximum exposure limit for Private Sector Bank and Private Sector Company should continue to be unchanged at 30% and 25% of net worth respectively for Private Banks and Non Banks.

E. Advantage from the proposal if approved

The existing universe of basket of entities in private sector will be expanded and thus provide opportunity for capturing higher yields. This will also enable complete utilization of 10% investment limit permissible under this category.

9. Suggestions for modification in existing investment pattern by the Central Government on the recommendation of CBT.

Existing Provisions of Investment Pattern in which changes are proposed

A. Collateral & Borrowing Lending Obligation (CBLO) Issued by Clearing Corporation of India Ltd. and approved by Reserve Bank of

India Investment in CBLO was allowed under (ii) (c) of the 2003 pattern of investment (Copy enclosed as Annexure- 4B) with a view to facilitate investment of idle funds in short term securities of maturity less than 7 days.

i. Current Constraint

As of now whenever funds are available with the Portfolio Managers(PMs) of EPFO but no opportunities are available at that point of time to invest in permissible securities, to avoid loss of interest due to idling of funds, the same are invested in CBLO. Sometimes auction of Government securities is announced by RBI on a particular date but funds are not available with the PMs and therefore investments are not made. When the funds become available, the same government securities are purchased from secondary market at high price than the price which could have been obtained, if securities were purchased directly from RBI at the time of auction. Since borrowing for short term is not allowed out of CBLO, EPFO is compelled to purchase Government securities in such circumstances at higher price from the secondary market.

ii. Suggestion of Portfolio Manager & Consultant CRISIL

PMs have suggested that they be allowed to borrow for short term from CBLO market against on existing G Sec securities so as to enable them to borrow for short term from CBLO market for participation in PRIMARY ISSUES only and thus enabling them to capitalize on all primary opportunities during all time.

iii. EPFO's Recommendations

It is recommended that this suggestion of the PM's to allow use of CBLO for both borrowing and lending instead of only lending be approved and recommended to the Government, so as to provide more flexibility for investments in primary auctions of RBI. The Borrowings from CBLO shall not exceed 5% of the incremental accretions at any point of time. The borrowings shall be made only when the difference in price of Government Security purchased in RBI auction over the price of same security in the secondary market is more than the cost of borrowings out of CBLO and as such is beneficial to the EPFO even after paying the cost of borrowings.

Minutes of 200th CBT

➤ Suggestions for relaxation in existing investment guidelines of CBT EPF

CRISIL informed the Board about the investment challenges currently faced by EPFO for investments in Private sector corporate bonds which were;

- i. Limited scope for deploying additional investments in regular Private issuers as limits are almost fully utilized.
- ii. Concentration risk as investments are permitted only in issuances of 7 private sector issuers
- iii. Lack of regular issuance by these 7 private sector issuers

Some CBT members enquired from the consultant about the risk involved if the proposal is accepted. It was informed that in the 25 year history of CRISIL none of their AAA rated paper has ever defaulted. The default experience of 'AAA' private enterprises is as good as 'AAA' public enterprises.

After deliberations the Board was of the view that the proposal required further deliberation and directed that the issue may be placed before the Board again with more details.

➤ Suggestions for recommendation to the Central Government by the CBT for modifications in the existing investment pattern

✓ CRISIL explained about the proposed changes in the investment Pattern i.e.

- Allowing short term borrowings from Collateral Borrowing and Lending Obligation (CBLO) to enable EPFO participation in Primary Auctions by RBI at times of mismatch of cash flows.
- Allow investment in Certificate of Deposits of Public Sector Banks for better cash management.
- Increase the maximum tenure of Term Deposit Receipt of Public Sector Banks to 5 Years from existing up to 1 Year to enable EPFO to capture higher yields on such investments

After deliberations the Board approved the proposal as contained in the agenda.

Item No. 5 : Proposal for classification of investments in Private institutions notified as Public Financial Institutions (PFIs) under 30% category of Pattern of Investment in PSU/PFIs by Employees' Provident Fund Organization (EPFO).

The Board approved the proposal as contained in the agenda.

Item No. 7 : Delegation of Financial and Administrative Powers in matters related to 'Computerization'

The Board approved the proposal as contained in the agenda subject to the modification that proposals above Rs 25 Crores would be first placed for consideration of EC and thereafter to Chairman along with views/comments of EC.

(ACTION PLAN FOR EPFO (2014-15))

Sl No.	FUNCTIONAL AREA	TIMELINE	ACTION TO BE TAKEN BY
1.	Universal Account Number (UAN) will be allotted to the present active members by 15th October, 2014 and thereafter the coverage of other members will be taken up.	15.10.2014	FA & CAO ACC(IS) Zonal ACCS
2.	Extension of OTCP to facilitate transfer between un-exempted and exempted establishments.	01.07.2014	FA & CAO ACC(IS)
3.	Facilitating establishments for making e-payment of contribution from any bank account.	30.09.2014	FA & CAO ACC(IS)
4.	100% e-payment of benefits to beneficiaries- Currently 93% benefits are being paid electronically.	30.09.2014	FA & CAO ACC(IS) All field offices.
5.	Reconciliation of interest on belated credit payable by SBI- (pertaining to last five years)	31.07.2014	FA & CAO All field offices.
6.	Internal Audit: All internal audit paras pending as on 31.03.2013 to be resolved.	30.09.2014	FA & CAO Zonal ACCs
7.	Reconciliation of sundry credits & debits: There is a backlog of un-reconciled transactions roughly amounting to Rs.300 crores in sundry credits and sundry debits which needs to be reconciled.	31.12.2014	FA & CAO All field offices.
8.	Updation of Member records: Efforts are being made to collect the data regarding all the members.	30.04.2014 (collection of data of more than 95% of active members)	FA & CAO ACC(P) All Zonal ACCS