

Telegram : "KENDRIYA NIDHI" New Delhi

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Employees' Provident Fund Organisation
(Ministry of Labour, Govt. Of India)

Head Office

Bhavishya Nidhi Bhawan, 14-Bhikaiji Cama Place, New
Delhi-110066

No. Invest.I/1(15)/2001/62nd Meeting/ 3848-56. Dated: 31.5.2001

To

31 MAY 2001

All Members,
Finance and Investment Committee,
Employees' Provident Fund Organisation

**Sub: Draft Minutes of the 62nd meeting of the Finance & Investment
Committee held on 25.5.2001 at C.S.I.R. Building, Rafi Marg, New
Delhi.**

Sir,

I am directed to enclose a copy of draft minutes of the 62nd meeting of the
Finance & Investment Committee held at 11.30 a.m. at CSIR Building, Rafi Marg,
New Delhi on 25.5.2001 as approved by the Chairperson. Your comments, if any,
on the draft minutes may kindly be sent to us within a fortnight from the date of
issue of this letter. If no comments are received by that time it will be presumed
that you have no comments to offer.

Please acknowledge receipt.

Encl: As above.

Yours faithfully,

(K.L. TANEJA)

Regional Provident Fund Commissioner (Investment)

Copy alongwith a copy of draft minutes is forwarded to:

1. P.S. to F.A. (Labour), Govt. of India, Ministry of Labour, Room No. 117, CSIR Building, Rafi Marg, New Delhi.
2. P.S. to Director (Finance), Govt. of India, Ministry of Labour, New Delhi.
3. P.S. to Secretary, Govt. of India, Ministry of Labour, New Delhi.
4. R.P.F.C. (Conference), Head Office, New Delhi.
5. S.A. to CPFC.

जाति किया
ISSUED

(K.L. TANEJA)

Regional Provident Fund Commissioner (Investment)

DRAFT MINUTES
MINUTES OF THE 62nd MEETING OF THE FINANCE AND
INVESTMENT COMMITTEE, EMPLOYEES' PROVIDENT FUND
ORGANISATION HELD ON 25.05.2001 AT NEW DELHI

The 62nd meeting of the Finance and Investment Committee, Employees' Provident Fund Organisation was held on 25th, March 2001 in New Delhi under the Chairmanship of Joint Secretary and Financial Adviser (Labour).

The following were present:

Shri W.R. Varada Rajan, Member
Shri H.B. Dave, Member
Shri J. P. Chowdhary, Member
Shri S.K. Ray, Convenor
Shri A. Viswanathan, Addl. CPFC (Pension)
Shri R. Rathinasamy, Member Could not attend the meeting and sought leave for absence.

Shri Hemant Contractor, Deputy General Manager, State Bank of India, Central Office, Mumbai was also present in the meeting.

A presentation was made on behalf of ICICI Ltd. by its Executive Director Ms. Kalpana Morparia before the committee. The presentation included the following.

- Brief introduction of ICICI Ltd.
 - Short account of their genesis.
 - their share holder's profile indicating that controlling interest lies with Government.
 - introduction in their diversified derisked asset portfolio.
 - their sound professional management.
 - their financial soundness.

- Investment scenario in Provident Fund sector highlighted.
 - its economic importance in channeling resources for long term funding.
 - challenges/responsibility with regards to risk/return.

- Particular reference to EPF, Investment
 - large fund
 - governed by pattern & investment guidelines
 - differential investment pattern in discretionary category of 20% between exempted/unexempted sector.
 - relative rating of Safety/ Returns/ Liquidity in different categories of investment in permissible pattern

- Current Scenario
 - present economic scenario of interest to investment of Provident Fund
 - relative attractiveness of different categories of investment on risk/ return in changing market scenario.

Finally considering the situation in totality it was suggested that a suitable prudential norms can be considered for investment with ICICI Ltd.

The Chairperson welcomed the members to the meeting. Thereafter, the items were taken up for discussion.

Item No. 1: *Confirmation of the minutes of 61st meeting of the Finance and Investment Committee held on 22.03.2001*

The minutes as circulated were approved by the Committee.

Item No. 2: *Statement showing the action taken on the recommendations of the Committee*

Item No. 2 (1): *Liberalization of Investment Guidelines:*

It was recommended that special meeting of CBT, EPF may be held exclusively to deliberate on the issues relating to investment.

Item No. 2(2): *Outstanding Interest and Maturity proceeds of non-SGL security as on 30.04.2001.*

The Committee noted the action taken by the portfolio manager.

*Form sent to
C.B. Sen for placing
in the Special CBT meeting.*

Item No. 2(3): *Debt Servicing Liabilities subsequent to bifurcation of UP, Bihar & MP*

The Committee observed that the Portfolio Manager should expedite the matter with the appropriate authorities.

Item No.2(4) : *Declaration of Rate of Interest to EPF subscribers for the year 2001-02*

Committee noted the declaration of rate of interest by the Govt. of India at the rate of 9.5% per annum on monthly running balances in the accounts of Employees' Provident Funds subscribers for the year 2001-02 vide their notification dated 8th May 2001.

It was felt that

- Consultation process envisaged in para 60(1) of EPF, Scheme should be completed during the meeting of CBT where the representatives of Govt. are present.
- The word "approval" used in the notification dated 8th May 2001 seems to be inappropriate considering the fact that CBT, EPF recommended interest payment @ 10.25 % per annum on monthly running balance.

Item No. 2(5): *Charges payable to SBI for portfolio management of funds of CBT,EPF.*

The Committee noted the contents.

Item No. 2(6): *Appointment of portfolio auditor for the year 2001-02.*

The Committee noted the contents.

Item No. 2(7): *Rate of interest @12% on outstanding balance in SDS as on 31.3.2000 and to do away with the stipulation of investing the interest earned in SDS account.*

The Committee noted the contents.

Item No. 3, 4 & 5: *Review of Investments in respect of Provident Fund, Pension Fund and EDLI Fund.*

The Committee noted the contents. It was observed that details of the investment made in the public account in respect of Pension Fund and EDLI Fund may also be incorporated in future in the agenda items for review of investments in these funds.

Item No.6: *Banking arrangement for funds of Central Board of Trustees, EPF.*

- Committee appreciated that for the first time a formal banking agreement had been entered into with the State Bank of India to reduce the transit time and bring in efficiency in the funds collections and remittance for investment thereafter, and also to further rationalize service charges payment.
- Committee appreciated the dispensations of uniform time limit of 14 days from the date of deposit of PF Dues by the employers to the date of credit of such collected PF Dues in the accounts of concerned RO/SROs. The time limit had been reduced from 14 days to 0 days in case of cash collections at Link Branch, from 14 days to 1 day in case of collection of PF Dues by Cheque/Demand Draft, from 14 days to 4 days in case of collection of dues by local base branches and from 14 days to 7 days in case of collections by outstation base branches.
- Committee appreciated introduction of rationalized two tier service charges payments.
- It was felt that transfer of funds through electronic mode is a good step in the direction of modernization programme which envisages maintenance of accounts PF subscribers on real time basis. It was felt that the changed banking arrangement will reduce float money considerably & money will be available for investment at the earliest..

After detailed deliberation it was decided that arrangement of transfer of funds through SBI – STEPS from link branch to investment account should be introduced at the earliest. In the second stage same can be introduced for transfer from base branches also as and when the said facilities are available at large number of base branches.

Letter issued to SBI to get concrete proposal from HMT

Item No.7: *Status paper on 16% HMT Bonds, Face Value of Rs. 25 Crores Non Payment of outstanding interest and principal.*

DGM, State Bank of India informed the Committee that M/s HMT Limited have a number of properties in Bangalore and they can consider offering the land in lieu of the outstanding dues. M/s HMT Limited has further suggested a meeting to arrive at an arrangement.

It was decided that State Bank of India may negotiate with M/s HMT Limited and get a concrete proposal from them and the same may be put up before the Finance and Investment Committee for taking decision in the matter. Officers from Employees' Provident Fund Organisation should also remain present in the aforesaid meeting with M/s HMT Limited.

Item No.8: *Report of Portfolio auditor for the period 1.4.99 to 30.9.1999, 1.10.99 to 31.3.2000 and 1.4.2000 to 30.9.2000.*

Committee deliberated on the various issues raised by the auditors and following points emerged for consideration :

- Dealer collects information from Brokers/ R.B.I and strikes the deal on his own. The approval from higher authorities are mere formality.
- SBI stated that although DGM (PMS) permits the deals on daily basis but for individual deals within the approved yield level or better, deal has to be concluded on-line and approval of the same is taken post facto because the securities market operate on online counter party confirmation basis.

It was felt that a mechanism may be evolved to introduce the process of consultation & approval of higher authority of SBI before striking the deal.

- Research and analysis should be made keeping in view the factors of risk management and historical data should be relied upon. While striking the deal the above may be made use of.

- SBI stated that the cell dealing with portfolio management of CBT,EPF has no such capability. However market condition is being analyzed now.

It was felt historical data may be essential for prudential investment as it may indicate relevant trends. Such information may also be easily accessible to PMS from other sources within SBI.

- Investment opportunities – Auditors have pointed out that on various occasions investment avenues with higher yields were available whereas SBI invested else where.
- SBI has only commented that they took decision to purchase certain scrip's without assigning any reason although low yielding ones as per the audit observation.

Some kind of records/evidences of options considered by SBI for purchase of securities on a particular day /time be kept to make it more transparent..

- In many cases interest/maturity proceeds are not being credited in the accounts of CBT, EPF on due dates.
- SBI reported that delays occurred mainly due to clearing time, intervening holidays, postal delays and acceptance cases.

Efforts may be made to reduce the delay to minimum and vigorous effort may be made to collect overdue penal interest wherever required.

- In spite of permission to deal in treasury bills to the Portfolio Managers, idle funds have been observed on various dates in the current account.

- Because of late credit of cash inflows into the account, restriction in the timing of high value clearing, intervening holidays, non availability of special purpose RBI current account for non SGI securities, accumulation for future suitable bulk investments etc. there is unavoidable delay leading to idle funds.

Since transaction (sale/purchase) has been permitted in T-Bill account, there should be minimal idle fund.

- In some cases Broker-wise exposure exceeded 5% of the total amount invested in the Secondary market for different dates.
- SBI replied that RBI guidelines for transactions of banks through brokers stipulate that in case where the deals carried out through a specific broker exceed 5% of the aggregate broker deals, these are to be reported to the concerned bank's board of directors. In case of CBT, EPF transactions also, we are reporting the deals carried out with individual brokers in excess of 5% to our Board of Directors.
As per the guidelines of the CBT, EPF no brokerage is being paid by the bank directly to the broker

It was felt that brokers may be getting their commission from the counter party from whom securities are purchased by the Portfolio Manager or the brokerage may practically get adjusted in the purchase price of securities.

- State Bank of India informed that points raised by the auditors had not been discussed with them before finalisation of audit report. All the issues may be looked into with reference to the ground realities of the markets.

It was felt that before finalization of audit report in future, same should be deliberated between auditor & PMS of SBI.

It was decided that Acutary may be provided the relevant portion of the audit reports pertaining to pension fund alongwith comments of all concerned.

It was decided to constitute a committee consisting of Shri W.R. Varla Rajan , Shri J.P. Chowdhary, Shri Bhuvdev Chatterjee (Actuary), Addl. CENTRAL PROVIDENT FUND COMMISSIONER (Pension) and FA&CAO of EPFO who may visit Mumbai and suggest practical/workable guidelines for the portfolio manager on all the major issues raised by the auditor.

Item No. 9 : Report of portfolio auditor regarding investment fluctuation A/c and P.O.T.D. A/c.

In the report regarding reconciliation of POTD account Bhadra & Co. has specified that as per the letter of Reserve Bank of India against the unreconciled amount of Rs. 57,20,750/- an amount of Rs. 56,84,750/- has been received by the EPF organisation. Hence it may be noted that there is a difference of Rs. 36,000/- only. Balance of Rs. 36,000/- may have been encashed..

The Committee decided that the State Bank of India may be asked to locate the encashment position for Rs. 36,000/-. If the same could not be located, the matter may be placed before the investment Committee again..

With regard to treatment of investment fluctuation account it has been suggested that:

- Premium/incentive must be amortized as per RBI guidelines.

- Premium/incentive should be accounted for separately from all other incidentals like TDS etc.
- This would entail wholesale modification of accounting methods needing permission from CAG.

Send report
to P. P.

It was decided that organisation is going for re-engineering of its business process and retooling of accounting system. This would involve comprehensive review of accounting system and process by an appointed consultant. The report of Bhadra & Co. regarding investment fluctuation account may also be considered by the consultant.

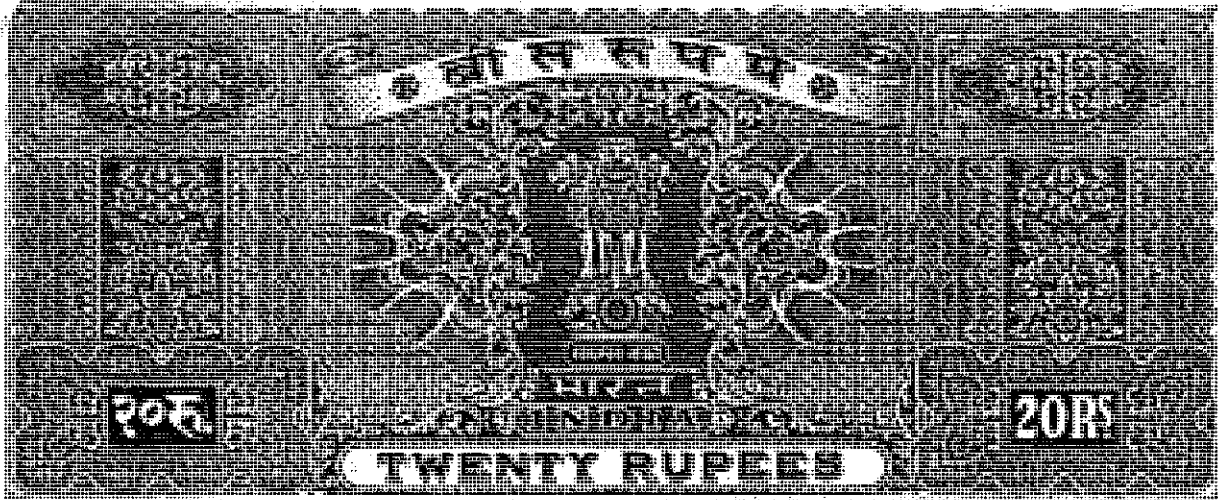
Item No. 10 : Opening of DEMAT Accounts

DGM, State Bank of India informed that investment avenues in PSU/PSFI category are shrinking because the new issues are coming in the market with a condition to keep the securities compulsorily in DEMAT form. Financial implications of opening the DEMAT account could not be specified by the State Bank of India.

It was decided that financial implications of DEMAT account should be specified by the State Bank of India for taking any decision of the issue. However keeping in view the importance of the matter approval of the committee may be taken by circulation of a proposal inclusive of detailed financial implications.

The meeting ended with vote of thanks to the chair

20 Rs.



[Faint handwritten text, possibly a name or address]

State Bank of India

18 MAY 2001

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AGREEMENT REGARDING BANKING ARRANGEMENT OF FUNDS

Contd....

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SIN

BELONGING TO AND UNDER THE CONTROL OF CENTRAL BOARD OF TRUSTEES, EMPLOYEES' PROVIDENT FUND

This Agreement entered into between

- (1) The Central Board of Trustees, Employees' Provident Fund constituted under Section 5 of the Employees' Provident Funds and Misc. Provisions Act (Act 19 of 1952) (hereinafter referred to as the 'Act') represented by the Central Provident Fund Commissioner and the Financial Advisor and Chief Accounts Officer of the Trustees having office at 14, Bhikaiji Cama Place, New Delhi - 110 066 (hereinafter referred to as 'Trustees') and
- (2) The State Bank of India, a corporation constituted under the State Bank of India Act 1955 having its Central Office at State Bank Bhawan, Madame Cama Road, Mumbai - 400 021 represented by the Managing Director & Group Executive (National Banking), State Bank of India and the Chief General Manager (Product Development & Marketing), State Bank of India (hereinafter referred to as 'SBI')

1. General

- 1.1 WHEREAS the administration of Provident Fund Collections under the Employees' Provident Fund Scheme 1952, the Pension fund collection under the Employees' Pension Scheme 1995 and the EDLI fund collection under the EDLI Scheme 1976 vests with the Central Board of Trustees, and
- 1.2 WHEREAS the establishments brought under the purview of the Act and complying with the provisions of the Schemes framed there under are required to pay the dues towards Employees' Provident Fund, Pension and Insurance Fund Monies and administrative charges as specified from time to time under the Employees' Provident Funds Scheme 1952, Employees' Pension Scheme, 1995 and the Employees' Deposit Linked Insurance Scheme 1976 and the establishments, which are exempted from the operation of the said schemes, are required to pay inspection charges as specified from time to time, and
- 1.3 WHEREAS the dues referred to in the preceding paragraph are required to be deposited in the State Bank of India by the covered establishments, and payments authorized by the designated officers of Trustees, authorized in this behalf by Central Board of Trustees are required to be made to various

parties:

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1.4 WHEREAS aforesaid deposits and payments required to be made in respect of various parties shall also be made through the State Bank of India, who are nominated as the sole bankers for the purpose of receipts to the Trustees, and

1.5 WHEREAS the Central Board of Trustees and SBI are desirous of entering into banking arrangements in modification of earlier arrangements for meeting the aforementioned objectives;

Now, therefore, SBI and Trustees in view of the facts narrated above, enter into an agreement as under:

2. DEFINITIONS

2.1 In this Agreement, the following Terms shall be interpreted as indicated:

- (a) "Commissioner" means the Central Provident Fund Commissioner or any other representative authorized by the Central Provident Fund Commissioner.
- (b) "The Trustees" means the Central Board of Trustees acting through the Central Provident Fund Commissioner and Financial Advisor & Chief Accounts Officer.
- (c) "The Agreement" means the agreement entered into between the Trustees and the SBI as recorded in the Agreement form signed by the Trustees through their representatives and the SBI, including all attachments and annexes thereto and all documents incorporated by reference therein.
- (d) "Link Branch" of SBI means the branch designated by SBI where the accounts of the Regional/ Sub-Regional offices and Sub-Account offices of the Trustees are held for collection of Provident Fund Dues etc., within the territorial jurisdiction of the concerned office of the Trustees.
- (e) "Local Base Branches" of SBI shall mean all branches of SBI situated within the municipal limits of the Link Branch.
- (f) "Outstation Base Branches" of SBI shall mean all other branches of SBI situated outside Municipal limits of Link Branch but within the territorial jurisdiction of concerned office of the Trustees.

- (g) "The Services" mean all of the services which the SBI is required to perform for the Trustees under the Agreement;

3. STANDARDS

- 3.1 The Services under this Agreement shall conform to the specifications mentioned in the Agreement.

4. Use of Agreement Documents and Information

- 4.1 The SBI shall not, without the Trustees' prior written consent, disclose the Agreement, or any provision thereof, or any specification, or information furnished by or on behalf of the Trustees in connection therewith, to any person other than a person employed by the SBI in the performance of the Agreement except as may be and to the extent required under any law, statute or by any statutory regulation or other authority exercising power under any law/ rules/ regulations. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance.
- 4.2 The SBI shall not, without the Trustees' prior written consent, make use of any document or information except for purposes of performing the Agreement.

5. SCOPE OF THE AGREEMENT

- 5.1 The Trustees shall maintain and operate the Savings bank accounts as a two-tier arrangement i.e. one at the level of Regional, Sub-Regional and Sub Accounts office and other at the Headquarters.
- 5.2 In the Headquarters of the Regional, Sub Regional and Sub Accounts offices there shall be a branch designated as the Link Branch. The said Link Branch shall maintain the accounts and also receive the dues directly from the employers within the territorial jurisdiction of each of the concerned office of the Trustees. There shall be a number of branches of the SBI and its Associate Banks within the territorial jurisdiction of each of the concerned office of the Trustees for the purpose of collecting the dues as specified in the Act and the Schemes framed thereunder (hereinafter referred to as Base Branches). The base branches shall, after collecting the dues paid by the employers, transmit the same to the Link Branch in which accounts of the Trustees are being maintained, on the date of receipt itself. The receiving branch what so ever will have no responsibility and liability in regard to correctness of the deposits made by the employers' vis-à-vis their liability under the respective Act.

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5.3.1 The link branch, apart from accepting Monies and other dues on behalf of the Trustees in the manner applicable to all base branches, will maintain the following Savings Bank accounts of the Head Office, Regional office, Sub- Regional, Sub - Accounts office, as the case may be.

Account No.	Name of the Account
1.	Employees' Provident Fund Contribution account
2.	Employees' Provident Fund Regional Administration account
10.	Employees' Pension Fund Contribution account
21.	Employees' Deposit Linked Insurance Fund Contribution account
22.	Employees' Deposit Linked Insurance Fund Regional administration account

5.3.2 Description of accounts maintained by the Head Office of Trustees

Account No.	Name of the Account
4.	Employees' Provident Fund Central Administration account
4A.	Employees' Provident Fund Head Office (Local Administration) account
5.	Employees' Provident Fund Investment account
8.	Employees' Provident Fund Staff Provident Fund Account
9.	Employees' Provident Fund Pension cum-gratuity Account
11.	Employees' Pension Fund Investment account
24.	Employees' Deposit Linked Insurance Fund Central Administration account
25.	Employees' Deposit Linked Insurance Fund Investment account

5.4 The remittances received from various base branches as well as the remittances deposited directly in the link branch shall be credited to the respective accounts as per schedule detailed in clause 5.5. The credit/ debit advice pertaining to the above-mentioned accounts shall be sent to the Head Office /Regional office / Sub-Regional offices/ Sub-Accounts offices concerned on daily basis. The link branch shall furnish the reconciled Bank Statements & supporting challans and other documents to

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the concerned office of the Trustees in the manner and periodicity as set out in the Annexure I of this agreement.

- 5.5 Monies received by various branches shall be credited within the manner and period specified below:
- I. The deposits received by way of cash by the Link branches across the counter shall be credited to the account of CBT EPF on the same day.
 - II. The deposits received by way of Demand Draft and Cheques by the Link branches shall be credited to the accounts of CBT EPF within one day from the date of realization (date of realization will be counted when the clearing return discipline time is over).
 - III. The deposits received by way of Demand Draft and Cheques by the local base branches shall be credited to the accounts of CBT EPF in Link branch within four days from the date of realization by the base branches.
 - IV. The deposits received by way of Demand Draft and Cheques by the outstation base branches shall be credited to the accounts of CBT EPF in Link branch within seven days from the date of realization by the base branches.
- 5.6 The cheques received by the link branch as well as the base branches shall be presented for clearing on the date of receipt or on the next working day itself.
- 5.7 All branches receiving PF Dues by cheques/demand draft shall accept only local cheques/ Demand drafts.
- 5.8 Any delay in crediting the amounts indicated in para 5.5, over and above the period prescribed shall attract payment of interest, which shall be equivalent to 2% above the Savings Bank Interest rate as applicable from time to time on the Savings Bank Deposits of SBI.
- 5.9 On the services so rendered as narrated above, SBI shall be entitled to the remuneration/ fee as detailed in the paragraphs given herein after.
- 5.10 The service charges @ Rs. 2.50 per Rs. 1,000/- on the total monies received on behalf of the Trustees by the base branches and remitted to the link branch (excluding the direct deposit with link branch) is payable to the link branch of the State Bank of India by the respective Regional Office/ Sub-Regional Office every month.

Copy
SBI

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- 5.11 The remittance charges @ Rs. 1.50 per Rs. 1,000/- on the monies received on behalf of Trustees by the link branch directly is payable to the link branch of the State Bank of India by the respective Regional Office/ Sub-Regional Office every month.
- 5.12 Out of pocket expenses incurred on postages, telegrams, courier, cost of MICR cheques etc. shall be reimbursed to SBI by the Trustees on actual basis. If there are any other expenses incurred by SBI, the same will be considered for reimbursement on mutual agreement.
- 5.13 Levy of charges shall be only on remittances from base branches to link branches and on provident fund dues collected by the link branches. Other inter departmental remittances shall be excluded from the levy of charges.
- 5.14 Charges shall be debited to CBT EPF account No.2 in respect of Regional/ Sub- Regional/ Sub-Accounts. offices and to Account No. 4/ 4A in respect of Head Office of the Trustees only after adjusting the interest on delayed credits to the account of CBT,EPF on month to month basis. The details of bank charges so debited shall be sent to respective offices of Trustees every month;

Provided that any dispute on calculation and debiting of service charges net of interest on delayed credits shall be settled within one month and that the Officer-in -Charge of the respective field offices of the Trustees and concerned Manager of link branch of SBI shall act as the nodal officer for the purpose.

Provided further that any dispute relating to charges if any debited by SBI net of interest on belated credits, should be resolved by the nodal officers within three months from the date of such debits failing which Trustees shall be entitled to penal interest of 4% above prevailing savings bank interest rate of SBI.

- 5.15 The monies received at base branches (other than the situation when the link branch acts as base branch) should be transferred through electronic mode wherever possible and where such arrangement has been set up in consultation with Trustees' officers. However, in other cases old system of transfer of funds through DD may continue till such facilities are available at these branches.
- 5.16 The monies and other remittances received in the Link branch, net of payments authorized by designated officers of the Trustees shall be transferred to the respective investment accounts by the SBI immediately on receipt of instructions from the respective field offices of the Truste . . .

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- 5.17 The link branches shall provide the Regional, Sub-Regional offices, Sub-Accounts Offices the particulars of balance available in the accounts maintained by them on daily basis and that the link branches shall provide the facility of remote log in (wherever available) to the respective field offices so as to facilitate efficient transfer of funds. The transfer from the link branch to the respective investment accounts and vice versa shall be through electronic mode only (where ever available).
- 5.18 Settlement with regard to payment of service charges & claim of interest for delayed credit, clearance of missing credits, unreconciled amount, or amount in transit pertaining to past period shall be in accordance with the mechanism agreed in February 1998, the relevant extracts of the same are as per Annexure II.

6. AMENDMENTS

- 6.1 No variation in or modification of the terms of the Agreement shall be made except by written amendment signed by the parties.
- 6.2 If any such change/ modification/variation made directly causes an increase or decrease in the cost of, or the time required for, the SBI's performance of the part of the work under the Agreement, changed by the order, an equitable adjustment shall be made in the charges payable and the agreement shall accordingly be amended.

7. ASSIGNMENT

The SBI shall not assign any part of the services to be rendered to Trustees under the Agreement to any other party except with the prior consent of the Trustees.

8. VALIDITY

The Agreement shall be valid for 5 years from the date of execution. It may, however, be reviewed earlier with mutual consent. Provided either of the parties may by written notice of six months, terminate the agreement in whole or in part at any time without assigning any reasons.

9. ARBITRATION

- 9.1 The Trustees and the SBI shall make every effort to resolve amicably by negotiations any disagreement or dispute regarding terms of this Agreement.

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- 9.2 There shall be a standing arrangement between Trustees and SBI for resolution of any dispute with regard to operation of the banking arrangement as per this Agreement.
- 9.2.1 FA & CAO of the Trustees and C.G.M., SBI, Mumbai or any other officer nominated by MD & GE (NB) shall meet every half-year.
- 9.2.2 The officer-in-charge of Regional office/ Sub-Regional office or Sub-Accounts office and the respective link branches who are designated as nodal officer for redressal of dispute shall meet once a month to settle all the outstanding disputes.
- 9.2.3 Meeting of all the officers-in-charge of link branches and Regional Commissioner in-charge of the concerned regions shall be arranged periodically at least once in an year.
- 9.3 If after thirty days from the commencement of such informal negotiations, the Trustees and the SBI have been unable to resolve amicably any dispute, either party may require the dispute be referred for resolution to the formal mechanism specified in Clauses 9.4 and 9.5.
- 9.4 In case of a dispute or difference arising between the Trustees and the SBI relating to any matter arising out of the terms of this Agreement, such dispute or difference shall be referred to the arbitrator(s) to be appointed as provided in 'The Arbitration and Conciliation Act 1996'. The award of the arbitrator(s) shall be final and binding on the parties.
- 9.5 The Arbitration and Conciliation Act, 1996, the rules thereunder and any statutory modification or re-enactments thereof, shall apply to the arbitration proceedings.

10. NOTICES

- 10.1 Any notice by one party to the other pursuant to the Agreement shall be sent in writing to the address specified in this agreement.
- 10.2 A notice shall be effective when delivered or with effect from a later date as specified therein.



In witness whereof, each of the parties hereto have signed this Agreement at Mumbai on Twenty first day of May Two thousand one.

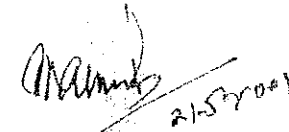
For and on behalf of
the Trustees

For and on behalf of
SBI

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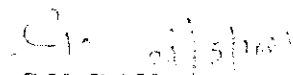
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AJAI SINGH
Central Provident Fund
Commissioner


VEERA KAMESAM
Managing Director &
Group Executive,
National Banking

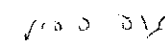
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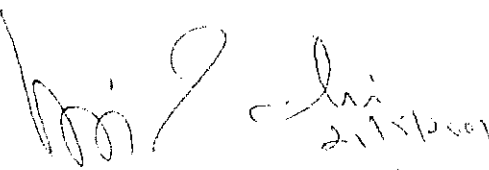
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S.K. RAY
Financial Advisor And
Chief Accounts Officer


C. BHATTACHARYA
Chief General Manager
Product Dev. & Marketing

WITNESS:


Dr. S.S. Gokhale
Asst. Gen. Manager
PDFM Dept.
State Bank of India


A. NISHWANATH
Asst. C.P.F.
C.P.F., New Delhi

ANNEXURE-I

**Manner and Periodicity of Bank statements to be furnished by
State Bank of India**

1. As desired by the bank the remittances payable are being deposited through a single challan system in quadruplicate.
2. While accepting the deposits the bank shall ensure that the Code Number, Name of the Establishment and the amount deposited in each of the accounts are clearly mentioned in the challan. Further cheques received with challans should be lodged for clearing latest by following working day of its receipt of cheque.
3. On acceptance of the deposits by cash, the original and duplicate copies of the challans will be retained by the base branch/link branch and the triplicate and quadruplicate copies will be returned to the depositors, duly affixing the date stamp on the challans on the date of receipt itself.
- 3.1 On acceptance of the deposits by Cheque/Demand Draft, the bank will affix the date stamp on all the copies of challans as a token of receipt of the same. On realization of cheque/DD the stamp showing the date of realization of cheque/DD should be affixed and the original and duplicate copies of the challans will be retained by the base branch/link branch and the triplicate and quadruplicate copies will be returned to the depositors.
4. The first two copies of challans should have date stamp affixing the date of realization of cheques also. The original will be retained at the base branch and the duplicate will be transmitted to the link branch indicating the date of realization along with the payment scroll.
5. The remittance received from various base branches electronically/through DD shall be credited to the respective accounts of Trustees as per agreed schedule at clause 5.5.
6. The credit advice along with the scroll and related (duplicate) challans received from the base branches (and subsidiary banks) shall be sent to the Regional Office, Sub-Regional Office, or Sub-Accounts Office concerned on weekly basis. Similarly debit advice in respect of Account Nos. 1, 2, 10, 21 and 22 shall be forwarded to Regional Office, Sub-Regional Office or Sub-Accounts Office concerned as the case may be on weekly basis. Depositor-wise

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details shall be furnished in the scroll sent along with weekly advices

7. The credit/debit advice in respect of Account No. 5, 8, 9, 11 & 25 shall be furnished to the Trustees headquarters at New Delhi by SBI, Mumbai. Similar advise in respect of account nos. 4, 4A & 24 shall be furnished to the Trustees headquarters at New Delhi by SBI, New Delhi.

- 8.1 The link branch shall furnish the weekly bank statements to the concerned Regional Office/ Sub-Regional Office/ Sub-Accounts Office in the following manner.

For transaction between the period	Date on which Bank statement due*
1 st to 7 th of each month	8 th of each month
7 th to 14 th of each month	15 th of each month
15 th to 22 nd of each month	23 rd of each month
23 rd to last day	1 st day of each following month

* In case the date falls on a holiday/closed day, then immediate next working day.

- 8.2 State Bank of India, Main Branch at Mumbai and New Delhi in respect of all the accounts maintained by them will furnish the Bank statements on daily basis through Email including making available remote login facility to facilitate daily reconciliation (if the facility is available). In the absence of such facility, the bank statement should be sent by courier.

- 8.3. Hard copy of the bank statements shall be furnished to all the offices of Trustees on the dates indicated in para 8.1.

9. The statement to be submitted to the link branches shall contain full particulars of deposits/ withdrawals. In case of deposits the total received from each branch on each day and also the total deposits received by the link branch directly from the establishments etc., shall be shown in the weekly statement;

Provided that in case of withdrawals / transfers, individual items of transactions with full details shall be shown in the weekly statement submitted by the link branches.

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**MECHANISM FOR CLEARANCE OF OLD DUES MISSING
CREDITS, UNRECONCILED AMOUNTS, AMOUNT IN
TRANSIT ETC.**

1. Recovery of the Service Charges: -

- (a) Recovery of Net Services Charges should be done regularly every month.
- (b) The advice of debit should be sent promptly giving the details. The levy of charges should be only on the remittances from Base branches to Link branches and other inter-department remittances should be excluded. If and when so needed the Officials of Trustees would assist the Link branches by furnishing details of other remittances not subject to Service Charges.
- (c) In cases where the recovery is in arrears, details should be furnished to the Trustees and prior information of the amount of debits processed should be given to them to enable them to make funding arrangements.
- (d) As regards the debits relating to Service Charges already raised in the earlier years and which Trustees are unable to reconcile / verify for want of details, Link branches should co-ordinate with the respective Regional Officials of Trustees and ensure that all such outstanding cases for the period April 1990 and up to March 2001 are reconciled before 31st December, 2001.
- (e) The Nodal branch should circulate an updated version of the Trustees' guidelines to SBI branches.

2. Remittance of funds from Base Branches to Link Branches: -

- (a) To continue with the existing arrangement of remittances by Base branches by means of Demand Drafts. However, Link branches should regularly follow-up with Base branches for prompt transfer of collections and send cautionary letter to their base branches who persistently delay the remittances. Link branches to write to their controllers in respect of branches who default despite follow-up.




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- (b) Officials of Trustees would also furnish periodically a list of errant branches to enable link branches to follow-up.

3. Trustees claims of interest on delayed credits: -

- (i) It was agreed that the instructions contained in Bank's Circular NO. C&I-194 dated 18th August 1993 regarding the period and the rates of interest should be followed by the link branches as follows:

"For the period from 01/04/1990 to 31/03/1997

- (a) Our branches may process the interest claims of Trustees as under for the period 01.04.1990 to 31.3.1993. While interest for the period 01.4.90 to 30.9.91 will be paid against claims raised by Trustees, the interest for the subsequent period up to 31.3.1993 will be paid automatically.
- (b) The interest for the delayed remittances shall be calculated and paid at the link branches from the 8th day of the date of MTs/drafts sent by the Base branches.
- (c) In case of MTs/drafts received from branches in North Eastern Region and Sikkim, interest shall be calculated for the delays beyond 10 days from the date of MT/draft.

For the period form 01/04/1993 onwards: -

- (a) From 01/04/1993, interest for the delayed period would be calculated after 14 days from the date of draft/MT.
- (b) The rate at which the interest would be paid is as under:
- | | |
|--------------------------|---|
| 01.4.1990 to 23.1.1992 | @ 5% p.a. |
| 24.1.1992 to 26.6.1992 | @ 6% p.a. |
| 27.6.1992 to 31.3.1993 | 2% p.a. above the rate |
| and from 01.4.93 onwards | applicable to Savings Bank Account in line with the Goiparia Committee recommendations accepted by RBI. |
- (c) For the purpose of calculating interest for the delayed credits, the date of the draft and not the date of receipt of the draft at the link branch should be reckoned. It was further agreed that all outstanding claims will be quickly verified and the settlement will be completed before December 31, 2001.

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4. Reconciliation: -

- (a) Credits to Trustees account arising out of Telegraphic Transfers pose problems in reconciliation as the credits often go to wrong accounts. AGM, Mumbai Main Branch desired to have specific TT numbers from Link branches regarding TTs that remain to be reconciled along with the date and amount of TTs sent.
- (b) Link branches would provide the TT number data relating to such un-reconciled Telegraphic Transfers for the previous 10 years to the nodal branches before December 31, 2001. Link branches in future should also mention in TTs the account number in words to avoid mistakes in transmission or in decoding.

5. Supply of continuous stationery of cheques: -

Link branches will ascertain the requirements of offices of Trustees and place indent with the Central Stationery Department, Calcutta for supply of pre-printed continuous stationery of cheques for computerized issue of cheques by the Trustees.

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