

**Defined Contributory**

**Pension Scheme**

**For**

**Employees**

**OF**

**Central Warehousing Corporation**

**Formed Under**

**The Warehousing Corporation Act, 1962**

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## **Determining Parameters of Defined Contributory Pension Scheme**

### **1-Introduction**

1.1 The orders for the revision of pay scales of Board level, below Board level executives and non-unionized staff were issued by Government of India, vide Ministry of Heavy Industries & Public Enterprises, Department of Public enterprises letter No.2 (70)/08-DPE (WC) dated 26<sup>th</sup> November, 2008. Para 12(V) of annexure IV interalia provided that CPSEs would be allowed 30% of Basic pay plus DA as superannuation benefits, which may include

- a) Contributory Provident fund(CPF)
- b) Gratuity
- c) Pension
- d) Post superannuation Medical benefits

1.2 The Board of Directors of CWC in their meeting held on 09.05.2011 interalia decided that the non unionized employees of the Corporation may also be extended, more or less, similar superannuation benefits as shall be admissible to the Board level, below Board level executives and non unionized supervisors. This, ipso facto, implied that all employees of the Corporation shall be entitled to the superannuation benefits equivalent to 30% of Pay and DA towards Provident fund, Gratuity, Pension and Superannuation Medical Benefits.

1.3 The ibid Govt. orders also emphasized that the Corporation should make their own superannuation schemes or operate through insurance companies on fixed contribution basis.

1.4 The Corporation is already having Contributory Provident Fund Scheme where in it presently contributes 12% of Pay and DA. It has also formalized its gratuity scheme which is to be operated through trust by creation of Gratuity fund to be managed by a Fund Manager, the appointment of which is under process. The Corporation is also having its medical benefit schemes for the superannuated employees. The approximate expense on the aforementioned scheme as confirmed by CWC comes to around 20% of the Pay and DA presently drawn by its employees. This leaves about 10% of Pay and DA which can be appropriated towards the proposed Pension Scheme now under contemplation.

## **2-Need for New Pension Scheme**

2.1 Presently, the Corporation employees are entitled to Gratuity and also the Contributory Provided Fund where the Employee contributes 12 % of pay with equal contribution from the Corporation. These payments accrue to the Employees in lump sum after retirement. Since most of the Employees are not investment savvy, the lump sum payment generally get utilized either on ill conceived investments or on purchase of avoidable capital Assets, which seldom give the Employees or their families a regular flow of income after they have retired. This leaves many retired employees cash strapped to meet even day-to-day requirements not to speak of any contingency which may crop up at the advanced age. As such they need a perennial source of cash inflows to meet their after retirement needs and hence a good Pension Scheme is considered essential for financial security for life, something more valuable than tangible, material benefits with which the Corporation incentives its employees. Moreover, existence of such a scheme creates an environment where in the employees can give their best and derive a sense of fulfillment and security and take pride in their continued association with the organization. Besides, a well structured-**superannuating plan improves the Corporation image and helps in attracting and retaining the talent. In short a good pension plan aims at:**

- Providing regular income to the employees after retirement

- Offers their families financial protection in case of natural; or accidental death before retirement
- In case the Employee leaves the Company and joins a CPSE, he or she can opt to transfer his fund to the new organization's superannuating fund if such a fund exists there
- Contributions to the Scheme and returns there from are Tax exempt

### **3-Tax Benefits to the Corporation & Employees**

**3.1** The contributions made by the Corporation to the pension scheme offers tax benefits both to the employee and the Corporation in as much as:

- The annual contribution made by the Corporation to the scheme is treated as a deductible business expense in terms of Section 36(1) (iv) of the I.T. Act.
- 80% of the contribution(s) made by the Corporation towards the past service liability are treated as deductible business expenses spread over in the subsequent years of payment vide notifications issued by Central Board of Direct Taxes
- The contribution to the scheme made by the corporation are not treated as perquisites in the hands of the employee concerned under section 17(2)(vi) of the Income Tax Act
- The interest earned on investment made by the Pension fund is exempt from tax vide Section 19(25) (iii) of the Income Tax Act.
- The employee's contribution qualifies for exemption from tax under Section 80C of the Income-Tax Act.
- The benefits payable on death are exempt from tax in terms of Section 10(13) of the Act
- The admissible commuted value on retirement is tax-free under Section 10(10A)(ii) of the Act

#### 4-Policy of Central Govt. on Pension to CPSE

4.1 The Central Govt. seemed to have realized the necessity and advantages of formulating a pension scheme for the benefits of the employees of Central Public Sector Undertakings and have accordingly advised CPSES to go for **Defined Contributory Pension Scheme so that money saved today and tax exemptions availed thereon may give the employees additional cash flows to tide over the future financial hardships which often gets multiplied with the aging of the spouse or when he or she meets natural or accidental death either after or before retirement.** The Corporation as a good Employer appreciates and fully subscribes to these genuine apprehensions and feels that a good Pension Scheme is essential for financial security of the superannuated employees and their families as also to enhance its image as a “Model Employer”

#### 5-DPE's Guidelines on Formation of Pension Scheme

5.1 Government of India in the Ministry of Heavy Industries, Department of Public Enterprises, vide its Letter No.2 (70)/08-DPE (WC) dated 26<sup>th</sup> November,2008 and of even no dated 2<sup>nd</sup>April,2009,has issued guidelines for formulation of Pension Scheme by Public Sector Enterprises. These guideline interalia stipulate:

- Existing retirement benefits, namely, Contributory Provident Fund and Gratuity schemes should continue
- The individual Public Enterprises may, workout a suitable Annuity Scheme either at their own or through an insurance company subject to the condition **that contributions made by the Company to the scheme to gether with its contributions to the Provident Fund, Gratuity and Post Retirement medical benefits shall not exceed 30% of the Pay and DA of an employee.**

- The amount of pension for each employee shall be decided based on the Corporation's Contributions; Employee's mandatory and voluntary Contributions and returns there from.
- The superannuation scheme should be under "Defined Contribution Scheme" and not under "Defined Benefit Scheme"
- Pension to be extended only to those employees who superannuates from the corporation and have put in a minimum of 15 years service in the corporation prior to superannuation
- **CPSEs that do not have any superannuation scheme may develop such scheme and obtain the approval of their Administrative Ministry.**
- **Since annuity scheme would be based on the contribution from the Corporation, the schemes should be made effective on prospective basis**
- The employees who have already retired from services of the CPSEs prior to the introduction of annuity schemes, would not be eligible for the benefits of the said schemes

## **6-Nature of Pension Schemes**

6. 1 The Pension Schemes can broadly be divided in to two categories

-Defined Benefit Schemes

-Defined Contribution Schemes

## **7-Defined benefits Schemes**

7.1 A Contributory Scheme which pays a regular income to employees on retirement depending on the qualifying service rendered by him in the organization and is usually expressed, as a percentage of the Pay + DA, last drawn. The contribution to the scheme is generally made by the Employer -

## **8-Defined Contribution Scheme**

8.1 This scheme generally operates on the basis of contribution received either from the employee or employer or both. But, pension to the employee, after retirement, is based on the growth in value of the contributions made in his account and the amount standing to his credit on the date of superannuation. In a nut shell the amount of pension under this scheme shall depend upon the amount of contribution paid by the employer & the employees and the returns generated there from.

## **9-Pension Scheme for CWC**

9.1 The proposed Pension Scheme has been framed within the above guidelines so that the Company may not face any problem in getting the scheme approved from the Government of India, which of course is an absolute must. Needless to say, that even the Government of India has formulated its new mandatory Pension Scheme applicable to Government employees (except Armed Forces) joining Government service on or after 1-1-2004 on the principle of **“Defined Contribution Scheme”** instead **“Defined Benefit Scheme”** which was applicable previously to its employees. **The proposed scheme is more or less on similar lines**

## **10-Broad parameters of Proposed Scheme**

10.1 The scheme is based on the contributions made by the Company as well as the contributions made by the employees. The broad parameters of the scheme are;

- The contribution made by the Corporation shall be a certain percentage of pay and DA of each employee subject to the present ceiling of 30% of pay and DA towards superannuation benefits comprising of Contributory Provided Fund, Gratuity, Pension and Post retirement medical benefits. The ceiling or the composition of superannuation benefits may be revised by the Company on the basis of guide lines issued by the Govt. from time to time.

- Present rate of contribution to be fixed at 10% based on the information provided by the Corporation. The contribution rate may be reviewed from time to time so as to keep the superannuation benefits within the ceiling rate of 30% unless revised by the Central Govt.
- Scheme is optional for the existing employees but obligatory for those joining the Corporation after introduction of the scheme. Employees in the service of the Corporation prior to the date of introduction of the scheme or joining service thereafter shall be obliged to contribute 5 % of their pay and DA towards this scheme.
- Scheme to be applicable w.e.f 01-01-2007 i.e. the date from which pay scales of the employees have been revised
- Scheme to be administered by a trust to be formed by the Corporation and be registered with the Income tax
- Trust to compulsorily manage the Scheme including investment of funds and payment of Pensioner benefits through Life Insurance Corporation of India or any other IRADA approved Agency
- Pension benefit to be available only to those employees who have put in a minimum 15 years of service in the Corporation prior to superannuation. **With regard to Board level Executives, who are contractual appointees, they may become member of the scheme provided their total period of service rendered in continuity in CPSE(s) including the period at Board level in the Corporation is not less than 15 years at the time of superannuation.**
- **The services rendered in the Government prior to joining CPSE would not count for the purpose of computation of total service in a CPSE required for availing the benefits of this scheme.**
- The condition of 15 years service shall not apply to the following:
  - a) Death cases shall be covered irrespective of length of service

- b) Employees leaving service to join another CPSE having a similar scheme may get their corpus transferred to the fund in the new CPSE. Similar benefits shall be available to the employees joining Central Warehousing Corporation from other CPSEs
- c) Employees who resign from the CWC to join another CPSE not having similar scheme or any other organization shall not be allowed to transfer the accumulated corpus. However, in such cases the employee's own contribution plus the growth thereon shall be refunded to him after deducting the income tax that may be leviable on such refunds
- Corporation's Contributions for employees who have retired or died during the period Jan 07 till the date of introduction of the Pension Scheme shall be paid lump sum to the employees who have rendered more than 15 years service on the date of retirement or falls in the category where condition of minimum service of 15 years is not applicable. Such employees need not make their obligatory contributions equivalent to 5% of pay and DA. *However, the employees retired during the period 01.01.07 till the implementation of Pension scheme i.e. 31.12.12, may also become a member of the Pension Scheme on voluntary basis by paying their own contribution @ 5% of Basic Pay & DA.*
- Operating cost of the Scheme to be met by the Corporation

#### **11-How the Pension Fund shall grow?**

11.1 The Fund shall be managed by a Board of trustee having equal number of representatives of the Employees and those of the Corporation. The trust shall compulsorily select Life Insurance Corporation of India or any other IREDA approved Agency to manage the funds of the scheme. The Fund Manager shall with the approval of the Trustees make investment in to 5 units linked Pension Funds or any other funds approved by the Pension Fund Regulatory and Development Authority. The nature of the Five funds to gether with their characteristics are indicated below:

Name of Fund	Mix of Instruments	Nature of Fund	Expected Return
1-Pension Cash Fund	Money Market +Cash=80 to 100% Debt Securities = 0 to 20% Equities = 0 %	Capital Guaranteed	8%
2-Pension Debt Fund	Money Market +Cash = 0 to 20% Debt Securities =0 to100% Equities = 0 %	Capital Guaranteed	10%
3-Pension Secure Fund	Money Market +Cash = 0 to 20% Debt Securities = 60 to100% Equities = 0 to 20%	Capital Guaranteed	11 to 15%
4-Pension Growth Fund	Money Market +Cash =0 to 20% Debt Securities =10 to 50% Equities =20 to 60%	No guarantee Capital may erode	30 to 40%
5-Pension Balance Fund	Money Market +Cash =0 to 20% Debt Securities =50 to 90% Equities =0 to 45 %	No Guarantee Capital may erode	15 to 20%

9.2 The Capital guarantee is given in case the investment is confined to the Pension Cash, Pension Debt and Pension Secure Funds. The switchover among the Funds is permitted without exposing the Funds to equity risk, the fund can easily afford to give an average return in the range of 9.5 to 10% .on this assumption, the contribution made by the Corporation for an employee aged 32 years till he grows 60 years i.e. the age for retirement can have the following growth

Monthly Contribution	Growth
Rs.1000	13, 03,607
Rs1500	19, 76,047
Rs.2000	26, 48,487
Rs.3000	39, 93,367

9.3 It may, however, be mentioned that Insurer/Fund Manager as per existing regulations cannot guarantee a specific growth and as such the returns that the employees can get may be higher or lower than these. In a nutshell, the growth is to some extent, to be traded off between the risks attached to the investments in equity vs. the safety provided by investment in debt and money market instruments. But, the fact remains that investments made in equity for a period of 10 years or more have given positive returns. As such the Trustees, if they so desire, can in consultation with the Fund Manager, follow a different strategy of investments in cases of employees with remaining service of more than 10 years and those with less than 10 years.

#### **10-How the benefit shall be claimed**

10.1 On superannuation -The amount available in individual account shall be informed to him at least 2 months before his retirement or earlier if so agreed with the Insurer. The retiring employee can, if he so desires, commute thirty three percent of the amount and can claim it in one go and the amount so claimed shall be tax exempt as per the existing extent rules. For the balance amount, the Fund Manager in consultation with the Trustees, shall buy an annuity from Life Insurance Corporation India or any other IRADA approved Agency at the best available rates and annuity amount shall be paid as pension on monthly, quarterly, half yearly or annual basis depending upon the discretion of the employee. Various options provided by Life Insurance Corporation of India at present are:

- **Life Pension ceasing at death**

- Life Pension with Return of Capital and Group Pension Terminal Bonus on death.
- Life Pension guaranteed for 5, 10, 15 or 20 years and life thereafter.
- Joint Life Pension payable to the last survivor of the employee and spouse.

### **10.2 On Death**

The Pension is payable on the life of the beneficiary. The Corpus standing at the credit of the deceased employee is utilized towards the payment of pension of the type the beneficiary may opt for.

### **10.3 On Transfer to another CPSE**

- He can get the equitable interest transferred to the Superannuation Scheme of the new CPSE provided the rules of CPSE to which he is joining provide for the same.
- However in case the CPSE that he is joining does not have such a scheme or he is joining any other organization, he may be paid his own contribution together with the corresponding growth after deducting the income tax thereon, if any.

### **11 -Steps involved in the formation of Scheme**

- Formation of the Draft Scheme with in the parameters discussed
- Approval of the Scheme by the Board of Directors or the Executive Committee
- Approval of the Scheme by Administrative Ministry

### **12-Steps involved in operation of Scheme**

- Appointment of Trustees(Minimum Two) by the Management for administration of the scheme

- Appointment of LIC or any other IRADA approved agency by the trustees on mutually agreed criteria
- Passing of the Board Resolution for the appointment of LIC or any other IRADA approved agency
- Signing of Proposal with LIC /or any other IRADA approved agency to manage the Fund
- Making the Scheme known to employees
- Signing of Proposal with the Insurer
- Contributions to be given to the Insurer
- Acceptance letter and receipt from the Insurer
- Preparation of copies of trust deed & Rules for establishment of irrevocable Trust and submission of Application by the Insurer for approval from Income tax Department
- Opening of the Bank Account in the name of the trust and future contributions to be routed through the trust

### **13-Designing of the Scheme**

The schemes based on the above principles has been prepared and draft thereof is enclosed

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**Central Warehousing Corporation**  
**Defined Contribution Superannuation Benefit Pension Scheme**

**Rules**

**Section 1**

**Definitions**

**1.1 Definitions**

In these rules, where context so admits, references to the singular shall include reference to the plural; references to the male include the Female and references to any statutory enactment includes references to amendments to the same. The following words and expressions shall, unless repugnant to the context, have the following meanings: -

**1.1.1** The **Act** means the Income-Tax Act, 1961 and the Indian Trust Act 1982

**1.1.2** **Appointee** means a person appointed to receive benefits on behalf of a minor or disabled beneficiary

**1.1.3** **Approved Pension Trust** shall mean “CWC’s Defined Contribution Superannuating Benefit (Pension) Trust for CWC’s employees (hereinafter referred to as the “Pension Trust”

**1.1.4** **Beneficiary** shall mean a Member of the Pension Scheme in respect of whom the superannuating benefits (Pension) is payable under these Rules and shall

include the Member's spouse or children or any other dependents appointed as his nominee in accordance with these rules and named in the register of Members to receive benefits under this scheme. **Provided** that where there is any difference of opinion as to who is the Beneficiary in the event of death of a Member, the decision of the Board of Trustees shall prevail

**1.1.5 Board** means the Board of Directors of Central Warehousing Corporation

**1.1.6 Continuous Service** The Members of the Pension Scheme shall said to be in continuous service for a period if he has, for that period, been in uninterrupted service, from the date of joining the service in the Corporation including service which may be interrupted on account of sanctioned leave period of any kind of leave, provided the Member and /or the Corporation make such contributions in the Pension fund for that period

**1.1.7 Commencement Date**-means the Commencement date of the Scheme.

**1.1.8 Commissioner** means the commissioner of Income Tax, Delhi, having jurisdiction over the Pension Trust

**1.1.9 Contribution**

**1.1.9.1 Employer's Contributions**

(a) **--initial contributions** in respect of past service of the eligible employees from the date of introduction of the scheme would be paid by the Corporation @ 10% of salary for the period commencing with the entry date till the end of the month immediately preceding the month of severance of the employment with the Corporation.. However, no initial contribution shall be paid in respect of employees who have ceased to be in service on or before the effective date of the scheme due to whatsoever reasons

(b)-**Monthly Contributions**-Monthly contribution shall be payable by the Corporation @ 10% of the Pay + DA up to the normal date of retirement, The rate of Monthly Contribution may be reviewed every year **wef from the 1<sup>st</sup>**

**Day of the financial year to keep the superannuation benefits within the ceiling prescribed by the Central Govt. from time to time**

**1.1.9.2 Members' Contribution-**

means contribution made by the Employee in terms of percentage of his Pay + DA that may be made mandatory by the Corporation from time to time. Presently, the employee opting for the scheme shall be liable to contribute monthly to the fund from the date of effectiveness of the scheme at the rate of 5% of his Pay and DA from time to time. The Corporation shall have the right to deduct employee's contribution including voluntary contributions if any, towards the superannuation fund from the salary payable to him before disbursement

1.1.9.3 **Member's contribution** shall also include any fund transferred to the trust on member's account by any other CPSE pension fund of which the employee was a member prior to joining the fund

1.1.9.4 **Voluntary Contributions-** Contribution/(s) paid by the Member (s) in the form of lump sum payment or otherwise in addition to 5 % of Pay + DA contribution or such other percentage as may be fixed by the corporation from time to time. Voluntary contribution shall however be accepted as percentage of Pay + DA and recovered by the Corporation every month from the salary payable to the member. The employee shall be entitled to change the percentage of contribution on 1<sup>st</sup> April and 1<sup>st</sup>.September of every year and the option once exercised shall be irrevocable during its validity of six months

- 1.1.9.5 Percentage Salary Contribution-** means a contribution linked to the Pay + DA of the employees required to be paid as per the rules to the Pension Fund
- 1.1.9.6 **Regular Contributions means** Contributions payable by the Master Policy holder (Trust) in regular installments in the amounts, in the manner, at the intervals and in the method specified in the schedule in respect of the base plan
- 1.1.9.7 **Initial Contribution** The amount other than Regular Contribution or Voluntary contributions, payable to the insurer as at the Member's effective date in respect of that Member's previous superannuating contributions prior to joining the Corporation.
- 1.1.10 Contributory Service-** means continuous service for which member contribution is paid to the trust by the corporation as per provisions of these Rules
- 1.1.11 **CPSE-** means Central Public Sector Enterprises
- 1.1.12 Employer-** or the Corporation shall mean Central Warehousing Corporation (CWC) (hereinafter referred to as "Corporation") and subject to the prior approval of the Commissioner of Income Tax, shall include any firm, concern, agency or body corporate which may by purchase, amalgamation, or otherwise takeover the whole or substantially the whole of the business of the Employer and which shall enter in to a deed in such a form as the Trustees shall require undertaking to continue the obligations of the Employer under these presents and releasing the Employer from all further liability in respect thereof. Provided however that every power, authority and discretion vested in the Corporation shall be exercisable by either the Board of Directors or the Managing Director or by any other officer of the Corporation duly authorized by the Board of Directors or the Managing Director of the Corporation
- 1.1.13 Employee-**shall mean any employee appointed by the Corporation in the regular scale of pay, including Probationer and shall be deemed to include
- a) Whole-time bona fide working Directors who do not own a beneficial shareholding in the Employer carrying more than 5% of voting rights and

b) Employees whose services are lent to or seconded by the Employer to any other concern under the management of or associated with the Employer or The Central Government or to any state Government or to any Government Company or Corporate and in respect of whom the Employer's contributions are payable either by CWC or the organization to which the employee has been seconded.

**1.1.14 Effective date of Pension Scheme-**The effective date of Pension Scheme shall be **1<sup>st</sup> of January, 2007**

**1.1.15 Entry Date shall mean:**

- i) 1<sup>st</sup>.January,2007 in relation to employees who have joined on or before 1<sup>st</sup>.January and are on regular rolls of the Corporation on the date of notification of the scheme and have opted for it and in relation to employees who have joined prior to effective date and have separated from the Corporation other than by way of resignation/termination prior to the date on which scheme has been notified by the Corporation
- ii) In relation to the Employees admitted to the benefits under the scheme after 1<sup>st</sup>.January, 2007, the date on which Employee joins the corporation on its regular rolls but does not include an employee who has come on deputation from other CPSE. But when an employee joins the Company retaining his lien in the other CPSE, then the entry date shall be the date on which he comes on the regular roll of the Corporation. The pension to such an employee shall however be admissible if his total service in the Corporation on the date of normal retirement together with the service in the immediate previous CPSE from where he is joining the Corporation is not less than fifteen years

- iii) In relation to an employee who after formally resigning from the other CPSE and its acceptance thereof, joins the Corporation on the regular rolls of the Corporation even though he is entitled to retain a lien in the other CPSE, the entry date for such an employee shall be the date on which he comes on the regular rolls of the Corporation. But Pension to such employees shall be admissible if his total service in the Corporation on the date of normal retirement together with the service rendered in the previous CPSE/CPSES from where he is joining the Corporation is not less than fifteen years
- iv) In relation to an employee who comes on deputation to CWC from any other CPSE, the entry date shall be the date on which he comes on regular rolls of the Corporation .But Pension to such employees shall be admissible if his total service in the Corporation on the date of normal retirement together with the service rendered in the previous CPSE/CPSES from where he is coming on deputation is not less than fifteen years provided the contribution in respect of his previous employment are transferred to this scheme.

- 1.1.16 Financial Year/Accounting Year** means a period of twelve months commencing from 1<sup>st</sup> April and ending on 31<sup>st</sup> March of each year
- 1.1.17 IRDA** means Insurance Regulatory and Development Authority of India
- 1.1.18 Insurer means-IRADA** regulated Life Insurance Company selected by the Trust for management and investment of Pensioner benefit Scheme
- 1.1.19 Master Policy**-The unit linked Group Superannuating Policy effected by the Master Policy holder with the insurer to provide the benefits under the scheme
- 1.1.20 Master Policy Holder-** means CWC's superannuating Benefit (Pension) Trust for CWC's Employees

- 1.1.21 Member-**A Member of the Pension Benefit Scheme established by the Trust Deed provided that such person meets and continues to meet the eligibility criteria set forth in these rules
- 1.1.22 Member's Effective date-**The date on which a person's is entered in the Register of Members.
- 1.1.23 Normal Retirement Date** is the date on which Member has to retire under normal circumstances
- 1.1.24 Notification Date-**The date on which the scheme is notified for implementation after the same has been approved by the Govt.of India
- 1.1.25 Payment Event-**The earlier of a Member's **retirement**, death or termination of service that may give rise to a claim
- 1.1.26 Pensioner-** means the person who is in receipt of Pension benefits under these rules
- 1.1.27 PFRDA** Pension Fund Regulatory and Development Authority
- 1.1.28 Register of Members-** A register maintained by the insurer containing details of each Member, including but not limited to Name, Age, Sex, Salary, Rider in Force (if any) and Rider Sum Assured, Member's effective date, Beneficiary and any special conditions applicable to Member.
- 1.1.29 Retirement** means the normal retirement date or retirement before the normal retirement date due to ill health or incapacitation or due to what so ever reasons
- 1.1.30 Rules** –shall mean the Trust Rules of Pension Scheme as herein set out and any amendments made there to from time to time
- 1.1.31 Cost of Annuity/ Capital** would be the purchase price of Annuity purchased by the Trust for the Member as per the Rules
- 1.1.32 Salary-**means the emoluments payable to an Employee while on duty in accordance with the terms and conditions of his employment by way of

basic pay (including Personal pay, Stagnation pay, if any) and dearness allowance admissible to him from time to time.

- 1.1.33** **Service** means the period for which a member has been or deemed to have been in continuous service with the Employer. The decision of the Employer whether a person has been in continuous service and period thereof shall be final and binding on the Employee, Trust as also the Insurer
- 1.1.34** **Scheme**-means the Defined Contributory Superannuating benefits (Pension) Scheme for CWC Employees
- 1.1.35** **Scheme Anniversary** –The annual anniversary of the commencement date of the scheme
- 1.1.36** **Separation**-shall mean cessation of service with the Corporation otherwise than by Superannuation or Permanent total Incapacity or Death or Dismissal or removal
- 1.1.37** **Superannuating**-in relation to a Member means the date on which the Member shall vacate his Employment upon attainment by the member of such age as is fixed in the contract of employment or condition of service with the Corporation, in the absence of such contract or agreement 60 years of age or any subsequent amendment hereto
- 1.1.38** **Trustees**-shall means the Board of Trustees for the time being of the Pension Fund and appointed under the Trust Deed executed between the Employer and the Trustees
- 1.1.39** **Trust** –shall mean” Superannuating Benefit (Pension) Trust for CWC’s Employees”
- 1.2** **The trustees to Act for Members and the Corporation**-The Trustees will Act for and behalf of the Members and the Corporation in any matter relating to the Pension Fund within the frame work of the Trust Deed and the Rules hereunder from time to time and the applicable laws

- 1.3 Members not to Withdraw-** No member shall withdraw from the Pension Scheme while he is still an Employee of the Corporation

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## **SECTION II**

### **Eligibility and Contributions**

#### **2 Eligibility for Membership**

**2.1** A person shall be eligible to become a member of the Scheme provided he remains an Employee of the Corporation and is expected to put in a minimum of 15 years of service in the Corporation prior to his superannuation

**2.1.2** His age at the time of joining the Service is not less than 18 years and is not more than 45 year as on the date on which he comes on the regular rolls of the Corporation provided that age limit of 45 years shall not be applicable in respect Presidential appointees and other employees who are taken on the rolls of the corporation after resigning from CPSE where such an employee was a member of the similar scheme and the amount standing to his credit is transferred to this scheme subject to the condition that the total past service in the CPSE/CPSES from which he is joining the Corporation after resigning and future service in the Corporation till the normal date of retirement is expected to be 15 years or more

**2.1,3 All the eligible regular Employees joining the Corporation on regular scale of pay after the effective date shall compulsorily become Member of the**

**Pension Scheme from the date on which they join the regular scale of pay in the Corporation. The decision of the Corporation as to the eligibility of a person to qualify to become a Member of the Pension Scheme shall be final and binding**

**2.1.5** A person shall become Member of the Scheme on satisfying the eligibility criteria as laid down under Rules 2.1 above and on having agreed to become a member undertake to provide such documentation and/or information as the Trustees (whether at the behest of the insurer or otherwise) may request including but not limited to proof of age and after the insurer agreeing to enter the details of such person in the Register of Members

**2.1.6** On becoming a Member, the Member will receive a Certificate of Membership from the Insurer specifying the benefits to which he will be entitled under this scheme (subject always to Compliance with the terms and conditions of this scheme rules) and the Member's effective date. If any change is effected, a further Certificate of Membership shall be issued

2.2 A person shall automatically cease to be Member

2.2.1 Upon ceasing to be an Employee of the Corporation

2.2.2 Upon the occurrence of Payment event

2.2.3 Upon failing to provide such documents and or information as the Trustees (whether at the behest of the insurer or otherwise) may request within the time period specified by the Trustees.

2.2.4 Trustee's decision as to whether the Member has ceased to be Member or not shall be final and binding on the Member and the Corporation

### **2.3 Contributions by Members to the Trust**

2.3.1 Upon becoming a Member, any contribution already made by the Employee to an earlier Superannuating Scheme under his previous employer may be paid by or on behalf of the Trustees in their sole and absolute discretion, towards the Master Policy (Initial Contribution) provided that

- a) This is permitted in terms of amount and otherwise as per insurer's Rules as also the Pension rules of the Corporation in force at the time of proposed payments of initial contribution,
- c) Service to be rendered by New Employee in the Corporation together with service rendered with the previous CPSE/CPSEs from where the contributions were transferred is expected to be minimum 15 years or more

2.3.2 The contributions to the Trust in respect of a member shall consist of three parts namely: -

Employer's Contributions

Member's Contributions

Member's Voluntary Contributions

- a) Employer's Contributions- Contribution shall be made by the employer on behalf of the employee and this may be equal to 10 % of Pay + DA or such other percentage as the employer may decide from time to time and such contribution shall be payable until the happening of payment events.
- b) Member's Contributions means any sum contributed by the Employee in terms of percentage of his salary that may be made mandatory by the Corporation from time to time .Presently, the employees shall be liable to contribute to the fund 5% of their Pay + DA from the month of the effectiveness of the scheme

The Corporation shall have the right to deduct Employee's contribution towards the superannuation fund from the salary payable to him before disbursement.

**Member's contribution** shall also include any fund transferred to the trust

on member's account by any other CPSE's pension fund of which the employee member was a member before joining the corporation provided such a transfer is permissible under these rules

- c) **Voluntary Contributions** Contribution/(s) paid by the Member (s) in the form of lump sum payment or otherwise in addition to percentage salary contribution as may be fixed by the Corporation. Voluntary contribution shall however be accepted as percentage of Pay + DA and recovered by the Corporation every month from the salary payable to the member. The employee shall be entitled to change the percentage of contribution on 1<sup>st</sup> April and 1<sup>st</sup>.September of every year and option thereof shall be exercised by the employee at least one month prior to 1<sup>st</sup> April or 1<sup>st</sup>.September. Option once exercised shall be irrevocable during its validity

#### **2.4 Contribution during the Period of Leave/Suspension**

- 2.4.1 Corporation and the members are required to make full contribution to the Trust for the period of any type of leave with or without pay and for the period of suspension
- 2.4.2 If a Member is seconded to another Company or concern under the Management of or associated with the Employer or to the Central or State Government or Public Sector Undertaking, he shall be deemed to continue as a Member for the purpose of this Scheme and the regular contributions shall continue to be payable in respect of this Member either by the Corporation or the organization to which the member has been seconded. The member's mandatory and voluntary contributions shall be payable by the entity to which the said Member is seconded through recovery from member's salary and provided the recoveries so made has been remitted to the trust on the due date.
- 2.5 The group superannuating plan has the option for life insurance cover. Under this if the Board of trustees desire the insurance cover for each member can be taken for a specified amount on payment of specified charges for each member

and this shall entitle the member value of the cover in case of death and double the value of cover in case of death due to accident

- 2.6 Member's contributions and voluntary contributions as mentioned in clause 2.3 .2(b) shall be deducted monthly by the Employer from the salary of the employees and paid to the Trust along with the necessary details by 7<sup>th</sup> day of the month following the month for which the deduction have been effected

**2.7 Contributions to the Trust by the Corporation**

- 2.7.1 The Corporation shall contribute to the Trust on behalf of the members of the scheme an amount equal to 10 % of Pay + DA or such other percentage of their Pay + DA as may be fixed by the Corporation from time to time. Such contributions shall be made over to the Trust before the end of 7<sup>th</sup> working day proceeding the month to which the contributions relate

**2.8 Master Policy by the Trust and Contribution to the Insurer**

- 2.8.1 The trust shall take a unit linked Master Insurance Policy with the insurer for the Members and their beneficiaries. No Member or beneficiary shall have any right or claim against the insurer against its business or profits or asset.

- 2.8.2 The terms and conditions of the Contract under which the insurer shall issue Master Policy shall be mutually agreed between the Trustees and the Insurer and the terms and conditions once agreed may be changed after mutual discussion and the changes if any shall be effected prospectively from the next anniversary of the scheme.

- 2.8.3 Initial Contribution, regular contribution, Member's contributions and voluntary contributions received in accordance with these Rules shall be applied by the trustees to the Master Policy in accordance with the terms and conditions

of the policy. The insurer who shall give the Master Policy shall transfer all contribution received from the trust in full to the Group Superannuating Fund of CWC and shall also maintain individual Member's accounts for Initial, Regular Employer's Contribution, member's Contributions and voluntary Contribution

- 2.8.4 The proceeds in the Superannuating Fund of CWC maintained by the Insurer shall be invested as per the regulations issued by the Pension Fund Regulatory and Development Authority or Insurance Regulatory and Development Authority or any other statutory Authority appointed by the Government for regulation of such investment
- 2.8.5 The present regulations inter alia provides for option of investment in Pension Cash Fund, Pension Debt Fund, Pension Secure Fund, Pension Balance Fund and Pension Growth Fund. Each of these funds has varied percentages of investments in Money Market, Debt and Equity Instruments carrying different perception of risks and having specific investment objective. The value of benefits thus will depend to a large extent on the future performance of the Fund Chosen.
- 2.8.6 Since different funds carry different risks, the objective of investment should be to achieve risk-return tradeoff while taking long-term view for dealing with assets and liabilities keeping in mind safety of investment and Liquidity. With this objective, the mix of investments in the presently available five funds i.e. Pension Cash Fund, Pension Debt Fund, Pension Secured Fund, Pension Balanced Fund and Pension Growth Fund shall be judiciously decided periodically by the Trustees in consultation with the Insurer. The decision of the Trustees in this regard shall be final and binding and not open for question either by the Corporation or the Member or their beneficiaries.

- 2.8.7 The Scheme of Master Policy as set out in the Master Policy Documents, as therein defined, shall be made available by the Trustees to any Member upon the Member's written request
- 2.8.8 The Amount of any benefit payable under the scheme shall be determined by reference to the amount recovered by the Trustees from the insurer. Neither the Trustees nor the Employer nor the Insurer guarantees or assumes any liability for the reruns under the Master Policy (save to the extent set out in the Master Policy Document as defined in Master Policy) which are dependant on market risk and performance of the funds available under the Master Policy
- 2.8.9 The Funds and assets to which the Master Policy is referenced and any Income arising from these assets shall remain the property of the insurer at all times. Accordingly neither this scheme nor the Master Policy confers any title to or any beneficial interest in the business or any profits or assets of the insurer, or to any Income from these Assets including but not limited to any assets to which any fund available under the Master policy is referenced or any income there from
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### **Section-III**

#### **3 Administration**

- 3.1** The Trustees will Act for and on behalf of the Members and the Employer in any matter relating to the Scheme and every Act done and agreement made by the Trustees shall be binding on the members and the Employer
- 3.2** The number of Trustees shall not be less than 3 (Three) or more than 7 (seven). Including Chairman of the Board of trustees. A Company so defined in clause (I) of subsection (I) of Section 3 of the Companies Act .1956, shall not be appointed as Trustee without the prior approval of the Commissioner. At any meeting of the Trustees, three Members with at least one Trustee representing the employees and another representing the Employer shall form the quorum
- 3.3** The Chairman/Chairman-Managing Director/Managing Director of the Corporation shall appoint the First Trustees. The power of appointing a Trustee or Trustees subsequently shall also be vested in the Chairman/Chairman-Managing Director/Managing Director of the Corporation from amongst the members of the Pension Scheme, including the Chairman of the Board of Trustees, subject to the provisions of sub rule (3.2) hereof. The Chairman/Chairman-Managing Director/Managing Director of the Corporation or any other officer duly authorized by the Chairman/Chairman-Managing Director/Managing Director in this regard shall be entitled to appoint new

Trustees either in addition to the existing Trustees or in place of Trustees, who have died, vacated office or retired, for the purpose of facilitating the administration of the Trust. On every such appointment of a new Trustee or Trustees, the moneys of the trust shall ipso facto vest in the new Trustee or Trustees

**3.4** A Trustee may retire at any time after giving seven days notice in writing either to the Chairman/Chairman-Managing /Managing Director of the Corporation or the Chairman of the Board of Trustees, of his intention to do so and the Chairman of the Board of Trustees shall forward the said notice to the Chairman/Chairman-Managing Director/Managing Director CWC for appropriate action. The office of the Trustee shall be vacated if a Trustee shall permanently leave India or by reason of his illness or infirmity or unsound mind shall, in the opinion of other Trustees become incompetent or incapable of acting as Trustee and the Board of Trustees passed appropriate resolution in their meeting to this effect. The Chairman/Chairman-Managing Director/Managing Director of the Corporation or any other officer authorized by Chairman/Chairman-Managing Director/Managing Director in this regard may also remove a Trustee if he considers that the said trustee is not competent to discharge his duties as Trustee. The Trusteeship of a Trustee will automatically cease on the cessation of his services from the Corporation

**3.5** A person shall not qualify for appointment as a Trustee and shall cease to hold such office ipso facto if: -

- i) He is an un-discharged insolvent
- ii) He has applied to be adjudicated as an insolvent
- iii) He has been convicted by a court for an offence involving moral turpitude
- iv) He is found guilty of misappropriating money or property of the Corporation or of the Pension Trust
- v) He is not a Member of the Pension Fund/Scheme

- 3.6** If at any meeting, the permanent Chairman be not present, the Trustees present may choose one of their Trustees to be the Chairman of the said meeting
- 3.7** The Trustees may, subject to the provisions of these Rules, meet for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, and make such, other regulations for the transaction of the business of the Trust as they think fit and proper
- 3.8** Questions arising at any meeting shall be determined by a majority of votes, each Trustee present being entitled to one vote and, in case of equality of votes, the Chairman shall have a second or casting vote
- 3.9** A resolution signed by majority of the Trustees for the time being in India, being not less than 3, shall be as valid and effective as a resolution passed at a meeting of the Trustees duly convened and held
- 3.10** The Board of Trustees may delegate any of their powers to a committee/Sub Committee consisting of such members of their body, as they shall think fit. The Committee/Sub-Committee so formed shall, in the exercise of the power so delegated, work in accordance with all the directions of the Board of Trustees
- 3.11** **Absence of a Trustee and Power of Remaining Trustees-**If any of the Trustee or Trustees shall be temporarily absent from India, the Trustees who shall remain in India shall during such absence have full powers to act under the Trust as if they were the only trustees of these presents.
- 3.12** Vacancy in the Board of Trustees to be filled with in three months. However, if any vacancy has not been filled in within this period, no proceedings or act of the Trustee shall be invalid by reasons only of the existence of any vacancy or any defect in their appointment
- 3.13** The Trustees shall comply and carry out all such directions as may be given to them by the Corporation from time to time in relation to any matter in respect of which the Corporation has powers under these presents to determine and decide. A certificate issued by the authorized officer of the Personnel Department of the Corporation as to the admission of any or as to the death of any member or his

retirement or dismissal from the service of the Corporation shall constitute a good and sufficient authority to the Trustees and shall be conclusive as to all facts stated therein

**3.14** Proper minutes of the meetings of the Board of Trustees held shall be kept duly signed by the Trustees present in the meetings and approved by the Chairman of the Board of Trustees

**3.15** The Board of Trustees shall decide all differences or disputes which may arise either as to the interpretation of these Rules or as to the rights and obligations of the Corporation and of the beneficiaries/members, and the decisions of the Board of Trustees shall, in all cases, be final and binding on all parties concerned provided always that where such differences or dispute relate to Insurer, these shall be mutually discussed and agreed upon as per terms of the contract and where these relate to Income-Tax matters, it shall be referred to the Commissioner and his decision shall be final and binding

**3.16** The Board of Trustees shall have power to appoint any person or persons with requisite qualification to act as the Secretary or Secretaries or the Fund Manager or Managers or Registrars of the Trust at such remuneration and on such terms and conditions and with such powers as the Board of Trustees may think fit. The Board of Trustees may also employ any person or persons to do any legal, accounting, actuarial or other work which they may consider necessary or expedient in connection with the management of the Trust or of the assets thereof

**3.17** The Board of Trustees shall open with any Nationalized or Schedule Bank or Banks as they may from time to time determine, a Current Account or Saving Account or with a Post Office Saving Bank Account and place to the credit of such Account or Accounts all moneys from time to time received by the Trustees for the purpose of the Trust. The trustees shall have the full power and authority to choose any such bank Account if deem fit and necessary

**3.18** All cheques and other negotiable and transferable instruments and all receipts for money paid to the trust shall be signed, drawn, accepted, endorsed or

otherwise executed as the case may be in such manner as the Board of Trustees shall from time to time by resolution determine Provided that there should be at least two signatories for executing such instruments for and on behalf of the Trust

**3.19** Board of Trustees may hold the investments of the moneys of the Trust in the name of the Trust, or in the name of the nominee(s) whether a Bank, a Financial Institution or a Trust Corporation as the Board of Trustees may determine from time to time. Application for purchase of any, investment of Trust moneys may be made on the advice of the fund manager by one or more of the Trustees or by any of their nominees whether a Bank, a Financial Institutions, IRDA approved Insurance Company/Corporation or a Trust as the Board of Trustees may nominate from time to time

**3.20** The Board of Trustees shall not, at any time, be made liable for any other money than what actually come in to their hands or for the failure of any Bank, any of the Companies or for the dishonesty of any clerk, servant or Attorney or other person with whom any part of the Trust property may be deposited or be placed in charge or for anything other than their own negligence, willful acts, deeds and defaults. Notwithstanding anything contained in these presents, the Board of Trustees shall be at liberty to utilize any part of the total corpus of the Trust money, any part of total interest received by the Trust, total contribution received in respect of members who cease to be members and the total net appreciation (if any) of the assets of the Trust in reimbursing themselves for all sums of money, costs, charges or damages suffered or borne by them in connection with the administration of the Trust and in meeting their obligation as Trustees regardless of the insufficiency of the total moneys for the purpose of meeting all obligations of the Trustees and the Trustees shall be entitled to be indemnified by the Corporation against all proceedings, costs and expenses occasioned by any claim in connection with the Trust not arising from their willful negligence or dishonesty or fraud or default.

**3.21** The money of the trust shall be dealt with in the manner prescribed in rule 85 of the Income-Tax Rules, 1962

**3.22** The Board of Trustees shall have power at any time and from time to time to vary or transpose the investments for the time being of the Trust to others of the nature authorized in Rule 3.21 hereof expressly including the power to surrender any policy of insurance or annuity on such terms and conditions as the Trustees may think fit and to accept the surrender value of such policy which shall be dealt with in accordance with the Rules.

**3.23** The Board of Trustees may, when necessary, raise such sum or sums of money as may be required for the purpose of the Trust by a sale of or obtain advance or advances against the securities held by them.

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## **Section IV**

### **4 Pension Benefits and Payments**

#### **4.1 Pensions on Superannuating of Member**

- 4.1.1** No payment will be made under the scheme until the happening of payment event in respect of a member and no payment will be made under the Scheme if no corresponding sum is payable to the Master Policy Holder under the terms of the Master Policy
- 4.1.2 The benefits to the member on the happening of payment event shall depend on value of the units allocated to the member plan and cost of providing pension on that date
- 4.1.3 If the payment event arises because of member's retirement, then the pension shall become payable to him only if he has completed not less than 15 years of continuous service unless otherwise provided in these rules
- 4.1.4 Upon retirement of the member on the normal retirement date and subject to the pension being admissible to him, the pension shall be payable to the member as per the frequency chosen by him (monthly, quarterly, half yearly or yearly) and as per the pension option selected by the member from the various options as offered by the insurer. Pension benefits will depend upon the accumulated corpus available in the employees' individual account. Such a member shall at

least three months before his retirement inform the Trustees to apply the proceeds available to him under the scheme either

4.1.5 100% towards the purchase of an annuity offered by the Life insurance Corporation of India or any other IRDA regulated Life Insurance Company or

4.1.6 Cash lump sum of commuted value of benefits equivalent to maximum of 1/3(one-third) of the accumulated value of funds, which as per the existing rules is tax-free and the balance accumulated Fund shall be utilized to purchase an annuity from Life Insurance Corporation of India or any other IRDA regulated life Insurance Company which will provide for pension for lifetime of the employee and his or her spouse as also for his dependents depending on the pension arrangement chosen by him from amongst these or other options available at the time of purchasing the annuity as per his or her individual preference or circumstances towards the purchase of an annuity from Life Insurance Corporation Of India or any other IRADA regulated Indian Insurance Company.

4.1.7 In such other manner as may be lawfully permitted under the statutory framework in force at the time of the member's retirement.

4.1.8 If the member does not give at least three month's notice of his option, then the member shall be deemed to have exercised the option under the Rule 4.1.4

#### **4.2 Pension on death of a Member while in Service**

4.2.1 In the event of death of a member while in service of the corporation, the Beneficiaries of the member shall be entitled to an immediate pension, irrespective of whether the member has completed 15 years of service or not. If the Payment event arises because of member's death, either the Trustees shall pay to the beneficiary (If none then to member's estate) the sum received from the insurer and as stated in the certificate of membership to be in force, the amount paid by the insurer under the group term insurance Rider or

4.2.1 The sum received from the insurer will be used to purchase the annuity from Life Insurance corporation of India or any other IRDA regulated Insurance

Company to the spouse of the member provided that the spouse is living and the member has nominated the spouse to receive the annuity

### **4.3 Pension on Permanent disablement/incapacity of member**

4.3.1 On discharge of a member from the service of the Corporation due to his Total Permanent disablement/incapacity while in service or due to any other reasons what so ever, the Member will be entitled to the full accumulated fund value irrespective of whether he has put in 15 years of service or not and he shall have the same options as would have been available to the Member on superannuating under Rules 4.1.

### **4.4 Separation of member before Superannuation**

**4.4.1 In case of resignation (excluding resignation covered under “technical formality clause”) and compulsory retirement, removal, dismissal because of disciplinary proceedings, pension annuity would be based only on members contributions, if any, and interest thereon.. The admissibility of pension benefit to the employees against whom disciplinary proceedings are pending at the time of superannuation, will be regulated as per the Conduct, Discipline & Appeal Rules of CWC.**

**4.4.2 Cases of VRS/VSS, for which specific scheme have been framed will be examined in terms of such specific schemes of VRS/VSS of the Government applicable irrespective of employees of CPSEs. Benefits under this Pension Scheme will not accrue to VRS/VSS optees automatically.**

4.4.3 In case the member resigns and joins another CPSE, he may exercise one of the following two options and on the basis of such option exercised, the Trustees shall exercise one of the following options to pay the benefits under the scheme to the member.

- Transfer the funds received from the insurer pertaining to the member to the approved Defined Contribution Superannuation Scheme of the CPSE of

which he may become a member within a period of 12 months or applicable period of lien

- If the amount due is not transferred within the stipulated period or on account of CPSE not having an approved Defined Contribution Superannuation Scheme or the member joining service of another organization then the member's own contributions including voluntary contributions and growth thereon may be refunded to him after deduction of charges if any and subject to income tax rules as prevalent at that time.

4.4.4 Retiring member may commute one-third of fund value on normal retirement date( or such other amounts as permitted under the income tax Rules or Act then prevailing) and the balance amount of the fund shall be used to purchase annuity from life insurance corporation of India or any other IRDA regulated Indian Insurance Company.

4.4.5 In the event of death of the member before normal date of retirement , the nominated beneficiary spouse/dependant may either take lump sum cash equal to fund value of the member with such deductions as may be applicable or opt for purchase of annuity from Life Insurance Corporation of India or any other IRDA approved Insurance Company on the life of the nominated spouse/dependent

4.4.6 In other cases if the member separates from the corporation before the normal date of retirement, the funds received from the insurer pertaining to the member other than the funds representing the member's contribution including voluntary contributions shall be paid to the trust to be utilized in the manner decided by the trust

#### 4.5 **Conditions precedent for entertaining Claims by Trust**

4.5.1 It is a condition precedent to the Trustee's liability to make any payment of benefit under this Scheme that the member, or in case of death of the member the beneficiary/beneficiaries shall be entitled to such benefits at their own expense:

- 4.5.2 Immediately, and in any event within thirty days, provide the Trustees with written notice of the happening of any event. And
- 4.5.3 Provide the Trustees with such information and/or documentation that the Trustees may request (or may request at the behest of the Insurer) in order to establish the facts of, date of, circumstances relating to and cause of the event and/or the Trustee's on Insurer's liability in respect of it, and
- 4.5.4 Co-operate with and Assist the Trustees in any investigation that the Trustees or the insurer may decide to undertake in respect of any event, and
- 4.5.5 At the request of the trustees (Whether at the behest of the Insurer or otherwise) the member shall provide such evidence in support of the claim to the trustee or to the insurer as may be required

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## **Section-V**

### **Accounts**

- 5.1 The Accounts of the Trust shall be maintained in India and shall contain such particulars as the Board of Trustees may think proper, and as are required by applicable laws. As soon as possible after the thirty first day of March in each year but not later than 6 months there from, the Board of Trustees shall take a general account of the Assets and liabilities of the fund, and shall prepare a Balance Sheet and a Revenue Account showing the income and expenditure, dealings and transactions, during the year ending on thirty first day of March in such form as may be considered suitable by the Board of Trustees. The Board of Trustee will ascertain and record the Net Asset Value of the units held in the Account of each member as also the market value of other investments or securities of the Trust. In case of any investment or security not being a dated security or investment or security or insurance or any annuity policy for which the market value is not available, the Board of Trustees shall incorporate these in the accounts in such manner and at such value as they shall, at their absolute

discretion, consider proper and equitable. The total appreciation and depreciation of the securities so ascertained and profits and loss incurred on the sale of securities including surrender or enhancement of policies of assurance or annuities, all interest accrued or received will be credited or debited as the case may be, in the revenue account and the management and administrative expenses shall be met from the amounts available in the trust's account in respect of employer's contribution for employees who have left corporation's services before completing 15 years service and if no such amount is available in this account then these expenses shall be claimed from the Corporation

5.2 The members' contribution shall be credited to the Single Account styled "Members' Contribution Account" showing distinctly the initial contributions, employer's contribution and member's contribution and voluntary contributions

5.3 The balance of the revenue account, the members' Contribution account shall be credited to the Special Account, herein after referred to as the "Pension Benefit Account". All benefits paid being the purchase price paid to Insurance Company, refund of contribution shall be debited to the said "Pension Benefit Account"

5.4 The accounts of the Trust shall be audited yearly by a Chartered Accountant or a firm of Chartered Accountants appointed by the Board of Trustees, who shall have access to all the books, Papers, vouchers and other documents connected with the trust, and who shall in writing report to the Board of Trustees on the annual accounts. A copy of the audited accounts shall be furnished to the Corporation and to the prescribed authorities

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## **Section VI**

### **6 Miscellaneous Provisions**

- 6.1 Employees' Service lent to Government/Public Sector Undertaking.** In the event of member's services being lent by the corporation to an organization under the management of or associated with the corporation or to Government/Public Sector undertaking, and permitted to continue as member of the pension scheme, the member's service for the purpose of this rule shall be deemed to be continuous provided that either the corporation or the organization to which member's services have been lent or the member himself makes the regular contribution on behalf of the employer plus the member makes his contributions including voluntary contributions if any. In the event the employer's contribution are either payable by the corporation or the borrowing organization, the contribution should be remitted to the Trust on due dates as per these rules. However, if employer's contributions are to be paid by the member himself, then this contribution along with his own contribution including voluntary contribution should be duly deducted from the member's salary by the borrowing organization and remitted to trust on the due dates as per these rules. Delay in remittance of these contributions is liable to interest being charged from the corporation or the borrowing organization or the member himself as the case may be at such rates as may be fixed by the Trustees from time to time. Besides the trustees may be entitled to take such other action as they may deem fit.
- 6.2 Members to have no legal Rights** A member or his beneficiary shall have no interest in the Master Policy taken out in respect of the members or any investment otherwise made by the Trustees in accordance with the Rules of the Trust but shall be entitled to receive pension benefits in accordance with the Rules provided always that the Trustees shall administer the Pension Scheme for the benefit of the Members and their beneficiaries in accordance with the provisions of these Rules

**6.3            Restrain on anticipation or encumbrance** The benefits available under the Pension Scheme are strictly personal to the member and cannot be assigned, charged or alienated in any manner whatsoever. If any restrain or prohibitory order is served on the Trustees in respect of any benefit payable to a member or his beneficiary or if the member or the beneficiary shall become bankrupt or attempts to assign, charge or in any manner encumber any benefits hereunder, all rights and claims of that member or his beneficiary shall be forfeited and the same shall lapse to trustees but without prejudice to the powers of the Trustees to maintain or continue the same if they think fit, in their sole and absolute discretion, either immediately or after an interval or otherwise to make payments for the support of the member or his beneficiary

**6.4            Trust Deed to prevail**

6.4.1        Should anything contained in these rules or in any alteration or amendment hereto be inconsistent or repugnant with the objects or provisions of the Trust deed, the provisions of the Trust Deed shall prevail.

6.4.2        On any such discrepancy coming to the notice of the Board of Trustees, the Trustees shall, with the prior approval of the Commissioner of Income-Tax take effective steps to amend the said rules to bring them in conformity with the provisions of the Trust deed

**6.5            Governing Law and Jurisdiction**

6.5.1        All benefits under the pension Scheme shall be payable only in India.

6.5.2        The Scheme is Subject to Indian Law and any dispute or difference between/among the Trustees, Corporation, Insurer or the member in relation to this scheme other than Master Policy or any benefits payable under it shall be determined in accordance with Indian Law and the courts of Delhi shall have the exclusive jurisdiction in relation to such disputes or differences in all matters arising out of the Trust Deed and Rules

**6.6 Rules not to be repugnant to Income-Tax Act-**Should any thing contained in these rules or in any amendment made thereof be repugnant to any provisions of the Income-Tax Act, 1961 or Income –Tax Rules1962, it shall be ineffective to the extent of such repugnancy. Any such repugnancy shall be removed by the Trustees if so directed by the Commissioner of Income-Tax

**6.7 Deduction of Sums Due to Income Tax**

6.7.1 In any case where the Trustees or the Corporation or the Insurer appointed by the Trust is liable to deduct tax and subsequently remit the accounts to the Income Tax authorities for income tax payable on any benefits due under the scheme or any payment due under the Pension Scheme ,the Trustees or the Corporation or the said Insurer may deduct a sum equal to the appropriate tax as applicable from time to time, from the benefits here under and they shall not be liable to the member/his beneficiary for the sums so deducted. The Trustees or the Corporation or the said Insurer shall issue certificate of such deduction at source to the members in the prescribed form

6.7.2 If the Trust/Scheme for any reasons ceases to be approved by the Commissioner of Income –Tax, the Trustees shall never the less remain liable to tax on benefits paid out under the Scheme in so far as such benefits are secured by the contributions made before the Scheme ceased to be so approved under the provisions of Part B of the 4<sup>th</sup>. Schedule to the Income Tax, Act 1961.

**6.8 Nomination of Beneficiary**

6.81 Every Member shall appoint one or more of his spouse, or child/children or dependents to be a beneficiary or beneficiaries under the Pension Scheme to receive the benefits hereunder in the event of death of the member. If the member dies while in service or before he has commenced to draw the Pension benefits or after the member has commenced to draw the Pension benefits but before he has received all the guaranteed installments under the Pension benefit option elected by him, the Trustees shall hold the benefits in respect of such member upon Trust for payment to the beneficiary or beneficiaries as shall have been nominated by the Member in accordance with these Rules. If the member

does not have a spouse or child/children or dependants the benefits shall be paid to the member's estate.

- 6.8.2 Every appointment of a beneficiary made under these rules shall be in writing signed by the member, attested by two witnesses and shall be according to the form as may be prescribed by the Trustees from time to time and shall remain in full force and effect until the death of the beneficiary or until the same shall be revoked in writing by the member by whom the same was made and fresh nomination is made in the manner afore said
- 6.8.3 A member may from time to time or at any time without the consent of the beneficiary if any, revoke or change the beneficiary /beneficiaries or their share of the benefits payable hereunder by filing written notice of the change with the Trustees in the form satisfactory to the Trustees where after an acknowledgement of the change and a fresh Certificate of Registration incorporating the name of the new beneficiary will be given to the member by the Trustees. The new appointment shall take effect on the date of fresh Certificate of Registration whether or not the member is living on that date and without prejudice to the Corporation or the Trustees or the Insurer on account of any payment made before the acknowledgement of the change
- 6.8.4 If a beneficiary shall at the time of his nomination be a minor or otherwise under disability and therefore unable to give a legal receipt or discharge to the Trustees, the Member must at the time of such appointment as aforesaid shall also appoint a person of full age ( called Appointee) who is capable of giving a legal receipt or discharge to the Trustees and to whom the benefits are to be paid for and on behalf of such beneficiary so long as such minority or disability continues
- 6.8.5 If more than one beneficiary is appointed and in such appointment the member has failed to specify their respective interests, the beneficiaries so named shall share the benefits equally. If any designated beneficiary predeceases the member the interest of such beneficiary shall terminate and his share shall be payable equally to such of the remaining beneficiaries.

**6.9 Payments on members' Infirmity**

6.9.1 If any member or his beneficiary under the Scheme shall, in the opinion of the Board of Trustees be unable by reason of mental incapacity or other causes to manage his affairs, the Board of Trustees may at their discretion arrange that the Pension benefits payable to such member or his beneficiary shall be paid to the person in whose custody or charge such member or beneficiary shall be as long as the infirmity lasts, and such payments shall be a good sufficient and complete discharge to the Trustees.

**6.10 Information to Trust**

6.10.1 Corporation agrees to promptly furnish to the trust all such information/Particulars regarding the members and such other as may be in its possession and as the Trust may either at its own or at the behest of Insurer require for the purpose of calculating the contributions required to be made by the member/Corporation or for computing the benefits for the members.

6.10.2 Corporation shall have a list prepared every three months, i.e. on first day of January, April, July and October each year of all members who is due to retire within the next three months of that date and the same should be promptly furnished to the Trustees.

6.10.3 Incase of a member retiring for reasons other than by way of superannuating, the Corporation shall promptly inform the Trust concerned, as soon as the fact of such retirement becomes known

**6.11 Corporations' Right to Terminate Members' Employment Unprejudiced**

6.11.1 Nothing in these rules shall be deemed to restrict in any way the rights of the Corporation to terminate the employment of member nor shall being a member be used as a ground for or increasing damages in any action brought by such member against the Corporation in respect of termination of his employment and no expression of intention on the part of the corporation herein contained

shall create for the benefits of the member any legal obligation or impose any legal liability on the Corporation

**6.12 Interpretation of Rules**

6.12.1 It shall be a condition of the membership of the Pension Scheme that any question arising on any point of interpretation of these rules or any point relating to cessation of the membership, the decision of the Board of Trustees shall be final. If the decision has any bearing on the provisions of part B of the Fourth Schedule to the Income-Tax Act 1961 or the Income Tax Rules 1962, it shall be forth with reported to the commissioner of Income –Tax so requires, the Board of trustees shall review the decision

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