

GOVERNMENT OF INDIA
MINISTER OF HUMAN RESOURCE DEVELOPMENT
DRAFT NOTE FOR CABINET COMMITTEE ON ECONOMIC AFFAIRS

Subject : Introduction of Pension Scheme under CCS (Pension) Rules, 1972 for the employees of Navodaya Vidyalaya Samiti (NVS).

PROPOSAL

The proposal seeks approval of the Cabinet for introduction of GPF Pension Scheme under CCS (Pension) Rules, 1972 for the employees in Navodaya Vidyalaya Samiti, an autonomous organization, fully funded by the Government of India under the Ministry of Human Resource Development, Department of School Education & Literacy, who joined the service before 1.1.2004.

1. BACKGROUND

The scheme of Navodaya Vidyalayas (JNVS) was approved by the union Cabinet in Aug. 1985 to give shape to the vision of the then Prime Minister Late Shri. Rajiv Gandhi to have a residential School system for the talented children pre-dominantly from rural areas. Navodaya Vidyalaya Samiti (NVS) was established as an autonomous body under the administrative control of Department of Secondary and Higher Education, Ministry of HRD, to set up and administer Jawahar Navodaya Vidyalayas (JNVS) under the scheme. Navodaya Vidyalaya Samiti is a Central Sector Scheme which is 100% funded by the Government of India in the shape of grant-in-aid. JNVS are fully residential, co-educational institutional providing free education including boarding and lodging, text books, uniform, stationery. Etc. upto senior secondary stage.

Establishment of Navodaya Vidyalayas is thus, a part of the conscious efforts of the Government for spreading quality education in the country through Central Sector Schools. Navodaya Vidyalayas are addressing the needs of talented rural children, who are otherwise deprived of good quality education.

Initially, 02 Navodaya Vidyalayas were opened at District Amrawati (Maharashtra) and Jhajjar (Haryana) during 1985-86. The appointment in these JNVS were initially made on deputation basis and thereafter direct recruitment / permanent absorption of employees have taken place from the year 1989 onwards. At that time, an assurance was given to all employees that pension scheme for employees of the Samiti is under consideration and likely to be introduced in the near future. It was also assured that on adoption of the pension scheme in the Samiti such employees would be given a chance to count their past services rendered by them in their parent organization for pension purpose in accordance with the extant rules. JNVs started functioning with 02 numbers in 1985 has now grown to 596 Nos. and aiming to establish JNVs in the remaining districts of the country as a part of the scheme.

2. SERVICE CONDITIONS OF THE EMPLOYEES OF NVS

The Government of India has approved extension of the pay structure to the teaching and non-teaching staff of Central Government employees NVS has also adopted, mutatis-mutandis, the Government of India rules and regulations on service matters for its employees.

The Ministry of Finance, Department of Expenditure, Govt. of India vide its Notification No. 491-E.V./90 (i) dated 11.11.1991 extended the Contributory Provident Fund (CPF) Scheme to the employees of NVS retrospectively w.e.f. 1st April 1988 (Annexure-1)

At present, employees of NVS are given the benefit of Leave Encashment, Gratuity and Contributory Provident Fund. The Government has approved introduction of New Pension Scheme to all regular NVS employees joining NVS after the date of Notification and also given option to other regular employees of NVS either to join the New Pension Scheme or continue with the existing CPF scheme. The New Pension Scheme has been introduced w.e.f. 1.4.2009. However, the employees who joined NVS before this date, have not accepted this scheme.

3. EFFORTS MADE TO INTRODUCE CCS PENSION SCHEME IN N.V.S.

A proposal was moved for introduction of Pension /GPF Scheme in the Samiti in the light of decisions taken by the Government of India on the recommendations of Fourth Pay Commission and circulated vide O.M. No. 4/1/87-PIC-I dated 01.5.1987 (Annexure - II) issued by the Department of Pensions and Pensioners Welfare, wherein it was decided that all CPF beneficiaries in service should be given an option to convert to Pension Scheme. It was, however, not agreed to by the Ministry of Finance, Deptt. of Expenditure information that the question of introduction of a Pension Scheme in public sector undertakings is under consideration of the Govt. and hence the department is not in a position to give concurrence for introduction of Pension Scheme in the samiti. Subsequently, however, the option was not allowed to the employees of NVS on the ground that NVS has not come in existence on 01.01.1986.

The matter was again referred to the Department of Expenditure in Feb'1990 and in reply the department informed that keeping in view the likely repercussions of the decision to bring employees of NVS under the pension scheme, the proposal may not be agreed on balance of convenience. The proposal was again submitted to the Department of

Expenditure in 1992 and this was not supported on the ground that in the context of resource crunch and efforts of the Government to maintain the budgetary deficit within the desired limits, status quo should be maintained.

This proposal was again taken up by the then Hon'ble HRM and Chairman, NVS with the Hon'ble Minister of Finance in December, 1998. In response, the then Hon'ble Finance Minister has informed that the Ministry of Finance had not agreed to the proposal for introduction of pension scheme on GOI pattern for the employees of autonomous bodies for certain reasons and in case the proposal regarding introduction of pension scheme on GOI pattern for the employees of NVS is agreed to, there would be similar demands from other autonomous bodies receiving grants –in-aid from the Government which may be difficult to resist. The reasons given by the then Hon'ble Finance Minister in his letter dated 5.2.99 for rejecting the proposal are as under:-

- a) The cost of introduction of pension scheme is much higher than the CPF Scheme. While CPF is an one – time settlement, pension is a lifelong commitment not only in respect of the pensioner but his family also. The liability on account of pension keeps on increasing with every increase/revisions in pay/pensionary benefits on the basis of the recommendations of the successive Pay Commissions and revision in the rates of dearness relief. As most of the autonomous bodies are fully funded through grants-in-aid received from the Government, Government's liability will increase to that extent if pension scheme is introduced.
- b) For servicing a pension scheme, a pension fund is required to be set up to be managed by a Trust. Difficulties may be experienced in judicious administration of the fund.

- c) Under the employees Provident Fund Act, the accretions to the Provided Fund are to be invested as per the pattern of investment laid down by the Government. With the formation of a Pension Fund. If accretions are invested elsewhere, the Government will loose resources to that extent.
- d) In case the organization is wound up for one reason or the other, the Government may have to take over the entire liability for pension.

4. **JUSTIFICATION FOR THE INTRODUCTION OF PENSION SCHEME IN NVS.**

Following instructions/orders issued by the Govt. of India from time to time clearly reveal that the employees of NVS are the rightful claimants to the pensionary benefits under CCS (Pension) Rules, 1972.

- a) Programme of Action on National Policy on Education. 1986 on Recruitment and old-age benefits and medical-care for Teachers.

“All teachers in Government and local bodies and in institutions created by Government or by Acts of Parliament / State Legislatures will be eligible for retirement and medical benefits identical with Government servants. Teachers in aided and private institutions will also be eligible for such benefits in accordance with such directions as may be issued by the Government from time to time.”

Programme of Action (POA) is a policy document, which was deliberated at length in both the Houses of Parliament and approved for implementation. Therefore, the Union Government is committed to extend the retirement benefits to the teachers as available to the Central Government employees.

b) In the note for Cabinet, following statements have been made with regard to pay scales of teachers in Navodaya Vidyalayas :

“ The teaching and non – teaching staff that each school will require, has been worked out , is at Annexure -III. The calculations in Annexure –IV are based on the Salary structure in the Kendriya Vidyalayas Sangathan. A final decision on the pay scales to be made applicable to these schools would be taken after the reports of Expert Committees are received and the scales may be somewhat higher in view of the special nature of these school. “

In the same note, it was also proposed to provide a separate section in the Ministry of Education to look after the work relating to Navodaya Vidyayas. It was proposed to have this section under the officer o the rank of Director assisted by 01 Under Secretary, 01 Section Officer, 04 Assistant, 03 LDCs, 02 Stenographers and 02 Group ‘D’ employees.

Thus the requirement of teaching and non – teaching staff for a Navodaya Vidyalaya along with financial implications were included in the note for cabinet. These calculations were based on the salary structure in the Kendriya Vidyalaya Sangthan where the employees were getting pension at that time and are getting pension now also Further, this note also provided for creation of one section under as officer of the rank of Director in the Ministry of Education to look after the work relating to Navodaya Vidyalayas.

The financial implications for creation of posts in the Ministry of Education and NVS, as included in the note for Cabinet, are identical it is thus evident that -

- (i) While calculating the financial implications for creation of posts for Navodaya Vidyalayas. Pension component was also taken into account ; and
- (ii) The posts created in the Ministry of HRS for looking after the work relating to NVS are having pensionary benefits whereas in respect of the post created for NVS under the same Cabinet note this benefit is given to NVS employees.

c) Extracts from the IV Pay Commission Report

“ Para 9.8:

In so far as the CPF beneficiaries still in service on January 1 1986 are concerned, we recommend that they should be deemed to have come over to the pension scheme on that date unless they specifically opt out to continue under the CPF scheme. The CPF beneficiaries who decide to continue to remain under that scheme should not be eligible on retirement for ex gratia payment recommended by us for the CPF retirees.”

The Ministry of Personnel, Public Grievances, and Pensions vide Office Memorandum No. D.P. & P.W., O.M. No. 4/1/87– P.I.C – I, dated 1-5-1987, conveyed the acceptance of above recommendations of the IV Pay Commission, and allowed all the Central Government employees including Central Autonomous Bodies for change over from contributor Provident Fund (CRF) scheme to Pension scheme w.e.f.1.1.1986.

It is relevant to point out two Navodaya Vidyalayas were opened at Amrawati and Jhajhar during 1985 – 85. The posts for these Vidyalayas were sanctioned by the Government on 28. 10. 1985 (Annexure – III). The first installment of Grant – in – Aid of Rs.22.50 lacs

For meeting expenditure on these schools was also released by the Government on 28. 10. 1985 (Annexure – IV). Thus the posts for Navodaya Vidyalayas were existing prior to 01.01.1986. As such NVS is covered under the provisions of Department of Pension and Pensioner's Welfare OM No. 4/1/87 –PIC –I dated 01.05.1987 which provides that all employees that all employees who were in service on 1.11.1986 will be deemed to have come over to the Pension Scheme unless they specifically opt out of the Scheme.

d) Extracts of General Financial Rules of Government of India

“ Rule 149 (4) (iv) Annexure – VII :

- (iv) *All Autonomous Bodies or grantee institutions which receive more than 50 % of their recurring expenditure in the form of Grant - in- aid should formulate terms and conditions of service of their employees so that by large they are broadly comparable to those applicable to similar categories of employees in Central Government*”.**

Since the Samiti is provided with 100% funds in the form of grand – in – aid by the Ministry of HRD, the employees of NVS are eligible for the pensionary benefits as available to employees of likely placed organization i.e. KVS, CTSA, NCERT etc.

e) Benefits extended to other similarly placed organizations.

It is also submitted that the benefits of GPS Pension Scheme under the CCS (Pension) Rules, 1972 have been allowed to many other organizations namely Punjab University, National institute of Open Schooling, University Grants Commission. Life Insurance Corporation, General Insurance of India. National Human Rights commission, Indira Gandhi National Open University, Central Tibetan School Administration, NIIT, Nehru Yuya Kendra, Mizoram University and IIT. Roorkee, etc. though they were set up almost at the same time or after the establishment of NVS. Details of such organization are given at Annexure – V.

Some of the organizations where pension scheme has been extended are in a position to generate funds to fully or partly meet the pensionary liability. However, the policy regarding extension of pensioner benefits needs to be decided on the principle of equity and not on the basis of any organisation's capacity to generate funds which is determined by its mandate as decided by the Government itself. Any decision based only on organization's capability to generate funds would tend to be discriminatory.

5) **RECOMMENDATIONS OF VARIOUS COMMITTEES**

The committee set up by the Ministry of HRD to review the management, structure and operating mechanism of NVS under the Chairmanship of Shri Y.N. Chaturvedi (Retd.) Additional Secretary, Ministry of Human Resource Development, has also strongly recommended the extension of pensionary benefits to the employees of NVS at par with Kendriya Vidyalaya Sangathan (KVS). The committee has observed the non – availability of this benefit to be one of the reasons for the teachers leaving the services of NVS.

Department related Parliamentary standing Committee on HRD in its 154th Report on functioning of Navodaya Vidyalaya (NVs) has observed vide Para 18.3 as under:

“The committee takes note of the reservations of the Ministry of Finance in providing Pensionary benefit to employees of NVS. The committee fails to comprehend the reasons for having different approach of mind for employees working in two organizations doing similar work under a similar set up and conditions. The committee would like to point out when employees of kendriya Vidyalaya Sangathan can enjoy the pensionary benefits on their retirement, what deters the Government in providing similar facility for employees of Navodaya Vidyalaya Samiti, many of them away from their families serving in residential schools located in rural areas. The Committee, therefore, strongly feels that the position may be reviewed again and a decision acceptable to employees of JNVs may reach at the earliest”.

Further, the department related Parliamentary Standing Committee on HRD in its 184th report on the functioning of Navodaya Vidyalayas has observed as under:-

“The Committee reiterate its recommendations made in 154th report for provision of pensionary benefits of NVS employees on the same level as being given to KVS employees. The Committee strongly feels that NVS employees need to be governed by similar service conditions including Pensionary benefits as applicable to KVS employees.

It is thus seen that the necessity of extending the provisions of CCS (pension) Rules 1972 to the employees of NVS has been appreciated and recommended at the highest levels.

6. CONCERN OF THE SAMITI

Navodaya Vidyalayas have emerged as leaders in the secondary schools system in the country for the last so many years. These Vidyalayas have out performed other school system within a short span of their existence. It is very important to recruit and retain competent and qualified teachers willing to serve in interior rural areas so that the Vidyalayas can achieve the noble objectives of providing quality education to the talented children predominantly from rural areas and serving as pace setting institutions in each district. The academic excellence of JNVs is better than other organized school systems.

Grant of pension benefits to employees of NVS can not be denied on account of financial crunch and organization's inability to generate funds to meet this liability. Therefore, on the grounds of equity and parity with other similarly situated organizations, Pensionary benefits may be extended to the staff of NVS who have joined before 1.1.2004, as pension is an important social security factor after retirement.

7. FINANCIAL IMPLICATION FOR IMPLEMENTATION OF PENSION SCHEME

At present, 596 Navodaya Vidyalayas (including 20 JNVs in districts having large concentration of SC & ST population) have been sanctioned with the ultimate target of one Navodaya Vidyalaya in each district of the country. As on date, the sanctioned strength of employees in NVS is approx 23,000 which includes about 13,000 teaching and 10,000 non-teaching employees. The number of employees who joined NVS prior to 1.1.2004 and are still working is 12,300. Besides, the employees who have

Retired after completing 10 years of regular service in NVS prior to 1.1.2004 and are thus eligible for pension is 450. Thus in case the pension scheme under CCS (Pension) Rules, 1972 is extended to NVS, this would be applicable to approx 12,750 eligible employees including retired employees of NVS.

In respect of CPF subscribers of NVS, an amount of Rs.369.14 crores (approx) towards the CPF contribution (i.e. Management Share along with interest payable thereon) has accumulated up to the year 2012-13. The committed liability towards CPF Management share is met out of Grant-in-aid received from the Govt. and the interest liability thereof is borne out of the interest earned on investment of CPF corpus available with the Samiti in case the pension Scheme under CCS(Pension) Rules,1972 is introduced for the employees of NVS, the entire CPF liability towards Management Contribution along with interest in respect of the eligible working employees who joined prior to 1.1.2004 will be transferred to pension fund which will go on increasing every year. Eligible retired employees will be given an option to join the pension scheme on refund of the CPF Management share already paid to them along with interest @12% p.a.

As per actuarial calculation got by NVS, the total pension liability for the eligible employees joined before 1.1.2004 will be approximately Rs. 1358.15 crores. After adjusting Rs. 369.14 crores of accumulated CPF liability towards Management Contribution available till the end of 2012-13. The balance liability for providing pension benefits to employees of NVS will be about Rs. 989.01 crores which may be provided by the Government either in lump-sum or in installments as a part of grant-in-aid. The accretions to the pension fund can be invested as per the pattern laid down by the Government.

FROM: 00000000 PHONE NO: Apr : 15 2013 08:04PM P13

13

8. POINT ON WHICH CONSIDERATION OF THE CABINET IS SOLICITED

Approval of the cabinet is solicited for the implementation of GPF pension scheme for the eligible NVS employees, who joined before 01.01.2004, on the pattern of central civil services (pension) rules, 1972.

9. IMPLEMENTATION SCHEDULE

The proposed pension scheme will be given effect by adopting the CCS (pension) Rules, 1972 during the year 2013-14.

10. APPROVAL BY HRM

The minister of Human Resource Development has seen and approved this note.
