

Chapter 3 - Planning

3.1 Introduction

As discussed in Para 1.1, a HLEG was constituted on 25 June 2001 to review the existing pension scheme and provide a road map for introducing a new pension system based on defined contribution. The HLEG in its report, submitted in February 2002, proposed that a pure Defined Contribution (DC) scheme was not suitable as risk of uncertain yield due to varied interest rates and life expectancy would be borne by the pensioner. Accordingly, it recommended a hybrid scheme with inflation indexation, with combined contribution from employees and Central Government on matching basis, and committing a Defined Benefit (DB) as pension to the employees.

Audit noted that certain crucial aspects highlighted in the HLEG Report and the Government decision (23 August 2003), were either not implemented or implemented with delays and are detailed in subsequent paragraphs along with other audit observations.

3.2 Framing of Rules on service matters of NPS beneficiaries (Central Government employees)

With the introduction of NPS¹⁶ with effect from 01 January 2004, Government clarified that non-contributory pension benefits would not be available to Government employees covered by NPS from the date of effect of notification of NPS.

Audit noted that even after 15 years from introduction of NPS, rules on service conditions/ retirement benefits in respect of employees covered by NPS had not been framed due to difference in views between various departments of Central Government as evident from the sequence of events mentioned below:

- The Department of Legal Affairs (August 2016) indicated that rules/ regulations could be framed under the PFRDA Act only by PFRDA/ DFS, however, DFS was not agreeable and was of the view that DoPPW and DoPT could frame rules under Article 309 of Constitution. Subsequently the departments (DoPPW and DFS) finally arrived at a conclusion (September 2016) that DoPPW should frame the rules regarding service conditions and pensionary benefits of Central Government employees and should ensure that such rules did not relate to any matter specifically covered under PFRDA Act nor were contrary to any provisions.

¹⁶ Amendments were also made to Central Civil Services (Pension) Rules, Central Civil Services (Commutation of Pension) Rules, Central Civil Services (Extraordinary Pension) Rules, General Provident Fund Rules and Contributory Provident Funds Rules

- The Committee formed (October 2016) for streamlining implementation of NPS¹⁷ in its report also identified the necessity for separate rules on service matters pertaining to pensionary benefits of NPS employees for issues like suspension, extra-ordinary leave (i.e. leave without pay) or without medical certificate unauthorised absence, entitlements in the event of imposition of penalty of compulsory retirement or dismissal/ removal, recoveries in the event of pecuniary loss caused by employee to Government during service, cases of pending departmental or judicial proceedings, voluntary retirement etc.
- DoPPW vide its O.M. dated 05 May 2009 extended provisionally the benefit of gratuity (on invalidation/ death during service), invalid pension (on invalidation during service), family pension (on death during service), disability pension (disability attributable to performance of duty) and extraordinary family pension (death attributable to performance of duty) to NPS covered employees at par with the employees appointed before 01 January 2004. The benefits, being provisional, were subject to adjustment against final payments to be made in accordance with the Rules to be framed by PFRDA.

Audit noticed that benefits of retirement and death gratuity were made applicable¹⁸ to NPS employees on the same terms and conditions as were applicable to employees covered by Central Civil Services (Pension) Rules. However, rules in respect of invalid pension, family pension, disability pension and extraordinary family pension are yet to be framed.

DFS in its reply stated (May 2019) that as per Allocation of Business (AoB) Rules, 1961, DoPPW was responsible for formulation of policy and co-ordination of matters relating to retirement benefits to Central Government employees while DoPT was responsible for conditions of service of Central Government employees.

DoPPW, framed draft rules on service conditions of NPS employees and circulated the same on 05 June 2018 to DoPT, DoE, DFS, CGA and PFRDA requesting them for their comments on the draft rules along with inputs on any additional issue to be included in the draft rules.

DFS in its reply (December 2019), further intimated that DoPPW had circulated revised draft NPS service rules vide OM dated 01 May 2019 and DFS intimated (May 2020) to Audit that DFS had forwarded its comments on the draft rules in March 2020. The rules in this regard have not yet been notified (May 2020).

¹⁷ Committee – The Union Cabinet in its meeting held on 29 June 2016, considered the proposals based on the recommendation of the 7th Central Pay Commission and approved the proposal for setting up a Committee of Secretaries.

¹⁸ As per DoPPW's O.M. dated 26 August 2016.

Recommendation: Government may ensure that rules on service matters for NPS beneficiaries of Government sector are put in place.

3.3 Accounting arrangements for Central Autonomous Bodies

As per DoE O.M. dated 13 November 2003, all new recruits joining any autonomous body under the administrative control of various Ministries/ Departments, on or after 01 January 2004 would also be governed by NPS and not by the existing pension scheme in these organizations.

For the Central Government employees, CPAO was appointed as interim CRA (from 01 January 2004 to 31 March 2008) for record keeping and accounting of NPS contributions. However, Audit observed that in respect of Autonomous Bodies, no such arrangement was made till 2009 (when the first CAB was registered under NPS, with regular CRA in place). It was observed that the responsibility for devising record keeping and accounting arrangement were neither finalised nor notified by DEA during this period and it kept shifting to different bodies/ authorities as cited below:

- DEA advised autonomous bodies to devise their own interim procedures and retain the NPS contributions for time being. Subsequently, DEA considered (May 2005) that concerned administrative Ministries might devise uniform procedures for all autonomous bodies under their administrative control; and
- DEA later informed (May 2006) PFRDA that the latter might like to devise record keeping and accounting arrangements for autonomous bodies.

DFS in its reply (December 2019) was silent on the inconsistent approach towards devising record keeping and accounting arrangements for autonomous bodies, and stated that CGA suggested (October 2004) that autonomous bodies could maintain their own records and contributions during the interim period, till a regular CRA was in place. CPAO and CGA would assist them in the process.

The reply of DFS may be seen in the context that whereas interim arrangements were made for Central Government employees, no such arrangement was made for CABs.

3.4 Annual Account Statements (upto 31 March 2008)

3.4.1 Central Government

As per Ministry of Finance (GOI) OMs dated 07 January 2004 and 04 February 2004, CPAO had to prepare Annual Account Statement (AAS) for each employee (showing the opening balance, details of monthly deductions and Governments matching contribution, interest earned and the closing balance) and issue AAS to the subscribers. Further, CPAO after the close of each financial year, had to report the details of the balances (PAO-wise) to each

Pr. AO, who would forward the information to each PAO for the purpose of reconciliation.

PFRDA highlighted (February 2006) the criticality of accounting of pension subscriptions and the potential of any laxity therein to cause insecurity in the mind of employees and embarrassment to the Government. It also intimated that even after passage of two years, none of the new recruits under NPS, said to be over 1,00,000 in number, had received AAS and that the CPAO did not have complete reliable information about over 85 *per cent* of the subscribers.

Scrutiny of records at selected DDOs/ PAOs of Ministries/ Departments of the Central Government, revealed that out of 71 selected employees under 40¹⁹ selected DDOs, the AAS was not issued to 55 employees in 31 DDOs as tabulated below (details in **Annexure III**):

Table: 3.1

Total DDOs	Total DDOs where selected eligible employees did not receive AAS	Total DDOs where eligible employees received AAS	Total selected beneficiaries in 40 selected DDOs	Total selected employees who did not receive AAS	Total selected employees who received AAS
40	31	09	71	55	16

Further, no records relating to preparation and issuance of AAS were furnished during the audit at CPAO.

DFS in its reply (December 2019) stated that CGA intimated that CPAO is making sincere efforts to trace requisite records/ files.

It is noted that NSDL now sends monthly and annual transaction statement to subscriber which shows contribution, PF-wise allocation of subscriber's NPS fund, market value, actual value of investment etc.

3.4.2 State Government

Government of Rajasthan (March 2004) and Government of Jharkhand (December 2004) issued similar instructions in respect of provision of AAS to their NPS subscribers showing the opening balance, details of monthly deductions and government's matching contributions, interest earned, if any, and the closing balance. However, Audit observed that in Rajasthan AAS was not provided in all 25 selected DDOs and in Jharkhand, 15 DDOs out of 20 DDOs had not affirmed the receipt of AAS.

¹⁹ Out of 62 total selected DDOs, in 22 DDOs, either there was no employee eligible for selection in sample during 01 January 2004 to 31 March 2008 or the records were not available with DDO for this period.

3.5 Legacy contributions

3.5.1 Central Government Ministries/ Departments

3.5.1.1 Department of Economic Affairs (vide its OM dated 29 March 2008) sanctioned transfer of ₹1,165.39 crore from GOI's Budget for the year 2007-08 to the Trustee Bank in respect of NPS accumulations (legacy contributions²⁰). Till March 2008, GOI gave interest at GPF rate on such amount. Vide the OM it was indicated that no more interest would be given after March 2008 and subscriber-wise accounts were to be transferred to CRA within the month of April 2008.

In this regard, Audit sought (October 2018) from the CPAO, records/ information to confirm whether all Ministries/ Departments had transferred subscriber-wise account by April 2008, whether all Ministries/ Departments were included in the OM and whether information in respect of all Ministries were received and the date by which these were reconciled.

CPAO replied (29 November 2018) that no record was available in their office to furnish reply to the Audit query. Due to non-availability of records, Audit could not derive assurance about the accuracy and completeness of accounting of contributions (with interest due) and their timely remittance to Trustee Bank.

DFS informed (December 2019) that the office of CGA has intimated that relevant information may be available with Ministries/ Department concerned. Statement of CGA is not acceptable as CPAO had to prepare AAS for each employee and to report the details of the balances (PAO-wise) to each Pr. AO at the close of each financial year. Had such statements been issued, the accuracy of the accumulation amount of ₹1,165.39 crore could be confirmed in Audit.

DFS further accepted (December 2019) that it was a matter of great concern that no information/ consolidated information was available with CGA on whether the legacy pension contributions of the employees have been deployed in the market and credited to the NPS accounts or not. It also noted that the issue required urgent attention of the CGA and appropriate compensation to subscribers needed to be given for the presumptive financial loss occurred so that they are not placed at any disadvantage in terms of their pension payments.

3.5.1.2 Creation and operation of the Pool account

When CRA-NSDL system became operational in June 2008, nodal offices remitted employee/ employer contributions (pertaining to Central Government) to Trustee Bank. Some of these contributions were remitted to Trustee Bank without giving corresponding details to CRA such as name of employee, period to which contribution pertained etc.

²⁰ Legacy amount is arrear contribution from effective date of NPS to date of first regular upload.

Such contributions were invested as a lump sum in pool account²¹, pending its posting into concerned PRANs so as to prevent loss of returns on such funds. Apart from these funds, the pool account also included those funds, which were received with incomplete details upto 30 April 2012.

Audit observed the following in this regard:

- The pool balance as of 01 January 2019 stood at ₹17.35 crore and the value of investment was ₹40.68 crore which remained un-reconciled for want of details, and pending for its credit into employees' Individual Retirement Account (PRANs). Thus, not all funds received by Trustee Bank during the period upto 30 April 2012 were accounted for.
- As per NSDL-CRA, as on 30 September 2018, 9,187 Central Government subscribers had attained 60 years of age, of which SCFs were pending for reconciliation due to un-reconciled funds, in respect of 144 subscribers. Out of these 144 subscribers, 27 subscribers had exited from NPS, 20 exited partially (pending for annuity) and 14 subscribers had raised online withdrawal requests in CRA system. However, CRA cancelled the withdrawal requests as SCF was pending for matching and booking. Hence, a complete withdrawal request (lump-sum as well as annuity) was pending for these subscribers. Thus, several retirement cases were held up for want of these details.

DFS replied (December 2019) that these issues were envisaged by CGA while shifting to CRA-NSDL and in case of variation, the CRA was to take up the matter of reconciliation with concerned Chief Controllers of Accounts (CCAs)/ Controller of Accounts (CAs). It further stated that to oversee and track the implementation of NPS, Financial Advisers' Committee was formed for each Ministry/ Department. DFS further added that DoE needed to fix responsibility and specify consequences on failure of the Committees to function in the prescribed manner.

The reply of DFS needs to be seen in the light of the fact that CPAO (reporting to DoE) had to prepare annual accounts for each employee after the end of each financial year and report the balance details (PAO-wise) to each Pr. AO, who would forward the information to each PAO for reconciliation purposes. If all subscribers were provided with AAS, the creation of a pool account would not have been necessitated.

²¹ Pool account was created on 20 March 2010. From 01 May 2012, it was decided that if funds were not received with proper details corresponding to the SCF uploaded on CRA system and the matching and booking of funds could not materialise, the same would be returned. Fresh credits into pool account was discontinued from 01 May 2012.

3.5.2 State Governments, CABs and SABs

With respect to States, CABs and SABs, no timelines were fixed by PFRDA for upload of legacy data and transfer of legacy contributions. Further, PFRDA was unaware of the quantum of legacy amount and the status of its transfer to the Trustee Bank.

PFRDA replied (March 2019 and April 2019) that quantum of legacy amount to be uploaded or transferred was dependent upon various factors like number of employees, the date of joining, basic pay, DA and increment of such employees and that such information would be available with the concerned State Government, CABs and SABs. PFRDA, further stated (December 2019) that it was the responsibility of the concerned State Governments to fix timelines for upload of legacy data and transfer of legacy contributions and that as a regulator, it consistently raised the issue of delay in uploading/ non-uploading of legacy funds by the Government Nodal offices from time to time through letters, review meetings, workshops and conferences.

The reply of PFRDA needs to be seen in light of the fact that delay in remittance of pension contributions and non-transfer of the legacy amount would result in loss of return to subscribers, non-receipt of complete entitlements in the event of premature exit due to death or retirement, and legal liability for State Governments. The audit observations relating to non-transfer/ delayed transfer of legacy contributions in the sample selected for audit are discussed in Para 4.6 and 4.8.

Recommendation: Government must identify all such cases where legacy contributions were not remitted to Trustee Bank and ensure that the same may be remitted with due interest and compensation so that subscriber does not suffer loss.

3.6 Choice of Pension Funds and Categories of Schemes

The GOI notification (22 December 2003) envisaged several pension funds to offer three categories of schemes²². Further, the subscriber would be free to allocate his money across any of these choices and the participating entities would give out easily understood information about past performance, so that the subscriber would be able to make informed choices about which scheme to choose. The Government decision (April 2008), for management of funds under NPS, also indicated that Fund/ Asset Managers i.e. SBI, LIC and UTI selected by Government would offer a choice of schemes to subscribers of NPS within the ambit of the investment pattern prescribed by Government and the

²² Three categories of schemes - A, B and C. Option A - around 60 per cent of the assets would be held as Government paper, 30 per cent in investment grade corporate bonds and 10 per cent in equity. The asset allocation for option B would be around 40 per cent for Government paper, 40 per cent for investment grade corporate bonds and 20 per cent in equity. Option C would have 25 per cent of pension assets in Government paper, 25 per cent in investment grade corporate bonds and 50 per cent in equity.

subscribers would have a choice of Fund/ Asset Managers and approved investment schemes. The 40th Report (2010-11) of the Standing Committee on Finance (Para 56) of the 15th Lok Sabha, desired greater flexibility in operation of the scheme and the employees were to have flexibility to exercise choice of model/ scheme as well as fund managers periodically.

The management of NPS funds of Central and State Government employees, however, was restricted to the three Public Sector Pension Fund Managers viz. SBI, LIC and UTI as per the investment pattern prescribed by the GOI. Government sector subscribers were also not given the option of choosing schemes of investments as available to private sector subscribers (who had choices²³ of investment schemes as well as Pension Funds). PFRDA was also of the view that level playing field was not available to the Central/ State Government employees compared to the private (non-Government) subscribers to NPS.

In this regard, DFS clarified (April 2013) that Central Government employees might be allowed to make investment choices, but such major change had to be preceded by a financial literacy and awareness campaign by PFRDA.

Subsequently, Sub section 2(d) under Section 20 of the PFRDA Act, 2013 specified that there shall be a choice of multiple pension funds and multiple schemes. PFRDA also repeatedly raised this issue (June 2015, September 2015 and January 2016) with DFS. One of the recommendations of the 7th Central Pay Commission also was that government, in consultation with PFRDA, should come up with different options for investment mix and provide subscribers a range of options.

GOI vide its notification²⁴ dated 31 January 2019 allowed subscribers to choose (i) any one of the pension funds, including Private Sector Pension Funds (ii) the option to invest 100 *per cent* of the funds in Government securities, and (iii) two Life Cycle based schemes²⁵.

Audit noticed that, Government Sector employees did not have the choice of pension fund and different categories of schemes for a period of more than 15 years i.e. from 01 January 2004 to 30 January 2019 (till Government issued a notification in this regard), which implied that Government Sector subscribers had no choice in making their investment whereas Non-Government subscribers

²³ choices - (i) to select one of the PFs amongst the eight Public as well as Private Fund Managers (ii) to decide the allocation of their funds amongst the three asset classes of Equity, Corporate Debt, & Government Debt with no restrictions, except that the allocation to equity could not be more than 50 *per cent* of the individual's corpus (iii) of changing the PFs and the allocation among the three asset classes, once a year.

²⁴ Came into force with effect from 01 April 2019.

²⁵ Two schemes - (i) Conservative Life Cycle Fund with maximum exposure to equity capped at 25 *per cent* – LC-25
(ii) Moderate Life Cycle Fund with maximum exposure to equity capped at 50 *per cent* – LC-50

had this opportunity available since 01 May 2009. Investment in different schemes and Fund Managers, since inception to 31 December 2018, led to rate of return ranging between 9.59 *per cent* to 9.91 *per cent* for Central Government employees, 9.50 *per cent* to 9.63 *per cent* for State Government employees and 8.41 *per cent* to 11.43 *per cent* for Non-Government subscribers.

While accepting the issue of lack of level playing field to Central Government employees in terms of managing their NPS funds till 31 March 2019, *vis-à-vis* private sector, DFS stated (December 2019) that since financial literacy is still lacking among Central Government employees especially among Group B and C, to take decisions regarding their investments, PFRDA has been advised to take steps for creating awareness and financial literacy among these set of subscribers.

3.7 No Scheme for Minimum Assured Return

As per the Government decision (August 2003), it was proposed to evaluate mechanisms through which certain investment protection guarantees could be offered for the different schemes, through private financial markets and paid for by the individuals. These would not constitute contingent liabilities for the exchequer.

As per PFRDA Act 2013, vide sub section 2(d) under Section 20, the subscriber:

- shall have an option of investing upto 100 *per cent* of his funds in Government Securities; and
- seeking minimum assured returns, shall have the option to invest his funds in such schemes providing minimum assured returns as may be notified by the Authority.

In this regard, Audit noticed that PFRDA initiated (February 2019), the process to design the Minimum Assured Return Scheme (MARS) by issuing an Expression of Interest for design and development of MARS under NPS inviting response from Actuary/ Actuarial-Investment Management Firms. However, it was not available (December 2019) to NPS subscribers, in violation of PFRDA Act.

Thus, it was only after a lapse of five years since notification of the PFRDA Act, that PFRDA had initiated process to design/ formulate a scheme offering minimum assured returns and even after lapse of more than 15 years since the introduction of the NPS, the subscribers were yet to receive such minimum assurance.

Recommendation: Immediate steps need to be taken for providing MARS, in compliance to the provisions of the PFRDA Act, to the subscriber for ensuring their social security post retirement.

3.8 Replacement Rate

As per HLEG Report, the first tier pension would be a defined benefit at 50 *per cent* of the average emoluments over the last 36 months, the minimum qualifying service would be 20 years and full pension would be payable on superannuation for qualifying service of 33 years.

As per the Government decision (August 2003), it was expected that contribution of 10 *per cent* of the salary (basic pay and DA) and a matching contribution by the employer i.e. Central Government could achieve a replacement rate of around 56 *per cent* of the last emolument (basic pay and DA) for Group A employees, around 58 *per cent* for Group B employees, around 59 *per cent* for Group C employees and around 68 *per cent* for Group D employees. These estimates were based on certain assumptions which, inter-alia, included no change in the existing pay structure, inflation indexation of wages (rise of DA) at the rate of four *per cent* per annum, investment of contribution in Scheme A, (it estimated that Government securities give real return of 1.6 *per cent* per annum, corporate bonds give a real rate of return of five *per cent* per annum and equity gives a real rate of return of eight *per cent* per annum over a long period). The old system of pension provided for a replacement rate of 50 *per cent* (based on the average emoluments of the last 10 months of service) on completion of service period of 33 years.

In this regard, Audit noticed that Confederation of Central Government Employees and Workers, with a notice of strike, submitted a charter of demand to DEA. With reference to the charter of demand, PFRDA informed (October 2007) that apprehensions expressed regarding inadequacy of return on pension accumulations to provide a replacement rate of 50 *per cent* were unfounded. It added that simulations made by experts indicated that a real rate of return of five *per cent* or more per annum would provide a pension of more than 50 *per cent* of the last pay (nominal returns during the last three years would have ranged from 14 *per cent* to 29 *per cent* had the savings been invested).

In this regard, clarifications were sought (December 2018 and January 2019) from DFS regarding whether replacement rates for Group A, B, C and D employees were based on the study by any expert committee and the details of simulations made by experts along-with parameters thereon. Further, clarification was also sought as to whether any assessment of the actual replacement rate was carried out, subsequent to 01 January 2004 and whether a critical level of such replacement rate was identified to protect the interest of the subscribers.

DFS replied (March 2019) that periodic assessment of the actual replacement rate *vis-à-vis* the assessment rate and identifying a critical level of the replacement rate across the various categories of employees was not mentioned in the Government decision. DFS further added (December 2019) that with

falling annuity rates, increased longevity and inevitable lowering of interest rates as the economy matures, the replacement rates envisaged in the Government decision might not be achieved.

In the absence of details regarding basis of assessment of replacement rates, Audit was unable to derive assurance about achievement of the expectations mentioned in the Government decision (August 2003). Besides, clarification on whether or not the recommendation given by the HLEG was accepted by the Government, with reasons thereof, was not provided.

Recommendation: DFS may arrive at minimum replacement rate taking into consideration the annuity rates, increased longevity and interest rates.

3.9 Appointment of Actuary and actuarial evaluation of the Scheme

The HLEG recommended that in order to ensure that the fund would be viable in the long run, it would be necessary to have an actuarial evaluation conducted once in two years, adding that based on the findings of the actuarial evaluation, the Government might like to rationalise the benefit structure or increase contribution rate as the case might be.

From the documents/ responses made available to Audit, it was observed that there was no indication whether:

- above referred HLEG recommendations were accepted or not and the reasons for the same;
- actuarial evaluation of the fund/ scheme was conducted once in two years; and
- any other mechanism to assess the viability of the fund/ scheme had been adopted.

DFS replied (May 2019) that the HLEG was set up by DoPPW, which submitted its report in February 2002 and the information relating to acceptance and implementation of the recommendation of the Group was not traceable in DFS records. However, DFS did not provide specific reply with regard to actuarial evaluation once in two years (as recommended in HLEG report) and adoption of any other mechanism to assess the viability of the fund/ Scheme.

Thus, Audit could not draw assurance on viability of the fund/ scheme. This assumes importance in view of the fact that the actuarial evaluation is at the core of any pension scheme and also total Assets Under Management (AUM) amounted to ₹3,99,245.04 crore as of 31 January 2020, with AUM of ₹3,41,815.87 crore pertaining to Government sector (Central/ State Government).

DFS in its reply (December 2019) stated that a review of performance of NPS *vis-à-vis* the expected outcomes and standards envisaged at inception, and the way forward is under consideration. Further, DFS intimated (May 2020) that it

intended to conduct actuarial evaluation to assess the present situation and take appropriate measures to maximize and optimize the replacement rate keeping in view the recent replacement rates under NPS *vis-à-vis* the benefits envisaged at the introduction of NPS.

3.10 Appointment of National Securities Depository Limited as CRA

As per the Government decision (August 2003), the option of joining the new system would also be available to the State Government and as and when they decided, the new system would be capable of accommodating the new participants.

As per CGA's OM (January 2004) read with OM (February 2004), pending formation of a regular CRA, CPAO would function as the CRA for NPS. National Securities Depository Limited (NSDL) started functioning as regular CRA with effect from 1 June 2008 (contract between PFRDA and NSDL executed in November 2007).

In this regard, seven states, selected as sample for audit, had adopted NPS from 15 May 2003 to 01 April 2006 and agreements were signed with NSDL as tabulated below:

Table 3.2

Name of the State	Date of Notification	Date of Adoption	Date of signing agreement with NSDL CRA	Month of upload of first contribution
Andhra Pradesh	22.09.2004	01.09.2004	21.11.2008	December 2010
Himachal Pradesh	17.08.2006	15.05.2003	24.12.2009	December 2010
Jharkhand	09.12.2004	01.12.2004	25.10.2008	February 2010
Karnataka	31.03.2006	01.04.2006	20.01.2010	April 2010
Maharashtra	31.10.2005	01.11.2005	10.10.2014	March 2015
Maharashtra (All India Services)			02.03.2013	February 2014
Rajasthan	28.01.2004	01.01.2004	09.11.2010	November 2011
Uttarakhand	25.10.2005	01.10.2005	11.09.2009	October 2010

Audit observed that there was no parity between Central and State Government employees with respect to protection of interest of subscribers and that the State Government employees were in a disadvantageous position as cited below:

- At the Centre, there was no necessity for Ministries/ Departments to sign agreements with NSDL-CRA. However, for the States, it was only after respective States' concluded agreements with NSDL-CRA that the first upload of subscriber details and corresponding remittance of transactions to the Trustee Bank, occurred. Consequently, the first upload of subscribers' details and remittance of contributions

commenced in the aforesaid states in February 2010, one year after the functioning of NSDL as CRA.

- Unlike in case of Central Government employees, in case of the State Governments' subscribers', funds which were not received with complete details corresponding to the SCF uploaded on CRA system or funds remitted to the Trustee Bank where matching and booking of funds could not materialize, were returned/ rejected, instead of being pooled and invested until 30 April 2012.

Reply of DFS (December 2019) was silent on the issue of parity of treatment between Central and State Government employees regarding investment of funds.