



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड STEEL AUTHORITY OF INDIA LIMITED

Corporate Office – ISPAT BHAWAN, LODHI ROAD, NEW DELHI-110003

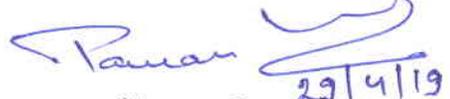
Pers/ITB & Med./Pension/2019
29th April, 2019

CIRCULAR

Subject – Introduction of SAIL Pension Scheme for employees of SAIL

In line with the guidelines issued by Department of Public Enterprises (DPE), Government of India and with the approval of Ministry of Steel, SAIL Management is pleased to introduce **SAIL Pension Scheme**.

2. SAIL Pension Scheme shall cover all executives (including Management Trainees) on rolls of the Company on or after 1st January, 2007 (including those appointed at the Board level) and non-executives (including trainees recruited for eventual employment) on rolls of the Company on or after 1st January, 2012.
3. The Scheme is a 'Defined Contribution' Scheme and would be operated through 'SAIL Pension Trust', constituted for the purpose.
4. The approved SAIL Pension Scheme covering details like eligibility for availing benefits, employer/ employee contributions, mode of payment of benefits, nominations and other conditions, is **annexed**.
5. Eligible ex-employees/ employees may logon to SAIL Website (www.sail.co.in) for more details.
6. This issues with the approval of Competent Authority.


(Pawan Kumar)
DGM (Personnel)
SAIL Corporate Office

Distribution

1. Heads of Personnel, SAIL Plants/ units
2. Executive Director, Chairman Secretariat

SAIL PENSION SCHEME

1.0 OBJECTIVE:

To provide social security and monetary benefit to the employee/ nominee of the employee in the form of annuities upon his/her superannuation/ death/ permanent disablement & incapacitation (including cases of permanent total disablement) leading to cessation of service.

2.0 SCOPE AND EFFECTIVE DATE:

The Scheme will cover all executives (including Management trainees) on rolls of the Company on or after 01.01.2007 (including those appointed at the Board level) and non-executives (including trainees recruited for eventual employment) on rolls of the Company on or after 01.01.2012. The employees on Contract Appointment or deputation from other organizations/ Central/ State Government, shall not be covered.

New entrants joining the Company after 01.01.2007, as executives (including those appointed at the Board level) and after 01.01.2012, as non-executives, shall also be covered under SAIL Pension Scheme from the date of their joining SAIL.

3.0 ELIGIBILITY:

3.1 All regular employees who have completed minimum 15 years of continuous service and superannuate from the Company will be eligible for the benefits under this Scheme. Cases of death / permanent disablement & incapacitation (including cases of permanent total disablement) leading to cessation of service, shall be eligible for Pensionary benefits irrespective of duration of service rendered.

4.0 CONTRIBUTIONS:

4.1 The contribution under the Scheme shall be made to the SAIL Pension Fund to be managed by a Trust notified by the Management.

4.2 The employer's contribution to the Scheme will be a percentage of Basic Pay plus DA. This percentage will be decided and notified by the Company from time to time, based on factors like affordability, capacity to pay and sustainability. The Company will pay its contributions in a staggered/deferred manner as per its financial and liquidity position. There shall not be any liability on account of interest.

4.3 The Company's contribution towards Pension Fund, would be as under:

○ **Upto Financial year 2014-15:**

Executives: @ 9% of Basic Pay + DA from 01/01/2007 till 31/03/2015

Non-executives: @6% of Basic Pay + DA from 01/01/2012 till 31/03/2015

○ **For the financial year 2015-16 and onwards:**

The Company contribution towards Pension shall be based on the affordability, sustainability and capacity of the Company, measured as a percentage of Profit Before Tax (PBT) to average Net-worth of the Company as detailed hereunder:

- a. If the percentage of PBT to average Net-worth is 8% or above, the amount of Company's contribution towards Pension shall be limited to 9% of Basic Pay plus DA for Executives and 6% of the Basic Pay plus DA for Non-executives.
- b. If the percentage of PBT to average Net-worth is lower than 8%, the amount of Company's contribution towards Pension will be reduced proportionately. However, a minimum Pension contribution is kept at the rate of 3% of Basic Pay plus DA for Executives and 2% of the Basic Pay plus DA for Non-executives.

In case of loss during a Financial Year, the floor percentage of 3% and 2% for Executives and Non-executives respectively, would be maintained.

For the above purpose, PBT will be considered before making provision for Company's contribution towards Pension.

4.4 Voluntary Contribution by employee- The employee shall have the option to make voluntary contribution towards Pension.

5.0 BENEFITS:

5.1 An employee eligible under the Pension Scheme/ his or her nominee (as the case may be) will be entitled to the benefits under this Scheme.

5.2 The benefits under the Scheme shall be payable only in the form of annuities on notional date of superannuation of the employee from the services of the company. However, in cases of Death/Permanent Disablement & Incapacitation (including PTD) leading to cessation of service, the benefits would accrue on separation of the employee from the services of the Company. There is no provision for 'commutation' of Individual Pension Corpus with the Trust, under this Scheme. The payment to the employee/nominee shall, however, start from the date of purchase of annuity by employee/ nominee.

5.3 For the purpose of purchasing annuities, Trust shall approve an annuity provider/ panel of annuity providers. Annuity would depend upon the *accumulated corpus* available in employee's account (both Employer and Employee contributions along with interest accrued from the date of deposit of the contributions in the Trust). Annuity shall be paid to the employee/nominee, as per the Annuity Plan opted by him/her from the various options offered by the Annuity provider.

- 5.4 The decision of the Trust shall be final and binding on the employee or his/ her nominee.

6.0 FUND MANAGEMENT:

The SAIL Pension Fund will be managed by the Trust constituted for the purpose of providing pension to the members.

The Trust shall manage the SAIL Pension Fund 'in-house' as per guidelines issued by the government or partly/ fully through PFRDA approved Professional Fund Manager or through an IRDA approved Life Insurance Company.

7.0 CONDITIONS:

- 7.1 Services rendered in the Government prior to joining SAIL will not be counted for the purpose of computation of total service for availing the benefits under this Scheme.

- 7.2 For the purpose of SAIL Pension Scheme, membership of an employee being deputed by SAIL to other CPSE shall be deemed to be continuous and uninterrupted for such period of deputation, provided such employee joins back SAIL and superannuates from SAIL. Employer's contribution towards pension corpus, in such cases shall be made by the borrowing organization. Employer's and employee's contributions in such cases shall continue to be paid directly to the Trust.

In the event of not receiving the payment as above, for the deputation period, such period will not be considered for calculating the pension corpus for such individuals. However, such period shall be reckoned for calculation of service period for ascertaining eligibility under the Pension Scheme.

- 7.3 In the event of any employee resigning from SAIL and joining another CPSE having broadly similar scheme or vice-versa, the entire amount of his accumulated corpus can be transferred to such CPSE/ SAIL. However, the said amount shall be transferred to the newly joined CPSE only on completion of stipulated 15 years of continuous service (the service rendered in the Company plus the service rendered in the newly joined CPSE). In such cases, the employee shall request the trust in writing along with proof of continuation of his service in CPSE for 15 years.

However, employees who resign from SAIL to join another CPSE, not having a similar scheme, or any organization not being a CPSE (irrespective of whether such scheme exists in that organization); or not joining any company, shall not be allowed the benefit of employer's contribution, under the Scheme. Refund of employee's contribution along with interest shall be subject to applicable Income Tax Rules.

- 7.4 In the event that a broadly similar pension scheme is introduced in the newly joined CPSE after the employee joins the said CPSE, subject to provisions of clause 7.3 above, the accumulated corpus may be transferred by the Company

to the newly joined CPSE, provided the effective date of introduction of the scheme is prior to the employee's release from the Company.

- 7.5 In the event of an employee joining another CPSE not having a similar Pension Scheme and maintaining lien over employment with SAIL, the employer's and employee's contribution for the lien period shall not be payable to the new Company or the employee immediately and his accumulated corpus shall be retained with the Trust. Service rendered by the employee during the lien period shall be counted for calculating the stipulated minimum 15 years of continuous service period. Further,
- In case the employee and the borrowing CPSE desire, they will be allowed to continue making their respective contribution to the trust and the employee shall be eligible for pension benefits calculated on the accumulated corpus, provided the employee superannuates from the CPSE on fulfilment of stipulated period of service. However, if such an employee resigns from the said CPSE before superannuation and either joins an organization other than a CPSE or does not join anywhere, only the employee contribution with interest will be refunded to the employee. In such situation, the CPSE's contribution will be refunded back to the said CPSE with accrued interest.
 - In the event such employee rejoins SAIL, the Company's and employee's contribution to the Trust shall resume from the date, the employee rejoins SAIL.
 - Employee separating on account of Superannuation/ Death/ Permanent Disablement & Incapacitation (including PTD), during the lien period will be entitled for benefits from the accumulated corpus under the Scheme.
- 7.6 Board level executives will be eligible for benefits under this Scheme provided their total period of service rendered in continuity in CPSE(s) including the period at Board level in SAIL, is not less than 15 years at the time of superannuation. In cases where the Board Level executive joins and superannuates from another CPSE having broadly similar scheme or vice-versa, the entire amount of accumulated corpus can be transferred to such CPSE/ SAIL, subject to provisions of clause 7.3 above.

Further, Board level executives, who have not attained the age of superannuation and also have not been granted extension by the Government, shall be treated at par with other employees of the Company after the period of their contractual employment as a Board member, is completed. Accordingly they shall be eligible for pension benefits, like all other employees of the Organization, as per terms and conditions of the Pension Scheme.

- 7.7 In cases of compulsory retirement, removal or dismissal because of disciplinary proceedings, the annuity would be based only on member's contributions, if any, and interest thereon.
- 7.8 The admissibility of benefits under this scheme to the employees against whom disciplinary proceedings are pending at the time of superannuation, is to

be regulated as per the Conduct, Discipline & Appeal Rules of SAIL or any other Service Rules governing the terms of employment of the SAIL employee.

7.9 Admissibility of cases of VRS/ VSS for Pension benefits will depend on the condition/ coverage under the respective VR Scheme.

8.0 MODALITIES:

8.1 SAIL Pension Scheme is a 'defined contribution' scheme.

8.2 The Scheme would be operated by the Trust. The Trust shall act for and on behalf of the employees of the Company in any manner relating to the Scheme.

8.3 The Trust/Company will maintain a separate account for all eligible employees, where the Employer/ Employee contributions, with interest will get accumulated.

8.4 All voluntary contributions by the employee under the Scheme shall be made by way of deduction from the salary of the employee as per his authorisation/request.

8.5 SAIL Pension Scheme is non-statutory in nature and Company's contributions under the Scheme are dependent upon affordability, sustainability and capacity of the Company to pay. Contributions by SAIL for this Scheme are therefore not guaranteed and can vary or even be refused on the grounds cited above.

8.6 In the light of the current financial and liquidity position of the Company, payment of Employer's contribution including arrears, towards SAIL Pension Scheme, would be made in a staggered/deferred manner based on availability of resources in due course of time. There shall not be any liability on account of interest.

8.7 The Scheme shall be subject to applicable provisions of Income Tax Act.

8.8 SAIL Pension Scheme shall be amended on the basis of guidelines/ clarifications issued by DPE from time to time, with respect to Pension schemes applicable to employees of CPSEs.

9.0 NOMINATIONS:

9.1 An employee separated on account of superannuation/ permanent disablement & incapacitation (including PTD) may draw the benefits under the Scheme notwithstanding any nomination made by him.

9.2 Each eligible employee will be required to make his/her nominations for receiving the benefits under the Scheme in case of his/her death. All nominations under the Pension Scheme shall be as per the provisions of Provident Fund & Miscellaneous Provisions Act, 1952 (amended from time to time).

- 9.3 Nomination once made will continue until the employee requests a change in nomination. An eligible employee may, at anytime, without the consent of the nominee, if any, revoke or change the nominee by filing a written notice of the change to the Trustees.
- 9.4 If a nominee is either a minor or is unable to give a legal receipt/discharge to the Trustees, the Member employee at the time of nomination, shall appoint a guardian who is capable of giving a legal receipt/discharge to the Trust.
- 9.5 In the event of death of a member employee, wherein more than one beneficiaries were nominated and the Member employee had failed to specify their respective shares, the benefits of the Pension Scheme shall be shared equally amongst the beneficiaries. If any designated Beneficiary dies, the share of such Beneficiary shall terminate and his share shall be payable equally to the remaining Beneficiaries.
- 9.6 In the absence of nomination under the Scheme, the nomination(s) made by the employee under Provident Fund/Gratuity (nomination under PF to prevail in case two separate nominations are given in PF & Gratuity) would be treated as the nomination under this Scheme.
- 9.7 Nominee of the deceased member employee will be required to nominate the person who will receive the benefits under the Pension Scheme in the event of his/her death.

10.0 REVIEW:

Chairman, SAIL reserves the right to amend, review or discontinue the scheme as per Government/ DPE guidelines at any time. Chairman, SAIL may also further approve the working modalities for SAIL Pension Scheme, as and when required.

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