



भारत हेवी इलेक्ट्रिकल्स लिमिटेड Bharat Heavy Electricals Limited

From: B Shankar,

Executive Director (HR & CC)

BHEL Corporate Office

To: Head of HR

(1) Bhopal (2) Trichy (incl PPP Thirumayam) (3) HEEP & CFFP H'war (4) R C Puram & PE & SD, Hyderabad (5) Jhansi (6) EDN B'lore (7) ISG B'lore (8) CBU & EPD B'lore (9) Rudrapur (10) Jagdishpur (11) Goindwal (12) Corp. R & D Hyderabad (incl ASSCP Gurgaon & CTI B'lore) (13) Ranipet (14) HERP Varanasi (15) EMRP Mumbai (16) PS-HQ (17) PS-Mktg, PMG (18) PS-PEM (19) PS-TS, SSBG (20) PS- NR (21) PS-ER(22) PS-WR (23) PS- SR (24) Piping Centre, Chennai (25) IS,IO&TBG (26) ROD HQ (27) HRDI (28) Corp. Office (29) CSU & FP J'Pur

Corporate HR Circular No. 16/WLX/2012

AA: HR: WLX (BHEL PS)

Dated: 7 June, 2012

Subject: BHEL Employees Pension Scheme,
applicable to regular employees of the Company at Board Level and below Board Level,
who were/are on the rolls of the Company as on 1.1.2007 and onwards

Based on DPE Guidelines which has permitted CPSUs to formulate their own Pension Scheme, it has been decided to introduce BHEL Employees Pension Scheme for the regular employees of the Company at Board Level and below Board Level, who were/are on the rolls of the Company as on 1.1.2007 and onwards, as detailed in Annexure I, duly approved by BHEL Board of Directors and Administrative Ministry. The Rules & Regulations governing the Scheme are enclosed as Annexure II.

As per the approval granted for the Scheme, Fund Managers and Annuity providers are to be selected from out of the Insurance Companies registered with IRDA. Currently **there are no Pension products in the market**, since new Pension Products as per new IRDA guidelines issued in November 2011 are still to be approved by them, leaving the Insurance Companies to provide only Annuity at present. **Keeping in view that Annuities can be provided by the Insurance Companies, the following panel of FIVE Annuity Providers have been selected to enable the eligible ex employee/ beneficiary exercise their option for the Annuity Provider as well as the Annuity category.**

- 1) M/s Life Insurance Corporation of India
- 2) M/s Bajaj Allianz Life Insurance Company Ltd
- 3) M/s SBI Life Insurance Co. Ltd
- 4) M/s Reliance Life Insurance Company Limited
- 5) M/s ICICI Prudential Life Insurance Co. Ltd

This panel of Annuity providers will be valid only till new pension products are approved by IRDA and till further instructions are issued in this regard from the Company. Till such time, the BHEL Employees Superannuation Benefit Fund, **the Pension Trust formed at Corporate Office, will facilitate Annuities** to the eligible ex-employees/ beneficiaries.

B. Shankar

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All HR Heads of Units are required to ensure that the **sanitized data of regular employees of the Company at Board Level and below Board Level, who were on the rolls of the Company as on 1.1.2007 and for whom cessation has occurred** is readily available at the Unit along with the infrastructure facilities including contact points / locations for easy access as a **single window facility as the Ex employees / beneficiaries are to contact the Unit from where cessations have occurred**. The Pension Cell constituted at the Unit level may be augmented suitably during initial period, till backlog is cleared, to ensure smooth implementation of the Scheme. Representative(s) of the Insurance Companies empanelled as Annuity Providers will also be available, to enable the process. The **requisite forms to be filled** by the ex- employee/ beneficiary and the Forms for authorization of release of individual Pension corpus which will be certified by the Unit HR & Finance and forwarded to Pension Trust **will be sent on 12.6.12. The selected Annuity providers will provide the Annuity Forms that are to be filled by the ex-employee/ beneficiary.**

The BHEL Employees Pension Scheme may be given wide publicity within the Unit and particularly to those eligible in accordance with Section 4 of Annexure I. Major units may also place an advertisement in two local news papers. All eligible retired employees / beneficiaries from 1.1.07 to 31.3.12 should be informed, batch by batch, to come to the Unit, **from where they retired / separated**, to complete the required documentation. Starting with those who retired earliest (1.1.07 onwards), the beneficiaries should be given specified slot of dates & time as per the period indicated below.

Cessation Period	Last date for completion of the process(Filling up of Forms & documents) at the Unit level	Last date for receipt of the Forms & documents from Unit by Trust in Corporate Office	Last date for transfer of Forms & Pension Corpus to the Annuity provider by the Trust	Expected date of receipt of Pension by the Beneficiary (No arrears for past period is possible)
1.1.07 to 31.3.08	20.7.12	24.7.12	31.7.12	Month of September 2012 onwards
1.4.08 to 31.3.09	20.8.12	24.8.12	31.8.12	Month of October 2012 onwards
1.4.09 to 31.3.10	20.9.12	24.9.12	30.9.12	Month of November 2012 onwards
1.4.10 to 31.3.11	20.10.12	24.10.12	31.10.12	Month of December 2012 onwards
1.4.11 to 31.3.12	20.11.12	24.11.12	30.11.12	Month of January 2013 onwards

Units must ensure without fail that the schedule given above for actions at Unit is strictly adhered to for timely receipt of pension by the individual. It **should also be ensured that the documents of the ex employees of a particular period of cessation indicated are not processed earlier than the time period indicated.**

Guidelines for subsequent cessations (from 1.4.12 onwards) will be issued separately. Maximum co-operation of all concerned is solicited in making the process smooth, satisfactory and successful.

This issues with the approval of Competent Authority.



(B Shankar)

Copy: Head of Unit,
CMD, all Functional Directors, CVO

BHEL Employees Pension Scheme

1	Title
	The Scheme will be called " BHEL EMPLOYEES PENSION SCHEME ".
2	Coverage
	The Scheme will cover regular employees of the Company, at Board level and below Board level, who were/are on the rolls of the Company as on 01/01/2007 and onwards.
3	Defined Contribution Plan
	The Scheme will be under Defined Contribution Plan, wherein the pension contribution from the Company to the Fund will be defined within the prescribed percentage. The pension corpus of the member / beneficiary shall depend upon the accumulated contribution in the Fund and the applicable outflow as defined under the Scheme, at the time of prescribed separation.
4	Eligibility for Pension Corpus
	The following categories of employees are eligible for Pension Corpus from the Company:
4.1	Regular employees of the Company, who superannuate from the Company on or after 01/01/2007, with minimum 15 years of service. Note: Service rendered more than 14 years & 6 months but less than 15 years will not be treated as 15 years. The services rendered as temporary workers against sanctioned vacancy will be counted for 15 years of service.
4.2	Death cases on or after 1.1.2007, with or without 15 years of service in the Company.
4.3	Superannuation on account of early retirement by the Company on or after 1.1.2007, with minimum 15 years of service.
4.4	Lateral entrants to the Company, for whom past service in other PSUs and Government will be reckoned for eligibility of minimum 15 years service but individual Pension Corpus from BHEL will be only for the entire service rendered in BHEL, on superannuation or death while in service on or after 1.1.2007.
4.5	BHEL Employees on deputation / lien to other PSUs, Government Departments etc. when their salary payments are made by the borrowing Organization, will be eligible for the period of such deputation / lien provided such employees join back BHEL and superannuate or retire from BHEL . The borrowing Organization of the individual or the individual himself / herself in such cases, should contribute to BHEL the prescribed % of Basic + DA towards Pension corpus. In the event of not receiving the payment as above, for the deputation / lien period, such period will be treated as "dies-non" for calculating the Pension Corpus for such individuals. However, 15 years of reckonable service in total will have to be fulfilled by such employees on superannuation.

4.6	In case of death of the employee on deputation / lien, his/her case will be covered as per the norms below: 1. The period of service rendered in BHEL plus deputation / lien period for which contribution has been received as aforesaid will be counted for the purpose of computation of Pension Corpus. 2. In case contribution for the deputation/ lien period / service is not received, such period will not be reckoned for computation of Pension Corpus.
4.7	On deputation to BHEL, the period of service rendered in BHEL on absorption alone, will be counted for Pension corpus, though for eligibility requirement of minimum 15 years service, past service in other PSUs and Government will be reckoned.
4.8	Severance of service by the employee on account of resignation, termination, dismissal/ removal will not be eligible under the Scheme
5	Operation of Scheme
5.1	The BHEL Employees Superannuation Benefit Fund, a Trust, as approved by CMD, will be responsible for the Administration of the Scheme, receive Company's contribution and facilitate Payment of Individual Pension Corpus for purchase of Annuity, as per the provisions of the Pension Scheme read with Rules as approved by the Company from time to time.
5.2	The Company's contribution for Pension, from out of 30% of Basic + DA of all regular employees of the Company, after allocation towards PF, Gratuity and RECHS, will be transferred to the BHEL Employees Superannuation Benefit Fund. The Trust will be governed by the Trust Deed. The Administration of the Scheme will be done by the Trust, based on the Rules and Regulations of the Fund / Trust, which will be based on the Scheme.
5.3	The Individual Pension Corpus will be utilized by the eligible employee / nominee (as defined in the Rules and Regulations) for purchase of Annuity offered by the Insurance Company (ies) indicated from time to time.
6	Company's Contribution / Inflow
6.1	The Trust will maintain an Account for all the eligible employees, on account of whom the contribution is transferred by the Company, where the Company's contributions, with interest, will get accumulated.
6.2	Initially, the Company shall contribute to the Trust / Fund an amount at the rate of 8.69% of the Pay + DA per annum of the employees on the rolls of the Company as on 1.1.2007 till 31.03.2011. Thereafter, this percentage contribution towards Pension fund is to be reviewed every year to ensure that the contribution of the Company towards the four superannuation benefits such as PF, Gratuity, Post-retirement medical benefit (BHEL RECHS) and Pension remain within the overall ceiling of 30% of Basic + DA of all regular employees.
6.3	The initial contribution @ 8.69% of the Pay + DA of the employees on the rolls of the Company as on 1.1.2007 upto 31.3.2011 will be transferred as lump sum to the Trust.
6.4	Thereafter, such contribution shall be made to the Fund before the end of the accounting year of the Company viz., 31 st March of every year.

6.5	There will be no voluntary contribution from the employee towards this Pension Scheme.
6.6	In case of wages getting revised from a retrospective date due to Wage Revision, the effective date for Company's contribution to the Fund on revised wages for calculation of individual Pension Corpus will be as per the sole decision of the Company.
7	Individual Pension Corpus / Outflow
7.1	The Individual Pension Corpus will be determined through a formula, which includes a factor of " X " number of days for every completed year of service , which will be reviewed annually, as approved by Actuaries.
7.2	The outflow from 1.1.2007 to 31.3.2011 for the Individual Pension Corpus will be 10 days of last drawn Basic Pay plus DA of the individual for every completed year of service. Part service period of six months & above shall be rounded off as full and part service period less than 6 months will be ignored for such calculations. For calculating 10 days of Basic Pay plus DA, the month shall be treated as 30 days .
7.3.1	In case of death while in service, individual pension corpus to the nominee(s) will be calculated on the following factors and higher of A or B below: (A) No. of years of service, Pay+DA on the date of demise and " X " number of days for every completed year of service OR (B) 15 years of service, Pay+DA on the date of demise and " X " number of days for every completed year of service. However, if total service in BHEL till superannuation would have been less than 15 years, the total reckonable service for pension will be such number of years and not 15 years. Note: 1. For calculation of Individual Pension Corpus, part service period of six months & above shall be rounded off as full and part service period less than 6 months will be ignored. 2. Wherever Basic Pay is indicated in the Scheme, it includes Stagnation increment/pay.
7.3.2	For calculating 10 days of Basic Pay plus DA, the month shall be treated as 30 days.
7.3.3	For the outflow from 01.04.2011 onwards, the factor of " X " number of days for every completed year of service will be reviewed annually, as approved by Actuaries.
8	Pension pay-out
8.1	For the purpose of payment of Pension to the employee / beneficiary, the Annuity shall be purchased from Annuity provider(s) opted by the beneficiary, within the Annuity Provider(s) empanelled by the Trust and approved by BHEL, at the time of receipt of Individual Pension Corpus as per eligibility.
8.2	The Annuities shall be payable and paid only in India
9	General Conditions
9.1	On announcement of the Scheme, every employee on the rolls of the Company shall appoint one or more person of his/her family as Beneficiary or Beneficiaries under the Rules, to receive the benefits hereunder, in the event of

	the death of the Member. Similarly, every individual on joining the Company as a regular employee or a temporary employee joining against a sanctioned vacancy shall submit the prescribed nomination form. If a member acquires family after the date of nomination, the earlier nomination shall become invalid and he/she will have to give a fresh nomination within 30 days time.
9.2	All the conditions regarding nominations, eligibility of employees against whom disciplinary action has been initiated / pending conclusion etc will be as stipulated in the Rules and Regulations of the Scheme..
9.3	Payment of individual Pension Corpus under this Scheme is subject to employee vacating Company owned / leased accommodation as per Company rules and payment of all outstanding dues to the Company as elucidated in Rules & Regulations.
9.4	Income tax liability, if any, on the monthly pension will be met by the beneficiary.
10	Delegation of Powers
10.1	Any interpretation / clarifications on the Pension Scheme will be approved by Director (HR), whose decision shall be final and binding.
10.2	CMD has the powers to approve any modifications / amendments in the Pension Scheme in future, within the broad Guidelines of DPE.
11.	Applicable Law
11.1	This Scheme shall be construed and interpreted in accordance with and governed by the Laws of India and shall be subject to the exclusive jurisdiction of Courts at Delhi, India.



**Rules & Regulations of BHEL Pension Scheme and BHEL Employees
Superannuation Benefit Fund**

A. ELIGIBILITY:

1.	Qualifying period of service, for eligibility and calculation of Pension Corpus, should be continuous without break in service.
2.	The number of years of service as Temporary workers against sanctioned vacancies will qualify for computation of eligibility service and calculation of Pension corpus, if placed on regular scale without break in service.
3.	Service rendered by an employee as ET/ST/AT will qualify for eligibility and calculation of Pension Corpus.
4.	The period of training under Apprentices Act 1961 as ITI Trainees, Diploma & Graduate Trainees and any trainee / apprentice not on regular rolls of the Company will not qualify for eligibility and calculation of Pension Corpus.
5.	The services rendered by an employee as Casual, Contract Labour will not qualify for eligibility and calculation of Pension Corpus.
6.	Services rendered as FTA will not qualify for eligibility and calculation of Pension Corpus.
7.	The period of unauthorized / unregularised absence will not qualify for eligibility and calculation of Pension Corpus.
8.	The period of suspension if not treated as duty will not qualify for eligibility and calculation of Pension Corpus
9.	An employee whose services are severed on account of resignation, termination, dismissal/ removal will not be eligible for Pension Corpus.
10.	An employee against whom a disciplinary proceeding, by issue of charge memo for major penalty, has been initiated and is pending on the date of superannuation will not be eligible for Pension corpus till conclusion of disciplinary proceedings and the penalty imposed will be kept in view for a decision.
11.	An employee against whom criminal prosecution for moral turpitude is pending on the date of superannuation will not be eligible for Pension corpus till conclusion of trial. If convicted, the employee will not be eligible for Pension Corpus.
12.	An employee or his/her family residing in Company quarters or in Company leased/ hired accommodation and does not vacate the accommodation as per rules on superannuation will be eligible for Pension Corpus only on vacation of the quarter or termination of lease without any liability on the Company.
13.	An employee or his/her family residing in Company quarters and not vacating the same beyond the permissible period of four/six months will be eligible for Pension Corpus only on conclusion of eviction proceedings under applicable Act and payment of all dues to the Company.

14.	An employee who has filed a case against the Company in any court of law will be eligible for Pension corpus only on conclusion of the court case.
15.	An employee or his family member who does not clear the dues of the Company on superannuation or death will be eligible for Pension Corpus only after clearing dues from the Company.

B. PENSION CORPUS

1	On superannuation, the employee alone will be eligible to get the benefits under the Scheme and no member of his/her family shall have any claim on the same.
2	On announcement of the Scheme, every employee on the rolls of the Company shall appoint one or more persons of his/her family as Beneficiary or Beneficiaries under the Rules, to receive the benefits hereunder. Similarly, every individual on joining the Company as a regular employee & temporary workers against sanctioned vacancy shall submit a nomination form, in the prescribed format. If a member acquires family after the date of nomination, the earlier nomination shall become invalid and he/she will give a fresh nomination within 30 days time. The nomination shall be given in duplicate and one copy duly acknowledged will be given to the member.
3	The nominee, as per nomination given by the employee, becomes entitled to Pension Corpus only in the event of death of the employee while in service. Where the nominee is more than one, the amount of pension corpus will be distributed in the ratio mentioned in the nomination form by the Member.
4	In the absence of nomination, the pension corpus will be distributed among the legal heirs as per the Nomination form submitted by the employee under EPF Scheme.
5	In the absence of any nomination under EPF Scheme, the Pension Corpus will be distributed amongst legal heirs as per succession certificate given by competent Court.
6	Under no circumstance, the individual Pension Corpus will earn any interest from the Trust or BHEL or Insurance Company. On transfer of the Pension Corpus to the Annuity provider, Pension will be paid to the Annuity purchaser.
C. APPOINTMENT OF BENEFICIARY / NOMINEE	
1	Every appointment made under this Rule shall be in writing, signed by the Member and attested by two witnesses and shall be in the prescribed form and shall remain in full force and effect until the death of the Beneficiary or until the same has been revoked in writing by the Member, by whom the same was made and a fresh appointment made in the manner aforesaid.
2	A Member may, from time to time or at anytime without the consent of the Beneficiary / Nominee, if any, revoke or change the nomination by giving a written intimation of change to the Company in the prescribed form. The new nomination shall take effect on the date the revised nomination was signed.

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3	<p>If a Beneficiary / Nominee at the time of his appointment is a minor or otherwise under disability, not competent to give a legal receipt or discharge to the Trustees, the Member must at the time of such appointment as aforesaid, appoint a guardian who has attained majority and who is capable of giving a legal receipt or discharge to the Trust as and when & to whom the benefits are to be paid for and on behalf of such Beneficiary so long as the beneficiary is minor or under disability.</p> <p>Explanation: The guardian(s) so appointed shall be liable to the minor or person with disability and no liability will be on the Trustees or the Company.</p>
4	<p>If more than one Beneficiary is appointed and in such appointment the Member has failed to specify their respective share, the Beneficiaries so named shall share 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 of the Beneficiaries surviving the Member unless the Member has made written request otherwise, to the Trustees in the prescribed form.</p>
5	<p>If a nominee who in the event of death of the member is eligible to receive the Pension Corpus of the deceased member is charged with the offence of murdering the member or abetting in the commission of such an offence, his or her claim to receive the share of the corpus shall remain suspended till the conclusion of criminal proceedings. If, on conclusion, the person is convicted, he/she shall be debarred from receiving the share. In such an event, his/her share will be distributed to other beneficiaries. If acquitted, his/her share will be payable without any interest.</p>

D. ANNUITIES

1	<p>The Annuities for Pension to the individual will have to be purchased only from the Annuity providers empanelled by the Trust / Company.</p>
2	<p>The BHEL Employees Superannuation Benefit Fund shall authorize the Individual Pension Corpus for the eligible employee / Beneficiary in terms of the Rules of this Scheme, at the time of superannuation / retirement / death.</p>
3	<p>The Pension Corpus authorized by the BHEL Employees Superannuation Benefit Fund will be intimated to the Fund Manager(s) and/or Annuity Provider.</p>
4	<p>Annuity will be effective from the prospective date of authorization of Pension Corpus and purchase of the Annuity by the Employee / Beneficiary and the Employee / Beneficiary shall not be entitled to claim Pension from backdate.</p>
5	<p>The Employee / Beneficiary will give an option under the Scheme to select one or two Annuity Providers for purchase of Annuity.</p>
6	<p>The Annuity options along with applicable rates indicated by empanelled Annuity providers will be on a monthly basis and valid till the end of the month.</p>
7	<p>A Beneficiary shall have the option to add any of his/her own lumpsum contribution, directly to the Annuity provider while purchasing the Annuity out of the Pension Corpus.</p>
8	<p>After purchase of Annuity and disbursement of Pension, any query / complaint on the same will have to be taken up by the Beneficiary directly with the concerned Annuity Provider. Trust / Company will not have any liability to resolve / remedy such complaints / query. In case the query / complaint of the Beneficiary is not redressed by the Insurance Company, the Beneficiary will be free to take up the</p>

	matter with Insurance Ombudsman or any other channel as per his/her choice. (viz Consumer Court, courts, IRDA etc)
9	Commutation of Pension is not admissible.
10	All conditions for periodicity of payment of Pension, return of capital etc will be as per Annuity Options chosen by the Beneficiary.
11	The Annuity Option once chosen cannot be changed and it shall be final and binding on the Beneficiary.
12	If the Annuity provider opted decides with the sole intention of granting relief to the Beneficiaries who are already drawing pension, to grant increase in the quantum of pension, such Members / Beneficiaries shall be eligible for the said increase in the Pension from such date and in such form as may be provided by the Annuity Provider.
13	BHEL is not a guarantor for any Annuities purchased under these Rules. In the event of the Annuity provider opted to withholds any benefits in respect of any of the contracts under such Annuities that they may have issued owing to circumstances beyond their / BHEL's control or otherwise, BHEL shall be under no liability whatsoever to any Beneficiary entitled to the benefits secured by such Annuity or Annuities.

4. Miscellaneous

1.	The Company reserves the right to vary the Contributions to be made under the Scheme at anytime, based on the Actuarial evaluations.
2.	The Company reserves the right to discontinue making Contributions to the Scheme at anytime, after giving three months notice in writing to the Trustees, employees and Insurance Companies(Fund Managers and Annuity Providers)
3.	The Company may also at anytime amend the Rules of the Scheme. Such amendment shall always have effect from the date on which the applicable notices have been served.
4.	No such amendment shall affect in anyway pensions already paid by the Annuity Provider.
5.	In the event of winding up of the Trust / Fund, the Trustees shall, after obtaining prior permission from the Commissioner of Income Tax, make such arrangement with the Insurer as to provide, in the first instance, (i) for the payment of pension in respect of the Members / Beneficiaries for whom contributions have been received from the Company, before the date of winding up and (ii) who have become entitled to receive Individual Pension Corpus. The Trustees shall then, after providing for the payment of all costs and expenses of winding up, utilize the balance amount standing to their credit in the running account held by the Insurer, in proportion to the benefits accrued for the Members on the date of winding up, for securing pensions and/or other benefits of the same nature as specified in the Rules to such persons as may then be Members of the Scheme or to their Beneficiaries, as the case may be, irrespective of whether or not such Member or Beneficiaries have become entitled to the benefits under the Scheme.
6.	In the event of the Company being wound up/or dissolved for the purpose of reconstruction, reconstitution or amalgamation with any other Company, Firm or Association, the Trustees may make such arrangements or enter into such agreements as they in their discretion shall deem fit for the continuance of the Trust in connection with such reconstructed, reconstituted or amalgamated

	Company, Firm or Association. PROVIDED ALWAYS THAT no arrangements or agreements under this clause shall be entered in without obtaining the prior approval of the Commissioner of Income Tax.
	DEDUCTION OF SUMS DUE TO INCOME TAX AUTHORITIES
7.	In any case, where the Trust or the Insurer is liable to account to the Income Tax authorities for Income Tax on any payment due under the Scheme, the Trustees or the Insurer shall deduct a sum equivalent to such tax from such payment and the Insurer or the Trust shall not be liable to BHEL or Members for the sum so deducted.
8.	RESTRAINT ON ANTICIPATION OR ENCUMBERANCE
	Under no circumstances, the Pension Corpus is liable to attachment or cannot be assigned, charged or alienated in any manner. The Pension Corpus will be utilized only for the purpose of purchase of Annuity for payment of Pension by the Insurance Company.
9.	Applicable Law This Rules and Regulations shall be construed and interpreted in accordance with and governed by the Laws of India and shall be subject to the exclusive jurisdiction of Courts at Delhi, India

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