



BANK EMPLOYEES FEDERATION OF INDIA

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To All Affiliates/Office Bearers/CC/GC Members

Dear Comrades,

Re : Investment of PF & Pension Funds in IL&FS

We have today addressed a letter, on the caption subject, to the Finance Minister, GOI. Text of the letter is reproduced below for your information.

With greetings,

Yours comradely,

(Debasish Basu Chaudhury)
General Secretary.

TEXT OF THE LETTER DATED 19TH FEBRUARY 2019, ADDRESSED TO THE HON'BLE FINANCE MINISTER

"We are alarmed, and anguished too, at the press reports that an astronomical amount of around Rs.20,000/- Crore, representing the lifetime savings of over 15 lakh of salaried employees, of both Public Sector and Private Sector Undertakings, deposited with the Employees Provident Fund, Pension Fund and invested in tradable bonds of Infrastructure Leasing and Financial Services (IF&LS) Group, has been imperiled as the group is facing bankruptcy and is presently undergoing the resolution process under the Insolvency and Bankruptcy Code (IBC). As the present arrangements under IBC, there is little possibility of recovering the principal amount invested, much less any return thereon, the employees and workers concerned have, therefore, been put to the risk of losing their life-time saving and, as such, to near penury and destitution during their post-superannuation life.

As per available reports, the IL&FS crisis is likely to have an impact on NPS investors as well. Expert say the fixed income part of the portfolio of NPS investors will likely to be affected because of the crisis. The effect of IL&FS crisis is also likely to be felt in the insurance sector as the leading insurer of the country, Life Insurance Corporation of India (LICI) holds more than 25%

stake in the IL&FS. LICICI is also one of the NPS fund managers in the country.

The exact amount at stake is not known since many of these are traded instruments. Provident and Pension Fund Trusts, which have collectively invested "thousands of crores" in bonds have filed intervening petitions in the National Company Law Appellate Tribunal (NCLAT).

The employees and officers of the banking industry recruited on and after 01.04.2010 are covered under NPS. The fund managers for their investments have been selected by the Banks itself. In the prevailing circumstances the employees and officers should not be subjected to any financial loss due to this crisis. The Govt. of India should intervene to make good any probable losses in NPS funds of the bank employees and officers invested in IL&FS.

This is, however, without prejudice to our demand for, and contentions in regard to, scrapping of the New Pension Scheme and restoring the erstwhile defined pension scheme that was prevailing in banks prior to 01st April 2010".
