



**ONGC SELF CONTRIBUTORY POST RETIREMENT & DEATH  
IN SERVICE SUPERANNUATION BENEFIT TRUST**

(PRBS Section, Basement, Old Secretariat Bldg., Tel Bhavan, Dehradun)

**Ph. 2793105/2793102 Fax No. (0135)-2793415.**

**prbstrust@gmail.com**

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**Circular No-71**

**Subject: Modification to Existing PRBS into a Defined Contribution Pension  
Scheme (DCPS)**

The ONGC Self Contributory Post Retirement & Death in Service Superannuation Benefit Scheme (PRBS) was introduced w.e.f 01.04.1990 as approved by Government of India for executives. The Scheme was circulated vide ONGC/HQ/PRBS/(31)/92 dated 02.01.1992 and further revised vide circular no PRBS-40 dated 18.06.1998 and circular no PRBS-64 dated 31.12.2007. The Scheme was made applicable to all regular employees of ONGC w.e.f 16.11.1995 vide circular no 11(23)/97-EP dated 06.08.1998.

As per the pay revision guidelines issued by DPE vide its OM dated 26.11.2008 and 02.04.2009, interalia, CPSEs have been allowed to contribute 30% of Basic Pay plus Dearness Allowance of the employees as Superannuation benefits, which would include Contributory Provident Fund (CPF), Gratuity, Pension and Post-Superannuation Medical Benefits for employees. The superannuation benefit (Pension) as per these guidelines shall be under a "Defined Contribution Pension Scheme (DCPS)" and not under a "Defined Benefits Scheme (DBS)". The superannuation benefit (Pension) shall be admissible to those who superannuate after having put in minimum of 15 years of service in the CPSE.

The Board of Directors of ONGC has accorded approval to the proposal for the implementation of DPE guidelines on employee's superannuation benefits. Board has also approved that the existing PRBS Scheme under "defined benefits" be modified into a "defined contribution scheme" w.e.f. 01.01.2007.

Based on above proposal, the Board of Trustees of ONGC PRBS Trust have also approved conversion of the Superannuation Benefit Fund Scheme from "Defined Benefit" to "Defined Contribution" Scheme w.e.f. 01.01.2007, which has subsequently been approved by the CMD, ONGC.

The salient features of the Defined Contributory Pension Scheme effective from 01.01.2007 are as under:

**1. Effective Date of the Scheme**

- 1.1 The existing Self-contributory Defined Benefit Scheme shall stands converted into Defined Contribution Scheme w.e.f 01.01.2007 in terms of DPE guidelines dated 26.11.2008 and dated 02.04.2009.
- 1.2 The amended Defined Contribution Pension Scheme (DCPS) shall be effective from 01.01.2007.
- 1.3 Those employees, who separated on account of resignation/ termination/removal etc i.e. from 01.01.2007 till the date of implementation (29.11.2013) shall not be covered under the revised scheme.

**2. Eligibility for Retirement Benefits**

- 2.1 As hitherto the Scheme is applicable to all regular employees of ONGC. The employee should have served for a minimum qualifying service of 15 years for the grant of pension except in case of death/ permanent total disablement, as given below.
- 2.2 While counting minimum "qualifying service" "service either with Govt./PSU immediately prior to joining the service in respect of employee joining ONGC from Govt./PSU be taken into consideration for the purpose of minimum qualifying service". In this regard, the immediate past service shall be in continuation in Govt./PSU only. Service rendered in ONGC on deputation immediately prior to getting absorbed in ONGC shall also be counted for calculation of minimum qualifying service.
- 2.3 The past service (PSU/Govt.) as mentioned above will be considered only for the purpose of minimum qualifying service. No pensionable benefits (conversion and

employer contribution) shall accrue in respect of past service rendered outside ONGC.

2.4 The Scheme will apply to all regular executives and non-executives of ONGC (including those who are posted in ONGC Videsh Ltd (OVL)) drawing pay in the regular pay scales which includes employees who were on roll as on 01.01.2007 and the new entrants joining on or after 01.01.2007.

### **3. Conversion Methodology**

- 3.1 In line with the existing PRBS, the reckonable service would be calculated at reduced weightage for past service and at enhanced weightage of future service as on 01.01.2007 (as per existing formula). Reckonable service of 33 years or above up to the date of conversion i.e. 01.01.2007 has been considered for the maximum benefit of upto 50% of basic pay only as on 01.01.2007 as monthly pension. For less than 33 years of reckonable service up to the date of conversion, the benefits would be proportionately reduced. In no case, the reckonable service as on 01.01.2007 shall exceed 33 years.
- 3.2 The corpus requirement for each individual is calculated based on the pension reckoned on the date of conversion, which is due on superannuation, as per LIC annuity rate applicable for an age of 60 years for annuity option, annuity for life guaranteed for 15 years as on 31.03.2012. The corpus so calculated is further discounted @ 9.5%, from the date of retirement till 31.03.2012, as the same has been taken as fund reckoning date.
- 3.3 In case, the actual amount contributed by the employee up to 31.12.2006 along with accrued interest from date of contribution till fund reckoning date i.e. 31.03.2012 @8.50% compounded annually, is more than the pensionable corpus at the time of conversion, the same will be protected.

### **4. Contributions**

- 4.1 **Salary:** Salary, for the purpose of contribution only, shall comprise of Basic Pay including Stagnation Pay if any and Dearness Allowance.(definition of salary shall be- as considered for the purpose of deduction of contributory provident Fund)



**4.2 Contributions:** W.e.f 01.01.2007, monthly contributions shall be made by ONGC under the Scheme. For this purpose, individual accounts would be maintained for each employee for the period of their contribution.

**4.3 Contribution by ONGC:** ONGC's contribution (rounded off to the nearest rupee) in the DCP Scheme would come out of 30% of Salary actually paid after adjusting the contributions made towards Provident Fund, Gratuity Fund (deemed contribution) and Post-Retirement Medical Fund(deemed contribution). The contribution rate to the Superannuation Benefit Fund may vary on year to year basis depending on actuarial valuation of Gratuity Fund as well as Post-Retirement Medical Benefit Scheme.

4.3.1 For the period from 01.01.2007 to 31.03.2013, the rate of employer contribution by ONGC will be 15% of the salary of an employee.

4.3.2 From 01.04.2013 onwards, the percentage of ONGC's contribution during a financial year would be provisionally maintained as per the percentage applicable for previous financial year. The final percentage shall be decided at the end of each financial year depending upon the Actuarial valuation. The difference between the two contribution percentages, if any, would be adjusted accordingly. In case of employee superannuating during a financial year, the applicable rate of ONGC's contribution for that financial year till the date of superannuation shall be based on last applicable rate. This rate for employees superannuating during the year shall be final and not be subject to review after finalization at the end of that financial year.

Example: The provisional contribution by the ONGC for the year 2013- 2014 would be made @15% i.e. percentage decided for the year 2012-13. The final percentage to be applicable for the year 2013-14, would be decided on finalization of annual accounts of 2013-14, which may be less or more than the contribution rate 2012-13. If the final rate for 2013-14 is decided (say),



@14.90% i.e. less than the provisional rate for the year 2013-14, the difference in the rate of contribution i.e 0.10% (15%-14.90%) will be treated as advance to the employees as on 31<sup>st</sup> March, 2014 and the same shall be adjusted subsequently. In respect of employees separated during 2013-14, which have been processed & settled during the year based on the last years' applicable rates i.e. the provisional rate of 15% would be considered as final and their cases shall not be reopened.

4.3.3 Contribution/grant by the ONGC over and above the exemption limit as prescribed in the Income Tax Act would be taxable in the hands of the respective employee, as perquisite. TDS, wherever applicable, would therefore be deducted as per provisions of Income Tax Act 1961 and Income Tax Rules 1962. All concerned are requested to exercise due diligence in this regard.

4.4 **Contribution by the employees:** All employees (irrespective of age) would make direct contribution (rounded off to the nearest rupee) @ 3% of Salary actually paid w.e.f. 01.04.2012. This rate will remain fixed unless changed by the Trustees. The additional contribution made by the employees as hitherto shall also continue. The actual contribution already made by employees from 01.01.2007 to 31.03.2012 shall however be retained and transferred to their individual account with interest @ 8.5% compounded annually till the date of retirement or 31.03.2012 whichever is earlier. The actual contribution already made by the employees from 01.04.2012 till the date of implementation shall also be retained and transferred to their individual accounts, along with applicable interest. Further, employees are permitted to make voluntary contribution, as this would reflect higher corpus in their account.

4.5 **Interest on the Contribution:** Interest shall be credited to the individual account of each employee depending upon the earnings of the Trust at the end of each financial year, which shall be compounded on yearly basis. The rate of interest credited last shall be applicable for employees superannuating during

the following financial year, which shall be final and not altered after declaration of final interest rate for that financial year. In this regard, earnings of the Trust shall be based on latest Audited Annual Accounts and shall exclude income of the trust generated due to extra ordinary items.

4.6 **Deputed employees retaining lien**-Employees of the Corporation deputed to other organizations and retaining their lien may continue as members of the superannuation benefit fund during the period of lien with an option at the discretion of the employee, to contribute to the fund himself to the extent of employer contribution at the prescribed rate. However, if an employee fails to deposit his contribution, his corpus will not increase except for accrued interest and so is the pension.

4.7 **Deputed employees, if lien is not extended:** In cases where the lien period is over and the lien is not extended and the separation is affected from retrospective /prospective date, the treatment shall be in line with resignation cases as per para 5.3.6 and para 5.3.7 below, after deducting TDS as applicable. In this regard, the contribution made by an employee on behalf of employer/borrowing organization shall be considered as his own contribution.

## 5. Benefits

5.1 Benefit shall be admissible to employees under the Scheme provided that the employee has put a minimum qualifying service as laid down above in para 2. Members of the earlier Defined Benefit PRBS scheme but having less than 15 years' service including the service rendered in Govt/PSU immediately prior to joining ONGC or service rendered on deputation in ONGC prior to getting absorbed; shall not be covered in the proposed DCPScheme as per DPE guidelines. For such members, benefits under the earlier Defined Benefit scheme (PRBS) shall continue.



- 5.2 Benefits for the reckonable service period upto 01.01.2007, would be payable as per conversion methodology mentioned above in para 3.
- 5.2.1 The conversion benefit calculated as on 01.01.2007 based on para 3 above, shall also be credited in the individual accounts maintained by PRBS Trust immediately.
- 5.2.2 In respect of employees normally retired after 01.01.2007 till the date of implementation, who are in receipt of monthly benefit under earlier PRBS Scheme by self or by the beneficiary(s) after the death of the retired employee, benefit shall be reworked and revised as per new scheme at annuity purchase rate applicable for the age of the annuitant; who is more than 60 years of age, as on 30.11.2013 for LIC Annuity option, annuity for life guaranteed for 15 years. Such differential benefit shall be paid by way of purchasing additional annuity.
- 5.2.3 In all such cases where employees separated after 01.01.2007 on account of VRS/premature retirement on health grounds/Normal Retirement (NR) /death/Permanent Total Disablement (PTD) and their cases settled under pensionary/withdrawal benefits as per existing scheme, are also eligible for employer contribution/conversion benefit from 01.01.2007 and upto the date of separation. Their PRBS claim shall be resettled under pensionary benefits in the Defined Contribution Pension Scheme, subject to adjustment of amount already paid to members, without interest.
- 5.2.4 For cases already settled under pensionable benefits, the calculation of benefits shall be made as per the options already opted by the separated employee. The arrear pension shall be calculated on the current annuity rate rather than on the annuity rate prevailing at the time of retirement. The total arrear pension shall be calculated as under:-  
Monthly annuity as per annuity option opted calculated on additional corpus at current annuity rate x number of months after retirement till 31.03.2012.



The arrear pension and additional commutation amount so calculated shall be paid without interest. The TDS as applicable shall also be deducted.

**5.2.5 Treatment of Return of Capital (ROC)** claims in which refund of capital have already been made by Insurer due to death, the additional corpus needs to be calculated after resettlement of cases as per new scheme and differential corpus should be paid to the nominee in whose name ROC claim was earlier settled.

**Joint life without ROC-** In case, either of spouses is alive and getting monthly annuity as per existing scheme, the additional benefits shall be extended to him/her as per new scheme. In cases where, beneficiaries (both spouses) are not alive; benefit of revision is not possible, hence will not be made.

**Joint life with ROC-** In case, either of spouses is alive and getting monthly annuity as per existing scheme, the additional benefits shall be extended to him/her as per new scheme. In case where beneficiaries (both spouses) are not alive; the additional corpus shall be calculated after resettlement of cases as per new scheme and differential corpus shall be paid to the nominee in whose name ROC claim, was earlier settled.

The additional annuity shall be purchased from the Insurance Company already opted by the employee or LIC, whichever is providing higher annuity returns on the date of purchase.

### **5.3 Post Scheme Conversion:**

**5.3.1** Effective from 01.01.2007, the PRBS stands converted to operate as a "defined contribution scheme". All employees on roll as on that date and employees joining service in the regular scale of pay thereafter would be governed by the modified provisions of the Scheme.





- 5.3.2 As per para 4.3 the ONGC's contribution for each employee will be credited every month in the individual account of the employee. This shall be maintained for each employee of ONGC w.e.f 01.01.2007/ date of joining of ONGC whichever is later.
- 5.3.3 At the time of separation, the corpus shall consist of conversion benefit if any, employer contribution, employee contribution (including voluntary contribution if any) and accumulated interest thereon. PRBS Trust will purchase annuity out of the proceeds of this corpus from the individual account on the date of separation of each employee. The commutation of one third (1/3<sup>rd</sup>) corpus shall be allowed as per existing provisions.
- 5.3.4 **On death or permanent total disablement while in service after Scheme conversion:** The benefits under death / Permanent Total Disablement cases, benefit shall become payable immediately, as in normal superannuation without considering minimum qualifying service out of available corpus on individual's account on the date of separation.
- 5.3.5 **VRS/pre-mature retirement on health grounds while in service after Scheme conversion:** In cases of VR/premature retirement on health grounds, the benefit shall become payable immediately as in normal superannuation after considering minimum qualifying service as defined in para 2.1 & 2.2 above out of available corpus on individual's account on the date of separation.
- 5.3.6 **In case of separation due to resignation/termination/removal- post implementation of revised scheme, after completing a minimum qualifying service of 15 years as defined in para 2 above, the treatment shall be given in the following manner:-**
- i) In case the employee joins a PSU/Govt., the accumulated amount in individual account of employee shall be transferred to new employer if



there is a similar scheme in operation, subject to acceptance by the superannuation Benefit Fund Trust of the new employer.

ii) In all other cases, where the fund is not transferred, the employee's individual account shall be kept alive and earn interest thereupon but no further contribution either by the employee or by the new employer shall be permitted. The admissible benefit shall be payable from the notional date of superannuation. In the event of his death/total permanent disablement prior to the date on which the employee would have superannuated, the benefit would become payable to the nominee with immediate effect.

**5.3.7 In case of separation due to resignation/termination/removal-post implementation of the revised scheme, before completing a minimum qualifying service of 15 years as defined in para 2 above**

In such cases, the pensionable benefits as per DPE guidelines are not admissible. Hence, employees own contribution with accrued interest thereon shall be refunded, after deducting applicable tax on interest component. Any remaining amount in the employees account shall be transferred to the Trust income account.

**6.0 General**

- 6.1 Any short/excess contribution up to 31.12.2006 shall be adjusted along with interest @ CPF rate (interest up to 31.03.2012) prevailing from time to time from the individual corpus at the time of conversion of the Scheme.
- 6.2 PRBS stands compulsorily applicable w.e.f. 16-11-1995 to all eligible employees on roll of ONGC as on 01.01.2007 and joining ONGC thereafter.
- 6.3 In case of an employee joining the ONGC after 01.01.2007 from another PSU/Government having a similar Defined Contribution Scheme in operation, the

accumulated amount in individual account of employee w.e.f. 01.01.2007 would be accepted for transfer to employee's individual account in converted DCPS PRBS Scheme.

- 6.4 All the cases employees separated before 01-01-2007, as per earlier PRBS, will not be re-opened, under any circumstances.
- 6.5 The re-employment in ONGC shall be considered as fresh recruitment.
- 6.6 The membership of employees, whose contribution is not paid by the members towards the scheme due to any Court order, would remain suspended from the scheme and accordingly benefits under the Scheme would not be available to them or their dependents, in case of any mishap that occurs during the period of such suspension.
- 6.7 All other terms, conditions, provisions of the Scheme and Rules thereto as well as instructions/decisions issued from time to time shall stand modified to the extent indicated above.
- 6.8 In case of any doubt / ambiguity in the interpretation, a final decision of the Board of Trustees, PRBS Trust shall be binding on all concerned.
- 6.9 All concerned may be informed accordingly through wide publicity.

  
(Pradeep Sahariya)  
ED, Chief Employee Relations