

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:2314
ANSWERED ON:13.03.2006
APPOINTMENT OF CONSULTANT BY EPFO
Athithan Shri Dhanuskodi

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether Employees Provident Fund Organization (EPFO) has engaged M/s Mercer Human Resources consulting as consultant to suggest investments options for Employees Provident Fund;
- (b) if so, the details and objectives thereof;
- (c) whether the Trade Unions have raised certain objections in this regard;
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken by the Government to verify the antecedents of the said firms?

Answer

MINISTER OF STATE IN THE MINISTRY OF LABOUR & EMPLOYMENT (SHRI CHANDRA SEKHAR SAHU)

(a) & (b): The Central Board of Trustees in its meeting held on 21.02.2005, approved the proposal for engagement of M/s. Mercer Human Resource Consulting as consultant for one time study of the investment options for the Central Board of Trustees, Employees' Provident Fund.

(c) to (e): Yes, Sir. The following objections were raised.

i. Alleged involvement in providing inaccurate information to New York Stock Exchange in the matter of Compensation Package to its Chairman; and

ii. Allegation of wrong doing against Marsh Inc. (sister concern).

The matter was referred to the consultant i.e. M/s. Mercer Human Resource Consulting for their comments and it was clarified by them vide their letter dated 02.05.2005 that their role was restricted to advice on actuarial and pension related matters and did not involve providing of advice or services concerning the Compensation Committee's annual decisions regarding compensation of NYSE employees, including the Chairman.

In regard to the second allegation, it was clarified by M/s. Mercer Human Resource Consulting that it is an independent company, run entirely by its own management and responsible to its own Board of Directors. The events surrounding Marsh Inc have no bearing on Mercer's operations and do not affect its financial or professional capability to service its clients effectively in any part of the world.