

Employee's Provident Funds and Miscellaneous Provisions Act, 1952

Applicability

- ❖ To every establishment specified in schedule I
- ❖ And in which twenty or more persons are employed;
- ❖ To any other establishment which the Central Government may, by notification
- ❖ In the official gazette, specify in this behalf
- ❖ After giving not less than two months' notice of its intention to do so
- ❖ **However, the act is not applicable** to establishments stated in Section 16(1) of the Act

Class of Employees Entitled and Required to Join Provident Fund

- ❖ Every employee employed in or in connection with the work of a factory or other establishment to which this scheme applies,
- ❖ Other than an excluded employee, shall be entitled and required
- ❖ To become a member of the fund from the date of joining the factory or establishment

Excluded Employees

- ❖ An employee who, having been a member of the Fund, withdraw the full amount of his accumulations in the Fund
- ❖ An employee whose pay at the time of become a member of the Fund, exceeds ₹15,000 per month

Explanation

- ❖ "Pay" includes basic wages with dearness allowance retaining allowance (if any) and cash value of food concession admissible thereon
- ❖ An apprentice

Contribution

- ❖ Employer shall contribute 12% of pay and the Employee shall also contribute 12%
- ❖ Employer shall pay even contribution of the Employee in the first stage on or before 15th of succeeding month and recover from Employee salary

Advances/ Withdrawals

Advances from the Provident Fund can be taken for purposes laid down in the Employees Provident Fund Scheme

Final withdrawal

Full accumulations with interest thereon in the event of death, permanent disability, superannuation, retrenchment or migration from India for permanent settlement abroad

Employees' Pension Scheme

- Under Section 6A Minimum 10 years contributory service is required for entitlement to pension
- Pension is payable on attaining the age of 58 years
- Pension on a discounted rate is also payable on attaining the age of 50 years
- Where pensionable service is less than 10 years

- The member has an option to remain covered for pensionary benefits till 58 years of age
- The Scheme provides for payment of monthly pension in the following contingencies
- Superannuation on attaining the age of 58 years; Retirement;
- Permanent total disablement;
- Death during service;
- Death after retirement/superannuation/permanent total disablement

The formula for calculation of monthly members pension is as under:

Members Pension = $\frac{\text{Pensionable salary} * (\text{Pensionable service} + 2)}{70}$

Employees' Deposit-Linked Insurance Scheme

- ❖ Is applicable to all factories/establishments to which this Act, applies
- ❖ The employees are not required to contribute to the Insurance Fund
- ❖ The employers are required to pay contributions @ 1% of the total emoluments,
- ❖ i.e., basic wages, dearness allowance including, cash value of any food concession and retaining allowance, if any
- ❖ Payment of assurance benefit
- ❖ In case of death of a member
- ❖ An amount equal to the average balance in the account of the deceased
- ❖ During the preceding 12 months or period of membership, whichever is less shall be paid to the persons eligible to receive the amount
- ❖ In case the average balance exceeds ₹50,000, the amount payable shall be ₹50,000 plus 40% of the amount of such excess subject to a ceiling of ₹1 lakh

Recovery

- ❖ All amount due by Employer shall be recovered as arrears of land revenue
- ❖ Contribution towards provident fund shall rank prior
- ❖ To other payments in the event of employer being adjudicated insolvent

Exemption from Attachment

- ❖ The amount standing to the credit of any member in the Fund shall not in any way
- ❖ Be capable of being assigned or charged and shall not be liable to attachment
- ❖ Under any decree or order or any Court

Transfer of Accounts

- ❖ Where an employee employed in an establishment
- ❖ To which this act applies joins another establishment
- ❖ To which this act does not apply
- ❖ The amount of accumulations to the credit of such employee in the fund
- ❖ Shall be transferred to the fund of the establishment
- ❖ In which he is re-employed, if the employee so desires