

**EMPLOYEES PROVIDENT FUNDS  
AND MISCELLANEOUS PROVISIONS  
ACT, 1952**

- Provident Fund scheme was started by few concerns even before the enactment of the act. The government in 1952 framed this act for the benefit and welfare of the employees. This act is applicable to employees drawing pay not more than Rs. 6,500 pm but at the time of registration the same employee pay should not exceed Rs. 5,000.
- **This act deals with:**
  - 1.) The Employees Provident Fund Schemes, 1952,
  - 2.) The Employees Pension Scheme, 1995, and
  - 3.) The Employees Deposit linked Insurance Scheme, 1976

## **Applicability:**

- a. To every establishment which is a factory engaged in any industry specified in Schedule 1 and in which 20 or more persons are employed, and
- b. To any other establishment employing 20 or more persons or class of such establishments which the Central Government by notification on the official gazette specify in this behalf.

## **Non-Applicability:**

- Establishment registered under the Co-operative Societies Act, 1912 or under any other law for the time being in state relating to cooperative societies, employing less than 50 person without the aid of power,
- Establishment belonging to Central or State Government whose employees are entitled to the benefit of these provident and pension funds in accordance with any scheme or rule framed by Central or State Government governing such benefits,
- Establishment belonging to Provincial or State Act whose employees are entitled to the benefit of these provident and pension funds in accordance with any act governing such benefits,
- If once such establishment falls within this act, then the act will apply to such establishment even if the number of employee falls below 20.

## **Employees Provident Fund Scheme:**

- This act has been passed by Central Government. This fund is administered by Central Board which is administered by Board of Trustees.

## **Employee entitled and required to join Provident Fund:**

- Every Employee of the establishment earning salary or wages upto Rs. 6,500, except:
  - 1.An employee who having been a member withdraws full amount of his accumulations in the fund,
  - 2.An employee whose pay at the time he is otherwise entitled to become a member of the fund exceeds Rs. 5,000 pm
  - 3.An apprentice Where wages or salary consists of Basic Salary or Wages, Dearness Allowances, Cash value of food concessions and retaining allowances.

## **Contribution:**

- **A.Employee:** 12% of wages though more can be contributed, even upto 100% of wages though employer is not bound by this.
- **B.Employer:** 12% of wages, where 3.67% goes to provident fund and other 8.33% to pension fund.

## **Due Date:**

- Employer is required to pay amount received from employee on or before 15th of the following month, i.e. contribution of Oct before 15th November.

**Procedure of Application:** Provident fund form is to be filled up along with incorporation documents, MOA, AOA, PAN, Address Proof; etc as before 30 days from the date such act becomes applicable on the establishment.

- **Withdrawal:** Funds can be withdrawn by filling up Form-19. An employee can withdraw the amount only if he/she does not get into employment for the 2 months period. This requirement of 2 months is not applicable if a girl withdraws such amount for her marriage.
- **Advance:** Advance can be taken on this account for marriages (self, siblings, children, etc), buying a house, major surgical operations, repayment of loans, etc in certain cases, etc which is nonrefundable in nature.
- **Transfer:** Provident fund can be transferred in case a person goes for another job at another place after filling up relevant Form.

**Online Provident Fund facility:** Now online facility of EPF is available. One can see the members detail, correct the information present. DSC of the authorized person is required for online submission of claims. Here,

- a. User name and password is required,
- b. The form here is Transfer Claim Form, instead of Form 13,
- c. Form can be presented to present or previous employer for scrutiny,
- d. Physical filing is also permissible.

## **Employees Pension Scheme:**

- Government has introduced this scheme under section 6A, to claim this:
- Minimum 10 years contributory service is required, and
  - a. Have attained 58 years of age, or
  - b. Retirement, or
  - c. Permanent total disablement, or
  - d. Children pension, or
  - e. Orphan pension.

- The amount of monthly pension will vary from member to member.
- The formula is: **Members Pension = Pensionable Salary\*(Pensionable Service + 2)/70**
- If the contributory service is less than 20 years but more than 10 years, monthly pension required is to be determined as if the member has rendered eligible service of 20 years. The amount so arrived shall be reduced at the rate of 3% for every year by every service by which the eligible service falls short of 20 years, subject to maximum reduction of 25%.
- Employees Deposit Linked Insurance Scheme:

- The act was framed in 1976. This act came into force from 1st August, 1976.
- **a. Applicability:** All members of Provident Fund Scheme
- **b. Contributions:** 1% of total emoluments i.e. basic wages, dearness allowances including cash value of food concessions and retaining allowances.
- **c. Administrative Expenses:** Employers are required to pay charges to the insurance fund at the rate of 0.01% of the pay of the employee members for meeting various expenses subject to a minimum of Rs.2/ month
- **d. Nomination:** Members nominated in EPF is also nominated for such fund.
- **e. Payment of assurance benefit:** In case of death of Employee, an amount equal to 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 person eligible.
- **f. Exemption from the scheme:** If an establishment has a scheme providing greater benefits than this scheme is exempted from this scheme. Statutory protection is provided to the amount of contribution to provident fund under section 10 from attachment to any Court decree. The act authorizes the appropriate Government to grant exemptions to certain establishments or persons from the operation of all or any of the provisions of the scheme.