

# **EMPLOYEES PROVIDENT FUND AND MISC. PROVISIONS ACT, 1952**

- An Act to provide for the institution of provident funds, pension funds and deposit linked insurance fund for the employees in the factories and other establishments
- Extends to the whole of India except the State of Jammu and Kashmir

# Applicability

- Applies to all factories and establishments in which **20 or more are employed**
- Continuity of application
- Exemption –
- Where employees get benefits in the nature of provident fund or old age pension fund from the establishment which are not less favourable than the benefits under the Act.

# Schemes under the Act

Three beneficial schemes-

**1. Employees Provident Fund Scheme  
1952**

**2. Employees Pension Scheme 1995**

**3. Employees Deposit Linked Insurance  
1976**

# membership

- **An employee at the time of joining the employment and getting wages up to Rs.6500/- is required to become a member.**
- **an employee is eligible for membership of fund from the very first date of joining a covered establishment.**

## Contribution to EPF

- Employees' share : 12% of the Basic + DA
- Employer's contribution : 12% to be deposited as :
  - 8.33% to be deposited in Pension Fund A/C No 10 and
  - the balance, ie, 3.67% to be deposited in Provident Fund A/C No 01 along with Employees' share of 12%

# Contribution (contd.)

- Administration charges -
- @ 1.1% of the total wages/salary disbursed by deposit to A/C No 02,
- Employees Deposit Linked Insurance @ 0.5% of the total wages/salary by deposit to A/C No. 21 and
- Administration of EDLI @ 0.01% of the wages/ salary by deposit to A/C. No. 22.

# Duties of employer

- **Employer to furnish information about:**
  - (a) Ownership and names of responsible persons of the establishment.**
  - (b) Declaration and nomination.**
  - (c) Joining and leaving of service by the members in form 5 and form 10 respectively**
  - (d) Form 12A with monthly challans of deposit.**
  - (e) Form 9 for details of employees.**
  - (f) Form 3A/6A at the end of the financial year.**
  - (g) Any other information as may be required under Para 76 of the scheme**

# Benefits to employees

- Provident Fund Benefits
- Pension Benefits
- Death Benefits

# Provident Fund Benefits

- Employer also contributes to Members' PF @ 3.67% (1.67% in case of sick industry - eg: beedi)
- EPFO guarantees the Employer contribution and Govt. gives a decent interest to PF accumulations
- Member can withdraw from this accumulations to cater financial exigencies in life - No need to refund unless misused
- On resignation, the member can settle the account. i.e., the member gets his PF contribution, Employer Contribution and Interest

# Pension Benefits

- **Pension to Member**
- **Pension to Family (on death of member)**
- **Scheme Certificate**
  - **This Certificate shows the service & family details of a member**
  - **This is issued if the member has not attained the age of 58 while leaving an establishment and he applies for this certificate**
  - **Member can surrender this certificate while joining another establishment and the service stated in the certificate is added with the service he is gaining from the new establishment.**
  - **After attaining the age of 50 or above, the member can apply for Pension by surrendering this scheme certificate (if total service is at least 10 years)**
  - **This is a better choice than Withdrawal Benefit, that if a member dies holding a valid scheme certificate, his family will get pension (Death when NOT in service)**

# Pension benefit (contd.)

## – **Withdrawal Benefit**

- **if not eligible for pension, member may withdraw the amount accumulated in his pension account**
- **the calculation of this amount is based only on (i) Last average salary and (ii) Service (Not based on actual amount available in Pension Fund Account)**
- **No amount is taken from Member to give Pension to the Member. Employer and Govt. contribute to Pension fund @8.33% and @1.16% respectively**
- **EPFO guarantees pension to members, even if the Employer has not contributed to Pension Fund.**
- **Pension calculation is similar to that of Govt. Employee**

# Death Benefits

- **Provident Fund Amount to Family (or to Nominee)**
- **Pension to Family (or to Parent / Nominee)**
- **Capital Return of Pension**
- **Insurance (EDLI) amount to Family (or to Nominee)**
  - **No amount is taken from Member for this facility. Employer contributes for this.**
- **Nominee is basically determined as per the information submitted by the member at this office through FORM-2**