

REPORT

ON

THE WORKING OF THE EMPLOYEES' PROVIDENT FUNDS SCHEME

1956-57



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GOVERNMENT OF INDIA • MINISTRY OF LABOUR

Issued by The Central Board of Trustees, Employees' Provident Funds Scheme

Nd

ANNUAL REPORT

ON THE

WORKING OF EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952

for the year 1956-57.

OFFICE OF THE CENTRAL PROVIDENT FUND COMMISSIONER, GURDWARA
ROAD, NEW DELHI

From

Shri S. N. Mubayi,
Secretary, Central Board of Trustees,
Employees' Provident Fund and
Central Provident Fund Commissioner.

To

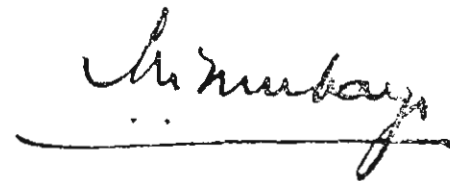
The Secretary to the
Government of India,
Ministry of Labour & Employment,
New Delhi.

SUBJECT:—*Annual Report on the working of the Employees' Provident Funds Scheme
for the year ending the 31st March, 1957.*

Sir,

I am directed by the Central Board of Trustees, Employees' Provident Fund to submit the enclosed report on the working of the Employees' Provident Funds Scheme, 1952 for the year ending the 31st March, 1957. The report was discussed and passed at the Board's meeting held on the 24th March, 1958. A classified summary of the assets of the Fund as on the 31st March, 1957 is given in Appendix 'A' of this report.

Yours faithfully, .



Secy., Central Board of Trustees.

ANNUAL REPORT ON THE WORKING OF EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952 FOR THE YEAR 1956-57

I

On the 31st March, 1957 the Employees' Provident Funds Scheme completed nearly 4½ years of existence. The period under report has been one of great stress and strain for the organisation. The popularity of this Scheme of compulsory contributory provident fund among industrial workers encouraged Government to extend the benefits to other industries. The additional coverage and re-organisation of States brought in their wake administrative problems of considerable magnitude.

II

2. Administration of Scheme

The administrative set up of the organisation generally remained the same. Shri S. N. Mubayi continued to be the Central Provident Fund Commissioner and Chief Executive Officer of the Central Board. The post of Deputy Provident Fund Commissioner which had remained vacant for a consider-

able time was filled by Shri N. C. Rudra in December, 1956 and by Shri K. Rama Iyengar from the 1st April, 1957.

3. Reorganisation of the Regional Offices.

During the year under review the regional offices were reorganised to conform to the new States that emerged with effect from the 1st November, 1956 as a result of States Reorganisation Act. There were 13 regional offices as against twenty which existed previously.

The thirteen regional offices were as under:—

1. Andhra Pradesh
2. Bihar
3. Bombay
4. Delhi
5. Kerala
6. Madras
7. Madhya Pradesh
8. Mysore
9. Orissa

10. Punjab
11. Rajasthan
12. Uttar Pradesh
13. West Bengal.

4. Bombay region continued to have the maximum number of factories/establishments covered under the Employees' Provident Funds Scheme, 1952. To maintain the efficiency of inspection work, maintenance of accounts and settlement of claims, a branch accounts office was opened in December, 1956 at Ahmedabad. This was generally appreciated both by employees and employers.

5. The provident fund work in Himachal Pradesh was being looked after by the Regional Provident Fund Commissioner, Punjab and in Assam by the Regional Provident Fund Commissioner, West Bengal. The question of creating a separate office in Assam is under active consideration of the Government.

6. Central Board of Trustees.

Shri P. M. Menon, I.C.S., continued as Chairman of the Board. On the 31st March, 1957, the Board consisted of the following trustees:—

Chairman

Shri P.M. Menon, I.C.S., Joint Secretary to the Government of India, Ministry of Labour, New Delhi.

Representatives of the Central Government.

1. Shri K. L. Ghei, Joint Secretary, Ministry of Finance.
2. Shri N. S. Mankikar, Chief Adviser Factories, Ministry of Labour.
3. Shri G. Ramanathan, Deputy Secretary, Ministry of Heavy Industries.

Representatives of the State Governments.

1. Shri D. R. Pradhan, I.C.S., Secretary to the Government of Bombay.
2. Shri S. K. Banerjee, M.C., I.A.S., Joint Secretary to the Government of West Bengal.
3. Shri V. Balasundram, I.A.S., Commissioner of Labour, Government of Madras.
4. Shri B. P. Singh, I.A.S., Secretary to the Government of Bihar.
5. Shri A. D. Pande, I.A.S., Secretary to the Government of Uttar Pradesh.

Employers' representatives.

1. Shri Motilal Tapuriah, C/o The Kamla Mills Ltd., Kilachand Devchand Building, 45/47, Appollo Street, Fort, Bombay.
2. Shri P. K. Mistry, C/o The Associated Cement Companies Ltd., 1, Queens Road, Bombay-1.
3. Shri A. Rajagopalan, Agent, The Tata Iron & Steel Company Ltd., 23-B, Netaji Subhas Road, Calcutta-1.
4. Shri K. Naoroji, M/s. Godrej & Boyce manufacturing Co. Ltd., Lalbaugh, Parel, Bombay.
5. Shri M. L. Bagla, Swadeshi Cotton Mills Company, Ltd., Kanpur.
6. Shri S. P. Jain, 11, Clive Row, Calcutta.

Employees' representatives

1. Shri Michael John, M. P., President, Tata Workers' Union 17-K Road, Jamshedpur.
2. Shri G. Ramanujam, Secretary, Indian National Trade Union Congress,

Tamil Nad Branch, 3/66, Trichy Road, Ramanathapuram, Coimbatore.

3. Shri Kali Mukherjee, 46, Wellesley Road, Calcutta.
4. Shri B. S. Mahadeo Singh, C/o. Hyderabad State Mazdoor Sabha, Old Jail Market Street, Secundrabad. (Dn.).
5. Shri Tushar Chatterjee, M.P., P.O. Baro Sibtala, Chinsurah, West Bengal.

The sixth representative of the empolyees on the Board, *viz.*, Shri Vimal Mehrotra tendered his resignation due to General Elections. Shri G. D. Ambekar also resigned for similar reasons. Shri Ramanujam was nominated in the latter's place by the Central Government.

7. Meetings of the Board.

The Board held its 8th meeting on the 25th March, 1957. The meeting which was originally scheduled to be held earlier had to be postponed at the request of several trustees because of their preoccupations in connection with the General Elections.

The Board approved the revised budget estimates of the Organisation for the year 1956-57 and the budget estimates for the year 1957-58. It also recommended to the Government that interest @ 3 $\frac{3}{4}$ per cent per annum be credited to the subscribers' accounts for the year 1957-58 as against the rate of 3 $\frac{1}{2}$ per cent per annum for the preceding year. While approving the draft annual report of the organisation for the year 1955-56, the Board desired that the Government should be approached to approve immediately the permanency of the staff including the staff of the central office. The Board desired to be placed before the next meeting a memorandum on pros and cons of the suggestion for equating the scales of pay and service conditions for the staff in the regional offices to the pay and service for corresponding staff under the

- (i) State Governments concerned;
- (ii) Employees' State Insurance Corporation; and
- (iii) Central Government.

The Board accepted in principle the proposal that construction of office buildings for

the organisation may be financed from the administration fund and desired that the "economics" of the proposal should be examined and placed before the next meeting.

8. Regional Committees

8.1. BOMBAY

Recommendations

(a) During the year under review, the Regional Committee met on the 20th June, 1956. The members expressed a feeling of satisfaction at the working of the Employees' Provident Funds Scheme in that State but noted with disappointment the decision of the Central Government not to decentralize the Employees' Provident Fund. However, it suggested that at least the administration of the Scheme should be decentralized without any further delay.

(b) The committee also resolved that a reduction of the period to less than 15 years for payment of employer's full contribution was not desirable and recommended that the rules of exempted factories should uniformly provide for 15 years' membership to get in full the employers' share.

(c) Another resolution of the Committee stressed the need for expediting the issue of notification amending para 27 of the Scheme. The Committee also discussed the position with regard to the recovery of provident fund amounts from some big factories in the state of Bombay and opined that the question should be examined from a practical point of view. The Committee after discussing the procedure for final payments recommended that the representatives of the recognized trade unions and even recognised social workers be authorized to sign the claim forms of the claimants.

(d) Another suggestion of the Committee was that in order to give impetus to small factories employing less than 50 persons to join the Scheme voluntarily, there should be a graded scale of percentage of administrative charges in respect of such factories and desired that the Government should examine this question. The Committee also resolved that it should be examined to what extent the employer of a factory exempted under section 17(1) of the Act is responsible for the fund administered through a board of trustees and urged that the Government may

be moved to chalk out a line of demarcation between the responsibility and liabilities of the employer and the board of trustees.

Examination of these recommendations

(a) The suggestions and resolutions of the committee were duly examined. The question of decentralization of the administration of the Employees' Provident Fund, to the extent possible, is still under Central Government's consideration. The setting up of a State Board in each State is not possible in view of the decision not to decentralise the Fund.

(b) Though it is desirable that the rules of the exempted factories should as far as possible conform to the provisions of the statutory Scheme, it was considered that it would be against the interest of the employees to increase the period of membership in exempted factories, where a provision existed for getting the employer's share in full on completion of say 10 years' membership.

(c) The issue of notification amending para 27 is pending with the Government of India. Since in some establishments, there

were a number of labour unions, it was considered that the officials of trade unions should not be authorized to attest the claim forms of the claimants. The suggestion for a graded scale of percentage of administrative charges was not accepted by the Government, as it was considered neither feasible nor justified. It was felt that payment of administration charges of 3 per cent alone does not, *per se*, impede establishments employing less than 50 workers, coming voluntarily under the Act. In fact, establishments which desire to be covered under the Act have already been joining the Scheme voluntarily.

(d) As regards the demarcation of employers' responsibility *vis-a-vis* the board of trustees in exempted establishments, the position is that under the conditions of exemption, employers are required to maintain accounts of the factory provident fund and to submit the necessary returns and accounts relating to it to the Regional Provident Fund Commissioners and therefore it is their responsibility to furnish the returns. The Central Government consider that the

employer is not absolved of his responsibilities as in actual practice it would be difficult to fix responsibility in respect of any errors, which might be found later on, in the returns or the accounts after these have been accepted under the signature of the honorary secretary of the fund. The Government therefore, advised that it would be better, if, as required under the conditions of exemption, the returns are submitted to the Regional Commissioner by the employer himself.

8.2. WEST BENGAL

The Regional Committee for the State of West Bengal which met on the 14th December, 1956, discussed the general position with regard to the working of the Scheme in that region with particular reference to provident fund affairs in exempted factories, the staff position, the work relating to the despatch of annual statements of accounts to the members, the mode of investment and decentralization of the administration. It was of the view that the meetings of the Regional Committee should be held more frequently.

8.3. MADRAS

Recommendations

(a) During the period of the report, the Regional Committee for the State of Madras held two meetings. A meeting which was convened to be held on the 28th August, 1956 had to be adjourned to the 3rd September, 1956. At the meeting, which was the second since the constitution of the committee in that state, it was resolved that the Employees' Provident Funds Act and the Scheme should be translated into the regional languages and a copy of each should be given free of cost to each member of the Fund. The Committee also recommended the amendment of the Employees' Provident Funds Scheme so as to include every worker who has put in 240 days' service or service of one year whichever is less as a member of the Fund irrespective of the fact that he be an apprentice or a regular or a temporary worker. It was also proposed that the Act should be extended to the transport industry irrespective of whether it employed 10,000 workers or more throughout India and also to plantation labour. The labour members of the Committee suggested a

rise in the rate of provident fund contributions from $6\frac{1}{4}$ per cent to $8\frac{1}{3}$ per cent as in their opinion the workers in the industry could bear the burden and if that was not possible, the rate of contribution should be enhanced at least in case of certain industries such as textile, cement, etc. The meeting also resolved that the provisions of the Employees' Provident Funds Scheme should be enlarged so as to provide for the grant of advances for the building of houses by the worker-members through cooperatives under the Subsidized Industrial Housing Scheme and the limit of accumulations in the Fund for the grant of such advance should be reduced from Rs. 1,000 to Rs. 500. Another resolution recorded the view of the labour members that Section 16(1)(a) of the Act should be deleted so that public undertakings could also be covered.

(b) The third meeting of the Regional Committee for the State of Madras was originally scheduled to be held on the 30th January, 1957 but was adjourned for want of quorum to the 5th February, 1957. The Committee recommended that the limit fixed in para. 72(1) of the Scheme might be

raised to Rs. 500. It also made the following suggestions for the utilization of forfeited amount:—

- (1) The expenditure on securing proper legal heirship/succession/guardianship certificates for the nominee/guardian of members which are required under the Employees' Provident Funds Scheme, where the parties are genuinely destitute may be met out of forfeiture fund provided that the Regional Provident Fund Commissioner recommends the case based on a certificate of the appropriate authorities.
- (2) The amount may also be used to fight all outsiders, claiming payment of provident fund even in the courts in deserving cases. This may be on the recommendation of the Regional Provident Fund Commissioner.
- (3) A lump sum (ex-gratia) gratuity of Rs. 50 be paid to the widows/nomi-

nees of deceased members in cases where the provident fund accumulations payable are less than Rs. 100 or of an amount sufficient to make the total Rs. 100.

(c) Another suggestion of the Committee in this regard was that in sending money orders, the regional office should also send a note or printed post card intimating to the member that money order had been sent, so that the member may await the money order and may now and then consult the postal authorities. Other recommendations of the Committee pertained to the provision of clerical assistance and an additional peon to the provident fund inspectors and the desirability of prescribing a form of medical certificate for the purpose of para. 69(1)(b) of the Scheme.

(d) The recommendations of the Committee were duly examined in the central office. In view of the fact that important amendments were being made in the Employees' Provident Funds Scheme, it was not considered advisable to have the Scheme translated in regional languages at

that stage. Suitable provision is already being made in the Scheme which aims at preventing employers from depriving their real employees of provident fund benefits by keeping them on the roll as 'apprentices' for a long time. There is even now no bar to the membership of a temporary, casual or badli employee provided he fulfils the qualifying period of service. The proposal for extension of the Act to transport industry is already under the consideration of the Government of India. The Act has, however, been extended to five classes of plantations with effect from 1st April, 1957 to begin with. The proposal regarding enhancement of rate of contribution from $6\frac{1}{4}$ per cent to $8\frac{1}{3}$ per cent has been held in abeyance for the present by Central Government. The suggestion for reducing the limit from Rs. 1,000 to Rs. 500 for building of a house has not been accepted by the Central Government as Rs. 500 will hardly be adequate for building a house. The question of deletion of Section 16(1)(a) of the Act is already under Government's consideration.

(e) The wishes of the Committee to raise the Rs. 300 limit prescribed in para. 72(1) of the Scheme to Rs. 500 will be met by the proposed amendment of the Scheme whereby the Chairman of the Board will have discretion to allow payment where the amount does not exceed Rs. 600. The suggestions for the utilization of forfeiture amount are being examined. The suggestion for sending an advance intimation to the member has, however, been accepted and necessary instructions issued. Expenditure on this account will be met from Administration Account of the region. Necessary clerical assistance and peon have also been provided for the provident fund inspectors who are stationed at a place other than the headquarters of the regional office, but the suggestion for an additional peon has not been accepted by Central Government. The recommendation for prescribing a medical certificate for purpose of para. 69(1)(b) has been agreed to subject to slight modification.

8.4. No other regional committee met during the year under report.

III

SCOPE AND EXTENT OF COVERAGE OF ESTABLISHMENTS INCLUDING STATISTICAL AND GENERAL INFORMATION UPTO 31ST DECEMBER, 1957.

9. Original Application

The Employees' Provident Funds Scheme came into force from the 1st November, 1952 in six industries, viz.,

(i) Cement, (ii) Cigarettes, (iii) Electrical, mechanical or general engineering products, (iv) Iron and Steel, (v) Paper and (vi) Textiles. The position of covered factories/establishment and members at the end of the year 1956-57 was as follows:—

(i) No. of factories/establishments 3,936*

(ii) No. of members 8,42,300*

*The figures relate to non-exempted establishments only.

83 per cent of the total employees in the establishments covered under the Scheme were members of the Fund. The table given below shows the comparative position:—

Year	Factories/ estab- lishments	Members	Total contri- butions in crores of rupees including past ac- cumula- tions
1	2	3	4
31-3-1955 . . .	1,354	4,53,896	14.98
31-3-1956 . . .	1,667	5,56,922	21.92
31-3-1957 . . .	3,936	8,42,300	30.76
31-12-1957 . . .	5,526	13,36,475	43.17

The Bombay region had the maximum number of factories/establishments, i.e., 1,235 with 3,35,729 members. Next in order of strength came West Bengal and Madras regions with 898 and 323 factories/establishments respectively.

10. Further extension

The Act has since been extended to the following 20 factory industries:—

(From the 31st July, 1956)

1. Edible Oils and fats.
2. Sugar.
3. Rubber and rubber products.
4. Electricity including generation, transmission and distribution thereof.
5. Tea except in the State of Assam where the Government of Assam have instituted a separate Provident Fund Scheme for the Industry including plantations.
6. Printing, including the process of composing types for printing, printing by letter press, lithography, photogravure or other similar process or book-binding, but excluding printing presses, covered under "newspaper establishments" to which the Employees' Provident Funds Act has already been extended under Section 15 of the Working Journalists (Conditions of

Service) and Miscellaneous Provisions Act, 1955.

7. Stone-ware pipes.
8. Sanitary wares.
9. Electrical Porcelain Insulators of high and low tension.
10. Refractories.
11. Tiles.
12. Match factories having a production of over 5 lakhs gross boxes of matches a year.
13. Sheet glass factories, glass shell factories; and other glass factories having an installed capacity of over 600 tons per month.

(From the 30th September, 1956)

14. Heavy and fine chemicals, including—
 - (i) Fertilizers
 - (ii) Turpentine
 - (iii) Rosin
 - (iv) Medical and pharmaceutical preparations
 - (v) Toilet preparations
 - (vi) Soaps

- (vii) Inks
- (viii) Intermediates, dyes, colour lakes and toners and
- (ix) Fatty acids
- (x) Oxygen, acetylene and carbon-dioxide gases industry. (The Act was actually enforced in this industry with effect from the 31st July, 1957).

15. Indigo

16. Lac including shellac

17. Non-edible vegetable and animal oils and fats.

{From the 31st January, 1957)

18. Mineral oil refining industry.

{From the 30th November, 1957)

19. Industrial & Power Alcohol.

20. Asbestos Cement Sheets.

11. Application to newspaper establishments

Section 15 of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955 provides that the Employees' Provident Funds Act, 1952 will

apply to every newspaper establishment in which twenty or more persons are employed on any day, as if such newspaper establishment were a factory to which the aforesaid Act has been applied by a notification of the Central Government under Sub-Section (3) of Section 1 thereof and as if a newspaper employee were an employee within the meaning of that Act. The Employees' Provident Funds Scheme, 1952 was extended with suitable modifications to newspaper establishments with effect from the 31st December, 1956.

12. Extension to Plantations

In December, 1956 the Employees' Provident Funds Act, 1952 which applied only to factory industries was amended by Parliament to empower Government to extend it to non-factory establishments. In exercise of the new powers the benefit of compulsory contributory provident fund under the Employees' Provident Funds Act, 1952 has also been extended with effect from the 30th April, 1957 to workers in plantations of tea (except in Assam where a similar Act of the State Government is already in operation), coffee, rubber.

cardamom and pepper employing 50 or more workers.

13. Extension to Gases industry

The provisions of the Employees' Provident Funds Act, 1952 were extended to the employees of the oxygen, acetylene and carbon-dioxide gases industry with effect from the 31st July, 1957.

14. Extension to mines

The provisions of the Employees' Provident Funds Act, 1952 have been extended with effect from the 30th November, 1957 to four classes of mines, viz., Manganese, Gold, Iron-ore and Limestone.

15. Extension to coffee curing establishments

The provisions of the Employees' Provident Funds Act, 1952 have been extended with effect from the 30th November, 1957 to coffee curing establishments.

16. Scope and coverage

The Employees' Provident Funds Act, 1952 applies to such factories/establishments engaged in the aforesaid industries as employ 50 or more workers. The Act, how-

ever, does not apply to any factory belonging to the Government or a local authority nor to infant factories which have not completed three years since their establishment. The total number of establishments brought under the Act by the 31st December, 1957 was about 6,272 having about 23.67 lakhs subscribers. The total number of employees (including those who are not members of the Fund) in the covered establishments of about 6,272 is estimated at 28.95 lakhs. Thus it is estimated that 82 per cent employees in the covered establishments are receiving the benefit of provident fund. Including 4.8 lakhs subscribers in the estates in Assam and 3.8 lakhs under the Coal Mines Provident Funds Act the total number of beneficiaries under Government sponsored Schemes of compulsory Contributory Provident Fund comes to about 32.3 lakhs.

17. Enhancement of wage limit for eligibility

The Employees' Provident Funds Scheme has been amended with effect from 31st May, 1957 so as to provide for raising the

basic wage limits for membership of the fund from Rs. 300 to Rs. 500 per month inclusive of Dearness Allowance and cash value of food concession.

18. Coverage of Contract Labour

Para. 2(f) of the Employees' Provident Funds Scheme has been amended *vide* Government of India's notification published under S.R.O. No. 331 dated the 25th January, 1958. Now an employee employed by a contractor (hitherto designated an excluded employee), who is directly connected with any manufacturing process carried on in the factory or other establishment will be covered under the Scheme.

19. Liberalisation of rules regarding refund of provident fund

The Government of India have amended the Employees' Provident Funds Scheme, 1952 with a view to liberalising the rules regarding payment of an employer's contribution to the fund to outgoing members. A subscriber will now receive in full the employer's contribution, with interest thereon, on attaining 15 years' membership. He will receive 85 per cent of the employer's

contribution where the period of membership is 10 years or more but less than 15 years; 75 per cent where it is 5 years or more but less than 10 years; 50 per cent where it is 3 years or more but less than 5 years and 25 per cent for less than 3 years' membership.

In case of death, permanent disability, superannuation and retrenchment, the full amount including the employer's shares will continue to be paid.

Hitherto, a worker could get a full refund of the employer's contribution only after 20 years membership and no part of the employer's share was paid to a worker with less than 5 years' service provided he had not attained the age of superannuation. The employee's own contribution, with interest thereon, however, was payable in all cases.

20. Contributions

(a) Rate and Accumulations

Contributions are paid at the rate of 6½ per cent of the total of basic wages, dearness allowance and cash value of food concession. An equal amount is paid by the employer.

The total employers' and employees' contributions collected from employers during the year 1956-57 amounted to Rs. 7.95 crores including the past accumulations received in cash. The total amount of provident fund contributions collected upto the end of December, 1957 is about Rs. 101.9 crores inclusive of refunds. (Rs. 58.8 crores in exempted and 43.1 crores in non-exempted factories).

(b) *Enhancement of rate*

The proposal to increase the rate of contribution from $6\frac{1}{4}$ per cent to $8\frac{1}{3}$ per cent is being further studied.

21. Past accumulations

With the extension of the Employees' Provident Funds Act to additional industries during the period under review the provident fund accumulations to the extent of Rs. 91.21 lakhs were transferred to the statutory Fund in the form of securities by the newly covered establishments in these industries.

22. Income and Expenditure of the organisation

Expenses of the Employees' Provident Fund Organisation are met from levies of

administrative and inspection charges from the employers of non-exempted and exempted factories at the rate of 3 per cent and $\frac{3}{4}$ per cent respectively on the total amount of provident fund contributions collected in each month and not from the amount of provident fund nor from public revenues. A sum of Rs. 23.11 lakhs was received on account of administrative charges from un-exempted establishments and a sum of Rs. 10.44 lakhs as inspection charges from exempted establishments.

The income and expenditure for the year 1956-57 is shown below:—

INCOME		EXPENDITURE	
Rs. 34.49 lakhs		Rs. 20.44 lakhs	
INCOME			
Administrative and Inspection charges Rs. 33.55 lakhs		D m ges Rs. 0.03 lakhs	
	Interest on Investments Rs. 0.91 lakhs		

Surplus amounts in administration accounts are regularly invested and the interest is credited to that account. The total of administrative and inspection charges collected upto the end of December, 1957, inclusive of interest, is about Rs. 1.59 crores out of which a sum of Rs. 96.70 lakhs has been spent.

23. Rate of Interest paid to Members

The rate of interest paid to members on their accumulations since the inception of the Scheme is as follows:—

- (i) 3 per cent in 1952-53, 1953-54 and 1954-55.
- (ii) 3½ per cent in 1955-56.
- (iii) 3½ per cent in 1956-57.
- (iv) 3¾ per cent in 1957-58.

24. Future Extensions to other industries

During the Second Five Year Plan period, it is proposed to extend the benefits of the Employees' Provident Funds Scheme to many other industries having a total strength of 10,000 workers throughout the country and also to some other industries

which employ less than 10,000 workers but are well organised. The Central Government is considering the question of extending the provisions of the Employees' Provident Funds Act, 1952 to mica mines and to commercial establishments (including banks, insurance companies, hotels, studios, transport companies, general trading concerns, etc.) By covering these establishments it is estimated that the benefits of provident fund will be extended to another 2 lakhs of employees and about Rs. 4.24 crores per annum will be the employers' and employees' contribution at the rate of 6¼ per cent of basic wages and Dearness Allowance etc.

25. Public Undertakings

The provident fund rules of the various public undertakings were examined and the Government of India were requested to bring the less beneficial provisions on par with the provisions of the Employees' Provident Funds Scheme. The Government of India had also requested the State Governments to level up the deficient provisions in the provident fund rules of the public

undertakings under their control, wherever necessary.

The Government of India are also considering deletion of Section 16(1)(a) of the Employees' Provident Funds Act which excludes from the provisions of the Act undertakings which are owned by Government or a local authority.

26. Administrative set up

The amount of the Employees' Provident Fund vests in Central Board of Trustees which is a tripartite body. The Joint Secretary of the Government of India in the Ministry of Labour and Employment is the present Chairman of the Board. Representatives of the Central and State Governments and All India Employers' and Employees' Organisations are represented in the Board. The Central Provident Fund Commissioner is the Chief Executive Officer of the Central Board. He is appointed by the Central Government and is subject to its general control and superintendence. The Central Provident Fund Commissioner is assisted by thirteen Regional Provident Fund Commissioners, one in each State except Assam.

The Regional Provident Fund Commissioner at Bombay, Calcutta, Madras and for the time being at Hyderabad are whole time officers while the rest are part-time officers who are mostly Labour Commissioners of the respective State Governments. The Regional Provident Fund Commissioners are assisted by Accounts Officers and Provident Fund Inspectors. Provident Fund contributions are invested exclusively in Central Government securities. Against the defaulting employers legal action is taken by prosecution and for recovery of the outstanding amounts as arrears of land revenue (under Section 8 of the Employees' Provident Funds Act, 1952). The Act also provides for levy of damages on the amount due from the defaulting employers.

27. Statistical information as on 31st December, 1957 is noted below:—

- | | |
|---|--|
| *1. Total number of active subscribers on 31st December, 1957. | 23.67 lakhs nearly in 6272 establishments. |
| 2. Total number of members on 31st March, 1955. | 4.53 lakhs |
| 3. Total number of members who joined the Fund from 1st April, 1955 to 31st Dec., 1957. | 8.83 lakhs. |

4. Total refunds to members of the Fund by 31st December, 1957. 1,27,959 claims Rs. 2.72 crores (Average Rs. 213 per claim).
5. Total refunds upto 31st December, 1957 including those to exempted establishments, but NOT INCLUDING refunds made in exempted factories to individual employees. Rs. 5.57 crores.
6. Total amount refunded to members of the Fund (1st April, 1957 to 31st December, 1957) 32,144 cases Rs. 1.00 crore. (Average Rs. 314 per claim).
- *7. Amount of provident fund contribution by December, 1957, in all covered establishments non-exempted and exempted. Rs. 101.9 crores.
8. Amount of provident fund from 1st April, 1957 to 31st December, 1957. Rs. 12.4 crores (non-exempted establishments. Includes past accumulations) Rs. 9.1 crores (exempted establishments).
9. Expenditure on administration upto 31st December, 1957. (Progressive). Rs. 96.57 lakhs.
10. Expenditure on administration during 1955-57 (2 years). Rs. 39.54 lakhs.
11. Balance in Administration Account as on 31st December, 1957 including interest earned. Rs. 62.2 lakhs.

*The figures relate to both exempted and non-exempted establishments. Other figures relate to non-exempted establishments, except where otherwise stated.

IV

28. Banking arrangements

The State Bank of India continued to function as bankers to the Organisation except for the erstwhile Pepsu State. The services of the Bank of Patiala have been retained for receiving provident fund contributions, administrative and inspection charges from the factories/establishments located in the erstwhile State of P.E.P.S.U. The Reserve Bank of India continued to be in charge of investments and safe custody of securities.

29. The balance as at the end of 31st March, 1957 in various accounts of the Fund was as under:—

	Rupees in lakhs
Account No. 1 (Provident Fund Account) .	1.63
Account No. 2 (State Administration Account)	8.72
Account No. 3 (Refund Account)	4.38

	Rupees in lakhs
This account is replenished by the Central Commissioner as and when required by the Regional Provident Fund Commissioners from Account No. 5.	
Account No. 4 (Central Administration Account)	2.38
Account No. 5 (Investment Account)	2.43
Proforma Account No. 6 (Interest Suspense Account) and	86.99
Account No. 7 (Forfeiture Account)	20.77

The Central Commissioner operates upon Accounts No. 1, 4 and 5 and the Regional Commissioners operate upon Accounts No. 2 and 3.

V

30. Investment

The pattern of investment of Funds continued as follows:—

- (a) National Plan Savings Certificates 10 per cent.
- (b) Medium-dated securities 20 per cent

(c) Long-dated securities. 70 per cent.

31. During the year 1956-57, a sum of Rs. 7.72 crores was invested in the above Securities. The investment position of the Employees' Provident Fund Organisation from its very inception is shown as under:—

Year	Investments in crores of Rs.
1952-54	5.75
1954-55	5.90
1955-56	5.51
1956-57	7.72
TOTAL	24.88

VI

32. Forfeitures of Employers' Contribution

In cases other than those of death, permanent disability, superannuation, migration, retrenchment and from August 1957, on retirement after 15 years service, where full amount including the employer's share is paid to the members, the employers' share

of contribution forfeited in terms of sub-para (3) of paragraph 69 and/or sub-para (1) of paragraph 71 of the Scheme is credited to the Reserve Account of the Fund.

33. A sum of Rs. 10.58 lakhs was forfeited during the year 1956-57. The break-up of this figure and number of cases involved are appended below:—

	No. of cases	Amount involved in lakhs of rupees
Forfeiture effected under para 69	15,033	10.52
Forfeiture effected under para 71	96	0.06
TOTAL	15,129	10.58

34. In future the amount in this account will be substantially less in view of the amendment of para. 69 of the Employees' Provident Funds Scheme, which has liberalised the rules regarding payment of employers' contribution to outgoing members.

35. As per instructions of the Government of India, the amount forfeited is utilised for:—

- (i) Payment of money order commission on remittance of provident fund accumulations to outgoing members of the Fund or to their nominees, etc.
- (ii) Grant of financial assistance in emergent cases where no deposits have been made or deposits made are inadequate to outgoing members of the Fund or their nominees, etc., upto a limit of 25 per cent of the opening balance in Reserve Account of the Fund provided that the amount so advanced in any individual case shall not exceed 25 per cent of the members' own contribution to the Fund.

36. A sum of Rs. 80,124 was spent as money order commission on the amounts remitted to members/nominees at the time of final settlement of their accounts. Only a sum of Rs. 119 was spent in affording financial assistance to the member's nominees/heirs.

VII

37. Advances, Final Payments and Refunds

According to the existing provisions of the Employees' Provident Funds Scheme, members can get loan from the Fund for financing life insurance policies only. The proposal to grant loans to members in cases of serious illness is under Government's consideration. Government have decided that pending amendment to the Scheme, loans should be granted to the members of the Fund in cases of serious illness, but each case should be referred to them. The number of such cases and the amounts involved are given below:—

	Loans for serious illness	Withdraw- als for fin- ancing life insurance policies	Total
No. of applications received during the year	79	13,785	13,864
No. of cases where amount was sanctioned	8 ✓	11,873	11,881
No. of cases in which withdrawals were not utilised	695	695
Amount paid during the year in rupees	1,445 ✓	9,00,626 ✓	9,02,071 ✓

38. Refunds

During the year 1956-57, 33,660 claims were received in the regional offices and 32,861 (including 705 outstanding claims of the previous year) were settled for about Rs. 76.53 lakhs.

VIII

39. Maintenance of Accounts

At the end of each financial year, Regional Commissioners send to each member through the employer a statement of his account in the Fund showing the opening balance at the beginning of the period, amount contributed during the year, the total amount of interest credited at the end of the year, the amount debited, if any, during the year and the closing balance at the end of the year. About 4.48 lakhs of statements of accounts were issued for the year 1955-56. The statements could not be issued to the members working in establishments which had defaulted in depositing the provident fund contributions. Appropriate action has been taken against the employers of these establishments. Inadequacy of staff was another important reason causing

arrears in this work. Statements of accounts cannot be sent where the amount of outstanding contribution is being paid in instalments. Some more accounts were issued subsequently. About 1.5 lakhs of accounts for the previous years were also issued during this period.

40. The number of accounts increased considerably during the year 1956-57 on the extension of the Act to additional industries. The Regional Commissioners are endeavouring to complete the work regarding the despatch of annual statements of accounts to subscribers as early as possible, despite difficulties mentioned above.

IX

41. Inspections

During the year under report, 723 and 3,221 inspections were made in exempted and unexempted establishments respectively. The number of inspections was not satisfactory due mainly to shortage of Inspectors. The part-time Regional Commissioners were generally keeping one Inspector desk-tied to deal with the day to

day work. The extension of the Act to additional industries and consequential increase in the volume of work made the inadequacy of Inspector-strength more pronounced.

42. In addition to this, the Provident Fund Inspectors inspected several infant establishments to verify whether they would come under the Act. They had also to visit frequently establishments newly covered to educate the management in the various provisions of the Act and Scheme and their statutory obligations in addition to making surprise visits to defaulting factories with a view to pull them up and persuade them to pay up all arrears and render the requisite statements. Frequent visits to courts of magistrates and the Certificate Officers in connection with legal action against defaulters also accounted for much of their time.

X

43. Prosecutions and Recovery Proceedings Prosecutions

174 fresh prosecutions were sanctioned during the year out of which 158 were

actually utilised. 117 factories/establishments were involved in these prosecutions. 102 cases (including pending cases of the previous years) were decided. Of these, 87 resulted in conviction and 15 in acquittal. A sum of Rs. 17,063 was awarded as fine in the cases resulting in conviction.

44. Recovery Proceedings

156 cases of certificate proceedings were initiated during the year to recover as arrears of land revenue Rs. 56,47,515 as provident fund contributions and Rs. 1,37,024 as administrative charges respectively due from the defaulting factories/establishments. Rs. 17,11,006 and Rs. 39,834 were recovered as provident fund contributions and administrative charges respectively during the year.

XI

45. Decentralisation

As it has already been decided not to decentralise the Employees' Provident Fund Government of India consider that no useful purpose will be served by decentralising the administration of the Scheme. It is, however, proposed that in addition to the

powers already delegated to the State Governments some additional powers such as grant of exemption under Section 17 of the Employees' Provident Funds Act, 1952 in respect of establishments falling under the central sphere and those of issuing notifications under section 1(4) may also be delegated to them. Government also proposed to confer on the Regional Provident Fund Commissioners adequate financial and administrative powers in respect of their own regions.

XII

46. Conclusion

The Employees' Provident Fund is becoming increasingly popular among the industrial workers in the country. It has been facing up to its enormous difficulties with determination. While the organisation was still having its teething troubles, its scope was extended to a large number of industries many of which were not well organised. The smaller establishments in these industries generally do not have efficient staff with the result that the slipshod returns, etc., prepared by them throw

considerable strain on the staff of this organisation. The delay in payment of provident fund by non-exempted establishments and the failure of some of the exempted establishments to invest their accumulations of provident fund in Central Government securities added seriously to the difficulties. The offices of this organisation, which should normally have been purely accounts offices have had to devote much of their time and energy on legal action against defaulters both by way of prosecution and recovery proceedings as well as in defending suits, filed against the organisation by several employers. In several instances, 'on account' payments had to be made to outgoing members when the employers, for one reason or the other, failed to remit the amounts in full. In some such cases, the provident fund amounts had to be remitted to individual workers in several monthly instalments. The organisation has been working under serious difficulties. some of which are

inherent in its work, while several others were the result of rapid coverage of a large number of industries with inadequate staff and the difficulty in obtaining suitably experienced men. It is, therefore, gratifying that this institution of compulsory contributory provident fund for industrial workers is accepted as the best friend of the workers' old age or in the event of their unfortunate demise, of their dependents. The Board would like to take this opportunity of recording its high appreciation of the efficient manner in which the officers and staff, both in the Central Office and the Regional Offices, discharged their onerous duties. The Board's thanks are also due to Shri Khandubhai K. Desai, the then Union Labour Minister, Shri Abid Ali, Deputy Labour Minister and Shri P. M. Menon, I.C.S., the retiring Chairman of the Board of Trustees, for their able guidance.

S. N. MUBAYI,
Secretary,

Central Board of Trustees.

APPENDIX A

Form 7

THE EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952 [Paragraph 52(3)]

Classified summary of the assets of the Employees' Provident Fund for the period ended 31st March, 1957

Serial No.	Class of Assets	Book value as per below (a)		Market value upto 31st March, 1957 as per below (b)		Remarks as per below (c)
		Rs.	Aa. P.	Rs.	As. P.	
1	(i) Government of India securities	24,75,98,316	9 1	24,83,65,196	6 0	(X)
	(ii) Past accumulations received in shape of Government of India securities from all regional offices (face value)	3,04,31,700 (Face Value)	0 0	2,76,69,932	5 0	(X)
	(iii) Past accumulations received in the shape of debentures of companies (face value)	1,30,700 (Face Value)	0 0	1,30,700	0 0	(M)
	(iv) Investment in 3½% National Plan Loan of 1964 from (Administration Account)	33,48,888	0 6	33,41,854	11 0	(X)
2	State Government securities (face value)	8,04,200 (Face Value)	0 0	7,90,624	0 0	(X)
3	Indian Municipal, Port and Improvement Trust securities including debentures (face value)	3,00,000 (Face Value)	0 0	2,71,000	0 0	(X)

I	2	3	4
	Rs.	As. P.	Rs. As. P.
4 Debentures of Indian Railways	Nil.		
5 Guaranteed and Preference shares of Indian Railways .	Nil.		
6 Annuities of Indian Railways	Nil.		
7 Ordinary shares of Railways in India	Nil.		
8 Other debentures of concerns in India	Nil.		
9 Other guaranteed and preference shares of concerns in India	Nil.		
10 Other ordinary shares of concerns in India	Nil.		
11 Cash on deposit in Banks	Nil.		
12 Cash in hand and on current accounts in Banks	19,54,979	0 2	19,54,979 0 2 (Y)
13 Other assets	7,22,211	0 6	4,48,250 0 11 (Z)
TOTAL	28,52,90,994	10 3	28,29,72,536 7 1

(S.N. Mubayi)
Central Provident Fund Commissioner.

(X) Based on the quotations obtained from Reserve Bank of India, Bombay.

(M) Quotations not available

(Y) Cash in current accounts in Banks — E.P.F. Account No. I	1,62,711	12	10
E.P.F. Account No. III	4,38,071	13	4
E.P.F. Account No. V.	2,43,522	5	4
E.P.F. Account No. II	8,72,362	5	3
E.P.F. Account No. IV	2,38,229	4	8
Reserve Bank of India		81	6 9
		<hr/>	
		19,54,979	0 2

(Z) Classified summary attached.

The summary shall show : —

- (a) the value for which credit is taken in the accounts for each of the above mentioned classes of assets.
 - (b) the market value of such of the above mentioned classes of assets as has been ascertained from published quotations.
 - (c) how the value of such of the above mentioned classes of assets as has not been ascertained from published quotations has been arrived at.
-

Summary of the List of Assets

Sl. No.	Name of Assets	Life in years	Purchase Price			Depreciation			Total Amount of Depreciation including broken, lost or discarded assets upto 31st March, 1957			Book value as on 31st March, 1957		
1	2	3	4			5			6			7		
			Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.
1	Office Equipment, i.e., R.A. Machines, Typewriters, Duplicators, Plus Adders, etc. .	9	5,72,613	4	6	71,988	8	3	2,37,763	6	6	3,34,849	14	0
2	Furniture and Fixtures .	8	64,362	5	6	7,994	11	0	22,875	0	6	41,487	5	0
3	Steel Almirahs, Cabinets and other Steel Equipment	20	70,172	1	3	3,751	7	6	10,144	9	4	60,027	7	11
4	Electrical Equipment, viz., Electric Fans, etc.	15	12,407	9	6	537	12	6	2,115	11	3	10,291	14	3
5	Bicycles	9	2,655	11	9	372	15	11	1,062	4	0	1,593	7	9
	TOTAL .		7,22,211	0	6	84,645	7	2	2,73,960	15	7	4,48,250	0	11