

annual report

1962-63

**EMPLOYEES' PROVIDENT FUND
ORGANISATION**

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT**

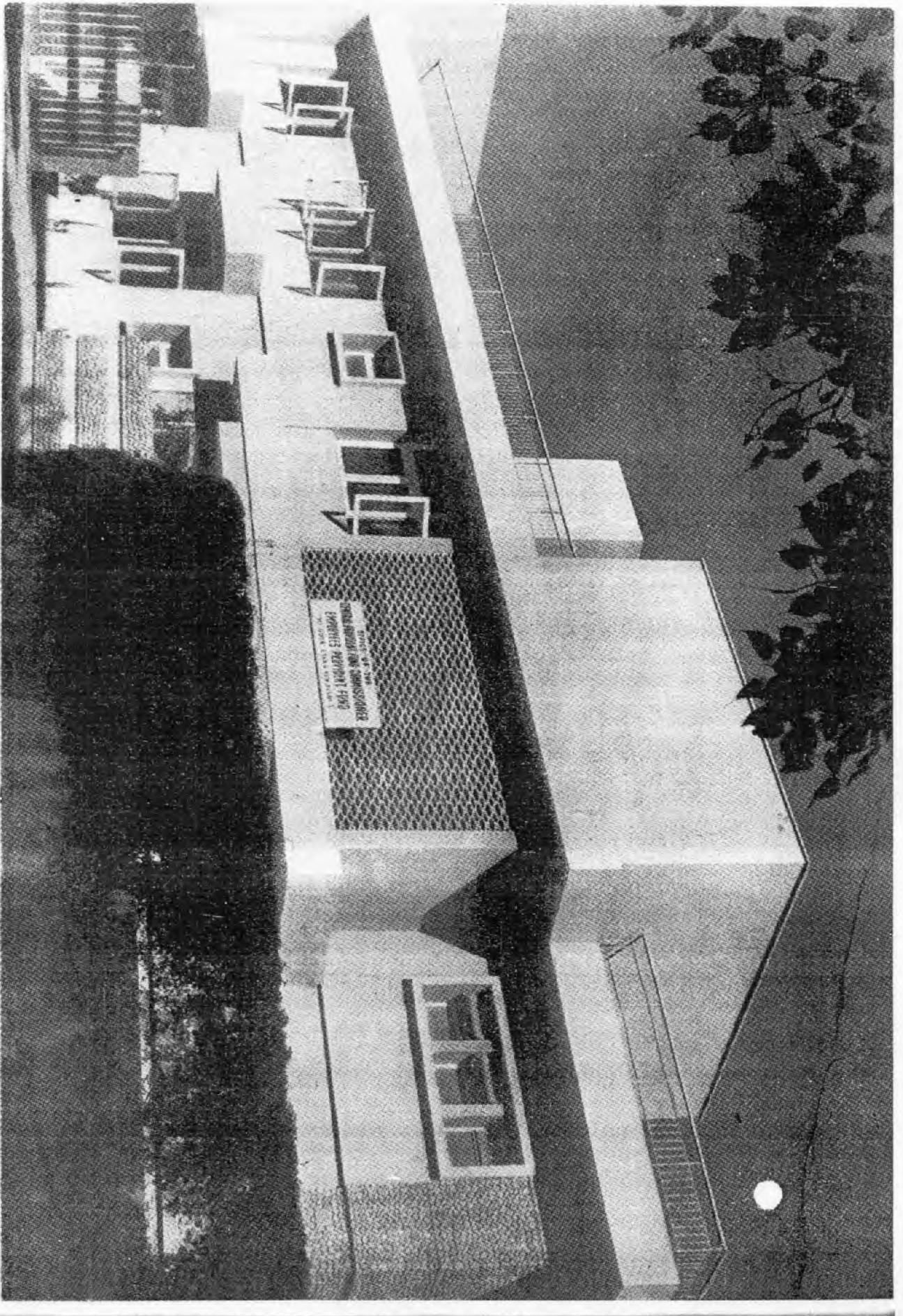


Photo : By courtesy, Photo Division

ANNUAL REPORT
ON THE WORKING OF THE
EMPLOYEES' PROVIDENT FUNDS SCHEME

for the year 1962-63

CONTENTS

PARA	PAGE
1. Introduction	1
2. Scope	1
3. Eligibility for Membership of the Fund	2
4. Coverage	4
5. Contributions	4
6. Investments	6
7. Interest	7
8. Recovery of Overdues	7
9. Prosecutions	10
II	
10. Refunds and Claims	10
11. Forfeitures	12
12. Special Reserve Fund	13
13. Advances and Loans	15
14. Exempted Establishments	16
III	
15. Central Board of Trustees	18
16. Regional Committees	19
17. Administration	20
18. Office Manual	22
19. Pamphlet	22
20. Inspections	23
21. Income and Expenditure	23
22. Audit	24

IV

23. Amendments	24
24. Topical Clarifications	25
25. Composite Factories	27
26. Production Bonus	27
27. Contractors' Employees	28
28. Conclusion	29

ANNEXURES

"A" Industries Covered	30
"B" Regionwise Coverage	36
"C" Classified Summary of Assets of the Fund	37
"D" Regionwise Recovery Cases and Amounts Involved	38
"E" Regionwise Prosecutions—Launched, Disposed of and Pending	38
"F" List of the Members of the Central Board of Trustees	39
"G" Important Decisions of the 19th and 20th Meetings of the Central Board of Trustees	40

CHARTS

1. Establishments Covered	(Progressive)
2. Number of Subscribers	(Progressive)
3. Yearwise Contributions Received	(Progressive)
4. Refund Claims Settled and Amounts Paid	(Progressive)
5. Investments	(Progressive)
6. Regionwise Distribution of Subscribers	(1962-63)
7. Monthwise Settlement of Claims	(1962-63)
8. Monthwise Refunds in Settlement of Claims	(1962-63)

EMPLOYEES' PROVIDENT FUNDS SCHEME

ANNUAL REPORT FOR 1962-63

1. Introduction

The Scheme of compulsory contributory provident fund framed under the Employees' Provident Funds Act, 1952 completed 10 years of its existence during 1962-63. The history of the working of the Scheme during the past decade has been one of steady advance, each successive year bringing within its compass more and more workers in an increasing number of industries and conferring on them more and more benefits in addition to provision for their old age and for their dependants. Beginning with only 6 industries, the Act stood extended to 71 industries by the close of the year and now applies to 82 industries and classes of establishments listed in Annexure A.

2. Scope

The Act extends to the whole of India except the State of Jammu and Kashmir (where the State Government has instituted with effect from

the 1st June, 1961, a separate provident fund scheme for the workers on the lines of the Employees' Provident Funds Scheme). This year has witnessed the coverage of 10 well-organised industries and classes of establishments, namely:—

- (1) Every trading and commercial establishment engaged in the purchase, sale or storage of any goods, including establishments of exporters, importers, advertisers, commission agents and brokers and commodity and stock exchanges, but not including banks or warehouses established under any Central or State Act;
- (2) Fruit and vegetable preservation;
- (3) Cashewnuts;
- (4) Establishments engaged in the processing or treatment of wood including manufacture of hard-board or chip

board, jute or textile, wooden accessories, cork products, wooden furniture, wooden sports goods, cane or bamboo products, wooden battery separators;

- (5) Saw mills;
- (6) Wood seasoning kilns;
- (7) Wood preservation plants;
- (8) Wood workshops;
- (9) Bauxite mines; and
- (10) Confectionery.

After the close of the year, the Act has further covered the following:—

- (1) Laundry and laundry services;
- (2) Buttons;
- (3) Brushes;
- (4) Plastic and plastic products;
- (5) Stationery products;
- (6) Theatres where dramatic performances or other forms of entertainment are held and where payment is

required to be made for admission as audience or spectators;

- (7) Societies, clubs or associations which provide board or lodging or both or facility for amusement or any other service to any of their members or to any of their guests on payment;
- (8) Companies, societies, associations, clubs or troupes which give any exhibition of acrobatic or other performances or both, in any arena circular or otherwise, or perform or permit any other form of entertainment in any place, other than a theatre, and require payment for admission into such exhibition or entertainment as spectators or audience;
- (9) Canteens;
- (10) Aerated water, soft drinks or carbonated water; and
- (11) Distilling and rectifying of spirits (not falling under Industrial and Power alcohol) and blending of spirits.

The Cashewnut industry was initially covered from the 30th September, 1962. However, on

receipt of representations from various quarters, the Government of India granted exemption from the operation of the Act for a period of 6 months from the 30th September, 1962 to the 31st March, 1963 to those Cashewnut factories which did not have any retirement benefits in the nature of provident fund or gratuity or old age pension on the 30th September, 1962. All these Cashewnut establishments were asked to implement the provisions of the Act and the Scheme with effect from the 1st April, 1963 instead of the 30th September, 1962.

3. Eligibility for membership of the Fund

The following conditions must be satisfied before a worker (including a contractor's worker) can become eligible for membership of the Employees' Provident Fund :—

- (i) His establishment should be engaged in an industry or class of establishments to which the Employees' Provident Funds Act has been applied;
- (ii) The establishment should have 20 or more employees, and should have completed 5 years of its existence if it has less than 50 employees, or 3

years of its existence if it has 50 or more employees;

- (iii) The worker should have worked in the establishment continuously for one year or put in 240 days' actual work in a period of 12 months or less;
- (iv) The worker's "pay" (*i.e.* basic wages, dearness allowance including cash value of any food concession and retaining allowance, if any) should not exceed Rs. 1,000 per mensem (Rs. 500 up to 31st December, 1962).

The Act previously applied to establishments employing 50 or more persons only. With effect from the 31st December, 1960 it applies to establishments employing 20 or more persons. Originally the Act was also not applicable to establishments owned by the Government or a local authority. Since May, 1958 this distinction has been removed.

The Act does not, however, apply to (i) establishments registered under the Co-operative Societies Act, 1912 (or under any other law relating to co-operative societies) if the establishment employs less than 50 persons and

works without the aid of power; (ii) handloom factories organised as industrial co-operatives as a class (up to the end of 1964); (iii) such class of establishments owned/controlled by charitable institutions as are working solely for the benefit of their employees (up to August 1965); (iv) tea plantations and tea factories in the State of Assam where the State Government have a separate scheme for these establishments.

Different departments and branches of an establishment covered under the Act are treated as part of the establishment and the staff strength of the branches is duly taken into account for coverage purposes.

The number of subscribers at the close of the year stood at about 35.17 lakhs (as against about 32 lakhs last year).

4. Coverage

The number of factories and other establishments covered under the Employees' Provident Funds Act at the end of March 1961, 1962 & 1963 is given below :

Year ending	No. of establishments covered	No. of subscribers (in lakh)
31-3-1961	12,133	29.29
31-3-1962	17,416	31.53
31-3-1963	22,413	35.17

The number of establishments covered on voluntary basis rose from last year's 152 to 301.

A regionwise statement showing the coverage position as at the close of the year is given in Annexure B.

5. Contributions

The members of the Fund and the employers have each to contribute every month at 6½ per cent of basic wages, retaining allowance (if any) and dearness allowance including cash value of any food concession.

Section 6 of the Employees' Provident Funds Act was amended towards the close of 1962 vesting the Central Government with general powers to apply and enhance the rate of contribution to 8% in any industry or class of establishments covered under the Act, by a notification after making such enquiry as it deems fit. Accordingly, the statutory rate of

provident fund contribution in respect of factories employing 50 or more persons and engaged in any of the following industries was enhanced to 8% with effect from the date noted against each:

1. Cigarettes (1-1-1963);
2. Electrical, mechanical or general engineering products (1-1-1963);
3. Iron and Steel (1-1-1963);
4. Paper other than hand-made paper (1-1-1963); and
5. Cement (1-4-1963).

The rate of provident fund contribution in respect of factories/establishments employing 50 or more persons and engaged in the following 18 industries is also being enhanced to 8% with effect from 1st November, 1963:—

1. Textiles (made wholly or in part of artificial silk and wool);
2. Matches;
3. Edible oils and fats, other than vanaspati;
4. Rubber and rubber products;
5. Electricity including the generation, transmission and distribution thereof;

6. Tea;

7. Printing [other than printing industry relating to newspaper establishments as defined in the Working Journalists (Conditions of Service) and Miscellaneous provisions Act, 1955], including the process of composing types for printing, printing by letter press, lithography, photogravure or other similar process or book-binding;

8. Glass;

9. Stone-ware pipes;

10. Sanitary wares;

11. Electrical porcelain insulators of high and low tension;

12. Refractories;

13. Tiles;

14. Heavy and fine chemicals, excluding fertilisers but including the following:—

- (i) Turpentine,
- (ii) Rosin,
- (iii) Medical and pharmaceutical preparations,

- (iv) Toilet preparations,
 - (v) Soaps,
 - (vi) Inks,
 - (vii) Intermediates, dyes, colour lakes and toners,
 - (viii) Fatty acids, and
 - (ix) Oxygen, acetylene, and carbon-dioxide gases;
15. Indigo;
 16. Non-edible vegetable and animal oils and fats;
 17. Mineral oil refining industry; and
 18. Newspaper establishments.

A worker can also increase his contribution to 8-1/3% if his employer agrees, but the employer's contribution remains the same. This ceiling is likely to be raised soon. During the year about 40,171 members were thus contributing voluntarily at higher rates (as against about 38 thousand members last year). Contributions are rounded off to the nearest quarter of a rupee.

In respect of unexempted establishments, the total contributions received in cash during this year (inclusive of past accumulations received in cash) amounted to Rs. 28.60 crores (as against Rs. 25.04 crores of previous year)—in addition to the past accumulations (contributed in the shape of securities) amounting to Rs. 4.13 crores (as against last year's Rs. 1.35 crores) also received from covered establishments that had previously their own provident fund schemes.

6. Investments

The contributions from unexempted establishments are deposited by the employers in the various branches of the State Bank of India and these are automatically transferred to a Central Account maintained with the State Bank of India, Bombay and these funds are invested at regular (weekly) intervals. Investments have to be made exclusively in Central Government securities through the Reserve Bank of India, which is also entrusted with the safe custody of these securities. The Organisation gets expert advice from the Reserve Bank in all investment matters. All these operations have been so arranged that there is a minimum possible inter-

val between the date on which moneys are received in the branches of the State Bank and the date on which they are invested.

The following pattern of investment is being observed:—

- | | |
|--|-----|
| (i) 12-year National Defence Certificates and Defence Deposits | 20% |
| (ii) Other Government of India Securities (including National Defence Bonds) | 80% |

This pattern is expected to yield a little over 4% per annum in respect of future investments.

During the year a sum of Rs. 26.04 crores was invested in Central Government securities in respect of unexempted establishments (as against Rs. 23.56 crores last year). The yearwise yield from these investments is given below:—

Year	(In lakhs of rupees)
1952-54	13.39
1954-55	30.75
1955-56	47.42
1956-57	70.77
1957-58	109.09
1958-59	158.03
1959-60	209.22
1960-61	272.53
1961-62	350.00
1962-63	433.00

The interest received on investments during 1962-63 amounted to Rs. 4.33 crores.

A classified summary of the assets of the Fund for the period ended the 31st March, 1963 is given in Annexure C.

7. Interest

On the recommendations of the Central Board of Trustees the Government of India have decided that interest at the rate of 4% be credited to the accounts of the subscribers (including members of the staff provident fund) for the year 1963-64. Since 1957-58 this rate was 3.75 per cent. There is every hope of a further increase in this rate of interest in the near future.

8. Recovery of Overdues

Under the provisions of the Scheme an employer has to pay to the Fund the provident fund contributions and administrative charges within 15 days of the close of every month and also send a monthly consolidated statement showing the recoveries made from the wages of each member and the amount contributed by the employer. In actual practice it is found that

quite a few employers do not adhere to this date. A few send the monthly statements but do not deposit the amount of contributions. A few others neither send the statements nor pay in the money. These arrears are recoverable as arrears of land revenue. The defaulting employer can also be prosecuted for failure to submit returns or pay provident fund dues. In order that continued defaults may be discour-

aged the State Governments are also empowered to realise from the defaulting employers, damages up to 25 per cent of the amount of arrears. Till recently, the usual rate of damages was 6½% per annum and this low rate was an indirect incentive to employers to defer payment. It has since been suggested to the State Governments to levy damages according to the following scale:—

	One month or less	More than one month up to 2 months	More than 2 months up to 3 months	More than 3 months up to 4 months	More than 4 months up to 5 months	More than 5 months
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
1st default . . .	2	5	10	15	20	25
2nd default . . .	5	10	15	20	25	
3rd default . . .	10	15	20	25		
4th default . . .	15	20	25			
5th default . . .	20	25				
6th default . . .	25					

The percentage in every case is that of total arrears.

Almost all the State Governments have agreed to levy damages according to this scale, and the rest are expected to follow suit. The charges of the State/Union collection machinery, if any, will be in addition to these rates; the total amount of damages inclusive of all these charges cannot, however, exceed 25 per cent of the arrears. The levy of increased damages has resulted in better recovery though the full impact of this increase will be felt only in the year 1963-64. During the year 1962-63 a sum of Rs. 7.77 lakhs was received as damages on delayed contributions.

The realisation of overdues is by far the biggest problem now facing this Organisation. Up to the year 1962-63, 6,693 prosecutions had been launched out of which 2,144 cases were pending in Courts on the 31st March, 1963.

The problem of recovery of arrears was also discussed in August, 1963 at a conference of Regional Provident Fund Commissioners presided over by the Central Commissioner. It was recommended that the Act should be amended providing for (i) first priority for the recovery of arrears of provident fund dues over all debts or

its inclusion among the secured debts; (ii) a minimum fine in the case of non-payment of dues; (iii) a minimum fine for continued non-payment of dues after convictions; and (iv) a minimum period of compulsory imprisonment for subsequent defaults. These as well as other recommendations of the conference are under the consideration of the Central Government.

In order to step up the pace of recovery the Act has been amended very recently empowering the Central, Deputy, and Regional Commissioners to determine the provident fund dues and other charges recoverable from an establishment, and conferring on Provident Fund Inspectors powers of search and seizure for the proper implementation of the Act.

Against the total amount involved in recovery cases instituted during the year as also including other dues of the preceding year, a sum of Rs. 1.51 crores (as against 1.28 crores last year) was recovered during the year. A region-wise break-up of recovery cases pending at the end of the year along with the amounts involved is given in Annexure D.

9. Prosecutions

The statistical information regarding the cases filed, disposed of, pending, etc., till the end of the year is given below:

Launched	Disposed of	Pending in courts	Pending with State Govts. for sanction
6,693	Convicted 2,852	2,144	2,020
	Acquitted 224		
	Withdrawn* 1,356		
	Dismissed/ Discharged 117		
6,693	4,549	2,144	2,020

*Withdrawn mainly on payment of dues along with incidental expenses in the cases of first offence of an employer or due to non-applicability of the Act in view of certain High Courts' decisions, etc.

A regionwise break-up of prosecution cases is given in Annexure E.

Particular stress was laid during the year on seeing that legal action was initiated against the

defaulters as early as possible and that there was no delay in this regard at any stage. Efforts were made to see that sanction was received within 15 days and complaint filed within 3 days after the receipt of sanction.

II

10. Refunds and Claims

Full accumulations with interest thereon are refunded in the event of death, permanent and total disability, superannuation, retrenchment or migration from India for permanent settlement abroad and on leaving service for any reason after completion of 15 years' membership.

Full refund of the employee's and the employer's contribution is also authorised in the following contingencies:—

- Where an establishment is closed, the employees who are not retrenched but are transferred by the employers to other establishments not covered under the Employees' Provident Funds Act;
- Where a member is transferred from a covered establishment to another under

the same employer but not covered under the Act;

- (c) Where employees are discharged and are given retrenchment compensation under the Industrial Disputes Act, 1947; and
- (d) Where members who cease to subscribe to the Fund as a result of an establishment going out of the purview of the Act under Section 1(5) of the Act, viz., where for a continuous period of one year the number of persons employed has been less than 15.

The Central Government have also directed that the Provident Fund Accounts should be settled immediately by payment of both the employees' and employers' share of contributions in full, in respect of those members who cease to subscribe to the Fund as a result of an establishment going out of the purview of the Act when a covered establishment is converted into a registered Co-operative Society employing less than 50 persons and working without the aid of power.

In other cases, a member receives, besides his own contribution and interest thereon, a proportion of the employer's share of contribution with interest according to the graded scales given below:—

Period of membership of the Fund	Employer's contribution and interest thereon refundable
(i) Less than 3 years	25 %
(ii) 3 years or more but less than 5 years	50 %
(iii) 5 years or more but less than 10 years	75 %
(iv) 10 years or more but less than 15 years	85 %
(v) 15 years or more	100 %

The object of the graded scale is to induce the worker to continue the membership of the Fund over as long a period as possible so that he receives the full benefit.

The need for prompt settlement of claims of outgoing members always receives the greatest attention. Efforts are made to see that most of the claims are settled within 10 to 15 days. Some delays, however, occur due to the late submission of returns by the employers or due

to receipt of claim forms not correctly filled up. As payment of claims is the final objective and therefore the most important function of the Regional Offices, the following special steps were taken during this year in order to speed up the settlement of claims :—

- (i) Employers were requested to submit necessary forms immediately after the date of retirement of a subscriber. Inspectors on their visits checked this important point and guided the establishments suitably;
- (ii) The statement of contributions sent by the employer was particularly scrutinised to check if an individual had ceased to be a member;
- (iii) Inspectors on their visits paid particular attention to the filling up of nomination forms;
- (iv) Wherever possible, interim payments of the subscribers' share were made; and
- (v) The Regional Commissioners carried out a periodical review of outstanding cases.

During the year a sum of Rs. 6.57 crores was paid in respect of 1.34 lakhs of claims as against Rs. 5.29 crores in 1.13 lakhs of claims last year. Some of the important categories in which the claims paid during the year can be classified and the amounts involved therein are:—

	Claims	(Rs. in lakhs)
(i) Superannuation . . .	8,779	81.92
(ii) Retrenchment . . .	31,354	158.86
(iii) Dismissal . . .	2,679	10.72
(iv) Resignation and termination of service . . .	69,599	236.00
(v) Migration . . .	975	5.44
(vi) Permanent invalidation . . .	8,562	60.48
(vii) Death . . .	8,377	50.35

The volume of work involved in the settlement of claims may well be realised from the fact that in a little over 10 years a sum of about Rs. 26.46 crores has been paid out by way of total refunds to members on final payment involving about 6.76 lakhs of claims.

11. Forfeitures

Where the employer's contribution is not payable to the subscriber in full, the unpaid part together with interest is credited to the Reserve

and Forfeiture Account of the Fund. A sum of Rs. 23.60 lakhs was forfeited during the year (as against Rs. 20.33 lakhs received in the Forfeiture Account last year). The total amount forfeited by the close of the year stood at Rs. 116.44 lakhs. Out of this, a sum of Rs. 31.55 lakhs had been utilised during the previous years as under:—

Rs. 20 lakhs for the creation of the Special Reserve Fund and the rest for (a) payment of money order commission in cases where refunds were made by Money Order up to the year 1960-61, when this concession was withdrawn tentatively by the Government of India, and (b) grant of some financial assistance to outgoing members where inadequate deposits had been made by the employer (measures withdrawn on the creation of the Special Reserve Fund).

No amount was transferred from the Reserve and Forfeiture Account during this year. Thus, at the close of the year the Reserve and Forfeiture Account had a balance of Rs. 84.89 lakhs.

The Scheme is silent regarding the utilisation of this forfeited money. Obviously, it cannot be utilised for the members whose claims have been settled. It can neither be spent on the running of the administration for which there is a separate levy. The Central Board of Trustees and the Government are considering how best this money can be utilised for the benefit of the existing members of the Fund.

12. Special Reserve Fund

In consultation with the Central Board of Trustees, a Special Reserve Fund was created on the 15th September, 1960, and a sum of Rs. 20 lakhs was transferred to it from the Reserve and Forfeiture Account. The Fund was to be utilised for making payments to outgoing members or their nominees/heirs in cases where the employers had failed to deposit, wholly or in part, their own contributions and the amount recovered from the workers.

When payment became due to a subscriber, or nominee/heir, the entire amount received from a defaulting employer was to be paid immediately with interest thereon. The balance due to the subscriber or his nominees/heirs was to

be paid from the Special Reserve Fund as follows:—

- (1) 50 per cent of the balance due was to be paid immediately from the Special Reserve Fund;
- (2) another 25 per cent of the balance due was to be paid on recovery of 50 per cent of the arrears recoverable from the employer;
- (3) payment towards the remaining 25 per cent of the balance due was to be made in proportion to the recovery of the remaining 50 per cent of the arrears recoverable from the employer;
- (4) interest on the instalments paid, as stated above, was to be paid at the usual rates along the last instalment, provided that an adequate amount of damages had been recovered from the employer.

Payments from the Special Reserve Fund were to be restricted to the following cases:—

- (1) on retirement on superannuation of a subscriber at or after 55 years;
- (2) on the death of a subscriber;

- (3) in the case of total and permanent disability of a subscriber.

During the period from the 15th September, 1960 to the 28th February, 1961, the expenditure from the Special Reserve Fund was only about Rs. 0.15 lakh. The matter was reviewed by the Central Board of Trustees in March, 1961, and on the recommendation of the Board, payments from the Fund were liberalised as follows with effect from the 2nd June, 1961:—

- (1) 80 per cent of the balance due to be paid immediately;
- (2) another 15 per cent of the balance due to be paid on recovery of 50 per cent of the arrears recoverable from the employer;
- (3) the remaining 5 per cent of the balance due to be paid on recovery of the entire arrears from the employer;
- (4) interest payable on the instalments paid, as stated above, to be paid at the usual rates along with the last instalment.

It was also decided that payment from the Special Reserve Fund would be permissible in

all the circumstances in which accumulations were payable to a member or his nominees/heirs under paragraphs 69 and 70 of the Scheme, and subject to the provisions of those paragraphs.

A sum of only Rs. 2.60 lakhs was spent during the period from the 1st March, 1961 to the 31st December, 1961 from the Special Reserve Fund, the progressive total of expenditure from the inception of the Fund on the 15th September, 1960 to the 31st December, 1961 being only Rs. 2.75 lakhs. The matter was again considered by the Board in March, 1962, when it was agreed that instead of paying the balance due in three stages of 80 per cent, 15 per cent and 5 per cent, the whole balance due might be paid in the very first instalment. It was considered that such liberalisation would give immediate substantial relief to the workers and also simplify the accounting procedure. Orders were accordingly issued by Government on the 15th June, 1962.

During the period under review, a sum of Rs. 12.35 lakhs was paid to 10,307 members or their nominees/heirs out of the Special Reserve Fund. Since the inception of this Fund up to the end of March, 1963, a total sum of Rs. 16.74

lakhs has been paid to 13,274 members or their nominees/heirs from this source.

The Central Board of Trustees at their meeting held in May, 1963 reviewed the working of the Special Reserve Fund and found the position quite satisfactory. On the recommendations of the Board, the Central Government issued instructions very recently (10th June, 1963) that payments from the Special Reserve Fund may continue to be made, as directed from time to time, but no payment should be made towards the arrears of past provident fund accumulations, if any, relating to the period before the coverage of an establishment under the Employees' Provident Funds Act, 1952 and which have not been deposited in the Employees' Provident Fund. Payment from the Special Reserve Fund will, however, continue to be made even for the period prior to the cancellation of exemption of an establishment but no payment will be made towards the period prior to its coverage under the Act.

13. Advances and Loans

A member can get four kinds of non-refundable advances under certain conditions :—

(a) *Advance for Insurance Policy :*

If a worker has been a member of the Fund for three years, he can get an advance for payment of premia of his Life Insurance Policy, which may be either new or old. 40,596 members (as against 38,241 members last year) availed themselves of this facility and a sum of Rs. 27.61 lakhs (as against 25.02 lakhs last year) was withdrawn by the members during the year.

(b) *Advance for a house :*

If a worker has remained a member for seven years and has contributed at least Rs. 500 as his share, he can get an advance for constructing a house, or purchasing a house or a plot of land for a house. He can also get an advance for purchasing a tenement constructed by any co-operative society or by the State Government, or for constructing a house under the "Low-income group housing scheme". Grant of these advances is restricted to only one kind of advance according to the worker's choice. A sum of about Rs. 64 lakhs was advanced during the year in 9,857 cases.

(c) *Advance for purchasing shares of Consumer Co-operatives:*

An advance up to Rs. 30 is also granted for purchasing shares of a consumers' co-operative society which aims at a minimum membership of 250.

(d) *Special advance during temporary closure of an establishment:*

In case an establishment is locked up or closed for more than 30 days and the worker does not get any compensation during the unemployment period, he can get an advance up to his own contribution with interest thereon. In cases of mass retrenchment, the payment of provident fund dues is made immediately and in cases of individual retrenchment, payment of provident fund dues is made if the member has not been employed in a covered establishment for a continuous period of at least 6 months.

14. Exempted Establishments

As a measure of decentralisation, establishments whose provident fund and other old age benefits, separately or jointly, are not less favourable than those under the statutory Scheme,

may be granted exemption from the operation of the Scheme at the discretion of the appropriate Government. Employees in any establishment, individually or as a class, may also be permitted to opt out, subject to certain conditions.

The more important of the conditions imposed on exempted establishments, apart from the quantum of benefits, are as follows:—

- (1) moneys in their provident fund should be invested in Central Government securities only;
- (2) these should vest in boards of trustees with equal representation for workers and employers;
- (3) facilities for inspection should be given to Provident Fund Inspectors and other officers of the Organisation, and instructions issued by them from time to time should be carried out;
- (4) inspection charges at the prescribed rate should be paid.

By the close of the year, the Act covered 22,413 factories and other establishments out of which 1,350 were exempted establishments. In

all 35,17,158 workers employed in all these establishments were members of the Fund, out of whom 12,69,340 workers belonged to exempted establishments.

The statistical information regarding the working of exempted establishments is given below:—

	(In crores of rupees)
(i) Balance in hand as on 1-4-62	2.28
(ii) Provident Fund Contributions due	23.71
(iii) Contributions received (excluding other receipts of Rs. 16.93 crores such as proceeds of matured securities, interest earned on investments, etc.)	23.71
(iv) Investments made in Central Government securities	22.84 ✓
(v) Amount refunded :	
(a) On account of final settlement of claims	12.23
(b) On account of recoverable loans	4.67 ✓
(c) On account of refunds (non-recoverable)	1.55
(vi) Balance	1.63
The position of total investment of these funds on the 31st March, 1963 is given below :—	
	(In crores of rupees)
(i) Investments in Central Government securities	166.00
(ii) Earlier investments in other securities, etc.	3.98
TOTAL	169.98

One of the conditions that govern the grant of exemption is that the provident fund shall vest in a Board of Trustees and there shall be valid instrument in writing which adequately safeguards the interests of employees, and such instruments shall be duly registered under Section 5 of the Indian Trust Act, 1882. It was represented by exempted establishments that the conditions of registration of trust deeds may not be insisted upon as the rules of exempted establishments were approved by the Income-tax authorities, that the registration charges were prohibitive and that trusts relating to movable property (Central Government Securities) are valid even though not registered. It was, therefore, decided that the condition of registration of trust deeds need not be insisted upon in respect of those exempted establishments which executed their trust deeds long ago.

The time limit within which the Boards of Trustees of exempted establishments normally make investment of provident fund dues was reviewed by the Central Board of Trustees in September, 1962 and according to the decision of the Board, instructions were issued to the exempted establishments that the investment of

provident fund should be made by their board of trustees within a period of 2 weeks from the date the amount was received by the trustees from the employer, and, the employer must transfer the monthly provident fund contributions to the trustees within 15 days of the close of the month as in the case of unexempted establishments. It was also made clear to the exempted establishments that longer time taken in investment would involve the risk of cancellation of exemption.

III

15. Central Board of Trustees

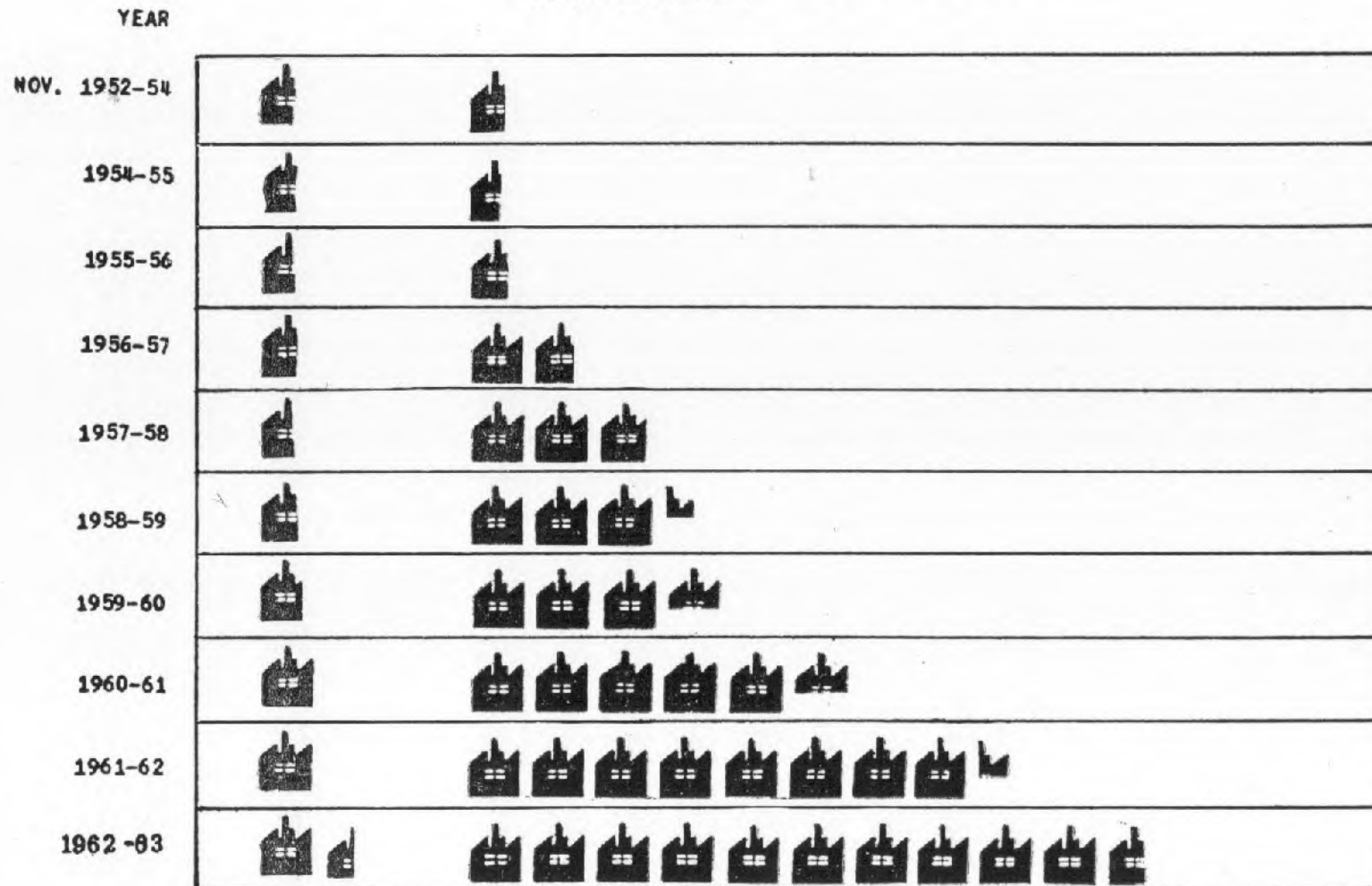
The Employees' Provident Fund vests in and is administered by a tripartite Board of Trustees which is a body corporate consisting of a Government-nominated Chairman, nominees of the Central and State Governments and representatives of all-India employers' and employees' organisations. During the year Shri N. N. Chatterjee, Joint Secretary, Ministry of Labour & Employment continued to be the Chairman of the Board.

Dr. B. K. Bhattacharya, who took over on the 31st March, 1962, was the Central Provident

EMPLOYEES' PROVIDENT FUND
ESTABLISHMENTS COVERED (Progressive)

EXEMPTED 
 1,000 ESTABLISHMENTS

UNEXEMPTED 
 2,000 ESTABLISHMENTS



EMPLOYEES' PROVIDENT FUND
NUMBER OF SUBSCRIBERS (Progressive)

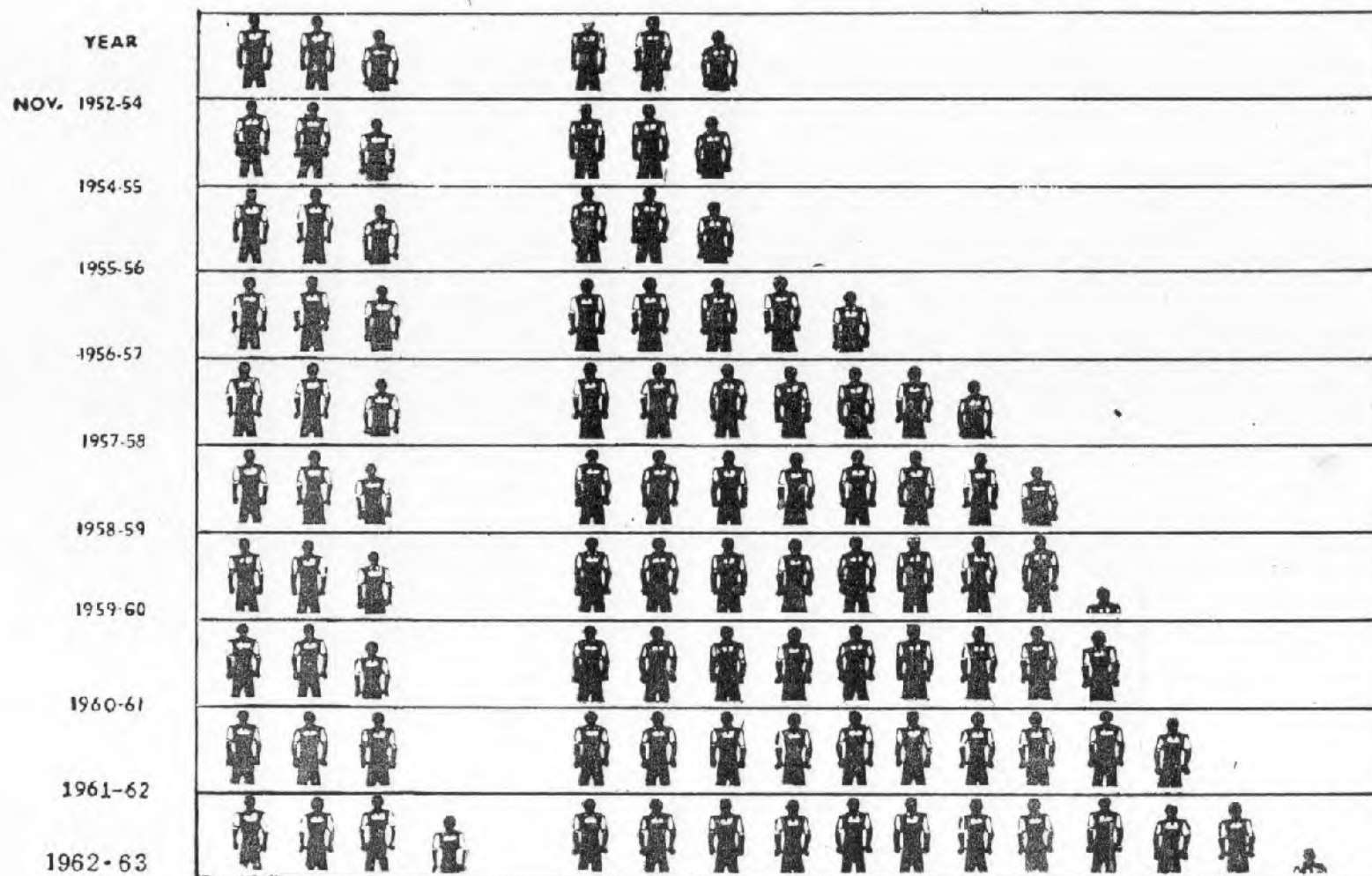


EXEMPTED

4,000 SUBSCRIBERS

UNEXEMPTED

2,000 SUBSCRIBERS

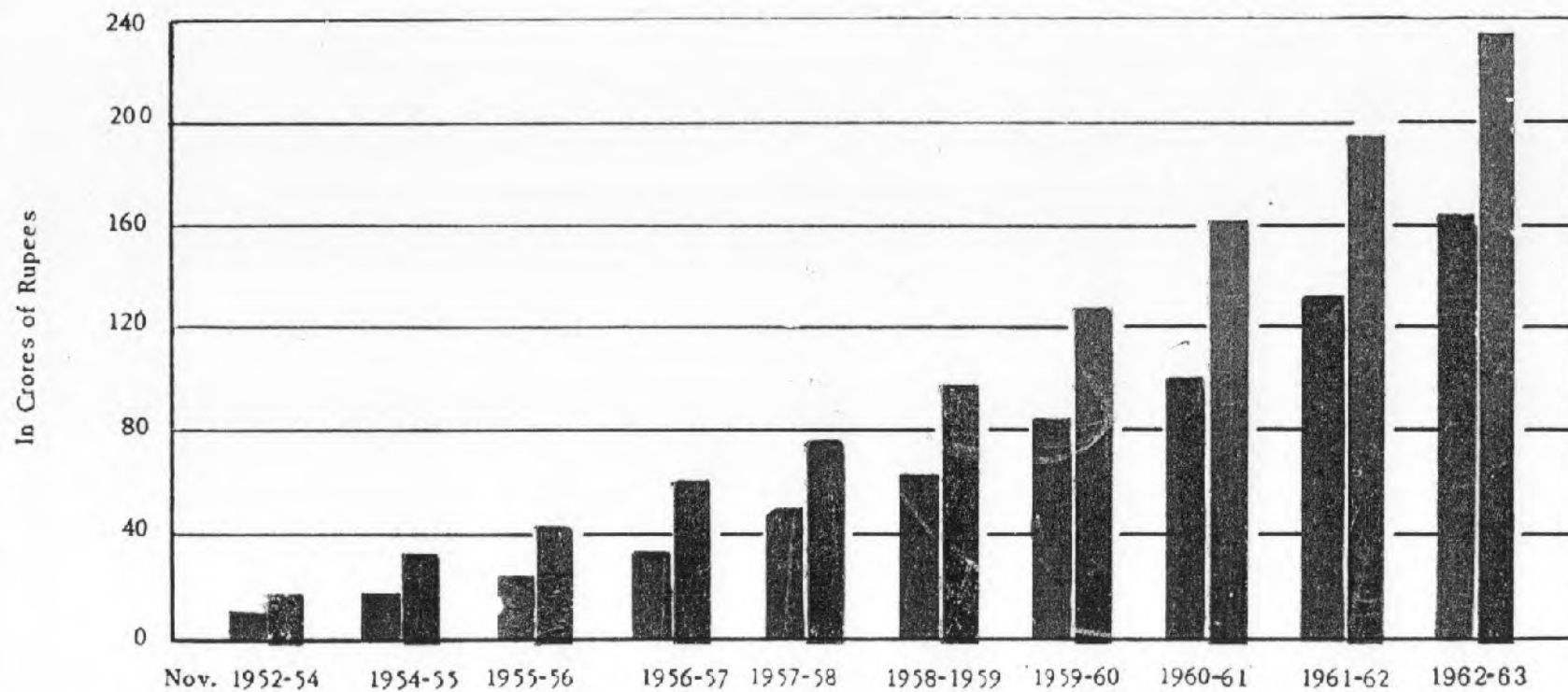


EMPLOYEES' PROVIDENT FUND

YEARWISE CONTRIBUTIONS RECEIVED (Progressive)

(UNEXEMPTED ESTABLISHMENTS

EXEMPTED ESTABLISHMENTS)



Total (exemp. & unexemp.)

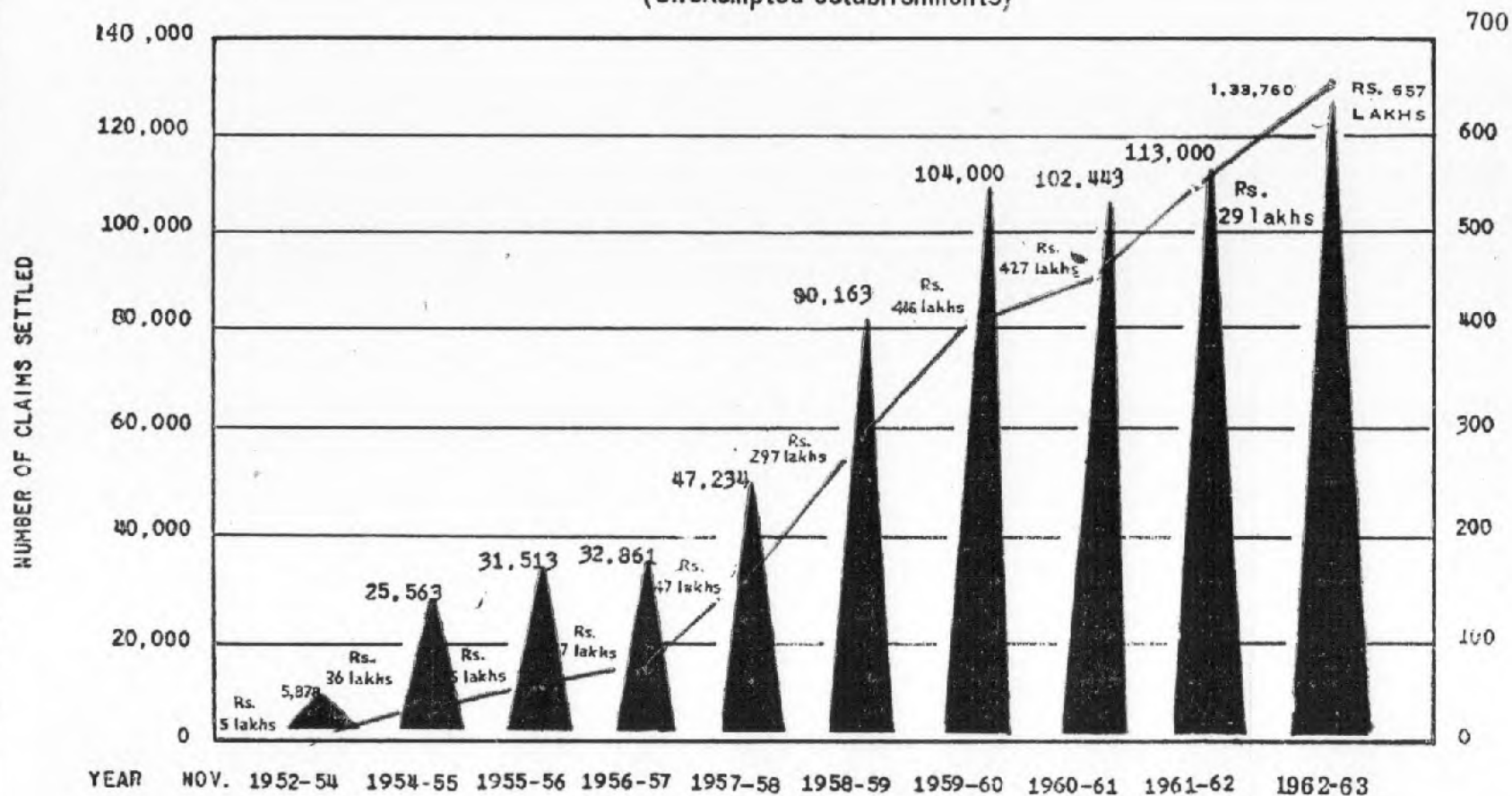
Rs. 401.15 crores

EMPLOYEES' PROVIDENT FUND
REFUND CLAIMS SETTLED AND AMOUNT PAID
 each year

REFUND CLAIMS SETTLED ▲

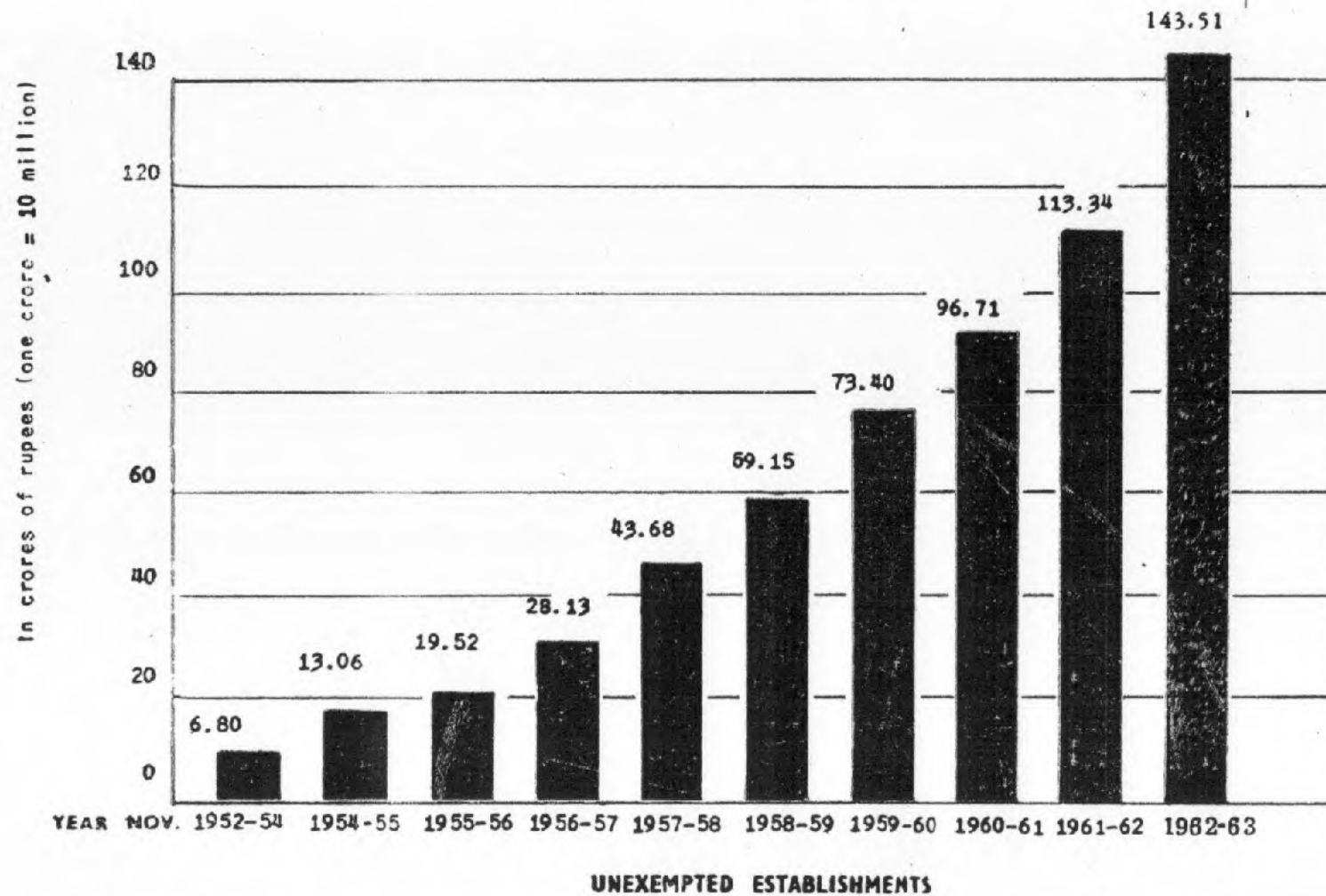
AMOUNT PAID.....

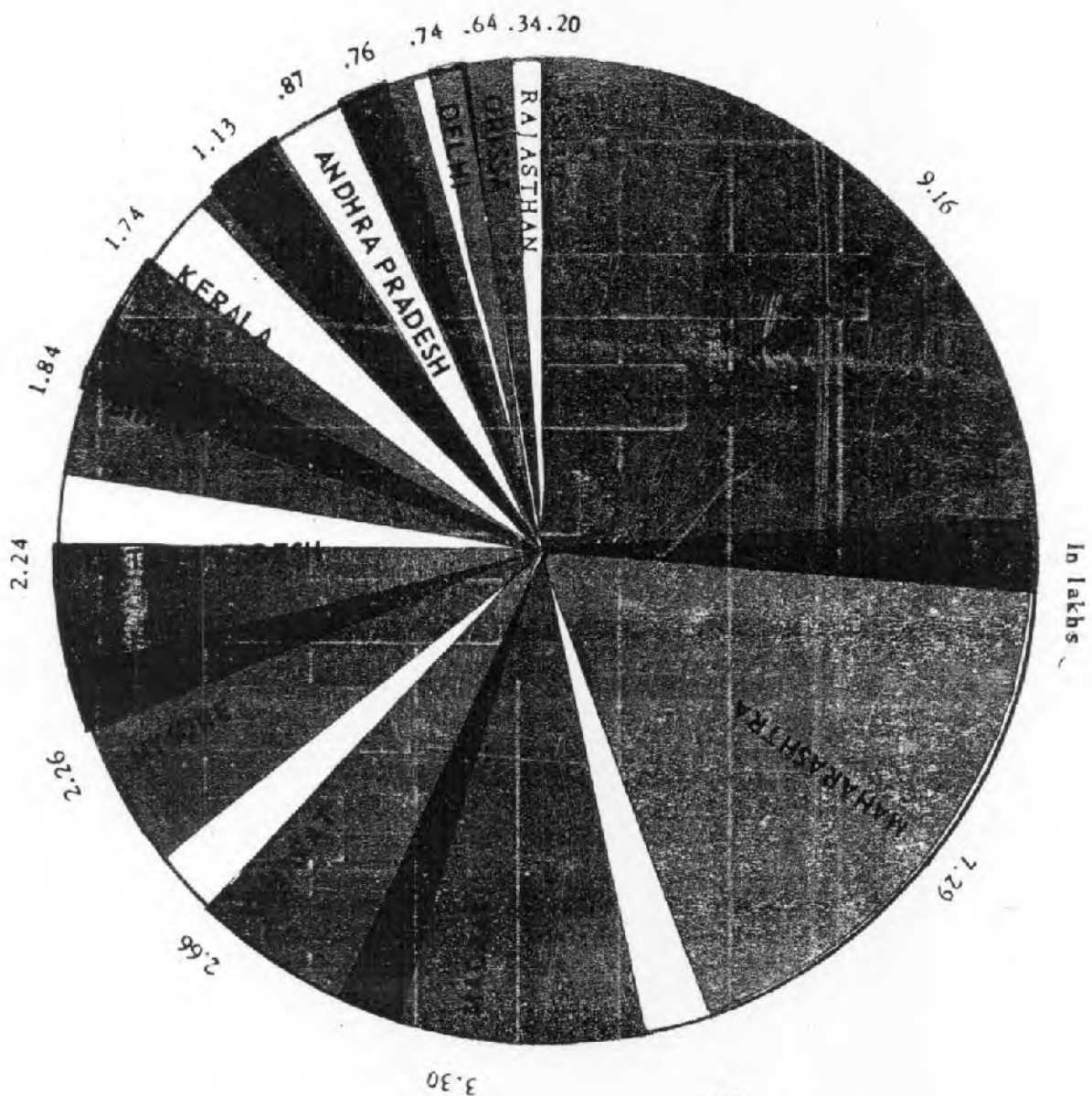
(Unexempted establishments)



Total No. of Claims settled-6.76 lakhs Total amount paid - Rs. 26.46 crores

EMPLOYEES' PROVIDENT FUND
INVESTMENTS (Progressive)
EXCLUSIVE OF AMOUNTS REFUNDED





EMPLOYEES' PROVIDENT FUND
REGIONWISE DISTRIBUTION
OF SUBSCRIBERS

during 1962-63

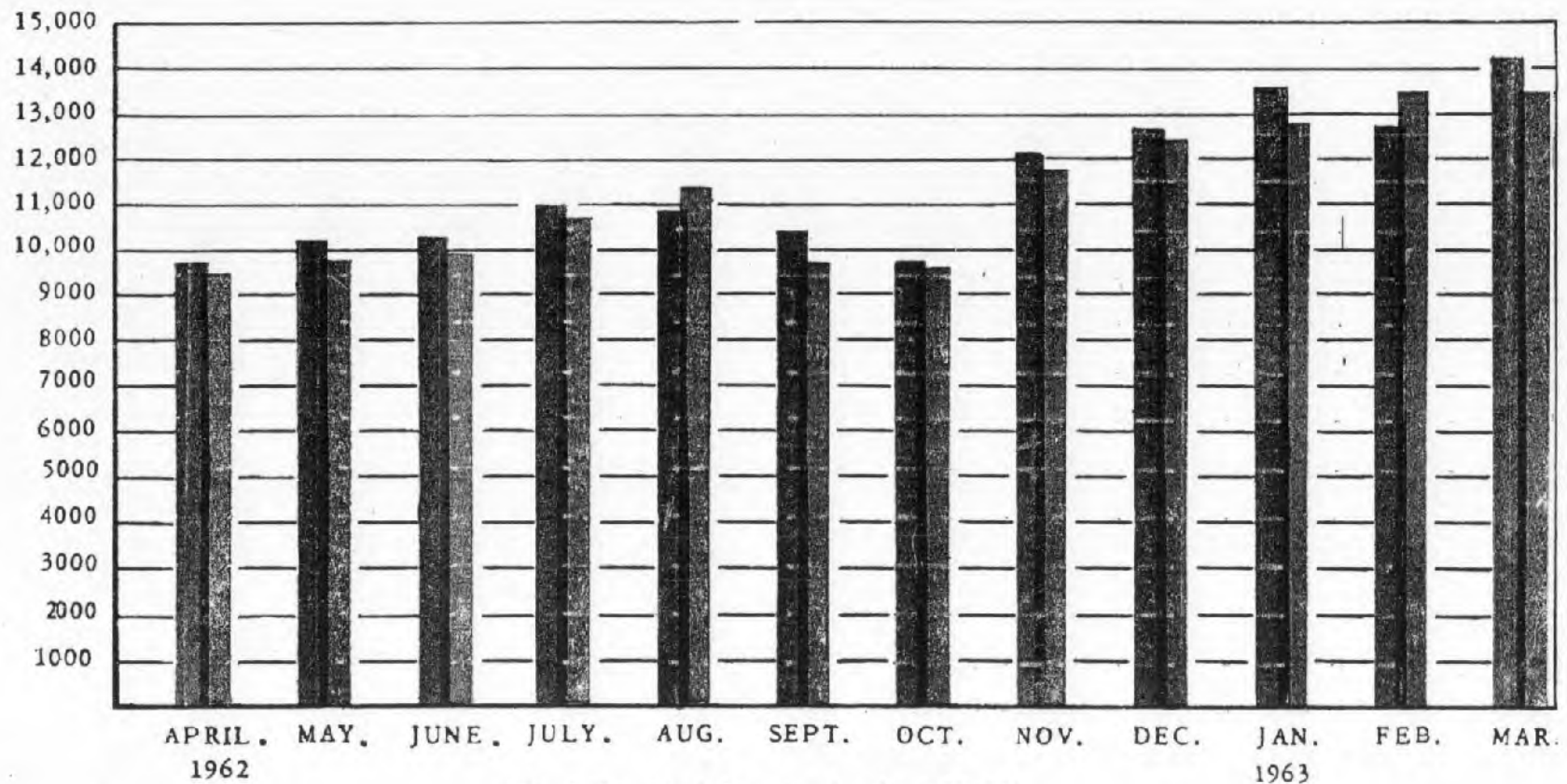
EMPLOYEES' PROVIDENT FUND

MONTHWISE SETTLEMENT OF CLAIMS
(Unexempted establishments)

No. of claims received

No. of claims settled

during 1962-63



Total No. of claims received - 1,37,240

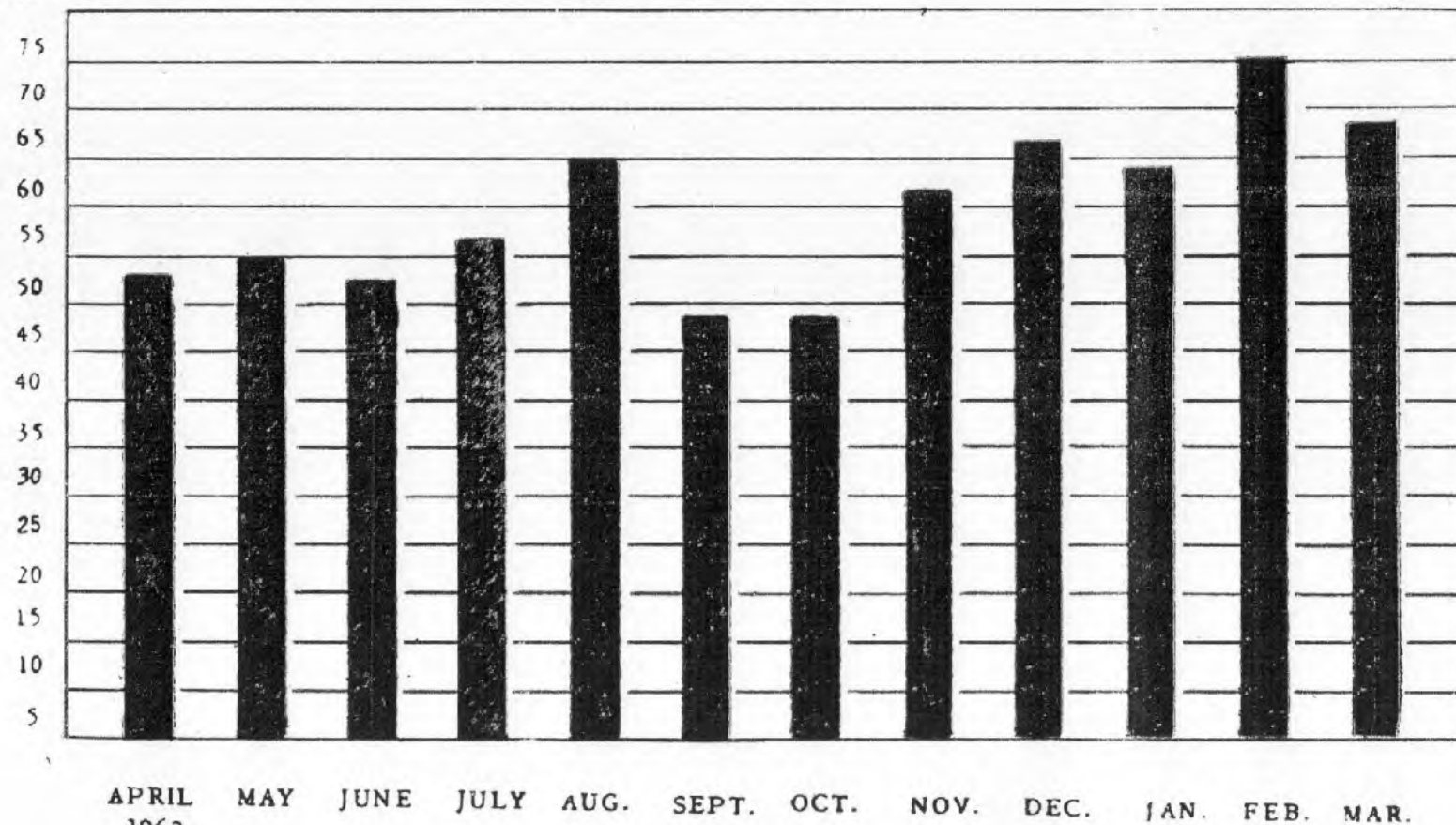
Total No. of claims settled - 1,33,760

EMPLOYEES PROVIDENT FUND
MONTHWISE REFUNDS IN SETTLEMENT OF CLAIMS

(Unexempted establishments)

during 1962-63

Rs. in lakhs



Total-Rs. 8.57 crores

1963

Fund Commissioner during the year under report.

A list of the members of the Central Board as on the 31st March, 1963 is given in Annexure F. The Board held two meetings in September 1962 and February 1963. The more important decisions of the Board have been mentioned under the relevant heads. These and a few more will be found consolidated in Annexure G.

16. Regional Committees

Regional Committees have been constituted in Bihar, Madhya Pradesh, Madras, Maharashtra, Uttar Pradesh and West Bengal. It has also been decided to set up regional committees in all other States where the State Governments have agreed to their formation. (The State Governments of Assam, Gujarat, Orissa, Punjab and Rajasthan have agreed to the setting up of the regional committees). Previously, these committees advised the Central Board on such matters as the Board referred to them. The Central Board of Trustees lately considered the question of enlarging the scope of the regional committees, and in pursuance of its recommendations the regional committees now also advise the Central Board generally on all

matters connected with the administration of the Scheme in the region, and in particular, on—

- (a) Progress of recovery of provident fund contributions and other charges;
- (b) expeditious disposal of prosecutions;
- (c) speedy settlement of claims;
- (d) annual rendering of accounts to members of the Fund; and
- (e) speedy sanction of advances.

The enlargement of the scope of the regional committees has made the committees more active and effective. Details of the meetings held by the committees during the year under report are given below:—

S. No.	Region	Meetings held
1	Bihar	7th meeting (9th April, 1962).
2	Madhya Pradesh	Do.
3	Madras	9th meeting (2nd June, 1962).
4	Maharashtra	3rd meeting (27th April, 1962). 4th meeting (14th Sept., 1962). 5th meeting (24th Jan., 1963).
5	Uttar Pradesh	5th meeting (24th Nov., 1962).
6	West Bengal	12th meeting (29th June, 1962). 13th meeting (31st Dec., 1962).

17. Administration

The Central Provident Fund Commissioner is the chief executive officer of the Organisation and Secretary to the Central Board of Trustees. The Central Commissioner controls the Organisation through the Regional Provident Fund Commissioners, one in each State and in Delhi. There are at present 12 whole-time Regional Commissioners in Andhra Pradesh, Bihar, Delhi, Gujarat, Kerala, Madhya Pradesh, Madras, Maharashtra, Mysore, Punjab, Uttar Pradesh and West Bengal. The State Labour Commissioners in the States of Assam, Orissa and Rajasthan are working as part-time Regional Commissioners. The Regional Commissioners work under the general control and supervision of the Central Commissioner who also functions as a link between the Central Board of Trustees, beneficiaries of the Fund, employers' and employees' Organisations and the general public on the one hand, and the Central Government on the other.

The authorised strength of officers and staff of this Organisation during the year was 3,214 (as against 2,775 during the previous year). During this year also quite a few posts were kept

vacant in order to keep down the expenses as much as possible. While assessing the requirements of staff during the year, it was found that with the increase in the work load in all branches on the coverage of more industries and establishments, there was a general demand from all the regions for considerable increase in the staff strength. In order to improve efficiency and to effect economy the question of revising the yard-sticks for determining the requirements of staff were examined and revised yard-sticks which were generally more rigid than the earlier ones were suggested and accepted by Government. As a result of this revision there has been a minimum saving of about Rs. 7 lakhs per year with immediate effect. The quantum of savings will increase month by month.

An important step in bettering the service conditions of the staff was the conversion of 739 temporary posts into permanent ones in the year 1961. However, during 1961-62, no progress could be made in confirming individuals against these posts for various reasons, such as the absence of service regulations and seniority rules, doubts in regard to the policy to be followed

in dealing with cases of persons who were over-aged or who had been transferred from one region to another, or who were on deputation from other departments, etc. Most of these points were settled by the middle of 1962. Since then approval has been accorded to the confirmation of 484 persons in the Central and Regional Offices. More orders are being issued every month. In order to step up the pace of confirmation, powers were delegated in December, 1962 to the Regional Commissioners, authorising them to confirm individuals against certain posts in their regions. 38 of the permanent posts carry a scale of pay with a maximum of Rs. 500 and confirmation of individuals against these posts is under the consideration of the Government.

Towards further improving the service conditions, the Board approved in September, 1962 the institution of Staff Benevolent Funds in the Central and Regional Offices and approved the draft constitution of "The Employees' Provident Fund Staff Benevolent Fund" and sanctioned an initial grant of Rs. 14,000 as well as a matching grant at the maximum rate of rupee one per member for the year 1962-63.

The question of the procedure to be followed in the Organisation for determining the seniority of various employees serving in a grade for the purpose of regulating departmental promotions, confirmations, etc., was examined during the year in consultation with the Government of India and with their approval general principles for determining *inter-se* seniority of employees were issued in November, 1962.

The Pension-cum-gratuity Scheme on the lines of the liberalized Pension-cum-gratuity Scheme as applicable to corresponding Central Government employees was introduced in the Organisation from the 1st April, 1960. A separate set of pension rules for the use of the Organisation was drawn up during the year and it is proposed to finalise these rules after the codified pension rules are issued by the Central Government.

It was found that the Central Office and many regional offices were facing acute shortage of office accommodation. This position was far from satisfactory as inadequate accommodation adversely affects the efficiency of the office. After strenuous efforts the Central Office and some of the regional offices succeeded in getting

new buildings on hire. Some were successful in getting additional accommodation. In order to solve this problem the Organisation may have to construct or purchase its own buildings at all important places.

All these concerted efforts aiming at improved service conditions and better methods of work have brought about greater efficiency and enthusiasm for work.

18. Office Manual

A skeleton draft office Manual prepared in 1952 and revised in 1954 was so long available for use. However, the Act and the Scheme having since been amended in several respects and numerous instructions having been issued in regard to their enforcement and implementation, it had become obsolete and both the officers and staff of the Organisation were keenly feeling the need of a comprehensive and up-to-date handbook containing instructions about the office and accounting procedure as well as the implementation of the Act and the Scheme. In order to

ensure that the office machinery works properly, an entirely revised and enlarged Manual was accordingly issued in February, 1963, classifying and bringing together the more important provisions of the Act and the Scheme and the various executive instructions issued. The Manual, meant for official use only, has proved most useful and has brought about uniformity of office procedure in all regions.

19. Pamphlet

All the members of the Employees' Provident Fund cannot be expected to study the Act and the Scheme. None the less, each one of them will want to know his rights and duties and this knowledge would be helpful to himself as well as the Organisation. A small guide-book "Know Your Provident Fund Scheme", containing the basic features of the Scheme, was published during the year. The pamphlet, written in simple language, has already created much interest and is in great demand. It has been published in English and almost all the regional languages.

20. Inspections

The Employees' Provident Fund Organisation relies largely on its Inspectors for the proper implementation and enforcement of the Act and the Scheme. Such matters as correct recovery of provident fund, calculation of periods of eligibility for membership of the Fund and speeding up of refunds to outgoing members or their dependants receive their special attention. They have, *inter alia*, to visit marginal units to ensure that there is no evasion of the provident fund law. They have also to take extra pains to educate the employers in the proper implementation of the Scheme. The Inspectors also meet local trade union leaders for matters connected with the smooth implementation of the Act. In accordance with the existing procedure every factory or other establishment covered under the Act has to be inspected as often and as thoroughly as necessary—the minimum requirements being one inspection every year of every exempted unit and one inspection every 4 months of every unexempted unit. In order to make Inspectors more efficient, a training scheme for them is being drawn up. An idea of the Inspectors' work can be had from the fact that

during the year, 119 Inspectors carried out 45,066 inspections in unexempted establishments and 1,916 inspections in exempted establishments, in addition to their visits to thousands of uncovered units.

21. Income & Expenditure

No part of the contributions of the employees and the employers, nor the interest from the investment of these amounts, is diverted towards the running of the administration.

The expenditure involved in administering the Act and the Scheme is met from a levy of administrative charges at a prescribed rate from the employers of unexempted establishments and of inspection charges at a prescribed rate from the employers of exempted establishments, the charges being worked out on the total monthly contributions (of members and employers) to the provident funds. In respect of establishments in which the rate of contributions is 6½%, the rate of administrative charges is 3 per cent and that of inspection charges is 0·75 per cent. The corresponding rates in respect of establishments in which the statutory rate of contributions is 8 per cent are 2·4 and 0·6 per cent respectively.

The total income from administrative and inspection charges and the expenditure for the year 1962-63 are given below:—

(A)	Income	(In lakhs of rupees)
(a)	Administrative and inspection charges	102.29
(b)	Interest on investment	7.14
(c)	Damages realised on delayed remittances of Administrative and Inspection charges	0.31
		<hr/> 109.74
(B)	Expenditure	77.09

22. Audit

The audit of the accounts of the Fund continued to be conducted by the Comptroller and Auditor General of India with the assistance of the various Accountants General.

23. Amendments

(1) Paras 2(f) (ii), 26(6) and 26-A have been amended so as to allow the benefits of membership of the Fund to the employees drawing pay up to Rs. 1,000/- instead of Rs. 500/-.

(2) The matters on which a Regional Committee may advise the Central Board have since

been specified by amendment of para 4 of the Scheme. These are, generally, the matters connected with the administration of the Scheme in the region and, in particular, the progress of recovery of provident fund contributions and other charges, speedy settlement of claims and sanction of advances, rendering of accounts to members of the Fund and expeditious disposal of prosecutions.

(3) A new para 24-A has been added to the Scheme under which the Board may, by resolution, empower its Chairman to sanction expenditure, subject to specified limits, on contingencies, supplies and purchase of articles, etc., where the expenditure is beyond the financial powers of the Commissioner.

(4) Para 28 of the Scheme has been amended so as to allow acceptance of non-Government securities, in exceptional cases, from the authority making the transfer to the Fund at the price for which they were actually purchased.

(5) A provision has been made in para 68-B for grant of advance for purchasing a dwelling house on hire-purchase basis.

(6) Para 68-H has been added providing for grant of advances in special cases, such as closure of an establishment for more than 30 days, etc.

(7) Para 68-I has been added, providing for grant of advances for purchasing shares of consumers' co-operative societies.

(8) Para 72 of the Scheme has been amended to provide for adjustments of the balance which remained after remittance of provident fund dues by postal money order, by crediting to the Forfeiture Account and in the case of claim for the said balance by debiting the same account.

(9) Para 73-A of the Scheme which made the principal employer responsible for complying with the provisions of the Act and the Scheme in relation to the employees employed by or through a contractor has been deleted from the Scheme, as a result of the Supreme Court's decision holding the notifications issued by the Government extending the provident fund benefits to the contractors' employees as ultra vires and void.

(10) Para 74 of the Scheme has been amended providing for submission to the Government of a report on the working of the Employees' Provident Funds Scheme by the 30th September in each year.

(11) The factories engaged in Fruit and Vegetable Preservation Industry, Rice Milling Industry, and Dal Milling Industry have been declared as 'seasonal factories' by amendment of para 2(kk) of the Scheme.

(12) Section 6 of the Employees' Provident Funds Act, 1952 has been amended enabling the Central Government to specify, by notification in the Official Gazette, any establishment or class of establishments which shall be required to pay provident fund contributions at the rate of 8 per cent. Consequential amendment has been carried out in para 29, providing for increase in the rate of provident fund contribution in respect of any establishment or class of establishments specified by the Central Government in the Official Gazette.

24. Topical Clarifications

(a) The Government of India have directed that the provident fund accounts of the members of the Fund may be settled immediately, by payment of both the employee's and employer's shares of contributions in full together with interest thereon, as may be admissible in case of those members who cease to subscribe to the

Fund as a result of the establishment in which they are employed going out of the purview of the Act in accordance with the provisions of section 16(1)(a) thereof.

(b) The Government of India have directed that the Reservists who are employed in various establishments covered under the Act may be paid non-refundable advances to the extent of their own share of contributions together with interest thereon when they are called back by the Army authorities.

(c) The Government of India have exempted under section 16(2) of the Act such classes of establishments owned or controlled by charitable institutions as are working exclusively for the benefit of their employees, from the operation of the Act for a further period of 5 years (This notification has come into force with effect from 13th August, 1960).

(d) The Government of India have advised that the manufacture of 'Tamarind Seed Powder' cannot be deemed to fall within the scope of the scheduled Industries 'Starch', 'Heavy and Fine Chemicals' or 'Flour Milling'.

(e) In view of doubts in certain quarters it has been clarified that :—

- (i) Railway Booking Agencies are not covered under the Employees' Provident Funds Act under the scheduled head "Trading and Commercial establishments".
- (ii) Guar Gum does not fall under the scheduled head 'Starch' or 'Heavy and Fine Chemicals' for the purposes of Employees' Provident Funds Act.
- (iii) The manufacture of boot polish does not fall under the scheduled industry "Heavy and Fine Chemicals".
- (iv) Staple Fibre Yarn manufactured from staple fibre comes under the scheduled head 'Textiles' under the Employees' Provident Funds Act.
- (v) The manufacture of staple fibre does not come under the head 'Textiles'.
- (vi) The wages earned by the members by working on Sundays and other holidays (intended to be contributed towards National Defence Fund) will not be liable for provident fund deductions.

- (vii) The Employees' Provident Funds Act does not apply to 'Cotton Ginning and Pressing' factories.
- (viii) The establishments engaged in Civil Engineering contracts would not fall under the scheduled head 'Commercial establishments'.

25. Composite Factories

Different High Courts took divergent views regarding the question whether the composite factories *i.e.*, factories partly engaged in a scheduled industry and partly in a non-scheduled industry, should be brought within the purview of the Act and the Scheme as a whole or only in respect of that part which is engaged in scheduled activities. This controversy has been set at rest by the Supreme Court's judgment delivered in the cases of Regional Provident Fund Commissioner, Bombay *Vs.* (1) Shri Krishna Metal Manufacturing Company, and (2) Oudh Sugar Mills Limited, wherein it has been laid down that the definition of 'factory' as given in the Employees' Provident Funds Act cannot necessarily mean a factory *exclusively* engaged in the particular industry specified in Schedule I and that the words

"engaged in any industry specified in Schedule I" used in Section 1(3)(a) of the Act would mean primarily engaged in any such industry; and if a factory is engaged in 2 or more connected industrial activities, one of which is primary and the others are purely subsidiary, feeding or incidental, then it is the primary activity which should determine the character of the factory. In case the factory is engaged in two or more industrial activities which are independent, then all such activities are primary and any one of these activities would determine the character of the factory. This view has again been confirmed by the Supreme Court in their recent decision in the case of Associated Industries *Vs.* Regional Commissioner, Kerala.

26. Production Bonus

The Supreme Court has recently held that the typical production bonus in force in M/s Bridge and Roof Company (India) Ltd., is excluded from the definition of 'basic wages' and is, therefore, not liable for provident fund deductions. While delivering the judgment in this case, and the case of the Jay Engineering Works Limited, the Supreme Court observed that a typical production

bonus scheme has only one base or standard and the worker is not bound to produce more than the base or standard: time wages are guaranteed up to that base or standard and any payment for production above that base or standard, whatever the name of this payment, is production bonus. The peculiar feature of the production bonus scheme in force in the Jay Engineering Works is that it has got two bases, namely, (i) the quota, and (ii) the norm, the quota being much lower than the norm. The workmen are expected to give the 'norm' as the minimum production and if there is any deliberate deviation therefrom they are liable to be charged with misconduct in the shape of go-slow and may be dismissed for such misconduct. It has accordingly been held that the portion of the payment which is made for production above the 'norm' would be *production bonus* and would be covered by the judgment of the Court but that portion of payment which is made for production up to the quota as well as for production between the "quota" and the "norm" is *basic wage* within the meaning of that term in the Act. It will be seen that the *base or standard* of the typical production bonus scheme corresponds to the *norm* of the peculiar production bonus scheme of the Jay Engineering Works

Limited. Thus each case of Production bonus will now have to be examined on the basis of the principles enunciated by the Supreme Court.

27. Contractors' Employees

The employees employed by or through a Contractor are covered under the definition of 'employee' given in the Act. But there was no specific provision in the Act making the employer responsible for complying with the provisions of the Act in relation to the employees of a contractor. The Supreme Court decided in March, 1962 that the provisions made in this regard in the Employees' Provident Funds Scheme, 1952 were unconstitutional and void mainly for the following reasons :—

- (a) That there is no provision enabling the employer to recover the amount of contributions from the employees employed by or through a contractor, and
- (b) that there is no obligation on the contractor to pay to the employer the amount paid by the employer on account of employees of the contractor.

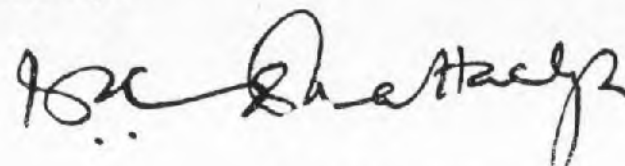
As a result of this decision the provident fund benefits since then were available only to the employees employed directly by the employer and not to those employed through a contractor. This situation led to discontent amongst the employees employed by or through a contractor who had been enjoying provident fund benefits under the Scheme prior to March, 1962. Very recently (in September '63), the Act has been amended extending the benefits to the employees employed by or through a contractor as well, and enabling the employer to recover the contributions from the contractor.

28. Conclusion

While the existing work was being consolidated, the Organisation continued to go ahead with planning for the future also. 27 more industries and classes of establishments with an estimated prospective membership of about 2.7 lakhs have already been surveyed by the Organisation. Such of the industries as in Government's view are

able to bear the financial burden of provident fund are expected to be covered during Third Five-Year Plan period. The implementation of the Scheme in the smaller units and the problem of recovery of arrears present certain difficulties. But a collective enterprise has been launched for gearing and streamlining the administrative machinery. And the goodwill already earned by the Organisation amongst the workmen and the employers will also go a long way in removing all our difficulties at no distant date.

The Board wishes to place on record its appreciation of the increased efficiency with which the officers and staff of the Organisation discharged their onerous duties during the period under report.



(B. K. Bhattacharya)
Secretary, Central Board of Trustees.

ANNEXURE A

The Act applies to the following Industries and Classes of Establishments:

(The figures within brackets against items 1 to 70 show the number of covered establishments industrywise, and the figures in the last column show the number of subscribers therein, as on 31st March, 1963.)

From 1-11-1952	(1) Cement; (41)	40,746
	(2) Cigarettes; (14)	14,449
	(3) Electrical, mechanical or general engineering products; (3,922)	5,01,690
	(4) Iron and Steel; (169)	1,29,429
	(5) Paper; (76)	37,193
	(6) Textiles; (2,154)	11,80,587
From 31-7-1956	(7) Edible oils and fats; (895)	33,100
	(8) Sugar; (185)	1,77,775
	(9) Rubber and rubber products; (166)	32,954
	(10) Electricity including generation, transmission and distribution thereof; (424)	74,339
	(11) Tea (except in the state of Assam where the Government of Assam have instituted a separate Provident Fund Scheme for the industry including plantations); (953)	3,86,403

(12) Printing, including the process of composing types for printing, printing of 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 separately been extended under Section 15 of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955; (921)	55,537
(13) Stone-ware pipes; (13)	3,005
(14) Sanitary wares; (16)	3,270
(15) Electrical porcelain insulators of high and low tension; (13)	2,113
(16) Refractories; (48)	18,866
(17) Tiles; (296)	23,198
(18) Matches; (82)	8,637
(19) Glass; (160)	19,554

NOTE:

Till the 31st March, 1963 the Scheme was not applicable to the following:

- (i) Match factories having annual production of five lakhs gross boxes of matches or less;
- (ii) Such glass factories other than sheet glass and glass shell factories as have an installed capacity of 600 tons per month or less.

From 30-9-1956 . . . (20) 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	
	(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); (726)	1,00,225
	(21) Indigo (—)	Nil
	(22) Lac including shellac; (35)	2,295
	(23) Non-edible vegetable and animal oils and fats; (13)	559
From 31-12-1956	(24) Newspaper establishments; (182)	26,889
	(25) Mineral oil refining industry; (4)	9,698
	(26) Tea plantations (other than the tea plantations in the State of Assam) (Figures included in Sl. No. 11)	
	(27) Coffee plantations; (507)	44,508
	(28) Rubber plantations; (132)	14,669
	(29) Cardamom Plantations; (39)	1,077
	(29A) Mixed Plantations; (383)	25,637
	(30) Pepper Plantations (—)	Nil
From 30-11-1957	(31) Iron-ore mines; (96)	17,461
	(32) Manganese mines; (254)	28,795
	(33) Limestone mines; (54)	24,422

		(34) Gold mines; (2)	18,966
		(35) Industrial and power alcohol industry; (28)	3,667
		(36) Asbestos cement sheets industry; (7)	5,819
		(37) Coffee curing establishments; (27)	7,641
From 30-4-1958		(38) Biscuit making industry including composite units making biscuits and products such as bread, confectionery, milk and milk powder; (87)	6,239
From 30-4-1959		(39) Road motor transport establishments; (898)	73,595
From 31-5-1960		(40) Mica factories; (100)	7,045
		(41) Mica mines; (214)	10,717
From 30-6-1960		(42) Plywood industry; (80)	9,854
		(43) Automobile servicing and repairing industry; (389)	17,097
From 31-12-1960		(44) Rice milling industry; (1,456)	19,054
		(45) Dal milling industry; (85)	1,116
		(46) Flour milling industry; (73)	3,764
From 31-5-1961		(47) Starch industry; (11)	1,647
From 30-6-1961		(48) Hotels; (1,013)	26,691
		(49) Restaurants; (225)	6,378
		(50) Establishments engaged in the storage or transport or distribution of petroleum or natural gas or products of either petroleum or natural gas; (58)	7,946
		(51) Petroleum or natural gas exploration, prospecting, drilling or production industry; (19)	4,694

From 31-7-1961	(52) Petroleum or natural gas refining industry; (—)	(—)
	(53) Cinemas including preview theatres; (760)	17,441
	(54) Film studios; (25)	2,119
	(55) Film production concerns; (12)	1,854
	(56) Distribution concerns dealing with exposed films; (42)	1,780
	(57) Film-processing laboratories; (9)	974
From 31-8-1961	(58) Leather and leather products industry; (255)	13,641
From 30-11-1961	(59) Stone ware jars; (9)	2,479
	(60) Crockery; (15)	1,261
From 31-12-1961	(61) Every cane farm owned by the owner or occupier of a sugar factory or cultivated by such owner or occupier of any person on his behalf; (29)	5,142
From 30-4-1962	(62) Every trading and commercial establishment engaged in the purchase, sale or storage of any goods, including establishments of exporters, importers, advertisers, commission agents and brokers, and commodity and stock exchanges, but not including banks or ware-houses established under any Central or State Act; (2,762)	1,63,091
From 30-6-1962	(63) Fruit and vegetable preservation industry; (27)	1,886
From 30-9-1962	(64) Cashewnut industry; (24)	1,772
From 31-10-1962	(65) Establishments engaged in the processing or treatment of wood including manufacture of hard-board or chip-board, jute or textile, wooden accessories, cork products, wooden furniture, wooden sports goods, cane or bamboo products, wooden battery separators; (140)	7,184
	(66) Saw mills; (277)	6,337
	(67) Wood seasoning kilns; (—)	(—)
	(68) Wood preservation plants; (—)	(—)
	(69) Wood workshops; (27)	845

From 31-12-1962	(70) Bauxite mines (4)	392
From 31-3-1963	(71) Confectionery industry; Industries covered subsequent to 31-3-1963	
From 30-4-1963	(72) Laundry and laundry services	
	(73) Buttons	
	(74) Brushes	
	(75) Plastic and plastic products	
	(76) Stationery products	
From 31-5-1963	(77) Theatres where dramatic performances or other forms of entertainment are held and where payment is required to be made for admission as au- dience or spectators	
	(78) Societies, clubs or associations which provide board or lodging or both or facility for amusement or any other service to any of their members or to any of their guests on payment	
	(79) Companies, societies, associations, clubs or troupes which give any exhibition of acrobatic or other performances or both, in any arena circular or otherwise or permit any other form of entertainment in any place other than a theatre, and require payment for admission into such exhibition or entertainment as spectators or audience	
From 31-8-1963	(80) Canteens	
	(81) Aerated water, soft drinks or carbonated water	
From 31-10-1963	(82) Distilling and rectifying of spirits (not falling under Industrial and Power alcohol) and blending of spirits	

ANNEXURE B

Statement showing the number of establishments and subscribers covered region-wise as on 31st March, 1963'

Sl. No.	Region	No. of factories/establishments			No. of subscribers		
		Exempted	Unexempted	Total	Exempted	Unexempted	Total
1.	Andhra Pradesh	25	1,291	1,316	23,204	64,286	87,490
2.	Assam	15	185	200	10,747	9,100	19,847
3.	Bihar	85	606	691	1,27,288	56,668	1,83,956
4.	Delhi	55	823	878	35,156	38,456	73,612
5.	Gujarat	79	1,190	1,269	1,29,906	1,36,168	2,66,074
6.	Kerala	34	1,142	1,176	13,762	1,60,400	1,74,162
7.	Madras	74	2,705	2,779	62,669	2,67,275	3,29,944
8.	Madhya Pradesh	32	585	617	46,007	66,658	1,12,665
9.	Maharashtra	163	3,996	4,159	2,10,130	5,19,089	7,29,219
10.	Mysore	84	1,659	1,743	1,16,785	1,08,528	2,25,313
11.	Orissa	22	256	278	30,350	34,269	64,619
12.	Punjab	25	1,153	1,178	20,492	55,224	75,716
13.	Rajasthan	9	214	223	4,474	29,774	34,248
14.	Uttar Pradesh	88	1,273	1,361	56,975	1,67,346	2,24,321
15.	West Bengal	560	3,985	4,545	3,81,395	5,34,577	9,15,972
TOTAL		1,350	21,063	22,413	12,69,340	22,47,818	35,17,158

ANNEXURE C

EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952

Paragraph 52(3)

Classified Summary of the Assets of the Employees' Provident Fund for the period ended the 31st March, 1963.

Sl. No.	Class of Assets	Book value or Face value*	Market value upto 31st March, 63	Remarks
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	
1	Government of India Securities :			
	(i) Securities in respect of investments made centrally	1,26,13,04,876	1,26,25,91,891 (a)	
	(ii) Past accumulations received in the shape of Government of India Securities	*14,74,90,710	14,73,01,480 (a)	
	(iii) Investments from Administration Account	2,06,46,332	2,04,88,426 (a)	
	(iv) Investments from Staff Provident Fund	17,08,525	17,07,940 (a)	
2	Past accumulations received in the shape of State Government Securities	*1,15,09,600	1,12,56,428 (a)	
3	Past accumulations received in the shape of Indian Municipal, Port and Improvement Trust Securities including Debentures	*16,07,700	15,37,779 (a)	
4	Past accumulations received in the shape of debentures of companies	*1,65,500	1,65,500 (b)	
5	Cash on deposit in Banks	3,57,625	3,57,625	
6	Cash in hand and on current accounts in Banks	80,36,034	80,36,034	
7	Other Assets (Office equipment, furniture, etc.)	10,72,515 (c)	3,54,378 (d)	(c) Purchase price (d) Book value
	TOTAL	1,45,38,99,417	1,45,37,97,475	

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

(b) Quotations not available.

£1 = Rs. 13.33 (Approx.)

\$1 = Rs. 4.76 (Approx.)

B. K. BHATTACHARYA,
Central Provident Fund Commissioner.

ANNEXURE D

Region-wise statement showing the number of recovery cases pending and amount involved therein as on 31-3-1963

Sl. No.	Region	Number of cases pending with revenue officers	Amount involved in the pending cases
1	2	3	4
(Amount in lakhs of rupees.)			
1	Andhra Pradesh	252	6.84
2	Assam	6	0.45
3	Bihar	34	3.59
4	Delhi	210	1.08
5	Gujarat	216	130.39
6	Kerala	496	6.83
7	Maharashtra	402	56.18
8	Madras	97	1.41
9	Madhya Pradesh	108	17.79
10	Mysore	62	5.42
11	Orissa	5	2.11
12	Punjab	127	2.45
13	Rajasthan	63	4.49
14	Uttar Pradesh	94	29.92
15	West Bengal	1,961	54.80
TOTAL		4,133	323.75

ANNEXURE E

Region-wise statement showing the number of prosecution cases launched, disposed of and pending as on 31-3-1963 .

Sl. No.	Region	Cases launched	Cases disposed of	Cases pending in courts
1	2	3	4	5
1	Andhra Pradesh	156	106	50
2	Assam	7	3	4
3	Bihar	483	272	211
4	Delhi	972	599	373
5	Gujarat	136	98	38
6	Kerala	848	670	178
7	Maharashtra	795	701	94
8	Madras	107	103	4
9	Madhya Pradesh	64	49	15
10	Mysore	98	74	24
11	Orissa	22	14	8
12	Punjab	1,837	1,140	697
13	Rajasthan	203	135	68
14	Uttar Pradesh	219	201	18
15	West Bengal	746	384	362
TOTAL		6,693	4,549	2,144

ANNEXURE F

List of members of the Central Board of Trustees (as on the 31st March 1963)

1. Shri N. N. Chatterjee, Joint Secretary to the Government of India, Ministry of Labour and Employment, New Delhi. [Chairman].
2. Shri K. J. George, Deputy Secretary to the Government of India, (Industrial Co-ordination), Ministry of Commerce and Industry, New Delhi.
3. Shri P. Sadagopan, Internal Financial Adviser & ex-officio Deputy Secretary to the Government of India, Ministry of Labour and Employment, New Delhi.
4. Shri N. S. Mankiker, Chief Adviser of Factories, 2A/3, Asaf Ali Road, New Delhi.
5. Shri S. M. Bhattacharji, Secretary to the Govt. of West Bengal, Labour Department, Calcutta.
6. Shri R. S. Mandal, Secretary to the Govt. of Bihar, Labour Deptt., Patna.
7. Shri Uma Shankar, Labour Commissioner, U.P., Post Box No. 220, Kanpur.
8. Shri S. E. Sukthankar, Secretary to the Govt. of Maharashtra, Industries and Labour Deptt., Sachivalaya, Bombay-32.
9. Shri R. Tirumalai, Additional Secretary to the Govt. of Madras, Department of Industries, Labour and Cooperation, Madras.
10. Shri M. S. Shankara Rao, Secretary to the Govt. of Mysore, Public Health Labour and Municipal Administration Deptt., Bangalore.
11. Shri N. Kochukrishnan, Commissioner of Labour, Kerala, Trivandrum.
12. Shri B. B. Brahmbhatt, Deputy Secretary to the Govt. of Gujarat, Education and Labour Deptt., Ahmedabad.
13. Shri R. S. Pande, Agent, Tata Iron & Steel Co. Ltd., Jamshedpur.
14. Shri Shital Prasad Jain, 11-Clive Road, Calcutta.
15. Shri M. L. Bagla, C/o Swadeshi Cotton Mills Company Ltd., Post Box No. 19, Kanpur.
16. Shri H. P. Merchant, "Woodlands", Peddar Road, Bombay-26.
17. Shri J. V. Patel, M/s. New Standard Engineering Co. (P) Ltd., Carrol Road, Bombay-13.
18. Shri D. S. Bakhle, Deputy Chairman, The Millowners' Association, Elphinstone Building, Veer Nariman Road, Bombay-1.
19. Shri Michael John, President, Tata Workers' Union 17-K Road, Jamshedpur.
20. Shri Kali Mukherjee, General Secretary, B.P.N.T.U.C. Shramik Bhavan, 177-B, Lower Circular Road, Calcutta-14.
21. Shri Ramsinghbhai Verma, Vice President, Indian National Trade Union Congress, Shram Sivar, Indore.
22. Shri K. Ramaswamy, Vice-President I.N.T.U.C. Tamilnad, 3/66 Tirchy Road, Coimbatore.
23. Shri Sudhir Mookhoti, 18-Surjya Sen Street, Calcutta-12.
24. Shri B. S. Mahadev Singh, President, Hind Mazdoor Sabha, Opp. Old Jail Market Street, Secundrabad (A. P.)

ANNEXURE G

Important decisions reached at the 19th and 20th meetings of the Central Board of Trustees, Employees' Provident Fund held on the 24th September, 1962 and 25th February, 1963 respectively.

(A) Meeting held on the 24th September, 1962.

- (i) The Board approved the Annual Report on the working of the Employees' Provident Funds Scheme for the year 1961-62.
- (ii) The Board recommended to Government that paragraph 4(2) of the Scheme be amended to the effect that a Regional Committee may advise the Central Board—
 - (a) on such matters as the Central Board may refer to it from time to time ;
 - (b) generally, on all matters connected with the administration of the Scheme in the State and, in particular, on
 - (1) defaults in payment of contributions, etc.,
 - (2) progress of recovery and prosecutions,
 - (3) speedy settlement of claims,
 - (4) annual rendering of accounts to members of the Fund, and
 - (5) speedy sanction of advances.
- (i.i) The Board decided that instructions be issued to exempted establishments that the investment of provident fund should be made by their Board of Trustees within a period of two weeks from the date the amount was received by the trustees from the employer, and the

employer must transfer the monthly provident fund contributions to the trustees within 15 days of the close of the month as in the case of the exempted establishments; it should further be made clear to exempted establishments that longer time taken in investment would involve the risk of cancellation of exemption.

- (iv) The Board decided that the Central Commissioner should address the State Governments requesting them to levy damages on continued delayed remittances of provident fund contributions as far as possible as per the scales worked out by the Central Commissioner.
- (v) The Board concurred in the proposal to amend para 28(2) of the Scheme as follows :—

“Provided further that where the whole or any part of such accumulations consists of investments in non-Governments securities, the Central Government may, in exceptional cases, allow acceptance of the transfer of such securities from the authority making the transfer to the Fund at the price for which they were actually purchased.”

- (vi) The Board approved the proposal that the Employees' Provident Fund Organisation should become a member of the International Social Security Association, Geneva.

- (vii) The Board decided that the Central Commissioner be delegated power to write off irrecoverable value of stores, etc., up to Rs. 500/- (without any reservation) in each case and each Regional Commissioner be delegated powers to write off irrecoverable value of stores etc., up to Rs. 100/- (without any reservation) in each case.
- (viii) The Board approved the proposal for the purchase of three staff cars, one for the Central Office and the Regional Office Delhi together, and one each for the Regional Offices in West Bengal and Maharashtra. The Board also agreed to the purchase of a staff car for the Regional Office, Madras.
- (ix) The Board approved the proposal regarding construction of a building for the Regional Office, West Bengal. It was also decided that proposals for constructing a building for the Regional Office, Maharashtra and also for the Central Office and Regional Office, Delhi should be made out. As regards the construction of quarters for the staff, it was decided that the proposal should be taken up separately after some time.
- (x) The Board decided that for the present, the proposal for decentralisation of the accounting work done in the Regional Offices be dropped.
- (xi) The Board recommended to Government that the scheme be amended to provide for grant of non-refundable advances to the members of the Fund from their own contributions for purchasing share(s) of Consumer Co-operative Societies subject to the following main conditions:—
 - (a) the total amount of advance should not exceed Rs. 30/-
 - (b) the member should authorise the Commissioner to advance to the Society the

required amount from his own contributions: this authorisation would be a valid discharge for the amount paid to the Society. The payment should be made to the Society against an undertaking that they shall not transfer the share(s) to a third party without prior approval of the Commissioner ;

- (c) such advances would be granted where the Commissioner is satisfied that the Consumer Co-operative Society aims at a minimum membership of 250.
- (xii) It was decided that the Salary Savings Scheme as mentioned in the memo. should be introduced in the offices of the Employees' Provident Fund Organisation on receipt of the demand to that effect.
- (xiii) The Board approved the draft constitution of the Employees' Provident Fund Staff Benevolent Fund as given in the memorandum and sanctioned an initial grant of Rs. 14,000 as well as a matching grant at the maximum rate of Rupee one per member for the current year out of the Administration Account of the Fund.

(B) Meeting held on the 25th February, 1963.

- (i) The Board approved the final estimates for 1962-63 and budget estimates for 1963-64 subject to the cost of audit for Maharashtra region being reduced to Rs. 25,000/- each in the final estimates and the budget estimates pending clarification from the Comptroller and Auditor General of India.
- (ii) The Board decided that interest at the rate of 4 per cent be recommended to the Central Government for being credited to the accounts of the members (including the members of the Staff Provident Fund) for the year 1963-64

- (iii) The Board recommended to the Central Government that an additional sum of Rs. 20 lakhs be transferred from the Reserve and Forfeiture Account to the Special Reserve Fund, thereby increasing the total allotment to Rs. 40 lakhs subject to a review in May, 1963.
- (iv) The Board decided that the status quo in the matter of utilisation of the forfeited amount of provident fund lying with establishments exempted under Section 17(1) of the Employees' Provident Funds Act, 1952 should be maintained. The Board also decided that the Central Commissioner should circulate suggestions to exempted establishments giving therein details of the types of welfare measures that may be adopted by the employers.
- (v) The Board decided that the Provident Fund rules in exempted establishments regarding grant of loans and advance need not be made uniform with those of unexempted establishments.
- (vi) The Board decided that the experiment of mechanisation of accounts should be tried

out in Bombay for a period of one year subject to the availability of an I.C.T. machine on hire and the availability of space. It was also decided that there should be no retrenchment as a result of mechanisation. The Board also requested the Chairman and members of the Maharashtra Regional Committee to assist the Organisation in finding accommodation.

- vii) The Board decided that detailed rules should be framed regarding the proposal to allow the members to withdraw sums for investment in the Cooperatives and that the matter be placed before the Board again. The following points should be provided for in the draft rules :—
 - (1) the advance should be restricted to the higher income groups preferably to those drawing more than Rs. 500/- p.m.;
 - (2) an advance should be restricted to 25 per cent of the members' own contributions;
 - (3) the advance should be paid direct to the co-operative society concerned.



ISSUED BY THE CENTRAL BOARD OF TRUSTEES, EMPLOYEES' PROVIDENT FUND.