College: J D Women's College	**Subject**: Labor & Employment Laws in India
Dept: MBA	**Unit/Topic**: The employee Provident fund & Miscellaneous provision Act, 1952
Semester: 3rd (HR specialization)	**Faculty Member**: Kundan Kumar Gautam

The employee Provident fund & Miscellaneous provision Act, 1952

Lecture Notes – 1

Introduction

Provident fund is a welfare scheme for the benefits of the employees. The Employees' Provident Fund is a social welfare legislation intended to protect the interest of the workers employed in factories and other establishments. It is implemented by the Employees' Provident Fund Organization (EPFO) of India.Under this scheme both the employee & employer contribute their part but whole of the amount is deposited by the employer. Employer deducted the employee share from the salary of the employee. The interest earned on this investment is also credited in pf account of the employees. At the time of retirement, the accumulated amount is given to the employees, if certain conditions are satisfied.

The Employees' Provident Fund Bill was passed by both the Houses of the Parliament and it received the assent of the President on 4th March, 1952. The nomenclature of the Act was changed as "The Employees' Provident Funds and Miscellaneous Provisions Act, 1952" w.e.f 1st August, 1976. Now it stands as THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952 [EPF AND MP ACT, 1952]

Objectives

- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 aims to provide a kind of social security to the industrial workers. The Act mainly provides retirement or old age benefits, such as Provident Fund, Superannuation Pension, Invalidation Pension, Family Pension and Deposit-Linked Insurance.
- The Act provides for payment of terminal benefits on the happening of various contingencies such as retirement, closure, retirement on attainment of the age of superannuation, voluntary retirement and retirement due to factors which result in incapacity of the employee to work.

Applicability

The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 applies to:

- Any business or establishment within these industries (Industry List) or any activity notified by Central Government in the Official Gazette
- Employs 20 or more employees (including contract workers)
- Applicable to cinema theatres with over 5 employees
- Once registered, a business will continue be applicable and liable under the Act even if the employee count falls below 20 persons
- Business that do not meet the criteria above can choose to voluntarily register with the EPFO under Section 1(4) if the employer and employees are both willing

PF Contribution Rate

- Contribution of Pf paid by employer & employee is 12% (basic pay + dearness allowance + retaining allowance) Equal contribution is paid by the employer & employee.

- The establishment which employees less than 20 person shall be restricted to contribute 10% for both employee & employer contribution.

- It is voluntary for the employees who draw a salary less than 15000 per month to become the member of EPF. The employees who draw a salary of more than 15000 per month at the time of joining are not required to make pf contribution. If they want to become the member of EPF, they become with the consent of the Employer & Assistant PF Commissioner.

- The entire 12% of your contribution goes into your EPF account along with 3.67% (out of 12%) from your employer, while the balance 8.33% from your employer's side is diverted to your EPS (Employee's Pension Scheme) and the balance goes into your EPF account.

Breakup of EPF Contribution

- 12% of the employee's salary goes towards the EPF.
- Whereas the employer's contribution is divided as below:

1. 67% goes towards contribution for EPF

2. 33% goes towards contribution for EPS

3. 5% goes towards contribution for EDLI

4. 1% goes towards contribution for EPF administration charges

5. 01% goes towards contribution for EDLI administration charges

Therefore, the employer contribution is 13.61%. The premium and management charges are borne by the employer and the maximum limit is set at 0.5% of Rs.15, 000.