REPORT
ON
THE WORKING OF THE EMPLOYEES’ PROVIDENT FUNDS SCHEME
1957-58

GOVERNMENT OF INDIA • MINISTRY OF LABOUR

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

ON THE

WORKING OF THE EMPLOYEES' PROVIDENT FUNDS SCHEME

for the year 1957-58
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,
New Delhi.

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, 1958.

Sir,

I forward herewith the report on the working of the Employees' Provident Funds Scheme 1952, for the year ending the 31st March 1958. A classified summary of the assets of the Fund as on the 31st March, 1958, is given in Appendix 'A' of this report.

Yours faithfully,

( S. N. MUBAYI )
Secretary, Central Board of Trustees
At the end of March, 1958, the Employees' Provident Funds Scheme completed a little over five years of its existence. Framed under Section 5 of the Employees' Provident Funds Act 1952, the Scheme applies to every establishment engaged in any of the thirty-eight Industries listed in Appendix 'B', provided the establishment employs a minimum of fifty persons and has completed three years. The Act has also been extended to certain categories of plantations, mines and coffee curing establishments. In view of Section 15 of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955, the Scheme has also been extended to Newspaper Establishments employing twenty or more persons.

2. Scope

By the end of the year, the Act was applicable to 24.28 lakhs of workers in 6,528 establishments. The working of the Scheme in such a large sphere has been beset with serious impediments. The problem of having to realise every month provident fund contributions and administrative charges from the employers, as also damages on account of delayed payments has been full of difficulties. Still more difficult has it been to obtain from the employers the past accumulations in the workers' provident funds. Exemptions granted to covered establishments have had to be cancelled on their failure to comply with essential post-requisites, especially conditions relating to investments. Several of the employers having invested provident funds in their own business prior to coverage under the Act, revenue recovery proceedings have had to be launched against them, and this continues to be a formidable task.

3. Textile Industry—Special Position

To add to these tasks, the position of textile industry (which employs half of our covered employees) has deteriorated and
many factories which had hitherto been punctual in the payment of provident funds are now defaulting. Several factories have either completely closed, or, stopped one or more shifts on the ground that their stocks of manufactured cloth are not being cleared and they do not have the wherewithal to pay the net wages, not to mention provident fund and administrative charges. Some continue to function all the same, increasing their outstanding liability from month to month. In view of thousands of workers being rendered unemployed without any chance of finding alternative employment, the Government have found it necessary to direct the Provident Fund authority to pay to the workers their own accumulations,—at times, in periodical instalments—even though the Scheme does not countenance such interim payments. In quite a few cases, Government have stayed legal action or not pressed the charge to its ultimate conclusion, fearing that drastic action against the employers would precipitate closure of their establishments, rendering the workers unemployed. Nevertheless, tempo of prosecutions and recovery proceedings against defaulters has increased substantially. The applicability of the Act and the liability for payment is lately being vigorously contested by many employers and the course of legal action has been generally protracted. Besides, writ petitions have been filed by several employers against the organisation in increasing numbers and have had to be contested.

While some of the above mentioned difficulties may be considered as teething troubles of a Scheme which is still in its infancy, it must be added that most of them are of an inherent nature and it is not possible to visualise a foreseeable future without them. Several of the employers, who were punctilious in the payment of the correct amount by the appointed date, have become defaulters; this has been more especially the case in the textile industry. The realisation of provident fund and other amounts from all the covered establishments involves a perpetual struggle.

4. Recent amendments

During its five and a half years of working, the Scheme has steadily gained in popularity amongst the industrial Workers.
To meet various demands and situations, the Scheme has had to be amplified from time to time in order to provide more and more benefits to its members. The clauses relating to payment of employer’s contributions to outgoing members stand liberalised: the basic wage ceiling of Rs. 300/- per month for eligibility for membership of the Fund is now raised to Rs. 500/- as pay, to provide benefits of provident fund to slightly better paid employees. Recent amendments cover the employees of a contractor engaged in any operation directly connected with the manufacturing process in the establishment. The Scheme now enables a member of the Fund to contribute as his own share an amount not exceeding 8 1/3 per cent. (as against the previous restriction of 6 1/2%) of basic wages and dearness allowance (including cash value of any food concession) payable to him.

MAJOR PROBLEMS

5. Some of the major problems encountered in enforcing the provisions of the Act and the Scheme are enumerated:—

(a) Number of Employees in an Establishment.—The Act applies to a factory engaged in a scheduled industry, if fifty or more persons are employed therein. Accordingly, even factories composite in nature and set up wherein only a section of the factory is engaged in the scheduled industry, are covered under the Act. This view has been upheld by the Allahabad High Court, the relevant consideration having been held to be the number of persons employed in the whole factory. A similar ruling has been given by the Travancore-Cochin High Court. In the case of Oudh Sugar Works and allied cases, however, the Division Bench of the Bombay High Court at Nagpur has ruled that the Act applies only to that section of factory which is engaged in the scheduled industry. An appeal has been filed against this decision.

(b) Evasion by splitting up the factory in small units.—The view held so
far is that once the Act begins to apply to a factory/establishment in a scheduled industry, if fifty or more persons are employed therein, it will continue to apply even if the number of its employees falls below fifty, whether of the whole establishment or of its split-up unit. This view has been upheld by the Bombay High Court. The Division Bench of the Punjab High Court has, however, held recently that on reduction of the employment strength of a factory below fifty, the establishment goes out of the purview of the Act. In view of this judgment, managements of quite a large number of affected establishments (where a factory has separate units or where employment strength has subsequently fallen below fifty persons) are claiming exemption from the application of the Scheme, as also refund of provident fund contributions. This has induced some employers to deprive the employees of the statutory benefits by dividing covered factories into smaller units, each employing less than fifty persons; or the number of employees in a covered factory is some times being reduced below fifty, in order to escape the liability for the payment of provident fund contributions, etc.

In view of divergent rulings mentioned in sub-paras (a) and (b) above, the administration of the Scheme on a uniform basis in the various States is not possible. It is, therefore proposed to amend the Act specifying clearly that once an establishment/factory is covered by the Act, it will remain so covered, even if the employment strength falls below the prescribed limit. This limit is also proposed to be scaled down to twenty. Proposals are expected to be finalised by the Government shortly.

(c) Violations and Penalties.—The employer of a factory/establishment coming within the purview of the Scheme is required:
(i) to transfer to Provident Funds authority all the accumulations in any provident fund of the factory/establishment standing to the credit of the employees prior to the application of the Scheme;

(ii) to remit every month, the contributions payable by him, and the deductions made from the members employed by him, along with the administrative charges thereon, within fifteen days of the close of the month; and

(iii) to submit returns prescribed under the Scheme.

In case of contraventions of the above statutory provisions, the penalties provided are:

(i) imprisonment for a term which may extend to six months; or

(ii) fine upto one thousand rupees; or

(iii) both imprisonment and fine.

As an alternative to the above penalties, action for misappropriation and breach of trust in respect of the amounts deducted from the workers' wages can also be taken under the Indian Penal Code. The State Governments, who are the competent authority for sanctioning prosecution of defaulters, have been requested to invoke these provisions in appropriate cases.

Further, section 8 of the Employees' Provident Funds Act, 1952, empowers the appropriate Government to recover the provident fund amount due from the defaulting employers as arrears of land revenue. The Central Government has, however, delegated this power to State Governments even in respect of factories/establishments falling in the Central sphere. Thus the power to sanction legal proceedings of both types, i.e., recovery, and prosecution, vests in the respective State Governments.

(d) Defaulters.—A substantial number of employers fail to transfer the past accumulations or to remit the monthly contributions and administrative charges, in time. Most of them pay up the amount after
follow-up by the field staff along with the usual damages of 6½ per cent. Some have however, failed to do so even after several requests and warnings. On account of these defaults, the provident fund authorities (with State Governments' sanction) have had no other choice but to file recovery proceedings and prosecution against persistent defaulters. It has been observed that in all these cases, except in two cases in Bombay, the accused were simply fined—the amount of fine being more or less nominal. Even in cases, where prosecution was launched against an employer for the second or the third time, amounts involved being substantial, the punishment awarded had consisted of a small amount of fine despite the fact that the provident fund organisation prayed for infliction of deterrent punishment by imprisonment and fine.

The Employees' Provident Funds Act is an important social security legislation providing for the workers' old age or disablement or their dependents in the event of their premature death. The members' accumulations consist of deduction, from their meagre wages and regular contributions from their employers. For many a worker this is indeed the only provision for his old age or his dependents. It is, therefore, imperative that the violations of the provisions of the Act and the Scheme be reduced to the minimum. The State Governments have been requested to arrange that the defaults committed by the employers, especially, non-payment of provident fund dues in time, are dealt with as promptly as possible.

(e) Submission of Returns by Employers.—It has been found that some employers fail to submit the monthly returns incorporating data regarding the amount of provident fund contributions and administrative charges. The amount due thus remains an unknown factor, and it
becomes difficult to resort to coercive action: the dues have to be assessed on basis of previous returns or on an 'ad hoc' basis. It has been held in a case that there is a lacuna in the Employees' Provident Funds Act as it does not provide the procedure for the ascertainment of the provident fund dues sought to be collected by recovery proceedings nor does it empower the Central Government to investigate and decide the question of the quantum of the contributions. An appeal has been filed against this decision. The question of removing this lacuna by suitably amending the Act is also under consideration.

(f) Past Accumulations.—Several employers have not transferred to the Fund, past accumulations of the provident fund amounts of their employees, i.e., accumulations for the period prior to the factory coming under the Act; several have defaulted in remitting current dues also. Some of these employers have been allowed to pay up the accumulations in instalments. As it is, the outstanding accumulations in some cases are large and the amount of each instalment fixed relatively small with the result that it would require several years for these employers to clear the arrears. In a few cases, the full amount of the accumulations may not be recovered eventually. In case of certain employers who have been allowed to pay up the arrears in instalments, an arrangement has been entered into, whereby they are required to pay the unpaid dues in respect of the retiring members. Where such an arrangement has not been entered into, the Fund pays to a retiring member or the heirs of a deceased member, only the amount received for him from the employer and interest thereon. Neither of these arrangements adequately mitigates the hardship, and causes serious discontent among the employees. While the members or their heirs claim the full refund of
their dues, deducted from meagre but hard-earned wages, the provident fund authorities find it impossible to pay any member/heir more than that has actually been received in his account—there being no other source from which payment can be made to the members in respect of whom no, or inadequate, recoveries have been effected. Nor is it possible to pay up in full the dues of a retiring member before recovery of the entire accumulations from the employer, as some portion of the accumulations may eventually prove irrecoverable and the later-retiring members might not get even their proportionate dues.

6. Loans against provident fund

At present the Scheme does not provide for any type of loan or advance except for payments towards a policy of life insurance. In view of the pressing demands from the members, loans are being sanctioned by Central Government in cases of serious illness of the subscribers or members of their families from provident fund accumulations. Similarly, in a few cases small loans from provident fund have been allowed by Government in cases of loss of houses by floods, and such other calamities. This has brought much needed relief to the workers, even though at the cost of considerable additional work in the Regional Offices.

ADMINISTRATION

7. Central and Regional set-up

The Employees' Provident Fund vests in and is being administered by the Central Board of Trustees which is a tripartite body, consisting of representatives of the Central Government, State Governments and all India employers' and employees' organisations. During the period under report, Shri P. M. Menon, I.C.S., continued to be the Chairman of the Board till the 8th January, 1958, when he was succeeded by Shri R. L. Mehta, I.A.S. Shri S. N. Mubayi continued to be the Central Provident Fund Commissioner and the Chief Executive Officer of the Central Board. He is assisted by fourteen Regional Provident Fund Commissioners, one in each State. The Regional Provident
Fund Commissioners of Bombay, Madras and West Bengal are whole time officers, while the rest are part-time officers who are normally Labour Commissioners of the respective State Governments.

8. Important Decisions of the Board

The Board held its 9th meeting on the 24th March, 1958. The Board recommended to the Government a rate of interest of 3½% per annum for crediting to the accounts of the members for the year 1958-59. The Board approved, inter alia, the revised budget estimates of the organisation for the year 1957-58 and the budget estimates for the year 1958-59. The Board also approved the annual report on the working of the Employees' Provident Funds Scheme for the year ending the 31st March, 1957 for submission to the Central Government.

The Board suggested that members send their proposals so that the amount in the Reserve and Forfeiture Account of the Fund could be used as a Welfare Fund. It was, however, agreed to continue utilizing this money for payment of money-order commission for remittances of provident fund to members till the formulation of the Welfare Fund. The Board also desired that an early decision on the permanency of the staff of the Organisation be taken by the Government and further decided to increase the present rate of provident fund contribution for the staff from 6½% of basic pay and dearness allowance to 8½% of basic pay and 'dearness pay'—in case, there was no 'dearness pay' in a State, half of the dearness allowance admissible to the staff in the regional offices under the State Government rules to be treated as 'dearness pay' for this purpose. This recommendation has since been accepted by the Government and given retrospective effect from 1st April, 1958. The proposal for the introduction of a Gratuity Scheme for the staff of the Organisation was also agreed to in principle. It was also agreed to defer the proposal for granting loans to the members of the Fund for daughters' marriage but it was considered that in cases of serious illness in the family of a member, loans should be granted. It was further decided that wherever office buildings were required by the organisation, existing constructions should as far as possible, be purchased, preferably in or near the industrial areas and that proposals for
the construction of buildings for offices should be deferred.

Refund of accumulations

The Board also recommended to the Central Government and the latter subsequently accepted the suggestion for making payment of the employers' contributions, in full, in the following contingencies:

(a) where a factory is closed but certain employees are not retrenched but are transferred by the employers to other establishments not covered under the Employees' Provident Funds Act;

(b) where the office/establishment is shifted with its employees from the factory premises;

(c) where a member is transferred from a covered factory to another factory/establishment not covered under the Act but is under the same employer; and

(d) where employees are discharged and are given retrenchment compensation under the 'Industrial Disputes Act'.

Regional Committees

As envisaged in para 4 of the Employees' Provident Funds Scheme, the Regional Committees, which are advisory bodies, are, at present, functioning in the States of Madras, Bombay, Bihar, Uttar Pradesh and West Bengal.

The question whether the Regional Committees should be formed in the remaining States also, was considered at the meeting of the Central Board of Trustees held on the 24th March, 1958, when the Board was of the view that while new Committees should not be formed, the then existing might continue.

9. Increase in coverage

Soon after the close of the year under report, the Act was extended with effect from the 30th April, 1958 to 'biscuit making industry, including composite units making biscuits and products such as bread, confectionery and milk and milk powder'. The Act was also extended to establishments owned by Government or local authority in May, 1958.
EMployees' Provident Fund

Number of Subscribers (Progressive)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exempted Subscribers</th>
<th>Unexempted Subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 1952-54</td>
<td>4,00,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>1954-55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955-56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1956-57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1957-58</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10,00,000 = one million
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTABLISHMENTS COVERED</td>
<td>500</td>
<td>1,000</td>
<td>1,500</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
</tr>
<tr>
<td>EXEMPTED</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>600</td>
</tr>
<tr>
<td>UNEXEMPTED</td>
<td>400</td>
<td>800</td>
<td>1,200</td>
<td>1,600</td>
<td>2,000</td>
<td>2,400</td>
</tr>
</tbody>
</table>

**EMPLEYES' PROVIDENT FUND (Progressive)**
EMPLOYEES' PROVIDENT FUND

REFUND CLAIMS SETTLED AND AMOUNT PAID each year

REFUND CLAIMS SETTLED

AMOUNT PAID

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF CLAIMS SETTLED</td>
<td>5,870</td>
<td>25,563</td>
<td>31,513</td>
<td>32,861</td>
<td>47,234</td>
</tr>
<tr>
<td>AMOUNT PAID (Rs.)</td>
<td>5 lakhs</td>
<td>36 lakhs</td>
<td>77 lakhs</td>
<td>147 lakhs</td>
<td></td>
</tr>
</tbody>
</table>

In lakhs of rupees (10 lakhs = one million)

UNEXEMPTED ESTABLISHMENTS
EMPLOYEES’ PROVIDENT FUND
INVESTMENTS (Progressive)
EXCLUSIVE OF AMOUNTS REFUNDED

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IN crores of rupees</td>
<td>Rs. 6.80 cr.</td>
<td>Rs. 13.06 cr.</td>
<td>Rs. 19.52 cr.</td>
<td>Rs. 28.13 cr.</td>
<td>Rs. 43.68 cr.</td>
</tr>
</tbody>
</table>

UNEXEMPTED ESTABLISHMENTS
(a) The increase in coverage during this year will be apparent from the following table:——

<table>
<thead>
<tr>
<th>Year ending</th>
<th>No. of establishments</th>
<th>No. of subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-3-1957</td>
<td>4,656</td>
<td>18,68,549</td>
</tr>
<tr>
<td>31-3-1958</td>
<td>6,528</td>
<td>24,27,741</td>
</tr>
</tbody>
</table>

(b) The position in respect of establishments covered under the Statutory Scheme, i.e., unexempted establishments was as follows:——

<table>
<thead>
<tr>
<th>No. of establishments</th>
<th>No. of employees (in lakhs)</th>
<th>No. of subscribers (in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,787</td>
<td>17.85</td>
<td>13.93</td>
</tr>
</tbody>
</table>

(c) The position of coverage in respect of factories/establishments exempted from the provisions of the Statutory Scheme was as shown below:——

<table>
<thead>
<tr>
<th>No. of establishments</th>
<th>No. of employees (in lakhs)</th>
<th>No. of subscribers (in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>741</td>
<td>11.88</td>
<td>10.34</td>
</tr>
</tbody>
</table>

10. Exempted establishments

The exempted establishments, have, their own provident fund rules duly approved by the Employees' Provident Fund Authorities. The coverage in the exempted factories was about 87 per cent. as against 79 per cent. in unexempted establishments. This is because the establishments in exempted category are larger and better established and the labour force is not casual. In certain cases the period of qualifying service prescribed for membership of their funds is shorter than that prescribed under the Statutory Scheme.

11. Contemplated extension to other Industries

During balance period of the Second Five Year Plan, it is proposed to extend the provisions of the Employees' Provident Funds Act, 1952 to as many industries as possible. The Central Government is considering the question of extending the provisions of the Act, to commercial establishments (including banks, insurance companies, hotels, studios, road transport companies, general trading concerns, etc.) as also to tobacco industry, wood and cork industry, oil-well operations and auto-mobile repairing and servicing workshops.
ACCOUNTS

12. Contributions

The members of the Fund are contributing at the rate of 6\% per cent. of the basic wages and dearness allowance including cash value of any food concession. An equal amount is added by the employer and the total amount is deposited in the State Bank of India. An increase in the rate of provident fund is pending Government's examination of the economic condition of each of the industries. However, para 29 of the Employees' Provident Funds Scheme, has been amended to enable a member to contribute as his own share an amount not exceeding 8-1/3 per cent. of basic wages and the dearness allowance (including cash value of any food concession) payable to him.

A sum of Rs. 12.42 crores including the past accumulations was received in cash during the year 1957-58.

13. Administrative and Inspection charges

Administrative and Inspection charges are collected from the employers of non-exempted and exempted establishments at the rate of 3 per cent. and 3\% per cent. respectively on the total amount of provident fund contributions. The expenses of the administration of the Employees' Provident Fund Organisation are met from this levy. During the year under report a sum of Rs. 36.09 lakhs was received as administrative charges and a sum of Rs. 11.63 lakhs was received as inspection charges.

14. Income and Expenditure

A table showing the income from administrative/inspection charges and expenditure of the Organisation during the year 1957-58 is given below:

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.</td>
<td>Rs.</td>
</tr>
<tr>
<td>(a) Administrative and Inspection charges 47.74</td>
<td>24.97</td>
</tr>
<tr>
<td>(b) Interest on investments of balances in Administrative/inspection charges 1.55</td>
<td>..</td>
</tr>
<tr>
<td>(c) Penal damages realized on delayed remittance of Administrative charges 0.03</td>
<td>..</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49.32</strong></td>
</tr>
</tbody>
</table>

Substantial part of monthly balance in this account is invested in Central Government securities and interest earned thereon credited to this account.
15. Interest

As in the previous year, the members were paid 3½ per cent., compound interest on the opening balances of their provident fund accumulations during the year under report.

16. Investments

The pattern of investment of provident fund contributions continued as follows:

(a) National Plan Savings Certificates 10%
(b) Medium-dated securities 20%
(c) Long-dated securities 70%

During the year 1957-58, a sum of Rs. 11.05 crores was invested in the above securities. The year-wise position of the investment of the Fund is shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952-54</td>
<td>5.75</td>
</tr>
<tr>
<td>1954-55</td>
<td>5.90</td>
</tr>
<tr>
<td>1955-56</td>
<td>5.51</td>
</tr>
<tr>
<td>1956-57</td>
<td>7.72</td>
</tr>
<tr>
<td>1957-58</td>
<td>11.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35.93</strong></td>
</tr>
</tbody>
</table>

*Besides Securities worth Rs. 7.75 crores were received as past accumulations.

(One crore = 10 millions)

17. Banking Arrangements

The State Bank of India functioned as bankers to the Employees' Provident Fund Organisation except for the erstwhile P.E.P.S.U. region where the Bank of Patiala continued to receive the provident fund contributions and administrative and inspection charges. The investment of the Fund has been entrusted to Reserve Bank of India.

The balance as at the end of 31st March, 1958 in various accounts of the Fund was as under:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (P.F. Account)</td>
<td>9.98 lakhs</td>
</tr>
<tr>
<td>2 (Regional Adm. Account)</td>
<td>7.57 lakhs</td>
</tr>
<tr>
<td>3 (Refund A/C)</td>
<td>9.78 lakhs</td>
</tr>
<tr>
<td>4 (Central Adm. A/c)</td>
<td>1.11 lakhs</td>
</tr>
<tr>
<td>5 (Investment A/c)</td>
<td>9.26 lakhs</td>
</tr>
<tr>
<td>6 (Interest Suspense A/c)</td>
<td>107.96 lakhs</td>
</tr>
<tr>
<td>7 (Forfeiture A/c)</td>
<td>28.06 lakhs</td>
</tr>
</tbody>
</table>

18. Rules regarding refund of provident fund.

Full amount including an employer's contribution and interest thereon is refunded to a member of the Fund after fifteen years' membership, permanent physical and
mental disability, superannuation, retrenchment and migration for permanent settlement abroad and to his heirs/nominees in the event of his death.

From 17th August, 1957, the rules regarding the payment of the employers' share of provident fund contributions to outgoing members have been substantially liberalised. According to the modified rules a member receives, besides his own contribution, the following proportion of the employer's contribution:

(i) 25 per cent if the period of his membership of the Fund is less than 3 years;
(ii) 50 per cent if the period of membership is 3 years or more but less than 5 years;
(iii) 75 per cent if the period of membership is 5 years or more but less than 10 years;
(iv) 85 per cent if the period of membership is 10 years or more but less than 15 years;
(v) 100 per cent if the period of membership is 15 years or more.

19. Settlement of claims
The position regarding settlement of claims for refund of provident fund was as follows:

1. No. brought forward 1,504
2. No. received during 1957-58 50,431
3. Total 51,935
4. No. settled 47,234
(excluding 2,705 returned for re-submission).
5. Balance carried forward 1,996
6. Amount paid (Sl. 4) Rs. 1,47,64,158

20. Forfeitures of employers' contributions
A sum of Rs. 9.52 lakhs pertaining to 16,584 cases was forfeited during the year.

According to instructions of the Government of India, the amount forfeited is being utilised for:

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

During the year under report a sum of Rs. 1.47 lakhs was spent on account of money order commission for the amounts remitted to members/nominees on final settlement of their accounts. Only a sum of Rs. 6,230/- was spent in affording financial assistance to the members, nominees/heirs. The Regional Commissioners have been advised to make a more liberal use of this source.

21. Loans—Statistics

As has been mentioned earlier, several factories especially textile mills closed down recently in different States due to financial difficulties or accumulation of stocks and the workers were thrown out of employment without any lay-off or retrenchment compensation. To help such employees, Government of India sanctioned advances from the provident fund contributions to these employees within the limit of their own contributions to enable them to tide over the difficult time. The payments were made in certain cases in monthly instalments at the premises of the mills:

The table given below shows the position regarding advances granted for serious illness and for financing life insurance policies:

<table>
<thead>
<tr>
<th>Loans for serious illness</th>
<th>Withdrawal for financing life insurance policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. of cases where amount was sanctioned</td>
<td>337</td>
</tr>
<tr>
<td>2. Amount paid during the year (in rupees)</td>
<td>52,800</td>
</tr>
</tbody>
</table>

22. Maintenance of Members' Accounts

Under para 73 of the Employees' Provident Funds Scheme, Regional Provident Fund Commissioners are required to send annual statements of accounts to members at the end of each financial year. The
work in the regional offices has increased enormously due to the extension of the Act to factory and non-factory establishments and also due to the raising of the limit for eligibility to the membership of the Fund from Rs. 300/- per month as basic wages to Rs. 500/- per month as pay including dearness allowance. The staff in the regional offices was inadequate to cope with the increase in work. The work of posting of individual ledgers and issue of statements fell into arrears. In many cases the statements could not be prepared as the establishments had not deposited the provident fund contributions. Appropriate action was taken against the defaulting employers after persuasion had failed.

23. Inspections

For the implementation of the Scheme it is essential that the covered establishments should be inspected periodically. Inspectors have also to visit other establishments to see that they do not escape the applicability of the Act. With the coverage of additional industries, existing inspectorate became quite inadequate and inspection could not be done according to the prescribed scale. Efforts were, however, made to inspect every establishment at least once during the year.

24. Prosecutions and Recovery Proceedings

528 cases for recovery of unpaid amounts as arrears of land revenue were initiated during the year to recover Rs. 1,43,45,709/- as arrears of provident fund contributions and Rs. 2,82,207/- as arrears of administrative charges due from the defaulting employers. Of these and against the recovery proceedings of previous years Rs. 67,62,339/- and Rs. 2,10,836/- were received towards the provident fund contributions and administrative charges respectively during the year. At the close of the year 412 cases were pending involving a sum of Rs. 1,28,68,376/-.

CONCLUSION

25. The Employees' Provident Fund continued to gain in popularity amongst the industrial workers. There were persistent demands from the non-participating workers for the extension of the Act to other industries; workers in smaller establishments of the covered industries have
been pressing for lowering of the prescribed minimum employment strength to attract the Act. The working in various spheres has been satisfactory. The refund claims of provident fund from outgoing members or their nominees have been settled expeditiously, the normal period being less than ten days. In cases where despite persuasive efforts and legal remedies, the total amount of contributions had not been realised, the outgoing members were paid 'on account' to the full extent of the amount realised and the balance as and when recovered. The Board would like to express its appreciation of the efficient manner in which the officers and staff of the Organisation have been discharging their ever-increasing and onerous responsibilities, even though the payment of advances from the provident fund to the workers of closed textile mills has thrown a substantial additional burden on the regional offices.

S. N. MUBAYI,
Secretary,
Central Board of Trustees.
### APPENDIX 'A'

**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, 1958*

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Class of Assets</th>
<th>Book value (a)</th>
<th>Market value (b) upto 31st March, 1958</th>
<th>Remarks (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>Securities in respect of investment made centrally</td>
<td>35,74,66,030</td>
<td>35,78,49,542 (X)</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>Past accumulations received in shape of Government of India securities from all regional offices (Face value)</td>
<td>7,43,21,500</td>
<td>7,00,51,561 (X)</td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td>Past accumulations received in shape of debentures of companies (Face value)</td>
<td>1,28,700</td>
<td>1,28,700 (M)</td>
<td></td>
</tr>
<tr>
<td>(iv)</td>
<td>Investment from Administration Account</td>
<td>59,42,527</td>
<td>59,25,185 (X)</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>State Government Securities (Face value)</td>
<td>14,59,400</td>
<td>13,59,410 (X)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Indian Municipal, Port and Improvement Trust Securities including debentures (Face value)</td>
<td>3,20,900</td>
<td>2,85,515 (X)</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Cash on deposit in Banks</td>
<td>Nil</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Cash in hand and in current Accounts in Banks</td>
<td>37,79,497</td>
<td>37,79,497 (Y)</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Other assets (Purchase Price)</td>
<td>7,73,190</td>
<td>4,50,659 (Z)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>44,41,82,744</strong></td>
<td><strong>43,98,31,069</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 9,97,910.15
    " Account No. III 9,77,682.04
    " Account No. V 9,26,587.00
    " Account No. II 7,57,095.58
    " Account No. IV 1,11,092.95

Reserve Bank of India . . . 129.25

37,70,496.97

(Z) Classified summary attached
## SUMMARY OF THE LIST OF ASSETS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Assets</th>
<th>Life in years</th>
<th>Purchase price</th>
<th>Depreciation</th>
<th>Total Amount of Depreciation including broken, lost or discarded assets upto 31st March, 1958</th>
<th>Book value as on 31st March, 1958</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Office Equipment, <em>i.e.</em>, R. A. Machines, Type-writers, Duplicators, Plus Adders, etc.</td>
<td>9</td>
<td>5,819.06</td>
<td>63,445.24</td>
<td>2,72,123.57</td>
<td>3,09,790.49</td>
</tr>
<tr>
<td>2</td>
<td>Furniture and Fixtures.</td>
<td>8</td>
<td>85,765.83</td>
<td>9,267.31</td>
<td>32,355.64</td>
<td>53,410.19</td>
</tr>
<tr>
<td>3</td>
<td>Steel Almirahs, Cabinets and other Steel Equipment</td>
<td>20</td>
<td>86,752.48</td>
<td>3,540.02</td>
<td>13,634.16</td>
<td>73,118.32</td>
</tr>
<tr>
<td>4</td>
<td>Electrical Equipment, Electric Fans etc.</td>
<td>15</td>
<td>15,724.92</td>
<td>949.80</td>
<td>3,068.49</td>
<td>12,656.43</td>
</tr>
<tr>
<td>5</td>
<td>Bicycles</td>
<td>9</td>
<td>3,033.07</td>
<td>319.98</td>
<td>1,349.83</td>
<td>1,683.24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>7,73,190.36</td>
<td>77,522.35</td>
<td>3,22,531.69</td>
<td>4,50,658.67</td>
</tr>
</tbody>
</table>

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APPENDIX 'B'

The Act applies to the following 19 industries:

From 1st Nov., 1952 (1 to 6)

(1) Cement
(2) Cigarettes
(3) Electrical, mechanical or general engineering products
(4) Iron and steel
(5) Paper
(6) Textiles

From 31st July, 1956 (7 to 19)

(7) Edible oils and fats
(8) Sugar
(9) Rubber and rubber products
(10) Electricity including the generation, transmission and distribution thereof
(11) Tea (except in the State of Assam where the Government of Assam have instituted a separate provident funds scheme for the Industry including plantations)

(12) 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 separately been extended under section 15 of the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955
(13) Stone-ware pipes
(14) Sanitary wares
(15) Electrical porcelain insulators of high and low tension
(16) Refractories
(17) Tiles
(18) Match factories having a production of over 5 lakhs gross boxes of matches a year
(19) Sheet glass factories, glass shell factories and other glass factories having an installed capacity of over 600 tons per month

From 30th Sept., 1956 (20 to 23)

(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 and
(ix) fatty acids
(x) Oxygen, acetylene and carbon-dioxide gases industry. The Act was actually enforced in this industry with effect from the 21st July, 1957

(21) Indigo
(22) Lac including shellac
(23) Non-edible vegetable and animal oils and fats

From 31st Dec., 1956

From 31st Jan., 1957

From 30th April, 1957 (26 to 30)

(24) Newspaper establishments
(25) Mineral oil refining industry
(26) Tea plantations (other than the tea plantations in the State of Assam)
(27) Coffee Plantations
(28) Rubber Plantations
(29) Cardamom Plantations
(30) Pepper Plantations
From 30th Nov., 1957 (31 to 37).

(31) Iron-Ore Mines
(32) Lime-stone Mines
(33) Manganese Mines
(34) Gold Mines
(35) Industrial and Power Alcohol Industry
(36) Asbestos Cement Sheets Industry
(37) Coffee Curing Establishments

From 30th April, 1958.

(38) Biscuit making industry including composite units making biscuits and products such as bread, confectionery and milk and milk powder.