

# EPF and Miscellaneous Provisions Act, 1952



## Introduction

The objective of this act is to provide substantial security and timely monetary assistance to the employer and their family members. This act covers all the state of India except Jammu and Kashmir. It applies to any factory or any other establishment employing 20 or more persons with the permission of central, according to central government's official gazette. But the central government is empowered to apply this provision to any employing less than 20 persons with prior notification at least 2 months before.

## Major schemes

This act covers three major scheme, they are

- Employees provident fund scheme
- Employees pension scheme
- Employees deposit linked insurance scheme

Central government constitute a Central Board to diagnose where all the act applies and all appointments by the central government. The Central Board shall constitute of

- Chairman, Vice Chairman
- Central provident fund (CPF) commissioner who shall be an ex-office member of the board
- Not more than 15 persons appointed by central government
- Not more than 15 persons representing the government of state

- 10 person representing employees of the establishments to which the scheme applies.

The board's duties are administering the funds vested in it by means of contributions and maintain proper accounts of its income and expenditure in central government's prescribed way. It also performs other functions under any provisions of Employees Provident Fund scheme and Insurance scheme.

Central government constitute Executive Committee to assist the central board in the performance of its function

- Chairman, he is appointed from amongst members of central board
- 2 persons from central amongst central board
- 3 persons representing employers and 3 persons representing employees

Government CPF commissioner is to serve as CEO of Central Board, a Financial advisor and Chief Accounts Officer to assist central provident fund commissioner in the discharge of his duties.

The Central government also constitutes Employee Provident Fund Appellate tribunal and it consists of only one person who is Presiding officer. Eligibility for the presiding officer is that a person must be the judge of high court or district court.

## Contributions

The provident fund contributions consist of contribution both by Employee and by Employer.

## Employee's Contribution:

An employee is eligible for membership of Employee Provident Fund from the very 1st date of joining in any establishment getting salary up to Rs6500 Provident fund contribution is recovered at 12% of wages from employee salary. The pension is that which represents a person has retired. To avail pension a person should have 10years of continues service and with age of 50years or more will receive pension amount on monthly basis after the age of 58. A member is eligible to apply for withdrawing his provident and pension fund only after 2 months from the date of registration, provident that he/she is not employed during those 2months. Employer's Contribution: Employer is also required to contribute towards provident fund, the deduction rate is same as employee's contribution i.e. 12% of the wages. Of this 12%, 3.67% goes to Provident Fund and the balance of 8.33% goes to Pension Fund.

## Advance PF

A person is eligible to withdraw money in advance from their PF Account for purposes like marriage, education, medical treatment etc, subject to the prescribed conditions. Note that the said advance is totally tax-free and interest-free.

## Employees Deposit-linked Insurance Scheme (EDLI)

Apart from contributing to provident fund and pension fund, an employer is also required to contribute towards Employee Deposit Linked Insurance Scheme. The rate of contribution is 0.5% of the wages.

The employees need not contribute anything towards this scheme. In the case of death of a member, his / her nominee will get a maximum of Rs.60,000 from this scheme. The employer is also required to pay administrative charges at 1.10% of emoluments towards provident fund charges and 0.01% towards EDLI Scheme.

Employees need not contribute anything towards these charges.

## Conclusion

Thus Employee Provident Fund grants the employee to have a regular income through a pension. These are the important facts of Employee Provident Fund and Miscellaneous Provisions Act, 1952.