



Socio-Legal Research on Implementation of E.P.F Schemes under E.P.F and M.P Act 1952 in Rajamahendravaram Region, Andhra Pradesh

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Abstract:

A new era has begun in the history of Social Security in India with the enactment of Employees Provident Funds and Miscellaneous Provisions Act, 1952, during the very First Five Years Plan period. The institutionalized protective approach to social security has also begun with this act for the people who, in majority, were in private sector. The income security in event of fall in wage due to old age, retirement and other types of cessation of employment was the prime motto of this legislation. Provident Fund is a form of retirement benefit other than gratuity. In the provident fund scheme both the employees and employers share the burden of security or protection. Prior to this legislation there were legislations like Provident Funds Act, 1925 with a restricted application, Coal Mines Provident Funds and Bonus Scheme 1948 limited to coal miners. However, the experience of these Acts only led to the passing of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The researcher conducted a Socio-Legal survey on the implementation of E.P.F Schemes in Rajamahendravaram Region.

Key words: human being, income security, Provident Funds

1. Introduction

A human being has to live until his death. The journey from the date of birth to date of death can be understood as sustenance; alternatively, the living. To accomplish this task of living one has to have enough economic provision or support, either earned on his own or provided by somebody else. When somebody provides this, it is called dependency. Definitely, there are two phases in one's life where, where one is dependent on other person or on the society. The first phase- from the date of birth until the date when he/she becomes fit to start earning his own living. This phase, we may call the first phase of dependency. The second phase of dependency is the phase when a person

ceases to work/ earn or retires from active work life. We may call it old age. There are intermediate phases of dependencies like: disability, sickness, employment injury; unemployment, loss of employment or other contingencies that might interrupt the working life of an individual. Children, non-earning women, unemployed widows are predominantly dependent on earning members of the family. Traditionally family provided this support. We also see such support provisioning by social groups, membership institutes, markets and ultimately by the state. Thus, failure in support provisioning or inadequate support provisioning by one institute makes other institute responsible for the welfare of the individual. This provisions



made by the society for trouble free living of these persons may be understood as social security.

A new era has begun in the history of Social Security in India with the enactment of Employees Provident Funds and Miscellaneous Provisions Act, 1952, during the very First Five Years Plan period. The institutionalized protective approach to social security has also begun with this act for the people who, in majority, were in private sector. The income security in event of fall in wage due to old age, retirement and other types of cessation of employment was the prime motto of this legislation. Provident Fund is a form of retirement benefit other than gratuity. In the provident fund scheme both the employees and employers share the burden of security or protection. Prior to this legislation there were legislations like Provident Funds Act, 1925 with a restricted application, Coal Mines Provident Funds and Bonus Scheme 1948 limited to coal miners. However, the experience of these Acts only led to the passing of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. On 4th of March, 1952 when it was enacted in the parliament the preamble said " - An Act to provide for the institution of provident funds, pension fund and deposit linked insurance fund for employees in factories and other establishments". Thus the Employees Provident Funds and Miscellaneous Provisions Act, 1952 came into operation. The Act has been amended exhaustively by Act 33 of 1988. The Scheme also underwent numerous amendments. The new schemes like Employees' Family Pension Scheme was introduced in 1971 and Employees' Deposit Linked Insurance Scheme was introduced in 1976. The major

breakthrough in the direction of final social security was achieved with the replacement of Employees Family Pension Scheme 1971 with Employees' Pension Scheme 1995.

2. Employees' Provident Fund Scheme 1952

The scheme is arranged in ten chapters. As usual, Chapter I deals with preliminary issues like applications of the schemes and definitions. Chapter II deals with Board of Trustees, Executive Committees and Regional Committees etc. as per the provisions made in the Act. Chapter III deals with the appointment and powers of the commissioners and other staff of the Board of Trustees. The administration of the Act and Scheme is done through the details given in this chapter and the officers to administer such benefits as are detailed in the schemes is done through the officers appointed under this chapter. The Chapter IV deals with the membership of the fund. While the EPF & MP Act through Section I makes application of the Act to the establishments, this chapter of the scheme details about the qualification of the members to the fund and other related issues of the membership like exemption, transfer of accumulations, classes of employees entitled and requiring to join the fund etc. The chapter V deals with the contributions to be paid by the employee as well as the employer.

3. Objectives of the study

A Socio-Legal survey on the implementation of E.P.F Schemes in Rajamahendravaram region was conducted to find out the awareness and implementation of E.P.F Schemes in the Region



4. Methodology

Primary data was conducted in Rajamahendravaram Region and collected data from 1000 respondents. Secondary data also collected from the concerned departments

The Territorial Limits of the Rajamahendravaram Regional office are East Godavari District, West Godavari District in Andhra Pradesh and Yanam – a part of Pondicherry State. The following industries, establishments and factories are covered under the E.P.F and M.P Act, 1952 in the Region.

ANALYSIS OF DATA

Table 1: Industries, establishments and factories are covered under the E.P.F and M.P Act, 1952 in the Region

| S.No | Type of Industries / Establishments / Factories | S.No | Type of Industries / Establishments / Factories |
|------|---|------|---|
| 1. | Cement | 43. | Brushes |
| 2. | Cigarettes | 44. | Plastics Products |
| 3. | Electrical , Mechanical Or General Engineering | 45. | Stationery Products |
| 4. | Iron And Steel | 46. | Aerated Water |
| 5. | Paper | 47. | Distilling –Rectifying |
| 6. | Textiles | 48. | Paints-Varnish |
| 7. | Edible Oil -Fat | 49. | Bone Crushing |
| 8. | Sugar | 50. | Pickers |
| 9. | Rubber Products | 51. | Milk Products |
| 10. | Electricity (G,T,D.) | 52. | Non Ferrous Metal And |
| 11. | Tea | 53. | Bread |
| 12. | Printing | 54. | Stemming Or Redrying |
| 13. | Stoneware Pipes | 55. | Agarbatti |
| 14. | Sanitary Ware | 56. | Coir |
| 15. | Elect. Porcelain | 57. | Tobacco Industry |
| 16. | Refractories | 58. | Paper Products |
| 17. | Tiles | 59. | Salt |
| 18. | Matches | 60. | Linoleum |
| 19. | Glass | 61. | Indoleum |
| 20. | Heavy-Fine Chemicals | 62. | Explosives |
| 21. | Indigo | 63. | Jute |
| 22. | Lac/Shellac | 64. | Fire Works |
| 23. | Non Edible Oil/Fat | 65. | Tant Making |
| 24. | Mineral Oil Refining | 66. | Rerro Manganese |
| 25. | Indl-Power Alcohol | 67. | Ice Or Ice Cream |
| 26. | Asbestos Cement | 68. | Winding Thread Yarn |
| 27. | Biscuit Making | 69. | Cotton Ginning |
| 28. | Mica Mines -Mica | 70. | Kattha Making |
| 29. | Plywood | 71. | Beer Mfg |
| 30. | Automobile Servicing | 72. | Garments Making |
| 31. | Rice Milling | 73. | Beedi Making |
| 32. | Dal Milling | 74. | Ferro Chrome |
| 33. | Flour Milling | 75. | Diamond Cutting |
| 34. | Starch | 76. | Myrobalan-Veg |
| 35. | Petroleum /Nat.Gas | 77. | Bricks |
| 36. | Leather Products | 78. | Asbestos |
| 37. | Stoneware Jars | 79. | Iron Ore Pellets |
| 38. | Crockery | 80. | Cinema Theatres |
| 39. | Fruits-Veg | 81. | Gaur Gum Factorles |
| 40. | Cashwnuts | 82. | Marble Mines |
| 41. | Confectionery | 83. | Diamond Saw Mills |
| 42. | Buttons | | |



The following Benefits /Schemes are provided under E.P.F. and M.P Act 1952.

- the Provident fund
- Employees 'Pension Scheme , 1995
- Employees' Deposit –Linked Insurance Scheme,1976

E.P.F Schemes in the study area

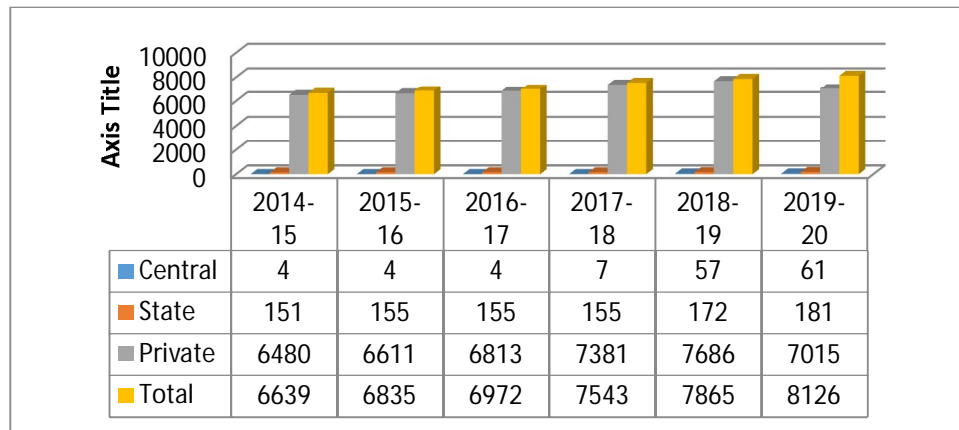
Table 1 reveal the number of Industries/ Establishments covered under the Schemes in Rajamahendravaram Region. It is found that about 6639 Industries/ Establishments covered under the Schemes in 2014-15 and increased to 8126. Most of the are established in private sector.

5. Establishments covered under the

Table 1(a). No. of Industries/ Establishments covered under the Schemes in Rajamahendravaram Region

| S.No | Year | Central Govt. Industries | State Govt. Industries | Private Industries | Total |
|------|---------|--------------------------|------------------------|--------------------|-------|
| 1. | 2014-15 | 4 | 151 | 6480 | 6639 |
| 2. | 2015-16 | 4 | 155 | 6611 | 6835 |
| 3. | 2016-17 | 4 | 155 | 6813 | 6972 |
| 4. | 2017-18 | 7 | 155 | 7381 | 7543 |
| 5. | 2018-19 | 57 | 172 | 7686 | 7865 |
| 6. | 2019-20 | 61 | 181 | 7015 | 8126 |

Figure-1 Industries/ Establishments covered under the E.P.F Schemes



6. Employees covered

Table 2 explain the No. of Employees covered under the E.P.F Schemes in the

Region in the last six years. There were 4, 41,892 in 2014-15 and increased to 6,22,070 in 2019-20.



2. No. of Employees covered under the E.P.F Schemes in the Region in the last six years.

| S. No. | Year | No. of Employees Covered |
|--------|---------|--------------------------|
| 1. | 2014-15 | 4,41,892 |
| 2. | 2015-16 | 4,81,611 |
| 3. | 2016-17 | 5,07,139 |
| 4. | 2017-18 | 5,60,131 |
| 5. | 2018-19 | 5,66,032 |
| 6. | 2019-20 | 6,22,070 |

7. **Amount of money collected as contribution:** It is further found that Rs. 2355600000 lakhs was collected as contribution in 2014-15 and it was rose to Rs. 3939300000 lakhs in 2017-19. But it was declined to Rs. 3133100000 lakhs in 2019-20 (table 3).

Table 3. Amount of money collected as contribution in the last six years.

| S.No | Year | Total Amount in lakhs |
|------|---------|-----------------------|
| 1. | 2014-15 | 2355600000 |
| 2. | 2015-16 | 1288600000 |
| 3. | 2016-17 | 2273100000 |
| 4. | 2017-18 | 3535300000 |
| 5. | 2018-19 | 3939300000 |
| 6. | 2019-20 | 3133100000 |

8. **Amount of money disbursed**

As per the table 4, the amount was disbursed in three major heads like E.P.F, pension and insurance. Most of the amount was disbursed for EPF during 2014-2020. The share of EPF was 61.16% in 2014-15 and increased to 88.58% in 2019-20. The share of pension was 37.14% in 2014-15 and increased to 9.09% in 2019-20. The share of insurance was 1.9% in 2014-15 and increased to 2.33% in 2019-20

Table 4. The amount of money disbursed under various Schemes in the last six years.

| S.No | Year | E.P.F | Pension | Insurance | Total (in lakhs) |
|------|---------|------------|-----------|-----------|------------------|
| 1. | 2014-15 | 1126900000 | 684300000 | 31200000 | 1842400000 |
| % | | 61.16 | 37.14 | 1.69 | 100.00 |
| 2. | 2015-16 | 530800000 | 40100000 | 6200000 | 577100000 |
| 3. | 2016-17 | 1385000000 | 915700000 | 35700000 | 2336400000 |
| 4. | 2017-18 | 1952500000 | 185800000 | 53700000 | 2191700000 |
| 5. | 2018-19 | 1904700000 | 247200000 | 61700000 | 2213600000 |
| 6. | 2019-20 | 2680500000 | 275200000 | 70400000 | 3026100000 |
| % | | 88.58 | 9.09 | 2.33 | 100.00 |

9. Local /Branch Offices and staff in Rajamahendravaram Region

At present Rajamahendravaram Region has three branches namely- Kakinada (East Godavari District), Bhimavaram (West Godavari District) and Eluru (West Godavari District).



Table 5. There are three Local /Branch Offices in Rajamahendravaram Region.

| S.No | Place | No. of Offices. |
|------|--------------------------------------|-----------------|
| 1. | Kakinada (East Godavari District), | 1 |
| 2. | Bhimavaram (West Godavari District), | 1 |
| 3. | Eluru (West Godavari District), | 1 |
| | Total | 3 |

The total number of staff was 98 members. Of which 3 members are managerial cadre and remaining are others.

Table 6.No. of Employees are working in Rajamahendravaram Regional office.

| S.No | Year | Managerial | others | Total |
|------|---------|------------|--------|-------|
| 1. | 2019-20 | 3 | 95 | 98 |

About 4 enforcement officers are working in Rajamahendravaram Region. They placed each at Rajamahendravaram (East Godavari District), Kakinada (East Godavari District), Eluru (West Godavari District), and Bhimavaram (West Godavari District),

Table 7. No. of Enforcement officers working in Rajamahendravaram Region.

| S.No | Place | No. of Officers |
|------|--|-----------------|
| 1. | Rajamahendravaram (East Godavari District), | 1 |
| 2. | Kakinada (East Godavari District), | 1 |
| 3. | Eluru (West Godavari District), | 1 |
| 4. | Bhimavaram (West Godavari District), | 1 |
| | Total | 4 |

10. Amount of Pension (E.P.F) Payable

Under the schemes, Rs.1000 pays as minimum Amount of Pension and maximum amount calculate basing on the salary and the service.

Table 8.The Amount of Pension (E.P.F) Payable to the Pensioners

| S.No | Minimum Amount of Pension | Maximum Amount of Pension |
|------|---------------------------|--|
| 1. | Rs 1000/- | Rs. $\frac{15000}{70} \times \text{No. of years of Service}$ |



The Pensionable Age is considered while fixing pension. Before 50 years. After 50 years, it has half and after 58 years, it may be full.

Table 9. The Pensionable Age and Rate of Pension.

| S.No | Completed Years of Age | Rate of Pension |
|------|------------------------|-----------------|
| 1. | Before 50 years | Nil |
| 2. | After 50 years | Half |
| 3. | After 58 years | Full |

11. Employees Awareness on E.P.F schemes

Table 10 reveal the awareness of E.P.F schemes among employees. About 65% have awareness on Only E.P.F Scheme followed by Only Pension Scheme (11%), only Deposit linked insurance Scheme (6%) and all Schemes (18%).

Table 10. Awareness of E.P.F schemes among employees.

| S.N | Schemes | No. of Respondents Aware | Per cent |
|-----|--------------------------------------|--------------------------|----------|
| 1. | Only E.P.F Scheme | 650 | 65% |
| 2. | Only Pension Scheme | 110 | 11% |
| 3. | Only Deposit linked insurance Scheme | 060 | 6% |
| 4. | All Schemes | 180 | 18% |
| | Total | 1000 | |

Table 11 explains the opinion of employees about the cooperation of E.P.F authorities at the time of claims. It is observed that 45% of employees satisfied about the cooperation of E.P.F authorities at the time of claims.

Table 11:

Opinion of Employees about the cooperation of E.P.F authorities at the time of claims

| S.N | Opinion | No. of Employees | Percentage |
|-----|---------------|------------------|------------|
| 1. | Satisfied | 450 | 45 % |
| 2. | Not Satisfied | 460 | 46 % |
| 3. | Can't say | 090 | 9 % |
| | Total | 1000 | - |

Table 12 reveals opinion of Employees about the Cooperation of Managements of Industries / Establishments at the time of claims. It is observed that 34% of employees satisfied about the Cooperation of Managements of Industries / Establishments at the time of claims.



Table 12.
Opinion of Employees about the Cooperation of Managements of Industries / Establishments at the time of claims

| S.N | Opinion | No. of Employees | Percentage |
|-----|---------------|------------------|------------|
| 1. | Satisfied | 340 | 34 % |
| 2. | Not Satisfied | 480 | 48 % |
| 3. | Can't say | 180 | 18 % |
| | Total | 1000 | - |

Table 13 explains the opinion of Employees about the Cooperation of Trade Union Leaders at the time of claims. It is observed that 38% of employees satisfied about the Cooperation of Trade Union Leaders at the time of claims.

Table 13: Opinion of Employees about the Cooperation of Trade Union Leaders at the time of claims

| S.N | Opinion | No. of Employees | Percentage |
|-----|---------------|------------------|------------|
| 1. | Satisfied | 380 | 38 % |
| 2. | Not Satisfied | 545 | 54.5 % |
| 3. | Can't say | 075 | 07.5 % |
| | Total | 1000 | - |

Table 14 explains the opinion of Employees about the amount of Pension. About 8% satisfied about the amount of Pension.

Table 14: Opinion of Employees about the amount of Pension

| S.N | Opinion | No. of Employees | Percentage |
|-----|---------------|------------------|------------|
| 1. | Satisfied | 80 | 08 % |
| 2. | Not Satisfied | 900 | 90% |
| 3. | Can't say | 20 | 02 % |
| | Total | 1000 | - |

Table 15 explains the opinion of Employees about the Minimum amount of Pension in the light of old age pension payable by the Government to the Senior Citizens in our Country as the People of Andhra Pradesh are Getting ₹ 2.250 /- every month. About 95% of employees satisfied about the minimum amount of Pension to be enhanced and 0.45% are found that minimum amount of Pension need not be enhanced.



Table 15. Opinion of Employees about the Minimum amount of Pension in the light of old age pension payable by the Government to the Senior Citizens in our Country as the People of Andhra Pradesh are Getting ₹ 2.250 /- every month.

| S.N | Opinion | No. of Employees | Percentage |
|-----|--|------------------|------------|
| 1. | Minimum amount of Pension to be Enhanced | 950 | 95 % |
| 2. | Minimum amount of Pension need not be Enhanced | 045 | 0.45% |
| 3. | Can't say | 005 | 0.05 % |
| | Total | 1000 | - |

Table 16 explains the opinion of Trade Union Leaders about the Cooperation authorities in the Implementation of E.P.F. Schemes. About 64% of the employees satisfied about the Cooperation authorities in the Implementation of E.P.F. Schemes.

Table 16. Opinion of Trade Union Leaders about the Cooperation authorities in the Implementation of E.P.F. Schemes

| S.N | Opinion | No. of Employees | Percentage |
|-----|---------------|------------------|------------|
| 1. | Satisfied | 640 | 64 % |
| 2. | Not Satisfied | 320 | 32 % |
| 3. | Can't say | 040 | 04 % |
| | Total | 1000 | - |

Table 17 explains the opinion of Trade Union Leaders about the Performance of E.P.F Authorities in the extension of E.P.F. Schemes to more Industries Establishments. About 24% of the employees satisfied about the Performance of E.P.F Authorities in the extension of E.P.F. Schemes to more Industries Establishments.

Table 17. Opinion of Trade Union Leaders about the Performance of E.P.F Authorities in the extension of E.P.F. Schemes to more Industries Establishments

| S.N | Opinion | No. of Employees | Percentage |
|-----|---------------|------------------|------------|
| 1. | Satisfied | 240 | 24 % |
| 2. | Not Satisfied | 730 | 73 % |
| 3. | Can't say | 030 | 03 % |
| | Total | 1000 | - |

Table 18 reveal the opinion of Trade Union Leaders about the Enhancement of E.P.F local / branch offices in Rajamahendravaram Region. About 86% to be enhanced and need not be enhanced (13%).



Table 18. Opinion of Trade Union Leaders about the Enhancement of E.P.F local / branch offices in Rajamahendravaram Region.

| S.No | Opinion | No. of Employees | Percentage |
|------|----------------------|------------------|------------|
| 1. | To be Enhanced | 860 | 86 % |
| 2. | Need not be Enhanced | 130 | 13 % |
| 3. | Can't say | 010 | 0.01 % |
| | Total | 1000 | - |

12. Summary Findings

A Socio-Legal survey on the implementation of E.P.F Schemes in Rajamahendravaram region was conducted to find out the awareness and implementation of E.P.F Schemes in the Region. It is found that about 6639 Industries/ Establishments covered under the Schemes in 2014-15 and increased to 8126. Most of them are established in private sector. There were 4, 41,892 in 2014-15 and increased to 6,22,070 in 2019-20. It is further found that Rs. 2355600000 lakhs was collected as contribution in 2014-15 and it was rose to Rs. 3939300000 lakhs in 2017-19. But it was declined to Rs. 3133100000 lakhs in 2019-20. Most of the amount was disbursed for EPF during 2014-2020. The share of EPF was 61.16% in 2014-15 and increased to 88.58% in 2019-20. The share of pension was 37.14% in 2014-15 and increased to 9.09% in 2019-20. The share of insurance was 1.9% in 2014-15 and increased to 2.33% in 2019-20. The total number of staff was 98 members. Of which 3 members are managerial cadre and remaining are others. Under the schemes, Rs.1000 pays as minimum Amount of Pension and maximum amount calculate basing on the salary and the service. The Pensionable Age is considered while fixing pension. Before 50 years. After 50 years, it has half and after 58 years, it may be full. About 65%

have awareness on Only E.P.F Scheme followed by Only Pension Scheme (11%), only Deposit linked insurance Scheme (6%) and all Schemes (18%). It is observed that 45% of employees satisfied about the cooperation of E.P.F authorities at the time of claims. It is observed that 34% of employees satisfied about the Cooperation of Managements of Industries / Establishments at the time of claims.

It is observed that 38% of employees satisfied about the Cooperation of Trade Union Leaders at the time of claims. About 95% of employees satisfied about the minimum amount of Pension to be enhanced and 0.45% are found that minimum amount of Pension need not be enhanced. About 64% of the employees satisfied about the Cooperation authorities in the Implementation of E.P.F. Schemes. About 24% of the employees satisfied about the Performance of E.P.F Authorities in the extension of E.P.F. Schemes to more Industries Establishments. About 86% to be enhanced and need not be enhanced (13%).

13. Conclusion

The attempts made in Free India, are visible from the Employees State Insurance act, 1948, Employees Provident Fund Act, 1952, Maternity



Benefits Act, 1976 and Payment of Gratuity Act, 1972. India has also ratified ILO convention 102 to the extent of providing social security to the working class. The Article 43 of the Indian Constitution also speaks of the same. A major step towards social security has been taken for the provident fund subscribers with the introduction of Employees Pension scheme, 1995. Basing on the findings of the study it is suggested that

- Creation of awareness among the Employees, Trade Unions ,Managements on E.P.F. Act/ Rules essential
- Conducting of Training and Orientation Programmes on the E.P.F Law
- Introduction of simplified method of claims to the employees and their family Members
- The minimum amount of pension should be enhanced to ₹ 5000 as government is paying ₹ 2.250 as old age pension to the senior citizens and most of the E.P.F. Pensioners are Getting only ₹ 1000/
- Appointment of E.P.F Mitras Like Bank Mitras to assist the employees and their family members in getting the claims form the E.P.F.O.at the Local / Branch Offices and Regional Offices

- Efficient or Proper Communication about Contributions and claims to the Employees and their Family Members should be provided.
- The Rate of Interest payable on E.P.F and Pension amount should be increased time to time

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