

ANNUAL REPORT ON THE WORKING OF THE EMPLOYEES PROVIDENT FUND SCHEME, 1961 FOR THE YEAR 2012-13

INTRODUCTION & SCOPE: -

The Employees Provident Fund Scheme 1961 extended to whole of J&K State beginning with 67 factories and other establishment in 1961. By the end of March, 2013 11360 establishments/units have been brought under the purview of the Act. Every establishment which is a factory engaged in any industry specified in Schedule I having ten or more employees, is required to comply with the provisions of the Act. No distinction is made between the establishments of Private Sector and those of the Public Sector while enforcing the Act.

ELIGIBILITY FOR MEMBERSHIP OF THE FUND: -

An employee in a covered factory/establishment other than an excluded employee is eligible for the membership of the fund provided his/her basic wages dearness allowance including cash value of any food concession and retaining allowance does not exceed Rs.10,000/- per month. In case his/her wages with allowance etc. increases with the passage of time, he/she shall continue to subscribe up to the pay limit of Rs.10,000/- per month with a matching equal share of contributions from the employer.

CONTRIBUTIONS: -

The rate of contributions payable by the employer was 8.33% of basic wages, dearness allowances and retaining allowance (if any), which after amending Section 7 & Para 29 of the Act/Scheme was raised to 12%. The contribution payable by the employee is equal to the contributions payable by the employer. However, under Section 7 of the Act and Rule 29 of the Scheme, Provident Fund Commissioner can allow a member if he so desires to contribute his own share up to 14%, but the contribution of the employers in such cases remains restricted to 12% only. The Organization received Rs. 174.78 crore during the year 2012-13 on account of contributions including refund of withdrawals and settled 20965 Advance/Refund claims involving the payment of Rs.109.00 crores.

FINAL SETTLEMENT OF CLAIMS: -

Under the scheme a member can withdraw full amount standing at his/her credit in the fund with the following reasons: -

- a) Retirement from services after attaining the age of superannuation.
- b) Total and permanent incapacity for work caused due to bodily or mental infirmity.
- c) Leaving the state for permanent settlement abroad or in any other part of India outside the state.
- d) Termination of service in case of mass or individual retrenchment.
- e) Voluntary retirement.
- f) Retrenchment under Industrial Dispute Act 1947.

- g) Transfer of Provident Fund Accumulations of a member in the event of closure of a factory/establishment in which he/she is employed. In case of death of a member, the payment is made to his/her nominee or legal heirs.
- h) Resignation/left service on his own accord after six months from the date of leaving the service.

Details of contributions received, payments made & claims settled for the last three years is given as under:-

Year	Contributions including Refund of Withdrawals Received (Rupees in Crores)	Advance/Refund/Death claims settled		Payments made (Rupees in Crores)
		Adv.	Refund/Death	
2010-11	124.30	3546	13390	73.55
2011-12	151.62	3945	15418	105.90
2012-13	174.78	4708	16257	109.01

COVERAGE:

During the period under report efforts were made to bring all the coverable factories/establishments/Educational Institutions within the purview of the Act in order to benefit more and more workers working in private sector as well as in Public Sector establishments. During the year under report 757 units were covered bringing the total number of units to 11366 with a total membership of 474212. The achievements of the Organization with regard to coverage of units during the last three years is as under:-

Year	Units covered	Total Units covered	Membership Involved	Total Live Membership
2010-11	598	9856	32213	190954
2011-12	750	10606	46314	221967
2012-13	757	11366	59687	280840

EMPLOYEES DEPOSIT LINKED INSURANCE SCHEME:

The employees deposit linked insurance scheme was introduced in the J&K State in the year January 2000 on the Central pattern vide SRO No.464 dated: - 14.12.2000. Under this Scheme every employer has to deposit 1% of basic wages, dearness allowances and retaining allowance (if any) in favour of his employees. The amount is not to be deducted from the salaries of the employees but is to be borne by the employers. During the last 12 years a huge number of employees have been benefited by the Scheme.

During the year under report the Organization received an amount of Rs.746.93 lacs under Employees Deposit Linked Insurance, Scheme and payments of Rs. 17.33 lacs was made to the subscribers under this Scheme. The progress report for the last three years is as under:-

The details of receipts, payments and investments during the last three years are as under:-

(Rupees in Lacs)

Year	Receipts	Payments	Investments
2010-11	462.22	16.95	434.37
2011-12	377.42	19.44	468.81
2012-13	746.93	17.33	615.53

Number of units covered under the EDLI Scheme during the year 2012-13
(Kmr.206+Jammu328)= 534

BANKING ARRANGEMENT:-

Accounts have been operated in J&K Bank Ltd. Residency Road Srinagar, J&K Bank Ltd. Shalimar Road, Jammu and main Branch Kathua for receiving the Provident Fund Money on account of contributions, Administrative Charges and Employees Deposit Linked Insurance. Employers however have the facility to remit the Provident Fund money in any branch of J&K Bank which gets credited into the relevant accounts in J&K Bank Ltd. Residency Road Srinagar, Shalimar Road Jammu and Main Branch Kathua. At present 12 accounts of the Organization are operative in J&K Bank.

INVESTMENT:-

The Board of Trustee in its 76th meeting resolved that the investments of Provident Fund Money should continue to be made as per the Para 52 of the Scheme. However, the guidelines issued by the Finance Department are also to be implemented as per the decision of the Board. A detailed report on classified summary of the investments as on 31.03.2013 is annexed herewith as **annexure 'A'**.

INCOME AND EXPENDITURE:-

The Organization receives 5% Administrative Charges on total contributions from the employers and 0.50% inspection charges from the exempted units on the total salaries of their subscribers. The income on this account is expended on the administration of the Scheme with the approval of the Board. The Organization has received Rs. 1108 lacs in the shape of Administrative charges/Inspection charges and has expended Rs. 692.55 lacs during the year on the administration of the Scheme. Details of income & expenditure for the last three years is given as under:-

(Rupees in lacs)

Year	Receipts	Expenditure
2010-11	796.42	390.93
2011-12	898.41	516.23
2012-13	1108.00	564.41

RECOVERY/ DAMAGES & PROSECUTIONS:-

Any employer who fails to comply with the provisions of J&K Employees Provident Funds Act/Scheme 1961, is prosecuted in the court of law. Besides under Section 16 of the Act damages up to the limit of 25% are imposed as penalty against the defaulting managements on belated payments which are recovered through the Collector. The detail of recovery cases, amount involved and amount recovered during the last three years is as under:-

Year	No of units referred to Collector	Amount Involved (Rupees in Lacs)	Amount Recovered (Rupees in Lacs)
2010-11	1282	781.83	69.13
2011-12	(Kmr. 848+Jammu 2)= 850	411.55	213.41
2012-13	(Kmr. 904+Jammu 3)= 907	1594.76	192.76

During the last three years damages recovered from the defaulting units on belated payments is given below: -

Year	Damages recovered on Contributions (Rupees in Lacs)	Damages recovered on Adm. charges (Rupees in Lacs)
2010-11	4.10	0.22
2011-12	4.70	0.30
2012-13	8.62	0.31

INTEREST:-

Interest is credited to the individual accounts of the members on the opening balance as per Para 59 of the scheme. The rate of interest paid to the subscribers during the last three years is as under: -

Year	Rate of Interest
2010-11	8%
2011-12	8%
2012-13	8%

AUDIT:-

The Accountant General J&K has conducted the Audit of the Provident Fund Organization up to the year 2000-2001 in the month of December, 2012 and January, 2013. The proforma of Accounts for the remaining period viz 2001-02 to 2012-13 have been prepared and sent to Chartered Accountant namely Sh. Virjinder Kumar Sharma for preparation of balance sheet. As and when the Balance sheets are received from the Chartered Accountant same shall be sent to the Accountant General, J&K for conducting the Audit of accounts of the Organization up to 2012-13.

ANNUAL ACCOUNT STATEMENTS:-

It is an important task and is being attended on top priority basis. Efforts are on to clear the backlog of Annual Account Statements within shortest possible time, which has been accumulated due to shortage of staff and also due to abnormal conditions in the recent past. Measures were taken to get the job completed by outsourcing agencies but the agencies left the job incomplete in 2011. The Hon'ble chairman Board of Trustees desired in 76th meeting that the outsourcing be continued to have the job completed and accordingly the Divisional Offices were instructed to proceed according

to the decision of the Board and now the outsourcing is on track again. Annual Account Statements issued during the last three years is detailed as under: -

Year	Total Annual Account Statement issued to the Subscribers
2010-11	25000
2011-12	174531
2012-13	98538

ADMINISTRATION: -

Labour Commissioner functions Ex-officio Provident Fund Commissioner as well. He is also Chief Executive Officer as well as Member Secretary of the Board of Trustees. A complete chart of sanctioned/existing/vacant posts of gazette/non-gazette/class IV categories of the Organization is appended to this report as '**Annexure-B**'. The subordinate staff works under the direct control of Provident Fund Commissioner.

BOARD OF TRUSTEES: -


The J&K Employees Provident Fund vests in and is administered by a tripartite Board of Trustees consisting nominees of the Government and representatives of employers and employees organizations. The Hon'ble Minister for Labour and Employment is the Chairman of the Board. List of Trustees is as under: -

- | | |
|--|-------------------------|
| 1) Hon'ble Minister for Labour & Employment | Chairman |
| 2) Commissioner/Secretary to Govt. Finance Department, nominee | Govt. |
| 3) Commissioner/Secretary to Govt. Industries & Commerce | -do- |
| 4) Commissioner/Secretary to Govt. Labour Department | -do- |
| 5) Provident Fund Commissioner, J&K Secretary | Member- |
| 6) Managing Director J&K Industries Limited Representative | Employer |
| 7) President Chamber of Commerce & Industries Jammu | -do- |
| 8) President Chamber of Commerce & Industries Kashmir | -do- |
| 9) President, Indian National Trade Union Congress, J&K | Employee Representative |
| 10) President, State Central Labour Union, J&K, Srinagar | -do- |
| 11) President, All India Trade Union Congress, J&K | -do- |

CONCLUSION: -

The period under report witnessed some progress and improvement in the performance although the Organization faces acute shortage of staff having some 78 vacancies in different categories. With a view to provide services at the door steps of workers and to cope-up with the increase in work load 6 more offices have been opened at district level with the existing staff available at Divisional Offices. However, to strengthen the District Offices a detailed exercise has been made and a proposal is being placed before the Board for computerization, on-lining connectivity, creation of posts and creation of infrastructure for these offices so that services can be delivered in an effective and efficient manner to the P. F. Subscribers.

The Organization acknowledges the co-operation of the Government, Hon'ble Board members, Employers' and Employees' Associations in the enforcement and administration of J&K Employees Provident Funds Act/Scheme 1961.


(Nirmal Sharma)IAS
SECRETARY
Board of Trustees EPF,
(Provident Fund Commissioner J&K)