

ANNUAL REPORT
ON
THE WORKING OF THE
EMPLOYEES' PROVIDENT FUNDS SCHEME
for the year 1960-61

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At the end of March, 1961 the Employees' Provident Funds Scheme completed over eight years of its existence. Framed under the Employees' Provident Funds Act, the Scheme provides for compulsory contributory provident fund for workers in the specified industries.

2. Scope

The Act applies to all the States and the Union Territories in India except the State of Jammu and Kashmir. Initially applicable to six well organised industries, the Act had covered 47 industries by the close of the period under review, the recent additions during the year being Mica factories, Mica mines, Plywood industry, Automobile servicing and repairing industry, Cane farms owned by the proprietor of a sugar factory and Rice, Dal (pulses) and Flour milling industries. Since April, the Act has further covered Starch industry, Hotels, Restaurants, Petroleum or natural gas exploration, prospecting, drilling or production, Petroleum or natural gas refining, Establishments engaged in

storage or transport or distribution of petroleum or natural gas or products of either petroleum or natural gas, Cinemas including preview theatres, Film studios, Film production concerns, Distribution concerns dealing with exposed films, Film producing laboratories and Leather and leather products industry. A complete list of industries covered under the Act is given in Annexure 'A' at the end of this report. The Board expresses its satisfaction at the pace at which the Act is being extended to different industries.

Hitherto, the Act was applicable to such establishments in notified industries, as employed fifty or more persons (twenty in the case of newspaper establishments) if these had completed three years of their existence. In the recent past there were persistent demands from workers in smaller units for lowering of the employment limit for the purpose of coverage of an establishment. The Act was accordingly amended suitably and the amending provisions

came into force with effect from the 31st December, 1960. The Act now applies to an establishment employing 20 or more persons. It does not, however, apply to any establishment registered under the Co-operative Societies Act, 1912 or any other law relating to Co-operative Societies, if the establishment employs less than fifty persons and works without the aid of power. It is estimated that the lowering of the employment limit from 50 to 20 may cover in due course an additional two lakhs of employees in about 8,000 establishments. Since the amendment of the Act till the end of March, 1961 nearly 4,000 additional establishments and 1.11 lakhs additional subscribers have been covered mainly as a result of this amendment.

Furthermore, different departments or branches of an establishment covered under the Act will also be treated as parts of the same establishment and the employment strength of the branches is to be included in computing this limit of twenty persons.

3. Other Amendments of the Act

The other main amendments of the Act are as under:—

- (a) An establishment once covered under the Act will continue to be so covered

despite reduction in the employment strength below twenty, except where the employment strength is reduced to less than fifteen and remains so for a continuous period of not less than one year.

- (b) Provident Fund has been made payable on 'retaining allowance', paid usually in sugar factories and other seasonal establishments, to an employee in off-season for retaining his service.
- (c) Establishments employing 20 or more but less than 50 persons will not attract the provisions of the Act until the expiry of 5 years from the date the manufacturing process started.

4. Recent Amendments of the Scheme

- (a) Till now a member could get an advance to meet expenses in connection with his serious or prolonged illness or that of a member of his family and for financing his life insurance policy. With effect from the 2nd April, 1960, the Scheme has been amended enabling a member to get a

non-refundable advance for the purchase of a dwelling house, or a dwelling site or for construction of a dwelling house or for allotment of a tenement, constructed or to be constructed, under the Subsidised Housing Scheme for Industrial Workers.

- (b) Hitherto, a member who had withdrawn the full amount standing to his credit on retirement on account of permanent and total incapacity for work due to bodily or mental infirmity, had been debarred from becoming a member of the Fund again. The Scheme has been amended with effect from the 24th December, 1960, enabling such an employee to re-enrol as a member of the Fund.
- (c) An employee employed by a contractor in any operation not directly connected with any manufacturing process carried on in a factory or in an establishment was not eligible to become a member of the Fund. The Scheme has been amended with effect from the 10th December, 1960 whereby the principal employer has been

made responsible for complying with the provisions of the Act and the Scheme in respect of an employee, employed by, or through, a contractor in, or in connection with the work of an establishment.

5. Eligibility for membership of the Fund

An employee in a covered establishment other than an excluded employee is eligible for membership of the Fund provided his basic wages including dearness allowance, retaining allowance and cash value of food concession (if any) do not exceed Rs. 500 per month. An individual whose emoluments exceed Rs. 500 per month subsequent to his becoming a member of the Fund can contribute *ad valorem* if he so desires and his employer agrees. The qualifying period for membership of the Fund continues to be one year's continuous service or 240 days' actual work during a period of 12 months or less. The number of subscribers increased steadily from about 27 lakhs as in the last year to nearly 30 lakhs.

6. Contributions

The rate of contribution by members continues to be $6\frac{1}{4}\%$ of basic wages, dearness

allowance, retaining allowance and cash value of any food concession. An equivalent sum is contributed by the employer. A member may if he so desires voluntarily contribute as his own share upto 8-1/3%; the contribution of the employer in such a case remains restricted to 6½%. During the year, about 32,000 members were thus contributing voluntarily at a higher rate. Contributions are rounded off to the nearest quarter of a rupee. Total contributions received during this year inclusive of past accumulations received in cash amounted to Rs. 20.3 crores as against Rs. 16.36 crores received during the previous year. In addition, past accumulations in the shape of securities amounting to Rs. 0.9 crore were also received.

7. Enhancement of rate of contributions

The proposal to increase the rate of contribution from 6½% to 8-1/3% in respect of the four of the six industries initially covered under the Act has been referred by Government to a specially constituted Technical Committee under the Chairmanship of Shri M. R. Meher, President, Industrial Court, Bombay for holding an investigation as to which of these industries are unable to bear the additional financial burden. The report in respect of four industries, viz.,

Paper, Cigarettes, Electrical, mechanical or general engineering products, and Iron and Steel was received by Government in June, 1961 and is being studied. The employers' representatives on the Board were of the view that the expenses on the Technical Committee should be met by Government and not by the Fund.

8. Central Board of Trustees

The Central Government have constituted a tripartite Board of Trustees for administering the Fund. The Fund vests in and is administered by the Board, a body corporate, consisting of Government nominated Chairman, nominees of the Central Government and State Governments, and representatives of All India Employers' and Employees' Organisations. Shri K. N. Subramanian, Joint Secretary, Ministry of Labour and Employment continued as the Chairman, and Shri S. N. Mubayi as Central Provident Fund Commissioner and Chief Executive Officer of the Board. The Board held two meetings at New Delhi in October, 1960 and March, 1961. Some of their important decisions are given below:

- (i) The facility of financing life insurance policy be restricted to a member of at

least 3 years' standing so as to reduce the number of lapsed policies.

- (ii) A team of two officers be trained by the Productivity Centre, Bombay in efficiency methods under the Central Provident Fund Commissioner's guidance, to make proposals for increasing the efficiency of the regional offices.
- (iii) Before advancing a loan to a member of the Fund for serious or prolonged illness, the genuineness of the illness be certified by a Medical Board constituted by the Central Board of Trustees; such Boards be constituted at a maximum of 3 or 4 places in each region and certificates issued by these medical boards only be accepted. It was also decided that the expenses of the medical board be met by the Fund, wholly in genuine cases and 75% in other cases; 25% charges to be paid by the applicant member to the medical board in advance as a token of his genuine need, the amount to be refunded if the case was found to be genuine.
- (iv) It be examined whether it was possible

to grant exemption to establishments more freely.

9. Special Reserve Fund

Government had issued instructions approving the Board's suggestion that a Special Reserve Fund be created by an initial transfer of Rs. 20 lakhs from the Reserve and Forfeiture Account of the Fund to relieve distress where provident fund contributions were not paid up by the employers. It was the view of the labour members of the Board that obligation of payment in such cases should not be met solely out of the Reserve and Forfeiture Account. Payments from the Fund were restricted to cases of superannuation, total and permanent disability and death. It was found in practice that Special Reserve Fund was not being utilised to the desired extent and very recently Government have issued further instructions liberalizing the conditions for payment from the Special Reserve Fund. As a result, payments will be permissible in all the circumstances in which accumulations are payable to a member or his nominee/heir under paras 69 and 70 of the Scheme and subject to the provisions of these paragraphs. In such cases, the amount already paid by an employer will be paid to the worker immediately

with interest thereon and the 'balance due' representing the amount not paid by the employer, will be paid to the worker concerned from the Special Reserve Fund as follows:—

- (i) 80% of the 'balance due' shall be paid to the member or his nominee/heir immediately.
- (ii) Another 15% of the 'balance due' shall be paid to the member or his nominee/heir on recovery of 50% of the provident fund contributions defaulted by, and recoverable from, the employer.
- (iii) The remaining 5% shall be paid on recovery of the entire amount due from the employer.
- (iv) Interest payable on the instalments paid as stated above will be paid at the usual rates along with the last instalment.

During the year a sum of Rs. 0.15 lakh only had been paid to the members or their nominees/heirs out of the Special Reserve Fund. It is expected that with the liberalization of the conditions the tempo of payments from the

Special Reserve Fund will increase hereafter. It is also proposed to amend the Act, to empower and enable a Regional Commissioner to assess the contributions of a member where the employer does not submit the necessary returns.

10. Administration

The Organisation operates through a Central Office at New Delhi (which is also the Headquarters of the Central Provident Fund Commissioner and Chief Executive Officer of the Board) with fifteen regional offices, one in each State (except in the State of Jammu and Kashmir) and one at Delhi. On the bifurcation of the State of Bombay a separate regional office for the State of Gujarat started functioning at Ahmedabad with effect from the 1st September, 1960. The Central Provident Fund Commissioner also functions as a link between the Central Board of Trustees, subscribers, Employers' and Employees' Organisations on the one hand, and the Central Government on the other. Full time Regional Provident Fund Commissioners function in Maharashtra, West Bengal, Madras, Kerala and Mysore States. With the increase of work in the regional offices, part time Commissioners have been replaced by whole time officers in the States of Uttar Pradesh

and Bihar. The respective Labour Commissioners of the remaining States are performing the duties of the Regional Commissioners.

11. Establishment

The authorised strength of officers and staff of the Organisation during 1960-1961 was 2,206 as against 2,121 for the last year. Inadequate office accommodation has been posing a major problem in almost all the regions and also at the Headquarters. Expansion of the Scheme from time to time which has resulted in increased coverage, in turn increasing the staff strength, has made this problem more acute. Central Government decided recently in respect of one region that a common office building be constructed by the Employees' State Insurance Corporation for the joint use of the Employees' State Insurance Corporation and the Employees' Provident Fund Organisation. The problem of other regions may also have to be solved on similar lines. The Board has appointed an Economy sub-committee to examine the scope for effecting economy in the expenditure of the Organisation. The Sub-Committee consists of Shri A. N. Buch, (employees' representative) Shri H. P. Merchant (employers' representative)

and Shri S. N. Mubayi, Central Commissioner. The Committee's report was placed before the Board recently at their meeting held on 31st July, 1961.

Government conveyed sanction to the introduction of a pension-cum-gratuity scheme for the employees of the Organisation on the lines of the liberalized pension-cum-gratuity scheme applicable to corresponding Central Government employees. The staff already under the contributory fund rules have been allowed the option of either continuing to subscribe to the contributory provident fund or to opt for the pension-cum-gratuity Scheme. The Board's previous recommendation that in addition to Contributory Provident Fund, there should be a gratuity also at the rate of half a month's pay for each year of service, was not accepted by Government.

12. Inspections

The inspectorate staff who are entrusted *inter alia* with the enforcement of the provisions of the Scheme and the recovery of the correct dues from the employers, constitute the eyes and the ears of the Organisation. At the end of March,

1961 as many as 62 Inspectors (Grades I & II) were in position in the various regions. 1,425 and 15,342 inspections were carried out in exempted and unexempted establishments respectively. Apart from the normal inspections, the field staff were also required to inspect a large number of uncovered establishments to ascertain whether they could be covered. The field staff also devoted time to instruct the staff of the newly covered establishments in the provisions of the Act and the Scheme, and preparation of various returns. They also paid special attention to matters connected with the recovery of dues and with the conducting of prosecutions.

13. Audit

The audit of the accounts of the Fund continued to be conducted by the Comptroller and Auditor General of India with the assistance of various State Accountants-General.

14. Interest

As in the previous year, interest at 3½% on the provident fund accumulations of the members was approved by Government for the year 1961-62.

15. Investments

In order to avoid loss of interest balances in the regions are kept as low as possible. The amount collected from contributions is transferred from different branches of the State Bank of India to a Central Account with their Bombay Branch every week and an additional transfer is also effected by these branches each month at the end of the 15th, the latest date fixed for deposit of provident fund. These funds are then invested exclusively in the Central Government securities 4 or 5 times in a month through the Reserve Bank of India, which is also entrusted with safe custody of these securities.

The pattern of investment was revised in August, 1959 as under to fetch better yield:

(1) 12 years <i>N.P.S. Certificates</i>	10%
(2) 12 years <i>T.S.D. Certificates</i>	10%
(3) <i>Medium dated securities</i>	10%
(4) <i>Long dated securities</i>	70%

It has been a constant endeavour to invest provident fund money in securities giving the maximum possible yield. For this purpose the Central Commissioner held discussions during the year with senior officers of the Ministry of

Finance and the Reserve Bank of India, who agreed to the following pattern of investment:

- | | |
|----------------------------------|-----|
| (1) 12 years N.P.S. Certificates | 20% |
| (2) Long term securities | 80% |

This is expected to fetch a yield of a little over 4% p.a. in respect of future investments.

During the year a sum of Rs. 16.34 crores was invested in Central Government securities in respect of non-exempted establishments.

The yearwise yield from these investments is given below:—

	(in lakhs of Rupees.)
1952-54	13.39
1954-55	30.75
1955-56	47.42
1956-57	70.77
1957-58	109.09
1958-59	158.03
1959-60	209.22
1960-61	272.53

The percentage yield from the total investment stands at Rs. 3.81 per annum. By the end of March, 1961 a sum of Rs. 90.71 crores stood invested, including securities worth Rs. 13.57 crores received as past accumulations from the

covered establishments, out of which securities worth Rs. 0.57 crore were redeemed.

16. Refunds and Claims

Full accumulations with interest are refunded in the event of death, permanent disability, superannuation, retrenchment or migration from India for permanent settlement abroad and leaving service for any reason after completion of 15 years' membership.

In other cases, a member receives, besides his own contribution and interest thereon, a proportion of employer's share of contributions with interest thereon according to the scale given below:

Period of membership of the Fund	Percentage of employer's contribution & interest thereon refundable
(i) Less than 3 years	25%
(ii) 3 years or more but less than 5 years	50%
(iii) 5 years or more but less than 10 years	75%
(iv) 10 years or more but less than 15 years	85%
(v) 15 years or more	Full

The object of the graduated scale is to induce the worker to continue his membership of the Fund over as long a period as possible so that he receives the full benefit. The Central Government have, however, authorised full refund of employer's contribution in the following contingencies also:—

- (a) Where a factory is closed, the employees who are not retrenched but are transferred by the employer to other establishments not covered under the Act;
- (b) When the office establishment is shifted with its employees from the factory premises;
- (c) Where a member is transferred from a covered establishment to another under the same employer but not covered under the Act; and
- (d) Where employees are discharged and are given retrenchment compensation under the Industrial Disputes Act.

The number of cases of final payment has naturally been increasing from year to year.

The regional offices are generally prompt in payment. The class of employees for whom the Fund exists rarely have any savings and the destitute condition of a family where the breadwinner ceased to be gainfully employed makes it imperative that payment of accumulations should receive over-all priority. The Board is gratified that this urgency was appreciated. 1.02 lakh claims were paid up during the year involving payments of Rs. 4.27 crores.

Some of the main difficulties encountered in the settlement of the claims are summed up below:—

- (a) Non-execution of valid nominations by members;
- (b) Non-submission of statutory returns on the due dates;
- (c) Discrepancies and defects in the claim forms and statutory returns; and
- (d) Belated transfer of the amounts realised through recovery proceedings, etc.

Efforts were continued to persuade the workers to make valid nominations on their qualifying for

membership and to remove these difficulties through personal contacts by the field staff with the employers and the workers.

From the inception till the close of the year, the Organisation had paid out about Rs. 14.6 crores by way of total refunds to members on final payments involving about 4.3 lakh claims.

17. Forfeitures

Where the employer's contribution is not payable to the subscriber in full, the unpaid part together with interest is credited to the Forfeiture Account of the Fund. During the year 1960-61 a sum of Rs. 15.97 lakhs was received by the Fund on this account as against Rs. 13.98 lakhs received during the preceding year.

The concession of payment of money order commission from Forfeiture Account on remittance of provident fund to outgoing members or to their nominees, heirs, was withdrawn tentatively by the Government of India, so as to make a larger sum of money available for the Special Reserve Fund. The labour members of

the Board were against the withdrawal of this concession.

The total amount forfeited upto the close of the year stood at Rs. 72.51 lakhs. A sum of rupees twenty lakhs was transferred out of the balance of forfeited amount for the creation of the Special Reserve Fund.

18. Coverage

The number of unexempted establishments covered under the Scheme and the subscribers working in such establishments recorded an enormous increase during the year as below:—

Year ending	No. of unexempted establishments covered	No. of subscribers
31.3.60	6,551	16.66 lakhs
31.3.61	11,192	17.93 lakhs

The number of establishments covered on voluntary basis rose to 115 from last year's 95. Region-wise coverage is given in Annexure 'D'.

19. Public Undertakings

Establishments employing 50 or more persons having completed three years of their existence

and engaged in notified industries belonging to Government or Local Authorities were brought under the Act, with effect from 18th May, 1958. The implementation of the Act in these establishments posed certain difficulties not faced in the private sector. The Central Ministries exercising administrative control over these establishments represented that:—

- (i) the provident fund benefits or other retirement benefits ordinarily available in Government establishments were not less favourable than those admissible under the Employees' Provident Funds Act and the Scheme: often the benefits in Government establishments were greater than those under the Employees' Provident Funds Act;
- (ii) the accumulations of provident fund in Government establishments were kept in Government funds and the question of formal investment of such accumulations in Government securities did not arise; and
- (iii) the inspections prescribed under the Act and the Scheme could be done away

with in respect of Government establishments as their accounts were subject to periodical Government audit and there was no possibility of the provident fund amounts being withheld or otherwise misused, as they were already under Governmental control.

In view of these considerations, the Government of India has decided to issue notification under section 16(2) of the Act exempting the establishments belonging to the Central and State Governments which are being run as Government establishments with effect from 18th May, 1958 or from the date of their coverage upto the 17th May, 1963 on their satisfying, as a class, the following conditions:—

- (i) that the rate of provident fund contributions where the employees are entitled to provident fund should not be less favourable than the rate of provident fund under the Act;
- (ii) that all employees (temporary or permanent) who during a period of twelve

**EMPLOYEES' PROVIDENT FUND
NUMBER OF SUBSCRIBERS (Progressive)**

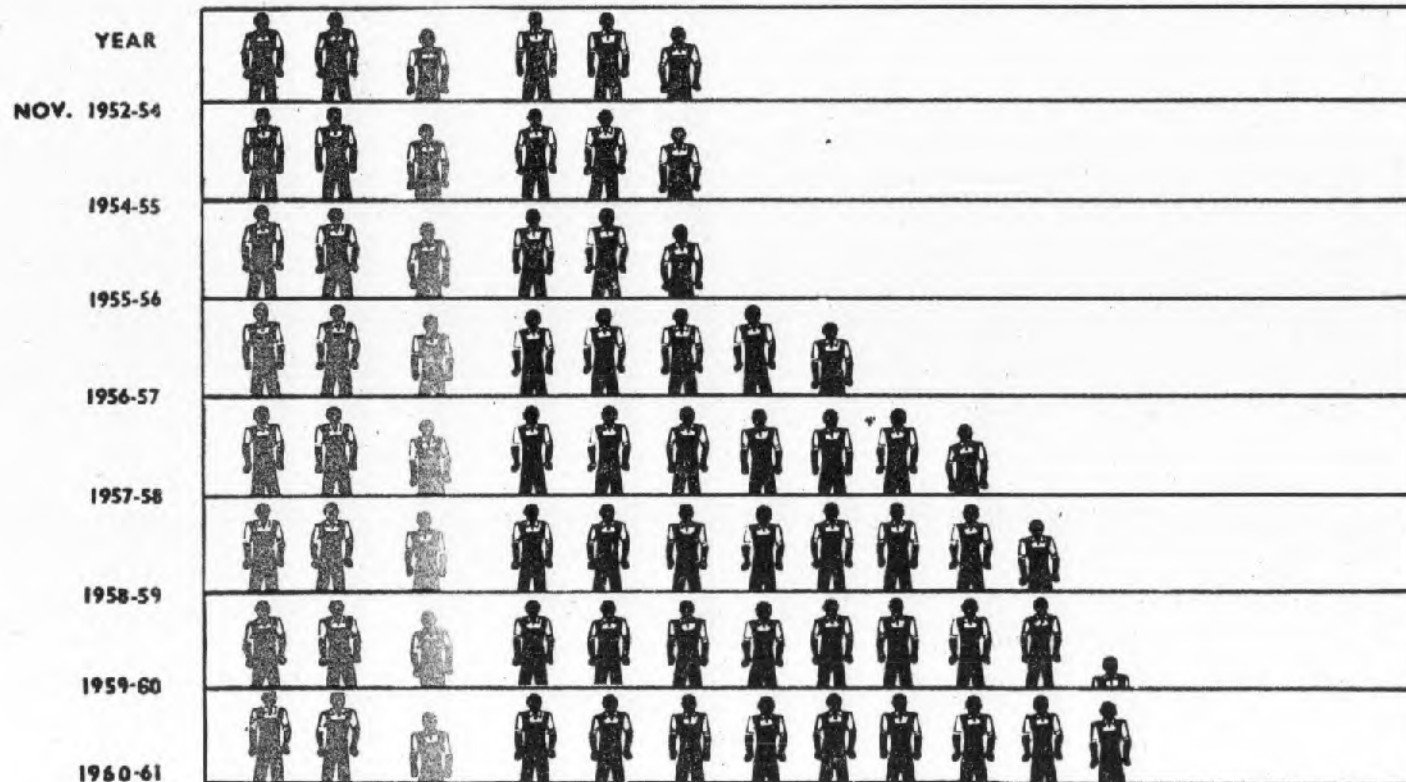


EXEMPTED



























































4.00,000 SUBSCRIBERS

UNEXEMPTED

2.00,000 SUBSCRIBERS

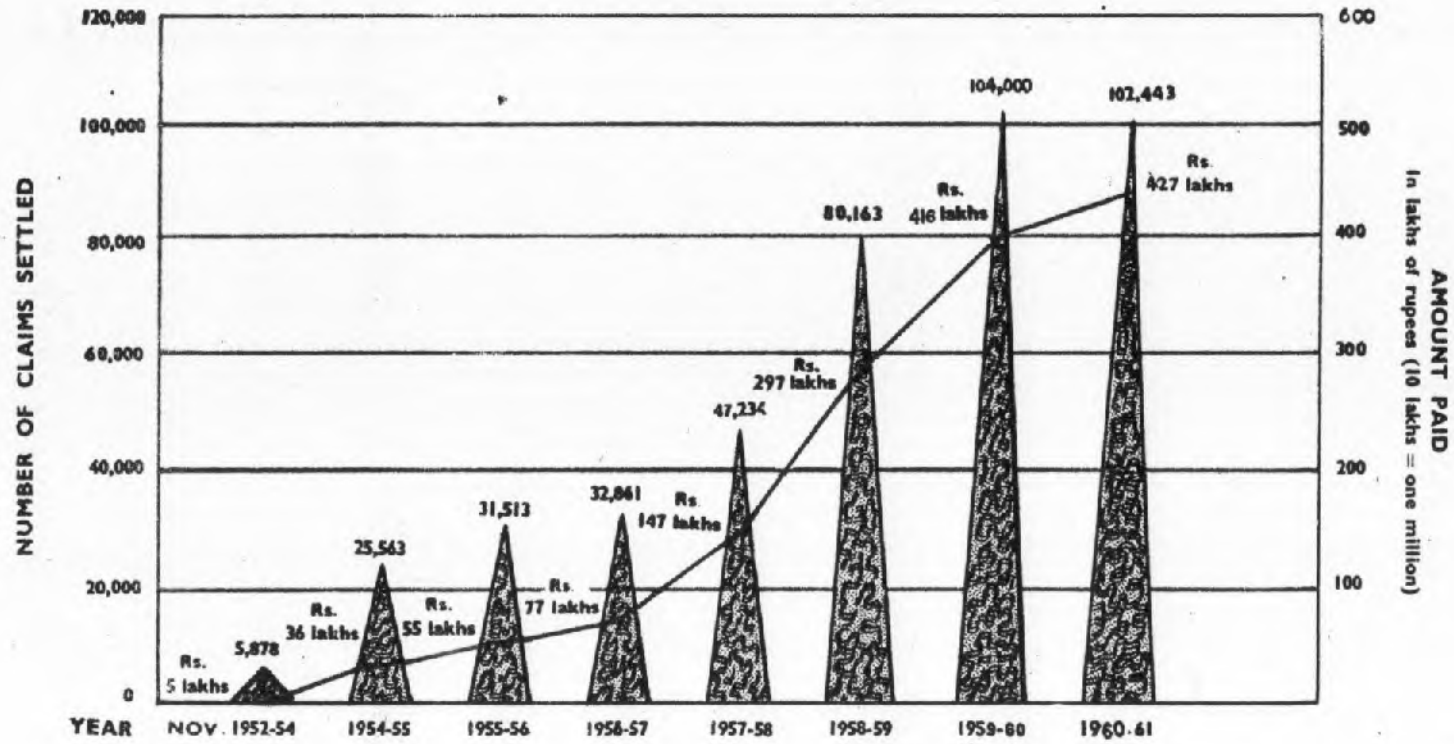


EMPLOYEES' PROVIDENT FUND
ESTABLISHMENTS COVERED (Progressive)
EXEMPTED  **UNEXEMPTED**
 500 ESTABLISHMENTS 1,000 ESTABLISHMENTS

YEAR	EXEMPTED	UNEXEMPTED
NOV. 1952-54	   	
1954-55	   	
1955-56	   	
1956-57	     	
1957-58	       	
1958-59	        	
1959-60	         	
1960-61	            	

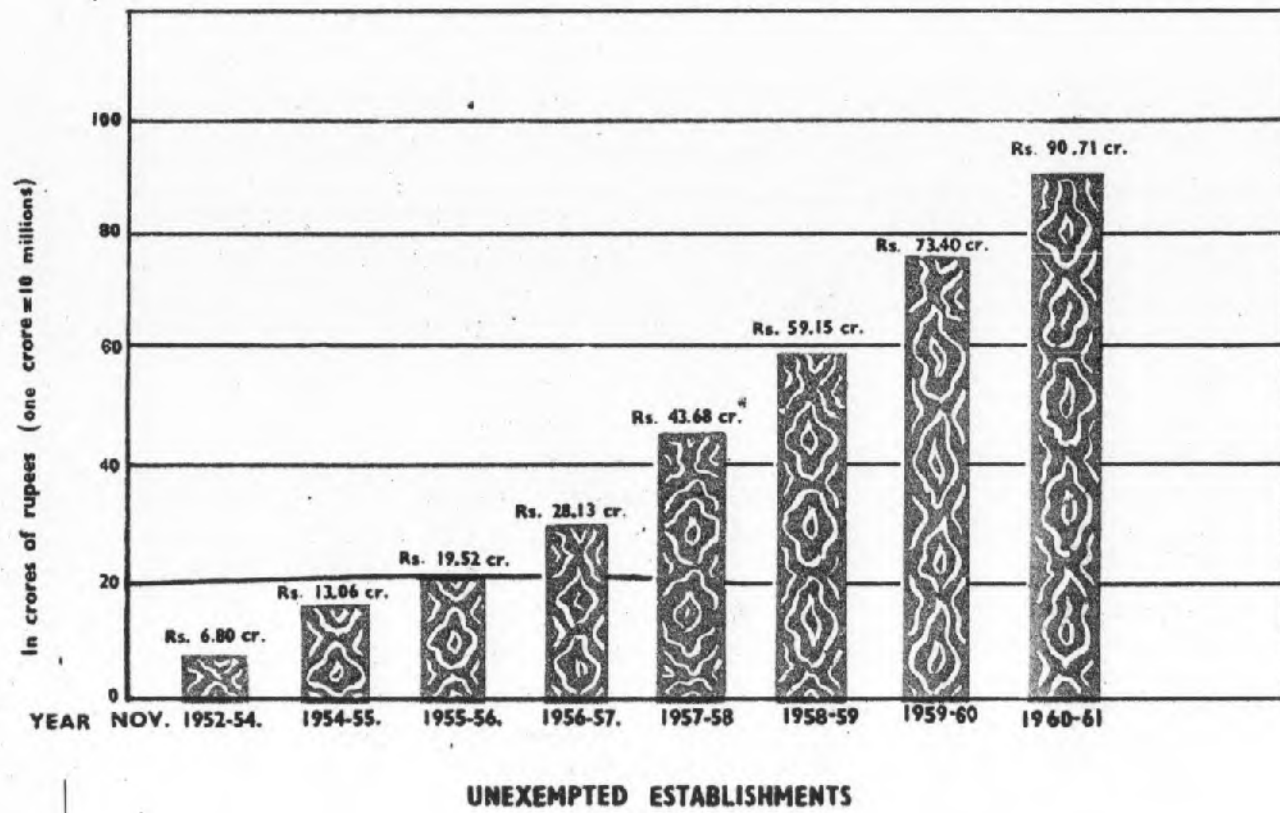
EMPLOYEES' PROVIDENT FUND
REFUND CLAIMS SETTLED AND AMOUNT PAID
 each year

REFUND CLAIMS SETTLED ▲
 AMOUNT PAID.....



UNEXEMPTED ESTABLISHMENTS

**EMPLOYEES' PROVIDENT FUND
INVESTMENTS (Progressive)
EXCLUSIVE OF AMOUNTS REFUNDED**



months have actually worked for not less than 240 days are given the benefits of contributory provident fund where such fund is provided; and

- (iii) that the employees employed by, or through a contractor in, or in connection with, the work of an establishment are also given the benefits of contributory provident fund wherever such fund is provided, on completion of 240 days' work as mentioned above and the principal employer is responsible for compliance with this condition.

The above exemption will, however, not be available to corporate bodies or companies which are distinct legal entities and not Government establishments even though owned by Government.

20. Revision of forms

In accordance with the provisions of the Scheme the employers have to be supplied free of charge, on demand, contribution cards, declaration forms and other forms referred to in the Scheme provided such forms are not in

excess of the requirements of an employer. With the increase in the number of covered establishments and subscribers, the question of revision of the various forms prescribed under the Scheme engaged special attention. The forms as they existed contained columns, etc., which were redundant or were not being made use of in the regional offices. Besides, it was found desirable to reduce the number of forms in use without affecting efficiency adversely. Accordingly, some of the existing forms were revised and a few were entirely dispensed with. The revision, etc., would reduce the amount of work for the employers as well as in the regional offices.

21. Advances & Loans

Advances for payment towards a policy of life insurance of a member are permitted under the Scheme. 35,764 members (as against 31,000 members last year) availed of this facility and a sum of Rs. 22.4 lakhs, (as against Rs. 18.74 lakhs last year) was withdrawn by the members during the year. Non-recoverable advances are also granted for purchase of a dwelling site or for construction of a dwelling house, privately, or, under subsidised Housing Scheme for Industrial Workers. A sum of Rs. 4.3 lakhs was advanced

during the year in about 434 such like cases. Certain amendments to the rules have been suggested to Government so that larger number of subscribers might avail of this benefit.

A provision was made in the Scheme in May, 1959 enabling a member of the Fund to take an advance not exceeding three months' basic wages or his own share of contribution whichever is less, to defray the medical expenses for his serious or prolonged illness or that of a member of his family. As was apprehended at the time the matter was being mooted, this concession was abused: Hence the Board's decision in October, 1960 to constitute special medical boards. Loans aggregating Rs. 1.23 crores have been paid during the year to defray medical expenses in 83,400 cases as against Rs. 1.05 crores loaned in 66,119 cases last year. This matter is under further consideration of the Board.

22. Exempted Establishments

Where an establishment has its own provident fund, gratuity or pension scheme, and if the total quantum of benefits is not less than that

under the statutory Scheme, either such an establishment can apply for exemption from the provisions of the Scheme, or its employees as a class can opt out of the Scheme. Subject to broad supervision of the Organisation, exempted establishments are permitted to run their own provident fund schemes on the following main conditions which are strictly enforced:

- (i) investment of provident fund monies exclusively in Central Government securities;
- (ii) constitution of a board of trustees with equal representation of workers and vesting of the provident fund in this board;
- (iii) the expenses of the administration to be met by the employer and not charged to the fund; and
- (iv) payment of inspection charges to the Employees' Provident Fund Organisation and giving facilities to its inspectors to make regular inspections, etc.

It will be noted that the exemption granted to establishments has well-defined limitations and the interest of the members is carefully safeguarded.

In view of the ever-increasing number of establishments being covered and consequential enormous increase in work, the Board is considering if hereafter exemptions be granted more freely, without of course, relaxing in any way the conditions governing such exemptions.

The table given below shows the extent of coverage, number of employees and subscribers in exempted establishments:—

Year ended	No. of exempted establishments	No. of employees (in lakhs)	No. of subscribers (in lakhs)	Percentage of membership
31-3-60	822	11.96	10.35	87
31-3-61	941	13.17	11.36	86

The position in respect of these exempted funds during the year is given below:—

(in crores of rupees)	
(a) Balance in hand as on 1-4-60	0.87*
(b) Provident Fund contributions due	20.9
(c) Contributions received (excluding other receipts of Rs. 13.77 crores such as proceeds of matured securities, interest earned on investments, refund of loans etc.)	20.9 ✓
(d) Investment made in Central Government Securities	17.80
(e) Amount paid to employees on account of final settlement and loans	<u>14.63</u>
(f) Balance in hand as on 31-3-61	<u>3.11*</u>

*Represents the amount to be paid for investment ordered, the authorised fund cash to meet terminal claims of provident funds and loans, etc.

The position of total investments of these exempted funds as on 31st March, 1961 is given below:—

(in crores of rupees)	
(a) Total investments made in Central Government securities	110.82
(b) Earlier investments made in other securities	2.92
(c) Amount already invested elsewhere	0.57

23. Recovery of outstanding dues

Contraventions of the provisions of the Act and the Scheme are penal. The Act sanctions two types of legal actions (i) recovery of overdues as arrears of land revenue & (ii) prosecution of defaulting employers. The Act empowers Government to realise damages from employers who fail to pay the dues in time. The damages are intended to make good the loss of interest as well as to cover additional expenses arising from belated payments.

Sustained efforts were made during the year for recovery of outstanding amounts and personal contacts with the State Governments and District Officials by the Regional Commissioners proved useful. The Board has been feeling anxious how the arrears could be reduced. As a result of tightened measures in this sphere the recovery during the year showed good progress. Against recovery cases referred during the year and the overdues of the preceding year, a sum of about Rs. 1.62 crores was recovered during the year. The regionwise break-up of these pending cases and the amount involved therein is given in Annexure B, at the end of the report.

At the close of the year the total amount of overdues including arrears of past accumulations stood at Rs. 2.38 crores. The Board notes with satisfaction the sustained progress in realization of overdues since the year 1958, when due mainly to the difficulties of the Textiles industry, the corresponding figure was Rs. 4 crores.

24. Prosecutions

In addition to recovery of overdues as arrears of land revenue, a more deterrent measure, viz., prosecution is launched against a defaulting employer. The position as regards cases filed, disposed of, pending, etc., till the end of the year is shown below:—

Launched		Disposed of	Pending in Courts	Pending with State Govts. for sanction
2,239	Convicted	971	545	166
	Acquitted	100		
	*Withdrawn	605		
	Dismissed/ Discharged	18		
2,239		1,694	545	166

*Withdrawn mainly on payment of dues along with incidental expenses in case of first offence of an employer or due to non-applicability of the Act in view of certain High Courts' decisions, etc.

The regionwise break up of prosecution cases is given in Annexure 'C' at the end of the report.

25. Income and Expenditure

The expenses of administration are met NOT from the provident fund account nor even from the interest thereon but from special levies called the Administrative and Inspection charges, collected from the employers of non-exempted and exempted establishments at the rate of 3% and $\frac{3}{4}$ % respectively on the total amount of monthly provident fund contributions.

The total income from Administrative and Inspection charges for the year 1960-61 is given below:—

	(in lakhs of rupees)	
	<i>Income</i>	<i>Expenditure</i>
(a) Administrative and Inspection charges .	72.36	
(b) Interest on investment	4.83	
(c) Damages realised on delayed remittances of Administrative and Inspection charges .	0.03	
	77.22	55.24*

*estimated.

A comparative table showing income and expenditure from inception till 31st March, 1961 is given below:—

(Figures in lakhs of rupees)

	Income			Expenditure	
	Adm. & Insp. charges	Interest on investments	Interest etc. on belated payments	Total	
1	2	3	4	5	6
1952-53	4.23	..	..	4.23	3.57
1953-54	30.46	..	..	30.46	15.54
1954-55	25.68	..	..	25.68	20.29
1955-56	27.39	0.55	0.06	28.00	19.03
1956-57	33.55	0.91	0.03	34.49	20.44
1957-58	47.74	1.55	0.03	49.32	24.97
1958-59	54.58	2.62	0.06	57.26	29.39
1959-60	59.90	3.75	0.05	63.70	43.41
1960-61	72.36	4.83	0.03	77.22	55.24

26. Banking Arrangements

The State Bank of India are the bankers of the Fund. Contributions and other provident fund monies can be tendered at any of the bank's branches for credit of the Fund's account for the region concerned. The investment of the Fund continues to be made through the Reserve Bank of India.

A classified summary of the assets of the Fund for the period ended the 31st March, 1961 is given in Annexure 'E' at the end of the report.

27. Regional Committees

The Regional Committees which function as advisory bodies have been constituted in the States of Bihar, Madras, Madhya Pradesh, Maharashtra, Uttar Pradesh and West Bengal. The following matters were referred by the Central Board of Trustees to the Regional Committees for eliciting their views:—

- (i) Purpose for which loans be allowed in exempted and unexempted establishments;
- (ii) Construction of office buildings for the regional offices; and
- (iii) Speedy and effective realisation of overdues.

Details of the meetings held by the Committees during the year under report are given below:—

Region	Number of meetings held
1. Bihar	2
2. Madhya Pradesh	Nil
3. Maharashtra	Nil
4. Madras	1
5. Uttar Pradesh	1
6. West Bengal	2

28. Topical Clarifications

The Government of India have advised that the production bonus as part of a contract of employment, either at flat rate or a rate linked to the quantum of work turned out, satisfies the definition of "basic wages" given in the Act, and as such would be liable to provident fund deductions.

(ii) The Central Government decided in October, 1960 that in the matter of coverage of composite factories, the Act should be applied to an establishment which is a composite factory if it employs in all 50 (now 20) or more individuals and is engaged primarily in any of the

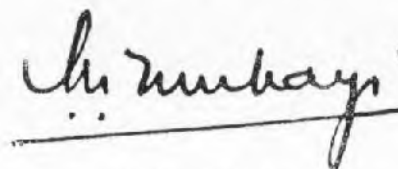
notified industries: in other words if the primary business of an establishment is the manufacture of goods coming under any of the covered industries and that establishment employs in all 50 (now 20) or more persons, the Act would be applied to the whole of the establishment.

(iii) It was also clarified by the Government of India that where road motor transport is an activity purely incidental to some other main activity of an employer, the case would not be covered under the Act irrespective of the persons employed in the incidental activity.

29. Conclusion

During the year under report the Act was extended to 8 additional industries taking the total coverage to 47 industries. Since then, another 12 industries have also been covered

under the Act till the issue of this Report. Despite huge extension and serious difficulties inherent in a scheme of this nature, the staff in various offices discharged their duties satisfactorily and the Scheme continued to be popular amongst the workers. With the extension to smaller industries, the numerous problems involved in implementation became still more difficult. The Board would like to express its appreciation of the efficient manner in which officers and staff of the Organisation have been shouldering their increasing responsibilities.



S. N. MUBAYI,
Secretary, Central Board of Trustees.

ANNEXURE 'A'

The Act applies to the following industries :—

(The figures against items 1 to 47 show the number of subscribers as on 31st March, 1961)

		(In thousands)
From 1st November, 1952 (1 to 6)	(1) Cement	3,38
	(2) Cigarettes	13
	(3) Electrical, mechanical or general engineering products	4,28
	(4) Iron and Steel	1,00
	(5) Paper	35
	(6) Textiles	11,32
From 31st July, 1956 (7 to 20 except 12)	(7) Edible oils and fats	33
	(8) Sugar	1,60
(Act enforced in Tea Plantations with effect from 30th April, 1957).	(9) Rubber and rubber products	30
	(10) Electricity, including the generation, transmission and distribution thereof	36
	(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).	} *3,81
	(12) Tea Plantations (other than the tea plantations in the State of Assam)	
	(13) Printing, including the process of composing types for printing, printing by letter press, lithography, photogravure or other similar process of 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	42
	(14) Stoneware Pipes	3
	(15) Sanitary Wares	2
	(16) Electrical porcelain insulators of high and low tension	2
	(17) Refractories	18

*(In respect of items 11 & 12)

		<i>(In thousands)</i>
	(18) Tiles	21
	(19) Match factories having a production of over 5 lakh gross boxes of matches a year	9
	(20) Sheet glass factories, glass shell factories and other glass factories having an installed capacity of over 600 tons per month	8
From 30th September, 1956 (21 to 24)	(21) Heavy and fine chemicals, including	79
	(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	
	(ix) Fatty acids and	
	(x) Oxygen acetylene and carbon dioxide gases industry (The Act was actually enforced in this industry with effect from the 21st July, 1957)	
	(22) Indigo	Nil
	(23) Lac including shellac	2
	(24) Non-edible vegetable and animal oils and fats	0.3
From 31st December, 1956	(25) Newspaper establishments	24
From 31st January, 1957	(26) Mineral oil refining industry	10
From 30th April, 1957 (27 to 30)	(27) Coffee Plantations	*84
	(28) Rubber Plantations	
	(29) Cardamom Plantations	
	(30) Pepper Plantations	
		*(in respect of four classes of plantations items 27—30).
From 30th Nov., 1957 (31 to 37)	(31) Iron Ore Mines	29
	(32) Lime-stone Mines	21
	(33) Manganese Mines	33
	(34) Gold Mines	19

	(35) Industrial Power Alcohol Industry	3
	(36) Asbestos Cement Sheets Industry	3
	(37) Coffee Curing Establishments	8
From 30th April, 1958	(38) Biscuit making industry including composite units making biscuits and products such as bread, confectionery and milk and milk powder	5
From 30th April, 1959	(39) Road Motor Transport establishments	59
From 31st May, 1960 (40 to 41).	(40) Mica factories	11
	(41) Mica mines	8
From 30th June, 1960 (42 to 43)	(42) Plywood industry	6
	(43) Automobile Servicing and Repairing Industry.	15
From 30th November, 1960	(44) Cane farm owned by a Sugar Factory	4
From 31st December, 1960 (45 to 47)	(45) Rice Milling Industry	4
	(46) Dal Milling Industry	1
	(47) Flour Milling Industry	1
	(Voluntary coverage)	8

Industries covered subsequent to 31-3-61.

From 31st May, 1961	(48) Starch Industry	
From 30th June, 1961 (49 to 53)	(49) Hotels . . . . .	..
	(50) Restaurants . . . . .	..
	(51) Petroleum or natural gas exploration, prospecting, drilling or production Industry . . . . .	..
	(52) Petroleum or natural gas refining Industry . . . . .	..
	(53) Storage or transport or distribution of petroleum or natural gas or products of either petroleum or natural gas. . . . .	..
From 31st July, 1961 (54 to 58)	(54) Cinemas including preview theatres	
	(55) Film Studios	
	(56) Film production concerns . . . . .	..
	(57) Distribution concerns dealing with exposed films . . . . .	..
	(58) Film processing laboratories . . . . .	..
From 31st August, 1961	(59) Leather and leather products Industry . . . . .	..

ANNEXURE 'B'

Regionwise statement showing the number of recovery cases pending and amount involved therein as on 31-3-1961

Sl. No.	Region	No. of cases pending with revenue officers	Amount involved in the pending cases
1	2	3	4
			(Fig. in thousands of Rs.)
1.	Andhra Pradesh	83	11,14
2.	Assam	..	..
3.	Bihar	22	3,69
4.	Delhi	14	10
5.	Gujarat	49	7,52
6.	Kerala	345	10,05
7.	Maharashtra	202	25,77
8.	Madras	21	1,89
9.	Madhya Pradesh	102	35,29
10.	Mysore	38	4,14
11.	Orissa	1	1,96
12.	Punjab	22	67
13.	Rajasthan	40	4,72
14.	Uttar Pradesh	29	17,09
15.	West Bengal	905	64,48
	TOTAL	1,873	1,88,51

ANNEXURE 'C'

Regionwise statement showing the number of prosecution cases launched, disposed of and pending as on 31-3-61

Sl. No.	Region	Cases launched	Cases disposed of	Cases pending in Courts
1	2	3	4	5
1.	Andhra Pradesh	14	9	5
2.	Assam	4	..	4
3.	Bihar	261	156	105
4.	Delhi	151	135	16
5.	Gujarat	22	22	..
6.	Kerala	32	19	13
7.	Maharashtra	530	456	74
8.	Madras	42	41	1
9.	Madhya Pradesh	51	12	39
10.	Mysore	53	33	20
11.	Orissa	13	2	11
12.	Punjab	461	425	36
13.	Rajasthan	116	80	36
14.	Uttar Pradesh	207	127	80
15.	West Bengal	282	177	105
	TOTAL	2,239	1,694	545

ANNEXURE 'D'

Statement showing the number of establishments and subscribers covered regionwise as on 31-3-61

Sl. No.	Region	No. of factories establishments			No. of subscribers		
		Ex.	Unex.	Total	Ex.	Unex.	Total
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	17	858	875	24,456	39,348	63,804
2.	Assam	13	122	135	9,524	4,218	13,742
3.	Bihar	78	292	370	1,21,291	56,409	1,77,700
4.	Delhi	35	402	437	30,942	19,535	50,477
5.	Gujarat	81	766	847	1,43,765	1,03,618	2,47,383
6.	Kerala	38	723	761	17,711	1,45,276	1,62,987
7.	Madras	48	1,437	1,485	47,365	2,24,543	2,71,908
8.	Madhya Pradesh	21	190	211	31,719	52,024	83,743
9.	Maharashtra	145	1,863	2,008	1,87,877	4,00,857	5,88,734
10.	Mysore	91	1,288	1,379	94,728	86,525	1,81,253
11.	Orissa	17	98	115	14,220	41,251	55,471
12.	Punjab	19	700	719	15,832	39,964	55,796
13.	Rajasthan	7	116	123	4,270	18,964	23,234
14.	Uttar Pradesh	74	778	852	51,126	1,35,978	1,87,104
15.	West Bengal	257	1,559	1,816	3,40,796	4,24,755	7,65,551
TOTAL		941	11,192	12,133	11,35,622	17,93,265	29,28,887

ANNEXURE 'E'
EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952
[Paragraph 52(3)]

Classified summary of the Assets of the Employees' Provident Fund for the period ended the 31st March, 1961 .

Sl. No.	Class of Assets	Book Value	Market value upto 31st March, 1961	Remarks.
1	2	3	4	5
1.	Government of India Securities :			
	(i) Securities in respect of investments made centrally	76,78,50,921	77,93,35,989	(a)
	(ii) Past accumulations received in shape of Government of India Securities from Regional Offices (Face Value)	12,42,14,670	12,20,42,747	(a)
	(iii) Past accumulations received in shape of debentures of companies (Face Value)	1,33,600	1,33,600	(b)
	(iv) Investments from Administration Account	1,47,62,394	1,48,24,616	(a)
2.	State Government Securities. (Face Value)	45,54,800	44,19,180	(a)
3.	Indian Municipal, Port and Improvement Trust Securities including Debentures (Face Value)	11,15,400	10,76,701	(a)
4.	Cash on deposit in Banks	Nil	Nil.	
5.	Cash in hand and on current accounts in Banks	55,42,445	55,42,445	
6.	Other Assets (Purchase Price)	9,41,802	3,46,790	
	TOTAL	91,91,16,032	92,77,22,068	

(a) Based on quotations obtained from Reserve Bank of India, Bombay.

(b) Quotations not available.

S. N. MUBAYI,
Central Provident Fund Commissioner.

£1 = Rs. 13.3 (Approx)
\$1 = Rs. 4.8 (Approx)