



1964-65

ANNUAL REPORT

ON THE

WORKING OF THE
EMPLOYEES' PROVIDENT FUNDS
SCHEME 1952
FOR THE YEAR 1964-65

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**EMPLOYEES' PROVIDENT FUNDS SCHEME
ANNUAL REPORT FOR 1964-65**

INTRODUCTION

In the ultimate analysis the only human goal worth achieving is the well-being of people and Social Security is one of the major instruments for attaining that goal. The needs of progress often disturb long established communities; if a large number of individuals and families are left to cope with the upheavals themselves, they would not find adequate relief for their distress. Into the upheavals and contingencies of modern life, social security introduces one necessary element of stability and protection; and contributes to a somewhat more equitable distribution of income between the fortunate and the unfortunate. We are living in a period of human development and progress in all fields of life and the evolution of social rights must be an integral part of this progress. Advanced and developing countries could not support a large number of aged, infirm, unemployed, unemployable and supportless persons today without a wide acceptance of such rights—rights of individual to enjoy means of livelihood to accept help and succour from society when such livelihood is lost by illness, accident, unemployment or old age.

Even since Independence, social security has been an essential feature of public social policy in the country. The creation in June 1964 of a separate Department of Social Security signified new approach to the problem and gave a boost to the programme of social security.

From a modest beginning towards the end of 1952 covering nearly 6 industries, the Employees' Provident Fund, one of the chief measures of social security, has rapidly become a big factor in the lives of millions of people in India.

2. SCOPE

The Employees' Provident Funds Act which extends to the whole of India except the State of Jammu and Kashmir (which State introduced its own scheme as from 1st June 1961) was applied to the Union Territory of Goa, Daman and Diu from 1st July 1964; and the Scheme from 31st July 1964. Pondicherry had been covered earlier from 1st of October 1963.

The Act continued to be inapplicable to—

- (a) any establishment registered under any law relating to Co-operative Societies, employing less than 50 persons and working without the aid of power; and
- (b) any other establishment during the first three or five years of its being set up according as its employee strength is not less than 50 or 20.

The coverage which started in 1952 with 6 major industries and stood at 84 categories of establishments at the end of March 1964 expanded by 13 to 97 by the end of March 1965. A list of these 97 classes of establishments is given in appendix 'A'. The 13 categories newly covered with a membership potential of about 43,000 were the following:—

- (1) Pickers;
- (2) China clay mines;
- (3) Attorneys, as defined in the Advocates Act, 1961 (25 of 1961);
- (4) Chartered or registered accountants, as defined in the Chartered Accountants Act, 1949 (38 of 1949);
- (5) Cost and works accountants within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959);
- (6) Engineers and engineering contractors, not being exclusively engaged in building and construction industry;
- (7) Architects;
- (8) Medical practitioners and medical specialists;
- (9) Milk and milk products;
- (10) Travel agencies engaged in (i) booking of international Air and Sea Passages and other travel arrangements, (ii) booking of internal air and mail passages and other travel arrangements and (iii) forwarding and clearing of cargo from and to overseas and within India;
- (11) Forwarding agencies engaged in the collection, packing, forwarding or delivery of any goods including car loading, break-bulk service and foreign freight service;
- (12) Non-ferrous metals and alloys in the form of ingots;
- (13) Bread.

During the year 25 more classes of establishments with an additional potential membership of about 2 lakhs were surveyed or being surveyed by the Organisation. In fact proposals were sent to Government in respect of 13 of them. Such of them (and others), as in Government view could take on the financial burden on account of provident fund contribution would be covered during the remaining Third Five Year Plan, administrative feasibility conditioning the speed of coverage.

3. ELIGIBILITY FOR MEMBERSHIP OF THE FUND

Conditions alike of pay limit (not exceeding Rs. 1,000 per month) and of minimum service (one year's continuous service or 240 days of actual work within 12 months or less) remained intact. Proposal for doing away altogether with the pay limit as in the Coal Mines Provident Fund was, however, being considered.

4. COVERAGE

Year ending	No. of establishments covered	No. of subscribers (in lakhs)
31-3-1961	12,133	29.29
31-3-1962	17,416	31.53
31-3-1963	22,413	35.17
31-3-1964	25,663	39.07
31-3-1965	29,578	42.09

The above table reflects the progress of coverage since 31st March 1961. The increase in 1964-65 of 3,915 establishments and 3.02 lakhs members compares with 3,250 establishments and 3.90 lakhs members in 1963-64. For proper appraisal of the relative performance certain facts need to be recalled. The membership potential of the classes of establishments covered in 61-62 and 62-63 respectively was 2.24 and 3.64 lakhs while that of those covered in 63-64 and 64-65 respectively was 58,000 and 43,000. Besides the minimum employees' strength in a coverable establishment had been brought down from 50 to 20 at the end of December 1960. The spurt in the membership noticed in 1962-63, 1963-64 owed in good measure to that reduction. Against this back-drop registration of additional membership of 3.02 lakhs and coverage of 3,915 establishments must be considered impressive and were the result of special measures initiated during the year. Lists of likely-to-be covered establishments were prepared with the help of the Department of Factories, Shops and Establishments and Labour Department and Registrar of Companies. All methods to cover establishment which had escaped coverage were employed. Even telephone directories were not spared. Operation coverage characterised by group swoop techniques in which 5 to 6 Inspectors banded together and combed potential areas was launched, with good results. Association of various industries and commercial establishments as also Trade Unions were contacted. It was impressed on the enforcement staff that extension of coverage should be a mission with them, and coverage would be an important criteria in assessment of their performance.

The multi-pronged drive gave rise to a good number of writ petitions and applications under section 19-A. This phenomenon resulted in great strain for the staff—but that was the inevitable consequence of strict enforcement of the Scheme.

A statement showing the region-wise coverage position at the close of the year is given in appendix 'B'.

The replacement of part-time by a full time Regional Commissioner in Rajasthan was vindicated by the spectacular rise in the number of covered establishments from 282 at the end of November to 429 at the end of March, within a short span of 4 months of the full time incumbent took over (the figure rose further to 536 by end of June).

5. CONTRIBUTIONS

The normal statutory rate of provident fund contribution both for the employers and the employees continued to be 6½% of basic wages including retaining allowance and dearness allowance.

During the year under report the enhanced rate of 8 per cent was extended to establishments of the following 7 categories employing 50 or more persons:—

- (i) Tea Plantations (other than those in Assam)
- (ii) Rubber Plantations
- (iii) Cardamom Plantations
- (iv) Pepper Plantations
- (v) Lime stone mines
- (vi) Industrial and Power Alcohol
- (vii) Asbestos Cement sheets

By 31st March 1965 the enhanced rate had covered 30 categories of establishments with 50 or more employees. A list of these 30 categories is given in appendix 'C'.

Taking advantage of the provisions in the Employees' Provident Funds Act which permits employees if they so choose to contribute at higher than statutory rate, during the year under report 78,547 members so contributed during 1964-65 as against 34,548 in 1963-64.

The total contribution received during the year was Rs. 116.36 crores including Rs. 68.88 crores from exempted establishments. The above amount includes past accumulations transferred (from covered establishments which had earlier their own Provident Fund Schemes) to the Statutory Fund in the shape of securities which amounted to Rs. 2.92 crores as against past year's Rs. 4.32 crores.

6. INVESTMENTS

The pattern of investment remained the same during the current year, namely:—

- (i) 12-year National Defence Certificates and Defence Deposits Certificates—20%.
- (ii) Other Government of India Securities (including National Defence Bonds)—80%.

During the year a sum of Rs. 41.62 crores was invested in Central Government securities in respect of unexempted establishments as against Rs. 31.36 crores previous year. The interest received on investments during 1964-65 amounted to Rs. 6.41 crores. The year-wise yield from these investments is given below:—

Year	(in lakhs of rupees)
1953-54	13.39
1954-55	30.75
1955-56	47.42
1956-57	70.77
1957-58	101.09
1958-59	158.03
1959-60	209.22
1960-61	272.53
1961-62	350.00
1962-63	433.00
1963-64	519.00
1964-65	641.00

A classified summary of the assets of the Fund for the period ended the 31st March 1965 is given in appendix 'D'.

The rate of interest to be paid in 1965-66 on the members' accumulation was raised from 4.25% to 4.50%. As in the past there was clamour for higher rate of interest, very natural in view of high prevailing banking rate on fixed deposits; but that reckoned without the paramount need for the safety of the Fund and the provisions of para 52 of the Employees' Provident Funds Scheme restricting the range of investments to securities mentioned in classes (a) to (d) of Section 20 of Indian Trusts Act, 1882. Nonetheless ways were under exploration for making the investments higher yielding.

7. RECOVERY OF ARREARS

Arrears continued to be the most worrisome problem. As at the end of 1963-64 arrears stood at Rs. 401.86 lakhs—1.78% of total contributions. As a result of special attention given to this problem (appointment of 4 Certificate Officers in West Bengal during the year at the expense of the Fund to speed up recovery of arrears, personal contacts with and demi official letters to State Government authorities, prosecution under Sections 406/409 of the Indian Penal Code where employees' contribution was deducted from wages but not remitted, etc.) the arrears came down to Rs. 332.17 lakhs—1.18% of total collections as at the end of 1964-65. Almost all the big defaulters were textile mills. A statement showing the names of defaulting establishments, default being of the order of one lakh and above, together with actual amount of default and the action taken is given in appendix 'E'.

The Central Board of Trustees cognizant of the need to associate with recovery of dues the workers who were primarily concerned resolved in April, 1964 that the local Workers' Organisations as also the Employers' should be informed promptly of all defaults so that they would bring pressure to bear on the employers for recovery of arrears; and that where Trade Unions do not exist, the individual employee member should be informed of the default. This was being done during the year.

During the year 4,070 recovery cases involving a sum of Rs. 128.81 lakhs (as against 4,695 cases in previous year) were instituted. The region-wise break-up of recovery cases and the amount involved as on 31-3-1965 is given in appendix 'F'.

The expansion of coverage brought in more and more relatively small establishments; and the proportion of defaulting units tended to increase. This had naturally an unfavourable effect on the arrears position. Although there was considerable improvement in the position, the problem could not be said to have approached anywhere near solution. Radical measures like creation of first charge in favour of the Fund on the assets (unsecured) of employer (even superior to Government dues) as in certain other countries; provision for a minimum fine for continuous non-payment of dues after conviction and a minimum period of compulsory imprisonment for subsequent defaults; a provision like Section 102 of the Factories Act, 1961 which would empower court to require an employer convicted of an offence

under the Employees' Provident Funds Act to take measures to remedy within a specified period the matter in respect of which the offence was committed and to order for fine of Rs. 150/- per day of continuous default—were under consideration.

8. PROSECUTIONS

Details of cases filed, disposed of, pending etc., during the year is given below. A region-wise break-up is indicated in appendix 'G'.

Launched	Disposed of	Pending in courts as on 31-3-65	Pending with State Governments for sanction as on 31-3-65
2,699	Convicted 1,956 Acquitted 35 Withdrawn 447 Dismissed } Discharged } 27	2,698	3,674
2,699	2,465	2,698	3,674

9. DAMAGES

Damages continued to be levied on the following scales:—

	One month or less	More than one month upto two months	More than 2 months upto 3 months	More than 3 months upto 4 months	More than 4 months upto 5 months	More than 5 months
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
1st default	2	5	10	15	20	25
2nd default	5	10	15	20	25	
3rd default	10	15	20	25		
4th default	15	20	25			
5th default	20	25				
6th default	25					

(The percentage in every case is that of total arrears).

The above scales were, however, as before subject to the following concessions:—

- (i) 5 days of grace for payment during which period no damages be levied;
- (ii) Damages at half the rates would be levied for the delay up to 15 days including five days of grace.

During the year under report a sum of Rs. 9.97 lakhs was collected as damages on belated payment of provident fund contributions.

10. A—REFUNDS AND CLAIMS

Under the Scheme, a member could withdraw the full amount standing to his credit in the Fund in the following events:—

- (i) retirement from service after attaining the age of 55;
- (ii) retirement on grounds of permanent and total incapacitation for work caused by, bodily or mental infirmity;
- (iii) migration from India for permanent settlement abroad;
- (iv) termination of service in the course of mass retrenchment (involving 3 or more persons);
- (v) cessation of implementation of the Act in the establishment in consequence of the employees' strength falling below 15 and remaining so far a year [vide proviso to section 1(5)];
- (vi) transference of a member in the event of closure of a covered factory in which he is employed, or otherwise, to another establishment not covered by the Act; and
- (vii) retrenchment under Industrial Disputes Act, 1947.

In the events (i) to (v) a member would get his accumulation immediately and in other events only at the end of six months if he has during that period remained unemployed alternatively.

B—FORFEITURE

In cases other than those covered by 'A' above withdrawal of accumulation could be had subject to the following forfeiture of employer's contribution, if the member (a) being a foreign national was leaving India at least for a year or (b) had not been employed in any establishment to which the Employees' Provident Funds Act applies for not less than six months preceding the date of his application for withdrawal:—

Period of membership	Forfeiture of employer's contribution and interest thereon
Less than 3 years	75%
3 years or more but less than 5 years	50%
5 years or more but less than 10 years	25%
10 years or more but less than 15 years	15%
15 years or more	Nil

During the year a sum of Rs. 9.66 crores was paid in respect of 1.62 lakh claims as against Rs. 7.97 crores in 1.52 lakh claims in 1963-64. Categorywise particulars of settlement are given below:—

	Claims		(Rs. in lakhs)	
(i) Superannuation	9,536	(10,261)	142.62	(125.34)
(ii) Retrenchment	34,770	(28,627)	164.06	(141.69)
(iii) Dismissal	3,458	(3,425)	16.96	(15.22)
(iv) Resignation and termination of service	89,824	(85,402)	408.24	(334.11)
(v) Migration	816	(1,032)	13.18	(6.25)
(vi) Permanent invalidation	7,752	(9,026)	75.01	(72.39)
(vii) Death	9,342	(9,586)	78.84	(63.55)
(viii) Others	6,362	(4,802)	67.09	(38.00)

Analysis of claims settled during 1964-65 is given below:

	Claims		Percentage	
(i) Claims settled within 15 days	1,04,070	(1,16,627)	64.3	(76.6)
(ii) Claims settled within one month but after 15 days	42,543	(22,333)	26.3	(14.7)
(iii) Claims settled within 3 months but after one month	14,103	(9,634)	8.7	(6.3)
(iv) Claims settled within 6 months but after 3 months	765	(2,448)	0.5	(1.8)
(v) Claims settled within 9 months but after 6 months	224	(725)	0.1	(0.5)
(vi) Claims settled within 12 months but after 9 months	155	(394)	0.1	(0.3)
Total	1,61,860	(1,52,161)	100.00 %	100.00 %

Note—The figures in bracket relate to the year 1963-64.

The chief reasons for decline in the percentage of claims settled within 15 days from 76.6 to 64.3 are these:

Until September 1963 a claim was treated as settled immediately payment was authorised. In September 1963 instructions were issued to the effect that period of settlement should be reckoned from the date of the receipt of the claim to the date of actual issue of cheque or remittance by money order. Time lag between the authorisation and the actual remittance or issue of cheque arising from time consumed in writing of cheques, or money orders, in obtaining receipts before the issue of cheque where money is sent by cheques; or delay in acceptance by post office of the money orders etc., did not effect the percentages for over half the year 1963-64. The Regional Commissioners when asked to explain the decline have ascribed the reasons to this fact mainly.

In Bombay and West Bengal which between themselves account for 66.6 thousand settled claims (42,772 of Bombay and 23,866 of West Bengal) out of a total of 1.62 lakhs there were additional reasons. In Bombay mechanisation introduced in May 1964 made its own contribution. Although the mechanisation Accounts Group attended to

settlement of claims, members' accounts including contributions for the year 1964-65 could not be finalised without obtaining figures of contributions for the year 1964-65 from the machine section where forms 12 from March 1964 onwards were sent for the purpose of punching of contribution cards. Mechanisation section was in a separate building and most of the accounts groups were elsewhere. This distance also accounted for some delay. Besides, forms 12 sent to the Mechanisation section got piled up there for want of timely arrangements for being kept in proper place. Confusion rising from this added to the delays. In the case of West Bengal the entire system of work in the accounts section had to be changed in November 1964 from a clerk dealing with only one particular piece of work in the entire chain of accounts work of an establishment to each clerk looking after the entire accounts work of a given establishment. A good number of the staff had to be shifted at the same time to another building to relieve congestion in the old building.

In Kerala instead of defective claims being returned or the period being calculated from the date of receipt of full particulars of a claim, the period was counted from the date of receipt of defective return. Time consumed in getting the defects rectified did obviously influence the overall reckoning. Besides the issue of annual accounts was in heavy arrears in most of the regions and that received greater attention.

It must also be mentioned that during 1964-65 there was sharp decline in the number of cases whose settlement took over 3 and 9 months.

The above explanation does not seek to justify the delay. Effective steps have been taken for improvement and the effect will be seen in better results in the year 1965-66.

In a little over 12 years a total sum of Rs. 44.09 crores was paid towards final payment and the claims numbered 9.90 lakhs.

II. ANNUAL STATEMENTS OF ACCOUNTS

Every member of the Fund has to be supplied each year a statement showing the opening balance, contributions received in the year, refund, interest during the year, withdrawal and the closing balance. The issue of annual statements of accounts had been in heavy arrears. As on 31st March 1964 as many as 7.55 lakhs statements of accounts were still to be issued and of these 0.98 lakh and 5.26 lakhs pertained respectively to the years 1961-62 and 1962-63. A special drive was therefore launched to clear the arrears. Special cells were created in some of the offices to cope with the arrears. An officer was deputed from the Head office to help in the taking of necessary steps for the purpose. He demonstrated in some of the offices how the various processes leading to the issue of annual accounts could be hastened. As a result of these efforts significant improvement was registered during the year in the issue of annual statements. That will be evident from the following figures. The effect of tightening the system will be more visible in the next year and in fact the progress reported holds promise of completion of

work in respect of 1964-65 in almost all cases before the end of September, 1965. In the case of West Bengal region cage posting had to be permitted instead of monthly posting in view of heavy arrears as for the previous year, with however a clear stipulation that the region would have to fall in line next year with other regions.

(Figures in lakhs)

Year	Total No. of accounts to be issued during the year	No. of accounts issued during the year	No. of outstanding annual accounts as at the end of the year
1	2	3	4
1963-64	Arrears of previous years 9.04	24.83	7.55
	Accounts for the year 1963-64 23.34		
	32.38		
1964-65	Arrears of previous years 7.55	29.13	4.93
	Accounts for the year 1963-64 26.51		
	34.06		

12. RESERVE AND FORFEITURE ACCOUNT

The Reserve and Forfeiture Account was created in September, 1960 to receive employer's contribution not payable and therefore not paid to the subscriber at the time of final settlement together with interest thereon. The total amount forfeited by the close of the year stood at Rs. 193.01 lakhs. Until the creation of Special Reserve Fund and Death Relief Fund (about which more will be heard in subsequent paras) the forfeiture fund was used chiefly for payment of money order commission where remittances were made by money orders. After 1960-61 this concession was withdrawn. The details of the forfeiture accounts are given below:—

	(Rs. in lakhs)
(1) Total amount forfeited	193.01
(2) Amount utilised—	
(a) On account of money order commission; and on grant of financial assistance to outgoing members where inadequate deposits had been made by the employer prior to the introduction of Special Reserve Fund	11.55
(b) on transfer to Special Reserve Fund	75.90
(c) on transfer to Death Relief Fund	10.00
Total	96.55
(3) Net amount available in the Reserve and Forfeiture Account of the Fund	96.46

13. SPECIAL RESERVE FUND

A Special Reserve Fund was created on 15th September 1960 with a view to making payment to an out-going member where his em-

ducted from the member's wages towards his own contribution pending recovery of the arrears from the employer. A sum of Rs. 20 lakhs was transferred to this Fund from the Reserve and Forfeiture Account. After restricted drawal for some time the payment from the Fund was liberalised in June, 1962 and since then the organisation undertook to make good the loss arising to outgoing members from failure of the employers to remit the provident fund contributions (employer's or employee's share or both shares)—by drawing on the Special Reserve Fund. The heavy liability cast on the Organisation by the employer's default in the Sholapur Mills case, (the default was of the order of Rs. 41 lakhs) and apprehension of such burdens in future together with widening gap between payments from the Special Reserve Fund and the recovery of dues in default compelled a review of the situation. At the 27th meeting of the Board held on 5th October, 1964 the Board reluctantly recommended that no payment from the Special Reserve Fund be made unless there was likelihood of recovery of the dues from the employers. After carefully considering the Board's recommendation the Government issued the following instructions in partial modification of the previous one:—

- Where employers have defaulted in depositing the provident fund dues, only the amount of employees' share of contributions recovered from their wages but not paid by the employer to the Fund, together with interest thereon at usual rates should be paid to the outgoing members, or their nominees/heirs out of Special Reserve Fund.
- The amount of employer's contribution not paid by the employer to the Employees' Provident Fund should not be paid to the outgoing members or their heirs/nominees from the Special Reserve Fund unless it is recovered from the employer.

The above instructions came into effect from 10th of March, 1965. By the end of 31st March, 1965 a sum of Rs. 75 lakhs had been transferred to the Fund of which a sum of Rs. 54.17 lakhs had been paid out. The amount recovered from the employers against which payments had been made from the Fund was Rs. 8.53 lakhs. The amount credited in the Fund stood at Rs. 29.36 lakhs at the end of March, 1965.

14. DEATH RELIEF FUND

On first of January, 1964 Death Relief Fund was set up on a tentative basis to assure a minimum of Rs. 500/- to a nominee or heir of a deceased member. A sum of Rs. 10 lakhs was transferred to this Fund from the Reserve and Forfeiture Account. The benefit of this Fund is admissible to the nominees or heirs of those deceased members whose pay did not exceed Rs. 500/- at the time of the death. As the benefit was not intended for those who might after superannuation and receiving full retirement benefits seek re-employment, it was decided that as from 1st of December, 1964 no relief would be made available to such persons. The quantum of benefit from the Death Relief Fund would be determined in the following manner.

If the amount standing to the credit of a deceased member falls short of Rs. 500/- by any sum that sum is paid from the Death Relief Fund. The amount standing to the credit of the deceased member will be the total of the following:—

- (1) the sum actually credited to the member's account in the ledger card;
- (2) the amount that may have to be paid out of the Special Reserve Fund;
- (3) the amount of non-refundable advance made to the member;
- (4) the balance of the refundable advance, if any, still outstanding;
- (5) interest.

Till 31st March, 1965 a sum of Rs. 4.49 lakhs in 2,139 cases had been paid out of this Fund.

15. ADVANCES

Various kinds of advances admissible, the conditions under which they are advanced and the actual amount advanced are given below:—

(A) ADVANCE FOR INSURANCE POLICY

With a minimum of 3 years' membership of the Fund an employee can get advance for payment of premia of his Life Insurance Policy new or old. The actual remittance is made by this Organisation. During the year under report 35,752 members (as against 45,107 members previous year) availed themselves of this facility and a sum of Rs. 25.11 lakhs (as against Rs. 29.61 lakhs previous year) was withdrawn on this account.

(B) ADVANCE FOR HOUSING

Para 68 of the Employees' Provident Funds Scheme which permitted advance for purchase of dwelling house or sites or for construction of dwelling house—provided a member had completed 7 years and had Rs. 500 or more to his credit as his own contribution—was amended in February 1965 (a) enlarging the admissibility of loan to making substantial additions, alterations or improvements to the dwelling house and to completion of construction of a house already begun by the member; and (b) requiring in the applicant 10 or more years' membership and an accumulation of Rs. 1,000 on account of his own contribution. The widespread abuse of the loan facility which followed in the wake of liberalisation compelled the tightening up of the qualification for advances. A sum of Rs. 70.96 lakhs was advanced during the year in 10,151 cases (as against a sum of Rs. 80 lakhs in 9,825 cases previous year).

(C) ADVANCE FOR PURCHASING SHARES OF CONSUMER CO-OPERATIVES

An advance up to Rs. 30 is granted for purchasing shares of a co-operative society which aims at a minimum membership of 250.

A sum of Rs. 4.19 lakhs was advanced during the year in 13,332 cases (as against a sum of Rs. 1.6 lakhs in 6,022 cases previous year).

(D) SPECIAL ADVANCE DURING TEMPORARY CLOSURE OF AN ESTABLISHMENT

Where an establishment is locked up or closed for more than 30 days and the worker does not get any compensation during the unemployment period, he could get an advance up to his own contribution with interest thereon. An amount of Rs. 8,13,781 was paid in 6,551 cases.

(E) UNEMPLOYMENT RELIEF ADVANCE

In the case of individual retrenchment pending final withdrawal, a member may, at his option, be allowed, for the period during which he is out of employment, monthly payments not exceeding 6, of an amount equal to the pay drawn by him for the month immediately preceding the month in which he was retrenched, or 1/6th of the amount standing to his credit including interest, whichever is less. This provision was introduced in May, 1964, and by the end of March, 1965 an amount of Rs. 2.96 lakhs was paid in 1,032 cases.

(F) ADVANCE FOR ILLNESS

A new provision introduced in the Scheme on 25-1-1964 providing for an advance in cases of hospitalisation lasting a month or more, major surgical operation and T.B., Leprosy, paralysis, cancer, continued to operate.

A amount of Rs. 1,26,512 was paid in 521 cases during the year 1964-65.

16. EXEMPTED ESTABLISHMENTS

As a measure of decentralisation, the Employees' Provident Funds Act permits establishment whose provident fund and other old age benefits, separately or jointly, are not less favourable than the statutory benefits to seek exemption from the operation of the Scheme. Employees in any establishment individually or by a class too could seek exemption. The more important conditions of exemption are:—

- (1) provident fund contributions must be invested in Central Government securities only;
- (2) the fund must vest in a board of trustees with equal representation for employees and employers;
- (3) facilities for inspection should be given to the Inspectors and other officers of the Organisation;
- (4) inspection charges at the prescribed rate must be paid.

By the end of the year the number of exempted establishments went up by 336 to 1,834 and of membership by 1,99,667 to 15,84,751.

The exempted establishments accounted for 15,84,751 members out of the total membership of 42,09,116. The detailed information regarding working of exempted establishments is given below:—

(In crores of Rs.)	
(i) Balance uninvested as on 1-4-1964	2.07
(ii) Contributions received (excluding other receipts of Rs. 25.57 crores such as proceeds of matured securities, interest earned on investments, etc)	43.31
(iii) Investments made in Central Government securities	40.95
(iv) Amount refunded :	
(a) On account of final settlement of claims	13.31
(b) On account of recoverable loans	11.37
(c) On account of refunds (non-recoverable)	3.32
(v) Balance	2.00

The position of total investment of these funds on the 31st March, 1965 is given below:

(In crores of Rs.)	
(i) Investments in Central Government securities	223.79
(ii) Earlier investments in other securities, etc.	4.98
Total	228.77

17. CENTRAL BOARD OF TRUSTEES

The Employees' Provident Fund vests in and is administered by a tripartite Board of Trustees, a body corporate consisting of a Government nominated Chairman, nominees of the Central and State Governments and representatives of All India Employers' and Employees' Organisations. During the year under report Shri N. N. Chatterjee, Joint Secretary, Ministry of Labour and Employment remained the Chairman until 31-12-1964 when Shri D. C. Das, Secretary to the Government of India, Department of Social Security took over. A list of members of the Central Board who functioned during the year is given in appendix 'H'. During the year under report four meetings, 24th, 25th, 26th and 27th were held at Chandigarh on 4-4-1964, Hyderabad on 22-3-1964 Patna on 5-10-1964 and Delhi on 6-2-1965. The more important decisions of the Board have been mentioned under the relevant heads. These and a few more will be found consolidated below:—

A—4th April Meeting:

- (i) "Asthma" should be added to the list of illness for which advance under para 68-J of the Scheme is already admissible;
- (ii) Para 36 of the Scheme should be amended to require the employers of covered establishments to maintain Inspection Note Books so that Inspectors may record their observations in them during their visits.

- (iii) A sum of Rs. 20 lakhs be transferred from the Forfeiture Account to the Special Reserve Fund for normal expenditure and the working of the Special Reserve Fund reviewed in 1965. The workers of the Sholapur Spinning and Weaving Mills should be paid from the Special Reserve Fund their own share of contributions not paid by the employers should a contingency arise necessitating settlement of their claims.
- (iv) The local workers' organisations and the local employers' organisations should be informed whenever default occurs in payment of contributions so that they could bring pressure on the employers concerned to clear the arrears; where there are no trade unions, individual worker-members too may be similarly informed;
- (v) Construction of office buildings should be taken up on priority basis at Bombay, Calcutta, Kanpur, Chandigarh, Delhi and Madras. The staff quarters should be constructed at the above places and wherever possible these staff quarters should be near the office buildings.

B—22nd August Meeting

- (i) By suitable amendment of para 69 of the Scheme the Commissioner be authorised to relax the waiting period of 6 months prescribed under para 69 in cases of real hardship;
- (ii) Para 68-J be amended to provide facility of advance even to members who were covered under the Employees' State Insurance Scheme but were no longer in enjoyment of cash benefits such an advance being granted after the worker produces a certificate from the Employees' State Insurance Corporation to the effect that he was not in enjoyment of cash benefit and whether surgical operation or hospitalisation has already taken place or is considered necessary;
- (iii) The Scheme formulated for training of the Provident Fund Inspectors be implemented.

C—5th October Meeting

- (i) Four Certificate Officers be appointed for expeditious disposal of recovery cases in the State of West Bengal at the cost of the Employees' Provident Fund and continued beyond February, 1965;
- (ii) Efforts be made to have a documentary film produced on the working of the Employees' Provident Fund through the Ministry of Information and Broadcasting.
- (iii) In view of the considerable misuse of the house building loans, the original provisions regarding grant of such loans, namely, 10 years' membership plus accumulations of a minimum of Rs. 1,000 as members own contribution be restored for sanction of house building advance under para 68-B of the Scheme;

- (iv) Financial assistance from the Death Relief Fund should continue to be given to the nominees/heirs of the deceased members of the Fund but this relief should not be made available to employees who having received full superannuation benefits and having reached the age of 55 have sought re-employment such never having been the intention.
- (v) In future payments out of the Special Reserve Fund should not be made where there was no likelihood of recovery of dues from the employer.

D—6th February Meeting

- (i) A list of employers defaulting persistently be circulated to members to enable them to exert persuasive pressure on the defaulting employers;
- (ii) Revised Budget Estimates for 1964-65 and Budget Estimates for 1965-66 be approved;
- (iii) 4.50 per cent rate of interest be recommended to the Central Government for being credited to the accounts of the members (including members of the Staff Provident Fund) for the year 1965-66;
- (iv) Exemption granted to Handloom factories organised as Industrial co-operatives and employing more than 50 employees under Section 16(2) of the Employees' Provident Funds Act be extended by another year beginning on 1st of January, 1965, meantime, the matter should be examined further;
- (v) The proposed Unemployment Insurance Scheme might be placed before the Board at its next meeting for further consideration after more details were worked out. The fact that the workers' representatives on the Board welcomed the Scheme in principle placed on record.

Dr. B. K. Bhattacharya relinquished the charge of the post of Secretary to the Central Board of Trustees (and Central Provident Fund Commissioner) in April 1964 and reverted to the State of West Bengal. Shri A. P. Veera Raghavan officiated until 29th of May 1964 when Shri E. V. Ram Reddi, the present Central Provident Fund Commissioner took over. Shri P. D. Gaiha, Deputy Provident Fund Commissioner also officiated as Central Provident Fund Commissioner from the 16th November, 1964 to the 16th December, 1964 (F.N.) when Shri E. V. Ram Reddi proceeded on earned leave.

18. REGIONAL COMMITTEES

The Regional Committees which advise the Central Board generally on all matters connected with the administration of the Scheme in their respective regions and in particular on—

- (1) progress of recovery of provident fund contributions and other charges;
- (2) expeditious disposal of prosecutions;
- (3) speedy settlement of claims;

- (4) annual rendering of accounts to members of the Fund; and
- (5) speedy sanction of advances;

continued to function in the States of Bihar, Madhya Pradesh, Madras, Maharashtra, Uttar Pradesh and West Bengal where they had been set up prior to 1963-64. The details of the meetings held by the Committees are given below:—

Serial No.	Region	Meeting held
1	Bihar	9th meeting (19th September, 1964)
2	Madras	13th meeting (14th August, 1964) 14th meeting (26th March, 1965)
3	Maharashtra	11th meeting (21st December, 1964) 12th meeting (3rd February, 1965)
4	Uttar Pradesh	7th meeting (9th November, 1964)
5	West Bengal	16th meeting (16th June, 1964) 17th meeting (21st December, 1964)

(In pursuance of the decision taken to set up Regional Committees in other States, Regional Committees were set up in the States of Andhra Pradesh, Orissa and Gujarat in April and May 1965).

19. ADMINISTRATIVE SET UP

The Central Provident Fund Commissioner who is the chief executive officer of the Organisation and Secretary to the Central Board of Trustees, controls the Organisation through Regional Provident Fund Commissioners one in each State and in Delhi; and functions as a link between the Central Board of Trustees, beneficiaries of the Fund, Employers' and Employees' Organisations and the general public on the one hand and the Central Government on the other. At the beginning of the year full-time Regional Commissioners were functioning except in Rajasthan, Orissa and Assam. The part-time posts in Rajasthan and Orissa were converted into full time in May, 1964. A full-time officer was appointed in Rajasthan in November 1964; and similar officer for Orissa would be appointed before long.

The authorised strength of officers and staff of the Organisation during the year was 3,879 as against 3,727 in the previous year. The total number of permanent posts stood at 1,791 against the total strength of 3,879. Steps were taken to select individuals against permanent posts. As many as 234 were made permanent upto the end of March 1964 making the total 1,218.

20. CONFERENCES

On the 13th April 1964 the 2nd Conference of Regional Commissioners was inaugurated by Shri D. Sanjivayya, the Union Minister for Labour & Employment, at New Delhi. The Union Minister expressed gratification at the progress of the Organisation and stressed the need for further improvement in the working of the Act and the Scheme.

In view of lack of uniformity about the methods of maintenance of accounts in the various regions and inadequacy of existing arrangements for the preparation of annual balance sheet on the basis of scientific, current and approved assets and liabilities of the Organisation, a detailed study of the existing procedures was undertaken by a team of two officers from the Head office with a view to evaluation of scientific uniform methods of accounting; and a Conference of the Accounts Officers, first of its kind, was convened on the 22nd February 1965 to consider their recommendations which were very comprehensive and far reaching. The Conference met for 3 days and finalised the new procedures for maintenance of accounts.

On 13th of March 1965 another Conference of Regional Commissioners (3rd of its kind) was held. Shri Asoke K. Sen, Minister of Law and Social Security inaugurated the Conference. He expressed satisfaction with the implementation of the Act and working of the Organisation and urged on the officers the need for giving special attention to the clearing of arrears which were heavy. Shri D. C. Das, Secretary to the Government, Department of Social Security and Chairman of the Central Board of Trustees too addressed the Conference. He said that his visit to the regional offices had given him the impression that the officers had a sense of urgency. The Conference endorsed the decisions taken by the Accounts Officers' Conference with marginal modifications; and made certain important recommendations.

21. RATIONALISATION OF ACCOUNTING PROCEDURES IN THE EMPLOYEES' PROVIDENT FUND ORGANISATION

Even though certain amount of uniformity in the accounting procedures was sought to be achieved by the instructions contained in the Employees' Provident Fund Manual in 1962-63, inspection of Regional Offices revealed that accounting procedures adopted in the various Offices were not only not uniform but they also did not conform to the approved system. The system already evolved did not lend itself well, either, to the preparation of a balance-sheet on a scientific basis involving assessment of the current and accrued assets and liabilities of the Organisation. The deficiencies indicated that the basic accounts maintained in the Regional Offices should be streamlined, made uniform and put on a strictly scientific basis with fool proof methods for correct assessment of income and expenditure at every stage, correct booking of amounts and reconciliation of all the figures posted in the individual ledger cards of the member with those to be exhibited in the balance-sheet compiled at the end of the year. To achieve that object and in a short time, two Assistant Commissioners from the Central Office, well versed in the accounts and audit procedures, were deputed for about 3 months from August 1964 to November 1964 to undertake a detailed study of the accounting procedures actually in use in 8 typical regions and make suitable recommendations. They made a detailed study accordingly and submitted their recommendations, very comprehensive and of far-reaching character. Those recommendations were considered in detail in a Conference, first of its kind, of the Accounts Officers of the Organisation on 22nd, 23rd and 24th February 1965 (a reference to this Conference has already been made under the head 'Conferences').

The discussions were extremely useful and conclusions reflecting near unanimity of the views reached. Those conclusions were later discussed in the Conference of the Regional Commissioners held on the 11th and 12th of March, 1965 and were ratified with marginal changes. Arrangements were under way for their implementation from the 1st of April, 1965. Preparation of a regular Accounts Manual based on the latest recommendations of the Accounts Officers' Conference was taken up.

22. MECHANISATION OF ACCOUNTS

In pursuance of Government's decision in November 1963 to undertake mechanisation of accounts (about five lakhs) in the Regional Office, Bombay on an experimental basis for a year, mechanisation of accounts was started on 11th May 1964 with one I.B.M. installation. More than 50 per cent of the accounts work at present being done manually in the Regional Office by about 150 persons was to be processed on the machines on the 'Punched card' system and the final accounts compiled within 12 months by 34 machine operators. There was, however, delay in the supply and installation of certain machines. In fact the most important machine "609" Calculating Punch" was not received until the end of October 1964. Many machine operators, too, could attain optimum efficiency only by that time. The work accumulated in the 'Punching' and 'Processing' Sections on account of this initial handicap had to be cleared with additional staff and machines and by working over-time and in two extra shifts of the staff. Initial difficulties over the compilation of annual accounts and the supply of accounts slips to the members for 1964-65 was expected to be completed before September while the normal target date is 30th September, 1965. The mechanisation of accounts would ensure not only that the accounts are compiled efficiently, correctly and within the target date but also that the expenditure is kept within the amount allotted for this purpose. The progress made so far revealed that the experiment had been worthwhile in that the accounts for the year could be compiled in less than a year's time and the over-all expenditure, barring the initial capital payments on installation, would be less than if it had been done by manual process.

23. PUBLICATIONS

In view of its popularity the pamphlet "Employees' Provident Fund—At a Glance" published in March 1964 was translated into major Regional languages and distributed free of charge.

The need for having in one place all facts and figures on the growth and development of the Employees' Provident Fund was felt widely and consequently a "Statistical Abstract" was brought out in February 1965.

Expansion of coverage involved increasing proportion of small establishments and so the need for educating the employers with the various provisions of the Act and the Scheme was felt. Accordingly a pamphlet in English entitled "Employers' Guide" was published in March 1965. Rendering of that pamphlet into various Regional languages was under way.

24. AMENDMENTS

(1) In May 1964 para 69(1)(b) of the Scheme was amended to enable a member to get his accumulations easily on his retirement on account of permanent and total incapacity for work occasioned by bodily or mental infirmity. Certificate of incapacity issued by the medical board existing for any establishment or a group of establishments or by a doctor acting on behalf of a Civil Surgeon is acceptable for the above purpose. Where there is no medical officer in an establishment the employer should designate in this behalf a registered medical practitioner stationed in the vicinity of the establishment. In the case, however, of an establishment covered by the Employees' State Insurance Scheme, the Medical Officer of the Employees' State Insurance Corporation Dispensary must be designated.

(2) In May 1964 clause (d) of para 69(1) was amended to enable a retrenched member to secure, for the period during which he is out of employment, monthly withdrawals not exceeding 6, of a non-refundable character from the Fund of an amount equal to his pay last drawn, or 1/6th of the amount standing to his credit, whichever is less.

(3) In August 1964 para 36 of the Scheme was amended casting on the employer an obligation to maintain an inspection note book in order for an Inspector to record his observations on his visit to the establishment.

(4) As from 1st of October 1964 administration and inspection charges were linked to pay and fixed respectively at 37% and .09% of the pay. Until then charges were 3% and .75% of the contributions. Necessary amendments were carried out to paras 30 and 38 of the Employees' Provident Funds Scheme.

(5) To quicken the pace of settlement of claims where there is no nomination at all or the nominee is a minor or lunatic but without appointment of a guardian under the Guardians and Wards Act, 1890, or a manager under the Indian Lunacy Act, 1912, Commissioner/Chairman of the Central Board of Trustees had been authorised to make payments if the claim did not exceed Rs. 1,000/2,000 after making necessary inquiry about the title of the claimant. In a good number of cases the amount involved was higher than Rs. 2,000. To avoid frequent references to the Chairman and higher authorities sub-paras (1) and (3) of paragraph 72 were amended in October 1964 enhancing the powers of the Commissioner/Chairman respectively to Rs. 5,000/- and 10,000/-.

(6) Wide-spread abuse of the loan facility for housing which following in the wake of liberalisation compelled review of the situation and in February 1965 para 68-B was amended whereby 7 years' membership and a minimum of Rs. 500 to the credit of a member on account of his own contribution were raised respectively to 10 years' and Rs. 1,000. In view of the demand for facility of loans for making substantial additions, alternations for improvements to the existing dwelling house and for completion of construction of dwelling house already started, the scope of para 68-B was enlarged by necessary amendment.

25. INSPECTIONS

During the year 81,880 inspections were carried out of the establishments, both exempted and unexempted as also uncovered establishments. The yardstick for inspection was raised from 35 to 40 a month. It was emphasised that while on an average each establishment should be inspected once in 4 months, the establishments which are implementing the Scheme well be inspected less frequently and those which are bad more often. The need for inspection of infant and marginal establishments at least once in a year was brought home to the field staff.

26. INCOME AND EXPENDITURE

The expenses of the administration are met from special levies called the administrative and inspection charges realised from the employers respectively of unexempted and exempted establishments. A decision was taken to link the administrative and inspection charges to the wages on which contribution is payable instead of relating it to the contributions. The administrative charges which were 3% of the contribution and in the case of establishments to which the enhanced rate of 8% applies 2.4% of the contribution, were changed to 37% of the wages for all establishments. Similarly the inspection charges which were .75% of the contribution and in the case of establishments governed by 8% rate .6% of the contribution were changed to .09% of pay. The new rates slightly less than the earlier ones in their overall incidence did away with the different rates for different kinds of establishments. The income from administrative and inspection charges as also the expenditure are given below:—

A Income	(In lakhs of rupees)
(a) Administrative and Inspection charges	146.98
(b) Interest on investment	12.62
(c) Damages on delayed remittances	0.43
Total	160.03
B Expenditure	117.85

27. AUDIT

There was no arrangement for internal audit. Introduction of measures for such audit was under way.

The external audit as usual of the Fund was conducted by the Comptroller and Auditor General of India with the assistance of the various Accountants General.

28. ACCOMMODATION FOR OFFICE AND STAFF QUARTERS

Sites were purchased for office building and staff quarters in Hyderabad and for office buildings in Bombay and Kanpur. Plan for construction of office building in Bombay had been prepared. Construction will start soon. Sites were selected in Gujarat, Madhya Pradesh, Punjab, Rajasthan, West Bengal and Bihar regions; acquisition proceedings or negotiations were in progress for purchase of sites. In other States selection of sites was yet to be finalised. Negotiations were in progress for purchasing the present office building at

Trivandrum for the Regional office, Kerala. Additional accommodation was made available to West Bengal to relieve the extreme congestion in the existing building. Regional Offices of Bihar and Rajasthan were shifted to better buildings.

29. IMPORTANT COURT DECISIONS

The important decisions of the various Courts have been given in appendix T.

30. MISCELLANEOUS

(1) On the initiative of the Board a draft constitution for setting up Staff Committees in the Central and the Regional Offices on the model of the Central Government Staff Committees was examined first in 27th meeting held on the 6th February 1965 (and finally approved in the 28th meeting held on the 19th May 1965).

(2) Introduction of Scheme was under way for stimulating original thinking among the employees and for suitably rewarding those whose suggestions for improvement in job, methods, procedures etc., are accepted.

(3) The application of the "Family Pension Scheme for the Central Government Employees, 1964" to the employees of this Organisation, retrospectively from 1st of January subject to exercise of option by those appointed before 1st of April, 1960 within six months of the notification of the Scheme was considered by the Board in its meeting held on 22nd August 1964 and approved in principle. (Certain details which were asked for were furnished in the meeting on 19th May 1965 and the entire proposal was approved).

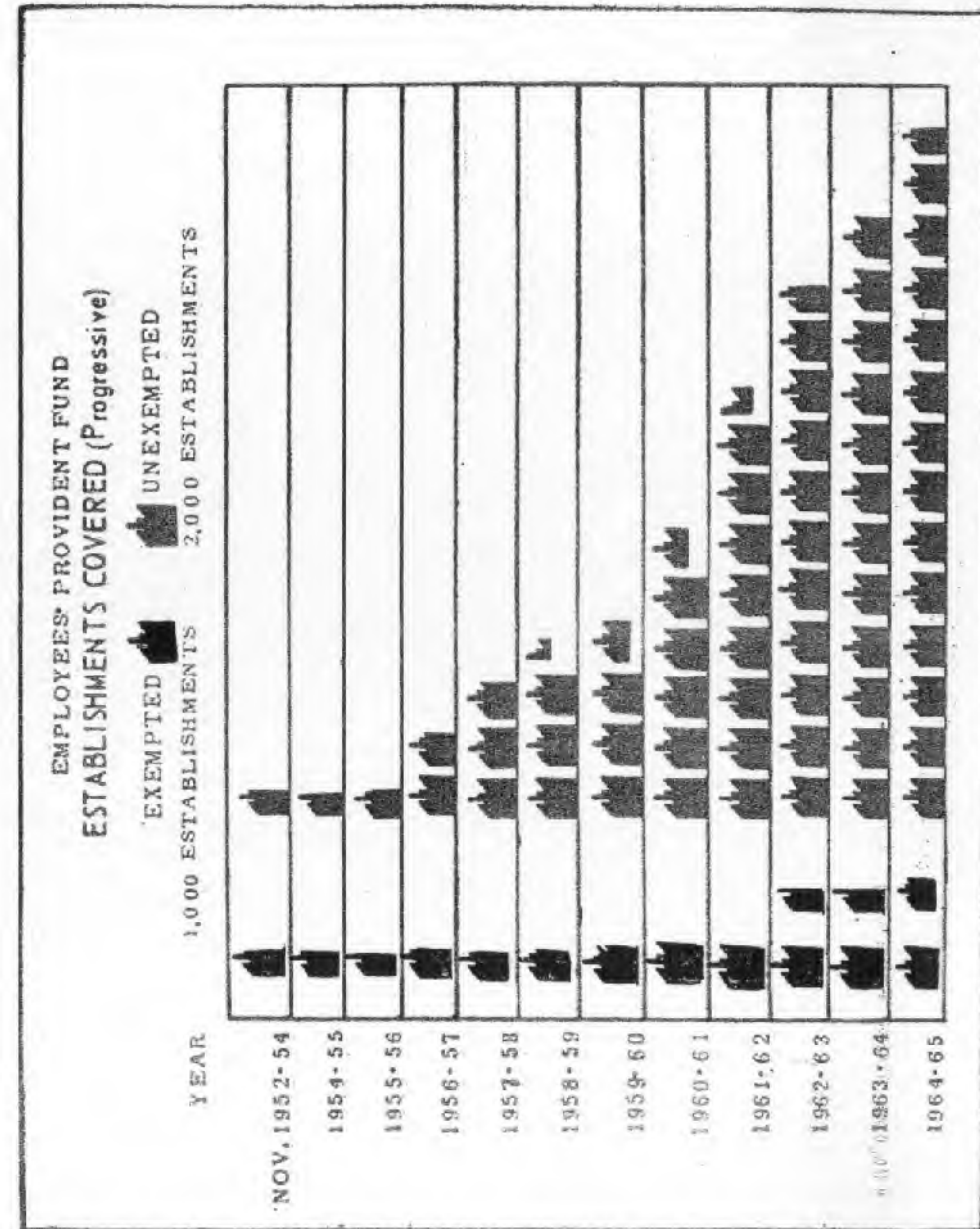
(4) To improve the tone and quality of different cadres of this Organisation measures towards holding of written examination was prescribed for (a) recruitment to the posts of Lower Division Clerks and (b) promotion to 25% of the posts in the grade of Upper Division Clerks.

31. MAJOR PROBLEMS AFFECTING ENFORCEMENT OF THE EMPLOYEES' PROVIDENT FUNDS SCHEME

(1) Prosecution: In the absence of powers with the Organisation to sanction prosecution or to recover dues, Regional Commissioners felt that the defaulting employers tended to care little for them and that their effectiveness suffered consequently. The Inspectors or the Regional Commissioners could themselves take no action against them as the State Government and an officer subordinate to it alone could sanction prosecution or take steps to recover dues. In a large number of cases considerable delay took place in the sanctioning of prosecutions.

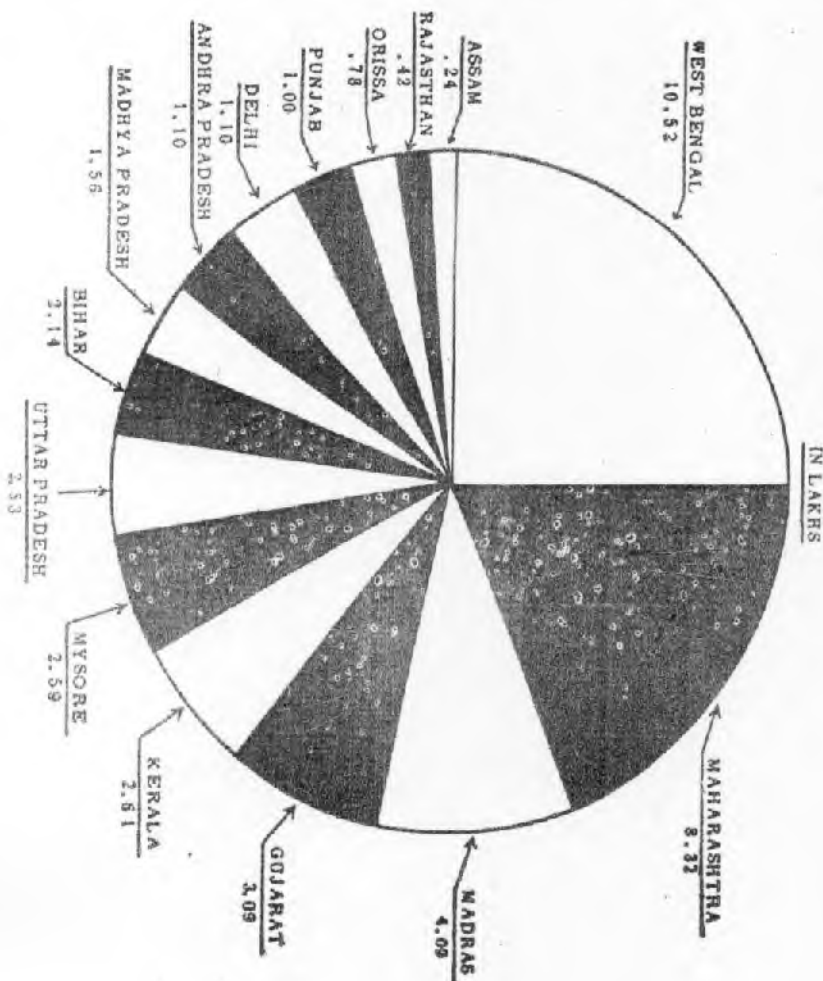
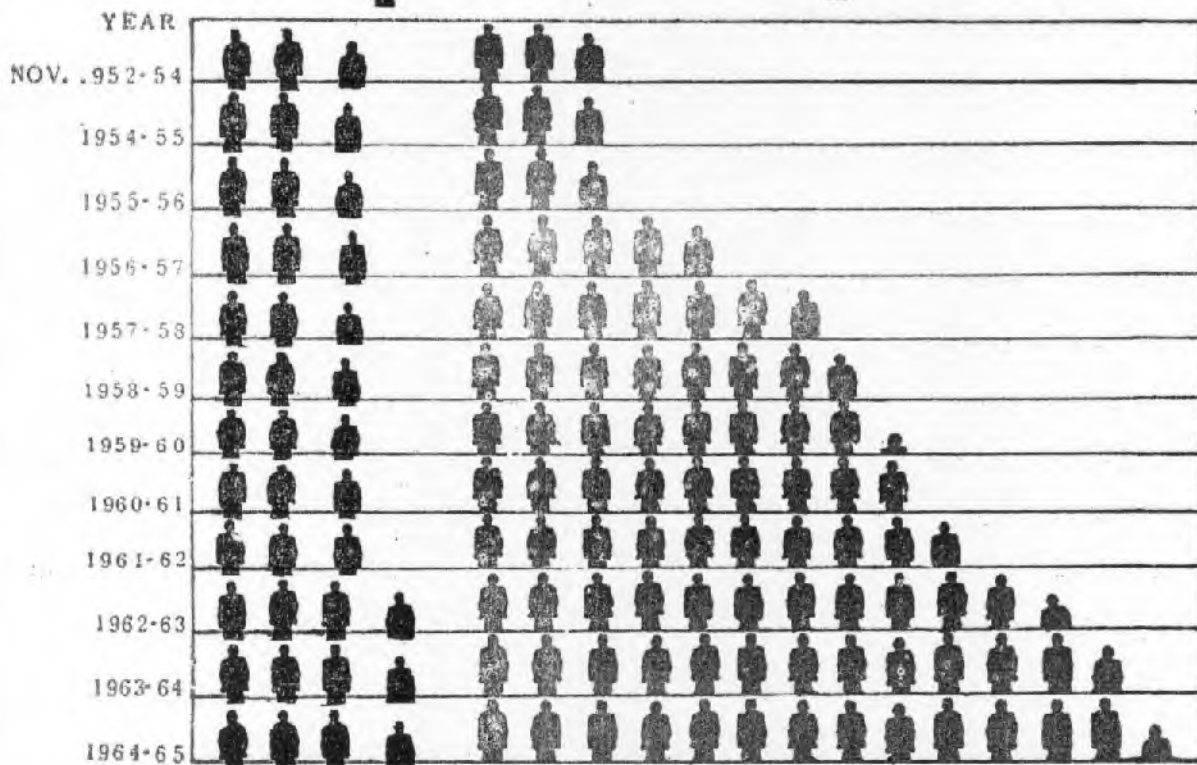
Obviously the Regional Commissioners felt that it would be difficult for them to bear responsibility if sinews of implementation were not under their control. The Employees' State Insurance Corporation and the Coal Mines Provident Fund Organisation do not have to depend on others for sanction of prosecutions.

Government are considering the Central Commissioner's proposal for delegation of powers of sanctioning prosecution to the Regional Commissioners.

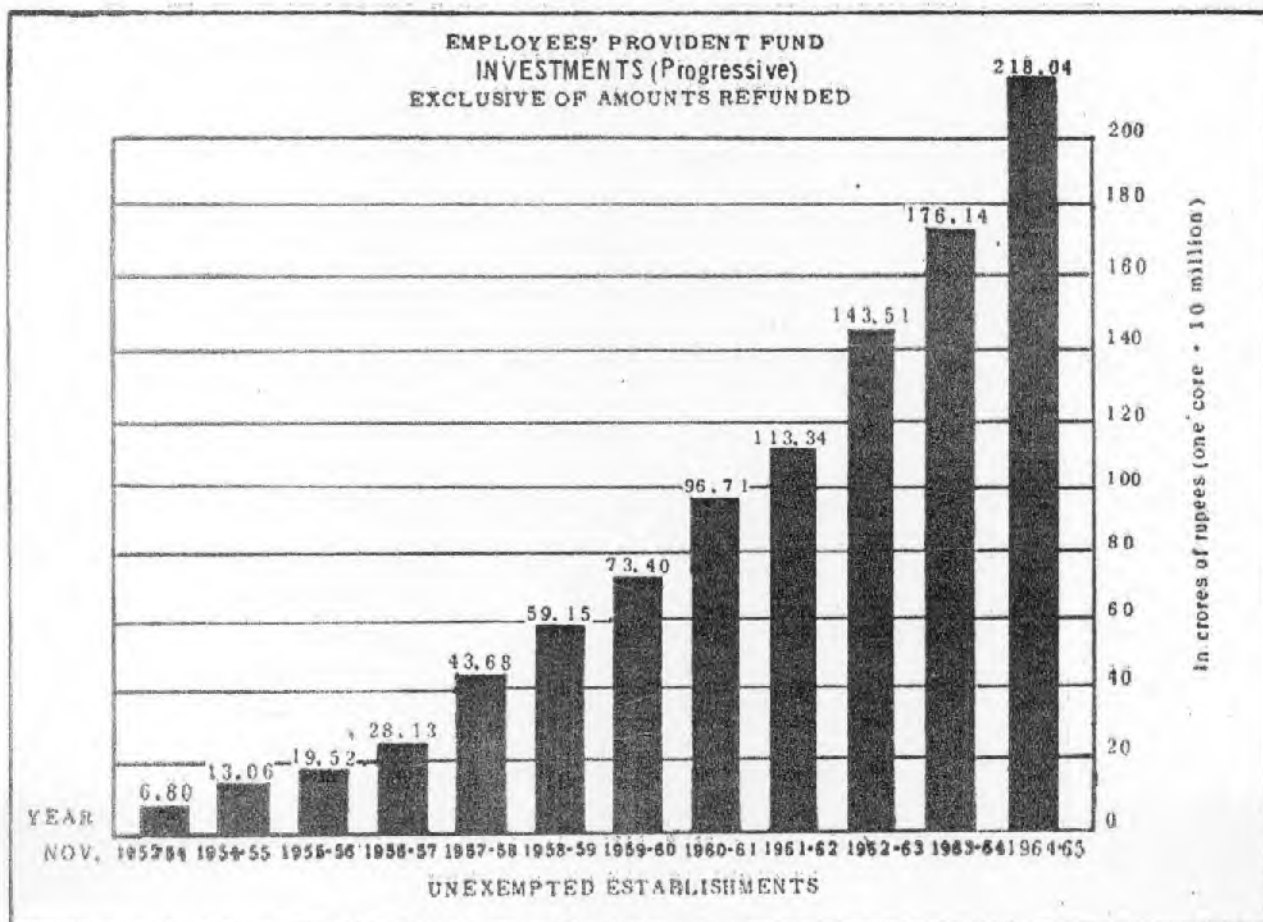
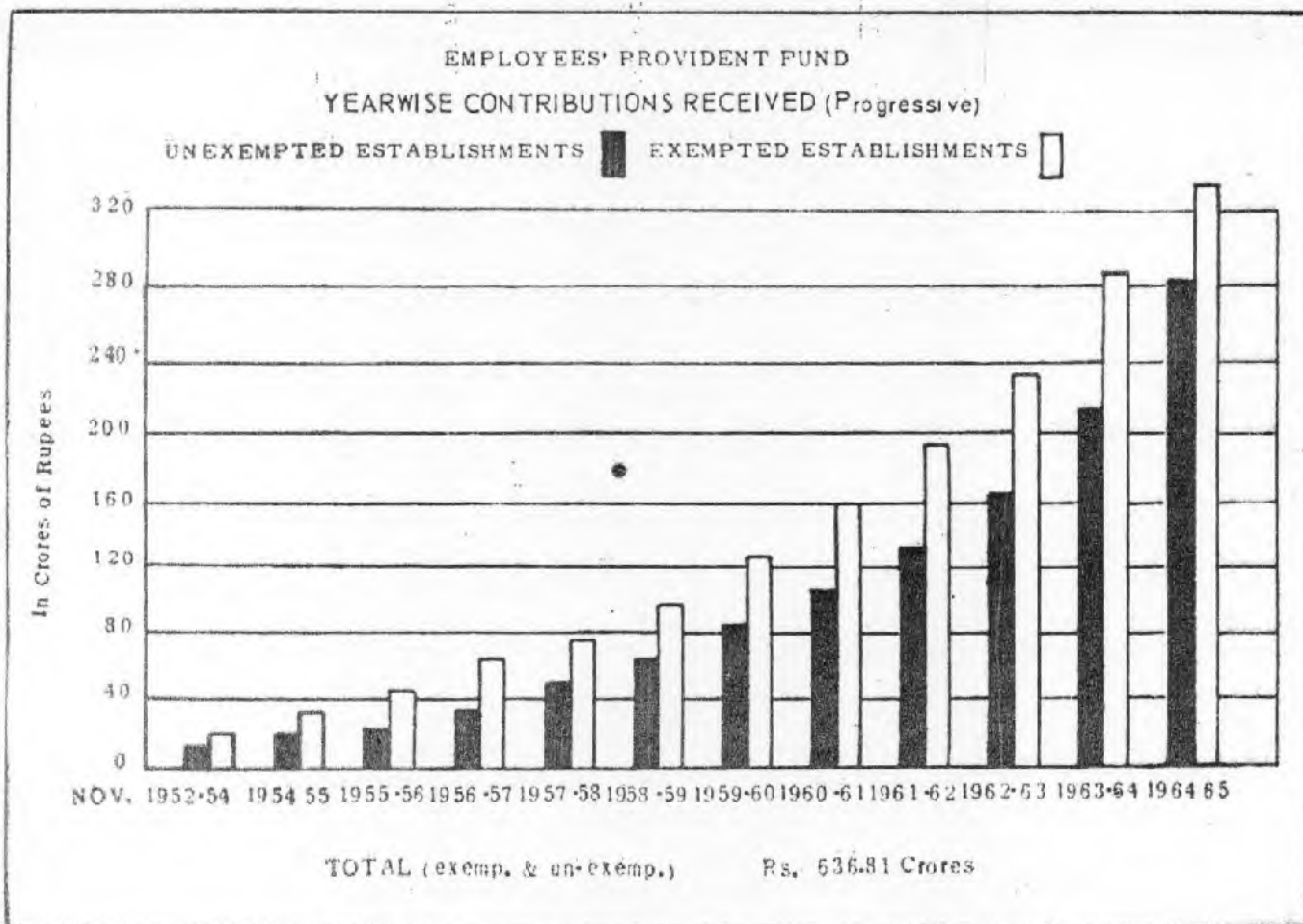


**EMPLOYEES' PROVIDENT FUND
NUMBER OF SUBSCRIBERS (Progressive)**

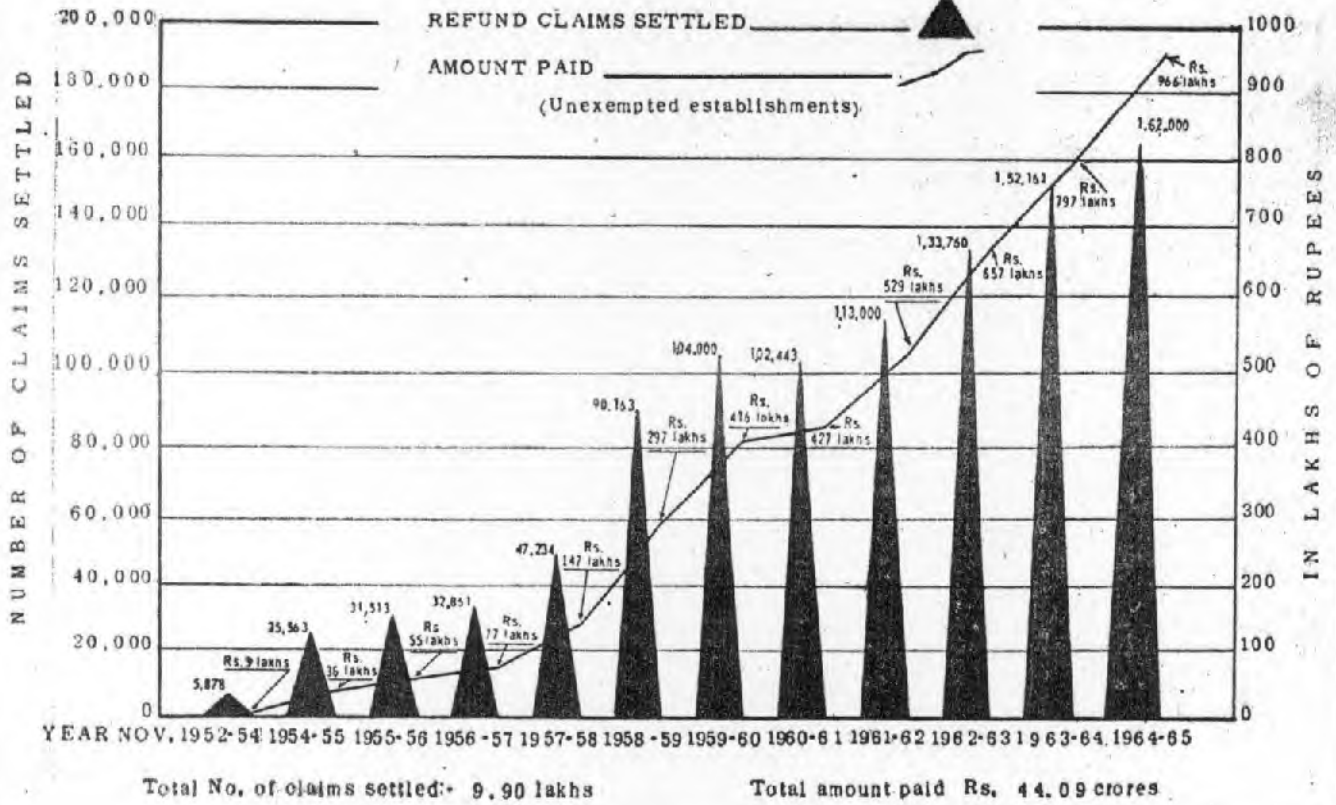
400,000 SUBSCRIBERS EXEMPTED UNEXEMPTED 200,000 SUBSCRIBERS



**EMPLOYEES' PROVIDENT FUND
REGIONWISE DISTRIBUTION OF SUBSCRIBERS
during 1964-65**

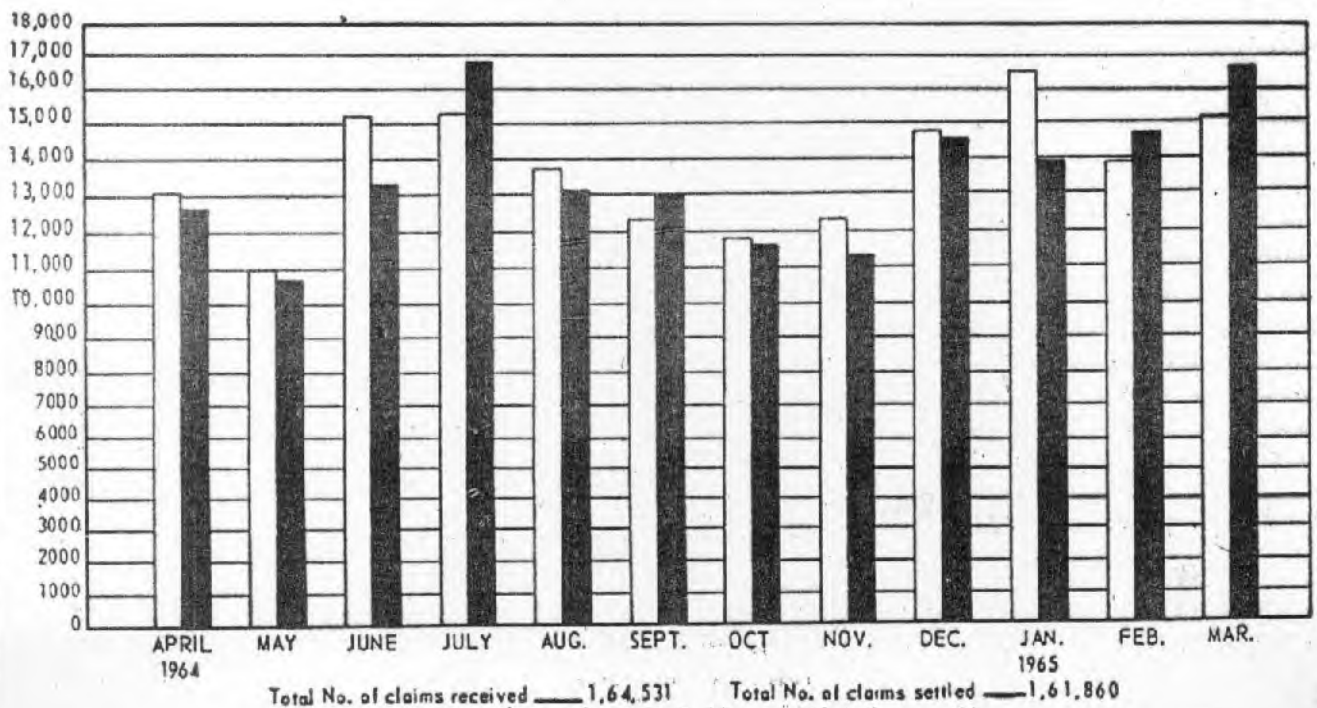


**EMPLOYEES' PROVIDENT FUND
REFUND CLAIMS SETTLED AND AMOUNT PAID
each year**

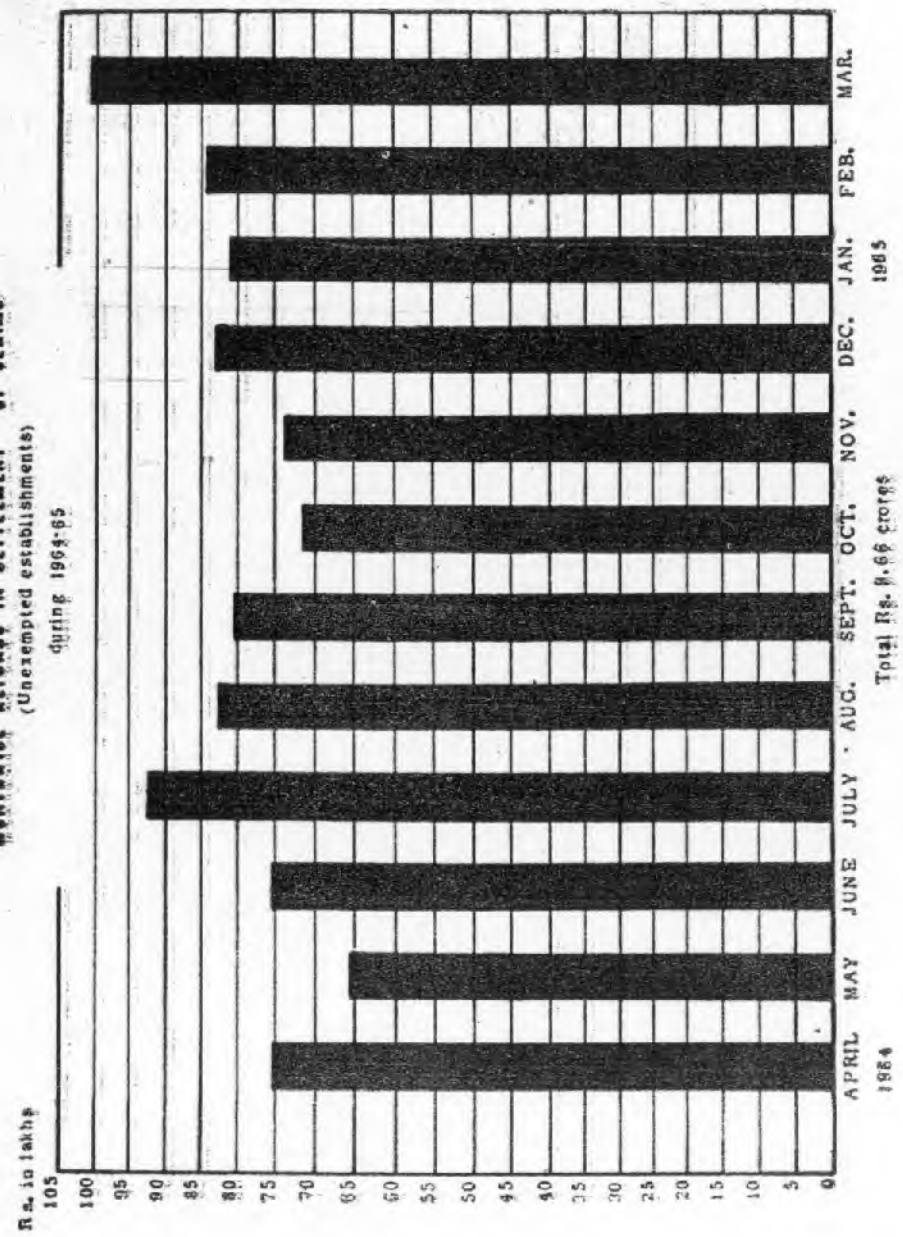


**EMPLOYEES' PROVIDENT FUND
MONTHWISE SETTLEMENT OF CLAIMS
(Unexempted establishments)**

No. of claims received No. of claims settled
during 1964-65



EMPLOYEES' PROVIDENT FUNDS
MONTHWISE RETURNS IN SETTLEMENT OF CLAIMS
(Unexempted establishments)
during 1964-65



Another problem in this connexion was dependance on the State Government public prosecutor for prosecution of offences against the Employees' Provident Funds Act and Scheme. Constitutionally, the responsibility for prosecution rests on the State Governments. As Public Prosecutors were too busy in other State Government work, they could not devote enough time to the Employees' Provident Fund cases.

So whatever the constitutional position, the feeling grew among the Commissioners that there should be a separate panel of lawyers for attending to cases of this Organisation—if prosecutions were to be meaningful.

(2) Section 19A of the Employees' Provident Funds Act which permits approach to Government for direction whenever there is any dispute or doubt as to the applicability of the Act to an establishment has been of help in resolving many a difficulty. But it is possible also to resort to Section 19A when there is hardly any real dispute or doubt. Since normally when a representation is made to Government under Section 19-A, the enforcement of the Act is held up, it is very necessary for the Employers' Organisations to ensure that their members do not resort to this section except when really necessary. A view is even held in some quarters that by a suitable amendment of the Act, a resort to section 19-A could be restricted to points of facts so that unnecessary hold ups do not occur.

(3) As law stands, an employee has to put in 240 days of actual work or one year's continuous service to become a member. Manipulation of attendance records to prevent accrual to employees of eligibility for membership is not a rare phenomenon. Added to that is the condition that 240 days should be the days of actual work and exclude Sundays (besides other holidays); and where as in certain Pharmaceutical establishments two off days are given in a week, Saturday too.

32. CONCLUSION

Evidently the working of the Employees' Provident Funds Act and Scheme revealed several gaps—in the legal as well as administrative arrangement. There was constant endeavour to fill those gaps—by streamlining the administrative processes and machinery and seeking amendment of the law. Action was not limited to collecting contributions, managing the funds and administering the predetermined benefits. The need for widening the range of benefits to the employees and for personalising and humanising them was never lost on those concerned with the administration of the Scheme. Due regard was always had to the genuine difficulties of the employers in the implementation of the Scheme.

The Board would like to place on record its appreciation of the hard and devoted work done by the officers and staff of the Employees' Provident Fund Organisation during the year.

W. Ramani
Secretary,
Central Board of Trustees

APPENDIX A

List of industries/classes of establishments to which the Employees' Provident Funds Act, 1952 applies. (The figures within brackets against items 1 to 100 show the number of covered establishments industry-wise, and the figures in the last column show the number of subscribers therein, as on 31st March, 1965).

From 1st November 1962	(1) Cement; (50)	51,035
	(2) Cigarettes; (15)	16,985
	(3) Electrical, mechanical or general engineering products; (5,551)	6,26,570
	(4) Iron and Steel; (192)	1,89,100
	(5) Paper; (161)	45,108
	(6) Textiles (made wholly or in part of cotton, or wool, or jute, or silk whether natural or artificial); (2,568)	12,38,695
From 31st March 1956	(7) Edible oils and fats; (1,054)	36,387
	(8) Sugar; (214)	1,76,091
	(9) Rubber and rubber products; (209)	35,717
	(10) Electricity including generation, transmission and distribution thereof; (485)	1,12,308
	(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) [including Tea plantations*] (982)	3,96,728
	(12) Printing, including the process of composing types for printing, printing of letters 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; (1,067)	55,759
	(13) Stone-ware, pipes; (18)	3,152
	(14) Sanitary wares; (18)	3,496
	(15) Electrical porcelain insulators of high and low tension; (18)	3,083
	(16) Refractories; (65)	25,615
	(17) Tiles; (366)	25,324
	(18) Matches; (97)	10,744
	(19) Glass; (192)	25,059

Note—

Till the 31st March 1962 the Scheme was not applicable to the following :

- (i) Match factories having annual production of five lakhs gross boxes of matches or less;
- (ii) such glass factories other than sheet glass and glass shell factories as have an installed capacity of 600 tons per month or less.

*Please see item 26.

From 30th September 1956	(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,	
	(ix) Fatty acids,	
	(x) (Oxygen acetylene and carbon dioxide gases. The Act was actually enforced in this industry with effect from the 31st July 1957); (933)	1,29,870
	(21) Indigo; (1)	59
	(22) Lac including shellac; (36)	496
	(23) Non-edible vegetable and animal oils and fats; (16)	748
From 31st December 1956	(24) Newspaper establishments; (225)	27,458
From 31st January 1957	(25) Mineral oil refining; (6)	9,462
From 30th April 1957	(26) Tea plantations (other than the tea plantations in the State of Assam); [See item (11)] (—)	..
	(27) Coffee plantations; (843)	46,093
	(28) Rubber plantations; (138)	13,705
	(29) Cardamom plantations (44)	929
	(29) (a) Mixed plantations; (109)	20,748
	(30) Pepper plantations; (—)	..
From 30th November 1957	(31) Iron-ore mines; (110)	16,037
	(32) Manganese mines; (270)	28,859
	(33) Limestone mines; (76)	26,300
	(34) Gold mines; (2)	16,325
	(35) Industrial and power alcohol; (28)	4,604
	(36) Asbestos cement sheets; (6)	5,191
	(37) Coffee curing establishments; (32)	7,718
From 30th April 1958	(38) Biscuit making industry including composite units making biscuits and products such as bread, confectionery and milk and milk powder; (108)	7,075
From 30th April 1959	(39) Road motor transport establishments; (1,083)	1,37,092
From 31st May 1960	(40) Mica factories; (108)	7,858
	(41) Mica mines; (230)	9,612
From 30th June 1960	(42) Plywood; (90)	11,228
	(43) Automobile servicing and repairing; (453)	24,392
From 31st December 1960	(44) Rice milling; (1,697)	21,404
	(45) Dal milling; (145)	1,997
	(46) Flour milling; (97)	5,589
From 31st May 1961	(47) Starch; (8)	1,600
From 30th June 1961	(48) Hotels; (1,187)	29,699
	(49) Restaurants; (399)	7,281
	(50) Establishments engaged in the storage or transport or distribution of petroleum or natural gas or products of either petroleum or natural gas (201)	13,794
	(51) Petroleum or natural gas exploration, prospecting, drilling or production;	} (76) 5,818
	(52) Petroleum or natural gas refining;	

From 31st July 1961	(53) Cinemas including preview theatres; (653)	14,136
	(54) Film studios; (28)	2,609
	(55) Film production concerns; (71)	2,265
	(56) Distribution concerns dealing with exposed films; (59)	2,184
	(57) Film processing laboratories; (10)	1,088
From 31st August 1961	(58) Leather and leather products; (328)	18,337
From 30th November 1961	(59) Stone ware jars; (15)	1,880
	(60) Crockery; (27)	2,271
From 31st December 1961	(61) Every cane farm owned by the owner or occupier of a sugar factory or cultivated by such owner or occupier or any person on his behalf; (29)	3,957
From 30th April 1962	(62) Every trading and commercial establishment engaged in the purchase, sale or storage of any goods, including establishments of exporters, importers, advertisers, commission agents and brokers, and commodity and stock exchanges, but not including banks or warehouses established under any Central or State Act; (3,904)	2,55,083
From 30th June 1962	(63) Fruit and vegetable preservation; (48)	2,835
From 30th September 1962	(64) Cashewnuts; (198)	86,142
From 31st October 1962	(65) Establishments engaged in the processing or treatment of wood including manufacture of hard-board or chip-board, jute or textile, wooden accessories, cork products, wooden furniture, wooden sports goods, cane or bamboo products, wooden battery separators; (203)	7,197
	(66) Saw mills (344)	9,086
	(67) Wood seasoning kilns (22)	1,689
	(68) Wood preservation plants; (2)	21
	(69) Wood workshops; (120)	3,918
From 31st December 1962	(70) Bauxite mines; (15)	1,432
From 31st March 1963	(71) Confectionery; (29)	503
From 30th April 1963	(72) Laundry and laundry services; (89)	4,098
	(73) Buttons; (14)	422
	(74) Brushes; (11)	654
	(75) Plastic and plastic products; (147)	6,728
	(76) Stationery products; (41)	3,099
From 31st May 1963	(77) Theatres where dramatic performances or other forms of entertainment are held and where payment is required to be made for admission as audience or spectators; (14)	417
	(78) Societies, clubs or associations which provide board or lodging or both or facility for amusement or any other service to any of their members or to any of their guests on payment; (93)	5,978
	(79) Companies, societies, associations, clubs or troupes which give any exhibition of acrobatic or other performances or both, in any arena circular or otherwise or perform or permit any other form of entertainment in any place other than a theatre, and require payment for admission into such exhibition or entertainment as spectators or audience. (14)	897

From 31st August 1963	(80) Canteens; (55)	1,035
	(81) Aerated water, soft drinks or carbonated water; (30)	1,477
From 31st October 1963	(82) Distilling and rectifying of spirits (not falling under industrial and power alcohol) and blending of spirits; (6)	368
From 31st January 1964	(83) Paint and varnish; (56)	3,979
	(84) Bone crushing; (23)	1,092
From 30th June 1964	(85) Pickers; (9)	367
	(86) China clay mines; (18)	2,713
From 31st October 1964	(87) Attorneys, as defined in the Advocates Act, 1961 (25 of 1961); (27)	1,825
	(88) Chartered or registered accountants, as defined in the Chartered Accountants Act, 1949 (38 of 1949); (36)	1,789
	(89) Cost and works accountants within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959); (—)	..
	(90) Engineers and engineering contractors, not being exclusively engaged in building and construction industry; (19)	633
	(91) Architects; (10)	198
	(92) Medical practitioners and medical specialists; (46)	1,711
From 31st December 1964	(93) Milk and milk products; (15)	1,386
From 31st January 1965	(94) Travel agencies engaged in (i) booking of international Air and Sea Passages and other travel arrangements, (ii) booking of internal air and mail passages and other travel arrangements and (iii) forwarding and clearing of cargo from and to overseas and within India; (12)	379
	(95) Forwarding agencies engaged in the collection, packing, forwarding, or delivery of any goods including carloading, break-bulk service and foreign freight service; (4)	327
	(96) Non-ferrous metals and alloys in the form of ingots; (2)	534
From 31st March 1965	(97) Bread; (—)	..
From 30th June 1965	(98) Streaming, redrying, handling, sorting, grading or packing of tobacco leaf. (—)	..
From 31st July 1965	(99) Agarbattee (including Dhoop and Dhoop-batee) industry (—)	..
From 30th September 1965	(100) Coir (excluding the spinning sector) industry (—)	..

APPENDIX B

Statement showing the number of establishments & subscriber covered region-wise as on 31-3-1965

Serial No.	Region	No. of factories/establishments covered under the Act			No. of subscribers covered under the Act		
		Exempted	Un-exempted	Total	Exempted	Un-exempted	Total
1	Andhra Pradesh .	35	1,699	1,734	32,820	77,680	1,10,500
2	Assam . . .	21	248	269	10,786	13,494	24,280
3	Bihar . . .	94	821	915	1,36,962	77,112	2,14,074
4	Delhi . . .	81	1,390	1,471	52,855	56,701	1,09,556
5	Gujarat . . .	84	1,542	1,626	1,53,355	1,55,386	3,08,741
6	Kerala . . .	53	1,509	1,562	16,055	2,44,807	2,60,862
7	Madhya Pradesh	42	808	850	84,070	72,129	1,56,199
8	Madras . . .	217	3,342	3,559	94,912	9,13,777	4,08,689
9	Maharashtra . .	363	5,360	5,723	2,93,930	5,37,829	8,31,759
10	Mysore . . .	87	1,904	1,991	1,32,836	1,26,244	2,59,080
11	Orissa . . .	21	307	328	40,232	37,402	77,634
12	Punjab . . .	30	1,689	1,719	26,779	73,519	1,00,298
13	Rajasthan . . .	13	416	429	7,362	35,082	42,444
14	Uttar Pradesh . .	100	1,572	1,672	58,600	1,94,369	2,52,969
15	West Bengal . . .	593	5,137	5,730	4,43,197	6,08,834	10,52,031
	Total . . .	1,834	27,744	29,578	15,84,751	26,24,365	42,09,116

APPENDIX C

List of industries/classes of establishments in respect of which the statutory rate has been enhanced to 8% of pay

NOTE—This enhanced rate is applicable to factories/establishments employing 50 or more persons

From 1st January, 1963
(i) to (iv)

- (i) Cigarettes;
- (ii) Electrical, mechanical or general engineering products;
- (iii) Iron and Steel;
- (iv) Paper other than hand made paper;

From 1st April, 1963

From 1st November, 1963
(v) to (xxiii)

- (v) Cement;
- *(vi) Textiles (made wholly or in part of artificial silk and wool);
- (vii) Matches;
- (viii) Edible oils and fats, other than Vanaspati;
- (ix) Rubber and rubber products;
- (x) Electricity including the generation, transmission and distribution thereof;
- (xi) Tea;
- (xii) Printing (other than printing industry relating to newspaper establishments as defined in the Working Journalists (Conditions of Service) and Miscellaneous Provisions Act, 1955) including the process of composing types for printing, printing by letter press, lithography, photogravure or other similar process or book-binding;
- (xiii) Glass;
- (xiv) Stone-ware pipes;
- (xv) Sanitary wares;
- (xvi) Electrical porcelain insulators of high and low tension;
- (xvii) Refractories;
- (xviii) Tiles;
- (xix) Heavy and fine chemicals, excluding fertilizers but including the following:—
 - (a) Turpentine,
 - (b) Resin,
 - (c) Medical and pharmaceutical preparations,
 - (d) Toilet preparations,
 - (e) Soaps,
 - (f) Inks,
 - (g) Intermediates, dyes, colour lakes and toners,
 - (h) Fatty acids, and
 - (i) Oxygen, acetylene and carbon-dioxide gases;
- (xx) Indigo;
- (xxi) Non-edible vegetable and animal oils and fats;
- (xxii) Mineral oil refining;
- (xxiii) Newspaper establishments;
- *(xxiv) Textiles (made wholly or in part) of cotton;
- (xxv) Tea plantations (other than the tea plantations in the State of Assam);
- (xxvi) Rubber plantations;
- (xxvii) Cardamom plantations;
- (xxviii) Pepper plantations;
- (xxix) Lime stone mines;
- (xxx) Industrial and power alcohol;
- (xxxi) Asbestos cement sheets.

From 1st December, 1963

From 1st February, 1965
(xxv) to (xxxi)

NOTE—*This is part of the industry mentioned at item (vi) on prepage. Accordingly the enhanced rate has been applied to 30 industries/classes of establishments covered under the Act.

APPENDIX D
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, 1965

Serial No.	Class of Assets	Book value or Face value*	Market value upto 31st March, 1965	Remarks
1	2	3	4	5
		Rs.	Rs.	
1	Government of India Securities—			
	(i) Securities in respect of investments made centrally	1,98,73,12,008	1,95,64,76,954 (a)	
	(ii) Past accumulations received in the shape of Government of India Securities	16,52,09,195*	16,80,64,757 (a)	
	(iii) Investments from Administration Account	2,92,10,449	2,85,74,992 (a)	
	(iv) Investments from Staff Provident Fund	27,73,770	28,02,037 (a)	
2	Past accumulations received in the shape of State Government Securities	1,51,36,700*	1,48,57,169 (a)	
3	Past accumulations received in the shape of Indian Municipal, port and improvement Trust Securities including Debentures	32,55,200*	31,20,193 (a)	
4	Past accumulations received in the shape of debentures of companies	63,600*	63,600 (b)	
5	Cash on deposit in Banks	20,000	20,000	
6	Cash in hand and on current accounts in Banks	1,89,01,946	1,89,01,946	
7	Other Assets (Office equipment, furniture, etc.)	11,74,477 (c)	7,23,616 (d)	
	Total	2,22,30,57,345	2,19,36,05,264	

(a) Based on quotations obtained from Reserve Bank of India, Bombay.
(b) Quotations not available.
(c) Purchase price.
(d) Book value.

E. V. RAM REDDI
Central Provident Fund Commissioner.

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APPENDIX E

Statement showing the names of establishments which are in default of Provident Fund dues to the extent of Rs. 1 lakh or above—As on 31-3-65

Serial No.	Name of the establishment	Amount of provident fund contributions in default (Rs. in lakhs)	Period of default	Action taken
1	2	3	4	5
			ANDHRA PRADESH	
	Nil	Nil	Nil	Nil
	Nil	Nil	ASSAM	Nil
			BIHAR	
1	Tatanagar Foundry Co. Ltd., Tatanagar	1.78	Past accumulation on cancellation of exemption in December, 1963.	The amount represents the balance of past accumulations which the establishment was required to transfer on the cancellation of exemption. The arrears were being paid in instalments.
2	Chrestien Mica Industries Ltd.	2.28	May, 1962 to December, 1963	The amount represents arrears pertaining to 26 mica mines owned by the Chrestien Mica Industries Ltd. The arrears were being paid in monthly instalments of Rs. 10,000.
3	South Bihar Sugar Mills Ltd., Bihta	1.03	Past accumulations on cancellation of exemption in January, 1963.	Exemption granted to South Bihar Sugar Mills Ltd., and Jineshwargarh Cane Farm of the said Mills was cancelled. The amount represents the balance of past accumulations. The arrears were being paid in monthly instalments of Rs. 10,000.
	Nil	Nil	DELHI	Nil

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APPENDIX E—contd.

1	2	3	4	5
			GUJARAT	
4	The Maneckchowk and Ahmedabad Mfg. Company Limited, Ahmedabad.	3-78	October, 62; January, 63 to April, 63; and administrative charges for January, 63 to March, 63; June, 63 to August, 63 and June, 64 and refund of withdrawals.	The establishment was allowed by the State Government to clear the arrears in monthly instalments of Rs. 25,000. As it failed to pay the instalments during April, 1964 to February, 1965, the matter was brought to the notice of the State Government. The Company represented that it would arrange to pay all the accumulations including interest @8½% of its request for lowering the rate of interest was considered by the Government. The request of the company was not conceded. The State Government issued orders guaranteeing loan of Rs. 7 lakhs to the Mills to be granted by the State Bank of India, one of the conditions for grant of loan being that the amount of loan should be applied towards payment of arrears of Provident Fund contributions. The State Government has enquired whether the term 'arrears of Provident Fund contributions' includes damages also. The final decision of the Government is awaited.
	Nil	Nil	KERALA	Nil
			MADHYA PRADESH	
5	B.N.C. Mills Ltd., Rajnandgaon	3-63	September, 60 to April 61; November, 62 to December, 62.	The factory was closed in December, 62 and restarted functioning in January, 64 under a new management. The new management has paid the dues up to January, 1965. For old dues, the proposal of the former management for sale of certain attached property was under consideration of the State Government.
6	Indore Malwa United Mills Ltd., Indore	3-28	January, 65 to March, 65	One complaint under section 406 I.P.C. was filed with the Police and was under investigation. Revenue recovery certificate was issued. Managing Director of the Mills was served with a notice of prosecution.
7	Bhandari Iron and Steel Co. Ltd., Indore	1-50	October, 58 to September, 59; April, 60 to November, 60; March, 61 to March, 62	Revenue Recovery certificate was issued and the Mills property attached. On an objection raised by the State Bank of India, the High Court of Madhya Pradesh did not give the Employees' Provident Fund priority over the secured debts. The auction sale of the attached property was under way through the State Bank of India as a charge holder.
8	New Bhopal Textiles Ltd., Bhopal	6-49	March, 62 to May, 63; September, 64 to March, 65.	Revenue Recovery proceedings were in progress. Collector was asked to expedite recovery. A complaint under section 406 Indian Penal Code was under Police investigation.
			MADRAS	
9	Express Newspapers Ltd., Madras	1-19	Balance of past accumulation as on 1-1-57	Under an agreement with the management the establishment was paying off the arrears in quarterly instalments of Rs. 50,000.
10	Sri Bharathi Mills, Pondicherry	1-64	September, 64 to February, 65	Revenue recovery and prosecution proceedings were instituted.
11	Shri Bharathi Mills, Pondicherry	7-41	} Past accumulations on the coverage of establishments under the Employees' Provident Funds Act.	The question of transfer of accumulations was under examination in consultation with the Government of Pondicherry.
12	Swadeshi Cotton Mills, Pondicherry	12-73		
13	Anglo-French Textiles Ltd., Pondicherry	18-94		
				An arrangement for transferring the arrears on the following terms has since been agreed to:— (i) To pay the balance of previous accumulations in 10 half yearly instalments, the first instalment to be paid on or before 31st December, 1964 and subsequent instalments on or before 30th June and 31st December.

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APPENDIX E—contd.

1	2	3	4	5
				(ii) Interest shall be paid on the balances outstanding at 4% above the rate of interest allowed on member's account in the statutory Fund;
				(iii) If and when any member retires or otherwise becomes eligible to withdraw the Provident Fund monies in the Employees' Provident Fund before the entire amount is repaid, the balance due to that particular member will be paid by the factory in addition to the half yearly instalment.
				2. Anglo French Textiles Ltd., are paying the current dues regularly. Swadeshi Cotton Mills has committed default in paying the dues for April and May, 1965. The Chief of the Contributions Department at Pondicherry is being addressed to realize the amount.]
			MAHARASHTRA	
14	Sholapur Spinning & Weaving Mills Ltd., Sholapur.	41-33	For various periods	The factory was closed down in January 1964. The High Court of Bombay passed orders in April, 1964 for winding up the affairs of the Mills and appointed Shri P.D. Dalal, Official Liquidator. The claim for provident fund amounting to Rs. 41,38,838 was filed with the Liquidator on 25-8-64.
15	Pratap Spinning & Weaving Co. Ltd., Amalner.	5-68	July, 60 to November, 1960; June, 62 to March, 1963.	Revenue recovery proceedings were initiated; Mill was closed down early 1963 and Government of Maharashtra took it over through an Authorized Controller. The Controller was asked to liquidate the arrears. He proposed a Scheme yet to be sanctioned by the High Court.
16	Narsinggirji Mfg. Co. Ltd., Sholapur	18-23	March, 54 to November, 54; June, 56 to August, 57; March, 58 to February, 62.	The concern was in liquidation. Provident Fund claim was registered with the Liquidator. The factory was then being run under Unemployment Relief Scheme. A civil suit was filed against Raja Dhanrajgirji for a sum of Rs. 3,02,183.50 as he had taken personal responsibility for the said amount.
17	Dhanraj Mills (P) Ltd.	7-93	April, 63 to March, 65	The arrears includes a part of the past accumulations which the establishment was required to transfer on cancellation of exemption in September, 1958. Revenue recovery proceedings were in progress. Prosecution was recommended to the State Government.
18	Gendalal Mills, Jalgaon	2-07	March, 54 to July, 54	The establishment had been closed since 1954 and in liquidation. The Co. had deposited debentures worth Rs. 1.5 lakhs with the Regional Office. The matter regarding return of debentures on payment of cash of Rs. 1.5 lakhs was under consideration. The prosecution had resulted in conviction of the Managing Director.
19	New Kaiser-in-Hind Spg. & Wvg. Co. Ltd.	4-35	June 61 to March, 64	The establishment was granted the facility to pay off the arrears in monthly instalments of Rs. 20,000. The instalments were being paid regularly.
20	R.S.R.G. Mohatta Mills Ltd., Hinganghat	5-11	August, 59 to August, 60 and past accumulations.	The Mill was being run by an Authorized Controller under Un-employment Relief Scheme. He had proposed a Scheme for settlement of liabilities under the old management and it was under consideration of the Central Government. A petition for the winding up of the Company was pending before the High Court. The Mill was regular in paying current dues since November, 1961.

APPENDIX E—contd.

1	2	3	4	5
21	Model Mills Ltd., Nagpur	3-44	May, 58 to March, 59	The Mill was being run by an Authorized Controller under Un-employment Relief Scheme. The arrears were being paid in terms of the Scheme sanctioned by the High Court. 40% of the arrears had been paid.
22	Apollo Mills Ltd., Bombay	3-02	..	The arrears represent damages which had been levied under Section 14-B of the Employees' Provident Funds Act. The establishment filed a Petition in the High Court and proceedings were stayed by the orders of the Court.
23	Omanahahi Mills Ltd., Nanded	1-49	Nov., 62 to February, 1963	The arrears were being paid in monthly instalments of Rs. 25,000.
24	Jayashankar Mills Ltd., Barai	4-75	June, 59 to October, 62 March, 64 to October, 64; January to March, 65.	The State Government had allowed the establishment to pay off the arrears in instalment. It paid six instalments of Rs. 9,000 each from January, 64 to July, 64. It did not pay the instalment in March, 64. The matter was referred to the State Government.
25	New Era Fabrics (P) Ltd.	2-29	June, 63 to December, 64	The establishment was granted instalments by the State Government. As it failed to pay, action for recovery and prosecution proceedings was initiated.
26	Prakash Cotton Mills, Bombay	1-13	..	The amount represents damages which had been levied under section 14-B of the Employees' Provident Funds Act. The establishment filed a Petition in the High Court against the levy of damages.
27	R. B. Bansilal Abirohand Wvg. Spg. Mills Ltd., Hinganghat.	1-99	February, 63 to March, 65	The Collector was asked to recover the arrears of provident fund amount.
28	Savatram Ramprasad Mills Akola	5-06	July, 58 to September, 60	The company had been paying the current provident fund dues regularly from October, 60 except for the months of September to December, 62. The State Government directed the establishment to clear off the arrears in monthly instalments of Rs. 16,000 from September, 64. The establishment, however, did not pay the instalments. The Collector was therefore asked to recover the dues. The factory was closed in October, 1964.
	Nil	Nil	MYSORE ORISSA	Nil
29	Orissa Textile Mills	10-35	April, 1956 to March, 1965	The amount represents provident fund contribution from April, 1956, besides damages. Revenue recovery and prosecution proceedings were instituted.
30	Tomka Iron Mines	1-11	April, 62 to February, 65	Revenue recovery and prosecution proceedings were instituted.
	Nil	Nil	PUNJAB RAJASTHAN	Nil
31	M. K. Mills Ltd., Kishangath	1-07	February, 54 to April, 58	Factory was closed and in liquidation. Claim for provident fund had been registered with the Liquidator.
32	Duduwala & Co., Bhitwara	1-41	June, 60 to October, 64	Revenue recovery proceedings were in progress.
			UTTAR PRADESH	
33	Muir Mills Company Limited, Kanpur	2-61	March, 1963 to July, 1963	The arrears include a sum of Rs. 39,662 for the year 1957 also. Revenue recovery proceedings were started but the same were stayed in view of an arrangement agreed to by the Labour Commissioner. According to arrangement, the arrears were to be cleared by the end of March, 1965. The management failed to adhere to this arrangement.

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APPENDIX E—contd.

1	2	3	4	5
34	New Victoria Mills Company Limited, Kanpur.	15-19	May, 1962 to November, 1963; February and March, 1965.	The establishment was paying Rs. 30,000 p.m. against arrears. As the management paid nothing either towards arrears or current provident fund dues in March, 1965 due to their financial difficulties which they faced on account of illegal strike followed by acts of violence, the State Government had allowed them to liquidate the dues payable in March, 1965 by 15th April, 1965.
35	M.D. Jute Mills Limited, Kanpur . . .	2-27	January, 1959 to March, 1965 . . .	Revenue recovery proceedings were pending with the collector, Kanpur.
36	Banaras Cotton and Silk Mills, Banaras . .	2-37	November, 1952 to April, 1955 . . .	Factory closed and was in liquidation, Claim for provident fund was filed with the liquidator.
37	R.E. Lachman Das Sugar and General Mills, Bahraich.	2-34	February, 1963 to March, 1965 . . .	Revenue recovery proceedings were pending with the Collector.
38	Bijli Cotton Mills Limited, Hathras . . .	11-96	March, 1964 to March, 1965 and accumulations on cancellation of exemption in February, 1964.	Revenue recovery proceedings were pending with the Collector. Complaints for prosecution were being filed.
WEST BENGAL				
39	India Electric Works Limited . . .	13-34	Past accumulations on cancellation of exemption in May, 1966 and for the period July, 1964; September to October, 1964; February to March, 1965.	The factory was being run by an Authorised Controller appointed by the Government of India. He was paying the arrears in monthly instalment of Rs. 20,000 as per arrangement agreed on.
40	Baagowari Cotton Mills Limited . . .	6-11	September, 1960 to January, 1965 and past accumulations.	11 certificate cases upto February 1964 had been started; the Company was paying piecemeal payments.
13 prosecution cases had been launched. Out of these, 3 cases had resulted in conviction of the firm. A complaint was filed with the Police under section 406 I.P.C. An Official Receiver had been appointed from 11-1-1965 in terms of an order passed by the High Court.				
41	Bharat Glass Works Private Limited . . .	1-94	May, 1962 to February, 1964; October, 1964 to March, 1965 and past accumulations.	The establishment was granted relaxation order under para 79 of the Scheme which was cancelled in October, 1963. Draft requisitions for the periods May, 1962 to February, 1964 had been filed with the certificate officer. Sanction for prosecution was awaited from the State Government. Complaints had been filed with the Police under Section 406/409 I.P.C. for suspected breach of trust.
42	Sodepur Cotton Mills Limited . . .	1-95	November, 1959 to March, 1961; October, 1961 to January, 1962; February, 1962 to February, 1965.	Revenue Recovery and prosecution had been launched. Complaint under section 496/409 I.P.C. was filed with the Police.
43	India Cycle Mfg. Co., Limited . . .	1-90	September 1960; October, 1960; January, 1962 to September, 1962; November, 1962; January, 1963 to June, 1964; November, 1964 to March, 1965.	Do The factory was closed from 25-6-64 to 15-11-64. It reopened on 18-11-64.
44	Dhakaswari Cotton Mill Limited . . .	8-99	April, 1954 to November, 1963 . . .	Revenue recovery and prosecution proceedings had been launched. Complaint under section 406/409 I.P.C. filed with the Police. Factory had been closed since October, 1963.
45	Bharat Jute Mills Limited . . .	1-14	February, 1964 to March, 1965 . . .	Revenue recovery and prosecution proceedings had been launched.

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APPENDIX E—contd.

1	2	3	4	5
46	Majherdabari Tea Estate	2.59	April 1959 to March, 1965	Revenue recovery and prosecution proceedings had been launched.
47	Bengal Textile Mills Limited	1.00	June, 1962 to June, 1963; August 1963 to March, 1965.	Revenue recovery and prosecution proceedings had been launched. Complaint under section 400/409 I.P.C. was filed with the Police.
48	Looksan Tea Estate	1.00	October, 1962 to April, 1963; July, 1963 to December 1963; October, 1964 to March, 1965.	Revenue recovery and prosecution proceedings had been launched. Complaint under section 406/409 I.P.C. was filed with the Police.
49	Motor and Machinery Manufacturers Limited.	1.14	February, 1961 to June, 1962; October 1963 to August, 1964; October, 1964 to February, 1965.	Do
50	Hindustan Development Corporation Limited.	1.79	November, 1963 to October, 1964; January 1965, to March, 1965.	Do
51	Tukvar Tea Estate	3.52	February, 1961 to April, 1963; July, 1963 to December, 1963; May, 1964 to March, 1965.	Do
52	Albert David Limited	1.59	February, 1964 to March, 1965	Do
53	Kailash Trading	1.20	March, 1964 to August, 1964; October, 1964; December, 1964 to March, 1965.	Do

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APPENDIX F

Region-wise statement showing the number of recovery cases pending and amount involved therein as on 31st March, 1965

Serial Number	Region	No. of cases pending with Revenue Officers	Amount involved in the pending cases
1	2	3	4
1	Andhra Pradesh	319	1.50
2	Assam	20	1.02
3	Bihar	155	10.07
4	Delhi	69	0.92
5	Gujarat	118	3.91
6	Kerala	590	14.08
7	Madhya Pradesh	152	14.58
8	Madras	102	2.88
9	Maharashtra	453	32.02
10	Mysore	125	3.79
11	Orissa	31	8.94
12	Punjab	127	2.04
13	Rajasthan	140	4.54
14	Uttar Pradesh	290	66.18
15	West Bengal	2,992	72.72
Total		5,083	239.19

(Rs. in lakhs)

APPENDIX G

Region-wise statement showing the number of prosecution cases launched, decided, pending etc. during the year 1964-65.

	Prosecution cases launched during 1964-65	Prosecution cases decided during 1964-65	Prosecution cases pending in courts as on 31-3-1965	Prosecution cases pending with State Government for sanction as on 31-3-1965
Andhra Pradesh	105	165	26	9
Assam	..	2	5	..
Bihar	100	168	174	45
Delhi	117	181	128	..
Gujarat	55	61	5	8
Kerala	427	422	240	22
Madhya Pradesh	85	74	47	69
Madras	42	34	10	2
Maharashtra	246	123	261	88
Mysore	6	9	6	13
Orissa	28	8	25	11
Punjab	475	732	441	..
Rajasthan	5	14	21	46
Uttar Pradesh	41	11	67	1
West Bengal	987	472	1,241	3,360
	2,699	2,465	2,698	3,674

APPENDIX H

List of Members of the Central Board of Trustees, Employees' Provident Fund, as on 31-3-1965

1. Shri D. C. Das, Secretary to the Government of India, Department of Social Security, New Delhi.
2. Shri N. N. Chatterjee, Joint Secretary to the Government of India, Ministry of Labour & Employment, New Delhi.
3. Shri K. J. George, Deputy Secretary to the Government of India, Ministry of Commerce and Industry, (Industrial Co-ordination), New Delhi.
4. Shri P. Sadagopan, Internal Financial Adviser & ex-officio Deputy Secretary to the Government of India, Ministry of Labour and Employment, New Delhi.
5. Shri S. M. Bhattacharji, Secretary to the Government of West Bengal, Labour Department, Calcutta.
6. Shri R. S. Mandal, Secretary to the Govt. of Bihar, Labour Department, Patna.
7. Shri J. N. Tewari, Labour Commissioner, Uttar Pradesh, Post Box No. 220, Kanpur.
8. Shri Madhav Rajwade, Secretary to the Govt. of Maharashtra, Industries and Labour Department, Sachivalaya, Bombay-32.
9. Shri R. Balasubramaniam, Additional Secretary to Govt. of Madras, Department of Industries, Labour and Cooperation, Madras.
10. Shri N. S. Ramachandra, Secretary to the Govt. of Mysore, Public Health, Labour & Municipal, Administration Department, Bangalore.
11. Shri N. Kochukrishnan, Commissioner of Labour, Kerala, Trivandrum.
12. Shri B. B. Brahmabhatt, Deputy Secretary to the Government of Gujarat, Education and Labour Deptt., Ahmedabad.
13. Shri M. L. Bagla, C/o Swadeshi Cotton, Mills Company Ltd., Post Box No. 19, Kanpur.
14. Shri Shital Prasad Jain, 11, Clive Row, Calcutta.
15. Shri H. P. Merchant, "Woodlands", Peddar Road, Bombay-26.
16. Shri J. V. Patel, M/s New Standard Engineering, Co. (P) Ltd., Carrol Road, Bombay-13.
17. Shri Michael John, President, Tata Workers' Union 17-K Road, Jamshedpur.
18. Shri Kali Mukerjee, President, I.N.T.U.C., West Bengal Branch, Shramik Bhavan, 177-B, Lower Circular Road, Calcutta-14.
19. Shri Ramsinghbhai Verma, Vice President, Indian National Trade Union Congress, Shram Sivar, Indore.
20. Shri K. Ramaswamy, Vice-President, Tamilnad, I.N.T.U.C., 3/66, Trichy Road, Coimbatore.
21. Shri Sudhir Mookhoti, 18, Surjya Sen Street, Calcutta-12.
22. Shri B. S. Mahdev Singh, President, Hind Mazdoor Sabha, Opp. Old Jail Market Street, Secunderabad (A.P.).

APPENDIX I

IMPORTANT COURT DECISIONS

I. (1) The factories engaged in different industrial operations but situate in the same compound would constitute one establishment/factory within the meaning of section 1(3)(a) of the Act, (as it would be a composite factory).

Delhi Cloth Mills

Vs.

Regional Provident Fund Commissioner:

[Allahabad High Court]

(2) Employees in clerical office of the factory which though not situate in the factory premises was situated in the precincts of the factory—will be covered under the Scheme as the premises on which they work will be covered by the definition of 'factory'.

Umashanker Srivastava

Vs.

State of Uttar Pradesh:

[Supreme Court]

(3) A temporary closure of any factory cannot mean that when the factory starts working after temporary closure under a new management, a new factory is established for the purposes of determining the question of exemption under section 16 of the Employees' Provident Funds Act. When the factory is closed temporarily, it could not mean that it ceased to exist.

Leon Karan Sethiya

Vs.

Additional Collector Agra & Others:

(4) The change of management does not amount to starting a new establishment for the purpose of Section 16 when the change of locality does not invest the establishment with newness under the Explanation to the said section. The change of name or change of management would not secure a further protection under Section 16 of the Employees' Provident Funds Act, 1952.

[Andhra Pradesh High Court]

(5) Where an establishment such as a factory has been set up and the owner of the factory does not run the business on his own but chooses to lease the factory from time to time every fresh lease cannot give rise to the setting up of the factory afresh. Where a theatre building with its equipment was leased from time to time to different leases the same principle would apply.

R. L. Sahni & Company

Vs.

Union of India & Others:

[Madras High Court]

II. (1) The proper way to determine the content of the entry "E. M. or G. E. products" in Schedule I of the Employees' Provident Funds Act would be to hold that all products which are generally known as electrical engineering products or mechanical engineering products or general engineering products are intended to be covered by the entry and the object of Schedule I is to include within the scope of the Act every industry which is engaged in the manufacture of electrical engineering products, mechanical engineering products or general engineering products. It is the character of the products that helps to determine the content of the entry. The question to ask in every case should be can the product in question be reasonably described as an electrical engineering product or mechanical engineering product or a general engineering product? In considering the question whether a product falls in the category of general engineering product, general engineering should be construed in the limited sense. The expression 'general engineering' does not include electrical or mechanical engineering or other branches of engineering which are known by specific or special titles. It may be that in a large majority of cases the products included within the entry may be produced by electrical or mechanical or general engineering process but that is not the essence of the matter. The industrial activity which manufactures the three categories of products enumerated above brings the industry within the scope of Schedule I and therefore attracts the application of the Act.

The object of the Explanation appears to be to clarify, illustrate, and expand the content of the entry in question in order that there should be no doubt as to the classes or categories of industry which were intended to be brought within the purview of the Act. On these considerations, the manufacture of brass utensils could easily be regarded as an activity the object of which is the manufacture of general engineering products.

Regional Provident Fund Commissioner

Vs.

Shibu Metal Works:

[Supreme Court]

(2) (a) Treating or adapting paper or textile for its use or disposal will be 'manufacture' as defined in section 2(ia) of the Act.

(b) The fact that 50 workmen were employed in the factory at least for one day in each year must be held sufficient to satisfy the requirement in this respect of Section 1(3)(a) of the Act.

East India Industries Madras (P) Ltd.,

Vs.

Regional Provident Fund Commissioner:

[Madras High Court]

(3) The petitioners in their factory process structural steel works, beams, columns, N type girders, trusses, etc. As for the argument that the factory which merely processes these products cannot be regarded as being engaged in the "manufacture of these products", the definition of the word 'manufacture' is wide enough to include the work of processing carried out in the petitioner's factory and therefore would be covered under 'Electrical Mechanical or General Engineering products'.

Shree Engg. Works

Vs.

State of Maharashtra & Others:

[Bombay High Court]

(4) The work of body building of the chassis of buses and trucks would be the work of manufacture of accessories or spare parts of automobiles and hence business of bodybuilding on the chassis of buses and trucks would be an industry covered under the Act (i.e. Electrical, Mechanical or General Engineering Products)—item (12) of Explanation.

[Punjab High Court]

Retrospective application is valid. The Regional Commissioner's demand calling upon the employer to make contributions of their share towards the provident fund or pre-discovery period is valid and legal.

[Punjab High Court]

III. A Criminal Court trying an offence punishable under the Act has jurisdiction to proceed with the trial of the case where the accused has taken the plea which could be decided by the Central Government under Section 19-A of the Act. It is the court's duty to determine such questions itself to find out whether the accused is guilty or not of the offence charged. The court is not bound to stay further proceedings. In such proceedings the criminal court has got no right to ask one of the parties to approach the Central Government for a direction and adjourn the case till that order is obtained.

Provident Fund Inspector, Ernakulam

Vs.

Auto Transport Union (P) Ltd. & Others:

[Kerala High Court]

IV. (1) It is abundantly clear from the various provisions of the Employees' Provident Funds Act, 1952 (Section 6 & 8) and the Scheme (paragraphs 26, 33, 36, 38 etc.) that it is an absolute and unqualified liability to contribute to the Fund from the moment Scheme becomes applicable to the establishment and it does not depend either upon the vigilance or detection of Department or upon the will of the employer to make the workmen members or not or as to when they should be made members. The moment the Central Government decides to bring an establishment within the fold of the Act and issues the requisite notification, the Scheme becomes applicable to that establishment, of its own force.

[Andhra Pradesh High Court]

(2) Paragraphs 30, 32, 33, 69 and 70 etc. clearly show that the duty of paying his own contribution as well as contribution of his employee along with a certain amount for administrative expenses has been cast on the employer and that these provisions and particularly the terms of para 26 of the Scheme show that an employee becomes a member of the Scheme automatically on the completion of one year's continuous service in a factory or establishment to which the Act and Scheme applies.

[Bombay High Court]

(3) The Act comes into operation by its own vigour. The operation of the Statute does not depend on any decision being taken by the authorities under the statute. It depends on its own provisions.

[Kerala High Court]

V. It is not the duty of the Commissioner to set the machinery under Section 19-A in motion when a doubt arises in the mind of the party concerned. It is for him to invite the decision of Central Government in regard to any doubt created in his mind (assuming that it is a genuine one) and he could not expect the Provident Fund Commissioner to take recourse to Section 19-A when he does not feel any doubt.

[Andhra Pradesh High Court]

VI. (1) The provisions of Section 5 of the Employees' Provident Funds Act could not be held unconstitutional as repugnant to the provisions of Articles 14, 19 or 31 of the Constitution on ground that the powers of deciding which industry would be covered by the provisions of the Act is left entirely in the hands of the Executive.

Regional Provident Fund Commissioner

Vs.

Free India Industries:

[Punjab High Court]

(2) It is impossible to come to the conclusion that the liability to make contributions towards provident fund under Employees' Provident Funds Act and Scheme framed thereunder is deprivation of property without compensation therefor.

Kerala Motor Service

Vs.

Regional Provident Fund Commissioner

[Kerala High Court]

VII. Section 1(3) cannot be interpreted in isolation and independently of statutory definition given in Section 2(f) of the Act which takes in contract labour. Section 1(3) is not confined to direct labour: the contract labour also enters the determination as to the applicability of that subsection.

[Andhra Pradesh High Court]