Syllabus subtopic:

- Issues relating to development and management of Social Sector/Services relating to Health, Education, Human Resources, issues relating to poverty and hunger.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Prelims and Mains focus: about the SC judgement and its significance; about EPF Act, EPFO

News: The benefits of the provident fund should be extended to contractual employees, the Supreme Court has held in a recent judgment.

What was the case about?

- The judgment came on the basis of a petition filed by M/s Pawan Hans Limited, a government company which provides helicopter support services to the oil sector for its offshore exploration operations, services in remote and hilly areas, and charter services for the promotion of tourism.

- The company had filed the petition against its employees’ union, the Aviation Karmachari Sanghatana, which sought uniformity in service conditions among employees.

- Of a total workforce of 840 employees, the company had engaged 570 employees on regular basis, while 270 employees were engaged on “contractual” basis.

- The company implemented the PF Trust Regulations only with respect to the regular employees, even though the term “employee” had been defined to include “any person” employed “directly or indirectly” under the PF Trust Regulations or the EPF Act.

- The contractual employees have been seeking parity with the regular employees, who are covered under the Pawan Hans Employees Provident
What did the SC judges say?

A Bench of Justices U.U. Lalit and Indu Malhotra held that employees who draw wages or salaries directly or indirectly from a company are entitled to provident fund benefits under the Employees Provident Fund (EPF) Act.

What is EPF scheme?

- EPF is the main scheme under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. The scheme is managed under the aegis of Employees’ Provident Fund Organisation (EPFO).

- It covers every establishment in which 20 or more persons are employed and certain organisations are covered, subject to certain conditions and exemptions even if they employ less than 20 persons each.

- Under EPF scheme, an employee has to pay a certain contribution towards the scheme and an equal contribution is paid by the employer. The employee gets a lump sum amount including self and employer’s contribution with interest on both, on retirement.

- As per the rules, in EPF, employee whose ‘pay’ is more than Rs. 15,000 per month at the time of joining, is not eligible and is called non-eligible employee. Employees drawing less than Rs 15000 per month have to mandatorily become members of the EPF. However, an employee who is drawing ‘pay’ above prescribed limit (at present Rs 15,000) can become a member with permission of Assistant PF Commissioner, if he and his employer agree.

Employees Provident Funds Organisation (EPFO):

- EPFO is one of the World’s largest Social Security Organisations in
The Employees’ Provident Fund came into existence with the promulgation of the Employees’ Provident Funds Ordinance on the 15th November, 1951. It was replaced by the Employees’ Provident Funds Act, 1952. The Employees’ Provident Funds Bill was introduced in the Parliament 1952 as a Bill to provide for the institution of provident funds for employees in factories and other establishments. The Act is now referred as the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952 which extends to the whole of India except Jammu and Kashmir. The Act and Schemes framed there under are administered by a tri-partite Board known as the Central Board of Trustees, Employees’ Provident Fund, consisting of representatives of Government (Both Central and State), Employers, and Employees.

The Central Board of Trustees administers a contributory provident fund, pension scheme and an insurance scheme for the workforce engaged in the organized sector in India. The Board is assisted by the Employees’ PF Organization (EPFO), consisting of offices at 135 locations across the country. The Organization has a well equipped training set up where officers and employees of the Organization as well as Representatives of the Employers and Employees attend sessions for trainings and seminars. The EPFO is under the administrative control of Ministry of Labour and Employment, Government of India.

The Board operates three schemes – EPF Scheme 1952, Pension Scheme 1995 (EPS) and Insurance Scheme 1976 (EDLI).