

## **Firms with 10 workers might have to pay provident fund**

*The labour ministry has proposed easier provident fund rules for small establishments.*

Establishments with at least 10 workers might have to pay provident fund, with the employer contributing nine per cent of a worker's salary. At present, provident fund is mandatory in establishments hiring 20 people or more, and employees and employers contribute 12 per cent each of a worker's salary.

The ministry has proposed amending the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The proposal had been sent for inter-ministerial consultation, sources said, and would likely be put up to the Cabinet in June.

“The central government will have the power to allow, through a notification, employers in a particular class of establishments to reduce the contribution to the Employees Provident Fund Organisation to nine per cent,” labour ministry official said.

For factories employing up to 40 workers, rules might be eased for recovery of dues. Dues may be recovered from the movable assets of small factories and the rest from immovable property with permission of the Central Provident Fund Commissioner. At present, recovery officers have powers to sell moveable and immovable assets and arrest employers.

Around 70 per cent of the factories in the country employ less than 40 workers, according to official estimates.

The draft rules say plant and machinery used in manufacture cannot be touched by the recovery officer within three months of issuing a notice. Owners of small factories may also receive immunity from imprisonment.

“These concessions will prevent loss of jobs,” another official said.

The ministry has proposed a negative list for classes of establishments exempted by the EPF Act. “Defence and railways might continue to be kept out,” sources said.

Regional commissioners have been proposed to help employers appeal against court orders. Employers elsewhere now find it inconvenient to approach the provident fund tribunal in Delhi.

Apprentices, contract workers, and staff of trusts and self-help groups may also become eligible for provident fund. Employees will have the option to switch to the National Pension System as proposed in the Budget.

The Centre might also have the power to reduce the employer's contribution of a certain class of establishments to the EPFO based on their financial conditions.

## **GREATER AMBIT**

### **What the amendments to the Employees Provident Funds and Miscellaneous Provisions Act, 1952, propose:**

- Factories with at least 10 workers will be covered under the Employees Provident Fund Organisation ( EPFO), from 20 now
- Govt will have the power to reduce contribution of employers in factories with 10- 20 workers from 12% to 9% towards EPFO
- In factories with up to 40 workers, penalty and recovery norms will be relaxed
- An appellate officer for employers so they dont have to come to Delhi to file appeal against order.

*(Business Standard)*