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# COMMITTEE ON SUBORDINATE LEGISLATION

(2015-2016)

(SIXTEENTH LOK SABHA)

## TWELFTH REPORT

## Amendment to Employees' Pension Scheme, 1995

(PRESENTED TO LOK SABHA ON 10.8.2016)

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LOK SABHA SECRETARIAT
NEW DELHI
August, 2016/Sravana, 1938 (Saka)

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1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

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2. Shri Idris Ali
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12. Shri Nandi Yellaiah
13. Shri Birendra Kumar Chaudhary
14. Vacant
15. Vacant

### SECRETARIAT

1. Shri Devender Singh - Additional Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Nabin Kumar Jha - Additional Director

# INTRODUCTION

I, the Chairperson, Committee on Subordinate Legislation having been authorised by the Committee to submit the report on their behalf, do present this Twelfth Report.

2. The matters covered by this Report were considered by the Committee on Subordinate Legislation at their sitting held on 23.5.2016 during which oral evidence of the representatives of Ministry of Labour and Employment was taken.

3. The Committee considered and adopted this Report at their sitting held on 3.8.2016.

4. Minutes of the Eleventh sitting of the Committee (2015-16) held on 23.5.2016 and Extracts from the Minutes of Twelfth Sitting of the Committee (2015-16) held on 3.8.2016 relevant to this Report are included in Appendix-II of the Report.

**DILIPKUMAR MANSUKHLAL GANDHI**
**Chairperson,**
**Committee on Subordinate Legislation**

**New Delhi;**
**August,2016**
**Sravana, 1938 (Saka)**

# REPORT

## Schemes under Employees Provident Fund

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 enacted by Parliament came into force w.e.f. 14th March, 1952. The Act aims at providing social and economic security to industrial and other workers covered under the Act and their dependants in case of their premature death. The Act is applicable to every establishment specified in the Schedule-I to the Act and employing 20 or more persons. Presently, the following three Schemes are in operation under the Act:

- The Employees' Provident Funds Scheme, 1952,
- Employees' Pension Scheme, 1995 and
- Employees' Deposit Linked Insurance Scheme, 1976

1.2 **The Employees' Provident Funds Scheme, 1952** came into force from 1st November, 1952. The Scheme seeks to provide financial security for the employees in an establishment by providing a system of compulsory savings. Presently, the Act is applicable to 182 specified industries/classes of establishments as is specified in Schedule I of the Act or any activity notified by the Central Government in the official gazette and employing 20 or more persons. With effect from 01.06.2001, an employee on joining the employment in a covered establishment and getting wages upto Rs. 15000/- is required to become a member. The rate of contribution is 12 percent in respect of 181 industries/establishments while in case of 5 industries namely coir, jute, brick, *bidi* and *guargum*, the rate of contribution is 10 percent of wages of employees.

1.3 **The Employees' Pension Scheme, 1995** is compulsory for all the members of the ceased Family Pension Scheme, 1971 and members of the Provident Fund from 16-11-1995. Minimum 10 years membership of the Fund is required for entitlement to the pension. Normal superannuation Pension is payable on attaining the age of 58 years. Pension on a discounted rate is also provided on attaining the age of 50 years. Minimum pension to the pensioners under the Scheme is Rs. 1000/- p.m w.e.f. 01-09-2014. The rate of children pension is 25% of the widow pension for each payable upto two children. The Scheme is financed by diverting the employer's share of PF contribution representing 8.33% of the wages to the Pension Fund. The Central Government also contributes to the Pension Fund at the rate of 1.1/6% of the wages of the members.

1.4 **Employees' Deposit Linked Insurance Scheme, 1976 (EDLI)** was introduced from 1st August, 1976. It applies to all employees who are members of the Provident Fund in the exempted as well as the un-exempted establishments. The maximum amount of benefit payable under the scheme is Rs. 360,000/-. Employees are not required to pay any contribution under the EDLI Scheme. Employers' contribute to the insurance fund at the rate of 0.5% of the pay of the members.

1.5 The share of funding of the three Schemes is as follows:

| Scheme | Employer's | Employee's | Central Govt. | Total |
|---|---|---|---|---|
| PF Scheme | 3.67% | 12% | 0% | 15.67% |
| Pension Scheme | 8.33% | 0% | 1.16% | 9.49% |
| EDLI Scheme | 0.5% | 0% | 0% | 0.5% |
| Total | 12.5% | 12% | 1.16% | 25.66% |

1.6 During the oral evidence held on 23 May, 2016, the Secretary, Ministry of Labour and Employment while briefing the Committee regarding the Employees Provident Fund Organisation and the Schemes related to it, submitted the following:

> "The Act and the Schemes framed thereunder seek to provide for the institution of provident funds, pension and insurance for employees in factories and other establishments. The class of establishments and factories which are required to be enrolled under the Act are specified under Schedule 1 to the Act. Classes of establishments/factories not mentioned under the Act can voluntarily come under the fold of Employees Provident Fund and Miscellaneous Pension Act, 1952. The extant provisions in the Act and Schemes state that those employees who are employed by an establishment either directly or through an intermediary are required to be enrolled as members of the provident fund. The rules in this regard, as they stand today, state that an employee is compulsorily required to become member of the provident fund if the salary at the time of joining an establishment is Rs. 15,000 or below. Such employees whose salary is more than Rs. 15,000 at the time of joining an establishment also have an option to become members of the provident fund. The Insurance Scheme is framed in such a manner that the employees do not have to pay any insurance premium, rather the establishment pays the premium for the insurance coverage (which is at present 0.5 per cent of the wages; maximum wage is Rs. 15,000/-). Further, a minimum pension of Rs. 1000 has been assured to all pensioners recently by this Government. Here, it would be pertinent to mention that the pensions payable under the Employees' Pension Scheme are a product of the pensionable service and pensionable salary. In case any member has a pensionable service and/or salary which is not sufficient to enable the

member to get at least Rs. 1000 pension, the assurance of minimum pension of Rs.1000 per month ensure that this much amount of pension is provided to every member of the pension scheme. The Employees’ Pension Scheme is a social security scheme in true sense of the word in which the members and their dependents are entitled to receive benefits during the time of distress. In the Employees’ Pension Scheme members are not required to pay any charges either at the time of accumulation of investment or delivery of benefits. It is always our endeavour to judiciously exercise the powers of subordinate legislation extended to us so that the goals of extending social security to organised work force in the country are achieved in the ever-changing social and economic scenario.”

## Amendments to Employees Pension Scheme (EPS), 1995 w.e.f 1 September, 2014

**1.7** The Ministry of Labour and Employment vide their notification issued on 22 August, 2014 amended certain provisions of the Employees Pension Scheme, 1995 to be effective from 1 September, 2014 and the following provisions were incorporated in the Employee's Pension Scheme vide the notifications:

**GSR 593 (E) dated 19.08.2014**

Provision Implemented: Minimum pension of Rs. 1000 per month for member pension / disabled member pension / widow (er) pension / dependent parent pension/ nominee pension and Rs. 750 per month minimum pension for Orphan pensioners and Rs. 250 per month for children pensioner.

**GSR No. 609 (E) dated 22.08.2014**

Provisions Implemented:

(i) Membership restricted to employees drawing wages less than Rs. 15,000 per month on the date of joining

(ii) Determination of Pensionable salary on the basis of 60 months average instead of 12 months average

(iii) Removal of the option for contributing on wages exceeding the wage ceiling.

(iv) Option for existing members who were contributing on higher wages to continue to do so provided the Government's share of contributions above the wage ceiling was remitted by the member.

(v) Determination of pension and withdrawal benefit on pro-rata basis.

**Change in criteria for computation of pension**

1.8 As may be noticed from above, one of the major amendment having far reaching consequence carried out in the EPS, 1995 vide Notification GSR No. 609(E) dated 22 August, 2014 has been the change in criteria for calculation of the amount of pension payable to a person on his superannuation. Prior to the amendment, the pensionable salary was determined on the average of 12 months wages preceding the date of retirement / exit. However, after enforcement of amendment w.e.f. 1.9.2014 the pensionable salary would be calculated on the basis of 60 months average whereas for all members retiring prior to that date the pensionable salary would be based on 12 months average. Obviously, this amendment had the effect of substantially reducing the amount of payable pension. The Committee therefore, took oral evidence of the representatives of the Ministry of Labour and Employment on 23.5.2016 to elicit the reasons and justifications for such a Notification having the effect of adversely affecting the interests of a large number of subscribers of the pension scheme.

1.9 The Committee during the oral evidence desired to know whether the criteria to calculate the pension is provided in the Act itself or the power has been delegated to the Government to issue a Notification. The Committee also specifically desired to know as to how a person who has become member of the pension scheme when criteria for calculating the pension was 12 month of average salary can subsequently be subjected to a different criteria resulting in a substantial fall in his pension thereby prejudicially affecting the rights of that person.

1.10 Responding to the question of the Committee, the representative of the Ministry testified that in the Act of 1952 there is no provision prescribing calculation of the pension. However, in

Section 6 A of the Employees Provident Fund and Miscellaneous Provision Act 1952, it is stated that the Central Government may by notification in the official gazette frame a scheme to be called Employees' Pension Scheme for the purpose of providing a superannuation pension, retiring pension or the permanent total disablement pension to the employee of any establishment or to the class of establishment to which this Act applies.

1.11 In the written submission to the Committee, the Ministry stated that the amendment to determine the pensionable salary on the basis of 60 months average instead of 12 months average was made on the basis of recommendations in the actuarial valuation reports of the EPS and it had also been recommended by the Ministry of Finance with a view to curtail the deficit in the EPS Fund valuation as well as to have a better congruence between the benefits drawn and the contributions made in the Fund in respect of a member.

1.12 In this regard, the representatives of the Ministry of Labour and Employment/EPFO during the oral evidence, submitted as under:-

> "We have the mandate to frame a particular scheme. We have got a mandate to amend that scheme also following the same process**.** You had asked about whether it would be prejudicial to the existing subscribers, who are our beneficiaries, there is no doubt about that. If the pension is calculated on the basis of 12 months of salary, now it will be calculated on the basis of 60 months salary. The average of 60 months salary will be lower than the average of 12 months salary. That will definitely affect the subscriber. It is to be seen that our financial discipline and financial health, whether it will promote that or not. At the same time, we will be doing our calculation on the average salary of the last 12 months, but it was not in the interest of the scheme also. That is why we made it five years.

1.13 The Committee desired to know whether the amendment has the effect of adversely changing the service conditions of the employees with retrospective effect and whether the Government is having such powers. In this regard, a representative of the Ministry stated as under:-

> Under the EPF Act, in section 7, it can provide any provision that amendment shall effect either prospectively or retrospectively. Actually the Act allows the Government to amend the scheme retrospectively.
>
> ............. Basically it is a social security scheme and the compulsory social security scheme wherein the resources that are coming, the contributions that are coming into the fund are pooled and benefits provided to everybody out of that pool. In case the benefits increase more than the contribution, then the fund is non-sustainable. We did actuary evaluation and the entire actuarial value was negative 1 per cent and it was suggested that this kind of thing is required for managing the financial health of the entire thing so that the benefit which we give is commensurate with the contribution that we receive .............
>
> ........ The service conditions have been changed retrospectively. Basically why it is affecting is, it has been changed retrospectively and they have already contributed assuming that they will get pension on the average salary of the last 12 months of their salary. The Act says that it can be on actuarial valuation and the benefits can be altered either retrospectively or prospectively.

1.14 With regard to the query of the Committee relating to the total amount of loss that would be incurred by the subscribers as a result of the amendment, the Ministry stated that it cannot be calculated exactly because these are all about promotions and retirement. Suppose, the retirement may happen after ten or fifteen years, what would be their salaries at that point of time, it cannot be calculated exactly.

## Observations/Recommendations of the Committee

**1.15 The Committee note that the Employees Pension Fund and Miscellaneous Provisions Act, 1952, which came into force w.e.f. 14 March, 1952, aims at providing social and economic security to Industrial and other workers coming within the ambit of this Act. Presently, three scheme, viz. Employees Provident Fund Scheme 1952, Employees Pension Scheme, 1995 and Employee's Deposit Linked Insurance Scheme, 1976 have been framed under this Act. In this regard, the Committee note that prior to 1.9.2014, the payable pension amount under the Employees Pension Scheme, 1995, was calculated on the basis 12 months average salary drawn by the employee preceding the date of his superannuation for the purpose of calculation of pension amount payable to him. However, the Ministry of Labour and Employment vide their Notification GSR 609-E dated 22 August, 2014, suddenly amended the said criteria for calculation of the pension amount. The revised criteria envisages calculation of pension amount on the basis of 60 months average salary instead of 12 months average. This has resulted in a substantial decrease in the payable pension amount and the same has also been admitted by the Government during evidence before the Committee on 23.5.2016. This amendment has been made effective w.e.f. 1 September, 2014. As a result of this, there has been a substantial decrease in the amount of pensions receivable by an employee who retires after 1 September, 2014 as compared to an employee who has retired before 1 September, 2014. The Government have taken the plea that the said amendment has been made on the basis of recommendation in the actuarial valuation reports of the Employees Pension Scheme with a view to curtail deficit in the Employees' Pension Scheme Fund.**

**1.16. Having considered the background and the aims and objects of the Employees Provident Fund and Miscellaneous Provisions Act, 1952, the Committee are of the considered view that the extant amendment made by the Government towards**

calculation of the Pension is totally against the principles of natural justice and contrary to the spirit of the original Pension Scheme and is definitely prejudicial to the interests of those employees who are attaining the age of superannuation after 1 September, 2014. The amendment is adversarial and arbitrary in nature as the persons who retire upto one day before 1 September, 2014 will get higher pension on account of calculation based on 12 month average salary while those who retire after 1.9.2014 will get substantially lower pension calculated on 60 months average salary, although at the time of joining the Pension Scheme both the category of employees were entitled to receive the same amount of pension. In the opinion of the Committee, the people at the time of joining this scheme entered into a kind of contract with the Government that their pension amount would be calculated on the basis of average salary of 12 months Basic Pay and DA. Subsequently amending the scheme in such a drastic manner and reducing their pension amount to the tune of 20 to 25 % is a clear case of breach of contract conditions as it was not possible for any subscriber to foresee the future event. In addition, under this amendment, the employees will also be paying an additional 1.16% of the pay exceeding `15000/- from the employee's subscription which will result in drop in the corpus of terminal benefit at the time of superannuation. Moreover, the above amendment will cause great hardship to the employees as many employees would have done their future planning keeping in mind their superannuation and may not be having any other source of income after retirement except pension. In this regard, the Committee feel that issues like marriage of children, construction of house and other such family responsibilities require substantial money and these requirements are generally met from the gratuity and provident fund, which the employees get at the time of superannuation and pension remains the main source of meeting the day to day house hold requirements, including the household expenditure.

1.17. As an analogy, the Committee observe that if a person has invested in a Bank Fixed Deposit Scheme or has taken a particular policy from the insurance company, the

**Bank cannot subsequently reduce the rate of interest on the said FD and also the insurance company cannot renege from the contract of policy, even if the policy is not bringing the required profit to the insurance company. It can stop the fresh enrolment of customers and close the policy but cannot deny the amount due to the policy holder. Similarly, the Government cannot reduce the pension of a person or alter the conditions of pension to a retired person, although the Government can introduce a new pension scheme for newly recruited employees by revising the pension scheme as has been done by Government of India by bringing New Pension Scheme (NPS) *w.e.f.* 1.1.2004 for Central Government Employees recruited after 31.12.2003. In the opinion of the Committee had the employees been aware that their pension at the time of superannuation would be calculated on the basis of 60 months salaries instead of 12 months, they might not have opted to join the pension scheme on actual salary basis i.e. scheme 'A' by making higher contributions from their salaries since the introduction of this scheme in 1995.**

**1.18. The Committee also note that by amending the norms of calculating the pension of a person who has joined the pension scheme of 1995 based on 12 months average salary to 60 months average salary w.e.f. 1 September, 2014 amounts to retrospective application of the amendment to the subscribers and adversely affecting their interests. In the considered view of the Committee, such an amendment cannot be termed as a good piece of subordinate legislation which is prejudicially affecting a large number of beneficiaries. Moreover, the Committee on Subordinate Legislation have time and again emphasized that as far as possible, retrospective application of rules should be avoided and if at all it is to be implemented then it must be ensured that it does not have the effect of adversely affecting the interests of anyone and in all such cases, a certification must invariably be given by the issuing authority in this regard. In this regard, the attention of the Ministry is invited to the following recommendations of the Committee**

**on Subordinate Legislation (Para 11.7.4 (ii), Chapter 11 of Manual of Parliamentary Procedures in the Government of India of Ministry of Parliamentary Affairs):-**

> **" In cases where the parent Act provides for giving of retrospective effect, the rules framed thereunder should be accompanied by an explanatory note setting out therein the reasons and circumstances which necessitated the giving of such retrospective effect. The note should also indicate that the interests of no one will be prejudicially affected by giving retrospective effect. In cases where the parent Act does not provide for giving retrospective effect but retrospective effect is proposed to be given due to unavoidable circumstances, prior action should be taken to clothe it with legal sanction for the purpose"**

**Even if a provision for retrospective effect is contained in an Act of Parliament, the Committee feel that it could never be the intention of Parliament that such delegated Legislation would be exercised in any kind of unreasonable manner and opposed to public policy by prejudicially affecting the interests of large number of subscribers of the scheme. Moreover, the step leading to loss of pension to such a vulnerable group militates against the espoused philosophy of "*Sabka Saath Sabka Vikas*".**

**1.19. The Committee wish to caution that Employees Pension Scheme is a social Security Scheme and it should always be the endeavour of a popular Government to judicially exercise the power of subordinate legislation for the further betterment of the welfare of the society instead of causing hardships and economic despair. The Committee find the above mentioned amendment which has the effect of drastically reducing the pension of the subscribers totally unacceptable. No justification has been placed before the Committee by the Government in suddenly arriving at an extremely unreasonable period of 60 months from the 12 months for calculation of pension. The Committee are not at all convinced with the plea of the Government that the same has been done on the basis of the Actuarial Valuation Report. The Committee believe that at the time when this Scheme was initially conceived, the Government must have taken**

into consideration all the pros and cons including the financial implications and the social objectives while fixing the period of 12 months for calculating the pension. Further, this also raises the question about the credibility of the actuarial assessment who were unable to calculate the amount of loss. Moreover, the Ministry have failed to place before the Committee any information regarding the kind of financial constraints being faced or their quantum etc. so as to justify such a deleterious change in the criteria leading to enormous financial loss and hardship to the intender groups.

**1.20 In the above backdrop, the Committee strongly recommend that the earlier criteria for calculating the pension amount on the basis of the average salary of 12 months must be restored in case of atleast all such employees who became members of Employees Pension Scheme prior to the Notification dated 22-08-2014 effective from 1.9.2014. The criteria of 60 months for calculation of pension and deduction of an additional 1.16% of pay exceeding Rs. 15000/-, could be made applicable to only those employees who had joined Employees Pension Scheme after the Notification dated 22-08-2014 effective from 1.9.2014 after suitable modifications as the Committee find little justification for such a drastic change in the criteria.**

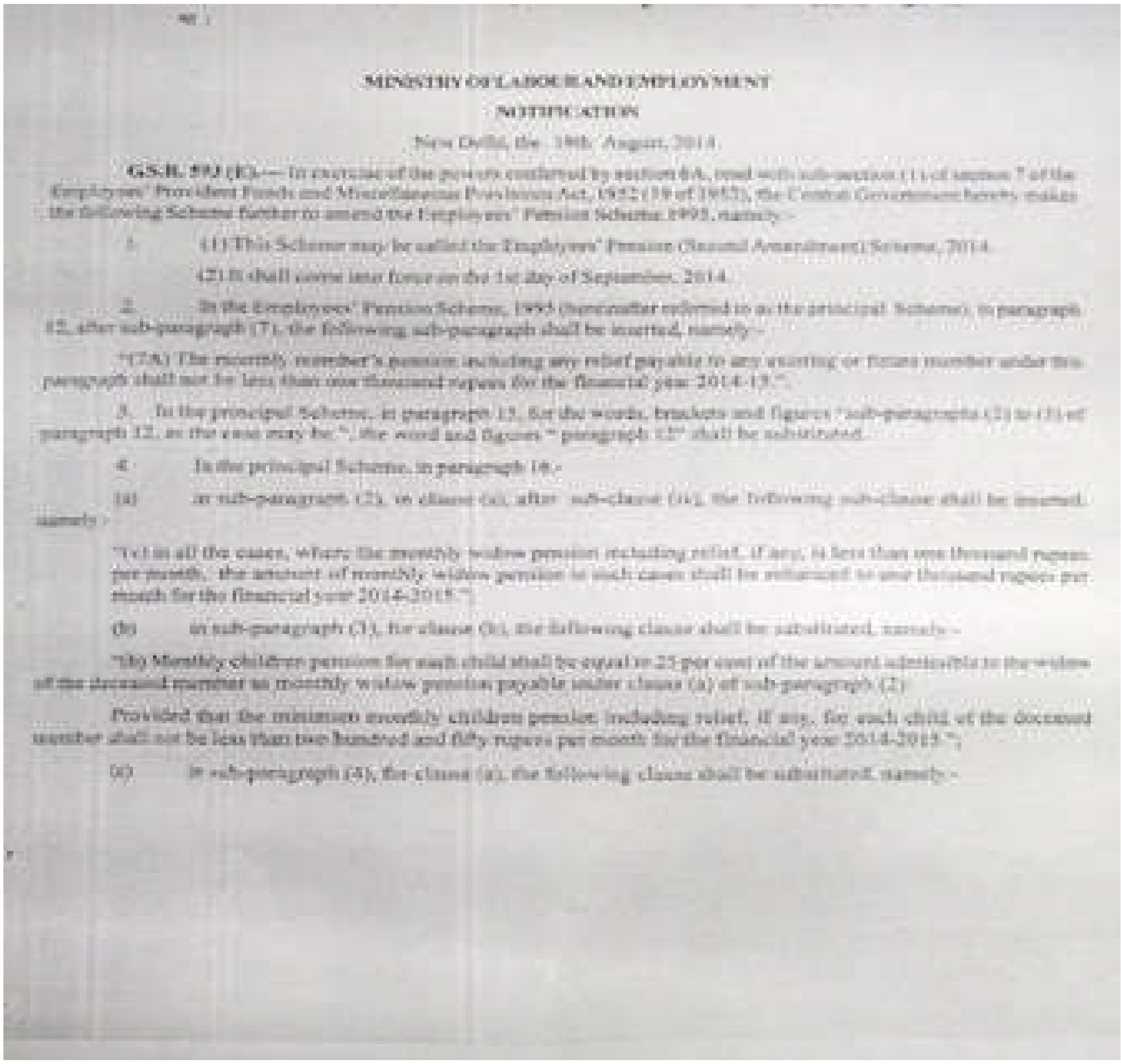
**The Committee would like to be apprised of the action taken in this regard within 3 months of the date of presentation of this Report.**

**DILIPKUMAR MANSUKHLAL GANDHI**
Chairperson,
*Committee on Subordinate Legislation*

New Delhi:
Augusut, 2016
Sravana, 1937 (Saka)

# APPENDIX-I

## Gazette notifications to the amendment to the Scheme



**MINISTRY OF LABOUR AND EMPLOYMENT**

**NOTIFICATION**

New Delhi, the 19th August, 2014.

**G.S.R. 593 (E).—** In exercise of the powers conferred by section 6A, read with sub-section (1) of section 7 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government hereby makes the following Scheme further to amend the Employees' Pension Scheme, 1995, namely:-

1. (1) This Scheme may be called the Employees' Pension (Second Amendment) Scheme, 2014.

(2) It shall come into force on the 1st day of September, 2014.

2. In the Employees' Pension Scheme, 1995 (hereinafter referred to as the principal Scheme), in paragraph 12, after sub-paragraph (7), the following sub-paragraph shall be inserted, namely:-

"(7A) The monthly member's pension including any relief payable to any existing or future member under this paragraph shall not be less than one thousand rupees for the financial year 2014-15.".

3. In the principal Scheme, in paragraph 15, for the words, brackets and figures "sub-paragraphs (2) to (5) of paragraph 12, as the case may be.", the word and figures " paragraph 12" shall be substituted.

4. In the principal Scheme, in paragraph 16,-

(a) in sub-paragraph (2), in clause (a), after sub-clause (ii), the following sub-clause shall be inserted, namely:-

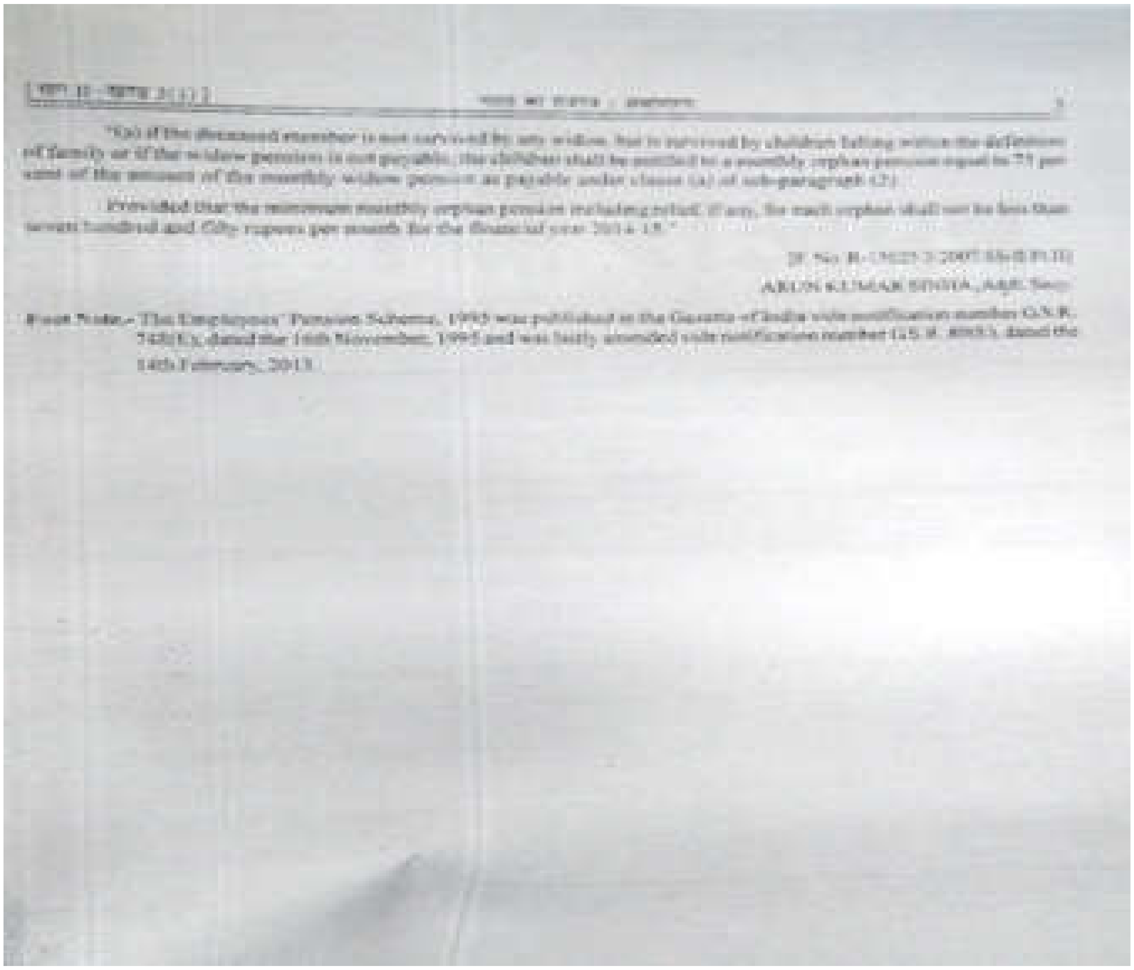
"(c) in all the cases, where the monthly widow pension including relief, if any, is less than one thousand rupees per month, the amount of monthly widow pension in such cases shall be enhanced to one thousand rupees per month for the financial year 2014-2015.";

(b) in sub-paragraph (3), for clause (b), the following clause shall be substituted, namely:-

"(b) Monthly children pension for each child shall be equal to 25 per cent of the amount admissible to the widow of the deceased member as monthly widow pension payable under clause (a) of sub-paragraph (2):

Provided that the minimum monthly children pension including relief, if any, for each child of the deceased member shall not be less than two hundred and fifty rupees per month for the financial year 2014-2015.";

(c) in sub-paragraph (4), for clause (a), the following clause shall be substituted, namely:-



"(b) if the deceased member is not survived by any widow, but is survived by children falling within the definition of family or if the widow pension is not payable, the children shall be entitled to a monthly orphan pension equal to 75 per cent of the amount of the monthly widow pension as payable under clause (a) of sub-paragraph (2):

Provided that the minimum monthly orphan pension including relief, if any, for each orphan shall not be less than seven hundred and fifty rupees per month for the financial year 2014-15."

[F. No. R-15025/3/2007-SS-II(Pt.II)]

ARUN KUMAR SINHA, Addl. Secy.

Foot Note.- The Employees' Pension Scheme, 1995 was published in the Gazette of India vide notification number G.S.R. 748(E), dated the 16th November, 1995 and was lastly amended vide notification number G.S.R. 80(E), dated the 14th February, 2013.

## NOTIFICATION

New Delhi, the 22nd August, 2014

**G.S.R. 609(E).**— In exercise of powers conferred by section 6A read with sub-section (1) of section 7 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government hereby makes the following Scheme further to amend the Employees' Pension Scheme, 1995, namely :—

1. (1) This Scheme may be called the Employees' Pension (Amendment) Scheme, 2014.

(2) It shall come into force on and from the 1st day of September, 2014.

2. In the Employees' Pension Scheme, 1995, (hereinafter referred to as the principal Scheme), in paragraph 3, in sub-paragraph 2, in the proviso, for the words "rupees six thousand and five hundred", wherever they occur, the words "fifteen thousand rupees" shall be substituted.

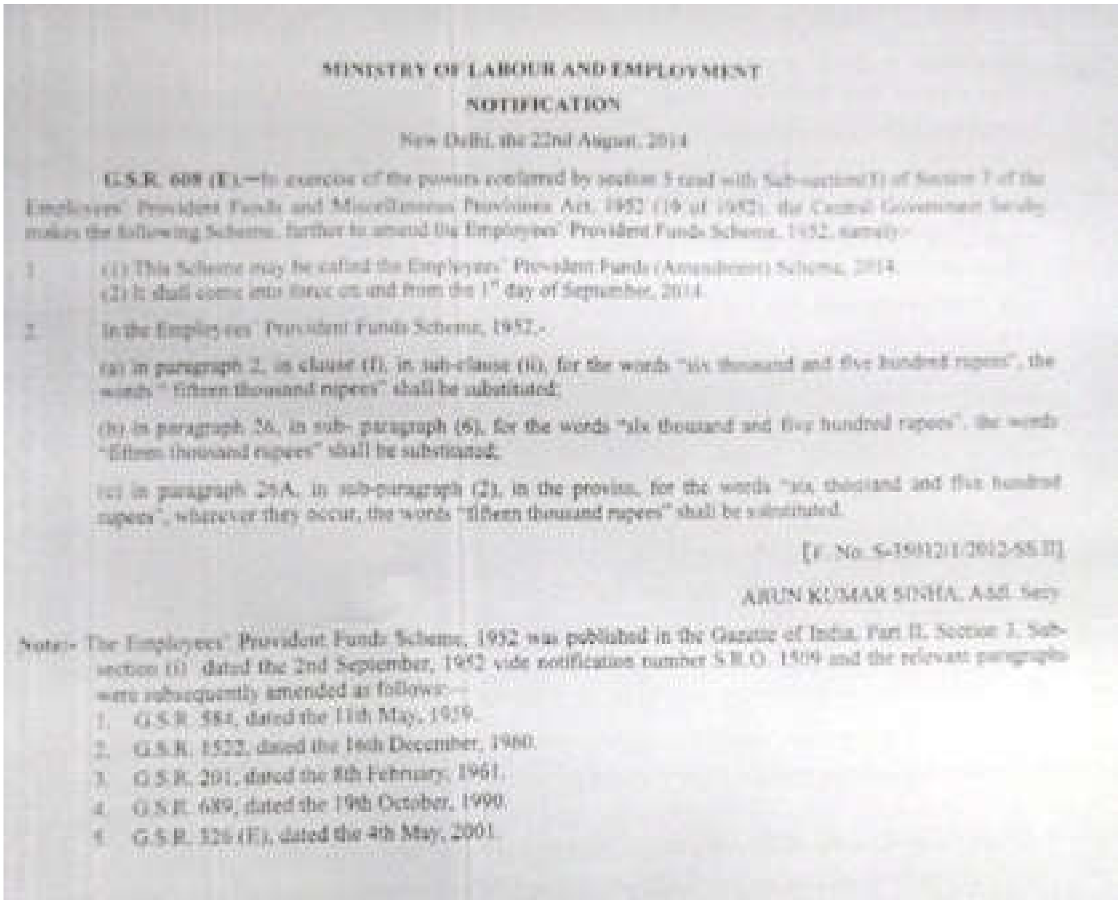
3. In the principal Scheme, in paragraph 6, in clause (a), after the words, figures and letter "or 27A of the Employees' Provident Funds Scheme, 1952", the words "and whose pay on such date is less than or equal to fifteen thousand rupees", shall be inserted.

4. In the principal Scheme, in paragraph 11,-

(a) for sub-paragraph (1) and the proviso thereto, the following shall be substituted, namely :-

"(1) The pensionable salary shall be the average monthly pay drawn in any manner including on piece rate basis during contributory period of service in the span of sixty months preceding the date of exit from the membership of the Pension Fund and the pensionable salary shall be determined on pro-rata basis for the pensionable service up to the 1st day of September, 2014, subject to a maximum of six thousand and five hundred rupees per month and for the period thereafter at the maximum of fifteen thousand rupees per month:

Provided that if a member was not in receipt of full pay during the period of sixty months preceding the day he ceased to be the member of the Pension Fund, the average of previous sixty months full pay drawn by him during the period for which contribution to the pension fund was recovered, shall be taken into account as pensionable salary for calculating pension.



## MINISTRY OF LABOUR AND EMPLOYMENT

## NOTIFICATION

New Delhi, the 22nd August, 2014

**G.S.R. 609 (E).**—In exercise of the powers conferred by section 5 read with Sub-section(1) of Section 7 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government hereby makes the following Scheme, further to amend the Employees' Provident Funds Scheme, 1952, namely:-

1. (1) This Scheme may be called the Employees' Provident Funds (Amendment) Scheme, 2014.
(2) It shall come into force on and from the 1st day of September, 2014.

2. In the Employees' Provident Funds Scheme, 1952,-

(a) in paragraph 2, in clause (f), in sub-clause (ii), for the words "six thousand and five hundred rupees", the words " fifteen thousand rupees" shall be substituted;

(b) in paragraph 26, in sub- paragraph (6), for the words "six thousand and five hundred rupees", the words "fifteen thousand rupees" shall be substituted;

(c) in paragraph 26A, in sub-paragraph (2), in the proviso, for the words "six thousand and five hundred rupees", wherever they occur, the words "fifteen thousand rupees" shall be substituted.

[F. No. S-35012/1/2012-SS.II]

ARUN KUMAR SINHA, Addl. Secy.

Note:- The Employees' Provident Funds Scheme, 1952 was published in the Gazette of India, Part II, Section 3, Sub-section (i) dated the 2nd September, 1952 vide notification number S.R.O. 1509 and the relevant paragraphs were subsequently amended as follows:—

1. G.S.R. 584, dated the 11th May, 1959.
2. G.S.R. 1522, dated the 16th December, 1960.
3. G.S.R. 201, dated the 8th February, 1961.
4. G.S.R. 689, dated the 19th October, 1990.
5. G.S.R. 326 (E), dated the 4th May, 2001.

(b) in sub-paragraph (2), for the figures and word "12 months", wherever they occur, the words "sixty months" shall be substituted;

(c) in sub-paragraph (3), —

(i) for the words, letters and figures [illegible] the words "fifteen thousand rupees" shall be substituted;

(ii) the proviso shall be omitted;

(d) after sub-paragraph (3), the following sub-paragraph shall be inserted, namely:—

"(4) The existing members as on the 1st day of September, 2014, who at the option of the employer and employee, had been contributing on salary exceeding six thousand and five hundred rupees per month, [illegible] fifteen thousand rupees per month.

Provided that [illegible]

Provided further that the fresh option shall be exercised by the member within a period of six months from the 1st day of September, 2014:

Provided also that the period specified in the second proviso may, on sufficient cause being shown by the member, be extended by the Regional Provident Fund Commissioner for a further period not exceeding six months:

Provided also that if no option is exercised by the member within such period including the extended period, it shall be deemed that the member had not opted [illegible] and the contributions to the Pension Fund [illegible] shall be diverted to the Provident Fund account of the member [illegible]

5\. In the principal Scheme, in paragraph 12, in sub-paragraph (2), the following proviso shall be inserted, namely:—

"Provided that the members' monthly pension shall be determined on a pro-rata basis for the pensionable service up to the 1st day of September, 2014 at the maximum pensionable salary of six thousand and five hundred rupees per month and for the period thereafter at the maximum pensionable salary of fifteen thousand rupees per month".

6\. In the principal Scheme, for paragraph 14 the following paragraph shall be substituted, namely:—

"14. **Benefits on leaving service before being eligible for monthly member's pension.**— If a member has not rendered the eligible service specified in sub-paragraph (1) of paragraph 12 on the date of exit or on attaining the 58 years of age, whichever is earlier, such member shall be entitled to a withdrawal benefit [illegible]

Provided that for calculating such withdrawal benefit, the wages at exit shall be the weighted average of the wages at the end of every wage earning period.

Provided further that an existing member shall [illegible] Table 'B' [illegible]

[F. No. S-35012/1/2013-SS-II]

ARUN KUMAR SINHA, Jt. Secy.

Note: The principal Scheme was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide notification number G.S.R. 748 (E), dated the 16th November, 1995 and last amended vide notification number G.S.R. [illegible] dated the 14th February, 2013.

## NOTIFICATION

New Delhi, the 22nd August, 2014

**G.S.R. 609 (E).**—In exercise of the powers conferred by section 6C read with sub-section (1) of section 7 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government hereby makes the following scheme further to amend the Employees' Deposit-Linked Insurance Scheme, 1976, namely:—

1. (1) This Scheme may be called the Employees' Deposit-Linked Insurance (Amendment) Scheme, 2014.

(2) It shall come into force on and from the 1st day of September, 2014.

2. In the Employees' Deposit-Linked Insurance Scheme, 1976 (hereinafter referred to as the principal Scheme), in paragraph 7, in sub-paragraph (1), for the words "six thousand five hundred rupees", the words "fifteen thousand rupees" shall be substituted.

3. In the principal Scheme, in paragraph 22, in sub-paragraph (1),—

(i) in clause (c), for the words "six thousand five hundred rupees", the words "fifteen thousand rupees" shall be substituted;

(ii) in the Explanation, for the words "rupees six thousand five hundred", the words "fifteen thousand rupees" shall be substituted.

4. In the principal Scheme, in paragraph 22, after sub-paragraph (3), the following sub-paragraph shall be inserted, namely:—

"(4) The benefit under this Scheme shall be further increased by twenty percent in addition to the benefit admissible under sub-paragraph (1), (2) or (3) of paragraph 22, as the case may be."

[F. No. S-35015/1/2012-SS-II]

ARUN KUMAR SINHA, Addl. Secy.

Note: The Employees' Deposit-Linked Insurance Scheme, 1976 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 488 (E), dated the 28th July, 1976 and subsequently amended as follows:—

(1) GSR 1788, dated 07-12-1976
(2) GSR 648, dated 11-05-1977
(3) GSR 329, dated 29-03-1978
(4) GSR 369, dated 14-07-1978
(5) GSR 67, dated 23-12-1978
(6) GSR 1013, dated 12-09-1980
(7) GSR 548, dated 03-09-1981
(8) GSR 828, dated 14-08-1985
(9) GSR 873, dated 29-08-1986
(10) GSR 228, dated 03-03-1989
(11) GSR 334, dated 22-03-1990
(12) GSR 38, dated 28-12-1990
(13) GSR 721, dated 16-08-1991
(14) GSR 420, dated 31-08-1992
(15) GSR 179, dated 07-03-1994
(16) GSR 334, dated 29-08-1997
(17) GSR 238, dated 15-06-2000
(18) GSR 527(E), dated 18-06-2010
(19) GSR 907, dated 08-01-2011
(20) GSR 83(E), dated 17-02-2011

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# APPENDIX-II

*(vide Para 4 of Introduction of the Report )*

## MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2015-2016)

The Eleventh sitting of the Committee (2015-16) was held on Monday, 23rd May , 2016 from 1500 to 1700 hours in Committee Room G-074, Parliament Library Building, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### MEMBERS

2. Shri C. R. Chaudhary
3. Shri P.P. Chaudhary
4. Shri Jhina Hikaka
5. Shri Chandulal Sahu
6. Shri Ram Prasad Sarmah
7. Adv. Narendra Keshav Sawaikar
8. Shri Ram Kumar Sharma
9. Shri Nandi Yelliah

### SECRETARIAT

1. Shri Ajay Kumar Garg - Director
2. Shri Nabin Kumar Jha - Additional Director
3. Smt Emma C. Barwa - Deputy Secretary

### WITNESSES

**Ministry of Labour and Employment/ EPFO**

1. Shri Shankar Agarwal - Secretary
2. Shri Heeralal Samariya - Additional Secretary
3. Smt Meenakshi Gupta - Joint Secretary & FA
4. Shri Manish Kumar Gupta - Joint Secretary
5. Dr. V. P. Joy - CPFC, EPFO
6. Ms Alka Jha - CVO, EPFO
7. Shri Rajesh Bansal - Addl. CPFC, EPFO
8. Shri P. K. Ugata - Addl. CPFC, EPFO

9. Shri M. Narayanappa - Addl. CPFC, EPFO
10. Shri Chandramauli Chakraborty - Addl. CPFC, EPFO

2. At the outset, the Chairperson welcomed the Members of the Committee.

3. Thereafter, the representatives of Ministry of Labour and Employment/Employees Provident Fund Organisation (EPFO) were called in. The Chairperson welcomed the representatives to the sitting of the Committee and drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Committee were then briefed by the representatives on the various social security schemes administered by the Ministry of Labour and Employment.

4. Thereafter, the Members sought clarifications on various aspects relating to the Employees Provident Fund Scheme (EPFS), 1952, the Employees Pension Scheme (EPS), 1995, etc. The questions asked specifically related to the amendments in the EPFS and EPS brought out in 2014, the financial repercussions of the aforesaid amendments on the existing subscribers and litigation status related to the same, the details of investment pattern of EPFO funds more particularly the investment in equities, etc.

5. The representatives of the Ministry/EPFO furnished clarifications on the queries raised by the Committee. On some of the points, the information on which was not readily available, the representatives were asked to furnish written replies on the same within 15 days to the Lok Sabha Secretariat.

6. The Chairperson then thanked the representatives of the Ministry/ EPFO for presenting their inputs on the subject before the Committee.

The witnesses then withdrew.

7. The verbatim proceedings of the sitting were kept on record.

The Committee then adjourned.

## EXTRACTS FROM THE TWELFTH SITTING OF THE COMMITTEE ON SUBORDINATE LEGISLATION (2015-2016)

The Twelfth sitting of the Committee (2015-16) was held on Wednesday, the 3rd August, 2016 from 1500 to 1700 hours in Committee Room 139, Parliament House Annexe, New Delhi.

### PRESENT

1. Shri Dilipkumar Mansukhlal Gandhi Chairperson

### MEMBERS

2. Shri Idris Ali
3. Shri Shyama Charan Gupta
4. Shri Jhina Hikaka
5. Shri Prem Das Rai
6. Shri Chandulal Sahu
7. Adv. Narendra Keshav Sawaikar

### SECRETARIAT

1. Shri Devender Singh - Addl. Secretary
2. Shri Ajay Kumar Garg - Director
3. Smt. Emma C. Barwa - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members of the Committee.

3. XX XX XX.

4. XX XX XX

5. XX XX XX

6. XX XX XX

7. XX XX XX

8. Thereafter, the Committee considered their draft Twelfth, Thirteenth and Fourteenth Reports and adopted the same without any modifications. The Committee also authorised the Chairperson to present the above Reports to the House.

9. XX XX XX

The Committee then adjourned.

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**Omitted portion of the Minutes are not relevant to this Report