



JALANDHAR CHAMBER OF INDUSTRIES & COMMERCE (Regd.)

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To
Sh . Bandaru Dattatreya
Hon'ble Union Minister of Labour and Employment

Dt 31/05/2016

Subject: Proposed amendments in the EPF & MP Act.

Respected Sir,

The Employees Provident Fund and Miscellaneous Provisions Act was enacted in the year 1952 with a view to provide social security for the benefits of the employees. Now it is around 66 years since EPF scheme is in enforce and presently the employees as well as employer has to contribute 12% of the wages earned by the employees towards the fund and scheme. Most of the workers are poor migrants and illiterate. They are more interested in their salary in hand rather than the future long term benefits of PF contribution and are very reluctant to be member of EPF.

Now we would like to give some suggestions which will encourage the employees as well as employers to be member of EPF:

1. **Rate of contribution be reduced from 12% to 6.25%.** Sir, the minimum wages are being decided by the state governments whereas the rate of EPF contribution is decided by the central government. In the past in Punjab minimum wages where Rs 4000/- and the employee's contribution of EPF was 6.25% hence he was supposed to pay Rs 250/- month , Now the minimum wage in Punjab is Rs 7211/- if we calculate EPF @ 6.25% it comes Rs 450/- we think employee will not mind paying that. but central government has increased it to 12 % now total deduction comes, EPF Rs 865/- , ESI @ 1.75% Rs 126/- totaling Rs 991/- which is on the very very high side and the employee who earns Rs 7200/- PM do not afford to pay this huge amount. Even the GPF government is deducting 10% as employee's share even though such employees are getting much handsome salary when compared to employees working in private sector so there is no justification employee share being 12% in EPF hence we recommend to reduce the employee's and employer's contribution to 6.25%.
- 2) **Delayed payment interest be reduced from 12% to 8.8%** The department is paying 8.8% interest to the member of the Fund/scheme whereas the department in case of delayed payment is charging interest u/s 7-Q of the EPF Act from the Employer with reasons that the employee should not suffer any loss in the interest which he would have earned during the delayed period. But the interest u/s 7-Q is

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being charged @ 12% which is highly arbitrary on part of the EPF department as the department is for the social welfare and not a revenue generating organ of the Government. The interest u/s 7-Q should directly linked with the interest being paid to the members by the department. It is not out of place to mention that in the past banks were lending money to Trade and Industry @ 13 % PA or above. Now it is reduced to 9%-10%, but your department is charging interest @ 12% which is not at all logical.

3) **Damages on Employer u/s 14-B to be waived.** The provisions of section 14-B of the EPF Act also needs to be waived as damages imposed under the said provisions are too high. Only in case of financial exigencies the Employer fails to remit the contribution in time and it is never willful or deliberate but he is made to suffer at the rate from 5% to 25% plus interest @12% totaling 37% is such a very higher rate, which is not at all justifiable.

4) **Infancy Period.** Infancy period of three years should be given to new industries for applicability of EPF Act.

5) **No recovery proceedings during appealable time.** Where assessment of EPF is made the recovery proceedings should be initiated after appealable time. Normally EPF attach bank after 10-15 days.

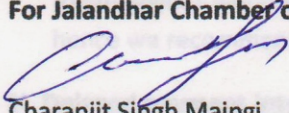
6) **Conduct survey instead of raids.** We suggest that instead of raids conducted by your departments, a proactive measure would be a survey conducted by your department team and in case they find any discrepancies, adequate time be given for the required implementation. Enforced and stringent measures would rather create an unhealthy atmosphere and encourage bribes.

We hope your good self will do justice with Small Scale Industry by accepting our recommendations.

Thanking You

With Warm Regards

For Jalandhar Chamber of Industries & Commerce (Regd)


Charanjit Singh Maingi

General Secretary.

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C/c **Sh JP Nadda** Hon'ble Union Minister of Health and Family Welfare
Sh Ram Vichar Netam. National Secretary, BJP.

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