

### **3. Contractual Workers also entitled to PF benefits, says SC**

**Prelims Level: Constitutional Bodies, Regulatory Bodies**

**Mains Level: GS-II Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these Vulnerable Sections.**

#### **Why in News?**

- The Supreme Court in its recent judgment has held that the benefits of the provident fund should be extended to Contractual Employees.

#### **About EPF Scheme:**

- It is a social security scheme that was launched in 1995.
- The scheme, provided by EPFO, makes provisions for pensions for the employees in the organized sector after the retirement at the age of 58 years.
- Employees who are members of EPF automatically become members of EPS.
- Both employer and employee contribute 12% of employee's monthly salary (basic wages plus dearness allowance) to the Employees' Provident Fund (EPF) scheme.
- EPF scheme is mandatory for employees who draw a basic wage of Rs. 15,000 per month.
- Of the employer's share of 12 %, 8.33 % is diverted towards the EPS.
- Central Govt. also contributes 1.16% of employees' Monthly Salary.

#### **About EPFO:**

- It is a government organization that manages provident fund and pension accounts of member employees and implements the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 which is applicable to whole of India with exemption given only to Jammu & Kashmir.
- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of provident funds for employees in factories and other establishments.
- It is administered by the Ministry of Labour & Employment, Government of India.
- It is one of the World's largest Social Security Organisations in terms of clientele and the volume of financial transactions undertaken.

#### **Who is an Employee?**

- As per Section 2(f) of the EPF Act, the definition of an employee is an inclusive definition, and is widely worded to include any person engaged either directly or indirectly in connection with the work of an establishment, and is paid wages.

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### **Impact of the Judgement:**

- The members of the union, and all other similarly situated contractual employees, are entitled to the benefit of provident fund under the PF Trust Regulations or the EPF Act.
- Since the PF Trust Regulations are in force and are applicable to all employees of the company, it would be preferable to direct that the members of the union and other similarly situated contractual employees are granted the benefit of provident fund under the PF Trust Regulations so that there is uniformity in the service conditions of all the employees of the Company.

