The Southern India Mills' Association

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April 7, 2016

Shri Bandaru Dattatreya,
Hon'ble Minister of State for Labour & Employment (Independent Charge),
Ministry of Labour and Employment,
Government of India,
Shram Shakti Bhawan, Rafi Marg,
New Delhi 110 001

Respected Sir,

Sub: Employees Provident Fund (Amendment) Scheme, 2016 – Restriction for withdrawal of 3.67% of the employer's contribution – reg.

Ref: Your official notification dated 10.02.2016

Our Association is 83 years old and is the single largest employers' Organization representing the entire textile value chain right from cotton research and development to garments / made-ups / technical textiles in the country and plays a lead role in all policy making committees at State and Central level pertaining to the Textile industry. We have more than 550 member mills in our fold which are scattered over all the five Southern States.

The Government of India, Ministry of Labour and Employment, had vide its Gazette notification dated 10.02.2016 brought some amendments with immediate effect in the EPF Scheme and Paragraph 69 (a) of the said scheme, restricts withdrawal of the employers contribution before 58 years.

At the outset, we welcome the Government of India for having taken a broad view of the retirement benefits for the employees and the policy is most welcomed. At the same time, the implementation of the restrictions for withdrawal of the EPF contribution of 3.67% of employers share under the EPF Scheme together with the accrued interest from EPF account, will hold good and will be more beneficial only to the employees who take continuous jobs till their retirement.

These restrictions will lead to lot of hardships, than favouring the employees who take jobs for a short span of period.

In particular, across the State of Tamil Nadu, nearly 2 lakh female workers in textile mills have been enrolled under PF Act.. These female workers take their jobs for a period of 3 to 5 years and sometimes for even less than a year.

These workers are mainly illiterate and particularly from the weaker sections of the society. They migrate to urban from rural areas in search of jobs for earnings which might help them meet their family expenses. In such a situation, they mainly depend on each and every penny they earn, including the PF contributions.

The workers already employed in the textile industries have been engaged with a promise that they can earn a good savings through PF contributions. If in their course of employment, a situation arise as that they are not able to get their entire PF savings, while leaving their service, the blame shall be on the Management for false commitments, thereby disturbing the employer - employee relationship and also the smooth functioning of the industry.

In such a scenario, if restrictions for withdrawal of the 3.67% of the employers contribution from PF Scheme is implemented, the future for majority of the female workers will be a question.

Further, we put forth some consequences in case of such restrictions, for your kind consideration.

[1] If the contributions are for short span of service and a meagre amount stands credit to their PF account, the chances of withdrawal after the age of 58 is very remote.

[2] As the savings could be drawn only after the age of 58, there are more changes for variation in the signature of the employee due to age factor and this may delay in getting back his hard earned savings.

[3] Chances for any third person swindling the employees savings in case the employee is not aware of his unclaimed savings or has forgotten of those savings as decades pass through.

[4] There are chances for the Permanent Bank account being in-operative and the refund may be further delayed for want of new bank account details and getting those updated and the employee will be put to lot of hardships at his old age.

[5] In case of death by the employee and if his legal heirs are unaware of his PF savings, the savings will lie unclaimed and the purpose of the amendment to the Scheme will get defeated. The employee too will not be able to enjoy the fruit of his earnings.

[6] In case the employee settles abroad soon after his service the chances of his claim are very remote as it becomes expensive and time consuming and put to lot of hardship

[7] Above all, though the employee know well where and how to spend his/her hard earned savings, the employee will not be able to get his savings amount during his needy times and will get back the amount only at a later date where the purpose of his savings will not serve good.

Apart, the aforesaid restrictions will only mount huge accumulations of surplus.

We therefore, submit and request the concerned authority to consider the restriction imposed on withdrawal of the employer's contribution of the 3.67% with accrued interest at the age of 58, with a larger view that would benefit the major section of the worker population.

Thanking You,

Yours faithfully,

(M.SENTHILKUMAR)
Chairman

CC:

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