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UCS POV | **Shaiju Mathew**
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Employee Enrolment under EPFO

The Employees' Provident Fund Organization (EPFO), under the Ministry of Labour and Employment, ensures superannuation pension and family pension in case of death during service. The schemes under the EPFO apply to establishments with at least 20 employees. As per the process implemented by the Ministry of Corporate Affairs w.e.f. February 2020, any new establishment registered with the Registrar of Companies under the Companies Act, 2013 shall be allotted with registrations under the Employees Provident Fund (EPF) Scheme and also other Social Security schemes. However, the establishment is required to contribute under the scheme with at least 20 employees. Contributions to the EPF Scheme are obligatory for both the employer and the employee when the employee is earning up to Rs.15,000 per month. Employees whose basic and DA earnings exceed Rs.15,000 and who are currently not covered by the PF Scheme will be able to voluntarily opt out of PF coverage at the time of joining an establishment if they earn more than the said amount. If an employee's pay exceeds this level, the PF contribution will be limited to the amount payable on the Rs.15,000 only. Though both the employee and employer can mutually agree to contribute on the actual Basic wages if it is more than Rs.15,000 per month, but the contribution under the Employees' Pension Scheme shall remain at the maximum on Rs.15,000 per month.

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Three schemes are supervised by the Employees' Provident Fund Organization:

- The Employees' Provident Fund (EPF) Scheme, 1952
- The Employees' Pension Scheme (EPS), 1995
- The Employees' Deposit Linked Insurance (EDLI) Scheme, 1976

The EPF Scheme is contributed by the employer at 3.67% and the employee at 12%. The EPS is contributed by the employer at 8.33%. Finally, the EDLI Scheme is contributed by the employer at 0.5% only. The EDLI Scheme is an insurance cover provided by the EPFO. A nominee or legal heir of an active member of EPFO gets a lump sum payment of up to Rs. 7 Lakhs in case of death of the member during the service period. All organizations covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 get enrolled for EDLI automatically. The companies who wish to maintain the EDLI scheme separately with an insurance company may have to seek an exemption from the respective Regional Provident Fund Commissioner.

As per the definition of an "Employee" under Section 2(f) of the Act all employees including direct and contract, part-time, daily wage workers, piece rate wage workers, trainees (except the apprentices under Apprenticeship Act, 1961) shall be covered under the scheme. The Fixed-Term Employees (FTE)/ individuals on a retainer-ship basis/interns also may be covered under the scheme in case they fall under the prescribed wage ceiling. As per the exclusion prescribed in the Act, the apprentices who are registered under the Apprentices Act, 1961 shall be exempted from the PF scheme.

Hence, it is advisable that any such trainees including National Employability Enhancement Scheme (NEEM trainees), FTE/Individuals on retainer ship should be covered under the Employees Provident scheme except for Apprentices under the Apprentices Act, 1961. As per the notification issued by the EPFO earlier, the trainees who are under the training as part of their educational curriculum may be exempted from the scheme, however, such trainees are required to be covered under the scheme from the commencement of their training in case such employees are converted into regular employment in future. The notification issued by the EPFO on 24th February 2022 regarding NEEM trainees also mentions that such trainees shall not be exempted from the PF coverage and are required to be enrolled under the EPF scheme. Therefore, companies are required to cover all such trainees including NEEM trainees, and other categories of employees (as mentioned above) under the Employees Provident Fund scheme.

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Supreme Court Lifts Stay on Haryana Quota for Private Jobs

The Supreme Court set aside a Punjab and Haryana High Court order staying a controversial State law which provides 75% reservation for local youths in private sector jobs earning less than ₹30,000 a month. Industry associations have said the law “affects the idea of India as an economic unit”. A Bench of Justices L. Nageswara Rao and P.S. Narasimha set aside the February 3 stay order of the High Court on the ground that it did not give “sufficient reasons”. The Bench observed that every law passed by the legislature was presumed to be legal. An order of stay of their implementation by a court of law should be reasoned. The High Court had not given sufficient reasons for stopping the Haryana law in its tracks on February 3. “There should be manifest illegality. This is not the way a statute ought to be dealt with. We are not on the merits, but how the High Court dealt with this,” Justice Rao remarked orally. The Supreme Court, without going into the merits of the issue, requested the High Court to decide the writ petition filed by industrialists before it expeditiously and not later than a period of four weeks. The parties were directed to not seek adjournments in the High Court.

‘Do not take coercive steps’: Meanwhile, the top court ordered the State government to not take any “coercive steps” against employers in the highly industrialized State for violating the Haryana State Employment of Local Candidates Act. Industry bodies said in court that the Act impacted 48,000 registered companies by ushering in “inspector raj”. An employer faces a fine of ₹ 10,000 to ₹2 lakh for violation of the Act. The statute covers companies, societies, trusts, limited liability partnership firms, partnership firms, and large individual employers. Many hire talents from outside Haryana. Senior advocate Dushyant Dave, appearing for Faridabad Industries Association, opposed the Haryana government’s appeal against the High Court stay. “Reservation in the private sector has no basis in the Constitution. The law impacts not only employment but the very existence of livelihood. There was no empirical study done, no data whatsoever to justify this law. Entry 24 of the Concurrent List in the Seventh Schedule of the Constitution does not back this law. What is the presumption of constitutionality which this law provides,” Mr Dave asked?

He submitted that the continuation of the law’s implementation, which came into effect in January 2022, would have far-reaching effects, not only in Haryana but across India as it would not stop other States from enacting similar laws which exclude jobs to residents of other States. “Everybody will be affected. Even law firms,” Mr Dave said. He said if the Supreme Court felt that the High Court needed to give reasons to maintain the February 3 order, the High Court could be asked to decide the writ petition pending before it finally. Mr Dave said questions on the validity of the law required immediate litigation and a quick decision.

‘Drastic Act’: Senior advocate Shyam Diwan, for Manesar Industrial Welfare Association, said the law had a “profound impact on ongoing businesses” and required day-to-day hearing.

“This is a drastic Act,” he submitted. Solicitor General Tushar Mehta, for Haryana, said the stay order of the High Court was passed without application of mind. “There is a presumption of legality in favour of law and it is ordinarily not stayed unless the legislation is prima facie unconstitutional or illegal. There was no reason given by the HC for staying the legislation,” Mr Mehta argued. He referred to the need “to regulate migrants from settling elsewhere”. “Firstly, we are concerned about livelihood. The livelihood of everyone,” Justice Rao reacted. Mr Mehta said States, including Haryana, Andhra Pradesh, Jharkhand, and Maharashtra, had implemented similar laws. He requested the Supreme Court to examine the validity of the laws in all these States and deliver an authoritative decision on their validity. But the top court left it to the Punjab and Haryana High Court to decide the case finally, assuring that it had meanwhile “protected those working”.



Source: The Hindu

EPFO Is Bringing a New Type of Pension Scheme, Know Who Will Get Its Benefit!

The Employees' Provident Fund Organization (EPFO) is mulling to introduce a new pension scheme for organized sector employees earning a basic salary of more than Rs 15,000 and not compulsorily covered under the Employees' Pension Scheme-1995 (EPS-95). At present, those employees in the organized sector whose basic pay (Basic Pay and Dearness Allowance) is up to Rs 15,000 are compulsorily covered under EPS-95. According to a source, "There has been a demand for higher pension on higher contribution among EPFO members. Thus, it is being actively considered to bring a new pension product or scheme for those whose monthly basic salary is more than Rs 15,000.

A new proposal may come on 11-12 March: According to the source, the proposal on this new pension product is likely to come up in the meeting of the Central Board of Trustees (CBT), the apex decision-making body of the EPFO, in Guwahati on March 11 and 12. During the meeting, a sub-committee on pension-related issues constituted by the CBT in November 2021 will also submit its report.

Demand to raise the limit of basic salary to Rs. 25,000: Later, there was a demand to increase the monthly basic salary limit to Rs 25,000 and it was discussed, but the proposal could not be approved. As per industry estimates, the increase in pensionable wages could bring 50 lakh more workers in the organized sector under the EPS-95. Former Labor Minister Bandaru Dattatreya said in a written reply in Lok Sabha in December 2016, "Proposal to increase the wage ceiling for 'coverage' from Rs 15,000 per month to Rs 25,000 per month under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952." EPFO had introduced, but no decision has been taken on it. The source said there is a need for a new pension product for those who are either forced to contribute less or who could not subscribe to the scheme, as their monthly basic salary at the time of joining service is less than Rs 15,000. was excessive

Source: TAX CONCEPT

Four Labour Codes Will Be Implemented In 2022; Welfare Scheme for Gig Workers on The Anvil: Mos Labour Rameswar Teli

Notwithstanding the delay in the implementation of labour reforms, the union labour and employment ministry is looking to roll out the four Labour Codes in 2022 and is working on a social security welfare mechanism for gig and platform workers. Rameswar Teli, the Union Minister of State for Labour and Employment, told Money control that the ministry was trying to take every state along before rolling out the labour codes, and the existing social security schemes like pension for informal sector workers would be integrated with the unorganized sector database. "See, we are regularly speaking with all the states. A lot of them are already on board and framed draft rules. A few more are discussing with us. We must remember that when a big scheme or program comes, we take everyone along. An exact deadline will be tough to give, but we believe that the four codes will be implemented soon in 2022," Teli said in an interaction with Money control.

India has consolidated 29 central labour laws into four codes on wages, social security, occupational health, and industrial relations. While the parliament approved the Code on Wages in August 2019, the rest three were passed in Sept 2020. But none of them has been rolled out as yet. As per the latest government data, at least 26 states and union territories (UTs) have formulated draft rules for the Code on Wages, 22 states and UTs have framed draft rules for the Industrial relation code, 20 for code on social security and 17 for the occupational safety and health code. The minister said the informal sector database was progressing well and the ministry was looking to achieve the 38-crore registration milestone. "Esharm platform started functioning in the last week of August, and we are targeting to register at least 38 crore people. As of now, around 26 crore informal sector workers have already got registered in the database platform. We believe to achieve the milestone soon, and hope to offer social security benefits to informal sector workers," Teli said without divulging details. "Some schemes will be integrated with the unorganized sector database. We are linking PM Shram Yogi Mandhan Yojna (PM SYM) that promises pension to informal workers registered in the scheme, with the Esharm database," the minister said, adding that states have been given targets.

“For example, as a parliamentarian, I come from Assam, we have kept the one-crore registration target for Assam in the informal workers’ database, and so far at least 65 lakh people have registered themselves in the platform,” he added.



Gig workers: Talking about the welfare of gig and platform workers, the minister said his ministry and senior bureaucrats were talking to stakeholders regularly and almost in every meeting. “We will soon take a final decision on it. We want improvement in the condition of gig workers. We want companies in the gig and platform economy to offer benefits to gig and platform workers. Discussion is on,” he said. India has registered at least 7,17,686 gig workers, and almost 58% of them have come from West Bengal, Uttar Pradesh, and Bihar alone, according to official data. Besides, he said along with gig workers he was in discussion for devising a scheme for beedi workers, a flourishing sector in parts of eastern India and Maharashtra. He said he had already met leaders from Bengal and Assam, bidi industry representatives on the same.

Source: MONEY CONTROL

Labour Code May Cap Allowances At 75% Of Wages in First Year, 50% Over Next Three Years

The government is mulling a high limit on allowances at 75-80% of the wages of an employee in the first year of the roll-out of the labour code on wages. This could gradually be brought down to 50% over three years, as specified in the code, people familiar with the deliberations told ET. The other major change under consideration is a restoration of the threshold on the number of employees in an organization to 100 from the proposed 300 under the industrial relations code for seeking the government's permission before retrenchment or closing down operations. The industry has resisted a cap on allowances at 50% of wages, reasoning it would raise their employee costs.

Under the code, wages include all remuneration by way of salaries, allowances or otherwise and include basic pay, dearness allowance and retaining allowance, if any, but exclude allowances such as house rent allowance and overtime allowance. The code provides that if all these allowances not included in wages together exceed one-half of the per cent so notified, the excess amount shall be deemed as remuneration and added to wages under this clause. Such an increase in wages would require higher payment to provident funds by both employer and employees and also raise gratuity payments. This would reduce take-home pay for workers, though they would gain a higher contribution to retirement savings. “The government is discussing changes that can be made to the code in view of the concerns expressed,” an official privy to the deliberations said on condition of anonymity.

The Code on Wages was passed by Parliament in 2019 while the Industrial Relations Code was approved in September 2020. Though the rules governing the four codes passed by Parliament were ready by March 2021, they have not yet been implemented because of stiff resistance from employers and employees on certain issues. The industry fears the proposed changes in the code, at a time when the economy is still recovering from the impact of the pandemic, would put unnecessary pressure and increase their employee cost. “This has prompted the Centre to relook at the necessary changes that can be made to ensure minimum additional liability on employers, especially now when the pandemic has hit the businesses hard,” said another person aware of the deliberations.



The Industrial Relations Code had raised the threshold for requirement under a standing order, which are rules of conduct for workmen employed in industrial establishments, to more than 300 workers from the earlier 100 workers. This would have given more businesses freedom to manage their workforce without requiring government permission. Experts said tweaking some of the provisions might help the government win over the employer's and trade unions' confidence, thus enabling the faster implementation of the codes which are critical to the ease of doing business. "Phased introduction of capping allowances at 50% will help the government buy-in employers' consent for more important minimum wage provisions to kick in," said labour expert KR Shyam Sundar. "Further, redefining the threshold from 300 to 100 will have limited implications for flexibility for employers but will largely appease the trade unions," Sundar said, adding it will enable the government to roll out all the codes faster.

Source: [THE ECONOMIC TIMES](#)

PF Accounts to Be Split into Two from April 1: 5 Key Points

From April 1, existing provident fund (PF) accounts are likely to be divided into two parts. In September last year, the government had notified new income tax (I-T) rules, under which the PF accounts will be split into two. The step will allow the Centre to tax PF income on employee contributions of over ₹ 2.5 lakh annually. With the new set of rules, the Centre aims to prevent high earning people from taking advantage of government welfare schemes

Here are the top five takeaways:

- All existing PF accounts will be divided into taxable and non-taxable contribution accounts.
- The non-taxable accounts will include their closing account as it stood on March 31, 2021, the Central Board of Direct Taxes (CBDT) had said. The CBDT frames policy for the I-T department.
- According to official sources, the rules may come into effect from the next financial year, i.e., from April 1, 2022, onwards.
- To implement the new tax on PF income from employees' contributions exceeding ₹ 2.5 lakh per annum, a new Section 9D has been included under the I-T rules.
- For taxable interest calculation, two separate accounts will be maintained within the existing PF account during the recently concluded financial year as well as all the preceding years, to assess the taxable as well as the non-taxable contribution made by a person.

Source: [NDTV](#)

Details of Contractual Employees

Reforms in labour laws is a continuous process, therefore, Central Government and State Governments strive on regular basis to update the legislative system to address the need of the hour as per the emerging economic and industrial scenario of the country. The enactment of four Labour Codes, namely, the Code on Wages, 2019; the Industrial Relations Code, 2020; the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code); after simplification, amalgamation and rationalization of 29 Central Labour Laws; will inter alia strengthen the protection available to labourers, including unorganized workers, in terms of statutory minimum wage, social security protection and healthcare of workers.

The Contract Labour (Regulation and Abolition) Act, 1970 has been subsumed in the OSH Code, 2020 and the following reforms have been carried out under it:-

- Provision of online licensing for contractors with a validity of 5 years.
- Provision of common license and deemed approval of licensing.
- Provision of experience certificate, on-demand, by Contractor to Contract Labour and provision for issuance of letter of appointment to contract labour will promote formalization of employment.
- Definition of 'core activity of an establishment' has been introduced. Further, employment of contract labour in core activities of any establishment is prohibited except in certain circumstances.
- Various welfare facilities shall be provided by the principal employer of the establishment to the contract labour which would create healthy, safe and secure working conditions.

This Ministry maintains the consolidated records/data of contractual labourers/workers /employees, based on the licenses and registration certificate issued under the Contract Labour (Regulation and Abolition) Act, 1970 in the central sphere. No such bifurcated data like Ministry and State-wise of contractual labourers/workers/employees are maintained centrally. Based on the licences and registration certificate issued under the Contract Labour (Regulation and Abolition) Act, 1970 in the central sphere, the ratio of male and female employees on a contract basis is 6:1 (approx.). This information was given by Shri Rameswar Teli, Minister of State, Ministry of Labour and Employment, in Rajya Sabha.

Source: PRESS INFORMATION BUREAU

ESIC Working Towards Accelerating Coverage Of COVID-19 Vaccination to The Unvaccinated Population

The Employees' State Insurance Corporation, ESIC, has instructed for activation of COVID-19 vaccination sites at all ESIC/ESIS hospitals/dispensaries/special camps to accelerate the coverage of the unvaccinated population. The Corporation under the Ministry of Labour and Employment started COVID-19 Relief Scheme to provide help and succour to the family of the Insured Persons who died due to coronavirus. Under this Scheme, 90 per cent of the average wages of deceased Insured Persons are distributed among the eligible dependent of the deceased Insured Persons. The spouse of the deceased IP/IW is also eligible for medical care on depositing Rs. 120 in lump-sum for one year.

The beneficiaries are getting a monthly pension as per their entitlement. The Scheme is currently operational till 23.03.2022, but all existing beneficiaries will continue to receive benefits. The scheme will be reviewed after evaluating certain additional aspects including feedback from Field Units. So far ESIC has settled a total of 5,141 claims under the COVID-19 Relief Scheme. Relief amounting to Rs. 34.15 crores have been distributed to 12,309 dependent beneficiaries. Apart from this, ESIC has taken several measures to deal with the challenging



situation of COVID pandemic resurgence to cater for its stakeholders as well as the general public. 20 per cent of the bed capacity of each ESIC Hospital has been designated as dedicated Covid beds which may swiftly be enhanced as per prevailing local needs.

During the 2nd wave, 33 ESIC Hospitals with 4500 dedicated Covid beds having 400 ventilators were converted into dedicated COVID-19 Hospital. The Corporation is prepared to convert any of its 50 directly run hospitals to Dedicated Covid Hospital for the general public if needed by State/local health authority. ICMR approved RT-PCR Labs are functional at 7 ESIC hospitals i.e. ESIC Medical College and Hospital, Faridabad (Haryana), Sanath Nagar (Hyderabad, Telangana), Rajajinagar, Bangalore, Joka (WB), Gulbarga (Karnataka), K.K. Nagar, Chennai (TN) and ESIC-PGIMSR, Basaidarapur and ESIC Okhla. During the 2nd wave, 33 ESIC hospitals and 20 ESIC hospitals provided IPD COVID. Further, ESIC Hospitals are adopting all the updated guidelines being issued by Union Health Ministry regularly for delivering better and prompt medical services. Implementation of all such measures is being regularly monitored at ESIC Hqrs through video conferences with the hospitals across the country.

Source: PRESS INFORMATION BUREAU

Eligibility Condition of the ESIC COVID -19 Relief Scheme Relaxed

The Employees' State Insurance Corporation has decided to relax the eligibility condition of the scheme.

"The deceased Insured Person must have been in employment on the date of diagnosis of COVID19 disease and contributions for at least 35 days should have been paid or payable in respect of him/her during a period of a maximum of one year immediately preceding the diagnosis of COVID-19 disease resulting in death."

Source: Gov. notification

The Karnataka Minimum Wages Revision for the year 2022-23

The Karnataka Minimum Wages for the year 2022-23 have been revised by Rs. 510.00/-. The Current DA is Rs. 2233.20/- for the S&E sector & Rs. 3141.60/- for the Security sector respectively. The same is required to be implemented w.e.f. 1st April 2022. The class of employment & designation wise calculations under the Shops & Commercial Establishments Act & Security agency Act can be viewed in the enclosed notifications. The contract vendors are required to revise their salary structure as per the Minimum Wages published for the year 2022-23 which is mandatory.

The below points to be noted while fixing the Minimum wages for the year 2022-23:

- In case of daily wages earners, the minimum daily rates of wages should be worked out by dividing the monthly rates by 26 days and providing wages for 4 weekly holidays.
- Women employees shall be paid the same rates of wages as men, where the nature of work is same.
- Wherever the prevailing rates of wages are higher, the higher rates of wages shall be continued to be paid.
- In case of piece work, the daily total earning of those workers for 8 hours of work shall not be less than daily rates of wages fixed for that category of employees. In computing the above rates a day's work is deemed to comprise of 8 working hours. If the workers are employed for less than 8 hrs, then less than 4 hours to be paid 4-hour wages, above 4 hours to be paid 8-hour wages.
- In case any category of workers are not mentioned in this notification, shall be paid based on the type of their work.
- Workers employed on the day of weekly holiday and on the National and Festival Holidays shall be paid double the normal rate of wages (Gross wages).
- For work beyond normal working hours, the employees shall be paid two times the normal rates of wages. (As per S&E Act Sec 16, Defn of Wages = Total Full-time earnings)
- Any other benefit which is already been provided shall be continued to be provided to them.
- Karnataka Minimum Act, 1948 Section 4 gives the power to the appropriate government in the fixation of the minimum wages, and the state of Karnataka has considered only the Basic & DA components as minimum wages.
- Every contract employee who has completed 240 days in a year shall be paid 2% of their basic wages as service weightage as per KN CLRA Service conditions notified in the year 2013.
- Under Section 6 of the Payment of Wages Act, 1936, Employer shall ensure that Wages to the employees are directly credited to the respective bank accounts.
- Wherever the Establishment has engaged employees under The Contract Labour (Abolition & Regulation) Act, 1970, Employer shall ensure that implementation Minimum Wages under this Act and applicability of all other applicable Acts to such employees.

For more details : <https://unitedconsultancy.com/karnataka-minimum-wages-for-the-year-2022-23/>



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