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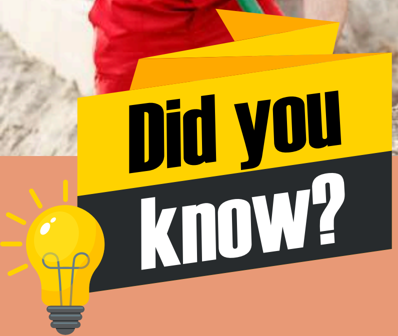

The inaugural Labour Day was marked in India on May 01,1923 in Chennai(previously known as Madras). The Labour Kisan Party of Hindustan organized the first May Day Celebrations.

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UCS POV: UNDERSTANDING THE BUILDING AND OTHER CONSTRUCTION WORKERS WELFARE CESS (BOCW CESS)

Bala Harish
Vice President

This article delves into the BOCW Cess, its applicability, and the recent legal discussions concerning its computation.

The BOCW Act applies to establishments employing 10 or more construction workers for building construction projects valued at Rs. 10 lakhs or more.

The BOCW Act defines 'cost of construction' as all expenses incurred by the employer from project commencement to completion, excluding land cost and compensation under the Employees' Compensation Act. This includes expenses like material costs, installation charges, transportation fees, consultancy fees, and any other expense directly related to construction. The cess calculation does not include post-project completion expenditures.

BOCW Cess Payment: The cess amount is 1% of the total construction cost. An estimated cess amount must be paid within 60 days of project commencement. Any remaining balance is due upon project completion.

Contention in Cess Calculation: Modern construction contracts (EPC or Turnkey) often combine supply and service components. The debate lies in whether the cess applies to the entire contract value or just the construction cost.

Legal Precedents: Considering BOCW Act's objectives being the benefit of the building workers and taking a cue from the above explanation, those works in which the workers are engaged should be subject to the Act and Building Cess should be levied on such works. However, works which do not involve any employment of building workers like the supply of goods/materials should be excluded from the definition of 'cost of construction'.

Furthermore, Section 2(1)(g) of the BOCW Act defines a 'Contractor' as "a person who undertakes to produce a given result for any establishment, other than a mere supply of goods or articles of manufacture, by the employment of building workers or who supplies building workers for any work of the establishment, and includes a sub-contractor."

Many litigations on this particular issue have risen and its varied interpretations too. The Honourable High Court of Chhattisgarh in Technical Associates Vs. Asst. Labour Commissioner and in GVPR Engineers Limited Vs. State of MP & Ors. held that "The Cost of Construction cannot be divided in parts, as argued by the petitioners, into supply portion and erection portion. Even the cost for the supply portion is incurred by the petitioners and cannot be separated from the total cost incurred mentioned in. The cess is on the total cost of construction. The definition of cost construction in Rule 3 excludes only the Cost of land and any compensation paid or payable to the worker or his kin under the Workmen's Compensation Act, of 1923. The expression 'expenditure' in Rule 3 does not obviously include the cost of land even so it is specifically excluded in the proviso to the Rule. If the intention of the Cess Act and Cess Rules was to exclude the cost of supply part, it would have been referred in Rule 3 where exceptions are provided." It is pertinent to mention here that in this case a single contract was executed with separate pricing components for supply and service portions.

However, a different view was taken by the Honourable High Court of Andhra Pradesh in Cormandel Prestcrete Private Ltd. Vs. the State of AP. Wherein the Court held that, "Thus, it is clear that the labour Cess sought to be collected is not on the entire value of the work, but only on the cost of construction," which is as provided in Section 3 of the Cess Act and Rule 3 of the Rules made thereunder, as well as the notification dated 26 September 1996, issued by the Central Government. Therefore, it has to be held that the Respondents while levying and collecting the labour Cess, have to collect the same on the cost of the construction incurred by an employer and not the entire value of the work

Both these judgments were challenged before the Honourable Supreme Court in 2013 and are still pending final resolution.

As a result, the various Labour Cess authorities have understood the complication and as a thumb rule, they validate the Cess payment based on the estimate of the total cost of construction certified by the qualified CA/Government authorised valuers.

Hence, we recommend that the valuation be assessed with the project's CA and 1% Cess value be remitted on the arrived cost of construction.

UPSKILLING STRATEGIES: NURTURING A MULTI-SKILLED WORKFORCE FOR THE FUTURE

In a world where change is the only constant, organizations must adapt to remain competitive. The hybrid workplace, the integration of AI, and a growing emphasis on soft skills are reshaping the employment landscape. The need of the hour is to embrace upskilling strategies that go beyond the conventional,

invest in the potential within your workforce, and foster an environment where continuous learning is not just encouraged but ingrained in the organizational culture.

The only constant in life is change. - Heraclitus

Over the years, the traditional career trajectory has given way to a set of diverse roles, and employees are navigating through multiple careers. Gone are the days when career paths were etched in stone. Today, it is about a collaborative effort between employers and employees to unearth the sweet spot where ambitions meet business needs. Initiating a dialogue to appraise skills from a holistic company perspective is essential. Identifying latent potential within your existing workforce can reveal unexpected opportunities, such as transforming an IT expert into a proficient sales representative. According to a recent study, 68% of organizations believe that understanding the skills of their current workforce is crucial for long-term success.

This emphasizes the need for a comprehensive skills assessment to harness the full potential of your team.

Go beyond academic credentials

As the nature of work evolves, the significance of a traditional college degree is diminishing. The 21st-century workplace demands a skill set that transcends the boundaries of academic qualifications. Companies are increasingly valuing hands-on experience, personal attributes, and continuous learning over a four-year degree. Adaptability is the new currency in the job market, and upskilling programmes should focus on practical, real-world knowledge that goes beyond the confines of formal education.

The power of AI tools

In the era of digital transformation, AI is emerging as a powerful ally in the upskilling journey. AI tools streamline talent assessments by scanning profiles for relevant keywords, providing a quick and efficient overview of the skills landscape within the organization. These tools also facilitate personalized development plans, ensuring that learning is integrated seamlessly into employees' day-to-day work. The integration of technology not only enhances learning but also empowers employees to take control of their professional development.

Look for the star players and plan

In the past, career progression followed a linear path dictated by company hierarchies. However, today's fluid and fast-paced environment demands a more personalized approach to employee development. Collaborative efforts between employees, managers, and coaches redefine the development landscape. Engaging in meaningful conversations about the future of the business and strategic priorities ensures that employees' growth aligns with organizational goals.

Soft skills are important

The upheavals of the past years have underscored the importance of human resilience and mental wellbeing. As automation takes over routine tasks, the focus shifts to enhancing soft skills – the human side of work. Active listening, self-management, and adaptability are becoming critical in a workplace that values emotional intelligence. As per a survey by CompTIA, about 41% of HR leaders emphasize the development of soft skills for IT workers post-pandemic.

Investing in these skills not only ensures a resilient workforce but also addresses the human-centric aspects of the evolving employment landscape. The future of work demands a workforce that is agile, adaptable, and equipped to face the challenges of tomorrow with confidence. It is time to invest in your greatest asset – your people.

Source : HR Economic Times

INDIA INC EMBRACING NEURODIVERSITY AT WORKPLACE

Corporate India is increasingly embracing neurodiversity at the workplace, hiring people with autism, dyslexia and ADHD.

Companies including SAP, EY, and Publicis Sapient are backing better neurodiversity inclusion through tailored programmes as well as targeted hiring efforts via tieups with NGOs, special schools and specialised hiring platforms. Accenture and Wells Fargo, among others, are driving awareness and sensitisation through employee resource groups (ERGs), neuro-inclusion training modules, manager training, etc, these firms said.

Neurodivergent people are being hired in roles like software development, quality assurance and testing, data analysis and analytics, system administration, information development, UX design, and cybersecurity. And it's not about being socially responsible or promoting diversity and a culture of inclusion at the workplace, but these individuals bring unique perspectives and skillsets to organisations.

"Neurodivergent employees bring in a different perspective. They are stable, low on attrition, and very dedicated. They make us more grounded," said Burgess Sam Cooper, cybersecurity consulting partner at EY India. The professional services major has been hiring neurodiverse candidates through a structured process, where they are taken in as freshers, trained and groomed to take up roles in areas such as data leakage prevention. EY GDS, too, has hired them for centres in Bengaluru and Thiruvananthapuram. The organisation trains managers to support them while employees regularly go through certifications to upgrade skillsets. Cooper champions the initiatives of EYs Neuro-Diverse Centre of Excellence (NCoE) in India. Organisations such as EnAble India, a non-profit focused on empowering persons with disability (PwDs), and inclusive livelihood platform Atypical Advantage work with companies to help neurodivergent individuals find jobs.

Vineet Saraiwala, founder of Atypical Advantage, told ET that Amazon, Marico, Nestle, Nagarro, The Lalit and CAI among others have hired neurodiverse employees, either for full-time or internship roles, through them.

Focusing on overall ecosystem

SAP's 'Autism at Work' programme is dedicated to fostering a nurturing environment and showcasing the skills of individuals on the autism spectrum. "Our aim is to match neurodivergent individuals' unique talents and abilities with roles that align with their interests and strengths," said Shweta Mohanty, vice-president and head – HR at SAP India. "Our commitment goes beyond recruitment; it's about creating pathways for these individuals to flourish. By prioritising skills over traditional metrics, we're paving the way for them to thrive irrespective of their educational background," she said. Publicis Sapient has developed programmes specifically geared towards supporting neurodivergent individuals and people with intellectual disability. It has amplified efforts around supporting them by engaging all its geo circles (where it connects remote people in different cities to build local communities and encourage collaboration) in disability confidence panel discussions. "Our goal is simple: create a workplace where everyone feels valued, supported, and empowered to do their best work," said Vieshaka Dutta, senior director, DEI (diversity, equity and inclusion) for India and APAC at Publicis Sapient. "Because when we embrace diversity, everyone wins." Lakshmi C, managing director and lead – human resources at Accenture in India, said they believe diverse perspectives nurture innovation.

Over the last two years, the professional services company has run pilots in India to hire people with autism spectrum disorder through an internship programme. Its medical insurance programme covers costs of prolonged speech therapy, motor skills development, and other therapies key to the emotional, behavioural, and professional development of neurodivergent people and neurodivergent dependents of employees. "Our ERGs– one for our neurodivergent people and another for people who are caregivers to their neurodivergent dependents – help our people voice their experiences, lean on each other, find solutions to shared challenges, and build camaraderie," Lakshmi said.

Wells Fargo's neurodiversity programme, which focuses on attracting talent from the broader spectrum of neurodiversity, onboarded 20 individuals in 2023 in technology, operations, and finance. The company said it uses a train-intern-hire model. With the help of community partner EnAble India, Wells Fargo maps market readiness and skills of candidates across the neurodiversity spectrum and performs job role analysis to identify suitable roles internally. Shortlisted candidates undergo 14 weeks of training and, subsequently, three months of internship before being onboarded as full-time employees.

Challenges remain: While efforts to improve neurodiversity are visible across India Inc, overall progress is slow.

"It's tough to create jobs for people on the spectrum due to attitudinal barriers and inherent behavioural challenges," Saraiwala of Atypical Advantage said. "The pool of neurodiverse people graduating every year is small, and many companies want people who are ready without investing in skilling (them). Interest is growing, but overall numbers are still very small," he added.

Source : HR Economic Times

INDIA'S EMPLOYMENT DILEMMA

The India Employment Report 2024 was published recently. It contains a comprehensive, in-depth analysis within a 300-page report jointly published by the Geneva-based International Labour Organisation (ILO) and the Delhi-based Institute for Human Development (IHD). This is the third major report by ILO-IHD on labour and employment issues in India, following publications in 2014 (workers and globalisation) and 2016 (employment in manufacturing-led growth). The data used in the current report mainly comes from government sources, covering a period of over two decades since 2000. Prior to 2018, the primary data source was the quinquennial survey of employment conditions, while thereafter it has been the quarterly reporting of the Periodic Labour Force Survey (PLFS). Granular data at the unit level is available to all researchers, and the present report goes into great detail to gain insights. Before we examine the main findings of the report, it is important to remember the definitions. The Labour Force Participation Rate (LFPR) refers to those of working age in the population (15 years and older) who are either working or seeking work.

It is important to note that while India's population growth has slowed down to 0.8 per cent per year, its labour force is still expanding at over 2 per cent annually. Thus, the population within the working-age group is expanding relatively rapidly. From this demographic bulge, we first examine the trends of LFPR over the past two decades. The Worker Participation Ratio (WPR) is the proportion of working-age people who are working. The rest are unemployed, making the unemployment rate the share of those in the labour force who do not have work and are seeking work. Now, to the main findings: The dismal long-term trend is that until 2019, all three ratios—LFPR, WPR, and unemployment rate—were moving unfavourably. The participation rate was dropping, and the unemployment rate was rising. This is worrisome because it indicates that despite economic growth, the economy was not generating adequate employment opportunities for an expanding work force.

Between 2000 and 2012, the economy expanded at a rate of 6.2 per cent annually, but jobs grew only at 1.6 per cent. This disparity worsened between 2012 and 2019 (until the pre-Covid year), when average economic growth was 6.7 per cent but job growth was just 0.1 per cent. This is the classic case of jobless growth. What does this mean? It suggests that economic productivity, measured as the unit of GDP per worker, has been increasing, eliminating the need for extra workers.

It also means that GDP growth is more capital-intensive, employing more machines per worker, particularly evident in the manufacturing sector. In manufacturing, employment growth averaged a mere 1.7 per cent annually from 2000 to 2019, while manufacturing output grew at 7.5 per cent. In contrast, the services sector experienced nearly 3 per cent employment growth per year, thus providing more jobs. Construction work particularly responded well to economic growth during the same period. The growth process is intended to absorb surplus labour from agriculture into manufacturing and services, known as the structural transformation of the economy. It can be aided by rising exports too. The share of exports of goods and services in GDP increased from 6.3 per cent in 1984 to 22 per cent in 2022. This expansion in global market opportunities should have resulted in more employment in India, following the pattern witnessed in labour-intensive exports. Indeed, that was the story of export-led growth in most of East Asia, starting five decades ago with Japan and still continuing with countries like Vietnam. India somehow missed the bus, first with its initial export pessimism and then being wary of joining global value chains. This is likely to change in the coming years. But now there are new challenges, as trade barriers go up due to geopolitical reasons and automation threatens to eliminate jobs even in labour-intensive sectors. Manufacturing employment has remained stagnant at 12 to 14 per cent of the workforce for over two decades. There are numerous reasons for the non-absorption of new workers into manufacturing, including the sector's inherent bias towards capital intensity. But a big and persisting problem is that of skill mismatch.

The education sector is failing potential employers, as many students graduating from schools and colleges are not employable. Consequently, the bulk of unemployment is among the youth, with a staggering 83 per cent of the unemployed being under the age of 34. Beyond this age group, the likelihood of finding employment improves dramatically, albeit not necessarily in high-paying positions. The youth constitute 27% of the population, which is expected to decline to 23% by 2036 due to the ageing process. Since India's gross enrolment rate in colleges will keep rising, those youth will not be part of the labour force, and hence LFPR might decline somewhat.

But youth unemployment remains a stubbornly difficult challenge. It tripled from 5.7 per cent to 17.5per cent in 2019 before declining slightly to 12.1 per cent in 2022. The problem of youth unemployment is inversely correlated with education levels. In 2022, the youth unemployment rate for those who cannot read or write was 3.4per cent, while for those with secondary or higher-level education, it stood at 18.4 per cent, and for graduates, it was 29.1 per cent. This is the highest countrywide educated youth unemployment ever. The causative factors are many, but chief among them is a lack of skill-building and vocational training. It is the failure of our teaching and skill-imparting institutions. Given that much vocational learning occurs on the job and on the shop floor, there is an urgent need to aggressively pursue apprenticeship programmes that are transferable across the country without obligating the employer to make the apprentice a permanent employee.

The ILO-IHD report offers many useful insights and recommendations for policymakers. The main policy thrust should be to incentivize investment that maximises job creation per dollar, not just focusing on exports or total production value. Simultaneously, the National Education Policy 2020 could be oriented towards enhancing employability, focusing on skill intensity, fostering collaboration with employers, and promoting experiential learning. The next decade should be a decade of investing in enhancing India's human capital.

Source : Deccan Herald

EPFO RAISES AUTO WITHDRAWAL LIMIT UNDER 68J FROM RS 50,000 TO RS 1,00,000

The Employees' Provident Funds Organisation (EPFO) has raised the qualifying limit for auto claims – those made under specific conditions – processing under Paragraph 68J. The limit has been increased from Rs 50,000 to Rs 1,00,000. EPFO conveyed the update in a circular issued on April 16, 2024.

What are paragraph 68J claims?
Paragraph 68-J of the Employees' Provident Fund Scheme enables members to request advances from the fund under circumstances related to medical treatment.

These circumstances include hospitalisation lasting for one month or more, major surgical operations, and ailments such as tuberculosis, leprosy, paralysis, cancer, mental derangement, or heart ailments. Physically impaired members have the option to apply for advance payment under Paragraph 68-N in order to lessen hardship related to their impairment. This section allows withdrawals specifically for purchasing necessary equipment. However, such withdrawals require the submission of a medical certificate from a licensed physician or an official designated by the EPFO.

Following the implementation of the Universal Account Number (UAN) system by the EPFO, subscribers now have a streamlined process for claim submissions. Subscribers who have linked their UAN with their Aadhaar number and bank account details can now directly submit claim forms to the EPFO without requiring attestation from their employers. This initiative simplifies the claim process for EPF subscribers.

Form 31 is the format used to submit premature fund withdrawal requests under different heads ranging from medical emergencies, to marriage and buying or constructing a home.

Online Claim Submission Process

Log in to the EPFO member portal using your Universal Account Number (UAN) credentials.

Ensure that your Know Your Customer (KYC) details and service eligibility information are up-to-date and complete.

Choose the type of claim you wish to file from the available options, which may include marriage, medical emergencies, house purchase, or home loan repayment.

Authenticate your identity by entering the One-Time Password (OTP) received on your registered mobile number.

Complete the online claim submission process by following the prompts and providing any necessary documentation or information.

Source : Business Standard

MATERNITY LEAVE CAN'T BE DENIED DURING PROBATION: MAHARASHTRA TRIBUNAL

Probation should not be an obstacle to a woman who wants to be a mother during the period, held Maharashtra Administrative Tribunal, quashing a 2015 state order denying maternity leave to a then 28-year-old assistant forest conservator in Mumbai. A probationer's seniority should not suffer if she wants to be a mother which is her basic human and natural right, held MAT. The state, being a welfare and progressive state, has guaranteed 180-day maternity leave to every woman employee, stated the MAT judgment pronounced by its member Medha Gadgil.

Such leave is as much a right of the newborn to be with the mother as it is the mother's to be with the child, it held in an application filed last year by the woman, now a divisional forest conservator at SGNP. She had challenged the 2015 order.

The forest department in Jan 2015 "illegally" regularised as "extraordinary leave" the 180 days of maternity and an additional 43 days of post-natal leave taken in 2013 by the public servant while on probation. In 2023, the state, failing to consider her maternity leave, held her probation had ended in March 2015 instead of mid-2014 and it cost her her seniority, argued her lawyer.

Any probationer, though, must mandatorily complete the period of one or two years, held MAT, saying the solution lay in changing the method to compute the probation period. Probation can be extended for an employee's assessment only if the person's performance in the corresponding months on her resuming work is found "unsatisfactory", ruled MAT. If her work is satisfactory in the 180-day period after she resumes work post maternity, her seniority would be deemed from the end date of her original probation period, along with her batchmates, said MAT.

Such a mechanism would ensure govt gets sufficient and legally mandated period to appraise the probationer and "similarly valuable rights" of a child to be with the mother and mother's to be with the child are protected, the judgment noted.

The state cited recruitment rules of a three-year probation, including two years of training, to justify its actions. Maternity leave is statutory under Maternity Benefits Act, her lawyer had argued. "Seniority of such female employees should not go below her batchmates on grounds of her maternity leave," MAT held and directed that her 180 days' leave be treated as maternity leave and 43 additional days as childcare leave.

Source : Times Of India

WORK ON MAJOR UPGRADE, REVAMP OF ESIC HOSPITAL PICKS UP PACE

The work to undertake major upgrade and revamp of the ESI Corporation (ESIC) Model Hospital in Ludhiana has picked up pace, officials have said. The Union Government had approved the project at the cost of Rs 8.2 crore while acceding to the request of Rajya Sabha MP from Ludhiana Sanjeev Arora in February.

The development assumes significance as it was the first-ever major advancement and overhaul of the ailing health facility for the employees, especially industrial workers, since its inception in 1969. Besides, the proposal to add 200 more beds and develop the ESIC hospital as the state-of-the-art facility with 500-bed capacity was also under active consideration of the Centre. An announcement to this effect was made by ESIC Director General (DG) Rajendra Kumar in response to the demand raised by Arora. This followed a series of meetings held between Arora and Union Minister of Labour and Employment Bhupender Yadav during the past over a year.

The minister had also held a meeting of officials from his ministry and the state government in Chandigarh recently to discuss and finalise the plan to establish six new ESIC Hospitals in the state, including another one in Ludhiana district, besides other demands of Punjab pertaining to the welfare of labour and employees.

The ruling Aam Aadmi Party (AAP) member in the Upper House of Parliament from Punjab has impressed upon Yadav that the Ludhiana ESIC hospital with 262-bed capacity was not only lacking beds but also other facilities to provide treatment and medical facilities to almost 12 lakh workers employed in various establishments covered under the ESIC, which runs the lone hospital in the state's biggest and largest district, in terms of area and population, since its inception in 1969.

To review the ongoing work, the MP visited the ESIC hospital here recently. During his visit, the hospital's Medical Superintendent (MS), Dr Bhairvi Deshmukh, apprised him that the work on renovation of the ICU was almost complete while 65 per cent work on firefighting had been completed. Arora was told that the firefighting work would be completed by August but he emphasised to complete the task as early as possible. He was also updated that 60 per cent work on extension of medical gas pipeline had been completed.

However, a revised estimate amounting to Rs 4.64 crore has been submitted for provision of four 320 TR energy efficient central air-conditioning plants, which was in the process of approval. After taking stock of the ongoing work, Arora called up ESIC Director General Rajendra Kumar, requesting him to further expedite the ongoing renovation work in the hospital in the larger interests of patients and the hospital administration.

The ESIC DG assured Arora that he himself was monitoring the project and would do the best to further speed up the ongoing work. Dr Bhairvi Deshmukh raised certain issues pertaining to staff shortage and police post requirement on the hospital campus, following which the MP took up the matter with Deputy Commissioner Sakshi Sawhney and CP Kuldeep Singh Chahal. On Arora's demand to increase the bed occupancy rate (BOR) as the ICU and other facilities were being upgraded, Dr Deshmukh apprised him that the hospital's BOR had already increased from 59 to 64 per cent in the recent past. The AAP parliamentarian also insisted to treat all patients in the hospital, instead of referring them to other hospitals. He added that only most critical patients should be referred to other hospitals. He also assured to take up the issue of hospital's understaffing with the higher officials concerned.

Arora told The Tribune that the ESIC DG has conveyed to him that the work to upgrade and revamp the ESIC hospital had been undertaken at the cost of Rs 819.51 lakh.

Soon, 200 more beds

“The proposal for expansion of the ESIC hospital from 300 beds to 500 beds is also under consideration,” Rajya Sabha MP Sanjeev Arora said while quoting the ESIC DG’s communication.

He reiterated that Yadav had already promised him to almost double the capacity of the ESIC hospital and provide state-of-the-art facilities here during a meeting with him in New Delhi last year. “He has promised to provide state-of-the-art facilities to the hospital and increase its bed capacity to 500,” the MP said.

Upgrade plan

Divulging the proposed upgrade plan and outcome of the survey conducted to this effect, Arora said: “The hospital building was constructed in two parts. The old block, in which the administrative block and OPD is running, had been declared unsafe as per the structural audit report conducted by the NIT in Jalandhar. However, during a site visit by the Chief Engineer, it has been observed that the old building was in a good condition and there were no signs of any distress/ deterioration of the building.” To get the second opinion from another agency/ institute, the proposal for fresh structural audit has been sent to the IIT, Roorkee, and the IIT, Ropar.

The MP said the new hospital building block was safe as per the structural audit report and all wards, Emergency, ICU, operation theatre, labour room, laundry and medical store were running from there. “Since as per the local building by-laws, the whole land is occupied and there is no scope for new construction on the land, the only way of expansion is possible through vertical expansion or demolition of any existing building,” Arora said. He said the proposal for structural audit for old and hostel block buildings had been forwarded to three IITs — the IIT, Roorkee, IIT, Ropar and IIT, Delhi.

“The quotation of the IIT, Delhi, was found lowest and work has been awarded. However, consent for advance payment of 40 per cent in place of 100 per cent has been sought from the Delhi IIT,” he added.

Source : Tribune India

KARNATAKA HC STRUCK DOWN INTERNATIONAL WORKER PROVISIONS OF EPF ACT AS UNCONSTITUTIONAL

Karnataka High Court has struck down para 83 of the Employees Provident Fund Act and Para 43-A of Employees’ Pension Scheme which are applicable to international workers as unconstitutional and violative of Article-14 of the Constitution of India according to a post of B.C. Prabhakar, President of Karnataka Employers Association.

Some members of the Association have challenged the validity of these provisions in Karnataka HC.

Special Provisions in respect of International Workers which was inserted by the Central Government videG.S.R 706 dated 01.10.2008 by the International Workers under the provisions of the Employees’ Provident Fund and Misc. Provisions Act,1952.

Initially, when this Special paragraph 83 was inserted, the statutory basic wages limit was Rs.6500 per month for International Workers like Indian Employee as defined under Section 2(f) of the Act,1952 but this salary rider of Rs, 6500.00 was removed by the G.S.R 148 dated 03.09.2010. Thereby, meaning that for international workers, there was no salary rider so the employer is required to deduct the EPF contribution on total basic wages i.e. without any salary rider.

Now this notification of International Worker was challenged before the Hon'ble Karnataka, and in landmark judgment delivered by the High Court, Bangalore by pronouncing that the paragraph 83 of the Employees' Provident Fund Scheme,1952 as well as paragraph 43-A of the Employees' Pension Scheme,1995 as unconstitutional, violative of the Article 14 and 21 of the Indian Constitution.

Source : Business Manager

EPFO PENSION RULES: WHAT SUBSCRIBERS NEED TO KNOW FOR RETIREMENT

The Employees' Provident Fund Organization (EPFO) plays a crucial role in securing the financial future of employees by promoting savings for retirement. Recently, EPFO clarified its pension rules, shedding light on various aspects that affect the pension amount received by subscribers. According to EPFO regulations, an employee who has contributed to EPFO for at least 10 years becomes eligible for a monthly pension upon reaching the age of 58. However, opting to delay the pension until the age of 60 results in an increased pension amount of approximately 8 per cent.

EPFO's deduction rule mandates that 12 per cent of the employee's basic salary is allocated to the Provident Fund (PF), with an equal contribution from the employer. Of the employer's contribution, 8.33 per cent is directed towards the Employee Pension Scheme (EPS), while the remaining 3.67 per cent is allocated to the Provident Fund. EPFO also encourages subscribers to consider deferring the pension to age 60, as it allows for higher contributions and subsequently, a higher return.

Subscribers have the option to apply for early pension starting from age 50, provided they have completed a minimum of 10 years of service. However, opting for an early pension results in a reduced pension amount.

The reduction in pension is calculated at 4 per cent for every year the subscriber withdraws the pension before turning 58. For instance, if a subscriber opts for pension withdrawal at the age of 56, they would receive 92 per cent of the basic pension amount, calculated as (100 per cent – 2 years before turning 58 x 4 per cent).

Furthermore, subscribers below the age of 50 who have completed 10 years of service are ineligible for pension benefits. Upon retirement, they will only receive the funds deposited in their EPF account.

EPFO's clarification aims to provide clarity and guidance to subscribers regarding their pension entitlements and options. By understanding the rules and making informed decisions, employees can effectively plan for their retirement and secure their financial future.

Source : News18

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