



☐ Off : 26607167 / 42103360 / 26613091
Fax : 080-26500284
Email : kea@kea.co.in
Web : www.kea.co.in

KARNATAKA EMPLOYERS' ASSOCIATION

NO.74, SHANKARA ARCADE, VANIVILAS ROAD, BASAVANAGUDI
BENGALURU - 560 004

Reg. No. TU 507 / 20-3-1962

Date : 07-06-2014

CIRCULAR No.37/2014

To
All Members of the Association

**Sub. : Employers have no obligation to pay
PF Contribution over and above the statutory limit -
Option to pay more is voluntary**

1. The Hon'ble Supreme Court in the case of Marathwada Gramin Bank Karmachari Sanghatana Vs. Management of Marathwada Gramin Bank, AIR 2011 SC 3567, held that the Employers need not pay Provident Fund higher than the prescribed limit under the EPF Act and the Scheme.
2. The facts of the case are as under:-
 - 2.1. The Regional Provident Fund Commissioner by Order dated 29.8.1981 exempted the Respondent Bank from complying with the statutory provisions of the Scheme w.e.f. 1.9.1981. The Respondent Bank had paid Provident Fund to its employees as per its own Scheme for the period from 1.9.1981 to 31.8.1983.
 - 2.2. The said exemption/relaxation granted on 29.8.1981 was withdrawn and cancelled on 14.10.1991 and the respondent bank was directed to implement the provisions of the statutory Scheme. Despite cancellation of the exemption, the respondent bank continued to pay excess provident fund to its employees in accordance with the earlier Scheme till 31.8.1993. Thereafter, the respondent bank issued a notice of change under section 9A of the Industrial Disputes Act, 1947 expressing its intention to discontinue payment of provident fund in excess of its statutory liability with effect from 1.11.1998. It may be pertinent to mention that owing to huge accumulated losses of the respondent bank, the bank though continued to pay according to the provisions of the statutory Scheme, but discontinued payment of provident fund in excess of its statutory liability.
3. The Hon'ble Supreme Court held that the respondent bank is under an obligation to pay provident fund to its employees in accordance with the provisions of statutory Scheme. The respondent bank cannot be compelled to pay the amount in excess of its statutory liability for all

times to come just because the respondent bank formed its own trust and started paying provident fund in excess of its statutory liability for some time. The appellants are certainly entitled to provident fund according to statutory liability of the respondent bank. The respondent bank never discontinued its contribution towards provident fund according to the provisions of the statutory Scheme.

4. After examining the above judgment, Provident Fund Organization has directed all the Regional Provident Fund Commissioner-In-charge of Regional/Sub-Regional Offices not to force Employers to contribute over and above the statutory wage ceiling in respect of their employees. The PF Organisation has further observed that the option available to the employees to contribute beyond statutory wage ceiling, if they so desire, will continue subject to the conditions enumerated under Para 26(6) of the Employees Provident Fund Scheme, 1952.
5. Copy of the Letter No. LC (637)2009/Vol. I/203 dated 27.5.2014 of the Central Provident Fund Organisation addressed to their Field Functionaries is enclosed for the information of the Members.

for KARNATAKA EMPLOYERS' ASSOCIATION

**sd/-
(B.C. PRABHAKAR)
PRESIDENT**

WEB CIRCULATION



कर्मचारी प्रविश्य निधि संगठन
EMPLOYEES PROVIDENT FUND ORGANISATION
(एच एच सेजयार मंत्रालय, भारत सरकार)
MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA
मुख्य कार्यालय/Head Office
प्रविश्य निधि भवन, 14, भिकाजी कामा प्लेस नई दिल्ली - 110066
Bhavishya Nidhi Bhawan, 14, Bhikaiji Cama Place, New Delhi - 110066
www.epfindia.gov.in , www.epfindia.nic

No. LC (637)2009/Vol.I/

Date: 27.05.2014

To

All Addl. Central Provident Fund Commissioners (Zones)

27 MAY 2014

Subject: Filing of Review Petition against judgement of Hon'ble Supreme Court of India in SLP No. 1205/2009 in the matter of Marathwada Gramin Bank Employees Union Vs. Management of Marathwada Gramin Bank - regarding.

Reference: This office letter No. LC-2(637)2009/MH/12780 dated 08.10.2013

Sir,

Please refer to the above cited letter wherein views on the issue of filing Review Petition/implementation of the order dated 09.09.2011 of the Hon'ble Supreme Court of India in SLP No. 1205/2009 in the matter of Marathwada Gramin Bank Karamchari Sangathan & Ors. Vs. Management of Marathwada Gramin Bank, were called for.

2. The views expressed by the Zonal Addl. Central Provident Fund Commissioners as to whether review petition need to be filed or not has been examined at Head Office. Having analysing the pros and cons of the issue, Competent Authority felt that there is no point in going for review against the said judgement of Hon'ble Supreme Court of India.

3. All the Regional Provident Fund Commissioners-In-charge of Regional /Sub-Regional Offices are, therefore, directed not to force employers to contribute over and above the statutory wage ceiling in respect of their employees. However, option is available for the employees to contribute beyond the statutory wage ceiling if they so desire subject to the conditions enumerated under para 26(6) of the Employees' Provident Funds Scheme, 1952.

Yours faithfully,

(P.K. UDGATA)

Addl. Central Provident Fund Commissioner (Compliance)
Tel.: 011-26172672