

No.RCS/Planning/Directions/2019/22
Government of Puducherry
Cooperative Department (Planning Section)
V.V.P.Nagar, Thattanchavady Post, Puducherry – 605009.

Puducherry dated 14.01.2020

Proceedings of the Registrar of Cooperative Societies, Puducherry
(Issued under Section 81(1) of the Puducherry Cooperative Societies Act, 1972)

Present: Tmt. SMITHA.R
Registrar of Cooperative Societies, Puducherry.

Sub: Union territory of Puducherry - Registered cooperative societies – Struggling for survival
- Revival measures - Reduction of revenue expenditure – Employees – Societies
contribution to the EPF, tea allowance and encashment of earned leave -
Directions under Section 81 of the Puducherry Cooperative Societies Act, 1972 –
Issued.

Registered cooperative societies (*for short "the societies"*), which function in the Union territory of Puducherry, provide tea allowance to their employees at the rate of ₹20 per working day and the employees are being allowed to surrender and encash their earned leave every year, subject to a maximum of 30 days.

2) As per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Fund Scheme, 1952, the societies, as an employer, contribute to the "Employees' Contributory Provident Fund" / "Employees' Provident Fund", as the case may be, which is mandatory. As per the law, the contribution of an employer towards the employee's EPF account is twelve percent (12%) of the salary (basic salary+ dearness allowance+ retaining allowance). The maximum salary limit on which the employer's contribution is calculated is capped at ₹15,000. Similarly, the employee contributes twelve percent (12%) of his salary to the EPF account. There is no such prescribed cap on employee's contribution towards EPF as per the law. Hence, an employee has the choice to contribute in excess of the mandated 12% of his salary as per his discretion, but, the employer is not obliged to match any contribution made by the employee in excess of the mandated 12%. In view of the maximum salary limit of ₹15,000/-, the employer's contribution shall be ₹1,800/- (i.e., 12% of maximum salary ceiling of ₹15,000/-) or twelve percent (12%) of employee's salary, whichever is less. Even if the salary of an employee exceeds ₹15,000/-, the employer's contribution is restricted to ₹1,800/- per month. In this regard, it has been reported that, contrary to the statutory provisions, majority of societies contribute



twelve percent (12%) of their employees' salary as their contribution to the Fund without considering the mandated maximum salary ceiling of ₹15,000/-, which results in augmentation of loss in majority of the societies.

3) It is pertinent to say that, in the past ten years, majority of the societies started struggling for survival due to severe financial crisis. This department takes various revival measures for the enhancement of recurring income and reducing of revenue expenditure. In this regard, in order to reduce the revenue expenditure, it has been decided (a) to give up the practices of providing of tea allowance and encashment of earned leave and (b) to restrict the contribution to the Fund strictly in accordance with the Scheme.

4) In view of the above and in order to ensure homogeneity among the employees of cooperative societies and to ensure perpetuity of the cooperative societies and in exercise of the powers conferred under sub-section (1) of Section 81 of the Puducherry Cooperative Societies Act, 1972, the undersigned hereby issue the following directions to the managements of all the cooperative societies, which function in the Union territory of Puducherry, for strict compliance:-

- a) Societies contribution to the employees' provident fund, with effect from 01.01.2020, must be restricted to ₹1,800/- (i.e., 12% of maximum salary ceiling of ₹15,000/-) or twelve percent (12%) of employee's salary, whichever is less. The term "salary" includes basic salary, grade pay plus dearness allowance.
- b) The employee's contribution must be a minimum of twelve percent (12%) of his/her salary. However, an employee has the choice to contribute in excess of the mandated 12% of his/her salary as per his discretion, and in such case, the societies are not under any statutory obligation to pay at such higher rate.
- c) Notwithstanding anything contained to the contrary in the previous Pay Committee recommendations / implementations and/or any approval accorded earlier by the undersigned, disallow the practice of providing tea allowance to employees with effect from 01.01.2020.
- d) Notwithstanding anything contained to the contrary in the registered bye-laws and/or approved subsidiary regulations, disallow the employees to surrender and encash their earned leave, with effect from the date of issue of this direction, while they are in service.



- e) Notwithstanding anything contained to the contrary in the registered bye-laws and/or approved subsidiary regulations, no employee of any cooperative society shall henceforth claim for encashment of his/her earned leave as a matter of right at the time of quitting from the services of the society. However, subject to financial viability, availability of funds and within the prescribed maximum limit, the committee of management of the societies may allow their employees to surrender and encash their earned leave only at the time of quitting from the services of the society.

5) The directions stated at pre-para should scrupulously be adhered by the management of all the societies, in letter and spirit, and the receipt of this proceeding is to be acknowledged. Non-compliance or breach of the above-said directions will be viewed seriously as per the provisions of the Puducherry Cooperative Societies Act, 1972 and the Rules made thereunder and the wrongdoers will be booked as per law in force.

6) *This has the approval of the Hon'ble Minister for Cooperation.*



(Signature)
(SMITHA.R)

Registrar of Cooperative Societies

To:

The President / Administrator of all the registered cooperative societies of Union territory of Puducherry >>>

through the administrative branch officers/regional branch officers concerned

Copy to:

- 1) The PS to Secretary (Cooperation) >>> for the kind information of the Secretary (Coop.)

For forwarding a copy to the societies under their administrative control:

- 2) The Director, Directorate of Fisheries & Fishermen Welfare
- 3) The Dairy Development Officer
- 4) The Deputy Registrar (Credit)
- 5) The Deputy Registrar (Housing)
- 6) The Deputy Registrar (Planning)
- 7) The Deputy Registrar (Consumers)
- 8) The Deputy Registrar (Handlooms)

For forwarding a copy to the societies function in their region:

- 9) The Deputy Registrar, Karaikal
- 10) The Deputy Registrar, Mahe
- 11) The Cooperative Officer, Yanam

For forwarding a copy to the Chartered Accountants, departmental Auditors & Checking Inspectors

- 12) The Deputy Registrar (Audit)
- 13) Web Editor, Cooperative Department
- 14) Stock File, 2020.

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