

SOCIAL SECURITY ORGANISATIONS

CENTRAL BOARD OF TRUSTEES OF EMPLOYEES' PROVIDENT FUND (EPFO)

CONSTITUTION, COMPOSITION AND STRUCTURE OF THE CENTRAL BOARD

INTRODUCTION

The Employees' Provident Fund is one of the largest social security systems in India.

Millions of employees deposit Provident Fund contributions every month and employers also contribute towards the fund.

Since huge amounts of money belonging to workers are involved, there must be a specialized authority to:

- ✓ Manage Provident Fund Accounts
- ✓ Invest Provident Fund Money
- ✓ Administer Pension Schemes
- ✓ Administer Insurance Schemes
- ✓ Protect Employees' Savings
- ✓ Ensure Proper Compliance

For this purpose, the Code on Social Security provides for the establishment of:

CENTRAL BOARD OF TRUSTEES

commonly known as:

CENTRAL BOARD

This is the apex policy-making and administrative body responsible for managing Provident Fund related matters in India.

EXAM TIP

The Central Board is the apex authority responsible for administration of Provident Fund, Pension Fund and Insurance Fund under Chapter III.

WHY IS THE CENTRAL BOARD NECESSARY?

Imagine that crores of employees contribute money every month into Provident Fund accounts.

Questions arise such as:

- Who will manage the money?
- Who will invest the funds?
- Who will maintain records?
- Who will supervise EPFO?
- Who will ensure proper payment of PF benefits?

The answer is:

CENTRAL BOARD OF TRUSTEES

Example

A private company deducts Provident Fund from employees and deposits it with EPFO. The overall administration of such funds ultimately falls under the Central Board.

EXAM TIP

The Central Board administers the funds vested in it under the Provident Fund system.

POWER TO CONSTITUTE THE CENTRAL BOARD

Who Creates the Central Board?

The authority to create the Central Board is vested in:

CENTRAL GOVERNMENT

Method

The Central Government creates the Board through:

NOTIFICATION

published in the Official Gazette.

Effective Date

The notification specifies the date from which the Board will come into existence.

Example

The Central Government issues a Gazette Notification establishing the Central Board from a specified date.

EXAM TIP

The Central Board is constituted by the Central Government through notification.

(Very Important)

OFFICIAL NAME OF THE BOARD

The Board constituted under the Code is called:

CENTRAL BOARD

Or

CENTRAL BOARD OF TRUSTEES OF EMPLOYEES' PROVIDENT FUND

Example

In official documents, EPFO is administered through the Central Board of Trustees.

EXAM TIP

The Board of Trustees of Employees' Provident Fund is known as the Central Board.

PURPOSE OF THE CENTRAL BOARD

The Central Board is established:

For the purposes of Chapter III

and

For administration of funds vested in it.

These funds include:

Provident Fund

Pension Fund

Insurance Fund

Example

The Employees' Pension Scheme and Employees' Deposit Linked Insurance Scheme

are administered through the EPFO under the supervision of the Central Board.

EXAM TIP

The Central Board administers Provident Fund, Pension Fund and Insurance Fund.

COMPOSITION OF THE CENTRAL BOARD

The Central Board is a representative body.

It includes representatives from:

- ✓ Central Government
- ✓ State Governments
- ✓ Employers
- ✓ Employees
- ✓ EPFO Administration

This ensures balanced decision-making.

MEMORY TRICK

"C-S-E-E-C"

C = Chairperson

S = State Representatives

E = Employer Representatives

E = Employee Representatives

C = Central Provident Fund Commissioner

CHAIRPERSON

Appointment

The Chairperson is appointed by:

CENTRAL GOVERNMENT

Role

The Chairperson presides over meetings and provides leadership to the Board.

Example

The Chairperson conducts meetings where important Provident Fund policy decisions are taken.

EXAM TIP

Chairperson is appointed by the Central Government.

VICE-CHAIRPERSON

Appointment

The Vice-Chairperson is also appointed by:

CENTRAL GOVERNMENT

Role

Acts in place of the Chairperson whenever required.

Example

If the Chairperson is absent, the Vice-Chairperson may preside over the meeting.

EXAM TIP

Vice-Chairperson is appointed by the Central Government.

CENTRAL GOVERNMENT REPRESENTATIVES

The Central Government may appoint:

NOT MORE THAN FIVE PERSONS

from among its officials.

Why Included?

To ensure direct participation of the Central Government in policy decisions.

Example

Senior officers from Labour Ministry may be appointed as members of the Central Board.

EXAM TIP

Central Government Officials on Central Board = Maximum 5.

STATE GOVERNMENT REPRESENTATIVES

The Central Government may appoint:

NOT MORE THAN FIFTEEN PERSONS

representing States.

Appointment

Done by:

CENTRAL GOVERNMENT

Purpose

To ensure participation of State Governments in social security administration.

Example

Representatives from Rajasthan, Maharashtra, Tamil Nadu and other States may be nominated.

EXAM TIP

State Government Representatives = Maximum 15.

EMPLOYER REPRESENTATIVES

The Board contains:

TEN REPRESENTATIVES OF EMPLOYERS

Appointment

Appointed by:

CENTRAL GOVERNMENT

Consultation Required

Before appointment, consultation must be held with:

Recognized Employers' Organisations

Why Included?

Employers contribute to Provident Fund and therefore deserve representation in policy decisions.

Example

Representatives from major employer associations may become members of the Board.

EXAM TIP

Employer Representatives = 10.

EMPLOYEE REPRESENTATIVES

The Board contains:

TEN REPRESENTATIVES OF EMPLOYEES

Appointment

Made by:

CENTRAL GOVERNMENT

Consultation Required

Consultation with:

Recognized Employees' Organisations

Why Included?

Employees are the ultimate beneficiaries of Provident Fund schemes.

Example

Representatives from recognised labour unions may be appointed.

EXAM TIP

Employee Representatives = 10.

EQUAL REPRESENTATION PRINCIPLE

Notice an important feature:

Employer Representatives = 10

Employee Representatives = 10

This reflects:

PRINCIPLE OF PARITY

between employers and employees.

Example

Both employers and employees receive equal representation in decision-making.

EXAM TIP

Employer and Employee Representatives are equal in number (10 each).

CENTRAL PROVIDENT FUND COMMISSIONER

The Central Provident Fund Commissioner is a member of the Board by virtue of his office.

This is called:

EX OFFICIO MEMBER

Meaning of Ex Officio

A person becomes a member because he holds a particular office.

No separate appointment is required.

Example

Whoever holds the office of Central Provident Fund Commissioner automatically becomes a member of the Central Board.

EXAM TIP

Central Provident Fund Commissioner is an Ex Officio Member of the Central Board.

WHAT IS EX OFFICIO?

Simple Meaning

Membership attached to an office.

When a person leaves the office:

Membership also ends.

Example

A newly appointed Central Provident Fund Commissioner automatically becomes a member of the Central Board.

EXAM TIP

Ex Officio = Member by virtue of office.

TOTAL STRUCTURE OF THE CENTRAL BOARD

Category	Number
Chairperson	1

Vice-Chairperson	1
Central Government Officials	Up to 5
State Government Representatives	Up to 15
Employer Representatives	10
Employee Representatives	10
Central PF Commissioner	Ex Officio

WHY IS THIS COMPOSITION IMPORTANT?

The composition ensures:

Tripartite Representation

Meaning representation of:

- Government
- Employers
- Employees

This creates balance and fairness in decision-making.

Example

A proposal affecting PF contribution rates can be examined from the perspectives of Government, Employers and Employees simultaneously.

EXAM TIP

The Central Board follows the principle of tripartite representation.

REVISION TABLE

Particular	Provision
Constituting Authority	Central Government
Mode of Constitution	Notification

Name of Body	Central Board
Purpose	Administration of PF, Pension and Insurance Funds
Chairperson	Appointed by Central Government
Vice-Chairperson	Appointed by Central Government
Central Govt Officials	Maximum 5
State Representatives	Maximum 15
Employer Representatives	10
Employee Representatives	10
CPF Commissioner	Ex Officio Member

LEGAL STATUS OF THE CENTRAL BOARD

After constitution of the Central Board, an important question arises:

Is the Central Board merely a committee?

The answer is:

NO

The Central Board enjoys an independent legal identity.

The law grants it the status of:

BODY CORPORATE

MEANING OF BODY CORPORATE

A Body Corporate is an artificial legal person created by law.

It exists separately from:

- Government
- Employees
- Employers
- Members of the Board

Importance

Because of this status, the Central Board can:

- ✓ Own property
- ✓ Enter into contracts
- ✓ Hold funds
- ✓ Institute legal proceedings
- ✓ Defend legal proceedings

Example

The Central Board may purchase office buildings for EPFO operations in different cities of India.

EXAM TIP

The Central Board is a Body Corporate.

PERPETUAL SUCCESSION

Meaning

The Central Board never dies.

Members may change.

Officers may retire.

Governments may change.

Yet the Central Board continues to exist.

This concept is known as:

PERPETUAL SUCCESSION

Example

Even if all existing members retire today, the Central Board continues to exist because

EXAM TIP

Perpetual Succession means continuous existence despite change in members.

COMMON SEAL

Meaning

A Common Seal acts as the official signature of a corporation.

It represents the legal approval of the organization.

Example

Certain official documents of EPFO may bear the Common Seal of the Central Board.

EXAM TIP

The Central Board possesses a Common Seal.

RIGHT TO SUE AND BE SUED

Meaning

The Central Board can:

File Cases

and

Defend Cases

in its own name.

Example

If a contractual dispute arises, the Central Board may approach a court in its own legal capacity.

EXAM TIP

The Central Board can sue and be sued in its own name.

EXECUTIVE COMMITTEE

WHY IS AN EXECUTIVE COMMITTEE REQUIRED?

The Central Board is a large body.

It may not be practical for the entire Board to handle every day-to-day matter.

Therefore the law permits constitution of:

EXECUTIVE COMMITTEE

WHO CONSTITUTES THE EXECUTIVE COMMITTEE?

CENTRAL GOVERNMENT

MODE OF CONSTITUTION

Notification

Example

The Central Government issues a notification creating an Executive Committee from among members of the Central Board

EXAM TIP

Executive Committee is constituted by the Central Government through notification.

MEMBERS OF EXECUTIVE COMMITTEE

The Executive Committee is formed:

FROM AMONG MEMBERS OF THE CENTRAL BOARD

This means outsiders cannot ordinarily become members.

Example

A member already serving on the Central Board may be selected to serve on the Executive Committee.

EXAM TIP

Executive Committee is constituted from among members of the Central Board.

FUNCTION OF EXECUTIVE COMMITTEE

The Executive Committee exists:

To Assist the Central Board

in performing its functions.

Example

Routine administrative decisions may be examined by the Executive Committee before being placed before the Central Board.

EXAM TIP

Executive Committee assists the Central Board in discharge of its functions.

OTHER COMMITTEES OF CENTRAL BOARD

The Central Board may also create:

ONE OR MORE COMMITTEES

WHO CREATES THEM?

Central Board Itself

HOW?

By Order

Example

The Central Board may constitute an Investment Committee or Audit Committee.

EXAM TIP

The Central Board may constitute one or more committees by order.

DELEGATION OF POWERS

WHY IS DELEGATION NECESSARY?

A large organisation cannot perform every task centrally.

Therefore certain powers may be delegated.

MEANING OF DELEGATION

Delegation means:

Transfer of Authority

without transfer of ultimate responsibility.

Example

The Central Board authorises a senior officer to approve specific administrative matters.

EXAM TIP

Delegation means transfer of powers for administrative convenience.

TO WHOM CAN THE CENTRAL BOARD DELEGATE POWERS?

The Central Board may delegate powers to:

Chairperson

Executive Committee

Officers of the Board

Example

Power relating to routine administrative approval may be delegated to a senior officer.

EXAM TIP

Central Board may delegate powers to Chairperson, Executive Committee or Officers.

PURPOSE OF DELEGATION

Delegation is made:

For Efficient Administration

of Provident Fund Schemes.

Example

Delegating routine functions reduces delays and improves administrative efficiency.

EXAM TIP

Delegation is aimed at efficient administration of schemes.

TENURE OF MEMBERS

The terms and conditions of service of:

Central Board Members

and

Executive Committee Members

are prescribed by:

CENTRAL GOVERNMENT

Example

The Central Government prescribes tenure and service conditions of Board members.

EXAM TIP

Terms and tenure are prescribed by the Central Government.

CONTINUATION AFTER EXPIRY OF TENURE

A very important provision.

Even after expiry of tenure:

Member Continues in Office

until

Successor is Appointed

This avoids administrative vacuum.

Example

A member's tenure ends on 31 March but successor is appointed on 15 April. The member continues till 15 April.

EXAM TIP

Member continues till successor is appointed.

ADDITIONAL FUNCTIONS

The Central Board may perform:

Other Functions

as prescribed by the Central Government.

Example

Government may assign additional social security responsibilities to the Board.

EXAM TIP

The Central Board may perform additional prescribed functions.

PART – B

EMPLOYEES' STATE INSURANCE CORPORATION (ESIC)

INTRODUCTION

The Employees' State Insurance Scheme provides:

- ✓ Medical Benefit
- ✓ Sickness Benefit
- ✓ Maternity Benefit
- ✓ Disablement Benefit
- ✓ Dependants' Benefit
- ✓ Funeral Expenses

Since millions of insured employees are covered, a separate statutory body is required.

This body is known as:

EMPLOYEES' STATE INSURANCE CORPORATION (ESIC)

or

THE CORPORATION

EXAM TIP

ESIC is the statutory body responsible for administration of Chapter IV.

CONSTITUTION OF THE CORPORATION

WHO CONSTITUTES ESIC?

CENTRAL GOVERNMENT

HOW?

By Notification

Example

The Central Government establishes ESIC through Gazette Notification.

EXAM TIP

ESIC is constituted by the Central Government through notification.

LEGAL STATUS OF ESIC

Like the Central Board,

ESIC is also:

BODY CORPORATE

It possesses:

- ✓ Perpetual Succession
- ✓ Common Seal
- ✓ Right to Sue
- ✓ Right to Be Sued

Example

ESIC may own hospitals and enter contracts in its own name.

EXAM TIP

ESIC is a Body Corporate having perpetual succession and common seal.

COMPOSITION OF ESIC

The Corporation consists of representatives from multiple stakeholder groups.

CHAIRPERSON

Appointed by:

Central Government

VICE-CHAIRPERSON

Appointed by:

Central Government

EXAM TIP

Chairperson and Vice-Chairperson of ESIC are appointed by the Central Government.

CENTRAL GOVERNMENT REPRESENTATIVES

Maximum:

FIVE OFFICIALS

Example

Senior officers of the Government may be nominated.

EXAM TIP

Central Government representatives in ESIC = Maximum 5.

STATE REPRESENTATIVES

Each State gets:

ONE REPRESENTATIVE

Example

Every State Government sends one representative to the Corporation.

EXAM TIP

One representative from each State is included in ESIC.

UNION TERRITORY REPRESENTATIVE

There shall be:

ONE REPRESENTATIVE OF UNION TERRITORIES

appointed by the Central Government.

Example

A representative may represent the interests of Union Territories.

EXAM TIP

ESIC includes one representative of Union Territories.

EMPLOYER REPRESENTATIVES

10 Members

EMPLOYEE REPRESENTATIVES

10 Members

Example

Both employers and employees get equal representation.

EXAM TIP

Employer Representatives = 10 and Employee Representatives = 10.

MEDICAL PROFESSION REPRESENTATIVES

The Corporation includes:

TWO PERSONS

representing the medical profession.

Why?

Because ESIC primarily provides medical benefits.

Medical expertise is therefore essential.

Example

Senior medical practitioners may be nominated.

EXAM TIP

Medical Profession Representatives = 2.

MEMBERS OF PARLIAMENT

The Corporation includes:

THREE MPs

Composition

Lok Sabha = 2

Rajya Sabha = 1

Example

Two MPs from Lok Sabha and one MP from Rajya Sabha become members of ESIC.

EXAM TIP

Parliamentary Representation = 3 MPs (2 Lok Sabha + 1 Rajya Sabha).

DIRECTOR GENERAL

The:

DIRECTOR GENERAL OF ESIC

is an

EX OFFICIO MEMBER

Example

Whoever becomes Director General automatically becomes a member of the Corporation.

EXAM TIP

Director General is Ex Officio Member of ESIC.

STANDING COMMITTEE

WHAT IS STANDING COMMITTEE?

A smaller executive body within ESIC.

WHO CONSTITUTES IT?

Central Government

HOW?

By Notification

Example

A Standing Committee is constituted from among members of the Corporation.

EXAM TIP

Standing Committee is constituted by Central Government through notification.

FUNCTIONS OF STANDING COMMITTEE

The Standing Committee:

Administers Affairs of ESIC

Exercises Powers of Corporation

Performs Functions of Corporation

Places Important Matters Before Corporation

Example

Administrative matters relating to ESI hospitals may be handled by the Standing Committee.

EXAM TIP

Standing Committee administers affairs of the Corporation.

MEDICAL BENEFIT COMMITTEE

WHY IS IT CREATED?

Medical benefits form the core of ESI.

Therefore expert assistance is required.

WHO CONSTITUTES IT?

Central Government

through

Notification

Example

The Medical Benefit Committee assists in matters relating to medical administration and healthcare services.

EXAM TIP

Medical Benefit Committee assists ESIC regarding medical benefits.

OTHER COMMITTEES

The Corporation may constitute:

One or More Committees

for efficient administration.

Example

A committee may be created for hospital administration.

EXAM TIP

ESIC may constitute one or more committees by order.

TENURE OF MEMBERS

Terms and conditions of:

Corporation Members

and

Standing Committee Members

are prescribed by:

CENTRAL GOVERNMENT

CONTINUATION AFTER EXPIRY

A member continues in office:

Until Successor is Appointed

even after expiry of tenure.

Example

A member whose tenure ends continues until a replacement joins.

EXAM TIP

ESIC member continues until successor assumes office.

REVISION TABLE

Particular	Central Board	ESIC
Constituted By	Central Government	Central Government
Mode	Notification	Notification
Legal Status	Body Corporate	Body Corporate
Common Seal	Yes	Yes

Perpetual Succession	Yes	Yes
Employer Representatives	10	10
Employee Representatives	10	10
Ex Officio Member	CPF Commissioner	Director General
Executive Body	Executive Committee	Standing Committee
Medical Committee	No	Medical Benefit Committee

PART – A

NATIONAL SOCIAL SECURITY BOARD

CONSTITUTION OF NATIONAL SOCIAL SECURITY BOARD

Who Constitutes the Board?

The authority lies with:

CENTRAL GOVERNMENT

How?

By issuing a:

NOTIFICATION

Example

The Central Government publishes a notification constituting the National Social Security Board.

EXAM TIP

National Social Security Board is constituted by the Central Government through notification.

PURPOSE OF THE BOARD

The Board is established to:

Exercise powers

and

Perform functions

assigned under the Code.

Its primary objective is:

Social Security for Unorganised Workers

Social Security for Gig Workers

Social Security for Platform Workers

Example

The Board may recommend welfare schemes for food delivery workers and app-based drivers.

EXAM TIP

The Board works for unorganised workers, gig workers and platform workers.

COMPOSITION OF NATIONAL SOCIAL SECURITY BOARD

The Board consists of:

Chairperson

Vice-Chairperson

Forty Nominated Members

Member-Secretary

CHAIRPERSON

The Chairperson is:

UNION MINISTER FOR LABOUR AND EMPLOYMENT

Example

The Union Labour Minister automatically functions as Chairperson.

EXAM TIP

Chairperson = Union Minister for Labour and Employment.

VICE-CHAIRPERSON

The Vice-Chairperson is:

SECRETARY,

MINISTRY OF LABOUR AND EMPLOYMENT

Example

The Secretary of the Ministry acts as Vice-Chairperson.

EXAM TIP

Vice-Chairperson = Secretary, Ministry of Labour and Employment.

FORTY NOMINATED MEMBERS

The Central Government nominates:

40 MEMBERS

from various categories.

EXAM TIP

Total Nominated Members = 40.

BREAK-UP OF 40 MEMBERS

1. UNORGANISED WORKERS

7 Members

representing unorganised workers.

Example

Representatives of domestic workers and construction labourers may be nominated.

EXAM TIP

Unorganised Worker Representatives = 7.

2. EMPLOYER REPRESENTATIVES

7 Members

representing employers of the unorganised sector.

Example

Representatives of associations employing unorganised labour.

EXAM TIP

Employer Representatives = 7.

3. CIVIL SOCIETY REPRESENTATIVES

7 Members

from civil society.

Example

Social activists and labour welfare experts may be nominated.

EXAM TIP

Civil Society Representatives = 7.

4. MEMBERS OF PARLIAMENT

3 Members

consisting of:

- 2 from Lok Sabha
- 1 from Rajya Sabha

Example

Elected MPs become members of the Board.

EXAM TIP

MPs = 3 (2 Lok Sabha + 1 Rajya Sabha).

5. CENTRAL GOVERNMENT REPRESENTATIVES

10 Members

from concerned Ministries and Departments.

Example

Representatives from Labour, Finance, Rural Development etc.

EXAM TIP

Central Government Ministries Representation = 10.

6. STATE GOVERNMENT REPRESENTATIVES

5 Members

representing States.

Example

Different States may be represented on the Board.

EXAM TIP

State Government Representatives = 5.

7. UNION TERRITORY REPRESENTATIVE

1 Member

representing Union Territories.

Example

One representative may represent all Union Territories.

EXAM TIP

Union Territory Representative = 1.

MEMBER-SECRETARY

The:

DIRECTOR GENERAL LABOUR WELFARE

acts as

MEMBER-SECRETARY (EX OFFICIO)

Meaning of Ex Officio

Membership attached to office.

Example

Whoever becomes Director General Labour Welfare automatically becomes Member-Secretary.

EXAM TIP

Member-Secretary = Director General Labour Welfare (Ex Officio).

ELIGIBILITY OF MEMBERS

All members except the Chairperson must be persons of eminence in:

Labour Welfare

Management

Finance

Law

Administration

Example

A labour law expert may be nominated as a member.

EXAM TIP

Members should be persons of eminence in labour welfare, management, finance, law or administration.

ADEQUATE REPRESENTATION

The law mandates representation of:

Scheduled Castes

Scheduled Tribes

Minorities

Women

Example

Women and weaker sections must receive adequate representation in the Board.

EXAM TIP

SC, ST, Minorities and Women must receive adequate representation.

TERM OF NATIONAL BOARD

The Board remains in existence for:

3 YEARS

Example

After completion of three years, reconstitution may be undertaken.

EXAM TIP

Term of National Social Security Board = 3 Years.

MEETINGS OF THE BOARD

The Board must meet:

AT LEAST THREE TIMES EVERY YEAR

Example

Meetings may be held in January, June and October.

EXAM TIP

National Board must meet at least 3 times annually.

FUNCTIONS OF NATIONAL SOCIAL SECURITY BOARD

FUNCTION 1

RECOMMEND SCHEMES

The Board recommends:

Social Security Schemes

for

- Unorganised Workers
- Gig Workers
- Platform Workers

Example

Recommendations for pension schemes for delivery partners.

EXAM TIP

The Board recommends social security schemes.

FUNCTION 2

ADVISE CENTRAL GOVERNMENT

The Board advises the Government on matters relating to administration of the Code.

Example

Government seeks advice on welfare measures for platform workers.

FUNCTION 3

MONITOR WELFARE SCHEMES

The Board monitors social welfare schemes administered by the Central Government.

Example

Review of implementation of welfare schemes for gig workers.

FUNCTION 4

REVIEW RECORD KEEPING

The Board reviews record maintenance at State level.

Example

Examination of worker registration records maintained by States.

FUNCTION 5

REVIEW EXPENDITURE

The Board reviews:

Expenditure from Funds and Accounts

Example

Checking whether welfare funds are being utilized properly.

FUNCTION 6

OTHER FUNCTIONS

The Central Government may assign additional functions.

Example

Special projects for social security coverage expansion.

EXAM TIP

Recommendation, Advice, Monitoring, Record Review and Expenditure Review are key functions of the National Board.

ADVISORY COMMITTEE

The Central Government may constitute:

ONE OR MORE ADVISORY COMMITTEES

Purpose:

To advise the Government on matters relating to:

Unorganised Workers

and

Administration of the Code

Example

An Advisory Committee may examine welfare measures for gig workers.

EXAM TIP

Central Government may constitute one or more Advisory Committees.

PART – B

STATE UNORGANISED WORKERS' SOCIAL SECURITY BOARD

CONSTITUTION

Every State Government shall constitute:

STATE UNORGANISED WORKERS' SOCIAL SECURITY BOARD

By:

NOTIFICATION

Example

The Government of Rajasthan may constitute Rajasthan Unorganised Workers' Social Security Board.

EXAM TIP

State Board is constituted by the State Government through notification.

CHAIRPERSON

The Chairperson is:

STATE MINISTER OF LABOUR AND EMPLOYMENT

(Ex Officio)

Example

Labour Minister of the State becomes Chairperson.

EXAM TIP

Chairperson = State Labour Minister.

VICE-CHAIRPERSON

The Vice-Chairperson is:

PRINCIPAL SECRETARY / SECRETARY (LABOUR)

Example

The Labour Secretary of the State serves as Vice-Chairperson.

EXAM TIP

Vice-Chairperson = Principal Secretary/Secretary (Labour).

CENTRAL GOVERNMENT REPRESENTATIVE

1 Member

from Ministry of Labour and Employment.

EXAM TIP

One Central Government representative is included in State Board.

THIRTY-ONE NOMINATED MEMBERS

The State Government nominates:

31 MEMBERS

BREAK-UP

Category	Number
Unorganised Workers	7
Employers	7
State Legislative Assembly Members	2
Civil Society	5

State Government Departments	10
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EXAM TIP

Total nominated members in State Board = 31.

MEMBER-SECRETARY

As notified by:

STATE GOVERNMENT

Example

State Government appoints an officer as Member-Secretary.

EXAM TIP

Member-Secretary is notified by the State Government.

TERM OF STATE BOARD

3 YEARS

Example

The State Board remains functional for three years.

EXAM TIP

Term of State Board = 3 Years.

MEETINGS OF STATE BOARD

The Board shall meet:

AT LEAST ONCE IN EVERY QUARTER

Meaning:

Minimum 4 Meetings Every Year

Example

Meetings may be held once every three months.

EXAM TIP

State Board must meet at least once every quarter.

FUNCTIONS OF STATE BOARD

Recommend State Welfare Schemes

Advise State Government

Monitor Welfare Schemes

Review District Record Keeping

Review Registration Progress

Review Issue of Identity Cards

Review Expenditure of Welfare Funds

Perform Additional Assigned Functions

Example

The State Board may review progress of registration of construction workers.

EXAM TIP

State Board reviews registration and issuance of cards to unorganised workers.

STATE ADVISORY COMMITTEE

The State Government may constitute:

ONE OR MORE ADVISORY COMMITTEES

Purpose:

To advise the State Government regarding:

Unorganised Workers

Social Security Measures

Code Administration

Example

An Advisory Committee may recommend welfare schemes for street vendors.

EXAM TIP

State Government may constitute Advisory Committees by notification.

REVISION TABLE

Particular	National Board	State Board
Constituted By	Central Government	State Government
Mode	Notification	Notification
Chairperson	Union Labour Minister	State Labour Minister
Vice-Chairperson	Secretary, Labour Ministry	Principal Secretary/Secretary (Labour)
Term	3 Years	3 Years
Meetings	Minimum 3 per Year	Minimum 1 per Quarter
MPs	3	Nil
State Legislators	Nil	2
Member-Secretary	DG Labour Welfare	Notified by State Government

BUILDING AND OTHER CONSTRUCTION WORKERS' WELFARE BOARD

(commonly called BOCW Welfare Board)

EXAM TIP

BOCW Welfare Board is constituted by every State Government for welfare of building and construction workers.

CONSTITUTION OF BUILDING WORKERS' WELFARE BOARD

Who Constitutes the Board?

STATE GOVERNMENT

How?

By issuing a:

NOTIFICATION

Example

The Government of Rajasthan may constitute the Rajasthan Building and Other Construction Workers' Welfare Board through a notification.

EXAM TIP

The Building Workers' Welfare Board is constituted by the State Government through notification.

PURPOSE OF THE BOARD

The Board exercises powers and performs functions under:

This Section

and

Chapter VIII

The main objective is:

Welfare and Social Security of Construction Workers

Example

Providing pension, maternity assistance and educational benefits to construction workers.

LEGAL STATUS OF THE BOARD

The Welfare Board is:

A BODY CORPORATE

This means it has a separate legal identity.

FEATURES OF BODY CORPORATE

The Board enjoys:

- ✓ Separate Legal Personality
- ✓ Perpetual Succession
- ✓ Common Seal
- ✓ Right to Sue
- ✓ Right to Be Sued

Example

The Welfare Board may enter into contracts for worker welfare programmes in its own name.

EXAM TIP

The Building Workers' Welfare Board is a Body Corporate.

(Very Important)

PERPETUAL SUCCESSION

Meaning

The Board continues to exist irrespective of change in members.

Members may retire or be replaced, but the Board continues.

Example

Even if all members are replaced after three years, the Board remains in existence.

EXAM TIP

Perpetual Succession means continuous legal existence despite change in members.

COMMON SEAL

The Board possesses:

COMMON SEAL

which acts as its official legal signature.

Example

Official agreements may carry the Board's common seal.

EXAM TIP

The Board has a Common Seal.

RIGHT TO SUE AND BE SUED

The Board may:

File Cases

and

Defend Cases

in its own name.

Example

A contractual dispute involving the Board may be litigated in the Board's name.

EXAM TIP

The Board can sue and be sued in its own name.

COMPOSITION OF BUILDING WORKERS' WELFARE BOARD

The Board consists of:

Chairperson

One Central Government Representative

Other Members

CHAIRPERSON

The Chairperson is:

Nominated by State Government

Example

A senior public figure or experienced person may be nominated as Chairperson.

EXAM TIP

Chairperson is nominated by the State Government.

CENTRAL GOVERNMENT REPRESENTATIVE

There shall be:

ONE MEMBER

nominated by the Central Government.

Example

The Central Government nominates one representative to coordinate with State authorities.

EXAM TIP

One member is nominated by the Central Government.

OTHER MEMBERS

The State Government may appoint:

Members not exceeding 15

Example

The Board may consist of representatives from labour welfare, employers and workers.

EXAM TIP

Other Members = Maximum 15.

EQUAL REPRESENTATION PRINCIPLE

A very important examination point.

The Board must contain:

Equal Representation

of

✓ State Government

✓ Employers

✓ Building Workers

Example

If six worker representatives are appointed, there should be equal representation from employers and government.

EXAM TIP

State Government, Employers and Building Workers must have equal representation.

WOMAN MEMBER

The law specifically mandates:

At Least One Woman Member

Example

A female representative of building workers may be nominated.

EXAM TIP

At least one member of the Board must be a woman.

TERMS OF APPOINTMENT

The State Government prescribes:

Terms of Appointment

Salary

Allowances

Conditions of Service

Filling of Casual Vacancies

Example

State rules determine honorarium and tenure of Board members.

EXAM TIP

Terms and conditions are prescribed by the State Government.

APPOINTMENT OF SECRETARY

The Board appoints:

SECRETARY

and

Other Officers and Employees

Why?

To ensure efficient functioning of the Board.

Example

Administrative staff may be appointed for worker registration and welfare implementation.

EXAM TIP

The Board appoints a Secretary and necessary staff.

CHIEF EXECUTIVE OFFICER

The:

SECRETARY

is the

CHIEF EXECUTIVE OFFICER (CEO)

of the Board.

Example

The Secretary supervises day-to-day administration of the Board.

EXAM TIP

Secretary is the Chief Executive Officer of the Welfare Board.

(Very Important)

FUNCTIONS OF BUILDING WORKERS' WELFARE BOARD

FUNCTION 1

DEATH BENEFITS

The Board provides financial assistance in case of death of a beneficiary.

Example

A registered construction worker dies due to an accident and his family receives financial assistance.

EXAM TIP

Death benefits are provided by the Welfare Board.

FUNCTION 2

DISABILITY BENEFITS

The Board provides disability assistance.

Example

A worker suffers permanent disability due to a fall at a construction site.

EXAM TIP

Disability benefits are provided by the Board.

FUNCTION 3

PENSION BENEFITS

The Board pays pension to beneficiaries who attain:

60 YEARS OF AGE

Example

A registered construction worker receives pension after completing 60 years.

EXAM TIP

Pension becomes payable after attaining 60 years.

(Very Important)

FUNCTION 4

GROUP INSURANCE PREMIUM

The Board may pay premium under:

GROUP INSURANCE SCHEME

Example

Insurance coverage may be provided to registered construction workers.

FUNCTION 5

EDUCATIONAL SCHEMES

Educational assistance for children of beneficiaries.

Example

Scholarships may be granted to children of construction workers.

EXAM TIP

Educational schemes may be framed for children of beneficiaries.

FUNCTION 6

MEDICAL ASSISTANCE

Payment of medical expenses for major ailments.

Example

A worker suffering from serious illness receives financial assistance for treatment.

FUNCTION 7

MATERNITY BENEFIT

Maternity benefits are provided to eligible women beneficiaries.

Example

A female construction worker receives maternity assistance.

EXAM TIP

Maternity benefit is one of the welfare functions of the Board.

FUNCTION 8

SKILL DEVELOPMENT

The Board may frame:

Skill Development Schemes

Awareness Programmes

Example

Training programmes for modern construction techniques.

FUNCTION 9

TRANSIT ACCOMMODATION

The Board may provide:

Hostel Facilities

Transit Accommodation

Example

Temporary accommodation for migrant construction workers.

FUNCTION 10

OTHER WELFARE SCHEMES

The Board may formulate additional welfare schemes with State Government and Central Government concurrence.

Example

Special welfare package for migrant workers.

FUNCTION 11

OTHER WELFARE MEASURES

The Board may implement other welfare facilities as prescribed.

Example

Safety awareness campaigns for construction workers.

EXAM TIP

Death Benefit, Disability Benefit, Pension, Maternity Benefit and Educational Schemes are major functions of the Welfare Board.

ADVISORY COMMITTEE

The State Government may constitute:

ONE OR MORE ADVISORY COMMITTEES

Purpose:

To advise the Government regarding:

Building Workers

Welfare Schemes

Administration of the Code

Example

An Advisory Committee may suggest improvements in welfare programmes.

EXAM TIP

State Government may constitute Advisory Committees for building workers.

PART – B

DISQUALIFICATION AND REMOVAL OF MEMBERS OF SOCIAL SECURITY ORGANISATIONS

INTRODUCTION

Members of Social Security Organisations hold positions of public trust.

Therefore only suitable persons should continue as members.

The Code provides specific:

DISQUALIFICATIONS

and

REMOVAL PROVISIONS

EXAM TIP

Disqualification ensures integrity and efficiency of Social Security Organisations.

DISQUALIFICATION NO. 1

INSOLVENCY

A person cannot become or continue as a member if:

He is adjudged insolvent.

Meaning

A person legally declared unable to pay debts.

Example

A court declares a person bankrupt; he becomes disqualified.

EXAM TIP

Insolvent persons are disqualified.

DISQUALIFICATION NO. 2

UNSOOUND MIND

A person who:

Is found to be a lunatic

or

Becomes of unsound mind

is disqualified.

Example

A person declared mentally incapable by a competent authority cannot continue as member.

EXAM TIP

Person of unsound mind is disqualified.

DISQUALIFICATION NO. 3

MORAL TURPITUDE

A person convicted of:

Offence involving Moral Turpitude

is disqualified.

Meaning of Moral Turpitude

Offences involving dishonesty, fraud, corruption or serious unethical conduct.

Example

A person convicted for corruption may become disqualified.

EXAM TIP

Conviction involving moral turpitude causes disqualification.

DISQUALIFICATION NO. 4

EMPLOYER DEFAULT

An employer member is disqualified if he:

Defaults in payment of dues under the Code.

Example

Failure to deposit mandatory social security contributions may lead to disqualification.

EXAM TIP

Employer default in statutory dues causes disqualification.

DISQUALIFICATION NO. 5

LOSS OF MP/MLA STATUS

A member representing Parliament or Legislature becomes disqualified if he ceases to be:

MP

or

MLA

Example

After expiry of legislative membership, Board membership also ceases.

EXAM TIP

Loss of MP/MLA status leads to disqualification.

DISQUALIFICATION NO. 6

BECOMING CERTAIN HIGH CONSTITUTIONAL AUTHORITIES

A member becomes disqualified if he becomes:

Minister

Speaker

Deputy Speaker

Deputy Chairman of Rajya Sabha

Example

A member appointed as Minister becomes disqualified from continuing in that capacity.

IMPORTANT EXCEPTION

This rule does not apply to:

Ex Officio Members

who are members because they are Ministers.

EXAM TIP

Ex Officio Ministers are exempt from this disqualification.

REMOVAL OF MEMBERS

The appropriate Government may remove a member if:

He becomes disqualified

Remains absent from three consecutive meetings without leave

Abuses his position

Becomes unsuitable or unfit

Example

A member absent from three consecutive meetings may be removed.

EXAM TIP

Absence from three consecutive meetings may result in removal.

PRINCIPLE OF NATURAL JUSTICE

Before removal under certain grounds:

Opportunity of Being Heard

must be provided.

This is known as:

SHOW CAUSE OPPORTUNITY

Example

Government issues a notice asking why the member should not be removed.

EXAM TIP

Show cause opportunity must be given before removal in specified cases.

RESIGNATION

A member may resign:

At Any Time

by submitting:

WRITTEN RESIGNATION

The resignation becomes effective upon acceptance.

Example

A member submits resignation to the appointing Government.

EXAM TIP

Resignation must be in writing and accepted by Government.

CONFLICT OF INTEREST

A very important governance principle.

If a member has:

Direct Financial Interest

or

Indirect Financial Interest

in a matter under consideration:

He must:

- ✓ Disclose the interest
- ✓ Get it recorded
- ✓ Refrain from participating
- ✓ Not vote on that matter

Example

A Board member who is a director of a company bidding for a welfare project must disclose the interest and abstain from decision-making.

EXAM TIP

A member having pecuniary interest must disclose it and cannot participate in related decisions.

REVISION TABLE

Particular	Provision
BOCW Board Constituted By	State Government
Legal Status	Body Corporate
Maximum Other Members	15
Central Government Representative	1
Woman Member	Minimum 1

CEO of Board	Secretary
Pension Age	60 Years
National Board Term	3 Years
State Board Term	3 Years
Consecutive Absence for Removal	More than 3 Meetings
Conflict of Interest	Disclosure Mandatory

PROCEDURE FOR TRANSACTION OF BUSINESS OF SOCIAL SECURITY ORGANISATIONS

WHY ARE PROCEDURAL RULES NECESSARY?

Every organisation requires:

- ✓ Meetings
- ✓ Quorum
- ✓ Voting Procedures
- ✓ Decision-Making Mechanism
- ✓ Authentication Process

Without procedure, administration becomes chaotic.

Therefore, the Code empowers the Government to prescribe detailed procedures.

MEETINGS OF SOCIAL SECURITY ORGANISATIONS

Every:

Social Security Organisation

and

Committee thereof

must conduct meetings according to prescribed rules.

What Will Be Prescribed?

The Central Government may prescribe:

Meeting Intervals

Procedure

Quorum

Transaction of Business

Decision-Making Process

MEANING OF QUORUM

Simple Meaning

Minimum number of members required for a valid meeting.

Without quorum:

No valid business can be transacted.

Example

Suppose rules prescribe quorum of 10 members.

Only 6 members attend.

Meeting cannot legally proceed.

EXAM TIP

Quorum means minimum number of members required to conduct valid business.

WHY IS QUORUM IMPORTANT?

Quorum ensures:

✓ Collective decision-making

✓ Democratic functioning

✓ Prevention of arbitrary decisions

✓ Proper representation

Example

A major decision regarding EPF investment cannot be taken by only one or two members.

AUTHENTICATION OF ORDERS AND DECISIONS

WHAT IS AUTHENTICATION?

Authentication means:

Official Certification

that a decision has been legally taken.

Example

A Board approves a policy.

The decision becomes officially valid only after proper authentication.

WHO AUTHENTICATES DECISIONS?

Depending upon the organisation:

Central Provident Fund Commissioner

Director General (ESIC)

Director General Labour Welfare

Principal Secretary (Labour)

Secretary (Labour)

or

Any Other Notified Officer

may authenticate decisions.

Example

An EPFO decision may be authenticated by the Central Provident Fund Commissioner.

EXAM TIP

Authentication gives legal validity to orders and decisions.

AUTHENTICATION OF OTHER INSTRUMENTS

Documents such as:

Notices

Certificates

Agreements

Communications

may be authenticated by officers authorised by the organisation.

Example

A welfare scheme notification may be signed by an authorised officer.

EXAM TIP

Other instruments are authenticated by authorised officers.

VALIDITY OF ACTS DESPITE VACANCIES

This is a very important legal principle.

Suppose:

- One seat is vacant.
- A member resigns.
- Appointment is delayed.

Will all decisions become invalid?

NO

The law specifically protects organisational functioning.

PRINCIPLE

Acts of a Social Security Organisation shall not become invalid merely because:

A Vacancy Exists

or

There Is A Defect In Constitution

Example

One member of ESIC resigns.

The Corporation continues functioning and its decisions remain valid.

WHY IS THIS PROVISION NECESSARY?

Otherwise:

- Every decision could be challenged.
- Administration would stop.
- Welfare schemes would suffer.

EXAM TIP

Proceedings are not invalid merely because of vacancy or defect in constitution.

FEES AND ALLOWANCES OF MEMBERS

Members may receive:

Fees

and

Allowances

as prescribed by Government.

Example

Travel allowance may be paid for attending meetings.

EXAM TIP

Members are entitled to prescribed fees and allowances.

PART II

EXECUTIVE HEADS OF CENTRAL BOARD AND CORPORATION

WHO ARE THE EXECUTIVE HEADS?

The Code identifies two principal executive officers:

Central Provident Fund Commissioner (EPFO)

and

Director General (ESIC)

These officers function as:

WHOLE-TIME OFFICERS

MEANING OF WHOLE-TIME OFFICER

A Whole-Time Officer:

Works Full-Time

for the organisation.

He cannot treat the position as a part-time assignment.

Example

The Central Provident Fund Commissioner must devote full attention to EPFO administration.

EXAM TIP

CPF Commissioner and Director General are Whole-Time Officers.

RESTRICTION ON OTHER WORK

These officers:

Cannot undertake unrelated work

without prior approval of:

CENTRAL GOVERNMENT

Example

The Director General of ESIC cannot accept another independent assignment without Government approval.

EXAM TIP

Prior approval of Central Government is required for undertaking unrelated work.

PART III

SUPERSESSION OF SOCIAL SECURITY ORGANISATIONS

WHAT IS SUPERSESSION?

Simple Meaning

Supersession means:

Temporary Dissolution or Suspension

of an organisation by Government

When an organisation completely fails in performing its duties, Government may intervene.

EXAM TIP

Supersession means Government takeover due to failure of an organisation.

(Very Important)

WHICH ORGANISATIONS CAN BE SUPERSEDED?

Central Board

ESIC Corporation

National Social Security Board

State Unorganised Workers' Board

Building Workers' Welfare Board

Committees of these Organisations

Example

If a Welfare Board repeatedly fails to perform its functions, Government may supersede it.

GROUNDINGS OF SUPERSESSION

Government may supersede when the organisation:

GROUND 1

Unable to Perform Functions

Example

The Board becomes dysfunctional and cannot carry out statutory responsibilities.

GROUND 2

Persistent Delay

Example

The Board repeatedly delays welfare benefit implementation.

GROUND 3

Exceeding Powers

Example

The Board acts beyond powers granted under law.

GROUND 4

Abuse of Powers

Example

Members misuse authority for improper purposes.

EXAM TIP

Inability, Delay, Excess of Power and Abuse of Power are major grounds of supersession.

(Very Important)

PRINCIPLE OF NATURAL JUSTICE

Before supersession:

Government cannot act arbitrarily.

It must provide:

SHOW CAUSE OPPORTUNITY

Example

Government issues notice asking why the Board should not be superseded.

STEPS

1. Notice Issued
2. Explanation Invited
3. Objections Considered
4. Decision Taken

EXAM TIP

Show cause opportunity is mandatory before supersession.

(Very Important)

WHAT HAPPENS AFTER SUPERSESION?

Until reconstitution:

Government shall make:

Alternate Administrative Arrangements

Example

Government may appoint temporary administrative authorities.

EXAM TIP

Government must make alternate arrangements after supersession.

REPORT TO LEGISLATURE

Government must place:

Full Report

before:

Parliament

or

State Legislature

TIME LIMIT

Within:

3 MONTHS

from notification of supersession.

Example

A report explaining reasons for supersession must be laid before Legislature.

EXAM TIP

Report of supersession must be laid before Legislature within 3 months.

(Very Important)

PART IV

STATE BOARDS UNDER EPFO

POWER OF CENTRAL GOVERNMENT

The Central Government may establish:

STATE BOARDS

after consultation with State Government.

PURPOSE

State Boards exercise powers and perform functions assigned by the Central Government.

Example

A State Board may supervise EPF-related administration within a State.

EXAM TIP

State Boards are constituted by Central Government after consultation with State Government.

WHAT MAY BE SPECIFIED?

Government may prescribe:

Constitution

Appointment Conditions

Meeting Procedure

Administrative Process

Example

Rules may define tenure and powers of members.

PART V

REGIONAL BOARDS AND LOCAL COMMITTEES

WHO CREATES THEM?

The:

CORPORATION (ESIC)

may create:

Regional Boards

and

Local Committees

Example

An ESIC Regional Board may supervise implementation of medical benefits in a particular region.

PURPOSE

To decentralise administration.

BENEFITS

- ✓ Faster Decision-Making
- ✓ Better Local Monitoring
- ✓ Improved Service Delivery

EXAM TIP

ESIC may constitute Regional Boards and Local Committees.

PART VI

ENTRUSTMENT OF ADDITIONAL FUNCTIONS

WHY IS THIS PROVISION IMPORTANT?

Social Security administration evolves continuously.

Government may need existing organisations to administer:

- New Schemes
- New Welfare Laws
- New Social Security Programmes

POWER OF CENTRAL GOVERNMENT

The Central Government may:

ASSIGN ADDITIONAL FUNCTIONS

through notification.

Example

EPFO may be entrusted with administration of a new social security scheme.

EXAM TIP

Additional functions may be assigned by notification.

ADMINISTRATION OF OTHER ACTS

Additional functions may include:

Administration of Another Act

or

Administration of Another Scheme

Example

A Social Security Organisation may be directed to implement a newly enacted welfare programme.

EXAM TIP

Additional functions may include administration of another Act or Scheme.

POWERS OF OFFICERS

When additional functions are assigned:

Officers may exercise powers under:

That Act

or

That Scheme

Example

An EPFO officer may exercise powers under a newly assigned social security scheme.

ADDITIONAL STAFF

If existing manpower is insufficient:

The organisation may:

Assign Existing Officers

or

Appoint New Officers

or

Engage New Personnel

Example

Additional inspectors may be recruited for implementing a new welfare programme.

EXAM TIP

New officers may be appointed for additional functions.

WHO BEARS THE EXPENDITURE?

The Central Government may provide that:

Expenses Shall Be Borne By Central Government

This includes:

Salary

Administration Costs

New Recruitment Expenses

Example

Costs of implementing a new national scheme may be reimbursed by Government.

EXAM TIP

Central Government may bear expenditure incurred for additional functions.

PRIOR APPROVAL REQUIREMENT

Before incurring expenditure:

Prior Approval of Central Government

may be required.

Example

A Social Security Organisation seeks Government approval before major expenditure for a newly assigned scheme.

EXAM TIP

Prior approval may be necessary before incurring expenditure.

REVISION TABLE

Topic	Key Provision
Quorum	Prescribed by Government
Authentication	By designated officers
Vacancy	Does not invalidate proceedings

Whole-Time Officers	CPF Commissioner & DG ESIC
Supersession Grounds	Inability, Delay, Excess Power, Abuse
Show Cause Notice	Mandatory before supersession
Legislative Report	Within 3 Months
State Boards	Constituted by Central Government
Regional Boards	Constituted by ESIC
Additional Functions	Assigned by Central Government
Additional Expenses	May be borne by Central Government

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