

A STUDY ON THE AWARENESS REACHED TO THE
EMPLOYEES IN SMALL & MEDIUM LEVEL PRIVATE
ORGANIZATION THROUGH SOCIAL SECURITY (RETIREMENT)
BENEFITS IN MUNICIPAL COUNCIL AREA, BATTICALOA AND
URBAN COUNCIL AREA, KATTANKUDY

1070

VINASITHTHAMBY PAPAKARAN



DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY

SRILANKA

2009



Project Report
Library - EUSL

Abstract

According to a recent newspaper report, nearly five million employers do not pay EPF on behalf of their employees (71.50%). It could be understood that not only EPF but even the Trust Fund could have been defaulted by these people. That is why I wish to study on the awareness reached to the employees of small & medium level private sectors through social security (retirement) benefits in Municipal Council area, Batticaloa and Urban council area, Kattankudy.

The objectives of the study are finding the level of awareness reached to the employees of small & medium level private sectors through social security benefits these are Employees' Provident Fund, Employees' Trust Fund and Gratuity scheme in Municipal Council area, Batticaloa & Urban Council area, Kattankudy.

The secondary data have been collected from 100 employees who work in small & medium level private sectors in the research areas. Here the simple random sampling method is used to select the samples. The collected data are analyzed by using SPSS 11.0 computer package.

According to this research study we can come to the conclusion that low level of awareness reached to the employees of small & medium level private sectors in the research areas. Although, when considering variables wise, the awareness regarding the benefits reach through Employees' Provident Fund is comparatively higher other than the awareness regarding the benefits reached through Employees' Trust Fund and Gratuity scheme among the employees in this research areas.

Mr.Vinasiththamby Papakaran

Contents

Acknowledgement	i
Abstract	ii
Abbreviation	iii
Contents	iv
List of tables	xi
List of figures	xii

	Page No
Chapter One – Introduction	1-7
1.1 Background of the study	1
1.2 Problem Statement	5
1.3 Research Questions	5
1.5 Significance of the study	6
1.6 Scope of the study	6
1.7 Assumptions	7
1.8 Summary	7
Chapter Two Literature Review	8-45
2.1 Introduction	8
2.2 Labour law	8
2.3 Labour Law in Sri Lanka	10
2.4 Employees' Provident Fund Act (EPF)	10
2.4.1 Employees' Provident Fund enactments	11
2.4.2 Employments of persons covered & not covered by the act	12
2.4.3 Calculation of contributions in the EPF	13
2.4.4 Surcharges for delaying contribution	14
2.4.5 Payment of benefits	14
2.4.5.1 The procedures of obtaining refund of benefits from the EPF	16

2.4.5.2	The work process of the refund application undergo after submission	17
2.4.5.3	General conditions applicable for refund payments	17
2.4.5.4	The procedures of obtain refund of benefits by deceased member	18
2.4.5.5	The nominee to receive refund of benefits	18
2.4.6	Employees' Provident Fund Housing Loan Scheme	19
2.4.6.1	Bank and Financial Institutions authorized to issue housing loans under the act	19
2.4.6.2	Method of issuing loans	19
2.4.6.3	Objectives of housing loan.	20
2.4.6.6	Other matters govern related with housing loan	21
2.4.6.7	The important things when a member has obtained a Housing loan do when applying for refund of benefit	22
2.4.7.1	The important matters to be taken into consideration in forwarding applications for refund of benefits	23
2.4.7.2	The work process from the refund of benefit application is forwarded up to the refund payment	23
2.4.8	The new innovations introduced to provide information a service to members, employers and the general public	24
2.4.9	The responsibilities of the Central Bank of Sri Lanka with Regard to the Employees' Provident Fund	25
2.4.10	The way of How do employers make contributions to EPF	26
2.4.11	The way of knowing the balance in the members account	27
2.4.12	Program for Modernization of the Employees' Provident Fund	27
2.5	Employee's Trust Fund (ETF)	29
2.5.1	Covered Establishments	29
2.5.2	Contributions	30
2.5.3	Membership of the Fund	31
2.5.4	Withdrawal of Benefits	32

2.5.4.1	Time at which the benefits will be paid	32
2.5.4.2	Payment of benefits to the employee on termination of employment	32
2.5.4.3	Payment of benefits on termination of employment due to disablement	32
2.5.4.4	Benefits due for Deceased Members.	33
2.5.4.5	Payment of benefits on death of employee	33
2.5.4.6	Intra Ocular Lens Implant	35
2.5.4.7	Other Benefits to Members under ETF schemes	35
2.5.5	Requirements to obtain a Refund by the Employee	35
2.5.6	Employer to pay surcharge where any contributions have not been paid	36
2.6	Employee's Trust Fund Board	36
2.6.1	Payment of Gratuity.	36
2.6.2	Eligibility and Not eligible for Gratuity	37
2.6.3	Industries covered by the Act	38
2.6.4	Rate of payment	39
2.6.5	Delay in payment	40
2.6.6	Forfeiture of Gratuity	41
2.6.7	Recovery of Gratuity	41
2.6.8	Calculation of period of Service	42
2.6.9	Definition of wages/salary	43
2.7	Labour Department	43
2.7.1	The main activities carried out by the Department	44
2.7.2	The main activities carried out by the Department for	

	Enforcement of Labour law.	44
2.8	Nature of labour law in practical situation.	44
2.9	Summary.	45
Chapter Three Conceptualization and Operationalization		46-53
3.1	Introduction.	46
3.2	Conceptualization	46
3.2.1	Employees' Provident Fund Act (EPF)	48
3.2.1.1	When you reach retirement age and cease the employment	48
3.2.1.2	Cessation of employment due to total incapacitation	48
3.2.1.3	Leaving employment on grounds of marriage	48
3.2.1.4	Cessation of employment on leaving to a foreign country for permanent residency	48
3.2.1.5	When engaged in a permanent pensionable post in Government or Local Government service	48
3.2.1.6	Employees' Provident Fund Housing Loan Scheme	49
3.2.2	Employees' Trust Fund (ETF)	49
3.2.2.1	Payment of benefits to the employee on termination of employment	49
3.2.2.2	Payment of benefits on termination of employment due to disablement	49
3.2.2.3	Permanent & Total Disablement Scheme	50
3.2.2.4	Automatic Life Insurance Benefits	50
3.2.2.5	Payment of benefits on death of employee	50
3.2.2.6	Intra Ocular Lens Implant	50
3.2.3	Payment of Gratuity	51
3.2.3.1	Payment of benefits when the termination of service	51
3.3	Operationalization	52
3.4	Summary	53
Chapter Four Methodology		54-69
4.1	Introduction	54

4.2	Study setting, design and method of survey	54
4.3	Sampling, sampling frame work	54
4.3.1	Sampling	54
4.3.2	Sampling framework	55
4.4	Data collection	57
4.4.1	Method of data collection	57
4.4.2	Types of data	57
4.4.3	Structure of the questionnaire	58
4.4.3.1	Personal information	59
4.4.3.2	Research information	59
4.5	Data presentation and analysis	61
4.5.1	Method of Data presentation	61
4.5.2	Method of Data Analysis	61
4.6	Method of Data Evaluation	61
4.6.1	The decision rule for each variable	62
4.7	Summary	69

Chapter Five Data Presentation and Analysis 70-101

5.1	Introduction	70
5.2	Personal information	70
5.2.1	Age	70
5.2.2	Sex	71
5.2.3	Educational Qualification	72
5.2.4	Period of years working in this organization	73
5.2.5	Period of years working in the private sector (total year)	74
5.3	Research information	75
5.3.1	Employees' provident fund	75
5.3.1.1	Degrees of awareness on get the refund of benefits when reach retirement age and ceased the employment	75
5.3.1.2	Degree of awareness on gets the refund of benefits when cessation of employment due to total incapacitation	77
5.3.1.3	Degrees of awareness on get the refund of benefits when leaving employment on grounds of marriage (female)	78
5.3.1.4	Degree of awareness on get the refund of benefits when cessation	

of employment on leaving to a foreign country for permanent residency	79
5.3.1.5 Degrees of awareness on get the refund of benefits when engaged in a permanent pension able post	80
5.3.1.6 Degree of awareness when get housing Loan facilities	82
5.3.2 Employees' Trust fund	83
5.3.2.1 Degree of awareness on get the refund of benefits when termination of employment	83
5.3.2.2 Degree of awareness on get the refund of benefits when termination of employment due to disablement	84
5.3.2.3 Degree of awareness on get the refund of benefits when the permanent & total disablement scheme	85
5.3.2.4 Degree of awareness on Payment of benefits on death of employee	86
5.3.2.5 Degree of awareness on Intra Ocular Lens Implant when eye Operation	89
5.3.3 Gratuity Scheme	90
5.3.3.1 Degree of awareness on Payment of benefits when the termination of service	90
5.4 Overall evaluation	91
5.4.1 Degree of awareness on Payment of benefits through Employees' Provident Fund	91
5.4.2 Degree of awareness on Payment of benefits through Employees' Trust Fund	92
5.4.3 Degree of awareness on Payment of benefits through Gratuity scheme	93
5.4.4 Degree of awareness on Payment of benefits through Social Security (retirement) benefits	94
5.5 Cross tab Analysis (Personal Information with Research Information)	96
5.5.1 Gender	96
5.5.2 Age	97

5.5.3	Educational Qualification	98
5.5.4	Working period in the private sector (total years)	100
5.6	Summary	101
Chapter Six Discussions, Conclusions and Recommendations		102-111
6.1	Introduction	102
6.2	Discussion, Conclusion and Recommendations about the Personal information	102
6.3	Discussion, Conclusion and Recommendations about the Research information	103
6.3.1	Employees' provident fund	103
6.3.2	Employees' Trust Fund	104
6.3.3	Gratuity Scheme	105
6.3.4	Social security (retirement) benefits	106
6.4	The general reasons for low level of awareness among the employees of small & medium level private sectors regarding the social security (retirement) benefits	107
6.5	Recommendation to increase the awareness regarding social security (retirement) benefits among the employees of small & medium level private sectors	109
6.6	Limitations of the study	110
6.7	Implications of the study	110
6.8	Summary	110
References		xiv
Appendix I Questionnaire – English		xvi
Appendix II Questionnaire – Tamil		xx