

23

**STANDING COMMITTEE ON LABOUR
(2020-21)**

SEVENTEENTH LOK SABHA

MINISTRY OF LABOUR & EMPLOYMENT

**[Action taken by Government on the Observations/
Recommendations of the Committee contained in their
Fifty Second Report (Sixteenth Lok Sabha) on
'Compliance with the prescribed provisions of deduction
and deposit of PF, ESI and TDS (of Income Tax, etc.) by
the Employers]**

TWENTY THIRD REPORT



LOK SABHA SECRETARIAT

NEW DELHI

July, 2021/Ashadha, 1943 (Saka)

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STANDING COMMITTEE ON LABOUR

(2020-21)

(SEVENTEENTH LOK SABHA)

MINISTRY OF LABOUR & EMPLOYMENT

**[Action taken by Government on the Observations/
Recommendations of the Committee contained in their Fifty Second
Report (Sixteenth Lok Sabha) on 'Compliance with the prescribed
provisions of deduction and deposit of PF, ESI and TDS (of Income
Tax, etc.) by the Employers]**

Presented to Lok Sabha on 22.07.2021

Laid in Rajya Sabha on 23.07.2021



LOK SABHA SECRETARIAT

NEW DELHI

July, 2021 /Ashadha, 1943 (Saka)

CONTENTS

		PAGE(s)
<i>COMPOSITION OF THE COMMITTEE</i>		<i>(iv)</i>
<i>INTRODUCTION</i>		<i>(v)</i>
CHAPTER I	Report.....	
CHAPTER II	Recommendations/Observations which have been accepted by the Government.....	
CHAPTER III	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply.....	
CHAPTER IV	Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.....	
CHAPTER V	Recommendations/Observations in respect of which replies of the Government are interim in nature	

APPENDICES

- I. Minutes of the sitting of the Committee held on 8th July, 2021.
- II. Analysis of the Action Taken by Government on the Observations/Recommendations contained in the Fifty Second Report (Sixteenth Lok Sabha).

**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2020-21)**

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Pallab Lochan Das
4. Shri Pasunoori Dayakar
5. Shri Feroze Varun Gandhi
6. Shri Satish Kumar Gautam
7. Shri B.N. Bache Gowda
8. Dr. Umesh G. Jadhav
9. Shri Dharmendra Kumar Kashyap
10. Adv. Dean Kuriakose
11. Shri Sanjay Sadashivrao Mandlik
12. Shri Khalilur Rahaman
13. Shri D. Ravikumar
14. Shri Nayab Singh Saini
15. Shri Naba Kumar Sarania
16. Shri Ganesh Singh
17. Shri Bhola Singh
18. Shri K. Subbarayan
19. @ Vacant
20. # Vacant
21. \$ Vacant

RAJYA SABHA

22. Shri Dushyant Gautam
23. Shri Neeraj Dangi
24. Shri Oscar Fernandes
25. Shri Elamaram Kareem
26. ^ Shri Mahesh Jethmalani
27. Dr. Banda Prakash
28. * Shri Naresh Bansal
29. Ms. Dola Sen
30. Shri M. Shanmugam
31. Shri Vivek Thakur

SECRETARIAT

1. Shri T.G. Chandrasekhar - Joint Secretary
2. Shri D.R. Mohanty - Director
3. Shri Gaurav Attray - Assistant Executive Officer

@ Vacancy occurred *vice* Shri P.K. Kunhalikutty resigned *w.e.f* 3rd February, 2021.

Shri John Barla ceased to be Member of the Committee *w.e.f* 07.07.2021 *vice* he was appointed as Union Minister.

\$ Dr. Virendra Kumar ceased to be Member of the Committee *w.e.f* 07.07.2021 *vice* he was appointed as Union Minister.

^ Nominated *w.e.f* 11th June, 2021 *vice* Dr. Raghunath Mohapatra expired.

* Nominated *w.e.f* 23rd December, 2020 *vice* Shri Rajaram retired.

INTRODUCTION

I, the Chairperson, Standing Committee on Labour (2020-21) having been authorized by the Committee do present on their behalf this Twenty Third Report on Action taken by Government on the Observations/Recommendations of the Committee contained in their Fifty Second Report (Sixteenth Lok Sabha) on 'Compliance with the prescribed provisions of deduction and deposit of PF, ESI and TDS (of Income Tax, etc.) by the Employers' pertaining to the Ministry of Labour & Employment.

2. The Fifty-Second Report was presented to Lok Sabha and also laid in Rajya Sabha on 7th February, 2019. The Ministry of Labour & Employment furnished their replies on 23rd March, 2021 indicating action taken on the recommendations contained in that Report. The Committee at their sitting held on 8th July, 2021 considered and adopted the Draft Report.

3. An analysis of the action taken by Government on the Observations/Recommendations contained in the Fifty Second Report (Sixteenth Lok Sabha) of the Committee is given in Appendix-II.

4. For the facility of reference and convenience Recommendations/Observations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
20th July, 2021
29 Ashadha, 1943 (Saka)

BHARTRUHARI MAHTAB
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR

CHAPTER- I REPORT

This Report deals with the action taken by Government on the Observations/Recommendations of the Committee contained in their Fifty Second Report (Sixteenth Lok Sabha) on 'Compliance with the prescribed provisions of deduction and deposit of PF, ESI and TDS (of Income Tax, etc.) by the Employers' pertaining to the Ministry of Labour & Employment.

2. The Fifty Second Report was presented to Lok Sabha/ laid in Rajya Sabha on 7th February, 2019. It contained 14 Observations/ Recommendations. Replies of Government in respect of all the recommendations have been received and are categorized as under:-

- | | |
|--|--------------------------------------|
| (i) Recommendations/Observations which have been accepted by the Government –
Rec. Para No.7,12,13,31,32,33,35,37,39,52,53 and 54. | Total:13
Percentage:92.85 |
| (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply – NIL | Total:00
Percentage:00 |
| (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration – Rec. Para No. 42 | Total:01
Percentage:7.15 |
| (iv) Recommendations/Observations in respect of which replies of the Government are interim in nature – NIL | Total:00
Percentage:00 |

3. The Committee desire that Action Taken Notes in respect of Observations/ Recommendations contained in Chapter-I may be furnished to them at the earliest.

4. The Committee will now deal with some of their earlier Observations/ Recommendations which either require reiteration or merit further comments.

I. DEDUCTION OF CONTRIBUTION FROM EMPLOYEE SALARY AND ITS REMITTANCE BY EMPLOYER

(Recommendations Para No.34)

5. In their Fifty Second Report (Sixteenth Lok Sabha) the Committee had noted that to ensure remittance of deducted contribution of the employee and his own share of contribution by 15th of every month, a number of measures had been taken like introduction of Electronic Challan-cum-Return (ECR), identification of defaulter employer, preparation of list of defaulter and forwarding them to the field offices for further action, invoking of proceedings under Section 7A, recovery of dues under section 8, filing of prosecution under section 14(1A), complaints under section 406/409 of the Indian Penal Code, recovery of amount by attachment of banks and debtors, attachment and sale of properties, arrest of employer, filing of court cases etc. However, expressing concern that despite such stringent measures, the amount due was running into crores of rupees, the Committee had opined that the said measures were either insufficient or there were some lacunae in their implementation. The Committee had therefore, recommended that the Ministry should review these measures and if necessary some more stringent measures be devised to protect the interest of the employee and further EPFO should take immediate steps to ensure that the onus of filing complaints of the non remittance of deducted PF should not be put on the employees and their complaints be resolved expeditiously.

Reply of the Government

6. In their Action Taken Note furnished to the Committee, the Ministry of Labour & Employment have stated as follows:-

“In order to identify the establishment which have not paid the employees’ share of contributions deducted from the wages of the employees, functionality has been developed wherein the employees of establishments not filing ECR would get an opportunity to confirm through SMS as to whether they have received wages or not.

Dashboard of defaulting establishments including period of non-payment has been made available in the login of all the field offices of EPFO. Further to nudge all the establishments not filing ECR even for 1 month, SMS is sent and in case of default for more than 2 months, SMS as well as email communication is sent. After non-filing for 3 months, the establishment is picked up in defaulter list for inspection so that assessment of amount due and its recovery can be taken.

*As part of technology driven, efficient, transparent & vigilant default management, **e-Inspection** facility has been developed wherein the employer not filing ECR gets a form in their Log in to intimate amount due for payment, status of temporary/permanent closure with document upload facility. It will minimize need for visit by EO, allow employers to interact digitally with EPFO, de-link the inspection from the geographical jurisdiction of Enforcement Officer. It will also take care of the time lag between incidence of non-payment and assessment and recovery.*

Complaints related to compliance matters (defaults / non-enrolment of employees as members) received from various corners, including VIPs, Employees’ Associations, and employees themselves are recorded and monitored through a dedicated dashboard”.

7. The Committee appreciate that pursuant to their recommendation, the Ministry have initiated a number of measures like provision of SMS facility to employees of establishments not filing Electronic Challan cum Return (ECR), making available Dashboard of defaulting establishments and sharing it with all field offices of EPFO, and launching of e-inspection facility which would minimise the need for visit by Enforcement Officer and delink the inspectors from the geographical jurisdiction of Enforcement Officer. The Committee desire that the monitoring mechanism be strengthened to ensure effective implementation of the measures initiated so that an efficient, transparent and vigilant system is put in place for addressing the grievances and protecting the overall financial interest of the employees.

II. SPECIAL RESERVE FUND

(Recommendations Para No.42)

8. In their earlier Report, the Committee had observed that the terms of assistance from Special Reserve Fund (SRF) was available to the extent of the employee's share of contribution deducted but not deposited by the employer including the interest thereon and applicable to employees leaving an establishment owing to retirement, death or any other circumstances mentioned in Para 69/70 of the EPF Scheme, 1952. However, taking note of the fact that the number of employees benefitted under SRF from the years 2014-15 to 2017-18 had remained low, which corroborated the fact that a few employees were getting their contribution credited in case of default by their employer, the Committee had recommended that all requisite steps be initiated

by the Ministry for streamlining the SRF so as to safeguard the employee from any financial loss.

9. In their Action Taken Note furnished to the Committee, the Ministry of Labour & Employment have submitted as follows:-

“The observations of the Hon’ble Committee have been noted”.

10. The Committee are dissatisfied with the cursory response of the Ministry because instead of spelling out specific measures taken to devise a procedural framework for effective operation of Special Reserve Fund (SRF) which was conceptualised for providing relief to members or their nominees where the employers fails to pay whole or part of PF contribution to the fund, the Ministry have just stated ‘noted’. While cautioning the Ministry to desist from giving such callous reply to the Committee’s recommendations in future and in view of the lesser number of employees benefitted under SRF from 2014-15 to 2017-18, as highlighted in the earlier Report, the Committee exhort the Ministry to make earnest efforts towards seamless transfer of funds from SRF to the eligible employee’s account so that the objective of establishing the Fund is truly achieved.

**New Delhi;
20th July, 2021
29 Ashadha, 1943 (Saka)**

**BHARTRUHARI MAHTAB
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR**

STANDING COMMITTEE ON LABOUR

(2020-21)

Minutes of the Nineteenth Sitting of the Committee

The Committee sat on Thursday, the 08th July, 2021 from 1100 hrs. to 1315 hrs. in Committee Room No. '3', Parliament House Annexe, Extension Building, New Delhi.

PRESENT

Shri Bhartruhari Mahtab, Chairperson

Lok Sabha

2. Shri Subhash Chandra Baheria
3. Shri Pallab Lochan Das
4. Shri Dayakar Pasunoori
5. Shri Satish Kumar Gautam
6. Dr. Umesh G. Jadhav
7. Shri Naba Kumar Sarania
8. Shri Nayab Singh Saini
9. Shri Bhola Singh

Rajya Sabha

10. Dr. Banda Prakash
11. Ms. Dola Sen
12. Shri M. Shanmugam
13. Shri Neeraj Dangi
14. Shri Dushyant Gautam
15. Shri Vivek Thakur
16. Shri Naresh Bansal

SECRETARIAT

- | | | | |
|----|-------------------------------|---|---------------------|
| 1. | Shri T.G. Chandrasekhar | - | Joint Secretary |
| 2. | Shri D.R. Mohanty | - | Director |
| 3. | Shri Sanjay Sethi | - | Additional Director |
| 4. | Shri Kulvinder Singh | - | Deputy Secretary |
| 5. | Shri Sidhartha Gautam Kamidi- | | Deputy Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee, convened for consideration and adoption of the following Draft Reports on:

(i) XX XX XX XX.

(ii) XX XX XX XX.

(iii) XX XX XX XX.

(iv) Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their 52nd Report (Sixteenth Lok Sabha) on the Subject 'Compliance with the prescribed provisions of deduction and deposit of PF, ESI and TDS (of Income Tax, etc.) by the Employers'.

(v) XX XX XX XX.

3. Giving an overview of the important Observations/ Recommendations contained in the Draft Reports, the Chairperson solicited the views/ suggestions of the Members.

4. The Committee, then, took up the Draft Reports one by one for consideration and after some discussions adopted them.

5. The Committee then authorized the Chairperson to finalise the Reports XXXXX and present the Reports to Parliament in the ensuing Monsoon Session.

6. XX XX XX XX.

The witnesses then withdrew.

[A copy of the verbatim proceedings was kept on record]

The Committee then adjourned.

XX Does not pertain to this Report.

(Vide Para No. 3 of the Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON OBSERVATIONS/
RECOMMENDATIONS CONTAINED IN THEIR FIFTY SECOND REPORT OF THE
STANDING COMMITTEE ON LABOUR (SEVENTEENTH LOK SABHA)**

		Total	Percentage
I.	Total number of Recommendations	14	
II.	Recommendations/Observations which have been accepted by Government (Rec. Sl. Nos. 7,12,13,31,32,33,35,37,39,52,53 and 54)	13	92.85%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies- NIL	00	00%
IV	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration – (Rec. Sl. No. 42)	01	7.15%
V	Recommendations/Observations in respect of which final replies of Government are of interim in nature- NIL	00	00
			100%