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MINISTRY OF LABOUR

**EMPLOYEES' PROVIDENT FUND
ORGANISATION**

**ESTIMATES COMMITTEE
1990-91**

NINTH LOK SABHA

LC
51-72225R
NO.701

**SABHA SECRETARIAT
DELHI**

SEVENTH REPORT
ESTIMATES COMMITTEE
(1990-91)

(NINTH LOK SABHA)

MINISTRY OF LABOUR

EMPLOYEES' PROVIDENT FUND
ORGANISATION

Action Taken by Government on the Recommendations contained in the
Seventy-eighth Report of Estimates Committee (Eighth Lok Sabha).



Presented to Lok Sabha on 29 August, 1990

LOK SABHA SECRETARIAT
NEW DELHI

August, 1990/Bhadra, 1912 (S)

E.C. No. 1233

Price : Rs. 3.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and Printed by Manager, P.L. Unit, Government of India Press, Minto Road, New Delhi-110002.

CORRIGENDA

TO

SEVENTH REPORT OF ESTIMATES COMMITTEE
(1990-91)

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(1990-91)

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ESTIMATES COMMITTEE
(1990-91)**

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4. Shri Chiranji Lal Sharma
5. Shri Yamuna Prasad Shastri
6. Shri Anantrao Deshmukh
7. Shri Kailash Nath Singh Yadav

INTRODUCTION

1. The Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf present this Seventh Report on action taken by Government on the recommendations contained in the Seventy-Eighth Report of Estimates Committee (8th Lok Sabha) on the Ministry of Labour—Employees' Provident Fund Organisation.

2. The Seventy-eighth Report was presented to Lok Sabha on 25th April, 1989. Government furnished their replies indicating action taken on the recommendations contained in that Report on 23rd March, 1990. The replies were examined by the Committee at their sitting held on 12th June, 1990 and the draft Report was adopted by the Committee on the same date.

3. The Report has been divided into the following Chapters:—

- (i) Report
- (ii) Recommendations/Observations which have been accepted by the Government.
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies.
- (iv) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee.
- (v) Recommendations/Observations in respect of which final replies of Government are still awaited.

4. An analysis of action taken by Government on the recommendations contained in 78th Report of Estimates Committee is given in Appendix. It would be observed therefrom that out of 80 recommendations made in the Report 54 recommendations i.e. 67.5 per cent have been accepted by the Government and the Committee do not desire to pursue 4 recommendations i.e. 5 percent in view of Government's replies. Replies of Government in respect of 14 recommendations i.e. 17.5 per cent have not been accepted by the Committee. Final replies in respect of 8 recommendations i.e. 10 per cent are still awaited.

NEW DELHI;
August 17, 1990
Sravana 26, 1912(S).

JASWANT SINGH
Chairman,
Estimates Committee.

(vii)

CHAPTER I

REPORT

1.1 This Report of the Estimates Committee deals with action taken by Government on the recommendations contained in their 78th Report (8th Lok Sabha) on the Ministry of Labour-Employees' Provident Fund Organisation which was presented to Lok Sabha on 25th April, 1989.

1.2 Action Taken notes have been received in respect of all the 80 recommendations contained in the Report.

1.3 Action Taken notes on the recommendations of the Committee have been categorised as follows:—

- (i) Recommendations/Observations which have been accepted by the Government:

Sl. Nos. 1, 2, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 17, 18, 19, 21, 22, 23, 24, 25, 26, 31, 35, 37, 38, 39, 40, 42, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 58, 60, 61, 62, 64, 67, 71, 72, 73, 74, 75, 76, 77, 78 and 79.

(Chapter II - Total 54)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of Government replies:

Sl. Nos. 3, 8, 44, 65.

(Chapter III - Total 4)

- (iii) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee:

Sl. Nos. 9, 16, 20, 29, 30, 32, 33, 34, 36, 41, 43, 63, 69 and 80.

(Chapter IV - Total 14)

- (iv) Recommendations/Observations in respect of which final replies are still awaited:

Sl. Nos. 27, 28, 45, 57, 59, 66, 68 and 70.

(Chapter V - Total 8)

1.4 The Committee will now deal with action taken by Government on some of the recommendations.

*Membership***Recommendation Serial No. 4 (Para 2.20)**

1.5 The Committee had recommended that there should be no period of eligibility for membership of the Employees' Provident Fund and every employee that worked in covered establishments ought to be enrolled as soon as he/she joined service, on a regular basis, in that establishment.

1.6 In its reply, the Ministry stated that it would consider providing that if a person joined service of an establishment on a long term basis, that is, on an appointment which was likely to continue for more than 60 days he/she should be enrolled, as a member of the Fund, immediately on joining.

1.7 The Committee appreciate the decision and expect that the Ministry would take early action to implement it. While doing so, it is the hope of the Committee that the methods devised shall be such that employees' service records are not manipulated. The Committee emphasise the need for adequate monitoring so that relevant instructions are observed scrupulously, in the interests of the employees. The Committee would like to be apprised of the further development in this regard.

*State Board***Recommendation Sl. No. 9 (Para 3.19)**

1.8 The Committee while noting that provisions of Section 5 (B) of the Employees' Provident Fund Act, which had not been operated since its enactment, in 1952, was not deleted despite the specific recommendation of the Committee (1969-70) and Ramanujan Committee (1981). The Committee had desired the Government to initiate necessary action for deletion of Section 5 (B) from the Statute Book without any further delay.

1.9 In its reply, the Ministry stated that the above enactment had not been operated upon so far and it may consider deleting this provision when the E.P.F. Act was next amended.

Ministry and feel surprised that their recommendation in this regard has been taken lightly by the Ministry. While reiterating their earlier recommendation they urge the Ministry to reconsider the matter with due promptitude and take necessary action in the matter under intimation to them.

Training

Recommendation Sl. No. 15 (Paras 3.55 & 3.56)

1.11 The Committee had recommended that short term, in-service training courses, in various disciplines for the officers/employees should be arranged at regular intervals. They also desired the Ministry to consider having a training institute at some Central place, for the officers/employees of the EPF Organisation. In this context, the pattern of training in the Indian Audit and Accounts Department, where training was imparted to all levels of staff, was also brought to their notice.

1.12 In its reply, the Ministry stated that a proposal for setting up a Central Training Institute at Delhi for imparting training to the officers was under finalisation and that action was also being taken to set up Regional Training Institutes at Madras and at Faridabad. It was also stated that the suggestion of the Committee to restructure the training course was under consideration.

1.13 The Committee welcome the move of the Ministry to set up a Central Training Institute and two Regional Training Institutes and hope that the proposals in this regard would be finalised with due despatch. They also hope that the Ministry would take prompt steps to restructure training courses as suggested by them earlier.

Filling up of Posts

Recommendation Sl. No. 16 (Paras 3.70 & 3.71)

1.14 The Committee had recommended that all the vacancies in Group A, B, C & D should filled up promptly.

1.15 In its reply, the Ministry stated that CPFC has been instructed to vigorously pursue the proposals for filling up the vacant Group 'A' and 'B' posts with the U.P.S.C. and that he had also been advised to take immediate action to fill up all the vacant Group 'C' and 'D' posts.

1.16 The Committee finds as unsatisfactory the reply of the Ministry because the Committee has not been informed of the precise action taken, either by the Ministry or the Central Provident Fund Commissioner, to fill up the vacant posts in the organisation. The Committee do not find it necessary to point out why vacancies must be filled up on occurrence. They would, therefore, like to be apprised of developments in this regard. The Committee also desire that the existing procedure be reviewed and such recruitment procedure evolved, so that time lag in filling up the posts is reduced to the minimum. For this purpose adequate monitoring machinery

ought to be provided at the appropriate level. The Committee would wish to be informed of the progress in this regard also.

Transfer of administrative charges & inspection charges

Recommendation Sl. No. 20 (Para 4.14)

1.17 The Committee had desired the Ministry to investigate reasons for delay in the transfer of share of collection of administrative charges, inspection charges, and damages realised to the Central Administrative Account. Also to then take appropriate remedial measures with a view to ensuring that such lapses did not recur in future.

1.18 In its reply, the Ministry stated that the matter was being investigated and CPFC had issued strict instructions to the Regional Provident Fund Commissioner to ensure transfer of 1/6th of monthly collection of the administrative charges to the Central Administrative Account.

1.19 The Committee are not at all satisfied with the above reply of the Ministry and deprecate that although they had made the aforesaid recommendation as early as in April 1989, the matter was still reported to be under investigation. They would expect their recommendations to be taken with utmost seriousness. They would like to emphasize that unless adequate follow up action including monitoring and control measures are initiated, mere issue of instructions by CPFC will be considered in-sufficient by the Committee. While reiterating, their earlier recommendation, the Committee urge the Ministry to apprise them of the specific reasons for the delay in the transfer of shares of collections to the Central Administrative Account and also to take adequate steps in ensuring that such lapses do not recur in future.

Recommendation Sl. No. 26 (Para 4.35)

1.20 The Committee had observed that the sundry debits and sundry credits were pending reconciliation for the last two years and had suggested that reconciliation of balance between the bank and cash book figures should be taken up immediately after the close of the financial year and completed on priority basis.

1.21 In its reply the Ministry stated that the balance in sundry debits and sundry credits have since been brought down from Rs. 38.58 crores and Rs. 12.90 crores to Rs. 31.24 crores and Rs. 7.05 crores respectively. It was further stated that the reconciliation of the balance in these accounts was now in progress.

1.22 The Committee find as unsatisfactory this slow progress in the reconciliation of sundry debits and sundry credits. It urge the Ministry to get the process expedited. There should also be appropriate monitoring control to ensure that the work is completed under a time bound programme. They would like to be apprised of further developments in this regard within the next six months.

*Switch over to computer***Recommendation Sl. No. 29 (Para No. 4.41)**

1.23 The Committee had observed that it would have been better had the organisation decided to switchover to computerized operations long time ago so that the surplus staff as a result of this could have been utilised for better service to subscribers and had hoped that the organisation would be able to computerise the accounts in all regions in two year's period, as per schedule.

1.24 The Ministry stated in reply that the organisation had since developed its own, in house, computer-capability in the Regional Office at Bombay. Further, it was proposed to replicate this system in Delhi and in Andhra Pradesh shortly. That efforts would be made to introduce computer system of maintenance accounts in other regions, in stages, and to complete the task at the earliest possible.

1.25 The committee hope that while switching over to computerisation the Ministry would avoid unnecessary retrenchment of staff; and that adequate steps are taken to profitably utilise the staff rendered surplus in consequence to computerisation. The Committee would like to be apprised of further progress in this regard.

*Issue Of Pass Books***Recommendation Sl. Nos. 30 & 34 (Paras 5.20 to 5.21)**

1.26 The Committee while noting that 1,44,631 annual statement of accounts were pending for issue as on 31.3.1988 had recommended that pass books should be issued to all EPF subscribers in addition to annual statement of accounts. The advantages of the pass book in facilitating expeditious settlement of final account of employees in the event of any missing credits was also pointed out.

1.27 The Committee had also desired that heavy pendency in the issue of annual statement of accounts should be got cleared by taking drastic measures, motivating the staff ect.

1.28 In its reply the Ministry stated that the benefits which the Committee had in view could be achieved by issuing annual statement of accounts indicating the amount actually recovered and that this would be achieved once the accounting in all the regions was fully computerised. The Ministry also observed that thereafter, if necessary, the question of issuing of pass books may also be considered. It was further stated that suitable instructions had been issued to the Regional Provident Fund Commissioners to take every possible action to speed up the pace of issue of annual account statement and to liquidate the arrears as early as possible.

1.29 The Committee are not at all satisfied with the above reply of the Ministry. They are of the view that the issue of pass books will enable the

subscribers of the defaulting establishments to know that the PF contribution deducted from their pay have not been passed on to the EPF organisation. The entries in the pass book was also considered to facilitate the expeditious settlement of final accounts in the event of missing credit in any annual statement of account. The Committee while emphasising the urgency in issuing to outstanding annual statements of accounts require that their earlier recommendation regarding the introduction of pass books should be re-examined, in greater depth, and necessary action taken in the matter with due promptitude.

1.30 The Ministry has not committed itself to any time bound programme to get the heavy pendency in the clearance of annual statement of accounts. The Committee desire the Ministry to implement their earlier recommendation in this regard in a target oriented manner.

Recommendation Sl. Nos. 32 & 33 (Paras 5.15 & 5.16)

1.31 The Committee had recommended that the system of calculation of interest on monthly running balance which was more beneficial to the employees as was being done in Government General Provident Fund, should be adopted.

1.32 In its reply the Ministry stated that the recommendations of the Committee for adoption of the new system of calculation of interests on the monthly running balance has been accepted, in principle. It was further stated that the new system would be introduced after the accounting work in all the regions was fully computerised.

1.33 The Committee are not satisfied with the above reply, as it does not indicate by when the revised system of calculation of interest, on monthly running balance, will be actually implemented. They are of the view that linking the introduction of the new system, after the accounting work in all the regions are fully computerised, will add to avoidable delay in the implementation of the proposals, thereby causing denial of benefits to the employees. They consider it important that early steps are taken to implement the new system of calculation of interest on monthly running balance. The Committee would like to be apprised of further progress in this direction.

Cases of transfer of EPF Amount

Recommendation Sl. No. 36 (Para No. 5.27)

1.34 The Committee while noting that the number of pending cases of transfer of provident fund accounts from one covered establishment to another, was 28869 as on 31st March, 1988. U.P. headed the list with 6567 cases, followed by West Bengal with 5372. The Committee had thus desired that pending cases should be disposed of promptly, with special emphasis on clearance of such cases in U.P. and West Bengal.

1.35 In its reply the Ministry stated that GPFC had issued suitable instructions to RPFs, in the matter.

1.36 The Committee are not convinced with the above reply of the Ministry as it does not indicate the precise position obtaining in the country in regard to numbers of pending cases of transfer of provident fund accounts as also the position obtaining in the States of U.P. and West Bengal. The Ministry has also not indicated detailed steps taken to get outstanding work cleared. The Committee would like the situation to be monitored regularly and appropriate target set for each RPF particularly in U.P. and West Bengal. The Committee would also like to be apprised of the number of pending outstanding cases as on 31st March, 1989 and also of the precise steps being taken by the Ministry to get the arrears cleared.

Recovery of Arrears

Recommendation Sl. No. 41 (Para No. 5.53)

1.37 The Committee while noting that out of 3825 prosecution cases that had been pending with the police, for more than one year, 2202 and 265 cases pertained to West Bengal and Maharashtra respectively. They had recommended that some special steps should be taken to expedite filing of these old cases in the Courts.

1.38 In its reply the Ministry stated that RPF had been instructed that where no action was taken on their complaint by police authorities, for more than a year, they should file formal complaint against the defaulting establishment, in the competent court, directly.

1.39 The Committee would wish to ensure a monitoring of such cases and to be informed of the action taken.

Prosecution Cases

Recommendation Sl. No. 43 (Para No. 5.64)

1.40 The Committee while noting the slow disposal of prosecution cases had specifically referred to the State of West Bengal where 23288 cases (47%) were pending disposal out of total 48428 cases and had desired that special courts should be set up expeditiously in West Bengal, Maharashtra and Bihar where the maximum number of prosecution cases were pending disposal.

1.41 In its reply the Ministry stated that there had been no response from Bihar State Government for setting up of special court in that State. In Maharashtra also no special court had been set up. Further that the State Governments of Maharashtra and Bihar were being reminded.

1.42 The Committee deprecate the slow progress in the establishment of special courts in Maharashtra and Bihar and cannot help feeling that the matter has been treated by the Ministry in a casual manner. While

reiterating their earlier recommendation, they urge the Ministry to take up the matter with the State Governments concerned, expeditiously and also to take adequate steps to ensure that necessary action in this regard is finalised without any further delay.

Withdrawal of Exemptions granted to Establishments

Recommendation Sl. No. 51 (Para No. 5.96)

1.43 The Committee had recommended that all cases of defaulting exempted establishments should be reviewed thoroughly— as per provisions of law. That the exemption of those that were found to be persistently violating the provisions, withdrawn, and such establishments brought within the purview of the Act.

1.44 In its reply the Ministry stated that the matter had come up for consideration at the meeting of the Central Board of Trustees, Employees' Provident Fund held on 4th April, 1989 and it was decided to cancel the exemption in cases of grave misuse/misappropriation of the provident fund money. The Regional Provident Fund Commissioner had been instructed to take further action accordingly.

1.45 While the Committee welcome the decision of the Ministry, they note that the reply does not indicate whether any action has actually been taken to cancel the exemption in case of grave misuse/misappropriation of the provident fund money by the exempted establishments. The Committee would like to emphasise that they attach the greatest importance to the implementation of their recommendations and would like to be apprised whether any action has actually been taken against the defaulting establishments in pursuance of the above decision. They would like to be apprised of the latest progress in this regard.

Settlement of Provident Fund Claims in respect of Death Cases

Recommendation Sl. No. 63 (Para No. 7.23)

1.46 The Committee had noted that Provident fund claims, even in death cases, for the year 1987/88, were pending settlement at the end of the year. It had desired to be apprised of the circumstances due to which these cases could not be settled within the financial year. While desiring to be intimated of the present position of such cases, they had emphasised that in cases of death family of the deceased employed faced great hardship, hence special efforts are required to settle such claims on priority.

1.47 In its reply the Ministry stated that the reasons for pendency of the death claim was being investigated and that the Regional Provident Fund Commissioner had been instructed to give priority to the settlement of death claims.

1.48 The Committee are not satisfied with the above reply of the Ministry as it does not indicate the position relating to the settlement of Provident

Fund claims in respect of death cases, also the period by when these claims would be settled. They are of the opinion that all such claims should be settled expeditiously and that there should be proper monitoring in this regard.

Family Pension

Recommendation Sl. No. 69 (Para No. 8.34)

1.49 The Committee while noting that existing pension scheme provided for payment of pension if the death of a employee occurs during his/her reckonable service had pointed out that in the case of Government servants family pension was admissible to widows/sons/daughters etc. even if the Government servant dies after retirement. They recommended liberalisation of the rule to avoid hardship to families of employees who died after the reckonable service.

1.50 In its reply the Ministry stated that the family pension for death after retirement was provided when there was a retiring pension Scheme and stated that as and when a retiring pension scheme was introduced for them, the Government might also consider extending the benefit of family pension for death after retirement.

1.51 The Committee while noting that the Ministry intended to examine their earlier suggestion at the time of introduction of a retiring pension scheme hope that their earlier recommendation which is a positive welfare measure would be considered favourably. They would like to be apprised of further developments in this regard.

Accommodation

Recommendation Sl. No. 80 (Para Nos. 10.3 to 10.4)

1.52 The Committee recommended that efforts should be made by the organisation to put up their own buildings, at all regional and sub-regional offices under a time-bound programme, for effecting substantial savings in expenditure. They had also observed that action should be initiated for early construction of office buildings at places where lands/sites had already been acquired.

1.53 In its reply the Ministry stated that the Central Provident Fund Commissioner had been instructed to draw up a time bound programme for construction of office building.

1.54 While the Committee welcome the above reply of the Ministry, they hope that comprehensive proposal has already been sent to the Ministry for construction of office buildings and action has been initiated to get the funds for this purpose. They would like to be apprised of further progress in this direction.

Implementation of recommendations

1.55 The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In case where it is not possible to implement the recommendations, in letter or in spirit, for any reason, the matter should be reported to the Committee, in time, with reasons for non-implementation.

1.56 The Committee also desire that final replies in respect of the recommendations contained in Chapter V of this report may be furnished to the Committee expeditiously.

CHAPTER II
**RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT**

Recommendation Sl. No. 1 (Para 1.14)

The Committee consider that the enactment of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 was a good step to institute provident fund scheme for the benefit of employees in industries and other establishments. Its amendment in 1988, though belated, was also a laudable step in bringing about suitable reforms. The Committee, however, cannot help remarking that the Government should have not taken so many years to process the recommendation of this Committee (1969-70) and Ramanujam Committee (1981). At this stage they only hope that Government would give utmost consideration and importance to the recommendations of such Committee which should be processed with due promptitude. They urge the Government to take necessary measures in this regard to obviate delays of this type in future.

Reply of Government

Noted. In future action would be taken to process the recommendations of the various Committees with due promptitude.

Recommendation Sl. No. 2 (Para 1.15)

The Committee hope that the provision of the Act as amended now will be adequate to cope with the stupendous task that lies ahead. Due to the magnitude and complexity of the problems involved, a periodical review of the Act is considered imperative so that deficiencies and lacunas noticed in the working of its provisions are rectified with due promptitude.

Reply of Government

Noted. In fact, the working of the provisions of the different Acts are already being reviewed periodically, through Committees set up from time to time.

Recommendation Sl. No. 4 (Para 2.20)

The Committee note that the present eligibility criteria for membership viz. completion of 3 months' continuous service or 60 days of actual work or on being declared permanent whichever is the earliest, has given room to evasion of membership of Provident Fund by unscrupulous employers who resort to unfair Labour practice of changing the employee's names frequently and manipulating their service particulars. The Regional Committee, Andhra Pradesh had in this connection suggested for removal of qualifying period of 60 days' service for becoming eligible for Provident Fund membership. The Committee are of the opinion that there should be no period of eligibility for membership of the Fund and every employee who works in a covered establishment should be enrolled

as a member of the Fund as soon as he/she joins the service on a regular basis in such establishment.

Reply of Government

The term 'regular basis' is not generally used in relation to employments in the private Sector. The appointment is either on casual, short term contract or on long term basis. The evasions of the type mentioned by the Committee generally take place in employments which are on casual or short term contract basis. So far as persons employed on long term basis are concerned, there is normally no evasion. However, the Government accepts the recommendation of the Committee, in principle, and will consider providing that if a person joins the service of an establishment on a long term basis i.e. an appointment which is likely to continue for more than 60 days, he shall be enrolled as a member of the fund immediately on joining the service.

Recommendation Sl. No. 5 (Para 2.21)

The Committee also recommend that surprise checks of establishments covered under the Act should be intensified so as to detect cases of evasion of memberships of the Fund due to unfair practices adopted by unscrupulous employers so that eligible employees are not denied that right of membership of the Fund. The Ministry should ensure that rules framed in this regard are not only precise and unambiguous but also applied rightly to Safeguard the financial interests of employees.

Reply of Government

The E.P.F. Organisation is considering the question of revising the existing norms for creation of the posts of Enforcement Officers, so as to include an element of surprise checks. In regard to the rules also, the suggestion of the Committee will be kept in view.

Recommendation Sl. No. 6 (Para 3.5)

The Committee note that the Central Board of Trustees will now have a Vice-Chairman also and there will be 10 representatives each of employers and employees. Further, by an amendment to the Act it has also been provided for setting up of an Executive Committee consisting of 13 persons. The Committee hope that the Government will take adequate steps to ensure that only those persons who have real involvement and are of merit, dedication and professional competence, are appointed on these two bodies so that they become effective instruments in competently managing the affairs of 3 schemes referred to in para 3.1 above.

Reply of Government

Under the Act, the representatives of employers and employees have to be appointed in consultation with the concerned Organisations of employers and employees. The recommendation of the Committee would, therefore, be brought to the notice of the concerned Organisations of

employers and employees, while calling for the names of their representatives for appointment on the Board.

Recommendation Sl. No. 7 (Para 3.9)

“The Committee note that the powers of the Central Board of Trustees are being reviewed from time to time. Based on the recommendations of the EPF Review Committee (1981), certain additional powers have been vested in the Board by the E.P.F. (Amendment) Act, 1988. Certain further delegation of powers is likely to be made to the Board soon keeping in view the said Act. The Committee desire that the Government should undertake the necessary exercise of giving more powers to the Central Board in view of the recent amendment to the Act with the promptitude and should also ensure that they result in making the Central Board an effective instrument of managing adequately the affairs of the relevant schemes without any let or hindrance. They would like to be apprised of further development in this regard.”

Reply of Government

The Employees' Provident Funds Scheme, Employees' Family Pension Scheme and the Employees' Deposit Linked Insurance Scheme have since been amended and the following additional powers have been vested on the Central Board of Trustees, Employees' Provident Fund:—

- (1) Setting up the Regional Committee of E.P.F. (Para 4 of the EPF Scheme)
- (2) Accepting the resignation of a member of the Regional Committee. (Para 6).
- (3) Removing a member of the Regional Committee (Para 9).
- (4) Opening Regional and local offices (Para 21).
- (5) Creation of posts upto the level of Addl. CPFC i.e. posts carrying maximum scale of pay of Rs. 4500-5700 and appointment thereto. (new Para 22A)
- (6) Delegation of administrative and financial powers to a Commissioner (Para 24).
- (7) Delegation of powers to the Chairman, Central Board of Trustees to sanction expenditure beyond the limit upto which the Commissioner is authorised to sanction expenditure (Para 24-A)
- (8) Determining the arrangement for disbursement of family pension and other benefits through post Offices, nationalised banks etc. (Para 35 of the Family Pension Scheme).
- (9) Grant of exemption to a class of employees from the operation of the Employees Deposit Linked Insurance Scheme (Para 28(4) of the EDLI Scheme).

The amendments mentioned at (1) to (7) above were carried out by GSR 6906 dated 30th June, 1989. The amendment at (8) above was

carried out by GSR 227 dated 2.3.1989. The amendment (9) above was carried out by GSR 228 dated 2.3.1989.

Recommendation -Sl. No. 10 (Paras 3.32 and 3.33)

The Committee deprecate that there are discrepancies in the information submitted in reply to a question furnished to the Committee about the number of meetings held by Regional Committee in all the regions from 1983-84 to 1987-88 and that given in the Annual Report of the Employees' Provident Fund Organisation placed on the Table of Lok Sabha.

This leads the Committee to the obvious conclusion that the Ministry did not take proper care in furnishing to them correct information which is deplorable. The Committee would like the Ministry to reconcile these figures and fix responsibility for this omission. They would also like the Govt. to ensure that in future while giving information to Parliamentary Committees due care is exercised and there are no discrepancies of the type noticed above.

Reply of Government.

Noted. It is observed that there has been some mix-up in compiling the information regarding the number of meetings of the Regional Committee, which resulted in wrong information being communicated to the Committee. However, a revised statement indicating the correct information is enclosed (Annex). The omission is deeply regretted. In future, it would be ensured that no such omission takes place.

Statement showing the no. of meetings of the different Regional Committees of EPF during the 5 years from 1983-84 to 1987-88.

Sl.No.	Regions	No. of meetings
1.	Andhra Pradesh	10
2.	North Easterns Region	6
3.	Bihar	10
4.	Delhi	11
5.	Gujarat	10
6.	Karnataka	9
7.	Kerala	11
8.	Madhya Pradesh	10
9.	Maharashtra	10
10.	Orissa	10

Sl.No.	Regions	No. of meetings
11.	Punjab	10
12.	Himachal Pradesh	9
13.	Haryana	9
14.	Rajasthan	10
15.	Tamil Nadu	13
16.	Uttar Pradesh	10
17.	West Bengal	16

Recommendation Sl. No. 11 (Para 3.42)

The Committee are distressed to note that the post of Central Provident Fund Commissioner is lying vacant since July, 1988 and pending filling up the post on regular basis, Additional Central Provident Fund Commissioner is holding current charge of C.P.F.C. This is only indicative of lack of advance planning at the appropriate level. They desire that immediate steps should be taken to fill up the post of C.P.F.C.

Reply of Government

The post of C.P.F.C. was filled up on regular basis with effect from 31st March, 1989.

Recommendation Sl. No. 12 (Paras 3.43 & 3.44)

The Committee recommend that the source of selection for the post of CPFC should not be confined to officers of I.A.S. and Central Secretariat Service only but should be extended to officers belonging to other Services including Audit and Accounts Service which has vital bearing on the matter being dealt with the EPF Organisation.

The Committee note that tenure of Officer who held the post of CPFC on regular basis varied from about 3 months to 5 1/2 years. In the interest of efficient and smooth functioning of the Organisation, it is highly desirable that the office of the Central Provident Fund Commissioner is not subjected to frequent changes as far as possible and the person so appointed is allowed to continue for a minimum period of 4 years.

Reply of Government

The existing recruitment rules provide for filling up of the post of Central Provident Fund Commissioner by promotion or transfer on deputation. The rules also provide for transfer on deputation from amongst officers of the Indian Administrative Service or Central Service Group 'A' (including Central Secretariat Service). The term Central Service Group 'A' includes all the Central Services, including Indian Audit and Accounts Service. In fact the present incumbent of the post belongs to a Central Service, namely, Indian Postal Service.

The normal tenure of appointment to the post is 5 years. An officer appointed to the post on deputation basis can therefore, continue for 5 years, unless he has to be reverted to his parent cadre earlier in the exigencies of service.

Recommendation Sl. No. 13 (Para 3.50)

The Committee note that average number of inspections per month to be conducted by an Enforcement Officer is 42 which is based on the study conducted by S.I.U. of the Ministry of Finance. The Committee are of the view that merely number of inspection to be conducted by the Enforcement Officer should not be insisted upon but more emphasis should be given on the quality of inspections. They also suggest that in case of doubtful cases and chronically defaulting establishments, inspections at the level of R.P.F.C. should be conducted. It will keep the concerned Enforcement Officer more alert and also help the Organisation in the strict enforcement of the Act. Strict action should be taken against Enforcement Officers for dereliction of duty as the success of the Organisation depends to a large extent on the efficient discharge of by its staff

Reply of Government

Accepted. The Central Provident Fund Commissioner has issued suitable instructions to the Regional Provident Fund Commissioners in this regard.

Recommendation Sl. No. 14 (Para 3.51)

The Committee also note that the number of inspections of uncovered establishments during each of the years from 1985-86 to 1987-88 have almost been double as compared to that of exempted establishments. The Committee are aware that there have been cases of evasion of membership of Fund by certain employers but still feel that liaison with Trade Unions/ employes of uncovered establishments followed by occasional inspection by Enforcement Officers can help the Organisation to a great extent in curbing such malpractices. The man-hours thus saved by these Enforcement Officers can be utilised for better purpose.

Reply of Government

Accepted. The Central Provident Fund Commissioner has issued suitable instructions to the Regional Provident Fund Commissioners in this regard.

Recommendation Sl. No. 15 (Paras 3.55 & 3.56)

The Committee note that as on 31.3.1988 out of 898 Enforcement officers and Assistant Accounts Officers, 172 officers are yet to be given the training. The Committee hope that all such officers who have yet to be imparted training, would be given requisite training during the current year itself.

Training is a strong motivating force and the most important aspect of motivation is the preception that the organisation provides an opportunity for a individual development. The Committee urge that systematic and purposeful training should be provided to officers/officials which will go a long way in toning up the employees and improving their application to work to the benefit of both, the employees and the organisation. It is, therefore, imperative that all the training programme are properly organised and implemented so that the officers/employees are exposed to latest managerial trends. They also recommend that short term in service training courses in various disciplines for the officers/employees should also be arranged at regular intervals. The Committee would also like the Ministry to consider having a Training Institute at some Central place for the officers/employees of the EPF Organisation. In this connection they would like the organisation to refer to the pattern of training in the Indian Audit and Accounts Department where training is imparted to all levels of the staff and the same is given through special training institutes in the Department as well as through other specialised Institutes existing in the country.

Reply of Government

Accepted. The Central Board of Trustees, Employees' Provident Fund have at their meeting held on the 29th December, 1989 approved, in principle, a proposal for setting up a Central Training Institute at Delhi, for imparting training to the Officers. Action is accordingly being taken to set up a Central Training Institute by hiring suitable accommodation pending construction of own building. Action is also being taken to set up Regional Training Institutes at Madras in the South and Faridabad in the North. The suggestion of the Committee to restructure the training course is under consideration.

Recommendation Sl. No. 17 (Para 3.73)

The Committee are glad to note that provision has been made in the EPF (Amendment) Act, 1988 for authorising establishments employing 100 or more persons to maintain the provident fund accounts at the establishment level subject to certain conditions, and that action for framing detailed rules for implementation of this provision is in hand of the Government. The Committee hope that the decentralisation of provident fund accounts will substantially ease the problem of contributors in pursuing their cases. They urge that expeditious steps should be taken to implement the scheme. They would also like the Government to ensure that the decentralisation should not be at the cost of interests of employees covered under the Act and there should be a system of constant monitoring and control to make sure that provisions of the Act are scrupulously adhered to. The Committee would also like to be apprised of the detailed action taken in this regard.

Reply of Government

The provision relating to decentralisation of accounts was made in pursuance of the recommendation of the EPF Review Committee (1981). The main objective of the Committee in making this recommendation was to lighten the burden on the E.P.F. Organisation and to provide better service to the subscribers. Sometime after the Committee has given its report, the C.B.T. had decided to computerise the accounting work in the E.P.F. Organisation, in a phased manner. The objective of the proposed computerisation programme is also to lighten the burden of the organisation and to provide better service to the subscribers. The work relating to computerisation of account is now in progress. It is felt that the proposed computerisation of accounts is going to have a definite bearing on the proposal for decentralisation of the work relating to maintenance of accounts. It is therefore, now proposed to consider implementing the proposal for decentralisation of accounts, after the accounting work in all the regions is fully computerised.

Recommendation Sl. No. 18 (Para 4.12)

The Committee note that no separate statistical data are maintained about number of cases pending for levy of damages for delayed payment of administrative and inspection charges, and about prosecution cases pending against employers for non-payment of administrative/inspection charges. The Committee are of the opinion that in the absence of such vital statistical data, it is not possible to ensure that all cases pending for levy of damages for delayed payment of administrative charges and inspection charges and prosecution cases pending against employers for non-payment of these charges are vigorously pursued. The Committee suggest that Regional Provident Fund Commissioners should be instructed to maintain separate records for cases pending for levy of damages for delayed payment of administrative charges and inspection charges and not to include them with the cases in regard to delayed/non-payment of P.F. contributions so that the progress of disposal of such cases is periodically watched and appropriate measures are taken in time. Similarly separate records should be maintained about prosecution cases pending against employers for non-payment of administrative charges and inspection charges.

Reply of Government

Accepted. The CPFC has issued suitable instructions to the R.P.F.Cs.

Recommendation Sl. No. 19 (Para 4.13)

The Committee note with concern that there is a progressive increase in cases where damages for delayed payment of administrative and inspection charges were levied and also in the number of prosecution cases against

employers for non-payment of these charges. It is indeed imperative to settle all cases where damages were levied with due expedition. They also suggest that immediate steps should be taken to get early decisions in all pending prosecution cases against employers. The Committee would like to be informed of the progress made in this direction.

Reply of Government

The R.P.F.Cs have to levy damages in every case of delayed payment of administrative and inspection charges. If the damages levied by them are not paid, prosecution cases are filed in the courts. The courts, however, take their own time in disposal of the cases. Nevertheless, R.P.F.Cs have been instructed to move the concerned courts for early decision in all cases which have been pending for more than six months.

Recommendation Sl. No. 21 (Para 4.16)

The Committee note that there have been shortfalls in the actual expenditure in the years 1984-85 to 1987-88 as compared to the revised estimates. During the year 1985-86 the actual expenditure was even less than the original estimate which was substantially revised upwards. This, in the opinion of the Committee, is a case of bad-budgeting. There was no justification in 1985-86 to resort to additional funds in the revised estimates when the actual expenditure was less than the Budgeted expenditure. All requirements for the Budget and Revised Estimates should be carefully scrutinised and that variations are minimal.

Reply of Government

Noted. C.P.F.C. has been instructed to ensure that in future budget estimates and the revised estimates are prepared with utmost care and scrutiny, so as to ensure that the variations are minimal.

Recommendation Sl. No. 22 (Paras 4.27 & 4.28)

The Committee note that there have been some instances where internal audit could not be carried out due to shortage of staff. The Committee suggest that immediate steps be taken to ensure that audit of accounts including administration accounts is completed in respect of each Regional Office and sub-Regional Office within the yearly cycle so that financial irregularities could be detected in time. Shortage of staff should not come in the way of audit. In the opinion of the Committee Internal Audit is an important instrument of managerial and financial control and this agency should be appropriately utilised for improving the functioning of the EPF Organisation. In the context of this Organisation being the watch dog of the financial interests of large number of employees and handling huge finances, the Committee would like to refer to the following recommendations of the Report of the Sub-Committee constituted by the conference of Chairman of Public Accounts Committee held in September,

1986. "The Internal Audit must take upon itself the responsibility for efficient financial management without unduly interfering with the initiative and freedom of the department to adopt itself to changing circumstances. Internal Audit must be directly responsible to finance, Department. Monitoring and evaluation of the performance should be a continuous exercise by the Internal Audit. There should be high degree of coordination between the external and internal audit to avoid duplication of efforts and common objectives."

Reply of Government

Accepted. The internal audit of the accounts upto the year 1988-89 has since been completed for all the regions, except Madhya Pradesh, Rajasthan and Uttar Pradesh. The Internal Audit Wing of the Organisation has been instructed to complete the audit of all the offices, including the three regions mentioned above by the end of May, 1990 at the latest.

Recommendation Sl. No. 23 (Para 4.29)

The Committee also note that Regional Office, Maharashtra region did not make available all documents demanded by external audit for 1986-87. They hope that this may be an isolated instance of non-production of record to audit and may not be representative of the exact position obtaining in other regions. Nevertheless, they opine that records should be produced to enable them to discharge their statutory duty.

Reply of Government

This was an isolated case. All the records were, however, produced before the audit subsequently and they had dropped the observation in their report for the year 1987-88. Nevertheless, suitable instructions have been issued to all the Regional Provident Fund Commissioners to ensure production of all the documents/records required by the audit parties.

Recommendation Sl. No. 24 (Para 4.30)

The Committee are unhappy to note that audit notes/paras in respect of internal audit as well as external audit are outstanding right from 1968-69 onwards. The Committee do not appreciate the lackadaisical attitude adopted by the Organisation and their regional offices/sub-regional offices in regard to settlement of audit paras. The Organisation should make intensive efforts to get the audit notes/paras settled with particular emphasis on Audit Notes outstanding for more than 10 years. There is no reason why such old Audit Notes and paras be outstanding. The situation surely calls for effective remedial measures. Failure on the part of departmental heads has been the bane of financial management and this must not be allowed to happen.

Reply of Government

All the Regional Provident Fund Commissioners/Officers-in-charge, S.R.Os and Internal Audit Offices have been instructed to make all out efforts in right perspective to clear the long outstanding audit paras. They have also been instructed to ensure that the paras remaining pending for more than 10 years should be cleared on 'Top Priority' basis. The RPFs/ Officers-in-charge, are to submit a report every month so as to enable the Central Office to monitor the progress in settlement of the outstanding paras.

Recommendation Sl. No. 25 (Para 4.31)

The Committee also recommend that expeditious steps should be taken to remove the irregularities/deficiencies pointed out by the internal and external audit. The Committee would like the Ministry to examine the setting up of a monitoring cell under the charge of F.A. & C.A.O. to see that deficiencies/irregularities pointed out in internal and external audit note/paras are sorted out expeditiously under a time bound programme.

Reply of Government

All the regional Provident Fund Commissioners/S.R.Os-in-charge have been instructed to send a monthly progress report regarding clearance of the outstanding audit paras and notes, so that the position could be reviewed by the Regional Commissioner (F & A) & the F.A. & C.A.O. at the headquarters every month and by the Central Provident Fund Commissioner every quarter.

Recommendation Sl. No. 26 (Para 4.35)

The Committee note that the sundry debits and sundry credits are pending reconciliation for the last two years. The Committee fail to understand that how in the absence of reconciliation, it is ensured that the cash balance held by the regional provident fund offices are correct and are indicative of the true state of accounts. The Committee understand that no specific action was taken to bring the reconciliation upto date. They suggest that the reconciliation of balances between the Bank and cash book figures should be taken up immediately after the close of the financial year and completed on priority basis.

Reply of Government

Accepted. The work of reconciliation of the sundry debits and sundry credits is already being undertaken. The balances in sundry debits and sundry credits have since been brought down from Rs. 38.58 crores and Rs. 12.90 crores to Rs. 31.24 crores and Rs. 7.05 crores respectively. Reconciliation of the balances in these accounts is now in progress.

Recommendation Sl. No. 31 (Para 5.5)

The Committee are glad to note that the Government has prescribed the rate of provident fund contributions as 8.33% of the pay w.e.f. 1.8.1988. The Committee trust that the question of further enhancement of rate of

contribution to 10% in respect of establishments which were earlier paying contributions at the rate of 8% will be decided soon. They are of the view that notwithstanding the difficulties of the Employers Organisation the facts that the institution of the Provident Fund is one of the recognised and definite modes of providing social security and that interests of employees which are of paramount importance, should be kept in view while finally deciding the issue. The Committee would like to be informed of the decision taken in the matter.

Reply of Government

The rate of Provident Fund contribution in respect of 98 industries/classes of establishments in which 50 or more persons are employed was enhanced to 10% with effect from 1st June, 1989 vide this Ministry's Notification No. S.O. 307(E) dated the 17th May, 1989.

Recommendation Sl. No. 35 (Para 5.23)

The Committee note that only a small percentage of the employers are often found to delay the payment of monthly contributions. The Committee suggest that while allowing an opportunity to the employers, who have not deposited the provident fund contributions within a certain date, the relevant provisions should be strictly enforced and R.P.F.C. should personally ensure implementation in this regard.

Reply of Government

Accepted. The R.P.F.Cs have been instructed to strictly invoke the necessary legal and penal provisions under the E.P.F. Act and the Schemes against the defaulting employers who fail to deposit the provident fund dues within the stipulated period.

Recommendation Sl. No. 37 (Para 5.40)

The Committee find that over the years, number of defaulters are increasing and arrears recoverable from employers are mounting despite treats of stringent action against defaulting employers. The Committee note that as on 31.3.1988, a sum of Rs.78.74 crores was due from 10007 unexempted establishments. Out of this total sum of Rs. 78.74 crores, Rs. 51.44 crores were due from 8857 establishments which were under liquidation in court proceedings. The Committee also note that arrears in exempted establishments were to the tune of Rs. 111.43 crores as on 31.3.1988. The Committee are of opinion, that the phenomenon of mounting provident fund arrears is indicative of helplessness of the Organisations enforcement machinery. In West Bengal alone, the accumulation was to the extent of about Rs. 96 crores. There is crisis in Jute industry and Engineering and Textiles industries are facing problem in West Bengal. The Committee are of the view that the initiatives taken by the Organisation have not been of much effect to substantially reduce the number of defaults. The Committee recommend that detailed analysis of the reasons for the growing up of the defaulters, especially defaulting jute

establishments, should be undertaken and based on the results of such analysis effective remedial measures should be taken. These blatant violations of EPF Act rules, etc. should be severely dealt with. They feel that it is high time that official promises are translated into effective action with exemplary promptitude. The Committee would like utmost attention being given to the clearance of 'historical' built-up of arrears of defaulting jute establishments.

Reply of Government

Accepted. C.P.F.C. has been instructed to make detailed analysis as recommended by the Committee. Meanwhile, the EPF Organisation has geared up its enforcement machinery not only to bring to book the defaulting establishments, for realising the arrears but also to improve the position of realising the current dues. As the bulk of arrear pertains to the jute, textile and engineering industries, concerted actions are being taken against the defaulters in these industries. Some directors of the defaulting units have been arrested to exhibit the will of the Organisation to recover the dues. As a result of these actions, collection of arrears from these industries is going up specially in West Bengal where all the defaulting units are not only paying the arrears but also paying the current dues. An exclusive Jute Cell has been created for this purpose in West Bengal and special measures have been taken to settle the court cases. Periodical joint meetings with the State Government, Employers and Trade Unions are being held to accelerate the process of recovery of dues.

Recommendation Sl. No. 38 (Para 5.41)

The Committee note with concern that out of the total arrears of Rs. 78.74 crores in unexempted establishments, a sum of Rs. 33.33 crores represented the employees' share of contributions deducted from their wages but not deposited with the E.P.F. Organisation. Lamentably, these establishments have not only not paid their own matching contributions also, but have pocketed the employees' portion of contributions also. The Committee view this situation with growing concern and urge the Government to take a serious view of these blatant and flagrant violations of Act, rules, etc. It is imperative that P.F. enforcement machinery is revamped and reactivated in realising the arrears, preventing defaults and ensuring timely action against those indulging in defrauding the exchequer. The Committee would like to be apprised of further developments in this regard.

Reply of Government

As indicated in reply to para 2.21, the question of revising the norms for creation of posts of Enforcement Officers is already under consideration. Meanwhile, instructions have been issued to the R.P. F.Cs to reactivate the Enforcement Machinery under them for preventing further defaults.

Recommendation Sl. No. 39 (Para 5.42)

It appears that in most cases the defaulting exempted establishments

have diverted substantial sums collected as P.F. contributions. The Committee recommend that such defaulting establishments should be pressurised to liquidate the arrears expeditiously.

Reply of Government

Accepted. The R.P.F.Cs have been instructed to take all possible measure to liquidate the arrears expeditiously.

Recommendation Sl. No. 40 (Para 5.52)

The Committee are distressed to note that the pendency of prosecution cases under Section 406/409 of I.P.C. before the police authorities has been going up year after year because of reluctance of police authorities to process such cases. It appears that the police have not been giving due importance in these cases. There is an urgent need for better coordination between RPFs and State police authorities to make more effective and purposeful use of police. The E.P.F. establishments in various States should pursue the matter with the police authorities vigorously. The Committee feel that close coordination with the State Governments is also vital to achieve better results.

Reply of Government

Accepted. The Regional Provident Fund Commissioners have been instructed to work in close co-operation with the State Home Departments and the police authorities for timely action on FIRs filed under Section 406 & 409 of the I.P.C.

Recommendation Sl. No. 42 (Para 5.54)

The Committee note that rules relating to the procedure to be followed by the recovery machinery to be set up are under way. The Committee expect that the recovery machinery will be set up as per schedule i.e. within the current financial year. The Committee would like to be informed of the rules framed and progress made in setting up the independent recovery machinery.

Reply of Government

The detailed procedure for recovery of dues specified in the IInd and IIIrd Schedule of the Income Tax Act, 1961 will be *mutatis-mutandis* applicable for the recovery of the E.P.F. dues, as already provided in Section 8G of the E.P.F. Act. Action is now in hand to frame rules with regard to manner of certifying the recovery certificate and appointment of the recovery staff.

Recommendation Sl. No. 46 (Para 5.69)

The Committee note that the progress of recovery has been affected due to stay order of courts and the arrears and increasing because of numerous stay orders granted by courts against action taken by Regional Provident Fund Commissioners to recover dues from defaulting employers. The Committee also note that the maximum number of establishments involved

in the stay orders are in Tamil Nadu but the maximum amount involved in stay order is in Orissa. They desire that every effort should be made by RPFCS to get the stay orders vacated at the earliest so that cases could be decided without any further delay.

Reply of Government

Noted. All the Regional Provident Fund Commissioners have been instructed to taken speedy steps to get the stay orders granted by various courts vacated at the earliest and to have the court cases decided without delay.

Recommendation Sl. No. 47 (Paras 5.76, 5.77)

The Committee consider that the cases lost in courts should be critically analysed and results of such analysis circulated to all regional offices within a reasonable time so as to enable them to take appropriate remedial measures with due promptitude. To avoid losing cases in courts, the instructions existing on the subject should be reviewed periodically and the regional offices apprised of the revised instructions. It may also be worthwhile to consider compilation of a manual of such instructions to facilitate easy reference.

The Committee trust that while appointing lawyers/counsels, only persons of professional competence and dedication are selected so as to safeguard the financial interests of the Organisations.

Reply of Government

Accepted. C.P.F.C. has been advised to do the needful in the matter.

Recommendation Sl. No. 48 (Para 5.93)

The Committee note that exemption is granted after scrutinising rules of an establishment by R.P.F.Cs office. The Committee recommend that there should be special machinery available with the Organisation to check the authenticity of the information furnished by the establishment and to examine how far these rules have been adopted in practice by the establishment. These preventive measures are of paramount importance before necessary exemption is granted to an establishment.

Reply of Government

A suitable machinery to check the authenticity of the information furnished by the establishment and to examine how far these rules have been adopted in practice by the exempted establishment already exist in the shape of Enforcement Machinery. Before recommending grant of exemption to an establishment, its compliance position is watched by this machinery and only when it is found to be complying satisfactorily, its case is recommended to the appropriate Government, for grant of exemption.

Recommendation Sl. No. 49 (Para 5.94)

The Committee also note that the performance of exempted

establishment is not very encouraging as 169 establishments had failed to transfer to the respective Boards of Trustees a sum of Rs. 111.43 crores and 425 establishments had not invested Rs. 27.15 crores in approved securities. The Committee view this situation with alarming concern and urge that legal measures now available under Section 8 of the amended Act should be used against the defaulting exempted establishments without any sort of laxity.

Reply of Government

Accepted. Suitable instructions have been issued to the R.P.F.Cs. to take necessary legal and penal actions against the defaulting exempted establishments in accordance with the provisions of the amended Act.

Recommendation Sl. No. 50 (Para 5.95)

The Committee note that the main reason for non investment of provident fund money by the Board of Trustees is non-availability of approved securities. The Secretary also admitted during evidence that "there is no doubt that they are misusing the exemption." The Committee suggest that the investment pattern should be kept under constant review and advantage taken of the securities issued by the public sector enterprises, UTI etc.

Reply of Government

There is a uniform pattern of investment for all the provident funds, superannuation funds and the Gratuity funds prescribed by the Ministry of Finance the pattern of investment is reviewed by the Ministry of Finance, from time to time, with a view to maximise the return. However, the suggestion for investment of the provident fund money in Public Sector Enterprise, UTI etc. is being examined, in consultation with the Ministry of Finance. In this connection, attention is also invited to the replies to paragraphs 56 and 57.

Recommendation Sl. No. 51 (Para 5.96)

The Committee are surprised to learn that only twenty four exemptions granted to establishments were withdrawn during the last five years. In view of enormity of the default, the committee have a nagging feeling that the action taken by the Government is not adequate as serious irregularities like non-transfer of P.F. money to Board of Trustees and gave misuse/mis-appropriation of P.F. money and indicative of involvement of a large number of establishments. The action taken so far reveals only a tip of the ice-berg and a thorough scrutiny of all such exempted establishments is considered imperative with a view to achieve better results. The Committee recommend that all cases of defaulting exempted establishments should be reviewed thoroughly as per provisions of the law and the exemption of those which are found to be blatantly violating the provisions, withdrawn and these establishments brought within the purview of the

Act. The Committee would like to be apprised of the results of this exercise.

Reply of Government

Accepted. The matter had also come up for consideration at the meeting of the Central Board of Trustees, Employees' Provident Fund held on 4th April, 1989 and it was decided to cancel the exemption in cases of grave misuse/misappropriation of the provident fund money. The Regional Provident Fund Commissioners have been instructed to take further action accordingly.

Recommendation Sl. No. 52 (Para 5.102)

The Committee note that out of 95 defaulting public Sector/Joint Sector undertakings as on 31.3.1988, 45 defaulters are such which were also defaulters on 31.3.1980 as well. Since these defaulting public sector undertakings are in grave financial difficulties the matter may be taken up with concerned State Government and Central Government at a higher level and expeditious steps taken for realisations of outstanding dues at least from those units which were defaulters on 31.3.1980 also. The targets should be fixed for the realisation of arrears and effective step *taken to adhere to the stipulated dates.*

Reply of Government

The C.P.F.C. has been asked to make a detailed analysis of default position of the public sector/Joint Sector Undertakings as on 31st March, 1989. After this analysis is completed, the matter will be taken up with the concerned Departments of the Central/State Governments.

Recommendation Sl. No. 53 (Para 5.103)

The Committee hope that public sector units will set an example in the matter of compliance with the provisions of the Act and act as model employers. They trust that the Ministry will take every possible action to realise dues from defaulting public sector undertakings to protect the interests of the subscribers.

Reply of Government

Accepted. Every possible action will be taken to realise the outstanding dues from the defaulting public sector undertakings. In this connection, attention is also invited to the reply to para 5.102.

Recommendation Sl. No. 54 (Para 5.104)

The Committee also suggest that immediate action be initiated as per latest amendment of the Act to exclude establishments owned or controlled by the Central/State Governments whose employees are entitled to the benefit of contributory provident fund or old age pension, from the purview of the Act.

Reply of Government

All such establishments already stand excluded from the purview of the EPF Act with effect from 1st August, 1988 i.e. the date from which the amended provision of Section 16(1) were brought into force.

Recommendation Sl. No. 55 (Paras 5.108 & 5.109)

Default in payment of provident fund dues is the first sign of sickness of the establishment. The Committee suggest that as soon as the default is noticed, immediate action should be initiated to get the dues recovered. The Employer should be persuaded to continue to pay at least the employees' share of contribution deducted from their wages so that the accumulations could be reduced to the extent possible.

The Committee suggest that Central Board of Trustees should be given powers within the provisions of the Act to grant such facilities as required to assist the sick industrial units in discharging their statutory liabilities.

Reply of Government

Accepted. Suitable instructions have been issued to the RPFs with regard to first part of the recommendation. So far as the second part is concerned, CBT already enjoys full powers to extend suitable facilities to sick industries to enable them to discharge their statutory liabilities.

Recommendation Sl. No. 56 (Para 6.14)

The Committee note that the Central Board of Trustees have made recommendations for further liberalisation of existing pattern of investment of provident fund money. The Committee are of the view that the investment pattern should be kept under constant review and advantages taken of the liberalised pattern of investment.

Reply of Government

There is a uniform pattern of investment for all the provident funds, superannuation funds and gratuity funds prescribed by the Ministry of Finance. The pattern of investment is reviewed by the Ministry of Finance, from time to time, with a view to maximise the return. In this connection, attention is also invited to the reply to recommendation contained para 50.

Recommendation Sl. No. 58 (Para 6.16)

The Committee welcome the constitution of a sub-Committee known as 'Finance and Investment Committee' to advise the Board on all aspects of investment of provident fund money. The Committee feel that unless there are some members in the Central Board of Trustees having special knowledge about matters relating to investment of funds, the advice tendered by the sub-Committee cannot be examined critically. The Government may consider appointing at least one member on the Central Board of Trustees having special knowledge in regard to investment of funds when next vacancy in the Board arises.

Reply of Government

The recommendation of the Committee will be kept in view when the Central Board of Trustees is next reconstituted, after the expiry of its current term in October, 1990.

Recommendation Sl. No. 60 (Para 7.7)

The Committee note that 20 days of time limit prescribed for disposal of applications for withdrawals is not being adhered to as 40 per cent of the applications are sanctioned after the prescribed time limit. They desire that effective steps would be initiated by the Organisation to adhere scrupulously to the prescribed time limit. Responsibilities should be clearly defined for all levels of administrative hierarchy to expedite disposal of applications so that the financial interests of subscribers do not suffer and they are able to get withdrawals in time. The Committee would like to be apprised of necessary steps taken in this regard.

Reply of Government

Accepted. The Central Provident Fund Commissioner has issued detailed instructions to the Regional Provident Fund Commissioners in this regard.

Recommendation Sl. No. 61 (Para 7.8)

The Committee also note that introduction of productivity linked bonus scheme has not brought much improvement in the position of disposal of applications for withdrawals. The Committee suggest that the Regional Provident Fund Commissioners should be instructed to be more vigilant in getting work from the staff and to watch progress, monthly achievement report may be obtained.

Reply of Government

Accepted. Suitable instructions have been issued to the Regional Provident Fund Commissioners, for keeping a close watch on the performance of the staff.

Recommendation Sl. No. 62 (Paras 7.21 & 7.22)

The Committee appreciate that there has been some progress in the settlement of claims but the number of claims pending disposal remains almost the same as the number of claims due for settlement has been increasing. The Committee are unhappy to note that the number of claims settle beyond the prescribed time limit of 20 days have been increasing year after year. The Committee suggest that the Organisation should make strenuous efforts to clear the backlog and they should also conceive a programme to settle all claims within the prescribed time limit of 20 days.

The Committee hope that the Regional Provident Fund Commissioner, Maharashtra has since been advised to settle claims within 20 days.

Reply of Government

Accepted. The Central Provident Fund Commissioner has issued detailed instructions to the Regional Provident Fund Commissioners in this regard. In this connection, attention is also invited to reply to paragraph 7.7. The Regional Provident Fund Commissioner, Maharashtra has also been suitably advised.

Recommendation Sl. No. 64 (Para 7.24)

The Committee note that the Organisation is able to settle 98% of claims within one year if the form for claim is complete in all respects. The Committee would like to know why the percentage of settlement of cases in certain region was between 49% and 85% in 1984-85; between 54% and 85% in 1985-86, and between 71% and 80% in 1986-87 and what action was contemplated to bring improvement in settlement of claims in these regions.

Reply of Government

The reasons for shortfall in settlement of claims in certain regions are being investigated. Meanwhile, Central Provident Fund Commissioner has issued suitable instructions to the Regional P.F. Commissioners to monitor the settlement of claims either weekly or by-weekly and to ensure that all claims are settled within the prescribed time limit of 20 days.

Recommendation Sl. No. 67 (Para, 8.32)

The Committee note the drill that has been prescribed for Regional Provident Fund Commissioner to ensure timely release of pension. They emphasise the need for streamlining the procedures and system so that the pension could be released on first day of the month it falls due. This can be feasible only if advance action is taken to complete the service book, records etc. about a year before the retirement of the individual and complete papers are put up to the pension sanctioning authority two months before the person actually retires.

Reply of Government

Accepted. Central Provident Fund Commissioner has been instructed to ensure strict compliance with recommendation of the Committee.

Recommendation Sl. No. 71 (Para 8.36)

The Committee note that all moneys belonging to the Insurance Fund are kept in deposit in the Public Account and earn an interest of 7½% per annum. The Committee feel that the pattern of investment may be reviewed to earn more interest.

Reply of Government

The rate of interest on the Insurance Fund kept in the Public Account was enhanced to 8½% w.e.f. 1.4.1988. In this connection, attention is also invited to the reply to paragraph 59.

Recommendation Sl. No. 72 (Para 8.37)

They also suggest that greater publicity should be given to Employees' Family Pension Scheme and Employees' Deposit Linked Insurance Scheme by updating brochures etc. The brochures may be updated with the object of educating the workers about the benefits available to them under different schemes.

Reply of Government

The brochures on the Employees' Family Pension Scheme and Employees' Deposit Linked Insurance Scheme have been updated and circulated to Regional Provident Fund Commissioners, for distribution amongst the Associations of Employers/Employees etc.

Recommendation Sl. No. 73 (Para 9.25)

The Committee note that at the end of March, 1988, provident fund deposit amounting to Rs. 2583 crores was lying unclaimed. While appreciating the steps taken and efforts made to clear the cases, the Committee emphasise the need for streamlining the procedures and system so that the provident fund cases are finalised within a specified period and after the date of retirement of employees no further arrears are created on this account. As mentioned earlier, this can be feasible only if action to complete the service records etc. is initiated well in advance before the date of retirement of the individual subscriber and complete papers are put up to the sanctioning authority as soon as the subscriber retires.

Reply of Government

The earlier recommendation of the Committee contained in para 67 relates to the employees of the EPF Organisation and is not relevant to the subscribers of EPF Scheme, whose provident fund money is lying undisbursed with the EPF Organisation. For the purpose of payment of provident fund money, the subscriber or his dependent as the case may be has to submit a formal claim in the prescribed proforma. If the claim is not received, the money remains undisbursed. The EPF authorities have, therefore, been advised to make all out efforts to locate the subscribers, who have not preferred their claim by suitable publicity, as also by enlisting the cooperation of the Trade Unions.

Recommendation Sl. No. 74 (Para 9.26)

The Committee note that 75% of the employers' share with interest is forfeited in cases where the employees cases to be members before completion of 3 years membership. The net amount available in Reserve and Forfeiture Account was Rs. 8731 crores as on 31-3-1988. The rationale behind forfeiting as high as 75% of employers' contribution and

interest is not clear. The Committee feels that this percentage should be revised downwards as the employer has already paid his share of contribution which is not to be returned to him.

Reply of Government

Accepted. The matter was considered by the Central Board of Trustees, Employees Provident Fund, at its meeting held on 29.12.1989 and they have recommended doing away with the existing forfeiture provision altogether. The relevant provisions of the scheme are being amended accordingly.

Recommendation Sl. No. 75 (Para 9.27)

The Committee note that out of a sum of Rs. 255 lakhs paid out from Special Reserve Fund only an amount of Rs. 43.19 lakhs could be realised and the chances of recovery of balance amount appears to be quite remote. The Committee suggest that a close and strict watch should be kept in the cases of establishments under closure/liquidation and the liquidations/receivers may be impressed upon to settle the claims amicably and expeditiously. In cases where the recovery of dues have been stayed by orders of court, efforts may be initiated to get the stay orders vacated early.

Reply of Government

Accepted. Suitable instructions have been issued to the Regional Provident Fund Commissioners.

Recommendation Sl. No. 76 (Para 9.28)

The Committee also note that the life of Death Relief Fund which had expired on 31st March, 1988 was extended for another 5 years on 9th September, 1988. The Committee fail to understand why the action was not initiated in advance so that a decision was possible before the date of expiry of this fund for its revival. They would also like to know how the claims were settled which were received between the expiry date of the Fund and its revival. The above situation is only indicative of failure of planning at a higher level. At this stage the Committee hope that this type of situation would be avoided in future.

Reply of Government

The approval of the Central Board for continuance of the Fund could not be obtained in time due to oversight. However, the Board had at its meeting held on 9th September, 1988 approved the continuance of the scheme for a further period of 5 years w.e.f. 1.4.1988. The claims for the intervening period were, therefore, settled on the basis of the approved scheme.

Recommendation Sl. No. 77 (Para 9.29)

The Committee are of the view that employers may be given strict instructions to be extra cautious in regard to payment of contributions and submission of returns in respect of individual subscribers who are

due to retire during that particular month. Enforcement Officers can be of great help to retiring persons to facilitate the submission of their claims.

Reply of Government

Accepted. The Regional Provident Fund Commissioners have been instructed to ensure compliance with the recommendations of the Committee.

Recommendation Sl. No. 78 (Para 9.30)

The Committee suggest that all the employees may be instructed to fill in the nomination forms immediately on their being made regular in service so that the need of obtaining succession certificate does not arise in case of any eventuality. Any change in nomination form can be intimated by the subscriber subsequently.

Reply of Government

Para 34 of the E.P.F. Scheme, read with para 61 already provide that the employer shall obtain a nomination form from an employee immediately on becoming a member of the Fund and communicate the same to the Regional Provident Fund Commissioner. The Regional Provident Fund Commissioner have, however, been advised to reiterate these provisions to the employers, for strict compliance.

Recommendation Sl. No. 79 (Para 9.33)

Without going into merits or demerits of the issue of executive instructions, the Committee are of the view that the scheme should have amended first and then executive instructions issued. The Committee suggest that action be initiated immediately to formalise the existing arrangement by suitably amending the scheme. The Committee also suggest that care should be taken in future to see that the scheme should always be consistent with the Act and the executive instructions should be consistent with the scheme.

Reply of Government

Noted. Central Provident Fund Commissioner has been asked to consider the feasibility of adhering to the existing provision of the scheme relating to transfer of unclaimed provident fund monies to the unclaimed Deposit Accounts after three years instead of one year and for withdrawing the executive instructions issued by him.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES

Recommendation Sl. No. 3 (Para 2.20)

“The Committee note that 8877 establishments with a total membership of 4,99,881 which sought coverage under Section 1(4) of the Act on a voluntary basis, have been covered under the provisions of this Act and there have been no case for refusing permission for voluntary coverage. It also appear that the information furnished by an establishment applying for voluntary coverage is treated as authentic and there is no machinery available with the CPFC to verify its accuracy before the request of such establishments to be covered on voluntary basis is acceded to. The Committee would like the CPFC to ensure that voluntary coverage is granted to only such establishments which are financially sound and are also in a position to pay E.P.F. Dues etc. regularly and in time so that there are no case for default later on.”

Reply of Government

The main objective of the EPF Act is to provide social security benefits to the workers. When an employer voluntarily accepts the financial liabilities under the Act for the welfare of his employees, it may not be prudent on the part of the E.P.F. Organisation to refuse his request on the consideration that he may not be able to discharge the liabilities under the Act. It will also be administratively difficult for the enforcement machinery of the E.P.F. Organisation to look into the financial position of each establishment seeking voluntary coverage. Further, any such arrangement is bound to create another source of harassment and corruption. In any case, in the event of the establishment defaulting in payment of the dues, the organisation can take legal and penal action for realisation of the outstanding dues and make available some benefits to the employees of the establishment instead of leaving them without any benefit, which will be the case if voluntary coverage is refused. In the circumstances, the Government regrets its inability to accept this recommendation.

Recommendation Sl. No. 8 (Para 3.16)

The Committee do not appreciate the phenomenon of absenteeism of members from the meetings of the Central Board. The intention behind the Central Board being broad based is to facilitate the consideration and speedy determination of important matters pertaining to the working of 3 schemes which are discussed at various meetings. If large scale absenteeism occurs at these meetings, the Board would not be in a position to discharge its assigned functions with objectivity and swiftness. Further, when membership of the Board is specific, it is not clear how representatives of

members can deputise for them. The attendance of representatives of members of the Board at the meetings is clearly indicative of the fact that members have not been giving due importance and attention to the work of the Board. The Committee desires that some way may be found out to ensure that most of the members of the Board attend all its meetings personally and valuable assistance to the Board in the discharge of its assigned functions.

Reply of Government

Para 14A of the E.P.F. Scheme already provides for deputing a substitute when a trustee/member of the Central Board/Regional Committee is unable to attend any meeting of the Board/Committee. The members of the Board can, therefore, depute a substitute for participation in the meetings of the Board. Nevertheless, the members of the Board have been advised to ensure as far as possible their personal attendance at the meetings of the Board.

Recommendation Sl. No. 44 (Para 5.65)

The Committee would also like the Ministry to examine the advisability of having special courts on the pattern of Haryana in those States where pendency of prosecution cases is more.

Reply of Government

The matter was taken up with the Registrar High Court of Punjab and Haryana, who has informed this Ministry that no special Court has been set up in Haryana for exclusively dealing with the provident Fund cases and that the Magistrate 1st class in each session Division have jurisdiction to try such cases under the E.P.F. Act.

Recommendation Sl. No. 65 (Para 7.25)

The Committee are of the view that delay in settlement of claims leads to corruption. The Committee would like to be informed of the measures involved to minimise delay in settlement of claims.

Reply of Government

The E.P.F. authorities have taken the following important steps during the last few years to expedite the settlement of claims:—

- (1) Various claims forms which were in vogue for drawal of different benefits under the schemes have been simplified and combined into a single form so that the member/claimant can apply for the benefits simultaneously;
- (2) The advance stamp receipt required to be furnished by the claimant separately, has been incorporated in the claim forms itself so that the claimants can sign the receipt also alongwith claim;
- (3) It has been made obligatory on the part of the employer to get the application form filled up by the member at the time of leaving

service for onward transmission to the Provident Fund Office duly attested by him.

- (4) List of authorised officials has been enlarged to enable the members to get their signature in the application forms attested by them in case of their inability to get their application attested by the employer due to closure etc. and the Regional Provident Fund Commissioners have also been given discretionary powers to accept the attestation by any other officials not included in the list but considered suitable by him.
- (5) Where the final settlement is not feasible, part settlement is made to mitigate the hardship of the members.
- (6) The Regional Provident Fund Commissioners have been instructed to get the claim verified by P.R.O. where it is submitted by the member personally on the counter of the office and if any discrepancy is detected, the same may be rectified in the presence of the member to avoid delay in processing of the claims.
- (7) With a view to avoid hardship to the claimant, the EPF authorities are paying the unpaid part of employees share of contribution from a Special Reserve Fund, pending realisation of the amount from the employers. The employer's share of contribution is paid to the claimant, after it is actually realised from the employer.
- (8) Action is also now being taken to computerise the accounting work in the Organisation.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Sl. No. 9 (Para 3.19)

The Committee feel unhappy to be informed that despite specific recommendations of this Committee (1969-70) and Ramanujam Committee (1981) for deletion of Section 5B from the Statute Book and acceptance of their recommendation by Government, the provisions of Section 5B have not been deleted. The provisions of this Section have not been operated upon since its enactment in 1952 and no State Board has been setup so far. The Committee feel that no purpose will be served by simply keeping a provision in the Statute Book which has not been operated upon for last 37 years. The Committee reiterate their earlier recommendation and desire the Government to initiate necessary action for deletion of Section 5B from the Statute Book without any further delay.

Reply of Government

The existing Section 5B was not there in the original Act of 1952. It was inserted in the Act by an amendment in 1963. It has not, however, been operated upon so far. The Government may, therefore, consider deleting this provision, when the EPE Act is next amended.

Recommendation Sl. No. 16 (Paras 3.70 & 3.71)

The Committee are distressed to find that a large number of posts, in Group 'A' and 'B' and 'C' and 'D' are lying vacant in the Employees' Provident Fund Organisation which must be impairing the efficiency of the Organisation to some extent. For filling up the vacancies of Group 'A' and Group 'B' posts, the Organisation should constantly keep in touch with UPSC at an appropriately higher level.

The Committee see no reason why the vacancies in Group 'C' and 'D' posts should not be filled up. The Committee trust that procedural formalities for filling up these posts will be completed early.

Reply of Government

Accepted. C.P.F.C. has been instructed to vigorously pursue the proposals for filling up the vacant Group 'A' and 'B' posts with the U.P.S.C. He has also been advised to take immediate action to fill up all the vacant Group 'C' and 'D' posts.

Recommendation Sl. No. 20 (Para 4.14)

The Committee are surprised to learn that of 23 regional/sub-regional offices mentioned in each list which have failed to transfer 1/6th of the total collections of administrative charges and inspection charges and damages realised thereon during the years 1985-86, 1986-87 and 1987-88, 12 Regional/sub-regional offices located at Agartala, Bangalore, Mangalore,

Trivandrum, Calicut, Amritsar, Ludhiana, Madurai, Kanpur, Haldwani, Calcutta and Siliguri find place in all the 3 lists. The Committee are not convinced by the reply of the Ministry that the amount collected was just sufficient to meet the administrative expenses of the regions and no funds were left for transfer to the Central Administrative Account and apprehend that this may not be the position in all the cases especially in those Regional/Sub-Regional Offices which have been in default for three consecutive months in all the three years. The Committee would like the Ministry to investigate specific reasons for the delay in the transfer of share of collections to the Central Administration Account and take appropriate remedial measures with a view to ensuring that such lapses do not recur in future.

Reply of Government

The matter is being investigated. Meanwhile, CPFC has issued strict instructions to the R.P.F.Cs to ensure transfer of $\frac{1}{6}$ th of monthly collection of the administrative charges to the Central Administrative Account.

Recommendation Sl. No. 29 (Para 4.41)

The Committee note with the satisfaction that the Organisation has ultimately decided to taken to computerisation of accounts at a time when volume of work in arrears has assumed such a gigantic magnitude and it is very difficult to cope with it manually. It would have been better had the Organisation decided to switch over to computerisation long time but also the surplus staff as a result of this could have been utilised for better service to subscribers. The Committee trust that the Organisation will be able to computerise the accounts in all regions in two years period as per schedule.

Reply of Government

The Organisation has since developed its own in-house computer capability in the Regional Office at Bombay and the same is now more or less stabilised. It is proposed to replicate this system in Delhi and Andhra Pradesh also shortly. Efforts will be made to introduce the computerised system of maintenance accounts in other regions in stages and to complete the task at the earliest possible.

Recommendation Sl. No. 30 (Para 4.52)

The Committee express concern that despite 'best effort' of the Organisation there has been a heavy pendency in the issue of annual accounts slips to the subscribers. The Secretary, Ministry of Labour also admitted during evidence that he was not happy about the present position. The Committee are not satisfied with this reply and feel that it is indicative of an unsatisfactory state of affairs in the Organisation. They are of the view that the situation calls for drastic measures so as to ensure that arrears in this regard are cleared expeditiously and the employees covered under the Act are made known of the state of their accounts. The Centra'

Office, should draw up a timebound plan which should be periodically monitored at an appropriately higher level so as to ensure that annual accounts slips for a particular year are supplied to the subscribers by 30th September of the following year and all arrears in this regard are substantially wiped out. The Committee note that with a view to clear pending account slips the Organisation has taken certain steps such as introduction of region-wise productivity linked bonus scheme, over-time facility to staff members, etc. They welcome these steps and hope that the staff would be adequately motivated to accelerate the pace of clearance of arrears.

Reply of Government

Accepted. Suitable instructions have been issued to the Regional Provident Fund Commissioners to take every possible action to speed up the pace of issue of annual account statements and to liquidate the arrears as early as possible. Action is also being taken to have the accounts cleared through computers, particularly in the regions/sub-regions where the pendency is very heavy.

Recommendation Sl. No. 32 (Para 5.15)

The Committee note that the rate of interest payable to the subscribers on their provident fund accumulations has been progressively increased over the years. The Government have not, however, cared to adopt the system of calculation of interest on monthly running balance which is more beneficial to the employees as is done in Government General Provident Fund, although the Ministry accepts, in principle, the recommendations of the E.P.F. Review Committee and the Committee on Subordinate Legislation for adopting the new system of calculation of interest. The Committee do not subscribe to the view that certain difficulties like non-receipt of required returns of contributions regularly and properly non-payment of dues on due dates etc. are impediments in taking up the improved system of calculation of interest. The Committee also do not subscribe to the view that Organisation will not be in a position to manage manually though they have ten to eleven per cent surplus staff. The Provident Funds Scheme is mainly intended for the welfare of the employees and is a positive social security measure. They see no reason why employees should be deprived of the benefit simply because introduction of revised system of calculation of interest will involve more clerical works. Such a contention cannot be accepted in country which has adopted a Socialistic Pattern of Society. The Committee considers that it is incumbent on the Government to ensure that they receive returns of contributions regularly and payment of dues in time. Those institutions which default in this regard should be dealt with severely.

Reply of Government

The recommendation of the Committee for adoption of the new system of calculation of interest on the monthly running balance has been considered by the C.B.T., EPF, which is a tripartite body consisting of the representative of employers, employees and Government and accepted, in principle. The Board has, however, while noting that the introduction of the system of calculating interest on monthly balance would involve substantial increase in the quantum of work, decided to introduce the new system, after the accounting work in all the regions are fully computerised. Meanwhile, Regional Provident Fund Commissioners have been instructed to take every possible steps to obtain the return of contributions and payment of dues in time and the deal with the defaulters severely.

Recommendation Sl. No. 33 (Para 5.16)

The Committee recommend that the system of calculation of interest on monthly running balance (after taking into account the previous accumulation, monthly subscription and withdrawals etc.) which is considered more scientific should be adopted immediately so as to safeguard the interest of employees. Since the Organisation has 10-11 per cent surplus staff and they have decided to introduce computer-based accounting system in a phased manner, for which National Informatics Centre, New Delhi has already been requested to develop a comprehensive computerisation system, the Committee are of the view that there should be no difficulty in adopting the new system of calculation of interest, once a decision to this effect is taken. Committee would like to be apprised of further action taken within 6 months of the presentation of this report.

Reply of Government

The Government accepts the recommendation of the Committee for adoption of the new system of calculation of interest. However, the actual introduction of the new system will have to await the computerisation of accounts in all the regions, as explained in reply to para 5.15.

Recommendation Sl. No. 34 (Paras 5.20 & 5.21)

The Committee do not subscribe to the view that "an Annual statement of account is enough" and there is no need for issue of a pass book. The Committee are of the considered opinion that since 1,44,631 annual statements of accounts were pending for issue as on 31.3.1988, it is extremely essential that pass books are issued to all EPF subscribers in addition to annual statements of accounts as is being done, for example, by the Education Department, Delhi Administration, in respect of Government schools. Besides other benefits, issue of pass

book will enable the subscribers of defaulting establishments to know that the P.F. contributions deducted from their pay have not been passed on to the organisation which is not possible now because the Organisation does not issue account slips to the subscribers of defaulting establishments.

The proposed pass book should only be treated as a collateral evidence and not regarded as a substitute for annual statement of account. The entries in pass book also facilitate the expeditious settlement of accounts of employees in the event of any missing final credits and would thus be in the over-all interest of the employees as well as the Organisation.

Reply of Government

It is felt that the benefit which the Committee had in view can be achieved by issuing the annual statement of account in respect of the employees of all the establishments (including the defaulting establishments) indicating the amount actually recovered. It is hoped to achieve this once the accounting work in all the region is fully computerised. Thereafter, if necessary, the question of issuing of pass books may also be considered.

Recommendation Sl. No. 36 (Para 5.27)

The Committee note that the number of pending cases of transfer of provident fund account of members from one covered establishment to another such establishment was 28869 as on 31.3.1988: U.P. topping the list with 6567 cases, followed by West Bengal with 5372 cases. It is only in U.P. that more than one year old cases are also pending disposal. The Committee desire that every effort should be made to dispose of the pending cases of transfer of accounts with due promptitude and with special emphasis on the clearance of such cases in U.P. and West Bengal where position in this regard is extremely disturbing. It should be invariably ensured that the intimation regarding transfer of provident fund account is passed on to the concerned establishment simultaneously.

Reply of Government

Accepted. The C.P.F.C. has issued suitable instructions to the R.P.F.Cs in the matter.

Recommendation Sl. No. 41 (Para 5.53)

The Committee note that out of 3825 prosecution cases which have been pending with the police for more than one year, West Bengal has a share of 2202 cases and Maharashtra 265 cases. Matter taken up with the State Governments at Minister level has been of no avail. The Committee feel that besides vigorously pursuing matter with the police authorities in these two States, some special steps are called for to expedite filing of these old cases in Courts by the police.

Reply of Government

Accepted. The R.P.F.Cs have been instructed that where no action is taken on their complaint by police authorities for more than a year they should file a formal complaint against the defaulting establishment in the competent court direct.

Recommendation Sl. No. 43 (Para 5.64)

The Committee note that disposal of prosecution cases has been quite slow. At the end of 1987-88, 48428 prosecution cases were pending against 43959 at the end of 1986-87. The Committee also note that in West Bengal alone, 23288 cases i.e. about 47% were pending disposal out of a total of 48428 cases in the whole country. The Committee appreciate the decision of the Ministry to set up special courts in West Bengal, Maharashtra and Bihar where the maximum number of prosecution cases are pending disposal, and expect that such special courts would be established very soon. The Committee would like to be informed of the progress made in this direction.

Reply of Government

According to available information one special court has since been set up in Calcutta. Another court is likely to be set up in Titagarh shortly. The Government of Maharashtra had intimated in May, 1989 that they are already considering a proposal to set up a special court in Bombay for economic offences under some of the Central Acts. The cases under the EPF Act may also be assigned to the proposed court. So far as the proposal for setting up a special court in Bihar is concerned, there has been no response from the State Government as yet. The State Governments of Maharashtra and Bihar are, however, being reminded to expedite the setting up special courts.

Recommendation Sl. No. 63 (Para 7.23)

The Committee are perturbed to note that the provident fund claims even in respect of death cases for the year 1987-88 were pending settlement at the end of the year. The Committee would like to be apprised of the circumstances due to which these cases could not be settled within that financial year and would like to be informed of present position of such cases. They need not emphasize that in cases of death family of deceased employee faces lot of hardships and earnest efforts are required to settle such claims on a top priority basis.

Reply of Government

The reasons for pendency of the death claims is being investigated. Meanwhile, the Regional Provident Fund Commissioners have been instructed to give priority to the settlement of death claims.

Recommendation Sl. No. 69 (Para 8.34)

They also note that existing pension scheme provides for payment of

pension if the death of a employee occurs during his/her reckonable service. In the case of Government servants family pension is admissible to widows/sons/daughters, etc. even if the Government servant dies after retirement. The Ministry may consider liberalising the rules to avoid hardship to families of employees who die after the reckonable service.

Reply of Government

The family pension for death after retirement is generally provided when there is a retiring pension Scheme. At present, there is no retiring pension Scheme for the provident fund subscribers. However, as and when a retiring pension scheme is introduced for them, the Government may also considers extending the benefit of family pension for death after retirement.

Recommendation Sl. No. 80 (Paras 10.3 & 10.4)

The Committee are constrained to observe that on an average Rs. 1.50 crores are being paid as rental per year by the Regional Office for not having their own buildings.

The Committee suggest that efforts should be made by the Organisation to put up their own buildings at all regional and sub-regional offices under a time-bound programme for effecting substantial saving in expenditure. Action should be initiated for early construction of office buildings at places where land/sites have already been acquired.

Reply of Government

Accepted. Central Provident Fund Commissioner has been instructed to draw up a time bound programme for construction of office buildings.

CHAPTER V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
FINAL REPLIES ARE STILL AWAITED

Recommendation Sl. No. 27 (Para 4.36)

The Committee also note that there is a proposal to have a separate Cell for clearance of amounts lying under Suspense Heads. They suggest that the same should be set-up on priority basis and a mechanism should be evolved in the Cell to ensure reconciliation of differences on a time bound basis.

Reply of Government

The question of setting up of a separate Reconciliation Cell is under consideration.

Recommendation Sl. No. 28 (Para 4.37)

The Committee have been informed that 15 accounts are maintained by EPF Organisation for this purpose—7 accounts being maintained at the Regional Office— 5 accounts at Delhi and 3 accounts in Bombay. The Committee would like the Ministry to consider the feasibility of reducing the number of accounts being maintained at Regional Office, Delhi and Bombay to reduce the possibility of errors in classification of accounts etc.

Reply of Government

The recommendation is under examination.

Recommendation Serial No. 45 (Para 5.66)

During evidence it was brought out that provisions of sections 418, 419, 420 and 632 of the Companies Act are invoked in prosecution cases for violation of provisions of the E.P.F. Act. The Ministry has stated that the legal provisions of the Companies Act *vis-a-vis* the provisions the EPF Act are being examined. The Committee desire that such an examination should be completed early so that lacunas, if any, in completion of prosecution cases are rectified.

Reply of Government

There has been some mis-understanding in this case. The provisions of Sections 418, 420 and 632 of the Companies Act are not being invoked for prosecution of employers, for default in payment of the provident fund dues under the EPF Act. However, the legal provisions of the Companies Act *vis-a-vis* the provisions of the EPF Act are being examined.

Recommendation Sl. No. 57 (Para 6.15)

The Committee also note that the Central Board of Trustees have recommended investment of P.F. money in units issued by Unit Trust of India and in bonds/debentures/FDRs issued by Public Sector Undertakings. The Government have not accepted the recommendation on the plea that the return would be liable to be taxed. The Committee point out that

interest on Bonds issued by Railway Finance Corporation, HUDCO, etc. which is 9% is exempt from Income Tax. The Government should re-examine this proposal from this aspect. Though the pattern of investment, both for exempted and unexempted establishments, is the same, the exempted establishments have been pleading that they could not invest the amount due to non-availability of securities and the amount was stated to be used for other purposes. In view of this the Committee would like the Government to give another thought to the recommendation of the Central Board of Trustees and come to a definite conclusion.

Reply of Government

The question of investment of the provident fund money in UTI, bonds etc. is being re-examined in consultation with the Ministry of Finance.

Recommendation Sl. No. 59 (Para 6.20)

The Committee feel that the pattern of investment of Employees Family Pension Fund and EDLI fund should be reviewed so that the Organisation is able to earn fair amount of interest. As the pattern of investment is linked with the Central Government contributions towards the two schemes, the Government may consider the advisability of investing the amount in Post Office Time Deposit, in units issued by Unit Trust of India and in bonds/debentures issued by Public Sector Undertakings, etc. where element of risk is not involved.

Reply of Government

The suggestion is being examined in consultation with the Ministry of Finance.

Recommendation Sl. No. 66 (Para 8.31)

The Committee note that in the absence of the widow, the family pension is also payable to the eldest surviving minor son and eldest surviving unmarried daughter upto the age of 21 years and 24 years respectively. As per orders of Central Govt. issued on 20.2.89 sons and unmarried daughters of Government servants are now entitled to family pension upto the age of 25 years subject to certain conditions. The Committee recommend that the age limit for the purpose of entitlement of family pension for sons and daughters of employees governed by the EPF Act may also be revised accordingly.

Reply of Government

The recommendation is under consideration.

Recommendation Sl. No. 68 (Para 8.33)

The Committee note that the workers' Organisation had suggested for inclusion of dependent parents in the definition of term 'family' in the case of bachelor members. The Committee suggest that feasibility of including dependent parents in the definition of the term 'family' at least in the case of unmarried members may be considered. There is every chance that the

parents who are totally dependent on the unmarried member would be placed in indigent circumstances on the unfortunate death of that member.

Reply of Government

The recommendation is under consideration.

Recommendation Sl. No. 70 (Para 8.35)

The Committee note that there has been no change in limits of payments of minimum and maximum assurance amount since the Employees' Deposit Linked Insurance Scheme came into force in August, 1976. They feel that the improvements in benefits under this Scheme stated to be under consideration of Central Board of Trustees merits favourable and expeditious consideration.

Reply of Government

The Central Board of Trustees have since recommended suitable liberalisation of benefits under the Employees' Deposit Linked Insurance Scheme and the same is under consideration.

APPENDIX

(Vide Introduction of the Report)

Analysis of Action Taken by Government on the 78th Report of Estimates Committee (Eighth Lok Sabha)

I. Total number of Recommendations	80
II. Recommendations/Observations which have been accepted by Government (Nos. 1, 2, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 17, 18, 19, 21, 22, 23, 24, 25, 26, 31, 35, 37, 38, 39, 40, 42, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 58, 60, 61, 62, 64, 67, 71, 72, 73, 74, 75, 76, 77, 78 and 79).	
Total	54
Percentage	67.5%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies. (Nos. 3, 8, 44, 65)	
Total	4
Percentage	5%
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee. (Nos. 9, 16, 20, 29, 30, 32, 33, 34, 36, 41, 43, 63, 69 and 80).	
Total	14
Percentage	17.5%
V. Recommendations/Observations in respect of which final replies of Government are still awaited. (Sl.Nos. 27, 28, 45, 57, 59, 66, 68 and 70)	
Total	8
Percentage	10%

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M / s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500361.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
BIHAR		WEST BENGAL	
2.	M / s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).	13.	M / s. Manimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380006. (T. No. 79065).	14.	M / s. Jain Book Agency, C-9, Connaught Place, New Delhi. (T. No. 351663 & 350806)
MADHYA PRADESH		15.	M / s. J. M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T. No. 2915064 & 230936).
4.	Modern Book House, Shiv Vilas Palace, Indore City. (T. No. 35289).	16.	M / s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T. No. 3315308 & 45896)
MAHARASHTRA		17.	M / s. Bookwell, 2 / 72, Sant Nirankari Colony, Kingsway Camp, Delhi-110009. (T.No. 7112309).
5.	M / s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400002.	18.	M / s. Rajendra Book Agency IV-DR59, Lajpat Nagar, Old, Double Storey, New Delhi-110024. (T. No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M / s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400001.	20.	M / s. Venus Enterprises, B-2 / 85, Phase-II, Ashok Vihar, Delhi.
8.	M / s. Usha Book Depot, 'Law Book Seller and Publishers' Agents Govt. Publications 585, Chira Bazar Khan House, Bombay-400002.	21.	M / s. Central News Agency Pvt. Ltd., 23 / 90, Connaught Circus, New Delhi-110001. (T. No. 344448, 322705, 344478 & 344508).
9.	M&J Services, Publisher, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor 68, Jyotiba Fule Road, Nalgaum-Dadar, Bombay-400014.	22.	M / s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd floor, Bombay-400001.	23.	M / s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110052. (T. No. 269631 & 714465).
TAMIL NADU		24.	M / s. Sangam Book Depot, 4378 / 4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110002.
11.	M / s. M. M. Subscription Agencies, 14th Murali Street (1st floor) Mahalingapuram, Nungambakkam, Madras-600034. (T.No. 476558).		