

**GOVERNMENT OF INDIA  
LABOUR AND EMPLOYMENT  
LOK SABHA**

UNSTARRED QUESTION NO:2885  
ANSWERED ON:14.03.2011  
DEFAULTING IN EPF CONTRIBUTION  
Tirkey Shri Manohar

**Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:**

- (a) whether many companies have been found to have defaulted in contributing of Employees Provident Fund resulting in piling up of crores of rupees as arrears;
- (b) if so, the steps taken to ensure regular contributions to EPF companies; and
- (c) the reasons and circumstances leading to accumulation of such high arrears of EPF, to the detriment of the fund and the employees?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI MALLIKARJUN KHARGE)

(a): Yes, Madam.

(b): Following steps are taken by the Employees' Provident Fund Organisation (EPFO) to ensure regular continuation:

1. Periodical inspection of the establishment
2. Initiation of 7A inquires on detection of default of payment of contribution /other dues.
3. Action under section 8F of the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 prohibiting 3rd parties including bankers against payment due to the defaulter and appropriating it against Provident Fund dues.
4. Recovery action by: -
  - i. Attachment and sale of movable and immovable properties of the defaulting establishments/employer
  - ii. Appointing a receiver for the management of the movable or immovable properties of the establishments or as the case may be the employer.
  - iii. Arrest and detention in prison of the defaulter.
5. Action under section 14 of the EPF Act – Prosecution of the defaulters before the courts of law.
6. Action under section 14B – levying damages as penalty – a deterrent action.
7. Prosecution under section 406/409 IPC – for non-payment of employees share deducted from the wages but not deposited.
8. Action under section 110 Cr PC – complaints filed with the Executive Magistrate.
9. Action under section 7Q – levy of interest for belated remittances.

(c): The reasons for piling up of huge arrears are as under:

- i) Stay by various courts.
- ii) Company under liquidation.
- iii) Delay in grant of Rehabilitation Package by BIFR.
- iv) Closure of establishment.