

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

UNSTARRED QUESTION NO:4001
ANSWERED ON:19.12.2011
PROVIDENT FUND EMBEZZLEMENT
Meghwal Shri Arjun Ram ;Sethi Shri Arjun Charan

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

- (a) whether any major scandal relating to the provident fund including embezzlements by some higher officials has come to the notice of the Government;
- (b) if so, the details thereof;
- (c) the specific action taken against officials involved during the last three years and the current year; and
- (d) the measures taken by the Government for the prevention of such embezzlements of Provident Fund?

Answer

MINISTER OF LABOUR AND EMPLOYMENT (SHRI MALLIKARJUN KHARGE)

(a) & (b): A few instances of serious irregularities pertaining to Provident Fund evasion, irregularities in Provident Fund assessment and in the matter of conducting recovery proceedings have come to notice of Employees Provident Fund Organisation (EPFO). The details are given hereunder:

(i) Evasion of Provident Fund dues by M/s Hiranandani Construction Private Limited and its sister concerns. The evasion pertains to non-enrolment of construction site workers for the period from 2002 to 2006.

(ii) Evasion of Provident Fund dues by M/s Pratibha Industries Private Limited in respect of their construction workers and contract employees involving around 25 Crores of rupees.

(iii) Non-implementation of statutory benefits under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 by M/s. B.L. Kashyap & Sons Limited, Delhi.

(iv) Evasion in Provident Fund enrolment by M/s B.L. Gupta Construction Private Limited, Delhi.

(v) Irregularities in conducting recovery proceedings in respect of M/s Mohan Goldwater and Breweries Private Limited, Lucknow.

(c): The details are given hereunder:

Year 2008:

(1) Criminal case RC/BAI/2008/A/05 has been filed by the Central Bureau of Investigation (CBI) against the four officers in connection with the evasion of Hiranandani Group namely Shri K.S. Arya, Regional Provident Fund Commissioner (RPFC)-I, Shri M.R. Yadav, RPFC-II, Shri Rajanikant, Assistant Provident Fund Commissioner (APFC) and Shri K. Gopalan, APFC.

Year 2009:

(1) In respect of the case of M/s B.L. Kashyap & Sons Limited, matter was referred to the CBI who have registered a First Information Report against nine EPFO officials including one Additional Central Provident Fund Commissioner as well as company officials.

(2) In respect of irregularities in the case of M/s. B.L. Gupta Construction Private Limited chargesheet for major penalty under Rule 10 of Employees Provident Fund Staff (CCA) Rules have been issued against four Enforcement Officers.

(3) In the case of M/s. Mohan Goldwater and Breweries, the case was referred to the CBI for investigation for the role played by the Regional Provident Fund Commissioner-II in-charge, Sub-Regional Office, Lucknow, the Receiver, and other officials.

Year 2010:

(1) Criminal case RC/26A/2010 Mum. has been filed by the CBI against Shri Sanjeeva Rao, RPFC-II in respect of evasion by M/s Pratibha Industries Ltd.

Year 2011:

Nil

(d): The following measures have been taken to prevent such irregularities:-

(i) A detailed circular on Combating Corruption was issued to standardize operations in the field and their monitoring by introduction of new revised forms so as to ensure that inspections are carried out comprehensively and are reflected in quantifiable terms.

(ii) Action against erring officials has been intensified resulting in the number of charge sheets going up significantly.

(iii) In pursuance to para 2.13

(v) and 2.13

(vi) of the Central Vigilance Commission's Vigilance Manual, a list of Officers of Doubtful Integrity has been finalized with the intent that such officers are not posted to sensitive or corruption prone areas.

(iv) All major cases are immediately referred to the CBI for investigation.