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**STANDING COMMITTEE ON LABOUR  
(2011-2012)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF LABOUR AND EMPLOYMENT**

**[Action taken by the Government on the  
Recommendations/Observations contained in the Nineteenth Report of  
the Standing Committee on Labour on the `Demands for Grants of the  
Ministry of Labour and Employment for the year 2011-12]**

**TWENTY-FIFTH REPORT**



**LOK SABHA SECRETARIAT**

*March, 2012/Chaitra, 1934 (Saka)*

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**(2011-2012)**

**(FIFTEENTH LOK SABHA)**

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Recommendations/Observations contained in the Nineteenth Report of  
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Ministry of Labour and Employment for the year 2011-12]**

**Presented to Lok Sabha on 27.03.2012**

**Laid in Rajya Sabha on 27.03.2012**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*March, 2012/Chaitra, 1934 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR**

**(2011-12)**

**SHRI HEMANAND BISWAL - CHAIRMAN**

2. Shri Raj Babbar
3. Shri Dara Singh Chauhan
4. Dr. Virendra Kumar
- \*\*5. Shri Pakauri Lal
6. Shri Narahari Mahato
7. Shri Hari Manjhi
8. Shri P. Balram Naik
9. Ms. Mausam Noor
10. Shri Jayaram Pangi
11. Shri Sanjay Dina Patil
12. Shri S. Pakkirappa
13. Shri Mahendra Kumar Roy
14. Ms. J. Shantha
15. Shri Bhausahab Rajaram Wakchaure
- \*16. Shri Konakalla Narayana Rao
17. Vacant
18. Vacant
19. Vacant
20. Vacant
21. Vacant

**RAJYA SABHA**

22. Shri D. Bandyopadhyay
23. Shri Mohd. Ali Khan
24. Shri Aayanur Manjunatha
25. Dr. E. M. Sudarsana Natchiappan
26. Shri Rudra Narayan Pany
27. Smt. Renubala Pradhan
28. Shri Ranbir Singh Parjapati
29. Shri Rajaram
30. Shri Praveen Rashtrapal
31. Shri G. N. Ratanpuri

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\* Nominated *w.e.f* 25<sup>th</sup> November, 2011.

\*\* Ceased to be Member of the Committee consequent upon his nomination to Standing Committee on Coal & Steel *w.e.f.* 3<sup>rd</sup> January, 2012.

**SECRETARIAT**

1. Shri Devender Singh - Joint Secretary
2. Shri Ashok Sajwan - Additional Director
3. Smt. Archana Srivastva - Executive Officer

## **INTRODUCTION**

I, the Chairman of the Standing Committee on Labour having been authorised by the Committee to submit the Report on their behalf, do present this Twenty-Fifth Report on the action taken by the Government on the recommendations contained in the Nineteenth Report of the Standing Committee on Labour (Fifteenth Lok Sabha) on the 'Demands for Grants of the Ministry of Labour and Employment for the year 2011-12'.

2. The Nineteenth Report was presented to Lok Sabha and also laid in Rajya Sabha on 30.08.2011. The Ministry of Labour and Employment furnished their replies indicating action taken on the recommendations contained in that Report on 15.12.2011. The Report was considered and adopted by the Standing Committee on Labour at their sitting held on 24.2.2012.

3. An analysis of the action taken by Government on the recommendations contained in the Nineteenth Report of the Standing Committee on Labour (Fifteenth Lok Sabha) is given in Appendix-II.

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

New Delhi;  
21<sup>st</sup> March , 2012  
1 Chaitra , 1934 (Saka)

HEMANAND BISWAL  
CHAIRMAN,  
STANDING COMMITTEE ON LABOUR.

## **CHAPTER-I**

### **REPORT**

This Report deals with the action taken by the Government on the recommendations/observations contained in the Nineteenth Report (Fifteenth Lok Sabha) on 'Demands for Grants' of the Ministry of Labour and Employment for the year 2011-12.

2. The Nineteenth Report was presented to Lok Sabha and also laid in Rajya Sabha on 30.08.2011. It contained 23 recommendations/ observations. Replies of Government in respect of all the recommendations were received and have been categorized as under:-

- |   |  |                                    |
|---|--|------------------------------------|
| (i) Recommendations/Observations which have been accepted by the Government –                                   | <b>Rec. Sl. Nos.1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 - Para Nos. 3.18, 3.19, 3.20, 3.21, 3.22, 3.23, 4.19, 4.20, 4.21, 4.23, 4.24, 4.25, 4.26, 4.27, 4.28, 4.29, 4.30, 4.31, 4.32</b> | <b>Total - 19<br/>(Chapter-II)</b> |
| (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply | <b>- NIL -</b>   | <b>Total - 0<br/>Chapter-III</b>   |
| (iii) Recommendations/Observations in respect   |  |                                    |

of which replies of the Government have not been accepted by the Committee and which require reiteration – **Total -1**  
**Chapter-IV**

**Rec. Sl. No. 10 - Para No. 4.22**

- (iv) Recommendation/Observation in respect of which replies of the Government are interim in nature -

**Total-3**  
**Chapter-V**

**Rec. Sl.No. 21, 22 and 23 - Para No. 5.5, 5.6 and 5.7**

**3. The Committee desire that action taken replies in respect of recommendations/observations contained in Chapter I and final action taken replies in respect of the recommendations contained in Chapter V for which interim replies have been given by the Government may be furnished to them at the earliest but in any case, not later than three months of the presentation of this Report.**

**Building & Other Construction Workers Act, 1996**

**(Recommendation para No. 3.23)**

4. The Committee had noted that the expenditure under the Construction Workers Cess was almost nil as compared to the Cess



collected. The Secretary, Ministry of Labour and Employment had also admitted that the amount is just lying there and they were proposing an amendment to the Act. The Committee therefore, recommended that the proposed amendment to the Act be carried out without any further delay. The Committee had also observed that there was complete lack of awareness about the Fund in the construction workers. The Committee, therefore, desired that due publicity be given for general awareness of the workers engaged in construction activities and simultaneously the State Governments be persuaded to spend the cess so collected on the welfare activities of the construction workers.

5. In their action taken reply furnished to the Committee, the Ministry of Labour & Employment stated as follows:

"The Central Government has been pursuing with the States/UTs for speedy implementation of the provisions of the Act from time to time by writing letters at appropriate levels. Due to the concerted efforts considerable progress has been made by the States/UTs in implementing the Act especially during the last three years. It is further submitted that the Ministry is contemplating amendments to the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996. One of the amendments being proposed stipulates that the Central Government shall have the power to levy and

collect cess where the State Government fails to levy or collect the cess and in case where the cess has been collected and the State Government fails to formulate or implement welfare schemes, the Central Government shall formulate and implement welfare schemes and utilize the proceeds of the cess for such schemes. The proposed amendment will persuade the State Governments to collect the cess, formulate the welfare schemes and incur expenditure thereon.

The Central Government closely monitors and reviews the implementation of the Act. A Special Group has been constituted under the Chairmanship of Union Secretary, Ministry of Labour & Employment in pursuance of the directions of the Prime Minister's Office. The Special Group is holding region-wise meeting with the representatives of the State Governments concerned to emphasize the urgency and importance for the effective implementation of the Act.

The Ministry is also holding Workshops to facilitate speedy implementation of the provisions of the Act/Rules. Four such workshops, one each at Raipur and Thiruvananthapuram and two in New Delhi have been held during the current year i.e. 2011.

The Ministry is also requesting the State Governments to workout action plan for giving adequate publicity and create awareness generation amongst the workers.

**6. The Committee are informed that the amendment to the Building & Other Construction Workers Act, 1996 is underway and one of the proposed amendments stipulates that the Central Government shall have the power to levy and collect cess where the State Government fails to levy or collect the same and in case where the cess has been collected and the State Government fails to formulate or implement welfare schemes, the Central Government shall formulate and implement welfare schemes and utilize the proceeds of the cess for such schemes. While emphasizing that the proposed amendments to the principal Act be introduced urgently, the Committee also desire that a mechanism may also be evolved to generate awareness amongst the workers about the cess and welfare activities to be implemented through it. Simultaneously, the Committee recommend that a list of**

**States who are unable to perform may also be prepared so as to keep a check on them.**

**Employees' Provident Fund Organization (EPFO)**

**(Recommendation para no. 4.19)**

7. The Committee had noted that there were 5,57,58,703 subscribers from un-exempted sector of EPFO as on 31 December, 2010, but there was no regular and periodic updation of members' accounts. The Committee had recommended that a cut off date either of the calendar year or the financial year be set for submission of returns from the employers so that in case of any deviation, the employers could easily be reprimanded besides enabling the EPFO to have the information about the defaulting employers. This would also help the Ministry to have up-to date information regarding the account holders.

8. In their action taken reply furnished to the Committee, the Ministry of Labour & Employment stated as follows:

Admittedly, the issue of updation of members accounts has been a matter of serious concern and there has been a backlog over the years.

Para 73 of the Employees' Provident Fund Scheme, 1952 provides that "As soon as possible after the close of each

period of currency of contribution card the Commissioner shall send to each member through the employer of the factory or other establishment in which he was last employed, a statement of his account in the Fund showing the opening balance at the beginning of the period, amount contributed during the year, the total amount of interest credited at the end of the period or debited in the period and the closing balance at the end of the period.'

Statements of accounts are prepared on the basis of the contribution received from the employers and the returns in the form of Form-3A & 6A which are usually submitted by 30<sup>th</sup> of April of each year. Often, the employers default in deposit of contribution and also in submitting the required statutory returns. This delays the process of preparation and updation of members' accounts at the close of each and every year. Updation is a continuous process and unless the accounts of a particular year are updated, accounts for the subsequent years cannot be updated. This has resulted in the backlog.

The concern of the Committee that there is no regular and periodic updation of members' account has been taken in its true spirit. During the year 2011-2012 i.e. from 01.04.2011 to 08.11.2011 a total of 10.63 crore members accounts have been updated leaving the following pendency:

Year	<b><u>Pending accounts to be updated</u></b>
2008-09	2.81 lakh
2009-10	10.80 lakh
2010-11	503.49 lakh
<b>Total</b>	<b>517.10 lakh</b>

All the field offices have been directed to update the entire accounts by 31.12.2011.

Further the cutoff date as provided under Para-43 is one month from the expiration of the period of currency of the contribution cards are not strictly followed by the employers and they default in submitting required statutory returns. There is also a provision of filing prosecution against the employers who default in submitting returns under Section 14 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Even though, instructions are already put in place for initiating prosecution action for non submission of returns in time, EPFO will take all out efforts to ensure timely action for non submission of returns by employers."

**9. Taking note of the reply given by the Ministry that all the field offices have been directed to update the entire EPF accounts by 31.12.2011, the Committee desire that a compliance report to this effect be sent to them. The Committee also desire that a statement of account may be issued invariably to each of the beneficiaries by the end of each financial year. Further, the number of defaulters against whom prosecutions have been filed U/s 14 of the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 may also be furnished to the Committee.**

**(Recommendation para No. 4.21)**

10. The Committee had noted that an amount of Rs.36,000 crore was lying un-credited to the accounts of the EPFO subscribers. The Committee had recommended that once any amount was received by EPFO from either side's contribution, the same be immediately credited to the account of the member concerned without waiting for the other component. The Committee further recommended that the employer be directed to deposit the other part of the contribution with the EPFO within a fixed time-frame and cautioned of the consequences if he fails to do so.

11. In their action taken reply furnished to the Committee, the Ministry of Labour & Employment stated as follows:

"In the absence of returns (Form 3A/6A), giving details of contribution in respect of each member, the office will not be in a position to ascertain individual member's contribution (employee as well as employer share). Once the contribution is not available the statement of account in respect of each member cannot be prepared. Therefore, the return is a must for updation of member's accounts.

The employers are required to submit these returns within the timeframe as envisaged in the Scheme i.e. 30<sup>th</sup> April of the following year. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Schemes framed thereunder also envisage the penal provisions in case of non-filing of returns within the stipulated timeframe.

In order to speed up the process of updation of annual account the enforcement officers were especially deputed to collect the returns from the employers. The employers were also sensitized by the Enforcement Officers for timely submission of returns as it will only lead to their employee's satisfaction and industrial harmony but also avoid them from penal action. EPFO assures to timely initiative of prosecution action against all those employers who default in submission



of returns so that no amount will lie in the fund unutilized instead of its proper credit to members' account.

The Target date to clear the all the pending account is 31.12.2011. The progress made in updation of members accounts is being monitored on regular basis at Head Office level."

**12. The Committee find that to speed up the process of updation of annual account, the Enforcement Officers were especially deputed to collect the returns from the employers. While recommending that a target on monthly basis may also be fixed for the Enforcement Officers for covering the defaulting establishments, the Committee also desire that these Officers should report to RPFC with details of the establishments visited, number of visits paid by them to that particular establishment(s) and the outcome thereof etc.**

**(Recommendation para No. 4.22)**

13. The Committee were informed that as on 31st March, 2009 a total of 166096 accounts were lying inoperative involving Rs.5892.53 crore. In a subsequent communication furnished to the Committee by the Ministry, it was informed that about 3 crore

accounts involving an amount of Rs.8318.69 crore were reported to be lying inoperative. The Committee had felt that either the figures provided to them last year were incorrect or the figures provided this year were incorrect. While deploring such carelessness on the part of the Ministry, the Committee had demanded that the figures of both the years along with the amount involved in the inoperative accounts be intimated to them after careful verification.

14. In their action taken reply furnished to the Committee, the Ministry of Labour & Employment stated as follows:

"The data containing number of Inoperative Accounts was not maintained separately. Therefore the office collected the actual figures of inoperative accounts, as a sample, from 22 offices of EPFO. Based on the data, a projection of inoperative accounts was made for the entire offices of the EPFO. Accordingly, a figure of 3,04,98,595 was projected as 'Inoperative Accounts.'

However, an effort was made to collect data by devising in a program and accordingly the actual figures of inoperative accounts as on 03.11.2011 is 3,90,51,656 (data extracted from EPFO website).

As the program was devised recently the actual data for the previous year cannot be extracted. This also due to the fact that after updation of accounts, which is continuous process, the data keep on changing. The reasons may be due the fact

that the member would have withdrawn the amount or transferred the amount to a new account, the establishment starts compliance, few more account may become inoperative after updation etc."

**15. The Committee find that the information submitted to the Committee in 2009 did not mention that the figures so provided were mere a 'sample'. Keeping in view the precipitous increase in number of in-operative accounts, the Committee apprehend that this number could be higher once the process of updation targeted for 31.12.2011 is over. The Committee while deploring the demeanor of the Government, desire that an infallible system be evolved so that only the actual in-operative accounts come into the system. The Committee would also like to be informed updated figures of inoperative accounts as on 31.12.2011.**

**(Recommendation No. 4.26)**

16. The Committee had observed that as on 31.03.2011, 7,17,612 claims were pending for settlement. However the figures provided in respect of Zonal Office (Delhi & Uttarakhand) were erroneous. They also found that the pendency position was grave in the Zonal Offices of Delhi & Uttarakhand, Maharashtra & Chhattisgarh,

Karnataka & Goa, where the figures were hovering around a lakh. The Committee, therefore, had desired that suitable steps be taken to improve the situation in those Zones and all the pending cases be settled expeditiously under intimation to the Committee.

17. In their action taken reply furnished to the Committee, the Ministry of Labour & Employment stated as follows:

"The desired figures in respect of Zonal Office (Delhi & Uttarakhand) as on 31.03.2011 which were earlier erroneously reported due to clerical mistake has been rectified and the region-wise breakup of pendency as on 31.03.2011 is given at Statement -A1.

The detailed pendency position of claims as on 21.11.2011 is given at Statement-A2. The office-wise pendency position is also placed in the website [www.epfindia.gov.in](http://www.epfindia.gov.in)

The Central Provident Fund Commissioner on 14.11.2011 took a review of Zonal Additional Provident Fund Commissioners and issued directions to take immediate steps to reduce the pendency. Central Provident Fund Commissioner has also directed the FA & CAO to monitor the performance.

**Statement – A1.****REGION-WISE BREAKUP OF PENDENCY AS ON 31.03.2011**

REGION	BREAK UP OF PENDENCY AS ON 31.03.2011		
	Total Cases Pending	Less Than One Month	More Than One Month
Dehradun	3683	3682	1
Delhi (North)	22974	22566	408
Delhi (South)*	101432	45156	56276
<b>Zonal Office (DL &amp; UK)</b>	<b>128089</b>	<b>71404</b>	<b>56685</b>
Chandigarh	6104	5750	354
Ludhiana	5566	5549	17
Shimla	2874	2646	228
<b>Zonal Office (PN &amp; HP)</b>	<b>14544</b>	<b>13945</b>	<b>599</b>
Kanpur	8420	6222	2198
Meerut	19389	15225	4164
Patna	3782	870	2912
<b>Zonal Office (UP &amp; BR)</b>	<b>31591</b>	<b>22317</b>	<b>9274</b>
Faridabad	1245	1229	16
Gurgaon	54809	5355	49454
Jaipur	6636	4673	1963
<b>Zonal Office (HR &amp; RJ)</b>	<b>62690</b>	<b>11257</b>	<b>51433</b>
Ahmedabad	11386	10702	684
Baroda	8626	4014	4612
Indore	3365	1672	1693
Surat	20144	16895	3249
<b>Zonal Office (GJ &amp; MP)</b>	<b>43521</b>	<b>33283</b>	<b>10238</b>
Kandivili	22196	10732	11464

Mumbai-I Bandra **	58903	33090	25813
Mumbai-II Thane	2310	1629	681
Nagpur	10007	8996	1011
Pune	6245	5705	540
Raipur	67	59	8
<b>Zonal Office (MH &amp; CG)</b>	<b>99728</b>	<b>60211</b>	<b>39517</b>
Bangalore	29324	20328	8996
Gulbarga	1373	746	627
Mangalore	9659	7287	2372
Panaji	9643	7775	1868
Peenya	91487	50103	41384
<b>Zonal Office (KN &amp; Goa)</b>	<b>141486</b>	<b>86239</b>	<b>55247</b>
Bhubaneshwar	1730	798	932
Guntur	5795	5669	126
Hyderabad	12203	6642	5561
Nizamabad	1695	1423	272
<b>Zonal Office (AP &amp; OR)</b>	<b>21423</b>	<b>14532</b>	<b>6891</b>
Chennai	34690	28841	5849
Coimbatore	13734	9256	4478
Madurai	5311	4537	774
Tambaram	18430	12224	6206
Thiruvananthapuram	13339	10505	2834
<b>Zonal Office ( TN &amp; KR)</b>	<b>85504</b>	<b>65363</b>	<b>20141</b>
Guwahati (NER)	3110	1222	1888
Jalpaiguri	19542	12819	6723
Kolkata	19565	5870	13695
Ranchi	3377	1363	2014

Zonal Office (WB, NER & JH)	45594	21274	24320
<b>All INDIA</b>	<b>674170</b>	<b>399825</b>	<b>274345</b>
* The total claims pending with EPFO has been reduced from 717612 to 674170 due to the revised figures sent by the Delhi South Regional Office.			

## Statement – A2

### DETAILS OF PENDING CLAIMS AS ON 21.11.2011

Dehradun	8020
Delhi (North)	85975
Delhi (South)	160152
<b>ZO (DL &amp;UK)</b>	<b>254147</b>
Chandigarh	10427
Ludhiana	15095
Shimla	4844
<b>ZO (PN &amp; HP)</b>	<b>30366</b>
Kanpur	14449
Meerut	34160
Patna	7756
<b>ZO (UP &amp; BR)</b>	<b>56365</b>
Faridabad	10159
Gurgaon	127088
Jaipur	17035

<b>ZO (HR &amp; RJ)</b>	<b>154282</b>
Ahmedabad	22106
Baroda	12417
Indore	11540
Surat	21414
<b>ZO (GJ &amp; MP)</b>	<b>67477</b>
Kandivili	187552
Mumbai-I Bandra	336183
Mumbai-II Thane	63070
Nagpur	14201
Pune	173443
Raipur	4294
<b>ZO (MH &amp; CG)</b>	<b>778743</b>
Bangalore	189997
Gulbarga	7400
Mangalore	16926
Panaji	4064
Peenya	167304
<b>ZO (KN &amp; Goa)</b>	<b>385691</b>
Bhubaneshwar	12616
Guntur	21578
Hyderabad	52020
Nizamabad	9175
<b>ZO (AP &amp; OR)</b>	<b>95389</b>



Chennai	127174
Coimbatore	36462
Madurai	11460
Tambaram	20178
Thiruvananthapuram	25972
<b>ZO ( TN &amp; KR)</b>	<b>221246</b>
Guwahati (NER)	10589
Jalpaiguri	35152
Kolkata	63545
Ranchi	6225
<b>ZO (WB, NER &amp; JH)</b>	<b>115511</b>
<b>All INDIA</b>	<b>2159217</b>

**18. The Committee while cautioning the Ministry to be careful in furnishing the information, desire that the settlement of pending claims be further expedited and a suitable time frame stipulated for disposal of all claims.**

**CHAPTER-II****RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT****(Recommendation para No. 3.18)**

The Committee observe that most of the Schemes of the Ministry of Labour and Employment are continuing from the 7th Plan and are likely to be carried forward to the 12<sup>th</sup> Plan as well. In order to ensure concurrent and continual evaluation of the schemes, the Committee desire that at the end of every year, a Status Paper be issued which could be called "Report to the People" showing the details of the Schemes framed by the Union Government, contribution of the State Governments alongwith the completion status of the Schemes, the number of beneficiaries, total expenditure incurred State-wise and the reasons for non completion etc. especially in the case of Schemes in PPP mode.

**Reply of the Government**

**The observations of the Committee have been noted for compliance.**

**(Recommendation para No. 3.19)**

The Committee note that the expenditure on Centrally Sponsored Scheme on rehabilitation of the bonded labourers has more or less remained static as out of an allocated amount of Rs.1326 lakh during 11<sup>th</sup> Plan for the scheme only Rs.407 lakh had been spent upto January, 2010. The reasons for underutilization of

the funds are stated to be non receipt of proposals from the State Governments. The Committee find that no concerted efforts have been made by the Ministry in persuading the State Governments to identify the bonded labourers. The Committee also observes that no corrective steps have been taken by the Ministry for non-submission of proposals in this regard by the State Governments year after year. The Committee therefore, desire that the State Governments be impressed upon to enhance their efforts in identification and rehabilitation of bonded labourers so that the malaise is eradicated once and forever without any further delay.

### **Reply of the Government**

Under the Centrally Sponsored Plan Scheme for Rehabilitation of Bonded Labour, rehabilitation assistance of Rs.20,000/- per freed bonded labour is provided, which is shared by the Central and State Governments on 50:50 basis. In the case of the North Eastern States, 100% central assistance is provided if they express their inability to provide their share. Apart from this Rs. 2.00 lakh per sensitive district can be provided to concerned state government to conduct survey for identification of bonded labour once in three years, Rs.10.00 lakh can be sanctioned to every state government to undertake awareness generation activities and Rs.5.00 lakh per year to study impact of existing land-debt related issues affecting bonded labourers and the impact of poverty alleviation programmes and financial assistance provided by various Government sources.

Central Government has been taking concerted efforts in persuading State Governments to identify the bonded labour and to reduce vulnerability to bondage. In the financial year 2011-12, budget allocation was initially Rs.90 lakh. On account of proposals received from State Governments, an extra provision of Rs. 5 crore has been made for Centrally Sponsored Plan Scheme for Rehabilitation of Bonded Labour by re-appropriation from the other scheme in the Ministry.

A pilot project of convergence has been launched with the ILO in Tamil Nadu for the purpose of reducing vulnerability to bondage through promotion of decent work. In the first year of operation of this project, there have been very encouraging results. Consequently, efforts are now being made to extend the project to the States of Andhra Pradesh, Orissa and Haryana.

**(Recommendation para No. 3.20)**

The Committee observes that the Ministry had to surrender funds due to non-holding the Prime Minister's Shram Awards for the years 2005, 2006, and 2007. However, as per the reply furnished to the Committee, the Ministry informed that "the combined Prime Minister's Shram Awards for the years 2005, 2006 and 2007 were given in a function on 15.09.2010". The Committee notes that the awards were given well before the preparation of the budget proposals. The Committee is of the view that in such a

situation when the Shram Awards were given before the preparation of budget proposals the same could have been reflected in the budget proposal documents. The Ministry owes explanation to Parliament as to why such an omission was made.

### **Reply of the Government**

The expenditure for Prime Minister's Shram Award function was met from Non Plan funds allotted (other charges) for the financial year 2010-11. The budget for the year 2010-11 was passed by the Parliament in the month of May 2010 and the Expenditure was made in September, 2010 after the budget was duly approved and passed by the Parliament. There is no lapse on the part of the Ministry in utilizing the funds on the Prime Minister's Shram Awards held on 15.09.2010.

### **(Recommendation para No. 3.21)**

The Committee note that the funds were surrendered due to non-filling up of vacant posts under a number of sub-heads. The Committee find that so many posts lying vacant and some of them are even lying vacant from the year 2002. Further, the Committee observe that nearly in all the cases proposals for filling up of vacancies were sent to UPSC/SSC after one year from the date of vacancy. While giving due consideration to the reasons offered by the Ministry that the delay was on the part of the UPSC/SSC, the Committee recommend that all out efforts be made by the Ministry

at their end for promptly reporting the vacancies to UPSC/SSC not only when the same arise but in great many cases steps need to be taken in anticipation of the posts becoming vacant. They also desire that the UPSC/SSC may be requested to forward the names of successful candidates and simultaneously forward a reserve panel so that the same could be considered in case the selected persons do not join. The Committee also recommend that the Ministry workout the vacancy position / likely vacancies before the start of every calendar year, including their sub-ordinate offices so that the process of filling up the posts could be initiated well in advance.

### **Reply of the Government**

The recommendations/observations of the Parliamentary Standing Committee have been noted for compliance.

### **(Recommendation para No. 3.22)**

The Committee note that the setting up of the Regional Labour Institute (RLI) Faridabad was taken up during the IX Plan period but the Institute was inaugurated on 10<sup>th</sup> February, 2009 with the objective of strengthening of industrial safety and health. The Committee find that out of the 18 posts created in Group A, B and C, only 7 posts were filled up so far. As regards, the filling up of the remaining 11 posts, there is no concrete reply from the Ministry. The Committee are afraid that the very objective of establishing the

Institute will be negated if the posts lye vacant for a long time. The Committee, therefore, recommends that the process for filling up of vacant posts be finalized urgently and the posts be filled up within a definite time frame and the Committee be apprised

### **Reply of the Government**

The Necessary Action for filling up of these posts has been initiated. The details are given below:-

Sl. No.	Name of the grade	Number of Vacant posts	Present Status
1.	Deputy Director (Medical)	1	Proposal was sent to UPSC who have made certain observations which are being complied.
2.	Deputy Director (Industrial Hygiene)	1	UPSC has been approached for filling up the vacancy.
3.	Assistant Director (Safety)	1	Requisition has been sent to UPSC.
4.	Additional Assistant Director (Safety)	1	DPC to be held shortly.
5.	Senior Scientific Assistant	1	Proposal for de-reservation is under consideration.
6.	Library Information Assistant	1	Vacancy has been referred to SSC.
7.	Stenographer	1	Action being taken to fill

	Grade II		up the vacancy.
8.	Junior Scientific Assistant	1	Proposal for de-reservation is under consideration.
9.	Laboratory Assistant Grade I	1	Vacancy has been advertised in the Employment News.
10.	Upper Division Clerk	1	Vacant. DPC to be held shortly.
11.	Lower Division Clerk	1	Vacancy has been referred to SSC.
	Total	11	

The Ministry is making its best efforts to fill up all the vacant posts in RLI Faridabad as early as possible to meet its manpower requirement.

**(Recommendation para No. 3.23)**

The Committee note that the expenditure as compared to the cess collected under the Construction Workers Cess is almost nil in some States while in others it is very nominal. The Secretary, Ministry of Labour and Employment admitted that 'a huge amount of cess has been collected in the States and it is just lying there and they were proposing an amendment to the Act'. The Committee feel that the proposed amendment would spur the State Governments to collect the cess. The Committee therefore, recommend that the proposed amendment to the Act be carried out without any further



delay. The Committee also observe that there is complete lack of awareness about the Fund in the construction workers. The Committee, therefore, desire that due publicity be given for general awareness of the workers engaged in construction activities and simultaneously the State Governments be persuaded to spend the cess so collected on the welfare activities of the construction workers.

### **Reply of the Government**

The Central Government has been pursuing with the States/UTs for speedy implementation of the provisions of the Act from time to time by writing letters at appropriate levels. Due to the concerted efforts considerable progress has been made by the States/UTs in implementing the Act especially during the last three years. It is further submitted that the Ministry is contemplating amendments to the Building and Other Constructions Workers' (Regulation of Employment and Conditions of Service) Act, 1996. One of the amendments being proposed stipulates that the Central Government shall have the power to levy and collect cess where the State Government fails to levy or collect the cess and in a case where the cess has been collected and the State Government fails to formulate or implement welfare schemes, the Central Government shall formulate and implement welfare schemes and utilize the proceeds of the cess for such schemes. The proposed amendment will persuade the State Governments to collect cess, formulate welfare schemes and incur expenditure thereon.

The Central Government closely monitors and reviews the implementation of the Act. A Special Group has been constituted under the Chairmanship of Union Secretary, Ministry of Labour & Employment in pursuance of the directions of the Prime Minister's Office. The Special Group is holding region-wise meeting with the representatives of the State Governments concerned to emphasize the urgency and importance for the effective implementation of the Act.

The Ministry is also holding Workshops to facilitate speedy implementation of the provisions of the Act/Rules. Four such workshops, one each at Raipur and Thiruvananthapuram and two in New Delhi have been held during the current year i.e. 2011.

The Ministry is also requesting the State Governments to workout an action plan for giving adequate publicity and create awareness amongst the workers.

**(Recommendation para No. 4.19)**

The Committee note that there were 5,57,58,703 subscribers from un-exempted sector of EPFO as on 31 December, 2010, but there is no regular and periodic updation of members' accounts. As per the reply of the Ministry, the accounts of PF Members are updated only after ascertaining the deposit position

and receipt of Annual Returns from the employers. The returns are submitted by the employers on different dates throughout the year. The Committee find that the Ministry, instead of setting a cut off date for furnishing the returns by the employers, is justifying an outmoded system. The Committee have reason to believe that in the absence of regular updation of accounts, the number of defaulters could be more than the identified ones. The Committee therefore, recommend that a cut off date either of the calendar year or the financial year be set for submission of returns from the employers so that in case of any deviation, the employers could easily be reprimanded besides enabling the EPFO to have the information about the defaulting employers. This would also help the Ministry to have upto date information regarding the account holders.

### **Reply of the Government**

Admittedly, the issue of updation of member accounts has been a matter of serious concern and there has been a backlog over the years.

Para 73 of the Employees' Provident Fund Scheme, 1952 provides that "As soon as possible after the close of each period of currency of contribution card the Commissioner shall send to each member through the employer of the factory or other establishment in which he was last employed a statement of his account in the Fund showing the opening balance at the beginning of the period,

amount contributed during the year, the total amount of interest credited at the end of the period or debited in the period and the closing balance at the end of the period.’

Statements of accounts are prepared on the basis of the contribution received from the employers and the returns in the form of Form-3A & 6A which are usually submitted by 30<sup>th</sup> of April of each year. Often, the employers default in deposit of contribution and also in submitting the required statutory returns. This delays the process of preparation and updation of member accounts at the close of each year. Updation is a continuous process and unless the accounts of a particular year are updated, accounts for the subsequent years cannot be updated. This has result in the backlog.

The concern of the committee that there is no regular and periodic updation of members’ account has been taken in its true spirit. During the year 2011-2012 i.e. from 01.04.2011 to 08.11.2011 a total of 10.63 crore member accounts have been updated leaving the following pendency:

Year	Pending accounts to be updated
2008-09	2.81 lakh
2009-10	10.80 lakh
2010-11	503.49 lakh
Total,	517.10 lakh

All the field offices have been directed to update the entire accounts by 31.12.2011.

Further the cutoff date as provided under Para-43 is one month from the expiration of the period of currency of the contribution cards are not strictly followed by the employers and they default in submitting required statutory returns. There is also provision of filing prosecution against the employers who default in submitting returns under Section 14 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Even though, instructions are already put in place for initiating prosecution action for non submission of returns in time, EPFO will make all out efforts to ensure timely action for non submission of returns by employers.

**(Recommendation para No. 4.20)**

The Committee note that the CAG in its audit report of accounts of EPFO observed that the Interest Suspense Account includes a total amount of Rs.4671.83 crore available for credit into EPF subscriber's accounts and interest on 4.72 crore members' accounts were yet to be credited and were pending as on 31.03.2010. The CAG in its various reports has observed that the balance in Interest Suspense Account (ISA) is increasing which needs to be cleared by updating the pending accounts. The

Committee co-relate this to the computerization of EPFO which is taking unduly long time and also felling on the resources. As per the reply of the Ministry, the 1<sup>st</sup> phase of computerization project has been implemented and the Project Plan, modalities, time- line and budget for the II phase are yet to be decided. The Committee desire that the updation exercise of the pending accounts be completed within a definite time frame including computerization of EPFO and the Committee be apprised.

### **Reply of the Government**

Out of 4.72 Crore accounts (upto the year 2008-09) which were pending for updation as on 31.03.2010, a total of 1.53 Lakh accounts only are pending for updation as on 15.11.2011 (online status available in the website of the EPFO). This has proportionately adjusted the mount available in the interest amount.

The 2<sup>nd</sup> phase of computerization of EPFO has been completed and all the offices are functioning as per the new software. The target date for updating all the annual accounts is 31.12.2011. The status of the progress is closely monitored at the highest level to ensure that the annual accounts are complied with in the target date.

**(Recommendation para No. 4.21)**

The Committee find that an amount of Rs.36,000 crore is lying un-credited to the accounts of the EPFO subscribers. The Committee were informed by the Ministry that the bifurcation of un-credited amount into individual members account is ascertainable only after receipt of these details from employers and also that some establishments default in submission of details, so EPFO cannot credit into account of such members any contribution or interest thereon. The Committee were further informed that efforts were being made to collect return from such employers by special campaign, newspaper advertisements and by deputing enforcement officers etc. The Committee do not accept the reasons offered by the Ministry as any amount deducted and forwarded to EPFO by any establishment cannot be shown under suspense accounts. The Committee, therefore, recommend that once any amount is received by EPFO from either side's contribution, the same may immediately be credited to the account of the member concerned without waiting for the other component. The Committee further recommend that the employer be directed to deposit the other part of the contribution with the EPFO within a fixed time-frame and cautioned of the consequences if he fails to do so. The Committee would like to be informed of the corrective measures taken to evolve an effective mechanism for maintaining/updating the accounts of subscribers on a regular basis.

### **Reply of the Government**

In the absence of returns (Form 3A/6A), giving details of contribution in respect of each member, the office will not be in a position to ascertain individual member's contribution (employee as well as employer share). Once the contribution is not available the statement of account in respect of each member cannot be prepared. Therefore, the return is a must for updation of member's accounts.

The employers are required to submit these returns within the timeframe as envisaged in the Scheme i.e. 30<sup>th</sup> April of the following year. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Schemes framed thereunder also envisage the penal provisions in case of non-filing of returns within the stipulated timeframe.

In order to speed up the process of updation of annual account the enforcement officers were especially deputed to collect the returns from the Employers. The employers were also sensitized by the Enforcement Officers for timely submission of returns as it will only lead to their employee's satisfaction and industrial harmony but also avoid them from penal action. EPFO assures of timely initiative of prosecution action against all those employers



who default in submission of returns so that no amount will lie in the fund unutilized instead of its proper credit to members' account

The Target date to clear all the pending account is 31.12.2011. The Progress made in updation of members accounts is being monitored on regular basis at Head Office level.

**(Recommendation Para No. 4.23)**

As per the information furnished by the Ministry, there are 5,57,58,703 subscribers to the EPF from un-exempted sector. The Committee find that more than 50% accounts *i.e.* 3 crore accounts are lying in-operative. The Committee are concerned to note that if this is the state of affairs prevailing in the EPFO what would happen when most of the accounts would become operational. The Committee, therefore, recommend that the subscribers whose identity could be established and is traceable may strictly be warned to withdraw their money within six months failing which the same would be transferred to dead accounts.

**Reply of the Government**

A number of publicity drives have been made by publicity through print and electronic media to educate the workers to file their claims for withdrawal or transfer of their fund to their existing account, as the case may be, within 36 months of becoming inoperative.

Similarly, the employers and employees unions have also been requested to advise the members to file their claims for withdrawal or transfer as soon as they leave their service. Advertisements, Public attention notices, Newspapers in Hindi and other regional are included for such drives.

As EPFO is only a trustee of the members' fund, therefore the account can not be treated as 'dead account'. It can only be treated as 'Inoperative Account'.

As per Para 72(6) of EPF Scheme 'Any amount becoming due to a member as a result of (i) supplementary contribution from the employer in respect of leave wages/arrears of pay, installments of arrear contribution received in respect of a member whose claim has been settled on account but which could not be remitted for want of latest address, or (ii) accumulation in respect of any member who has either ceased to be employed or died, but no application for withdrawal under paragraph 69 or 70 or transfer, as the case may be has been preferred within a period of thirty six months from the date it becomes payable, or if any amount remitted to a person, is received back undelivered, and is no claimed again within a period of thirty six months from the date it becomes payable, shall be transferred to an account to be called the Inoperative Account. The interest will not be credited to the account of the member from the date on which it has become inoperative. However the claim of the member is received for the payment of the

balance the amount shall be paid by debiting the 'inoperative account'.

**(Recommendation Para No. 4.24)**

The Committee note that the EPFO is disbursing interest on in-operative accounts irrespective of the period from which these accounts are lying inoperative. They further note that the account holders do not withdraw their accumulation because (i) the interest earned on such deposits is exempted from Income Tax, (ii) such deposits are safe investments and cannot be attached even by decree of any court and (iii) the rate of interest on Employees' Provident Fund deposits is higher than other comparative investments in the market. The Committee note that though the EPFO has taken decision now not to pay interest on in-operative accounts w.e.f. 01.04.2011, they desire that it is high time the EPFO take a policy decision regarding disbursement of interest to the subscribers only upto six months from the date of their opting out of the Scheme for whatever reason.

**Reply of the Government**

The issue relating to ceasing credit of interest in respect of inoperative accounts was discussed in the meeting of the Central Board of Trustees, EPF and it was decided that interest shall not be credited to the account of a member from the date on which it has become inoperative i.e. such account where no contribution is received for the last 36<sup>th</sup> months.

**(Recommendation Para No. 4.25)**

The Committee note that the interest on in-operative accounts was disbursed upto 31st March, 2011, irrespective of the period for which the account was lying in-operative. The Committee, find it as one of the contributing reasons for addition to the number of bulging in-operative accounts. The Committee therefore, desire that wide publicity be given by EPFO to the effect that Government have stopped paying interest on in-operative accounts. The Committee feel that such a measure would definitely discourage those subscribers who do not withdraw their money from the EPFO just to earn higher returns.

**Reply of the Government**

For creating awareness amongst the workers with regard to inoperative accounts, special drives have been made by Publicity through print and electronic media to educate the workers to file their claims for settlement or transfer their fund to their existing account before it becomes inoperative. Similarly, the employers and employees unions have also been requested to advise the members to file their claims for settlement. These drives have now become a continuous feature.

Advertisements, Public attention notices, Newspapers in Hindi and other regional are included for such drives. Recently a campaign was made through all leading channels of the television

all over India to create awareness amongst the workers having inoperative accounts. The Video clips in this regard are also placed on the website of the EPFO at [www.epfindia.com](http://www.epfindia.com) to create awareness amongst the workers.

**(Recommendation Para No. 4.26)**

The Committee note that as on 31.03.2011, 7,17,612 claims were pending for settlement. The Committee are unable to reconcile the figures provided in respect of Zonal Office (Delhi & Uttrakhand) as there are 1,28,089 cases pending in total, out of which 71,404 are pending for less than a month and only 01 case is pending for more than a month. The Committee are concerned to know about the other 56,684 cases. They also find that the pendency position is grave in the Zonal Offices of Delhi & Uttrakhand, Maharashtra & Chhattisgarh, Karnataka & Goa, where the figures are hovering around a lakh. The Committee, therefore, desire that suitable steps be taken to improve the situation in these Zones and all the pending cases be settled expeditiously under intimation to the Committee.

**Reply of the Government**

The desired figures in respect of Zonal Office (Delhi & Uttarakhand) as on 31.03.2011 which were earlier erroneously reported due to clerical mistake has been rectified and the region-

wise breakup of pendency as on 31.03.2011 is given at Statement – A1.

The detailed pendency position of claims as on 21.11.2011 is given at Statement – A2. The office-wise pendency position is also placed in the website [www.epfindia.gov.in](http://www.epfindia.gov.in)

The Central Provident Fund Commissioner on 14.11.2011 took a review of Zonal Additional Provident Fund Commissioners and issued directions to take immediate steps to reduce the pendency. Central Provident Fund Commissioner has also directed the FA & CAO to monitor the performance.

### **Statement – A1.**

#### **REGION-WISE BREAKUP OF PENDENCY AS ON 31.03.2011**

REGION	BREAK UP OF PENDENCY AS ON 31.03.2011		
	Total Cases Pending	Less Than One Month	More Than One Month
Dehradun	3683	3682	1
Delhi (North)	22974	22566	408
Delhi (South)*	101432	45156	56276
<b>Zonal Office (DL &amp;UK)</b>	<b>128089</b>	<b>71404</b>	<b>56685</b>
Chandigarh	6104	5750	354
Ludhiana	5566	5549	17
Shimla	2874	2646	228
<b>Zonal Office (PN &amp; HP)</b>	<b>14544</b>	<b>13945</b>	<b>599</b>
Kanpur	8420	6222	2198
Meerut	19389	15225	4164
Patna	3782	870	2912

<b>Zonal Office (UP &amp; BR)</b>	<b>31591</b>	<b>22317</b>	<b>9274</b>
Faridabad	1245	1229	16
Gurgaon	54809	5355	49454
Jaipur	6636	4673	1963
<b>Zonal Office (HR &amp; RJ)</b>	<b>62690</b>	<b>11257</b>	<b>51433</b>
Ahmedabad	11386	10702	684
Baroda	8626	4014	4612
Indore	3365	1672	1693
Surat	20144	16895	3249
<b>Zonal Office (GJ &amp; MP)</b>	<b>43521</b>	<b>33283</b>	<b>10238</b>
Kandivili	22196	10732	11464
Mumbai-I Bandra **	58903	33090	25813
Mumbai-II Thane	2310	1629	681
Nagpur	10007	8996	1011
Pune	6245	5705	540
Raipur	67	59	8
<b>Zonal Office (MH &amp; CG)</b>	<b>99728</b>	<b>60211</b>	<b>39517</b>
Bangalore	29324	20328	8996
Gulbarga	1373	746	627
Mangalore	9659	7287	2372
Panaji	9643	7775	1868
Peenya	91487	50103	41384
<b>Zonal Office (KN &amp; Goa)</b>	<b>141486</b>	<b>86239</b>	<b>55247</b>
Bhubaneshwar	1730	798	932
Guntur	5795	5669	126
Hyderabad	12203	6642	5561
Nizamabad	1695	1423	272

<b>Zonal Office (AP &amp; OR)</b>	<b>21423</b>	<b>14532</b>	<b>6891</b>
Chennai	34690	28841	5849
Coimbatore	13734	9256	4478
Madurai	5311	4537	774
Tambaram	18430	12224	6206
Thiruvananthapuram	13339	10505	2834
<b>Zonal Office ( TN &amp; KR)</b>	<b>85504</b>	<b>65363</b>	<b>20141</b>
Guwahati (NER)	3110	1222	1888
Jalpaiguri	19542	12819	6723
Kolkata	19565	5870	13695
Ranchi	3377	1363	2014
<b>Zonal Office (WB, NER &amp; JH)</b>	<b>45594</b>	<b>21274</b>	<b>24320</b>
<b>All INDIA</b>	<b>674170</b>	<b>399825</b>	<b>274345</b>
* The total claims pending with EPFO has been reduced from 717612 to 674170 due to the revised figures sent by the Delhi South Regional Office.			

## Statement – A2

### DETAILS OF PENDING CLAIMS AS ON 21.11.2011

Dehradun	8020
Delhi (North)	85975
Delhi (South)	160152
<b>ZO (DL &amp;UK)</b>	<b>254147</b>
Chandigarh	10427
Ludhiana	15095
Shimla	4844
<b>ZO (PN &amp; HP)</b>	<b>30366</b>
Kanpur	14449
Meerut	34160
Patna	7756



<b>ZO (UP &amp; BR)</b>	<b>56365</b>
Faridabad	10159
Gurgaon	127088
Jaipur	17035
<b>ZO (HR &amp; RJ)</b>	<b>154282</b>
Ahmedabad	22106
Baroda	12417
Indore	11540
Surat	21414
<b>ZO (GJ &amp; MP)</b>	<b>67477</b>
Kandivili	187552
Mumbai-I Bandra	336183
Mumbai-II Thane	63070
Nagpur	14201
Pune	173443
Raipur	4294
<b>ZO (MH &amp; CG)</b>	<b>778743</b>
Bangalore	189997
Gulbarga	7400
Mangalore	16926
Panaji	4064
Peenya	167304
<b>ZO (KN &amp; Goa)</b>	<b>385691</b>
Bhubaneshwar	12616
Guntur	21578
Hyderabad	52020
Nizamabad	9175
<b>ZO (AP &amp; OR)</b>	<b>95389</b>
Chennai	127174
Coimbatore	36462
Madurai	11460
Tambaram	20178
Thiruvananthapuram	25972
<b>ZO ( TN &amp; KR)</b>	<b>221246</b>
Guwahati (NER)	10589
Jalpaiguri	35152

Kolkata	63545
Ranchi	6225
<b>ZO (WB, NER &amp; JH)</b>	<b>115511</b>
<b>All INDIA</b>	<b>2159217</b>

**(Recommendation Para No. 4.27)**

The Committee note that some of the companies exempted from the purview of EPFO are resenting the decision of increased interest rate to 9.5% on the ground that the average yield on investments is below 8.5% and even in some Trusts, it is between 7.2% to 7.99%. As per the reply of the Ministry, the exemption cannot be withdrawn till such time, the Exempted Trust continues to comply with all the necessary conditions, imposed at the time of grant of exemption. If the Trust fails to comply with the conditions or it voluntary surrenders the exemption, the exemption of such Trust is immediately withdrawn. The Committee feel that in such a case ultimate sufferer is the subscriber who has to trail the decision of his employer for not subscribing to the EPFO. The Committee desire that some alternative be evolved so that the innocent subscribers do not suffer on account of imprudent investments by their employers.

**Reply of the Government**

In this connection it is stated that circular/instruction has already been issued to all concerned Additional Central Provident Fund Commissioners, Regional Provident Fund Commissioner and

Officer-in-charge (Sub-Regional Offices) regarding utilization of the funds lying in the Reserve and Surplus of the Trust.

**(Recommendation Para No. 4.28)**

The Committee note that the EPFO had invited Expressions of Interest (EOI) for appointment of Fund Managers in February, 2011. The Committee also find that the process of appointment of the Fund Managers was started during January/February, 2011 whereas the Ministry was very well aware that the term of present Fund Managers was due to expire on 31.03.2011. Though the EPFO had engaged SBI for managing their funds till the selection of new Fund Managers, the Committee recommends that in future all procedural formalities be completed well in advance before the expiry of the term of Fund Managers so as to avoid making such stop-gap arrangements.

**Reply of the Government**

The process of selection of Fund Managers of the Employees' Provident Fund Organisation for the next tenure will be intimated well in advance, so as to ensure completion of all procedural formalities before the expiry of the term of Fund Managers.

**(Recommendation Para No. 4.29)**

The Committee note that a sub-Committee of the CBT was constituted to suggest changes in the Employees' Provident Fund

and Miscellaneous Provisions Act, 1952 along with other comprehensive amendments required to bring the provisions of the Act in tune with the changed circumstances. The Sub-Committee has since submitted its report and the same is under consideration of the CBT (EPF). The Committee desire that the final recommendations made by the Sub-Committee and accepted by the CBT be sent to the Central Government without further delay for early consideration and implementation.

### **Reply of the Government**

The Central Board of Trustees, Employees' Provident Fund [CBT(EPF)] in its 194<sup>th</sup> meeting held on 24.06.2011 has approved the report of the Working Group constituted for consideration of the comprehensive amendment to the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The said report has been received by the Government of India and is under consideration.

### **(Recommendation Para No. 4.30)**

The Committee note that the Expert Committee, for reviewing the Employees' Pension Scheme, 1995, constituted in June, 2009 was required to submit its report within six months. However, the Expert Committee submitted its report on 05.08.2010. As per the direction of the Central Government, the report was placed before the CBT (EPF) who, in turn, forwarded it to the Pension Implementation Committee of the Board. The Committee find that

Pension Implementation Committee has held four meetings so far, but the report is still languishing and is currently engaged in building consensus on various recommendations of the expert committee. The Committee desire that the report be finalized without further delay for submitting the same to the Central Government.

### **Reply of the Government**

The report of the Pension Implementation Committee (PIC) has been finalized in its 32<sup>nd</sup> meeting held on 15.07.2011 and the same is to be placed before the Central Board of Trustees, Employees' Provident Fund [CBT(EPF)] for consideration. The recommendation of the PIC is as follows:

“On the directions of the Central Government, the report of the Expert Committee was placed before the Central Board of Trustees, Employees' Provident Fund [CBT(EPF)] in its 190<sup>th</sup> meeting held on 15.09.2010. In the meeting it was decided that the report shall be discussed in the Pension Implementation Committee and then deliberated in detail in the subsequent meeting. Therefore, the report the Expert Committee was placed in the 28<sup>th</sup>, 29<sup>th</sup>, 30<sup>th</sup>, 31<sup>st</sup> and 32<sup>nd</sup> meetings of the Pension Implementation Committee held on 15.11.2010, 07.12.2010, 03.02.2011, 23.05.2011 and 15.07.2011 and finally the Pension Implementation Committee has submitted its recommendations dated 23.08.2011

on the report of the Expert Committee. The Report of the Expert Committee alongwith the recommendations of the Pension Implementation Committee are being placed before the Central Board of Trustees, Employees' Provident Fund [CBT(EPF)] in its ensuing meeting for discussion and deliberations.”

**(Recommendation Para No. 4.31)**

The Committee observe that 3908 posts were lying vacant in EPFO as on 31.12.2010. The accumulation of pending cases may be partly attributable to shortage of staff. The Committee are dismayed to note that on the one hand the reasons for pendency are stated to be the deputing of staff for election and census related duties and on the other hand the posts are lying vacant. They, therefore, desire that all out efforts be made to fill up these vacancies without further delay to ease the burden on the existing staff as well as the angst of the subscribers to the Fund.

**Reply of the Government**

The efforts made for filling up the posts are given below,  
Group-wise:

Group 'A'

(Vacancy as on 31.12.2010) – 271

Action Taken:

- 35 posts in Group 'A' cadre were filled up during 31.12.2010 to 31.03.2011.
- The process for filling up the posts of Addl. CPFC are under way.
- The process to fill up the regular posts of Regional PF Commissioner - II on adhoc basis is under way.
- As far as requisition for fill up 225 vacant posts of APFCs under DR quota for the vacancies upto 31.03.2011, the same has already been sent to UPSC.
- Further to meet administrative exigencies, the eligible officials from the feeder grades have been granted promotion to the posts of APFCs on adhoc basis.
- To fill up the post of AD (OL) on deputation basis, 22 posts have been advertised in Employment News dated 20-26.08.2011.

#### Group 'B'

(Vacancy as on 31.12.2010) – 1184

#### Action Taken:

- 283 posts in Group 'B' cadre had been filled up during 31.12.2010 to 31.03.2011.
- Actions are underway to select around 300 officials under Departmental Examination quota for EO/AO post.

- Further, requisition for recommending 442 candidates under Direct Recruitment Quota has already been forwarded to MoL&E/UPSC on 02.08.2011.
- Action is under way for filling up 135 post of Programmer on deputation basis.
- Actions are under way for conversion of the remaining eligible DEOs into DPA.
- In PS and PA post due to the court case, the matter is pending.
- Vacancies to fill up the post of Junior Engineer (Civil & Electric) have been advertised in the Employment News dated 03-09<sup>th</sup> August, 2011.
- To fill up the vacant posts of Jr. Hindi Translator under DP and DR quota have been initiated and Examination Wing of EPFO taking necessary steps for recruitment.

Group 'C' (Vacancy as on 31.12.2010) – 2453

Action Taken:

- 1500 vacant posts in the cadre of Social Security Assistant under DR quota have been initiated and the proposal for conducting examination has already been sent to the Ministry of Labour & Employment.
- 594 vacant posts in the cadre of Multi Tasking Staff which require to be filled up either under DR or by Compassionate ground file is in process.



- About 349 post related to Jr. Hindi Translator, Vigilance Assistant, Statistical Assistant, Legal Assistant, Section Supervisor (Head Clerk), Jr. Engineer and Auditor have now been converted into Group 'B' posts.

**(Recommendation Para No. 4.32)**

The Committee note that there is a well established system of "Redressal of Public Grievance" through Customer Services Division, Bhavishya Nidhi Adalats, EPFiGMS and CPGRAMS. The Committee *vide* their 39th Report (14th Lok Sabha) presented to the House on 20.02.2009 had recommended that a separate Pension Division be created within EPFO and till such a mechanism is put in place, a specific grievance redressal cell, within the Public Grievance Handling System be set up for resolution of grievances of the ever growing number of pensioners. The Committee are saddened to note that even a specific grievance redressal cell for pensioners has not been set up despite the urgency of the matter. The Committee, reiterate that a separate pension division within EPFO be set up expeditiously and they be informed of the action taken thereon within a definite time-frame.

**Reply of the Government**

A separate Customer Services Division (CSD) - VI Section is looking after the grievances regarding pension which are received through Special Portal for Pension i.e. CPENGRAMS operating through CPGRAMS which is monitored by officers of the rank of

Regional Provident Fund Commissioner-I and Regional Provident Fund Commissioner-II in Headquarters, Employees' Provident Fund Organisation.

**CHAPTER-III**

**RECOMMENDATIONS/OBSERVATIONS WHICH THE  
COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE  
GOVERNMENT'S REPLY**

**-NIL-**

**CHAPTER-IV****RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION****(Recommendation Para No. 4.22)**

The Committee were informed that a total of 166096 accounts were lying inoperative involving Rs.5892.53 crore as on 31st March, 2009. In a subsequent communication furnished to the Committee by the Ministry, it was informed that about 3 crore accounts involving an amount of Rs.8318.69 crore are lying inoperative. The Committee are astounded to note that the number of inoperative accounts have just doubled within a year. The Committee feel that either the figures provided to them last year were incorrect or the figures provided this year are incorrect. Needless to say, this casts serious aspersions on the functioning of the Ministry and the EPFO for failing to maintain the precise and correct data about the inoperative accounts. While deploring such carelessness on the part of the Ministry, the Committee demand that the figures of both the years along with the amount involved in the inoperative accounts be intimated to them after careful verification.

### **Reply of the Government**

The data containing number of Inoperative Accounts was not maintained separately. Therefore the office collected the actual figures of inoperative accounts, as a sample, from 22 offices of EPFO. Based on the data, a projection of inoperative accounts was made for the entire offices of the EPFO. Accordingly, a figure of 3,04,98,595 was projected as 'Inoperative Accounts.'

However, an effort was made to collect data by devising a program and accordingly the actual figures of inoperative accounts as on 03.11.2011 is 3,90,51,656 (data extracted from EPFO website).

As the program was devised recently the actual data for the previous year cannot be extracted. This is also due to the fact that after updation of accounts, which is continuous process, the data keep on changing. The reasons may be due the fact that the member would have withdrawn the amount or transferred the amount to a new account, the establishment starts compliance, few more account may become inoperative after updation etc.

**CHAPTER-V****RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH  
REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE****Child Labour****(Recommendation Para No. 5.5)**

The Committee note that the National Child Labour Project (NCLP) was started in the 7th Plan period for identification, withdrawal and rehabilitation of child labour. As per Census of 1991, there were 1.13 crore economically active children in the age group of 5-14 years which rose to 1.26 crore as per the Census of 2001. Currently, the scheme is being implemented in 271 districts of 20 States. The Committee are of the view that this number would be much more if all the States and UTs are covered by the Scheme. The number could be much higher in the UTs as compared to States/rural areas as the child labour is cheap and easily available there. To avoid paying full wage to an adult, the employers employ ten child labour and make them work for 16 to 20 hours a day. Acknowledging that there is an urgent need to conduct more surveys for identification of child labour in urban areas than in rural areas, the Committee recommend that such survey be conducted expeditiously.

### **Reply of the Government**

As per figures of the Census 2001, there were 1.26 crore working children in the age group of 5-14 whereas in the survey conducted by National Sample Survey Organization (NSSO), in 2004-05, the number of working children were estimated at 90.75 lakh, which shows a declining trend. The data of the Census held in 2011 are still awaited. Further, the data of survey conducted by NSSO recently is also awaited. Apart from this, M/o Labour & Employment also releases-Rs.2.75 lakhs to NCLP Societies running the special schools twice in five years for conducting survey.

#### **(Recommendation Para No. 5.6)**

The Committee note from the reply of the Ministry that only 1.32 lakh child labour in the age group of 9-14 years have been mainstreamed into formal education system through the NCLP Schools from 1991-2001, apart from their rehabilitation in other areas. However, as per the information furnished by the Ministry about 7.05 lakh child labour have been mainstreamed through NCLP Scheme to formal education system since the inception of the Scheme. The Committee find that only 7% of the identified child labour has been rehabilitated. The Committee feel that at such a dismal pace of rehabilitation process, major chunk of the identified children would become adults before being rehabilitated and would, in turn, add to the already galloping un-employment index. They, therefore, desire that the process of mainstreaming be speeded up so as to rehabilitate all the identified child labour.

### **Reply of the Government**

As per figures of the Census 2001, there were 1.26 crore working children in the age group of 5-14, out of which 12 lakh children were engaged in hazardous occupations and processes. As per information available, 07.05 lakh children withdrawn from hazardous occupations & processes have been mainstreamed into formal system. With the passage of Right to Education Act, 2009 there is an urgent need for realignment of these schools as per the provisions of RTE Act. It was decided in consultation with Ministry of Human Resource Development that these special schools under RTE for special training for age appropriate admission of these children. The EFC proposal has been sent to the Department of Expenditure Ministry of Finance to make changes in scheme accordingly. The outcome of the proposal however, is awaited.

#### **(Recommendation Para No. 5.7)**

The Committee note that the Ministry of Finance has not agreed for creation of the National Monitoring Cell which was one of the components for strengthening the NCLP. The Ministry is taking up the matter for the reconsideration of left out components. As successful implementation of any scheme is dependent on its evaluation and monitoring, the Committee desire that sound reasons be given to the Ministry of Finance for reconsideration of this component of the scheme.



### **Reply of the Government**

An EFC Note was sent to Department of Expenditure for suitably amending the NCLP Scheme in the light of Right to Education Act, 2009 and also for incorporating certain improvements in the scheme which inter-alia includes certain of National Monitoring Cell. Department of Expenditure conveyed that EFC Memo on review of NCLP Scheme has been examined and only two components viz. revision of honorarium of staff and increase in stipends of child labours out of ten proposals have been agreed to for remaining portion of the 11<sup>th</sup> Plan Period i.e. up to 31.03.2012. Further, the EFC Memo is still pending with Department of Expenditure, Ministry of Finance for consideration of all components w.r.t. 12<sup>th</sup> Five Year Plan. The proposal for creation of National Monitoring cell is also one of them pending components in EFC Memo. However, for effective monitoring of NCLP scheme, Central Monitoring Committee (CMC) has been constituted under the Chairmanship of Secretary (L&E).

**New Delhi;**  
**21<sup>st</sup> March, 2012**  
**1 Chaitra, 1934 (Saka)**

**HEMANAND BISWAL**  
**CHAIRMAN,**  
**STANDING COMMITTEE ON LABOUR.**

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE  
ON LABOUR HELD ON 24TH FEBRUARY, 2012**

The Committee met from 1500 hrs. to 1530 hrs in Committee Room `C', Parliament House Annexe, New Delhi to consider and adopt the following draft action taken reports:

(i) Action Taken by the Government on the recommendations contained in the 18<sup>th</sup> Report of the Committee on the subject 'Directorate General of Employment & Training – A Review';

(ii) Action Taken by the Government on the recommendations contained in the 19<sup>th</sup> Report of the Committee on 'Demands for Grants of the Ministry of Labour and Employment for the year 2011-12';

(iii) Action Taken by the Government on the recommendations contained in the 20<sup>th</sup> Report of the Committee on 'Demands for Grants of the Ministry of Textiles' for the year 2011-12'.

**PRESENT**

**Shri Hemanand Biswal - Chairman**

**MEMBERS**

**LOK SABHA**

2. Dr. Virendra Kumar
3. Shri Narahari Mahato
4. Shri Hari Manjhi
5. Shri P. Balram Naik
6. Shri Sanjay Dina Patil
7. Shri S. Pakkirappa
8. Shri Mahendra Kumar Roy
9. Ms. J. Shantha

**RAJYA SABHA**

10. Shri Mohd. Ali Khan
11. Shri Rudra Narayan Pany
12. Smt. Renubala Pradhan
13. Shri Ranbir Singh Parjapati
14. Shri Rajaram
15. Shri G.N. Ratanpuri

**SECRETARIAT**

- |    |                       |   |                     |
|----|-----------------------|---|---------------------|
| 1. | Shri Devender Singh   | - | Joint Secretary     |
| 2. | Shri Ashok Sajwan     | - | Additional Director |
| 3. | Smt. Bharti S. Tuteja | - | Under Secretary     |

2. At the outset, the Chairman welcomed the Members and apprised them about the draft action taken reports to be considered and adopted by the Standing Committee on Labour.

3. The Committee took up the draft Reports for consideration. The Committee adopted the draft Reports without any modification.

**4. The Committee then authorized the Chairman to present the reports to both the Houses of Parliament.**

**The Committee then adjourned.**

**(Vide Para No. 3 of the Introduction)****ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON RECOMMENDATIONS CONTAINED IN THE NINETEENTH REPORT OF THE STANDING COMMITTEE ON LABOUR (FIFTEENTH LOK SABHA)**

	<b>Total</b>	<b>Percentage</b>
I. Total number of Recommendations	23	
II. Recommendations/Observations which have been accepted by Government (Rec. Sl. Nos.1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 - Para Nos. 3.18, 3.19, 3.20, 3.21, 3.22, 3.23, 4.19, 4.20, 4.21, 4.23, 4.24, 4.25, 4.26, 4.27, 4.28, 4.29, 4.30, 4.31, 4.32)	19	83%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies-	NIL	0
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration -  (Rec. Sl. No. 10 - Para No. 4.22)	01	4%
V. Recommendations/Observations in respect of which final replies of Government are of interim in nature  (Rec. Sl.No. 21, 22 and 23 - Para No. 5.5, 5.6 and 5.7)	03	13%
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		100%
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