

**SIXTEENTH REPORT**  
**COMMITTEE ON PETITIONS**  
**(SIXTEENTH LOK SABHA)**  
**MINISTRY OF HEALTH AND FAMILY WELFARE**  
**AND**  
**MINISTRY OF LABOUR AND EMPLOYMENT**  
**(Presented to Lok Sabha on .....**)



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

**..... August, 2016/Shravana, 1938 (Saka)**

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- i) Minutes of the 20<sup>th</sup> sitting of the Committee held on 05.01.2016.
- ii) Minutes of the 26<sup>th</sup> sitting of the Committee held on 4.8.2016.

**(i)**

**COMPOSITION OF THE COMMITTEE ON PETITIONS  
(2015-2016)**

Shri Bhagat Singh Koshyari -Chairperson

**MEMBERS**

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
  
6. Shri Rajen Gohain\*
7. Dr. K. Gopal
8. Shri Chhedi Paswan
9. Shri Kamlesh Paswan
10. Smt. Krishna Raj\*\*
11. Shri Arjun Charan Sethi
12. Shri Kodikunnil Suresh
13. Shri Dinesh Trivedi
14. Shri Rajan Vichare
15. Shri Dharmendra Yadav

**SECRETARIAT**

- |                               |   |                         |
|-------------------------------|---|-------------------------|
| 1. Shri K. Vijaykrishnan      | - | Additional Secretary    |
| 2. Shri Shiv Kumar            | - | Joint Secretary         |
| 3. Shri A.K. Srivastava       | - | Director                |
| 4. Shri Raju Srivastava       | - | Additional Director     |
| 5. Shri Jyoti Prakash Krishna | - | Sr. Executive Assistant |

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\*Shri Rajen Gohain ceased to be Member of the Committee *w.e.f.* 5<sup>th</sup> July, 2016 on his appointment as Minister of State, Government of India.

\*\*Smt. Krishna Raj ceased to be Member of the Committee *w.e.f.* 5<sup>th</sup> July, 2016 on her appointment as Minister of State, Government of India.

(iii)

# **SIXTEENTH REPORT OF THE COMMITTEE ON PETITIONS**

**(SIXTEENTH LOK SABHA)**

## **INTRODUCTION**

I, the Chairperson, Committee on Petitions, having been authorized by the Committee to present the Report on their behalf, present this Sixteenth Report (Sixteenth Lok Sabha) of the Committee to the House on the representation received from M/s. M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd., regarding non- payment of arrears towards security services by the management of Lady Hardinge Medical College (LHMC) in respect of Smt. Suchita Kriplani Hospital, Shaheed Bhagat Singh Marg, New Delhi.

2. The Committee considered and adopted the draft Sixteenth Report at their sitting held on 4 August, 2016.

3. The observations / recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;**

**August, 2016  
Shravana, 1938 (Saka)**

**BHAGAT SINGH KOSHYARI  
Chairperson,  
Committee on Petitions**

(v)

## REPORT

### **REPRESENTATION OF M/S. M. S. VIGILANT SECURITY, PLACEMENT & DETECTIVE SERVICES PVT. LTD., REGARDING NON-PAYMENT OF ARREARS TOWARDS SECURITY SERVICES BY THE MANAGEMENT OF LADY HARDINGE MEDICAL COLLEGE (LHMC) IN RESPECT OF SMT. SUCHETA KRIPLANI HOSPITAL, SHAHEED BHAGAT SINGH MARG, NEW DELHI.**

Shri Ajay Tamta, M.P., Lok Sabha, had forwarded a representation of M/s. M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd., dated 24.06.2014 regarding non-payment of arrears towards security services by the Management of Lady Hardinge Medical College (LHMC) in respect of Smt. Sucheta Kriplani Hospital, Shaheed Bhagat Singh Marg, New Delhi.

2. M/s. M.S. Vigilant Security had been providing security services to the Lady Hardinge Medical College (LHMC) and Sucheta Kriplani Hospital (SKH) during the previous six years and their contract had been renewed by the Ministry of Health and Family Welfare from time to time, on yearly basis, perhaps due to their prompt and satisfactory services. In February, 2015, the Doctors of the Hospital had gone on strike. Due to inadequate security in the hostel and the hospital premises, the Hospital Authorities requested the Contracting Firm for deployment of 66 additional Security Guards with immediate effect. Accordingly, 66 additional Security Guards were deployed in the Hospital premises.

3. The Contracting Firm alleged that the Hospital Authorities had not released payment for the period from December 2013 to January 2015 as *ex-post facto* sanction for extension of the contract for the said period was awaited from the Ministry of Health and Family Welfare. The Contracting Firm had further stated that later on, the Ministry had given *ex-post facto* approval for continuation of the contract with effect from December 2013 to 31 May 2015 with a clear direction that payment to the Contracting Firm would be made out of the Budget provisions sanctioned for the year 2014-2015. However, in spite of repeated requests made by the Contracting Firm from time to time, the Hospital Authorities had released the payment for one month only, i.e., for December 2013, and the payment of their bills for the period January 2014 to March 2015 (15 months) was still pending towards the security services already provided to the Hospital.

4. Further, due to non-release of payment by the Hospital Authorities in time, the Contracting Firm had to borrow money for paying the salaries to their employees and also to deposit various statutory dues like Service Tax, Provident Fund and ESIC contributions. In the meanwhile, the Provident Fund Department had sent an assessment order for levying of penal damages and interest to the tune of Rs 19,00,000/- (Rupees Nineteen Lakh) approximately towards belated deposit of Provident Fund dues to the Contracting Firm. Shri Ajay Tamta, M.P., requested to admit the representation and issue directives to the Hospital Authorities to release the dues to the Contracting Firm at the earliest.

5. The Committee on Petitions took up the matter for examination as per Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representation was referred to the Ministry of Health & Family Welfare for furnishing their comments on the issues raised in the representation.

6. In response thereto, the Ministry of Health & Family Welfare *vide* their communication dated 4 September, 2015, *inter alia*, furnished the following reply:-

*"With regard to non-release of payment, the office of Director, LHMC had informed that a letter was received from Employees Provident Fund Organisation (EPFO), sub-Regional Office, Jhilmil Industrial Area, Delhi informing that an inquiry u/s 7-A of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 had been initiated against the Contractor, i.e., M/s M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd. The EPFO had also informed that various complaints through Workers' Union against the Contractor had been received by the Employees Provident Fund Organisation (EPFO) regarding non-extension of PF benefits to the employees and evasion of PF liabilities. They had also requested for the records which were required to assess the PF dues which have already been provided to them.*

*The final payment would be made by LHMC only after ensuring PF compliance in respect of all the contractual employees of the Contracting Firm. For this purpose, Challans and Form(s) 3A/6A had to be called for and verified before the release of final payment. LHMC had also been intimated by the Employees Provident Fund Organisation that if the Contractor fails to comply with the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the LHMC, being the Principal Employer, would be held responsible for the same and legal action u/s 14*

*read with para 76 of the EPF and MP Act, 1952, along with action u/s 7-A, 14-B, and 7-Q might be initiated against the LHMC.*

*Further, the LHMC had already released payment for two months on 15 April 2015. But it was found that M/s. M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd., had disbursed the salary to their workers deployed at LHMC for one month only. Further, the Contracting Firm i.e., M/s M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd., while submitting the bills to LHMC also submitted a consolidated challan for the deposition of EPF contribution in respect of the total number of employees working under them. However, the 'one page consolidated challan' had not reflected the details of workers deployed at LHMC. Therefore, it was not possible to find out whether the Contracting Firm had deposited the EPF in respect of the workers deployed in the LHMC or not. The Contractor had been repeatedly requested by LHMC Authorities to provide the necessary information which they had not complied with.*

*Since the matter involved non-payment of statutory liabilities by the Contracting Firm and the LHMC, being the Principal Employer, would also be held responsible. The matter was again taken up with the Regional Provident Fund Commissioner and was also referred to the Deputy Director (Vigilance), EPFO, North Zone. LHMC had not yet received the final details of EPF contributions to be deposited in the EPFO either from the EPFO or from the Contractor. Moreover, the case is also pending with the office of the Labour Employment (Central) and they had also not given any final reply about the statutory liabilities on the part of Contractor. As soon as the above issues are resolved, the final payment will be released by the LHMC."*

7. On being enquired by the Committee about the initial duration of the Contract for providing security services awarded to M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., and the terms and conditions *inter alia* for depositing the Provident Fund liabilities by the Contracting Firm, the Ministry of Health & Family Welfare, in a written reply, submitted as follows:-

*"The contract for providing security services was awarded initially to M/s. M. S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., in 2009 for a period of one year w.e.f. 15.07.2009 and extended from time to time till 31.05.2015. The terms & conditions for depositing the EPF liabilities by the*



*Contracting Firm was as per the contract agreement entered between the Firm & the LHMC"*

8. The Committee, then, desired to know about the mechanism *in vogue* in the LHMC for verifying the compliance of various statutory obligations, viz., EPF, ESIC, etc., by the Contracting Firm while renewing the contract. The Ministry of Health & Family Welfare, in a written reply, submitted:-

*"The renewing of the contract was being done on the terms & conditions of the tender/contract agreement with the approval of Competent Authority i.e., the Ministry of Health & Family Welfare. In LHMC, one officer of the level of Deputy Labour Welfare Commissioner (DLWC) was posted by the Ministry of Labour and Employment. The DLWC ensured the compliance of the statutory liabilities like minimum wages, EPF & ESI liabilities, etc., and also verified the attendance of the workers, on monthly basis. Therefore, the mechanism in LHMC was put in place by the Ministry of Labour and Employment by deputing one of their officers. The compliance of statutory liabilities was ensured by the officer, on monthly basis, at the time of submission of bills. Based on this mechanism, the renewal of contract was made. However, the post of DLWC is vacant since 15.12.2014 and the work is being managed by making some internal arrangements. LHMC had already requested the Ministry of Labour and Employment to depute the Deputy Labour Welfare Commissioner."*

9. The Committee, thereupon, specifically desired to know about the number of Security Guards deployed by M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., in all the Associated Hospitals of LHMC. The Ministry, in a written reply, submitted:-

<b>Total Strength</b> <i>w.e.f., 15.07.2009</i>	<b>Lady Hardinge Medical College</b>	<b>Smt Sucheta Kriplani Hospital</b>	<b>Kalawati Saran Children Hospital</b>
174	132		42

10. The Committee, thereafter, desired to know as to whether the EPFO had verified the compliance of all the requirements viz., periodic submission of various returns by the Employer/Contracting Firm, viz., Form 12-A, Form 5, Form 6-A, Challan, etc., from their own records prior to initiating the inquiry against M/s. M.S. Vigilant Security, Placement &

Detective Services (Pvt.) Ltd. In response, the Ministry of Labour and Employment, in a written reply, submitted:-

*"Since April, 2012, EPFO had introduced the Electronic Challan-cum-Return (ECR) to be uploaded online by the Employers and discontinued all other returns. Further, in case of evasion, the employee is not allotted any Account Number by the Employer and hence does not become part of EPF compliance system and, therefore, will not appear in the ECR. As far as evasion is concerned, it is normally detected through records of wages and salaries i.e., Attendance Register, Salary Register and the Books of Accounts. These records are checked by the Enforcement Officers and may also be checked/called during the enquiry under section 7A."*

11. The Committee further desired to know as to whether on receipt of any complaint, any preliminary inquiry, by giving reasonable opportunity to the other party to present their case, is conducted by the Authorities. The Ministry, in a written reply, submitted that as per the established principles of the law of natural justice, preliminary inquiry is invariably conducted for *prima facie* ascertaining the merits of the complaints made.

12. To a specific query by the Committee as to whether any preliminary inquiry was conducted by the EPFO to *prima facie* verify the facts contained in the complaints received through the Workers' Union against M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., regarding evasion of PF dues by them, the Ministry of Labour and Employment, in its written reply, submitted:-

*"As per provisions of Section 7A, the officer who is conducting the inquiry may conduct such inquiry as he may deem necessary and not necessary to conduct a preliminary inquiry first. The provisions of section 7A (1) and (2) are as under:-*

**"7A. Determination of moneys due from employers:**

(1) *The Central Provident Fund Commissioner, any Additional Central Provident Fund Commissioner, any Deputy Provident Fund Commissioner, any Regional Provident Fund Commissioner or any Assistant Provident Fund Commissioner may, by order,*

(a) *in a case where a dispute arises regarding the applicability of this Act to an establishment, decide such dispute; and*

- (b) *determine the amount due from any employer under any provision of this Act, the Scheme or the Pension Scheme or the Insurance Scheme, as the case may be and for any of the aforesaid purposes may conduct such inquiry as he may deem necessary.*
- (2) *The officer conducting the inquiry under sub-section 1 shall, for the purposes of such inquiry have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), for trying a suit in respect of the following matters, namely:-*
- (a) *enforcing the attendance of any person or examining him on oath;*
  - (b) *requiring the discovery and production of documents;*
  - (c) *receiving evidence on affidavit; and*
  - (d) *issuing commissions for the examination of witnesses, and any such inquiry shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code 45 of 1960."*

13. On the issue of withholding payment to the Contracting Firm, the Committee, thereafter, referred to a letter dated 19 June, 2014 from the Employees' Provident Fund Organization, Sub-Regional Office, Jhilmil Industrial Area, Delhi addressed to M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., *inter alia* stating that they had never advised the LHMC to withhold their payments.

14. The Committee, then, specifically desired to know about the inherent ambiguity *vis-à-vis* the letter dated 19 June, 2014 which had led to non-release of payment towards security services to the Contracting Firm, thereby affecting the livelihood of around 250 employees and their families as claimed by the Contracting Firm. The Ministry of Health & Family Welfare, in a written reply, submitted:-

*"The EPFO, in their report, clearly informed that the final payment should be made only after ensuring PF compliance in respect of all the contractual employees of the Firm. For this purpose, challans and Form 3A/6A have to be called for and verified before the final payment is made. LHMC had also been intimated by the Employees Provident Fund Organization that if the contractor fails to comply with the provisions*

*of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the LHMC, being the Principal Employer, will be held responsible for the same and legal action u/s 14 read with para 76 of the Act ibid, along with action u/s 7 A, 14 B, and 7Q may be initiated against the LHMC.*

*The EPFO vide letter dated 3.06.2015 informed the Contractor i.e., M/s. M. S. Vigilant Security, Placement & Detective Services Pvt. Ltd., that the EPFO had never advised LHMC to withhold the payment of the Contractor and had advised only to do their duty as the Principal Employer by verifying EPF compliance of the Contractor before releasing payment to them. Thus, it is for the Principal Employer to see that they process the bills after due verification. In the said letter dated 3.06.2015, EPFO put the prime responsibility on the Principal Employer for verifying the EPF compliance before releasing the payment.*

*It is stated that, if LHMC was not able to make final payment, it was only due to non-compliance of statutory obligations on the part of the Contracting Firm and the directions of the EPFO not to settle the final payment until the compliance of statutory obligations. It may be appreciated that final payment can be made only after fulfilling the statutory obligation by the Contracting Firm regarding payment of EPF of the employees. Moreover, a letter dated 28.12.2015 had also been sent to EPFO by LHMC vide which they were requested to provide the NOC for compliance of EPF provisions before final payment to the Contracting Firm is made."*

15. The Committee further desired to know that whenever any inquiry has been initiated by EPFO for evasion of PF liabilities against any Contracting Firm, whether the documents/ records of PF compliance are verified by the Principal Employer or the EPFO. The Ministry of Labour and Employment, in a written reply, submitted:-

*"The documents/records in an inquiry are normally verified either by the Enforcement Officer or the Inquiry Officer. However, as per provisions of Section 7A, the Inquiry Officer may conduct the inquiry as deemed necessary and adopt the procedure as deemed fit using the powers of the Court vested for the purpose of such inquiry."*

16. On being specifically asked about the mechanism available with the Principal Employer and/or the EPFO on the basis of which it can be ascertained that the Contracting Firm had received payment and had partially complied with the PF liabilities of its employees/workers, the Ministry of Health & Family Welfare, in a written reply, submitted:-

*"In LHMC, one officer of the level of Deputy Labour Welfare Commissioner (DLWC) is posted by the Ministry of Labour and Employment. The DLWC ensures the compliance of the statutory liabilities like minimum wages, EPF & ESI liabilities etc., and also verifies the attendance of the workers on monthly basis. Therefore, the mechanism in LHMC is put in place by the Ministry of Labour and Employment itself by deputing one of their officers. The payments were made to the Contracting Firm through Electronic Clearance Service (ECS)."*

17. The Committee, thereupon, asked about the details of total payment withheld by the LHMC Authorities of the Contracting Firm along with the duration due to alleged evasion of PF liabilities by the Firm. The Ministry of Health & Family Welfare, in a written reply, submitted:-

<b>Sl. No.</b>	<b>Payment withheld</b>	<b>Amount</b>	<b>Remarks, if any</b>
1.	March, 2014	14,32,798	<i>Amount withheld since the details of EPF deposit (employee-wise) for the previous month was not provided.</i>
2.	April, 2014	15,15,783	
3.	May, 2014	15,15,783	
4.	June, 2014	15,15,783	
5.	July, 2014	15,15,783	
6.	August, 2014	15,15,783	
7.	September, 2014	15,15,783	
8.	October, 2014	15,15,783	
9.	November, 2014	15,29,891	<i>Payment made directly to the Security Personnel by the Principal Employer i.e., LHMC after deduction of amount of ESI &amp; EPF on the direction of O/o Dy. Chief Labour Commissioner (C).</i>
10.	December, 2014	15,29,891	<i>Directions were received from the O/o Dy. Chief Labour Commissioner (C) to make payment to the workers directly and the compliance was under process as attendance records of the security personal deployed at the Institute had not been made available by the Firm.</i>
11.	January, 2015	15,29,891	
12.	February, 2015	15,29,891	
13.	March, 2015	15,29,891	<i>Direction were received from the O/o Dy. Chief Labour Commissioner (C) to make payment to worker directly and the compliance was under process as attendance records of the security personal deployed at the Institute had not been made available by the Contracting Firm.</i>

14.	April, 2015	15,29,891	Payments made directly to the Security Personnel by the Principal Employer i.e., LHMC after deduction of amount of ESI & EPF on the direction of O/o Dy. Chief Labour Commissioner (C).
15.	May, 2015	15,29,891	Payments made directly to the Security Personnel by the Principal Employer i.e., LHMC after deduction of amount of ESI & EPF on the direction of O/o Dy. Chief Labour Commissioner (C).

18. The Committee further desired to know as to whether the payment of Contracting Firm was stopped by the LHMC Management due to the alleged non-compliance of EPF requirements and/or not depositing the ESI contribution of the workers employed by them. The Ministry of Health & Family Welfare, in a written reply, submitted:-

*"The payment to the Contracting Firm was not released by the LHMC due to the non-compliance of EPF requirements as it was also found that some of the workers had filed court cases against the Contractor for non-payment of the EPF and these cases are still pending. There were also complaints of retrenchment of workers whenever they asked for depositing of EPF contribution from the Contractor."*

19. Thereafter, on 5.1.2016, in order to have a holistic view on the issue of non-payment of dues by the Hospital Authorities leading to pecuniary hardships faced by the poor Security Guards deployed by the Contracting Firm on account of non-receipt of their salary, the Committee invited the office bearers of M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., to hear their views.

20. In their submission before the Committee, the office bearers of M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., informed that the management of Lady Hardinge Medical College had not been paying their dues for the security services provided by their Firm for long. The Firm had been making repeated requests to the Hospital Authorities for payment of their security services provided to the Hospital so as to enable them to pay the salary, Provident Fund contribution and other statutory liabilities but to no avail. The representatives of the Contracting Firm further informed the Committee that the situation had worsened to such an extent that the Firm had to write to the Hospital Authorities that under such circumstances, they would not be able to provide security services to the Hospital.

21. The representatives of the Contracting Firm further submitted before the Committee that in order to pay the salary of the poor Security Guards deployed by them for providing security services to the Hospital along with depositing of other statutory liabilities, the owner of M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., had to dispose off his own house in Noida, Uttar Pradesh. The representatives of the Contracting Firm, therefore, pleaded before the Committee that dues amounting to Rs. 3.50 crore may be released, at the earliest, by the Hospital Authorities, enabling them to make that full and final payment to the poor Security Guards who had been suffering immensely for a long time.

22. The Committee, thereafter, took oral evidence of the representatives of the Ministry of Health and Family Welfare and the Ministry of Labour and Employment on 5.1.2016.

23. During the evidence, the Committee desired to know the genesis of the case and the reasons for subsequent withholding of the dues of the Contracting Firm on the grounds that the Firm had not deposited the statutory liabilities of around 250 Security Guards deployed for security duties in the Hospital in spite of the fact that the Hospital Authorities themselves had renewed the contract of M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., and once the Hospital Authorities had availed the services of the Contracting Firm, they were liable to make payment. The Secretary, Ministry of Health and Family Welfare, deposed before the Committee as follows:-

*"In the year 2009, M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., was awarded contract by the Lady Hardinge Medical College for providing security services in the Medical College and other Associated Hospitals. Since 2012, complaints started surfacing against the Agency for non-payment of salary and Provident Fund dues. Thereafter, LHMC received a letter dated 19 April 2014 from the EPFO stating that action had been initiated against the contractor for violation of provisions of the Employees' Provident Funds and Miscellaneous Provisions Act 1952. Further, the Ministry of Labour and Employment had directed the Authorities of the LHMC to withhold any further payment to the Contracting Firm until the Provident Fund compliance is made by the Contractor."*

24. The Committee, then, specifically desired to know the exact outstanding dues towards the security services to be paid to the Contracting Firm. The representatives of the Ministry of Health and Family Welfare informed that the Hospital had made payment to the

security agency, till March 2014. However, the payment of around 8 months had not been released to them which came to approximately Rs. 2.97 crore.

25. The Committee wanted to know the specific reasons for the inordinate delay in making payment to the Contracting Firm in spite of the fact that the contract had been renewed by the Hospital Authorities much earlier and for the extended period of contract, the Contracting Firm had already provided the security services. In response, the Secretary of the Ministry of Health & Family Welfare submitted:-

*"Sir, as I mentioned to you, one is ex-post facto approval. Actually, I joined in February, 2015 and when the matter came to me, I approved it. The approval was conveyed immediately but the stoppage of the money may be because the approval was not there. It can be one of the reasons. But the other reason that the letter which had come from the Ministry of Labour and Employment informing that an inquiry has been initiated. I was not aware of that. I came to know of this much later."*

26. The Committee, thereafter, asked the representatives of the Ministry of Health & Family Welfare and the Ministry of Labour and Employment to coordinate their acts and sort out the compliance of various statutory requirements by the Contracting Firm so that the issue of release of rightful dues to the hundreds of poor Security Guards who had already provided security services to the Hospital could be sorted out. The Committee, further, desired to know a time frame by which the stalemate regarding payment of dues as well as fulfilment of statutory liabilities by the Contracting Firm was resolved. The representatives from the Ministry of Health & Family Welfare submitted before the Committee that the Ministry had already written to the Contracting Firm to submit the requisite documents so as to expedite the payment of dues. The Secretary, Ministry of Health & Family Welfare, further, assured the Committee that the issue would be resolved in a fortnight's time, subject to the submission of relevant papers by the Contracting Firm.

27. Subsequently, the Ministry of Health & Family Welfare and the Ministry of Labour and Employment *vide* their O.M., dated 1 & 11 February, 2016, informed the Committee that payment to M/s. M.S. Vigilant Security, Placement & Detective Services (Pvt.) Ltd., was being monitored by a Committee under the Chairmanship of Dr. Arun K. Panda, Additional Secretary (H). The representatives of the EPF Organisation had also been regularly attending the said meeting. In the last meeting attended by the representative of EPFO on 22.1.2016, it had been decided by the Chairman that the payment of dues of the



Contracting Firm (*except demand of EPF assessment of around Rs. 1.27 crore*), which came to approximately Rs. 2.70 crore would be released in three instalments. It is also submitted that the first instalment of Rs. 95 Lakh had already been released.

## OBSERVATIONS/RECOMMENDATIONS

28. The Committee note the grievances of the representationist about the inordinate delay in the release of arrears towards security services provided by M/s. M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd. to the Lady Hardinge Medical College (LHMC) as well as the Smt. Sucheta Kriplani Hospital, Shaheed Bhagat Singh Marg, New Delhi. The Committee also note that, on the request of the Hospital Authorities, the representationist had deployed additional Security Guards in the Hospital premises and the contract had also been renewed by the Hospital Authorities. In spite of the best of security services provided by the Contracting Firm, the Hospital Authorities had failed to release the dues. The representationist also informed that the inordinate delay in releasing the payment by the Hospital Authorities had led to serious functional/ financial problems to the representationist, viz., non-payment of salary to the Security Guards, delayed compliance of various statutory obligations like depositing of employers' share of Provident Fund, ESI dues, etc.

29. The Committee further note the argument put forth by the Ministry of Health & Family Welfare that various complaints against the Contracting Firm were pending with the Employees Provident Fund Organisation (EPFO) regarding non-extension of Provident Fund benefits to the contracted Security Guards and evasion of PF liabilities. The Committee observe that the final payment to the Contracting Firm would be made by the Hospital Authorities only after ensuring PF and other statutory compliance in respect of all the contractual employees of the Contracting Firm. The Committee find that if the Contractor failed to comply with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Hospital Authorities, being the Principal Employer, would be held responsible for the omission and legal action might be initiated against them. The Committee also note the procedural requirement of the Ministry that they need the requisite documents from the Contractor as a proof of depositing the EPF in respect of the workers deployed in the LHMC. However, what the Committee find disturbing is the submission of the Ministry of Health & Family Welfare as well as the Ministry of Labour and Employment that the alleged complaint of non-compliance of statutory requirements had been pending with the office of the Labour Employment (Central) and they had not given any final reply about the extent of non-compliance of

statutory liabilities on the part of Contractor. The Committee feel that the Government should present an example of being a good employer by not only ensuring time-bound settlement of complaints regarding non-compliance of statutory obligations against the Contractors but also expeditiously release the payment to them, after deducting the amount of statutory liabilities, so that the poor workers who had been employed by any Contracting Firm should not be the ultimate sufferers. The Committee, therefore, recommend that an in-built mechanism may be put in place by the Ministry of Health & Family Welfare as well as the Ministry of Labour and Employment to regularly monitor the compliance of statutory obligations by all the Contractors and at the same time ensure release of salaries/wages to the contracted employees, on a regular basis. The Committee would like to be apprised of the action taken in this regard at the earliest.

30. The Committee note that one officer of the level of Deputy Labour Welfare Commissioner (DLWC) was to be posted by the Ministry of Labour and Employment to the LHMC with the mandate to ensure compliance of the various statutory liabilities, viz., Minimum Wages, EPF, ESI, etc., along with verification of attendance of the contracted employees, on monthly basis. The Committee are dismayed to note that the post of DLWC had been lying vacant since 15.12.2014. Though some interim arrangement had been made by the Hospital Authorities to monitor the compliance of various statutory requirements by the Contracting Firm, in the Committee's view, such type of *ad-hoc* and stop-gap arrangement is not an effective solution to the various functional/financial problems being faced by the Contracting Firm and in turn by the poor contracted employees. The Committee, therefore, take a serious note of non-filling up of the post of DLWC and recommend that the Ministry of Labour and Employment should fill up the post without any further delay.

31. The Committee also observe that the information uploaded by the EPFO in their website, containing the details of employers' contribution made to the individual contracted employee in his/her EPF account by the Contracting Firm is neither regularly updated nor the same is user friendly. The Committee, after detailed deliberations with all the stakeholders during the examination of the representation, are convinced that had all the requisite information been regularly updated in the website of EPFO and the information contained user friendly details to notice even the slightest of default on the part of the Contracting Firm in adhering to various

statutory requirements, the problem of non-receipt of salaries/wages being faced by the poor contracted employees would not have arisen. The Committee, therefore, recommend to the Ministry of Labour and Employment to instruct the EPFO to upload complete information with regard to month-wise depositing of employers' share of Provident Fund in the account of all contracted employees and also formulate an in-built feature on the website on the basis of which, any default in complying with the statutory obligations on the part of any Contracting Firm is automatically transmitted to all Authorities concerned for taking immediate necessary action in accordance with the rules/orders on the subject. The Committee also wish to caution the Ministry of Health & Family Welfare as well as the Ministry of Labour and Employment that under any circumstance, delay in releasing of dues to the Contracting Firm and in turn causing hardship to the poor contracted employees, should not be attributed to reasons like prolonged inquiry, non-receipt of information by other stakeholders, imposition of condition to the effect that dues will be released only after ensuring that the Contracting Firm had complied with various statutory obligations, etc. The Committee would like to be apprised of the action taken by the Ministries concerned in this regard, at the earliest.

32. The Committee note with satisfaction that a Committee under the Chairmanship of Additional Secretary (Health) is looking into the matter of release of dues to M/s. M.S. Vigilant Security, Placement & Detective Services Pvt. Ltd., by formulating a mechanism for working out precise details of various statutory liabilities to be paid by the Contracting Firm so that the amount could be deducted prior to making payment to them. The Committee are happy to note that pursuant to adopting the said mechanism, an amount of Rs. 95 lakh, as first instalment, has already been released to the Contracting Firm. The Committee also hope that the remaining two instalments amounting to Rs. 1.75 crore, as worked out and informed by the Ministry of Health and Family Welfare, would be released to the Contracting Firm, in due course, after retaining the amount of statutory liabilities required to be deposited by the Contracting Firm. The Committee therefore, recommend to the Ministries of Health & Family Welfare and Labour and Employment to ensure the payment of the dues to the Contracting Firm, at the earliest.

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