

CHAPTER XIV : MINISTRY OF LABOUR AND EMPLOYMENT

Employees' Provident Fund Organisation

14.1 Short realisation of administrative charges

Failure of eight Regional Offices of Employees' Provident Fund Organisation to verify dues remitted by the establishments with reference to the revised rate of administrative charges on Employees' Deposit Link Insurance and Employees' Provident Fund resulted in short realisation of ₹ 6.17 crore during the period from January 2015 to March 2017.

As per Sections 6 and 6C of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (Act) read with Para 38 (1) of the Employees Provident Fund Scheme, 1952 (EPF) and Para 8(1) of Employees' Deposit Linked Insurance Scheme, 1976 (EDLI), an employer is required to pay administrative charges to the Employees' Provident Fund Organisation (EPFO) at such rate as the Central Government may fix from time to time along with the monthly contributions.

In February 2015, the rate of administrative charges on EPF and EDLI contributions were revised by the Ministry of Labour and Employment (Ministry) as in **Table No. 1** below:

Table No. 1: Rate of administrative charges on EPF and EDLI contributions

Scheme	Pre-revised rate ¹	Revised rate ²
EPF	1.10 <i>per cent</i> of pay ³ subject to minimum of ₹ five.	0.85 <i>per cent</i> of pay subject to minimum of ₹ 75 ⁴ and ₹ 500 ⁵
EDLI	0.01 <i>per cent</i> of the pay subject to minimum of ₹ two.	0.01 <i>per cent</i> of the pay subject to minimum of ₹ 25 ⁶ and ₹ 200 ⁷

Consequently, in March 2015, the EPFO, Head Office, New Delhi, directed all the Regional Offices to implement the revised rate of administrative charges with effect from 01 January 2015. The administrative charges on EPF and EDLI along with monthly contributions were remitted by the employers in the

¹ As per Manual of Accounting Procedure Part-I General of EPFO.

² As per Ministry of Labour and Employment's Notification No. 243 dated 2nd February, 2015.

³ Basic wages, dearness allowance, retaining allowance, if any, and cash value of food concessions admissible thereon.

⁴ For non-functional establishment having no contributory member.

⁵ For other establishment.

⁶ For non-functional establishment having no contributory member.

⁷ For other establishment.

designated bank account of EPFO after uploading the EPF and EDLI data in the EPFO portal and generating Electronic Challan Cum Return (ECR).

Test check of records of eight Regional Offices (ROs)⁸ of EPFO revealed that the registered establishments were not paying administrative charges at the revised rate. The ROs of EPFO failed to verify ECRs to ensure payment of administrative charges at revised rates. This resulted in short realisation of administrative charges of ₹ 6.17 crore⁹ during the period from January 2015 to March 2017 as detailed in **Table No. 2** below:

Table No. 2: Short realisation of administrative charges

Name of the ROs	Scheme	Number of cases (establishments)	Administrative charges short realised ⁹ (₹)
RO, Kolkata	EDLI	9,429	1,30,14,493
	EPF	4,386	90,25,865
RO, Barrackpore	EDLI	3,020	36,82,424
	EPF	1,446	29,39,455
RO, Durgapur	EDLI	3,352	51,40,354
	EPF	2,043	46,77,038
RO, Howrah	EDLI	3,528	53,22,977
	EPF	1,688	38,92,216
RO, Jalpaiguri	EDLI	1,081	11,27,343
	EPF	650	10,97,604
RO, Jangipur	EDLI	2,197	25,07,042
	EPF	755	8,17,700
RO, Park Street	EDLI	2,256	35,06,503
	EPF	810	19,22,781
RO, Siliguri	EDLI	1,876	14,24,861
	EPF	1,186	16,23,317
Total		39,703	6,17,21,973

The ROs Kolkata, Barrackpore, Durgapur, Howrah, Jalpaiguri, Park Street, Siliguri stated (August/September 2017) that the short recovery of administrative charges could not be tracked due to lack of an in-built “Default Tracking & Management Mechanism” in the Application Software. No reply has been received from RO, Jangipur. The EPFO-Headquarters stated (September 2017) that the matter was under consideration in consultation with the technical team to verify the shortfall in administrative charges and they would take appropriate corrective measures accordingly.

The matter was reported to the Ministry in June 2017 and in December 2017; its reply was awaited as of December 2017.

⁸ Kolkata, Barrackpore, Durgapur, Howrah, Jalpaiguri, Jangipur, Park Street, Siliguri

⁹ Excluding the exempted establishment as per the list obtained from respective ROs