



**कर्मचारी भविष्य निधि संगठन  
(श्रम मंत्रालय भारत सरकार)**

**Employees' Provident Fund Organisation  
(Ministry of Labour, Govt. Of India)**

**मुख्य कार्यालय / Head Office**

**भविष्य निधि भवन, 14-भीकाजी कामा प्लेस, नई दिल्ली-110066**

**Bhavishya Nidhi Bhawan, 14- Bhikaji Cama Place, New Delhi – 110066**

**www.epfindia.gov.in ; www.epfindia.nic.in**

**NO.C-III/110001/4/3(71)Misc./2013/DL/**

**Date : 08.10.2013**

**To**

**- 8 OCT 2013**

**All Regional P.F. Commissioners  
In-Charge of Regional/Sub Regional Offices**

**Subject : Compliance under the EPF & MP Act, 1952 in respect of  
the employees engaged by or through contractors.**

Sir,

A number of complaints are received by the organization on non-extension of social security benefits in the form of provident fund, pension and insurance as envisaged under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Schemes framed there under especially to the casual, contractual and outsourced employees working in different establishments, Government Departments, Undertakings and Autonomous bodies, both Central and State. Accordingly, the very purpose of this social legislation is defeated.

2. The word employee has been defined to mean any person who is employed for wages in any kind of work, manual or otherwise, in or in connection with the work of an establishment and who gets his wages directly or indirectly from the employer, and includes any person employed by or through a contractor in or in connection with the work of the establishment. The Act does not differentiate between casual, contractual and regular employees.

3. Various Government Departments, Undertakings and Autonomous bodies, both Central and State, outsource the activities like watch-ward, housekeeping, data-entry etc. to different agencies and contractors and the persons engaged by such agencies and contractors to execute the above activities are not extended due benefits of provident fund, pension and insurance. This increases the number of grievances to the organization.

4. Paragraph 30(3) of the Employees' Provident Funds Scheme, 1952 provides that it shall be the responsibility of the principal employer to pay both the contribution payable by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor and also administrative charges. This is not enforced in true spirit by various Government Departments, Undertakings and Autonomous bodies, both Central and State. Wherever enforced, there is no proper scrutiny at the time of the payment of their bills as to whether the agencies and contractors are depositing contributions due from them under the Act and the Schemes framed thereunder which is commensurate with the wages paid to such out sourced staff.

5. Instances have come to notice that the placement agencies and security agencies, which provide guards and other personnel to Government Departments, Undertakings and Autonomous Bodies often take employer's contribution on full wages from these employers and then bifurcate the wages of the personnel provided by them in to basic wages and various other allowances which do not form part of basic wages to evade the provident fund. This diversion of residual employer's contribution tantamount to pilfering of provident fund money. Thus, Governments Departments, Undertakings and Autonomous Bodies, which settle the periodic bills of agencies and contractors, unwillingly become a party to this pilferage.

6. Time has come to work on such issues of concern and to converse and inform these Government Departments, Undertakings and Autonomous Bodies about their role while engaging the various agencies and contractors and while settling their monthly bills with respect to deployment of such personnel.

7. In this background, all the Regional Provident Fund Commissioners In-Charge of Regional/Sub Regional Offices are advised to start a dialogue with the Government Departments, Undertakings and Autonomous Bodies functioning under your jurisdiction about their duties and responsibilities while engaging personnel for watch-ward, housekeeping, data-entry etc. through various agencies and contractors to check such pilferage of provident fund monies. The Officers-In-Charge are also advised to collect the details of personnel engaged through the various agencies and contractors from these Government Departments, Undertakings and Autonomous Bodies and check with the records available in their own offices about such agencies and contractors. Wherever pilfering of provident fund money is noticed, immediate action shall be initiated against the erring agencies and contractors to check such unhealthy practices harming the interest of the workers.

8. The Regional Provident Fund Commissioners In-Charge of Regional/Sub Regional Offices are advised to issue notices to the Government Departments, Undertakings and Autonomous Bodies functioning under your jurisdiction for arresting such unfair practices, which various

agencies and contractors adopt while supplying personnel. Enforcement Officers may be detailed to educate these Government Departments, Undertakings and Autonomous Bodies about the duties and responsibilities of the principal employers. They shall also be advised to ensure that :

- a) all the agencies and contractors to whom the work is outsourced are covered under the Act;
- b) all the personnel supplied by the agencies and contractors are extended benefits of provident fund etc. ; and
- c) all the personnel engaged get eligible benefits commensurate to the wages they get.

9. The Government Departments, Undertakings and Autonomous Bodies may be advised to watch the compliance status of various agencies and contractors to the provisions of the Act and the Schemes framed thereunder on the '**establishment search option**' on the official website of EPFO [www.epfindia.com](http://www.epfindia.com).

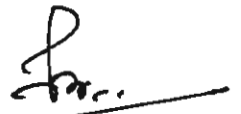
10. The specimens of draft letters to (a) various Government Departments/Undertakings/ Autonomous Bodies and (b) Big establishments already covered and deploying more than 500 employees/workers are enclosed herewith for use at your end.

11. A presentation on the role of Principal Employers and Contractors which has been attempted at this end is enclosed herewith for wide publicity for this purpose.

(This issues with the approval of CPFC.)

Enclosures : As above.

**Yours faithfully,**



8/10/23  
**(P.K.UDGATA)**

**Additional C.P.F.C. (Compliance)**

**DRAFT-I**

**FOR MINISTRIES AND GOVERNMENT DEPARTMENTS NOT COVERABLE  
UNDER THE ACT AND GOVERNMENT UNDERTAKINGS AND  
AUTONOMOUS BODIES COVERED UNDER THE ACT.**

**EMPLOYEES' PROVIDENT FUND ORGANISATION**

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No.

Date:

To

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**Subject : Compliance under the EPF & MP Act, 1952 in respect of  
the employees engaged by or through contractors.**

Sir,

You may be aware that Employees' Provident Fund Organisation administers the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Schemes framed thereunder which aim to provide social security in the form of Provident Fund, Pension and Insurance to all the employees who are employed for wages in any kind of work, manual or otherwise, in or in connection with the work of an establishment and who get wages directly or indirectly from the employer and which includes any person employed by or through a contractor in or in connection with the work of the establishment and apprentices engaged (other than the apprentice under the Apprentice Act, 1961).

2. I am sure that for all the direct employees of your esteemed Ministry/Department/Undertakings/Autonomous Bodies, such benefits are in place under the relevant Government Rules. However, we understand that activities like watch and ward, house-keeping, data-entry etc. are outsourced to agencies and contractors. At times, the workers engaged by these agencies and contractors are deprived of Provident Fund, Pension and Insurance. Even if they receive such benefits, those do not commensurate with the wages they earn every month. Similarly, various agencies and contractors often receive employer's contribution on full wages from Ministries/Government Departments/Undertakings/Autonomous Bodies but while extending the provident fund benefits etc. to their workers, these agencies bifurcate the wages into basic wages and various other allowances, which are not within the ambit of basic wages, to evade the provident fund. This is nothing but subterfuge of wages. As a result, the poor workers are deprived of their legitimate share of provident fund etc. Further, the residual employer's contribution which these agencies do not pass on to their workers tantamounts to pilfering of provident fund money. Thus, Ministries and Governments Departments which settle the periodic bills of agencies and contractors unknowingly become a party to this pilferage. With your intervention it can be ensured that all such employees do get social security benefits.

3. While awarding various contracts, it may please be ensured that the agencies and contractors shall have Provident Fund Code Number and all the contract employees deployed by them are enrolled as members of Provident Fund. In this regard, your kind attention is drawn to Paragraph 30(3) of the Employees' Provident Fund Scheme, 1952 which provides that it shall be the responsibility of the principal employer to pay both the contributions payable by him in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor.

4. A provision has been made on the Official Website of EPFO, [www.epfindia.gov.in](http://www.epfindia.gov.in), on the "**establishment search option**" to verify as to whether the agencies and contractors having Provident Fund Code numbers are regularly depositing Provident Fund contributions every month in respect of all the employees deployed by them. The above facility may be utilized to check the compliance position of the agencies and contractors to the provisions of the Act and the Schemes framed thereunder to which the contracts are awarded by your Ministry/Department/Undertaking/Autonomous Body. Wherever the contractors do not have any Provident Fund Code number or if any non-compliance by any agency or contractor is noticed, the details of such establishments may please be informed to this office so that appropriate action can be initiated and poor workers' interest is protected.

5. The Enforcement Officer of this Office shall be visiting your Ministry/Department/Undertakings/Autonomous Bodies to further apprise you of the methodology. The opportunity will also enable to get the status of compliance with regard to contract employees engaged by your contractors.

6. You may appreciate the concern of this organisation in extending social security in the form of Provident Fund, Pension and Insurance to all the workers including contract workers. I am sure that with your support we will be able to serve the workforce in a better way.

Your cooperation in this regard will be highly solicited.

Yours faithfully,

(.....)

Regional PF Commissioner

**FOR MAJOR PRIVATE ESTABLISHMENTS (BOTH UN-EXEMPTED & EXEMPTED) COVERED UNDER THE EPF & MP ACT, 1952 AND HAVING MEMBERSHIP OF 500 AND ABOVE.**

**EMPLOYEES' PROVIDENT FUND ORGANISATION**

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No.

Date:

To

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**Subject : Compliance under the EPF & MP Act, 1952 in respect of employees engaged by or through the Contractors.**

Sir,

You may be aware that Employees' Provident Fund Organisation administers the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Schemes framed thereunder which aim to provide social security in the form of Provident Fund, Pension and Insurance to all the employees who are employed for wages in any kind of work, manual or otherwise, in or in connection with the work of an establishment and who get wages directly or indirectly from the employer and which includes any person employed by or through a contractor in or in connection with the work of the establishment and apprentices engaged therein (other than the apprentice under the Apprentice Act, 1961).

2. You have been regularly complying with the provisions of the Act in respect of your direct employees under EPF Code no. \_\_\_\_\_ . However, activities like watch and ward, house-keeping, data-entry etc. you must have outsourced to agencies and contractors. At times, the workers engaged by these agencies and contractors are deprived of Provident Fund, Pension and Insurance. Even if they receive such benefits, those do not commensurate with the wages they earn every month. Similarly, various agencies and contractors often receive employer's contribution on full wages from you but while extending the provident fund benefits etc. to their workers, these agencies bifurcate the wages into basic wages and various other allowances, which are not within the ambit of basic wages, to evade the provident fund. This is nothing but subterfuge of wages. As a result, the poor workers are deprived of their legitimate share of provident fund etc. Further, the residual employer's contribution which these agencies do not pass on to their workers tantamounts to pilfering of provident fund money. Thus, while settling the periodic bills of agencies and contractors which you engage, you become a party to this pilferage unknowingly. Your intervention in this regard will ensure that all such employees do get social security benefits.

3. While awarding various contracts, it may please be ensured that the agencies and contractors shall have Provident Fund Code Number and all the contract employees deployed by them are enrolled as members of Provident Fund. In this regard, your kind attention is drawn to Paragraph 30(3) of the Employees' Provident Fund Scheme, 1952 which provides that it shall be the responsibility of the principal employer to pay both the contributions payable by him in respect of the employees directly employed by him and also in respect o the employees employed by or through a contractor.

4. A provision has been made on the Official Website of EPFO, [www.epfindia.gov.in](http://www.epfindia.gov.in), on the "**establishment search option**" to verify as to whether the agencies and contractors having Provident Fund Code numbers are regularly depositing Provident Fund contributions every month in respect of all the employees deployed by them. The above facility may be utilized to check the compliance position of the agencies and contractors to the provisions of the Act and the Schemes framed thereunder to whom the contracts are awarded by you. Wherever the contractors do not have any Provident Fund Code number or if any non-compliance by any agency or contractor is noticed, the details of such establishments may please be informed to this office so that appropriate action can be initiated and poor workers' interest is protected.

5. The Enforcement Officer of this Office shall be visiting your establishment to ascertain the status of compliance in respect of the contract employees. You are requested to handover the details of the outsourced work together with the name and address of the contractor in the following format for verification so as to ensure compliance.

Sl. No.	Name of Contractor outsourced Agency, Address	Work Order(s) no. and Date and duration of work	Nature Of work	No of employees	Wages paid	PF Code No. If any	Name of PF Office where PF and allied dues are deposited by contractor.

6. I am sure that your esteemed organisation is interested in compliance of laws of land and therefore, you will give full support to the Enforcement Officer of the department. You will give us no occasion to resort to other statutory provisions existing in Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Schemes framed thereunder. Our joint venture is that contract/outsourced employees get the social security benefits to which they are entitled to and to which your organisation is committed.

Yours faithfully

(.....)  
Regional PF Commissioner