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PANJAB UNIVERSITY, CHANDIGARH
OFFICE OF THE FINANCE & DEVELOPMENT OFFICER

No. 5356-68/FDO/F-8

Dated: 31-10-19

In continuation to this office circular Nos.2591-26505/FDO dated 06.06.2016 and 5115-5116/FDO dated 31.08.2019, please find enclosed herewith the instruction issued by Finance Department, Chandigarh Administration vide No.28/2/102-UTFH(12)-2019/17227 dated 22.10.2019 regarding compliance of various provisions of EPF and ESI with respect to manpower engaged through outsourcing agencies.

All are advised to ensure strict compliance of these instructions.


31/10/19
Finance & Development Officer

Issued to :-

- | | | |
|----------------------------------|---|---|
| 1. D.R. (Accounts) | } | For necessary compliance especially in Clauses 7,8,9,11,12,13, 14&15 while processing the Contractor's bills. |
| 2. All A.Rs (Accounts) | | |
| 3. Executive Engineer | | |
| 4. D.E. Horticulture | | |
| 5. D.R. (Estt.) | | |
| 6. D.R. (Colleges) | | |
| 7. DSW | | |
| 8. Directors of Regional Centres | | |

Copy to :-

1. Registrar for information and necessary action.
2. ACLA for information and necessary action.

Dated, Chandigarh the 22-10-19

F20/19/4380
30/10/19

To

All the Heads of Department,
Boards/ Corporations,
Chandigarh Administration.AUDIT DEPARTMENT
Diary No. 38
Date 24/10/19
PANJAB UNIVERSITY

Subject:- Violation of terms and conditions of contract and provisions of EPF and ESI Act by the outsource agencies.

Attention is invited to this Administration letter No F&PO(3)/2017/418 dated 18.01.2017, 28/2/102-UTFII(12)-2018/19091 dated 12.10.2018 and 28/2/102-UTFII(12)-2019/9893 dated 24.06.2019 vide which certain guidelines were issued regarding outsourcing contracts. It has still been noticed that contractors/ agencies are not depositing the EPF/EPS and ESI employer share with the respective organizations and also regarding PMRPY scheme wherein the employer share of EPF & EPS is being claimed by the outsource agencies from the EPFO office as well as from the concerned Departments in respect of the new employees joined in the establishment on or after 01.04.2016. The following guidelines have been framed after detailed deliberations and may be brought to the notice of all concerned for strict compliance:-

- As per the provisions of EPF and ESI Act, Principal Employer is responsible for payment of EPF, EPS and ESI employer share and also administrative charges in respect of the employees hired through a contractor or outsource agency. The present rates of employer contribution and administrative charges are as under:-

Sr. No.	Name of the contribution	Employer contribution Rate
1.	EPS	8.33%
2.	EPF	3.67%
3.	Administrative charges of EPS and EPF	0.50%
4.	EDLI	0.50%
5.	ESI	3.25%
6.	Administrative charges of ESI	Nil

2. The Principal Employer is overall responsible for ensuring the compliance under the EPF & MP Act, 1952 for the employees working through contractors/outsource agencies by deposit of the dues with EPFO regularly. The Principal Employer can also deduct EPF dues from the contractor's/outsource agency's bill and deposit the same either against the contractor's code number or their own code number. There is a provision on the official website of EPFO under the "establishment search option" to verify whether the contractors/outsource agencies are regularly depositing Provident Fund Contribution/Pension Contribution in respect of their employees.

- The Principal employer must ensure that EPS & EPF and ESI employer share be paid after taking into consideration the maximum wage limit fixed under the EPF and ESI Act. The present rates of maximum wage ceiling is as under:-

Sr. No.	Name of the contribution	Maximum Wage Limit Per Month
1.	EPS & EPF	15,000.00
2.	ESI	21,000.00

Note-1 : A subscriber of EPF who was registered as a member under the old ceiling of wage limit, the employer contribution be paid on the maximum wage limit of Rs. 15,000/- per month only if his/her wages exceeds Rs. 15,000/-.

Note-2: (i) if the wages of an employee exceeds the wage limit of Rs.21000/- prescribed by the Central Govt. after start of contribution period, he/she continues to be an employee till the end of the contribution period (the financial year from April to March has been divided into two halves six monthly contribution periods i.e. first half from 1st April to 30th September and second half from 1st October to 31st March of next year) and the contribution is to be deducted and paid on the total wages earned by him.

(ii) In case the wages of an employee is increased from a retrospective date resulting in crossing the wages limit prescribed, its effect on coverage of that employee is only after expiry of the contribution period during the currency of which such increase is announced or declared. The contribution on enhanced wages is also payable from the month in which such increase is announced. There is no need to pay the contribution on the arrears for the period prior to the month of declaration/announcement/agreement.

4. Every eligible worker/employee outsourced/employed through service provider must cover under EPF/ESI and proper deduction is made and deposited with respective Departments.
5. The principal employer must ensure that the contractor/outsourcing agency is registered with EPFO (Independent Provident Fund Code number) before awarding any contract.
6. Every Drawing & Disbursing Officer of the Department/Office shall get himself/herself registered on the EPFO website i.e. <http://www.epfindia.gov.in> or at http://www.epfindia.gov.in/site/en/Principal_Employer.php by providing detail of PAN no. or TAN No. After registration as Principal Employer, the details of contractor/outsourcing agency and work orders be entered. The Regional Provident Fund Commissioner, Chandigarh be also requested to make available the access of detail of ECR submitted by the contractor/outsourcing agency to the EPFO office for current period as well as for the previous period to ensure that the amount paid has been actually deposited by the contractor/outsourcing agency in the concerned employee account.
7. Before passing any bills for releasing the payments of contractors/outsourcing agency, CRRN of Challans be relied upon and not TRRN of Challans. TRRN is actually a provisional Challan generated in consonance with Electronic Challan cum Return (ECR) and only when the amount is actually deposited in the Bank, the CRRN is generated. ECR challans submitted by the contractors should also be thoroughly scrutinized to ascertain whether the names of employees engaged in the establishment are actually reflected in the ECR returns.
8. The Principal Employer should ask the contractors/outsourcing agencies to file separate Electronic Challan cum Return (ECR) in respect of the persons whose services have been provided to his/her Establishment. A copy of the same should be pasted on the notice board so as contractual staff could check the details thereof.
9. The ECR submitted by the contractors/outsourcing agencies should be examined by the Principal Employer, the wages on which the contractors/ outsourcing agencies has remitted the PF contribution

should be carefully compared with the wages on which the Department/Offices (Principal Employer) pays the EPF/EPF contribution to the contractors. It should also be ensured that EPF/EPF contributions on behalf of contract employees claimed by the contractors/outsourced agencies have been actually remitted to their EPF accounts.

10. It may be ensured that all the contract employees are getting due social security benefits.
11. The Principal employer must ensure that the EPS employer contribution @ 8.33 % and @12% (EPS 8.33%+3.67% EPF) in respect of the employees covered under the PMRPY Scheme w.e.f. 09.08.2016 to 31.03.2018 and 01.04.2018 respectively has not been claimed by the contractors/outsourced agencies from the EPFO office as well as from the Principal Employer and if already paid then the same be recovered without any further delay.
12. The security to the contractors/outsourced agencies be released only after verifying the facts regarding deposit of the EPF & EPS employer share and ESI employer share paid by the Principal Employer.
13. The Challans submitted by the contractors/outsourced agencies in respect of the amount of EPF & EPS employer share and ESI employer share paid by the Department/Office may be got verified w.e.f. 01.04.2015 onwards or from any other date as decided by the Administrative Department from the office of EPFO Sector 17, Chandigarh and Employees State Insurance Corporation, Sector 19, Chandigarh respectively.
14. The principal employer must ensure the credit of EPF and EPS employer share paid to the contractors/outsourced agencies from the EPFO website by entering TRRN Challan No. provided by the contractor/EPFO office/through principal employer registration no.
15. The principal employer must ensure the credit of ESI employer share paid to the contractors/outsourced agencies from the ESIC website by entering IP number (User name) mentioned on the detail of the challan provided by the contractor/outsourced agency.
16. It was informed by the representatives of ESI that the GMCH, 32 is endorsing one copy of every sanction letter of contractor payment to the ESI for verification. Such practice can be followed by all the departments and employers should send a list of all outsourced employees engaged in a particular contract at the point of start of contract to the ESI so that the records of ESI payment are reconciled and any mismatch/irregularity is brought to the notice of the concerned employer.
17. A condition may be added in the contract that the contractor will ensure separate challans for EPF and ESI of all the workers employed in a particular organization.
18. In case a contractor is blacklisted as per the policy of Chandigarh Administration, a copy of order may be sent to the Finance Department and EPF/ESI offices for necessary action.
19. The employers should insist for authenticated copy of periodic returns filed by the contractor in the EPF/ESI offices as per the relevant provisions to ensure proper reconciliation of these recoveries.
20. The request for online access of ESI contribution for Principal employers may be sent in writing by the respective departments with the ESI Authorities to their department for taking the matter with the higher authorities. In case any embezzlement/fraud has been noticed the particular instance may also be immediately intimated to the ESI organization for further investigation.

21. It should be clarified to all the departments that the maternity benefits under the ESI Act are available to insured employees (women), earning wages up to Rs. 21,000/- and who have contributed for a period of at least 70 days in the immediately preceding two consecutive contribution periods. In case the salary of female employee is above Rs 21,000/- the ESI contribution should not be claimed by the contractor from the employer.
22. If any discrepancies/non deposit of EPF/EPS/ESI into the account of workers and also the service tax is noticed, the Department shall check and take action keeping in view the following points:-
- To see whether blacklisting instructions can be invoked in this case.
 - Whether the contractor/outsourch agency has committed any criminal offence? If yes, then necessary action be taken accordingly.
 - If same contractor have been engaged by other departments they should also examine the issue & then necessary action against the contractor for breach of contract be taken.
 - Steps be taken to recover the amount of EPF, EPS and ESI which belongs to worker/employees from defaulting contractors/outsourch agencies along with interest & penalty as per provision of Law/Rule/Agreement.

All the Heads of the Departments are directed to identify the modus operandi of the Contractors/ Outsource Agencies and robust system of checking shall be evolved for future. In case any outsource agency is found to have committed any default, the action be taken under intimation to the Finance Department.

Hussain
Special Secretary Finance
Chandigarh Administration

Endst. No. 28/2/102-UTFII(12)-2019/17223 Chandigarh, dated the 22-10-19

A copy is forwarded to the following for information & necessary action please: -

- The Regional Director, ESIC, Plot No.3, Panchdeep Bhawan, Sector-19A, Chandigarh.
- The Examiner Local Fund Accounts, Union Territory Chandigarh.

Hussain
Special Secretary Finance
Chandigarh Administration

Endst. No. ACLA/EA/2019/ 831

Dated: 30/10/19

A copy is forwarded for information and necessary action to the following:-

- The Vice-Chancellor, Panjab University, Chandigarh
- The Registrar, Panjab University, Chandigarh.
- The Finance & Development Officer, Panjab University, Chandigarh.

Sat 30/10/19
Assistant Controller (Local Audit)
Local Audit Department
Chandigarh Administration

30/10/19