

INDRAPRASTHA POWER GENERATION COMPANY LIMITED
&
PRAGATI POWER CORPORATION LIMITED
(Labour Welfare Department)

No. DM (LW)/IPGCL-PPCL/20-21/ 4

Dated 27 Jan. 2021

CIRCULAR

Sub: Guidelines for Principal Employer to fulfill their statutory obligations to the employees engaged by or through the contractors – reg.

Under the EPF & Misc. Prov. Act, 1952, employee in Section 2(f) means and includes a person employed indirectly by or through a contractor.

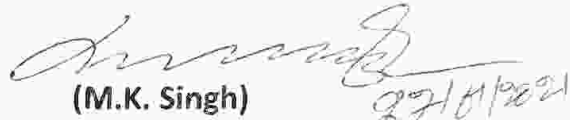
The contractors claim provident fund on full salary/wages of the employees from the Principal Employer but do not deposit the same with the EPFO, thus cheating both the Principal Employer as well as such employees. Under para 29 (3) of EPF Scheme, 1952, contribution of PF, Pension & Insurance benefits is payable on actual wages drawn. Subterfuge of law by showing monthly wages more than Rs. 15000/- and actually paying lesser wages is not permissible. Principal Employers though may not be involved in such evasion but it does not absolve them from their statutory obligations under the law.

In this regard, EPFO has issued following directions for compliance:

1. *Being Principal employer, PF payments should be ensured in respect of all the contractual employees employed through contractors.*
2. *Thus, if it is not possible for Principal Employer to deposit PF dues in own code number/code number of contractor then following actions be taken to ensure benefits to workers deployed through contractors.*
3. *Principal Employers should obtain copies of salary/wages registers signed by employees indicating P.F. Account numbers alongwith soft copies of ECR and ask contractors to deposit separate e-challans in respect of employees employed through contractor. Depositing one challan for labour supplied at various establishments keeps principal employers in dark and gives opportunity to contractors to cheat principal employers and employees both. Many contractors show copy of one challan to several principal employers without linking it up with ECR.*
4. *Many principal employers don't ask for copy of salary/wage register and ECR before releasing payments to contractors. Later on contractors fled away/vanish. Thus they don't ensure deposit of PF dues regarding employees employed through contractors. Negligence of principal employers doesn't absolve them from aforesaid statutory liability.*
5. *To avoid cheating through fake challans Principal Employers should also verify veracity of challans submitted by employers from EPFO's website with reference of TRRN NO and list of employees in whose accounts deposits have been received by EPFO.*
6. *To cross check further, they should check e-passbooks generated by a few contractors' employees from EPFO's website to ensure deposit of full PF dues in the accounts of employees employed through contractors.*

7. *In respect of the employees deployed in the uncovered establishments as well as their own office employees, contractors should report compliance in their own P.F. code number.*
8. *It is made clear that making payment to contractors contrary to legal provisions will not tantamount to valid discharge of statutory obligations and principal employer will be liable for actions specified in the Act. It is not acceptable if simply some copies of challans of contractors by the principal employer are produced without specifically linking the same with copy of ECR showing employee wise P.F. dues regarding contractors' employees working for him and ensuring compliance through credit of P.F. dues in their accounts.*

Therefore, all concerned officials, under their respective functional jurisdictions, must ensure compliance of the aforementioned provisions in true spirit.



(M.K. Singh)

Dy. Manager (Labour Welfare)
Authorized Signatory for IPGCL & PPCL

CC: ED (CS)/All GM (T)s/GM (HR)/GM(Fin.)

CC: Sr. Manager (IT) IPGCL-PPCL : For uploading the same on IPGCL-PPCL website and in SAP system also.

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