



कर्मचारी भविष्य निधि संगठन

Employees Provident Fund Organization

(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

Ministry of Labour & Employment, Govt. of India

क्षेत्रीय कार्यालय, इलेक्ट्रॉनिक सिटी, बंगलौर - 560068

Regional Office, Electronic City, Bangalore -560068

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No. PY/BOM/7A/EDLI Exemption/Cir - 2/23877/2023-24/ २२४८

Date: 20/09/2023

Before : **Shri HANSRAJ ROY, Regional Provident Fund Commissioner-II**

PROCEEDINGS OF THE REGIONAL PROVIDENT FUND COMMISSIONER-II, REGIONAL OFFICE, ELECTRONIC CITY, BANGALORE, IN THE MATTER OF DETERMINATION OF DUES UNDER SECTION 7A OF THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952 IN RESPECT OF M/s LAPP INDIA PVT. LTD., WITH PFF CODE NO. - PY/BOM/23877

Appearance: 1. Smt. Bhavya Knishnaiah, Manager HR

.....on behalf of the establishment.

WHEREAS the Establishment with name and style **M/s LAPP INDIA PVT. LTD** at Plot No. - 98, J - K Jigani Industrial Area, IIInd Phase, Anekal Taluk, Bangalore - 562106 with PF Code No. **PY/BOM/23877**, is covered under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Schemes framed thereunder.

WHEREAS the employer of an establishment covered under the provision of the said Act is required to pay following dues for a month within 15 days of close of month:

1. *Provident Funds contributions under Section 6 of the Act read with Paragraph 38 of the Employees' Provident Funds Scheme, 1952.;*
2. *Administrative Charges under Paragraph 38 of the Employees' Provident Funds Scheme, 1952.*
3. *Pension Fund contributions under Section 6A of the Act read with Paragraph 3(1) of the Employees' Pension Scheme, 1995.*
4. *Deposit-Linked Insurance Fund contributions under Section 6C of the Act read with Paragraph 8 of the Employees' Deposit-Linked Insurance Scheme, 1976.*

WHEREAS Sub-Section (2A) of Section 17 of the Act, provides that the Central Provident Fund Commissioner may, if requested so to do by the employer, by notification in the Official Gazette, and subject to such conditions as may be specified in the notification, exempt, whether prospectively or retrospectively, any establishment from the operation of all or any of the provisions of the Insurance Scheme, if he is satisfied that the employees of such establishment are, without making any separate contribution or payment of premium, in enjoyment of benefits in the nature of life insurance, whether linked to their deposits in provident fund or not, and such benefits **are more favorable** to such employees than the benefits admissible under the Insurance Scheme.

WHEREAS the establishment under consideration was issued **Relaxation Order** under Para 28(7) of EDLI Scheme, 1976 read with Sub-Section (2A) of Section 17 of the Act, **with effect from 01.02.2000** and hence it was not required to pay contributions as mentioned at point 4, above, but to pay only Inspection Charges as per provisions of Sub-Section 3(A)(a) of Section 17 of the Act.

WHEREAS available and recorded facts at the Management Information System (MIS) reveals that the establishment, under consideration, neither pay the contribution in Account No. 21 (EDLI Contribution Account) nor did it pay the Inspection Charges in Account No. 22 (Inspection Charges to be paid by establishment which has been relaxed / exempted from complying for EDLI Scheme) since March 2017 and hence defaulted toward the payment of statutory dues.

WHEREAS the Circular No. C-II/20/76/Misc./2020CBE/TN/1027 Dt. 14.02.2020, as issued by EPFO Head Office, provides that the Assessing Officer shall record reason in the file, on the basis of evidence available on record, regarding existence of a prima -facie case of default, or of an applicability dispute, before initiating process u/s 7A.

WHEREAS Section 7A(1)(b) reads, "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, 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.”

WHEREAS, Section 7A (2) reads, “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.
- 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 1860).”

As such, a letter seeking submission of documents w.r.t EDLI exemption/ extension and non-payment of Inspection Charges in respect of M/s LAPP INDIA PVT. LTD was issued to the employer in relation to this establishment vide letter **No. KN/PF/RO/BNG-EC/EDLI Exemption/230/2022-23 dated 18/10/2022** for prima facie observed default in payment of dues related to EDLI Scheme, 1976 as per provisions of the Act.

Further, on non-receipt of response to the letter mentioned above, summons under Section 7A of the Act was issued with a direction to appear for hearing on 22.02.2023, through virtual appearance using the link provided for Audio Video Platform.

Due to administrative exigencies, said inquiry could not be held. The hearing was adjourned to 01.03.2023. Once again no one appeared on behalf of the establishment and the next date of hearing was fixed for 23.03.2023. Mail containing the link for hearing was sent to the employer. A technical snag appeared on the AV platform and the office failed to set up the space for scheduled inquiry, so case was posted on 17.04.2023 for next hearing.

Again, engagements due to matters related to Chief Information Commissioner (CIC) barred the hearing as per schedule and therefore hearing was adjourned to 02.05.2023.

A Daily Order describing the consequences for repeated non-appearance, if assessing authority decides to invoke powers conferred upon him within the meaning of Section 193 and 228 for the purpose of Section 196 of IPC, was passed on 02.05.2023, posting the case for next hearing on 17.05.2023. Copy of Order Sheet was directed to be provided to both Area Enforcement Officer and Employer.

Smt. Bhavya Krishnaiah, Manager – HR, appeared for the hearing through virtual hearing platform on 17.05.2023 and sought some time for submitting the requisite documents with regard to EDLI exemption. Accordingly, the hearing was adjourned to 07.06.2023. However, before the scheduled hearing a mail was received by the office wherein Manager - HR requested to afford an opportunity to appear in person which was not acceded.

On scheduled date of hearing, Manager – HR Smt. Bhavya Krishnaiah, appeared for the hearing and submitted that “endorsement” of Insurance Policy received from LIC has been sent to office to substantiate the claim of establishment that it is eligible for exemption under EDLI. Further it was submitted by Manager – HR establishment could not collect the Master Copy of the Policy to substantiate its claim and also that she is not in receipt of “Checklist” of necessary submissions. Office was directed to provide her with the check list and case was adjourned to 21.06.2023.

Manager- HR, appeared for the hearing on the scheduled date and sought some more time to furnish the documents in favor of her claim owing to the absence of Director of the establishment and therefore case was once again adjourned to 05.07.2023.

As the authorized officer left the office station to attend some outstation duty, the hearing could not be held on the scheduled date. However, Manager – HR, appeared for the hearing in person on 12.07.2023. She produced the following documents in order to substantiate the claim of the establishment that it holds the eligibility of being exempted / relaxed from the operation of EDLI Scheme, 1976 as per the Section 17(2A) of the EPF & MP Act, 1952 read with para 28(7) of EDLI Scheme, 1976.:

1. Rules of Group Insurance Scheme as obtained from LIC of India.

2. Certificate towards the effectiveness of the policy till date.
3. Citation of policy documents which ensures that newly joined member will become member of the scheme on the relevant entry date with payment of premium paid by establishment. (Few examples were provided).
4. All relevant documents as mentioned in the checklist along with the copy of challan towards payment of inspection charges were also submitted.

The fact that record in the office reveals that establishment was duly granted relaxation orders as per the provisions of paragraph 28(7) of EDLI Scheme, 1976 read with Section 17 (2A) of the Act and that proposal for exemption was duly forwarded to the Head Office when considered with the Rules of Group Insurance Scheme vide Policy number 501000886, it can be conclusively stated that the benefits are more favorable to such employees than the benefits admissible under the EDLI and hence there remains no cause to propose for cancellation of the proposal of exemption already forwarded to Head Office vide this office letter no. KN/BN/PF/EDKI/1470/2000 dated 29.10.2001.

Copy of the proposal forwarded to head office and copy of LIC Policy along with excerpts of rules:

EMPLOYEES PROVIDENT FUND ORGANISATION, KARNATAKA,
BANGALORE.
"Bhavishyavathi Bhavan" No. 13, RAJA RAMMOHAN ROY, ROAD, P.B. No. 2584
BANGALORE - 560 025.

No. KN/BN/PF/EDLI/ /200 Date

To,
The Central PF Commissioner,
NEW DELHI.

Sir,

Sub. : Employees Deposit Linked Insurance Scheme, 1976 Recommendation proposal for the grant of exemption under Sec.17 (2A) of the Employees Provident Funds and Misc. Provisions Act, 1952.
M/s. LAPP India Pvt.Ltd., Bangalore. KN/BN/23877

M/s. LAPP India Pvt.Ltd., Plot No.98, J & K Jigani Indl.area,
11 Phase, Anekal Tq.,Bangalore-562106. has applied for exemption from the operation of the provisions of the Employees Deposit Linked Insurance Scheme, 1976, under sec. 17 (2A) of the Employees Provident Funds and Misc. Provisions Act, 1952, owing to their adoption of Group Insurance Scheme of Life Insurance Corporation of India in the establishment in lieu of Employees Deposit Linked Insurance Scheme 1976 for which the employees also have placed their concurrence.

The above said establishment has been granted Relaxation contemplated under para 28 (7) of the Employees Deposit Linked Insurance Scheme 1976, w.e.f. 01.02.2000. (vide copy of this office Relaxation Order enclosed herewith) after examining the benefits available to the employees as per Group Insurance Scheme Vis-a-vis the benefits under Employees Deposit Linked Insurance Scheme 1976.

In this connection, concerned documents/ annexures mentioned hereunder are forwarded herewith (in duplicate) to facilitate the appropriate Government to examine the merit of the case and consider grant of exemption from the provisions of Employees Deposit Linked Insurance Scheme 1976 under section 17 (2A) of the Employees Provident Funds and Misc. Provisions Act, 1952.

1. Application from the Employer in Proforma - I.
2. Copies of Group Insurance Scheme Rules/Master Policy.
3. Copies of this office Relaxation order.
4. Proforma - II duly filled in.
5. Copies of certificate given by the employer for having obtained consent of the employees for adoption of Group Insurance Scheme in lieu of Employees Deposit Linked Insurance Scheme, 1976.
6. Copies of Certificate issued by the Life Insurance Corporation of India for having bestowed Group Insurance Scheme to the establishment.

Yours faithfully,
(T.R.G. KURNAJ)
REGIONAL PROVIDENT FUND COMMISSIONER
KARNATAKA

Copy forwarded to the following for information.

1. M/s. Lapp India Pvt.Ltd., Plot No.98, J & K, Jigani Indl area, 11 phase, Anekal Tq.,Bangalore-562106.
2. The Enforcement Officer,
3. The Accounts Officer, Sec.
4. The Asst. PF Commissioner (Accounts)/(Enforcement)

REGIONAL PROVIDENT FUND COMMISSIONER
KARNATAKA

Life Insurance Corporation of India
BANGALORE (6501)
4TH FLOOR, "JEEVAN PRAKASH", BLDGS,
1C ROAD, BANGALORE, 560007

Ver No : 25-08 Date: 11/07/2023
Ref : 19405605859/501000886
Tel: 22248951, 22292647 Fax: E-Mail: 60_6501@licindia.com

RENEWAL ENDORSEMENT

Master Policy No.	501000886
Type of Policy	GDHP
Master Policy Holder	LAPP INDIA PVT LTD
Address	SR EXECUTIVE HR ADPR PLOT NO 98 J & K JIGANI INDL 11 PHASE ANEKAL TALUK BANGA KARNATAKA 562106
Date Of Commencement	01/02/2014
Annual Renewal Date	01/02/2023
Mode Of Payment	Yearly
Particulars of Assurance	
i) No. of lives covered	382
ii) Total sum assured	268164000
iii) Term Assurance - Premium	3821466
iv) Contribution	
v) Unit Premium	0.00
vi) Interest on Premium	0.00
TOTAL PREMIUM	
ERA	0.00
Net amount Adjusted	369829.89

This policy is renewed for the period mentioned above at the request of the policyholder subject to conditions as per policy bond.

Manager

Certificate of Renewal of the Group Insurance Scheme
of LIC of India, in lieu of EDLI - 1976

This is to certify that

LAPP INDIA PVT LTD
SR EXECUTIVE HR ADPR
PLOT NO 98 J & K JIGANI INDL AREA
11 PHASE ANEKAL TALUK BANGALORE 562
KARNATAKA
562106

had taken a Group Insurance Scheme in lieu of EDLI, 1976 with us and a master policy no. 501000886 had been issued to them.

The Scheme Grants:

- a. A uniform coverage of Rs. 7,02,000
- b. An Insurance coverage with a minimum of Rs. 250000 and a maximum of Rs. 700000 (in multiples of Rs.1000), based on estimated PF balances, in such a way that the insurance coverage shall in no case be less than what is payable under EDLI of 1976, as increased by a sum of Rs. 2000.

The employer had paid the requisite premium and the scheme was renewed for the Annual Renewal Date 01/02/2023, in chan.

The insurance coverage for the above annual renewal is upto 31/01/2024

For and on behalf of LIC of India

Manager

Further regarding the payment of Inspection charges, the observation of office that establishment has failed to pay the Inspection Charges in case of EDLI Exemption for a period from March 2017 to June 2023 has not been refuted by the establishment. Therefore, it becomes an undisputed fact that the establishment need to pay the EDLI Inspection Charges at the rate of 0.005% of PF wages upon which PF contribution has been paid by the establishment for the period of default as observed by the office i.e. from March 2017 to June 2023. The calculation of total dues is as under:

TRRN	Contribution Amount	Wage Month	A/C 2	PF Wages	EDLI Inspection charges
2481703001393	3,114,067	FEB-17	106510	16386154	819
2481704000153	3,142,711	MAR-17	106792	16429538	821
2481705003766	3,143,857	APR-17	82353	12669692	633
2481706002120	3,132,546	MAY-17	82602	12708000	635
2481707003623	3,153,651	JUN-17	83159	12793692	640
2481708001777	3,210,664	JUL-17	84662	13024923	651
2481709002420	3,281,865	AUG-17	86539	13313692	666
2481710000698	3,284,384	SEP-17	86606	13324000	666
2481711004279	3,286,935	OCT-17	86673	13334308	667
2481712000368	3,337,671	NOV-17	88011	13540154	677
2481801001849	3,371,047	DEC-17	88891	13675538	684
2481802002407	4,080,664	JAN-18	107604	16554462	828
2481803001253	3,585,798	FEB-18	94554	14546769	727
2481804000652	3,605,968	MAR-18	6594	1318800	66
2481805000454	3,624,583	APR-18	95577	19115400	956
2481806000883	3,566,119	MAY-18	94035	18807000	940
2481807000429	3,590,916	JUN-18	73284	14656800	733
2481808001470	3,555,640	JUL-18	72564	14512800	726
2481809002290	3,517,318	AUG-18	71782	14356400	718
2481810000211	3,460,968	SEP-18	70632	14126400	706
2481811000895	3,508,028	OCT-18	71592	14318400	716
2481812005554	3,550,891	NOV-18	72467	14493400	725
2481901000811	3,915,418	DEC-18	79906	15981200	799
2481902001135	4,459,925	JAN-19	91019	18203800	910
2481903002117	4,102,703	FEB-19	83729	16745727	837
2481904003884	4,173,693	MAR-19	85177	17035482	852
2481905000575	3,773,037	APR-19	77001	15400151	770
2481906000282	7,983	APR-19	163	32583.67	2
2481906000285	7,983	MAR-19	163	32583.67	2
2481906000813	3,793,413	MAY-19	77417	15483318	774
2481907000719	3,783,706	JUN-19	77218	15443698	772
2481908000499	3,775,415	JUL-19	77049	15409857	770
2481909000468	3,789,952	AUG-19	77346	15469192	773
2481910000604	3,804,819	SEP-19	77649	15529873	776
2481911002522	3,871,990	OCT-19	79020	15804041	790
2481912001057	4,107,068	NOV-19	83818	16763543	838
2482001000187	4,332,910	DEC-19	88427	17685347	884
2482002000372	4,323,858	JAN-20	88242	17648400	882
2482003003667	4,313,635	FEB-20	88033	17606673	880
2482004001157	4,287,250	MAR-20	87495	17498980	875
2482005000054	3,816,447	APR-20	77887	15577335	779
2482005000191	274,866	MAY-20	5610	1121902	56
2482006000501	3,315,177	MAY-20	67657	13531335	677
2482007000265	3,302,357	JUN-20	67395	13479008	674
2482008004844	3,282,487	JUL-20	66990	13397906	670
2482009003630	3,208,433	AUG-20	65478	13095645	655
2482010001593	3,237,285	SEP-20	66067	13213408	661
2482011000499	3,175,801	OCT-20	64812	12962453	648
2482012000301	3,245,652	NOV-20	66238	13247559	662

2482101000889	3,267,930	DEC-20	66692	13338490	667
2482102000219	3,269,216	JAN-21	66719	13343739	667
2482103000235	3,599,656	FEB-21	73462	14692473	735
2482104000108	3,477,830	MAR-21	70976	14195224	710
2482105000716	3,369,418	APR-21	68764	13752727	688
2482106004479	3,277,281	MAY-21	66883	13376657	669
2482106005071	104,068	MAY-21	2124	424767.3	21
2482107000511	3,382,554	JUN-21	69032	13806343	690
2482108002679	3,379,824	JUL-21	68976	13795200	690
2482109000015	3,419,237	AUG-21	69780	13956069	698
2482110005322	3,611,547	SEP-21	73705	14741008	737
2482111000629	3,668,748	OCT-21	74872	14974482	749
2482112001606	4,446,684	NOV-21	90749	18149731	907
2482201000729	4,115,309	DEC-21	83986	16797180	840
2482202002440	4,143,111	JAN-22	84553	16910657	846
2482203000202	4,224,165	FEB-22	86207	17241490	862
2482204004207	4,280,619	MAR-22	87360	17471914	874
2482205000936	4,280,003	APR-22	87347	17469400	873
2482206006163	4,341,283	MAY-22	88598	17719522	886
2482206007371	42,421	APR-22	866	173146.9	9
2482206007374	42,422	MAY-22	866	173151	9
2482207002519	4,400,955	JUN-22	89815	17963082	898
2482207007244	42,422	JUN-22	866	173151	9
2482208001298	4,459,673	JUL-22	91014	18202747	910
2482209007917	4,462,979	AUG-22	91081	18216241	911
2482210004821	19,168	APR-22	391	78236.73	4
2482210004847	19,167	MAY-22	391	78232.65	4
2482210004855	19,167	JUN-22	391	78232.65	4
2482210004861	19,167	JUL-22	391	78232.65	4
2482210004868	19,167	AUG-22	391	78232.65	4
2482210005126	4,499,706	SEP-22	91831	18366147	918
2482211002494	4,563,302	OCT-22	93129	18625722	931
2482212005316	4,536,503	NOV-22	92582	18516339	926
2482301004157	5,430,007	DEC-22	110816	22163294	1108
2482301005429	2,234	DEC-22	46	9118.367	0
2482301010429	42,422	NOV-22	866	173151	9
2482302002233	4,947,432	JAN-23	100968	20193600	1010
2482303001868	4,944,927	FEB-23	100917	20183376	1009
2482304003592	4,983,810	MAR-23	101710	20342082	1017
2482305002857	4,972,981	APR-23	101489	20297882	1015
2482306001146	4,927,881	MAY-23	100569	20113800	1006
2482307004133	4,904,741	JUN-23	100097	20019351	1001
Total EDLI Inspection Charges					60593

As in the case of **Honorary Secretary, CMS Matriculation High School Vs Regional Provident Fund Commissioner, 1999, Honourable High Court of Madras** has adjudicated that petitioner establishment cannot be held entitled to exemption if it suffers the orders under section 7A of the Act and as the establishment in the instant case did not object to the recorded fact that it failed to pay the EDLI Inspection Charges, it is obligatory to the establishment to pay the dues as assessed through the set procedure of inquiry under Section 7A of the Act.

Therefore, I hereby proceed to conclude this proceeding as a case of determination of dues where dues towards the Inspection Charges in respect of compliance as an exempted establishment under Section 17 (2A) of the Act was not paid for a period from Wage Month February 2017 to June 2023.

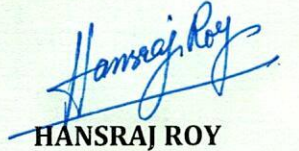
Accordingly, I, Hansraj Roy, Regional PF Commissioner - II, EPFO Regional Office, E-City hereby determine the PF dues towards Inspection Charges for EDLI Exemption of Rs. 60,593/- (Rupees Sixty-Thousand Five Hundred and Ninety-Three Only). As it has been informed that a total sum of Rs. 53,071/- (Rupees Fifty-Three Thousand and Seventy-One Only) has been paid,

the balance amount of Rs. 7,522/- (Rupees Seven Thousand Five Hundred Twenty- Two Only), establishment is directed to pay forthwith.

The amount determined above is exclusive of Interest payable Under Section 7Q and the Penal Damages leviable Under Section 14B of the said Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

This Order is issued without prejudice to the Organization to assess / reassess at a later date. The competent authority reserves the right to re-open the case u/s 7C of the Act if there is reason to believe that there is any escaped amount by the reason of the omission or failure on the part of the ER to make any document available or to disclose fully or truly all materials fact necessary to determine the correct amount due from the ER, any amount so due for the period of enquiry.

Ordered under my seal and signature on this day of 27th of July 2023.



HANSRAJ ROY

**Regional Provident Fund Commissioner-II
RO Electronic City, Bangalore - 560 068**