Conclusion

The Employees Provident Fund Scheme together with the Employees Pension Scheme (EPS) and Employees Deposit Linked Insurance (EDLI) Scheme aims to provide social security to employees and their family members. It is, therefore, important that all establishments which satisfy the requirements of the EPF Act, are brought under its ambit without delays. EPFO ensures this through surveys and inspections. Significant shortfalls were noticed in this regard. Also, EPFO was not found to be very encouraging towards voluntary coverage of its schemes.

The Interest Suspense Account balance was not a true reflection of sums available for distribution as interest to subscribers, in the absence of updation of about 38.74 lakh subscribers' accounts as of March 2012. Further more than 70,000 subscribers' accounts reflected negative balances, indicating excess withdrawls. These reflected inadequate service to its subscribers. Its income was consistently more than expenditure on running of schemes. The EPFO also did not adhere to the investment pattern prescribed by the Ministry of Finance.

The revenue collection processes in the EPFO were deficient. Arrears in determination of dues, outstanding amount recoverable on account of administrative charges from the unexempted establishments, inspection charges from the exempted establishments were significant.

The EPFO did not exercise expected control on the employers of exempted establishments to ensure that the exempted establishments transferred the EPF accumumulations to their BOTs and the BOTs invested the money transferred to them.

Many of the weaknesses, in the implementation of scheme, included in this Report, have been persisting despite earlier assurances rendered to the PAC through Action Taken Notes.

(A.W.K. LANGSTIEH)
Director General of Audit,
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New Delhi
Dated : 13 January 2014

Countersigned

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi
Dated : 20 January 2014