STANDARD OPERATING PROCEDURE (SOP) FOR STATUTORY CLEARANCE

1. Introduction:

The purpose of standard operating procedure (SOP) for statutory clearance is to bring uniformity across SPA Bhopal in works and services contract management and in fulfilling regulatory compliance requirements as applicable. This document aims to delineate the appropriate action and steps to be taken for timely compliance and fulfillment of error free responsibilities by all associated stakeholders in order to streamline works and services contract management.

2. Objectives:

i. To streamline, build and institutionalize the system for managing works and services contracts.
ii. To fulfill the regulatory requirements for implementation of applicable employment & labour laws/rules.
iii. To synchronize, coordinate and systematize the activities of interlinked stakeholders for better works & services contract management.
iv. To fulfill social, legal, and managerial responsibilities for better management of works and services contracts.
v. To establish just and equitable system for fulfillment of responsibilities towards various categories of manpower.

3. Coverage: This applies to all construction projects/sections/offices**.**

4. Role & Responsibilities of the Contractor/Agency:

a. As soon as the contract is awarded to the contractor, the following registers along with documentation shall be maintained by the contractor as mentioned below:

i. Format of employee register (Form A)
ii. Format of wages register (Form B)
iii. Format of register of loan/ recoveries (Form C)
iv. Format of attendance register (Form D)/CLIMS (Contractors' Labour Information and Management System)attendance report
v. Format of register of rest/leave/leave wages under the Minimum wages Act, (Form-E)
vi. Obtain Form-III from Principal Employer to get a labour license (in case of nos. of workers 20 or more).
vii. EPF & ESI registration copy including UAN(Universal Account Number) & IP(Insured Person) details of all workers.
viii. Obtain a medical fitness certificate from the Authorised Medical Attendant/Government Hospital/ Designate medical officer of the respective project for all workers/CLIMS(Contractors' Labour Information and Management System) medical certificate report.

ix. Police verification report (PVR) of all workers.
x. Obtain a copy of the gate pass for all workers.
xi. Providing welfare amenities as prescribed under different applicable laws. like Basic Hygiene: Mandates segregated washing facilities, bathing places, toilets and locker rooms for male, female, and transgender employees. Seating & Storage: Continues the requirement for seating arrangements for standing workers, along with facilities to store and dry clothing. Canteens: Canteen facilities are required in establishments where 100 or more workers are ordinarily employed.
xii. To maintain all other registers as applicable under various labour laws if required.

b. On completion of wage month, the contractor shall make wage payment (bank payment) as per terms & conditions of work order to their workers within 7th of every subsequent month followed by remittance of EPF & ESI contribution as a part of social security contribution within 15th of every succeeding month. Wages shall be as per the minimum wage rate prescribed by the Chief LC (C) (Chief Labour Commissioner (Central), Ministry of Labour & Employment, GOI notified from time to time.

c. Smooth execution of work as per terms & conditions of job order.

d. Claiming of the monthly bill in vendor bill portal or other means, as applicable after obtaining clearance from the compliance section.

5. Role & Responsibilities of User Department:

(User department –IWD, Maintenance section, ESO office, S&P section to whom responsibility have been assigned for supervision the work of outsource workers.)
i. Issuance of gate pass for all labour engaged for work execution.
ii. Verify the number of workers and their attendance in line with the gate pass issued to the contractor as per the contract terms & conditions.
iii. To submit the records of wage disbursement, remittance of EPF & ESI contributions submitted by the contractor to the compliance section for verification and review.
iv. Timely intimation to the compliance section of exception/exemptions, if any.
v. If a contractor submits false/fabricated documents, a timely and appropriate action to be taken against the contractor.
vi. To accept and approve the bill submitted by the contractor in vendor bill portal or other means, as applicable by the concerned in-Charge.
vii. To obtain statutory clearance in Shram Suvidha Portal (official unified web portal created by the Ministry of Labour and Employment to facilitate reporting, compliance, and registration for businesses under various labour laws) from the compliance section.
viii. Processing of final bill after obtaining clearance from the compliance section.
ix. If wage payment and other statutory compliance is delayed by the contractor as mentioned at 4 (b) above, a caution letter shall be sent to the contractor for immediate wage disbursement with an intimation to S&P and F&A section. In case the agency is a

regular defaulter, the User section may propose to debar the agency from participating in the tender process in SPA Bhopal as per T&C of contract.

x. If a contractor absconds/fails to make payment of wages and other statutory deductions within the due date, SPA Bhopal as the Principal Employer (PE) will make payment to labour directly as per the provision made in CL(R&A) Act, 1970 on getting representation from workers or failure letter from Contractor or no response against the letter of PE's establishment. The payment so made to the workers of the contractor will be recovered from the bills/deposits of the contractor.

6. The statutory deduction made from such payment, must be deposited to the concerned authority: The contractor concerned is responsible for such submission to the statutory authority. In the case the contractor fails to comply, the Principal Employer's establishment will deposit a cheque/DD/NEFT/RTGS for the same to the concerned statutory (EPF/ESI/Ptax/GST/ITax etc.) authority.

7. Role & Responsibilities of Compliance Section:

i. The compliance section shall check that the contractors maintain the records as per the applicable labour laws and rules.

ii. The contractor has obtained necessary regulatory clearance from the appropriate enforcing authority in respect of the manpower engagement for execution of work.

iii. Whether the wages have been disbursed as per the terms & conditions of the contract.

iv. Whether the manpower engaged by the contractor are covered under EPF & ESI Acts.

v. Whether the contributions in respect of those manpower are being remitted on time. vi. EPF & ESI contributions (both employer and employee) are remitted in order.

vii. Overtime wages and bonus (up to yearly maximum limit) are paid as per entitlement.

viii. Other allowances are paid on an actual basis, if applicable.

ix. To check the attendance sheet and/or CLIMS (if applicable) attendance report forwarded by User department and/or generated from CLIMS portal(Contractor's Labour Information Management System) respectively.

x. Surprise visit to the contractor's site office to inspect registers/documents and ensure compliance with other labour laws requirements.

xi. In case any discrepancy found, it shall be communicated to the concerned User section to advise the agency to make timely payment of wages i.e., before 7th of the following month and timely deposit of EFP & ESI contribution i.e., 15th of the following month.

xii. In case of submission of false/fabricated documents, repeated violation of statutory provisions, immediate intimation to be sent to the User section to initiate action as per the T&C of contract.

xiii. To assist regulatory authorities in document inspection.

xiv. To maintain all other registers under various labour laws if applicable.

8. Procedure for obtaining Compliance Verification:

i. On completion of the wage period, the concerned contractor shall disburse the wages and allowances payable to the workers as per the attendance sheet/CLIMS attendance within the prescribed time.
ii. The contractor shall submit the copy of the wage sheet in prescribed format duly signed along with Bank/online payment statement, attendance sheet, EPF & ESI, PTax, GST challans, schedule, and payment confirmation sheet to the concerned in-Charge along with compliance form. The in-Charge shall forward the documents to the compliance section for verification of compliance status after preliminary examination.
iii. The compliance section will check and accordingly provide clearance within five (05) working days if the wages, EPF & ESI contributions or any other dues under the applicable to employment and labour laws have been complied with by the contractor. If there is any discrepancy found in the documents, the documents will be sent back to the User section with a request for compliance by the contractor. The compliance section may seek additional documents if it feels necessary. After receiving the documents from the user section, the compliance section will scrutinize the documents. If everything is in order, statutory clearance will be issued within next 03 working days.

9. Check list of Documents:

In case the no. of workers is more than 20, the validity of Labour License is to be checked.
Validity of PSARA (Private Security Agencies (Regulation) Act) license in case "watch and ward" is to be checked.
A. EPF documents:
i. EPF Combined Challan of A/C no. 01,02,10,21 & 22.
ii. Payment Confirmation Receipt: To be checked whether contribution has been made within 15th of the following month.
iii. Electronic Challan Cum Return (ECR): Workers detailed contribution.
B. ESI documents:
i. ESI challan: To be checked whether contribution has been made within 15th of the following month.
ii.ESI schedule.
C. Minimum Wages (as per Form-B): The manpower cost shall be revised upwards during the contract period, should there be any revision in the minimum wage rates by the government. The management fee Service charge shall remain fixed.
i. As per the CLC Office Order revised from time to time. The contractor must submit a copy of the new government notification to claim the revision.
ii. Whether payment has been made within 7th of the following month.
D. Payment of Bonus as per Act (as applicable)
E. Payment proof of GST (Challan should be furnished).
F. Payment challan of Professional Tax.

10. NOC for Release of Security Deposit

i. Application shall be submitted in the format provided by the SPA Bhopal through the User section.
ii. Indemnity Bond as per the SPA Bhopal norms.
iii. To check whether EPF & ESI contribution of each month during the period of contract has been made within the due date.
iv. Documents related to 14B/7Q (EPF Damage & Interest) are to be furnished.
v. Whether retrenchment benefit has been paid by the agency, if applicable.
vi. Whether bonus has been paid by the agency.
vii. Whether performance is found satisfactory.

11. General Guidelines:

i. Contractors/agencies must obtain clearance regularly. If contractors/agencies fail to obtain clearance regularly, they will submit a valid reason duly endorsed by the User section for such delay submission.
ii. The User section may ask the contractor for reasons for delay in wage payment if the wage is not paid within the 7th day of each month. The reason be duly forwarded by the User section to the Compliance Section.
iii. The Compliance Section will only issue clearance once all the supporting documents required for statutory clearance have been submitted by the User department. It is advised that unnecessary pressure be avoided to obtain clearance.

12. PENALTY and Termination of Contract: As defined in contract agreement.

I) Non-deployment: Failure to provide the required number of personnel.
II) Non-payment of wages: Failure to pay minimum wages or statutory dues on time.
III) other obligations if not fulfilled.

Clearly state conditions for immediate termination of the contract, such as consistent nonpayment of wages, failure to provide manpower or any violation of labour laws that exposes the Institute/ organization to risk.

Check list of Documents

Work Order No: ……………………… Period of Contract: ………………

Sl.No.	Name of document	Whether enclosed (tick right mark)	Page Number
1	i. Validity of Labour License is to be checked. ii. Validity of PSARA (Private Security Agencies (Regulation) Act) license in case "watch and ward" is to be checked.	Yes/No Yes/No	
2	Validity of Performance Bank Guarantee submitted by the vender is to be checked.	Yes/No	
3	EPF documents: i. EPF Combined Challan of A/C no. 01,02,10,21 & 22.	Yes/No	
	ii. **a**. Payment Confirmation Receipt: To be checked whether contribution has been made within 15th of the following month. **b**. Payment confirmation sheet of bank.	Yes/No Yes/No	
	iii. Electronic Challan Cum Return (ECR): Workers detailed contribution.	Yes/No	
4	ESI documents: i. **a**. ESI challan: To be checked whether contribution has been made within 15th of the following month. **b**. Payment confirmation sheet of bank.	Yes/No Yes/No	
	ii. ESI schedule.	Yes/No	
5	Minimum Wages: i. As per minimum wage rates by the government. wage sheet for the month of …….. in prescribed format duly signed should be enclosed. (As per the CLC (C) Order revised from time to time. The contractor must submit a copy of the new government notification to claim the revision of wages rate.)	Yes/No	
	ii. Overtime wages and bonus work sheet for the month of …….. in prescribed format duly signed should be enclosed.	Yes/No	
	iii.. Whether payment has been made within 7th of the following month (along with Bank/online payment statement duly signed)	Yes/No	
6	Attendance sheet, duly signed and verified.	Yes/No	
7	Payment of Bonus as per Act (as applicable)	Yes/No	
8	Payment proof of GST (Payment challan should be enclosed)	Yes/No	
9	Payment challan of Professional Tax	Yes/No	
10	Amount of Penalty/penal Damages/Interest etc. (If any) to be recovered from the Bill.	Yes/No Amount …………	
11	Remarks if any………………………………………………………………………………		