



15 FEB 2017

ORDER UNDER SEC 45-AA OF THE ESI ACT 1948

M/s Student Partnership Worldwide India Project Trust, an establishment situated at No. 2, 8<sup>th</sup> East Main Road, Gandhi Road, Vellore – 632 006 and registered under the ESI Act, 1948, under code No. 51-00-112018-000-1099 were ordered to pay contribution of Rs. 1,55,533/- on the wages paid for the period 02/2011 to 11/2015 as determined by an order u/s 45-A of the ibid Act, passed on 21.03.2016.

2. Whereas the employer appealed against the 45-A order vide his letter dated 02.05.2016 after depositing an amount of Rs. 38,885/- being 25% of the contribution assessed. He requested for review of the case as submitted in their letter dated 18.03.2016. They submitted that the organization is a Non-Commercial, Non-Profit earning organization with the objective to provide opportunity to young persons for the welfare of the society and they are not engaged in any commercial activity. The appeal was taken on record and the employer was given an opportunity to appear before the undersigned on 30.06.2016 vide letter dated 26.05.2016.

3. Shri Ravi Ranganathan, Employer's Representative appeared for hearing with authority. He submitted a letter dated 30.06.2016 informing that they are a trust involved in social work. He submitted that the trust is a Non-Commercial Non-Profit organization with the objective to provide opportunity to young persons for the welfare of the society. He was advised to show the following records.

1. Profit and Loss accounts Balance Sheet for last 3 years.
2. Attendance Register/Wages Register for last 2 years
3. Commercial Tax/Sales Tax/Service Tax registration if any.
4. Income Tax Return for last 2 years.

The unit is covered under Provident Fund with Code number TBVLR 0038877. Next date for hearing was given on 25.07.2016 as per his request.

4. Shri Ravi Ranganathan, Employer's Representative appeared for hearing on 25.07.2016.

- a) Gave copies of Audited Balance Sheet for years ending 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2014 and 31<sup>st</sup> March 2015 along with Nil Income Tax Return filed for 2014-15 & 2015-16.
- b) Informed that they have no registration under Sales Tax, Commercial Tax and Service Tax.
- c) Showed original Attendance Sheet for Chennai, Alangayam, Tiruvallur and Vellore which have been seen and attested in Oct 2015.

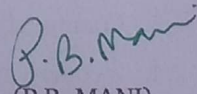


5. The employer further informed that their Salary register is in system and no hard copy is maintained and payment made by ECS. He showed the print outs of Salary Register and two sample copies for September 2014 and March 2015 were taken on record. He further informed that their main source of funding is from Ministry of Youth and Sports Affairs, Dutch Foundation. Their main work is doing outreach programmes in the Districts of Vellore, Tiruvallur and Chengalpet guiding the youth in their career. It is done on No Profit No Loss basis. He disputed the coverage of their establishment on the ground that their trust is involved in social work without any profit motive and they are not a commercial establishment. Since, the employer was disputing the coverage of the unit it was marked to Vigilance (SZ) for detailed verification and report.

6. The Vigilance visited the unit for inspection on 18.10.2016 for verifying the activities of the unit based on the documents given by them and submissions made at the time of hearing. The Vigilance observed as follows:-

1. The unit was covered under Sec. 1(5) by considering the nature of activity of Social Work for young people development.
2. As per the Trust Deed of the Establishment the Trust is engaged in projects for community development and similar purposes in partnership with other organizations. As per the financial statements the Trust gets income by way of grants and no commercial activity has been undertaken by them. Also the Trust does not have any profit and filing NIL Income Tax Return.
3. In view of the above, the activity of the Trust namely of Social work for Young People Development does not come under the categories of Establishments for which Notification under Sec. 1(5) has been issued by appropriate Government.

7. In view of the above they have opined that the Unit does not qualify for coverage under Sec. 1(5) of ESI Act. I accept the recommendation made by Vigilance on the non applicability of ESI Act to the unit and order that no contribution is payable/due from the employer. With these directions, the appeal is disposed off.

  
(P.B. MANI)  
Appellate Authority

To /  
✓ 1. M/s STUDENTS PARTNERSHIP WORLDWIDE INDIA PROJECT TRUST,  
No. 2, 8<sup>th</sup> East Main Road,  
Gandhi Nagar,  
Vellore - 632 006.

2. Shri Ravi Ranganathan,  
No. 55, SPS Villa 3<sup>rd</sup> Street,  
Thulasidass Nagar,  
Mangadu, Ponamallee,  
Chennai - 600 056.

3. Branch Office & Assessing Authority (Ins V), RO., Chennai.