CORPORATE LAW

COMPANIES ACT, 1956-

Introduction

The Companies Act 1956 is administered by the Government of India through the Ministry of Corporate Affairs and the Offices of Registrar of Companies, Official Liquidators, Public Trustee, Company Law Board, Director of Inspection, etc. The Act is 658 sections long. The Act contains provisions about Companies, directors of the companies, memorandum and articles of associations, etc. This act states and discusses every single provision requires or may need to govern a company. It mentions what type on companies their differences, constitution , management, members , capital, how should the shares should be issues, debentures, registration of charge, at the end of the act it concludes the about winding up of a company, discussing the situations a company needs to be winded up. The ways it should be done by volunteer or through courts.

Provisions of the Act

Article 3 of the act describes the definition of a company, the types of companies that can be formed e.g. public, private, holding, subsidiary, limited by shares, unlimited etc. Further on in Article 10 E it explains about the constitution of board of company, it explains the companies' name, the jurisdictions, tribunals, memorandums and the changes that can be made. Article 26 and further on explains about the article of association of the company which a very important part when forming a company and various amendments that can be made. Article 53 to 123,it explains about the shares, the share holders their rights, it explains about debentures, share capital, their procedure and powers within the company. Article 146 to 251 it explains about the management and administration of the company and the provisions registered office and name. Article 252 to 323 elaborates on the provisions of duties, powers responsibility and liability of the directors in the company which is a very integral part of the company when it is formed. Article 391 to 409 explains about the arbitration, the prevention and obsession of the company Article 425 to 560 it explains the procedure of winding up of a company, the preventions the rights of shareholders, creditors, methods of liquidations, compensation provided and ways of winding up the company. Article 591 and further on explains about setting up companies outside India and their fees and registration procedure and all.

An overview of Companies Act 1956

Companies Act 1956 explains about the whole procedure of the how to form a company, its fees procedure, name, constitution, its members, and the motive behind the company, its share capital, about its general board meetings, management and administration of the company including an important part which is the directors as they are the decision makers and they take all the important decisions for the company their main responsibility and liabilities about the company matter the most. The Act explains about the winding of the business as well and what happens in detail during liquidation period.

Companies Act empowerment and mechanism

In India, the Companies Act, 1956, is the most important piece of legislation that empowers the Central Government to regulate the formation, financing, functioning and winding up of companies. The Act contains the mechanism regarding organizational, financial, and managerial, all the relevant aspects of a company. It empowers the Central Government to inspect the books of accounts of a company, to direct special audit, to order investigation into the affairs of a company and to launch prosecution for violation of the Act. These inspections are designed to find out whether the companies conduct their affairs in accordance with the provisions of the Act, whether any unfair practices prejudicial to the public interest are being resorted to by any company or a group of companies and to examine whether there is any

mismanagement which may adversely affect any interest of the shareholders, creditors, employees and others. If an inspection discloses a prima facie case of fraud or cheating, action is initiated under provisions of the Companies Act or the same is referred to the Central Bureau of Investigation. The Companies Act, 1956 has been amended from time to time in response to the changing business environment.

COMPANIES ACT, 2013-

The Companies Act 2013 is an Act of the Parliament of India which regulates incorporation of a company, responsibilities of a company, directors, and dissolution of a company. The 2013 Act is divided into 29 chapters containing 470 sections as against 658 Sections in the Companies Act, 1956 and has 7 schedules. The Act has replaced The Companies Act, 1956 (in a partial manner) after receiving the assent of the President of India on 29 August 2013. The Act came into force on 12 September 2013 with few changes like earlier private companies maximum number of member was 50 and now it will be 200. A new term of "one person company" is included in this act that will be a private company and with only 98 provisions of the Act notified. A total of another 184 sections came into force from 1 April 2014.

The Ministry of Company Affairs thereafter published a notification for exempting private companies from the ambit of various sections under the Companies Act.

New Concepts under the Act-

- One Person Companies (OPC)
- Women Directors
- Corporate Social Responsibility
- Registered Valuers
- Rotation of Auditors
- Class Action
- Dormant Company
- Fast Track Mergers
- Serious Fraud Investigation Office

Brief description of new concepts

- **One Person Company** is a company with only one person as a member. That one person will be the shareholder of the company. It avails all the benefits of a private limited company such as separate legal entity, protecting personal assets from business liability, and perpetual succession. One Person Company (OPC) is a Company registered with ONLY ONE PERSON as its shareholder. An OPC is classified as a private company under Companies Act.
- **Woman Director**: Every Listed Company /Public Company with paid up capital of Rs 100 Crores or more / Public Company with turnover of Rs 300 Crores or more shall have at least one Woman Director.
- **Corporate Social Responsibility** Clause (135) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility

Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

- **Registered Valuers** - Valuation by registered valuers. Clause (247) (1) Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company.
- **Class action suits** (clause 245) For the first time, a provision has been made for class action suits. It is provided that specified number of member(s), depositor(s) or any class of them, may, if they are of the opinion that the management or control of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors, file an application before the Tribunal on behalf of the members or depositors. Where the members or depositors seek any damages or compensation or demand any other suitable action from or against an audit firm, the liability shall be of the firm as well as of each partner who was involved in making any improper or misleading statement of particulars in the audit report or who acted in a fraudulent, unlawful or wrongful manner. The order passed by the Tribunal shall be binding on the company and all its members, depositors and auditors including audit firm or expert or consultant or advisor or any other person associated with the company.
- **Dormant Company** - Where a company is formed and registered under this Act for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar for obtaining the status of a dormant company.
- **Serious Fraud Investigation Office** (clause 211) Statutory status to SFIO has been proposed. Investigation report of SFIO filed with the Court for framing of charges shall be treated as a report filed by a Police Officer. SFIO shall have power to arrest in respect of certain offences of the Bill which attract the punishment for fraud. Those offences shall be cognizable and the person accused of any such offence shall be released on bail subject to certain conditions provided in the relevant clause of the Bill.
- **Fast Track Mergers** : The Companies Act, 2013 has separate provisions of fast track merger under Section 233 of Companies Act, 2013. These provisions are notwithstanding with the normal provisions of merger under Section 230 and 232 of this Act. Under fast track merger processes Central Government has the power to sanction all such scheme and there will be no requirement to approach National Company Law Tribunal (powers presently exercised by the High Court).

TAXATION

INCOME TAX ACT-

The Income-tax Act, 1961 is the charging Statute of Income Tax in India. It provides for levy, administration, collection and recovery of Income Tax.

An income tax is a tax imposed on individuals or entities (taxpayers) that varies with the income or profits (taxable income) of the taxpayer. Details vary widely by jurisdiction. Many jurisdictions refer to income tax on business entities as companies tax or corporate tax. Partnerships generally are not taxed;

rather, the partners are taxed on their share of partnership items. Tax may be imposed by both a country and subdivisions. Most jurisdictions exempt locally organized charitable organizations from tax.

Income tax generally is computed as the product of a tax rate times taxable income. The tax rate may increase as taxable income increases (referred to as graduated rates). Taxation rates may vary by type or characteristics of the taxpayer. Capital gains may be taxed at different rates than other income. Credits of various sorts may be allowed that reduce tax. Some jurisdictions impose the higher of an income tax or a tax on an alternative base or measure of income.

Taxable income of taxpayers resident in the jurisdiction is generally total income less income producing expenses and other deductions. Generally, only net gain from sale of property, including goods held for sale, is included in income. Income of a corporation's shareholders usually includes distributions of profits from the corporation. Deductions typically include all income producing or business expenses including an allowance for recovery of costs of business assets. Many jurisdictions allow notional deductions for individuals, and may allow deduction of some personal expenses. Most jurisdictions either do not tax income earned outside the jurisdiction or allow a credit for taxes paid to other jurisdictions on such income. Nonresidents are taxed only on certain types of income from sources within the jurisdictions, with few exceptions.

Most jurisdictions require self-assessment of the tax and require payers of some types of income to withhold tax from those payments. Advance payments of tax by taxpayers may be required. Taxpayers not timely paying tax owed are generally subject to significant penalties, which may include jail for individuals or revocation of an entity's legal existence.

The total income of a person is segregated into five heads:-

- Income from salaries
- Income from house property
- Profits and gains of business or profession
- Capital gains
- Income from other sources

Service Tax-

Service tax is a tax levied by Central Government of India on services provided or to be provided excluding services covered under negative list and considering the Place of Provision of Services Rules, 2012 and collected as per Point of Taxation Rules, 2011 from the person liable to pay service tax. Person liable to pay service tax is governed by Service Tax Rules, 1994 he may be service provider or service receiver or any other person made so liable. It is an indirect tax wherein the service provider collects the tax on services from service receiver and pays the same to government of India. Few services are presently exempt in public interest via Mega Exemption Notification 25/2012-ST as amended up to date and few services are charged service tax at abated rate as per Notification No. 26/2012-ST as amended up to date. Presently from 1 June 2016, service tax rate has been increased to consolidated rate at 14% +0.5%+0.5%= 15% of value of services provided or to be provided. The service tax rate now is consolidated rate as education cess and secondary higher education cess are subsumed with 2% of "Swach Bharat Cess(0.50%)" has been notified by the Government.

From 15 November 2015, the effective rate of service tax plus Swachh Bharat Cess, post introduction of Swachh Bharat Cess, was 14.5%. Currently, Swachh Bharat Cess and Krishi Kalyan Cess would also be

levied on all services on which Service Tax is being levied and therefore, the Service Tax (including Swachh Bharat Cess and Krishi Kalyan Cess) applicable from 1 June 2016 has become 15%.

<u>Value Added Tax-</u>

Value Added Tax (VAT) is a major source of revenue for all Indian states and union territories (except Andaman and Nicobar Islands and Lakshadweep).

VAT was introduced as an indirect tax in the Indian taxation system to replace the existing general sales tax. The Value Added Tax Act (2005) and associated VAT rules came into effect beginning April 1, 2005 in many Indian states. A few states (Gujarat, Rajasthan, MP, UP, Jharkhand and Chhattisgarh) excluded themselves from VAT during its initial introduction, but later adopted the tax. Every state has its own VAT legislation, rates, taxable base, and list of taxable goods.

What is VAT?

Every commodity passes through different stages of production and distribution before finally reaching the consumer. Some value is added at each stage of the production and distribution chain: for instance, a forged metal tool is more valuable than metal, which was itself more valuable than the ore that was originally mined. Value Added Tax (VAT) is a tax on this value addition at each stage.

Under a VAT system, a dealer collects tax on his sales, retains the tax paid on his purchase and pays the balance to the government. It is a consumption tax, because it is borne ultimately by the final consumer. The tax paid by the dealer is passed on to the buyer. It is not a charge on the dealer. VAT is instead a multipoint tax system with provision for collection of tax paid on purchases at each point of sale

VAT computation

A dealer pays VAT by deducting the tax paid on purchases (input tax) from his tax collected on sales (output tax).

In other words, VAT = Output Tax – Input Tax.

For example: A dealer pays Rs.10.00 @ 10% on his purchase price of goods valued Rs.100.00. He sells the goods at Rs.150.00 and collects tax amounting to Rs.15.00 (@ 10%). He will pay Rs.5.00 (Rs.15.00-Rs.10.00) as he has already paid Rs.10.00 to his seller while purchasing those goods.

Main Features of VAT :

- Uniform rates are applicable to goods in the tax system. For example, televisions of a particular brand sold in West Bengal will have the same VAT as those sold in Himachal Pradesh unless controlled by the respective state governments
- VAT is levied at successive stages of production and distribution of goods and services
- It is collected at each stage of sale of goods and as such the end user does not need to pay the whole VAT amount
- VAT alleviates the cascading effect and as such related economic distortions
- VAT introduces fairness and uniformity in the process of taxation
- VAT ensures better tax compliance and reduces chances of tax evasion
- Transparency in sale of goods and services is encouraged by VAT

Sales Tax-

Sales tax is levied on sale of goods and services which have been produced or imported. If the same goods and services are re-sold without any value addition, then sales tax is not levied again. Sales tax is levied under the authority of both Central government as well as state governments. This tax is levied basically on trading of goods within the states. Works of contracts and leases are also liable to pay sales tax.

Features of Sales Tax :

- It is a form of consumption tax. This means that tax is collected when goods or services are actually purchased
- Easy to calculate as the tax amount is charged as a percentage of the final value of goods or services
- Compliance rate is average and sales tax is easy to collect
- Sales tax is collected by the seller from the buyer at the time of purchase of goods and services
- Sales tax is determined by states, cities and local municipal authorities and as such varies geographically
- Sales tax is collected completely by the end purchaser and the seller does not pay any part of it

Difference between VAT and Sales Tax

Although VAT and Sales tax are both parts of the taxation system in India. There are several features that differentiate the two categories of taxes. Here is a list of how these taxes are distinct from each other.

- VAT is to be paid by both producer as well as consumer while sales tax is levied entirely on consumers
- Calculation of VAT is complex because of various layers of buying and selling transactions involved while that of sales tax is straightforward
- VAT is levied on various stages of production while sales tax is applicable on the final value of purchase
- VAT is able to avoid evasion successfully while sales tax is easy to fiddle with
- VAT model increases the cost of production to business which in turn can lead to a higher burden on purchasers whereas sales tax is easily handled
- VAT tends to profit the government's more rather than sales tax. This is because tax from each and every wholesale transaction also reaches the government unlike sales tax where just the end amount of tax is levied

Goods & Service Tax Act-

Goods and Services Tax (GST) is a proposed system of indirect taxation in India merging most of the existing taxes into single system of taxation. It was introduced as The Constitution (One Hundred and First Amendment) Act 2016. The GST is administered & governed by GST Council and its Chairman is Union Finance Minister of India Arun Jaitley. GST would be a comprehensive indirect tax on

manufacture, sale and consumption of goods and services throughout India, to replace taxes levied by the central and state governments.

This method allows GST-registered businesses to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. Taxable goods and services are not distinguished from one another and are taxed at a single rate in a supply chain till the goods or services reach the consumer. Administrative responsibility would generally rest with a single authority to levy tax on goods and services.

Exports would be considered as zero-rated supply and imports would be levied the same taxes as domestic goods and services adhering to the destination principle in addition to the Customs Duty which will not be subsumed in the GST.

The introduction of Goods and Services Tax (GST) would be a significant step in the reform of indirect taxation in India. Amalgamating several Central and State taxes into a single tax would mitigate cascading or double taxation, facilitating a common national market. The simplicity of the tax should lead to easier administration and enforcement. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%, free movement of goods from one state to another without stopping at state borders for hours for payment of state tax or entry tax and reduction in paperwork to a large extent.

As India is a federal republic, GST would be implemented concurrently by the central government and by state governments. A 21-member select committee was formed to look into the proposed GST law.GST is expected to be applicable from 1 July 2017.

LABOUR LAWS

Minimum Wages Act-

The Minimum Wages Act 1948 is an Act of Parliament concerning Indian labour law that sets the minimum wages that must be paid to skilled and unskilled labours. The Indian Constitution has defined a 'living wage' that is the level of income for a worker which will ensure a basic standard of living including good health, dignity, comfort, education and provide for any contingency. However, to keep in mind an industry's capacity to pay the constitution has defined a 'fair wage'. Fair wage is that level of wage that not just maintains a level of employment, but seeks to increase it keeping in perspective the industry’s capacity to pay. To achieve this in its first session during November 1948, the Central Advisory Council appointed a Tripartite Committee of Fair Wage. This committee came up with the concept of Minimum Wages. A minimum wage is such a wage that it not only guarantees bare subsistence and preserves efficiency but also provides for education, medical requirements and some level of comfort. India introduced the Minimum Wages Act in 1948, giving both the Central government and State government jurisdiction in fixing wages. The act is legally non-binding, but statutory. Payment of wages below the minimum wage rate amounts to forced labour. Wage Boards are set up to review the industry’s capacity to pay and fix minimum wages such that they at least cover a family of four’s requirements of calories, shelter, clothing, education, medical assistance, and entertainment. Under the law, wage rates in scheduled employments differ across states, sectors, skills, regions and occupations owing to difference in costs of living, regional industries' capacity to pay, consumption patterns, etc. Hence, there is no single uniform minimum wage rate across the country and the structure has become overly complex.

Workmen’s Compensation Act, 1923-

The Workmen’s Compensation Act, 1923 provides for payment of compensation to workmen and their dependants in case of injury and accident (including certain occupational disease) arising out of and in the course of employment and resulting in disablement or death. The Act applies to railway servants and persons employed in any such capacity as is specified in Schedule II of the Act. The schedule II includes persons employed in factories, mines, plantations, mechanically propelled vehicles, construction works and certain other hazardous occupations.

The amount of compensation to be paid depends on the nature of the injury and the average monthly wages and age of workmen.The minimum and maximum rates of compensation payable for death (in such cases it is paid to the dependents of workmen) and for disability have been fixed and is subject to revision from time to time.

A Social Security Division has been set up under the Ministry of Labour and Employment , which deals with framing of social security policy for the workers and implementation of the various social security schemes. It is also responsible for enforcing this Act. The Act is administered by the State Governments through Commissioners for Workmen's Compensation.

The main provisions of the Act are:-
An employer is liable to pay compensation:-
(i) If personal injury is caused to a workman by accident arising out of and in the course of his employment;
(ii) If a workman employed in any employment contracts any disease, specified in the Act as an occupational disease peculiar to that employment.

Payment of Bonus Act, 1965-

The Payment of Bonus Act, 1965 provides for the payment of bonus to persons employed in certain establishments, employing 20 or more persons, on the basis of profits or on the basis of production or productivity and matters connected there with.
The minimum bonus of 8.33% is payable by every industry and establishment under section 10 of the Act. The maximum bonus including productivity linked bonus that can be paid in any accounting year shall not exceed 20% of the salary/wage of an employee under the section 31 A of the Act.
The Payment of Bonus Act, 1965 (**Bonus Act**) has been recently amended to bring about certain key changes(the **Amendments**).

(a) ***Revision of wage threshold for eligibility***: The wage threshold for determining eligibility of employees has been revised from INR 10,000 to INR 21,000 per month, covering a larger pool of employees.

(b) ***Change in the wage ceiling used for calculation of bonus***: Previously the maximum bonus payable was 20% of INR 3500 per month. The minimum bonus payment was also capped at 8.33% of INR 3500 per month or INR 100, whichever is higher. The calculation ceiling of INR 3500 has now been doubled to INR 7000 per month "*or the minimum wage for the scheduled employment, as fixed by the appropriate*

Government" (whichever is higher). Therefore, the cost associated with bonus payments could double (or be greater still, depending on applicable minimum wages), based on the organization's performance.

(c) ***Retrospective Effect***: The amendment has been brought into effect from 1 April 2014. The Bonus Act applies to every factory and every establishment that employs 20 or more persons, and unlike other performance linked incentives offered by companies, the bonus payable under this law is not linked to the performance of the employee. All employees earning up to the wage threshold (increased to INR 21,000 by the Amendments), and who have worked in the establishment for not less than 30 working days in the year are eligible to receive this statutory bonus. Therefore, the Amendments could have a significant financial bearing for establishments, especially those in the medium and small scale sectors.

Employees State Insurance Act, 1948-

Employees' State Insurance (abbreviated as ESI) is a self-financing social security and health insurance scheme for Indian workers. This fund is managed by the Employees' State Insurance Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948. ESIC is an autonomous corporation by a statutory creation under Ministry of Labour and Employment, Government of India.

For all employees earning 21,000 or less per month as wages, the employer contributes 4.75 percent and employee contributes 1.75 percent, total share 6.5% percent. State government's share is 1/8th and that by central government is 7/8th. This fund is managed by the ESI Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948, which oversees the provision of medical and cash benefits to the employees and their family. ESI scheme is a type of social security scheme for employees in the organised sector.

The employees registered under the scheme are entitled to medical treatment for themselves and their dependents, unemployment cash benefit in certain contingencies and maternity benefit in case of women employees. In case of employment-related disablement or death, there is provision for a disablement benefit and a family pension respectively. Outpatient medical facilities are available in 1418 ESI dispensaries and through 1,678 private medical practitioners. Inpatient care is available in 145 ESI hospitals and 42 hospital annexes with a total of 19,387 beds. In addition, several state government hospitals also have beds for exclusive use of ESI Beneficiaries. Cash benefits can be availed in any of 830 ESI centres throughout India.

Recent years have seen an increasing role of information technology in ESI, with the introduction of Pehchan smart cards as a part of Project Panchdeep. In addition to insured workers, poor families eligible under the Rashtriya Swasthya Bima Yojana can also avail facilities in ESI hospitals and dispensaries. There are plans to open medical, nursing and paramedical schools in ESI hospitals.

Building and other (Construction Workers Regulation of Employment and Employees Conditions of Services) Act, 1996-

In building and other construction works more than eight million workers are engaged throughout the country. These workers are one of the most vulnerable segments of the unorganized labour in India. Their work is of temporary nature, the relationship between employer and the employee is temporary, working hours are uncertain. Basic amenities and welfare facilities provided to these workers are inadequate. Risk to life and limb is also inherent. In the absence of adequate statutory provisions to get the requisite information regarding the number and nature of accidents was quite difficult and due to this to fix responsibility or to take corrective measures was not an easy job. Although the provisions of certain Central Acts were applicable to the building and other construction workers yet a need was felt for a comprehensive Central Legislation for regulating the safety, welfare and other conditions of service of these workers.

- The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) provides for the following matters, namely:-

  (i) provision to cover every establishment which employs or had employed on any day of the preceding twelve months, fifty or more workers in any building or other construction work;

  (ii) define "appropriate Government" in respect of various establishments and also to enable to Central Government to notify and public sector undertaking in respect of which the Central Government will be the appropriate Government;

  (iii) constitution of Central and State Advisory Committee to advise the appropriate Government on matters arising out of administration of the said Ordinance:

  (iv) constitution of Expert Committee to advise on matters relating to framing of rules by the appropriate Government.

  (v) registration of establishments employing construction workers, and appointment of registering officers;

  (vi) registration of building workers as beneficiaries under the said Ordinance and provision for their identity cards, etc.;

  (vii) constitution of Welfare Boards by the State Governments and registration of beneficiaries under the Fund;

  (viii) provide for final1cing and augmenting resources of the Welfare Board constituted by the State Governments;

  (ix) fixing hours for normal working day, weekly paid rest day, wages for over time, provision of basic welfare: amenities like drinking water, latrines and urinals, crches, first aid, canteens, etc., for the building workers;

  (x) provision for temporary living accommodation to all building workers within or near the work site;

  (xi) making adequate provisions for safety and health measures for construction workers including appointment of safety committees and safety officers and compulsory notification of accidents;

(xii) empowering the Central Government to frame model rules for safety measures headed by Director -General of Inspection at the Central Level and Inspector-General at the State Level;

(xiii) provision for appointment of inspecting staff including Director-General of Inspection at the Central level and Inspector-General at the State level;

(xiv) special provisions regarding fixing responsibility of employers to ensure compliance with safety provisions and with regard to prevention of accidents, timely payment of wages, etc;

(xv) provision for penalties for contravention, obstructions, violation and offence; taking cognizance by court of offence punishable under this Bill; and protection of action taken in good faith;

(xvi) application of the Workmen's Compensation Act, 1923 to building and other construction workers; and

(xvii) empowering the Central Government to give directions to the States and to remove difficulties arising in giving effect to the provisions of the said Ordinance.

Provident Fund and Miscellaneous Provisions Act, 1952-

An Act to provide for the institution of provident funds, pension fund and deposit-linked insurance fund for employees in factories and other establishments.

It extends to the whole of India except the State of Jammu and Kashmir. **Employee's Provident Fund (EPF)** is a retirement benefit scheme that's available to all salaried employees. This fund is maintained and overseen by the Employees Provident Fund Organisation of India (EPFO) and any company with over 20 employees is required by law to register with the EPFO. It's a savings platform that helps employees save a fraction of their salary every month that can be used in the event that you are rendered unable to work, or upon retirement.