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Title: Resolution regarding steps to ensure welfare of Employees Provident Fund Pensioners (Discussion Concluded and Resolution Withdrawn).

HON. CHAIRPERSON: The House shall take up further discussion on the Resolution moved by Shri N.K. Premachandran on 11<sup>th</sup> December, 2015.

Shri Jugal Kishore Sharma to continue. श्री जुगल किशोर शर्मा जी, आप बोलिए।

क्या आप रेडी हैं? अगर आप कुछ बोलना चाहते हैं तो बोलिए। अगर कुछ नया नहीं बोलना है तो ऑनरेबल मिनिस्टर को रिप्लाई देने दीजिए।

श्री जुगल किशोर (जम्मू) : सर, मुझे बोलने के लिए दो मिनट समय चाहिए।

माननीय सभापति: ठीक है, माननीय मंत्री जी को बोलने दीजिए।

Hon. Labour Minister may now reply.

THE MINISTER OF STATE OF THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI BANDARU DATTATREYA): Hon. Chairperson, Sir, at the outset, I would like to commend the hon. Senior Member Shri N.K. Premachandranji for raising his valid concerns through this Private Members' Resolution. There are particularly a large number of employees provident fund pensioners and subscribers. The issue raised by Shri Premachandranji is about this pension scheme. This pension scheme has been framed under the Employees Provident Fund (Miscellaneous Provisions) Act of 1952. Now, this is totally administered by our EPFO and our Ministry.

First of all, I wish to assure this august House that concerns raised in the Private Members' Resolution have been receiving sympathetic consideration in the Government. I would like to inform this House that the EPFO and the Ministry of Labour and Employment have been receiving a large number of representations from individual pensioners of PPS 1995 as well as from many associations about introducing the benefits of commutation and return of capital which are available under this scheme.

About the important points raised by Shri Premachandranji, the first point relates to restoring the benefit of commutation and return of capital to the employees provident fund pensioners. The second point is about providing pension to the beneficiaries of employees provident fund pension on the basis of average salary of 12 months immediately preceding retirement. The third point is about ensuring payment of full pension to pensioners after realization of full amount of commuted pension as per the Employees Pension Scheme of 1995. Another issue was about increasing the minimum pension to Rs.3000 per month under the EPF Scheme of 1995. Another issue was about implementing the welfare scheme of pensioners including housing, utilizing the unclaimed provident fund amount of Rs.27,000 crore. These are the major concerns of the hon. Member.

I want to put the matter in perspective. Pensioners under EPS 1995 earlier had the provision of taking benefit of commutation as well as return of capital. Under commutation, the member could opt to commute up to one third of his pension so as to receive an amount equivalent to 100 times of the commuted value that was paid lump sum at the time of credit itself. Under the benefit of returned capital, the member had three options to receive certain sums of money in lump sum in the event of certain eventualities by preferring to receive resumed pension to avail these benefits. EPS 1995 did not have any provision for restoration of commuted value of the pension because these provisions were withdrawn in 2009 at a time when the fund valuation over several years had shown a large deficit. That is why it had become necessary to arrest and curtail the deficit and this commutation has already been deleted vide notification No. GSR.NO.688/E dated 26/9/2008.

Sir, the demand of the Members for pensioners for the restoration of the commuted value of pension has been based on the premise that since a value of 100 times the commuted amount of pension was given upfront, the pension should be restored after 100 months as the amount so paid is recovered through monthly deductions in that period of 100 months. However, the principle that had been adopted for commutation in the provisions of EPS 1995, which is self-funded contribution scheme, was that the commuted amount that is paid upfront is in the nature of payment of a portion of core corpus. Therefore, the amount of reduced pension was not restored and continued for life. The actual valuation of the fund was also carried out. Accordingly, the restoration of commuted value was considered in such valuation.

When the valuation took place, on 16/11/1996 the surplus was Rs.1,689 crore. When it came to second year and third year, it had come from plus to minus. In 2008 it had become Rs.54,203 crore minus. Again in 2009 it has increased to Rs.61,608 crore. After 2009, the recent actual surplus has come on 31<sup>st</sup> March, 2015 to Rs.5,026 crore 87 lakh surplus. That is why now it is in surplus condition. So, in our Central Board of Trustees meeting we reconsidered the matter after consultation with the Actuary who has worked out a cost-neutral commutation factor for future cases which involves restoration of commuted value of pension after 15 years. However, the restoration of the commuted value in respect of the pensioners who had availed commutation earlier involves a financial impact of approximately Rs. 750 crore. That has to be absorbed in the fund. Based on this, the Central Board of Trustees has recommended the re-introduction of the provisions of the commutation as well as the restoration of commuted value of pension under Employee's Pension Scheme 1995 after 15 years. This proposal involves financial implication and the matter including the necessary amendment in Employee's Pension Scheme 1995 is being considered by the Government. The restoration of the benefit of return of capital was not found to be financially viable. Hence, it was not recommended by our Board of Trustees and we have not considered it further.

As regards determination of pension under Employee's Pension Scheme 1995 on the basis of 12 months' salary immediately preceding retirement, I would like to inform that the pension is presently determined based on the average of 16 months' salary prior to the exit of the employee. The Ministry of Finance has advised to rationalize it. So, the Government has recently made amendment to the Employee's Pension Scheme 1995 and introduced provision of minimum pension that is Rs. 1,000 per month. Earlier the pension was Rs. 30, Rs. 80, Rs. 200 and Rs. 250. But we have taken a decision that the minimum pension should be Rs. 1,000. To give the benefit of the minimum pension of Rs. 1,000, the Government of India is now providing Rs. 825 crore annually and this is also in perpetuity.

The Employee's Pension Scheme 1995 is a contributory scheme where the obligations of all the payments are met from the assets of the fund only and the Government is not required to finance any payment obligation. That is why accepting the request for increasing the minimum pension to Rs.

3,000 per month is not possible without compromising the financial viability of the scheme. However, as a Minister, I have directed that a complete valuation of the Employee's Pension Scheme 1995 be done. I will see to it that a high-powered monitoring committee is formed and I will take the cooperation of our hon. Members to have a complete review of the scheme.

Regarding the implementation of welfare schemes, our Government is proactive. The hon. Member asked about the health, housing and other benefits as far as our PF subscribers are concerned. Our Prime Minister has launched a programme called Housing for All. He has appealed that housing for all should be there by 2022. In that perspective, EPFO is formulating a new credit-linked subsidy scheme for housing for the EPF subscribers. The scheme has been notified in 2017. Under the scheme, a minimum of 10 members can form a cooperative society and they will be eligible for availing the benefit under the Pradhan Mantri Awas Yojana. Under this scheme they will get Rs.2.2 lakh subsidy on the interest. The beneficiary of the interest subsidy at the rate of 6.5 per cent for a period of 20 years will include economically weaker sections as also the low income group people. So, this credit linked subsidy scheme will cover two segments of the society; middle income group-1 with annual income between Rs. 6 lakh to Rs. 12 lakh will get three per cent subsidy and middle income group-2 with annual income between Rs.12 lakh to Rs. 18 lakh will get four per cent subsidy on the housing loans availed by them.

With regard to EPFO, a person can withdraw up to 90 per cent of the balance in his account. Within two years we will have a housing scheme which will cover 10 lakh workers.

With regard to the Employees Deposit linked Insurance Scheme, EDLI, we have increased the maximum amount from Rs.3.5 lakh to Rs. 6 lakh and the minimum amount from Rs.0 to Rs.2.5 lakh. This is a new initiative which our Ministry and EPFO have taken.

Shri Premachandran was asking about the health of the workers. Health of workers is our top priority. We are going to cover retired pensioners also. In association with the ESIC we are going to formulate a medical benefit scheme for all the pensioners who are EPF members also. This will be a contributory medical benefit scheme. Its details are being worked out.

HON. CHAIRPERSON : Are you happy with this, Shri Premachandran?

SHRI N.K. PREMACHANDRAN (KOLLAM): It is a very good announcement, Sir.

SHRI BANDARU DATTATREYA: We are providing pension to 59 lakh pensioners in the country out of which 23,23,148 pensioners have been Aadhaar seeded. Now, disbursement of pension will be done by core banking system. We will issue instructions to all the field officers to ensure that on the first working day of the month pension is credited in the pension accounts only. All the nationalized commercial banks HDFC, ICICI, Axis bank, our nationalized banks and all the post offices all over India can also avail this.

#### **17.00 hours**

Hon. Prime Minister has announced the Pradhan Mantri Rojgar Protsahan Yojana. Under the said Yojana, the Government of India will be paying the 8.33 per cent of PF contribution of the employer which would be an incentive for the employers for creating new jobs. For that, Rs.1000 crore have been provided in the Budget. With this, the employment generation will be taken care of.

Then there are two more important things which I would like to mention. We have started portability through the Universal Account Number (UAN). With this Universal Account Number, if a worker shifts to another factory or another area, he can transfer the funds lying in their previous accounts. We have issued around eleven crore UAN numbers. These are some of the many initiatives which have been taken and which I wanted to mention here.

I have taken note of the valuable concerns raised here. I have taken many new initiatives. I have also gone through them with a positive frame of mind. Now 2-3 things are under active consideration. Around 25-26 hon. Members have taken part in this discussion and have given many suggestions. I will keep these things in mind. The pensioners should get justice because retired people need more incentives.

I would request the hon. Member to withdraw this Private Members' Resolution. I will look at all other things that are likely to severely compromise the long term financial viability of the EPS, 1995. That is why, I would request the hon. Member to withdraw the Resolution.

HON. CHAIRPERSON : Now, Shri Premachandran Ji has a right to reply. My time is over, so I will request Shri Suresh C. Angadi to take the Chair.

#### **17.03 hours** (Shri Suresh C. Angadi *in the Chair*)

SHRI N.K. PREMACHANDRAN : Thank you very much hon. Chairperson for giving me this opportunity to reply to the debate in your august presence as the hon. Chairperson of this august House.

Sir, in this Private Members' Resolution, as has been rightly stated by the hon. Minister, twenty-six hon. Members have participated in the discussion and this Private Members' Resolution took six days for having a detailed debate about the Employees' Pension Scheme, 1995. Sir, you may kindly note that more than nine hours have been taken for having a detailed discussion on the Employees' Pension Scheme, 1995. I am thankful to the hon. Minister for giving the reply. Though all the matters have not been addressed, he has agreed and assured the House that a high-level committee will be constituted to review and revamp the entire Employees' Pension Scheme of 1995. I am thankful to the hon. Minister for that. One of the demands of the Resolution was also to have a re-look into the Employees' Pension Scheme. So, you may kindly see that the Employees' Pension Scheme has come into existence in the year 1995. Now, twenty-two years have elapsed. At the time when the Employees' Pension Scheme was presented in the House, the then Labour Minister, the late Shri P.A. Sangma, had assured the House that once in every ten years, this Employees' Pension Scheme will be reviewed and appropriate changes and enhancements will be made in case of pension and all other benefits. But, it is quite unfortunate to

note that so far, even after twenty-two years, this Employees' Pension Scheme is not being reviewed and revamped. So, the suggestion or the assurance of the hon. Minister to have a revamping of the entire Employees' Pension Scheme by constituting a high-level monitoring committee or a supervisory committee to look into all the aspects of the Employees' Pension Scheme is a welcome suggestion. I am thankful to the hon. Minister for having constituted such a Committee to have a detailed look for revamping the entire pension scheme. This is the first point which I wanted to make.

Sir, I express my sincere thanks to all the hon. Members who have participated in the discussion. One thing the Government may kindly note is that the hon. Minister of Parliamentary Affairs was also very supportive of this Private Members' Resolution. Almost all the Members across party lines and without any political barriers have supported this Resolution. I think no other Resolution has received such a support. Even the hon. Minister has supported this Resolution. So, that much importance and gravity have been there for this Resolution. So, I am thankful to all the Members and all the political parties who have supported this Resolution. I express my sincere thanks to them.

Now I would like to touch upon some of the major issues. The hon. Minister has addressed some of the issues. I would like to place it on record that this Resolution was presented in this House on 11<sup>th</sup> December, 2015. During the course of discussion, hon. Minister has given 2-3 assurances before the House.

As per one of the assurances, two year weightage has been provided. The hon. Minister has now given another assurance that the housing facilities will be provided with a nominal interest of 6.5 per cent to all the pensioners. Another assurance has been given by the hon. Minister that all the pensioners would be given the medical benefit. This was one of the demands of this Resolution. He has assured the House that the Employees Insurance Scheme will be extended to all the pensioners which means it will be beneficial to 58 lakh pensioners for which I am thankful to the hon. Minister.

Sir, the Minister has also given an assurance on one of the major issues and if I am wrong, kindly correct me. In my opening remarks also, I had made this point. Suppose I have commuted an amount from my pension account. Now even after payment of the full amount which I have commuted, deduction will be there till my life time.

Sir, I am from cashew sector where I am a trade union leader. There are poor cashew workers. One cashew worker had come to me. She is 85 years old. She had come to me. She told me that she had taken an advance of Rs.18000 from her pension fund. Now she has repaid Rs.48000 by way of deductions from her pension. Even after recovering Rs.33000 in excess of what she had taken as advance, still the deduction is going on.

I took up this matter with the PF organisation. I have got so many replies from them but due to paucity of time, I am not going to read those responses from the PF organisation. In all the replies, they have said that there is no provision in the Employees Pension Scheme to stop it and that this will be deducted for life time. In my personal talks with the Minister of Parliamentary Affairs, he has also said that this is too much. This is a little bit draconian.

The hon. Minister has assured that it will be looked into. Immediately after the realisation within 15 years, the pension should be restored. It is a good announcement which has been made by the hon. Minister for which I express my sincere thanks to him as also to the Government.

Then the commutation benefit has to be restored. That is one of my demands. The commutation benefit was taken away not by this Government but by the then UPA Government and also the benefit of return of capital which we call in our constituency as death fund. That was available to the poor workers. These two benefits have to be restored. This is also one of the demands in this Resolution.

Another very contentious issue which I would like to express before the hon. Minister and the Government is that on 23.03.2017, during the course of discussion on this Private Members' Resolution in the House, I had made a suggestion in this regard because there is a Supreme Court verdict. What is the verdict? Those who have opted for higher pension on the basis of actual salary, they are entitled to get higher pension. But unfortunately those workers who were not able to opt on the basis of actual salary, they are not entitled to higher pension. This was position. So many pensioners approached the High Court and the Supreme Court. The hon. Supreme Court has finally delivered a judgement which said that though they have not opted for a higher pension on the basis of actual salary, yet they are entitled to opt even afterwards. This was the judgement. I am not going into the details of the judgement. This judgement was delivered in response to Writ Petition 322 and 323. On the basis of the Supreme Court judgement in these two cases, the Government issued an order on 23.3.17 that even though those who do not have any judgement in their favour, all pensioners are entitled -- if they fulfil the criteria, even though they are not supported by any judgement.

The Employees Provident Fund Organisation was providing higher pension only to those who had obtained the judgement either from a High Court or the Supreme Court. Those who did not go to the court, they are not entitled for higher pension. So, the order of 23.3.2017 order is there. According to that order, it has been made applicable to all. But according to that order also those people who joined after 2014 does not become eligible for pension. This matter has become a big national debate in the country. Subsequently, on 31.5.2017, another circular had been issued by the Central Provident Fund Organisation in which there is a classification between exempted establishments and non-exempted establishments. Exempted establishment means those establishments, especially the newspaper industry and some Public Sector Undertakings, like FACT and Cochin Shipyards and others. In those industries they are having their own Trust, that is exempted Trust. Non-exempted Trust means it is directly being administered by the PF organisation. So, on 31.5.2017, Employees Provident Fund issued a Circular stating that the 23.3.2017 order is only applicable to the non-exempted establishments. According to me that order is against the spirit of the judgement of the Supreme Court and against the assurance given by the hon. Minister in the Parliament. This needs to be re-looked. I know one newspaper industry in Kerala, namely, *Malayalam Manorama*, it is a big newspaper industry where 14 employees retired. They fall under the non-exempt establishment category, they have given the option, even then they are not being provided with pension. Most of the Regional Provident Fund officers are confusing the issue. They are making this issue more confusing. It is very difficult for the poor pensioners to get their pension.

Subsequently, on 21.6.2017 another circular was issued by the Chief Provident Fund Organisation. What did the Circular contain? In this Circular the classification of exempted and non-exempted was removed. But another new provision was incorporated. What was the new provision? Only those pensioners or those members of EPF scheme who have paid 8.33 per cent of actual salary to the PF organisation are only entitled to

higher pension and option was only available to them. So, what is the final result? Only the exempted establishments are not entitled to get higher pension on the basis of actual salary. This is only applicable to the non-exempted establishments. This is wrong. This is not the judgement of the Supreme Court. The judgement of the Supreme Court is entirely different. The Kerala High Court has given a verdict. There is no classification about exempted establishments or non-exempted establishments. The judgement of the Supreme Court is very clear. The Kerala High Court also has given a judgement that those who could not opt at the time of joining the Employees Pension Scheme, they should be given an opportunity to join by paying the arrears of the contribution. Against the judgement of the High Court, Employees Provident Fund has approached the Supreme Court and the Supreme Court has said that there is no merit in the case to interfere and so the Supreme Court is not interfering in this. So, the judgement of the High Court is final.

I would like to draw the attention of the hon. Minister to the High Court judgement. We can discuss it even after this discussion also. We can have a meeting and discuss this definitely. The High Court judgement is very clear and many exempted establishment workers, many pensioners who are in the exempted establishments, are also getting higher pension on the basis of actual salary but when the circulars of 21/6 and 31/5 are there, in the exempted establishments also, these pensioners are getting higher pension on the basis of their actual salary. So much confusion is there in respect of higher pension on the basis of actual salary. That has to be clarified.

I know that it is a very complicated subject. It is even very difficult to understand the terms and conditions of the Pension Scheme. An ordinary common man cannot understand it.

I have worked a lot in this field. Even then I am not fully convinced with the facts and figures. Even the Regional Provident Fund Commissioners are not aware of it. Even the officials are not aware of it. It is such a complicated and confusing subject. Lakhs and lakhs of poor workers are being affected. So, kindly look into the matter. Higher pension on the basis of actual salary should be provided disregarding exempted or non-exempted establishments. Otherwise, we will be again forced to approach the Supreme Court for getting an order so as to get a higher pension. Instead of avoiding litigation, this matter may kindly be once again reviewed under the leadership of the hon. Minister. I know that the hon. Minister is from the background of poor workmen. I hope that he will definitely look into it. That is the submission which I would like to make.

Let me come to another point. What was the provision in 1995 Scheme? A person or a worker who has completed ten years of service is entitled to get pension. Shri Ananth Kumar may kindly note this point. A worker who has completed ten years of service or contributed for ten years is entitled for a pension. But after this Government has come to power, you have made an amendment in the scheme. Ten years of continuous service has been amended as ten years of continuous contributory service. Ten years of continuous contributory service means a worker is entitled to pension only if he has attained the attendance of 3650 days. Hon. Minister for Labour may kindly examine it. That means a worker has to work for 365 days in a year. Is it fair or is it proper? A worker has to work for 365 days and only then he is entitled to pension after ten years of service. Suppose 3650 days provision is there, what will be the fate of the cashew, coir and traditional workers?

In cashew industry, maximum work will be for 100 to 120 days. Coir sector will work like that. For the poor downtrodden people who are working in the traditional industry, maximum working days will be 100 to 120 days. Even if a worker who has completed 30 years of work with 100 days of work, it will become 3000 days. Even after completion of 30 years of service, a poor workman is not entitled to pension. He has to complete 3650 days of attendance. It means it is highly anti-labour. I know that it is from the PF organisation. Some bureaucrats or executives are simply making amendments.

What is the pension that you are providing? You are providing a minimum pension of Rs. 1000 and in my State, almost all the working class workers are getting welfare funds of a minimum amount of Rs. 1000. If that be the case, I appeal to the hon. Minister on this point.

Organised industry will get their attendance. They will get 3650 days of attendance by virtue of ten or 15 years. But as far as the poor seasonal industry is concerned, they are suffering. So, you are denying pension to lakhs and lakhs of traditional workers in the country. That has to be reviewed and that is my suggestion.

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI ANANTHKUMAR): Mr. Chairman, through you, I want to appeal to Shri Premachandran that during the course of entire debate on this issue as well as his personal persuasion with the hon. Minister, with me and other hon. Members of the Government, whatever points he has made have been very well taken by the Government and hon. Minister of Labour and Employment, my dear colleague Shri Bandaru Dattatreya garu has already assured also of setting up a high powered Committee to review the entire structure of various facilities including pension.

Therefore, I would request him to conclude his speech so that the next Resolution can be taken up. I also would request him to withdraw the Resolution.

SHRI N.K. PREMACHANDRAN : I will conclude within five minutes. There are a lot of points to be discussed. ...(*Interruptions*) I will conclude within three minutes.

HON. CHAIRPERSON : Please conclude within two minutes.

SHRI N.K. PREMACHANDRAN : The Resolution which is to be taken up after the next Resolution is mine. I am also very much interested in that. That is about the issues of the NRIs. That Private Member Resolution is my Resolution.

I will conclude within two or three minutes. I have one more very important point. All the industrial workers are watching the live telecast now. I know it very well. It is because they are all totally agitated by so many of these amendments to this Employees' Pension Scheme. The Minister made a mention about 12 months. You will kindly see, prior to 2014, pension was calculated on the average of 12 months. Now, it has been changed to 60 months. That has to be re-looked and that has to be reviewed because the existing benefits cannot be curtailed. Nowhere in the world it is done. That is my point. Also, pension is being calculated on the formula, pensionable service multiplied by pensionable monthly amount divided by 70. That

is the formula. So many other issues are also there. I have pointed out all these issues in the beginning. 1.16 per cent is the contribution of the Government of India which has commenced from the year 1971. Around 45 years have elapsed. So far it has not been increased. So, the contribution of the Government of India to the Employees' Pension Scheme should be increased. The BMS suggested that the Government of India's contribution to the Employees' Pension Scheme should be not less than six per cent. That was the suggestion made by the BMS. That may also be looked into. If the Government is constituting a high level Committee, then we can discuss it as the hon. Minister has said. ...(*Interruptions*)

HON. CHAIRPERSON: Please conclude. Already the hon. Minister has given the answer. So, please conclude now.

SHRI N.K. PREMACHANDRAN : I am concluding. The hon. Minister of Parliamentary Affairs and the hon. Minister of Labour and Employment have assured the House that such a Committee will be constituted and the revamping of the entire Employees' Pension Scheme will be done. On the basis of that assurance I am concluding. If the hon. Minister of Labour and Employment could comment on any of the issues that I raised, then I will withdraw my Resolution.

SHRI BANDARU DATTATREYA: Already I have replied to many of his questions. Regarding the restoration of pension commutation, I have given a very positive answer. I have told him we will revamp the scheme. This high level Committee will take your help also. Definitely it will restore the scheme.

As far as the Supreme Court judgement is concerned, we are implementing that. Last time in the Parliament itself I have indicated that to you. I will examine the circulars which may not be in line with the Supreme Court judgement.

The other important aspect, which he raised, was about the cashew workers. As I have already told, I would look into it. This Government is a very sensitive Government. It is a pro-workers Government. That is why we have taken many new initiatives.

Lastly, I compliment and thank Shri N.K. Premachandranji and all the 25 hon. Members who have participated in this important discussion. I will definitely see that all the pensioners are regularly get their pension. I also understand the issues pertaining to the pensioners. That is why we have come to give a minimum of Rs. 1,000 per month as pension.

Sir, the hon. Member, Shri Premachandran has demanded that a minimum of Rs. 3,000 per month should be there as pension. But as I have already told in the House that when the actuarial valuation comes, I would see as to what can be done.

Sir, now, I would once again request Shri N.K Premachandranji to withdraw his Resolution.

SHRI N.K. PREMACHANDRAN : Sir, the hon. Minister has assured that a High Level Supervisory Committee will be formed to review and revamp the Employees' Pension Scheme of 1995; all other issues, which we have discussed, will be positively considered by the Government; and enhancement of pension will be considered after the actuarial valuation. On the basis of all these assurances, I am very happy to withdraw the Resolution, which I had moved before this august House.

HON. CHAIRPERSON : Very good.

Is it the pleasure of the House that the Resolution moved by Shri N.K. Premachandran be withdrawn?

*The Resolution was, by leave, withdrawn.*

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