Social Security Code Bill

Moots to Cut Short the Savings of Workers in EPFO

According to reports in the media that the social security code bill-2019 to be introduced in the parliament, which has received the cabinet approval, is giving an option to employees to reduce their contribution to employee-s provident fund. The government claims that it is taking this step -to put more money in employee-s hands so that they spend more and provide a fillip to consumption. Some so-called experts opine that younger employees who have low income and significant debt may view it as welcome move-. Thus a favourable public opinion is being constructed to cover up the actual intentions implied in such a move.

The government which has been sturdily withdrawing from its responsibility of providinga guaranteed social security to the workers as has been dictated by neoliberal economic policies, seems to be withdrawing from its responsibility by gradually diluting the already existing social security scheme - EPF - guaranteed by the government.

EPF is the only mandatory retirement vehicle available to employees now. Through this employees are able to save from the wages and build a reasonable retirement corpus. Now a member of EPF contributes 12% of the basic wages to EPF and matching contribution of 12% from the employers. Of this 8.33% of the employer-s share goes towards employees pension scheme and the government further makes a contribution of 1.6% of the wage to the pension account of workers.

However, the savings through EPF are not very high in the private sector where the salary has many components and basic salary is often low. Now to opt to reducing the contribution to EPF would be leading to the reduction of savings and less retirement corpus, harming even the marginal security saved by the employee. On the other hand such an option would be benefiting employer by reducing the burden of share of their matching contribution to the portion of the member opted for reduction of his own contribution to the EPF.

Lack of more money in the hands of an employee and reduction of his purchasing power is the consequence of lesser wages, high inflationary rate, ever increasing prices of essential commodities and anti-people economic policies pursued by the government to benefit big capital. Fall of consumption is the consequence of economic recession.

Any sane attempt to increase the purchasing power of workers and increase their consumption shall be done by increasing the wages, controlling the inflation and reducing the prices of the essential commodities and consumer goods by the reduction of indirect taxes etc. But the government chose to reduce the savings of the workers for after retirement security and increase availability of money in the hands of worker.

With such a move the government chose to not only benefit the employers by lessening their burden of contribution to EPF, but also favour the market forces by making available the means for market consumption and thus bailing out the consumer goods selling business corporations from the adverse effects of economic recession, suffering with lack of more sales of their goods to earn more super profits. The proposed social security code is chosen to perform this evil task by peddling false claims showing them as benefiting to already insecure workers.

There are around 40 million workers who are active contributors with the EPF-s employees pension scheme account. There is 13.3 trillion corpus fund to EPFO. Besides this new move it is revealed that already the central government has reneged the EPFO to a tune of Rs.4,900 crore by not remitting its share of pension contribution of 1.16% from

the very inception of the Scheme during 1995-96. Added to this the central government has not remitted to EPFO in lieu of the amount (provided as a grant-in-aid of Rs.800 crore every year to fund the deficit in terms of minimum monthly pension of Rs.1000/- to all subscribers of EPS effective from September 2014.

Thus in a systematic way the government is moving the EPF social security to be dissolved gradually lessening the burden of employers as well by withdrawing from its responsibility to be guarantee to the EPF savings of workers besides matching every effort to expose the EPFO corpus to the speculative markets.

Already the government forced the EPFO to invest 15% of its corpus in the speculative market with the ruse of providing the EPFO members to gain higher return on their savings. It is forcing EPFO to further invest in speculative market by taking the risks at the cost of worker-s savings.

A recent bitter experience of workers of Uttar Pradesh Power Corporation Limited (UPPCL) exposes the dubious promises of the government luring them to opt to investment in stocks of speculative market to gain -higher return- on their EPF savings.

Around 45,000 workers of UPPCL are lured to opt to invest an amount of Rs.2600 from their EPF savings in the Diwan Housing Finance Corporation (DHFL) . It is alleged that that the DHFL through a scam with active cooperation of the former chairman of UPPCL who also was the chairman of PF trust had swindled the entire amount. Protesting against this swindle of their savings under the lkeadership of Vidyut Karmachari Sangharsh Samiti, the electricity workers went in to a strike throughout the UP on November 19 demanding that a guarantee and assurance be given by the state government through a notification that the government will be responsible for returning back their savings amount swindled by the DHFL. The UP government instead of giving a definite guarantee and assurance for the return of savings of workers, made vague announcement that the workers are equalent to their family members and that the strike is politically motivated and the government would take its responsibility of protecting the workers etc.

Such has been the farce of -providing workers with an opportunity of giving higher returns- by the government.

The labour codes being made in to laws are proving to be the death blows against the workers of our country in the garb of codification of existing labour laws.

The workers- movement has to understand, equip and prepare itself unitedly to fight against these in human attacks with a determined and unwavering spirit to end them.

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