

12.22 hrs.

**EMPLOYEES PROVIDENT FUNDS AND  
MISCELLANEOUS PROVISIONS  
(AMENDMENT) BILL**

[*English*]

THE MINISTER OF STATE OF THE  
MINISTRY OF LABOUR (SHRI JAGDISH  
TYTLER): Sir, I beg to move

"That the Bill further to amend the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Indian Penal Code, be taken into consideration."

As the hon. Members will be aware, the EPF and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory Provident Fund, Family Pension and Deposit Linked Insurance Fund for the benefit of employees in factories and other establishments. These schemes constitute the main source of security of income to the workers in their old age and to their families and dependents in the event of their untimely death. Our Provident Fund Scheme is one of the largest, if not the largest, scheme in the world in terms of coverage and benefits provided. It covers most of the industrial and other establishments employing 20 or more persons. As on 30.9.1987, the total number of establishments covered was about 170 lakhs, while the number of subscribers was 1.41 crores.

In the field of social security, the main endeavour of the Government has been to extend the coverage, improve the benefits and to provide prompt service to the subscribers. In furtherance of these objectives, the Government had set up a high-level committee in April, 1980 to review the work-

ing of the Employees' Provident Fund Organisation with special reference to the problem of mounting arrears of provident fund contribution. This Committee was also required to go into the adequacies of the existing penal provisions and to suggest amendment where necessary. The Committee in its report to the Government made a number of recommendations involving amendment of the Act. The Central Board of Trustees, EP Fund had also from time to time, made certain recommendations for amendment of the Act. These recommendations, have been considered and it is now proposed to carry out suitable amendments in the EPF Act.

The most important amendment from the workers' point of view relates to enhancement of the rate of provident fund contribution. At present, section 6 of the Act provides for payment of contribution at the rate of 6 1/4 per cent of basic wages and DA. However, there is an enabling provision for raising the rate of contribution to 8 per cent. Under this provision, the rate of contribution in respect of 132 industries/classes of establishment employing 50 or more persons has already been enhanced to 8 per cent. In terms of subscribers, these establishments account for about 68 per cent of the total subscribers of the fund. The remaining 32 per cent subscribers are paying contribution at the rate of 6 1/4 per cent. There has been a demand from the Trade Unions, for suitable enhancement in the rate of contribution. The matter was considered by Standing Labour Committee, which is a tripartite body, at its meeting held in September, 1986 and they had unanimously recommended enhancement of the rate of contribution from 6 1/4 per cent to 8 1/3 per cent and the other limit from 8 to 10 per cent. It is accordingly proposed to make a suitable provision for enhancement of the rate of contribution.

Another major area of concern has been the mounting arrears of provident fund contribution. Contribution have to be collected from a large number of employers and some of these default in payment of EPF collection or their own share. The Government has been rather concerned about the defaults in payment of contribution, which though small in relation to the total quantum of funds handled, is large enough in absolute terms to cause anxiety. Sometimes, the default may occur for economic reasons. But all defaults cannot be ascribed to such reasons and in some cases wilful defaults cannot be ruled out. Besides, whatever be the cause, the default in payment of contribution by an employer affects the workers, in as much as when the time comes for payment of an advance to a worker, or for refund of his balance, and the money is not there, the worker is deprived of the protection of future security when he needs it most. As on 30.9.1987, the total amount of arrears of EPF dues (including the dues in respect of exempted establishments) amounted to about Rs. 185 crores. The EPF authorities have been taking all possible legal and penal action for realisation of arrears but still the arrears have been gradually mounting. In order to check this trend, it is proposed to

- (i) set up an independent recovery machinery, on the lines of the recovery machinery of the Income Tax Department, for recovery of arrears of provident fund dues.
- (ii) make a suitable provision in the Act for making all the provisions, now applicable to unexempted establishment, applicable to exempted establishments in cases of default on their part (at present exempted establishments have large arrears which are difficult to recover) and

- (iii) make the various penal provisions in the Act more stringent.

There is at present no specific provision in the EPF Act for filing appeals against the orders of the EPF authorities in the matter of applicability of the Act, assessment of dues and levy of damages. The employers, therefore, generally take the matter to the Courts and the cases drag on for years together. It is, therefore, now proposed to make a specific provision in the Act for setting up one or more tribunals to hear appeals against the orders of the PF authorities. The filing of appeals with the Tribunal will be subject to deposit of 75 per cent of the amount claimed by the Provident Fund authorities. No appeal will, however, lie against the orders of the Tribunal.

Another important aspect of the administration of the Provident Fund Scheme relates to autonomy of the EPF Organisation, which is by and large self-financing. The members of the Central Board of Trustees, EPF, particularly the representatives of employers and employees have been pleading for greater autonomy and freedom of action to the Board. Considering the number of persons who are contributing to the scheme and the vast amount of funds handled, a certain measure of Government control seems to be unavoidable. Rigid Government control of the Organisation, while safeguarding the interest of the workers and their funds, may curb initiative and affect service. It is, therefore, necessary to arrive at a balance between the demands of security and service. The Government has considered this aspect carefully and it is now proposed to confer enhanced powers to the Board in the matter of creation of posts, appointment of officers and staff, application of the Government rules relating to pay and allowances and other conditions of service to their officers and staff. It is also proposed to increase the number of representatives of

[Sh. Jagdish Tytler]

employers and employees on the Board from 6 each to 10 each, so as to give them greater representation.

The EPF Review Committee had recommended inter-alia that establishments employing more than 100 persons may be allowed to maintain the provident fund account at establishments level, so as to provide prompt service to the subscribers. They had also recommended that the departmental undertakings under Central/State Governments, whose employees are already entitled to the benefit of contributory provident fund or pension under the rules/regulations governing them may be excluded from the purview of the Act. This idea was to enable the EPF Organisation to concentrate on coverage of establishments, whose employees are not entitled to provident fund or pension under any other law or scheme.

It is proposed to make suitable provisions in the Act for implementing these recommendations. These are, in short, some of the more important amendments proposed.

I hope, the Members will welcome these proposed amendments. With these words, I commend the Bill for consideration of the House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Indian Penal Code, be taken into consideration."

SHRI E. AYYAPU REDDY (Kurnool): Mr Deputy-Speaker, Sir, we support this Bill. We are in agreement with the broad things which have been narrated in the Statement

of Objects and Reasons appended to the Bill. But, we do not have enough data with regard to the working and the functioning of this Act. It has been stated that about 1.66 lakh establishments are covered and 1.88 crore subscribers are also covered under the Act. But with regard to the financial data, we have not been furnished information in respect of the annual amounts collected, annual amounts disbursed and the schemes that have been taken up by the Central Board of Trustees the investment made by the Central Board of Trustees and the return on the investments by the Central Board of Trustees.

Just now the hon. Minister stated that the arrears of subscriptions or contributions by the establishments are of the order of Rs. 185 crores. This is very alarming. He also stated that the trend was showing no improvement at all and the arrears were mounting up.

It is no wonder that the contributions by the establishments have accumulated to the tune of Rs. 185 crores and are likely to grow more because the number of sick industries is of the order of 1.5 lakhs. Various factors are responsible for the failure of our industries or for the growth of sickness in the industries. But the enforcement of this Act has not been steady and has not become stable on account of the various economic problems, and issues which are being faced by the various establishments. There has been no stability in the growth of our small scale and medium scale industrial sector and that is the reason why there has been no stability also in the implementation of this Act. We have to acquire stability and efficiency in the enforcement of this Act for it serves a very laudable objective of social security. In a welfare State such schemes have to be very efficiently implemented so that a worker is provided adequately at the time of his retirement.

I am happy that there has been an enhancement in the percentage of contribution. It was 6 1/4 per cent previously, now you are making it 8-1/3 per cent. But unfortunately there has been no incentive for the workers to go in for contribution for the Provident Fund. The real reason is the losing value of the rupee. A rupee saved today is a rupee lost after 10 years.

SHRI JAGDISH TYTLER: A rupee becomes 4 times.

AN HON. MEMBER: Is it not correct, Sir?

SHRI JAGDISH TYTLER: You put it in the Fixed Deposit.

SHRI E. AYYAPU REDDY: Not the question of fixed deposit. So far as the worker is concerned, what is the incentive for him. The incentive must be that he must receive his value. I am not blaming the Labour Department. I am saying the general economic situation is such that the trend of inflation and the loss of the rupee is affecting those people who are trying to save it whereas it is enriching those people who are investing it in real estate, gold and other things. A person who purchases a few, say 2 or 3 cents of land in a town or a municipality or in a city, he finds his property has gone up very much in value but the worker who is contributing 8 and 1/3 of the basic salary including all those things, finds that the thing which he has contributed when it is paid back to him ultimately after 10 or 15 or 20 years has lost its value. That is a hard fact. These are the facts of life and facts of Indian economy. We cannot get over this. Therefore, what I am suggesting is let this aspect of contribution to the Provident Fund be studied by our economic experts, especially those in charge of the implementation of this Act and let them come forward with the suggestion as to how the money saved by a worker does not lose its value or he at least

gets back the value of rupee which he has saved today and invested in the fund which becomes wasted under Section 5 with the Board of Trustees. So, that problem has to be studied.

There is a provision in the original Act for the Central Government to come forward with regard to the Life Insurance. Ultimately the Life Insurance and some such similar provision must also be made so that the worker gets the incentive to contribute 8 and 1/3 per cent and also ask for or voluntarily comes forward for contributing more than 8 and 1/3 per cent. So, that is one of the suggestions which I would like to make.

Then with regard to some other aspect, i.e. the Central Board has increased the representation of the employees and the employers in the Central Board. It is quite welcomed. You have made it from 6 to 10. You have kept a parity also on both sides but the difficulty is probably this representation is by way of nomination and if you say out of 1.66 lakhs establishments only 10 per cent will be entitled to represent to our view it will not be able to cover all types of establishments because even in Schedule 1 there are about 180 type of industries. So, in giving this 10 per cent representation, there must be some sort of rotational system to cover up both the regions as well as different classes and classification of employees as well as industries. That may be kept in view and may be provided in the delegated legislation.

The Central Board is going to be assisted by an Executive Committee. This also, of course, is a welcome feature. But again in constituting this Executive Committee the Central Government will have the biggest say and it must also have the biggest responsibility because it is the functioning of the Central Board as well as the Executive Committee that will ultimately be responsible for the efficient implementation of this Act.

[Sh. E. Ayyapu Reddy]

Then Sir, there is a new provision for constituting an Appellate Tribunal—a single member appellate tribunal. Here, I would request the hon. Minister to hear to my criticism very carefully on this aspect because this aspect has got a legal problem. Now, you want to constitute an appellate tribunal. The clauses concerning the appellate tribunal are contained in Section 7D (3) and 7E. How many appellate tribunals are you going to constitute to cover these 1.66 lakh establishments? The object for this move, as stated by the hon. Minister is to reduce the time in settling the disputes, because the settlement of disputes under this Act in the ordinary courts has been time consuming. So, with that purpose you want to constitute this appellate tribunal. With my experience, I may submit that this appellate tribunal is not going to solve the problem. On the other hand, it is going to add to your problems because after receiving the orders of the appellate tribunal, the aggrieved party has got a remedy under Article 226 of the Constitution. He invariably files a writ petition asking for quashing the quasi-judicial order of the appellate tribunal. So, the only thing that you have done is to introduce one more tier in the process of litigation.

But here, my more serious objection is to the methodology of constituting the tribunal. The hon. Minister may kindly see 7D (3) on page 8. Clause 7D (3) says:

“A person shall not be qualified for appointment as the Presiding Officer of a Tribunal (hereinafter referred to as the Presiding Officer), unless he is, or has been, or is qualified to be, a Judge of a High Court.”

Then Clause 7E says:

“The Presiding Officer of a Tribunal shall hold office for a term of

five years from the date on which he enters upon his office or until he attains the age of sixty-two years, whichever is earlier.”

Now even for High Courts, we are finding it difficult to get suitable candidates. For instance, in Bombay and Calcutta, Chief Justices have always been complaining that they are not able to get qualified persons who would accept judgeship. This has been so for the last so many years. Everybody knows that a top-ranking lawyer does not care for a judgeship. You are asking a person to be the presiding officer of a mere tribunal with just a five year term. Which High Court judge will opt out to preside over a mere provident fund appellate tribunal and that too for a period of five years? A High Court judge will opt out to preside over a mere provident fund appellate tribunal and that too for a period of five years? A High Court judge has got very vast jurisdiction over civil, criminal and constitutional fields and he deals with every type of case whether it be labour, industrial, etc. You want a person having such a vast jurisdiction to come forward to implement only one simple enactment—the Provident Fund Act. Which judge will agree to forgo his vast jurisdiction and opt out to be a presiding officer of an appellate tribunal. No sitting judge will come forward to be the presiding officer of the appellate tribunal. A retired judge may be tempted to accept the position but unfortunately you have added a clause to the effect that he should not be more than 62. That means the option of having a retired judge as the presiding officer is out of question. A retired High Court Judge can never think of becoming the presiding officer at an Appellate Tribunal. So, a retired judge cannot come. A sitting judge will certainly not come. Because where is the big temptation for him to come here for a period of five years? Whatever chances of going to the Supreme Court and other things will be dimmed because he will be implementing only one simple enactment, whereas he has got hundreds of enactments every day which he can deal with.

Lastly, we come to the category of persons qualified to become a High Court Judge. That means, an Advocate, who is qualified to become a High Court Judge. His term will be only for five years. Suppose, if a person, who is qualified to become a High Court Judge after ten years or fifteen years of practice and wants to give up his practice and accepts to become an Appellate Tribunal, his term will be only for five years. So, for the purpose of five years, will he give up his practice? A person who is qualified to become a High Court Judge will he give up his practice and come here? I am trying to analyse these aspects and try to show you how impracticable this is going to be. That is why I have tabled an Amendment that instead of having the qualification of a Judge of a High Court, you have it as a District and Sessions Judge. Where are you going to locate all these Appellate Tribunals in a vast country like India, where the establishments are so many? Therefore, I have also tabled an Amendment that where the establishments are located within 250 kms, the Appellate Tribunals shall have the jurisdiction, otherwise not.

Suppose, if you are going to have an Appellate Tribunal at Hyderabad for Tamil Nadu, Karnataka and Kerala, how difficult it will be for establishments which are in Kerala and remote places to come and fight out their cases at an establishment there. Even if you want to have an Appellate Tribunal at the State Capitals in every State, then also it will be very difficult. That is why the best and the easiest thing is to make every District and Sessions Judge an Appellate Tribunal. After all, now by constituting a separate Appellate Tribunal, you are asking for a separate establishment. He must have a separate Court room or a Court hall. He must have a separate Steno. He must have a separate, Typist and other personnel also. It will be a costly affair. I have already analysed and made suggestions regarding the difficulty of having a person who will preside over an Appel-

late Tribunal. If an ordinary Civil Court presided over by a District and Sessions Judge is entrusted with the duty of an Appellate Tribunal, there won't be any difficulty. It is because he has already an establishment going about. What is a big thing which he is going to debate on this Act? It is not a complicated Act. It is a simple Act. Now I will come to questions of fact.

A District Judge can deal with it, if there are any disputed facts which have not been decided or applied by the Provident Fund Commissioner. So, here a District and Sessions Judge can easily deal with it. Therefore the jurisdiction of District and Sessions Judge is quite welcome to every establishment as well as to the officers. That is why, in making these drafts, in making these things, you must think about the practical implementation side—whether special Tribunal or special enactment is necessary to deprive our ordinary Civil Courts of their natural jurisdiction. There is no necessity unless a specialised and complicated expertise is needed. So this is a case where you don't require all those things.

Then, you have also provided for the review of the Tribunal. This right to review is inherent there. But it has got a period of limitation. The statute requires a period of limitation for review because a man will say I will review it after 10 years or 15 years. So, you must also incorporate a period of limitation within which a review can be undertaken. So, while I entirely support the objects of the Bill, I am sorry to say that some of the provisions which have been inserted for attaining or achieving the objects are self-defeating, and may not be productive; on the other hand, they may be counter-productive. These things may be looked into, before the Bill is finally passed.

SHRI SHARAD DIGHE (Bombay North Central): I rise to support this Bill, which mainly tries to remove the irritants in the

[Sh. Sharad Dighe]  
recovery of the amounts from the employers. It also meets the long standing demand of increasing the contribution of the employers, from 6 1/4 to 8-1/3%. With that increase, it also increases the voluntary contribution from 8% to 10%.

As I said, the Bill tries to meet the long standing demand of increasing these contributions. It also establishes an Executive Committee which would also help in implementing several objects of this Bill. Lastly, as I said, the recovery machinery which was faulty and because of those defects the employees were suffering, is also tried to be made more and more efficient; and more and more details have been filled in. These are some of the best points, as far as this Bill is concerned. In view of the constraint of time, I would not go in detail regarding several good features which are there in this Bill.

I would come to certain observations which I would like to make, as far as the new provisions which are being introduced here are concerned. Firstly, the old Section 7A is being drastically modified, to provide several other remedies as far as the employers are concerned; and there, I would say that I would have welcomed if, instead of having the power only to determine the amount, further power is also given to the Central Provident Fund Commissioner and other officers. Where a dispute arises regarding the applicability of this Act, that power is also given as far as a decision on that point is concerned.

No doubt, these are very laudable things which have been incorporated in this section; but I would not like to have other elaborate provisions which are further made which would, ultimately, add to the delay regarding the determination of the amount. For example, Clause 10 adds sub section 4 to Section 7A which is being introduced to set aside the *ex parte* order against the

employer, will also add to the dilatory methods of the employers. The time given there is three months. Ordinarily, even in civil courts, one month's time is given for setting aside an *ex parte* decree. Therefore, I do not know why such a long time has been provided, as far as sub-section 4 is concerned, for setting aside this *ex parte* order. Then, again, further things like review are also provided for under Clause 7E, newly to be incorporated in this Bill. And that also gives further scope for dilatory tactics for the employer. Therefore, under the guise of discovery of new important matters, the employer may exercise his power to go for a review under Clause 7B. That would also add to further delay in determining this amount that is due.

We have also introduced in this an Appellate Tribunal. Now it is a good thing that in order to avoid delay in civil courts we are having this Appellate Tribunal. But, as has been mentioned by the earlier speaker also that this will not completely shut out the High Court from entertaining applications or constitutional matters under Articles 226 and 227, apart from that, I would submit that the tribunal contemplated under Article 6 is one tribunal even though the Section says one or more tribunals. At present, at least, the Financial Memorandum makes it clear that there will be only one tribunal at Delhi. Therefore, it appears that today at least there will be one tribunal in Delhi and one central tribunal is contemplated at present at least. Therefore, that will also add to some of the delays, as far as these tribunals are concerned.

Now the recovery procedure has been tightened. But, in some cases, we have unnecessarily provided a certain procedure by which the employer will take advantage and will delay the process of recovery. As I was pointing out that so far as this recovery is concerned, it is kept again open for the employer to dispute before the Recovery Officer the correctness of the amount. So,

after a certificate is issued to recover the amount, when the Recovery Officer starts the proceedings again under Clause 8D the employer is allowed to challenge the correctness of the amount and get the certificate withdrawn. I submit that misuse will be made of this provision and the employer will take advantage of this provision and will stop the recovery proceedings by taking advantage of this clause. Then under Clause 8E it enables the Authorised Officer to grant time for payment. So, after a certificate is issued by the Authorised Officer and after the Recovery Officer starts proceedings again the employer can go to the Authorised Officer under Clause 8E and will secure further time for payment; and in that case, the Recovery Officer is asked to stay the proceedings. These are some of the dilatory proceedings or tactics which will be adopted by the employer. Therefore, my submission is that the Bill ought not to have provided Clause 8D and Clause 8E.

**13.00 hrs.**

It is good that clause 8F sub-clause (2) provides that any amount due from any other person can also be recovered if that is due to an employer, and for the purpose of Provident Fund, this provision for recovery has been made. This is a very good provision and it will help the recovery officers to recover the amounts.

Now, in these days of growing sickness in the industries, it has become a great concern of the employees to recover their provident fund apart from their other benefits which are due from the employers. And in view of this background, the steps taken by the Government to make the recovery procedure more and more stringent and useful to the employee are to be welcomed, but at the same time, I would request the Minister to again go into some of the provisions which allow the dilatory tactics to employers which will ultimately defeat the object with which

this Bill has been made.

With these words, I will again request the Minister to have a second look as far as some of the provisions are concerned and make amendments in this very session before the Bill is passed.

**13.02 hrs.**

*The Lok Sabha adjourned for Lunch till  
Fourteen of the Clock.*

*The Lok Sabha re-assembled after Lunch  
at five minutes past Fourteen of the Clock.*

[MR. DEPUTY-SPEAKER *in the Chair*]

EMPLOYEES PROVIDENT FUND AND  
MISCELLANEOUS PROVISIONS  
(AMENDMENT) BILL—*CONTD.*

[*Translation*]

SHRI RAM BAHADUR SINGH (Chapra): Mr. Deputy-Speaker, Sir, the compulsory subscription towards 'Employee Provident Fund' is presently deducted from the salaries of employees and workers. They should get this amount in lump sum on retirement so that their future is secure and they are able to lead their retired life properly.

This practice is being followed from the time of the British rulers. But after independence many irregularities have crept into this process. Some of these are non-payment of dues to employees and workers in time, failure of the owners to deposit their contribution and non-settlement of claims despite repeated visits of the employees to offices. There have been certain cases where the employee expires while making efforts to get his payment and even after his death payment is not made to his widow and



[Sh. Ram Bahadur Singh]  
she becomes so frustrated as not to pursue her claim.

To remove the irregularities a law was first enacted in 1952. Yet they continued to exist. Subsequently many amendments were made and several committees were constituted to set the things right. Still the anomalies persisted. Generally speaking, there would not have been a need to bring this amendment if the said discrepancies would have been removed. Laws are passed and amendments are made in them everyday. Yet the problems go on multiplying instead of decreasing. What is the reason for this? I think those who pass the laws should follow them first. If we ourselves do not follow the laws we will not have the moral courage to expect others to follow them or to force them to do so. Not only the private sector has such anomalies but they are found in the public sector also on very large scale.

Irregularities still exist in matter of 'Employee Provident Fund'. Information has been received about a public-sector undertaking of Central Government located at Howrah where 900 employees were not allowed to retire because the Undertaking did not have the money to make payment of the provident fund dues. Employees after complain of the harassment they get in offices of the Provident fund Commissioner which maintain provident fund accounts at regional or Central level. Red-tapism is a common feature of all these offices.

I want to make a special mention of the Comptroller and Auditor General's office. The inefficiency and red-tapism rampant in these offices is causing a lot of inconvenience and harassment to employees and workers. A plea of 'Suspense Account' is often taken by the officials of this office. Whenever there is any doubt about the due amount of an employee, they put the same in

the 'Suspense Account' saying that the voucher of the said amount could not be traced. But, the fact is that salary bill of an employee is not passed until the Provident Fund is compulsorily deducted from his salary. After the Bill is passed the concerned treasury sends such a voucher to the Comptroller and Auditor General's office in routine way. If the voucher is lost in transit how can the concerned claimant employee be blamed? In fact, the person dealing with the case, should maintain the accounts properly instead of putting the amount in the 'Suspense Account', and should ensure that the employee gets his due amount easily after his retirement. In the North-Eastern Railway alone provident fund amount of Rs. 2.65 crores is lying in the 'Suspense Account'. Thus, crores of rupees of provident fund amount, which actually belongs to employees, is lying in the 'Suspense Accounts'. Moreover, if information about any amount is received by this office after 4 years, the interest thereon pertaining to this period is not credited to the amount. So, I suggest that the banking system should be adopted for this purpose. Unless banking system is adopted, no employee will be able to get timely payment of his dues after retirement. Rules should be made to ensure that every employee gets his entire provident fund amount on the day of his retirement. This type of rule existed in Tamil Nadu when the State's Chief Minister was Kamaraj. I would like to suggest that such a rule should be enforced in all the States in the country.

Many public as well as private sector undertakings neither contribute their share towards employees provident fund nor they deduct Provident Fund from employee's salary. In spite of all this, they are given permission to set up new units. What is surprising is that it is the Provident Fund Commissioner who gives such a permission. He should be asked not to give permission in such cases. Similarly, the defaulter private sector establishments should be

disqualified to set up new industries. In public-sector undertakings also the person found guilty of harassing employees, of not maintaining proper account of provident fund of employees should be charged with the offence of breach of trust under section 406 of IPC and he should be prosecuted. The existing laws will not do. An employee works hard to earn his livelihood and agrees for Provident Fund deductions from his salary with the hope of making his retired life secure. Any dealing official who creates hurdles in payment of Provident Fund to the employees and spoils their retired life must be brought to book. A case under section 406 of IPC should be filed against them.

As far as the Office of the Comptroller and Auditor General is concerned, entries of Provident Fund deduction are found complete in rare cases. Only employees who can pay frequent visits to this office or who can influence the concerned officials are able to get their records completed. This all is due to the red-tapism and the inefficiency which is found in this office. These are the factors which are responsible for the loopholes in the system. Officers in higher echelons are responsible for such a state of affairs. Everything has its roots in the earth. But corruption stems from the higher level. If the conscience of the higher officers is clean, their subordinates will never have the courage to indulge in corruption. So, there should be a provision to punish the top level officers also if they are found guilty.

The method adopted for realising the Central revenues should be made applicable in this case also. The Government must make a provision to realise the Provident Fund amount with the same strictness as is followed in collecting the Central revenues. It should be made obligatory that every labourer, whether he is in the public sector or in the private sector, is supplied every year, the full details of his provident fund account and a pass book so that there is no chance

for him to complain that he did not receive the interest on his deposit; that his contributions have not been deposited and entries have not been completed. This system will remove all discrepancies. With these suggestions I support the objectives of the Bill. But I would like to submit to the hon. Minister that this Bill will not fulfil the objectives with which it has been brought forward. This Bill is, therefore, incomplete.

SHRI A. CHARLES (Trivandrum): Mr. Deputy-Speaker, Sir, the employees' Provident Fund is the main source of security to the family of not only those who meet with untimely death but also for those who retire without any other retirement benefits. Sir, it is seen that there is a large number of workers in the country and that nearly 1.38 crores of workers will be benefited by this scheme. So, Sir, great care has to be taken for the proper management of the funds and ensure that the employers never misuse the funds as also the funds are disbursed to the employees at the proper time.

Sir, of late, many complaints have been received about the improper way of keeping the accounts, involving mismanagement especially by the employers who fail to disburse the amount at the proper time as envisaged in the scheme. There are also instances that in the case of contributory provident funds where the employers collect the share of the money from the employees and even that amount is misappropriated. I would like to know whether any action has been taken against those employees who violated the provisions of the law and misappropriated the hard earned money of the employees. It is not lack of sufficient laws not being passed but it is the lack of will to take suitable action against the offenders that create this very awkward situation.

Sir, from the figures, as stated by the Hon'ble Minister it is seen that, as of now, about Rs. 185 crores remain to be disbursed

[Sh. A. Charles]  
and stand as arrears payable to the employees. Sir, in 1959-60, the amount shown as arrears was Rs. 3.6 crores only. In 1971-72, it had gone to Rs. 20.65 crores and after 15 years, now the amount has reached all high record of Rs. 185 crores. I would like to know what action has been taken by the Department in disbursing the provident fund to the employees. Normally, the employees' only source of income at the fag end of their life is their provident fund money and if that is being held up or not disbursed at the time of retirement, the plight of the retired employees will increase and it will be disastrous. I would like to know what action has been taken against those who violated the rule, how many cases have been registered against the erring officials and the employees who made default and how many have been punished and how many cases have been pending for disbursement. I would also like to know what action has been taken against those officials who have not done their part in disbursement of their provident funds immediately after their retirement. This is most unfortunate situation in which the poor workers' provident fund amounting to Rs. 185 crores is being withheld and misused by the employers. This unfortunate situation should be avoided at any cost.

Sir, it is also seen that the procedure for keeping the accounts is very cumbersome. If I understood correctly, there are a large number of complicated forms which are to be filled up and the poor workers are not even aware as to what amount is standing to their credit. The man concerned is not intimated about the amount to his credit and there is a lot of difficulty in maintaining the accounts properly. So, I would request the hon. Minister to give suitable instructions to the officers concerned for making the procedure more simple so that everybody who wants to know exactly what amount is accrued to his credit will know about it. So, the accounts should be made simple.

I am happy that such a piece of legislation as this is brought before the House and I am sure it will plug the loopholes and it will help in the proper disbursement of the amount. But I would request the hon. Minister to give a time bound programme for the disbursement of the existing arrears, because the amount involved is very large. It will be unfair if it is kept with the employers or with the Provident Fund organisation without giving it to the eligible workers or their legal heirs. It is stated that in 1980 the Government set up a high level Committee to review the working of the Employees' Provident Fund Organisation and to suggest improvements. It is also stated that the Report of the Committee has been submitted to the Ministry, but unfortunately a copy of the Report is not made available to the Members. So, we are unable to understand what are the recommendations made and how many of those recommendations have been implemented. So, I would request that such details should also be given to us when such a Bill is brought before us for consideration.

Sir, in two or three minutes time I will point out some of the salient features of the Bill which will go a long way in improving the situation. The delegation of powers given to the Central Provident fund Commissioner will certainly avoid the inordinate delay that is now being caused.

Another very welcome suggestion now brought forward in the Bill is to include the employees engaged by the contractors as casual labourers. So also the employees engaged as apprentice workers have never got any other retirement benefits etc. so far. There are several lakhs of such workers who are engaged on a contract basis in areas where works should have been executed in a regular way, especially in the Railways, in the airports and in many other public and private sector undertakings a number of workers are being engaged as casual labourers without a regular monthly salary.

The workers who are out of the purview of the 1961 Apprentices Act are being appointed apprentices only to see that the normal wages are not paid to them. Such category of workers is brought within the ambit of the Act and it is a very welcome step. So also it has raised the representation of the employers and employees from 6 to 10. This gives a better opportunity for both employers and employees to represent their cases properly.

A new section now proposed to be added giving power to the Comptroller and Auditor General to have a proper audit of the entire accounts of the Provident Fund Organisation is also welcome. It is also seen that the Report of the Comptroller and Auditor General will be placed before both Houses of Parliament every year. This gives an opportunity to the Parliament also to know what are the defects in maintaining the accounts and whether the accounts are properly kept.

Another major benefit of the amendment Bill is perhaps enhancement in the percentage of provident fund contribution to be paid by the employer. 6 1/4 percent is now enhanced to 8 1/3 percent. This is a long standing demand of the working class. I am sure, the whole working class of the nation will be grateful to the hon. Minister and all those who have taken the bold step for this enhancement. Meanwhile, the contribution which is part of the employees is also being enhanced. I am sure, if this is properly managed and implemented, it will give a source of relief to the poor employees at the time of retirement, when they have no other source of income to back upon.

At page 13 of the Bill in clause 8E (1) it is said:

"Notwithstanding that certificate has been issued to the recovery officer for the recovery of any amount, the authorised officer may grant time for the

payment of the amount and thereupon the recovery officer shall stay the proceedings until the expiry of the term so granted."

The preceding clause extensively deals with the powers of the recovery officer and the procedure thereon. But I am afraid this simple clause takes away whatever glory that has been given by the earlier clauses. There is no time limit given, say for six months or one year. I would be pleased with the hon. Minister to specify some time limit and say, it will be for a period of not more than 3 months or 6 months. There should be some time limit. If not, the whole benefit which is being envisaged in the earlier clause would be nullified, and the provision being misused since no time-limit has been prescribed. Therefore, I plead that some limitation should be there.

There is a proposal to give 6% simple interest for the arrears. This is very inadequate. Even for the fixed deposit, we have 11% interest and even if he charges 6% interest that would only benefit the employers. Instead of 6% simple interest. A higher penal interest rate should be levied on the defaulting employers. It should be paid to the employees.

This is a welcome change, I feel. But this change is not sufficient under the circumstances, in view of the huge amount of arrears. Finally, I have some doubt about clause 27. I am not sure. If I am wrong, I may be corrected. I do not think, it will be proper to amend section 405 of IPC through a piece of legislation brought forward by the Labour Ministry. If my impression is correct, the proper way would be to bring an amendment by the Home Ministry or the Law Ministry for amending section 405 of the IPC by another legislation.

I request the hon. Minister to look into this aspect and see whether it is proper on

[Sh. A. Charles]

the part of the Labour Ministry which is legislating on labour matters, try to amend section 405 of the IPC. I know this amendment deals with the contribution made under the Provident Fund. Even then, a separate legislation would be required to amend section 405 of IPC. I hope, this will be looked into by the hon. Minister.

I am glad most of the difficulties now being experienced in the management of the provident fund and in the administration of provident fund would be removed to a large extent when this Bill is passed and implemented.

I give my wholehearted support to this Bill.

SHRI N.V.N.SOMU (Madras North):  
Mr. Deputy-Speaker, I am thankful to you on behalf of DMK Party for having given me this opportunity to speak on this Bill.

Sir, there is a saying in English, "Better taken than never". Likewise, this Bill is a belated Bill. We got independence in 1947 but the workers got the Bonus Act only in the year 1965, after 17 years of independence.

The Minister has stated that employers' default in Provident Fund amounted to Rs.185 crores. But he has not given the action taken by the Government against those defaulting employers, against those defaulting workers. Actually, the employers are escaping because either the Criminal law or the P.F. Act is not so stringent. In this way, the escapism in Provident Fund in the country is mounting to crores of rupees, even according to the statement of the hon. Minister.

I request the hon. Minister that firm measures should be taken to punish such willful defaulting employers.

I do not know what the Government is going to do with regard to the unclaimed money. The workers do not even know that such unclaimed money is there.

I request the hon. Minister that such unclaimed money should be used for the welfare of the workers.

The workers are facing many hurdles to get the provident fund loans. This should be made easy with regard to housing loans and marriage loans and getting the amount after retirement for which they have to produce many certificates. The cumbersome processes should be made easy for the workers to enable them to get the Provident Fund Loans.

In textile and jute industries, Provident Fund escapism by the employers is more. Those workers have no voice and the hon. Minister should come to the rescue of the workers by taking stringent measures to punish such employers.

In Section 20 a new provision is inserted. It says that the Central Board may reduce or waive the damages levied under the Section in relation to an establishment which is a sick industrial company. The Provident Fund is an amount assured to the retired life of workers. This Bill should not try to reduce the quantum. This is where the wicked employers are taking shelter.

In India 689 big industries are closed. 1,28,656 more industries are closed in India. More particularly in Tamilnadu, 35 big industries and 1,500 small industries are closed. The employers took shelter under the word 'sickness'. I can mention some of the important mills closed in Tamil Nadu under sickness list. Janatha Mill, Vasantha Mill, Bhavani Mill, Rathakrishna Mill, Atcharya Textiles, Vasudeva Mill, Amar Jothi Mill, Padma Mill, Jayalakshmi Mill, Tiruppur Cotton Mill, Dhanalakshmi Mill, Tamil Nadu Spinning

Mill, Methur Textiles, Alexander Mills, Lakshmi Shanmuga Mill, Kaveri Spinning Mill, Mahalakshmi Mill, Lakshmi Cotton Mill, Ramu Textiles and Lakshmana Textiles, and so on and so forth. Many factories and mills take shelter under 'sickness' and are being closed. Thousands of workers are wandering in streets with empty stomachs and they are starving for years together. Under the pretext of sickness, the workers should not be made to suffer. Thousands of workers are rendered jobless for years together. I want to stress this point. In my own constituency of Madras North, there is a company, Metalbox Company which has been closed for months together. The management wants the workers to cut their salary by 25%. Thousands of workers are in streets. The management is efficiently and effectively cheating the workers. As Tamil Nadu is under President's rule, I request the Minister of Labour to intervene effectively and open the Metalbox Company immediately.

Likewise, the Tamil Nadu Government employees and the teachers are also agitating for pay parity. They claim that there should not be any distinction between the salaries of Central and State Government employees.

SHRI JAGDISH TYTLER: I am happy if you can give concrete suggestion because this relates to the closure of mills. I appreciate your pointing out this. I am happy if you can make some suggestions.

SHRI N.V.N.SOMU: This is continuing for years together in Tamil Nadu.

SHRI JAGDISH TYTLER: This subject is regarding Provident Fund Act. I would like to get your nice suggestions regarding Provident Fund Act and they should be implemented.

SHRI N.V.N.SOMU: It is the duty of the

Government to give this. This year, we have not got the opportunity to say anything on the Demands for Grants in respect of the Ministry of Labour because of time limit. I want to utilise this opportunity to say a few words.

SHRI JAGDISH TYTLER: On Friday, last week, we had Half-an-Hour Discussion on unemployment. Unfortunately, except one Member, not a single Opposition Member even bothered to listen to the problem which is facing the country. So, when a forum is meant for some other reason, today you are speaking not on the subject which is under discussion. (*Interruptions*)

SHRI N.V.N.SOMU: How many congress members were Present? (*Interruptions*)

Coming to my subject. I would like to say that they want one month salary as Bonus. Not only that. I wish to bring it to the kind notice of the hon. Labour Minister that the Government employees are compelled to accept consolidated wages. Government should be a model employer. If the Government itself recognises the consolidated pay, how can it control the erring private management. Therefore, the Government should immediately meet their demands.

The Government should redress their grievances.

Sir, last but not the least, our hon. Prime Minister has stated that an Industrial Bill would be introduced very soon. He said that he is going to jump into the 21st Century. I want to say here that the eight hours a day work has become outdated. Now, the workers want to have six hours work a day. My Leader Dr. Karunanidhi also has spelt it out in the May Day Centenary Celebrations. If three shifts are functioning in a factory for 24 hours, if six hours work is introduced, we can have 4 shifts and thousands of employees will get employment opportunities. This will

[Sh. N.Y.N. Somu]  
solve the employment problem to a greater extent.

As hon. Member Shri Ayyapu Reddy has put it clearly, the District and Sessions Judges may be given the powers of Appellate Tribunal. I emphasise and support his views. This will help the workers to a great extent.

Further, in the Central Board of Trustees, representatives from Provincial Trade Unions also should be given an opportunity. Then only, they will be in a position to express their opinion effectively.

SHRI JAI PRAKASH AGARWAL  
(Chandni Chowk): Mr. Deputy Speaker, Sir, I would like to thank the hon. Minister who, by introducing this Bill, has infused a great deal of happiness in the minds of the employees. This will benefit the employees as well as the concerned Departments in a big way. There are certain clauses in this Bill which will further strengthen the Department and also make the collection of the arrears easy. Beside, we find in it Governments intention to provide more benefits to the employees. Now, I would like to make some suggestions which will prove more useful for them in the long run.

The employees have to wait for months for getting their contribution cards from the Departments. If for some reason an employee wants to leave the present job and wants to go to some other organisation, he is required to take the signature of the present employer. In case where the employee and the employer are at loggerhead, the employer refuses to put his signature. In such circumstances the employee has no alternative but to get his card prepared either by greasing the palms or by making humble entreaties. I would like to request the Government to look into this aspect.

Secondly, an employee does not possess any documentary proof, on production of which he can claim the refund of his amount after his retirement and this is the reason for delayed payment to the retired employee. In several cases he dies even before getting payment and then his family members have to pay several visits to the concerned office to get their dues and they have to face a lot of difficulties.

Besides, a receipt is being issued on behalf of the Provident Fund Commission. Can you imagine that this receipt can be kept safe? It is neither possible for the employees nor for the employers to preserve the receipt. No date is given on it. It has, however, certain columns such as Code/ Account number, name, opening balance, interest on opening balance (of the employee and the employer) Refund of withdrawals, total credit, withdrawals, closing balance and for R.P.F.C., Delhi. This piece of paper will be of no use, if shown to anyone. It also cannot be regarded as a proof. It is also difficult to keep it safe. Instead of such a slip they should be issued Pass Books in which entries about P.F. should be made. Government should make a provision according to which the workers can produce their Pass Book to any bank counter etc. and can withdraw their money in lieu thereof. It will be very useful for them.

Now, I would like to mention certain difficulties being faced by the employers. There are cases where two units exist in one premises. Their owners may be related to each other. They may be father and son, wife and husband, brother and brother. But their relations might be strained. In such cases the officials of your Department try to club together both the units. They refuse to accept them as separate units even though they pay income tax and sales tax separately. On account of this the units face a lot of difficulties. Similarly there are instances where the employers get the goods manu-

factured by their fabricators at other places. The officials of Provident Fund Department try to club such the fabricator's units with the main factory. This creates difficulties for the fabricators as well as for the factory owners. There is no way out to get out of it. So they resort to give threats, make unnecessary correspondences and harass them.

Thirdly, the Department takes a number of years to finalise the cases of the employers or the employees of the closed units. The affected persons come to your Department time and again and even then their cases are not finalised. This creates difficulty both for the employees and the employers.

Besides, when the employees and workers go to your Department to take loan for building house or for any other purpose, they face a lot of difficulties.

Another important point worth considering is that the onus of proof is always put on the employer or the employee. If any receipt is lost, the officials of your Department hold the concerned person responsible for that. They never try to check the files of the Department. If any paper is missing from the Department's file, the responsibility of retaining any proof or otherwise should be put on some officer of the Department. A time-limit should be fixed for finalisation of P.F. cases. An officer should be held responsible for unnecessary delay and action should be taken against him. The persons who make payment towards Provident Fund should not be harassed, even if they do so in their own interest. They should not face any difficulty while getting back their P.F. amount.

Finally, I would like to say that contributions are presently deposited at some selected places. I would like to suggest that some special branches of the nationalised banks like the Bank of India, the Union Bank, the Central Bank should be opened for this purpose. The slips could be deposited as in

the case of income tax. Such an arrangement will benefit all.

One more thing I would like to say. The Government should differentiate between the big units contributing huge amounts and the small units where the strength of employees is only 10 to 20. It is because the small units have to bear the heavy burden pertaining to the P.F., bonus, E.S.I., Inspector of Factories, minimum wages, Labour Department, M.C.D. Licencing, Water pollution, Director of Industries and Quality Control. A person who engages 20 persons can not maintain a big establishment for this purpose and if he keeps one or two clerks, the entire responsibility falls on him. I am of the view that the Government should evolve a system in which big units will be put under strict control and small units should be given some concession. I would have definitely given some suggestions in this regard had there been any in my mind at the moment. These are some of my suggestions.

DR. G. S. RAJHANS (Jhanjharpur):  
Mr. Deputy Speaker, Sir, I would like to say a few things while supporting this Bill. The concept of Provident Fund has been brought in our country from the West. The intention behind it is that the labourers working in the industrial field should get some amount of money at the time of their retirement so that they can lead rest in their life comfortably. That is why it is called "Bhavishya Nidhi" or "Provident Fund". But the drawback in its administration prompted the Government to bring forward this Bill which is worth welcoming. I have studied this Bill thoroughly and found that most of its provisions are good. Yet, there is need for further improvement.

I would like to say a very important thing in this regard. A person who joins service at the age of 20 years retires from service at the age of 60. Suppose a person at the age of 20, joined service in the year 1948 and contributed a Rs. 500 per annum at that time, I would



[Dr. G.S. Rajhans]

like to know how much the Government will pay to him in 1988 after adding interest to his contribution at the rate of 6 to 7 percent. Had he purchased gold or land for Rs.500 in 1948, what would have been its value now? The Government has admitted that the inflation has reached double-digits.

**SHRI JAGDISH TYTLER:** Where has it been admitted.

**DR.G.S.RAJHANS:** The hon. Minister of Finance has admitted that the inflation has reached double digits. One can see in the open market upto what extent the prices have gone up. The hon. Minister inadvertently asked the people to invest in fixed deposits. I want to know what is the contribution of Government as regards the Provident Fund. Only the employees and employers contribute. The Government performs only supervisory function in this regard. I suggest that 90 percent of the Provident Fund amount should be invested on Indira-Vikas Patras where the amount becomes double in five years. These should be handed over to him. Moreover, the provision should be made so that he can take loan against them in time of need.

I am giving you good suggestion, because the money belonging to the labourers remains un-utilised.

**SHRI JAGDISH TYTLER:** Money does not remain un-utilised. It is in the safe custody of the Minister of Finance.

**DR.G.S.RAJHANS:** Why do you want to keep workers' money like this. Government should do justice with them, as ours is a Welfare State. The hon. Minister is there to do justice. Ninety percent of P.F. money contributed by the employees and the employers should be invested in Indira Vikas Patras. Even after doing so, the money will remain with the Government. Moreover the

labourers should be allowed to borrow money out of it in case of need. I would like to bring to the notice of the hon. Minister that at present withdrawing P.F. money is an uphill task. If some one wants to withdraw any amount from the Provident Fund, then certain conditions are required to be fulfilled. For instance, he can do so for certain specified purposes only and that too after having contributed for specified number of years. In this way people are put to untold sufferings. So, I think that the contributor should be allowed to be withdraw upto 80 percent of total contributions made by him from the very beginning. Though Government encourages withdrawal from the provident fund for construction of houses and for purchasing flats, yet even for this purpose people find it difficult to withdraw money. So I, request the Government to further simplify the rules and procedure in this regard.

People are migrating from villages to cities on large scale. So to check it, the people wishing to build huts in villages should be given facility of immediate withdrawal from the provident fund. If possible, advances should be sanctioned to them which should be recovered in instalments. From experience we know that in some industries many persons from one village or the same rural area are employed. For instance, in the newspaper industry a large number of persons from Sultanpur and Eastern U.P. are employed. So, the Government should encourage the employers by offering them rebates in income tax and by financing them from provident fund to construct Group Housing complexes in villages for these people.

Secondly, the Government should publish the names of such persons and employers every six months in newspapers, who have swallowed the provident fund of the employees. I personally know the persons who have become rich after having misappropriated the provident fund of 40 to

50 thousand labourers and now they have good relations with the Ministers and the Ministers attend their functions also. This is ironical situation. In fact, such persons should be socially boycotted. They should not be given permission to set up new industries. The Awards instituted for literary or other creative works by such dishonest people should be rejected because they have cheated 50 thousand labourers them and thrown out of employment. It is a matter of shame that such persons announce awards for the good work done by others. These very persons control the media and advise the Government what to do and what not. The Government must expose such persons clearly telling the people that they have misappropriated the provident fund of the employees.

I want to say one thing more. The Government has decided that 10 representatives each of the employees and the employers' organisations will be on the Board instead of six at present. My suggestion is that this number should be raised to 15 each. The provident fund contribution enhanced from 6 1/4 to 8 1/3% should be raised to at least 10 percent. The income tax rebate should be given to the employer who voluntarily wants to increase it to 15 percent.

The Government has taken a very good decision that if some company goes in into liquidation, then first charge will be that of the provident fund. Often industrialists make one industry sick and set up a new one. The Government should make a law that if any owner makes his industry sick and misappropriates the provident fund of the employees, then he should be made legally responsible to repay provident fund of the employees out of the profits earned by the other industry even if the shares in that company are held by his relatives also. As stated by Shri Dighe Sahib, Government should have a second look on this Bill and stringent penal provisions should be there to deal with the

persons misappropriating the provident fund money.

I also want to say that the amount of Rs.185 crores is not a small one. It should be recovered from the erring employers.

In the end, I fully support the suggestion made by one of my colleagues that efforts should be made to deliver provident fund cheque to the retiring person on the day of his retirement. This thing is being adhered to in some industries but not in all. The Government should make all out efforts to do so, because this is the saving out of hard-earned money of the whole life of the person. But on the contrary, he finds it difficult to get back the money. In case of withdrawal too he faces an uphill task. I suggest that the provident fund should be insurance-linked. In case of death of any employee money should be automatically paid to the family member of the deceased. It is my personal experience that in the absence of nomination it becomes difficult to decide as to who should be paid P.F. amount. So, it should be made compulsory for every employee to give the name of his nominee while completing his provident fund papers. With these words I conclude.

SHRI K.N.PRADHAN (Bhopal):  
Mr. Deputy Speaker, Sir, I welcome this Bill. The hon. Minister deserves congratulations because he has brought forward this Bill in the circumstances when it is not easy to enact new laws or amend the existing ones due to various pushes and pulls, difference in provisions of laws of different regions, and also in view of the question of bringing about the uniformity in the laws, of safeguarding the interests of industries alongwith the labourers and of enhancing the development process and production. Keeping in mind all these things it is, in fact, a bold step to amend the laws and the hon. Labour Minister has shown such courage. That is why I want to congratulate him.

[Sh. K.N. Pradhan]

The objective of the provident fund scheme is to provide the financial security to the workers on retirement or in case of their death or physical disablement. This has definitely benefited lakhs of labourers. But thousands of labourers in the country fail to derive the benefits of the scheme in the hours of need. Some industries have failed to deposit not only their contribution of the provident fund, but also the deductions made from the salaries of the employees.

In Bhopal when a cloth mill was closed down, the financial condition of the workers became too poor to properly maintain their families. Such a condition can only be felt and not described. Some workers had to resort to beggary, though they had thousands of rupees in their provident fund. But they could not get it because the mill owners had not deposited their contribution.

Sir, it is a matter of pleasure that the Government has tried to incorporate in this measure all good points of the recommendations made by the Committee appointed in 1980 and of the recommendations made from time to time by the Central Board and also of the views expressed by the Standing Labour Committee. It is a welcome step that the member of the representatives has been increased from 6 to 10 in the Central Board of Industries. Moreover, the Executive Committee has been constituted and the contribution has been raised from 6 1/4 percent to 8 1/3 percent. This was the demand made by a large number of workers.

The hon. Minister has done a good thing by creating an independent machinery for recovering the arrears. Another praisewor-

thy provision is that in case of liquidation the amount due to workers has been made the first charge. Moreover, it has penal provisions which will help to control further increase in arrears.

There is another provision according to which accounts can be opened in factories itself, where one hundred or more workers are employed and 50 percent of the employees are willing to do so. As regards this provision there is need to be more careful because there is the possibility of owners resorting to such techniques and style of functioning, as may defeat the very purpose of this provision. So, I want to specifically draw the attention of Government to this aspect.

15.00 hrs.

While deducting provident fund the dearness allowance is taken into account but not overtime. Many organisations are misusing this situation. In some factories workers are forced to work for 8 hours in overtime in the name of 8 hours' full shift and they are made single payment for the same work. Thus the owners save whole of the ESI and provident fund contribution which they are supposed to deduct from such payments. The Government must also look into it.

Sir, the time has come when the Labour Department inspite of all these laws should play an important role. The Government should review the powers and the functions of the Labour Department to make it more effective. I think the Government will be able to plug many of the loopholes of the Scheme, if these laws are implemented properly. With these words, I support this Bill.