

Mr. Deputy-Speaker: There are so many of them and if I allow half a minute to each of them, that would mean six minutes.... (Interruptions.)

Mr. Deputy-Speaker: Order, order. They would excuse me now.

Shri Braj Raj Singh (Firozabad): There has been some talk in the Press about de-control of sugar. May I know from the hon. Food Minister whether he has got any plan like that?

Mr. Deputy-Speaker: We have a different subject today. Now, am I required to put any amendment separately?

Some Hon. Members: No.

Mr. Deputy-Speaker: Then I shall put all of them together.

The substitute motions were put and negatived.

Mr. Deputy-Speaker: The discussion is over. We shall now take up the other item.

17.41 hrs.

*CONTRIBUTION TO EMPLOYEES' PROVIDENT FUND

Shri T. B. Vittal Rao (Khammam): Mr. Deputy-Speaker, Sir, I rise to raise a discussion on points arising out of the answer given to Unstarred Question No. 281 on 6th August, 1959 regarding enhancement of the rate of contribution to provident fund from 6½ per cent. to 8-1/3 per cent. The hon. Minister has stated that the decision to enforce the enhanced rate has not yet been finalised. This inordinate delay in enhancing the rate of contribution to the Employees' Provident Fund elicit, session after session, the same stereotype reply that the matter is under consideration.

Sir, I do not want to read the answers over again, suffice it to say that the attitude of the Government in this regard is very disquieting and calls for immediate revision. The issue is one which vitally affects nearly 50 lakh workers in mines, plantations and factories.

What are the arguments that are being advanced by the employers? They say that the labour legislations have been casting a heavy burden on them and, therefore, they are not in favour of this enhancement. Let us examine the facts. What has been the position? They say that the enhancement will increase their liability, and therefore the capital formation and development of the industry will be affected. Sir, I need not go far to find a reply to that, but I will simply quote what Mr. H. V. R. Iengar, Governor of the Reserve Bank had to say when he spoke to the Statisticians Conference. He said:

"In absolute figures the internal resources used for capital formation in public limited companies for which alone we have continuous figures were as follows:

Average for five years 1951—55

—Rs. 69 crores.

1956—Rs. 117 crores.

1957—Rs. 83 crores

What precisely is the significance of these figures! It has been argued in some quarters on the basis of drop in 1957, that excessive taxation has reduced the ability of Indian industry to put in adequate depreciation and reserves. That point, however, required more careful analysis than has been given to it. If the cotton textile industry, which had a bad year in 1957, were excluded, it would appear that the conclusion would not really be warranted. "Moreover, the preliminary figures of 1958 show an overall improvement over 1957". This is with regard to capital formation, to show how much they have been able

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to put in for developing their industries.

I now come to the second aspect, as to whether this capital formation has been what it should have been. For this we have to compare our figures with the figures obtaining in other countries. The capital formation which has taken place during these few years compares favourably with the capital formation in USA and the United Kingdom.

Let us now take the profit aspect of the question. The profit for all industries in 1956 is 328.5, with the index number for 1939 as 100. The figures reveal an enormous increase in the rates of profits made by the industries. Let us take the figure in 1952 when this Act was enforced. It was 180.6. I am quoting from the *Monthly Abstracts of Statistics* issued monthly by the Cabinet Secretariat. The employers, therefore, did not sustain any loss on account of the enforcement of the Employees' Provident Fund Act. The index of profits for those industries wherein the Employees' Provident Fund Act, 1952, was first introduced is as follows. I will give only a few instances. In cotton textiles, in the year 1952, it was 262; in 1956, it was 566. Paper: 560 in 1952 and 769 in 1956. Cement: 293 in 1952 and 430 in 1956. Iron and steel: 161 in 1952 and 293 in 1956. I do not have the figures for engineering and cigarette industries but we know these industries also have been making very great profits.

These figures will clearly show that the liability on the employers will not be much. It will not in anyway impede their progress. Then, when we ask what would be the liability for these industries, we find that last year the contribution to the provident fund was Rs. 38 crores. If we enhance it, what would it come to? We will have to take 50 per cent of this, because the employees will contribute half the amount. That is,

the employers contribute 6½ per cent and the employees also will contribute 6½ per cent. Therefore, if we calculate on that basis, the liability of the industry will not be very much. It will be only Rs. 8 crores.

Is this increase so much that the industries cannot pay? When did the employers voluntarily agree to any enhancement? Whenever there was any industrial labour legislation, there has been some relief or other which was provided. When the compensation for lay-off and retrenchment was awarded through an enactment, they had to give relief to the tune of Rs. 10 crores by way of rebate on excise duty. Similarly, whenever there has been some sort of legislation in favour of the workers, it has always been done either by way of relief in taxation or increase in the prices. The coal price has been increased whenever there has been a slight benefit given to the coalminers.

Compared to these things, we are only in the initial stages in the social security measures. We are only in an absolutely infant stage, and if we have to reach the definition as given by the ILO, I do not know how long it will take. I shall quote the definition of social security measures as given by the ILO:

"to guarantee adequate means of subsistence to every worker who has lost his earning power for reasons outside his control, in particular through illness, industrial accident, disability, old age or unemployment, and to ensure these same rights for his dependants in the case of the death of the family bread-winner".

I have stated the three aspects of the question. One is capital formation. The second is profits. The third is production. During the whole period since 1952, there has been an increase in the rate of production. The production in every industry has

increased. Not only there has been an increase in production but there has been an increase in productivity also. Is it not legitimate for the worker to ask for a share in these? How are you going to build up the socialist pattern of society when the worker is not economically interested in the results of his work? These are things which cannot wait any longer. I wanted to raise this question of enhancement in the industrial committee on coal mines. I wrote to the Ministry to include this subject also when the meeting was being held in February last, but they said that as this question of enhancement of the provident fund in coal mines is linked up with the question of enhancement of the employees' provident fund in general, unless a decision is taken there, we cannot go into it. We are even refused a discussion when there is a forum for it. A coal miner after putting in 31 years' service died of an attack of T.B. His widow and two little children got from the provident fund a sum of Rs. 500. Is this sufficient for them for so many years to live?

The Minister is saying that the industry is not in a position to pay. Take, for example, the paper industry, which has been doing very well and where the profits have been enormous. The Labour Minister is not able to enhance the rate of provident fund contribution but the Tariff Commission, which went into the question of the prices of paper, has given its award that the prices should be reduced by 8 per cent from 1st January, 1960, whereas this little enhancement in the contribution could not be made. So, the argument that the industry could not pay is not borne out by facts.

Coming to mica mines, 35,000 miners work in this industry but even the provident fund is not being enforced there. They say, the industry is not doing well. In 1957, by exports of mica, we earned Rs. 5.5 crores. In 1958, due to the new market in the Soviet Union, we were able

to earn Rs. 7 crores. But till now there is no employees' provident fund, not to speak of enhancement.

In the first Five Year Plan, it was laid down that the Employees' Provident Fund Act should be enforced in all the units employing 50 employees or more. After five years, in the second Plan, it was clearly stated that the Employees' Provident Fund Act shall be enforced in all industries which are employing 10,000 workers or more. In the mica industry, there are 35,000 workers and it is doing well; but still, there is no question of enforcement of the Provident Fund Act.

Coming to textiles, it is said that they are not doing very well. Only the other day, the Textile Commissioner has given a very lengthy statement wherein he said that there is a likelihood of cloth famine. He did not say so categorically, but he said, there is likely to be scarcity of cloth. In 1957, there were 6 lakh bales of stocks at the mills sold and unsold. In 1958, it was 5,80,000 bales sold and unsold. In 1959, it is only 3 lakh bales sold and unsold. That shows that the off-take has been very good and that the industry has been doing very well. If these are the facts, there is a greater opportunity for enhancement of the rate. Even the Pay Commission's recommendations show that the rate should be enhanced.

The study group appointed to go into the question of comprehensive social security measures for industrial workers have recommended a year ago that this enhancement should be made immediately. And what is the position after one year? We are nowhere near it. He said that in order to evolve the pension system it will be very difficult. I strongly urge on the Minister that unless and until the workers are economically interested in the results of their production, we

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shall not be anywhere near the socialist pattern of society which we want to build in our country.

Mr. Deputy-Speaker: Shri Tangamani. He may ask a question.

Shri Tangamani (Madurai): I would like to know from the hon. Minister the results of the talks which the Government had with the employers in January 1959 and the result of the survey of the Working Group about six industries that have capacity to pay. Secondly, will the enhanced provident fund rate from 6½ to 8-1½ per cent be introduced in those industries which have capacity to pay; for instance, cigarette, paper, cement, iron and steel and, as Shri Vittal Rao has now mentioned, textiles? Thirdly, how many workers are now covered? What is their contribution? What is the employers' contribution? How much increase will there be if the rate is enhanced? And what will be available as contribution to be utilized in the Second Plan? When is the legislation that was promised and discussed on the 16th Indian Labour Conference going to be introduced?

Dr. Melkote (Raichur): I do not want to discuss the issue. I will congratulate Shri Vittal Rao.

Mr. Deputy-Speaker: Only a question should be put.

Dr. Melkote: As the Minister is aware, in certain industries provident fund is not available. In other industries provident fund is available, but only at a lower rate. In the name of losses and other things sometimes they do not give provident fund money or discontinue it. In many such companies dividends for preference shares and interests on debentures and other things are being given even though there are losses for some years. But, at the same time, provident fund amount is not paid by such companies. I should like to

know what the Ministry is doing in the matter.

Shri Anthony Pillai (Madras North): I would like to know whether there is any prospect of the promise given some time ago that employees in commercial establishments will be given the benefit of the Act being implemented. Secondly, another promise was made that the Provident Fund Act would apply to those factories which employ more than 20 workers. May I now whether that promise also will be implemented?

The Minister of Labour and Employment and Planning (Shri Nanda): Mr. Deputy-Speaker, Sir, I may tell the hon. Member who raised this question and others that I am as deeply concerned about this matter as he himself. As anybody else, I am also concerned about the delay. I may also say that I am not disturbed by the discussion: in fact, I welcome this brief discussion.

I may add that I do not hold any brief for the view that there should not be an increase in the rate of provident fund contribution. On the other hand, I maintain very strongly that there should be an increase. Therefore, the only question that remains is why it has not been brought about and when it is going to be accepted and applied.

I may just give the House a brief idea of what is being done about it. We are pursuing this matter and I am personally very keen about it. And it has been my desire to see that as soon as possible this improvement in the provident fund rate is accepted and applied.

18 hrs.

Hon. Member himself and others will remember that this question was discussed at the Naini Tal Indian Labour Conference. We urged—and I also urged—that this proposed increase in the provident fund rate should be accepted immediately. The

employers then made a reservation when we put forward this proposal. They said that they were not in a position to accept that, that they would consider the matter and then let us know. Later on, they conveyed to us that they were not at all in favour of an increase because of the difficult situation of many of the industries.

There was a suggestion that if all the industries are not in a position to carry this additional burden, at least let us find out whether there are not some which can do it and why not go ahead with those industries. I pursued that idea. In the beginning of this year, I met the representatives of the employers and put it to them. Of course, they were not very enthusiastic about it but they saw that something had to be done. They said that they would examine this matter. I am sorry to say that later on they sent some kind of an answer which negated the suggestion even regarding individual industries.

I met them recently again and put it to them that this would not do. The policy is not in question. The question only is from what date it has to be brought into operation. We cannot afford to wait on and postpone it indefinitely. So, I gave them a choice of very soon, immediately, telling me whether they, of their own accord and after an examination of the various industries—I was thinking a half-a-dozen industries which in the first instance we brought into the Act—take them first and see if they cannot accept this increase in respect of some of them. I have received a letter only a few days ago about a week ago, saying that they are going to meet in another few days and will let me know their reactions to this suggestion finally. I have also told them that the alternative for me is not just to do nothing when they saw that none of these industries which I have indicated to them is capable of bearing this increase and therefore the matter will

rest there. It will not. I have informed them that it will immediately go through another process and that is some kind of a machinery immediately will be set up in order to settle this question.

The question will be that we want to increase the rate. But if there is an objection on the ground that to some extent there will be a diminution in the profits, that is not any point which is going seriously to perturb us. But there is something which can and that is whether anything that we do is going to lead to certain consequences which may be bad for the workers themselves or whether any considerable, appreciable, bad effect on production and on employment will flow from this step. That will be the question—a straight proposition. This has become necessary.

This had become necessary for one reason, because we are dealing with not one problem of workers only, but several problems.

We have several things to look after, not only the provident fund which is very necessary. We have to improve the sense of security of the working class, we have to give them this additional protection, but we have also other interests of the working class to look after, for instance, employment.

Whenever there is a closure of a single factory anywhere in the country out of 300 or 400 in an industry, the question is raised: that mill is closed and a thousand workers are out on the streets, what are we going to do about that? I do not want to be told by anybody later on that it is we who did something which created that. I personally do not think that this can have that kind of effect to any large extent, but even a limited effect of that kind may have to be

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answered for. So, I thought I should take this precaution.

Hon. Members will realise why we had to delay it in the first instance. We could not straightaway apply it to those industries because at that time the textile industry was going through a period of crisis almost. There were closures. About thirty mills closed, and there was the threat or notice of closure in the case of a number of others. In those circumstances to do anything which might push a few more concerns to the point of closure, and then take on our shoulders the responsibility for having brought that about, for having caused unemployment of a considerable number of workers, was not something which we could have faced with equanimity. That is why we had to hold our hands at that time. That was the reason.

The argument which the hon. Member, Shri Vittal Rao, raised and demolished about capital formation is no argument, is not relevant at all. I will not consider such an argument, because so far as capital formation of the country is concerned, provident contributions are capital formation. It is capital formation for the country better than any other form. So, that is no argument at all. It is only these other aspects which I was considering, and I have come to the conclusion that they must be settled soon. I do not mention one industry or another, but I agree that it cannot be that none of these industries is capable of bearing this. I do not agree. Therefore, I want to see it through soon in one form or another. If they themselves offer, we shall welcome that, I shall be thankful to them. If they do not, we shall immediately—I am not talking of any long distance of time; I am talking about a matter of weeks now, not months—take that decision and start

this process, and come to those conclusions as to what should be done further in this matter.

I may also inform hon. Members that we have not been sitting quite idle on this front. There was another question, the question which Shri Anthony Pillay today asked me, of the extension of the application of this legislation to establishments with a smaller number, twenty or so. I may inform the hon. Member this is a matter about which I am pleased personally, and I hope it will bring a measure of satisfaction to the hon. Members here and the workers outside, that we have come to that decision, that is, we are going to extend the legislation to those establishments which have twenty more instead of fifty or more. This is the decision taken. Only if it requires legislative enactment, as soon as possible with your co-operation in the next session, we shall have it done.

Shri T. B. Vittal Rao: No, A notification is enough.

Shri Nanda: I enquired about it. I would have the notification issued today if it were to suffice. I shall enquire again, but I have been informed by our legal advisers that mere notification will not suffice, that an amendment is necessary. We are going to adopt whatever is the quickest procedure. There will be no delay in bringing forward the legislation, if legislation is required. If it suffices to have a notification, then, it will be a notification.

The other questions that had been asked have been answered. I have already told them that I met the employers' representatives, what their answer was, what we have been doing and so on. All this has been covered already.

There are some other questions which do not concern this present discussion. Therefore, I do not want to deal with them. I have answered all the points that have been raised in this discussion.

Mr. Deputy-Speaker: The half-an hour discussion is now over. The

House stands adjourned to meet again tomorrow at 11 a.m.

18.11 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, December 22, 1959|Paus 1, 1881 (Saka).