
Labour Welfare in Modi Style

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In the 217th Meeting of Central Board of Trustees on 12 April 2017 an agenda was proposed by the EPFO on amendments to Employees Deposit Linked Insurance (EDLI) scheme. The proposal was to ensure a minimum benefit of Rs.2.5 lakhs for an insurance beneficiary and also to give a loyalty amount to the superannuating worker.

EDLI benefits are to be given to the heirs of the EPF subscriber, in the event of death while in service. This benefit is linked to the average balance in the account of the deceased subscriber in the provident fund (50%) and 30 times the average monthly wage of 12 months last drawn wages. Through an earlier amendment in September 2015, maximum benefit was increased to Rs.6 lakhs from Rs.3.6 lakhs. The present proposal, after its approval in the Pension and EDLI implementation Committee (PEIC) – a sub-committee of CBT – was to ensure a minimum benefit of Rs.2.5 lakhs.

The loyalty amount to be given as per the proposal had 3 slabs. This was to be given to the members on retirement on completion of 58/60 years of age and have completed minimum 20 years of contributory service as under.

S. No	Average Wages Per Month	Loyalty cum life benefit (in Rs)
1	Less than or equal to Rs. 5000	30,000
2	More than Rs.5000 but less Rs.10000	40,000
3	More than Rs.10000	50,000

This payment, according to EPFO was possible because of an accumulated corpus of Rs.18,119.29 crores up to the financial year 2015-16. This corpus is increasing every year. For EDLI payments only around 13% to 20% of annual contribution from 2006-07 to 2015-16 was utilized. Even after the increase in the limit of payment to Rs.6 lakhs, expenditure will be upto only 31% of the annual contribution.

The interest component every year is added to the corpus. There is enough fund to pay the increased benefits to the subscribers – This was the proposal from EPFO.

Less than 80% interest and the annual contributions is to be used to make this improvement in the EDLI scheme. In the year 2015-16, the return on investments was Rs.1,362.74 crores. Estimated annual outgo on Loyalty-cum-life benefit was Rs.692 crores. The total estimated outgo on EDLI fund was, according to EPFO, well within 80% of the total contribution received and interest earned. While this 80% for 2016-17 was Rs.2,230.96 crores, total out go estimated was only Rs.1,510.10 crores. While this proposal of EPFO was being discussed, two Government representatives raised certain doubts about sustainability of the scheme. After heated discussion, *“the proposal put forward by EPFO was approved with the modification that the scheme be implemented on pilot basis for two years during which period its viability may be assessed”*. This was a proposal by the Labour Minister who was presiding.

But, even after 7 months, this is still kept pending by the Government. This is the second issue, after the decision was taken in 2015 to stop deducting the commutation amount in the pension after the commuted amount is paid back, is kept pending by the Government till now.

Modi Government keeps in abeyance anything that is favourable to the workers while coming out with many proposals against the workers and implementing them.