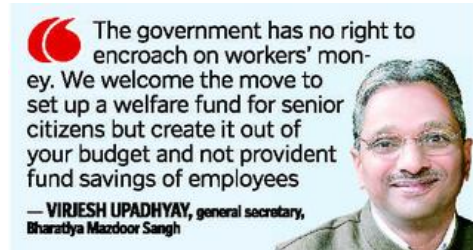


'PF money diverted despite objections'

- [Somesh Jha](#)

Labour Ministry was against re-routing the unclaimed money for creating senior citizens' welfare fund



The Finance Ministry's decision to allow unclaimed Provident Fund money to be diverted for setting up a Senior Citizens' Welfare Fund was notified despite strong resistance from the Labour Ministry.

A senior government official said the Labour Ministry had written to the Finance Ministry raising objections earlier this year.

At loggerheads

"We had raised this issue and stated our objections in writing too," said a senior labour ministry official, on condition of anonymity. "Despite that, it was the government's decision to go ahead with the move. They didn't agree with us..., so what do we do," he asked.

He said the Finance Act of 2016 supersedes the existing provisions of the Employees' Provident Fund Scheme, 1952. As per the EPF Scheme, the PF money cannot be "expended for any purpose other than the payment to individual members."

The Labour Ministry had clearly stated this in its representation to the Finance Ministry and the Prime Minister's Office, another senior ministry official said.

In the Union Budget of 2015-16, Finance Minister Arun Jaitley had first mooted the idea of setting up a Senior Citizens' Welfare Fund. However, the Finance Act of 2015 didn't specifically mention EPF as one of the schemes for transfer of unclaimed amounts. However, a notification dated March 18 this year had said unclaimed EPF money would also be diverted to the fund.

To tackle this contradiction, also pointed out by the Labour Ministry, the Finance Act of 2016, passed by the Parliament, had inserted an overriding provision that authorises transfers from EPF accounts and making provisions in other laws ineffective.

"Now, the Finance Act has superseded the EPF Act and the Parliament has also approved it so there should be no question of protest," the official said.

The central trade unions walked out of the EPF trustees' meet held here on July 26 protesting a last-minute agenda item informing the board of the government's move. "Even the provisions of Finance Act or any other rule of law cannot take away the fundamental rights. Workers have the right to claim their deposits at any point of time," said AITUC Secretary D.L. Sachdev.

As per rules, EPF savings become inoperative when there is no fresh credit into the account for 36 months. Such deposits remaining unclaimed for over seven years will be diverted to finance the Senior Citizens' Welfare Fund.

'Worker's money'

"The government has no right to encroach on workers' money. We welcome the move to set up a welfare fund for senior citizens but create it out of your budget and not provident fund savings of employees," said Bharatiya Mazdoor Sangh general-secretary Virjesh Upadhyay.

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