

### Staffing cos hail Bill on social security code



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**STAFFING COMPANIES ON** Friday hailed the Code on Social Security, 2019, introduced in the Lok Sabha last Wednesday, saying the provision that gives employees the choice to contribute less to the employees' provident fund (EPF) kitty will increase their take-home salary and thus, improve domestic consumption.

"Three noticeable moves being made in the Social Security Code Bill, 2019. One, of course, on giving choice to employees to contribute their share of 12% of wages to EPFO or not, second is on pro-rated payment of gratuity for fixed-term employees based on tenure of their contractual employment which earlier was payable only after 5 years of continuous service and finally doing away completely the possibility of employees opting for NPS instead of EPS," said Rituparna Chakraborty, executive vice president and co-founder, Teambase.

Chakraborty, who is also president of Indian Staffing Federation, said the option to reduce EPF contribution would improve domestic consumption and enable formalisation of the workforce in the long-run.

"The more we reduce the current 45% gap between *haathwali tankha* and *chitti-wali tankha* the more lucrative the formal sector becomes for those joining the workforce at the bottom of pillar," she said. R P Yadav, chairman and managing director, Genius Consultants said, "Employees' choice for less PF contribution will increase their payout. However it will definitely reduce total kitty of PF accumulation when the person retires."

However, gratuity payment after one year to fixed term or contractual employees is very good move, though it will impact the employer on costing of short-term project.

The Bill, moved by labour minister Santosh Gangwar, seeks to consolidate the laws relating to social security of workers and subsume nine extant Acts such as Employees' Compensation Act, 1923; Employees State Insurance Act, 1948; Employees Provident Funds and Miscellaneous Provisions Act, 1952; Maternity Benefit Act, 1961; Payment of Gratuity Act, 1972; Cine Workers Welfare Fund Act, 1981; Building and Other Construction Workers Cess Act, 1996 and Unorganised Workers Social Security Act, 2008.

The code, which proposes universalisation of social security benefits to all workers, will make Aadhaar mandatory for seeding at the time of registration of member or beneficiary or any other person to register or for receiving benefits.