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Working class employees left in the lurch at IL&FS resolution

BY IANS | UPDATED: MAR 24, 2019, 01:21 PM IST

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NEW DELHI: The NCLAT has received intervening petitions from nearly 100 creditors, seeking redress in the proposed IL&FS Resolution Plan that was submitted by the government. The petitions are from both secured and unsecured creditors, including a wide array of corporates and their PF Funds, [employee funds](#), MNCs, postal funds, banks, PSUs and some power companies.

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A large part of the petitions, however, have been filed by employee fund and trusts that are seeking recourse in the resolution framework considering their investment is unsecured, but affects millions of underlying small-time, salaried and gullible investors. In the nearly 100 petitions filed, learns IANS, nearly 50 per cent petitions have been filed by the employee funds, [super annuation funds](#), [gratuity funds](#) and [Provident Funds](#). This means these are retirement savings of working class blue and white collar employees.

The main prayer by these funds, representing small savings of millions of small investors across a range of employees in corporates, public sector companies, Army Group Insurance Fund, media organisation, postal life services and MNCs, is to seek equal footing and fair share in the IL&FS resolution process.

"We need the government to help us in protecting our lifetime earnings, invested in IL&FS, by infusing funds or taking over the company. The present legal structure is biased towards secured creditors. The government needs to now stop lip service and start acting in the interest of small investors. We are not as organised and powerful as the secured creditors, banks and MNCs, who seem to have the muscle to fight for their share. But we do represent the salaried class, and electorate in large numbers, and are reaching out to our representatives to seek intervention", a fund representative told IANS on the conditions of anonymity.

On being contacted, IL&FS spokesperson declined to comment on the way forward for such hapless working class investors. The big question is: how will this money be recovered?

Moreover, in an election year, these salaried employees are also voters and since no one is forthcoming in giving or providing answers, the sensitive issue has gone into a tailspin. Some funds, learns IANS, would also be reaching out for political support on the matter and it will be difficult for any political party to turn a blind eye to millions of middle class voters affected by the IL&FS crisis.

Some of the list of petitioners include: Indian Oil EPF, Infosys EPF, EIL EPF, HUL's Union Provident Fund, Titan PF, IDBI Trusteeship, UTI Retirement Fund, Postal Life Insurance, Army Group Insurance Fund among others. The government, in its decision, on October 1, 2018, had ousted the erstwhile Board of IL&FS and replaced it with the new Board with a view to limit the crisis and help work a resolution.

The small creditors, however, feel that the resolution plan is aimed at providing resolutions to secured creditors, leaving the small-time investor and salaried employees in the lurch, and importantly, has not taken them into confidence while arriving at a plan.

IANS had earlier reported that many unsecured creditors are grappling with the issue of exclusion in the ongoing resolution process.

"The Resolution Framework should balance interest of all stakeholders. The current framework does not provide for payment to unsecured creditors" said one of the creditors in the intervening petition.

"The government appointed new Board to protect creditor interest and value. With no participation from small creditors so far, the resolution framework is only serving the high and mighty," said a fund representative to IANS.

Some creditors have also sought that the Section 53 of the distribution scheme does not address public and social interest and since IL&FS would be setting a precedent, the section needs to be suitably modified in current circumstances.

The next hearing of National Company Law Tribunal (NCLAT) is scheduled for March 29.

With the Opposition looking at every opportunity to connect with the masses and be seen as its caretaker and well-wisher, this could blow up as the Indian electorate gear up to vote in the next few weeks.

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