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EPFO, BENGALURU, 19th November 2016

The Central Board (EPF) under the chairmanship of Union Minister of State for Labour and Employment (Independent Charge) Shri Bandaru Dattatreya held its 215th meeting in Bengaluru today.

Following are the key decisions of the Board.

1. Welcoming the members of the Central Board, the Chairman, CBT and Union Minister of State for Labour and Employment (Independent charge), announced that Organisational Restructuring has been approved by the Union Government. This includes Cadre Restructuring which will ensure career progression of 20,000 staff/officers of EPFO by way of promotion. The Minister announced that this will be implemented as a New Year gift.
2. The Board adopted the 63rd Annual Report on the work and activities of the EPFO for the year 2015-16 for placing it before the Parliament.
3. Paragraph 60(1) of Employees' Provident Funds Scheme 1952 requires EPFO to credit to the account of each member interest at such rate as determined by the Central Government in consultation with the Central Board. The interest is credited to the members account on monthly running balances basis with effect from the last day in each year. Interest rates are dependent on return on investments done following the pattern of investment prescribed by the Central Government from time to time under Para 52 of the Scheme.

To recommend the rate of interest for the year 2016-17, the status of estimated amount to the credit of the members as on 01.04.2016, budget estimates (BE) of the Contributions and Withdrawals during 2016-17 and the estimated income from the investment holdings are taken into consideration. Interest income from Provident Fund investments for the year 2016-17 has been estimated mainly on the basis of interest income received/receivable in the financial year 2016-17 including surplus from previous year of Rs 410 crore. It may be noted that the last year income included a surplus from previous year of Rs 1604 crore.

Taking into account relevant factors, the Central Board decided to recommend 8.65% interest to its subscribers for the year 2016-17. Roughly 17 crore subscribers' accounts will be updated with this interest rate upon acceptance by the Government.

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4. Enrolment and Establishment coverage campaign 2017

This special campaign will be run in the following manner:

For effective monitoring and implementation the Zonal Addl. CPFCs shall lead the campaign. District Offices of EPFO will be activated and sufficient number of officers will be exclusively engaged. Meetings with the stakeholders namely Employer & Employee associations and State Governments will be held to make it a success. During the campaign wide publicity of PMRPY and PMPRPY benefits will also be undertaken. Online enrollment facilities to workers will form a key feature of the campaign.

The salient features of the scheme for the campaign period is as under:-

- a. Window will be provided from 01.01.2017 till 31.03.2017. Following recommendation will be made for approval of the Government.
 - (i) A nominal rate of levy of damages from the establishment for payment of contribution for the past period during the campaign for enrolment will be Rs one (Rs.1) per annum.
 - (ii) Any employer during the campaign period, may send declaration for membership of the employees who were required or entitled to become members of the fund on or after the 1st day of April, 2009 but before the 1st day of January, 2017 who could not be enrolled for any reason.
 - (iii) For the declaration made under this campaign, the employer shall be responsible to remit the contributions and interest payable in accordance with the provisions of the Act and the Schemes read with special provisions notified by the Central Government for enrolment campaign.
 - (iv) No administrative charges will be leviable for the past period in respect of the employees enrolled during the campaign. The necessary amendments will be carried out under the relevant provisions of EPF & EDLI Scheme
 - (v) The interest of workers enrolled under the campaign will be fully protected and they shall be eligible to get all eligible interest and benefits as laid down in the Schemes.
 - (vi) To have uniform and nominal rate of levy of damages from the establishment for payment of contribution for the past period during the campaign for enrolment shall be fixed at Rs one (Rs.1) per annum. Enabling provision shall be inserted under para 32(a) of the EPF Scheme 1952 and under para (5) of Employees Pension Scheme, 1995 and para 8-A of EDLI Scheme, 1976.

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- (vii) This campaign will be suitably staffed and resourced so that employers who come forth to extend social security to their employees receive all possible assistance from EPFO. The action will meet the twin objectives of increasing the enrolment, extending social security benefits to all workers and reducing litigation.
5. The Board approved a set of guidelines for streamlining process of surrender of exemption granted to establishments. Surrender of exemption is a situation where an establishment requests to discontinue the exemption granted to it. As the Act and Scheme is silent regarding the procedure of surrender of exemption by an establishment, the decision assumes importance in helping ease of doing business.
6. The Supreme Court in SLP no.33032-33033 in the matter of R. C. Gupta & others has passed certain orders of credit of amounts in the EPF accounts to the previous accounts of employees in respect of wages more than the statutory wage limit. The orders are to the effect that if amounts exceeding statutory wage ceiling have been credited to EPFO, the classification thereon shall be at the joint option of employers and employees. In accordance, the Central Board approved a proposal for facilitating compliance. The 8.33% of the employer's contribution proportionate to the salary of employees in excess of Rs.6500/- shall now be credited to the pension scheme along with the interest accrued in the provident fund account. The employees however shall be required submit joint application along with their employer wherever the same has not been done. This will be applicable only in those case where the members/pensioners have contributed on higher wages than the statutory wage ceiling of Rs.6500/- with or without exercise of option prior to the issue of notification for increase of wage ceiling to Rs.15000/- effective from 01.09.2014.
7. The administration cost of the Employees' Provident Fund (EPF) and Employees' Deposit Linked Insurance Scheme (EDLI), 1976, is met from the administrative and inspection charges collected from the employers of un-exempted and exempted establishments. No charges however are levied to run Employees' Pension Scheme (EPS), 1995.

The Central Government in consultation with the Central Board of Trustees, EPF fixes the administrative charges from time to time. The administrative charges were last reduced from 1.10% to 0.85% with effect from 1st January, 2015. Considering the need to promote the "Ease of Doing Business in India" and to make Indian business more competitive, and in response to the financial efficiency gained by EPFO, the Central Board decided to recommend further reduction of administrative charges to 0.65 %. It also recommended to abolish administrative charges levied in implementing the EDLI Scheme, 1976 passing on the benefits of efficiency and computerisation to employers. The Central Board also decided to constitute a sub-committee of CBT with members drawn from employees and employer representatives to make a pragmatic study of employment trends for next 10 years and recommend appropriate administrative charges to the Central Board.