

Insurance

EPFO hikes insurance cover up to Rs 6 lakh from current limit of Rs 3.6 lakh

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(The labour ministry has...)

NEW DELHI: The labour ministry has agreed to significantly enhance insurance benefits under the Employees Deposit Linked Insurance (EDLI) Scheme of the retirement fund body EPFO.

The proposed new limit is Rs 6 lakh, an over 66% from the current limit of Rs 3.6 lakh. The ministry has also agreed to do away with the mandatory requirement of continuous employment of one year under current employer before being eligible for insurance benefits.

The move is likely to give incentive to 4 crore subscribers of the scheme to stay put in the EPFO and comes at a time when the BJP-led NDA government is working towards making the National Pension System (NPS) as an alternative to EPFO, thus threatening the existence of the EPFO.

ET had reported in July that the proposal is being finalised to increase assurance benefits under the scheme.

A decision to this effect was taken at a meeting of the EPFO central board of rustees (CBT) in Hyderabad on Wednesday. The meeting was chaired by labour minister Bandaru Dattatreya.

The CBT consists of 10 members of central trade unions, who represent the employees, nine members representing employers' associations, members from the central government and five state government representatives.

"In a major decision, the CBT enhanced the insurance benefits under the EDLI 1976 admissible to dependents of EPF members from the present maximum of Rs 3.6 lakh to Rs 6.0 lakh. This will benefit four crore EPF contributing members," an official statement said.

Last year, the EPFO paid Rs 180 crore to about 30,000 beneficiaries of the scheme.

According to the statement, the labour ministry will soon convene a special CBT meeting to approve cadre restructuring for EPFO employees that will result in promotion of 20,000 EPFO workers across India.

A day before, EPFO had launched a mobile application that will enable EPF members activate their UAN and gain access to their accounts through missed call or SMS. Almost 5.4 crore UAN numbers have been issued till date and 1.8 crore of these have been activated. The EDLI scheme, which is applicable to all the factories and establishments to which the EPF & MP Act, 1952 applies, provides for a lump sum payment to the nominated beneficiary in the event of subscriber's death due to natural causes, illness or accident.