

Item No. 13: Insertion of paragraph 68HH in EPF Scheme, 1952 - Advance from the fund to a member who ceases to be in employment for a continuous period of not less than one month.

A proposal on the above subject was placed before the CBT as item no. 24 in its 220th meeting held on 21.02.2018. The item was deferred for detailed examination by the members.

Now, the deferred item is resubmitted for consideration of CBT with amendments (Copy of amended agenda item attached).

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EPFO is a social security organization that runs various schemes as per provisions of EPF & MP Act 1952 (hereafter called the Act) and schemes framed there under. The Schemes are framed by the Central Govt. of India under section (6) of the Act. Amendments in the Schemes are made by the Central Government of India as provided under section (7) of the Act.

2. Currently EPF Scheme 1952 allows final withdrawal after 2 months from the date of cessation of employment of the member.

3. It has been observed that large numbers of final withdrawal claims are filed by the members even before attaining the age of retirement. Such withdrawal ends the membership of the person early and thus affects the social security of the member and his family. Out of these cases of early final settlements, many cases are due to non-employment of member for more than 2 month. EPF Scheme 1952 does not have provision for advance to members during such kind of non-employment, and the Scheme allows only full and final settlement. This situation compels members to withdraw entire amount at the cost of their social security. Such early closure of membership also goes against the objective of providing social security to the members and family. Therefore, there is urgent need to provide a social security cover during the period of non-employment.

4. Accordingly, in order to retain the membership of PF subscribers with EPFO and to address the social security needs at the time of unemployment, it is proposed to insert paragraph 68HH, after para 68H of EPF Scheme, 1952, to be known as **Advance from the fund to a member who ceases to be in employment for a continuous period of not less than one month.**

5. The contents of the proposed paragraph 68HH were circulated to Addl. CPFC (Zones) for their feedback. Accordingly, based on the various suggestions/feedback received from the field offices, the contents of the proposed paragraph are summarized as under:-

Paragraph 68HH: Advance from the fund to a member who ceases to be in employment for a continuous period of not less than one month: A member may be allowed non-refundable advance from his account on the following conditions:-

- a) In case, a member who ceases to be in employment in any factory or establishment to which the Act applies and remains un-employed for a continuous period of not less than one month immediately preceding the date on which the member makes an application for advance, the Commissioner or where so authorised by the Commissioner, any officer subordinate to him may on an application from the member, in such form as may be prescribed, authorise payment to the member, in non-recoverable advance from the member's provident fund account.
- b) The amount of advance under this paragraph shall be sixty percent of total amount standing to the member's credit with interest thereon (including employer as well as employee share)

Proposal: CBT, EPF may consider the proposal at para (5) above.