

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT**

RAJYA SABHA

**STARRED QUESTION NO. 23
TO BE ANSWERED ON 23.02.2011**

INCREASE IN INTEREST RATE ON EPF

***23. SHRI R.C. SINGH:**

Will the Minister of **LABOUR AND EMPLOYMENT** be pleased to state:

- (a) whether it is a fact that the Central Board of Trustees had decided to increase the rate of interest on EPF from present 8.5 per cent to 9.5 per cent;
- (b) if so, the details thereof;
- (c) whether the Ministry has been able to take up this matter with the Ministry of Finance for a positive decision; and
- (d) if so, the details thereof?

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a) to (d): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF RAJYA SABHA STARRED QUESTION NO. 23 FOR 23.02.2011 REGARDING INCREASE IN INTEREST RATE ON EPF BY SHRI R.C. SINGH.

(a) to (d): Yes, Sir. For the financial year 2010-2011, 9.5% rate of interest on EPF has been recommended by the Central Board of Trustees, Employees' Provident Fund [CBT(EPF)] in the 190th meeting held on 15.09.2010 based on the funds available in the interest suspense account. The Ministry of Labour & Employment has forwarded the recommendation of CBT to the Ministry of Finance (Department of Financial Services) for approval.

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RAJYA SABHA

**UNSTARRED QUESTION NO. 274
TO BE ANSWERED ON 23.02.2011**

PROHIBITING WITHDRAWAL FROM EPF ACCOUNTS

274. SHRI K.E. ISMAIL:

SHRI D. RAJA:

Will the Minister of **LABOUR AND EMPLOYMENT** be pleased to state:

- (a) whether it is a fact that the Finance Ministry has made a suggestion to this Ministry saying that the employees should not be permitted to withdraw from the EPF accounts to meet the expenses such as medical, education, marriages etc.; and
(b) if so, the details thereof and the reaction of the Ministry thereto?

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a) & (b): The Finance Ministry while recommending adoption of investment pattern notified by them on 14.08.2008 for Employees' Provident Fund and "Exempt Funds" suggested that liberal advances and withdrawals from Employees' Provident Fund (EPF) should be shunned to achieve old age income security for employees because by not adhering to "one instrument one policy objective" most employees retire with as little as less than Rs. 35,000/- in their accounts. The letter of Ministry of Finance was placed before the Central Board of Trustees (CBT) (EPF) in its meeting held on 15.2.2011. It is felt that social security is very wide concept of which the old age income security is one of the aspects. EPF not only caters for the old age income security of the workers through Provident Fund and Employees' Pension Scheme but also takes care of their financial requirements when they are in dire monetary need due to exigencies like disease, education of children, building houses etc. Since the social obligations are also to be necessarily met, EPF gives the facility of partial withdrawal from their Provident Fund for specified purposes.

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RAJYA SABHA

**UNSTARRED QUESTION NO. 275
TO BE ANSWERED ON 23.02.2011**

NON-NOTIFICATION OF INTEREST RATE HIKE ON EPF

**275. SHRI D. RAJA:
SHRI K.E. ISMAIL:**

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether it is a fact that the Finance Ministry has refused to approve and notify the raise in the interest rate on Provident Fund from 8.5 per cent to 9.5 per cent for 2010-11 as decided by the EPFO trustees in September, 2010; and**
- (b) if so, the details thereof and the reaction of this Ministry thereto?**

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a): The Ministry of Finance has raised certain observations on the accuracy of calculation of surplus for declaring interest at the rate of 9.5 per cent for the year 2010-11 and so far has not approved it.

(b): The Ministry of Labour & Employment has clarified all the points raised by the Ministry of Finance and again requested to consider and approve the recommendation of the Central Board of Trustees, Employees' Provident Fund (CBT, EPF).

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RAJYA SABHA

**UNSTARRED QUESTION NO. 276
TO BE ANSWERED ON 23.02.2011**

NON-CONTRIBUTION OF PF AMOUNT BY PUBLIC SCHOOLS

**†276. SHRI BALAVANT ALIAS BAL APTE:
SHRI SHREEGOPAL VYAS:**

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether managements of country's public schools, including Maharashtra's, deposit the amount of Provident Fund (PF);**
- (b) if so, the details thereof;**
- (c) if not, the reasons therefor; and**
- (d) the action taken/or being taken by Government against the managements of these schools for not depositing the amount of Provident Fund?**

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a): Most of the schools in the country including in Maharashtra are depositing Provident Fund.

(b) & (c): At the end of Finance year 2009-10, there were 22127 schools covered in India under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 having membership of 10,88,328. The specific details of public schools in the State of Maharashtra are as under:

Name of the office in Maharashtra	No. of schools covered	No. of schools reporting compliance
Nagpur	17	16
Mumbai-I	4	4
Mumbai-II	540	468
Mumbai-III	405	395
Pune	226	202

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Non-remittance of dues/returns is the main reason for not depositing the contribution by some schools.

(d): Following actions are taken against the defaulting schools:

- 1. Action under section 7A of the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 for quantification of provident fund dues and raising demand against defaulters.**
- 2. Recovery action as provided under section 8B to 8G is taken which includes:**
 - i. Action under section 8F for prohibiting 3rd parties including bankers against payment due to the defaulter and appropriating it against provident fund dues.**
 - ii. Attachment and sale of movable and immovable properties of the defaulting establishments.**
 - iii. Appointment of receiver to run the business of the defaulting establishments.**
 - iv. Arrest and detention of defaulter.**
- 3. Action under section 14 of the Act for prosecution of the defaulters before the courts of law.**
- 4. Action under section 14B for levying damages as penalty – a deterrent action.**
- 5. Prosecution under section 406/409 IPC – for non-payment of employees share deducted from the wages but not deposited.**
- 6. Action under section 7Q for levy of interest for belated remittances.**

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RAJYA SABHA

**UNSTARRED QUESTION NO. 292
TO BE ANSWERED ON 23.02.2011**

ENHANCEMENT OF PENSION UNDER EPS, 1995

292. SHRI PRAKASH JAVADEKAR:

Will the Minister of **LABOUR AND EMPLOYMENT** be pleased to state:

- (a) whether Government has taken any decision regarding enhancement of pension under Employees Pension Scheme, 1995;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) what action Government has proposed in this regard?

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a): No, Sir.

(b) to (d): The Central Government constituted an Expert Committee for review of the Employees' Pension Scheme, 1995. The Expert Committee considered the various demands of pensioners including enhancement of pension under the Employees' Pension Scheme, 1995. The Expert Committee has submitted its report to the Central Government on 05.08.2010 and recommendations are presently under examination/consideration of the Central Board of Trustees of the Employees Provident Fund Organization.

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RAJYA SABHA

**UNSTARRED QUESTION NO. 1510
TO BE ANSWERED ON 09.03.2011**

INVESTMENT OF EPFO'S MONEY IN EQUITIES

**1510. SHRI M.P. ACHUTHAN:
SHRI R.C. SINGH:**

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether it is a fact that the Finance Ministry has been demanding the Employees Provident Fund Organisation (EPFO) to invest 15 per cent of their money in equities; and**
- (b) if so, the details thereof and the decision of the EPFO thereon?**

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a) & (b): The Finance Ministry is not demanding the Employees' Fund Organisation to invest 15 percent of their money in Equities.

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RAJYA SABHA

**UNSTARRED QUESTION NO. 1527
TO BE ANSWERED ON 09.03.2011**

RATE OF INTEREST ON EPF SAVINGS

1527. SHRI MOHAMMED AMIN:

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether Employees Provident Fund (EPF) schemes envisages that rate of interest on EPF savings for subscriber will be determined by Government in consultation with Central Board of Trustees, EPF;
- (b) whether Committee on subordinate Legislation, Rajya Sabha in its 130th report placed on 1st December, 2000 had given specific guidelines for such consultative process;
- (c) if so, whether the same is being followed for determining the interest rate;
- (d) if not, the reasons therefor; and
- (e) the reasons for the delay in notifying the rate of interest for the year 2010-11?

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a): Yes, Sir.

(b): Yes, Sir.

(c) & (d): The Committee on Subordinate Legislation Rajya Sabha in its 130th report presented on 1st December, 2000 had recommended that, first, Ministry of Labour should act as the nodal agency for the Central Government and secondly, the consultation process is undergone during the meeting of the CBT itself where the Central Government is represented both by the Ministries of Labour and Finance. Thereafter, the Ministry of Labour furnished the action taken note on the Committee's observations/recommendations as contained in its 130th report. The Committee in its 136th report concluded the matter and noted with satisfaction that the Ministry of Labour have agreed that whenever there is a difference of opinion on the question of rate of interest between the Central Board of Trustees (CBT, EPF) and the Central Government, the final view of the Central Government must come before the CBT so that at the very least the CBT is aware of the factors which have influenced Government to take a decision in the matter.

(e): To take a final view in the matter, a reference has been made to Ministry of Finance to approve the rate of interest as recommended by the Central Board of Trustees. The consultation process with that Ministry is underway.

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RAJYA SABHA

**UNSTARRED QUESTION NO. 1528
TO BE ANSWERED ON 09.03.2011**

RATE OF INTEREST ON EPF

1528. SHRI TAPAN KUMAR SEN:

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether Central Board of Trustees, EPF had recommended 9.5 per cent rate of interest of its subscribers for year 2010-11 in its meeting held on 15th September, 2010;**
- (b) whether this involved any financial support from Government;**
- (c) if so, whether the same has been notified;**
- (d) if not, the reasons for the delay; and**
- (e) the impact of the delay on the subscribers whose claims have been settled so far in 2010-11?**

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a): Yes, Sir.

(b): This does not involve any financial support from Government.

(c) & (d): No Sir. Before declaring the interest by the Central Government, in the course of Inter Ministerial Consultation, the Ministry of Finance raised certain observations on the accuracy of calculations which have been clarified by the Ministry of Labour and Employment.

(e): The claims have been settled by giving interest @8.5% for 2010-11, which was the rate of the previous financial year 2009-10. If the interest rate for the financial year 2010-11 is notified more than 8.5% then they are also entitled for the difference amount.

The delay in declaration of the rate of interest will delay the updation of members' accounts and resultantly, the Account Slips to be issued to the members may also be delayed.

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RAJYA SABHA

**STARRED QUESTION NO. 281
TO BE ANSWERED ON 16.03.2011**

UNOPERATIVE AMOUNT IN PROVIDENT FUND

***281. SHRI AVINASH RAI KHANNA:**

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) the State-wise details of amount lying deposited in the Provident Fund (PF);**
- (b) whether a large amount has not been withdrawn when due by the employees/labourers and has remained un operative if so, the reasons therefor; and**
- (c) what steps Government is taking to give this amount to the rightful claimants?**

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a) to (c): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF RAJYA SABHA
STARRED QUESTION NO. 281 FOR 16.03.2011 RAISED BY SHRI AVINASH RAI
KHANNA REGARDING UNOPERATIVE AMOUNT IN PROVIDENT FUND.**

- (a) The State-wise details as on 31.03.2010 are enclosed as Annexure.

- (b) A certain amount has not been withdrawn by the members mostly due to the following reasons:
 - i) The interest earned on such deposits is exempt from Income Tax.
 - ii) Such deposits are safe investments and cannot be attached even by decree of any court.
 - iii) The rate of interest on Employees' Provident Fund deposits is higher than other comparative investment in the market.
 - iv) The members after switching over from one covered establishment to another do not transfer their accumulations to new account.

- (v) A large number of balances are small/residual balances with interest earned in the past.

- (c) Publicity through print media and electronic media is made to educate the members to file their claims for settlement. Similarly, the employers and employees unions have also been requested to advise the members to file their claims for settlement.

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STATEMENT REFERRED TO IN REPLY TO PART (a) OF RAJYA SABHA STARRED QUESTION No. 281 for 16.03.2011 RAISED BY SHRI AVINASH RAI KHANNA REGARDING "UNOPERATIVE AMOUNT IN PROVIDENT FUND".

State-wise details of Provident Fund amount as on 31.03.2010

(Amount in Crore)

Sl. No.	State	Total
1	Andhra Pradesh	10890.81
2	Bihar	1239.69
3	Chhattisgarh	954.82
4	Delhi	10736.02
5	Goa	1087.41
6	Gujarat	9291.96
7	Haryana	6359.19
8	Himachal Pradesh	1011.42
9	Jharkhand	1156.97
10	Karnataka	16768.60
11	Kerala	3976.03
12	Madhya Pradesh	4215.72
13	Maharashtra	36341.42
14	Orissa	2446.71
15	Punjab	7296.00
16	Rajasthan	3821.21
17	Tamilnadu	14652.04
18	Uttarakhand	1201.02
19	Uttar Pradesh	8088.69
20	West Bengal and Sikkim	8631.92
21	North Eastern Regions comprising of Assam, Meghalaya, Tripura, Arunachal Pradesh, Nagaland, Mizoram and Manipur.	1140.44
	TOTAL	151308.09

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RAJYA SABHA

**UNSTARRED QUESTION NO. 2297
TO BE ANSWERED ON 16.03.2011**

REVISION OF PENSION UNDER EPF SCHEME

2297. SHRI JAI PRAKASH NARAYAN SINGH:

Will the Minister of **LABOUR AND EMPLOYMENT** be pleased to state:

- (a) whether it is a fact that the pensioners drawing pension under EPF scheme continue to draw the same pension even since the scheme was introduced about fifteen years ago;
- (b) if so, the reasons for not revising the same so far;
- (c) how many pensioners are drawing a pension of Rs. 500 and less; and
- (d) whether there is any proposal to revise upward pension of these beneficiaries in tune with the Sixth Pay Commission's recommendations and if not, the reasons therefor?

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a) & (b): No, Sir. As per para 32 of the Employees Pension Scheme, 1995, annual valuations of the Employees' Pension Fund were conducted by the Valuer appointed by the Central Government. On the recommendation of the reports of the Valuer, the pension was revised for the existing pensioners as on 15.11.1996, 1.4.1998, 1.4.1999 and 1.4.2000 @ 4%, 5.5%, 4% and 4% respectively.

(c): As on 31.03.2010, the number of pensioners drawing pension of Rs. 500/- and less were approximately 10.10 lakhs.

(d): No, Sir. The Sixth Pay Commission's recommendations are applicable to Government employees as their pension benefits are governed by their service conditions/rules. The Pension benefits to EPF members are governed by the provisions of Employees Pension Scheme, 1995 which is different from the pension rules applicable to the Government employees.

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RAJYA SABHA

**UNSTARRED QUESTION NO. 2299
TO BE ANSWERED ON 16.03.2011**

DIGITIZATION OF DATA OF EPFO

2299. SHRI T.M. SELVAGANAPATHI:

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether it is a fact that the subscribers of Employees Provident Fund Organisation (EPFO) will soon be able to track the status of their claim settlement and account transfer online;**
- (b) if so, the details thereof;**
- (c) whether it is also a fact that the EPFO is considering to digitize its entire data;**
- (d) if so, whether any target has been fixed for the same; and**
- (e) if so, the details thereof?**

ANSWER

**MINISTER OF LABOUR AND EMPLOYMENT
(SHRI MALLIKARJUN KHARGE)**

(a) & (b): The facility of knowing "claim status" is available for subscribers of the Employees' Provident Fund Organization (EPFO) on the website of EPFO-www.epfindia.gov.in, which can be checked from anywhere in the world.

(c) to (e): EPFO has undertaken a 'Computerization Project' with the technical assistance of NIC. As of date, 117 offices out of 120 offices of EPFO have been computerized under this project. It has been planned to implement the project in all offices of EPFO by 31.03.2011.
