

Surrender of Exemption by Establishments Increases as EPFO Streamlines Compliance Procedures

27 Establishments Surrender Exemption, Adding 30,000 Employees and Rs. 1688.82 Crores to EPFO Fund in last 2 years

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In the last two years, 27 establishments have surrendered their exemption, adding about 30,000 employees and an amount of Rs. 1688.82 crores to the Fund under the Employees' Provident Fund Organisation (EPFO).

Due to improved services, more establishments are surrendering their exemptions granted by EPFO. These establishments prefer to let EPFO manage their employees' Provident Fund (PF) directly. This allows them to focus on their core business activities.

With faster claim settlement, higher rates of return, strong monitoring, and ease of engagement, services provided to both establishments and members by EPFO are continuously improving.

EPFO, under the Ministry of Labour and Employment, has taken multiple steps in the last year to streamline compliance procedures for establishments exempted under the EPF Act.

In an effort towards standardizing procedures, EPFO has, for the first time, published elaborate Standard Operating Procedures (SOPs) and manuals encompassing all procedures relevant for exempted establishments. Furthermore, in a major step towards digitization, a new software and portal will be launched shortly to simplify the process of surrendering exemptions.

Establishments that wish to manage the PF corpus of their employees need to seek exemption under Section 17 of the EPF Act. This allows EPFO to permit them to manage their own PF Trust without making statutory contributions. Such exempted establishments are statutorily mandated to provide benefits that are at least on par with those provided by EPFO to subscribers and comply with the notified conditions of exemption as outlined in the Act.

As of 31st March 2023, there are 1002 exempted establishments managing a corpus of Rs. 3,52,000 crores of 31,20,323 members.

The increasingly enhanced focus of EPFO on its stakeholders, along with professionally managed funds generating steady returns for members, has promoted the trend of surrendering exemptions.

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