

## Dr. Mansukh Mandaviya Chairs 236th Meeting of Central Board of Trustees (CBT), EPFO

CBT Takes Path Breaking Decisions Regarding Interest Calculation, Healthy Investment Fund Management; Adopts Initiatives to Further Simplify Processes Benefitting Both Employers and Employees

CBT Approves Guidelines for Investment in Units Issued by PSU Sponsored InvITs/REITs

CBT Recommends EPFO Amnesty Scheme 2024 to Central Government

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Dr. Mansukh Mandaviya, Union Minister for Labour & Employment and Youth Affairs & Sports presided over the 236<sup>th</sup> meeting of Central Board of Trustees (CBT), EPF in New Delhi today. Sushri Shobha Karandlaje, Minister of State for Micro, Small & Medium Enterprises and Labour & Employment and Vice-chairperson of CBT, EPFO; Smt. Sumita Dawra, Secretary (Labour & Employment) and Co-vice chairperson of CBT, EPFO and Shri Ramesh Krishnamurthi, Central Provident Fund Commissioner and Member Secretary, were also present on the occasion.



It was informed to the Board about major initiatives taken by EPFO since the last meeting of CBT. It was informed that the limit for auto claims settlement facility has also been extended to Rs. 1 lakh from Rs. 50,000 which has also been extended to advances for housing, marriage and education. In this Financial Year, 1.15 crore claims have been settled in auto mode. The Board appreciated the fact that rejection ratio has come down to 14% in November 2024.

During the Financial Year 2023-24, EPFO settled 4.45 crore claims for an amount of Rs.1.82 lakh crore. In the current FY, 3.83 crore claims have already been settled for more than Rs.1.57 lakh crore.

With the implementation of CITES 2.01 project, EPFO is upgrading both hardware and software. Under the project 2.01 newer version of operating system is being deployed which will result in simplification of claim settlement process. Newer software module will enable UAN based accounting resulting in one member, one account system thereby reducing hassles for members in claim settlement.



Further continuing with the reform agenda many path breaking decisions were taken by the board during the CBT meeting. The major decisions taken by the Board in the meeting include:

### **Decisions for benefit of Members:**

- CBT approved a significant amendment to paragraph 60(2)(b) of the EPF Scheme, 1952. As per existing provisions, for the claim settled till 24<sup>th</sup> of the month, interest is paid only upto the end of the preceding month. Now, the interest will be paid to the member upto the date of settlement. This will result in financial benefit to the members and reduce the grievances. Till now, interest-bearing claims are not processed between the 25th and the end of each month to avoid loss of interest to the members. After this decision, these claims will be processed for the entire month leading to reduced pendency, timely settlement and optimized utilization of resources. It reflects EPFO's commitment to efficient, transparent, and member-focused service delivery.

- CBT was apprised that the first pilot of Centralized Pension Payment System (CPPS) was successfully completed in October, 2024 in Karnal, Jammu and Srinagar. The second pilot was taken up in November, 2024 in 20 additional Regional Offices in which Rs. 195 crore have already been disbursed for 8.3 lakh pensioners.

CPPS is set to be implemented as part of the EPFO's IT modernization project, CITES 2.01, with a target operational date of January 1, 2025. It will benefit more than 78 lakh EPS pensioners of EPFO which includes streamlined pension disbursement across India, allowing pensioners to access their pension from any bank or branch nationwide, expediting claim processing and eliminating the need for bank visits for verifications or undertaking submissions.

- CBT ratified the extension of EDLI benefits vide GSR 299(E) dated 28.04.2021 with retrospective effect from 28.04.2024. This will provide a minimum benefit of Rs.2.5 lakhs and maximum benefit of up to Rs. 7 lakhs. The proposal, supported by actuarial valuation indicating a surplus of Rs. 6,385.74 crore has been approved to ensure uninterrupted benefits to EPF members.
- The Board approved the 71<sup>st</sup> Annual Report of EPFO for the year 2023-24 with recommendation to place before the Parliament through the Central Government.

### **Employer centric:**

- CBT approved proposal for simplification of the criteria for empanelment of banks for centralised collection of EPF contributions. It will now include all agency banks listed with RBI. Additionally, the CBT has also approved the empanelment of other Scheduled Commercial Banks that are not RBI Agency Banks but have a minimum of 0.2% of total EPFO collection. This criterion has been relaxed from the earlier 0.5%. This initiative will enhance both the Ease of Doing Business and the Ease of Providing Service. Collections through empanelled banks are received on T+1 basis to EPFO, while collections through the aggregator mode (for banks not empanelled with EPFO) are received on T+2 basis. This step would result in hassle free services to establishments and simplify name validation exercise of bank accounts of EPF members.
- CBT recommended EPFO Amnesty Scheme 2024 to Central Government. The initiative is designed to encourage employers to voluntarily disclose and rectify past non-compliance or under-compliance without facing penalties or legal repercussions. A simple online declaration from employers will be sufficient to avail the scheme benefits. By providing a limited window for voluntary compliance, the scheme aims to extend social security benefits to more employees, rebuild trust with employers, and promote formalization of the workforce. The scheme was welcomed unanimously by the CBT.

This amnesty scheme will support the implementation of Employment Linked Incentive Scheme, announced in Union Budget 2024-25, to foster employment generation and incentivize formalization of jobs in the economy. It is expected that several small establishments (under MSME sector or otherwise) may wish to avail of the benefits under the ELI Scheme but would be worried in enrolling under EPFO. This Amnesty Scheme would provide the confidence to such employers to enrol without any fear or additional financial burden.

## **Prudent investment of corpus for enhanced returns to members:**

- CBT approved a Redemption Policy for ETF investments in CPSE and Bharat 22 to generate income for the EPF Scheme's 'Interest Account.' The policy mandates a minimum five-year holding, returns exceeding government securities, and performance above the CPSE and Bharat 22 indices.
- CBT approved the guidelines for investment in Units issued by Public Sector Undertaking (PSU) sponsored Infrastructure Investment Trusts (InvITs)/ Real Estate Investment Trusts (REITs) regulated by the Securities and Exchange Board of India and falling under Category V(b) and V(d) of the pattern of investment.



## **EPFO Establishment/ HR matters:**

- The minutes of 235th CBT meeting held on 10<sup>th</sup> February, 2024 were also placed for confirmation of the Board. Further, minutes of the meetings of sub-committees of CBT i.e. (i) Finance & Audit Committee (ii) Investment Committee (ii) Pension & EDLI Implementation Committee and (iv) Exempted Establishments Committee were placed before the Board for information.
- Policy for Compassionate Appointment in EPFO, 2024 was approved by the CBT. The eligibility criteria and cut-off for admissibility points for compassionate appointment have been relaxed. It will bring relief to the dependents and wards of many employees of EPFO, who had unfortunately died in harness.
- CBT has approved the proposal regarding the grant of Modified Assured Career Progression (MACP) Scheme to Social Security Assistants (SSAs). It acknowledges the need to provide fair and timely career progression opportunities to SSAs, which will strengthen the overall administrative efficiency of the organization. This decision will benefit more than 2350 SSAs of EPFO.
- EDLI Manual and Pension Manual were ratified by CBT.

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**Himanshu Pathak**

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