

Dr. Mansukh Mandaviya Chairs 237th meeting of Central Board of Trustees (CBT), EPF

Central Board Recommends 8.25% Rate of Interest on EPF to its Subscribers for FY 2024-25

Key Modifications Approved in EDLI Scheme; To Provide Greater Financial Security and Support to Family of Members

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Union Minister for Labour & Employment and Youth Affairs & Sports, Dr. Mansukh Mandaviya chaired the 237th meeting of Central Board of Trustees (CBT), EPF in New Delhi today. The Vice-Chairman Sushri Shobha Karandlaje, Union Minister of State for Labour & Employment and Micro, Small & Medium Enterprises, Co-Vice-Chairperson Ms. Sumita Dawra, Secretary, Labour & Employment and Member Secretary Mr. Ramesh Krishnamurthi, Central PF Commissioner were also present during the meeting.

CBT recommended 8.25% annual rate of interest to be credited on EPF accumulations in members' accounts for the financial year 2024-25. The interest rate would be officially notified by the Government of India, following which EPFO would credit the rate of interest into the subscribers' accounts.



Compared to many other fixed-income instruments, the Employees' Provident Fund (EPF) offers relatively high and stable returns, ensuring steady growth of savings. The interest earned on EPF deposits is tax-free (up to a specified limit), making it a highly attractive investment option for salaried individuals. This reflects strong confidence in the credit profile of EPFO's investments and its ability to deliver competitive returns to its members.

Further continuing with the reform agenda, the CBT, under the chairmanship of Dr. Mansukh Mandaviya, took a series of path breaking decisions during the CBT meeting. The major decisions taken by the Board in the meeting include:

- **Enhancement of insurance benefits under EDLI Scheme:** Following the actuarial valuation of the Employees' Deposit Linked Insurance (EDLI) scheme, the Board approved key modifications in scheme to provide greater financial security and support to the family of members. This will address major grievances under this category and ensure a more inclusive approach to benefit claimants.

Key enhancements under the revised scheme would be:

1. **Minimum Benefit Introduced for death within one year of service:** A minimum life insurance benefit of Rs. 50,000 will be provided in cases where an EPF member dies without completing one year of continuous service. This amendment is expected to result in higher benefits for more than 5,000 cases of deaths in service, every year.
2. **Benefit for Members who die while in service after a non-contributory period:** Previously, EDLI benefits were getting denied in such cases considering these as death away from service. Now, if a member passes away within six months of their last contribution received, the EDLI benefit will be admissible, provided the member's name is not struck off from rolls. The modification is estimated to result in benefits for more than 14,000 cases of such death cases every year.
3. **Consideration of Service Continuity:** Earlier, a gap of even one or two days (such as weekends or holidays) between employment in two establishments led to the denial of minimum EDLI benefits of Rs 2.5 lakh and maximum of Rs 7 lakh, as the condition continuous service of one year was not met. Under the new modifications, a gap of up to two months between two spells of employment will now be considered as continuous service, ensuring eligibility for higher quantum EDLI benefits. This change is

expected to benefit more than 1,000 cases of deaths in service, every year. The modifications are estimated to result in higher benefits under EDLI in more than 20,000 cases of death in service every year. These improvements aim to enhance the social security benefits for families of EPF members, ensuring better financial protection and reducing hardships faced by families in distress.



- **Status Note on Hon'ble Supreme Court Judgment on PoHW:** For implementation of Hon'ble Supreme Court judgment dated 04.11.2022 relating to Pension on Higher Wages (PoHW), various steps have been taken by EPFO to facilitate members/pensioners/employers. CBT was apprised that EPFO is working on a mission mode and 72% of the applications have been processed.
- **Performance in Centralised Pension Payments System (CPPS):** The Employees' Provident Fund Organization (EPFO) has successfully implemented the Centralized Pension Payment System (CPPS) across all Regional Offices (ROs) from January 2025. Under this system, pension payments for all ROs are disbursed through a Centralized Pension Disbursement Account (CPDA) maintained at the New Delhi Branch of SBI. This will significantly reduce the grievances of pensioners who earlier had to wait for a long time for transfer of their case details from one RO to another. During the month of January, 2025, pension to 69.35 lakh pensioners amounting to Rs. 1710 crore was disbursed through CPPS.
- **Rationalizing Damages and Reducing Litigation:** One of the major reasons for litigation has been the cases of imposition of damages for belated remittances of PF dues. The rate of imposition of damages had been rationalized to 1% per month of delay vide a Gazette Notification dated 14.06.2024. This is effective for defaults after the date of notification i.e. June 2024. In respect of defaults that had occurred prior to this period the rate of damages applicable ranged from 5% for delays for two months and up to 25% for delays beyond 6 months. In order to mitigate this situation and with a view of reduce and control the litigation, it was discussed to introduce a statutory mechanism wherein there would be an automatic abatement of cases on deposit of damages at the rate of 1% per month of delay.
- **Approval of Annual Budget of EPFO:** The Board also approved the Revised Estimates for the year 2024-25 and Budget Estimates for the year 2025-26 for EPFO and the schemes administered by it.



In the above meeting of CBT, representatives from the employers, employees and other senior officers of the Central Government and EPFO were also present.

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