

**GOVERNMENT OF INDIA  
LABOUR AND EMPLOYMENT  
LOK SABHA**

UNSTARRED QUESTION NO:2345  
ANSWERED ON:09.08.2010  
FUND MANAGERS FOR EPF  
Naik Dr. Sanjeev Ganesh;Sule Supriya

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

- (a) whether the Parliamentary Standing Committee on Labour has recommended that fund managers handling investment corpus of the Employees Provident Fund (EPF) should be made more accountable so as to prevent misuse of subscriber's money;
- (b) if so, whether the Committee has further recommended that the Central Board of Trustees should have a fool proof system of monitoring and supervision of these fund managers;
- (c) if so, whether the Committee has expressed dissatisfaction with Labour Ministry's contention that while evaluating the performance of fund management on a monthly basis it did not take firm action if the fund managers slipped because it is a difficult cumbersome process to appoint fund managers; and
- (d) if so, the steps taken by the Government in this regard?

**Answer**

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI HARISH RAWAT)

(a) to (d): Yes, Madam. The Parliamentary Standing Committee on Labour in its recommendation at Sl. No.13 para 1.71 stated that the Committee are happy to learn that Central Board of Trustees, Employees' Provident Fund Organisation, [CBT (EPFO)] has already selected four fund managers to introduce competition in fund management and also to give better returns on investments as far as the corpus of EPFO is concerned. The Committee hoped that subscribers of EPFO would benefit from such a set up. The Committee, however, reiterated their earlier recommendation that there should be a minimum assured return to the subscribers. The Committee also urge upon the Ministry to ensure that these fund managers function as per Government given guidelines/parameters.

The Committee also desired that in order to have proper check on the functioning of the fund managers, an yearly appraisal report should be sought from them by the EPFO containing details of contribution made by the employer, employee and worker and the interest accumulated on the principal amount.

It has since been replied to the Committee that the performance of the Fund Managers is regularly monitored and assessed by the Employees' Provident Fund Organisation with the assistance of professional consultant M/s. CRISIL. The same is regularly reviewed by the Finance & Investment Committee (Sub-Committee of the Central Board of Trustees, Employees' Provident Fund). The nature of these investments being long term, the impact of any investment decision can be fully assessed only over a longer run. Further, since the Fund Managers have to achieve the investment pattern by year-end, they follow different investment strategies for their asset allocation during the year. So far the average return from the funds invested by the Fund Managers are above the benchmark determined by CRISIL.