

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

UNSTARRED QUESTION NO:1757

ANSWERED ON:07.03.2011

EPF WITHDRAWAL

Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Rao Shri Sambasiva Rayapati; Reddy Shri Komatireddy Raj Gopal; Shetkar Shri Suresh Kumar

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

- (a) whether the Government has conducted any pilot study regarding withdrawal of Provident Fund (PF) by the employees;
- (b) if so, the outcome thereof and the reasons therefor;
- (c) whether the Labour and Finance Ministries differ over PF withdrawals;
- (d) if so, the reasons therefor;
- (e) whether there is a proposal to link Unique Identification (UID) number with the PF account to curb the withdrawal of PF due to change in the job; and
- (f) if so, the time by which the final decision is likely to be taken in this regard?

Answer

MINISTER OF LABOUR AND EMPLOYMENT (SHRI MALLIKARJUN KHARGE)

(a): A study regarding Employees' Provident Fund (EPF) withdrawal was done first in Karnal Office of Employees' Provident Fund Organization (EPFO) and then in 13 other offices of EPFO across the country.

(b): From the study, it was observed that majority of the claimants withdraw their Provident Fund (PF) balance with every job change, irrespective of their age. The provision of transfer of balances in old EPF account to the new establishment on re-employment is not being availed. A mere 0.8% of members had applied for transfer of PF balances as compared to 88.89% of members who preferred to take out their accumulation.

One of the reasons for this phenomenon is manual process of transferring the PF accumulations from one account to other. The process of transferring the amount has now been speeded up through electronic transfer of PF accumulations.

(c) & (d): No, Madam. It is a consultation process. Finance Ministry has opined 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.

(e) & (f): There is no proposal as of date to link UID with Provident Fund accounts.