

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

UNSTARRED QUESTION NO:2843
ANSWERED ON:14.03.2011
UPDATING EPF ACCOUNTS
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Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether more than 50 million subscribers to the Employees Provident Fund are not likely to receive the 9.5 percent return they were promised five months ago;
- (b) whether a recent audit by Comptroller and Auditor General of India revealed that 47.2 million EPF accounts are not updated;
- (c) if so, the steps taken by the Government for updating these accounts;
- (d) whether the Board of Trustees of EPF had approved a dividend rate of 9.5 per cent last year;
- (e) if so, whether the C&AG contends that once the EPF accounts are updated there could be liabilities far exceeding the accumulated surplus reserve;
- (f) whether the EPFO which maintains the PF accounts of all formal sector employees does not know exactly who owns how much of the Rs. 36,000 crore of its corpus; and
- (g) the present status in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI MALLIKARJUN KHARGE)

(a): All the subscribers to the Employees' Provident Fund (EPF) are to receive the 9.5% interest only after notification is issued by the Central Government. The Central Board of Trustees, EPF in its 190th meeting held on 15.09.2010 has recommended 9.5% rate of interest for EPF subscribers for the financial year 2010-11. Ministry of Labour & Employment has taken up the matter with the Ministry of Finance for obtaining their concurrence as per rules. During consultation with it Ministry of Finance has raised certain observations which were clarified by the Ministry of Labour & Employment. The approval from Ministry of Finance is yet to come.

(b) & (c): As per the C&AG report 4.72 crore accounts were pending as on 31.03.2010 wherein interests were to be credited. However, it does not mean that it involves 4.72 crore members, as one member may have more than one accounts pending.

Since the updation of accounts is largely dependent upon the submission of annual returns by the employer, following measures have been taken to collect the same:-

- (i) Issue of press notes to impress upon the employers to submit returns.
- (ii) Submission of returns in electronic mode.
- (iii) Deputing Enforcement Officers to collect the returns.

(d): The Central Board of Trustees, EPF in its 190th meeting held on 15.09.2010 has recommended 9.5% rate of interest for EPF subscribers for the financial year 2010-11.

(e): C&AG has not mentioned in its audit report of 2009-10 that once the EPF account are updated there could be liabilities far exceeding the accumulated surplus reserve. However, it has only mentioned that the actual interest liability on 4.7 crore pending accounts is not ascertainable.

(f) & (g): EPFO is maintaining account for each member. In each account contribution received and withdrawals made are recorded and interest is credited wherever details as supplied in time by the employers. The total amount and its bifurcation into individual members account is only ascertainable after receipt of these details from employers. However, some establishments default in submission of details, so EPFO cannot credit into account of such members any contribution or interest thereon till such details are received. Efforts are made by EPFO to collect returns etc. from such employers by special campaign, newspaper advertisements and by deputing enforcement officers etc.