

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

UNSTARRED QUESTION NO:1035

ANSWERED ON:04.03.2013

CEILING FOR PF CONTRIBUTIONS

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Mani Shri Jose K.; Sudhakaran Shri K.; Yadav Shri Dharmendra

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

- (a) whether there is ceiling for mandatory provident fund contributions;
- (b) if so, the details thereof;
- (c) whether most workers are already outside the mandatory Provident Fund net as minimum wages in most sectors is much above Rs. 6,500 per month;
- (d) if so, the details thereof;
- (e) whether Employees Provident Fund Organisation (EPFO) offered 8.25 per cent interest rate whereas the National Pension Scheme gives average return of 14 per cent in equity and corporate debt and over 10 per cent for Government bonds;
- (f) if so, whether there is any proposal to permit EPFO to invest in equity and corporate debt and Government bonds; and
- (g) if so, the details thereof?

Answer

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI KODIKUNNIL SURESH)

- (a) Yes, Madam.
- (b) The wage ceiling for mandatory provident fund contributions under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 is Rs. 6,500/-.
- (c) & (d) Data of workers outside the wage limit is not maintained by the Employees' Provident Fund Organization.
- (e) EPF money is invested as per the investment pattern of 2003 notified by Government of India which allows investment in Central Government Securities, State Government Securities, Bonds of Public Sector Undertakings and Private sectors. Returns on EPFO fund is difficult to compare with return on other Pension Schemes like New Pension Scheme. The declaration of the return of NPS is on the basis of the accounting policy prescribed by NPS which allow the NAV to be declared on the basis of current market value of the investments. While EPFO follows the cost value of the investment for accounting its investment and return is declared on the basis of actual receipt of interest on the investments. The return on EPFO investments are fixed whereas the return on NPS are not fixed and fluctuates on daily basis depending on the prevailing market conditions.
- (f) & (g) No, Madam.