

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

STARRED QUESTION NO:364
ANSWERED ON:20.04.2015
NEW AVENUES FOR EPFO
Vichare Shri Rajan Baburao

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

- (a) the details of corpus and other funds available/accumulated in the Employees' Provident Fund Organisation (EPFO) at present along with rate of dividends paid to the beneficiaries;
- (b) the details of activities/schemes for which funds are being utilised/expanded;
- (c) whether EPFO is exploring new avenues of utilising their funds including investment in the market and opening of new bank, so as to improve the yield/return;
- (d) the estimated increase in returns in percentage terms to contributors thereto; and
- (e) the time by which follow-up action is likely to be taken including opening of the bank?

Answer

MINISTER OF STATE(IC) FOR LABOUR AND EMPLOYMENT (SHRI BANDARU DATTATREYA)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 364 FOR REPLY ON 20.04.2015 BY SHRI RAJAN VICHARE REGARDING NEW AVENUES FOR EPFO.

(a) The details of corpus and other funds accumulated in the Employees' Provident Fund Organization (EPFO) as on 31/03/2014 (as per audited balance sheet) are as under:

Sl. No.	Scheme/Fund	Amount (in Rs. crore) on cost price.
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1	Employees' Provident Funds Scheme, 1952	324,095.33
2	Employees' Pension Scheme, 1995	208,628.00
3	Employees' Deposit-Linked Insurance Scheme, 1976	13699.35
4	Staff Provident Fund	1029.14
5	Pension-cum Gratuity Fund	2081.79
6	TOTAL	549,533.61

The rate of interest paid to the beneficiaries under the Employees' Provident Funds Scheme, 1952 for the year 2013-14 and 2014-15 is 8.75 per cent each.

(b) The funds are utilized for payment of benefits available under the following Schemes in operation under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952:

I. Employees' Provident Funds Scheme, 1952

The funds are mainly utilized for payment towards provident fund and withdrawal/advances under various purposes, namely, financing of life insurance policies, purchase/construction/acquisition of a dwelling house/flat/site, repayment of loans in special cases, illness in certain cases, marriages or post-matriculation education of

children, etc.

II. Employees' Pension Scheme, 1995

The funds are utilized for payment of withdrawal benefits and pensionary benefits to eligible members/family/nominee, etc.

III. Employees' Deposit-Linked Insurance Scheme, 1976

The funds are utilized for payment of deposit-linked insurance benefits to the nominee/family of the deceased member.

(c) As per Para 52 of Employees' Provident Funds Scheme 1952, the funds of EPFO are invested as per direction issued by the Central Government. Within these broad directions, the Central Board of Trustees (CBT) discusses the issues and decides the investment. Till date, EPFO only invests in fixed income instruments, though the Ministry of Finance has, on 2nd March, 2015, notified a new pattern of investment which among other asset classes allows a minimum of five per cent investment in equity market. There is no proposal to open a bank by EPFO.

(d) & (e) EPFO makes continuous efforts to increase the returns to employees. However, most of it is dependent on market conditions.

There is no such proposal to open a bank.