

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

UNSTARRED QUESTION NO:2695
ANSWERED ON:28.07.2014
INTEREST RATE ON EPF
Adsul Shri Anandrao

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

(a) whether Employees' Provident Fund Organisation (EPFO) offered 8.25 per cent interest rate which is lower in comparison to that offered by the New Pension Scheme (NPS) which gives average return of 14 per cent in equity and corporate debt and over 10 per cent for Government bonds;

(b) if so, the details thereof and the reaction of the Government thereto;

(c) whether there is any proposal to permit EPFO to invest in equity and corporate debt and Government bonds; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE FOR STEEL, MINES, LABOUR AND EMPLOYMENT (SHRI VISHNU DEO SAI)

(a) & (b): The Government has declared 8.75% interest on Employees' Provident Fund (EPF) for the year 2013-14. Return on EPFO fund cannot be compared with return on other Pension Schemes like New Pension Scheme (NPS). The declaration of the return on NPS is on the basis of the accounting policy prescribed by NPS which allows the Net Assets Value (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 is fixed whereas the return on NPS is not fixed and fluctuates on daily basis depending on the prevailing market conditions.

(c) & (d): Presently the funds of EPFO are invested as per the pattern of investment notified by the Government in November, 2013 wherein only investments in corporate debt and Government bonds are allowed. There is no provision for investments in equities.