COVID-19 and EPFO

EPFO processes around 1.3 lakh claims, disburse to help fight corona to subscriber Employees Provident Fund Organization, EPFO, has processed about 1.37 lakh claims disbursing 279.65 crore rupees under a new provision to help subscribers fight COVID-19. This provision especially formulated by amending the EPF Scheme. The remittances of the money have already started taking place. The system as it stands today is processing all applications which are fully KYC compliant within less than 72 hours.

The provision for a special withdrawal from the EPF Scheme to fight COVID-19 pandemic is part of the Prime Minister's Garib Kalyan Yojana announced by the government. EPFO is also accepting the date of birth recorded in the Aadhaar card of a subscriber as a valid proof for rectification of the date of birth in PF records.

What is EPFO?

Employee Provident Fund Organisation (EPFO) was established by an act of Parliament of India, to provide social security to workers working in India. It came into force by Employee Provident Fund and Miscellaneous Provision Act, 1952. EPFO comes under the control of the Ministry of Labour and Employment, Government of India.

There are 3 major schemes of EPFO

1. EPFO Scheme 1952

Salient features of EPFO schemes

   1. Accumulation plus interest upon retirement and death
   2. Partial withdrawals allowed for education, marriage, illness and house construction
   3. Housing scheme for EPFO members to achieve Prime Minister’s vision of Housing for all by 2022.

2. Pension Scheme 1995 (EPS)

Salient features of the Pension Scheme

   1. The monthly benefit for superannuation/benefit, disability, survivor, widow(er) and children
   2. Minimum pension of disablement
   3. Past service benefit to participants of the erstwhile Family Pension Scheme, 1971.

3. Insurance Scheme 1976 (EDLI)

Salient features of the scheme

   1. The benefit provided in case of death of an employee who was a member of the scheme at the time of death.
2. Benefit amount 20 times the wages, maximum benefit of 6 Lakh.

EPFO is the largest social security organisation in the world in terms of the number of covered beneficiaries and the largest in terms of the volume of financial transactions undertaken. On 1st October 2014, Prime Minister launched Universal Account Number for Employees covered by EPFO to enable PF number portability.

**Organisation Structure**

1. The organisation is divided into zones which are headed by an Additional Central Provident Fund Commissioner.
2. At present, there are 10 Zones across the country.
3. States have one or more than one regional offices headed by Regional Provident Fund Commissioners (Grade I)
4. Regions are subdivided into Sub-Regions headed by Regional Provident Fund Commissioners (Grade II)
5. Districts have a district office

**Active members:**

1. Currently, there are approximately 4.5 crores, active members, under EPFO
2. There are approximately 65 Lakh Pensioners

**Recently Steps were taken by the EPFO to facilitate efficient services**

Online facilities provided by the EPFO for the following processes

1. Nominations
2. Ascertaining balances
3. Settling claims
4. File online cases by members

**UAN (Universal Account Number)**

It is a 12 digit number allotted to an employee working in an organisation. If a person has multiple member ID’s issued by multiple organisations, all the ID’s will come under one single UAN number which will be the same for a lifetime. This number will not change even when an employee changes his organisation.

The various benefits attained due to UAN.

1. Reduces confusion of multiple ID’s and will have one single UAN number
2. Easy transfer and withdrawal of claims
3. Online-pass book
4. SMS services
5. Online KYC update
6. Download UAN EPF book
7. Check EPF balance online

**Number of new enrolments**

1. During 2018-19, approximately 61 Lakh new subscribers joined the social security schemes run by EPFO.
2. During September 2017 – September 2019, around 2.85 crore new subscribers joined the EPF scheme.

Social Security Code Bill 2019

The Bill will be tabled in the Parliament in the 2nd week of December 2019. This Bill is being proposed by the Ministry of Labour, to reduce the Employees contribution to PF. Provident Fund has 2 components. One is the Employees part and the second is the employers part. Currently, the Employees contribution and Employers Contribution to PF stands at 12% of the Basic Salary. As per the proposed Bill, which will be tabled in the Parliament; Employees will be given the option of reducing their contribution to PF. This is being done to increase the take-home salary of Millions of employees in the Organised sector in order to boost the consumption and therefore arrest the decline in the economy.

Salient Features of the Social Security Code Bill 2019

1. Reduce Employees contribution to PF.
2. Employers contribution to PF to remain at 12%
3. Fixed-term contract workers will be eligible for gratuity on a pro-rata basis, currently, workers are not entitled to gratuity before completing 5 years of continuous service as prescribed in the Payment of Gratuity Act, 1972.
4. Proposes to set up Social Security Fund under using corpus under Corporate Social Responsibility. This fund will provide benefits such as a pension, medical cover, death and disablement benefits to all workers, including gig workers.
5. Firms with 10 or more employees will have to provide health, pension and other benefits.
6. Flexibility for procuring compulsory insurance from IRDA
7. To better Ease of Doing Business, there will be Single Registration and Single return for employers.
8. EPFO and ESIC to continue as autonomous bodies

Social Security Code Bill 2019 subsumes 8 Central Labour Laws

1. Employees Compensation Act, 1923
2. Employees State Insurance Act, 1948
3. Employees Provident Funds and Miscellaneous Act, 1952
4. Maternity Benefit Act, 1961
7. Building and other Workers Cess Act, 1996

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Employees’ Provident Fund Organisation (EPFO)

- It is a government organization that manages provident fund and pension accounts of member employees and implements the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 which is applicable to whole of India with exemption given only to Jammu & Kashmir.
  - The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 provides
for the institution of provident funds for employees in factories and other establishments.

- It is **administered by the Ministry of Labour & Employment**, Government of India.
- It is one of the **World's largest Social Security Organisations** in terms of clientele and the volume of financial transactions undertaken.

**Employees Pension Scheme (EPS):**

- It is a social security scheme that was **launched in 1995**.
- The scheme, provided by EPFO, **makes provisions for pensions for the employees in the organized sector after the retirement at the age of 58 years**.
- Employees who are members of EPF automatically become members of EPS.
  - Both employer and employee contribute **12%** of employee’s monthly salary (basic wages plus dearness allowance) to the Employees’ Provident Fund (EPF) scheme.
  - EPF scheme is mandatory for employees who draw a basic wage of Rs. 15,000 per month.
  - Of the employer’s share of 12 %, 8.33 % is diverted towards the EPS.
  - Central Govt. also contributes **1.16%** of employees' monthly salary.

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