

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
LOK SABHA
UNSTARRED QUESTION NO. 196
TO BE ANSWERED ON 18.07.2022**

RATE OF INTEREST ON EPF

**196. SHRI VIJAYAKUMAR (ALIAS) VIJAY VASANTH:
SHRI RAVNEET SINGH BITTU:**

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

- (a) whether it is a fact that the Government has approved 8.1 percent rate of interest on Employees' Provident Fund (EPF) for 2021-22 which is lowest in the last four decades;**
- (b) if so, the details thereof along with the reasons therefor;**
- (c) whether it is a fact that the Employees' Provident Fund Organization (EPFO) is facing issues relating to huge withdrawals, declining interest rate and underperformance of its equity portfolio and if so, the details thereof along with the reasons therefor;**
- (d) whether EPFO is considering increasing the equity investment limit to 25% to bridge shortfall and if so, the details thereof; and**
- (e) the details of the steps being taken by EPFO to improve its performance and protect the interests of the investors in this regard?**

ANSWER

**MINISTER OF STATE FOR LABOUR AND EMPLOYMENT
(SHRI RAMESWAR TELI)**

(a) & (b): As per the provisions of Paragraph 60(1) of the Employees' Provident Fund (EPF) Scheme, 1952, Employees' Provident Fund Organisation (EPFO) shall credit to the account of each member interest at such rate as may be determined by the Central Government in consultation with the Central Board of Trustees (CBT), Employees' Provident Fund (EPF). The rate of interest on EPF is dependent on the income received by the EPF from its investments and such incomes

Contd..2/-

are distributed only in accordance with the EPF Scheme, 1952. The CBT, EPF had recommended 8.10 per cent rate of interest on EPF for the financial year 2021-22, which has been approved by the Government and is higher than other comparable schemes viz. General Provident Fund (7.10%)/Senior Citizens Savings Scheme (7.40%)/Sukanya Samriddhi Account Scheme (7.60%).

(c): The details of the trend of EPF withdrawals during the last 3 financial years are as under:

Sl. No.	Financial Year	Withdrawals (Rs. in crore)	No. of Claims settled
1	2019-20	70,202.34	1,28,77,354
2	2020-21	91,187.54	2,33,90,550
3	2021-22	1,04,959.18	2,88,15,498

The details of 10-year Government Securities Rates and Return on EPFO's Investments in Equity for the last 3 years are as under:

Sl. No.	FY (as on 31 st March)	10-Year G-Sec. Rates	Notional Return on EPFO Equity
1	2019-20	6.77	-8.29 (Covid Impact)
2	2020-21	6.42	14.67
3	2021-22	6.96	16.27

(d): The Finance Investment and Audit Committee (FIAC), a Sub-Committee of CBT, EPF, has recommended for the proposal to increase investment in equity and related investments in category IV of the Pattern of Investment from 5-15% to 5-20% for consideration of CBT, EPF.

(e): The details of the steps being taken by EPFO to improve its performance and protect the interests of the investors are as under:

- i. All investments are done as per the Pattern of Investment notified by the Government;**
- ii. Investment Guidelines are approved by tripartite governing body of EPFO. It prescribes processes and procedures which are followed without any deviation;**
- iii. The CBT and its Sub-Committee monitor all investment aspects, and regularly examine and deliberate, upon various instruments which are available for investment;**
- iv. The Investments are carried out through expert Portfolio Managers appointed by CBT for such purposes; and**
- v. The asset classes are identified and approved on the basis of risk return matrix and thus investments are undertaken after adequate safeguards in such guidelines.**
