

# EPFO board may discuss higher interest for FY24

CBT meet may also take up implementation of the SC order on higher pension

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The meeting at the Central Board of Trustees (CBT) of the Employee Provident Fund Organisation (EPFO) on February 10 is likely to decide on the provident fund interest rate for 2023-24.

The EPFO has more than 60 million subscribers.

A letter from the social-security organisation regarding the 235th CBT meeting has been sent to all board members, soliciting their presence.

"The interest rate is determined based on the contributions to EPF accounts, withdrawals by EPF members, and the income during the year. The meeting on Saturday may see a slight increase in [rates] as the inflation and interest rates have remained high for the most part of the year and the EPFO had a healthy surplus last year," a person aware of the developments told *Business Standard*.

Last year on March 28, the EPFO declared an interest rate of 8.15 per cent for Employees' Provident Fund (EPF) accounts for 2022-23.

A net income of ₹90,497.57 crore was there to be distributed in 2022-23 and a surplus of ₹663.91 crore was estimated after interest credit to the members' accounts.

"To date interest rates were announced as soon as the meeting commenced. This time, it is yet not clear whether the (interest) rate would be announced or that may be done some time later after getting con-

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## COURSE OF ACTION

- On March 28 last year, the EPFO declared an interest rate of 8.15% for EPF accounts for FY23.
- In July 2023, the labour ministry asked CBT not to publicly announce the interest rate beginning FY24
- Discussions on the implementation of the Supreme Court order on the issue of higher pension, recruitment on the vacant posts in the EPFO, and transfers of the EPFO employees are also likely to take place
- There will also be talks on increasing the share of investments in equities or at least fulfil the limit of 15% that is allowed currently

currence from the finance ministry," another person aware of the matter told *Business Standard*.

Last year in July, the CBT was asked by the labour ministry not to announce the

interest rate for 2023-24 without prior approval from the Ministry of Finance.

Besides, discussions in the CBT are likely on implementing the Supreme Court order on higher pension, recruitment for the vacant posts in the EPFO, and transfers of EPFO employees.

"We will raise the pending issue of promoting nearly 5,000 employees of the organisation. Apart from that, the matter of non-compliance and a weak inspection regime that let industries violate the norms regarding the registration of their employees with the organisation will be raised," said Harbhajan Singh Sidhu, an employees' representative in the CBT.

However, another person related to the matter said there would be talks on increasing the share of investment in equities or at least fulfil the limit of 15 per cent, which is allowed currently.

"Besides, the mathematics of the higher pension scheme is still not clear, nor is the formula for calculating higher pensions. Moreover, there is no clarity on how this scheme will be funded. [We] will demand the government come up with [better] solutions and expedite the process," he added. The newly constituted CBT, a statutory body chaired by the labour and employment minister, is the apex decision-making body of the EPFO. It has a vice-chairman; a central provident fund commissioner; five central government representatives; 15 state government representatives; 10 employers' representatives; and eight employees' representatives.