

**EMPLOYEES' PROVIDENT FUND ORGANISATION  
INDIA**



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**WELCOME**

**Employees' Provident Fund  
Organisation (E.P.F.O.), India**



- Largest provider of Social Security in India.
- A **statutory body** under the aegis of the Ministry of Labour & Employment, Government of India.
- Implements provisions of the three social security schemes framed under the **Employees' Provident Funds and Miscellaneous Provisions Act, 1952.**

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## **Schemes administered under the EPF & MP Act, 1952**

1. Employees' Provident Funds Scheme, 1952.
2. Employees' Deposit Linked Insurance Scheme, 1976.
3. Employees' Pension Scheme, 1995.

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## **Administration**

- EPFO functions under the overall superintendence of the Central Board of Trustees chaired by the Union Minister for Labour & Employment and implements the policies framed by it.
- The Central Board of Trustees, EPF is a tripartite body comprising representatives of:
  - Government
  - Employees
  - Employers

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## **Organisational Structure**

- The Organisation implements the provisions of the Act and the schemes framed through the field formations, namely, Regional Offices, Sub-Regional Offices and District Offices.
- At present there are 40 Regional Offices, 79 Sub-Regional Offices and 135 District Offices.
- The Central Provident Fund Commissioner, appointed by the Govt. of India heads EPFO.

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## **Applicability**

- The EPF & MP Act, 1952 applies to 186 classes of establishments and industries – covering almost all the activities of Industry and Commerce.
- Establishments employing 20 or more employees are covered.

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## Funding of the Schemes



Contribution [% of pay]	EPF	EPS	EDLI	Total
<b>Employer</b>	3.67	8.33	0.50	<b>12.50</b>
<b>Employee</b>	12.00	Nil	Nil	<b>12.00</b>
<b>Government</b>	Nil	1.16	Nil	<b>1.16</b>
<b>Total</b>	<b>15.67</b>	<b>9.49</b>	<b>0.50</b>	<b>25.66</b>
<b>Administrative charges paid by employer</b>	1.10	Nil	0.01	<b>1.11</b>

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## **Employees Provident Fund Organisation (Statistics as on 31.03.2009)**



The classes of establishments and Industries covered	<b>186</b>
Number of establishments covered (in Lakhs) [1 Lakh = 100,000]	<b>5.73</b>
Total Membership (in Lakhs)	<b>470.72</b>
Contributions collected in 2007-2008 (Rs. in Crores) [1 Crore = 10 Million]	<b>39,515</b>
Total Investments (Rs. in Crores)	<b>348,839.03</b>
Rate of Interest declared for 2008-2009	<b>8.5%</b>
Total claims settled (in Lakhs)	<b>71.64</b>
Total pensioners served (in Lakhs)	<b>32.46</b>

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## **Employees' Provident Funds Scheme** **(EPF)**

A defined contribution scheme:

- **Employee** - contributes **12%** of pay.
- **Employer** - contributes **12%** of pay (of this 8.33% goes to Pension Fund & 3.67% to Provident Fund).
- **Government** - funds indirectly by allowing tax exemption on employer's contribution and the interest earned without any limit.

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## **Benefits under EPF**

- Individual account based lump sum (accumulations plus interest) on retirement, permanent disablement or death.

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## **Employees' Pension Scheme (EPS)**

Both defined contribution as well as defined benefit scheme funded as follows:

- **Employer** – contributes 8.33% of pay – as a diversion from EPF contribution.

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## **Benefits under EPS**

- Pension payment to the member against contribution component diverted.
- Social security cover to the family in the event of member's death, de-linking contribution component altogether, on a social insurance pattern.

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## **Member's Entitlement**

- Pension Payment for life on **Retirement/ Superannuation**.
- Pension Payment for life on **disablement** during employment.
- An eligible International Worker is also entitled to **exportability** and **totalisation of benefits** as per the Social Security Agreement.

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## **Employees' Deposit Linked Insurance Scheme (EDLI)**

- A survivor benefit based on insurance principles
- **Contributions:**
  - Employer - 0.5% of pay.
  - Employee - no contribution.
- **Survivor benefit** - max. up to Rs.1.00,000.

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## **Special Provisions for International Workers**

- Government of India has entered into Bilateral Social Security Agreements with some countries, incorporating special provisions for International Workers.
- Accordingly, enabling provisions have been created in the Provident Fund and Pension Schemes through a Gazette notification dated October 1, 2008.

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## **Special Provisions Include**

- Definition of International Worker
- Applicability
- Definition of excluded employee
- No Pay ceiling for contributions

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## **Definition of International Worker**



- An Indian employee working in a country having Social Security Agreement with India.
- An employee from any other country working for an establishment in India.

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## **Applicability**



Every International Worker employed in a covered/coverable establishment, other than an excluded employee, shall be required to become a member.

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## **Excluded Employee**

Excluded employee is a '**detached worker**'-

- posted in an establishment in India;
- contributing to the social security programme of the home country; and
- exempted from the provisions of the Indian social security in terms of the bilateral Social Security Agreement signed with India.

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## **Contributions on Full pay**

### **➤Under EPF& EPS:**

There is no pay ceiling, hence contribution is made **on FULL PAY** by both the employer & the employee.

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## **Salary Paid Outside India**

Contributions payable on full pay, even if it is paid:

- in India or outside India
- partly in India & partly outside India.

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## **Social Security Agreements** **(SSA)**

- A Social Security Agreement is a bi-lateral instrument to protect the interests of the workers on posting in another country.
- Being a reciprocal arrangement, it eliminates double coverage and ensures equality of treatment.

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## **Provisions Covered in SSA**

- Detachment
- Exportability of Pension
- Totalisation of Benefits

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## **Detachment**

- Applies to employees on posting in another country.
- Should be complying under the social security system of the home country.
- Period of detachment as stipulated in the Agreement.

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## **Exportability of Pension**

- Payable directly to the beneficiary choosing to reside in the home country.
- Payable directly to the beneficiary choosing to reside in a third country also.

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## **Totalisation of Benefits**

- Period of service rendered in another country counted for 'eligibility' purpose only.
- Contingent on necessity.
- Benefit restricted to contributory period of service under the respective social security programme, on pro-rata basis.



## **Role of E.P.F.O.**

### **❖ As Competent Agency**

Issue of Detachment Certificates to:

- employees covered under the EPF & MP Act, 1952;
- employees of other Social Security Providers like Banks, Educational Institutions, Research Institute, etc.

2614 Detachment Certificates (Belgium-1538 & Germany-1076) issued as on 09.11.2010.

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### **❖ As Liaison Agency**

EPFO is the Liaison Agency also for other social security providers of the country sending their employees on posting abroad.

EPFO also has to ensure that they have enabling social security provisions in their respective schemes as well.

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## **Indian experience in SSA**

### **❖ Agreements already in operation**

- Belgium (w.e.f. 01.09.2009)
- Germany (w.e.f. 01.10.2009)

### **❖ Agreements already signed**

- France, Switzerland, Netherlands, Hungary, Czech Republic, Denmark, Luxembourg, Norway.

### **❖ Negotiations in progress**

- Sweden, Australia, Finland, Bulgaria, USA, Japan, Korea

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# THANK YOU

EMPLOYEES' PROVIDENT FUND  
ORGANISATION, INDIA