Understanding Employee Provident Fund in India
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Employee Provident Fund in India also known as EPF or India Provident Fund, was established in 1952 and is a retirement benefit programme wherein both the employer and the employee make monthly contributions up until the employee retires. In addition to tax advantages, it offers comparatively greater interest rates than other saving plans. The employer is responsible for depositing the entire sum. The employee's portion was withheld by the employer from their pay. The interest from this investment is also credited to the employees' personal accounts. If certain requirements are met, the employees are given the accrued sum when they retire. EPF aims at promoting employee welfare.

Highlights of the EPF Act and EPF Scheme

This Act was passed as a social security measure that falls under the category of “retirement benefits”. To establish a long-term savings programme that would help people in retirement or superannuation, the government passed a piece of legislation. Employees were enabled to live a dignified life with ensured social security. The Employees' Provident Fund & Miscellaneous Provisions Act, 1952, is the law at issue.

The Employee Provident Fund in India was established with the goal to instil a non-withdrawable cash benefit that would be paid upon retirement or upon an employee's death. The central board, state board, and regional committee, all of which are chief executive committees that the central government appoints and establishes, are responsible for overseeing the administration of the plan established by this act.

Features of the EPF Act and EPF Scheme

- Three schemes- PF (Provident Fund scheme), FPF (Family Pension Fund scheme), and EDLI are covered by the Act (Employees Deposit Linked Insurance scheme).
- The Act's goal is to safeguard industrial workers and their families in old age, disability, early death of the breadwinner, and in some other contingencies by offering substantial security and prompt financial help when they are in need and/or unable to meet family and social commitments.
- The Act stipulates a plan for the establishment of provident funds for particular kinds of employees. Accordingly, Section 5 of the Act, which went into effect on November 1st, 1952, was used to create the Employees' Provident Fund in India.
- All three of the programmes are under the control of the Employees' Provident Fund in India. The Central Board of Trustees, a tripartite body made up of the chairman, representatives of the federal, state, and local governments, as well as representatives from employers' and employees' groups, is responsible for overseeing these programmes.
- The organization's CEO and secretary to the Central Board of Trustees is the Central Provident Fund Commissioner. The Regional Provident Fund Commissioners, one in each state and one in Delhi to assist him.
- In various covered establishments, provident fund inspectors are hired to conduct inspections and serve as advisors to both employers and employees. They undertake surveys to make sure the Act is in effect for all applicable establishments and manufacturers. Additionally, they suggest and bring legal action against noncompliant employers, continuing the matter until it is resolved.
- Employees' Pension Scheme 1995 membership is mandatory for all new participants in the EPF Scheme of 1952.
- Every current EPF Scheme 1952 participant who is not a participant in the Family Pension Scheme of 1971, has the option of joining the Employees' Pension Scheme of 1995.
- The average monthly wage received during the contributing period of work in the twelve months prior to the date on which membership in EPF ends, including piece rate pay, must be considered the pensionable salary.
- Benefits include widow pensions, children pensions, nominee pensions, monthly member pensions, pension scheme certificates, and widow pensions.
- Benefits for withdrawal after 58 years of service with a minimum of 10 years.

Applicability of the EPF Act

The Employees Provident Fund & Miscellaneous Provisions Act of 1952, applies to-

1. “Every factory employing 20 or more people in any industry listed in Schedule 1 of the act”;
2. “Every other establishment employing 20 or more people, or class of establishments employing 20 or more people that the Central Government may

notify”;
3. “Any other establishment so notified by the Central Government, even if employing fewer than 20 people.”
Every employee, including those hired through contractors, who receive salaries of up to Rs. 6,500 per month is eligible to join the funds (with the exception of apprentices engaged under the Apprentices Act or under the establishment's standing rules and casual labourers). the requirement for scheme membership of either three months of continuous service or 60 days of real employment.

Non-Applicability of the Act

The Act does not apply to-

1. Any business that is authorised to operate by the Cooperative Society Act of 1912.
2. Any state-related cooperative society with fewer than 50 members that operated independently of power from the establishment's opening date, where the establishment was:
3. Once the first three years have passed, only 50 people or more.
4. Only 20 or more, but fewer than 50 individuals before the passing of five years, as in the “V.K. Bhatt case VCB & T Manufacturing Co.”

EPF withdrawal in India

EPF withdrawal in India might be withdrawn completely or in part. Complete Withdrawal is only possible in the following two situations, where all EPF can be withdrawn:

- When a person retires
- A person who has been unemployed for more than one month may withdraw 75% of the total collected funds and 25% of the remaining funds if their unemployment lasts more than two months.

If an individual changes occupations before their unemployment time of two months or longer has expired, they are not permitted to completely withdraw their EPF balance. In some cases, partial removal is also possible.
Generally, a physical application or an online application can be submitted to withdraw EPF. However, you can only use the online withdrawal claim feature if your UAN and Aadhaar are connected.
The EPFO member login page now allows EPF members for EPF withdrawal in India, twice from their EPF accounts to cover emergency costs brought on by the Coronavirus epidemic, according to a statement from the labour ministry. Members may take a non-refundable withdrawal of up to 75% of the funds in their EPF accounts, or, if that amount is less, three months' worth of their basic salaries and dearness allowance.

EPF Interest Rate 22-23

The Provident Fund in Indiaoffers an interest rate of 8.1% to subscribers for the years 2022–2023. Since 1977–1978, when the EPF interest rate was 8%, this rate hasn't been this low.Beginning in FY 21-22, interest on employee contributions to EPF accounts that exceed Rs 2.5 lakh throughout the fiscal year is subject to employee taxation. Section 194A of the TDS applies to this interest as well. Only EPF deposits made between April 2021 and March 2022 will be eligible for the interest rate, which is currently set at 8.10%.

How an employee of EPF Can Login to the EPFO Portal

You must go to the EPF members portal, also known as the EPF e-SEWA/EPF Members Portal, where you can choose to login with your UAN on the right side. UAN has to be activated previously. Each employee of the Employees'

Provided Fund Organization (EPFO) is given a 12-digit number called a Universal Account Number (UAN), which he can use to manage his EPF accounts. Regardless of the company he works for, it is helpful for the person to have access to all Provided Fund (PF) information in one location. Through the UAN login interface, transfer of funds and EPF withdrawal in India takes place.

FAQs

Which are the three schemes under EPF Act?

1. Employee Provident Fund (EPF), founded in 1952, is one programme that encourages retirement savings.
2. Employee Pension Scheme, 1995 (EPS): This programme intends to offer pension benefits after retirement.
3. The Employee Deposit Linked Insurance Scheme, 1976 (EDLI) provides life insurance to beneficiaries in the event of an untimely death.

What is EPF Scheme 1952 and 1995?

Employees' Provident Funds and Miscellaneous Provisions Act of 1952 established two retirement savings plans specifically for salaried workers: Employees' Provident Fund Scheme (1952) and Employees' Pension Scheme (1995). Workers with a salary of Rs 6,501per month can choose to have their PF withheld from their pay.

The difference between the two are-

1. The Employees Provident Fund (EPF) is a programme that allows for the accumulation of retirement benefits. The Employees' Provident Funds and Miscellaneous Provisions Act of 1952's primary plan is this one. Under the direction of Employees' Provident Fund Organization, the programme is run (EPFO).
2. After turning 58, employees in the organised group get pensions under the Employee's Pension Scheme of 1995. 8.33% of the employer's 12% EPF contribution goes to the employee pension plan. Based on the pensionable earnings and pensionable service, the pension is determined.

What are the various schemes under EPF Act?

Schemes under EPF Act include-

1. Employees provident fund scheme 1952
2. Employees deposit linked insurance scheme, 1976
3. Employee’s family pension scheme, 1995

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