Lockdown impact - Over 650,000 workers dig into EPF as incomes dry up

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- **As many as 35,000 people are withdrawing their provident fund savings on an average working day in April**
- **Around 2,700 crore has been withdrawn under the newly facilitated pandemic rules.**

New Delhi: More than 650,000 people have dug into their employee provident fund (EPF) savings to offset the income loss caused by the lockdown imposed to check the spread of the coronavirus.

As many as 30,000-35,000 people are withdrawing their provident fund savings on an average working day in April, an indication of the hardship the working class is facing.

Around 2,700 crore has already been withdrawn under the newly-facilitated pandemic rules, according to data from retirement fund manager Employees' Provident Fund Organisation (EPFO).

"This includes both money withdrawn from the retirement fund corpus directly under EPFO and the corpus managed by company PF trusts. These are not just workers from small firms, but also those from blue-chip companies," said a government official, who declined to be named.

According to EPFO data, exempted PF trusts or those managed by companies under overarching rules of the retirement fund manager, have facilitated the withdrawal of almost 500 crore for their employees.

Neyveli Lignite Corp. in Cuddalore has seen its employees withdraw 84.4 crore of provident fund money, followed by Visakhapatnam Steel Plant in Vizag (40.9 crore), and NTPC Ltd (28 crore).

"The exempted provident fund trusts have risen to the occasion amid the covid-19 pandemic...some of the exempted establishments have done exemplary work," EPFO said in an email.

"The income loss is real. When businesses have suffered a massive setback because of the lockdown, people are also bound to have lost income. However, we did not think that so many people will withdraw money under the new rules. The trend we are observing is not confined to one state or a few industrial locations. It is across states and sectors," said the official mentioned above. In the next 10 days, cumulatively, at least a million subscribers may withdraw money from PF accounts, said the official.

“Construction, road transport, logistics, IT, manufacturing…all have lost businesses. The income loss is huge and people must have dipped into their PF money. It’s not the ideal situation and will hamper their retirement corpus, but when there is income loss, people will do whatever possible. It also shows that governments have not reached out to the working class the way it should have during a pandemic," said K.R. Shyamsundar, a labour economist.

The Union government has allowed EPFO subscribers to withdraw up to 75% of their PF savings or three months of basic wages and dearness allowance, whichever is lower, under a new rule promulgated to deal with hardships during the crisis.

“It’s not just confined to Delhi. It is across India. It is time the government reaches out to the working class which pays tax, helps industries gain productivity, but suffers most when situations turn bad. Their jobs are at stake and millions are facing a wage cut," said Shyamsundar, explaining that poverty is a real threat for millions of Indians.