

EPFO may announce interest rate between 8.3% and 8.5%

Updated: 04 Mar 2021, 10:08 AM IST

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New Delhi: The employees' provident fund organisation (EPFO) is likely to announce an interest rate between 8.30% and 8.50% for 2020-21.

EPFO's central board trustees, who are meeting in Srinagar on Thursday, will examine the financial positions and ratify it. The financial advisory committee of EPFO had already met Wednesday evening and the retirement fund body may retain 8.5% rate like last year, a board member said requesting anonymity.

While 8.5% interest pay out, same as last fiscal, will cheer subscribers, anything less than that could be lowest in a decade.

"The earnings in this financial year are reasonably fair and allows elbow room to pay between 8.30% and 8.5%. The CBT will take a final call," a person with knowledge of the development said.

The interest payout for 2019-20 was in the news for several reasons, including delay in sale of equity and credit of interest, talks of paying it in two instalments, and doubts on whether EPFO can actually pay 8.5% post the covid-19 economic downturn throughout 2020. Even when the fund decided to credit the amount, almost 4 million EPFO subscribers could not receive it in due time because of KYC mismatches.

The 2020-21 payout will be closely watched by more than 50 million of EPFO's active subscribers and many more inactive subscribers.