

## **EPFO moots entry of former members with minimum contribution of Rs.500 a month**

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India's key retirement fund body, the Employees' Provident Fund Organisation (EPFO), is proposing to open up subscription to members who exited the scheme with a contribution as low as ₹500 a month. Beneficiaries could be those who lost jobs or moved from formal to informal sector out of choice.

A top government official told ET that work has started within the EPFO to work out a model that will enable individuals, who were earlier members of the organisation, to join back with a minimum monthly contribution of ₹500 or 12% of their monthly income.

"We are trying to assess the impact of this on pension (EPS), provident fund (EPF) and the employees deposit-linked insurance scheme of EPFO. An actuary analysis is being done following which the scheme will be finalised," the official said on the condition of anonymity.

EPFO estimates around 4.8 million people exited the organisation during 2018-20, whose database is readily available with EPFO. This number could be much higher in the Covid-19 year of 2020. If the proposal goes through, it could be a major relief for millions of workers.

The Social Security Code 2020 provides for addition of new schemes under EPFO. Hence, this could be rolled out with the implementation of codes by the next fiscal. The retirement fund body has a database of all exited members with universal account numbers which are seeded with Aadhaar and it intends to use this to bring them back into its fold.

The move will help individuals build a retirement corpus, offering fixed returns at a relatively higher rate than any other deposit schemes, and boost EPFO corpus and subscriber base. Individuals who enrol into the EPF scheme will be able to draw benefits of pension, PF and insurance. Besides, they would be eligible for a fixed rate of return basis on returns yielded on investments of EPFO during the year. EPFO has given 8.5% interest for FY21.

EPFO has 69 million members and 7.1 million pensioners.