

## UPSC 2021 Preparation

### EPFO - Employees' Provident Fund Organisation

#### Latest Update about EPFO:

- The organization has been in the news related to the capping of pensions at a maximum of Rs. 15000 per month. The Supreme Court passed a verdict in January 2021 restraining courts in the country from initiating contempt proceedings against EPFO for not paying pension to employees on the basis of their total salary, and instead capping the amount.

#### What is EPFO?

Employees' Provident Fund Organisation (EPFO) was established by an act of Parliament of India, to provide social security to workers working in India. It came into force by Employee Provident Fund and Miscellaneous Provision Act, 1952. EPFO comes under the control of the Ministry of Labour and Employment, Government of India.

There are 3 major schemes of EPFO

#### 1. EPFO Scheme 1952

Salient features of EPFO schemes

1. Accumulation plus interest upon retirement and death
2. Partial withdrawals allowed for education, marriage, illness and house construction
3. Housing scheme for EPFO members to achieve the Prime Minister's vision of Housing for all by 2022.

#### 2. Pension Scheme 1995 (EPS)

Salient features of the Pension Scheme

1. The monthly benefit for superannuation/benefit, disability, survivor, widow(er) and children
2. Minimum pension of disablement
3. Past service benefit to participants of the erstwhile Family Pension Scheme, 1971.

#### 3. Insurance Scheme 1976 (EDLI)

Salient features of the scheme

1. The benefit provided in case of the death of an employee who was a member of the scheme at the time of death.
2. Benefit amount 20 times the wages, maximum benefit of 6 Lakh.

EPFO is the largest social security organization in the world in terms of the number of covered beneficiaries and the largest in terms of the volume of financial transactions undertaken. On 1st October 2014, Prime Minister launched Universal Account Number for Employees covered by EPFO to enable PF number portability.

## Organization Structure of EPFO

Central Board of Trustees administers the EPFO. Central Board and Executive Committee are part of the Trustees Board. Both the Central Board and Executive Committee have a chairman. There is a vice-chairman on the central board while the central PF commissioner on the Executive Committee. Both of them are represented by the central government, state government, employees and employers' representatives (Numbers vary.)

### The regulative structure of EPFO:

1. The organization is divided into zones which are headed by an Additional Central Provident Fund Commissioner
2. At present, there are 10 Zones across the country
3. States have one or more than one regional offices headed by Regional Provident Fund Commissioners (Grade I)
4. Regions are subdivided into Sub-Regions headed by Regional Provident Fund Commissioners (Grade II)
5. Districts have a district office

### Steps taken by the EPFO to facilitate efficient services

Online facilities provided by the EPFO for the following processes

1. Nominations
2. Ascertaining balances
3. Settling claims
4. File online cases by members

### EPFO UAN (Universal Account Number)

It is a 12 digit number allotted to an employee working in an organization. If a person has multiple member ID's issued by multiple organizations, all the ID's will come under one single UAN number which will be the same for a lifetime. This number will not change even when an employee changes his organization.

The various benefits are attained due to UAN.

1. Reduces confusion of multiple ID's and will have one single UAN number
2. Easy transfer and withdrawal of claims
3. Online-pass book
4. SMS services
5. Online KYC update
6. Download UAN EPF book
7. Check EPF balance online

## Code on Social Security 2020

The Code on Social Security 2020 mandates social security to any establishment as notified by the central government. The other important points about the Code on Social Security 2020 are::

1. Central government to set up Social security funds for unorganised workers, gig workers and platform workers.
2. Separate social security funds to be established and administered by the state governments for the unorganized workers.
3. National Social Security Board may also act as the Board for the purposes of the welfare of gig workers and platform workers and can recommend and monitor schemes for gig workers and platform workers.
4. The Code on Social Security 2020 mentions the list of aggregators that will participate in the funding of schemes for gig workers and platform workers. Learn about [Social Security Schemes](#) in the linked article.
5. The Social Security Code 2020 changes the definitions of the following:
  - Employees – The Code expanded the definition of employees to include workers employed through contractors.
  - Inter-State Migrant Workers – Self-employed workers from another state are now too included in the definition.
  - Platform Workers – Central Government to notify additional categories of services or activities under this definition.
  - Audio-visual Productions – Films, web-based serials, talk shows, reality shows and sports shows are now included in the existing definition.
  - Building or other construction work – Construction works with the total cost of construction work exceeding Rs 50 lakhs are exempted from the ambit of the definition.
6. The 2020 Bill reduces the gratuity period from five years to three years for working journalists.
7. The National Social Security Board for unorganised workers will now have 10 representatives from the central government. The State Social Security Boards will have 10 representatives from state governments.
8. The 2020 Bill adds new clauses which may become applicable in the cases of an epidemic. For example, the central government may defer or reduce the employer's or employee's contributions (under PF and ESI) for a period of up to three months in the case of a pandemic, endemic, or national disaster.