



Withdrawal from EPF Accounts

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Why in News

The **Union Ministry of Labour and Employment** has notified an **amendment to the Employees' Provident Funds (EPF) Scheme** allowing members to withdraw non-refundable advance amounts in the wake of the **COVID-19 pandemic**.

Key Points

- The notification amends the EPF Scheme, 1952 by inserting Sub-Para (3) under Para 68L of the EPF Scheme, 1952.
- This permits **withdrawal not exceeding the basic wages and dearness allowance for three months or up to 75% of the PF balance, whichever is lower**, in the event of outbreak of epidemic or pandemic.
 - **Earlier, non-refundable advances were permitted only for specified purposes** such as housing and marriage. Even these were permitted only where the employee has put in a minimum service period.
- Since **the outbreak of COVID-19 had been declared a pandemic** for the entire country, all employees of establishments and factories in India who are members of the EPF scheme would be eligible for the amended scheme.
- Recently, the Finance Minister — as part of the **Pradhan Mantri Garib Kalyan Yojana** — said that the government will bear the **cost of the provident fund contributions, both of the employer and employees—12% each—for the next three months** for those establishments which have up to **100 employees and 90% of whom are earning less than ₹15,000 per month as salary**. It also relaxed withdrawal conditions from EPF accounts.

Employees' Provident Funds Scheme

- EPF is the main scheme under the **Employees' Provident Funds and Miscellaneous Act, 1952**. This scheme offers the institution of provident funds for factory employees and other establishments.

- The employee and employer each contribute 12% of the employee's basic salary and dearness allowance towards EPF.
The **Economic Survey 2016-17** had suggested that employees be allowed to choose whether or not to save 12% of their salary into EPF or keep it as take home pay.
- As per current laws, a person mandatorily becomes a member of EPF if his monthly **salary does not exceed Rs. 15,000.**

Source: IE