

EPFO mulls new pension scheme for those drawing salary above Rs 15,000

New Delhi: The Employees Provident Fund Organisation (EPFO) has intensified its move to introduce a new pension scheme for employees in the organised sector drawing salary of more than Rs 15,000 per month.

The new pension scheme is being contemplated for employees with a salary of Rs 15,000 per month (basic pay and DA) and are not mandatorily covered under the Employees' Pension Scheme 1995 (EPS-95) of the EPFO.

There are apprehensions that the EPF pension scheme will lose its relevance if the EPFO opts for a pension scheme based on the proportion of investment rather than continuing with pension proportionate to the service period and salary.

If the meeting of the high-power committee of the EPFO which is scheduled to take place in Guwahati on March 11 and 12 takes a positive decision then the recommendation would be forwarded to the Union labour ministry.

The move comes in the midst of the appeal filed by EPFO and the central government before the Supreme Court against the Kerala high court verdict on granting pension proportionate to salary.

Meanwhile, the sub-committee, which was constituted in November for suggesting measures to make PF pension more effective, is expected to submit its report soon. Presently, those drawing a salary of Rs 15,000 can deposit only 8.33 percent as pension contribution. It goes without saying that the pension that an employee gets on this contribution would be meagre. As per the amendment brought by EPFO in 2014, if an employee has a salary of Rs 15,000 at the time of entry into service, then he is not eligible to join the pension scheme. The EPFO says the new pension scheme is being considered taking into account such issues.

The EPFO had pointed out last year that it is contemplating the method of granting higher pension proportionate to the contribution of the employee. The Kerala high court verdict pertained to granting pension proportionate to the salary drawn during the last year of service. Many believe that in place of this, if only the contribution made by the employee is taken into account without considering his salary or service period, then there will be a drastic reduction in the pension amount.

Not only this, if the pension is calculated in proportion to the contribution, then the employees have better investment opportunities outside, instead of parking their money in the EPFO. There are 23 lakh people in the existing scheme.

Even though the Supreme Court had sent the EPF pension case to a larger bench for detailed examination, the bench is yet to be constituted.

The EPFO move for a new pension scheme comes in the midst of all this. Employees suspect that the EPFO might go with the argument that it had put in place a higher-salary-higher-pension scheme in order to weaken the existing case.