

## **EPFO meet today may defer decision on FY15 interest rate**

Retirement fund body EPFO's trustees are likely to defer the decision on **interest rate on PF deposits** for 2014-15, as the proposed 8.7 per cent may not be acceptable to union representatives.

The issue of payment of interest rate is listed on the agenda of the next meeting of the Employees' Provident Fund Organisation's apex decision making body the Central Board of Trustees (CBT) which is scheduled for August 26.

According to the agenda note for the meeting, the CBT should either decide to provide 8.7 per cent rate of interest on PF deposits to its over 5 crore subscribers in 2014-15 or defer the issue till the last quarter of this financial year.

The **EPFO** has suggested that the announcement on interest rate may be deferred in view of the government's decision to enhance the monthly wage ceiling to Rs 15,000 from the exiting Rs 6,500. It has argued that by the fourth quarter of this fiscal, it would be possible to appropriately assess the impact of government's decision.

The enhanced wage ceiling is likely to bring about 50 lakh more workers under the EPFO's social security net. At present those getting basic wages of Rs 6,500 at the time of joining are covered under EPFO schemes.

However, the EPFO's income projection, payment of 8.8 per cent rate of interest can be provided for current fiscal as it would a surplus of Rs 77.15 crore.

But since the income projection of Rs 29,136.42 crore for current fiscal was done without factoring in interest payment burden due to enhanced wage ceiling, EPFO suggested to fix 8.7 per cent rate of return on PF deposits for 2014-15.

The EPFO had provided 8.75 per cent rate of interest on PF deposits for 2013-14, which was higher than 8.5 per cent paid for the previous fiscal.

The agenda note also said that the damages recovery drive is likely to yield additional Rs 200 crore in the current financial year.

EPFO pointed out that an additional 0.05 per cent can be provided for every Rs 165 crore collected as damages from firms that did not comply with the rules.

Another agenda item for the CBT meeting pertains to allowing EPFO to invest up to 15 per cent of its huge corpus of around Rs 6 lakh crore into equity linked schemes of mutual funds, exchange traded funds and index funds.

"As investment in stocks is speculative and risky, we will oppose it. We have done it in the past also," Hind Mazdoor Sabha Secretary and an EPFO trustee A D Nagpal said.

*(India Today)*