

Finmin approves 9.5 percent interest on PF deposits for 2010-11

Finmin approves 9.5% interest on PF deposits for 2010-11 The finance ministry on Thursday approved higher interest rate of 9.5% to over 4.7 crore depositors with the Employees Provident Fund Organisation (EPFO) for 2010-11. The EPFO had been paying 8.5% interest on PF deposits since 2005-06.

In September last year, it had recommended an increase in interest rate to 9.5% for 2010-11 after discovering Rs 1,731 crore surplus in their books of accounts.

“The finance ministry has ratified 9.5% rate of return on PF deposits for 2010-11. We have received a notification in this regard,” Central Provident Fund commissioner Samirendra Chatterjee told PTI.

Chatterjee further added that “our calculations regarding Rs 1,731 crore surplus in the interest suspense account were found correct by the finance ministry and so they approved this higher rate of return”.

The finance ministry’s approval is subject to the condition that any shortfall on account of payment of 9.5% rate of return would be met by making adjustments in the interest rate in 2011-12.

Chatterjee, however, said that there would be no need for making any adjustment in the next fiscal as “EPFO calculations are correct regarding the discovery of a surplus of Rs 1,731 crore in the interest suspense account.”

The finance ministry has also asked the EPFO to update its subscriber accounts within the next six months.

EPFO’s apex decision making body — the Central Board of Trustees (CBT) — in September last year had decided to provide 9.5% rate of return on retirement savings in 2010-11 after it found a surplus of Rs 1,731 crore.

Refusing to ratify the said rate of return, the finance ministry had earlier argued that the surplus shown by the ministry was not real after CAG report has called the EPFO’s so called surplus unverifiable.

According to sources, the finance ministry approved 9.5% interest after the intervention by finance minister Pranab Mukherjee.