

# EPF subscribers to get more money? Good news on higher interest rates may come soon

## **Employees Provident Fund Organisation: There is a dire need to get the interest rate given to EPF subscribers up.**

Good news for EPF subscribers likely coming as they are set to make more money. The Employees Provident Fund Organisation (EPFO) subscribers may expect good news soon. A panel formed by the EPFO has suggested funds to be invested in stocks for the long-term to get higher returns for them. This will allow the organisation to offer higher rate of interest to the subscribers. The EPFO has been investing in Exchange Traded Funds (ETFs) since August 2015. It currently has over Rs 40,000 crore investment in the ETFs. What is remarkable that the EPFO had earned a return of around 16 per cent at Rs 1,054 crore when it sold a portion of its investments in ETF worth Rs 2,886 crore in February this year. The retirement fund body had sold the shares to maintain a higher rate of interest for subscribers.

Now, the idea is to generate more profit. An expert panel formed by the body has suggested it to invest in ETFs ( equity-linked schemes) for the long-term ranging from 5-10 years to get better returns for the subscribers. The five-member panel was headed by Financial Advisor and Chief Account Officer of the EPFO with HDFC Mutual Fund CEO on its board, reported PTI. The report is now likely to be discussed next month.

There is a dire need to get the interest rate given to EPF subscribers up. The EPFO has lowered the interest rate to 8.55 per cent for the last fiscal from 8.65 per cent provided in 2016-17. It had provided 8.8 per cent rate of interest on deposits in the year 2015-16.

The organisation is also in the process of developing a software to deposit the ETF credits directly in their EPF account. It will provide a subscriber with two options - Cash and ETF. The workers would have the option to liquidate the ETF at the time of withdrawal. But the body will sell the ETFs in the market to settle the withdrawal claim of the subscribers, said the report.