

EPFO ties up with 5 more banks for collection of PF dues

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Transaction charges for making payments to members will fall to Rs. 50 crore a year, says Central Provident Fund Commissioner VP Joy



VP Joy, Central Provident Fund Commissioner

New Delhi, July 5:

Retirement fund body EPFO on Wednesday signed agreements with four private banks and one public sector bank for collection of provident fund (PF) dues and make payments of PF withdrawals, pension and insurance at zero transaction charges.

The agreement with Bank of Baroda, ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank will help the Employees' Provident Fund Organisation (EPFO) save around Rs. 125 crore a year.

Earlier, collection of PF dues had been started with PNB, Allahabad Bank, Indian Bank, Union Bank of India and State Bank of India through direct online mode.

Now, employers having bank accounts with these banks can deposit PF dues directly in EPFO's account using internet banking on real-time basis, instead of going through the aggregator mode, EPFO said in a release.

In the absence of this arrangement, the EPFO had to collect dues and make payments through the aggregator mode, with each transaction costing around Rs. 12.

"The transaction charges for making payments to members in their accounts in different banks used to cost us Rs. 350 crore a year. This was reduced to Rs.175 crore after PNB, Allahabad Bank, Indian Bank, and Union Bank of India started online collection of dues, in addition to SBI," Central Provident Fund Commissioner VP Joy told reporters here.

After inking agreements with five more banks, these charges would be reduced to around Rs. 50 crore a year, he added.

Talks on with more banks

EPFO is in talks with seven more banks for this purpose — IDBI Bank, Bank of India, Corporation Bank, Indian Overseas Bank, Canara Bank, Central Bank of India and Bank of Maharashtra.

"Negotiations with these banks are on. After tying up with them, the transaction charges for the EPFO would be a few crores a year," Joy said.

Labour Minister Bandaru Dattatreya, who was present on the occasion, said EPFO may think of reducing administrative charges further in view of the reduction in transaction charges.

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