



## The Government of India enhances benefits under the Employees' Deposit-Linked Insurance Scheme, 1976

### Background

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act) is an employee welfare legislation aimed at, inter alia, securing the welfare of the employees upon termination of their employment. The following schemes have been established under the EPF Act:

- The Employees' Provident Funds Scheme, 1952 (EPFS)
- The Employees' Pension Scheme, 1995 (EPS)
- The Employees' Deposit-Linked Insurance Scheme, 1976 (EDLIS).

The EDLIS facilitates the grant of assurance benefit in the event of the death of an employee who was a member of the EDLIS. Under the EDLIS, the assurance benefits were limited to a maximum of three-lakh sixty thousand rupees (INR360,000).

### Key amendments

- Recently, the Ministry of Labour and Employment, Government of India issued a notification<sup>1</sup> dated 24 May 2016 to increase the quantum of benefits to a maximum ceiling of six lakh rupees (INR600,000) by amending the provisions in the EDLIS.
- The Employees' Provident Fund Organisation (EPFO) has also issued a circular<sup>2</sup> in this regard directing its officials to make necessary arrangements to grant the increased benefits. The assurance benefits will be calculated at thirty

times the monthly wages (subject to the wage ceiling of INR15,000) plus 50 per cent of the average balance in the provident fund account of the deceased during the preceding twelve months or during the period of membership whichever is less (subject to a cap of INR150,000). The overall cap on assurance benefit, therefore, will be INR600,000 under the revised EDLIS provisions. In the circular, EPFO has also mentioned that all the establishments that have taken out insurance policies in lieu of EDLIS and are exempted from EDLIS should modify their present schemes accordingly and grant the enhanced benefits to the beneficiaries.

### Our comments

Enhancement of benefits under EDLIS from INR360,000 to INR600,000 can help mitigate the hardships faced by the family members of the deceased employee. The establishments which have been exempted from the operation of EDLIS scheme and have taken insurance policies should review their existing insurance policies to ensure that the benefits are in line with the revised provisions made in the statutory EDLIS.

<sup>1</sup> Notification no. G.S.R. 543(E), dated 24 May 2016, published in the Gazette of India

<sup>2</sup> [http://www.epfindia.com/site\\_docs/PDFs/Circulars/Y2016-2017/EDLI\\_AmendmentEDLI\\_5662.pdf](http://www.epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/EDLI_AmendmentEDLI_5662.pdf) accessed as on 9 June 2016

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