CURRENT AFFAIRS

EPFO APPROVES MONTHLY PF PAYOUTS AND CUTS THE MINIMUM BALANCE TO 10%

By **Kamlesh Bhagatkar**, *Politician, Author & Geopolitical Analyst · 20 November 2026*

The Central Board of Trustees of the Employees' Provident Fund Organisation (EPFO) met in New Delhi on Thursday, 19 November, for its 240th meeting and approved an EPFO Systematic Withdrawal Plan (SWP) for retiring members. Labour and Employment Minister Mansukh Mandaviya chaired the meeting. Under the plan, a member who retires can take the provident fund savings in instalments, monthly, quarterly or half-yearly, instead of withdrawing the whole amount at once. The rest of the money stays with the EPFO and keeps earning, according to the Ministry of Labour and Employment's release on PIB.

The board also cut the minimum balance a member must keep in the PF account from 25 per cent of contributions to 10 per cent, and reduced the waiting period for final withdrawal from 12 months to 2 months.

These decisions touch the savings of salaried Indians, most of whom will never read a PIB release, so I set out below what the board decided and what I think it means.

What the board approved

The SWP is voluntary. The release says there is "no compulsion on members to opt for withdrawals", and the option may be extended to eligible family members. If a member dies during the payout period, the nominee or dependent can either take the remaining balance or keep receiving the payments. The Ministry estimates that about 6.32 lakh members above 55 years of age with more than ₹5 lakh in their PF accounts will be the main users in the first phase.

The same proposal allows direct voluntary contributions linked to a member's Universal Account Number (UAN), and small contributions from third parties such as customer tips, outside the employer payroll. The release says the amendments to the EPF scheme will be notified after approval from the Ministry, and that a matching change in the Income Tax Act has been taken up with the Ministry of Finance. No start date has been announced.

Apart from the payouts, the board gave in-principle approval for the EPFO to invest up to 3 per cent of its fresh accretion in eligible Alternative Investment Funds (AIFs), within the existing investment ceiling and initially through government-backed entities. It reviewed the surrender of exemption by 27 establishments and the cancellation of exemption for four. That moves about ₹5,996 crore of PF savings, belonging to 1,44,437 members, into the EPFO's direct management. It also approved changes to the EDLI insurance scheme that give eligible establishments a six-month window to renew expired exemptions.

The board was also told how the new IT system, CITES 2.0, built by C-DAC, is doing. Auto-processing of claims has risen from 39 per cent to 71 per cent. The rejection ratio has fallen from 23 per cent to 7.82 per cent, and the average time to settle a claim has fallen from 11.15 days to 2.57 days.

Why this matters for working families

For many Indian families, the PF account is the largest saving they have. Until now, a retiring member withdrew the entire amount in one go. In my experience, a lump sum at retirement often goes within a year or two to a wedding, a house repair or a loan to a relative. I think a monthly payout from one's own corpus is a sensible middle path. It is the member's own money, paid in instalments the member chooses, with the balance still earning.

The lower minimum balance pulls the other way. Cutting the locked share from 25 per cent to 10 per cent, and the wait for final withdrawal from a year to two months, gives members easier access to their money. I expect that to help most in a job loss or a family emergency. The Ministry says the change keeps the "long-term social security interests" of members safe. I think the flexibility is right, but there is a cost. Every rupee withdrawn at 35 is a rupee not available at 60. Easier withdrawal and a new retirement payout option are being introduced on the same day, and I read that as the board trying to balance the two.

These steps also follow the Cabinet decision in September to raise the wage ceiling for mandatory EPF coverage from ₹15,000 to ₹25,000 a month. Mandaviya estimated then that "between 50 lakh and 1 crore new beneficiaries will gain from this," ANI reported. More members, with more flexible accounts, is the direction of travel. Yesterday I wrote about the World Bank's figures on India's fall in poverty. Keeping families out of poverty in old age depends on schemes like this one working well.

What to watch next

Three things will decide how much this helps. The first is the notification: the SWP needs amendments to the EPF scheme and, for the micro-contributions, a change in the Income Tax Act. Until those are notified, members cannot use it. The second is how the payouts are taxed and what rate the remaining balance earns, which the release does not spell out. The third is the AIF decision. Three per cent of fresh money is a small share, but it is workers' retirement savings, and the safeguards and oversight the release mentions should be made public when the rules are framed.

The claims figures show the EPFO can process withdrawals faster than before. The SWP will be judged on whether retirees can sign up for it as easily, once the notification comes.

Sources

- PIB (Ministry of Labour and Employment): Dr. Mansukh Mandaviya chairs 240th meeting of Central Board of Trustees (CBT), EPF
- ETV Bharat: EPFO: Up To 90% PF Withdrawal, SWP Facility For Retirees; Check New Rules
- ANI: CBT Approves Introduction of Systematic Withdrawal Plan (SWP) for EPF Members



Kamlesh Bhagatkar

Politician, author and geopolitical analyst from Nagpur. Author of *RSS: 100 Years of Selfless Service* (2025); his next book, *Nineteen Days*, tells the story of Pahalgam and Operation Sindoor.

KAMLESHBHAGATKAR.COM