

Labour Laws | EDLI - Revision in maximum assurance benefit

On 28 April 2021, EPFO has amended EDLI Scheme by raising the maximum assurance benefit payable from Rs. 6 lakhs to Rs. 7 lakhs and maintaining the minimum assurance benefit at Rs. 2.5 lakhs.

The assurance benefit as it stands today can be summarized as follows:

1. The assurance benefit becomes payable to nominee on the demise of the employee who is a member of EPF or any other eligible fund under EPF and MP Act.
2. The employee was in continuous service for 12 months preceding the month of death. (irrespective of the change of establishment during those 12 months)
3. The minimum assurance benefit is fixed at Rs. 2.5 lakhs.
4. With effect from 28 April 2021 the maximum benefit is enhanced from Rs. 6 lakhs to Rs. 7 lakhs.
5. Calculation of assurance benefit:

Formula	Amount
Average monthly wages (drawn during 12 months immediately preceding the month of his / her death), Subject to maximum of Rs. 15,000.	Multiplied by 35 (Earlier, this was 30)
Plus	
50% of the average balance in the PF / other eligible fund (average of 12 months preceding the month of death) Subject to maximum of Rs. 1,75,000	XX (B) (Earlier, this was Rs. 1,50,000).
Total (A+B)	XX
Shall not be less than Rs. 2,50,000 and not more than Rs. 7,00,000 in any case.	

6. The monetary fine payable by the defaulting employer under paragraph 29 of EDLI Scheme is Rs. 25,000 (earlier, Rs. 4,000).

Weblink

https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y2021-2022/EDLI_Notification_27058.pdf

Therefore

- Maximum additional assurance benefit w.e.f. 28 April 2021 is Rs. 1 lakh. (enhanced from 6 lakhs to 7 lakhs)
- The above position of law, will remain in force till 28 April 2024.