

Over Rs 22,500 cr of unclaimed EPFO balance show how impossible it is to recover your money

Apart from the fact of subscribers under the New Pension Scheme (NPS) getting higher returns than subscribers in the government-mandated Employees Pension Fund Organization (EPFO), the latter have good reason for another major grouse. According to a reply in Parliament, the EPFO had, in 2011-12, over Rs 22,600 crore of unclaimed subscriber funds in inoperative accounts – given the EPFO's inability to get its accounts in order, even this amount is provisional! Given the small size of the average EPFO account, it's obvious this is not money rich subscribers have just forgotten about; given how difficult it is to get money back, or transferred from the EPFO, this is obviously money subscribers have had no option but to leave behind. For year, subscribers have had no way of knowing whether their accounts were being debited or credited – given EPFO is the only organization in the world that still uses single-entry book-keeping which prevents an audit trail from being formed, getting 24x7 information is even more important than in, say, banks or mutual funds. In 2006, EPFO promised to rectify this and said subscribers would get online access to their accounts within a year, that a Unique Identification Number would ensure accounts were portable and that balances could be paid out within 3 days.

While that's not happened – as is evident from the large inoperative accounts – what you have is an SMS-based know-your-balance service. While that's a great start, in August 2012, the data being sent out is for March 2011! There is a beta version of a member portal with an online passbook, but that's not functional despite being inaugurated with great fanfare. The only saving grace is that, as compared to RBI which has said unclaimed fixed deposits in banks (Rs 425 crore) can be appropriated by a depositor education fund, the labour ministry has said the funds in the inoperative accounts can't be transferred to anyone else. What good that does to subscribers is not clear though.