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HORIZON

HOW INDIA'S PROVIDENT FUND IS BEING REBUILT FOR A CHANGING WORKFORCE

For decades, the Employees' Provident Fund has been the backbone of retirement savings for India's salaried workforce. It worked quietly and effectively. Money was deducted every month, compounded steadily, and stayed largely untouched until retirement.

That design suited a time when careers were stable and predictable.

Today, work looks very different. Job switches are frequent. Career breaks are common. Reskilling, entrepreneurship, and periods of transition are part of modern working life. Recognising this shift, the Employees' Provident Fund Organisation is preparing to roll out EPFO 3.0, a comprehensive overhaul of how provident fund services operate.

The intent is clear. EPF should remain a disciplined retirement tool, but it should also be more accessible, transparent, and responsive to real-life needs.

Technology and Platform Upgrade

New hybrid digital architecture introduced in phases

Integration of a core banking solution

Cloud-native, API-first, microservices-based modules

What EPF 3.0 Represents

A shift from a rule-driven system to a member-centric system

Focus on convenience while protecting retirement discipline

Aim to make EPF as accessible and efficient as a modern financial platform

Led by the Employees' Provident Fund Organisation with phased implementation

Systems upgraded for account management, compliance, ERP, and customer service

Implementation partners shortlisted include TCS, Infosys, and Wipro

Designed to serve over 30 crore members, including 8 crore active contributors

Simplified and Standardised Withdrawal Rules

Uniform 12-month service requirement for most partial withdrawals

Job loss provisions improved

Mandatory retention of at least 25% of EPF balance to earn interest

Pension withdrawals under EPS made stricter to preserve long-term income

EPF Withdrawals Through UPI

Members will be able to view eligible withdrawal balance online

Permitted portion can be transferred directly to bank accounts using UPI

A part of the EPF corpus will remain frozen to protect retirement savings

Minimum 25% balance rule continues for interest eligibility

Expected rollout by April

Aims to reduce delays in a system that processes over five crore claims annually

Centralised Pension Payment System

Pensioners can receive EPS pension from any bank

No dependency on a specific branch or location

Faster and smoother pension disbursal across India

The Bigger Picture

EPF 3.0 is part of a broader push to modernise India's social security framework

Policymakers are exploring separate social security funds for unorganised workers

Technology-led systems are essential to manage a growing member base and large corpus

Earlier vs Now: What Has Changed

Earlier, EPF assumed lifelong employment

Now, EPF recognises career volatility and transitions

Earlier, access to funds was heavily restricted

Now, access is structured, faster, and more predictable

Earlier, delays often caused panic withdrawals

Now, clarity and speed support calmer financial decisions

Why These Changes Matter

Better liquidity support during job transitions

More thoughtful use of EPF for life events without dismantling retirement savings

Reduced stress due to clearer rules and faster processing

Continued emphasis on long-term retirement security

EPF 3.0 does not weaken discipline

It replaces rigidity with responsiveness

The system becomes more humane, efficient, and aligned with modern working lives

Retirement security remains the central objective