



**Press Information Bureau
Government of India**



Ministry of Labour & Employment

EPFO INTEREST RATES

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Highest as compared to any other investment option: Still double that of PO Savings rate

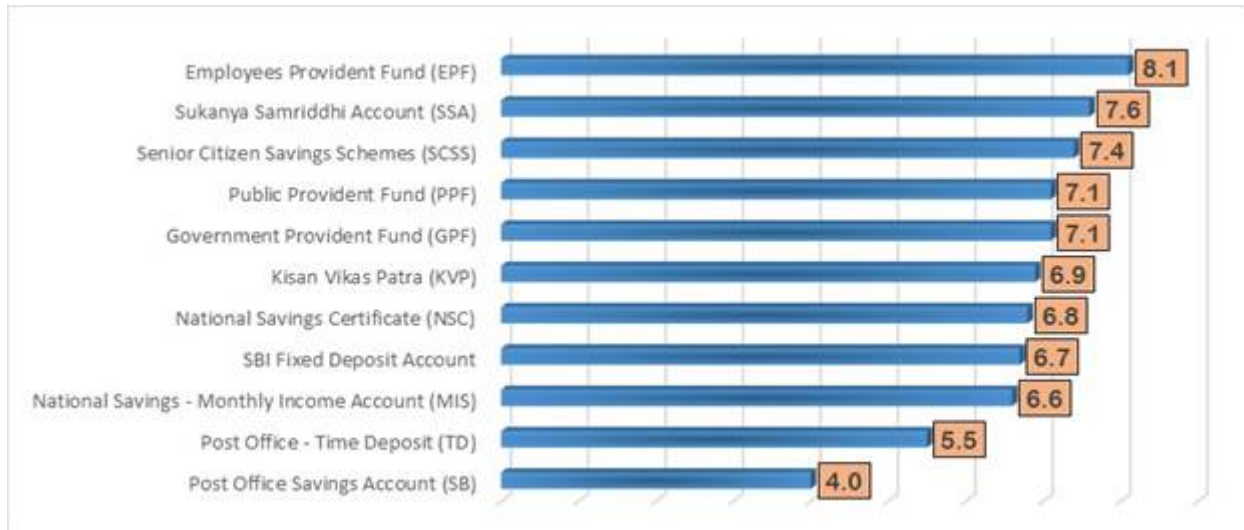
EPFO Real Rate of Interest positive since 2014-15

(Ministry of Labour & Employment)

FACTSHEET

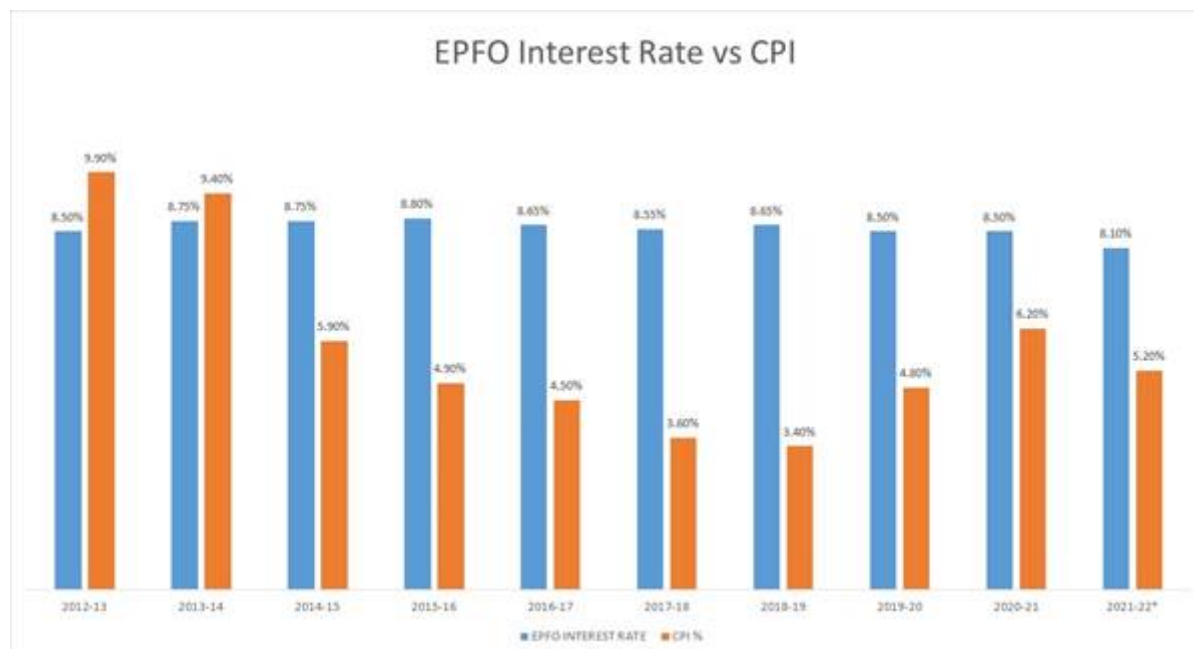
March 22, 2022

A comparison of different savings schemes in India in FY 2021-22:



- Among government backed financial instruments, **EPFO is still the highest paying scheme.**[i]
- EPFO rate is more than **double that of Post Office Savings Account.**

A comparative chart of EPFO interest rate vs Inflation rate in percent[ii]



**2021-22 data is avail till April-Dec*

- The EPFO interest rate has been maintained way above the inflation rate. The direct benefit of which has gone to the consumer.
- **In FY 2012-13 & FY 2013-14**, the Consumer Price Index (CPI) which is a measure of retail inflation, was surpassing EPFO rate, which meant that EPFO was giving **negative Real Rate of Interest (i.e., Nominal/Actual Rate of Interest-Inflation) when compared with inflation.**
- **After FY 2013-2014, while CPI has been kept under control, owing to pro-active government policies, the interest rate on EPFO has, by and large been kept constant. Thus, the employees have been getting positive real returns on their investments.**
- In 2021-22 (April 2021 -Dec 2021), though the EPFO rate has been decreased from 8.5% for the year 2020-21 to 8.10%, the corresponding CPI percentage has also decreased from 6.2% to 5.2%.

2012 = 100, is the base year for calculating current inflation[iii]

The well-known criteria for the selection of a new base year are:

- a normal year, i.e., a year in which there are no abnormalities in the level of production, trade and in the price level and price variations,
- a year for which reliable production, price and other required data are available,
- a year as recent as possible and comparable with other data series.

The year 2011-12 was assessed to be a normal year from the point of view of agriculture production and commodity prices. The Central Statistics Office (CSO) shifted its National Account Statistics (NAS) base to the new base year of 2011-12. In order to make the WPI series compatible with other important series in terms of a common base to all of them it was decided that the year 2011-12 would be the new base year for the new WPI series also.

AG/HP/RC/PPD

[i] <https://www.indiapost.gov.in/Financial/pages/content/post-office-saving-schemes.aspx>

[ii] Economic Survey, Ministry of Finance <https://www.indiabudget.gov.in/economicsurvey/allpes.php>

[iii] https://eaindustry.nic.in/uploaded_files/WPI_Manual.pdf



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