



Tax alert: Retrospective extension of enhanced EDLI benefits

28 November 2024

The Ministry of Labour and Employment ('MoLE'), on 18 November 2024, issued a notification to amend Employees' Deposit-Linked Insurance Scheme, 1976 ('EDLI Scheme') to extend the enhanced EDLI benefits retrospectively from 28 April 2024.

In a nutshell



MoLE had amended EDLI Scheme in April 2021 providing enhanced benefits to all the members of the Employees' Provident Fund Organisation ('EPFO') or exempt Provident Fund ('PF') Trust. These benefits were extended for a period of 3 years expiring in April 2024



MoLE has now notified the extension of these enhanced benefits retrospectively from 28 April 2024



Key enhanced benefits are as under:

- Minimum and Maximum assurance benefits increased to INR **2.5L** and **7L** instead of earlier **1.5L** and **6L**
- Condition of continuous service of 12 months in the **same establishment is relaxed**



Few changes that were made in the methodology to calculate enhanced EDLI benefits, would be continued



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Background and benefits extended via the Notification:

- EDLI Scheme provides life insurance benefits to the employees of any establishment or class of establishments to which Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ('PF Act') applies.
- A Deposit-linked Insurance Fund is established into which the establishment pays a specified amount from time to time in respect of every such employee in relation to whom it is the employer.
- On the death of an employee, who is a member of the EPFO or exempt PF Trust, the persons entitled to receive the PF accumulations of the deceased shall, in addition to such accumulations, be entitled to receive EDLI assurance benefits.
- MoLE, on 28 April 2021, amended EDLI Scheme vide EDLI (Amendment) Scheme, 2021 and provided following enhanced benefits:
 - i. **Minimum assurance benefit increased to 2,50,000** from 1,50,000 and **maximum assurance benefit increased to 7,00,000** from 6,00,000
 - ii. Eligibility - **Condition of** continuous service of 12 months in the **same establishment was relaxed** with the removal of the words "in the same establishment". This paved the way for **increasing the coverage by including even those employees who changed job during that period**
 - iii. The **salary multiple increased to 35** i.e. average monthly wages drawn to be multiplied by thirty-five times from the earlier number of thirty.
 - iv. **Ceiling limit for accumulations enhanced to 1,75,000** from 1,50,000 and the words "or during the period of his membership, whichever is less" was omitted
- The above notification was valid for a period of 3 years from 28 April 2021 which ended on 27 April 2024
- MoLE, on 18 November 2024, has extended the above enhanced benefits retrospectively from 28 April 2024 until further notice.
- These enhanced EDLI scheme benefits are applicable to the members of the EPFO or exempt PF Trust.

Comments:

- The enhanced benefits under the amended EDLI scheme provide additional financial assistance to the families of members of EPFO or exempt PF Trust.
- Considering these benefits were earlier valid only till 27 April 2024, extension of enhanced benefits without any specified end date is a welcome step taken by MoLE
- Employers could keep their employees updated about the extension notified and the benefits available under the scheme.

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