Group housing scheme with PF funds

Why in news?

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- The Employees' Provident Fund Organisation **(EPFO) has mooted a group housing scheme** which will enable members to form cooperative housing societies and use their entire PF savings towards buying land, constructing homes or paying housing loan instalments.
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What the EPFO has said?

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- The EPFO has proposed a group housing scheme so that Employees' PF members forming a cooperative society of 10 or more employees may be given not only a one time Employees' Provident Fund withdrawal but also an option to pay loan instalments towards housing loan to banks from the monthly contributions received in Employees' Provident Fund Scheme, 1952.
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What are the provisions?

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- **Employees with at least three years' subscription** to the Employees' Provident Fund scheme will be allowed to withdraw their savings for housing purposes, including repayment of loans from their monthly contributions.
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- The present Employees' Provident Fund scheme is **not being properly utilised to withdraw money for constructing flats or buying land**.
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- There will be no cap on the amount of Employees' PF savings that can be drawn for purchasing land, constructing a house or repaying housing loans, under the proposed scheme.

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- According to the proposal, members of an existing cooperative society formed under any present law can avail this scheme, provided at least 10 members of the housing society were subscribers to the Employees' Provident Fund scheme.
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- At present, an employee who has completed 5 years of service is allowed to withdraw PF savings equivalent to 36 months of the member's salary (Basic Salary and DA) for construction of a flat or 24 months of the salary for purchasing land.
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