

Govt may double EPF wage cap to ₹30K per month

Plans afoot to bring ceiling under ESIC on a par with EPF

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In a bid to expand social-security cover for workers in the country, the government is likely to double the monthly-wage ceiling for mandatory deductions from their salaries for contribution to the Employees' Provident Fund (EPF).

Plans are also afoot to bring the wage ceiling under Employees' State Insurance Corporation (ESIC) on a par with that of the EPF.

Both these issues were discussed at length in the recently held meeting of the Central Board of Trustees (CBT), which is the apex decision-making body of the Employees Provident Fund Organisation (EPFO) on Saturday.

"The ceilings for both the schemes are likely to be raised to ₹30,000 per month. Positive discussions took place on these issues, with most members and the labour ministry in favour of doubling the wage ceiling. It is likely that a final call in this regard is taken in the next CBT meeting in February," said a member of the CBT.

The "wage ceiling" refers to the salary threshold up to which it is mandatory for a worker in an establishment that is covered under the EPFO or ESIC to make monthly contributions.

Currently, the wage ceiling is ₹15,000 per month for the EPFO, and under ESIC, it is ₹21,000 per month. According to the extant rules, employees earning more than ₹15,000 have the option to opt out of



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EPF coverage and not contribute. The last wage ceiling revision for the EPFO took place in 2014.

"The minimum wages notified by the government in a lot of states are way above the existing EPF ceiling. Hence, it is prudent that these ceilings are revised now. This will result in the subscriber base widening and bringing in more workers into the social-security net. But it's up to the finance committee to take a call on the limit per se," said R Karumalyan, Centre for Indian Trade Unions (CITU) and a member of the CBT.

S P Tiwari, national general secretary, Trade Union Coordination Centre (TUCC) and a member of the CBT, said the board also deliberated on bringing people who earn beyond the mandatory wage cap and opt out within the ambit of the social-security organisation.

"The EPFO will bring in incentives to cover these people as well or at least have them contribute their share up to the prescribed wage ceiling.

Beyond that, it may remain their choice. Also, discussions took place on implementing the higher pension issue in a time-bound manner with concerns from both employees and employers being paid heed to. The ministry will soon release guidelines regarding the same," he added.

Among other decisions taken in the meeting, the board gave its final nod to the centralised pension payment system (CPPS), which will enable people to receive their pension from any branch of any bank in the country. The CPPS will be implemented on January 1, 2025. Currently, it's running as a pilot project at 21 locations.

Besides, the board approved an amendment to paragraph 60(2)(b) of the EPF Scheme, 1952, which will enable the interest to be paid to the member up to the date of the settlement. According to existing provisions, for the claim settled till 24th of the month, interest is paid only up to the end of the preceding month.