

## Govt okays salary cap hike for EPF; threshold for savings raised from Rs 6,500 a month to Rs 15,000

By Vikas Dhoot, ET Bureau | 12 Jun, 2014, 10.21AM IST

NEW DELHI: Employees earning upto Rs 15,000 a month will soon come under the Employees' Provident Fund (EPF) net, with the Narendra Modi government approving a hike in the threshold for mandatory PF savings from Rs 6,500 a month to Rs 15,000.

Though the Manmohan Singh government had approved the hike in the EPF threshold this February after years of deliberations, the change couldn't be notified before the election code of conduct kicked in.

Another UPA decision to assure a minimum monthly pension of Rs 1,000 for members of the employees' pension scheme run by EPFO, in its final weeks in office, was also not notified before the polls.

Ministry officials had sought a fresh approval on the salary ceiling hike from the new minister for labour and employment Narendra Singh Tomar.

"The minister has approved the higher salary ceiling for mandatory EPF savings, and we will issue a notification soon for it to become effective," said a senior government official aware of the development.

The ministry is also learnt to be examining if the minimum Rs 1,000 pension promise is sustainable.

The finance ministry, which had approved the pension promise with great reluctance and several conditionalities, had only provided funds to finance the bonanza for 2014-15.

At a board meeting in February, officials had warned that the pension assurance may have to be rolled back next year as there was no funding support beyond the first year. But their concerns were over-ruled by the previous labour minister Oscar Fernandes, who was the board's chairman.

The Employees' Provident Fund Organisation or EPFO oversees the retirement savings of over 8 crore members at present and the number could go up sharply as those earning between Rs 6,500 and Rs 15,000 will come under its fold once the new rules are notified and implemented.

The EPFO's present ceiling for statutory contributions is a mere Rs 6,500 per month - lower than the minimum wage prescribed across the country.

Twenty-four percent of an employee's salary (up to the ceiling) is mandatorily deducted and parked with the PF office.

Read more at:

<http://economictimes.indiatimes.com/wealth/savings-centre/savings-news/govt-okays-salary-cap-hike-for-epf-threshold-for-savings-raised-from-rs-6500-a-month-to-rs-15000/articleshow/36406982.cms>

**Note: Please note that the notification is yet to come. The effective date of this will be on issue of notification.**

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