No. C-III/110001/4/3(71)MISC./2013/DL/

Dated: 29.08.2014

To

All Addl. CPFCs (Zones)
All Regional Provident Fund Commissioners
In-charge Regional/Sub Regional Offices.

Subject: Enhancement of wage ceiling from Rs. 6,500 to 15,000 - target and additional instructions- regarding.

Sir,

Instructions were issued vide this office letter dated 14.07.2014 (placed at Sl. No. 268 in the circular segment of the official website for the year, 2014-15 ) and letter dated 01.08.2014 (placed at Sl. No. 311 in the circular segment of the official website for the year, 2014-15 ) in connection with the preparatory activities before notification on enhancement in statutory wage ceiling for enrolment under the EPF & MP Act 1952 to Rs. 15,000/- per month from the current maximum of Rs. 6,500/- per month. It is expected that the preparatory activities must have been completed by now to shoulder the challenge.

2. Now Government of India, Ministry of Labour and Employment has issued notification on enhancement of wage ceiling from existing Rs. 6,500/- to Rs. 15,000/- and the same has already been uploaded to the web site by this Office circular dated 28.08.2014 (placed at Sl. No. 388 in the circular segment of the official website for the year, 2014-15).

3. A study was carried out by Ministry of Labour and Employment recently to analyze the coverage gaps which revealed an alarming picture that a large number of the workforce are deployed by various Government Departments, Undertakings and Autonomous bodies, both Central and State on outsourcing basis for activities such as watch-ward, housekeeping, data-entry etc. to different agencies and contractors and the persons engaged by such agencies and contractors to execute the above activities. Further majority of the workforce engaged in this sector are out of the ambit of the Act and thus are not entitled to benefits of provident fund, pension and insurance being excluded employees. Time has come to ensure that these so called excluded employees are brought under the purview of the Act which will help the organization to bridge the coverage gaps to a large extent.
4. Another area where the non-coverage of employees is reportedly widespread, is the Building and Construction Industry which is labour intensive. Most of the workers engaged in this industry receive minimum wages which are likely to be much less than Rs. 15,000. There is wide scope to increase the coverage base by covering the workers who were not covered under the ambit of the Act earlier because their wages were more than the statutory wage ceiling of Rs. 6,500.

5. Next in the line is the Placement Agencies which provide manpower to various agencies, both in Public and Private Sectors, where the concentration of workforce is more. A greater part of the workforce reportedly get wages beyond Rs. 6,500/- and thus excluded and deprived from the benefits envisaged in the Act and the Schemes framed thereunder. This area needs to be focused to bridge the coverage gap.

6. Similarly, in mines of different nature, deployment of labour force is extensive. Because the minimum wages, which the labourers engaged in the mines get, being higher than Rs. 6,500/-, the number of excluded employees are likely to be more in this area. In view of such enhancement in wage ceiling to Rs. 15,000/-, it is expected that there is greater scope in covering all such excluded employees.

7. It has also been observed that various Banks, both in public sector and private sector deploy number of people who draw salary beyond Rs.6,500/- but are not covered either under the own scheme of the banks or under the Act. These employees are deprived of Provident Fund benefits. Efforts may be made to explore the possibility of covering all these employees under the ambit of the Act. It may also be investigated as to whether the security personnel deployed by the banks in their ATMs throughout the country are getting Provident Fund and allied benefits or not.

8. In most of the visible establishments like hospitals, diagnostic centers, maternity centers, hotels, restaurants, schools, workshops, show rooms of branded companies etc., the number of workers drawing more than Rs. 6500/- are likely to be sizeable. There is ample scope for increase in the membership by covering all those employees who draw salary/wages more than Rs. 6,500/- but less than Rs. 15,000/- under the ambit of the Act.

9. Similarly, franchises and service centers of manufacturers of branded electronic appliances, DTH Service providers etc. have large number of employees who are not covered under the ambit of the Act on account of hitherto wage ceiling of Rs. 6,500/. Now, since the wage ceiling has been revised, there may be quite sizeable employees who can be brought under the ambit of the Act who draw salaries/wages between Rs. 6,500/- to Rs. 15,000/- shall be collected by the Enforcement Officer to verify their compliance position.

10. Regional Provident Fund Commissioners, In-Charge of Regional/Sub Regional Offices shall devise appropriate mechanism to cover all the employees working in the covered establishments but not enrolled as members for the reason that they draw salary Rs. 6,500/- in view of the present notification of the Government raising the wage ceiling to Rs. 15,000/- which is effective from 1st September, 2014.
11. A target of 30% enhancement in the coverage base is fixed for all the Regional and Sub-Regional Offices. All the RPFCS In-Charge of Regional/Sub-Regional Offices shall ensure that the target fixed is achieved.

12. All the Additional CPFCs In-Charge of Zones are requested to monitor the performance of the offices under their jurisdiction and send a monthly report showing the increase in coverage of workers.

13. Any laxity on this count will be viewed seriously.

Yours faithfully,

(P.K. UDGATA)
Additional C. P. F. C. - I (Compliance)