Cabinet approves enhancement of EPFO wage ceiling from Rs.15,000 to Rs.25,000 per month

Over 51 lakh additional employees expected to come under mandatory EPFO coverage

Decision strengthens formalisation and advances India's long-term social security vision

Major step towards stronger retirement security and Viksit Bharat@2047

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The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the proposal of the Ministry of Labour & Employment to enhance the wage ceiling for mandatory coverage under the Employees' Provident Fund Organisation (EPFO) from Rs.15,000 to Rs.25,000 per month. The decision is expected to bring more than 51 lakh additional employees within the ambit of mandatory EPFO coverage, significantly widening social security protection for workers.

The EPFO wage ceiling remained unchanged throughout the decade from 2004 to 2014, before being substantially enhanced to Rs.15,000 in September 2014. The present decision carries forward this approach by further raising the ceiling to Rs.25,000 to reflect the sustained wage growth, rising incomes and a continued expansion of formal employment over the intervening years.

At present, a fresh employee joining employment at a wage above Rs.15,000 per month is not automatically covered under the EPF framework and may remain outside mandatory provident fund, pension and associated insurance protection. Raising the ceiling to Rs.25,000 will bring a substantial segment of employees in the Rs.15,000– Rs.25,000 wage band within the statutory social security framework.

The approval will expand access to provident fund savings, pension protection under the Employees' Pension Scheme (EPS) and insurance protection under the Employees' Deposit Linked Insurance Scheme (EDLI), in accordance with the applicable scheme provisions. It will also enable the statutory contribution and pensionable-wage framework to better reflect prevailing wage levels.

Since the wage ceiling was last revised in September 2014, India has witnessed sustained wage growth, rising incomes and continued expansion of formal employment. In several States and occupations, minimum wages have also moved closer to the existing threshold. The enhancement to Rs.25,000 therefore updates the EPFO framework in line with rising wage levels and extends the benefits of formal social security to a wider segment of the workforce.

The measure is expected to give a further impetus to formalisation of employment, worker retention and long-term retirement security. By bringing a larger number of employees automatically within the statutory social security framework, the decision strengthens the principle that formal employment should be accompanied by portable and assured social security protection. For employers as well, wider social security coverage can support employee retention, workforce stability, morale and the development of a more secure and future-ready workforce.

The proposal underwent detailed inter-ministerial consultations and was recommended by the Expenditure Finance Committee in its meeting held on 16 June 2026. The annual Government outgo is estimated at about **Rs.11,339 crore**, against the existing annual budgetary support of about **Rs.10,250 crore**. The estimated expenditure over five years is approximately **Rs.56,696 crore**.

EPFO today operates one of the world's largest social security systems, administering the Employees' Provident Fund (EPF), Employees' Pension Scheme (EPS) and Employees' Deposit Linked Insurance Scheme (EDLI). The latest EPFO data show around 7.98 crore contributing members across about 7.68 lakh contributing establishments, while the EPS provides pension benefits to around 82 lakh pensioners. EDLI provides insurance protection linked to EPF membership.

India's workforce is at the heart of its growth story. As wages rise, incomes improve and formal employment expands, the Government's continued emphasis on employment generation and formalisation is creating new opportunities for workers. The enhancement of the EPFO wage ceiling ensures that the social security framework also keeps pace with this progress and that a larger number of workers in formal employment receive statutory social security protection.

This approval marks another important step towards building an inclusive, resilient and future-ready social security architecture, ensuring that social protection advances alongside economic growth, rising wages and expanding formal employment as India moves towards Viksit Bharat@2047.

The Ministry of Labour & Employment and EPFO will undertake the necessary statutory and administrative steps for implementation of the decision.

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