

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:5299
ANSWERED ON:27.04.2015
SALARY DEDUCTION FOR LOW WAGE EARNERS
Jena Shri Rabindra Kumar

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether India has one of the highest rates of salary confiscation in the organized sector in the world and if so, the comparative details with other countries with similar models;
- (b) the details of the estimated rate of salary deduction for low wage earners in comparison with the same for the high wage earners, in a cost-to-company model;
- (c) whether the Government proposes to initiate any new reforms to look into the matter; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT (SHRI BANDARU DATTATREYA)

(a): No, Madam.

(b): Under Employees' Provident Funds & Miscellaneous Provisions (EPF & MP) Act, 1952, statutory contribution at the rate of 12 per cent or 10 per cent of the wages, whichever is applicable, is contributed by the employees. Similarly, under Employees' State Insurance (ESI) Act, 1948, 1.75 percent of the wages (upto the wage ceiling of Rs. 15,000/- per month) is contributed by the employees.

(c) & (d): The Budget announcement for 2015-16 stipulates that for employees below a certain threshold of monthly income, contribution to Employees' Provident Fund (EPF) should be optional without affecting or reducing the employers' contribution. A proposal to implement this Budget announcement has been included in the proposed amendment to the EPF & MP Act, 1952.