



Please find enclosed Notification and FAQs on Reduced rate of Contribution applicable on Establishments except the establishments like Central and State Public Sector enterprises or any other establishment owned or controlled by or under control of the Central Govt. or State Govt.

The reduced rate is also not applicable to establishments eligible for PMGKY benefits, since the entire employees EPF contributions (12% of wages) and employers' EPF & EPS contribution (12% of wages), totalling 24% of the monthly wages is being contributed by the Central Govt.

S.O. 320(E), dated April 9, 1997.-In exercise of the powers conferred by the first proviso to Section 6 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) and in supersession of the notifications specified in Schedule I to this notification except as respects things done or omitted to be done before such supersession, the Central Government after making necessary inquiry into the matter hereby specifies with effect from the first day of May, 1997 every establishment and class of establishments other than those specified in Schedule II, to which the said proviso shall apply, the words "eight and one-third per cent at both the places where they occur, the words "ten per cent" shall be substituted.

#### SCHEDULE I

- (i) S.O. No. 360 dated the 17th May, 1989
- (ii) S.O. No. 1837 dated the 29th June, 1990
- (iii) S.O. No. 627(E) dated the 31st August, 1994
- (iv) S.O. No. 126(E) dated the 1st March, 1995

#### SCHEDULE II

Establishments to which the first proviso to Section 6 shall not apply:

- (i) Any establishment in which less than twenty persons are employed;
- (ii) Any sick industrial company as defined in clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) and which has been declared as such by the Board for Industrial and Financial Reconstruction established under Section 4 of the Act, for the period commencing on and from the date of registration of the



---

reference in the Board and ending either on the date by which the net worth of the said company becomes positive in terms of the orders passed under sub-section (2) of Section 17 of that Act or on the last date of implementation of the scheme sanctioned under Section 18 of that Act;

(iii) Any establishment which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth that is, the sum total of paid-up capital and free reserves and has also suffered cash losses in such financial year and the financial year immediately preceding such financial year.

Explanation.-For the purposes of clause (iii) "cash loss" means loss as computed without providing for depreciation;

(iv) Any establishment in the,-

(A) Jute industry;

(B) Beedi industry;

(C) Brick industry;

(D) Coir industry other than the spinning sector; and

(E) Gaur gum factories.



# भारत का राजपत्र The Gazette of India

सी.जी.-डी.एल.-अ.-18052020-219425  
CG-DL-E-18052020-219425

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 1352]

नई दिल्ली, सोमवार, मई 18, 2020/वैशाख 28, 1942

No. 1352]

NEW DELHI, MONDAY, MAY 18, 2020/VAISAKHA 28, 1942

श्रम एवं रोजगार मंत्रालय

अधिसूचना

नई दिल्ली, 18 मई, 2020

**का.आ. 1513(अ).**—जबकि वैश्विक महामारी, कोविड-19 के कारण सम्पूर्ण देश में लॉकडाउन लागू है और केन्द्र सरकार आवश्यक जांच करने के बाद नियोक्ताओं और कर्मचारियों के हाथों में नकद राशि प्रदान करने हेतु संतुष्ट है, भारत के राजपत्र, असाधारण, भाग II, खंड 3, उप-खंड (ii) में का.आ. संख्या 320(अ), दिनांक 9 अप्रैल, 1997 के माध्यम से प्रकाशित भारत सरकार के श्रम मंत्रालय की अधिसूचना को संशोधित करने की आवश्यकता है;

अतः कर्मचारी भविष्य निधि और प्रकीर्ण प्रावधान अधिनियम, 1952(1952 का 19) की धारा 6 के प्रथम परन्तुक द्वारा प्रदत्त अधिकारों का उपयोग करते हुए केन्द्र सरकार, उपर्युक्त जांच करने के बाद, उक्त अधिसूचना संख्या का.आ. 320 (अ) दिनांक 9 अप्रैल, 1997 में एतद्वारा निम्नलिखित संशोधन करती है, नामतः -

उक्त अधिसूचना में खंड (iv) के बाद अनुसूची II में निम्नलिखित खंड जोड़ा जाएगा, नामतः -

“(V) केन्द्रीय सार्वजनिक क्षेत्र के उद्यमों और राज्य सार्वजनिक क्षेत्र के उद्यमों तथा केन्द्र सरकार अथवा राज्य सरकार के स्वामित्व अथवा नियंत्रण के अधीन अन्य प्रतिष्ठानों, जैसा भी मामला हो, को छोड़कर किसी भी प्रतिष्ठान में इसके द्वारा माह मई, जून और जुलाई, 2020 के लिए देय वेतन के संबंध में।

यह प्रावधान किया जाता है कि यह खंड कर्मचारी भविष्य निधि संगठन द्वारा अपने दिनांक 9 अप्रैल, 2020 के कार्यालय ज्ञापन संख्या सी-1/विविध/2020-21/खंड-II/भाग के माध्यम से जारी दिशा-निर्देशों के अनुसार प्रधानमंत्री गरीब कल्याण योजना के अंतर्गत राहत के लिए पात्र प्रतिष्ठानों के लिए लागू नहीं होगा”।

[फा. सं. एस-35019/01/2020-एसएस-II]

आर. के. गुप्ता, संयुक्त सचिव

नोट : मूल अधिसूचना का.आ. 320(अ), दिनांक 9 अप्रैल, 1997 के माध्यम से भारत के राजपत्र, असाधारण, भाग II, खंड 3, उप-खंड (ii) में प्रकाशित की गई थी।

## MINISTRY OF LABOUR AND EMPLOYMENT

### NOTIFICATION

New Delhi, the 18th May, 2020

**S.O. 1513(E).**—Whereas due to Covid-19 pandemic, lockdown is in force across the country and the Central Government after making necessary inquiry is satisfied that to provide liquidity in the hands of employers and employees, there arises a need to amend the notification of the Government of India in the Ministry of Labour published in the Gazette of India, Extraordinary, Part II, section 3, sub-section(ii) vide number S.O. 320(E), dated 9th April, 1997;

Therefore, in exercise of powers conferred by first proviso to section 6 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government, after making aforesaid inquiry, hereby makes the following amendments in the said notification number S.O. 320 (E) dated the 9th April, 1997, namely:-

In the said notification, in SCHEDULE II, after clause (iv), the following clause shall be inserted, namely:-

“(v) Any establishment, other than Central Public Sector Enterprises and State Public Sector Enterprises and other establishments owned by, or under the control of the Central Government or the State Government, as the case may be, in respect of wages payable by it for the months of May, June and July, 2020”.

Provided that this clause shall not be applicable to the establishments eligible for relief under the Pradhan Mantri Garib Kalyan Yojana guidelines issued by the Employees' Provident Fund Organization vide its Office Memorandum No.C-1/Misc./2020-21/Vol.II/Pt. dated 9th April, 2020 ”.

[F. No. S-35019/01/2020-SS-II)

R. K. GUPTA, Jt. Secy.

**Note :** The principal notification was published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) vide S.O. 320 (E), dated 9<sup>th</sup> April, 1997.

## FREQUENTLY ASKED QUESTIONS

### Reduction in statutory rate of EPF contribution from 12% to 10%

**Q.1: What is revised rate of EPF contribution announced by the Central Govt. under Atmanirbhar Bharat package?**

Ans. Under this package the statutory rate of EPF contribution of both employer and employee has been reduced to 10 percent of basic wages and dearness allowances from existing rate of 12 percent for all class of establishments covered under the EPF & MP Act, 1952.

**Q 2: What is the objective of reduction in rate of contributions?**

Ans: Reduction in rate of EPF contributions from 12% to 10% of basic wages and Dearness allowances is intended to benefit both 4.3 crore employees/members and employers of 6.5 lakhs establishments to tide over the immediate liquidity crisis to some extent during Pandemic situation.

**Q 3: Whether any notification has been issued under the EPF & MP Act, 1952 for reducing the rate of contributions? If so, how can I access the notification?**

Ans. The reduction in statutory rate of contributions from 12% to 10% for wage months May, 2020, June, 2020 and July, 2020 has been notified vide SO 1513 (E) dated 18.05.2020 published in the Gazette of India. The notification is available under the TAB- COVID-19 on the home page of EPFO website.

**Q.4: What is the period for which reduced rate of contribution is applicable?**

Ans. The statutory rate of contribution will be 10% for wage months- May, 2020, June, 2020 and July, 2020.

**Q 5. Who are eligible for the reduced rate of contributions?**

**Ans.** It is applicable to all class of establishments covered under the EPF & MP Act, 1952, except the establishments like Central and State Public Sector enterprises or any other establishment owned or controlled by or under control of the Central Govt. or State Govt.

The reduced rate is also not applicable to establishments eligible for PMGKY benefits, since the entire employees EPF contributions (12% of wages) and employers' EPF & EPS contribution (12% of wages), totalling 24% of the monthly wages is being contributed by the Central Govt.

**Q6. Are exempted establishments eligible for reduced rate of contribution?**

Ans. Yes. The reduced rate is applicable to exempted establishments also.

**Q 7: How does the reduced rate of contributions help the employees and employer?**

Ans: As a result of reduction in statutory rate of contributions from 12% to 10%, the employee shall have a higher take home pay due to reduction in deduction from his pay on account of EPF contributions and employer shall also have his liability reduced by 2% of wages of his employees. If Rs.10000/- is monthly EPF wages, only Rs.1000/- instead of Rs.1200/- is deducted from employee's wages and employer pays Rs.1000/- instead of Rs.1200/- towards EPF contributions.

**Q 8: I get salary under Cost to Company (CTC) model, will the reduced rate of contributions from 12% to 10% still benefit me?**

Ans: In Cost to Company (CTC) model, if Rs.10000/- is monthly EPF wages, in CTC Model the employee gets Rs.200/- more directly from employer as employer's EPF/EPF contribution is reduced and Rs.200/- less is deducted from his/her wages.

**Q 9. Is the 10% rate of contribution applicable to establishments which get registered with EPFO during wage months May, 2020, June 2020 and July, 2020?**

Ans. Yes. Establishments covered during wage months of May-July, 2020 will be eligible for reduced rate for eligible remaining period from date of coverage.

**Q 10. What will be rate of contribution for administrative charges and insurance?**

Ans. There is no change in the EPF administrative charges (0.5% of EPF wages subject to minimum prescribed) and EDLI contributions (0.5% of wages) both payable by employers.

**Q 11. How is benefit availed? One has to pay at full rate and claim reimbursement later or direct payment at reduced rate can be made.**

Ans: Establishment has to remit dues at reduced rate through the Electronic-Challan cum Return (ECR) itself.

**Q 12. Can the employer or employee pay at higher rate or the contribution rate of 10% is mandatory?**

Ans: The reduced rate of contribution (10%) is minimum rate of contribution during period of the package. The employer, employee or both can contribute at higher rate also.

**Q 13. How the reduced rate of contribution will impact amount of pension in longer run?**

Ans: The EPS contributions 8.33% of wages (subject to ceiling of Rs.15000/-) is diverted from employer's share of EPF contributions. The reduced rate of EPF contributions to 10% will not reduce the pension contributions or benefits.

**Q. 14. My establishment will not be able to remit dues timely during the scheme period. Is it still eligible for reduced rate of contribution?**

Ans. Yes, the rate of contributions is 10% for the three wage months- May, 2020, June, 2020 and July, 2020 irrespective of date of payment.

**Q. 15. Is the option to contribute at reduced rate available to establishments availing PMRPY benefits?**

Ans. Yes. The establishment availing PMRPY benefits can remit contribution at reduced rate.

**Q. 16. The rate of contribution for my establishment is 10% as it is engaged in manufacturing of gaur gum. Will the rate of contribution be further reduced for my establishment?**

Ans. The establishments, which were already entitled to reduced rate of contribution (10%) through the SO 320 (E) dated 09.04.1997 are not eligible for any further reduction in rate of contribution.