



## LABOUR

# Continuity in Coverage: Analysis of S.O. 2702(E) Notifying the Wage Ceiling for Mandatory Provident Fund Benefits under the Code on Social Security, 2020

The enactment of the Code on Social Security, 2020 (Act 36 of 2020) represented a watershed legislative initiative to consolidate and amend the diverse social security laws operating in India, subsuming within its unified framework the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948, the Employees' Compensation Act, 1923, [...]

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The enactment of the Code on Social Security, 2020 (Act 36 of 2020) represented a watershed legislative initiative to consolidate and amend the diverse social security laws operating in India, subsuming within its unified framework the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948, the Employees' Compensation Act, 1923, and other allied enactments. In furtherance of the phased operationalization of this consolidated regime, the Ministry of Labour and Employment issued Notification S.O. 2702(E) dated 29th May 2026, published in the Extraordinary Gazette of India, Part II—Section 3—Sub-section (ii), thereby notifying Rupees fifteen thousand per month as the wage ceiling for the purposes of Chapter III of the said Code.

The notification has been promulgated by the Central Government in exercise of the powers expressly conferred by clause (89) of Section 2 of the Code on Social Security, 2020, and bears File No. R-12025/01/2026-SS-II. Chapter III of the Code governs the Employees' Provident Fund and associated social security schemes, encompassing the architecture for provident fund contributions, pension benefits, and insurance coverage. Under the erstwhile Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Central Government was vested with the authority to notify a wage ceiling to delineate the class of employees mandatorily entitled to coverage under the provident fund scheme. The present notification preserves the existing threshold of fifteen thousand rupees per month, which was last fixed under the erstwhile legislation in August 2014, thereby ensuring regulatory continuity and administrative coherence during the transition from the repealed enactments to the reformed Code.

The fixation of the wage ceiling carries profound legal and operational consequences for employers and employees across all establishments falling within the ambit of Chapter III, including factories and notified establishments. Employees drawing wages not exceeding fifteen thousand rupees per month are mandatorily covered under the social security framework, obligating employers to deduct and deposit provident fund contributions, administer pension scheme enrolments, and discharge allied statutory obligations in respect of such eligible employees. Conversely, employees earning wages beyond the notified ceiling may avail of coverage on a voluntary basis, subject to mutual consent between the employer and employee and the conditions prescribed thereunder.

Notification S.O. 2702(E) serves as an indispensable administrative prerequisite for the effective rollout of the Code on Social Security, 2020. By definitively establishing the wage-based parameter for mandatory coverage, the Central Government has furnished the requisite clarity to the Employees' Provident Fund Organisation, employers, trade unions, and employees, ensuring that the contributory social security framework under the consolidated statutory architecture functions without transitional disruption or interpretative uncertainty.

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