



Corpedia

adwith
CONSULTING

ESIC – Background & Recent Amendments

11th January 2017

ESIC – Background, Compliance & Recent Amendments – A Glimpse

Introduction and Background:

ESIC stands for Employees' State Insurance Corporation also called as The "Karmachari Rajya Bima Nigam". Employees' State Insurance Act, 1948 envisaged an integrated need based social insurance scheme that would protect the interest of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, death due to **employment injury** resulting in loss of wages or earning capacity.

The Act also guarantees reasonably good medical care to workers and their immediate dependents. The Employees' State Insurance Scheme is administered by a Corporate body called the Employees' State Insurance Corporation (ESIC), which has members representing employers, employees, the Central Government, State Governments, medical profession and the Parliament. It is administered directly under the supervision of Ministry of Labor and employment.

The Health care facilities are available in the ESI hospital, which are run by the Government

Applicability:

ESIC is applicable to non-seasonal factories/establishments employing 10 or more persons are employed or were employed on any day of the preceding 12 Months and in any part of which a

manufacturing process is being carried on or is ordinarily carried on

Compliances:

- Employer contribution to ESI – 4.75% of the wages
- Employee contribution to ESI – 1.75% of the wages
- Monthly Returns: 21st of the Subsequent Month
- ESIC Pehchan card, being a card issued for error free identification with unique number is mandatory for availing the benefit of ESIC.

Recent Amendments:

- Till the recent amendment, contribution to ESIC was required for employees whose salary or wage was Rs,15,000 or less per month.
- By way of a notification dated 22nd December 2016, the threshold was revised **from Rs.15,000 per month to Rs.21,000** for mandatory coverage under ESI scheme.
- This is applicable with effect from 1st January 2017.
- With the increase of limit a large scale of Unskilled/semi-skilled work force will come into the net of ESI provision.

- Though this increases the contribution of employers towards ESIC for a larger workforce, this will make the employer worry free from spending on work place injury.

Key benefits of ESIC scheme

- The Health care facilities are available in the ESI hospital, which are run by the Government
- Employer will become free from risk of employment injuries and hazards.
- With ESIC, unskilled/semi skilled people get attracted towards employment with regard to benefits available.

- A Social Security Measure by the Government to provide health Care facilities to all
- In case the treatment for particular disease is not available with ESI Hospital, there are chain of Network Hospitals, where the case may be referred & the patient gets free healthcare.
- As ESI is a Government program, the member can get the benefits PAN India.
- There is no need to enroll time & again when the member changes employment
- The Employer need not worry about work place injury

<<This space is intentionally left blank>>

About Advith Consulting

Advith Consulting is a multi disciplinary consulting Firm offering range of services to cater clients with their professional needs. What makes Advith Consulting, a class apart is:

- Energetic, experienced and vibrant professionals driven by knowledge-centric client servicing practices.
- Fluidic organisation helping clients achieve their business goals by providing solutions to various requirements by seamlessly integrating all professional services.
- Belief in upholding the highest standards of business ethics with a total commitment to quality.
- Adequately backed by a committed team of employees, talent and expertise in multiple areas, which is the key for timely deliverables.

Reach us at:

Advith Consulting LLP

No. 72/1, 1st Floor, Jnanodaya School Road
Shankarapark, Shankarpuram, Bangalore 560 004

Contact: 080 22426484;

email: info@advithconsulting.in

Visit us at: www.advithconsulting.in

The content of this alert is intended solely for the purpose of information. This should not be treated as a technical advice for making decisions. You would have to contact your advisor to seek specific applicability of the contents of the alert for your case. We bear no responsibility of any loss occasioned to any person acting or refraining from action as a result of any material in this alert.