

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT**

LOK SABHA

**STARRED QUESTION NO. 202
TO BE ANSWERED ON 08.07.2019**

REDUCTION IN ESI CONTRIBUTION

***202. SHRI SUDHEER GUPTA:
SHRI SANJAY SADASHIV RAO MANDLIK:**

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

- (a) whether the Employees' State Insurance (ESI) Act allows certain parameters to be applicable on different companies in the country and if so, the details thereof;**
- (b) whether the Government has reduced/proposes to reduce the salary contribution of industrial workers eligible for healthcare benefits under the said Act from 6.5 per cent to 4 per cent and if so, the details thereof along with the reasons therefor;**
- (c) the total number of employees likely to be benefited by the said proposal across the country;**
- (d) whether the Government has carried out special programmes to register employees to expand social security cover for the employees and if so, the details thereof and the outcome of such programmes; and**
- (e) whether the Government has also decided to expand the coverage of ESI scheme to all the districts across the country in a phased manner and if so, the details thereof along with the steps taken in this direction?**

ANSWER

**MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT
(SHRI SANTOSH KUMAR GANGWAR)**

(a) to (e): A statement is laid on the Table of the House.

**STATEMENT RERERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA
STARRED QUESTION NO.202 FOR 08.07.2019 BY SHRI SUDHEER GUPTA
AND SHRI SANJAY SADASHIV RAO MANDLIK REGARDING REDUCTION IN
ESI CONTRIBUTION**

(a): The Employees' State Insurance Act, 1948 (ESI Act) is applicable in the areas notified under section 1(3) of the ESI Act. At the first instance, the ESI Act is applicable to all factories (including factories belonging to the Government) deploying 10 or more employees other than seasonal factories under section 2(12) of the Act functioning in that area. Further, under section 1(5) of the ESI Act, the appropriate Government may notify the provisions of the ESI Act to any establishments or class of establishment, industrial, commercial, agricultural or otherwise, provided that where the provisions of ESI Act have been brought into force in any part of a State, the said provisions shall stand extended to any such establishment or class of establishments within that part if the provisions have already been extended to similar establishment or class of establishments in another part of that State. Further, employees earning wages upto Rs.21,000/- p.m. (Rs. 25,000/- p.m. in case of persons with disabilities) are covered under the ESI scheme.

(b): Yes, Sir. The rate of ESI contribution has been reduced from 6.5 per cent (employers' contribution @ 4.75 per cent of wages payable to employee and employees' contribution @ 1.75 per cent) to 4 per cent (employers' contribution @ 3.25 per cent and employees' contribution @ 0.75 per cent) with effect from 01.07.2019 to reduce the burden on employees and employers, improve the coverage as well as compliance of ESI Scheme and also contribute towards ease of doing business.

(c): Around 3.60 crore number of employees are likely to be benefitted by the said proposal across the country.

(d): Under ESIC 2.0 programme, ESI Scheme was extended in newly implemented areas. Out of total 722 districts, the ESI scheme has been extended to 541 districts.

(e): Periodical surveys are carried out from time to time for bringing more units and their employees in the umbrella of ESI scheme. Survey programme has been launched w.e.f. 01.07.2019 for a period of three months. It has been decided that the ESI Act shall be extended to the entire country by the year 2022.
