Employees State Insurance Act, 1948

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What Is ESI Act 1948?

Employee state insurance Act 1948 is a social security scheme.

Eligible employees and employers get various benefits under the ESI Act by contributing a portion of the employees' salary towards ESI scheme.

It is run by the Government of India.

It currently covers more than 2 crore employees and more than 7.5 crore of their family members.

Applicability of The ESI Act

Under Section 2(12) the Act is applicable to non-seasonal factories employing 10 or more persons.

Under Section 1(5) of the Act, the Scheme has been extended to shops, hotels, restaurants, cinemas including preview theatres, road-motor transport undertakings and newspaper establishments employing 10 or more persons.

Further under section 1(5) of the Act, the Scheme has been extended to Private Medical and Educational institutions employing 10 or more persons in certain States/UTs.

If in any particular month the employee strength was 10 or more, then also your business will covered under the ESI Act and you will be required to contribute.

The existing wage limit for coverage under the Act is Rs.21,000/- per month (w.e.f. 01/01/2017).

Benefits Of Registration Under ESI

Benefits of ESI for employees

ESI scheme offers insurance cover for :

* Sickness

* Death

* Disability

* Maternity

And even unemployment benefits by providing cash incentives and partial wages.

more than 150 hospitals and more than 2000 dispensaries all over India that offer free treatment under ESI in the above-mentioned cases.

Benefits of ESI for employers

Employers will get compensation for work related accident and disability.

Employers can just focus on the betterment of their organization without worrying about some uncertainties.

Contribution of ESI Registration

What is the Employer's contribution towards ESI?

- Employers need to contribute 4.75% of the employees' salary (Basic + DA + HRA) in the ESI scheme.
- For newly implemented areas, the contribution rate is 3% payable by Employers for first 24 months(w.e.f. 06.10.2016)

What is the Employee's contribution towards ESI?

Employee's need to pay 1.75% of their salary towards ESI scheme

For newly implemented areas, the contribution rate is 1% of wages of Employee for first 24 months(w.e.f. 06.10.2016)

What is the ESI registration process?

All the organization that have 10 or more employees, or once had 10 or more employees in their lifetimes are mandated by law to be registered under the ESI scheme

The registration needs to be done online at the ESIC portal and a 17 digit ESI number will be allotted to the organization upon the successful ESI registration.

To register the eligible employees, their 11-digit UAN (universal account number) will be taken for further process.

Documents required for ESI registration

- A registration certificate obtained under the:

a. Factories Act Or

b. Shops and Establishment Act Or

c. GST Act

- Certificate of Registration in case of Company, and Partnership deed in case of a Partnership
- Memorandum of Association and Articles of Association of the Company
- A list of all the employees working in the Establishment
- PAN Card of the Business Entity as well as all the Employees working under the entity
- The compensation details of all the employees
- A cancelled cheque of the Bank Account of the Company
- List of Directors of the Company
- List of the Shareholders of the Company
- Register containing the attendance of the employees

Thanking You