



ESIC Funds

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Why in News

The Union Labour Secretary has **ruled out appropriating funds of the Employees' State Insurance Corporation (ESIC)** for payment of wages to workers or to employers to meet their salary bill during the **Covid-19** lockdown.

The labour secretary has also said that the Parliamentary Standing Committee on Labour has given its report on the Code on Industrial Relations and it would soon submit a report on the Code on Social Security.

- The **Ministry of Labour & Employment** has been working on to simplify, amalgamate & rationalize the provisions of the existing Central labour laws into 4 Labour Codes.
- **The four labour codes - on Wages, Industrial Relations, Social Security and Occupational Safety, and Health and Working Conditions** - intend to provide workers with wage security, social security, safety, health and grievance redress mechanisms.

Key Points

- Employees' state Insurance Corporation of India is a **multidimensional social system** which provides **socio-economic protection to the worker population and immediate dependent or family** covered under the ESI scheme.
- The **Employees' State Insurance Scheme (ESI)** is an integrated measure of social Insurance embodied in the **Employees' State Insurance Act, 1948**.
- ESI is designed to accomplish the task of protecting employees against the impact of incidences of sickness, maternity, disablement and death due to employment injury and to provide medical care to insured persons and their families.

- **Coverage of the Scheme :**

- The ESI Scheme applies to **factories and other establishments** viz. Road Transport, Hotels, Restaurants, Cinemas, Newspaper, Shops, and Educational/Medical Institutions wherein 10 or more persons are employed.
However, in some States the threshold limit for coverage of establishments is still 20.
- Employees of the aforesaid categories of factories and establishments, drawing **wages upto Rs. 15,000/- a month**, are entitled to social security cover under the ESI Act.
However, ESI Corporation has also decided to enhance the wage ceiling for coverage of employees under the ESI Act **from Rs. 15,000/- to Rs. 21,000/-**.
- ESI Corporation has extended the benefits of the ESI Scheme to the **workers deployed on the construction sites** located in the implemented areas under ESI Scheme from 1st August, 2015.
 - The ESI Scheme is implemented district wise.
 - It is now notified in 526 Districts in 34 States and Union Territories.

- **Contributions to the Scheme :**

- The ESI Scheme is financed by **contributions from employers and employees.**
- In June, 2020 the **government had reduced the rate of contribution** under the ESI Act from 6.5% to 4% (employers' contribution reduced from 4.75% to 3.25% and employees' contribution reduced from 1.75% to 0.75%).
- Employees, **earning less than Rs. 137/- a day as daily wages, are** exempted from payment of their share of contribution.

Source: IE