



## Extension of ESI Scheme: Arunachal Pradesh

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### Why in News

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Recently, the central government has **extended the Employees' State Insurance (ESI) Scheme to Arunachal Pradesh**, with effect from 1<sup>st</sup> November, 2020.

The ESI Scheme **stands implemented in 568 districts** in all the States and Union Territories, except Lakshadweep.

### Key Points

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- **Integrated Social Security Scheme:** Employees' State Insurance (ESI) Scheme provides social protection to workers and their dependants, in the organised sector, in contingencies, such as, sickness, maternity and death or disablement due to an employment injury or occupational hazard.
- **Statutory Provisions:**
  - The **ESI Act, 1948** is applicable to factories and notified establishments in an implemented area employing 10 or more employees for wages.
  - The **"appropriate Government"** State or Central is empowered to extend the provisions of the ESI Act to various classes of establishments, industrial, commercial or agricultural or otherwise.
    - Most of the State Governments have extended the ESI Act to certain specific class of establishments, such as, shops, hotels, restaurants, cinemas, preview theatres, motors transport undertakings and newspaper establishments etc., employing 10 or more persons.
    - However, the threshold for Coverage of establishments is still **20 Employees in Maharashtra**.
- **Eligibility for Employees:** The existing wage limit for coverage under the Act is **Rs. 21,000 per month** (Rs. 25,000 per month in the case of **persons with disability**).

- **Self-Financing 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.
- **Benefits:** The **covered employees and their dependants** are eligible for a host of benefits including Cashless Medical Care Services, Sickness Benefit, Maternity Benefit, Employment Injury Benefit and Dependant Benefit in case of death due to employment injury, Unemployment Benefit etc.

The employees covered under ESI Scheme are also entitled to **unemployment allowance**. There are two unemployment allowance schemes namely **Atal Beemit Vyakti Kalyan Yojna (ABVKY)** and **Rajiv Gandhi Shramik Kalyan Yojna (RGSKY)**.
- **Administration:** It is administered by **an apex corporate body called the Employees' State Insurance Corporation (ESIC)**. The Corporation is **headed by the Union Minister of Labour**, as its Chairman.

**Source: PIB**