EPFO and ESIC Extension To Covid-Hit Families

Why in News

Recently, the government has announced an **extension of pension coverage** and **insurance benefits** for families of those who died due to **Covid-19**.

- The pension coverage will be extended under the **Employees' state Insurance Corporation of India (ESIC) scheme** and insurance benefits under the **Employees' Deposit-Linked Insurance (EDLI) scheme** for members registered under the **Employees' Provident Fund Organisation (EPFO).**

Key Points

- **Extension of Benefits Under ESIC Scheme:**
    - **All dependent family** members of such persons (who died of Covid) will be eligible for a pension **equivalent to 90%** of the average daily wage drawn by the worker as per the existing rules.
        - This benefit will be available retrospectively with effect **from 24th March 2020 till 24th March 2022.**
    - The eligibility conditions for the **ESIC** benefits are likely to include the norm that the insured person must have been registered on the **ESIC online portal** at least **three months prior** to the diagnosis of **Covid resulting in death,** the insured person must have been employed for wages and contributions for **at least 78 days.**
- **Under EPFO-EDLI:**
    - The maximum insurance benefit has been increased to **Rs 7 lakh from Rs 6 lakh.**
    - The **provision of minimum** insurance benefit of **Rs 2.5 lakh** has been restored and it will apply retrospectively from February 2020 for the next three years.
    - Benefits are being made available to families of **even those employees** who may have changed jobs in the **last 12 months preceding his/her death.**
    - All surviving dependent family members of **EPFO** are eligible to avail **benefits of EDLI** in case of death of the member.
        - **About 6.53 crore** families are expected to be eligible.

Employees' State Insurance (ESI) Scheme

- **About:**
    - It 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 ESI** is an integrated measure of **social Insurance** embodied in the **Employees' State Insurance Act, 1948.**
- **Coverage:**

- **ESI Act applies** to all factories and notified establishments located in implemented areas **employing 10 or more persons** and is applicable on employees drawing wages up to **Rs 21,000 per month (Rs 25,000 for persons with disabilities).**
- It covers about **3.49 crore of family** units of workers and provides cash benefits and medical facilities to **13.56 crore beneficiaries.**

Employees' Deposit-Linked Insurance

- It is an insurance cover provided by the EPFO **for private sector salaried employees.** It was **launched in 1976.**
  - **Any employee** who has an **EPF account** automatically becomes eligible for the **EDLI** scheme.
- The registered nominee receives a lump-sum payment in the event of the death of the person insured, during the period of the service.
  - It applies to **all organisations registered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.**
- The **EDLI** scheme is managed on the basis of **0.5%** of monthly wages **paid by the employer** to the fund and there is no employee contribution. The nominee registered by the employee is eligible to claim the benefit under the scheme.

Employees' Provident Fund Organisation

- It is a government organization that manages provident fund and pension accounts for the workforce engaged in the organized sector in India.
- **It implements** the **Employees' Provident Fund (EPF)** and **Miscellaneous Provisions Act, 1952.**
  - **The Employees' Provident Fund and Miscellaneous Provisions Act, 1952** provides for the institution of provident funds for employees in **factories and other establishments.**
- It is administered by the **Ministry of Labour & Employment,** Government of India.

Employees' Provident Funds Scheme

- **EPF** is the main scheme under the **Employees' Provident Funds and Miscellaneous Act, 1952.**
- It offers the institution of provident funds for factory employees and other establishments.
- The **employee and employer** each contribute **12% of the employee's** basic salary and dearness allowance **towards EPF.**
  - The Economic Survey **2016-17** had suggested that employees be allowed to choose whether or not to save 12% of their salary into EPF or keep it as take home pay.
- As per **current laws,** a person mandatorily becomes a member of **EPF** if his monthly salary does not **exceed Rs. 15,000.**

Source: IE