

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

**LOK SABHA  
UNSTARRED QUESTION NO. 2410  
TO BE ANSWERED ON 08.07.2019**

**ESI CONTRIBUTION**

**2410. SHRI ASADUDDIN OWAISI:  
SHRI SYED IMTIAZ JALEEL:**

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

- (a) whether in order to widen social security, improving conditions of workers and move to improve the ease of doing business in the country Government has announced ESI contribution rate cut;**
- (b) if so, the details thereof;**
- (c) the extent to which this step of the Government is likely to benefit employer and employee; and**
- (d) the total burden on the Government after taking this step and other steps taken or being taken by the Government for social security of labour and ease of doing business?**

**ANSWER**

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

**(a) & (b): Yes, Sir. The rate of ESI contribution has been reduced from 6.5 per cent (employer's @ 4.75 per cent and employee's @ 1.75 per cent) to 4 per cent (employer's @ 3.25 per cent and employee's @ 0.75 per cent) to bring more and more employees under the ambit of ESI Act, 1948. The reduced rates of contribution are applicable from 01.07.2019. The reduction in rate of contribution will reduce the burden on employees & employers; improve the coverage as well as compliance and also contribute towards "Ease of doing Business".**

**(c): After reduction in the rate of contribution, the employer will have to pay @ 3.25 per cent and the employee will have to pay @ 0.75 per cent of the total wages (being paid to the employee) instead of @ 4.75 per cent and @ 1.75 per cent respectively which was being paid earlier by them.**

**(d): ESI Scheme is financed mainly by contributions from employers and employees. No monetary support is given by Government for running the scheme.**

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