

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

**LOK SABHA**

**UNSTARRED QUESTION NO. 2411  
TO BE ANSWERED ON 08.07.2019**

**CONTRIBUTION TO ESI SCHEME**

**2411. SHRI SRIRANGA APPA BARNE:  
DR. PRITAM GOPINATHRAO MUNDE:  
SHRI VINAYAK RAUT:  
SHRI H. VASANTHAKUMAR:  
SHRI GIRISH BHALCHANDRA BAPAT:  
SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:**

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

- (a) whether the Central Government has announced a cut in contributions made by employers and employees towards the health insurance scheme of Employee's State Insurance Corporation (ESIC) and if so, the details thereof;**
- (b) whether the Government has assessed the estimated annual saving of firms as a result thereof;**
- (c) if so, the number of employers and employees who contributed towards the ESI scheme in the year 2018-19 as compared to the year 2013-14 along with the amount contributed by them, separately; and**
- (d) the extent to which reduced rate of contribution will bring relief to workers and facilitate further enrolment of workers under the ESIC scheme?**

**ANSWER**

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

**(a): Yes Sir. The rate of ESI contribution has been reduced from 6.5 per cent to 4 per cent to bring more and more employees under the ambit of ESI Act, 1948. The employer's share of contribution is @ 3.25 per cent and the employee's share of contribution is @ 0.75 percent of the total wages paid to the employee. The reduced rates of contribution are applicable from 01.07.2019.**

**Contd..2/-**

**(b): Employers are now required to pay @ 3.25 per cent of wages as ESI contribution as against @ 4.75 per cent being paid earlier, which translate into a reduction to the tune of 32 per cent (approx.) of the wages.**

**(c)**

<b>Year</b>	<b>No. of employers (in lakhs)</b>	<b>No. of Insured Persons (IPs) (in crores)</b>	<b>Contribution received (in crores)</b>
<b>2013-14</b>	<b>6.69</b>	<b>1.95</b>	<b>9632.54</b>
<b>2018-19 (Provisional)</b>	<b>12.85</b>	<b>3.60</b>	<b>22279.14</b>

**(d): After reduction in rate of contribution, the employee covered under the ESI Act, will have to pay @ 0.75 per cent amount of his / her total wages instead of @ 1.75 per cent which was being paid earlier. Reduction in rate of contribution to 4 per cent will improve the ESI Coverage and Compliance.**

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