

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

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 257  
TO BE ANSWERED ON 03.02.2021**

**REDUCTION IN ESI CONTRIBUTION**

**257. SHRI K. SOMAPRASAD:**

**Will the Minister of Labour and Employment be pleased to state:**

- (a) whether Government has noticed the adverse affect of reduction of employers contribution to the Employees State Insurance (ESI) scheme, if so, the details thereof; and**  
**(b) whether the reduction has accelerated the enrolment of new employers in ESI?**

**ANSWER**

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

**(a): The combined rate of ESI contribution was reduced from 6.5% to 4% with effect from 01/07/2019. There has been reduction in the revenue income of the ESIC through contribution in the year 2019-20 as given below:**

<b>Year</b>	<b>Collection of contribution (in crores</b>
<b>2018-19</b>	<b>Rs.22,279.14</b>
<b>2019-20</b>	<b>Rs.16,744.56</b>

**Contd..2/-**

**:: 2 ::**

**Though the rate of contribution was reduced by about 38%, the total revenue collection declined by only about 25% only. This decline has been set off by interest and other income resulting in a net surplus. Further, there is no reduction in benefits available to ESI beneficiaries.**

**(b): The Enrolment of new employers has increased following the reduction in the rate of contribution from 01.07.2019. Total number of new employers registered during the period 01.07.2019 to 31.12.2020 is 2,70,704.**

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