

INFOLEX

NEWS ALERT

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REVISED WAGE LIMIT UNDER THE EMPLOYEES' STATE INSURANCE ACT, 1948

1. INTRODUCTION

The Employees' State Insurance (Central) Rules, 1950 ("Rules") has been recently amended and the wage limit for coverage of an employee under the Employees' State Insurance Act, 1948 stands revised.

2. AMENDMENT

The amended Rules notified on December 22, 2016, has revised the wage limit for coverage of an employee under the Employees' State Insurance Act, 1948 ("Act") from INR 15,000/- to INR 21,000/-. The amendment is effective from January 1, 2017.

IndusLaw View:

As a result of this amendment, the employer will now be required to make contribution for employees who earn between INR 15,000/- and INR 21,000/-. Given that, a significant number of employees will now come under the ambit of the Act. Preliminary market reports indicate that the additional number of employees who will come under the ambit of the Act as a result of this amendment could be around 35,00,000. This would also imply a considerable financial impact on the employers. Additionally, administrative costs will also increase as the employer would now be required to obtain declaration forms and maintain registers /records for the new set of employees.

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