



news flash

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ESI Wages Ceiling revised to INR 21,000

Amendment

The Ministry of Labour and Employment, Government of India has pursuant to its notification bearing ref. no. G.S.R. 957(E) dated 22 November 2016 notified the Employees' State Insurance (Central) Third Amendment Rules, 2016 ("**Amendment Notification**") for increasing the wage limit for coverage of employees under the Employees' State Insurance Act, 1948 ("**the ESI Act**") from INR 15,000 to INR 21,000.

Effective Date:

The Amendment Notification has come into effect since 1 January 2017.

Prior to the amendment:

Rule 50 of the Employees' State Insurance (Central) Rules, 1950 ("**the ESI Rules**") read as under:

The wage limit for coverage of an employee under sub-clause (b) of Cl. (9) of Sec. 2 of Act shall be fifteen thousand a month:

Provided that an employee whose wages (excluding remuneration for overtime work) exceed fifteen thousand rupees a month at any time after and not before the beginning of the contribution period, shall continue to be an employee until the end of that period.

The Amendment Notification:

Rule 50 of the ESI Rules has been amended as follows:

In the Employees' State Insurance (Central) Rules, 1950, in rule 50, for the words "fifteen thousand rupees" occurring at both the places, the words 'twenty one thousand rupees' shall be substituted.

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Pursuant to the Amendment Notification the wage limit covering employees under the Act has now been increased to INR 21,000 and hence covering a larger number of employees within its ambit. The ESI Act provides for protection of the interest of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, death due to employment injury resulting in loss of wages or earning capacity, etc.

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