

Registration Procedure

Disclaimer: This document is intended solely for educational purposes. The content herein is subject to change based on evolving finance trends and any relevant rulings by the Government of India. Readers are advised to consult with qualified professionals for specific guidance related to their individual circumstances.

Q1. Is it mandatory for the Employer to register under the scheme?

Yes, it is the statutory responsibility of the employer under Section 2 -A of the Act read with Regulation 10-B, to register their Factory/ Establishment under the ESI Act within 15 days from the date of its applicability to them.

Q2. What is the procedure for Registration of an employer?

The Factory or Establishment to which the Act applies is to be registered by logging into ESIC Portal i.e. www.esic.in The employer is supposed to sign up, providing company name, principle employer's name, State and region as well as e mail address. The employer trying to register would get a password into his mail id. The employer can log in to www.esic.in and his mail ID can be used as user ID and the password received has to be accessed from the mail box to be used to register his unit by providing information in the Portal. Automatically a 17 digit code number is generated after successful registration.

Q3. What is a Code number?

It is a 17 digit unique identification number allotted to each of the factory/establishment registered under the provisions of the Act. Such a number is generated through ESIC portal on submission of the pertinent information by the employer or generated on receipt of Survey report from the Social Security Officer.

Q4. What is a Sub-code number?

This is also a unique identification number allotted to a sub-unit, branch office, sales office or Registered Office of a covered factory or establishment located in the same State or different State. The employer can register any Branch or Sales Office through ESIC Portal using his credentials.

Q5. Can a factory or establishment once covered go out of coverage if the number of persons employed therein goes down to the minimum limit prescribed?

Once a factory or an Establishment is covered under the Act, it continues to be covered notwithstanding the fact that the number of persons/ coverable employees employed therein at any time falls below the required limit or there is a change in the manufacturing activity.

Q6. Is there any provision for 'exemption of a factory or establishment' from ESI coverage?

Of course exemption is permissible from operation of provisions of the Act subject to the condition that the employees in a factory or establishment covered are other-wise in receipt of benefits substantially similar or superior to those provided under the ESI Act. The appropriate Government may grant exemption to such factory or establishment for a period of one year at a time prospectively in consultation with ESI Corporation. Application for renewal is to be made three months before the date of expiry of the period exemption.

Q7. If the wages of an employee exceeds Rs. 21,000 in a month, can he be treated as not covered and deduction of contribution from his wages is stopped?

If the wages of an employee (excluding remuneration for overtime work) exceeds the wage limit prescribed by the Central Government after the start of the contribution period, he continues to be

an employee till the end of that contribution period and hence contribution is to be deducted and paid on the total wages earned by him.

Q8. What is the effect of an increase in wages from a retrospective date?

In case the wages of an employee is increased from a retrospective date resulting in crossing the wage limit prescribed, its effect on coverage of that employee is only after expiry of the Contribution period during the currency of which such increase is announced or declared. The contribution on enhanced wages is also payable from the month in which such increase is announced. There is no need to pay the contribution on the arrears for the period prior to the month of declaration/ announcement/ agreement.

Q9. Why should be paid on the total wages beyond the wage ceiling limit when an employee crosses the wage limit prescribed by the Central Government?

An employee who crosses the prescribed ceiling limit in any month at any time after commencement of the contribution period, he/she would continue to be an employee till the end of that contribution period.

Though there is a ceiling limit of wages for coverage of an employee, there is no ceiling limit in the definition of wages for payment of contribution. Hence, contribution is payable on the total wages without any ceiling limit.

Q10. Is there any provision for exemption from payment of Employer's contribution?

With effect from 1-4-2008, the wage ceiling limit for coverage of employees with disability has been raised to rupees twenty five thousand a month. To encourage the employers for employing more employees with disability, the employer is exempted from payment of Employer's share of contribution on the wages paid to the employees with disability for a maximum period of three

years from the date of commencement of the contribution period in which such employee with disability is employed. The Central Government shall reimburse this Employer's contribution to the ESI Corporation.

Q11. What is the time limit for payment of contribution?

Contribution shall be paid in respect of an employee in to a bank duly authorized by the Corporation within 21 days of the last day of the calendar month in which the contribution falls due for any wage period (Reg. 29 & 31).

Q12. What is the manner of working out & payment of contributions?

The employer needs to file monthly contributions online through ESIC portal on a monthly basis in respect of all its employees after duly registering them. Through this exercise, the employer has to file employee wise number of days for which wages paid & the amount of wages paid respectively to ascertain the amount of contributions payable.

The total amount of contribution (both the shares) in respect of all the employees for each month is to be deposited in any branch of SBI in cash or by cheque or demand draft on generation of such a challan through ESIC portal using credentials. Contributions can be paid online through SBI internet banking too.

Q13. What are consequences of non / late payment of employees' contribution deducted but not paid?

Any sum deducted by the Principal employer from wages under the ESI Act shall be deemed to have been entrusted to him by the employee for the purpose of paying the contribution in respect of which it was deducted (Sec. 40(4)). Non-payment or delayed payment of the Employee's contribution deducted from the wages of the employee amounts to 'Breach of trust' and is punishable under IPC 406.

Q14. Will the delayed payment attract any interest?

An employer who fails to pay the contribution within the limit prescribed under Regulation 31, shall be liable to pay simple interest at the rate of 12% per annum in respect of each day of default or delay in payment of contribution (Regulation 31-A).

1. What are the penal provisions for non-payment or delayed payment contribution?
2. The employer is liable for prosecution under Section 85(a) and 85 A of the Act. B.
3. The Corporation may levy and recover damages at the following rates, not exceeding the amount of contribution payable for default or delay in payment of the contribution.

Period of delay	Rate of damages in % p.a.
i) Less than 2 months	5 %
ii) 2 to 4 months	10 %
iii) 4 to 6 months	15 %
iv) 6 months and above	25 %

Revision #2

Created 30 July 2024 16:08:21 by Pooja

Updated 4 September 2024 04:09:14 by Pooja