ESIC leads EPFO in workforce formalisation

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Government-run Employees State Insurance Corporation (ESIC) has been consistently leading in providing social-security benefits by formalising the workforce in the organised sector.

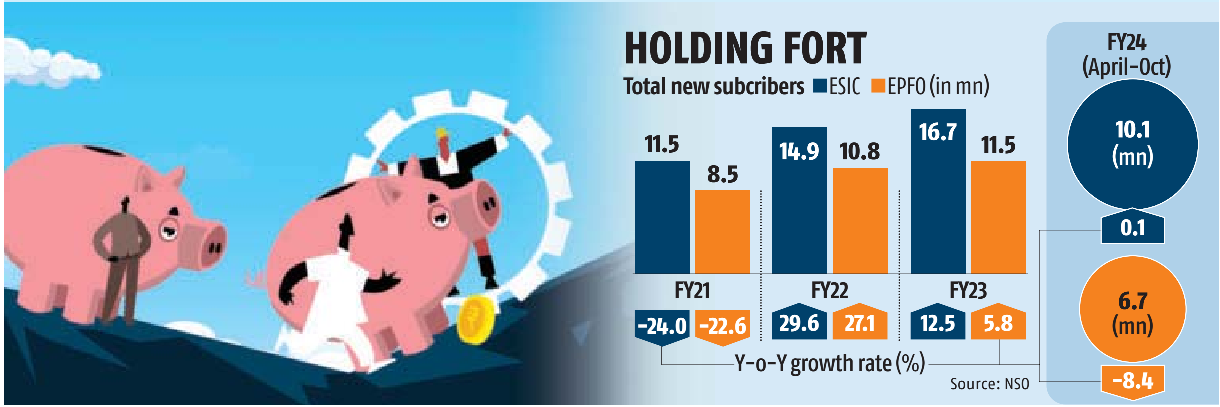
This has happened with high growth in coverage in recent years as compared to the Employees Provident Fund Organisation (EPFO), shows the government data.

ESIC offers the primary government scheme that provides socio-economic protection against sickness, disablement, and death, and in the case of maternity if there is a work-related injury to employees, whereas the EPFO focuses on pension benefits to organised-sector subscribers.

While ESIC is mandated to cover all organisations with a minimum of 10 workers and those earning up to ₹21,000 a month, the EPFO is required to cover organisations with at least 20 workers.

While the number of fresh registrations under ESIC during April-October increased marginally by 0.1 per cent this financial year, that under the EPFO declined 8.4 during the same time period, a *Business Standard* analysis of the latest data released by the National Statistical Office (NSO) shows.

ILLUSTRATION: BINAY SINHA



The data reveals the number of newly registered employees and contributing under ESIC rose marginally to 10.12 million between April and October in FY24, as compared to 10.11 million in the same period a year ago.

In contrast, the number of new subscribers under the EPFO fell to 6.7 million this year from 7.3 million in the previous year during the same period.

Similarly in FY22 and FY23, the pace of growth in new subscribers under ESIC stood at 29.6 per cent and 12.5 per cent, respectively, as compared to 27.1 per cent and 5.8 per cent, respectively, under the EPFO.

The data also shows the share of new women subscribers under ESIC increased marginally to 20.8 per cent (2.11 million) in April-October this year from 19.1 per cent (1.93 million) in the same period previous year, reflecting better coverage of the female workers in the workforce. Meanwhile, the number of new young subscribers belonging to the 18-28 age group declined to 6.22 million from 6.31 million in the period under consideration.

Recently, the labour ministry said the ESI scheme extended to 611 districts in 36 states and Union Territories with a network of 161 hospitals and 1,574 dispensaries and the number of insured persons stood at 37.2 million, providing social security to more than 120 million beneficiaries.

"The ESIC is actively improving medical infrastructure, with the number of medical colleges increased to 8, MBBS seats increased to 950, and MD/MS seats increased to 275," the statement said.

KR Shyam Sundar, adjunct professor, Management Development Institute (MDI), said ESIC provided certain tangible benefits to its subscribers as soon as they registered themselves.

"Unlike the EPFO, which is a pension body and has a long gestation period as well, ESIC builds and creates infrastructure like hospitals and dispensaries at the grassroots. So the thrust is on bringing more people within its ambit and that may explain the higher growth in its subscribers," he added.