

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No. IR2/252(1)/2019-PO-III

Office of the Managing Director,
RTC House, PNDS, Vijayawada.

CIRCULAR No. PD-19 /2019 dated 06-08-2019

Sub: ESI ACT, 1948- Reduction in the rate of contribution under the ESI Act from 6.5% to 4% (employers' contribution being reduced from 4.75% to 3.25% and employees' contribution being reduced from 1.75% to 0.75%) - Instructions issued - Reg.

Ref: 1. Circular No.PD-41/2007 dated 01.08.2007.

2. The Gazette of India No.356 dated 13.06.2019.

Through the Circular under reference cited, it was instructed that employees' Contribution at present is 1.75% of the wages, whereas, the Employers' Contribution is 4.75% of the wages paid/payable (total 6.5%) in respect of every wage period for availing the medical facilities by the employees covered by ESI Act.

Recently, the Government of India through the Gazette of India 2nd cited has communicated the decision to reduce the rate of contribution under the ESI Act from 6.5% to 4% (employers' contribution being reduced from 4.75% to 3.25% and employees' contribution being reduced from 1.75% to 0.75%). Reduced rates will be effective from 01.07.2019.

The Government of India in its pursuit of expanding the Social Security Coverage to more people started a programme of special registration of employers and employees from December, 2016 to June, 2017 and also decided to extend the coverage of the scheme to all the districts in the country in a phased manner. The wage ceiling of coverage was also enhanced from Rs.15,000/- per month to Rs.21,000/- from 01.01.2017.

In the light of decision to reduce the rate of contribution under the ESI Act, all the Unit Officers shall ensure that the reduction in rate of contribution from 6.5% to 4% (employers' contribution being reduced from 4.75% to 3.25% and employees' contribution being reduced from 1.75% to 0.75%) is implemented for all the contract/outsourced workers engaged through manpower supply agencies. Reduced rates will be effective from 01.07.2019.

Hence forth, while assessing the rate of contribution under the ESI Act in case of all contracts, the rate of contribution under the ESI Act from 6.5% to 4% (employers' contribution being reduced from 4.75% to 3.25% and employees' contribution being reduced from 1.75% to 0.75%) shall be implemented.

Necessary action shall be taken accordingly.

EXECUTIVE DIRECTOR (A)

To

All Officers of the Corporation

Copy to : Sr.RAO/AG, APSRTC Branch, RTC House, VIA

Copy to : OSD to VC & MD

Copy to : DY.CAO(T&S)/HO

Copy to : PRO/HO for translation into Telugu.

Copy to : Secy, ET & CCS Ltd.

Copy to : Notice Board & Incharge Record Room.