



## 12. CONTRIBUTIONS

ESI scheme is a contributory scheme, in which both Employers and Employees contribute as per the rates prescribed in the ESI (Central) Rules, 1950. Contribution is the amount payable to the Corporation by the Principal Employer in respect of an employee and comprises the amount payable by the employee and the employer. Employees' contribution at present is 1.75 per cent of the wages, whereas, the Employer's Contribution is 4.75 per cent of the wages paid/payable in respect of every wage period.

In the first instance the Principal Employer is to pay employers' share of contribution as well as employees' share of contribution in respect of every employee whether employed directly or through immediate employer. The employees' share may thereafter, be recovered by making deduction from their wages for the wage period for which contribution was payable and not otherwise.

Employees earning Rs. 40/- or less per day as wages are exempted from payment of their part of contribution. Employers' share of contribution is, however, payable.

**Contribution in respect of arrears of wages :-** As and when any increase in the wages/remuneration is declared with retrospective effect, the liability towards payment of contribution accrues only in the month in which the decision is announced and no contribution is payable on the arrears pertaining to the period prior to the month of declaration/announcement.

## 13. 'WAGES' DEFINED

"Wages" means all remuneration paid or payable in cash to an employee, if the terms of the contract of employment,