ESIC

Under the Employees' State Insurance Corporation (ESIC) rules in India, establishments with 10 or more workers must register. Employees earning up to ₹21,000 per month (₹25,000 for persons with disabilities) are covered. The total contribution is 4% of wages, split as 0.75% from the employee and 3.25% from the employer.

Eligibility & Applicability

- **Establishments:** Applies to non-seasonal factories, shops, hotels, restaurants, and private educational or medical institutions with 10+ workers.
- **Wage Limit:** Monthly wages must be ₹21,000 or less, or ₹25,000 or less for workers with disabilities.
- **Exemptions:** Employees with a daily average wage up to ₹176 do not pay their 0.75% share, but employers still pay their 3.25% share.

Contribution & Payments

- **Employee Share:** 0.75% of gross wages.
- **Employer Share:** 3.25% of gross wages.
- **Due Date:** Monthly payments must be paid by the 15th day of the succeeding month.

Key Benefits

- **Medical Care:** Full medical treatment for the worker and family from day one.
- **Sickness Benefit:** 70% of daily wages during certified medical leave.
- **Maternity Benefit:** 100% of average daily wages for up to 26 weeks of maternity leave.
- **Disablement & Dependants' Benefit:** Financial support for work-related injuries or death.

EPF

The Employees' Provident Fund (EPF) in India mandates a 12% monthly contribution from both employee and employer on basic salary plus dearness allowance. Recent frameworks under the Employees' Provident Fund Organisation streamline partial withdrawals into essential, housing, and special categories, while introducing a 12-month waiting period for final settlement.

Eligibility & Contributions

- **Mandatory Coverage:** Required for factories and establishments with 20 or more employees.
- **Wage Ceiling:** Statutory compliance is mandatory for employees earning up to ₹15,000 per month at joining; higher salaries can contribute voluntarily.
- **Employee Share:** 12% of basic salary goes entirely into the EPF account.
- **Employer Share:** 12% total split—3.67% goes to EPF and 8.33% (capped at ₹1,250/month) goes to the Employees' Pension Scheme (EPS).

Updated Withdrawal Rules

- **Partial Withdrawals:** Consolidated into simplified buckets like essential needs (medical, education, marriage) and housing requirements.
- **Service Limits:** A minimum service or membership period of 12 months is generally required for specific partial claims, though medical emergencies have relaxed criteria.
- **Full Settlement & Waiting Period:** A 12-month waiting period applies for premature final EPF settlement after leaving a job, and EPS withdrawal benefits require a 36-month wait.
- **Lock-in Clause:** Guidelines emphasize maintaining a long-term corpus to protect retirement accumulation and continuous interest earning.

Transfer & Exit

- **UAN Integration:** Accounts are managed via a Universal Account Number, making automatic transfers seamless when switching jobs.
- **Taxation (TDS):** Withdrawals before 5 years of continuous service attract TDS if the total amount exceeds ₹50,000.

EPF administrative charges

EPF administrative charges are a mandatory fee paid exclusively by employers—not employees—to the Employees' Provident Fund Organization (EPFO) for managing and maintaining employee provident fund accounts.

Current Admin Rates and Rules

- **EPF Admin Charge Rate: 0.50%** of total monthly EPF wages (Basic salary plus Dearness Allowance).
- **Minimum Monthly Fee (Active): ₹500** per month for any functional establishment with contributing members. Even if 0.50% of the total basic wages calculates to less than ₹500, the employer must pay the flat minimum of ₹500.
- **Minimum Monthly Fee (Inactive): ₹75** per month for non-functional establishments that have no contributing members in that specific wage month.
- **EDLI Admin Charges:** Additionally, employers pay a separate administrative charge of **0.01%** for the Employees' Deposit Linked Insurance Scheme (EDLI), subject to its own minimum thresholds.

Employees' Deposit Linked Insurance (EDLI)

The Employees' Deposit Linked Insurance (EDLI) scheme is a life insurance program managed by the Employees' Provident Fund Organisation (EPFO). It automatically covers all salaried employees who contribute to the EPF. It provides a tax-free lump-sum payout ranging from a minimum of ₹2.5 lakh to a maximum of ₹7 lakh to the nominee or legal heir if an employee dies during service.

Key Rules and Eligibility

- **Automatic Coverage:** Any organization registered under the EPF Act includes EDLI automatically. Employees do not need to register separately.
- **Zero Employee Contribution:** Employees pay nothing toward this insurance. The employer pays 0.5% of the employee’s monthly wages (capped at a maximum wage calculation base of ₹15,000, meaning a max of ₹75 per employee per month).
- **Job Changes:** Recent rules relax service continuity conditions; families can claim benefits even if the employee changed jobs within the 12 months preceding death.
- **Timeframe for Claims:** The EPFO aims to settle complete claims within 20 days of receipt.

Calculation of Benefit Amount

- The payout equals 35 times the average monthly wages drawn in the last 12 months (up to a wage cap of ₹15,000), plus an additional component of up to 50% of the average PF balance, subject to the overall ceilings.
- **Floor and Ceiling Limits:** The absolute minimum assured payout is **₹2.5 lakh**, and the upper cap is **₹7 lakh**.
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Required Documents for Claiming

- **Form 5IF** submitted by the nominee or legal heir.
- Death certificate of the employee.
- Cancelled cheque or bank passbook details of the claimant.
- Guardianship certificate (if the nominee is a minor) or succession certificate (if there is no valid nomination registered).

www.epfo.gov.in