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ESIC-EPFO SPREE: Bringing Informal Workers into Social Security

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ESIC-EPFO SPREE: Bringing Informal Workers into Social Security

19 January 2026

WHY IN NEWS

The joint ESIC-EPFO SPREE (Social Security Registration and Enrolment of Employees) campaign crossed 1.03 crore new worker enrolments as of January 19, 2026, marking a significant milestone in efforts to extend formal social security to India's vast informal workforce.

INDIA'S INFORMAL LABOUR CHALLENGE

India's workforce is estimated at approximately **550 million people**, of whom roughly **90%** work in the informal economy — as domestic workers, construction labourers, small factory hands, gig workers, shop assistants, and agricultural workers. Informal workers have no access to institutionalised social security: no provident fund, no health insurance, no pension, and no maternity benefits.

This informality is not just an economic problem — it is a social vulnerability. Informal workers who fall ill, suffer a workplace injury, or reach old age have no safety net beyond family support or state welfare schemes. Formalisation through ESIC and EPFO enrolment is one of the most direct policy tools to address this gap.

THE TWO PILLARS: ESIC AND EPFO

Employees' State Insurance Corporation (ESIC)

ESIC was established under the **Employees' State Insurance Act, 1948** — one of India's oldest pieces of social-security legislation. It provides a comprehensive package of benefits:

Benefit	Coverage
Medical benefit	Unlimited medical care for insured worker and family
Sickness benefit	70% of wages for up to 91 days per year
Maternity benefit	Wages for 26 weeks of maternity leave
Disablement benefit	Permanent disablement allowance
Dependants' benefit	Pension to dependants if worker dies from occupational injury
Funeral expenses	Fixed lump sum on death

Coverage: Applies to factories and other establishments with **10 or more workers** in notified industries and areas. Coverage has been expanded progressively – now includes shops, hotels, restaurants, cinemas, and educational institutions.

Contribution rates (as of FY26):

Employer: **3.25%** of wages

Employee: **0.75%** of wages (exempted if earning below Rs 100/day)

Wage ceiling for ESIC coverage: Rs 21,000 per month (workers above this are not covered)

Administration: Dual – ESIC manages the insurance; Government of India and state governments run ESIC hospitals and dispensaries.

Employees' Provident Fund Organisation (EPFO)

EPFO was established under the **Employees' Provident Fund and Miscellaneous Provisions Act, 1952**. It is one of the world's largest social security organisations by membership. It administers three schemes:

Scheme	Purpose
Employees' Provident Fund (EPF)	Retirement savings corpus
Employees' Pension Scheme (EPS, 1995)	Monthly pension after 58 years of age
Employees' Deposit Linked Insurance (EDLI)	Life insurance cover

Coverage: Establishments with **20 or more workers** in listed industries (some categories at 10+ workers).

Contribution rates:

Employer: **12%** of basic wages + DA (8.33% goes to EPS; 3.67% to EPF)

Employee: **12%** of basic wages + DA (all to EPF)

Government contribution: 1.16% to EPS for workers earning below Rs 15,000/month

Wage ceiling for mandatory coverage: There is no upper ceiling for EPF; the contribution basis is capped at Rs 15,000 per month for EPS purposes.

UAN — Universal Account Number: Every EPFO member is assigned a UAN — a portable unique number that follows the worker across employers, making it easier to transfer PF accounts.

THE SPREE CAMPAIGN

SPREE — Social Security Registration and Enrolment of Employees — is a joint initiative by ESIC and EPFO, launched in 2023 and extended in phases through 2026. Its goal: identify and register eligible establishments and workers who have not yet enrolled, and incentivise employers to come forward voluntarily.

Why Employers Evade Registration

Many small and medium establishments avoid registering with ESIC and EPFO because:

- Cost of contributions (adds ~15% to wage bill for employer)

- Administrative complexity of monthly returns filing

- Fear of retrospective penalty for past non-compliance (Section 14B of EPF Act and Section 85 of ESI Act allow recovery of damages for delayed payment — these can be substantial)

What SPREE Offered

SPREE provided a **limited-time amnesty**:

- Waiver of **damages** (not principal dues) for employers who voluntarily registered workers and cleared past dues during the campaign window

- Simplified online registration via the **Unified Shram Suvidha Portal**

- Outreach through district labour offices, industry associations, and state governments

Results

- 1.03 crore** new workers enrolled as of January 19, 2026

- Coverage spread across manufacturing, retail, hospitality, and services sectors

- ESIC membership base: approximately 35 million workers (pre-campaign); SPREE adds ~10 million

- EPFO subscriber base: approximately 70 million active members (pre-campaign)

THE LABOUR CODES: BROADER CONTEXT

SPREE operates alongside the broader **Labour Code consolidation** — India’s effort to amalgamate 29 central labour laws into 4 codes:

Code	Number of laws merged
Code on Wages, 2019	4 laws
Industrial Relations Code, 2020	3 laws
Code on Social Security, 2020	9 laws (includes ESI Act and EPF Act)
Occupational Safety, Health and Working Conditions Code, 2020	13 laws

The **Code on Social Security, 2020** will, once implemented, extend social security to **gig workers and platform workers** for the first time — a significant step, as India has an estimated 7.7 million gig workers (NITI Aayog, 2022) who are currently outside all formal social security frameworks.

Status: All four codes have been passed but not yet fully notified/implemented as of early 2026 — states must frame complementary rules under each code before they can come into force.

UPSC RELEVANCE

Prelims:

ESIC: ESI Act 1948; 10+ worker threshold; employer 3.25% + employee 0.75%

EPFO: EPF Act 1952; 20+ worker threshold; employer 12% + employee 12%

UAN: Universal Account Number (EPFO)

SPREE: damages waiver under Section 14B (EPF) and Section 85 (ESI)

Four Labour Codes: Wages (2019), IR (2020), Social Security (2020), OSH (2020)

Code on Social Security 2020: will extend coverage to gig workers

Mains GS-2: Social security for informal workers; labour code reform; welfare state obligations **Mains GS-3:** Formalisation of labour market; demographic dividend; productivity and social protection

★ FACTS CORNER — KNOWLEDGEPEDIA

ESIC — CORE DATA:

Governing law: Employees' State Insurance Act, 1948

Coverage threshold: 10+ workers (scheduled establishments)

Wage ceiling: Rs 21,000/month

Employer contribution: 3.25% of wages

Employee contribution: 0.75% of wages

Benefits: medical, sickness (70% wages, 91 days), maternity (26 weeks), disablement, dependants pension, funeral expenses

EPFO — CORE DATA:

Governing law: Employees' Provident Fund and Miscellaneous Provisions Act, 1952

Coverage threshold: 20+ workers

Employer contribution: 12% of basic wages + DA (8.33% EPS + 3.67% EPF)

Employee contribution: 12% of basic wages + DA (all to EPF)

Three schemes: EPF, EPS (1995), EDLI

UAN: Universal Account Number — portable, follows worker across employers

SPREE CAMPAIGN:

Full form: Social Security Registration and Enrolment of Employees

Run by: ESIC + EPFO jointly

Incentive: waiver of damages under Section 14B (EPF Act) and Section 85 (ESI Act)

Result: 1.03 crore workers enrolled (as of Jan 19, 2026)

LABOUR CODES — QUICK SUMMARY:

Code on Wages: 2019 (4 laws merged)

Industrial Relations Code: 2020 (3 laws merged)

Code on Social Security: 2020 (9 laws merged) — covers gig workers

OSH Code: 2020 (13 laws merged)

Status: passed; not yet fully implemented; states yet to notify rules

INDIA'S INFORMAL LABOUR — KEY NUMBERS:

Total workforce: ~550 million

Informal workers: ~90% (~490–500 million)

Gig workers estimate: 7.7 million (NITI Aayog, 2022)

Projected gig workers by 2030: 23.5 million (NITI Aayog)

OTHER RELEVANT FACTS:

Unified Shram Suvidha Portal: single online platform for all labour law registrations

EPS pension: payable after 58 years with 10+ years of service

EDLI: life insurance for EPF members; cover up to Rs 7 lakh

Ministry overseeing both ESIC and EPFO: Ministry of Labour and Employment

Sources: ESIC, EPFO, PIB, The Hindu

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