

ESIC introduces Scheme to Promote Registration of Employers / Employees (SPREE)

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Introduction

The Employees State Insurance Corporation (ESIC) approved the Scheme to Promote the Registration of Employers / Employees (SPREE) to incentivize eligible employers to register their establishment and enrol their employees. It is part of a broader government initiative to significantly increase social security coverage across India.

[The ESIC had released a similar scheme in 2016](#) providing employers with the opportunity to register their establishment from 20 December 2016 to 31 March 2017. Subsequently, [the scheme was extended](#) from 1 April 2017 to 30 June 2017 to provide employers with an opportunity to register their establishment with the ESIC.

India's workforce is characterized by a large informal sector, where workers often lack formal engagement and, consequently, access to social security benefits. The Employees' State Insurance Act, 1948 (ESI Act) mandates that certain employers register their establishments and employees (subject to fulfilment of eligibility and applicability criteria).

Employees enrolled under the ESI Act are eligible for a comprehensive set of medical, sickness, maternity, disablement, and certain cash benefits. However, historical challenges, including fear of retrospective penalties, registration processes, and sometimes a lack of awareness, have deterred many eligible employers and employees from enrolling.

SPREE is an entirely voluntary initiative that provides employers with a one-time opportunity to register their establishment and enrol covered employees under the ESI Act without the threat of punitive action for a failure to register within the timelines prescribed under it.

Salient features of SPREE

The registration window for SPREE is open for a period of 6 months from 1 July 2025 to 31 December 2025. Employers can register their establishment under SPREE through the [ESIC portal](#), [Shram Suvidha Portal](#), or the [MCA portal](#).

SPREE offers the following one-time benefits to employers who opt to register under it:

- **Nature of Coverage:** Coverage will be provided to the employer from the date of registration or the date declared by the employer, as the case may be. This means that employers can provide a date prior to 1 July 2025. Newly registered employees will be treated as covered from the date of registration declared by their employer but will not be entitled to any benefits retrospectively.
- **No threat of punitive action:** Employers will not be liable for past dues of contributions and will not be subject to any inspections for the period prior to the date of coverage following registration under SPREE. Accordingly, no demands for records pertaining to any such prior periods can be made by the ESIC.

- Digital registration: To facilitate the enrolment of employers under SPREE, the ESIC has provided for an entirely digital registration process.

It is crucial to understand that the introduction of SPREE will not impact any actions or proceedings initiated by the ESIC against employers before 01 July 2025. This means that ongoing cases or demands for dues from prior periods, already in motion before the scheme's launch, will continue unaffected. Furthermore, the ESIC is expected to issue detailed guidelines on SPREE in the near future, which will provide comprehensive clarity on its implementation, scope, and procedures.

Conclusion

The introduction of SPREE offers employers the opportunity to comply with the provisions of the ESI Act without the threat of penal action. It is important for employers to note that ordinarily, non-compliance with registration requirements under the ESI Act entails substantial monetary penalties. This is because employers are required to remit contributions from a retrospective date with interest, and damages may be levied on the quantum of such contribution. Beyond financial repercussions, the ESI Act also carries provisions for criminal liability, potentially leading to imprisonment for company officials in cases of contribution defaults.

In light of the above, employers should proactively evaluate whether the ESI Act is applicable to their establishment / factory and consider registering under SPREE to avail the aforementioned benefits. In our view, employers should monitor the regulatory landscape for further guidance in this regard and consider apprising the newly registered employees of the nature and scope of the social security benefits they are now entitled to, in the interest of fostering transparency within the workforce.

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