



JSA Prism Employment Law

July 2025

Employees' State Insurance Corporation launches special scheme for voluntary registration

With the objective of widening compliance coverage under the Employees' State Insurance Act, 1948 ("ESI Act"), the Employees' State Insurance Corporation ("ESIC"), during its 196th meeting held on June 27, 2025, approved a special scheme titled 'Scheme to Promote Registration of Employers and Employees' ("SPREE").

SPREE notified on July 1, 2025¹, marks a proactive move by ESIC to bring more employers and workers into the fold of statutory benefits, setting the stage for a more inclusive and secure workforce.

Applicability of SPREE

Under the Employees' State Insurance (General) Regulations, 1950 ("ESI Regulations"), every employer whose factory or establishment falls under the scope of the ESI Act is required to apply for registration within 15 (fifteen) days of the ESI Act becoming applicable to them. Despite this provision, a considerable number of establishments to which the ESI Act applies to, across various sectors, remain unregistered.

SPREE aims to address this gap by offering a one-time opportunity to encourage employers to voluntarily register themselves and their employees under the ESI Act. It applies to all factories and establishments, including shops, hotels, restaurants, cinema halls, road motor transport establishments, newspaper establishments, private medical and educational institutions, and contract or casual employees working under municipal corporations, with 10 (ten) or more employees, located in areas where the ESI Act has been implemented². It covers such entities that have remained unregistered despite qualifying the applicability threshold under the ESI Act.

Notably, as per the 'Frequently Asked Questions'³ issued by the ESIC, the applicability of SPREE also extends to employers who are already registered under the ESI Act but have not registered all their eligible employees, such as temporary, casual, or contractual workers. SPREE encourages such employers to bring all eligible employees under the ESI coverage without facing penalties or legal consequences for past non-compliances.

Key highlights of SPREE

SPREE has been conceptualised as a compliance-facilitation initiative. It provides employers with an avenue to register under the ESI Act without the burden of retrospective coverage or fear of punitive actions for previous non-

¹ https://www.esic.gov.in/attachments/circularfile/Scheme_to_Promote_Registration_of_Employers_Employees_SPREE_1752493312.pdf.

² <https://www.esic.gov.in/attachments/circularfile/226907cad2d9ad8f02645adea2a27952.pdf>
<https://www.esic.gov.in/attachments/circularfile/164b824c726be51e234825b9e3756135.pdf>.

³ https://esic.gov.in/attachments/circularfile/SPREE_2025_FAQs_Awareness_on_SPREE_2025_1752145706.pdf.

compliance. SPREE is operational from July 1, 2025, to December 31, 2025, during which eligible employers are encouraged to voluntarily register themselves.

Any establishment registering during this period will be treated as covered from either the date of registration or the date specifically declared by the employer, whichever is applicable. Similarly, employees registered during this timeframe will be considered as covered from the date of their respective registration.

Notably, SPREE ensures immunity from inspection of past records, and there will be no demand for contribution liabilities for any period prior to the chosen date of registration. Having said that, any proceedings or actions already initiated under the ESI Act before July 1, 2025, will remain unaffected by SPREE. In other words, if the ESIC had already taken any enforcement action, such as issuing demand notices or initiating recovery proceedings, before this date, those actions will continue. In essence, SPREE does not offer immunity or relief for cases already under litigation, investigation, or enforcement.

Registration mechanism

Employers may register their establishments through the ESIC portal, the Shram Suvidha portal, or the Ministry of Corporate Affairs (MCA) portal. Under SPREE, the registration will take effect from the date voluntarily declared by the employer. There will be no requirement to pay contributions, nor will any benefits or liabilities accrue under the ESI Act, for any period prior to this declared date.

Conclusion

The launch of SPREE by ESIC marks a crucial initiative to bridge longstanding gaps in social security coverage under the ESI Act. Despite the clear mandate under the ESI Regulations, requiring employers to register within 15 (fifteen) days of the ESI Act becoming applicable to them, a large number of eligible establishments remain unregistered. This has been largely attributed to a combination of factors, including lack of awareness, ambiguity regarding the district-wise implementation of the ESI Act, administrative hurdles, and apprehension about retrospective liabilities or punitive enforcement.

By offering a clear and time-bound window of opportunity, from July 1 to December 31, 2025, SPREE presents a practical and forward-looking compliance facilitation mechanism. It allows unregistered employers, including those who have partially complied by omitting certain categories of employees (such as casual, contractual, or temporary workers), to voluntarily regularise their registration status without fear of retrospective contribution demands or inspections of past records. Importantly, it ensures immunity from enforcement actions for the period prior to registration, provided no proceedings were already initiated before July 1, 2025.

Employers are encouraged to view this scheme as a proactive step toward responsible employment practices. Extending ESI benefits to employees not only enhances workforce welfare and morale but also mitigates future legal and compliance risks for the employer. Establishments that have so far remained outside the scope of formal ESI coverage now have a meaningful opportunity to come forward, align with statutory requirements, and play a more constructive role in fostering social security for India's working population.

Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimise associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees.

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18 Practices and
41 Ranked Lawyers



7 Ranked Practices,
21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



12 Practices and 50 Ranked
Lawyers



20 Practices and
22 Ranked Lawyers



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