

PRINCIPAL EMPLOYER NOT LIABLE TO PAY ESI CONTRIBUTIONS TOWARDS EMPLOYEES OF CONTRACTOR

The ESI Authority asked the principal employer to pay ESI contributions in respect of workers employed through contractors. The principal employer stated that certain job work was given to contractors and it had no control or supervision over the employees of contractors and not liable to be employer of such employees and pay ESI contributions. The ESI Authority determined the money under Section 45A of the Employees State Insurance Act and directed to the principal employer to pay the same. The Principal employer challenged the order of the ESI Authority in appeal which was allowed. The ESI Corporation challenged the order of the ESI Court in High Court. The learned Single Judge of the High Court observed that officers of the principal employer were not empowered to take disciplinary action against erring employees of independent contractors. Thus, the employees of independent contractors could not be the employees of the principal employer.

Employees' State Insurance Corpn. vs. India Pistons Repco Limited, 2014 LLR 536 (Mad. HC)