



Study of ESI Act 1948, Its Basic Provisions , features and Benefits under the Scheme

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Introduction : Employees' State Insurance Scheme of India is an integrated social security scheme tailored to provide social protection to workers and their dependants, in the organised sector, in contingencies, such as, sickness,



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maternity and death or disablement due to an employment injury or occupational hazard. The Employees' State Insurance Act, 1948 (ESI Act) provides for health care and cash benefit payments in the case of sickness, maternity and employment injury. The Act applies to all non-seasonal factories run with power and employing 10 or more persons and to those factories which run without power and employing 20 or more persons. The appropriate Government may after notification in the Official Gazette, extend the provision of the Act to any other establishment or class of establishments, industrial, commercial, agriculture or otherwise.

Under the Act, cash benefits are administered by the Central Government through the Employees State Insurance Corporation (ESIC), whereas the State Governments and Union Territory Administrations are administering medical care.

The Employees' State Insurance Corporation (ESIC) is the premier social security organization in the country. It is the highest policy making and decision taking authority under the ESI Act and oversees the functioning of the ESI Scheme under the Act. The corporation comprises members representing Central and State Governments, employers, employees, Parliament and the medical profession. Union Minister of Labor functions as the Chairman of the Corporation. A Standing Committee constituted from among the members of the Corporation acts as the Executive Body for the administration of the Scheme.

The "appropriate Government" State or Central is empowered to extend the provisions of the ESI Act to various classes of establishments, industrial, commercial or agricultural or otherwise. Under these enabling provisions most of the State Governments have extended the ESI Act to certain specific class of establishments, such as, shops, hotels, restaurants, cinemas, preview theatres, motors transport undertakings and newspaper establishments etc., employing 20 or more persons. The ESI Scheme is mainly financed by contributions raised from employees covered under the scheme and their employers, as a fixed percentage of wages. Employees of covered units and establishments drawing wages up to Rs.10,000/- per month come under the purview of the scheme for social security benefits. However, employees' earning up to Rs.50/- a day as wages are exempted from payment of their part of contribution. The State Governments



bear one-eighth share of expenditure on Medical Benefit within the per capita ceiling of Rs.900/- per annum and all additional expenditure beyond the ceiling.

Employees covered under the scheme are entitled to medical facilities for self and dependants. They are also entitled to cash benefits in the event of specified contingencies resulting in loss of wages or earning capacity. The insured women are entitled to maternity benefit for confinement. Where death of an insured employee occurs due to employment injury, the dependants are entitled to family pension.

- The ESI Act, (1948) applies to following categories of factories and establishments in the implemented areas: on-seasonal factories using power and employing ten(10) or more persons.
- Non-seasonal and non power using factories and establishments employing twenty (20) or more persons.
- Employees of the Factories and Establishments in receipt of wages not exceeding Rs.25000 /- Per month are covered under this Act.

The basic provisions of the Act are :-

Every factory or establishment to which this Act applies shall be registered within such time and in such manner as may be specified in the regulations made in this behalf.

It provided for an integrated need based social insurance scheme that would protect the interest of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, death due to employment injury resulting in loss of wages or earning capacity.

FEATURES AND EXTENT OF ESI SCHEME

- More than 1.6 crore employees are covered under the ESI Act as per reports.
- More than 6 crore beneficiaries are covered under the Scheme as per reports. (Includes dependent family members)
- Around 800 ESI centers are established across the country to provide the best medical care to the beneficiaries.
- Financial Benefits to the dependent Children up to the age of 25 years.
- Medical Benefit extended to dependent minor brother/sister in case of Insured Person not having his own family and his parents are not alive.
- Continuation of Medical Benefit to Insured Person retiring under VRS Scheme or opting for Pre mature retirement.
- Many new Medical Facilities are being setup to provide the best medical care to the Insured members.



BENEFITS UNDER THE ESI SCHEME:

- Medical Benefit
- Sickness Benefit (SB)
- Maternity Benefit (MB)
- Disablement Benefit
- Dependants' Benefit(DB)
- Funeral Expenses

1. Medical Benefit:

Medical benefit consists of "full medical care" including hospitalisation, free of cost, to the Insured Persons in case of sickness, employment injury and maternity.

2. Sickness benefit:

Sickness Benefit represents periodical cash payments made to an IP during the period of certified sickness occurring in a benefit period when IP requires medical treatment and attendance with abstention from work on medical grounds. Prescribed certificates are Forms 8,9,10,11 & ESIC-Med.13. Sickness benefit is roughly 50% of the average daily wages and is payable for 91 days during 2 consecutive benefit periods.

i) Temporary Sickness Benefit:

Sickness Benefit represents periodical cash payments made to an IP during the period of certified sickness occurring in a benefit period when IP requires medical treatment and attendance with abstention from work on medical grounds.

ii) Extended sickness Benefit:

In addition to 91 days of sickness benefit, insured persons suffering from certain long-term diseases are entitled to extended sickness benefit for 34 diseases. The list of diseases are enclosed in the Annexure.

iii) Enhanced Sickness Benefit:

The ESI Corporation has also extended additional cash incentive to insured persons to promote acceptance of sterilization method by providing sickness cash benefit equal to full wage for a period of 7 days for vasectomy and 14 days for tubectomy. The period for which cash benefit is admissible is extended beyond the above limits in the event of any complications after Family Planning operations.

3. Maternity benefit:



The benefit is payable in cash to an insured woman for confinement / miscarriage or sickness arising out of pregnancy / confinement or premature birth of child or miscarriage. For confinement, the duration of benefit is 12 weeks, for miscarriage 6 weeks and for sickness arising out of confinement etc. 30 days. The benefit is allowed at about full wages.

4. Disablement benefit:

The Act provides for cash payment, besides free medical treatment, in the event of temporary or permanent disablement as a result of employment injury as well as occupational diseases. The rate of temporary disablement benefit is about 72% of the wages as long as the temporary disablement lasts. In case of total permanent disablement, the insured person will be given life pension at full rate i.e., about 72% of his wages, while in cases of partial permanent disablement a portion of it will be granted as life pension. Cases where daily pension is upto Rs.1.50, it is commutable.

5. Dependant's benefit

In case of death, as a result of employment injury, the dependants of an insured person are eligible for periodical payments. Pension at the rate of 40% more than the Standard Benefit Rate will be paid periodically to widow (s) and children in accordance with the prescribed share. An eligible son or daughter is entitled to dependant's benefit up to the age of 18 without any proof of education; the benefit is withdrawn if the daughter marries earlier.

6. Funeral Expenses:

Funeral benefit is a cash payment payable on the death of an insured person towards the expenses on his funeral, the amount not exceeding Rs.10,000/-.

7. OTHERS:

i) Rehabilitation allowance:

Disabled IPs who remain admitted in an Artificial Limb Centre for fixation or repair or replacement of the artificial limb are entitled to a rehabilitation allowance for each day on which they remain admitted at Artificial Limb Centre at double the Standard Benefit rate. This is not subject to any contributory condition.

ii) Vocational Rehabilitation:

This scheme has been designed to provide financial assistance to IPs who are referred to Vocational Rehabilitation Centre for training. Under the scheme, IPs aged not more than 45 years who are permanently disabled as a result of an employment injury (EI) with loss of earning capacity of not less than 40% and are not in gainful employment subsequent to EI are entitled to



receive cash allowance equal to the expenditure charged by the Vocational Rehabilitation Centre or Rs.45/- per day whichever is more during his stay at the Vocational Rehabilitation Centre. Such IPs are also paid conveyance charges for the journey undertaken by them from their normal residence to the centre and back.

iii) Medical Benefit to Retired IP's and Permanent Disabled IP's

On payment of Rs.10/- P.M. or Rs. 100/- Per annum in limp sum for one year in advance, Medical Benefit can be provided to:

- a) An Insured Person and his or her spouse who leaves insurable employment on attaining the age of superannuation after being insured for not less than five years, till the period for which contribution is paid.
- b) An Insured Person and his/her spouse who ceases to be in insurable employment on account of permanent disablement due to employment injury shall be entitled to medical benefit.

Exclusion: Insured Persons receiving benefits under the ESI Act are not eligible for any benefits under the Workmen Compensation Act or Maternity Benefit Act.

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