

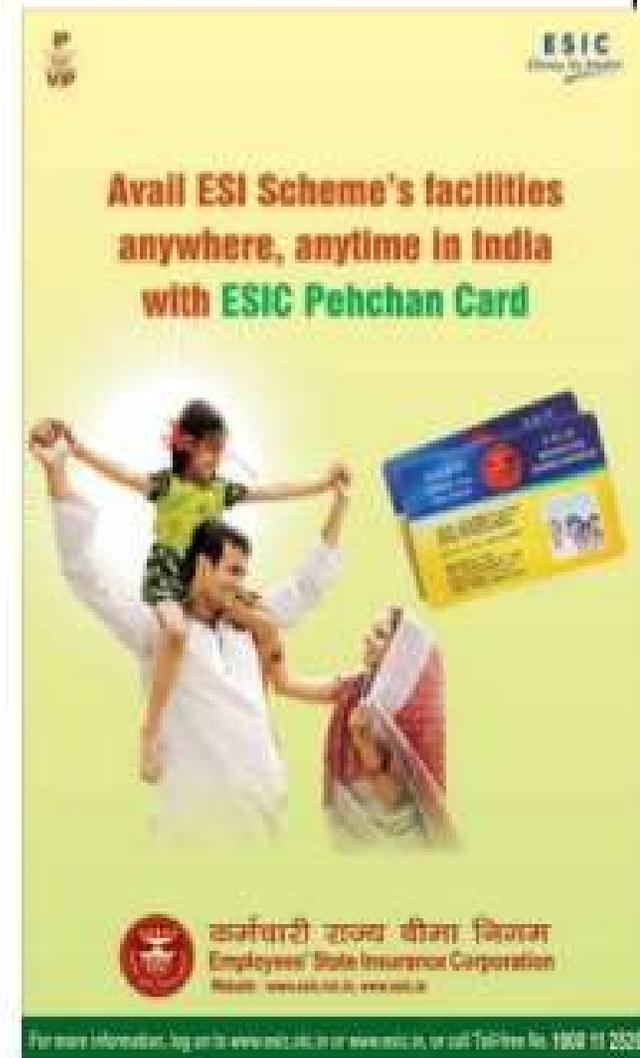
EMPLOYEES STATE INSURANCE ACT, 1948

INTRODUCTION

The E.S.I. Act (**Employees State Insurance**) passed in **1948** (amended in 1975, 1984, 1989 and 2010) is an important measure of social security and health insurance in this country.

It provides for certain **cash** and **medical** benefits to industrial employees in case of sickness, maternity and employment injury.

The act extends to the whole of India. The E.S.I. Act of 1948 covered all power using factories other than seasonal factories wherein 10 or more persons were employed (excluding mines, railways and defence



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कार्मचारी राज्य बीमा निगम
Employees' State Insurance Corporation
Website: www.esic.in, www.esic.co

SCOPE

The provisions of the E.S.I. (amendment) act of 1975 were extended to the following new classes of establishments:-

- Small factories employing 10 or more persons, **whether power is used in the process of manufacturing or not.**
- Shops
- Hotel and restaurants
- Cinemas and theatres
- Road-motor transport establishments
- Newspaper establishments
- The scheme has been extended to private medical and educational institutions employing 20 or more persons in some states.

ADMINISTRATION

- The administration of the ESI scheme under the act is entrusted to an autonomous body called the ESI corporation.
- The union minister for labor is the **chairman** and the secretary to Govt. of India Ministry of Labor is the **vice chairman** of this corporation.
- It consists of members representing Central and State Govt. ,employers and employees organizations, medical profession and Parliament.
- There is a **standing committee**, constituted from the members of the corporation, which acts as an executive body for the administration of the scheme.

➤ The chief executive officer of the corporation is the director general who is assisted by four principal officers:-

1. **Insurance commissioner**
2. **Medical commissioner**
3. **Financial commissioner**
4. **Actuary**

➤ There is a **medical benefit council** which is headed by the Director general of Health Services, Govt. of India who is assisted by the medical commissioner in all matters relating to medical relief.

➤ Besides the **head office in New Delhi**, the corporation has 23 regional offices and 26 sub regional offices at 2 divisional offices and 624 branch

- Given the huge no. of beneficiaries- about 720 lakh by 31.03.2013 – the corporation has set up a widespread network of service outlets for prompt delivery of benefits in cash and kind that includes full medical care.
- ESI gives coverage to about **185 lakh family units** of about 165 lakh employees including about 26.79 lakh females, as on 31.03.2013.
- Medical facilities are provided through a network of **1384** ESI dispensaries, over **2100** panel clinics, **307** diagnostic centers, besides **151** ESI hospitals and **42** hospital annexes with over **27000** beds.

FINANCE

- ❑ The scheme is run by contributions by employees and employers and grants from Central and State Governments.
- ❑ The **employer contributes 4.75 percent** of total wage bill; the **employees contribute 1.75 percent** of wages.
- ❑ Employees getting daily wages of below Rs. 70 are **exempted** from payment of contribution.
- ❑ The **State Government's share** of expenditure on medical care is **1/8** of the total cost of medical care;

BENEFITS TO EMPLOYEES

The act has made provision for the following benefits to insured persons or, to other dependents as the case may be:-

- ❖ Medical benefits
- ❖ Sickness benefits
- ❖ Maternity benefits
- ❖ Disablement benefits
- ❖ Dependant's benefits
- ❖ Funeral expenses
- ❖ Rehabilitation allowance

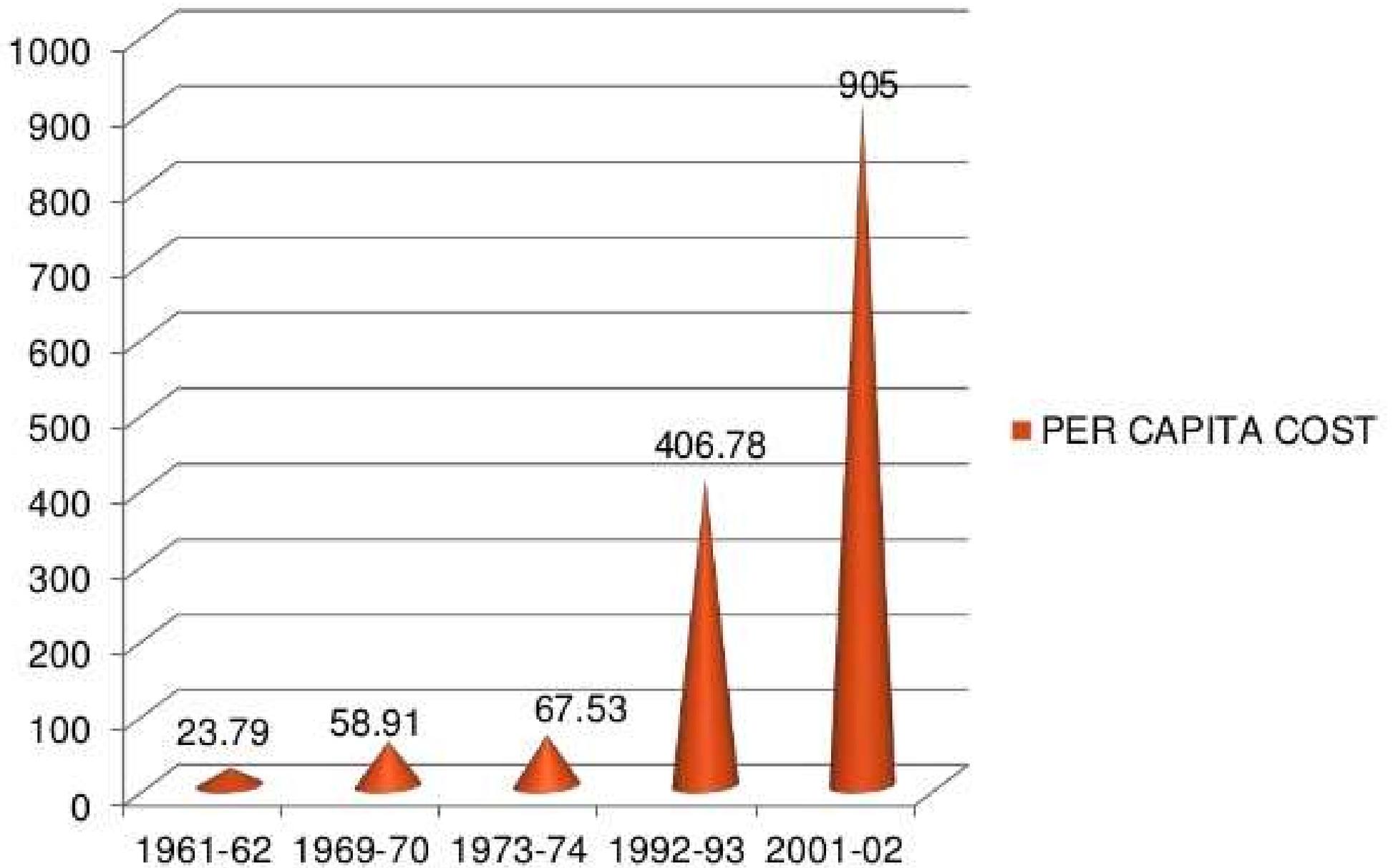
MEDICAL BENEFITS

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DIRECT PATTERN:-

1. In areas having a concentration of 1000 or more employee's family units, **service dispensaries** are established with full time medical and paramedical personnel.
2. In areas where the employees are less than 750, **part time ESI dispensaries** are established.
3. If the residential concentration of employees is scattered over a long distance, **mobile dispensaries** are established.

INDIRECT PATTERN (PANEL SYSTEM):- Registered medical practitioners designated as Insurance Medical Practitioners are appointed to provide medical care.



EXPENDITURE ON MEDICAL BENEFIT WAS Rs.4058 CRORES IN 2012-13.

SICKNESS BENEFIT

- ❑ The benefit is payable for a maximum period of 365 days, the daily rate being **about 50% of the average daily wages**.
- ❑ **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 a maximum period of 2 years. 34 diseases for which extended sickness benefit with effect from 1.1.2000 is payable, in case where the insured person has been in continuous employment for 2 years.
- ❑ **ENHANCED SICKNESS BENEFIT :-** is payable to insured women for 14 days for tubectomy and for 7 days in case of vasectomy in respect of male IPs.

The amount payable is double the standard sickness benefit

MATERNITY BENEFIT

- The benefit is **payable in cash** to an insured women 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 week(84 days), **for miscarriage** 6 weeks and **for sickness arising out of confinement** etc. 30 days.
- The benefit is allowed at **about full wages**.
- The rate of confinement expenses has been increased from Rs. 2,500 to 5,000 per confinement.

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 90 percent of the wages as long as the temporary disablement lasts.
- ❖ In case of **total permanent disablement**, the insured person is given life pension worked out on the basis of loss of earning capacity determined by a medical

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 90% of the wages is payable**, shared by dependants in a fixed ratio, on monthly basis in accordance with the prescribed share.
- An eligible son or daughter is entitled to dependant's benefit up to the age of 18; the **benefit is withdrawn if the daughter marries earlier.**

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.**

REHABILITATION

On monthly payment of Rs. 10, the insured person and his family members continue to get medical treatment after permanent disablement or retirement.

BENEFITS TO EMPLOYERS

1. **Exemption** from the applicability of **Workmen's Compensation Act, 1923.**
2. **Exemption** from **Maternity Benefit Act, 1961.**
3. **Exemption** from **payment of medical allowance** to employees and their dependent's or arranging for their medical care.
4. **Rebate under the Income Tax Act** on contribution deposited in the ESI account.
5. **Healthy work-force**

As on 31.03.2013 about 6.6 lakh employers were covered under the scheme.

Rajiv Gandhi Shramik Kalyan Yojna

The ESI corporation has launched a new Yojna for the employees covered under the ESI scheme. This scheme provides an **unemployment allowance** for the employees covered under ESI scheme who are rendered unemployed involuntarily due to retrenchment /closure of factory etc. after fulfilling certain eligibility conditions.

The scheme came into effect from 1.04.2005. The allowance can be availed in one spell or in different spells of not less than 1 month.

The daily rate of unemployment allowance is the “Standard benefit rate” as specified under rule 54 of ESI rules 1950, corresponding to the average daily wage

REFERENCES

- Textbook of Preventive and Social Medicine by K. Park, 23rd Edition.
- Wikipedia.



Thank you!