ESI scheme

Salient features of ESI scheme


The promulgation of Employees State Insurance Act, 1948 envisaged 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 resulting in loss of wages or earning capacity and death due to employment injury. The Act also guarantees reasonably good medical care to workers and their immediate dependents.

Following the promulgation of the ESI Act, the Central Govt. set up the ESI Corporation to administer the scheme. The benefit provided to the employees under the Act are also in conformity with ILO conventions.

By sub-section (4) of section 1, the Act in the first place applies to all factories including the factories belonging to Government and other seasonal factories. The appropriate Govt. (i.e. State Govt.) is empowered by the Act to extend the provisions of the Act or any one of them to any other establishment or class of establishments, industrial, commercial, agricultural or otherwise, in consultation with the Corporation, with the approval of the Central Govt. after giving six
months’ notice of its intention of so doing by notification in the Official Gazette. The final notification issued by the State Govt. establishments, factories where manufacturing process is carried on with the help of ten persons or more with the aid of powers covered by the Act.

A factory or an establishment to which the ESI Act applies shall continue to be governed by the Act notwithstanding that the number of persons employed therein at any time falls below the limit specified by or under the Act or the manufacturing process therein ceases to be carried on with the aid of power.

The provisions of the ESI Act have also been extended gradually to the following classes of establishments:

a. Shops  
b. Hotels & Restaurants  
c. Road Motor Transport Undertakings  
d. Cinemas, including preview theatres  
e. Newspaper establishments

Under section 1(5) of the ESI Act, the Appropriate Govt. is empowered to extend the scheme to any other establishment or class of establishments, industrial, commercial or agricultural in nature. Thus, a State Govt. may extend the provisions of the Act in consultation with the Employees State Insurance Corporation and with the approval of the Central Govt. after giving six months’ notice of its intention in the Official Gazette.

This provision of the ESI Act, however are not applicable to factories or establishments run by the State Govt. / Central Govt. whose employees are otherwise in receipt of social security benefits substantially similar or superior to the benefits provided under the ESI Act. The case of each such Public Sector Undertaking is decided on merit by comparing the quality and quantity of benefits being provided to the employees by the concerned managements with those admissible under the ESI Act.
2. Contribution

The Act is based on employer’s / employee’s contribution. All contributions paid by the insured workers, their employers and income from other sources are pooled into a common fund called the Employees State Insurance Fund. The Corporation functions as the trustee of this fund which in turn is used for making social security provisions etc. as provide under the Act including the administration of the Scheme.

Employer’s contribution is a major source of revenue and is payable by the employers in respect of the insured employees in a factory, establishment covered under the ESI Act. The rates of contribution are in accordance with provision under clause 51 of the ESI (Central) Rules, 1950. These rates are reviewed and revised from time to time by the ESI Corporation for financial sustainability of the Scheme. The effective rate of contribution payable by the employers from 1.1.1997 is 4.75 percent of the wage bill. The employer also pays his share of contribution in respect of employees who are otherwise exempted from payment of employees’ contribution.

3. Implementation of ESI Scheme in H.P

The section 46 of the Act envisages following six social security benefits:-

(a) Medical Benefit:

Full medical care is provided to an Insured person and his family members from the day he enters insurable employment. There is no ceiling on expenditure on the treatment of an Insured Person or his family member. Medical care is also provided to retired and permanently disabled insured persons and their spouses on payment of a token annual premium of Rs.120/-.
1. **System of Treatment**
2. **Scale of Medical Benefit**
3. **Benefits to Retired IPs**
4. **Administration of Medical Benefit in a State**
5. **Domiciliary treatment**
6. **Specialist consultation**
7. **In-Patient treatment**
8. **Imaging Services**
9. **Artificial Limbs & Aids**
10. **Special Provisions**
11. **Reimbursement**

(b) **Sickness Benefit (SB)**

Sickness Benefit in the form of cash compensation at the rate of 70 per cent of wages is payable to insured workers during the periods of certified sickness for a maximum of 91 days in a year. In order to qualify for sickness benefit the insured worker is required to contribute for 78 days in a contribution period of 6 months.

1. **Extended Sickness Benefit (ESB)**: SB extendable upto two years in the case of 34 malignant and long-term diseases at an enhanced rate of 80 per cent of wages.

2. **Enhanced Sickness Benefit**: Enhanced Sickness Benefit equal to full wage is payable to insured persons undergoing sterilization for 7 days/14 days for male and female workers respectively.

(c) **Maternity Benefit (MB)**:

Maternity Benefit for confinement/pregnancy is payable for three months, which is extendable by further one month on medical advice at the rate of full wage subject to contribution for 70 days in the preceding year.
(d) Disablement Benefit

1. **Temporary disablement benefit (TDB)**: From day one of entering insurable employment & irrespective of having paid any contribution in case of employment injury. Temporary Disablement Benefit at the rate of 90% of wage is payable so long as disability continues.

2. **Permanent disablement benefit (PDB)**: The benefit is paid at the rate of 90% of wage in the form of monthly payment depending upon the extent of loss of earning capacity as certified by a Medical Board.

(e) Dependants' Benefit (DB):

DB paid at the rate of 90% of wage in the form of monthly payment to the dependants of a deceased Insured person in cases where death occurs due to employment injury or occupational hazards.

(f) Other Benefits:

**Funeral Expenses**: An amount of Rs.10,000/- is payable to the dependents or to the person who performs last rites from day one of entering insurable employment.

**Confinement Expenses**: An Insured Women or an I.P.in respect of his wife in case confinement occurs at a place where necessary medical facilities under ESI Scheme are not available.

In addition, the scheme also provides some other need based benefits to insured workers.

**Vocational Rehabilitation**: To permanently disabled Insured Person for undergoing VR Training at VRS.

**Physical Rehabilitation**: In case of physical disablement due to employment injury.

**Old Age Medical Care**: For Insured Person retiring on attaining the age of superannuation or under VRS/ERS and person having to leave
service due to permanent disability insured person & spouse on payment of Rs. 120/- per annum.

**Rajiv Gandhi Shramik Kalyan Yojana**: This scheme of Unemployment allowance was introduced w.e.f. 01-04-2005. An Insured Person who become unemployed after being insured three or more years, due to closure of factory/establishment, retrenchment or permanent invalidity are entitled to:

- Unemployment Allowance equal to 50% of wage for a maximum period of upto one year.
- Medical care for self and family from ESI Hospitals/Dispensaries during the period IP receives unemployment allowance.
- Vocational Training provided for upgrading skills - Expenditure on fee/travelling allowance borne by ESIC.

**Incentive to employers in the Private Sector for providing regular employment to the persons with disability**:

- Minimum wage limit for Physically Disabled Persons for availing ESIC Benefits is 25,000/-.
- Employers’ contribution is paid by the Central Government for 3 years.

4. **Expenditure sharing: -**

At present the 7/8th share of the prescribed ceiling (i.e. Rs. 1500/- per IP per annum) is being borne by the ESI Corporation and 1/8th share borne by the State Govt. as per the prescribed ratio fixed by the ESIC HQ New Delhi.

5. **Operational aspects of the scheme:**

The ESI Scheme is being Implemented in the State through the Society for Implementation of ESI Scheme in H.P and expenditure are being released to the society by the ESIC as 7/8 Share. The expenditure on Medical Super Speciality Treatment etc. is being met out from the Revolving Fund being
maintained at the level of the ESIC after according sanction by the Society for Implementation of ESI Scheme in H.P.

a. Norms: -

The ceiling prescribed by the ESI Corporation at beneficial Rs. 1500/- per IP per Annum. The breakup of the ceiling is as under: -

1) Administrative charges Rs. 900/- per IP annum- for expenditure on salary and wages of staff other charges.

2) Others Rs. 600/- per IP per annum

In addition to above, there are certain expenditure / items which are entirely borne by the ESIC which includes: -

i. Expenditure incurred on Super Specially Treatment

   ii. Expenditure incurred for newly opened Dispensary for the 1st three years subject to the condition that separate Audit Certificates from AG is to be provided by the State Govt.

Benefits to IP’S under ESI Scheme by ESIC

During the year 2009, the Government has formed a “Society for the Implementation of ESI Scheme in H.P.” for implementation of ESI Scheme in the State. The Society has taken over the management of the Scheme w.e.f. 01-04-2010. The finances of the Society comprises of the Grant –in- aid received from the State Govt. and 7/8th share of the ESI Corporation. The objective of the creation of the Society was to have more financial and administrative autonomy to manage the affairs of ESI Scheme in the State.

Detail of ESI Institutions in the State: -
The Society for the implementation of ESI Scheme is running following intuitions:-

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<tr>
<th>Sr. No.</th>
<th>Name of District</th>
<th>Name of Institution</th>
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<tr>
<td>1.</td>
<td>Solan</td>
<td>ESI Hospital Parwanoo</td>
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<td>ESI Dispensary Chambaghat</td>
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<td>ESI Dispensary Baddi (located in Bhujia Dental College Complex Baddi)</td>
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<td>ESI Dispensary Gondpur</td>
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<td>ESI Dispensary Malwa Cotton Mill Patlian (Paonta Sahib)</td>
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<td>Una</td>
<td>ESI Dispensary Mehatpur</td>
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<td>ESI Dispensary Tahliwal</td>
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A Medical College is being constructed by the ESI Corporation at Mandi (H.P)