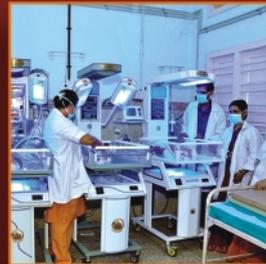




**ESIC-2.0**  
Chinta Se Mukti



# Unwavering Commitment to Social Security



**कर्मचारी राज्य बीमा निगम**  
Employees' State Insurance Corporation

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# EMPLOYEES' STATE INSURANCE SCHEME OF INDIA

## An introduction

The Employees' State Insurance Scheme is an integrated measure of Social Insurance embodied in the Employees' State Insurance Act and is designed to accomplish the task of protecting 'employees' as defined in the Employees' State Insurance Act, 1948 against the impact of contingencies of sickness, maternity, disablement and death due to employment injury and to provide medical care to insured persons and their families. The ESI Scheme applies to factories and other establishments viz. Road Transport, Hotels, Restaurants, Cinemas, Newspaper, Shops, and Educational/ Medical Institutions, etc., wherein 10 or more persons are employed. However, in some States threshold limit for coverage of establishments is still 20. Employees of the aforesaid categories of factories and establishments, drawing wages upto ₹21,000/- a month, are entitled to social security cover under the ESI Act.

The ESI Scheme is financed by contributions from employers and employees. The rate of contribution by employer is 4.75% of the wages payable to employees. The employees' contribution is at the rate of 1.75% of the wages payable to him. Employees, earning upto ₹ 137/- a day as daily wages, are exempted from payment of their share of contribution.

## Coverage

In the beginning, the ESI Scheme was implemented at just two industrial centres in the country in 1952, namely Kanpur and Delhi. There was no looking back since then in terms of its geographic reach and demographic coverage. Keeping pace with the progress of industrialization, the Scheme today, stands implemented fully in 325 Districts & 92 District Headquarter areas in 33 states and Union Territories of the country. The Act now applies to over 8.98 lakhs factories and establishments across the country, benefiting over 3.19 crores insured persons/ family units. As of now, the total beneficiary stands at over 15.59 crores.

## Infrastructure

Ever since its inception in 1952, the infrastructural network of the Scheme has kept expanding to meet the social security requirements of an ever increasing worker population. ESI Corporation has so far set up 155 hospitals and 42 hospital annexes



for inpatient services. Primary and out-patient medical services are provided through a network of about 1467/159 ESI Dispensaries/AYUSH units, and 948 Panel Clinics.

The Corporation has also set up five Occupational Disease Centres, one each at Mumbai (Maharashtra), New Delhi, Kolkata (W.B.), Chennai (T.N.) and

Indore (M.P.) for early detection and treatment of occupational diseases prevalent amongst workers employed in hazardous industries.

For payment of Cash Benefits, the Corporation operates through a network of over 630/ 185 Branch Offices/ Pay Offices, whose functioning is supervised by 63 Regional/Sub-Regional Offices.



## Benefits under ESI Scheme

The main benefits provided under ESI Scheme are:

- Sickness Benefit
- Disablement Benefit
- Dependants' Benefit
- Maternity Benefit
- Medical Benefit

Besides the above, other benefits being provided to the beneficiaries are Confinement Expenses, Funeral Expenses, Vocational Rehabilitation, Physical Rehabilitation, Unemployment Allowance (RGSKY) and Skill Upgradation Training.

## ESIC – A Complete Social Security Organisation for India's Workforce

The ILO defines Social Security as "the security that society furnishes through appropriate organization against certain risks to which its members are perennially exposed. These risks are essentially contingencies against which an individual of small means cannot effectively



provide by his own ability or foresight alone or even in private combination with his fellows. The mechanics of social security, therefore, consists in counteracting the blind injustice of nature and economic activities by rational planned justice with a touch of benevolence to temper it."

**ESIC is the only Social Security Organisation in the country which covers most of the exigencies (provided in the list of ILO) which are sickness, medical care for the worker, maternity, unemployment, work injury, death of worker, invalidity and widowhood.**



The ESI Scheme is based on the Gandhian principle of "contributions as per their ability and benefits as per the requirement". This principle entitles an insured person who is from the lower wage bracket of the society for a huge line up of benefits by paying the contribution as per the wages he is earning.

Each social security payments made under the ESI Scheme helps the insured person without putting any extra burden on his savings or earnings, during emergent medical and other contingencies. The benefits being provided by the ESI Scheme are:-

1. (a) The **Sickness Benefit** is paid to the insured person at the rate of 70% of the average daily wages up to 91 days in two consecutive Benefit periods.  
(b) **Enhanced Sickness Benefit** (for vasectomy/tubectomy) 100% of the average daily wages is payable for 14 days for tubectomy and 7 days for vasectomy extendable on medical advice.  
(c) The **Extended Sickness Benefit** is admissible at the rate of 80% of the average daily wages for 124/309/730 day as per the opinion of MR and Medical Board during ESB period of 3 years.
2. Under the **Disablement Benefit**, the insured person who becomes disabled due to employment injury is paid 90% of the average daily wages as long as temporary disablement lasts. For permanent total disablement, 90 % of the



average daily wages is paid for whole life and for permanent partial disablement, the Insured Person is paid proportionate to the loss of earning capacity as determined by the medical board.

3. **Dependants' Benefit** is paid at the rate of 90 % of the average daily wages sharable in fixed proportion among all dependents if the insured person dies due to employment



injury. This is payable to the widow for life or until her re-marriage and also to the dependent children till the age of 25 years and also to the dependent parents, subject to conditions. In an endeavour to reach out to the beneficiaries and make the system more customer friendly, all benefits are being credited to the bank account of the beneficiaries through ECS System.

4. The **Maternity Benefit** is paid at the rate of 100% of the average daily wages up to 26 weeks in case of confinement and up to 6 weeks in case of miscarriage. This can be extended by one month on medical advice in case of sickness arising out of pregnancy, confinement or miscarriage. The total Expenditure incurred during 2016-17 on cash benefit payments is ₹ 1517.93 crores from which one can assess the huge support extended by ESIC to its IPs at the time of distress, which otherwise should have put extra burden on the low income bracket of the workforce of the country

5. One of the biggest benefits extended by ESIC is **Medical Benefit** which provides 'Reasonable medical Care' (**Primary OPD services and In-patient secondary services**) for self and family from day one of entering insurable employment which continues till the insured person remains in insurable employment. Super Specialty Treatment is provided subject to fulfillment of contributory conditions. Treatment is provided through Allopathy and AYUSH system of medicines. ESIC Dispensaries and Hospitals are providing the necessary medical treatment. Super speciality treatment is provided through in-house super speciality facilities available in some of the ESI Hospitals or ESI-PGIMSRs or through large number of advance medical institutions on referral basis through more than 1000 tie-up hospitals across the country. In such cases, ESIC makes direct payment to the hospitals without putting any financial burden on the patient or his family.

Medical Benefit is also extended to the widow/ spouse of the deceased/ retired/ superannuated Insured Persons as well as to the widow/ spouses of

Insured Persons who ceases to be in an insurable employment on account of permanent disablement, and also to the widows of Insured Persons who are in receipt of Dependents' Benefit.

6. **Retirement Benefit** An Insured Person who leaves the insurable employment on attainment of the age of superannuation or retires under a voluntary Retirement Scheme or takes premature retirement, after being an insured person for not less than 5 years, shall be eligible to receive medical benefit for himself and his spouse subject to production of proof thereof, and payment of a nominal contribution of ₹ 120/- (rupees one hundred and twenty only) for one year. In case, the insured person expires, his spouse is entitled to the medical benefit for the remaining period for which the contribution was made, and she can continue to receive the medical benefit on payment of the contribution of ₹120/- (rupees one hundred and twenty only) per annum for further period.

This medical benefit is also admissible to an insured person and his spouse, who ceases to be in employment on account of permanent disablement caused due to employment injury on payment of similar contribution till the date on which he would have vacated the employment on attaining the age of superannuation, had not he sustained such permanent disablement.

7. Other Benefits include **Confinement Expenses** for an Insured Woman or an IP in respect of his wife in case confinement occurs at a place where necessary medical facilities under ESI Schemes are not available, for which ₹ 5000/- is paid up to two confinements only.
8. ₹ 10,000/- is paid as **Funeral Expenses** in case of death of an insured person.
9. **Vocational Training** in case of physical disablement due to employment injury for which the actual fee charged or ₹ 123/- per day, whichever is higher is paid as long as the vocational training lasts.
10. **Un-employment Allowance** under RGSKY is payable in case of involuntary loss of employment due to closure of factory, retrenchment or permanent invalidity due to non-employment injury and contribution for three years prior to the loss of employment has been paid. This allowance is paid at the rate of 50% of the average daily wages for first twelve months and at the rate of 25% for the subsequent period of 13-24 months. Under RGSKY, in case of involuntary loss of employment, skill up gradation training is provided for duration of maximum 1 Year, so that the IP can enhance his skill and opt for other jobs.
11. **In order to encourage employment of disabled persons**, the Employers' share of contribution in respect of such disabled employees is paid by the Central Government for initial ten years. The employers are exempted from paying their share of contribution upto 10 yrs. in respect of all Permanently disabled persons irrespective of their wages working in factories and establishments covered under ESI Act.

## Brief description of Benefits, Contributory Conditions, Duration of Benefits and the Scale of Benefits

Sl. No.	Name of the benefit (s)	Contributory conditions	Duration of Benefit	Rate/type of benefit/Remarks
1	<b>Medical Benefit</b>	One should be an insured person under ESI Act.	From day one of entering into insurable employment	Reasonable medical care, comprehensive medical care & clinical investigation for IP and his/her dependent family members.
1(a)	<b>Medical care to permanently disabled IPs/ IWs who ceases to be in insurable employment due to employment injury</b>	On payment of ₹ 120/- per annum.	On yearly basis.	Medical facility for primary and secondary care (excluding SST) within ESI Medical institutions to IP/IW and his/her spouse till the date of superannuation.
1(b)	<b>Medical care to retired Insured Person</b>	To an IP who leaves the insurable employment (on attaining the age of superannuation, or retires under a VRS or takes premature retirement after being insured for not less than five years) on payment of ₹ 120/- per annum	On yearly basis.	Medical facility for primary and secondary care (excluding SST) within ESI Medical institutions to IP & his/her spouse for whole life. This benefit is also provided to the widow of deceased IP who had enrolled for this benefit.
2(a)	<b>Sickness Benefit</b>	On payment of contribution for not less than 78 days in corresponding contribution period.	Upto 91 days in any two consecutive Benefit Periods	70% of the average daily wages.
2(b)	<b>Enhanced Sickness Benefit</b>	As of Sickness Benefit.	7 days to an IP for vasectomy & 14 days to IW for Tubectomy.	100% of the average daily wages.
3	<b>Extended Sickness Benefit</b>	For 34 specified long term diseases. IP/IW should have continuous insurable employment for two years with minimum 156 days contribution in four consecutive contribution periods.	124 to 309 days which may be extended upto 2 yrs. (730 days) on medical advise specified for long term diseases.	80% of average daily wages.
4	<b>Disablement Benefit</b>			
4(a)	<b>Temporary Disablement Benefit</b>	From day one of entering into insurable employment. Paid for employment injury arising in the course & out of insurable employment.	<ul style="list-style-type: none"> <li>• Not payable if disability lasts for less than 3 days (excluding the day of accident).</li> <li>• Otherwise payable for the entire period, so long as the temporary disability lasts.</li> </ul>	90% of average daily wages.
4(b)	<b>Permanent Disablement Benefit</b>	<ul style="list-style-type: none"> <li>• No contributory condition are there.</li> <li>• Paid for permanent disablement, whether total or partial, caused by accident or an occupational disease arising out of and in the course of insurable employment.</li> </ul>	For whole life.	<ul style="list-style-type: none"> <li>• For permanent total disablement - 90% of average daily wages. For permanent partial disablement - proportionate to the loss of earning capacity as determined by the medical board.</li> <li>• This can be commuted into lumpsum in case the daily rate benefit is upto ₹10 or the total commuted value does not exceed ₹ 60,000/-</li> </ul>
5(a)	<b>Dependant Benefit</b>	From day one of entering insurable employment in case of death due to employment injury.	For life to the widow or until her re-marriage and to each legitimate or adopted son upto the age of 25 years.	90% of average daily wages shareable among dependents in fixed proportion.

Sl. No.	Name of the benefit (s)	Contributory conditions	Duration of Benefit	Rate/type of benefit/Remarks
			To each legitimate or adopted unmarried daughter until marriage. For infirm child till infirmity lasts.	
5(b)	Medical care to the widow in receipt of Dependant Benefit	For widow in receipt of dependant benefit.	Yearly basis.	Medical facility for primary and secondary care (excluding SST) within ESI Medical institutions on yearly payment of ₹ 120/- to the widow of deceased IP who is in receipt of dependent benefit.
6	Maternity Benefit	70 days contributions payable in the immediately preceding 2 consecutive contribution periods.	<ul style="list-style-type: none"> <li>• 26 weeks upto two surviving children and thereafter.</li> <li>• 12 weeks for 3<sup>rd</sup> surviving child and onwards.</li> <li>• 6 weeks in case of miscarriage.</li> <li>• 12 weeks for the commissioning mother.</li> <li>• 12 weeks for the adopting mother.</li> </ul>	100% of the average daily wages.
7	Confinement Expenses	An insured woman or an Insured Person in respect of his wife shall be paid medical bonus on account of confinement expenses at a place where necessary medical facility under the ESI scheme is not available.	Upto two confinements.	₹ 5,000/- per case subject to two cases.
8	Funeral Expenses	<ul style="list-style-type: none"> <li>• IP should have been eligible for any of the benefit under ESI Scheme.</li> <li>• On production of a death certificate by the eldest surviving member/dependents/any person who actually incurs the expenditure on funeral.</li> </ul>	One time payment for defraying expenses on funeral of an Insured person.	Actual expenses subject to maximum ₹ 10,000/- only.
9	Unemployment Allowance under 'Rajiv Gandhi Sharmik Kalyan Yojna' (RGSKY)	<ul style="list-style-type: none"> <li>• Insurable employment for the last 2 years with 78 days contribution paid/payable in each contribution period.</li> <li>• Involuntary unemployment rendered due to closure of Factory/Establishment, retrenchment or permanent disablement due to non-employment injury not less than 40%.</li> </ul>	Unemployment Allowance for a maximum period of 24 months during the entire insurable employment.	<ul style="list-style-type: none"> <li>• Unemployment allowance at the rates of (a) 50% of last avg. daily wages for 0- 12 months (b) 25% of last avg. daily wages for 13-24 months.</li> <li>• Vocational training for duration upto 1 year for upgrading skills of Insured Person receiving unemployment allowance.</li> <li>• Medical care for self and family during receipt of unemployment allowance.</li> <li>• Entire fee charged by Government approved/ accredited institutions reimbursed by ESIC.</li> </ul>
10	Vocational Rehabilitation Allowance under Rule 60	Not more than 45 years of age and disability not less than 40% due to Employment Injury.	Training in any field in a Govt. Institution or Govt. accredited Institution as per the norms of the Vocational Rehabilitation Centre / institution.	<ul style="list-style-type: none"> <li>• Conveyance charges at normal rate/second class railway/bus fare as applicable.</li> <li>• Expenditure charged by the center or ₹123/- per day, whichever is more.</li> </ul>