

## EMPLOYEES' STATE INSURANCE ACT, 1948

### INTRODUCTION

Employees' State Insurance Scheme of India came into being through the promulgation of the ESI Act, 1948, by the Parliament. Obviously this was the first major social security programme launched with the dawn of independence and at a time when the country hardly had any industrial base worth the name. The Scheme thus introduced was tailored to provide medical care besides cash benefits in certain contingencies such as sickness, temporary or permanent disablement, maternity or death due to employment injury to the workforce in the organised sector. With the implementation of the Scheme in February, 1952 at just two centres in the country, namely Delhi and Kanpur and a limited coverage of about 1.2 lakh employees, the Scheme nevertheless was a prelude to the rapid industrialisation that followed in successive years through imaginative planning resulting in large scale deployment of manpower in this fast developing sector of activity.

### APPLICABILITY OF THE ESI ACT

Section 2 (12) I. The ESI Act, (1948) applies to the following categories of factories and establishments in the implemented areas:-

1. Non-seasonal factories using power and employing ten(10) or more persons
2. Non-seasonal and non-power using factories and establishments employing twenty (20) or more persons.

The "appropriate Government" is empowered to extend the provisions of the ESI Act to various classes of establishment, industrial, commercial, agricultural or otherwise. II. A factory or establishment once covered under the ESI Act, remains covered even if the number of employees at any later stage falls short of the stipulated number of 10/20 employees or the manufacturing process therein ceases to be carried on with the aid of power. III. The Act, however, does not apply to workers engaged in mining operations, railway running sheds and seasonal factories as defined under the Act.

### INTRODUCTION OF ESI SCHEME IN U.T. OF PUDUCHERRY

The ESI Scheme was introduced in Puducherry Region on 2.10.1966. It was extended to Mahe on 15.8.70 to Karaikal on 19.5.76 and to Yanam on 28.10.94. An agreement between the UT of Puducherry and the ESI Corporation has been made on 11.5.70 for administration of the scheme.

### FINANCE

The ESI Scheme is mainly financed by contributions raised from employees covered under the scheme and their employers, as a fixed percentage of wages. As of now, the rates of contribution are:- Rule No. 51 of ESI (Central) Rule 1950.

1. Employees' Contribution : 1.75 percent of wages
2. Employers' Contribution : 4.75 percent of wages

Rule No. 52 of ESI (Central) Rule 1950. Employees' earning upto Rs.40/- a day as wages are exempted from payment of their part of contribution.

### ORGANISATION

E.S.I. Corporation has its National Headquarters Office at New Delhi, Regional Office in each of the State and a number of local offices throughout the country. A Regional Office for U.T. of Puducherry was started on 4.8.2003 and is presently functioning at Regional Office, Chennai. In addition, two local offices are functioning at Gandhi Nagar and Mudaliarpet. The ESI scheme is being implemented through Labour Department in this Union Territory. However the Health care is provided through the Directorate of Health and Family Welfare Services.

### **SHARE OF EXPENDITURE ON MEDICAL CARE**

For the purpose of sharing expenditure, the ESI Corporation with effect from 1.4.70 prescribed the maximum per capita ceiling on total expenditure on medical benefits. The ceiling has been periodically revised upwards and the current ceiling with effect from 1.4.99 is Rs.600/- per IPS family unit per annum. The State Governments share of expenditure on provision of medical benefit to ESI beneficiaries is fixed at 12.5% within the above ceiling amount. Amount spent in excess of the ceiling is, however, borne by the State Government concerned.

### **WAGE CEILING**

Rule No. 53 of ESI (Central) Rule 1950. Employees of covered units and establishments drawing wages upto Rs.7500/- per month come under the purview of the ESI Act, 1948 for availing multi-dimensional social security benefits.

### **EXTENSION OF ESI BENEFITS**

Rule No. 54-60 of ESI (Central) Rule 1950. The ESI Corporation has published the ESI Medical manual which serves as guidelines in implementation of ESI Scheme. The following types of ESI benefits have been extended to the insured employees and the family members under ESI Scheme:

i)	Medical Benefits	-	for self & dependents
ii)	Sickness benefits	-	for self
iii)	Maternity benefits	-	for self
iv)	Disablement benefits		
	a) Temporary Disablement Benefit	-	for self
	b) Permanent Disablement Benefit	-	for self
v)	Dependants' Benefits	-	for dependents in case of death of IP due to employment injury
vi)	Funeral expenses	-	for self
vii)	Rehabilitation allowance	-	for self
viii)	Vocational Rehabilitation	-	for self
ix)	Old age medicare	-	for self and spouse
x)	Medical bonus	-	for insured women and IPs wife