

Employees State Insurance (ESI) Scheme

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About Employees State Insurance (ESI) Scheme

- It is a **social security scheme offered** by the Government of India **as per the Employees' State Insurance Act, 1948.**
- It is **administered by a statutory corporate body** called the **Employees' State Insurance Corporation (ESIC)**
- The scheme **provides protection to employees against disablement/death due to employment injury, sickness, and maternity.**
- **Applicability:**
 - The ESI Scheme **applies to factories and other establishment's** viz. Road Transport, Hotels, Restaurants, Cinemas, Newspaper, Shops, and Educational/Medical Institutions **wherein 10 or more persons are employed.**
 - However, in **some States threshold limit** for coverage of establishments **is still 20.**
 - It is the **employer's legal responsibility to register their factory/ establishment** under the ESI Act **within 15 days of its applicability to them.**
- **Wage Limit:**
 - The existing **wage limit for coverage under the Act is Rs.21,000/- per month (Rs.25000/- per month in the case of Persons with Disability).**
 - It is the **employer's responsibility to enroll eligible employees** in the ESI program.

- **How are contributions made?**

- This is a **self-financing scheme**, where the **employees and the employers make regular monthly contributions** to the scheme **at a certain percentage of their wages**.
- As of now, **covered employees contribute 0.75% of the wages**, whereas the **employers contribute 3.25% of the wages, payable to their employees**.
- **Employees earning less than Rs. 137/-** a day as daily wages **are exempted** from payment of their share of contribution.
- The **State Governments**, as per provisions of the Act, **contribute 1/8th of the expenditure of medical benefits** within a per capita ceiling of Rs. 1500/- per Insured Person per annum.

- **The main benefits provided under ESI Scheme are:**

- **Sickness Benefit:** During **medical leave**, the scheme offers cash flow during the said period. The **worker can avail 70% of the daily wage for a maximum of 91 days**. This can be **availed in two consecutive periods**.
 - **Disablement Benefit:** In case of **temporary disablement** of the worker, they are **eligible for a monthly wage of 90% until they recover**. In the **case of permanent disability, 90% of the monthly wage can be availed for the entire life**.
 - **Dependants' Benefit:** 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.
 - **Maternity Benefit:** The beneficiary can **avail 100% of the daily wages for up to 26 weeks**, which can be **extended to a further one month** based on the medical advice. **In the case of miscarriage, the benefit is 6 weeks**, while in the **case of adoption it is 12 weeks**.
 - **Medical Benefit:** Under the scheme, the **insured's medical expenses are covered through affordable and reasonable healthcare facilities**.
 - 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.
- **Employee's insurance number remains the same** as long as he or she remains within the ESIC wage limit. **Changing jobs will not affect an employee's insurance status**, and his or her **insurance number will remain the same**.

Q1) What is the Rajiv Gandhi Shramik Kalyan Yojana (RGSKY)?

The Rajiv Gandhi Shramik Kalyan Yojana (RGSKY) introduced by the Employees' State Insurance Corporation (ESIC) w.e.f. 01.04.2005 provides unemployment allowance to the Insured Person (IP). This allowance is given for not more than 24 months, that is, two years, in case the IP is rendered jobless involuntarily because of retrenchment as defined under the Industrial Disputes Act, 1947.

Source: https://www.business-standard.com/economy/news/esic-added-2-02-million-members-24-298-new-establishments-in-june-123081700769_1.html

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