

ESI Scheme

Employees' State Insurance Scheme of India is an integrated social security scheme tailored to provide social protection to workers and their dependants, in the organised sector, in contingencies, such as, sickness, maternity and death or disablement due to an employment injury or occupational hazard.

The ESI Act applies to any premises/precincts, where 10 or more persons are employed. A factory or an establishment located in a geographical area notified for implementation of the Scheme, falls under the purview of the Act. Employees of the aforesaid categories of factories and establishments, drawing wages upto Rs.15,000/- (w.e.f. 01.05.2010) a month, are entitled to social security cover under the ESI Act. The wage ceiling for purpose of coverage of employees is revised from time to time, to keep pace

with rising cost of living and consequent wage hikes.

The "appropriate Government" State or Central is empowered to extend the provisions of the ESI Act to various classes of establishments, industrial, commercial or agricultural or otherwise. Under these enabling provisions most of the State Govts have extended the ESI Act to certain specific class of establishments, such as, shops, hotels, restaurants, cinemas, preview theatres, motors transport undertakings and newspaper establishments etc., employing 20 or more persons. The ESI Scheme is mainly financed by contributions raised from employees covered under the scheme and their employers, as a fixed percentage of wages. Employees of covered units and establishments drawing wages upto Rs.15,000/- per month come under the purview of the scheme for social security benefits. However, employees' earning upto Rs.70/- a day as wages are exempted from payment of their part of contribution. The State Govts bear one-eighth share of expenditure on Medical Benefit within the per capita ceiling of Rs.1200/- per annum and all additional expenditure beyond the ceiling.

Employees covered under the scheme are entitled to medical facilities for self and dependants. They are also entitled to cash benefits in the event of specified contingencies resulting in loss of wages or earning capacity. The insured women are entitled to maternity benefit for confinement. Where death of an insured employee occurs due to employment injury, the dependants are entitled to family pension