



**ORIGINAL RESEARCH PAPER**

**Management**

**THE EMERGING TRENDS IN ESI BENEFITS – A BIRD'S EYE VIEW**

**KEY WORDS:** Manpower Planning, Industrial Workers, Compliance, Esi Contributions

**Prof. P. Arun Kumar**

Dept. Of HRM, Andhra University, Visakhapatnam

**K. G. K. Patnaik\***

Research Scholar (PT), Dept. of HRM Andhra University Faculty in Management Studies, Aditya Business School, Visakhapatnam.

\*Corresponding Author

**ABSTRACT**

As there are many changes taking place in industrial units pertaining to their manpower planning and management, the recent Govt. has taken a move to reduce the salary contributions from 6.5% to 4% of the industrial workers who are insured under ESI Act 1948. The main aim of Employees' State Insurance Corporation (ESIC), is to provide medical, cash, maternity, disability, and dependent benefits to the insured. This Act applies to all the organizations with 10 or more employees, drawing a salary of up to Rs. 21,000. The scheme, is governed by the state-administered authorities. Researchers and experts believe that this move will impact the improved compliance and cover about 36 million employees working in more than 1.3 million organizations. In this paper, efforts were made to understand the influence of the recent trends in the ESI Contributions.

**INTRODUCTION:**

In today's world of turbulence and continuous change in the business environment, employees have to render a crucial role in the very success of any industrial unit. Though industries are contributing to the economy of the nation, it cannot be ignored that the human factor in the organizations. To retain talent and maintain the balance in the industrial relations, employers has to consider their employees as the vital resources and further make them more resourceful by providing various benefits that can uplift their morale. In this context Employee State Insurance Scheme is one of the most coveted social security schemes provided to the employees working in industrial units. This ESI scheme is been administered and regulated by Employee State Insurance Corporation which is an autonomous and self-financing social security and labour welfare organization. It works as per the rule and regulations under Employee State Insurance Act 1948. The ESI Act provides provision for medical, cash, maternity, disability and dependent benefits to the insured persons funded by the contributions made by the employers and the employees. Labour ministry data shows 36 million workers were insured under the scheme in 2018-19, with a contribution of Rs. 22,279 Crore

**COVERAGE OF ESI:**

The government has reduced the contribution under the Employees' State Insurance (ESI) Act to 4% from 6.5%, a move expected to increase the take-home salary of workers as well as reduce the financial burden of employers. The decision will benefit 36 million workers and 1.28 million employers. This includes a reduction of 1.5% in employers' contribution to 3.25% from 4.75% and 1% reduction in employees' contribution to 0.75% from 1.75%, the labour ministry said in a statement on Thursday.

**TABLE - 1**

S.No	Year	No. Employers	No. of Insured Persons (Crores)	Total contributions received (Rs. Crores)
1.	2015-16	7,83,786	2.1	11455
2.	2016-17	8,98,138	3.1	13662
3.	2017-18	10,33,730	3.4	20077
4.	2018-19	12,85,392	3.6	22279

From table – 1 it is clear that there are about 7,83,786 employers and about 2.1 crore Insured Persons together made contributions of Rs. 11455 Crores in the year 2015-16, 8,98,138 employers and about 3.1 crore Insured Persons together made contributions of Rs. 13662 Crores in the year

2016-17, about 10,33,730 employers and about 3.4 crore Insured Persons together made contributions of Rs. 20077 Crores in the year 2017-18, about 12,85,392 employers and about 3.6 crore Insured Persons together made contributions of Rs. 22279 Crores in the year 2018-19.

“The reduced rate of contribution will bring about a substantial relief to workers and will bring more and more workforce into the formal sector,” the ministry said. Similarly, it said, a reduction in the share of contribution of employers will reduce the financial liability of the establishments, leading to improved viability of these establishments.

Employees' State Insurance or ESI is the insurance which provides medical care to industrial workers and other employees. You can use this insurance in case of sickness, maternity, injury and other medical-related matters.

The wage ceiling of coverage was also enhanced from Rs 15,000 per month to Rs 21,000 from January 1, 2017. The wage ceiling was last raised in May 2010. Back then, the wage limit was increased from Rs 10,000 to Rs 15,000. Now the wage limit has been raised to Rs 21,000. The increase in the wage ceiling for ESI from Rs 15,000 to Rs 21,000 means that an employer makes contributions for more number of employees earning between this limit. The important factor to decide whether an employee covers under the ESI Act is whether the employee's monthly 'wages' exceeds Rs 21,000. The wages here mean an employee's gross earnings. I.e., The total of all earning heads. The increase in wage ceiling impacts the finances of the employees.

For the ESI Scheme contributions are made from both employers (3.25%) and employees (0.75%). So, the take-home salary of employees earning between Rs 15,000 to Rs 21,000 decreases as the employee contribution of 0.75% deducts from their salaries. Once an employee starts earning a wage of more than Rs 21,000, ESI contributions will be made only till the end of the contribution period. It is a 6-month period.

**OBJECTIVES OF THE STUDY:**

- To study and understand the concept of social security and ESI
- To know various provision under ESI scheme
- To understand the working of ESI Corporation in providing benefits to the industrial workers.

- To study the overview and implementation of the ESI provisions in the recent times

ESI Scheme in India is an integrated social security scheme tailored to provide Social Protection to workers and their dependents, in the organized sector, in contingencies, such as Sickness, Maternity and Death or Disablement due to an employment injury or Occupational hazard

The ESI Act 1948 applies to Non – seasonal Factories using power in and Employing ten (10) or More persons y Non – seasonal and non- power using factories and establishments employing twenty(20) or more persons y Employees of the Factories and Establishments in receipt of wages not exceeding Rs.21000 /- Per month are covered under this Act.

What is deemed to be wage?	What is not deemed to be wage?
<ul style="list-style-type: none"> <li>Basic pay</li> <li>Dearness allowance</li> <li>House rent allowance</li> <li>City compensatory allowance</li> <li>Overtime wages (but not to be taken into account for determining the coverage of an employee)</li> <li>Payment for day of rest</li> <li>Production incentive</li> <li>Bonus other than statutory bonus</li> <li>Nightshift allowance</li> <li>Payment for un - substituted holidays</li> <li>Meal / food allowance</li> <li>Suspension allowance</li> <li>Lay off compensation</li> <li>Children education allowance</li> <li>Heat, Gas &amp; Dust allowance</li> </ul>	<ul style="list-style-type: none"> <li>Contribution paid by the employer to any</li> <li>Sum paid to defray special expenses</li> <li>Gratuity payable on discharge</li> <li>Pay in lieu of notice retrenchment</li> <li>Benefits paid under the ESI Scheme</li> <li>Encashment of leave</li> <li>Payment of Inam which does mean part of employment</li> <li>Washing allowance for livery</li> <li>Conveyance Amount towards reimbursement for duty related journey</li> </ul>

Ever since its inception in 1952, the ESI Corporation has, so far, set up 154 Hospitals, 1489 Dispensaries, 174 ISM Units, 815 Branch/Pay Offices and 63 Regional and Sub-Regional Offices.

**OVERVIEW OF ESI BENEFITS:**

ESIC provides reasonable Medical Care for self and family from day one of entering into insurable employment. Full medical facilities for self and dependents are admissible from day one of entering insurance employment. The primary, out-patient, in-patient and specialist medical care and services are provided through a network of panel Clinics, ESI Dispensaries and Hospitals. Super specialty services are provided through in-house facilities in some of the ESI Hospitals and large number of advanced empanelled medical institutions on a referral basis. Full medical care is provided under ESI for self and spouse on superannuation subject to having completed five years in insurable employment immediately before superannuation or in case of having suffered permanent physical disablement during the course of insurable employment.

ESIC provides 70% of average daily wages in cash during medical leave, upto 91 days in two consecutive benefits periods.

Sickness benefit is payable to an insured person in cash, in the event of sickness resulting in absence from work and duly certified by an authorized Insurance Medical Officer/ Practitioner. The benefit becomes admissible only after an

insured employee has paid the contribution for at least 78 days in a contribution period of six months.

Maternity benefit is payable to insured women in case of confinement or miscarriage or related sickness from pregnancy. For claiming the benefit an insured women should have paid the contribution for at least 80 days in two consecutive contribution periods i.e. one year. ESIC provides 100% of average daily wages in cash up to 26 weeks in confinement and 6 weeks in case of miscarriage, during maternity leave and 12 weeks for commissioning mother and adopting mother.

ESIC provides continuous monthly payment till injury lasts for temporary disablement and for whole life for permanent disablement. Disablement benefit is payable to insured employees suffering from physical disablement due to employment injury or occupational disease. An insured person should be an employee on the date of the accident. Dependent Benefit (Family pension) becomes payable to dependents of a deceased insured person where death occurs due to employment injury or an occupational disease. A widow can receive this benefit on a monthly basis for life or till her re-marriage. A son or daughter can receive this benefit on a monthly basis till eighteen years of age. Other dependents like parents can also receive this benefit under certain conditions, for life. ESIC provides monthly payment apportioned among dependants in case of death due to employment injury. ESIC provides funeral expenses in the event of a death of an insured person, maximum of Rs 5,000 is payable.

Unemployment Allowance is payable to those workers facing involuntary unemployment due to closure of factory/ establishment, retrenchment or permanent invalidity arising due to non-employment injury. The daily rate of unemployment allowance is at par with the standard sickness benefit rate which is just above 50% of the daily wages. This allowance is payable for a maximum period of 12 months either in one spell or in different spells of not less than one month's duration. The insured person's eligibility condition has now been relaxed to three years from earlier five years, for being able to avail the unemployment allowance. ESIC provides unemployment allowance, loss of job doesn't mean loss of income. ESIC provides monthly cash allowance for a duration of maximum 24 months in case of involuntary loss of employment or permanent invalidity due to non-employment injury.

Vocational rehabilitation benefits can be availed in case of disablement in insured persons under 45 years of age with 40% or more disablement. Vocational training is now also being made available to those insured persons who are rendered unemployed unwillingly, for ensuring re-employability of those who are rendered unemployed unwillingly. These vocational training will be provided through AVTIs.

ESIC provides free supply of physical aids and appliances such as crutches, wheelchairs, dentures, spectacles and other physical aids.

**FINDINGS:**

- Most of the employees are benefited with the recent amendments as their contribution share has reduced significantly
- Most of the employers effected with the recent amendment as there is decrease in their share of contribution towards ESI
- The number of beneficiaries has increased with the changes in the wage ceiling of the employees working in the organized sector
- ESI dispensaries are providing quality medical assistance

to the insured persons

5. ESI is a successful social security scheme in India providing social assistance to the workforce.

#### CONCLUSION:

In the present world of social turbulence, social inclusion is the most essential phenomenon that should lead to the financial inclusion of the country. In order to meet this prerogative social security is essential where ESI plays an important role in serving the economy through serving the employees. The benefits that are promulgated in the ESI Act 1948 are enhancing the morale of the employees in the attainment of their operation efficiency and productivity.

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