

EMPLOYEES' STATE INSURANCE

ACT, 1948 & the SCHEME CHECK LIST

Applicability of the Act & Scheme

Is extended in area-wise to factories using power and employing 10 or more persons and to non-power using manufacturing units and establishments employing 20 or more person upto Rs.7500/- per month w.e.f. 1.4.2004. It has also been extended upon shops, hotels, restaurants, roads motor transport undertakings, equipment maintenance staff in the hospitals.

Coverage

Of employees

Drawing wages
Upto Rs.15000/-
per month
Engaged either
directly or thru'
contractor

Rate of Contribution of the wages

Employers' **4.75%**
Employees' **1.75%**

THE ESI SCHEME TODAY

No. of implemented Centres	677
No. of Employers covered	2.38 lacs
No. of Insured Persons	85 lacs
No. of Beneficiaries	330 lacs
No. of Regional Offices/SRO's	26
No. of ESI Hospitals/Annexes	183
No. of ESI Dispensaries	1453
No. of Panel Clinics	2950

Manner and Time Limit For making Payment of contribution

The total amount of contribution (employee's share and employer's share) is to be deposited with the authorized bank through a challan in the prescribed form in quadruplicate on or before 21st of month following the calendar month in which the wages fall due.

Benefits

To the employees under the Act

Medical, sickness, extended sickness for certain diseases, enhanced sickness, dependents maternity, besides funeral expenses, rehabilitation allowance, medical benefit to insured person and his or her spouse

WAGES FOR ESI CONTRIBUTIONS

Registers/files to be maintained by the employers

To be deemed as wages

- Basic pay
- Dearness allowance
- House rent allowance
- City compensatory allowance
- Overtime wages (but not to be taken into account for determining the coverage of an employee)
- Payment for day of rest
- Production incentive
- Bonus other than statutory bonus
- Night shift allowance
- Heat, Gas & Dust allowance
- Payment for unsubstituted holidays
- Meal/food allowance
- Suspension allowance
- Lay off compensation
- Children education allowance (not being reimbursement for actual tuition fee)

NOT to be deemed as wages

- Contribution paid by the employer to any pension/provident fund or under ESI Act.
- Sum paid to defray special expenses entailed by the nature of employment – Daily allowance paid for the period spent on tour.
- Gratuity payable on discharge.
- Pay in lieu of notice of retrenchment compensation
- Benefits paid under the ESI Scheme.
- Encashment of leave
- Payment of Inam which does not form part of the terms of employment.
- Washing allowance for livery
- Conveyance Amount towards reimbursement for duty related journey

Contribution period

1st April to 30th September.

1st October to 31st March

Contribution period

If the person joined insurance employment for the first time, say on 5th January, his first contribution period will be from 5th January to 31st March and his corresponding first benefit will be from 5th October to 31st December.

Penalties

Different punishment have been prescribed for different types of offences in terms of Section 85: (I) (six months imprisonment and fine Rs.5000), (ii) (one year imprisonment and fine), and 85-A: (five years imprisonment and not less to 2 years) and 85-C (2) of the ESI Act, which are self explanatory. Besides these provisions, action also can be taken under section 406 of the IPC in cases where an employer deducts contributions from the wages of his employees but does not pay the same to the corporation which amounts to criminal breach of trust.