

# The Employees State Insurance Act, 1948

The Employees State Insurance Act, ESI Act for short, was enacted by the Government of India in 1948. The major objective of the Act was to provide certain benefits to employees in case of sickness, maternity and injury (during employment) and for providing other benefits in relation to the main objectives.

The Government of India through notification in the official gazette has amended the Employees State Insurance (Central) Rules, 1950. Accordingly, as per rule 1950, the wage limit for coverage of an employee State insurance Act has been enhanced from Rs 10,000 to Rs 15,000 with effect from 1 May 2010.

## Applicability

The ESI Act 1948 in the first instance, applies etc.

- factories using power in the manufacturing process and employing 10 or more persons



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- Non-power using factories or establishments employing 20 or more persons for wages.

The Act contains an enabling provision under which Appropriate Government is empowered to extend the provision of the ESI Act, 1948 to other classes of establishment

- Industrial
- Commercial
- Agriculture or otherwise

Under these provisions the State Governments have extended the provisions of the ESI Act to the following classes of establishments.

- Shops
- Hotels & Restaurants
- Cinemas including preview theaters
- Road motor transport under taken
- News paper establishment



## Wage Ceiling

Employees of covered units and establishments drawing wages upto Rs. 15,000 per month come under the purview of the ESI 1948 for multi dimensional social security benefits.

## Contribution

ESI Scheme is financed by contribution raised from employees covered under this scheme and their employers as a fixed percentage of wages. Rates of contribution are as follows:-

- Employer's contribution 4.75% of wages.

## Social Security Benefits

Various benefits that the insured employees and their dependents are entitled to are as follows:

- Medical Benefits
- Sickness Benefits
- Maternity Benefits



- Right to register their grievances/complaints at any level for immediate redressed.
- Right to approach ESI court against any action/decision of the Medical Board etc.
- Cash Benefits payable under the Act are not liable to attachment or Sale in execution of any decree or order of any court.

## Duties Of Employer

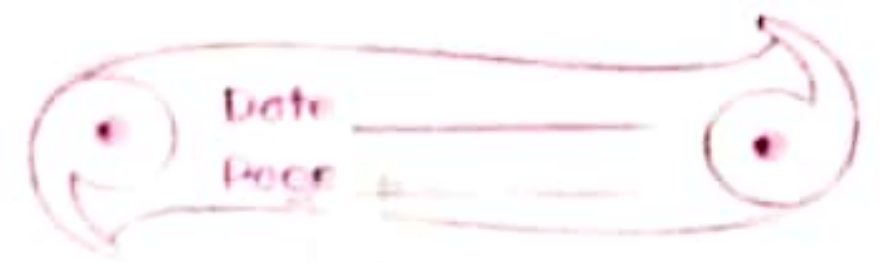
- An employer shall apply in form - 01 for average under the ESI Act, within 15 days after the Act becomes applicable to a factory or establishment.
- The employer shall submit declaration form in respect of all coverable employees in the unit
- The employer shall deposit both employees and employers contribution as per specified



date within 21 days of the following month.

- The employees shall maintain all such records and registers as are required under the Act and produce them for verification/inspection before the authorised officers of the corporation.
- The employer shall submit half-yearly Return of contributions (RC) by 12th May / 11th November every year with all columns properly filled.
- An employer will report any change in business activity, address, ownership or the management to ESIC authorities forthwith.
- An employer will also ascertain the liability towards ESIC dues while taking over the ownership of a factory/establishment through purchase, gift, lease, license or otherwise as the new owner.





is liable to discharge past liabilities.