

Coverage

APPLICABILITY

The ESI Act is applicable to all non-seasonal factories employing 10 or more persons [Section -1(2) read with Section 2(12) and Section 2(19A)]. The State Government have extended the coverage under Section 1(5) of the Act to Shops, Hotel, Restaurants, Cinema including preview theatres, Road-motor transport undertakings, Newspaper establishments, Private Medical Institutions, Educational Institutions and to contract and casual employees of Municipal Corporation/Municipal Bodies employing 10 or more persons in the certain States/UTs, where State Govt. is the appropriate Govt.

The Central Govt. has extended the coverage under Section 1(5) to Shops, Hotels, Restaurants, Road Motor Transport establishments, Cinema including preview theatres, Newspaper establishments, establishment engaged in Insurance Business, Non-Banking Financial Companies, Port Trust, Airport Authorities, Warehousing establishments employing 20 or more Persons, where Central Govt. is the appropriate Govt.

The existing wage limit for coverage under the Act effective from 01.01.2017 is Rs.21,000/- per month (Rs.25,000/- per month in the case of Persons with Disability).

Contribution

E.S.I. Scheme being contributory in nature, all the employees in the factories or establishments to which the Act applies shall be insured in a manner provided by the Act.

The contribution payable to the Corporation in respect of an employee shall comprise of employer's contribution and employee's contribution at a specified rate.

The rates are revised from time to time. Currently, the employee's contribution rate (w.e.f. 01.07.2019) is 0.75% of the wages and that of employer's is 3.25% of the wages paid/payable in respect of the employees in every wage period.

Employees in receipt of a daily average wage upto Rs.176/- are exempted from payment of contribution. Employers will however contribute their own share in respect of these employees.

Collection of Contribution

An employer is liable to pay his contribution in respect of every employee and deduct employees contribution from wages bill and shall pay these contributions at the above specified rates to the Corporation within 15 days of the last day of the Calendar month in which the contributions fall due.

The Corporation has authorized designated branches of the State Bank of India and some other banks to receive the payments on its behalf.

Contribution Period and Benefit Period

There are two contribution periods each of six months duration and two corresponding benefit periods also of six months duration as under.

Contribution period Corresponding Cash Benefit period

Contribution Period	Cash Benefit Period
1 st April to 30 th September	1 st January of the following year to 30 th June
1 st October to 31 st March	1 st July to 31 st December

Wages

Washing Allowance:

It is a sum paid to defray special expenses entailed by the nature of employment and as such this amount does not amount to wages.

(In lieu of old instructions issued vide Memo No. Ins. III/2/1/65 dt. 8.2.1967)

Suspension Allowances/Subsistence Allowance

During the suspension period the employee is not allowed to actually work and he is not given full remuneration but the permissible subsistence allowance is paid to the employee by way of remuneration for remaining attached to the services of the employer as per the relevant service regulations governing his contract of service, therefore, the subsistence allowance is part of wage as defined under Sec.2(22) of the ESI Act and consequently on the amount of subsistence allowance paid to the suspended employee, contribution is payable.

Supreme Court has also held in the case of RD, ESIC Vs.M/s.Popular Automobiles etc.in its judgement dt. 29.9.97 in Civil appeal no.3850 of 1993 that suspension/subsistence allowance is wage and contribution is payable under Sec.2(22) on the said amount. (In lieu of earlier instructions were issued vide Memo No.3(2)-1/67 dt. 3.6.67 & letter No.Ins.III(2)-2/71 dt. 10.8.1971)

Overtime Allowance

In the case of the employer as and when the employer finds the need to have work done expeditiously, in addition to the normal work during the course of the working hours, the employer offers to the employee to do the overtime work after the working hours.

When employee does overtime work, it amounts to the acceptance for the same, hence there emerges concluded implied contract between the employer and the employee.

Both the remuneration received during the working hours and overtime constitutes a composite wage and thereby it is a wage within the meaning of Sec.2(22) of the ESI Act.

Therefore, the contribution is payable on the overtime allowance. However, overtime allowances will be considered as wage for the purpose of charging the contribution only and will not be considered for the purpose of the coverage of the employee under the Scheme.

The same view was held by the Supreme Court in its judgement delivered on 6.11.96 in the case of Indian Drugs & Pharmaceuticals Ltd. Vs. ESIC, in Civil Appeal No.2777 of 1980. (Old instructions issued vide memo No.3-1(2)/3(1)/68 dt. 31.5.68).

Annual Bonus

Bonus paid to the employees could not be treated as wage for the purpose of charging of contribution under Sec.2(22), provided the periodicity of the payment is more than 2 months.

The said issue was also considered in the meeting of the ESI Corporation held on 19.12.1968 and the Corporation agreed to the recommendations of the Standing Committee that bonus may not be treated as wage. Hence no contribution is payable on annual Bonus. (Earlier instructions were issued vide memo No.Ins.III/2(2)-2/67 dt. 8.2.1967).

Incentive Bonus

As per the decision of the Supreme Court delivered on 8.3.2000 in the case of M/s. Whirlpool India Ltd. Vs. ESIC in civil appeal No.1903 of 2000, additional remuneration to become wages has to be paid at intervals not exceeding two months as distinguished from being payable.

Thus, there has to be actual payment and the payment of production incentive does not fall either under the 1st part or last part of the definition of the term wages as defined in Sec.2(22) of the Act, hence no contribution is payable on the incentive bonus, provided the periodicity of payment is more than 2 months. (Earlier instructions were issued by this office vide Memo No.T-11/13/53/19-84-Ins.IV dt. 19.9.84, Memo No.Ins.III-2(2)/2/69 dt., 26.12.73, Memo No.T-11/13/54/18/82-Ins.IV dt. 14.7.82 & Memo No.D/Ins.5(5)/68 dt. 18.9.88.)

Production Bonus

Production Bonus like incentive bonus is paid to the workers as additional remuneration and hence like incentive bonus such additional remuneration in order to become wages has to be paid at intervals not exceeding 2 months as distinguished from being payable.

Thus, there has to be actual payment and hence no contribution is payable, provided periodicity of the payment is more than 2 months. (Earlier instructions issued vide letter dated 4(2)/13/74-Ins.IV dated 2.9.85)

Inam/Ex-Gratia Payment

Inam represents a payment made by the employer to any employee as a reward for the services rendered by him for which he is/was not under obligation to render the same under the contract of service which is expressed or implied but does not include the payment which have been made to an employee in fulfilment of contract of service. This may include exgratia payment.

Where Inam is being paid for special skill or higher responsibilities/additional duties, it may be taken as remuneration and contribution is payable.

Where the employer has introduced the scheme of Inam but according to terms and conditions the employer has no right to withdraw it or revise it, the same may be treated as wages and contribution is payable.

Where the employer has introduced the scheme of Inam and he has right to revise or withdraw it at his discretion, the payment of Inam under such scheme may not be treated as wages and contribution is not payable provided the payment is made at an interval exceeding two months.

Where there is no scheme of Inam in writing but still employer might be making payment under the head Inam on the basis of some understanding between the parties, in such cases, the nature of payment and its periodicity may be ascertained and whether payment of Inam is an exgratia payment which is not covered by the contract of service.

In case the periodicity is more than 2 months, no contribution may be charged. (Last instructions were issued vide letter No.D-Ins.5(5)/68 dated 21.2.1975).

Wages Paid During Layoff

During the period of layoff though the employee is not given actual work and is also not given full remuneration but certain wages are paid to the employee by way of remuneration for remaining attached to the factory/establishment of the employer, therefore, such payments paid for the period of layoff are also wages for the purpose of Sec.2(22) of the ESI Act and hence contribution is payable on such payments. (Earlier instructions were issued in 1968).

Annual Commission

Sales Commission would fall within the 3rd category of wages as defined under the Act as additional remuneration and there has to be actual payment as the word used is paid and not payable, at intervals not exceeding two months.

The question as to why the period of 2 months is fixed was debated in Supreme court in the case of Handloom House, Ernakulam Vs. RD,ESIC in Civil Appeal No.2521 of 1999 when it was held that no employer shall have the permission to draw the payment of contribution on the premise that annual payments have to be worked out. Normally, the wage period is one month, but the Parliament would have thought that such "wage period" may be extended a little more but no employer shall make it longer than two months.

This could be the reason for fixing a period of two months as the maximum period for counting the additional remuneration has to make it part of 'wage' under the Act.

Therefore, the annual commission is excluded from the definition of the wages and hence no contribution is payable on the annual commission.
(Earlier instructions were issued vide Hqrs.letter No. Ins.III(2)-2/71 dated 10.8.71).

House Rent Allowance

House Rent Allowance is wage in cases where it is being paid. Notional amount of house rent can not be presumed as wages for deciding the coverage.

In cases where an employee is being paid house rent allowance, the same will be included both for coverage and contribution. In cases where the staff quarters have been allotted the amount of salary and wages paid will count for coverage and contribution and no notional house rent allowance is to be presumed in such cases.

In the cases of Braithwait & Co. Vs. ESIC and M/s.Harihar Polyfibres Vs. ESIC, Bangalore, Supreme Court has also held that house rent allowance is a wage under Sec.2(22) of the ESI Act. (Earlier instructions were issued vide memo No.T-11/13/11/15-Ins.III dt. 28.9.75, No.Ins.III(2)/15/15/74-Ins.Desk.I dated Dec.,76, No.T-11/13/53/19-84/Ins.IV dt. 19.9.84 & No.D.Ins.II/11/3087/303 dated 1.3.1985).

Night Shift/Heat/Gas & Dust Allowance

It is an additional remuneration paid to the employee for performing duty at night time during the hours of darkness.

This amount is paid by way of incentive under the scheme of settlement entered into between the Management and its workmen and hence are wages within the meaning of Sec.2(22) of the ESI Act.

This view was observed by the Full Bench of Karnataka High Court in the case of NGEF Ltd. Vs. Dy.Regional Director, ESIC, Bangalore. Supreme Court in the case of M/s.Harihar Polyfibres Vs. RD ESIC, Bangalore has also held the same view. Hence, Night Shift Allowance, Heat, Gas & Dust allowance are wages under Sec.2(22) of the ESI Act and contribution is payable on the said amount paid by the employer to the employees. (Earlier instructions were issued vide Memo No.T-11/13/53/19/84-Ins.IV dated 19.9.94).

Service Charges

Service charges are collected by management of the hotel on behalf of their employees in lieu of direct tips and the same is paid to their employees at a later date.

Such amount collected as service charges will not constitute wages under Sec.2(22) of the ESI Act. In the case of ESIC Vs.

M/s. Rambagh Palace Hotel, Jaipur, the High Court of Jaipur has held that service charges are not wages under Section 2(22) of the ESI Act.

This verdict of the High Court of Jaipur was accepted in the ESIC and hence no contribution is payable on service charges.
(Earlier instructions were issued vide letter No.P-12/11/4/79-Ins.Desk.I dt. 18.9.79)

Medical Allowance

The employees working in factories/establishments are being provided medical services in kind by the employer but in certain factories/establishments instead of providing medical services in kind, the amount spent by the employees on medical care is reimbursed while in some other organisations, employees are being paid monthly cash allowance in lieu of medical aid/reimbursement of medical expenses. Where such payments are made by the employer in lieu of the medical benefit, the same are to be treated as wages under Sec.2(22) of the ESI Act and the contribution is chargeable.
(Earlier instruction were issued vide letter No.Ins.5(5)/68-Ins.III dt. 21.8.71 & Ins.III/2(2)2/68 dated 24.6.71)

Newspaper Allowance

In certain factories/establishments the employees are reimbursed the cost of Newspapers while in some other factories/establishments the employees are paid monthly newspapers allowance instead of reimbursement of the cost of the Newspapers.

Where the amount is being paid regularly to the employees by the employer as Newspapers allowance the same will be treated as wages under Sec.2(22) of the ESI Act and the contribution is chargeable.

However, where the cost of Newspapers is reimbursed to the employees, no contribution is to be charged on such payments.

Education Allowance

Employees are being paid monthly Education allowance for the children studying in the Schools/Colleges. Where such education allowance is being paid monthly, the same is to be considered as wages under Sec.2(22) of the ESI Act and the contribution is chargeable on the said amount.

However, in such cases where instead of paying the education allowance on monthly basis, the amount spent as fee is reimbursed to the employees and booked under education allowance, in such cases no contribution is payable.

Drivers Allowance

In some of the factories/establishments the officers employed as employees are being paid drivers' allowance per month. This allowance is being paid to enable the officers to appoint a driver at their own level and such drivers employed are not being paid salary directly by the factories/establishments.

Where such allowance is being paid to the employees and the drivers are not engaged by the employees, in such event the allowance paid as such will be considered as wage under Section 2(22) of the ESI Act and contribution will be chargeable provided the employee is coverable under the Scheme.

However, where the services of the drivers are being utilised, in such event the drivers so engaged will be covered as employee and contribution will be payable on the amount paid to the drivers as salary and booked in the ledgers of the employer under the heading "Drivers' Allowance".

Food/Milk/Tiffin/Lunch Allowance

Each case of payment of Food, Milk, Tiffin and Lunch Allowance has to be examined on its merits depending on the following conditions under which the allowance is payable:-

- Tiffin/Food/Milk/Lunch Allowance paid in cash at a fixed rate irrespective of whether the person is absent or on authorised leave etc. may be treated as wages.

- Tiffin/Food/Milk/Lunch allowance paid in cash with deduction for leave or absence etc. may not be treated as wages.
- Tiffin/Food/Milk/Lunch allowance paid in kind i.e. canteen subsidy/food subsidy etc. may not be treated as wages.
(Earlier instructions were issued vide letter No.P-11/13/97-Ins.IV dated 2.2.1999)

Gazetted Allowance

Certain factories/establishments are paying gazetted allowance to its employees in lieu of duties performed by them on gazetted holidays.

Such gazetted allowance is not wage for the purpose of Sec.2(9) of the ESI Act. However, it will be wage for the purpose of Sec.2(22) of the ESI Act and the contribution are to be recovered on such payments.

Wages and Dearness Allowance for Unsubstituted Holidays

Such wages and dearness allowance paid to the employees for the unsubstituted holidays are to be treated as wages under Sec.2(22) of the Esi Act and the contribution is payable. High Court of Gujarat in the case of ESIC Vs. New Assarw Manufacturing Co.Ltd. held the same view.

Ex-gratia Payment During Strike for Travelling Expenses

Like conveyance allowance if any exgratia payment is made during the period of strike to some of the employees to incur certain travelling expenses such amount will neither be considered as wage under Sec.2(9) nor under Sec.2(22) of the ESI Act and no contribution is payable on such amount. High Court of Bombay in the case of ESIC Vs. Willman (India) (P) Ltd. in case No.210 of 1976, held the same view.

Interim Relief

Interim relief paid to the employees is normally paid when either the wage is under revision or when the payment of Dearness Allowance is delayed due to any reason. Whatsoever may be the case, if the interim relief is paid to the employees by any employer, the same will amount the wages within the meaning of Sec.2(22) of the ESI Act and contribution is payable thereon.

Saving Scheme

Certain factories/establishments are contributing towards the saving scheme for the welfare of the workers. Such amount paid by the employer as his contribution to the saving scheme, will not constitute wages under Sec.2(22) of the ESI Act and the contribution is not payable.
(Earlier instructions were issued vide Memo No.P-12/11/4/77-Ins.IV dt. 15.11.80)

Attendance Bonus

It is a special allowance being paid by certain employers to their employees to discourage the workers from absenting from the job.

Any amount paid by the employer to its employees as Attendance Bonus will constitute wages under Sec.2(22) of the ESI Act and the same opinion was held by Bombay High court in the case of ESIC Vs.

Indian Dyestuff Industries Ltd.. However, the periodicity aspect has to be kept in mind. In case the periodicity is more than 2 months, the same will not constitute wages and no contribution will be payable as in the case of incentive bonus.

PAYMENT MADE TO RICKSHAW PULLERS,HATHRAIRY PULLERS AND TRUCK OPERATORS (INCLUDING LOADING & UNLOADING CHARGES WHEN THE LOADERS/UNLOADERS ARE THE EMPLOYEES OF THE TRUCK OPERATORS:

Rickshaw pullers, Hathrairy pullers and Truck Operators (who bring labour with them) no contribution is payable on the amount paid by the employer if the amount paid is lumpsum amount including loading/un-loading charges and no separate wages are paid by the employer.

Similar view was held by Bombay Division Bench in 1990 in the case of Raisaheb Tekchand, Mohate Mills Vs. R.D. ESIC.

Hamals/Coolies Employed at a Particular Time

Where Hamals & Coolies are employed at a particular place and a particular time, outside the premises of the factory/establishment to perform a specific job on the spot in such cases no contribution is payable on the amount paid to such Coolies/Hamals, however the contribution is payable on the amount paid to the coolies and hamals for services rendered within the premises of the employer. Bombay High Court in the case of Parley Bottling Co.Ltd. VS. ESIC,Bombay 1989 and Supreme Court in the case of ESIC VS.Premier Clay Products, have held this view.

SHORT PERIOD CONTRACT FOR SERVICE - ELECTRICIAN, CARPENTERS, MECHANICS, PLUMBERS ETC./REPAIR WORK DONE ON SHOP

In such cases also contribution is payable on the amount paid by the Employer if the services are rendered within the premises. This view was also held by Punjab and Haryana High Court vide its judgement dated 29.3.84 in the case of Modern Equipment Vs. ESIC in Civil Appeal No.3218 of 1989.

Expenditure on Servicing of Machines

No contribution is payable on the servicing of machines where the job awarded is to the Engineer and instead of contract of service, there is a contract for service for servicing of machines.

Expenditure on Annual/Periodical Services Contract

In the factories/establishments certain amount is being paid by the employer to the supplier of machines or to the firms of repute for the annual/periodical servicing of the machines and for such purposes the contract is awarded. In such cases no contribution is payable on the amount paid for annual/periodical service contracts.

Commission to Dealers/Agents

Where dealers/agents are appointed by the employers but no regular wages are paid and it is not obligatory on the part of such dealers/agents to attend to the factories/ establishments and they are paid commission only on the quantum of sales, in such cases the amount paid by the employer as commission/dealership does not constitute wage under Section 2(22) of the ESI Act and hence no contribution is payable.

Service Contract

Amount paid to an organisation for maintenance of Machinery/Equipments as part of service contract will not attract ESI contribution.
PAYMENT MADE TO LABOUR CONSULTANTS, LAWYERS, ENGINEERS, COUNSELS, CHARTERED ACCOUNTANTS:

The amount paid by the employer to labour consultants, lawyers, engineers, counsels, chartered accountants does not constitute wage as per provisions under Section 2(22) of the ESI Act and hence no contribution is payable.

The following items will form part of the wage both under Section 2(9) i.e for considering the employee for the purpose of coverage and Section 2(22) of the ESI Act for the purpose of charging of contribution: -

- Matinee allowance which is being paid to employees in Cinema Houses.
- Shift allowance paid to employees who work on shift duty at odd shifts.

- Location allowance paid, in addition to Dearness Allowance to meet the high house rent.
- Compensatory allowance.
- Cash handling allowance paid to Cashier.
- Supervisory Allowance.
- Additional pay paid to training staff.
- Charge allowance
- Steno/Typist allowance
- Plant allowance
- Honorarium for looking after the hospital/dispensary
- Computer allowance
- Gestetner/Photocopier/Printer allowance
- Personnel/Special allowance
- Machine allowance
- Convassing allowance
- First-aid allowance
- Personnel allowance - Pay over and above the basic wage and Dearness allowance for skill, efficiency or past good records.
- Area allowance - given to employees living in a particular area to meet the high cost of living in that area.
- Exgratia payment if payment is made within an interval of two months.

The following items will not form part of the wage either under Section 2(9) or under Section 2(22) of the ESI Act:-

- Payment made on account of un-availed leave at the time of discharge.
- Commission on advertisement secured for Newspapers, if not paid to the regular employee.
- Fuel allowance/Petrol allowance
- Entertainment allowance
- Shoes allowance
- Payment made on account of gratuity on discharge/retirement.
- Payment made on encashment of leave.

THE SECTION 46 OF THE ACT ENVISAGES FOLLOWING SIX SOCIAL SECURITY BENEFITS :-

Medical Benefit : Full medical care is provided to an Insured person and his family members from the day he enters insurable employment. There is no ceiling on expenditure on the treatment of an Insured Person or his family member. Medical care is also provided to retired and permanently disabled insured persons and their spouses on payment of a token annual premium of Rs.120/- .

System of Treatment

Generally, the allopathic system of medicine is used for providing Medical Benefit. However, where a substantial number of workers demand treatment by Indian system of medicine and Homoeopathy (ISM & H) other than Allopathy and where the State Government has recognised the qualifications in such system, treatment facilities may be provided under the ISM & H as well. The various ISM & H systems of treatment in vogue are:, Ayurvedic, Unani, Sidha, Yoga therapy and Homeopathy. Certificates required for the purpose of Cash Benefits in respect of persons treated by ISM & H should be issued by IMO /IMP having recognised qualifications in such system and duly appointed by the State Government. The issue of certificates under ISM & H is possible only where dispensaries in systems other than allopathic medicine are functioning independently with IPs and their family units attached to them and not functioning merely as referral units. In places where ISM & H units function only as referral centres, certificates will have to be issued by the Allopathic dispensary to which the IP is attached.

Scale of Medical Benefit

The scale of Medical Benefit under section 57 of Act to be provided to the IPs and members of their families is to be prescribed by State Government in consultation with the Corporation under Section 58(1 & 3) of Act under State Medical Benefit Rules.

An IP and/or a member of his family does not have the right to claim Medical Services over and above those which have been so prescribed. The beneficiaries are entitled to reasonable medical, surgical and obstetric treatment.

To Insured Persons: - IPs are entitled to avail treatment in ESI Dispensary/Hospital/Diagnostic Centre and recognised institutions, to which he is attached such as:-

- Outpatient treatment
- Domiciliary treatment by visits at their residences.
- Specialists Consultation.
- In-patient treatment (Hospitalisation)
- Free supply of drugs dressings and artificial limbs, aids and appliances.
- imaging and laboratory services.
- Integrated family welfare, immunisation and MCH Programme and other national health programme etc.
- Ambulance service or re-imburement of conveyance charges for going to hospitals, diagnostic centres etc.
- Medical Certification and
- Special provisions.

- b. **To Family Members of Insured Persons:** - While in all implemented areas, IPs are entitled to medical care as detailed above, members of a family of an IP are entitled to one or other of the The family member of the insured person is eligible to take one or other medical under the following standards :-

- "FULL" Medical Care i.e., all facilities as for IPs including hospitalisation.

- "EXPANDED" Medical Care i.e., all facilities as for IPs except hospitalisation. A small number of IPs in the States of Gujarat and Bihar fall under this category.

The Corporation aims at providing Medical care according to uniform standards to the Family members in all implemented areas as the rates of the contribution paid by the employees and the employers are the same throughout the country.

Benefits to Retired IPs

Medical Benefit to Retired Insured Persons and Permanent Disabled Insured Persons: -

On payment of Rs.10/- P.M. in lump sum for one year in advance, Medical Benefit can be provided (under Section 56 of the Act) to:

- An Insured Person and his or her spouse who leaves insurable employment on attaining the age of superannuation or retires under VRS or takes Pre-Mature retirement after being insured for not less than five years, till the period for which contribution is paid.
- An Insured Person and his/her spouse who ceases to be in insurable employment on account of permanent disablement due to employment injury shall be entitled to medical benefit.

Domiciliary Treatment

An Insured Person and his family members are entitled to free medical attendance by IMO/IMP at their residence when the condition of the patient is such that he/she cannot reasonably be expected to attend the dispensary/clinic.

Conveyance allowance for Domiciliary visit

- For the domiciliary visit, the IMO's are paid conveyance allowance. The quantum of this allowance is decided by the State Government in consultation with the Corporation.
- The IMPs are not paid any domiciliary conveyance allowance. In their case, it is included in the capitation fee upto a distance of 5 km. between the Clinic of IMP and IP's residence.

The IMOs/IMPs are required to maintain record of domiciliary visits in a register month-wise. The columns in this register are given under the Chapter "Sickness Absenteeism and Recording".

In-Patient Treatment

Under the E.S.I. Scheme, IPs in all areas and their family members in areas with "Full" medical care facility are entitled to hospitalisation.

In-patient treatment is provided at hospitals constructed by E.S.I.C or by reservation of beds in the hospitals owned by the State Government, local Fund Organisation or Private Bodies or by constructing annexes to such institutions. The E.S.I. Scheme pays for these beds on the basis of occupied bed days. The Corporation has framed standard plans for construction of different sizes of hospitals/annexes mainly with a view to achieving uniformity and standardisation all over the country.

The Corporation has also laid down norms for equipment and staff for hospitals of different bed strengths.

Drugs and Dressings

All drugs and dressings (including vaccines and sera) that may be considered necessary and generally in accordance with the E.S.I.C drug formulary are supplied free of charge. There are two parts in E.S.I.C Drug Formulary, 1998 as follows:-

Part I : List of medicines for emergency kit for

- Dispensary
- Hospital

Reimbursement

Under Regulation 69, every employer has to arrange for First-aid Medical care and transport of accident cases till the injured IP is seen by the IMO/IMP and such employer is entitled to reimbursement of expenses incurred in this regard upto the maximum of scale prescribed from time to time. However, reimbursement is not permissible, if the employer is required to provide such medical aid free of charge under any other enactment.

The cost of provision of such emergency treatment would be reimbursed to the employer by the Director/AMO (ESI Scheme) of the respective State and, therefore, all claims duly supported by relevant receipts and vouchers should be sent to him for verification and payment.

Reimbursement of expenses incurred in respect of medical treatment under regulation-96 A.

Regulation-96 A reads as follows: - Claims for reimbursement of expenses incurred in respect of medical treatment of IP and his family may be accepted in circumstances and subject to such conditions as the Corporation may by general or special order specify.

The following conditions have been laid down under this Regulation :-

- a. Full authority is vested with the State Government concerned to reimburse expenditure in respect of medical treatment of IP and his family.
- b. It may be left to the discretion of the State Government to decide the Authority within their machinery who will approve the expenditure in question; and
- c. Time limit for submission of the claims for reimbursement is one year

The State Government has to keep in view the following points while considering the cases of reimbursement of expenditure on Medical Care:

- i. Whether such facilities for which reimbursement is recommended are not available with the State.
- ii. Whether the hospital where the IP was sent or proposed to be sent was/is the nearest hospital having required facilities/services.

A List of Types of cases for which reimbursement is permitted is given below:-

1. Reimbursement is permissible in case of failure of the mobile dispensary van due to technical defects or otherwise to adhere to its schedule timings or where IP attached to such a dispensary sustained serious injuries or suffered from serious illness during off hours of the dispensary.
2. IPs and their family members had to resort to private treatment during the off hours of ESI dispensary/Emergency Centre due to unavoidable circumstances.
3. Medicines prescribed by IMO/Specialist were out of stock in the ESI Dispensary/Approved Chemist thereby compelling the IPs to make purchases from the market.

4. Medicines prescribed by Specialist and not provided by the IMO/IMP and where specialist considered such special Medicines absolutely necessary for the treatment of the beneficiaries as no substitute medicine was considered equally efficacious whether as an out patient or in patient.
 5. Special appliances prescribed by Specialist such as Spinal supports, Cervical Collars, Walking Callipers, and Crutches, etc. if considered necessary as part of the treatment.
 6. Where an IMO/IMP failed to make domiciliary visit requested by an IP thereby compelling the IP to make private arrangement for treatment. Under the panel system such cost is recoverable from the IMP if recommended after investigation by the Medical Service Committee.
 7. Serious cases of accident or illness admitted directly into recognised hospitals where owing to the clinical condition of the patient, being unconscious or otherwise, it was not possible to reveal his identity as an ESI patient and the hospital authorities recovered hospital expenses directly from the patient or the employer.
 8. Serious cases of accident/illness where a beneficiary was admitted directly at a private hospital or in a non-recognised hospital where admission in a hospital recognised under the scheme would have seriously jeopardised his health like sudden heart attacks, fracture of the spine, cerebral haemorrhage, etc.
 9. Expenditure incurred on investigation for blood transfusion.
 10. Mental cases that may have incurred expenditure either as an outpatient on specialised Therapy such as ECT etc.
 11. Serious cases of accident and illness admitted to recognised hospitals where all the reserved ESI beds were occupied.
- Reimbursement of conveyance charges incurred by IP where ambulance or any other transport under the scheme is not available owing to some reason or the other and where in the opinion of the IMO/IMP such a patient was non-ambulatory.
 - In respect of Specialised examination, laboratory test, X-ray, other imaging services etc., recommended by specialist, but where the IP either due to the break down in the machinery or where the nature of the examination of the Laboratory Tests was such that it was beyond the scope of the facilities available in the recognised laboratory/hospital.
 - In addition to above types of cases, reimbursement may also be allowed in other cases depending upon the merits of each case and the circumstances under which expenditure was incurred.

Reimbursement of Conveyance Charges

In the absence of availability of an ambulance and where needed in an emergency, any other quick form of transport may be used and amount so spent subject to the maximum rate prescribed by the Government/Transport authority (both ways) is reimbursed to IPs.

To avoid hardship to IP and his family who have to go to any hospital or medical institution for admission, specialist consultation or investigation, but whose condition is not such as to need an ambulance, provision has been made for the payment of conveyance charges, if hospital/medical institution to which the case is referred to, is at an out-station or is at a distance of more than 8 kms from the ESI Dispensary or the clinic of the panel doctor. The charges are restricted to actual IIInd class railway fare or cost of a single seat in public conveyance both ways whichever is feasible.

If the beneficiary is not in a fit condition to travel without escort for reasons to be recorded and so certified by IMO/IMP, the conveyance charges are also allowed for an escort.

The IMO/IMP should keep a separate account of such payments in the prescribed Register and send a quarterly statement of this expenditure to the Director/AMO by the 15th of the month following the quarter ending in March, June, Sept. and December. The returns received from different areas in the State may be consolidated area-wise by the Director/ AMO and quarterly statement sent to the Corporation.

The expenditure on conveyance charges forms part of the Medical Care under the E.S.I. Scheme and hence shareable between the Corporation and the State Government in the usual ratio within ceiling prescribed.

(b) **Sickness Benefit (SB)** : Sickness Benefit in the form of cash compensation at the rate of 70 per cent of wages is payable to insured workers during the periods of certified sickness for a maximum of 91 days in a year. In order to qualify for sickness benefit the Insured Person is required to contribute for 78 days in a contribution period of 6 months.

1. **Extended Sickness Benefit(ESB)** : SB extendable upto two years in the case of 34 malignant and long-term diseases at an enhanced rate of 80 per cent of wages.

2. **Enhanced Sickness Benefit** : Enhanced Sickness Benefit equal to full wage is payable to insured persons undergoing sterilization for family planning upto 7 days/14 days for Vasectomy and Tubectomy respectively.

(c) **Maternity Benefit (MB)** : Maternity Benefit for confinement/pregnancy is payable for Twenty Six (26) weeks, which is extendable by further one month on medical advice at the rate of full wage subject to contribution for 70 days in the preceding Two Contribution Periods.

(d) **Disablement Benefit**

1. **Temporary disablement benefit (TDB)** : From day one of entering insurable employment & irrespective of having paid any contribution in case of employment injury. Temporary Disablement Benefit at the rate of 90% of wage is payable so long as disability continues.

2. **Permanent disablement benefit (PDB)** : The benefit is paid at the rate of 90% of wage in the form of monthly payment depending upon the extent of loss of earning capacity as certified by a Medical Board

(e) **Dependants Benefit (DB)** : DB 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.

(f) **Other Benefits :**

1. **Funeral Expenses** : An amount of Rs.15,000/- is payable to the dependents or to the person who performs last rites from day one of entering insurable employment.

2. **Confinement Expenses** : An Insured Women or an I.P.in respect of his wife in case confinement occurs at a place where necessary medical facilities under ESI Scheme are not available.

In addition, the scheme also provides some other need based benefits to insured workers.

1. **Vocational Rehabilitation** :To permanently disabled Insured Person for undergoing VR Training at VRS.

2. **Physical Rehabilitation** : In case of physical disablement due to employment injury.

Rajiv Gandhi Shramik Kalyan Yojana :

This scheme of Unemployment allowance was introduced w.e.f. 01-04-2005. An Insured Person who become unemployed after being insured two or more years, due to closure of factory/establishment, retrenchment or permanent invalidity not less than 40% arising out of non-employment injury are entitled to :-

- Unemployment Allowance equal to 50% of wage for a maximum period of upto Two Years during the life time.
- Medical care for self and family from ESI Hospitals/Dispensaries during the period IP receives unemployment allowance.
- Vocational Training provided for upgrading skills - Expenditure on fee/travelling allowance borne by ESIC.

Atal Beemit Vyakti Kalyan Yojana (ABVKY) :

This scheme is a welfare measure for employees covered under Section 2(9) of ESI Act, 1948, in the form of relief payment upto 90 days, once in a lifetime. The Scheme was introduced w.e.f. 01-07-2018 on pilot basis for a period of two years initially. The scheme has now been extended upto 30 June 2022. It has also been decided to enhance the rate of unemployment relief under the scheme to 50% of wages from earlier rate of 25% along with relaxation in eligibility conditions, provided the Insured Person should have been in insurable employment for a minimum period of one year immediately before her/his unemployment and should have contributed for not less than 78 days in the completed contribution period in 12 months immediately prior to unemployment. In a significant relaxation, relief shall become due for payment after 30 days from date of unemployment and claim can be submitted directly to the designated ESIC Branch Office by the worker. Claims to get the relief can be made online at website www.esic.in along with submission of the physical claim with an affidavit, photocopy of Aadhaar Card and Bank Account details to the designated ESIC Branch Office by post or in person.

Incentive to employers in the Private Sector for providing regular employment to the persons with disability

- Minimum wage limit for Physically Disabled Persons for availing ESIC Benefits is 25,000/-.
- Employers' contribution is paid by the Central Government for 3 years.

Benefits & Contributory Conditions:

An interesting feature of the ESI Scheme is that the contributions are related to the paying capacity as a fixed percentage of the workers' wages, whereas, they are provided social security benefits according to individual needs without distinction. Cash Benefits are disbursed by the Corporation through its Branch Offices (BOs) / Pay Offices (POs), subject to certain contributory conditions.