

Employee State Insurance Scheme (“ESIC”) - [Part 2 of 2]

FAQs -(ESIC) - Employees' State Insurance Corporation

1.	What is ESI Scheme?
	It is a comprehensive Social Security Scheme designed to accomplish the task of socially protecting the 'employees' in the organized sector against the events of sickness, maternity, disablement and death due to employment injury and to provide medical care to the insured employees and their families.
2.	When to mandatorily obtain ESIC registration certificate?
	The ESIC is applicable to every Shop, establishment, and factory unless specifically exempted by any notification. An establishment having 10 or more than 10 employees on any day has to obtain ESIC registration.
3.	If the wages of an employee exceeds Rs. 21,000 in a month, can he be treated as not covered and deduction of contribution from his wages is stopped?
	If the wages of an employee (excluding remuneration for overtime work) exceeds the wage limit prescribed by the Central Government after start of contribution period, he continues to be an employee till the end of that contribution period and the contribution is to be deducted and paid on the total wages earned by him. Contribution period means a six month time span from 1st April to 30th September and 1st October to 31st March.
4.	What is the effect of increase in wages from a retrospective date?
	In case the wages of an employee is increased from a retrospective date resulting in crossing the wage limit prescribed, its effect on coverage of that employee is only after expiry of the Contribution period during the currency of which such increase is announced or declared. The contribution on enhanced wages is also payable from the month in which such increase is announced. There is no need to pay the contribution on the arrears for the period prior to the month of declaration/ announcement/ agreement.
5.	Why over-time is to be excluded for wage ceiling limit for coverage of an employee?

	<p>Overtime is not a regular and continuous payment, but it is of an occasional nature. If overtime is also taken for wage limit for coverage of an employee, he may be going out of coverage for some time and again coming within the ambit of the scheme, when overtime is not there. However, it is included for payment of contribution to cover the risk during the period he was on overtime work, and to enable him to draw cash benefits at an enhanced rate also.</p>
6.	Who administers the ESI Scheme?
	<p>The ESI Scheme is administered by a corporate body called the 'Employees' State Insurance Corporation' (ESIC), which has members representing Employers, Employees, the Central Government, State Government, Medical Profession and the Parliament.</p> <p>The Director General is the Chief Executive Officer of the Corporation and is also ex-officio member of the Corporation.</p>
7.	If the insured person's family is residing in another place in the same state or another state, how the family can avail the medical benefit?
	<p>If the family is residing in any other place either in the same State or a different State, based on the declaration of the insured person and certified by the employer, the family is provided with a 'Family Identity Card' for receiving medical benefit from ESI Dispensary in the area in which they are residing. After the commencement date of operation of IT Roll Out w.e.f. 9.6.2011 the 'Family' is also issued a separate 'Pehchan card'. By producing this Aadhar based Pehchan card, the family can avail the medical benefit from any ESI Dispensary/ Hospital either at their place of residence or in any other part of the country. There is also provision to opt two dispensaries to avail medical facility for IP himself at work place and family members at their native place or other place</p>
8.	Can a factory or establishment once covered go out of coverage if the number of persons employed therein goes down to the minimum limit prescribed?
	<p>Once a factory or an Establishment is covered under the Act, it continues to be covered notwithstanding the fact that the number of persons/ coverable employees employed therein at any time falls below the required limit or there is a change in the manufacturing activity.</p>
9.	What is the benefit admissible to the family members?
	<ul style="list-style-type: none"> • Family members are also entitled to full medical care as and

	<p>when needed</p> <ul style="list-style-type: none">• The Family members are also entitled to artificial limbs, artificial appliances as a part of Medical treatment.• The medical benefit is also admissible to the family during the period the insured person is in receipt of unemployment allowance. In case he/she dies during the period, his/her family continues to receive the medical benefit till receipt of unemployment allowance.• In case of the death of the insured employee due to employment injury, the widow, widowed mother and children are entitled to Dependants' benefit.• The Funeral Expenses upto Rs. 10000/- are defrayed to any family member or person who actually incurs the above expenditure on funeral.
10. What is Sickness Benefit?	
	<p>If an insured person requires medical treatment and attendance and needs abstention from work on medical grounds, Sickness benefit is paid for the period of abstention duly certified by the Authorized Medical Officer, for a period not exceeding 91 days in two consecutive benefit periods (say one year) @ 70% of standard benefit rate, subject to payment of contribution for not less than 78 days in the corresponding contribution periods.</p>

Please feel free to reach out to us!!!

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Thanks and Regards
Team ~ K. Bagla & Associates
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