

THE EMPLOYEES'

STATE

INSURANCE ACT,

1948

**Guidelines to be followed by the
Employer for the benefits of Employees
as per the Employees' State Insurance
Act, 1948:**

ESI Act an integrated social security scheme tailored to provide workers and their dependents not only the accident benefits but also other benefits such as sickness benefits, maternity benefits and medical benefits. According to Act, the workers are also required to contribute to the social insurance fund which is to be utilized for conferring benefits to them. Given below are the major provisions of the Act:

1. Section 1 of the Act provides with the applicability of the Act. Following are covered by the Act:-
 - (a) All factories excluding seasonal factories employing 10 or more persons and working with power;
 - (b) All the factories excluding seasonal factories employing 20 or more persons and working without power.

LAW CAPSULE

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(c) Any establishment, which the Govt. may specifically notify as being covered.

(d) Any Shop employing 20 or more persons

2. Following are the eligibility for the employees to be covered under the benefits of the Act :

a) Any Person employed for wages up to Rs. 7500 in or in connection with the work of a factory or establishment;

b) Any person who is directly employed by the employer in a factory or through his agent on work which is ordinarily part of the work of the factory or incidental to purpose of the factory.

3. Following are the obligation of the Employer under the Act:

(a) Deduct ESI Contribution @ 1.75 from the wages of such employee regularly and deposit the same along with the Employer's share of contribution @ 4.75% of the wages with the already specified banks;

(b) No contribution will be deducted from the employee whose daily wages are Rs. %50/- or less. Employer's contribution, however is payable for all such employees;

4. Following are the benefits as ensured by the Act to the Employees:-

(a) Free medical treatment for employees at ESI hospital, or other recognized shops by ESI

(b) About 7/12th of the employee normal wages will be payable to him by ESI as compensation during sickness.

(c) Maternity benefit for 12 weeks.

(d) Death During the course of employment entitles specified dependents to a regular payment.

(e) To meet funeral expenses.

4. Following Penalties are prescribed under the Act for non-compliance of the provisions of the Act:-

(a) For employees' Contribution, Imprisonment for 2 years to maximum 5 years and/or fine of Rs. 25000/-

(b) For employers' continuation imprisonment for 6 months to maximum 3 years and/ or fine of Rs. 10000/-

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