

ESIC Amendment and impact on Small Business

The Parliament today (May 6, 2010) passed the Employees' State Insurance (Amendment) Bill, 2009. The Employees' State Insurance Scheme is a welfare scheme framed for workers covered under the Employees' State Insurance Act, 1948 providing for medical benefits for the employees and their families and payment of benefits to the employees in cases of sickness, maternity and employment injury. The Scheme is applicable to power-using factories employing 10 or more persons and non-power using factories and certain other establishments employing 20 or more persons.

Keeping in-view the changing economic scenario, the Act needed important amendments. The salient features of the amendments are as follows:-

- (i) The age limit of the dependants has been enhanced from 18 to 25 for the purpose of dependants' benefit. It will benefit large number of workers.
- (ii) It extended social security benefits to those apprentices who are covered by Standing Orders and also to those trainees whose training is extended to misuse exemption granted to apprentice from provisions of the ESI Act.
- (iii) The definition of "Factory" under Section 2(12) has been amended to facilitate coverage of smaller factories and cover all factories which employ 10 or more persons whether these are run by power or without power.
- (iv) DG-ESIC is being made Chairman of Medical Benefit Council to improve quality of medical benefits.
- (v) It enabled ESIC to appoint consultants and specialists on contract basis for better delivery of super- speciality services.
- (vi) The post of Insurance Inspector is re-designated as Social Security Officer to give them the role of facilitator rather than to act as mere inspectors.
- (vii) The procedure for determination of contribution has been streamlined to avoid harassment of employers as the Inspectors now no more to inspect the books of accounts of the establishment beyond five years as under present system of unlimited period.
- (viii) It has added the benefit for workers for the accidents happening while commuting to the place of work and vice versa;
- (ix) State Governments are allowed to set up autonomous organisations to give ESI Scheme benefits.
- (x) It extended medical treatment to those who retire under Voluntary Retirement Scheme or take premature retirement.
- (xi) It enabled ESIC to enter into agreement with any local authority, private body or individual for commissioning and running ESI hospitals through third party participation

wherever the hospitals are not fully utilised on account of closure of factories or Insured Persons not being available.

(xii) It will improve the quality of its service delivery and raise infrastructural facilities by opening medical colleges and training facilities in order to increase its medical and Para-medical staff.

(xiii) It provided for grant of exemption by appropriate Government to factories/establishments only if the employees get substantially similar or superior benefits.

(xiv) The exemptions shall be granted only prospectively as the ESIC already has made provision of infrastructure to provide service to the IPs for the past period.

(xv) A new Chapter V-A has been added to enable provision for extending medical care to non insured persons against payment of user charges to facilitate providing of medical care to the BPL families and other unorganised sector workers covered under the Rashtriya Swasthya Bima Yojana (RSBY).

These amendments will ensure coverage of more workers under the ESI Scheme in the organised sector and will also enable the ESI Corporation to participate in schemes such as RSBY that may be framed for the workers in the unorganised sector. The amendments are also aimed at improving service delivery to the existing members of ESI Scheme as well as bringing the provisions of the Act in tune with the changing circumstances.