



CLASS: MBA 4TH SEM

Batch: 2020-22

LABOUR LAWS

(Notes as per Punjabi University, Patiala Syllabus)

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EMPLOYEE STATE INSURANCE ACT, 1948

➤ **MEANING:**

- ✓ It is a piece of social welfare legislation enacted primarily with the object of providing certain benefits to employees in case of sickness, maternity and employment injury and also to make provision for certain others matters incidental thereto.
- ✓ The Act in fact tries to attain the goal of socio-economic justice enshrined in the Directive principles of state policy under part 4 of our constitution, in particular articles 41, 42 and 43 which enjoin the state to make effective provision for securing, the right to work, to education and public assistance in cases of unemployment, old age, sickness and disablement.
- ✓ The scheme was inaugurated in Kanpur on 24th February 1952. The comprehensive and multi-pronged social security programme is administered by an apex corporate body called the Employees' State Insurance Corporation.

➤ **APPLICABILITY**

- The ESI Act extends to the whole of India
- It applies to all the factories including Government factories (excluding seasonal factories), which employ 10 or more employees and carry on a manufacturing process with the aid of power and 20 employees where manufacturing process is carried out without the aid of power.
- The act also applies to shops and establishments. Generally, shops and

establishments employing more than 20 employees are covered by the Act.

- **Under Section 1(5) of the Act**, the Scheme has been extended to shops, hotels, restaurants, cinemas including preview theatres, road-motor transport undertakings and newspaper establishments employing 10* or more persons.
 - Further under section 1(5) of the Act, the Scheme has been extended to Private Medical and Educational institutions employing 10* or more persons in certain States/UTs.
 - The act does not apply to any member of Indian Naval, Military or Air Forces.
 - All employees including casual, temporary or contract employees drawing wages less than Rs 10,000 per month are covered. **The ceiling limit has been raised from Rs.10000 to 21000/-.**
 - Apprentices covered under the Apprenticeship Act are not covered under this Act. According to Apprenticeship Act 1961, “apprentice” means a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship.
 - **WHERE A WORKMAN IS COVERED UNDER THE ESI SCHEME.**
- ✓ Compensation under the Workmen’s Compensation Act cannot be claimed in respect of employment injury.
 - ✓ No benefits can be claimed under the Maternity Benefits Act.

➤ **OBJECTIVES OF EMPLOYEE STATE INSURANCE ACT**

The ESI Act is a social welfare legislation enacted with the object of providing certain benefits to employees in case of sickness, maternity and employment injury. Under the Act, employees will receive medical relief, cash benefits, maternity benefits, pension to dependents of deceased workers and compensation for fatal or other injuries and diseases.

➤ **ADMINISTRATION OF THE ACT**

The provisions of the Act are administered by the **Employees State Insurance Corporation (ESIC)**. It comprises members representing employees, employers, the central and state government, besides, representatives of parliament and medical profession.

A standing committee constituted from amongst the members of the corporation, acts as an executive body. The medical benefit council, constituted by the central government, is another statutory body that advises the corporation on matters regarding administration of medical benefit, the certification for purposes of the grant of benefits and other connected matters.

➤ **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
1st April to 30th Sept.	1st Jan of the following year to 30th June
1st Oct to 31st March of the year following.	1st July to 31st December.

➤ BENEFITS UNDER THE SCHEME

The section 46 of the Act envisages following six social security benefits:-

1. **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/-**
2. **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 worker is required to contribute for 78 days in a contribution period of 6 months.
3. **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.

4. 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
5. **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.
6. **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.