

HR Law Hotline

March 19, 2007

EMPLOYMENT LAW: MORE BENEFITS TO ESI BENEFICIARIES

To celebrate the 55th anniversary of its inception, the Employees State Insurance Corporation ("ESIC") of India, a central government body set up under the Employee State Insurance Act, 1948 ("ESI Act"), announced a slew of measures designed to add to and enhance the existing benefits enjoyed by employees registered under the ESIC Scheme ("Scheme").

The ESI Act and the Scheme provide, to specified categories of employees in specified registered establishments certain benefits in times of sickness, injury, disablement, maternity, unemployment, old age and bereavement, and to the nominees of such employees, upon death. The Scheme is contributory for both the employer and the eligible employee.

In recent years, the ESIC has introduced certain initiatives to improve its quality of service, such as providing online registration and a toll-free helpline while increasing the deliverables to its members with the introduction of such schemes as the unemployment allowance scheme. As recently as October 2006, the monthly wage ceiling limit for eligibility under the Scheme was raised from INR 7,500 to INR 10,000. The ESIC has now announced the following offerings to its members, with no increase in the premium to be paid by the employee:

- An increase in the disablement benefit, from the existing 140% of the standard benefit rate to 150%;
- A proposed increase in the funeral allowance, from INR 2,500 to INR 3,000 per insured person, subject to the approval of the Central Government;
- An increase in the sickness benefit, from the existing 100% of the standard benefit rate to 120%;
- An increase in the ceiling limit on per capita medical expenditure from INR 900 per insured employee's family unit to INR 1,000;
- No premium to be paid by eligible employees earning up to INR 70 per day. However, the employers' contributions will have to be paid.

While the increases may appear marginal, the aggregate amounts to a huge financial commitment by the ESIC as the Scheme currently covers approximately 40 million employees. More than the actual amount, it is the willingness of the Central Government to strengthen its protective mantle over the economically modest employees that is an encouraging and heartening sign.

Source: *The Economic Times, Mumbai edition, dated March 10, 2007*

- Rina Kamath & Vikram Shroff

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Taxing Offshore Indirect Transfers in India

February 28, 2025

Unlocking Corporate Philanthropy

February 27, 2025

Digital Health in India

February 26, 2025

Research Articles

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Vaibhav Parikh, Partner, Nishith Desai Associate on Tech, M&A, and Ease of Doing Business

March 19, 2025

SIAC 2025 Rules: Key changes & Implications

February 18, 2025

How Cross Border M&A Will Shape the AI Age

February 13, 2025