

PRINCIPAL OFFICERS AND OTHER STAFF OF THE EMPLOYEES' STATE INSURANCE CORPORATION (ESIC)(Section 24 of the Code on Social Security, 2020)

INTRODUCTION

The Employees' State Insurance Corporation (ESIC) is a large statutory body responsible for administering the ESI Scheme across India.

Since ESIC handles millions of insured employees, thousands of employers, hospitals, dispensaries, cash benefits, medical benefits, and social security schemes, it requires a proper administrative structure.

For smooth functioning, Section 24 provides for:

- Principal Officers of ESIC
- Appointment of Director General
- Appointment of Financial Commissioner
- Other Officers and Employees
- Powers and Duties
- Removal Procedures
- Conditions of Service

This section forms the backbone of ESIC administration.

EXAM TIP

Section 24 deals with Principal Officers and Staff of ESIC.

WHO ARE THE PRINCIPAL OFFICERS OF ESIC?

Under Section 24(1), there are two principal officers of the Corporation:

1. **Director General (DG)**
2. **Financial Commissioner (FC)**

These are the highest executive officers of ESIC.

Who Appoints Them

Both officers are appointed by:

Central Government

The Corporation itself does not appoint them.

Example

When the post of Director General becomes vacant, the Central Government appoints a qualified officer to head the administration of ESIC.

EXAM TIP

Director General and Financial Commissioner are appointed by the Central Government.

SECTION 24(1): DIRECTOR GENERAL

Meaning of Director General

The Director General (DG) is the Chief Executive Officer of ESIC.

He is responsible for:

- Day-to-day administration
- Implementation of ESI Scheme
- Execution of Corporation decisions
- Overall supervision of ESIC functioning

The Director General acts as the administrative head of the Corporation.

Example

If ESIC launches a new online claim settlement system, the Director General supervises and implements the project throughout India.

EXAM TIP

Director General = Chief Executive Officer of ESIC.

SECTION 24(1): FINANCIAL COMMISSIONER

Meaning of Financial Commissioner

The Financial Commissioner is the highest financial officer of ESIC.

He supervises:

- Financial management
- Budget preparation
- Fund utilization
- Financial control
- Expenditure monitoring

The Financial Commissioner ensures proper management of ESIC funds.

Example

Before ESIC constructs a new hospital, the Financial Commissioner examines the financial implications and budgetary provisions.

EXAM TIP

Financial Commissioner = Chief Financial Officer of ESIC.

SECTION 24(2): TENURE OF DIRECTOR GENERAL AND FINANCIAL COMMISSIONER

Term of Office

The Director General and Financial Commissioner hold office for a period specified in their appointment order.

However, there is a maximum limit.

Maximum Tenure = 5 Years

No appointment can exceed five years at a time.

Example

The Central Government appoints a Financial Commissioner for four years. Such appointment is valid because it is within the maximum limit of five years.

EXAM TIP

Maximum tenure of DG and FC = 5 Years.

RE-APPOINTMENT

The outgoing Director General or Financial Commissioner may be re-appointed.

However:

They must continue to satisfy all eligibility conditions.

Thus, the law allows extension through fresh appointment.

Example

After completing a five-year term, a Director General with an excellent service record may be appointed again if found eligible.

EXAM TIP

Re-appointment of DG and FC is permitted.

SECTION 24(3): SALARY AND ALLOWANCES

Who Decides Salary?

Salary and allowances are prescribed by:

Central Government

The Corporation cannot independently determine their salary structure.

Components May Include

- Basic Pay
- Dearness Allowance
- House Rent Allowance
- Transport Allowance
- Other Service Benefits

as prescribed.

Example

The Central Government issues rules prescribing salary and allowances payable to the Director General.

EXAM TIP

Salary and allowances of DG and FC are prescribed by Central Government.

SECTION 24(4): POWERS AND DUTIES

Powers of DG and FC

The Director General and Financial Commissioner exercise such powers and perform such duties as prescribed by:

Central Government

Additional Functions

Apart from prescribed powers, they may perform functions specified in:

ESIC Regulations

Thus, powers can arise from:

1. Central Government Rules
2. ESIC Regulations

Example

The Director General may be authorized to approve administrative decisions while the

Financial Commissioner may supervise financial sanctions under prescribed regulations.

EXAM TIP

Powers and duties of DG and FC are prescribed by Central Government and Regulations.

SECTION 24(5): DISQUALIFICATION FOR APPOINTMENT

Important Provision

A person cannot become:

- Director General
or
- Financial Commissioner

if he suffers from any disqualification mentioned under Section 8.

Why This Provision Exists?

The objective is:

- Maintain integrity
- Ensure transparency
- Protect ESIC administration
- Prevent unsuitable persons from holding top positions

Example

A person suffering from a statutory disqualification under Section 8 cannot be appointed as Financial Commissioner even if otherwise professionally qualified.

EXAM TIP

Disqualifications under Section 8 apply to DG and FC.

SECTION 24(6): REMOVAL OF DIRECTOR GENERAL OR FINANCIAL COMMISSIONER

Who Can Remove Them?

Central Government

has the power to remove:

- Director General
- Financial Commissioner

at any time.

Example

If serious administrative irregularities are discovered, the Central Government may remove the Director General from office.

EXAM TIP

Removal power lies with Central Government.

SPECIAL REMOVAL THROUGH CORPORATION RESOLUTION

The law provides another important mechanism.

The Central Government must remove the Director General or Financial Commissioner if:

Condition 1

A special meeting of the Corporation is called.

Condition 2

A resolution recommending removal is passed.

Condition 3

The resolution receives support of:

Not Less Than 2/3rd of Total Strength of the Corporation

Meaning of Two-Third Majority

At least two-thirds of the total membership must support removal.

This is a very high majority requirement.

Exempl

The Corporation convenes a special meeting and 2/3rd of its total members vote for removal of the Financial Commissioner. The Central Government must act on that recommendation.

EXAM TIP

Removal Resolution = Special Meeting + 2/3rd of Total Strength.

SECTION 24(7): APPOINTMENT OF OTHER OFFICERS AND EMPLOYEES

Why Are Other Employees Needed?

ESIC performs numerous functions such as:

- Contribution collection
- Benefit payments
- Hospital administration
- Record maintenance
- Legal proceedings
- Inspections
- IT services

Therefore, the Corporation requires a large workforce.

Power of Corporation

The Corporation may employ:

Officers

and

Employees

as necessary for efficient functioning.

EXAM TIP

Corporation may appoint officers and employees necessary for efficient administration.

PURPOSE OF EMPLOYING STAFF

The staff may be appointed for:

1. Efficient Transaction of Business

and

2. Responsibilities Assigned by Central Government

Thus, staff are engaged not only for routine administration but also for new responsibilities entrusted by the Government.

EXAM TIP

Staff may be appointed for business efficiency and Government-assigned responsibilities.

CENTRAL GOVERNMENT SANCTION FOR HIGHER POSTS

Important Restriction

ESIC cannot freely create every post.

Prior approval of the Central Government is required when:

The maximum monthly salary of a proposed post exceeds the prescribed limit.

Purpose

This provision prevents:

- Excessive staffing
- Unnecessary expenditure
- Creation of high-cost posts without oversight

Example

If ESIC wishes to create a senior executive post carrying salary beyond the prescribed limit, prior approval of the Central Government is mandatory.

EXAM TIP

Creation of high-salary posts requires prior sanction of Central Government.

COMPARISON TABLE : DIRECTOR GENERAL VS FINANCIAL COMMISSIONER

Particular	Director General	Financial Commissioner
Position	Chief Executive Officer	Chief Financial Officer
Appointed By	Central Government	Central Government
Maximum Tenure	5 Years	5 Years
Re-appointment	Allowed	Allowed
Salary Prescribed By	Central Government	Central Government
Main Function	Administration	Finance & Accounts
Removal By	Central Government	Central Government
Section 8 Disqualification Applicable	Yes	Yes

SECTION 24(8)(a): METHOD OF RECRUITMENT

Method of recruitment refers to the procedure through which employees are appointed in ESIC.

It may include:

- Direct Recruitment
- Promotion
- Deputation
- Transfer
- Selection Process

The exact procedure is prescribed through regulations.

Who Prescribes Recruitment Rules?

The recruitment rules are specified through:

ESIC Regulations

However, these regulations must be consistent with:

Rules applicable to Central Government Employees

drawing corresponding pay scales.

Example

If an ESIC Social Security Officer holds a pay scale similar to a Central Government post, the recruitment process should generally align with the Central Government framework.

EXAM TIP

Recruitment rules are specified through ESIC Regulations.

SALARY AND ALLOWANCES

General Rule

Salary and allowances of ESIC officers and employees should be in accordance with:

Central Government Rules

applicable to employees drawing corresponding scales of pay.

Why This Provision Exists?

To ensure:

- Uniformity
- Fairness
- Standardization
- Administrative consistency

across Government organizations.

Example

If a Central Government employee and an ESIC employee hold equivalent pay-scale positions, their service conditions should generally be comparable.

EXAM TIP

ESIC salary structure generally follows corresponding Central Government pay scales.

DISCIPLINE AND SERVICE CONDITIONS

The following matters are governed through regulations:

- Conduct
- Discipline
- Leave
- Promotion
- Service Conditions
- Departmental Proceedings

Such regulations must broadly follow Central Government norms.

Example

Disciplinary proceedings against an ESIC officer are generally conducted in accordance with regulations aligned with Central Government service principles.

EXAM TIP

Discipline and service conditions are regulated through ESIC Regulations.

SPECIAL PROVISION FOR MEDICAL SPECIALISTS AND SUPER SPECIALISTS

Why Special Treatment?

ESIC hospitals require highly qualified:

- Specialists
- Super Specialists

- Medical Experts

To attract and retain talent, special provisions are made.

Rule

The Central Government may notify certain medical specialist and super specialist posts.

For such posts:

Pay and Service Conditions

shall be similar to equivalent specialists working in:

- AIIMS
- PGIMER
- Similar Central Government Institutions

Important Institutions

AIIMS

Full Form:

All India Institute of Medical Sciences

PGIMER

Full Form:

Post Graduate Institute of Medical Education and Research

Example

An ESIC Cardiologist possessing qualifications equivalent to an AIIMS Cardiologist may receive service conditions comparable to that AIIMS specialist.

EXAM TIP

ESIC Specialists may receive service conditions similar to AIIMS and PGIMER specialists.

DEPARTURE FROM CENTRAL GOVERNMENT RULES

General Rule

ESIC must follow Central Government service rules.

Exception

If ESIC wishes to deviate from those rules:

Prior Approval of Central Government

is compulsory.

Without approval, departure is not permitted.

Example

ESIC wants to introduce a special recruitment rule different from the Central Government pattern. Prior approval of the Central Government is required.

EXAM TIP

Any departure from Central Government rules requires prior approval of Central Government.

CONSULTANTS AND CONTRACT SPECIALISTS

Important Exception

Section 24(8) does not apply to:

Consultants

and

Specialists appointed on Contract Basis

Their appointments are governed by contractual terms.

Example

A renowned surgeon engaged by ESIC on a contractual basis is not governed by these service condition provisions.

EXAM TIP

Contractual consultants and specialists are excluded from Section 24(8).

SECTION 24(8)(b): CORRESPONDING PAY SCALES

How Is Corresponding Pay Scale Determined?

While deciding whether an ESIC post corresponds to a Central Government post, ESIC must consider:

1. Educational Qualifications

2. Method of Recruitment

3. Duties

4. Responsibilities

These factors ensure proper comparison.

WHO DECIDES IN CASE OF DOUBT?

If any doubt arises:

The matter shall be referred to:

Central Government

Its decision shall be:

Final

and binding.

Example

A dispute arises regarding whether an ESIC post corresponds to a Group B Gazetted Central Government post. The issue is referred to the Central Government whose decision becomes final.

EXAM TIP

Central Government's decision regarding corresponding pay scales is final.

SECTION 24(9): CONSULTATION WITH UPSC

Introduction

Certain higher-level appointments in ESIC require consultation with the Union Public Service Commission (UPSC).

This ensures:

- Transparency
- Merit-based selection
- Independence
- Administrative fairness

WHICH POSTS REQUIRE UPSC CONSULTATION?

Every appointment corresponding to:

Group A Gazetted Posts

and

Group B Gazetted Posts

under the Central Government

must be made in consultation with UPSC.

Exception

This requirement does NOT apply to:

Medical Posts

Nursing Posts

Para-Medical Posts

TEMPORARY OR OFFICIATING APPOINTMENTS

Exception to UPSC Consultation

UPSC consultation is not required when:

Appointment is:

Temporary

or

Officiating

and

does not exceed:

One Year

Example

An officer is appointed temporarily for eight months against a vacant Group B post. UPSC consultation is not required.

EXAM TIP

Temporary/Officiating Appointment up to 1 year → No UPSC Consultation.

NO RIGHT TO REGULAR APPOINTMENT

A temporary or officiating appointment:

Does NOT Create Right to Regular Appointment

The employee cannot claim permanent appointment merely because he worked temporarily.

Example

An employee appointed temporarily for 10 months cannot demand permanent absorption solely on that basis.

EXAM TIP

Temporary appointment does not confer right to regular appointment.

EFFECT ON SENIORITY

Service rendered in temporary or officiating capacity:

Will NOT Count

for:

- Seniority
- Promotion Eligibility
- Minimum Qualifying Service

unless regulations provide otherwise.

Example

An officer worked temporarily for one year before regular selection. That one year will not count towards seniority.

EXAM TIP

Temporary service does not count towards seniority or qualifying service for promotion.

SECTION 24(10): DISPUTE REGARDING GROUP A OR GROUP B STATUS

Problem

Sometimes confusion may arise regarding whether a post corresponds to:

Group A

or

Group B

under the Central Government.

Solution

The matter shall be referred to:

Central Government

Final Authority

The decision of the Central Government shall be:

Final

and binding.

Example

A dispute arises regarding classification of a newly created ESIC post. The matter is referred to the Central Government whose decision becomes final.

EXAM TIP

Central Government is the final authority for deciding Group A or Group B equivalence.

CHAPTER 23 : EMPLOYEES' STATE INSURANCE FUND (SECTION 25)

INTRODUCTION

The ESI Scheme requires enormous financial resources.

Every year ESIC spends thousands of crores on:

- Medical benefits
- Cash benefits
- Hospitals
- Dispensaries
- Administration
- Welfare Measures

To manage these resources, the law creates a dedicated fund called:

Employees' State Insurance Fund (ESI Fund)

EXAM TIP

Section 25 establishes the Employees' State Insurance Fund.

WHAT IS THE ESI FUND?

The ESI Fund is the main financial fund of ESIC.

All receipts collected under the ESI Scheme are credited to this fund.

The Corporation holds and administers this fund.

Example

When employers and employees pay ESI contributions, the money is credited to the ESI Fund.

EXAM TIP

All ESI contributions are credited to the Employees' State Insurance Fund.

SOURCES OF ESI FUND

1. Contributions

Employer and employee contributions.

Example

Monthly ESI deductions deposited by employers form part of the Fund.

EXAM TIP

Contributions are the primary source of the ESI Fund.

2. User Charges

User charges collected under the Code are treated as contributions.

They become part of the ESI Fund.

Example

Charges collected from other beneficiaries under Section 44 are deemed contributions.

EXAM TIP

User Charges are deemed contributions and form part of the ESI Fund.

3. Other Monies Received

Any money received on behalf of ESIC becomes part of the Fund.

Example

Recovery of dues from defaulting employers may also enter the Fund.

EXAM TIP

All money received on behalf of ESIC forms part of the ESI Fund.

GRANTS, DONATIONS, CSR FUNDS AND GIFTS

Section 25(2) permits ESIC to accept:

- Grants
- Donations
- CSR Funds
- Gifts

from:

- Central Government
- State Government
- Local Authority
- Individual
- Body Corporate
- Institution

Example

A company contributes funds through its CSR programme to support healthcare facilities under ESIC.

EXAM TIP

ESIC can accept Grants, Donations, Gifts and CSR Funds.

DEPOSIT OF ESI FUND

All money must be deposited in:

Banks Approved by Central Government

The account shall be called:

Employees' State Insurance Fund Account

Example

ESIC deposits contributions collected from employers into approved banks authorized by the Central Government.

EXAM TIP

ESI Fund is deposited in banks approved by Central Government.

INVESTMENT OF ESI FUND

The Fund may be:

Deposited

or

Invested

in the manner prescribed by the Central Government.

Example

A portion of ESI funds may be invested according to Government-prescribed investment norms.

EXAM TIP

Investment pattern of ESI Fund is prescribed by Central Government.

OPERATION OF ESI FUND ACCOUNT

The Fund account is operated by:

Officers Authorized by Standing Committee

with

Approval of Corporation

EXAM TIP

ESI Fund Account is operated by officers authorized by Standing Committee with Corporation approval.

-IMPORTANT REVISION TABLE

Topic	Provision
Recruitment Rules	ESIC Regulations
Service Conditions	Similar to Central Government
Specialists	Similar to AIIMS/PGIMER
Deviation from Rules	Prior Central Government Approval
Contract Consultants	Excluded
UPSC Consultation	Group A & Group B Gazetted Posts
Temporary Appointment	Up to 1 Year Exempt
Temporary Service	No Seniority Benefit
Group A/B Dispute	Central Government Final Decision
ESI Fund	Main Fund of ESIC
Sources	Contributions, User Charges, Other Receipts
Additional Sources	Grants, Donations, CSR, Gifts
Deposited In	Approved Banks
Investment Pattern	Prescribed by Central Government

SECTION 27(1): POWER TO ACQUIRE AND HOLD PROPERTY

ESIC may acquire and hold property for carrying out its functions.

Property may be:

1. Movable Property

or

2. Immovable Property

What is Movable Property?

Movable property means property that can be moved from one place to another.

Examples:

- Computers
- Ambulances
- Medical Equipment
- Furniture
- Vehicles

Example

ESIC purchases MRI machines and ambulances for its hospitals. These are movable properties owned by the Corporation.

EXAM TIP

Movable Property = Property capable of being moved.

What is Immovable Property?

Immovable property means property that cannot be moved.

Examples:

- Land
- Buildings
- Hospitals
- Dispensaries
- Medical Colleges

Example

ESIC purchases land for construction of a new hospital. This is immovable property.

EXAM TIP

Immovable Property = Land and Buildings.

POWER TO SELL OR TRANSFER PROPERTY

The Corporation may:

- Sell property
- Transfer property
- Dispose of property

which has become vested in or acquired by it.

This power is subject to prescribed conditions.

Example

An old ESIC building is no longer required. The Corporation may transfer or dispose of the property according to prescribed rules.

EXAM TIP

ESIC may acquire, hold, sell or transfer property.

POWER TO DO ALL NECESSARY ACTS

ESIC may do all acts necessary to achieve its objectives.

This gives operational flexibility to the Corporation.

Example

The Corporation may enter into construction contracts for establishing hospitals.

EXAM TIP

ESIC can do all things necessary for achieving its statutory objectives.

SECTION 27(2): POWER TO INVEST MONEY

Why Is Investment Necessary?

The Corporation receives huge amounts as contributions.

All money is not immediately required for expenditure.

Therefore, surplus funds may be invested.

Rule

Money not immediately required for expenses may be invested.

Such investment must follow conditions prescribed by the Central Government.

Example

ESIC receives large contributions during the year. Funds not immediately required for benefit payments are invested in approved securities.

EXAM TIP

Surplus funds may be invested by ESIC.

POWER TO RE-INVEST OR REALISE INVESTMENTS

The Corporation may:

Re-invest

or

Realise (Liquidate)

its investments whenever required.

Example

An investment matures after five years. ESIC may either reinvest the money or use it for welfare expenditure.

EXAM TIP

ESIC may invest, reinvest and realise investments.

SECTION 27(3): POWER TO RAISE LOANS

Sometimes ESIC may require additional funds for:

- New Hospitals
- Medical Colleges
- Infrastructure Projects
- Expansion Programmes

Therefore, the Corporation may raise loans.

Condition

Prior sanction of:

Central Government

is compulsory.

Example

ESIC proposes construction of a large super-speciality hospital and seeks Central Government approval before raising a loan.

EXAM TIP

ESIC can raise loans only with prior sanction of Central Government.

REPAYMENT OF LOANS

The Corporation may also take measures necessary for:

Discharging Loans

that is, repayment of borrowed money.

Example

ESIC creates a repayment schedule to clear a loan obtained for hospital construction.

EXAM TIP

ESIC may raise as well as discharge loans.

SECTION 27(4): PROVIDENT FUND AND OTHER BENEFIT FUNDS

The Corporation may establish welfare funds for its officers and staff.

These funds provide financial security and employee welfare benefits.

Types of Funds

1. Provident Fund

2. Other Benefit Funds

Purpose

For:

- Retirement Security
- Employee Welfare
- Social Security
- Financial Assistance

Example

ESIC creates a provident fund scheme for its employees to provide retirement savings benefits.

EXAM TIP

ESIC may create Provident Fund and other Benefit Funds for employees.

REVISION TABLE

Particular	Provision
Acquire Property	Allowed
Hold Property	Allowed
Sell Property	Allowed
Transfer Property	Allowed
Invest Surplus Funds	Allowed
Re-invest Investments	Allowed
Raise Loans	With Central Government Approval
Repay Loans	Allowed

Provident Fund	May be Constituted
Benefit Funds	May be Constituted

A worker joins a covered factory. The employer registers him under ESI and obtains insurance coverage.

CHAPTER 26 : ALL EMPLOYEES TO BE INSURED

Section 28

INTRODUCTION

The Employees' State Insurance Scheme is based on the principle:

"Insurance for Every Covered Employee"

Therefore, every employee working in an establishment covered under ESI must be insured.

SECTION 28(1): COMPULSORY INSURANCE

Every employee in an establishment to which the ESI Chapter applies shall be insured.

Insurance may be done:

Electronically

or

Otherwise

as prescribed by the Central Government.

Why Is Insurance Mandatory?

Because insurance is the foundation for receiving:

- Sickness Benefit
- Maternity Benefit
- Disablement Benefit
- Dependants' Benefit
- Medical Benefit
- Funeral Expenses

Example

EXAM TIP

Every employee in a covered establishment must be insured.

SECTION 28(2): WHO IS AN INSURED PERSON?

Definition

An employee becomes an Insured Person when:

Condition 1

He is insured or insurable under ESI.

AND

Condition 2

Contributions are or were payable in respect of him.

AND

Condition 3

He becomes entitled to ESI benefits.

Meaning in Simple Language

An Insured Person is a covered employee who enjoys ESI benefits.

Example

An employee regularly covered under ESI and for whom contributions are deposited becomes an Insured Person.

EXAM TIP

Insured Person = Employee covered under ESI and entitled to benefits.

CHAPTER 27 : CONTRIBUTIONS

Section 29

INTRODUCTION

ESI operates on a contributory principle.

Funds are generated through contributions paid by:

- Employer
- Employee

SECTION 29(1): TYPES OF CONTRIBUTION

Contribution consists of:

1. Employer's Contribution
2. Employee's Contribution

Both are payable to ESIC.

Example

Every month an employer deposits both his share and the employee's share of ESI contribution with ESIC.

EXAM TIP

ESI Contribution = Employer Contribution + Employee Contribution.

SECTION 29(2): RATE OF CONTRIBUTION

Contribution rates are prescribed by:

Central Government

The Government may revise rates from time to time.

Example

The Central Government notifies the applicable percentage rates of employer and employee contributions.

EXAM TIP

Contribution rates are prescribed by Central Government.

SECTION 29(3): WAGE PERIOD

A wage period is the unit for which wages are paid and contributions are calculated.

The wage period is specified through regulations.

Example

A company paying wages monthly treats each month as the wage period for contribution purposes.

EXAM TIP

Wage Period is the unit for calculating contributions.

SECTION 29(4): WHEN DOES CONTRIBUTION BECOME DUE?

Normally:

Last Day of Wage Period

Special situations:

- Part-period employment
- Multiple employers

are governed through regulations.

Example

Monthly ESI contribution becomes due on the last day of the wage month.

EXAM TIP

Contribution ordinarily falls due on the last day of the wage period.

CHAPTER 28 : ADMINISTRATIVE EXPENSES

Section 30

Meaning

Administrative expenses refer to costs incurred in managing and operating ESIC.

Examples

- Office Expenses
- Staff Salaries
- Administrative Infrastructure
- Record Maintenance
- Establishment Expenses

LIMIT ON ADMINISTRATIVE EXPENSES

The Central Government prescribes:

Types of Administrative Expenses

and

Maximum Percentage of Income

that can be spent on such expenses.

Example

ESIC cannot spend unlimited amounts on administration and must stay within the Government-prescribed ceiling.

EXAM TIP

Administrative expenses must remain within limits prescribed by Central Government.

CHAPTER 29 : PAYMENT OF CONTRIBUTIONS BY EMPLOYER

Section 31

SECTION 31(1): PRIMARY LIABILITY OF EMPLOYER

The employer must pay:

Employer's Contribution

and

Employee's Contribution

for every employee.

This includes:

- Direct Employees
- Contractor Employees

Example

A factory employs workers through a contractor. The principal employer remains responsible for depositing ESI contributions.

EXAM TIP

Primary responsibility for ESI contribution lies on Employer.

SECTION 31(2): RECOVERY OF EMPLOYEE'S CONTRIBUTION

Employer may recover:

Employee's Contribution

from employee's wages.

But recovery can only be made:

By Deduction from Wages

and not otherwise.

Example

An employee's ESI share is deducted from monthly salary by the employer.

EXAM TIP

Employee contribution can be recovered only through wage deduction.

EMPLOYER CANNOT RECOVER EMPLOYER'S CONTRIBUTION

Section 31(3) provides:

Employer's contribution cannot be recovered from employee.

Neither employer nor contractor can deduct it.

Example

An employer cannot deduct his own ESI contribution from an employee's salary.

EXAM TIP

Employer's contribution can never be recovered from employee.

EMPLOYER HOLDS DEDUCTED MONEY IN TRUST

Money deducted from employee wages is deemed entrusted to employer.

Employer must deposit it with ESIC.

Example

The employer deducts employee contribution and must deposit it instead of retaining it.

EXAM TIP

Deducted employee contribution is deemed entrusted to employer.

REMITTANCE EXPENSES

The employer must bear all expenses of remitting contributions.

Example

Bank charges incurred while depositing contributions are borne by the employer.

EXAM TIP

Employer bears remittance expenses.

CONTRACTOR EMPLOYEES

If employer pays contributions for contractor employees:

He may recover the amount from the contractor.

Example

The principal employer deposits ESI contributions for contractor workers and later deducts the amount from contractor bills.

EXAM TIP

Principal Employer may recover paid contributions from Contractor.

CONTRACTOR'S REGISTER

Contractor must maintain:

Register of Employees

and submit it to employer.

Example

A contractor provides employee records before settlement of his dues.

EXAM TIP

Contractor must maintain employee register.

CHAPTER 30 : BENEFITS UNDER ESI

Section 32

INTRODUCTION

Benefits are the heart of the ESI Scheme.

These benefits provide income support and healthcare protection during contingencies.

EXAM TIP

Section 32 is the most important section relating to ESI Benefits.

BENEFITS AVAILABLE UNDER ESI

Benefit	Purpose
Sickness Benefit	Income during sickness
Maternity Benefit	Protection during pregnancy
Disablement Benefit	Compensation for employment injury
Dependants' Benefit	Support after death due to employment injury
Medical Benefit	Treatment and healthcare
Funeral Expenses	Funeral assistance

1. SICKNESS BENEFIT

Periodical payment during certified sickness.

Example

An insured employee suffering from dengue receives sickness benefit during certified absence.

EXAM TIP

Sickness Benefit = Cash payment during certified sickness.

2. MATERNITY BENEFIT

Periodical payment to insured women during:

- Confinement
- Pregnancy
- Miscarriage
- Premature Birth

Example

An insured woman receives maternity benefit during maternity leave.

EXAM TIP

Maternity Benefit protects insured women during pregnancy-related situations.

3. DISABLEMENT BENEFIT

Periodical payment for employment injury causing disablement.

Example

A worker loses working capacity after a workplace accident and receives disablement benefit.

EXAM TIP

Disablement Benefit arises from employment injury.

4. DEPENDANTS' BENEFIT

Paid to dependants when an insured person dies due to employment injury.

Example

A worker dies in a factory accident and his dependants receive benefits.

EXAM TIP

Dependants' Benefit follows death due to employment injury.

5. MEDICAL BENEFIT

Medical treatment and attendance to insured persons.

Example

An insured worker receives free treatment in an ESIC hospital.

EXAM TIP

Medical Benefit = Treatment + Medical Attendance.

6. FUNERAL EXPENSES

Paid to:

- Eldest surviving family member or
- Person who incurred funeral expenses

Example

The wife of a deceased insured person claims funeral expenses after his death.

EXAM TIP

Funeral Expense claim normally must be made within 3 months of death.

CORPORATION'S POWER TO PROMOTE HEALTH, WELFARE, REHABILITATION AND RE-EMPLOYMENT

Section 33 of the Code on Social Security, 2020

INTRODUCTION

Most students think that ESIC only provides six benefits:

- Sickness Benefit
- Maternity Benefit
- Disablement Benefit
- Dependants' Benefit
- Medical Benefit
- Funeral Expenses

However, Section 33 gives an additional welfare power to ESIC.

The Corporation is not restricted only to payment of benefits. It can actively promote the health, welfare, rehabilitation and re-employment of insured persons.

This makes ESI not merely an insurance scheme but a complete social security system.

EXAM TIP

Section 33 provides additional welfare powers beyond statutory benefits.

POWER TO PROMOTE HEALTH OF INSURED PERSONS

ESIC may undertake programmes for improving the physical and mental health of insured persons.

Such programmes are over and above normal medical treatment.

Examples of Health Promotion Measures

- Health awareness campaigns
- Vaccination programmes
- Preventive healthcare
- Nutrition programmes
- Health check-up camps
- Disease prevention initiatives

Example

ESIC organizes free diabetes and hypertension screening camps for insured workers and their families to improve preventive healthcare.

EXAM TIP

Section 33 allows ESIC to improve health in addition to providing medical benefits.

POWER TO PROMOTE WELFARE OF INSURED PERSONS

ESIC may take measures to improve the overall well-being of insured persons.

Welfare is broader than medical treatment.

It includes social, economic and occupational welfare.

Welfare Measures May Include

- Employee welfare programmes
- Social assistance schemes
- Health education
- Counselling services
- Family welfare initiatives

Example

ESIC conducts awareness programmes regarding workplace safety and family health for insured workers.

EXAM TIP

Welfare measures under Section 33 are in addition to regular ESI benefits.

REHABILITATION OF DISABLED OR INJURED INSURED PERSONS

Meaning of Rehabilitation

Rehabilitation means helping an injured or disabled person regain his physical, mental, social or vocational abilities.

The objective is to restore earning capacity and normal life.

Types of Rehabilitation

1. Medical Rehabilitation

Treatment and recovery.

2. Vocational Rehabilitation

Skill training for alternative employment.

3. Social Rehabilitation

Helping the person reintegrate into society.

Example

A worker loses partial use of his hand in an industrial accident. ESIC arranges

rehabilitation training so that he can undertake alternative work.

EXAM TIP

Rehabilitation aims at restoring earning capacity of disabled insured persons.

RE-EMPLOYMENT OF DISABLED OR INJURED PERSONS

After recovery or rehabilitation, ESIC may assist insured persons in obtaining suitable employment.

The purpose is to prevent permanent unemployment due to disability.

Example

An injured machine operator can no longer perform heavy work. After rehabilitation, he is trained and placed in a supervisory position.

EXAM TIP

Re-employment assistance is specifically provided for disabled or injured insured persons.

EXPENDITURE FOR SUCH MEASURES

The Corporation may incur expenditure from:

Employees' State Insurance Fund

for these purposes.

However:

Expenditure must remain within limits prescribed by the Central Government.

Example

ESIC allocates funds for rehabilitation centres subject to the expenditure limits fixed by the Central Government.

EXAM TIP

Health and welfare expenditure is paid from ESI Fund within Government-prescribed limits.

Section 34 deals with employment injury and presumption regarding workplace accidents.

QUICK REVISION TABLE : SECTION 33

Particular	Provision
Improve Health	Allowed
Promote Welfare	Allowed
Rehabilitation	Allowed
Re-employment Assistance	Allowed
Source of Funds	ESI Fund
Expenditure Limit	Prescribed by Central Government

SECTION 34(1): GENERAL PRESUMPTION

Rule

If an accident occurs during employment, it shall be presumed to have arisen out of employment.

The burden shifts to the person who wants to prove otherwise.

Meaning of Presumption

The law automatically assumes the accident is employment-related unless contrary evidence is produced.

Example

A factory worker suffers an injury while performing assigned duties. The accident is presumed to have arisen out of employment unless evidence proves otherwise.

CHAPTER 32 : PRESUMPTION AS TO ACCIDENT ARISING IN THE COURSE OF EMPLOYMENT

Section 34

INTRODUCTION

One of the most important questions in ESI law is:

"Did the accident arise out of and in the course of employment?"

This question decides whether the employee will receive:

- Disablement Benefit
- Dependents' Benefit
- Medical Benefits related to employment injury

Section 34 creates certain legal presumptions in favour of employees.

EXAM TIP

EXAM TIP

Accident during employment = Presumed employment-related unless proved otherwise.

SECTION 34(2): ACCIDENT DURING EMERGENCY RESCUE

Rule

An accident occurring during rescue operations is deemed employment-related.

This applies when the employee attempts to:

- Rescue persons
- Protect persons
- Save life
- Prevent serious property damage

during an emergency.

Conditions

The accident must occur:

- At or around workplace premises
- During emergency action

Example

A worker attempts to rescue a colleague during a factory fire and suffers injuries. The accident is treated as arising out of employment.

EXAM TIP

Rescue activities during workplace emergencies are treated as employment injuries.

SECTION 34(3): COMMUTING ACCIDENTS

Commuting means:

Travel between home and workplace.

Rule

An accident during commuting is deemed employment-related if:

Nexus Exists

between:

- Circumstances
- Time
- Place
- Employment

Meaning of Nexus

There must be a clear connection between the accident and employment journey.

Example

An employee meets with an accident while travelling directly from his residence to the factory for duty. If the connection with

employment is established, the accident is treated as employment-related.

EXAM TIP

Commuting Accident + Nexus = Employment Injury.

(Very Important for ESIC SSO)

SECTION 34(4): EMPLOYER'S TRANSPORT

Rule

Accident while travelling in employer-provided transport may be treated as employment-related.

Conditions

Condition 1

Employee is travelling with express or implied permission.

Condition 2

Vehicle is operated by or on behalf of employer.

Condition 3

Vehicle is not operating as ordinary public transport.

Example

A company bus carrying employees to the factory meets with an accident. Injuries sustained by employees are treated as arising out of employment.

EXAM TIP

Accident in Employer-Provided Transport = Employment Injury (subject to conditions).

VEHICLE INCLUDES

According to the Explanation:

Vehicle includes:

- Motor Vehicle
- Vessel
- Aircraft

Example

An employee travelling in an employer-provided aircraft suffers injury. The provision still applies.

EXAM TIP

Vehicle includes Vessel and Aircraft.

MEMORY TRICK FOR SECTION 34

"WERC"

W → Workplace Accident

E → Emergency Rescue

R → Employer Transport

C → Commuting Accident

CHAPTER 33 : ACCIDENTS OCCURRING IN BREACH OF LAW OR INSTRUCTIONS

Section 35

INTRODUCTION

Normally, employees are expected to follow:

- Laws
- Safety Rules
- Employer Instructions

But what happens if an accident occurs while violating instructions?

Section 35 answers this question.

RULE

An accident may still be treated as employment-related even if:

The employee was:

- Violating a law
- Disobeying instructions
- Acting without specific instructions

CONDITIONS

Two conditions must be satisfied.

Condition 1

The accident would have been considered employment-related even if the violation had not occurred.

Condition 2

The act must have been done:

For Employer's Business

and

In Connection With Employer's Trade

EXAM TIP

Violation of instructions does not automatically destroy ESI protection.

MEMORY TRICK

"Business Connection Test"

If the act was connected with employer's business, ESI protection may continue.

CHAPTER 34 : OCCUPATIONAL DISEASES

Section 36

INTRODUCTION

Not every employment injury results from an accident.

Some workers become ill because of the nature of their occupation.

Such diseases are called:

Occupational Diseases

Meaning

Occupational Disease means a disease caused by exposure to risks peculiar to a particular employment.

Examples

Occupation	Disease
Mining	Lung Diseases
Chemical Industry	Chemical Poisoning
Asbestos Industry	Asbestosis
Textile Industry	Dust Diseases

EXAM TIP

Occupational Disease = Disease peculiar to a particular employment.

PART A OF THIRD SCHEDULE

If an employee contracts a disease listed in:

Part A

it is automatically presumed to be an employment injury.

No minimum service period is required.

Example

A worker employed in an occupation listed in Part A contracts the specified disease. It is presumed to be employment-related.

EXAM TIP

Part A Disease → Automatic Presumption.

PART B OF THIRD SCHEDULE

Employee must have worked continuously for:

At Least 6 Months

before contracting the specified disease.

Example

A worker employed for 8 months in a Part B occupation contracts the listed disease. It is deemed employment injury.

EXAM TIP

Part B = Minimum 6 Months Employment Required.

PART C OF THIRD SCHEDULE

Continuous employment period is specified through regulations.

Example

A disease under Part C becomes compensable only after the prescribed service period is completed.

EXAM TIP

Part C Service Requirement is prescribed by Regulations.

IMPORTANT RULE

Except for occupational diseases covered under Section 36(1):

No benefit is payable for disease unless it is directly attributable to a specific employment accident.

Example

An ordinary illness unrelated to employment is not treated as employment injury.

EXAM TIP

Occupational Disease = Employment Injury unless contrary is proved.

CHAPTER 35 : MEDICAL BOARD AND DISABLEMENT QUESTIONS

Section 37

INTRODUCTION

When an employee suffers employment injury, disputes may arise regarding:

- Permanent disability
- Loss of earning capacity
- Extent of disablement

Such issues are decided by:

Medical Board

EXAM TIP

Medical Board determines disablement questions.

WHAT IS A DISABLEMENT QUESTION?

The following are called Disablement Questions:

- 1. Whether permanent disablement exists?**
- 2. Extent of loss of earning capacity?**
- 3. Whether assessment is provisional or final?**
- 4. Duration of provisional assessment?**

Example

An injured worker claims permanent disability after an industrial accident. The Medical Board decides the extent of earning capacity lost.

EXAM TIP

Permanent Disablement and Loss of Earning Capacity are Medical Board matters.

REFERENCE TO MEDICAL BOARD

Cases involving permanent disablement benefit are referred by ESIC to the Medical Board.

Example

A worker suffering serious spinal injury is referred to the Medical Board for assessment.

EXAM TIP

Permanent Disablement Benefit cases go to Medical Board.

REVIEW OF DECISION

Medical Board may review its own decision if:

Fresh Evidence Appears

showing:

- Non-disclosure
- Misrepresentation

of material facts.

Example

An employee conceals a previous disability. Fresh evidence later emerges. The Medical Board may review its earlier decision.

EXAM TIP

Medical Board can review decisions based on fresh evidence.

REVIEW FOR AGGRAVATION OF INJURY

Review is also possible when:

Injury Becomes Substantially Worse

after assessment.

Example

A worker's condition unexpectedly deteriorates after assessment. The Medical Board may reassess the disability.

EXAM TIP

Substantial and unforeseen aggravation allows review.

APPEAL AGAINST MEDICAL BOARD DECISION

An aggrieved party may appeal:

Option 1

Medical Appeal Tribunal

OR

Option 2

Employees' Insurance Court

Example

An insured person dissatisfied with disability assessment files appeal before the Medical Appeal Tribunal.

EXAM TIP

Appeal lies to Medical Appeal Tribunal or Employees' Insurance Court.

SECOND APPEAL

If appeal is first filed before Medical Appeal Tribunal:

Further appeal may be filed before:

Employees' Insurance Court

Example

After losing before the Medical Appeal Tribunal, the employee approaches the Employees' Insurance Court.

EXAM TIP

Medical Appeal Tribunal → Employees' Insurance Court (Second Appeal).

SUPER REVISION TABLE

Section	Topic	Key Point
33	Health & Welfare	Additional Welfare Measures
34	Employment Accident	Presumption in Employee's Favor
34(3)	Commuting Accident	Nexus Required
34(4)	Employer Transport	Covered
35	Breach of Instructions	Still Covered if Business Related
36	Occupational Disease	Deemed Employment Injury
36 Part B	Service Requirement	6 Months
37	Medical Board	Decides Disablement
37	Appeal	Tribunal or EIC

CHAPTER 36 : DEPENDANTS' BENEFIT

Section 38 of the Code on Social Security, 2020

INTRODUCTION

One of the most important objectives of the ESI Scheme is to provide financial security to the family of an employee who dies due to an employment injury.

When the earning member of a family dies because of a workplace accident or employment-related injury, the family may face severe financial hardship.

To protect such families, Section 38 provides for:

Dependants' Benefit

This benefit is a periodical cash payment made to the dependants of the deceased insured person.

EXAM TIP

Dependants' Benefit is payable only when death occurs due to Employment Injury.

SECTION 38(1): WHEN IS DEPENDANTS' BENEFIT PAYABLE?

Basic Conditions

Dependants' Benefit becomes payable when:

Condition 1

The deceased person was an:

Insured Person

AND

Condition 2

Death occurred because of:

Employment Injury

AND

Condition 3

Eligible dependants exist.

Important Point

The benefit remains payable even if the employee was not receiving temporary disablement benefit before death.

Thus, receipt of disablement benefit is not mandatory.

Example

A factory worker suffers a serious workplace accident and later dies due to the injury. His widow and children become entitled to Dependants' Benefit.

EXAM TIP

Death + Employment Injury + Insured Person = Dependants' Benefit.

WHO RECEIVES DEPENDANTS' BENEFIT?

The benefit is payable to dependants specified under:

Section 2(24)(a)

and

Section 2(24)(b)

These are generally the primary dependants recognized under the Code.

Example

The deceased worker leaves behind a widow and dependent children. They receive dependants' benefit according to prescribed rates.

EXAM TIP

Primary dependants under Section 2(24)(a) and (b) receive first preference.

SECTION 38(2): IF PRIMARY DEPENDANTS DO NOT EXIST

Situation

Sometimes an insured person may die without leaving behind the primary dependants.

In such cases:

The benefit does not lapse.

It may be paid to:

Other Dependants

as prescribed.

Example

An insured person dies unmarried and leaves no spouse or children. Other eligible dependants may receive the benefit according to prescribed rules.

EXAM TIP

If primary dependants do not exist, benefit may be paid to other dependants.

SECTION 38(3): REVIEW OF DEPENDANTS' BENEFIT

Why Review Is Needed?

Family circumstances may change after benefit is granted.

Therefore, ESIC can review its decision.

Grounds for Review

1. Non-disclosure of Material Facts

Important information was hidden.

2. Misrepresentation

Wrong information was provided.

Example

A claimant falsely states that he is financially dependent upon the deceased employee. Later evidence reveals the truth. ESIC may review the benefit.

EXAM TIP

Dependants' Benefit can be reviewed for non-disclosure or misrepresentation.

CHANGE IN FAMILY STATUS

Review can also occur because of:

Birth

Death

Marriage

Re-marriage

End of Infirmary

Attainment of 25 Years of Age

by a claimant.

Example

A dependent child receiving benefit attains 25 years of age. ESIC may review and modify entitlement.

EXAM TIP

Marriage, Re-marriage, Death, Birth and Attaining 25 Years may affect Dependants' Benefit.

SECTION 38(4): POWERS OF CORPORATION AFTER REVIEW

After review, ESIC may:

Continue Benefit

Increase Benefit

Reduce Benefit

Discontinue Benefit

depending on circumstances.

Example

A dependent's eligibility ceases due to marriage. ESIC may discontinue that person's share of the benefit.

EXAM TIP

After review, benefit may be continued, increased, reduced or discontinued.

QUICK REVISION TABLE : DEPENDANTS' BENEFIT

Particular	Provision
Benefit Payable When	Death due to Employment Injury
Recipient	Dependants
Benefit Type	Periodical Cash Payment
Review Allowed	Yes
Grounds	Misrepresentation, Non-disclosure
Family Status Change	Review Possible
Corporation May	Continue, Increase, Reduce, Discontinue

CHAPTER 37 : MEDICAL BENEFIT

Section 39

INTRODUCTION

Medical Benefit is one of the most valuable benefits under the ESI Scheme.

Unlike cash benefits, Medical Benefit provides healthcare services to insured persons and, in specified cases, to their family members.

The objective is to ensure that workers receive proper medical care without financial burden.

EXAM TIP

Medical Benefit is the most comprehensive benefit under ESI.

SECTION 39(1): WHO IS ENTITLED TO MEDICAL BENEFIT?

Eligible Persons

1. Insured Person

and

2. Family Members

(where medical benefit has been extended to family)

Condition

The person's health condition must require:

Medical Treatment

or

Medical Attendance

Example

An insured employee suffers from pneumonia and receives treatment through ESIC medical facilities.

EXAM TIP

Medical Benefit is available to Insured Persons and eligible family members.

SECTION 39(2): FORMS OF MEDICAL BENEFIT

Medical benefit can be provided in different forms.

1. Out-Patient Treatment (OPD)

Treatment without hospital admission.

Example

An employee visits an ESIC dispensary for fever treatment and returns home the same day.

EXAM TIP

OPD Treatment is covered under Medical Benefit.

2. Home Visits

Medical treatment may be provided at the employee's residence.

Example

A seriously ill insured person receives medical attention through a home visit.

EXAM TIP

Medical Benefit may include home visits.

3. In-Patient Treatment

Hospital admission and indoor treatment.

Example

An employee undergoes surgery in an ESIC hospital and stays admitted for several days.

EXAM TIP

Hospitalisation is covered under Medical Benefit.

SECTION 39(3): CONDITIONS FOR MEDICAL BENEFIT

The following are prescribed by the Central Government:

- Eligibility
- Conditions
- Scale of Benefit
- Duration of Benefit

Example

The Government prescribes eligibility conditions for continuation of medical benefits after retirement.

EXAM TIP

Eligibility and duration of Medical Benefit are prescribed by Central Government.

MEDICAL BENEFIT AFTER CONTRIBUTION CEASES

Rule

Even after contribution stops, medical benefit may continue for a prescribed period under regulations.

Example

An employee leaves insurable employment but continues receiving medical benefits for the prescribed period.

EXAM TIP

Medical benefit may continue even after contribution ceases.

RETIRED PERSONS AND SPOUSES

Medical benefits may continue for:

Superannuated Employees

Voluntary Retirement Cases

Premature Retirement Cases

Spouse of Such Persons

subject to prescribed contribution and conditions.

Example

A retired insured employee and his spouse continue receiving medical benefits under the ESI scheme after satisfying prescribed conditions.

EXAM TIP

Retired insured persons and spouses may continue receiving medical benefits.

PERMANENTLY DISABLED INSURED PERSONS

If an insured person leaves employment because of:

Permanent Disablement due to Employment Injury

medical benefits may continue.

Example

A worker permanently disabled in an industrial accident continues receiving medical benefits after leaving employment.

EXAM TIP

Permanent disablement due to employment injury allows continuation of medical benefits.

SECTION 39(4): MEDICAL EDUCATION INSTITUTIONS

Power of ESIC

The Corporation may establish:

Medical Colleges

Dental Colleges

Nursing Colleges

Training Institutes

Purpose

To improve quality of healthcare services and staff training.

Example

ESIC establishes a medical college to train doctors and improve healthcare services under the ESI system.

EXAM TIP

ESIC can establish Medical, Dental and Nursing Colleges.

SERVICE BOND FOR STUDENTS

Students studying in such institutions may be required to execute a bond for serving ESIC.

Example

A student completing education from an ESIC medical institution is required to serve ESIC for a specified period.

EXAM TIP

Students may be required to furnish service bonds.

SECTION 39(5): WHO MAY RUN THESE INSTITUTIONS?

The institutions may be run by:

ESIC

Central Government

State Government

Public Sector Undertaking

Other Notified Bodies

Example

An ESIC medical college may be managed by a State Government under an arrangement with ESIC.

EXAM TIP

Medical institutions may be run by ESIC or other approved bodies.

SECTION 39(6): HEALTH SURVEYS

Purpose

ESIC may conduct:

Occupational Surveys

and

Epidemiological Studies

Objective

To assess:

- Health conditions
- Working conditions
- Occupational hazards

of insured persons.

Example

ESIC conducts a study regarding respiratory diseases among factory workers exposed to dust.

EXAM TIP

ESIC may conduct Occupational and Epidemiological Surveys.

CHAPTER 38 : PROVISION OF MEDICAL TREATMENT BY STATE GOVERNMENT OR CORPORATION

Section 40

INTRODUCTION

Medical benefits under ESI involve cooperation between:

State Governments

and

ESIC

Section 40 explains how responsibility is shared.

EXAM TIP

Section 40 deals with provision of medical treatment by State Government and ESIC.

SECTION 40(1): PRIMARY RESPONSIBILITY OF STATE GOVERNMENT

The State Government shall provide:

Medical Treatment

Surgical Treatment

Obstetric Treatment

to:

- Insured Persons
- Eligible Family Members

Example

A State Government operates ESIC dispensaries and hospitals for insured workers within the State.

EXAM TIP

Primary responsibility for medical treatment rests on State Government.

CLINICS OF PRIVATE PRACTITIONERS

With ESIC approval, the State Government may arrange treatment through private clinics.

Example

The State Government enters into arrangements with approved private clinics for ESI beneficiaries.

EXAM TIP

Private clinics may be utilized with Corporation approval.

SHARING OF EXCESS SICKNESS COST

If sickness benefit expenditure in a State exceeds the national average:

The excess may be shared between:

ESIC

and

State Government

Example

A State reports unusually high sickness benefit claims. The excess financial burden is shared according to agreement.

EXAM TIP

Excess sickness benefit cost may be shared between State Government and ESIC.

AGREEMENTS BETWEEN ESIC AND STATE GOVERNMENT

They may agree regarding:

- Nature of treatment

- Scale of treatment
- Buildings
- Equipment
- Medicines
- Staff
- Cost sharing

Example

ESIC and a State Government enter into an agreement regarding operation of hospitals and sharing of expenses.

EXAM TIP

Medical infrastructure and cost-sharing may be governed through agreements.

ARBITRATION IN CASE OF DISPUTE

If no agreement is reached:

The matter is decided by:

Arbitrator

appointed by:

Central Government

in consultation with the State Government.

Example

A dispute regarding medical expenditure sharing is referred to an arbitrator appointed by the Central Government.

EXAM TIP

Disputes between ESIC and State Government are resolved through Arbitration.

CORPORATION'S POWER TO ESTABLISH HOSPITALS

ESIC may establish and maintain:

Hospitals

Dispensaries

Medical Services

for insured persons and their families.

Exampl

ESIC establishes a super-speciality hospital in a major industrial city.

EXAM TIP

ESIC can independently establish hospitals and dispensaries.

THIRD-PARTY PARTICIPATION

ESIC may enter into agreements with:

- Local Authorities
- Local Bodies
- Private Bodies

for running ESI hospitals.

Example

An ESIC hospital is operated through a public-private partnership model.

EXAM TIP

ESI hospitals may be run through third-party participation.

SUPER REVISION TABLE

Section	Topic	Key Point
38	Dependants' Benefit	Death due to Employment Injury
38(3)	Review	Misrepresentation, Marriage, Age 25
39	Medical Benefit	Insured Person & Family

39(4)	Medical Colleges	ESIC may establish
39(6)	Surveys	Occupational & Epidemiological
40	Medical Treatment	State Government Responsibility
40(4)	Dispute	Arbitration
40(7)	Hospitals	ESIC may establish
40(9)	PPP Model	Third-party participation allowed

CHAPTER 39 : GENERAL PROVISIONS AS TO BENEFITS

INTRODUCTION

After understanding the various ESI benefits such as:

- Sickness Benefit
- Maternity Benefit
- Disablement Benefit
- Dependants' Benefit
- Medical Benefit
- Funeral Expenses

it is equally important to understand the general rules governing these benefits.

Section 41 lays down common provisions applicable to various benefits under the ESI Scheme.

This section is extremely important for ESIC SSO because many direct one-liner questions are asked from it.

EXAM TIP

Section 41 contains general rules applicable to ESI benefits.

SECTION 41(1): COMMUTATION OF DISABLEMENT BENEFIT

Meaning of Commutation

Commutation means converting a periodic payment into a lump-sum payment.

Rule

Generally:

Disablement Benefit cannot be commuted into a lump sum.

Exception:

Only where regulations specifically permit.

Example

An employee receiving monthly disablement benefit cannot demand a one-time lump-sum payment unless regulations allow such commutation.

EXAM TIP

Disablement Benefit is generally not commutable into lump sum.

SECTION 41(2): WHEN SICKNESS OR TEMPORARY DISABLEMENT BENEFIT IS NOT PAYABLE

A person is not entitled to receive:

- Sickness Benefit
or
- Temporary Disablement Benefit

on certain days.

Benefit Not Payable If:

- 1. Employee Works**
- 2. Employee is on Paid Leave**
- 3. Employee receives wages for a holiday**

4. Employee remains on strike

Example

An employee is receiving wages during a holiday. He cannot simultaneously claim sickness benefit for that day.

EXAM TIP

No Sickness Benefit during work, paid leave, paid holiday or strike.

SECTION 41(3): DUTIES OF PERSON RECEIVING BENEFIT

A person receiving:

- Sickness Benefit
or
- Temporary Disablement Benefit

must follow certain obligations.

Duty 1: Continue Medical Treatment

The person must remain under treatment at:

- Dispensary
- Hospital
- Clinic
- Institution

provided under ESI.

Example

An insured worker receiving sickness benefit must continue treatment at the prescribed ESI facility.

EXAM TIP

Beneficiary must continue prescribed medical treatment.

Duty 2: Must Not Hamper Recovery

The person should not do anything that delays recovery.

Example

A worker receiving disablement benefit should not engage in activities that worsen his injury.

EXAM TIP

Beneficiary must not prejudice recovery.

Duty 3: Cannot Leave Treatment Area Without Permission

The beneficiary cannot leave the treatment area without approval.

Permission may be obtained from:

- Medical Officer
- Medical Attendant
- Authorized Authority

Example

An employee undergoing treatment wants to travel to another city and must first obtain permission.

EXAM TIP

Permission required before leaving treatment area.

Duty 4: Must Submit to Medical Examination

The beneficiary must allow examination by authorized medical personnel.

Example

An insured person receiving sickness benefit must appear for medical examination when called by ESIC.

EXAM TIP

Medical examination by authorized officer is mandatory.

SECTION 41(4): DOUBLE BENEFIT PROHIBITED

The law prevents receiving multiple benefits for the same period.

Not Allowed Together

(a) Sickness Benefit + Maternity Benefit

(b) Sickness Benefit + Temporary Disablement Benefit

(c) Maternity Benefit + Temporary Disablement Benefit

Example

An insured woman cannot simultaneously receive maternity benefit and sickness benefit for the same period.

EXAM TIP

No double benefits for the same period.

SECTION 41(5): RIGHT TO CHOOSE BENEFIT

If a person qualifies for more than one benefit:

He may choose which benefit he wants to receive.

Example

An employee qualifies for both sickness and temporary disablement benefits. He must choose one.

EXAM TIP

Eligible person may choose one benefit where multiple benefits are available.

SECTION 41(6): BENEFIT PAYABLE AFTER DEATH

If a person dies while entitled to a cash benefit:

Benefit payable up to the date of death shall be paid to:

First Preference

Nominee

If No Nominee

Heir or Legal Representative

Example

An insured person dies while entitled to sickness benefit. The accrued amount up to his death is paid to his nominee.

EXAM TIP

Benefit due till death is paid to nominee or legal representative.

SECTION 41(7): BAR AGAINST DOUBLE COMPENSATION

Dependants' Benefit / Disablement Benefit

A person receiving:

Dependants' Benefit

or

Disablement Benefit

cannot claim:

Employees' Compensation

under Chapter VII.

Example

An employee receiving disablement benefit under ESI cannot also claim compensation under Employees' Compensation provisions.

EXAM TIP

ESI Disablement Benefit and Employees' Compensation cannot be claimed together.

Maternity Benefit

A woman receiving:

ESI Maternity Benefit

cannot claim maternity benefit from employer under Chapter VI.

Example

An insured woman covered under ESI cannot simultaneously seek maternity benefit from the employer under the Maternity Benefit provisions.

EXAM TIP

ESI Maternity Benefit bars claim under Chapter VI.

SECTION 41(8): WRONGFUL RECEIPT OF BENEFIT

If a person receives benefit without legal entitlement:

He must repay the amount.

In Case of Death

The legal representative must repay from the assets inherited

Example

A person falsely claims benefit and receives payment. ESIC can recover the amount.

EXAM TIP

Wrongfully received benefits are recoverable.

SECTION 41(9): VALUE OF NON-CASH BENEFITS

The value of benefits received in kind shall be determined by the authority specified in regulations.

Its decision is final.

Example

The value of free treatment received at an ESIC hospital is determined by the prescribed authority.

EXAM TIP

Value of non-cash benefits is determined by prescribed authority.

SECTION 41(10): RECOVERY OF AMOUNT

Recoverable amounts may be recovered under:

Sections 129 to 132

Example

Wrongfully obtained ESI benefits may be recovered through statutory recovery mechanisms.

EXAM TIP

Recovery under Section 41 follows Sections 129-132.

CHAPTER 40 : CORPORATION'S RIGHTS WHEN EMPLOYER FAILS TO REGISTER OR PAY CONTRIBUTIONS

Section 42

INTRODUCTION

The ESI Scheme is meant to protect employees.

An employee should not suffer merely because the employer failed to comply with the law.

Therefore, Section 42 protects employees against employer default.

EXAM TIP

Employee should not lose ESI benefits due to employer's negligence.

CASE 1 : FAILURE TO INSURE EMPLOYEE

Employer fails to insure employee at appointment or within prescribed time.

As a result, employee loses benefit entitlement.

Example

An employer does not register a worker under ESI after appointment. The worker later becomes eligible for benefit but faces difficulty because of non-registration.

EXAM TIP

Failure to insure employee can make employer liable to ESIC.

CASE 2 : INSURANCE AFTER ACCIDENT

Employer insures employee only after an accident occurs.

Because of delay, employee becomes disentitled to benefits.

Example

A worker suffers injury and only afterwards the employer attempts registration. ESIC may still protect the employee and recover cost from employer.

EXAM TIP

Post-accident registration does not protect defaulting employer.

CASE 3 : NON-PAYMENT OF CONTRIBUTION

Employer fails to pay required contributions.

Employee becomes disentitled or receives reduced benefits.

Example

An employer does not deposit ESI contributions for several months, affecting employee benefits.

EXAM TIP

Failure to pay contribution may create employer liability.

POWER OF CORPORATION

If satisfied, ESIC may:

Pay Full Benefit to Employee

as if employer had complied.

Thereafter ESIC may recover from employer.

Example

An employee receives disablement benefit despite employer's default because ESIC directly pays the benefit.

EXAM TIP

ESIC may pay employee first and recover from employer later.

RECOVERY FROM EMPLOYER

ESIC may recover:

Capitalised Value of Benefit

from the employer.

Employer must be given an opportunity of being heard.

Example

ESIC calculates the benefit paid to the employee and recovers that amount from the defaulting employer.

EXAM TIP

Capitalised value of benefit can be recovered from employer.

CHAPTER 41 : LIABILITY FOR EXCESSIVE SICKNESS BENEFIT

Section 43

INTRODUCTION

Sometimes unusually high sickness claims arise because of:

- Poor workplace conditions
- Poor living conditions

Section 43 places responsibility on persons responsible for such conditions.

EXAM TIP

Section 43 deals with excessive sickness caused by insanitary conditions.

FACTORY OR ESTABLISHMENT CONDITIONS

If sickness is excessive because of:

Insanitary Working Conditions

or

Failure to Follow Health Regulations

ESIC may recover extra expenditure.

Example

A factory ignores hygiene regulations causing frequent illness among workers. ESIC incurs higher sickness benefit payments.

EXAM TIP

Insanitary workplace may create liability for employer.

TENEMENTS OR LODGINGS

Liability may also arise where sickness results from:

Insanitary Housing Conditions

caused by owner negligence.

Example

Workers living in employer-provided unhealthy accommodation frequently fall ill, increasing sickness claims.

EXAM TIP

Owner of unhealthy lodgings may also be liable.

INQUIRY BY GOVERNMENT

Government may appoint competent persons to conduct inquiry.

Example

A committee investigates whether poor sanitation caused excessive sickness.

EXAM TIP

Government may order inquiry into excessive sickness claims.

ENFORCEMENT

Determination may be enforced like:

Civil Court Decree