

## HR Law Hotline

March 19, 2007

### EMPLOYMENT LAW: MORE BENEFITS TO ESI BENEFICIARIES

To celebrate the 55<sup>th</sup> 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

### Mergers & Acquisitions

July 11, 2025

### New Age of Franchising

June 20, 2025

### Life Sciences 2025

June 11, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### 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

## 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

### Reimagining CSR: From Grant Giving to Blended Finance & Outcome Based Funding

June 16, 2025

### Courts vs Bankruptcy code: The

