

GOVERNANCE

Employees' State Insurance (ESI) scheme, launched in 1952, is a social insurance scheme aimed at providing social security benefits to workers, including sickness and medical benefits. Established under the legislative garb of Employees' State Insurance Act of 1948, the scheme is administered by the Employees' State Insurance Corporation (ESIC), which is represented by employers, employees, central government, state government, healthcare professionals, & Members of Parliament.

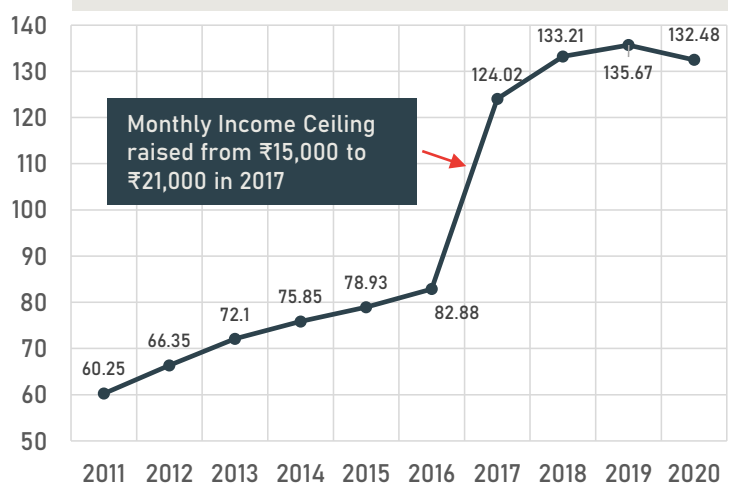
POPULATION & COST COVERAGE

The Act defines ESI as compulsory, contributory social security scheme which is applicable to **any establishment, industrial, commercial, agricultural, or otherwise employing 10 or more persons**. The scheme has been extended to shops, hotels, restaurants, cinemas (including preview theatres), road-motor transport undertakings, newspaper establishments, establishments engaged in insurance business, non-banking financial companies, port trust, airport authorities, warehousing establishments, private medical institutions, educational institutions and to contract and casual employees of Municipal Corporation/Municipal Bodies.

The scheme covers workers with monthly income not exceeding ₹21,000 (no wage ceiling for workers with disabilities). Medical care is also provided to retired and permanently disabled insured persons and their spouses. As of March 2020, **the scheme has 132.5 million beneficiaries**.

Full medical care without any ceiling on expenditure of the treatment is provided to an insured person and his family members. A beneficiary is thus entitled to receive services upon contact with the empaneled providers without any co-payment.²

ESIS Beneficiaries (in millions)¹



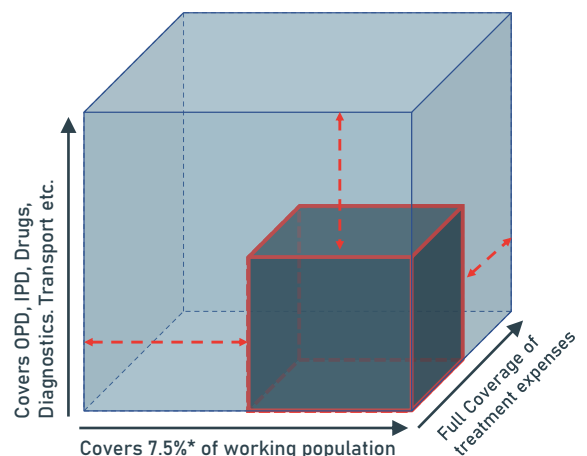
BENEFIT COVERAGE

The beneficiaries are entitled to reasonable medical, surgical, and obstetric treatment across 159 ESI Hospitals, 1502 ESI Dispensaries, 308 ISM units, 1287 private out-patient care providers, and Diagnostic Centre and recognized institutions. ESIC has collaborated with Pradhan Mantri Jan Arogya Yojana (PMJAY) for providing Secondary and Tertiary medical care services to ESI beneficiaries through PMJAY empanelled Hospitals.

Benefit Package

- Outpatient treatment
- Domiciliary treatment by visits at their residences
- Specialists Consultation
- In-patient treatment (Hospitalization)
- Free supply of drugs dressings and artificial limbs, aids, and appliances
- Imaging and laboratory services
- Integrated family welfare, immunization, RCH & other national health programme etc.
- Ambulance service or reimbursement of conveyance charges
- Medical Certification and Special provisions.

UHC Cube



*According to ILO Brief 'Employment, Labour Force and the Working Population in India 2000-2019', there are 463 million workers in India of which ESIS covers 34 million workers.

Source:

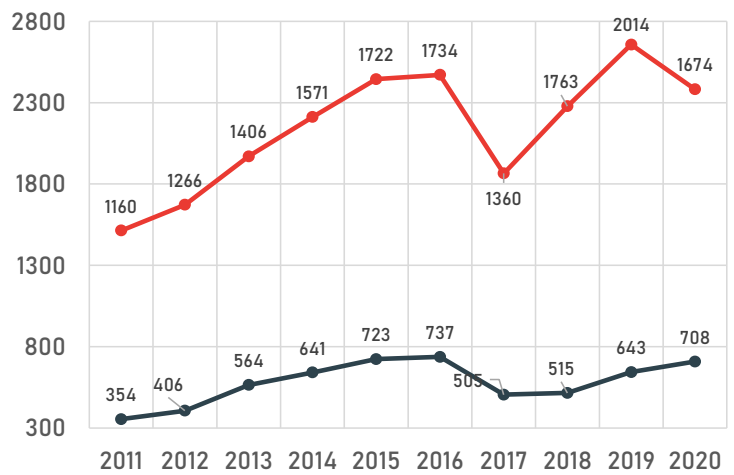
¹ ESIC Annual Reports for various years

² <https://www.esic.nic.in/attachments/files/faq.pdf>

REVENUE COLLECTION

- The contribution comprises of employer's contribution and employee's contribution at a specified rate. Currently, the employee's contribution rate (w.e.f. 01.07.2019) is 0.75% of the wages and that of employer's is 3.25% of the wages paid/payable in respect of the employees.
- Employees in receipt of a daily average wage upto Rs.176/- are exempted from payment of contribution. Employers will however contribute their own share in respect of these employees.
- 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.
- The State Governments contribute 1/8th of the expenditure of medical benefit within a per capita ceiling of Rs. 1500/- per Insured Person per annum. Any additional expenditure incurred by the State Governments, over and above the ceiling and not falling within the shareable pool, is borne by the State Governments concerned.
- Difference in ESI Revenue & Expenditure have creates surpluses over the years resulting in accumulation of large reserves.
- At the end of 2019-20, ESIC's total reserves stood at more than ₹1,00,000 crores out of which 70% were not earmarked.¹
- Expenditures are made in providing medical care to beneficiaries through a large infrastructure of 159 ESI hospitals, 1859 Dispensaries, 05 diagnostic center, 05 EUD, 1287 IMP clinics etc.¹
- With 133.2 million beneficiaries, the number of ESI beds per 1000 beneficiaries stands at 0.16.¹

Per Capita ESI Revenue vs Expenditure (in ₹)



KEY UPDATES

- Employees' State Insurance Scheme (ESI) to provide social protection net to all unorganized workers including domestic workers, platform and gig workers under the provisions of the new Social Security Code 2020.
- In 2019, Employee State Insurance Corporation (ESIC) partnered with Ayushman Bharat PM-JAY to provide medical care to ESIC beneficiaries to avail cashless treatment at more than 800 Ayushman Bharat PM-JAY empanelled hospitals without any referral.
- The employee's contribution rate (w.e.f. 01.07.2019) is 0.75% of the wages & that of employer's is 3.25% of the wages paid. Earlier, the employee's contribution was 1.75% & that of employers was 4.75%.
- The wage ceiling prescribed for coverage of an employee is Rs. 21,000 per month w.e.f. 01.01. 2017. Earlier, the wage limit was ₹ 15,000.
- There is no wage ceiling for coverage of an employee with 'disability' w.e.f. 01.04.2016. The employer is exempted from payment of Employer's share of contribution on the wages paid to the employees with disability for a maximum period of 10 years.
- Earlier, the wage ceiling limit for coverage of employees with disability (PWDs) was ₹25,000 (since 1 Apr 2008).