

## **ESI Scheme in Punjab Region**

**INTRODUCTION** : Employees' State Insurance Scheme was established in India by an Act of Parliament in 1948, known as Employees' State Insurance Act, 1948. The concept of this enactment was based on the Social security Scheme in Europe and other developed countries in the world. The bill was passed by the Parliament taking in view the only Social Insurance side of the Inter-national Social Security Association's laid down 5 branches of Social Security. The Scheme is meant for the organized workers and to safeguard their interests against hazards of employment injury, Occupational diseases, sickness and death due to employment injury. The Scheme is based on the concept of "Pooling of risks and resources", in which every contributor is a benefactor and a beneficiary. It is a scheme in which the workers contribute according to their capacity and derive benefits as per their needs. The Scheme provided the conceptual break through in the development of Social Security Scheme that has over the years emerged a largest workers' welfare programme in terms of geographical reach, demographic coverage and multifaceted services.

The E.S.I. Scheme is administered by a corporate body called, Employees' State Insurance Corporation (ESIC) which is having representatives from Employers, Employees, the Central Govt., State Govt. Medical Profession and the Parliament. A standing Committee constituted from the members of Corporation acts as the Executive Body for the administration of Scheme. The Director General is the Chief Executive of the Corporation, which has its head office at New Delhi. There are 17 Regional Offices and 6 sub-Regional Offices and a network of Local Offices and Pay Offices all over the country. Besides there is a demand from Regional Board of Himachal Pradesh for opening of separate Regional Office for Himachal Pradesh, proposal for which is under consideration.

The Scheme in the first instance was launched at Delhi and Kanpur in 1952 by late Shri Jawahar Lal Nehru the first Prime Minister of India and thereafter, it was implemented all over India in a phased manner.

## **IMPLEMENTATION :**

The E.S.I. Act is applicable to all the factories/establishments falling in the Implemented area and are employing 10 or more persons and carrying out the work with the aid of Power or employing 20 or more persons and not using power in the manufacturing process.

**BENEFITS:** E.S.I.Scheme provides the following two kinds of benefits to its beneficiaries i.e.

(1) Cash Benefit and (2) Medical Care:

### **CASH BENEFITS:**

1. Sickness Benefit
2. Maternity Benefit
3. Disablement Benefit
4. Dependent Benefit
5. Funeral Expenses
6. Rehabilitation Allowance
7. Vocational Rehabilitation Scheme
8. Rajiv Gandhi Sharmik Kalyan Yojna (Unemployment Allowance)

All the Cash Benefits are paid in cash to the Insured Persons through the network of Local Offices and Pay Offices settled by ESI Corporation all over India.

### **MEDICAL BENEFIT:**

The workers and their dependent family members who are residing with the Insured Persons are entitled to full range of medical care right from the date of their entry into insurable employment. This benefit is to be administered by the State Governments, through their staff as per provisions of Section 58 of ESI Act. The Hospitals and dispensaries are constructed and maintained by the ESI Corporation in the States. Medical care to family of insured person is to be provided as per provisions of Para 21.11 of Medical Manual, which is reproduced below:-

#### **Para 21.11 MEDICAL CARE TO FAMILY MEMBERS:**

The families of Insured Person who reside at the place of work or at the place other than the place of work of the Insured Person or who move along with the Insured Person on leave or temp. Transfer will be provided medical care as under:-

(a) The families can get treatment along with Insured Person at the station where the Insured Person is posted Permanently/temp.

(b) The facilities of Medical Benefits under the ESI Scheme will also be provided to the families of Insured Persons where the Insured Person works and resides at one station and family resides at another station and both the places are implemented centers and located in the same State.

(c) Where the members of the family move along with the Insured Person from his place of duty either on leave or temporary transfer to any other station which is an implemented centre in the same State or in a different State.

(d) The facility of Medical care has now been extended to the families of Insured Persons even if they are residing separately in the implemented area of other state. Separate Identity card for family will be issued on the request of I.P. The cost of Medical care in such cases would be shared between the two states in equal ratio (50:50)

The Insured Person or the members of his family whose condition requires Medical Treatment and attendance shall be entitled to receive Medical Benefit. Such Medical Benefits may be provided in the form of different beneficial treatment and attendance in the Hospital or Dispensary as the case may be.

The scale of Medical Benefit is provided under Section 57 of ESI Act, on the basis of such scale as may be provided by the State Govt. or by the Corporation. Under Section 58 of ESI Act provision of Medical Treatment is to be made by the State Govt. The State Govt. shall provide for their Insured Person and their families with such reasonable medical, surgical and obstetric treatment. The Corporation may enter into an agreement with the State Govt. in regard to the scale of the Medical Treatment that should be provided to Insured Persons and their families and into sharing of cost thereof.

Presently, the Corporation provides Rs.900/- per Insured Person per annum to the State Govt. for effective control of Medical Benefit and for providing Drugs and Dressings. This ceiling has been fixed for whole of the India. The State Govt. out of these Rs.900/- has to spend Rs.290/- for drugs and dressings and Rs.540/- for Administration of the ESI Scheme in their

particular State, Rs.50/- for providing Super-specialty treatments and Rs.20/- for maintenance of equipments. The Corporation establishes the Hospitals, Dispensaries in the State and also maintains these buildings. After constructing these buildings at 100% cost of the Corporation, these institutions are handed over to State Govt. for use.

The expenditure on Medical Care is incurred by the State Govt. from the sharable pool and State Govt. bears 1/8<sup>th</sup> share of the total expenses and 7/8<sup>th</sup> is borne by the Corporation. Where the Scheme is newly implemented **100% expenditure is borne by the Corporation continuously for first three years.**

For providing Medical Care involving Super-specialist treatment difficulty was being faced in the sense that due to financial crisis, the payments for these treatments was not made in time to Insured Persons and at times, the position of the patients deteriorated further and untimely help was unable to save their lives. To overcome this difficulty a Revolving Fund has been created, which is being administered by the Regional Director, and payment for Super Specialist treatments is being made by the Regional Director directly to the treating institute after confirmation of disease and sanction by the State Govt., on behalf of the State Govt.

The Revolving fund consists of the following three items:-

- i) Drug & Dressings - Rs. 240.00 per I.P. per annum
- ii) Speciality / Super Speciality Treatment - Rs. 50.00 per I.P. per annum
- iii) Maintenance of equipment - Rs. 10.00 per I.P. per annum

Where the State Government has agreed to use the funds through revolving fund, they will purchase the Drugs and Dressings on the basis of Rate Contract of ESI Corporation and place orders to the manufacturers of drugs. After receipt of Drugs ordered, they will pass the bills as per prescribed procedure and submit the bill along with sanction to concerned Regional Director and Dy. Director (Finance) will make the payment to the supplier and all the expenditure would be debited to the State Government as Payment of corporation share on Medical Benefit.

**FINANCES:** The procedure of finances to be provided by the Corporation to State Government is explained in the example given below:-

The Corporation will pay Rs.900/- per Insured Person per annum in quarterly installments in advance depending upon the actual expenditure incurred by the State Govt. for the same quarter of the previous year. Now, if the State has 50,000 Insured Person amount will be as under:-

Total No. of Insured Person: : 50,000

Expenditure on Administration of scheme	:	50,000x540=2,70,00,000 per Annum.	
The expenditure on Drugs & Dressings	:	50,000x290=1,45,00,000/-	-do-
The expenditure on Super Specialist treatment	:	50,000x50=25,00,000/-	-do-
The expenditure on maintenance of equipments:	:	50000x20=10,00,000/	--do-
<b>Total</b>	<b>:</b>	<b>4,50,00,000/-</b>	

In this way, the Corporation will pay 7/8<sup>th</sup> of the above which is Rs.3,93,75000/- to the State Govt. as its share of expenditure on Medical care and the State Govt. has to bear 1/8<sup>th</sup> share which amounts to Rs.56,25,000/- only.

But, if the actual expenditure on Administration and Drugs and Dressings is less than the provisions, the Corporation will pay the lesser amount. It means, if the State Govt. does not spent as per provisions they may Loose the funds which are provided by the Corporation.

Besides, the Corporation provides equipments and Ambulances for the ESI Hospitals and Dispensaries from the shareable pools. This expenditure is over and above the ceiling of Rs.900/- per I.P. All these arrangements are made for providing better medical care to the Insured Persons.

Though, the health is a State subject and it becomes the responsibility of the State being Welfare State to provide medical care to all of its citizens as per directive principles for states and the ceiling fixed is over and above the per capita expenditure of State on medical care in general.

The Regional Office of the ESI Corporation for Punjab Region is situated in Sector 19-A, Chandigarh and it is administering the scheme in Punjab and Union Territory of Chandigarh. The Regional Director is incharge of this office.

No. of Beneficiaries in Punjab Region as on 31-03-2005 are as under :-

STATE	NO. OF INSURED PERSONS	NO. OF BENEFICIARIES	NO. OF EMPLOYERS
Punjab	438850	1702738	9624
U.T. Chd.	39300	152400	1553
Total of I.P. Family Units	----- 578150 -----	----- 1855138 -----	----- 11177 -----

Year wise income & expenditure for the last three years is as under :-

**INCOME**

STATE	2003-04	2004-05	2005-2006 (upto 31.10.05)
<b>PUNJAB</b>	56,81,31,848	64,55,21,820	34,61,90,995
<b>U.T.CHD.</b>	7,52,91,189	9,25,26,407	5,70,98,323

**EXPENDITURE**

STATE	YEAR	MEDICAL BENEFIT	CASH BENEFIT	ADMN. EXPENDITURE
<b>PUNJAB</b>	2003-04	31,49,77,292	15,67,43,587	7,31,90,822
	2004-05	25,35,36,710	14,72,52,037	7,84,06,164
	2005-06 (As on 30.09.2005)	11,40,10,722	6,74,25,591	4,52,52,683
<b>U.T.CHD.</b>	2003-04	1,63,88,215	1,26,49,569	13,84,318
	2004-05	1,39,00,400	93,79,089	18,02,367
	2005-06 (AS ON 30.09.05)	1,15,45,534	55,39,687	10,16,948

Per capita expenditure incurred by State Govt. on Medical Benefits during the year ending 31.03.2005 is as under:-

**STATE**

**PER CAPITA EXPENDITURE**

PUNJAB

Rs. 577.73

U.T. CHD

Rs. 341.46

From the above it is evident that State Government are not even utilizing the amount of 600 per Insured Person as per ceiling fixed by the ESI Corporation for Medical Care. This is one of the reasons which create dissatisfaction amongst the Insured Persons.

List of Hospitals/annexes in Punjab Region with bed strength is as under :-

<u>S.No.</u>	<u>Name of Hospital</u>	<u>No. of Beds</u>	<u>Average per day Occupancies</u> 2004-05 (As on 31-3-05)
1.	ESI Hospital, Amritsar	125	27.40%
2.	ESI Hospital, Hoshiarpur	50	7.3%
3.	ESI Hospital, Jalandhar	100	41.93%
4.	ESI Hospital, Ludhiana	262	60% (app.)
5.	ESI Hospital, Mohali	30	12%
6.	ESI Hospital, Phagwara	50	24%
7.	ESI Hospital, Rajpura	50	38%
8.	ESI Hospital, Chandigarh	50	
	Total	<u>717</u>	

**Annexes**

1.	12 Bed T.B. Ward Amritsar	12
	Beds Reserved in General Hospital	252
	Total Beds available in Punjab Region	<u>981</u>

Besides Two Hospitals are under construction and likely to be completed and commissioned during the next financial year :-

<b><u>S.No.</u></b>	<b><u>Name of Hospital</u></b>
1.	50 Bedded ESI Hospital, Mandi Gobindgarh
2.	100 Bedded extension block in ESI Hospital, Jalandhar

**State wise details are as follows :-**

**In Punjab**, ESI Scheme was initially implemented on 17.5.1953 in five centres in Amritsar, Jalandhar & Ludhiana districts which has now been extended to 60 centres covering 3,54,500 Insured Persons and their family units bringing the no. of beneficiaries to 1375460. The ESI Corporation has provided full medical care to those I.P.'s and their family units and has set up 7 Hospitals with 667 beds, 1 Annex with 12 beds. Besides 252 beds are also reserved in different General Hospitals of Punjab. In addition to it there are 70 dispensaries with 260 Insurance Medical Officer's and 8 Ambulances. All the infrastructure is managed by the Corporation through the Govt. of Punjab. The Director Health Services (Social Insurance) Punjab is looking after the Medical Care under ESI Scheme.

To administer the cash benefits there are 23 Local Offices and 28 Pay Offices spread over whole of the Punjab. Apart from the expenditure on medical care, the following expenditure has been incurred on disbursement of different cash benefits in Punjab.

<b>MEDICAL CARE</b>	2003-04	2004-05	2005-06
Expenditure incurred	31,49,77,292	25,35,36,710	11,40,10,722
<b>CASH BENEFITS:</b>			
Sickness Benefit	1,26,48,144.00	1,35,73,080.00	81,77,571.00
Extended Sickness Benefit:	21,96,715.00	23,88,426.00	13,49,832.00
Temporary Disablement Bft.:	1,71,47,020.00	1,85,88,342.00	1,05,79,581.00
Permanent Disablement Bft.:	9,89,38,043.00	8,73,14,160.00	3,42,81,926.00
Maternity Benefit:	16,076,08.00	20,71,069.00	9,49,042.00
Family Planning:	19328.00	21,982.00	11,136.00
Funeral Expenses:	10,47,500.00	9,57,500.00	4,57,500.00
Dependant Benefit:	2,29,56,270.00	2,21,04,795.00	1,15,19,178.00
Vocational Rehabilitation:	--	--	--
Loss of wages & other Misc. exp.	1,82,959.00	2,32,683.00	99,825.00
<b>Total</b>	<b>15,67,43,587.00</b>	<b>14,72,52,037.00</b>	<b>6,74,25,591.00</b>

**In Union Territory of Chandigarh**, the ESI Scheme was implemented on 7.10.1962. As on 31.3.05, 31950 Insured Persons and their Family Units were covered under ESI Scheme and has 1,23,966 beneficiaries. Presently, there is one Local Office and 2 dispensaries in the U.T. with 14 Insured Medical Officers. There is one 50 bedded ESI Model Hospital Ram Darbar, Chandigarh presently run by the ESI Corporation. The Director Health Services, Chandigarh looks after the Medical Care in U .T. under ESI Scheme.

During the last 3 years following expenditure was incurred on the welfare of insured persons and their family units:-

**CHANDIGARH**

<b>MEDICAL BENEFIT</b>	<b>AS ON 31.3.2004</b>	<b>AS ON 31.3.2005</b>	<b>AS ON 31.9.2005</b>
Expenditure incurred	1,59,07,215.00	1,34,19,400.00	84,53,534.00
<b>CASH BENEFITS :</b>			
Sickness Benefit	11,79,891.00	11,24,046.00	6,43,703.00
Extended Sickness Benefit:	1,50,377.00	2,25,605.00	1,07,436.00

Temporary Disablement Bft	8,27,275.00	10,76,296.00	7,02,488.00
Permanent Disablement Bft	81,63,803.00	43,59,273.00	17,36,068.00
Maternity and Enhanced Family	7,03,132.00	9,06,404.00	5,59,328.00
Dependants Benefit	15,47,591.00	16,12,578.00	9,13,193.00
Funeral Expense	77,500.00	60,000.00	25,000.00
Vocational Rehabilitation Loss of	14,909.00	14,887.00	7,575.00
<b>Total</b>	<b>1,26,64,478.00</b>	<b>93,79,089.00</b>	<b>46,94,791.00</b>

For implementation of ESI Scheme in new areas and for bringing more and more workers under the cover of ESI Scheme, phased programme was chalked out and the position is as under :-

State & Area	PHASE PROGRAMME			ACHIEVEMENTS
	Proposed date of implementation In phased programme for the year			Actual Date of implementa- tion
	2003-04	2004-05	2005-06	
<b>1. <u>Punjab</u></b>				
<b>(Distt. Ropar)</b>				
i) Naya Nangal	--	2/2005	--	Imp. Of ESI Scheme dropped as No. of employees found less

**PHASE PROGRAMME**

**ACHIEVEMENTS**

State & Area	Proposed date of implementation In phased programme for the year			Actual Date of implementa- tion	No. of Employers/I.Ps	
	2003-04	2004-05	2005-06			
<b>(Distt. Bhatinda)</b>						
i) Tapa & Rampura Phul	1/2004	1/2005	1/2006	--	--	--
<b>( Distt. Sangrur )</b>						
i) Fatehpur Channa	12/2003	--	12/2000	01.04.2004	8	1990
ii) Bardwal	--	--	--	01.06.2005		60
<b>(Distt. Jalandhar )</b>						
i) Dogri, Raowali Rasulpur, Khanpur	--	--	--	01.02.2004		575
<b>(Distt. Ludhiana)</b>						
i) Machchiwara	--	--	1/2006			
ii) Jalaldiwal	--	--	2/2006			
iii) Mathewar Khowajke	--	--	2/2006			

As per provision of section 45 of ESI Act an office of the Recovery Office has also been set up in this Region to recover the ESI dues from defaulting employers. The amounts so recovered during the last 4 years are as under :-

2003-04	2004-05	As on 30.09.2005
2.43	2.15	1.07

Besides as per provisions of section 85 of ESI Act to prosecute the defaulting employers for non-payment of contributions and non-submission of returns of contributions, which results in loss to the poor workers. The prosecutions filed and results their off are given as under:-

YEAR	CASES FILED	CASES DECIDED
2003-04	416	79
2004-05	320	205

Up to 9/05	209	89
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**MAINTENANCE OF RECORDS :**

There are certain specific essential records which are to be maintained by the dispensaries. Some of which is as under:-

1. Medical Record Envelops.
2. Running Register Insurance Number-wise.
3. Stock Register of Medical Certificate Books.
4. Stock Register of Medicines.

These records are essential to check the distribution of Medicines, to check the false certification, to check the actual no. of employees, which is the base for calculation of expenses to be paid to the State Govt.

**AUDIT CERTIFICATE:**

The State Govt. has to submit the duly audited statements of expenditure incurred by them on Medical Care annually. The statements are required to be submitted in the prescribed proforma which shows the head wise expenditure on the different heads prescribed under the bifurcation of ceiling fixed by the ESI Corporation.

**(G.C.JENA)**  
**REGIONAL DIRECTOR**