

# SGM CONSULTANCY SERVICES



(ISO 9001:2015 Certified)

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## OUR SERVICES

- Incentives related works
- Licenses & registration & its compliances
- Plastic waste management related work
- Pollution department related work
- Enviromental Clearance Related Work
- Central ground water NOC
- HR solutions & management

## WHY US

- 80+ Clients
- 6 Years experience in the field
- Team of experienced persons
- Collaborations with experts of other fields
- 22 Years personal experience of management



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## **FAQs on ESIC**

### **1. What is ESIC?**

ESIC stands for Employees' State Insurance Corporation. It is a statutory body established under the Employees' State Insurance Act, 1948, to provide social security and healthcare benefits to eligible employees and their families.

### **2. What are the benefits provided by ESIC?**

ESIC offers various benefits, including medical benefits, cash benefits during sickness, maternity benefits, disablement benefits, and dependent benefits. It also provides benefits for funeral expenses in case of an employee's death.

### **3. How does the ESIC medical benefit work?**

Under ESIC, employees and their eligible dependents receive medical care and treatment in ESIC dispensaries, hospitals, and tie-up hospitals. They can avail cashless treatment for various illnesses and medical conditions.

### **4. What is the ESIC contribution rate?**

Both the employer and the employee contribute a percentage of the employee's wages to the ESIC fund. The current contribution rate for employer is 3.25% and employee is 0.75%. The contribution rates are determined by the government and are subject to change.

### **5. Are ESIC benefits taxable?**

No, ESIC benefits are not taxable as they are considered social security benefits provided by the government.

## **For Employers:**

### **1. What are the establishments that attract coverage under ESI?**

All factories where 10 or more persons are employed attract coverage under ESI Act. The following establishments employing 10 or more persons attract ESI coverage:

- (i) Shops
- (ii) Hotels or restaurants not having any manufacturing activity, but only engaged in 'sales'.
- (iii) Cinemas including preview theatres;
- (iv) Road Motor Transport Establishments;
- (v) Newspaper establishments (that is not covered as factory under Sec.2(12));
- (vi) Private Educational Institutions (those run by individuals, trustees, societies or other organizations and Medical Institutions (including Corporate, Joint Sector, trust, charitable, and private ownership hospitals, nursing homes, diagnostic centres, pathological labs).

### **2. Who is a Principal Employer?**

A Principal Employer is:

A) In a factory, it can be:

- (i) The owner

- (ii) The occupier
- (iii) The managing agent of the owner or occupier
- (iv) The legal representative of a deceased owner or occupier
- (v) The manager of the factory
- B) For Government of India establishments:
  - (i) The Specified Authority
  - (ii) The Head of the Department (if the Specified Authority is absent).
- C) In other establishments, it's the person responsible for supervising and controlling the establishment.

### **3. Who is an Immediate Employer?**

An Immediate Employer can be:

- i) Someone who performs work within the premises of the principal employer's factory or establishment, or under their supervision or their agent's supervision, especially if the work is a regular part of the principal employer's operations or is related to their factory or establishment. This includes individuals who provide the services of their employees to the principal employer (contractors).
- ii) Someone who carries out work for a factory or establishment outside their premises but still under the supervision of the principal employer or their agent.
- iii) Someone who leases the services of their employees to the principal employer of a factory or establishment.
- iv) Contractors.

### **4. Is the registration of the Factory/Establishment under the scheme obligatory for the employer?**

Yes, any non-seasonal factory or establishment with over 10 employees earning a maximum salary of Rs. 21,000 must compulsorily register with ESIC within 15 days of becoming applicable under the ESI scheme

### **5. How can an employer register itself under the ESI Scheme?**

An employer may register its establishment under the ESI scheme through the Unified Shram-Suvidha portal.

### **6. Is it possible for a factory or establishment that has been included under the Act's coverage to become exempt if the number of employees employed there falls below the minimum limit specified?**

Once a factory or establishment has been brought under the Act's coverage, it remains covered even if the number of employees, who are eligible for coverage, working there falls below the required limit or if there is a change in the manufacturing activity.

## **For Employees:**

### **1. Who is an Employee?**

Employees are individuals who are employed for wages in or in connection with the operations of a covered factory or establishment. This includes:

- i) Those directly employed by the Principal employer, whether within the premises or elsewhere, and engaged in various aspects of the factory or establishment, including administration, procurement of raw materials, and the sale or distribution of its products.
- ii) Employees of the immediate employer who work within the premises of the factory or establishment, or outside the premises under the supervision of the Principal employer or their agent.
- iii) Individuals lent or hired to the principal employer for work in the factory.
- iv) Paid Directors of a company.

Exclusions are:

- i) Apprentices under the Apprentice Act, 1961.
- ii) Employees whose wages exceed the coverage ceiling set by the Central Government.
- iii) Employees or professionals rendering services under a contract for service.

### **2. Who are the persons to be counted for coverage of an establishment?**

As long as an establishment employs the minimum required number of employees, it falls under the Act's coverage. This includes employees working at different locations, such as branches, registered offices, and sales offices, as they are all part of the same organized activity of the establishment. All such employees, whether in implemented or non-implemented areas, should be counted for determining coverage.

### **3. Who is eligible for ESIC benefits?**

Employees whose monthly salary does not exceed Rs. 21000 (Rs. 25000 for employees with disability) and working in establishments covered under the ESIC Act are eligible for ESIC benefits. The wage limit is periodically revised by the government.

### **4. Can ESIC benefits be transferred if an employee changes job?**

Yes, ESIC benefits can be transferred when an employee changes jobs, as long as both the old and new employers are covered under the ESIC Act. The unique insurance number remains the same.

### **5. Can employees opt out of ESIC?**

No, employees covered under ESIC cannot opt out of the scheme. It is mandatory for eligible employees to be part of the ESIC program.

**List of Benefits provided by ESIC with its terms and conditions**

Sl. No.	Name of the benefit (s)	Contributory Conditions	Duration of Benefit	Rate/type of benefit/Remarks
1	Sickness Benefit	On payment of contribution for not less than <b>78 days</b> in relevant contribution period	Up to <b>91 days</b> in any two consecutive Benefit Period in the event of sickness	<b>70%</b> of the Standard Benefit Rate
2	Disablement Benefit			
2 a)	Temporary Disablement Benefit	No condition from day one of entering into insurable employment in case of employment injury sustained during the course & out of insurable employment.	Not payable if disability lasts for less than <b>3 days</b> (excluding the day of accident). Otherwise, payable for the entire period, so long as the temporary disability lasts.	<b>90%</b> of the Standard Benefit Rate
2 b)	Permanent Disablement Benefit	No contributory condition is there. Paid for permanent disablement, whether total or partial, caused by accident or an occupational disease arising out of and in the course of insurable employment	Periodical payments equal to the percentage of the loss of earning capacity caused by the employment injury, as assessed by a duly constituted ESI Medical Board.	Percentage of the total rate of disablement benefit which is equal to the full rate of TDB.
3	Maternity Benefit	<b>70 days</b> contributions payable in the immediately preceding 1 or 2 consecutive contribution periods.	<b>26 weeks</b> up to two surviving children and thereafter <b>12 weeks</b> for 3rd surviving child onwards. <b>6 weeks</b> in case of miscarriage <b>12 weeks</b> for the commissioning mother <b>12 weeks</b> for the adopting mother	<b>100%</b> of the Standard Benefit Rate.
4	Dependent Benefit	No condition. From day one of entering into insurable employment and during the insurable employment	Paid to the dependents of the Insured person who dies as a result of employment injury	<b>90%</b> of Standard Benefit Rate among dependents in fixed proportion.

5	Confinement Expenses	The insured woman and insured person in respect of his wife shall be paid medical bonus paid on account of confinement expenses at a place where necessary medical facility under the scheme is not available	Up to <b>two</b> confinements.	<b>Rs. 7,500/-</b> per case up to two confinements.
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**DISCLAIMER**: - This is for basic information & knowledge. Please check the latest government notifications for further information.

**For more details & services related to HR, please contact:**

### **SGM Consultancy Services**

**(ISO 9001:2015 Certified)**

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