

Course Name: Labour Welfare and Industrial Relations

Professor Name: Prof. Dr. Abraham Cyril Issac

Department Name: School of Business

Institute Name: Indian Institute of Technology Guwahati

Week – 06

Lecture – 26

Hello, learners. Welcome back to the course on labor welfare and industrial relations. We move to the second lecture of the module six. If you have gone through the previous lecture, you will understand that I have tried to introduce you to the concept of the Employees' Compensation Act. Today, we look into the right to compensation in the presence of Employees' State Insurance Act or the most fundamental ESI Act.

I am Dr. Abraham Cyril Issac. I am an Assistant Professor at the School of Business, Indian Institute of Technology, Guwahati. So when you when you look into the ESI Act, specifically the Employee State Insurance Act, we'll understand that this gives a social safety net to the entire set of workforce. So this essentially takes the welfare to the next step. It gives a certain level of assurance that.

Let's say if something happens, unfortunate thing happens or, you know, God forbid, something bad happens to you. There will be something somebody who will be taken taking care of your family or there'll be some compensation that will be given. So this covers or this this certain cover essentially gives a certain social buffer to the employee. Let's dig into this in greater detail. When you look into Employees State Insurance Act ESI, it was established by the Ministry of Labour and Employment, Government of India. And it provides a comprehensive medical care through a vast network of ESI hospitals.

So, let's say people who don't know anything, you go to any particular town or city, you might have observed that there are certain ESI hospitals, right? So this is coming under the Employee State Insurance Act. So that is the importance of this act.

It offers... Cash allowances for various contingencies safeguarding financial well-being and certainly it enshrines the right to compensation, guaranteeing financial support during

difficult times. So when you look into the fund aspect, this is essentially a safety net for Indian workers. Quickly, the history is that in 1948 it was established by the Ministry of Labour and Employment. So it is one of the pioneering acts the Free India or the Independent India had come up with.

When you look into the specific aspects or certainly the funding part, employees contribute around 0.75% of their wages. while employees contribute nearly 4%. So this ensures a very sustainable pool. So this is why the ESI has gained this much of momentum and it has been one of the successful initiatives of the particular authority. When you look into the coverage, you certainly will understand that employees working in factories registered under the Factories Act 1948,

They are part of the compulsory registration applicable to shops and establishments also employing 10 or more people or even 20 or more in some states. It is again dependent on the state monitoring being the subject coming under the state control as well. And we also understand that it covers specific categories of institution like educational institutions and even hospitals. And again, please note, varies by state jurisdiction. So the registration under the ESI Act is mandatory for all the eligible establishment.

And this is why this is a success. There has been some mandate. that has come in and has made it a critical thing to comply the coverage or comply the critical aspects of ESI act so act ensures wider coverage beyond just traditional factory settings so when you look into coverage there is a lot of better or increased coverage more than what we understand as a traditional factory settings or There are also some of the important critical aspects like fluctuating threshold. The specific number of employees required for mandatory coverage and the wage threshold for employee contributions are, you know, subject to periodic revisions.

And this is something which is very interesting to ensure accurate information is recommended to consult the official resources of this ESI, Employee State Insurance Act, maintained by the Ministry of Labour and Employment. So these resources are readily available online and you'll see that the thresholds keep on fluctuating. And as I've already mentioned, it extends beyond factories like shops, hotels, restaurants and even

educational institutions. And ascertaining whether a workplace falls under ESI Act's purview is also very critical when it comes to verifying the coverage.

So employers should consult the ESIC or relevant authorities for confirmation. And employers unsure about their eligibility or contribution status are typically encouraged to seek clarification from their employers or directly from ESIC. When you look into the types of compensation under the ESI Act, we have the critical Sickness Benefit Act. Now, Sickness Benefit Act should be understood in the background of the purpose, eligibility and calculation very quickly. This benefit typically offers financial support to insured people during periods of illness or injury.

It replaces a portion of their wages, helping them manage their financial needs while recovering. So eligibility is to become eligible, you have to be an employee and must have made the required contributions for a specific period defined by the Act. And the sickness benefit is typically calculated as a percentage. Usually it is 70% of the employees daily average wages subject to a maximum daily amount when you look into the second important benefit which is the maternity benefit offers financial support for up to 26 weeks pre and postnatal leave to women employees and esi act certainly recognizes the financial strain associated with the childbirth and that's why this financial support is given

The duration for the maternity benefit is typically offered, as I've already mentioned, for 26 weeks. And to be eligible, a female employee must have made the required contributions for a specific period defined by the Act in the proceeding to contributing period. When you're looking into the third important aspect, the temporary disablement benefit, we'll see that in the unfortunate event. of a temporary work-related disability. This benefit typically provides financial assistance to the affected employee.

This helps partially replace the lost income and maintain some level of financial security during the recovery period. To be eligible, the disability must be caused by a work-related accident or occupational disease. The employee must have made the required contributions for the specific period as in case of the previous benefits too. The

calculation is interesting. The temporary disablement benefit is typically calculated as a percentage of the employee's daily wages.

And permanent disablement benefit provides a financial aid in case of permanent disability arising from an employment injury. And the percentage is based on the degree of disability as assessed daily by the medical board. When you look into the critical aspect, the last type would be dependent benefit. It offers a financial support to dependence of an insured employee who dies due to an employment injury.

The lump sum payment or monthly pension is given. So the calculation is that the dependence benefit is typically estimated as a percentage of the deceased employee's wages subject to a maximum monthly amount. So these are some of the types of compensation that are prescribed under the ESI Act. Now looking into the compensation claim part. How you typically navigate the claiming compensation part?

First, you have to inform the employer immediately. As in previous case, this is the most critical element. Whenever there is an accident, whenever there is an issue, the claim application should arise immediately. Employees must promptly notify their employer about sickness, accident or maternity leave required in the case. So second would be to obtain a medical certificate, a medical certificate from an ESI hospital.

That's why you have typically ESI hospitals in case of unavailability of an ESI hospitals and near to your vicinity or near to your area. A designated doctor is mandatory for claiming compensation. And third, submit claim form, a duly filled claim form, along with supporting documents, including medical certificate, salary slips, etc., are to be included and needs to be submitted to the nearest ESI branch of office. So time limits exist for filing claims.

It's crucial to consult the ESI website or branch office for specific details and timeline. So I would like to give a word of caution. It's prudent to consult the official resources of the employee's state insurance corporation, ESIC. I've already mentioned that.

To seek guidance from the employer's human resource department also. So this typically ensures the consultation with ESIC and your employer's HR department ensures that you

have the most up-to-date information and the correct forms specific to your claim type. So the people who are from the industry, typically for you, it will be always a prudent measure to actually be updated about or be aware about the most up-to-date information and correct forms specific to your claim type. So the Ministry of Labour and Employment's website often provides links to these relevant ESI resources in your region specifically.

When you look into the dispute resolution mechanism, there is a medical board. And there is a ESI adjudication. And finally, there is an appellate tribunal also. When you look into the dispute resolution mechanism, it goes from one level to the next level. And finally, that's how it's sort of an incremental case.

Adjudication mechanism. So when you are looking into the two-tiered system, let's understand the first level, the medical board. So when you look into the dispute resolution mechanism within the ESI Act, it offers, ESI Act typically offers a social safety net for Indian workers. providing financial support during challenging times. So for disputes regarding the extent of disability assessed by a doctor, a medical board is constituted to reevaluate the employee's condition.

So this typically ensures a fair and objective assessment. When you're looking into ESI adjudication office, she handles claim related disputes like claim rejection, or delays so the officer adjudicates the matter and delivers a judgment upholding the right of employees and finally there's the appellate tribunal appellate tribunal employees can appeal against the decision of the adjudication officer to the appellate tribunal for a final judgment so this multi-tiered system typically offers opportunity to contest decisions and ensure fairness when you look typically there is a medical benefit council at the first level and there is a employee insurance court so this is what exactly it translates to when you are looking into the medical benefit council it is established at the state level so this council typically comprises of let's say medical practitioners representative from both esic and the insured workers so employees who disagree with the medical decision made by an esic doctor Such as a claim rejection based on a certain medical certificate can appeal to this council.

So this council thoroughly reviews the case and issues a binding decision. Now, the second level of escalation is the employee's insurance code. If an employee is dissatisfied with the medical benefit council's decision or faces a dispute concerning other aspects of their claim, maybe like eligibility or the benefit amount itself, they can approach the EIC. They can approach the EIC. The EIC is nothing but a statutory body presided over by a judge who facilitates the proceedings.

Both the employee and the ESIC have the opportunity to present arguments and the EIC's decision would be final and binding on both the parties. So basically you see that this is the dispute resolution mechanism. When you look into the importance of right to compensation, please understand it from a elements like one is it should ensure fairness and accountability second is that it should provide financial security third is providing incentivizing safe practices fourth is Promoting dispute resolution and this would essentially underscore the significance of the importance of the right of compensation very quickly.

Financial security during challenging times is critical. The right to compensation typically ensures. employees facing illness, maternity leave, disability caused by the workplace accident receive the financial support. So this is giving a certain level of financial net or financial support system. There are supporting dependents in case of loss in the tragic event of an employee's death.

Let's say due to a work-related injury, the dependent benefit provides crucial financial assistance to their dependents. So this helps them cope with the loss of income and navigate their future, promoting worker well-being and job satisfaction. Many a time, we tend to disregard this. This is also critical. It is not only when some accident happens, you have to take care of that.

But more than that, it promotes worker well-being and job satisfaction, knowing they have a safety net through the ESI Act, fosters a sense of security and well-being among employees. So this can, in effect, as a consequence, lead, increase the loyalty, the productivity, and of course, have a greater satisfaction. It can lead employees to have a greater satisfaction. And finally, Upholding social justice is also critical.

The right to compensation embodies the principle of social justice. It ensures that employees who contribute to the economy are protected to receive financial support when needed due to work-related circumstances. So this right to To compensation or the uploading social justice is very, very critical. When you look into the examples of, you know, the right to compensation, you'll see employment law.

Personal injury law, product liability law, like consumers who are injured by defective products may be entitled for compensation. That is a product liability law. When you're looking into personal injury law, individuals who suffer injuries due to car accidents, medical malpractices or other negligent acts can seek compensation for their pain and suffering, medical bills, lost earning potentials, etc., When you look into the employment law, employees who are wrongfully terminated or experience workplace injuries may be entitled to compensation for lost wages and expenses. So basically, the whole concept of ESI Act is to give you a certain level of confidence.

It is not only with respect to the insurance net compensation. That it is giving. Or the social support it is giving. More than that. It gives a sense of job satisfaction.

I am working here. I have a sense of security around me. I can work more hard. I can be more productive. I can be more efficient in what I am doing.

Because even if. In the back of my mind. It runs that even if something goes wrong. The company, the employer or the ESIC is going to protect me. The act itself is going to protect me or cover me.

Maybe something bad happens. It may cover me with respect to my health, with respect to, you know, something unforeseen circumstances. It will support my family. So this certainly reassures you. to work more hard and this certainly as a consequence develops the job satisfaction or creates the job satisfaction that is otherwise required for a productive work environment.

Thank you for listening to me patiently. We'll see with more details in the next class. Till then, take care. Namaste. Amen.