# FAQ: ESI

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## Part A: About the ESI Scheme

### Q1. Has the ESI Act 1948 been repealed? Where are the ESI provisions now found in statute?

Yes. The Employees' State Insurance (ESI) Act, 1948 has been repealed and replaced by Chapter IV of the Code on Social Security, 2020, which came into effect on 21 November 2025. The procedures under Chapter IV are detailed in the Social Security (Central) Rules, 2026.

## Q2. What is the ESI Scheme?

It is a comprehensive social security scheme designed to protect 'employees' in the organised sector against sickness, maternity, disablement and death due to employment injury, and to provide medical care to insured employees and their families.

## Q3. How does the Scheme help employees?

The Scheme provides full medical care to the registered employee during the period of incapacity, for the restoration of health and working capacity. It provides financial assistance to compensate for loss of wages during abstention from work due to sickness, maternity and employment injury. Medical care is also provided to the employee's family members.

## Q4. Who administers the ESI Scheme?

The Scheme is administered by a corporate body, the Employees' State Insurance Corporation (ESIC). The Corporation has members representing Employers, Employees, the Central Government, State Governments, the Medical Profession and Parliament. The Director General is the Chief Executive Officer of the Corporation and an ex-officio member.

## Q5. How is the Scheme funded?

The Scheme is self-financing. ESI funds are primarily built from monthly contributions by employers and employees, payable at a fixed percentage of wages paid. State Governments also contribute 1/8th of the cost of Medical Benefit.

## Q6. In which areas is the ESI Scheme implemented?

Earlier, the Scheme was implemented in phases in different parts of the country through Gazette notification, once the infrastructure for medical and other benefits was available. With the introduction of the Labour Codes, the Scheme is being extended to **all districts of the country** and is not restricted to notified areas.

## Q7. Which establishments attract coverage under ESI?

The Scheme applies to every establishment in which **ten or more persons** (for hazardous employments the limit is even one employee) are employed, other than a seasonal factory, as per

the First Schedule of the Code on Social Security, 2020.

As defined in the First Schedule, an 'establishment' means:

- a place where any industry, trade, business, manufacture or occupation is carried on; or
- a factory, motor transport undertaking, newspaper establishment, audio-visual production, building and other construction work, or plantation; or
- a mine, port, or the vicinity of a port where dock work is carried out.

# Part B: Key Terms: Wages, Contribution and Benefit Rate

## Q8. How are wages computed for payment of contribution?

Wages are determined as per the definition in **Section 2(y) of the Code on Wages, 2019**. Contribution under ESI is computed on 'Wages' as defined in the organisation's compensation structure, and not on Gross Salary, which was the basis until the Labour Codes came into effect.

## Q9. What is 'Contribution'?

Contribution is the sum of money payable to the Corporation by the principal employer in respect of an employee. It includes any amount payable by or on behalf of the employee under Chapter IV of the Code on Social Security.

## Q10. What is the present rate of contribution?

- **Employer's contribution:** 3.25% of the wages payable to an employee, rounded off to the next higher rupee.
- **Employee's contribution:** 0.75% of the wages payable to an employee, rounded off to the next higher rupee.
- **Low-wage exemption:** Employees earning an average daily wage of up to Rs. 176 are exempt from the employee's contribution. The employer pays only its own share of 3.25%.

## Q11. What is the 'Standard Benefit Rate'?

It is the average daily wage, obtained by dividing the total wages paid during the contribution period by the total number of days for which those wages were paid. Most cash benefits are paid as a percentage of this rate.

# Part C: Registration of Employers

## Q12. Is it mandatory for the employer to register under the Scheme?

Yes. It is the statutory responsibility of the employer under **Rule 18(1) of the Social Security (Central) Rules, 2026** to register on or before the date of joining.

## Q13. What is the procedure for registration of an employer?

The factory or establishment to which the law applies is registered online on the ESIC Portal, **www.esic.in**.

1. The employer signs up by providing the company name, principal employer's name, State and region, and an e-mail address.
2. A password is sent to the employer's e-mail ID. The e-mail ID serves as the user ID.
3. The employer logs in to the portal and registers the unit by providing the required information.
4. On successful registration, a 17-digit code number is generated automatically.

## Q14. What is a Code Number?

It is a 17-digit unique identification number allotted to each factory or establishment registered under the law. It is generated through the ESIC portal on submission of the relevant information by the employer, or on receipt of a survey report from the Social Security Officer.

## Q15. What is a Sub-code Number?

It is a unique identification number allotted to a sub-unit, branch office, sales office or registered office of a covered factory or establishment, whether located in the same State or a different State.

The employer can register any branch or sales office through the ESIC portal using his credentials.

## Q16. Can a factory or establishment, once covered, go out of coverage if the number of employees falls below the minimum limit?

No. Once a factory or establishment is covered, it continues to be covered even if the number of persons or coverable employees falls below the prescribed limit at any time, or there is a change in the manufacturing activity.

## Q17. Is there any provision for exemption of a factory or establishment from ESI coverage?

Yes. Exemption is permissible if the employees of a covered factory or establishment otherwise receive benefits substantially similar or superior to those under the ESI Scheme. The appropriate Government may grant exemption, in consultation with the ESI Corporation, for **one year at a time**, prospectively. An application for renewal must be made **three months before** the exemption expires.

# Part D: Wage Ceiling and Coverage of Employees

## Q18. If an employee's wages exceed Rs. 21,000 in a month, can he be treated as not covered and the deduction of contribution stopped?

No, not immediately. If the wages of an employee (excluding remuneration for overtime work) exceed the wage limit prescribed by the Central Government after the start of a contribution period, he continues to be an employee until the **end of that contribution period**. Contribution must therefore be deducted and paid on the total wages he earns.

## Q19. What is the effect of an increase in wages from a retrospective date?

If wages are increased from a retrospective date and the increase crosses the prescribed wage limit, the effect on coverage arises only **after the contribution period** in which the increase is announced or declared expires. Contribution on the enhanced wages is payable from the month in which the increase is announced. There is no need to pay contribution on the arrears for the period before the month of declaration, announcement or agreement.

## Q20. Why should contribution be paid on total wages beyond the wage ceiling when an employee crosses the limit?

An employee who crosses the ceiling in any month after the contribution period begins continues to be an employee until the end of that period. Further, although there is a wage ceiling for **coverage** of an employee, there is no ceiling in the definition of wages for **payment of contribution**. Contribution is therefore payable on the total wages, without any ceiling.

## Q21. Is there any provision for exemption from payment of the employer's contribution?

Yes, for employees with disability. With effect from 1-4-2008, the wage ceiling for coverage of employees with disability is Rs. 25,000 a month. To encourage their employment, the employer is exempt from paying the employer's share of contribution on wages paid to such employees for a maximum of **three years** from the start of the contribution period in which the employee is employed. The Central Government reimburses this employer's contribution to the ESI Corporation.

# Part E: Payment of Contribution, Interest and Penalties

## Q22. What is the time limit for payment of contribution?

Contribution must be paid into a bank authorised by the Corporation within **15 days of the last day of the calendar month** in which the contribution falls due for any wage period.

## Q23. How are contributions worked out and paid?

The employer files monthly contributions online through the ESIC portal for all registered employees, giving employee-wise details of the number of days for which wages were paid and the amount of wages paid, so that the contribution payable can be ascertained.

The total contribution (both shares) for all employees for the month is deposited in any branch of SBI, by cash, cheque or demand draft, against a challan generated on the ESIC portal using the employer's credentials. Payment can also be made through SBI internet banking.

## Q24. What are the consequences of non-payment or late payment of employees' contribution that has been deducted from wages?

Any sum deducted by the principal employer from wages is deemed to be entrusted to him by the employee for the purpose of paying the contribution for which it was deducted. Non-payment or delayed payment of the employee's contribution so deducted amounts to **breach of trust** and is punishable under IPC 406.

## Q25. Will delayed payment attract interest?

Yes. An employer who fails to pay the contribution within the prescribed limit is liable to pay **simple interest at 12% per annum** for each day of default or delay.

## Q26. What are the penal provisions for non-payment or delayed payment of contribution?

1. The employer is liable for prosecution under Sections 85(a) and 85A of the Act.
2. The Corporation may also levy and recover damages, not exceeding the amount of contribution payable, at the following rates:

| Period of delay | Rate of damages (% p.a.) |
|---|---|

| | |
|---|---|
| Less than 2 months | 5% |
| 2 to 4 months | 10% |
| 4 to 6 months | 15% |
| 6 months and above | 25% |

# Part F: Records and Returns

## Q27. What records must be maintained for ESI purposes?

In addition to the muster roll, wage record and books of account maintained under other laws, the employer must maintain:

- an Accident Register in the new Form 11; and
- an Inspection Book.
- The immediate employer must also maintain an Employees' Register for employees deployed to the principal employer.

## Q28. What returns and reports must the employer submit?

1. **Half-yearly Return of Contribution (Form 5):** by 12th May for the October–March contributory period, and by 12th November for the April–September period.
2. **Accident report (Form 12):** whenever an accident occurs, on it coming to the employer's notice.
3. **Abstention verification report:** as and when sought by the Branch Manager in respect of any Insured Person (IP).
4. **Records:** attendance, wage records and books of account, as sought by the Social Security Officer during an inspection visit made with due intimation.

# Part G: Registration of Employees

## Q29. How is an employee registered under the Scheme?

At the time of joining insurable employment, the employee provides his and his family's details to the employer, along with a family photograph, so that the employer can register the employee online. Registration is a **one-time exercise in the employee's lifetime**. The insurance number generated at first registration is used throughout his life, irrespective of any change of employment or place.

## Q30. What is an identity card?

On registration, the employer can print the **temporary identity certificate**, affix the employee's photo and authenticate it. It is valid for **3 months**.

As soon as possible, and not later than a month, the insured person and his entire family should enrol to obtain the e-**Pehchan Card**. This card serves as identification for availing medical benefit at a dispensary or hospital and cash benefits at the ESI Branch Office. The employer can update changes in residence, dispensary or employment on the portal as and when they arise.

# Part H: Cash Benefits

## 1. Sickness Benefits

### Q31. What is 'Sickness Benefit'?

If an insured person requires medical treatment and attendance and must abstain from work on medical grounds, Sickness Benefit is paid for the period of abstention, as certified by the Authorised Medical Officer. It is payable for up to **91 days in two consecutive benefit periods** (roughly one year), at **70% of the average daily wage**, provided contribution has been paid for at least **78 days** in the corresponding contribution period.

### Q32. What is 'Extended Sickness Benefit'?

This is an additional sickness benefit provided by the Corporation under Section 99 of the Act. An insured person who has completed two years of insurable employment and contributed for at least 156 days in that period is entitled to extended sickness benefit for **309 days** for the **34 specified long-term diseases**. The period can be extended up to 730 days, or until the insured person attains age 60, whichever is earlier. The insured person and his family also remain entitled to

Medical Benefit during this period. The daily rate is **80% of the standard benefit rate**.

### Q33. What is 'Enhanced Sickness Benefit'?

To promote the small-family norm, this cash benefit is paid to an insured person who undergoes a vasectomy or tubectomy. It is paid for **7 days** for vasectomy and **14 days** for tubectomy, extendable in case of post-operative complications. The daily rate is **equal to the standard benefit rate**.

## 2. Maternity Benefits

### Q34. What is Maternity Benefit?

Maternity Benefit is a periodical payment to an insured woman for a specified period of abstention from work due to confinement, miscarriage, sickness arising out of pregnancy, or premature birth. The rate is **equal to the standard benefit rate**.

### Q35. What is 'confinement'? For how long is Maternity Benefit payable for confinement?

Confinement means labour resulting in the issue of a living child, or labour after 26 weeks of pregnancy resulting in the issue of a child, whether alive or dead.

Maternity Benefit is payable for **84 days**, provided contribution has been paid for at least **70 days** in the immediately preceding two contribution periods. The benefit can be claimed at any time up to six weeks before the expected date of confinement, or from the date of confinement, according to the insured woman's need.

### Q36. What is 'miscarriage'? For how long is the benefit payable?

Miscarriage means the expulsion of the contents of a pregnant uterus at any time before or during the 26th week of pregnancy. It does not include a miscarriage whose cause is punishable under the Indian Penal Code.

Maternity Benefit for miscarriage is payable for **6 weeks (42 days)** from the day after the miscarriage, subject to the prescribed contributory condition.

### Q37. What is 'sickness arising out of pregnancy'? For how long is Maternity Benefit payable for it?

If an insured woman needs medical treatment and attendance, and must abstain from work, due to sickness arising out of pregnancy, miscarriage, premature childbirth or confinement, as certified by an Authorised Medical Officer, Maternity Benefit is payable at the standard benefit rate for a period of **one month**.

### Q38. What are 'Confinement Expenses'?

A lump-sum payment to an insured woman, or to an insured person in respect of his wife, for **up to two confinements**, where the confinement occurs at a place where the necessary facilities under the ESI Scheme are not available. At present, the amount is **Rs. 7,500 per confinement**.

## 3. Employment Injury Benefits

### Q39. What is 'Employment Injury'?

It is a personal injury to an employee caused by an accident or occupational disease arising out of and in the course of his insurable employment, within or outside the territorial limits of India. The list of employment injuries for permanent total and permanent partial disablement is in **Schedule IV** of the Code on Social Security, 2020.

### Q40. Is an accident while commuting treated as an employment injury?

Yes. A commute-related accident is treated as an employment injury under the ESI Chapter of the Code on Social Security.

### Q41. What is an 'Occupational Disease'?

It is a disease contracted while in employment, for a specified period, in any of the industries listed in Part A, B or C of **Schedule III** of the Code on Social Security, 2020.

Occupational health hazards are of two main types: (i) short-term, high-dose exposure with acute onset, such as acute poisoning caused by a large dose of a toxic substance in an industrial environment; and (ii) chronic onset, resulting from repeated or continuous exposure to small doses of substances.

### Q42. What is 'Disablement'?

Disablement is a condition resulting from employment injury. It may be:

- **Temporary disablement:** the insured person is temporarily unable to work and needs medical treatment.
- **Permanent partial disablement:** his earning capacity is reduced.
- **Permanent total disablement:** he is totally deprived of the capacity to do any work.

## Q43. What is 'Temporary Disablement Benefit' (TDB)?

It is a periodical payment to an insured person suffering disablement as a result of employment injury, for the period of abstention from work as certified by an Authorised Medical Officer. It is paid for as long as the temporary disability lasts and the employee is able to resume normal duties, at **90% of the standard benefit rate**.

## Q44. What is 'Permanent Disablement Benefit' (PDB)?

If a residual disability of a permanent nature remains after employment injury, the insured person is examined by a Medical Board to assess the percentage loss of earning capacity, if any. He is then paid monthly benefit **for life**, from the day after temporary disablement ends, at that percentage of the full daily rate of disablement benefit. Periodical increases are admissible to offset the erosion in cost of living. The benefit is credited monthly to the insured person's bank account.

The insured person may opt for **lump-sum payment** if the daily rate of PDB does not exceed Rs. 10, or, even if it exceeds Rs. 10 a day, if the commuted value does not exceed Rs. 60,000.

## Q45. What is 'Dependants' Benefit'?

It is a monthly pension payable to the eligible dependants of an insured person who dies as a result of employment injury or occupational disease.

## Q46. At what rate, and for how long, is Dependants' Benefit paid?

The total benefit is **90% of the standard benefit rate** of the wages of the deceased insured person. It is distributed among the dependants as follows:

1. **Widow:** 3/5th of the full rate, till death or remarriage.
2. **Widowed mother:** 2/5th of the full rate, till death.
3. **Sons:** 2/5th of the full rate each, till age 25.
4. **Unmarried daughters:** 2/5th of the full rate each, till marriage.

5. **Infirm children:** a son or daughter who is infirm and wholly dependent on the insured person's earnings at the time of death continues to receive the benefit beyond age 25 or marriage, as the case may be.

If the total benefit for all dependants exceeds the full rate at any time, each share is reduced proportionately so that the total does not exceed the full rate.

### Q47. Are TDB, PDB and Dependants' Benefit payable to a casual or temporary employee who suffers an employment injury on the first day, or before completing the first contribution period?

Yes. **No qualifying or contributory conditions** apply to TDB, PDB or Dependants' Benefit. The benefit is admissible even if the employment injury occurs on the very first day of joining insurable employment.

## 4. Other Cash Benefits

### Q48. What are funeral expenses? Who is paid?

A lump sum **not exceeding Rs. 20,000** towards the funeral of a deceased insured person. It is paid to the eldest surviving member of the family or, if he has no family or was not residing with his family at the time of death, to the person who actually performs the funeral.

### Q49. What is the Rajiv Gandhi Shramik Kalyan Yojana?

Under this scheme, if a factory or establishment closes, or the insured person becomes unemployed for reasons other than employment injury, he is entitled to an **unemployment allowance**, subject to three years of insurable employment. The allowance is payable for **twelve months in a lifetime**.

# Part I: Medical Benefit

### Q50. What is Medical Benefit?

Medical Benefit is medical attendance and treatment, as and when needed, for insured persons covered under the law and their families. It is the only benefit provided **in kind**. It is delivered through State Governments (except in Delhi) and is uniform for all according to need, without linking it to wages or contributions.

## Q51. What is the scale of Medical Benefit?

A full range of medical, surgical and obstetric treatment, including:

- out-patient and in-patient treatment;
- supply of all drugs and dressings;
- pathological and radiological investigations;
- pre-natal and post-natal care;
- super-specialty consultation and treatment;
- ambulance services; and
- provision of artificial appliances.

## Q52. How long is Medical Benefit available?

The insured person and his family are entitled to Medical Benefit from the **first day** of joining insurable employment.

- A person covered for the first time is eligible for medical care for self and family for **three months**.
- If he continues in insurable employment for three months or more, the benefit is admissible until the beginning of the corresponding benefit period.
- If contribution was paid or payable for at least **78 days** in that contribution period, the benefit is admissible until the end of the corresponding benefit period.
- If the insured person has been covered for at least 2 years, has contributed for at least 156 days, and suffers from any of the **34 specified long-term diseases**, Medical Benefit for self and family is admissible for as long as the incapacity lasts, or for **3 years**.

## Q53. How can the family avail Medical Benefit if it resides in another place in the same State or another State?

Based on the insured person's declaration, certified by the employer, the family is given a 'family identity card' to receive medical benefit from the ESI dispensary in the area where it resides. After the IT rollout, the family is also issued a separate **Pehchan Card**. By producing it, the family can avail medical benefit at any ESI dispensary or hospital, whether at its place of residence or anywhere else in the country.

## Q54. How does an insured person get medical benefit when travelling to another station temporarily?

With the **Pehchan Card**, the employee can get medical benefit across the country at any ESIC or ESIS dispensary, subject to entitlement.

## Q55. What benefits are admissible to family members?

1. Full medical care as and when needed.
2. Artificial limbs and appliances as part of medical treatment.
3. Medical benefit during the period the insured person receives unemployment allowance. If he dies during that period, his family continues to receive medical benefit until the end of those twelve months.
4. Reimbursement of expenditure on the funeral of the deceased employee.
5. Dependants' Benefit for the widow, widowed mother and children, if the insured employee dies due to employment injury.
6. Any benefit due to the insured employee at the time of death is paid to the nominee.

## Q56. What benefits are admissible after retirement?

An insured person who leaves insurable employment on reaching the age of superannuation, or retires under a Voluntary Retirement Scheme or takes premature retirement, after being an insured person for **at least 5 years**, is eligible for medical benefit for himself and his spouse. This is subject to proof and payment of a nominal contribution of **Rs. 120 for one year**. If the insured person dies, his spouse is entitled to medical benefit for the remaining period for which contribution was made, and may continue on payment of Rs. 120 a year for further periods.

Medical benefit on similar payment is also admissible to an insured person who ceases to be in employment because of permanent disablement caused by employment injury, for himself and his spouse, until the date he would have retired on reaching superannuation age had he not sustained

the disablement.

It is also available to widows of insured persons who receive Dependants' Benefit, on payment of contribution as prescribed under Rule 60. Medical benefit extended under this provision **does not include super-specialty treatment (SST)**.

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