

# Key Words and Definitions

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## Wages

### Q1. How are wages computed for payment of contribution?

The following wage components are taken into account for computation of wages for payment of contribution.

1. Basic Pay/Wages/Salary;
2. D.A/ HRA/ CCA/ Overtime/ officiating allowance/ Night shift allowance/ efficiency allowance/ Heat, Gas, Dust allowance/ Education allowance/ Food & Tea allowance/ conveyance allowance;
3. Wages/ salary/ pay for weekly off and public holidays;
4. Commission paid to sales staff;
5. Subsistence allowance paid to an employee during the period of suspension;
6. Attendance Bonus or incentive or exgratia in lieu of Attendance Bonus or production incentive;
7. Regular Honorarium or salary or remuneration paid to a Director;
8. Collection Bhatta paid to running staff.
9. Actual payments made towards leave salary, lay off compensation, or wages for strike period.
10. Any other remuneration paid or payable in cash to an employee if the terms of contract of employment, expressed or implied were fulfilled.

The above are only indicative.

## Q2. What is 'Contribution'?

Contribution is the sum of money payable to the Corporation by the Principal employer in respect of an employee and includes any amount payable by or on behalf of the employee in accordance with the provisions of the Act (Section 2(4)).

## Q3. What is the Present Rate of Contribution?

- Employer's contribution: A sum equal to 4.75% of the wages payable to an employee, rounded off to the next higher rupee;
- Employee's contribution: A sum equal to 1.75% of the wages payable to an employee, rounded to the next higher rupee;

## Q4. What is 'Sickness Benefit'?

If an insured person requires medical treatment and attendance and needs abstention from work on medical grounds, Sickness benefit is paid for the period of abstention duly certified by the Authorized Medical Officer, for a period not exceeding 91 days in two consecutive benefit periods (say one year) @ 70% of standard benefit rate, subject to payment of contribution for not less than 78 days in the corresponding contribution periods.

## Q5. What is Extended Sickness Benefits?

This is an additional sickness benefit provided by the Corporation in exercise of its powers under Section 99 of the Act. An insured person who has completed two years of insurable employment and contributed for not less than 156 days during this period is entitled to extended sickness benefit for a period of 309 days for the 34 specified long term diseases. This period can be extended up to 730 days or till the insured person attains the age of 60 years whichever is earlier. The insured person and his family are also entitled to Medical Benefit during this extended period.

The daily rate of extended sickness benefit shall be equal to eighty percent of the standard benefit rate.

## Q6. What is 'Enhanced Sickness Benefit'?

To promote the norms of small family, this cash benefit is paid to the insured person for undergoing vasectomy/ tubectomy operation. This is paid for a period of 7 days for vasectomy operation and for 14 days for tubectomy operation. This period can be extended in case of any post operative complications. The daily rate of enhanced sickness benefit shall be equal to the standard benefit rate.

## Q7. What is Disablement?

Disablement is a condition resulting from employment injury, which may render the insured person temporarily incapable of doing his work and necessitating medical treatment (temporary disablement). It may reduce his earning capacity (permanent partial disability) or it may totally deprive the insured person from the capacity of doing any work (permanent total disability).

## Q8. 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 territorial limits of India.

## Q9. What is Occupational Disease?

Contracting any disease, while in employment for a specified period in any of the industries listed in Part A, B, or C of Schedule III to the Act is called Occupational disease. Occupational health hazards can be of two main types. Short term and high dose with acute on set, synonymous with acute poisoning, included by large dose of a toxic substance in an industrial environment, and the other one is chronic on set, which is the result of repeated or continuous exposure of small doses of substances.

## Q10. What is 'Temporary Disablement Benefit'?

It is a periodical payment to an insured person suffering from Disablement as a result of 'Employment injury' for the period of abstention from work duly certified by an authorized Medical Officer. This is paid till the temporary disability lasts and the employee is able to resume his normal duties, @ 90% of standard benefit rate.

## Q11. What is Permanent Disablement Benefit?

If there is any residual disability of permanent nature due to employment injury, the insured person is examined by a Medical Board to assess the loss of earning capacity if any and its percentage. The insured person is paid monthly periodical payments of permanent disablement for life from the date following the date of termination of temporary disablement at that percentage out of full daily rate of disablement benefit. Periodical increase in the benefit is also admissible due to erosion in the cost of living. The benefit can be drawn in cash at the Branch Office, by Money Order at the cost of the Corporation, or credited to the Bank Account of the insured person every month. The insured person can also opt for the payment in lump sum if his daily rate of PDB does not exceed rupees ten or even if it exceeds ten per day, but the commuted value does not exceed Rupees 60000.

## Q12. What is Dependants' Benefit?

Dependants' benefit is a monthly pension payable to the eligible dependants of an insured person who dies as a result of an employment injury or occupational disease. The benefit is paid through Branch Offices.

## Q13. What is maternity benefit?

Maternity benefit is periodical payments to an insured woman for specified period of abstention from work, due to confinement, miscarriage or sickness out of pregnancy, pre-mature birth of child or miscarriage or confinement. The rate of maternity benefit shall be equal to the standard benefit

rate.

#### **Q14. What is confinement? How long is the maternity benefit admissible in case of 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, subject to payment of contribution for not less than 70 days in the immediately preceding two contribution period. The benefit can be claimed at any time prior to six weeks before the expected date of confinement or from the date of confinement as per the condition and requirement of the insured woman.

#### **Q15. What is 'miscarriage' and how long is the benefit admissible?**

'Miscarriage' means the expulsion of the contents of a pregnant uterus at any time prior to or during the 26th week of pregnancy, but does not include a miscarriage, the cause of which is punishable under the Indian penal code. Maternity benefit is payable for miscarriage for a period of 6 weeks (42 days) from the date following the date of miscarriage subject to fulfillment of the contributory condition prescribed.

#### **Q16. What is sickness arising out of pregnancy etc? How long the Maternity benefit is admissible for it?**

If the insured woman needs medical treatment and attendance and abstention from work due to sickness arising out of pregnancy, miscarriage, premature child birth or confinement, duly certified by an authorized Medical Officer, Maternity Benefit is payable for a period one month.

#### **Q17. What is Confinement Expenses?**

Confinement Expenses is lump sum payment made to an insured woman or an insured person in respect of his wife for two confinements to meet the confinement expenses, if the confinement

occurs at a place where necessary facilities under the ESI Scheme are not available. At present the confinement expenses paid is Rs. 2500/- per confinement.

## Q18. What are funeral expenses? Who is to be paid?

A lump sum payment not exceeding Rs. 10000/- towards expenditure on the funeral of a deceased insured person, is paid either to the eldest surviving member of the family or if he has no family or not residing with his family at the time of death, to the person who actually performs the funeral of the deceased insured person.

## Q19. What is Standard Benefit Rate?

Means average daily wages obtained by dividing the total wages paid during the contribution period by the number of day for which these wages were paid.

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