



ASIA PACIFIC REGION HIGH LEVEL MEETING ON SOCIALLY INCLUSIVE STRATEGIES TO EXTEND SOCIAL SECURITY COVERAGE

**"SOCIAL HEALTH INSURANCE:
STRATEGIES FOR EXTENSION "**

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Genesis of Social Security in India

- **Social Security provisions existed in India from post-vedic period**
- **Traditional Joint Family System provided first line of social defense.**
- **Need for formal social security arose after industrialization, consequent migration from rural to urban areas and creation of nuclear families.**



Size and composition of the workforce

| | |
|----------------------------|--------------------|
| Total Workforce | 459 million |
| i) in Organised Sector | 26 million |
| ii) in Un-Organised Sector | 433 million |

Composition of Workforce in organised Sector

| | |
|--------------------------|-------------------|
| | 18 million |
| i) Public Sector | |
| | 8.46 |
| i) Private Sector | million |

NSSO-2004-05/Economic Survey(2008-09)



Composition of workers in Organised Sector

- i) Government & Public sector enterprises, quasi government bodies and local authorities;
- ii) Employees of factories and establishments;
- iii) Employees employed in Mines, Plantations and other such sectors for whom separate social security legislations are available.
- Having employer-employee relationship



Central Laws regulating Social Security for workers in Organised Sector

- The Employees' State Insurance Act, 1948
- The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
- The Workmen's Compensation Act, 1923
- The Maternity Benefit Act, 1961
- The Payment of Gratuity Act, 1972



Social Security for workers in Organised Sector

- **Social Security for Central and State Govt. employees, Railway employees and those in Armed Forces/Para-Military provided by Govt. from tax revenue/contribution**
- **Employees of factories and establishments employing 10/20 workers covered under ESI Act & EPF & Misc.Prov. Act, Coal Mines PF Act etc.**
- **Smaller factories/establishments and workers not covered by ESI Act– Workmens Compensation .Act and Maternity Benefit Act.**
- **Beedi workers, cine workers etc - Welfare Fund Acts**
- **Mines and Plantations -Mines Act / Plantation Labour Act.**



Constraints in extension of coverage

- **Threshold limits for coverage of factories/establishments**
- **Wage limit for coverage of employees**
- **Dependence on State Governments for providing medical care facilities for extension to new areas- in case of ESIS**
- **Profession/Activity wise coverage under EPF Scheme**
- **Contractualisation/casualisation of work by factories/ establishments**
- **Exemptions by State Governments in case of ESIS**
- **Non-Coverage of establishments under the control of Central Government under ESIS**



Strategies for extension of social security coverage

- Lowering of threshold of coverage of factories/establishments
- Linking wage ceiling to cost of living index or removal of ceiling for coverage
- Making arrangements for medical care in new areas directly by ESIC with tie-up arrangements with private providers
- Emphasis on registering casual/contract workers
- Convergence of various Social Security Provisions for organised sector –monitoring and avoidance of duplication of benefits



Thanks



Recent Initiatives by ESIC in increasing coverage/improving benefits

- Scheme extended to 49 new areas covering 93,910 employees during 2006-07 and to 37 new areas covering 97,739 employees during 2007-08.
- No. of insured persons covered under ESI Scheme touched a new high of 1.01 crores in 2006-07, No.of beneficiaries went upto 3.94 crores.
- Wage ceiling for coverage of employees enhanced from Rs.7,500/- to Rs.10,000/- w.e.f. 1.10.2006.

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- Daily rate of Sickness Benefit enhanced from about 50% of average daily wage to about 60% of average daily wage w.e.f. 1.12.2007.
- Daily rate of disablement and dependants benefit enhanced from about 70% to about 75% of wage w.e.f. 1.12.2007.
- Rate of funeral expenses enhanced from Rs.2,500/- to Rs.3,000/- w.e.f. 1.12.2007.
- Exemption limit from payment of employees' share of contribution enhanced from Rs.50/- to Rs.70/- per day w.e.f. 1.8.2007.
- Basic rates of PDB/DB enhanced ranging from 1% to 464% in February, 2008 to protect against erosion in the value due to inflation w.e.f. 1.8.2005.



- **Introduction of system of self-certification by employers w.e.f. 1.4.2008**
- **Amnesty Scheme with remission in damages introduced to reduce litigation**
- **Process to Modernise/Upgrade/Expand all Model Hospitals to bring them at par with best Private Corporate Hospitals initiated.**
- **Grading of all ESIC hospitals by reputed Grading Agencies.**
- **ISO Certification of all Model Hospitals and Regional Offices.**



- Decision to take over ESI Scheme in Madhya Pradesh, Jharkhand and Bihar by ESIC in a phased manner.
- Installation of sophisticated equipments such as MRI/CT Scan etc. through third party participation in ESIC Hospitals.
- Decision to set-up a Super-specialty hospital at Hyderabad and thereafter other suitable locations.
- Ceiling on reimbursement of expenses on medical care to state governments increased from Rs.900/- to Rs.1,000/- per I.P. family unit per annum.
- “Dialysis Treatment” taken out from super-specialty treatment and now will be provided to all those ESI Beneficiaries where it is advised if they are entitled for medical benefit.

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Amendments in ESI Act to :

- enable provision of medical care to non IPs against payment of user charges-providing medical care to BPL families under RSBY
- facilitate coverage of smaller factories, streamline procedure for assessment of dues, providing Appellate Authority to avoid unnecessary litigation, third party participation in running of Hospitals etc.

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Recent Initiatives- EPF Scheme

- Grant of advance from the fund to cover medical care of the member & his/her family covering:
- a) Hospitalization lasting for one month or more, or
 - b) major surgical operation in a hospital, or
 - c) suffering from T.B. leprosy, paralysis, cancer, mental derangement or heart ailment and having been granted leave by his employer for treatment of the said illness and



- For the treatment of a member of his family who has been hospitalized, or requires hospitals for one month or more
 - (a) for a major surgical operation, or
 - (b) for the treatment of T.B. leprosy, paralysis, cancer, mental derangement or heart ailment.

- grant of advance to members who are physically handicapped for purchasing equipment that is required to minimize the hardship on account of handicap.



- Introduction of a scheme whereby the employers' share of contribution under the EPF as well as ESIC schemes of an handicapped employee shall be met by the Government upto the salary level of Rs.25,000 per month.
- Amendment making a member who is permanently and totally disabled entitled to pension provided he has made one month's contribution to the pension fund.