

# **A Study on Awareness of Esi Schemes & Benefit with Special References Towards Ashini Private Limited**

**Dr.A. Priya**

*Assistant Professor, Department of B.com (C.A), Kongunadu Arts and Science, Coimbatore -641029  
Tamil Nadu, India*

**T. MEENACHI**

*Research Scholar, Kongunadu Arts and Science, Coimbatore -641029, Tamil Nadu, India*

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Date of Submission: 22-08-2021

Date of Acceptance: 06-09-2021

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## **I. Introduction Of ESI**

In March 1923 before Indian independence B. N. Adarkar economist and later Governor of the Reserve Bank of India, was appointed by the Government of India to create a health insurance scheme for industrial workers. A year later the report he submitted became the basis for the Employment State Insurance (ESI) Act of 1948. The ESI Act was enacted in India in 1948, but come into reality from 25 February 1952, established in Kanpur and Delhi. Initially intended for workers working in factories and companies only. It is now applicable to all establishments having 10 or more workers including educational institutions, hospitals, etc., covering 15.5 million employees working with about 450,000 employers. Total beneficiaries as of 2011-12 are above 65.5 million. Employees' State Insurance Scheme of India is an integrated social security scheme tailored to provide social protection to workers and their dependants, in the organized sector, in contingencies, such as, sickness, maternity and disablement due to an employment injury or occupational hazard

### **1.2 THE ACT IS APPLICABLE TO THE:-**

- Shops,
- hotels, restaurants,
- cinemas, preview theatres,
- Motors transport undertakings and newspaper establishments etc., employing 20 or more persons.

### **1.3 THE ACT IS NOT APPLICABLE TO THE:-**

- Mines
- Railways running sheds
- Government factories or establishment and India naval ,military or air forces

### **1.4 APPLICABILITY STATE**

It is applicable in all the states except Nagaland, Manipur, Tripura, Sikkim Arunachal Pradesh, and Mizoram.

### **1.5 ADMINISTRATION**

✓ The Employees' State Insurance Scheme is administered by a Corporate body called the Employees' State Insurance Corporation (ESIC), which has members representing employers, employees, the Central Government, State Governments, medical profession and the Parliament.

✓ A Standing Committee constituted from among the members of the Corporation acts as the Executive Body for the administration of the Scheme. Administration There is also a Medical Benefit Council to advise the Corporation on matters connected with the provision of Medical Benefit. The Director General who is the Chief Executive of the Corporation is also ex-officio member of the Corporation and of its Standing Committee

✓ Besides the Head Quarter, Office in New Delhi, the Corporation has 23 Regional Offices and 12 sub-Regional Offices at Vijayawada, Vadodara, Surat, Hubli, Pune, Nagpur, Coimbatore, Madurai, Tirunelveli, Noida, Varanasi and Barrackpore and 844 Local Offices and Cash offices all over the country for the administration of the Scheme.

### **1.6 THE ESI SCHEMES**

It is based on the principle of 'pooling of risks and resources' in which every contributor at any given point of time. It emerges as a beneficiary of a benefactor and society at large is the net gainer. Employees, employers, state governments and the corporation are the major stake holders in the system of organized and coordinated effort providing social protection to benefactors. The role of employers in particulars remains pivotal to the success of the scheme is it surveys for coverage, implementation, registration of factories registration of employees regular payment of contribution facilitating inspections and timely action to ensure steady flow of the employees.

### **1.7 COVERAGE**

The ESI Act, (1948) applies to following categories of factories and establishments in the implemented areas:

- Non-seasonal factories using power and employing ten(10) or more persons
- Non-seasonal and non power using factories and establishments employing twenty (20) or more persons.

The "appropriate Government" State or Central is empowered to extend the provisions of the ESI Act to various classes of establishments, industrial, commercial or agricultural or otherwise. Under these enabling provisions most of the State Government has extended the ESI Act to certain specific class of establishments

a) Shops, hotels, restaurants, cinemas, preview theatres, motors transport undertakings and newspaper establishments etc., employing 20 or more persons

b) Slate pencil manufacturing units employing one or more employees have also been brought under the coverage of the act in a few states. The schemes has so far been implemented in 26 states and union territories; the only exceptions being a few smaller states in the north-eastern region of the country

### **1.9 ADVANTAGES OF EMPLOYERS:**

Employers who come under the purview of the ESI act-1948 derive the following benefits from the schemes:-

- Employers are absolved of all their liabilities of providing medical facilities to employees and their dependants in kind or in the form of fixed cash allowances, reimbursement of actual expenses, lump sum gratuity or opting for any other medical insurances policy of limited scope unless it is a contractual obligation of the employer.
- Employers are exempted from the applicability of the:
  - (a) Maternity benefits act
  - (b) Workmen compensation act in respect of employees covered
- Any sum paid by way of contribution under the ESI act is deducted in computing "income" under the income tax act

### **1.10 BENEFITS OF EMPLOYEE**

The social security (minimum standards) defined nine branches of social security benefits for the welfare of labour class. The employee's state insurance corporation has already adopted and extended five major benefits to the insured workers out of the nine benefits identified by the ILO.

ESI schemes need based package of major social security benefits in cash and kind include:-

1 Medical benefit - for self & family

2 Sickness benefits - for self

3 Maternity benefits - for self

4 Disablement benefits

a) Temporary disablement - for self

b) Permanent disablement - for self

5 Dependants benefits – due to employment injury

In addition the schemes also provide some other needs based benefits to insured workers. These are:

Rehabilitation allowance - for self

Vocational allowances - for self

Old age Medicare - for self and spouse

Medical bonus -for insured women

## BENEFITS UNDER ESI SCHEME



## PROCEDURE FOR REGISTRATION

The employer of a factory or an establishment desirous of registration it under the act has to send to the regional offices within 15 days from the act becomes applicable to it a declaration of Registration in the prescribed form. Upon receipt of the declaration the regional officer shall if satisfied that the factory or the establishment is covered by the act, allot to it a code number and there upon the factory or the establishment shall stand registered under the act.

### ESI Forms

- Form 1 declaration form.
- Form 3 return of declaration form.
- Form 6 return of contribution [half yearly returns].
- Form 16 applications for accident report.
- Form 37 certification of employment.
- Form 53 applications for change of dispensary branch office
- Form 72 applications for duplicate ESI card.
- Form 1B change in family declaration report.

## II. Objective Of Study

- ✓ To study the awareness level of the people of ESI schemes schemes.
- ✓ To analyze the benefits of ESI schemes in terms of the opinion of the sample ESI subscribers'.
- ✓ To analyze trends in utilization and number of beneficiaries of ESIS over a period of time.
- ✓ To study the medical benefits received by the employee.
- ✓ To study the quality of service given to the employee.
- ✓ To find out the necessity of ESI

## III. Review Of Literature

**Charlotte Kühlbrand (2013)**<sup>1</sup> European Centre on Health of Societies in Transition: Roma in Central and Eastern Europe (CEE) face problems in accessing health care, and a lack of access to statutory health insurance schemes is a key factor. This study seeks to quantify differences in health insurance coverage between Roma and non-Roma and assess whether variations can be explained by socio-economic factors.

**Shibalal Meher (2012)**<sup>2</sup> .ESI has the potential to employees the finding in Orissa shows has ESI better outreach and positive impact on poverty. The process of empowerment is found to be ESI employees the success of this programmer depends on both better outreach and the ability to empower the ESI employee particular women group

veals that self-insured HMOs are also unresponsive to reforms. Taken together, these findings suggest that HMOs reduce “defensive medicine,” even absent reform. The results are the first direct evidence that tort reform reduces healthcare costs in aggregate; prior research has largely focused on particular medical conditions

#### IV. Company Profile

Ashni CNC private limited is a pioneer in CNC machining. We produced high precision machined components with quality in faster turnaround time. Aspiring to be a leader in advanced CNC machining. We offer comprehensive services to a wide-range of industries that include automobile, textile, valve, and General engineering.

##### 4.1 INFRASTRUCTURE

Our growth trajectory has followed the path of natural progression, allowing us to establish an integrated manufacturing facility. This has helped complete control over quality and expedites processes. Our production facility is well-complemented by state-of-the-art machinery

##### 4.3 CORE COMPETENCE

- **Engineering capabilities**

Rich experience in precision machining of various casting raw materials like aluminum, cf8m, grey iron casting and SG iron casting

Astute market knowledge for sourcing the best raw materials from various foundries

- **Manufacturing capabilities**

- ✓ Precision gear boxes of various types

- ✓ Various types of valve components

- ✓ General engineering components for machine building

- **Machining capabilities**

- ✓ Machining of various casting that include steel stainless steel and aluminum parts weighing from 50g to 2 tonnes

- ✓ Using rotary table, indexing is possible upto0.1”

- ✓ Bore tolerance up to 0.015mm to 0.020mm can be achieved with CD tolerances of 0.005mm to0.010mm

#### V. Research And Methodology

##### Sources of data

The research should keep in mind two types of data while collecting data viz, primary data and secondary data.

##### Primary data

Primary data may be described as those data that have been observed and recorded by the researcher for the first time to their knowledge ,A questionnaire by the researcher for the first time to their knowledge A questionnaire was prepared and with the help of which database been collected,

##### Secondary data

Secondary data may be described as those data that has been compiled by some company other than the user.

##### Sample size

Sample size denotes the number of elements selected for the study. For the present study 100 respondents was selected. All the 100 respondents were the ESI employee.

##### Geographical area of the study

Coimbatore city is the geographical area of the study

##### Statistical used for study

- Simple percentage method

- Chi-square method

- Correlation method

#### VI. Analysis And Interpretation

Analysis and interpretation brings out the meaning of the data collected. Interpretation is not just the repetition of the data in the table; it is drawing inferences, insights and relationships between the variables. In this chapter, the data collected through the questionnaire is analyzed and inferences are drawn with the help of the tables and chart

**TABLE 1**  
**TABLE SHOWING GENDER OF THE RESPONDENTS**

| S.NO | GENDER       | RESPONDENTS | PERCENTAGE |
|------|--------------|-------------|------------|
| 1    | MALE         | 62          | 62         |
| 2    | FEMALE       | 38          | 38         |
|      | <b>TOTAL</b> | 100         | 100        |

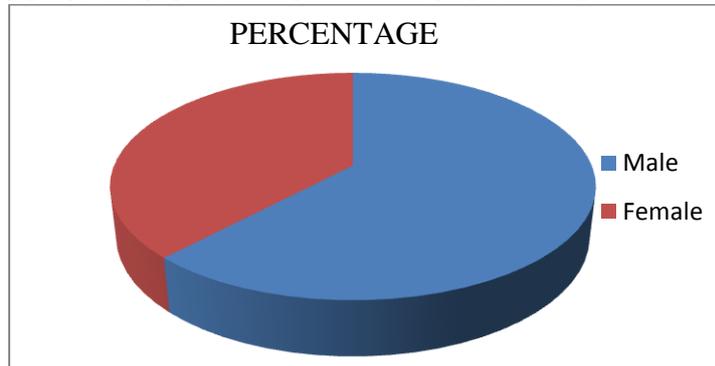
Source: primary data

**Interpretation**

The above table shows that total respondents consist of 62% of male and 38% of Female

Majority (62%) of the respondents are male gender

**CHARTS SHOWING GENDER OF THE RESPONDENTS**



**TABLE 2**

**TABLE SHOWING AGE OF THE RESPONDENTS**

| S.NO | AGE          | RESPONDENTS | PERCENTAGE |
|------|--------------|-------------|------------|
| 1    | 23 -28 YEARS | 25          | 25         |
| 2    | 28-35 YEARS  | 27          | 27         |
| 3    | 35-40 YEARS  | 27          | 27         |
| 4    | 45 PLUS      | 21          | 21         |
|      | <b>TOTAL</b> | 100         | 100        |

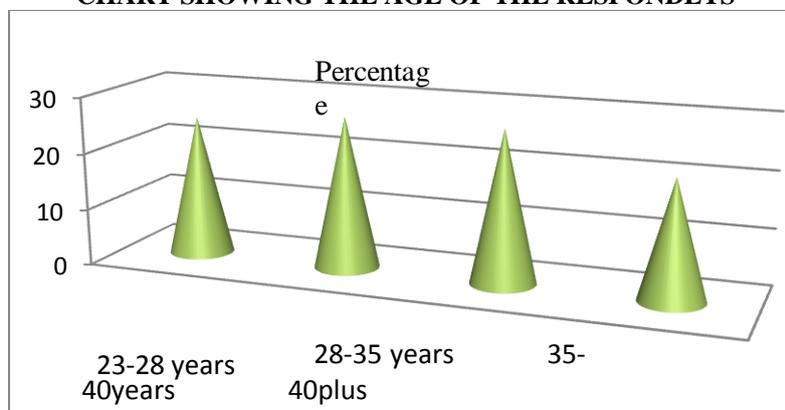
Source: primary data

**Interpretation**

The above table reveals that 27% of the respondents are under 35-40 years, 27% of the respondents are under 28-35 years, 25% of the respondents are of 23 to 28years and 21% of the respondents are above 45.

Majority (27%) of the respondents belong to age under 23-35 year

**CHART SHOWING THE AGE OF THE RESPONDENTS**



**TABLE 3**

**TABLE SHOWING THE MARTIAL STATUS OF THE RESPONDENT**

| S.NO | GENDER  | RESPONDENTS | PERCENTAGE |
|------|---------|-------------|------------|
| 1    | SINGLE  | 55          | 55         |
| 2    | MARRIED | 45          | 45         |
|      |         |             |            |

|  |              |     |     |
|--|--------------|-----|-----|
|  | <b>TOTAL</b> | 100 | 100 |
|--|--------------|-----|-----|

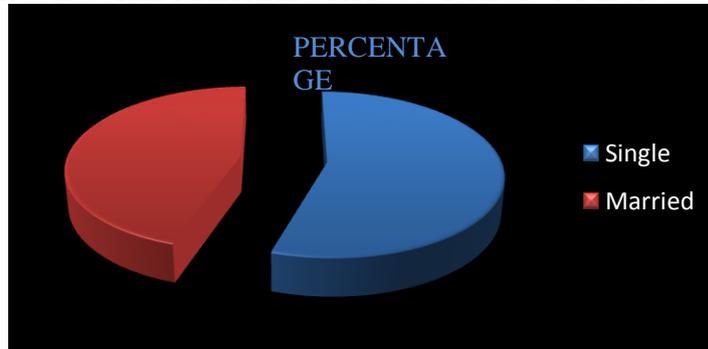
Source: primary data

**Interpretation**

The above table shows reveals that 55% of respondents are single employee and 45% of respondents are married employee

**Majority (55%) of the respondents are single**

**CHART SHOWING THE MARTIAL STATUS OF RESPONDENTS**



**CHI-SQUARE ANALYSIS**

The Chi-square analysis is mainly used to test the independence of two factors. In other words the chi-square analysis performed to test the significance of one factor over the other. In this study the factors are classified under personal. Each of the personal factors considered are compared with study factors and chi-square test was performed. The entire test carried out with 5% level of significance.

Formula: Chi-Square =  $\frac{(O-E)^2}{E}$   
 O= Observed Frequency  
 E=Expected Frequency

**TABLE 4**  
**Compare the monthly income and contribution of Government**

| Monthly Income Government Contribution | 5,000 | 5,000– 10,000 | 10,000-15,000 | Above 15,000 | TOTAL |
|--|-------|---------------|---------------|--------------|-------|
| 40 %                                   | 6     | 1             | 3             | 1            | 11    |
| 55 %                                   | 14    | 4             | 4             | 4            | 26    |
| 60 %                                   | 18    | 12            | 6             | 9            | 45    |
| ABOVE 60 %                             | 7     | 4             | 1             | 6            | 18    |
| <b>TOTAL</b>                           | 46    | 21            | 14            | 20           | 100   |

Degree of freedom =  $(R-1)*(C-1)$   
 $= (4-1)*(4-1)$   
 $= 3*3 = 9$

**TEST RESULT**

| Degree of Freedom | Calculated Value | Table Value | Accepted /Rejected |
|-------------------|------------------|-------------|--------------------|
| 9                 | 67.3906          | 16.919      | Rejected           |

Chi-square analysis on the relationship between the income of employee and contribution of government

Ho: There is no relationship between income and contribution of government

H1: There is a relationship between income and spending habit of consumers

$X^2 = \frac{(O-E)^2}{E} = 67.3906$

The table value for 9 degree of freedom at 5% level of significance is 16.92. Here the null hypothesis is rejected and alternative hypothesis is accepted. There is a relationship between income and spending habit of consumer

**CORRELATION**

**TABLE 5**  
**Correlation between respondent's occupation and premium charged by Insurances Company based on characteristics**

|       | A  | B  | C  | D  | TOTAL |
|-------|----|----|----|----|-------|
| A     | 18 | 9  | 6  | 12 | 45    |
| B     | 9  | 1  | 6  | 4  | 20    |
| C     | 14 | 4  | 5  | 5  | 26    |
| D     | 5  | 2  | 1  | 1  | 9     |
| TOTAL | 46 | 16 | 18 | 22 | 100   |

| x   | y   | xy   | x <sup>2</sup> | y <sup>2</sup> |
|-----|-----|------|----------------|----------------|
| 16  | 31  | 496  | 256            | 961            |
| 12  | 26  | 316  | 144            | 676            |
| 60  | 29  | 1740 | 3600           | 841            |
| 12  | 14  | 168  | 144            | 196            |
| 100 | 100 | 2780 | 4144           | 2674           |

$$r = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{N\sum x^2 - (\sum x)^2} \sqrt{N\sum y^2 - (\sum y)^2}}$$

1.00

The coefficient of correlation is 1.00

Hence x and y are correlated.

From the above table, it is clear that the coefficient of correlation is +1 (1.00), which indicates a perfect positive correlation, meaning that both variables, respondent's types of.

**VII. Findings And Suggestion**

**FINDINGS**

- (62%) of the respondents are male gender
- (27%) of the respondents belong to age under 23-35 year
- (55%) of the respondents are single
- (60%) of the respondents are employee

**SUGGESTION**

- **Enhances the awareness of the ESI schemes** -It is observed that a large number of employees are not fully aware of the ESI schemes. The ESI Schemes are getting printed education material about the schemes in a language known to them. besides, the print media the corporation can also consider press, electronic media, workshops etc
- **Improve the quality of medical care**- most of the employee availing medical care is not satisfied with its quality. Therefore the corporation has to take the necessary measures to improve the quality of medical care provided by ESI hospitals and dispensaries
- **Better representation of employees and employers** -the employees and employers while taking decision in matter related to the administration of the ESI schemes therefore it is desirable that the representation of employees and employers in the advised board may be raised
- **Relax the eligibility conditions and simplify the formalities**-It's found from the study, there in non-eligibility and too much formalities for receiving the treatments therefore the corporation has to relax the eligibility conditions and simplify the formalities for treatments

### **VIII. Conclusion**

The contribution from the employees is the main sources of funds of the ESI corporations. There is no financial assistances either from the governments or other bodies toward the ESI funds. The Corporation is successful in its efforts. As far as the fund rising is concerned and collected are more than that of the estimated. The Corporation is also successful in its efforts as far as the utilization is concerned and managed to limit its expenditure lower than that of its estimate but lower utilization of the funds are allocated for the medical benefits cannot be taken as positive. The corporation makes huge amount of surplus of income over expenditure and the surplus of the corporation is very much higher than the estimation. The corporation is maintaining sufficient reserves in all years. The annual growth rates of the total reserves fund are encouraging. But the return on reserves funds investment is very low.