GYANBODH
An International Multidisciplinary Peer Reviewed Journal

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

Employees State Insurance Corporation (ESIC): A 75-Year Journey of Historical Development, Future Opportunities

Dattu Poapt Zende
Research Student, Anekant Education Society, Tuljaram Chaturchand College Baramati, Pune.
Email: rajdattazende@gmail.com

Dr. Samadhan Patil
Research Guide, Head of Economics Department, Anekant Education Society, Tuljaram Chaturchand College Baramati, Pune.
Email: sk.patil@tccollege.org

Dr. Bejamee Lobo
Co-Guide, Associate Professor of Economics, Anantrao Pawar College, Pirangut, Pune.
Email: lobobgeco@gmail.com

Abstract

The Employees' State Insurance Corporation (ESIC), established under the Employees' State Insurance Act, 1948, is one of the oldest and longest-serving social security institutions in independent India. The ESI Scheme was inaugurated by Prime Minister Jawaharlal Nehru in Kanpur on 24 February 1952 and will complete 75 years of service in 2026. ESIC's journey started with providing coverage to around 1.2 lakh workers through a single dispensary and has developed into a complete social insurance system serving more than 15 crore beneficiaries through a network of hospitals, medical colleges, and dispensaries.This research paper examines the historical development of ESIC and studies its working system and benefit structure. It also discusses the major achievements and current challenges of the organization. The paper explains that ESIC's development represents India's continuous commitment towards workers' welfare and establishes the Corporation as an important institution for providing inclusive social security and supporting the vision of a Developed India.

Key Words: Social Security, Employees' State Insurance Corporation (ESIC): History, Benefits, Development and future Opportunities.

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

Introduction

India has one of the largest workforces in the world. Due to industrial growth, urbanization, and economic development, the need to protect workers' health, safety, and social security increased. To provide protection against risks like sickness, employment injuries, maternity, disability, and death, the Employees' State Insurance Act, 1948 was introduced. Under this Act, the Employees' State Insurance Scheme (ESI Scheme) started on 24 February 1952 and is managed by the Employees' State Insurance Corporation (ESIC). Over the years, ESIC has played an important role in providing healthcare, financial support, and social security benefits to workers and their families.

Initially, the ESI Scheme was applicable only to certain industrial sectors, but gradually it was extended to many other industries and service sectors across different states. By the time of its 75th Foundation Year, ESIC is one of the largest social security organizations in India, providing medical care and financial protection to millions of insured workers and their dependants.

Historical Evolution of ESIC

The foundation of social health insurance in India was developed in 1944 when Professor B.P. Adarkar submitted an important report recommending a government-managed health insurance scheme for industrial workers. He was known as India’s “Chhota Beveridge” because of his valuable contribution in the field of social security. His report became the basis for the Employees’ State Insurance Act, 1948, which was the first major social security law of independent India. The Act established the Employees’ State Insurance Corporation (ESIC) as a statutory body under the Ministry of Labour and Employment. Dr. C.L. Katial was appointed as the first Director General of ESIC. The ESI Scheme was officially launched on 24 February 1952 by Prime Minister Jawaharlal Nehru in Kanpur and also started in Delhi, covering around 1,20,000 workers initially. This day is celebrated every year as ESIC Foundation Day. Prime Minister Nehru also became the first honorary insured person of the scheme.

Over the years, ESIC expanded its services and developed into a large social security organization. Initially, the scheme was limited to factory workers, but gradually it was extended to commercial establishments, shops, hotels, transport services, educational institutions, medical institutions, and construction workers in 2015. The coverage limits and wage ceilings were revised from time to time to include more workers under the scheme. ESIC also established its own network of hospitals and medical colleges to provide healthcare services and professional training. With the introduction of digital systems, ESIC improved contribution collection, identity verification, and claim processing. By the time of its 75th Foundation Year, ESIC has developed into a national-level social security system providing healthcare and financial protection to workers and their families.

Finance: The Employees' State Insurance Corporation (ESIC) is a self-financing social security scheme. It is primarily financed through contributions from employers and employees. Employers contribute 3.25% of employees' wages, while employees contribute 0.75% of their wages. The Central and State Governments also share the cost of providing medical care. The funds are used to provide medical, sickness, maternity, disablement, and dependants' benefits, as well as to meet administrative expenses.

Review of Literature:

1) Pachghare Navdeep (1987): In this book on the State Employees' Insurance Scheme (ESI Scheme), the author has provided detailed information about the scheme. The book discusses the Employees' State Insurance Act, the scope and limitations of the scheme, its features, the benefits available under the scheme, and the rules governing those benefits. Through this book, the importance of the scheme and the advantages it offers are explained clearly.

2) Puri. S. D. (2017): In this book on the Employees' State Insurance Act, 1948, the author provides detailed information about the Act. The book also reviews the amendments made to the Act from time to time. It presents comprehensive information on the organizational structure of the Employees' State Insurance Corporation (ESIC), the benefits available under the scheme, its rules and regulations, and the provisions relating to penalties and punishments.

3) Krishnamurthi N.A. & Sasikala D. (2017): in their study "An Assessment of the Awareness of Employee State Insurance Corporation and Its Benefits among the Beneficiaries in Coimbatore," found that male beneficiaries had significantly higher awareness of the procedures for availing ESI benefits than female beneficiaries. However, awareness was not significantly

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

associated with age, education, marital status, income, or nature of employment. The study concluded that greater awareness leads to higher beneficiary satisfaction and recommended that ESIC strengthen awareness programs through effective information dissemination at dispensaries and hospitals.

Sai Sowmiya S. & Kumar.N. (2021): studied the awareness and effective use of the Employees' State Insurance (ESI) Scheme. The study found that employees should be made more aware of ESI benefits so they can use the scheme effectively. It also highlighted that employers should conduct awareness programs, as ESI plays an important role in providing financial security, healthcare, and support to employees in today's challenging work environment.

Objectives of the Study

The primary objective of this research is to comprehensively examine the 75-year journey of the Employees’ State Insurance Corporation (ESIC) as a cornerstone of social security in India. The study aims to trace its historical evolution, assess its developmental milestones and institutional performance, and identify future opportunities for expansion and reform.

Research Methodology

The study relies exclusively on secondary data. The required information was collected primarily from the Annual Reports of the Employees’ State Insurance Corporation (ESIC). Supplementary data and relevant insights were drawn from academic journals, research articles, official publications, and reputable websites. The study covers the period from the foundation of ESIC (1952) to 2025-26, enabling a comprehensive analysis of long-term trends and institutional developments. The collected data were systematically examined and analyzed to derive meaningful insights and draw valid conclusions.

Benefits under the ESI Scheme:

Section 46 of the ESI Act, 1948 envisages following six social security benefits: -

1. Medical Benefit: Medical Benefit under the Employees' State Insurance (ESI) Scheme provides comprehensive medical care to the insured person (IP) and their family members from the first day of ESI coverage. It includes doctor's consultation, medical treatment, medicines, specialist services, and hospitalization facilities. Permanently disabled insured persons due to employment

GYANBODH
An International Multidisciplinary Peer Reviewed Journal
ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

injury and their spouses can continue to receive medical benefits by paying a contribution of Rs. 10 per month. Retired insured persons with at least 5 years of insurable employment and their spouses are also eligible for continued medical benefits by paying Rs. 10 per month. In case of death of a retired insured person, the spouse can continue to avail medical benefits subject to the prescribed conditions.

2. Sickness Benefit: Sickness Benefit under the Employees' State Insurance (ESI) Scheme provides cash compensation to an insured person during the period of certified sickness when the person is unable to work. An insured person is eligible for this benefit if he/she has made contributions for at least 78 days during the relevant contribution period. The benefit is payable at the rate of 70% of average daily wages for a maximum period of 91 days. In case of specified long-term diseases, Extended Sickness Benefit is provided at the rate of 80% of wages for up to 2 years. Further, Enhanced Sickness Benefit is provided at the rate of 100% of wages during the period of leave taken for sterilization procedures, subject to the prescribed conditions.

3. Maternity Benefit: Maternity Benefit under the Employees' State Insurance (ESI) Scheme provides cash compensation to an insured woman during childbirth, miscarriage, pregnancy-related illness, commissioning motherhood, and legal adoption. An insured woman is eligible for this benefit if she has contributed for at least 70 days in the two immediately preceding contribution periods. The benefit is payable at the rate of 100% of average daily wages. The benefit period for childbirth is 26 weeks for women having up to two surviving children and 12 weeks for women having more than two surviving children? In case of miscarriage, the benefit is provided for 6 weeks along with an additional 1 month for related illness. Commissioning mothers and adopting mothers are entitled to maternity benefit for 12 weeks from the date the child is handed over to them, subject to the prescribed conditions.

4. Disablement Benefit: Disablement Benefit under the Employees' State Insurance (ESI) Scheme is provided to an insured person who suffers disablement due to an employment injury. Temporary Disablement Benefit is payable at the rate of 90% of average daily wages during the period of temporary disability, and no minimum contribution condition is required for claiming this benefit. Permanent Disablement Benefit is provided as a lifelong payment based on the assessment of loss

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

of earning capacity by the Medical Board. In eligible cases, the benefit may also be converted into a lump-sum payment through commutation as per the prescribed rules.

5. Dependants' Benefit: Dependants' Benefit under the Employees' State Insurance (ESI) Scheme is provided to the dependants of an insured person who dies due to an employment injury or occupational disease. The benefit is paid as periodical payments to eligible dependants, where the widow is entitled to receive the benefit until remarriage and the widowed mother receives it for life. The widow is entitled to 3/5 of the full benefit, while the children and widowed mother share the remaining 2/5. Sons are eligible for the benefit up to the age of 25 years or longer in case of disability, and daughters are entitled until marriage. The minimum monthly amount payable as dependants' benefit is Rs. 1,200.

6. Funeral Expenses: Funeral expenses are paid towards the expenditure on the funeral of a deceased insured person. The amount is paid either to the eldest surviving member of the family or in his absence to the person who incurs the expenditure on the funeral of the deceased insured person. The amount of funeral expenses is Rs. 15000/-.

Other Benefits

A) Confinement Expenses: The scheme of medical bonus was introduced on 16.11.96 under Rule 56-A of the ESI (Central) Rules 1950. According to this Rule an insured woman and an insured person in respect of his wife shall be paid medical bonus on account of confinement expenses as prescribed and approved by the ESI Corporation, provided the confinement occurs at a place where necessary medical facilities under the Employees’ State Insurance Scheme are not available. Confinement expense are payable for two confinements only. Amount of medical Bonus under confinement expense is Rs.7500/-.

B) Rehabilitation Allowance: Rehabilitation allowance is paid to the insured persons for each day on which they remain admitted in an artificial limb center at double the Standard Benefit rate.

C) Conveyance Allowance to PDB Beneficiaries: Under this Scheme, PDB beneficiaries are paid Rs. 100/- as conveyance allowance on their personal visit to Branch Office for submission of life certificate once in a year.

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

D) Rajiv Gandhi Shramik Kalyan Yojana (RGSKY): is an Employees' State Insurance (ESI) welfare scheme that provides unemployment allowance to insured persons who lose their employment due to the closure of a factory or establishment, retrenchment, or permanent invalidity of at least 40% arising from a non-employment injury. Eligible insured persons receive unemployment allowance for a maximum period of 24 months, along with medical care for themselves and their family. The allowance is payable at 50% of the average daily wages for the first 12 months and 25% of the average daily wages for the subsequent 12 months, subject to the prescribed eligibility conditions.

E) Atal Beemit Vyakti Kalyan Yojana (ABVKY): is a welfare scheme of the Employees' State Insurance Corporation (ESIC) that provides cash relief to insured persons who become unemployed. Under the scheme, eligible insured persons receive cash relief for a maximum period of 90 days at the rate of 50% of their average daily wages. To qualify, the insured person must have been in insurable employment for at least 12 months immediately before unemployment and must have contributed for not less than 78 days in one completed contribution period during the preceding 12 months. The scheme, introduced on 1 July 2018, has been extended up to 30 June 2026 with enhanced benefits and relaxed eligibility conditions.

ESIC Growth and Development:

The Employees’ State Insurance Corporation (ESIC) is one of India’s largest social security organizations, providing comprehensive social protection to insured workers and their families through medical care and cash benefits. Established under the Employees’ State Insurance Act, 1948, ESIC began its journey on 24 February 1952 with the launch of the scheme in Kanpur and Delhi. Over the years, it has expanded significantly in terms of geographical coverage, number of employers, insured employees, beneficiaries, medical facilities, and financial support.

The following table presents a comparative overview of ESIC’s growth from 31 March 1953 to 31 March 2025, highlighting its remarkable progress in extending social security benefits, healthcare services, and financial protection to millions of workers and their dependents across India.

Table-No-1, ESIC Growth and Development Overview (1953–2025)

GYANBODH
An International Multidisciplinary Peer Reviewed Journal
ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

ESIC			
Sr. No.	Particulars	31.03.1953	31.03.2025
1	State/U.T. covered	5	36
2	No of Employers	49,000	24,83,511
3	No of Employees	120000	3,24,29,970
4	No of Insured Persons	120000	3,84,35,880
5	No of Beneficiaries	families covered in phases later	14,91,31,214
6	No of Centres	2	1,603
7	No of Hospitals ESIC/ESIS	1	165
8	Medical benefit	145000	₹15,515 crore
9	Cash Benefit	350050	₹5,704 crore
10	Income	17133443	₹28,719 crore

Sources: https://esic.gov.in/, & ESIC Annual Reports.

The above table has shown remarkable growth from 1953 to 2025. Over this period, ESIC has expanded its coverage from 5 States/UTs to 36 States/UTs, with a significant increase in employers, employees, insured persons, and beneficiaries. The number of employers increased from 49,000 to 24, 83,511, while employee coverage grew from 1.2 lakh to over 3.24 crore. The number of insured persons increased to 3.84 crore, and beneficiary coverage reached 14.91 crore people. ESIC's healthcare infrastructure has also developed substantially, growing from 2 centers and 1 hospital in 1953 to 1,603 centres and 165 hospitals in 2025. The increase in medical benefits, cash benefits, and income reflects the organization's strong financial growth and commitment towards worker welfare. Overall, ESIC has played a significant role in providing healthcare services, financial assistance, and social security protection to millions of workers and their families across India.

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

ESIC has achieved significant progress in providing affordable healthcare and social security benefits to workers and their families. The growth from 1953 to 2025 highlights its contribution towards improving employee welfare, healthcare accessibility, and financial security across India.

Historical Evolution of ESIC Contribution Rates:

The Employees' State Insurance Corporation (ESIC) contribution rates have been revised several times since the scheme was introduced in 1952. Initially, the total contribution rate was 4.00%, which gradually increased to 6.50% to strengthen the social security benefits available to insured employees. To reduce the financial burden on both employers and employees and encourage greater compliance, the Government of India reduced the contribution rates effective 1 July 2019. The current contribution rates are 0.75% for employees and 3.25% for employers, making the total contribution 4.00%.

Table:2, Evolution of ESIC Contribution Rates (1952–Present)

	Effective Period	Employee Contribution	Employer Contribution	Total Contribution
1	24 Feb 1952 – 30 Jun 1966	1.00%	3.00%	4.00%
2	1 Jul 1966 – 30 Jun 1989	1.50%	4.00%	5.50%
3	1 Jul 1989 – 31 Dec 1997	1.75%	4.75%	6.50%
4	1 Jan 1998 – 30 Jun 2019	1.75%	4.75%	6.50%
5	From 1 Jul 2019 (Present)	0.75%	3.25%	4.00%

Sources: https://esic.gov.in/

The above table, ESIC contribution structure has undergone significant changes since its introduction in 1952. The total contribution increased from 4.00% in 1952 to 5.50% in 1966 and further to 6.50% in 1989, reflecting the growing financial requirements of the Employees' State Insurance Scheme. This rate remained unchanged until 30 June 2019. Subsequently, the Government reduced the total contribution to 4.00% (0.75% employee and 3.25% employer) with effect from 1 July 2019 to reduce the financial burden on employers and employees and to encourage greater compliance under the ESIC scheme.

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

The changes in ESIC contribution rates demonstrate the Government's effort to balance the financial sustainability of the social security scheme with the affordability of contributions. While earlier revisions increased contributions to strengthen employee welfare benefits, the 2019 reduction focused on promoting formal employment, improving compliance, and extending social security coverage to a larger workforce.

Historical Evolution of ESIC Wage Limits

The Employees' State Insurance Corporation (ESIC) wage limit determines the eligibility of employees for coverage under the ESI Scheme. Since the introduction of the scheme in 1948, the wage ceiling has been revised periodically to reflect changes in wage levels, inflation, and economic conditions. The wage limit increased from Rs. 400 per month in 1948 to Rs. 21,000 per month for general employees and Rs. 25,000 per month for persons with disabilities with effect from 1 January 2017. These revisions have expanded the scope of ESIC by bringing a larger number of employees under its social security coverage.

Table: 3, Evolution of ESIC Wage Limits (1948-Present)

Sr. No.	Date	Wage Limit (Rs)
1	19/04/1948	400
2	28/01/1968	500
3	30/11/1975	1,000
4	27/01/1985	1,600
5	01/04/1992	3,000
6	01/01/1997	6,500
7	01/04/2004	7,500
8	01/10/2006	10,000
9	01/05/2010	15,000
10	01/01/2017 (Present)	21,000 (General employees)
	01/01/2017 (Present)	25,000 (Persons with Disabilities)

Sources: https://esic.gov.in/

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

The above table no -2, ESIC wage ceiling has been revised ten times between 1948 and 2017, showing a continuous upward trend in employee eligibility. The wage limit increased from Rs. 400 in 1948 to Rs. 500 in 1968, Rs. 1,000 in 1975, Rs. 1,600 in 1985, Rs. 3,000 in 1992, Rs. 6,500 in 1997, Rs. 7,500 in 2004, Rs. 10,000 in 2006, Rs. 15,000 in 2010, and finally to Rs. 21,000 for general employees in 2017. In the same year, the wage limit for persons with disabilities was fixed at Rs. 25,000, providing greater social security protection to this category of workers. These revisions demonstrate the Government's commitment to extending ESIC coverage in line with economic growth and rising wage levels.

The gradual increase in the ESIC wage limit reflects the Government's continuous efforts to widen the coverage of the ESI Scheme and strengthen social security for employees. By periodically revising the wage ceiling, the scheme has remained relevant to changing economic conditions, ensuring that a larger section of the workforce receives medical care and other social security benefits under ESIC.

Suggestions:

ESIC should focus on expanding its coverage to include more workers, especially those engaged in emerging sectors such as the gig economy, informal employment, and small-scale industries. Strengthening awareness programmers among employers and employees can help ensure that more eligible workers understand and utilize ESIC benefits. The organization should continue improving healthcare infrastructure by upgrading hospitals, introducing modern medical technologies, and enhancing the quality and accessibility of medical services.

ESIC should adopt more digital solutions to improve efficiency, transparency, and service delivery. The use of telemedicine, online services, electronic health records, and automated grievance redressed systems can provide faster and better support to beneficiaries. Along with digital transformation, effective financial management, regular evaluation of services, and a beneficiary-focused approach will help ESIC achieve sustainable growth and continue its important role in providing social security protection to India’s workforce.

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

Conclusion:

Over seventy-five years, the Employees' State Insurance Corporation has evolved from a modest pilot covering a limited industrial workforce into one of Asia's largest social security organizations. Its journey mirrors India's own developmental path from a newly independent nation seeking to protect its industrial workers to a large, diverse economy striving for inclusive growth and comprehensive social protection.

The Platinum Jubilee celebrations of 2026 provide an occasion not only for retrospective pride but also for forward-looking reform. The implementation of the Code on Social Security opens pathways to extend ESIC's protective umbrella beyond the traditional organized sector. Realizing this potential will require careful scheme design, sustained investment in healthcare infrastructure and human resources, continued digital modernization, and collaborative engagement with employers, workers, aggregators, and State governments.

If these opportunities are seized with institutional agility and a steadfast commitment to worker welfare, ESIC can play a central role in advancing the national vision of a healthy, secure, and empowered workforce an essential foundation for a Viksit Bharat.

In summary, ESIC's 75-year journey is a story of progressive institutionalization of social insurance in a developing economy. It demonstrates that contributory schemes can deliver substantial protection when supported by dedicated infrastructure, multi-stakeholder governance, and continuous adaptation to changing labour-market realities. The years ahead will test the Corporation's capacity to extend its protective reach while preserving the quality and sustainability of the benefits that have defined its mission since 1952.

References:

- Pachghare Navdeep (1987): State Employees' Insurance Scheme. Navdeep Pachkore Publications, Nagpur.
- Puri S. D. (2017): Employees' State Insurance Act, 1948. Snow White Publications, Mumbai.

ISSN:3048-9792
Volume: 3
Issue: 3
May - June: 2026

- Krishnamurthi, N. A., & Sasikala, D. (2017): An assessment of the awareness of Employee State Insurance Corporation and its benefits among the beneficiaries in Coimbatore. International Journal of Research in Commerce, Economics & Management, 7(8), ISSN 2231-4245.
- Sai Sowmiya S, & Kumar, N. (2021): Awareness and effective utilization of ESI benefits in Tata International. International Journal of Creative Research Thoughts, 9(5), ISSN: 2320-2882.
- Employees' State Insurance Act, 1948
- https://esic.gov.in/
- https://esic.gov.in/publications (Annual Reports, Statistical Abstracts, Standard Note, Coffee Table Book – ESIC@75)