CHAPTER III
REGISTRATION PROCEDURE AND PROCESSING OF CLAIMS

MODUS OPERANDI

Simultaneously with his entry into employment in a covered factory, every employee is required to fill in a Declaration Form. He is then allotted a Registration Number called the 'Insurance Number' which distinguishes and identifies him for the purpose of the Scheme. A person is registered only once upon his entry in insurable employment. Where the Employees' State Insurance Scheme is implemented in an area for the first time, the Central government fixes a date known as 'Appointed Day', for that area. It has been made obligatory for every factory to get itself registered with the Employee's State Insurance Corporation, within fifteen days from the date of its coverage under the Act. A 'factory' for this purpose has been defined as under:

"Any premises including the precincts thereof whereon twenty or more persons are employed or were employed for wages on any day of the preceding twelve months and in any part of which a manufacturing process is carried on with the aid of power or is ordinarily so carried on but does not include a mine subject to the operation of the Indian Mines Act, 1952 or a railway running shed".

1 Day of commencement from which the benefit provisions of the scheme are brought in a particular area.

2ESI Act 1948 Sec.2 (12)
Every factory in such an area is allotted a code number, if this has not already been done. The mere fact that a person is an employee in a factory to which the benefit provisions of the Act apply, confers upon him the status of an insured person under the Scheme. A contribution card is prepared for him and he is issued an Identity Card or a Temporary Identification Certificate. The Completion of Declaration Forms in respect of all employees in a factory in the responsibility of the employer.

1. ALLOTMENT OF SETS

With a view to stagger the work arising out of registration and collection of contributions, the employer is required to divide his employees on the Appointed Day (day of commencement of the benefit provisions in an area) into three sets 'A', 'B' or 'C'. Each set has its own contribution period and a corresponding benefit period. Declaration forms, Return of Declaration Forms, Continuation Sheets, Contribution Cards etc. have accordingly been printed in three colours viz. red, green and black, corresponding to Set 'A', 'B' and 'C' respectively.

The employer allots one or the other set to each employee in his factory is such a manner that all the employees on the 'Appointed Day' are divided equally in
three sets. Sets may be allotted department-wise, shift-wise or in any other convenient manner. The specified local office supplies to each factory, under its jurisdiction, blank Declaration Forms, Return of Declaration Forms and Contribution Cards equally in three colours. The employers are informed of the starting date of the registration and the last date for submission of the completed forms by the Regional Office. After the 'Appointed Day', the set to be allotted is determined in accordance with the regulations with reference to the calendar month in which a person becomes an employee.

2. COMPLETION OF DECLARATION FORMS

The Declaration Form is the pivot around which the whole registration procedure rotates. These forms are supplied to the employers by the Local Office along with other forms. The filling up of these forms needs careful attention. The following are some of the guiding principles to be taken into account while completing them:

1. Each entry in the form should be filled in legibly. No column should be left blank except that of the Insurance number. If panel system is adopted in an area, the column for dispensary will also remain blank.

2. Name of the employee should be written in Capital letters in an order in which it is pronounced, but without
prefix, suffix or titles etc.

3. If father's name is not available, mother's or uncle's name should be given. For married female employees, husband's name should be given.

4. If the year of birth is not available only the age may be given. As far as possible correct age should be ascertained from the employees.

5. Complete and precise address of an employee should be given. For this purpose, the employer may inform the employees in advance to ascertain their correct addresses. 3

6. The name of the nominee should invariably be obtained and written in the Declaration Form.

7. The choice of dispensary and local office should be obtained from the employees and mentioned in the form except in areas where the employees of a factory are attached to a particular local office employer-wise. In such a case, the name of the specified local office has to be written.

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3 The migratory character of the Indian labour necessitates the ascertainment of his correct address.
8. Where it is decided to cover the families of the insured persons for medical care, the employer should ensure that the particulars in respect of the families are also given by the employees in the Declaration Form.

9. Signature or thumb impression of the employee should be obtained on the form.

10. The employer's clerk should countersign each Declaration Form.

(a) DATE OF ENTRY IN THE SCHEME

To ascertain the 'Date of Entry' in the scheme in respect of an employee is very important. The employer must ensure that the date of completion of Declaration Form and the date of appointment of an employee are identical. In case of employees whose Declaration Forms have been completed before the 'Appointed Day', the 'Date of entry' will be the 'Appointed Day', even if on account of one reason or the other, the Declaration Forms of some of the employees in employment on or before the 'Appointed Day' remain unfilled

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4 'Date of Entry' in respect of all employees who are in employment in a factory on or before the 'Appointed Day' will be the 'Appointed Day'.
till 'Appointed Day' or sometimes thereafter, the 'Date of entry' for these employees will also be the 'Appointed Day'. In case of persons taken into employment after the 'Appointed Day', the date of appointment is the 'Date of Entry' in the Scheme.

(b) PREPARATION OF RETURN OF DECLARATION FORMS

The Declaration Forms as and when filled up are entered in the Return of Declaration Forms of an appropriate set. The Return of Declaration Forms is sent in duplicate to the Local Office to which the factory is attached together with the Declaration Forms duly signed by the employer. The serial number at which a particular form has been entered in the Return and its instalment number are entered at the top left hand corner of the Declaration Form. Similarly, at the bottom of the Return, the number of Declaration Forms being sent along with the Return, is entered in the space provided for the purpose.

The Declaration Forms pertaining to female employees are rubber stamped 'Female' and sent with a separate Return. All the Declaration Forms of female employees allotted to a particular set should be sent in one instalment if it is possible and convenient for the employer. The set to be
allotted to all female employees initially is intimated by
the Regional Office.\textsuperscript{5}

In case of big employers, the Declaration Forms may
be sent in convenient instalments of about 200 forms of a
particular set at a time. In such cases, the instalment
number is entered at the top of the return of Declaration
Forms in capital letters in red ink and the continuation
sheets are used for all instalments except the final
instalment. The serial number running from one instalment to
another continues till the final instalment.

In case of mistakes or omissions in the Declaration
Forms the local office returns them to the employer alongwith
a forwarding letter in duplicate indicating the lacunas. One
copy of the letter is retained by the employer alongwith the
defective Declaration Forms and the other is returned to the
Local Office with an acknowledgement. These defective forms
after correction are immediately returned to the Local Office.
The defective Declaration Forms of one instalment are kept
separate from the Declaration Forms of another instalment.\textsuperscript{6}

\textsuperscript{5}The allotment of a separate set, for women insured
workers facilitates in the assessment and payment of
maternity benefit.

\textsuperscript{6}The Local Office points out the lacunas in the
Declaration Forms to the employer and guides in their
completion.
(c) COMPLETION OF CONTRIBUTION CARDS

An employer is required to prepare and maintain a Contribution Card in respect of every employee. The Card has 26-27 columns, each column representing one week (unit of contribution). The stamped Contribution Card serves as an evidence of payment of contributions and is the basic record for determining title to and rate of benefit.

The contribution cards are surrendered by the employer in exchange for new ones at the end of each Contribution Period (six months). Though the employer is the custodian of Contribution Cards, every employee has a right of inspecting his Card not more than once in a calendar month.

The Scheme prescribes a series of linked Contribution Periods and Benefit Periods of 26-27 weeks which go in pairs, each benefit period following the contribution period corresponding to it, at an interval of 13 weeks. In an area where the Scheme is implemented for the first time, the first contribution period and benefit period may, however, be of a longer or shorter duration. Contributions paid in the contribution period determine title to and rate of benefit in the corresponding benefit period.

(d) Allotment of Insurance Number

The Regional Office allots an insurance number to each
employee in respect of whom a Declaration Form has been received. As already discussed, the 'Return of Declaration Forms' is sent in duplicate. Therefore one copy of the Return is returned back to the employer by the Regional Office after entering the insurance number against the name of each employee. The employer after entering these numbers on the Temporary Identification Certificate distributes them to the employees. In case the Temporary Identification Certificates, have already been delivered to the employees, the insurance number is written after contacting the employees.

3. REGISTRATION OF EMPLOYEES EMPLOYED AFTER THE APPOINTED DAY

When a person is taken into employment after the appointed day, he is required, unless he can produce the Identity Card or Temporary Identification Certificate to furnish to his employer correct particulars for filling in the Declaration Form. The procedure, for filling in of the Declaration Form, entering of insurance number, issue of Identity Card etc. is the same as in the case of employees registered on the appointed day. In order to avoid any

7If an insured person is already insured under the scheme he will produce these documents.
inconvenience, the new entrants are also allotted different sets, shown in the table below, depending on the month in which they take up insurable employment.\textsuperscript{8}

\begin{table}
\centering
\begin{tabular}{|l|l|}
\hline
Date of Commencing work as an employee falling in the calendar month & Appropriate set to be Allotted \\
\hline
February, March, August & 'A' \\
& & \\
& & \\
April, May, October & 'B' \\
& & \\
& & \\
January, June, July & 'C' \\
& & \\
& & \\
& & \\
\hline
\end{tabular}
\caption{(Allotment of sets to new entrants after the appointed day)}
\end{table}

\textsuperscript{8} 'Insurable Employment' means an employment in a factory or establishment to which the E.S.I. Act 1948 applies. ESI Act 1948 Sec. 2 (13 A).
The employer sends all such declaration forms completed after the Appointed Day to the appropriate, local office together with the return of Declaration Forms in duplicate on or before the Saturday following the end of the week in which the employment began.

4. COMPLETION OF TEMPORARY IDENTIFICATION CERTIFICATE

The temporary Identification Certificate is a part of the Declaration Form generally separated by perforated lines from it. It is completed by an assistant of the employer and signed by the same officer who has signed the Declaration Forms. It bears the stamp showing the name, address and code number of employer as in the case of Declaration Form. It is detached from the Declaration Form and given to the employee concerned not earlier than a week before the Appointed Day if the identity cards are not received till then. This serves as an Identity Card so long as the regular Identity Card is issued to him. It is desirable to obtain the signature of the insured person (separately) in token of having received the Temporary Identification Certificate. The insurance number of the insured person is entered on it by the employer’s assistant before it is delivered to the employee. In case the insurance number is not received from the Regional Office by this time, the serial number of the
Declaration Form as entered in the Return of Declaration Forms and the installment number of the Return of Declaration Forms are entered on it. This certificate is taken back from the employee when the regular Identity Card is issued to him. When the Temporary Identification Certificate is issued before the insurance number is allotted, the employer should try to enter the insurance number on it as soon as possible after the Regional Office has intimated it.

5. **ISSUE OF IDENTITY CARDS TO EMPLOYEES**

On registration every insured person is provided with a Temporary Identification Certificate which is valid ordinarily for a period of 13 weeks, but may be extended for a period of 13 weeks. Within this period the insured person is given a permanent 'Identity Card' in exchange for the certificate. The Identity Card serves as a means of identification and has to be produced at the time of claiming medical care at the dispensary or clinic and cash benefits at the Local Office of the Corporation. In the event of change of employment it is to be produced before the new employer as an evidence of registration under the scheme to prevent any duplicate registration. The Identity Card bears the signature or thumb impression of the insured person. In areas where medical care
is provided under the 'panel' system the insured person also receives a 'Medical Acceptance Card' which enables the choice of the panel practitioners, where this system is in existence.⁹

6. In areas where medical benefit is available to the families¹⁰ of insured persons, the particulars of family members entitled for Medical Benefit are also given in the Identity Card. If you lose your Identity Card a duplicate card is issued on payment as prescribed.

7. IDENTIFICATION OF INSURED PERSONS

Marks of identification of an insured person are indicated by the Insurance Medical Officer on the 'Identity Card', where the insured person first visits the Medical Officer for treatment or registration. They need not be indicated in the Declaration Form by the employers.

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⁹Medical care under the scheme is given either through 'Panel system' or 'Service system'. Medical Acceptance Card is very essential under 'Panel system' for getting medical care.

¹⁰'Family' means the spouse and minor legitimate and adopted children dependent upon the insured person and his dependent parents.

E.S.I. Act 1948, Sec.2(11)
8. **NOTICE OF ACCIDENT BY THE EMPLOYEE**

When an employee sustains injury on account of an accident he is required to give a notice thereof, orally or in writing, as soon as practicable, after the happening of the accident. Some other person may, however, give notice on his behalf. The notice may be given:

(a) To the employer himself; or

(b) To the official or foreman under whom the employee is working; or

(c) To any other person nominated by the employer for this purpose; or

(d) By making appropriate entries in the accident book which is to be maintained by the employer.

**CONTENTS OF THE NOTICE**

The notice contains the following particulars:—

(a) Full name, Insurance Number, sex, age address, occupation department and shift of the injured person;

(b) Name of the local office and dispensary to which he is attached;

(c) Date and time of the accident;

(d) Name, address and occupation of the person giving the notice if he is other than the injured person;
(e) Place where accident happened;
(f) Cause and nature of injury;
(g) A statement of what exactly the injured person was doing at the time of accident;
(h) Name, address and occupation of two persons who were present at the spot when accident happened; and
(i) Any other relevant information.

In order to enable the employees to serve a notice and for recording the accident which has been notified to the employer orally or in writing, the employer is under an obligation to maintain an 'Accident Book' in the form prescribed under the ESI Act. This book is to be kept at a place readily accessible to all employees and must be preserved for a period of five years from the date of the last entry thereon.

The employer discloses at the top left hand corner of the prescribed form the following particulars:

(i) The name of the local office, dispensary and Insurance Medical Practitioner to which the insured person is attached;

(ii) The name of the witnesses to the accident along with their addresses, departments, shifts etc.
9. ACCIDENT REPORT BY EMPLOYER

On receipt of the notice of accident following action is required by the employer:

(1) To enter the particulars of the accident as reported to him, in the accident book, unless the entries are made therein by an employee himself or by someone else acting on his behalf. Once the employer becomes aware of the accident either through the employee's notice or from any other source, he has to investigate the accident and make an 'Accident Report' in the prescribed form. The report is to be submitted in duplicate, one copy to local office and the other to the dispensary or doctor notified to him for this purpose by the Corporation. If an injury is likely to result in a disability for 48 hours or more, the report is to be sent immediately. In other cases, the accident report must be submitted within 24 hours of receipt of the notice of accident by the employer or the foreman etc. under whom the employee is employed or the officer nominated by the employer for the purpose of receiving the notice of accident.

(2) If the case of accident does not require initial abstention from work the employee need not send a report in the manner prescribed above, but he must do so as soon as an
injury later on results in abstention from work. Entry in the accident book must, however, be made at once of all the accidents whether resulting in abstention from work or not.

(3) In cases of serious injury and particularly when an injury results in death at the place of employment, the report to the Insurance Medical Officer or Local Office should be sent through a special messenger or otherwise as speedily as may be practicable under the circumstances.

(4) In respect of intimation regarding serious accident given by an employee on any holiday of the Local Office, or beyond regular working hours, arrangements are made by the employer to send such reports to the residence of the Manager or the Deputy Manager of the Local Office concerned, or such other officer designated for the purpose by the Regional Director. After an insured person has been given necessary medical aid at the 'Factory Dispensary', he is, in serious cases, immediately escorted to the ESI Dispensary. The employer intimates the action taken in such cases to the local office Manager and to the IMO concerned. In order to enable the employers to send such reports to the residence of the Manager or Deputy Manager etc., the Regional Office notifies the names and addresses of the officials
concerned, from time to time. Besides the 'Accident Report', the employer also sends to the local office the contributory record of the insured person in the prescribed form.

10. **INVESTIGATION OF THE ACCIDENT BY THE LOCAL OFFICE**:

In the investigation process Local Office plays a vital role. After an employer has lodged an accident report with the Local Office, the local office manager or any other official deputed by him visits the factory to investigate the accident and to check the contribution card of the employee maintained by the employer. When an official visits the factory in connection with an accident, the employer provides all reasonable facilities required to investigate the facts and to obtain and record statements of eye witnesses. The official engaged in the investigation has an easy access to inspect the contribution card or the wage record of an employee depending on the nature of the case. In addition to an 'Accident Report', an employer is also to furnish other relevant information pertaining to the accident as the Regional Office or the Local Office may require for further investigations.

**EMPLOYER TO ARRANGE FOR FIRST AID**

Whenever an accident occurs in the factory, the
employer has to arrange, as the circumstances of an accident require, the following facilities to an injured employee until he is examined by the IMOs:

(a) First Aid;
(b) Medical Care; and
(c) Transport for obtaining such medical aid or medical care.

The employer is, however, entitled to be reimbursed by the ESIC in respect of the expenses incurred by him on first aid, medical care or transport for first aid and medical care. The reimbursement ordinarily cannot exceed the scale laid down by the corporation from time to time provided that the employer is not entitled to any reimbursement to an extent to which he is bound to provide first aid, medical care or transport for first aid or medical care under any other enactment e.g. the Factories Act, and the rules made thereunder. 11

It is necessary that the Declaration Form and other records in respect of an injured person must have been filled in and sent in time i.e. normally before the date

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11 ESI (Amendment) Act 1966 has evolved the 'Standard Benefit Rate'.
of the accident. If that is not done it may not be possible for the Corporation to bear the responsibility for the payment of the benefit.

11. **PROCESSING AND PAYMENT OF THE CLAIMS:**

The claims are processed at the local office and finally passed by the Regional Director. On receipt of the first certificate, the Benefit Rate is worked out by the local office with reference to the contributions paid in respect of the insured person in the preceding corresponding contribution period. 12 Thus the title and rate both are ascertained at a glance. The rate clerk indicates the benefit rate on the first certificate and affixes his dated initials on it. The checker ascertains the accuracy of the rate and also puts his initials with date. The local office manager, in order to avoid wrong payments, checks certain cases on the basis of random sampling. The counter clerk enters the rate in the ledger from the first certificate at the time of making payments after receiving the subsequent certificate. 13

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12 Contribution Period means such period, being not less than twenty five but not exceeding twenty seven consecutive weeks or six consecutive months. In case of first contribution period it may be longer or shorter.

E.S.I. Act 1948, Sec.2(5)

13 Ledger system is a replacement of Benefit File System. It was first introduced in a local office at Bombay in December 1967 and is being gradually extended to other local offices in the country.
When an insured person approaches the Local Office for payment, the counter clerk processes the claim and passes relevant entries in the ledger and also affixes his initials in the appropriate column and prepares the payment docket, which along with the ledger is passed on to the checker, manager and finally to the cashier for checking, for passing the claim and for making payments respectively. The certificates are rubber stamped as "Cancelled" by the cashier while making the payment of the claims, unless the local office has adopted a practice of cancelling claims at the stage of claims clerk.

After payment and making entries in the ledger by the cashier, the ledger is returned to the counter clerk, and the paid docket is kept by the cashier. At the time of closing of the day, the payment dockets are checked against schedule sheet by the Local Office Manager. The dockets along with the relevant paid certificates, claims, etc. are tied together date wise and kept in the safe custody of the Manager. Claims for confinement and sterilisation charges are scrutinised by the claims in accordance with the existing procedure and dockets are prepared.
If an insured person leaves the local office before receiving payment of his claim, such passed docket and certificates are kept in the custody of the cashier under lock and key. If the insured person fails to turn up to receive payment within a period of one month, such claims may be cancelled thereafter in accordance with the relevant instructions. After cancellation, the certificates are sent back to the counter clerk for keeping them in the relevant folder of unpaid certificates.