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STANDING COMMITTEE ON LABOUR

(2018-19)

(SIXTEENTH LOK SABHA)

MINISTRY OF LABOUR & EMPLOYMENT

[Action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Ninth Report (Sixteenth Lok Sabha) on "Employees' State Insurance Corporation - Coverage of Establishments, Recovery of Arrears and Functioning of the Hospitals and Dispensaries under the Scheme"]

FIFTY-SIXTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

February, 2019/ Magha, 1940 (Saka)

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Presented to Lok Sabha on 12.02.2019

Laid in Rajya Sabha on 12.02.2019

LOK SABHA SECRETARIAT

NEW DELHI

February, 2019/ Magha, 1940 (Saka)

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(2018-19)

DR. KIRIT SOMAIYA - CHAIRPERSON

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3. Shri Rajesh Kumar Diwakar
4. Shri Ashok Kumar Dohrey
5. Shri Satish Chandra Dubey
6. Shri Devajibhai Govindbhai Fatepara
7. Shri Satish Kumar Gautam
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10. Shri C. N. Jayadevan
11. Shri Bahadur Singh Koli
12. Dr. Arun Kumar
13. Shri Kaushalendra Kumar
14. Shri Hari Manjhi
15. Shri R. Parthipan
16. Shri Dayakar Pasunoori
17. Shri Hariom Singh Rathore
18. Shri Naba Kumar Sarania (Hira)
19. Shri Kodikunnil Suresh
20. Shri Mulayam Singh Yadav
21. Vacant

Rajya Sabha

22. Shri Ram Narain Dudi
23. Shri N. Gokulkrishnan
24. Shri Nazir Ahmed Laway
25. Shri P.L. Punia
26. Shri Rajaram
27. Shri Amar Shankar Sable
28. Ms. Dola Sen
29. Dr. Banda Prakash
30. Shri Akhilesh Prasad Singh
31. Shri Madanlal Saini

SECRETARIAT

1.	Ms. Rimjhim Prasad	-	Joint Secretary
2.	Shri P.C. Choulda	-	Director
3.	Shri C. Vanlalruata	-	Additional Director
4.	Shri Kulvinder Singh	-	Under Secretary

INTRODUCTION

I, the Chairperson, Standing Committee on Labour (2018-19) having been authorized by the Committee do present on their behalf this Fifty-Sixth Report on Action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Ninth Report (Sixteenth Lok Sabha) on "Employees' State Insurance Corporation - Coverage of Establishments, Recovery of Arrears and Functioning of the Hospitals and Dispensaries under the Scheme" pertaining to the Ministry of Labour & Employment.

2. The Thirty-Ninth Report was presented to Lok Sabha and laid in Rajya Sabha on 26th July, 2018. The Ministry of Labour & Employment furnished their replies indicating Action Taken on the Observations/ Recommendations contained in the Thirty-Ninth Report on 08th January, 2019. The Committee considered and adopted the Draft Report at their sitting held on 11th February, 2019.

3. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Thirty-Ninth Report of the Standing Committee on Labour (Sixteenth Lok Sabha) is given at Appendix-II.

4. For ease of reference, Observations/ Recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
11th February, 2019
22nd Magha, 1940 (Saka)

DR. KIRIT SOMAIYA
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR

CHAPTER-I

REPORT

This Report deals with action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty - Ninth Report (Sixteenth Lok Sabha) on "The Employees' State Insurance Corporation – Coverage of Establishments, Recovery of Arrears and Functioning of the Hospitals and Dispensaries under the Scheme" pertaining to the Ministry of Labour & Employment.

2. The Thirty-Ninth Report was presented to Lok Sabha and also laid in Rajya Sabha on 26th July, 2018. It contained 24 Observations/ Recommendations. Replies of the Government in respect of all these Recommendations have been received and are categorized as under:-

(i)	Observations/Recommendations which have been accepted by the Government – **Rec. Para Nos. 19, 20, 22, 23, 37, 79, 80, 82, 83, 84,85, 86, 97, 98, 99, 103, 107, 112, 116, 121 & 123.**	**Total:21 Percentage: 87.50**
(ii)	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply – **NIL**	**Total:00 Percentage:00**
(iii)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration – **Rec. Para No. 21, 78 & 81**	**Total:03 Percentage:12.50**
(iv)	Observations/Recommendations in respect of which replies of the Government are interim in nature - **Nil**	**Total:00 Percentage:00**

3. The Committee desire that Action Taken Notes in respect of Observations/Recommendations contained in Chapter I of this Report, may be furnished to them at the earliest.

I. <u>Coverage of Factories and Establishments</u>

(Recommendation Para No. 21)

4. In their original recommendation, the Committee had observed as under:

> "The Committee also note that the eligible employees contribute 1.75% of their salary (basic and allowances) and employer has to contribute 4.75% to the ESI corpus every month. As on date the total number of IPs is stated to be 3.19 crore and the number of employers covered are stated to be 8.98 lakh. A glaring issue which has come to the notice of the Committee is that the onus of 'registration' under the ESI scheme is on the 'Employer' alone and not on the ESIC, which collects the contribution from the Insured Persons (IPs) and the employers. They are of the view that the 'onus' of registration should not only be on the employer but also on the ESIC/ESIS, as it receives contribution from both employees as well as employers. The Committee feel that this will have a drastic effect in improving the coverage of ESIS and therefore, recommend that this issue be examined by the Ministry of Labour and Employment as well as by the ESIC and necessary action be taken at the earliest of which the Committee be informed. The Committee also recommend in this regard that a specific policy be formulated for issue of Unique Number for IPs separately."

5. In their Action Taken Note furnished to the Committee, the Ministry of Labour & Employment and ESIC have stated as follows:

> "As per Regulation 10 B of the Employees' State Insurance (General) Regulations, 1950, it is responsibility of the Employer to register his/ her factory or an establishment under the ESI Act to which the Act applies.
>
> The facility of online Registration of coverable factory/ establishment and its employees has been extended to the employer to facilitate 'Ease of doing business'. Due to the facility extended under online registration. Employer gets ESI Code No. on real time basis along with password. Employer get their employees registered on real time basis. Employer can also generate TIC (Temporary Identification Certificate)/ e-Pechan instantly online, which enables the covered employee to get benefits under ESI Scheme from day one of their registration.
>
> Special drive for survey is launched from time to time and on the basis of survey reports coverage letter is issued to the coverable units. Action is also initiated under Section 44 and under Section 85 of the ESI Act against the

erring employer. As and when any complaint regarding non-coverage of employer/ employees is received suitable action is initiated for coverage of both employers and employees.

Approx 18 lakh of registered IPs are seeded and authenticated with Aadhaar but ESIC is unable to make it mandatory. Further, the ESI Corporation in it's 175th meeting held on 18.09.2018 has approved an incentive scheme for employer for Aadhaar seeding with OTP verification of IP and their family members @Rs.10/- per person. Implementation of this scheme would be subject to necessary approvals of UIDAI."

6. The Committee had noted a glaring issue of the onus of 'registration' under the ESI Scheme being put on the 'Employer' alone and not on the ESIC, which collects the contribution from the Insured Persons and the employers. The Committee had recommended that the issue be examined by the Ministry of Labour & Employment and ESIC and necessary action be taken. The Committee had also recommended that a specific policy be formulated for issue a Unique Number for IPs. In reply ESIC has submitted that as per regulation 10B of the Employees' State Insurance (General) Regulation, 1950, it is responsibility of the Employer to register his/ her factory or an establishment under the ESI Act to which the Act applies. Further, as the ESIC collects/ receives contribution from both employees as well as employer and also for effective registration of the factories/ establishments the Committee had recommended to examine the issue. The Committee while agreeing with the point put forth by ESIC in their action taken reply, reiterate their earlier recommendation that the onus of registration must be on the employer as well as ESIC, for which the matter be taken up by Ministry of Labour & Employment and ESIC and they be apprised of the outcome thereof.

II. <u>Medical Education Projects</u>

(Recommendation Para No. 78)

7. In their original recommendation, the Committee had observed as under:

"The Committee note that there are 154 ESI Hospitals in the Country which are being run by ESIC and by the respective State Governments. With a view to improve services in State run ESIS Hospitals and Dispensaries the ESIC has reportedly taken some steps, like States have been requested to implement ESIC

2.0 reform measures and certain minimum facilities/ parameters have been prescribed to be maintained in ESIS Hospitals and Dispensaries like availability of doctors and para-medical staff as per sanctioned strength, availability of minimum number of medicines, monitoring of general cleanliness and up keep of Dispensary/ Hospital, change of bed sheets etc. Similarly, steps are stated to have been taken to improve the functions of ESIC Hospitals and Dispensaries. While the Committee appreciate the steps taken by the ESIC, they have found during their on the spot study visits that the functioning of the hospitals has not improved. The same was admitted by the representative of the Ministry during oral evidence when it was stated that in ESI Hospitals there is poor upkeep, poor maintenance, poor quality of services, lack of infrastructure and staff etc. which has resulted in low occupancy in these Hospitals. The Committee note that the functioning of the Hospitals and the dispensaries has remained pathetic despite the fact that ESIC has no scarcity of money or human resources. In fact many C&AG reports have also pointed at glaring deficiencies in the functioning of ESIC and suggested remedial measures too. The Committee observe that to overcome the deficiency in services, new provisions in the current year's Budget have also been introduced, i.e the provision of ₹500 crore for extending the primary care services where maximum deficiencies are there, empanelment of clinics, doctors, in the areas of IPs concentration and the appointment of Insurance Medical Practitioners. The Committee therefore, recommend that ESI need to earnestly work upon improving its implementation aspect in letter and spirit, which is currently in a dismal state.

8. In their Action Taken Note furnished to the Committee, the Ministry of Labour & Employment and ESIC have stated as follows:

"ESI Corporation has noted the directions of the Committee and all the initiatives which are taken up for improvement of medical care, shall try to achieve them in a time bound manner.

The IMP scheme has been made more attractive along with tracking through mobile apps. It shall be implemented in phased manner in all those areas where the primary care is deficient."

9. In their original recommendation, the Committee had expressed concern over the pathetic state of affairs prevailing in ESIC Hospitals/ Dispensaries and had emphasised upon the need for their improvement in view of the fact that a provision of Rs.500 crore in the Budget for

extending the primary care services in cases of maximum deficiencies has been made and steps like empanelment of clinics, doctors are being taken up. However, the ESIC in their action taken reply have merely submitted that they have noted the directions of the Committee and ESIC shall try to achieve all the initiatives which are taken up for improvement of medical care in a time bound manner. The ESIC has not submitted any information regarding the steps being taken or taken up for improving the condition of ESIC hospital and dispensaries. The Committee therefore, reiterate their earlier recommendation that specific steps alongwith their results achieved for improving the condition of ESIC hospitals and dispensaries be taken and their information be furnished to them. The Committee desire an urgent action by the ESIC in this regard.

III. Disparity in money collected from IPs & Employers *vis-a-vis* amount spent on their medical benefits

(Recommendation Para No. 81)

10. In their original recommendation, the Committee had observed as under:

> "The Committee note that the number of IPs are stated to be about 3.19 crore and the total expenditure for medical benefits during the year 2016-17 was ₹6,409 crore *i.e* ₹6,124 crore as medical benefits and ₹285 crore as cash benefits, whereas the total collection of contribution was ₹16,852 crore which includes the interest income of ₹3,069 crore. The Committee are concerned to note this huge disparity in money collected from IPs and employers *vis-a-vis* amount spent on their medical benefits, and desire that the Ministry furnish a detailed explanation on this mismatch and work towards speedy rectification of this anomaly. They also desire to be apprised of the progress achieved herein".

11. In their Action Taken Note furnished to the Committee, the Ministry of Labour & Employment and ESIC have stated as follows:

"The issue was examined and an agenda was placed before the ESI Corporation to consider reduction in the rates of contribution for employer and employees both wherein the members decided that there is a need in improvement of the services rendered to the Insured Person rather than reducing the contributions. Accordingly, the ESI Corporation approved following new Schemes for improvement in the benefit of the Insured Person:-

1. Atal Bimit Vyakti Kalyan Yojana: Relief to the Insured Person who is rendered unemployed in view of the changed working environment from permanent employment to a fixed term engagement contract, temping etc. The Insured Person, while he searches a new employment, a relief of 90 days is provided for their sustenance. An annual expenditure to the ESI fund is likely to be @Rs.1600 crores.

2. The Maternity Benefit to the Insured Women has been enhanced from 12 to 26 weeks.

3. The amount of Funeral expenses has been enhanced from Rs.10,000/- to Rs.15,000/-.

4. Opening of DCBO in all districts of the country as a hub connecting modified IMPs, empanelled chemists and Diagnostic Centres for improving primary medical care services to Insured Persons.

12. The Committee had desired a detailed explanation on the mismatch between the total expenditure of Rs.6,409 crore for the year 2016-17, out of the total collection of contribution of Rs.16,852 crore. However, the ESIC has replied that the issue was examined and placed before the ESI Corporation to consider reduction in the rates of contribution for employer and employees, but was not acceded to. The Committee however, had desired to be apprised of the mismatch of the amount as above, but no reply/ clarification for the mismatch for the Financial Year 2016-17 has been furnished. Deprecating this tardiness on the part of ESIC, the Committee desire a clarification from ESIC regarding the said mismatch of funds at the earliest. They further desire that due diligence

be applied by ESIC before furnishing any information to Parliament in the future.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Para No. 19)

Under the ESI Act, the authority to collect the contribution/premium from the industry workers has remained with the Central Government *i.e* Ministry of Labour & Employment monitored Employees State Insurance Corporation (ESIC). However, the responsibility for providing medical service/other benefits to the workers rests mainly with the State Governments run ESIS. This duality of roles has dented the effectiveness of this scheme. It is also observed that for ensuring appropriate and adequate medical infrastructure in a particular area, there is an urgent need to not only revisit the Act but also to strengthen the coordination between the Centre and State Governments and to create a strong regional set up so that the basic objective of the ESI Act is realised to the maximum extent.

Reply of the Government

There is a need to supplement and complement the State Governments in providing primary health care. The following steps are taken to improve medical benefits / services:

- Formation of Autonomous Societies at State level so that they have financial freedom to take decision for improvement of medical services. All decision can be taken at the State Society level.

- In each district and subject to NOC by states, ESIC will set up one Dispensary-cum-Branch Office (DCBO) which will provide primary health care, cash benefits, regularization of direct admissions, reimbursement etc. to IPs. Thus, in addition to the State Government, ESIC will provide medical benefits.

- At present there are 29 DCBOs operational in different States, while 218 DCBOs particularly in newly implemented districts are proposed to be started in financial year 2019-20.

- Currently, ESI Scheme is notified in 526 districts either fully/partially. After Mid Term review of DCBOs performance in 2019-20 necessary action will be taken to set up DCBOs in remaining districts. It is envisaged to cover all 708 districts of the country by March, 2022.

- A clause of 20kms for opening new dispensary has been relaxed for the purpose of opening of DCBOs and empanelment of IMPs.

- Wherever, secondary medical care is not available, tie-up arrangements are being made with private hospitals for cashless services.

- In areas where ESI Dispensaries are not available, tie-up arrangements are being made through private practitioners i.e. Insurance Medical Practitioner (IMP) for providing primary medical care.

(ESIC Letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No. 20)

The Committee note that the Employees State Insurance Scheme is implemented area-wise. The insured persons and their family members are entitled to medical care under the scheme from the day the scheme is implemented in a new area and as per the provisions of Section 58 of the ESI Act, 1948 the concerned State Government is required to make necessary arrangements for providing medical care. The scheme can be extended to any new area only after the State Government makes necessary arrangement for providing medical care to the IPs. The very basic requirement for providing medical and other benefits under the ESI Scheme to the IPs is coverage of a particular area by issue of notification by the ESIC. The coverage is stated to be of two types i.e geographical coverage and the coverage of actual IPs/ beneficiaries under the ESI scheme.

However the Committee note that ESIC is facing a number of problems for covering the uncovered areas under the ESI scheme. The Ministry of Labour & Employment and ESIC admitted during oral evidence that the coverage of ESIC has remained limited due to several reasons that is, first, the lack of survey of the area to be covered to ascertain the concentration of workers/ eligible beneficiaries, second, where the survey has been completed, but the respective State Governments have not set up their dispensaries to provide medical facilities to the IPs, third, lack of a strong regional set up and fourth, coverage of only a particular area of a district having eligible people or concentration of industries etc. In this backdrop, the Committee feel that the basic requirement of 'coverage', medical benefits under the ESI Scheme, has remained a grey area, as ESI Scheme is delivering its benefits only to a section of the eligible people. The Committee note that in order to improve the coverage under the ESI scheme, the Ministry of Labour & Employment and ESIC have initiated a slew of measures such as coverage of the entire district irrespective of the number of IPs, coverage of construction workers, coverage of auto rickshaw drivers and cycle rickshaw drivers on trial basis, Shram Suvidha Portal, ESIC 2.0 etc.

Reply of the Government

ESI Scheme, until the launch of second generation reforms ESIC 2.0, was implemented under Phased programme of implementation based on the survey conducted and estimated number of IPs in a locality i.e. Center. After the launch of second generation reform under ESIC 2.0 on 20.07.2015, the scheme implementation was taken up District wise. There has been rapid expansion of ESI Scheme to 526 districts now. The scheme is fully implemented in 346 Districts, 95 Districts Hqrs. area and in 85 Districts the scheme remains partially implemented in Centers.

The Ministry of Labour & Employment has conveyed the decision of Cabinet Secretariat wherein it is desired to extend the coverage of ESIC to the entire nation. The Vision - 2022 is the All India coverage of ESI scheme and internal targets are being formulated for implementation along with augmentation of IP and beneficiary centric services.

In order to achieve the implementation as per new vision, the following target for coverage has been approved:-

S. No.	Subject	Target Year
1.	To fully implement the Scheme in 85 Districts where it is partially implemented	31st March, 2020
2.	To fully implement the Scheme in 95 Districts where Districts Hqrs. area has been notified.	31st March, 2020
3.	To implement District Hqrs in 182 Districts where scheme is not implemented.	31st March, 2021
4.	To implement entire 182 Districts in subsequent year of its Districts Hqrs. notification.	31st December, 2021

Vision 2022 shall further expedite the expansion of ESI Scheme to a vast geographical expanse of the Country and make the benefits of social security available under ESI Scheme to all eligible employees and their family.

ESI Corporation has decided to setup Dispensary Cum Branch Office (DCBO) in each district so that medical and cash benefits can be provided under one roof. Further, it is a step towards decentralization of services and strengthening the medical delivery at the district level. Wherever ESI Dispensary is not established a tie-up arrangement has been made through private practitioner viz. Insurance Medical Practitioner (IMP) for providing primary medical care. Also to provide better delivery of cash benefits, the norms for setting Branch Offices are being revised to increase their reach. ESI Act does not envisage coverage of unorganised sector workers such as construction workers, rickshaw drivers etc.

(ESIC Letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.22)

The Committee were informed that the benefits of the ESI scheme are available only to those IPs who fall under the ESI notified area and for implementation of ESI scheme, availability of medical arrangement in the area is a pre-condition. They note that in case of non availability of the ESI infrastructure, in notified areas, the medical arrangement for Primary Health care can be made alternatively through Employer Utility Dispensary, but for secondary and tertiary care, arrangement could be made by ESIC through tie-up and the covered IPs will also have the option of availing reimbursement under Regulation 9A for the treatment availed outside of ESI network. The Committee therefore desire to be furnished with a list of all such areas, which, though have been covered under ESIC, but ESIC has not provided any medical benefits, and also the amount of contribution ESIC receives from IPs in such areas.

Reply of the Government

Implementation of ESI Scheme to any new area/district is undertaken under section 1(3) of ESI Act. A pre-implementation survey is conducted to ascertain the number of coverable employees and employers in the non-implemented areas of the District. The Regional Office after scrutinizing all mandatory parameters contact the State Government for making medical benefit arrangements in the area proposed to be implemented. The State Government then proceeds to make necessary Medical arrangements in the place from the very first day of implementation. Further, if an ESI Dispensary is already functioning within a radius of 20 km, then the existing Dispensary can normally be designated for catering to the needs of the Insured population. If a new area under consideration, is small and contiguous to the already implemented zones, there is no immediate need for creation of another

Dispensary. Further if the Insured population has a potential of 3000, then a Dispensary is a necessary pre-requisite. If it is less than 3000, alternatives like IMP System or tie-up system with other local panel clinic/hospital are contemplated. Proper arrangements are also made for availability of super-specialty treatment to the beneficiaries. As per Section 58 (1) of the ESI Act, the State Government may, with the approval of the Corporation, arrange for outpatient medical care to IPs and their families at the clinics of approved Registered Medical Practitioners who are appointed and designated as IMPs (Insurance Medical Practitioners-Panel Doctors) in areas where ESI medical services are not within easy reach of beneficiaries.

Further Reimbursement of expense incurred in respect of medical treatment is also available. In this regard claims for reimbursement of expenses incurred in respect of medical treatment of insured person and (where such medical benefit is extended to his family) his family may be accepted in circumstances and subject to such conditions as the Corporation may by general or special order specify. If the Insured Person or the beneficiary has availed medical treatment, out of the network of ESI system, they can claim reimbursement of medical expenditure incurred for such consultation and treatment.

Prior to implementation of new areas, adequacy of medical arrangement is certified by the State Medical Officer on the basis of certificate received from the State Govt. The Regional Director recommends the area/District for notification. ESIC Headquarters after the scrutiny of the proposal and ensuring that the medical arrangement, banking arrangement and provision for providing cash benefit has been adequately made, submits the proposal for notification of the area/ district to the Central Govt. The Central Govt., after being satisfied, issues notification under Section 1(3), which is published in the Gazette of India.

The inadequacy of medical arrangement mentioned in the report relates to areas where sufficient member of Insured Persons are not available in order to set up a Dispensary and the area is catered to either by an Insured Medical Practitioner, Panel Clinic or through reimbursement procedure. Medical facility at Primary Level is being enhanced by setting up of a Dispensary-cum-Branch Office (DCBO) in each District directly by ESIC apart from requesting State to consider setting up Dispensary where the number of Insured Persons have subsequent to implementation crossed the threshold of 3000 IPs to qualify for a dispensary. With the measures taken to make medical facility available directly and through Employer Utility Dispensary or IMP or Panel clinics etc, it is expected that the medical benefits shall be available in the vicinity of majority of Insured Persons covered under ESI Scheme.

In areas where no IMP or EUD or ESI Hospitals are available, benefits are disbursed through DCBO which are likely to be setup throughout the country in the coming years.
(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.23)

From the case study of few States' performance with regard to the ESI Scheme, the Committee observe that in certain cases, the basic objective of the scheme, which was providing medical and cash benefits, was somewhat compromised since the expenditure on administration, Capital Works, i.e. construction of medical hospitals/colleges, and supply, repair and maintenance works was either nearly equal or in one case, even higher. The Committee feel that the focus of ESIS is rather more on asset creation as well as administration, i.e. largely on ESIC employees, doctors and paramedical staff. In this context, the Committee express their unhappiness that the basic objective, i.e. to provide health insurance to industrial workers in the event of sickness, employment, injury, maternity, etc., to which not only the employer but the employee also contributes, does not seem to be priority of the Ministry and the ESIC. They, therefore, have strongly expressed the view during all their interactions with the Ministry of Labour & Employment and ESIC that the focus of the scheme should solely remain on providing facilities & benefits to the IPs. The Committee, therefore, recommend that the Ministry must study entire State-wise data of the ESI scheme for the last seven years and based on analysis, devise measures to maintain the scheme's core focus on providing social security to protect the industrial workers, through optimum utilization of their funds, instead of frittering away a substantial part of the same on assets, salaries, etc. on which a cap should be seriously considered. The Committee desire to be furnished with the analysis as well as the details of the measures devised, at the action taken stage.

Reply of the Government

ESIC in its 174th meeting held on 29.05.2018 placed and got agenda approved for providing primary medical care through modified Insurance Medical Practitioners by empanelling private medical practitioners. In view of this new scheme, ESIC has tried to minimize capital expenditure, on setting up of dispensaries/hospitals and thus avoid further expenses on salaries of employees. In the modified IMP Scheme, diagnostics facilities and pharmaceutical services will also be outsourced from empanelled service providers.

ESIC has conducted various studies, from time to time, for studying state of affair of medical services being imparted to ESI beneficiaries through dispensaries and hospitals viz. Ma-Foi, Gallup India, IIHMR and IIM Ahmadabad. However, at present, no such study is being conducted at medical division. Further, in last few years a number of initiatives focusing on improvement of medical services are being regularly taken up by ESIC.

Further, construction of hospitals would be taken up only in implemented areas where no private facility is available. In case of State Government proposals for new dispensaries, ESIC has decided to setup new dispensaries in a rented premises for three years and construction of such building will be considered only if the utilization of such dispensaries is of optimum level.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No. 37)

The Committee note that as on date an amount of □8,380.06 crore (sum of arrears from 2013 to 2017) is due out of which □4,863.06 crore are non recoverable whereas □3,516.99 crore are recoverable. Further, out of the targets fixed in the last five years for recovery of □1,225.01 crore by ESIC, only □1,147.09 could be recovered due to one reason or the other. The ESIC has also informed that out of the total outstanding arrears, a substantial amount is not recoverable. It has been informed that as on 31.03.2017 as amount of □2,362.84 crore is pending. For recovery of the arrears from the year 2012 to 2017 as many as 69197 cases were stated to be pending under Section 85 of the ESI Act alone, and 5529 cases were pending under Section 406 and 409 of I.P.C. No arrests have been made so far. These facts and figures, in the opinion of the Committee present a very grim picture of ESIC despite the presence of harsh provisions for recovery of arrears like Section 406 and 409 of I.P.C and Section 85 of the ESI Act, attachment of accounts in which recovery is outstanding, arrest warrants, show cause notices, and the statutory requirement for employers to monthly file their contribution details online. It appears to the Committee that the enforcement of these provisions by ESIC is, perhaps, weak and measures need to be taken to not only recover the huge outstanding arrears but also to minimise the arrears in future. In this connection, the Committee recall the Performance Audit Report No. 30 of 2014 of the C&AG of India on ESIC which pointed at the consistent increase in outstanding arrears of contribution from employers. ESIC reportedly advised all the regions to ensure timely recovery action in respect of defaulter units, before the expiry of five years, as per Section 45A of ESIC Act. The Committee also desire to be apprised of the time-barred cases as on date. They further recommend that ESIC needs to investigate and determine accountability in such cases from 2013 to 2017 in a time bound manner. The Committee further desire to be apprised of the action taken by ESIC for ensuring prompt action against defaulters.

Reply of the Government

All field offices monitor the compliance by the employers / Pending Court Cases including uploading of the same on the portal 'LIMBS' for better monitoring. During the period from 2013-14 to 2016-17 total 269 defaulters were convicted with imprisonment and 1990 defaulters were convicted with fine. Further the total No. of court cases disposed (3967) is more than the new cases filed (2766) during the period from 2013-14 to 2016-17 and the recovery made during the period from 2013-14 to 2016-17 is Rs.841.88 Crores. Contribution Income has increased from Rs. 9632.54 Crores (2013-14) to Rs13662.44 Crores (2016-17).

Once the employer stops paying the contribution to the Corporation a notice is issued to the employer intimating the amount that he is expected to pay to ESIC as contribution. This amount is derived based upon the last payment by the employer. Simultaneously the employer is given opportunities by way of personal hearing to present his case, production of records etc. Based upon the submissions, amount actually payable is determined and recovered from employer. During 2017 - 2018 ESIC determined / assessed the amount payable in around 15203 cases, only 368 No. of cases became time-barred.

Further with effect from 06.06.2018, a report has been made available on-line, indicating / mentioning all the contribution / revenue determination notices (C-18) pending for more than four years to enable timely action.

Regarding Performance Audit Report No. 30 of 2014 of the C & AG of India on ESIC, It is informed that a committee was constituted by the Director General, consisting of senior officers.

The committee examined all the cases. Lapses on the part of officials have been observed by the Committee. Action for fixing responsibility of officials for laxity in assessment of pending cases has been referred to Vigilance Division for further action.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No. 79)

In reply to a specific query of the Committee as to what prompted ESIC to construct Medical Colleges Hospitals etc. it was informed that at its 139th meeting held on 17.7.2007 it was decided that ESIC should have its own Medical Colleges and at its 163rd meeting held on 4.12.2014 it was decided that ESIC will neither set up any other Medical College or any other new Medical substitution in future. It appears to the Committee that the decision to construct Hospitals etc. was a hasty one. Thus within a short span of seven years and after severe criticism, a contrary decision was arrived upon by ESIC. The Committee observe that the hospitals and dispensaries have been constructed out of the contribution received from IPs etc. under the ESI scheme. The Committee further note with concern that the hospitals constructed by incurring expenditure running into crores are lying unutilised or under utilised in many cases for instance, only OPD services at ESI hospital, Kandivali (Maharashtra) has been started by ESIC uptill now and rest of the hospital is not in use. Also, ESIC Hospital, Alwar, Rajasthan could be started only in the month of February, 2018. The maintenance and upkeep of these ESI hospitals is very high as compared to the treatment cost to the Insured Persons which is normally for simple diseases requiring 1-2 days of hospital stay. ESIC has unnecessarily blocked huge amount of money which could have been used for providing health care benefits to the IPs. In view of the Committee, this is mis-placed allocation of the funds that have been received from contribution of IPs and employers as well as a blatant misuse of the provisions of the ESI Act, 1948. The Committee, therefore, recommend that Ministry of Labour and Employment as well as ESIC should conduct a thorough and independent enquiry into the matter and all responsible for this mis-placed allocation of funds should be identified and accountability fixed.

Reply of the Government

It is informed that, in the 139th Meeting of the ESI Corporation held on 17.07.2007, the ESI Corporation took the decision of construction of various medical projects including construction of ESI Medical College and PG Institutions. Accordingly, Shri P.C Chaturvedi, the then Director General, ESIC Corporation sanctioned construction of the following Medical Institutions during the period 2007-2009 with an estimated cost of Rs. 6255 crores:-

Sl. No	Name of Project	Date of sanction of Project	Amount and date of sanction (Cr)
1	Medical College PGI, Basaidarapur	31.07.2008	653.95
2	Medical College and Hospital, Mandi	26.05.2009	730.07
3	Medical College,Nacharam	22.07.2009	177.8
4	Medical College, Coimbatore	10.07.2009	433.56
5	Medical College / PGI, Joka (WB)	28.07.2009	528.87
6	Medical College, Rajajinagar	30.07.2009	291.92
7	Dental College, Pandu Nagar	31.07.2009	254.8
8	Dental College, Sanath Nagar	Aug, 2009	441.21
9	Medical College, Patna	04.06.2009	635.93
10	Medical College, Faridabad	26.07.2009	572.97
11	Medical College, Alwar	21.10.2009	640.24
12	Medical College, Paripalli	29.10.2009	480.79
13	Face lifting of Medical College, Rajajinagar	06.11.2007	242.39
14	Dental College, Vashi	30.07.2009	170.89
		Total	6255.39

The ESI Corporation was mandated to start Medical Education Projects under Section 28(iv) of the ESI Act. However, another enabling provision under Section 59 of the Act was introduced in May, 2010 by way of an amendment to ESI Act. Further, in the 147th Meeting of the ESI Corporation held on 25.08.2009, an approval for incurring an expenditure of Rs. 10,000/- crores over a period of five years starting from 2009-2010 for Medical Education Projects was also obtained by the ESI Corporation In terms of these enabling provisions, construction of the Medical Education Projects at various centres across the country have been carried out through different state controlled construction agencies.

It is also added the Central Vigilance Commission, after receipt of a complaint under "Public Interest Disclosure Resolution" containing serious allegations in respect of the said construction vide its OM dated 27-05-2013, advised the ESI Corporation to investigate the matters raised in the complaint and submit an Investigation Report to CVC.

In accordance with the advice of the CVC, a detailed investigation was conducted into the said complaint and submitted the Investigation Report dated 20.11.2013 by the Director (Vigilance), ESI Corporation. As per Investigation Report, the following major observations have been made regarding irregularities in sanctioning and construction of the Medical Education Projects:-

i. Sanction and release of fund for setting up of Medical Colleges before 25th May, 2010 was ultravires to the ESI Act.
ii. No transparency observed while selecting private architect consultants.
iii. No open bidding procedure was adopted in selecting construction agencies and works awarded on nomination basis in contravention of CVC Guidelines and GFR.
iv. Purchase of medical equipments through construction agencies and not by tendering process.
v. Undue haste in preparation of estimates by architect consultants as well as sanction of estimates and award of works was done which resulted in substantial variations and escalation

From the Investigation Report, it was observed that Shri P.C. Chaturvedi, the then Director General, Shri Rajiv Dutt, the then Financial Commissioner, Shri P. R. Roy, the then Chief Engineer were primarily involved in the above said decision making process which resulted in the deviation, violation of the rules and procedures. This has resulted in huge financial implications to the ESI Corporation. All the three officers were on deputation to ESI Corporation and by the time the investigation was carried out, these officers had left the services of the ESI Corporation.

The Chief Technical Examiners Office (CTEO) of the CVC also took up examination of various projects from time to time and in the CTE Examination Reports also, similar violations of rules and procedures have been observed. The investigation carried out into various CTE Reports also pointed out serious irregularities in award of the contracts, deficiencies in construction etc. The above named officers were found involved in respect of irregularities mentioned in all the projects and as per the advice of the CVC, responsibilities have been fixed against these officers. However, no disciplinary action against these officers could be possible due to their retirement on superannuation from the service from their respective parent departments. No action under rule 6(1)(b) of AIS(DCRB) Rules, 1958 and Rule 9 of the CCS (Pension) Rules, 1972 against these officers was possible as the same was barred by limitations. Therefore, the Investigation Report dated 20.11.2013 was forwarded to the CVC, vide letter dated 14-03-2014. The CVC in turn advised to handover the case to CBI for a thorough investigation, vide their OM dated 03.12.2014. Accordingly, with the consent of Ministry of Labour & Employment, the case has been handed over to the CBI, vide letter dated 11.11.2016.

The CBI has informed the registration of three cases under No/ PE 3(A)/2018, PE 4(A)/2018 and PE 5(A)/2018 against Shri P.C. Chaturvedi, the then Director General and others for committing irregularities in awarding capital works, consultancy, sanction of funds without authority, failure to follow the transparency requirements and CVC guidelines in awarding contract for architectural consultancy and construction work in ESI Corporation during the period 2007 to 2009. The investigation by CBI in all these cases is under progress.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No. 80)

The Committee have also come across instances where the employees of ESIC are not only getting priority in getting treatment but also their wards/ children in getting admission in Medical Colleges. The Committee therefore desire to know the number of seats reserved for the wards/ children of employees of ESIC in each of the Medical College separately and the actual number of such children who get admission in Medical Colleges of ESI during the last five years.

Reply of the Government

Wards / Children of employees of ESIC do not get priority in getting admission in ESIC Medical Colleges. There are no seats reserved for wards/children of employees of ESIC in any of the ESIC run Medical Colleges. There is no provision for special treatment of ESIC employees or their wards/children.

The status in this regard in the last five years is that, one student Ms. Shaga Samhitha, whose parents details have been verified in records as dependant of Mrs. Vijaya Chandra, Private Secretary and ESIC Pechchan Card No. 5208183958, has got admission under Insured Persons Quota on 11.08.2017 for academic year 2017 – 18. The dependent has been admitted in ESIC Medical College, Hyderabad. The status with regard to other ESIC medical colleges in the country for the last 5 years is “Nil”.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.82)

The Committee note with concern that there are no 'basic norms' for providing medical benefits to the IPs under the ESI Scheme. Out of the total contribution received in a particular year or contribution received from an IP, how much percentage of that contribution would be incurred for providing medical benefits to the IPs is not defined anywhere and the result of this anomaly is that ESIC is collecting the contribution from the IPs and employers and is not incurring the money for providing medical benefits to the IPs. In fact, the representative of the Ministry informed the Committee that they desire the expenditure on medical benefits to be around 78% of the total collection, which is not the case yet. The Committee therefore, strongly recommend that the Ministry of Labour & Employment and ESIC should examine the matter and fix appropriate norms for providing medical benefits to the IPs.

Reply of the Government

ESI Medical Services are deficient in certain sphere of its operation as these services are administered by respective state Govt. However, by implementation of medical services directly by ESIC through DCBOs, modified IMP and modified EUD, expenditure on medical benefit is likely to increase significantly. Up-gradation/modernization of ESIC medical services and in-house development of SST services will also improve the quality of service delivery.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.83)

As regard to the ESI hospitals in Maharashtra the Committee have been apprised that the total number of ESIC/ ESIS hospitals in Maharashtra is 15 out of which three hospitals namely Andheri (ODC), Bhiwandi and Kolhapur are being run by the ESIC and rest of the 12 hospitals are being run by ESIS. The Committee have been provided with the details of vacancies during the year 2017-18 only and ESIC has not provided the details about the time, since when the posts are lying vacant. The Committee therefore desire to know the reasons for a large number of posts lying vacant in Maharashtra and at the same desire the steps taken to fill up these vacancies.

Reply of the Government

There is in general shortage of doctors particularly in the specialists cadre in the country. Further, shortage of doctors and other staff fluctuates due to job attrition in view of higher studies & career opportunities.

Steps being taken to fill up vacancy, in ESIC hospitals are as under:

a) 40% of the sanctioned posts under the GDMO sub cadre in ESIC hospitals are being filled with Senior Residents by Medial Superintendents at local level.
b) In addition, 10 Senior Residents posts per 100 beds have also been sanctioned over and above the sanctioned posts of GDMOs. These are also filled by Medical Superintendents locally.
c) The Medical Superintendents have been authorized to recruit super specialist and specialists on contract basis till regular incumbents become available.
d) Medical Superintendents of ESIC hospitals have also been authorized to engage, under certain situations, Nursing & Para-medical staff through agencies on short term basis.

Status of ESIS, Maharashtra

A total no. of 5702 posts are sanctioned for all groups (A,B,C and D) in ESIS, out of which 2750 posts which is 48.22% is filled while 2952 posts (51.78%) are lying vacant. The Administrative Officer, ESIS, Maharashtra has submitted the proposal for recruitment of filling up vacant posts in Group-A, B, C and D.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.84)

The Committee note that as regard to 15 hospitals in Maharashtra, while a lot of posts of doctors, staff nurses etc., are lying vacant, new hospitals and 75 new dispensaries are proposed to be opened. The Committee are of the opinion that steps should be taken first to revamp the existing hospitals and dispensaries in Maharashtra. As regard to the ESI hospital at Kandivali, the Committee have been apprised through a written reply that its formal transfer is pending, and hence, only OPD services could be started by ESIC there so far. The representatives of the Ministry also admitted that the issue of handling of the ESI hospital could not be resolved since a long period of time. Despite discussion between the representative of the ESIC and the State Government of Maharashtra, the State Government decided to hand over the hospitals at Kohlapur and ESIC for running them but the issue of Kandivali hospital could not be resolved. Inspite of an assurance given to the Committee way back in its sitting held on 27.12.2016 and despite passage of a considerable time, the issue of ESI hospital, Kandivali is still not decided on which huge sum of money has been invested by ESIC.

Reply of the Government

A meeting was held on 21.09.2018 under Chairmanship of Dy-Commissioner (Public Health) Greater Mumbai Municipal Corporation and in presence of ESIS & ESIC officials regarding shifting of ESIS hospital, Kandivali to newly constructed building & vacating the BMC premises. It was decided in the meeting that the OPD services shall be shifted to new building by 28.09.2018 & rest of the services by 01.11.2018. Medical Superintendent, ESI Hospital, Kandivali informed that ESIS has started OPD services and ESIC discontinued OPD services w.e.f. 29.09.2018.

The new building for the hospital at Kandivali was ready for procession by the State Govt. Inspite of repeated request, the State continue to run its services in the rental accommodation. Therefore perforce, ESIC had directed the State Govt. to occupy the new building else rental buildings payment would be stopped. Thereafter, the state government has started its OPD services in the new building from 29.09.2018 and will be starting rest of the services from 01.11.2018.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.85)

With regard to Alwar Medical College, ESIC had informed that it is not yet operational as the number of IPs in the catchment area of the medical college are not sufficient to start a 300 bed ESIC hospital and satisfy MCI norms for grant of permission to start the course. An attempt was reportedly made by the

ESIC to transfer the Alwar Medical College to the State Government of Rajasthan and the State Government gave conditional consent. However, it could not be acted upon due to a decision received under a writ petition filed in the High Court of Delhi, against the ESIC. The Committee would like to know that firstly, if the number of IPs was insufficient then why the Alwar Medical College was constructed at all. Secondly, the reasons for Alwar Medical College failing to satisfy MCI norms. Thirdly, the ESIC has stated that the construction of Alwar Medical College was started on 01.10.2011 and was completed on 31.03.2018 *i.e* after nearly 7 years. In this regard, the Committee desire to be furnished with a detailed reply from ESIC.

Reply of the Government

i. Status report regarding ESIC Medical Education Projects was presented to the Corporation at its 147th Meeting held on 25.08.2009 wherein it was submitted that D.O. letters were written by the Director General to the Chief Secretaries of various states for allotment of at least 25 acres of land for Medical College where there is no existing 300 bedded hospital of the Corporation. In response to that State Government of Rajasthan allotted land for establishment of medical college at Alwar.

ii. Due to low IP numbers, it is not feasible to start a 300 bed hospital satisfying MCI norms for grant of permission to start the course at proposed Alwar Medical College. Opening of services to non-IPs would tantamount to IPs subsidizing medical services to non-IPs which would not be desirable.

WP – 11837/2015 filed by Sh. Balraj Jadhav & Ors. V/s UoI has been allowed by Hon'ble High Court of Delhi on 12th October, 2017. The Ministry of Labour & Employment has not found this case fit to file SLP against the Order dated 12.10.2017.

The Construction work started in October, 2011 and completed (98%) in November, 2016. The work got hindered by nearly two and half years due to non-resolution of issues pertaining to local body, shifting of HT Lines, land demarcation for construction of road to villagers and boundary wall etc. The newly created facilities have already been put to use by ESIC for running 50 bedded hospitals from April, 2018 to start with.

ESIC Norms for setting up of 500 bedded hospital mandate 4 lac IPs and for 300 bedded 2.5 lac IPs. The present IPs no in the catchment area of ESIC hospital is around 60 thousand. The MCI norms for clinical material i.e. 400 OPD daily and 60% bed patient occupancy is not likely to be met with the present no. of IPs. Accordingly, it would not be possible to submit application to the Central Govt. for establishment of medical college at Alwar.

ESI Corporation in its 175th meeting held on 18.09.2018 decided to give inpatient facilities to non-IPs in its underutilized hospitals at Alwar (Rajasthan), Bhita (Bihar) and Gulbarga (Karnataka) on payment of user charges as per the provision of Section 73B of the ESI Act.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.86)

A perusal of the report of the Comptroller and Auditor General of India for the year end March, 2015 Union Government (Civil) (Autonomous Bodies) Report No.40 of 2015 (Special Audit) reveals that the decision to open Medical Colleges hospital etc. was not carefully taken. The Committee observes that CAG Report on this is an eye opener. In the report the following findings of the special audit of medical education projects of ESIC are as given below:

(i) *The Corporation had sanctioned 17 out of 21 Medical Education Projects and started the construction of 16 medical colleges and incurred an expenditure of ₹1,021.72 crore prior to the amendment of the Act.*

(Para 2.2)

(ii) *The feasibility study for selection of sites/locations conducted by the consultant was not comprehensive and the selection of sites by ESIC for construction of Medical Education Projects was also arbitrary and not based on norms.*

(Para 2.3)

(iii) *Due to award of works on nomination basis to construction agencies, the ESIC could not avail the benefit of competitive rates.*

(Para 2.8)

(iv) *All medical education projects taken up, except two, were behind schedule. The total cost of all the projects was revised from ₹8611.94 crore to ₹11,997.15 crore resulting into cost overrun of ₹3,385.21 crore.*

(Para 2.9)

(v) *Only 14 per cent of the Post Graduate Institute passed out students joined the ESIC hospitals which indicated that the strategy of opening medical colleges for filling up the vacant posts failed.*

(Para 2.11)

(vi) *Corporation decided to exit from the field of medical education in its 163rd meeting held on 4th December, 2014 as it was not one of its core functions. The decisions to exit from this endeavour was only an exercise to limit the liability.*

(Para 2.12)

In view of the above findings the Committee desire investigation and action on these findings and accountability to be fixed.

Reply of the Government

It is informed that, in the 139th Meeting of the ESI Corporation held on 17.07.2007, the ESI Corporation took the decision of construction of various medical projects including construction of ESI Medical College and PG Institutions. Accordingly, Shri P.C. Chaturvedi, the then Director General, ESIC Corporation sanctioned construction of the following Medical Institutions during the period 2007-2009 with an estimated cost of Rs. 6255 crores:-

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(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.97)

As regard to Corpus of funds, the ESIC has informed that they have set up earmarked as well as non-earmarked reserve funds. The present corpus fund of ESIC is a whopping ₹73,303.00 crore as on 31.03.2018 with a substantial rate of growth from ₹59,383.00 crore in 2016-17 to ₹73,303.00 crore in March 2018 *i.e* an increase of ₹13,920 crore in just one year. The interest alone on the reserve fund from the year 2012 to 2017 comes to a □19,993.74 crore. The ESIC has given reference of Rule 27 of the Employees State Insurance (Central) Rules 1950 which provides for investment, transfer or realisation of the fund. The ESIC has further stated that as per this rule all money belonging to the Fund which are not immediately required for expenses properly defrayable under the Act, may, subject to the approval of the Standing Committee, be invested by the Director General. However, the Committee fail to understand as to how this rule empowers the ESIC to create a corpus of funds from the contribution paid by the IPs and the employers. They therefore, would like to know the details of the sittings of the Standing Committee of ESIC, alongwith their minutes in which a decision to create a corpus of funds was approved. The Committee feels this corpus is immoral and illegal as instead of providing medical facilities, transferring the collection in so called corpus fund, demands explanation and appropriate action.

Reply of the Government

As per Section 26 (3) states that "Subject to the other provisions contained in this Act and to any rules or regulations made in this behalf, all moneys accruing or payable to the said Fund shall be paid into the Reserve Bank of India or such other bank as may be approved by the Central Government to the credit of an account styled the Account of the Employees' State Insurance Fund". (The sub-section (3) is in force w.e.f. 06.10.1951).

Rule 27(1) the ESI (Central) Rules, 1950 states that, "All moneys belonging to the Fund which are not immediately required for expenses properly defrayable under the Act, may, subject to the approval of the Standing Committee, be invested by the Director General" –

i. In Government securities including Treasury Deposit Receipt; or
ii. In securities mentioned or referred to in clauses (a) to (d) of section 20 of the Indian Trusts Act, 1882 (II of 1882); or
iii. As fixed deposit in the Reserve or the State Bank of India or any of the subsidiaries or a corresponding new bank constituted under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings Act, 1970 (5 or 1970;]

Rule 27 (6) of the ESI (Central) Rules states that "The expenses of, or the loss, if any, arising from any investment shall be charged to the Fund and the profit, if any from the sale of any investment shall also accrue to the Fund."

In accordance with the Section 26 and Rule ibid, ESIC Fund is invested in a single fund called the Employees' State Insurance Fund. The investment in this single fund is apportioned to different "Heads of Accounts". The apportionment in different Reserve Funds are only accounting entries for the purpose of categorisation in books of accounts to match the liabilities assessed by the Actuary.

Section 28 of the ESI Act provides for the purposes for which the fund may be expended. Section 28 states that "Subject to the provisions of this Act and of any rules made by the Central Government in that behalf, the Employees' State Insurance Fund shall be expended only for the following purposes namely –

(i) Payment of benefits and provision of medical treatment and attendance to insured persons and, where the medical benefit is extended to their families, the provision of such medical benefit to their families, in accordance with the provisions of this Act and defraying the charges and costs in connection therewith;
(ii) Payment of fees and allowances to members of the Corporation, the Standing Committee and the Medical Benefit Council, the Regional Boards, Local Committees and Regional and Local Medical Benefit Councils;
(iii) Payment of salaries, leave and joining time allowances, travelling and compensatory allowances, gratuities and compassionate allowances, pensions, contributions to provident or other benefit fund of office and servants of the Corporation and meeting the expenditure in respect of office and other services set up for the purpose of giving effect to the provisions of this Act;
(iv) Establishment and maintenance of hospitals, dispensaries and other institutions and the provision of medical and other ancillary services for the benefit of insured persons and, where the medical benefit is extended to their families;
(v) Payment of contributions to any State Government, local authority or any private body or individual, towards the cost of medical treatment and attendance provided to insured persons and, where the medical benefit is extended to their families, including the cost of any building and equipment, in accordance with any agreement entered into by the Corporation;
(vi) Defraying the cost (including all expenses) of auditing the accounts of the Corporation and of the valuation of its assets and liabilities;
(vii) Defraying the cost (including all expenses) of the Employees' Insurance Courts set up under this Act;
(viii) Payment of any sums under any contract entered into for the purposes of this Act by the Corporation or the Standing Committee or by any officer duly authorised by the Corporation or the Standing Committee in that behalf;
(ix) Payment of sums under any decree, order or award of any Court or Tribunal against the Corporation or any of its officers or servants for

any act done in the execution of his duty or under a compromise or settlement of any suit or other legal proceeding or claim instituted or made against the Corporation;

(x) Defraying the cost and other charges of instituting or defending any civil or criminal proceedings arising out of any action taken under this Act;

(xi) Defraying expenditure, within the limits prescribed, on measures for the improvement of the health, welfare of insured persons and for the rehabilitation and re-employment of insured persons who have been disabled or injured; and

(xii) Such other purposes as may be authorized by the Corporation with the previous approval of the Central Government.

Book entries regarding apportionment of ESI Fund in different “Heads of Accounts” is in existence since 1950-51 as evident from Budget Estimates/Actual Expenditures approved by the Standing Committee as well as ESI Corporation. *(Copy of Agenda and Minutes of the ESI Corporation meeting dated 13.12.1951 respectively is enclosed).* Such accounting heads reflected in Annual Accounts and Annual Budget every year have always been approved by Standing Committee, the ESI Corporation and Central Government and are placed before the Parliament under the provisions of Section 36 of the ESI Act, 1948.

It may kindly be seen from the Revised Estimates for the year 1950-51 Part- D, “Suspense Account” of the Agenda (page 4 of enclosure to this reply) that provisions have been made under different heads of account viz. “ESI Provident Fund”; Permanent Disablement and Dependents Benefit fund”; “Repairs and renewal reserve fund of buildings” and moneys allocated for them.

Similarly, provisions have been made in the “Suspense Account”- Head (page 9 of enclosure to this reply) for the Budget estimates for the year 1952-53 also. It may also kindly be seen from the enclosed documents that the provision of these heads of accounts have been created since 1948.

The Annual accounts for 1950-51 and Budget estimates for 1951-52 were adopted as approved as per the minutes of the meeting of the ESI Corporation held on 13.12.1951. (Copies of Agenda and Minutes of the Corporation meeting enclosed).

It is accordingly submitted that provisioning for ESI fund has been done by the ESIC since inception of the Organization and Annual Accounts of the Corporation, detailing such provisioning duly audited by the CAG have also been placed before the Parliament every year.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.98)

The Committee are of the considered view that the 'Corpus of funds' or reserve funds of the ESIC is accumulating year, by year whereas the expenditure of the ESIC under the ESI scheme remains low. The contribution income as per schedule 12 of Annual accounts is stated to be ₹13,662 crore, out of which expenditure on medical benefits other than pay and allowances and administrative expenditure of ESIC hospitals and dispensaries is just ₹4,166.78 crore. Further expenditure on pay and allowances of ESIC hospitals and dispensaries under the head Medical benefit is ₹1,564.16 crore, expenditure on other administrative expenses is ₹393.2 crore. Thus the total expenditure on account of Medical benefits as per schedule 20A of Annual Accounts is ₹6,124.20 crore. Expenditure on Account of cash benefits and other benefits is stated to be ₹1,517.93 crore and 2.45 crore. As such expenditure on account of medical benefits, cash benefits and other benefits comes out to ₹7,644.58 crore which is just 55.95% of the contribution income of ₹13,662.44 crore. In this scenario the, Committee recommend that the ESIC should work towards rationalising the contribution or lowering the present rate of contribution from the employees and employers, which is now being received at the rate of 1.75 percent and 4.75 percent respectively.

Reply of the Government

In the 173rd meeting of ESI Corporation held on 16.02.2018 a proposal to reduce the rate of contribution from 6.5% to 5% of the wages of employee was placed for approval. The ESIC decided to get the issue examined from a Sub-Committee of the Corporation. A Sub-Committee of the Corporation under the chairmanship of Joint Secretary (SS Division), M/o Labour & Employment was formed to examine the issue and submit a report.

The report of the Sub-Committee was placed before the Corporation in it's 175th meeting held on 18.09.2018. The Corporation authorised the Chairman to take a final decision on the report. The Chairman has reserved the decision on the issue.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.99)

The rule 27 of the Employees State Insurance (Central) Rules 1950 states "investment of funds which are not immediately required", but the fact is, that the IPs are being deprived of the benefits of the ESI Scheme due to lack of coverage of ESIC under the scheme, poor functioning of the Hospitals etc. and also for other reasons and on the other hand the ESIC which is collecting compulsory contribution from the IPs is not incurring the necessary expenditure for providing optimal medical benefits to the IPs, thereby defeating the very purpose of the ESI Act, 1948. Also in the opinion of the Committee the contribution paid by the employees is more like a 'Cess' which has been imposed on them by the ESIC. The mandate of the ESIC was to collect the contribution and to provide the medical benefits etc., but ESIC has acted contrary to the intention of the legislature and has collected the money but has not spent it adequately for the beneficiaries, from whose money ESIC has created the fund. As regard to expenditure of funds, the Committee have noted that the per capita medical expenditure including cash benefit in last few years is not even 50% of the contribution received for these years. It follows from this that rest of the funds were either put in the reserve fund or utilised to meet the administrative expenses of ESIC. Deeply concerned at the state of affairs, the Committee want a detailed reply on this issue. The Committee, therefore, desire that the ESIC must obtain a legal opinion on the issue of corpus fund and inform the Committee accordingly.

Reply of the Government

It is respectfully submitted that the ESI fund is being expended exclusively for the purposes stated in the Act and is not being diverted for any other purpose. The ESI Corporation is not defeating the stated purposes of the Act.

The ESI contributions are not a Cess, on the other hand, these contributions entitle the Insured Persons to a range of benefits to take care of the IP in his times of need.

It is further submitted that the ratio of Medical Benefit and Cash Benefit together with expenditure on Capital Construction for new Hospitals and renovation of existing hospitals with respect to contribution received during the last 5 years is as under :-

Rs. In Crore

Description	2013-14	2014-15	2015-16	2016-17	2017-18
Contribution	9,633	10,867	11,456	13,662	20,077
Medical Benefit	4,782	5,616	5,996	6,124	6,625

Cash Benefit	713	800	868	912	1037
Capital Construction Expenditure of hospital & Dispensaries (Capital work in progress)	301	258	234	(-)68	357
R & M Expenditure of Hospital and Dispensaries etc.	115	108	130	131	139
Total of above expenditure	5,911	6,782	7,228	7,099	8,158
Ratio %	61	62	63	52	41

It may kindly be observed that the ratio of contribution received with respect to expenditure in Medical Benefit, Cash Benefit, Capital Construction for new Hospitals and Dispensaries and repairs of Existing Hospitals and Dispensaries varied from 41 to 63 percent during the last 5 years. This does not include liabilities incurred in expenditure on capital construction of new hospitals in the next few years in respect of ongoing projects. This also does not include expenditure incurred for ESIC Medical Educational Institutions.

The ratio of contributions received with respect to expenditure for the FY 2017-18 is showing less than 50%, as the wage ceiling for coverage under the ESI Act has been enhanced to Rs. 21,000/- from Rs.15,000/- from January 2017. Although contribution receipts has increased in FY 2017-18 itself but the impact of expenditure will be reflected in the next 2-3 years. It would be evident from the table above, that expenditure during the year 2017-18 has increased in absolute terms to Rs.8158/- crore from Rs.7099/- crore over the previous Financial Year.

It is submitted that recently the ESI Corporation has initiated several new measures to increase the availability of medical services to the insured persons:-

a) It has been decided to set up one integrated Dispensary cum Branch Office complex, DCBO in all districts of the country and initially 312 such DCBOs have been approved and sanctioned out of which 30 DCBOs have been operationalised since September, 2018. The entire expenditure to be incurred by the DCBOs in providing primary medical care including medicine distribution, reimbursement and referral will be borne by the Corporation for which a separate provision of Rs.100 Crore has been made in the F.Y. 2018 - 19. DCBOs have also been authorized to enter into local tie-up with Jan Aushdhi Kendra and other chemists, after due procedure, as also tie-up for diagnostics and radiological services at the local level.

b) The Corporation has also sought for partnership arrangement with various Employers' Association run modified Employers Utilization Dispensaries (mEUD) and so far, 41 Organizations have responded and 15 mEUDs have been approved. The expenditure for hiring premises for dispensaries, computers, furniture as well as expenditure on medicines will be fully borne by the Corporation and the Employers' Organizations have the responsibility of appointing doctors and para medical staff for effective control of these dispensaries. The ESIC will also reimburse such expenditure to be incurred by the Employers organizations @ Rs.400 per IP family unit per year. Such dispensaries will add to the total number of dispensaries available to the insured population.

c) The Corporation has also recently approved Atal Bimit Vyakti Kalyan Yojana on 18.09.2018, envisaging payment of unemployment allowance upto 90 days as relief to the extent of 25% of the average per day earnings of an IP who have been rendered unemployed for any reason whatsoever except dismissals, superannuation and voluntary retirement, provided contributions in respect of the IP is paid or payable for preceding 2 years and contributed for not less than 78 days in each of the 4 contribution periods. This Scheme is quite different from the existing Rajiv Gandhi Shramik Kalyan Yojna for unemployment allowance which has stringent conditions and meant only for the formal sector like closure of factory as per ID Act. An estimated expenditure under this Scheme is about Rs.1600 crore per annum.

d) As desired by the Hon'ble Committee, legal opinion in respect of the issue of corpus fund has been obtained which is enclosed. The crux of the opinion is as follows:-

> *"Thus, it is clear that there shall be one Employees' State Insurance Fund which will be held and administered by the Corporation for the purposes of the Employees' State Insurance Corporation Act.*
>
> *There is no provision in the Act or rules that there shall be some other Corpus fund. During the discussion, it was brought to my notice that no separate fund has been created apart as in Section 26 of the Employees' State Insurance Act, what the office of the Employees' State Insurance Corporation has done is that they have apportioned the Main Fund i.e. Employees' State Insurance Fund into various heads on the basis of Actuarial valuation of its future liabilities."*

It is respectfully submitted that the ESI Corporation is fully aware of the increased level of expectations from the Insured Population and is ceaselessly striving to meet their expectations.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.103)

On the issue of bringing regulatory system for ESIC, the Committee have been apprised that ESIC has been created as per Section 3 of ESI Act, 1948, which provides social security to the insured persons. Further at present, competition with other organisations has not been introduced by the Government in the field of providing social security so as to be regulated by an independent body to avoid unfair play by the multiple organisations, such as IRDA which is regulating the insurance business. ESIC is not in the insurance business but is providing services on contribution received by it as per mandate of ESI Act. Hence, ESIC is an autonomous body which regulates the medical services being provided by the ESI Scheme of respective State and Union Territories and provides directly in the form of cash compensation for sickness, disablement maternity, death, etc. The Committee do agree with the contentions submitted by the ESIC but are of the considered opinion that ESIC has not been able to provide medical facilities etc. to the real beneficiaries of the ESI Scheme, as envisaged in the ESI Act, 1948. Further, ESIC is also moving away from the mandate given to it by the Parliament. The performance of ESIC right from the coverage, geographical and non-geographical, poor functioning of hospitals and dispensaries, creating of corpus of funds etc. by the ESI as analyzed in the previous paras of this Report gives credence to the view of the Committee. It appears that time has now come, when ESIC should be brought under a regulatory system. The Committee, therefore, recommend that the Ministry of Labour & Employment should set up an expert committee to revisit in a time bound manner the ESIC/ ESIS while studying in toto the background of personal health and insurance system in India and effectiveness of ESIC/ ESIS alongwith need for a regulator. The Committee desire to be apprised accordingly.

Reply of the Government

ESIC has been created as per Section 3 of ESI Act, 1948 vide which it is mandated with the responsibility of administration of ESI Scheme in accordance with provisions of ESI Act, 1948. The apex decision making body of ESIC is the Corporation which is a tripartite body comprising of employer, employees and Govt. The apex decision making body of ESIC also has representation from Hon'ble Members of Parliament. ESIC provides social security to the insured persons, who are the focus of aforesaid tripartite members of the body for providing benefit to them in case of sickness, maternity and employment injury. The Scheme is managed for the beneficiary only.

Regulatory framework has been introduced by the Government in fields where private sector participation has been allowed by law. At present, competition with other organization has not been introduced by the Government in the field of providing social security so as to be regulated by an independent body to avoid unfair play by the multiple organizations such as IRDA is doing for insurance business in India. ESIC as such is not in the insurance business but is providing services on contribution received by it as per mandate of ESI Act and funding from State Govt. towards sharing a part of medical benefit expenditure. ESI Corporation is an autonomous body which regulates the medical services being provided by the ESI Scheme of respective State and Union Territories and providing services directly in the form of cash compensation for sickness, disablement, maternity, death etc.

The Parliament has direct control over ESIC through Union Ministry of Labour & Employment and its Annual Report as well as Annual Accounts is to be presented in the Parliament every year. Further, ESIC services can be classified as a State function and the social security has been identified as a Human Right. The Parliament has legislated for establishment of ESI Corporation under Section 3, constitution of the Corporation under Section 4, the constitution of governing body in the form of Standing Committee under Section 8 and constitution of Medical Benefit Council as an Advisory body under Section 10 under the ESI Act. The Corporation accepts recommendations specific to the States are through the State Regional Boards and Local Committees which too have a tripartite representations. There is a continuous process of participation from the beneficiaries and the stakeholders in decision making of ESIC which ensures proper checks and balance in running the Scheme in an effective manner.

This being the present status of ESIC as a statutory organization and Ministry of Labour & Employment, Govt. of India is performing the role of a regulatory authority.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.107)

The Committee note that the coverage of ESI is mandatory, except for grant of exemption under section 87 of the ESI Act, 1948. The contribution to ESIC in compulsory or in other words, it can be inferred that ESIC has monopoly in the Country to collect the contribution and ESIC has been empowered to grant exemption from the purview of the ESI Act, under Section 87 of the Factory, Establishments or class factories or establishments in the notified areas by the appropriate Government on the condition that the benefits provided by the exemption seeking factory establishment are substantially similar or superior to the benefit provided under ESI Act. Accordingly, exemption has been granted from the purview of the ESI Act to as many as 214 factories/ establishments in various States of the Country. In this regard, the Committee would like to know the guidelines regarding granting of exemption to factories/ establishments and as to how the exemption would help ESIC to achieve their goal of providing medical facility to the Insured Persons (IPs). The Committee also feel the need to ensure that the provision of exemption should not be exploited by the exempted establishments and recommend the Government to ensure that such establishments provide better health facilities/medical services for their employees. The Committee are of the opinion that ESIC must act as a regulator for these exempted establishments.

Reply of the Government

Sections 87 to section 91 AA of the ESI Act cover the issue of exemption from the provisions of the ESI Act. The only criteria followed for grant of exemption is that the Factory or establishment which is seeking exemption from the provisions of the ESI Act is providing benefits to its employees which are similar or superior to the benefits provided under the ESI Act, 1948. The exemption is granted for one year at a time and the employer has to seek exemption form the provisions of the ESI Act every year.

The exemption from the provisions of the ESI Act is usually sought by the CPSUs and State PSUs in which the regular employees are already in receipt of the benefits which are substantially similar to those available under the ESI Act. Further in most of the cases the Regular Employees of these PSUs are getting wages well above the wage ceiling of Rs. 21000/- per month under ESI Act hence these are not coverable. It is further informed that the contractual workers working in these units which are granted Exemption are covered under the provisions of the ESI Act without exception. They are not granted exemption from the provisions of the ESI Act.

Further, it has been decided to carry out quarterly assessment of the Medical facilities provided to their employees by those factories/ establishments to which exemption has been granted under Section 87 or Section 88.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.112)

The Committee observe concern that the Hon'ble Finance Minister in his Budget speech of 2015-16 had stated that the beneficiaries under the ESI scheme should have an option of choosing either ESI scheme or a health insurance product recognized by Insurance Development Regulatory Authority

(IRDA). However, no steps in this regard were taken either by the Ministry of Labour & Employment or ESIC. The Committee desire to be apprised of the status of the same at action taken stage.

Reply of the Government

A proposal to provide option to the Insured Persons of ESI Scheme was placed before the apex decision making body of the Corporation, which rejected the agenda. Subsequently a proposal for amending the ESI Act, 1948, by way of insertion of new Section 44A, 44B, 44C and Section 44(4) was proposed by the Ministry of Labour & Employment in November, 2015 which intends to provide option to Insured Persons.

In view of the substantial Benefits contained in ESI Act, 1948, which has no comparable Insurance product offering substantially similar or better benefits as a standalone product, the option would not pass the requirement of Section 87 of ESI Act, 1948 which requires benefits substantially similar or better benefits than ESI Scheme in order to qualify for exemption from ESI Act, 1948.

ESIC expressed its view to the Ministry of Labour & Employment in January' 2018 that proposed amendment to ESI Act by way of insertion of Section 44A, 44B, 44C and Section 44(4) is not required and by inserting a Regulation to ESI General Regulations, 1950 as per provision already available in Section 57(1) of ESI Act, 1948, the objective of providing option to Insured Persons can be met.

In the 173rd meeting of the Corporation, a proposal for providing Health Insurance to Insured Persons in lieu of Secondary & tertiary care through ESI Scheme by way of insertion of a new Regulation 111 to ESI General Regulations 1950 was placed as an agenda, which has been referred to a Sub-committee for deciding the matter.

The Sub-committee is seized of the matter. Once the proposal is approved, the Insured Persons covered under ESI Scheme will have the option of availing in-patient medical care services either under ESI Scheme or through a floater Health Insurance Plan to be provided by ESIC. The Primary care shall continue to be available under ESI infrastructure.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.116)

The Committee note that a national health protection scheme 'Ayushman Bharat' has been launched, which will cover over 10 crore poor and vulnerable families. The ESIC is also providing medical benefits etc. to the insured persons on payment of contribution by them under the ESI Scheme. However, the ESIC could not finalise its views on linking up with Ayushman Bharat till date despite announcement made by the Prime Minister and Finance Minister at the time of Budget. The Committee therefore, desire that ESIC should finalise their policy in this regard at the earliest and inform the Committee in due course.

Reply of the Government

The Ayushman Bharat launched by the Govt. of India to cover 50 crore of citizens across the country with annual health coverage of Rs. 5,00,000 to a family unit. The Scheme has been framed as a State responsibility towards health care of the citizens. The Ayushman Bharat, no doubt provide free health care to the citizens of the country who are unable to afford health care services.

On the other hand, ESI Scheme Health coverage is based on contributions from employer - employee for keeping the workforce healthy for better output of the resources deployed for production. The Scheme has been supported by the State as its responsibility to provide health care to its citizen. Following is comparison between Ayushman Bharat and ESIC.

Ayushman Bharat	**ESIC**
Will take care of Secondary and tertiary care	Take care of Primary, Secondary and Tertiary care
For medical benefit limit of 5 lakhs for a family	No such limit
No cash benefit to beneficiaries	Miltiple cash benefit for covered IP as per ILO Convention, to which India is a signatory
No clarity on pre existing diseases	No restriction on pre existing diseases, however, some time limit for referring the case to outside ESI Institution

Since Ayushman Bharat is State funded and in case of overlap of ESI Beneficiaries in its ambit, it is for Ayushman Bharat to exclude such ESIC beneficiaries from its coverage. For this purpose ESIC will be ready to share its data of Insured Persons with Ayushman Bharat to enable, identify and eliminate such persons from its coverage.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.121)

The Committee note that a dependent benefit scheme is operational since inception of ESIC, for the benefit of dependents of those IPs who die due to injury during employment. Under this scheme as per section 2(6A) of the ESI Act, 1948, dependent broadly means a relative of a deceased IP like a widow, son, daughter, parents etc., and as on 31.03.2017 there are about 1,10,582 beneficiaries which are being paid the dependent benefits on monthly basis. The benefits paid under the scheme are 'life-long'. The Committee do appreciate it but they are constrained to note that the list of beneficiaries under the scheme has been reviewed twice only, once, way back in the year 1989 and then in the year 2010. Further, during oral evidence on being asked about audit of the scheme, the representative replied that no audit has been done. The Committee are of the view that as the scheme is being implemented since inception of the ESIC, it becomes imperative to review the list of beneficiaries and as well as special audit of the scheme at regular intervals in order to make sure that no one ineligible gets the benefits of the scheme and no one eligible is deprived from the benefits of the scheme. The Committee recommend that necessary steps be taken by the ESIC in this regard and they be apprised of the same at the earliest.

Reply of the Government

It is correct that the list of dependents_as per the section 2 (6A) of the ESI Act has been revised only twice since inception of the Act, once in 1959 when the words ”a widow, a minor legitimate or adopted son, an unmarried or adopted daughter” were substituted with ”a widow, a legitimate or adopted son who has not attained the age of twenty-five years, an unmarried legitimate or adopted daughter” and again in 2010 when widowed mother was added to the list of dependents. After these amendments the list of dependents has become so exhaustive that effectively no family member of Insured Person has been left out of the ambit of “dependents”.

Further the process of sanctioning the Dependent benefit to the beneficiaries adopted in ESIC is quiet elaborate which includes proper identification of claimant for his/her genuineness form the records already available in ESIC database and from the identification documents submitted by the dependents at the time of making first payment of Dependent Benefit. The concerned Branch offices obtains life certificate from dependents every year which includes declaration about re-marriage by the female DB beneficiary. If the DB beneficiary fails to submit life certificate Dependent Benefit Payment is stopped and the Beneficiary is communicated through post on available address to submit the life certificate. The payment of the dependent benefit is made directly into the bank account of the beneficiary.

It is further informed that the rate at which the DB payment is being made to the dependents is checked in all cases when the DB rates are revised. The periodic checking of each and every DB payment is done by the Internal Audit Team on regular basis. CAG also perform regular audit of these payments.

The Regional Directors and Sub Regional In-charges have been advised to check the DB beneficiaries in phased manner through the Branch office so that no ineligible person gets the benefits of the scheme and no eligible person is deprived from the benefits of the scheme.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

(Recommendation Para No.123)

The Committee note that the intention of the Legislature behind the ESI Act, 1948 was welfare of the workers. However, in view of various shortcomings noticed in the facilities and benefits being provided to the workers, the Committee have come to the conclusion that perhaps ESI Act is being used for providing more benefits to its own employees than the IPs. The Committee desire to be apprised of the comments of the ESIC and the Ministry of Labour & Employment in this regard. Apart from this, the Committee desire that ESIC should come out with a clear view on the Provident Fund issue and actively examine the setting up of a separate trust for the same.

Reply of the Government

As per Rule 47 of ESI (Central) Rule, 1950, the provident fund for employee of the ESIC has been established. Further, it is reiterated that money accumulated in Provident Fund is subscription of ESIC's employees deducted from their salary and nothing is diverted to Provident Fund from the contribution received from IPs/employers. It is pertinent to mention here that interest earned on the total GPF subscription over and above the rate of interest fixed by the Central Government for Govt. Employees under GPF Rule, 1972, is transferred to General Reserve Fund.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

CHAPTER-III

OBSERVATIONS/ RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

NIL

CHAPTER-IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

(Recommendation Para No.21)

The Committee also note that the eligible employees contribute 1.75% of their salary (basic and allowances) and employer has to contribute 4.75% to the ESI corpus every month. As on date the total number of IPs is stated to be 3.19 crore and the number of employers covered are stated to be 8.98 lakh. A glaring issue which has come to the notice of the Committee is that the onus of 'registration' under the ESI scheme is on the 'Employer' alone and not on the ESIC, which collects the contribution from the Insured Persons (IPs) and the employers. They are of the view that the 'onus' of registration should not only be on the employer but also on the ESIC/ESIS, as it receives contribution from both employees as well as employers. The Committee feel that this will have a drastic effect in improving the coverage of ESIS and therefore, recommend that this issue be examined by the Ministry of Labour and Employment as well as by the ESIC and necessary action be taken at the earliest of which the Committee be informed. The Committee also recommend in this regard that a specific policy be formulated for issue of Unique Number for IPs separately.

Reply of the Government

As per Regulation 10 B of The Employees' State Insurance (General) Regulations, 1950, it is responsibility of the Employer to register his / her factory or an establishment under the ESI Act to which the Act applies.

The facility of online Registration of coverable factory / establishment and its employees has been extended to the employer to facilitate "Ease of doing business." Due to the facility extended under on line registration, Employer gets ESI Code No. on real time basis along with password. Employer get their employees registered on real time basis. Employer can also generate

TIC (Temporary Identification Certificate)/ **e-Pechaan** instantly online, which enables the covered employee to get benefits under ESI Scheme from day one of their registration.

Special drive for survey is launched from time to time and on the basis of survey reports coverage letter is issued to the coverable units. Action is also initiated under Section 44 and under Section 85 of the ESI Act against the erring employer. As and when any complaint regarding non-coverage of employer / employees is received suitable action is initiated for coverage of both employers and employees.

Approx 18 lacs of registered IPs are seeded and authenticated with Aadhaar but ESIC is unable to make it mandatory. Further, the ESI Corporation in it's 175^{th} meeting held on 18.09.2018 has approved an incentive scheme for employer for Aadhaar seeding with OTP verification of IP and their family members @ Rs. 10/- per person. Implementation of this scheme would be subject to necessary approvals of UIDAI.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

Comments of the Committee

For comments of the Committee please refer to Para No.6 of Chapter I of this Report.

(Recommendation Para No.78)

The Committee note that there are 154 ESI Hospitals in the Country which are being run by ESIC and by the respective State Governments. With a view to improve services in State run ESIS Hospitals and Dispensaries the ESIC has reportedly taken some steps, like States have been requested to implement ESIC 2.0 reform measures and certain minimum facilities/ parameters have been prescribed to be maintained in ESIS Hospitals and Dispensaries like availability of doctors and para-medical staff as per sanctioned strength, availability of minimum number of medicines, monitoring of general cleanliness and up keep of Dispensary/ Hospital, change of bed sheets etc. Similarly, steps are stated to have been taken to improve the functions of ESIC Hospitals and Dispensaries. While the Committee appreciate the steps taken by the ESIC, they have found during their on the spot study visits that the functioning of the hospitals has not improved. The same was admitted by the representative of the Ministry during oral evidence when it was stated that in ESI Hospitals there is poor upkeep, poor maintenance, poor quality of services, lack of infrastructure and staff etc. which has resulted in low occupancy in these Hospitals. The Committee note that the functioning of the Hospitals and the dispensaries has remained pathetic despite the fact that ESIC has no scarcity of money or human resources. In fact many C&AG reports have also pointed at glaring deficiencies in the functioning of ESIC and suggested remedial measures too. The Committee observe that to overcome the deficiency in services, new provisions in the current year's Budget have also been introduced, *i.e* the provision of ₹500 crore for extending the primary care services where maximum deficiencies are there, empanelment of clinics, doctors, in the areas of IPs concentration and the appointment of Insurance Medical Practitioners. The Committee therefore, recommend that ESI need to earnestly work upon improving its implementation aspect in letter and spirit, which is currently in a dismal state.

Reply of the Government

ESI Corporation has noted the directions of the Committee and all the initiatives which are taken up for improvement of medical care, shall try to achieve them in a time bound manner.

The IMP scheme has been made more attractive along with tracking through mobile apps. It shall be implemented in phased manner in all those areas where the primary care is deficient.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

Comments of the Committee

For comments of the Committee please refer to Para No.7 of Chapter I of this Report.

(Recommendation Para No.81)

The Committee note that the number of IPs are stated to be about 3.19 crore and the total expenditure for medical benefits during the year 2016-17 was ₹6,409 crore *i.e* ₹6,124 crore as medical benefits and ₹285 crore as cash benefits, whereas the total collection of contribution was ₹16,852 crore which includes the interest income of □3,069 crore. The Committee are concerned to note this huge disparity in money collected from IPs and employers *vis-a-vis* amount spent on their medical benefits, and desire that the Ministry furnish a detailed explanation on this mismatch and work towards speedy rectification of this anomaly. They also desire to be apprised of the progress achieved herein.

Reply of the Government

The issue was examined and an agenda was placed before the ESI Corporation to consider reduction in the rates of contribution for employer and employees both wherein the members decided that there is a need in improvement of the services rendered to the Insured Person rather than reducing the contributions. Accordingly, the ESI Corporation approved following new Schemes for improvement in the benefit of the Insured Person:-

1. Atal Bimit Vyakti Kalyan Yojana : Relief to the Insured Person who is rendered unemployed in view of the changed working environment from permanent employment to a fixed term engagement contract, temping etc. The Insured Person, while he searches a new employment, a relief of 90 days is provided for their sustenance. An annual expenditure to the ESI fund is likely to be @ Rs.1600 crores.
2. The Maternity Benefit to the Insured Woman has been enhanced from 12 to 26 weeks.
3. The amount of Funeral expenses has been enhanced from Rs.10,000/- to Rs. 15,000/-.
4. Opening of DCBO in all districts of the country as a hub connecting modified IMPs, empanelled chemists and Diagnostic Centres for improving primary medical care services to Insured Persons.

(ESIC letter No.A-48/18/1/2018-P&D (Vol. IV dated 08.01.2019)

Comments of the Committee

For comments of the Committee please refer to Para No.12 of Chapter I of this Report.

CHAPTER-V

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

NIL

New Delhi;	**DR. KIRIT SOMAIYA**
11th, February, 2019	***CHAIRPERSON,***
22nd, Magha, 1940 (Saka)	***STANDING COMMITTEE ON LABOUR***

APPENDIX-I

STANDING COMMITTEE ON LABOUR

(2018-19)

Minutes of the Thirteenth Sitting of the Committee

The Committee sat on Monday, the 11th February, 2019 from 1030 hrs. to 1100 hrs. in Room No. 95-A, Chairperson's Chamber, Parliament House, New Delhi.

PRESENT

Dr. Kirit Somaiya – CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Devajibhai Govindbhai Fatepara
3. Shri Kaushalendra Kumar, MP
4. Shri Hariom Singh Rathore, MP
5. Shri Naba Kumar Sarania, MP
6. Dr. Arun Kumar, MP
7. Shri C.N. Jayadevan, MP

RAJYA SABHA

8. Shri Ram Narain Dudi, MP
9. Shri N. Gokulakrishnan, MP
10. Shri Madanlal Saini, MP
11. Dr. Banda Prakash, MP

SECRETARIAT

1.	Ms. Rimjhim Prasad	-	Joint Secretary
2.	Shri P.C. Choulda	-	Director
3.	Shri C. Vanlalruata	-	Additional Director
4.	Shri Kulvinder Singh	-	Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee, convened for consideration and adoption of the following draft Reports:

(i) XX XX XX XX

(ii) XX XX XX XX

(iii) XX XX XX XX

(iv) Draft Report on the Action taken by the Government on the Observations/ Recommendations of the Committee contained in their Thirty-Ninth Report (Sixteenth Lok Sabha) on 'The Employees' State Insurance Corporation - Coverage of Establishments, Recovery of Arrears and Functioning of the Hospitals and Dispensaries under the Scheme' pertaining to the Ministry of Labour & Employment; and

(v) XX XX XX XX

3. The Committee took up the Draft Reports one by one for consideration/ adoption and adopted the same without any addition/ modification.

4. The Committee then authorized the Chairperson to finalise the Reports in the light of consequential changes that might arise out of factual verification of the draft Report on 'Guidelines, Monitoring, Rating and Regulatory System, Status of Investment in Bonds and such Instruments - (Example of Infrastructure Leasing & Financial Services (IL&FS) by PF Funds, Pension Funds' and present the same to both the Houses.

The Committee then adjourned.

XX Does not pertain to this Report.

APPENDIX-II

(Vide Para No. 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THEIR THIRTY NINTH REPORT OF THE STANDING COMMITTEE ON LABOUR (SIXTEENTH LOK SABHA)

		Total	Percentage
I.	Total number of Recommendations	**24**	
II.	Recommendations/Observations which have been accepted by Government **(Rec. Sl. Nos. 19, 20, 22, 23, 37, 79, 80, 82, 83, 84, 85, 86, 97, 98, 99, 103, 107, 112,116, 121 & 123)**	**21**	**87.50**
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies- **nil**	**00**	**00**
IV	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration – **(Rec. Sl. No. 21, 78 & 81)**	**03**	**12.50**
V	Recommendations/Observations in respect of which final replies of Government are of interim in nature **NIL**	**00**	**00**
			100%