Chapter - 2: Financial Management and Governance

One of the objectives of the performance audit was to examine whether mechanism to collect contributions, recovery of arrears was effective and financial management including budgetary controls were efficient. For this Audit examined income and expenditure statements, collection of contributions, recovery of arrears, un-reconciled challans, non-reconciliation of bank account statements, non-recovery of interest on delayed credits by bank and budgetary processes. Audit also examined whether existing governance structure at Central and State level, were effective. Significant issues arising from results of audit examination are as follows:

2.1 Income and expenditure

As per Rule 51 of ESI (Central) Rules 1950, the contribution is to be collected at rate of 1.75 *per cent* of wages from employee and 4.75 *per cent* of wages from employer. It was the main source of income to the ESIC and contributed 76 to 84 *per cent* of its total income. In addition, the other sources of income were interest on investments (14 to 22 *per cent*) and rent/rate/taxes (0.60 *per cent* to 1.48 *per cent*) of the buildings constructed by ESIC and handed over to state governments to run the scheme, etc.

Expenditure of ESIC was mainly towards providing medical benefits (54 to 64 *per cent* of total expenditure), cash benefits (11 to 18 *per cent*), administrative expenses (12 to 20 *per cent*), etc. The income and expenditure details of ESIC during 2008-09 to 2012-13 are as given in **Table 2.1**:-

Table 2.1: Income and Expenditure

Figures in bracket indicate per cent share *(₹ in crore)*

Sl. No.	Item	2008-09	2009-10	2010-11	2011-12	2012-13
INCOME						
(A)	Contribution	3698.53 (83.07)	3896.00 (76.61)	5748.77 (82.35)	7070.11 (84.23)	8111.45 (80.01)
(B)	Interest & Compensation	664.03 (14.91)	1110.36 (21.84)	1132.43 (16.22)	1188.02 (14.15)	1914.49 (18.88)
(C)	Rent, Rates & Taxes	65.86 (1.48)	61.40 (1.21)	65.66 (0.94)	60.64 (0.72)	60.93 (0.60)

(D)	Fees, Fines & Forfeitures	9.37 (0.21)	10.14 (0.20)	7.99 (0.11)	25.43 (0.30)	15.57 (0.15)
(E)	State Government Share	7.59 (0.17)	0.00	9.64 (0.14)	20.00 (0.24)	0.00
(F)	Miscellaneous	7.07 (0.16)	7.27 (0.14)	16.13 (0.23)	29.35 (0.35)	36.19 (0.36)
TOTAL		**4452.45**	**5085.17**	**6980.62**	**8393.55**	**10138.63**
EXPENDITURE						
(A)	Administration	412.76 (19.95)	504.36 (18.60)	524.21 (15.75)	647.06 (15.18)	823.26 (12.43)
(B)	Medical Benefits	1123.22 (54.29)	1626.93 (59.99)	2123.67 (63.82)	2689.62 (63.11)	3931.91 (59.38)
(C)	Cash Benefits	383.23 (18.52)	428.85 (15.81)	496.55 (14.92)	685.07 (16.08)	763.78 (11.54)
(D)	Civil Construction	36.99 (1.79)	38.96 (1.44)	57.49 (1.73)	70.70 (1.66)	81.11 (1.23)
(E)	Repairs and Maintenance and Municipal Taxes	112.63 (5.44)	112.72 (4.16)	125.68 (3.78)	169.25 (3.97)	129.08 (1.95)
(F)	Contingency Reserve Fund/ Prior period adjustment[8]	0.00	0.00	0.00	0.00	892.00 (13.47)
	Total	**2068.83**	**2711.82**	**3327.60**	**4261.70**	**6621.16**
Excess of Income Over Expenditure		2383.62	2373.35	3653.02	4131.85	3517.47
Transfer to capital construction reserve fund (CCRF)		-	5000.00	-	-	3000.00
Accumulated surplus		13481.40	10854.75	14507.77	18639.62	19157.09

(Source: Annual accounts of ESIC)

Analysis of data of income and expenditure indicated following:-

- Contribution was the main source of income to the ESIC and was 76 to 84 *per cent* of total income during 2008-09 to 2012-13.
- ESIC had investments of ₹ 31638.58 crore as of March 2013 and interest on such investments contributed to 14 to 22 *per cent* of income.
- Medical Benefit contributed towards 54 to 64 *per cent* of Expenditure. Similarly Cash Benefits were 11 to 18 *per cent* of the outgo. These two components which were for direct service to IPs contributed to approximately 80 *per cent* of its expenditure.
- Administrative expenditure for running of the scheme was 12 to 20 *per cent* of total expenditure which appeared to be on the higher side. However, it was within statutory limit of 15 *per cent*

[8] New expenditure head added during 2012-13

of total revenue as defined under Rule 31 of ESI (Central) Rules, 1950 under Section 28A of the Act.

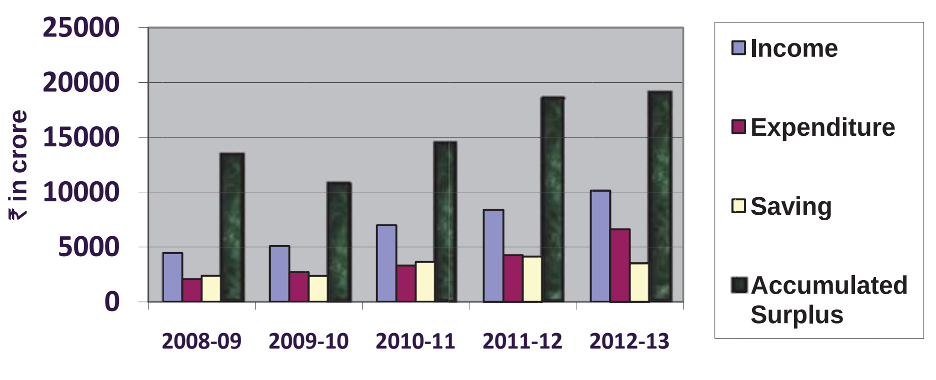
- Expenditure towards medical and cash benefit was between 33 and 46 *per cent* of total income indicating that the expenditure on the main activity was not in proportion to collection of contributions. It also indicated that the rates of contribution from employee and employers were higher than present level of services being provided.

2.1.1 Accumulated surplus

The ESIC was created to provide social security for IPs, however as seen from its income and expenditure figures, its collections were consistently and significantly higher than its level of expenditure on services, with the result that it has been accumulating surplus over the years. During 2009-10 and 2012-13 ESIC transferred ₹ 5000 crore and ₹ 3000 crore respectively from 'Surplus' to 'Capital Construction Reserve Fund' (CRRF). Yet the accumulated surplus increased from ₹ 13481.40 crore in 2008-09 to ₹ 19157.09 crore in 2012-13.

The pattern of accumulated surplus during 2008-09 to 2012-13 is highlighted in the **Graph 2.1**:-

Graph:2.1 Income and expenditure and accumulated surplus



Spending less on providing core services (medical benefits and cash benefits) for which ESIC was created and using accumulated surplus for medical education (construction of medical colleges) is an issue of concern.

2.1.2 Arrears of contributions

As per Regulation 31 of ESI (General) Regulations 1950, all employers of covered establishments are required to deposit both employees' and employer's contribution within the stipulated period i.e. latest by 21st of next month. In case employer fails to do so, contribution along with interest will fall under arrears for which ESIC is empowered to take recovery action as arrears of land revenue under Section 45-B to 45-I of the Act.

The position of arrears and its recovery for last five years is given below:-

Table 2.2: Arrears of Contribution

(₹ in crore)

Year	Arrears to be recovered from			Arrears not recoverable at present[9]
	Private[10]	Public[11]	Total	
2008-09	1060.73	206.59	1267.32	912.26 (71.98 *per cent*)
2009-10	1037.27	272.72	1309.99	1009.01 (77.02 *per cent*)
2010-11	1060.60	307.76	1368.36	962.92 (70.88 *per cent*)
2011-12	1123.98	348.74	1472.72	1031.19 (70.02 *per cent*)
2012-13	1303.99	351.43	1655.42	1001.82 (60.51 *per cent*)

Analysis of arrears indicated that:

- Out of total arrears of ₹ 1655.42 crore as of March 2013, ₹ 1001.82 crore were classified as not recoverable, ₹ 124.32 crore as dues from sick industries and ₹ 529.28 crore as pending for recovery with Recovery Officers.
- A significant portion of total arrears was classified as 'not recoverable arrears' indicating weaknesses in recovery mechanism.
- Total arrears were about 20 to 34 *per cent* of annual contributions during 2008-09 to 2012-13.
- Arrears recoverable as on 31 March 2013 i.e. ₹ 1655.42 crore,

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[9] ESIC classifies these arrears as irrecoverable at present due to court case, whereabouts not known, factory closed, etc.

[10] Public- Employers from public sector.

[11] Private- Employers from private sector.

constituted 20.4 *per cent* of the total contributions collected during 2012-13.

- The amount of outstanding arrears increased by about 30 *per cent* from 2008-09 to 2012-13.

ESIC stated (May 2014) that the main reason for the outstanding arrears was continuing default and all regions were being advised to ensure timely recovery action in respect of defaulter units.

2.1.3. Loss of Revenue by time barring

Section 45 A of the Act, which empowered ESIC to determine the amount of contribution payable by the employer, was amended in June 2010 by prescribing a time limit of five years for determination of contributions, with a view that such cases were determined within maximum period of five years. Consequent to the amendment, ESIC directed (June 2010) all ROs/SROs, to assess all the pending cases on priority to finalize the assessment of contribution by passing appropriate orders before expiry of five years. However, it was seen that a number of cases could not be decided within this time limit; resultantly the recoveries of ₹ 48.31 crore became time barred.

Summary of cases where arrears became time barred and hence unrecoverable is as follows:

Table 2.3: Time-barred cases

Sl. No.	Name of RO/SRO/State	No. of Cases	Amount (₹ in crore)
1.	SRO Ernakulam, Kerala	42	0.60
2.	RO Thrissur, Kerala	21	0.12
3.	RO Chennai, Tamil Nadu	1096	39.48
4.	SRO Salem, Tamil Nadu	NA	4.74
5.	RO Puducherry	94	1.84
6.	RO/SRO Karnataka	53	1.53
	Total	**1306**	**48.31**

Thus, non-initiation of action by the ESIC even in five years period to determine the dues resulted in loss of revenue of ₹ 48.31 crore.

Recommendation: ESIC may take effective steps to recover the arrears of contribution, interest and damages and also ensure prompt action against defaulters. ESIC may also investigate and determine accountability in time barred cases.

ESIC stated (May 2014) that action for determining responsibility for violation of instructions was being looked into.

2.1.4 Non Recovery of Arrears of ₹785.10 crore from Delhi Government

Administration of ESIS was transferred from Delhi Government to ESIC in 1962, with the condition for reimbursement of 1/8th share of expenditure by Delhi Government. Delhi Government had been making payment regularly till 1989-90, but subsequently payments became irregular. A total of ₹ 785.10 crore was outstanding from Government of Delhi as on 31 March 2013. ESIC also did not take up the matter with the Ministry to pursue with Delhi State Government for recovery of arrears.

ESIC stated (May 2014) that the matter was being constantly pursued with Delhi State Government.

2.2 Budget

According to Section 26 of the ESI Act, all contributions paid under this Act and all other moneys received on behalf of the ESIC are paid into a fund called the Employees' State Insurance Fund, which is held and administered by the ESIC. The Act further provides that the Corporation shall frame a budget, showing probable receipts and expenditure and submit a copy of the budget for the approval of the Central Government (Section 32). Rule 48(2), Appendix 2 of General Financial Rules (GFRs) provide guidance on preparation of budget and states that the budget should be prepared with due care. The details of budget estimates and actual expenditure of ESIC and its Excess (+) or Saving (-) during 2008-2009 to 2012-2013 are given in **Table 2.4**:-

Table 2.4: Budgeted vis-a-vis Actual Expenditure during last five years

(₹ in crore)

Year	Budget Estimates (BE)	Actual expenditure	Excess(+)/ Saving(-) *per cent w.r.t. B.E.*	
			Amount	*per cent*
2008-09	2130.71	2068.83	-61.88	-2.90
2009-10	3399.05	2711.82	-687.23	-20.22
2010-11	3890.71	3327.60	-563.11	-14.47
2011-12	5079.70	4261.70	-818.00	-16.10
2012-13	5749.63	6621.15	871.52	15.16

Thus, while actual expenditure was close to budget figures in 2008-09, during 2009-10 to 2011-12 savings of 14.47 *per cent* to 20.22 *per cent* were observed.

Scrutiny of process of approval of budget in the Ministry revealed that the Ministry approved the budget proposal as submitted by the ESIC i.e. without exercising any oversight role during all five years.

This indicated weaknesses in the budgeting process.

Audit also analysed budgeting for ESIC field offices and significant deviations are indicated as under:

Table 2.5: Details of deviations in budget

Sl. No.	Name of Unit/State	Period	Excess/ Saving	*Per cent* of Excess/ Saving
1.	SRO Okhla, Delhi	2009-10 to 2012-13	Excess	22 to 89
2.	ESIC Hospital Vapi, Gujarat	2011-12 to 2012-13	Saving	45 to 55
3.	RO Bangalore, Karnataka	2010-11 to 2012-13	Excess	20.4 to 49.57
4.	SRO Bomasandra, Karnataka	2010-11	Excess	70
5.	SRO Peenya, Karnataka	2010-11	Excess	40
6.	SRO Coimbatore, Tamil Nadu	2008-09 to 2012-13	Excess	41 to 196
7.	RO Dehradun, Uttarakhand	2008-09 to 2012-13	Saving	40.5 to 63.4
8.	SSH Santhnagar, Hyderabad	2011-12 & 2012-13	Saving	20.45 to 65.05
9.	SRO Kollam, Kerala	2011-12	Saving	68.56

These variations indicated weak budgeting and lack of adequate oversight on the part of ESIC.

Recommendation: The ESIC may frame the budget estimates with due care. The Ministry may scrutinize the budget proposals carefully before according sanction.

The Ministry/ESIC accepted the recommendation.

2.3 Payments to states without audit certificates

As per Section 58(3) of the Act, the ESIC entered into an agreement with the State Governments to provide a uniform scale of medical care to IPs and expenditure on medical care is to be shared between ESIC and State Governments in a ratio of 7:1. As per prescribed procedure, ESIC makes provision for on account payment up to 90 *per cent* of its 7/8th share of expenditure based on the ceiling fixed and pays the balance 10 *per cent* subsequently on receipt of audit certificate from the concerned State Accountants General (AsG). Audit observed that during 2008-09 to 2011-12, (**Annex-III**) the ESIC paid ₹ 2280.29 crore to 21 states as 90 *per cent* advance payment but the expenditures were not certified from the respective AsG even after a lapse of more than four years. Audit also observed that ESIC released funds to Andhra Pradesh, Gujarat, Haryana, Punjab, Rajasthan and Tamil Nadu in excess of expenditure certified by the AsG. The basis of making excess payments to States was not on records.

ESIC stated (May 2014) that the payment of ₹ 2280.29 crore to 21 States referred to the payment of 90 *per cent* of 7/8th share, which was to be made in advance without audit certificates. The reply is not acceptable as the funds had been released to the states consecutively for four years i.e. 2008-09 to 2011-12 and expenditure figures were not certified during these years.

2.4 Un-reconciled challans

After the computerization of ESIC, all contributions are to be paid by the employer through online challan. Each month, each employer needs to generate online challan for contribution to be paid. Payment is to be made in State Bank of India for that challan. After getting scroll from the bank, ESIC reconciles the challans generated vis-à-vis those paid in bank. The challans generated but not paid are treated as un-reconciled challans.

Audit observed that subsequent to the completion of process of significant online challan generations, a number of un-reconciled challans were found in the system.

Audit noted a difference of ₹ 556.59 crore between generated challans and actual receipts as per details given below:-

Table 2.6: Difference in generated challans and actual receipts

Sl. No.	Name of State	Amount of difference (₹in crore)	Period
1.	Himachal Pradesh	10.38	2011-12 and 2012-13
2.	Haryana	146.03	2008-09 to 2012-13
3.	Karnataka	380.42	October 2011 to March 2013
4.	Uttarakhand	19.76	2011-12 and 2012-13
	Total	556.59	

ESIC stated (May 2014) that such types of challans were lying unpaid in the Insurance Module and it was decided that all the challans lying unpaid for more than six months would be automatically deleted from the system. However, this system was not introduced because it was not clear whether these challans were unpaid challans or un-reconciled challans.

2.5 Issues arising out of Non Reconciliation

2.5.1 Disbursal of pension of ₹ 1.17 crore remained outside cash book in RO, Delhi

Bank reconciliation statement of RO, Delhi (as on 31 March 2013) had shown an amount of ₹ 1.17 crore against 'pension scroll debited by bank but not booked in the cash book for want of pension scroll from bank'. This included amount of ₹ 1.04 crore pertaining to the period between August 2004 and August 2011. By not showing this amount in the cash book, the RO Delhi had understated its expenditure in the respective years. This was also fraught with the risk of overpayment to pensioners during the related period.

ESIC stated (May 2014) that out of ₹ 1.17 crore an amount of ₹ 86.00 lakh has been adjusted by obtaining the details of pension scroll from the bank. The matter was under correspondence with the bank to furnish the details of pension scroll for the remaining amount of ₹ 30.43 lakh to carry out the adjustment in cash book of RO, Delhi.

2.5.2 Debit of ₹ 2.86 crore given by bank not included in accounts

Similarly, Bank Reconciliation Statement of RO Raipur of March 2013 revealed that an amount of ₹ 2.86 crore was debited between October 2006 and December 2012 by the bank but not included in ESI accounts.

ESIC stated (May 2014) that RO Raipur had not received exact details of ₹ 2.86 crore from the bank. The matter was being pursued with the bank for furnishing the details.

2.6 Non-recovery of interest on delayed credits by State Bank of India (SBI)

As per the agreement between the SBI and ESIC effective from 1 April 2005, the bank will pay interest on delayed credits of contribution to ESI fund beyond 14 days from the base branch to link branch and link branch to nodal account at New Delhi at a rate of 2 *per cent* above savings bank rate.

Audit observed that an amount of ₹ 58.94 lakh was outstanding as interest on delay in credit of contributions from SBI as on March 2013. (RO Ahmedabad- ₹ 24.34 lakh, SRO Vadodara- ₹ 17.85 lakh and SRO Surat - ₹ 12.40 lakh, SRO Bhubaneshwar - ₹ 2.77 lakh and RO Guwahati - ₹ 1.58 lakh).

ESIC stated (May 2014) that the matter was being pursued with bank authorities for the credit of interest on delayed credits of contributions to ESI fund by the respective accounting units.

2.7 Availing medical facilities by ESIC employees without Contribution

As per Rule 51 of ESI (Central) Rules 1950, facilities of ESIC hospitals/ dispensaries and other benefits are available for eligible category of workers/employees on payment of contribution by employee and employer both. However, audit observed that all employees of ESIC were availing medical facilities without payment of any contribution.

Availing medical facilities free of cost by the employees from ESIC dispensaries/hospitals was, therefore, irregular. Prior to 1995, employees of ESIC were availing CGHS facilities at prevailing CGHS rates. As per decision of 135th Standing Committee meeting held on 29 August 1996, the employees posted in ROs, Delhi and HQrs office, Delhi who were availing medical benefits through CGHS, were to be provided medical facilities through ESI dispensaries/hospitals with effect from 1 April 1995. Thus, ESIC employees switched over from CGHS to ESI medical facilities without paying any contribution.

As per the prevailing subscription rates for CGHS w.e.f. 1 June 2009, an amount of ₹ 61.53 lakh was recoverable from the salary of 648 ESIC employees posted at ESIC HQrs for the period June 2009 to March 2013. There are approximately 12000 employees in ESIC availing medical facilities without any contribution.

ESIC stated (May 2014) that decision could not be taken in 135th Standing Committee meeting with regard to recovery of subscription from the employees availing medical facilities from ESI hospitals. A final view in the matter has not yet been taken. The matter would be placed before the competent authority for decision.

2.8 Non-adjustment of medical advances given to hospitals

Senior State Medical Commissioners (SSMCs)/State Medical Commissioners (SMCs)/Directorate Medical Delhi (DMD)[12] were authorized to make tie up arrangements with reputed government/semi government/private hospitals/institutions for getting super speciality treatment by IPs. As per the instructions issued by ESIC (July 2008) for super speciality treatments, the IPs were not required to make any payment and would get cashless treatment from such super speciality hospitals. In exceptional circumstances or in emergencies, advances can be paid to tied up hospitals by ESIC. The tied up hospitals will submit

[12] Authorities in ESIC, responsible for tie up arrangements with super speciality hospitals.

the bills along with necessary supporting documents to respective ESI hospitals by 7th of the next month.

Audit observed that advances of ₹ 20.31 crore given to such hospitals, as on March 2013, were lying unadjusted in eight states as detailed below:-

Table 2.7: Unadjusted advances

(₹ in lakh)

Sl. No.	Name of State	Unadjusted Advances
1.	Himachal Pradesh	186.76
2.	Haryana	68.75
3.	Chandigarh	84.58
4.	Madhya Pradesh	388.00
5.	Gujarat	585.57
6.	Rajasthan	20.56
7.	Kerala	630.21
8.	Chhattisgarh	67.03
Total		2031.46

Of the above, advances of ₹ 156.71 lakh were unadjusted for more than five years.

ESIC stated (May 2014) that the matter was being followed vigorously with the concerned hospitals for adjustment of advances.

2.9 Governance of ESIC through Committees

As per Section 3 of the Act, the ESIS is administered by a duly constituted corporate body called the 'Employees' State Insurance Corporation (ESIC)'. Under Section 8 of the Act, a Standing Committee of the Corporation shall be constituted from among its members appointed by/representing Central Government, State Governments, employers, employees, medical profession and Director General of ESIC (ex-officio). Similarly, under Section 10 of the Act, a Medical Benefit Council shall be constituted by the Central Government consisting of Director General of ESIC, Director General Health Services, Medical Commissioner of Corporation and other members representing State Governments, medical profession with at least one lady member.

Under Section 25 of the Act, Corporation may appoint Regional Boards, Local Committees and Regional/Local Medical Benefit Councils in such manner as provided by Regulations. Accordingly, three bodies namely (i) Regional Board, (ii) Hospital Development Committee (HDC) and (iii) Local Committee are appointed for State level.

2.10 Committee meetings

The activities and functioning of the ESIC are governed by the ESI Act, 1948. As per Section 20 of the Act, the Corporation, the Standing Committee and the Medical Benefit Council shall meet at such times as may be specified in the Regulations made in this behalf. Under Rule 6 of ESI (Central) Rules 1950, minimum number of meeting of ESIC, Standing Committee and Medical Benefit Council to be held in a year are prescribed. Meeting for Regional Board and HDC were prescribed by ESIC through circulars/handbook. For meetings of local committee no minimum criterion was prescribed.

Comparison of prescribed and actual number of meetings of these committees held during 2008-09 to 2012-13 indicated shortfalls as detailed in Table 2.8:-

State wise status of conduct of meetings of Regional Boards and

Table 2.8: Shortfalls in meetings of Committees

Name of Committee	Main functions of the Committee	Prescribed Frequency of meetings	Actual number of meetings held during 2008-09 to 2012-13	Shortfall
National Level Committees				
ESI Corporation	Primary body for administration of the scheme, it may also promote measures for the improvement of the health and welfare of insured person and rehabilitation and re-employment of the insured persons who have been disabled or injured. (Section 3 and 19 of the Act)	At least twice each year Total : 10	4(2008-09) 3(2009-10) 3(2010-11) 4(2011-12) 2(2012-13) **Total : 16**	NIL

Standing Committee	Subject to general superintendence and control of the Corporation, it administers the affairs of the Corporation. (Section 18 of the Act)	At least 4 times each year Total : 20	4(2008-09) 3(2009-10) 3(2010-11) 3(2011-12) 3(2012-13) **Total : 16**	4
Medical Benefit Council	It advises the Corporation and the Standing Committee on matters relating to administration of medical benefit. It also investigates complaints against medical practitioners in relation to medical services (Section 22 of the Act)	At least twice each year Total : 10	1(2008-09) 0(2009-10) 1(2010-11) 1(2011-12) 2(2012-13) **Total : 05**	5
State Level Committees				
Regional **Board**	Extension of ESIS to new areas, improvement in benefits, provision of indoor medical treatment, arrangement of rehabilitation of permanently disabled IPs, review the working of the scheme in the state. (Regulation 10(14))	At least 4 times in a year for 24 Regional boards Total : 456	17(2008-09) 20(2009-10) 28(2010-11) 16(2011-12) 21(2012-13) **Total : 102**	354
Hospital Development Committee	Improvement in day to day functioning, repair and maintenance of the hospital, obtaining ISO certification and to handle general grievances, complaints and difficulties of IPs, to review up-gradation of medical care facilities. (Handbook on Hospital Development Committee of ESI Hospitals).	At least 6 times in a year Total : 703	25(2008-09) 43(2009-10) 41(2010-11) 41(2011-12) 63(2012-13) **Total : 213**	490

HDCs is given in **Annex-IV**. Audit observed that in 15 states (Assam, Chhattisgarh, Delhi, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and Uttarakhand) the shortfall in holding Regional Board meetings was 75 *per cent* or more. Infrequent meetings by committees was not consistent with good governance practices and would have an adverse impact on implementation of the ESIS.

2.11 Delay in re-constitution of Regional Boards

As on March, 2013 there were 24 Regional Boards. The tenure of Regional Boards is for three years. Out of these 24 Regional Boards, tenure of nine boards namely Maharashtra, Puducherry, Punjab, Assam, Uttar Pradesh, Uttarakhand, Kerala, Tamil Nadu and Delhi expired during 2004 to 2011. These were not reconstituted (July 2013). Proposal for constitution of Regional Boards of three states (Assam, Chhattisgarh and Jharkhand) was reportedly pending with the Ministry. Regional Board of Gujarat was reconstituted in 2012 with delay of 10 years after expiry of previous Regional Board tenure in 2002.

The instances of delay in constitution of Regional Boards would lead to denial of appropriate forum to the stakeholders.

Recommendation: It is recommended to hold meetings of various committees as prescribed and Regional Boards may be constituted on time for effective governance.

ESIC stated (May 2014) that the Regional Boards of Jharkhand, Assam and Chhattisgarh were reconstituted in July-August, 2013 and rest of recommendations of the Audit were noted for future guidance.