Conclusion

The Employees' State Insurance Scheme (ESIS) was introduced in 1952 to achieve the objective of the Employees' State Insurance Act, 1948 for providing comprehensive social security for the workers deployed in organized sectors. The Employees' State Insurance Corporation, which is the apex corporate body administering the ESIS, provided services to majority of insured persons and their family members, however, there was scope to improve these services.

Performance audit disclosed that ESIC was spending less on services to be provided to its insured persons and its collections were more, with the result that its accumulated surplus was consistently increasing. It had ₹1665.42 crore as arrears of contribution as on March 2013 and a significant portion of it had been categorized as 'non recoverable' indicating weaknesses in its recovery mechanism. A number of assessments of contributions could not be finalized within mandated time limit of five years and hence became time barred. There were weaknesses in its budgetary processes and the Ministry did not exercise its oversight role. ESIC employees were availing medical facilities without paying for it. There were shortfalls in conducting meetings of various committees of the ESIC.

There were significant shortfalls in conducting surveys/inspections/ test inspections for effective coverage of the scheme. In a number of states, establishments could not be covered under the scheme.

The disbursal mechanism of ESIC was deficient resulting in delays in settlement of claims of cash benefits to the insured persons and excess payments in some cases. With increase in number of IPs, total number of hospital beds actually decreased, resulting in increase of number of IPs per bed ratio. In terms of the established norms, there was shortage of 51728 beds in various ESIC hospitals as of March 2013. ESIC was seriously handicapped in successfully implementing the ESIS with large number of vacancies including those in medical cadres persisting throughout the period of audit report. The expenditure on referral cases on Super Speciality Treatment (SST) had increased from ₹5.79 crore in 2008-09 to ₹334.54 crore in 2012-13.

Interest free mobilization advances were being given to construction agencies in violation of CVC guidelines. Project for computerization of its services was behind schedule. There were delays in several construction projects of hospitals/dispensaries which witnessed time and cost overruns. Medical colleges and 500 bedded hospitals were opened at places which did not have required number of IPs.

New Delhi **(SATISH LOOMBA)**
Dated : 14 NOV 2014 **Director General of Audit,**
Central Expenditure

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
Dated : 19 NOV 2014 **Comptroller and Auditor General of India**