STANDING COMMITTEE ON LABOUR
(2008-2009)

FOURTEENTH LOK SABHA

MINISTRY OF LABOUR AND EMPLOYMENT

THE EMPLOYEES’ STATE INSURANCE (AMENDMENT) BILL, 2008

THIRTY-SIXTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December 2008/Agrahayana, 1930 (Saka)
THE EMPLOYEES’ STATE INSURANCE (AMENDMENT) BILL, 2008

Presented to Lok Sabha on 19th December, 2008

Laid in Rajya Sabha on 19th December, 2008

LOK SABHA SECRETARIAT
NEW DELHI

December 2008/Agrahayana, 1930 (Saka)
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### ANNEXURES

1. The Employees’ State Insurance (Amendment) Bill, 2008  22-28
COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2008-2009)

Shri Suravaram Sudhakar Reddy-CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Ramdas Bandu Athawale
4. Shri Subrata Bose
5. Shri Santasri Chatterjee
6. Shri Thawar Chand Gehlot
7. Shri Munawar Hasan
8. Smt. Sushila Kerketta
9. Shri Mohammad Tahir Khan
10. Shri Virendra Kumar
11. Shri Rajesh Kumar Manjhi
12. Shri Basangouda R. Patil
13. Shri Devidas Pingle
14. Shri Chandra Dev Prasad Rajbhar
15. Shri Mohan Rawale
16. Shri Dhan Singh Rawat
17. Shri Kamla Prasad Rawat
18. Smt. C. S. Sujatha
19. Shri Paras Nath Yadav
20. Vacant
21. Vacant

RAJYA SABHA

22. Chowdhary Mohammad Aslam
23. Shri Rudra Narayan Pany
24. Shri Narayan Singh Kesari
25. Shri K. Chandran Pillai
26. Shri Gandhi Azad
27. Smt. Renubala Pradhan
28. Shri Arjun Kumar Sengupta
29. Vacant
30. Vacant
31. Vacant

---------------------------------------------------------------------------------

* Vacancy caused due to retirement of Shri Chowdhary Mohammad Aslam w.e.f. 29.11.2008 and Shri Gandhi Azad w.e.f. 25.11.2008.

SECRETARIAT

1. Shri S.K. Sharma - Secretary
2. Shri Brahm Dutt - Joint Secretary
3. Shri R.K. Bajaj - Director
2. Shri N.K. Pandey - Deputy Secretary
3. Ms. Mili George - Senior Executive Assistant
INTRODUCTION

I, the Chairman of the Standing Committee on Labour having been authorized by the Committee to submit the report on their behalf, present this Thirty-Sixth Report on “The Employees’ State Insurance (Amendment) Bill, 2008” of the Ministry of Labour and Employment.

2. The Bill was introduced in the Lok Sabha on 21.10.2008 and was referred to the Standing Committee on Labour by the Hon’ble Speaker, Lok Sabha under Rule 331E (b) of the Rules of Procedure and Conduct of Business in Lok Sabha for examination and report within three months from the date of publication of the reference of the Bill in the Bulletin Part- II of Lok Sabha dated 31.10.2008.

3. The Employees’ State Insurance (Amendment) Ordinance, 2008 was promulgated on the 3rd July, 2008. The salient features of the Ordinance are (i) it seeks to empower the Central Government to frame schemes for any other person who is not insured under the Employees’ State Insurance Act, 1948 and also permits them to avail medical facility in the ESI run hospitals, (ii) the facilities to other persons shall be given in the underutilized hospitals which are not fully utilized by the Employees’ State Insurance beneficiaries, (iii) for availing medical facilities, the other persons shall pay the charges as may be notified by the Corporation in consultation with the Central Government from time to time, (iv) the Scheme shall provide the time and manner in which the medical facilities may be availed by other beneficiaries. It shall also provide for the form in which the beneficiary shall furnish particulars about himself and his family members whenever required by the Corporation. The Bill seeks to replace this Ordinance.

4. The Committee took oral evidence of the representatives of the Ministry of Labour and Employment on 12.11.2008 in connection with the examination of the Bill. Further, the Committee sought written information regarding the various aspects of this Bill from the nodal Ministry.

5. The Committee also invited the views of Central Trade Unions through written replies to the List of Points circulated to them. In addition to that an on-the-spot study visit was also undertaken by the Committee to Ranchi and Kochi on 26th November, 2008 and on 3rd December, 2008 to have first hand information about the problems of the subscribers and to know their views on the proposed amendments in the Bill. The Committee visited ESI hospital at Kochi and interacted with the patients and staff. Thereafter, trade unions and employers deposed before the Committee to share their views on the various shortcomings and difficulties being faced by the subscribers.
6. Taking into account the submissions made by the representatives of the Ministry, trade unions and employers and also in view of the replies furnished both by the Ministry and the Central Trade Unions, the Committee have arrived on certain conclusions regarding the various aspects of the proposed amendments in the Bill. The same are reproduced in the Report in the form of observations/recommendations of the Committee.

7. The Committee considered and adopted the draft report on the Bill at their sitting held on 17\textsuperscript{th} December, .2008.

NEW DELHI;
17\textsuperscript{th} December, 2008
26 AgraHayana, 1930 (Saka)

SURAVARAM SUDHAKAR REDDY, Chairman,
Standing Committee on Labour
BACKGROUND

The Employees’ State Insurance Act, 1948 is a social security legislation that provides for certain benefits to employees in case of sickness, maternity and employment injury and to make provision for certain other matters in relation thereto.

2. With a view to provide Health Insurance Cover to Below Poverty Line (BPL) workers in the Unorganized Sector and their families, the Ministry of Labour and Employment, Government of India, has formulated a Health Insurance Scheme called ‘Swasthya Beema Yojna’.

3. The Scheme will cover BPL workers in the unorganized sector and their families (upto a unit of 5) in a phased manner during the next five years by 2012-13. The State Governments will register the workers and provide Smart Cards to all beneficiary households. The Central Government will contribute 75% of the estimated premium of Rs.750/- upto a maximum of Rs.565/- per family unit per annum. The Central Government will also meet the cost of the Smart Cards. The State Governments will contribute 25% of the annual premium and any additional premium in excess of Rs.750/-. The beneficiaries will be required to pay Rs.30/- per annum as Registration/Renewal Fee. The administrative expenditure would be borne by the State Government. The Scheme provides a cover of Rs.30,000/- per BPL family per annum and will provide health care which will include pre-existing diseases, hospitalization, surgical procedures which can be provided on day care basis, transport allowance of Rs.100/- per visit subject to annual ceiling of Rs.1,000/- and pre and post hospitalization expenses for one day prior to and five days after hospitalization. During 2008-09, the Scheme proposed to cover 120 Districts in the country and during 2009-10 another 120 Districts will be covered. The entire country (600 districts) is proposed to be covered by the year 2012-13.

4. Almost all the States have agreed to implement the Scheme and a majority of them have already advertised for the implementation of the same. More than 1.25 lakh smart cards have been issued by 15.6.2008. This number at present has risen to over 2 lakhs. Some recipients of these cards have already been assisted by way of hospitalisation.
5. Since some of ESI hospitals have been found having un-utilised capacity, it has been considered essential and urgent to enable Employees’ State Insurance Corporation to participate in the Scheme with immediate effect. By providing health services to the unorganised sector workers under the Rashtriya Swasthya Bima Yojana Scheme, both the unorganised sector workers and the Employees’ State Insurance Corporation will benefit by the Employees’ State Insurance Corporation making available its vast network of hospitals for providing medical care on user charges, wherever the same are underutilised. In view of the urgency as pointed out above, the Employees’ State Insurance (Amendment) Ordinance, 2008 was promulgated on the 3rd July, 2008. Now the Government propose to replace the ordinance by the Employees’ State Insurance (Amendment) Bill, 2008.

6. The salient features of the Bill are as follows:—

(i) it empowers the Central Government to frame Schemes for any other person who is not insured under the Employees’ State Insurance Act, 1948 also to avail the medical facility in the Employees’ State Insurance run hospitals;

(ii) the facilities to other persons shall be given in the underutilised hospitals which are not fully utilised by the Employees’ State Insurance beneficiaries;

(iii) for availing medical facilities, the other persons shall pay the charges as may be notified by the Corporation in consultation with the Central Government from time to time;

(iv) the Scheme shall provide the time and manner in which the medical facilities may be availed by other beneficiaries. It shall also provide for the form in which the beneficiary shall furnish particulars about himself and his family members whenever required by the Corporation.

7. Workers in the unorganized sector constitute about 93% of the work force but they do not have any social security cover. The ESI scheme being the premier social security schemes in the country, must therefore, come forward and make a beginning by participating in the health insurance scheme for BPL unorganized sector workers framed by the Government of India by making available its vast network of hospitals for providing medical care wherever the same are under utilized. Presently, due to relocation or closure of industries, about 90 ESI Hospitals are under utilized (where utilization is 60% or lower) and providing medical care to the BPL workers in the unorganized sector against user charges will also ensure their optimum utilization. A list of such underutilized hospitals is enclosed at Annexure-A.
8. While providing medical care to the BPL workers in unorganized sector, it will be ensured that the same does not affect services to the insured persons and their family members covered under the ESI Scheme. The following steps will be taken for ensuring the same:

(i) Separate OPD and registration for non-IPs
(ii) Staggering of OPD timings.
(iii) Separate accounting for non-IPs.
(iv) Separate wards/earmarked beds.

However, the emergency services would be common where two separate registers for IP and non-IPs would be maintained.

Before the implementation of the Health Insurance Scheme for workers in the Unorganised Sector, the State Governments will be asked to provide full complement staff and equipments in the hospitals as per norms laid down by ESI Corporation.

9. Under the existing provisions of the ESI Act, Medical Care can be provided only to Insured Persons and their families (Section 56 to Section 59 A of the Act). In order to enable the Corporation to provide medical care to BPL workers in the unorganized sector, it is necessary to carry out certain amendments in the ESI Act. Accordingly, suitable amendments are proposed in the ESI Act, 1948; viz. the ESI (Amendment) Bill, 2008 by inserting a new Chapter V A and Sections 73A to 73 F empowering the Central Government to frame schemes for other beneficiaries and members of their families for providing medical facilities to them from underutilized ESI hospitals on payment of user charges. On 28th July 2008, the Government of India, Ministry of Labour and Employment has framed and notified a scheme for persons registered under the Rashtriya Swasthya Beema Yojna (RSBY) and members of their families.

10. As already approved by the Corporation, ESIC would be participating in the Scheme by providing medical care facilities from its underutilized hospitals and will be bidding both as an insurer as well as service provider in the tenders floated for the purpose by the State Governments.

11. As per the Scheme framed and notified by the Ministry of Labour and Employment on 28.7.2008, medical care facilities from underutilized ESI hospitals can be provided only to the persons registered under the RSBY and their families. However, the Central Government can subsequently frame schemes to enable provision of medical care to other sections of the workforce such as beedi workers, construction workers, auto-taxi drivers etc. in future. The user charges collected can be utilized for better maintenance of these hospitals as well as for financing improvements in the quality of medical care services.
12. On being asked to state the salient features of the Rashtriya Swasthya Bima Yojana (RSBY) which was launched by the Government on 01 April 2008, the Ministry of Labour and Employment in their written reply furnished as under:-

“The ‘Rashtriya Swasthya Bima Yojana’ for BPL families (a unit of five) in Unorganised Sector was launched on 1st October, 2007. The total sum insured would be Rs. 30,000/- per family per annum on a family floater basis. The premium will be shared on 75:25 basis by Centre and State Government. In case of states of North East region and Jammu & Kashmir, the premium will be shared in the ratio of 90:10. The beneficiary would be entitled to cashless transactions through smart card. The RSBY has become operational from 01.04.2008.

The basic features of the scheme are as follows:

- All the BPL families in the unorganized sector to be covered in the next five years under the Health Insurance Scheme.
- Government of India to contribute 75% of the annual premium. State Governments to contribute 25%. Administrative cost to be borne by the State Governments. In case of North-East region, the premium will be shared in the ratio of 90:10.
- Beneficiaries to be issued Smart Cards.
- Total sum insured would be Rs. 30,000/- per family per annum on a family floater basis.
- Cashless transaction.
- All pre-existing diseases to be covered.
- Hospitalisation expenses, taking care of the illnesses with as least exclusions as possible.
- Transportation cost of Rs. 100/- per visit with an overall limit of Rs. 1,000/- per annum.
- State Governments to put in place an institution for implementing the Health Insurance Programme.
- Projects to be prepared by the State Governments and submitted to the Approval Committee constituted by the Central Government for approval.

The following features separate this scheme from similar efforts in the past:

a) The use of smart card, making the scheme truly cashless as also providing interoperability to facilitate use by migrant labour.

b) Use of IT applications on such a large scale for the poorest of the poor.

c) Using both public and private service providers for delivering the insurance package.

d) Evolving a business model which could make the scheme sustainable in the long run.
e) Seeking contribution for the first time by way of Registration fee from the BPL beneficiary with a view to inculcating a sense of ownership in them.

The aforementioned unique features so essential to the scheme, threw up new challenges, both in terms of providing health service as well as Information Technology applications.”

13. When asked to explain the implementing mechanism put in place so as to ensure that the benefits enshrined in the Rashtriya Swasthya Bima Yojana reach the targeted beneficiaries, the Ministry furnished as follows:-

“The scheme is being implemented by State Government through State Level Nodal Agency. The State Implementation Society (SIS) having representatives from different State Government Departments would be a registered Society. The Nodal Agency shall formulate project/projects for providing health insurance benefits, taking into account the aforementioned points for the workers and their families in the unorganized sectors for a defined geographical area preferably a district. The State Government would select the insurance company on the basis of competitive bidding. The project would then be sent to the Central Government, Ministry of Labour & Employment for approval.”

14. On further being asked as to which are the States/Union Territories (UTs) where the scheme has been implemented so far alongwith the number of beneficiaries covered till date and the target set out under the scheme for coverage of beneficiaries during the current year alongwith the achievement made so far, the Ministry in their written reply stated thus:-

“Till 06.11.2008, 19 States and one Union Territory have advertised to initiate the process to implement the scheme. Out of these 19 States, 12 States namely Rajasthan, Haryana, Punjab, NCT of Delhi, Gujarat, Bihar, Himachal Pradesh, Kerala, Maharashtra, Tamil Nadu, Uttar Pradesh and Jharkhand have started issuing smart cards and 5,69,236 cards have been issued in these States taking the health insurance cover to 28,46,180 persons. Nagaland is first State in North East States to initiate the process to implement the scheme. The scheme is likely to roll out in the other States of North East shortly. Most of the other States except Madhya Pradesh and Andhra Pradesh are in the process of implementation of the scheme during the current year. 1.2 crore BPL families are proposed to be covered during the year 2008-09. Till date more than 28.46 lakhs persons have been covered.”
15. When asked to explain the reasons for Employees’ State Insurance Corporation (ESIC) not associating itself with the scheme at the conceptual stage or at the time of launching of the RSBY and the considerations for which the Corporation has now decided to join the scheme when it has taken off smoothly, smart cards issued and some of the States have already advertised for the implementation of the scheme, the Ministry replied through a written note as under:-

“The ESI Corporation was associated with the RSBY scheme from the conceptual stage. However, under the provisions of the ESI Act, 1948, medical care under the scheme can be provided only to the insured persons and their family members. In order to enable the ESI Corporation to participate in the Scheme it became necessary to first make enabling provisions in the Act to empower the Central Government to frame schemes for providing medical care under the ESI Scheme to other beneficiaries in addition to the insured persons and their families covered under the Scheme. The matter was, therefore, considered by the Corporation at its 140th meeting held on 11.10.2007 and as approved by the Corporation, the Central Government was requested on 25.10.2007 to carry out necessary amendments in the Act. The requisite amendments were carried out vide the ESI (Amendment) Ordinance, 2008 with effect from 03.07.2008 and the ESI (Amendment) Bill, 2008 is now before the Parliament for consideration.

Accordingly, ESIC participated in the tenders published by the State Government of Kerala, Goa and Karnataka. The participation of ESIC in the RSBY Scheme will provide better options to the beneficiaries of the Scheme, will result in increase in the utilization of under utilized medical infrastructure of ESIC and will result in better competition among the bidders.”

16. When the Committee enquired the reasons for underutilization of medical services when there are huge number of beneficiaries subscribing to ESI Scheme and they are not getting appropriate and proper medical care, the Ministry replied, through a written note, that many of the ESI hospitals have become underutilized due to relocation and closure of industries located in the catchment areas of these hospitals.

17. When asked about the follow-up steps taken by the Corporation on detection of such a scenario, the Ministry stated as under:-

“In order to make optimum utilization of these underutilized hospitals, several initiatives have been taken to upgrade the quality of service as well as the facilities available in these hospitals which are as under:-

• ESIC has decided to open the facilities of under utilized hospitals to beneficiaries of RSBY Scheme and other Government Schemes.
• The facilities in the under utilized hospitals are being modernized and upgraded wherever required.
• ESIC has got Client Satisfaction Survey done of hospitals run directly by ESIC. Client satisfaction survey of remaining ESIC hospitals is now being undertaken.
• It has been decided that all ESI hospitals will get ISO Certification. 7 ESIC hospitals have already been granted ISO Certification.
• It has been decided to set up Hospital Development Committees comprising of representatives of all stakeholders in all ESI hospitals to review and monitor the functioning of the hospital and take on the spot decisions for improving the functioning of the hospitals. The Committees have been given requisite financial and executive powers so that its decisions could be implemented.
• The Corporation has decided to bear the expenditure on super specialty treatment of insured persons directly outside the ceiling”.

18. Regarding the medical network of ESIC in the country, the Committee were informed that there are 144 hospitals, 1397 dispensaries and 22842 beds as on 31.03.2008. The number of beneficiaries entitled for availing medical facilities are 4.68 crores.

19. When enquired about the average number of subscribers which a dispensary and a hospital of ESI is catering to alongwith the maximum number of subscribers which can be attended to by the dispensary/ hospital, the Ministry submitted the following details:-

“The average number of IP family units attached to a dispensaries and hospitals are as per the norms laid down by the ESIC Corporation and at present, norms are as under:-

(i) Norms for setting up of ESI Dispensaries

A) Two Doctor dispensary is set up for 3000 IP family units. 3 Doctor Dispensary for 5000 IP family units and 5 Doctor dispensary for 10000 IP family units. In case a dispensary is providing services to 25,000-30,000 insured persons within a radius of 7-8 kilometers, then a new dispensary may not be set up till the number of IP coverage exceeds 30000. Normal services can be provided through upgradation of the existing dispensary and provision of additional staff as per workload. Keeping this in view, the reorganization of dispensaries should be done.
B) In areas having strength of population of less than 3000 IP family units, OPD services may be provided through mobile dispensaries/Insurance Medical Practitioners.

(ii) Norms for setting up of ESI Hospitals

1. 50 bedded Hospital  25,000 IP family units
2. 100 bedded hospital  1,00,000 IP family units
3. 150 bedded hospital  1,50,000 IP family units
4. 200 bedded hospital  2,00,000 IP family units
5. 250 bedded hospital  2,50,000 IP family units
6. 300 bedded hospital  3,00,000 IP family units
7. 400 bedded hospital  4,00,000 IP family units
8. 500 bedded hospital  5,00,000 IP family units
9. 600 bedded hospital  6,00,000 IP family units”.

20. Regarding the mechanism envisaged by the ESIC in order to provide various medical services to the beneficiaries under RSBY, the Ministry replied that once the ESIC is selected for providing services under RSBY, ESIC will be issuing the smart cards to the beneficiaries as per the guidelines of the RSBY Scheme and will provide all the services as laid down under the RSBY through ESIC Hospital located in the district. The services which are not available in the ESIC Hospital will be provided through tie-up with other institutions in the area.

21. The Committee noticed that the Bill under reference seeks to introduce user charges to be charged from other beneficiaries for the medical facilities they will avail from the ESIC hospitals/dispensaries. When asked to state the nature and extent of such user charges, which are to be levied on these beneficiaries, how these charges will vary from the one being taken from the subscribers in the form of contribution, the Ministry explained as under:-

“...In the first instance, ESIC proposes to open the facilities of under utilized hospitals only for the beneficiaries of the RSBY Scheme and accordingly will be claiming the premium per beneficiary from the Central/State Government as per the award of contract. Further the charges will be levied for each intervention as approved by the State Government based on the offer of the ESIC. The contribution from the subscribers covered under the ESI Scheme is levied @ 1.75% of wages both for medical care as well as cash benefit”.

22. The Committee noted that the ESIC is an organization which already has a burgeoning number of beneficiaries availing a series of medical services being provided through its hospitals and dispensaries. There is acute shortage of medical/para medical staff due to which the bed occupancy in various ESI hospitals is less than 50%. Moreover, lack of basic facilities like drinking water, accessibility factor, etc. has also
added to the woes of subscribers. In such a situation, by introducing user charges for other beneficiaries not covered under the ESI, more number of persons will be added creating a situation wherein the much needed service already under strain for the registered beneficiaries will be diluted. When asked as to how the Government proposes to cope up with the situation, the Ministry responded as under:-

“ESI Corporation has already taken steps to upgrade and modernize its hospitals by providing equipments and staff as per norms laid down by the ESI Corporation. ESIC has also set up Hospital Development Committee in all ESI Hospitals with adequate administrative and financial powers. The committee will be looking after all the aspects of development of the hospital and dispensaries attached to it. Regarding provision of staff ESIC has taken several steps which include change in the recruitment rules to make region wise recruitment, requesting State Government to fill up the vacancies at the earliest. In hospitals directly run by ESIC, the process of recruitment of medical and para medical staff to fill up the vacant post is already under process.

Further, ESIC will be opening only those hospitals to non IPs on user charges where the facilities are under utilized. The revenue collected through user charges will be utilized for upgrading the facilities in the Hospital”.
23. The Committee note that “The Employees’ State Insurance (Amendment) Bill, 2008” has been introduced to replace the Employees’ State Insurance (Amendment) Ordinance, 2008 which was promulgated on 3rd July, 2008. The Ordinance empowers the Government to frame schemes for other (non-ESIC) beneficiaries, to avail medical facilities from the network of ESIC wherein the capacity of the hospitals is underutilized. The benefit of medical facilities for such other persons will be on payment of user charges as notified by the ESIC in consultation with the Union Government from time to time. The Scheme shall also provide the time and manner in which the medical facilities will be availed by the other beneficiaries. The Committee agree in principle of the Government proposal for giving access to under-utilised medical facilities of ESIC hospitals to other sections of the society. However, the Committee is apprehensive whether the entire exercise in this regard will achieve the desired objective as the ESIC will have to act within the parameters of Rashtriya Swasthya Bima Yojana. The Committee have been apprised that the Government have taken steps to ensure that the interest of insured persons will not suffer by making provisions for separate OPD for registration of non-IPs, setting up of separate OPDs for Non-IPs, separate accounting for non-IPs and separate wards/earmarked beds for them. Since the earmarked hospitals would be serving two sets of beneficiaries, it would certainly require deployment of additional medical and para medical staff. The involvement of State Governments into the affairs is likely to make the functioning more complicated. Besides, the extent of benefit available to other beneficiaries and their family members is also not clear. The
Committee, therefore, recommend that while the interest of the insured persons are not compromised, the medical benefits proposed for other beneficiaries should be adequate and at par with that of the insured persons.

24. The Committee note that the Rashtriya Swasthya Bima Yojana has been launched with a view to cover BPL families in unorganized sector. The total sum of insurance will be Rs.30,000/- per family per annum on a family floater basis for which premium will be shared by the Central and the State Governments. The objective of the scheme is to cover all the BPL families in the unorganized sector in the next 5 years under the health insurance scheme covering all pre-existing diseases. State Governments have been entrusted with the responsibility to put in place the institution for implementing the health insurance programme. State Governments are also to prepare projects and submit them to the Approval Committee constituted by the Central Government for approval. Use of smart cards, IT applications, cashless transactions, etc. make the scheme distinct. However, there is also an element of ambivalence as both public and private service providers will be engaged for delivering insurance package and to make the scheme sustainable in the long run, a business model is proposed to be evolved. Similarly, first time contribution in the form of registration fee from the BPL beneficiary also does not quantify any amount which is payable by the beneficiary. The Committee observe that there is lack of clarity on certain issues like engagement of public and private service providers for insurance package turning the scheme into a business model for sustaining it and adequacy or otherwise of the insured amount of Rs.30,000/- per family per annum to
cover the expenditure on treatment of serious ailments under the health insurance scheme. Involvement of State Governments for implementing the scheme will require better coordination for implementing the scheme efficiently. Charging contribution by way of registration fee from the BPL beneficiary will be same or will be different from annual renewable charges is also not clear as nothing concrete has been said about these aspects. The Committee, therefore, strongly recommend that the scheme should be amply clear and aptly identify the medical conditions which will be covered within the ceiling of the insured amount i.e., Rs.30,000/- per family per annum as the treatment cannot be discontinued midway for the reasons that insured amount has been exhausted for the year. Similarly, there should be near uniformity of mechanism as far as the implementation of this scheme is concerned and no aspects of such an important scheme should be left ambiguous leading to all kinds of interpretation.

25. The Committee observe that ESIC will participate in the health insurance scheme for unorganized sector BPL workers by making available its vast network of hospitals for providing medical care wherever the same are under utilized. The Committee has been apprised that due to relocation and closure of industries about 90 ESI hospitals are under utilized (where utilization is 60% or lower) and providing medical care to the other beneficiaries against user charges will also ensure their optimum utilization as only the insured persons and their family members are entitled for treatment as per the ESI Act, 1948. Hence amendment in the Act was necessary to facilitate inclusion of other beneficiaries for availing medical treatment.
As of now, there are 144 ESI hospitals and 1397 dispensaries and 22,842 beds under the ESIC network. Most of the hospitals and dispensaries are stated to be under-utilized due to various reasons and the other beneficiaries will get treatment from this underutilized medical set up. In this regard, a very pertinent point is whether the existing medical services of the ESIC are of standard quality and meet the expectations of the beneficiaries. Simply adding the number to fill up the gap resulting from arithmetical calculations will do no good to the subscribers and to the ESIC as well. The Committee, therefore, recommend that the Government should initiate steps without any delay to improve the quality of the services being provided to the IP and also proposed to be provided to the other beneficiaries so as to make the scheme sustainable and the user satisfied and happy.

Since ESIC has already become part of Rashtriya Swasthya Bima Yojana, the Committee would like the Government to explore expansion of its hospitals not covered under the presently identified hospitals with a view to make them open for other beneficiaries. The Committee would also like to have periodic review to make amends in the services and the system whenever and wherever necessary.
26. The Committee find that the Government propose to introduce user charges from other beneficiaries for the medical facilities they will avail from the ESI hospitals/dispensaries. The proposed user charges will be in the form of claim of premium per beneficiary from the Central/State Government as per the award of the contract. Further, the charges will be levied for each consultation/intervention as approved by the competent authority based on the offer of the ESIC. The Committee note that the current rate of contribution from the subscribers covered under the ESI scheme is levied @ 1.75% of the wages both for medical care as well as cash benefits. Although the other beneficiaries cannot be compared with the insured persons, yet there should be some similarity in so far as the medical facilities to persons of both the categories are concerned. Before deciding upon the amount of user charges to be taken for the treatment of other beneficiary, it will be appropriate that realistic parameters are evolved to quantify the amount for each consultation/intervention. The amount so quantified should not be profit oriented despite involvement of private players in the implementation of the scheme. Agencies like CGHS have enumerated various ailments and charges payable for them. Though this cannot be a benchmark for deciding the user charges, nonetheless it can be a guiding principle in identifying medical conditions and fixing user charges thereon. The Committee, therefore, strongly recommend that the concept of user charges should be user-friendly despite the fact that it is to be paid by the insurance company. The amount should not only be reasonable and practicable but should also be uniform to the extent possible throughout the country with regard to same category of ailment.
This will enable the users to avail maximum facility within the outer ceiling under the scheme.

NEW DELHI;

17th December, 2008
26 Agraahayana, 1930 (Saka)

SURAVARAM SUDHAKAR REDDY,
Chairman,
Standing Committee on Labour
ANNEXURE A
(vide para 7 of Report)

HOSPITALS PROPOSED TO BE OFFERED FOR PROVIDING SERVICES TO UNORGANISED SECTOR

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<th>Sl. No.</th>
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<td>ANDHRA PRADESH</td>
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ANNEXURE-I

AS INTRODUCED IN LOK SABHA

Bill No.56 of 2008

THE EMPLOYEES’ STATE INSURANCE (AMENDMENT) BILL, 2008

A

BILL

Further to amend the Employees’ State Insurance Act, 1948.

Be it enacted by Parliament in the Fifty-ninth Year of the Republic of India as follows:-

1. (1) This Act may be called the Employees’ State Insurance (Amendment) Act, 2008.

   Short title and commencement

   (2) It shall be deemed to have come into force on the 3rd day of July, 2008.

2. In the Employees’ State Insurance Act, 1948 (hereinafter referred to as the Principal Act) for Chapter VA, the following Chapter shall be substituted, namely:-

   Substitution of new Chapter for Chapter VA
CHAPTER VA

SCHEME FOR OTHER BENEFICIARIES

73 A In this Chapter,-

(a) “other beneficiaries” means persons other than the person insured under this Act;

(b) “Scheme” means any Scheme framed by the Central Government from time to time under section 73 B for the medical facility for other beneficiaries;

(c) “underutilized hospital” means any hospital not fully utilized by the persons insured under this Act;

(d) “user charges” means the amount which is to be charged from the other beneficiaries for medical facilities as may be notified by the Corporation in consultation with the Central Government from time to time.

73B. Notwithstanding anything contained in this Act, the Central Government may, by notification in the Official Gazette, frame Scheme for other beneficiaries and the members of their families providing medical facility in any hospital established by the Corporation in any area which is underutilized hospital on payment of user charges.

Power to frame Scheme

73C. The user charges collected from the other beneficiaries shall be deemed to be contribution and shall form part of the Employees’ State Insurance Fund.

Collection of user charges

73D. The Scheme may provide for all or any of the following matters, namely:—

(i) the other beneficiaries who may be covered under this Scheme;

(ii) the time and manner in which the medical facilities may be availed by the other beneficiaries;
(iii) the form in which the other beneficiary shall furnish particulars about himself and his family whenever required as may be specified by the Corporation;

(iv) any other matter which is to be provided for in the Scheme or which may be necessary or proper for the purpose of implementing the Scheme.

Scheme for other beneficiaries

73E. The Central Government may, by notification in the Official Gazette, add to, amend, vary or rescind the Scheme.

73F. Every Scheme framed under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the Scheme or both Houses agree that the Scheme should not be made, the Scheme shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that Scheme.

Power to frame Scheme.
Collection of user charges.
Scheme for other beneficiaries.
Power to amend Scheme.
Laying of Scheme framed under this Chapter.

3. (1) The Employees’ State Insurance (Amendment) Ordinance, 2008, is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act as amended by the said Ordinance, shall be deemed to have been done or taken under the Principal Act, as amended by this Act.

Repeal and saving.

Ord. 7 of 2008.

STATEMENT OF OBJECTS AND REASONS
The Employees’ State Insurance Act, 1948 is a social security legislation that provides for certain benefits to employees in case of sickness, maternity and employment injury and to make provision for certain other matters in relation thereto.

2. The Rashtriya Swasthya Bima Yojana Scheme has already become operational with effect from 1.4.2008. The Scheme has picked up momentum. Almost all the States have agreed to implement the Scheme and a majority of them have already advertised for the implementation of the same. More than 1.25 lakh smart cards have been issued by 15.6.2008. This number at present has risen to over 2 lakhs. Some recipients of these cards have already been assisted by way of hospitalisation. It is, therefore, considered essential and urgent to enable Employees’ State Insurance Corporation to participate in the Scheme with immediate effect. By providing health services to the unorganised sector workers under the Rashtriya Swasthya Bima Yojana Scheme, both the unorganised sector workers and the Employees’ State Insurance Corporation will benefit by the Employees’ State Insurance Corporation making available its vast network of hospitals for providing medical care on user charges, wherever the same are underutilised. In view of the urgency as pointed out above, the Employees’ State Insurance (Amendment) Ordinance, 2008 was promulgated on the 3rd July, 2008.

3. The salient features of the said Ordinance are as follows:—

(v) it empowers the Central Government to frame Schemes for any other person who is not insured under the Employees’ State Insurance Act, 1948 also to avail the medical facility in the Employees’ State Insurance run hospitals;

(vi) the facilities to other persons shall be given in the underutilised hospitals which are not fully utilised by the Employees’ State Insurance beneficiaries;

(vii) for availing medical facilities, the other persons shall pay the charges as may be notified by the Corporation in consultation with the Central Government from time to time;

(viii) the Scheme shall provide the time and manner in which the medical facilities may be availed by other beneficiaries. It shall also provide for the form in which the beneficiary shall furnish particulars about himself and his family members whenever required by the Corporation.
4. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;                        OSCAR FERNANDES.  
The 29th September, 2008.
MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2 of the Bill seeks to substitute Chapter VA so as to empower the Central Government to frame a Scheme for other beneficiaries and the members of their families providing medical facility in hospital established by the Corporation in any area which is underutilised on payment of user charges.

2. The Scheme may provide for all or any of the following matters, namely:—

(i) the other beneficiaries who may be covered under this Scheme;

(ii) the time and manner in which the medical facilities may be availed by the other beneficiaries;

(iii) the form in which the other beneficiary shall furnish particulars about himself and his family whenever required as may be specified by the Corporation;

(iv) any other matter which is to be provided for in the Scheme or which may be necessary or proper for the purpose of implementing the Scheme.

3. The matters in respect of which the Scheme may be framed are of administrative and procedural details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.
ANNEXURE

EXTRACTS FROM THE EMPLOYEES’ STATE INSURANCE ACT, 1948
(34 OF 1948)

* * * * *

CHAPTER VA
TRANSITORY PROVISIONS

73A. (1) For so long as the provisions of this Chapter are in force, every principal employer shall, notwithstanding anything contained in this Act, pay to the Corporation a special contribution (hereinafter referred to as the employer’s special contribution) as the rate specified under sub-section (3).

(2) The employer’s special contribution shall, in the case of a factory or Establishment situate in any area in which the provisions of both Chapters IV and V are in force, be in lieu of the employer’s contribution payable under Chapter IV.

(3) The employer’s special contribution shall consist of such percentage, not exceeding five per cent. of the total wage bill of the employer, as the Central Government may, by notification in the Official Gazette, specify from time to time:

Provided that before fixing or varying any such percentage the Central Government shall give by like notification not less than two months’ notice of its intention so to do and shall in such notification specify the percentage which it proposes to fix or, as the case may be, the extent to which the percentage already fixed is to be varied:

Provided further that the employer’s special contribution in the case of factories or establishments situate in any area in which the provisions of both Chapters IV and V are in force shall be fixed at a rate higher than that in the case of factories or establishments situate in any areas in which the provisions of the said Chapters are not in force.
(4) The employer’s special contribution shall fall due as soon as the liability of the employer to pay wages accrues, but may be paid by the Corporation at such intervals, within such time and in such manner as the Central Government may, by notification in the Office Gazette, specify, and any such notification may provide for the grant of a rebate for prompt payment of such contribution.

Explanation. — “Total wage bill” in this section means the total wages which have accrued due to employees in a factory or establishment in respect of such wage periods as may be specified for the purposes of this section by the Central Government by notification in the Official Gazette.

Employer’s special contribution.

73B. (1) If any question of dispute arises in respect of the employer’s special contribution payable or recoverable under this Chapter and there is no Employees’ Insurance Court having jurisdiction to try such question of dispute, the question or dispute shall be decided by such authority as the Central Government may specify in this behalf.

(2) The provisions of sub-section (1) of section 76, sections 77 to 79 and 81 shall, so far as may be, apply in relation to a proceeding before an authority specified under subsection (1) as they apply in relation to a proceeding before an Employees’ Insurance Court.

Special tribunals for decision of disputes or questions under this Chapter where there is no Employees’ Insurance Court.

73C. The payment of the employee’s contribution for any week in accordance with the provisions of Chapter IV in any area where all the provisions of that Chapter are in force shall for the purpose of Chapter V, have effect as if the contributions payable under Chapter IV in respect of that employee for that week had been paid, and shall accordingly entitle the employee as an insured person to the benefits specified in Chapter V if he is otherwise entitled thereto.

Benefits under Chapter V to depend upon employee’s contribution

Explanation. — In the case of an exempted employee, the employer’s contribution
shall be deemed to have been paid for a week if the Corporation is satisfied that during that week the employer’s contribution under Chapter IV would have been payable in respect of him but for the provisions of this Chapter.

73D. The employer’s special contribution payable under this Chapter may be recovered as if it were an arrear of land-revenue.

Mode of recovery of employer’s special contribution.

73E. Without prejudice to the other provisions contained in this Act the Corporation may, for the purpose of determining whether the employer’s special contribution is payable under this Chapter or for determining the amount thereof, by general or special order, require any principal or immediate employer or any other person to furnish such information or returns to such authority, in such form and within such time as may be specified in the order.

Power to call for additional information or return.

73F. Notwithstanding anything contained in this Act, the Central Government may, having regard to the size or location of, or the nature of the industry carried on in, any factory or establishment or class of factories of establishments, exempt the factory or establishment or class of factories or establishments from the payment of the employer’s special contribution under this Chapter and nothing contained in sections 87 to 91 inclusive shall be deemed to authorise any State Government to grant any such exemption.

Power to exempt to be exercised by Central Government alone in respect of employer’s special contributions.

73G. Save as otherwise expressly provided in this Chapter, the provisions of Chapter IV, section 72 and Chapter VII and any rules and regulations made under this Act shall, so far as may be, apply in relation to the payment or recovery of employer’s special contributions, the penalties specified in connection therewith and all other matters incidental thereto as they would have applied in relation to an employer’s contribution if this Chapter were not in force and the employer’s contribution had been payable under this Act.

73H. [Power to remove difficulties.] Rep. by the Employees’ State Insurance (Amendment) Act, 1966 (44 of 1966), s. 31 (w.e.f. 17-6-1976).
Application of certain provisions of this Act to employer’s special contribution.

73-I. The Central Government may, by notification in the Official Gazette, direct that the provisions of this Chapter shall cease to have effect on such date as may be specified in the notification, not being a date earlier than three months from the date of the notification:

Provided that on the provisions of this Chapter so ceasing to have effect the provisions of section 6 of the General Clauses Act, 1897, shall apply as if the provisions of this Chapter had then been repealed by a Central Act.

Duration of Chapter VA.

10 of 1897.
LOK SABHA

A BILL

further to amend the Employees' State Insurance Act, 1948.

(Shri Oscar Fernandes, Minister of State for Labour and Employment)

MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON
LABOUR HELD ON WEDNESDAY, 12TH NOVEMBER, 2008

The Committee met from 1500 hours to 1700 hours in Committee Room ‘C’, Parliament House Annexe, New Delhi to have briefing by the Ministry of Labour and Employment on the Bills ‘The Employees’ State Insurance (Amendment) Bill, 2008’ and ‘The Workmen’s Compensation (Amendment) Bill, 2008’.

PRESENT
Shri Suravaram Sudhakar Reddy - CHAIRMAN

MEMBERS
LOK SABHA

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Santasri Chatterjee
5. Shri Virendra Kumar
6. Shri Basangouda R. Patil
7. Shri Chandra Dev Prasad Rajbhar
8. Shri Kamla Prasad Rawat
9. Smt. C.S. Sujatha

RAJYA SABHA

10. Shri Narayan Singh Kesari
11. Shri K. Chandran Pillai
12. Shri Gandhi Azad
13. Smt. Renubala Pradhan
14. Shri Arjun Kumar Sengupta

SECRETARIAT

1. Shri Brahm Dutt - Joint Secretary
2. Shri R.K. Bajaj - Director
3. Shri N. K. Pandey - Deputy Secretary
2. At the outset, the Chairman welcomed the representatives of the Ministry of Labour and Employment to the sitting of the Committee being held to have briefing on the Bills ‘The Employees’ State Insurance (Amendment) Bill, 2008’ and ‘The Workmen’s Compensation (Amendment) Bill, 2008’.

3. Among the various points which were deliberated upon regarding ‘The Employees’ State Insurance (Amendment) Bill, 2008’, the following were the main issues discussed during the meeting:-

   (i) The salient features of the Rashtriya Swasthya Bima Yojana (RSBY) launched by Government on 1st April, 2008.
   (ii) Proper implementation mechanism put in place to ensure that the benefits enshrined in the RSBY reached the targeted beneficiaries.
   (iii) The targets set out for the coverage of beneficiaries and the achievement made so far in the year 2008-09 under the Scheme.
   (iv) The reasons for non-association of ESIC with the Scheme at the conceptual or launching stage of RSBY.
   (v) The considerations for which ESIC has now decided to join the Scheme.
   (vi) The mechanism envisaged by ESIC to provide various medical services to beneficiaries under RSBY.

REPRESENTATIVES OF THE MINISTRY OF LABOUR & EMPLOYMENT

1. Smt. Sudha Pillai, Secretary (L&E)
2. Shri S. Krishnan, Special Secretary
3. Shri S.K. Verma, Director
4. Shri A.V. Singh, Director

REPRESENTATIVES OF EMPLOYEES’ STATE INSURANCE CORPORATION

1. Shri P.C. Chaturvedi, Director General
2. Shri Rajiv Datt, Financial Commissioner
3. Dr. J.P. Bhasne, Medical Commissioner
4. Shri B.C. Bhardwaj, Insurance Commissioner
5. Dr. S.K. Jain, Dy. Medical Commissioner
6. Shri K. Mishra, Additional Commissioner
7. Shri R.C. Sharma, Joint Director
(vii) The nature and extent of user charges which are to be levied on the other beneficiaries.

4. XX XX XX

3. Thereafter, the Secretary, Ministry of Labour and Employment clarified some of the questions and queries raised by the Chairman and other Members of the Committee. The Chairman then requested the Secretary to send written replies to those questions whose replies were not readily available within ten days to the Committee.

*The witnesses then withdrew.*

4. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*
MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON WEDNESDAY, THE 17TH DECEMBER, 2008

The Committee met from 1500 hours to 1700 hours in Committee Room No.139, Parliament House Annexe, New Delhi to have briefing by the representatives of the Ministry of Labour and Employment on ‘The Plantations Labour (Amendment) Bill, 2008’ and to consider and adopt draft Thirty-Sixth and Thirty-Seventh reports on ‘The Employees’ State Insurance (Amendment) Bill, 2008’ and ‘The Workmen’s Compensation (Amendment) Bill, 2008’.

PRESENT
Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS
LOK SABHA

4. Shri Furkan Ansari
5. Shri Ramdas Bandu Athawale
6. Shri Santasri Chatterjee
7. Shri Thawar Chand Gehlot
6. Shri Virendra Kumar
7. Shri Basangouda R. Patil
8. Smt. C.S. Sujatha
9. Shri Parasnath Yadav

RAJYA SABHA

10. Shri K. Chandran Pillai

SECRETARIAT

1. Shri Brahm Dutt - Joint Secretary
2. Shri R.K. Bajaj - Director
3. Shri N. K. Pandey - Deputy Secretary
5. Thereafter, the Committee took up the following draft reports for consideration:


(ii) XX XX XX

B.

6. After discussing the contents of the Reports, the Committee adopted the reports with some verbal modifications.

7. The Committee then authorized the Chairman to finalise the above Reports and present the same to the Parliament.

8. The Committee also placed on record their appreciation for the service rendered to them by the officers/staff attached to the Committee.

9. XX XX XX

The Committee then adjourned.