

# Standing Committee Report Summary

## ESIC – Coverage of Establishments, Recovery of Arrears and Functioning of the Hospitals and Dispensaries under the Scheme

- The Standing Committee on Labour (Chairperson: Dr. Kirit Somaiya) submitted its report on “Employees’ State Insurance Corporation (ESIC). Coverage of Establishments, Recovery of Arrears and Functioning of the Hospitals and Dispensaries under the Scheme” on July 26, 2018. Key observations and recommendations of the Committee include:
  - **Strengthening centre-state coordinate:** The report states that under the Employees State Insurance Act, 1948 (ESI Act), the Employee State Insurance Corporation (ESIC) has the authority to collect contributions from workers. However, the state government (through the state-run Employee State Insurance Scheme (ESIS)) is responsible for providing medical services and other benefits to workers. The Committee felt that this duality of roles has adversely impacted the effectiveness of the scheme. The Committee also observed that the ESIC collects double of what is spent on benefits for workers, without ensuring adequate medical infrastructure. Therefore, the Committee recommended revisiting the ESI Act to provide for stronger co-ordination between the centre and state governments to meet the objects of the Act.
  - **Regulator for ESIC/ESIS:** The Committee noted that the regulation of the insurance sector has been made mandatory for all types of insurance schemes, including health insurance, life insurance, and general insurance schemes. However, the Committee noted that there is no regulator for ESIC/ESIS. Therefore, the Committee recommended that the ESIC/ESIS be brought within the ambit of the regulatory system.
  - **Reviewing of eligibility:** The Committee recommended reviewing eligibility of benefits given to workers by carrying out an audit of ESIS. This will ensure that no eligible person is deprived of the benefits under the scheme.
  - **Surplus funds:** The Committee noted that ESIC has a corpus fund of more than Rs 73,303 crores as on March, 2018. The Committee observed the contributions being paid by the employees is in the nature of a cess imposed by ESIC and are being used for other purposes. The Committee recommended that the ESIC obtain a legal opinion on the legality of maintaining such a corpus fund and inform the Committee.
  - **Linking with Ayushman Bharat:** The Committee noted that a National Health Protection Scheme called “Ayushman Bharat” has been launched to cover poor and vulnerable families. It further noted that the ESIC also provides medical benefits to workers under the ESIS. So far, the ESIC had not finalised its policy of linking up with Ayushman Bharat. The Committee recommended that ESIC should finalise its policy in this regard at the earliest.
  - **Construction of medical colleges and hospitals:** The Committee observed that the ESIC spent a huge amount in constructing medical colleges and hospitals, without any substantial augmentation in providing actual medical facilities to beneficiaries. The committee recommended the focus of the scheme should only remain on providing medical and other benefits to the beneficiaries.
  - **Exempted establishments:** The Committee noted that ESI Act exempts those establishments which provide their own medical facilities for health insurance to their workers. The Committee stated that such establishments are allowed to give insurance cover under their own scheme. The Committee noted the need to ensure that this exemption is not exploited. It suggested that these establishments should be asked to provide better health facilities and medical services for their employees and the ESIC must act as a regulator for these establishments.

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