CHAPTER II

THE ADMINISTRATIVE FRAMEWORK OF THE E.S.I. SCHEME

THE EMPLOYEES STATE INSURANCE CORPORATION

The administration of the Employees' State Insurance Scheme has been entrusted to an autonomous body called 'The Employees' State Insurance Corporation'. Before we proceed to attempt a critical evaluation of benefits under the Scheme, in the chapters that follow, it is imperative to examine this statutory body from different angles. Therefore, in this chapter an attempt has been made to study the growth, development and working of the Corporation. It has already been pointed out in the last chapter that the Employees' State Insurance Act was passed by the Indian Government in April, 1948. The Employees' State Insurance Corporation was constituted on 1st October, 1948 under the chairmanship of Shri Jagjivan Ram, the then Union Minister of Labour. The Corporation was formally inaugurated on 6th October, 1948 by Shri C. Rajagopalachari, the then Governor General of India.

COMPOSITION

At the present the E.S.I. Corporation consists of 40 members, including the Union Minister for Labour, Government of India and Deputy Minister for Health and Family Welfare.
Although various interests are represented in the Corporation, basically it is a tripartite organisation depending for its efficiency entirely on the joint endeavour of employers, employees and the Central and State Governments with the assistance of medical profession. The Composition of the E.S.I. Corporation as laid down in Section 4 of the E.S.I. Act is as follows:

1. The Union Minister for Labour, Govt of India, as Chairman;

2. The Deputy Minister for Health and Family Welfare, Govt of India as Vice-Chairman;

3. Not more than five representatives to be nominated by the Central Government;

4. One person each representing a State in which the Act is in force to be nominated by the State Government concerned;

5. One representative to be nominated by the Central Government to represent the Union Territories;

6. Five persons representing employers to be nominated by the Central Government in consultation with such organisations of employers as may be recognised for the purpose by the Central Government.

7. Five persons representing employees to be nominated by the Central Government in consultation with such organisations of employees as may be recognised for the purpose by the Central Government.
8. Two persons representing the medical profession to be nominated by the Central Government in consultation with such organisations of medical practitioners as may be recognised for the purpose by the Central Government.

9. Three members of Parliament of whom two shall be members of the Lok Sabha and one shall be a member of the Rajya Sabha;

10. The Director General of the Corporations as an ex-officio member.

TERM OF OFFICE OF MEMBERS

According to Section 5 of the E.S.I. Act, the term of office of the members of the Corporation representing the interests of Employers, Employees, Medical Profession and those elected from Parliament (referred to above under 6, 7, 8 and 9) respectively is four years. In the case of all others, they hold their office during the pleasure of the Government nominating them.

ELIGIBILITY FOR RE-NOMINATION OR RE-ELECTION

According to Section 6 of the E.S.I. Act, an outgoing member shall be eligible for re-nomination or re-election as the case may be. It is obvious from the above that the Constitution of the E.S.I. Corporation does not provide for any elective membership except in the case of representation of the Indian Parliament which itself elects three members to represent it in the Corporation. All the other members
are nominated either by the Central Government or by State Government.

DISQUALIFICATION

According to Section 13 of the E.S.I. Act, a person shall be disqualified for being chosen as or for being a member of the Corporation:

(i) if he is declared to be of unsound mind by a competent Court; or

(ii) if he is an undischarged insolvent; or

(iii) if he has directly or indirectly by himself or by his partner any interest in a subsisting contract with, or any work being done for, the Corporation except as a medical practitioner or as a shareholder (not being a Director) of a company; or

(iv) if before or after the commencement of this Act he has been convicted of an offence involving moral turpitude.

POWERS AND FUNCTIONS OF THE CORPORATION

While the Corporation is a policy making body and is over-all incharge of the administration of the scheme, it has a standing committee, a smaller body, as its executive organ. Before we proceed to an analytical study of this body, it is worth-while to discuss the functions performed by the Corporation.

The E.S.I. Corporation has full authority to evolve
procedures and regulations to give effect to the provisions of the Act consistent with its over-all objectives, without prejudice to the powers vested with the Central and State Governments under the Act vis-a-vis the administration of the Scheme.

Specific matters in respect of which the Corporation has powers to make regulations¹ are listed below:—

1. Fixing of the time and place for the meeting of the Corporation, the Standing Committee, the Medical Benefit Council and the Procedure for conducting the meetings of these Committees.

2. Matters referred by the Standing Committee for decision.

3. The manner of assessing and collecting the contributions payable under the Act.

4. The method of reckoning wages for fixing the contributions payable under the Act.

5. The method of determining whether an insured person is suffering from any of the occupational diseases listed in Schedule III of the Act (and thus eligible for the disablement benefit under the Scheme).²

6. The method of determining the actuarial present value of the periodical payments such as Permanent Disablement Benefit.

¹ Section 97 of the E.S.I.Act 1948

² This clause has been inserted in 1966 Amendment of the E.S.I.Act 1948.
7. The manner of assessing the money value of benefits given in kind.

8. Evolving the form and fixing the time-limits and the manner of making claims for benefits.

9.Specifying the circumstances in which an employee in receipt of disablement benefit may be dismissed, discharged, demoted (reduced) or otherwise punished.

10. The manner, place and time for payment of the benefits.

11. The method of calculating the amount of cash benefit payable, the circumstances in which and the extent to which commutation of the disablement and dependents' benefits may be allowed and the method of calculating the commutation value.

12. Notification of the mode, manner and time of claim in respect of pregnancy etc.

13. The conditions under which the provision of any benefit may be suspended.

14. The conditions to be observed by a person when in receipt of any benefit and the periodical medical examination to be undergone if found necessary while in receipt of that benefit.

15. The visiting of sick insured persons (by staff of the Scheme).

16. The manner of appointment of medical practitioners (in panel area) for purpose of medical care to the insured and fixing of their duties and the method they have to follow in issuing medical certificates.

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3The word included in 1966 Amendment of the E.S.I.Act 1948.
17. Fixing the penalties through suspension of wages (not exceeding 3 days) for breach of regulations by insured.

18. Specifying the circumstances and special conditions under which over-ruling of any regulation is allowable, and the authority who can grant such exemptions and its extent.

19. Specifying the returns to be submitted and the registers or records to be maintained by the principal and the immediate employers vis-a-vis the Scheme; the information to be collected and made available through these records and the time of submission of returns.

20. Laying down the duties and powers of Inspectors and other servants of the Corporation.

21. The method of recruitment, pay and allowances, the rules in respect of discipline, superannuation benefits and other conditions of service of the officers and servants of the Corporation other than the Principal Officers.

22. The procedure to be followed for remitting the contributions to the Corporation; and finally

23. Making such regulations as found necessary provided it is permissible under the provisions of the Act.

Under amendment of the Act in 1965 the following powers were added to the above original list:-

(1) The time limits within which a factory or establishment (after the notification) should be registered and the manner to be followed in that process;
(ii) The rate of interest, not exceeding 6 per cent per annum, to be levied and collected from the defaulters for the contribution due to the Corporation.

(iii) Specifying the authority competent to give certificate of eligibility for maternity benefit.

(iv) The manner of nomination by an insured woman for payment of maternity benefit in case of her death.

(v) The production of proof in support of claim for maternity benefit or additional maternity benefit.

(vi) The qualifications and experience which a person should possess for giving certificate of sickness.

(vii) The constitution of Medical Boards and Medical Appeal Tribunals.

The Regulations passed by the Corporation, after being published in the Gazette of India, become law and have the same force as the provisions of the Act.

Besides framing regulations connected with the above mentioned matters, the Corporation takes active interest in the administration of the Scheme. According to Regulation 9 of the Employers' State Insurance (General) Regulations 1950 the following matters are to be placed before the Corporation for its decision.
1. Proposals regarding new regulations for amendments in the existing ones.

2. Proposals under Section 19 of the Act, regarding the Corporation undertaking any new measures for the promotion of the health and welfare of the insured in general or for the rehabilitation and reemployment of the recipients of the disablement benefit under the Scheme.

3. Proposals for extending the medical benefit to the members of the family of the insured.

4. Any disagreement between the Corporation and the State Government over the nature and extent of the medical service under the Scheme which is to be provided by the latter and which it is proposed to refer to arbitration under sub-section 7 of Section 58.

5. Proposals regarding the Corporation undertaking on its own the establishment and maintenance of hospitals, dispensaries and other medical services, provided that the concurrent approval of the State Government concerned is available.

6. Advising the appropriate Government to grant exemption from coverage of the Act to any employer or class of employees from any factory covered.

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4 Section 97 (2) of the E.S.I. Act 1948.
5 Section 19 of the E.S.I. Act 1948.
6 Section 46 of the E.S.I. Act 1948.
7 Section 59 of the E.S.I. Act 1948.
8 Section 90 of the E.S.I. Act 1948.
IMPORTANT DECISIONS TAKEN BY THE CORPORATION DURING THE
YEAR 1975-76

The Corporation held three meetings on 25th April 75, 20th July 1975 and 28th February 1975. Important decisions arrived at these meetings are given below:

MEETING OF 20TH JULY 1975

The Corporation decided to pay conveyance allowance and/or compensation for loss of wages to Insured Persons called to appear before a Medical Appeal Tribunal in cases filed by the Corporation or the Insured Person, at the same scale and subject to the same conditions as are applicable in cases where the Insured Person appears before the Medical Board. (The present rate of conveyance charges is 35 paise per Km. Where, however, the Insured Person is not fit to travel by bus or other ordinary means of conveyance or needs an attendant, the Insured Person may be paid the actual charges incurred by him at a rate not exceeding 65 paise per Km. Likewise where an Insured Person has lost wages on account of attendance at a meeting of the Medical Appeal Tribunal he shall be paid, by way of compensation, a day's wages or half a day's wages for each day or days on

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10 S.I.C. Annual report 1975-76 p.4
which he lost wages depending on whether more or less than half a day's wages are lost subject to the maximum of the daily rate of Temporary Disablement Benefit under the 1st schedule of the E.S.I. Act, 1948 - Highest wage group).

MEETING OF 28th FEBRUARY 1976

The Corporation decided that payment of Extended Sickness Benefit will now be paid for 124 days in respect of 21 diseases listed below, which may be extended upto 309 days in Chronic suitable cases by Regional Deputy Medical Commissioner/Medical Referee/Administrative Medical Officer/Chief Executive of the E.S.I. Scheme of the State or his nominee. Payment beyond 124 days would only be made on receipt of recommendations of the above authorities.

LIST OF DISEASES

1. Tuberculosis
2. Leprosy
3. Mental diseases (Psychoses)
4. Malignant diseases
5. Paraplegia
6. Hemiplegia
7. Chronic congestive heart failure
8. Immature cataract with vision 6/60 or less in the affected eye.
9. Lung Abscess
10. Bronchiectasis
11. Myocardial infarction
12. Dislocation and prolapse of intervertebral disc.
13. Parkinson’s disease
14. Aplastic Anaemia
15. Cirrhosis of Liver with ascites
16. Detachment of retina
17. Non-union or delayed union of fracture
18. Emphyema
19. Intracranial space occupying lesion
20. Spinal cord compression
21. Chronic (simple) Primary glaucoma

The Medical Commissioner can sanction the payment of Extended Sickness Benefit for a maximum period of 124 days or 309 days, depending upon the merits of the case, on the recommendations of the above authorities, in case of any rare disease or special circumstances.

The Corporation also approved the enhancement of Extended Sickness Benefit rate at 25% more than the standard rate rounded to the next higher multiple of 5 paise applicable when the Sickness Benefit was last payable to be taken effect from 1-4-1976.
THE STANDING COMMITTEE

It has been observed earlier that the executive power of the Corporation vests in the Standing Committee which is constituted from among the members of the Corporation itself. It is responsible for carrying out the decision of the Corporation and for ensuring a smooth and efficient working of the administration.

COMPOSITION

The Standing Committee consists of 16 members including the Deputy Minister for Labour, Government of India. The composition of the Standing Committee is as follows:-

(i) The Deputy Minister for Labour, Government of India as the chairman;

(ii) Three members of the Corporation, who are officials and are nominated by the Central Government;

(iii) Three nominees of the State Government;

(iv) Three representatives of employers;

(v) Three representatives of employees;

(vi) One member from among the members of the Corporation representing the Medical Profession.

(vii) One member representing the Parliament; and
(viii) The Director General of the Corporation is its ex-officio member.

POWERS

The Standing Committee has the powers to administer the affairs of the corporation and to "exercise any of the powers and perform any of the functions of the Corporation; subject to the general superintendence and control of the Corporation. It decides the organisational and procedural pattern of the Corporation and efficient discharge of its functions. It can delegate its powers and functions to subordinate bodies. It generally prepares the groundwork, by screening all the proposals that are to be placed before the Corporation under Regulations 9 of the E.S.I.(General) regulations of 1950 and after the decisions are taken by the Corporation, it pursues their implementation.

TERM OF OFFICE OF MEMBERS

The members elected by the Corporation hold office for two years, unless they cease to be members of the

11 Section 18 of the E.S.I. Act 1948.

12 A general purpose sub-committee was set up by the Standing Committee to survey and report on the working of the scheme in various states. This Sub Committee submitted its reports on the working of the scheme at Bombay, Kanpur, Delhi and Amritsar (1953); Nagpur; Hyderabad and Coimbatore (1956); Calcutta; Howrah, Assem Madras, Madurai and Bangalore (1959); Indore, Ujjain and Bombay (1961); Lucknow and Kanpur (1962); Ernakulam, Cochin; Alwaye; Trichur; Quilon and Trivandrum (1963).
Corporation in the meanwhile, and those nominated will continue in their office, until and unless the Central Government decides otherwise.

**IMPORTANT DECISIONS TAKEN BY THE COMMITTEE DURING THE YEAR 1975-76**

It held four meetings on 2 June 1975, 16 September 1975 and 27 February 1976. Important decisions arrived at these meetings are given below:

**MEETING OF 2nd JUNE 1975**

The Standing Committee adopted the following resolution:

"Resolved that subject to the approval of the Central Government, the Corporation may pay conveyance allowance and/or compensation for loss of wages to insured persons called to appear before a Medical Appeal Tribunal, in cases filed by the Corporation or the insured persons at the same scale and subject to the same conditions as are applicable in in cases where the insured person appears before a Medical Board."

**MEETING OF 16th SEPTEMBER 1975**

The Standing Committee approved the revision of the

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13 *E.S.I.C. Annual Report 1975-76* p.4
ceiling on expenditure on medical care with effect from 1-4-75 as under:

(i) for restricted medical care from Rs.65 to Rs.70. ... per employee per annum.

(ii) for expanded medical care from Rs.70 to Rs.75. ... -do-

(iii) for full medical care from Rs.85 to Rs.95 ... -do-

The Standing Committee also agreed that expenditure on drugs, medicines and other medicaments exceeding Rs.25/- but not exceeding Rs.45/- per employee per annum would be allowed over and above the ceiling but would be shared in the usual ratio between the State Government and the E.S.I. Corporation.

The Standing Committee approved the revised pharmacopoeias as recommended by the Medical Benefit Council at its meeting held on 11-2-1975.

MEETING OF 20th DECEMBER 1975

The Standing Committee approved the proposal for enhancement of Extended Sickness Benefit rate. It further recommended that the rate of Extended Sickness Benefit during an extended sickness benefit period shall be 25% more than the standard benefit rate rounded to the next higher
multiple of five paise applicable when the sickness benefit was last payable under the Act. This will come into force with effect from 1-4-1976 and shall be given to as follows:

(i) The benefit at enhanced rate shall be admissible to all cases of Extended Sickness Benefit which arise on or after 1-1-1976.

(ii) Insured Persons whose cases of Extended Sickness Benefit are current on 1-4-1976 and where the Insured Persons have not already exhausted Extended Sickness Benefit shall also be entitled to the Benefit at the enhanced rate with effect from 1-4-1976.

(iii) Insured Persons who may not have received Extended Sickness Benefit because of the fact that the decision regarding eligibility in their cases has not been taken before 1-4-1976 shall also be eligible to enhanced rate with effect from 1-4-1976 only.

MEETING OF 27TH FEBRUARY 1976

The Standing Committee agreed to provide wheel-chair to Insured Persons who are disabled due to paralysis or other diseases and implementable Cardiac Pacemaker to Insured Persons and members of their families, wherever considered necessary by a competent Cardiologist as recommended by the Medical Benefit Council.

The Standing Committee also approved the yardstick for provision of ambulance vans under the E.S.I. Scheme and the
revised norms of the staff in the E.S.I. Dispensaries as recommended by the Medical Benefit Council at its meeting held on 22-12-1975.

**MEDICAL BENEFIT COUNCIL**

Since the administration of medical care has assumed prime importance under the Scheme,¹⁴ the E.S.I. Act has provided for the Constitution of a specialised body, namely, the Medical Benefit Council to assist the Corporation in the administration of medical benefit provisions.¹⁵ The Council advises the Corporation and the Standing Committee on matters relating to the administration of medical care, the certification for purposes of the grant of benefits and other connected matters.

**COMPOSITION**

At present Medical Benefit Council constituted by the Central Government has 28 members. Its membership, again is composed on the basis of the tripartite representation as follows—¹⁶

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¹⁴A detailed study of Medical Benefits has been undertaken in Chapter IV (Administration of Benefits).

¹⁵The Council was constituted in December 1948.

¹⁶Section 10 of the E.S.I. Act 1948.
1. The Director General, Health Services, Government of India, ex-officio Chairman;

2. The Deputy Director General, Health Services, to be nominated by the Central Government;

3. The Medical Commissioner of the Corporation, as ex-officio member.

4. One member representing each of the State other than Union territories, in which this Act is in force, to be nominated by the State Government concerned.

5. Three members representing employers;

6. Three members representing employees;

7. Three members representing the medical profession of whom not less than one shall be a woman.

8. One member representing the parliament; and

9. The Director General of the Corporation, ex-officio member.

FUNCTIONS

The Medical Benefit Council performs the following functions:

1. To advise the Corporation in regard to the Constitution and functions of the Regional and Local medical benefit councils;

2. To advise the Corporation on any matter relating to the complaints against medical practitioners, in connection with medical treatment and attendance;
3. To make recommendations to the Corporation in regard to:-

   i) the medical formulary;
   ii) medical certification, statistics, returns, registers and other medical records;
   iii) Measures for improvement of the health and welfare of insured persons and the rehabilitation and re-employment of disabled or injured insured persons;
   iv) the scale and nature of medical benefit to be provided, the nature and extent of medicines, staff and equipment required and the extent to which these fall short of the desired standard.

TERM OF OFFICE OF MEMBERS

The members representing the various interests and those representing the Parliament hold office for a term of four years, while the representatives of the Central and State Governments hold office as long as the respective Governments want them to.

AMALGAMATION OF INTERESTS

The composition of the three bodies provides a unique opportunity for safeguarding the interest of the various agencies relating to the Scheme. The Social Insurance Scheme in our country has been placed under concurrent list. Therefore, the Union Minister for Labour, Government of India is an ex-officio, Chairman of the E.S.I. Corporation
and the Deputy minister for Labour, is the Chairman of the Standing Committee of the Corporation. Since the Scheme is essentially a Health Insurance Scheme, the Ministry of Health and Family Welfare under the Central Government has also been represented in the Corporation and its Minister is an ex-officio, Vice-Chairman of the Corporation. The interests of employees, employers, medical profession etc. are also represented in the three bodies. The Composition of the three bodies as it stands at present is shown in the following tables:

**TABLE VIII**

**COMPOSITION OF THE CORPORATION, STANDING COMMITTEE AND THE MEDICAL BENEFIT COUNCIL**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Representation given to</th>
<th>E.S.I. Corporation</th>
<th>Standing Committee</th>
<th>Medical Benefit Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Central Government</td>
<td>7</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>2.</td>
<td>State Government</td>
<td>16</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>3.</td>
<td>Employers</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Employees</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>Medical Profession</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>6.</td>
<td>Parliament</td>
<td>3</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>7.</td>
<td>Union Territories</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8.</td>
<td>Ex-Officio Members¹⁷</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

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| Total| 40| 16| 28 |

¹⁷ The Director General is an ex-Officio member of the Corporation and Standing Committee.
The above composition leads to the conclusion that due weight in respect of representation, has been assigned to the Central and State Governments, workers, employers, medical profession and members of Parliament. The State Governments have been entrusted with a responsibility of administering the medical benefit to the insured persons and their families. The workers are associated through their representatives in the administration of scheme at all levels from top to bottom.

After examining the representation of various interests in the Employees' State Insurance Corporation it may be said that it is a Parliament of Social Insurance Administration in India. 18

E.S.I. JUDICIARY

Questions arising out of the operation of the E.S.I. Scheme fall outside the jurisdiction of any civil court. The E.S.I. Act provides that such matters will be decided by Employees' State Insurance Courts. This provision is intended to secure speedy justice in case of disputes as time element is more important in social security scheme. It was also thought that the E.S.I. Courts would develop expertise in such

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18 M. K. Idgunji Social Insurance and India, Bombay 1948 p.71
matters in course of time.

CONSTITUTION OF THE E.S.I. COURT

1. The (State) Government shall, by notification in the Official Gazette, constitute an Employees' Insurance Court of such local area as may be specified in the notification.

2. The Court shall consist of such number of Judges as the (State) Government may think fit.

3. Any person who is or has been adjudicial officer or is a legal practitioner of five years' standing shall be qualified to be a Judge of the Employees' Insurance Court.

4. The (State) Government may appoint the same Court for two or more local areas or two or more Courts for the same local area.

5. Where more than one Court has been appointed for the same local area, the (State) Government may, by general or special order, regulate the distribution of business between them.

MATTERS TO BE DECIDED BY THE E.S.I. COURT

If any question or dispute arises as to -

(a) whether any person is an employee within the meaning of this Act or whether he is liable to pay the employee's contribution, or
(b) the rate of wages or average daily wages of an employee for the purposes of this Act, or

c) the rate of contribution payable by the principal employer in respect of any employee, or

d) the person who is or was the principal employer in respect of any employee, or

e) the right or any person to any benefit and as to the amount and duration thereof, or

any direction issued by the Corporation under Section 55-A on a review of any payment of dependants' benefits, or

(f) (omitted), or

g) any other matter which is in dispute between a principal employer and the Corporation, or between a principal employer and an immediate employer, or between a person and the Corporation or between an employee and principal or immediate employer, in respect of any contribution or benefit or other dues payable or recoverable under this Act. (or any other matter required to be or which may be decided by the Employees' Insurance Court under this Act),

Such question or dispute (subject to the provisions of sub-section (2-A) shall be decided by the Employees' Insurance Court in accordance with the provisions of this Act.

(Subject to the provisions of sub-section (2-A), the following claims) shall be decided by the Employees' Insurance Court, namely-

(a) claim for the recovery of contributions from the principal employer;
(b) claim by a principal employer to recover contributions from any immediate employer;

(c) (Omitted);

(d) claim against a principal employer under section 58;

(e) claim under Section 70 for the recovery of the value or amount of the benefits received by a person when he is not lawfully entitled thereto; and

(f) any claim for the recovery of any benefit admissible under this Act.

If in any proceedings before the Employees' Insurance Court a disablement question arises and the decision of a medical board or a medical appeal tribunal has not been obtained on the same and the decision of such question is necessary for the determination of the claim or question before the Employees' Insurance Court, that Court shall direct the Corporation to have the question decided by this Act and shall thereafter proceed with the determination of the claim or question before it in accordance with the decision of the medical board or the medical appeal tribunal, as the case may be, except where an appeal has been filed before the Employees' Insurance Court under Sub-Section (2) of Section 54-A in which case the Employees' Insurance Court may itself determine all the issues arising before it.
No Civil Court shall have jurisdiction to decide or deal with any question or dispute as aforesaid or to adjudicate on any liability which by or under this Act is to be decided by (a medical board, or by a medical appeal tribunal or by the Employees' Insurance Court).

Note:-

Dispute when arises - Section 75 provides for settlement of disputes, and would come into play only when there are disputes relating to these benefits. That section pre-supposes the existence of a dispute relating to these deductions. But at the time when the employer makes the deduction it could not be predicated that there was a dispute. It is only after a deduction is made that a dispute is raised by the employee. Further, Section 75 does not provide a machinery for obtaining permission for making the deductions. Recourse could be had to that section only when disputes are raised.

In the circumstances held that the authority appointed under Section 15 of the Payment of Wages Act is not the appropriate forum to deal with these questions and that the proper forum is the one created under Section 74 of the Employees' State Insurance Act. It is Section 75 of this Act that should be resorted to be a person who raises a dispute concerning the deduction made by the employer. Azam Jahi Mills Ltc. (by Secretary E.J.Tarapare v.Authority under payment of Wages Act, Andhra Pradesh and Others, 1963 (2) LIJ 760; 1963 (2) AnWR 275 (HC).

Late report by the Inspector no excuse for the condonation of the delay in making application under Section 75. Panipat Woollen and General Mills Co.Ltd.v. Employees' State Insurance Corporation, 30 SJR 93.
POWERS OF THE E.S.I. COURT

1. The Employees' Insurance Court shall have all the powers of a Civil Court for the purposes of summoning and enforcing the attendance of witnesses, compelling the discovery and production of documents and material objects, administering oath and recording evidence and such Court shall be deemed to be a Civil Court within the meaning of Section 195 and Chapter XXXV of the Code of Criminal Procedure, 1898 (5 of 1898).

2. The Employees' Insurance Court shall follow such procedure as may be prescribed by rules made by the (State) Government.

3. All costs incidental to any proceeding before an Employees' Insurance Court shall, subject to such rules as may be made in this behalf by the (State) Government, be in the discretion of the Court.

4. An order of the Employees' Insurance Court shall be enforceable as if it were a decree passed in a suit by a Civil Court.

It may be noted here that the E.S.I. Courts are constituted by the respective State Governments. Hence, they work independently or sister Courts in other States. This has
given rise to disuniformity in the decisions of various Courts. It has been suggested by the E.S.I.S. Review Committee that the question of insurability and coverage should be decided by the Corporation so that uniformity in respect of this vital question may be ensured throughout India. This would also ensure speedy decisions.

It has been complained that insistence on the details of ordinary civil court rules has resulted in prolongation of the proceedings of the Courts. This has defeated the very purpose for which these Courts were set up. It would improve the situation if whole time judges are appointed to preside over these Courts in some bigger centres. They may set up short time camps by rotation at smaller centres. Moreover, rules should be framed to secure speedier justice by shedding off unnecessary formalities in case of E.S.I. Courts.

**PRINCIPAL OFFICERS**

Besides the three bodies discussed in the preceding paragraphs for, the control of administration, the Act provides for the appointment of the following five principal Officers for running the day-to-day administration of the Scheme:
1. The Director General;
2. The Insurance Commissioner;
3. The Medical Commissioner;
4. The Chief Accounts Officer; and
5. An Actuary.

DIRECTOR GENERAL

While the Statutory Committees decides upon the general framework of the administrative programmes of the Scheme, the Director-General, as the principal executive, is responsible for the actual implementation of those programmes. As such he has full powers to co-ordinate, supervise and control the work of the other principal officers. Under orders from the Chairman of the Corporation he can convene a meeting of the Corporation, the Standing Committee and the Medical Benefit Council. It is his duty to bring to the notice of these Committees as the relevant facts and also report to them on the progress in actual implementation of the decisions taken at the proceedings of these committees. He can, on behalf of the Corporation, enter into contractual agreement with the State Governments or any other agency for the execution of any programme under the Scheme. He keeps a liaison with the Central and the State Governments in all

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19 Powers of the Director-General are enunciated in Rule 16 of the E.S.I. (Central) Rules, 1950.
matters of the Scheme requiring their advice and co-operation. In addition, the Corporation can, at any time, entrust him with special duties and accordingly delegate to him the powers requisite for the duties thus assigned.

As the head of the department, the Director-General has powers for the temporary re-assignment of duties, and the power to sanction transfers, leave etc. of the staff at the Headquarters. He heads a departmental committee including besides himself, a principal officer, and is empowered to make appointments to positions in the Corporation which are below those of ranks corresponding to Class I and Class II in the Central Government Service.

He has powers to write off collection of contributions in difficult cases. Also, he has discretionary powers to waive certain procedural requirements and sanction benefits, (or adjudicate the dispute over payment of benefit) in genuine cases.

INSURANCE COMMISSIONER

The Insurance Commissioner is the Corporation's Chief Officer dealing with insurance coverage, registration of employers and employees, collection of contributions, and of employers and employees, collection of contributions, and the
administration of the cash benefits under the Scheme. He also attends to all administrative problems and litigations arising in connection with the above. According to Section 86 of the Act, no prosecution under the Act can be initiated except by or with the previous sanction of the Insurance Commissioner or by such other officer of the Corporation as may be authorised in that behalf by the Director General.

Rule 17 of the E.S.I. (Central) Rules of 1950, dealing with powers and duties of the Induance Commissioner's States that in addition to the duties mentioned above he will exercise direct supervision over the functioning of the regional offices, arrange periodical inspection of all the subordinate offices of the Corporation and also attend to the complaints referred to the Corporation by the Regional Boards and Local Committees.

MEDICAL COMMISSIONER

The Medical Commissioner is the chief officer dealing with the medical benefit administration under the Scheme. According to the provisions of the Act, the State Governments are responsible for programming and actual implementation of medical care services under the Scheme in

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20 Rule 18 of E.S.I. (Central) Rules, 1950, enumerates the powers and duties of Medical Commissioner.
their respective regions. But in view of the need of maintaining uniformity throughout the country, the Corporation has the responsibility to evolve uniform standards of medical benefit and ensure that they are followed by the States' medical service administrations. The role of the Medical Commissioner is thus partly advisory and partly executive in nature.

In his advisory role, the Medical Commissioner helps in planning the services, in the staffing, location and layout of Hospitals and dispensaries, drawing up the list of medicines, standardising forms for recording morbidity statistics etc. He is to advise whether the medical services provided by the employer are sufficient to qualify him for exemption from the coverage of the Scheme. He has also the responsibility to keep the Corporation informed and suggest measures for the general improvement of the health conditions in the areas where the Scheme is in operation. All the proposals of the Medical Commissioner in regard to the above are generally placed before the Medical Benefit Council for discussion and onward transmission to the Corporation.

The executive functions of the Medical Commissioner comprise the periodical inspection of hospitals, dispensaries, clinics and other institutions through which the medical
benefit is provided to the insured, supervision of the work of the Medical Referees (whether in full-time or part-time employment of the Corporation) investigation into complaints pertaining to medical benefit administration made by the insured or their employers.

The Medical Commissioner has also the responsibility to conduct research into the morbidity trends among the insured and suggest appropriate measures for improving their health. He is authorised to delegate any of his functions and powers at the State level to the officers of the State Medical Services who are associated with the Scheme, with the concurrence of the Director of Medical Services of that State.

Finally, the Medical Commissioner is an ex-officio member of the Medical Benefit Council of the Corporation. In that capacity he has to keep the Council informed of the progress of the various recommendations made by that body.

CHIEF ACCOUNTS OFFICER

The functions of the Chief Accounts Officer since redesignated as Financial Adviser and Chief Accounts Officer

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21 Rule 18(2) E.S.I. (Central) Rules, 1950.

22 Rule 19 of E.S.I. (Central) Rules, 1950, enunciates the powers and duties of the Chief Accounts Officer.
mainly relate to the maintenance of the accounts of the Corporation. He arranges for the timely compilation of the accounts through collection of returns of the Scheme from the regional and the local level offices. In this, he is assisted by the Accounts Officers posted at the regional offices of the Corporation. The Chief Accounts Officer, besides keeping the accounts, has to arrange for the internal audit of the various offices of the Corporation. He also helps the Director-General in explaining to external auditors the various items of expenditure incurred under the Scheme. He undertakes the inspection of the accounting work done at the various offices of the Corporation at all levels.

The Chief Accounts Officer also functions as a Financial Adviser. He helps in the preparation of the budget of the Corporation. He advises the Corporation on the investment of funds. Likewise, he advises the Director-General in sanctioning expenditure or making payments under the Scheme.

CHIEF ACTUARY\textsuperscript{23}

The Chief Actuary of the Corporation is responsible for the design, collection, compilation and analysis of all the statistical data available during the operation of the Scheme.

\textsuperscript{23}Rule 20 of E.S.I.(Central) Rules, 1950, enunciates the Powers and Duties of Actuary.
and also from other allied services, to help improve the efficiency of the administration of the Scheme. He tenders advice to the Director-General on all matters involving actuarial calculation. Through periodical review of data he helps in detecting and controlling excessive claims.

CHANGES IN THE HEADQUARTERS SET UP

In the course of the working of the E.S.I. Act, experience brought to light certain deficiencies in review consultation and office management.

GENERAL PURPOSES SUB-COMMITTEE

General Purposes Sub-Committees of the Standing Committee are constituted from time to time, to tour industrial centres where the Scheme is in operation, get first-hand information about the working of the Scheme and the reaction of the employers, employees and the officers at those centres, and to submit a report to the Standing Committee. During 1966-70, no such Sub-Committee has been set up for any region and this has come in for

24 Such General Purposes Sub-Committees have been appointed to report on the working of the Scheme at (i) Kanpur, Bombay, Delhi and Amritsar (1953); (ii) at Nagpur, Hyderabad and Coimbatore (1956); (iii) at Calcutta, Howrah, in Madras, Madurai, Bangalore and in Assam (1959).
criticism from the Estimates Committee.25

PERIODIC MEETINGS OF REGIONAL DIRECTORS AND ADMINISTRATIVE MEDICAL OFFICERS

Uniformity of standards of administration and flow of benefits is greatly facilitated by periodic meetings of regional Directors and Administrative Medical Officers. These meetings are held at the headquarters. They are primarily intended to serve as a forum to explain new policies and to point out to the Regional Officers any shortcomings noticed either in the routine administration or in the special investigation undertaken in respect of the working of the Scheme in any particular State or Centre. The Regional Officers may also seek advice on any matter. In addition, proposals for the future are also discussed in an informal way.

DIRECTOR ADMINISTRATION

It was instituted in the year 1967-68 in pursuance of specific recommendation to that effect by the E.S.I.S.

Review Committee. This is a senior position equal in status and pay to that of Principal Officer of the Corporation. The E.S.I.S. Review Committee felt that the creation of the position of Director Administration would relieve the Director-General of routine personnel matters. Further, in a progressively expanding organisation like the E.S.I. Corporation, the matter of planning, direction, supervision and coordination of staff efforts at all levels would call for increasingly greater attention and this task was to be handled by a senior officer of the Corporation. The lack of such a senior officer in the organisational framework was also pointed out even as early as 1953 by the I.L.O. experts team.

The functions of Director of Administration mainly consist of assistance to the Director-General in all establishment matters including employer-employee relations and redressal of staff grievances. He also coordinates the work of the Director, O & M and training and that of the Director, Vigilance.


DIRECTOR O & M AND TRAINING

To start with, the Organisation and Methods machinery formed part of one of the sections under the charge of the Administrative Officer. But over years the need was felt increasingly for realistic appraisal of staff norms, simplification of procedures and forms to effect economies in the administration.\(^{28}\) The organisation and methods activity was raised to the status of a full division in 1968-69 and placed under the charge of a senior officer. Staff-training was also entrusted to this division.

DIRECTOR PLANNING AND DEVELOPMENT

This is also a fairly senior position in the Corporation. The post and the division under its charge were constituted in 1974-75 in pursuance of the specific recommendations of the Corporation's Committee on perspective planning.\(^{29}\) The Committee's view was that the formulation of detailed plans for extension of the scheme and supervision of their extension would require considerable administrative effort. This has to be done every year in consultation with

\(^{28}\) Report of the E.S.I.S. Review Committee, op.cit. p.169-70

\(^{29}\) Govt of India, Report of the Committee on Perspective Planning, New Delhi, Employers' State Insurance Corporation 1972 p.17
the State Governments. The task would be better performed if it is made the responsibility of a separate cell at the headquarters under the charge of a senior officer. The perspective planning committee has also recommended the setting up of Planning and Development Cells at the State level also, wherever necessary, under the overall charge of Administrative Medical Officers of the State concerned.  

DIRECTOR VIGILANCE

A small Vigilance unit at the headquarters office of the Corporation on the lines similar to the Vigilance Organisation in the Central Government was set up in May, 1956, and the Administrative Officer was nominated as Vigilance Officer. The duties of the Vigilance Officer are to examine all aspects of work with a view to locating where opportunities for corruption are likely to arise and surprise inspections and to devise other ways and means for minimising the scope for corruption. He has also to initiate prompt action and to pursue it with speed and vigour where there appear to be reasonable grounds for suspicion. The vigilance cell was raised to the status of full division in

30 Report of the Committee on Perspective Planning, op. cit., p. 17

31 E.S.I.C. Annual Report, 1957-58, p. 7
1974-75 and put under the charge of a Director. The Director operates through four zonal vigilance officers at Calcutta, Bombay Madras and Delhi.

One criticism often levelled against the headquarters set up, particularly in respect of the position of the principal officers level is that they were always manned by officers drawn on deputation from various central services. The Corporation has had five Director-General since its inception in 1948, the first two were medical men and all the three subsequent appointees are officers belonging to the I.C.S./I.A.S. cadre. Similarly, the post of Financial Adviser and Accounts Officer is generally manned by an Officer drawn from Indian Audit and Accounts Service.

Critically commenting on the practice of appointing the officers of the Government of India on deputation as the Principal Officers of the Corporation, the Estimates Committee observed (in 1969) that except four incumbents, all the principal officers appointed so far have been drawn from services outside the Corporation. The Committee feel that the Corporation in its life of more than 20 years must have by now built up an adequate cadre of its own trained personnel in the respective division.\(^{32}\) The Committee, therefore,

\(^{32}\)Govt of India, Ministry of Labour and Employment Estimates Committee (Fourth Lok Sabha) 123rd Report, New Delhi, Lok Sabha Secretariat, 1969, p.45
suggested that while making the appointments to the principal officers, the Government of India should take into view the claims of the senior officers of the Corporation. Moreover, such a step would inculcate a sense of belonging to the organisation in the minds of those who are down below in the management hierarchy.\textsuperscript{33}

Many offices created by Statute seem to suffer in their effective functioning in realising the objectives of the organisation by having persons on deputation from Government and on the other hand, some view it as a necessary part of the need for a homogenous functioning of the corporate bodies created and working within the over-all framework of the Government. Another factor that is often mentioned is the frequent changes of Principal Officers and the non-filling up of their positions for considerable lengths of time. For instance, the post of Insurance Commissioner was held by as many as seven incumbents from the period 1960-61 to date.\textsuperscript{34} Similarly the number of incumbents in the position of Financial Adviser and Chief Accounts Officer during the same period was six. Frequent changes of incumbents at the policy formulation level will

\textsuperscript{33}Estimates Committee (4th Lok Sabha) 123rd Report, op.cit.

\textsuperscript{34}Annual Reports of the E.S.I. Corporation.
hamper continuation of policies. The post of Medical Commissioner had not been filled for a considerable period of time after the constitution of the Corporation and again from October 1956 to August 1961. Commenting on the difficulties faced in the extension of the Scheme the I.L.O., team observed in 1952, that these difficulties had to do in one form or another with medical benefit and important medical issues were generally in question. Had a Medical Commissioner been in post during the two years when these issues were developing, it may very well be that progress would have been achieved in settling them. This is only one illustration of the consequence of leaving key posts unmanned.  

Similarly the position of Actuary had been held independently for a period of less than ten years. Most of the other times it was either left unfilled or held as an additional charge by another principal officer. This fact has prompted the Estimates Committee of the Lok Sabha to recommend its abolition.

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36 During the last three years the Actuary Division is being looked after by a Junior Officer (of the rank of Assistant Actuary).
These experiences suggest that the present provision under Section 16 of the Act in regard to the appointment of Principal Officers by Government needs a review. Commenting on the present statutory position, the E.S.I.'s Review Committee observed, "the present position is clearly unrealistic the Corporation should be free to modify its top organisational structure to suit its current requirements. In any case, a statutory provision fixing the number and functions of a certain grade of officers irrespective of the size of growth of the organisation in an unusual feature and does not find a place in any other similar legislation.\textsuperscript{37} In its reply to the recommendations made by the Estimates Committee on lines similar to the above,\textsuperscript{38} the Government conceded the need for an amendment of Section 16 of the Act. It even suggested that a simple amendment be made providing for the appointment of the Director-General as the Chief Executive Officer of the Corporation assisted by such other officers as the Central Government may appoint in consultation with the Corporation (if necessary).\textsuperscript{39} However, no such change has been made in

\textsuperscript{37}Report of the E.S.I.'s Review Committee, op.cit. p.169

\textsuperscript{38}Estimates Committee (Fourth Lok Sabha) 123 Report op.cit. p.46

\textsuperscript{39}Govt of India, Ministry of Labour and Employment Estimates Committee (Fourth Lok Sabha) 133red Report, New Delhi, Lok Sabha Secretariat, 1970 p.12-13.
the amendment to the Act, in 1975.

The Director General is the Chief Executive of the Corporation. The Principal Officers are whole time officers and hold office for such period, not exceeding five years as may be specified in the order appointing them. The Principal Officers exercise such powers and discharge such duties as are prescribed under the Act or specified in the regulations framed under it.

In case of initial appointment, the Central Government itself appoints them and in case of subsequent appointments, it does so in consultation with the Corporation. Their salaries and other allowances are prescribed by the Central Government. A Principal Officer can be removed from service at any time by the Central Government on its own initiation or on the advice of the Corporation. The Director General is mainly concerned with the formulation of policy, overall supervision, consideration and liaison with Central and State Government. The five main Divisions at the headquarters each under the charge of its respective Principal Officer are:

1. The Administration Division is, however, looked after directly by the Director General.

2. The Insurance Division is functioning under the charge of Insurance Commissioner.
3. The Medical Division — is looked after by the Medical Commissioner.

4. The Accounts Division — is looked after by the Financial Adviser and Chief Accounts Officer; and

5. The Actuarial Division — functions under the charge of the Actuary.

DECENTRALISATION OF ADMINISTRATION

In a vast country like India a programme of the magnitude of the E.S.I. Scheme cannot be efficiently managed without adequate decentralisation in its administrative organisation. This is well recognised in the E.S.I. Act. Section 94 (2) empowers the Corporation to delegate any of its functions and powers to its constituent units or officers as deemed desirable. Earlier, the country was divided into five regions for the administration of the Scheme. These were Delhi, Bombay, Calcutta, Kanpur and Madras. In 1955 the Corporation decided to set up regional level offices on a Statewise basis.\(^{40}\)

Section 25 envisages the setting up of Regional Committees, Regional Medical Benefit Councils, Local

\(^{40}\)Summary of the Important decisions of the Employees' State Insurance Corporation and its Standing Committee up to 15th August, 1957, New Delhi, Employees' State Insurance Corporation, 1957, p.68
Committees and Local Medical Benefit Councils, presumably on the pattern of the Corporation and Medical Benefit Council at the Centre to help the Schemes' administration at the respective levels. The Act, however, does not say much on the pattern and the extent of the functions and powers that could be delegated to the regional, local level administrations of the Scheme. All that is left to the Corporation.

In setting up of the administrative organisation at the Regional and Local levels at least at the time of the starting of the Scheme in 1952, the Corporation seems to have been guided by the suggestions made on the subject in the Adarkar's Report. Partly to overcome the obstacles that confronted the Corporation in the extension of the Scheme in the early years and partly with the general objective of improving the working of the Scheme, the Corporation considered decentralisation as a way out. In 1952, it set up a Sub-committee of its Standing Committee to suggest the direction and extent of the administrative decentralisation that could be profitably introduced. 41

While the Sub-committee was still at work, the experts deputed by the International Labour Office to advise the Government of India on the administration of Social Security Scheme submitted a report on the Organisation of Employees' State Insurance Scheme. In that report they strongly pleaded for decentralisation. They recommended "that the Corporation should subscribe to a clear statement of policy that the Regional and Local Offices are to be responsible for the administration of all the day-to-day work of the Corporation in the various regions, with the headquarters retaining control of policy matters".42

The Sub-Committee on Decentralisation submitted its report in March 1953. Following the recommendations made in that report, the Standing Committee of the Corporation prepared a detailed list of (a) administrative/ and executive functions; (b) advisory function which could be exercised by Regional Boards set up at each of the regional headquarters subject to the overall financial control, supervision and general guidance of the Central headquarters.

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REGIONAL BOARDS AND LOCAL COMMITTEES

All the countries, where Social Insurance Schemes are in vogue, recognise that the greater the density of population and wider the coverage, the need for removal of as much work from the Apex to the Regional and Local bodies is desirable. This general principle of decentralisation has also been followed by the E.S.I. Corporation by the setting up of bodies half-way down the line to take over some of the routine work. Originally, the country was divided into five administrative Regions with their headquarters at Delhi, Kanpur, Calcutta, Bombay and Madras. In 1955 the Corporation reviewed its regional set up and decided to constitute Regional Boards on Statewise basis particularly in view of the reorganisation of States. At the end of year 1969-70, Regional Boards were functioning in all the States excepting Bihar, Punjab and Union Territory of Delhi. But at the end of the year 31 March 1976, regional Boards were constituted in all the States. These Regional Boards are requested to meet at least once a quarter.


44 E.S.I.C. Annual Report 1975-76
By and large, the functioning of the Regional Boards does not appear to be satisfactory. Although the decision to constitute Regional Boards State-wise was taken in 1955, yet their constitution itself was delayed in many states. Then, even where they were constituted, their meetings have been few. In some cases they have not met at all. (Table XI gives the dates of the constitution of Regional Boards and the number of meetings held by them in the years 1970-71 to 1975-76). In the case of Karnataka and Assam, they were constituted in the year 1960 and in Gujarat in the year 1965. Haryana and Punjab followed much later in 1970 and 1973-74 respectively. Even after the Corporation at its meeting held in February 1972, made it mandatory for the Regional Boards to meet at least once a quarter, they were not convened at all in Assam and Karnataka in 1972-73, in Gujarat in 1973-74 and Andhra Pradesh in 1973-74, 1974-75 and 1975-76. In most States the number of meetings held by the Regional Boards during the years is not more than one or two. According to the evidence gathered by the E.S.I.S. Review Committee, the most common complaints were against the manner in which the Regional Boards and the Local Committees were utilised. They were not kept informed about the deliberations at the meetings.

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45 Annual Report of the Corporation 1971-72 p.32-33
of the Standing Committee and the Corporation; they were not consulted with regard to any amendment to the Act or Regulations; there was no proper liaison between the Corporation and the Regional Boards and the recommendations made by them were not implemented. The comment of the Estimates Committee of the Fourth Lok Sabha was that "the potentialities of the institutions of Regional Boards and Local Committees have not been exploited." by the Corporation. A similar view was expressed by the Estimates Committee of Second Lok Sabha as early as 1960. In pursuance of a specific recommendation made by the Estimates Committee, the Standing Committee of the Corporation has agreed to circulate the minutes of the meetings of the different Regional Boards among its members. This step may help to improve considerably the two-way communication between regional level organisations and the Headquarters of the Corporation. Inspite of the suggestion to activate the Regional Committees which would have been able to bring to bear the experience of local condition, the Corporation has not been able to act upon where the cause for the failure to activate them is not known.

46 Report of the M.S.I.S. Review Committee op. cit. p.161
47 Estimates Committee (Fourth Lok Sabha) 123rd Report p.36
48 Government of India, Ministry of Labour and Employment, Estimates Committee (Second Lok Sabha) 90th Report, New Delhi, Lok Sabha Secretariat, 1960 p.6-7
Local Committees have also been constituted throughout the country under Regulation 10-A of the E.S.I. (General) Regulations 1950. At the close of the year 31 March 1976, 194 Local Committees had been constituted throughout the Country.\footnote{Ibid.}

\begin{table}
\centering
\caption{Number of Meetings of Regional Boards Year-Wise}
\begin{tabular}{lcccccc}
\hline
\hline
Andhra Pradesh & 1 & 1 & 1 & - & - & - \\
Assam & - & 1 & - & 2 & 1 & 2 \\
Bihar & - & 2 & 1 & 2 & 2 & 3 \\
Delhi & 1 & 1 & 1 & 1 & 2 & 3 \\
Gujarat & 2 & 2 & 2 & - & 2 & 2 \\
Haryana & 3 & 2 & 1 & 2 & 2 & 2 \\
Karnataka & 2 & 2 & - & 3 & 2 & 3 \\
Kerala & 1 & 4 & 3 & 1 & 2 & 3 \\
Madhya Pradesh & 2 & 2 & 2 & 1 & 3 & 3 \\
Maharashtra & 1 & 3 & 1 & 2 & 3 & 3 \\
Punjab & - & - & - & 2 & 3 & 2 \\
Pondicherry & 1 & 3 & 1 & 1 & 2 & 4 \\
Orissa & 2 & 1 & 1 & 1 & 1 & 3 \\
Rajasthan & - & 1 & 4 & 2 & 4 & 4 \\
Tamil Nadu & 2 & 3 & 4 & 1 & 2 & 3 \\
Uttar Pradesh & 1 & 1 & 3 & 2 & 2 & 3 \\
West Bengal & 1 & 1 & 1 & 2 & 2 & 3 \\
\hline
\end{tabular}
\end{table}
Moreover, under each region a member of Local Offices, Sub-Local Offices, Inspection offices and Pay Offices have been set up to serve the areas of labour concentration. The number of various categories of offices depends on the number of industrial centres that a particular region has to serve. The total number of different types of offices as on 31 March 1976 is shown in the following table:

<table>
<thead>
<tr>
<th>Srl. No.</th>
<th>Category of the Offices</th>
<th>No. of Offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Regional Offices</td>
<td>15</td>
</tr>
<tr>
<td>2.</td>
<td>Sub-Regional Offices</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>Local Offices</td>
<td>287</td>
</tr>
<tr>
<td>4.</td>
<td>Mini Local Offices</td>
<td>94</td>
</tr>
<tr>
<td>5.</td>
<td>Sub-Local Offices</td>
<td>3</td>
</tr>
<tr>
<td>6.</td>
<td>Pay Offices</td>
<td>269</td>
</tr>
<tr>
<td>7.</td>
<td>Inspection Divisions</td>
<td>114</td>
</tr>
</tbody>
</table>

Total 684

Ibid.
As stated earlier in this chapter the functions of a Regional Board are mainly advisory but it discusses with the Director General the problems of the relationship between the Corporation, its officers, the employers, the employees and the insured persons in order to secure the efficient working of the Scheme with the full co-operation of all parties concerned and makes recommendations thereto.

In order to ensure adequate representation of the vital interests, local committees have been set up on a tripartite basis in all the important implemented areas. These committees render immense assistance in getting day-to-day information in respect of the working of the Scheme. These committees are purely advisory in character. They primarily discuss local problems and difficulties and offer suggestions and improvements and methods for their solution.

About the scope of local committees, it has been felt that local committees would be more conversant with local matters affecting the Scheme than the Regional Boards or any other body set up under the Act. Hence they should be given more scope for initiative in such matters.

51N.Hasan, The Social Security System of India, New Delhi, S.Chand & Co., 1972 p.207
DELEGATION OF POWERS

It is evident from the above that in the administrative framework of the Corporation decentralisation denotes delegation of administrative power, there is, however, no decentralisation of the power of policy making. The Regional and Local offices are not entitled to formulate rules and regulations of their own accord. They cannot alter the rules made by central office. They have to follow the procedure while dealing with each and every case as directed by the Headquarters. The process of decentralisation which has been in evidence for the last twenty five years, has improved the functioning of the scheme. However, the officers deployed in the field to exercise the delegated powers have, in many cases, observed that still in a large number of routine cases references have to be made to the headquarters for sanction or approval. The Regional Directors exercise, most of their delegated powers, in consultation with the Regional Accounts Officer. The Regional Office occupies an intermediate position and acts as a liaison between the local committees and the Central bodies. The degree of decentralisation determines the nature of centre-regional local relation. Local initiative and responsibility, subject to regional control and central guidance, tend to
promote efficiency and temper impersonal bureaucracy of large scale organisations.

The importance of proper harmony and clear allocation of duties can never be exaggerated. The establishment of a balance between centralisation and decentralisation requires detailed calculations and costing. With the establishment of the O & M Division at the Headquarters, it is hoped that new ways and means of decentralisation will be devised shortly. O & M studies conducted during the year 1975-76 are given below:

O & M STUDIES (SUGGESTION)

1. It continued its Project Studies in several functional areas, including Work-Measurement Study of selected Local Offices in the country for evolving norms and standards for the various functionaries in the Local offices in the country, job analysis in the Headquarters, office and also job analysis of LDCs and UDCs in the Regional Offices of the Corporation for refixing the ratio for LDCs & UDCs. These studies were conducted with the representative of the Federation as an observer.

2. It conducted a work-study (method study) of the revenue recovery branches of Regional Offices and

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systematised methods for coverage of factories/establishments and other matters connected therewith.
Procedure for recovery of contributions in cash, instead of through Contribution Stamps was also worked out and the system was introduced in Delhi on an experimental basis.

3. Final decisions on work studies conducted by it in respect of Following were also taken:-

(i) Recasting of Annual Report and Statistical Abstract

(ii) Revision of proforma for Monthly Progress Report from Regional Offices

(iii) Weeding out of old Declaration Forms

(iv) Standards for scrutiny of Inspection Reports by Insurance Inspectors and

(v) Elimination/simplification of a number of forms used in Regional Offices.

The Director of Administration looks after the O & M Division.

ADMINISTRATIVE AND FINANCIAL AUTONOMY

The need for administrative and financial autonomy in the administration of a scheme of Social Insurance arises out of certain limitations which are inherent in the management of a public enterprise through a department of
the Government. The departmental administration has been characterised as inflexible and easily amenable to political pressures and interventions to a substantial degree. It has been observed earlier in this chapter that the policy making power in respect of the phased implementation of the scheme and day-to-day administration are retained by the Standing Committee of the Corporation. The ministerial direction and control and limited only to the broad issues of the Scheme. The E.S.I. Corporation also retains considerable, if not complete, financial autonomy in the following matters:

(1) BUDGET ESTIMATES

The Corporation prepares its own annual budget and submits it to the Central Government for their approval and also maintains accounts of its income and expenditure in the manner prescribed by the Central Government. These accounts are also audited by auditors appointed by the Central Government.

(2) SEPARATION OF FINANCES

The finances of the Corporation are kept separate from the general finances of the State. All amounts

received on behalf of the Corporation constitute a special
fund called the E.S.I. Fund, from which all the expenses
of the scheme are met. The E.S.I. Act lays down the
purposes for which the fund may be utilised. But it does
not restrict the spending powers of the corporation in any
other manner. The Corporation is further authorised to
raise loans with the previous sanction of the Central
Government.

(3) ANNUAL REPORT

The Corporation is also required to submit to the
Central Government an annual report of its work and
activities. The quinquennial valuation of the assets and
liabilities of the Corporation are made by a valuer
appointed with the approval of the Central Government.

(4) HOLDING OF PROPERTY

The Corporation can acquire and dispose of property,
invest its funds and discharge loans, subject to the
conditions prescribed by the Central Government.

(5) MAINTENANCE AND OPERATION OF ACCOUNTS

The funds of the Corporation are not deposited with the
State Exchequer. It maintains its own independent account
with the Reserve Bank of India or any other bank approved by
the Central Government from time to time. The accounts are operated in the manner and for the purpose prescribed by the E.S.I. Act.

Thus we find that the financial autonomy of the Corporation is real but it is subject to the general supervision of the Central Government. The financial autonomy avoids the unnecessary delays that may be caused in the implementation of a decision for want of financial sanction, as sometimes happen with the Government departments. The control which the Central Government seeks to exercise over the affairs of the Corporation may be justified on grounds of public interest.

ADMINISTRATION OF MEDICAL CARE

The administration of medical care to the insured persons also presents a case of decentralisation of the medical side. It has been discussed earlier that at the apex the Medical Benefit Council assists the Corporation in administering the medical care. Under the provisions of the E.S.I. Act, the responsibility of providing medical care including the establishment and maintenance of hospitals,

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54 The Central Government have approved State Bank of India and United Commercial Bank for this purpose.
clinics, asylums etc. rests with the State Governments. Regional and Local Medical Benefit Councils have been set up in almost all the States. The Medical Benefit Council at the headquarters advises the Corporation in regard to the constitution, establishment, duties and powers of the these Councils. It has the powers to make recommendations to the Corporation in respect of the scale and nature of medical benefit provided at hospitals, dispensaries etc., and the quantum of the medicines staff and equipment which are to be maintained at such institutions and the extent to which these fall short of the desired standard. It has powers and duties of investigation in relation to complaints against medical practitioners, in connection with medical treatment and attendance.55

The State Governments make arrangements for medical care in consultation with the Corporation and according to the standards laid down by it. The E.S.I. Act provides for a sharing of the cost of medical care between the State Governments and the Corporation in an agreed ratio. At present the E.S.I. Corporation reimburses to the State Governments 7/8th of the expenses incurred on medical benefit in areas where it has been extended to the families of

55 Report, General purpose Sub-Committee, on the working of the E.S.I. Scheme, 1965 p.103
insured persons and 3/4th of the expenses in other areas. The E.S.I. Act, however, provides that with the approval of a State Government, the Corporation may establish and maintain in the respective State the requisite number of hospitals and dispensaries and other medical and surgical services as it may think fit for the benefit of insured persons and their families.\textsuperscript{56} The greatest difficulty which the States have to face, is in respect of in patient treatment of the insured persons for whom a certain number of beds have to be reserved. The required reserved accommodation cannot be provided in the already over-crowded hospitals without their extension or the construction of new hospitals. The Corporation has therefore, prepared a comprehensive plan for the construction of hospitals and dispensaries in different industrial Centres of the country. The State Government are granted loans by the Corporation for the construction of annexes to the existing hospitals or to build new ones. Thus after looking into the administration of medical care it can be said that decentralisation has been attempted successfully in respect of medical administration.

\textsuperscript{56} Such an arrangement is at present being operated in the union Territory of Delhi. Medical care is directly administered to the insured persons and their families by the Corporation through a network of E.S.I. dispensaries and reserved beds in different hospitals in the capital.