

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

New Delhi

18th December, 2025

**CAG AUDIT REPORT ON EX-SERVICEMEN CONTRIBUTORY HEALTH
SCHEME PRESENTED IN PARLIAMENT**

C&AG's Audit Report No. 27 of 2025, Union Government (Defence Services-Army), Performance Audit of 'Ex-servicemen Contributory Health Scheme (ECHS)' was laid on the table of Lok Sabha and Rajya Sabha here today. The Report is based on the audit of the major stakeholders in implementation of 'Ex-servicemen Contributory Health Scheme' like Department of Ex-servicemen Welfare, Adjutant General Branch, Central Organization, ECHS, Regional Centres, Polyclinics, Service Hospitals, Station Headquarters, and Principal Controllers of Defence Accounts. The period covered in the audit was 2018-19 to 2022-23.

Ex-servicemen Contributory Health Scheme (ECHS) has the objective of providing comprehensive, cashless and capless health care to all Ex-servicemen and their dependents through a network of Polyclinics for OPD patients; Service Hospitals, Government hospitals and empanelled private Health Care Organisations (HCOs) spread across the country for referred cases of specialised treatment and inpatient treatment.

The major findings in the Audit Report and corrective action taken by Ministry's are as follows:

1. There was inadequate geographical coverage of empanelled Health Care Organisations (HCOs) resulting in beneficiaries being compelled to travel considerable distances, to avail referral treatment. Also, within the Regional Centres, there were instances of skewed distribution of empanelled HCOs. The Corrective steps were taken by the Ministry by simplifying the empanelment process of HCOs and expanding the HCO network, thereby addressing the skewed distribution to some extent.
2. Despite increase in number of Ex-servicemen, categorisation of Polyclinics which determine size and manpower of Polyclinics was not revised since inception of Scheme in 2003. Moreover, the authorisation of manpower at CO, ECHS and Regional Centres and medical/non-medical staff at Polyclinics remained stagnant since its inception in 2003. The resultant manpower shortages were further aggravated due to shifting of manpower to CO, ECHS and Regional Centres. Ministry informed that sanction had been accorded (November 2024) for additional 1,357 manpower for 23 new Polyclinics and 50 upgraded Polyclinics by way of corrective action.
3. There were instances of short supply of medicines to Polyclinics by Service Hospitals, deficiencies of equipment, operation of very old ambulances and problems in operating Mobile Medical Units. Ministry replied that provision to procure medicines for six months rather than the previous provision of three months will improve the medicine delivery and a case for replacement of 31 ambulances against Beyond Economic Repair (BER)/ downgradation had been taken up. Further, there were persistent under-utilisation of capital budget despite availability of land at multiple locations to construct Polyclinic's buildings. Ministry informed the accord of Acceptance in Principle (AIP) for construction of permanent buildings for 48 ECHS Polyclinics.
4. There were delays in payment to HCOs and reimbursement of individual claims of beneficiaries owing to shortage of allocation under Medical Treatment Related Expenditure (MTRE) leading to recurring Carried Forward Liabilities (CFLs) in each financial year. This

resulted in instances of HCOs opting out of empanelment and financial stress to the retired beneficiaries. Based on recommendation of audit, Ministry informed that it had taken up the matter for a one-time allocation of sufficient fund under MTRE to eliminate/reduce CFLs.

5. There was room for improvement in the areas of verification of Emergency Information Report (EIR), installation of Kiosks at empanelled HCOs and functioning of Station ECHS Vigilance Team (SEVT).

The following recommendations have been made to Ministry for overall smooth functioning of ECHS :-

1. *Ministry may get the requisite funds allocated under Medical Treatment Related Expenditure (MTRE) as a one-time measure to eliminate/reduce Carried Forward Liabilities.*
 2. *Ministry may engage with all stakeholders concerned to ensure proper planning and utilisation of allotted fund for creation of infrastructure at Polyclinics, especially where land is already available.*
 3. *Ministry may create the requisite posts of contractual manpower in a time bound manner for administrative work at CO, ECHS and Regional Centres.*
 4. *The Ministry may take immediate steps to hire the manpower against the additional authorisation for Polyclinics.*
 5. *The remuneration for contractual staff including, inter-alia, Medical Specialists may be reviewed.*
 6. *Ministry needs to review the categorisation of Polyclinics also, to ensure optimum distribution of the additional manpower.*
 7. *The Ministry may take steps to expedite the construction of 48 Polyclinics and Acceptance in Principle (AIP) for the remaining Polyclinics.*
 8. *The Ministry needs to proactively empanel Health Care Organisations (HCOs) to cover cities having Polyclinics but no empanelled HCOs.*
 9. *Ministry needs to review the Beyond Economic Repair (BER)/ downgradation status of entire inventory of ECHS ambulances in consonance with the extant Discard Policy.*
 10. *Ministry may take time bound action to implement the initiatives of mandatory verification of at least 25 per cent of emergency admission through geo-tagging and incorporating the same in the emergency admission policy.*
 11. *Ministry needs to ensure that Station ECHS Vigilance Teams (SEVTs) are functional at all station Headquarters across the country.*
-