

Executive Summary

Employees' State Insurance Scheme is a multidimensional Social Security Scheme mandated to provide both cash compensation and medical benefits against a single contribution in certain contingencies. The scheme is operated by Employees' State Insurance Corporation (ESIC) established under the Employees' State Insurance Act, 1948 (the Act) jointly with the State Governments. With a view to improve the quality of medical care, the Act was amended in May 2010 to provide for the establishment of medical colleges, nursing colleges and training institutes for its para-medical staff and other employees (Section 59 B was added). ESIC is under administrative control of Ministry of Labour and Employment, Government of India.

Important findings of the Special Audit of Medical Education Projects of ESIC are given below:

- The Corporation had sanctioned 17 out of 21 Medical Education Projects and started the construction of 16 medical colleges and incurred an expenditure of ₹ 1021.72 crore prior to the amendment of the Act.

(Para 2.2)

- The feasibility study for selection of sites/locations conducted by the consultant was not comprehensive and the selection of sites by ESIC for construction of Medical Education Projects was also arbitrary and not based on norms.

(Para 2.3)

- Award of different works to different architectural and engineering consultants was carried out in an arbitrary manner. Further as per CVC directives the consultants fees should be pegged to the original contract value payable. Due to non-inclusion of this clause in six out of 21 agreements, ESIC was liable to pay extra consultancy fees of ₹ 24.68 crore.

(Para 2.4)

- Due diligence to ascertain the number of colleges required to be opened, to fulfill the future requirement of doctors and other paramedical staff was not carried out.

(Para 2.6)

- Due to award of works on nomination basis to construction agencies, the ESIC could not avail the benefit of competitive rates.

(Para 2.8)

- All medical education projects taken up, except two, were behind schedule. The total cost of all the projects was revised from ₹ 8611.94 crore to ₹ 11997.15 crore resulting into cost overrun of ₹ 3385.21 crore.

(Para 2.9)

- Only 14 *per cent* of the Post Graduate Institute passed out students joined the ESIC hospitals which indicated that the strategy of opening medical colleges for filling up the vacant posts failed.

(Para 2.11)

- Corporation decided to exit from the field of medical education in its 163rd meeting held on 4th December 2014 as it was not one of its core functions. The decision to exit from this endeavour was only an exercise to limit the liability. Thus the strategy adopted by ESIC to meet the shortage of medical and paramedical staff was thoroughly ineffective.

(Para 2.12)