

## CHAPTER 2

### INTRODUCTION

The study on the “An Assessment of the Workings of Employees’ State Insurance Corporation (ESIC) with special Reference to Assam Region” is an extensive & explorative work. For this study, literature review has been conducted on a wide scale from different books, journals, websites and thesis from various sources including libraries of different universities. Literature review will open the gates of different areas covered as well as uncovered by the authors of different studies conducted by them at a particular point of time.

This chapter discusses the survey of literature conducted by various authors from international, national as well as regional perspective.

Reviews of such attempts are discussed as follows:

### INTERNATIONAL LEVEL

According to **Haber and Cohen (1948)**, social security is a controversial and dynamic topic with many aspects: Philosophical, Theoretical and Humanitarian, Financial, Administrative, Social, economic and Political, Statistical, Medical and Legal <sup>1</sup>.

Article 71(1) of Social Security (Minimum Standards) Convention 102 (1952) of the International Labour Organisation states that “The cost of the benefits provided in compliance with this Convention and the cost of the administration of such benefits shall be borne collectively by way of insurance contributions or taxation or both in a manner which avoids hardship to persons of small means and takes into account the economic situation of the Member and of the classes of persons protected <sup>2</sup>”.

**International Labour Organization (1957)** monograph concerned primarily with the five principles of social security schemes, now in force in Great Britain, these consist

of National Insurance, Industrial Insurance, Family Allowances, National Assistance and the National Health Service <sup>3</sup>.

**Pachman, J.A. (1968)** et.al, studied the major aspects of the social security system in the US, its benefits, structure, and its relationship to the retirement decision, methods of determining costs and its financing. They also presented explicit or implicit recommendations for changing the system. These recommendations comprise an agenda for reform. The proposal was presented in three dimensions. The first dimension regards the historical development and the present institutional setting of social security. The second dimension was the modest proposal to improve social security within the present framework. Finally, a list of immediate and urgently needed changes that could be consistent with the longer terms goals was presented for consideration in the next round of social security legislation, more modest changes should be enacted to move the system in the desired direction. Such changes would stress adjustments in the minimum benefits and in the benefits paid to widows and survivors <sup>4</sup>.

**Barbara, A. Lingg's (1982)** attempted for the first time actual programme data on benefits of couples in which both spouses receive benefits as retired workers. It was found that average benefits for all couples those in which the received benefits only as the spouse- were about 8% higher than the amount usually reported from administrative records. It also examined the benefits levels and entitlement status of new-married, divorced, and widowed female retired workers according to their marital status <sup>5</sup>.

**ILO (1984)** further defines Social Security as - "the security furnished through appropriate organisation against certain risks to which its members are exposed. These risks are essentially contingencies against which the individual of small means

cannot effectively provide for by his own ability or foresight alone or even in private combination with fellows <sup>6</sup>"

More than 90 percent of Indian population and almost all the poor are not covered under any health insurance scheme. Their health care needs are met primarily through direct out-of-pocket expenditure on services provided by the public and private sectors. However, various studies on the use of health care services show that the poor and other disadvantaged groups (scheduled castes and scheduled tribes) are forced to spend a higher proportion of their income on health care than the better-off. For the disadvantaged, the burden of treatment, especially inpatient care, is disproportionately heavy (**Visaria and Gumber 1988**) <sup>7</sup>.

According to Dr. Amartya Sen and Jean Dreze "The basic idea of Social Security is to use social means to prevent deprivation and vulnerability to deprivation (**Sen And Dreze 1991**) <sup>8</sup>.

Clarifying this view Robin Burgers and Nicholas Stern say:

"Deprivation and vulnerability are integral to the lives of many in poor countries. In developed countries unfavorable outcome in economic activity frequently means real hardship but in poor countries they often lead to death or destitution. For many severe deprivation is not a matter of an unfortunate fall from a previously more comfortable position but a chronic state arising, for example, from the absence of any asset or resource that can ensure adequate livelihood can be made more secure against adversity and deprivation. Accordingly, we define the objective of Social Security as being the prevention by social means of very low standards of living irrespective of whether there are the results of chronic deprivation or temporary diversity. The term Social Security may then be viewed as a means of success in meeting this objective" (**Robin Burgers and Nicholas Stern, 1991**) <sup>9</sup>.

**A Study (1996)** conducted by the Society for Participatory Research in Asia revealed that the Employee's State Insurance Scheme, which is in effect the only social security scheme available to the Indian working class, is in a shambles. The study also revealed that very few workers were knowledgeable about the provisions of the ESI and Factory and Mines Act. Many workers expressed their ignorance of the ESI benefits and also stated that they did not take medicines from the ESI hospitals due to the rude and unbearable behaviour of the ESI staff and the inferior medicines and medical care <sup>10</sup>.

**In an article (1996)**, "Empirical research on employee involvement: a critical review for labour"; published in, Juravich, the recent Presidential Commission on the Future of Worker- Management Relations, a.k.a. the Dunlop Commission, adopted the "testimonial approach" in their report which includes answering questions, "what (if any) new methods of institutions should be encouraged, or required, to enhance workplace productivity through labor-management cooperation and employee participation?" (1994). Although the commission included some of the best – known industrial relations scholars, their fact- Finding Report focused more on personal testimony by corporate, governmental, and labor officials rather than providing an actual review of scientific evidence on Employee Involvement (EI) Given the resources and stature of the Commission, the Fact-Finding Report might have produced an extremely comprehensive review of the current state of knowledge on labor –management relations <sup>11</sup>.

Social protection is broader than that, and includes "social security, labour protection, labour market policies and social services" (**Van Ginneken, 1998**) <sup>12</sup>.

Social security can be described as: "benefits that society provides to individuals and households through public and collective measures to guarantee them a minimum

standard of living and to protect them against low or declining living standards arising out of a number of basic risks and needs” (Van Ginneken, 1999) <sup>13</sup>.

**The World Health Report (2000)** noted that repayment schemes represent the most effective way to protect people from the cost of healthcare, and called for investigation into mechanisms to bring the poor into such schemes <sup>14</sup>.

**Ellis Randall P. et al (2000)** had found that the majority of low income people are left to suffer either from poor healthcare delivery or to incur high out-of-pocket expenses or both. Even those who were covered by health plans experienced growing inefficiencies and low quality of services. They suggest that, for a revamp of the health system with expanded and improved health insurance facilities, privatization of health insurance within a strict regulatory regime is essential <sup>15</sup>.

**The Social Security (Minimum Standards) Convention NO. 102 OF THE International Labour Conference (1952)** defined nine branches of social security benefits for the welfare of labour class. In India, as a follow up measures for protection of employees in times of physical and economic distress, the ESI Corporation has already adopted and extended five major benefits to the insured employees out of nine benefits identified by the International Labour Organization. Under the ESI scheme , the comprehensive and need based package of major social security benefits in cash and kind include medical benefits , sickness benefit, maternity benefit , disablement benefit and dependents’ benefits. In addition, the scheme also provides some other need-based benefits such as funeral expenses, rehabilitation allowance, and vocational rehabilitation <sup>16</sup>.

Approximately 3.75 million people (**ILO, 2000**) <sup>17</sup> are covered by official social security programmes in the formal economy. Some of the (roughly) 60 percent of workers classified as ‘unorganized’ workers are in a position to pay significant insurance contributions. The lower - income groups and the poor can only afford

small payments, however. Thirty percent of the unorganized workers in India consist of very poor groups who are unlikely ever to be in a position to make contributions and become members of a contributory social security system

Since the adoption of Convention 102, both the developed and the developing countries have faced severe challenges to the attainment of universal social security. These challenges have arisen from the vacuum caused by the retraction of the state of its responsibility for comprehensive social protection provision, and market failure from the private sector to step into the breach that was ascribed to it (**Dror and Preker, 2002**)<sup>18</sup>.

Social security was seen as a way to help people through adverse conditions and shocks which would inevitably affect vulnerable workers and poor people more disastrously than wealthier classes (**Bloom, 2005**)<sup>19</sup>.

**James H. Dulebohn** and **Brian Murray (2010)** of Michigan State University and College of Business, University of Dallas, in an article stated that, many have noted the lack of human resource management research on employee benefits, which is surprising because employer-sponsored benefits are a primary concern of executives and employees alike. Moreover, of special interest to scholars, benefits provide a unique opportunity to examine fundamental theoretical and empirical questions about employee behaviour and contemporary employment relationships. They laid a foundation by providing an overview of the context from which U. S. employer-provided benefit programs evolved and the contemporary state of benefits research like the ESI Corporation in India in human resources management<sup>20</sup>.

## **NATIONAL LEVEL**

**Choudhuri, Sunil Rai (1962)**, examined a comparative study of the social security schemes in two countries, i.e., India and Britain. He studied the two Indian Schemes, i.e. Workmen's Compensation Act and Employees' State Insurance Act regarding industrial injuries and of their achievements and failures and also studied the present British Industrial Injuries Scheme and its working since 1948 and further attempted to show which of the principles underlying the British Scheme would be adopted in India <sup>21</sup>.

The Government of India appointed another committee, called the **Employees' State Insurance Scheme Review Committee (1963)**, under the chairmanship of R.Pattabhi Raman to review the working of the Employees' State Insurance Scheme and to recommend modifications or changes in the structure and organization of the Employee's State Insurance Corporation with a view to more satisfactory functioning of the Scheme. This committee recommended that the Scheme should be immediately extended to cover factories with ten workers if using power and with twenty workers if not using power and to shops and commercial establishments and trade and commerce. The committee also recommended that the permanent disablement benefit should be paid in lump-sum, duration of sickness benefit should be raised to 26 weeks, rate of employment injury benefit should be raised by 30 percent over the sickness rates, and construction of hospitals should be placed in charge of the ESIC, there should be 10 representatives each of the employers and employees in the ESIC and 5 each in the Standing Committee. It also recommended that the Employees' State Insurance Corporation should open medical colleges at some places and the chief accounts officer should be designated as financial advisor <sup>22</sup>.

**N. M. Vakil (1972)**, Secretary of the Employers' Federation of India, in a letter to the Member-Secretary, Committee on Perspective Planning, Employees' State Insurance

Corporation, New Delhi, pointed out that the tendency of the Employees' State Insurance Corporation so far has been to extend coverage of the Employees' State Insurance Scheme without any regard for the quality of services and benefits provided to insured employees and their families. The recommendations of the Employees' State Insurance Scheme Review committee on the subject of quality of medical care have remained unattended. As a result, there is discontent among employees. It has also had an adverse impact on industrial relations in many factories and establishments. So the Federation strongly opposed any extension of the Employees' State Insurance Scheme (both geographical and to new industries) until the present standard of benefits and services is improved upon. The progress achieved so far needs to be consolidated before undertaking any extension. The Federation also mentioned that many workers who go on strike feign illness and secure medical certificates from the Employees' State Insurance Scheme doctors to cover their days of absence. It is submitted that such improper use of the Employees' State Insurance Scheme benefits should be eliminated before the Corporation considers extension of the Scheme. The Federation was of the view that the Employees' State Insurance Scheme can become fully viable only on the basis of a reasonable share of its cost being borne by the Central Government. Neither employers nor employees have the capacity to bear any additional burden by way of enhanced contributions, and the finances of the State Governments are in a bad shape. The Central Government alone, therefore, is in a position to assist the Scheme adequately <sup>23</sup>.

**The Committee on Perspective Planning** <sup>24</sup>(1972) set up by the Government of India as per the report of the Estimates Committee recommended that:



-Medical care of an adequate standard should be provided uniformly throughout the country to the insured persons and their families.

-The Employees' State Insurance Scheme should carry out a 5 year phased programme of extension to additional categories of establishments including smaller factories, shops and commercial establishments, mines and plantations.

-The contents of the Employees' State Insurance Scheme should be improved at the same time as its coverage is extended.

-The phased programme should be flexible, without any rigid priorities being observed between different sectors of employment.

-The Corporation should work out the financial and administrative arrangements for giving effect to partial coverage as a method not hitherto tried.

-Surveys of unorganized and semi-organized sectors of employment should be carried out to frame plans for their coverage.

-Working out of detailed and concrete annual extension plans and supervision of their implementation should be entrusted to a full time senior officer at the headquarters of the Corporation.

-Over-all progress of the extension programme should be periodically reviewed at the highest level both in the Corporation and in the State Government.

-The wage limit for exemption from employees' contribution should be raised from Rs.1.50 to Rs.3.00 per day. The loss suffered by the Corporation through increase of the wage limit for exemption should be borne by the Central Government as part of its recurring subsidy to the Scheme.

-The Central Governments' financial assistance to the Scheme is essential, particularly for providing full medical care to all families, raising the yardstick of hospital beds from 4 to 7 per 1000 and increasing the duration of sickness benefit from 8 to 13

weeks. The Central Governments' recurring assistance to the Scheme should be fixed 'per capita' of the insured population, at an amount equal to 13.7% of the total running cost of the Scheme.

- State Government's share of the cost of medical benefit should be increased.

- The Corporation should obtain funds for construction of hospitals by floating debentures with the assistance of the Central Government. Interest on debentures should be met from rent charged to the running cost of the Schemes for hospitals built with the proceeds of the debentures. Repayment liability on account of maturing debentures should be met by raising an equal amount through fresh debentures. The Corporation should eventually liquidate debentures by crediting to a sinking fund any surplus of income over expenditure.

- The Scheme should not provide a 'No claim bonus' since it is impracticable, besides being incompatible with the established and internationally recognized principles of social security.

- The idea of all India cadres of the Employees' State Insurance medical officers for the Employees' State Insurance Scheme should be given up. The State Government should create a separate cadre of medical officers for the Employees' State Insurance Scheme. The **Fifth Five Years Plan (1975)** <sup>25</sup> found that "stray progress is being achieved in social security measures'. It reiterated the suggestion of the Committee on Perspective Planning appointed by the Employees' State Insurance Corporation that the Employees' State Insurance Scheme should carry out a 5-year phased programme of extension of additional categories of establishments, including smaller factories, shops and commercial establishments, mines and other establishments. The Plan also stated that the scope for integrating certain important social security measures is being studied.

**Sinha, P.K. (1980)** studied the historical causation of the concept of social security from the origin and to trace the history of social security measures in India. He examined its object, scope, administration, sources of finance, and benefits with stress on its operational results. He also discussed the structure of the social security Acts i.e. Employees' State Insurance Act, 1948, Employees' Provident Fund Act, 1952, Maternity Benefit Act, 1961 <sup>26</sup>.

**Sarma, A. M. (1981)**, studied the social security scheme in detail and different social security legislations in India including comprehensive selection of recent cases law bearing on the subject. His study stated that the ESI Scheme neither covered all risks nor was it applicable to all the working population <sup>27</sup>.

**A committee (1981)** set up by the Ministry of Labour, Government of India, to review the working of the Employees' State Insurance Scheme proposed to include children up to the age of 21 years and infirm children without any age restriction in the definition of family so as to make them eligible for medical benefit under the Employees' State Insurance Act. It also proposed to increase the number of representatives of the organizations of employers and employees in the ESIC. A provision is also being made for setting up of independent machinery for recovery of arrears of the Employees' State Insurance Contributions as the process of recovery of arrears through state machinery has caused a lot delay <sup>28</sup>.

**Bhatnagar (1984)** made an attempt to examine the concept and determinants of organizational effectiveness and various social security legislations in India. Further, he made a sincere effort to evaluate the effectiveness of the Employees State Insurance Scheme, the first health insurance scheme in South East Asia. In view of the World War second on labour in India, the government of India accepted the principals of health insurance and passed the Employee State Insurance Act in April, 1948 <sup>29</sup>.

**Bhatnagar, Deepak (1984)** studied Labour Welfare and Social Security Legislation in India. It is an in-depth study to determine the effectiveness of the ESI Scheme. The survey stated that a significant number of respondents had shown a defensive attitude; such an attitude could be explained in terms of such facts as the lack of fuller knowledge of the scheme and the low level of education of the respondents. An inadequate advertisement of the scheme was also partially responsible for the lack of awareness of the scheme; such factors could be held responsible for the limited utilization of the scheme <sup>30</sup>.

In a report, **G.K. Suresh Babu (1990)** stated that the authorities of the ESIC consider the ESI Scheme as a sort of industry driven primarily by profit motive, whereas it has to be regarded essentially as a great social security Scheme. Consequently, the authorities are keen on reducing amenities and benefits available to employees. This is obvious when we examine the statistics released by the Corporation itself. In the financial year 1987-88, the Corporation had sanctioned Rs. 62.68 lakhs in the category of monetary benefits to employees that was reduced to Rs. 53.89 lakhs in 1988-89. Percentage wise, the beneficiaries were reduced to 1% to 0.88%. In fact, the National Institute of Health and Family Welfare, after a comprehensive study in 1985 had recommended a minimum of Rs.300 yearly, subject to 15% increase every succeeding year, to every employee for health care. This recommendation has not been implemented so far. The Corporation thrives as a profit making institution <sup>31</sup>.

**Venkatachalam, K. S. (1990)**, brought out some of the important features of the ESI Amendment Act of 1989. The amendments made in the Act and the proposal rules would bring a lot of hardship to the employees are receiving substantially better benefits from their employers compared to the benefits offered under the ESI Act. This article pointed out that the working of the ESIC had come up for a lot of

criticism as the medical facilities provided by the corporation were found far from adequate due to the poor management of hospitals and dispensaries <sup>32</sup>.

**Dreze and Sen (1991)** have described social security as a multi-dimensional concept and according to them “it is useful to distinguish the outset between two different aspects of social security-what we may call respectively ‘protection’ and ‘promotion.’ The former is concerned with preventing a decline in living standard in general and in the basic conditions of living particular. The problem of protection is paramount in the context of famine prevention and also in dealing with other kinds of sudden economic crisis and sharp recessions. This contrasts with the objective of enhancing the normal living conditions and dealing with regular and often persistent deprivation. This promotional aspect of social security is, in essence, more ambitious in wanting to eradicate problems that have survived thousands of years. The strategic issues involved in promotional social security may differ very considerably from those in protective social security.” This view clearly points out that the dynamic concept of social security implies protection of continuous income to maintain the same living standard and, in its widest form, promotion of income as well as standard of living <sup>33</sup>.

**Singh (1992)** has found that though social security has developed to a large extent in Asia and Pacific region, all the aims of social security of the Declaration of Philadelphia (1944) were yet to be fulfilled. At the same time, the standards of the social security set by the ILO (1952) were not being met by most of the countries of these regions. He, therefore, recommended various measures regarding coverage, financing and benefits like medical care, sickness and maternity benefits <sup>34</sup>.

**Getubig (1992)** says social security is “any kind of collective measures or activities designed to ensure that members of society meet their basic needs (such as adequate nutrition, shelter, health care and clean water supply) as well as being protected from contingencies (such as illness, disability, death, unemployment and old age) to enable them to maintain a standard of living consistent with social norms”.

Viewed in this light, social security provides measures against various kinds of contingencies as well as support to a tolerable living condition to all members of society <sup>35</sup>.

**Phadake (1994)** believes that the importance of preventive and promotive public health services has reduced expenditure on quality health care, thereby leading to unregulated growth in the private health care sector <sup>36</sup>.

**Valsamma Paul (1995)**, in her study, suggested that the ESI Act, 1948 and the Rules may be amended, binding the employers to provide the employees with necessary information about the employment injury benefits available under the ESI Act, 1948 and the formalities for obtaining the same. This will help the illiterate employees, especially the casuals ones avail of employment injury benefits. She also suggested that administration of medical benefit should be undertaken by the ESIC from the State Government <sup>37</sup>.

**Subrahmanya (1995)** quotes that the programme has come under serious criticism from users, internal review committees and outside researchers. A three part article in the *Times of India* (Bombay, May 14-16, 1995) described the ESIS in Maharashtra as “falling to pieces in more ways than one”. A committee for review of the scheme noted that “the criticism has been persistent and scathing” and that “the medical benefits provided have not kept up with the standard of facilities provided by the private clinics and diagnostic centres” <sup>38</sup>.

A similar opinion was expressed by **Ratnam (1995)**, who notes that “the operation of the ESI scheme and administration of hospitals and dispensaries under the scheme are also seriously faulted and scorned by both the employees and employers” <sup>39</sup>.

In a report, **C. Divakaran (1996)**, Secretary of All India Trade Union Congress, Stated that the ESI Scheme, in theory, has been envisaged as one of the upliftment of and ready aid to employees in the context of maintaining health and security. The

scheme is in operation by collecting cores of rupees from employers as well as employees on the basis of compulsory contribution. More than 88 lakhs employees are beneficiaries of the Scheme. The benefits include medical aid, facilities for modern treatment, re-imburement for the expenses of medicines, special provisions in the occurrence of accidents, rehabilitation for the wholly or partially handicapped in service, free treatment for family members of the employee, money to meet the funeral expenses, so on and so forth. Unfortunately, the employee is never able to enjoy most of these benefits. He further described the reform suggested by the Central Labour Minister in the meeting of State Labour Ministers held at Delhi to raise the upper limit of monthly salary from Rs.3500 to Rs.6500 so that the employees of that category too would be included in the Scheme as anti-labour <sup>40</sup>.

**The Express News Service (1996)** reported that a serious drawback of the ESI Scheme is that the employee and the family are eligible for benefits only so long as he makes contribution and the fringe benefits are negligible. In its 40 years existence till 1993, the ESIC had paid pension only to one lakhs disabled subscribers and 50,000 dependents out of a total of 73 lakhs members available under the Scheme three years ago. The funeral benefit at the rate of Rs.1000 per member also could not have been given to more than 50,000 cases in 40 years since the number of dependents availing of pension is only that many. Whatever benefits extended by the ESIC could have been obtained in larger scale by investing much lesser funds elsewhere <sup>41</sup>.

**B. K. Gupta (1997)**, former Insurance Commissioner of the Employees' State Insurance Corporation, pointed out that the Employees' State Insurance Scheme is the country's major multidimensional social insurance programme that has over the last four and a half decades emerged as the largest social security set up in South-East Asia with a phenomenal coverage and an infrastructure that has no parallel. The ESI

Act as on date is applicable to over two lakhs industrial units, across the length and breadth of the country. In the ESI Scheme, employer is the only link between the administrative machinery and its service system on one hand and the workers on the other hand. The admissibility and straight flow of benefits to the deserving is, by and large, determined by the level of employers' involvement in this welfare measures, and its functional aspects <sup>42</sup>.

**M. P. Veerendra Kumar (1997)**, former Labor Minister, Government of India, suggested the formulation of the State level ESI corporations with enhanced status and greater responsibility. The suggestion has been motivated by the wish to improve the efficiency of the Corporation and reduce the incidence of corruption <sup>43</sup>.

According to **Vora (1999)**, some of the state governments have to subsidize the health scheme heavily even though the ESI Corporation, which is the financial arm of the system, has surplus funds. All these problems indicate an urgent need for reforms in the ESI scheme <sup>44</sup>.

Social Security is the security that society furnishes through appropriate organisation against certain risks to which its members are perennially exposed. These risks are essential contingencies against which the individual of small means cannot effectively provide by his own ability or foresight alone or even in private combination with his fellows. The mechanics of social security therefore consists in counteracting the blind injustice of nature and economic activities by rational planned justice with a touch of benevolence to temper it. (**NATRSS, 1999**) <sup>45</sup>.

The **Ninth Five Years (1998)** Plan spoke about .the possibility of setting up of a separate Department of Social Security within the Ministry of Labour with a strong Research and Development wing to facilitate and accelerate the development process



and achieve extension of social protection to all sections of the working population would be explored <sup>46</sup>.

**Siklingar (2000)** conducted a study based on the procedure of the implementation of National Social Assistance Programme (NASP), to identify the problems of implementing agencies to understand the perception of the beneficiaries and the impact of the programmes. By this empirical study, he wanted to know the function of national social assistance programmes in Rajasthan and suggest alternatives for better implementation. He came to the conclusion that first of all, the assistance should be disbursed at Gram Panchayat level to avoid irregularities and delay of payment, NSAP should not be made as a target-oriented programme and State Rural Development and Panchayati Raj Department should take the responsibility of evaluation of programme in time <sup>47</sup>.

**Gumber Anil et al (2000)** had addressed some critical issues with regard to extending health insurance coverage to poor households in general and those working in the informal sector in particular. The findings of this study indicate that a preference for some version of community financing and for a privately managed health insurance scheme was among the least preferred ones. This study suggests that there is need for effective information, education which will improve understanding of insurance by the public and, hence, help in developing a market for health insurance <sup>48</sup>.

**Jakab et al (2001)** review of community-based schemes tends to suggest that they have enabled an increase in the availability of resources inclusion of the present groups on account of government subsidy, enhanced access to health services and reduced impoverishment on grounds of illness <sup>49</sup>.

Speaking on the occasion of the golden jubilee celebration of the Employees' State Insurance Scheme, **Atal Bihari Vajpai (2002)** <sup>50</sup>, the then Prime Minister emphasized

the need to increase the reach of social security to the large number of workers in the unorganized sector. He stated that the Employees' State Insurance Scheme should endeavor for providing social security umbrella to the poorest of the poor workers and people in the unorganized sector for achievement of national goals set by Mahatma Gandhi.

**Madhava Rao (2002)** proposed that the Economic Security, including opportunities created and building capacities, institutional as well as individual, for utilization of such opportunities for economic security provided by the society as a whole or by the institutions in it like families, communities, social groups, markets, individually or collectively for the social well being of an Individual for his journey from the date of birth to the date of death <sup>51</sup>.

**Aahuja Rajiv (2004)** has found health insurance as an important financial tool to meet the healthcare needs of the poor. He suggests that Community Based Health Insurance may be suitable, depending upon the health profile health risks of the community population. However, this form of insurance does not include all the BPL families and exclude out-patient care. Thus, it is necessary to expand public health spending and improving public health facilities <sup>52</sup>.

**Devedasan N et al (2004)** have tried to evaluate the impact of community health insurance schemes in India. They found that the basic problem is of using a dependable and reliable provider. It is suggested that the government should subsidize this tool of insurance. However, given the financial constraints it is debatable whether the government can array this subsidy <sup>53</sup>.

**Aahuja Rajiv et al (2005)** provided an overview of the development in extending health insurance to low income people in India, and talk about three conditions which are absolutely essential for it, one, the provision of certain minimum healthcare services of reasonable quality, two, the possibility of resource mobilization from the

targeted segment so that part of the cost is recovered and third, the presence of an implementing (or a nodal) agency which could be any public agency or any civil society association/organization such as Community Based Organisations, women's groups, informal economy trade unions, NGOs, microfinance institutions, micro entrepreneurs associations, etc. This study suggests that there is an urgent need for public action in building health security into the lives of the poor<sup>54</sup>.

According to **K. Sujata Rao (2005)**, the penetration of health insurance in India has been low. It is estimated that only about 3% to 5% of Indians are covered under any form of health insurance. In terms of the market share, the size of commercial insurance is barely 1% of total health spending in the country. The Indian health insurance scenario is a mix of mandatory social health insurance (SHI), voluntary private health insurance and community based health insurance (CBHI). Health insurance is thus really a minor player in the health ecosystem<sup>55</sup>.

**C. B. Mukundan (2005)**, in his Article, stated that ESI Scheme primarily designed to promote social security and medical treatment of employees and their dependents, unfortunately, now runs counter to the envisaged goals. Millions of employees and thousands of employers have been the victims of this malevolent machinery, which shows menacing signs of extending its evil grip. Employees are driven to ESI hospitals by utter helplessness, sometimes, to secure medical certificates, but never to seek treatment, which is, in fact, highly risky. These hospitals offer no effective medical service or medicines; on the other hand, constitutes a threat to lives of the patients. The whole system is corrupt to the core. He concluded the Article by stating that it is high time that the Government and the trade unions should seriously think whether the ESI Scheme is to be implemented compulsorily ignoring the dissatisfaction of the employees and the employers in the working of the ESI Scheme

**S. Thomas (2005)**, the editor of 'ESI Samachar', says despite all the endeavors made by the Corporation for the effective functioning of the ESI Scheme in the country, the public perception of the Corporation has not been very positive. The Employees' State Insurance Corporation is a service organization and admittedly, there are pockets of inefficiency, which, to a certain extent, is expected as well. Improving the quality of service at the ground level as is demanded in all fora of discussions is a must. A mechanism should be devised to gauge the satisfaction level of the beneficiaries so that performance gaps are identified and remedial measures taken <sup>57</sup>.

**Mugdhal Jyoti et al (2005)** considered 70,000 households from 7,000 villages across India and considered market as well non-market consumption expenses. They found that villagers are not able to perfectly share the risk of all health shocks. The possibility of health insurance existing in rural India is thus indeed high <sup>58</sup>.

**Sengupta (2006)** found a positive relationship between social security and economic growth. He appreciates that, for the first time in India, a comprehensive social security scheme for the unorganized sector has been proposed by the national commission for enterprises in the unorganized sector, which seeks to develop a healthy workforce that, in turn, will have a positive impact on national income and economic growth. The schemes aim to cover sickness, maternity, old age and death. Further, he purposes a participatory system with some contribution from the workers <sup>59</sup>.

**STANDING COMMITTEE ON LABOUR (2008-09)** in its report said that 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'. 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. The Committee notes that “The Employees’ State Insurance (Amendment) Bill, 2008” has been introduced to replace the Employees’ State Insurance (Amendment) Ordinance, 2008 which was promulgated on 3<sup>rd</sup> 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-utilized 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 has been apprised that the Government has 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 <sup>60</sup>.

**Jaswal, Malti (2010)** analyzed the merits of RSBY like unique PPP model, robust technology platform, user friendly simple front end, paperless transaction/claim management and long term sustainability, etc <sup>61</sup>.

**Mallikarjun Kharge (2011)**, Hon'ble Union Minister of Labour and Employment, Govt. of India, said that ESIC has ushered in a sort of revolution in the field of Social Security, and ESI Scheme has been a boon for the entire workforce, spread across the length and breadth of our vast nation. He wishes that ESIC is established as a brand symbolizing excellence in service. It hopes to become a shining example to follow for all the service delivery organizations in the public sector. The staff and the officers of the Corporation are a determined team for making this Social Security Organization one of the best in the world. He is confident that this goal will be achieved with the involvement and active co-ordination of all the stakeholders of ESI Scheme.

The ESIC has a vision of providing Social Security Cover to all the workers in the lower wage bracket in the organized sector within next five to ten years, with the following objectives-

To provide prompt delivery of services to our stakeholders

Augmenting better coordination and awareness of the

Scheme among all stakeholders

Prompt handing of Grievances

Developing potential skills and positive human relations

He also give emphasis that a amongst the many futuristic initiatives being taken, the most ambitious is, the implementation of IT Roll Out Plan named “PROJECT PANCHDEEP” for comprehensive IT enablement in all ESIC establishments. Nearly, 2000 locations in all parts of the country have been networked and smart cards, named as “Pehchan Card” are being issued to all the IPs and their family. This will enable them to avail ESI services and facilities ‘anywhere-anytime’ in the country <sup>62</sup>.

**Sampath Kumar** examined the performance of the Employees’ State Insurance Corporation (ESIC) during the period 1980-81 to 1987-88. The scope of the scheme in terms of the number of employees and the number of beneficiaries covered under this scheme had largely remained stagnant and decreased during the period <sup>63</sup>.

#### **STATE LEVEL**

**The Annual Plan (1999)** <sup>64</sup> of Assam, regarding its Social Development and programmes of the State Sector, mentioned that, important programmes undertaken by the State Governments relate to diversification and expansion of the vocational training programme, improvement in the quality of training and extension of training opportunities for women , the World Bank- assisted Vocational Training Project, extension and modernization of employment services, strengthening of labour

administration, rehabilitation of bonded labour, welfare of rural and urban unorganized labour etc. The Assam Government has the Assam Tea Welfare Board to promote the welfare of plantation workers. The Assam Government has been implementing the Minimum Wages Act very meticulously and fully administered the medical care under the ESI Act.

**Dr. Binoy Das (2002)**, of “Bool” Aradhana at Gandhi Basti, Guwahati, makes a note, viz., Guwahati Notes, 1<sup>st</sup> December, 2002, that, for effective governance, finance is the main problem. Guwahati have 2800 employees in all, requiring a salary payout of Rs. 1.82 crores each month. But only Rs.1.55 crores a month is paid out after deductions like PF, ESIC, and LIC etc., which are never, deposited <sup>65</sup>.

An **Official Press Release (2006)** said that, Employees’ State Insurance (ESI) Scheme provides social protection to 330 lakhs beneficiaries through a large network to over 84.98 lakhs insured persons. The ESI Corporation has now introduced ‘Rajiv Gandhi Shramik Kalyan Yojana’ for insured person who face involuntary unemployment with effect from April 1, 2005. The Corporation has decided to implement the ESI Scheme in the educational institutions, private medical institutions and Municipal Corporation/Municipalities. The North-Eastern States viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim are covered under the NE ESI Scheme <sup>66</sup>.

**CAG’s Audit Report (2006)** <sup>67</sup>, discussed about the performance audit of Employees’ State Insurance Corporation. Some of the important audit observations are:

Due to deficient internal control mechanism, cash benefits were misused in the States of Andhra Pradesh, **Assam**, Delhi, Maharashtra and Orissa.



Plots of land acquired by ESIC from different State Governments for constructing hospitals, dispensaries and staff quarters were not utilized for periods ranging from two to thirty seven years resulting in blocking of funds and defeating the very purpose for which the land was acquired.

Deficient management of hospitals and dispensaries resulted in under-utilization of beds, idling of equipments, and injudicious purchase of medicines and procurement of sub-standard drugs.

The rise in income of ESIC by 42.45 percent in the year 2004-2005 over 1999-2000 was not utilized to commensurately increase the benefits to the insured persons.

**J. Mariano Anto Bruno (2012)**, Mascarenhas, USA, in his blog, “Reflections”, quoted that Assam has a record of appointing 800 medical doctors, both for rural and urban areas, in a single day in Employees’ State Insurance Corporation hospitals <sup>68</sup>.

**Statement of Managing Director, Bongaigaon Refinery & Petrochemicals Limited (BRPL)**, Dist; Chirang (Assam), on continued support to UNITED NATIONS’ GLOBAL COMPACT PROGRAMME, regarding Labour Standards: Principal 4: stated, “The business should uphold the elimination of all forms of forced and compulsory labour”. BRPL does not employ forced and compulsory labour. BRPL ensures that all contractors under its operational control follow human right ethics and regulations like Contract Labour Act, Factories Act, Minimum Wages Act, etc. Compliance by the contractor is monitored by witnessing & certifying salary payments of contract staff by BRPL representatives. The contract payments are also subject to compliance of social security schemes like ESIC and provident fund for the contractors’ staff <sup>69</sup>.

**Dr C.S. Kedar, IAS, Director General, ESIC (2011)** said that the improvements in the performance of ESIC are attributable to the valuable cooperation and active participation received from its various stakeholders i.e. IPs, Employers, State Governments, Corporation members and the employees of the Corporation. The Corporation has made several provisions like Self-certification, Amnesty Scheme for settlement of Legal Disputes, relaxation in inspections policy to meet the needs of the Employers. The burden on State Govt. has also been eased out in certain cases like in Super Speciality treatment. He further said that, ESI Corporation during this Diamond Jubilee Year would like to extend coverage to other States of the North Eastern Region namely Sikkim, Manipur, Mizoram and Arunachal Pradesh <sup>70</sup>.

## **GAP IN EXISTING LITERATURE**

Thus the survey of existing literature reveals that several studies relating to ESIC and social security measures have been undertaken concerning their problems, prospects, growth and management in different parts of India as well as other parts of the world. In Assam, few research works have been done to investigate into the different aspects ESIC at State and district level. However, in the state of Assam no research work has been conducted so far to throw light on the vital aspects regarding its effectiveness of

ESIC in delivering mandated services. It can be understood that this research work tries to fill a few gaps in the selected area. This study is giving due stress to problems and issues which are in a way peculiar to the State. To a large extent, the study is a pioneering one.

## **CONCLUSION**

All the studies focused on the issues relating to social security origin and development, various legislations and its scope, provision, benefits and other aspects. But very few studies were dealt with in-depth study and analysis. The detailed analysis of the scheme in different public sector organizations and its utility, procedure of grant and sanction of benefits, adequacy of amount available under the scheme, effectiveness and impact on organizational climate, productivity, industrial relations and its implementation in different organizations, etc. were not explored in several studies. Therefore, a details study on the ESI Scheme and the ESI Corporation is found to play a catalytic role in furthering the development of social security in a country like India.