MEMORANDUM OF UNDERSTANDING

BETWEEN

GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT

AND

EMPLOYEES STATE INSURANCE CORPORATION (ESIC).

1. PARTIES

This document elaborates an understanding between Employees State Insurance Corporation (ESIC) [hereinafter referred as "the Responsibility Centre"] and Government of India, Ministry of Labour & Employment [hereinafter referred as "the Ministry"] for implementation of the activities of the Responsibility Centre. The Responsibility Centre in an Attached Office / Subordinate Office / Autonomous Body under the administrative control of the Ministry of Labour & Employment. The Responsibility Centre is located at (ESI Corporation Panchdeep Bhawan, CIG Road, New Delhi- 110002).

2. VISION

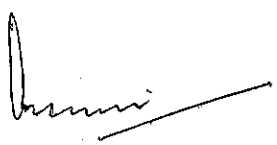
To be a role model in providing Social Security coverage to workforce in the organized sector.

3. MISSION

To provide specified social security coverage to workers in organized sector.

4. OBJECTIVES

1. To expand the network of ESI Scheme.(New implementation)and to implement the provisions of ESI Act, 1948.(Compliance)
2. To create fund and ensure its utilization/ deployment for sound financial health of the scheme.
3. To create adequate infrastructure for providing medical services.
4. To encourage State Govt. for providing proper medical care services at ESIS Hospitals & Dispensaries.
5. Framing budget Showing the probable receipt and expenditure.
6. Efficient functioning of the RFD System.
7. Enhanced Transparency / Improved Service delivery of Department.
8. Reforming Administration.
9. Improve Compliance with the Financial Accountability Framework.



5. ACTIVITIES, PERFORMANCE INDICATORS, TARGETS AND TIMELINES

Annexure-I

6. OUTCOME OF THE ACTIVITIES

Annexure-II

7. INNOVATION PROPOSED FOR IMPLEMETATION DURING THE PERIOD OF AGREEMENT

Annexure III

8. CHALLENGES IDENTIFIED AND SOLUTIONS PROPOSED

CHALLENGES IDENTIFIED

1. The delivery of primary and secondary care service needs to be improved which are run by the state Government in qualitative terms whereas in quantity for ESIC run dispensaries and hospitals.
2. The super specialty as if now is being provided with tie-up hospitals there by leading to increase in expenditure, misuse of arrangement by tie-up hospitals, misuse of facility by ineligible beneficiaries.
3. The investment in Medical College projects are not utilized for lack of faculty, inadequate IP/beneficiaries at location and no mechanism to utilize the passed out MBBS/PG Doctors.
4. Resistance of employers in coverage of IP due to poor medical care and unable to expand to new areas with expected population of 30 lakhs for lack of medical facility.
5. The service tax authorities have imposed service tax demand of 3840cr with penalty of 1945 cr. from 2005-06 to 30 June 2012. However ESIC are exempted of service tax thereafter.
6. Large no. of projects (126) with huge capital cost of 13000 cr. were taken up in the past without due preparation such availability of land, drawing, estimates, statutory clearance etc. thereby large no. of EOT/variation from construction agency.
7. There is a deficiency in Hardware and Software provided by system integrator M/s wipro which is leading nonpayment of dues to them thereby their resistance for expeditious resolution of deficiency.
8. The State run ESI scheme is not giving due priority in implementation of IT enable service under Dhanwantri modules for inadequate infrastructure and ongoing construction activities at the location.
9. There are 31000 revenue related dispute are pending which are as old as 20 years. There is a demand from employers for alternate mechanism to resolve the dispute.
10. There is shortage of manpower for Administrative/Ministerial, medical and technical (Engineering and IT)

SOLUTIONS PROPOSED

1. A sub-committee on medical services and medical education has made specific recommendations for improving primary and secondary care services. Implementation of this recommendation will improve medical services being provided by both ESIC and ESIS.
2. The issue of modifying the eligibility criteria would be submitted for consideration of the Corporation to mitigate the misuse of Super Speciality benefit.
3. Providing medical service to Non-IPs is proposed to be utilized for starting hospitals attached to upcoming medical college in locations having inadequate no. of IP.
4. Steps are being taken to improve primary medical care which will substantial improves services in implemented areas besides reducing employer resistance.
5. Ministry of Finance (Department of Revenue TRU II) may be requested to introduce appropriate Finance Bill in the forthcoming Parliament Session for giving retrospective exemption from payment of Service Tax to ESIC for the services provided by it under the ESI Act.
6. Preparation of standard plan for construction of new hospitals and dispensaries is being started. Special repair works and new projects should be given to CPWD on deposit work basis. Recruitment of technical manpower to enhance the efficiency of PMD.
7. NISG is providing consultancy support to ESIC in technical and commercial matters. PMU has been set up to provide technical support to ESIC on day to day basis. Quarterly payments to WIPRO are being linked to removal of specific deficiencies.
8. Steps are being initiated to provide to States better technical support (mini PMU) and incentive for expediting implementation of Dhanwantiri. Infrastructural deficiencies are being addressed and phased adoption is contemplated.
9. The Corporation has approved the proposal for creation of additional posts for revenue setup. This will provide the much needed manpower support so as to increase coverage and compliance. Corporation has approved an Amnesty Scheme for out of court settlement of disputes which will be in vogue up to 28.02.2015 so as to reduce litigation.
10. Immediate creation of Posts as recommended by restructuring sub-committee of the corporation. Nine Selection Boards have been constituted to conduct the interviews for teaching faculty in time bound manner. Interviews will be conducted for 131 Specialists and 122 GDMOs posts and advertisement will be released for rest of the vacancies after expiry of Model Code of Conduct.

9. PERIOD OF AGREEMENT

This MOU will be effective when signed by both parties, upto the end of the Financial Year 2014-15, i.e. upto 31/03/2015. This MOU may be amended at any time by the mutual written consent of the Partie(s), if there is a variation in the targets during the Financial Year.

IN WITNESS where of the Partie(s) hereto have caused this MOU to be signed on 23RD May,2014 between the Responsibility Centre and the Ministry at New Delhi.

SIGNED FOR AND ON BEHALF OF EMPLOYEES' STATE INSURANCE CORPORATION

23/5/2014

(ANIL KUMAR KHACHI)
HEAD OF THE RESPONSIBILITY CENTRE

Director General
ESI Corporation (HQRS.)
Panchdeep Bhawan, CIG Marg
New Delhi-110002

DATE: 23RD MAY,2014

VENUE: NEW DELHI

SIGNED FOR AND ON BEHALF OF THE GOVERNEMNT OF INDIA, MINISTRY OF LABOUR & EMPLOYMENT

(ARUN KUMAR SINHA)
BUREAU HEAD IN THE MINISTRY

अरुण कुमार सिन्हा/ARUN KUMAR SINHA
अपर सचिव/Additional Secretary
श्रम एवं रोजगार मंत्रालय
Ministry of Labour & Employment
भारत सरकार, नई दिल्ली
Govt. of India, New Delhi

DATE:23RD MAY,2014

VENUE: NEW DELHI

Annexure-I

Sl. No.	Objective	Activity	Performance Indicator	Unit	Target	Timeline
1.	Speedy & transparent payment to beneficiaries	Payment of Cash Benefits to Insured Persons/ Beneficiaries through ECS.	Percentage of disbursement of payment for Disablement (DB) & Permanent Disablement Benefit (PDB) through ECS.	%	100%	15th Succeeding month
			Percentage of disbursement of Payment for other than DB & PDB beneficiaries.	%	90%	Within 7 days from the date of claim.
2.	Continual improvement in services	Start of Online Monitoring of Service Level Benchmark of Cash Benefit.	Percentage of Cash Benefits made through ECS covered under the monitoring system	%	100%	31.03.2015
3.	Increase in revenue	Monitoring of Revenue receipts	Increase in revenue over previous year	%	10%	31.03.2015
4.	Reducing litigation	Amnesty Scheme 2014	No. of cases settled	Nos.	2000	27.01.2015
5.	Expanding coverage to new areas	Expansion to new areas, Notification and implementation	New Centers opened	Nos.	80	31.03.2015
6.	Defining role & responsibility	Preparing & updating job cards for Non-Medical and Para- Medical.	Issued Notification of **updated** Job Cards for Non-Medical Staff.	No.	50	31.03.2015
			Issued Notification for Job Cards **prepared** for Para-Medical Cadres.	No.	60	31.3.2015
7.	Redressal of public grievances	A robust online monitoring system of public grievances.	Launch of public grievances system under "Project Panchdeep".	%	100	02.10.2014

Sl. No.	Objective	Activity	Performance Indicator	Unit	Target	Timeline
8.	Framing of Revised RR for Teaching Faculty	1. Finalize recruitment rules for teaching faculty	Approval of Ministry	Nos.	4	31.05.2014
		2. Finalize recruitment rules for Dental teaching faculty	Approval of Ministry	Nos.	4	31.05.2014
9.	Improvement in Medical Care Service	Approval of recommendations of Medical Service & Medical Education Sub-Committee	Approval from Corporation	Date		31.08.2014
10.	Admission of UG students in Medical Colleges	Complete Admission Process for MBBS seat	Completion of Admission	400	400	30.09.2014
11.	Commissioning of ESI Hospital	Start 100 bedded hospital at Gulbarga	Commissioning of Hospital	Nos.	1	31.03.2015
12.	Evaluation of ESIC Hospital	Award of Work to the Evaluating Agency	Issue of Orders to the agency	Nos.	1	15.12.2014
13.	To create infrastructure for providing Medical Services	Undertake construction of Hospital/Dispensaries/ Medical Colleges/ Office Buildings and Staff Quarters in different parts of the country.	Capital Expenditure on Projects	Rs. (in Crores)	1400	31.03.2015
14.	Enhancing efficiency of project & executing of on-going projects	1. Assigning construction work along with PMU functions to CPWD on deposit work basis for new capital construction projects	Signing MoU with CPWD	Date	31.07.14	31.07.2014
		2. Entrusting PMU functions to CPWD for ongoing projects	Signing of MoU and handing over one large on-going Project to CPWD for PMU function	Date	31.12.2014	31.12.2014
		3. Evolving Standard Design/ Plan for Hospitals and Dispensaries	Finalization of Standard Design/ Plan of Dispensary and 100 bedded Hospital	Date	30.09.2014	30.09.2014

Sl. No.	Objective	Activity	Performance Indicator	Unit	Target	Timeline
15.	To maintain existing Hospitals/ Dispensaries/ Medical Colleges/ office buildings/ Staff Quarters	To execute Special Repairs (SR) Work	Sanction orders issued	Rs. (in Crores)	170.30	31.03.2015
16.	For sound financial management, true and fair appraisal of the financial affairs of the Corporation.	1. Preparation of Annual Accounts and submission to C&AG for Audit.	Finalization of Annual Accounts and submission to C&AG	Date	As per ESI Act Before 15th June	15.06.2014
		2. Submission of Accounts to MoLE for presenting before parliament	On time submission to MoLE	Date	As per ESI Act Before 20th June	20.2.2014
17.	Assessment of quantum of income and need based allocation of funds	Preparation of Budget of the Corporation and submitting it to MoLE for presenting before Parliament.	On time submission to MoLE	Date	As per ESI Act Not later than 1st March	27.02.2015
18.	Approval of Recruitment Regulations of Gr.C officials and para-medical officials by adding local language clause.	Submission of proposal for Amendment of Recruitment Regulations to Ministry of Labour & Employment	Approval of MoLE received.	Nos.	70	31.05.2014

Sl. No.	Objective	Activity	Performance Indicator	Unit	Target	Timeline
19.	Amendment of Recruitment Regulations of Gr.A non-medical officers with approval of UPSC	Submission of proposal for Amendment of Recruitment Regulations to Ministry of Labour & Employment.	Approval of MoLE received.	Nos.	4	31.07.2014
20.	Implementation of the recommenda-tions of Sub-committee on Organizational Restructuring.	Issue of orders for implementation in terms of approval of Corporation.	Orders issued	Nos.	5	31.07.2014
21.	For expeditious implementation of Dhanwantri	Providing Mini PMUs to States (Delhi, A.P., Karnataka, Rajasthan, Orissa & U.P.)	PMU shall be in place and functioning to support in hardware, network, application & training.	Nos.	6	30.09.2014
22.	Enhancing transparency and for ensuring effective monitoring, a single dedicated unified web-portal (UWP) to be developed by integrating Returns, Inspections and Grievance Redressal under various Labour Acts administered by MOLE.	ESIC to contribute its part to Unified Web Portal along with EPFO and CLC.	Software Design and Development for Annual Returns.	Date	31.08.2014	31.08.2014

Sl. No.	Objective	Activity	Performance Indicator	Unit	Target	Timeline
23.	Holding of Statutory committee meetings.	1. Arranging meetings of ESIC	Holding of minimum 2 meetings in a year as provided in the Act.	Nos.	2	31.03.2015
		2. Arranging Meetings of Standing Committee.	No. of meetings in a year.		4	31.03.2015
24.	Filling up of vacant post in different cadre	1. Recruitment for Teaching Faculty Posts (Dean, Professor, Associate Professor and Assistant Professor) for ESIC Medical Institutions (ESIPGIMSRs, Medical Colleges, Dental Colleges)	Appointment letter issued	No. of Post to be filled (355)	203	31.07.2014
					152	31.12.2014
		2. Recruitment for the post of Consultants, Specialist Gr.II (Sr. Scale & Jr.Scale), IMO Gr.II, Dental Surgeon, Medical Officer (Ayurveda), Medical Officer (Homeopathy), Bio Medical Engineer, Supply Chain Manager.	Appointment letter issued	No. of Post to be filled	268	31.12.2014
		3. Holding exam of Group C posts (Viz.SSOs, UDCs, MTS, Stenographers, JHT, Staff nurses and Paramedicals	To hold written exam	No. of Exams	25	31.03.2015

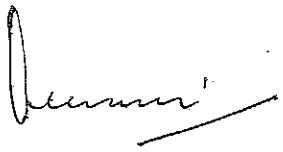
Annexure-II

Sl. No.	Outcome	Performance Indicator	Unit	Target	Timeline
1.	Hassle free and transparent payments	Percentage of disbursement of payment for Disablement (DB) & Permanent Disablement Benefit (PDB) through ECS.	%	100%	15th Succeeding month
		Percentage of disbursement of Payment for other than DB & PDB beneficiaries.	%	90%	Within 7 days from the date of claim.
2.	Improvement in efficiency and reduction in grievances	Percentage of Cash Benefit covered under the monitoring system	%	100%	31-03-2015
3.	Increase in revenue(contribution) collection	Percentage increase of revenue collection over the previous year	%	10	31.03.2015
4.	Reduction in No. of Court Cases	No. of cases settled	Nos.	2000	27.01.2015
5.	Increase in Social Security Coverage	New Centers opened	Nos.	80	31-03-2015
6.	Ensuring responsibility of employees	Issue and notification of updated job Cards for Medical/Non-Medical Staff	Nos.	110	31-03-2015

Sl. No.	Outcome	Performance Indicator	Unit	Target	Timeline
7.	Quick disposal of public grievances and improvement in the services rendered	Launch of Public grievance system	%	100	2-10-2014
8.	Ensuring availability of teaching faculty in Medical & Dental Colleges	Percentage of faculty recruited	%	100	30.09.2015
9.	Implementation of the recommendation as approved by the Corporation	Issue of instructions & guidelines	Nos.	1	31.12.2014
10.	1. Fully utilization of Medical College. 2. Increase in availability of Doctors	Percentage of students to be enrolled	%	100	30.09.2014
11.	Availability of Medical Services to the beneficiaries	No. of beneficiaries	Nos.	40,000	31.03.2015
		Submission to MoL&E on time	Date	20.12.2014	20.12.2014
12.	Evaluation of ESIC Hospitals	No. of Hospitals covered	Nos.	10	31.03.2015
13.	Completion of projects/ achievement of targeted physical progress	Projects completed	No.	24	31.03.2015
14.	Completing on-going projects with minimum time and cost over-run	No. of Projects completed within revised timeline	No.	20	31.03.2015
15.	Satisfactory Maintenance of Buildings	No. of grievances regarding maintenance of Building	No.	0	31.03.2015

Sl. No.	Outcome	Performance Indicator	Unit	Target	Timeline
16.	Finalizing Income & Expenditure Account and Balance Sheet as on 31.03.2014, Audit by C&AG	Submission of Annual Accounts to C&AG on time	Date	15.06.2014	15.06.2014
		Submission to MoL&E on time	Date	20.12.2014	20.12.2014
17.	Financial document indicating the income & expenditure for the year, RE-2014-15 & BE 2015-16 and projected revenue surplus	Submission of budget to MoL&E on time	Date	27.02.2015	27.02.2015
18.	Notification of amended Recruitment Regulations	No. of amended Recruitment Regulations	Nos.	70	31.07.2014
19.	Notification of amended Recruitment Regulations	No. of Amended Recruitment Regulations	Nos.	4	31.12.2014
20.	(a) Finalization of new norms for opening of Sub-Regional Office and Branch Offices (b) Creation of posts as per approved norms	Implementation of orders	Nos.	5	16.08.2014
21.	Increase in online activity for medical services under 'Dhanwantri module' of Project Panchdeep.	Percentage of total activity related to : OPD registration, ISD diagnosis, Admission & discharge	%	80	31.03.2015
22.	Enhanced transparency and more effective monitoring with integration of different Labour Laws through on-line submission of Returns, Inspections and Grievance Redressal system.	(i) No. of LIN generated.	Nos.	4,00,000	31.03.2015
		(ii)Percentage of inspection carried out from the system generated triggers till 28.02.2015.	%	100	31.03.2015
		(iii)Percentage of Grievances Redressed received up to 28.2.2015.	%	100	31.03.2015

Sl. No.	Outcome	Performance Indicator	Unit	Target	Timeline
23.	1. Policy decisions and meeting statutory requirement	No. of meetings of ESIC held	Nos.	2	31-03-2015
	2. Statutory requirement to Policy decisions	No. of meetings of Standing Committee	Nos.	4	31-03-2015
24.	1. Availability of Teaching Faculty	Appointment letters issued	No. of Post to be filled	355	31-07-2014
	2. Improvement of Medical Care Services to the I.Ps.	Appointment letter issued	No. of Post to be filled	268	31-12-2014
	3. Improvement in the efficiency of the Organization	To hold written exam	No. of Exam	25	31-03-2015



Annexure-III

INNOVATION ACTION PLAN (2014-15) FOR ESIC

	Section		Issues to be addressed
1.	Idea Management Process -	1.1	Source: The ideas may be invited from different stakeholders of ESI Scheme i.e. the employees, the employers, the beneficiaries, their representatives and associations, and Central & State Govts.
		1.2	Scope: The ideas may be with regard to improvement in services with regard to (a) Cash Benefits (b) Medical Care (c) Compliance of the ESI Act.
		1.3	Stages : •Two stage innovation review. (a) Initially at the RO/SRO/ESIC Hospital/DMD/DM(Noida) level, and then (b) At the Hqrs. level. •Development and testing of the Innovation. •Launch of the Innovation.
		1.4	Technology : a. Through ESIC website b. Through toll free telephone no. c. Through letters/mails
		1.5	Selection: At the Hqrs. level by a team of middle management level officers.
		1.6	Sponsorship: (a) A fraction of PR budget allocated to PR Branch, Hqrs. Office can be allocated to implement such selected ideas each year. (b) Enough budget provisions are available for improvement in "Cash Benefits", "Medical Benefit" each year.
2.	Buzz Creation Process		The communication about sourcing of ideas related to innovations will be circulated through ESIC websites /Circular or posters on Notice Boards of all ESIC establishments/ a band in all advertisements of all ESIC establishments/through Suvidha Samagams.
3.	Training and Development		(a) In all trainings undertaken by NTA/ ZTIs, one session/one lecture will be on Innovations. (b) Brain Storming Seminars on the idea (of Innovation) being selected. (c) Promoting the idea (of Innovation) generated.
4.	Create a Challenge Book *–(such Challenge Book may be maintained by MSU/IDCC).*		The Citizens Charter of ESIC is already in public domain, which provides for service standards for different aspects of service delivery under the ESI Scheme. This takes care of the "pains" of the target public/clients/stakeholders. However, as per the ideas/feedback received, the following issues will be addressed:-

		4.1	What are the following pained about (*with inputs from PR/PG Branches*) : a. Citizens' b. Clients c. Other stakeholders
		4.2	How do the following trends affect the department *(with inputs from ICTD/P&D/Medical & Benefit Branches):* a. Technology trends b. Regulatory trends c. Social trends
		4.3	Identify areas of waste *(inputs will come from the work study to be done by MSU/IDCC):* a. Human effort wasted b. Other resources wasted
5.	Build Participation		Stakeholder participation will be ensured through the buzz creation process as detailed above, specially through Suvidha Samagam which is a open house session being held regularly every month in all the ROs/SROs/BOs/ESIC Hospitals etc. The Field Offices will also be directed to ensure building of such participation through other ongoing activities like Employers meet/Employees meet/Health Camps/Special Fortnight Services (held every year from 24th Feb. to 10th March)/through outreach programme being conducted by PR Branch, Hqrs. Office in coordination with ROs/SROs.
6.	Build a matrix for measuring progress in innovation journey		1. Idea Pipeline: Five ideas at the national level for ESIC per year. 2. Participation: 5% of total ESIC's strength of officers/staff, 0.1% of total IPs population and 1% of total employers covered under ESI Scheme. 3. Innovation review (Idea Management Process): Once in a quarter 4. Innovation dashboard (Buzz creation): To be published at least once in a quarter 5. Training coverage (Training & Development): In all trainings undertaken by NTA/ ZTIs, one session/one lecture will be on Innovations. 6. Innovation events (Buzz, Participation): One event in every 6 months. 7. No. of idea campaigns (Buzz, Challenge Book, Participation): One idea campaign per year.