



मुख्यालय/Headquarters

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No. X-11/14/5/2017 – P&D

Dated: 23.10.2020

CIRCULAR

Sub: ESI State Autonomous Body / Society under Section 58(5) of the ESI Act, 1948 - reg.

Kind attention of all Beneficiaries / Stakeholders of the ESI Scheme is invited to this Office circular No. X-11/14/5/2017–P&D dated 05.12.2016 and No. X-11/14/5/2017–P&D 19.02.2018 available on ESIC website consolidated link was 1760 & 2617 respectively. wherein model structure of the State Autonomous Body/Society under Section 58(5) of the ESI Act, 1948 were circulated.

Various queries have been received from stakeholders seeking certain clarification on issues relating to formation of State ESI Society. Accordingly, a Frequently Asked Questions (FAQ) on formation of State ESI Society has been prepared and is attached for information.

The provision relating to formation of State ESI Society has been retained in the Code on Social Security, 2020 in Section 40(5) and 40(6) of the Code. (Act 36 of 2020).

Hindi version shall follow.

Encl: FAQ on State ESI Society.

(S. Ravichandran)
Additional Commissioner (P&D)

Copy to:

1. PPS to DG, ESIC Hqrs. New Delhi for kind information.
2. The Dy. Director (PR), ESIC Hqrs. New Delhi for kind information with the request to upload it on ESIC website.
3. Official Language Branch ESIC Hqrs. New Delhi for kind information with the request to translate and upload Hindi version of the FAQ.

Asst. Director (P&D)

FREQUENTLY ASKED QUESTIONS ON STATE ESI SOCIETY

SI	Questionnaires	Replies
1.	How did the proposal for State ESI Society originate?	The Indian Labour Conference had recommended that the ESIC should directly run the health services in all the States. States should not be asked to bear the cost of medical expenses. The recommendation was presented to the Corporation, the apex decision making body of ESIC which referred the matter to a sub- committee. The Sub Committee recommended the formation of State Autonomous Body/State ESI Society as per Section 58(5) of ESI Act, 1948 to carry forward the recommendation of ILC. Recommendation of the Sub-Committee was approved by the Corporation in its 167 th meeting held on 18.12.2015.
2.	What is the objective of State ESI Society?	The Society shall serve as a managerial and Health Care body in terms of Section 58(5) of ESI Act 1948, to the Employees' State Insurance Corporation for administration and management of medical benefits and medical establishments presently under Employees' State Insurance Scheme. The Society shall pursue all other objectives as per Memorandum of Association (MOA), subject to directions and superintendence by ESIC from time to time. The objective of the Society is to facilitate availability of medical benefit and improvement in health facilities within the State/UT.
3.	What is the legal status of State ESI Society under ESI Act?	<p>Section 58(5) of ESI Act States "<i>The Government may, in addition to the Corporation under this Act, with the previous approval of the Central Government, establish such organization (by whatever name called) to provide for certain benefits to employees in case of sickness, maternity and employment injury.</i></p> <p><i>Provided that any reference to the State Government in the Act shall also include reference to the organization as and when such organization is established by the State Government. (6) The organization referred to in sub-section (5) shall have such structure and discharge functions, exercise powers and undertake such activities as may be prescribed}."</i></p> <p>The State ESI Society shall be formed under provisions of Section 58(5) of the ESI Act, 1948.</p>
4.	Who runs and manages the State ESI Society?	<p>The bodies and authorities of the Society are broadly divided into two namely (a) Governing Body (b) Executive Committee.</p> <p>(a) The Governing Body shall consist of 9 First Member and maximum no, of 14 members under the Chairmanship of the Chief Secretary of the State. It shall comprise of 4 State Govt. Officials in addition to Chief Secretary, 3 ESIC officials, 3 Employer and 3 Employee Representatives. The officer overseeing the daily operation of the Scheme in the State shall be the CEO cum Member Secretary. The Governing Body will have full control of the affairs of the society and will have to authority to exercise and perform all the powers, acts and deeds of the Society consistent with the aims and objects of the Society.</p> <p>(b) A 9-member Executive Committee, constituted by the Governing Body, comprising of 4 members from State Govt. 2 members from ESIC and 1 from employer and 1 employee representative from the Governing Body, will have overall responsibility for planning and executing the</p>

		work of the Secretariat for supervising the work of the technical/ management units of the Secretariat, directing and over-seeing implementation through the Secretariat, as prescribed by the Governing Body from time to time.
5.	What are the power and function delegated to the State ESI Society?	The Society shall perform the functions as contained in Clause 3 of Memorandum of Association to achieve the objectives of the society in accordance with provisions of the ESI Act 1948 and the Rules & Regulations framed under the Act, <i>ibid</i> .
6.	What is the finance and budget provision under the State ESI Society?	<p>Annual budget should be prepared on PIP (Program Implementation Plan) model, within the ceiling prescribed, Revised budget estimate of the current year and proposed budget estimate for the following financial year as per the PIP, duly approved by the Governing Body shall be submitted to the ESI Corporation not later than 10th December of each year.</p> <p>Expenditure of Capital or revenue nature, if any, proposed outside the laid down ceiling should be supported by full justification for its inclusion in the budget.</p>
7.	What is the status of manpower and resources under State ESI Society?	All the manpower engaged in executing the ESI Scheme shall be the employees of the concerned State Govt. or PSU or Central Govt./ESIC on deemed deputation. Manpower services can be engaged through contractual engagement till availability of regular manpower through deemed deputation.
8.	What is the benefit of having State ESI Society?	The Society provides flexibility in terms of availability of funds directly to the bank account of the Society. The Societies are allowed manpower engagement on contract till such time regular manpower is made available by State Govt. through recruitment of regular personnel provided to the Society on deemed deputation. The Society shall have power for procurement of medicine and equipment also.
9.	What will be the status of State/UT not agreeing to forming of State ESI Society?	In case the State/UT does not want to form the Society or deviates from structure of the Society approved by the Corporation then the present arrangement of sharing of expenditure in 1:7 ratio shall continue.
10.	What will be the status of Regional Board, once the Society is formed?	<p>Regional Board is constituted as per Section 25 of the ESI Act, 1948 and is entrusted an advisory role. The State Autonomous Body / Society is constituted as per Section 58(5) of the ESI Act, 1948. The Society shall have its structure and administrative and financial power, with funds being transferred to the bank account of the Society for its utilization for the ESI Scheme in the State. The State ESI Society shall have executive powers of running the Society as per the mandate.</p> <p>As such, the Regional Boards would continue to be held irrespective of the formation of ESI Society.</p>
11.	What will be the funding pattern?	100% of the expenditure upto the ceiling as fixed from time to time shall be paid to the bank account of the Society. The present ceiling is Rs 3000 per IP family unit per annum.
12.	What is the procedure of Deemed deputation of employees of the Society?	<p>The Society shall not have its own manpower. Para 15.4 of Rules & Regulation of Society specifically states that "<i>Employees of the Society are on deemed deputation from the State Government or PSU or Central Govt. or ESIC and their Pension liabilities rests with the respective appointing authorities. Society does not have any employees in its rolls except on deputation or temporary contract/engagement, till assigned work is completed.</i>"</p> <p>The State Government may waive the cooling off period for deemed deputation to State ESI Society or otherwise may reduce it to one day, as a technical formality. The DoPT circular No. 6/8/2009-Estt. (Pay II) dated 17.06.2010 issued in this regard is with respect to the Central Staffing Scheme. In recognition of the needs of State ESI Society, the conditions may be altered.</p>