



ALL INDIA ESIC SC/ST OFFICERS' & EMPLOYEES' FEDERATION

PANCHDEEP BHAWAN, WING NO. 4, SHIVPURI, PREM NAGAR, DEHRADUN, U.K. – 248007

(Regd.No. S/27858 of 1995)

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(E. ZONE)
RAM CHANDRA JATIA
(W. ZONE)

INTERNAL AUDITORS
KULDEEP KUMAR
KAILASH CHAND

F.No. AIESIC.SC/ST.FED/2015/094 Dated: 03rd Aug 2021

To,

The Secretary to Government of India,
Ministry of Labour and Employment,
Shram Shakti Bhawan,
Rafi Marg,
New Delhi

Subject: **Large Scale Corruption / Misuse of his position by Shri K.G. Suresh, Joint Director (E.I), ESIC for his own volition by unlawfully delaying action of non-publication of RR for the post of Regional Director Gr. A/Director in violation of direction of Administrative Ministry / UPSC.**

Sir,

With due regard, I would like to submit that the ESIC had submitted proposal for amendment of many RRs including the RR for the post of Regional Director Gr. A/Director and Regional Director Gr. B/Joint Director. All RRs for posts of Senior Deputy Director to Regional Director Gr. A/Director were approved by UPSC on same day.

The RR of Regional Director Gr. A/Director was not forwarded to Administrative Ministry for publishing in gazette Notification by Shri K.G. Suresh, the then Joint Director (Establishment I) who himself was dealing his own case for his own benefit.

On the contrary the RR for the post of Regional Director Gr. B/Joint Director was forwarded to Ministry for notifying the same.

Since, this officer had involved himself in various gross manipulations and act of corruptions, we took serious note of this irregularity and made a complaint before Higher Authorities including Shri Arvind Saxena the then Chairman UPSC with following requests vide our letter No. AIESIC.SC/ST.FED.2015-067 dated 26-05-2020 (Copy enclosed as **Annexure - A**) :

Contd. Page No. 2/-

1. Defer the DPC for the post of Regional Director Gr. 'A'/Director in ESIC scheduled to be held on 29-05-2020, and
2. Direct Administrative Ministry of ESIC i.e. Ministry of Labour and Employment to act in the matter of these misconducts of Shri K.G. Suresh, Joint Director (E.I) and make the RRs effective from 01-01-2019.

In view of our above complaint the UPSC forwarded the matter to the Secretary to the Government of India, Ministry of labour and Employment for Administrative action by the Administrative Ministry vide their letter No. F.No. 2/10/2019-RR dated 24th June, 2019 (Copy enclosed as **Annexure - B**).

Recently we have received some documents from UPSC under RTI Act, 2005 and the revelation were sensational.

The ground for non-forwarding of RR for the post of Regional Director GR. 'A' was revealed as follows as is indicated in Noting page No. 9/N of File No. 1/39(1)/2020-AP-2 of file of UPSC :

“The proposal includes creation of separate finance cadre from the level of Assistant Director to Joint Director which would necessitate hierarchic changes and a revision in the Recruitment Regulations for the post of Regional Director Gr. A/Director as there will be two separate feeder cadres. Taking into consideration this impending cadre restructuring and its ramifications only, notification of RRs for the post has been kept in abeyance with the consent of Director General, ESIC” (**Annexure - C**)

Here, I would like to submit the followings:-

1. That, if there would have been any proposal for creation of separate finance cadre from the level of Assistant Director to Joint Director the RR for the post of Deputy Director, Senior Deputy Director and Regional Director Gr. 'B'/Joint Director should not have been forwarded to Ministry as joint/single cadre.
2. That, this ground also do not hold any water as the Recruitment Regulations for the post of Regional Director Gr. 'A'/Director has now been notified with out considering the proposal as pretended for avoiding disciplinary action against Shri K.G. Suresh and delaying the publication of RR for conducting DPC for promoting him.

Sir, Shri K.G. Suresh, Ex-Joint Director (E-I) with some Finance Cadre Officers and under the kind guidance of the then DG, ESIC a Gujarat Cadre Officer was involved in Large Scale Corruption in ESIC / Gross violation of the ESI Act, 1948 and its subordinate laws for extracting benefits and also by awarding work of Portfolio Manager to M/s Reliance Nippon Life Asset Management Limited a Company promoted by Shri Anil D. Ambani for managing ESIC's Fund worth Rs. 59,382.99 Crores by violating GFR norms while engaging consultant and Portfolio Manager.

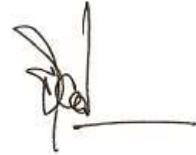
A complaint vide our letter F.No. AIESIC.SC/ST.FED/2015/055 dated 05th April, 2019 to this effect is pending in CVC (**Annexure – D**).

The facts of the case clearly establish misconduct of Shri K.G. Suresh, Ex-Joint Director (E-I). The then DG, ESIC deferred the date of DPC for post of Regional Director Gr. 'A'/Director by considering it as a gross misconduct.

The preliminary Investigation at Hqrs. Office, ESIC also confirmed the facts and misconduct in the case. But it seems that the Administrative Ministry is sympathetic towards this corrupt officer and is eager to promote his interest of getting promotion to the Post of Regional Director Gr. 'A'/Director.

I hope justice will prevail in the matter and the guilty officer will suitably punished.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Heera Singh', written over a horizontal line.

(Heera Singh)
Secretary General

Enclosed : As above.



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INTERNAL AUDITORS
KULDEEP KUMAR
KAILASH CHAND

F.No. AIESIC.SC/ST.FED.2015-067 Dated 26th May, 2020.

To,

Shri Arvind Saxena,
Chairman,
Union Public Service Commission (A.P.2),
Dholpur House,
Shahjahan Road,
New Delhi – 110069.

Subject: Large Scale Misuse of his position by Shri K.G. Suresh, JD (E-I), ESIC for his own volition by unlawfully delaying action of notifying RRs for the post of Regional Director Gr. 'A'/Director in violation of direction of Ministry of Labour and Employment, decision of apex body of ESIC, direction of UPSC and DoP&T Guidelines regarding notification of RR for over 20 months.

DPC Scheduled to be held on 29-05-2020.

Sir,

With due regard, I would like to invite your kind attention on acts of Gross misconducts of Shri K.G. Suresh, Joint Director (E-I) who had been instrumental in committing various acts in violation of directions of Ministry of Labour and Employment, decision of apex body of ESIC, direction of UPSC and DoP&T Guidelines for his own volitions for delaying and deviating from official procedures which are explained below in sixth para.

2. With this letter, I would like to put forth a case study of how Shri K.G. Suresh, Joint Director (E-I) had misused his position for his own volition. The case is based on official documents provided by ESIC under the Right to Information Act, 2005 issued in the name of Shri Deepak Arora (Registration No. ESICO/R/2019/00537).

3. UPSC approved RR for the common cadre post of Deputy Director, Senior Deputy Director and Regional Director Gr. 'B' / Joint Director vide their letter No. 3 / 12 (7) / 2018 – RR dated



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06-08-2018 (**Annexure – XVI**). Simultaneously, UPSC also approved RR for the common cadre post of Regional Director Gr. 'A'/Director on same date vide their letter No. 3/12/(3)/2018-RR dated 06-08-2018 (**Annexure – XIV**).

4. Shri K.G. Suresh, JD (E-I) in order to harm the interest of Promotion Cadre Officers of ESIC and to favour Direct Recruited Officers acted for amending the RR for the post of Deputy Director, Senior Deputy Director and Regional Director Gr. 'B' / Joint Director by removing failing which clause. On similar grounds the UPSC approved RR for the post of Regional Director Gr. 'A'/ Director also by removing failing which clause, which was detrimental to the interest of Shri K.G. Suresh, JD (E-I) and both amendments were approved by UPSC on same day i.e. 06-08-2018.

5. Shri K.G. Suresh, JD (E-I) was becoming eligible for promotion on 01-01-2020 as per the existing RRs. And as per the UPSC approved RRs for the post of Regional Director Gr. 'A' / Director he was going to be eligible on 01-01-2022.

6. He, in order to gain undue advantage of his position in ESIC involved himself in various kinds of irregularities, such as, withholding file for long periods, tempering with noting in file, delaying action on false and frivolous grounds without approval of competent authority. Study of case file also revealed violation of direction of Ministry of Labour and Employment, decision of apex body of ESIC, direction of UPSC and DoP&T Guidelines regarding issue of notification of RR within 10 weeks from date of receipt of advice from UPSC. Whereas, in the instant case it is delayed by over 20 months on false and misleading grounds. The facts and finding are as follows :

- i. Shri K.G. Suresh, JD was assigned charge of E-I Branch on 11-05-2016 (**Copy Enclosed as Annexure I**).
- ii. The Ministry of Labour and Employment vide their letter No. A-12034/07/2016-SS.I dated 10-11-2016 requested DG, ESIC to send a proposal immediately to Ministry in the prescribed proforma/check list for formal amendment to RRs for the post of Regional Director Grade-A/ Director in consultation with UPSC. (**Copy enclosed as Annexure – II**).
- iii. In compliance of direction of Ministry, the proposal for amendment of RRs was approved by ESI Corporation which was circulated vide letter No. V-11(15)-1/2017-Corporate Cell dated 16-01-2018 (**Copy enclosed as Annexure - III**).

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- iv. Subsequently the RRs were proposed to be forwarded to UPSC under intimation to the MoL&E on 18-01-2018 which was approved by the DG, ESIC on 19-01-2018 in file No. A-12(11)3/2015-E.I (Copy enclosed as Annexure – IV).
- v. The ESIC Corporation approved RR was forwarded to UPSC for approval of the commission vide letter No. A-12(11)3/2015-E.I dated 30-01-2018 (Copy enclosed as Annexure – V).
- vi. UPSC raised some observations on amended RR vide their note dated 30-01-2018 (Copy enclosed as Annexure – VI).
- vii. The reply to observations of UPSC was put up in file on 19-02-2018 and same was approved by IC (P&A) on 20-02-2018 without seeking approval of DG, ESIC (Copy enclosed as Annexure – VII).
- viii. The reply to observations of UPSC was submitted to UPSC vide letter No. A-12(11)3/2015-E.I dated 21-02-2018 without approval of DG, ESIC (Copy enclosed as Annexure – VIII).
- ix. The representative of ESIC was called for discussion on 21-03-2018 in the matter by ESIC vide their Email dated 16-03-2018 (Copy enclosed as Annexure – IX).
- x. After discussion on 21-03-2018, the UPSC vide their letter No. 3/12/(3)/2018-RR dated 22-03-2018 (Copy enclosed as Annexure – X) informed that "DoPT now as a principle does not prescribe the combination service and the need for combination of service is compensated by prescription of 'deputation'". The letter was received by Shri K.G. Suresh, JD (E-I) on 23-03-2018".
- xi. The matter was submitted on page No. 78/N of File No. A-12(11)3/2015-E.I on 09-04-2018 by DA which was forwarded by DD (DPC) to JD(E-I) on same day (Copy enclosed as Annexure – XI).
- xii. Shri K.G. Suresh, JD(E-I) kept file pending with him for complete three months from 09-04-2018 to 09-07-2018 to delay the process of formation of new RR as it was harming his interest. He moved the file on 09- 7-2018 on page 79/N(Copy enclosed as Annexure-XI) which

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was forwarded to DG, ESIC by AC (P&A) with observation "For kind approval" which was approved by DG. Later, a proposal was again submitted vide note of E-I Branch on page No. 80/N with recommendation of AC (P&A) as "For approval please". But later, the noting was tempered and words "For", "pl" and "DG" were stuck off by overwriting them. It clearly establishes that either the DG was not agreed to proposal or the proposal is not submitted before the DG as there was gross violation of direction of Ministry and decision of apex body of ESIC for approval of RR. **(Copy enclosed as Annexure – XII).**

- xiii. The final acceptance of all directions of UPSC by ESIC was communicated by ESIC vide letter No. A-12(11)3/2015-E.I on 12-07-2018 without approval of DG, ESIC **(Copy enclosed as Annexure – XIII).**
- xiv. In view of these tempering in noting portion of this file and there was a strong intention to delay publication / notifying of RRs, the file was wrongly closed / dumped.
- xv. Finally, the UPSC accepted the proposed RR vide their letter No. 3/12/(3)/2018-RR dated 06-08-2018 **(Copy enclosed as Annexure – XIV).**
- xvi. Since, the old file was not available the matter was processed in new Vol.II file and in this file a proposal dated 30-08-2018 was submitted for forwarding the RR to MoL&E for approval of Govt after vetting of Ministry of Law and Justice by E-I Branch. The JD(E-I) contrary to the direction of Ministry of Labour and Employment, approval of apex body of ESIC and direction as contained in para 5.2 of DoP&T guideline to notify the rules within 10 weeks from the date of receipt of Commission's advice, intentionally recommended to defer the publication of RR so that the publication / notifying of RR could be delayed to his own advantage without taking prior approval of Ministry, apex body of ESIC and UPSC. **(Copy enclosed as Annexure – XV).**
- xvii. The ground used for deferring the process of notifying RRs was that the finance cadre and the admin cadre was to merge at the level of Director which was false and frivolous. It is a well known fact that RRs for cadres below the level of Director are already

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merged and approved on same day i.e. 06-08-2018 by the UPSC. There was no remote scene for separation of down below Group A cadres at any level. If the same would have been a reality, then all the approved Group A RRs below the cadre of Regional Director Gr. 'A'/Director would also not have been notified. On the contrary, the ESIC was eager to promote interest of Finance Cadre Officer for their corrupt volitions in Common Cadre of Joint Director, hence ground for requirement for merger of two cadres at the level of Director is grossly incorrect and deceiving.

- xviii. The UPSC also approved RRs of remaining Group 'A' posts of Deputy Director, Sr. Deputy Director and Joint Director with a common cadre of finance and administration vide their letter No. 3/12(7)/2018-RR dated 06-08-2018 (Copy enclosed as Annexure - XVI) and the RRs were accepted by ESIC and notified also. It clearly establishes that the ground used for not notifying RR in instant case was false and fabricated.
- xix. The E-I branch again moved a proposal for seeking approval of Administrative Ministry for RRs for the post of Regional Director Gr.'A' / Director vide their note on page No 4/N. Shri K.G. Suresh again wrote false and fabricated reasons for delaying the process. The AC (P&A) forwarded the proposal with note as "DG may kindly see for approval". The DG, ESIC returned the file with remarks "Pl. Discuss". Later on, the AC(P&A) again submitted the file with note as "Discussed with DG. The file is put up for information only". After this the DG put his initial on proposal. It clearly establishes that the DG was agreed for information but he was not agreed for approval of proposal (Copy enclosed as page 4/N and 5/N of Annexure - XV).
- xx. UPSC wrote their first reminder dated 23-10-2018 for completing pending action. (Copy enclosed as Annexure - XVII).
- xxi. The E-I Branch processed this letter also in Vol.II file as original file was not traceable vide their note proposal dated 14-11-2018 with proposal that the decision of keeping the proposed RR approved by the Commission in abeyance. J.D. (E-I) forwarded this file with his remarks "We may inform UPSC as 'X' above". The file was forwarded to DG, ESIC by AC (P&A) with his remarks

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"DG may kindly see for information". The file was returned by DG, ESIC with remarks "Pl discuss.". After this the file was kept misplaced (**Copy enclosed as Annexure – XVIII**).

- xxii. UPSC again wrote their second reminder dated 26-12-2018 for competing pending action. (**Copy enclosed as Annexure – XIX**).
- xxiii. The E-I Branch processed this letter in third file vide their note proposal dated 15-01-2019 with proposal that the decision of keeping the proposed RR approved by the Commission in abeyance. J.D. (E-I) kept the matter pending at his own level. After this the file was kept inactive for long and fate of this file is also not known. (**Copy enclosed as Annexure – XX**).
- xxiv. The incidents of gross violation of office procedures by JD (E-I) as explained in above para for his own volitions are proved beyond doubt.

Hence, from above facts it is well established that Shri K.G. Suresh, JD (E-I) had misused his position for his own volitions by acting in violation of the direction of Ministry of Labour and Employment, decision of apex body of ESIC, direction of UPSC letter dated 06-08-2018 and guideline contained in para 5.2 of "Guidelines on framing/ amendment/relaxation of Recruitment Rules" by not publishing/notifying RR within 10 weeks to gain early promotion by committing irregularities as mentioned in above paras.

Sir, our Federation is fighting against all kind of social and financial corruption in ESIC and recently we have filed a complaint of our Ex-DG on subject "Large Scale Corruption in ESIC / Gross violation of the ESI Act, 1948 and its subordinate laws for extracting benefit by awarding work of Portfolio Manager to M/s Reliance Nippon Life Asset Management Limited a Company promoted by Shri Anil D. Ambani for managing ESIC's Fund worth Rs. 59,382.99 Crores in ESIC" in Central Vigilance Commission which is still under investigation, the detail of complaint can be gauged from our web sites www.addjd.com and www.myesic.com also. These kind of acts of Shri K.G. Suresh, JD(E-I) under leadership of our ex-DG clearly makes us believe that he is also part of these kind of corruption in ESIC.

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Hence, it is imperative that before calling for the meeting of DPC for the post of Regional Director Gr. 'A'/Director in ESIC which is scheduled to be held on 29thMay, 2020 may be deferred until the role of manipulation by Shri K.G. Suresh, Joint Director (E-I) is investigated so that Shri K.G. Suresh, JD (E-I) could not reap fruits out of his wrong doing/misconducts which will only promote corruption in ESIC.

Hence, you are requested to kindly

1. Defer the DPC for the post of Regional Director Gr. 'A'/Director in ESIC scheduled to be held on 29-05-2020, and
2. Direct Administrative Ministry of ESIC i.e. Ministry of Labour and Employment to act in the matter of these misconducts by Shri K.G. Suresh, Joint Director (E-I) and make the RRs affective from 01-01-2019.

Yours faithfully,

(Heera Singh)
Secretary General

Enclosed: As above.

Copy to :

1. The Director General, ESIC, New Delhi – for information and n.a. pl.
2. The CVO, ESIC, New Delhi – for information and n.a. pl.
3. The Insurance Commissioner (Revenue), ESIC, New Delhi – for information and n.a. pl.

Secretary General

CONFIDENTIAL

संघ लोक सेवा आयोग
UNION PUBLIC SERVICE COMMISSION
 धौलपुर हाउस, शाहजहाँ रोड / Dholpur House, Shahjahan Road
 नई दिल्ली - 110 069 / New Delhi - 110 069

F. No. 2/10/2019-RR

Date: 24th June 2019

To

The Secretary to the Govt. of India,
 Ministry of labour & Employment
 Shram Shakti Bhawan,
 New Delhi.

Subject : Irregularities in ESIC

Sir,

I am directed to forward a representation dated 26.05.2020 received from All India ESIC SC/ST Officers & Employees Federation.

2. In the representation, it has been stated that one Shri K.G. Suresh, JD (E-I) has gained undue advantage position in ESIC and has involved himself in various kinds of irregularities, such as withholding file for long periods, tampering with noting in file, delaying action on false and frivolous grounds without approval of competent authority. Study also revealed violation of direction of Ministry of Labour and Employment, decision of apex body of ESIC, direction of UPSC and DoP&T guidelines regarding issue of notification of RRs within 10 weeks from the date of receipt of advice from UPSC. Whereas in the instant case (of RRs for the post of Regional Director Group 'A'/Director), it has been delayed by over 20 months on false and misleading grounds.

3. In view of the above, the Association has requested that holding the DPC meeting for the post of Regional Director Grade A / Director on 29.05.2020 may be deferred and the role of manipulation by Shri K.G. Suresh, Joint Director (E-I) may be investigated. They have requested for the following actions:

- (i) Defer the DPC for the post of Regional Director/Director in ESIC scheduled to be held on 29.05.2020; and
- (ii) Direct the Administrative Ministry of ESIC i.e. Ministry of Labour and Employment to act in the matter of these misconducts by Shri K.G. Suresh, Joint Director (E-I) and make the RRs affective from 01.01.2019.

4. Since, the issues raised by the applicant are administrative issues to be looked into by Administrative Ministry, the representation is forwarded to Minsitry of Labour & Employment for necessary action.

Encl. As above.

Yours faithfully,

D.K. Meena

(D.K. Meena)

Under Secretary

Union Public Service Commission

Tel.No.011-23385396

✓ Copy to: Shri Heera Singh, Secretary General, All India ESIC SC/ST Officers & Employees Federation, Panchdeep Bhawan, Wing No. 4, Shivpuri, Prem Nagar, Dehradun.

F. No. 1/39(1)/2020-AP-2

A meeting of the DPC for promotion to the post of Regional Director Grade 'A'/Director for the vacancy year 2020 was scheduled to be held on 29th May, 2020 at 11:30 A.M. under the chairmanship of Hon'ble Member Prof. (Dr.) Pradeep Kumar Joshi. However, the said DPC meeting has been postponed due to reasons explained in the succeeding paragraphs.

2. A representation/complaint dated 21.05.2020 (pp.37-39/corr.) was received from one Shri Jatin via e-mail on 22.05.2020. The representationist had stated therein that UPSC approved the new RRs for the post of Regional Director Grade-A/Director in ESIC in August 2018, however, the ESIC has not notified the amended/revised RRs yet. He had further stated that Shri K.G. Suresh, Joint Director in ESIC (one of the eligible officers in the instant DPC proposal), who is currently holding the charge of E-1 in ESIC i.e. the branch which processes the files for promotion of Group 'A' officers, had been manipulating/delaying the notifications of new RRs for his own benefits and submitted DPC proposal to the Commission on the basis of old RRs of 2013. As the subject matter in the representation is an administrative issue, a copy of the said representation was sent to the ESI Corporation via e-mail on 26.05.2020 (p.40/corr.). Further, vide UPSC letter dated 28.05.2020 (p.42/corr.), comments of the Corporation on the matter was called for.

3. The Corporation, vide their reply dated 28.05.2020 (p. 45/corr.) stated that Additional Secretary, Ministry of Labour & Employment holding the charge of Director General, ESIC had directed that the aforesaid complaint be placed before the new Director General who is likely to join ESIC shortly. In view of this, the ESIC requested the Commission to postpone the above DPC fixed for 29.05.2020 till a final decision is taken on the complaint. As such, with the approval of the Hon'ble Member, the said DPC meeting was postponed.

4. The Corporation, vide their letter dated 25.06.2020 (pp.47-48/corr.) have now stated that a proposal for cadre restructuring of Group 'A' & 'B' posts on administrative side of ESIC is under consideration before a Sub-Committee of ESI Corporation on Manpower Rationalization and Restructuring constituted by the Hon'ble Minister of state (I/c), Labour & Employment (pp.51-52/corr.). The proposal includes creation of separate finance cadre from the level of Assistant Director to Joint Director which would necessitate hierarchic changes and a revision in the Recruitment Regulations for the posts of Regional Director Grade 'A'/ Director as there will be two separate feeder cadres. Taking into consideration this impending cadre restructuring and its ramifications only, notification of RRs of the post has been kept in abeyance with the consent of Director General, ESIC. The Corporation has also stated that subsequent to UPSC approval, every RR goes to Ministry of Labour & Employment for administrative approval besides legal vetting from the Ministry of Law & Justice, which is a time consuming process and depends on many factors. Thus, the allegation leveled by the complainant against Shri K.G. Suresh, JD, does not hold ground.

Contd./-

From pre-page:

5. The Corporation has also informed that the Hon'ble CAT, Bangalore Bench has directed to conduct DPC for promotion to the post of Regional Director Grade-'A'/Director within a period of 02 months from the date of issue of its order dated 05.06.2020 in O.A. No. 170/00292/2020 filed by Shri Mathews Mathew KMM.

up 53-56/c

6. In view of the foregoing, the Corporation has requested for a fresh date for convening the DPC meeting for promotion to the post of Regional Director Grade 'A'/ Director in the ESIC against the vacancy year 2020.

7. In view of the above clarification, there is no infirmity/hindrance in the instant proposal at this point. If approved, the file may be submitted to the Hon'ble Member for giving fresh date and time for holding the meeting of the DPC.

V. P. Pillai
26.6.2020

US(AP-II)/Consultant

[Signature]
26/6/20

DS(AP-II)

[Signature]
26.6.2020

DS (AP-2)
24/6/20

JS(AP)

[Signature]
26/06/20

SPPS

Hon'ble Member
{Prof. (Dr.) Pradeep Kumar Joshi}

The DPC Meeting will now be held at 11.30 AM on 14th July, 2020.

[Signature]
SPPS 70nm
29/6/20

11.30am
14/7/20

US (AP-II) / Consultant

[Signature]
29/6/20

So (AP-2)



ALL INDIA ESIC SC/ST OFFICERS' & EMPLOYEES' FEDERATION

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MAHINDER SINGH

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Mob. No. 09868241160

SECRETARY (PUB. RELATION)
ANIL KUMAR

SECRETARY (FOR NCR)
JAGDISH

FOUNDER MEMBER
SHRI BHAGWATI PRASAD
RETD. INS. COMMISSIONER

ADDL. SECY. GENERAL
B. GNANA KUMAR

SECY. FINANCE
RAJ KUMAR

ASSISTANT SECY. FINANCE
UMESH KUMAR

VICE-PRESIDENTS
MAHINDER SINGH(N.ZONE)
G. SELVA KUMAR(S. ZONE)
RAJENDRA TUDU(E. ZONE)
M. G. SORTE (W. ZONE)

ASST. SECY GENERAL
ANITA SURESH(N.ZONE)
G. NARAYAN SWAMY(S. ZONE)
R. N. MALLICK (E. ZONE)
SUNIL KR. DEDE (W. ZONE)

JOINT SECRETARY
KULDEEP KUMAR(N. ZONE)
D. Y. GIRI (S. ZONE)
VIDHYANAND DAS(E. ZONE)
JAGDISH SALVE(W. ZONE)

LIAISON SECRETARIES
GOVERDHAN DAS(N. ZONE)
K. SATYANARAYANA SWAMY
(S. ZONE)
SUDIP KUMAR SARKAR
(E. ZONE)
RAM CHANDRA JATTA
(W. ZONE)

INTERNAL AUDITORS
KULDEEP KUMAR
KAILASH CHAND

(PUBLIC INTEREST DISCLOSURE UNDER SECTION 4(1) OF WHISTLE BLOWERS PROTECTION ACT, 2014)

F.No. AIESIC.SC/ST.FED.2015-055 Dated 05thApril,2019.

To,

Shri K.V. Chowdary
Central Vigilance Commissioner,
Central Vigilance Commission,
SatarkataBhawan, A-Block,
GPO Complex, INA,
New Delhi 110023.

Subject: **Large Scale Corruption in ESIC / Gross violation of the ESI Act, 1948 and its subordinate laws for extracting benefit by awarding work of Portfolio Manager to M/s Reliance Nippon Life Asset Management Limited a Company promoted by Shri Anil D. Ambani for managing ESIC's Fund worth Rs. 59,382.99 Crores.**

Sir,

With due regard, I would like to submit that a large scale corruption in ESIC vis-a-vis Gross Violation of the ESI Act, 1948 and allied rules and regulations were reported to the Director General, ESIC and other forums on various occasions.

Recently the ESIC had initiated revolutionary action of engaging professionals to manage and upkeep Employees' State Insurance Corporation's Fund worth Rs. 59,382.99 Crores by engaging the followings :-

1. Portfolio Managers for managing the funds. **RFP Enclosed from page No. 1 – 46 of Annexures**
2. Custodian of Securities.
3. External Concurrent Auditor

In this regard, I would like to invite your kind attention on following facts :

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JAGDISH

- 2 -

1. That, the Sub Rule (1) of Rule 27 of ESI (Central) Rules, 1950 prescribes that :

"all money belonging to the Fund which are not immediately required for expenses properly defrayable under the Act, may, subject to the approval of the Standing Committee, be invested by the Director General -

- i) In Government securities including Treasury Deposit Receipt; or
- ii) In securities mentioned or referred to in clauses (a) to (d) of Section 20 of the Indian Trusts Act, 1882 (II of 1882); or
- iii) As fixed deposit in the Reserve or the State Bank of India or any of its subsidiaries or a corresponding new bank constituted under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings Act, 1970 (5 of 1970))"

(Extract of relevant Rule enclosed at page No. 47 of Annexures)

2. That, the Sub Rule (2) of Rule 27 of ESI (Central) Rules, 1950 prescribes that :

"Money belonging to the Fund shall not be invested in any other manner except with the prior approval of the Central Government."

(Extract of relevant Rule enclosed at page No. 47 of Annexures)

3. That, the Sub Rule (7) of Rule 27 of ESI (Central) Rules, 1950 prescribes that :

"The approval under sub rules (1) and (2) of the Standing Committee or the Central Government, as the case may be, may be given with or without any conditions either generally or in any particular case"

(Extract of relevant Rule enclosed at page No. 48 of Annexures)

4. From above facts, it is quite clear that the mandate for making investment out of ESIC fund is provided by Act to the Director General and that also with prior approval of Standing Committee of ESIC.

5. Whereas, with the engagement of Portfolio Manager we have shifted these mandates to new portfolio manager which is a gross violation of Sub Rule (1) of Rule 27 of ESI (Central) Rules, 1950. **(Page No. 47 of Annexures)**

Contd. Page No. 3/-



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6. It is clear that the detail of securities as prescribed in Terms of reference in Section 3.1 of RFP for appointment of Portfolio Managers **(Page No. 6 of Annexures)** is grossly different from the detail of securities prescribed in Sub Rule (1) of Rule 27 of ESI (Central) Rules, 1950**(Page No. 47 of Annexures)**.
7. The Section 4.12.1 of RFP documents provides mandate to portfolio manager to purchase or sell securities not exceeding 5 % through any broker**(Page No. 7 of Annexures)**. It is loosely framed terms to favour the Portfolio Manager in violation of Rule 27 of the ESI (Central) Rules, 1950(Page No. 47 & 48 of Annexures).
8. The Section 4.12.1 of RFP documents also provides mandate to portfolio manager to purchase or sell securities exceeding 5 % through any broker by recording in writing the justification for exceeding the aforesaid limit and report all such investments to the ESIC on a quarterly. It is also loosely framed terms to favour the Portfolio Manager in violation of Rule 27 of the ESI (Central) Rules, 1950(Page No. 47 & 48 of Annexures).
9. The Federation has come to know through National Newspapers that M/s Reliance Nippon Life Asset Management Limited has received a mandate from the Employees' State Insurance Corporation (ESIC) to manage its funds worth Rs. 59,382.99 Crores.**(Page No. 49 to 55 of Annexures)**.
10. While examining the pre-qualification criteria for selection of portfolio managers it is observed that the above mandated bidder was not fulfilling criteria as mentioned in Section 7.1.4 and 7.1.5 of RFP document**(Page No. 15 of Annexures)**.
11. On the date of submitting their bid the selected bidder's associated firm M/s Reliance Communication Limited was a defaulter in discharging its contractual obligation worth approximately Rs. 55,100 Crores in violation of terms of Service Level Agreement signed under Indian Contract Act, 1872. Such a large scale of default by their associate company was quite sufficient to effect their performance of any obligations under this assignment and hence the bidder was not fulfilling criteria as mentioned in Section 7.1.4 of RFP **(Page No. 15 of Annexures)**.

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- 4 -

12. On the date of submitting their bid the selected bidder's associated firm M/s Reliance Communication Limited was a defaulter in discharging its contractual obligation worth approximately Rs. 55,100 Crores in violation of terms of Service Level Agreement signed under Indian Contract Act, 1872, and **some legal case under Section 9 of the Insolvency and Bankruptcy Code, 2016 filed by some of the operational creditors to this effect were pending for decision in Hon'ble National Company Law Tribunal on that date.** Such a large scale of default by their associate company is reasonably expected to have a material adverse effect on its ability to perform the obligation under this assignment and hence the bidder was not fulfilling criteria as mentioned in Section 7.1.5 of RFP also **(Page No. 15 of Annexures).** These legal cases were filed in Hon'ble National Company Law Tribunal with following case numbers:
- Case No. C.P. (IB) 1385(MB)/2017**(Page No. 56 of Annexures).**
 - Case No. C.P. (IB) 1386(MB)/2017**(Page No. 57 of Annexures).**
 - Case No. C.P. (IB) 1387(MB)/2017 **(Page No. 58 of Annexures).**
13. That, Shri Anil D. Ambani was the individual promoter having control of M/s Reliance Communications Limited and M/s Reliance Nippon Life Asset Management Limited during year 2017-18. A copy of relevant pages of Annual Report of M/s Reliance Communications Limited for year 2017-18 is enclosed from **page No. 59 to 62 of Annexures.** A copy of relevant pages of Annual Report of M/s Reliance Nippon Life Asset Management Limited for year 2017-18 is enclosed from **page No. 63 to 66 of Annexures).**
14. **The promoter of these firm is also facing contempt petition in Hon'ble Supreme Court for non-fulfilling of its commitment. (Enclosed page No. 67 to 107.**
15. **The Joint Lender's Forum of M/s Reliance Communications Limited are also initiating sale of assets of the company independently for recovering Rs. 55100 Crore.**

In view of above, it is quite clear that the bidder who is shorted out as Portfolio Manager i.e. M/s Reliance Nippon Life Asset Management Limited cannot be trusted as a person of sound character antecedent in view of such a large scale of default.

Contd. Page No. 5/-



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- 5 -

Hence, In view of above facts, you are requested to kindly do the following needful actions:-

1. To terminate the mandate of Portfolio Manager given to M/s Reliance Nippon Life Asset Management Limited immediately by terminating the agreement as the bidder is not fulfilling the required criteria and such appointment is also violative of Sub-Rule 1 of Rule 27 of the ESI (Central) Rules, 1950.
2. Issue direction for immediate scrapping of the process of Appointment of Custodian of Securities, External Concurrent Auditor and any further Portfolio Managers, until appropriate amendments are incorporated in the ESI Act, 1948 and the ESI (Central) Rules, 1950.
3. To fix responsibility of those officers who are responsible for allowing third parties to transgress the powers bestowed with the DG(ESIC), Standing Committee of ESIC and Central Government.
4. To examine and direct ESIC to take action against those officers who are responsible for engaging a chronic defaulter as Portfolio Manager for managing ESIC's Fund to the tune of Rs. 59,382.99 Crores.

Sir, all the above information are based on trustable documents openly available in public domain. However, the public scrutiny of related files and tender document are still pending.

Hoping for a prompt action to save the world's largest Social Security Scheme i.e. ESIC and the Nation.

Yours faithfully,

(Heera Singh)
Secretary General

Enclosed: As above.