



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

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(Regd.No. S/27858 of 1995)

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F.No. AIESIC.SC/ST.FED. 2015-16.

Dated 13th October, 2015.

To,

Shri Narendra Modi Ji,
Hon'ble Prime Minister,
Union Government of India,
Rouse Avenue,
New Delhi – 110001.

Subject: **Large Scale Corruption in ESIC and Ministry of Labour and Employment.**

Respected Sir,

With due regard, I would like to introduce myself as Secretary General of above named Federation holding charge of this post since 25th April, 2011. I represent interest of nearly 6000 SC/ST Officers and Employees who are members of our Member Associations working in various ESIC field offices. Presently we have got our Associations in nearly 27 field offices. I am working as Deputy Director in ESIC Headquarters Office looking after Benefit Matters of ESIC.

2. Our logo which is prominently highlighted in our official website "myesic.com" is "Let us fight BHRASTACHAR, Let us save BHARAT, Let us save ESIC, Let us MODIFY the nation" which was incorporated in first quarter of year 2014.

3. I had been raising various issues of gross violation of Government Instruction thus resulting in discrimination and harassment of SC/ST officers and employees of ESIC since my elevation to the post of Secretary General in April, 2011. But unfortunately the response of Management was non cooperative and almost all the issues were kept pending with no action at all.

4. Since, no result was coming I analyzed the reasons for such a failure, I came to the conclusion that since there was large scale corruption in ESIC the Management was not at all interested to take remedial recourse and the things were allowed to happen as it was happening in due course.

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5. We have written many letters to the then Hon'ble Prime Minister of Union Govt. of India and Hon'ble Minister of Labour and Employment also with no fruitful results.

6. Though the corrupt tendencies have started in ESIC prior to my becoming SG, I raised my first protest vide my letter No. AIESIC.SC/ST.FED/2011/133, 134 and 135 dated 3rd December, 2012 addressed to Hon'ble Prime Minister of India, Hon'ble Union Minister for Labour and Employment and Chief Vigilance Commissioner respectively **copy enclosed as Annexure – I**. In this complaint, I have raised the serious issue of in-action of ESIC in filling up 879 vacancies in ESIC along with various other mismanagement. I protested the decision of Union Government of India to give post retirement extension to Shri T.K. Bhattacharya who was in fact a very corrupt officer facing lot of serious complaints in his service career.

7. Unfortunately, I received a letter No. C-12/18/Hqrs./1/2013-Vig. Dated 21.01.13 **copy enclosed as Annexure – II** from Director (Vigilance), ESIC in response to my above letter and he considered my complaint as general in nature and which according to him do not appear to be verifiable and requested to mention specific case with sufficient proof of the involvement of the officer in order to enable investigation.

8. Since, I want not satisfied with the loose reply, I lodged a protest vide my letter No. AIESIC.SC/ST.FED/2011/133-135 dated 03rd February, 2013 **copy enclosed as Annexure – III** and gave my commitment to bring substantial facts of corruption before the authority.

9. In the mean time the management decided to transfer Shri B.K. Sahu, the senior most Insurance Commissioner in ESIC to National Training Academy, ESIC as the management considered his presence in Headquarters Office against the vested interest of corrupt officers and continued with the corrupt officer. Our Federation protested against this move of Management vide our letter No. AIESIC.SC/ST.FED/2011/141 dated 4th March, 2013 **copy enclosed as Annexure – IV**, which was grossly ignored as this decision was taken on the behest of the then Minister for Labour and Employment.

10. In the mean time, the situation had so worsened that the agents of the office of Minister for Labour and Employment openly started demanding illicit gratification for transfer postings to public offices and various public offices were virtually put for bidding at various price tags. I raised my protest vide my letter No. AIESIC.SC/ST.FED/2011/ 150 dated 26th September, 2013 **copy enclosed as Annexure – V**. The prevailing rates which our Federation gathered from various sources were as follows :

- a) For Group 'A' officers seeking posting of choice Rs. 25 lakhs.
- b) For Group 'B' officers seeking posting of choice Rs. 15 lakhs.
- c) For Group 'A' officers seeking posting in choice state Rs. 5 lakhs.
- d) For Group 'B' officers seeking posting in choice state Rs. 2 lakhs.
- e) For Group 'C' SSO seeking posting in choice state/region Rs. 2 lakhs.
- f) For Inter Regional Transfer of Group 'C' staff Rs. 1 lakh.

11. In order to analyze the modus operandi of corrupt officers we have analyzed the General Administration of ESIC along with irregularities in one of hundreds of the construction project awarded by ESIC. Since, the ESIC had started nearly hundreds of construction project totaling to the tune of Rs. 30,000 Crores, our federation **selected the project of construction of ESIC Hospital Gurgaon** for public audit on which a total of approximately 60 crores were spend by ESIC. The finding of gross irregularities in General Administration of ESIC and in project for construction of ESIC Hospital Gurgaon was submitted in the Office of Hon'ble Prime Minister of India vide our letter No. AIESIC.SC/ST.FED/2011/153 dated 29th January, 2014 **copy enclosed as Annexure – VI**. I am really sorry to say that **I have raised 20 actionable points regarding corruption in General Administration of ESIC which are still pending for action. Further to it I have submitted 25 paras with documentary evidences which clearly prove the irregularities in project for construction of ESIC Hospital Gurgaon.** It is very unfortunate that no action is taken against any of the officers who were responsible for these irregularities resulting in loss of crores of Rupees to ESIC.

12. In this regard, our Federation submitted one more reminder letter vide our letter No. AIESIC.SC/ST.FED/2011/155 dated 09th April, 2014 **copy enclosed as Annexure – VII** to provide **further inputs for irregularities in project for construction of ESIC Hospital Gurgaon along with detail of interest of Shri P.C. Chaturvedi, Ex-DG of ESIC in various legal entities and detail of interest of his family members in various other legal entities. A list of suspected properties of this officer was also provided for investigation of the matter.**

13. In ESIC more than 140 construction projects with obligation of around 30,000 cores are or were going on throughout India out of these projects 100 projects are of more than Rs. 50 Crores and some of projects were of 1000 crores also. There are more than 70 engineers including E.E./A.E./J.E. engaged for these projects without proper sanction of the competent Authority. Earlier the retired engineers were engaged and they were given the work of technical evaluation which was done by them as per the wishes of some officers of ESIC, who were minting from the different projects.

14. The architect fees is paid @ 3 which is not as per Govt. of India norms. It should not be more than 1 % at the maximum. The selection of the Architect is sweet will of the officers who are actually engaged with these projects. The architectural consultant was engaged at a time when only few project were started and the bidders were not informed about of volume of upcoming projects as a result a competitive rate of fees could not be received and those who bid were provided many big projects on same exorbitant rate of fees.

15. Out of these 140 projects on a few project has been completed so far. The cost of project has been escalated abnormally. On an average the trend of escalation in most of the project is reported as 30% as against not more than 15%.

16. Most of the projects have crossed the likely date of completion and some of the project are running beyond 2 to 3 years from the date of completion resulting in unnecessary escalation of project cost.

17. Some of the projects are already under the scanner of CTE of CVC but the progress of investigation is very slow because of MAFIA behind these project and internal support of ESIC and Ministry of Labour and Employment to those officers is hindering the investigation. So far no investigation report has been received and therefore no one was booked by competent authority though there are number of irregularities in the projects.

18. The choice of contractor is also sweet will of officers of ESIC. In fact they are partner and are taking larger share from the payments of these contractors. This can be verified by man power deployed by the construction agency. They are mostly belonging to the same place/area and migrate from one project to other. The ESI Corporation has paid 4 % as work charge over and above the estimated price offered by the constructions agencies even though it has to be absorbed by the construction agency. By doing so they have caused a loss of nearly 1000 crore to ESIC. Since, I was associated with 1200 Crore IT Project Panchdeep, I ensured that the Service tax at a rate of 12.36 % is not released as the same was inclusive in the bided price. It has come to our notice that on one side we are paying work charge of 4 % of estimated cost of project on the other side we are allowing the third parties to get refund of work charge/service tax paid in our projects which should have been refunded to ESIC only thus causing unjust enrichment to private parties at the cost of ESIC & Government of India.

19. The financial Commissioner of ESIC was the head of project monitoring division. He is the financial head of ESIC. Being the head of PMD he exercises administrative power and financial power as F.C. and clears the projects even if there are number of loopholes/irregularities. The financial and administrative power cannot be in the hand of one officer which is clear cut violation of Govt. of India instructions on the subject. It is like one man show and the rules are flouted and provisions of G.F.R. are violated. If any junior officer trying to write as per rules, he is threatened and stated to be transferred far away.

20. Recently C & AG has conducted performance audit of ESIC. It was pointed out by the external audit that 4% charge given by ESIC is not as per rules which is huge amount in total.

21. In view of not receiving fruitful results in these sensitive issues from the Office of Hon'ble Prime Minister of Union Government of India and Ministry of Labour and Employment made me more concerned about ESIC and we have decided to highlight these issues till these irregularities are not removed and the guilty officers are punished.

22. In this regard, I would like to submit that recently one of our officer Shri Tri Rattan, Assistant Director (Official Language) was promoted to the post of Deputy Director (OL) and was posted out of Home Zone and particularly from NCR of Delhi to West Bengal against the fourth guideline of transfer policy whereas in respect of all other officers 4th Guideline was followed and all were adjusted in their home zones.

23. As per the transfer policy rotation of officer while being allotted posting beyond home zone should have been done on first come first go basis. Whereas in the instant case the longest stay case has not only been adjusted in his home zone but also in place of his convenience. Incidentally the longest stay case has joined in NCR of Delhi and since then staying in Delhi and will further gets next promotion in Delhi as the same is sanctioned for Delhi only. Hence, one officer will remain in NCR of Delhi for his whole service career, whereas the counter part SC officer will have to start his service career out of his home zone and will be again and again made subject to extreme posting.

24. In this case, it has been come to our knowledge that a total of Rs. 2 lakh was paid as illicit gratification for adjusting longest stay case in NCR of Delhi to corrupt officer of ESIC.

25. Our Federation represented our this case before ex Director General and the present Director General of ESIC vide our letter No. .SC/ST.FED/2015/005 dated 17th June, 2015, **copy enclosed as Annexure – VIII**. Followed by a reminder letter No. .SC/ST.FED/2015/005 dated 17th September, 2015 **copy enclosed as Annexure – IX**. In view of prevailing corruption in ESIC and Ministry of Labour and Employment both the above officers preferred to ignore the grievance and neglect the gross violations.

26. In this case our Federation also sought the interference of National Chairman of our Confederation, Dr. Udit Raj, Hon'ble Member of Parliament, whose interference was also ignored by corrupt officers of ESIC on the pretext that the only post available in NCR of Delhi has been already filled and there is no vacancy in NCR of Delhi. It is height of corruption in ESIC as the management is committing gross irregularities in spite of issue being raised by not only our federation but is being raised by High esteemed office of our Hon'ble Member of Parliament also.

27. In this regard, I would like to state that in ESIC posting of officers are not regulated by Transfer Policy but are regulated by Whims and Fancies of Management of ESIC and Ministry as the posting are always decided on the basis of corrupt means. There are nearly 15 deputy directors excess in Headquarters Officer to the sanctioned strength. There are nearly half a dozen Directors who are posted in such locations where there is no sanctioned post of Director. When it comes for adjustment of favored persons all rules are flouted and members of SC/ST are made to suffer for benefitting these favored persons.

28. It has also come to our knowledge that various posts of Directors in Regional Offices and Joint Director in Sub-Regional Offices are kept unfilled in spite of fact that officers are available for posting. The additional charge of Regional Office Chhattisgarh, Himachal Pradesh, Jammu and Kashmir are assigned to Regional Director of Regional Office MP, Punjab and Punjab respectively. The additional charge of Sub Regional Office, Ludhiana, Surat, Ambala, Kozikode, Ernalkulam, Nasik and Madurai are assigned to Joint Directors of Hospital Ludhiana, RD Gujarat, RD Faridabad, RD Mumbai and Director Coimbatore respectively. By giving additional charge to existing HOD of other offices the ESIC is not only incurring unwarranted expenditure on TA/DA of officers but thus is hampering the functioning of these offices resulting in inconvenience to IPs and other stake holders of ESIC. This type of scenario clearly establish that the allegation made in para 10 above and my letter No. AIESIC.SC/ST.FED/2011/150 dated 26th September, 2013 **copy enclosed as Annexure – V** as correct and the RO and SRO are sold and assigned by corrupt means to corrupt officers as and when they are available.

29. Instances have come to notice where due to negligence of our officers loss to exchequer has occurred for amount of crores of rupees and the management has not taken action against the responsible officer which also clearly gives indication that the Management is in business of protecting the perpetrators of these frauds/thefts. Our federation has got information of illegal siphoning of ESIC fund to personal account to the tune of Crores of Rupees by some of our officers. We have also received information of large scale theft of medicines from ESIC Hospitals to the tune of crores of Rupees by our Officers. I will be bringing facts of such cases in due course.

30. There are numerous instances where the Hon'ble CAT has issued direction to ESIC for rectifying the irregularities. Nearly half a dozen cases are known to this federation where the direction of Hon'ble CAT are still pending for compliance. The management considers it wise to spend lakhs of rupees in fighting the case in Hon'ble High Court and Hon'ble Supreme Court but do not consider it necessary to provide justice at lowest level i.e. at its own level or at the behest of Hon'ble CAT thus causing loss of exchequer and poor aggrieved petitioners. **The concept is clear- pay illicit gratification or go to court. In case you go to court the matter will be appealed in Hon'ble High Court and Hon'ble Supreme Court.**

31. **Many of the Directors who belong to SC/ST category who are supposed to be posted as Regional Director of Regional Offices are posted in Sub-Regional Offices which is actually to be headed by a Joint Director In-charge. Whereas as contrary to it there are also some instances where General Category Joint Directors are posted against the vacancy of Director.**

32. I had raised the issue of the DG, ESIC not allowing the Insurance Commissioner (equalant to Joint Secretary) and Additional Commissioner (P&A) to use their Delegation of Power in order to manipulate the transfer postings with out seeking prior approval of Standing Committee of ESIC vide para 1 under heading "Corruption in General Administration of ESIC" of my letter No. AIESIC.SC/ST.FED/2011/153 dated 29th January, 2014 **copy enclosed as Annexure – VI.** The situation has further deteriorated. Now the Management has illegally delegated the power of Insurance Commissioner and Medical Commissioner to subordinate Additional Commissioner with out seeking mandatory approval of Standing Committee in violation of Rule 16(2) of the ESI (Central) Rules, 1950 as such officers with close nexus to conduits and some officers of Minister's office are playing key role in promoting corruption.

33. **In order to promote corruption and not to disturb the existing system of corruption the one and only Insurance Commissioner who was posted out in National Training Academy, ESIC was neither called back in headquarters office nor given charge of subject which are under his delegation of powers.**

34. Usually transfer orders for repatriation of those officers who are already sent out of their native region are considered before issuing promotion order of current year. Vacancies are assessed for current year only after all applications for repatriation is adjusted. **Now in order to adjust the promotees of current year the management has stopped repatriating those offices who are due for repatriation as per transfer policy. For such adjustments collection of illicit gratification is rampantly being done. A long list of 376 officers who are still waiting for posting of their choice is enclosed as Annexure – X.**

35. In this regard, I would like to submit that the screening for filling up the post of Deputy Director, Assistant Director and Social Security Officer were conducted in the month of August, 2015 and promotion order for the post of Deputy Director was issued on 04-09-2015 **enclosed as Annexure – XI** without repatriating nearly 60 officers whose application for repatriation were pending and are still pending page No. 2, 3 & 4 of **Annexure – X**. The purpose of this was to get undue benefit from beneficial parties through conduits of Ministry with the affected persons and order was issued only after a hefty sum was passed off to Ministry. The process of negotiation for illicit money for the post of Assistant Director and Social Security Officer is still going on.

36. The situation has so deteriorated that for conducting every screening for ad-hoc promotion and for conducting every DPC the Minister office has to be obliged. For every proposal of relaxation of Recruitment Rules also the Ministers office has to be obliged.

37. If the demands of Ministers Office is met then any kind of amendment in Recruitment Rules can be done. Otherwise the ministry will turn down the proposal. I would like to put forth an example for your convenience. In ESIC, it is found that usually many of the post of Assistant could not be filled as sufficient number of eligible UDC with three years service are not available in feeder cadre. As a result when ever vacancies are there proposals are sent to Ministry for relaxation of eligibility criteria for SC/ST category employees under special recruitment drive. Likewise a proposal was sent to Ministry last year for such relaxation which was till date not accepted by the Ministry. In place the ministry issued a direction to ESIC to consider to revise the eligibility condition to 10 years from the existing 3 years. That means vacancies will be there in just two years service and the UDC should seek special relaxation from Ministry till 8 years for promotion.

38. Recently some of our Group A officers showed their courage to not to budge before the corrupt tendencies of Management/Ministry preferred to seek justice from Hon'ble Central Administrative Tribunal and succeeded in getting justice. The management was not happy with action of these officer's going to CAT and seeking justice. The management issued a regular promotion order for promotion to the post of Director to 50 officers vide their 50 Office Orders. A detail of position of Officers Prior to Promotion and Position of officer after promotion is submitted as **Annexure – XII** before your kind consideration for bringing the exact irrational and illegal approach of management/ministry to demoralized sincere officers and promote corruption. The irrational effects of these promotion were as follows :-

- a) In this promotion order senior most 35 officers who were already working on the post of Director on ad hoc basis and getting a grade pay of Rs. 8700 were shown promoted on same post on regular basis but with grade pay of Rs. 7600. (In order to humiliate them their grade pay was reduced and recovery of excess payment was contemplated against them).
- b) In this promotion order 11 officers who were immediately junior to officers indicated in a) above who were working on the post of Joint Director on regular basis against Grade Pay of Rs. 7600 were also shown promoted on post of Director on regular basis but with grade pay of Rs. 7600. (Here though these officers were promoted but were wrongly denied grade pay of Rs. 8700).
- c) In this promotion order four junior most officers who were immediately junior to officers indicated in a) and b) above who were working on the post of Joint Director on regular basis were promoted on the post of Director on regular basis but with grade pay of Rs. 8700.

39. The details given in para 30 clearly show that in order to demoralize the cadre officers of ESIC the Senior Most 35 officers though promoted under the direction of Hon'ble CAT were in fact given promotion in such a way that it in fact resulted in their reversion. 11 officers who were though promoted were not given financial benefit of promotion by not giving them higher grade pay. Further to it contrary to above actions the junior most 4 promotees were given promotion to the post of Director with Grade pay of Rs. 8700, whereas 46 officers senior to them were paid lesser grade pay of Rs. 7600. This clearly shows the height of Corruption in ESIC. In order to hide these manipulation with implementation of Hon'ble CAT's order the Management issued promotion orders of these 50 officers by issuing independent Promotion Order where as in past such promotion orders use to be issued in single order.

40. The court had ordered in above case to "grant due service benefits of promotion to the applicants under existing ESIC Regional Directors / Directors Grade "A" Recruitment Regulations, 2007 with all consequential benefits w.e.f. date(s) on which vacancies arose for individual applicants on regular basis from due dates, when the vacancies became available with all the consequential benefits". The orders of CAT has not yet been followed by the ESIC in view of their corrupt considerations.

41. During last four five years the ESIC has started tie-up arrangement with private super Specialty Hospitals for treatment of its patients. The expenditure on these facilities has grown up tremendously as is visible from following facts :-

Sr. No.	Financial Year	Total amount spent on Super Specialty treatments
1.	2009-10	Rs. 135.90 Crores
2.	2010-11	Rs. 330.93 Crores
3.	2011-12	Rs. 457.67 Crores
4.	2012-13	Rs. 918.68 Crores
5.	2013-14	Rs. 1079.80 Crores

42. These facts clearly show irrational increase in expenditure on this head as compared to increase of IP/Beneficiaries which clearly proves that though we have got our own hospitals right across the whole of India but these hospitals are only acting as agent for forwarding SST work to private agencies. The private agencies are raising inflated bills, conducting unwarranted procedures on ESIC patients. It has become a rule that those patients who are complaining of chest pain will must have to get stunts fitted in their veins and no one is there to check the genuineness of the requirement. The success rate of the tie-up hospitals are also not good as they have got advance commitment of payment from ESIC. A commission system is also prevailing for settlement of these bills. Where ever there is any hassle in releasing payment of any third party whether any super specialty hospital or any construction agency the undue references are received from Ministry and the payment are released with out due diligence. Many of these beneficiaries are those who are not entitled for SST. **There is loss of nearly 300 crores to ESIC on this Account.**

43. I have received information from some officers who are posted in PMD and Finance wing informing that our principle officers are constantly receiving pressure from present Secretary Labour and Employment for releasing payment of third parties as a result some time due process of examining/service validation formalities are ignored.

44. Sir, In order to increase the business of Super Specialty the ESIC has reduced the eligibility criteria of IPs with out seeking prior approval of ESIC or Standing Committee of ESIC by releasing absurd and confusing instructions to all field offices.

45. Sir, issues are innumerable and can be elaborated at length but the purpose fails if no action is taken against corrupt officials and the system is not improved to make it corruption free system.

46. Sir, our Federation is also examining three construction projects of ESIC of multi hundred crores along with the misuse of SST as and when the study is complete the same will be submitted to your good office.

In view of above, you are requested to use your good office to issue necessary direction to responsible persons to sensitize the office of Minister for Labour and Employment and ESIC so that rule of law could prevail in ESIC.

Yours faithfully,



(Heera Singh)
Secretary General

Enclosed:- as above.