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मुख्यालय/HEADQUARTER
कर्मचारी राज्य बीमा निगम
(श्रम एवं रोजगार मंत्रालय] भारत सरकार)
EMPLOYEES' STATE INSURANCE
CORPORATION
(Ministry of Labour & Employment, Govt. of
India)



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No. **U-13/15/2021-22/Fin & A/C IX/01**

Date: - 22.04.2021

To,

All Regional Director
Regional Office, ESIC

All CEO/DIMS/AMO
State ESI Scheme/Society

Subject: Regarding Modalities for fund allocation/release for FY 2021-22 onward:

Madam/Sir,

In order to facilitate State Government for making adequate provision of medical services to ESI beneficiaries, Chairman ESIC, in supersession of all previous communication regarding modalities for release on-account payment, has granted approval for revised policy in this regard. Following policy shall be followed while releasing on account payment to State ESI scheme/ESI societies from financial year 2021-22 onwards.

A. Modalities for fund allocation/release for FY 2021-22 onward:

- I. No change in overall ceiling of ₹3,000/- per IP per annum. However, various Sub-ceiling under this broader ceiling of ₹3000/- have been revised as under: -
 - a) Annual ceiling on entitlement for medical care expenditure to be enhanced to ₹2,600 per IP per annum from existing ceiling of ₹2150/- with maximum sub ceiling of ₹1,300 for expenditure under "Administration" head.
 - b) Entitlement of ₹200 per IP per annum for incurring expenditure under Project Implementation Plan (PIP).
 - c) Entitlement of ₹ 200 per IP per annum on pro-rata basis based on extent of implementation of ESIC Dhanwantari module in State ESI hospitals & dispensaries during previous financial year.
- II. Additional Entitlement of ₹200 per IP per annum as incentive, over and above the ceiling of ₹3,000/- where bed occupancy in all the State ESI Hospitals is more than 70% during the concluded financial year.
- III. Additional entitlement of ₹20 per IP per annum, over and above the ceiling of ₹3,000/- for expenditure under preventive and promotive health services.

- IV. a) will be on basis of utilisation of funds, as explained at “C” below, while release of funds against, I b), c) and II and III will be on basis of claims by States.

B. Modalities for Calculation of Budgetary Estimates (BE) for “On Account” payment to State ESI Schemes.

The release of funds and review of expenditure as well approval of BE will be made in the meeting with the State Govt. in the month of March & October.

Entitlement of State ESI Schemes shall be estimated based on average of actual per IP expenditure incurred during last three completed financial year. As increase in medical expenditure ceiling is proposed from ₹2,150/- to ₹2,600/- (which is around 21% increase), the average of actual per IP expenditure will be enhanced by 21% to arrive at budgetary estimate (BE) for FY 2021-22.

Illustration: - If average per IP expenditure incurred during last three completed (2017-18, 2018-19 and 2019-20) year is ₹100 then Per IP Budget Estimate 2021-22 will be fixed as ₹100 + ₹21 i.e. ₹121/-.

For calculation of Budgetary Estimate (BE) of subsequent financial years, average of actual expenditure will be enhanced by 10% considering cost of inflation and increase in nos. of IPs subject to prevailing maximum ceiling.

In case the State Govt. desires additional allocation of funds over and above the approved BE for the year but within its overall entitlement, it may submit a proposal with justification with details of expenditure and utilization certificate for the purpose of Revised Estimate by 31st October. The proposal will be submitted before Director General for approval. Further, the Director General has been authorized to approve re-appropriation of budget among States from within the total approved budget for any financial year.

The preparation of the revised estimates for On Account payment to State should be done by 30th November and budgetary provision circular with details instructions and guidelines will be issued by 15th December prior to subsequent financial year.

C. Proposed Modalities for release of “On Account” payment.

Out of the calculated budgetary estimate (BE) as above, after holding 10% of BE for release subsequent to submission of Audit certificate, 90% shall be released in two instalments by the 15th of April and October, by concerned Regional office as per following:

- **First Instalment (April to September):** 50% of 90% of BE shall be released by 15th April after adjustment for unutilized fund (if any) which was provided to State ESI Scheme for one year prior to preceding financial year as reflected through its utilization certificate. **Due date for UC will be 30th September of following year.**

Illustration 1- for calculating first instalment for FY 2021-2022, if the 90% of BE amount is ₹100/- and during one year prior to preceding financial year (FY 2019-20), ESI Scheme has spent ₹80 out of released amount of ₹90, then First instalment calculation shall be 50% of 100 – (₹90 - ₹80) i.e. ₹50 – ₹10 = ₹40/-.

- **Second Instalment (October to March):** Remaining 50% of 90% of BE shall be released by 15th October. While releasing 2nd instalment following may be taken care of:
 - a) In case of unspent balances of one year prior to the preceding F.Y. get spent in previous F.Y. as reflected through utilization certificate (due date is 30th Sept of following year), adjustment made during 1st instalment may also be released in addition to 2nd instalment.
 - b) In case in the review meeting with State in the 1st week of October of financial year, it is revealed that the 50% of fund released during 1st instalment has not been exhausted till the end of 30th Sept, 2nd instalment may be given on proportionate basis.

Further, the adjustment of released instalment amount and utilisation certificate from financial year 2021-22 onwards will be carried out as under:

1st instalment: Released during April, 2021 – UC of FY 2019-20.

1st Instalment: Released during April, 2022 – UC of FY 2020-21.

1st Instalment: Released during April, 2023 – UC of FY 2021-22 and so on.

- **Additional Instalment:** The State Govt. has been allowed to submit additional requirement of fund through submission of revised estimate as explained in Para B above. Additional fund, if approved, shall be released by 31st December of the same financial year subject to total allocation of the year being within the entitlement of ceiling amount including sub-ceiling.
- **No sub-ceiling for Others head:** At present payment to States are done within a sub-ceiling of Administration & Others (Drugs & Dressing etc.) in an effort to control excess expenditure on salaries in the ratio of 50:50. Instances have been seen where some of the State are incurring expenditure on Others above the sub-ceiling entitlement. Now It has been approved that the ceiling of Others may not be restricted subject to within the overall entitlement ceiling to encourage expenditure on service to IPs with ceiling on Administrative expenditure to continue.
- **PIP Fund Instalment:** To avail the Project Implementation Plan (PIP) fund, the State Government shall submit plan in advance by 15th Oct for subsequent financial year. This will be examined at ESIC Hqrs'. level and after getting approval from Director General, the sanction will be communicated to State Government by 31st Dec for subsequent financial year. Utilisation Certificate in case of PIP may be taken by considering period of 12 months before preceding year. While sanction for the subsequent financial year will be communicated to the States before commencement of the financial year, the release will be spread over the year irrespective of any ceiling of 90% with audit certificate to be furnished with On Account payment audit certificate.

- **Full & final Settlement:** Audit certificate of concerned financial years shall be required for release of balance fund spent by State ESI Scheme subject to various sub-heads and broader ceiling.

Accordingly, Regional Directors are requested to take necessary action for release of on-account payment as per revised policy.

This issues with the approval of Financial Commissioner.

Yours Sincerely,



AK Gautam

Assistant Director

Copy to:-

1. PPS to DG/FC/CVO
2. PPS to all Divisional Head, ESIC Hqrs
3. All Principal Secretaries, dealing with ESI scheme, State Governments- Copy of DO letter of Financial Commissioner communicating the total entitlement@Rs.3000/- per IP per annum for the financial year 2021-22 in respect of your state is attached.
4. WCM with request to upload on ESIC website.