



ESIC has amended / modified its new inspection policy vide circular no. S-11/12/2/2008-Rev.II dated 14<sup>th</sup> March 2012 issued by ESIC Headquarters. The policy will be effective from 01-04-2012.

Important points of the Policy as follows:-

**A. Priority for inspections**

The priorities of the units to be inspected shall be in the following order:-

1. All New covered units
2. Defaulting units.
3. Closed Units
4. Complying units with following conditions:-
  - a. Inspected once in two years for the units employing more than 250 employees.
  - b. Inspected once in three years for the units employing less than 250 employees.
  - c. Security agencies, manpower agencies etc..
  - d. Inspection will be done only for one year which is the oldest of pending period, however, it is the prerogative of Regional Director he/she has reasonable doubts can order for the inspection of records for the remaining period but in no case beyond five years.
  - e. Units falling in any of the above priorities which are due for inspection and their period of inspection is likely to be over 5 years shall be given topmost priority.

**B. Action in case of non Production of record for inspection.**

Wherever employer fails to produce the record, action for filing prosecution must be completed within one year from the date of first visit by social security officer. In case of non-submission of records on the first occasion, the Social Security Officer will fix the next date of inspection in consultation with the employer and issue him a notice on the spot on which the signature of the employer shall be obtained. If it is found that the employer is deliberately avoiding production of records, then prosecution action be recommended to RO/SRO/DO. The officer sanctioning prosecution shall also keep in mind that prosecution is not filed as a matter of routine but only against the chronic and willful defaulters.

**C. Survey and date of coverage**



The SSO is required to recommend the date of coverage w.e.f the date the unit stands coverable, on the basis of records inspected, recommending the coverage at the time of survey of the Factory/Shop/Establishment as a topmost priority. More details are in the attachment.

**D. Complaint cases**

In case of complaints containing verifiable facts, surprise check shall be conducted. In case of other complaints, the same should be first examined in RO/SRO/DO and its authenticity confirmed.

For more details on **Duties and responsibilities of SSOs / Methodology of Survey / Inspection & Monitoring of Inspection work** please refer to the attached Circular.

Regards

**RAJEEV BANSAL**

**Chairman International Business Promotion**



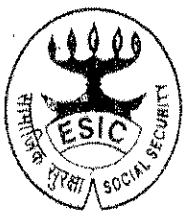
**Indian Industries Association**

IIA Bhawan, Vibhuti Khand Gomti Nagar Lucknow-226010

Ph: +91-522-2720090, +91-522-3248178 Fax: +91-522-2720097

Website : [www.iaonline.in](http://www.iaonline.in)

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EMPLOYEES STATE INSURANCE CORPORATION  
PANCHDEEP BHAWAN, C.I.G ROAD,  
NEW DELHI - 110 002.

Website - [esic.nic.in](http://esic.nic.in) Ph : (011) 23234092

No. S- 11/12/2/2008-Rev.II

March 14, 2012

To

All Regional Director/Director (I/C)/Joint Director (I/C)  
ESI Corporation  
Regional/Sub- Regional Office/DO

**Subject : Amendment/modifications in New Inspection Policy- 2008.**

Sir/Madam,

A number of new initiatives have been taken and also that the ESI Act has been amended w.e.f 1/6/2010, as such the New Inspection Policy 2008 promulgated vide Hqrs Office letter no. S-11/12/2/2008-Rev-II dated 16/6/2008 requires certain modifications. The feedback/suggestions in this regard have been sought from RDs/Director (I/C)/JD(I/C). Considering all the suggestions received and deliberations held, the existing New Inspection Policy 2008 is being amended/modified. The object of this new amended Inspection Policy is to create a sense of cooperation and mutual trust amongst the stakeholders i.e. employers, beneficiaries and the Corporation. Our focus has to change and we have to ensure that coverable employees are covered and they get benefit of the ESI Scheme and that willful defaulting employers are dealt with severely under law.

However, before implementing this amended provisions of New Inspection Policy, the Director General has desired that **cleansing the employers and employees/IPs data available with RO/SRO/DO for use in Project Panchdeep must be given top priority so that our available data base is realistic.** The amended New Inspection Policy is being issued as under :-

**A. Priority for inspections**

The priorities of the units to be inspected shall be in the following order:-

1. All New covered units
2. Defaulting units.
3. Closed units

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4. Complying units with following conditions:-
- (a) Units employing **more than 250 employees** may be inspected **once in two years**
  - (b) Units employing **less than 250 employees** may be inspected **once in three years.**
  - (c) Security agencies, manpower agencies, housekeeping agencies, labour supplying agencies etc should be subjected to **annual inspection.**
  - (d) Inspection will be done only for one year which is the oldest of pending period, however, it is the prerogative of Regional Director/Director(I/C)/JD(I/C) if he/she has reasonable doubts, can order for the inspection of records for the remaining period but in no case beyond five years.
  - (e) Units falling in any of the above priorities which are due for inspection and their period of inspection is likely to be over 5 years shall be given topmost priority

#### **B. Action in case of non production of record for inspection**

Wherever employer fails to produce the record, action for filing prosecution must be completed within one year from the date of first visit by Social Security Officer. In case of non-submission of records on the first occasion, the Social Security Officer will fix the next date of inspection in consultation with the employer and issue him a notice on the spot on which the signature of the employer shall be obtained. If it is found that the employer is deliberately avoiding production of records, then prosecution action be recommended to RO/SRO/DO. The Officer sanctioning prosecution shall also keep in mind that prosecution is not filed as a matter of routine but only against the chronic and willful defaulters.

#### **C. Survey and date of coverage**

1. Surveys of uncovered factories/establishments for coverage, if coverable, should be a continuous exercise. However, intensive surveys should be conducted at least three times in a year - in April-May, in September-October and then in December-January. Help of State Government, Trade Unions and EPFO should be taken in this exercise.
2. The SSO is required to recommend the date of coverage w.e.f the date the unit stands coverable, on the basis of records inspected, recommending the coverage at the time of survey of the Factory/Shop/Establishment as a topmost priority. The SSO is expected to undertake this exercise during the very first visit or in some cases during subsequent visit. It has been decided that the SSO shall not withhold the recommendation of coverage for want of production of Books of

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Accounts/Vouchers by the employer, as the Corporation always reserves the right to go for detailed verification of records including that of Books of Accounts and coverage may be decided from retrospective date in deserving cases.

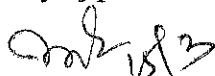
#### **D. Complaint cases**

In case of complaints containing verifiable facts, surprise check shall be conducted. In case of other complaints, the same should be first examined in RO/SRO/DO and its authenticity confirmed. If the complaint is found genuine, then in the first instance, the employer should be called for ascertaining the facts of the complaint. Thereafter, employer should be asked to take corrective steps in a given time frame. If the employer has not taken corrective steps within the specified time frame, then detailed investigation/inspection should be carried out and appropriate action as per law should be taken.

#### **E. Duties and responsibilities of SSOs**

The duties and responsibilities of the Social Security Officers shall be as under :-

- 1) He/she shall ensure that all coverable employers and employees within his jurisdiction are registered with ESI Corporation and all the employees are issued with TIC/Pehchan cards.
- 2) He/she shall provide necessary assistance to all the beneficiaries in getting the benefits for which they are eligible.
- 3) He/She shall assist the employers in getting them and their employees registered, preparation of monthly contribution records/challan and payment of contribution.
- 4) He/she will also publicize the various benefits available under the ESI Act 1948 among the stakeholders.
- 5) He/she will conduct inspections in order of priorities laid down in the Inspection Policy in force from time to time.
- 6) While conducting the inspection, he/she shall ensure that all the employees working in the premises have been issued with the Pehchan cards. If he/she finds any employee who is not having Pehchan cards, he/she shall ascertain the reasons thereof and take necessary steps for capturing their biometric data, preparation of Pehchan cards and delivery of cards to IP through Branch Manager.
- 7) He/she shall also discuss with the employees working in the premises, at the time of inspection, about availability of benefits and shall make a report about their grievances, if any, on any type of deficiencies in Benefit Delivery System.



- 8) In addition to the above the SSO shall also carry out duties and responsibilities as assigned to them by the RD/Director(I/C)/JD(I/C) of RO/SRO/DO.

#### **F. Methodology of Survey/Inspection**

1. The Social Security Officers while visiting the Units for survey / Inspection will make it a point to meet the Occupier / Chief Executive of the factory / establishment and handover observation slip to him/her under proper acknowledgment. If Occupier / Chief Executive refuses to accept the observation slip, this fact should be mentioned in the Inspection Report and the said observation slip should be sent to him/her by Regd. post with AD. Even if there is no observation, this should be mentioned in the report before obtaining the signature of the Occupier / Chief Executive of the factory/establishment.
2. If it is found that any contribution is payable on particular amount which should have been included in wages then it should be decided on the spot during the Inspection after going through the documents. Tendency to record observation that "further observation if any, will follow from Regional Office after further examination of records" must be avoided.
3. Whenever an inspection is done it should be complete in all respect and final observation must be recorded properly. The Inspection Report of SSO will be treated as complete only where ledger verification is conducted. The SSO after checking the books of accounts as per the extant instructions on the subject will incorporate all the details in the Inspection Report.
4. The SSO shall be free to move within his jurisdiction and will give a date-wise list of units well in advance to Regional Office/Sub. Regional Office/Divisional Office that he/she is going to visit for Inspection purpose in a particular month.
5. While visiting employer premises they should take round of the premises and interact with the employees with regard to their coverage/issue of pehchan card/ satisfaction level etc. Where the SSO finds that the workers were not covered, he will get such employees registered online through employer and in case of non-cooperation by employer, he will immediately get Declaration Forms filled and handover it to the Branch Manager and TICs issued on the same day or on the next day. SSO shall also monitor the capturing of Biometric details of employees and their families so detected for preparation of Pehchan Card. After capturing of Biometric details, Pehchan Card shall be delivered to the employee within a week.
6. In case of new coverage, a date should be notified in advance when ESIC officers should visit the factory/establishment and get the employees registered online and hand-over TIC/Pehchan Card personally to employees. It is being clarified that from now onwards the responsibility of handing over/delivery of TIC/Pehchan Card is that of ESIC and in no case TIC/Pehchan Card would be handed over to employer for distribution.

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### G. Monitoring of inspection work

The Regional Directors/Director (I/C)/JD (I/C) would monitor the performance of the Social Security Officers on month to month basis and he/she would be accountable for non-performance/lower performance of the SSO towards coverage of new units/coverable employees .

1. The SSO have to submit tour diary along with Inspection Reports on **weekly basis** to RD/Director (I/C)/JD(I/C). A DO Letter will also be addressed to RD/Director (I/C)/JD(I/C) every month (by the 7<sup>th</sup> of the next month) by the SSO giving the details of the activities undertaken by the SSO.
2. The SSO will have to append a note in the monthly DO indicating the steps taken for covering coverable units/coverable employees, issue of TIC/Pehchan card.
3. At the end of the financial year SSO will give a certificate that "no coverable unit is left uncovered and no coverable employee is left uncovered in a covered unit in his/her inspection division and all covered employees have been issued with Pehchan Cards".
4. **SSO should conduct at least one survey and one inspection each working day in such a way that a target of 20 inspections and 20 surveys in a month is achieved.**
5. One year inspection with books of Accounts verification will be treated as one inspection in respect of units having employment strength upto 250. For the Units having employment strength more than 250 persons, RD/Director (I/C)/JD(I/C) will decide the weightage on the basis of quantum of work.

The instruction no. S-11/12/2/2008-Rev-II dated June 16, 2008 issued earlier on this subject stands modified to the extent of this Instruction.

The above instructions will be effective from **1<sup>st</sup> April, 2012.**

This issues with the approval of the DG/IC.

Please acknowledge the receipt.

Yours faithfully,

  
(A.P. TRIPATHI)

**JT. DIRECTOR (REVENUE)**

#### Copy to:

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5. Website Manager for posting this instruction on ESIC Website