



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. P-11/12/ Corp. Meeting/2024-Rev. II

Date 23.02.2024

To,

The Addl. Commissioners/Regional Directors/Jt. Directors/Dy. Directors (In charge)
Regional Offices/Sub Regional Offices
ESI Corporation.

Sub: Action plan for recovery of outstanding dues from defaulting employers – regarding.

Sir,

The Standing Committee of ESIC during its 230th meeting has shown grave concern over the huge outstanding recovery in ESIC. It has been also observed that the recovery by most of the RO/SROs is not satisfactory. In order to meet the recovery targets and to recover maximum of outstanding dues, following action plan is circulated for information and strict compliance by all field offices:

1. Instructions have already been issued to all field offices to generate and publish list of defaulter employers in ESIC website which needs to be followed meticulously.
2. The Recovery Officer should not be given any additional work apart from recovery so that he may devote full time in liquidation of outstanding recoveries.
3. A weekly report of recovery progress is to be sent to Hqrs. Office during the special drive and the Head of the Offices shall personally keep a watch on high value recovery cases along with maintenance of history sheet of efforts made to recover the outstanding dues in such cases.
4. Additional manpower should be provided to the Recovery Officer during the Special Drive period depending upon local requirement.
5. From the current year the targets will be fixed and monitoring of recoveries will be made to ensure that old dues are also taken care of by the recovery machinery, hence all the field offices are advised to reconcile the recovery amount so that fixing of target may be done on the correct amount.
6. All field offices are advised to concentrate on such cases where the employer has generated the Challans but failed to deposit the contribution. These cases should be taken on priority, as the employer himself has generated the challans and thereby accepted his liabilities. The field offices should monitor these cases on monthly basis.
7. To ensure that all cases are attended to promptly, the internal audit will conduct the scrutiny of all the cases in regard to the action taken and

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amount recovered. The internal audit may be advised by the field officers for conduct of internal audit accordingly.

8. Zonal Vigilance will also scrutinize some of the cases of recovery to ensure that action is taken in time and no mischief/malafide is committed in recovery process. If any malafide is found, the same will be brought to the notice of the RD and Headquarters by Zonal Vigilance Officers for examination and further suitable action in accordance with rules.
9. While fixing the targets of dues for the year 2024-25, the age wise dues will also be considered so that the old claims should not remain unattended. The target of the recovery out of the total target fixed will be apportioned as under:

S No.	Period for which dues relates	Percent of targets
1	Prior to 10 years	10% of the target fixed
2	5 to 10 years	20% of the target fixed
3	Up to 5 years	70% of the target fixed

For the current dues, the unit and employer can be traced and assets can be located to affect the recovery. Hence the chances of recovery in such cases is more. However, while fixing the targets the old dues will also be kept in view to liquidate the old recoveries.

10. **Proper Classification of Employers in the ESIC Database:**

- a. In order to reflect the actual status of the employer units in insurance module, a one time exercise to update the correct status of the employer in insurance module will be made. Option is already available to change the employer status to different available options such as Closed/Temporarily Closed/ Whereabout not Known/ De-active/Registration Cancelled/ De-Covered/ Coverage disputed in Court/ Under Liquidation etc. in Insurance module. It will pave the way for correct assessment of the coverable units and correct defaulter's list.
- b. In a large no of cases, proper closure intimation may not be available or the employer has simply given a letter intimating closure without any supporting evidence or all the registered letters are returned undelivered with remarks Closed/Not Known etc and the Closure Inspection of the Unit is pending. Since the closure formalities in Revenue is tedious, such units may be marked as temporary closed so that it should not reflect in defaulter's list. The field office simultaneously checks the status of unit from GST Department, EPFO, the state Labour department etc. for initiating further action.

11. **Proper Reconciliation of Employer wise Revenue Arrear Ledger**

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with Recovery Data:

(a) As the Annual Arrear Statement is prepared by compilation of all the dues reflected in Employer wise arrear ledgers, improper reconciliation between Revenue and Recovery branches will show an escalated figure in Arrear statement instead of the actual outstanding arrears.

(b) The proper classification of the Arrears, as irrecoverable due to Court Stay/Liquidation/NCLT/ Closed and Whereabouts not Known will be done against each Employer Arrear ledger/Code so that only the actual recoverable dues are shown in the Annual Arrear Statement. The field offices may complete the exercise in the month of April,24 so that fixing of targets for next year may be based on the correct assessment of the pending due(s). To reconcile the correct status of the outstanding dues, Revenue and Recovery Branch staff may be deputed exclusively for 15 days in the month of April for the proper preparation and reconciliation of Annual Arrear Statement.

12. In many cases the unit may be closed, and whereabouts of the employer is Known, but the employer does not have any realizable assets or financial resources to pay the arrears. Also, in case of many old closed units, all the assets would have already been attached and sold off by Banks and there may not be any assets left now to realize the dues. In such cases the recovery officer will make all efforts to find out the assets of the employer from all sources and all coercive method should be utilized to recover the dues. The head of office and recovery officer will have a separate record of such cases and the cases may be reviewed from time to time.

13. In BIFR/AIFR/NCLT/NCLAT cases the award for part amount of the recovery might have been given and the balance is now non-recoverable. Field offices will review all such cases and a detailed case sheet along with balance amount for recovery may be furnished to Hqrs. with the certificate of RD/SRO (I/c)/DD (F) that the amount is irrecoverable despite of all efforts.

14. Once a payment is made by an Employer against any Recovery Certificate, the same should also reflect against the linked claims. It will help in correct assessment of recovery.

15. The information from Income Tax department should be sought through Form-46. This should be used to get the information in high value cases where the information regarding assets and bank accounts is not with the ESIC or the details of the assets of the employer is not available with the ESIC.

16. Similarly, data sharing with the EPFO and other departments should be

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increased for effective recovery from the defaulting employers.

17. The C-18 register showing the defaulter action against the employers is online and the respective dashboard is also in place. RO/SROs In charge should closely monitor the pending cases and subsequent recovery action.

18. History sheet showing the action taken and amount recovered in respect of defaulters of Rs. 25 lacs and above/ 10 lacs should be submitted quarterly to the Headquarter Office. The provision of updation of all such cases through the MIS on insurance module is being requested to the ICT and will be conveyed to the field offices in due course.

19. The head of office should review all high value pending cases involving Rs 5 lakh and above and if laxity or inaction on the part of the Recovery officer is observed the same may be brought to the notice of Hqrs for taking further action.

20. With every Annual Arrear Statement the RD/SRO(i/c) and Recovery officer will give a certificate that action as per rules has been taken in all cases and all efforts to liquidate recovery has been taken by the Recovery officer.

21. In case of noncompliance by the employer the C-18(adhoc) may be issued after verifying the status of the unit through EPFO/Association/Office of the Govt. Department to avoid inflated claims against the closed units which lead to increase of the amount of the recovery which ultimately is not recoverable.

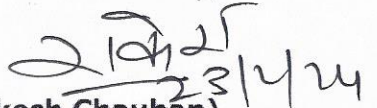
22. To ensure that the notice for the initiation of assessment proceeding should reach the employer, a public notice for all the amounts involving Rs. 1 lac and above will be published before initiation of the assessment proceedings.

23. A proper and correct classification of CPSUs/SPSUs units under respective Ministries/Controlling Departments will be maintained in order to have the close monitoring of such cases at Hqrs. level or if required reference to the Ministry will be made to take up matter with the concerned Ministries/departments.

The above guidelines may be noted for strict compliance.

This issues with the approval of Director General.

Yours faithfully,


(Rakesh Chauhan)
Dy. Director(Revenue)

Copy to:

The website content manager for uploading the circular on ESIC website.