

U/S 26, there is provision for the creation of a fund called ESI Fund for the purpose of :

- (i) Payment of benefits to the insured persons;
- (ii) To meet the cost of Administration of the Corporation; and
- (iii) To provide for other authorised purposes.

Section 26 (1) provides that all contributions paid under the ESI Act and all other moneys received on behalf of the Corporation shall be paid into the ESI fund, which shall be held and administered by the Corporation for the purposes of this Act.

Under Section 26 (2), the Corporation may accept grants, donations and gifts from the Central or any State Government, local authority or any individual or body whether incorporated or not, for all or any of the purposes of the Act.

All moneys accruing or payable to the fund shall be paid into the Reserve Bank of India or to such other bank as may be approved by the Central Government.

The Fund will be operated by such officers as may be authorised by the Standing Committee with the approval of the Corporation.

Purposes of the Fund

U/S 28, the ESI fund shall be expended only for the following purposes :

(1) Payment of benefits and provision of medical treatment and attendance to :

- (a) insured persons;
- (b) their families; and
- (c) defraying the charges and costs in connection with the medical treatment and attendance to insured persons and their families.

(2) Payment of fees and allowances to the members of the Corporation, the Standing Committee and the Medical Benefit Council, the Regional Boards, Local Committees, etc.;

(3) Payment of (a) Salaries, allowances and other perquisites etc. to the officers and officials of the Corporation; and (b) meeting the expenditure in respect of officers and other services set up for purposes of giving effect to the provisions of this Act;

(4) Establishment and maintenance of hospitals, dispensaries and other institutions and for medical and other ancillary services for the benefit of insured persons;

(5) Payment of contribution to any State Government, local authority or any private body or individual towards :

(a) the cost of medical treatment and attendance provided to insured persons or their families; and

(b) cost of any building and equipment in accordance with any agreement entered into by the Corporation;

(6) Defraying the cost of :

(a) auditing the account of the Corporation; and

(b) the valuation of assets and liabilities;

(7) Defray the cost of ESI Courts set up under this Act;

(8) Payment of any sums under any contract entered into for the purpose of this Act;

(9) Payment of sums under any decree, or award of any Court of Tribunal against the Corporation or any of the officers or servants for any act done in the execution of his duty or under compromise or settlement of any suit or other legal proceedings or claim instituted or made against the Corporation;

(10) Defraying the cost and other charges of instituting or defending any civil or criminal proceedings arising out of any action taken under this Act;

(11) Defraying expenditure on :

(a) measures for improvement or health and welfare of insured persons; and

(b) for the rehabilitation and reemployment of insured persons who have been disabled or injured; and

(12) Such other expenses as may be authorised by the Corporation with the previous approval of the Central Government.

Maintenance of ESI Fund

Other provisions of the ESI Act, 1948 to maintain this Fund are as under :

(1) Administrative Expenses

U/S 28-A, the types of expenses which may be termed as administrative expenses and the percentage of the income of the Corporation which may be spent for such expenses shall be such as may be prescribed by the Central Government and the Corporation shall keep its administrative expenses within that prescribed limit.

(2) Holding of Property etc.

Section 29 empowers the Corporation to hold any movable or immovable property. It can also sell or transfer any property vested in or

acquired by it. But this right of the corporation shall be subject to the conditions laid down by the Central Government.

(3) Vesting of the Property in the Corporation

U/S 30, all property acquired before the establishment of the Corporation shall vest in the Corporation and all income derived and all expenditure incurred in the acquisition of the property shall be brought into its books of accounts.

(4) Budget Estimates

In accordance with the provisions of Section 31, every year the Corporation shall prepare its budget, which shall mention the probable receipts and expenditure. A copy of it shall be submitted to the Central Government.

(5) Accounts

U/S 33, the Corporation shall maintain correct accounts of its income and expenditure in such form and such manner as may be prescribed by the Central Government.

(6) Audit

Section 34 provides that—

- (1) The accounts of the Corporation shall be audited by the Comptroller and Auditor General of India and any expenditure incurred by him in connection with such audit shall be payable by the Corporation.
- (2) Any person appointed by the CAG of India in connection with the audit of the accounts of the Corporation shall have the same rights and privileges and authority in connection with the audit as the CAG. In particular, he shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the Offices of the Corporation.
- (3) The accounts of the Corporation as certified by the CAG together with the audit report thereon shall be forwarded to the Corporation which shall forward the same to the Central Government along with its comments on the report.

(7) Annual Report

U/S 35, the Corporation shall submit to the Central Government an annual report of its work and activities.

(8) Budget, etc. to be placed before the Parliament

U/S 36, the annual report, the audited accounts of the Corporation together with the report of the Comptroller and Auditor General of India thereon and the comments of the Corporation and the budget as finally adopted by the Corporation, shall be placed before the Parliament.

(9) Valuation of Assets and Liabilities

U/S 37, the valuation of the assets and liabilities of the Corporation shall be made by a valuer appointed with the approval of the Central Government. Normally, it shall be made at intervals of five years.