H&FW Department shouldered an avoidable expenditure of ₹ 10.20 crore for unjustified continuation of RSBY premium against 2.03 lakh beneficiaries, who were also enrolled under Swasthya Sathi scheme.

The matter has been referred to the Government in June 2021; reply was awaited (October 2021).

3.10 Non-recovery of penal amounts from Swasthya Sathi Insurance Companies

The State Nodal Agency, Swasthya Sathi, Health & Family Welfare Department did not recover ₹ 6.11 crore from Insurance Companies for their under-performance, in spite of having enabling provisions in the agreement.

With a view to bringing the low paid contractual workers/ volunteers associated with various schemes/ programmes implemented by the State Government and who were not covered under any Health Insurance Scheme, the Health & Family Welfare Department (Department) introduced a Group Health Insurance scheme-named "Swasthya Sathi" in February 2016. The Scheme was designed to provide basic health cover for tertiary care[153] up to ₹ 1.5 lakh *per annum* per family through insurance[154] mode and up to ₹ 5 lakh *per annum* per family through Assurance mode[155].

For this purpose, agreements were entered into between the State Nodal Agency (SNA) and Insurance Companies (ICs)[156]. As a deterrent against under-performance, the agreements had specific penal provisions against under performance by the ICs. Such performance assessment was to be done in terms of enrolment related activities, timeliness in settlement of claims and empanelment of health care service providers. As regards timeliness in settlement of claims, settlement within 30 days from date of submission of claim was stipulated as an acceptable standard and non-adherence to the same would attract penalty based on the criterion enumerated below:

Table 3.5: Details of criteria for imposing penalty provision

Standard	Monitoring method	Benchmark	Points assigned in under-performance severity scale
Settlement of claims within 30 days	The ratio of claims amount which have not been paid or rejected within 30 days (from the date of claims raised to the Insurance Company) to the total claims amount made to the Insurance Company.	If 10% of claims remain unpaid at the end of 30 days	four Points
		If between 10% and 25% of the claims remain unpaid after 30 days	eight Points
		If between 25% - 40% of the claims remain unpaid after 30 days	10 Points
		If more than 40% of claims remain unpaid after 30 days	12 Points

Source: Clauses of the agreement between SNA & Insurance Companies

[153] *Tertiary Health care refers to a third level of health system, in which specialized consultative care is provided usually on referral from primary and secondary medical care. Specialised Intensive Care Units, advanced diagnostic support services and specialized medical personnel are the key features of tertiary health care.*

[154] *Includes basic health cover for secondary and tertiary care upto ₹1.5 lakh per family per annum*

[155] *Includes treatment of critical illnesses beyond ₹1.5 lakh and upto Rupees five lakh per family per annum*

[156] *2017-18: National Insurance Company- 10 districts and United India Insurance Company-13 districts and 2018-19: Bajaj Finance Insurance Company- 18 districts and Iffco Tokio Insurance Company- five districts*

The threshold limits prescribed for imposition of penalty performance severity on the defaulting ICs were as under:

Table 3.6: Detailed penalty provisions of defaulting Insurance Companies

Threshold limits of points	Penalty provision
6-18 points	one *per cent* of total annual premium amount for the concerned insurance company
19-24 points	three *per cent* of total annual premium amount for the concerned insurance company
25- 28 points	five *per cent* of the total annual premium amount for the concerned Insurance Company and cancellation of renewal
29- 32 points	eight *per cent* of total annual premium and Insurance Company debarred from bidding for one year
False intimations on any of the above parameters	Insurance Company barred from bidding for three years

Source: Clauses of the agreement between SNA & Insurance Companies

Scrutiny of records relating to district-wise performance of the Insurance Companies in terms of timeliness in settlement of claims showed that there was substantial delays beyond stipulated 30 days as shown in ***Appendix 3.2***. The position is summarised below.

Table 3.7: Summary of performance of Insurance Companies

Year	Name of the IC	Number of districts assigned	Number of districts where 10-25 *per cent* of cases were delayed beyond 30 days (percentage range of cases delayed)	Number of districts where more than 25 *per cent* cases were delayed beyond 30 days (percentage range of cases delayed)
2017-18	National Insurance Company	10	06 (11.18 to 24.64 *per cent*)	03 (26.73 to 32.03 *per cent*)
	United India Insurance Company	13	04 (11.08 to 12.33 *per cent*)	05 (26.49 to 52.76 *per cent*)
2018-19	Iffco Tokyo Insurance Company	Five	01 (22.77 *per cent*)	04 (25.98 to 43.45 *per cent*)
	Bajaj Finance Insurance Company	18	06 (11.95 to 15.07 *per cent*)	01 (25.03 *per cent*)

Source: Records of the district authorities

The above position rendered the defaulting ICs liable to receive 8 to 12 points on severity scale for under performance. As per the agreed stipulation, one *per cent* of the annual premium amount should have been recovered from the concerned IC as penalty.

The SNA, however, neither evaluated the performances of the Insurance Companies as per criterion laid down in the agreements executed between the SNA and ICs, nor imposed any penalty on the defaulting ICs. A comparison of district-wise total amounts of premium paid (₹ 1,148.49 crore)[157], recoverable penalty at the rate of one *per cent* and premium actually paid[158] to the Insurance Companies during 2017-18 and 2018-19 showed that even on a conservative estimate the unrecovered penalty amount stood at ₹ 6.11 crore[159].

Thus, the State Nodal Agency did not recover ₹ 6.11 crore from Insurance Companies against their under-performance in spite of having enabling

[157] *₹851.48 crore in 2017-18 and ₹297.01 crore in 2018-19*

[158] *After adjusting the refundable amount of premium by the Insurance Companies in the case the admitted hospital claims was less than 80% of the premium. In such case, the insurer was to return the difference between actual claim and 80% of the insurance premium to the SNA*

[159] *₹ 5.93 crore in five districts for 2017-18 & ₹ 0.18 crore in nine districts for 2018-19*

provisions in the agreement. This not only amounted to extension of undue financial advantage to the Insurance Companies, but also diluted the built-in deterrence mechanism against delays in settlement of claims.

On this being pointed out by Audit, the Financial Advisor, Swasthya Sathi, H&FW Department, in reply, stated (January 2021) that the system for identifying late payment beyond 30 days with reasonable accuracy was not readily available in the portal. This amounts to deficiency in control mechanism on the part of State Nodal Agency.

Secretary and State Nodal Officer, Swasthya Sathi, in reply (August 2021) contended that delayed payment to hospitals could not be arrived at with reasonable accuracy, as the date of uploading of data regarding payments made could be delayed beyond 30 days, though the payments were credited within 30 days.

The reply was not tenable since scrutiny of records revealed that not only the date of uploading of data regarding payments made was delayed beyond 30 days but also payments were not actually credited in due time, *i.e.*, within 30 days, in contrary to that contended to by the Department.

The reply, however, mentioned that necessary measures were being taken for upgradation of the software in order to reflect actual date of payment in the portal so that delay/ confusion does not occur. Also, it was noticed from the reply that the concerned Insurance Companies have been communicated for depositing the penalty amounting ₹ 6.11 crore.

The matter has been referred to the Government in July 2021; reply was awaited (October 2021).

TECHNICAL EDUCATION, TRAINING & SKILL DEVELOPMENT DEPARTMENT

(DIRECTORATE OF INDUSTRIAL TRAINING)

3.11 Wasteful expenditure of ₹ 257.13 lakh towards construction of Industrial Training Institute

Lack of co-ordination within the Government led to initiation of the work of construction of an Industrial Training Institute, on a plot of land, not owned by the Government. This resulted in a wasteful expenditure of ₹ 257.13 lakh towards cost of construction of the incomplete ITI building.

Government of West Bengal (GoWB) in the Department of Technical Education, Training and Skill Development (TETSDD) initiated (March 2015) the work of construction of a building for establishing a new Industrial Training Institute (ITI) at an estimated cost of ₹ 839.14 lakh at Nandigram-I Block in Purba Medinipur district, by engaging a Government of India Undertaking, M/s Hindustan Steelworks Construction Limited (HSCL), as the executing agency. An amount of ₹ 419.57 lakh (being 50 *per cent* of total cost[160]) was paid (March 2015) by the GoWB to M/s HSCL as per terms of agreement executed (March 2015). The construction work, however, was stopped on 16 October 2015.

In this backdrop, records were reviewed. It emerged from such review that

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[160] *As per agreement, 10 per cent of total cost of estimate was to be paid on signing the agreement and 40 per cent was to be paid with the commencement of work*

Appendix 3.2

(Refer paragraph 3.10, page 175)

District-wise and Insurance Company-wise position of under performance

2017-18: IC: National Insurance Company

District	Total Claim Processed	Total Amount Processed (in ₹)	Number of Claims Paid after 30 days	Paid after 30 days (in ₹)	Percentage of Claim	Percentage of Amount	Under Performance Severity Point
Birbhum	13,815	15,57,53,908.00	3,298	3,55,29,925.00	23.87	22.81	8
Hooghly	7,517	6,11,85,674.00	816	68,43,647.00	10.86	11.19	8
Howrah	8,620	12,97,46,694.00	1,317	2,28,10,312.00	15.28	17.58	8
Kolkata	208	30,94,874.00	45	9,91,350.00	21.63	32.03	10
Maldah	2,679	1,88,27,023.00	212	12,53,194.00	7.91	6.66	0
Nadia	13,329	11,72,91,995.00	979	1,55,15,747.00	7.34	13.23	8
Paschim Bardhaman	3,056	3,46,68,156.00	838	85,42,932.00	27.42	24.64	8
Purba Bardhaman	6,842	6,62,68,368.00	1,723	1,77,15,517.00	25.18	26.73	10
Purba Medinipur	9,922	9,42,78,229.00	1,401	1,17,22,280.00	14.12	12.43	8
Uttar Dinajpur	1,895	74,14,512.00	524	22,96,080.00	27.65	30.97	10
Total	**67,883**	**68,85,29,433.00**	**11,153**	**12,32,20,984.00**			

2017-18: IC: United India Insurance Company

District	Total Claim Processed	Total Amount Processed (in ₹)	Number of Claims Paid After 30 days	Paid After 30 days (in ₹)	Percentage of Claim	Percentage of Amount	Under Performance Severity Point
Alipurduar	3,487	1,76,22,038.00	213	9,71,850.00	6.11	5.51	0
Bankura	17,475	13,06,57,286.00	1,890	1,44,87,609.00	10.82	11.09	8
Coochbehar	5,643	4,00,47,720.00	74	8,11,428.00	1.31	2.03	0
Dakshin Dinajpur	3,822	1,13,04,308.00	398	13,94,616.00	10.41	12.34	8
Darjeeling	2,573	1,59,53,406.00	366	19,35,665.00	14.22	12.13	8

District	Total Claim Processed	Total Amount Processed (in ₹)	Number of Claims Paid After 30 days	Paid After 30 days (in ₹)	Percentage of Claim	Percentage of Amount	Under Performance Severity Point
Jalpaiguri	2,951	1,68,64,057.00	129	7,85,484.00	4.37	4.66	0
Jhargram	1,807	1,01,88,341.00	672	43,52,815.00	37.19	42.72	12
Kalimpong	41	3,71,050.00	13	1,13,380.00	31.71	30.56	10
Murshidabad	15,306	16,35,67,948.00	4,301	4,33,33,191.00	28.10	26.49	10
North 24 Parganas	9,920	10,34,26,539.00	756	85,16,392.00	7.62	8.23	0
Paschim Medinipur	8,018	6,86,38,517.00	3,334	2,87,09,518.00	41.58	41.83	12
Purulia	3,933	2,88,74,789.00	503	34,48,614.00	12.79	11.94	8
South 24 Parganas	14,200	17,16,76,047.00	7,397	9,05,83,115.00	52.09	52.76	12
Total	**89,176**	**77,91,92,046.00**	**20,046**	**19,94,43,677.00**			

2018-19: Iffco Tokyo Insurance Company

District	Total Claim Processed	Total Amount Processed (in ₹)	Number of Claims Paid after 30 days	Paid after 30 days (in ₹)	Percentage of Claim	Percentage of Amount	Under Performance Severity Point
Alipurduar	6,023	2,34,41,100.00	1,189	53,38,248.00	19.74	22.77	8
Jalpaiguri	6,908	3,92,97,272.00	1,813	1,02,10,718.00	26.24	25.98	10
Jhargram	2,258	1,56,40,063.00	798	64,80,435.00	35.34	41.43	12
Purulia	8,032	6,05,24,229.00	2,989	2,62,98,112.00	37.21	43.45	12
Uttar Dinajpur	2,926	1,12,03,794.00	720	31,24,202.00	24.61	27.89	10
Total	**26,147**	**15,01,06,458.00**	**7,509**	**5,14,51,715.00**			

2018-19: IC: Bajaj Finance Insurance Company

District	Total Claim Processed	Total Amount Processed (in ₹)	Number of Claims Paid after 30 days	Paid after 30 days(in ₹)	Percentage of Claim	Percentage of Amount	Under Performance Severity Point
Bankura	32,624	27,98,59,000.00	2,569	2,07,64,073.00	7.87	7.42	0
Birbhum	18,626	20,64,25,735.00	1,463	1,53,96,382.00	7.85	7.46	0
Coochbehar	9,486	4,87,81,755.00	1,055	58,30,967.00	11.12	11.95	8

District	Total Claim Processed	Total Amount Processed (in ₹)	Number of Claims Paid after 30 days	Paid after 30 days(in ₹)	Percentage of Claim	Percentage of Amount	Under Performance Severity Point
Dakshin Dinajpur	4,917	1,83,31,645.00	570	25,23,332.00	11.59	13.76	8
Darjeeling	2,425	1,76,66,091.00	349	28,89,581.00	14.39	16.36	8
Hooghly	13,726	10,17,47,029.00	1,643	1,79,82,803.00	11.97	17.67	8
Howrah	12,321	18,23,44,070.00	673	82,06,034.00	5.46	4.50	0
Kalimpong	171	10,41,980.00	46	2,60,800.00	26.90	25.03	10
Kolkata	1,450	1,45,85,311.00	112	12,66,948.00	7.72	8.69	0
Maldah	8,570	6,04,76,408.00	1,244	91,19,157.00	14.52	15.08	8
Murshidabad	18,950	21,86,05,881.00	2,310	2,63,96,299.00	12.19	12.07	8
Nadia	24,051	18,12,12,411.00	1,766	1,30,21,439.00	7.34	7.19	0
North 24 Parganas	16,370	18,65,93,384.00	1,195	1,29,13,150.00	7.30	6.92	0
Paschim Bardhaman	5,486	6,96,27,903.00	423	46,81,012.00	7.71	6.72	0
Paschim Medinipur	13,036	12,62,71,159.00	894	85,22,963.00	6.86	6.75	0
Purba Bardhaman	10,951	11,36,06,120.00	1,018	1,01,74,718.00	9.30	8.96	0
Purba Medinipur	13,734	14,87,44,609.00	1,387	1,48,31,580.00	10.10	9.97	0
South 24 Parganas	30,630	37,21,04,800.00	1,665	1,59,77,602.00	5.44	4.29	0
Total	**2,37,524**	**234,80,25,291.00**	**20,382**	**19,07,58,840.00**			

Source: Records of WBMSCL