EMPLOYEE MEDICAL BENEFITS IN THE CORPORATE SECTOR

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frch The Foundation for Research in Community Health

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* Rallis India Ltd., Bombay.
* Rashtriya Chemicals & Fertilisers Ltd., Bombay.
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* Rasoi Ltd., Calcutta.
* Reliance Chemotex Industries Ltd., Bombay.
* Reliance Industries Ltd., Bombay.
* Rhone Poulene, Bombay.
* Roche Products Ltd., Bombay.
* Roplas (India) Ltd., Pune.
* S.N.Sunderson (Minerals) Ltd., Calcutta.
* Saraspur Mills Ltd., Ahmedabad.
* Shri Rajendra Mills Ltd., Salem.
* Silver Cotton Mills, Ahmedabad.
* Sir Shadi Lal Enterprises Ltd., Dist. Muzaffarnagar, U.P.
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* Standard Batteries Ltd., Bombay.
* Standard Chartered, Bombay.
* Synbiotics Ltd., Baroda.
* Tamil Nadu Chromates & Chemicals Ltd., Madras.
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FOREWORD

The Indian Council of Medical Research (ICMR) in 1986 approved a series of studies to be undertaken by the Foundation for Research in Community Health (FRCH) in the areas of Health Economics, Financing and Expenditure. The larger objectives of these studies was to fill the gaps in knowledge of this important subsector of health.

The present study is the last of the studies in the above ICMR supported research program. It is an exploratory study looking into the medical care benefits provided by companies of the organized industrial sector to their employees.

The organized sector, though proportionately small in the Indian context, is large numerically. It accounts for a population of about 110 million including family members of employees of this sector. Being politically a group that can carry its voice they have gained substantial benefits from employers through their struggles.

Medical Care Schemes and Allowances are one such set of benefits that give these workers and their families additional resource in cash or kind to manage their struggle for survival a little more comfortably than the masses, especially the rural poor, who live at or below the subsistence level.

The present study was restricted in its scope to look at only the type of medical benefits and the volume of expenditure on it by companies because of constraints of time and resources. We would definitely like to go beyond this study and look at the benefits from the point of view of the workers and their unions in the near future.

However, we are happy that this study has filled an important gap in the knowledge of health expenditure in the country. We hope that other researchers will get enthused through the findings of this study to take the lead to gather further information in this important area of health services research.

Dr. N.H. Antia.

INTRODUCTION

BACKGROUND AND STUDY DESIGN

The Background

The organised sector work-force in any country is not only vocal about its needs but is also an important balancing force for the players of power politics. It is both, used by and uses, the power brokers for gains of each other.

The organised sector as a ratio to the total work-force in India may be a small proportion (only 10%), but in terms of numbers it is huge, constituting the range from the lower-middle to the middle classes. This work-force, presently numbering about 26.5 million, is a force in which vests the potential to bring about a radical change in the political economy. But the dominant trade unions serve less the interest of the workers and more the machinations of political leaders. As a consequence this potential remains suppressed.

The result of such a political economy is that, unlike the advanced capitalist countries, the working class is unable to make very major gains in its working conditions and benefits. India, unlike the advanced capitalist countries, is not a welfare state. It only presents a facade of welfarism through its socialistic proclamations and innumerable development programs (that invariably fail) for various sections of the society.

While the historical basis for welfare or social security in the west is rooted in the Bismarckan model, most underdeveloped countries have not been able to muster that kind of state intervention for workers' or peoples welfare. At best, like in the Indian case, the efforts have been marginal, serving ruling class interests by providing the minimum appeasement necessary to keep the class struggle from going overboard as well as to hold the existing scheme of things intact.

Our concern in the present study is restricted to looking at medical benefits that the corporate sector (both public and private) provides to its employees. In India such benefits are the privilege of approximately half the organised sector. We term it a privilege, not in terms of any special consideration, but relative to the fact that the vast majority of the population has access to a grossly inadequate and a difficult access public health system on the one hand, and on the other an unaffordable for-profit health care system whose reach is widespread but quality highly questionable.

We view medical benefits, like all other benefits (other than wages and salaries) as social wages (social wages in the strictest sense are benefits in kind). Benefits are not to be viewed as something which are the result of the goodness of the employer. They are provided for from the value created by labour power and generally include the workers' families as beneficiaries also.

In business economics (atleast in India) the term used is "fringe benefits". These include "benefits paid by employers which materially add to the welfare of employees either during the tenure of their service or after retirement, and the expenditure on employees which do not form part of their normal wages and allowances" (EFI, 1972). Thus fringe benefits include payments made for time not worked (leave), profit and other bonuses, legally required payments on social security schemes, housing, education, medical, energy (fuel and light), water, food, recreation etc. (either subsidised or free of cost).

In India, given the limited bargaining power of the workers, most of the benefits provided, especially by the private sector, are only those mandated by law. It is the public sector which more often goes beyond the legal framework and provides benefits that are not statutory.

The first step towards provision for health related social security in India was through the Factories Act (Amendment) of 1922, which, for the first time, provided parameters for working conditions whereby, the employer was fined for an offence causing injury or death to a worker. The Workmen's Compensation Act followed in 1923 as a comprehensive measure to provide for employment - injury compensation to industrial workers. Similar legislations exist for Plantations and Mines. In 1948 the Employees State Insurance Act provided for health insurance to industrial workers. The Maternity Act of 1961 provides for maternity related benefits for women employed in the organised sector.

One must emphasise here that these Acts cover only the organised sector i.e. those organisations which come either under the Factories Act or the Shops and Establishment Act. As indicated earlier this is only a small proportion of the total work-force. Further, because of an inadequate monitoring and audit machinery of the State, only about half of such workers are actually covered by these provisions.

Data on medical benefits provided to employees are difficult to come by. This is because there is no statutory provision to collate such data. Data on all benefits are less difficult to obtain because the companies' balance sheets have to show benefits and salaries separately. Hence, for companies which publish their accounts (Annual Reports), this information is available. However it is an exceptional company that would show its medical benefits separately, except for ESIS contributions, which are a statutory requirement.

The only data available consistently on employee medical benefits are those published by ESIC, Plantations, Mines and Beedi Workers' Welfare Funds etc. i.e. the statutory benefits covered under various Labour Acts. Ocassionally one would also come across such information from public sector undertakings and departments, especially the Railways, and the Post and Telegraph Department.

The only comprehensive studies are a set of two carried out by the Employers' Federation of India, for the years 1960 and 1969 (EFI, 1962 and EFI, 1972). Both these studies looked at the entire range of "fringe benefits" as defined earlier (EFI, 1972). The benefits that these studies identified and analysed are as follows : (i) Profit and other Bonuses; (ii) Payment for time not worked; (iii) Gratuity and pension payments; (iv) ESIS; (v) EPF; (vi) Retrenchment or lay off compensation; (vii) Maternity benefit, workmen's compensation etc; [(iii) to (vii) are statutory] (viii) "Voluntary" PF, gratuity and pensions; (ix) Medical assistance; (x) Workmen's compensation and life insurance premia; (xi) Canteen; (xii) Housing; (xiii) Education; (xiv) Recreation, culture, cooperative societies, payments in kind etc.

The 1960 survey showed that all these benefits amounted to 21.30% of the wage bill. In the 1969 survey this had improved slightly to 27.11%, but as the study points out, most of this increase was due to additions in statutory benefits and not "voluntary" expenditure by employers. However, the study noted significant differences between the mining and plantation industry on one hand and the manufacturing sector on the other. The former recorded a sharp rise in "voluntary" payments/benefits but the latter's increase was mostly in statutory payments. The average fringe benefit in rupee value worked out to Rs.896.30 per employee in 1969 in comparison to Rs.287.30 per employee in 1960.

We have also identified a study on Health Financing by the Indian Institute of Management, Ahmedabad, done for the Asian Development Bank. As part of this study 2000 questionnaires were sent to various small, medium and large companies in Maharashtra and 150 to companies in West Bengal, but the response was very poor - 126 from Maharashtra and 27 from Bengal. For the year 1985-86 their findings showed that for medical benefits the small companies in Maharashtra were spending Rs. 532.30 per employee and the medium and larger ones Rs. 454.10 per employee (only employer share). In Bengal this expenditure was Rs. 470 per employee in the same year (IIM, 1987).

The Study and its Methodology

The present study is a part of a series of studies on health financing and expenditure which seek to look at the entire gamut of health care financing in the country. In this study we explore the types of medical benefits that employees get in exchange for their labour power.

A preliminary exploration of a few companies regarding provision of medical benefits to their employees showed four major types of non-ESI benefit schemes (i) claims against bills with upper limits, (ii) fixed lumpsum payments (iii) group health insurances and (iv) in-house or retained hospital or other medical care facilities. The ESI scheme is compulsory for all employees earning upto Rs.1600 per month (presently this limit is being raised to Rs.2500) wherever it has been made applicable. We will discuss the details in a later section.

We began this study on a very ambitious plane. To select our sample we decided to use the companies listed in the May 1989 volume of the Centre for Monitoring Indian Economy's (CMIE) 'Data on Larger Business Units'. The CMIE report covers companies with a sales turnover of Rs.50 million and above. For each company it provides information from its balance sheet and profit and loss account, that is, most of the data published in company annual reports. The May 1989 volume lists 1872 companies out of which we selected 775 randomly for our study. We mailed the questionnaire to 641 of these companies and the remaining 134 sub-sample was selected on a stratified random basis for personal contact by us because we anticipated a high non-response rate. The stratification was done to give proportionate representation to broad industry groups, regional distribution and type of ownership.

The initial response to the mailed questionnaire was dismal. A reminder did not help in improving the response very significantly. Finally, by our final deadline, only 75 adequately completed questionnaires reached us in response to the mailed questionnaire, making the response rate a mere 12%. Our personal visits to the 134 companies located in Bombay, Thane, Calcutta and the Delhi region yielded a little better response : 59 out of 134 companies or 44%. This helped us achieve a disappointing total response rate of only 17.29%. The response rate of the public sector was twice as much as that of the private sector (see Table A-1).

Table A.1 : Response Profile of the Sample

Universe = 1872 companies; sample selected = 775.

	Mailed Questionnaire		Personally Canvassed		Total Sample	
	All Companies	Public Sector	All Companies	Public Sector	All Companies	Public Sector
Sample Size	641	76	134	22	775	98
Responses	75	15	59	16	134	31
Response Rate %	11.70	19.74	44.03	72.73	17.29	31.63

The data collection experience of the researchers was fairly frustrating as the vast travelling and time spent did not result in a full response rate even from the companies that were personally contacted. Companies, especially in the private sector, either did not want to reveal information or thought it to be a sheer waste of time. Persuasion was rewarded a little better in public sector companies. Personnel and other executives in the public sector units were proud of the usually egalitarian medical benefit schemes they provided to employees, and were most willing to share this information with us.

Almost as a contrast, most private sector executives showed no sense of achievement or pride in their medical benefit schemes. On the whole, with few exceptions, private sector companies were less willing to part with information required as answers to our questions.

In our initial ambitious enthusiasm we had also ventured out to study the role of trade unions in this context. Later, this attempt was abandoned because of a lack of time, and a quick glance at a few trade union agreements showed the relatively less importance paid to medical benefits, except changing them from annual payments to monthly payments. We hope to pursue this part of the study in the near future.

The present study then, seeks to analyse the volume of expenditures on medical benefits in terms of variables like type of industry, profitability, sales turnover, productivity, value added, capital employed etc. All these variables are viewed in the context of public / private ownership. To examine equity considerations the study was also to disaggregate variations in medical benefits between management, staff and workers.

Unfortunately this entire range of analysis we planned has not been possible because of the severe limitations of the data, especially from the private sector, and also because of the reduced sample size due to the high non-response rate.

The companies in the sample represent the upper crust of corporate enterprise in India, as they represent those which have a sales turnover of over Rs. 50 million in the 1987-1989 period. As mentioned earlier, this list included 1872 companies, of which 263 were in the public sector. These companies had a sales turnover of Rs. 1,632,736 million (52.2% of this was in the public sector), averaging Rs. 872 million per company, and net assets worth Rs. 1,921,540 million (64.5% in the public sector), averaging Rs. 1026 million per company (CMIE, 1989). It has been estimated by CMIE that these companies constitute 60% of the gross value added of the factory sector in India (ibid). Also, the total sales and assets of these companies amounted to 50% and 60% of the GDP, respectively.

In the original sample of 775 companies selected randomly by us, the sales turnover was Rs. 490,498 million or an average of Rs. 632.90 million per company (the share of the public sector was 36%). Out of these 775 companies, 134 which responded, had a sales turnover of Rs. 270,603 million or Rs. 2097.70 per company (the public sector's share being 46%). Thus the average company of our final sample is three times larger in terms of sales as compared to the original sample and over twice as larger than the average of the universe from which the sample was selected. This is because of two reasons. Firstly, the much higher proportionate response of the public sector companies, which on any count is much larger, on the average, in comparison to the private sector. And secondly, the higher non-response from the relatively smaller companies, perhaps due to the fact that they do not have very significant benefits to show. While the first reason holds true, the second is only a conjecture, and there is no significant way of proving it for the non-responders. In the case of the responders there is a positive correlation (Pearson's r = .32 with significance at .001 level) between per employee sales turnover and medical expenditure).

The 134 companies in our final sample (31 of which are in the public sector) constitute 7.16% of the universe and 17.3% of the original sample, which was randomly selected from the universe. While the sample appears to be small in terms of our expectation, it is fairly adequate for an exploratory analysis when we consider the fact that we have covered a large work-force of the organised sector - as many as 453,725 employees (186,740 or 41% in the public sector). This works out to an average of 3396 work-force per company (6024 in the public sector), hence, clearly representative of upper crust of the larger companies in the organised sector. The management constituted 9% of the total employees (13% in the public sector). The data presented is annualised and mostly refers to the fiscal year 1988-89/1989-90 (98.5% of companies gave data for 1988-89/1989-90).

General Profile (Table B.1)

Location of Companies: More than half of the companies in the sample are from western India and 80% of the latter are from Bombay itself. This concentration is true for both the public sector and private sector. The same pattern, more or less, holds good for the original sample of 775 companies wherein 42% of companies are in western India. This is due to the fact that we are covering the larger companies of the organised sector, a very substantial chunk of which is in and around Bombay.

Incorporation Year : A large majority of the companies in the sample may be regarded as "old". Seventy-nine percent of the companies were established prior to 1975. Exactly the same percentage distribution is true for the original sample.

Industry Group : The single largest group of industry in the reported sample is the chemicals group, followed by the engineering and durable goods group. However, other major groups like food products, textiles, minerals and metals (including petroleum) and services (including financial) are also represented in relatively large numbers. This distribution does vary a little from the original sample of 775 companies. Table B.2 shows that the difference in the two distributions has arisen due to a very good response by the minerals and metals group as also the chemicals group of industries, whereas that of the textiles, engineering and durable goods, and services sector was

Table B.1: Some Characteristics of Sample Companies
(figures are number of companies)

	Public Sector		Private Sector		All Sectors	
Location						
Bombay	10	33.3%	45	43.7%	55	41.4%
North India	7	23.3%	12	11.7%	19	14.3%
Calcutta & East	4	13.3%	17	16.5%	21	15.8%
West India	2	6.7%	12	11.7%	14	10.5%
South India	7	23.3%	17	16.5%	24	18.0%
Incorporation						
pre-1975	21	70.0%	80	81.6%	101	78.9%
1975 & later	9	30.0%	18	18.4%	27	21.1%
Type of Company						
Non-MRTP/non-FERA	27	87.1%	57	55.3%	84	62.7%
FERA & MRTP	1	3.2%	14	13.6%	15	11.2%
MRTP only	3	9.7%	32	31.1%	35	26.1%
Industry group						
Food Products	2	6.5%	14	13.6%	16	11.9%
Textiles	2	6.5%	16	15.5%	18	13.4%
Minerals & Metals	2	6.5%	16	15.5%	18	13.4%
Chemicals	7	22.6%	17	16.5%	24	17.9%
Engineering & Durables	5	16.1%	16	15.5%	21	15.7%
Services	6	19.4%	12	11.7%	18	13.4%
Diversified	2	6.5%	7	6.8%	9	6.7%
Others	5	16.1%	5	4.9%	10	7.5%
Profitability Group						
Negative	6	20.0%	16	16.5%	22	17.3%
Low	12	40.0%	29	29.9%	41	32.3%
Average	9	30.0%	43	44.3%	52	40.9%
High	3	10.0%	9	9.3%	12	9.4%
Returnability Group						
Negative	5	17.9%	13	14.0%	18	14.9%
Low	12	42.9%	28	30.1%	40	33.1%
Average	4	14.3%	34	36.6%	38	31.4%
High	7	25.0%	18	19.4%	25	20.7%
Val.Add. Group						
Poor	7	25.0%	18	21.2%	25	22.1%
Low	10	35.7%	35	41.2%	45	39.8%
Average	7	25.0%	26	30.6%	33	29.2%
High	4	14.3%	6	7.1%	10	8.8%

relatively poor.

MRTP/FERA Companies : In the public sector there is no question of either MRTP or FERA companies but since we have put the joint-sector companies under public sector there are 4 companies out of 31 which fall under this category. In the private sector 31% are MRTP and another 14% are both FERA and MRTP. Being MRTP and FERA is important from the present study's viewpoint because it is generally believed that these companies are not only good performers but they also take good care of their employees.

Profitability and Productivity : The variables that have been used to categorise the companies on the basis of their performance are: (i) Profitability (Profit Before Tax (PBT) as % of Sales Turnover) (ii) Return (PBT as % of Gross Block) and (iii) value added group (value added as % of Gross Block).

As expected, the public sector has a higher proportion of loss makers, and low productivity and low profitability companies. At the same time, in the high profit group, the public sector has a larger proportion of companies than the private sector. Hence, the private sector companies are concentrated in the average productivity and profitability range, whereas the public sector is mostly in the low or very high range.

Table B.2 : Comparison of Industry Group Distribution in reported and original sample.

(Percentages)

Industry Group	Reported Sample (134 companies)	Original Sample (775 companies)
Food	11.9	10.6
Textiles	13.4	17.8
Minerals & Metals	13.4	3.9
Chemicals	18.0	14.7
Engineering and Durable goods	15.7	21.3
Services	13.4	20.9
Diversified	6.7	5.6
Other	7.5	5.2

Financial Profile (TablesB.3 and B.4)

In this section we present an overall financial analysis of the sample companies. Tables B.3 and B.4 give results as averages per company and per employee, respectively. This brief analysis will form the context against which we will be looking at the medical benefits provided by the various companies. We will not go into the minute details of Table B.4. The results are self-revealing and therefore comments are not necessary. The aggregate sales turnover of all the sample companies is Rs. 270,603 million (for 129 companies), averaging Rs. 2098 million per company. As mentioned earlier our sample was selected from amongst companies which had a sales of over Rs. 50 million per annum and our sample is more representative of the larger among this group of companies.

Table B.3: Financial Profile of Sample Companies
(figures in rupees million total & per company)

	Sector		All Sectors
	Public Sector	Private Sector	
Sales Turnover			
Total	123966.74	146636.10	270602.83
Mean	3998.93	1496.29	2097.70
Gross Block			
Total	116002.68	101563.53	217566.21
Mean	4142.95	1092.08	1798.07
Profit Before Tax			
Total	5883.93	24525.80	30409.72
Mean	189.80	242.83	230.38
Dividend Paid			
Total	643.85	2949.53	3593.38
Mean	20.77	28.64	26.82
Salary + Benefits			
Total	7260.07	9738.44	16998.51
Mean	234.20	96.42	128.78
Total Benefits			
Total	1471.21	1626.48	3097.69
Mean	47.46	16.10	23.47
All Medical Benefits			
Total	420.37	335.16	755.53
Mean	13.56	3.25	5.64
Value Added			
Total	21631.95	42952.56	64584.51
Mean	721.07	482.61	542.73
Number of Employees			
Total	186740	266985	453725
Mean	6024	2643	3437

Table B.4: Per Employee Financial Profile of Sample Companies
(figures in rupees per Employee)

	Sales per Emp.			Gross Block per Emp.			PBT per Emp.		
	Sector		All Sectors	Sector		All Sectors	Sector		All Sectors
	Public Sector	Private Sector		Public Sector	Private Sector		Public Sector	Private Sector	
Location									
Bombay	986156.83	727932.22	840472.96	486203.82	589041.54	543833.69	48734.17	159790.92	111389.62
North India	860325.71	947424.96	881843.35	742387.43	1505586.9	930933.85	29591.25	148350.34	66193.45
Calcutta & East	89220.54	345794.03	287060.02	149389.72	119743.55	125872.67	65.34	23818.50	18381.00
West India	564603.81	283982.13	327141.38	1862767.7	125440.22	242400.75	38856.57	10138.79	14555.55
South India	186853.51	323035.39	233517.85	1791763.7	171275.13	1175181.8	16512.15	16552.16	16525.86
Incorporation									
pre-1975	326058.52	650821.95	517728.26	377924.31	445055.12	418523.63	16718.57	112872.25	73740.25
1975 & later	452591.65	726028.07	512362.98	1337543.7	921319.18	1246555.8	26986.92	109154.47	45254.03
Type of Company									
Non-MRTP/non-FERA	672801.39	442925.63	609390.56	672261.23	362564.96	585958.18	31017.52	40384.84	33669.85
FERA & MRTP	184800.00	648408.35	616165.05	53087.50	379491.45	356790.52	23081.25	33102.01	32405.08
MRTP only	628881.39	552271.87	553526.07	709440.03	393884.47	399062.50	77527.14	131636.15	130750.32
Industry group									
Food Products	442772.58	143541.09	172570.40	156840.00	29446.02	33309.15	17303.40	18563.64	18443.58
Textiles	53344.94	540465.84	345290.30	24044.49	767657.23	477409.46	-13546.18	400209.47	234429.31
Minerals & Metals	2675964.7	569828.26	1553852.1	2390606.4	340559.69	1298377.4	109106.95	53498.00	79159.57
Chemicals	727934.39	890973.15	803160.70	1234556.5	830876.92	1050715.8	64279.32	122319.99	91059.36
Engineering & Durables	910617.09	440706.85	616362.64	255452.31	144699.97	186099.99	35431.17	9136.54	18888.49
Services	450029.98	889144.95	582993.30	397969.08	844260.03	533105.29	29520.93	71982.61	42378.26
Diversified	109213.68	937765.86	664776.24	41212.99	392481.19	276746.09	-1310.53	38222.13	25196.99
Others	81953.11	342647.49	138887.95	376195.77	309182.54	359130.96	-2900.28	32347.68	4797.76
Profitability Group									
Negative	94449.27	317294.91	141386.48	67332.20	148339.38	83640.19	-8379.36	-15282.63	-9833.37
Low	1425155.2	564256.79	1008947.4	808703.72	203809.25	490777.68	53814.06	15656.80	35366.65
Average	900556.24	697763.04	735954.34	959740.44	374720.62	486783.20	110686.75	60264.05	69759.97
High	340689.10	352003.64	351619.80	193729.23	602126.87	588271.93	107255.78	242547.83	237958.03
Returnability Group									
Negative	94214.72	326659.88	141009.50	67332.20	148339.38	83640.19	-8355.40	-16053.37	-9905.12
Low	456100.78	531951.75	495749.20	1305282.9	520785.63	895214.61	27013.55	32072.37	29657.87
Average	4584470.5	657846.11	1359037.2	999894.87	366669.70	479746.94	183271.25	65921.14	86876.76
High	1271535.1	504119.87	581478.91	358096.35	333069.57	335592.39	178362.99	188538.54	187512.79
Val.Add. Group									
Poor	384639.08	798521.42	541959.35	1661471.7	1181174.0	1478906.4	26222.87	76066.33	45168.80
Low	1377654.5	636988.67	949571.34	572899.05	267252.00	396244.01	65578.67	43813.48	52999.03
Average	153798.68	387105.25	307436.30	44637.03	297355.95	211058.12	-1181.14	152080.94	99745.38
High	500650.85	528347.59	518959.25	47632.31	48205.35	48011.11	43709.58	50308.53	48071.69
All Sectors	663846.72	539254.13	590980.85	661496.54	383591.32	495716.06	31508.66	91188.47	66550.79

(continued)

Table B.4: Per Employee Financial Profile of Sample Companies
(figures in rupees per Employee)

	Dividend per Emp.			Val.Add per Emp.			Sal + Ben per Emp.		
	Sector		All Sectors	Sector		All Sectors	Sector		All Sectors
	Public Sector	Private Sector		Public Sector	Private Sector		Public Sector	Private Sector	
Location									
Bombay	3717.11	12995.15	8976.71	158743.46	292067.56	230435.67	46022.68	51740.57	49264.08
North India	10058.13	38363.19	18781.90	131558.87	379974.01	192929.18	40542.07	30355.18	37402.42
Calcutta & East		6973.17	5376.89	48969.75	57605.61	55724.10	26655.25	20707.40	22068.96
West India	23355.07	10497.31	12474.82	185817.45	63794.39	83085.12	37121.36	26354.57	28010.49
South India	640.03	3817.55	1728.85	52331.71	74287.75	59855.21	27958.52	28885.70	28276.23
Incorporation									
pre-1975	2977.71	11276.70	7913.42	95724.02	219253.77	166243.40	42035.24	43923.80	43158.43
1975 & later	3822.67	37876.04	11393.25	108009.41	236788.07	136159.54	27879.10	24436.50	27113.76
Type of Company									
Non-MRTP/non-FERA	3271.09	10572.77	5367.09	117031.21	132030.76	120760.42	38434.41	31385.53	36410.98
FERA & MRTP	1584.38	11691.47	10988.53	90462.50	135224.46	132111.33	62534.38	45854.06	47014.15
MRTP only	18521.31	10828.06	10954.01	236183.48	207260.94	207765.08	40702.94	36273.96	36346.47
Industry group									
Food Products	16924.29	4141.47	5353.83	47626.84	38629.03	39520.48	23580.05	16534.59	17202.80
Textiles		20084.78	12037.38	16008.83	735222.57	378661.99	19500.75	30987.22	26384.92
Minerals & Metals	3501.65	5712.54	4692.30	211852.26	157252.86	183175.54	32619.63	48700.63	41279.81
Chemicals	7214.91	28896.53	17218.84	204661.45	284736.85	241608.35	35396.66	59039.57	46305.53
Engineering & Durables	5720.82	2689.42	3813.68	139106.48	101284.60	115422.68	45949.42	49058.62	47905.51
Services	2970.66	7169.38	4277.49	139493.41	143104.75	140461.52	59928.23	48138.72	56258.81
Diversified		17162.55	11507.87	36095.05	128153.18	97822.06	32454.78	48257.50	43050.85
Others		882.50	192.73	60302.24	105113.39	69181.33	21591.27	29134.43	23238.67
Profitability Group									
Negative		1104.57	232.65	24405.84	68546.84	33219.35	24560.26	42663.72	28373.33
Low	4615.78	8434.98	6462.20	202402.19	84750.72	143954.25	62074.70	45082.01	53859.45
Average	13465.39	10311.01	10905.06	256943.62	147829.77	171544.17	32338.42	40241.94	38753.50
High	1430.89	17791.71	17236.67	180676.94	319393.42	314687.45	43708.96	21874.25	22615.00
Returnability Group									
Negative		1188.03	239.17	24579.29	71817.35	33550.35	24664.66	44680.46	28694.14
Low	2652.02	7664.81	5272.28	151780.27	120199.62	136368.77	55828.08	41926.17	48561.35
Average	8998.70	14016.79	13120.70	385439.97	167438.18	209071.17	43583.39	43339.92	43383.39
High	31105.26	14237.48	15937.84	284794.35	248838.56	252490.81	50957.12	26490.93	28957.23
Val.Add. Group									
Poor	2737.40	24659.42	11070.15	115750.63	232882.43	160273.44	28173.51	32566.56	29843.35
Low	5124.06	9661.60	7746.63	193686.24	123793.34	153290.19	56913.42	41531.04	48022.86
Average	2958.35	10330.44	7813.04	36115.21	218856.01	156454.14	28475.16	34896.41	32703.70
High	1139.69	14177.07	9757.80	154233.34	111136.34	125744.89	50214.58	47042.19	48117.53
All Sectors	3447.82	10896.81	7831.03	118206.09	176461.05	151460.00	38877.98	36475.60	37464.35

(continue

Table B.4: Per Employee Financial Profile of Sample Companies
(figures in rupees per Employee)

	Benefits per Emp.			Medical Ben. per Emp.		
	Sector		All Sectors	Sector		All Sectors
	Public Sector	Private Sector		Public Sector	Private Sector	
Location						
Bombay	11437.28	9956.01	10597.57	2051.17	1844.04	1933.75
North India	7895.37	1847.38	6031.34	5756.14	929.90	4268.66
Calcutta & East	4024.37	2301.63	2695.99	704.00	548.15	583.83
West India	9172.53	3553.01	4417.28	1008.02	837.30	863.56
South India	1118.96	4466.74	2266.12	1940.84	1161.90	1673.92
Incorporation						
pre-1975	8794.15	8132.61	8400.71	2347.42	1450.89	1814.22
1975 & later	3285.85	1883.48	2974.08	1777.01	803.31	1560.54
Type of Company						
Non-MRTP/non-FERA	7851.70	4204.52	6804.75	2269.23	1104.14	1934.78
FERA & MRTP	6903.12	11430.72	11115.83	1318.75	1473.45	1462.69
MRTP only	11036.54	5490.66	5581.45	2132.64	1213.73	1228.78
Industry group						
Food Products	2358.13	1037.77	1163.00	655.53	544.42	554.96
Textiles	3099.16	4765.85	4098.06	582.66	884.90	763.80
Minerals & Metals	6751.92	7374.35	7087.12	2226.68	1167.56	1656.31
Chemicals	5033.50	10403.68	7511.31	5675.89	2065.96	4010.27
Engineering & Durables	7382.86	8302.02	7961.13	2382.46	971.68	1494.90
Services	15360.06	6163.26	12497.61	2480.06	3999.72	2953.05
Diversified	4825.33	12965.40	10283.43	630.34	1113.11	954.05
Others	3051.62	396.54	2471.76	1878.80	169.25	1505.44
Profitability Group						
Negative	2128.57	6730.35	3097.83	1609.75	1208.92	1525.32
Low	18078.63	7330.77	12882.49	3046.44	1333.98	2218.54
Average	3955.48	8232.61	7427.11	2493.17	1124.86	1382.55
High	9169.03	1604.66	1861.29	3186.06	1295.95	1360.07
Returnability Group						
Negative	2162.69	7238.90	3184.61	1620.47	1241.92	1544.26
Low	14484.46	9840.94	12057.23	3194.20	2071.21	2607.20
Average	12294.58	6081.26	7190.80	2735.89	1234.25	1502.40
High	9127.68	3214.90	3810.94	1793.37	539.50	665.90
Val.Add. Group						
Poor	2647.07	11732.90	6100.67	4001.30	3000.89	3621.04
Low	15605.02	6488.06	10335.69	2655.96	1223.68	1828.14
Average	4582.27	4757.24	4697.49	772.42	856.28	827.64
High	4889.88	6943.10	6247.12	1564.59	800.12	1059.25
All Sectors	7878.39	6092.04	6827.25	2251.10	1225.46	1647.58

Of all companies those situated in Bombay and North India (mainly around Delhi) had the highest average sales turnover in terms of per employee sales. The pattern is more or less similar between the public and private sector companies, where sales by location is concerned.

However overall, the public sector's average sales turnover (both per company and per employee) is higher than the private sector. Infact the public sector's share of the total sales turnover is 46%, twice that of their proportion in the sample. Does this mean that the public sector's performance in marketing their products is far better than that of the private sector? When we look at the sales turnover per employee this proposition is well substantiated - the public sector employee contributes a higher value of sales in comparison to the private sector employee.

However, the above proposition's strength is reduced substantially when we consider the volume of gross block employed to generate that volume of sales. The public sector uses nearly twice the amount of capital per employee to arrive at the higher sales turnover. Hence if we take the ratio of sales turnover to gross block then the sales performance in terms of capital employed is much better for the private sector - for every unit of capital per employee the sales is 1.44 times in the private sector whereas in the public sector it is nearly equal to unity at 1.06 times.

This also gets reflected in profits and value added. The total profits (before tax) of the sample companies (132 reported) is Rs. 30,410 million. The public sector's share in this case is only 19%; as a consequence profitability (PBT as % of sales) is much lower than that of the private sector. On per employee terms the profits in the private sector are nearly three times that of the public sector and the former's profitability is nearly 3 1/2 times than that of the latter. Similarly, return on capital employed (PBT as % of gross block) is nearly five times higher in the private sector.

The above pattern is significantly supported when we look at value added (interest payments + PBT + Depreciation + Remuneration to employees). Though the public sector's value added per company is larger than the private sector, when disaggregated in per employee terms the private sector's value added is one and a half times that of the public sector. In terms as a ratio to capital employed the value added in the private sector works out to two and a half times that in the public sector.

Can one really conclude from the above that the private sector is generating a higher value of goods and services or that it is more efficient and cost-effective? On the face of it, yes. But when one looks at the political economy of this entire business the conclusions cannot be so simple!

A fair chunk of the public sector operates in an area which is the state sector's monopoly, and a large proportion of the public sector's investment is in what one would call basic industry and infrastructure, where the volume of investment needed is really huge. This is one factor which explains a higher sales turnover and gross block in the public sector. (Please note that in the sample there is only one petroleum company which is matched in size and assets by a few private sector companies, hence there is no question of a single petroleum company skewing the results).

This very factor also explains the lower productivity and profitability of the public sector. The nature of investment of the public sector is such that it is directed at producing mostly intermediate products that are consumed largely by private enterprises to produce finished goods. As a consequence of pricing policies the output value of public enterprise is deliberately kept low (amounting to subsidisation) so that inputs to the private sector are kept cheap.

This argument is substantiated when we look at the profits and value added by industry group. It is clear from this disaggregation that the public sector's productivity and profitability is much better in the "foods" and "engineering and durables" groups, as in these industries there is very little, if any, subsidisation because in most cases the product is an end-product. In the "minerals and metals" group the better performance of the public sector is due to its statutory monopoly position in most cases.

In the "chemicals" and "services" group, where the public sector's stake is largely to manufacture intermediate products (where manufacturing units are consumers) and infrastructure provision, the public sector's performance is relatively poorer. In the case of "textiles" there is an exception because the public sector textile mills are mostly erstwhile private sector units that had become "sick" and were taken over by the government.

Thus, the public sector's and private sector's performance, efficiency, etc. cannot be compared on the same plane because making a loss or having a lower value of production in the public sector is not due to poor productivity or inefficiency; on the contrary, it is for reasons embedded in political economy alone, in most cases, that the value of labour in the public sector appears lower than in the private sector.

Out of this value added through labour power, what accrues to the contributors of labour? Under capitalism, where production is for the market, the total value added by labour power does not accrue to the producer. Labour gets a share enough for its subsistence. The providers of capital appropriate the larger share. From among the components of value added labour gets only remuneration (wages + benefits, part of which are social wages) whereas the capitalists get interest, profits and depreciation. The state gets taxes, most of which, in India, are ploughed back for the development of capitalism and very little for social capital and social wages. The surplus labour value that capitalists appropriate, besides providing for the latter's lavish life-style, also becomes the source for further expropriation of surplus value.

In our sample companies the total remuneration that employees get (workers + staff + management, excluding directors) is Rs.16,998 million. This is only 6.3% of sales turnover and 24.7% of value added on per employee basis. In the public sector the proportion of salaries + benefits to value added is 33% in comparison to only 21% in the private sector. This clearly shows that the employees in the public sector get a much larger share of the value of their production than in the private sector. In the public sector the average annual remuneration is Rs. 38,878 per employee, whereas in the private sector it is a little lower at Rs. 36,476 per employee (all companies Rs. 37,464 per employee). It is interesting to note that in the private sector remuneration to employees declines with rise in profits (Pearson's r = -0.58) and in the higher profit - group of companies the average remuneration is twice higher in the public sector, even when the value added for this same set of companies is much lower in the public sector. On the basis of location and type of company the Bombay based and the FERA group of companies have a significantly higher pay-packet as compared to others. When we disaggregate the data by Industry group we find that the "services" and "engineering" group in the public sector and the "chemicals" group in the private sector give the highest remuneration to their employees. The worst in each of the sectors is "textiles" and "Food Products", respectively.

When we look at the benefit or social wage component and medical benefits, specially the public sector's performance is even better. The public sector employees get much higher benefits in comparison to private sector employees, across the board. The public sector's share in the sample companies of total benefits (of Rs. 3098 million) is 48% and of medical benefits 56%. Thus the total benefit package in the public sector works out to Rs. 7878 per employee annually, in contrast to Rs. 6092 in the private sector. This amount is 20% and 16%, respectively, of the total remuneration. The gap is much wider in case of medical benefits wherein public sector employees average Rs. 2251 per year against Rs. 1225 in the private sector.

This finding is as expected. It is well established that social wages are much better in the public sector because the latter follows statutory and other legal provisions more stringently than the private sector. Infact, the public sector often goes beyond the legal provisions and extends a wider variety of social wages or benefits to its employees than does the private sector. The salary component is adequate only for the employees' family's subsistence but the social wage component makes his/her life qualitatively better because they include benefits (like medical care, housing, education, recreation, etc.) that would eat substantially into cash incomes of employees if the latter had to provide for it on their own, especially considering the fact that prices of most of these needs are dependent on the whims of the market forces and are prone to high inflation.

TYPE OF MEDICAL BENEFITS

We have seen in the above discussion that the organised sector employees, besides getting their salaries and wages, also get certain social wages or fringe benefits. Medical Benefits are one prominent benefit. In the present study this is our central concern, hence we will not look at other social wages.

We have also seen that some of the benefits, medical or otherwise, are statutory or mandated by legislation, whereas there are others which the Employers Federation of India prefers to term "voluntary". However, while one does not deny that there are a few exceptions, most of such "voluntary" benefits have been obtained after workers' struggles and negotiations.

As discussed earlier the study's scope was fairly limited and many details about various statutory and non-statutory medical benefits have not been possible to collect. As regards statutory benefits while some data for the entire organised sector are available through official documents, no such information is available for the non-statutory medical benefits. It is therefore in the latter that our efforts were directed with some success. We have also gathered information on ESI benefits - the employer's and employees contributions.

Before we go into the details of our findings some data on statutory benefits need to be highlighted. (Labour Bureau 1986 and 1990).

a) Under the Workmen's Compensation Act, which provides for compensation due to death or injury, in 1971 57,346 deaths and injuries were compensated with Rs. 15.92 million, in 1976 43,088 with Rs. 13.43 million, in 1981 33,031 with Rs. 34.26 million and in 1986 24,990 with Rs. 38.80 million. This worked out to a mere Rs. 278, Rs. 312, Rs. 1,037 and Rs. 1553 per death or injury in the respective years.

b) Under the Maternity Benefit Act in 1982 42,502 confinements were covered for women working in factories, plantations and mines. The total amount paid to them was Rs. 32.61 million or Rs. 767.26 per confinement. In 1987 for 26,832 confinements, Rs. 40.6 million was spent under this Act, making for Rs. 1513.12 per confinement.

c) Under the various Mine Labour Welfare Funds (Coal, Mica, Iron, Manganese, Chrome, Limestone and Dolomite) in 1986 a total of Rs. 46.81 million was spent for medical care. In 1989 this expenditure was Rs. 42.99 million . In addition Rs. 9.93 million was spent on water supply in 1986. The maternity benefits are covered under the Maternity Benefit Act.

d) Under the Beedi Workers Welfare Fund in 1986 Rs. 15.59 million were spent on medical care of the Beedi workers.

e) Under the Plantation Act in 1982 sickness benefits of Rs. 27.46 million were paid for 5,92,280 employees (Rs. 46 per employee) and maternity benefit of Rs. 12.11 million paid for 21,194 confinements (Rs. 571 per confinement). Information on medical care is not available.

f) The Employees State Insurance Act provides a wide range of benefits. There are cash benefits for sickness, extended sickness, maternity and disablement (permanent and temporary), on the one hand, and on the other there is the medical care provided for the insured employees and their families. In 1989 there were 6.8 million insured workers with beneficiaries (their families included) totalling 26.41 million. The total number of cases treated during that year was 36.55 million (0.32 million hospitalisation) or 5375 per 1000 insured. The expenditure incurred by the ESI Corporation for providing these benefits (including administrative costs) was Rs. 2972.14 million (sickness benefits Rs. 404.10 million; extended sickness benefit Rs. 36.52 million; maternity benefit Rs. 31.27 million; disablement benefits Rs. 455.39 million; medical care Rs. 1382.70 million; other benefits Rs. 3.38 million; depreciation provision of Rs. 231.63 million and administration costs Rs. 427.15 million). This expenditure averaged Rs. 437 per insured employee or Rs. 113 per beneficiary. The income of the ESIC during the same year was Rs. 4212.68 million, and of this the contribution from employers and employees was Rs. 3313.37 million (78.6%) and that from dividends and interest a fantastic Rs. 642.29 million (mostly invested in securities)

g) Those in government services, in various ministries and departments also get statutory medical benefits. About 3.5 million beneficiaries (0.77 million employees) in 1988 were covered under the Central Government Health Scheme (CGHS). The CGHS hospitals and dispensaries in the same year treated 15.32 million cases, that is 19,896 per 1000 employees. (3 times that of ESIS beneficiaries). The CGHS, through its 262 dispensaries, spent Rs. 295.70 million in 1984-85, which worked out to Rs. 93.28 per beneficiary or Rs. 18.69 per case treated. Similarly, employees in the Railways, Post & Telecommunications, Defense services and many others have special medical schemes. In 1987-88 the Railways covered 8.61 million beneficiaries with an expenditure of Rs. 1271.71 million or Rs. 148 per beneficiary. The P&T Dept. spent Rs. 243.40 million on medical care for its employees in 1989-90. (CBHI, 1989).

h) Under group health insurance plans (non-statutory) of the four General Insurance Companies, corporate enterprises can insure their employees for benefits with specified upper limits. Since the insurance companies do not publish such data (because this is an insignificant proportion of their insurance business) nor compile them centrally, it is difficult to get any information on an All-India basis. However, the IIM Study referred to earlier has compiled this information from Maharashtra for 250 companies covered by the New India Assurance Company. In 1986, for 57,521 insured employees the companies paid Rs. 10.3 million during the year as premium, i.e. Rs. 179 per employee. During the same year the insurance company reimbursed Rs. 9.2 million or an average of Rs. 160 per employee as claims, both for hospitalization and domiciliary benefits. (IIM, 1987).

In the present study, the broken down medical benefits refer mainly to medical care expenditure because details of other benefits, especially the statutory ones, were not provided by a majority of the companies. These are however included in total medical benefits. The ESI benefits refer only to the employer's contributions towards the ESI scheme paid to the ESIC. Maternity benefits, compensation for injuries / deaths etc. are shown as "other" and included in the total, as details were not provided by most companies.

As mentioned earlier, besides the ESI benefits for medical care there are other schemes offered to employees varying from one company to another. Usually, in each company it is a mix of two to three schemes offered to employees. Table C.1 gives a count of the companies providing various medical benefits to their employees. Though ESIS is a statutory scheme it is not the single largest group because of the fact that it is restricted to employees drawing salaries less than Rs. 1600 per month, whereas for the sample companies the mean monthly salary is much higher at Rs. 2445 per month; hence there are many companies that do not have employees earning less than Rs. 1600 per month. Infact 91% of the companies had atleast one type of medical benefit besides ESIS; of the remaining 9% (12 companies), all had only the ESIS scheme.

The single largest group of medical benefits provided by both public sector and private sector companies is "claims against bills with upper limits" (claims, for short). This type of medical benefit existed in 61% of the sample companies (77% in case of public sector). This was followed by ESIS, in whose case 47% of the companies had employees enrolled (45% in case of the public sector). The third most important provision for medical care for employees was through owned hospitals and clinics. In this case 37% companies had such facilities (52% in case of public sector). Another important form of giving medical benefits, especially in the private sector, is through group health insurance schemes of the General Insurance Corporations. Twenty-seven percent of the companies covered their employees through such a scheme, but in the private sector such schemes were opted for by 32% of the companies. Giving a lumpsum (allowance) amount as medical benefit is more popular in the

Table C.1 : Employees Covered under each Health Scheme of Companies by Sector.

	PUBLIC SECTOR				PRIVATE SECTOR				ALL SECTORS	
	Co's	Workers	Mgt.	Total	Co's	Workers	Mgt.	Total	All Co's	All Emp.
ESIS	14	38381	8	38389	49	41735	0	41735	63	80124
Insurance	4	6864	3202	10066	33	27311	12187	39498	37	49564
Claims	24	69773	11371	81144	58	69393	9785	79178	82	160322
Lumpsum	4	8936	2752	11688	16	30684	1729	32413	20	44101
Owned Hosp. & Clinics	16	53884	11893	65777	33	137473	8288	145671	49	211448
Retained Facility	4	-	-	-	8	-	-	-	12	-
No facility for section of employees	2	-	-	16	9	-	-	2717	11	2733
No of companies & employees in the sample	31	161708	25032	186740	101	245091	21894	266985	132	453725

Note : Please note that the sum of all companies or employees will always be greater than the actual number (last row) because of multiple benefits provided.

private sector than in the public sector; but only 15% of the companies used such a method of payment for medical care. Only 9% of the companies had a retained facility i.e. hired against a capitation fee or reserved for a fee.

How were these benefits distributed amongst employees ? The single largest type of medical benefit in terms of employee coverage was through "owned hospitals and clinics", even though in terms of companies having such facilities it was only the third largest category of benefit (Table C.1). The main reason for such a distribution is that when a hospital or clinic of the company exists it is generally accessible to all employees of the company; ofcourse discrimination does exist as to how different employees are treated. In contrast to this, other schemes are more discriminatory between workers, staff and management.

For the workers in both the public and private sector, the pattern in the provision of medical benefits is more or less similar. Besides access to own facility of the company, claims cover the largest number of workers in both the sectors - 43% of workers in the public sector and 28% in the private sector. This is followed by ESIS - 24% of all employees in the public sector and 17% in the private sector. In case of the lumpsum scheme 6% of the public sector and 12% of the private sector employees are covered. Similarly, a major difference between the private and public sector is also noted in the case of group insurance medical scheme which covers only 4% of workers in the public sector but in the private sector accounts for benefits to 11% of the workers.

In case of the managerial employees the pattern is very different in the public and private sectors as also in comparison to the workers of the respective sectors. Management staff is not covered under ESI which is one of the major statutory benefits accruing to the workers. In the public sector 47% of management staff is covered through owned facilities of the companies and 45% are entitled to claims against bills. In the private sector, in contrast, 56% of the management is covered for medical benefits through group insurance schemes, 45% through claims and 38% through owned facilities. Group insurance benefits in contrast are available to only 13% of management staff in the public sector and lumpsum medical allowance to 11% of the managers. For private sector managers' lumpsum is a much less important scheme and covers only 8% of them. The coverage for retained facilities was not made available by most companies but it was clearly indicated that it was generally for the management and senior staff.

Two important sets of findings come out of the above pattern of distribution. Firstly, the majority of workers are covered only by one type of medical benefit scheme, especially in the public sector. In the case of management staff the majority are entitled to two or more different medical benefits. Secondly, the differences between the benefits that accrue to workers and

Table C.2: Combination of Type of Medical Benefits
Provided to Employees
(figures are number of companies)

	ESIS	Insurance	Claims	Lumpsum	Own Hospital & Clinic	Retained Facility
Public Sector						
ESIS	14	2	12	2	5	2
Insurance	2	3	2	1	1	
Claims	12	2	24	4	11	3
Lumpsum	2	1	4	4	1	
Own Hospital & Clinic	5	1	11	1	16	3
Retained Facility	2		3		3	4
Private Sector						
ESIS	49	12	31	3	12	1
Insurance	12	32	16	5	9	5
Claims	31	16	55	7	14	7
Lumpsum	3	5	7	15	6	1
Own Hospital & Clinic	12	9	14	6	32	5
Retained Facility	1	5	7	1	5	8

Table C.3: Type of Medical Benefits Provided to Employees
by Selected Characteristics of Companies
(figures are number of companies)

	ESIS	Insurance	Claims	Lumpsum	Own Hospital & Clinic	Retained Facility
Public Sector	14	3	24	4	16	4
Private Sector	49	32	55	15	32	8
All Sectors	63	35	79	19	48	12
Location						
Bombay	20	23	37	10	20	9
North India	6		8	2	11	
Calcutta & East	12	4	12	2	7	3
West India	5	3	6	4	3	
South India	20	5	16	1	6	
Type of Company						
Non-MRTP/non-FERA	45	16	50	12	28	4
FERA & MRTP	6	7	9	1	5	4
MRTP only	12	12	20	6	15	4
Incorporation						
pre-1975	47	29	58	18	36	10
1975 & later	13	5	15	1	9	2
Industry group						
Food Products	6	4	6	4	11	2
Textiles	15	3	12	2	5	2
Minerals & Metals	8	4	9	2	6	
Chemicals	9	5	20	5	7	2
Engineering & Durables	10	10	9	2	7	2
Services	6	7	15	3	4	2
Diversified	5	2	4	1	3	2
Others	4		4		5	
Profitability Group						
Negative	13	6	6	3	8	
Low	25	8	29	7	9	2
Average	22	17	34	8	23	9
High	2	2	7	1	7	1
Returnability Group						
Negative	11	6	4	2	6	
Low	21	10	26	6	15	5
Average	18	12	24	7	13	3
High	8	5	19	3	10	4
Val.Add. Group						
Poor	11	5	10	2	10	3
Low	21	13	30	9	19	3
Average	17	10	21	3	7	4
High	4	2	8	2	3	1

management personnel is less sharp in the public sector as compared to the private sector.

As regards combinations of types of medical benefits provided to employees in the public sector, ESIS and claims, and hospital/ clinic and claims are the main combinations. In the private sector, ESIS and claims is the most important combination followed by group insurance and claims and hospital - clinic and claims. (see Table C.2).

When we disaggregate the various schemes by other variables we get the following scenario. (Table C.3)

i) South India, followed by Calcutta, have ESIS as the most important medical benefit provided, whereas this is the least important in Bombay, where other schemes like claims and Insurance are more important. In the north, owned hospitals and clinics are the single most important medical benefit provided, followed by claims.

ii) For the non-MRTP / non-FERA group of companies as well as the FERA and MRTP companies, claims form the most important type of benefit provided but the second most important type of medical benefit is different for the 3 groups. For the first group it is ESIS, for the FERA and MRTP group it is insurance and for the MRTP-only group, it is owned Hospitals and clinics.

iii) ESIS is the single-largest type of benefit provided in the textile group of industries and the diversified group. In both these groups it is closely followed by claims. In the chemicals, services and minerals and metals group claims form the largest type of benefit provided. In the engineering group ESIS and Insurance are equally important, whereas in the Food products group owned hospitals and clinics are the most important.

iv) With regard to Profitability and Return on capital the average and high profit making and productive companies tend to have a much higher proportion of the non-ESI medical benefits, whereas the negative and low profit groups have a tendency towards providing only the statutory benefits.

EXPENDITURE ON MEDICAL BENEFITS

In the preceding discussion we have overviewed both the general profile of the companies covered in the study as well as explored the various types of medical benefits which employees get in different companies.

In this concluding section we will make a brief analysis of the cost of these benefits provided to employees.

Though medical benefits are an important item of expenditure in many companies, the information on this item of expenditure is not available in any published source. The companies' annual reports and accounts do not show this item of expenditure as a separate one. It is clubbed along with all "benefits" which are required by law to be shown separately from salaries and wages. Only ESIS expenditure is shown separately because it is a statutory requirement. Sometimes, provident funds, gratuity and bonus paid are also given separately, but other benefits like medical, housing, education etc. are rarely listed separately. The public sector gives the latter figures separately to a larger extent.

As mentioned in a preceding section there is no significant study available on corporate sector's expenditure on medical benefits for their employees, except for the EFI and IIM studies referred to earlier. The EFI study of 1969 showed that the expenditure on medical care (including statutory benefits like ESIS, maternity, workmen's compensation for injuries etc.) was 3.41% of total employee remuneration and 12.58% of all benefits. This worked out to Rs. 112.72 per employee in 1969 (EFI, 1972). In the IIM study in 1985-86 medical expenditure varied between Rs. 450 and Rs. 530 per employee for small, medium and large companies (IIM,1987). The study has also reported information for selected companies as case studies (Ibid).

The only other data on medical care and related expenditure for the organized sector employees available in a published form are about the statutory expenditure under the various Labour Acts and those by some public sector undertakings. These are published in the annual reports of the agencies responsible for implementation of these Acts, as well as in a compiled form in the publications of the Labour Bureau of the Ministry of Labour Welfare. This we have already discussed in the preceding section.

In the sample companies the total medical care and related expenditure works out to Rs. 755.53 million (Table D.1). This works out to Rs. 5.64 million per company (Table B.3) or Rs. 1647.58 per employee per year (Table D.2(a)). If we assume an average family size of 4.5 persons for the organized sector, then the medical expenditure by the corporate sector works out to Rs. 366 per capita per year (at 1990 prices). If we exclude "other medical benefits" (Which is mostly maternity benefits,

Table D.1 : Expenditure on Various Medical Benefits in Public and Private Sector Companies

Type of Benefit	PUBLIC SECTOR Expenditure (Rs.million)	PUBLIC SECTOR Percent Share	PRIVATE SECTOR Expenditure (Rs.million)	PRIVATE SECTOR Percent Share	ALL SECTORS Expenditure (Rs.million)	ALL SECTORS Percent Share
1. ESI (Employer Contribution)	26.13	6.22	27.10	8.09	53.23	7.04
2. Group Insurance Scheme	13.87	3.30	22.57	6.73	36.44	4.82
3. Claims / Reimbursements	151.65	36.08	141.47	42.21	293.12	38.80
4. Lumpsum Allowance	26.15	6.22	14.94	4.46	41.09	5.44
5. Own Hospital / Clinic	69.74	16.59	59.29	17.69	129.03	17.08
6. Retained Facility	0.51	0.12	0.97	0.29	1.48	0.20
7. Other Medical Benefits *	132.32	31.47	68.82	20.53	201.14	26.62
ALL MEDICAL BENEFITS	420.37	100.00	335.16	100.00	755.53	100.00

Note : * This includes special medical benefits for catastrophic illness and other statutory benefits like maternity benefits, accidents and death compensation etc. All these were not available separately for most companies hence we have had to club them as "others".

injury/death compensation etc.) and the ESIS contribution, then the medical care expenditure works out to Rs. 1086.96 per employee per year or Rs. 241.55 per capita per year.

There is a wide difference between the public sector and private sector in medical care expenditure by the companies. On an average, each public sector company in the sample spends Rs. 13.56 million per year (1.88% of value added) in contrast to only Rs. 3.25 million per year (0.67% of value added) in the case of the private sector company.

For the public sector employee this medical expenditure works out to Rs. 2251.10 per employee annually (Table D.2(b)) whereas for private sector employees it is much lower at Rs. 1225.46 yearly, per such employee (Table D.2(c)).

How is this expenditure distributed amongst the various medical schemes we discussed in the last section ?

Table D.1 shows that, as expected, claims / reimbursements account for the single largest category of medical care expenditure in both the public and private sectors. Excluding 'other medical benefits', the next major type of medical care expenditure is 'owned hospital and clinic', which, in proportion, is half that of claims. 'Claims' and 'owned hospitals' account for 56% of the medical expenditure of the companies (60% in the private sector) and 'other medical benefits' for over one-fourth of total medical expenditure.

The differences between the private and public sector are the same as discussed in the section on type of medical benefits. Thus, group insurance medical expenditure and retained facility costs are both twice higher as a proportion in the private sector.

Tables D.2 (a),(b),(c) give the broken down cost for each benefit as an average per employee, across selected differentials and for each sector separately. And Table D.3 gives the actual average cost per recipient of the said medical benefit scheme; it also gives the proportion that this benefit is of total emoluments of employees receiving the respective medical benefits.

DISAGGREGATED MEDICAL EXPENDITURE

Overall Medical Expenditures

The foregoing analysis shows that the public sector spends nearly twice the amount on an average, for medical care of its employees in comparison to the private sector. Disaggregation of this expenditure across other variables (Table D.2 (a)(b) and (c)) also confirms this. Thus, North Indian companies and the non-MRTP / non-FERA group of companies, which have a high proportion of public sector companies, have significantly higher average

Table D.2(a): Expenditure on Medical Benefits - All Sectors
by Selected Characteristics of Companies
(figures are rupees per employee)

	ESI per Emp.	Insur. per Emp.	Claims per Emp.	Lumpsum per Emp.	Own Hosp. per Emp.	Retain per Emp.	Other Medical Benefits	Medical Ben. per Emp.
All Sectors	117.31	80.33	628.43	90.56	284.37	3.27	443.31	1647.58
Location								
Bombay	125.00	139.17	784.63	49.52	194.74	2.72	637.98	1933.75
North India	17.98		2041.72	766.28	610.36		832.32	4268.66
Calcutta & East	102.66	13.39	86.42	28.79	206.85	6.58	139.14	583.83
West India	274.57	83.61	221.88	71.73	161.20		50.56	863.56
South India	151.53	52.19	643.87	25.66	596.73		203.94	1673.92
Type of Company								
Non-MRTP/non-FERA	152.99	83.80	665.61	105.43	294.44	1.69	630.82	1934.78
FERA & MRTP	72.38	38.31	642.74	82.59	133.88	3.26	489.53	1462.69
MRTP only	71.86	87.17	562.77	68.40	312.78	5.88	119.92	1228.78
Incorporation								
pre-1975	137.01	67.59	747.08	124.28	205.80	3.56	528.90	1814.22
1975 & later	122.57	6.54	495.85	2.14	621.12	5.53	306.80	1560.54
Industry group								
Food Products	4.94	8.56	26.47	45.37	366.47	8.77	94.36	554.96
Textiles	505.65	35.78	30.66	3.89	73.99	1.57	112.26	763.80
Minerals & Metals	60.57	321.55	423.10	2.65	560.68		287.76	1656.31
Chemicals	56.17	62.38	2132.31	564.20	629.18	6.74	559.29	4010.27
Engineering & Durables	54.81	92.37	404.43	39.11	351.09	3.18	549.91	1494.90
Services	68.75	75.61	1495.60	57.82	54.82	.75	1199.70	2953.05
Diversified	114.64	79.13	364.11	64.70	87.07	1.27	243.13	954.05
Others	30.63		152.60		594.04		728.17	1505.44
Profitability Group								
Negative	247.21	20.10	87.07	7.13	117.85		1045.96	1525.32
Low	88.70	191.13	1070.12	259.74	181.94	6.82	420.08	2218.54
Average	122.50	64.78	544.35	56.03	386.10	4.16	204.62	1382.55
High	2.61	15.04	818.58	1.65	428.04	.92	93.23	1360.07
Returnability Group								
Negative	243.35	20.66	87.10	6.43	114.72		1071.99	1544.26
Low	127.54	66.60	1403.38	215.00	453.55	8.23	332.91	2607.20
Average	87.04	259.09	576.48	50.29	178.55	.58	350.38	1502.40
High	12.47	14.67	176.27	43.43	283.91	2.21	132.94	665.90
Val.Add. Group								
Poor	63.97	26.06	1760.41	337.68	794.18	15.70	623.04	3621.04
Low	82.68	120.36	648.53	58.29	138.88	.50	778.91	1828.14
Average	147.92	60.60	249.82	4.61	233.17	.89	130.63	827.64
High	66.10	10.12	450.15	224.47	5.30	4.82	298.30	1059.25

Table D.2(b): Expenditure on Medical Benefits - Public Sector by Selected Characteristics of Companies (figures are rupees per employee)

	ESI per Emp.	Insur. per Emp.	Claims per Emp.	Lumpsum per Emp.	Own Hosp. per Emp.	Retain per Emp.	Other Medical Benefits	Medical Ben. per Emp.
Public Sector	139.92	74.29	812.09	140.03	373.44	2.73	708.59	2251.10
Location								
Bombay	173.06	143.38	608.68	8.92	186.86	4.67	925.60	2051.17
North India	6.46		2751.89	1107.68	765.36		1124.75	5756.14
Calcutta & East	205.81		225.41			1.96	270.82	704.00
West India	338.25		516.55		5.02		148.21	1008.02
South India	71.16	1.63	774.73	39.04	856.26		198.03	1940.84
Type of Company								
Non-MRTP/non-FERA	138.46	76.34	809.66	137.39	379.99	2.26	725.11	2269.23
FERA & MRTP	153.13		1103.12		9.38	31.25	21.88	1318.75
MRTP only	227.69	21.18	616.89	508.34	365.37		393.17	2132.64
Incorporation								
pre-1975	157.29	.40	918.66	195.74	238.45	1.57	835.31	2347.42
1975 & later	117.33	.46	491.40		795.60	6.88	365.35	1777.01
Industry group								
Food Products	15.80		13.54	33.85	584.08		8.27	655.53
Textiles	547.21		8.91		.40		26.14	582.66
Minerals & Metals		608.60	552.59		633.30		432.19	2226.68
Chemicals	60.53		2823.02	956.74	1108.47	12.11	715.04	5675.89
Engineering & Durables	91.44	5.81	926.29	101.48	922.86	7.93	326.65	2382.46
Services	63.96		872.12	15.63	.73	.91	1526.72	2480.06
Diversified	259.96		271.56			2.58	96.25	630.34
Others	16.89		190.51		745.85		925.55	1878.80
Profitability Group								
Negative	261.38		91.56		136.10		1120.71	1609.75
Low	44.91	212.84	1669.46	401.76	307.07	.92	409.49	3046.44
Average	81.22	.79	1010.54		1054.63	17.83	328.15	2493.17
High	12.16		2047.02		393.19		733.68	3186.06
Returnability Group								
Negative	257.09		90.26		138.16		1134.96	1620.47
Low	57.07	.76	1651.82	356.24	692.38	5.13	430.80	3194.20
Average	5.84	896.82	1010.38	55.81	256.33		510.71	2735.89
High	64.33		1220.97	29.24	108.19	14.62	356.03	1793.37
Val.Add. Group								
Poor	22.42		1588.50	531.52	1080.97	6.73	771.16	4001.30
Low	64.41	203.41	929.16	18.77	79.03	.73	1360.46	2655.96
Average	348.02		167.89	5.40	196.89	1.08	53.14	772.42
High	69.63		1079.60	122.21	11.37	14.21	267.57	1564.59

Table D.2(c): Expenditure on Medical Benefits - Private Sector
by Selected Characteristics of Companies
(figures are rupees per employee)

	ESI per Emp.	Insur. per Emp.	Claims per Emp.	Lumpsum per Emp.	Own Hosp. per Emp.	Retain per Emp.	Other Medical Benefits	Medical Ben. per Emp.
Private Sector	101.50	84.55	499.97	55.96	222.08	3.65	257.76	1225.46
Location								
Bombay	88.28	135.95	919.06	80.54	200.76	1.23	418.23	1844.04
North India	43.84		447.69		262.43		175.94	929.90
Calcutta & East	72.03	17.36	45.16	37.34	268.26	7.95	100.05	548.15
West India	262.99	98.81	168.32	84.77	189.59		32.82	837.30
South India	305.71	149.18	392.85		98.87		215.29	1161.90
Type of Company								
Non-MRTP/non-FERA	189.06	102.31	307.84	26.07	81.96	.27	396.62	1104.14
FERA & MRTP	66.34	41.17	608.33	88.76	143.19	1.17	524.49	1473.45
MRTP only	69.26	88.27	561.87	61.08	311.90	5.98	115.38	1213.73
Incorporation								
pre-1975	123.20	113.37	630.16	75.59	183.55	4.92	320.10	1450.89
1975 & later	140.89	27.82	511.41	9.63	10.78	.80	101.98	803.31
Industry group								
Food Products	3.81	9.46	27.82	46.58	343.67	9.69	103.38	544.42
Textiles	477.87	59.70	45.21	6.50	123.18	2.62	169.83	884.90
Minerals & Metals	112.48	75.58	312.15	4.91	498.45		163.99	1167.56
Chemicals	51.09	135.19	1326.03	105.98	69.71	.47	377.49	2065.96
Engineering & Durables	33.22	143.39	96.79	2.34	14.03	.37	681.53	971.68
Services	79.35	242.93	2875.32	151.19	174.51	.40	476.03	3999.72
Diversified	43.23	118.01	409.59	96.49	129.85	.63	315.31	1113.11
Others	79.79		16.92		50.77		21.76	169.25
Profitability Group								
Negative	194.13	95.43	70.25	33.85	49.43		765.82	1208.92
Low	135.47	167.94	429.77	108.01	48.26	13.13	431.38	1333.98
Average	132.08	79.62	436.18	69.03	230.99	.99	175.96	1124.86
High	2.28	15.56	775.45	1.71	429.26	.95	70.74	1295.95
Returnability Group								
Negative	188.85	102.64	74.56	31.92	21.75		822.19	1241.92
Low	191.88	126.71	1176.53	86.04	235.47	11.06	243.52	2071.21
Average	104.69	120.45	482.15	49.09	161.65	.71	315.52	1234.25
High	6.66	16.32	59.16	45.02	303.61	.82	107.93	539.50
Val.Add. Group								
Poor	131.73	68.55	2040.76	21.57	326.47	30.34	381.47	3000.89
Low	96.02	59.72	443.62	87.15	182.58	.32	354.27	1223.68
Average	44.16	92.02	292.30	4.20	251.99	.79	170.82	856.28
High	64.29	15.30	127.38	276.91	2.19		314.06	800.12

expenditures on medical care. For the same reason the chemical and services groups of companies, the low profit and return companies and the poor value added companies have significantly higher expenditure on medical care. (Table D.2(b)).

In the case of the private sector (Table D.2 (c)) it is interesting to note that companies with low profits and returns and poor value added also have the highest expenditures on medical care. This is a clear indicator that companies which appropriate higher profits and show a higher return and value added are doing so at the cost of the employees i.e. by paying lower wages and benefits.

This is further substantiated by the ratios presented in Table D.4 where we clearly see that medical expenditure is much higher in the public sector as a proportion to all the crucial variables like sales turnover, profits, value added and dividend payments. Infact, the gap between the public and private sectors is the highest where profits and dividends are concerned because in the private sector profit appropriation (before tax) takes away half of the value added in comparison to only one-fourth in case of the public sector companies. Thus, with the objective of maximizing profits, the private sector companies, on an average, tend to keep benefits (including medical benefits) for employees at a very low level as compared to the public sector companies.

ESIS

In the sample companies the expenditure by companies (employer's share) for premia to the ESI Corporation is a total of Rs. 53 million or 7% of all types medical expenditures. (Table D.2) This is a mere Rs. 117.31 per employee annually. (Table D.2(a)). We have seen earlier that only 17.6% of the employees in the sample companies are covered under ESIS (Table C.1); thus, for the actual ESIS beneficiary, the employer's contribution works out to an average of Rs. 664.34 per such employee and this is only 2% of the total emoluments of these employees (Table D.3). For the public sector employees the latter proportion is 2.5% and for the private sector employee much lower at 1.6% of emoluments.

ESIS, by its definition of coverage, is applicable to employees with wages at the lower end of the spectrum. Thus, the textile group of industries which have low wages on the average, have a higher coverage under this scheme as well as a higher average premium payout per employee. The same is true of loss making companies and those having a negative return on capital. However, this is an expected result because it is more a consequence of statute than of company policy.

The other medical benefits discussed below are not statutory in nature but a consequence of negotiations and labour struggles.

Group Health Insurance

This too is a premia based medical benefit which the company negotiates with the General Insurance Companies (all public sector institutions). There are no specific standards set by the Insurance company for premia and amount of coverage permissible. It is an entirely tailor-made scheme through a bilateral agreement between the company and the Insurance firm. Most often, the amount of premium is dictated by two factors - the volume of other insurance business that the company offers and the number of employees. Larger the insurance business and the number of employees, lower is the premium that the company pays per employee. There may be different rates of premia and extent of coverage (upper limits and number of family members) for different grades of employees. The ultimate cost of medical care (within the confines of upper limits specified) is borne by the insurance company, through reimbursements.

As we have seen earlier, in our sample this scheme is provided in very few companies. The total expenditure on this scheme by the sample companies is Rs. 36.44 million or only 4.82% of total medical expenditure of companies. However, the share of this scheme in total medical expenditure is twice larger in the private sector. (Table D.1) Infact, in the private sector, it is the single largest scheme for managerial employees, covering 56% of them. (Table C.1).

medical care expenditure.

A total of Rs. 293.12 million was spent by the sample companies on claims / reimbursements to employees for medical care. The public sector accounted for 52% of this expenditure.

The overall expenditure on this scheme among the sample companies was Rs. 628.43 per employee - Rs. 812.09 in the public sector and only Rs. 499.97 in the private sector. (Table D.2 (a)(b)(c)). For employees actually receiving these benefits the gap between the public and private sector narrows. The public sector employee covered by this scheme claimed Rs. 1868.90 per year against Rs. 1786.73 by an employee in the private sector. (Table D.3) For the private sector employees this scheme is the most lucrative one, atleast in terms of the money received, and for the employers the most expensive scheme to administer. In the public sector it is the second most expensive scheme. A point worth noting here is that the gap between the various schemes in the public sector (except for ESIS) is very small; but in the private sector claims/reimbursement stand apart from the other medical benefit schemes whose expenditure levels are more or less similar - the former averages three times the expenditure of the latter. (Table D.3).

Since the payout to the employee in this scheme is the highest as compared to all other schemes it is expected that the poor performing companies do not have this scheme as the dominant one.

Table D.3 : Expenditure per Actual Covered Employee under Various Medical Schemes and as Percent of Total Emoluments

Medical Benefit Scheme	PUBLIC SECTOR (Rs.)*	PUBLIC SECTOR (Percent of Emolument)●	PRIVATE SECTOR (Rs)*	PRIVATE SECTOR (Percent of Emoluments)●	ALL SECTORS (Rs)*	ALL SECTORS Percent of Emoluments)●
ESIS (Employer share)	680.66	2.5	649.33	1.6	664.34	2.0
Group Health Insurance	1377.91	3.2	571.42	1.1	735.21	1.5
Claims / Reimbursements	1868.90	4.2	1786.73	5.1	1828.32	4.7
Lumpsum	2237.34	5.3	460.93	1.1	931.72	2.2
Own Hospital/Clinic	1060.25	3.1	407.01	1.4	610.22	1.8

* Figures are Rs. per actual employer recepient of each benefit. It must be also noted that in many cases an employee received more then one type of benefit.

● Figures are percent that the preceding column is of average per employee emoluments in companies with the relevant medical schemes.

Table D.4 : Selected Ratios of Medical Care Expenditures

(Percentages)

	Public Sector 1	Private Sector 2	All Sectors 3	Disparity (Times) 1-2
Medical Expenditure as Percent of : (on per employee basis)				
1. Sales Turnover	0.34	0.23	0.28	1.48
2. Value Added	1.90	0.69	1.09	2.75
3. Profits before Tax	7.14	1.34	2.48	5.33
4. Total Emoluments	5.79	3.36	4.40	1.72
5. All Benefits	28.57	20.12	24.13	1.42
6. Dividend Paid	65.29	11.24	21.04	5.81

Also companies in the North of country (mainly around Delhi) have their own hospital more often than "Claims", and companies in South India have ESIS more often than "Claims".

Lumpsum Payment

Paying a fixed medical allowance as part of emoluments is one of the least common schemes, especially in the private sector. On an average, what the private employer spends on this scheme is also one of the lowest per employee. In contrast, in the public sector, where too the scheme has the lowest coverage alongwith group insurance, the per employee payout to the actual beneficiary of this scheme is the highest. (Table D.3) Thus, for the public sector employer this is the most expensive scheme while for the private sector employer the cheapest, aggregating 5.3% and 1.1% of emoluments, respectively (Table D.3).

Own Hospital/Clinic

Companies which on the average have a larger employee strength, find it economical to have their own health care facility. Consequently, on the whole, having such a facility becomes the cheapest form of delivering health care to employees and their dependents. This is generally true for the companies in our sample and more so for the private sector companies.

On the whole, the per employee expenditure on hospitals and clinics by the sample companies is Rs. 284.37 - Rs. 373.44 in the public sector - (Table D.2(a)(b)) but the actual cost of running a hospital / clinic for providing health care is Rs. 610.22 per employee in a company which has this facility (Table D.3). The costing in the private and public sectors is very different.

In the private sector those companies providing health care through their own facility have the lowest cost of medical benefit, a mere Rs. 407 per employee. In the public sector it is the second lowest cost (after ESIS) medical benefit scheme, but compared to the private sector the amount spent (Rs. 1060 per employee) is much larger (Table D.3)

Retained Facility

The total expenditure for such a facility by the sample companies is merely 0.2% of all medical expenditure. This category of medical benefit is directly borne by the company for selected senior managerial employees, directors, etc.. None of the companies gave any details about coverage of employees under this scheme though 9% of the companies stated having such a facility. Interestingly 75% of these companies were located in Bombay and the rest in Calcutta.

Other Medical Benefits

This is a large category of expenditure constituting 27% of total medical expenditure - 20% in the private sector and 31% in the public sector. A total of Rs. 201 million was spent on these benefits, which are mostly statutory in nature, covered by the various Acts such as the Maternity Benefit Act, Workmen's Compensation Act etc.. Most of the companies did not give any details about these expenditures and the beneficiaries.

CONCLUSIONS AND ISSUES

The foregoing exploration of medical care benefits for the work-force in the organised sector may indicate that relative to the general population this segment is perhaps privileged in getting wages and benefits with minimum decent levels of protection.

The Factories Act and other associated Acts, we have seen, protect about only 10% of the work-force. The remaining 90%, mostly in rural areas and small towns, has no legal protection at all; they are entirely at the mercy of their employers or are condemned to various types of unremunerative self-employment. Even from among the 10% protected work-force only about half gets complete protection, the balance getting nil or inadequate protection, because the audit and monitoring machinery of the state constituted under various Acts is in itself deficient and inadequate.

In the present economic scenario of structural adjustment these "small mercies" enjoyed by this small work-force is generally threatened. In the last one and a half decade employment in the factory sector has stagnated, infact declined in real terms, due to the economic policies pursued by the government, especially those with regard to liberalisation and privatisation.

It must be noted that the decline in organised sector employment is not due to economic recession, because investment in the organised sector has grown fairly rapidly. The decline is largely due to shifts in the structure of production. In India the putting-out system of production has always been a large segment, and it is this which is replacing factory production, both due to the increase of ancillarisation and miniaturisation of technology. To support these processes the legal framework is being altered to narrow the focus of the factory-sector.

A major consequence of all this is going to be rise in unemployment and decline in wages, but what will be more adversely affected are social wages, including health care benefits. With unions totally immersed in issues of unemployment and wages, the small increase achieved in awareness about social wages amongst workers is going to plunge.

It is in this context that one must view the findings of the present study.

We have seen that medical care expenditure of the larger companies' is merely one percent of their value added and four percent of emoluments. About one-third of the value of medical care benefits are statutory and the remaining two-thirds are the result of negotiations and struggles. Ofcourse what is statutory today was also a consequence of labour struggles in the past.

Relative to the resources that the general population can command for access to medical care the organised sector workers (who get medical benefits) are better off in the sense that they get some additional support to meet their health care requirements (especially so if they get direct services) beyond what the government provides for the population as a whole.

However, this additional resource at the command of these workers is mostly used in availing private health care, which, as we know, gives placebo, unnecessary or inappropriate treatments 60% to 70% of the time. Thus a fair chunk of this additional resource goes waste. Besides, it also contributes to escalation in the cost of health care.

Since we have not looked at the actual availing of medical care by workers it is difficult to comment any further on the use of the resources at their disposal, except that if the employer provides a service diredly (clinic or hospital) then the expenditure indicated is an acutal expenditure on medical care by the employer. All other payments, except where bills have to be produced as in the case of reimbursements against insurance or employers' provision (these too are often manipulated), made by the employer for medical care may not necessarily be actually used for medical care but for more urgent needs (quite often nutrition itself because of the generally low level of wages).

While these issues are very important, the present study being exploratory in nature has not addressed them. Interviews of workers who receive medical benefits need to be conducted to acquire an analytical understanding of actual medical care benefits and expenditures.

We would like to conclude by saying that medical care benefits given to employees are given by employers more as a supplement to wages which are barely above subsistence levels and to add another number to the list of allowances. In most cases, it is not at all a well thought out system of benefits which gives actual relief to workers. Only where companies run well-equipped and adequately staffed clinics and hospitals do workers get a real benefit as they are not dependent on buying an expensive and a doubtful quality of health care in the market place.

And finally, under the present structural adjustment changes, the organised sector is under vigourous attack, with threats to employment (declining now for a decade in real terms), trade union organisation (changes in the Act), freeze on wage increases, rising prices with declining purchasing power and last, but not the least, the changes (against labour) in various labour protection Acts which provide different benefits to the worker.

To counter this, workers have to review their organisational policies and demands, because a one point battle of protecting employment and wages (though very important) dilutes the larger social security issues in the demand agenda of the working class struggles. The latter are very important for long term stability and only with their firm establishment as a right can the struggles of the working class of the organised sector get extended to the large mass of the non-formal sector.

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EMPLOYEE MEDICAL BENEFITS IN THE CORPORATE SECTOR

This is one of a series of studies on Health Expenditure carried out by FRCH with ICMR grants. As an exploratory study looking into the medical care benefits provided to the employees in the organised industrial sector (both public and private) it looks at employee medical benefits as 'social wages' and not as benefits provided due to the 'goodness of the employer'. The author takes a detailed look at the companies studied (about 143 in all), discusses various types of medical benefits and analyses disaggregated costs. In the concluding section, the author comments on the limited outreach of the corporate medical benefit schemes and discusses the threat of structural readjustment. He states that there is a shift in production structure supporting greater ancillarisation and miniaturisation of technology and alteration of legal framework to support these processes. This will have an adverse effect on social wages including health care. He thus throws a challenge to trade unions to raise broader social security issues that used to be prioritised on the agenda of working class struggles.

The monograph contains detailed tables (totally numbering 11) in each analytical section of the study.

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