

**CHAPTER III : MINISTRY OF HEALTH AND FAMILY  
WELFARE**

**All India Institute of Medical Sciences**

**3.1 Lack of Internal controls**

**Lack of internal control regarding realization of interest on Investments of AIIMS resulted in incorrect deduction of TDS of ` 1.54 crore.**

Section 11 of the Income Tax Act provides for exemption of Income tax on interest earned by All India Institute of Medical Sciences (AIIMS) on its investments.

Examination of the Investment records revealed that the Institute had invested funds worth ` 6.93 crore<sup>1</sup> in Fixed Deposit instruments of the State Bank of India. The funds matured in August 2010 with a maturity value of ` 8.37 crore.

However, Audit noted (August 2011) that the Bank had deducted an amount of ` 39.09 lakh on account of TDS on the maturity value and credited an amount of ` 7.98 crore to AIIMS.

On being pointed out by audit (August 2011), the Institute took up the matter with the Bank which stated that it was incorrectly done and assured to cooperate in getting the refund from Income Tax Authorities. The Institute had claimed (September 2011) TDS refund amounting ` 1.54 crore from the IT authorities which had so far been deducted by the Bank on interest income from investments.

The Institute stated (November 2011) that the Bank had erroneously deducted the TDS and the Income Tax Department was being approached for refund of the same.

The reply of the Institute attributes the error of incorrect deduction of TDS solely to the Bank. However, the fact that the deficiency went unnoticed until pointed out by Audit reflects lack of internal control regarding interest on investment to be realized by the Institute.

The matter was referred to the Ministry in November 2011; their reply was awaited as of January 2012.

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<sup>1</sup> 7 FDRs of ` 99 lakh invested @ interest of 10.1 per cent on 11 September 2009

**North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences**

**3.2 Avoidable expenditure on electricity charges**

**NEIGRIHMS had incurred avoidable expenditure of ` 41.55 lakh during March 2006 to September 2011 due to non enhancement of contract demand**

The tariff structure of the Meghalaya State Electricity Board<sup>2</sup> (MeSEB) for high tension (HT) consumers, provides that the demand recorded in excess of the contract demand shall be regarded as the chargeable demand and the excess energy so availed shall be charged at twice the applicable normal tariff. For change in the contract demand or connected load, the consumer is required to submit a test report to the MeSEB signed and sealed by a registered electrical contractor.

Based on the assessment of connected load made by M/s Hospital Services Consultancy Corporation (India) Limited (HSCC), the North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences (NEIGRIHMS) had entered into an agreement (July 2005) with the MeSEB for availing HT power supply at its permanent campus, Mawdiangdiang, Shillong, with a contract demand of 1000 KVA.

Audit scrutiny (September 2009) revealed that the actual demand was more than the contracted demand during the period July 2006 to June 2009 and the highest being 1984 KVA.

On being pointed out by audit, NEIGRIHMS took up the matter with MeSEB in October 2009 and again in January 2010, for enhancing the contract demand to 2000 KVA but without any detailed assessment and test report as required. MeSEB requested NEIGRIHMS (January 2010) to furnish the requisite certified test report before enhancing the contract demand.

NEIGRIHMS floated four advertisements between June 2010 and April 2011 for assessment of the connected load, but no bid was received against the first three tenders while on the last occasion a single offer was received.

In the meantime, in December 2010, NEIGRIHMS approached the Inspectorate of Electricity (IE), Government of Meghalaya to assist NEIGRIHMS in computing the connected load and test report but no response

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<sup>2</sup> MeSEB was corporatised as Meghalaya Energy Corporation Limited (MeECL) on 01 April 2010.

was received. Thereafter, NEIGRIHMS requested (May/June 2011) the Bureau of Energy Efficiency (BEE), for assessing the connected load. However, based on the advice of BEE, NEIGRIHMS again contacted (June 2011) IE, for computation of load and test report. IE took up the work in July 2011 and completed it in October 2011 on the basis of which NEIGRIHMS entered (December 2011) into an agreement for enhancing the contract demand to 2942 KVA.

It was noticed that during the period March 2006 to September 2011, actual demand was more than contract demand during 46 months. As a result, NEIGRIHMS was paying energy and demand charges which were much higher than the normal tariff for demand in excess of 1000 KVA.

Delay in enhancement of connected load from 1000 KVA to 2942 KVA, for the period of 67 months i.e. during March 2006 to September 2011, by NEIGRIHMS had resulted in an avoidable expenditure of ₹ 41.55 lakh.

NEIGRIHMS continued to incur electricity expenditure for excess demand which was much higher than the normal tariff rate due to lack of appropriate and timely action as would be evident from the following:

- At the first instance in October 2009 as well as subsequently in January 2010, NEIGRIHMS approached for enhancement of contract demand without any detailed assessment and test report.
- NEIGRIHMS continued to float tenders between June 2010 and April 2011 without any success but it did not contact HSCC for assessment of revised load assessment though they had originally assessed the electric load and the firm was working at its permanent campus (Mawdiangdiang), Shillong.
- Even though the matter was taken up (December 2010) with the State Inspectorate of Electricity, it was not pursued with them till it was pointed out (June 2011) by a Central Government agency (BEE).

The Management stated (December 2011) that it had made efforts to expedite the enhancement of contract demand. The Ministry (January 2012) also endorsed the views of NEIGRIHMS. The fact however remains that it did not take appropriate and timely action even after being pointed out by audit to avoid incurring of extra expenditure on electrical charges.