

## CHAPTER – III

# Department of Bio-Technology

### 3.1 Irregular administrative and entitlements operations

**Institute for Stem Cell Biology and Regenerative Medicine, Bengaluru did not follow Government rules and regulations in its administration and entitlements matters. This resulted in irregularities such as payment of higher entitlements of ₹ 2.86 crore to its staff, recruitment of in-eligible candidates, recruitment of staff without sanction for creation of posts, etc.**

The Institute for Stem Cell Biology and Regenerative Medicine, Bengaluru (INSTEM) is an autonomous body under the administrative control of Department of Bio-Technology (DBT). The primary objective of the institute is to create an organisation structure that promotes growth of expertise in stem cell research, fosters interactions among basic scientists and clinicians in ways that support innovative research to address barriers to progress in the therapeutic use of human stem cells.

INSTEM was approved (August 2008) on project mode for a period four years from 2008-09 to 2011-12 for a total cost of ₹ 203.10 crore. The institute continued to function in project mode and its duration was extended up to March 2016.

Being an autonomous body under Government of India and receiving substantial funding from public exchequer, INSTEM is required to comply with Government rules and regulations in its administrative functioning.

Audit examined the extent of compliance with Government rules and regulations in the administrative and entitlement functions of INSTEM. The audit observations are discussed below.

#### 3.1.1 Non framing of Recruitment Rules

According to instructions (December 2010) of Department of Personnel and Training (DoPT), as soon as a decision is taken to create a new post/service or to upgrade any post or restructure any service, action should be taken immediately by the administrative Ministry/Department concerned to frame Recruitment Rules/Service Rules. Recruitment Rules should be framed for all posts which are likely to last for one year or more. The Recruitment Rules were to stipulate the selection criteria for each position, requirements of educational qualification, experience and reservation roster, age limit, composition of the selection committee, manner of selection, details of competent authorities to approve various stages of recruitments, etc.

Audit observed that Recruitment Rules were not framed for INSTEM. Further, INSTEM carried out recruitment of 11 positions and nine temporary positions. Recruitment of regular staff in the absence of Recruitment Rules was irregular. Further, this led to irregularities in the recruitment process adopted by INSTEM which are discussed in the succeeding paragraphs.

INSTEM accepted (February 2016) the Audit observation and stated that the draft Recruitment Rules were submitted to DBT for approval.

The fact remained that the institute recruited regular staff without having approved Recruitment Rules.

### **3.1.2 Recruitment of staff without sanction for posts**

According to instructions (September 1998) of Ministry of Finance (MoF), Department of Expenditure (DoE) Governing bodies of autonomous bodies may exercise powers up to the limit of powers enjoyed by the administrative Ministry/ Department except for creation of posts. Therefore, for creation of posts, approval of MoF and DoPT was required to be obtained. Further, according to Rule 22 of General Financial Rules, 2005 (GFR), no authority may incur expenditure or enter into any liability involving expenditure from Government funds unless the same has been sanctioned by the competent authority. Audit observed that INSTEM appointed staff against posts without sanction, as discussed below:

- i) In Faculty cadre, though eight posts were approved by DBT, approval of MoF and DoPT was not obtained. Against these posts, five persons were in position. In addition to the above posts, proposals for filling nine other academic positions and 11 administrative positions were pending for the approval of DBT, MoF and DoPT. Audit scrutiny however revealed that INSTEM operated nine temporary posts against these posts.

While accepting the observation, INSTEM stated (February 2016) that employment through temporary mode was made instead of a structured Recruitment Rules route to obtain desirable persons.

The reply is not acceptable, as creation and operation of regular and temporary posts on regular basis required approval of DBT, DoPT and MoF.

- ii) Centre for Stem Cell Research (CSCR) was functioning at Christian Medical College, Vellore (CMC) in project mode (from the year 2005) with funding from DBT. The Union Cabinet approved (2008) integration of this unit with INSTEM on the expiry of its project. Accordingly, CSCR was integrated with INSTEM with effect from 1 July 2011. Audit scrutiny revealed that even after integration of CSCR with INSTEM, the staff of CSCR continued to work

for both CMC and CSCR/INSTEM. The work allocation of such staff was not specified separately.

CSCR/ INSTEM incurred<sup>10</sup> ₹ 1.54 crore towards emoluments of such staff during the period from 2011-12 to 2013-14 (July 2011 to March 2014). Payment of lump sum salary and entitlements without identifying and specifying the quantum of work was not in order.

While accepting the observation, INSTEM stated (December 2014) that the matter would be taken up with DBT.

### **3.1.3 Recruitment of ineligible candidates**

Audit scrutiny of recruitment records of the regular staff in INSTEM showed that the recruitment process followed by the institute for the recruitment of its regular staff was arbitrary, subjective and did not follow the due process prescribed for the recruitment in Central Government, as discussed below:

- i) INSTEM recruited two persons working in INSTEM in temporary capacity to the posts of Administrative Assistant and Assistant Accounts Officer, by relaxing eligibility criterion of age limit during the recruitment process.
- ii) INSTEM recruited two Assistant Investigators in the Grade Pay of ₹ 8,700. Audit observed that the recruitment was without following any due process of recruitments such as advertisement in newspaper duly prescribing selection criteria (such as age, qualification and experience), manner of selection, etc. The two officials directly submitted their curriculum vitae and were appointed for a period of five years. Recruitment of persons without following recruitment process prescribed by DoPT was irregular.
- iii) According to instructions on employment of citizens of foreign origin in India, the permission of Ministry of Home Affairs (MHA) is required to be taken. Audit scrutiny however showed that approval of MHA was not on record in respect of recruitment of two persons who were not Indian citizens.

INSTEM stated (February 2016) that relaxation of age limit was part of a flexible type of employment policy to appoint persons initially on temporary basis and subsequently regular continuous appointment was followed to fill the positions with desirable persons. INSTEM further stated that a method of open advertisement for the post of faculty was not resorted to and recruitment was done as and when need arose. With regard to appointment of foreign citizens, INSTEM stated that in one case the appointment was made by DBT and in the second case approval of MHA was being sought.

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<sup>10</sup> ₹ 33.05 lakh during the year 2011-12, ₹ 37.45 lakh during 2012-13 and ₹ 83.14 lakh during the year 2013-14.

Reply indicates that recruitment of the persons was made in an arbitrary manner and recruitment process was not followed.

### **3.1.4 Grant of irregular and higher entitlements to staff**

Rule 209 (6)(iv)(a) of GFR stipulates that all grantee Institutions or organisations which receive more than 50 *per cent* of their recurring expenditure in the form of grants-in-aid, should ordinarily formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in Central Government. Audit scrutiny revealed that INSTEM irregularly granted higher entitlements to its staff as detailed below:

#### **3.1.4.1 Inadmissible Travelling Allowance on transfer**

According to Government Rules<sup>11</sup> Travelling Allowance (TA) on transfer is admissible when a Government employee is transferred from one place to another place. Similarly Transfer TA is also admissible<sup>12</sup>, to permanent Central and State Government servants appointed to posts under the Central Government either on the results of competitive examination or after an interview for appointment to such posts.

Audit observed that during the period from 2009-14, INSTEM paid transfer TA of ₹ 34.64 lakh including travelling cost and cost of transportation of personal effects of eight officials who were working abroad, on their direct recruitment to INSTEM on temporary basis. As the staff were appointed on temporary basis and not transferred from any other previous headquarters, the transfer TA was not admissible. INSTEM did not recover this in-admissible amount.

While admitting that payment of relocation charges was not approved by Government, INSTEM stated (February 2016) that relocation charges were paid to have flexibility and attract quality manpower to the institute.

Reply of INSTEM is not acceptable as payment of relocation charges was against Government rules and regulations.

#### **3.1.4.2 Excess payment of rent accommodation charges**

According to the provisions contained in Delegation of Financial Powers Rules, where private accommodation is hired wholly for residential purposes, rent payable to the land lord by Government for residence or for the residential portion shall not exceed an amount equivalent to the total rent recoverable under FR 45A-IV (b) from an officer of the class for whom it is intended and the House Rent Allowance (HRA) which that officer would normally be entitled to. Thus, lease accommodation charges payable should be within the HRA and Licence Fee entitlement of the official.

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<sup>11</sup> SR 2 (18) of Fundamental Rules and Service Regulations Part II.

<sup>12</sup> GOI decision (1) under Rule SR 114

Scrutiny revealed that during the period 2009-14, INSTEM paid rent in excess of HRA admissible towards accommodation leased to 11 staff (permanent as well as temporary) to the extent of ₹ 37 lakh. This was in violation of Delegation of Financial Powers Rules. INSTEM did not recover the excess payment from the concerned officials.

INSTEM stated (September 2014 and December 2014) that in the absence of housing facility of its own for the employees, Institute put in place a policy of hiring private accommodation for its employees.

The reply is not acceptable as the policy was against Government rules.

#### **3.1.4.3 Irregular expenditure of ₹ 1.08 crore towards foreign tour**

Audit observed that scientists of the institute were permitted on foreign tour for seminars, workshops, presentation of papers etc. for 438 days during the period 2009-14. These foreign tours were approved by the Dean of the Institute instead of the Secretary of DBT/ Minister-in-charge in violation of the instructions of Government. INSTEM incurred irregular expenditure of ₹ 1.08 crore on foreign travels from the core grant released by DBT.

INSTEM stated (September 2014/ December 2014) that tours were undertaken to keep scientists abreast of science and interactions were of great importance to science research.

The fact remained that the foreign tours were permitted in violation of Government instructions and irregular expenditure to the tune of ₹ 1.08 crore was incurred.

#### **3.1.5 Irregular expenditure on employment of consultants**

Rules 163 to 177 of GFR prescribe the procedure to be followed for appointment of consultants. DBT instructed (June 2010) its autonomous bodies to follow these provisions as well as Manual of Policies and Procedure of Employment of Consultants.

The recruitments were carried out without following transparent process of recruitment enumerated in GFR and MoF guidelines as detailed below:

- i) In terms of GFR Rule 163 and 165, external professionals, consultancy firms or consultants may be hired for a specific job and according to Central Vigilance Commission (CVC) guidelines, the role of consultants should be intellectual, advisory and recommendatory and final authority and responsibility should be within the departmental officers only (not for day to day routine work which is available in Government) and in situations requiring high quality services (professionals) for which the concerned Ministry/ Department does not have requisite expertise.

- ii) Further according to Rule 168 and 169 of GFR, selection of consultants shall be carried out by advertising the requirement in at least one national newspaper of repute. Selection shall be based on their qualifications of the assignment. They shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment. According to MoF guidelines, selection will be carried out by a Consultancy Evaluation Committee (CEC) which will award marks for the educational qualifications and experience and select the most suitable candidate for the assignment.

Audit scrutiny, however, revealed that INSTEM recruited three non- professionals as consultants for regular positions in Administration, Finance/ Accounts and Project without advertisement and were not selected through comparison of qualifications with candidates who had expressed interest. The selection was not carried out by the CEC but they were directly offered appointment and recruited as consultants and these persons were engaged for routine official work such as general administration, cheque signing for payments, accounts, foreigner registration activities, financial management etc.

Further, the consultants were not only paid consolidated salary but were also paid HRA, Transport Allowance, Medical Reimbursement, Leased Accommodation, Ex-gratia payment, Performance Related Incentives and reimbursement of Leave Travel Concession (LTC) similar to the regular employees in Government.

INSTEM incurred an expenditure of ₹ 1.06 crore towards emoluments of these consultants during the period from November 2009 to October 2014. Of this, amount of ₹ 13.58 lakh was towards payment of allowances as mentioned above.

Thus, employment of non-professionals as consultants for regular work in Administration, Finance/ Accounts and Project was against the provisions of GFR, MoF and CVC guidelines as explained above.

While admitting the fact, INSTEM stated (February 2016) that appointment of consultants was made on need basis and persons were recruited through reference/ nomination.

The fact remained that the consultants were hired against the provisions of applicable rules and instructions.

### 3.1.6 Conclusion

Institute for Stem Cell Biology and Regenerative Medicine (INSTEM) did not institute a comprehensive and effective administrative mechanism in the recruitment of staff and payment of their entitlements. INSTEM carried out recruitments against regular posts without having approved recruitment rules in place. INSTEM further recruited staff without obtaining sanction for creation of posts. Audit also observed issues such as recruitment of in-eligible candidates, irregular expenditure of ₹ 2.86 crore on payment of higher entitlement to its staff in violation of Government rules and instructions and in hiring of three consultants.

The matter was referred to DBT in January 2016; its reply was awaited as of February 2016.