

CHAPTER VIII : MINISTRY OF HEALTH AND FAMILY WELFARE

Dr. Ram Manohar Lohia Hospital

8.1 Blocking of funds and non-utilisation of equipment

The Ministry of Health & Family Welfare, without ensuring readiness of infrastructure went ahead and procured various medical equipment valuing ₹ 15.93 crore for Emergency Care Centre in Dr. Ram Manohar Lohia Hospital, Delhi. Two of these equipment, valuing ₹ 2.40 crore could not be put to use as of December 2015.

General Financial Rules¹ (GFR) stipulate that every authority delegated with the financial powers of procuring goods/services in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters related to public procurement.

The Ministry of Health & Family Welfare (Ministry) on behalf of Dr. Ram Manohar Lohia Hospital entered (May 2010) into a contract with M/s Hosmac Projects for construction of Emergency Care Building. The work was scheduled to be completed by October 2010 and was intended for opening the emergency medical care facilities for Commonwealth Games Sports persons and to cater to the present day emergency requirements. The work could not be completed within the stipulated timeframe due to various reasons such as change in structural designs, delay in submission and finalization of designs by the contractor etc.

Delhi Tourism & Transportation Development Corporation Ltd. (project management consultant for this work appointed by the Ministry) apprised (August 2011) the Ministry about slow progress in work. Despite being aware of the status of work, the procurement cell of the Ministry issued Notification of Award (NOA) in December 2011 to 24 firms for supply of various medical equipment for Emergency Care Centre at the Hospital. The Hospital further issued (March 2012 to June 2012) supply orders to respective firms for supply of 22 items. These equipments were received during April 2012 to December 2012. Letter of credit in respect of two items² were opened/established in February/March 2013, and these items were received between July 2013 and September 2013. The total value of equipment procured was ₹ 15.93 crore.

¹ Rule 137 and 160 of GFRs

² ICU Beds Advance Model (39 No.) and Defibrillator with ECG Monitor (10 No.)

Audit observed the following discrepancies in the utilisation of the procured medical equipment:

Sl. No.	Nature of discrepancy	Money value (₹ In crore)
1.	Equipment issued to other departments/wings	5.66
2.	Warranty period of seven types of equipment issued to other departments/wings on temporary basis had already expired	1.22
3.	Two equipment ³ were lying uninstalled in the store as of December 2015.	2.40

Thus, failure to ensure readiness of infrastructure to install the equipment led to non-utilisation of two equipment for a period of more than 36 months. Even where the equipment were utilised, these were diverted and were not utilised for the intended objective of emergency care. Audit also observed that warranty period of seven types of equipment issued to other departments/wings on temporary basis had already expired without being used in NECC. The patients were deprived of better care facilities sought through these equipments.

On this being pointed out by Audit, Ministry stated (December 2015) that the equipment could not be installed on time due to delay in construction of NECC. It further stated that equipment lying in the stores as well as diverted to other departments would be re-installed in NECC when it would become fully functional. The reply establishes that the hospital concluded the procurement process without synchronising the same with the construction activity and hence the equipment could not be put to intended use.

Safdarjung Hospital

8.2 Excess Payment of Service Charges

Incorrect determination of 'use factor' for calculation of service charges on property tax by the Safdarjung Hospital resulted in excess payment of ₹ 4.60 crore to New Delhi Municipal Council.

The New Delhi Municipal Council (NDMC) (Determination of Annual Rent), Bye-Laws, 2009 which became effective from 1 April 2009, requires every property owner to make a self-assessment of the property for the payment of property tax. The Ministry of Urban Development (MOUD) in December 2009 directed that the Union of India (UOI) & its departments will pay service charges for the services provided by Municipal Corporations. No property tax will be paid to UOI but service charges calculated at the rate of 75 per cent, 50

³ A. Open Care System for Neonates with Accessories (18 Nos : ₹ 1.66 crore)
B. Complete Monitoring System (01 unit of Central Station & 18 monitors : ₹ 74.21 lakh)

per cent or 33 1/3 per cent of Property Tax levied on property owners will be paid, depending upon utilization of full or partial or nil services.

Further as per Bye-law 3 of the NDMC Annual Rent Bye-Laws, 2009⁴, the 'use factor' for the land is to be taken into account for the purpose of calculation of Property Tax. The 'use factor' for the land utilized was to be calculated as follows:

Use	Factor
Residential, Public Purpose, Schools, Colleges, Hostels and Hospitals	1
Public Utility, Government Offices and Embassies	2

Test check of the related records of Safdarjung Hospital disclosed that it had made payment of service charges in respect of Left and Right Wings of OPD-III, on the basis of self-assessment during the period 2009-10 to 2012-13. While calculating service charges, it had adopted the use factor for the hospital land as 2 instead of applicable factor 1. Thus, incorrect adoption of 'use factor' resulted in excess payment of ₹ 4.60 crore to NDMC during the period 2009-10 to 2012-13.

On being pointed out by audit, the Hospital took up the matter with NDMC (June 2013 to February 2015) which accepted (March 2015) the excess payment of ₹ 4.60 crore and stated that it would adjust the same from future demands. The Ministry endorsed (January 2016) the reply of the Hospital (December 2015) which reiterated the position. The Ministry may also issue suitable instructions to various premises regarding use of correct rates for payment of service charges.

All India Institute of Hygiene and Public Health, Kolkata

8.3 Excess Payment of stipend

The Institute without ensuring that the courses were prescribed in the Medical Council of India (MCI) regulation allowed payment of stipend at higher rate to the students of two PG diploma courses viz. Diploma in Industrial Health (DIH) and Diploma in Maternity and Child Welfare (DMCW), resulting in excess payment of stipend amounting to ₹ 3.63 crore during the period from June 2005 to July 2014.

All India Institute of Hygiene and Public Health, Kolkata (Institute) is dedicated to teaching, training, and research in various disciplines of Public Health and allied sciences. The Institute has been conducting various Diploma and Degree

⁴ As per Self-Assessment Property Tax Form No. 1

courses in affiliation with the West Bengal University of Health Sciences, Kolkata (WBUHS). All the students of the Institute including the students of Post Graduate (PG) medical courses were paid a uniform stipend of ₹ 800 per month.

As per para 13.3 of Post Graduate Medical Regulations, 2000 (Regulation) of Medical Council of India (MCI), the PG students of an institution shall be paid remuneration at par with remuneration being paid to the PG students of the Government Medical Institutions located in the respective State/Union Territory. Since the PG students of Government Medical Colleges in West Bengal were getting a monthly stipend of ₹ 6340, ₹ 6840 and ₹ 7340 for the first, second and third year respectively, the Institute approached (June 2004) the Ministry of Health and Family Welfare (Ministry) to keep parity in stipend as envisaged in the MCI Regulation. On getting approval from the Ministry (June 2005), the Institute enhanced the monthly stipend of their PG medical students from ₹ 800.00 to ₹ 6340, ₹ 6840 and ₹ 7340 for the first, second and third year respectively. Further, the Institute, from time to time, enhanced the stipend of their PG students commensurate with the increase in the stipend allowed by the West Bengal State Government for their PG medical students.

The Institute in May 2011 approached MCI for inspection of their four PG medical courses⁵ to facilitate increase in the intake capacity of students. But the MCI in September 2012 declined to carry out inspection of two PG medical courses viz. DIH⁶ and DMCW⁷ on the ground that the courses were not prescribed in the MCI Regulation. Since, the courses were not prescribed in the MCI Regulation, the PG students of these two courses were entitled to a stipend of ₹ 800.00 per month only. In May 2013, audit pointed out the payment of stipend at enhanced rate though the two courses were not prescribed in MCI Regulation. The Institute, however, continued to pay the stipend at enhanced rate and the total excess stipend paid from June 2005 to July 2014 was ₹ 3.63 crore.

The Ministry stated (January 2016) that DMCW and DIH courses were MCI recognised courses and referred to the reply⁸ of MCI to a RTI application which stated that these courses were recognised under the Indian Medical Council Act,

⁵ MD (Community Medicine), DIH, DMCW and DPH

⁶ Diploma in Industrial Health

⁷ Diploma in Maternity and Child Welfare

⁸ Reply furnished under Right to Information Act, 2005

1956. The reply was not tenable as these two courses were not included in the MCI Regulation notified in October 2000 which stipulated that such diploma courses instituted prior to the commencement of the Regulation should be discontinued after the students admitted complete the said courses and thus, the recognition to these courses was no longer valid after October 2000 under the MCI Act 1956. Therefore, the Institute should have discontinued these courses once the students admitted in the year 2000 completed their courses by 2002⁹. Since the payment of stipend was made under the provisions of the Regulation, the same cannot be made for the courses not included in the Regulation.

Thus, the Institute without ensuring that the courses were prescribed in the MCI regulation allowed payment of stipend at higher rate to the students of two PG diploma courses viz. DIH and DMCW, resulting in excess payment of stipend amounting to ₹ 3.63 crore during the period from June 2005 to July 2014.

All India Institute of Medical Sciences-Jodhpur

8.4 Non-recovery of refund of irregular payment of Service Tax

All India Institute of Medical Sciences - Jodhpur made payment of service tax on the outsourced services, although these services were exempted from payment of such tax.

Ministry of Finance (Department of Revenue), Government of India exempted certain services provided to an educational institution by way of Auxiliary Educational Services from service tax with effect from 1st July 2012 (Notification No. 25/2012, Service Tax dated 20 June 2012). The notification clarified that exempted services *inter alia* includes any services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person. Ministry of Finance further clarified that by virtue of the entry in the negative list, it was clear that all services relating to education are exempt from service tax (Circular No. 172/7/2013-ST dated 19 September 2013).

Audit observed that All India Institute of Medical Sciences Jodhpur (Institute) outsourced manpower services¹⁰, security services, transportation services¹¹ and catering services¹² and paid irregularly service tax amounting ₹ 63.13 lakh

⁹ Two year courses

¹⁰ M/s Intelligence Security of India

¹¹ M/s Balaji Tours

¹² M/s Kishan Catering & M/s Kissan Catering, Jodhpur

during the financial year 2012-13 and 2013-14 for the services provided during that period.

Ministry intimated (January 2016) that initially the term ‘Auxiliary Education Services’ was not clear whether various services like manpower outsourcing, security, catering, transportation etc. would be out of the purview of service tax liability or not. Being legal liability, no one has option for non-payment of service tax unless there is a confirmation for exemption of service tax. However, after clarification by the Ministry of Finance the Institute stopped paying service tax to various agencies for providing different services to the Institute.

The reply of the Ministry is not tenable because mere clarification on a law/rules cannot change the very nature of those law/rules. Since, the exemption from service tax on auxiliary education services was available to the Institute since June 2012, the Institute has not claimed refund of ₹ 63.13 lakh from Service Tax Department.

Indian Council of Medical Research

8.5 Over payment of Transport Allowance

The Scientists ‘G’ of Indian Council of Medical Research were incorrectly paid Transport Allowance thereby led to overpayment of ₹ 58.44 lakh.

The Ministry of Finance, Department of Expenditure vide Office Memorandum¹³ prescribed (August 2008) the rates of Transport Allowance on the basis of recommendations given by the Sixth Pay Commission. According to this, rate of Transport Allowance to employees drawing grade pay of ₹ 5400 and above was fixed as ₹ 3200 plus DA thereon. Further as per para 3 of OM, officers drawing grade pay of ₹ 10,000 and ₹ 12,000 and those in the HAG + Scale, who are entitled to the use of official car in terms OM No. 20 (5)-E-II (A)/93 dated 28 January 1994 shall be given the option to avail themselves of existing facility or to draw the Transport Allowance at the rate of ₹ 7,000 per month plus dearness allowance thereon. The OM of January 1994 provided that officers of the level of Joint Secretary and above, who have been provided with the facility of staff car for commuting between office and residence on prescribed payment basis may be given an option either to avail themselves of the existing facility or to switch over to the payment of Transport Allowance, as

¹³ O.M.21(2)/2008-E.II (B) dated August 29th 2008

admissible under these orders. The orders of the 1994 treated only Chief Executives of Statutory/Autonomous Bodies at par with the senior officers of the Government of India/Heads of Departments of the Central Government for the purpose of availing staff car facility.

Test check of records of Indian Council of Medical Research (ICMR) revealed that Scientists 'G' drawing grade pay of ₹ 10,000 and above were being paid Transport Allowance @ ₹ 7000 per month plus dearness allowance thereon. Audit observed that the Scientists, not being Chief Executives of the Autonomous Body, were not entitled for the staff car facility and as such were entitled to payment of transport allowance at the rate of ₹ 3200 (plus DA) only. During September 2008 to July 2015, the Scientists 'G' had been paid transport allowance aggregating to ₹ 107.66 lakh at these rates. The incorrect interpretation of rules led to excess payment of ₹ 58.44¹⁴ lakh to the Scientists 'G'.

After the issue was raised in Audit (May 2015), ICMR discontinued the payment of transport allowance at the rate of ₹ 7000 per month to the scientists from 1 August 2015. ICMR also stated (January 2016) that it had approached Ministry of Health and Family Welfare for waiver of the recovery of the excess amount of transport allowance already paid to its Scientists.

The matter was reported to Ministry (November 2015); their reply was awaited (January 2016).

¹⁴ Amount drawn-₹ 107.66 - lakh, Amount due - ₹ 49.22 lakh, Excess payment - ₹ 58.44 lakh.