

CHAPTER - V

STORES AND STOCK

HEALTH AND FAMILY WELFARE DEPARTMENT

5.1 Stores and Stock Accounts

5.1.1 Introduction

There are eight medical colleges (teaching hospitals), 25 district hospitals, 21 taluka hospitals, 6 Class-II hospitals and 4 mental hospitals in the State.

Test-check of stores and stock accounts of 12* hospitals for 1996-97 to 2000-2001 was conducted between October 2000 and May 2001. Important points noticed are mentioned below.

5.1.2 Purchase procedure

Rate contract was not fixed by DMER during 1996-2001

As per purchase procedure prescribed by the Government, consolidated purchases are made by the Central Medical Store Organisation (CMSO) on the basis of annual requirements of the colleges/hospitals. The colleges/hospitals are however, empowered to make purchase within the allocated budget grant for immediate requirements as per the Rate Contract (RC) finalised by Central Medical Store Organisation or after inviting tenders/quotations for items not covered under Rate Contract. Government (February 1978 and May 1981) also prescribed that in case of hospital items not covered under Rate Contract (RC) of Central Medical Store Organisation, Rate Contract should be fixed by the Director, Medical Education and Research (DMER) after ascertaining requirements of all hospitals but no Rate Contract was fixed by Director, Medical Education and Research during 1996-2001. Purchases were made by Teaching Hospitals on the basis of tenders and quotations.

5.1.3 Stores and Stock Accounts

(i) Consolidated Accounts of Stores and Stock prepared by Director, Medical Education and Research for Medical Colleges and by the Additional Director (Medical) for Civil Hospitals are to be submitted to audit annually by 31 May of the following year. However, accounts for 1997-98 to 1999-2000 were furnished by the Director to Accountant General in December 2000. No reasons for belated submission of accounts were furnished by Additional Director (Medical) Gandhinagar.

* 3 Teaching hospitals (Ahmedabad, Rajkot and Surat) 9 Civil hospitals (Amreli, Baroda, Bharuch, Himatnagar, Morbi, Navsari, Patan, Rajkot and Valsad).

Expenditure exceeded the budget provision by Rs.5.70 crore

(ii) During 1996-2000 as against budget provision of Rs.16.78 crore, Rs.22.48 crore were spent on drugs/medicines by three[#] Civil Hospitals resulting in excess expenditure of Rs.5.70 crore for which no reasons were furnished.

Reserve stock limit not fixed

(iii) Reserve stock limit for stores was not fixed by the department for any institution.

5.1.4 Diversion of Funds

Rupees 4.05 crore diverted for purchase of consumable stores

Financial Rules provide that the grant which could not be utilised for the intended purpose should be surrendered to the Government. It was noticed that the Additional Director (Medical Education) Gandhinagar, sanctioned (March 2001) Rs.4.05 crore to seven^{*} teaching hospitals for supply of material from out of savings under Plan head for purchase of equipments. However, instead of purchasing material covered under 'Plan head', hospital authorities cleared pending bills for medicines/drugs /surgical items/implants etc. which were consumable stores covered under 'Non Plan head'. Thus, 'Plan' grant of Rs.4.05 crore was irregularly diverted to 'Non-Plan'.

5.1.5 Purchase of diet materials

Milk valued Rs.1.07 crore purchased without inviting tenders

(i) As per Government orders (September 1997) the Medical Superintendent of Civil Hospital was empowered to purchase hospital stores of more than Rs.0.40 lakh and Rs.2 lakh after obtaining three quotations from specified institutions and inviting open tenders by wide publicity in news papers respectively. However, Medical Superintendents, Civil Hospitals, Baroda, Navsari and Surat purchased milk valuing Rs.1.07 crore during 1996-2001 from District Co-operative Milk Societies without following prescribed purchase procedure, though there was no exemption for Co-operative Societies.

Diet material valuing Rs.3.78 crore were purchased without inviting tenders

(ii) Medical Superintendents, Civil Hospitals, Ahmedabad, Bharuch and Morbi purchased diet materials valuing Rs.3.78 crore from 'Kalpataru store' during 1996-2001 without inviting open tenders.

5.1.6 Sub-standard medicines

Purchase of sub-standard medicines valued at Rs.44.85 lakh

As per terms and conditions of Rate Contract if samples of medicines test-checked in the laboratory were found sub-standard the cost of entire batch of such sub-standard medicines was required to be recovered or medicines replaced from/by the supplier. Test-check of records of Central Medical Store Organisation, revealed that sub-standard medicines valued at Rs.44.85 lakh were supplied by various

[#] (1) Civil Hospital, Ahmedabad 1996-97 Rs.1.55 crore, 1997-98 Rs.1.65 crore and 1998-99 Rs.0.83 crore
(2) Civil Hospital, Rajkot 1997-98 Rs.0.23 crore and 1999-2000 Rs.0.10 crore (3) New Civil Hospital, Surat 1999-2000 Rs.1.34 crore.

^{*} Civil Hospital, Ahmedabad Rs.1.00 crore, Civil Hospital, Baroda Rs.0.50 crore, Civil Hospital, Jamnagar, Rs.0.40 crore, Civil Hospital, Surat, Rs.1.00 crore, Civil Hospital, Bhavnagar, Rs.0.20 crore, Civil Hospital, Rajkot, Rs.0.60 crore, and Dental College, Jamnagar Rs.0.35 crore.

agencies during 1996-2001. This was detected by laboratory testing during April 1998 to January 2001. But neither the amount was recovered nor replacement obtained by CMSO from the supplier/manufacturer concerned.

Sub-standard medicines worth Rs.33.68 lakh issued to patients

Sub-standard medicines/drugs valued at Rs.33.68 lakh supplied to various hospitals by Central Medical Store Organisation, a State Organisation during 1998-2001 were utilised as intimation of their quality were received late from the laboratory.

5.1.7 Non-recovery of dues

For breach of terms of Rate Contract, liquidated damages and/or cost of materials procured at the risk of supplier were to be recovered from defaulting suppliers. It was noticed that Rs.27.80 lakh required to be recovered from defaulting suppliers on account of liquidated damages and risk purchase cost pertaining to 1996-2001 were not recovered by Central Medical Store Organisation (Amount Rs.11.40 lakh) and four[♣] Hospitals (Amount Rs.16.40 lakh) respectively.

5.1.8 Avoidable payment of custom duty on imported medical equipments

Avoidable payment of custom duty of Rs.39.13 lakh

Government of India wholly exempted medical equipments from payment of custom duty as well as additional duty subject to furnishing prescribed certificate for the purpose by the hospital authority. Three hospitals paid Rs.39.13 lakh towards custom duty during July 1997 to October 2000 as the hospital authorities failed to produce required exemption certificates to Director General, Customs, New Delhi.

5.1.9 Hemodialysis machines lying idle for 4 years

Equipments valued Rs.74.82 lakh lying idle

(i) Four hemodialysis machines purchased by CMSO between June 1996 and August 1999 for four^{*} hospitals at a cost of Rs.27.43 lakh were lying unutilised at respective hospitals for 4 years as the posts of Nephrologists were vacant.

(ii) Two Incinerators purchased at a cost of Rs.28.39 lakh for two[♠] hospitals during March to August 1999 were not commissioned as of March 2001 due to non-availability/non-completion of required infrastructure facilities.

[♣] Civil Hospital, Ahmedabad, Civil Hospital, Himatnagar, Civil Hospital, Surat and Civil Hospital, Valsad.

^{**} Civil Hospital, Ahmedabad : Rs.29.66 lakh, (Laprosopy set, Vital sign monitor, CT Scanner) Civil Hospital, Himatnagar (Ultra Sounded Sonography machines): Rs.1.47 lakh and Civil Hospital, Rajkot : Rs.8.00 lakh (Deep Frezer, Binocular, Ultra Sound Scanner).

^{*} Civil Hospital, Amreli, Civil Hospital, Himatnagar, Civil Hospital, Navsari and Civil Hospital, Valsad.

[♠] Civil Hospital, Ahmedabad and New Civil Hospital, Surat.

(iii) In five[#] hospitals seven^Σ equipments valued Rs.19 lakh received from Oriented Development Related Export Transaction/purchased by hospitals during March 1991 to November 2000 were lying idle. Hospital authorities stated that due to non-installation and non-availability of specialists machineries/equipments were lying idle.

Thus, investment of Rs.74.82 lakh remained unfruitful while the patients were deprived of the intended benefits.

5.1.10 Unserviceable/condemned vehicles and equipments

Fifty vehicles^φ valued Rs.40.17 lakh and 36 equipments^ψ valued Rs.51.98 lakh declared as unserviceable/condemned between 1986 and 2000 were lying un-disposed in hospitals as of December 2000.

5.1.11 Physical verification of stores not conducted

No physical verification of stores by hospitals and CMSO for five years

Physical verification of stores and stock of Civil Hospitals and Central Medical Store Organisation was required to be conducted annually by the competent authority^φ. It was however, noticed that in Central Medical Store Organisation and eight[@] hospitals physical verification of stores was not conducted during last five years. Non-verification of stores for prolonged period is contrary to good management practice and facilitate delay/in detection of wastage and pilferage of stores.

The matter was reported to Government in July 2001; reply has not been received (September 2001).

ROADS AND BUILDINGS DEPARTMENT

5.2 Non-accounting of Material issued to contractors

Material valued Rs.3.80 crore issued from stock was not accounted for in the works

According to provision of Gujarat Public Works Department Manual (GPWD) material issued from stock should immediately be debited

[#] Civil Hospital, Banaskantha, Civil Hospital, Bharuch, Civil Hospital, Porbandar, Civil Hospital, Rajkot and Civil Hospital, Savarkundla.

^Σ Blood Bank Refrezerator-Blood Bank, Tractor and Trolley- Bio-medical waste, AC-Blood Bank, Operative Ophthalmic and Caretometer-Eye, 200 AM X-Ray -X-ray.

^φ Lying at Central Automobiles Work Shop Naroda, Ahmedabad.

^ψ Lying at various hospital at Amreli:1, Bharuch :3, Jamnagar : 18, Khambhalia :2, Morbi :5, Rajkot :1, Surat :6.

^φ In the case of Civil Hospital-RMO CL-I, Teaching Hospital-Medical Superintendent, CMSO/Depot Manager-Director, CMSO, Gandhinagar.

[@] Rajkot, Ahmedabad, Surat, Amreli, Patan, Morbi, Bharuch and PK hospital, Rajkot.

either to work or to contractor as the case may be. Fictitious stock adjustments are strictly prohibited. Violation of these provisions constitute serious irregularities.

Materials valuing Rs.3.80 crore, as detailed below, issued by Executive Engineers, Roads and Buildings Division, Baroda and Navsari for various road works between November 1996 and March 1999 were not accounted for in the stock account of the divisions though the works were completed and cost of materials were recovered from the contractors :

Roads and Buildings Division	Material	Period	Value (Rupees in crore)
Navsari	Asphalt	February 1999 and March 1999	1.78
Baroda	(a) Asphalt	November 1996 to March 1997	1.32
	(b) Asphalt	May 1997 and June 1997	0.66
	(c) Quarry material	May 1997 and June 1997	0.04
		Total	3.80

Due to non-accounting of value of materials in the respective works, expenditure of these works were short debited. The amount thus, saved from approved provision of these works were diverted by the EEs to make other payments not related to the concerned works. Excess expenditure by the Division in the relevant years ranging between Rs.0.78 crore and Rs.1.78 crore was thus suppressed. The divisions debited only labour bills of contractors to the works and the cost of material was not debited to works to avoid excess of the budget provision.

While admitting the irregularities EE, Navsari stated (December 1999) that due to insufficient grants and to avoid further excess expenditure than the grant, value of materials was not debited to works. Thus codal provisions were knowingly bypassed to suppress excess expenditure and to make payments to contractors. This requires investigation at appropriate level.

EE, Baroda did not furnish reasons for non-adjustment.

The matter was reported to Government February 2000. The reply has not been received (September 2001).
