

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

National Institute of Health and Family Welfare

6.1 Avoidable loss of interest

Retention of large cash balances in current accounts by the National Institute of Health and Family Welfare in violation of its bye-laws, resulted in minimum loss of interest of Rs. 71.91 lakh during 2000-01 to 2004-05.

Clause 49 of the bye-laws of the National Institute of Health and Family Welfare (Institute), stipulates that its funds shall be lodged and transacted through a current account with the State Bank of India or any nationalised bank. The bye-laws further stipulate that part of such balance in the bank as may not be required for expenditure for some time may be invested in short term fixed deposits or kept in savings fund of the bank as reserve fund. As soon as the balance kept in such interest-bearing account is required for expenditure, it can be re-transferred to the current account. The Reserve Bank of India had also decided (August 1983) to grant facility for conversion of current accounts into saving bank accounts in the nationalised banks to registered societies and other institutions not liable to pay Income Tax under the Income Tax Act. As a result of such conversion, the societies/institutions could earn interest at saving bank rates on their funds with the bank.

Audit ascertained that the Institute had been maintaining eight bank accounts (three current accounts and five saving bank accounts) with the State Bank of India and the Syndicate Bank, R. K. Puram, New Delhi. Out of three current accounts, the Institute had violated its bye-laws in respect of two accounts as it had neither transferred surplus amounts from these accounts to saving account nor invested these in short term deposits. Consequently, during 2000-01 to 2004-05, the Institute had monthly balances ranging between Rs. 48.69 lakh and Rs. 16.23 crore in these accounts, which did not earn any interest. Although cash balances in these accounts continued to accumulate, the Institute failed to initiate action to invest the surplus funds in short term deposits or at least keep them in saving account. Further, the matter was pointed out earlier by Audit (March 2004) and the Ministry of Health and Family Welfare had similarly advised the institute in April 2004.

Retention of large cash balances in the two current accounts resulted in loss of interest of Rs. 71.91 lakh (at the minimum) during 2000-01 to 2004-05 calculated on the minimum monthly balances lying in these accounts at the saving bank interest rate of 3.5 *per cent* per annum.

In response to the Audit observation the Institute stated (July 2005) that it had invested Rs. 50 lakh in Fixed Deposit in March 2005 out of one current account. The Institute also stated that it had opened saving account for other current accounts in April 2005.

However, Audit noted that the institute could have avoided minimum loss of interest of Rs. 71.91 lakh if it had taken timely action in the matter in accordance with its bye-laws or even on the advice of the Ministry and Audit.

The matter was referred to the Ministry in August 2005; their reply was awaited as of February 2006.

All India Institute of Medical Sciences

6.2 Short recovery of rent

All India Institute of Medical Sciences failed to recover licence fee at the rate prescribed by the government from the State Bank of India for the space provided to it resulting in short recovery of Rs. 41.43 lakh for the period from March 1999 to December 2004.

Audit ascertained (August 2004) that All India Institute of Medical Sciences (Institute) had provided (July 1971) office space measuring 4836.62 square feet to the State Bank of India (Bank) within its premises, without executing a lease deed with it, at a nominal licence fee of Rs. 172 per month. The Bank which started as an Extension Counter under South Extension (Part I) Branch, New Delhi for providing banking facilities to the Institute, its employees and patients had, over the years, grown into a full-fledged branch with substantial business.

In September 2000, 29 years after providing the space to the Bank, the Institute decided to revise the monthly licence fee to Rs. 2.42 lakh at the rate of Rs. 50 per square feet. This revision was based on the rent being recovered from other commercial establishments functioning within the premises and at the recommendations of a Negotiating Committee. However, the Bank did not agree to the revision on the ground that it was providing some banking facilities free of cost to the Institute. The Bank assessed the value of free services at more than Rs. 20 lakh per annum; however, it did not furnish the

details of the 'free of cost' services. After prolonged negotiations the Bank offered (August 2001) to pay licence fee at a lump sum monthly rate of Rs. 0.50 lakh. The Institute accepted (March 2002) the licence fee offered by the Bank which was far lower than the rent recovered from other commercial establishments operating within its premises. Audit noted (August 2004) that the licence fee accepted by the Institute was far less than the rate of Rs. 220 per square metre per month prescribed by the government as chargeable from banks with effect from 16 March 1999. The licence fee recoverable from the Bank at this rate worked out to Rs. 0.99 lakh per month.

Further, at the request of the Bank, the Institute allotted additional space of 53.67 square metres (577.49 square feet) and 65.41 square metres (703.81 square feet) to it for expansion in September 2001 and May 2003 respectively. However, licence fee for this space has not been recovered from the Bank from the date of allotment up to December 2004. The licence fee for the additional accommodation at government prescribed rates worked out to Rs. 7.45 lakh upto December 2004.

Thus, the failure of the Institute to charge rent prescribed by the government resulted in short recovery of licence fee of Rs. 41.43 lakh (Rs. 33.98 lakh + Rs. 7.45 lakh) from the Bank for the period from March 1999 to 31 December 2004.

On the matter being pointed out by Audit, the Ministry stated (October 2005) that in compliance with the decision of the Government of India taken in January 2004 to charge licence fee from banks at the rate of Rs. 220 per sq. metre with effect from 16 March 1999, the Institute had raised a demand (January 2005) for recovery of licence fee at the rates fixed by the government. The Bank had paid licence fee at the rate of Rs. 220 per sq. metre with effect from January 2005 and the Institute had executed a lease deed for a period of five years from January 2005. About recovering revised licence fee retrospectively from 16 March 1999, the Ministry stated that the Bank had not agreed to it on the ground that there was no provision for retrospective revision of rent. However, the Institute was pursuing the matter with the Bank and the agreement in force between the Institute and the Bank would be referred to the Ministry of Urban Development for consultation.