

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

Safdarjung Hospital and VMCC

8.1 Unfruitful expenditure

Inordinate delays and lackadaisical approach of the Ministry and the Hospital has led to non-commencement of the work of construction of staff quarters for the nurses depriving them of the intended facility. The expenditure of ` 1.80 crore incurred by the Ministry on acquisition of land alongwith an interest impact of ` 2.09 crore has been rendered unfruitful as the Hospital was looking for an alternate land nearer to the Hospital for the project.

The Ministry of Health and Family Welfare decided (March 1995) to acquire land from Delhi Development Authority (DDA) for constructing additional accommodation for the nursing staff of Safdarjung hospital (Hospital). DDA allotted 8000 sq. m. of land in Dwarka, Delhi to the Hospital in March 1995 at a cost of ` 1.85 crore including ground rent of ` 4.5 lakh *per annum*. As per the terms of allotment, the construction was to be completed within a period of two years from the date of possession of the land. The Ministry paid ` 1.85 crore to DDA in November 1995 and February 1996. DDA gave possession of the land to the Hospital in October 2000, after a time lag of five years.

Audit noted that the work of construction of the residential accommodation had not commenced even after more than ten years of land acquisition as the project was marred by inordinate delays at various stages. Analysis of the reasons for the delay, by audit, revealed that the Hospital had sent the request for preparing the preliminary construction plan to the Central Design Bureau (CDB), Directorate General Health Services (DGHS) in April 2002, i.e. 18 months after obtaining physical possession of the land. CDB, DGHS took more than 40 months in submitting the drawings to the Hospital/CPWD, in September 2005. The Hospital approached the CPWD, seeking preliminary estimates for construction, in March 2007, which is more than 18 months after the date of receipt of drawings from CDB, DGHS, CPWD submitted a preliminary estimate of ` 16.26 crore to the Hospital in May 2007, which was forwarded to DGHS for administrative approval and expenditure sanction in May 2007. However, the approval for construction of residential accommodation was still pending as of June 2010.

Meanwhile, the Department related Parliamentary Standing Committee on Health & Family Welfare on Demands for Grant (2010-11), in its 39th Report of May 2010, viewed that provision of accommodation nearest to the Hospital was a basic requirement for all Hospital employees, especially for nurses rendering 24 hour services. The Committee recommended that provision of required accommodation facilities for nurses should be taken up on priority basis. The Hospital, in its Action Taken Report on the Parliamentary Committee Report, suggested to the Ministry (June 2010) to approach the Land and Development Office (L&DO), which had acquired 16 acre of land near the Hospital, to allot two acres of land in exchange of land allotted at Dwarka.

Thus, even 10 years after acquiring the land, construction had not commenced and the Hospital was now proposing to exchange this property.

Audit noted that poor coordination among the various stakeholders, involved in construction, led to inordinate delay in completion of the project. The objective of providing staff quarters to the nurses remains unfulfilled. This has effectively rendered the expenditure of ₹ 1.80 crore incurred on acquisition of land alongwith an interest impact of ` 2.09¹ crore unfruitful particularly in view of the proposal of the Hospital to acquire land at another location.

The matter was referred to the Ministry in September 2010; their reply was awaited as of March 2011.

Directorate General of Health Services

Central Government Health Scheme

8.2 Avoidable payment

Non compliance with the terms of agreement by CGHS, New Delhi resulted in avoidable payment of VAT of ` 8.92 crore during 2006-09.

In terms of the orders issued by the Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilisers in September 2006, it became mandatory for all the drug manufacturers to print maximum retail prices of medicines inclusive of all taxes, including Excise duty/ VAT/Sales Tax with effect from 02 October 2006 (for drugs manufactured on or after 02 October 2006).

¹ Worked out at the rate of 8 per cent Government of India borrowing rate

Central Government Health Scheme (CGHS) locally purchases drugs and medicines, from various local chemists selected through competitive bidding to meet the requirement of beneficiaries under the CGHS. The Ministry of Health and Family Welfare invited applications (November 2006) from local chemists in and around Delhi for empanelment for the supply of medicines under CGHS. In terms of the pricing clause of Instruction to Bidders forming part of the tender documents, the liability to pay any taxes/VAT/levy cess etc. leviable under the law was that of supplier. CGHS was required to pay only retail price printed on items minus the discount agreed upon.

Audit noted that the suppliers furnished the bills for the entire amount of the maximum retail price, which included VAT at the rate of four *per cent* (as per Delhi VAT Act), for medicines supplied by them during 2006-07 to 2008-09. CGHS, however did not deduct the prescribed VAT from the printed retail price while making payment on the bills of the local purchaser.

The CGHS, zone-wise payment, made to various chemists for purchase of medicines, which included VAT at the rate of four *per cent* is detailed below:

CGHS zone	Period	Payment made to chemists (<i>in crore</i>)	Component of VAT (<i>in crore</i>)
South	November 2006 to August 2008 ²	123.17	3.79
North	April 2007 to August 2008	99.32	3.82
East	April 2007 to March 2008	33.94	1.31
Total		256.43	8.92

Failure of the CGHS to enforce the terms of agreement resulted in non-deduction of VAT from the bills of the chemists with a consequent extra payment and undue benefit of ` 8.92 crore. The PAO, CGHS also failed to ensure the compliance of the terms of tender agreement before releasing payments to the chemists.

On it being pointed out by Audit, Additional Director, CGHS –South zone directed (December 2010) the concerned empanelled chemists to deposit the VAT amount on the payment received by them during 2006 to 2009.

² For 2006-07 the amount of ` 42.03 crore paid to the chemists as furnished by CGHS pertains to the whole period. Accordingly the amount paid without deduction of VAT has been worked out proportionately from November 2006 to March 2007.

The Ministry stated (March 2011) that the agreement for empanelment for the supply of medicines under CGHS came into effect prior to October 2006. Therefore, the condition of deducting VAT from the supplier's bills was not incorporated in the tender. As such, CGHS did not deduct VAT from the local purchase bills of chemists and only deducted discount as per clause 7 of the contract agreement.

The stand taken by the Ministry that only discount was deductible as per clause 7 of the agreement is not correct. The same clause specified explicitly that the liability for VAT would be of the supplier. Hence, CGHS, should have applied this provision before determining the amount payable to the suppliers. Moreover the action of the CGHS, South Zone to seek refund of the VAT paid to the chemists vindicates the audit view.

National AIDS Control Organisation

8.3 Excess payment

Inadequate monitoring by the Ministry resulted in non-recovery of excess payment of taxes and duties of ` 50.06 lakh.

National AIDS Control Organization (NACO), with the approval of Ministry of Health & Family Welfare, decided to procure blood transfusion bags in January 2008 for supply to various State AIDS Control Societies in 2008-09 through United Nations Office for Project Services (UNOPS), an intergovernmental entity of the United Nations for procurement of various kinds of equipment under the World Bank assisted National AIDS Control Programme III.

Against demand raised by the UNOPS for procurement of blood bags, the Ministry released ` 6.21 crore and ` 24.15 crore (in March 2008 and July 2008 respectively) as advance for emergency and regular procurement of blood bags. The advance payment included ` 1.50 crore as taxes and duties computed at the rate of six *per cent* of the contract value.

Test check of agreement signed between the UNOPS with the suppliers of blood bags and payments made revealed that the former had paid taxes and duties at the rate of four *per cent* of the contract value, amounting to ` 1.00 crore. Thus, the lack of monitoring by the Ministry resulted in excess payment of advance of ` 50.06 lakh towards taxes and duties on procurement of blood bags.

Further Audit noted that NACO, contrary to the condition of sanction order, had booked the advance amount released to UNOPS as final expenditure. This was purportedly being done to depict better utilization of funds by NACO.

The Ministry accepted the audit finding and stated in March 2010 that it had asked UNOPS to refund the excess amount along with the accrued interest. NACO in January 2011 reiterated that UNOPS had not yet refunded the excess amount released and had sought refund of the excess amount.

Indian Council of Medical Research

8.4 Inordinate delay in creation of a national facility for breeding of primates

A breeding centre for primates such as apes and monkeys to meet the needs of biomedical research could not be established even after 11 years due to inability of National Institute for Research in Reproductive Health (NIRRH) to ensure that the designs for the facility were prepared timely by the architect and that the building was constructed in time by the executing agency. NIRRH also failed to effectively monitor and coordinate with different agencies implementing the project. Failure on part of NIRRH led not only to non-achievement of the objectives of establishing the facility but also blockade of funds of ` 14.15 crore and unfruitful expenditure of ` 8.90 crore already incurred on the project.

National Institute for Research in Reproductive Health (NIRRH), Mumbai, an autonomous unit of Indian Council of Medical Research (ICMR), submitted a proposal in March 1999 for setting up of a 'Non-Human Primate³ Breeding Centre' at an estimated cost of ` 3.90 crore at Sasunavghar, District Thane in Maharashtra. It was stated in the proposal that a Committee⁴ had laid down regulations prohibiting trapping of monkeys from the wild, due to which many researchers were compelled to either suspend or curtail their ongoing research work involving use of non-human primates. The objective of setting up the Centre as a national facility was to provide disease free healthy animals of known pedigree for research programmes of NIRRH and a number of other institutes in the country. It was further stated that the Centre would be able to generate 60 *per cent* of its running cost on completion, by actively involving

³ Primates are the highest order of mammals which includes man, together with the apes and monkeys. Non-human primates includes mammals like apes and monkeys

⁴ The Committee for the Purpose of Control and Supervision of Experiments on Animals prohibited trapping of monkeys from the wild for research purpose from December 1998.

industrial units in various new projects and that technology transfer of the findings in this area would also add to the Centre's income.

An Expert Group of NIRRH, while reviewing the scope of the Centre, recommended in May 2000 that (i) the scope of the project be widened to meet the national research requirement of primates, (ii) the centre be named as "National Centre for Primate Breeding and Research" (NCPBR), (iii) revised proposal for establishing NCPBR be submitted and (iv) an architect for making the design, conceptual drawings and working out estimates for preparing the EFC⁵ document be appointed.

Ministry of Health and Family Welfare (MHFW) accorded concurrence to the setting up of NCPBR in June 2002 and directed ICMR to release the grant-in-aid from 2002-03 for initiation of activity to avoid any delay in execution. MHFW further sanctioned an amount of ` 17.89 crore for NCPBR in July 2004 and directed NIRRH to complete the project by March 2007. The major equipment required by NCPBR were to be supplied by National Institute of Health (NIH), USA under an already existing Indo-US programme on Maternal and Child Health in the MHFW. The equipment valued upto \$ 6 million equivalent to ` 24 crore were to be provided only if NCPBR met the US health, safety and design standards and was accredited in accordance with international standards.

With regard to the creation of NCPBR, it was observed in audit that:

- There were frequent changes in the designs/drawings of the buildings submitted by the architect. The architect had to continuously revise the drawings due to failure to meet the US design standards. Frequent revisions were required despite the fact that NIRRH stated that they had chosen an architect who had experience in this field. Due to these frequent changes, NIRRH could finalise the revised EFC document for ` 68.24 crore only in September 2009. NIRRH stated in March 2011 that Architect has submitted design/drawings for Phase-I of NCPBR. However, sanction to the revised EFC for ` 68.24 crore was still awaited since it was in process with Department of Health Research.

⁵ Expenditure Finance Committee: EFC document is a memorandum for Expenditure Finance Committee in a prescribed format for obtaining financial sanctions for the projects from Ministry of Finance. Main contents of the documents are (i) estimated budget outlay (ii) socio-economic benefit (iii) financial and physical pert chart and (iv) details of equipment required etc.

- Phase-I of the project, which consisted of construction of a quarantine building etc., was incomplete as of March 2011 despite its completion date being March 2007. Against the total grant of ` 14.54 crore received between January 2003 and March 2007, ` 8.90 crore was spent on the incomplete construction and ` 5.64 crore remained blocked with NIRRH for over two to eight years. NIRRH stated in March 2011 that only structural work of the quarantine building is completed, finishing work like flooring, fixing of doors and windows were in progress, Electrical, air-conditioning, access control system, CCTV, fire fighting, DG sets, gas work services were to be installed, the agencies/contractors for services works had been short-listed. It further stated that though the tenders were ready, the tendering process could not be initiated for want of revised sanction of EFC.
- Various equipment costing ` 1.35 crore received from NIH during June 2006 to September 2007, remained uninstalled for over two to three years. NIRRH stated in March 2009/March 2011 that all the stand alone equipments except cage washer had been installed in the institute and put to scientific use. The cage washer received from NIH USA was not installed since services such as electrical, gas work etc., were not completed till date. Thus, these equipment were not put to use for the purpose for which they were procured.
- Phase II of the project envisaged construction of experimental animal facilities, research and administrative block and an auditorium⁶ for which funds were allotted by Department of Science and Technology (DST). However, work was yet to start (March 2011) despite the targeted date of completion being March 2010. DST had released a total sum of ` 8.51 crore during March 2007 and March 2008 which was, however, lying unutilised for over one to four years. NIRRH stated in March 2011 that Phase II works were under planning/designing. On completion of detailed planning and estimation, the EFC for these works will be submitted to Department of Health Research for approval and sanction.

Thus, the project which envisaged the establishment of a breeding centre for primates to meet the needs of biomedical research could not be established due to failure of NIRRH to ensure that the designs were submitted in time by the architect and consequent failure of the executing agency to get the building constructed in time. NIRRH also did not monitor the implementation of the project effectively, which resulted in lack of coordination between

⁶ With a capacity to seat 300 persons.

different agencies implementing the projects. Failure on part of NIRRH to implement the project timely led to:

- non-achievement of the objectives of establishing the facility i.e. to provide disease free healthy animals of known pedigree for research programmes of NIRRH and a number of other institutes in the country and to resume research work which was either suspended or curtailed;
- blockade of funds of ` 14.15 crore lying unspent with NIRRH and unfruitful expenditure of ` 8.90 crore already spent on the project without any result, and
- non utilisation of the equipment worth ` 1.35 crore for the purpose for which these were procured.

NIRRH in July 2009 and ICMR in November 2009 justified the time overrun citing reasons like (i) considerable time taken for development of site which was located in forest land within dense forest and hilly terrain, (ii) time taken to convert the land which was under green zone to institutional zone (iii) prolonged heavy rainy season during the year 2007 (iv) suspension of work due to settlement of royalty payments (v) contractor abandoning the work since September 2008 due to labour problems and resuming at the same terms and conditions in July 2009 and (vi) delay in preparation of service design/plans.

The contentions of NIRRH and ICMR needed to be viewed in the light of the fact that NIRRH had taken up the issue of site development and conversion of green zone to institutional zone only in 2004 though a Committee under the chairmanship of Secretary MHFW decided to utilise the land at Sasunavghar for establishing the facility way back in October 1994. Other stated reasons underlined the failure of NIRRH to effectively co-ordinate and ensure prompt implementation of the project at all the stages.

In fact the Project Progress Review Committee in October 2008 had concluded that no time limit had been adhered to in finalisation of design/drawings and no accountability and responsibility was fixed. The Committee further emphasised that there was problem in implementation of the project and lack of co-ordination between the architects, NIH and NIRRH scientists in preparation of the design/plans. It also expressed its concern that coordinated efforts and commitment by those involved in the projects were

lacking and required to be activated so that the project would not prove to be a white elephant for the country.

Thus, failure of NIRRH to effectively coordinate and monitor the implementation of setting up the national facility for primate research for furthering biomedical research resulted in the facility remaining incomplete, even after a lapse of 11 years. It also resulted in unfruitful expenditure of ` 8.90 crore already spent on the facility and blockade of funds of ` 14.15 crore which was lying unspent with NIRRH.

8.5 Delay in commissioning of equipment

Delay by National Institute of Occupational Health in placement of the purchase order and poor planning in execution of construction of instrumentation room led to non-commissioning of an equipment costing ` 2.20 crore to address the existence of pesticides and other contamination in soft drinks which adversely impact on the health of consumers.

National Institute of Occupational Health, Ahmedabad (NIOH), an institute under Indian Council of Medical Research (ICMR), had been engaged in developing a database on the residues of pesticides which were persistent in the environment and in evaluating the health risk in subjects who were exposed occupationally to pesticides in an industrial setting.

NIOH had assessed that the presence of pesticides in general population in various urban centres was sizeable. DDT residues were found in 82 *per cent* of the 2205 samples of bovine milk collected from 12 states across the country. Further, in early 2004, one of the leading NGOs had focused attention on the fact that beverages like soft drinks contained sizeable amount of different pesticides. In this context, a Joint Parliamentary Committee was set up by Government of India to decide whether soft drinks contained pesticides/other contaminants which may affect the health of consumers.

In this context, in a meeting on Indo-US Collaboration on Environmental Epidemiology and Occupational Health, held at ICMR in January 2004, it was opined that there was a need to establish a national laboratory with a state-of-art facility for analysis of pesticides along with a strong and rigid quality assurance programme. The proposed national laboratory was to strengthen the network of laboratories in the country for obtaining reliable data and assessing risk relating to pesticide residues. The facility was also to conform to international standards. Accordingly, it was proposed that the said facility would be hosted by NIOH which would also act as a nodal reference centre to

find remedial measures to redress problems at the national level. This, however, required NIOH to strengthen/upgrade its existing infrastructure. For this purpose, NIOH needed to acquire High Resolution spectrometers namely, LCMS/MS⁷ and GCMS/MS⁸(systems).

The Scientific Advisory Committee of NIOH and ICMR approved the procurement of these systems in December 2006 itself. Even though the Technical Committee of NIOH prepared the technical specifications in March 2007, due to delay in receipt of the financial sanction (January 2008) from ICMR, the purchase order at a total cost of ` 2.20 crore was placed only in March 2008. NIOH received the systems in November 2008 after incurring an expenditure of ` 1.93 crore. The systems had not, however, been commissioned so far (November 2009) due to non-readiness of the site.

NIOH stated in July 2009 that they had not anticipated that the weight of the systems would be of 4.5 tonnes against the weight of less than one tonne of similar system procured earlier. In view of the increased weight, NIOH decided to install the system in a new instrument room in the ground floor of the Main Building. NIOH also stated that the construction of the instrument room would be completed by end of August 2009. However, it was observed in audit that even as of November 2009, the construction work of instrument room was still in progress.

NIOH while intimating in May 2011 that LCMS/MS system has been installed and is fully functional, stated that GCMS/MS was installed but its hard disk was found defective which would be replaced and installation would be completed by first week of June 2011.

To an audit query as to why no parallel action was taken for ensuring readiness of the site, NIOH stated in November 2009 that it was initially decided to install the system on the second floor of the extension wing of the Institute along with the other similar systems. The Building Committee of NIOH, in its meeting held in May 2008, decided to undertake carbonization test for ascertaining the strength bearing capacity of the extension wing and learnt that the building in present condition did not have the reserve strength to withstand any natural disaster and, therefore, ruled out the site to be safe for

⁷ LCMS/MS – Liquid Chromatograph Mass Spectrometer. In LCMS/MS system, non volatile pesticides components can be analyzed.

⁸ GCMS/MS – Gas Chromatograph Mass Spectrometer. In GCMS/MS system, volatile pesticides components can be analyzed.

use. The reply of NIOH indicated poor planning in identification of the suitable location for installation of the state-of-art equipment costing ` 2.20 crore and failure to ascertain as to whether the structure could withstand the load of the equipment.

ICMR stated in January 2010 that the equipment was recommended only to enhance existing capabilities in anticipation of future needs. The reply of ICMR needs to be viewed in light of the fact that objective of purchase of the equipment was to develop a referral laboratory on pesticides with adequate instrumentation for reliable pesticide residue data generation which remained unachieved.

Thus, poor planning in identifying a suitable location for the installation of the equipment and consequent non-commissioning of the state-of-art equipment costing ` 2.20 crore affected the development of the referral laboratory on pesticides for reliable pesticide residue data generation meant to address the existence of pesticides and other contamination in the soft drinks which affects the health of consumers.