

## CHAPTER VII : MINISTRY OF HEALTH AND FAMILY WELFARE

### Central Government Health Scheme

#### 7.1 Over payment of Transport Allowance

**The Doctors of Central Government Health Scheme (CGHS) in the Supertime Administrative Grade (SAG) scale were incorrectly being paid Transport Allowance at the rate of ₹ 7000 per month at par with the officers at the level of Joint Secretaries of the Central Government Departments. However, they were entitled to transport allowance of ₹ 3200 per month only in terms of the Office Memorandums issued by the Ministry of Finance. The incorrect application of rules by the CGHS led to overpayment of Transport Allowance of ₹ 5.74 crore to the Doctors between November 2008 and March 2014.**

The Ministry of Finance, Department of Expenditure through its Office Memorandum (OM) 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 Dearness Allowance (DA) thereon. Further as per para 3 of the OM, officers drawing grade pay of ₹ 10,000 & ₹ 12,000 and those in the Higher Administrative Grade+ scale who are entitled to the use of official car in terms OM of 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.

Further as per Government of India Decision No. 2 below Rule 8 of Staff Car Rules, 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 under the Ministry's aforesaid OM of 1994 may be given an option either to avail themselves of the existing facility or to switch over to the payment of transport allowance, as admissible under these orders.

Test check of records of doctors of Central Health Service (CHS) of various zones of Central Government Health Scheme (CGHS), drawing grade pay of ₹ 10,000, for the period 2008-09 to 2013-14, revealed that transport allowance @ ₹ 7,000 per month plus dearness allowance thereon was being paid to them. During November 2008 to March 2014 the Doctors had been paid transport allowance aggregating to ₹ 10.58 crore at these rates. Audit observed that since they were not equal to the level of Joint Secretary to the Government of India and 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. The incorrect interpretation of rules by the CGHS led to excess payment of ₹ 5.74<sup>1</sup> crore to the Doctors as detailed in the **Annex-IX**.

On being pointed out by audit, the Ministry of Health & Family Welfare forwarded (August 2014) the case to Ministry of Finance for clarification. The Ministry of Finance clarified (December 2014) that doctors of CGHS were not eligible for drawal of transport allowance at the rate of ₹ 7,000 per month in terms of the aforesaid OM, even though they may be drawing pay with Grade Pay of ₹ 10000 per month.

This establishes the audit observation. It is recommended that the overpayment of transport allowance. ₹ 5.74 crore made to the Doctors may be recovered.

The matter was referred to the Ministry in March 2015; their reply was awaited.

## **Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry**

### **7.2 Irregular payment of transport allowance**

**Jawaharlal Institute of Postgraduate Medical Education and Research, Puducherry paid transport allowance at higher rate to its officers contrary to the orders issued by Gol resulting in irregular payment of ₹ 3.51 crore**

As per Rule 209 (6) (iv) (a) of General Financial Rules "All grantee Institutions or Organisations which receive more than 50 *per cent* of

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<sup>1</sup> Amount drawn ₹.10.58 crore, Amount due ₹.4.84 crore, Excess ₹.5.74 crore.

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". Jawaharlal Institute of Postgraduate Medical Education and Research (JIPMER), Puducherry being one such institution, has also vide its Regulation 43 of 2008, adopted the rules as applicable to the Central Government servants in respect of general conditions of service, pay, allowances including traveling allowance, leave salary, joining time, foreign service terms, etc.

Ministry of Finance, Government of India (GoI), had issued orders in August 2008 that officers drawing a Grade Pay (GP) of ₹ 10,000 & ₹ 12,000 and those in the HAG + scale, who are entitled to use the official car in terms of OM No.20 (5) EII A/93 Dt. 28-01-1994 shall be given the option to avail themselves of the staff car for commuting from residence to office and vice-versa or to draw the transport allowance at ₹ 7,000 per month plus dearness allowance thereon to take effect from 1<sup>st</sup> September 2008.

Accordingly, the Director and Medical Superintendent of JIPMER are the only two officers who are eligible for staff car. However, the officers drawing a Academic Grade Pay (AGP) of ₹ 10000 and ₹ 10,500 though not entitled for use of official car in terms of OM dated 28-01-1994, have been paid transport allowance of ₹ 7,000 per month plus DA thereon as against the eligible transport allowance of ₹1,600 per month (applicable for Puducherry).

Thus payment of transport allowance at ₹7000 per month plus DA to the non-entitled officers had resulted in irregular expenditure of ₹ 3.51 crore from September 2008 to November 2014 as detailed in the **Annex-X**.

JIPMER stated (December 2014) that the payment of TA at ₹ 7000 per month has since been discontinued from December 2014 and the modalities of recovering the excess payment are being worked out and the orders for recovery will be issued separately.

Ministry of Health and Family Welfare had also endorsed (January 2015) the reply of the Institute.

## Safdarjung Hospital

### 7.3 Overpayment of ₹ 1.68 crore due to incorrect fixation of pay

**The Safdarjung Hospital fixed the pay of its nursing staff incorrectly which resulted in overpayment of pay and allowances of ₹ 1.68 crore till August 2014. The Hospital after taking cognizance of the audit observation effected revision (March 2015) in the pay of its nursing staff with retrospective effect.**

As per Central Civil Services (Revised Pay) Rules 2008, (CCS-RP) the initial pay of a Government Servant on and from the 1<sup>st</sup> day of January, 2006 (according to the revised pay structure) shall be determined by multiplying the existing basic pay as on 01.01.2006 by a factor of 1.86 and rounding off the resultant figure to the next multiple of 10<sup>2</sup>.

Further in cases of upgradation of posts as a result of recommendations of Sixth CPC, the fitment table attached with the Office Memorandum dated 30<sup>th</sup> August 2008 corresponding to the pre-revised scale shall be used for the purpose of determination of pay in the pay band. To the pay in the pay band so determined, the grade pay corresponding to the upgraded post is to be added. This will be the revised pay of the Government servant who has been upgraded as a result of Sixth CPC recommendation<sup>3</sup>. The Ministry of Health and Family Welfare while endorsing the same (February 2009) directed all Central Government Hospitals to ensure that fixation of pay and payment of Nursing Personnel be carried out in the light of these orders.

As per section I below the First Schedule Part-‘B’ CCS (RP) Rules, 2008, the pay scale of Nursing and Paramedical staff was upgraded. Further, as per section II below the First Schedule Part-‘A’ CCS (RP) Rules, 2008, entry pay in the revised pay structure for direct recruits appointed on or after 1-1-2006 has been fixed in the respective pay band and given as under :

<sup>2</sup> Rule 7(1) of CCS (RP) Rules, 2008

<sup>3</sup> Clarification to Note 2A below Rule 7 of CCS (RP) Rules, 2008

(Amount in ₹)

For Existing Staff (on or before 01.01.2006)					For Direct Recruits (on or after 01.01.2006)		
Post	Pre-revised Scale	Revised Pay Scale	Pay Band	Grade Pay	Pay in the Pay Band	Grade Pay	Total
Staff Nurse	5000-8000	7450-11500	PB-2 (9300-34800)	4600	12540 in PB-2 (9300-34800)	4600	17140
Nursing Sister	5500-9000	7500-12000	PB-2 (9300-34800)	4800	13350 in PB-2 (9300-34800)	4800	18150

Test check of Service Books of 172 Staff Nurses and Nursing Sisters of Safdarjung Hospital revealed that their pay fixation under CCS (Revised Pay) Rules was done incorrectly. The pay of the existing Staff Nurse and Nursing Sister was required to be determined by multiplying the existing basic pay as on 1-1-2006 by a factor of 1.86 and rounding off the resultant figure to the next multiple of 10. Instead, the pay of Staff Nurse and Nursing Sister was fixed in accordance with entry pay of direct recruits at ₹ 12,540 and ₹ 13,350 respectively. This resulted in overpayment of pay amounting ₹ 1.68 crore (excluding House Rent Allowance) to 172 Staff Nurse and Nursing Sister during the period January 2006 to August 2014 (As per details mentioned in **Annex-XI**).

On being pointed out, the Ministry stated (March 2015) that it had referred the matter to the Department of Personnel and Training for clarification. In the meanwhile, the Safdarjung Hospital after taking cognizance of the audit observation effected revision (March 2015) in the pay of its nursing staff with retrospective effect. The corrective action by the Hospital endorses the audit view.

## Medical Council of India

### 7.4 Arbitrary upgradations and fixation of pay of employees

**The Medical Council of India irregularly upgraded pay scales and fixed pay of its 18 employees which resulted in overpayment of pay and allowances of ₹ 91.57 lakh.**

As per Section 9 of the Medical Council Act, 1956, the Council shall, with the previous sanction of the Central Government (Ministry of Health and Family Welfare) determine the conditions of service of the employees of the Council. In terms of the Ministry of Finance Office Memorandum (October 1984) matters relating to creation of post, revision of pay and allowances and similar establishment expenses of Autonomous Bodies should conform to the general pattern of the Central Government. Accordingly, any deviation from this norm would require prior approval of the Central Government.

Test check of Service Books and related records of the Medical Council of India (Council) disclosed irregular upgradation of posts and incorrect fixation of pay of its employees in 18 cases, subsequent to the implementation of Sixth Pay Commission as detailed below.

#### **A. Irregular upgradation of pay scale of individual employees**

Test check revealed irregular upgradation of pay scales of individual employees in six cases<sup>4</sup> (As per details in **Annex-XII**). Such upgradation was sanctioned by the Executive Committee/Administration of the Council only, without obtaining approvals from Government of India. It was also observed that such benefits were not given to other similarly placed employees.

In response, Council stated (February 2015) that the Ministry through its letter of October 1994 had placed powers with Council for creation of posts and revision of pay scale of its staff subject to the condition that Council did not want Government grants and was able to meet the expenditure from its own resources. It further stated that according to the recruitment rules of the Council, these posts were single isolated posts and did not carry further promotions; accordingly the Council had adopted Department of Personnel and Training (DoPT) orders of May 1998 for upgradation of pay of its staff.

The Council's contention that these posts were single isolated posts and did not carry further promotions was not acceptable as Council did not upgrade pay scale of all employees in the same cadre but

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<sup>4</sup> Ms. Prem Lata, Sh. Anil Kumar Ahluwalia, Sh. Anupam Dhua, Sh. V. K. Aggarwal, Ms. Maheshwari and Ms. Atula K. Mathur

upgradation was given to selective employees only. As such the government orders did not advocate arbitrary financial upgradation. It was also observed that Council had been receiving grants from the Government of India.

## **B. Incorrect fixation of pay of Assistants and Personal Assistants**

In terms of Department of Expenditure, Ministry of Finance OM of November 2009, the posts which were in the pre-revised scale of ₹ 6500-10500 as on 1 January 2006 and which were granted pay structure of grade pay of ₹ 4200 in the pay band of PB 2 were to be granted grade pay of ₹ 4600 in pay band PB 2 corresponding to the pre-revised scale of ₹ 7450-11500 with effect from 1 January 2006. Subsequent clarification issued by the DoPT in consultation with Department of Expenditure, Ministry of Finance in December 2010 provided as under:

- (a) **Officials working as Assistants as on 1.1.2006:** The pay will be fixed with reference to the fitment table of the pre-revised scale of ₹5500-10500 and they will be granted grade pay of ₹4600. No benefit of bunching is admissible in this case.
- (b) **Officials working as Assistants as on 1.1.2006 who have given option for pay fixation with effect from 15.9.06 with reference to scale of ₹6500-10500:** The pay will be fixed with reference to the fitment table of the pre-revised scale of ₹6500-10500. In such cases they shall not be entitled for arrears of pay from 1.1.2006 till the date of option.
- (c) **Officials promoted as Assistants/PAs between 1.1.2006 and 31.08.2008:** They shall have the option to have their pay fixed with effect from 1 January 2006 with reference to the pre-revised scale of lower post, *i.e.* UDC/Steno D. Alternatively, they can opt to have their pay fixed from the date of promotion with reference to the fitment table of the upgraded pay scale *i.e.* pre-revised scale of ₹ 7450-11500.

Audit observed that the Council incorrectly interpreted the extant provisions and fixed the pay of Assistants/PAs who were in position as on 1 January 2006 at ₹ 13860 (corresponding to fitment table for pre-



revised basic pay of ₹ 7450) with effect from 2 January 2006 instead of reckoning the pay band of ₹ 6500-10500 as was admissible in these cases.

The incorrect fixation of pay of 11 Assistants/PAs resulted in excess payment to the following officials during 01 January 2006 to 31 March 2014 as detailed below:

(Amount in ₹)

Name of the official	Designation	Basic pay as on 01.01.06	Overpayment up to 31.03.14
Sh. Raj Kumar Dogra	Assistant	5850	454801
Sh. Lakhan Singh	Assistant	5850	454801
Sh. V. K. Prasad	Assistant	5850	454801
Sh. Raj Kumar Jain	Assistant	6200	448838
Sh. Anil Kumar	Assistant	6200	448838
Sh. Bijender Singh	Assistant	6200	448838
Sh. Bonny Harison	Assistant	6375	381642
Sh. Anuj Kumar	Assistant/SO	6725	362426
Sh. Rajiv Kumar	Assistant/SO	6725	362426
Sh. Ravi Bhargava	PA	6200	449864
Ms. Saroj Bhasin	Sr. Stenographer	6550	403836
<b>Total</b>			<b>4671111</b>

The Council stated (February 2015) that the matter of pay fixation of Assistants and Personal Assistants was re-checked and necessary rectifications have been made. The adjustment of excess payment would be made from the future payments payable to these employees.

### **C. Irregular fixation of pay of Law Officer**

The Council appointed a Law Officer in May 2011 in Pay Band-3 (₹15,600- ₹ 39,100) with Grade Pay of ₹ 7600. The Council fixed the basic pay of Law Officer at ₹ 31,200 per month (excluding Grade Pay of ₹7600) by allowing two advance increments as recommended by the Selection Committee and protecting the pay drawn by him in his parent



organisation treating it as an Autonomous Body. He was given first increment on 01 July 2011.

Audit observed that the above fixation of pay of Law Officer was irregular on account of following reasons:

- As per the Recruitment Rules of the Council, the only mode of selection of Law Officer was through direct recruitment in the specified pay scale. The Recruitment Rules do not provide any provision for grant of advance increments on direct recruitment of any post. The Selection Committee was not, therefore, competent to grant two advance increments on initial appointment.
- The protection of pay drawn by the Law Officer in his earlier organisation was also irregular. The DoPT through its OM of March 2010, stipulates protection of pay to the candidates working in Public Sector Undertakings, Universities, State Government Institutions or Autonomous Bodies who are appointed as direct recruits in Central Government. Audit observed that prior to his appointment at the Council, the Law Officer was working at Asian African Legal Consultative Organisation (AALCO), an inter-governmental body of 47 member States with Secretariat at New Delhi. It does not therefore fit into category of organisations *i.e.* Public Sector Undertaking, University, Semi-government Institute or Autonomous Body as enumerated in OM of DoPT.
- The grant of first increment to the Law Officer with effect from 1 July 2011 was irregular since as per the Rules, the qualifying period for earning an increment is six months of service on 01 July. The Law Officer had joined the service on 06 May 2011 and did not fulfil this condition.

Thus, incorrect fixation of pay of the Law Officer resulted in excess payment of ₹ 7,61,145 to him during May 2011 to March 2014.

The Council stated (February 2015) that the matter of annual increment given to Law Officer in July 2011 had been checked and necessary rectification also made. The excess payment would be adjusted from the future payments. In the case of pay protection, the Council further stated that the previous organisation (AALCO) where the Law Officer

worked was a semi-government organisation. The reply is not acceptable as the AALCO does not fall under the category of organisations as enumerated in OM of DoPT.

Thus, the Council had been arbitrarily enhancing pay of its employees without applying the established rules and procedures.

The matter was reported to the Ministry (December 2014); their reply was awaited (February 2015).

## **Central Government Health Scheme, South Zone**

### **7.5 Short deduction of tax at source**

**Failure of the Central Government Health Scheme (CGHS) centres to deduct tax at source at the rate of 10 per cent for professional or technical services rendered by a private Firm resulted in short deduction of tax amounting to ₹ 66.34 lakh.**

As per provision 194 J of Income Tax Act 1961 tax at source in respect of fees for professional or technical services is to be deducted at the rate of 10 per cent of such fees.

Central Government Health Scheme (CGHS), Ministry of Health and Family Welfare entered (October 2010) into an agreement with M/s Forsan Axios Technologies Pvt. Ltd for the purpose of outsourcing dental care services in CGHS Delhi. In terms of the agreement, all payments by the authorities to the firm were subject to deduction of tax at source as applicable.

The service provided by the firm was professional and technical in nature and was, therefore, subject to deduction of tax at source. Sample check of the related vouchers by Audit pertaining to various wellness centres of CGHS (South Zone) revealed that tax at source was not deducted on the payment of ₹ 6.63 crore made to the firm between August 2011 to June 2013 as per the details given in **Annex-XIII**.

Thus failure of the CGHS centres to ensure compliance with the laid down provisions and the terms of agreement resulted in short deduction of tax amounting to ₹ 66.34 lakh. This also calls for strengthening internal control within the organisation.

The matter was reported to the Ministry (January 2015); their reply was awaited (March 2015).

## **Dr. Ram Manohar Lohia Hospital**

### **7.6 Excess expenditure on procurement of X-ray films**

**Dr. Ram Manohar Lohia Hospital failed to exercise due diligence in procurement of X-ray films leading to their procurement at higher rates. The hospital incurred excess expenditure of ₹ 57.17 lakh on procurement of X-ray films during February 2011 to August 2013.**

In terms of Rule 150 and 160 of the General Financial Rules, all government purchases should be made in a transparent, competitive and fair manner so as to secure best value for money. In the case of procurement of goods of estimated value of ₹ 25 lakh or more, process of advertised tender enquiry should be adopted. Rule 154 of the GFR further provides that procurement from a single source may be resorted to if it is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods and is subject to furnishing of a proprietary article certificate in the prescribed format.

Dr. RML Hospital (Hospital) has been procuring Kodak Dry View Laser Imaging Films (X-ray Films) of various sizes (Proprietary items of M/s Care stream Health India (P) Ltd.) (Company) from M/s Rege Imaging & Cine Films (P) Ltd (firm), the authorised distributor of the Company. The rates offered by the firm during the period February 2011 to August 2013 ranged between ₹ 5397.75 to ₹ 16206.75 (inclusive of tax) in respect of four different sizes of films. The firm also declared that price tendered by it was not more than the price usually charged by it for stores of same nature/class or description to any private or Government purchaser.

Audit ascertained that All India Institute of Medical Sciences (AIIMS) had been procuring identical items by entering (January 2011) into contract with the Company which authorised M/s Kent Industries, another authorised distributor, to supply the material. However, the rates offered by M/s Kent Industries to AIIMS for the four different sizes of films were lower than the rates offered to Dr. RML Hospital which

ranged between ₹ 3728.80 to ₹ 11185.31 (inclusive of tax). As a result, the Hospital ended up incurring excess expenditure of ₹ 57.17 lakh on procurement of X-ray films during February 2011 to August 2013 (Details in **Annex-XIV**).

Since X-ray Film being a common item utilised in every hospital, the Hospital should have ascertained the rates at which the items were being procured by other hospitals rather than relying on a certificate furnished by the firm, particularly since the Company had more than one distributor. Thus, the Hospital failed to effect economies in procurement of X-ray films leading to excess expenditure on their procurement.

The Hospital in its reply stated (September 2014) that the audit observation had been noted and in future all the proprietary items would be purchased from the parent companies and other hospitals would also be consulted before purchase of these items.

The matter was reported to the Ministry (November 2014); their reply was awaited (March 2015).