

CHAPTER V : MINISTRY OF HEALTH AND FAMILY WELFARE

Department of Health

National Institute of Biologicals

5 Wasteful expenditure

Needless hiring of additional space by National Institute of Biologicals led to wasteful expenditure of Rs 51.05 lakh.

The Government of India, Ministry of Health and Family Welfare, set up National Institute of Biologicals (NIB) for testing of vaccines and biological products and it started functioning in a hired building at Jhandewalan Extension, Rani Jhansi Road, New Delhi pending completion of its permanent building complex at NOIDA.

Scrutiny of records revealed that NIB hired an additional space of 780 sq.ft. for a period of five years on the ground floor of its rented premises in September 1997, for installation of an electrical sub-station of Delhi Electric Supply Undertaking (DESU) in order to augment the power supply required for interim facility laboratory and an air-conditioning plant. NIB got the terms and conditions of the lease agreement approved from the Ministry in May 1997 while proposal for hiring ground floor was not even placed before its Governing Body (GB). When the proposal came up before the GB in their meeting on 28 April 1998 it was not approved. Instead the GB decided that the buildings nearing completion at the NOIDA campus of NIB should be put to use and in order to save the expenditure of rent, the laboratories should also be shifted to NOIDA.

Before submitting the proposal to its GB, NIB had incurred an expenditure of Rs 2.73 lakh for construction of plant room, Rs 2.45 lakh for seepage treatment and Rs 4 lakh for renovation/alteration (paid to land lord) on rented ground floor besides recurring payment of monthly rent @ Rs 85 per sq. ft. (with 10 *per cent* annual increase).

After a year of the decision taken by the GB, NIB asked the landlord, in March 1999 to terminate the said lease agreement and take back physical possession of vacant premises of ground floor. The landlord did not comply on the plea that the agreement was made for five years and as per Clause 13 of the agreement NIB would not terminate the lease at any time before the expiry of first term of five years. NIB formed a committee to negotiate with the

lessor and ultimately handed over the premises to landlord on 15 May 2001 after paying six months rent in lieu of six months notice with effect from 16 May 2001. In all NIB paid a sum of Rs 38.87 lakh to the landlord on account of rent alone (including six months rent in lieu of notice) for the additional space, which was not used even for a single day for the period from 16 September 1997 to 15 November 2001. In addition NIB paid Rs 3 lakh to bring the premises to its original condition before handing over possession.

Thus, improper planning on the part of NIB led to wasteful expenditure to the tune of Rs 51.05 lakh.

The Ministry while confirming the facts in November 2001 stated that the ground floor was used for accommodating emergency Diesel Generating Set and Storing Engineering goods and that the issue of acquisition of ground floor on rent was within the knowledge of GB, though it did not have their specific approval.