

CHAPTER VI : MINISTRY OF HEALTH AND FAMILY WELFARE

6.1 Injudicious release of grant-in-aid

The Ministry of Health and Family Welfare, in contravention of the General Financial Rules and guidelines of the Ministry of Finance, released Rs. 3.28 crore to four autonomous bodies during 2001-02 to 2003-04 although these bodies were generating sufficient internal resources and were reporting excess of income over expenditure.

Rule 148 (4) of General Financial Rules provided that cases where financial assistance was proposed to be granted to a society or an organisation likely to make a profit, the feasibility of giving grant-in-aid should be specifically considered by the sanctioning authority in consultation with the Ministry of Finance. The latest guidelines of Government of India, Ministry of Finance on expenditure management including fiscal prudence and austerity issued in September 2004 mentioned, *inter-alia*, that there had been cases in which Ministries were releasing funds to autonomous bodies year after year though substantial balances were available with these bodies which were lying unutilised and were kept in deposit with the banks. The ministries were advised not to release funds in such cases. The responsibility for regulating release of funds to the Autonomous Bodies rested with the Financial Advisers of the concerned Ministries.

Audit scrutiny revealed that the Ministry, in contravention of the General Financial Rules and guidelines of the Ministry of Finance, released grants-in-aid to four autonomous bodies during 2001-02 to 2003-04 though these bodies had sufficient internal resources generated by sale of application forms and recoveries made on account of registration, inspection, recognition and renewal fees and interest from investments etc. and had also reported excess of income over expenditure in annual accounts.

The financial position of these autonomous bodies during the years 2001-02 to 2003-04 was as under:

(Rupees in lakh)

Name	Medical Council of India			Pharmacy Council of India			National Board of Examinations			Dental Council of India		
	2001-02	2002-03	2003-04	2001-02	2002-03	2003-04	2001-02	2002-03	2003-04	2001-02	2002-03	2003-04
Grant-in-aid	58.00	60.00	60.00	11.00	10.00	10.00	10.00	20.00	20.00	28.00	25.00	16.00
Income from own resources	664.56	1107.16	938.30	122.15	93.08	109.47	498.05	658.51	935.62	159.00	214.70	217.53
¹ Excess of income over expenditure	267.40	665.46	203.35	30.34	10.55	36.02	154.76	272.20	545.32	44.66	83.32	16.49

¹ Includes grant-in-aid released during these years.

Thus, the Ministry injudiciously released grants amounting to Rs. 3.28 crore to these bodies during 2001-02 to 2003-04 which indicated laxity in budgetary control.

The matter was referred to the Ministry in June 2005. Reply was awaited as of February 2006.

6.2 Irregular payment of patient care allowance

The Director General of Health Services (DGHS), Central Government Health Scheme (CGHS) Division, New Delhi and CGHS, Mumbai irregularly paid Patient Care Allowance amounting to Rs. 2.17 crore to non-entitled employees in violation of Government orders.

The Government of India (Ministry of Health and Family Welfare) revised (January 1999) the rates of Patient Care Allowance (PCA) from Rs. 140 to Rs. 690 per month with effect from 29 December 1998. PCA was, however, payable only to Group 'C' and 'D' (non-ministerial) employees working in CGHS Dispensaries.

Mention was made in Paragraph 10.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 that the Additional Director, CGHS had paid PCA to non-entitled ministerial employees in violation of Government Orders. The same irregularity had been committed by CGHS, Pune also, which was again pointed out in paragraph 8.3 of the report of the Comptroller and Auditor General of India for the year ended March 2004. In reply to the latter para the Ministry stated (September 2004) that a note for consideration of the Cabinet for granting PCA to all employees had been submitted on which final decision was awaited.

Audit scrutiny of the records of DGHS (CGHS Division) revealed that though the final decision of the Cabinet was awaited and the DGHS had decided (March 2003) on the basis of earlier audit observation to stop payment of PCA to non-entitled staff with immediate effect, the department continued to make irregular payment of PCA to non-entitled staff at DGHS Headquarters, its Zonal Offices and Medical Stores Depot at Mandir Marg, New Delhi. Subsequently, the DGHS (CGHS Division) issued orders (June 2003) for keeping its earlier order of March 2003 in abeyance regarding irregular PCA paid to non-entitled staff. The orders continued to remain in abeyance by grant of extension from time to time. The last extension was granted upto 1 June 2005. Irregular payment made on this account for the years 2001-02 and 2003-04 worked out to Rs. 1.16 crore. Details of payment made on this account during 2002-03 were not made available to audit.

Similarly audit scrutiny of the records of CGHS, Mumbai for the period January 1999 to March 2005 revealed that payment of PCA amounting to Rs. 1.01 crore was made to 196 unentitled employees.

The Ministry in its Action Taken Note in respect of both the paragraphs referred to above reiterated (August 2005) that the order issued by DGHS for recovery of PCA from all non-entitled employees had been kept in abeyance. A proposal to extend the period further was under the consideration of the Department of Health. It also stated that the Ministry of Finance and the department of Personnel and Training were not in favour of granting PCA to non-entitled employees. Subsequently, DGHS stated (October 2005) that a note had been sent to the Cabinet Secretariat on 16th September 2005 for placing the matter before Committee of Secretaries.

Department of Health

6.3 Non-recovery of electricity and water charges

Safdarjung Hospital did not get separate domestic electric meters installed in the nurses' hostel and incurred expenditure of Rs. 48.55 lakh on domestic consumption of electricity at higher commercial tariff. The hospital also failed to recover Rs. 65.79 lakh payable by the occupants as electricity and water charges for the period May 1999 to December 2004.

Audit scrutiny of the records of Safdarjung Hospital (Hospital) revealed that the Hospital had neither taken any action to get separate individual meters installed in the nurses' hostel (Hostel) constructed in 1988-89, nor did it recover any electricity and water charges from the occupants. It was only after CPWD pointed out to the Hospital (December 1998) that the monthly consumption of electricity for the Hostel was 30,000 to 35,000 units, the latter issued orders (June 1999) for recovery of electricity and water charges with effect from 1 May 1999 from the occupants at flat monthly rates of Rs. 200 and Rs. 20 per room respectively. The Delhi Nurses' Union objected to these orders (July 1999) and informed that the residents would be ready to pay the bills only after separate individual meters were installed. The Hospital, however, did not get individual domestic meters installed in the Hostel as of December 2004. While the Hospital was not recovering any electricity and water charges, it paid Rs. 1.20 crore between May 1999 and December 2004 to New Delhi Municipal Council for domestically consumed electricity at higher commercial tariff* (worked out by audit on the basis of minimum

* Rs. 5.23 per unit upto August 2001 and Rs. 6.37 per unit thereafter against domestic tariff of Rs. 3.15 and Rs. 3.78 respectively.

monthly consumption of 30,000 units assessed by CPWD). The Hospital failed to recover Rs. 65.79 lakh (Rs. 64.19 lakh for electricity charges and Rs. 1.60 lakh for water charges) which was payable for this period by the occupants at the rates fixed by the Hospital.

On the matter being pointed out in audit, the Hospital stated (December 2004/June 2005) that the matter of fixing the rate of electricity charges recoverable from the occupants was pending with the Director General, Health Services (DGHS) and the Ministry. Decision was awaited despite protracted correspondence and several meetings with them. The Hospital was silent about recovery of water charges.

Inaction of the Hospital/Ministry in getting domestic meters installed for the Hostel resulted in additional expenditure of Rs. 48.55 lakh for the period May 1999 to December 2004 because the energy consumed was paid for at the higher commercial rates. Besides, it also did not recover electricity and water charges amounting to Rs. 65.79 lakh for the same period from the occupants at the rates fixed by it. The Hospital authorities should take immediate effective steps to recover the amount and get individual domestic meters installed to avoid incidence of recurring additional expenditure due to payment of electricity charges for domestic supply at commercial rates.

The matter was referred to the Ministry in May 2005. Reply was awaited as of February 2006.

6.4 Irregular payment of transport allowance

Safdarjung Hospital, in contravention of the orders of the Government of India, irregularly paid transport allowance of Rs. 49.52 lakh to various doctors/staff members who had been allotted government accommodation within a distance of one kilometre or within the hospital campus.

The Government of India in pursuance of the recommendation of the Fifth Pay Commission sanctioned transport allowance to its employees with effect from 1 August 1997 at rates ranging from Rs. 75 to Rs. 800 per month according to pay scale and the place of posting. In terms of the said orders, transport allowance was not admissible to those employees who had been provided with government accommodation within a distance of one kilometre or within a campus housing the places of work and residence.

Audit scrutiny of the records of the Safdarjung Hospital (Hospital) revealed that in contravention of the above orders, it had been making payment of transport allowance to doctors and other staff who were allotted government

accommodation within a distance of one kilometre or within the hospital campus. The hospital had irregularly paid Rs. 49.52 lakh during the period from August 1997 to October 2004 to doctors and other staff who were allotted government accommodation within a distance of one kilometre from the hospital and also to one employee residing in the campus

On the matter being pointed out in audit the Ministry stated (August 2005) that facts had been verified and the Medical Superintendent of the Hospital had intimated that transport allowance had not been paid to any doctor or other staff residing within the premises of Hospital and hence terms and conditions governing grant of transport allowance had not been violated. The reply was not tenable as the Hospital had not only paid transport allowance to doctors and other staff who had been allotted government residential accommodation in Kidwai Nagar (West/East) and Raj Nagar, New Delhi located at a distance of 0.3 km, 0.6 km and 0.8 km respectively from the Hospital, which was not permissible but also to an employee who was allotted residential accommodation within the hospital campus.

The hospital should immediately stop the payment of transport allowance to non-entitled doctors and other staff and recover the irregular payments already made.

6.5 Idling of equipment due to unplanned purchase

Safdarjung Hospital purchased a Gas Sterilizer at a cost of Rs. 27.80 lakh without first assessing the cost of the consumables. The equipment had been used for less than one month during 10 years. Besides National Institute of Communicable Diseases (NICD), Delhi purchased an Elisa Processor costing Rs. 18.57 lakh without first ensuring availability of suitable space for its installation as well as trained manpower. This resulted in idling of equipment for about six years depriving the patients of the diagnostic facilities. Moreover, improper storage of the equipment for two years resulted in its getting damaged and additional expenditure of Rs. 2.75 lakh on its repair. Lack of procurement planning thus led to idling of the investment of Rs. 46.37 lakh for 6-10 years.

Audit scrutiny of the records of Safdarjung Hospital, New Delhi and National Institute of Communicable Diseases, Delhi revealed that high value equipment had been purchased before assessing the cost of consumables required for operating the equipment and ensuring availability of suitable space for installation as well as trained manpower. Consequently, investment of Rs. 46.37 lakh remained idle for 6-10 years as discussed below:-

(a) Safdarjung Hospital (Hospital), after assessing the workload of treating 5000 burn patients every year placed an indent (May 1991) on the Directorate General of Supplies and Disposal (DGS&D) for purchase of a Gas Sterilizer. Accordingly, DGS&D got a Gas Sterilizer imported (October 1993) from Germany, through a local dealer, at a cost of Rs. 27.80 lakh (DM 1,37,814).

Audit scrutiny revealed that though the equipment was received in the Hospital in November 1993, it was installed after a delay of one year on 26 November 1994 as necessary infrastructure facilities such as a room with electric works and continuous water supply with required pressure was not ready. It stopped functioning on 16 December 1994 after less than one month of its commissioning as the Hospital had not ensured continuous availability of reagents essential for the operation of Gas Sterilizer after the quantity of reagents supplied by the firm alongwith the equipment was exhausted. Thereafter, the Hospital did not purchase the reagents due to their prohibitive cost and the equipment remained non-functional.

(b) Similarly, the National Institute of Communicable Diseases (NICD) placed an indent (January 1998) on the Directorate General of Health Services (DGHS), New Delhi for supply of one Elisa Processor (Automated) with a computer. The DGHS purchased the equipment (June 1999) at a cost of Rs. 18.57 lakh (SFr 71,800). Necessary infrastructure facilities for installation and commissioning of the equipment were to be provided by NICD.

Since NICD had not ensured availability of space before the delivery of the equipment in June 1999, it was installed only in one corner of the laboratory on the third floor of NICD where its satisfactory functioning was demonstrated by the supplier. The equipment was not used thereafter. Subsequently, the equipment was shifted to its permanent location in the newly built laboratory in September 2001. During inspection of the equipment in the new laboratory it was noticed that due to improper storage conditions, rats had caused damages in fluid pipes, electric wiring and shielding. The equipment was not installed and continued to remain non-functional. The matter regarding functioning of the equipment functional remained under correspondence with the DGHS and the supplier till November 2002 when the supplier informed NICD that since the equipment had got damaged due to improper storage at NICD, repair charges would be borne by the latter. In August 2003 NICD agreed in principle to bear the cost of damaged spares estimated at Rs. 2.75 lakh. This cost was payable only after the equipment was installed and demonstrated to be working to the satisfaction of NICD. Though the equipment was finally installed in July 2004, it was not made

Report No. 2 of 2006

operational due to non-availability of trained staff. NICD requested the supplier (March 2005) to train one officer and two technicians so that the equipment could be made functional. Further developments in the matter were awaited as of April 2005.

Thus, the purchase of high value equipment without first determining the availability and cost of consumables/reagents, basic infrastructure for installation and trained manpower required for its operation indicated poor procurement planning. This resulted in idling of investment of Rs. 46.37 lakh (Rs. 27.80 lakh + Rs. 18.57 lakh) for six to ten years, damage to the equipment and denial of diagnostic facilities to the patients. Additionally, improper storage of the system resulted in undischarged avoidable liability of Rs. 2.75 lakh.

The matter was referred to the Ministry in May 2005. While reply to (a) was awaited as of February 2006, the Ministry in reply to (b) forwarded (August 2005) the comments of DGHS admitting (July 2005) the lapse on the part of NICD.