

HEALTH AND FAMILY WELFARE

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Ninety-fifth Report (16th Lok Sabha)]

MINISTRY OF HEALTH & FAMILY WELFARE

PUBLIC ACCOUNTS COMMITTEE (2019-20)

SECOND REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2182

SECOND REPORT

PUBLIC ACCOUNTS COMMITTEE
(2019-20)

SEVENTEENTH LOK SABHA

HEALTH AND FAMILY WELFARE

[Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Ninety-fifth Report (16th Lok Sabha)]

MINISTRY OF HEALTH & FAMILY WELFARE



Presented to Lok Sabha on:6.12.2019.....

Laid in Rajya Sabha on:6.12.2019.....

LOK SABHA SECRETARIAT
NEW DELHI

December, 2019/

Agrahayana, 1941 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20)	ii
INTRODUCTION	iii
CHAPTER I Introductory	1-18
CHAPTER II* Observations/Recommendations which have been accepted by the Government	—
CHAPTER III* Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from Government	—
CHAPTER IV* Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	—
CHAPTER V Observations/Recommendations in respect of which Government have furnished interim replies/no replies	19-24
APPENDICES	
I Minutes of the seventh sitting of Public Accounts Committee (2019-20) held on 19.11.2019	25
II Minutes of the ninth sitting of Public Accounts Committee (2019-20) held on 3.12.2019	27
III Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Ninety-fifth Report (Sixteenth Lok Sabha)	29

* Not included to the cyclostyled copy of the Report

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2019-20)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Rajeev Chandrasekhar
17. Prof. M. V. Rajeev Gowda
18. Shri Naresh Gujral
19. *Vacant**
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

SECRETARIAT

1. Shri Abhijit Kumar - Additional Secretary
2. Smt. M.L.K. Raja - Director
3. Smt. Bharti S. Tuteja - Additional Director

* Shri Bhubaneswar Kalita ceased to be a Member of Committee consequent upon his resignation from Rajya Sabha on 05 August, 2019

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2019-20), having been authorised by the Committee, do present this Second (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Ninty-fifth Report(Sixteenth Lok Sabha) on '**Health and Family Welfare**' relating to the Ministry of Health and Family Welfare.

2. The Ninty-fifth Report was presented to Lok Sabha/laid on the table of Rajya Sabha on 28 March, 2018. Replies of the Government to the Observations/Recommendations contained in the Report were received on 28 January, 2019. The Committee considered the draft Report on the subject and thereafter adopted the Report at their sitting held on 3 December, 2019. Minutes of the sittings form appendices to the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Ninty-fifth Report (Sixteenth Lok Sabha) is given at Appendix-III.

NEW DELHI;
3 December, 2019
12 Agraphayana, 1941 (Saka)

Adhir Ranjan Chowdhury
Chairperson
Public Accounts Committee

CHAPTER – I

R E P O R T

This Report of the Public Accounts Committee deals with Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Ninety-fifth Report (Sixteenth Lok Sabha) on “**Health and Family Welfare**” based on the C&AG Report Nos. of 11 of 2016 (Para Nos. 8.1, 8.2, 8.3, 8.4 and 8.5) and 12 of 2017 (Para No. 11.3) respectively relating to the Ministry of Health & Family Welfare.

2. The Ninety-fifth Report (Sixteenth Lok Sabha) was presented to Lok Sabha/laid on the table of Rajya Sabha on 28th March, 2018. It contained 18 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Health & Family Welfare and categorized as under:

- (i) Observations/Recommendations of the Committee which have been accepted by the Government:

Para Nos. 1, 2, 5, 6, 11,12, 13, 14,15 and 16

**Total: 10
Chapter- II**

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

-NIL-

**Total: NIL
Chapter- III**

- (iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which requires reiteration:

Para Nos. 3, 4, 7, 9 and 10

**Total:5
Chapter- IV**

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Paragraph Nos. 8, 17 and 18

**Total: 03
Chapter- V**

3. The detailed examination of the subject by the Committee had revealed lapses/discrepancies on the part of the Ministry of Health and Family Welfare in financial accounting of the autonomous bodies under its control such as blocking of funds and non-utilisation of equipment in the emergency care centre of Dr. Ram Manohar Lohia Hospital (New Delhi), excess payment of service charges and stipends, overpayment of Transport Allowance and violation of rules while providing rent free accommodation to a commercial undertaking. The Committee while dealing with the issues pointed out by the Audit recommended for strengthening internal audit mechanism and developing proper guidelines for execution of Memorandum of Agreement and to impart training to the officers responsible to make them conversant with rules and regulations to avoid similar instances in future.

4. The final Action Taken Notes furnished by the Ministry of Health & Family Welfare have been reproduced in the relevant chapters of this Report. The Committee will now deal with action taken by the Government on their Observations/Recommendations, which either need reiteration or merit comments.

5. The Committee desire the Ministry of Health & Family Welfare to furnish Action Taken Notes in respect of Observations/Recommendations contained in Chapter I and final Action Taken Replies in respect of Observations/Recommendations contained in Chapter V for which interim reply had been given by the Government within six months of the presentation of the Report to the House.

Central Government Health Scheme (CGHS) - Leasing of premises to a commercial undertaking in violation of rules

(Recommendation Para No. 3 & 4)

6. Central Government Health Scheme (CGHS) executed (December 2007) a Memorandum of Understanding (MoU) with Hindustan Latex Limited (HLL) to set up a modern diagnostic centre at CGHS Building (owned) Dispensary, RK Puram, New Delhi. In terms of the MoU, HLL provided diagnostic services to CGHS beneficiaries at CGHS rates and was at liberty to serve private Patients (non-CGHS beneficiaries) at charges fixed by HLL. As per Audit, by giving HLL rent-free accommodation in a prime location, CGHS incurred a loss of Rs. 1.72 crore in license fees from 2008-09 till December 2016. However, as per Ministry, from April 2012, HLL provided 10 % discount on CGHS rates to CGHS beneficiaries serving as well as pensioner beneficiaries and the same was formally included in new Memorandum of Agreement (MoA) signed between CGHS and HLL in January 2017.

The Committee noted that the Diagnostic Services at CGHS building (own) at RK Puram have been started w.e.f. 9.2.2008 as a Public Public Partnership project between HLL and CGHS for undertaking Preventive Health Check-up of CGHS beneficiaries. CGHS provided space for operating the diagnostic laboratories mainly for the CGHS beneficiaries, and HLL installed necessary equipment and manpower for this purpose. HLL was allowed to charge at CGHS rates for sustaining the project for CGHS beneficiaries. HLL was also permitted to provide diagnostic facilities to nearby general public to sustain the facilities. As per Audit, CGHS neither followed the procedure enunciated by the CPWD, Director of Estates nor assessed the fair rent for the premises (in terms of orders of 13 June 1985 and 16 March 1999). Further, as per Ministry, the Memorandum of Understanding (MoU) signed with HLL in December, 2007 did not have provision for rent. The Committee noted from the reply of the Ministry that the said premises is not a General Pool Office Accommodation of Directorate of Estates and MoUD has not issued any orders regarding rent to be charged in respect of owned buildings. The Committee were of the view that CGHS cannot justify its stand on the pretext of absence of specific guidelines in a specific case and since the building was the property of Government, non-levy of rent should have been done in consultation with the Department of Estates which was responsible for the administration and management of Estates (Residential/Office Accommodation) of Government of India in the metropolitan cities. Further, the Committee felt that since CGHS was functioning for providing medical care to its beneficiaries, income from rent would supplement the funds available for providing services. Moreover, providing an assured clientele and allowing services to non-CGHS customers more than ensures sustainability of the Hind Lab Project. The Committee was of the opinion that since the Memorandum of Agreement (MoA) has now been amended and 10% discount on CGHS rates to be given by the HLL in lieu of the rent liability has been provided for, the amount due for period from February, 2008 to December 2016 should also be recovered.

The Committee further desired that the matter be taken up with the Directorate of Estates to ascertain the fair/ market rent to be charged for the said property since February 2008 and the Committee be apprised of the same.

Further, the Committee noted that the HLL, a Public Undertaking under the Ministry, is giving 10% discount in lieu of the rent liability. The Committee observed from the reply of the Ministry that the 10% discount agreed to by HLL is more than the purported loss pointed out by the Audit. The Committee was amazed to note that HLL agreed to pay (i) more than what is actually due and (ii) in variable terms when it is well known that rent is a fixed cost and contributes to the economies of scale. Interestingly, the 10% discount appears to be more in the nature of commission than rent. The Committee while opining that operational efficiency of any project cannot be determined when arbitrary relaxations are given desire that Public Public Partnerships should also be based on sound financial / accounting premises.

7. The Ministry of Health & Family Welfare in their Action Taken Notes have stated as under:-

"a) "Ministry of Health & Family Welfare has taken up the matter with Ministry of Housing & Urban Affairs.

The Deputy Director of Estates (policy), Min of Housing & Urban Affairs vide communication No 22011/2/2017-Pol.III(Pt.) dated 09.04.2018 (**Annexure-I**) enclosed the comments received from Executive Engineer (Lic. Fee), CPWD for further necessary action regarding rent liability of Hindustan Latex Ltd., (HLL) for running a diagnostic laboratory in Public mode with CGHS at CGHS building at Sector-12, RK Puram New Delhi.

The salient comments conveyed with the approval of DG,CPWD are

"When compared with the policies of Directorate of Estate regarding allotment of spaces to Mother Dairy & Banks, this office considers the services of Diagnostic & lab tests is more appropriate to be placed in the category of Rs.1/- per sq. per month. It is pointed out that as per agreement condition No 8 of MOA HLL is also offering emergency services and is a Government Enterprise.

As services of HLL are restricted to Diagnostic & lab tests only at CGHS fixed rates with 10% discount as per MOA executed in Public Public Partnership, so market rent rate or charging any license fee for allotment of space is unwarranted in this case.

However, case matter suggests a token license fee @Rs1/- per sq. per month for space allotted to HLL. AS this project is already running under MOA, additional liability is unforeseen in this case."

Accordingly, Orders have been issued to the Addl. Director, CGHS(HQ) (Copy of the OM dated 21.06.2018 is placed at **Annexure-IA**) for recovery of rental liability of HLL for running the Diagnostic lab services at CGHS building at Sector 12, RK Puram measuring about 280.81 Sq. Mts. Area @ Rs 1 per Sq. Mt for one month as calculated by DG.CPWD i.e., Rs.280.81 per month i.e., Rs. 3370/- per year [Rs 3369.72 (280.81x1 x 12) w.e.f February 2008 till date and ensure that M/s HLL shall pay rent of Rs. 3370/- per year thereafter.

(b) "Orders have also been issued to Addl. Director, CGHS(HQ) (Copy of OM

dated 21.06.2018 is placed at **Annexure-II**) to take necessary steps for modification of MoU signed with M/s HLL Lifecare Ltd., by an addendum as per the draft given below:

Clause '3' of the MoU is modified by mutual agreement in supersession of the clause '3' in MoU signed between CGHS and M/s HLL Life Care Ltd., on 10th January 2017 and shall read as -

3. SERVICE CHARGES

The diagnostic Centre shall charge from the CGHS beneficiary as per the rates for a particular procedure/package deal as prescribed by the CGHS and attached as Annexure D (rate list), which shall be an integral part of this agreement. M/s HLL Lifecare Limited (Hindlabs, RK Puram) will charge NABL/Non NABL rates as per the status of the lab. Hindlabs are giving a discount of 10% on CGHS rates."

Other terms and conditions in the MoU shall remain unchanged."

8. While vetting the above ATNs, the Audit made the following comments:-

"CPWD has recommended levy of concessional rate of rent @ Rs.1/- per sq. meter on the ground that M/s HLL is offering emergent services; it is a Government Enterprise and offering services at CGHS rate with 10% discount. This has been accepted by the Ministry/CGHS. However, justification for charging nominal rent when M/s HLL is getting enough clientele, services are also given to non-CGHS customers and even other empanelled private hospitals are allowing 10% discount, is not strong."

9. In their further comments to the above said Audit observation, the Ministry stated as under:-

"For rent fixation /liability CGHS follows the recommendations of CPWD. CGHS has taken over the Postal dispensaries in 2013 at a nominal rent of Rs.1/ per year to be paid to Department of Posts. Therefore, it is submitted that the concessional rent recommended by CPWD may kindly be seen in sync with the usual practices and may kindly not be seen in isolation."

10. The Committee observed that Central Government Health Scheme (CGHS) incurred a loss of ₹1.72 crore in license fees from 2008-09 to December 2016, on account of giving Hindustan Latex Limited (HLL) rent-free accommodation in a prime location. While noting that the HLL, a Public Undertaking under the Ministry, was giving a 10% discount in lieu of the rent liability, the Committee had opined that operational efficiency of any project cannot be determined when arbitrary relaxations are given and had,

therefore, desired that Public Public Partnerships should also be based on sound financial / accounting premises. The Committee find that Ministry has not responded to their specific observation regarding HLL paying more than what is actually due and, that too, in variable terms when it is well known that rent is a fixed cost and contributes to the economies of scale. Further, the Ministry has also not submitted any reply about the steps taken to improve the financial/ accounting principles underlying the Public Public Partnership. The Committee also note from the reply of the Ministry that DG, CPWD has now suggested that a token license fee of ₹ 1/- per sqm per month for space allotted to HLL may be charged as services of HLL are restricted to diagnostic & lab tests only at CGHS fixed rates with 10% discount as per Memorandum of Agreement (MoA) executed in Public Public Partnership, and therefore market rent rate or charging any license fee for allotment of space is unwarranted in this case. The Committee concur with the observation of the Audit that justification for charging nominal rent when M/s HLL is getting enough clientele, services are also given to non-CGHS customers and even other empanelled private hospitals are allowing 10% discount, is not convincing enough. The Committee while noting that both CGHS and HLL have functioned without paying any heed to sound/rational financial principles and the Ministry has also miserably failed to take cognizance of the lapses made by the organizations functioning under its aegis, recommend that henceforth a robust mechanism be put in place for monitoring the implementation of such projects and ensuring that all transactions are held at arms length. Further, the Committee desire that appropriate action may be taken against the officials of CGHS and HLL for disregarding well-settled financial principles and the officials of Ministry for lack of monitoring.

Central Government Health Scheme (CGHS) - Outsourcing of Dental services

(Recommendation Para No. 7)

11. *The Committee further noted that CGHS had entered into an MoU with M/s Forsan Axios Technologies Ltd, in 2010 for outsourcing of Dental services for a period of five years at units located in 13 CGHS Wellness Centres in Central Zone and South Zone of CGHS, Delhi on an upfront payment of ₹ 1.25 crore and*

an annual authorization fee of ₹ 5 lakhs (per year). The Committee observed that the agency was permitted to treat private patients between 01:30 PM to 07:30 PM. The Committee were shocked to note that prime locations in Delhi were given out at a nominal rate of less than ₹ 20,000 p.m. and the agency was allowed to treat private patients 6 hours in a day. The Committee was disappointed to note that the CGHS has entered into contracts in gross violation of the established procedures of the Government of India. The Committee was also dismayed to note the absence of monitoring by the Ministry and therefore exhorted the Ministry to fix the responsibility on the officers involved in finalizing such contracts and take punitive action against those found guilty. The Committee also desired that the Ministry may issue guidelines for specifying the procedure to be followed while entering into Public Private or Public Public Partnerships. The Committee would also like to be apprised about whether the properties given out to M/s.Forsan Axios Technologies Private Ltd have been vacated by the agency after the expiration of the MoU.

12. The Ministry of Health & Family Welfare in their Action Taken Notes have stated as under:-

"The project was conceived with a view to provide dental facilities (for 22 identified Dental Procedures) for CGHS beneficiaries at dispensary level itself under PPP Mode. For this purpose, the City was divided into two Divisions A&B- One comprising South & Central Zone for Dental facilities in 13 dispensaries and another zone comprising East Zone and North Zone for 15 CGHS dispensaries. Bids were floated for two Divisions, but contract awarded was limited to only one Division 'A' comprising 13 dispensaries in South & Central Zone. The bidders had paid upfront fee of ₹ 1.25 crores against minimum prescribed bid amount of ₹ 10 lakhs in Division 'A'. In Division 'B' bidders offered low rates, only nominally above the minimum prescribed amount, and in view of the wide variation in the bids quoted by the two bidders, no contract was issued to any bidder in Division 'B'. In addition, they were to pay ₹ 5 Lakhs per year with 5% upward revision annually. The project has been approved by competent authority. The project was conceived with good intention to provide Dental care facilities nearer to the residential areas of CGHS beneficiaries. The facility to provide Dental care nearer to the CGHS beneficiaries is an additional facility and convenience, which cannot be measured purely in monetary terms. Since, there was no malafide intention in extending facilities to CGHS beneficiaries, the question of fixation of responsibility does not arise.

The Ministry of Health & Family Welfare has refused to extend the contract, which expired on 29th February 2016. Prior to that the employees of M/s Forsan approached District Court against vacation and stay was granted. M/s Forsan has approached Delhi High Court for directions to CGHS not to take coercive action against them for vacation. Subsequently, M/s Forsan has withdrawn the case in High Court of Delhi and vacated the CGHS premises by 8th May 2018."

13. While vetting the above ATNs, the Audit made the following comments:-

" Ministry has not responded to the following recommendation of the Hon'ble PAC:

"Ministry may issue guidelines for specifying the procedure to be followed while

entering into Public Private or Public Partnerships”.

14. In their further comments to the above said Audit observation, the Ministry stated as under:-

"No new Public-Private or Public-Public partnerships projects are contemplated under CGHS. If any new Project is proposed, suitable guidelines shall be formulated and preferably tender process shall be initiated taking into consideration the past experiences and the observations of Hon'ble Committee."

15. The Committee observed that Central Government Health Scheme (CGHS) had entered into an Memorandum of Understanding (MoU) with M/s Forsan Axios Technologies Ltd, in 2010 for outsourcing of Dental services for a period of five years at units located in 13 CGHS Wellness Centres in Central Zone and South Zone, Delhi on an upfront payment of ₹ 1.25 crore and an annual authorization fee of ₹ 5 lakhs. The Committee were surprised to note that CGHS had allowed the agency to treat private patients 6 hours in a day while charging a nominal rent of less than ₹ 20,000 p.m. The Committee were dismayed to note the absence of monitoring by the Ministry and recommended the Ministry to fix the responsibility on the officers involved in finalizing such contracts and to take punitive action against those found guilty. The Ministry in their Action Taken Reply has stated that the facility to provide Dental Care nearer to the CGHS beneficiaries is an additional facility and convenience, which cannot be measured purely in monetary terms. Further, the Ministry has stated that since there was no malafide intention in extending facilities to CGHS beneficiaries, the question of fixation of responsibility does not arise. In the absence of any specific guidelines and procedures laid down for entering into Public Private or Public Public Partnerships by the Ministries, the Committee are apprehensive of of malafide intention. The Committee opine that a contract on relaxed terms with a private entity which is working for maximizing its profits has actually resulted in financial loss to the CGHS. The Committee further observe that M/s Forsan approached District Court against vacation and stay was granted. The Committee are concerned to observe that due to faulty and weak provisions of the MoU, despite refusal by the Ministry of Health and Family Welfare to extend the contract that had expired on 29.2.2016, they could not get M/s Forsan Axios Technologies Ltd evicted

from CGHS premises till 8 May, 2018. The Committee are further unhappy to note that the Ministry failed miserably to get the court stay vacated for more than 2 years inspite of meeting additional expenses on account of the court case. The Committee while reiterating their earlier recommendation further desire that the Ministry may issue Standard Operating Procedures (SOPs) to be followed invariably while entering any contract be it public-public/private to obviate any such instances in future. The Committee also desire that wherever any organization deviates from the SOPs, it must explain the reasons for taking up that particular project and the financial justification thereof. The Committee would also like to be apprised of rent and the annual authorization fee paid by M/s Forsan from the date of expiration of the contract till the firm vacated from the CGHS premises on 8 May, 2018.

Dr. Ram Manohar Lohia (RML) Hospital - Procurement of equipment without ensuring readiness of infrastructure

(Recommendation Para No. 9)

16. *The Committee observed that the Ministry finalized the contracts for procurement and issued Notification of Award (NoA) in December 2011 to 24 firms for supply of various medical equipment for NECC at the Hospital without giving any heed to the Project Management Consultant's advice (August 2011) about the slow progress of work. The equipment valued ₹15.93 crore were received during 2012-2013. The Committee were of the view that since the Ministry was aware that out of 11 milestones only 5 milestones were completed till December, 2011 the Ministry could have delayed either the finalization of contracts or the Notification of Awards. The Committee opined that entering into procurement contracts despite the advice of the consultants about the slow progress of work points to the lack of coordinated action within the Ministry. The Committee desired that disciplinary action against the officials responsible for overlooking the advice of the Project Management Consultant and the Committee be apprised thereof.*

17. The Ministry of Health & Family Welfare in their Action Taken Notes have stated as under:-

"Ministry of Health & Family Welfare conceived the plan and approved the construction of New Emergency Care Centre in Dr. RML Hospital in the year 2010 with a vision to provide better medical facilities to the growing needs of patients. Since the hospital has Trauma Care Centre for providing medical services to trauma patients, the New Emergency Care Centre project was envisaged to provide medical facilities to the patients reported in Emergency.

The contract related to construction of New Emergency Care Centre was awarded by Ministry of Health & F.W. on 7th May, 2010 and was scheduled to be completed and made operational by 10th October, 2010 well before starting of Commonwealth Games, 2010. Simultaneously, the Directorate General of Health Services invited tenders in June 2010 for procurement of various equipment required to operationalise the Centre.

In view of delay in construction of the Centre, the contracts (Notification of Awards) for procurement of these equipment were signed by the Procurement Cell in Dte. GHS in November 2011 and the same were forwarded to Dr. RML Hospital for post contract implementation in December 2011. Despite receiving contracts in December 2011, the hospital issued purchase orders (clearance) to the suppliers in February, 2012 with a view to get the equipment well in time before commissioning of the building. This was done with the proposition to have the equipment available in the hospital when the Centre would be ready and also to implement post contract action. Any contract cannot be kept in abeyance for longer period.

After implementing various contracts, it was emerged that due to delay in construction and repeated extension of deadline for completion of the building, the Hospital decided that the equipment procured for this Centre to be distributed to various Departments of the Hospital to utilize them in patient care services. The decision for distribution of equipment was temporary and the equipment to be re-installed in New Emergency Care Centre as and when the Centre would become fully functional. The decision of distribution of these equipment to other departments of the Hospital was particularly due to delay in construction of building which was beyond the control of Dr. RML Hospital."

18. While vetting the above ATNs, the Audit made the following comments:-

- “(i) Status of the equipment purchased and diverted to other departments may be furnished to PAC.
- (ii) Further, the Committee may be apprised of the action taken by Ministry against the officials responsible for overlooking the advice of the project management consultant.”

19. In their further comments to the above said Audit observation, the Ministry stated as under:-

"As a matter of fact, in order to ensure timely commissioning of the project, simultaneous action is taken for construction, selection of equipment and creation of posts, so that the infrastructure so created does not remain unutilized and the facility becomes available to the public in time. The proposal for NECC Building was conceived and approved in 2010 and DGHS (attached office of the Ministry of Health & Family Welfare) invited the tender and finalized the contract for 24 equipment. The contract for equipment was signed in November 2011 and was forwarded to Dr. RMLH in December 2011. As the hospital needed to have equipment before the commissioning of the building, the hospital issued the Supply Order to get these equipment. Since there was delay in the construction of building, the hospital decided to utilize the equipment by temporary transfer of these equipment to other departments

where these were needed. The NECC building was commissioned on 3rd August, 2015 and after commissioning of building, all the equipment which were temporarily transferred to other departments were transferred to NECC Building. As such, it may be appreciated that temporary transfer of the equipment was in the larger interest of patient care as these equipment did not remain unutilized. The list of equipment is annexed."

20. While observing that the Ministry finalized the contracts for procurement of various medical equipment for New Emergency Care Centre (NECC) without giving any heed to the Project Management consultant's advice regarding the slow progress of work and acquired equipment worth ₹ 15.93 crore during 2012-13, the Committee had opined that such procurement pointed to the lack of coordinated action within the Ministry. The Committee had, therefore, desired that disciplinary action be taken against the officials responsible for overlooking the advice of the project management consultant. The Committee also desire to be apprised of the reasons recorded for setting aside the advice of the consultant. The Committee note from the reply of the Ministry that as the hospital needed to have equipment before the commissioning of the building, the hospital issued the Supply Order to procure these equipment and due to delay in the construction of building, the hospital decided to utilize the equipment by temporary transfers of these equipment to other departments where the same were needed. As per the list of equipment furnished by the Ministry, it is apparent that equipment were lying idle for one to two years in many cases and further, the date of reversion of the equipment to NECC has not been specified. Clearly, the equipment was first acquired and then transferred without undertaking any scientific assessment of the requirements of respective departments, replacement of the temporarily installed equipment and life of the equipment. The Committee while opining that failure to ensure the readiness of the infrastructure to install the equipment had led to inefficient utilization of the same. The Committee, therefore, reiterate their earlier recommendation and desire that disciplinary action against the officials be taken and they may be apprised of such action taken within three months of presentation of this Report.

Dr. Ram Manohar Lohai (RML) Hospital - Non-utilisation of equipment for the intended objective

(Recommendations Para No. 10)

21. *The Committee further note that two of the equipment, valuing ₹ 2.40 crore could not be put to use for a period of more than 36 months, were diverted and not utilised for the intended objective of NECC. Audit also observed that warranty period of seven types of equipment issued to other departments/wings on temporary basis had already expired without being used in NECC. The Ministry submitted that the decision to distribute equipment to other departments was taken due to delay in construction of building which was beyond the control of Dr. RML Hospital and after the building started functioning in August, 2015, all the equipment were installed by November, 2015 and put to the intended use. Further the validity of warranty period was two years from the date of final acceptance i.e., date of installation of equipment. The Committee opine that an equipment which is in regular use for two to three years in a department cannot be taken somewhere else without providing a replacement unless it is lying idle in the Department where it was installed for the time being. The Committee desire that the actual utilization statement of the equipment be called for by the Ministry along with the actual dates covered by the warranty certificates and the wear and tear be assessed to determine whether the equipment was put to patient care. The Committee also desire that responsibility in terms of General Financial Rules (GFR Rules 137 and 160) be fixed against the officers responsible for irregularities in procurement of equipment.*

22. The Ministry of Health & Family Welfare in their Action Taken Notes have stated as under:-

"There is load of more than 30 lakh outdoor patients and more than 1.5 lakh indoor patients in Dr. Ram Manohar Lohiya Hospital. The equipment purchased for ECS building was put on use for the welfare of these patients. In order to assess the actual utilization status of each equipment photo copy of log books maintained in respective Departments where these equipment were installed is enclosed for record. GFR Rules 137(fundamental principles of public buying) and GFR 160 (transparency, competition, fairness and elimination of arbitrariness in the procurement process) were applied in the true letter and spirit while procurement of equipment was done, hence no violation."

23. While vetting the above ATNs, the Audit made the following comments:-

"Ministry may furnish reply to PAC on the following recommendations:

- (i) Assessment of wear and tear to determine whether the equipment was put to patient care by obtaining actual utilization statement of the equipment along with the actual dated covered by the warranty certificates and;
- (ii) Fixation of responsibility in terms of General Financial Rules (GFR Rules 137 and 160) against the officers responsible for irregularities in procurement of equipment."

24. In their further comments to the above said Audit observation, the Ministry stated as under:-

"All the equipment procured for the NECC Building were put for use during their warranty period, whether installed in other department or in NECC. It is further submitted that the warranty period of an equipment starts from the day of the commissioning of the equipment. As the equipment have been utilized properly in the interest of patient care, it may be treated that there is no violation of GFR 137 and 160. As reported by Dr. RML Hospital, all the equipment procured for ECS Building are in use and functioning satisfactorily."

25. The Committee noted that two of the equipment, valuing ₹ 2.40 crore could not be put to use for a period of more than 36 months, were diverted and not utilised for the intended objective of NECC. Further, warranty period of seven types of equipment issued to other departments/wings on temporary basis had already expired without being used in NECC. The Committee while opining that an equipment which is in regular use for two to three years in a department cannot be taken somewhere else without providing a replacement unless it is lying idle in the Department where it was installed for the time being and desired that the actual utilization statement of the equipment be called for by the Ministry along with the actual dates covered by the warranty certificates and the wear and tear be assessed to determine whether the equipment was put to use for patient care. The Committee note from the reply of the Ministry that equipment purchased for Emergency Care Building was put to use for the welfare of the patients and that photo copy of log books maintained in respective Departments where these equipment were installed has been enclosed. The Committee are surprised to find that no such copies of logbooks containing information as to the actual utilization status of each equipment have been furnished. The Committee, therefore, reiterate their earlier recommendation that the Ministry may analyse the logbooks to assess whether the equipment was actually put to use for patient care within their respective warranty periods. The Committee also desire to be apprised of the alternate arrangements made for the patient care wherever these equipment were installed before directing it to the new facility i.e. NECC. The Committee further desire that responsibility in terms of General Financial Rules (GFR Rules 137 and 160) be fixed against the officers responsible, for procurement of equipment which were lying unutilized and warranties expired.

Safdarjung Hospital - Excess payment of service charges

(Recommendation Para No 11)

26. The Ministry of Urban Development (MoUD) in December 2009 directed that the Union of India & its Departments to pay service charges for the services provided by Municipal Corporations. Audit test check of records of the Safdarjung Hospital revealed that the Hospital made incorrect determination of 'use factor' for calculation of service charges on property tax thereby resulting in excess payment of Rs. 4.60 crore to New Delhi Municipal Council (NDMC).

The Committee noted that as per Bye-law 3 of the NDMC Annual Rent Bye-Laws, 2009, the 'use factor' for the land is to be taken into account for the purpose of calculation of Property Tax. In the context of Safdarjung Hospital, payment of service charges in respect of left and right Wings of OPD-III, on the basis of self-assessment during the period 2009-10 to 2012-13 was calculated by adopting the 'use factor' for the hospital land as '2' instead of applicable factor '1'. Thus, incorrect adoption of 'use factor' resulted in excess payment of ₹ 4.60 crore to NDMC during the period. The Ministry in their evidence submitted that since the bills were raised by NDMC, Safdarjung Hospital continued to pay those bills with no back end calculation done on part of the Hospital. However, on being pointed out the matter was raised with NDMC and they agreed to that the bills with respect to the left and right wing of the OPD were wrongly given to the Hospital and in 2015-16, NDMC adjusted those amounts against the future bills and squared up the accounts. The Committee found that responsibility to prevent any financial impropriety lies with the Financial Advisor of the Hospital. The Committee were of the opinion that there is need for instituting a system whereby errors of omission and commission, especially involving interpretation of the fiscal laws and regulations made thereunder, application thereof by the Government hospital and college, are avoided. The Committee desired that to avoid recurrence of such instances, the Ministry may further strengthen the Internal auditing mechanism of all the hospitals under its wings and further ask the Financial Advisor in the Ministry to look into the cases of service tax paid by other hospitals in pursuance to the extant rules of the Municipal Corporations.

27. The Ministry of Health & Family Welfare in their Action Taken Notes have stated as under:-

"The observations of the Committee were considered and vide letter no. G.25012/03/2016-H-I dated 07th August, 2018, necessary instructions have been issued to Central Government Hospitals viz. Safdarjung Hospital, Lady Hardinge Medical College & Associated Hospitals and Dr. Ram Manohar Lohia Hospital for taking necessary action and compliance as per the observation of PAC."

28. While vetting the above ATNs, the Audit made the following comments:-

"The Ministry has merely forwarded the observations of the PAC to the respective hospitals vide letter dated 07.08.2018. Ministry has not included any information regarding compliance of the PAC's recommendations by the concerned hospitals. The PAC may be apprised of the concrete steps taken by the Ministry to further strengthen the internal auditing mechanism of all the hospitals under its wings.

Further, Ministry's reply is silent on the findings of the Financial Advisor in the cases of service tax paid by other hospitals in pursuance to the extant rules of the Municipal Corporations. The details of the action taken in this regard may also be apprised to the PAC."

29. In their further comments to the above said Audit observation, the Ministry stated as under:-

"The observations of the Committee were considered and necessary instructions have been issued to all the hospitals/institutions under the Ministry of Health & Family Welfare to take due diligence before making any payment including of self-assessment of Property Tax of the hospital. Such payments shall be made in accordance to the extant rules of the Municipal Corporations. Further, Financial Advisor of the Ministry has been requested to look into the cases of service tax paid by other hospitals in pursuance to the extant rules of the Municipal Corporations. A copy of Ministry's OM No. G. 25012/03/2016- H-I dated 25-01-2019 in this regard is also enclosed for kind perusal."

30. While noting that Safdarjung Hospital made incorrect determination of 'use factor' for calculation of service charges on property tax thereby resulting in excess payment of ₹ 4.60 crore to New Delhi Municipal Council (NDMC), the Committee had opined that there is a need for instituting a system whereby errors of omission and commission, especially involving interpretation of the fiscal laws and regulations made thereunder, application thereof by the Government hospitals and colleges, are avoided. The Committee had also desired that to avoid recurrence of such instances, the Ministry may further strengthen the internal auditing mechanism of all the hospitals under its wings and further ask the Financial Advisor in the Ministry to look into the cases of service tax paid by other hospitals in pursuance to the extant rules of the Municipal Corporations. The Committee note from the reply of the Ministry that necessary instructions have been issued to all the hospitals/institutions under the Ministry of Health & Family Welfare to take due diligence before making any payment including self-assessment of Property Tax of the hospitals and Financial Advisor of the Ministry has been requested to look into the cases of service tax paid by other hospitals in pursuance to the extant rules of the Municipal Corporations. The Committee note that the Ministry has not taken any steps towards improving its internal audit system and has only issued instruction to follow the extant provisions. The Committee are of the view that effective internal audit system of the Ministry would go a long way in ensuring application of correct rates in payment of

service charge on property tax. The Committee, therefore, reiterate their earlier recommendation that the Ministry may formulate and issue specific guidelines including attachment of taxation experts for strengthening the internal audit mechanism which would prevent such excess payments in the future and the Committee be apprised thereof.

All India Institute of Medical Sciences, Jodhpur - Irregular payment of service tax

(Recommendation Para No 15)

31. *Ministry of Finance (Department of Revenue) exempted certain services provided to an educational institution by way of Auxiliary Educational Services from Service Tax with effect from 1st July, 2012. The exempted services inter alia included any services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person. Ministry of Finance (September, 2013) further clarified that by virtue of the entry in the negative list, it was clear that all services relating to education are exempt from service tax.*

The Committee observed that All India Institute of Medical Sciences, Jodhpur outsourced certain manpower services like security, catering, transportation, etc. and paid service tax to the extent of Rs. 63.13 lakh in respect of these exempted categories of services during the Financial Year 2012 – 13 and 2013 – 14. Since the Ministry found the term “Auxiliary Services” used in the circular ambiguous, the Institute constituted with the payment of service tax until the Finance Ministry expressly confirmed the exemption of Education Services from Service Tax. The Committee further noted that the Institute took-up the matter with the Service Tax Department informed that AIIMS, Jodhpur has not deposited Service Tax to the Department, as such refund cannot be granted to the Institute. Moreover, the Service Tax if any paid during the 2012 – 13 and 2013 – 14 also cannot be refunded as claim of refund is time barred and the refund application are required to be filled within one year of payment of service tax. The Committee were perturbed to note the contradictory statement of the AIIMS, Jodhpur which has claimed to have paid the service tax amounting to Rs. 63.13 lakh for the financial years 2012 – 13 and 2013 – 14 and validated by the Audit and on the other hand the Service Tax Department, CBEC, Jodhpur, refusing to have received service tax from the Institute. The Committee would liked to be apprised to the efforts made by the Ministry to get the term “Auxiliary Services” clarified from the Ministry of Finance. The Committee desired that the Ministry take up the matter with CBEC urgently to find out the reasons for their denial of receipt of Service Tax from AIIMS, Jodhpur and also the status of refund of the same and apprise the Committee thereof. The Committee reiterated the recommendations made in earlier paragraphs that the Financial Advisor in the Ministry to look into the cases of service tax paid by the hospitals respectively.

32. The Ministry of Health & Family Welfare in their Action Taken Notes have stated as under:-

"AIIMS Jodhpur had taken up the matter with the Service Tax Department i.e. CBEC, Jodhpur for process of refund of the Service Tax. In its reply, the Service Tax

Department informed that since AIIMS Jodhpur, has not deposited Service Tax to the Department, hence such refund cannot be granted to AIIMS. Moreover, the Service Tax if any paid by any vendors during 2012 – 13 and 2013 – 14 also cannot be refunded as claim to refund is time barred. The reply from the Service Tax Department is available at Annexure – I.

This matter was also taken up by the CAG for examination after perusing through the reply and course of action adopted by the AIIMS, Jodhpur. The CAG in its vetting comments have accepted the reply from AIIMS, Jodhpur. The vetting comments of the CAG is appended below :

Action taken by the Ministry is satisfactory. In future AIIMS should be cautious in paying such taxes."

33. While vetting the above ATNs, the Audit made the following comments:-

"AIIMS Jodhpur paid Service Tax to service providers during 2012 – 13 and 2013 – 14, therefore, service tax department informed that AIIMS Jodhpur has not deposited service tax to the department as such refund cannot be granted to the Institute. Ministry may intimate as to whether the Service Providers deposited entire amount of ₹ 63.13 lakh to Service Tax Department as collected from AIIMS, Jodhpur during the financial year 2012 – 13 and 2013 – 14.

Ministry may intimate the latest status of the matter taken up with the CBEC to find out the reasons for their denial in receipt of Service Tax and also status of refund of service tax amount of ₹ 63.13 lakh."

34. In their further comments to the above said Audit observation, the Ministry stated as under:-

"Reply was sought from AIIMS Jodhpur regarding release of Service Tax to the vendors and receipt of deposit of Service Tax by vendors to the Service Tax Department. In reply, AIIMS Jodhpur vide letter dated 13.6.17 has informed that they have received challans from vendors on submission of service tax to Service Tax Department totaling to Rs. 61,07,198/-. The total amount paid by AIIMS Jodhpur as Service Tax during the financial year 2012 – 13 and 2013 – 14 was Rs. 63,13,074/- . The balance amount of Rs. 2,05,876/- along with interest of Rs. 74,067/- has also been recovered by AIIMS, Jodhpur as also informed by them.

CBEC may have denied the receipt of Service Tax as it was not submitted by the AIIMS, Jodhpur. The vendors submitted Service Tax for the services rendered to the AIIMS Jodhpur on receipt of payment from AIIMS Jodhpur.

The matter was not pursued further as Service Tax department in its letter 25.11.16 has clearly stated that refund is not possible as it is time barred."

35. The Committee noted that All India Institute of Medical Sciences, Jodhpur outsourced certain manpower services like security, catering, transportation etc. and paid service tax to service providers to the extent of Rs. 63.13 lakh in respect of the exempted categories of services during the Financial Year 2012 – 13 and 2013 – 14. However, the Service Tax Department, CBEC, Jodhpur, denied to have received service tax from the Institute. The Committee had, therefore, recommended that the Ministry take up the matter with CBEC urgently to find out the reasons for their denial of receipt of Service Tax from AIIMS, Jodhpur. The Committee note from the reply of the Ministry that since AIIMS Jodhpur, had not deposited Service Tax to the Department, such refund cannot be granted to AIIMS. Further, the Service Tax, if any, paid by any vendors during Financial Years 2012 – 13 and 2013 – 14 also cannot be refunded as claim to refund is time barred. The Committee while opining that AIIMS Jodhpur should have sought timely clarification from the CBEC if the tax rules were not comprehensible, desire that Ministry may impart regular training for interpretation of rules and regulations to the officers responsible for such payments in order to avoid similar situations in future.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Observation/Recommendation

The Committee noted that the contract for construction of NECC was awarded by the Ministry of Health and Family Welfare to M/s Hosmac Projects and was scheduled to be completed and made operational by October, 2010 well before starting of Commonwealth Games, 2010. The project was finally completed on 3 February, 2015 with a delay of 1576 days out of which 1384 days were attributed to site constraints and the remaining 192 days to M/s Hosmac for slow progress/wrongful delay. The work could not be completed within the stipulated time frame due to changes in structural designs, delay in submission and finalization of designs by the contractor etc. The ministry submitted that building was based on iron structure which had been under taken for the first time in Central Government Hospital necessitating consultation with professional institutions and midcourse corrections. Thus as per provisions of Agreement, liquidated damages @10% of contract value have been charged for delay of construction. Accordingly, a show cause notice to the contractor for recovery of liquidated damage for delay in construction has been issued and Dr. RML Hospital had withheld ₹2.59 crores of M/s Hosmac project. The committee were shocked to find that a building which was planned for providing emergency care to Delhi commonwealth Games sports persons held in 2010 was completed in 2015 i.e. Well after the next Games. The Committee was even more astonished to note that a first of a kind construction project was started as late as in April/May 2010 to be completed within six months. The committee would like to be apprised of the efforts made by the ministry and the DTTDC, the project Management Consultant, before and after the beginning of the project to complete it within six months. The committee opined that the undue delay of more than 4 years is attributed to the unscientific manner in which the Ministry took up the project without proper homework. The committee desired that the reasons for delay of 1384 days be inquired into and appropriate action taken against those responsible for the same and the committee be apprised thereof.

(Sl. no. 8 of 95th report of Public Accounts Committee Sixteenth Lok Sabha)

Action Taken by the Ministry

Ministry of Health & Family Welfare conceived the plan and approved the construction of New Emergency Care Centre in Dr. RML Hospital in the year 2010 with a vision to provide better medical facilities to the growing needs of patients. Since the hospital has Trauma Care Centre for providing medical services to trauma patients, the New Emergency Care Centre project was envisaged to provide medical facilities to the patients reported in Emergency.

The contract related to construction of New Emergency Care Centre was awarded by Ministry of Health & F.W. on 7th May, 2010 and was scheduled to be completed and made operational by 10th October, 2010 well before starting of Common Wealth Games, 2010.

M/s Delhi Tour and Transportation Development Corporation (DTTDC), the Project Monitoring Consultant, was monitoring the construction work of NECC. The progress of the construction work and related issues was monitored in various review meetings taken by senior officers in the Ministry. It is mentioned that the building was based on iron structure, which was undertaken for the first time in Central Government Hospitals. Since Delhi falls under high seismic zone, it was felt by the Ministry during various review meetings that midcourse corrections such as strengthening of iron structure are required to be studied from some professional agency like Lloyd, IIT, etc. This process with other processes took time resulting in delay in construction of the building. However, taking consideration of the prefabrication of the building structure and seismic zone of Delhi, patient safety got priority. The delay in completion of construction work could be attributed to the various midcourse corrections due to Delhi's location in higher seismic zone, which was one of the reasons for delay in completion of the building. Since this is first project of its kind, it appears that the hospital authority/PMC could not foresee the hindrances in the construction work.

Whereas the fever clinic was opened in NECC in the month of February 2015. New Emergency Care Building was opened to public w.e.f. 3rd August 2015. Thereafter the ECS building is operational.

M/s DTTDC vide their letter dated 20.02.2016 informed Dr. RML Hospital, New Delhi that a liquidated damage @ 10% may be charged for delay of construction as per clause SC-8 of the Agreement. Accordingly, Dr. RML Hospital issued a show cause notice to M/s Hosmac Project (Contractor) for recovery of Rs.2.61 crores as liquidated damage for delay in construction. However, hospital has also withheld Rs.2.59 crores of M/s Hosmac projects

Vetting Comments of Audit

Ministry may furnish specific replied on the following recommendations to the PAC:

- (i) The updated status of recovery of liquidated damages of Rs. 2.59 crore from M/s Hosmac may be provided.
- (ii) Efforts made by the ministry and the DTTDC, the Project Management Consultant, before and after the beginning of more than 4 years is attributed to the unscientific manner in which the Ministry took up the project without proper homework.
- (iii) Enquiry into the reasons for delay of 1384 days and appropriate action taken against those responsible for the same.

Further Reply of the Ministry

M/s DTTDC vide their letter dated 20.02.2016 informed Dr. RML Hospital, New Delhi that a liquidated damage @ 10% may be charged for delay of construction as per clause SC-8 of the Agreement. Accordingly, Dr. RML Hospital issued a show cause notice to M/s Hosmac Project (Contractor) for recovery of Rs.2.61 crores as liquidated damage for delay in construction. Hospital withheld Rs.2.59 crores of M/s Hosmac projects. The Hosmac approached Hon'ble High Court for delay for last instalment of payment (Rs. 2.59 crore) of

ECS building. The Hon'ble High Court recommended the case for Arbitration. Hon'ble Arbitrator, Mr. Justice Devender Gupta (Retd.) issued an award dated 20.11.2018 for Rs. 22,05,09,651 to be paid to the applicant within sixty days from the issue of the Award. Later on, M/s HOSMAC represented the case before the Arbitrator saying that the total amount is Rs. 15,11,66,498/- instead of Rs. 22,05,09,651/-. Hon'ble Arbitrator forwarded the same to RML Hospital stating reply if any may be filed positively on or before 29.12.2018 and no hearing was required as the application would be decided on the basis of the averment made in the application and reply. Dr. RMLH filed reply to the Hon'ble Arbitrator vide their letter dated 29.12.2018. The Hon'ble Arbitrator corrected the Award under application 33 of the Arbitration and conciliation Act 1996 for correction saying that the total amount is Rs. 15,11,66,498/- instead of Rs. 22,05,09,651.

The Hospital was directed by the Ministry to prepare a detailed Counter Reply challenging the Award. The Counter reply prepared by Dr. RML Hospital is under examination in consultation with Ministry of Law & Justice.

Gayatri Mishra
Joint Secretary
Ministry of Health & Family Welfare

O.M. No. 29/2/1/2017-18/PAC

Dated: 25th January, 2019

Observation/Recommendation

Further, the Committee while noting that ICMR, made an attempt for recovery of over-payment of TA to the scientists and recovered an amount of Rs. 5,84,468/- i.e. a meager 10% of the total excess payments made, opined that the situation could have been averted had the ICMR's internal audit mechanism been robust and aware of right/correct interpretation of rules. The Committee desired that the Ministry may expedite seeking final opinion from the DoPT and Department of Expenditure for early redressal of the issue in accordance with the Hon'ble Supreme Court's decision that the waiver of recovery in few postulated situations is to be allowed with the express approval of Dept. of Expenditure and apprise the Committee thereof.

(Sl. no. 17 of 95th report of Public Accounts Committee Sixteenth Lok Sabha)

Action Taken by the Ministry

The proposal for waiver of recovery of overpayment of Transport Allowance in accordance with the Hon'ble Supreme Court's decision followed by order of DoP&T vide O.M.No.18/63/2015-Estt. (A-I) dated 2.3.2016 providing for waiver of recovery is under process with the Dept. of Expenditure for a decision. Whatever decision is taken by the Department of Expenditure will be implemented by the Department of Health Research and the ICMR. Meanwhile, the Department of Expenditure vide their OM No. 21/2/2016-E. II(B) (Pt.) dated 5.10.2018 has granted the approval for applicability of the facility of staff or

transport allowance @Rs.15,750/- +D.A. thereon for commuting from residence to office and back to the Scientists 'G' of ICMR who are promoted under the Flexible Complementing Scheme (FCS).

Vetting Comments of Audit

The final decision with regard to proposal for waiver of recovery of overpayment of Transport Allowance in accordance with the Hon'ble Supreme Court's decision is yet to be taken. Ministry may inform to PAC about further progress.

Further Reply of the Ministry

The proposal for waiver of recovery of overpayment of Transport Allowance was referred to the Ministry of Finance (Department of Expenditure) with the approval of Integrated Finance Division of Ministry of Health & Family Welfare. Department of Expenditure had sought certain additional information, which has since been furnished to them. Decision of Department of Expenditure, Ministry of Finance is still awaited. The decision of Ministry of Finance would be implemented by the ICMR. However, meanwhile the Department of Expenditure vide their OM No.21/2/2016-E. II(B) dated 5.10.2018 has granted the approval for applicability of the facility of staff car or transport allowance @Rs.15,750/- +D.A. thereon for commuting from residence to office and back to the Scientists 'G' of ICMR who are promoted under the Flexible Complementing Scheme (FCS).

(V.K. Gauba)
Joint Secretary
Ministry of Health & Family Welfare

O.M. No. V-25011/262/2015-HR (Pt)

Dated:25th January, 2019

Observation/Recommendation

The Committee opined that the Ministry should put a sound and effective monitoring mechanism in place when change of rules takes place with respect to any pay/emoluments/allowances from time to time. The Committee desired that the Ministry, in addition to improvements to ensure upgradation of knowledge for proper application of rules and regulations, put-in place adequate effective monitoring mechanism for coordination with audit wings of the autonomous institutions. Also, the Audit Departments of the Autonomous Institutions under the Ministry may be, at regular interval, be imparted training to make them conversant with current rules and regulations. Further, the Ministry may also take a proactive step towards creation of an Audit Module for the Autonomous Institutions wherein the payments made by Institutions are visible to the Audit to monitor and timely redressal.

(Sl. no. 18 of 95th report of Public Accounts Committee Sixteenth Lok Sabha)

Action Taken by the Ministry

As an Autonomous Body, the Indian Council of Medical Research (ICMR) is governed by the provisions contained in its Memorandum of Association and Bye Laws in managing its day to day activities. Since the organization is fully funded by grant-in-aid by the Central Government, it follows the terms & conditions of service of their employees as applicable to similar category of employees in the Central Government. As per the Rule 24 of the Bye-Laws on Maintenance of Accounts and Payments of funds of ICMR, the function of the Auditor of ICMR will be exercised by the Comptroller and Auditor-General of India or any person appointed by him in his behalf.

ICMR has well established Administration, Finance & Accounts Divisions and has an independent Sr. Financial Adviser to advise the Director General, ICMR on all financial matters. The Administration and Finance & Accounts Divisions are headed by officers of the rank of Joint Secretary, who are appointed on deputation from the Central Government Departments. Officers at various levels in the Administration, Finance & Accounts Divisions are duly conversant with the rules and regulations and have experience in their respective fields.

The steps taken by the Department of Health Research/ ICMR for bringing further improvement to ensure upgradation of knowledge for proper application of rules and regulations include the following: -

(i) Recruitment by Deputation/Direct recruitment has been prescribed in the Recruitment Rules at various levels of posts in administration, finance and accounts to induct officials possessing relevant experience and knowledge in application of rules and regulations.

(ii) Officers are deputed on training at the Institute of Secretariat Training and Management (ISTM) for acquiring upto date knowledge of rules and regulations.

(iii) A circular has been issued to all concerned at ICMR Hqrs and various Institutes to ensure strict compliance with the rules, regulations and procedures in handling financial matters (Annexure-II).

Vetting Comments of Audit

Ministry has not responded to PAC's recommendation regarding creation of an Audit Module for the Autonomous Institutions. Action taken in this regard may be apprised to the PAC.

Further Reply of the Ministry

Ministry has not responded to PAC's recommendation regarding creation of an Audit Module for the Autonomous Institutions. Action taken in this regard may be apprised to the PAC.

(V.K. Gauba)
Joint Secretary
Ministry of Health & Family Welfare

O.M. No. V-25011/262/2015-HR (Pt)

Dated: 25th January, 2019

NEW DELHI;

3 December, 2019

12 Agrahayana, 1941 (Saka)

ADHIR RANJAN CHOWDHURY

Chairperson

Public Accounts Committee

MINUTES OF THE SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20) HELD ON 19 NOVEMBER, 2019.

The Committee sat from 1600 hrs. to 1715 hrs. on 19 November, 2019 in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Shri Bhartruhari Mahtab
6. Shri Rahul Ramesh Shewale
7. Dr. Satya Pal Singh
8. Shri Jayant Sinha

RAJYA SABHA

9. Shri Rajeev Chandrasekhar
10. Shri C. M. Ramesh
11. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri M.L.K. Raja - Director
2. Smt. Bharti S. Tuteja - Additional Director
3. Smt. Anju Kukreja - Deputy Secretary

REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Smt. Anita Pattanayak - DAI (RC)
2. Smt. Meenakshi Gupta - DAI (CRA)
3. Smt. Sangeeta Choure - DG (Accounts)
4. Shri Sunil Dadhe - DGA (CE)
5. Shri K. Srinivasan - DGA (RC)
6. Shri Deepak Anurag - DGA (Cord.)

2. At the outset, the Chairperson welcomed the Members and the representatives of the Office of the C&AG of India to the sitting of the Committee. The Chairperson then apprised the Members that the meeting has been convened for (i) Briefing by Audit on the proposal of Ministry of Finance (Department of Expenditure) seeking approval of the Committee for **"Revision of ceilings for Exception Reporting in Appropriation Accounts"** ; and (ii) Consideration and adoption of the Draft Reports on the subjects:- (a) Action taken by the Government on the Recommendations/Observations of the Committee contained in their 95th Report (16th Lok Sabha) on **"Health and Family Welfare"**; and (b) Action taken by the Government on the Recommendations/Observations of the Committee contained in their 103rd Report (16th Lok Sabha) on **"Assessment of Entities Engaged in Health & Allied Sector"**.

- | | | | | |
|----|------|------|------|------|
| 3. | **** | **** | **** | **** |
| 4. | **** | **** | **** | **** |
| 5. | **** | **** | **** | **** |
| 6. | **** | **** | **** | **** |

7. Thereafter, the Committee took-up for consideration and adoption aforementioned draft Reports. The draft Reports could not be adopted as the Members sought more time to go through them. Chairperson invited written suggestions, if any, from the Members for inclusion in draft Reports within seven days and desired that the draft Reports may be taken up for consideration and adoption, subsequently.

8. The Chairperson thanked the Members and the representatives of the C&AG of India for attending the sitting.

The Committee then adjourned.

MINUTES OF THE NINTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20) HELD ON 3 DECEMBER, 2019.

The Committee sat from 1530 hrs. to 1605 hrs. on 3 December, 2019 in Committee Room No. '2', Block A, Extension Building, Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T.R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Ajay (Teni) Misra
7. Shri Jagdambika Pal
8. Shri Rahul Ramesh Shewale
9. Shri Rajiv Ranjan Singh alias Lalan Singh
10. Dr. Satya Pal Singh

RAJYA SABHA

11. Prof. M.V. Rajeev Gowda
12. Shri Sukhendu Sekhar Ray
13. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri M.L.K. Raja - Director
2. Smt. Bharti S. Tuteja - Additional Director
3. Shri U.C. Bhardwaj - Additional Director

REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

- | | | | |
|----|-----------------------|---|--------------------|
| 1. | Smt. Anita Pattanayak | - | Dy. CAG (RC) |
| 2. | Shri Parag Prakash | - | Dy. CAG (Accounts) |
| 3. | Smt. Meenakshi Gupta | - | Dy. CAG (CRA) |
| 4. | Smt. Sangeeta Chaure | - | DG-Accounts |
| 5. | Shri S. Dadhe | - | DG (DGACE) |
| 6. | Shri Sandeep Lall | - | PD-PC |

2. At the outset, Hon'ble Chairperson welcomed the Members and Audit officials and stated that the following three draft reports may be taken up for consideration and adoption:-

- (i) Action taken by the Government on the Recommendations/Observations of the Committee contained in their 95th Report (16th Lok Sabha) on "Health and Family Welfare";
- (ii) Action taken by the Government on the Recommendations/Observations of the Committee contained in their 103rd Report (16th Lok Sabha) on "Assessment of Entities Engaged in Health & Allied Sector"; and
- (iii) Revision of ceilings for Exception Reporting in Appropriation Accounts.

The Committee adopted the draft Reports without any modification and authorised the Chairperson to finalise the Report in the light of factual verification done by the Audit.

- | | | | | |
|----|------|------|------|------|
| 3. | **** | **** | **** | **** |
| 4. | **** | **** | **** | **** |
| 5. | **** | **** | **** | **** |
| 6. | **** | **** | **** | **** |
| 7. | **** | **** | **** | **** |

The Committee then adjourned.

APPENDIX-III
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE
CONTAINED IN THEIR NINTY-FIFTH REPORT (SIXTEENTH LOK SABHA)**

- | | | | |
|-------|--|---|-------------------------------|
| (i) | Total number of Observations/Recommendations | - | 18 |
| | | | |
| (ii) | Observations/Recommendations of the Committee
which have been accepted by the Government: | - | Total : 10
Percentage: 56% |
| | Para Nos. 1, 2, 5, 6, 11, 12, 13, 14, 15 and 16 | | |
| | | | |
| (iii) | Observations/Recommendations which the Committee
do not desire to pursue in view of
the reply of the Government: | - | Total : 0
Percentage:0% |
| | -Nil- | | |
| | | | |
| (iv) | Observations/Recommendations in respect of
which replies of the Government have not been
accepted by the Committee and which require
reiteration: | - | Total : 05
Percentage:28% |
| | Para Nos. 3, 4, 7, 9 and 10 | | |
| | | | |
| (v) | Observations/Recommendations in respect of
which the Government have furnished interim
replies/no replies: | - | Total : 03
Percentage: 16% |
| | Para Nos. 8, 17 and 18 | | |

