

TELANGANA LEGISLATURE

COMMITTEE ON PUBLIC ACCOUNTS

(2015-2017)

FIRST REPORT

ON

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
(G &SSA) FOR THE YEAR 2014-15 PERTAINING TO THE HEALTH, MEDICAL
AND FAMILY WELFARE DEPARTMENT

(Presented to the Legislature on 17.11.2017)

TELANGANA LEGISLATURE (PAC) SECRETARIAT
PUBLIC GARDENS. HYDERABAD-500 004.

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COMMITTEE ON PUBLIC ACCOUNTS

(2015-17)

(Constituted on 27-03-2015)

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- *1. Dr. Jetty Geeta

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- 3. Sri Hanmanth Shinde
- 4. Sri Guvvala Balaraju
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- 2. Sri Ch. Upender Reddy, Deputy Secretary
- 3. Sri A. Sudhakar, Section Officer

* w.e.f 31.3.2016

INTRODUCTION

I, the Chairperson of the Committee on Public Accounts (2015-17) having been authorized by the Committee to present the First Report, on their behalf, do present this report on the Report of the Comptroller and Auditor General of India (G & SSA) for the year 2014-15 pertaining to the Health, Medical and Family Welfare Department.

2. The Report of the Comptroller and Auditor General of India (G & SSA) for the year 2014-15 was laid on the Table of the House on 30-03-2016.

3. The Committee examined the Report of the Comptroller and Auditor General of India (G & SSA) for the year 2014-15 pertaining the Health, Medical and Family Welfare Department at its meeting held on 30th January 2017. The Committee approved and adopted the Report at its meeting held on 01-09-2017.

4. A statement showing the Summary of Recommendations of the Committee is appended to this Report.

5. A record of proceedings of the sitting of the Committee, which has been maintained forms part of this Report.

6. The Committee placed on record their appreciation of the assistance rendered to them by the Principal Accountant General, Telangana and their officers and staff; Secretary to State Legislature and their Officers and Staff in examination and preparation of the Report. The Committee would like to express their thanks to the officers of the Health, Medical and Family Welfare Department and other Officers and Staff of the Government of Telangana for the Co-operation in giving information to the Committee.

Hyderabad,
Dated:01-09-2017.

JETTY GEETA,
CHAIRPERSON,
Public Accounts Committee.

Report of the Committee on Public Accounts on the Report of the Comptroller and Auditor General of India for the year ended March 2015 (G&SSA)

**Health, Medical and Family Welfare Department
(Nizam's Institute of Medical Sciences - NIMS)**

1. Para No. 3.5 – Audit Report 2014-15 ‘Upgradation of medical facilities did not materialise’

1.1 With a view to upgrading the existing medical facilities at Nizam's Institute of Medical Sciences, Hyderabad (NIMS), Government of India released an amount of Rs.100 crore (civil works: Rs.71 crore; equipment: Rs.19 crore; miscellaneous¹: Rs.10 crore) during the year 2007 under the scheme Pradhan Mantri Swasthya Suraksha Yojana. The upgradation involved construction of 300 bedded Super Speciality Hospital (total floor area: 2,77,698 sft) and 200 bedded Trauma Care Centre (total floor area: 1,40,566 sft) at a total cost of Rs.173 crore² to be borne by GoI and State Government. The construction of the buildings was awarded to a Company in January 2008 and was to be completed within 15 months from the date of commencement.

Audit scrutiny of relevant records of NIMS however, revealed that although the construction of the buildings was completed (cost: Rs.125.91 crore) in December 2010, the buildings were taken over³ only in May 2012 and almost 80 *per cent* of the built up structures were not put to use⁴ as of September 2015.

In fact, the buildings were taken over by NIMS only in May 2012 due to non-completion of power supply and other networking facilities, despite completion of the buildings in December 2010. To make use of the buildings constructed, provision of required infrastructure *viz.*, providing Gas manifold system and procurement of equipment should be synchronized. It was however, observed that although the construction of the buildings was completed in December 2010, contract for providing Gas manifold system was awarded only in September and November 2012 for laying of pipeline and medical Gas manifold system respectively, which were completed by January 2014. As regards medical equipment for providing additional facilities in the buildings, it was not procured even after the lapse of over four years since the date of completion of the construction of buildings. The amount (Rs.19 crore) released by GoI for procurement of equipment had been diverted for construction of the buildings. These events indicated deficient planning of NIMS authorities while conceiving the project.

Consequently, only twenty *per cent* of the buildings⁵ were being used without providing additional facilities as envisaged in the project. It is pertinent to note that

¹ Planning, design, consultancy, cost of EPC development, etc.

² GoI: `100 crore; State: `73 crore (Civil works: `31 crore; Equipment: `42 crore)

³ subject to issuing 'Completion Certificate' as certain defects *viz.*, outlets of urinal, wash basins and western commodes were choked at several places. There were floor leakages, dampness in water lines, etc, and these were to be rectified by the contractor

⁴ In Super Specialty Hospital, as against the usage of 300 bedded hospital with operation theatres (6) and ICUs (4), only out-patient wards were functioning. Similarly, as against the proposed 200 bedded Trauma Care Centre with operation theatres (10) and ICUs (4), only a few beds were occupied

⁵ Excepting that two ICU beds and four operation tables were added only in May 2015 in third floor of the trauma and emergency hospital

there were about 15 - 20 cases pending for surgery at any given time during 2012-15 in Oncology Department and 76 cases were pending for surgery in Urology Department of the Institute. Further, 15 - 80 cases in Neurology Department were waiting for investigations/ tests during the period 2012-15 and this was attributed by NIMS to heavy patient load and shortage of equipment.

When the non-utilisation of the buildings was pointed out by Audit, NIMS replied (October 2015) that tenders were under finalization for procurement of equipment and efforts were being made to fully occupy the buildings.

Thus, deficient planning of NIMS authorities resulted in the buildings constructed at a cost of Rs.125.91 crore remaining unutilised after over eight years, depriving the public of the benefit of improved health care facilities.

1.2 In the Explanatory Notes, Government stated that the entire responsibility for completion of the building would rest with HSCC Limited. Though the building was reported to have been completed in May 2012, the major defects that were brought to the notice were not rectified by HSCC Limited. The building could not be occupied totally due to pending repair works as it would cause inconvenience to patients, if occupied. Therefore, there was delay initially, but now the building was slowly getting occupied and as of today considerable space in the building was brought to use.

It was further stated that initially there was delay in providing certain services like 'Gas manifold System' by HSCC. However, NIMS had floated tenders for supply of gas and got the process completed later. Further, Rs.19 crore released (towards procurement of equipment) by GoI was utilised for construction of building by HSCC and the expenditure was incurred with full knowledge of HSCC and NIMS had no role in this regard and estimates for rectification works which were submitted to HSCC were not sanctioned. It was further stated that efforts were being continued to occupy the vacant space in the building and the total space would be brought to use shortly.

1.3 When the Audit Paragraph came up for discussion by Public Accounts Committee, Director, NIMS stated that under the scheme of Pradhan Mantri Swasthya Suraksha Yojana (PMMSY), with a view to upgrade the existing medical facilities at NIMS, Hyderabad, Government of India had released Rs.100 crore (Rs.71.00 crore for civil works, Rs.19.00 crore for equipment and Rs.10.00 crore for Miscellaneous) during the year 2007. The entire building had been completed during December 2010 at an expenditure of Rs.125.91 crore which are GoI releases. There was an agency called HSCC like TSMIDC in our State. The contractor was 'Unity Infrastructure' which constructed the building and handed over with a great difficulty in the year 2012. At the time of handing over, it was noticed that there were some defects to a tune of about Rs.1.35crore. When the matter was referred to GoI and HSCC, a Committee was formed, which visited the site and certified that these defects should be rectified, otherwise the building should not be occupied. Hence, 'Satisfactory Completion Certificate' was not issued by the NIMS. In the year 2013, the team visited again, but as the contractor was having some dispute with HSCC there was further delay of one more year to complete the building. It was further stated that ultimately, when he assumed the charge of Director of NIMS, he visited HSCC, New

Delhi on 11 February 2016 and had resolved the problem. He was informed by them that 'Unity Infrastructure' was put on blacklist in relation to some other project and it was suggested that whatever defects were there should be got rectified by NIMS which would however, be reimbursed later. It was also stated that NIMS contribution for the entire project cost was Rs.30 crore (from the State Government side) and they had exhausted the entire amount. He further added that NIMS started rectifying the defects and had occupied about 340 beds by October 2016 and seven Departments were shifted to specialty block after completing all the pending works except provision of firefighting equipment. Besides, some Air Conditioners and chillers were not properly working and that apart, there were defects in electrical system too which were taken up later by the original vendor. Director admitted that unfortunately, gas pipelines were not included in the original plan/estimates and the same was included later and attributed this lacuna as one of the reasons for the delay in completing/occupying the building.

1.4 The Committee opined that all these components should have been incorporated at the time of initial planning itself.

1.5 Director, NIMS informed the Committee that from the year 2013 to 2015, nobody took any initiative regarding rectification of minor defects such as non-functional air conditioners and chillers etc, and after his taking over as Director, he got all the works completed. It was further stated that another two Cardio-cathlabs had been installed and within another five days, other parameters would be completed. It was further stated that besides one Trauma Block, one MRI Unit, new ultra-modern machine had also been installed.

1.6 In response to the Committee's observations, the Director, NIMS further stated that within 18 months the building was occupied and the equipments had been purchased and installed and in another two weeks, two blocks consisting of 500 beds would become operational. The Director admitted that there were some operational delays and defects as well as communication gaps. It was also stated that, after approaching HSSC and after apprising the Hon'ble Union Minister of the situation the things had been rectified.

1.7 The Committee took note that the hospital started functioning in the new building. However, the Committee asked as to who should be held responsible for the four years' delay and why such delay had occurred.

1.8 The Committee pointed out that if the present Director could get it done, why could not his predecessor do it for all the four years.

1.9 The Principal Secretary, Health, Medical and Family Welfare Department informed the Committee that, there had been some dispute between the contractor and HSSC Limited (which is under the control of Government of India) and still the dispute has not been settled completely. It was also stated that because of the initiative taken by the Director, NIMS and the Government, it could be made operational now.

1.10 The Committee reiterated that when present Director had achieved, this could have also been accomplished by somebody else. The Committee questioned as to why was there laxity earlier and opined that, for this, someone should be held responsible for not utilizing such precious commodity/structure.

1.11 The Committee referring to the response by the Principal Secretary, opined that Hospital authorities and the then Secretary should be held responsible for the delay caused.

1.12 The Principal Secretary, Health, Medical and Family Welfare Department admitted that the point was well taken and informed the Committee that, during the last six months, Rs.40 crore worth additional equipments and facilities were sanctioned to NIMS. It was stated that earlier, there was only one MRI machine but now another MRI machine had been installed and it would be functional within a week. It was further stated that during the year 2016-17, a sum of Rs.600 crore had been allotted in the budget for procuring equipments.

1.13 The Director, NIMS further informed the Committee that Rs.46 crore worth equipments had already been supplied in the month of December, 2016 itself which included 2 Cathlabs, 10 single chamber pulse generators, 3 Test lab MIRI, Memography, 3 ceons. It was also stated that NIMS was doing replacement of knee and hip besides undertaking transplant surgery and it had also started Deep Brain Stimulation (DBS) for Parkinson, and this apart, sleep lab was also functional. It was further stated that after he assumed charge, the bed strength had increased from 1140 to 1600 while that of O.P. services from 1600 to 2600 on an average per a day and the average admissions were 135.

1.14 The Committee desired to know to whether the NIMS is equipped with the trained personnel to operate the sophisticated equipments purchased.

1.15 The Director, NIMS replied that NIMS was already having trained personnel and about 30 new persons had been recruited to operate these new equipments and this year it was made mandatory that the persons who undergo training should invariably serve in the Hospital at least for one year and therefore there was no dearth of technical personnel.

1.16 The Committee questioned as to why were the funds of Rs.19 crore earmarked for procurement of equipment, diverted for construction of building and desired to know whether the required equipment as envisaged had been procured. The Committee also sought to know the present status of utilization of the building.

1.17 The Director, NIMS admitted that Rs.19 crore was spent on construction and stated that the expenditure for procurement of equipment would be met by NIMS, for which permission was given by the Government. It was further stated that 100 per cent space had been occupied and all the 511 beds were operationalised; 311 beds are meant for Super Specialty and 200 for Trauma.

1.18 The Committee observed that the targeted public did suffer due to non-provision of envisaged improved health facilities within the stipulated time as contemplated in GoI sanction in the year 2007. Further, the Committee questioned as to whether any accountability had been fixed on the concerned officials for the delay in completion of the project.

1.19 The Principal Secretary, Health, Medical and Family Welfare Department admitted that the public had suffered. It was further stated that there was a raid by the

ACB on the then Director and a case was under investigation, and a Charge sheet was already filed.

1.20 The Committee questioned as to how could the Construction Agency be faulted for diversion of the amount and opined that it was to be controlled by NIMS. Further, the Committee observed that since the amount was diverted for construction, how could NIMS procure the equipment?

1.21 The Director, NIMS replied that for construction of Trauma Block, the amount was not sanctioned. Government of India was addressed and permission was taken for construction of Trauma Block. He further confirmed that the equipment would be procured from the NIMS funds. It was further stated that ACB cases already booked, covered the procurement of equipment like OT lights, OT tables, Ventilators, etc.

1.22 The Committee again questioned what about the delay in completion/utilization of the building. The Committee further observed that it had the information that contract was awarded on nomination basis without adopting the tendering process. Further, the Committee took note that outdated equipment had been procured, apart from due tendering process not being followed.

1.23 The Principal Secretary, Health, Medical and Family Welfare Department replied that by taking the overall situation into account, the whole building would become functional shortly.

1.24 The Committee appreciated the efforts made by the present NIMS team to get the building operational duly rectifying the major defects. However, the Committee expressed displeasure over the lackadaisical approach of the authorities of NIMS in implementation of the Project as a whole which resulted in the upgraded medical facilities not becoming operational fully as of now.

1.25 The Committee observed that this project was sanctioned way back in the year 2006 and now we are in the year 2017. The Committee concluded that there were several planning defects. Although the upgraded health facilities were to be made operational/made available to the public by March 2010, the building could be occupied only in October 2016 and that too partially. The 'Gas Manifold System' was not even planned in the original estimates which had to be supplemented later. Even the major defects which were identified and were in the notice of the Authorities' had not been fully rectified. Furthermore, all the envisaged equipment had not been procured as of now. Due to the delay in providing infrastructural facilities such as power supply, water, fire fighting system, and so forth, the building could not be put to use in its entirety although it was completed in the year 2012. In this context, the Committee also took note that during the period 2012-15 there were about 15 - 20 cases pending for surgery at any given time in Oncology Department and 76 cases were pending for surgery in Urology Department of the Institute. Further, 15 - 80 cases in Neurology Department were waiting for investigations/ tests during the said period and NIMS attributed this to heavy patient load and shortage of equipment. Considering the importance of the project sanctioned to NIMS by Government of India for provision of improved health facilities to public, the Committee strongly felt that, for the inordinate delay on the part of officials concerned in implementation of the project, accountability should be fixed. The Committee also held that such operational delays should be avoided in all future projects, so as to ensure timely

provision of envisaged health facilities to public. The Committee is unanimous in making the following recommendations.

1.26 The Committee recommends that Government should identify the officials responsible for the delay in completion of the building (which adversely affected the provision of envisaged upgraded health facilities to public) and fix accountability on them.

1.27 The Committee further recommends that Government should issue suitable guidelines to all the hospitals in the State for ensuring proper synchronization of activities such as accommodation, positioning of doctors, technicians, operators, provision of equipment, etc., for timely and effective utilization of the buildings constructed for provision of health facilities.

1.28 The Committee also recommends that, in the case of all such important projects especially that of GoI sponsored projects, adequate monitoring mechanism should be put in place both at State level and the District/hospital level to facilitate review of the status of project related activities from time to time for effective utilization of the infrastructure created.

Summary of Recommendations

1. *The Committee recommends that Government should identify the officials responsible for the delay in completion of the building (which adversely affected the provision of envisaged upgraded health facilities to public) and fix accountability on them.*

(Paragraph No.1.26)

2. *The Committee further recommends that Government should issue suitable guidelines to all the hospitals in the State for ensuring proper synchronization of activities such as accommodation, positioning of doctors, technicians, operators, provision of equipment, etc., for timely and effective utilization of the buildings constructed for provision of health facilities.*

(Paragraph No. 1.27)

3. *The Committee also recommends that, in the case of all such important projects especially that of Government of India sponsored projects, adequate monitoring mechanism should be put in place both at State level and the District/hospital level to facilitate review of the status of project related activities from time to time for effective utilization of the infrastructure created.*

(Paragraph No.1.28)

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J.