Officials of F&S Department to fix-up responsibility. Considering the gravity of the matter, the F&S Department needs to undertake an investigation to identify the responsibility centres and in accordance fix responsibility on the delinquent officers/ officials of the F&S Department as well as the WBECSCL. Moreover, West Bengal Custom Milled Rice (Obligation & Control) Order, 2015, contained provision for penalty against non-delivery of paddy/ CMR by the Society/ rice mills. In the case of failure of the Society/ rice mill to deliver the full quantity of paddy/ CMR, the order provided for recovery of the entire costs from the rice miller/ Society and initiation of appropriate legal action. However, there was nothing on record either at the end of the WBECSCL or with the F&S Department, to indicate if any effort was made for recovery of cost of undelivered CMR.

Department in their reply (March 2020) accepted the fact that payment of compensation to the deprived farmers had been made.

The matter has been referred to the Government in July 2021; reply was awaited (October 2021).

HEALTH & FAMILY WELFARE DEPARTMENT

3.8 Excess expenditure on purchase of medicines and equipment

NRS Medical College & Hospital (MCH) and RG Kar MCH incurred excess expenditure of ₹ 2.71 crore on purchase of medicines and equipment in contravention to clarifications of Finance Department on treatment of pre-GST contracts during GST regime.

Medical College & Hospitals (MCHs) in the State procure medicines and equipment either by inviting tender or from the approved vendors at the rate finalised by Central Medical Stores (E&S), Department of Health & Family Welfare, Government of West Bengal.

On introduction of Goods and Services Tax (GST) with effect from July 2017, Finance Department, Government of West Bengal (GoWB) issued (August 2017) clarifications/ guidelines pertaining to treatment of ongoing pre-GST contracts after introduction of GST regime. According to the clarification, GST would be applicable, regardless of time of supply of goods, in any invoice/ bill raised on or after 1st July 2017 under pre-GST contracts. The order further clarified that in such cases, the value of the bill together with the applicable tax under GST {*i.e.*, West Bengal State Goods & Services Tax (WBSGST) *plus* Central Goods & Services Tax (CGST) in case of local purchase from within the State} should not exceed the value that such contractor/ supplier would have billed for prior to July 2017 inclusive of Value Added Tax (VAT) and Service Tax, if any. The Finance Department, in its order, further illustrated[149] how the base price ('calculated base price') was to be worked out from the prices inclusive of all taxes to ensure that total payable price under GST regime do not exceed the price payable earlier.

It was observed in audit that at that point of time (1st July 2017) when GST was introduced, there was an ongoing contract (since 2015) under the Central

[149] *If total price inclusive of all tax prior to GST regime: X, applicable rate of GST: R; Calculated base price: X * {100/ (100+R)}*

Medical Stores (E&S) (CMS) for purchase of medicines and equipment. Under the above mentioned order of the Finance Department, rates (inclusive of all taxes) finalised by CMS in that contract in pre-GST regime was to continue in GST regime too.

Scrutiny of the bid document of the tender notified in September 2015 showed that the lowest bidders were selected on the basis of base rates quoted ('quoted base price') by them. The 'quoted base price'[150] were exclusive of VAT/ Central Sales Tax (CST), Excise duty and Cess, *etc.*, wherever applicable. CMS asked (August 2016) the selected bidders of each item to provide tax composition[151] of the items. In the finalised rate chart showing tax component-wise breakup:

- In some cases, applicable taxes like VAT, Excise Duty, Entry Tax and Cess, *etc.*, were shown separately;
- In some cases, only VAT was shown (indicating that the 'quoted base prices' included other taxes); and
- In the remaining cases, no tax component was shown separately at all (indicating that those 'quoted base prices' were inclusive of all taxes).

Scrutiny of purchase records of medicines and equipment related to NRS Medical College & Hospital (MCH), Kolkata and RG Kar MCH, Kolkata showed that in GST regime they procured equipment and medicines from CMS approved vendors from the suppliers selected in pre-GST regime.

The MCH authorities did not work out the 'calculated base price' following the instructions stipulated by the Finance Department in its order of August 2017. Instead, while issuing supply orders to vendors, applicable GST component was added to the 'quoted base price'. As a result, total bill value for those items in GST regime surpassed the amount that would have been billed for those items in pre-GST regime. Such excess expenditure pertained to the cases where rate of VAT was less than the applicable rate of GST or where the vendors did not indicate any tax component at all apart from "quoted base price'. Total additional expenditure on this count in these two MCHs stood at ₹ 2.71 crore[152] (***Appendix 3.1A*** and ***3.1B***). This may also lead to undue financial benefit to the vendors as they were not liable to deposit the additional quantum of GST received from these hospitals against their bills.

Authority of NRS MCH stated (January 2020) that necessary clarification had been sought (January 2020) from the Directorate of Health Services (DHS), Department of Health & Family Welfare.

Thus, NRS MCH and RG Kar MCH incurred an excess expenditure of ₹ 2.71 crore on purchase of medicines and equipment during GST regime, by not adhering to the instructions issued by Finance Department for treatment of pre-GST contracts. This also led to extension of undue financial benefits to the private suppliers to that extent.

The matter has been referred to the Government in September 2021; reply was awaited (October 2021).

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[150] *Inclusive of Entry Tax, Customs Duty (if applicable), Transportation Charges, Insurance, Delivery Charges, Incidental Charges, Freight Charges, Testing Charges, Installation and Training Charges, etc.*

[151] *The tax composition provided by the bidders were not made available in audit.*

[152] *NRS MCH: ₹1.39 crore and RG Kar MCH: ₹1.32 crore*

Appendix 3.1A

(Refer paragraph 3.8, page 171)

Statement of excess expenditure incurred towards procurement of medicines and equipment by NRS MC&H

Sl. No.	Name of Items	Unit Price as per CMS rate chart (in ₹)	VAT as per CMS rate chart (*per cent*)	Unit price including VAT (in ₹)	GST charged (*per cent*)	Unit price including GST (in ₹)	Excess amount paid per unit (in ₹)	Year-wise procurement			Total units procured	Excess amount paid in total (in ₹)
								2017-18	2018-19	2019-20		
A	B	C	D	E= C+CXD/100	F	G=C+CXF/100	H=G-E	I	J	K	L	M=LXH
1	Pulse Generator	27,731	0	27,731.00	12	31,058.72	3,327.72	0	173	188	361	12,01,307.00
2	Micro Sensor Card	21,080	5	22,134.00	12	23,609.60	1,475.60	40	46	6	92	1,35,755.00
3	BGEM Card	17,600	5	18,480.00	12	19,712.00	1,232.00	61	75	77	213	2,62,416.00
4	Uncuffed Fenestrated Tracheostomy Tube Kit	2,263	5	2,376.15	12	2,534.56	158.41	325	0	70	395	62,572.00
5	Glucometer Strip	880.95	5	925.00	12	986.66	61.66	4,000	3,050	3,100	10,150	6,25,849.00
6	Gloves, Disposable & Surgical	231	5	242.55	12	258.72	16.17	32,000	28,000	28,200	88,200	14,26,194.00
7	Skin Stapler 35W	257	0	257.00	12	287.84	30.84	1,938	2,920	3,160	8,018	2,47,275.00
8	Diagnostic Catheter	890	5	934.50	12	996.80	62.30	1,225	650	380	2,255	1,40,487.00
9	Catheter Pulmonary	19,000	5	19,950.00	12	21,280.00	1,330.00	560	780	540	1,880	25,00,400.00
10	Inflation Device Set	1,800	5	1,890.00	12	2,016.00	126.00	240	460	260	960	1,20,960.00
11	Hydrophilic Guide Wire	1,050	5	1,102.50	12	1,176.00	73.50	405	655	435	1,495	1,09,883.00
12	Precut Sterile Tubing	1,990	5	2,089.50	12	2,228.80	139.30	300	370	170	840	1,17,012.00
13	Coronary Angioplasty Guide Wire	6,500	5	6,825.00	12	7,280.00	455.00	680	860	570	2,110	9,60,050.00
14	Everolimus Coated Drug Stent	22,500	0	22,500.00	5	23,625.00	1,125.00	300	335	160	795	8,94,375.00

Sl. No.	Name of Items	Unit Price as per CMS rate chart (in ₹)	VAT as per CMS rate chart (*per cent*)	Unit price including VAT (in ₹)	GST charged (*per cent*)	Unit price including GST (in ₹)	Excess amount paid per unit (in ₹)	Year-wise procurement			Total units procured	Excess amount paid in total (in ₹)
								2017-18	2018-19	2019-20		
15	Bileaflet Mechanical	45,000	5	47,250.00	12	50,400.00	3,150.00	213	199	146	558	17,57,700.00
16	Blood Cardiopledigia Device	3,750	5	3,937.50	12	4,200.00	262.50	330	260	210	800	2,10,000.00
17	Sheath Femoral	650	5	682.50	12	728.00	45.50	1,950	1,850	1,300	5,100	2,32,050.00
18	Pulse Generator	41,970	0	41,970.00	12 – 18	47,760.00	5,790.00	95	0	0	95	5,50,050.00
19	Lead (4092)	12,566	0	12,566.00	18	14,827.88	2,261.88	0	173	188	361	8,16,539.00
20	Pulse for Single Charm	1,673	0	1,673.00	12	1,873.76	200.76	0	173	188	361	72,474.00
21	Pulse Generator and other parts	3,50,400	0	3,50,400.00	12 – 18	3,93,948.00	43,548.00	10	2	0	12	5,22,576.00
22	PG, Lead, Introductory, *etc.*	4,50,900	0	4,50,900.00	12 – 18	5,11,608.00	60,708.00	5	3	7	15	9,10,620.00
23	80 mm Blue Reload	3,850.40	5	4,042.92	12	4,312.45	269.53	96	90	54	240	64,687.00
											TOTAL	**1,39,41,231.00**

Source: Records of NRS MC&H

Appendix 3.1B

(Refer paragraph 3.8, page 171)

Statement of excess expenditure incurred towards procurement of medicines and equipment by RG Kar MC&H

Sl. No.	Name of items	Unit Price as per CMS rate chart (in ₹)	VAT as per CMS rate chart (*per cent*)	Unit price including VAT (in ₹)	GST charged (*per cent*)	Unit price including GST (in ₹)	Excess amount paid per unit (in ₹)	Year-wise procurement			Total units procured	Excess amount paid in total (in ₹)
								2017-18	2018-19	2019-20		
A	B	C	D	E= C+CXD/100	F	G=C+CXF/100	H=G-E	I	J	K	L	M=LXH
1	Pulse Generator (RESR01)	27,731.00	0	27,731.00	12	31,058.72	3,327.72	126	283	171	580	19,30,078.00
2	Glucometer Strip	880.95	5	925.00	12	986.66	61.67	4,000	4,500	1,500	10,000	6,16,665.00
3	Gloves, Disposable Surgical	231.00	5	242.55	12	258.72	16.17	23,500	29,700	21,000	74,200	11,99,814.00
4	Everolimus coated Drug Stent-Platinum Chromium	22,500.00	0	22,500.00	5	23,625.00	1,125.00	273	250	105	628	7,06,500.00
5	Sheath Femoral	650.00	5	682.50	12	728.00	45.50	1,700	1,600	500	3,800	1,72,900.00
6	Coronary Angioplasty Guide Wire	6,500.00	5	6,825.00	12	7,280.00	455.00	865	855	700	2,420	11,01,100.00
7	Catheter, Cardiac Catheter Introducer, IS 9649: 1980	1,050.00	5	1,102.50	12	1,176.00	73.50	2,500	1,600	1,600	5,700	4,18,950.00
8	Multichannel Monitor	3,71,948.60	0	3,71,948.60	12	4,16,582.43	44,633.83	8	6	14	28	12,49,747.00
9	Catheter, Pulmonary/ Aortic/ Mitral Baloon Angioplasty Catheter	19,000.00	5	19,950.00	12	21,280.00	1,330.00	20	17	16	53	70,490.00
10	Precut Sterile Tubing Set Membrane Oxygenator	1,990.00	5	2,089.50	12	2,228.00	139.30	80	90	50	220	30,646.00
11	Everolimus coated Drug Stent-Cobult Chromium	23,809.00	0	23,809.00	5	24,999.45	1,190.45	245	250	105	600	7,14,270.00
12	Radial Or Femoral Arterial Sensor (Disposable Single Use)	11,430.0	5	12,001.50	12	12,801.60	800.10	20	130	200	350	2,80,035.00
13	Oximetry CVC Catheter 16/20 CM For SCVO2	12,380.00	5	12,999.00	12	12,865.60	866.60	0	80	60	140	1,21,324.00

Sl. No.	Name of items	Unit Price as per CMS rate chart (in ₹)	VAT as per CMS rate chart (*per cent*)	Unit price including VAT (in ₹)	GST charged (*per cent*)	Unit price including GST (in ₹)	Excess amount paid per unit (in ₹)	Year-wise procurement			Total units procured	Excess amount paid in total (in ₹)
								2017-18	2018-19	2019-20		
	Monitoring (Dispoable Single Use)											
14	Anterior Cervical Plating System	22,000.00	0	22,000.00	5	23,100.00	1,100.00	5	60	20	85	93,500.00
15	Transpedicular Titanium Screws For Dorso-Lumber Fixation (Monoaxial/ Polyaxial)	6,000.00	0	6,000.00	5	6,300.00	300.00	440	670	750	1,860	5,58,000.00
16	Lead (4092) (For Single Chamber VVI Pacemaker)	12,566.00	0	12,566.00	12	14,073.92	1,507.92	61	100	64	225	3,39,282.00
17	Lead (4092) (For Single Chamber VVI Pacemaker)	12,566.00	0	12,566.00	18	14,827.88	2,261.88	126	219	240	585	13,23,200.00
18	Carboplatin Inj. 450 mg.	1,200.0	5	1,260.00	12	1,344.00	84.00	1,550	1,700	1,200	4,450	3,73,800.00
19	Rituximab 100 mg. Inj./ Vial	4,200.00	5	4,410.00	12	4,704.00	294.00	280	190	145	615	1,80,810.00
20	Trastuzumab 440 mg Inj.	44,480.00	5	46,704.00	12	49,817.60	3,113.60	120	200	130	450	14,01,120.00
21	Human Normal Immunoglobulin-IgM enriched in 10 ml Vial	4,814.00	0	4,814.00	5	5,054.70	240.70	1,140	250	0	1,390	3,34,573.00
											TOTAL	**1,32,16,804.00**

Source: Records of RG Kar MC&H