

From:-

Dated : 30th May, 2023.

Heera Singh,
Deputy Director
Employees' State Insurance Corporation
Model Hospital,
Basaidarapur,
Delhi - 110015

To,

The Chief Vigilance Officer,
Employees' State Insurance Corporation,
CIG Road,
Panchdeep Bhawan,
New Delhi – 110002.

Subject: **Large scale irregularities in issues of purchasing of Cartridge related activities in ESIC Hospital Basaidarapur, Delhi.**

Sir,

With due regard, I would like to submit that I am Deputy Director (STS) presently posted in ESI Hospital, Basaidarapur, Delhi.

Since 24-09-2023 my date of joining in ESI Hospital Basaidarapur I was initially posted in E I A Branch. But due to unknown reason I was removed from E IA Branch and shifted to E-II. Later, I came to know about corruption in E IA w.r.t. subject of transfer posting of Group C staff.

When my predecessor was relieved from the Hospital, I was posted to General Branch without Non-medical Store, Care Taker Cell, PMD Branch and Estate Office. Later on Non-medical store was assigned to me. Currently, I am removed from these assignments.

While going through procurement file of Cartridges and GeM buyer login, I have found some facts which were indicative of gross irregularities in functioning of ESIC.

Detail facts and documentary evidences are attached as follows:

F.No. DM(H)18/27/Misc/Cart./2017/Genl. 04

From analysis of above facts, following conclusions can be drawn:-

1. A committee constituted for carting of Kyocera Tone TK 1178, HP 30A Cartridge & Lexmark Drum Unit through GeM portal carted items with BID No. GEM/2022/B/2307377 dated 30-06-2022 and minute recorded on page No 99/N of fie. **(Annexure – I)**

Contd. Page No. 2/-

2. The Committee opened and technically evaluated the bid and declared 6 out of 21 bidders a qualified and minutes to this effect were recorded in Page No 100/N & 101/N of file. (**Annexure – II**)
3. The Committee for Financial evaluation evaluated the bids and declared M/s Nalwa Enterprises as L-1 for bid of Rs. 6,34,080/= and minutes to this effect were recorded in Page No 102/N of file. (**Annexure – III**).
4. The Financial concurrence was accorded on page No. 103/N of file for procurement items with cost of Rs. 6,34,080/= by PAO who was as usual member in all committees i.e. GeM Carting Committee, Tender Evaluation Committee and Financial Evaluation Committee. (**Annexure – IV**).
5. Payment of Rs. 6,34,080/- was approved by primary GeM Buyer, Secondary as well as Primary user i.e. DD(G) and MS (Competent Authority) vide their note dated 30-09-2023 on page No. 108/N of file. (**Annexure – V**).
6. When I got charge of General Branch, the inventory position of Cartridges was almost NIL.
7. I mooted for procurement of Cartridges on contingency basis by drawing advance under ceiling of Rs. 25000=00 three times as and when contingency occurred.
8. The advances were not released by Pay and Accounts Officer on pretext of its being split procurement. Thus by such action the activity of those officials who were ultimate user and ultimate provider got hampered.
9. The Finance and Accounts was informed that this procurement is not splitting of demand but it is contingency requirement arising out of inaction of past officers.
10. The procurement should ideally be made with Annual Procurement Plan which was not being followed in the Hospital and it is noticed that in financial year 2022-23 the Annual Requirement was split into five procurement process in violation of GFR, 2017 directions.

i)	BID No. GEM/2022/B/2227549	Rs. 2,49,219=00
ii)	BID No. GEM/2022/B/2307377	Rs. 6,34,080=00
iii)	BID No. GEM/2022/B/2429763	Rs. 2,57,200=00
iv)	BID No. GEM/2022/B/2994455	Rs. 2,20,200=00
v)	BID No. GEM/2022/B/2994410	Estimated below Rs. 5,00,000=00

11. In the meantime the proposal for Annual Procurement Plan was also moved by me and approved by MS but was objected by Finance and Accounts Branch and Committee constituted for this purpose and proposed not only splitting of Annual Requirement but also procuring the assessed amount on staggered basis.
12. The last two bid processes i.e. BID No. GEM/2022/B/2994455 and BID No. GEM/2022/B/2994410 was proposed for cancellation to MS for various defects in BID document (**Annexure – VI**) and (**Annexure – VII**).
13. A genuine question arose that why whole Hospital is trying to squeeze the requirement of Hospital? The answer was to bring the tender value in reach of known vendors.
14. For getting reply to above question two lastly executed GeM Procurement Processes i.e. BID No. GEM/2022/B/2429763 and BID No. GEM/2022/B/2307377 were examined.
15. The finding of gross irregularities in BID No. GEM/2022/B/2307377 committed in collusion by Buyer Primary (Dr. Deepika Govil, MS), Buyer Secondary (Shri S.P. Pandey, Deputy Director), Consignee (Shri S.P. Pandey, Deputy Director) and Pay and Accounts Officer (Smt. Saraswati Rawat, Assistant Director Finance) are as follows:

Common Irregularity:																
1.	<p>The procurement was processed in five parts by splitting the Annual Requirement in financial year 2022-23 in violation of GFR Rule 149(vi).</p> <table><tbody><tr><td>i)</td><td>BID No. GEM/2022/B/2227549</td><td>Rs. 2,49,219=00</td></tr><tr><td>ii)</td><td>BID No. GEM/2022/B/2307377</td><td>Rs. 6,34,080=00</td></tr><tr><td>iii)</td><td>BID No. GEM/2022/B/2429763</td><td>Rs. 2,57,200=00</td></tr><tr><td>iv)</td><td>BID No. GEM/2022/B/2994455</td><td>Rs. 2,20,200=00</td></tr><tr><td>v)</td><td>BID No. GEM/2022/B/2994410</td><td>Estimated below Rs. 5,00,000=00</td></tr></tbody></table>	i)	BID No. GEM/2022/B/2227549	Rs. 2,49,219=00	ii)	BID No. GEM/2022/B/2307377	Rs. 6,34,080=00	iii)	BID No. GEM/2022/B/2429763	Rs. 2,57,200=00	iv)	BID No. GEM/2022/B/2994455	Rs. 2,20,200=00	v)	BID No. GEM/2022/B/2994410	Estimated below Rs. 5,00,000=00
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2.	All above procurement on GeM was done by customising the Bid (BOQ) in spite of fact that the product category was available in GeM Portal, which is in violation of GeM guidelines.															
3.	BOQ / Customized bidding is strictly forbidden for procurement below the value of Rs. 5,00,000=00, whereas it is found that a total of four procurement proposal below the value of Rs. 5,00,000=00 were proposed under BOQ / Customized Bid by the GeM buyer secondary without specific approval of GeM Buyer Primary as well as Pay and Accounts Officer.															
4.	The procurement Bid was customised (BOQ) in such a way that only known vendors could become eligible.															

BID No. GEM/2022/B/2307377 related specific irregularities.	
5.	The eligibility conditions were customised in such a way that only OEM authorised vendors could be treated as eligible.
6.	All known manipulated vendors were considered as qualified.
7.	<p>OEM Authorization Certificate accepted during this procurement transaction of M/s Nalwa Enterprises (L-1) (<u>Annexure – VIII</u>) was examined by me and found to be defective for following reasons :</p> <p>a) The L-1 bidder had submitted certificate from Kyocera Communications, Inc San Diego.</p> <p>b) The Certificate is given on behalf of Kyocera India Pvt. Ltd.</p> <p>c) The Authorization Certificate does not use word Authorize in the Certificate by using words "do hereby NALWA ENTERPRISES".</p> <p>d) For verification of this letter the office of Daniel Lee of Bureau Veritas Consumer Products Services (HK) Ltd. Taoyuan Branch of Taiwan was indicated which was not a complete address.</p>
8.	<p>In view of above defects, the OEM Authorization Certificate of all other qualified bidders were also examined and the on the contrary were found to be purportedly issued by Indian Office. This further raised doubt on Certificates of Indian based OEM. Detail and Copies of Authorization Certificate of other bidders are enclosed as follows:</p> <p>1. M/s Elxir Enterprises (L-2) (<u>Annexure – IX</u>)</p> <p>2. M/s Saini Enterprises (L-3) (<u>Annexure – X</u>)</p> <p>3. M/s Shri Sai Enterprises (L-4) (<u>Annexure – XI</u>)</p> <p>4. M/s Mangalam Shri (L-5) (<u>Annexure – XII</u>)</p> <p>5. M/s Harvinder and Company (L-6) (<u>Annexure – XIII</u>)</p>
9.	Many of Kyocera Printers were found non-functional due to use of fake cartridges and the Authorized Service partner gave Report that Toner damaged + Empty and Developer Unit faulty due to duplicate toner use. (<u>Annexure – XIV</u>) and (<u>Annexure – XV</u>)
10.	The matter was taken with the Original Equipment Manufacturer M/s Kyocera Document Solutions India Private Limited vide my letter No. Z-21/4/419/2022-E-II dated 13-05-2023. (<u>Annexure – XVI</u>)

11.	The reply of OEM M/s Kyocera Document Solutions India Private Limited dated 17-05-2023 declaring all OEM certificates as fake was received. (<u>Annexure – XVII</u>)
12.	Fake Cartridges and assessment of annual requirement and method of purchase of Cartridges are under investigation with two different Committees and both the Committees are indecisive on issue of fake OEM Certificate as well as fake Cartridges since last two three months as if they are buying time.
13.	Re-furbished junk material was purchased and the users were pressurised to consume these junk items.
14.	Many of our Doctors and Medical and Para-Medical Staff of Hospital use to purchase indispensable consumable stationery items and get their cartridges refilled at their own cost in order to run the working of Hospital.
15.	The conniving elements in order to pursue this mode of corruption made three costly Toshiba Photocopier machines unutilized so that consumption of fake laser printer cartridges could be increased. The Toshiba Photocopier machines were also not covered under any AMC / CMC.
16.	Neither Computer peripherals nor printers were covered under AMC / CMC so that the issue of fake cartridges could not be detected.
17.	The target was to syphon away unlawful money to the tune of 60 to 70 percent of L-1 bided value.

In view of above, it clearly establish that this case is clearly a case of not only Corruption but purchasing junk/fake cartridges resulted in causing of harm to property of ESIC (Printers). The issue involved in this case is not only purchase of junk / fake cartridges but forgery of preparing fake OEM Authorization Certificates and there is also a possibility that this kind of criminal act of cheating might be going on in various other Medical and Non-Medical Store related transactions.

This is for you kind information and necessary vigilance action in the matter.

Yours faithfully,



Enclosed: As above.

(Heera Singh)
Deputy Director (PGO)