

134**PRADHAN MANTRI SWASTHYA SURAKSHA YOJANA****MINISTRY OF HEALTH AND FAMILY WELFARE
(DEPARTMENT OF MINISTRY OF HEALTH AND
FAMILY WELFARE)****PUBLIC ACCOUNTS COMMITTEE
(2018-19)****ONE HUNDERED AND THIRTY FOURTH REPORT**

SIXTEENTH LOK SABHA**LOK SABHA SECRETARIAT
NEW DELHI**

**ONE HUNDRED AND THIRTY
FOURTH REPORT**

PUBLIC ACCOUNTS COMMITTEE
(2018-19)

(SIXTEENTH LOK SABHA)

**PRADHAN MANTRI SWASTHYA
SURAKSHA YOJANA**

**MINISTRY OF HEALTH AND FAMILY WELFARE
(DEPARTMENT OF HEALTH AND FAMILY WELFARE)**



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**LOK SABHA SECRETARIAT
NEW DELHI**

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
2018-19

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3. Shri Shankarnath Sharma Laimayum - Committee Assistant

INTRODUCTION

I, the Chairman, Public Accounts Committee (2018-19) having been authorised by the Committee, do present this One Hundred and Thirty Fourth Report (Sixteenth Lok Sabha) on '**Performance Audit of Pradhan Mantri Swasthya Suraksha Yojana**' based on C&AG Report No.10 of 2018 related to the Ministry of Health and Family Welfare (Department of Health and Family Welfare).

2. The above-mentioned Report of the Comptroller and Auditor General of India was laid on the Table of the House on 07th August, 2018.

3. The Public Accounts Committee (2018-19) took up the subject for detailed examination and report. The Committee took evidence of the representatives of the Ministry of Health and Family Welfare (Department of Health and Family Welfare) on the subject at their sitting held on 26th September, 2018. Accordingly, a Draft Report was prepared and placed before the Public Accounts Committee (2018-19) for their consideration. The Committee considered and adopted this Draft Report at their sitting held on 14th December, 2018. The Minutes of the Sittings are appended to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

6. The Committee would like to express their thanks to the representatives of the Ministry of Health and Family Welfare (Department of Health and Family Welfare) for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

7. 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.

NEW DELHI;
20 December, 2018
29 Agrahayana, 1940 (Saka)

MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee

REPORT PART- I

I. INTRODUCTION

1. The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY/Scheme), a Central Sector Scheme, was announced in August 2003 with the objective of correcting imbalances in the availability of tertiary healthcare services and improving the quality of medical education in India. In March 2006, the Government approved Phase-I of the PMSSY which comprised of (i) setting up of six AIIMS like institutions (later re-named as new AIIMS) and (ii) upgradation of 13 existing State Government Medical Colleges/Institutions (GMClS). Upgradation of GMClS envisaged improvement in health infrastructure through construction of Super Speciality Blocks/Trauma Centres and procurement of medical equipment for selected existing GMClS. After a review of the coverage area of existing government institutions and planned institutions and on the recommendations of the Working Group for Tertiary Care Institutions for 12th Five Year Plan, the Government decided to increase the number of new AIIMS to be setup and the GMClS to be upgraded in subsequent phases of the scheme. As of March 2017, twenty new AIIMS are to be set up and 71 GMClS upgraded in six-phases. The scheme envisaged 100 per cent funding by the Centre for setting up of new AIIMS while funding for upgradation of GMClS was to be on sharing basis between the Central and State Governments. A total amount of ₹ 14,970.70 crore was allocated for the scheme during 2004-17 of which ₹ 9,207.18 crore had been released by the Ministry. The Ministry of Health and Family Welfare, Government of India (Ministry), is responsible for the overall administration of the scheme with the PMSSY Division of the Ministry headed by a Joint Secretary being entrusted with its implementation and monitoring. At the State level, the scheme is being implemented by the Department of Health and Family Welfare headed by the Principal Secretary with the Directorate of Medical Education and Research acting as the nodal office. At level of the institutions, the Dean/Medical Superintendent/Principal of the concerned GMCI was responsible for implementation of the scheme.

2. The performance audit of PMSSY was taken up with the objective of assessing whether: (i) the scheme was properly planned and covered all the requirements of tertiary healthcare services; (ii) financial management was adequate and effective; (iii) the implementation of the scheme was effective; (iv) availability of equipment was

adequate; (v) availability of human resources was adequate; (vi) whether scheme deliverables were achieved; and (vii) effective mechanisms were in place both in the Ministry and State Governments for monitoring and evaluating scheme implementation.

3. The audit criteria/ performance impact indicators were derived from the following: (a) AIIMS Act, 1956; (b) AIIMS (Amendment) Act, 2012; (c) Expenditure Finance Committee and Cabinet documents for establishment of new AIIMS and upgradation of existing GMCIs (Phase-I to Phase-III); (d) Financial rules and regulations; CPWD/PWD Manual; guidelines/ circular/orders issued by Government; and (e) Contracts/MOUs signed with various agencies and State Governments. The Audit Report of the CAG (Report No.19 of 2013 - Union Government-Civil) contained observations relating to irregularities in selection of project consultants, irregular expenditure on escalation charges amounting to ₹ 1.56 crore, incorrect release of mobilization advance amounting to ₹ 8.32 crore to contractors, excess payment of ₹ 25.20 lakh to in-house consultant and release of payment to PSU consultants based on estimated fund requirements instead of on actual progress of work. In reply to the audit comments, the Ministry had stated that the audit findings were noted for avoidance of such occurrence in future. However, irregularities of similar nature have been noticed during the current audit and the same alongwith the new findings by the Committee are discussed in the succeeding paragraphs.

II. Planning

a) Non-existence of guidelines

4. The Committee found that the Ministry had not formulated any operational guidelines for PMSSY. Instead, implementation was being guided by instructions issued from time to time and decisions taken by the Project Management Committee (PMC) mostly on a case to case basis. This resulted in several ad hoc decisions being taken with respect to fund management, selection of consultants, assignments of project tasks, award of contracts and in the management of contracts. Ministry, while accepting that no scheme guidelines had been formulated, stated (February 2018) that the contours of the scheme had emerged in the initial stages itself in the process of approving the projects.

5. When the Committee asked as to how the Ministry would justify the arbitrary decision making in absence of any operational guidelines for the implementation of PMSSY, a flagship scheme of the Government of India, the Ministry submitted as under:

"PMSSY was launched in 2003 to set up new AIIMS and to upgrade GMCs. The scheme was innovative and path-breaking and sufficient experience to draft set guidelines was not available. The contours of the scheme and approach for execution of the projects were thus evolved in the initial stages, even though "Scheme Guidelines" in particular have not been issued. While absence of detailed guidelines is not denied, yet there was no arbitrary decision making as decisions on various aspect of administration of scheme including system and processes were taken after due deliberation in PMC Meetings. A two member committee has recently been constituted to draw up "Scheme Guidelines" for PMSSY in view of the fact that adequate experience and learning from prior cases is available now. The committee will submit its report in two months' time."

6. When the Committee further desired to know as to whether implementing the Scheme by issuing instructions from time to time and taking decisions on case to case basis resulted in adhoc decisions which are apparent from the delays in carrying out the up gradations and construction of new AIIMS and if so, the efforts being contemplated to obviate such scenario, the Ministry submitted as under:

"There was no blueprint of any such previous scheme available with the Ministry at the time of launch of this ambitious Scheme. In view of this, at the time of embarking upon execution of Phase-I projects under the Scheme; the Ministry considered and evolved systems and approach for execution of projects. It may be brought out here that firming up of the scope of the new AIIMS works was a somewhat complex decision. While the pattern was to be like AIIMS, Delhi, the role model, it was also the position that the Ministry could not have straight away replicated AIIMS, Delhi, which had evolved and grown over more than five decades. AIIMS, Delhi was initially established as a less than 500 bedded hospital and medical college. For cost considerations also, a middle path had to be evolved. As comes out, the initial decision needed to be revisited and the scope with respect to the facilities, area, equipment revised. The ambition was to create world class institutions, therefore International consultants were initially thought of but did not work out due to the excessive rates quoted by them."

b) Establishment of new AIIMS

Deficiencies in planning for six new AIIMS

7. The Committee found that the proposal for the six new AIIMS (Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur and Rishikesh) was approved by the CFA in March 2006 with a total capital cost of ₹ 1,992 crore i.e. at the rate of ₹ 332 crore for

each new AIIMS. It issued Requests for Proposals (RFPs) to firms already shortlisted during its earlier exercise even though more than two years had since elapsed for selection of project and design consultant. As a result, the RFPs remained non-responsive even after extension was given for submission. In November 2006, the Ministry decided to have separate consultancy arrangements for each new AIIMS and also delink construction of residential complex from the medical college and hospital complex at each new AIIMS. The DPRs showed a large variation in estimated cost for each new AIIMS from the approved cost due to increase in cost indices, enhancement in area requirements, inclusion of additional items in the estimates and increase in the quantum of equipment required at each AIIMS. The area required in the initial proposal had been under-estimated by approximately 37 per cent and green building norms and requirements in terms of Energy Conservation Building Code (ECBC) had not been catered for. Further, the requirement for equipment had also been under-assessed. The revised capital cost for each new AIIMS was estimated at ₹ 820 crore as against the approved cost of ₹ 332 crore. During this period, the commencement of all works remained held up except for the residential complexes even though these were to be completed within three years of CFA approval granted in March 2006. The delay and the increase in costs was attributable to delay in appointment of project consultant and architectural design consultant which led to shortcomings in the planning of the scheme and obtaining approval based on a preliminary feasibility study, failure to firm up project parameters and scope of activities before seeking CFA approval and adoption of ad-hoc approach in terms of project planning.

8. When asked as to why the Ministry failed to take into account the increase cost indices, enhancement in area requirements, inclusion of additional items in the estimates and increase in the quantum of equipment required for each AIIMS and also as to whether the Ministry engaged experts while preparing cost estimates and if so, the recommendations of the experts, the Ministry submitted as under:

"In case of approval in 2006, the approval for setting up of six AIIMS was accorded by the Cabinet Committee on Economic Affairs (CCEA) as a special case based on Expenditure Finance Committee (EFC) recommendation on 24th November, 2004 that did not have a detailed project report. However in case of approval in 2010, the complete Detailed Project Reports (DPRs) for six AIIMS were prepared and the Expenditure Finance Committee (EFC) in September,

2009 considered the available DPRs and approved the estimates therein. Inputs from experts were obtained at the time of preparing DPRs."

9. When the Committee asked to explain as to how the area requirement in the initial proposal for the Institutes had been under estimated by approximately 37 per cent and green building norms and requirements in terms of Energy conservation Building Code not complied with, the Ministry submitted as under:

"In case of approval in 2006, the approval for setting up of six AIIMS was accorded by the Cabinet Committee on Economic Affairs (CCEA) as a special case based on EFC recommendation on 24th November, 2004 that did not have a detailed project report. However in case of approval in 2010, the complete Detailed Project Reports (DPRs) for six AIIMS were available and the Expenditure Finance Committee (EFC) in September, 2009 considered the available DPRs and approved the estimates therein. Moreover, there was no standardization for AIIMS to compare with at inception of the project."

c) Availability of Land for Setting up New AIIMS

10. States selected for establishing new AIIMS were required to provide a minimum of 100 acres of developed land for the project. Delay in providing suitable and encumbrance free land led to delay in establishment of the AIIMS. The Committee found that in AIIMS Bhubaneswar, Odisha though there was a requirement of providing 100 acres or more of land, the Ministry had conveyed a requirement of 200 acres of land. Against this, land provided by the State was only 92.11 acres. The Institute had been demanding an additional 50 acres of land required for establishment of Cardiac Centre, Mental Health Centre and Neurosciences Centre but the State was able to commit an additional area of only 21 acres (2013) which was also yet to be provided. Consequently, expansion of the Institute in critical areas was held up.

11. When the Committee desired to know the criteria for selecting locations for setting up AIIMS and whether these criteria have been followed in respect of all 20 locations, the Ministry submitted as under:

"As per Cabinet Note for Phase I and II, the primary criteria for selection of States for establishment of AIIMS are economic backwardness, adverse health indicators, inadequate deployment of resources for health by State Government, inability to generate resources both public and private etc. However, a more structured method, viz. Challenge Method criterion has been evolved by the Cabinet Secretariat for evolution of the suitability of the sites for setting up of AIIMS. Sites for AIIMS in the states of Assam, Himachal Pradesh, Tamil Nadu and Jharkhand under phase IV and phase V of PMSSY have been finalized on the basis of the challenge method criterion."

12. Supplementing the above, the representative of the Ministry deposed during evidence as under:

"Sir, we initially started with 100 acres of each AIIMS. There were problems in some cases. All the facilities could not really fit it. There would be waterbodies also. There would be landscaping issues also. Later on, we switched over to 200 acres of land. Now, when we go to a place, let us say, Bilaspur, Himachal Pradesh, the land which is given there is so far away from the town. Now, the Town and Country Planning Exercise has been taken up to ensure that the area between the town and the AIIMS does not become congested. So, if you have a place like this, we can go for 200 acres. It is always good to have a space for future."

13. When asked as to whether the additional area of 21 acres has been provided by the Government of Odisha for the establishment of cardiac centre, Mental Health Centre and Neuro science Centre at AIIMS Bhubaneswar and if so, to spell out the progress in this regard, the Ministry submitted as under:

"AIIMS, Bhubaneswar has taken up this issue with State Government. There was some delay in acquiring and handover, as the identified land was categorized as forest land. However, the proposal is under process."

14. In AIIMS, Raebareli (Uttar Pradesh), though the CFA had approved setting up of new AIIMS in February 2009, the State Government provided land for the Institute only in July 2013. As a result, work with regard to the Institute has been considerably delayed and work on the Hospital and Medical College is yet to commence.

15. When asked about the reasons for the delay in allocating land by the State Government for AIIMS Raebareli after four years of approval for its establishment during phase II of the PMSSY scheme and whether any efforts were done for acquisition of land before preparing any cost estimates, etc. and also whether the setting up an AIIMS in Raebareli was proposed by the State Government, the Ministry submitted as under:

"As per Cabinet Note approved for Phase II of PMSSY; the Government of India proposed setting up of AIIMS at Raebareli in Uttar Pradesh considering that State of Uttar Pradesh was considered as Empowered Action Group (EAG) State with adverse health population in terms of high prevalence rate of serious communicable diseases, availability of affordable health services etc. the State has not been able to invest substantially nor able to attract private investment. The AIIMS was earlier planned to be set up at Lalganj, Rae Bareli. However, considering the convenience of patients and with a view to obviating the difficulties of larger population of Rae Bareli town in reaching the institution, it was decided to change location of the AIIMS to Rae Bareli town. The state government had agreed to provide 148 acres of land. The project was originally

envisaged for completion within 36 months i.e. by the end of 2012. However due to delay in handing over of land by the state government the project was not implemented as per proposed plan. As per information available with the Ministry, there was some problem regarding acquisition of land by State Government on account of some pre-existing structures of Sugar Mills at allocated site. Land was finally made available only after change of government in Uttar Pradesh. With respect to transfer of land by the State Government there were several cases where delay in transfer did impact the overall progress of the project. Gaining from the experience of the first six AIIMS, the norm for the required land size has been increased from 100 acres to 200 acres approximately so that long term future growth needs of the AIIMS can also be catered to. Further, the Ministry also insists on prior transfer of encumbrance-free land by the State Government so as to avoid project delays on account of delays in transfer of land. However, land has to be provided by State Governments only and therefore delays do take place sometimes in-spite of continuous engagement by the Ministry."

16. Supplementing the above, the representative of the Ministry deposed during evidence as under:

"We have the flexibility. Sir, in Rae Bareli, we are doing it on 97 acres only. So, we have flexibility."

17. In AIIMS Raiganj (West Bengal) approval of CFA was granted in February 2009 for setting up of a new AIIMS at Raiganj in North Dinajpur. As the State Government could not provide required land, the project has been deferred to the 4th Phase of the Scheme and the location has been changed to Kalyani in the Southern part of West Bengal even though the project had been approved in view of deficient health services in the Northern region of West Bengal.

18. When the Committee asked to explain as why the Government of West Bengal did not provide land for the establishment of AIIMS Raiganj, the Ministry submitted that no records was available.

d) Upgradation of GMCIs

19. The Committee found that the Ministry had not formulated any criteria or procedure for selection of GMCIs for upgradation as brought out below: (i) In Bihar, two GMCIs were selected for upgradation under PMSSY Phase-III by the Ministry without consulting the Government of Bihar; (ii) Three GMCIs in Madhya Pradesh were approved for upgradation in Phase-III without obtaining any preliminary project report from the State Government. GRMC-Gwalior stated that the Ministry had approved upgradation of GMC as per their norms; (iii) In Maharashtra, selection of six GMCIs was

done based on proposals submitted by their respective Deans and not on the basis of any state level study; (iv) In Rajasthan, no record was available with the State Authorities of any request /proposal for upgradation of GMCIs under PMSSY; and (v) Ministry selected BJMC-Ahmedabad and PDUMC-Rajkot for upgradation under the scheme in first and third phase respectively without any proposal from the Government of Gujarat.

20. When the Committee asked as to why did the Ministry failed to formulate any criteria for selecting Government Medical College Institution for up-gradation under the PMSSY Scheme, the Ministry submitted as under:

"PMSSY aims at correcting the regional imbalances in the availability of the tertiary healthcare and medical education in different parts of the country. The Ministry has its own database under National Health Mission on penetration and reach of healthcare throughout the country. Each State in the country also vies for central assistance in setting up of more medical facilities in their respective States. The Ministry has, while finalizing the up-gradation projects given higher priority to the States generally considered "backward" with respect to the broad socio-economic indicators. However, the State has to also bear the state share and also operate and maintain the facilities created; therefore, the willingness of the State to contribute its share and participate in the scheme is also important apart from backwardness. As per the EFC notes available with the Ministry, all projects have been selected on the basis of demands raised by the States. The selection of the upgradation projects have been made on the above considerations."

21. Medical Council of India (MCI) had suggested that super speciality services may be set up in a manner that the maximum number of super speciality services is provided in a particular State. A Department of Neurology already existed in the Maharav Bheem Singh Hospital attached to GMC-Kota which fulfilled the norms of MCI for education in the super speciality course in neurology. However, a Department of Neurology was included in the newly created Super Speciality Block (SSB). Hence, the creation of a facility that was already available in the newly proposed SSB lacked justification and the resources could have been deployed for setting up some other Department. Moreover, equipment costing ₹ 12.86 crore⁴ which were procured/being procured from State funds had also been included in the list of equipment for procurement under PMSSY. Thus, there was duplication in the plan for procurement of equipment. At the same time, requirement for various equipment of five departments of GMC-Kota were not included in the gap analysis report. The Institute stated (August 2017) that revised requirement for equipment will be submitted and the equipment already procured/under process for

procurement will be removed from the list of equipment to be procured from the funds under PMSSY. The Ministry further approved (February 2009) procurement of 294 equipment at an estimated cost of ₹ 37.69 crore for BJMC-Ahmedabad. Subsequently in August 2013, BJMC-Ahmedabad was asked to review its equipment list as it contained items not directly connected with tertiary healthcare viz. CCTV, lift, ramps, laundry machine, etc. The Institute submitted a revised list of equipment to the Ministry (October 2013) including three new equipment costing ₹ 9.58 crore. The three new equipment were not accepted by the Ministry (January 2014) on the ground that these items had not been included in the gap analysis. Thus, the Institute could not obtain funds for equipment required by it due to improper gap analysis.

22. When the Committee enquired as to how the shortcomings were analyzed with respect to gap analysis undertaken for two GMCI namely GMC Kota and BJMC Ahmedabad leading to duplication of facilities and equipment and whether any responsibility been fixed for such errant analysis, the Ministry submitted as under:

"GMC Kota : Kota authorities have informed that initially the Institute had included certain equipments in the upgradation projects. However, later on the State considered and approved their separate proposal for the same which were under consideration of the State Govt. funds before, but had not been getting sanctioned. In view of this, the GMC proposed for removal of these items from the list of equipments under PMSSY. Since GMC Kota has already proposed to remove the said equipments items from the list of equipments to be procured from the funds of PMSSY and the equipment list also revised, the issue may be treated as settled. The above circumstances also explain as to the circumstances under which the items of equipment had been initially included under PMSSY. BJMC-Ahmedabad: Gap analysis was undertaken with full involvement of the Institute. The three equipments referred to by CAG were not asked for by the Institute at the time of gap analysis, but only much later. Up-gradation of equipment is a continuous process which takes place at the level of the State Government even after the one-time intervention made under PMSSY, so these equipments can also be procured by the college at a subsequent stage. It may also be added here that, the overall requirement are much more than what can be accommodated in the limited Rs. 150 crore budget. Since civil construction on the given piece of land should be taken in one go, the construction requirement gets priority over medical equipments. With the approach, some of the lesser priority medical equipments are sacrificed with an understanding that these may be procured later separately. The above would explain the position. However, the Ministry takes up the gap analysis with due seriousness involving experts to ensure that to include requirement optimally for best use of the available funds."

23. In GMC-Kota the State Government handed over a site for construction of SSB in May 2016 but an existing parking shed and adjacent medical shops was not removed/dismantled from the site. As a result, external development works valued ₹ 1.87 crore could not be taken up. GMC-Kota stated (May 2017) that the matter had been taken up with PWD authorities but action was yet to be taken (August 2017). For DMCH-Darbhanga due to delay in providing a clear site by the State Government, work of demolition of existing structures was undertaken using Ministry funds. This also resulted in the project being delayed by more than a year. In GRMC-Gwalior as the site provided was encroached the upgradation project was delayed by more than a year. GRMC stated that removal of encroachments had been delayed due to the administrative processes involved. In case of PDUMC Rajkot the project was delayed due to change in site, revision in DPR and delay in obtaining permission for dismantling the old wards constructed through donations. For PMCH-Dhanbad, unencumbered land was to be made available by Government of Jharkhand within 30 days from the date of approval of DPR i.e. by December 2015. However, construction of Super specialty building could be started only from November 2016 due to encroachment of land. Therefore, the construction work was delayed more than 10 months. The Committee found that four GMCl's (BJMC-Ahmedabad, BMCRI-Bangalore, NIMS-Hyderabad and RIMS-Ranchi) diverted funds amounting to ₹ 26.71 crore for other purposes. For example, funds for procurement were diverted to meet cost escalation of civil works and installation of gas manifold system, comprehensive maintenance contract and purchase of consumables items. Similarly, funds for computerisation were diverted for centralized air conditioning and minor civil works.

24. When the Committee asked as to why the State Governments failed to provide a clear site on time leading to delay in the up-gradation of the above mentioned GMCl's, the Ministry submitted as under:

"As per information available in the Ministry, it can be inferred that the States faced challenge on account of acquisition of land, changing of land criteria etc and therefore handing over of unencumbered land to Central Government became difficult. In many cases, encroachment on existing land/site, forest land, existence of structures within the site etc. were encountered which needed to be cleared by the State Government and then handed over."

25. When the Committee desired the Ministry to explain in detail the reasons for holding the unutilized balance funds of ₹ 1267.41 crore in the six new AIIMS, it was submitted that the funds were released to the six AIIMS as per their projected demand.

However, this actual expenditure fell short of the projection, leading to unutilized balance. The main reasons for underutilization of funds by six AIIMS are as under:

- Less than targeted progress of the remaining DPR works due to failure on the part of some of the construction agencies to perform at the desired level. Due to this the capital grants could not be fully utilized.
- Difficulties in filling up of the Faculty positions due to non-availability of suitable candidates. Due to this reason all the healthcare services could not be started on time as envisaged.
- Substantial fund under the GIA (Salary) head remained unutilized in all the six AIIMS as the implementation of the VII CPC scales could not be made in 2016-17 as envisaged, as certain clarifications were required from DoPT.

However substantial progress in the above area of functioning were made in the year 2017-18 with the result Rs.607cr. were utilized during the year 2017-18. The unutilized balance has been brought down to Rs. 660 Crore as on March, 2018.

26. When the Committee further asked as to what is the present status of the utilization of the unspent fund of ₹ 1267.41 crore in the six new AIIMS, the Ministry submitted that substantial progress has been achieved in the various area of functioning regarding overall utilization of funds. With this, opening balance was reduced from Rs. 1267 crores in March 2017 to Rs 660 crores in March 2018. Further opening balance this year has been fully utilized and current year funds are being used now despite some slowdown in construction activity due to rains and all AIIMS are now utilizing funds released during the current financial year only. Even after release of Rs. 591.00 cr in this current financial year to six AIIMS, the balance GIA at six AIIMS is around Rs. 565.86 cr.

27. When the Committee desired the Ministry to explain the reasons for non-utilization of funds to the tune of ₹ 393.53 crore for civil works and ₹ 437.28 crore for procurement of equipment by the nominated/executing agencies of GMCIs and the new AIIMS, it was submitted as under:

"From the CAG Observation, it would appear that there has been lack of appreciation on the 10% reserve fund with Executing Agency. It may be clarified here that the Ministry takes up release of funds to the PSUs three to four times in a year. Therefore, sufficient funds need to be released on any occasion taking into consideration the fund requirement over next four months in such a manner so that the Agency still would have some fund balance when the next release is

processed. The provisioned buffer is needed to ensure that the project is not starved of the funds while the next release is in process. In view of the above, although not explicitly mentioned in any policy document, as a guiding principle the quantum of fund release is assessed by taking into consideration the fund requirement over next four months as estimated by the Executing Agency in such a manner so that the Executing Agency may still have a balance of 10% when the next release is processed. With this appreciation, it may be seen that the agencies would most likely have fund balance in the range of 10-25 percent of the project cost at any point of time. Based on the above, the specific comments with respect to the fund balances with the Executive agencies are furnished below:

Fund balance with M/s HSCC: The total tendered cost for works awarded to M/s. HSCC under execution under Phase III i.e. upgradation of Government Medical Colleges under PMSSY alone is Rs. 1,037.97 cr. Hence, the unspent balance of Rs 212.35 crores as on March, 2017 available with HSCC as Executing Agency is within reasonable limits, which was needed to be given to them so that the projects did not suffer due to fund crunch at Agency's end.

Fund balance with M/s HITES: The total tendered cost for works awarded to M/s. HITES under execution under Phase III i.e. upgradation of Government Medical Colleges under PMSSY alone is around Rs. 906.36 cr. Hence, the unspent balance of Rs. 152 Crore available with M/s HITES as Executing Agency was within reasonable limits, which was needed to be given them so that the projects did not suffer due to fund crunch at Agency's end. It is also mentioned that the fund release have been always considered after receiving the utilization of previously released funds. However, the releases to the Executing Agencies will be further fine-tuned in the light of the observation of the CAG.

Fund balance with the Procurement Support Agency (M/s HLL) There is substantial difference between the two sets of data regarding the "Unspent balance available with the nominated agencies", viz., the data shared with the Ministry by CAG during audit and the data depicted by the CAG in their final report laid before the Parliament. The difference is brought out in the table below.

As per the agreement with the Procurement Support Agency (PSA), the Ministry releases any funds to the PSA only after placement of Order for the concerned Medical Equipment's. Therefore, the appreciation that the unspent balance is

there due to delays in finalizing the tenders and placement of orders is not correct.

Here it is also mentioned that the reason for release of funds immediately after placement of the purchase orders is that the funds become committed contractual liability and further the PSA requires the funds in their Bank account to enable them to open the LCs which is an essential step before the dispatch of the medical equipment's by the manufacturers. As per the trade protocol, the intermediary Bank insists on availability of funds equal to 100% of the cost of the medical equipment's in the bank account of the PSA at the time of opening of LC. The funds are also blocked by the Bank for any other use while the LCs are in operation.

The observation of CAG that an unspent balance of Rs. 437 crore was lying with the PSA as in 2016-17 is not a correct appreciation of the fund position in view of the above.

As has been informed by the PSA, the factual funds position of Rs.437 crore, was as under:

- a. Committed Liabilities against execution but payment not released: Rs 56.48 Cr.
- b. Funds kept under lien with Bankers for LCs: Rs. 93.74 Cr.
- c. NOA Placed and LC under process: Rs 212 Cr.
- d. Funds against committed liabilities to the extent of pending: Rs 75.06 Cr execution/ achievement of milestone
- e. Idling Funds: Nil

Thus Rs. 437 crore balance in the accounts was actually in use against the LCs and committed liabilities against execution.

e) Arbitrary selection and distribution of work amongst Consultancy Agencies

28. The PMC decided (May 2006) that for upgradation of GMCIs there was no need to appoint separate Project Consultant for each Institute for upgradation of GMCIs. It was instead decided to engage CPWD, M/s HSCC or any other PSU already engaged in the Health sector as consultant to assist the Ministry in effective implementation of the upgradation projects. Accordingly, upgradation projects were allotted to the CPWD, M/s HSCC and M/s HLL/M/s HITES Ltd.

29. The Committee learnt that four GMCIs four GMCIs (BJMC-Ahmedabad, BMCRI Bangalore, NIMS-Hyderabad and RIMS-Ranchi) diverted funds amounting to Rs. 26.71 crore for other purposes. For example, funds for procurement were diverted to meet cost escalation of civil works and installation of gas manifold system, comprehensive maintenance contract and purchase of consumables items. Similarly, funds for computerization were diverted for centralized air conditioning and minor civil works.

30. When the Committee asked to explain the reason for the major differences between the amounts lying unspent with the agencies as calculated by the Audit and as stated by the Ministry, the Ministry submitted that CAG team has collected data from several sites i.e. Ministry, AIIMS, Executing Agencies, PSA, Govt. Medical Colleges etc. hence it is difficult to identify data from which source have been collated at which point of time. However, as an initial step, the Ministry has requested all concerned to furnish data and then reconcile. The Ministry will approach CAG to clarify the discrepancies.

31. When the Committee asked the reason for engagement of PSUs on nomination basis in violation of GFRs and payment of ₹27.76 crore to the “In-house Consultant”, the Ministry submitted as under :

"The engagement of Consultant made in the light of the provisions under GFR 176. This provision does not specify any limit for agency selection on nomination basis. PMSSY is a flagship scheme of this Ministry and it was felt that timely completion was of utmost importance, thereby creating special circumstances as provided for in Rule 176 , these PSUS were hired with due approval of the Hon'ble Minister and the credentials of consultants are known to MoHFW through MoU mechanism of DPE. Manual of Policies and Procedure for Selection of Consultants is in the nature of generic guidelines only and it only stipulates that selection on nomination basis may normally be restricted to a financial ceiling of ₹ Ten lakh. Thus, the GFR provisions were correctly applied."

32. When the Committee asked as to why MoHFW has not justified professional and tech credentials of the Consultants, the Ministry submitted as under:

"HLL / HITES / HSCC as 100% owned PSUs of the Ministry; have been assigned roles of Project Consultant / Procurement Support Agent / In-House Consultant / Executing Agency in the PMSSY project after careful consideration in the given circumstances with a view to achieve the objective. Both the PSUs have required experience in Hospital projects. When HLL and HSCC were engaged on nomination basis, they were having “Excellent/ Very good ratings” as per evaluation of DPR."

33. Supplementing the above, the representative of the Ministry during evidence deposed as under:

"The consultants initially selected were private parties and selected through a process of tendering. As you rightly pointed out, all of them have left. Later we felt that the construction was in a complex situation and the tendering was also a slow process. So, it was not possible to go for a tendering process again; so instead we appointed out PSUs, HITES and HSCC and signed a contract with these PSUs on nomination basis. For later works, we have totally done away with the tender system. We are now assigning works to PSUs as executing agencies. The executing agency is fully empowered. We have also gone forward for EPC or engineering, procurement, and construction, contracts so that even the design part is with the construction agency which ensures that issues of co-ordination between the design consultants and executing agencies do not come up again."

34. When the Committee desired to know the reason for diversion of funds to the tune of 26.71 cr. like BJMC, Ahmedabad received ₹ 18.68 for procurement of Medical Equipment, though ₹ 3.59 cr. was spent on purchase of consumables/Maintenance items, the Ministry submitted as under:

"As per Performance Audit of PMSSY conducted by CAG; report no. 10 of 2018 four GMCIs (BJMC-Ahmedabad, BMCRI Bangalore, NIMS-Hyderabad and RIMS-Ranchi) funds amounting to Rs. 26.71 crore have been reported to be diverted for other purposes like funds for procurement were diverted to meet cost escalation of civil works and installation of gas manifold system, comprehensive maintenance contract and purchase of consumables items. Similarly, funds for computerization were diverted for centralized air conditioning and minor civil works.

However, the position was that the Ministry did not have control on the conduct of the Institutes who were spending the State share. All these four projects have not yet attained closure and the diversions will be analysed carefully before closure. Permissible diversion will be accounted for by modifying the DPR accordingly and States will be asked to refund the amount spent on impermissible diversions.

Learning from the experience of the Phase-I and II works, the Ministry now gets all procurement, except small value items below Rs. 30 lakhs, made through a PSA appointed by the Ministry. The provision to this effect has been incorporated in the MoU signed with the State Governments. This has given better control in the hands of the Ministry to ensure that the money is spent only for the purpose for which it is sanctioned."

35. When asked to explain how the four GMCIs namely BJMC – Ahmedabad, BMCRI – Bangalore, NIMS Hyderabad and RIMS - Ranchi diverted funds amounting to Rs. 26.71 crore for purposes other than those earmarked and whether such diversion

complied with the rules and If not, the responsibility fixed in this regard, the Ministry submitted as under:

"The Ministry doesn't exercise any administrative and financial control on the Institutes who were spending the State share. All these four projects have not yet attained closure and the diversions will be analyzed carefully before closure. There is no laid down rules regarding permissibility and applicability of diversion. Permissible diversion will be accounted for by modifying the DPR accordingly and States will be asked to refund the amount spent on impermissible diversions.

- Any impermissible diversion of funds by BJMC Ahmedabad or any other GMC will be recovered at the time of closure.
- It is further brought out that now as a policy, projects are being dealt through PSA only to obviate the possibility of diversion of fund by the GMCs.

Thus, the Ministry has taken needed systemic measures to ensure that the issues highlighted by the CAG are adequately addressed."

36. When the Committee asked as to whether the Ministry is planning to put in place any mechanism for monitoring such diversion of funds, the Ministry submitted as under:

"Learning from the experience of the Phase-I and II works, the Ministry now gets all procurement, except small value items below Rs. 30 lakhs, made through a PSA appointed by the Ministry. The provision to this effect has been incorporated in the MoU signed with the State Governments. This has given better control in the hands of the Ministry to ensure that the money is spent only for the purpose for which it is sanctioned and any possibility of diversion of fund is obviated."

III. Outstanding Utilization Certificates amounting to ₹ 234.98 crore

37. According to clauses 12 and 13 of the MoU between the Ministry and GMCIs, advances/subsequent release shall be made by the Ministry on the satisfaction that the beneficiary institution had furnished necessary statement of expenditure and utilisation certificate. Audit noticed that utilization certificates in seven GMCIs amounting to ₹ 234.98 crore were not furnished to the Ministry. In the absence of proper utilisation certificates, there was no assurance that funds were used for the purpose for which these had been provided and not diverted or parked. In PGIMS, Rhotak out of the total release of 42.75 crore an expenditure of 21.01 crore was made without submission of UC.

38. When the Committee asked as to why the seven GMCIs i.e. JNMC-Aligarh, BMCRI-Bangalore, NIMS-Hyderabad, Pt. BDS, PGIMS-Rohtak, GCKMC-Salem, RPGMC-Tanda and IMS-Varanasi could not furnish utilization certificates amounting to Rs.234.98 crore to the Ministry, and whether the Ministry released further funds even in

the absence of utilization certificate in respect of earlier releases, it was submitted as under:

"The Ministry invariably insists on submission of UCs before release of the next tranche of funds. No release in the Ministry is processed without furnishing of Utilization certificate / Statement of expenditure. Many of the UCs in the cases cited pertains to the fund released by the State Government or other Departments. However, the matter has been taken up with the concerned GMCs, State Governments and PSUs for furnishing the UCs and settlement of the accounts."

39. When the Committee further asked as to what steps have been taken by the Ministry to ensure furnishing of utilization certificates by the GMCIs for minimizing the risk of further diversion and misuse of funds, the Ministry submitted as under:

"The Executing Agencies (EA) and Procurement Support Agency (PSA) engaged by the Ministry have been requested to provide Utilisation certificate to the funds released out of Central Share by the Ministry. Most of the Utilisation certificates from the Executing Agencies and Procurement Support Agency have been received. These are under scrutiny in the Ministry.

The GMCIs have also been advised to provide utilization certificate w.r.t. expenditure committed under State share. After receipt of these utilization certificates, the figures will be tallied and reconciled based on data available with the Ministry, PSA and EAs."

40. When the Committee asked the reason for the release of advance without ensuring UCs- Rs 42 crore was released to PGIMS, Rohtak, though, UC was given for Rs 21 crore only, the Ministry submitted as under:

"Ministry has released Rs.17.75 Cr only to PGIMS, Rohtak, directly (for procurement of medical equipment). Rest of the amount for the upgradation project has been released to HLL (Rs.56.82 Cr for construction and Rs.30.36 Cr for procurement, so far) So far as funds for construction is concerned, a Statement of Expenditure is invariably obtained from the Project Consultant/Executing Agency concerned for the funds already released, before release of further installments of project fund is considered. Regarding funds for procurement of medical equipment, the Ministry is to release 100% of the procurement cost to the PSA, as per the agreement entered into with them."

IV. Execution of works

a) Delay in implementation of Hospital, Medical College, Estate and Electrical Packages

41. Initial approval for the six new AIIMS at Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur and Rishikesh was granted by the Government in March 2006 for completion within three years i.e. by March 2009. However, none of the works except those relating

to residential complexes had even commenced within this period. While approving revised estimates for the six new AIIMS in March 2010, it had been stipulated that the new AIIMS be set up within three years from the date of approval i.e. by March 2013. The scheduled dates for start of work under various packages were between May 2010 and July 2012 and the scheduled dates of completion were between August 2011 and July 2013. However, the target dates were not achieved in any of the new AIIMS and there were delays of about four to five years. Only two out of 242 packages i.e. construction of medical college complex and electrical works for AIIMS-Bhubaneswar had been completed. The physical progress of other packages ranged from 45.8 per cent to 99.97 per cent.

42. When the Committee desired to know the specific reasons for failure to comply with completion target by the six new AIIMS and the efforts done by Ministry to check deficient project and contract management, administrative laxity and weak monitoring, the Ministry submitted as under:

"There were huge delays in the initial projects. These Delays/ low expenditure were due to systemic issues, not individual failures.

The contracts for the package-I (Medical College) and package-II (Hospital Complex) were awarded in 2010 and the work also progressed well, however, the progress of work was hampered due to site specific issues like poor performance on the part of the design consultants, the Project Consultants (PCs) and the contractors. The Project Consultants, the Design Consultants and the Construction Contractors failed to perform to the desired levels. Due to these extrinsic factors, the progress of works suffered and the projects could not be completed in time.

The AIIMS Raebareli project could not take off due to delay of 04 years in making available of the land by the State Government.

However, to overcome the problems, Ministry's PSUs (M/s HSCC and M/s HITES) were appointed as PCs, the AIIMS were empowered to get the design inputs from IITs/NITs in the event of failure of the Design Consultants to perform. The Ministry also closely engaged with the construction agencies to help them tide over their liquidity constraints. With these efforts, it has been possible to put the derailed system back on rails and substantial progress has been achieved over past one and a half year. Most of the construction agencies have been giving good progress now.

A few of the construction agencies which failed to perform even after above intervention, their contracts have been terminated and the balance works assigned to CPWD which has in turn also appointed new contractors to complete the balance works. The procurement of medical equipment has also been synchronized with the construction pace.

For proper monitoring at the level of the Executing Agencies these agencies have been mandated to deploy and use Project Management Software to bring about improved project management at their end. The Ministry has also developed an online dashboard to facilitate a closer and more effective monitoring at the Ministry level."

43. When the Committee wished to know steps taken by the Ministry to effectively mitigate the delays, remove bottlenecks and expedite the progress of the execution of works of the six AIIMS, the Ministry submitted as under:

"Supplementing the above, the representative of the Ministry deposed during evidence as under:

In Raebareli, because the land came to us four years late, there were delays because the cost had increased by then. We have awarded the work. We will complete it by March, 2020. Meanwhile, we have already started the OPD and the residences are complete in Raebareli. In Mangalagiri, our OPD and housing is in advance stage and 38 per cent completion had been done. We have plans to make OPD functional in December this year. We have already started classes in temporary campus in Mangalagiri. For hospital and academic block, also 8 per cent progress is there. The completion time is February, 2020. For Nagpur, the position is exactly similar. The M.B.B.S. classes have already been started in temporary campus. In Kalyani, we could not start the classes because the State Government did not come with their offer of space to start temporary classes. But there again the progress is similar and our completion timeline is April, 2020 and OPD by April next year. In case of Gorakhpur, the construction work has been awarded. There were some initial delays in getting the encumbrance free land from the State. There were about 80 structures which had to be demolished. The State Government had demolished that. The construction had started in June this year. We are at 6 per cent now. The target is again April, 2020. This is being done by L&T. It is being done on EPC mode in which the construction agency takes care of designing as well. AIIMS Bhatinda, similarly, it is in EPC mode. The construction is in progress. Timeline is again April, 2020. In case of AIIMS, Guwahati, the position has already been apprised. AIIMS Bilaspur, the master plan has been finalised. The construction tender has been floated. The work is expected to be awarded sometime in first week of November. AIIMS Tamil Nadu, as of now, we have appointed pre-investment agency."

44. Deficiencies in execution of works Improper estimation of quantities of items Section 2.5 of the CPWD Works Manual states that a technical sanction amounts to a guarantee that the works proposals are technically sound and that the estimates are accurately prepared and are based on adequate data. In the case of three new AIIMS projects (Patna, Rishikesh and Raebareli), it was noted that there were deviations upto 150 times in the original quantities in actual quantities with respect to 127 items of work as compared to quantities given in the Bill of Quantities (BOQ) of the contract. The total

monetary value of these deviations was ₹ 74.84 crore. The extent of variation indicated inadequate technical scrutiny at the time of grant of technical sanctions as the quantities of items of work mentioned in the detailed estimates had not apparently been realistically estimated nor were based on field survey and site conditions. This led to payment of higher market rates to contractors than what was otherwise admissible under the contracts.

45. When the Committee asked to explain as to why there was deviation in actual quantities with respect to 127 items of works as compared to quantities given in the Bill of Quantities (BOQ) of the contract in the AIIMS at Patna, Rishikesh and Raebareli, the Ministry submitted as under:

"The main reasons for deviation are given as under:

(a) Work has been executed at site as per specific requirement of site conditions. While execution of works actual quantities many a times deviates from estimate as it is not possible for estimator to assess all the future circumstances. In fact it is for this very reason conditions of deviations have been provisioned for in the contract document.

(b) During execution of works, some of the requirement of users changed and suitable modification were required to fulfill technical need of Doctors. Accordingly, some variations occurred.

BOQ quantities were earlier decided based on the drawings prepared by the DDPD consultant. Subsequent to this, design and drawings had got altered as per user requirement and the BOQ also got changed. However, the revised BOQ did not necessitate any change in the technical specification already approved. During execution of work such deviations occurred and deviations were approved by Competent Authority as per provisions laid down in Contract Agreement and CPWD Manual. However the observation made by the PAC have been noted for future guidance and attempt is on minimizing cases of deviation by more meticulous planning involving the users from the design stage.

In the specific cases where the BOQs came out to be at variance with the originally estimated quantities. Respective AIIMS have already replied as below:- RISHIKESH: It was pointed out by CAG Audit that Rs. 30.98 crores have been incurred on deviations in construction of AIIMS Rishikesh and financial irregularities existed during execution of Projects which could have been avoided.

Water level below ground in AIIMS campus is varying because of Ganga river barrage located within vicinity of 100 meter and it is difficult to assess true site conditions during estimating which encountered during execution of work. Above reasons contributed to deviation and it is admitted that deviation of Rs. 30.98 crores (AIIMS Rishikesh) occurred against Pkg-I & Pkg-II contract amount of which is Rs. 251.02 crores + 64.80 crores = 315.82 crores. However it may be

seen that overall deviation is within 10% of tendered amount and well within deviation limit of 30%. CPWD Manual 2014, page no.8, para 2.3.5 also has following provisions.

“2.3.5 Excess over administrative approval

Excess up to 10% of the amount of the administrative approval may be authorised by Officers of the CPWD, up to their respective powers of technical sanction. In case it exceeds this limit, a revised administrative approval must be obtained from the authority competent to approve the cost so enhanced.

No revised administrative approval is, however, necessary if the excess is covered by the requisite expenditure sanction.”

PATNA : The GFC drawing was issued after preparation of BOQ & NIT, so there are variation in quantities proposed in BOQ & actual consumption/measurement at site. The payment of TMT bars have been made after detailed measurement carried out during the progress of work based on GFC drawing issued by the competent authority. The consumption of steel per cum is totally based on the structural drawing issued for different buildings and no extra payment has been made. The quantity beyond permissible limit was paid on market rate as per Agreement Clause.

In view of above justifications given by respective AIIMS it is mentioned that any excess up to 10% of the amount of the administrative approval is authorized by Officers of the CPWD, up to their respective powers of technical sanction. In case it exceeds this limit, a revised administrative approval was to be obtained from the authority competent to approve the cost so enhanced. No revised administrative approval is, however, necessary if the excess is covered by the requisite expenditure sanction.

From above it is seen that the work has been executed as per site requirement and payment of deviations has been made as per actual measurement and strictly as per contract provision and CPWD Manual.”

b) Excess payment to contractors

Adoption of higher rates

46. As per Notice Inviting Tender (NIT), bids for construction of Medical College, Hospital Complex and Estate Services (Package I, II and IV) in four new AIIMS (Bhopal, Jodhpur, Patna and Raipur) were invited on percentage basis. The BOQ was prepared on the basis of Delhi Schedule of Rates (DSR) 2007 considering cost index at the rate of 13 per cent over DSR rates. The bids were processed between December 2009 and March 2012. CPWD had reduced the rate of some DSR items by issuing correction slips during the period March 2007 to November 2009. However, the corrected rates of some

of the DSR items were not incorporated while preparing the BOQ resulting in excess payment of ₹ 9.28 crore to the contractors.

47. When the Committee asked as to why the Ministry paid in excess of Rs.19.62 crore to contractors due to adoption of higher rates in Bill of Quantities (BOQ), price escalation in violation of contract and change in mode of contracting in the four new AIIMS at Bhopal, Jodhpur, Patna and Raipur, the Ministry submitted as under:

"Bhopal: The rates adopted in BoQ has been duly annexed by tender percentage and accordingly the lowest bidder was decided. As the bidder has quoted its percentage based on the rates that was taken in BoQ, the incorporation of older rates does not affect the tendered rate. Hence the contention of audit is not agreed that corrected rates would have cost savings in the expenditure. This is even contested that many times tenders are item rate tenders where no BoQ rates were given to agency and agency quotes their own rates. As the quoted BoQ rates are same to all agencies which does not affect the total value of tender. Further, an estimate is only an approximate value and lowest cost derived from an open market competition can only indicate a fair value.

Raipur: As per the contract agreement of the respective packages duly finalized by Ministry as per the rates based on the competitive bidding. As per the record vide Letter No-HLL/PAPMSSY/6AIIMS/2010-11/1972, Dated: 30/06/2017 the last date of receipt of tender has been extended from 30/06/2010 to 15/07/2010 up to 2.00 PM. This fact clarifies the adoption of cost indices of the month of July for calculation of escalation amount.

Jodhpur: Audit has mentioned about non incorporation of correction slips in BOQ prior to receipt of bids. It has already been informed that the DPR, tender document, BOQ etc. were prepared in ministry by DDPR agency & Project Consultant agency hired through HLL.. The contents of S.E., AIIMS, Jodhpur earlier letters dated 25.01.2017, 03.07.2017 and 04.08.2017submitted to the audit be read and treated as part and parcel of the reply to this also. The same is not repeated herein for the sake of brevity.

Patna: The NIT was called on percentage rate system. The rates incorporated in the NIT based on DSR 2007 are merely a broad guide to enable the bidder to quote their rates on the basis of prevailing market. It does not mean that contractors shall be paid on the rate mentioned in the NIT. The bidder analyzes their rates based on prevailing market rate and put the percentage accordingly. It is an open tender system and every bidder is free to quote their percentage and the bidder of lowest amount as a whole is awarded the work. Hence adoption of higher rate of one or two items can not imply that the contractor has been paid excess amount. The bidder quoted the price in terms of percentage increase / decrease and not in terms of absolute amount. Hence it does not carry any meaning to include the correction slip and it is open to all bidders. Therefore there is no question of giving any undue or unlawful advantage to successful bidders.

The Ministry is in agreement with the above contentions of the individual AIIMS. Since the above were competitive bids and the bidders analyze and assess their own rates and costs and put their percentage (higher or lower) accordingly and then the overall lowest bidder is selected, this competitive process ensures that the final rates that come out to be accepted are the most competitive rates, irrespective of even somewhat erroneous estimation in the specific items (As cited in the Audit observations) by the AIIMS in their tenders. Therefore, the argument that adoption of higher rate of some of the items has caused excess payment to the contractor does not hold good. Question of excess payment would have arisen only if the AIIMS had changed their estimated rates after award of work."

48. Against procurement orders for 5,834 items of equipment (March 2017) costing ₹ 791 crore, 4,516 items equipment costing ₹ 337 crore had been received by the Institutions. Thus, 1,318 items of equipment (22.59 per cent) with estimated cost of ₹ 454 crore (57.39 per cent) remained undelivered as on 31 March 2017 for periods upto 25 months from the due date of delivery. It was evident that major items of equipment were yet to be delivered. The main reasons for delays were non-readiness of site, non-acceptance of equipment by the Institutes, reluctance on the part of vendors to make supplies due to delay in issue of delivery receipts/installation certificate for earlier supplies and delays in submission of invoices. Audit observed that such delays could be mitigated by prompt and timely administrative action and effective monitoring.

49. When asked to explain in detail the reasons as to why 1,318 equipment worth Rs.454.00 crore remained undelivered as on 31st March, 2017 for period over two years from the due date of delivery in the six new AIIMS, the Ministry submitted as under:

"The delivery and installation of equipment's are dependent on several factors like site readiness, availability of trained manpower etc. Individual AIIMS due to different status of progress of their civil works and recruitment have different status regarding their site-readiness. However, Ministry and PSA go for collective tendering for all six AIIMS as this has immense economic benefits due to scale. It has also been noticed that pre-mature procurement of equipment only leads to damage of equipment as they remain uninstalled within full or part period of their guarantee period. Hence in some cases, the vendors were requested to deliver the equipment's at later date so as to synchronize with site readiness and manpower availability in the six AIIMS. It may also be brought out here that each tender also has provision of delivery period inbuilt into the tender."

c) Non-installation of equipment

50. A total of 195 equipment such as Heart-Lung machines, digital mammography, cardiac monitors, Bi-Plane DSA, CT 128 Slice etc. costing ₹ 72.04 crore that were

delivered were not installed due to pending civil work, non-availability of site, non-availability of adequate space in the concerned department and non-availability of skilled manpower. These equipment were consequently lying un-installed in the hospitals for periods ranging between three months and four years as on March 2017. Non-installation of equipment had resulted in delays in operationalization of the critical healthcare facilities and deprived patients of diagnostic/therapeutic benefits. Ministry stated (February 2018) that the issues were being sorted out with the suppliers.

51. When the Committee asked as to what steps were taken by Ministry to check delays in the delivery of the equipment which could have been mitigated by prompt and timely administrative action and effective monitoring, the Ministry submitted as under:

"Following steps were taken:- (i) The Procurement Support Agency (PSA) was directed to evaluate site readiness and synchronize placement of order with site readiness. Further following steps have been taken to expedite construction of physical infrastructure:- (ii) Following measures have been taken to ensure timely completion/ progress of civil works so that procurement of equipment can be made as per the orders placed and delays are avoided.

The system of assigning the construction work to executing agencies on turnkey basis with empowerment to handle all contractual matters at their end has been introduced. The executing agencies have been mandated to deploy and use Project Management Software to bring about improved project management at their end. The Ministry has also developed an online dashboard to facilitate a closer and more effective monitoring. The functional AIIMS have been empowered with greater delegation of powers through Empowered Review Committee (ERCs) in construction, procurement and administrative matters. In case of six AIIMS, the PSUs of the Ministry i.e. HITES and HSCC have been engaged as Project Consultant to expedite completion of remaining works. The procedure for procurement of medical equipment has been simplified and made more efficient with greater delegation and empowerment of the Procurement Support Agency (PSA) which is entrusted with the work of procurement of medical equipment."

52. When asked as to whether the Ministry have taken steps to overcome the bottlenecks like pending civil work, non-availability of site, non-availability of skilled manpower etc. for installing the equipment costing Rs.72.04 crore received in the six new AIIMS, the Ministry submitted as under:

"Steps taken to overcome the bottlenecks in civil construction and consequent non-availability of site for installation of equipments, have been detailed in the Ministry's, response to question no 20.

Further, following measures have been taken to address the problem of non-availability of skilled manpower/faculty.

Recruitment of Human Resource in the new AIIMS has been given high priority. To tide over the problem of non-availability of suitable candidates for faculty

positions in various speciality and super-speciality disciplines, suitable provisions have been made to allow for taking retired faculty from Government Medical Colleges/Institutes on contact basis upto the age of 70 years. Provisions have also been made for recruiting faculty from other Government medical colleges/Institutes on deputation basis. Walk in interview have also been held to catch the bright young passing out students from AIIMS, Delhi and other premises of medical institutes of the country. Presently, good progress of construction has been achieved. Also substantial improvement in faculty position has also been brought. Almost all the medical equipments, referred to in the CAG observations, have been installed."

d) Delay in installation of equipment

53. There were delays ranging from three months to over three years in installation of 850 equipment costing ₹ 76.40 crore in four new AIIMS (Bhopal, Bhubaneswar, Patna and Rishikesh). Thus, the Institutes procured equipment without ascertaining the availability of space, manpower and infrastructure required for installation. Due to non-installation/delayed installation of medical equipment, patients were deprived of the benefits from medical equipment procured at a high cost. Further operationalization of key diagnostic and in-patient facilities would also have been adversely affected. Ministry stated (February 2018) that procurement orders have been synchronized with construction and manpower recruitment and orders are now being placed centrally since 2016 to avoid such situations.

54. When asked as to whether the Institutes procured equipment without ascertaining the availability of space, manpower and infrastructure required for such installation and also the action taken by the Ministry for such blatant errors, the Ministry submitted as under:

"Since some equipment have long lead time of supply, Orders need to be placed in advance as the construction was targeted to be completed by 2015. Therefore, for some equipment the orders were placed in advance keeping the construction timeframe in view. However, construction could not progress as planned and could not be completed by 2015. Due to this reason, the equipment which were already ordered, could not be installed for long periods. However, in 2016, the PSA was advised to synchronize placement of order with the progress of construction so that medical equipment do not remain uninstalled."

e) Availability of Human Resources in new AIIMS

Shortage of Manpower

55. The Ministry sanctioned 305 faculty posts and 3,776 non-faculty posts for each of the six AIIMS. The shortage against various faculty and non-faculty posts in different

AIIMS ranged from 55 per cent to 83 per cent and 77 per cent to 97 per cent respectively. The shortages restricted the functioning of several departments and led to reliance on outsourced employees, additional load on doctors during OPD and for carrying out tests and ultimately failure to provide treatment of required quality to patients. The delay in filling up of posts were attributed to delay in finalizing recruitment rules, court cases, non-availability of eligible candidates and lack of synchronization of recruitment with development of infrastructure.

56. When the Committee asked as to how the AIIMS are dealing with the shortages/delay in recruitment of non-faculty posts in several departments leading to failure to provide treatment of required quality to patients and whether the Ministry has taken steps to overcome the bottlenecks in filling up of the faculty and non-faculty posts in the six new AIIMS for proper delivery of tertiary healthcare to the masses, the Ministry submitted as under:

"Non-availability of quality faculty for the new AIIMS has been a major constraint in full operationalisation of the healthcare services. As the new AIIMS have been envisaged to take leadership position in tertiary healthcare, medical education and research in the respective regions where the AIIMS are established, the quality standards in faculty recruitment cannot be diluted. Several rounds of recruitment have been completed wherein the posts have been advertised several times. There has been considerable improvement in the faculty position as brought out below:

However, this issue still remains a key area of concern. With a view to improve the faculty position in the new AIIMS, following measures have been taken: (i) Provision has been made for engaging of retired faculty from premier Institutes such as AIIMS-Delhi, PGI-Chandigarh, JIPMER-Puducherry and other, upto the age of 70 (seventy) years. (ii) Provision has been made for taking working faculty from premier Institutes and GMCs on deputation. (iii) The new AIIMS have been empowered to invite visiting faculty from premier Institutes in India and abroad upto the age of 02(two) years. (iv) System of campus recruitment has been introduced to tap the bright young passing out students from AIIMS-Delhi and other premier Institutes. (v) Approval of M/o Home Affairs has been obtained for allowing PIO card holders to be appointed as regular faculty in new AIIMS. (vi) HR Sub-committees of the Governing Body/ Institute Body have been constituted to cut down on the delays in the process of approval on the recommendations of the Standing selection Committees.

Non-faculty posts:

The Recruitment Rules for the faculty posts for six AIIMS were framed by the Ministry in 2015 and were, thereafter adopted by the respective AIIMS duly approved by their Institute Bodies (IBs). The Institutes have been undertaking

recruitment exercise for filling up non-faculty positions on need basis, keeping in view the facilities/services as became feasible to be operationalized as the construction progressed and more Faculty/Doctors joined the Institutes. In view of this, all the non faculty positions were not advertised in one go. However, presently, as all the AIIMS are in the process of attaining full functionality, with full bed strength of 960 beds, which is expected by this year end, the Institutes have advertised large numbers of the remaining non-faculty vacancies and have been conducting the selection for the same. The position of the advertised vacancies is brought out below:

It is also apprised here that, with a view to streamline the recruitment process and attain speedier and better outcomes, the Ministry is considering common recruitment process for all the AIIMS together by clubbing together vacancies of all the AIIMS. It is envisaged that one AIIMS will hold recruitment of particular categories for all other AIIMS as well. In this way, the various non-faculty categories are proposed to be assigned amongst the different AIIMS, distributing the workload for taking up recruitment exercise. Recently, AIIMS, Delhi carried out the recruitment for nursing cadre in which vacancies of AIIMS, Jodhpur were also clubbed. This approach as a policy matter will be taken up in the next Central Institute Body (CIB) meeting."

57. Supplementing the above, the representative of the Ministry during evidence deposed as under:

"Our main focus in AIIMS is also in the PG seats, as rightly pointed out by you. Because of not having the faculty in speciality and super-speciality discipline, we are not able to run all the PG courses, but we are able to run UG courses."

f) Non-achievement against envisaged deliverables

Shortfall with respect to availability of beds

58. A basic requirement for proper service delivery and quality patient care/treatment was the provision of adequate number of beds for patients. The scheme envisaged that each new AIIMS would have a 960 bedded hospital and the scheduled dates of completion were between August 2011 and July 2013. However, only 152 to 546 beds were available as on March 2017 in these Institutes. Thus, the shortage of beds in the new AIIMS ranged from 43 per cent to 84 per cent. Ministry stated (February 2018) that the shortage of beds was due to the delay in construction of hospital complexes and due to shortage of faculty.

59. When the Committee asked to explain as to why only 152 to 546 beds were available against the requirement of 960 beds in each of the six new AIIMS, the Ministry submitted as under:

"The full bed strength of 960 beds could not be achieved as the hospital building could not be completed as per the original construction plan due to various systemic issues. However, the Ministry has addressed the issues and problems and has achieved substantial progress in construction since then as also brought out in the aforesaid response. With the result, the bed situation has substantially improved. With completion of hospital building in all the AIIMS in Dec 2018, full bed strength of 960 beds will be achieved by Dec 2018."

V. Delays in completion of works of Government Medical Institutions

60. The Committee noted inordinate delays in completion of construction work of GMCIs after award of work in the first three phases of PMSSY. In five GMCIs, Kolkata Medical College, GMC Madurai, GMC Nagpur, GMC Amritsar and PGIMS Rohtak work had not been completed even after delays which ranged from three months to over five years with respect to the scheduled completion dates. Further, none of the six GMCIs of Phase-III which were scheduled to be completed by March 2017 had been completed and the works for these GMCIs had commenced only during the period from May 2016 to December 2016. The delay in completion of works were mainly due to non-availability of encumbrance free land, delays in getting clearances for excavation and tree cutting and other site related conditions, changes made in the scope and quantum of work, post contract changes in drawings and quantities, delays in providing drawings, delay in release of mobilisation advance and payments to contractor and delay in provision of services. The slow progress both at the stage of planning and contracting stage indicates that both planning of works and contract management were inadequate which finally adversely impacted delivery of services

61. When the Committee asked as to what is the present status of the work in the five GMCIs which have not been completed with delays ranging from three months to five years with respect to the scheduled completion dates in Phase I and II of PMSSY, the Ministry submitted as under:

"The status of completion of five GMCs in phase –I and Phase-II is appended below:

SL.	MEDICAL COLLEGE	Executing Agency	Schedule Date of Completion as per CCEA Note	Likely date of Completion	Status/Remarks
1	Kolkata Medical College	HSCC	March, 2013	October 2018	Status of Completion 98 %

2	GMC Madurai	HLL	July 2011	31.10.18	Status of Completion % 98
3	GMC, Nagpur		July 2011	Completed	Completed
4	GMC, Amritsar	HSCC	July 2011	31.12.18	Status of Completion % 93
5	PGIMS, Rohtak	HLL	July 2011	31.12.18	Status of Completion % 93
"					

62. When the Committee asked as to what is the present status of work in the six GMCI's of Phase III which were scheduled to be completed by March 2017, the Ministry submitted as under:

"There have been cases of hindrances due to non-availability of clear sites. All such matters are taken up with the respective States at highest levels as well as in the PMC meeting. Issues have also been taken up in the State level review meetings under Chief Secretary/ Principal Secretary(ME).

Presently, the hindrances have been removed and the construction is progressing in all the projects as brought out below.

Name of the project	Present progress	Expected date of completion
SMC, Muzaffarpur Bihar	Civil Works : 49 %	Jan 2019
GMC, Darbhanga Bihar	Civil Works : 53 %	Jan 2019
GMC, Rajkot Gujarat	Civil Works : 80 %	Dec 2018
PMC, Dhanbad Jharkhand	Civil Works : 75 %	March 2019
GRMC, Gwalior Madhya Pradesh	Civil Works : 75 %	Jan 2019
GMC, Kota Rajasthan	Civil Works : Completed	Completed

63. When the Committee further asked as to whether the Ministry has taken steps to expedite the work in the six GMCI's under PMSSY, Phase III the Ministry submitted as under:

"(i) The Ministry has directed the agencies to expedite completion of remaining works.

(ii) The Ministry has developed an online dashboard to facilitate a closer and more effective monitoring.

(iii) Procurement has been synchronized with site readiness to evade any delay in equipment front.

(iv) The State Governments have been requested to release their part of State share, resolve issue of approach road, Electricity and Water connection, filling up of Post for operationalisation etc.

(v) The Ministry has also taken up the various issues, as arose from time to time, with the State Governments in meetings, through D.O. letters to senior officials and also in the PMC meeting. The issues and hindrances were also flagged in the Ministerial level interactions with the States at the level of Hon'ble Health & Family Welfare Minister and Hon'ble MoS.

At present, all issues pertaining to all the 39 Phase III upgradation projects have been sorted out and the construction is progressing well. The State share is also expected to be received from all the States soon."

64. In ten GMCIs, 408 equipment costing Rs. 71.25 crore were either not installed or installed with delay ranging from three months to over seven years as on 31 March 2017, The reasons for no installation or delayed installation were again improper procurement planning, pending civil and electrical works, non-availability of skilled manpower, etc.

65. When the Committee asked as to whether the Ministry have taken steps to rectify the improper procurement planning and also expedited the pending civil and electrical works and recruitment of skilled manpower for installation of the 408 equipments costing Rs. 71.25 crore in the ten GMCIs, the Ministry submitted as under:

"The procurement process has been simplified with greater emphasis on synchronization, decision making at PSA level and faster delivery of services. Guideline has also been issued to all concerned Executing Agencies, Procurement Support Agencies and State Government to increase mutual cooperation and understanding."

VI. Monitoring

a) State level Project Monitoring Committee of the AIIMS/GMCIs

66. The PMSSY Division of the Ministry of Health and Family Welfare (Ministry) was entrusted with the overall task of implementation and monitoring of PMSSY. Committees at Central, State and Institute levels had also been formed for monitoring the implementation of the scheme.

67. In May 2008, the Committee of Secretaries suggested constitution of State Project Monitoring Committee (State PMC) under the chairmanship of State Chief

Secretary to monitor progress of new AIIMS being established in the State. The Committee was required to meet at least once in a quarter to review progress and communicate its views on issues requiring direct intervention of the Government of India. Each State PMC was therefore required to hold 35 meetings upto March 2017. It was observed in audit that State PMCs were not constituted for the two new AIIMS at Raipur and Rishikesh. For the remaining four new AIIMS, though the State PMCs were constituted, the stipulated number of meetings was not held. It is evident that the mechanism for monitoring at the State level was inadequate. The fact that several of the new AIIMS faced problems with regard to provision of encumbrance free land could have been effectively resolved had this mechanism worked as intended. Ministry stated (February 2018) that it is not possible at this point of time to underline the exact reasons for not constituting State Level Project Monitoring Committee due to non-availability of information.

68. When the Committee asked as to why the States of Chhattisgarh and Uttarakhand have not constituted State Project Monitoring Committees for the two new AIIMS at Raipur and Rishikesh, the Ministry submitted as under:

"These projects were conceived quite a long time back. At this point of time it is not possible to underline the exact reasons for not constituting State Level Project Monitoring Committee under chairmanship of Chief Secretary due to non-availability of information. However, it may be mentioned here that the issues with State Govt. were resolved in various PMC meetings held frequently between 2004 – 2009 in the early stage of the six AIIMS projects and construction of Package I and II were taken up in 2010 in all 6 AIIMS. However, presently with respect to Phase III and later Phases works, meeting under the chairmanship of Chief Secretary of respective State are being held to review progress and resolve local issues."

69. When asked to explain as to why the stipulated number of meeting at least once in a quarter was not held for the four new AIIMS where the State Project Monitoring committees have been constituted, the Ministry submitted as under:

"It is not possible to underline exact reason for which the meetings were not held quarterly. However, it may be mentioned here that the issues with State Govt. were resolved in various PMC meetings held frequently between 2004 – 2009 in the early stage of the six AIIMS projects and construction of Package I and II were taken up in 2010 in all 6 AIIMS."

70. In November 2007, the Ministry asked the State Governments to set up State Project Monitoring Committees (State PMCs) headed by the Principal Secretary (Health)/Medical Education of the respective State Government for monitoring the

upgradation of GMCIs. The Monitoring committee was required to meet at least once in a month to review the progress of work. Audit noted that State PMCs were not constituted in eight GMCIs. Though a State PMC was constituted in BMCRI-Bangalore in March 2008, there were no records of its meetings.

71. When asked to explain as to why the State Project Monitoring Committees for reviewing the progress of up-gradation of GMCIs not constituted in eight GMCIs, the Ministry submitted as under:

"As mentioned above, it is not possible to indicate exact reason for which the State Project Monitoring Committees were not constituted. However, it may be mentioned here that the issues with GMCs/ State Govt. were resolved in various PMC meetings held frequently between 2004 – 2009 in the early stage of these projects. However, presently with respect to Phase III and later Phases works, meetings under the chairmanship of Chief Secretary of respective State are being held to review progress and resolve local issues as an alternative and effective mechanism to resolve the issues."

72. The Committee found that the Ministry could not provide figures of actual expenditure on the scheme stating that amount of funds released are treated as actual expenditure. However, it was noted in audit that unspent funds amounting to ₹ 2,098.22 crore was available with the new AIIMS and the nominated agencies as of March 20172 . The existence of unspent balances indicated that financial progress was being overstated by treating funds released as actual expenditure on the scheme. It was also noted that Ministry was not compiling or monitoring expenditure being incurred by new AIIMS/agencies against releases made by it. Thus, no mechanism was in place for monitoring and tracking actual expenditure leading to accumulation of unspent funds with the new AIIMS and the agencies.

73. When the Committee asked as to why the funds released by MoHFW has been proportionately very less as compared to BE, the Ministry submitted as under:

"The budgetary grant also increased substantially from Rs. 1956 crore in 2014-15 to Rs. 3975 crore in 2018 and expenditure is up, almost 4 times, from Rs 822 crore in 2014-2015 to Rs 3160 crore in 2017-18. The fund utilization percent has considerably and steadily improved from 42.03% in 2014-15 to 79.47 % in 2017-18 in spite of much higher budgetary provisioning. The Key Systemic improvements have already been elaborated in the Part (A) of the replies."

74. When the Committee further asked the reason for Non-providing of Actual Expenditure Figure to CAG for 2016-17, the Ministry submitted as under:

"Figures were made available to the CAG teams for the actual releases by Ministry for all the Years including for the year 2016-17."

b) Non-inclusion of interest clause in the contract agreement

75. The Ministry generally included a provision in the contract with M/S HLL for adding the interest earned on funds received/advances drawn to the balances of deposits/advances for civil work and procurement of equipment for upgradation of GMClS under Phase-I and in the contracts for provision of pre-clinical equipment. However, a clause to this effect was not included by the Ministry in the agreement entered into in August 2013 with the agency for procurement of clinical equipment for the six new AIIMS. As a result, an amount of ₹ 30.45 crore earned as interest as on 31 March 2017 by M/s HLL on amounts advanced to the company for procurement of equipment had not been added to the deposit received/advance drawn by the company.

76. When the Committee asked the reasons for Inadequate provisions in the contract to add Interest in plans of deposits, the Ministry submitted as under:

"Ministry generally includes "Interest clause" in agreements with the PSUs. However, this clause was inadvertently omitted in case of the agreement with HLL for procurement of Medical equipment for the six AIIMS. It was an omission on the part of the Ministry in this particular case. However, HLL has agreed to return the interest amount of Rs. 30.45 crore at the time of finalization of the account. The MoA with HLL is also being modified (Addendum) to add the "Interest clause" to remove the above deficiency in the Agreement."

PART – II

OBSERVATIONS AND RECOMMENDATIONS

1. This Report is based on scrutiny of C&AG's Report No. 10 of 2018 on "Performance Audit of Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)". The Committee note that the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced in August 2003 with the objective of correcting the imbalances in the availability of tertiary healthcare services and improving the quality of medical education in India. The scheme comprised setting up of AIIMS like institutions and upgradation of existing State Government Medical Colleges/Institutions (GMCIs). In its first phase, the scheme envisaged setting up six institutions like the All India Institute of Medical Sciences (AIIMS) and upgradation of 13 existing medical Colleges/Institutions. Over a period of time, the scheme has been expanded to cover 20 new AIIMS and 71 GMCIs in six phases. A total amount of ₹ 14,970.70 crore was allocated for the scheme during 2004-17 of which an amount of ₹ 9,207.18 crore had been released by the Ministry. The performance audit of the implementation of the scheme covering the period from 2003-04 to 2016-17 brought out that inadequacies in planning and financial management coupled with poor contract management and execution of works as well as lack of synchronisation and coordination of activities resulting in undue delays as well as additional costs that frustrated achievement of the intended benefits and full achievement of the objectives of the scheme and the same are discussed in the succeeding paragraphs.
2. The Committee note with concern that the Ministry has not formulated any guidelines for the implementation of the PMSSY scheme and was guided by instructions issued from time to time and decisions taken by the Central Project Monitoring Committee (PMC) on case to case basis. This resulted in various adhoc decisions being taken being taken with respect to fund management, selection of consultants, assignments of project task, award of management of contracts. The Ministry submitted that a two member Committee has been constituted to draw up 'Scheme Guidelines for PMSSY with the experience and learning from prior cases and the same will submit its Report within two months time. The Committee, therefore, recommend the Ministry to expedite the process of formulating the 'Scheme Guidelines' after the submission of the two member

committee report so as to negate the ad-hoc decisions and implement the flagship scheme in the right perspective.

3. The Committee note the approval of six new AIIMS was obtained in March 2006 based on preliminary feasibility study instead of a comprehensive assessment of scope of work. The Committee note that the area required in the initial proposal had been under estimated by approximately 37 percent and the green building norms and requirements in terms of Energy Conservation Building Code had not been catered for. Clarifying the above deficiencies the Ministry submitted that the Expenditure Finance Committee considered the Complete DPRs being prepared with inputs from experts and approved the estimates of the six new AIIMS in September, 2009. Moreover, there was no standardization for AIIMS to compare with at the time of inception of the project. Further, the requirement for equipment had also been under assessed thus cumulatively resulting in delay in final approval of the scheme till March 2010 holding up commencement of work on many packages. The Committee are aghast to note the shortcomings/deficiencies in planning of the scheme and therefore, recommend the Ministry/AIIMS to streamline the bottlenecks in planning and approval for the timely execution of the future Projects under the scheme.

4. The Committee note that in AIIMS at Bhubaneswar, Odisha though there was a requirement of 100 acres or more of land the State Government provided only 92.11 acres. Moreover, for the additional requirement of 50 acres of land for establishment of Cardiac Centre, Mental Health Centre and Neurosciences Centre the State Government could provide only 21 acres (2013). The Ministry in response thereto submitted that in case of AIIMS, Bhubaneswar there was delay in acquiring and handing over of the requisite land as the identified land was categorized as forest land. The Committee are dismayed to note the callous attitude of the Ministry/State Government in selecting identifying a forest land which hampered the early acquisition of the same. The Committee, therefore, desire the Ministry/State Government to expedite the process of acquisition of the said land so as to avoid further delays in the establishment of the these may or tertiary healthcare centre in AIIMS, Bhubaneswar.

5. The Committee note that the Competent Financial Authority had approved setting up of AIIMS Raebareli in February 2009 under Phase II of PMSSY Scheme but the State Government provided land for the Institute only in July, 2013 and as a result work on the Hospital and Medical College is yet to Hospital and Medical College is yet to commence though the project was originally envisaged for completion within 36 months i.e. by the end of 2012. The Ministry submitted that in the instant case land acquisition was delayed on account of some pre-existing structures of sugar Mills at the allocated site. It was also submitted that the Ministry insist on prior transfer of encumbrance free land by the State Government to avoid project delays. Further, for AIIMS, Raiganj the project has been deferred to the IV Phase of the scheme and the location shifted from North Dinajpur to Kalyani in the southern part of West Bengal even though health services were deficient in the northern region of West Bengal as the State Government could not provide the required land. The Committee, therefore, recommend the Ministry to incorporate a clause whereby by encumbrance free requisite land is allocated before approval of the setting up/establishment of new AIIMS. The Committee also desire the same to be incorporated in the guidelines for the implementation of the scheme.

6. The Committee observe that the Ministry has not formulated any criteria or procedure for selection of GMClS for upgradation and have selected them without without obtaining preliminary project report from the State Government and merely on the basis proposals submitted by respective Deans. The Ministry submitted that PMSSY proposes to correct the imbalances in the availability of tertiary healthcare and medical education in different parts of the country and by according higher priority to the States generally considered backward with respect to the broad socio-economic indicators. The Committee opine that in the absence of requisite criteria, the primary objective of PMSSY would not be achieved. The Committee are unhappy to note the avoidable delays in the matter and desire that the criteria for selection of GMCI upgradation may be formulated in a timebound manner and the Committee be apprised thereof.

7. The Committee note that in GMC-Kota an existing parking shed and adjacent medical shops stalled the construction Super speciality Block. In DMCH-Darbhanga, failure to provide and clear site by the State Government and

demolition of existing structures using Ministry funds resulted in the projects being delayed by more than a year. Similarly, in GRMC-Gwalior the upgradation project was delayed by more than a year as the site provided was encroached upon. In PDUMC Rajkot the project was delayed due to change in site, revision in DPR and delay in obtaining permission for dismantling the old wards. Similarly, the PMCH Dhanbad the construction of Super Speciality building was delayed by a year due to encroachment of land. The Ministry submitted that there were challenges on the part of the State Governments on account of acquisition of land, changing of land criteria, encroachments, forestland, pre-existing structures etc. and handover the same for upgradation of the GMCIs. The Committee feel that the Ministry failed to give clear instructions to the State Governments before initiating the upgradation project in the GMCIs. The Committee, therefore, recommend Ministry to approve upgradation of GMCIs only in those States who provide unencumbered land for the same and also make the same a pre-requisite for approval of DPRs. The Committee would also desire to be apprised of the progress made in upgradation of the GMCIs.

8. The Committee were of the view that Government run medical colleges are the only institutions in the country which are able to provide medical education to the aspirants at most reasonable costs and these colleges are being run pretty well by other Ministries also. The Committee find that under Pradhan Mantri Swasthya Suraksha Yojana, Ministry of Health & Family Welfare has been mandated to set up new AIIMS in various parts of the country alongwith upgradation of the existing Government Medical Colleges and accordingly, it is in the process of acquiring land, building new hospitals and upgrading Government medical colleges, all over the country. The Committee note from the replies of the Ministry that the main reason for the delay in the establishment of new AIIMS and upgradation of GMCIs were delay in land acquisition, shortage of infrastructure/medical equipment, shortage of faculty and non-faculty posts etc. The Committee, therefore, recommend Ministry to do a survey of all the existing ESIC medical colleges and hospitals and desire that those having infrastructure of the level of AIIMS may be taken over by the Ministry in consultation with the Ministry of Labour and Employment for upgradation to new AIIMS.

9. The Committee note that out of the total fund of ₹3,285.03 crore made available to the six new AIIMS i.e. Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur and Rishikesh during 2011-17, ₹2017.62 crore was utilized leaving an unspent balance of ₹1,267.41 crore as of March, 2017. The Ministry submitted that the funds were released as per their targeted demands. However, the expenditure fell short of the projection due to the failure on the part of construction agencies to perform at the desired level, non-availability of suitable candidates for filling up the faculty positions, non-implementation of the VII CPC scales in 2016-17. The Committee are perturbed to note that the unutilized balance in the six new AIIMS still stands at ₹ 660 crore till March 2018 even though substantial progress in the above area of functioning were made in the year 2017-18. The Committee, therefore, recommend that the unutilized balance be used in their respective head without further delay so that the tertiary healthcare sector in the country is not compromised due to lack of infrastructure and faculty. The Committee also desire the Ministry to identify the construction agencies and fix responsibility for appropriate action for their failure to perform at the desired/targeted level and apprise them of the status within three months of the presentation of this Report.

10. The Committee note that four GMCIs i.e. BJMC - Ahmedabad, BMCRI-Bangalore, NIMS-Hyderabad and RIMS- Ranchi diverted funds for procurement amounting to ₹ 26.71 crore to meet cost escalation of Civil works, installation of gas manifold system, comprehensive maintenance contract and purchase of consumable items. Moreover, funds for computerization were diverted for centralized air conditioning and minor civil works. The Ministry submitted that it did not have control on the conduct of the Institutes who were spending the state share and permissible diversion will be analysed before closure of the projects and the States will be asked to refund the diverted amount. The Ministry further submitted that all procurements except small value items below ₹30 lakh are made through a Procurement Support Agency PSA appointed by them for better control in their procurement process. The Committee, therefore, recommend the Ministry to take steps to ensure that the allocated funds are utilized as per the General Financial Rules, and analyze periodically the fund diversion in the above mentioned GMCIs and fix responsibility for appropriate action for the lapses.

11. The Committee note that seven GMCIs i.e. JNMC-Aligarh, BMCRI-Bangalore, NIMS - Hyderabad, Pt. BDS PGIMS-Rohtak, GCKMC - Salem, RPGMC - Tanda and IMS- Varanasi failed to furnish utilization certificates amounting to ₹ 234.98 crore. Moreover, in PGIMS, Rohtak an expenditure amounting to the tune of ₹ 21.01 crore was made without submission of utilization certificate. The Ministry submitted that fund disbursement is not processed without obtaining utilization certificate/statement of expenditure. Moreover, utilization certificates in the above cases pertain to funds released by the State Government or other Departments. The Ministry further submitted that the executing agencies and the procurement support agency have been requested to provide utilization certificates to the funds released out of Central Share and State Share. The Committee, therefore, recommend the Ministry to advise the executing agencies both under the Central Share and State share to urgently furnish the Utilisation certificates so as to obviate diversion or parking of funds. The Committee also desire the Ministry to take steps to streamline the guidelines for furnishing the utilization Certificates in coordination with the respective State Governments for early furnishing of the same and apprise them of the status within three months of the presentation of this Report.

12. The Committee note that the approval for establishment of the six new AIIMS at Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur and Rishikesh was granted by the Government in March 2006 for completion by March, 2009. None of the works except those relating to residential complexes had commenced within this period. Moreover, while approving the revised estimates in March, 2010 the scheduled dates of completion of the six new AIIMS were to be between August, 2011 and July, 2013. The Committee are surprised to note that the target dates were not achieved in any of the new AIIMS with delays ranging from four to five years even after the second completion deadlines. The Ministry submitted that the delays were due to systemic issues, not individual failures as the contracts for Medical college and Hospital Complex were awarded in 2010 and also hampering of progress of work due to cite specific issues such as on the part of design consultant, project consultant and the contractors, non-availability of land for the project. Moreover, to overcome the delays the Ministry's PSUs (M/s HSCC and M/s HITES) were appointed as project consultants. Project

Management software have been used to bring about improved project management with an online dashboard to facilitate a closer and more effective monitoring at their level. The Committee, therefore, recommend the Ministry to complete the projects in the six new AIIMs urgently without further delay so that the objective of the scheme of providing tertiary healthcare service in their respective areas is met at the earliest and apprise the status of the projects within six months of the presentation of this Report.

13. The Committee note that 1381 items of equipment (22.59 percent) with estimated cost of ₹454 crore (57.39) out of the total procurement orders for 5834 equipment amounting to ₹ 791 crore remain undelivered as on 31 March, 2017 with delays upto 25 months. The Committee also note that the delays were due to non-readiness of site, non acceptance of equipment by the Institutes, reluctance on the part of vendors to make supplies due to delay in issue of delivery receipts/installation certificate and submission of invoices and individual AIIMS have different status of progress of those civil works and recruitment and the vendors were requested to deliver the equipment at a later date so as to synchronize with site readiness and manpower availability in the six new AIIMS. The Committee are dismayed to note the non-installation of equipment resulted in delays in operationalisation of the critical healthcare facilities and deprived patients of diagnostic/therapeutic benefits. The Committee therefore, desire the Ministry to urgently take steps for prompt and timely administrative action and effective monitoring in the procurement process of the state of the art equipments for early delivery and apprise them of the action initiated in this regard within three months of the presentation of this Report.

14. The Committee note that the Ministry sanctioned 305 faculty and 3776 non-faculty post for each of the six AIIMS. However, the shortage against various faculty and non-faculty post in different AIIMS ranged from 55 percent to 83 percent and 77 percent to 97 percent respectively restricting the functioning of various Departments and ultimately resulting in failure to provide treatment of required quality to the patients. The Ministry in reply thereto submitted that non-availability of quality faculty and need based recruitment of non-faculty posts as the reasons for the figures indicating shortage of faculty and non-faculty posts in the six new AIIMS and measures have been taken to improve the position of the

same by considering streamlining the recruitment process through standard recruitment by clubbing all the AIIMS. The Committee, therefore, recommend the Ministry to steadfastly formulate and implement the common recruitment process urgently for all the AIIMS so that the required quality of treatment is dispensed to the patients.

15. The Committee note that the scheme envisaged a 960 bedded hospital in each of the six new AIIMS scheduled to be completed between August 2011 and July 2013. However, only 152 to 546 beds are available in these Institutes as on March 2017. The Ministry submitted that full bed strength of 960 beds will be achieved with the completion of hospital buildings in all the AIIMS by December, 2018. The Committee are astounded to note that the Ministry failed to provide adequate number of beds for patients which is a basic requirement for proper service delivery and quality patient care/treatment. The Committee, therefore, desire the Ministry to apprise them of the status of completion of the six new AIIMS and provision of number of beds in the six new AIIMS.

16. The Committee note that the upgradation work in six GMCIs under Phase III of PMSSY scheduled for completion in March 2017 had commenced during the period from May 2016 to December 2016 mainly due to non-availability of encumbrance free land, delays in getting clearances for excavation and free cutting, changes made in the scope and quantum of work, delay in providing drawings, delay in release of mobilization advance and payments to contractors etc. The Ministry submitted that Ministry have taken steps to expedite the completion of work in the GMCIs under Phase III such as issuing instructions to the work agencies, synchronization with site readiness, coordination with the State Governments for their share online dashboard for real time monitoring etc. The Committee are aghast to note that the Ministry miserably failed in ensuring completion of the projects within 18 months from the commencement of work. The Committee, therefore, recommend the Ministry to fix responsibility against the erring officials for the delay in completion of the six GMCIs and apprise them of the status of completion of work within three months of the presentation of this Report.

17. The Committee note that the Committee of Secretaries suggested constitution of State Project Monitoring Committee (PMC) under the Chairmanship of State Chief Secretary to monitor the progress of new AIIMS being established in the State and meet atleast once in a quarter to review the progress. The Committee are, however, perturbed to note that State PMC have not been constituted for the two new AIIMS at Raipur and Rishikesh. Moreover, the stipulated meetings were not held in the remaining four new AIIMS. The Ministry failed to explain the reason for not constituting the PMC in the two new AIIMS and also not holding the requisite number of meeting in the remaining four AIIMS. The Committee, therefore, recommend the Ministry to give instruction to the States of Uttarakhand and Chhattisgarh for constitution of PMCs and also the holding of the requisite number of meetings in the remaining States for reviewing the scheme.

NEW DELHI;
20 December, 2018
29 Agrahayana 1940 (Saka)

MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee
