

CHAPTER-I: INTRODUCTION

1.1 Introduction

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 (GMCIs). Upgradation of GMCIs envisaged improvement in health infrastructure through construction of Super Speciality Blocks/Trauma Centres and procurement of medical equipment for selected existing GMCIs. 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 GMCIs to be upgraded in subsequent phases of the scheme. As of March 2017, twenty new AIIMS are to be set up and 71 GMCIs upgraded in six-phases as given in **Table-1.1:**

Table-1.1: Phase wise details of new AIIMS and upgradation of GMCIs

Particulars	Phase						Total
	I	II	III	IV	V	VI	
Setting up of new AIIMS							
Number of new AIIMS	6	1 ¹	Nil	4	7	2	20
Date of approval	March 2006	January 2009	NA	October 2015 and August 2016	Only one approved (July 2016)	Yet to be approved	12
Targeted date of completion	March 2009 ²	January 2012	NA	May 2020 and October 2020	July 2020	NA	NA

¹ Government approved two new AIIMS in Phase-II, however, one AIIMS in West Bengal was deferred to Phase-IV due to land issues.

² For Phase-I date of revised approval was March 2010 with scheduled completion by March 2013.

Particulars	Phase						Total
	I	II	III	IV	V	VI	
Upgradation of GMCIs							
Number of GMCIs	13	6	39	13	Nil	Nil	71
Date of approval	June 2006	February 2009	November 2013	August 2016	Nil	Nil	71
Targeted date of completion	June 2009	February 2012	March 2017	December 2018	NA	NA	NA

The scheme envisaged 100 *per cent* funding by the Centre for setting up of new AIIMS while funding for upgradation of GMCIs 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.

1.2 Organisational structure in the Ministry and States

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.

1.3 Implementation framework of PMSSY

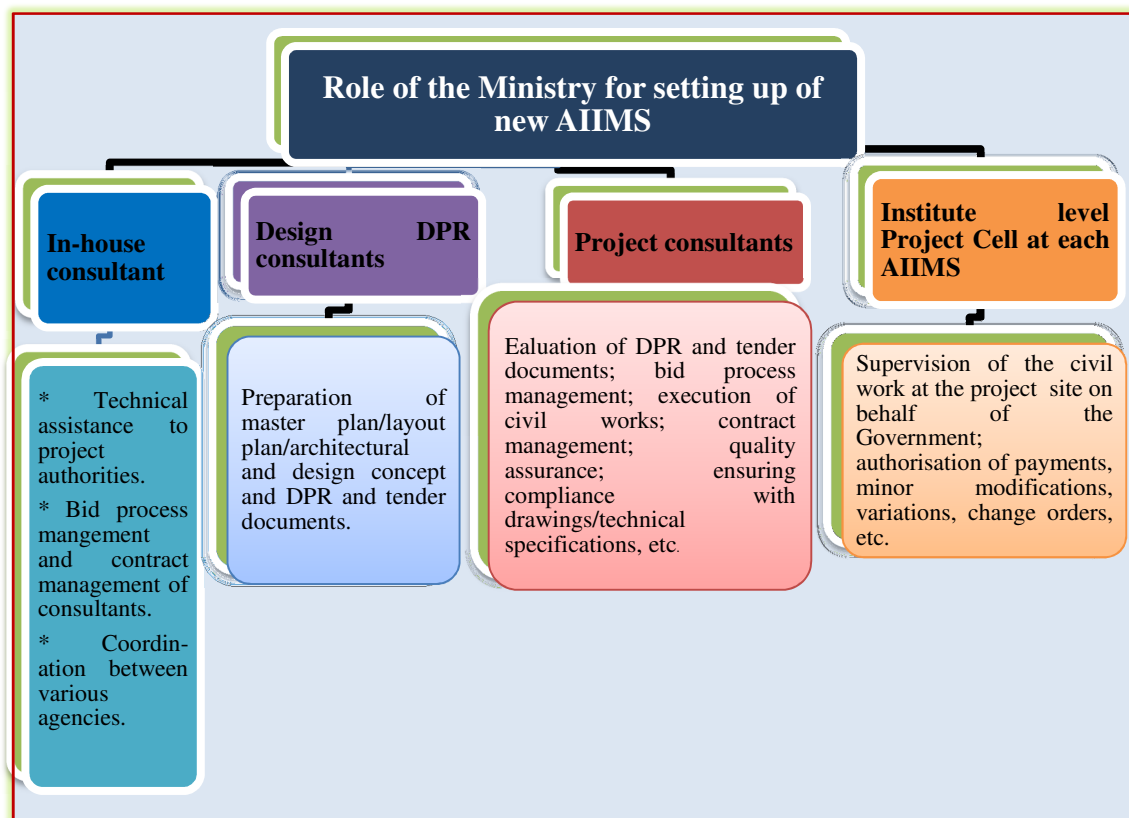
1.3.1 At the Central Government level

In March 2007, the Ministry engaged M/s HLL Life Care Ltd. (M/s HLL) as an in-house consultant for providing technical assistance for the six new AIIMS being set up during Phase-I. At each new AIIMS, a Design and Detailed Project Report Consultant (DDPRC) was engaged for preparation of master/layout plans, architectural and design concepts, Detailed Project Reports (DPR) and tender documents. In addition, a Project Consultant was engaged in each new AIIMS for evaluation of DPR and tender documents, management of bid process, execution of civil works and quality assurance. A Project cell headed by the Director

concerned of the new AIIMS and consisting of seven other members³ was set up for day-to-day supervision at the project level.

A broad framework for execution of the scheme and delegation of duties during the first Phase is as shown in **Chart-1.1**:

Chart-1.1: Role of Ministry and Central agencies for setting up of new AIIMS



In case of upgradation of GMCIs, M/s Hospital Services Consultancy Corporation (M/s HSCC), M/s HLL and CPWD were appointed as Project Consultants/nominated agencies for different GMCIs on nomination basis both for civil works and supply of equipment.

For establishing new AIIMS under Phase-II, the Ministry adopted a different approach and appointed one agency i.e. M/s HSCC in July 2013 for turnkey execution of the work instead of appointing different agencies and consultants for different services.

For procurement of equipment for new AIIMS under Phase-I, Ministry appointed M/s HLL as Procurement Support Agent (PSA) in March 2013. Procurement of

³ Medical Superintendent, Deputy Director (Administration), Financial Advisor, Superintending Engineer, Executive Engineer (Civil), Executive Engineer (Electrical) and Administrative Officer.

equipment for GMCIs was to be made both by the State Government/GMCI and the agency appointed by the Ministry⁴.

1.3.2 Role of the State Governments

The concerned State Government was responsible for providing land and other infrastructural facilities such as water and power for setting up of new AIIMS. For upgradation of GMCIs, the concerned State Government was required to provide State's share of funds, land (if required) and monitor project implementation. They were also to arrange manpower for the new facilities and ensure regular maintenance of the upgraded GMCI.

1.4 Audit Objectives

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.

1.5 Scope of audit

The performance audit covered the implementation of PMSSY during the period 2003-04 to 2016-17 and involved scrutiny of records and other evidence in the Ministry, its implementing agencies⁵ and at the level of implementing agencies in States.

⁴ High end common equipment by Ministry through nominated agency; low end uncommon equipment by State/GMCI.

⁵ Records of implementing agencies were examined in detail only with respect to works relating to residential complexes in two new AIIMS; civil works for three GMCIs and procurement with respect to two new AIIMS and one GMCI.

The performance audit covers seven out of the 20 new AIIMSs being setup and 19 out of the 71 GMCIs being upgraded under the scheme. Thus, a total of 26 projects⁶ were selected for the performance audit. This included all the seven new AIIMS approved in Phase I and II and 19 GMCIs pertaining to Phase-I to Phase-III of the scheme. The 19 GMCIs were selected based on quantum of funds released by the Ministry. Details of new AIIMS and GMCIs selected are given in **Annex-1.1**.

1.6 Audit criteria

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.

1.7 Audit methodology

The performance audit commenced with an entry conference with the Ministry on 13 June 2017 where the audit objectives, scope and methodology were explained. Similar entry conferences were held in each State by the respective Principal Accountants General/Accountants General with the nodal departments involved in the implementation of the scheme. Records relating to the scheme were examined between April 2017 and August 2017. After completion of audit, an exit conference was held with the Ministry on 27 February 2018 to discuss the audit findings. Exit conferences were also held at the State levels where state specific findings were discussed. The Report has taken into account the replies furnished by the Ministry (February 2018) and States in addition to the points discussed in the exit conference.

⁶ 10 projects (100 per cent), where funds released was more than ₹ 100 crore; 8 projects (50 per cent of the total projects), where funds released was between ₹ 50 crore to ₹ 99 crore and 8 projects (20 per cent of the total projects), where funds released was between ₹ two crore to ₹ 50 crore. In respect of later two categories, the selection of projects was made using Simple Random Sampling without Replacement method.

1.8 Previous audit findings

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 as mentioned in Paras 2.5, 3.11, 4.4.2 (b) and 4.4.3 (iii) of this Report.