

CHAPTER-II: PLANNING

2.1 Introduction

Planning is critical for ensuring that available resources are deployed in the most optimal manner leading to achievement of the stated scheme objectives. In the context of PMSSY, the key planning task in the case of new AIIMS was the selection of States, finalising the locations and devising an appropriate framework for implementing and monitoring the setting up of the institutes. In the case of upgradation of GMCIs, planning involved selection of GMCIs for upgradation, identification of gaps in the existing infrastructure facilities and devising a framework for implementing and monitoring the task of upgradation in coordination with state authorities.

2.2 Non-existence of scheme guidelines

Operational Guidelines provide a reference tool for policy makers, stakeholders and implementing agencies to ensure consistent, rule based and time bound implementation and monitoring of schemes. These guidelines also act as an overall framework for scheme implementation as it lays down roles and responsibilities of various stakeholders and agencies and the expected deliverables at different stages of scheme implementation.

Audit observed 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 which have been discussed separately in this Report.

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.

(A) Setting up of new AIIMS

2.3 Shortcomings in planning of six new AIIMS

Planning Commission gave 'in-principle' approval for PMSSY including establishment of six AIIMS in Bihar, Chhattisgarh, Madhya Pradesh, Odisha, Rajasthan and Uttarakhand in December 2003. These States were chosen based on an analysis of social indices and availability of health infrastructure. In January 2004, a Project Management Committee (PMC) was constituted which decided that pending appointment of a Project Consultant, M/s HSCC would function as an in-house consultant for framing requirements for the institutes and floating tenders for appointment of a Project Consultant and an architectural design consultant.

Audit noted that though an Expression of Interest (EoI) was floated in February 2004 for selection of a single project consultant and for an architectural design agency, no further action was taken by the Ministry till approval of the Scheme in March 2006. Instead, the Ministry moved a proposal for setting up of the six new AIIMS in July 2004 based only on a feasibility report prepared by M/s HSCC. The Expenditure Finance Committee cleared this proposal in November 2004 subject to project parameters and scope of activities being firmed up before obtaining approval of the Competent Financial Authority (CFA).

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. After obtaining approval of the CFA, the Ministry resumed the process for selection of a project consultant and a design consultant. It issued Requests for Proposals (RFPs) to firms already shortlisted during its earlier exercise even though more than two years had since elapsed. As a result, the RFPs remained non-responsive even after extension was given for submission. In November 2006, the Ministry changed its approach and instead of appointing a single consultant, it decided to have separate consultancy arrangements for each new AIIMS. It also decided to delink construction of residential complex from the medical college and hospital complex at each new AIIMS. Based on this approach, separate Design and Detailed Project Report (DDPR) Consultants and Project Consultants were appointed in December 2007 and June 2008 respectively and DPRs for these works were finalised in March 2009.

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. Audit noted that 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. Approval of the CFA for the revised cost was subsequently obtained in March 2010 i.e. after four years of the initial approval. 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 rather than on a comprehensive assessment of scope of work, 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.

2.4 Availability of land for setting up new AIIMS

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 as given in **Table-2.1**:

Table-2.1: Availability of land for new AIIMS

Sl. No.	Name of the new AIIMS	Audit observation
1.	Jodhpur (Rajasthan)	Two 132 KV High Tension electrical lines were passing through the land provided for AIIMS. Re-routing/removal of the lines was delayed due to disagreement on granting right of way. As a result, an area of approximately 20,000 sq.m. could not be put to use and planned construction on this land of administrative block and super speciality blocks has remained on hold. Ministry stated (February 2018) that measures were being taken to remove these impediments.

Sl. No.	Name of the new AIIMS	Audit observation
2.	Bhopal (Madhya Pradesh)	The State Government allotted 154 acres for the Institute out of which the Institute could take possession of only 138.42 acres of land as the remaining area was under encroachment.
3.	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.
4.	Raipur (Chhattisgarh)	The Institute did not obtain clear title over the land provided by the State Government for construction of residential complex and some Departments and Centres of the Institute. This left the Institute open to future land disputes and encroachments.
5.	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.
6.	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 4 th 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.

2.5 Consultancy arrangements

Consultancy arrangements are a critical part of the planning process for any project and its component packages. It is therefore essential that arrangements are put in place for proper, professional and stable planning, execution and monitoring of works.

2.5.1 Appointment of Consultants on nomination basis

The GFRs stipulate that procurement of services valued at over ₹ 25 lakhs should generally be through invitation of open bids. However, Rule 176 of

GFRs read with the section 1.5.3 of the “Manual of Policies and Procedures of Employment of Consultants” provides that selection by direct negotiations/nomination is permissible under exceptional circumstances such as (a) for tasks that represent a natural continuation of previous work carried out by the firm (b) in case of emergency situation, situation arising after natural disasters, situations where timely completion of the assignment is of utmost importance (c) situations where the execution of assignment may involve use of proprietary techniques or only one consultant has the required expertise. However, such selection is normally to be restricted to a financial ceiling of ₹ 10 lakh.

Audit observed that the Ministry engaged various Public Sector Undertakings (PSUs) viz. M/s HSCC and M/s HLL as consultants on nomination basis for establishing seven new AIIMS sanctioned in Phase-I and Phase-II of PMSSY having estimated cost of services of more than ₹ 10 lakh in each case as given in **Table-2.2:**

Table-2.2: Selection of PSUs for consultancy services on nomination basis

Name of the PSU	Nature of Consultancy Services	New AIIMS	Date of agreement	Amount of Consultancy (₹ in crore)
M/s HSCC	In-house consultant	Construction works for all six AIIMS of Phase-I (2004-07)	06.01.2004	1.00
	Residential and Hostel,	AIIMS-Bhubaneswar	11.06. 2008	3.50
		AIIMS- Raipur	11.06. 2008	1.50
	Project Management and Supervision Consultant	AIIMS-Raebareli	23.07.2013	14.15
M/s HLL	In-house consultant	Construction works for six AIIMS of Phase-I, (2007-16)	04.08.2008	27.76
	Residential and Hostel,	AIIMS-Rishikesh	16.05.2008	3.50
		AIIMS- Patna	23.05.2008	1.50
	Procurement Support Agent	Equipment for six new AIIMS	28.03.2013	4.00

The award of work on nomination basis was not in conformity with the above-cited provisions of the GFRs as the consultancy fees exceeded the ceiling of ₹ 10 lakh and the cases did not fall under any of the special/exceptional circumstances stipulated in the above provisions. Further, the award of consultancy work to PSUs on nomination basis gave no assurance that the agencies selected as consultants had the required professional and technical credentials for undertaking the task.

Ministry stated (February 2018) that the decisions were taken in terms of GFR 176 which allowed consultancy by nomination under some special circumstances. The reply of the Ministry is not tenable as the works were new works and not “natural continuation of previous work carried on by the same firm” neither did they involve proprietary techniques nor was there any emergency situation in terms of para 1.5.3 of Manual of the Policies and Procedures of Employment of Consultants referred to above.

2.5.2 Award of consultancy at extra cost

In June 2008, Ministry appointed Project Consultants for the Medical College and Hospital complexes at each new AIIMS. The work assigned to the project consultants extended from vetting of DPRs to monitoring of the execution of the contract. However, the project consultants either abandoned the works or did not perform in terms of their contracts and subsequently left the site between December 2013 and July 2015. Thereafter in April 2016, the Ministry made alternate arrangements by appointing M/s HLL and M/s HSCC as project consultants for the remaining civil and electrical works on nomination basis at a consultancy fee of five *per cent* of the value of balance work. Audit noted that the consultancy fee fixed was on the higher side as the effective rate of consultancy fee that was being paid to project consultants initially engaged by the Ministry was in the range of 0.57 *per cent* to 1.26 *per cent* of the total awarded value of works. The financial implication of allowing higher consultancy fees works out to ₹ 24.75 crore. Further, no formal agreement was signed with the nominated PSUs and hence there was no legal framework for exercising control and monitoring of the work of these PSUs.

Ministry stated (February 2018), that PSUs were given this work as it was felt that no other agency would be willing to undertake the works which were nearing completion and that the fee at the rate of five *per cent* was based on the prevalent norms followed by the Ministry.

Audit observed that no action in accordance with the contractual terms had been finalised against the defaulting project consultants for abandoning the contracts or for not adhering to its terms. This in itself reflects poorly on the selection process of the project consultants. Further, the norms for consultancy fees cited by the Ministry states that consultancy for civil construction may be restricted to five *per cent*. It does not automatically imply that this maximum of five *per cent* has to be allowed in every case. It was thus incumbent upon the Ministry to take into account the fees being paid previously and the nature

and quantum of the left over work while deciding the quantum of consultancy fees to be allowed to the PSUs.

(B) Upgradation of GMCIs

2.6 Arbitrary selection of GMCIs

Audit observed that the Ministry had not formulated any criteria or procedure for selection of GMCIs for upgradation as brought out below:

- (i) In **Bihar**, two GMCIs¹ were selected for upgradation under PMSSY Phase-III by the Ministry without consulting the Government of Bihar;
- (ii) Three GMCIs² 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 six³ 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.

2.7 Gap Analysis for upgradation of GMCIs

According to guidelines for gap analysis issued by the Ministry in September 2014 in respect of Phase-III, gaps in services in medical departments, human resources, equipment and services were to be analysed by the respective State Governments and a gap analysis report was to be submitted to the Ministry. Audit noted the following shortcomings in the gap analysis report of two GMCIs as below:

¹ SKMC-Muzaffarpur and DMCH-Darbhanga.

² SSMC, Rewa; NSCBMC, Jabalpur and GRMC, Gwalior.

³ Akola; Aurangabad; Latur, Mumbai, Nagpur and Yavatmal.

2.7.1 GMC Kota

2.7.1.1 Inclusion of Neurology Department in new Super Speciality Block

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.

2.7.1.2 Improper gap analysis for equipment

Audit also noted that 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.

2.7.2 BJMC-Ahmedabad

The Ministry 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

⁴ Establishment of Cath lab (₹ 8.30 crore) and eight equipment for Neurology, Neurosurgery, Cardiology and Urology Departments (₹ 4.56 crore).

in the gap analysis. Thus, the Institute could not obtain funds for equipment required by it due to improper gap analysis.

2.8 Non-handing over of clear site for civil construction

As per MoU between State Governments and the Ministry for upgradation of GMCIs during Phase-III of the scheme, the State Governments had to ensure availability of encumbrance free land for construction of the Super Speciality Blocks (SSB) of the GMCI within 30 days of approval of the DPR. However, in five instances detailed in **Table-2.3**, the concerned State Governments failed to provide a clear site in time leading to delay in the upgradation of these GMCIs.

Table-2.3: Cases of delayed handing over of clear site

Sl. No.	Name of the GMCI	Remarks
1.	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).
2.	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.
3.	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.
4.	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.
5.	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 speciality building could be started only from November 2016 due to encroachment of land. Therefore, the construction work was delayed more than 10 months.

2.9 Arbitrary selection and distribution of work amongst Consultancy Agencies

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. as detailed in **Table-2.4**:

Table-2.4: Distribution of work among the nominated agencies

Sl. No.	Phase of the PMSSY	Number of GMCIs approved	Number of GMCIs allotted		
			M/s HSCC	M/s HLL/HITES	CPWD
1.	Phase-I	13	6	3	4
2.	Phase-II	6	2	4	Nil
3.	Phase-III	39	19	12	8

Audit observed that the distribution of GMCIs among the three identified agencies was done on nomination basis without any identifiable criteria for allocation of work. While Phase-I projects where civil work was predominant were allotted to CPWD, all GMCIs in the Southern region were allotted to M/s HLL without any detailed assessment of their capacities for undertaking works assigned to them. Likewise in Phase-II, four⁵ out of six GMCIs were allotted to M/s HLL only on the basis of direction of the Minister in Charge. The remaining two⁶ GMCIs were allotted to M/s HSCC with allotment of GMC-Amritsar being justified on the grounds that M/s HSCC was already assisting Government of Punjab in preparation of the project report whereas no reasons were available on record for allotting the work of Dr. RPGMC-Tanda to the company. In the case of Phase-III projects, allocations were made on the recommendations of a Technical Committee which met and made recommendations for allocation on the basis of past performance on the same day that it was formed i.e. on 14 February 2014. However, the assessment of the past performance of the three agencies was not on record. Audit noted that while works entrusted to these agencies in Phase-I and II suffered delays ranging from three months to seven years, none of the works of Phase-III had been completed. Further, as there was no competitive bidding, the basis on which consultancy fees⁷ was fixed was not on record.

Ministry stated (February 2018) that there were no delays in works executed through M/s HSCC and M/s HLL and their capability, reach and willingness had been considered. It added that there was no need to evaluate performances for each phase as the PSUs were always under the scrutiny in the Ministry.

⁵ GMC-Madurai, GMC-Nagpur, Pt. BDS, PGIMS-Rohtak and JNMC-Aligarh.

⁶ GMC-Amritsar and RPGMC-Tanda.

⁷ For civil works: seven *per cent* in Phase-I and II and five *per cent* in phase-III.

The reply of the Ministry is not acceptable as there is no record of any assessment of the capabilities of the agencies before allocation of the work. Further, the fact that all the GMCIs entrusted to these agencies had faced significant delays in implementation undermines Ministry's claim of proper assessment of the capabilities of the agencies while allocating the work.

2.10 Lack of MoUs with the State Governments

The Ministry had given an undertaking to the Planning Commission at the scheme appraisal stage that it would sign a MoU with State Governments for the running of the upgraded GMCIs and for ensuring that funds were being utilised. A commitment was to be obtained from the State Governments for providing staff as per Medical Council of India requirements and for taking up regular maintenance of the upgraded facilities. However, the Ministry did not enter into any MoU with the concerned State Governments in respect of the GMCIs upgraded during Phase-I and Phase-II. In the absence of such a MoU, in several cases, State Governments did not provide required manpower for operation and maintenance of the upgraded facilities which have been reported in detail in Para 5.9, 5.10 and Para 5.12.1 of the Report. Further, several cases of diversion of funds came to light during the audit of upgraded GMCIs which have been reported in Para 3.8 of this Report.

Audit Summation

The Ministry had not formulated any operational guidelines for PMSSY which resulted in several *ad hoc* decisions being taken with respect to several key aspects of the scheme. In the case of new AIIMS, initial approval in Phase-I was not based on a comprehensive assessment of scope of work which led to subsequent delays and increase in costs. At several locations State Governments were not able to provide developed land resulting in delay in commencement of works. Engaging of Public Sector Undertakings as consultants on nomination basis and allocation of work for upgradation of GMCIs was not in conformity with the GFRs and extant rules and provided no assurance that the agencies selected had the required professional and technical credentials. In the case of GMCIs, criteria for selection were not formulated resulting in arbitrary selection. Deficiencies were also noticed in the gap analysis done in case of two of the GMCIs resulting in duplication of facilities to be upgraded and procurement of equipment. Poor planning and coordination contributed to delays in setting up of new AIIMS and upgradation of GMCIs.