

# TS Govt Should Avail Central, State Funds to Set Up Medical Colleges

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Recently, Deputy Chief Minister T Rajaiah informed the Legislative Council that in the next five years, Telangana government proposes to establish one medical college each in districts where there are no medical colleges. **The medical colleges will come up in Nalgonda, Medak, Karimnagar, Mahbubnagar and Khammam districts.** The question is how are these to be set up? There are already 20 medical colleges in Telangana State five government colleges, three minority institutions and 12 non-minority colleges with a total of 2,950 MBBS seats. (India currently has 381 medical colleges with 49,918 MBBS seats).

How much does it cost to set up a medical college?

To set up a medical college from scratch needs around Rs 150~200 crore investment. As per the MCI guidelines, this includes land (in a Metro, five acres, and 25 acres in rural areas), buildings and laboratories, infrastructure etc of the college itself and also the associated full-fledged 300-bed hospital. The college, at the time of application, should also have the teaching departments of Anatomy, Physiology, Bio-Chemistry and Community Medicine. The staff strength for each department, at the time of inspection, is a full-time Head of Department and lecturers the whole staff strength must be in place by the time recognition is granted.

This does not include current costs of establishing the hospital with five functional departments: medicine, surgery, orthopedics, obstetrics and gynaecology and pediatrics. The hospital should also be up and running before the college is given permission to start work.

How are these medical colleges-hospitals to be financed? It depends!

If the Telangana government sets up the colleges, it has the advantage of using the existing Nalgonda, Medak, Karimnagar, Mahbubnagar and Khammam district hospitals to bolster the proposed colleges. Land expenses come at near-zero cost. Moreover, recently Government of India has proposed to fund 58 new government medical colleges with 100 seats each a total of Rs 8,457 crore but the State/Union Territories share will be Rs 2,513 crore (total capital cost per hospital estimated at Rs 190 crores). Will the Telangana government apply for the five proposed colleges and pay only 25% of its share? Or will it resort to the private and more lucrative sector?

If it is a private college, the problem emerges due to the admission policy of the government. Currently, there are three categories of seats in private medical colleges: 50 per cent of seats (Category-A) and 10 per cent of seats (Category-B) are filled on the basis of results of the state-run EAMCET, for a fee of Rs 60,000 and Rs 2,40,000 per annum respectively.

The remaining 40 per cent of the seats under Category~C are under the management quota and at the sole discretion of the college managements, though they are supposed to follow merit based on the marks secured by the students in their Intermediate exams. As per the old GO No. 136, the managements can only collect a fee of Rs 5.5 lakh per annum under this Category~C in four installments. And no upfront “donation”.

This means that for 100 students, the private college will collect Rs 2.74 crore every year and once it reaches the full occupancy after the five years, it will generate recurring revenues of Rs 13.70 crore. This is equivalent to 1.37% return on Rs 200 crore investment! That too before costs of running the college. It also assumes that the attached hospital will pay for itself which it may not if it is in the districts. So the private promoter is better off putting his money if it is tax-paid -in post-office deposits.

So why do private parties lobby Ministers for a medical college like the old feudal elite lobbied for jagirs? Well, reports indicate that private colleges charge up to Rs 50 lakh to Rs 70 lakh per student in the name of “donation” at the outset itself and in some cases, this can go up to Rs 1 crore in the name of NRI quota. And mind you, this is all in black money. More attention to this sector is needed than to Swiss Bank accounts! This makes private medical colleges a gold mine, even if they charge Rs 50 lakh flat for 40% management quota, they will rake in every year Rs 100 crore outright, that is almost 50% annual return!! This is apart from the Rs 13.70 crore annual fees. These are the new jagirs! Now we see why officials of the Medical Education department, MCI and Health University, everywhere in India, so keen on private medical colleges - as keen as the promoters, many of them politicians themselves.

The Telangana government should avail Central funds as well as its own budget to establish medical colleges. If necessary, it could even charge a fee of Rs 15 lakh a year for each student. This would ensure an upfront revenue of Rs 75 crore a year a return of 38% before expenses per college. For poor students, a loan may be provided to be paid off over 10 years of service in the Telangana Government. This can also be a cost~effective way of cross~subsidising the new and free government hospitals. Telangana needs to think out~of~box and the only person to do so is the Chief Minister, who should take the Medical Education portfolio into his hands. Will he?

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