

SUPREME COURT OF INDIA

Krishna Mohan Medical College and Hospital

Vs.

Union of India

WP(Civil)No.448 of 2017

(Dipak Misra and Amitava Roy and A.M.Khanwilkar,JJ.,)

01.09.2017

JUDGMENT

Amitava Roy,J.,

1. The challenge laid in this petition under Article 32 of the Constitution of India at its institution was mounted on the order dated 31.05.2017, whereby the respondent - Union of India had directed debarment of the petitioner college i.e. Krishna Mohan Medical College, Mathura from admitting students in the MBBS course for the academic years 2017-18 and 2018-19 and at the same time authorized the Medical Council of India (for short, hereinafter to be referred to as “MCI”) to encash the bank guarantee of Rs. 2 crores submitted by the petitioners. This Court, after hearing the parties, by order dated 01.08.2017 rendered in a batch of writ petitions including the one in hand, the lead petition being (*Glocal Medical College and Super Specialty Hospital and Research Centre vs. Union of India and Another¹*), while annulling the above order, remitted the matter to the Central Government with the direction to extend fresh consideration of the materials on record and after affording an opportunity of hearing to the petitioners' Colleges/Institutions to the extent necessary, deliver a reasoned decision on the issue of confirmation or otherwise of the conditional letter of permission (for short “LOP”) granted to them. The second round of contest witnessed by the instant interim application under consideration, has been precipitated by the order dated 10.08.2017 passed by the Central Government in purported compliance of the directions contained in this Court's order dated 01.08.2017 referred to hereinabove.

2. We have heard Mr. P.S. Patwalia, learned senior counsel for the petitioners, Mr. Maninder Singh, learned Additional Solicitor General for the Union of India and Mr. Vikas Singh, learned senior counsel for the Medical Council of India.

3. A brief preface of the factual backdrop has to be outlined being indispensable. The petitioners, as required under the Indian Medical Council Act, 1956, (for short, hereafter to be referred to as “The Act”) and the Establishment of Medical College Regulations, 1999 (abbreviated hereinafter as the “Regulations”) framed thereunder did submit a scheme/application for establishment of a new medical college at Mathura, Uttar Pradesh in

the name and style of Krishna Mohan Medical College & Hospital, Mathura (hereinafter referred to as “College” as well) for the academic year 2016-17 before the Ministry of Health and Family Welfare (Department of Health and Family Welfare) Government of India. The Ministry forwarded the application to the MCI for evaluation and recommendations as per the Act, where after the latter caused an inspection to be made of the college on 18th & 19th December, 2015. According to the MCI, several deficiencies having been detected, it recommended to the Central Government not to issue LOP for establishment of a new college for the academic year 2016-17.

4. According to the respondents, the Central Government through its Hearing Committee, afforded an opportunity of hearing to the petitioners thereafter and on an examination amongst others, of the compliance verification and assessment carried out thereafter, found several persisting deficiencies.

5. Skipping over the inessential intermediate stages, suffice it would be to state that though in view of the above exercise undertaken, the Central Government disapproved the application of the petitioners for establishment of the new college for the academic year 2016-17 and accepted the recommendations of the MCI, on the intervention of the Oversight Committee, constituted by this Court, by its order dated 02.05.2016 rendered in *Modern Dental College and Research Centre and others vs. State of Madhya Pradesh and others*², principally to oversee all statutory functions under the Act and to issue appropriate remedial directions, the Central Government, in terms of the recommendations of the Oversight Committee dated 29.08.2016, issued a LOP for establishment of the petitioner college with an annual intake of 150 MBBS seats for the academic year 2016-17 subject to the following conditions:

“(i) An affidavit from the Dean/Principal and Chairman of the Trust/Society/University/Company etc. concerned, affirming fulfillment of all deficiencies and statements made in the respective compliance report submitted to MHFW by 22 June 2016.

(ii) A bank guarantee in the amount of Rs. 2 crore in favour of MCI, which will be valid for 1 year or until the first renewal assessment, whichever is later. Such bank guarantee will be in addition to the prescribed fee submitted along with the application.

2. The OC has also stipulated as follows:

(a)OC may direct inspection to verify the compliance submitted by the college and considered by OC, anytime after 30 September, 2016.

(b)In default of the conditions (I) and (ii) in para 1 above and if the compliances are found incomplete in the inspection to be conducted after 30 September, 2016, such college will be debarred from fresh intake of students for 2 years commencing 2017-18.”

6. The letter, amongst others mentioned as well that the next batch of students in the MBBS Course for the academic year 2017-18 would be admitted in the College only after obtaining permission of the Central Government and fulfilling the conditions as above, as stipulated by the Oversight Committee.

7. While pursuant to the above letter of permission, the petitioners admitted students for the academic year 2016-17 and furnished the bank guarantee of Rs. 2 crores as required and as claimed by them also did submit the affidavit affirming fulfillment of all deficiencies and statements made in the relevant compliance report, the MCI caused another inspection of the college to be made on 18th and 19th November, 2016, in course whereof, according to it, several deficiencies were noticed, amongst others in the faculty at 32.31% and in residents at 34.78%, which however at the spot itself, were disputed/denied by the authorized representatives of the petitioners. This, to be precise, would be evident on the face of the inspection report annexed to the interim application No. 73716 of 2017, the authenticity whereof has not been questioned by the respondents. The petitioners, on the very same date i.e. 19.11.2016, did also submit a representation before the MCI providing the detailed information supported by contemporaneous facts and records contradicting the findings of deficiencies, as recorded by the assessors, detailed by the MCI. To be specific, the representation contained exhaustive materials pertaining to the alleged deficiencies in faculty and residents, as recorded during the inspection conducted on 19.11.2016.

8. While the matter rested at that and the representation was pending before the MCI, it deputed a team of assessors for carrying out surprise assessment of the college on 09.12.2016. The petitioners have pleaded that as this inspection was close on the heels of the one, conducted on 19.11.2016 and their representation vis-a-vis the deficiencies pointed out therein was pending consideration, they intimated the MCI of their inability to partake in the exercise, as proposed. The Executive Committee of the MCI subsequent thereto in its meeting on 22.12.2016 though noted the representation dated 19.11.2016, did not deal with the explanation offered by the petitioners on merits and instead took note of their purported non-cooperation in the proposed inspection of the college on 09.12.2016 and recommended to the Central Government that the petitioners college be debarred from admitting students in the MBBS Course for the two academic years 2017-18 and 2018-19 for having failed to fulfill their undertaking of removing the deficiencies and providing the infrastructure, as required under the Regulations.

9. The Central Government, thereafter afforded an opportunity of hearing to the petitioners on 17.01.2017 through a Hearing Committee, in which the Director General of Health Services (for short, hereafter to be referred to as "DGHS") did participate and finally the proceedings thereof were forwarded to the Central Government and the Oversight Committee for the necessary decision. As had been noted inter alia in the order dated 01.08.2017 alluded to hereinabove, whereby the issue of confirmation or otherwise of the LOP of the petitioner college/institution was remitted to the Central Government for a fresh consideration, only a truncated version of the said proceedings were forwarded to the Oversight Committee sans the observations of the DGHS on the various aspects pertaining to the issue involved. Be that as it may, as the records testify, the Oversight Committee on an

independent consideration of the materials on record laid before it by the Central Government, though belatedly, offered its observations on the various deficiencies pointed out in the inspection held on 18th and 19th November, 2016 and recommended confirmation of the conditional LOP granted on 12.09.2016. The order dated 31.05.2017 of the Central Government followed debarring the petitioners college from admitting students for two academic years 2017-18 and 2018-19 and authorizing the MCI to encash the bank guarantee of Rs. 2 crores. To reiterate, this order was challenged in the writ petition in hand, wherein the following reliefs have been prayed for:

“(a) Issue a Writ Order or direction quashing the order of Respondent No.1-Union of India contained in letter No. U-12012/127/2016-ME-I [3084749] dated 31.05.2017 debarring the Petitioners from taking admission in MBBS Course for academic sessions 2017-2018 and 2018-20189 and authorizing Respondent No.2-MCI to encash the bank guarantee of Rs.2 Cr. furnished by the Petitioners to MCI; and

(b) Issue a Writ of Mandamus or any Writ, Order or direction in the nature of Mandamus directing the Respondents to grant renewal of permission for academic year 2017-18 and also permit the petitioner to admit the students for academic year 2017-2018; and/or

(c) Issue or pass any writ, direction or order, which this Hon'ble Court may deem fit and proper under the facts and circumstances of the case.”

10. After hearing the parties and on a prima facie consideration of the materials available including the documents furnished by the parties, this Court interfered with the order dated 31.05.2017 and directed the Central Government to consider afresh the same by reevaluating the recommendations/views of MCI, Hearing Committee, DGHS and the Oversight Committee, as available and also after affording an opportunity of hearing to the petitioners college/institution to the extent necessary and thereafter pass a reasoned order. A time frame of 10 days was also fixed for the purpose.

11. The overwhelming premise in which the above direction was issued can be culled out from the following excerpts of the aforementioned order dated 01.08.2017. importance in view of the unequivocal mandate contained in the proviso to Section 10A(4) of the Act, dealing with the issue, amongst others of establishment of a medical college. The relevant excerpt of sub-section 4 of Section 10A of the Act for ready reference is set out herein below:

"(4) The Central Government may, after considering the scheme and the recommendations of the Council under sub-section (3) and after obtaining, where necessary, such other particulars as may be considered necessary by it from the person or college concerned, and having regard to the factors referred to in sub-section (7), either approve (with such conditions, if any, as it may consider necessary) or disapprove the scheme and any such approval shall be a permission under sub-section (1);

Provided that no scheme shall be disapproved by the Central Government except after giving the person or college concerned a reasonable opportunity of being heard.”

22. Though as the records testify, a hearing was provided to the petitioner colleges/institutions through the Hearing Committee constituted by the DGHS (as mentioned in the proceedings dated 23.3.2017) qua the recommendations of the MCI contained in its letter dated 15.01.2017, as noted hereinabove, the proceedings of the Hearing Committee do reflect varying views of the Hearing Committee and the DGHS, the latter recommending various aspects bearing on deficiency to be laid before the OC for an appropriate decision. The Central Government did forward, albeit a pruned version of the proceedings of the Hearing Committee to the Oversight Committee after a time lag of almost six weeks. The reason therefor is however not forthcoming. The Oversight Committee, to reiterate, though on a consideration of all the relevant facts as well as the views of the MCI and the proceedings of the Hearing Committee as laid before it, did cast aside the deficiencies minuted by the MCI and recommended confirmation of the letters of permission of the petitioner colleges/institutions, the impugned decision has been taken by the Central Government which on the face of it does not contain any reference whatsoever of all these developments.

23. As a reasonable opportunity of hearing contained in the proviso to Section 10A(4) is an indispensable pre-condition for disapproval by the Central Government of any scheme for establishment of a medical college, we are of the convinced opinion that having regard to the progression of events and the divergent/irreconcilable views/recommendations of the MCI, the Hearing Committee, the DGHS and the Oversight Committee, the impugned order, if sustained in the singular facts and circumstances, would be in disaccord with the letter and spirit of the prescription of reasonable opportunity of hearing to the petitioner institutions/colleges, as enjoined under Section 10A(4) of the Act. This is more so in the face of the detrimental consequences with which they would be visited. It cannot be gainsaid that the reasonable opportunity of hearing, as obligated by Section 10A(4) inheres fairness in action to meet the legislative edict. With the existing arrangement in place, the MCI, the Central Government and for that matter, the Hearing Committee, DGHS, as in the present case, the Oversight Committee and the concerned colleges/institutions are integral constituents of the hearing mechanism so much so that severance of any one or more of these, by any measure, would render the process undertaken to be mutilative of the letter and spirit of the mandate of Section 10A(4).

24. Having regard to the fact that the Oversight Committee has been constituted by this Court and is also empowered to oversee all statutory functions under the Act, and further all policy decisions of the MCI would require its approval, its recommendations, to state the least, on the issue of establishment of a medical college, as in this case, can by no means be disregarded or left out of consideration. Noticeably, this Court did also empower the Oversight Committee to issue appropriate remedial directions. In our view, in the overall perspective, the materials

on record bearing on the claim of the petitioner institutions/colleges for confirmation of the conditional letters of permission granted to them require a fresh consideration to obviate the possibility of any injustice in the process.

25. In the above persuasive premise, the Central Government is hereby ordered to consider afresh the materials on record pertaining to the issue of confirmation or otherwise of the letter of permission Granted to the petitioner colleges/institutions. We make it clear that in undertaking this exercise, the Central Government would re-evaluate the recommendations/views of the MCI, Hearing Committee, DGHS and the Oversight Committee, as available on records. It would also afford an opportunity of hearing to the petitioner colleges/institutions to the extent necessary. The process of hearing and final reasoned decision thereon, as ordered, would be completed peremptorily within a period of 10 days from today. The parties would unflinchingly cooperate in compliance of this direction to meet the time frame fixed.”

12. It would thus be patently evident from the above operative directions, that the Central Government in accordance therewith was required to consider afresh the materials on record pertaining to the issue of confirmation or otherwise of the letter of permission granted to the petitioner college and in undertaking the said exercise, it was imperative for it to reevaluate the recommendations/views of the MCI, Hearing Committee, DGHS and the Oversight Committee, as available and also to afford an opportunity of hearing to the petitioner college/institution to the extent necessary. It is in this background that the order dated 10.08.2017 rendered thereafter and oppugned in the interim application impelling the instant adjudicative pursuit, needs to be analyzed.

13. Paragraph 17 of the order dated 10.08.2017 recites the following in endorsement of the reiteration, by the Central Government of its decision dated 31.05.2017 to debar the petitioner college/institution from admitting students for a period of two academic years i.e. 2017-18 and 2018-19 and to authorize the MCI to encash bank guarantee of Rs.2 crores.

"17. Now, in compliance with the above direction of Hon'ble Supreme Court dated 1.8.2017, the Ministry granted hearing to the college on 3.8.2017, The Hearing Committee after considering the records an oral & written submission of the college submitted its report to the Ministry. The findings of the Hearing Committee are as under:

“The college did not allow inspection on 09.12.2016 on the ground that compliance inspection was already carried out on 18-19 November, 2016. The letter dated 09.12.2016 from the Principal clearly mentions that the college is not ready for inspection. The assessors have noted that the college appeared closed on 09.12.2016. In the SAF form for November inspection, the deficiency relating to faculty and residents each is in excess of 30%. In the opinion of the Committee, MCI was not precluded from conducting Inspection subject to sufficient reason and justification. The Committee agrees with the decision of the Ministry conveyed by letter dated 31.05.2017 to debar the college for 2 years and also permit MCI to encash bank guarantee.

18. Accepting the recommendations of the Hearing Committee, the Ministry reiterates its earlier decision dated 31.05.2017 to debar the college for 2 years and also permit MCI to encash bank guarantee.”

14. A plain reading of the above quoted text would yield the following reasons, as recorded by the Central Government, to justify the impugned decision:

“(a) The college did not allow inspection on 09.12.2016 on the ground that compliance inspection had already been carried out on 18th/19th November, 2016.

(b) The letter dated 09.12.2016 of the Principal of the college/institution clearly mentions that the college was not ready for inspection.

(c) The Assessors have noted that the college appeared to be closed on 09.12.2016.

(d) In the SAF Form for November inspection, the deficiency relating to faculty and residents each is in excess of 30%.

(e) In the opinion of the Hearing Committee, MCI was not precluded from conducting successive inspections subject to sufficient reason and justification.

(f) The Hearing Committee agrees with the decision of the Ministry conveyed by the letter dated 31.05.2017 to debar the college for two academic years and to permit MCI to encash the bank guarantee. “

15. Broadly therefore, two reasons have weighed with the Hearing Committee to reiterate the earlier decision of the Central Government for debarring the petitioner college/institution from admitting students for the academic years 2017-18 and 2018-19 and for authorizing the MCI to encash the bank guarantee of Rs. two crores. Firstly, the petitioner college/institution did not allow inspection on 09.12.2016 and secondly, in the inspection conducted on 18-19.11.2016, deficiencies relating to Faculty and Resident Doctors was found each to be in excess of 30%.

16. Mr. Patwalia, learned senior counsel for the petitioners has insistently argued that the endeavour to conduct a second inspection merely within three weeks of the earlier exercise conducted on 18-19.11.2016 was impermissible and further in the facts of the case lacks bona fide more particularly, when the alleged deficiencies noticed in the earlier inspection had been controverted by the petitioner college/institution in its detailed representation, consideration whereof was pending. Further the Hearing Committee did not make any attempt whatsoever to independently re-examine/re-evaluate the materials on record, as directed by this Court by its order dated 01.08.2017, thus rendering the impugned order dated 10.08.2017 ex facie illegal and non est in law. According to the learned senior counsel, the so-called deficiencies referred to in the order dated 10.08.2017 do not exist so as to disqualify the petitioner college/institution, a fact recorded, amongst others by the Oversight Committee in its communication dated 14.05.2017 as well as by the DGHS as minuted in the

proceedings of 17.01.2017. Apart there from, the representation of the petitioners dated 19.11.2016 qua the deficiencies pointed out by the assessors has been disregarded without recording any reason. The learned senior counsel thus urged that in view of the preponderant materials on record, negating the existence of the deficiency relating to faculty and residents in particular, as recorded by the assessors of the MCI, the decision to debar the petitioner college/institution from admitting students for the academic years 2017-18 and 2018-19 and to authorize the MCI to encash the bank guarantee of 2 crores is palpably illegal, unfair and unjust. Qua the aspect of the proposed inspection of the petitioner college/institution on 09.12.2016, Mr. Patwalia has drawn our attention to the communication dated 14.05.2017 of the Oversight Committee addressed to the Central Government wherein it observed that only eight institutions including the petitioner institution/college were attempted to be subjected to two inspections in quick succession for the same purpose, which according to it, was not authorized by it. Mr. Patwalia, thus sought to underline that the proposed inspection of 09.12.2016 of the petitioner college/institution, in the attendant facts and circumstances, was an act of selective victimization, which cannot receive judicial imprimatur.

17. As against this, the learned senior counsel for the respondents in unison have urged that in absence of any legal bar, as noted in the impugned order dated 10.08.2017, successive inspections can be conducted by the MCI, if warranted. According to them, the petitioner college/institution in not cooperating in the inspection on 09.12.2016 did attempt to withhold the correct state of affairs, for which it is not entitled to any equitable consideration. They argued further, that as would be crystal clear from the materials on record that amongst others, the deficiency relating to faculty and residents, was each in excess of 30%, in terms of the Regulations, the petitioners are not entitled to establish and/or continue its college/institution there under and thus the impugned order is unassailable in law and on facts.

18. The contrasting assertions have received our due consideration. The impugned order dated 10.08.2017, it cannot be gainsaid, has to be assuredly tested on the touchstone of the operative directions contained in this Court's order dated 01.08.2017 remanding the issue involved to the Central Government for a fresh consideration on merits after affording opportunity of hearing to the petitioner college/institution. As would be patent from the order presently under scrutiny, the Hearing Committee and for that matter, the Central Government had focused only on two aspects namely, non-cooperation of the petitioner college/institution in the proposed inspection on 09.12.2016 and the subsisting deficiencies relating to faculty and residents, which allegedly is each in excess of 30%. There is no indication whatsoever as to whether the Hearing Committee/the Central Government had, as directed by this Court, re-appraised/reexamined the recommendations views of the MCI, Hearing Committee, DGHS and the Oversight Committee, as available on records. The materials intended by this Court to be taken note of by the Hearing Committee/Central Government did include, amongst others the recommendations of the Oversight Committee contained in its communication dated 14.05.2017, the observations of the DGHS recorded in the proceedings of 17.01.2017 as well as the representation dated 19.11.2016 submitted by the petitioner college/institution qua the deficiencies allegedly noticed by the assessors of the MCI during the inspection on 18-19.11.2016. This assumes importance in view of the fact that the deficiencies relating to

faculty and residents, which according to the assessors of the MCI each is in excess of 30%, as noted in that inspection had been controverted and duly explained by the petitioner college/institution with supporting materials. The order dated 10.08.2017 does not contain a semblance of such consideration. To state the least, in view of the eventful backdrop, in which the matter was remanded to the Central Government for a fresh look on merits, in our opinion, it was incumbent on it or its Hearing Committee to scrupulously analyze all the materials on record and arrive at a dispassionate decision on the issue. This visibly has not been done. The factum of non-cooperation of the petitioners in the second inspection on 09.12.2016 was available before this Court at the time of passing of the order dated 01.08.2017 and thus could not have been extended a decisive weight age to conclude against them.

19. As the impugned order dated 10.08.2017 would reveal, it is apparent that for all practical purposes, the Hearing Committee/Central Government did not undertake a dispassionate, objective, cautious and rational analysis of the materials on record and in our view, returned wholly casual findings against the petitioner college/institution. This order thus has to be held, not to be in accord with the spirit and purport of the order dated 01.08.2017 passed by this Court. Suffice it to state, the order does not inspire the confidence of this Court to be sustained in the attendant facts and circumstances.

20. In the predominant factual setting, noted hereinabove, the approach of the respondents is markedly incompatible with the essence and import of the proviso to Section 10A(4) mandating against disapproval by the Central Government of any scheme for establishment of a college except after giving the person or the college concerned a reasonable opportunity of being heard. Reasonable opportunity of hearing which is synonymous to 'fair hearing', it is not longer *res integra*, is an important ingredient of *audi alteram partem* rule and embraces almost every facet of fair procedure. The rule of 'fair hearing' requires that the affected party should be given an opportunity to meet the case against him effectively and the right to fair hearing takes within its fold a just decision supplemented by reasons and rationale. Reasonable opportunity of hearing or right to 'fair hearing' casts a steadfast and sacrosanct obligation on the adjudicator to ensure fairness in procedure and action, so much so that any remiss or dereliction in connection therewith would be at the pain of invalidation of the decision eventually taken. Every executive authority empowered to take an administrative action having the potential of visiting any person with civil consequences must take care to ensure that justice is not only done but also manifestly appears to have been done.

21. No endeavour whatsoever, in our comprehension, has been made by the respondents and that too in the face of an unequivocal direction by this Court, to fairly and consummately examine the materials on record in details before recording a final decision on the issue of confirmation or otherwise of the LOP granted to the petitioner college/institution as on 12.09.2016. True it is that the Regulations do provide for certain norms of infrastructure to be complied with by the applicant college/institution for being qualified for the LOP depending on the stages involved. This however does not obviate the inalienable necessity of affording a reasonable opportunity of hearing to the person or the college/institution concerned vis-a-vis the scheme for establishment of a college before disapproving the same.

The manner in which the respondents, in the individual facts of the instant case, have approached the issue, leads to the inevitable conclusion that the materials on record do not support determinatively the allegation of deficiency in course of the process undertaken, as alleged. We are thus of the considered opinion that in view of the persistent defaults and shortcomings in the decision making process of the respondents, the petitioner college/institution ought not to be penalised. Having regard to the progression of events, the assertions made by the petitioners in the representations countering the deficiencies alleged, the observations/views expressed by the Oversight Committee in its communication dated 14.05.2017 and the DGHS in the hearing held on 17.01.2017 negate the findings with regard to the deficiencies as recorded by the assessors of the MCI in the inspections held. Consequently, on an overall view of the materials available on record and balancing all relevant aspects, we are of the considered opinion that the conditional LOP granted to the petitioner college/institution on 12.09.2016 for the academic year 2016-17 deserves to be confirmed. We order accordingly. However, as the Act and Regulations framed thereunder have been envisioned to attain the highest standards of medical education, we direct the Central Government/MCI to cause a fresh inspection of the petitioner college/institution to be made in accordance therewith for the academic year 2018-19 and lay the report in respect thereof before this Court within a period of eight weeks herefrom. A copy of the report, needless to state, would be furnished to the petitioner college/institution at the earliest so as to enable it to avail its remedies, if so advised, under the Act and the Regulations. The Central Government/MCI would not encash the bank guarantee furnished by the petitioner college/institution. For the present, the impugned order dated 10.8.2017 stands modified to this extent only. The direction for a writ, order or direction to the respondents to permit the petitioner college/institution to admit students for the academic year 2017-18, in the facts of the case, is declined. The Registry would list the writ petition and I.A. No. 73716 of 2017 immediately after the expiry of period of eight weeks, as above mentioned.

Judgment Referred.

¹*WP(Civil)No.411 of 2017*

²*(2016) 7 SCC 0353*