CHAPTER 30

Health Services for CWG-2010

The Directorate of Health Services (DHS) in the Department of Health and Family Welfare (DoHFW), GNCTD formulated a Health Action Plan (HAP) for CWG-2010 in October 2009. The aim of the HAP was to provide free medical services to athletes, officials, spectators and others at the Games Village, venues and other locations. Three definitive care hospitals were identified for emergency care, in addition to 21 link hospitals for primary and supplementary care, and a Sports Injury Centre in Safdarjung Hospital. Further, emergency care services were to be provided through 150 ambulances on PPP mode.

While healthcare for the athletes and the Games Family was ensured, we found that the delayed finalization of the HAP, compounded by further delays during tendering/ award, was used to facilitate deviations from stipulated procurement procedures for ensuring transparency and competition (open tendering, adequate time for bidding etc.) on purported grounds of urgency.

The procurement of medical equipment was marked by serious irregularities. DHS followed multiple procurement processes in an arbitrary manner, despite CWG-2010 requirements having been identified well in advance in the HAP:

- *Instead of going in for direct tendering, DHS inexplicably chose to finalise one year Rate Contracts (RCs) for 34 items in June 2010. After non-availability of 15 items (due to failure of supply), DHS ordered 8 items by operating RCs of other hospitals and 2 items by collecting "spot quotations" from the open market; the remaining 5 items (estimated at Rs. 5.89 crore) were not ordered at all.*
- *DHS chose to procure 14 others items (listed in the HAP, but not included in the RC process) directly at a cost of Rs. 2.32 crore on 30 August 2010 through "spot quotations" from the open market. This included purchase of 68 ice making machines from a single dealer at rates, which were, in many cases, higher than the MRPs.*
- *DHS purchased an additional 5 items (which were not included in the HAP) for Rs. 1.10 crore through spot quotations or by operating RCs of other hospitals; these items were received between 31 August and 8 October 2010.*

We found that the rates for many of these items were exorbitant (causing financial loss to the GNCTD), by inter se comparison of rates for the same items between multiple modes of tendering.

We also found the procurement of furniture items and medicines to be irregular.

We found that the Emergency Block at GB Pant Hospital (one of the designated definitive care hospitals) was not fully functional and commissioned, although it was utilised for the Games. Further, although the Sports Injury Centre (SIC) at Safdarjung Hospital was inaugurated in September 2010, it was not fully commissioned even in November 2010. Many items of equipment were yet to be procured and/or installed, and training on use of equipment was yet to be fully imparted. There was also a severe shortage of qualified manpower for providing necessary services. We also noticed significant deficiencies in the award and execution of a contract for a modular operation theatre and medical gas manifold system required for the SIC.

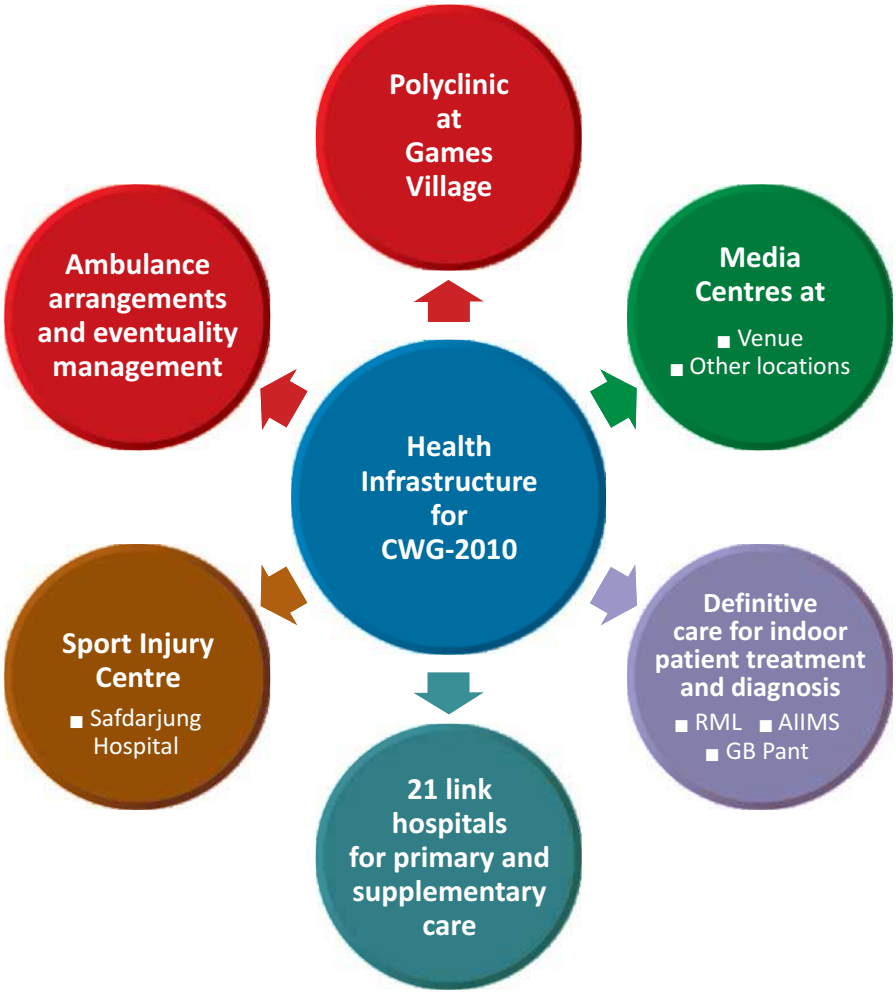
The attempt to strengthen ambulance services in time for CWG-2010 through deployment of 150 ambulances in PPP mode was a failure, since the contract with the selected concessionaire (Fortis Healthcare) was terminated for failure to deliver the ambulances in time. In our opinion, this eventuality arose because of the DoHFW's failure to specify the exact nature of the ambulance vehicle well in advance.

Government then acquired just 31 ambulances in June/ August 2010 on direct procurement for the Games at a much higher price. This difference in prices was largely due to higher specifications for the medical equipment than that envisaged in the RFP prepared by IDFC (the Transaction Adviser); it is inexplicable why this was not considered earlier. Further, 21 of these ambulances were Advanced Life Support (ALS) ambulances, which require the services of trained doctors and are generally attached to hospitals. Only 9 ambulances were Basic Life Support (BLS) ambulances, which primarily address the need of Delhi and its citizens for a general ambulance service (under the aegis of CATS and not any specific hospital) for immediate pre-hospital emergency response services.

30.1 Overview

The health infrastructure for CWG-2010 is summarised below:

Figure 30.1



30.2 Preparatory Activities

30.2.1 Planning

There was ambiguity in identification of the nodal agency responsible for overseeing health services for the Games. This was clarified only in November 2008, when it was indicated that the Directorate of Health Services (DHS), GNCTD would be the nodal agency for health services.

Planning for health services was protracted for over four years, crystallising only in October 2009 with the formulation of the Health Action Plan (HAP) by the Department of Health and Family Welfare, GNCTD (DoHFW). There were subsequent amendments on account of changes in the venues for marathon, cycling, and archery finals as well as changes in manpower at various venues in 2010.

Health Action Plan

The HAP prepared by DHS was quite comprehensive and in line with the different levels of health care responsibility indicated by the OC (complete health care responsibility for athletes, team officials, Games Family etc. and appropriate level of health care for other categories of persons). It indicated the Games time organisational structure for the medical arrangements for the Games, the detailed requirements of manpower, medical equipment, furniture, consumables and medicines at different locations, and the corresponding delivery timelines.

30.2.2 Budgeting

Although line items for CWG health services were provided in the budget of the DHS, GNCTD from 2006-07 onwards, the expenditure incurred till 2008-09 was insignificant, primarily due to delayed planning and preparatory activities; most of the expenditure was incurred in 2010-11.

Against the revised budget of Rs. 41.53 crore from 2006-07 to 2010-11, a total expenditure of Rs. 15.45 crore has been incurred as of November 2010. This does not include expenditure incurred directly by hospitals, which was met out of their own budgets.

30.3 Procurement Activities

The delayed finalization of the HAP, compounded by further delays during tendering/ award, was used to facilitate deviations from stipulated procurement procedures to ensure transparency and competition (open tendering, adequate time for bidding etc.) on purported grounds of urgency. This led to serious irregularities in procurement, as described below.

30.3.1 Procurement Process Followed

Strangely, DHS did not go in for tendering for direct procurement of medical equipment, as per the requirements assessed in the HAP. Instead, they floated tenders for concluding one year Rate Contracts (RCs), which could be operated by DHS and the hospitals. Also, the hospitals retained an option to make purchases from their own existing RCs or from the RCs of other hospitals.

Normally, RCs are concluded for use over an extended period of time (typically by multiple agencies) when requirements are likely to arise at different points of time. When the procurement requirements for CWG-2010 were known well in advance, it is inexplicable why DHS chose to go in for one year RCs rather than direct procurement through appropriate tendering procedures.

Further, against the HAP timeline of initiating procurement by November 2009 and completing procurement/ installation by June 2010, the procurement continued even upto October 2010 during the Games.

For finalising RCs for 34 items of major medical equipment, DHS followed a convoluted process with several irregularities:

- RC tenders (on item rate basis) were floated on 26 February 2010, but cancelled in April- May 2010 on the orders of the Secretary, DoHFW on account of a complaint regarding non-compliance with procedures in respect of Small Scale Industry (SSI) vendors. However, despite the Secretary's instructions for not opening the financial bids, DHS went ahead and opened the financial bids, which was highly irregular.
- RC tenders were refloated on 17 May 2010 (with less time of only 16 days for responses). Out of responses from 16 vendors, 7 vendors were qualified. DHS concluded 1-year RCs in June 2010 with all seven bidders (for items[1] where they were L-1).
- DHS placed supply orders in respect of all 34 items of equipment. However, two contracted firms - Lord Krishna Company and Mangalam Medicaments – failed to supply 15 items of equipment, and were consequently blacklisted by the DHS.

We found that Lord Krishna Company had submitted false information in the bid document. When we verified the address given for its registered office as well as its correspondence address, we found them to be somebody else's residences[2].

15/34, Geeta Colony (stated correspondence address of Lord Krishna Company)

15/99, Geeta Colony (stated registered address of Lord Krishna Company)

[1] *Out of 34 items, RCs were concluded on single bids in respect of 3 items (foldable wheel chair, AED, and military anti-shock trousers).*

[2] *In a communication to us, Lord Krishna Company indicated that they were being harassed by media persons and some doctors since the time of the CWG. Further, they had already "surrendered" their VAT and sales tax numbers, after their blacklisting for non-supply.*

- Out of the 15 items (for which Lord Krishna Company and Mangalam Medicaments had been contracted), DHS ordered 8 items by operating RCs of other hospitals and 2 items by collecting "spot quotations" from the open market by a nominated committee. The remaining 5 items (with an estimated cost of Rs. 5.89 crore) were not ordered at all, casting doubts on either the assessment of requirements or the actual arrangements for health services.

Further, DHS chose to keep 14 items of medical equipment (listed in the HAP) out of the RC process for 34 items of equipment (on the ground that "only major common items" were included under the RCs). For these items, instead of following a tendering procedure, DHS purchased Rs. 2.32 crore of equipment from 10 suppliers on 30 August 2010, by collecting "spot" quotations from the "open market" through a committee.

In addition, DHS purchased five items of medical equipment costing Rs. 1.10 crore, although these items were not included in the HAP. These were either procured from the "open market" through "spot quotations, or on the basis of RCs of other hospitals, and were received between 31 August 2010 and 8 October 2010. In fact, one ECG Machine (costing Rs. 0.68 lakh) and 6 ICU Beds (costing Rs. 11.12 lakh) were received only on 8 October 2010. Our scrutiny of the stock registers revealed significant non-utilisation of these "last minute" purchases:

- Out of 90 AAA type high pressure aluminium oxygen cylinders of 2.2 litres purchased, only 56 were issued during the Games.
- The six ICU beds were issued for CWG only on 11 October.

Thus, DHS followed multiple procurement processes in an arbitrary manner for three sets of purchases, despite requirements having been identified well in advance in the HAP.

In addition to these equipment purchases by DHS, individual hospitals procured equipment for the Games out of their own budget.

We found the procurement of medicines and furniture items also to be irregular:

- DHS procured medicines worth Rs. 0.95 crore from August to October 2010 without open tender; these were purchased either through quotations collected by a committee constituted for the purpose or on the basis of RCs of hospitals.
- DHS also purchased furniture items worth Rs. 1.25 crore; these were procured through open tender (e-tender) with just one day's notice period after publishing the NIT in the newspaper.

30.3.2 Exorbitant rates charged

We found that the rates for many of the items purchased through contracts by DHS/ individual GNCTD hospitals were exorbitant, causing financial loss to the GNCTD. We have tried to come up with indicators of the exorbitant rates in several ways:

- By comparing the rates obtained in the first RC tender (for 34 items) with the final contract prices as per the second RC tender (which were substantially higher in many cases);

- By comparing the contract rates for equipment ordered from two rate-contracted firms - Lord Krishna Company and Mangalam Medicaments - (who failed to supply the equipment) with the substantially lower rates actually paid by DHS for orders on alternative suppliers; and
- By inter se comparison of rates – between those actually paid and the lowest rates paid by DHS/ individual hospitals.

A few instances of widely varying rates for the same item are given below; a detailed listing is given in Annexe 30.1.

Table 30.1 — Widely varying rates for the same item

Equipment	Minimum rate (per unit in Rs.)	Maximum rate (per unit in Rs.)
Scoop Stretcher	13650	86100
Spine Board	6300	20475
Superior Massage Table with Mattress with pillow	21525	57749
Ultrasound Therapy (1& 3MHz)	50925	367499
IRR Lamp	68250	141750
Physiotherapy Laser	194250	409500
X-ray View Box	11393	35700
Automatic External Defibrillator (AED)	140175	519751
Pulse Oxymeter	21525	151200
Cardiac Arrest resuscitation drug and equipment trolley crash cart	19792	81900
Ophthalmo-otoscope	25725	50400
B-type Oxygen Cylinder with flowmeter	6405	110250
Suction Machine Foot Operated	2887	13440
Ambu Bag (Bag Value Mask) Adult	2048	5145
Ambu Bag (Bag Value Mask) Paediatric	2048	5145
B.P. Apparatus	2625	6825

We estimate the extra expenditure incurred due to purchase of items at exorbitant rates (based on the above comparisons) at Rs. 1.94 crore; details are indicated in Annexe-30.2.

In response, GNCTD stated that audit's comparison of rates of equipment across hospitals was done based upon nomenclature, without going into the technical details of the equipment. We do not agree with the response for the following reasons:

- The equipment were purchased by various hospitals (after due approval by

purchase committees of doctors) for the same purpose viz. CWG-2010;

- Secretary, H&FW had issued directions stating that the hospitals were free to use their own RCs or the RCs of DHS, clearly evidencing interchangeability.

Purchase of Ice-making Machines

DHS purchased 68 ice-making machines at a cost of Rs. 0.78 crore as part of the "open market" purchases of 30 August 2010. All these ice-making machines were purchased from Dolche India (who was only a dealer and not a manufacturer). We found that these rates were, in many cases, even higher than the Maximum Retail Prices (where ascertainable).

In response, GNCTD stated that two e-tenders were floated on 27 July and 10 August 2010, but were unsuccessful on account of technical rejections and lack of response respectively. Further, manufacturers/ distributors expressed their inability to provide machines of the same capacity within the available short span of time. Consequently, negotiations were conducted with vendors for all available sizes and makes, which included the voltage stabiliser, site inspection and installation pre and post Games, besides 6-year additional warranty and service.

We do not agree with GNCTD's response. Despite inclusion of ice-making machines in the HAP, GNCTD floated tenders for them very late. Lack of response was used to facilitate adoption of the "open market" route through spot quotations. Further, the additional AMC for five years was at extra cost (not included in the above cost). Also, the installation of the ice-making machines at the venues was a struggle, and we are not sure of operationalisation of machines at least eight locations on account of space constraints, lack of utilities, and lack of need.

30.3.3 Items not used for the Games

We found numerous instances of procured items not being used or available for the Games:

- Medical equipment worth Rs. 0.43 crore and furniture worth Rs. 0.46 crore was not issued for the Games, reportedly because of curtailment of medical venues by the OC.
- Rs. 1.49 crore of equipment procured for the Games directly by the hospitals could not be utilised for the Games. 64 electrical nursing beds worth 0.86 crore received by GB Pant in August 2010 could not be installed before the completion of construction of the Emergency Block. Further, items amounting to Rs. 0.60 crore were received by RML Hospital and Lok Nayak Hospitals only after the Games during October- December 2010.

30.4 Contract Management Issues

We found several deficiencies in contract management, both by DHS and individual hospitals:

- AC bills[3] for Rs. 8.34 crore in respect of GB Pant Hospital and DHS were

[3] *AC Bills are Abstract Contingent bills utilized for drawing advances; accounts of advances should be rendered within one month.*

outstanding for periods of two to six months upto end of December 2010.

- GB Pant Hospital irregularly drew an extra Rs. 1.11 crore from Government account[4] and retained it in a bank account.
- DHS and hospitals failed to levy/ recover liquidated damages amounting to Rs.0.32 crore from vendors on account of delayed supplies.
- We could not derive assurance as to the receipt by GB Pant Hospital of additional equipment worth Rs. 0.30 crore to be supplied free by a vendor.
- GB Pant failed to recover TDS of Rs. 0.11 crore from a contractor.

30.5 Facilities Development for Hospitals

30.5.1 Turnkey Project for establishment of Emergency Block in EDP Building of GB Pant Hospital

GB Pant Hospital (along with AIIMS and RML Hospital) was designated for definitive care of accredited personnel during the Games. For this purpose,

- a separate casualty area (with 6 observational beds) was to be designated for the Games on the ground floor of the newly constructed EDP Block, with provision of all routine radiological and pathological services; and
- a dedicated ICU with minimum of 10 beds with all state of the art facilities and nursing care was to be made functional during the period of the Games.

In November 2008, GNCTD while designating G.B.Pant as hospital for definitive care said that all necessary procurement and installation should be done by May 2010 and functionality ensured by June 2010. However, GB Pant Hospital awarded the turnkey contract (covering both construction and supply of equipment) for establishing an emergency block in the EDP building at Rs. 5 crore only in May 2010 to Adison Equipment Company for completion within 90 days (by 25 August 2010). We found a completion certificate dated 19 November 2010, showing the project as completed on 6 September 2010. The certificate recorded was premature, as

- 7 items of Indian-make equipment were recorded as issued only on 11 November 2010, while the installation certificate of all equipment was issued on 1 November 2010;
- 6 items of imported equipment were not recorded in the stock register; as per customs duty payment records, some of these items were received only after 27 October 2010.

In response, GB Pant Hospital maintained that the project was completed as recorded, and was utilised fully for CWG-2010. While we do not question the utilisation of the block for the Games, in our opinion, the block was not fully functional and commissioned before the Games.

30.5.2 Facilities at AIIMS

For providing definitive care for CWG-2010, AIIMS developed a new dedicated facility at a cost of Rs. 9.8 crore within the JPNA

[4] *Intended for paying the equipment supplier the balance 20 per cent (after the 80 per cent advance).*

Trauma Centre, which was completed in time for the Games. This included 20 general beds, 10 ICU beds, 1 integrated operation theatre, area for waiting lounge and other ancillary facilities such as doctors' room, nurses room, stores etc.

30.5.3 Facilities at RML Hospital

RML Hospital earmarked a part of its existing nursing home for the Games, since it was felt that a new Emergency Block (the contract for which was awarded in April 2010) would not be completed by September 2010. It also procured most of the essential items of medical equipment to the extent not supplied by DHS.

30.6 Sports Injury Centre at Safdarjung Hospital

30.6.1 Overview

In June 2008, the Ministry of Health and Family Welfare (MOHFW) decided to establish a Sports Injury Centre (SIC) at Safdarjang (SJ) Hospital, New Delhi in time for CWG-2010, by upgrading the existing anthroscopy and sports injury unit. The project was to be completed by May 2010.

A budget of Rs. 70.72 crore was allocated for the SIC from out of a XI Plan provision for development of sports medicine in the country on a pilot basis. As of November 2010, the expenditure incurred on the SIC was Rs. 61.11 crore. Out of this, Rs. 46.84 crore was given as advance to Hospital Services Consultancy Corporation (HSCC), a PSU which was appointed on nomination basis as the implementing agency in June 2008, and expenditure of Rs. 14.27 crore was incurred by the SJ Hospital for procurement of equipment.

30.6.2 Partial Commissioning of SIC before CWG 2010

Against the stipulated deadline of May 2010, the SIC was officially inaugurated by the Prime Minister of India on 26 September 2010. However, it was not fully commissioned, as revealed by the status of different activities as on 30 November 2010 summarised below:

Table 30.2 — Status of Commissioning of SIC

Activity	Status as on 30 November 2010
Construction of building	Substantially complete - minor works left, completion certificate not yet received
Installation of equipment	Partially complete - 15 equipment yet to be purchased, final installation of and training on some equipment still due
Appointment of staff	47 posts vacant as against sanctioned strength of 138.
Wet leasing of high end equipment	Installation of machine for MRI and CT scan yet to be done.
Central Sterile Supply Department (CSSD)	Tender for outsourcing CSSD yet to be finalised.

30.6.3 Delay in construction of SIC building

The award and execution of the work for the SIC (in particular the SIC building) was beset by delays. Although MOFHW approved the setting up of the SIC in July 2008, tendering for construction of the SIC building started only in December 2008 and the work awarded by HSCC to the successful contractor (Bhayana Builders) only in May 2009, leaving only twelve months for the construction of the project which was evidently inadequate. As of 30 November 2010, the construction of the building had not been completed and the contractor had claimed for further extension of time for completion till 29 December 2010.

Further, as part of this work, HSCC had irregularly charged Rs. 46.03 lakh on consultancy services for certain items for which it did not provide any such services[5].

30.6.4 Delay in installation of equipment

As against the stipulated date of May 2010 for procurement and installation of medical equipment, we found that:

- Out of 72 equipment procured for the SIC, 35 equipment valuing Rs. 6.83 crore were yet to be formally installed by November 2010.
- Nine equipments ordered costing Rs. 2.62 crore were yet to be supplied to the SIC
- Purchase of three equipment with approximate cost Rs. 1.30 crore and three high value equipment (costing more than Rs. one crore) was still in progress.
- Training of doctors and staff by the equipment suppliers had not commenced as of 30 November 2010.

30.6.5 Delay in appointment of staff for SIC

Out of 138 sanctioned posts, 47 posts remained vacant as of 14 December 2010. The vacancy was noteworthy in respect of specialist doctors of sports medicine and rehabilitation, and the sports psychologist[6] and the dietician, wherein all the sanctioned post remained vacant.

30.6.6 Irregularities in award of work for Modular Operation Theatre (MOT) and Medical Gas Manifold System (MGMS)

In addition to the building and equipment, a key component of the SIC was a Modular Operation Theatre (MOT) and Medical Gas Manifold System (MGMS). The budget of Rs. 2.35 crore for MOT and MGMS at the time of project inception was increased subsequently to Rs. 10 crore by the SJ Hospital. However, this increase was not based on any detailed estimate for the complete work and was prepared only on the basis of rough estimates.

This work was awarded by MoHFW in December 2009 to MDD Medical System (India) Pvt. Ltd at a cost of Rs. 5,41,50,828+ Euro 5,39,926+ GB Pound 6,00,690.83. We found several irregularities in the award:

- Out of ten bidders who purchased the bid document, only three bids were

[5] *Preparation of conceptual architectural plans for building and services; submission drawings for local bodies; and detailed engineering drawings for internal and external electrification*

[6] *The Sports Psychologist has joined the SIC on 15 November 2010.*

received, of which only two bids were technically responsive. The reason for the low response of bidders could be attributed to the decision to combine two items, viz. MOT and MGMS, in a single work. This resulted in stringent prequalification norms, which discouraged the prospective bidders.

- In view of the low response to the bid and lowest bid price remaining 38 per cent higher than the budget, the MOHFW examined reasonability of rates of the L-1 bidder by comparing the different items of supply with similar supplies to other Government and private hospitals. However, the prices of different supply orders quoted in like-to-like comparison were provided by the supplier itself and were not verified from any independent source.
- The Ministry had not examined the bids in respect of possible cartelisation. It is pertinent that for two items costing Rs. 1.33 crore the supplier had made the supplies to the SIC by purchasing the same from the second responsive bidder.

We also found serious deficiencies in scrutiny by MoHFW of the suppliers' invoices:

- Just after 10 days of the contract, MoHFW revised the terms of agreement, allowing payment for goods imported from two foreign principals in Indian Rupees (as against the foreign currency stipulated earlier). They used the exchange rates prevailing on the date of notification of award (22 December 2009) to calculate item-wise rates. However, the exchange rate of Indian Rupee vis-à-vis Great Britain Pound and Euro had appreciated considerably between the date of notification of award and the subsequent dates of shipment of equipment by the foreign supplier (which was the contractual date for foreign currency payments)[7]; this resulted in overpayment of Rs. 0.54 crore.
- MoHFW allowed customs duty to be paid directly to the foreign supplier (without ensuring the actual payment of the same to the custom authorities) and also failed to deduct Indian Agent commission from the Cost Insurance and Freight (CIF) price quoted by the supplier while calculating the customs duty. Further, the supplier had shown Rs. 40.17 lakh paid as VAT in their invoices claiming payment for imported goods which rendered the invoices doubtful, as VAT is not required to be paid for imported goods.

30.7 Ambulance Services

30.7.1 Background

DoHFW had been planning to upgrade its "102" ambulance services under the Centralised Accidental and Trauma Services (CATS) since 2006. The HAP took into consideration DoHFW's plan for deployment of 150 ambulances in PPP mode through the selected vendor (Fortis Healthcare) by July 2010 for CWG-2010. These ambulances would be of two types:

[7] *The exchange rates changed from Rs. 75.177 per GBP and Rs. 66.88 per € on the date of notification of award to Rs. 68.028 – 72.601 per GBP and Rs. 62.22 per € on the dates of shipment.*

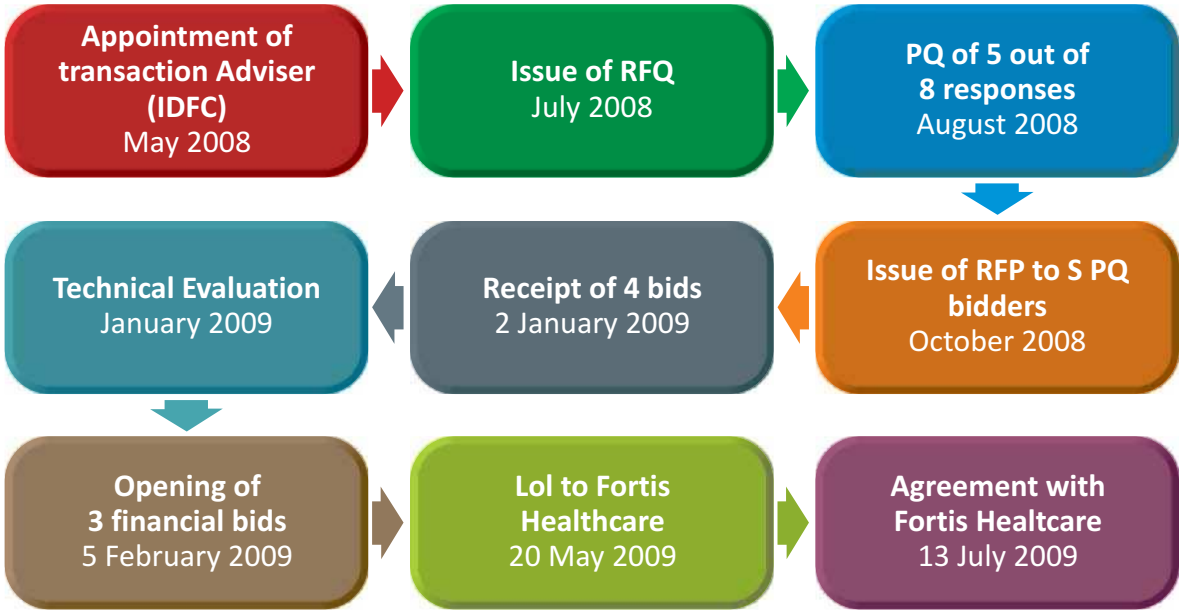
- 9 Advance Life Support (ALS) ambulances for covering high risk sports with potential for serious life-threatening injury; and
- 141 Basic Life Support (BLS) ambulances for other cases.

Since the overall requirement of ALS ambulances during the Games would be around 20, these 9 ALS ambulances would be supplemented from ALS ambulances from various government hospitals and, if required, private hospitals.

30.7.2 Tendering and award of concession for 150 ambulances

A 15-month long process was undertaken for tendering and award of the concession for 150 ambulances in PPP mode, as summarised below. The contract was finally awarded to Fortis Healthcare Ltd. at a one-time capital cost of Rs. 25 crore and monthly annuity payments of Rs. 1.23 crore (which made Fortis the L-1 bidder on NPV basis).

Figure 30.2 – Tendering and award of concession for ambulances



The delay of nearly 3 ½ months between the opening of the financial bids and the issue of the LOI is particularly inexplicable.

The scope of work involved:

- Procurement of ambulance vehicles and fabrication, and procurement and installation of equipment;
- Procurement of hardware/ software and setting up of a control room (Emergency Response Centre), and recruitment and training of manpower;
- Operation of the ambulance fleet over a six year period.

Interestingly, the RFP did not specify a requirement for "factory-built" ambulances, allowing the concessionaire to fabricate ambulances from any vehicle chassis; however, details of the medical equipment were fully specified. The successful concessionaire was required to submit a registered prototype ambulance for inspection by DoHFW. Further, each ambulance was to be inspected by DoHFW before deployment.

The financial model for the PPP involved payment of one-time capital cost and monthly annuity payments to cover cost of categories of persons (accident victims, Economically Weaker Sections, obstetric emergencies etc.) exempted from payment of user fees. The concessionaire could collect user charges from other users.

30.7.3 Failed Execution of Contract

DoHFW terminated the contract with Fortis Healthcare in February 2010, due to its failure to procure and register 50 per cent of the ambulances by the stipulated deadline of 8 January 2010[8]. Subsequently, DoHFW had to procure 31 factory-built Force Traveller ambulances (10 BLS and 21 ALS ambulances) in July- 2010 at a cost of Rs. 2.24 crore for vehicles at DGSD rates from Force Traveller Ltd., and awarded the work of fabrication and equipment at Rs. 6.88 crore in August 2010 to MGM Associates.

The chronology of events related to the termination of the Fortis contract is given below:

Table 30.3 — Chronology of events leading to termination of Fortis contract

Timeline	Event
October 2009	Fortis produced a bus chassis-based ambulance[9] as the prototype ambulance. Despite multiple meetings/ inspections, the special committee constituted by DoHFW did not find the vehicles satisfactory on several parameters – workmanship, aerodynamics/ ergonomics, fittings, and certification of actual performance on suspension damping However, DoHFW agreed on 22 October 2009 to Fortis' request to go ahead with placing the order for ambulances on the manufacturer, subject to vehicles complying with the stipulated specifications. Incidentally, we found that even before this approval, Fortis had already placed orders on 21 September 2009 for 74 bus chassises.
December 2009	Fortis submitted another prototype ambulance for inspection and ambulance registration; this was approved by the Committee for Registration of Ambulances (CRA) for registration by the Transport Department
January 2010	Transport Department agreed to DoHW's proposal for registration of 150 ambulance vehicles, subject to certification (in Form 22 (A) Part II) by DoHFW that each fabricated vehicle complied with the Motor Vehicle Act and Rules.

[8] *The remaining 50 per cent were to be operationalised by July 2010.*

[9] *Mahindra RTD BS III (bus-chassis without windshield)*

Timeline	Event
	One ambulance was registered on 16 January 2010, even without DoHFW certification. A new "core group" constituted by DoHFW found the ambulances to be deficient and non-compliant, especially on the quality of ride, noise pollution, poor quality stretcher and general workmanship.
February 2010	DoHFW terminated the contract with Fortis
April/May 2010	Mediation efforts between DoHFW and Fortis failed.

In our opinion, this eventuality arose because of the DoHFW's failure to specify the exact nature of the ambulance vehicle well in advance. DoHFW did not specify "factory-built ambulances" and the range of acceptable makes/ models thereof; in fact, the Committee of Doctors associated with the second round of procurement expressed their clear preference for factory-built over chassis-built vehicles. Even if chassis-built vehicles were found to be a cheaper option, DoHFW did not even consider specifying the range of acceptable chassis makes/ models.

Further, there was a marked difference in rates between the quotes of Fortis Healthcare (for chassis-built ambulances) and the factory built ambulances purchased later is indicated below:

Table 30.4 — Comparison of quotes for Fortis and ready-built ambulances

(Rs. in Crore)

Supplier	Vehicle Cost	Fabrication and Equipment Cost		Total Cost of BLS Ambulance	Total Cost of ALS Ambulance
		BLS	ALS		
Factory built Ambulances (Force Traveller/ MGM Associates)	7.23	13.43	26.36	20.66	33.59
Fortis (as per business plan)[10]	8.00	6.50	11.50	14.50	19.50

Clearly, the factory built ambulances (with fabrication and equipment) were far costlier than Fortis' quoted cost, although the inner width of the patient compartment of these factory-built ambulances was only 1650 mm, as against the contracted specification of 2000 mm +/- 10 per cent[11].

[10] *Incidentally, the invoice documents supporting the registered prototype BLS ambulance supplied by Fortis revealed a cost of just Rs. 9.50 lakh.*

[11] *Incidentally, in June 2009, Fortis Healthcare requested for a reduction in the inner width of the patient compartment from 2000 mm +/- 10 per cent to 1650 mm (which is a more common specification); this was not accepted by DoHFW and the contract retained the original specifications.*

We found that the price difference was mainly on account of differing specifications of equipment. The equipment specifications for the factory-built ambulances (drawn up by a Committee of doctors appointed in March 2010 by the Minister of Health and Family Welfare) were substantially higher than that indicated in the RFP prepared by IDFC, the Transaction Advisor. These specifications clearly drew references to the Medical Device Directives specified by the European Union and also stipulated manufacture of the devices in an ISO-certified facility[12]. This is illustrated through the differing specifications in respect of two items – spine board and head immobiliser:

Table 30.5 – Comparison of equipment specifications for ambulances

Equipment	Specifications for Factory-built ambulances	RFP Specifications (earlier)
Spine Board	■ The spine board should be extremely rugged in construction and should be built from high quality material thereby avoiding splintering and cracking. ■ The surface should be impervious to body fluids and secretions and should be completely seamless to eliminate ingress of fluid. It should have a firm surface for CPR & immobilization. ■ It should have compact dimensions for easy manoeuvring and should have provision for cervical collars or head immobilisers. It should have easy underside allowing easy lifting access. It should be X-ray translucent. ■ The device must comply with Medical Device Directives (93/42/EEC) having the CE mark along with the four digit code from the certifying agency. ■ The device must be manufactured in an ISO 13485 certified facility.	■ *Should be in plastic material at high strength and waterproof.* ■ *It should be four holes for the quick and total fixing of the head immobiliser and two cavities when the board lays on the floor, when the base is blocked in the traditional way, that allow to avoid damages to rip-off straps during the usage or accommodation in the ambulance.* ■ *It should be 20 handles for the transport, supplied with 3 belts with rapid unhooking buckle.* ■ *Should have maximum radio transparency to make exams without compromise patient condition.*

[12] *They did not, however, specify equipment brands.*

Equipment	Specifications for Factory-built ambulances	RFP Specifications (earlier)
Universal Head Immobiliser	■ The immobiliser must have integrated universal belts for fixation with spine boards. ■ The unit should comprise of two mono block shells made of a soft plastic and a base. The mono block shells should be impermeable and should avoid absorption of any organic liquid (blood, vomit, mucous) and should be free from any seams and should have optimum thick protective film and should not get damaged by routinely used chemical sub stances or solvents in the ambulance. ■ The mono block shells should be positioned on the base using wide and stable Velcro system sewn to the base. Both the mono block shells must have through holes allowing inspection of the aural pavilion also permitting verification of any loss of blood or liquids. ■ The device must comply with Medical Device Directives (93/42/EEC) having the CE mark along with the four-digit code from the certifying agency. ■ The device must be manufactured in an ISO 13485 certified facility.	■ *Head immobiliser should be mounted and separated on the scoop stretcher.* ■ *Should be standard side rigid blocks instead of the adjustable ones.* ■ *Should be with padded belts for the fixing.* ■ *It should be covered by a liquid proof and bacterial proof material.*

The higher specifications (and higher cost) of the subsequent purchase of factory-built ambulances were also acknowledged by DoHFW (in its response to audit), stating that the detailed specifications for fabrication and equipment were suggested by experts; further, almost all the equipment was imported, of reputed brands, and met all international standards for safety and quality.

While we acknowledge the higher specifications adopted for the ambulances, it is inexplicable why these specifications were not adopted in the first instance at the RFP stage. Evidently, the work of IDFC, hired as Transaction Adviser at a huge cost of Rs. 0.51 crore, in drafting and finalizing the RFP and other contract documents was not of the desired quality.

30.7.4 Non-fulfilment of requirement of BLS ambulances

Originally, DoHFW envisaged purchase of 141 BLS ambulances and only 9 ALS ambulances. This was to be supplemented through extra ALS ambulances from Government and private hospitals to meet the (short term) requirement of around 20 ALS ambulances for the Games.

However, DoHFW actually ended up buying 21 ALS and only 10 BLS ambulances. It is pertinent to note that the ALS ambulances require services of trained doctors and are, therefore, not suitable for deployment through CATS. Consequently, these ALS ambulances have been allotted to various hospitals/ institutes.

The real, unmet need of Delhi and its citizens is for a **general ambulance service** under the aegis of CATS (102 ambulance service) for immediate pre-hospital emergency response, which is met primarily through BLS ambulances. Such ambulances are cheaper than ALS ambulances (which are linked to individual hospitals) and, in our opinion, could (and should) have been procured in far large numbers than ALS ambulances.

Consequently, Delhi and its citizens are still deprived of adequate general ambulance coverage for pre-hospital emergency response services.