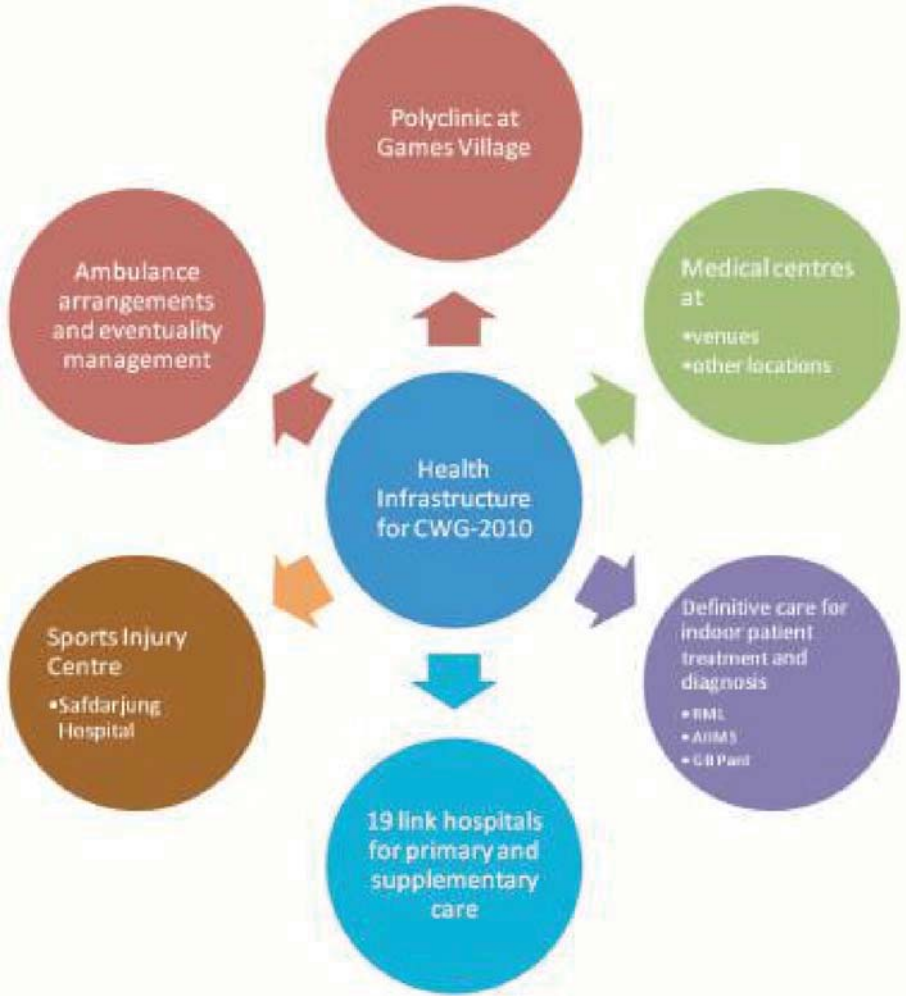
Chapter 10: Health Services for CWG-2010

10.1 Introduction

The health infrastructure for CWG-2010 is summarised below:

Figure 10.1



10.1.1 Preparatory Activities

10.1.1.1 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.

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 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.

10.1.1.2 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 ₹ 41.53 crore from 2006-07 to 2010-11, a total expenditure of ₹ 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.

10.2 Procurement activities

Due to delay in finalization of the HAP, compounded by further delays during tendering/ award, stipulated procurement procedures meant for ensuring transparency and competition (open tendering, adequate time for bidding etc.) were circumvented on grounds of urgency.

10.2.1 Procurement process

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, 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 complicated 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 in April 2010, which was highly irregular. GNCTD informed that the oversight was unintentional and had happened as the Secretary's orders did not get conveyed in the DHS. The tenders were subsequently cancelled after instructions were conveyed on 22 April 2010.

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.

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 ₹ 5.89 crore) were not ordered at all

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 ₹ 2.32 crore of

[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).

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 ₹ 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 ₹ 0.68 lakh) and 6 ICU Beds (costing ₹ 11.12 lakh) were received only on 8 October 2010.

DHS followed multiple procurement processes 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. The procurement of furniture items was also irregular:

DHS purchased furniture items worth ₹ 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 on 22.8.2010. GNCTD stated that as the e-tender was uploaded on 19 August 2010, the notice period was 4 days. The fact remains that extremely short time was given to respond to the tender.

The GNCTD stated that the rate contracts mode is routinely used by hospitals and DHS for procurement of various equipment/ consumables to meet their requirement. The requirements for CWG were calculated on normative basis in the HAP (based upon type of centre). It was expected that there may be a change in number/location of first aid posts/ field of play posts for various venues. Any change in policy of OC/security/disaster management agencies would have also required flexibility in managing/procuring the supplies. Also the procurement process was started in December 2009 and would have been completed by June 2010 had the first tender not been cancelled.

On non-purchase of 5 items, it was clarified that IRR lamps, ophthalmotoscope and golf cart stretchers were taken from the available resources with hospitals after their tenders had failed. In case of trolley beds also no valid bid was received hence item was procured on valid rate contract of DDU hospital as ICU beds. The item of shifting trolleys was substituted with Hydraulic Transfer trolley with X-ray compatible table top and procured from the open market as no valid rate contract was available and the tender had failed.

While the urgency of the situation is understood the fact remains that any well thought out plan always accommodates for contingencies. As the total numbers of items to be procured were available, the DHS could have gone in for open tenders with sufficient time to attract adequate interest to ensure economy without leaving any scope for sub-optimal solutions. Had timelines been drawn giving due thought to the tendering process the bunching of

purchases and related short-circuiting of procedures like short tendering and open-market purchases could have been avoided.

10.2.2 Exorbitant rates

Audit observed that the rates for many of the items purchased through contracts by DHS/ individual GNCTD hospitals were exorbitant, causing financial loss to the GNCTD.

A few instances of widely varying rates for the same item are given below; a detailed listing alongwith financial implication is given in **Annexures 10.1 and 10.2.**

Table 10.1: Widely varying rates for the same item

Equipment	Minimum rate (per unit in ₹)	Maximum rate (per unit in ₹)
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

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. The reply is not tenable for the following reasons:

The equipments 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.

10.2.3 Purchase of ice-making machines

DHS purchased 68 ice-making machines at a cost of ₹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). Audit observed 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. The market retail price and the package price paid by DHS cannot be compared due to provision of additional services in DHS price. It was also stated that the requirement of machines was decided by the OC and the DHS was not to question the need of the machines.

The fact remains that lack of planning had led to a situation where purchases were made of machines of any size to cater to the requirement of OC to the extent that some machines could not even be utilized due to space constraints etc.

10.2.4 Items procured but not available during the Games

Audit observed numerous instances of procured items not being available for the Games:

Medical equipment worth ₹ 0.43 crore and furniture worth ₹ 0.46 crore was not issued for the Games, reportedly because of curtailment of medical venues by the OC.

₹ 1.49 crore of equipment procured for the Games directly by the hospitals viz. 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 ₹ 0.13 crore were received Lok Nayak Hospital only after the Games during October- December 2010.

Government replied that as non-utilisation of equipment/furniture was due to curtailment of venues, it was not its fault. Even otherwise when the hospitals procured certain equipment, the same also had a legacy value. Further, the Lok Nayak hospital had categorically denied that any item procured by it had been received after the Games. This is however not based on documents available with Audit wherein the Department of Burns and Plastic surgery of the Lok Nayak hospital had ordered certain consumables and equipment in September 2010 of which items worth ₹ 13 lakh were received after the Games in October, November and December.

In respect of the 64 electrical beds it was clarified that even though the new EDP block was not complete and ready for installation of the beds, a revised plan was adopted wherein the beds were installed in five private rooms and utilised during the CWG. This position is however not evident in the stock register entries available with Audit that indicate that the beds were installed in various wards in November and December with 18 beds lying in store as of December 2010.

10.3 Contract Management Issues

Several deficiencies in contract management, both by DHS and individual hospitals were observed:

- AC bills[2] for ₹ 2.21 crore in respect of GB Pant hospital and ₹ 0.39 crore in respect of DHS were outstanding as of December 2011. In case of GB Pant hospital the bills pertained to four equipments where the installation and commissioning of the equipment was pending. In case of the DHS the bills pending pertained to purchase of 64 computers of ₹ 18.69 lakh and advances of ₹ 20 lakh drawn for meeting incidental expenditure.
- DHS is still to recover liquidated damages amounting to ₹ 0.42 crore and GB Pant hospital is still to recover ₹ 0.25 crore from vendors on account of delayed supplies.
- The receipt by GB Pant Hospital of additional equipment worth ₹ 0.30 crore to be supplied free by a vendor could not be assured. In reply it was stated that all the equipment were received and utilised during CWG and stock entries had now been updated. However, receipt of free equipment cannot be accepted in audit without proof of despatch, Custom Duty receipts or firm's procurement documents.

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

10.4 Facilities development for hospitals

10.4.1 Turnkey project for establishment of emergency block in EDP building of GB Pant hospital

GB Pant hospital (along with AIIMS and RML hospitals) 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 a 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 GB 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 ₹ 5 crore only in May 2010 to Adison Equipment Company for completion within 90 days (by 25 August 2010). While completion certificate dated 19 November 2010, showed the project as completed on 6 September 2010, Audit, however, observed that:

- Seven 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;
- Six 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.

The GNCTD stated that for the equipment received after 27 October 2010 the levying of liquidated damages was under process. All seven Indian items and six imported items were duly issued on the original challan to the firm by the store keeper before 31 August 2010 and final indent was made on 11 November 2010. The fact remains that the equipment of Indian make was installed on 1 November 2010. This supports the audit contention that the certificate recorded was premature.

10.5 Ambulance services

10.5.1 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:

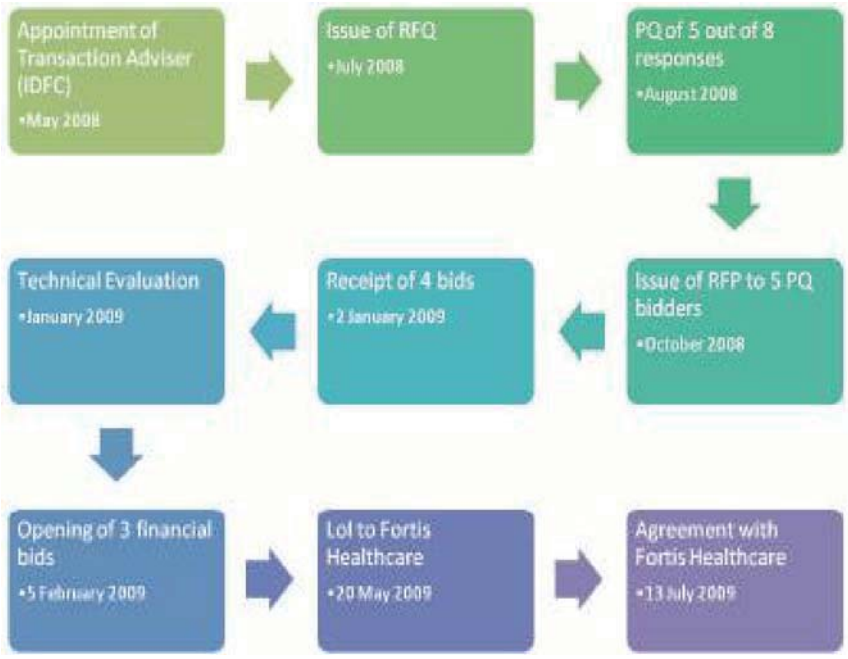
- Nine Advance Life Support (ALS) ambulances for covering high risk sports with potential for serious life-threatening injury; and
- 141 Basic Life Support (BLS) ambulances for other cases.

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.

10.5.2 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 ₹ 25 crore and monthly annuity payments of ₹ 1.23 crore (which made Fortis the L-1 bidder on NPV basis).

Figure 10.2 – Tendering and award of concession for ambulances



As can be seen about 3 ½ months between the opening of the financial bids and the issue of the LOI was spent in obtaining Cabinet approval. 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.

Audit observed that the Request for Proposal (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 Public Private Partnership (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.

10.5.3 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[3]. Subsequently, DoHFW had to procure 31 factory-built Force Traveller ambulances (10 BLS and 21 ALS ambulances) in July- 2010 at a cost of ₹ 2.24 crore for vehicles at Director General of Supplies and Disposals (DGS&D) rates from Force Traveller Ltd., and awarded the work of fabrication and equipment at ₹ 6.88 crore in August 2010 to MGM Associates.

The chronology of events leading to the termination of the Fortis contract is given in table 10.2 :

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

Table 10.2: Chronology of events leading to termination of Fortis contract

Timeline	Event
October 2009	Fortis produced a bus chassis-based ambulance[4] 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. It was seen 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 DoHFW'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. 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.

Thus, DoHFW's failure to specify the exact nature of the ambulance vehicle well in advance led to termination of the contract. DoHFW did not specify "factory-built ambulances" and the range of acceptable makes/ models thereof. The Committee of Doctors associated with the second round of procurement had recommended factory-built over chassis-built vehicles. Though chassis-built vehicles were found to be a cheaper option, DoHFW did not specify the range of acceptable chassis makes/models.

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

The GNCTD replied that the IDFC prepared the bidding document and concession agreement for the project which also included minimum specifications of ambulances without specifying the requirement of chassis built vehicle or factory built vehicle. Further, none of the short-listed applicants, in the pre-bid meeting, had raised any question regarding the non-availability of ambulance vehicle of required specifications. Also, even after issue of LOI when Fortis had asked for relaxing the condition of patient compartment width, the IDFC had advised that adequate number of vendors for ambulance vehicles were available to provide ambulances as per the specifications prescribed in the tender document.

The above only goes to underscore the audit point that by indicating the range of acceptable makes available the department would have exercised better control and guided the procurement process more efficiently specially when the specifications were so important.

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 which is indicated below:

Table 10.3 – Comparison of quotes of Fortis and ready-built ambulances

(₹ in lakh)

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)[5]	8.00	6.50	11.50	14.50	19.50

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*.[6]

[5] The invoice documents supporting the registered prototype BLS ambulance supplied by Fortis revealed a cost of just ₹ 9.50 lakh.

[6] 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.

The GNCTD replied that the Committee of experts in its report detailing specifications of the ambulance had recommended for procurement of mono-coque (factory built) vehicle from DGS&D. It did not specify/ consider the width of the vehicle while recommending the vehicle to be purchased from DGS&D.

The fact remains that the specifications of the original RFP were not considered in the later RFP wherein the attempt was to exercise greater control over the purchases by making the specifications exact.

It was seen in audit 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 drew references to the Medical Device Directives specified by the European Union and also stipulated manufacture of the devices in an ISO-certified facility[7].

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 were imported, of reputed brands and met all international standards for safety and quality.

While there is no doubt that higher specifications were adopted for the ambulances, yet the fact remains that these specifications were not adopted in the first instance at the RFP stage.

The GNCTD in its reply also acknowledged the higher specifications of international level being the main reason for the price difference. It was however, stated that as the ambulance PPP project was meant for accident and trauma services in Delhi (not specifically for CWG), so commonly used specifications were prescribed in the RFP. These specifications though not international were even higher than the specifications prescribed in the guidelines prescribed by the Committee for Registration of ambulances (CRA) for registration of any ambulance in Delhi. The subsequent purchase of 31 ambulances was primarily for meeting the CWG requirement which was a prestigious international event due to which higher international specifications were prescribed.

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specification); this was not accepted by DoHFW and the contract retained the original specifications.

[7] They did not specify equipment brands.

10.5.4 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.

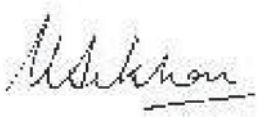
However, DoHFW actually ended up buying 21 ALS and only 10 BLS ambulances. It is pertinent to note that the ALS ambulances require services of trained doctors and are, therefore, not suitable for deployment through CATS. Consequently, these ALS ambulances have been allotted to various hospitals/ institutes.

The need for a **general ambulance services** under the aegis of CATS (102 ambulance service) for immediate pre-hospital emergency response, is met primarily through BLS ambulances. Such ambulances are cheaper than ALS ambulances (which are linked to individual hospitals) and, could be procured in greater numbers than ALS ambulances to meet the requirements of the Games.

The GNCTD while accepting the audit observation explained that while making the bid documents for PPP project considering that a BLS ambulance can be upgraded to the level of an ALS ambulance, provision for only 9 ALS ambulances was made by IDFC. As per the HAP for the CWG, a total of 40 BLS and 24 ambulances were required. The ambulance requirements were to be met by the PPP partner. However as the PPP arrangement failed, the Government in its hospitals had only 3 ALS ambulances. After considering the availability of ambulances from Government hospitals, CATS, AIIMS and private institutions, tender for procurement of 21 ALS and 10 BLS ambulances was floated and purchased. These ambulances were used in CWG and after completion of CWG, ALS ambulances have been deployed at Delhi Government hospitals/ institutions where they are being used for patient shifting. The CATS is using the 10 BLS ambulances for its city operation.

Conclusion

Deficient planning put pressure on timelines and created a sense of urgency. As works were not spread out evenly over the years preceding the Games, there was unprecedented bunching of activities in the final years before the Games. The expected result of the high demand for labour and material were the high tendered costs paid. Government gave up decision making to the vast number of consultants employed as it tried to grapple with its technological and managerial limitations. With an immoveable deadline of the Games there was considerable relaxation of rules and procedures in making purchases and awarding contracts for works at higher costs. Transparency in following procedure was also not ensured. GNCTD had not settled its bills in respect of atleast 40 completed projects even after one year of the Games.



Dated: 3 January, 2012
New Delhi

(NAMITA SEKHON)
Principal Accountant General (Audit), Delhi

Countersigned

Dated: 3 January, 2012
New Delhi

(VINOD RAI)
Comptroller and Auditor General of India