Healthcare Infrastructure:
Financing and Related Issues

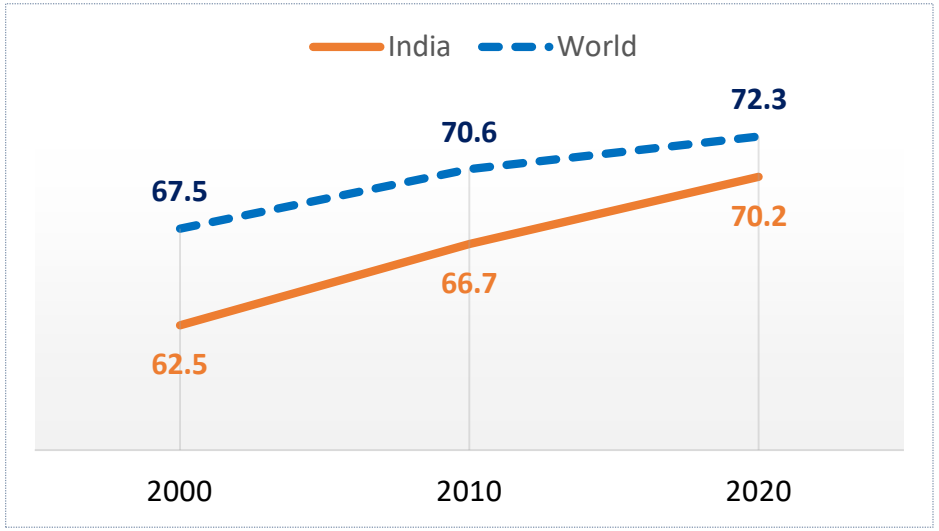
18 November 2023

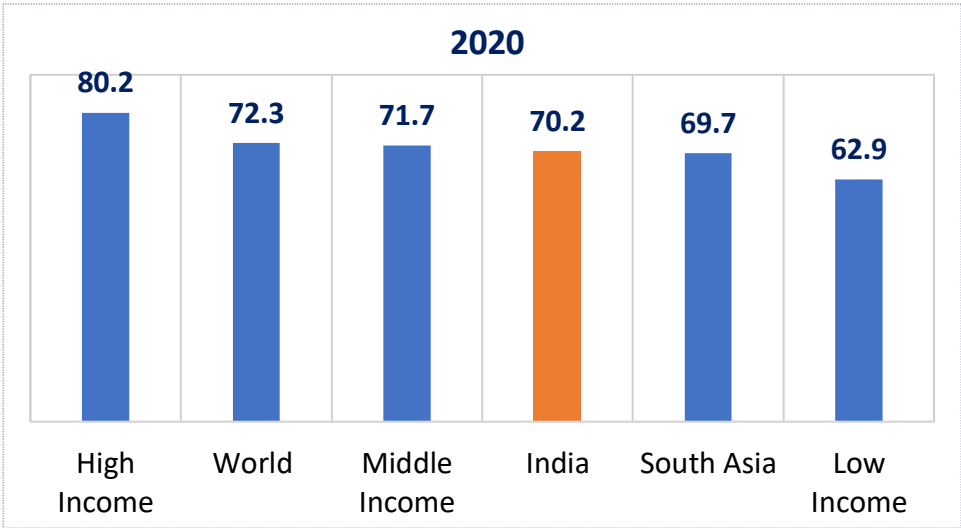
India has witnessed significant improvement in overall **health outcomes**, both over time and in comparison to the rest of the world, in indicators such as **Life Expectancy** and **Mortality Rates**.

In case of **communicable and non-communicable diseases**, India's performance is comparable to the rest of the world.

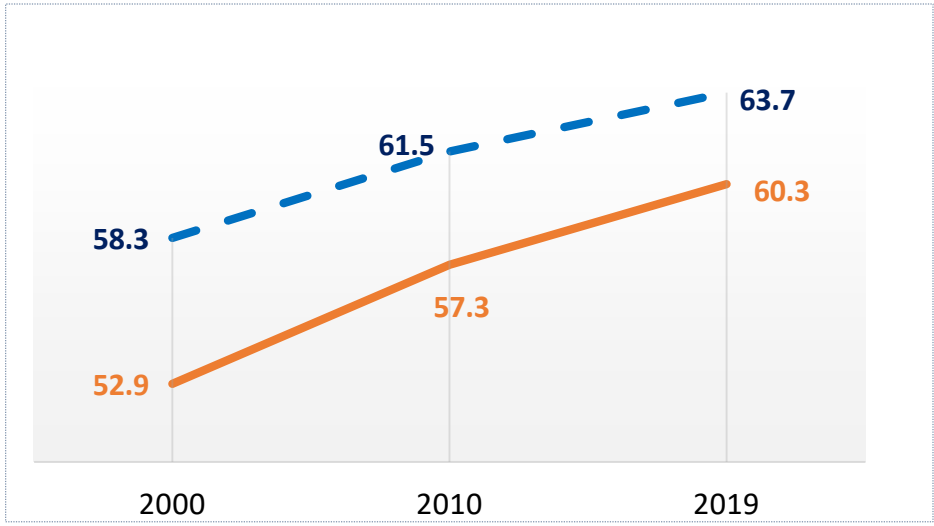
Improved Life Expectancy Rates

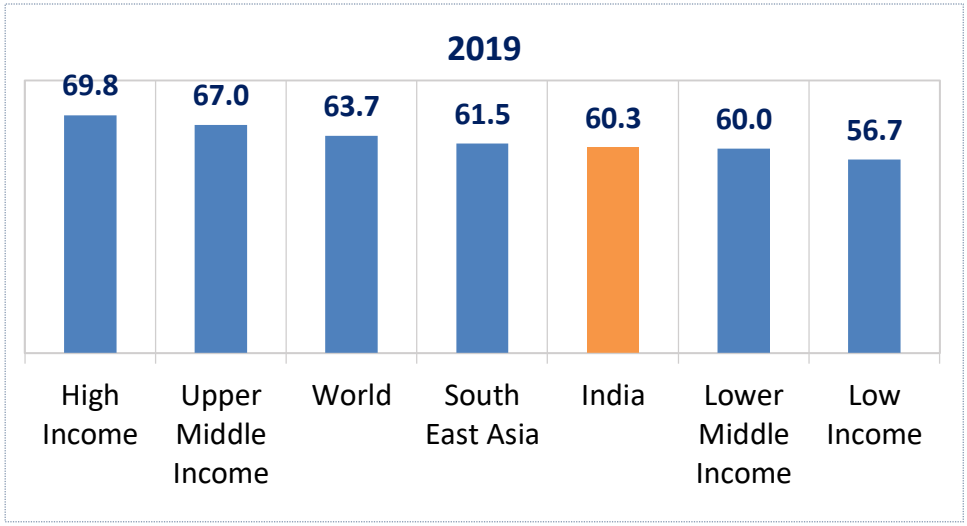
Life Expectancy at Birth (in years) *





Healthy Life Expectancy (HALE) at Birth (in years) **





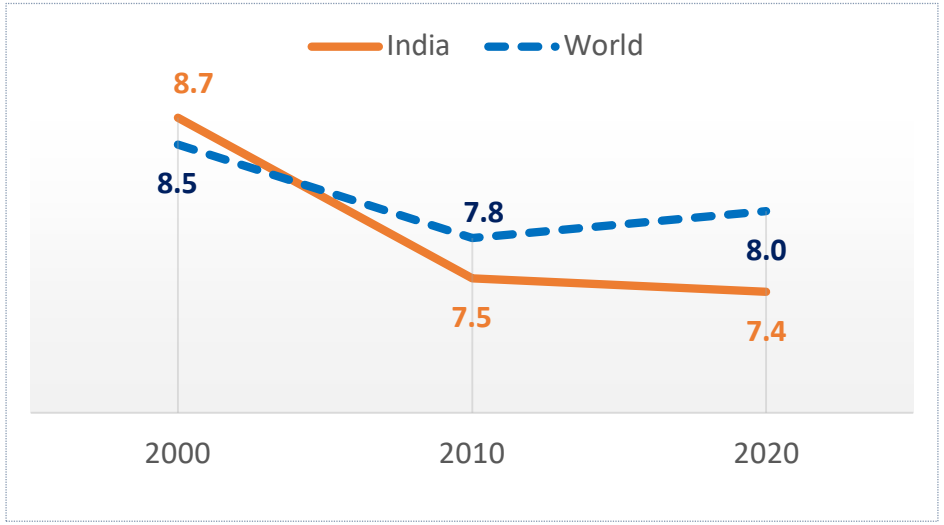
- **Life Expectancy at Birth** has increased globally over the years.
- For India, the change is at par with the global trend, the rate of change being higher in the past decade.
- **HALE** for both India and the World has noted consistent improvement; it observes the same trend as Life Expectancy at Birth.

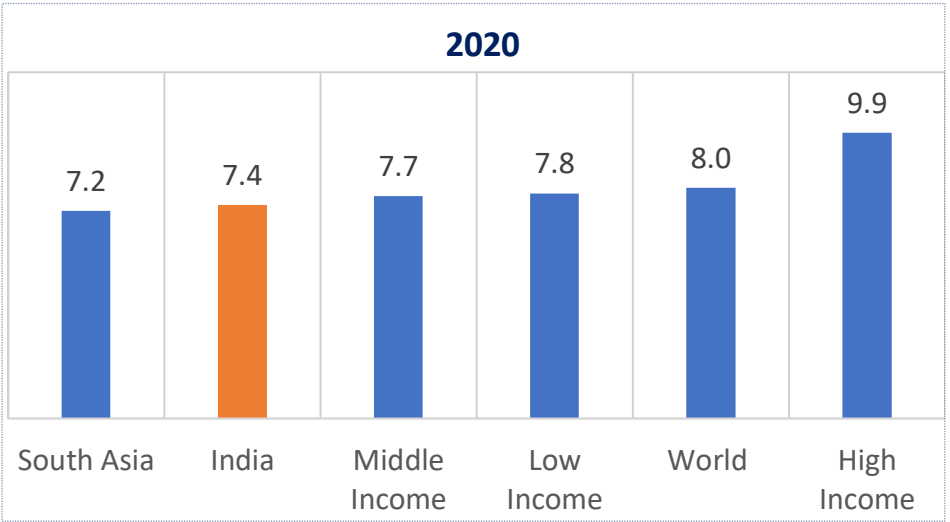
* World Bank Data, 2020

** World Health Statistics, as of Dec 2020 (WHO)

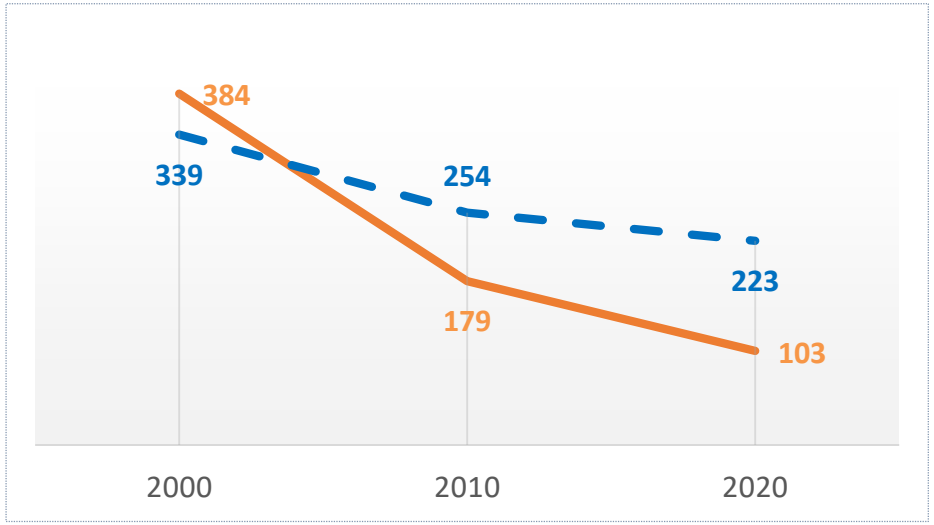
Significant Reduction in Mortality Rates

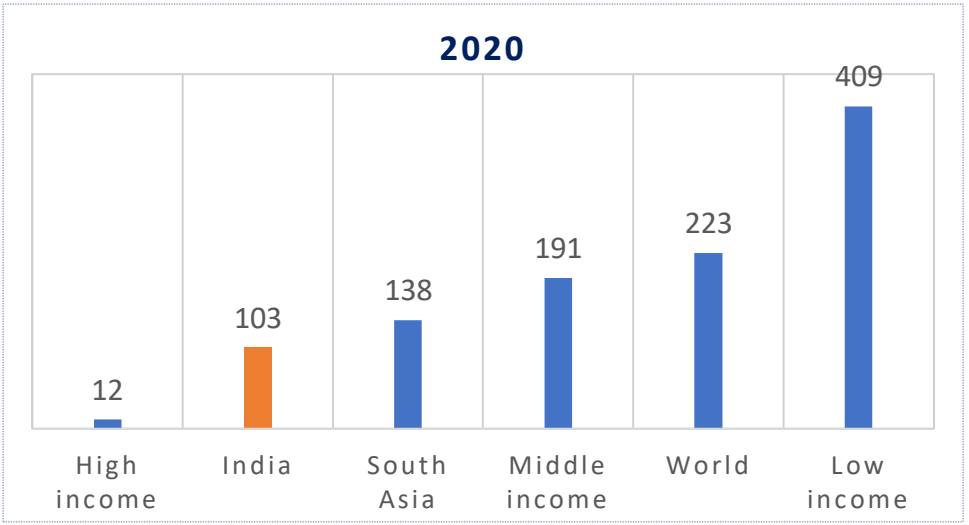
Crude Death Rate (CDR) (per 1000 population) *





Maternal Mortality Ratio (MMR) (per 1,00,000 live births) *



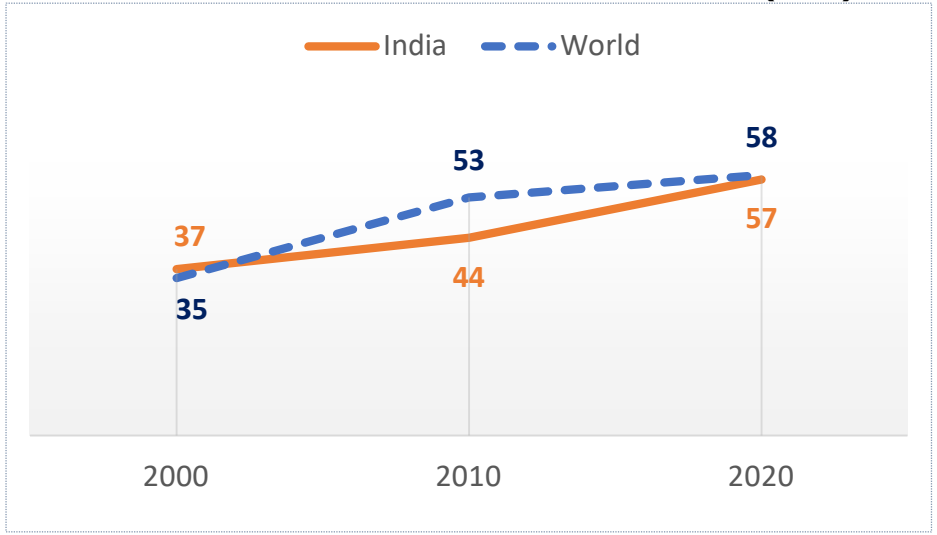


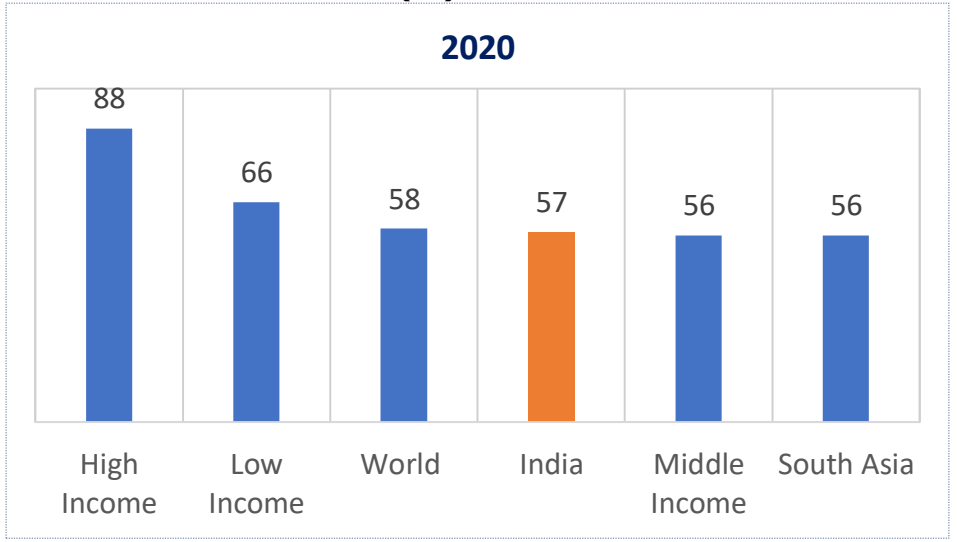
- Over the last two decades, **CDR**, globally on average, has reduced by 1 death per 1000 population. **India** has outperformed the global average.
- **MMR, in India,** reduced to almost one third from over the past two decades – the rate of decline being much higher than the global average. Similar trend is observed in **infant mortality** rates.

* World Bank Data, 2020

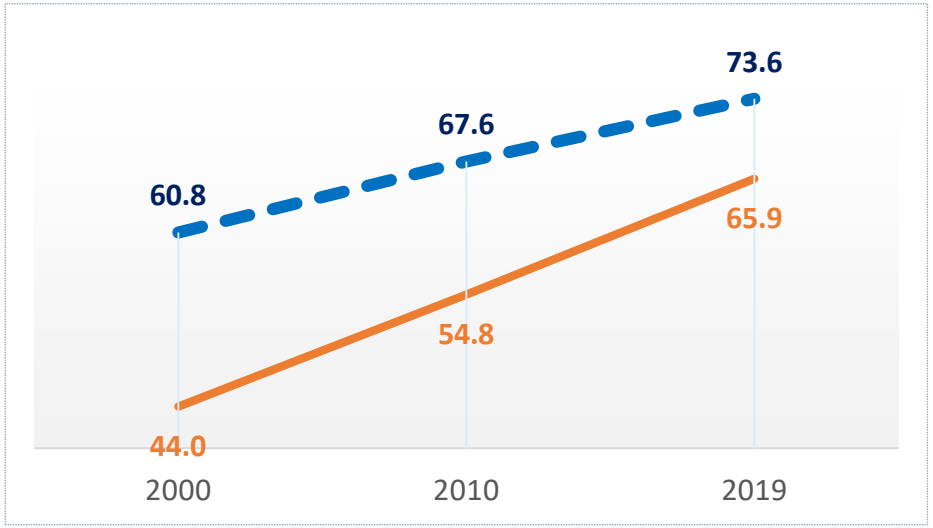
Increased focus in Communicable Diseases and NCDs

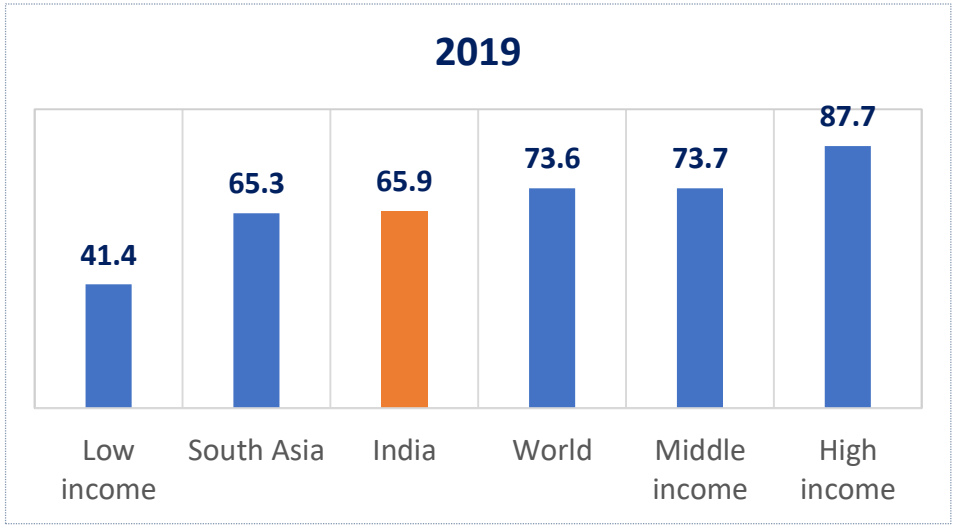
Tuberculosis (TB) Case Detection Rate (%) *





Death by Non-Communicable Diseases (NCDs) (% of total deaths) *





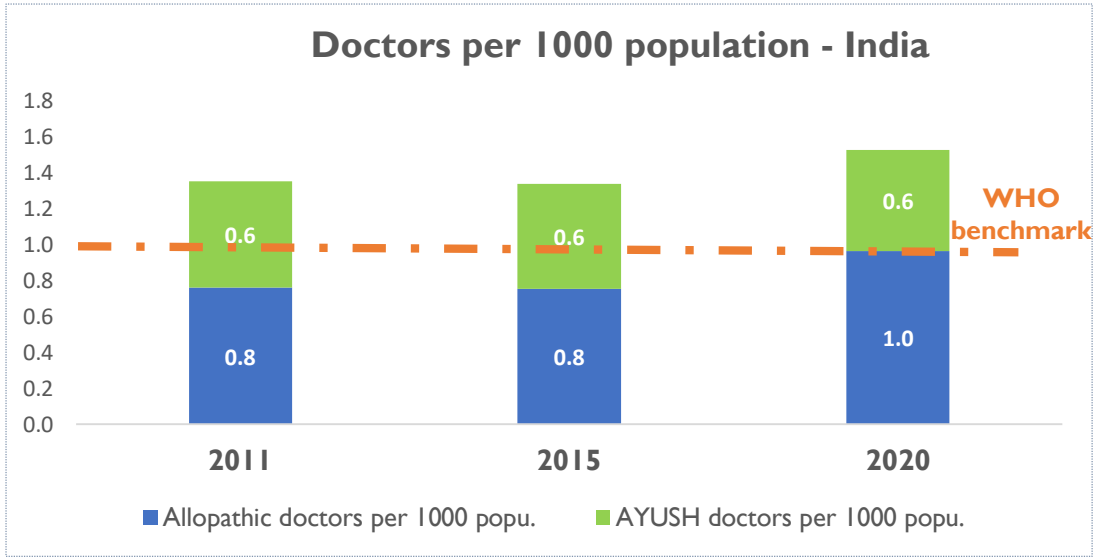
* World Bank Data, 2020

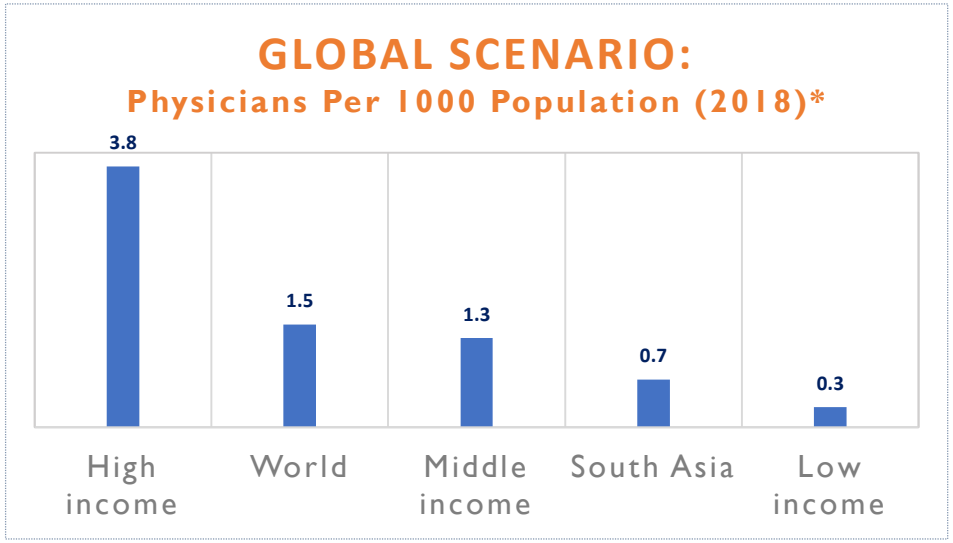
- **TB Case Detection Rate** – a proxy for Communicable Diseases – has consistently risen overall, and in India at 3.8% per year in the last decade.
- **Death by NCDs** has been rising globally, at an average rate of 0.6 per annum. While the rate of increase is high in **India**, its prevalence is still considerably lower than the other country groups.

In case of health input indicators, such as **health infrastructure**, India has made notable progress but a lot more needs to be done to meet global benchmarks.

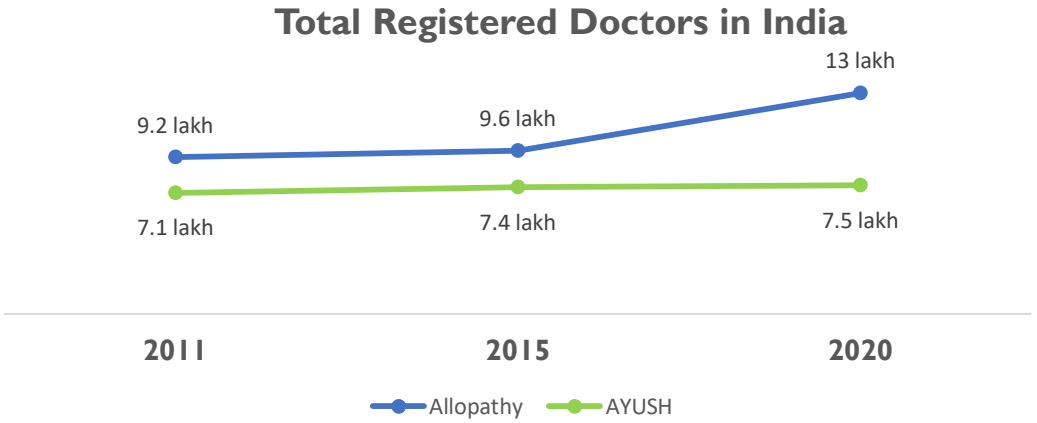
Health Resources Snapshot - Availability of doctors

Availability of doctors ^





* As per latest data available; World Bank Data, 2020



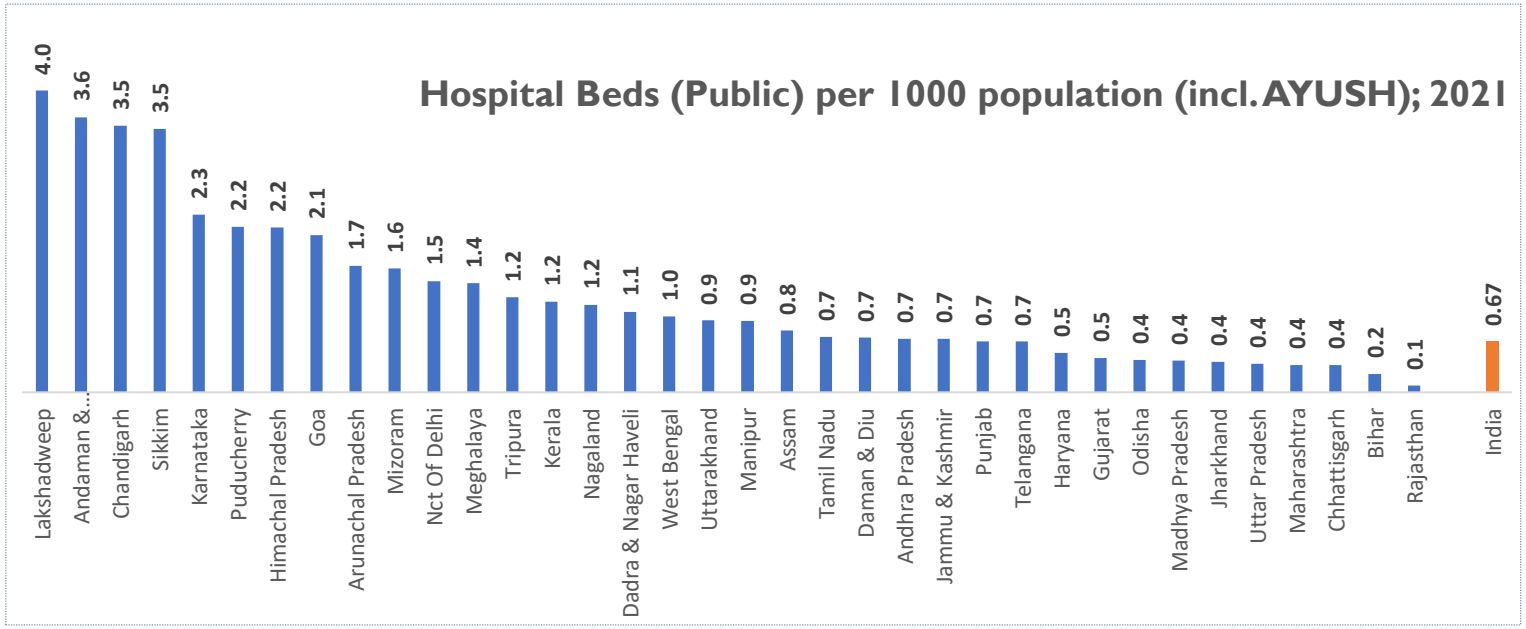
- **As of 2020-21, India has about 13 lakh registered allopathic doctors and 7.5 lakh AYUSH practitioners.**
- **Over 40% growth** in Allopathic doctors from 2010 to 2020; ~27% overall growth

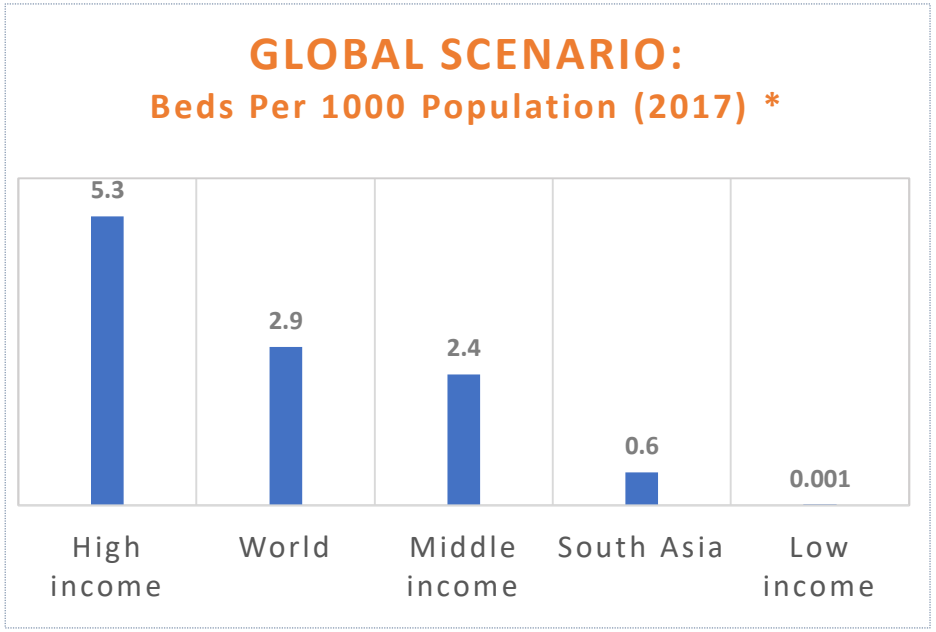
^ National Health Profile 2011, 2016, 2022

i Doctors possessing recognised Medical Qualifications registered with State Medical Councils or Medical Council of India
ii AYUSH Registered Practioners (Doctors) in India, as maintained by M/o AYUSH

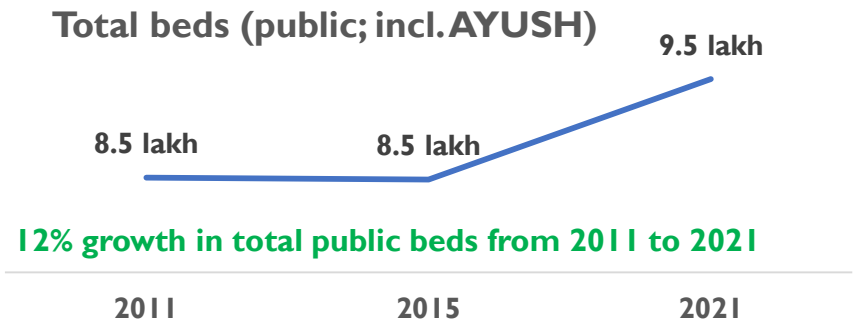
Health Infrastructure Snapshot – Beds per 1000 population

State-wise beds per 1000 population ^





* World Bank Data, 2020



^ National Health Profile 2011, 2016, 2022; Ayush in India Reports 2010, 2015, 2021

If we consider India's total bed supply to be **18-19 lakh** (as per estimates in NHA–ADB 2021 Report), roughly, India's bed to population ratio is **1.4 beds per 1000 population** (Population Projections 2011-2036, MoHFW)

The National Health Policy 2017 states that there should be at least 2 beds per 1000 population by 2025.

Beds to population ratio is one of the critical indicators reflecting the status of health infrastructure.

To address the gap in bed availability, it is important to understand the extent of **unmet requirement** and the necessary investment.

Desired Benchmarks for Bed to Population Ratio

India has 1.4 beds per 1000 population *[total beds: 19 lakh*; projected popu.: 1.3 bn**]*

National Health Policy Goal	Average of Lower and Middle Income Countries ^	Global Average ^	Average of High Income Countries ^
≥ 2 beds per 1000 popu.	2.3 beds per 1000 popu.	2.9 beds per 1000 popu.	5.3 beds per 1000 popu.

Considering India's current status, the additional bed requirement to meet various desired benchmarks are -

NHP Goal	LMIC average	Global average	HIC average
+8.0 lakh beds	+12.0 lakh beds	+20.1 lakh beds	+52.5 lakh beds

* NHA–ADB 2021 Report
** Population Projections 2011-2036, MoHFW

^ Averages as published by World Bank Data

Investment Needed to Meet Additional Bed Requirement

CapEx *per* bed, *based on conservative estimates:*

Basic secondary care; Tier II & Tier III cities

INR 40-50 lakh (USD 0.5-0.6 lakh)

Tertiary care provision

INR 80-100 lakh (USD 1.0-1.2 lakh)

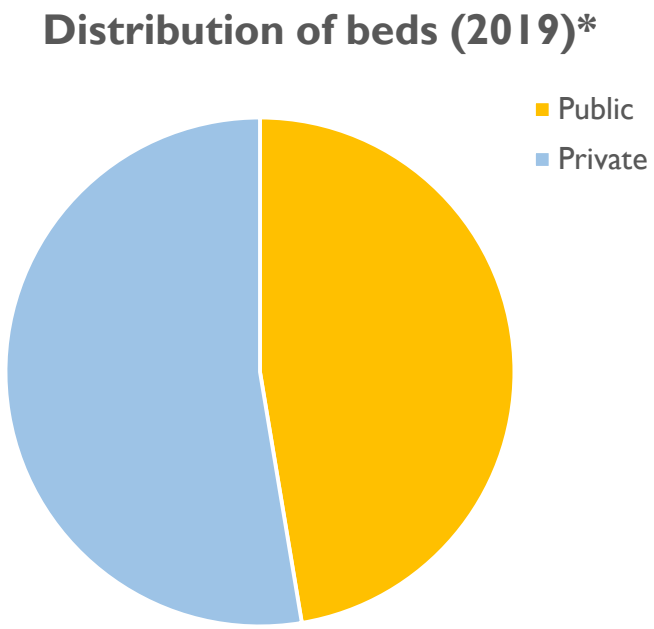
Multi-specialty; Tier I cities

INR 100-150+ lakh (USD 1.2-1.8+ lakh)

CapEx investment of at least INR 3.2 lakh crore (USD 38.5 billion) required to meet the minimum National Health Policy goal of 2 beds per 1000 population.
In FY 2019-20, the Govt. Capital Expenditure on Health was INR 0.6 lakh (USD 7.49 billion).

Operational costs and digital infrastructure investment also need to be accounted for.

Investment Gap Assessment



Note: Private beds derived by taking total bed strength estimates of 18-19 lakh (NHA–ADB 2021 Report) and public beds as per National Health Profile 2019

- The existing public–private bed distribution is at a 45 : 55 ratio.
- **Up to 10 lakh additional beds required** in order to surpass the NHP goal @2025.
- The Government of India is predominantly focusing on improving comprehensive primary healthcare, medical education, and strengthening existing healthcare infrastructure.
- It is aspired that **about 70%** of the required investment towards improving the bed-to-population ratio **come in from the private sector**.

How can we fill the investment gap to meet the health infrastructure requirement?

Alternative Models of Financing

- Private Investment
- Public–Private Partnership
- Tax/ Non-tax Incentives
- Equity
- Mergers and Acquisitions
- Foreign Direct Investment
- Loans
- Philanthropic/ Non-Govt/ Trust Investments
- External Aid
- CSR
- Crowd-funding

How can we make it easier to invest in health infrastructure and healthcare?

Need for rationalization of compliances

Current Scenario – Ease of Doing Business

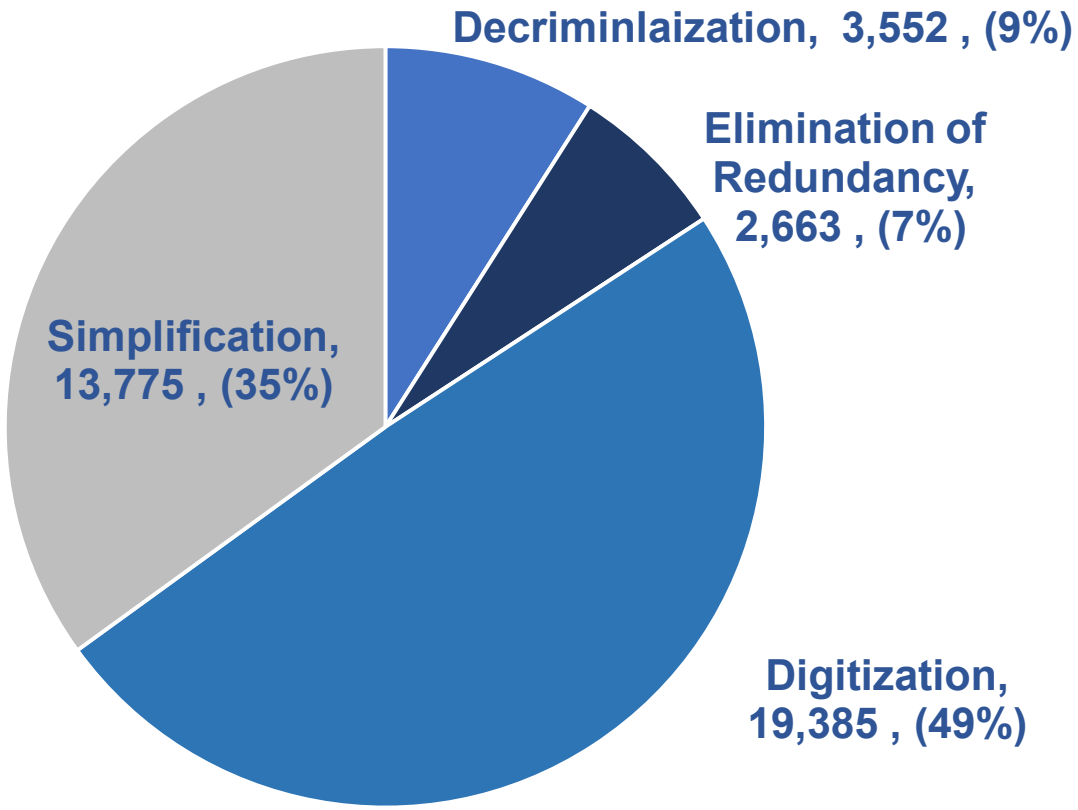
Reducing Compliance Burden (RCB)

Number of Compliances*				
	Identified	Reduced	Under Review	Need to be retained
Central	4,684	2,764	638	1,282
States/UTs	45,288	36,612	3,105	5,571
Total	**49,972**	**39,376**	**3,743**	**6,853**

*Based on data on Regulatory Compliance Portal as on 08.12.2022

RCB – a continuous process of identification and reduction

Compliance Reduction Categories



Compliances in Health Sector

Total Compliances reduced in Ministry of Health & Family Welfare: 50

Department-wise Break-up of Compliances Reduced		
	Department of Health & Family Welfare	Department of Health Research
Certificate, License, Permission	14	6
Inspection, Examination & Audits	1	4
Registers & Records	11	1
Display Requirements	1	0
Fillings	2	0
Decriminalization	0	0
Redundancy	0	0
Technology	0	0
Others	9	1
Total	38	12

Source: Regulatory Compliance Portal, DPIIT; Nov 2023

For example, in the sectors of Food Safety and Drugs, compliance reduced for:

- ✓ License to manufacture drugs for purposes of examination, test or analysis.
- ✓ Permanent and Provisional registrations for various Certificates, Licenses, and Permissions

Compliance Requirements for Establishing a Hospital (1/3)

LIFE-CYCLE SPECIFIC COMPLIANCES

Up to 72 licenses are required for establishing and running a hospital

PROJECT PHASE

- **Building Plan Sanction** from local bodies
- Registration under **Companies Act/ Societies Act-**
- **Linear Accelerator/ Nuclear Medicine Site Approval-** needed from Govt of India Atomic Energy Regulatory Board Radiological Safety Division
- **Clinical Establishments Act registration** (wherever applicable): ***19 States/UTs*** *have adopted the Act*

COMMISSIONING PHASE

- **Bio-medical waste disposal** approval from concerned State Pollution Control Board (SPCB)/ Pollution Control Committee
- **Pharmacy and narcotics and psychotropic drugs related license** needs to be taken from Drugs Control Department
- **PCPNDT license** needs to be obtained from state health department or state health society as applicable
- **AERB approval** for radiology and nuclear medicine equipment

MAINTENANCE/ RENEWALS

- **Fire License/ NOC** from Fire services Department
- **Bio-medical waste disposal** approval from concerned State Pollution Control Board (SPCB)/ Pollution Control Committee
- **Blood bank operation license** from Drugs Control Department
- **Organ transplant license** from health department as per Transplantation of Human Organs Rules, 1995

AERB: Atomic Energy Regulatory Board
BOCWA: Building and Other Construction Workers Act
PCPNDT: Pre-Conception and Pre-Natal Diagnostic Techniques Act

The list is illustrative and not exhaustive.

Compliance Requirements for Establishing a Hospital (2/3)

COMPLIANCES w.r.t. ADMINISTRATIVE LEVELS

Licenses/ Approvals from Central Ministries/ Central bodies

Ministry/ Central body	Licenses required
Ministry of Corporate Affairs	➢ Director Index Number for each individual director; ➢ Private limited company registration
Food Safety and Standards Authority of India	➢ Food & Beverage License; ➢ Kitchen license
Controller of Explosives	➢ Storage of LPG cylinders; Storage of diesel
State Prohibition and Excise department	➢ License for Possession and Use of Methylated Spirit, Denatured spirit and Methyl alcohol
Atomic Energy Regulatory Board and Bhabha Atomic Research Centre	➢ Radiation and nuclear medicine

Licenses/ Approvals from State Government/ Local bodies

Ministry/ State/ Local body	Licenses required
Fire services Department	➢ Fire license
Pollution Control Board	➢ Bio-medical waste; ➢ Consent for operation
Drug Controller	➢ Pharmacy registration; narcotics and psychotropic license;
Labour Department	➢ Lift license; ➢ Provident fund
Excise Department	➢ Denatured spirit
Road Transport Office	➢ Ambulance license
Medical/ Nursing/ Dental Councils	➢ Practitioners' license
Municipal Corporation	➢ Building Occupancy Certificate

The list is illustrative and not exhaustive.

Compliance Requirements for Establishing a Hospital (3/3)

GENERAL / HOSPITAL-SPECIFIC COMPLIANCES

General Requirements

- Building Occupancy Certificate
- Registration in BOCWA
- Fire NOC
- Pollution Control Board NOC
- Lift License
- Employees Provident Fund Act, 1952
- Income Tax Act, 1961
- Maternity Benefit Act, 1961

Hospital-specific Requirements

- Clinical Establishment licenses
- Radiation protection certificate (for X-ray, cath lab, CT scanners)
- Bio-medical Management and Handling Rules, 1998
- Atomic energy regularity body approvals
- Excise permit to store spirit
- License for blood bank
- Registration of Births and Deaths Act
- Pharmacy Act, 1948
- Pre-Conception and Pre-Natal Diagnostic Techniques Act
- Vehicle registration certificates for ambulances
- Narcotics and Psychotropic Substances Act and license
- Retail and Bulk drug license (Pharmacy)
- Linear accelerator Site Approval from AERB

The list is illustrative and not exhaustive.

Efforts Taken by States to Reduce Compliance Burden

A few actions taken by state government(s) to streamline the process and reduce compliance requirement are-

- 19 states/UTs have adopted Clinical Establishments Act. Majority of the remaining states have passed their state-specific clinical establishment acts.
- For general compliances, the process of application is online in majority of states; many states have also provided single-window portal for all licenses.
- Constitution of State Level Advisory Committee (SLAC) which oversees the implementation of the Act and comprises representatives from both Govt. and private sector.
- Set timeline for application review and registration of the clinical establishment.
- In case of any delay beyond stipulated time, the registration is deemed to have been granted.
- Provisional registration granted after submitting application without inspection; permanent registration granted after inspection within stipulated time.
- Collection of registration fees online through payment gateway.
- Time-bound redressal of grievances by Registration and Grievance Redressal Authority.

*The list is illustrative and not exhaustive.

Possible Solutions for Rationalizing Compliances

End-to-end Digitization

- Single Window System to ease out licensing requirements
- 27 Central Ministries and 19 States/UTs already integrated to the National Single Window System
- Sector-specific compliance modules to be expanded

Whole of Government Approach

- Currently, over 13 business IDs like EPFO, ESIC, GSTN, TIN, TAN and PAN are used to apply for various government approvals
- PAN Single Business Identifier

Trust-based Governance

- Self certification: acknowledgement-based system
- Deemed approvals

Operational Efficiency

- Digilocker for businesses to ensure authentication and validation

Way Forward ?

NITI Aayog

Public Private Partnership & Healthcare

Workshop on Boosting Private Healthcare Infrastructure:

Catalysing Opportunities for Investment and Public Private Partnerships

18 November 2023

Public Private Partnership

Public Private Partnership

A Project based on a contract between Public Authority on one side & a Private Entity on the other side, for delivering an infrastructure service on payment of user charges

Construction and Long Term O&M

Design Build Finance Operate Transfer (DBFOT), Hybrid Annuity Model etc.

O&M With/Without Augmentation

Operate Maintain Transfer (OMT), Operate Maintain Develop (OMD) etc.

BENEFITS OF PPP

FUNDING

LIFECYCLE VIEW

EFFICIENCY

Principles Governing PPPs

- Harness private sector **efficiencies** in asset creation, maintenance and service delivery
- Create opportunities to bring in **innovation and technological** improvements
- Enable **affordable and improved** services in a responsible and sustainable manner
- Increased private sector **investment and improved asset utilization**
- **Incentivizes** faster completion of projects
- **Allocation of risks** based on their ability to manage

CONTRIBUTION ACROSS SECTORS

- *>90% increase in NH length over 2011-23*
- *BOT (Toll) and HAM for Greenfield Projects*
- *Monetization of Projects by NHAI*

- *PPP based Airports account for ~60% traffic*
- *Quality of O&M and Service recognized among best across the world*
- *OMDA and DBFOT models for Brownfield and Greenfield respectively*

- *PPP in Power: Reduction in Power Deficit*
- *Generation- Thermal, Renewable as DBFOO; Transmission- DBFOT*
- *Other Sectors: Ports, Warehousing, Coal mining, Health Infra. etc*

PRE-REQUISITES FOR SUCCESS

- **Adoption of Project and Program Management Principles**
  - *Holistic Planning based on Demand Assessment & Synergy with other Systems*
  - *Implementation of Project through Special Purpose Vehicle where all of Land & Clearances housed before commencement of Concession Period*
  - *Waterfall Model for Implementation of Projects*

- *Adoption of Model Bidding Documents – RFQ/RFP & MCA – for Awarding Projects*
  - *Transparent Competitive Bidding Mechanism*
  - *Balanced Risk Sharing Framework*

- *Usage based Payment Mechanism for Project Viability*
- *Provision of Grant for ensuring Affordability to Users*
- *Output & Outcome Approach:*
  - *Key Performance Indicators for ensuring Public Service Delivery & Quality*

PPP – Modes and Models

PPP Mode	Model	Scope (Private Entity)	Ownership	Finance	Design/ Construction	Operation	Concession Period (*Typically*)
Performance (Only) Partnership	**O&M** Contract	Operation, Maintenance and Delivery **services**	Public	Public	Public	Private	2 to 5 years
Development and Operation Partnership	**BOT –** Annuity	Build Operate Transfer (**Annuity**)	Public	Public and Private	Private	Private	15 to 20 years
Investment, Development and Operation Partnership	**DBFOT**	Design, Build, Finance, Operate, and **Transfer**	Public	Private	Private	Private	30 to 60 years
	OMDA	Operation, Maintenance, and Development **(Augmentation/ Expansion)**					
	DBFOO	Design, Build, Finance, Operate, and **Own**	Private				

Need for Enabling Environment

- Sound enabling environment is a **pre-requisite** for private participation
- Investors **shy away** or seek **high risk premium** in the absence of a **credible policy & regulatory framework**
- The challenge is to create an enabling environment that would **enhance investment, reduce costs and improve efficiencies**

Initiatives that Strengthened PPPs in India

- PPPs: Enhances welfare & efficiency
  - Transparent, competitive and fair
  - Driven by the government; good governance becomes the key
- **Public Private Projects Appraisal Mechanism** (PPPAC)
- Guidelines for financial support to PPP Projects (VGF)
- India Infrastructure Project Development Fund (IIPDF)
- Development of Model Framework Documents – Model Concession Agreements, Model Bidding Documents

Bidding Process/Terms

Central/ State Government Authority

→ Selection of Private Party under a Transparent Competitive Bidding Mechanism

Technical Eligibility

- Project/Construction Experience or
- O&M Experience in relevant or related sector
- For at least 5-10 years prior to date of bid

Financial Capacity

- Net worth etc.

Single Bid Parameter

Single/two stage competitive bidding

Financial support to PPPs: VGF Scheme

Objective: To make the PPP projects commercially viable

Eligibility:

- Private entity to implement the Project
- Private entity to be selected through open competitive bidding;
- PPP Project should be from one of the Eligible sectors

  (Some sectors: Roads and bridges, railways, seaports, airports, Power, Urban transport, Health etc.)
- Provide service against payment of user charge.

PPP IN HEALTH INFRASTRUCTURE

Benefits of PPP in Healthcare Services

- **Capital intensive projects entailing fairly high operation costs**, can use deployment of **non-public funds and resources:**
  - Infusion of **private investment** in healthcare
  - Increased **medical tourism**
- Improved **accessibility to Quality healthcare** for the **common man**
  - Availability of **Tertiary Care facilities in Tier II/III cities** and beyond
- **Decongestion of tertiary** care hospitals in **major cities**
- Contributing to the **overall healthcare eco-system** of the country
- Creation of **employment opportunities**

Concession / Project

- **Scope of the Project:**
  - Finance, Construct, Equip, and Operate the Hospital per NABH standards in accordance with the prescribed concession terms and conditions
- **Concession Period:**
  - **50 to 60 years**
- Selection of Private Partner (Concessionaire):
  - **Open, transparent competitive bidding**
  - To also determine requirement of grant/offer of premium
- Project (Hospital) to **revert to Authority** on end/termination of concession

Concessionaire Obligations

- Finance and Construct the Hospital
- Operate and Maintain the Hospital with adequate personnel and staff
- Provide **out-patient** healthcare services to all patients
- Provide **IPD treatment** to CGHS/ Ayushman Bharat/ State Insurance Scheme patients up to a **certain number (%) of beds**
  - **Remaining** beds **charge as per market rates**
- Compliance with NABH and other applicable legal/ regulatory requirements

Government Entity Obligations

- **Right of Way** to the Site
- **Provide Grant** (if applicable as per bid of the Selected Bidder)
- Procure Applicable Permits
- Oversee implementation of public health functions
- Provide all medico-legal services through Casualty Medical Officer

Financial Support to PPPs: VGF Scheme

Sub-Scheme 1

- **Applicable to social sectors *(Water, Waste Water, Solid Waste, Health & Education)***
  - **Increased Capital Grants – Up to 30% TPC**
  - **Additional funding of up to 30% TPC** by central ministries, state govt. and statutory agencies

Sub-Scheme 2

- **Applicable to Health & Education sector only**
  - For **pilot and demonstration of projects** only
  - **VGF up to 40% TPC and 25% of O&M (5 years)**
  - **Additional funding of 40% TPC & 25% O&M** by line ministries, state govt., and statutory agencies

PPP CASE STUDY

- **Project: Hyderabad Metro Rail**
- **Model: DBFOT with Grant under VGF Scheme**
- Greenfield construction & O&M of MRTS with Grant support from the Government and adjoining Real Estate for additional revenue
- **Bid Parameter: VGF**
- **Concession Period:** 35 Years + 25 Years
- **Commissioned –** November 2017

Project Management Discipline and Compliance of Contract - Both by Authority & Concessionaire - Necessary for Success

Way Forward

- Create enabling environment for private investment
- Adopt **standardized** documents for accelerating investment flows & for ensuring **competitive** delivery
- Accelerate the **roll-out** of PPP projects
- Objective is to create **world class infrastructure in a time bound manner**

Thank you

(ps.reddy@gov.in)

Health Infrastructure Objectives

Private Sector Perspective

Dr Ajay Bakshi

Neurosurgeon & Neuroscientist

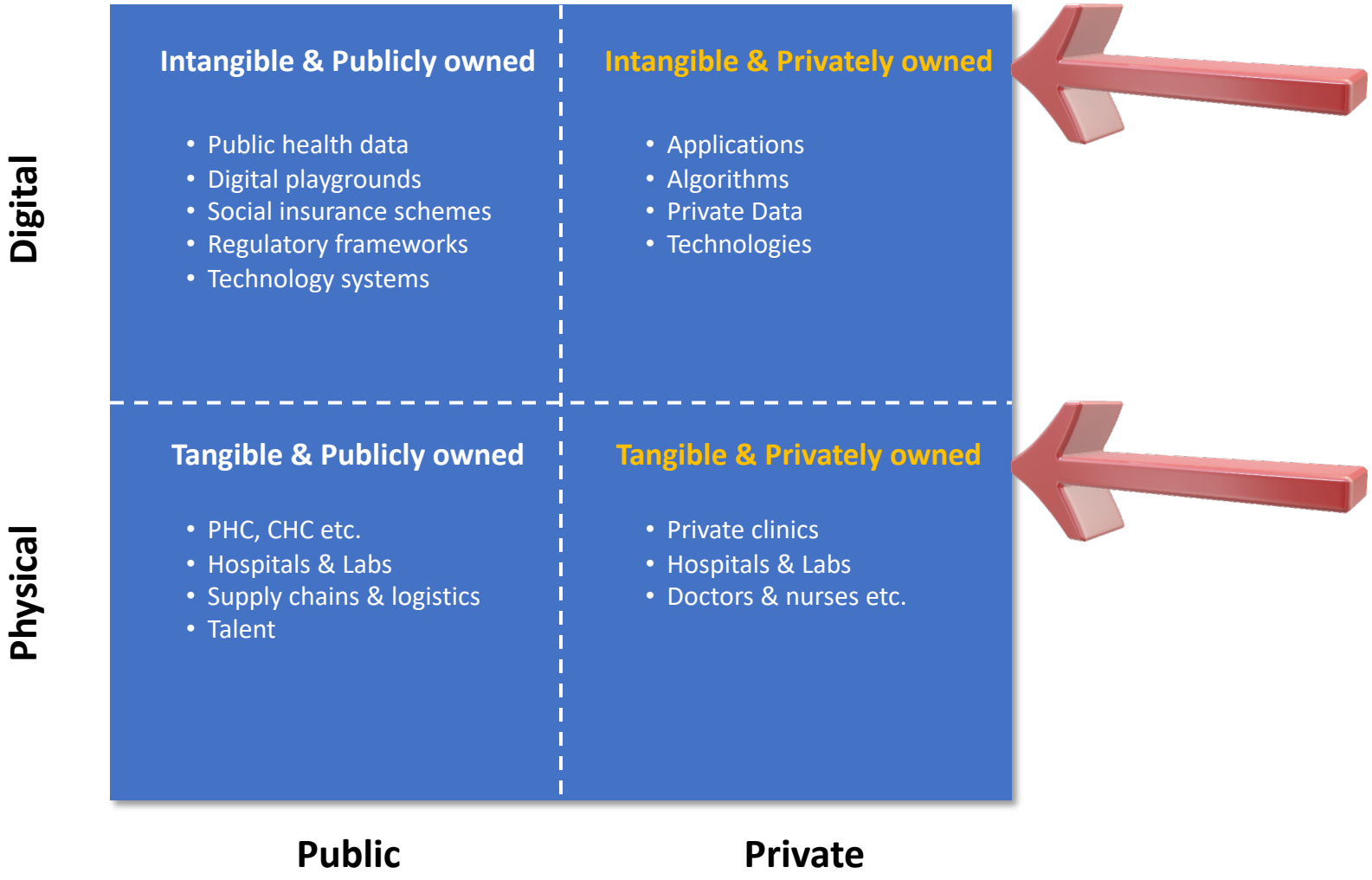
Co-founder & CEO - NeuranceAI Technologies

Former MD & CEO - Max Healthcare, Manipal Hospitals & IHH-India

Former Advisor - National Health Authority

Infrastructure is of various types

neurance.ai
Intelligent machines for life



The private sector is pivotal in Indian healthcare system

Figure VI.16: Government Health Expenditure (GHE) and Out of Pocket Expenditure (OOPE) as per cent of Total Health Expenditure (THE)

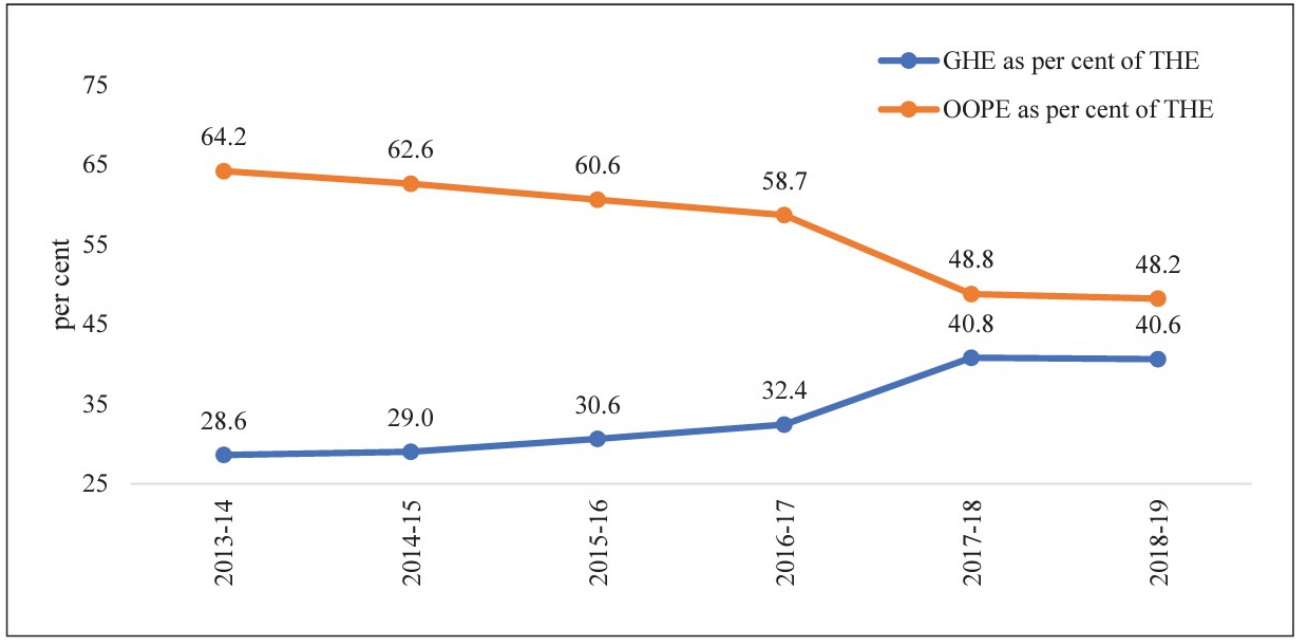
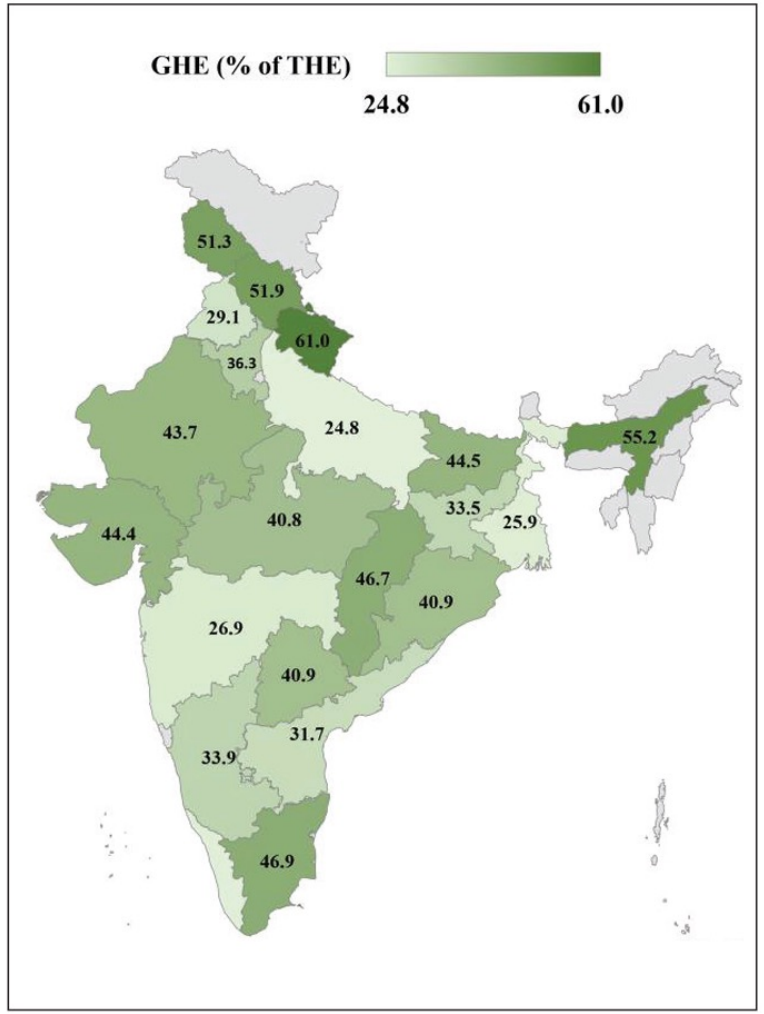


Figure VI.19: Government Health Expenditure as per cent of Total Health Expenditure – State-wise for 2018-19



Source: The Economic Survey 2023

Decade + experience of building & managing hospitals across smaller cities in India

Key obstacles faced by private sector in Tier 2 & 3 cities

- Attracting talent
- Earning trust of local population
- High OOP payments constrain ability to pay
- Expensive imported medical equipments

NOT a major problem

- Land
- Capital

Some thought starters for boosting private health investments

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1. Build national infrastructure for search & discovery → enhancing trust
   - Doctors (State Medical Councils already have the data)
   - Facilities (various registries exist)

2. Enhance social health insurance schemes to reduce OOP shocks
   - Better coverage of the 'middle India' - beyond PM-JAY
   - Digital, traceable and speedy payments to private facilities

3. PLI schemes for Indian medical equipment manufacturers

Harness the Artificial Intelligence Revolution by partnering with entrepreneurs to solve Indian problems

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Case Study of AI for Knowledge, Attitudes & Practices enhancement

- Convert all government guidelines & patient manuals into videos
  - AI generated
  - Multi-lingual
- Interactive Q&A possible in all languages
- Harness the mobile infrastructure to reach all Indians and help improve KAP
- **Dream: A personal AI assistant for every new-born in India!**

Thank You!

ajay@neurance.ai

Boosting Private Healthcare Infrastructure - Catalysing Opportunities for investment and Private-Public Partnerships

PPP in the Healthcare Sector – Private Sector Concerns

Anurag Yadav
Chief Executive Officer
IHH Healthcare India

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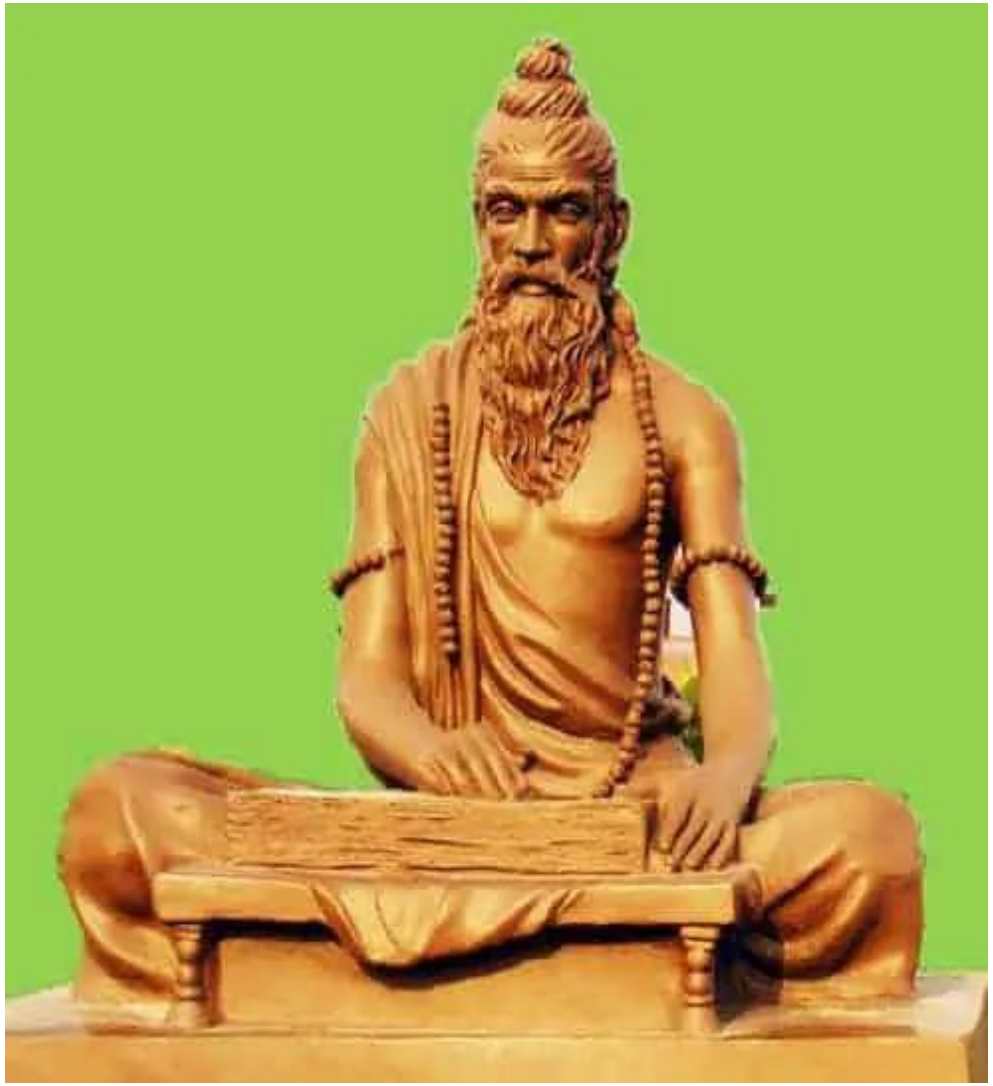

Bharat's Journey in Healthcare

From Ancient Wisdom to Modern Innovation

- The long heritage of Medical Excellence - **Rishi Sushruta** to Modern day medicine.
- Today, Bharat is a global leader in Medical Technology and Innovation.
- **Medical Outcomes** are among the best in the world – e.g **Cardiac Surgeries** and survival rates post transplants – **Liver, Kidney, Heart and Lung**.
- Bharat is global dominant position ~ **20 percent of global exports in generic pharmaceuticals.**

सर्वे भवन्तु सुखिनः।

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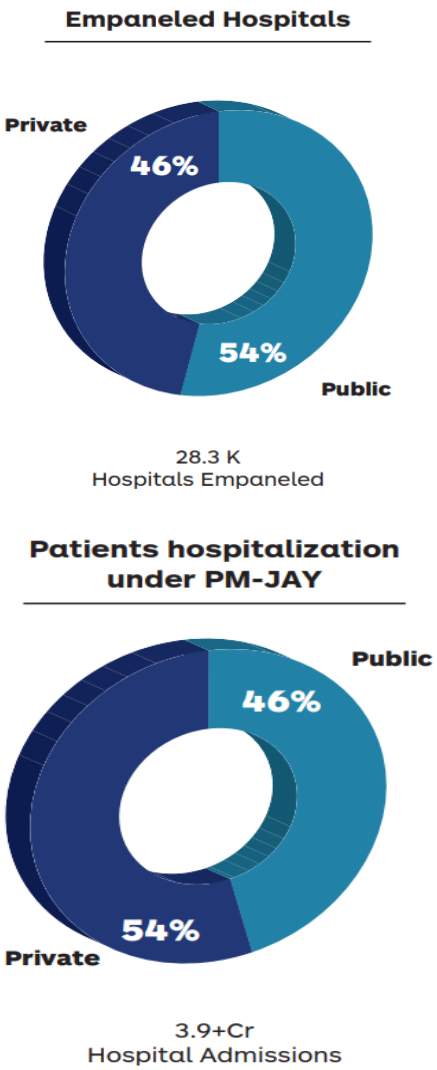
Opportunities and Challenges

- **Healthcare Contribution to GDP** : Bharat @ 5.5 % of GDP , OECD Countries up to 16%.of GDP.
- **Urban Concentration of Healthcare Infrastructure :** 70 % of healthcare services are serving only 30 percent of the population.
- **Uneven distribution of Health Infrastructure :** Private Sector Share 62% , Public Infrastructure 38%.
- **Infrastructure Needs:** There's a significant need for strengthening healthcare infrastructure, especially in tier II and III cities.
- **Dependency on Private Sector:** About 70% of rural residents and 80% of urban residents in Bharat primarily rely on private hospitals for healthcare services.
- **Shift in Mix:** Self-pay segment accounting for 41% in 2022 of revenue, expected to decline to 35 by 2027.

PPP integral for success of Ayushman Bharat

- Ayushman Bharat is one of the world's largest health insurance schemes financed by the Government of India.
- With coverage of INR 5 lakh per family per annum for secondary and tertiary care across public and private hospitals. Approximately 50 crore beneficiaries are eligible for the scheme.
- To manage this , NITI Aayog, the government think tank, proposed adoption of the PPP model in 2017 to provide diagnosis and treatment for major non-communicable diseases in smaller cities.
- Several states have adopted the PPP model to improve infrastructure and care delivery at their regional and district-level hospitals and PHCs, some of them also pushing for PPP at secondary and tertiary care facilities.



Source PMJAY_Annual_Report_2021-22

Source : https://www.optum.in/thought-leadership/library/ppp.html, https://www.acko.com/health-insurance/ayushman-bharat-yojana-scheme/

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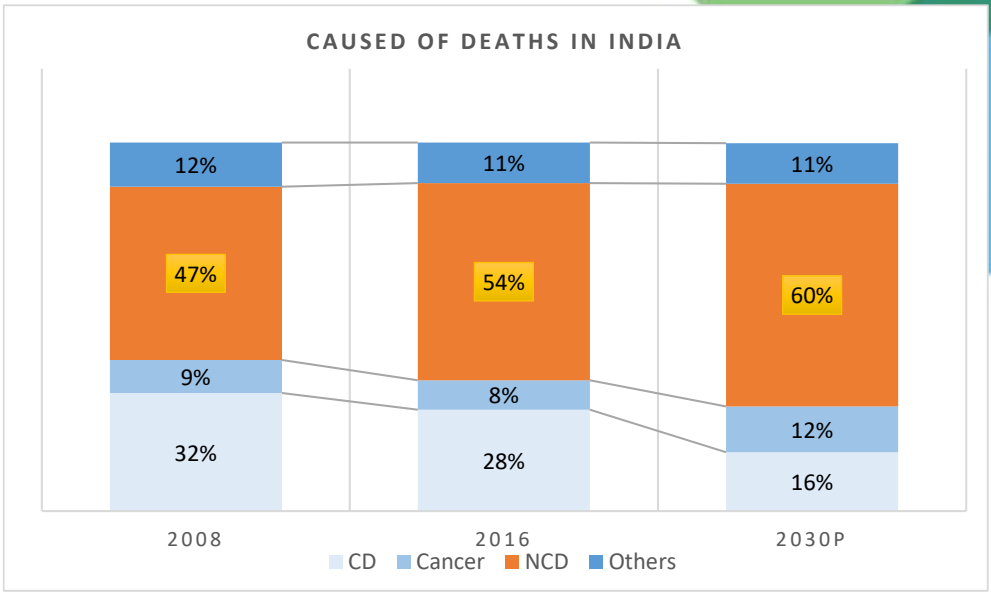
Non-Communicable Diseases (NCD) , a Silent Killer

- Managing communicable diseases and rising non-communicable diseases.
- WHO projects an increasing trend in NCDs by 2030.NCDs exhibit a tendency to increase in tandem with rising income levels.
- By 2030 WHO predicts ~60% of deaths will be on account of NCDs.
- CRISIL forecasts demand for healthcare services associated with lifestyle-related diseases such as cardiac ailments, cancer and diabetes to rise.



Source: WHO global burden of diseases, CRISIL MI&A Research

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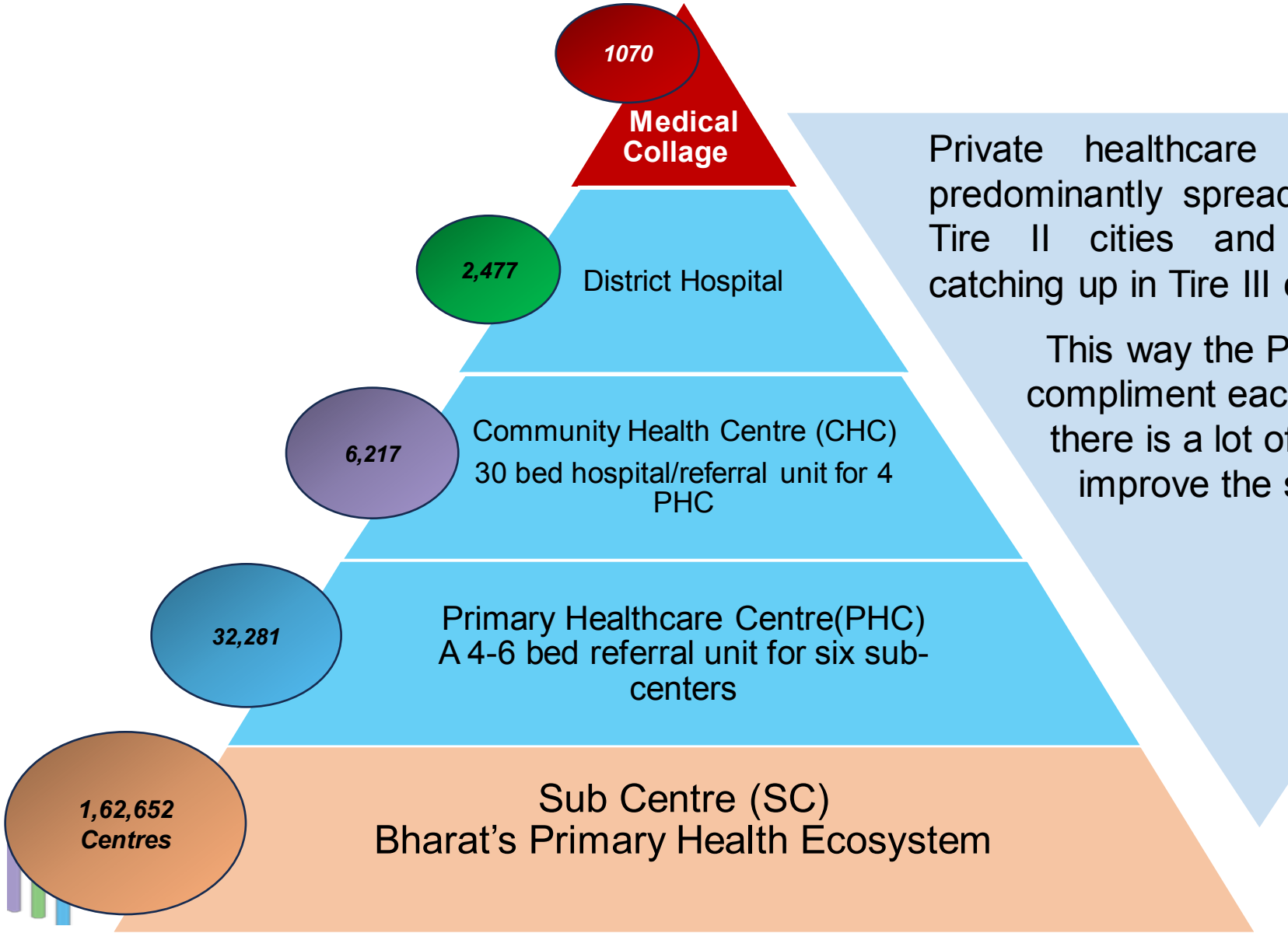
Public Healthcare Eco System – to be leveraged



Private healthcare ecosystem is predominantly spread in the Tire I, Tire II cities and just recently catching up in Tire III cities.

This way the PPP model compliment each other, yet there is a lot of scope to improve the synergy.

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eSanjeevani - National Telemedicine Service

- E-Sanjeevani, a national telemedicine platform, was launched by the Government in November 2019. It has unique advantages that have become increasingly relevant in a post-pandemic world.
- As of today, it provides services in 128 Specialities, with ~14,000 hubs and ~1,00,000 spokes and it has already services 17.88 Crore Patients.
- Urban Bharat has ~71% internet penetration with only 6% growth, as against rural Bharat which witnessed 14% growth. It is estimated that 56% of all new internet users in Bharat will be from rural Bharat by 2025.
- Currently there are 75 Crore active internet users, and it is estimated to increase to 90 Crores by 2025.
- This is going to play a vital role in expanding the reach of E-Sanjeevani in years to come.

Source :https://esanjeevani.mohfw.gov.in/#/
https://www.thehindu.com/news/national/over-50-indians-are-active-internet-users-now-base-to-reach-900-million-by-2025-report/article66809522.ece

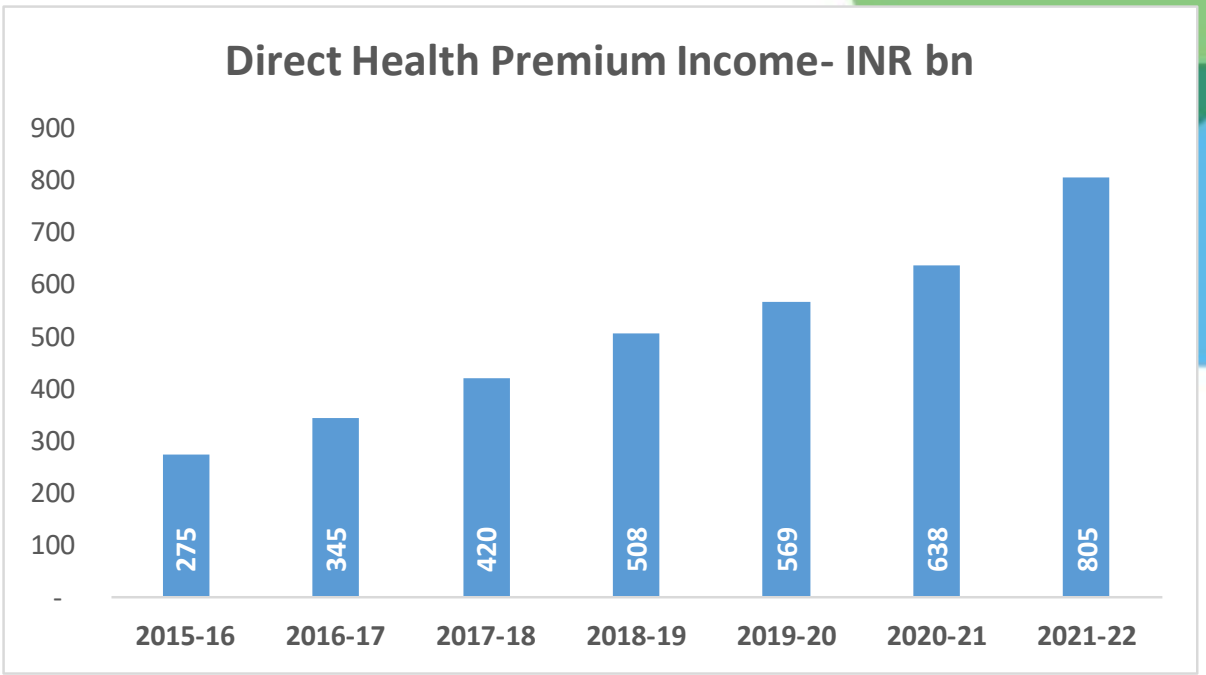
Health Insurance Penetration

The Direct Health Insurance premium has increased by 4x times in 6 years, major jump witnessed post Covid.

As per the Insurance Regulatory and Development Authority (IRDA), more than 52 Cr people have health insurance coverage in Bharat (2022), as against 29 Cr (2015).

The numbers of lives covered by Govt was at peak in 2017-18 and has degrown in last 2 years. Contrastingly the lives covered by Non Govt has displayed a 40% CAGR.

Despite this robust growth, the penetration in fiscal 2022 stood at only 37%, a long way to.



Particualrs	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Govt Sponsored	16	21	27	34	36	36	36	34	31
Non Govt	6	7	9	10	12	11	14	17	21
Total Lives Covered	**22**	**29**	**36**	**44**	**48**	**47**	**50**	**51**	**52**
Total Population	**131**	**132**	**134**	**135**	**137**	**138**	**140**	**141**	**142**
% of lives covered	***17%***	***22%***	***27%***	***32%***	***35%***	***34%***	***36%***	***37%***	***37%***

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Source : https://irdai.gov.in/industry-trends
https://www.macrotrends.net/countries/IND/india/population

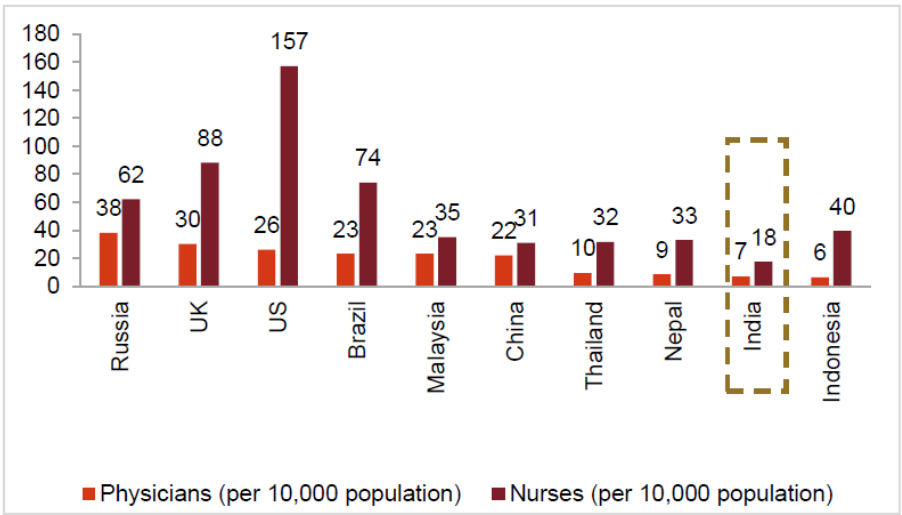
Skill Development- Need of the Hour

Building a strong healthcare workforce by investing in **skill training, reskilling, and upskilling** is the need of the hour

Bharat has 7 physicians and 18 nursing personnel per 10,000 population (CY2012-CY2020), Bharat trails the global median of 16 physicians and 40 nursing staff.

Considering the vast gap in global median and where Bharat stand today, Bharat will need a big workforce to cater to the future clinical needs.

There is a sense of urgency to recruit and upskill Bharat's healthcare workforce, and it will take a PPP ecosystem with central and state government institutions, hospitals, med-tech, ed-tech, non-government organizations, and corporate Bharat to collectively address the demand and supply inequality and social injustice.



Source: WHO World Health Statistics 2022

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FDI Trends and Strong Market growth Drivers in Healthcare

FDI Inflows:

Between April 2000 and March 2023, the drugs and pharmaceuticals sector received $21.46 billion, while hospitals and diagnostic centres attracted $8.73 billion, and medical and surgical appliances saw $2.80 billion in FDI.

Market Growth

- The healthcare sector, specifically hospitals, is expected to grow to $132 billion by 2023 from $61.8 billion in 2017, at a CAGR of 16-17%.
- Medical Tourism: Bharat's medical tourism market was estimated to be worth $5-6 billion in 2020 and is projected to grow to $13 billion by 2026.
- Diagnostics Industry: Valued at $4 billion, with the organized sector constituting roughly 25% of this segment
- **Support Bharat's Macroeconomic Goal : $5 Trillion Economy**

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Strength Through Collaboration

COVID-19 Response: Effective collaboration between government and private sectors in managing the pandemic, particularly in vaccine development and distribution.

Urban-Rural Disparity and Health Insurance Penetration: PPPs have played a significant role in bridging healthcare gaps, enhancing health insurance coverage, and addressing long-standing challenges in Bharat's healthcare system.

PPPs as a model for achieving health for all: The need for a collective approach and shared vision in healthcare.

The vision of creating a healthcare system where quality and accessibility coexist.

Image courtesy – Freepic

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Vision for Bosting Private Healthcare Infrastructure

- Focus on **inclusivity**, **sustainability**, **innovation**, and **technological** integration in healthcare
- The need for **equitable risk-sharing** and **financial clarity** in PPPs.
- **Streamlined regulatory processes** and unified healthcare standards across the country,
- **Viability gap** funding by the government specially focused towards tier 2 and tier 3
- **Putting "CARE" back into Healthcare**

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Care.
For good.

Thanks

anurag.yadav@ihhhealthcare.com

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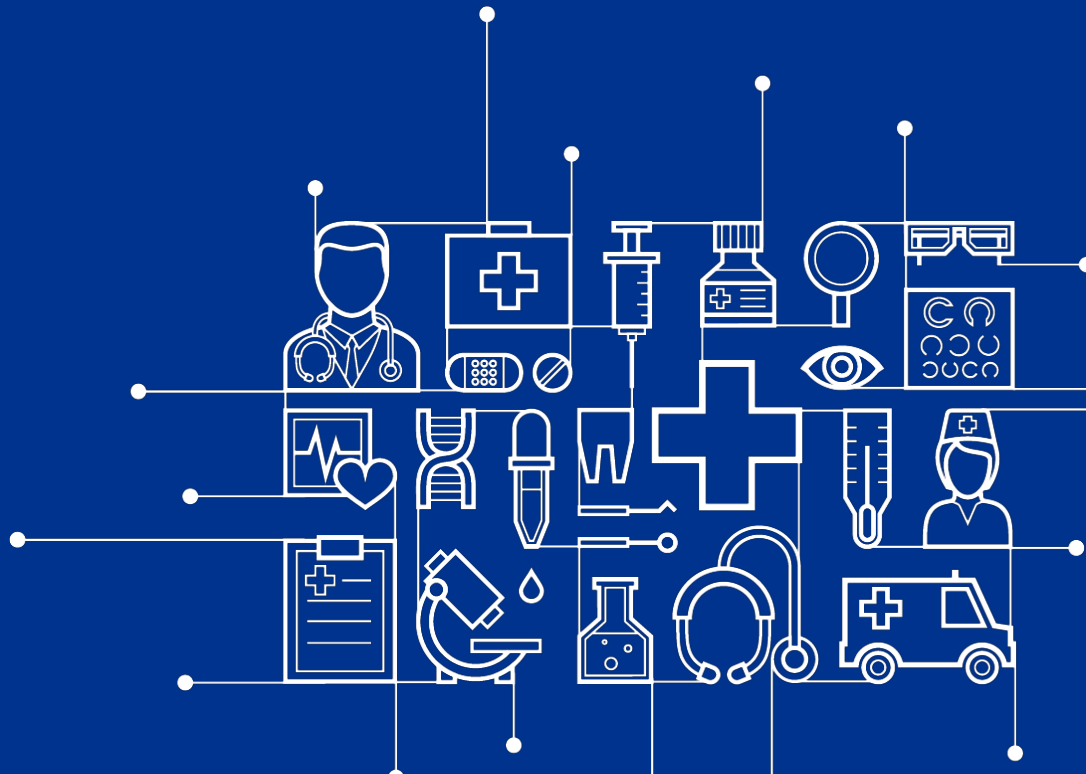
Promoting PPPs in Healthcare

B. Purushartha,
Joint Secretary, DEA

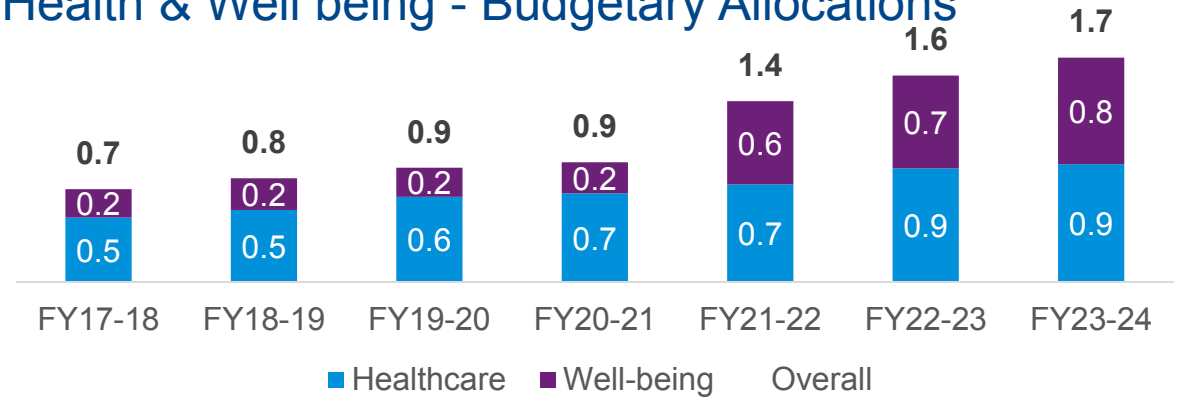
Healthcare Sector Overview



Healthcare in India

One of the largest sectors in terms of revenue and employment

- **employs 4.7 Million people directly**
- **potential of adding 5 lakhs new jobs per year**
- **growing at a CAGR of 22%**



Growth Trend of Budgetary Estimates of India's Health Sector (INR Lacs Crore)
Source: Union Budget documents

India has implemented the world's largest vaccination programme

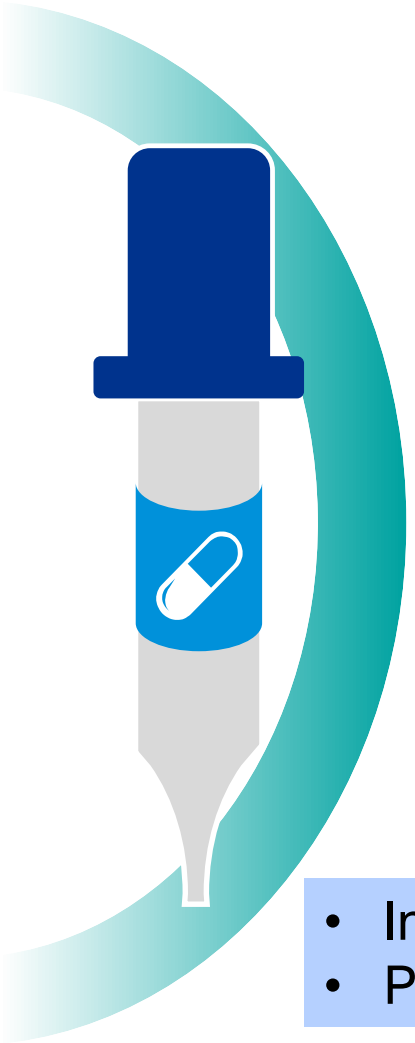
We also supported countries in their vaccination initiatives

Fastest to administer one billion COVID vaccine doses to citizens

Co-WIN platform for seamless vaccination services & certificates

Post Covid, equal attention to Well-being as compared to Healthcare

Challenges



Challenges	Govt's Steps in last 5 years
Govt spends ~ 2.1 % of GDP, aims to increase it to 2.5% of GDP *by* 2025	**16.5% increase in healthcare spending in 2022-23 over last year**
Urban/ Rural divide ~ 75 % of healthcare infrastructure in the urban areas	**PM Swasthya Suraksha Yojana to correct the regional imbalances**
Shortage of doctors, nurses and paramedics: doctor ratio: 1:1000 (WHO), India 1:1511	**Largest public insurance scheme in the world – Ayushman Bharat**
	Increase in capacity: 261 Medical Colleges added between 2014-22

- Indian **start-ups** - accelerating development of low-cost, scalable, and quick solutions
- Pandemic has paved way for digital interventions such as **telemedicine**

Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1894902

Opportunities

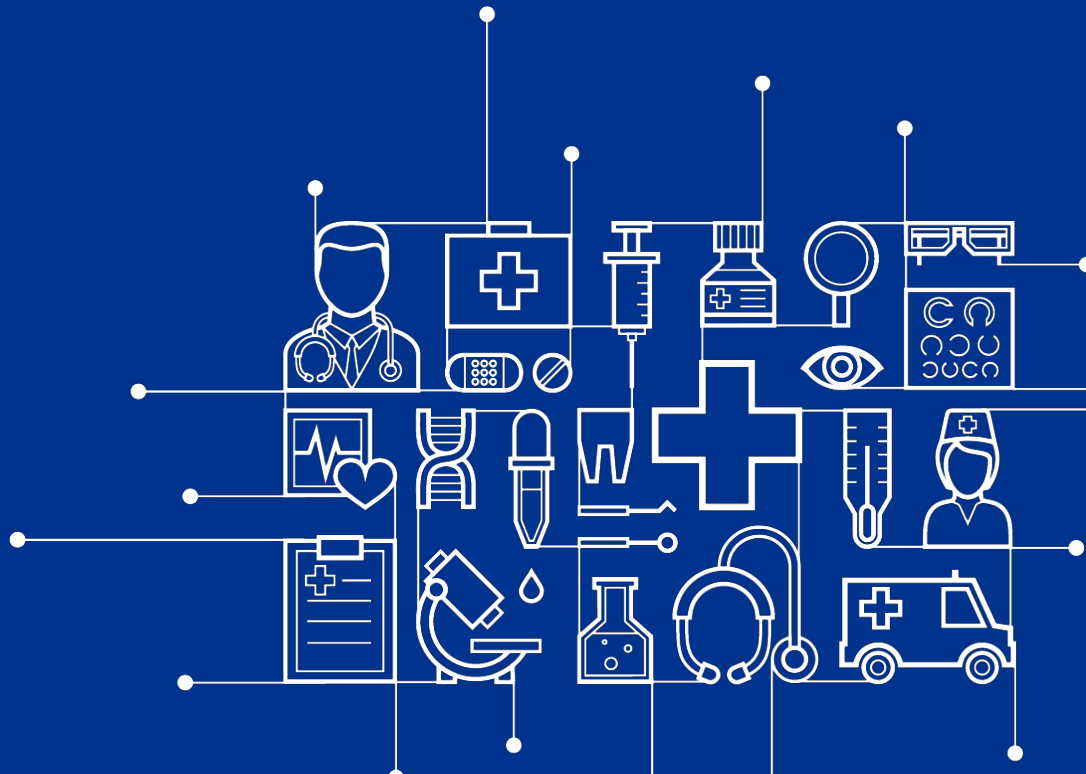
India's healthcare industry ripe for investment

Attract PPP investments into the healthcare space

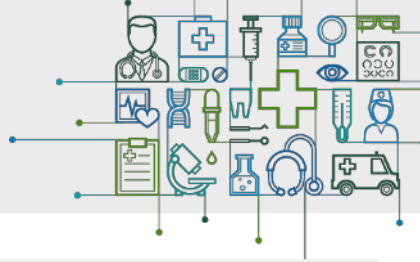
- Hospitals & Infrastructure
- Health Insurance
- Pharmaceuticals & Biotechnology
- Medical Devices
- Medical Tourism/ Medical Value Travel
- Home Healthcare
- Telemedicine & Other technology related health services

- ✓ **Hospital** opportunities in Tier 2 and Tier 3 cities
- ✓ **Expansion** of diagnostic and pathology centres
- ✓ **Manufacturing** opportunities in pharmaceuticals supported by PLI
- ✓ Contract manufacturing and research, over-the counter drugs, and vaccines

PPPs in Healthcare



The PPP models



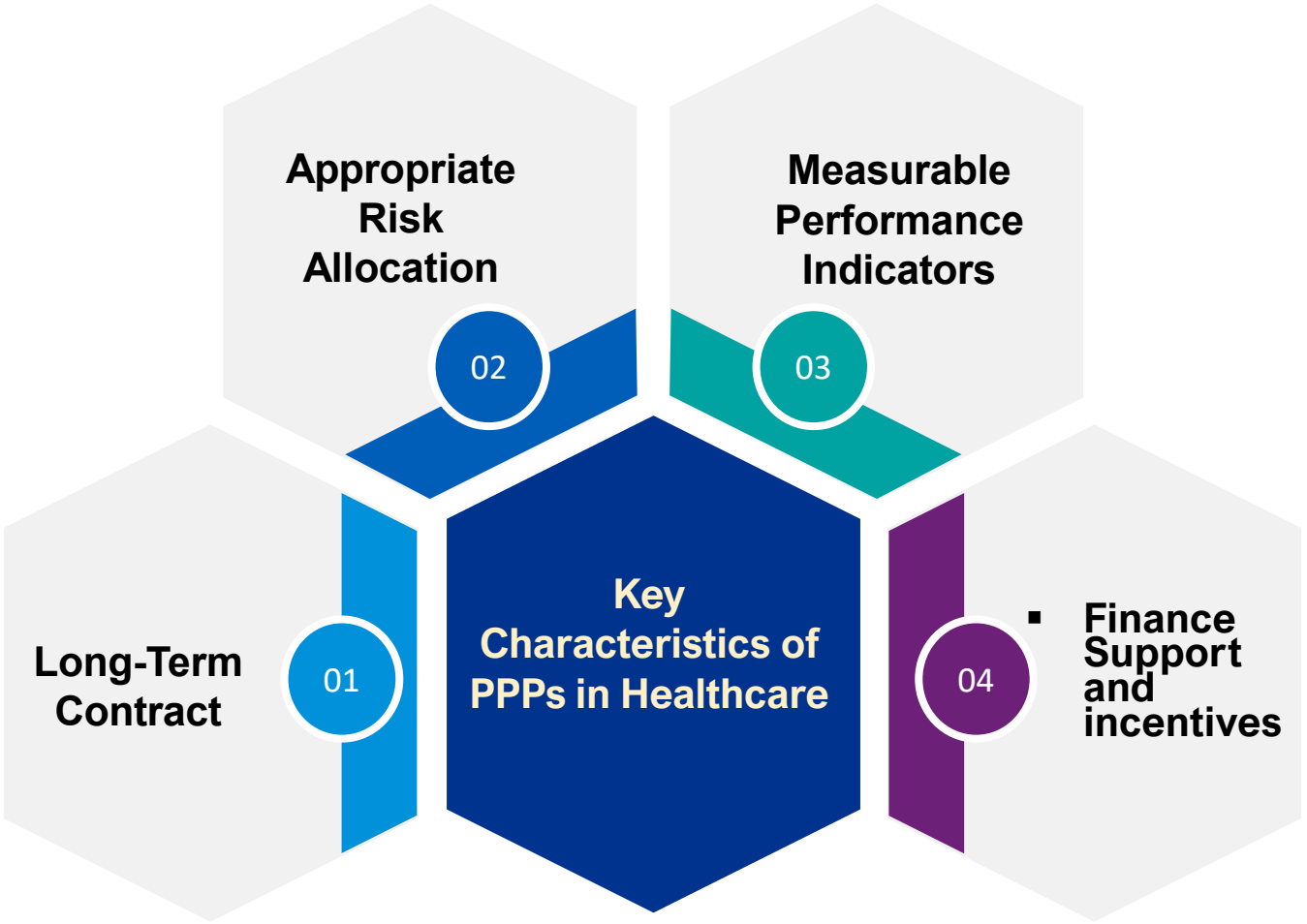
Healthcare Delivery Impact

Lower

Higher

Three major categories of PPPs	Private Partner Responsibilities	Common Model Names
Infrastructure-based model ▪ Provide infra facilities	▪ Facility design, build, maintain ▪ Non-clinical service ▪ Diagnostic equipment	▪ Design Build Finance Maintain (DBFM) ▪ Design Build Maintain (DBM)
Clinical Services model ▪ Provide clinical services	▪ Deliver clinical services (clinical support/ specialty services, etc.) ▪ Diagnostic services	▪ Operation and Management (O&M) Contracts
Integrated PPP model ▪ Provide clinical services bundled with infrastructure	▪ Facility design, build, maintain; deliver clinical/ non-clinical services	▪ Design Build Finance Operate Transfer (DBFOT) ▪ Design Build Operate Transfer (DBOT)

PPP in healthcare - 4 key characteristics

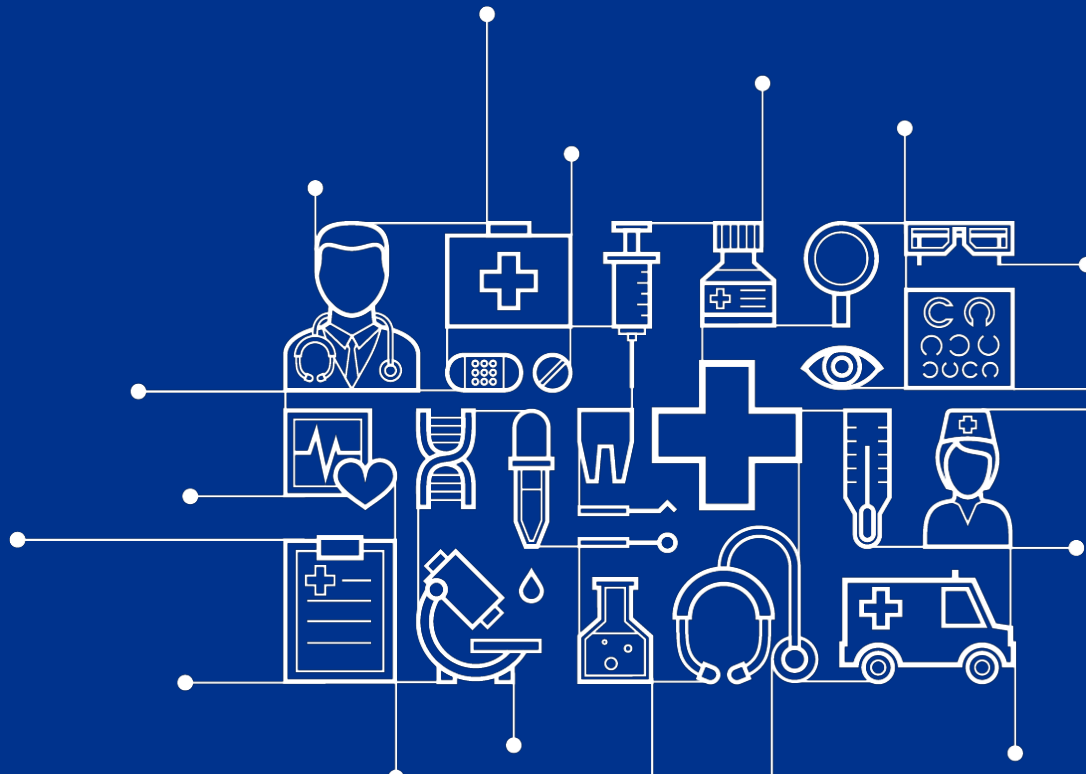


Of 50+ hospitals executed via PPP in India, 4 major models have evolved

Major Models	Private Partner Role	Public Partner Role
Greenfield Project	DBFOT	▪ Land ▪ Tariff fixation
Brownfield Project	EOMT	▪ Land & Existing Infra ▪ Tariff fixation
Brownfield Project	EMT	▪ Land & Existing Infra ▪ Staff
Services Project	Operate and management	▪ Land & Infra

D: Design, B: Build, F: Finance, E: Equip, M: Maintain; O: Operate, T: Transfer

Case Studies



Andhra Pradesh PPP Project (Clinical Services model)

- Assisted by IFC, WB Group
- **Upgrading radiology services at 4 hospitals** attached to medical colleges
- Kakinada, Kurnool, Vishakhapatnam, and Warangal.

Project awarded to Wipro GE Healthcare Limited after a competitive bid.

Success factor(s)

- Project completion took only **8 months**
- Bid parameter - **average price per scan**
- L1 quote nearly **50% below** market rate
- Helped a larger number of patients

Impact

- Diagnostic radiology services provided to ~ **100,000 patients** per year
- ~85% patients are underprivileged

Bihar Hospital PPP Projects (Integrated model)

Jayaprabha Super Specialty Hospital in Patna

- Concession Signed with Medanta in 2015; COD – 2021
- Total Private investment mobilized - **INR 500 Cr**
- Over **5000 surgeries/ 3.5 Lakh investigations** done till date
- Atleast **25% regulated** beds. Rest at market rates.

Critical success factors:

- Integrated Model Greenfield Hospital
- Land provided by GoB
- Measurable lucid KPIs built in the CA
- Clear Bid parameter – **premium** with annual escalation @6.50%
- Mutually constituted and paid independent experts panel for KPI monitoring & dispute resolution

Systematic Diagnostic Services (Clinical Services model)

KRSNAA Diagnostics Ltd.

- Differentiated Diagnostic Service Provider
- Quality-inclusive diagnostics at disruptive rates
- Incorporated in 2011, operates 1900+ Diagnostic Centers, **30+Mn** patients served.
- **28+** PPPs with investment of **INR 500 Cr** across 17 states
- Provides Diagnostics machines and its operators to Govt. hospitals

Our Centers in Govt Hospitals

UP Radiotherapy Project (Infrastructure-based model)

Upgradation of Cancer Treatment Centres in Medical Colleges

- Base infra available in Medical Colleges
- Problems in installing & maintaining radiotherapy machines
- Skilled manpower is available to operate
- Project is at conceptualisation stage

1

Role of PSA:

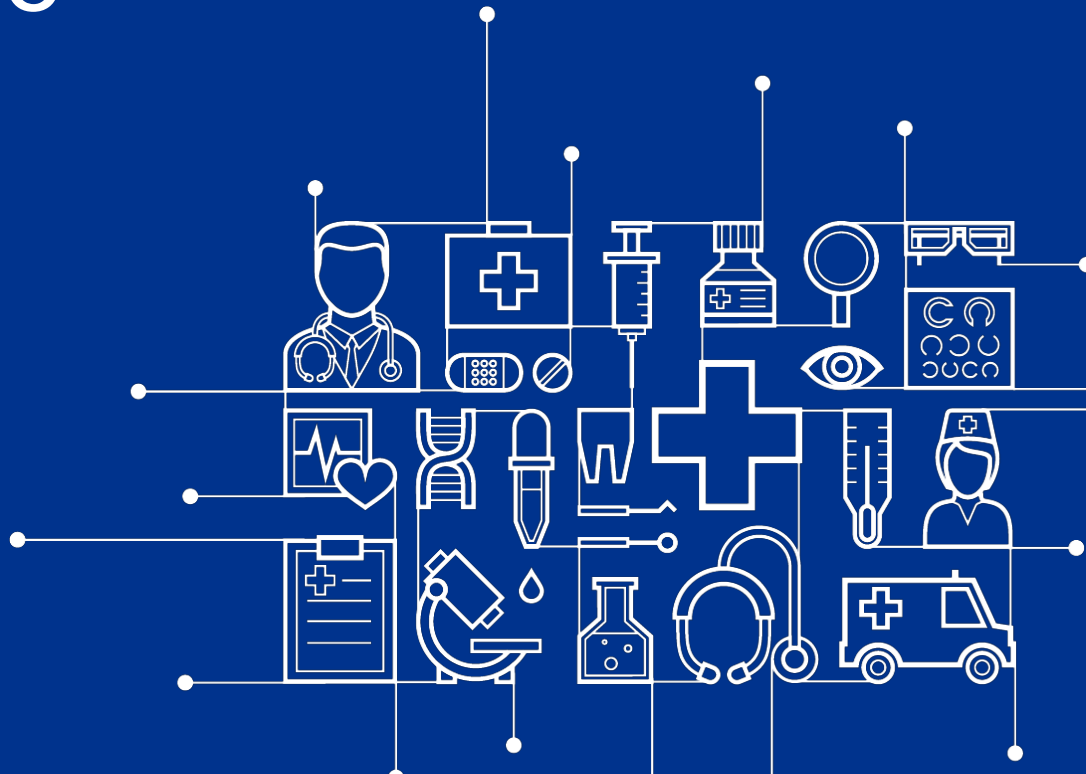
- Base infra for installing the machines
- Skilled manpower for operations
- Release timely payments

2

Role of Concessionaire:

- Finance, procure & install machines
- Maintenance & full-time availability
- Compliance with machine KPIs

Promoting PPPs in Healthcare



Empaneled Transaction Advisers for PPP Projects

Need

- Demand from Central and State PSAs.
- Eliminate delays in appointment of TAs.
- To make the hiring of TAs seamless and efficient.
- Preparing a shelf of bankable projects.
- Support PSAs for taking up PPP projects.
- Help in achieving accelerated infra development.

Who can use?

All Central/ State Ministries, Statutory Bodies, Public Sector Enterprises and undertakings

Uptake so far

50+ project assignments have utilized the DEA Empanelment till date.

Empaneled Transaction Advisers for PPP Projects

1	Almondz Global Securities Ltd.	7	iDeck
2	CRISIL	8	KPMG
3	Darashaw & Company Private Ltd.	9	Mazars Advisory LLP
4	Deloitte Touche Tohmatsu India LLP	10	PwC
5	Ernst & Young LLP	11	RITES Ltd.
6	Feedback Infra	12	Tandon Urban Solution Private Limited

VGF Scheme - Salient features

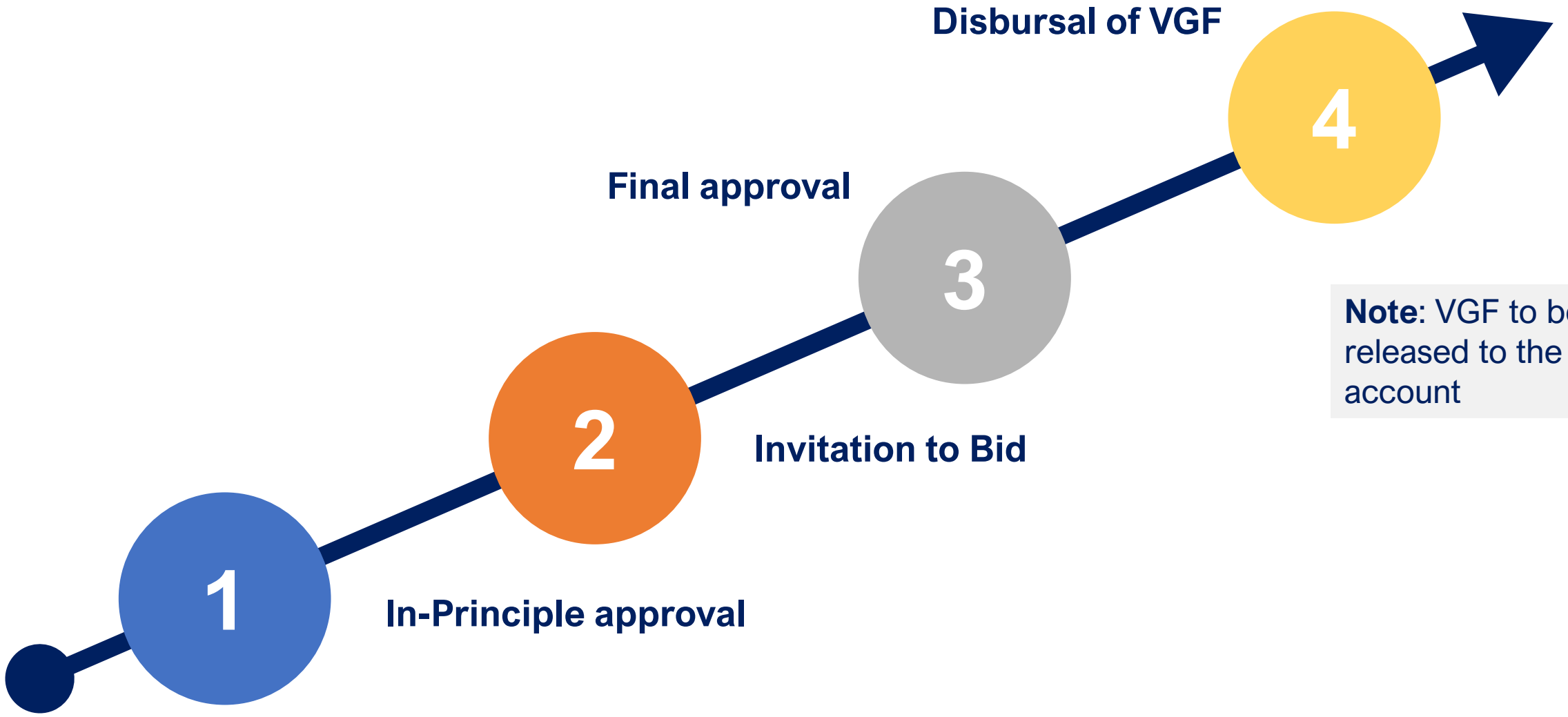
VGF Scheme	Capital VGF Support as a % of the Total Project Cost		
	By GoI	By PSA	Total VGF
Sub-Scheme 1 - Water Supply, Solid Waste Management, Waste Water Treatment, Health and Education etc.	30%	30%	**60%**
Sub-Scheme 2 - Demonstration/Pilot projects in Health and Education sectors	40%	40%	**80%**
All other Eligible Sectors	20%	20%	**40%**

In case of **Sub-Scheme 2** in addition to the Capital VGF, **25% of NPV O&M Cost** for the first 5 years after COD will also be given as operational grant (**additional 25%** can be given by the Project sponsoring Central Ministry/ State Government/ Statutory Entity making the **Total NPV of O&M Cost disbursement of 50%**)

VGF Scheme - Eligibility Criteria

- **Infrastructure project** covered within the eligible sectors in the scheme
- Proposal **by a Central/State Government Ministry/Entity**
- PPP Project providing services against a **Pre-Determined Tariff**
- **VGF shall be the bidding parameter**

VGF Scheme - Stages Involved



Note: VGF to be released to the escrow account

VGF Case Study 1

Project	Development of Medical Colleges in six districts of UP in PPP mode
Project Authority	Directorate of Medical Education & Training (DGME), UP
Project Details	▪ Duration: 33 years + 33 years ▪ Cost of project: INR 1525.8 cr. ▪ Total Capex VGF: INR 610.4 cr. ▪ Total Opex VGF: INR 402.1 cr.
Scope	▪ 2580 beds capacity to be developed in 6 locations ▪ Augmentation and O&M of existing hospital ▪ Development and O&M of Medical college
Revenue Model	▪ Patient fee – subsidized and market linked ▪ Medical college fee from Students
Current Status	▪ Bid Process Stage

VGF Case Study 2

Project	Affordable Healthcare Projects on PPP mode in Odisha at 4 locations
Project Authority	Department of Health & Family Welfare, Odisha
Project Details	▪ Duration: 32 years ▪ Cost of project: INR 291.78 cr.
Scope	▪ Greenfield tertiary care hospital ▪ 600 beds capacity to be developed ▪ Construction and O&M
Revenue Model	▪ Patient fee – subsidized and market linked
Current Status	▪ Concession Agreement Signed

Particulars	Approved (INR Cr.)	Bid Amount (INR Cr.)
Total Capex VGF	233.42	**230.50**
Total Opex VGF	247.54	**161.80**

IIPDF - Need and Purpose

1. Project Sponsoring Authorities (PSA) of PPP Projects need expert advice for

- formulating project documents
- award and implementation of projects
- closing out the transactions

2. Role of **TA** is critical for PPP:

- success depends on well-structured financially viable project
- to increase the **quality and quantity** of bankable PPP projects

3. Procurement costs of TAs are significant and often a burden on the PSA.

IIPDF - Applicability

1. PSA – Central/State Government Ministry or Statutory Entity

2. Sectors - Applicable sectors covered under the HML and the VGF Scheme.

3. Project Development Expenses for any PPP project is covered.

4. Funding - Upto 5 crore per project can be availed for **cost of TAs**.

5. Funding would not include the expenses incurred by PSA on own staff.

1. Funding under the IIPDF will stop if:

- PPP project process is not continued despite favourable feasibility study;
- LOA not issued after floating RFP and receiving market response and valid bids;
- Concession Agreement is not executed even after issue of LOA

2. Post such 3 instances, the State/Central Ministry shall be ineligible for seeking IIPDF funds for one year.

Case Study

Project	Hiring TA for development of Medical college and Hospital in Arunachal Pradesh
Authority	Directorate of Medical Education, training and research
Project Details	• Sector: Healthcare and Education • Cost of TA: INR 1.44 cr.
Scope	▪ Feasibility Study & Cost Estimates ▪ PPP Structuring ▪ Preparation of Bid Documents ▪ Bid Process Management
Current Status	▪ TA onboarded

Case Study

Project	Hiring TA for Upgradation of Cancer Treatment Centres in the state of Uttar Pradesh on PPP mode
Authority	Department of Medical Education, Govt. of UP
Project Details	• Sector: Healthcare • Cost of TA: TBD
Scope	▪ Feasibility Study & Cost Estimates ▪ PPP Structuring ▪ Preparation of Bid Documents ▪ Bid Process Management
Current Status	▪ Proposal evaluation stage

Summary

VGF Scheme

- VGF to **economically justified but commercially unviable** projects
- VGF given in form of capex (upto 80%) and opex (upto 50%)
- Project preparation for availing VGF helps in:
  - ➢ generating **bidder interest**
  - ➢ making **more projects happen**
  - ➢ bringing **larger projects to PPP**
- **67 projects** with TPC ~ **INR 45,803 Crore and VGF approved~ INR 7,683 Crore**

IIPDF Scheme

- Funding to **cover the PPP project development costs**
- Helps to improve the quality and quantity of **bankable PPP projects.**
- **Reduces financial burden** on PSA for PDEs.

➢ Total approved funds under revamped IIPDF Scheme ~ **INR 22 Crore**

Thank you

AFFORDABLE HEALTHCARE PROJECT

DEVELOPING MULTI SPECIALTY HOSPITALS IN PPP

MAKING HEALTHCARE MORE AFFORDABLE, EQUITABLE, & ACCESSIBLE

TAKING HEALTHCARE TO DOORSTEPS

HEALTH & FAMILY WELFARE DEPARTMENT

GOVERNMENT OF ODISHA

OUTLINE OF THE PRESENTATION

1) Achievements of Healthcare Performance of State
2) Odisha Model of Healthcare Services
3) Challenges in service delivery
4) The Affordable Healthcare Program
5) Phase -1 Projects
6) Project Sizing & Structure
7) Bid Strategy
8) Bid Outcome
9) Key Success Factors
10) Conclusion

ACHIEVEMENTS IN HEALTH SECTOR

- Highest decline in Malaria in the Country: (94%)decline

- 2nd in TB reduction in Bigger State Cat.

- Best Performer in the Country in Digital Health (ABHA ID Creation)

- Only State providing Air Health Service to patients in remote location

8 new medical colleges and 2 new PG Institutes in last 6 years

- BSKY- Coverage attends 2.5 Lakh patients every month and with expenses more than 250 Cr.

ACHIEVEMENTS IN HEALTH SECTOR

•Highest decline in Infant Mortality Rate (IMR) in the Country (39 Points) between 2005 to 2020 (SRS).

•2nd highest point decline in Maternal Mortality Ratio (MMR) in the country: (49 points) between 2015-17 to 2018-20 (SRS)

•Highest Immunization Coverage in the Country (90.5 %) (NFHS-5)

Institutional delivery is at (92.2%) (NFHS-5)

•SDG Goal achieved for Total Fertility Rate (1.8).

CHALLENGES

Bed Gap	• Huge Bed Gap. • 40000 Cr required to meet the Gap
Stretched Public Infra	• 90% Public Hospitals more than 100 % occupancy
Human Resource Gap	• Shortage of Medical & Para medical resources • Average 71 % Surgery Gap across State
Long Travel Time	• Travel ~238 Km (6 Hrs) to avail Tertiary / Secondary are Service
Lower Share of Pvt Hospitals	• Pvt Share was 25% of total beds in the State
Inequitable Access to Healthcare Infra facilities	• 85% of Pvt Sector Beds in Cuttack & Bhubaneswar
Underserved Hinterland	• Referral centres localized in 4 Districts only

THE ODISHA MODEL OF UNIVERSAL HEALTHCARE

- Develop NABH Infrastructure & provide Higher secondary care / tertiary care services– Partner with Private sector
- Provide Financial Protection to Patients & Competitive Packages
- Address Human Resource - Expanding the Medical Education & Training
- 1)Provide Basic Healthcare & services through Govt Support

ODISHA AFFORDABLE HEALTHCARE - THE PROGRAM

✓**THE PROGRAM OBJECTIVES:**

- Develop greenfield, NABH accredited, multispecialty hospitals in the tier 2/3 towns in 25 underserved districts
- Facilities to be 100 / 200 bed category based on market appetite
- Offering 24 x 7 Trauma care, and provide Secondary Care service across specialties
- Function as Referral Hospitals in the Districts
- Reduce avg. travel time to tertiary care hospital to 2 hrs
- Provide non-discriminatory & cashless IPD services to Govt Insured Patients (BSKY Card Holders)
- Provide Healthcare services to Non BSKY patients
- Land to be provided at subsidized rate

✓**Project to be taken up in phases**: Pilot Districts with mix of BSKY & Commercial patients were selected (Angul, Barbil, Bhadrak & Jharsuguda)

THE PROJECTS:

PILOT PHASE 1 OF THE AFFORDABLE HEALTHCARE PROGRAM- HOSPITAL PROJECTS IN 4 LOCATIONS

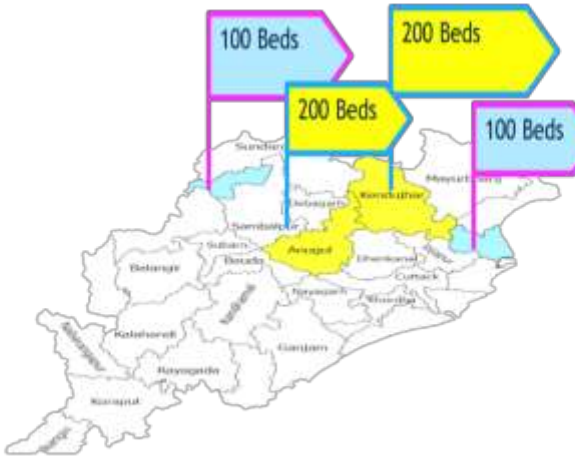
Angul is one of the major industrial towns of Odisha with Steel & Aluminium /Power producing corporates(NTPC, MCL/NALCO/Jindal)

Bhadrak is a port town of Odisha with Dhamra port + LNG Terminal, Upcoming textile park of IOCL, Located on Kolkata-Chennai Rail –road corridor, has a sizeable hinterland from other Dists.

Jharsuguda is one of the major industrial towns of Odisha, with large Steel, Aluminum Smelting (VEDANTA All Ltd), Power producing(NTPC UMPP) & Coalfields (MCL). Being a bordering district well connected through air, road and rail service, it could serve to larger hinterland.

Barbil is one of the major industrial towns of Odisha with Iron & Manganese Ore Mines and large Steel processing (SAIL, JSPL, TATA STEEL)

Location	Bed Occu.. Rate	BPL Popn'	Tribal Popn'	Referral Center
Angul	306%	56%	14%	Cuttack (2.5 Hrs)
Barbil	105%	64%	45%	Cuttack (6:00 Hrs)
Bhadrak	280%	50%	2%	Cuttack (2:00 Hrs)
Jharsuguda	167%	39%	31%	Cuttack / Raipur (6:00Hrs)



PROJECT SIZING AND STRUCTURE

ODISHA AFFORDABLE HEALTHCARE PROGRAM - PROJECT HOSPITALS

	100 - Beds (Minimum)	200 -Beds (Minimum)
Hospital Infrastructure	• Land 2 Acres • General Ward Beds – 50 • ICU – 20 Beds	• Land: 4-5 acres • Minimum General ward beds: 84 • ICU – 40 Beds
Est. Project Cost (Capex)	• INR 48 crores (est.)	• INR 98 crores (est.)
Broad Specialities	Medicine, Surgery, Obstetrics and Gynecology, Pediatrics, Anesthesia, Ophthalmology, ENT, Dermatology, Psychiatry, Dental	
Other Clinical Services	• Diagnostic Services, Blood storage, Physiotherapy etc	
Tertiary Care - Compulsory	Emergency, Trauma, Critical Care, Tele-ICU, Orthopedics, Neonatology,	
Min. Clinical Staff	As per IPHS Norms	
Quality	Full NABH accreditation within 4 years of Commissioning	

PROJECT TRANSACTION STRUCTURE

Transaction Structure	
Type of Contract	Design, Build, Finance, Operate, Manage, Transfer
Duration	32 Years (Includes 2 yrs of construction)
Key Provisions	
VGF Under Sub-scheme –II of Revamped VGF Scheme of Govt of India	VGF support for first 7 years of project from Effective Date: • CAPEX VGF: upto 80% of VGF • OPEX VGF: During first 5 years of operations upto 50% of O&M
Construction	Phase I (50% capacity): 2 years after Effective Date Phase II (100% capacity): Within 5 years of Effective Date
Quality Parameters	Compulsory requirement for NABH Accreditation
Project Management	i. Independent Engineer, specialized Monitoring Agency ii. Project management unit (PMU) in the H&FW Dept. iii. Joint State & District level committees
Reservation for Select Patients	i. Atleast 50% of General ward bed capacity
Tariffs Ceilings	i. Select Patients : As per tariffs of the BSKY or other prevailing Government schemes ii. Non-select patients : 3 times of the BSKY rates with consumables, implants & room charges as per actuals

SHARING OF RISK

Government Contribution & Role

i. **Land:** Provide concessional land in good location
ii. **Financing:** Provide Viability Gap Funding (VGF)
iii. **Empanel with BSKY** & converge with National/ State Health programs
iv. **Set tariffs**
v. **Refer Select Patients**
vi. **Make Payment** for Select Patients (quick settlements committed through BSKY)
vii. **Monitor & Facilitate**: Provide oversight and monitor quality of care

Private Partner Contribution & Role

i. **Financing:** Responsible for financing the project
ii. **Design,** Build, Equip, Maintain, & Transfer the hospital as per contract
iii. **Deploy** Human resources
iv. **Operate & Manage** the hospital as per contract
v. **Provide Healthcare Services** to Select and Non Select Patients on non discriminatory manner
vi. **Maintain NABH standards**
vii. **Offer PG (DNB) courses**

KEY BENEFITS

BENEFITS

1st NABH hospital in the Districts providing access to healthcare to more than 6 Million

Add 600 Beds in the State

Save 2:00 to 6:00 Hrs travel time for Trauma & Secondary Care service

Multi-Specialty Departments

24x7 Trauma, OPD, ICU, NICU etc

Advanced Diagnostic Services

BSKY patients cashless service Market patients - Affordable Rates

Employ more than 2700 Medical & paramedical staffs

Investment- Rs 300 Crores

BID OUTCOME

BID STRATEGY

Bidding in Pre VGF stage

1) **Scoping of Projects** :- Bids were invited for location in cluster manner
2) **VGF** : The bids for the project were launched in 2019 with 60% Capex (fixed) and Additional VGF (variable)
3) Resulted in Single Bid – Bids were cancelled

Bidding under the Sub-Scheme –II of revamped VGF Scheme

1) **Scoping of Projects** :- Locations were de-clustered (Bidders given flexibility to choose locations to bid)
2) **Vocal for Local :** Focused consultations with Hospital Operators - Better insights about the Project structure and scoping
3) **VGF** : Capex VGF ceiling raised to 80% & O&M support @50% per annum during teething period
4) **Tariffs Capping** –For Corporate patients, the IPD tariff packages were linked to the State notified tariff with a multiplier with consumables, implants & room rents as per actual

BID OUTCOME & STATUS

1) All locations received multiple bids and participants were mostly local grown institutions

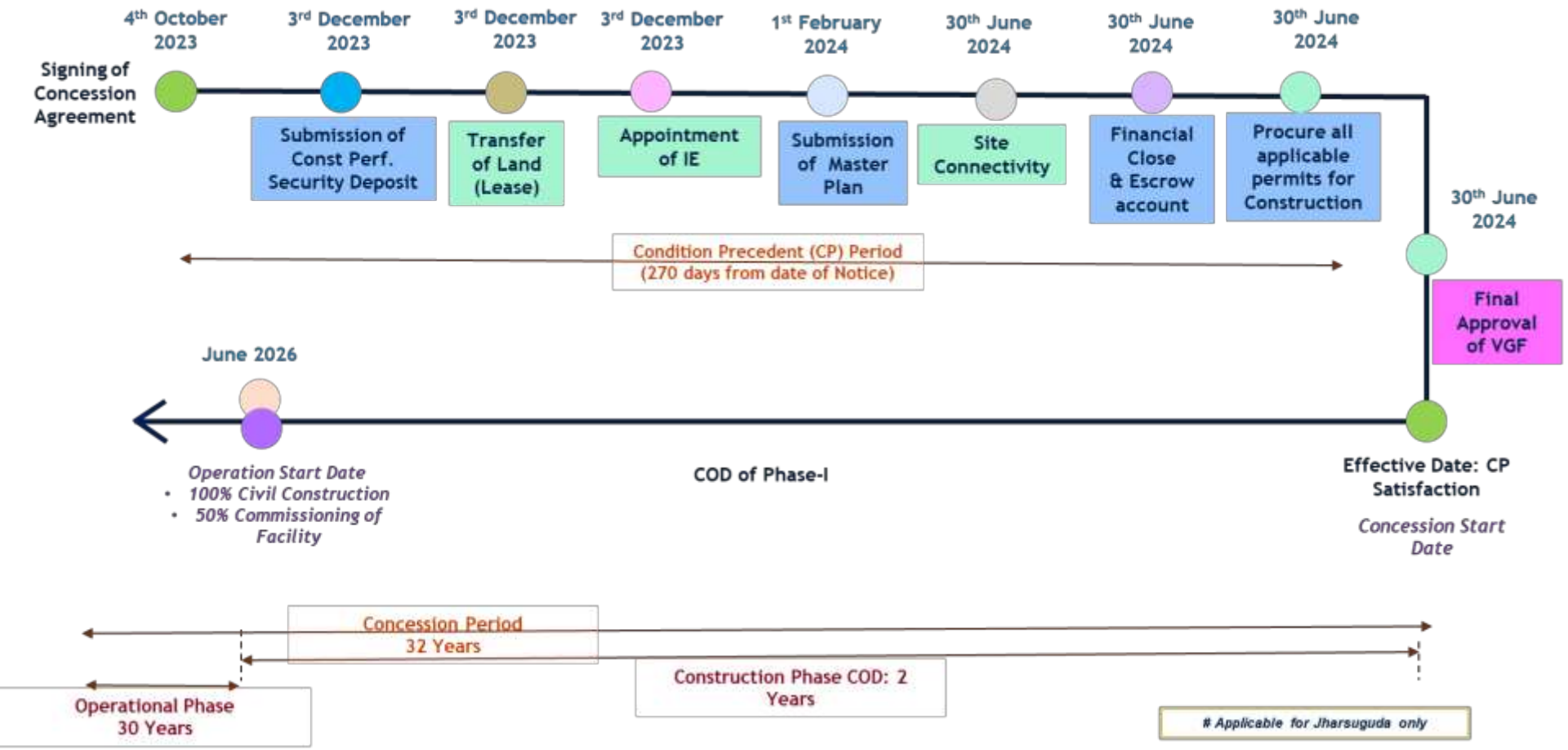
2) Winning Bids are close to 18.50 % lower than the Total ceiling VGF. Quote in Capex VGF is 1.38% whereas in OPEX its ~38% lower than the ceiling.

3) Winning Bidders :
   - Angul & Barbil (200 bedded) – Consortium of Utkal Hospitals (A NABH multispecialty hospital chain of Bhubaneswar) & Silicon Institute of Technology which is into Education
   - Bhadrak & Jharsuguda – Consortium of Cygus Medicare (A Healthcare chain of North India & Printlink Communication (a local entrepreneur into hardware & networking services)

4) H&FW Department have executed the Concession Agreements on 04th Oct' 2023

5) IFC is providing Post Transaction Advisory Services (during the Condition Precedent Period) – Technical Consultant mobilized by IFC

PROJECT TIMELINE



TARGET TO ACHIEVE CP BY 31ST OF MARCH(180days)

KEY LEARNINGS

KEY SUCCESS FACTORS

1. **No One-Stop Solution it's a continuous evolution of structure**
   - State health insurance scheme introduced in August 2019 enhanced the percentage of insured population – thus, viability of project in light of reduced market patients was reassessed
   - VGF was increased from 60% to 80% of Project Cost (40% of the VGF came from Central Government enhancing project credibility)
   - Locations were de-clustered to enhance competition

2. **Listen to Market Needs**
   - Feedback during pre-bid/investor consultation evaluated seriously to incorporate practical suggestions from bidders
   - Consortium structure allowed for local health operators to tie up with national players

3. **Thorough project preparation and transparency is key to build private sector trust**
   - State budgetary provisions for VGF was done in advance and finance department participation in investor consultations to provide assurance on VGF payments
   - Insurance scheme payment cycles and history fully disclosed to bidders
   - Land readiness demonstrated to bidders

4. **Choose right development partners and stakeholders**
   - IFC as the transaction advisor acted as a development partner to us and supported us through the evolving structure till the successful completion of the bidding. IFC has higher staying power than commercial consultants

CONCLUSION

1. **The journey has just started!**
   - Successful award of the PPP Contracts is the start of the 32 years long partnership with private sector
   - The successful commissioning of these hospitals will also establish a replicable model for PPPs in the state to meet the huge unmet need for healthcare supply infrastructure

2. **Contract Management Frameworks and Capacity Building key to smooth implementation**
   - The conditions precedent (CP) period is critical for timely completion of all pre-construction obligations
   - The health department is supported by IFC to monitor the CPs and set up an institutional mechanism for contract management during construction and operation period

Thank you

~Each life Matters~

"हमारी सaरकार उत्तर प्रदेश को एक आत्मनिर्भर शिक्षा केन्द्र बनाने का प्रयास करेगी।" *- उत्तर प्रदेश सरकार*

One District, One Medical College

Journey of Medical Colleges in Uttar Pradesh

2023	**13 GMC, 14 ASMC & 6 Institute**
2021	**9 ASMC**: Fatehpur, Ghazipur, Siddarthnagar, Deoria, Pratapgarh, Mirjapur, Etah, Hardoi & Jaunpur
2019	**5 ASMC** (Ayodhya, Bahraich, Basti, Sahjahanpur & Firozabad) + **1 GMC** (Badaun) + **1 Institute** (GIMS, GNoida)
2016 - 2017	**1 GMC** (Banda) + **2 Institute** (PGICH, Noida & RML, Lucknow)
2011 - 2015	**5 GMC**: Azamgarh, Kannuaj, Jalaun, Ambedkar Nagar & Saharanpur
2006	**1 Institute**: UPUMS, Saifai
1983	**1 Institute**: SGPGI, Lucknow
1947 - 1972	**6 GMC**: Agra, Kanpur, Prayagraj, Meerut, Jhansi & Gorakhpur
1911	**1 Institute**: KGMU, Lucknow

1984
Establishment of DGME

One District, One Medical College

Till 2017, only 17 Government Medical Colleges were there in Uttar Pradesh

With the vision of **One District One Medical Colleges**, Government decided to establish medical colleges in each district through phased manner and PPP mode

75 Districts

5 Districts	9 Districts	14 Districts	16 Districts	31 Districts
Phase 1	**Phase 2**	**Phase 3**	**PPP Mode**	Already had either government or private medical colleges
1. Basti	1. Siddharthnagar	1. Bijnaur	1. Bagpat	
2. Ayodhya	2. Etah	2. Kushinagar	2. Mainpuri	
3. Firozabad	3. Hardoi	3. Sultanpur	3. Sant Kabeer Nagar	
4. Shahjahanpur	4. Pratapgarh	4. Gonda	4. Ballia	
5. Bahraich	5. Fatehpur	5. Lalitpur	5. Rampur	
	6. Deoria	6. Lakhimpur Kheri	6. Bhadohi	
	7. Ghazipur	7. Chandauli	7. Kasganj	
	8. Mirzapur	8. Bulandhshahar	8. Chitrakoot	
	9. Jaunpur	9. Sonbhadra	9. Mahoba	
		10. Pilibhit	10. Hamirpur	
		11. Auraiya	11. Shravasti	
		12. Kanpur Dehat	12. Hathras	
		13. Kaushambi	13. Mau	
		14. Amethi	14. Shamli	
			15. Sambhal	
			16. Maharajganj	

Progress Status Phase 1, 2 & 3 Medical Colleges

Phase 1

- Construction work of all 5 medical colleges (Basti, Ayodhya, Firozabad, Shahjahanpur, Bahraich) has been completed
- Ayodhya and Basti medical colleges are handed over
- For Firozabad, Shahjahanpur, and Bahraich, Rajkiya Nirman Nigam signature formalities are in process
- All colleges are fully functional

Phase 2

- Construction work of all 9 medical colleges (Siddharthnagar, Etah, Hardoi, Pratapgarh, Fatehpur, Deoria, Ghazipur, Mirzapur, Jaunpur) has been completed
- Siddharthnagar, Deoria and Pratapgarh medical colleges are handed over
- Medical colleges of Fatehpur and Etah are in process of hand-over
- All colleges are fully functional

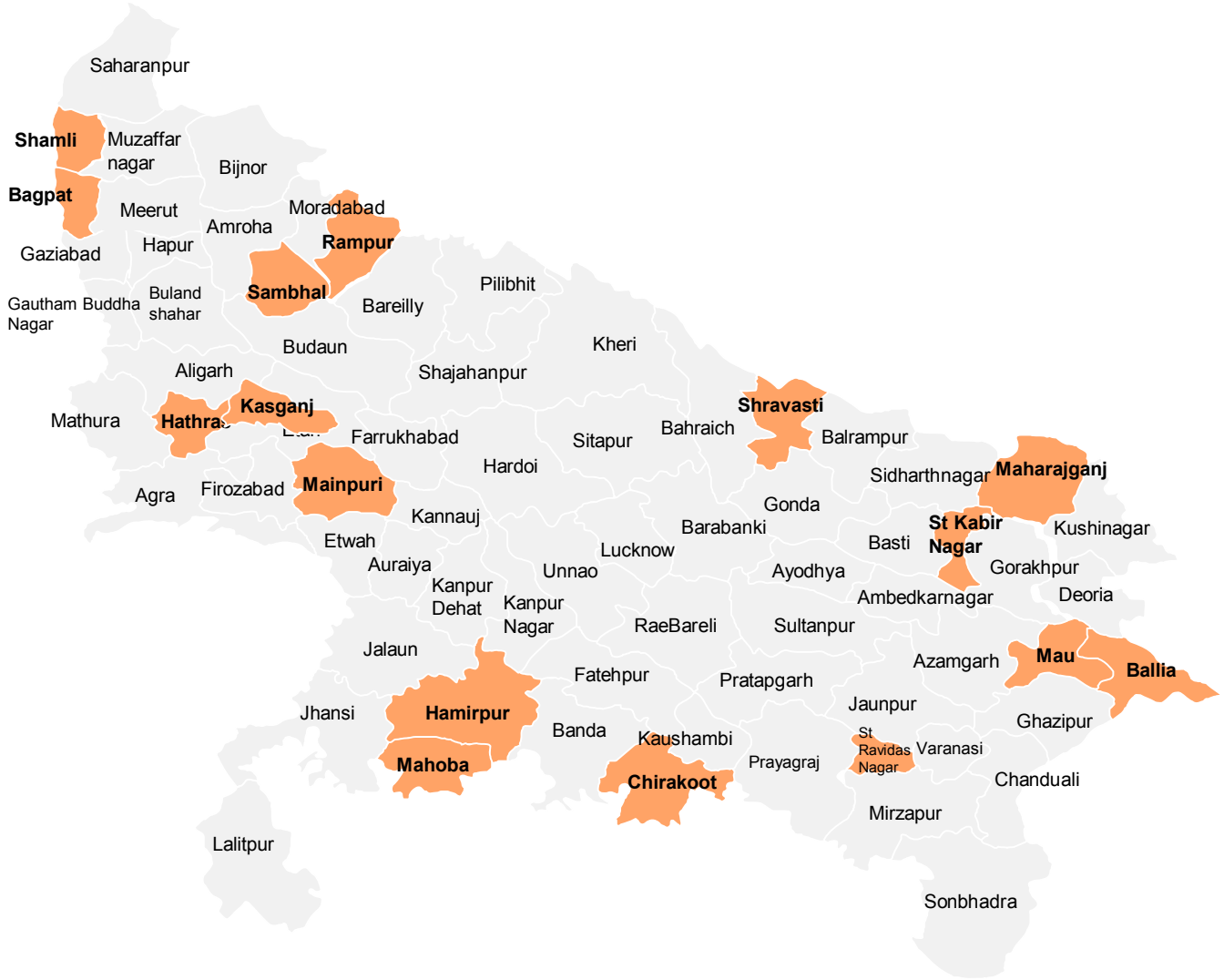
Phase 3

- More than 70% of construction work of all 14 medical colleges (Bijnaur, Kushinagar, Sultanpur, Gonda, Lalitpur, Lakhimpur Kheri, Chandauli, Bulandhshahar, Sonbhadra, Pilibhit, Auraiya, Kanpur Dehat, Kaushambi, Amethi) has been completed
- Construction work of Chandauli and Bulandhshahar colleges is 95% complete.
- Construction of Amethi has began

Development of Medical Colleges in UP on PPP

16 unserved districts

S.N	Name of district
1	Bagpat
2	Mainpuri
3	Sant Kabeer Nagar
4	Ballia
5	Rampur
6	Bhadohi
7	Kasganj
8	Chitrakoot
9	Mahoba
10	Hamirpur
11	Shravasti
12	Hathras
13	Mau
14	Shamli
15	Sambhal
16	Maharajganj



Scheme for Development of Medical Colleges in 16 Unserved Districts

2 Models as per G.O dated 17.09.2021

2 models for PPP outlined in Scheme

(With priority order specified)

Model 1: State Provides Fiscal & Non-Fiscal Incentives

1. **Mode A :** Private Hospital + Private Land for medical college
2. **Mode B:** Private Hospital + Govt. provides land for medical college
3. **Mode C:** Govt provides DH + Private brings land for medical college

- Private Partners to be selected as per **application appraisal process** specified in G.O. dated 17.09.2021
- **Priority order of modes : Mode A > Mode B > Mode C**

Model 2: Viability Gap Funding (VGF) by GoI

Govt provides DH + Govt provides land for medical college

*(As per VGF Scheme by **DEA**)*

Private partners to be selected through **tendering process** in accordance with UP PPP Guidelines 2018 & VGF Scheme

GO

Model 1: State Provides Fiscal & Non-Fiscal Incentives

Roles of Government and Private Partner

Model 1

	Mode A : Private Hospital + Private Land for medical college	Mode B: Private Hospital + Govt. provides land for medical college	Mode C: Govt provides DH + Private brings land for medical college
Role of Private Sector	• Augment existing hospital as per minimum regulatory requirements to run a medical college • Run medical college & hospital	• Run medical college & hospital for 33 years extendable for another 33 years automatically against an annual lease rental of INR 1 (subject to performance) • Give back the leased land along with the infrastructure without hospital (as is where is basis) at the end of lease period (hospital shall not be returned)	• Develop & operate medical college post upgrading DH • Provide 500 sqm built up area within DH for public health functions to be performed by DGHS / health dept • Hand back the upgraded DH on as-is where is basis at the end of 33 years • Charge patients
Role of Govt.	• Provide fiscal and non-fiscal benefits	• Provide fiscal & non-fiscal benefits Provide land at nominal lease rental of Rs 1 per year	• Provide fiscal & non-fiscal benefits • Provide DH on as-is where-is basis with nominal lease rent of INR 1 p.a. • Repurpose the existing workforce from DH over two years (50% at the end of each year)

Priority of proposal selection [Mode A > Mode B > Mode C]

Incentives

S.N	Type of incentive	Mode A	Mode B	Mode C
1	**Interest subsidy on capital cost of upgradation for 5 years** *(Capped to maximum 1 Cr p.a.)*	5%	5%	5%
2	**Assistance / seat for first 2 batches of MBBS only***	5 lakh / seat / year *(Capped to maximum 25 lakh per student)*	2 lakh / seat / year *(Capped to maximum 10 lakh per student)*	3 lakh / seat / year *(Capped to maximum 15 lakh per student)*
3	**Land conversion exemption**	100%	100%	100%
4	**Equipment subsidy**	NA	NA	20% *(Capped to maximum 10 Cr p.a.)*
5	**Stamp Duty**	As per UP Industrial Policy		
6	**OPD consultation & related diagnostic fee**	NA	NA	Rs. 100 per patient (3% p.a. escalation) *(Capped to maximum 2 Cr p.a.)*
7	**Expansion subsidy**	NA	Allotment of land at nominal lease rent of Rs 1	NA
8	**Provision of Operational hospital**	NA	NA	Provided at nominal lease rent of Rs 1 (33 years)
9	**Other incentives**	As per extant policies by respective department		

* In case, two or more Applicant's express interest for a specific District in the same mode, then **limited tender process** shall be carried out - seeking discount on the per seat assistance that applicant offers to the Government.

Process for Private Partner Selection

1. Application invited for **all 16 districts** through Expression of Interest on **monthly rolling basis**

2. In case, two or more Applicant's express interest for a specific District in the same mode, then **limited tender process** shall be carried out - seeking discount on the per seat assistance that applicant offers to the Government. *(till now no limited tender has been done)*

3. Selection of private partners based on **fulfilling** **EoI requirements**

4. Application appraisal done as per **process specified in Scheme** [Monthly review by Committees at 2 levels (under DGME & under PSME]

5. Cycle to **repeat every month** (for districts not awarded).

Status of applications received in Model 1 (as on date)

- **20 cycles completed**
- **31 applications** received for **11 districts*** (**18** unique applicants)
  - **Mode A** = **11** applications
  - **Mode B** = **1** application
  - **Mode C** = **19** applications
- 4 concession agreements signed within 1.5 years of GO notification

S.N	Name of district	Status
1	Maharajganj	• Concession Agreements signed (Model 1 Mode A) • Revised essentiality released • Application to NMC for commencement of academic session submitted
2	Sambhal	
3	Shamli	
4	Mau	• Concession Agreements signed (Model 1 Mode A) • Revised essentiality released

Model 2: Viability Gap Funding (VGF) by GoI

Role of Government & Private Partner

Role of Government

- Provide District Hospital (DH)
- Site for Medical College to be provided by Govt. on lease for 33 years + 33 years (co-terminus with concession period) at annual lease rent of Re. 1
- Provision of VGF (subject to approval from Central Govt.)
- Transition support by existing workforce at DH over two years (50% at the end of each year)

Role of Private Partner

- Upgrade existing District Hospital (DH)
- Design, Built, Finance, Operate and Transfer Medical College & Hospital for 33+33 years
- Provide free OPD to all & free IPD services up to the capacity of DH handed over + 20% of all additional beds augmented by Concessionaire (Maybe reimbursed through PMJAY/MMJAY, if available)

VGF Support by GoI

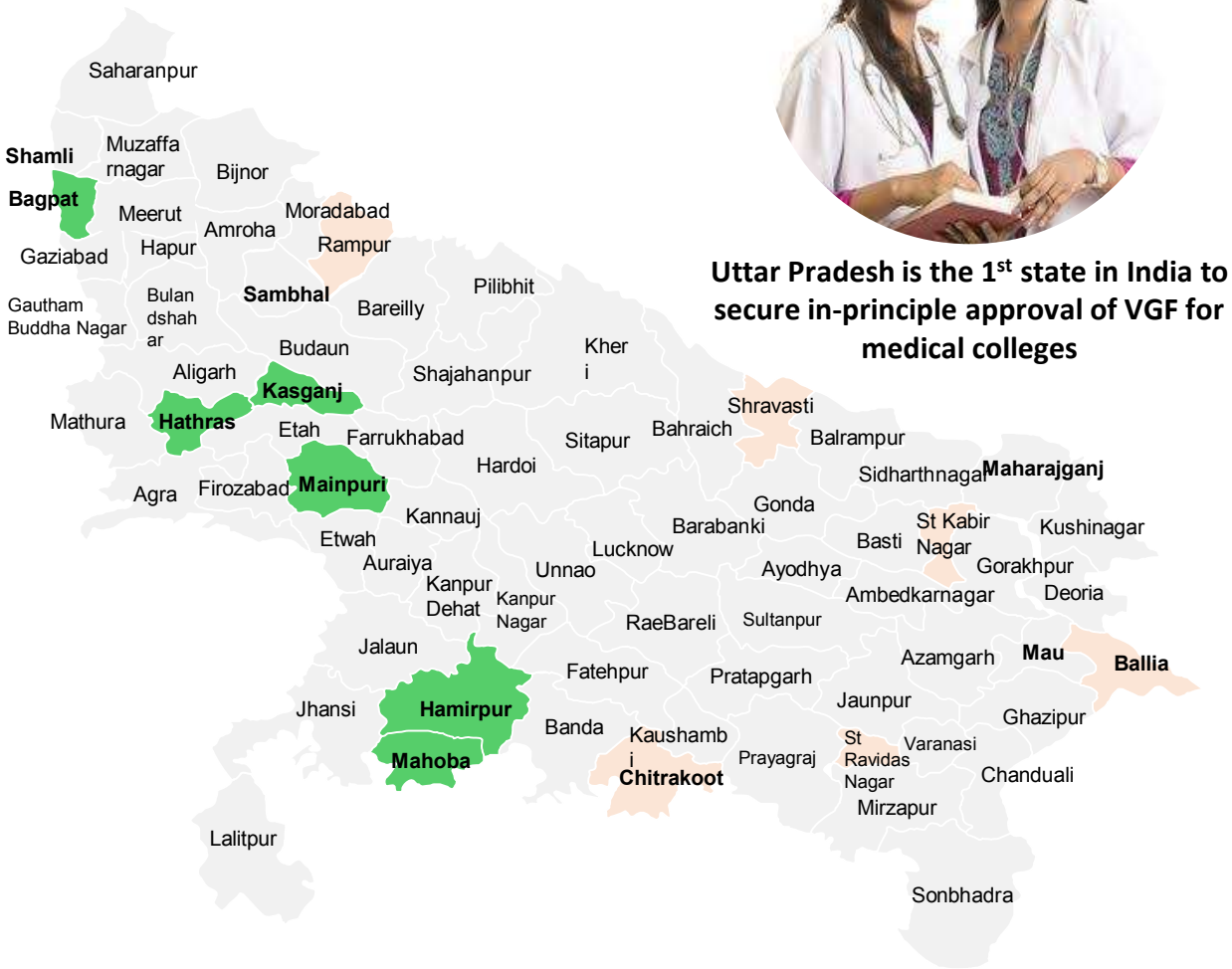
1. **Maximum: 40% of Total Project Cost** as capital grant &
2. **Maximum: NPV of 25% of O&M Cost for the first 5 years after COD**
3. **Actual VGF amount to be determined by bidding**

Process for Private Partner Selection

1. **In-principle approval of VGF** to be sought from GoI (received for **6 districts)**
2. **Tendering process** conducted for those 6 districts as per UP PPP Guidelines 2018
3. Bid Parameter: Bidder to be selected on the basis of **least VGF sought from the government** (L1)

Current Status

S.N	Name of district	Status
1	Bagpat	VGF approval received, bidding conducted evaluation ongoing (Model 2)
2	Mainpuri	
3	Kasganj	
4	Hathras	
5	Mahoba	
6	Hamirpur	
7	Shravasti	VGF approval awaited (Model 2)
8	Sant Kabeer Nagar	
9	Rampur	
10	Chitrakoot	
11	Ballia	
12	Bhadohi	



Uttar Pradesh is the 1st state in India to secure in-principle approval of VGF for medical colleges

Status of bids received in Model 2 (as on date)

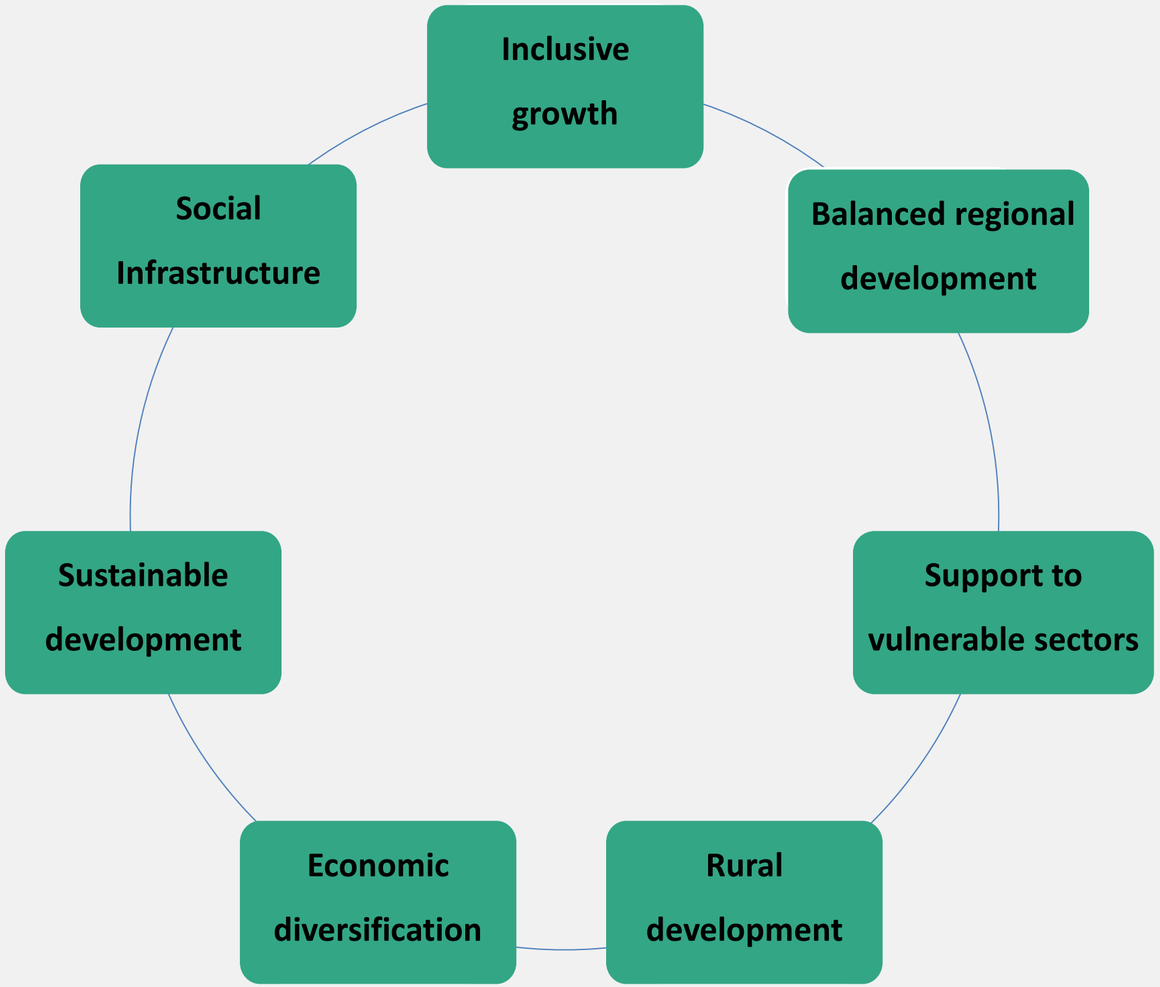
Broad Timeline

S.N.	Name of District	No. of Participations received	Status
1	**Hathras**	**4**	Clarification letter issued to bidder, awaiting response
2	**Bagpath**	**3**	Clarification letter issued to bidder, awaiting response
3	**Kasganj**	**2**	Bids opened, technical evaluation under process
4	**Hamirpur**	**2**	Bids opened, technical evaluation under process
5	**Mahoba**	**2**	Bids opened, technical evaluation under process
6	**Mainpuri**	**1**	Approval to open bid is in process

Thank you

PSL GUIDELINES AND HEALTHCARE INFRASTRUCTURE
PRESENTATION BY RESERVE BANK OF INDIA
IN NITI AYOG WORKSHOP
DATED NOVEMBER 18, 2023

Priority Sector Lending – Philosophy



Priority Sector Lending - History

1. Introduction of PSL-2nd Meeting of National Credit Council – July 1968

It was emphasised that commercial banks should increase their involvement in the financing of priority sectors, viz., agriculture and small-scale industries

2. Description of priority sectors formalised

1972 - Description of Priority Sector formalized under the recommendation of Narsimhan Committee

3. Introduction of PSL guidelines

1974 - The Reserve Bank of India (RBI) formally introduced the PSL guidelines, which initially required banks to allocate 33.33% of their total credit to priority sectors by March 1979.

4. Share of Priority Sector Advances raised to 40%

March 1980 – It was agreed to raise the share of PSAs to 40% of Total Advances by March 1985. The same was recommended by Working Group headed by Dr. K. S. Krishnaswamy, DG of RBI along with introduction of 'Weaker Section' within PSL .

5. Introduction of new composite sectors

August 2011 - On recommendation of the M V Nair Committee, 'Agriculture and Allied activities' was treated as a composite sector, housing units for EWS and LIG were treated under Priority Sector, and concept of PSLCs was highlighted first time.

6. Introduction of PSL certificates

July 2014 - RBI's Internal Working Group(IWG) chaired by Lily Vadera introduced PSL Certificates which enabled banks to meet their PSL requirements even while leveraging their comparative advantage in lending, along with addition of new sectors under Priority Sector Lending - 'Renewable Energy', 'Social Infrastructure' & sub-sector of MSME – 'Medium Enterprises'

PSL Targets and Sub-Targets

Categories	Domestic commercial banks (excl. RRBs & SFBs) & foreign banks with 20 branches and above	Foreign banks with less than 20 branches	Regional Rural Banks	Small Finance Banks	Primary Urban Co-operative Banks
Total Priority Sector	40 per cent of ANBC or CEOBE whichever is higher	40 per cent of ANBC or CEOBE whichever is higher; out of which up to 32% can be in the form of lending to Exports and not less than 8% can be to any other priority sector	75 per cent of ANBC or CEOBE whichever is higher; However, lending to Medium Enterprises, Social Infrastructure and Renewable Energy shall be reckoned for priority sector achievement only up to 15 per cent of ANBC.	75 per cent of ANBC or CEOBE whichever is higher.	60 per cent of ANBC or CEOBE, whichever is higher, in FY2019-20, which shall stand increased to 75 per cent of ANBC or CEOBE, whichever is higher, with effect from FY2025-26.
Agriculture	18 per cent of ANBC or CEOBE, whichever is higher; out of which a target of 10 percent is prescribed for Small and Marginal Farmers (SMFs)	Not applicable	18 per cent ANBC or CEOBE, whichever is higher; out of which a target of 10 percent is prescribed for SMFs	18 per cent of ANBC or CEOBE, whichever is higher; out of which a target of 10 percent is prescribed for SMFs	Not Applicable
Micro Enterprises	7.5 per cent of ANBC or CEOBE, whichever is higher	Not applicable	7.5 per cent of ANBC or CEOBE, whichever is higher	7.5 per cent of ANBC or CEOBE, whichever is higher	7.5 per cent of ANBC or CEOBE, whichever is higher
Advances to Weaker Sections	12 percent of ANBC or CEOBE, whichever is higher	Not applicable	15 per cent of ANBC or CEOBE, whichever is higher	12 percent of ANBC or CEOBE, whichever is higher	12 per cent of ANBC or CEOBE, whichever is higher, in a phased manner till FY 2025-26

Common Guidelines for Priority Sector Loans

1. Rate of interest

The rates of interest on bank loans will be as per directives issued by Department of Regulation (DoR), RBI from time to time.

2. Service charges

No loan related and ad hoc service charges/inspection charges should be levied on priority sector loans up to ₹25,000. In the case of eligible priority sector loans to SHGs/ JLGs, this limit will be applicable per member and not to the group as a whole.

3. Receipt, Sanction/Rejection/Disbursement Register

A register/ electronic record should be maintained by the bank wherein the date of receipt, sanction/rejection/disbursement with reasons thereof, etc. should be recorded. The register/electronic record should be made available to all inspecting agencies.

4. Issue of acknowledgement of loan applications

Banks should provide acknowledgement for loan applications received under priority sector loans. Bank Boards should prescribe a time limit within which the bank communicates its decision in writing to the applicants.

Introduction of Social Infrastructure in PSL Framework

Revision of priority sectors

To re-align it with the national priorities and financial inclusion goals of the country

Internal Working Group set up to revisit the PSL guidelines

An Internal Working Group was set up in July 2014, that submitted its report on March 01, 2015

Social infrastructure as a priority sector

The Working group, inter alia, recommended the inclusion of **social infrastructure** as a priority sector, given its important role in development and its impact on ultimate credit absorption in rural and urban areas

Revised PSL guidelines issued by RBI based on recommendations of Working Group

Based on the recommendations of the Internal Working Group and comments/suggestions received from Government of India, banks and other stakeholders, revised PSL guidelines were issued by RBI on April 23, 2015 wherein social infrastructure was classified as a separate category under priority sector.

Details of Existing Policy Provision on Social Infrastructure Under PSL

1. Tier II to Tier VI areas are eligible

Financing for building infrastructure for certain activities, in areas below Tier I, i.e., Tier II to Tier VI (Areas with population less than 1 lakh), may be treated as a separate category under priority sector

2. Permissible loan limit under the category

Bank loans subject to a loan limit of Rs.5 crore per borrower for setting up schools, drinking water facilities and sanitation facilities, and loans up to a limit of ₹10 crore per borrower for building health care facilities including under 'Ayushman Bharat' in Tier II to Tier VI centres.

3. Activities that are eligible for lending

The following activities fall under the category:

a. Schools and health care facilities;
b. Drinking water facilities and
c. Sanitation facilities including construction/ refurbishment of household toilets and water improvements at household level, etc.

4. No minimum target set

No minimum target under priority sector lending has been set under the category of Social infrastructure for the banks

5. Boosting credit to renewable sector

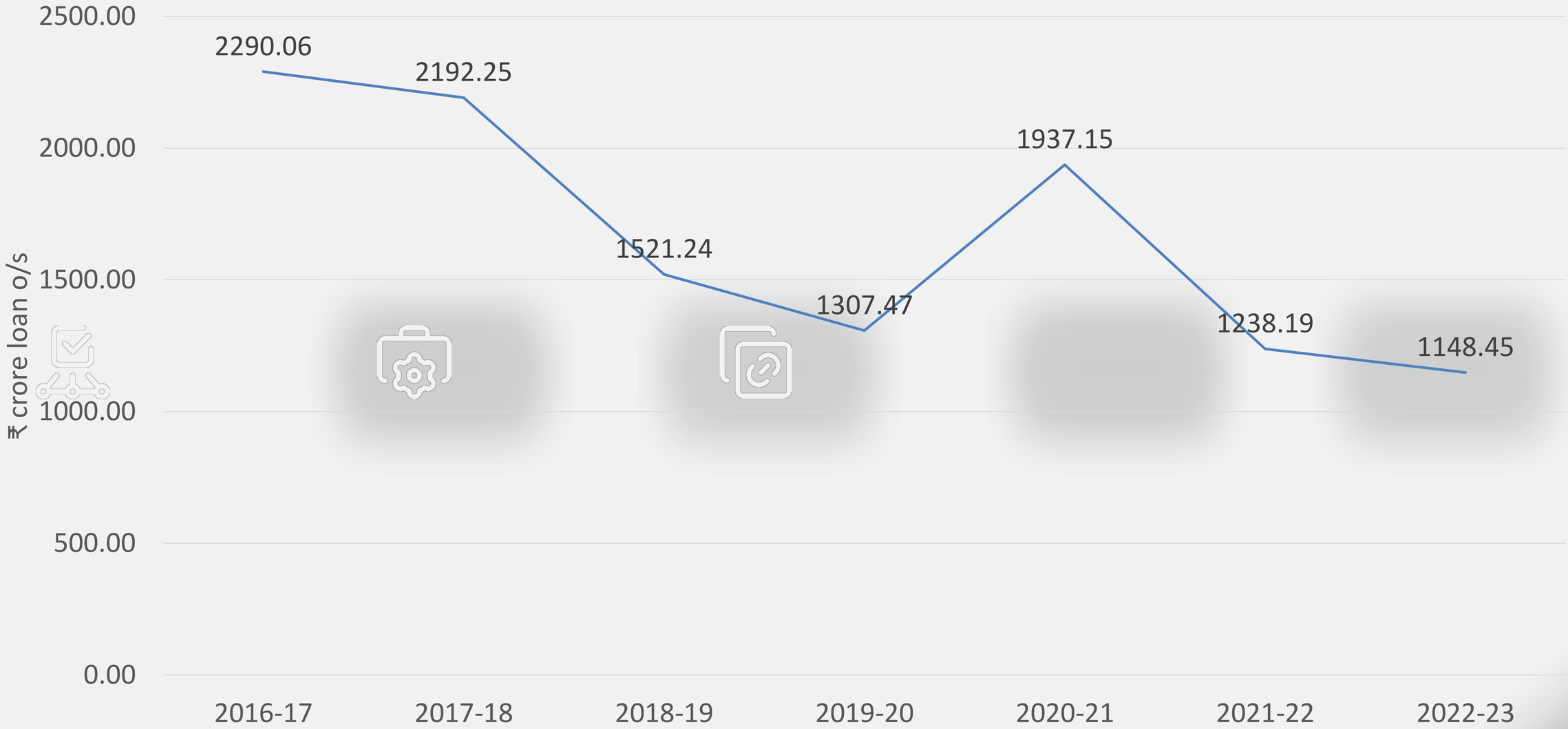
Credit limit for renewable energy (purposes like solar-based and biomass-based power generators, windmills, non-conventional energy-based public utilities, etc.) doubled from ₹15 crores to ₹30 crores

6. Bank loans to MFIs

Bank loans to MFIs extended for on-lending to individuals and also to members of SHGs/JLGs for water and sanitation facilities categorized as priority sector under "Social infrastructure", subject to the criteria laid down in the Master Directions.

PSL-Social Infrastructure

Loan Outstanding as on March 31 of the corresponding year



Measures Taken During Covid-19 Related to Social Infrastructure

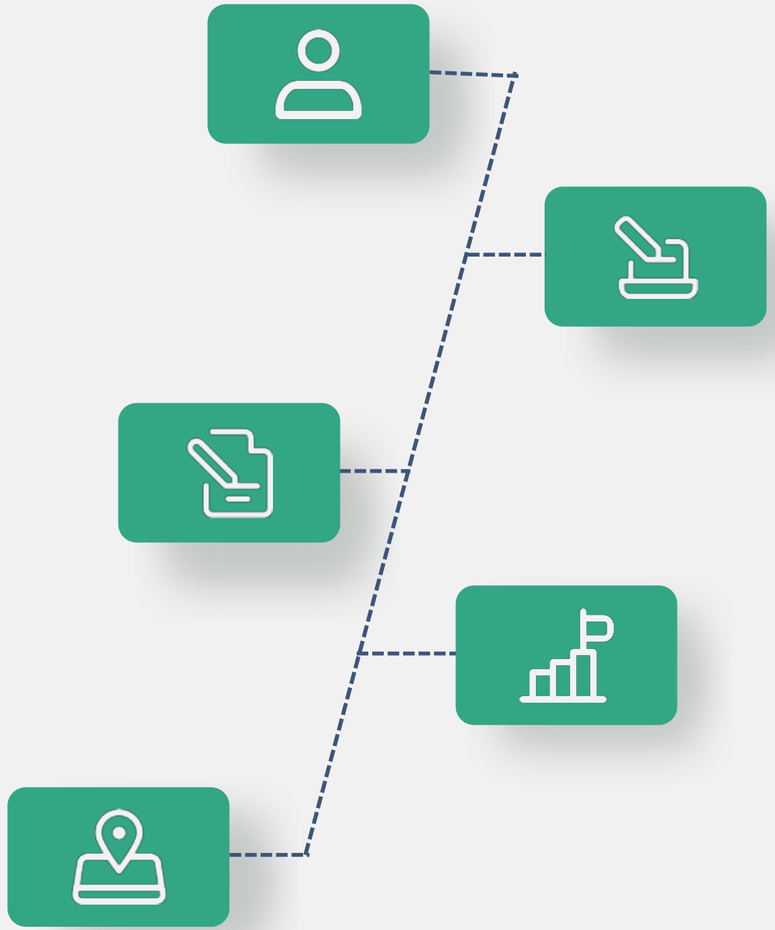
1. On-tap liquidity window

On May 5, 2021, an on-tap liquidity window of ₹50,000 crore at the repo rate with tenors of up to three years was announced to boost provision of immediate liquidity for ramping up COVID-19 related healthcare infrastructure and services in the country.

2. Eligible entities

Banks can provide fresh lending support to a wide range of entities including vaccine manufactures; importers/suppliers of vaccines and priority medical devices; hospitals/dispensaries; pathology labs; manufactures and suppliers of oxygen and ventilators; importers of vaccines and COVID related drugs; logistics firms and also patients for treatment.

Banks desirous of deploying their own resources without availing funds from the RBI under the scheme for lending to the specified segments mentioned above will also be eligible for the incentives stipulated



3. Creation of a COVID Loan Book

Banks were expected to create a COVID loan book under this scheme, and as an additional incentive, they could park surplus liquidity up to the size of the COVID loan book with the RBI under the reverse repo window at a rate 25 bps lower than the repo rate, i.e., 40 bps higher than the reverse repo rate.

4. Priority Sector Lending Classification

Loans under this scheme were classified as Priority Sector Lending (PSL), with incentives for banks to ensure quick delivery of credit. This PSL classification was applicable until June 30, 2022, but the loans continued to be classified under PSL till repayment or maturity, whichever was earlier

THANK YOU

Financing of Health Sector Projects

18th November 2023
Vigyan Bhawan
New Delhi

State Bank of India

Project Finance & Structuring "Strategic Business Unit"

Overview of Appraisal & Assessment

A. Preliminary Assessment

- Character : KYC, Default History
- Capacity : Capacity to implement & operate
- Capital : Availability of promoter's share of money
- Viability : Broad sense on profitability / viability of proposed venture

→ In-principle approval : Pricing, Critical terms & conditions

Overview of Appraisal & Assessment

B. Detailed Assessment

(i) Documents required :

- Detailed Project/ Feasibility Report (DPR/DFR)
- Financial projections for the proposed tenor of the loan (Dynamic Excel Sheet)
- KYC related documents

(ii) Actions undertaken by the Bank:

- Various internal/external checks
- Availability of industry exposure limit/Borrower/Group exposure limit
- Default checks involving lists made available by RBI/other agencies
- Availability & verification of statutory/other approvals
- Validation of assumption submitted by the company for arriving at reasonableness of financial projections

→ Proposal taken through the Bank’s approval / sanction process

Project Brief

Promoters	DELHI HOSPITALS
Project Cost	Rs 1418.76 cr.
Debt Equity Ratio	58:42
Equity	Rs 598.76 cr.
Equity source	Internal accruals of existing operations.
Debt	Rs 820.00 cr.
Tenor of the Loan	13 years
Interest Rate	MCLR + Spread
SCOD / DCCO	01/04/21, Ist Extension: 01/04/22, IInd Extension : 01/04/23
Actual COD	01/09/22
Total No. of Beds	1500

Project Brief Contd..

Project Cost Particulars	Rs in Cr
Land	49.71
Building	500.50
Compound wall (hospital)+culvert	6.23
Electrical	42.02
AC & Mechanical Ventilation	66.52
Mechanical	41.21
Extra Low Voltage & Pneumatic systems	82.00
Accommodation building	172.90
Hall	8.40
Lab equipment	234.00
Interest During Construction (IDC)	107.83
Contingency (5%)	45.69
Preliminary expenses	12.43
Appraisal & Upfront fee	8.20
Building Plan approval fee, Security deposits	9.83
Debt Service Reserve Account (DSRA)	31.29
Total Project Cost	**1418.76**

Project Brief Contd..

- Break even analysis

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31
Sales	630.00	708.75	720.00	765.00	891.00	935.55	1085.48	1139.75	1196.74	1256.58
Variable expenses	226.80	255.15	259.20	275.40	320.76	336.80	390.77	410.31	430.83	452.37
Contribution	403.20	453.60	460.80	489.60	570.24	598.75	694.71	729.44	765.91	804.21
Fixed Expenses	498.34	502.94	506.99	512.70	556.47	564.11	571.84	579.05	587.17	596.96
Break even Sales	778.66	785.84	792.17	801.09	869.48	881.43	893.50	904.77	917.45	932.75
Break even %	87%	83%	80%	77%	79%	77%	74%	71%	69%	67%
Cash Break even	590.08	619.19	644.47	669.79	752.40	776.70	799.52	820.17	841.05	863.53
Cash Break even%	66%	66%	65%	64%	69%	68%	66%	65%	63%	62%

Project Brief Contd..

- Sensitivity analysis

Scenario	Average Gross DSCR
Base case	1.54
Decrease in price by 5%,	1.29
Decrease in volume by 5%	1.29
Increase in variable cost by 10%	1.26

Sample Term sheet

Borrower	DELHI HOSPITALS
Project	To set up 1500 bed super-specialty hospital and accommodation buildings (staff quarters)
Project Cost(in Rs. Cr.) & DE Ratio	Project Cost : 1418.76, Equity: 598.76, Debt: 820 DER: 58:42
Zero Date	20.01.2017
SCOD	01.04.2021
Availability Period	6 months beyond SCOD
Upfront Equity	25%
Tenor and Repayment Schedule	13 years (3 years of drawdown/construction, 1 year of principal repayment moratorium and 9 years of repayment schedule)
Interest Rate	MCLR + Spread
Inspection	Inspection at quarterly intervals during tenor of the loan
Financial Covenants	1. DSCR 2. Interest Coverage Ratio 3. FACR 4. Debt/ EBIDTA
Security	First charge on all the movable, immovable assets & cash flow of the project
Support Undertaking	The borrower shall provide an undertaking to : 1. Infuse the entire equity requirement for the Project. 2. Arrange funds to meet Project cost overrun 3. The Promoters to ensure that the DSCR of 1.25 time in any year during tenure of the Facility
Debt Service Reserve	DSRA covering three months of interest and principal (Approx Rs.31.29 cr) to be created out of project cost

Sample Term sheet

Pre- Disbursement conditions (Indicative/ Not exhaustive)	1. Copy of the resolution of the Board of Directors of the Borrower approving the terms of sanction 2. The Borrower shall agree to appoint Lenders Independent Engineer (LIE)/ ASM, and Lenders Insurance Advisor (LIA), Lenders Legal Counsel (LLC). 3. Undertake to arrange for the entire envisaged equity for the project as per the project requirements. 4. Undertake to build up a Debt Service Reserve Account (DSRA) account as stipulated in this term sheet. 5. The equity has been brought in proposed DER 6. Borrower Support Undertaking and Facility Agreement have been executed. 7. Necessary statutory and other Government Approvals, are in place. 8. The cost estimates are vetted by LIE and found acceptable to the Bank. 9. Reports of the LLC, LIA and LIE should have been received by the Lenders 10. Security to the extent mentioned in the respective clause should have been created
Disbursement Mechanism	The Borrower shall issue a Disbursement Plan on quarterly basis, supported by the LIE certificate confirming the planned drawal amount.
Events of Default	Example: 1. Any instalment of principal amount or interest on the Facility remaining unpaid when due. 2. Abandonment of the Project.

THANK YOU

Happy to respond to queries that you may have, please mail at

cgm.pfsbu@sbi.co.in