

Dr. Prathap C. Reddy
Chairman

9-17



Apollo Hospitals

January 4, 2012

OFFICE OF UDM
Dy. No. 146
Date 12.1.12

Shri Kamal Nath
Hon'ble Minister for Urban Development
Government of India
Nirman Bhavan, New Delhi

12/1
PS to UDM
(Sec (US))

Dear Shri Kamal Nath,

**Amendment to the Building Norms as laid down in Master Plan for Delhi 2021
pertaining to provisioning of Health Services in Residential areas of Delhi**

On behalf of CII's National Council on Healthcare, I thank the Hon'ble Minister for seeking the inputs of the healthcare industry on the above matter, on which a detailed communication has been sent by Dr Naresh Trehan vide his letter of 12 April 2012.

The Indian healthcare sector has transitioned from a seemingly inconspicuous industry to an increasingly dynamic and significant industry today.

A decade ago, the Indian healthcare sector was not considered as a key driver of national economic performance. However, over the years, there has been a fundamental change to this paradigm, with conclusive evidence from the world over firmly establishing that **improved health leads to better economic performance and prosperity**. The direct benefits from healthcare have become too large to be ignored.

The link between health and economic growth suggests that a 5-year gain in the life expectancy leads to increase of growth rate up to 0.5% of the GDP. Today, one sixth of the population does not avail of basic treatment for reasons of either lack of awareness of their disease, financial constraints or non-availability of medical facilities.

WHO has established norms for healthcare delivery. Most notably, the required bed-to-population ratio is established at 1 bed per 300 individuals, or approximately 30 beds per 10,000 individuals. Over the next 5 years, assuming a capital expenditure of Rs 2.5 million per bed excluding land cost, CRISIL research estimates that in order to attain a ratio of 15 beds per 10,000 individuals, an investment of approximately Rs 1.7 trillion (Rs 170,000 crores) is required. In order to attain the global benchmark for beds to population ratio of 30 beds per 10,000 individuals, it is estimated that India will require an investment of approximately Rs 6.4 trillion (Rs 640,000 crores).



Needless to state, the healthcare facilities even in urban centers and large cities, leave alone tier II and tier III cities and towns, is grossly inadequate in relation to the population density that we have across most of these cities. On the back of the substantial increase in land prices that we have witnessed over the past few years, it is increasingly becoming economically unviable to set up multispecialty hospitals in most of these locations. A typical large multi-specialty hospital of say 500 beds built by us as per current NABH (National Accreditation Board for Hospitals & Healthcare Providers, India) / JCI (Joint Commission International, USA) standards with all necessary compliances and medical norms to take care of patient safety requires anywhere between 4 lac to 5 lac sq ft of constructed area. Again, parking requirements for patients both Inpatients and Outpatients is additional. Given the current FAR regulations prevailing across, land alongwith construction cost constitutes the majority of the total project cost as compared to the same being much lower internationally.

It is time that we realize that healthcare is a basic need and availability of hospitals closer home as compared to distant suburbs will bring down the patient mortality rates and treatment costs significantly as it has been clinically proven that most of the patients can be out of danger in case of emergencies if admitted within the "Golden hour".

It is hence imperative that the government treats hospital as a necessary infrastructure and considers ways and means of allotting land parcels at substantially discounted value to the current prevailing market price or provides them on long lease to hospital operators, as has been done in the case of Software development companies, the long term benefits of which is clearly visible across.

Needless to state, the hospital not only will provide employment opportunities to a few thousand people in that region, but also provide impetus to the overall economic activity in and around that area. There are large cities across the world in developed countries which have hospitals targeted at medical value travelers which have infact become the core of the economic development and activity around that region leading to transformational changes and this we believe could become true for India too in well connected Tier II and Tier II destinations, given that we are no lesser in quality and clinical outcomes as compared to the International destinations.

Again FSIs for hospitals in the central city locations, including height restrictions, should be significantly relaxed as long as the hospital complies with all developmental and safety norms. Relaxation in FSI will assist in developing more Beds, modernization and expansion of Hospitals and at the same time bring down the rising hospital setting up costs.



This advantage derived could be invested in additional healthcare equipment or improving human resources in the hospital, which form the backbone of the hospital infrastructure.

FAR for the IT sector is 4 for Mumbai and Bangalore and for hospitals and other areas it is between 3 and 5. Other cities still have 20th century regulatory guidelines. In cities like Singapore and Tokyo, the FAR is close to 30 - 50. We require this in our cities and especially in our towns, so that we could provide total healthcare facilities.

There are also issues concerning the supporting infrastructure such as water, electricity, process of obtaining permissions which could be made faster towards fast-track clearance, so that setting up of a Greenfield hospital project takes lesser time.

The industry needs the support of the Hon'ble Minister in bringing these basic changes to enable the healthcare sector to deliver modern health facilities and infrastructure towards ultimately ensuring that the Indian healthcare sector is the best in the world, which we believe is truly possible.

I request the Hon'ble Minister to address this issue with the various State Governments, so that it brings about a change in the regulatory guidelines in cities and towns where there is considerable gap between demand and supply.

With warm personal wishes,

Dr Prathap C Reddy
Chairman - CII National Health Council

cc : Shri Ghulam Nabi Azad
Hon'ble Minister for Health & FW

cc : Shri Montek Singh Ahluwalia
Deputy Chairman, Planning Commission of India