

**EMPANELMENT OF HOSPITALS:**  
**EARNEST MONEY DEPOSIT AND PERFORMANCE**  
**BANK GUARANTEE**

1. Reference our letter No. B/49771/AG/ECHS/POLICY dated 08 Jul 11 and B/49797/AG/ECHS dated 26 Aug 11.

**Earnest Money Deposit (EMD)**

2. Accepting EMD in form of Demand Draft and depositing the amount in Public Fund Account can lead to surrender of the said amount on 31 Mar (Financial Year end). To overcome this difficulty EMD will be obtained from Hospitals for empanelment with ECHS by Regional Centres in the form of **EMD Bank Guarantee** by a nationalised Bank for the specified amount. Format for EMD Bank Guarantee is at Appendix A.

3. The EMD is a surety to sign the MOA and will be refunded at the time of signing of MOA subject to following:-

(a) In case the application is rejected on technical grounds, EMD Bank Guarantee would be returned.

(b) In case the application is rejected after inspection on the grounds of submitting incorrect information, then 50 % of the EMD would be forfeited.

(c) In case the applicant hospital / diagnostic centre refuses to sign the MOA, 50 % of the EMD would be forfeited.

4. MD ECHS will be the Competent Authority to order forfeiture of EMD, the forfeited amount will be deposited with regional CDA through MRO under the Code Head 405/03 (Misc Receipt).

**Performance Bank Guarantee (PBG)**

5. The healthcare facility approved for empanelment shall furnish a PBG of prescribed amount valid for a period of two years to ensure efficient service and to safeguard against any default. Hospitals have to submit PBG at the time of signing of MOA. At the time of renewal of MOA, a fresh PBG is to be obtained from the hospital. Format of PBG is attached at Appendix B.

6. The PBG will be forfeited and the hospital / health care facility removed from the list of empanelled institutions in case of any violation of the provisions of MOA such as:-

- (a) Refusal of service.
- (b) Undertaking unnecessary procedures.
- (c) Prescribing unnecessary drugs / tests.
- (d) Over billing.
- (e) Reduction in staff / infrastructure / equipment etc. after the facility has been empanelled.
- (f) Refusal of credit to eligible beneficiaries and direct charging from them.
- (g) If recommended by NABH / NABL at any stage.
- (h) Discrimination against ECHS beneficiaries' vis-à-vis general patients.

#### **Liquidated Damages (LDs)**

7. In case of initial violation of the provisions of the MOA by the Hospital / Diagnostic Laboratories such as refusal of service or refusal of credit to eligible categories of ECHS Beneficiaries or defective service and negligence, the amount equivalent to 15% of the amount of PBG shall be charged as agreed Liquidated Damages by the ECHS, however, the total amount of the Performance Bank Guarantee shall be maintained intact being a revolving Guarantee.

8. In case of repeated defaults by the Hospital / Diagnostic Laboratories, the total amount of Performance Bank Guarantee shall be forfeited and action shall be taken for removing the hospital / diagnostic laboratory from the empanelment of ECHS as well as termination of the Agreement. Such action could be initiated on the basis of a complaint, medical audit or inspections carried out by ECHS teams at random.

9. Before initiating action under above clauses, Regional Centre shall serve a show cause notice to the Hospital / Diagnostic Laboratories for which it shall have to respond within ten days of its receipt. In this Context refer Para 13 of Appendix to GOI, MoD letter No 22B(04)/2010/US(WE)/D(Res) dated 18 Feb 2011 and corrigendum GOI, MoD letter No 22D(04)/2011/US(WE)/D(Res) dated 22 Jul 2011. The decision of the Ministry of Defence (ESW) in this regard shall be final.

#### **Safe Custody**

10. EMD Bank Guarantee and Performance Bank Guarantee are to be registered in Safe Custody Register to be maintained at Regional Centre for this purpose and the same is to be kept in Safe Custody of Director, Regional Centre.

#### **Reports and Returns**

11. All Regional Centres are requested to forward half yearly details pertaining

to

EMD, PBG and amount received against Application form for empanelment of Hospital with ECHS as per the format attached at Appendix C.

12. This Organisation letters mentioned at Para 1 above are hereby superseded. You are requested to disseminate these instructions down the chain of command for early action.

(SP Patil)  
Brig  
Dy MD  
for MD ECHS

**Appendices:-**

- A - Format for EMD Bank Guarantee.
- B - Format for PBG Bank Guarantee.
- C - Format for Half Yearly Report on EMD,PBG and Fees received against Application Form.

**FORMAT FOR EMD BANK GUARANTEE**

To:

President of India

Acting through (Regional Centre ECHS)

WHEREAS \_\_\_\_\_(Name of  
Hospital / health care facility ) has applied for empanelment with ECHS on  
\_\_\_\_\_2011.

**AND WHEREAS The EMD is a surety to sign the MOA and will be refunded at the time of signing of MOA subject to following:-**

- 1. In case the application is rejected on technical grounds, EMD Bank Guarantee would be returned.**
- 2. In case the application is rejected after inspection on the grounds of submitting incorrect information, then 50 % of the EMD would be forfeited.**
- 3. In case the applicant hospital / diagnostic centre refuses to sign the MOA, 50 % of the EMD would be forfeited.**

**AND WHEREAS it has been stipulated by you in the procedure that the Hospital applying for empanelment shall furnish you with a EMD Bank Guarantee by a nationalised bank for the sum specified therein as Earnest Money as surety to sign MoA on approval for empanelment.**

**AND WHEREAS we have agreed to give the Hospital a guarantee :-**

THEREFORE WE ( Name of the Bank) -----hereby affirm that we are Guarantors and responsible to you, on behalf of Hospital (herein after referred to "the Second Party" up to a total of \_\_\_\_\_(Amount of the guarantee in Words and Figures) and we hereby irrevocably, unconditionally and absolutely undertake to immediately pay you, upon your first written demand declaring the Second Party to be in default under the Agreement and

without cavil or argument, any sum or sums within the limit of \_\_\_\_\_  
as aforesaid, without your needing to prove or to show this grounds or reasons for  
your demand or the sum specified therein. This guarantee is valid until the  
\_\_\_\_\_ day of \_\_\_\_\_ (One year from the date of issue).

This Guarantee shall be incorporated in accordance with the laws of India.

We represent that this Bank Guarantee has been established in such form and such  
content that is fully enforceable in accordance with its terms as against the Guarantor  
Bank in the manner provided herein.

The Guarantee shall not be affected in any manner by reason of merger,  
amalgamation, restructuring or any other change in the constitution of the  
Guarantor Bank or of the Hospital.

Date

Signature and Seal of Guarantors

Address:

\_\_\_\_\_  
\_\_\_\_\_

**FORMAT FOR PERFORMANCE BANK GUARANTEE**

To:

President of India

Acting through (Regional Centre ECHS)

WHEREAS \_\_\_\_\_(Name of  
Hospital) has undertaken, Agreement No. \_\_\_\_\_  
dated, \_\_\_\_\_ 2011 \_\_\_\_\_  
\_\_\_\_\_ (Description of Services) hereinafter called "the Agreement".

**AND WHEREAS it has been stipulated by you in the said Agreement that the Hospital selected for empanelment shall furnish you with a bank Guarantee by a nationalised bank for the sum specified therein as security for compliance with the Hospital performance obligations in accordance with the Agreement.**

**AND WHEREAS we have agreed to give the Hospital a guarantee :-**

THEREFORE WE ( Name of the Bank) hereby affirm that we are Guarantors and responsible to you, on behalf of Hospital (herein after referred to "the Second Party" up to a total of \_\_\_\_\_(Amount of the guarantee in Words and Figures) and we hereby irrevocably, unconditionally and absolutely undertake to immediately pay you, upon your first written demand declaring the Second Party to be in default under the Agreement and without cavil or argument, any sum or sums within the limit of \_\_\_\_\_ as aforesaid, without your needing to prove or to show this grounds or reasons for your demand or the sum specified therein. This guarantee is valid until the \_\_\_\_\_ day of \_\_\_\_\_

This Guarantee shall be incorporated in accordance with the laws of India.

We represent that this Bank Guarantee has been established in such form and such content that is fully enforceable in accordance with its terms as against the Guarantor Bank in the manner provided herein.

The Guarantee shall not be affected in any manner by reason of merger, amalgamation, restructuring or any other change in the constitution of the Guarantor Bank or of the Hospital.

Date

Signature and Seal of Guarantors

Address:

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