Chapter - III

Performance Audit

Civil Departments

Department of Health and Family Welfare

3.1 Performance audit on procurement of drugs and medical equipment and its impact on delivery of health services in Delhi

A Performance audit covering drug policy of Delhi Government, procurement policies, procedures and practices followed in the Department and its subordinate offices i.e. DHS, CPA, Central Store and EPC for procurement of drugs, surgical items, equipments and their testing for the period 2003-2008 was carried out during June to December 2008. In addition, four hospitals, two autonomous bodies/Institutes, three Chief District Medical Officers (CDMOs) and 25 dispensaries were selected. The following are the important audit findings.

In absence of comprehensive procurement policy guidelines and purchase manual, system being followed was ad-hoc as CPA, the Central Store, EPC, GTBH, GBPH, LNH, BSAH, IHBAS and DSCI test checked in audit had not documented written procedure and practices on procurement.

(Paragraph 3.1.7.3)

All the hospitals were incurring more than 10 per cent of expenditure on non-CPA items in contravention of the drug policy.

(Paragraph 3.1.7.5)

Frequent extensions to rate contracts for drugs and surgical items by CPA resulted in financial benefit to supplying firms whose rates had reduced in the intervening period. CPA could not finalize rate contracts for EDL drugs ranging 24.31 per cent to 37.82 per cent and 12.55 per cent to 36.42 per cent in respect of surgical items during the years 2003-08 even though 15 to 28 per cent of total number of drugs of rate contracts were finalized on single tender basis only in three tenders floated by CPA during 2003-04 to 2007-08.

(Paragraph 3.1.7.6)

Stock out of essential drugs was further compounded by lackadaisical approach of the purchase department for making available essential drugs to needy patients in timely manner.

(Paragraph 3.1.7.7)

Same company was supplying same drug to various hospitals at different rates in contravention to fall clause included in the agreement. All indenting units were deducting maximum of 10 per cent of total value of the supply order in case of delayed supplies irrespective of period of delay. No effort was made to recover extra amount incurred on procuring drugs in case of non-supply from firms.

(Paragraph 3.1.7.8)

In the absence of a mechanism for better coordination, all the test checked hospitals were getting varied percentage of discounts ranging from 4 to 20 in purchase of drug, surgical items and implants from local chemist.

(Paragraph 3.1.7.9)

Drugs were procured with MRP printed on their labels without requisite markings put these supplies at a risk of misuse and pilferage.

(Paragraph 3.1.7.10)

Different practices of testing of drugs/surgical items were adopted in the test checked hospitals and institutes. GTBH, GBPH, LNH, BSAH, IHBAS, DSCI and the Central Store were relying on in-house report provided by suppliers in case of non-CPA drugs. Central Store and hospitals were issuing drugs to patients without verifying their quality through lab testing. Further, instead of confiscating sub-standard drugs, suppliers were allowed to replace batches which increased the risk of these drugs being sold in the open market.

(Paragraph 3.1.7.12)

Large amounts of contingent advances given to suppliers remained unadjusted in hospitals test-checked. The Central Store was awarding annual maintenance contracts for equipments provided in dispensaries but did not intimate any dispensaries about award of such contract and releasing payments without any verification from any dispensary leaving scope of fraud by the firm.

(Paragraph 3.1.7.13)

No hospital test checked had computerized system for monitoring performance of suppliers, inventory of essential drugs/surgical items and status of functional equipments. Inspite of incurring an expenditure of Rs. 98.35 lakh in March 2006 by DHS for computerization, no module could be used for the purposes intended.

(Paragraph 3.1.7.14)

3.1.1 Introduction

The Department of Health and Family Welfare (the Department) of the Government of NCT of Delhi caters to health needs of nearly 1.70 crore[1] population of Delhi and also has to share the burden of migratory population from neighbouring states which constitute nearly 33 *per cent* of total intake at major hospitals in Delhi. Directorate of Health Services (DHS) in the Department coordinates implementation of various National and State Health Programmes and regulates the health services being provided by Registered Private Nursing Homes.

The health care facilities in Delhi are being provided by both the government and non-government organizations through a network of 188 health centres

[1] projected population as on March 2008

viz dispensaries, primary health centres, poly clinics, 26 hospitals, nine autonomous bodies, private nursing homes and clinics.

As per the Drug Policy (April 1994) of Delhi government, a limited list of carefully selected drugs should always be available at all health centres and hospitals of Delhi state. These drugs should be procured at reasonable prices thus enabling the drug budget to be used for large number of persons.

A procurement cell, Central Procurement Agency (CPA) for drugs was set up under the state Drug Authority in 1994, later transferred to the DHS (March 2000) with the objective of procuring high quality drugs and other medical stores at competitive rates for hospitals/autonomous bodies/dispensaries. In addition, CPA also finalised rate contract with firms for lab testing of samples of drugs and surgical items. Central Store under the control of DHS carried out procurement, storage and distribution of medicine and surgical items for 188 dispensaries. Procurement of drugs and surgical items was done on the basis of the rate contract finalized by CPA. An Equipment Procurement Cell (EPC) established in 1999, procures medical equipments costing more than Rs. five lakh.

3.1.2 Organizational set up

The Department is headed by Principal Secretary who is assisted by one Special Secretary, two Additional Secretaries. DHS, a subordinate office headed by Director, has overall control over CPA and Central Store. CPA is assisted by Technical Committee (TC)[2], Sample Evaluation Committee (SEC)[3] and Special Purchase Committee (SPC)[4] for procurement of drugs and surgical items.

EPC is headed by an Additional Secretary who is assisted by three committees for procuring equipments costing more than Rs. five lakh, namely Technical Advisory Committee[5], Technical Evaluation Committee[6] and Purchase Committee[7].

[2] Responsible for evaluation of tenders and recommends acceptance/rejection of firms.
[3] Responsible for examining samples as per specification of items mentioned in tender document.
[4] Responsible for taking final decision of selection/rejection of firms.
[5] Responsible for cost effectiveness of purchases and advice on maintenance/ repairs of equipments.
[6] Responsible for evaluation/acceptance/rejection of technical bids, demonstration of equipments.
[7] Responsible for finalization of purchase proposals and justification for its recommendations for purchase

3.1.3 Audit objectives

Performance audit of procurement of drugs and medical equipments and its impact on delivery of health services was taken up with a view to assessing whether:

- Operational procedures consistent with good pharmaceutical procurement were followed;
- The policies and procedures on tender document preparation, award of contract and contract administration were efficient and effective;
- Availability of good quality drugs and test facilities to the patients was as per the stated policy of the government; and
- Monitoring and evaluation process to ensure efficient delivery of health services to patients was effective.

3.1.4 Scope of Audit

Performance audit covered drug policy of Delhi Government, procurement policies, procedures and practices followed in the Department and its subordinate offices i.e. DHS, CPA, Central Store and EPC for procurement of drugs, surgical items, equipments and their testing during the period 2003-2008. In addition, four hospitals[8], two autonomous bodies/Institutes[9], three Chief District Medical Officers[10] (CDMOs) and 25 dispensaries[11] were selected for test check.

3.1.5 Audit methodology and sample selection

Audit test checked contracts involving purchases of medical equipment costing Rs. one crore and above, 50 *per cent* of contracts valuing between Rs. 50 lakh to one crore and 25 *per cent* of the contracts with money value of less than Rs. 50 lakh for equipments. Data collected from CPA, Central Store and EPC for procurement of drugs, surgical items and equipments, receipt of drugs, surgical items and equipments and their distribution was verified in the selected four hospitals, two autonomous institutes and 25 dispensaries. Besides commissioning and utilization of equipments was also examined in audit.

[8] Guru Teg Bahadur hospital (GTBH), GB Pant hospital (GBPH), Lok Nayak hospital (LNH), Baba Saheb Ambedkar hospital (BSAH)

[9] Institute of Human Behavior and Allied Sciences (IHBAS), Delhi State Cancer Institute (DSCI)

[10] CDMO (North), CDMO (North-East) and CDMO (West)

[11] Laxmi Nagar, Kanti Nagar, Vasundhara Enclave, Madipur, Raghubir Nagar, Paschim Vihar, Sultanpuri, Mangolpuri, Narela, Rohini Sector-18, Pitampura, B-4 Keshav Puram, Kalkaji, Khanpur, Sagarpur, Dwarka Sector-12, Old Secretariat, Inderlok, Gulabi Bagh , Seelampur, Seemapuri, Dilshad Graden, Ballimaran, Nabi Karim and Chamelian Road,

The performance audit commenced with an entry conference with Pr. Secretary (Health) on 15 May 2008 wherein audit objectives, scope and methodology were discussed. After conclusion of field audit, an exit conference was held on 6 January 2009 with the team of the department headed by Pr. Secretary (Health) and other senior officials of the department, DHS, CPA, EPC, the Central Store and Medical Superintendents of Hospitals and Institutes audited where draft audit findings and recommendations were discussed.

The draft audit report was issued to the department on 2 December 2008, reply was awaited as of January 2009.

3.1.6 Budget allocation and actual expenditure

Details of budget allocation and actual expenditure on two detailed heads namely 'Supplies & Material' (S&M) and 'Machinery & Equipment'(M&E) alongwith total allotment and expenditure of Grant No.7 under 'Medical and Public Health' during the period 2003-04 to 2007-08 in various hospitals and dispensaries under Delhi government was as given below:

(Rs. in crore)

Year	Total allotment of Grant no. 7 (Medical)	Actual exp under the Grant	Supplies and Material				Machinery and Equipment				Percent of exp on M&S and M&E
			BE	RE	Actual	Savings	BE	RE	Actual	Savings	
2003-04	610.92	573.05	88.03	102.74	101.48	1.26	43.64	50.98	44.79	6.19	25.52
2004-05	740.03	696.06	117.37	137.79	129.84	7.95	66.84	88.38	53.80	34.58	26.38
2005-06	839.36	778.07	119.39	152.35	140.16	12.19	78.00	80.63	79.93	0.70	28.29
2006-07	986.56	957.86	155.89	152.52	148.12	4.40	98.24	81.42	75.21	6.21	23.32
2007-08	1316.57	1175.39	188.36	203.62	176.92	26.70	117.79	145.34	124.04	21.30	25.61

***** *This table includes budget and actual expenditure on purchase of drugs, surgical items and machinery and equipments by Autonomous bodies and institutes but do not include expenditure by the Ayurvedic, Homeopathic institutions/hospitals*

Expenditure on S&M and M&E increased from Rs. 101.48 crore to Rs. 176.92 crore and Rs. 44.79 crore to Rs. 124.04 crore respectively indicating growth rates of 74.34 and 176.94 *per cent* respectively over a period of five years 2003-08. Further, the percentage of expenditure on procurement of drugs and equipment decreased from 28.30 *per cent* in 2005-06 to 23.32 *per cent* in 2006-07. Audit also noted that additional funds of Rs 79.98 crore were allotted through RE under S&M during 2003-07 but the department could utilize only 34 *per cent* of the additional funds. Audit further noted that additional fund of Rs 28.88 crore allotted through RE during 2003-05 under M&E could not be utilised by the department and there were savings of Rs. 40.77 crore. The department also could not utilise the amount of Rs. 6.21 crore during 2006-07 inspite of the fact that funds to the tune of Rs. 16.82 crore were surrendered at the time of RE, under M&E head. Audit also noticed that funds to the tune of Rs. 21.30 crore could not be utilized during 2007-08 under M&E head.

3.1.7 Audit Findings

3.1.7.1 Lack of budgetary control

Audit noted that there was no separate detailed head for procurement of drugs and surgical items and equipments in the detailed demand for grant for the department. Budgetary allocation was being done for two heads, namely supplies and material and machinery and equipments. Under supplies and material head, expenditure on drugs, surgical items and other miscellaneous expenditure were being booked making it difficult to ascertain exact amount incurred by the department annually on procurement of drugs and surgical items separately.

Similarly, expenditure on drugs, surgical items and equipments during the years 2003-08 were booked under both "supplies and material" and "opening of health centres" by the Central Store. Further, during 2003-08, DHS imposed a penalty of Rs. 33.55 lakh in 330 cases on suppliers during 2003-08 for delayed supplies, which was utilised for purchase of drugs and other miscellaneous items and DHS had booked net expenditure (gross amount payable to suppliers minus penalty imposed for delay in supply) under these heads.

Audit noted that savings ranging up to 39 *per cent* in the grant were not surrendered during 2003-08 indicating that expenditure could not be planned and estimated properly. Further shortfall in performance of the activities for which budget was allocated for procurement of drugs, surgical items and equipments was also noted in audit as discussed in the report.

3.1.7.2 Rush of expenditure

According to Rule 56(3) of General Financial Rule, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. During test check of four hospitals audit noted that the percentage of expenditure incurred during March under M&E head ranged up to 78.54 *per cent* during 2003-08 as per the details given below:

Name of Hospital	Percentage of expenditure in the Month of March				
	2003-04	2004-05	2005-06	2006-07	2007-08
GTB Hospital	48.45	29.51	55.56	44.14	7.98
GB Pant Hospital	NA	47.69	65.85	74.70	49.78
Lok Nayak Hospital	26.68	5.23	10.28	54.03	78.54
BSA Hospital	25.00	48.87	3.78	50.60	46.11

In GBPH, the percentage of expenditure incurred during March showed increasing trend from 47.69 *per cent* (2004-05) to 74.70 *per cent* (2006-07),

whereas in GTBH it went upto 55.56 *per cent* during 2005-06, in LNH, 54.03 *per cent* and in BSAH, 50.60 *per cent* during 2006-07. In fact, LNH spent 78.54 *per cent* of its budget in the month of March 2007-08 in violation of the GFR provision ibid.

3.1.7.3 Procurement manual and guidelines not documented

As per the CVC guidelines, a more transparent and effective system must be adopted for tendering process for procurement. All departments and organizations were to prepare codified purchase manuals and instructions containing detailed purchase procedures, guidelines and also proper delegation of powers so that there is a systematic and uniform approach in decision-making. CPA, the Central Store, EPC, GTBH, GBPH, LNH and BSAH test checked in audit had not documented written procedure and practices on procurement.

Similarly there were no guidelines for preparing estimated requirements or emergency procurement. In the absence of comprehensive procurement guidelines, the systems being followed were ad-hoc as brought out in the subsequent paragraphs.

3.1.7.4 Procurement of drugs and surgical items

Drug Policy of 1994 of the GNCT of Delhi aimed at achieving the following goals for procurement of drugs and surgical items: (i) preparation of Essential Drug List[12] (EDL) for the three levels of health care i.e. primary, secondary and at tertiary hospital; (ii) organizing central procurement of drugs; (iii) establishment of centralized procurement, storage and distribution system; (iv) quality assurance of the drugs and surgical items purchased and stocked; and (vi) monitoring and evaluation of the programme.

Further, the policy envisaged that there would be pooled procurement of drugs on the list of essential drugs for all hospitals in Delhi State by establishing a Central Drug Procurement Storage and Distribution Center. The pooled procurement programme was to be implemented in three phases[13]. Audit noted that Central Procurement Agency (CPA) set up in 1994 and

[12] EDL represents a list of minimum generic drugs needed for a basic health care system, listing the most efficacious, safe and cost-effective drugs for priority conditions with the objective of providing drugs to maximum number of patients.

[13] **Phase I-** Rate contract to be prepared centrally by the Central Procurement Agency for drugs to be ordered

Phase-II- Drugs for all hospitals to be ordered centrally but drugs delivered to hospitals directly

Phase-III- After establishment of computerized environment, all drugs would be ordered and stored centrally and distributed to hospitals therefrom.

subsequently transferred to DHS (March 2000) with the objective of procuring high quality drugs and other medical stores at comparatively low cost, failed to cater the needs of the hospital/autonomous bodies. Audit findings on progress made in implementing various phases are discussed in the subsequent paragraphs**.**

3.1.7.5 Expenditure on non-CPA procurement

As per the drug policy of Delhi government, only 10 *per cent* of total budget would be spent on procurement of non-CPA drugs. None of the test checked hospitals were maintaining details of expenditure incurred on CPA and non-CPA items separately.

In 2006-07 all the hospitals incurred more than 10 *per cent* of expenditure on non-CPA items as detailed below:

(Rs. in crore)

Name of hospital	Total budget of supplies and material	Total Expenditure	Expenditure on CPA procurement (per cent of total budget)	Expenditure on non-CPA procurement (*per cent* of total budget)
(1)	**(2)**	**(3)**	**(4)**	**(5)= (3)-(4)**
GTBH	19.15	19.14	4.47 (23.34)	14.67 (76.60)
GBPH	27.95	27.95	6.11 (21.86)	21.84 (78.14)
LNH	38.40	38.40	8.31 (21.64)	30.09 (78.36)
BSAH	11.00	10.62	4.25 (40.02)	6.37 (59.98)

It could be seen that all hospitals exceeded limit of 10 *per cent* for purchase on non-CPA items during 2006-07 and percentage of expenditure on non-CPA items ranged from 57.91 to 78.36 *per cent* of their budget on supplies and material.

A test check in BSAH revealed that Rs. 10.62 crore was incurred by the hospital during 2006-07 on procurement of drugs and surgical consumables. Audit noted that the hospital placed supply orders for drugs and surgical items to CPA amounting to Rs. 5.59 crore during 2006-07 out of which supply of Rs. 4.25 crore only was received. The hospital incurred an expenditure of Rs. 6.37 crore (58 *per cent*) on procurement of non-CPA items as the drugs required by the hospital were not available at CPA rate contract and non-supply of drugs by CPA rate contracting firms.

3.1.7.6 Delay in finalization of rate contract

CPA floated tenders for drugs and surgical items for the validity of one year. During the years 2003-04 to 2007-08 CPA finalised three tenders (2003, 2006 and 2007) for procurement of drugs and two tenders (2002 and 2006) for

surgical items. Audit noted that time taken in finalization of tendering process of these tenders ranged from five to 21 months. Further as CPA failed to initiate process of next tender in time before completion of the validity of the existing contract, existing rate contracts had to be extended frequently.

(a) Extension of rate contracts without ascertaining market rates

CPA extended rate contracts without ascertaining market trend of value of drugs and surgical items. The rate contract for surgical items finalized in 2002 with validity of one year up to 31 July 2003 was extended six times for 32 months up to 31 March 2006. Audit noted that rates of 109 out of 138 surgical items, which were finalized in 2002 and 2006, had decreased to the extent of 77 *per cent*, whereas rates of only 28 items had increased.

Further, CPA finalized rate contract for 393 drug codes in the year 2005-06, which was valid up to 31 January 2007. As the subsequent tender could not be finalized, the tender was later extended up to August 2007. Audit noted that 14 rate contracting firms involving 75 drugs refused to accept extension as the extension was to be on mutual consent basis. Analysis of finalized rates of these drugs in the next rate contract of 2007 revealed that rates of 44 drugs out of these 75 drug codes had increased whereas rates of 178 drug codes out of remaining 318 drug codes had decreased during this period.

Audit noted that frequent extension of rate contracts for drugs and surgical items by CPA resulted in financial benefit to supplying firms as during extension period only those firms continue to supply drugs and surgical items at higher rates whose rates had reduced in the intervening period. Further, CPA could not ensure uninterrupted supply of drugs and surgical items where firms refused the offer of extension made by CPA.

Audit further noted that the Directorate General of Health Services (DGHS) was entering into rate contract with validity of three years unlike CPA and other hospitals which were finalising rate contract with validity of one year. The DHS might consider finalising rate contracts for longer duration by incorporating appropriate clauses for economical procurement.

(b) Award of rate contract for drugs without obtaining competitive bids

The Special Purchase Committee (SPC) of CPA while noting that seven out of eight samples which failed in quality control tests were of the firms whose annual turnover was less than Rs. 20 crore, recommended on 15 October 2004 an increase in minimum turnover from existing Rs. 12 crore to Rs. 35 crore per annum in immediate preceding two years and a minimum of three years of manufacturing and marketing experience for a firm to become eligible to participate in the tendering process in respect of supply of drugs.

Audit observed that 15 to 28 *per cent* of the total rate contracts were finalized on single bid only in the three tenders floated during 2003-04 to 2007-08 as indicated in the table below :

	Rate contract finalized in the year		
	2003-04	**2005-06**	**2007-08**
Total number of drugs for which tender invited	576	632	622
Total number of drugs for which rate contract awarded during a contract year	436	393	431
Total number of drugs for which rate contract could not be finalized (percentage)	140 (24.31)	239 (37.82)	191 (30.70)
Total number of drugs for which rate contract awarded on the basis of single bid	66	111	98
Percentage of drugs for which rate contract awarded on the basis of single price bids	15	28	23
Turnover criteria for eligibility of firm to submit a tender (Rs. in crore)	12	35	35

Thus, an increase in criteria of turnover from Rs 12 crore to Rs 35 crore lowered the competition to a large extent in subsequent tenders.

(c) Variation in rates finalized by indenting units

Audit noted that due to lack of guidelines/instructions, all four hospitals and IHBAS test checked in audit were entering into the rate contracts with the suppliers on different terms and conditions of agreements as detailed in Appendix-3.1.

Audit analysed rate contracts finalized during 2006-07 in CPA, GTBH, GBPH, LNH and BSAH and noted that there was variation in rates at which EDL drugs were procured by hospitals as indicated in Appendix-3.2. There was a variation in rates of non-EDL drugs procured by four hospitals as well as detailed in Appendix-3.3.

Audit analysis further revealed that each hospital was procuring non-CPA drugs through its own tender without ascertaining cheaper rates availed of by other hospitals as detailed in Appendix-3.4.

In BSAH, comparative analysis of rate contract finalised for drugs by the hospital with the rate contract of CPA in the same period revealed that 36 items were common in both the rate contracts. Out of these items, rates of seven items were less in the hospital compared to CPA's rate contract. Audit further noted that 17 surgical items were common in CPA and hospital's rate contract. Out of these 17 items, rates of eight items were less in the hospital compared to CPA's rate contract.

The Central Store was placing indents to CPA for drugs on CPA rate contract and for non-CPA drugs, supply orders were placed directly with the suppliers

of rate contracts finalized by the hospitals. There was no mechanism put in place by the Central Store to ensure that procurement of non-CPA drugs was done economically as no exercise was carried out by the Central Store to ascertain and compare rates contracts of all hospitals.

Lack of coordination between all hospitals and lack of monitoring by CPA resulted in a system which did not serve the intended purpose of economy and efficiency in procurement.

3.1.7.7 Improper assessment of requirements

(a) Inadequate estimation of quantities

In order to achieve economies of scale, there was a need to assess the requirement properly after getting feedback from all the indenting units. Analysis of tenders finalized in 2005-06 and 2007-08 indicated that assessment of requirements of drugs was based on assumptions as audit noted that CPA was not maintaining database/details of quantities of drugs and surgical items procured and supplied through CPA rate contract and actual consumption**.** Scrutiny of records revealed that identical quantities were mentioned in respect of 429 drug codes out of 632 drug codes and 622 drug codes in the bid documents of CPA drugs tendered in the year 2005-06 and 2007-08 respectively. Further, in respect of 185 drug codes, column for quantities of the bid document of CPA drugs tender for the year 2007-08 was found blank, out of which rate contracts for only 149 drugs were finalized in the year 2007-08. Similarly scrutiny of tender floated for surgical items for 2004-05 (finalized in 2006) revealed that quantity in respect of 112 out of 249 codes were not mentioned in the tender document.

As the rates quoted by the rate contracting firms in the CPA drugs tenders were directly linked with the estimated quantity to be supplied, CPA could not take advantage of competitive rates for bulk quantities of drugs and surgical items to achieve economies of scale as envisaged in drug policy.

(b) Purchases made in excess of requirement

In terms of Rule 37 of General Financial Rules, purchases are to be made in the most economical manner in accordance with the definite requirement of the public service and that care should be taken not to purchase stores much in advance of actual requirement. Scrutiny of records revealed that GTBH made purchases of injections amounting Rs 1.20 crore much in advance of the actual requirements as detailed in Appendix-3.5.

It could be seen from Appendix-3.5 that balance quantity available on 31 March 2008 was sufficient for requirement ranging from 3.37 months to 21.80

months in GTBH. Test check in BSAH also revealed that purchases were not made against any definite requirement which resulted in 17,601 units of 25 drugs costing Rs. 1.14 lakh passing their expiry dates during 2003-08.

(c) Stock out of essential drugs and surgical items

As per instructions of CPA, the hospitals while placing their supply orders for the next four months should keep buffer stock for three months to meet the demand in case of emergency/delayed supply[14]/non-supply[15] to prevent stock out of essential drugs and surgical items. There was no realistic basis of assessment of requirement in GTBH, GBPH, LNH and BSAH. Also, there was a delay in sending their requirements to CPA by GTBH, GBPH and BSAH.

- Audit selected 18 essential drugs and noted stock outs in all test-checked hospitals during 2003-08 as detailed in Appendix-3.6. Even essential drugs were not available for periods ranging from one month to three and half years.
- In IHBAS, stock position of many essential drugs were nil for more than three months in the main drug store as detailed in Appendix-3.7.
- Similarly, audit noted stock out in the Central Store ranging from three days to two years in respect of 12 selected essential drugs during 2003-08, as detailed in Appendix-3.8.
- Further, audit test checked selected 12 essential drugs[16] which should normally be available in dispensaries and noted stock-outs during 2003-04 to 2007-08 as detailed in the Appendix-3.9. Audit noted that in the absence of any fixed norms, maintenance of buffer stock was left to discretion of each dispensary; as a result 14 dispensaries were adding quantity of 10 to 50 *per cent* drugs while preparing their estimates for the next four months whereas in case of remaining 11 dispensaries no buffer stock was maintained.
- In BSAH, 18 randomly selected surgical items remained out of stock for a period ranging from 31 days to 541 days during 2003-08.

[14] Drugs received within 14 days after permissible time of 42 days of supply order with levy of penalty.

[15] Drugs not received after 56 days of placing supply order, could be treated as a case of non-supply.

[16] Tab. Paracetamol (anti-pyretic), Syp. Paracetamol (essential anti-pyretic for children), Tab. Diclofenac Sodium (analgesic), Tab. Cetrizine (anti-allegic), Cap. Amoxycillin (anti-biotic), Syp. (antibiotic for children), Tab. Ferruos Sulphate and Folic acid (iron combination very essential for ante and post natal care), Tab. Enalapril (Antihypertensive), tab. Matformin (Insulin and Anti-diabetic), Ointment Clotrimazole (anti-fungal ointment for local application, Injection Tetanus Toxoid (immunological injection also essential in ANC), Soln. Salbutamol for nebuliser (anti- asthamatic).

- Similarly, 20 selected surgical items remained out of stock for a period ranging from 31 days to 837 days during 2003-08 in GBPH.
- In GTBH, 13 selected surgical items remained out of stock for a period ranging from 60 days to 1110 days during 2003-08. The hospital forwarded its demand for drugs for the quarter March to June 2007 to CPA on 25 January 2007 for which supply orders were placed by CPA on 31 January 2007 to the firms concerned. Audit noted that 57 essential drugs were not received by the hospital till 9 April 2007.
- In LNH, 3 surgical items out of 18 selected items remained out of stock for a period ranging from 8 to 72 days during 2003-08.

The stock out of essential drugs was further compounded by lackadaisical approach of the purchase department for making these available to needy patients in timely manner and thus adversely affecting delivery of health services.

3.1.7.8 Non compliance of terms and conditions of agreements

(a) Non compliance of the Fall Clause

As per CPA tender, bidder was required to declare in tender document that rates quoted are not higher than rate quoted to other government/semi-government/autonomous/public sector hospitals/institutions/organizations. Further, the contract stipulated that if at any time during the execution of the contract, the controlled price becomes lower on account of the contractor reducing sale price or selling such stores to any organization including department of the central government or any department of the NCT Delhi at lower price compared with rate in the contract, he was to notify such reduction to the purchaser and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer of sale shall stand correspondingly reduced. Audit noted that all four hospitals GTBH, GBPH, LNH and BSAH had included the clause while inviting tenders, however, compliance to this clause was not being monitored by DHS, CPA, Central Store and all the four hospitals.

Audit analysis revealed that same company was supplying a particular drug to various hospitals at different rates as detailed in Appendix-3.10 From the Appendix-3.10 it would be observed that in respect of five drugs (Sl. No. 1, 6, 7, 10, 12), the firms quoted lower rates to hospitals compared to rates quoted to CPA in contravention of the clause ibid and should have attracted penalty of forfeiture of the earnest money deposit (EMD) of the firms. Audit noted that since BSAH and LNH allowed and signed agreements with both manufacturers and suppliers, manufactures and suppliers were supplying same branded drugs at different rates as listed at Sl. No. 7, 8 and 12 in the

Appendix-3.10 Thus, supplies were being made by the suppliers in contravention of the terms and conditions of the agreement which defeated the objective of economical purchase of drugs by the department.

Since CPA has also not prescribed any report for monitoring performance of suppliers as per the terms and conditions of the agreements signed with firms, four hospitals, two institutes test checked in audit and the Central Store were not sending any feedback to CPA.

(b) Non enforcement of clauses relating to security deposit

As per tender, CPA was to receive EMD of Rs.1 lakh by demand draft/pay order from the bidding firms/companies and in case of successful tenderer, EMD was to be retained and adjusted as security deposit for performance of a contract. In addition, at the time of placing supply order, the company was to deposit within 15 days of issue of supply order equivalent to five *per cent* of the order with the purchaser. CPA was placing orders after receiving indents from the Central Store and hospitals/ institutes.

As no centralized database for monitoring of security deposit amounts in CPA was available, audit test checked supply orders to six bulk supplying firms during 2006-07 and 2007-08 and observed that CPA was not complying to this clause and failed to get deposits of Rs. 18.11 lakh in respect of five out of six firms as detailed in Appendix-3.11.

(c) Non enforcement of clause relating to delay in supply

As per tender "delivery of store must be completed within 42 days from the actual date of supply order for drugs and delivery must be completed within 6 weeks from the actual date of dispatch. The delivery of goods can be accepted up to 14 days for drugs and 15 days for surgical items after expiry of delivery period with penalty of 5 *per cent* of value of order for every delayed week maximum of 10 *per cent*. In case of any of the items being rejected or not supplied at all, the purchaser shall have liberty to procure the same at the risk and expenses of the supplier". Audit noted that all hospitals and two institutes test checked in audit were not complying with this condition strictly.

Audit noted that though all indenting units were deducting maximum of 10 *per cent* of total value of the supply order in case of delayed supplies irrespective of period of delay as audit noticed that in GTBH where a supply order was placed for 42 drugs on 31 January 2007, supplies were received in respect of 24 drugs beyond permissible 56 days as indicated in Appendix-3.12. There was no effort made to recover extra amount incurred on procuring drugs in case of non-supply from firms though indenting units continue to place supply orders with defaulting firms subsequently.

(d) Non compliance of risk purchase clause

As per order of CPA **(**December 2006**),** all indenting units including the Central Store were free to purchase from any other source on risk and cost basis, if any supplier fails to supply the store as per supply order. Scrutiny of records revealed that indenting units were not maintaining records of non supply cases properly as a result audit could not verify complete details of non supply cases. Audit further noted that test-checked hospitals and Central Store had not made any risk purchase in non supply cases during 2003-08.

Audit noted that the GBPH procured only 12 items against 32 items not supplied on risk purchase basis from other sources and spent an extra amount of Rs 1.42 lakh and did not recover excess amount spent on risk purchase. In LNH and BSAH, audit noted that no action was being taken against firms non-supplying items either in part or in full. The supply orders to firms not supplying the items in previous demand were placed in the next demand and items were received without levying any penalty. The firms were withholding their supplies and were supplying the same items in the next demand in order to evade penalty on delayed supply. Audit noted that neither was any intimation sent to CPA nor any action taken by the hospital against the defaulting firms.

Thus undue benefit was extended to suppliers at the risk of patient care as non-supply of drugs and surgical items not only resulted in stock outs of essential drugs/surgical items in hospital but also deprived needy patients from getting required quantity of drugs/surgical items.

3.1.7.9 Local purchases made through chemists by various hospitals

There were no guidelines defined for purchase of drugs from the local chemists. The items not available in the drug store were normally purchased for specific patients on the basis of written prescription of the attending physician. Audit noted that there was variation in discount rate at which hospitals procured drugs, surgical items, devices and implants from local chemists as detailed below:

Name of chemist & Hospital	Validity period		Percentage of discount offered		
	From	To	Generic	Branded drugs	Surgical items
G B Pant Hospital	21.08.04	30.08.06	20	7.5	15.1
G B Pant Hospital	01.09.06	31.03.08	18.5	18.5	25
LNH	01.04.04	31.03.08	20	20	20
BSAH	22.06.07	31.03.08	20	4	20

It would be seen from above that the rates of discount offered by local chemists varied from four to 25 *per cent*. Further, during the same period (2007-08) BSAH was getting a discount of only four *per cent* on branded drugs while the LNH was getting 20 *per cent* discount. The hospitals should devise a mechanism for better coordination so that the discounts received are comparable.

3.1.7.10 Supply of drugs with MRP Print

One of the conditions for approval of tenders was suppliers' notarised undertaking for embossment/printing of logo on tablets/capsules/vials, etc. Further, as per the terms and conditions of tenders floated and agreement signed with suppliers of drugs, all drugs should be marked *Not For Sale, for DHS supply Govt. of NCT Delhi*, and price should not be printed on wrapper.

Six drugs[17] were procured by the Central Store with MRP printed on their labels without requisite markings. Issuance of these drugs with MRP to dispensaries for further distribution to patients put these supplies at a risk of misuse and pilferage as there was a huge difference in CPA and non-CPA drug prices at which these drugs were actually procured and MRP printed on wrappers.

Audit noted that during a Delhi Police raid at a private clinic in October 2003, certain drugs and surgical consumables were recovered which were exclusively meant for 'Government of NCT of Delhi Supply'. Out of these drugs, supply of two drugs (same batch as recovered in police raid) was also received in the Central Store. In view of pilferage of medicine/surgical supply marked as NCT Hospital supply already happened, the medicine/surgical without the *Not For Sale* mark and with MRP print should not have been accepted by the Central Store as pilferage of these drugs cannot be detected as the supply would be same as that available in open market.

3.1.7.11 Overburdened pharmacy counter

As per committee report on norms for manpower in 100/200 bedded hospitals for Government of NCT of Delhi 2003, a pharmacist can entertain 180 patients depending upon number of drugs per prescription. No such exercise seems to have been done to assess the requirement of pharmacy counters in the selected hospitals and institutes test checked in audit.

However, scrutiny of records made available revealed that pharmacy counters were over burdened in all hospitals except GBPH during 2007-08 as

[17] Asthalin Inhaler, Seroflo Inhaler, Beclate Inhaler, Cipladine Powder, Hemo-cue-microcuvettes, Pregnancy test kit one step

detailed below:

Sl. No.	Name of hospital	Pharmacy counters	Average daily attendance of patients	Patients to counter ratio
1.	GTBH	8	4600	575:1
2.	LNH	9	3074	342:1
3.	BSAH	4	4192	1048:1

3.1.7.12 Quality Assurance

As per the agreement, the purchaser reserved the right to depute persons to visit premises of all manufacturers for ensuring that good manufacturing practices (GMPs) are observed by manufacturers and inspect stores and draw sample from there before dispatch of consignment. Audit noted that CPA or other indenting units did not depute any person for pre delivery inspection and mainly relied on post delivery quality testing for CPA drugs and in-house quality report for non-CPA drugs.

Audit noted that as per the general prudence, every examination system needs confidentiality/secrecy to guard against intrusion of unfair tactics. CPA has not devised any system for maintaining confidentiality/secrecy in the testing process. Samples of drugs and surgical items were being sent in original with complete details viz. constitution of drug, potency and name of its manufacturer, etc. putting at risk effectiveness of testing process. Scrutiny of records revealed that CPA had spent Rs. 1.05 crore during 2003-04 to 2007-08 for testing of samples of drugs/surgical items. Analysis of data revealed that failure rate was only 0.22 *per cent* in respect of total 10160 drug samples tested and 0.26 *per cent* for 1536 sample of surgical items sent for testing during five years 2003-08.

(a) Inadequate testing of drugs and surgical items

CPA finalized two rate contracts with five NABL approved labs each during the years 2003-04 and 2005-06 to ensure testing of each batch of drugs/surgical items supplied to hospitals and the Central Store. As per the rate contract finalized by CPA, all indenting units were to send sample of batches within 7 days to CPA for quality testing. No mechanism/system was adopted by CPA to ensure that sample of each batch of supply was tested before distribution to patients. Audit noted that it was left to the Central store, hospitals and institutes to send samples of the batches of drugs supply received in their stores. Due to ineffective monitoring system at DHS and CPA, different practices of testing of drugs/surgical items were adopted in

getting CPA drugs and surgical items tested in the test checked hospitals and institutes.

Audit further noted that in case of CPA drugs and surgical items, GTBH was sending sample drugs to CPA's approved labs whereas BSAH, and IHBAS were not getting drugs tested and GBPH was sending samples of drugs and surgical items since April 2006 to various labs approved by NABL instead of sending samples to CPA approved labs. In GTBH, surgical items were not sent to CPA during 2003-08 for testing and stock of items were issued and consumed before receiving test reports. The Drug store of GTBH intimated audit in August 2008 that it has started sending samples of surgical items to CPA for testing with effect from September 2008. In case of non-CPA drugs, GTBH, GBPH, LNH, BSAH, IHBAS, DSCI and the Central Store were relying on in-house report provided by suppliers.

Furrther CPA was not maintaining information of pre and post delivery inspections of supplies received by hospitals, institutes and the Central Store, there was no assurance that all batches were sent to laboratories for testing and quality testing reports were received in time before their distribution to patients.

(b) Poor-reporting of test laboratories

As per the section 17 (A) (d) of the Drugs and Cosmetics Act 1940, any drug shall be deemed to be adulterated if it bears or contains, for the purposes of colouring only, a colour other than one which is prescribed. Further, Rule 58(i) envisaged that drugs not of standard quality shall be confiscated and destroyed.

Audit noted that Central Store had procured 9250 and 27000 bottles of drug namely *Chlorhexidine mouthwash* in December 2007 and April 2008. The sample had green colour which was other than prescribed brilliant blue but was declared of standard quality by the testing lab. In June 2008, the supplier replaced the entire batch due to discoloration on the instructions of Central Store. Audit further noted that instructions for stopping distribution of drug to patients was received in CDMO (North-East) office on 3 July 2008 which was further communicated to dispensaries after a delay of 28 days. Audit further noted that in contravention to above provisions 20,841 bottles were returned to the supplier in August 2008 instead of destroying the medicine as balance was already issued to patients.

Similarly, Central Store procured 18,000 vials (two batches) of *Sulphacetamide Eye drop* on 10 May 2007 under CPA rate contract. Samples of both batches were declared of standard quality by two testing labs on 26 June 2007 and 27 July 2007 respectively in spite of the fact that one batch was

of pale yellow colour and another batch was clear colorless solution. In the meanwhile, both batches were issued to patients by various dispensaries. Further supply of 37,000 vials was received on 22 June 2007 by the Central Store. Test report of sample having pale yellow liquid was again declared of standard quality. All vials were issued to the dispensaries till April 2008. Audit noted that the Central Store stopped distribution (July 2008) after receiving a complaint from one of the dispensaries about the solution becoming turbid.

GTBH issued 3,09,160 tab. of *Diclofenac Sodium*, 22,000 tab. of *Phenytoin Sodium*, 6,875 bottle of *Paracetamol* syp and 7,000 bottle of *Promethazine* syp to patients which subsequently failed in lab testing. Similarly, the Central Store also distributed drugs to dispensaries for issue to patients without waiting for their quality test reports which resulted in consumption of sub-standard drugs by patients viz. 7679, 1370, 19138 and 17025 bottles of syrups *Calcium*, *Diphenydramine*, *Promethazine* and *Cyproheptadine* respectively. Subsequently, the stock of unconsumed drugs in all these cases was replaced by the suppliers.

Further, instead of confiscating sub-standard drugs, hospitals and the Central Store allowed suppliers to replace the batches which increased the risk of these drugs being sold in the open market.

(c) No provision kept for penalising labs for incorrect reporting

CPA awarded work of testing of drugs and surgical item to the NABL approved labs. These labs were required to furnish test reports to CPA within seven days failing which 5 *per cent* penalty would be imposed on these labs for delay in furnishing reports to CPA. Audit noted that there was no penalty clause incorporated in agreements signed with these labs on furnishing incorrect testing reports. In none of three cases noticed in audit, as brought out in paragraph 3.1.7.12 (b) of this report, were the three labs which furnished incorrect test reports penalized.

(d) Inadequate action taken against firms supplying sub-standard drugs

As per agreement finalized by CPA with supplying firms, if a drug(s) supplied by the tenderer is found "Not of Standard Quality", the firm would be debarred from supplying that drug for a period of two years. Test check of records revealed that 22 samples of drugs and 4 samples of surgical items were found "Not of Standard Quality" during 2003-04 to 2007-08.

Scrutiny of records revealed that there were seven manufactures whose samples of more than one drug failed to satisfy quality standards. Accordingly, these manufactures should have been debarred for supply of any

drugs for the two years, however, audit noted that CPA failed to initiate action even after a period of more than 5 years and continued to issue supply orders to these manufacturers. Further by allowing suppliers to replace sub standard drugs, chances for these appearing in local markets could not be ruled out putting at risk life of patients.

(e) Defective tender clause incorporated in the NIT for lab testing

Audit noted that CPA had invited limited tenders for laboratory testing of drugs and surgical items for two times during 2003-04 to 2007-08 with the validity of two years. Audit noted that CPA had invited quotations for testing for drugs/ surgical items from NABL approved labs in 2005 and as per clause 4 of NIT, Delhi government could offer L1 rates to others qualifying tenderers also and work of testing samples could be evenly distributed among all qualifying laboratories. Comparison of rates of 2003-04 with current rate contract of 2005-06 revealed that rates for testing of 139 items increased by nine times as indicated in Appendix-3.13.

Thus there was no incentive for laboratories to quote minimum rate for testing drug/ surgical items as each laboratory was aware before submitting its bids that proportional job work will automatically be allotted to it. Audit noted that as a result all laboratories quoted maximum rates for testing of each item.

3.1.7.13 Procurement of equipment

Equipment Procurement Cell (EPC) is responsible for procuring equipments costing Rs. 5 lakh and above for hospitals and institutes through open tenders. After finalization of tenders by EPC the indenting hospital is responsible for receipt, inspection, installation and commissioning of equipment and release of payment to supplying firm. No mechanism was devised by EPC for getting feedback from users for monitoring performance of contract and efficient functioning of the procured equipments.

No annual plan/long term plan for procurement of equipments has been prepared either by EPC or by all hospitals test-checked in audit. No database of suppliers/manufacturers, up-to-date information on technical specifications, list of prices at which the specific version of the equipment are available and being supplied all over country in consonance with the orders of department issued in August 1999, is being maintained by EPC. Audit also noted that EPC had not taken any action on any supplier during 2003-08. There were delays ranging from 5 to 19 months in opening LCs for procurement of equipments from abroad, whose A/Ts were already finalized by EPC.

(a) Outstanding contingent advances

Rule 118 of Receipt and Payment Rules stipulates that money drawn on abstract contingent bills for payment of advances to suppliers should be adjusted within one month from date of drawal.

Audit noted that large amounts of contingent advances given to suppliers remained unadjusted in GBPH (Rs. 28.72 crore) and LNH (Rs. 39.09 crore) for 8 years since 2000; GTBH (Rs. 13.57 crore) for 4 years since 2004 and BSAH (Rs. 2.00 crore) for 5 years since 2003 as 80 *per cent* of payments were released on receipt of equipments in the hospitals and final bills were not received in hospitals for adjustment. None of the hospitals has taken any initiative to settle these advances. Audit noted that reasons of outstanding advances were on account of incomplete civil work, delay in installing equipments, not receiving components as per A/Ts finalized, etc. as discussed in succeeding paragraphs.

(b) Equipments not received after finalization of A/T

For GTBH, EPC finalised Acceptance of Tender (A/T) for 87 equipments during the year 2004-05 to 2007-08. Out of 87 equipments only 44 equipments were received in hospital. In the remaining 43 cases, 5 equipments (A/T finalized in 2004-05), 4 equipments (A/T finalized in 2005-06), 6 equipments (A/T finalized in 2006-07), 28 equipments (A/T finalized in 2007-08), had not been received till August 2008. Reasons for not receiving of these equipments for the period ranging one to five years were not available in the hospital records. As per clause 15 of the A/T for the supply of equipments, the EPC was empowered to make purchase at risk and cost after four months of placing the order. Audit noted that neither EPC nor indenting hospital took any initiative to procure equipments at the risk and cost of the defaulting contractors during the last five years. Audit further noted that in case of non-supply of equipments, security deposit of the firms was to be forfeited which was also not done.

Audit noted that while forwarding proposals for procurement of equipment to EPC, the hospital justified that each equipment was essential for patient care and that budget was available for procurement of equipment. However the hospital did not procure these equipments after finalization of A/T indicating that equipments proposed for procurement were not essential for patient care as neither EPC nor the hospital did not make risk purchase.

(c) Delay in installation of equipments

Audit noted that there was a delay in installation of equipments after receipt in hospitals during 2004-05 to 2007-08 as detailed below:

Table: Delay in installation of equipment

Name of indenting unit	No. of equipments	Time taken in installation			
		more than 6 months	3 to 6 months	1 to 3 months	less than 1 month
GTBH	43	6	10	10	17
GBPH	35	14	12	6	3
LNH	48	9	6	16	17
BSAH	08	Nil	03	04	01

As it would be observed from the table delay in installation ranging one month to more than a year in 26 out of 43 equipments received in GTBH, 32 out of 35 equipments were installed after one month from their receipt in GBPH including five equipments which were installed after delay of one year. Audit noted that as per reasons for delay in installation of 12 equipments furnished by the GBPH, in six cases suppliers failed to deliver full parts of the equipments for successful running of equipments and in remaining cases installation sites were not ready. Instances where specific delays were noted have been discussed in succeeding paragraphs.

- GBPH procured (July 2007) 18 ICU ventilators at a cost of Rs. 1.23 crore for providing resuscitation to serious neuro surgical patients requiring artificial respiratory support. Audit noted that 17 ICU ventilators were installed after 15 months (October 2008) of their receipt as the new modular OT ICU complex where these equipments were to be installed was not ready. One ICU ventilator has not been installed as it was 'non-functional'. No action has been taken against the supplier till date.

- GBPH procured four types of equipment (Mobile C-arm, ICU beds, ICU Monitor, Cardiovascular Angiography System Including DSA) and DSCI has procured two equipments (Digital, Radio fluoroscopy unit, Dual Photon Energy Linear Accelerator) which have not been installed for period ranging three to 14 months as of October 2008. DSCI attributed the delay in installation to non-completion of civil works.

- GBPH received a Digital Video EEG Machine on 4 July 2006 and a Video Polysomnography on 26 July 2006 from M/s Rohanika costing Rs 30.14 lakh and Rs 32.80 lakh respectively. The firm provided cameras which were not as per the approved specifications. Audit noted that the hospital released 20 *per cent* of the balance amount without ensuring replacement of these cameras.

- LNH procured 10 Ceiling OT lights costing Rs 1.61 crore in June 2007 for use in emergency operation theatre. These lights could not be

installed till October 2008 due to non-completion of work of operation theatre. Audit noted that the hospital had also imported two infant ventilators for Rs 13.22 lakh in June 2005, which have still not been installed after more than three years even though the case was pointed out in paragraph 3.4 in C&AG report Volume-I on Government of Delhi of 2008.

- CT Scan machine installed at a cost of Rs. 4.25 crore in the GTBH on 27 March 2001 was not being utilized as per its capacity mainly due to non-availability of X-ray tube.

- BSAH imported two multi parameter monitors in March 2005 by spending Rs. 10.70 lakh upto August 2008. The monitors could not be installed as of October 2008 as the accessories did not match and two paediatrics saturation probes were also short supplied. This was also pointed out in paragraph 3.2 in C&AG report Volume-I Government of Delhi of 2008. The equipment was still lying idle and no action has so far been taken against the firm.

- IHBAS procured an imported 1000 Digital X-Ray machine at a cost of Rs. 2.14 crore in 2004 to improve facilities for radiology investigations. The equipment was installed in December 2004. However, there was a problem in proper functioning of the equipment and a phase correction device was to be installed. Audit noted that due to delay in supply of this device, the machine remained idle for nearly two years. No penalty was imposed on the supplier for late supply of device.

- The Central Store in January 2008 procured eight Haemo-analysers alongwith reagents and issued to eight[18] dispensaries between February 2008 and March 2008. The Central Store paid Rs. 32.60 lakh to the supplier in March 2008 without signing any agreement and ascertaining successful installation. Audit noted that equipments could not be made functional since purchase in seven out of eight dispensaries as of October 2008. In the meanwhile, reagents issued earlier with equipments evaporated/crystallized due to their poor quality, and another 10 sets of reagents were purchased in March 2008 by the Central Store at a total cost of Rs. 5.95 lakh in anticipation of future demand. The Central Store did not take any action against the firm and failed to provide a crucial test facility to patients even after incurring an expenditure of Rs. 38.55 lakh.

[18] Dwarka Sector 12, Paschim Vihar, Gulabi Bagh, Keshav Puram, Dilshad Garden, Chamelian Road, Begumpur, Vasundhara Enclave

(d) Improper maintenance of equipments in dispensaries

Test check of records revealed that lab equipments remained non-functional for a period ranging from one month to five years during 2003-08 in 13 dispensaries as detailed in the following table:

Sl. No.	Name of dispensary	Name of non-functional equipment	Period of non-functionality (in months)
1.	Laxmi Nagar	Electronic Microscope	3.5
2.	Vasundhara Enclave	Semi auto blood analyser	5
3.	Paschim Vihar	Urine analyzer Hemoglobin-o-meter ESR Analyser	60 48 1
4.	Sultanpuri	Glucometer theft*	4
5.	Mangolpuri	Urine analyser	7
6.	Sagarpur	ESR analyser and Hb meter	13 and 4
7.	Dwarka Sector-12	Microscope	4
8.	Gulabi Bagh	Electrolyte analyser	12
9.	Seelampur	Microscope	13
10.	Dilshad Graden	Electrical microscope	16
11.	Nabi Karim	Lipid analyser	2
12.	Madipur	All lab equipments	60**
13.	Tajpur	X ray Machine and film processor	15***

** The dispensary lodged a FIR on account of theft of glucometer.*

*** Due to non-posting of lab technician*

**** due to not posting of radiographer*

Though the dispensaries were regularly intimating non-functioning of equipments to DHS through CDMOs, no action was taken by DHS and the Central Store. Further, the Central Store was awarding annual maintenance contracts for equipments provided in dispensaries. Audit noted that the Central Store did not intimate any dispensaries about award of such contract and the Central Store was releasing payments to the firms on the basis of bills presented by the firms without any verification from any dispensary leaving scope of fraud by the firm as brought out in succeeding paragraphs.

- A test check of records in Mahipalpur Dispensary revealed that the service provider (M/s Swastik Diagnostics) actually replaced printer @15,300 and filter @ 9350 in the dispensary and presented its bill for printer @ 15,300 and filter assembly @ 25,500 by tampering (adding the word assembly after filter) in the original service report signed by the MO I/c of the dispensary thereby charged an extra amount of Rs. 16,796. The firm did not return any defective parts to the dispensary.

- In Mangolpuri Dispensary, the service provider replaced printer @ 15,300 and filter @ 9350 and presented its bill for CPU Board @ 28,050 and filter @ 9350 by tampering (replacing printer with CPU Board by applying correction fluid) in the original service report signed by the MO of the dispensary thereby charged an extra amount of Rs. 13,260.

- Test check of records in Gulabi Bagh dispensary revealed that the service provider actually cleaned and serviced the 6 bilurubin meters in the dispensary and presented the bill for replacement of calibration board amounting to an extra amount of Rs. 13,260.

Thus, audit detected an extra amount of Rs. 43,316 in three of the test checked dispensaries against two AMC payments to the same firm by tampering papers and documents, which need to be examined. The Central Store released advance payment to the firm without even ensuring that the firm actually visited all 26 dispensaries for maintenance.

3.1.7.14 Ineffective monitoring

The Department had directed (April 2006) all the hospitals to send monthly status report of key activities containing details of non-functional equipments in laboratory and radiology departments, OPD and IPD attendance, number of lab tests done, waiting time for lab tests/radio-imaging services and elective surgeries, etc. by 7th of every following month to department. Audit noted that GTBH and GBPH were not complying with the requirement whereas, BSAH and LNH were sending their reports.

(a) Ineffective monitoring at hospital level

Audit noted that all indenting hospitals failed to monitor cases of non supply and delayed supplies and did not impose penalty as per the provisions of agreements. No periodical returns for ensuring regular and timely supply of essential drugs/surgical items and its stock out position were submitted to MS/higher authorities of the hospital. None of hospitals test checked in audit had computerized system for monitoring performance of suppliers, inventory of essential drugs/surgical items and status of functional equipments.

(b) Ineffective monitoring at DHS level

The department has not devised any Management Information System (MIS) either in manual or computerized environment for receiving returns/reports from indenting units for tracking status of supply orders, performance of equipments, inventory, stock-outs of essential drugs, performance of suppliers, quality assurance by testing laboratories and enforcing penalty clauses in case of non-performance of rate contract at any level.

Audit noted that DHS was not monitoring performance of CPA and the Central Store and there were stock outs in hospitals and dispensaries as brought out in the report. The dispensaries were sending manual reports/returns to DHS (through CDMOs) about OPD attendance, staff strength, stock-outs, status of lab equipments, etc. These returns were not sent

to the Central Store who was responsible for procurement of drugs and awarding maintenance contracts for lab equipments in dispensaries. Thus the store was not aware about stock-outs of essential drugs and status of lab equipments for which AMCs was to be awarded. As a result there were stock-outs of essential drugs in each of 25 selected dispensaries and non-functional equipments in 13 dispensaries.

DHS had incurred an expenditure of Rs. 98.35 lakh in March 2006 for computerization of 38 wings (non-hospital component) including CPA and Central Store. Audit noted that CPA and the Central store could not operationalise any module till September 2008 though developed by the firm in June 2006. The Central Store intimated Audit that software provided in June 2005 was not as per their requirement and therefore could not be used for the purposes intended.

3.1.8 Conclusion

Performance audit of procurement of drugs and medical equipment and its impact on delivery of health services in Delhi revealed that due to lack of documented procurement procedures and instructions, ad-hoc systems and practices were adopted by the department. Failure of indenting units to assess the actual requirements resulted in stock outs of essential life saving drugs inspite of having sufficient budget for their procurements. Inspite of having a centralized system of procurement of equipments, there was no efforts made to standardize equipments and monitor performance of firms after finalisation of A/Ts.

No system has been put in place for monitoring quality of drugs being supplied to hospitals/ institutes and dispensaries. Testing of CPA drugs and surgical items were carried out in a routine manner and there was no tracking of supplies at CPA and the Central Store level to ensure that testing of all batches was carried out. Further, distribution of drugs before conducting quality testing of drugs and further delay in circulating reports about failed tests to the end users put lives of patients at risk. The department further failed to initiate action against erring suppliers and placed orders with same suppliers/ manufacturers. No Management Information System, either manually or in computerized environment was devised at department, DHS, CPA and Central Store level for planning and managing procurements and supplies.

It infers that despite creating all the infrastructure by the department to assist in providing health care services to nearly 1.70 crore population of Delhi, the object based on equality and health care for the under-privileged sought to be attained through Delhi Health Policy was defeated.

3.1.9 Recommendations

- *In order to ensure operationalisation of good procurement practices, it is necessary that department, CPA, the Central Store, EPC and all indenting hospitals/ institutes prepare detailed guidelines and procedures including wherever applicable standardised forms. Such documentation would also facilitate transparency in the process.*
- *Procurement needs of all indenting hospitals/ institutes should be properly planned, consolidated and coordinated after properly assessing requirements in order to take advantage of bulk purchase discounts and to avoid stock out of essential and life saving drugs.*
- *The department needs to standardize clauses in standard bidding documents and agreements to ensure compliance with the Drug and Cosmetics Act, 1940 and ensure that drugs failing quality testing should be confiscated and destroyed as stipulated under the Act and Rules.*
- *Management Information System should be strengthened at all levels for tracking status of supplies, monitoring suppliers, monitoring installation of equipments within prescribed time schedule and for ensuring compliance with terms and conditions of agreements. A copy of full rate contract of all hospitals may be displayed on the department's website for ensuring procurement of drugs economically.*
- *CPA and all indenting units need to maintain a database of delayed supplies and need to ensure compliance with terms and conditions of agreements. All suppliers should be made responsible for providing status of supplies made against supply orders placed by CPA and indenting units for keeping track of status of supplies. Further MRP printed supplies without markings of not for sale should not be accepted.*
- *In order to make system transparent, hospitals and dispensaries might consider displaying availability of drugs and surgical items on the electronic board/ board on daily basis for convenience of patients.*

APPENDIX – 3.1

(Referred to in paragraph 3.1.7.6)

VARIATION IN RATES FINALIZED BY INDENTING UNITS

Tender Criteria	DGHS	CPA	GTBH	GBPH	LNH	BSAH
Tenderer	Manufacturers only	Manufacturers only	Authorised distributor	Manufacturer	Manufactures & Authorized Distributors/ Stockist	both supplier and manufacturer
Type of drugs	Generic only	Generic only	Not specified	Not specified	Not specified	Not specified
Turnover	20 crore	35 crores	Rs. 4 lakh	Rs. 10 Crore	Rs. 10 Crore	Not specified
Qualification of tenderer	Three years manufacturing and marketing experience	Manufacturer of drug for last five years but if the drug introduced in India not more than five years ago then the period of introduction	Firms should be at least 3 years old	Not specified	Three years manufacturing and marketing experience.	Not specified
Rate contract Validity period	Three years	One year	One Year	One Year	Not Specified. Till completion of current tender &/Or till finalization of next tender	One year
EMD	2 % of estimated drawal	Rs. 1 lakh	Rs. 0.40 lakh	Rs. 1.00 lakh	Rs. 0.50 lakh	Rs. 0.50 lakh
Supply period	Should be quoted by tenderer	42 days	30 days	30 days	35 Days (Indian goods). 90 Days (Imported Items)	30 days
Fall clause	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
Non-supply	Contract terminated	Purchase at the risk and cost of supplier	EMD forfeited	Bid security forfeited	EMD Forfeited and firm blacklisted	EMD forfeited and firm blacklisted
Mark of govt. Supply	Yes	Yes	Yes	Yes	Yes	Yes
Printing of MRP	Should not be printed	Should not be printed	Not specified	Not specified	Not specified	Not specified
Supply in extention period	Not specified	Contractor bound	Not specified	Contractor bound	Contractor Bound	With mutual consent
Security deposit	5% of order received	Rs. 1 lakh or 5% of supply order whichever is higher	As per EMD submitted	Not specified	8% of the contract	Not specified

APPENDIX – 3.2

(Referred to in paragraph 3.1.7.6)

ILLUSTRATIVE CASES OF RATE VARIATION OF EDL DRUGS FINALIZED BY HOSPITALS

Sl. No.	Name of the Drug	CPA Rate	GTBH rate	GBPH rate	LNH rate	BSAH rate
1.	Cap Alfa Calcidol, 25mg, 10x10	104.40	120.00	270.00	No R/c	80.00
2.	Cap Fluconazole, 150mg,	0.84	1.40	No R/c	No R/c	2.70
3.	Cream Silver Sulphadiazine Jar, 500gm,	72.42	79.42	No R/c	No R/c	60.00
4.	Drops Eye Timolol, 0.5%,	9.25	8.90	No R/c	No R/c	10.50
5.	Drops Hydroxy Propyl Methyl Cellulose,	11.40	No R/c	No R/c	No R/c	13.50
6.	Inj Ampicillin, 500mg,	3.64	3.51	No R/c	4.15	4.74
7.	Inj Atracuronium 2.5 ml,	52.70	No R/c	No R/c	No R/c	62.00
8.	Inj Dobutamine 250mg/ 5ml,	35.96	43.70	36.36	27.86	35.00
9.	Inj Dopamine 200 mg / 5ml,	6.52	6.90	No R/c	8.45	7.20
10.	Inj Frusemide, 2ml,	1.20	1.58	No R/c	2.43	1.60
11.	Inj Glyceryl Trinitrate, 5ml amp,	16.00	No R/c	No R/c	17.76	21.22
12.	Inj Hydroxy-propyl methyl cellulose, 2%PFS,	84.11	65.00	No R/c	No R/c	90.00
13.	Inj Metclopramide, 2ml,	1.10	1.68	No R/c	2.50	1.50
14.	Inj Oxytocin, 1ml,	1.62	1.72	No R/c	No R/c	1.93
15.	Inj Ringer Lactate,	9.45	No R/c	No R/c	12.27	18.50
16.	Inj Tramadol, 2ml,	1.96	2.47	No R/c	6.75	3.90
17.	Inj Vancomycin 500 mg,	69.95	No R/c	95.00	95.00	95.00
18.	Oint Povidone Iodine, 500gm,	48.60 per 250gm	54 per 250gm	No R/c	69.60 per 250gm	58.00
19.	Oint Povidone Iodine, 15gm,	5.30	5.40	No R/c	8.27	6.50
20.	Powder Clotrimazole, 75gm,	13.50	No R/c	19.50	12.40	21.00
21.	Solution salbutamol for nebulizer, 15ml,	12.00	No R/c	9.35	No R/c	12.23
22.	Syp Cetrizine, 30ml,	4.23	No R/c	4.26	No R/c	6.97
23.	Syp Paracetamol, 60ml,	4.98	5.00	5.90	9.62	5.80
24.	Tab Alprazolam 0.25mg,	0.07	0.09	0.05	0.08	0.12
25.	Tab Cefuroxime Axetil, 250mg, (per tab.)	5.98	5.75	7.50	10.50	7.90
26.	Tab Ciprofloxacine, 500mg, 10 tabs	8.52	11.00	No R/c	0.48	11.73
27.	Tab Ibuprofen, 100tabs,400 mg	23.60	27.90	29.00	34.00	34.80
28.	Tab Paracetamol, 10tabs	1.52	1.59	0.20	0.18	2.26
29.	Tab Ranitidine, 150mg, 10tabs	2.65	2.90	2.90	2.85	3.34
30.	Lactulose soln./syp.	30.50	42.00	35.90	No R/c	No R/c

APPENDIX – 3.3

(Referred to in paragraphs 3.1.7.6)

RATE VARIATION OF NON-EDL DRUGS

Sl. No.	Name of the Drug	GTBH rate	GBPH rate	LNH rate	BSAH rate
1.	Inj Cefaparazone 1gm + Salbactum 1gm	No R/c	No R/c	96.00	39.60
2.	Inj Cefotaxime 1gm	No R/c	14.26	15.33	12.70
3.	Inj Digoxin	No R/c	5.82	No R/c	6.27
4.	Inj Nor adrenaline, 2ml	No R/c	42.54	No R/c	66.50
5.	Inj Pentoprazole 40 mg/ ml	No R/c	No R/c	27.00	18.00
6.	Inj Phenytoin Sodium	No R/c	7.90	6.45	6.40
7.	Inj. Amoxicillin +Clavulanic acid 1.2 Gm	31.78	59.20	73.26	48.50
8.	Liquid Paraffin + Milk of Magnesia (200ml)	No R/c	24.30	No R/c	22.00
9.	Tab Amlodopine 5mg + Atenolol 50mg, 10tabs	No R/c	4.90	No R/c	8.00
10.	Tab Amoxy+Clavamic Acid, 625mg, (per tab.)	No R/c	12.50	16.83	10.80
11.	Tab Atorvastatin 20mg, 10tabs	No R/c	No R/c	3.45	21.80
12.	Tab Ramipril 5 mg, 10x10tabs	130.00	95.00	156.00	129.00
13.	Isphagula (Isabgol) Husk	No R/c	33.89	30.82	No R/c
14.	Susp.Amoxy+Clavamic Acid	No R/c	28.80	46.53	No R/c

APPENDIX – 3.4

(Referred to in paragraph 3.1.7.6)

DETAILS OF NON-ECONOMICAL PURCHASES OF DRUGS

Name of Drug	Quantity procured	Period of procurement	Rate at which procured	Amount paid (Rs. in lakh)	Cheaper rate available	Name of hospital	Extra expenditure (Rs. in lakh)
GBPH							
Inj. Propofol	3,448	October 06 to January 08	88.90	3.19	60.90	BSAH	2.18
Tab. Amoxycillin + clavulanic acid 625mg	33,396	October 06 to January 08	12.50	4.33	10.80	BSAH	0.58
Inj. Amoxycillin + clavulanic acid 1.2gm	26,200	September 06 to January 08	59.20	16.13	31.38	GTBH	7.58
Syp. Liquid paraffin + milk of magnesia	9,760	October 06 to February 08	24.30	2.45	22.00	BSAH	0.21
							10.55
LNH							
Inj. Propofol	3,500	August 07 to March 08	79.50	6.30	60.90	BSAH	1.87
Inj. Pantaprazole	69,250	May 07 to March 08	27.00	19.45	18.00	BSAH	6.49
Inj. Cefaparazone + salbuctum 1gm	1,350	October 07	95.04	1.33	39.60	BSAH	0.78
Syr. Paracetamol	33,000	April 07 to June 07	9.62	3.30	4.98	CPA	1.59
Tablet Amoxycillin + clavulanic acid 625mg	1,46,020	November 06 to Febuary 08	16.83	25.66	10.80	BSAH	9.26
							19.99
Central Store							
Haemo-cuvettes	1,46,000	2007-08	40.50	61.38	38.00	Sanjay Gandhi Memorial Hospital	3.80
Isphagula Husk (psyllium Husk)	18,800	July 2008		13.25	30.82	LNH	7.22
Tablet Amoxycillin + clavulanic acid 625mg	5,46,000	2006-07	12.59	6.87	10.80	BSAH	0.74
							11.76
BSAH							
Inj. Nor Adrenaline	2064	Dec 2006 to Mar 2007	66.50	1.43	42.54	GBPH	0.52
Inj. Amoxycillin + clavulanic acid 1.2Gm	1500	Jan 2008	48.50	0.76	31.78	GTBH	0.26
Tab. Amlodopine+Atenolol	1,95,000	Aug 07 to March 2008	0.80	1.62	0.49	LNH	0.63
Tab. Atarovastatin	2,50,000	Jul 2007 to March 2008	2.18	5.67	0.345	LNH	4.77
Tab. Ramipril	1,80,000	Dec 06 to Nov 07	1.29	2.32	0.95	GBPH	0.54
Inj. Atracuranium	700	Aug 2007 to Sep 2007	62.00	0.43	52.70	CPA	0.05
Total							**6.77**
Grand Total							**49.07**

APPENDIX – 3.5

(Referred to in paragraph 3.1.7.7)

PURCHASE MADE IN EXCESS OF REQUIREMENT

Sl. No.	Name of drug	Opening balance as on 1.4.07	Purchase during the year	Quantity issued	Closing balance as on 31.3.08	Amount (in Rs.)	The balance quantity will be sufficient for
1	Inj. Anti snake Venom	639	2800	1971	1468	4,58,016	8.93 months
2	Inj Anti Rabbies (vaccine)	30636	40000	51736	18900	51,10,560	4.38 months
3	Inj. Bupivacine	375	2850	2025	1200	29,303	7.11 months
4	Inj.Ciprofloxcin	15210	13600	16871	11939	87,413	7.85 months
5	Inj.Cefriaxome	96300	112000	162600	45700	56,23,884	3.37 months
6	Inj.Cefazidime	15900	21000	22480	14420	4,70,412	7.69 months
7	Inj.Digoxine	Nil	1000	355	645	65,790	21.80 months
8	Inj.Delteparin 50D Fragim	5701	4600	6285	4016	14,79,70	9.74 months

APPENDIX – 3.6

(Referred to in paragraph 3.1.7.7)

STOCK OUT OF ESSENTIAL DRUGS IN HOSPITALS

Sl. No.	Name of drug	Purpose	Number of days of stock out during 2003-08			
			GTBH	GBPH	LNH	BSAH
1.	Inj. Diclofenac Sodium	Analgesic	84	64	51	234
2.	Inj PPD STU	Diagnosis of tuberculosis infection	669	-	800	1367
3.	Inj. Dopamine	Drug used vascular diseases	26	-	119	236
4.	Inj. Lignocaine with Adrenaline	Local anaesthetic	210	-	355	439
5.	Inj. Insulin P	Insulin/ anti-diabetic	41	-	24	72
6.	Inj. Adrenaline	Emergency life saving drug, used in heart attacks, etc.	521	-	168	1148
7.	Inj Calcium Gluconate	Solution correcting water and electrolyte	396	-	277	782
8.	Inj. Anti snake venom	Antidote	587	-	191	291
9.	Inj TTG	Immunological agent	58	-	157	85
10.	Inj. Teicoplanin	Anti-bacterial	68	-	87	*
11.	Inj. Paclitaxel	Anti-cancer	-	-	1099	*
12.	Inj. Streptokinase	Drug affecting coagulation	141	-	129	96
13.	Inj. Doxorubicin	Anti-cancer	*	*	250	*
14.	Tab. Ciprofloxacin	Anti-bacterial	211	211	97	488
15.	Tab. Ranitidine	Antacid and anti-ulcer	140	-	129	465
16.	Tab. Folic Acid	Drug affecting blood	61	94	362	252
17.	Syr. Paracetamol	Anti-pyretic	112	311	110	408
18.	Syr. Amoxycillin	Anti-bacterial	207	359	242	684

** not indented*

APPENDIX – 3.7

(Referred to in paragraph 3.1.7.7)

STOCK OUT OF ESSENTIAL DRUGS IN IHBAS

Sl. No.	Name of the drug	Stock out period
Year 2004-05		
1.	Inj. Acyclovir 250 mg	236 days
2.	Tab. Carbamazepine 250 mg	359 days
3.	Tab. Clobazam 10 mg	174 days
4.	Tab. Chloroquine phosphate 250 mg	206 days
5.	Tab. Clonidine 100 mcg	240 days
6.	Tab. Diclofenac sodium 50 mg	300 days
Year 2005-06		
7.	Tab. Clozapine 25 mg	206days
8.	Tab. Domperidone	345 days
9.	Tab. Etophyline + Theophyline	144 days
10.	Tab. Frusemide 40 mg	293 days
11.	Powder for Inj. Crystalline Penicilline	255 days
12.	Inj. Ranitidine	113 days
Year 2006-07		
13.	Tab. Norfloxacine 400 mg	203 days
14.	Tab. Roxythromycine 150 mg	223 days
15.	Tab. Thyroxine sodium	332 days
16.	Inj. Low molecular weight Heparin	214 days
17.	Tab. Prednisolone 10 mg	260 days
18.	Tab. Diclomine 10 mg	203 days

APPENDIX – 3.8

(Referred to in paragraph 3.1.7.7)

STOCK OUT OF ESSENTIAL DRUGS IN CENTRAL STORE

Sl. No.	Name of drug	Dates of stock out of drug		Number of stock out days (in days)
		From	To	
1.	Tab. Paracetamol 500 mg	1.04.06	5.04.06	5
2.	Syr. Paracetamol 125 mg/5ml	15.05.04	17.03.04	3
3.	Tab. Diclofenac Sodium 50 mg	29.09.04	22.05.06	601
4.	Tab. Diclofenac Sodium SR 75 mg	1.04.03	25.08.03	147
5.	Tab. Cetrizine	24.11.05	1.05.06	159
		5.11.07	14.11.07	10
6.	Cap. Amoxicillin 500 mg	5.11.07	5.01.08	62
7.	Cap. Amoxicillin 250 mg	30.11.07	10.12.07	11
8.	Syr. Amoxicillin 125 mg/5ml	6.07.07	27.08.07	53
9.	Tab. Ketoconazole	19.08.06	31.03.08	591
10.	Tab. Iron (Ferrous Sulphate + FA)	1.04.03	10.03.04	345
		1.04.07	11.06.07	72
11.	Tab. Enalapril (Envas)	17.02.03	16.03.05	759
12.	Oint. Clotrimazole	25.05.07	30.05.07	6
		29.06.07	6.07.07	8
		11.10.07	16.11.07	37
13.	Tab. Metformin	15.11.07	11.02.07	28
14.	Inj. Tetanus Toxoid	14.10.03	27.11.03	45
		29.08.05	24.10.05	57
15.	Soln. Salbutamol for Nebuliser	22.09.04	28.08.04	7
		22.12.06	12.05.07	142

APPENDIX – 3.9

(Referred to in paragraph 3.1.7.7)

STOCK OUT OF ESSENTIAL DRUGS IN DISPENSARIES

Sl. No.	Name of dispensary	Provision for buffer stock	Number of drugs remained out of stock	Minimum days of stock out	Maximum days of stock out
1	**Laxmi Nagar**	Nil	8	44	285
2	**Kanti Nagar**	Nil	8	38	509
3	**Vasundhara Enclave**	One month	7	21	533
4	**Madipur**	10 *per cent*	10	106	1046
5	**Raghubir Nagar**	2-3 months	9	106	770
6	**Paschim Vihar**	10 *per cent*	11	40	899
7	**Sultanpuri**	Nil	11	190	1569
8	**Mangolpuri**	Nil	9	31	920
9	**Narela**	Not specified	8	65	1273
10	**Rohini Sector-18**	10-12%	7	36	270
11	**Pitampura**	Nil	7	48	414
12	**B-4 Keshav Puram**	Variable for various drugs	8	45	494
13	**Kalkaji**	Nil	9	30	604
14	**Khanpur**	One month	9	57	562
15	**Sagarpur**	25 *per cent* of last indent	11	44	1053
16	**Dwarka Sector-12**	15 days	5	34	521
17	**Old Secretariat**	Two months	7	52	959
18	**Inderlok**	No	11	65	1059
19	**Gulabi Bagh**	10 *per cent* of drugs	8	59	643
20	**Old Seemapuri**	Nil	11	33	1826
21	**Seelampur**	Nil	12	16	953
22	**Dilshad Graden**	Nil	11	18	661
23	**Ballimaran**	25 *per cent*	9	46	400
24	**Nabi Karim**	Nil	9	41	944
25	**Chamelian Road**	Nil	7	91	727

Note: Stock out of less than a month were not considered.

APPENDIX – 3.10

(Referred to in paragraph 3.1.7.8)

VARIABLE RATES OF DRUGS OF THE SAME COMPANY DURING 2005-07

(in Rs.)

Sl. No.	Name of the Company	Name of the Drug	CPA Rate	GBPH rate	LNH rate	BSAH rate
1	**M/s Gland Pharma Ltd**	Inj. Heparin 5000 IU/ml	31.95	11.97	No R/C	No R/C
2	**M/s Aventis Pharma**	Cream Framycetin 1%, 20 gm Tube	15.06	15.06	15.34	No R/C
3	**M/s Cipla Ltd., Mumbai**	Cap. Cyclosporine A 100 mg	44.00	No R/C	52.00	No R/C
4		Cap. Cyclosporine A 50 mg	24.00	No R/C	27.00	No R/C
5		Tab. Allopurinol 100 mg	0.60	No R/C	0.77	No R/C
6		Asthalin Inhaler 200 mcg	42.25	42.85	40.50	No R/C
7		Salbutamol sol. For Nebuliser, 15 ml	12.00	9.35	No R/C	12.23*
8	**M/s Baxter (India) Ltd.**	Inh. Isoflurane, 100ml bottle	495.00	No R/C	643.50*	No R/C
9	**M/s VHB Life Sciences**	Inj. Dopamine 5ml amp	6.70	6.70	8.45	7.20#
10		Inj. Dobutamine 5ml amp.	36.36	36.36	27.86	35.00#
11		Inj. Streptokinase 15,00,000 IU	866.00	No R/C	992.01	No R/C
12	**M/s Nicholas Piramal**	Tab. Verapamil 40mg	0.57	0.41#	0.53*	No R/C

** agreement signed with suppliers of the same company*
 # different company

APPENDIX – 3.11

(Referred to in paragraph 3.1.7.8)

STATEMENT SHOWING THE DETAILS OF SUPPLY ORDERS PLACED BY CPA DURING A MONTH

Sl. No.	Name of the firm	Selected month	Amount of supply orders placed (in Rs.)	Security deposit which should have been deposited (in Rs.)
1.	M/s VHB Life Sciences	July 2007	64,56,776	1,72,838
2.	M/s Beisersdorf	November 2006	59,14,584	1,19,729
3.	M/s Baxter India	March 2006	52,99,195	1,64,959
4.	M/s Bharat Serum	March 2006	37,52,850	87,642
5.	M/s Aventis Pharma	February 2006	1,87,52,885	8,37,644
6.	M/s Aventis Pharma	March 2006	83,15,650	3,15,782
7.	M/s VHB Life Sciences	March 2006	27,36,018	36,801
Total				**18,11,395**

APPENDIX – 3.12

(Referred to in paragraph 3.1.7.8)

DETAILS OF DELAYED SUPPLIES IN GTBH

Sl. No.	Name of drug	Date of supply	Period of delay
1	Tab. Diclofenac sodium 50 mg	12.05.07	43 days
2	Cap. Tetracycline 500 mg	12.05.07	43 days
3	Tab. Ciprofloxacin 500 mg	03.05.07	34 days
4	Tab. Ciprofloxacin 500 mg	03.05.07	34 days
5	Gel Diclofenac sodium	30.04.07	32days
6	Oint. Povidone Iodine	30.04.07	32days
7	Inj. Methyl Ergometerin	20.04.07	21 days
8	Inj. Oxytocin	20.04.07	21 days
9	Inj. Diclofenac sodium	20.04.07	21 days
10	Tab. Metronidazole 400 mg	07.05.07	38 days
11	Inj. Dextrose + Sodium chloride	07.05.07	38days
12	Inj. Sodium chloride 0.9%	28.04.07	29 days
13	Inj. Ringer lactate	28.04.07	29 days
14	Inj. Dextrose 10%	28.04.07	29 days
15	Inj. Dextrose 5%	21.04.07	22 days
16	Inj. Metronidazole	21.04.07	22 days
17	Inj. Sodium chloride 0.9%	26.04.07	27 days
18	Inj. Ringer lactate	24.04.07	25 days
19	Inj. Dextrose 5%	24.04.07	25 days
20	Inj. Sodium chloride 0.9%	24.04.07	25 days
21	Inj. Frusemide	17.04.07	18 days
22	Tab Vitamin C	17.04.07	18 days
23	Inj. Paracetamol	14.05.07	44 days
24	Tab. Alprazolam 0.5 mg	14.05.07	44 days

APPENDIX – 3.13

(Referred to in paragraph 3.1.7.12)

RATE VARIATION FOR LAB TESTING

(in rupees)

Sl. No.	Drug Code	Name of drug / surgical item	Testing rate in as per R/C in 2005-06	Testing rate in as per R/C in 2002-03	Difference in rates	Percentage of difference
	Drugs					
1	1a	Inj.Sodium Thiopentone 0.5gm/vial	985	750	235	31.33
2	4	Inh. Isoflurane	2515	1070	1445	135.05
3	5a	Inj. Ketamine Hydrochloride 50mg/ml	1920	450	1470	326.67
4	6a	Inj. Fentanyl 0.05mg/ml 2ml	1745	990	755	76.26
5	7a	Inj. Diazepam 5mg/ml	2070	815	1255	153.99
6	9c	Syp. Ibuprofen 100mg/5ml	1340	500	840	168.00
7	11a	Tab. Prednisolone 5mg	1400	600	800	133.33
8	14a	Tab. Dexamethasone Sodium Phosphate 0.5mg	3700	600	3100	516.67
9	18d	Inj. Ampicillin 500mg/vial	2280	915	1365	149.18
10	19c	Inj. Cloxacillin 500mg/vial	3265	1005	2260	224.88
11	20a	Inj. Benzathine Penicillin 1.2MU/vial	2410	965	1445	149.74
12	23	Inj. Crystaline Penicillin 0.5MU/vial	2400	795	1605	201.89
13	31a	Cap. Tetracycline 250mg	1740	600	1140	190.00
14	33b	Inj. Ceftazidime 500mg	3830	1020	2810	275.49
15	35a	Inj. Ceftriaxone 500mg	3515	1075	2440	226.98
16	83b	Inj.Dextrose 5% 500ml Polypack	1590	840	750	89.28
17	90a	Infusion Amino Acid Solution for Parenteral Nutrition	2870	700	2170	310.00
18	130a	Tab. Levodopa+Carbidopa 100mg+10mg	4265	600	3665	610.83
19	130b	Tab. Levodopa+Carbidopa	4265	500	3765	753.00

		250mg+25mg				
20	196a	Tab.Lorazepam 1mg	3500	600	2900	483.33
	Surgical items					
21.	1701	Surgeon's Blades – Single use (Size : 10)	2000	200	1800	900
22.	1702	Surgeon's Blades – Single use (Size : 11)	2000	200	1800	900
23.	2303	Endotracheal Tube (Cuffed)-Single use (Size : 7.5mm)	1005	450	555	123.33
24.	2304	Endotracheal Tube (Cuffed)-Single use (Size : 8.0mm)	1000	450	550	122.22
25.	3301	Nasgo- gastric Tube – Single Use (Size FG-16)	1800	550	1250	227.27
26.	3304	Plain Collagen Suture USP Size 2-0	1800	550	1250	227.27