Chapter II

Compliance Audit

Health and Family Welfare Department

2.1 Procurement and distribution of drugs, medical consumables and equipment by Odisha State Medical Corporation Limited

2.1.1 Introduction

Odisha State Medical Corporation Limited (OSMCL) was established in November 2013 under the Companies Act, 1956, as an independent procurement agency for the Department of Health and Family Welfare, Government of Odisha. The key functions of OSMCL are timely procurement of quality medicines, surgicals, equipment, instruments, furniture, *etc*., through fair, transparent and competitive bidding process.

OSMCL is also the nodal implementing agency (April 2015) for 'Free medicine distribution (*Niramaya*) scheme', one of the flagship schemes of the Government of Odisha (GoO) for providing all essential medicines[1] free of cost to patients coming to government health institutions. For the implementation of the scheme, OSMCL was responsible for (i) timely procurement of quality medicines, surgicals and EIF (Equipment, Instrument and Furniture); (ii) management of central drug warehouses to ensure smooth flow of supply to health institutions through a centralised online inventory management system; (iii) monitoring drug distribution counters (DDC) in health institutions centrally and track prescription practices and disease pattern and (iv) procurement and maintenance of medical equipment across health institutions.

The procurement and supply process involves placement of indents by the health institutions through their respective Drug Therapeutic Committees (DTC)[2] to OSMCL for supply of drugs and medical consumables as enlisted in the Essential Drug List (EDL). OSMCL and State Drug Management Unit (SDMU) compile/ analyse the indents and prepare the draft Annual Procurement Plan (APP). The APP is placed before the State Drug Management Committee (SDMC) for approval. After approval of the APP, OSMCL procures the approved quantity of drugs and medical consumables in a phased manner at the contract price[3]. In case of EIF, OSMCL procures and supplies them directly to the health institutions as per their indent /

[1] Essential medicines are those that satisfy the needs of majority of population, should be available at all times, in adequate quantities and in proper doses, are rational and are of proven therapeutic value and safety

[2] Committees constituted in all districts, blocks, medical colleges and other major health institutions to ensure rational use of drugs and medical consumables at government health institutions

[3] Contract price is the lowest price arrived at after evaluation of tenders floated for procurement of drugs and medical consumables which remains valid for one year. OSMCL procures drugs and medical consumable at this price throughout the year

requirement. OSMCL has also developed *e-Niramaya* software application at a cost of ₹1.42 crore from 1 April 2017 to automate supply chain management *i.e.,* for procurement, distribution and quality control of drugs and medical consumables. Prior to implementation of *e-Niramaya* application, OSMCL had used *e-Aushadhi* software application system developed by the Centre for Development of Advanced Computing (CDAC)[4] for online supply chain management. OSMCL, however, discontinued this system from 1 April 2017 as the same could not meet the requirement of the Corporation. OSMCL was to follow the guidelines and procedures as issued by the Finance Department, Government of Odisha from time to time, along with the provisions under Orissa General Financial Rules (OGFR) in discharging the above responsibilities.

Audit was conducted covering the period 2016-19 with the objective of examining the economy and efficiency in procurement and distribution of medicines and EIFs along with evaluation of adequacy of quality control measures.

Audit sampling involved test check of records of Health and Family Welfare (H&FW) Department, OSMCL, health institutions in seven[5] out of 30 districts and one out of the three medical colleges & hospitals in the state (Sriram Chandra Bhanja Medical College & Hospital). Districts were selected through stratified random sampling without replacement method considering three risk parameters *viz*., expenditure, annual indented quantity and number of patients registered in Outpatient Department (OPD) and Inpatient Department (IPD). Besides, joint physical inspection of warehouses/ stocks and patients' survey was conducted. Photographs were also taken, wherever required.

Audit findings have been suitably commented upon in succeeding paragraphs.

Audit findings

2.1.2 Delay in finalisation of Annual Procurement Plans

As per the guidelines[6] issued (May 2015) by H&FW Department, OSMCL should compile and analyse all annual indents received from the health institutions through their DTCs to prepare the APP for drugs and medical consumables. OSMCL would place the draft APP for the ensuing financial year before the SDMC[7] by 15 December for approval. The guidelines were revised in June 2017 requiring OSMCL to submit the compiled annual indents

[4] A scientific society of the Department of Electronics and Information Technology under the Ministry of Electronics and Information Technology, Government of India

[5] The sampled districts (both for District Headquarters Hospitals and Drug warehouses) were Boudh, Keonjhar, Koraput, Nabarangpur, Puri, Rayagada and Sundargarh. H&FW Department, however, requested to take up Balangir district in place of Koraput for rational representation of all regions across the State. Accordingly, Balangir district was taken as a sampled district instead of Koraput

[6] Guidelines on Procurement Planning and Management of Drugs and Medical Consumables

[7] Composition: Chairman: Commissioner-*cum*-Secretary, H&FW Department; Convener: Joint Director of Health Services, SDMU; Members: Managing Director (National Health Mission); Director, Health Services; Director, Medical Education and Training; Director of Family Welfare; Director of Public Health; Financial Adviser (H&FW Department); Special invitees as required

to the SDMU by 30 November. The latter would analyse and prepare the APP and place before the SDMC for approval. The APP would be sent to OSMCL by 25 December for initiating procurement process.

Similarly, the APP for EIF would be finalised by the State Level Equipment Management Committee (SEMC) and sent to OSMCL by 10 August for procurement.

In this context, Audit noticed inordinate delay in approval of APPs as discussed below:

- ***Drugs and medical consumables*:** Against the prescribed timeline of submitting the compiled annual indent/ draft APP by 15 December of each year, OSMCL/ SDMU submitted the same to SDMC in March to May with a delay up to five months[8] during 2016-19. SDMC also took more than two months to approve the APP against the given period of 10 days. Thus, the overall delay in the approval of APP ranged from five to seven months.

  Further, the State/ district-wise consolidated annual demand was not forecast/ generated through the *e-Niramaya* application despite having a provision for the same in the system. Instead, APPs were prepared manually after consolidating the annual requirement/ indents received from field functionaries outside the *e-Niramaya* application. Thus, the *e-Niramaya* application was not utilised optimally and could not be used to mitigate the delays in finalisation of the APP.

- ***Equipment, Instrument and Furniture (EIF)**:* Against the annual target date of 10 August to finalise/ approve the APPs for the ensuing year, SDMU/ SEMC approved APPs with delays ranging between six and 17 months during 2016-19.

Delay in finalisation of APPs ultimately delayed the entire procurement process and the supply of drugs and medical consumables to health institutions.

H&FW Department stated (August 2020) that irrational indents/ indents in improper format received from indenting officers contributed to the delay in approval of APP. The fact, however, remained that these delays impacted the supply of essential drugs and equipment to health institutions. Further, non-utilisation of the *e-Niramaya* application for generating accurate indents, also contributed to delays in preparation and approval of APP.

2.1.3 Indent and supply of drugs and medical consumables

OSMCL procures drugs and medical consumables as per the APP which is approved after due screening and analysis of inputs received from the health institutions. After procurement, drugs and medical consumables are supplied to health institutions for distribution to patients.

[8] Date of submission of draft APP: 2016-17: 21 March 2016; 2017-18: 31 March 2017 and 2018-19: 25 May 2018

On an analysis of the data made available to Audit and the *e-Niramaya* database, it was noticed that SDMC had approved 524 to 596 kinds of drugs and medical consumables with quantity of 692.97 crore[9] units for procurement during 2016-19. Out of this approved quantity, OSMCL could procure only 336.94 crore (49 *per cent*) units of drugs and medical consumables during this period as detailed in the table below:

Table 2.1.1: Drugs and medical consumables approved and procured during 2016-19

Year	Drugs and medical consumables approved			Drugs and medical consumables procured			Drugs and medical consumables not procured	
	No. of items	Unit *(in crore)*	Cost *(₹ in crore)*	No. of items *(per cent)*	Unit (in crore) *(per cent)*	Cost *(₹ in crore)*	No. of items *(per cent)*	Unit (in crore) *(per cent)*
2016-17	524	152.14	213.17	325 (62)	75.75 (50)	87.33	199 (38)	76.39 (50)
2017-18	576	202.50	426.32	372 (65)	109.68 (54)	148.08	204 (35)	92.82 (46)
2018-19	596	338.33	323.73	394 (66)	151.51 (45)	190.04	202 (34)	186.82 (55)
Total	**1,696**	**692.97**	**963.22**	**1091 (64)**	**336.94 (49)**	**425.45**	**605 (36)**	**356.03 (51)**

(Source: OSMCL data and e-Niramaya database)

Audit observed that 199 to 204 essential medicines/ medical consumables (356.03 crore units) like Injection Ampicillin Sodium (500 mg), Injection Cefoperazone and Sulbactam (500 mg), Injection Cefipime (1000 mg), Injection Labetalol (20 mg), Frusemide (10 mg) tablet and Primaquin Phosphate (7.5 mg) tablet, approved for procurement during 2016-19 were not procured at all. Consequently, the indented quantities of these medicines could not be supplied to hospitals.

A detailed analysis of eight sampled health institutions showed no rational linkages between the indent and supply of drugs. An analysis of the *e-Niramaya* database for these eight units for 2018-19 showed that there was short supply in respect of 151 to 260 kinds of drugs whereas 29 to 110 kinds of drugs were supplied more than the indented quantities, as detailed in the table below:

Table 2.1.2: Short and excess supply of drugs during 2018-19 *(Quantity in lakh units)*

Name of the DHH/ SCB MCH	Short supply cases			Excess supply cases		
	Number of drugs	Quantity indented	Quantity supplied *(Percentage of short supply)*	Number of drugs	Quantity indented	Quantity supplied *(Percentage of excess supply)*
Balangir	260	764.50	320.34 (58)	29	121.97	237.71 (95)
Boudh	178	85.02	51.44 (39)	86	30.07	86.54(188)
Keonjhar	240	526.19	261.99 (50)	38	96.55	261.52 (171)
Nabarangpur	198	301.34	169.86 (44)	75	46.06	226.72 (392)
Puri	151	178.47	118.33 (34)	110	210.47	467.60 (122)
Rayagada	221	188.43	103.66 (45)	55	102.85	243.38 (137)
Sundargarh	219	385.55	210.28 (45)	54	89.12	251.69 (182)

[9] Drugs (Anti-Bacterial, Anti-Fungal, Gastrointestinal, Dermatological, *etc*.): 411.78 crore units (₹ 697.26 crore), Programme drugs (Anti-Malaria, Anti-Tubercular, Leprosy, Maternal and child health, *etc*.): 256.07 crore units (₹ 80.59 crore), Anti-cancer drugs: 0.25 crore units (₹ 75.43 crore), Surgical & Suture items: 24.87 crore units (₹ 109.94 crore)

Name of the DHH/ SCB MCH	Short supply cases			Excess supply cases		
	Number of drugs	Quantity indented	Quantity supplied *(Percentage of short supply)*	Number of drugs	Quantity indented	Quantity supplied *(Percentage of excess supply)*
SCB MCH, Cuttack	236	260.57	129.45 (50)	54	53.03	74.80 (41)

(Source: e-Niramaya database)

Short supply of drugs ranged between 60.14 lakh units (34 *per cent*) in Puri and 444.16 lakh units (58 *per cent*) in Balangir compared to the quantities indented in sampled districts and included 45 to 78 indented drugs for which there was no supply. Due to non/ short supply of required drugs, the District Headquarters Hospitals (DHHs)/ Sriram Chandra Bhanja Medical College & Hospital (SCB MCH) resorted to local purchase at higher prices where there was stock out of drugs, as discussed in ***Paragraphs 2.1.5*** and ***2.1.7***.

Thus, even after five years of its establishment (June 2013), OSMCL could not fulfil the requirement of supply of essential drugs in health institutions. The primary reasons for short supply of medicines, as observed in audit, were delay in finalisation of APPs, nil/ partial execution of Purchase Orders (POs) by suppliers, receipt of single or no bids for items, thus, necessitating retendering, non-revision of EDL on time, *etc*.

H&FW Department stated (August 2020) that OSMCL procured drugs on the basis of consumption at health facilities, and supplied medicines and anti-cancer drugs as per indents. The reply is not tenable as short/ non supply of indented drugs resulted in stock out of essential medicines in health institutions, leading to the indenting officers having to procure unavailable drugs locally at higher rates.

2.1.4 Execution of Purchase Orders

After finalisation of a tender, OSMCL placed POs with the successful bidders who were to supply the drugs and medical consumables at warehouses within the stipulated period of 70 days.

During 2016-19, OSMCL had placed 3,471 POs with 484 firms for supply of drugs and medical consumables worth ₹568.65 crore. The status of execution of these POs as of May 2019 is given in the table below:

Table 2.1.3: Execution of Purchase Orders during 2016-19

Year	Total Number of POs	Number of firms	Total value of POs *(₹ in crore)*	Number of POs		
				Fully executed[10] (*per cent*)	Partially executed *(per cent)*	Not executed (*per cent*)
2016-17	970	141	121.25	591 (61)	285 (29)	94 (10)
2017-18	1,101	161	181.16	880 (80)	173 (16)	48 (4)
2018-19	1,400	182	266.24	957 (68)	333 (24)	110 (8)
Total	**3,471**	**484**	**568.65**	**2,428** (70)	**791** (23)	**252** (7)

(Source: OSMCL data)

Above table shows that only 70 *per cent* of the POs were fully executed whereas 23 *per cent* were partially executed. Moreover, 252 POs issued to 109 firms for supply of 186 medicines (72.01 crore units) like Cefixime tablet (200

[10] 99 to 100 *per cent* of the indented quantity supplied

mg), Isosorbide dinitrate tablet (5 mg), Rabeprazole injection, Chloropheniramine maleate tablet (4 mg), *etc*., valued ₹ 51.34 crore were not executed at all. Non/ part execution of POs contributed to stock out of essential drugs in hospitals. OSMCL had not taken adequate action for non-performance of the contracts which extended undue favour to the suppliers as discussed below:

2.1.4.1 Undue favour to suppliers

As per contract conditions, OSMCL shall de-recognise/ blacklist the defaulting suppliers for non-performance of contract provisions, non-supply/ part supply of the ordered quantity followed by forfeiture of earnest money deposit and performance security of the said bidder/ supplier. Audit, however, observed that:

OSMCL placed a Purchase Order (No: CR 18,718 dated 17 July 2018) with a firm for supply of 7.32 lakh Levofloxacin tablets. The firm failed to execute the order within the stipulated period of 70 days. OSMCL issued (4 February 2019) a show cause notice to the firm for non-execution of the order. The firm contended (7 February 2019) that it could not execute the order due to difficulties in getting raw material and price hike. OSMCL, however, did not take action like forfeiture of performance security, derecognition/ blacklisting the firm etc., as stipulated in the contract conditions.

(i) OSMCL had not recovered/ forfeited performance securities of suppliers amounting to ₹ 47.42 lakh in respect of 30 out of 252 POs issued during 2016-19 (***Appendix 2.1.1)*** against which there was no supply. OSMCL had, however, not taken other penal actions like de-recognition/ blacklisting/ cancellation of POs, *etc*., against the defaulting firms.

Further, 17 firms which were 'nil' suppliers in previous years were unduly favoured by OSMCL by award of further contracts valued ₹ 55.45 crore in subsequent years (***Appendix 2.1.2***).

(ii) As per the contract conditions, drugs should have minimum 5/6th (83 *per cent*) shelf life period from the date of manufacture when supplied. However, exempted items[11] can be accepted with less than 5/6th shelf life period with an undertaking from the supplier that if the item expires without being utilised, then the supplier would replace them with fresh stock.

Analysis of *e-Niramaya* database showed that out of 357.14 lakh units (of 11 medicines) supplied by the firms with less than 5/6th (41 *per cent* to 80 *per cent*) shelf-life period, 10.12 lakh units worth ₹34.34 lakh could not be utilised within the expiry period. The suppliers had not replaced these expired medicines as envisaged in the contract conditions. These medicines were lying in 24 warehouses for periods ranging from 11 days to 384 days as of June 2019. OSMCL had neither enforced contract conditions for replacement of these expired drugs by the suppliers despite undertakings given by them for the same nor did they forfeit the performance securities furnished by these suppliers for non-adherence to contract conditions. Non-replacement of

[11] Imported items, small ordered items and in case of vaccines, serums, immunoglobulin, blood products like human coagulation factors VII, VIII, IX, *etc*.

expired drugs by the suppliers had an impact on the State exchequer to that extent, and was also an act of extension of undue benefit to these suppliers.

Thus, OSMCL did not enforce the conditions of contract entered into with the suppliers scrupulously in procurement and supply of drugs and medical consumables. Due to non/ short supply of ordered quantities, OSMCL could not meet the requirement of indenting agencies leading to non-availability of essential and critical drugs in health institutions.

H&FW Department stated (August 2020) that penalty amount of ₹ 6.65 lakh had been recovered[12] in respect of nine POs, supplies in respect of six POs had since been received and in respect of three POs, the supplier being an MSME[13], PS had not been obtained. Audit noted that in the case of remaining 12 POs, four POs had been cancelled, four supplier firms had been blacklisted without forfeiting their PS and no action had been taken against the firms in respect of four POs. Regarding non-replacement of expired drugs, the Department further stated that ₹14.09 lakh had been recovered towards cost of expired drugs.

The fact, however, remained that OSMCL cancelled/ blacklisted suppliers in respect of eight POs without forfeiting PS and did not initiate action in respect of four POs. Further, 17 firms which were 'nil' suppliers in previous years were unduly favoured by OSMCL by award of further contracts valued ₹ 55.45 crore in subsequent years.

2.1.5 Stock-out of essential drugs

OSMCL had prescribed (June 2016) minimum stocks to be maintained at various levels[14] for ensuring that there would not be any cases of stock out or over stocking of any item.

Audit noticed that minimum stock of essential drugs was not maintained at warehouses and Drug Distribution Counters (DDCs). This was due to non/ short supply of indented drugs by OSMCL. Also, the drugs procured locally (out of 20 *per cent* budget) were inadequate to replenish the shortage. The stock-out position of essential drugs in test checked hospitals is given in the table below:

Table 2.1.4: Non-availability of essential drugs in test checked hospitals during 2017-19

Name of the DHH/ MCH	Stock out of drugs at DHHs/ MCHs					
	2017-18			2018-19		
	1-3 months	3-6 months	More than 6 months	1-3 months	3-6 months	More than 6 months
Balangir	37	29	27	40	32	33
Boudh	20	18	9	7	15	6
Cuttack	26	17	17	20	21	17
Keonjhar	10	3	4	7	10	5
Nabarangpur	5	2	6	9	3	9
Puri	24	13	16	21	9	41
Rayagada	20	8	14	8	14	10

[12] ₹ 6.65 lakh recovered in respect of nine POs after being pointed out in Audit

[13] Micro, Small and Medium Enterprises

[14] District Warehouse: 4 months' stock; DHH: 1 month's stock; Community Health Centre (CHC)/ Sub-Divisional Hospital (SDH): 2 months' stock

Name of the DHH/ MCH	Stock out of drugs at DHHs/ MCHs					
	2017-18			2018-19		
	1-3 months	3-6 months	More than 6 months	1-3 months	3-6 months	More than 6 months
Sundargarh	7	6	9	2	3	10

(Source: Records of test checked hospitals and DWH)

Audit noticed that critical drugs like Azithromycin (500 mg) tablet (anti-bacterial drug), Chlorpheniramine Maleate tablet (anti-allergic drug), Clopidogrel tablet (anti-hypertensive drug), Pentazocine Lactate injection (pain and inflammation control drug), Metformin HCl (500 mg) tablet (anti-diabetic drug), *etc*., were not available in test checked hospitals during 2018-19.

During the OPD beneficiaries' survey, it was also noticed that 141 out of 555 prescribed drugs like Pantoprazole 40 mg tablets, Vitamin B-complex tablets, Calcium syrup, Cefixime syrup, Phenobarbitone syrup, *etc*., were not distributed to the patients.

Further, health institutions were to maintain their inventory and generate Management Information System (MIS) reports through the *e-Niramaya* system. Audit noticed that data relating to issue of medicines to patients, DDCs, Primary Health Centres (PHCs), *etc*., had not been entered into the database. Therefore, the system could generate stock position of Drug Warehouse (DWH) level only and stock position at DDC, CHC, PHC levels could not be generated. Thus, the system generated incomplete stock information. This also led to deficient inventory management resulting in stock out of essential drugs in hospitals.

Due to non-availability of essential/ critical drugs in hospitals, patients had to procure the prescribed medicines from outside on their own.

Thus, OSMCL failed to supply essential drugs to patients visiting public health institutions free of cost as promised by the Government under 'Free drug distribution scheme'.

H&FW Department stated (August 2020) that stock out position of essential drugs in health institutions had improved over the years which stood at 15.90 *per cent* of the requirement as of July 2020. The fact, however, remained that patients in public health institutions could not be provided with all prescribed essential drugs free of cost.

2.1.6 Deficient stock management led to expiry of medicines

OSMCL is responsible for management of surplus and deficit stocks of drugs and medical consumables. OSMCL is authorised to withdraw surplus stock from any institution and to transfer inter-institution, inter-warehouse, inter-district stocks for effective inventory management. OSMCL is to monitor distribution and stock position of drugs centrally through *e-Niramaya* application system for ensuring uninterrupted supply of medicines at the health institutions.

Audit noticed that 349 kinds of drugs (4.88 crore units) valued ₹4.18 crore had expired during April 2017 to May 2019. These expired drugs were lying in 39 warehouses. In eight test-checked districts, 12 to127 expired drugs valued

₹ 1.42 crore were found lying in respective drug warehouses, as detailed in the table given below:

Table 2.1.5: Details of expired drugs lying in stores as of March 2019

Name of the DWH	No. of drugs expired	Quantity (units)	Value (in ₹)
Balangir	12	24,185	91,581
Boudh	29	23,139	56,386
Keonjhar	38	1,05,856	12,91,103
Nabarangpur	22	89,344	3,54,333
Puri	62	3,38,823	8,46,485
Rayagada	47	2,62,632	13,56,560
SCB MCH, Cuttack	127	5,18,868	76,12,790
Sundargarh	78	8,75,860	25,45,473
Total	**415**	**22,38,707**	**1,41,54,711**

(Source: DHH/ MCH records)

OSMCL could not effectively monitor indenting, distribution, consumption, stock position of drugs through *e-Niramaya* application, which resulted in expiry of drugs mostly due to supply in excess of requirement, excess indenting, non-usage of drugs after procurement, *etc*.

A few such instances are discussed below:

- Based on the indents (2015-16) of Acharya Harihara Regional Cancer Centre (AHRCC), OSMCL supplied (July 2015-May 2016) 3,09,955 units of 22 cancer drugs worth ₹ 1.99 crore. AHRCC, however, failed to utilise 31,742 units of these drugs worth ₹ 0.81 crore (41 *per cent)* before expiry of life period. Even in nine cases[15], life period of 51- 90 *per cent* of the procured quantity expired. This indicated that neither the AHRCC had indented as per its requirement nor did OSMCL monitor utilisation of these drugs effectively to save government money.
- Against the indent for 3,92,390 units of 31 drugs, OSMCL supplied 8,77,698 units to SCB MCH, Cuttack which was 2.24 times of the indented quantity. Due to excess supply, SCB MCH could not utilise 3,48,964 units (40 *per cent*) worth ₹ 56.59 lakh in time, which expired. This included seven drugs (72,003 units) costing ₹ 38.54 lakh against which there was no indent.
- OSMCL supplied 1,16,578 units of Azithromycin suspension to DWH, Rayagada against its indent for 11,923 units. Out of this, only 12,477 units could be utilised by the expiry date (August 2017). The balance quantity of 1,04,101 (89 *per cent*) units worth ₹ 6.24 lakh expired. Neither OSMCL nor the DWH took timely action for transfer of this surplus stock to other health institutions where they could have been utilised.
- OSMCL procured (July 2016) 85,000 Sodium Valproate tablets valued ₹ 0.89 lakh and stored it in the Central Drug Store (CDS), Bhubaneswar. The entire stock of this medicine remained as such in

[15] (i) Injection Cladribine; (ii) Capsule Lenalidomide; (iii) Injection Pemetrexed; (iv) Injection Pemetrexed; (v) Injection Zoledronic Acid I.P; (vi) Injection Vinorelbine 50 mg I.P; (vii) Injection Vinorelbine 10 mg I.P; (viii) Capsule Lenalidomide and (ix) Injection Pemetrexed 100 mg

the CDS without being issued to health institutions. The life period of entire stock expired in May 2018. The status of the drug was neither monitored through the *e-Niramaya* software nor did the CDS inquire about this, despite prolonged storage and non-usage.

- ***Non-disposal of expired/ Not of Standard Quality (NSQ) medicines***: The heads of health institutions[16] were to verify the stocks pertaining to expired/ NSQ drugs and take steps for destruction of these drugs. Audit observed that huge quantities of damaged, expired and NSQ drugs as discussed above were lying in district warehouses of the test checked districts. The concerned authorities had not taken any steps for disposal of NSQ and expired medicines. Stocks of such NSQ/ expired drugs not only caused congestion of the available space in DWHs but were also susceptible to risk of being diverted and misused at later date. Due to shortage of space, OSMCL had stored 39,540 sanitary napkins (cost: ₹ 0.82 lakh) in a dilapidated quarter at CHC, Badagaon which were damaged by white ants.

H&FW Department stated (August 2020) that though consumption pattern of drugs and consumables were being monitored through *e-Niramaya,* 100 *per cent* consumption within the shelf-life period was not possible. The reply was not tenable as OSMCL had not effectively monitored its inventory management system which led to expiry of medicines especially due to supply of drugs, much in excess of what was indented and also other cases such as non-utilisation of entire stock, *etc*., as mentioned above.

2.1.7 Local purchases of medicines

OSMCL procures drugs and medical consumables out of 80 *per cent* of the budget made by the State under centralised procurement system. Provision up to 20 *per cent* of the drugs budget is made for local procurement by the DHHs, medical colleges and other major health institutions to meet emergency requirements. As per the instruction (October 2017) of the H&FW Department, local procurement of drugs is to be limited to requirement for one month only at a time and follow the procurement guidelines issued by the Finance Department from time to time.

The test checked health institutions had incurred ₹40.81 crore for local procurement of drugs and consumables against Government allocation of ₹42.48 crore during 2016-19. The district-wise allocation and expenditure is given in the table below:

Table 2.1.6: Allocation and expenditure of funds during 2016-19

Name of DHH/ MCH	Allotment	Expenditure	Savings	Percentage of non-utilisation
	(₹ in lakh)			
Balangir	475.80	436.72	39.08	8.21
Boudh	112.33	49.54	62.79	55.90
Keonjhar	374.28	361.43	12.85	3.43
Nabarangpur	255.74	255.55	0.19	0.07
Puri	524.09	476.84	47.25	9.02
Rayagada	294.03	292.13	1.90	0.65

[16] Chief District Medical Officer/ Chief Medical Officer/ Superintendent of Medical Colleges

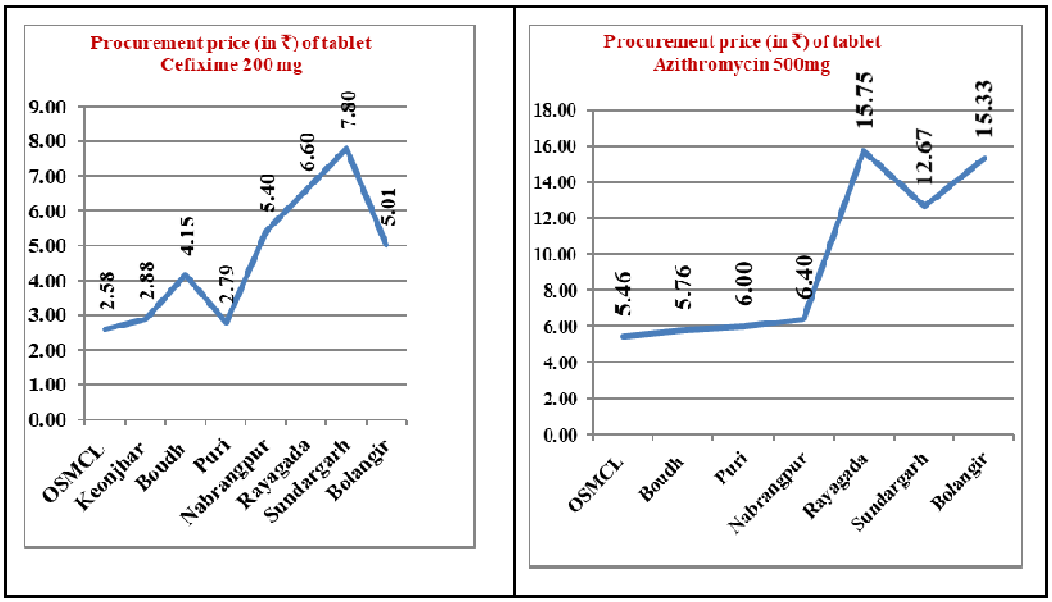
Name of DHH/ MCH	Allotment	Expenditure	Savings	Percentage of non-utilisation
	(₹ in lakh)			
Sundargarh	547.89	547.86	0.03	0.01
Cuttack	1,664.14	1,661.41	2.73	0.16
Total	**4,248.30**	**4,081.48**	**166.82**	**3.93**

(Source: Records of DHH)

As seen from the above table, Chief District Medical and Public Health Officer (CDM & PHOs) of Balangir, Boudh and Puri districts had not spent substantial amounts of the allocated funds and allowed a significant part of it to lapse despite stock out of essential drugs in the DHHs as discussed in ***Paragraph 2.1.5***. While no recorded reasons were available for this, audit analysis revealed that this was linked to poor monitoring of stock position by the hospitals. Lack of an efficient monitoring system led to non-procurement of essential medicines, even though funds were available for local procurement.

Audit also observed that in some of the test checked units, the DHHs/ SCB MCH had procured drugs and consumables at different rates and there was no consistency in prices at which drugs were being procured. A comparison of procurement prices of two essential drugs procured locally by test checked hospitals is shown in the chart below:

Chart 2.1.1: Comparison of procurement prices of medicine by test checked hospitals



(Source: DHH records)

It can be seen from the above chart that DHH, Sundargarh had procured Cefixime tablet at ₹7.80 which is 3.02 times of OSMCL's procured price (₹ 2.58 per tablet). Similarly, DHH, Rayagada had procured Azithromycin tablet at ₹ 15.75 being 2.88 times of the OSMCL price of ₹ 5.46. Audit made an analysis of local procurement prices of drugs with that of OSMCL and found that the hospitals had incurred an extra expenditure of ₹ 98.12 lakh (44 *per cent*) in purchase of drugs and consumables worth ₹2.24 crore during 2018-19.

Other deficiencies noticed in the local procurement process are as follows:

2.1.7.1 Procurement without tender

As per the 'Guidelines for procurement of goods' issued (February 2012) by the Finance Department, tender is to be invited by advertisement for procuring goods worth ₹5 lakh and above. The Superintendent/ CDM & PHOs of five test checked hospitals[17], however, did not follow tender procedure annually for local procurement of drugs and consumables. Instead of inviting fresh tender, the hospital authorities procured drugs based on the rates approved by them in previous years, inviting quotations from local medicine shops, *etc*. Non-floating of tenders led to procurement of drugs at prices that were not competitive while also being contrary to the provisions of procurement guidelines issued by the Finance Department.

The Superintendent of SCB MCH, Cuttack did not float any tender during 2016-19 (up to January 2019) and procured drugs on the basis of quotations received from the local medicine shops empanelled during 2015-16. A comparison of cost of drugs procured (2016-19) with the rates finally approved when the tendering was carried out (February 2019), showed that SCB MCH had incurred an extra expenditure of ₹ 21.58 lakh (24 *per cent*) in procuring five medicines at ₹ 88.38 lakh.

Similarly, comparison of procurement prices of 61 items purchased (without tender) during 2017-18 by DHH, Keonjhar with the approved tender price of 2018-19 showed that the CDM & PHO had incurred an extra expenditure of ₹40.25 lakh (46 *per cent*) in procuring medicines worth ₹ 87.96 lakh. This extra expenditure was a loss to the State exchequer and an extension of undue financial benefit to the suppliers.

H&FW Department stated (August 2020) that district health institutions sometimes procure medicines for critical patients in emergency without going for tender. It was added that there would always be price difference between OSMCL purchase and local purchase since manufacturers offer competitive price for bulk supplies. The fact, however, remained that local procurement was to be resorted due to non-supply of indented drugs and medical consumables by OSMCL.

2.1.7.2 Procurement in excess of requirement

In violation of instructions of Government to procure one month's requirement at a time, the DHHs/ SCB MCH purchased drugs in large quantities. Procurement of drugs in large quantities at a time involved extra expenditure and affected the supply chain of the OSMCL as well. A few such instances are discussed below:

- SCB MCH, Cuttack procured 4,600 vials of injection Tetglobe worth ₹ 59.77 lakh during July to November 2017 and 35,000 vials of injection Norad valued ₹11.03 lakh during 2018-19 from the empanelled shops despite the fact that the monthly consumption of these two drugs was only 100 to 200 vials and 2,000 vials, respectively. This procurement of medicines in excess of requirements

[17] SCB MCH, Cuttack (2016-18); Keonjhar (2016-18); Balangir (2016-18); Nabarangpur (2016-17); Rayagada (2016-17)

cost the MCH an extra expenditure of ₹14.75 lakh compared to OSMCL contract price.

- DHH, Sundargarh had also procured drugs and medical consumables like Injection Diclofenac, Injection Phenytoin sodium, Injection Atropine, *etc*., at a cost of ₹ 19.04 lakh in excess of one month's requirement at a time during the period 2017-19. The procured quantities (ranging from 5,000 units to 1,50,000 units) were consumed in 3 to 14 months. During the same period, OSMCL had also supplied such medicines to the district warehouse which could have met the requirements of the hospital.

2.1.8 Procurement, Installation and maintenance of equipment, instrument and furniture (EIF)

As per the Guidelines on 'Rational procurement planning and management of EIF' issued (December 2014) by the H&FW Department, State Drug Management Unit (SDMU) is to compile the indents received from various health institutions and place them before the State Level Equipment Management Committee (SEMC) for finalisation of APP. The SEMC finalises the quantity to be procured against the quantity indented based on the level of institution and budgetary resources. After finalisation of the APP, OSMCL starts procurement of EIF.

Audit observed that the SEMC approved procurement of 1,39,182 EIF during 2016-19 against which OSMCL could procure 60,234 EIF only, as detailed in the table below:

Table 2.1.7: Status of EIF approved and procured during 2016-19

Year	Number of EIF			Value of procured EIF *(₹ in crore)*
	Approved	Procured *(percentage of approved EIF)*	Installed *(percentage of procured EIF)*	
2016-17	32,423	21,631 (67)	20,158 (93)	56.89
2017-18	41,759	3,283 (8)	3,196 (97)	58.00
2018-19	65,000	35,320 (54)	25,159 (71)	117.24
Total	**1,39,182**	**60,234 (43)**	**48,513 (81)**	**232.13**

(Source: Data furnished by OSMCL)

OSMCL could procure 43 *per cent* of the EIF approved by the SEMC during 2016-19. Even by June 2019, 11,721 (19 *per cent*) of the procured EIF had not been installed and were lying unutilised with different indenting agencies. In test checked hospitals, 78 (7 *per cent*)[18] out of 1,089 equipment (received during December 2016 to September 2019) like ventilator, defibrillator, Operation Theatre (OT) monitor, bio-safety cabinet, *etc*., costing ₹ 5.43 crore were lying idle without installation. Audit also noted instances of equipment lying idle/ defunct. Non/ delay in supply of EIF to the health institutions was directly related to delay in procurement by OSMCL, delayed approval of APP, *etc*. A few such cases are discussed below:

[18] Balangir: 38; Boudh: 9; Keonjhar: 16, Cuttack: 4; Puri: 1; Nabarangpur: 1; Rayagada: 6; Sundargarh:3

2.1.8.1 Non-procurement of equipment for Robotic surgery

SEMC approved (April 2016) the list of EIF and specification required for Robotic Surgery at SCB MCH, Cuttack for conducting complex and advanced surgical procedures. Director of Medical Education and Training (DMET) provided (September 2016) ₹ 12 crore to OSMCL for procuring the above equipment. OSMCL, however, did not take any action for the procurement even after three years of approval. Non-availability of robotic surgery facility denied improved patient care, surgical skill and teaching standard in SCB MCH.

H&FW Department stated (August 2020) that the changed technical specification had been finalised on 10 December 2019 by the Technical Committee comprising faculty members of Urology Department of All India Institute of Medical Science (AIIMS), New Delhi and Bhubaneswar, Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh and Professors of user institutions. For procurement of the same through Government e-Marketplace (GeM), request had been made for category creation of the equipment. The reply is not convincing. Taking three and half years for finalisation of specification of the equipment suggests lethargic procurement system in place.

2.1.8.2 Delayed supply of equipment to Sardar Vallavbhai Patel Post Graduate Institute of Paediatrics (SVPPGI)

SEMC approved (2015-16 and 2016-17) procurement of 890 EIF for SVPPGI at ₹9.28 crore. Though the approval was granted in 2015-16, OSMCL took about three years to supply these items indicating its apathetic approach to procurement. Timely supply of required equipment could have rendered quality health care services in the hospital.

H&FW Department did not offer any specific views on the audit observation.

2.1.8.3 Defunct equipment

In test checked hospitals, 94 out of 521 equipment costing ₹ 2.84 crore were found lying defunct/ idle for period ranging between 2 to 36 months. These equipment were non-operational due to want of Annual Maintenance Contracts or inaction of the concerned authorities towards their restoration. Audit also noticed non-availability of trained operators for High-end ventilator (DHH Nabarangpur), Bio-safety cabinet (in DHH Nabarangpur), Semi Auto Analyser (CHCs Dabugaon and Papadahandi) and Elisa Machine (SDH Gunupur). Also there was no Ophthalmologist for operating the Indirect Ophthalmoscope in DHH Boudh. As a result, these equipments could not be utilised.

H&FW Department stated (August 2020) that the tender for Bio-medical Equipment Maintenance Programme had been finalised during 2019-20 and was in operation from 1 January 2020 to maintain all the EIF supplied to health institutions after warranty period. The reply was, however, silent over maintenance of the EIF becoming defunct within the warranty period and no action being taken to repair /replace the defunct equipment.

2.1.8.4 Idling of equipment for Liver Transplantation Unit

Equipment worth ₹5.41 crore supplied (January-March 2015) to SCB MCH, Cuttack for operationalisation of Liver Transplantation Unit (LTU) could not be installed due to want of required infrastructure like Operation Theatre (OT), Intensive Care Unit (ICU) and the related Ward, *etc*. The LTU had not been made functional despite comments in the Comptroller & Auditor General's Audit Report for the year ended March 2017. Non-functioning of the LTU led to idling of these equipment worth ₹5.88 crore (September 2019) including the cost of OT tables worth ₹46.27 lakh, supplied in August 2018. This indicated that appropriate site with required infrastructure was not ensured before indenting/ procurement of equipment.

H&FW Department stated (August 2020) that the LTU had since been made operational. The reply was not acceptable since the LTU had not been functioning as per information furnished (September 2020) by the SCB MCH, Cuttack.

Thus, OSMCL was not able to procure and supply the EIF as per indents. Non-supply/ maintenance/ installation of EIF in time as per requirement hampered delivery of quality healthcare services in hospitals. This is also indicative of inefficiency of OSMCL as a procurement and supplying agency of EIF.

2.1.9 Irregularities in tendering procedure

OSMCL is to follow the guidelines and procedures as issued by the Finance Department, GoO from time to time, along with the provisions under Orissa General Financial Rules (OGFR).

Audit observed that OSMCL did not maintain transparency, economy and efficiency in the procurement process leading to part/ non-supply of equipment, undue advantage to suppliers, *etc*., as discussed in following paragraphs:

2.1.9.1 Lackadaisical approach of OSMCL in finalisation of tender led to non-functioning of Blood Component Separation Units and idling of equipment worth ₹4.47 crore

State Blood Transfusion Council (SBTC), Odisha requested (December 2015) OSMCL to procure equipment and instruments for establishment of Blood Component Separation Units (BCSUs) in seven DHHs[19]. OSMCL floated (January 2016) tenders for procurement of 19 equipment and instruments[20] for these BCSUs. Tender Evaluation Committee (TEC) approved (May 2016)

[19] (i) Balasore, (ii) Baripada, (iii) Keonjhar, (iv) Koraput, (v) Bargarh, (vi) Balangir, and (vii) Rourkela

[20] i) Refrigerated Centrifuge (Floor Standing Model), (ii) Platelet Agitator-*cum*-Incubator, (iii) Deep Freezer (-80 degree C) (Vertical) , (iv) Deep Freezer (-40 degree C) (Vertical), (v) Plasma Expresser, (vi) Plasma Thawing Bath, (vii) Semi-Automated Coagulation Analyser, (viii) Laminar Air - Flow Bench, (ix) Sterile Connecting device, (x) Blood Bank Refrigerator, (xi) Cryobath, (xii) Portable Tube sealer, (xiii) Blood Collection Monitor, (xiv) Horizontal Autoclave, (xv) Digital PH Meter, (xvi) Double Pan Balance Weighing Machine, (xvii) Tube Stripper, (xviii) Transport Cold Chain Box and (xix) Walk-in Room (Cooler)

procurement of 12 items and recommended re-tendering for seven other equipment[21] due to non-responsive/ single bids. After retendering (May 2016), the TEC approved (January 2017) three equipment and recommended two items (Plasma Expresser and Sterile Connecting Device) for approval subject to price justification. The TEC again suggested retendering for the other two items (Digital PH Meter and Blood Transport Cold Chain Box).

OSMCL did not take any action for arriving at a price justification or for retendering as recommended by the TEC. After 25 months of the above recommendation, OSMCL floated (February 2019) tender for procurement of a number of items including the Plasma Expresser, Sterile connecting device, Digital PH meter, *etc*., for the seven BCSUs. After evaluation of the price bids, POs were placed (November 2019) with the selected firms for supply of three items (Platelet agitator, Cryobath and Sterile connecting device) and the procurement process for other items[22] had not been concluded as of December 2019.

Thus, due to non-supply of these items, which were necessary for functioning of the BCSUs, equipment worth ₹4.47 crore procured and supplied (June 2016 to June 2018) by the OSMCL to DHHs for the BCSUs remained idle (December 2019). Moreover, warranty period of four equipment[23] lying in DHHs was already over during August to October 2019, without utilisation.

H&FW Department stated (August 2020) that OSMCL had procured equipment worth ₹ 6.52 crore for seven BCSUs and contract for manual Plasma expresser was issued (December 2019) in Government e-Marketplace (GeM) portal. It further added that equipment like Digital PH Meter and Blood Transport Cold Chain Box were being procured at institutional level. The fact, however, remains that huge delays in supply of the indented equipment could have been avoided.

2.1.9.2 Abnormal delay in procurement of dental equipment for medical college and DHHs

The State Level Equipment Management Committee (SEMC) approved (13 August 2015 and 20 April 2016) procurement of dental equipment valued ₹11.42 crore for supply to SCB MCH (Dental College) and peripheral health institutions. OSMCL floated (October 2016) the tender for procurement of 44 such items. After technical evaluation (March 2017) of bids, TEC decided to open price bids of seven items[24] for which multiple bids had been received and recommended retendering for other items (37) where only one or no bids were submitted. TEC evaluated (7 October 2017) the financial bids and recommended the L_1 bidders for purchase of these seven items.

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21 (i) Refrigerated Centrifuge, (ii) Platelet Agitator-*cum*-Incubator, (iii) Cryobath, (iv) Plasma expresser, (v) Sterile connecting device, (vi) Digital PH meter and (vii) Blood transport cold chain box

22 Plasma Expresser, digital PH meter and cold chain box

23 (i) Laminar Air Flow Bench, (ii) Blood Collection Monitor, (iii) Plasma Thawing Bath and (iv) Semi-Automated Coagulation Analyser

24 (i) Milling machine with optical scanner, (ii) Cone beam computerised tomography machine, (iii) Dental instrument set, (iv) Dental lab micrometer with hand pieces, (v) Table top front loading autoclave, (vi) Laser for soft tissue and (vii) Ultrasonic scaler

Audit observed that even after the recommendation of the TEC, OSMCL did not take steps to retender for these 37 items. Even in case of the seven items recommended for purchase, OSMCL did not take timely action to obtain the necessary approvals and place the purchase orders, within the six months validity period[25] (up to 28 October 2017) of the tender prices. By the time the purchase recommendations of the TEC were evaluated for approval, the tender validity period was almost over. As a consequence, OSMCL had to opt for retendering for all 44 items.

The process of retendering for all the dental equipment including the seven items originally approved for purchase by the TEC, was initiated only in December 2018. The technical bids were opened in February 2019 and were not evaluated till June 2019. However, two items (Dental Chair and Dental X-ray machine) out of the 44 items, were procured and supplied to the health institutions through the rate contract tender procedure.

Thus, OSMCL was apathetic in taking timely action for purchase of dental equipment and supplying the same to the health institutions including items that were essential to requirements, as per the Dental Council of India (DCI). As a result, despite availability of manpower and funds, doctors in health institutions had to work without necessary dental equipment for quality treatment of the patients.

H&FW Department stated (August 2020) that tender could not be finalised due to introduction of Goods and Services Tax (GST). It was added that OSMCL had already issued POs for nine items after finalisation of the tender. The fact, however, remained that the tender value of the equipment was exclusive of Value Added Tax (VAT)/ sales tax/ entry tax, and therefore, introduction of GST could not have rendered the tender invalid.

2.1.9.3 Procurement of virtual anatomy dissection table

As per procurement guidelines, specification of goods to be procured should be broad based to the extent feasible to attract sufficient number of bidders. Efforts should also be made to use standard specifications which are widely known to the industry.

While floating tender to procure one Virtual Anatomy Dissection Table (VADT) for VIMSAR[26], Burla, OSMCL included two special features (*Real time 6 axis navigation with stylus and working with live person)* which were available with only one manufacturer, *i.e.*, Anatomage, United States of America (USA). Despite requests by the prospective bidders to delete/ amend these specifications in pre-bid meetings, OSMCL did not reconsider its decision. Consequently, the tender could not attract more bidders for participation and only one bidder[27] qualified for the said item. OSMCL procured the said equipment at ₹2.34 crore against the estimated cost of ₹1.20 crore made by VIMSAR, Burla at the time of indent.

[25] Six months from the date of opening of price bids
[26] Veer Surendra Sai Institute of Medical Sciences and Research
[27] M/s Maveric Solutions Inc. (for M/s Anatomage, USA)

Contrary to this, OSMCL deleted/ amended these specifications in the next tender floated (March 2019) to procure nine such tables on the request of the prospective bidders for enabling more manufacturers/ suppliers to participate. However, this tender was cancelled on administrative grounds. Deletion of these special features in the subsequent tender indicated that these specifications were not essential/ mandatory.

H&FW Department stated (August 2020) that tender had been floated as per the technical specification finalised by the technical committee. The fact, however, remained that by including these special features in earlier tender, OSMCL could not discover an optimum competitive price and narrowed the field of choice on particular manufacturer/ supplier.

2.1.9.4 Procurement of sanitary napkins at higher prices under KHUSI scheme

Government of Odisha decided (January 2018) to distribute sanitary napkins to 17.26 lakh adolescent school going girls studying in Class VI to XII under 'Menstrual Hygiene Scheme' KHUSI. OSMCL was to procure and supply the sanitary napkins following procurement guidelines.

OSMCL invited (April 2018) quotations from the manufactures/ importers through e-tender portal of the State and *via* its website as well. In response to the above tender, five bidders[28] submitted bids. The Tender Evaluation Committee (TEC) examined (23 July 2018) the technical bids and rejected three bids due to want of required supporting documents in the bids. The TEC evaluated (13 August 2018) the price bids of the remaining two technically qualified bidders[29] and found that the rates quoted by the lowest bidder (L_1) was ₹ 2.97 (excluding tax) per unit. The TEC further observed that the L_1 bidder was also the firm approved (May 2018) for supply of sanitary napkins under another scheme, *i.e.,* RKSK[30] at ₹1.74 per unit (excluding tax). As the price seemed to be on the higher side, the price justification given by the supplier was not accepted by the committee and OSMCL cancelled the tender (September 2018).

OSMCL went for retender (September 2018) of the said item and after evaluation of price bids, the TEC approved the rate quoted by one firm[31] for the sanitary napkins at ₹2.30 per piece being the L_1 bidder. Accordingly, purchase order was placed with the firm for supply of sanitary napkins.

Audit, however, observed that:

- While selecting the L_1 firm, OSMCL did not consider the price of napkins procured under RKSK as was done in case of the 1st tender,

[28] (i) M/s Sanyog Enterprises Private Limited, Nangloi, Delhi, (ii) M/s HLL Lifecare Limited, Kolkata, (iii) M/s Sekhani Industries Private Limited, Ahmedabad, (iv) M/s Vaidya & Infrastructure Private Limited and (v) M/s OM Shanti Traders, Nabarangpur

[29] (i) M/s HLL Lifecare Limited, Kolkata and (ii) M/s Sekhani Industries Private Limited, Ahmedabad

[30] Rastriya Kishor Swasthya Karyakram

[31] M/s Shree Radhe Hygiene Products Limited, Pune

even though the price (₹2.30) of the same napkin under KHUSI was more by 32 *per cent* than that under RKSK (₹1.74). The technical specification of napkins for both the schemes *i.e.,* RKSK and KHUSI were the same. Only the door delivery point[32] was 319 for KHUSI whereas it was 39 in case of RKSK. As per the estimate submitted by OSMCL, the cost of transportation from district warehouses to periphery hospitals was ₹0.15 per napkin only. Further, the selected firm had agreed to supply same sanitary napkin at ₹1.74 under RKSK in May 2018 and quoted (November 2018) ₹2.30 for same napkin in retender for KHUSI scheme. Therefore, the Committee should have called for price justification and carried out price negotiation accordingly.

- The price at which the firms had supplied napkins to medical corporations of other states during 2017-18 and 2018-19 was far less than the OSMCL approved price. The differential unit price of sanitary napkins supplied by the firms/ suppliers to other agencies/ medical corporation ranged between ₹ 0.79 and ₹ 0.52 with financial implication ranging from ₹ 29.46 crore to ₹ 19.39 crore, as detailed in the table below:

Table 2.1.8: Comparative price statement of sanitary napkins supplied by different suppliers

Name of the firm supplying sanitary napkins	Name of the consignees	Rate at which supplied *(in ₹)*	Year of procure-ment	OSMCL price for KHUSI (2018-19) *(in ₹)*	Differential cost per unit *(in ₹)*	Financial implication[33] to the exchequer compared to the prices at Col.3 *(₹ in crore)*
1	2	3	4	5	6	7
M/s Shree Radhe Hygiene Products Private Limited, Pune	Tamil Nadu Medical Services Corporation Limited	1.57	2017-18	2.30	0.73	27.22
		1.78	2018-19	2.30	0.52	19.39
M/s Sekhani Industries Private Limited, Ahmedabad	Rajasthan Medical Corporation Limited	1.62	2017-18	2.30	0.68	25.36
M/s Vaidya V & I Infrastructure Private Limited	DG, Medical Health and FW, Uttarakhand	1.51	2017-18	2.30	0.79	29.46
		1.51	2018-19			
HLL Lifecare Limited, Vijayanagar	Tamil Nadu Medical Services Corporation Limited	1.78	2018-19	2.30	0.52	19.39

(Source: OSMCL records)

[32] These are the warehouses/ stores at block level where the supplier was to deliver the material

[33] Loss calculated based on the number of girl students (17,26,551) @ 54 napkins per quarter for one year (4 quarters)

The above aspect was not considered while approving the L_1 price.

- Also, the estimated price submitted (August 2018) by the Expenditure Finance Committee (EFC) to Government of Odisha for budget provision was only ₹2.08 per unit. The approved cost of transportation from district warehouses to periphery hospitals was quoted as ₹0.15 per one napkin only by the EFC. This was not considered while approving the price.
- The financial cost for supply of sanitary napkins under KHUSI is estimated to be ₹85.78 crore[34] (approximately) per year. This would involve an extra expenditure of ₹15.29 crore[35] annually compared to the price under RKSK. This aspect was not taken into cognisance while evaluating the price bids.

Above mentioned observations indicated that OSMCL had not explored all possible means of financial prudence in finalising the rate of sanitary napkins under KHUSI programme to secure best value of government money. The price of ₹2.30 per napkin is on higher side on the basis of all parameters analysed above. Extra expenditure incurred on this account is a loss to the State exchequer and an undue favour to the supplier.

H&FW Department stated (August 2020) that the price was accepted considering inadmissible input tax credit, additional transport cost and extra packaging cost. The fact, however, remained that the accepted price was unreasonably high and OSMCL had not gone for price negotiation to reduce the offered price to save government money. OSMCL continued to place purchase orders with the firm even after the unreasonableness of the approved price was brought to the notice of the higher authorities.

2.1.9.5 Undue benefit to the firm in procurement of spectacles under 'Sunetra' Yojana

OSMCL floated tender for procurement of spectacles under *SUNETRA* Yojana and after evaluation (November 2018) of the tender, accepted the lowest bid price of ₹224 offered by the bidder (L_1).

On receipt of a complaint against the L_1 bidder stating that the firm had retail outlets[36], OSMCL disqualified (December 2018) the said bidder for violating tender conditions. OSMCL then, negotiated with the second lowest bidder who had quoted ₹284 per unit and accepted the negotiated price of ₹275. The negotiated price was 23 *per cent* more than the L_1 price (₹224). The L_2 firm was also supplying (February 2018) spectacles at ₹200 per unit to Tamil Nadu Medical Service Corporation. As such, the negotiated price was much higher than the prevailing price.

Thus, accepting the negotiated price was not financially prudent and economical as it involved an extra expenditure of ₹51 lakh[37] from the State exchequer for this purchase under the *SUNETRA* scheme. As of October 2019,

[34] 17,26,551 girls X 54 napkins (per quarter) X 4 quarters (1 year) X ₹2.30 (approved rate)

[35] 17,26,551 girls X 54 napkins (per quarter) X 4 quarters (1 year) X ₹0.41 (differential price) differential price = ₹ 0.41 (₹ 2.30- (₹ 1.74+₹ 0.15))

[36] As per tender condition, the bidder should not have any retail outlets

[37] 1,00,000 units of spectacles x ₹ 51 (₹ 275- ₹ 224)

purchase order had been placed with the firm for supply of 19,788 spectacles and payment to the extent of ₹13.52 lakh had been made to the firm.

H&FW Department stated (August 2020) that since the L_1 bidder was technically rejected, the price of the said bidder cannot be further considered as L_1 price. The reply was not tenable as after evaluation of the price bids, OSMCL was aware that the price (₹ 284) quoted by the L_2 bidder was not reasonable as the same supplier was also supplying the spectacles at ₹ 200 to Tamil Nadu Medical Service Corporation.

2.1.10 Quality assurance mechanism

OSMCL draws samples of all drugs[38] from different warehouses and sends them to National Accreditation Board Laboratories (NABL)[39]/ Government laboratories for quality testing. Distributions of drugs are made only after receipt of standard quality test report. As per the agreement entered with the empanelled drug testing laboratories, the laboratory shall furnish test reports within 15 days of receipt of samples in case of tablets, capsules, pessaries, ointments, powders and liquid oral preparation and 25 days in case of all other sterile preparations. In case of 'Not of Standard Quality (NSQ)' Report, the supplier shall replace the item with new batches at different warehouses at their own cost within 60 days from the date of issue of letter from OSMCL failing which penalty would be levied.

An analysis of *e-Niramaya* database showed that OSMCL had sent 11,107 samples of drugs to empanelled laboratories for quality testing during 2016-2018. Out of these, test reports were received for 11,106 samples. In this regard, Audit, observed the following:

- ***Delay in receipt of test reports***: Test reports of 2,457 (22 *per cent*) samples were received with a delay ranging between 16 and 244 days after the permissible period of 15 to 25 days. Due to delay in receipt of test reports, drugs received at warehouses remained quarantined without supply to health institutions. Though OSMCL had recovered liquidated damages from the defaulting laboratories for the delay, no effective action was taken for timely receipt of test reports to activate the quarantined medicines for distribution to patients.
- ***Non replacement of NSQ drugs***: As per *e-Niramaya* database, 20 kinds of drugs (2.55 crore units) supplied by 15 firms during 2017-19 valued ₹2.02 crore were reported as NSQ by the testing laboratories. Out of these, the suppliers had taken back 43.03 lakh units of the NSQ drugs against which no replacement was found in the database. Also, OSMCL had not taken any action for replacement of the balance sub-standard/ NSQ drugs.
- ***Non-replacement of sub-standard drugs***: Three batches of injection Propofol[40] were reported (August 2016 to February 2018) as sub-

[38] Except exempted category like local anesthetics, anti-malaria drugs, Injection Human soluble insulin, Injection snake venom antiserum, *etc*.

[39] National Accreditation Board for testing and calibration Laboratories

[40] Batch No. N-5857 (Capital Hospital in August 2016), Batch No. N-6840 (MKCG, Berhampur in July 2017) and Batch No. N-7424 (SCB MCH, Cuttack in February 2018)

standard by four health institutions[41]. OSMCL did not take immediate action to stop the use of these drugs and replace them. Against receipt of 12,840 vials (value: ₹4.79 lakh) of this drug, only 3,982 vials were lying in different warehouses. Thus, 8,858 vials of this sub-standard drug were distributed to patients. OSMCL had asked (April 2018) the supplier to replace the remaining undistributed drug. The details of replacement were, however, not made available to Audit.

Similarly, 15 batches[42] (7.50 lakh units valued ₹107.57 lakh of injection Rabeprazole supplied (September 2015 to December 2016) by a firm were reported as sub-standard. The firm agreed to replace four batches[43] of the drug declared NSQ by the State Drug Testing and Research Laboratory (SDTRL) and refused to replace other batches attributing the defects to improper transportation and storage. Though OSMCL blacklisted (June 2017) the firm, details of replacement of drugs/ recovery of the cost from the firm were not available.

Thus, action by OSMCL for replacement of NSQ drugs and timely receipt of test reports was not adequate. Adverse reaction on the patients due to administration of NSQ drugs cannot be ruled out.

H&FW Department stated (August 2020) that though test reports were received late, distribution and use were not affected as stocks of other batches under the same PO was available within the transit period and the question of purchasing these items from outside did not arise. The reply is not tenable as the test reports were not received within the prescribed timeline and instances of stock out of drugs were noticed in various hospitals as discussed in ***Paragraph 2.1.5***.

Regarding non-replacement of sub-standard drugs, the Department stated that the supplier had replaced the unused stock of 2,980 vials of injection Propofol and an amount of ₹ 14.20 lakh had been recovered from the suppliers towards injection Rabeprazole. The fact, however, remained that the recovery amount was only 13 *per cent* of the cost (₹107.57 lakh) of the sub-standard drug (Rabeprazole injection).

2.1.11 Other issues of interest

2.1.11.1 Non-revision of Essential Drug List (EDL)

As per the Drug Management Policy (2003) of Government of Odisha, an EDL was to be prepared and updated every two years. The State Level Technical Advisory Committee (STAC)[44] was to update the EDL based on the

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41 Shishubhawan, Capital Hospital, MCH, Berhampur and MCH Cuttack

42 N-5860, N-5861, N-5862, N-5866, N-5867, N-6588, N-6598, N-6599, N-6600, N-6601, N-6794, N-6797, N-6798, N-5864 and N-8290

43 N 5861, 5867,6600 and 6601

44 STAC composition: (i) Special Secretary (Technical) – Chairman; (ii) Joint Director, SDMU – Convener; (iii) Director of Medical Education and Training; (iv) Financial Adviser (H&FW Department); (v) DHS; (vi) Principal / Superintendent of Medical Colleges; (vii) Drugs Controller; (viii) Joint Director (Technical), National Health Mission; (ix) Director & Superintendent (AHRCC/ Capital Hospital/ Institute of Mental Health/ SVPPGI); (x) Special invitees as per requirement (*i.e.,* Heads of Departments/ Specialists in Pharmacology, *etc*.)

suggestions received from the health institutions with respect to additions or deletions. Health institutions were to prepare their annual indents from the drugs included in the EDL.

Audit noticed that the latest EDL was prepared in April 2014 (sixth edition), which included 570 types of drugs and medical consumables. Thus, EDL was to be revised by April 2016. Audit observed that the Director of Health Services (DHS), Odisha had initiated the revision in October 2015 but the same could not be completed by the scheduled period, due to delays in receiving suggestions from the State health institutions, non-convening of sub-committee and technical committee meetings on time, delay in finalisation of the list of drugs to be enlisted under the EDL, *etc*.

Audit noted that the STAC approved (September 2019) revised list of drugs after four years, deleting 106 items and adding 213 new items to the EDL (2014). The additions and exclusions of drugs had been made keeping in view the prevailing disease pattern. The EDL finalised by the STAC was sent (January 2020) to OSMCL for assigning drug codes to the newly added drugs which had not been completed as of June 2020. The DHS, Odisha had requested (June 2020) OSMCL to make final verification of the newly assigned drug codes after which the EDL would be transmitted to Government for approval. The revised EDL had, however, not been approved by the Government as of July 2020. Pending approval of the revised EDL by the Government, essential drugs like tablet Naproxen (500mg), Injection Ampicillin + Cloxacillin, Capsule Oseltamivir 75 mg, Baclofen tablet (10 mg), *etc*., could not be procured.

The SDMU stated (July 2020) that after finalisation of the drugs and consumables to be included in the revised EDL, OSMCL had been requested to assign codes to the newly added drugs after receipt of which, the EDL would be sent to the Government for approval.

H&FW Department stated (August 2020) that OSMCL had completed coding of newly added drugs and the STAC had been directed to revise the EDL at the earliest. The fact, however, remained that the objective of timely revision of the EDL was not fulfilled due to abnormal delay in its finalisation.

2.1.11.2 Prescription Audit

Prescription audit is a mechanism to ensure rational use of drugs. DTCs at different health institutions are to carry out prescription audit every month for ensuring that drugs are prescribed from EDL, prescriptions are based on inventory, prescribing drugs in generic names, *etc*. State Level Technical Advisory Committee is to review the compiled audit report quarterly at State level.

Records of SDMU showed that prescription audit was not conducted by the health institutions regularly. During 2016-17, AHRCC, Cuttack did not conduct any prescription audit and districts like Balangir, Sonepur and MCH, Berhampur conducted audit for one month only. Similarly, 14 districts/ institutions, though they performed well in 2017-18, became defaulters in 2018-19.

In test checked hospitals, number of months for which prescription audit was conducted ranged between 8 (Balangir) and 35 (Boudh) during 2016-19. It

was found that 24 *per cent* of the prescribed drugs were not generic names. Five *per cent* of the prescribed drugs were to be procured from outside indicating that prescriptions were not as per the EDL.

Names of prescribed medicines were not written in capital letters and full name of doctors were not available on prescriptions as envisaged in the guidelines. In six test checked hospitals[45], DTCs did not conduct the prescription audit. The concerned pharmacists of the hospitals compiled prescriptions and prepared the report in the prescribed format. No review meeting was conducted to address the deficiencies for ensuring rational use of drugs. Similarly, at State level, the STAC had not reviewed the results of prescription audit regularly. It had reviewed only once (June 2017) during 2016-19, even though it was to be done quarterly.

Thus, prescription audit was not effective. Doctors continued to prescribe drugs with non-generic/ brand names. The patients could not get these prescribed medicines from the hospitals and had to procure the same from outside on their own.

The SDMU stated (July 2020) that the health institutions were requested time and again to conduct prescription audit as per Government guidelines and the review of prescription audit would be done in the next STAC meeting.

H&FW Department stated (August 2020) that steps were being taken to convene STAC meeting quarterly for review of the prescription audit.

2.1.11.3 Working of Drug Distribution Counters

As per scheme guidelines, drugs shall be distributed to patients through Drug Distribution Counters (DDCs) in each facility. DDCs are to dispense medicines against prescriptions only. The data relating to drugs dispensed and prescriptions are to be captured in the system for reference. Data captured at the DDCs shall be analysed centrally to monitor consumption pattern and prescription practice. Overall performance of DDCs is to be monitored by the OSMCL and SDMU. The number of DDCs in the facility are based on patient load, requirement, availability of space, *etc*.

As per Indian Public Health Standards (IPHS), there should be one DDC for 200 OPD patients. Audit observed that the test checked hospitals had less number of DDCs in comparison to the patient load. Against requirement of 55 DDCs in test checked hospitals, only 20 DDCs were functional. MCH, Cuttack was running with only four DDCs against the requirement of 26, whereas other DHHs had shortage of one to four DDCs. Due to shortage of DDCs, the patients had to wait in long queues to avail the prescribed medicines.

Further, the details of drugs dispensed at the DDCs were not entered in the *e-Niramaya* database for assessing consumption pattern, prescription practices, demand assessment and disease prevalence in the facility/ locality.

[45] Balangir, Boudh, Cuttack, Puri, Rayagada and Sundargarh

H&FW Department stated (August 2020) that all Indenting Officers had been requested (July 2020) to increase the number of DDCs based on patient load, manpower, space and infrastructure.

2.1.12 Financial management at OSMCL

OSMCL received funds from Government for procurement and supply of drugs, medical consumables and EIF, Annual Maintenance Contract, *etc*. During 2016-19, OSMCL received ₹1,447.69 crore from Government. Out of total available funds of ₹1,863.46 crore[46] (including opening balance), OSMCL incurred expenditure of ₹889.40 crore[47] (48 *per cent*). The year wise expenditure ranged between 24 *per cent* and 30 *per cen*t of the available funds as detailed in the table below:

Table 2.1.9: Receipt and expenditure of funds during 2016-19

Year	Opening Balance	Receipt	Interest on bank deposits	Total funds available	Expendi-ture	Closing Balance	Percentage of expenditure to available funds
	(₹ in crore)						
2016-17	381.73	343.48	0	725.21	204.42	520.79	28.19
2017-18	520.79	521.64	34.04	1,076.47	260.86	815.61	24.23
2018-19	815.61	582.57	0	1,398.18	424.12	974.06	30.33
Total	**381.73**	**1,447.69**	**34.04**		**889.40**	**974.06**	

(Source: Data furnished by OSMCL)

Component-wise analysis showed that OSMCL had spent only ₹ 256.28 crore (28 *per* cent*)* out of ₹ 927.03 crore available for procurement of EIF while ₹ 616.11 crore (67 *per cent)* was spent on drugs and medical consumables against the allocated amount of ₹ 916.20 crore. The expenditure on drugs and medical consumables constituted only 64 *per cent*[48] of the amount indented for highlighting the fact that despite availability of funds, OSMCL failed to supply the indented equipment and drugs to the health institutions indicating its poor spending efficacy. Also, the unspent amount of ₹974.06 crore available for purchase of drugs, medical consumables, EIF, annual maintenance contract, *etc*., remained stuck with the OSMCL without utilisation for years (2015-19).

H&FW Department stated (August 2020) that less expenditure was due to stabilisation process of OSMCL in terms of manpower, logistics, *etc*., during initial period of its establishment and the expenditure had picked up over the years to 56.83 *per cent* during 2019-20. The fact, however, remained that OSMCL had not completed all stages involved in the procurement process in a time bound manner so that the allocated funds could have been spent in purchase of drugs, medical consumables and EIF.

[46] For Drugs & consumables: ₹ 916.20 crore; EIF: ₹ 927.03 crore and AMC/ CMC: ₹ 20.23 crore

[47] Towards Drugs & consumables: ₹ 616.11 crore; EIF: ₹ 256.28 crore and AMC/ CMC: ₹ 17.01 crore

[48] ₹ 616.11 crore (expenditure on drugs and medical consumables) / ₹963.22 (approved cost for indented drugs and medical consumables) x 100

2.1.13 Lack of Monitoring

OSMCL is the nodal agency for procuring and supplying medicines to all the health institutions in Odisha. For monitoring of this system of supply and distribution of medicines, OSMCL is primarily reliant on the centralised online inventory management system *i.e., e-Niramaya*. However, there were lacunae in the utilisation of this system by various health institutions which impacted the overall monitoring of the process of supply and distribution of drugs by OSMCL.

It was noted that as on 1 October 2020, opening stock information from 1,283 institutions[49], indenting data of 120 institutions[50] and information on issue of medicines of 229 institutions[51] were not available with OSMCL. Further, complete information regarding stock position at DDC, CHC and PHC levels was not available with OSMCL to allow it to efficiently monitor distribution and consumption of drugs. As a result, OSMCL failed to have a clear and comprehensive picture of drug availability and supply, resulting in cases of supply in excess of requirement and more critically, stock out of essential drugs in health institutions.

One of the critical factors for timely procurement was the approval of APP within the prescribed timeline, which would have allowed OSMCL for timely procurement and supply of drugs, medical consumables and EIF to indenting agencies. Abnormal delay in approval of the APP delayed the procurement process indicating poor monitoring by the OSMCL/ SDMU/ H&FW Department in ensuring timely approval of the APPs.

Due to poor monitoring mechanism, delays in receipt of quality test reports of 2,457 (22 *per cent*) samples ranging between 16 and 244 days after the permissible period of 15 to 25 days. As a result, drugs received at warehouses remained quarantined without supply to health institutions. No effective action was taken for timely receipt of test reports to activate the quarantined medicines for distribution to patients.

Information on drugs procured locally by the health institutions under 20 *per cent* budget are to be mandatorily entered into the *e-Niramaya* database. The data entry and data maintenance in this regard is poor with only a very few DHHs entering information about a few drugs in the database. Health institutions did not enter data related to all the drugs procured locally in the *e-Niramaya* database. As a result, the exact stock status of essential drugs at the institutional and State level could not be ascertained for monitoring the availability of medicines.

Further, health institutions could not spend the allocated amounts for procurement of stock out drugs under local procurement leading to lapse of the unspent amount despite cases of stock out of essential medicines. The unspent amount could have been utilised for procuring the stock out medicines through an effective monitoring of the inventory by the heads of the health institutions.

OSMCL could not effectively manage and monitor the surplus and deficit stock of drugs and medical consumables. It failed to withdraw surplus stocks

[49] DHHs:2; CHCs: 24; SDH:1; PHCs: 1,227 and Other hospitals: 29
[50] CHCs: 5; PHCs: 107 and Other hospitals: 8
[51] CHCs: 22, PHCs: 185 and Other hospitals: 22

from the warehouses and health institutions by effecting inter-warehouse/ inter-institution transfer. This contributed to expiry of surplus drugs available with the health institutions and warehouses, indicating its poor monitoring.

Thus, monitoring by OSMCL was not effective and lack of monitoring at the level of H&FW department/ SDMU/ OSMCL/ health institutions, ultimately resulted in shortage of essential drugs and wastage of government resources due to expiry of unused drugs, supplied in excess.

2.1.14 Conclusion

OSMCL failed in timely procurement and supply of drugs, equipment and instrument to health institutions as per indent. The procurement process was riddled with systemic flaws and numerous instances of non-adherence to the procurement policy/ orders issued by the Government from time to time, consequently impacting availability of drugs and equipment. There was stock out of essential drugs in hospitals leading to out of pocket expenditure by the patients. Monitoring of inventory management through *e-Niramaya* software application was ineffective leading to shortage of drugs in health institutions and expiry of drugs as well. Government was unsuccessful in providing an unbroken supply of essential drugs to the patients in public health institutions as per its own prescribed Essential Drug List. Government's mandate to provide all prescribed drugs to patients free of cost in public health institutions remained largely unfulfilled.

2.1.15 Recommendations

Government may consider to:

- *Make all stakeholders to take comprehensive efforts to ensure that there are no delays in the preparation of the Annual Procurement Plan and revision of the Essential Drugs List for meeting the requirements of indents and to guard against instances of stock-out of critical medicines at health institutions.*
- *Take steps to monitor end-to-end supply chain management comprehensively through e-Niramaya software application for ensuring that all essential drugs are available in health institutions as per requirement and inter-institutional transfer of excess stocks made effective to avoid expiry of medicines.*
- *Monitor procurement, installation and functioning of equipment centrally by developing an online inventory management system for ensuring availability and proper functioning of required equipment in the State health institutions.*

Appendix 2.1.1

(Refer Paragraph 2.1.4.1)

Statement showing status of recovery of penalty from suppliers in respect of 30 purchase orders (POs) which were not executed

(*Amount in ₹*)

Sl. No.	PO No.	Date of PO	Name of the supplier	PO value	Performance security not recovered/ forfeited
1.	CR 17451	08 September 2017	Modern Laboratories	96,000	4,800
2.	CR 18289	20 April 2018	Ms. Biogenetic Drugs Private Limited	52,88,650	2,64,433
3.	CR 17377	05 August 2017	Sterimed Medical Devices	2,67,542	13,377
4.	CR 18728	17 July 2018	La Chemico Private Limited	9,86,912	49,346
5.	CR 18718	17 July 2018	Ms. Aurio Pharma Laboratories	9,32,663	46,633
6.	CR 18753	18 July 2018	Super Formulation Private Limited	82,826	4,141
7.	CR 18919	01 September 2018	Aurio Pharma Laboratories	21,73,899	1,08,695
8.	CR 18915	01 September 2018	Puskar Pharma	4,54,948	22,747
9.	CR18762	19 July 2018	Adroit Pharmaceuticals Private Limited	30,20,588	1,51,029
10.	CR 16677	16 November 2016	Maxmed Lifesciences Private Limited	2,45,140	12,257
11.	CR 16779	27 December 2016	Med Manor Organics Private Limited	4,36,800	21,840
12.	CS 16802	21 February 2017	Mannequin Pharmaceuticals Private Limited	7,74,871	38,744
13.	CR 17192	25 July 2017	Baxalata Bioscience India Private Limited	3,06,27,000	15,31,350
14.	CR 17705	27 November 2017	Adroit Pharmaceuticals Private Limited	11,75,308	58,765
15.	CR 18272	20 April 2018	Puskar Pharma	1,94,181	9,709
16.	CR 16729	02 December 2016	Unicure India Limited	1,41,63,750	7,08,188
17.	CR 16791	27 December 2016	Biochem Healthcare Private Limited	40,95,300	20,47,65
18.	CR 16792	27 December 2016	Biochem Healthcare Private Limited	24,52,532	1,22,627
19.	CR 17324	05 August 2017	Kwality Pharmaceuticals Limited	4,38,000	21,900
20.	CR 16105	02 April 2016	Om Biomedic Private Limited	46,96,458	2,34,823
21.	CS 16049	02 April 2016	Bubuna Chemicals	6,55,654	32,783
22.	CS 16090	02 April 2016	Bubuna Chemicals	3,25,365	16,268

Sl. No.	PO No.	Date of PO	Name of the supplier	PO value	Performance security not recovered/ forfeited
23.	CR 17659	08 November 2017	Zurich Healthcare	1,66,38,993	8,31,950
24.	CR 16854	22 February 2017	Yeluri Formulations Private. Limited	31,41,788	1,57,089
25.	CS 16524	01 November 2016	Novo Pharmaceuticals Private Limited	14,89,440	18,618
26.	CS 16541	01 November 2016	Novo Pharmaceuticals Private Limited	4,14,441	5,181
27.	CS 16095	02 April 2016	Novo Pharmaceuticals Private Limited	3,25,365	4,067
28.	CR 18108	01 February 2018	Hindustan Syringes and Medical Devices Limited	6,27,626	31,381
29.	CR 18885	14 August 2018	Rusan Pharma Limited	81,000	4,050
30.	CR 18423	22 May 2018	Healthylife Pharma Private Limited	2,16,655	10,833
			Grand Total	**9,65,19,695**	**47,42,389**

(Source: Data supplied by Odisha State Medical Corporation Limited)

Appendix 2.1.2

(Refer Paragraph 2.1.4.1)

Statement showing details of suppliers who defaulted in execution of Purchase Orders (POs) and issued with supply orders in subsequent years

(Amount in ₹)

Sl. No.	Names of firms	Value of POs placed in 2017-18	Value of POs placed in 2018-19	Total value of POs
1.	Phyto Pharmaceutical Private Limited, Cuttack	1,17,66,343	3,35,57,034	4,53,23,377
2.	Salud Care India Private Limited, Ahmedabad	50,59,057	0	50,59,057
3.	Unicure India Limited, Noida, Uttar Pradesh	2,30,97,641	69,51,686	3,00,49,327
4.	United Biotech Private Limited, New Delhi	20,23,520	0	20,23,520
5.	Scott-Edil Pharmacia Limited, Chandigarh	20,03,166	0	20,03,166
6.	Kwality Pharmaceuticals Limited, Amritsar, Punjab	78,05,535	0	78,05,535
7.	Health Biotech Limited, Chandigarh	1,19,72,418	0	1,19,72,418
8.	Modern Laboratories Indore, Madhya Pradesh	2,15,28,111	5,43,43,435	7,58,71,546
9.	Bio-Med Healthcare Products Private Limited, Haryana	83,41,100	0	83,41,100
10.	Biogenetic Drugs Private Limited, Jaipur, Rajasthan	9,53,16,353	13,01,82,299	22,54,98,652
11.	Medicamen Biotech Limited, South Delhi	1,02,79,614	0	1,02,79,614
12.	Cipla Laboratories Limited Bhanpur, Cuttack	96,81,459	0	96,81,459
13.	Celon Laboratories Private Limited, Hyderabad	0	1,27,16,749	1,27,16,749
14.	Gouri Cottons, Dhenkanal	0	59,17,459	59,17,459
15.	Nestor Pharmaceuticals Limited, Gurgaon	0	7,99,98,106	7,99,98,106
16.	Swiss Parenterals Limited, Ahmedabad	0	1,04,42,585	1,04,42,585
17.	Adroit Pharmaceuticals Private Limited, Nagpur		1,15,62,727	1,15,62,727
	TOTAL	**20,88,74,317**	**34,56,72,080**	**55,45,46,397**

(Source: Data supplied by Odisha State Medical Corporation Limited)