

Chapter 4 → Material Management

Audit objective 3

To see whether there was a mechanism in place for ensuring economy and efficiency in procurement of medicines, its storage, procurement of medical equipments and physical verification

The requirement of medicines is assessed on the basis of actual consumption during the past periods and adequate stocks should be maintained to ensure smooth supply of good quality medicines to the beneficiaries. Procurement of medicines at the railway hospitals is made through centralized procurement by Chief Medical Director's (CMD) office at the Zonal Headquarter in addition to local purchases at the Hospital / Health Units level. As per the revised system of procurement of drugs and medical stores which came into effect from September 2008, essential and vital drugs are procured through Single Tenders or Limited Tenders and the desirable items can be procured through normal Limited Tenders. CMDs of Zonal Railways (ZRs) can purchase vital and essential drugs on single tender basis up to ₹ 5 lakh in each case.

This chapter highlights the procedures followed in procurement of medicines and disposal of surplus stock, availability of drug storage facilities, adequacy in drug analysis and stock verification, delay in procurement and functioning of medical equipment.

4.1 Procurement of medicines

4.1.1 Registration of vendors

As per Railway Board's guidelines (June 2008) on vendor registration, the registration of the drug manufacturing firms is to be processed by the respective CMDs of the ZR in whose jurisdiction the manufacturing plant is

located. The firms should submit documents such as Certificates of Good Manufacturing Practice (GMP), certificates as per the standards laid down by World Health Organization or ISO 9000 certificates etc. CMD of the Zonal Railway is the authority for accepting the registration of firms for supply of medicines to hospitals. However, approval of Director General / Railway Health Services is required for the first time registration. The validity of registration will be for two years. The renewal of registration should be done for every three years after original registration. Firms which have already been registered in some zones can be allowed to get registered in other zones. The registration of a firm should be specific and not applicable to other branches or offices of the firm. Registration is to be made product wise based on the turnover³¹ of the firms.

A test check of records relating to registration of vendors revealed the following deficiencies:

- I. In CLW/Chittaranjan, turnover of the companies seeking registration was not verified. Sanctioned list of products, authentic documents in respect of turnover of the firm as well as undertaking obtained from the firm were also not available;
- II. In ECR, one firm³² was registered on the ground that the same firm was in the list of NR. But the address given in the registration certificate of ECR differed with that of the registration certificate of NR;
- III. A test check in SCR revealed that the Railway administration registered a firm³³ on the basis of its registration in NCR. The firm was registered for 25 drug products in NCR in whose jurisdiction the manufacturing unit was inspected whereas the same firm was registered in SCR for supply of 37 drug products. This implied that the firm was registered for additional 12 drug products which were not

³¹ *If the turnover of the company is ₹ 50 crore to ₹ 150 crore – maximum up to 25 products, ₹ 151 crore to ₹ 500 crore – maximum up to 50 products, ₹ 501 crore to ₹ 1000 crore – maximum up to 75 products and more than ₹ 1000 crore – all products*

³² *M/s Albert David Pvt. Ltd. Kolkata*

³³ *M/s Unijules Life Sciences Limited*

approved by NCR Administration and in contravention of the instruction that registration is to be product-wise;

- IV. In NFR, Medical Department did not ensure the fulfilment of mandatory conditions for renewal of registration such as validity of import licence, Certificate of Good Manufacturing Practice etc. from the supplying firms;
- V. In spite of short supply³⁴ of medicines, no action was taken by SWR against the defaulted firms. Instead, purchase orders were issued to the defaulting firms;
- VI. A manufacturing unit³⁵ registered with NWR was not inspected in spite of the fact that it was situated in its jurisdiction; and
- VII. As per Indian Railway Pharmacopoeia, registration of a firm by one particular zone will not automatically entitle its registration in other zones also as the firm may not have the capacity to supply the material to other zones. Registration of firms with the ZRs is, therefore, necessary for supply of medicines to the concerned ZRs. In SECR and MR/Kolkata, audit observed that medicines were procured from firms which were not registered in their respective ZRs.

Thus, the procedures laid down by the Railway Board for registration of vendors were not followed by the above Zonal Railways.

4.1.2 Centralised Procurement

As per extant instructions³⁶, indents for medicines should be prepared by all Divisional/Central/Controlling Hospitals for submitting to the respective controlling officer who in turn will consolidate them for onward transmission to the CMD's office by 31st January of each year. CMD's office invites tenders giving a minimum of 45 days for response.

³⁴ 68.87 per cent in 2008-09, 87.16 per cent in 2010-11 and 32.81 per cent in 2012-13

³⁵ M/s Ahlcon Parenterals (India) Ltd. Bhiwadi of Dr. Reddy's laboratory.

³⁶ Para 5.4 and 7.2 of guidelines of Indian Railway Pharmacopoeia. and Railway Board's Letter No 2006/H/4/1 dated 19/06/2008

Scrutiny of records of selected hospitals relating to procurement of medicines revealed the following:

- I. In Indian Railways, there is no uniform list of Proprietary Article Certificate (PAC) items³⁷. Medicines procured on Single Tender basis under PAC category varied across ZRs. Test check in SCR revealed that four drugs procured under PAC category were manufactured by other companies also. Procurement of these items under PAC category resulted in extra expenditure of ₹ 30 lakh during 2008-12;
(Appendix VIII)
- II. In three Central Hospitals and five Divisional Hospitals of four ZRs³⁸ and one PU (DLW/Varanasi), correct assessment of the required quantity of medicines was not made resulting in expiry of shelf life of medicines worth ₹ 24.18 lakh which could not be utilized during 2008-13. Medicines valued at ₹ 7.57 lakh were declared surplus in two ZRs³⁹. In DLW/Varanasi, 23 out of 66 cases taken as sample study, the indents were made after full exhaustion of stock and in 12 out of 66 cases excess quantity of medicines were indented though there were sufficient balances in the stocks. The variable approaches adopted by the medical department indicated lack of efficient inventory management;
(Appendix IX)
- III. Delay in placing of the indents was noticed in five ZRs and two PUs⁴⁰. For instance, in NR the average delay was four to five months. In SWR, the delay ranged from 8 to 12 and 10 to 15 months in respect of Central Hospital /Hubli and Divisional Hospital/Bangalore respectively;
- IV. Delay in finalization of tenders by the CMDs of six ZRs and two PUs⁴¹ was noticed. For instance, the Purchase Orders of 2011-12 were

³⁷ *Proprietary articles are the articles for which some persons/firms have exclusive right to manufacture or sale*

³⁸ *ER, ECR, SWR and ECoR*

³⁹ *In ER 1, 07,405 tablets, 7,531 injections, 4,250 Phyle, 50 path (valuing ₹6.90 lakh) and in WCR 21 medicines worth ₹ 0.67 lakh were declared surplus.*

⁴⁰ *ECR, ER, NCR, NR, SWR, CLW/Chittaranjan and DLW/Varanasi*

⁴¹ *ECoR, ECR, ER, NFR, NWR, SWR, CLW and DLW*

issued in 2012-13 and the Purchase Orders of 2012-13 were issued in 2013-14. In CLW/ Chittaranjan, 51 out of 60 cases, Purchase Orders were placed after lapse of 4 to 11 months from the date of indenting. In NWR, the time lapsed between tender opening date and date of issue of supply order ranged up to 170 days (2008-09). Out of 375 cases test checked in NWR, 42 tenders were not finalised within 90 days after opening of tender;

- V. In seven hospitals of four ZRs and one PU⁴², there was delay in supply of medicines. In nine out of 60 cases in CLW/Chittaranjan, medicines were received by the hospital authority beyond the due date of delivery and up to eight months after issue of Purchase Orders;

(Appendix IX)

- VI. As per Railway Board's instructions (June 2008), Limited Tender Enquiries may be issued to a minimum number of three firms against each tender for transparency in tendering process for procurement of medicines. In violation of Railway Board's instructions, limited tender enquiries were issued to two firms in DLW/Varanasi and CLW/Chittaranjan. Test check in hospitals of two Production Units (DLW/Varanasi and CLW/Chittaranjan) also revealed deficiencies in transparency of tender process as mentioned below:

- i. In 19 cases⁴³ of two PUs (CLW-3 and DLW-16), lowest tenderers were ignored without adequate justification and in one case at CLW/ Chittaranjan, purchase order was issued to an unregistered firm⁴⁴; and
- ii. In DLW/Varanasi, M/s Robin Agency, Varanasi offered bid on behalf of M/s Novo-Nordisk Pvt. Ltd., Bangalore by submitting forged documents⁴⁵. Though the matter was detected by DLW Administration in August 2012, no action was taken against the firm. On the other hand, Purchase Orders were repeatedly

⁴² ECoR, ER, NR, NWR and CLW/Chittaranjan

⁴³ Total value of tender was ₹13.08 lakh (CLW- ₹ 3.39 lakh and DLW- ₹ 9.69 lakh)

⁴⁴ Purchase Order No.09/2011/9248/91731 dated 28/09/2011

⁴⁵ PO No. 12275084 dated 11-10-2012

issued (October 2012 and November 2012) to the same firm for supply of medicines. The Railway Administration stated that taking any action against a regular supplier of medicines would create hindrance in a day to day working. The contention of the Railway Administration is not acceptable as encouraging such irregular practice violated the prescribed procedure of registration and the Railway Administration should have ensured legitimacy of the firm's registration before obtaining supply of medicine as the firm was not an authorized distributor of M/s Novo-Nordisk Pvt. Ltd., Bangalore;

Railway Board stated (July 2014) that in view of e-procurement being made compulsory, most of the points raised by audit would be taken care of. The reply of the Railway Board was, however, silent on the issues such as uniformity of PAC items, timely placing of indent and correct assessment of stores which cannot be streamlined through the implementation of e-procurement system.

Thus, centralized procurement was delayed due to incorrect assessment of the quantities, delay in finalization of tenders, delay in issue of purchase orders and supply by the firms. This had contributed to the increase in local purchase of medicines by ₹29.19 crore⁴⁶ in 2012-13 when compared to 2008-09 as commented in the succeeding paragraph.

4.1.3 Local Purchase

Hospitals and Health Units of Indian Railways (IR) also procure medicines and surgical items under de-centralized procurement if the items were not included in the Annual Medical Indent or due to introduction of new item/technology, very low value of the item⁴⁷, local requirements on emergency

⁴⁶ *The expenditure on local purchase during 2013 increased by 66 per cent in comparison to the expenditure incurred during 2008*

⁴⁷ *less than ₹20,000 for the entire zone*

etc. Specific justification⁴⁸ is required in case of local purchases (LP) and purchases through cash imprest in excess of 15 *per cent* of the total budget allotment.

Each medical store should maintain a Day Book of receipts of medical stores to record the date of submitting the bill to the store, the date of passing the bill, date of sending it to the respective Accounts Office, the date on which Accounts Office passed the bill and prepared the cheque for payment. The Medical Officer in charge of administration should monitor the same regularly⁴⁹.

Scrutiny of records of selected hospitals revealed the following:

- I. The expenditure for local purchase of medicines is maintained in Central Hospitals and Divisional Medical Stores of ZRs. The expenditure towards local purchase as well as centralized procurement is, however, booked to the single head of account⁵⁰ by the associate accounts department. In absence of separate heads of account, expenditure towards Central Purchase (CP) and LP could not be monitored effectively by the CMDs of the Zonal Railways and also by the respective Accounts Department; and
- II. During 2008-13, local purchase exceeded the prescribed limit of 15 *per cent* in all the years in eight ZRs⁵¹. The maximum variations of expenditure on LP beyond 15 *per cent* ranged between 62 and 170 *per cent* in five ZRs⁵². *(Appendix X)*

Thus, in absence of separate booking of expenditure for CP and LP, there was lack of effective monitoring of the expenditure incurred towards local purchase resulting in the expenditure towards local purchase exceeding beyond the permissible limit of 15 *per cent* as commented above.

⁴⁸ Railway Board's letter no 2006/H/4/1 dated 19/06/2008 and Guidelines of Indian Railways Pharmacopoeia

⁴⁹ Para 19.1 of Indian Railway Pharmacopoeia 2000

⁵⁰ Head of Account 11-231-28

⁵¹ CR, NCR, NER, NR, SWR, WCR, WR and MR.

⁵² NER, NCR, NWR, SECR and SWR

Railway Board stated (July 2014) that Medical Department had no objection in creating separate heads for booking of expenditure towards Central Purchase and Local Purchase to ensure better monitoring of the expenditure. The reply of Railway Board, however, did not address the reasons for exceeding the prescribed limit of 15 *per cent* of the budget allotment towards local purchase.

4.2 Storage of Drug

Efficacy and potency of medicines is lost if they are not stored properly as per the labeled storage conditions such as humidity, temperature and light etc. Proper rack facilities should be available to store the drugs in such a way that the drugs nearing expiry should be kept for issue on First in First out (FIFO) basis.

Proper storage facilities such as racks for storage of medicines, labeling of drugs, separate designated area for expired/ rejected drugs etc. were not available in various hospitals across Zonal Railways as indicated below:

- I. Lack of space in seven selected hospitals/Health Units over three⁵³ ZRs;
- II. Lack of proper storage conditions like temperature control etc. in 21 selected hospitals/Health Units over eight ZRs⁵⁴ and in two hospitals of two PUs (CLW/Chittaranjan and RCF / Kapurthala);
- III. Seepage from roofs and walls in five selected hospitals/Health Units in five ZRs⁵⁵ *(Appendix IX)*
- IV. In Central Hospital, Lallaguda (SCR), the observations of Drug Inspector (September 2010) of Central Drugs Standards Control Organisation, Andhra Pradesh regarding maintenance of the required temperature, sufficient racks for storage, labeling of drugs, separate designated area for expired/rejected drugs and use of pellets for storage of drugs were not complied with (July 2014); and

⁵³ SCR, SER and SECR

⁵⁴ ECoR, NCR, NWR, SCR, SWR, SER, WCR and WR

⁵⁵ CR, ECoR, NER, WCR and WR.

- V. In WR, the Fire Department of Greater Mumbai observed (May 2012) that the medical store of Jagjivan Ram Hospital was not safe as it was located in the basement. No action was taken by the hospital authority in this regard (July 2014). In CR, medicines costing ₹0.75 crore were destroyed due to fire on 24 September 2009 in AC drug store room. Investigation revealed that the fire occurred due to defective air conditioner and improper storage of combustible x-ray films.

Railway Board stated (July 2014) that the Zonal Railways would be instructed to follow the audit recommendations in a phased manner.

Thus, adequate infrastructure for storage and preservation of drugs was not available in hospitals across ZRs. Effectiveness of the medicines provided to the patients in absence of proper storage facilities could not be ensured by the Medical Authorities.

4.3 Stock Verification

Periodical stock verification is necessary to assess whether the balance of an item shown in the ledger agrees with the actual physical stock balance. Indian Railway Medical Manual⁵⁶ (IRMM) provides that the Divisional Medical Officer in charge of stores will periodically tally balances in the register with actual stock on hand. The differences, if any, should be reported to the Chief Medical Superintendent (CMS) or Medical Superintendent (MS) of the division for necessary action. CMS/MS should do a random check of items of this register during his inspection. Such departmental stock verification is in addition to the stock verification conducted by Accounts Department once in two years.

Scrutiny of records relating to stock verification of selected hospitals and Health Units revealed the following:

- I. Since no periodicity was prescribed in the IRMM, departmental stock verification was not conducted in 35 hospitals/Health Units in eight

⁵⁶ *Item 7 of Para 407 of Indian Railway Medical Manual Vol. I*

ZRs⁵⁷ and four PUs⁵⁸. In WR, departmental stock verification was, however, conducted partially; *(Appendix IX)*

II. Shortfall in the prescribed frequency of stock verification required to be carried out by the Accounts Department was noticed in seven⁵⁹ ZRs:

- i. In SR, stock verification was done once in five years;
- ii. In CR, stock verification was not conducted at HU/Ghorpuri and at HU/Nasik Road during 2008-13 and 2009-10 respectively;
- iii. In HU/Naihati (ER), stock verification was not done during 2008-13;
- iv. In SER, stock verification for both Part II and Part III items was conducted 179 times (44 *per cent*) as against 405 times during 2008-13;
- v. In SWR, stock verification was done twice instead of thrice; during the year 2008-09, 2010-11 and 2012-13;
- vi. In Sub-Divisional Hospital/New Katni Junction (WCR), four Departmental and two Accounts stock verification were not conducted. In Divisional Hospital/Kota/WCR, no stock verification was carried out during the year 2008-09.

Thus, there was no effective monitoring system in place to ensure periodic Departmental stock verification and also shortfall in Accounts verification. Besides, there were no instructions in IRMM in respect of periodicity and quantum of departmental verification to be done.

4.4 Surplus Stock

As per Para 412 of Indian Railways Medical Manual, when any article is approaching the date of expiry and is surplus to the requirements, it is to be seen whether these can be utilized at other hospitals or Health Units in the division or in some other division of the same zone or other zone. If the medicines still remain unused, they should be destroyed after obtaining the CMD's sanction. As per revised system (June 2008) of procurement,

⁵⁷ CR, ER, NFR, SER, SR, SWR, WCR and MR.

⁵⁸ CLW/Chittaranjan, DLW/Varanasi, RCF/Kapurthala and RWF/Yelehanka

⁵⁹ CR, ER, NCR, SER, SR, SWR, and WCR

medicines purchased should have more than 80 *per cent* shelf life as on the date of delivery.

Scrutiny of records of selected hospitals relating to disposal of surplus medicines revealed that:

- I. In eight hospitals over five ZRs⁶⁰, shelf life of medicines worth ₹ 24.18 lakh expired and they could not be utilized during 2008-13; *(Appendix IX)*
- II. Procurement of medicines having less than 80 *per cent* shelf life resulted in loss of ₹ 4.27 lakhs in CH/NEFR during 2008-13 as the medicines could not be utilized before expiry of their shelf life;
- III. There was no system in place to identify and transfer the surplus drugs in MR/Kolkata and two Production Units (CLW/Chittaranjan and DLW/Varanasi); and
- IV. In SER and MR/Kolkata, express clause for replacement of sub-standard/short shelf life medicines was not incorporated in the Purchase Orders.

Thus, the system of disposal of surplus medicines was not followed effectively leading to non-utilisation of medicines due to expiry of the medicines valuing ₹ 28.45 lakh in five Zonal Railways.

4.5 Drug Analysis

As per Indian Railway Pharmacopoeia, five *per cent* of the items/medicines formulations are to be sent for analysis to laboratories. To ensure group wise distribution of analysis procedure within the five *per cent*, CMDs can decide to distribute group-wise allocation of items to Headquarters hospitals and Divisional Hospitals to avoid duplication of efforts. As per the revised system of Procurement of Drugs (June 2008), each zone should have a panel of good laboratories both Government and private for regular testing. The unfit batch should be replaced completely by the firm irrespective of whether it has been

⁶⁰ CR, ER, WR, NEFR, and NER

used or not. The unfit reports found in the Zonal Railways should be made available on railnet⁶¹ for information to other zones.

Scrutiny of the records of selected hospitals relating to drug analysis revealed the following:

- I. Shortfall in drug analysis was noticed in 21 hospitals/Health Units in nine ZRs and RWF/Yelahenka during 2008-09, 18 hospitals/Health Units in seven ZRs and RWF/Yelahenka during 2009-10, in 12 hospitals/Health Units in five ZRs and RWF/Yelahenka during 2010-11, nine hospitals in five ZRs and RWF during 2011-12, 11 hospitals in five ZRs and RWF during 2012-13⁶². Shortfall in sample testing is indicated in the table below: *(Appendix IX)*

Table 2: Shortfall in sample testing in selected hospitals across Zonal Railways

Year	Samples due for testing	Samples sent for testing	Shortage	Percentage of shortage
2008-09	967	629	338	34.95
2009-10	896	731	165	18.42
2010-11	780	544	236	30.26
2011-12	744	593	151	20.30
2012-13	837	646	191	22.82

- II. A test check of selected hospitals of SCR revealed that drugs were not sent for analysis as there was no contract with any firm during the period 10 April 2010 to 31 May 2011. In three cases of local purchase, drugs were consumed by the time the report of substandard quality was received from the testing laboratories. No penal action was taken by the CMD of SCR as these medicines were procured from agencies who were not authorized by the drug manufacturing company;

⁶¹ *Intranet created for the Administrative and Organizational information needs of Indian Railways*

⁶² *2008-09 – CR, ECoR, NFR, NER, NR, NWR, SCR, SECR and MR.*

2009-10 – CR, ECoR, NFR, NER, NR, NWR, SCR and RWF/Yelahanka.

2010-11 – NFR, NER, NR, NWR, SCR and RWF.

2011-12 – ECoR, NFR, NER, NR, NWR and RWF.

2012-13 – CR, NFR, NER, NR, NWR and RWF.

- III. In 20 Hospitals/Health Units over eight ZRs⁶³, substandard drugs worth ₹ 21.45 lakh were supplied. Of them, in six Hospitals/Health Units over four ZRs⁶⁴, drugs were given to the patients before receipt of the test results. Particularly in MR/Kolkata, 93.8 *per cent* of drugs were consumed before the receipt of test results. In the cases where the substandard drugs were noticed, replacement details were not available on record. The unfit reports were also not made available on rail net for information to other zones; and *(Appendix IX)*
- IV. In MR/Kolkata, there was considerable delay of seven months in sending drugs for analysis. The delay in receipt of test reports ranged between 91 days to 1119 days in WR⁶⁵.

Thus, the existing system of ensuring sample testing and replacement of substandard drugs was not adequately effective. Zonal Railways failed in initiating action against the firms supplying substandard drugs and also against the officials responsible for violating the extant instructions in regard to drug analysis. Further, delayed receipt of reports of drug analysis defeated its objective of providing quality drugs to patients.

4.6 Procurement of Medical Equipment

Medical Equipment refers to all the plant and equipment, devices ranging from simple thermometer to sophisticated and costly diagnostic imaging equipment that are required in hospitals for better and effective treatment of various ailments. Scrutiny of records relating to procurement of medical equipment in selected hospitals revealed the following:

- I. There is no yardstick for provision of medical equipment in hospitals of different types over IR;
- II. 90 equipments each costing more than ₹ 15 lakh sanctioned during 2008-13 with an estimated cost of ₹ 32.72 crore were not procured in

⁶³ SECR, NWR, ECoR, ER, WR, NEFR, NER and WCR

⁶⁴ ER, ECoR, SER and WR.

⁶⁵ In 66 cases it exceeded 300 days, in 27 cases it exceeded 400 days and in 52 cases the reports were not received at all.

25 hospitals over 14 ZRs⁶⁶. Similarly, 144 equipments each costing less than ₹ 15 lakh which were sanctioned during 2008-13 with an estimated cost of ₹ 7.97 crore were not procured in 18 hospitals/Health Units over eight ZRs⁶⁷ and two Production Units (DLW/Varanasi and RCF/Kapurthala); *(Appendix IX)*

- III. 56 medical equipments procured at a cost of ₹ 20.73 crore in 11 hospitals over nine ZRs and in two Production Units hospitals⁶⁸ were either not in working condition or commissioned belatedly. The delay in commissioning the medical equipment was up to 891 days; *(Appendix IX)*
- IV. Medical equipments worth ₹ 6.27 crore were procured between March 2007 and October 2010 for use in new Railway Hospital at Perambur (SR). The hospital was, however, commissioned in June 2013. Due to delay in commissioning of the hospital, the equipments remained idle during the intervening period;
- V. At CH/WR, Ventilator Universal for Adult and Pediatric-Neonatal patients procured in January 2010 at a cost of ₹ 62.40 lakh was commissioned belatedly in June 2012. The equipment remained unutilized for 28 months out of 60 months of its codal life; and
- VI. 11 equipment each costing more than ₹ 15 lakh, which were rendered surplus in two ZRs (CR – 9, SCR – 2) between 2004 and 2012, were not disposed of (March 2013). Similarly, at LLR Hospital/RCF, six types of eye related medical equipment remained unutilized since August 2012 due to non-availability of Eye Surgeon and were being transferred to Sub-Divisional Hospital, Amritsar (March 2013).

Thus, delay in procurement/commissioning and non-availability of specialists/technical staff resulted in idling of the medical equipments and loss of valuable life of the assets.

⁶⁶ CR- 3, ECoR- 2, ER- 7, NCR-5, NER-3, NFR-5, NR-8, SCR-3, SECR-3, SER-19, SR-22, SWR-5, WR-1 and MR/Kolkata – 4.

⁶⁷ ECR- 3, ER- 28, NCR-31, NER-10, NWR-5, SECR-4, SER-18, MR-40, DLW-2 and RCF – 3.

⁶⁸ ECoR, NCR, NR, NWR, SCR, SECR, SER, SR, WR and 2 PUs hospitals at CLW and DLW

4.6.1 Downtime of Equipment

Down time of the equipment refers to the time that a system fails to provide or perform its primary functions. As per IRMM, History Cards and Log Books are to be maintained in respect of costly equipment. Despite having incurred an expenditure of ₹ 57 crore during 2008-13 towards repair and maintenance, several instances of medical equipments failure were observed which affected an un- interrupted medical services to patients.

Scrutiny of records relating to downtime of medical equipment each costing more than ₹ 15 lakh in 159 selected hospitals and Health Units revealed the following:

- I. Records relating to down time of medical equipment and the expenditure incurred thereon for repairs were maintained in History cards/ Log books in seven hospitals over five ZRs⁶⁹ only;
(Appendix IX)
- II. 10 medical equipments each costing more than ₹ 15 lakh remained out of order for 182 months either due to repairs (65 months) or non-availability of staff (103 months) or non-availability of reagents (14 months) in eight hospitals across eight⁷⁰ ZRs and in hospital at DMW/Patiala;
(Appendix IX)
- III. In SR, one Basic T Bird Ventilator with accessories (₹ 17.42 lakh) originally procured for CH/Perambur (SR) was transferred to Divisional Hospital/Palghat (SR) in December 2010. Since then the equipment was not in working condition;
- IV. Industrial Hospital Laundry System costing ₹ 16.53 lakh procured at for Kasturba Gandhi Hospital (CLW/Chittaranjan) was partially used since July 2011 and remained largely out of order;
- V. In CH/Byculla (CR), one fully automated Random Access Biochemistry Analyzer purchased in May 2008 at a cost of ₹ 54 lakh for pathology department has been out of order since July 2012;

⁶⁹ ECoR, NCR, NER, SR and WCR

⁷⁰ ECoR, ER, NER, NCR, NR, SCR, SER and WR

- VI. 2611 patients from eight hospitals over three ZRs⁷¹ and one Production Units hospital at DMW Patiala, were referred to recognized private hospitals due to failure of the equipment and an expenditure of ₹ 6.57 lakh was incurred for their treatment; and
(Appendix IX)
- VII. Annual Maintenance Contract was not executed for 34 different types of medical equipment received through Machinery & Plant Program in Byculla hospital (CR) despite lapse of warranty period.

Thus, adequate measures were not taken for repairing of equipment on time resulting in reference to non-railway hospitals during the down time of the equipment.

In respect of audit findings mentioned in sub-para 4.1.1, 4.3, 4.4, 4.5 and 4.6, Railway Board stated (July 2014) that audit had reported only sporadic instances. They further asserted that at most of the places laid down instructions were being followed meticulously. Contention of the Railway Board was not acceptable as in a test check of 64 hospitals, Audit observed that there were instances of non-procurement of 235 medical equipment, belated commissioning/out of service of 56 medical equipment and non-utilization of costly equipment for substantial period which cannot be construed as sporadic instances. Moreover, due to non-maintenance/partial maintenance of History cards and Log books of high value medical equipment in 12 ZRs, the status of functioning of equipments could not be verified. Had the extant procedure/instructions been followed by the Medical Department, the deficiencies would not have occurred. Railway Board has not put in place any monitoring mechanism and thus failed in enforcing compliance of its instructions and provisions of the manual by the hospitals across Zonal Railways.

⁷¹ ER, NCR and NER