

Chapter 7 Drugs and Equipment

7.1 Procurement and distribution of drugs

As per the bye-laws of the SHS, procurement of goods is to be made in the following order of preference:

- Rate contracts of the Director General of Supplies and Disposals (DGS&D), failing which,
- Rate contracts of other GOI agencies, failing which,
- Tender procedure as recommended by the GOI.

In order to ensure good practices, detailed guidelines and procedure including wherever applicable, standardized forms were to be prepared. A limited list of essential drugs, also referred to as drug formulary, defining the drugs to be regularly purchased for stock, was also to be prepared by the SHS.

The SHS had not drawn up a detailed purchase procedure or manual outlining the procurement policy to be adopted. Drugs were procured during 2005 to 2008 through various authorities like SCOVA and Director of Health Services at rates approved by the State Government and also through supplier. In the absence of a uniform and well documented procurement policy, guidelines and purchase manual, the system of procurement was ad-hoc with no uniformity in the purchases made by SHS. The SHS had also not prepared any essential list of drugs to be procured, which led to wide variations in the number and type of drugs procured from time to time.

7.2 Utilization of funds for procurement of drugs/equipment

Funds received from the GOI for procurement of drugs and equipment and expenditure incurred thereagainst during 2005-08 are shown below:

Table: 12

(Rupees in crore)

Year	Particulars	Funds released by the GOI	Actual Expenditure Expenditure incurred/ Advances/ Deposits
2005-06	Equipment	-	Nil
	Drugs	10.80	Nil
	Supplies	-	0.26
	Others (computers etc.)	-	Nil
2006-07	Equipment	-	Nil
	Drugs	10.57	10.57
	Supplies	-	0.01
	Others (computers etc.)	24.17	6.59
2007-08	Equipment	7.86	6.51
	Drugs	48.50	50.50
	Supplies	-	5.48
	Others (computers etc.)	-	15.77
Total		101.90	95.69

Source: - Approved PIP and Annual Accounts of SHS

It is evident from the above data that an expenditure of Rs. 5.75 crore was incurred towards supplies during 2005-08 without allocation. This has not yet been regularized (March 2009).

7.3 Quality assurance for procurement of drugs

MoHFW guidelines provide for inspection, sampling and testing at pre-dispatch stage at the manufacturers' premises as well as at the consignees' end at the district headquarters. The inspection and sampling should be carried out by an independent authority.

The SHS procured 58,13,000 pieces of condoms worth Rs.73.24 lakh between February and July 2007 from M/S Hindustan Latex Ltd (HLL). The entire quantity was supplied in fifteen batches, out of which, samples of five batches were sent for quality test to Tamilnadu Medical Services Corporation Ltd (TNMSC) with whom the SHS signed an MOU for supply of drugs/medicines and condoms. These samples were tested in TNMSC approved laboratory and were found to be of substandard quality. Therefore, condoms of these five batches (15,13,000) were replaced by the manufacturer (HLL). These samples also failed the test quality and were replaced for the second time. Samples of the second replacement consignment were also tested and were cleared (March 2008) by TNMSC. Considering that the condoms failed the quality parameters twice, the quality of the balance quantity of 43,00,000 pieces of condoms worth Rs.54.18 lakh, already dispatched to districts is also doubtful, and would have an adverse impact on the implementation of family planning programme in the State.

7.4 Procurement/distribution of drugs/medicines

The SHS, despite repeated reminders and personal interaction, failed to produce the relevant records to the audit team regarding receipt, kitting and issue of medicines through kits. Therefore, the actual receipt and subsequent accountal of medicines worth Rs.9.40 crore, stated to have been procured during 2006-08, could not be verified in audit.

7.5 Procurement of equipment

7.5.1 Equipment for operationalisation of PHCs 24 X 7

NRHM emphasized the availability of and access to quality health care, safe motherhood and neonatal care through operationalisation of 50 *per cent* of PHCs to 24 hours, 7 days a week health centres.

The guidelines in this regard stipulate that the PHCs be carefully assessed and district wise priority list drawn up to select the potential PHCs possessing the basic infrastructure as per the scoring system devised for the purpose.

Scrutiny revealed that the SHS had not prepared any distinctive priority list on the basis of the scoring system as envisaged. However, equipment worth Rs.1.76 crore was procured (as of March 2008) for 227 PHCs¹ selected at random without assessing the actual availability of infrastructure required for designating them as 24x7 centres.

¹ BPHC-63; MPHC-85; SHC-12; SD- 67.

The Department stated that these equipments were procured as per future requirement.

Conclusion

The process of procurement of medicines and medical equipment in the State indicated that the procurement process was characterized by ad-hocism and the quality of the drugs procured remained questionable. Drug management is a critical input and delays, shortages or poor quality of drugs would jeopardize the programme implementation.

Recommendations

- *The SHS should streamline the procurement procedures and put in place a transparent procurement system.*
- *An appropriate quality control and monitoring system should be instituted to ensure that quality of healthcare is not compromised.*