

Chapter IV

Availability of Drugs, Medicines, Equipment and Other Consumables

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The percentage of drugs from total Essential Drugs List (EDL) not covered in Rate Contracts by Gujarat Medical Services Corporation Limited (GMSCL) ranged between 10 and 25 per cent during 2016-22. Hence, GMSCL could not supply all drugs included in EDL.

Within the two months stipulated period, 56 per cent of items were supplied by the agencies to the warehouses. Delays in supply resulted in out-of-stock drugs in warehouses and supply chain/indenting hospitals.

Food and Drugs Laboratory (FDL) had not issued testing reports for 22 per cent of drugs samples taken for quality checks during 2019-22.

Purchase procedure for only 15 per cent of indents (67 out of 456) received for equipment purchase were finalised by GMSCL during 2016-22.

Deficiencies in store management of drugs were noticed at warehouses due to shortage of space and infrastructure.

4.1 Introduction

The Central Medical Stores Organisation (CMSO) was established in 1978 under the administrative control of the Health and Family Welfare Department (HFWD), Government of Gujarat, with the objective to procure and supply drugs, medicines, surgical items, and medical equipment to cater to the needs of all the Government healthcare facilities⁴⁵ of Gujarat State. With a view to match the changing demands and pace of development in the health sector, CMSO was transformed (July 2012) into Gujarat Medical Services Corporation Limited (GMSCL), as an autonomous body, incorporated under the Companies Act.

Under GMSCL, 11 District Drugs Warehouses⁴⁶ (DDW) have been established for the smooth functioning of storage and distribution of drugs/equipment to various healthcare facilities across 33 districts of the State.

Funds for the purchase of drugs are placed at the disposal of four Additional Directors (ADs⁴⁷), at Gandhinagar working under the Commissioner of Health. The ADs release (70 to 80 per cent)⁴⁸ funds in form of advance to GMSCL for procurement of drugs and equipment through centralised purchase and remaining funds are released to Healthcare Facilities for local purchases as per requirement.

⁴⁵ All Medical Colleges-Hospitals, District Hospitals, Sub-District Hospitals, Community Health Centres (CHCs) and Primary Health Centres (PHCs).

⁴⁶ 1. Amreli, 2. Bhuj, 3. Dahod, 4. Himatnagar, 5. Jamnagar, 6. Naroda, 7. Patan, 8. Rajkot, 9. Surat, 10. Vadodara and 11. Valsad.

⁴⁷ Additional Directors of 1. Medical Education, 2. Medical Services, 3. Public Health and 4. Family Welfare.

⁴⁸ AD, Medical Services and AD, Medical Education release 70 per cent funds to GMSCL and AD, Public Health release 80 per cent funds to GMSCL.

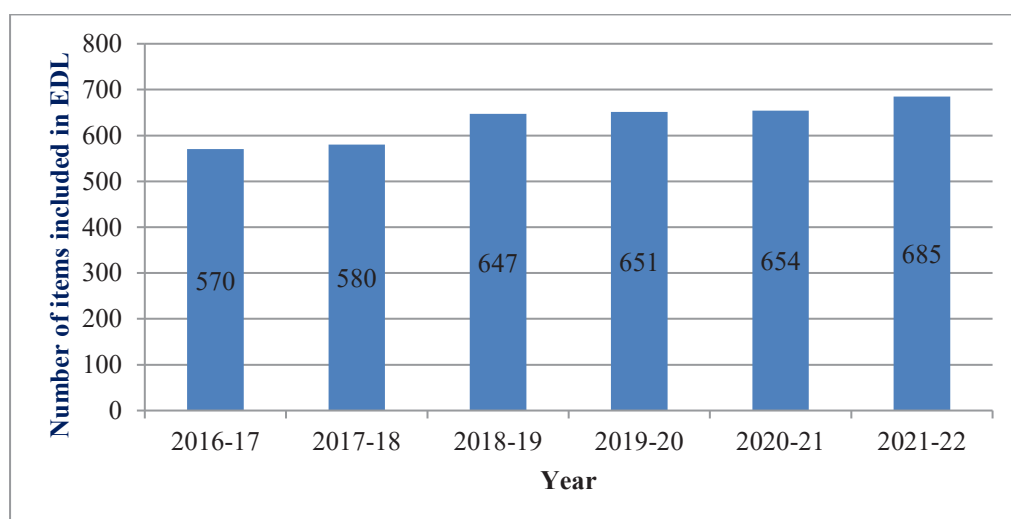
4.2 Essential Drugs List

Essential medicines are those that satisfy the priority healthcare needs of the majority of the population. These are the commonly used medicines at primary, secondary and tertiary healthcare facilities.

The HFWD announced (October 2005) a purchase policy for the procurement of medicines and equipment by the CMSO (now GMSCL). The Government formed (April 2007) an expert committee to prepare and review the Essential Drugs List (EDL). The expert committee is to prepare an EDL yearly specifying those drugs which need to be available at all the health facilities as per requirement. The GMSCL is to procure and supply those medicines as listed in the EDL and other drugs under various schemes which are assigned from time to time.

The details of the year-wise number of items included in the EDL are given in **Chart 4.1** below:

Chart 4.1: Year wise number of EDL



(Source: Information provided by GMSCL)

4.2.1 Indenting by Direct Demanding Officers

Direct Demanding Officers (DDOs) estimate the annual requirement of various medicines from the Essential Drugs List (EDL) as per the prescribed methodology⁴⁹ and submit it to HoD and GMSCL in respect of the next procurement year (i.e. 1 April to 31 March of the next year). The year-wise details of placement of indents by the DDOs is illustrated in the **Table 4.1**:

⁴⁹ $\{(2A) + B\}/2 + 10 \text{ percent}\{(2A) + B\}/2$.

A- Quantity of consume items during the period 1st April to 30th September of the current year.

B -Quantity of consume items during the period 1st April to 31st March of the previous year.

Table 4.1: Year-wise details of indent sent by DDOs

Year	Number of DDOs	Number of DDOs who placed indents	Number of DDOs who had not placed any indent	Percentage of DDOs who had not placed any indents
2018-19	1,006	878	128	13
2019-20	1,005	889	116	12
2020-21	1,031	943	88	09
2021-22	1,031	936	95	09
2022-23	1,031	976	55	05
Total	5,104	4,622	482	09

(Source: Information provided by GMSCL)

On an average 55 (five *per cent*) to 128 (13 *per cent*) DDOs had not placed indents before GMSCL during 2018-23.

4.2.2 Rate Contract

GMSCL is responsible for the centralised procurement of medicines included in EDL. For this purpose, GMSCL enters Rate Contracts (RCs) after the finalisation of the tender process. The duration of RCs is for two years. Audit observed that GMSCL could not finalise RCs for all the items of EDL due to no bids received from the vendors, items rejected by tender scrutiny committee, solitary offers *etc.* Details of EDL items for which tenders were issued by GMSCL and the number of EDL items for which RCs were not finalised are given in **Table 4.2** below:

Table 4.2: Year-wise details of rate contracts against EDL

Items/Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Number of items in EDL	570	580	647	651	654	685
Number of items for which Tender floated for RCs	118	180	579	201	471	250
Number of items for which RCs finalised	59	68	457	110	357	129
Number of items covered in old active RCs	370	453	66	419	156	411
Number of items covered in old active RCs and current RCs	429	521	523	529	513	540
Number of items not covered in Active RCs	141	59	124	122	141	145
Percentage of items not covered in Active RCs	25	10	19	19	22	21

(Source: Information provided by GMSCL)

Above table shows that the numbers of drugs covered under active Rate Contracts (RCs) during 2016-22 ranged between 429 and 540 against total EDL ranging from 570 to 685. Hence, GMSCL could not supply all drugs included in EDL during 2016-22. List of items not covered under active RCs during 2016-22 is shown in **Appendix 4.1**.

Recommendation 7: Gujarat Medical Services Corporation Limited may take effective steps to finalise the Rate Contracts for all the drugs included in Essential Drugs List.

4.3 Supply against Demand

Audit scrutinised the supply made by the GMSCL against the demand for drugs. GMSCL is using E-Aushadhi a web-based supply chain management system for inventory management of drugs and consumables. Annual demand for purchase of drugs, medicines and consumables is made through the e-Aushadhi system. The details of the demand for drugs and supply against the demand are given in **Table 4.3** below:

Table 4.3: Details of demand and supply against the demand in terms of number of items and quantity of drugs

Year	Demand		Supply against demand			
	Number of items	Quantity (in crore)	Number of items	Quantity (in crore)	Percentage of items supplied	Percentage of quantity supplied
2016-17	665	461.77	532	238.69	80	52
2017-18	613	445.72	454	263.21	74	59
2018-19	674	548.64	464	225.60	69	41
2019-20	683	512.81	524	297.39	77	58
2020-21	685	582.73	513	285.05	75	49
2021-22	732	415.86	552	249.21	75	60

(Source: Information provided by GMSCL)

Audit observed that GMSCL could supply 69 per cent to 80 per cent of items every year out of the drugs demanded by DDOs. The quantity of drugs supplied varied from 41 per cent to 60 per cent against the demand. The short supply against demand resulted in procurement of drugs at HCIs level through local purchase.

The ACS during the exit conference (June 2023) stated that the work was in progress to improve the functioning of GMSCL to resolve the issue of supply of all EDL to Healthcare Facilities.

4.3.1 Delay in supply of drugs by the manufacturers

Drugs and medicines are supplied at places across the State as mentioned in the purchase orders (P.O.). The maximum delivery period as mentioned in the P.O.s is normally two months. Audit analysed the delay in supply of drugs by the suppliers during 2016-22, which is given in **Table 4.4** below:

Table 4.4: Details of supply of drugs by suppliers against purchase orders issued during 2016-22

Months	Supply of drugs within time period by suppliers	Time taken in supply of drugs by suppliers		
	0-60 days	61 to 120 days	121 to 180 days	More than 180 days
Number of supply against purchase orders issued for various items	70,317	46,251	5,576	2,548
Percentage of supply against purchase orders	56.39	37.09	4.47	2.04

(Source: Information provided by GMSCL)

The above table shows that in 56.39 *per cent* of cases, the suppliers had supplied the drugs within stipulated period of 60 days and in remaining 43.61 *per cent* cases, drugs were supplied in 61 days to more than 180 days period from the date of issuance of purchase orders.

The ACS during the exit conference (June 2023) stated that the matter would be looked into for the timely supply of EDL by selected agencies.

4.4 Quality Control Management

As per quality assurance guidelines of GMSCL, on receipt of drugs at warehouses, the drugs inspector has to collect the sample and send it to the Food and Drugs Laboratory (FDL), Vadodara for testing. If drugs are declared as “Not of Standard Quality (NSQ)” by FDL, then the available stock should be deactivated immediately. All warehouses and DDOs are informed about these NSQ drugs by GMSCL.

Audit observed that testing reports of many samples collected from warehouses were not issued by FDL. Details of the pendency of the testing reports during 2019-22 are given in **Table 4.5** below:

Table 4.5: Details of pendency of testing reports during 2019-22

Sr. No.	Name of Warehouse	No. of samples collected	No. of testing reports received	Pending testing reports	Percentage of pending testing reports
1	Amreli	4,447	3,574	873	20
2	Bhuj	1,951	1,853	98	05
3	Dahod	2,179	1,872	307	14
4	Himatnagar	1,378	1160	218	16
5	Jamnagar	1768	852	916	52
6	Naroda	4,969	4,174	795	16
7	Patan	4,643	4,272	371	08
8	Rajkot	2,773	2,326	447	16
9	Surat	2719	1,234	1,485	55
10	Vadodara	3,106	2,630	476	15
11	Valsad	1,995	1,050	945	47
Total		31,928	24,997	6,931	22

(Source: Information provided by GMSCL)

Above table shows that 78 *per cent* quality control reports were received. GMSCL did not receive 6,931 testing reports (2,719 of the year 2019-20, 921 of the year 2020-21 and 3,291 of the year 2021-22) as of March 2022.

The pendency of testing report to be received from FDL, Vadodara ranged between five *per cent* (Bhuj Warehouse) to 55 *per cent* (Surat Warehouse) amongst the warehouses for the period 2019-22.

4.4.1 Delay in receiving Not of Standard Quality (NSQ) report

Rule 45 (1) of Drugs and Cosmetics (4th Amendment) Rules, 2017 provides that Government Analyst shall furnish reports of the results of test or analysis within a period of sixty days of the receipt of the sample.

Audit randomly test checked 10 files from each year out of total 180 NSQ reports files⁵⁰ to assess the timely submission of testing reports by FDL. The details of time taken in testing reports are given in **Table 4.6** below:

Table 4.6: Details of delay in NSQ report

Year	Number of files selected in audit	Number of samples declared as NSQ	Delay in the declaration of medicine as "Not of Standard Quality" (in months)			
			0 to 2	2 to 4	4 to 6	Above 6
2016-17	10	33	00	02	03	28
2017-18	10	30	01	02	09	18
2018-19	10	29	01	05	04	19
2019-20	10	15	00	01	05	09
2020-21	10	16	00	01	02	13
2021-22	10	10	01	03	01	05
Total	60	133	03	14	24	92

(Source: Information provided by GMSCL)

As evident from the table, out of 133 number of samples declared as NSQ, only two *per cent* of the testing reports were declared within two months from the date of receiving drugs. In 98 *per cent* of cases, the medicine was declared NSQ after two months from the date of receiving drugs.

The ACS during the exit conference (June 2023) stated that FDL would be strengthened by providing more staff for its effective functioning.

Recommendation 8: Health Department may enhance the capacity of Food and Drug Laboratory to ensure the completion of the quality assurance process in time.

4.5 Finalisation of tenders for procurement of equipment

Audit analysed the finalisation of tenders for the purchase of equipment during 2016-22. The details are given in **Table 4.7**:

Table 4.7: Details of finalisation of tenders for Equipment

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
No. of indents received	26	87	45	95	74	129	456
Number of indents for which tenders finalised	08	14	06	19	14	06	67
Number of indents for which tenders were not finalised (August 2022)	18	73	39	76	60	123	389
Percentage of tenders finalised	31	16	13	20	19	05	15

(Source: Information provided by GMSCL)

⁵⁰ 2016-17 (19 files), 2017-18 (19 files), 2018-19 (36 files), 2019-20 (29 files), 2020-21 (47 files) and 2021-22 (30 files).

Audit observed that 15 *per cent* (67 out of 456) indents were finalised during the period from 2016-22. Tenders for 85 *per cent* of indents were not finalised due to pending decisions at various Additional Director levels for revised consent for procurement or pending approval of various committees empowered for tender finalisation.

The ACS during the exit conference (June 2023) agreed to scrutinise all cases of indents received for the supply of equipment and to take necessary action in the matter.

Recommendation 9: GMSCL may take necessary steps to ensure the timely finalisation of the purchase procedure for all equipment as demanded by Government healthcare facilities.

4.6 Warehouse Management

GMSCL manages the supply of medicines through its 11 warehouses, out of which seven⁵¹ warehouses were selected for audit. Audit observed that warehouses were facing space problems for storage and appropriate cooling storage spaces which were required to establish the cool or cold zone for storage.

4.6.1 Store handling and space management

A joint inspection (between May and August 2022) was conducted with the officials of the warehouses to ascertain the adequacy of physical infrastructure. In all test-checked warehouses, drugs were found to be kept on the floor, in the passage area and in the rooms meant for office purposes. At the Jamnagar warehouse, the drugs were stored under the open sky area (expired drugs) and in open gallery area (unexpired drugs) (Pictures 4.1 and 4.2):



Picture 4.1: Unexpired Drugs were stored in gallery in Jamnagar warehouse (17/05/2022)



Picture 4.2: Expired drugs were stored under open sky area at Jamnagar warehouse (17/05/2022)

⁵¹ 1. Ahmedabad, 2. Dahod, 3. Himatnagar, 4. Jamnagar, 5. Navsari, 6. Rajkot, and 7. Valsad.

The ACS during exit conference (June 2023) agreed for providing additional infrastructure at drugs warehouses to resolve the issue of space.

- ***Storage of drugs under varying temperature:***

As per the Warehouse Management Manual of GMSCL, drugs were required to be stored at different temperature⁵² (normal, cool and cold temperature).

- Out of 11 drugs which are required to be stored in cold places, two drugs were stored in room temperature at warehouse, Jamnagar as observed by Audit during joint verification on 17 May 2022 (**Pictures 4.3 and 4.4**):



- Audit observed that only one 10 x10 square feet room was earmarked for cool room storage at warehouse Jamnagar and air-conditioning system of the cool room was not working for more than three years. At Valsad warehouse, drugs of cool room temperature were kept at normal room temperature.
- Audit observed that the rooms in three warehouses⁵³ where the drugs were kept in normal room temperature did not have adequate fans and the windows were not laminated in all the test-checked warehouses (except in the warehouse at Ahmedabad) as prescribed in the Manual.

- ***Inflammable and corrosive items***

As per the Warehouse Management Manual of GMSCL, all inflammable and corrosive items are to be kept separate from each other and stored away from the regular supply. Audit observed that in two⁵⁴ test-checked warehouses, the inflammable and corrosive items were not placed separately.

⁵² A cold place means a place having temperature between (-)2°C to (+)8°C, Cool place means a place having temperature between 10°C to 25°C

⁵³ 1. Jamnagar, 2. Rajkot and 3. Surat.

⁵⁴ Himatnagar and Jamnagar.

- **Expired medicines**

As per the Warehouse Management Manual of GMSCL, all expired drugs should be stored preferably in a separate room earmarked for the purpose. In the absence of a separate room, the expired drugs may be stored in a separate cupboard. The cupboard must always be under lock and key with a signboard on it stating “**Expired drugs not for use**”. The room/cupboard must be under the supervision of the Depot Manager.

Expired drugs can be classified into two parts (i) active expired drugs means drugs expired due to non-supply/utilisation and (ii) inactive expired drug means drugs which have been declared as NSQ by Food and Drugs Control Administration (FDCA). The details of active and inactive expired drugs during 2017-22 are given in **Table 4.8** below:

Table 4.8: Details of active and inactive expired drugs at warehouses during 2017-22
(Quantity in lakh)

Sr. No.	Name of warehouse	Active expired drugs	Inactive expired drugs	Total
1	Amreli	14.96	13.54	28.50
2	Bhuj	0.19	2.61	2.80
3	Dahod	0.00	11.28	11.28
4	Himatnagar	0.93	27.09	28.02
5	Jamnagar	78.57	19.63	98.20
6	Naroda	35.64	32.53	68.17
7	Patan	5.93	46.13	52.06
8	Rajkot	3.74	5.64	9.38
9	Surat	24.55	13.89	38.44
10	Vadodara	43.26	15.41	58.67
11	Valsad	0.94	3.98	4.92
Total		208.71	191.73	400.44

(Source: Information provided by GMSCL)

Above table shows that 400.44 lakh drugs got expired at warehouses during the period from 2017-22. Audit noticed that the expired drugs of the period 2019-22 were lying at warehouses without disposal. Expired drugs were kept along with other regular drugs and medicines at Jamnagar warehouse.

Recommendation 10: Government may enhance the capacity of warehouses to resolve the shortage of spaces in warehouses with appropriate cooling storage spaces.

