

Directorate of Health Services, Madhya Pradesh

MP Government Drug Policy 2009

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### Introduction:

The State Government made attempts from time to time to facilitate availability of drugs continuity of medicines at all Health Centres. For this the State Government made Store Purchase Rules, issued Guidelines as well as circulated guidelines received from the Government of India from time to time. In view of such rules, orders and instructions, medicines used to be purchased at State and District level by Competant Authorities. But due to lack of availability and continuity of medicines, these arrangements could not fulfill the needs of common man. With a view to remove such defects in purchase of medicines, the “ Drug policy 2006” was enacted by the department. After implementation of “ Drug Policy 2006” because of Centralised Drug Purchase Policy, the rates were minimised from 20 to 25 percentage of the cost of medicines. In the past, where district level officers used to purchase 100 to 125 types of medicines but after the Centralized System more than 350 types of medicines were made available. There was earlier no specified procedure for quality control of medicines at the District level. On the basis of the test report of the supplier used to be accepted as Quality Control Report and there was no specified procedure for testing the supplied drugs. Drug inspectors used to take samples at random and send it to the approved laboratories, the test reports were received too late, by the time the drugs were already consumed. In order to remove all these problems

Centralized Drug Policy 2006 was implemented in which there were 27 warehouses in 27 Districts were arranged to keep medicines to meet the requirement of then total 48 districts. But as there was no transportation facilities therefore, no interest was taken by the District Authorities to take the medicines from the warehouses (Drug stores) and so also to take the ownership of District Drug Store. As a result of this system the same type of medicines were purchased from two places.

2. As the Drug Policy 2006 was not started with full preparedness so the following problems cropped up during its implementation:-

2.1 The Drug Cell was constituted but the adequate manpower was not made available.

2.2 The Drug Policy 2006 was started with 27 Warehouses and 21 districts did not have the drug warehouses so there were problems of distribution.

2.3 As the Drug Stores were managed by private institutions so there was lack of effective management in Drug Stores .

2.4 There was problem of monitoring due to difficulties in running the software purchased and made available to the Drug Warehouses by MPLUN.

2.5 More time was consumed than required in finalization of rates of medicines/goods/instruments by MPLUN (Madhya Pradesh Laghu Udyog Nigam)

2.6 There were delays by MPLUN in diversions of the orders given by the Drug Cell.

2.7 There were late receipt of verified bills and the test reports .

2.8 The bills were not paid within the prescribed time limit.

2.9 There was allocation of more budget than the required limit for local purchase of drugs to District Authorities.

2.10 The District Authorities did not accept the ownership of the Drug Warehouses being run by private institutions.

2.11 Due to late supplies of the medicines, same medicines were also purchased by local authorities in order to meet emergencies.

2.12 District Drug Warehouses having no provision of amount for transportation of the drugs to link Districts.

### 3. Efforts made to solve the problems in implementation of Drug Policy 2006:-

3.1 In order to strengthen the Storage system under NRHM/RCH II, 21 Drug Stores are under construction in the state.

3.2 For the better administration of software, the data entry operators were trained twice and to ensure that there are no delays in the bill payments nodal officers were appointed and their responsibilities were laid down at the District Drug Stores.

3.3 The CMHO's and CS's were instructed to prescribe only generic drugs .An attempt was also

made to strengthen the Drug cell for making the payments within the time limit.

4. Following limitations were felt in Drug Policy 2006:-

4.1 In point 3.6 of the Drug policy 2006 there is a provision that the last three years budget and expenditure be taken as base and requirement for the first year be made for the necessary drugs. Due to this the quantities of the medicines were not properly calculated.

4.2 There was no transport facility within the district as well as for distribution of drugs to the link districts.

4.3 There is no provision for purchase of proprietary medicines and services in the Drug Policy 2006.

5. Proposed New Drug Policy 2009 Madhya Pradesh

After seeing the shortcomings of Drug Policy 2006 and problems faced in its implementation, it was decided to go for decentralization again. The meetings were held at various levels with district, division and state level officials and finally it was proposed to go for decentralized drug policy again so that district level procurement could be done as per their requirements, procured items could be inspected for its quality and payments released in time. Keeping this in mind the Drug Policy 2009 was proposed.

**Objective:-**

5.1 To provide quality drugs & medicines at the right time to all patients in the health institutions in the state.

5.2 To ensure proper utilization of Drugs/goods /equipments in all health institutions of the state.

5.3 For simplification of procurement procedure for advanced and modern equipments in the medical and health institutions.

**6. Points for Implementation of New Drug Policy 2009:-**

6.1 The procurement of Drugs would be based on Revised Fast Moving Essential Drug List. The fast moving essential drug list would be evaluated by the technical committee at state level every 2 years and revised. Remaining drugs would be procured at local level by open tender as per requirement by all Chief Medical & Health Officer, Civil Surgeon cum Hospital Superintendents and other Hospital Superintendents which will be not more than 20 percent of the allocated amount. For more procurement permission has to be taken from Head Office.

6.2 For the year 2009-10 and 2010-11, the rates of the equipments and instruments of various medical institutions of the state would be decided by Tamil

Nadu Medical Services Corporation. Its rate validity would be for two years

6.3 Purchasing Officers could purchase themselves the equipments and instruments worth below Rs 5 lakhs. Above Rs 5 lakhs .The Equipments and instruments costing more than Rs 5 lakhs will be purchased after taking permission from the competent authority.

6.4 Standard Treatment Guidelines is available in the State for treatment of common diseases which would be revised after every two years by Specialists. All Health/Medical institutions would follow the Standard Treatment Guidelines for treatment of common diseases.

6.5 The specification of the drugs/goods/equipments to be procured would be decided by the technical committee. Members of the technical committee would only do the Technical tender evaluation.

6.6 After technical evaluation and before opening of the Price Bid, if required, the technical committee may inspect the successful bidder's concern and also assess its production capacity. If during inspection some shortcomings or technical evaluation not found as per the quoted technical parameters then the price bid of that bidder will not be opened.

6.7 The Bid Evaluation Committee will open the bid on the last date and time of bid submission and at the

time of bid opening in front of the bidders/bidder's representatives.

6.8 The Bid Evaluation Committee will present the comparative statement to the Rate Finalization Committee.

6.8.1 Rate Finalization Committee will finalize the L-1 rate.

6.8.2 Normally no negotiation will be done with L1 bidder. But if the rates come exorbitantly high then as an exception after taking due permission from Secretary/ Principal Secretary –Health negotiation can be carried out with L1 bidder.

6.8.3 Acceptance of L1 rates will be obtained from L2 & L3 Bidders. On acceptance first of all L1 bidder will be offered 100 percent order for supply. If supply not being completed L2 bidder would be offered L1 rates with complete order for supply. If both L1 & L2 bidders fail to supply L3 bidder would be asked to supply the complete order. On failure of L3 bidder, the tender process would be done again.

6.8.4 If any of the three suppliers who have agreed on L1 rates are unable to supply within the time period offered, then they could be blacklisted for next three years.



6.9 The SSI units of the State could be able to participate in the National Bids.

6.10 After finalizing the rates as per revised fast moving EDL, the booklet of rates would be forwarded to all Procurement officers who would be able to procure as per their requirement.

6.10.1 Procurement officer would be authorized to procure as per the requirement of their institution as per the rates of the L-1 Supplier.

6.10.2 An agreement should also be entered into with L-2 and L-3 Tenderers to supply as per the rates of successful L-1 tenderer. After getting such agreement first successful tenderer L-1 may be given 100% supply orders. If L-1 fails to supply, L-2 should be given 100% supply order as per L-1 tenderer. If L-1 & L-2 fail to supply then L-3 may be given 100% supply order as per rates of L-1. If L-3 also fails to supply, tenders should be invited again.

6.11 It is mandatory that Goods/Drugs ordered should be supplied within 45 days.

6.11.1 Orders can be placed for quarterly requirements or as per necessary requirement

6.11.2 While giving orders the seasonal requirement has also to be kept in mind.

6.12 Purchasing Officers who receive the goods would ensure to send samples of the drugs/goods in 3 days to the accredited labs for quality control.

6.13 The cost of the quality testing would be borne by the Supplier.

6.14 The samples would be sent to the laboratories after coding for which the procurement officer will be responsible.

6.15 If during inspection the drugs/goods are found to be less than the required specifications, then the supplier has to replace the complete batch or else the supplier has to deposit the ordering authority a Bank draft equivalent to the value of the drugs/goods found not as per the specifications.

6.16 The goods/drugs have to be lifted at Suppliers own cost which are not found of required quality, within 30 days otherwise the cost of disposal would have to be borne by the supplying firm.

6.17 There is a provision of 3 percent for monitoring, management and other administrative expenses of Invitation for bids/consultancy/Drug Cell/procurement done from District Level in the State. Due to unavoidable circumstances the expenditure goes above 3 percent, permission must be obtained from the State Government.

6.18 Complying the provision of Drug policy 2009, Tamil Nadu Medical Services Corporation is authorized to fix rates and to name the labs for the year 2009-10 and 2010-11.

## 7. Purchase procedure:-

7.1 The budget of drugs/goods /instruments would be divided in two parts. 80 percent would be used by CMHO/CS/other Procurement Officers at district level. In case of extreme emergency 20 percent budget would be utilized by central procurement procedure or else in last quarter this part of the budget would also be re-allocated to districts.

7.2 Three committees would be constituted at the Central Level after tender for finalization of the rates:

- A. Technical Evaluation Committee
- B. Tender Evaluation Committee
- C. Rate Evaluation Committee

7.3 After the financial year 2009-10 and 2010-11, the Directorate of Health Services at the end of each year in the month of January would invite National Competitive Bids. All the terms and conditions would be uniform in the bid document and no extra terms and conditions of the bidder would be acceptable. The bidder would have the right to bid for only Drugs/Equipments/Goods. The tenders have to be filled in electronic form/ open tender document form.

Only those original Drug manufacturers who follow the Schedule M and GMP and those who have a valid manufacturing license as per the Drugs and Cosmetics Act 1945 can participate in the tender.

8. Technical committee:-

8.1 The fixing of technical specifications and technical evaluation will be the responsibility of technical committee.

8.2 The technical committee will be constituted by following members:

- (1) Director Medical Services- Chairman
- (2) Director Family Planning - Member
- (3) Director Medical Education- Member
- (4) Director Kamla Nehru Hospital-Member
- (5) Licensing Authority, Controller  
Food & Drug Administration -Member
- (6) Chairperson with advice from Director Medical Education should nominate two subject experts.
- (7) Representative of the  
Selected external agency -Special invitee
- (8) Joint Director, Drug Cell -Member Secretary

8.3 The Chairman can invite other experts as per requirement. The committee after inspection of the Manufacturing Unit of the Manufacturing Company would decide upon, whether the company is following Schedule

M and GMP and has the capacity for manufacturing and supplying the drugs or not.

#### 9. Tender Evaluation Committee:-

9.1 After the due date and time the Tender Evaluation Committee would open the tenders in front of the bidders/representatives.

9.2 The Tender Evaluation Committee would prepare the Comparative Statement and present before the Rate Evaluation Committee.

9.3 The Tender Evaluation committee would be constituted by following members:

- (1) Director Medical Services -Chairman
- (2) Director Medical Education -Member
- (3) Controller Food & Drugs Admn.-Member
- (4) Director, Kamla Nehru Hospital-Member
- (5) Financial Adviser ,  
Directorate of Health Services(On deputation from Finance  
Department) -Member
- (6) Director/Joint Director  
(In-charge of Drug Procurement)-Member Secretary
- (7) Representative of the  
Selected external agency -Special invitee
- (8) Tender Document Consultant,  
On Deputation -Member

9.4 Rate Evaluation Committee would have following work responsibilities:

- (1) The finalization of tender document
- (2) The Financial Adviser would vet the Tender Document
- (3) Ranking of the invited tenders
- (4) Inviting the technical committee for technical evaluation
- (5) Opening of price bids of successful bidders found in technical evaluation (as per requirement the Manufacturing Units of Successful Technical Bidders can be inspected before opening of price bids)
- (6) Preparing Comparative statement with L1
- (7) Obtaining permission for inviting L2 & L3 bidders on L1 offered rates
- (8) Putting up the L1 rates to Rate Evaluation Committee and if required to seek permission from Secretary/Principal Secretary for rate negotiation with L1 bidder .
- (9) Other tasks necessary to finalize the tender and for final decision.

#### 10. Determination of need:-

Drug Cell, Directorate of Health Services would collect the demand of Drugs/Goods for the determination of L1 rates as per Fast Moving EDL and specifications would be finalized by the Technical Evaluation Committee.

#### 11. Rate Evaluation Committee:-

11.1 Final decision on tenders would be done by Rate Evaluation Committee constituted under the chairmanship of Health Commissioner which would consist of following members:-

- (1) Commissioner cum Director, Gas Rahat-Member
- (2) Controller Food & Drugs Administration-Member
- (3) Director Medical Services -Member
- (4) Director Public Health -Member
- (5) Director Family Welfare -Member
- (6) Director Medical Education -Member
- (7) Director/Joint Director -Member Secretary  
(In-charge of Drug Procurement Cell)
- (8) Financial Advisor ,  
Directorate of Health Services  
(On deputation from Finance department) -Member
- (9) Representative of the  
Selected external agency/ (Representative of Tamilnadu  
Medical Services Corporation) -Special invitee

11.2 The Tender Evaluation Committee will prepare and present the Comparative statement to the Rate Evaluation Committee

11.2.1 The L-1 would be finalized by the Rate Evaluation Committee

11.2.2 After receipt of the proposal of Tender Evaluation Committee or by self determination of L1 bidder in case of 6.8.2 status the rates would be negotiated and it would be tried to reduce the rates.

11.2.3 If L-2 & L3 bidders agree for supplying on L-1 rates then they would also be considered for Award of contract agreement.

11.2.4 If any of the three contracted firms defaults in timely supplies the defaulting firm would be blacklisted for 3 years.

11.3 The SSI units of the State would be able to participate in the National Bids.

11.4 After finalizing the rates as per revised fast moving EDL, the booklet of rates would be forwarded to all Purchasing officers who would be able to procure as per their requirement.

11.5 Procurement officer would be authorized to procure as per the requirement of their institution as per the L1 Supplier.

11.6 Acceptance of L1 rates would be obtained from L2 & L3 Bidders. On acceptance first of all L1 bidder would be offered 100 percent order for supply. On supply not being completed L2 bidder would be offered L1 rates with complete order for supply. If both L1 & L2 bidders fail to supply L3 bidder would be asked to supply the complete order. On failure of L3 bidder, the tender process would be done again.

11.7 Orders can be placed for quarterly requirement or as per necessary requirement.



11.8 During the issuing of orders the seasonal requirement has also to be considered.

12. It is mandatory to supply Goods/Drugs ordered should be supplied within 45 days from the date of order.

13. All drugs would be procured in generic name. All medicines to be procured would be manufactured in identified color wrapper on which it would be mandatory to write “Manufactured for MP Government”.

14. As far as possible the drugs would be procured under above procedure leaving aside the budget received under central program under drug Budget, Deen Dayal Pension Yojana , Budget for pensioners and Budget for Rogi Kalyan Samiti for purchase of Drugs or Budget under other institutions/bi-partite agreements have any other directions of drug procurement. Meaning thereby, that there would be one procedure of decentralized drug procurement across the State.

15. Drug Storage & Distribution:-

15.1 The drugs would be stored at the district level drug stores. At district level for 3 months and below district level for 2 months drugs/goods would be stored and the responsibility would be of the respective Health institution's Procurement Officer.

For the medicines which are not listed in the fast moving EDL can be procured as per requirement by open tender by the respective district level health institutions. In the purchase order the supply point would be district drug stores. In each district drug stores there would be one pharmacist, one data entry operator and two to three packaging assistants. The staff of District Drug Stores would be of the office of CMHO.

15.2 The Store Management of Drugs would be done based on Fast Moving and Slow Moving items and distributed as the FIFO (First in First Out), FEFO (First Expiry First Out) procedure and accordingly stores management procedure would be adopted.

15.3 The monitoring of the Drug stores would be software based, for which selected external agency (Tamil Nadu Medical Services Corporation) and M/s Broadline would give consultancy for one year with handholding at each level for training and capacity building. The cost on this expenditure by the selected external agency would be borne by the State Government after MOU.

15.4 The responsibility of Drug Cell at State Level would be to review extensively the drugs / goods purchased by the district level their availability, quality; over stocking of drugs, under stocking of drugs, life saving drugs and drug disposal and expiry would be the responsibility of the drug cell .For this

the In-charge Drug cell should be given more administrative powers so as to make him more competent.

16. Indent Book:-The indent books have to be provided in all Health Institutions within the district. All Health Institutions as per the annual budget allocated to them would put up their requirement of drugs to district level stores and after the drugs are provided would enter in the indent book with the value of the goods/drugs.

#### 17. Inspection of Quality:-

17.1 The laboratories would be accredited by the assistance of selected external agency (Tamil Nadu Medical Services Corporation) for the year 2009-10. For quality control in the State the sample of each batch Supplies of firms have to be sent to selected accredited laboratories within 3 days of the receipt by respective CMHO and CS. This is mandatory. All cost of testing and inspection would be borne by the respective supplier firms and would be deducted by the Procurement Officer from their respective supply bills.

17.2 Any member of the Technical committee and drug inspector can take samples from district level stores/Health Institutions from each batch of drugs

received at random which can be tested at Government Laboratory.

17.3 Except for hygroscopic drugs all drugs would be removed from the strip and labels etc removed and after giving a unique code to the sample would be sent from district level to the selected testing Accredited Laboratories.

17.4 If the drugs/medical goods supplied are found to be not of standard quality during testing by the supplier then the whole batch would have to be replaced or the value of the drugs be deposited in the form of Bank draft with the Procurement Officer of the Health Institution. The supplier would have to lift the complete batch of goods within 30 days on its own cost. Otherwise the cost of disposal would be deducted by the procurement officer from the supplier.

#### 18. Deduction in payments:-

18.1 If the successful bidder does not follow the terms & conditions of the tender or if he does not deposit the required security deposit in the time limit or takes back his tender or is unable to supply against the Award of contract then as per procedure the during payment deductions could be made by the Procurement Officer :-

18.1.1 Liquidity Damage at the rate of 0.5 percent per day to a max of 7.5 percent for supplies within 45 to 60 days would be charged if the goods are delayed.

18.1.2 If the goods are delayed beyond 60 days then on the remaining goods/drugs 20percent would be deducted as penalty and automatically the order would be considered as cancelled and the firm would be sent a notice from State level and its EMD would be forfeited.

18.1.3 The department can procure from other sources listed in the approved list the remaining part of the goods/drugs.

18.2 The firm would be blacklisted and whole amount of the ordered quantity would be recovered from the Supplier, Distributor or Manufacturer if after some part of the Goods/Drugs is used and the goods are found to be not of standard quality, less quality or not as per required specifications or not of good quality for consumption.

18.3 The decision of the Secretary/ Principal Secretary –Public Health & Family Welfare would be final and binding in case of any dispute regarding all cases under tender procedure or in any other extra-ordinary circumstances and would be acceptable to all.

18.4 The area of jurisdiction for the tender procedure would be court of Madhya Pradesh or Honorable High Court of Madhya Pradesh.

## 19. Payments:-

19.1 The verification of the bills of the supplier and supplied drugs/Hospital goods would be done by the Stores in-charge at the district facilities and verification of Capital Equipments would be done by Head of the Health Institution after successful installation and satisfactory working. On receipt of the verification of the goods/equipment it would be entered in the stock register. Payment would be made by the Procurement Officer of the institution from the budget allocated to the Health institution.

19.2 On receipt of the inspection report regarding quality the payment would be made in 30 days and responsibility would rest with respective CMHO, CS and all other Procurement Officers. It is mandatory that the payment must be made within 45 to 60 days of the receipt of drugs/goods. If there is any court case due to late payment then the responsibility of respective officer or employee would be fixed and interest on the principal amount would be recovered from him and paid to the supplier.

20. Miscellaneous:-The items which are necessary for the treatment of Patients or management of Hospitals will be purchased as per rule 14 (A) and (B) of MP Store Purchase Rules .Purchase of medicines,goods,instruments and other equipments etc will remain free from MP Store Purchase rule 14.

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