

H.P. STATE CIVIL SUPPLIES CORPORATION LTD; SHIMLA-171 009
"AYURVEDA BRANCH"

Please refer to U.O. No. HPSCSC/Admn./12-14/2005-31021-032 dated 06.12.2005 regarding Right to Information, Act 2005.

In this regard, we are to intimate that since 1993 the corporation is supplying medicines to the Ayurveda Department of H.P. Government. The 70% medicines of the total allocated budget is being purchased on the basis of CGHS Rate Contract. The short-listing of CGHS Rate Contract firms is being done by the Ayurveda Department and remaining 30% medicines are being purchased by inviting tenders from the local firms whose licenses have been renewed as per the provision of Drug and Cosmetic Act, 1940 and rules made therein for granting the GMP certificate. The supply of raw herbs to the Ayurvedic Pharmacy situated at Majra, Paprola and Jogindernagar is also being routed through this corporation by inviting open tender and the corporation is getting 4% service charges from the respective approved suppliers on the basic cost of medicines and raw herbs.

Consequent upon the past practice and to ensure that the purchase policy is transparent the H.P. State Government has decided to constitute two committees namely, State Level Purchase Committee and Technical Sub-Committee. The constitution of these committees is given as under:-

1. STATE LEVEL PURCHASE COMMITTEE:

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| 1. Pr. Secy./Secy./Addl. Secy./Jt. Secy./Dy. Secy. (Ayurveda) to the Govt. of H.P. | Chairman |
| 2. Special Secretary (Fin. Exp.) | Member |
| 3. Controller of Stores, H.P. | Member |
| 4. Managing Director, H.P. State Civil Supplies Corporation Ltd; | Member |
| 5. Director Ayurveda (H.P.) | Member Secy. |
| 6. Members of Technical Sub-Committee | Member |

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2. TECHNICAL SUB-COMMITTEE:

The State Government has revised the constitution of Technical Sub-Committee on 29.09.2005 for the purchase of medicines as under:-

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| 1. Director (Ayurveda) | Chairman |
| 2. Assistant Director (Ayurveda) | Member |
| 3. District Ayurvedic Officer | Member |
| 4. Sub-Divisional Ayurvedic Officer | Member |
| 5. Medical Superintendent | Member |
| 6. Lecturer/AMO (MD Ras Shastra) | Member |
| 7. Section Officer (SAS) | Member |

The Technical Sub-Committee shall make recommendation with choice of all categories of Ayurvedic Drugs and submit the same to State Level Purchase Committee for approval.

The State Level Purchase Committee shall finalise the choice of Ayurvedic Drugs/medicines/essential allopathic medicines/ dressing material etc. and submit the recommendations to H.P. State Civil Supplies Corporation Ltd; through Director Ayurveda, H.P. for placing the supply orders to the concerned firms to supply the requisite medicines etc.

After obtaining the demand of medicines along-with the recommendations of the State Level Purchase Committee, the civil supply corporation issued the supply orders on 30.12.2004 in favour of the approved suppliers of CGHS Rate Contract against the budget allocated for the year 2004-2005 and the suppliers arranged the supplies of medicines directly to District Ayurvedic Officer/Indenting Officers of Ayurveda Department. The Corporation had invited the tenders for 30% purchase of Ayurvedic Medicines on 28.03.2005 which were finalised by the State Level Purchase Committee on 05.07.2005 and supply orders were placed in favour of the approved firms on 20.07.2005 against

which 100% supplies has been arranged to the Ayurveda Department. So far as the purchases of Raw Herbs are concerned, the tenders of Raw Herbs were invited on 23.07.2005 and finalised by the Ayurveda Department on 05.09.2005. Thereafter we had requested the short-listed parties to deposit the 10% security money against total value of supply order of Raw Herbs. After receiving the 10% security money, the supply orders were placed in favour of the firms on 02.11.2005 but the supplies are being arranged by the firms. The bills/G.R's are also raised in the name of Indenting Officers and a photocopy of bill/GR be sent to the Head Office of the Corporation only for information. The District Ayurvedic Officer/Indenting Officer of Ayurveda Department verified the bills after receiving the medicines and forward the same to the Head Office of the Corporation for releasing the payment of the concerned firm. As soon as we receive the intimations from the suppliers and verified bills from the District Ayurvedic Officers/Indenting Officers, we make the necessary entries in the record being maintained by us regarding supplies arranged by the suppliers and bills forwarded to the Accounts Branch for payment. This work is being done manually. The Accounts Branch processes the bills on the basis of verification and make the payment to the firms concerned as per rates approved by the department.

After releasing the payment, the bills in original forwarded to the Director Ayurveda for reconciliation of funds by the Accounts Branch. In lieu of this whole process, the corporation is getting service charges @ 4% of the cost of medicines from the concerned firms.

In addition to above, this branch also looking after the work of Corporation's Medicine Shops. As per decision of the State Government, the Corporation has opened its medicine shops since 1992 in various Hospital Complexes in the State. At present Corporation is running 27 Medicine Shops in the state (List of medicine shop attached). These shops were opened in order to provide quality medicines at reasonable rates and round the clock services in Hospital premises where required. Purchase procedure of medicines meant for

further sales through Corporation's Medicine Shops has been set up and circulated to all field offices vide this office letter No. Pro/42/Ayur/2002-12983-989 dated 02.08.2002 and other letter No. Pro./42/Ayur/5/15-(Uni.Policy)-II-1182-1190 dated 20.04.2005. A photocopy of aforesaid letter is enclosed herewith for ready reference.

Since we are procuring the medicines from the authorised dealers as mentioned by the Principal Companies and not from other sources as such quality medicines as per approved formulary are being supplied to Corporation shops. The Corporation is keeping only those medicines, which are being prescribed by the Doctors to consumers/patients. Apart from above, the surgical items are being purchased by inviting open tender during the current financial year the tenders were invited on 03.06.2005 which were finalised on 09.09.2005 except Lenses Suture material and also circulated on the same day to the Area Manager of this Corporation for further necessary action. So far as appointment of Pharmacist is concerned, this work is being done by Administrative Branch.

For inviting the tenders of 30% local purchases, Raw Herbs and Surgical Items, we are enclosing herewith the photocopies of the tender forms prescribed by the Corporation as per Flag "A", "B" & "C" for information. For this purpose, the following files has been opened in the branch:-

1. Pro/Ayur/42-5/17-04-II-
2. Pro/Ayur/42-4/10(2004-05)-Raw Herbs-
3. Pro/Ayur/42-5/12(Surgical Items)-IV-

The Corporation have also invited tenders of instruments/equipments on 18.01.2006 to be supplied to the Rajiv Gandhi Post Graduate Ayurvedic College/Hospital, Paprola and District Ayurvedic Officer of Auirveda Department except Lahaul Spiti & Kinnaur Districts. Photocopy of above tender form is also enclosed herewith at Flag-"D".

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Keeping in view of the above facts, we can facilitate the Public Information Officer of the Corporation to deliver information to the applicants within the stipulated period of 30 days from the date of receipt of written request.

Distribution Manager

General Manager(Admn.)

U.O. No. Pro/Ayur/42-5/22/05(Right to Information)-

Dated: 24.12.2005

NOTE REGARDING PROCUREMENT OF MEDICINES FOR H.P. GOVERNMENT HOSPITALS AND OTHER HEALTH INSTITUTIONS THROUGH H.P. STATE CIVIL SUPPLIES CORPORATION LIMITED.

In February, 1991 the H.P. Govt. decided to procure medicines for H.P. Govt. Hospitals and other Health Institutions through H.P. State Civil Supplies Corporation Ltd. Since then this Corporation is arranging the supplies of medicines to them as per their Indents. The supplies are being arranged by the Corporation to the extent of 70% of the total budgetary provision for medicines and remaining 30% of the medicines are being purchased by the Chief Medical Officer and Heads of other Institutions at their own level in order to meet emergent requirements. Initially it was decided to procure medicines only from the Govt. of India undertakings Pharmaceutical Companies. Subsequently the State Govt. extended the scope of procurement of medicines to Multinational/National Houses of repute and 85 such companies were selected for the supply of the listed medicines. This procedure of purchase from the selected 85 companies was, however, challenged in CWP No. 319/93 filed by M/S Shiva Chem and others versus State of H.P. and others in Hon'ble High Court H.P. The main ground of the petition was that since the purchase of medicines was restricted from 85 selected companies, their fundamental right to compete business had been affected. While disposing of the said petition the Hon'ble High Court directed that in the tender proposed to be invited by the Corporation, all the manufacturers including the petitioners will have an opportunity to compete and sources of purchase selected, keeping in view the quality of medicines, position of suppliers and their reputation in the market and other relevant factors and that the other standard terms & conditions will be as prescribed in the notice inviting tenders.

In view of the aforesaid observations/directions of the Hon'ble High Court of H.P. the process of inviting open tenders through press was started in the year 1994. The Corporation has accordingly been inviting tenders every year for the medicines identified by the Sub-Committee of expert doctors under State Level Drug Purchase Committee as per terms & conditions approved by the State Level Drug Purchase Committee constituted by the State Govt. The composition of this committee is as under:-

1.	Secretary (Health) to the Govt. of H.P.	Chairman
2.	Managing Director, H.P. State Civil Supplies Corporation Ltd; Shimla	Member Secretary
3.	Add./Joint/Dy. Secretary (Health) To the Govt. of H.P.	Member
4.	Add./Joint/Dy. Secretary (Finance) To the Govt. of H.P.	Member
5.	Director, Health & Family Welfare, Shimla	Member
6.	Director, Medical Education/Principal, Indira Gandhi Medical College, Shimla	Member
7.	Prof. & Head of Department (Medicine), Indira Gandhi Medical College, Shimla	Member
8.	Assistant Drug Controller, Health & Family Welfare, H.P. Shimla	Member
9.	Controller of Stores, H.P. Shimla	Member
10.	Incharge (Store), Indira Gandhi Hospital, Shimla	Member
11.	Deputy Director (Incharge Store), Health & Family Welfare, H.P. Shimla	Member

This high powered committee determines the medicines to be purchased, selects the companies for supplying the medicines and decide the purchase price of medicines as per recommendations of the sub-committee of specialist doctors under the State Level Drug Purchase Committee, the composition of which is as under:-

1. **Managing Director, H.P. State Civil Supplies Corporation Ltd; Shimla** **Member**
2. **Deputy Director (Incharge Store) Health & Family Welfare, Shimla** **Member**
3. **Prof. & Head of Department (Medicine), Indira Gandhi Medical College, Shimla** **Member**
4. **Prof. & Head of Department (Surgery), Indira Gandhi Medical College, Shimla** **Member**
5. **Prof. & Head of Department (OBG), Indira Gandhi Medical College, Shimla** **Member**
6. **Prof. & Head of Department (Pharmacology), Indira Gandhi Medical College, Shimla** **Member**
7. **Prof. & Head of Department (Anesthesia), Indira Gandhi Medical College, Shimla** **Member**
8. **Prof. & Head of Department (Pediatrics), Indira Gandhi Medical College, Shimla** **Member**
9. **Prof. & Head of Department (Radiology), Indira Gandhi Medical College, Shimla** **Member**
10. **Sr. Medical Superintendent, Indira Gandhi Hospital, Shimla** **Member**
11. **Deputy Medical Superintendent, Indira Gandhi Hospital, Shimla** **Member**
12. **Two Senior Chief Medical Officers (One of them must have served in Tribal Area) to be nominated by the Director, Health Services H.P.)** **Member**
13. **Assistant Drug Controller, Health & Family Welfare, H.P. Shimla** **Member**

This committee assists the State Level Drug Purchase Committee for identifying the quality medicines, their source of supply and rates on which these are to be procured on the basis of tender invited for a particular year. The criteria for selection of sources is not merely the lowest quoted rates but profile of the company, morbidity, mortality profile, pharmacological and therapeutical experience of expert doctors in their respective field & past performance of the company & invaluable human life is also kept in view.

The S.L.D.P.C. has also nominated a Sub-Committee of experts from the department of Health & Family Welfare and Indira Gandhi Medical College and Hospital to sort-out day-to-day problems in the process of purchase of medicines. The constitution of the sub-committee nominated by S.L.D.P.C. is as under:-

1. Managing Director, H.P. State Civil Supplies Corporation Ltd; Shimla.
2. Prof. & Head of Department (Medicine), Indira Gandhi Medical College, Shimla.
3. Deputy Medical Superintendent, Indira Gandhi Hospital, Shimla.
4. Assistant Drug Controller, Health & Family Welfare Department, Shimla.

The Corporation is doing all secretarial job, e.g. preparation of comparative statement of rates and present the same before experts committee of doctors to enable them to make their recommendations regarding sources etc. to the State Level Drug Purchase Committee. The State Level Drug Purchase Committee, thereafter, considers recommendations of the experts and take final decision with regard to the selection of companies and purchase rates of the medicines.

The Corporation is arranging the supplies of medicines and Drug Kits for the Health Sub-Centres F.O.R. District Head Quarters as per indents received from the Chief Medical Officers etc. who are provided with a compact Indent Form indicating names of Drugs and their rates. Apart from medicines the supply of X-ray films, C.T. Scan films and chemicals are also being arranged by the Corporation to the Hospitals.

For executing all these tasks the Corporation is getting service charges @ 4% from the suppliers.

The tenders are invited for a period of one year i.e. 1st July to 30th June. The tender for the year 2005-2006 (1st July, 2005 to 30th June, 2006) was invited on 08.06.2005 and the same were opened by a Committee on 30.06.2005 in which 96 tenderers offered their bids. The List of medicines for which tender were invited has been categorised in two lists i.e. on containing Vital, Life Saving Drugs and the other general medicines. The technical bids were scrutinised by a Committee of Doctors/Experts. The financial bids of only those tenderers were opened whose technical bids are cleared by the Scrutiny Committee. Thereafter, comparative statement of rates was prepared and placed before the Doctors/ Experts for recommending sources of purchase and their rates. The recommendation of the Sub-Committee were further placed before the State Level Drug Purchase Committee headed by Secretary (Health) to the Govt. of H.P. for approval. After approval of sources of purchase and rates the same were intimated to the approved tenderers for confirmation of the quoted rates and other relevant facts. After approval of the rates the Indenting Officers were provided with a compact indent form for intimating their requirement of medicines. The three quarters for which requirement of medicines is called from Indenting Officer's is as under:-

1. April to July.
2. August to November,
3. December to March

As the finalisation of tender for the year 2005-2006 was delayed due to which the State Level Drug Purchase Committee decided to arrange supply for two quarters i.e. August to November, December to March by issuing supply orders to the approved companies in December, 2005. As per decision of the State Level Drug Purchase Committee supply order amounting to Rs. 274.38 were placed with the approved companies in 12/2005, supply against which is under progress.

The terms and conditions of tender for the year 2005-2006 along-with supply orders are appended for ready reference.