

**ITEM NO. 27(E-01)**

**1. Name of the Subject / Project.**

Administrative Approval and expenditure sanction of Rs. 250 Lacs for procurement of Allopathic Medicines for the year 2009 -2010.

**2. Name of the Department/ Departments concerned.**

Health, (Medical Sector)

**3. Brief History of the Subject/ Project.**

NDMC provides medical care including medicines to masses free of cost. A sum of RS. 250 Lacs has been allocated under Head of A/C D.2.2.4 (35/230/80/47/304 as per new chart of A/cs) in the budgetary proposal for the year 2009 – 2010 for the procurement of Allopathic Medicines. Last year the allocations were Rs. 225 Lacs out of which Rs.224.7 lacs were spent on Medicines Procurement.

The methodology which is being followed for medicines procurement is:

- (i) By quarterly placement of supply orders with the approved firms at the rates approved under the Rate Contract.
- (ii) Local purchase of medicines those are essential but not in stock with Central Medical Stores, from Kendriya Bhandar especially for the benefit for the employees and their dependents.
- (iii) Emergent purchase of Vital drugs those are either not available with Registered Firms or are not under rate contract, from open market by calling short terms quotations.

**4. Detailed proposal on the subject/ project.**

The Council vide its resolution No. 06 (E-8) dt 15.10.2008 (**Annexure – I See pages 125 - 126**) had approved the Rate Contract for the purchase of Allopathic Medicines for a period of one year from the date of execution of agreement. The said Rate Contract is valid till 15.10.2009. Accordingly, the department is likely to place two quarterly supply orders before the expiry of existing Rate Contract. In addition department will have to make local purchase of medicines upto Rs.2 Lakhs per month to discharge its obligations of medical care towards its employees.

The consumption of various medicines during the year 2008 – 2009 along with stock position as on 01.04.2009 has been documented in (**Annexure – II See pages 127 - 138**)

Logistic Management is the function of Medical Department as per Council Resolution No. 26 (E-6) DT 19/12/2007 (**Annexure – III See pages 139 - 140**). Accordingly, the department has sought administrative approval and expenditure sanction of the budgeted amount i.e. Rs.250 Lacs.

**5. Financial implication of the proposed project/subject**

Rs.250 Lacs

**6. Implementation schedule with timeless for each stage including internal processing.**

The supply order will be placed every quarters based on the rate of consumption of various drugs during the proceeding quarter. The usual time period granted for the completion of supply is one month.

**7. Comments of the Finance Department on the subjects.**

In view of the role of Finance Department and Medical Department having been decided by the Council vide its Reso.No.26 (E-6) dated 19.12.2007 for concurrence of the preliminary estimate for procurement of medical consumables, we have no objection to the proposal for accord of AA & ES for an amount of Rs. 250 Lacs for purchase of Allopathic Medicines during the year 2009 – 2010. The department, however, needs to ensure that: -

1. Approval of the Council is obtained.
2. Availability of funds under the Head of A/c D.2.2.4 (35/230/80/47/304 as per New Chart of A/cs).
3. The data placed on records is correct.
4. A preliminary estimate for the said amount is drawn and placed on records.
5. The role as defined by the Council vide resolution *ibid*, is strictly adhered to by it.
6. The amount of PE includes the cost of medicines to be procured on emergent basis as also to meet indent requirement of NDMC employees from Kendriya Bhandar or other sources.
7. Supply of medicines is received on quarterly basis in compliance with the decision taken by the Council vide its Reso. No.12 (E-2) dated 21.05.2008

**8. Comments of the Department on the comments of Finance Department.**

1. Case is being laid before the Council for its approval. Principal approval of the competent authority has already been obtained.
2. The funds are available under the head of accounts D.2.2.4 (35/230/80/47/304 as per new chart accounts).
3. The data placed on records is correct.
4. Preliminary estimate amounting to Rs. 250 Lacs is drawn and Annexed **(Annexure – II)**.
5. The role as defined by the Council vide resolution No.26 (E-6) dt 19/12/2007 is being strictly followed.
6. In the amount of P.E. includes expenditure on procurement of medicines on emergent basis, indent procurement of medicines for NDMC employees from Kendriya Bhandar.
7. The supply of medicines will be ordered quarterly.

9. **Legal implications of the subject :** Nil
10. **Details of previous Council Resolution, existing law of parliament and Assembly on the subject.**  
Nil
11. **Comments of the Law Department on the subject/project**  
L.A. has seen the case.
12. **Comments of the Department on the comments of the law Department.**  
None.
13. **Certification by the department that all Central Vigilance Commission (CVC) guidelines have been followed while processing the case**  
It is certified that all the CVC guidelines have been followed.
14. **Recommendations.**
- (a) Administrative approval and expenditure sanction of preliminary estimate of Rs. 250 Lacs (Rupees Two Hundred Fifty Lacs only) inclusive of taxes for purchase of Allopathic Medicines during the year 2009-2010.
  - (b) Approval to place supply orders every quarter based on requirement during the proceeding three months with a provision to place a supplementary order in between if, the need so arises, to the firms under the approved rate contract.
  - (c) Approval to place the supply orders of the first quarter in anticipation of the confirmation of the minutes.
15. **Draft Resolution :**  
Resolved by the Council that Administrative Approval and Expenditure Sanction of PE of Rs.250 Lacs (Rupees Two Hundred Fifty Lacs only) inclusive of taxes for the purchase of Allopathic Medicines during the year 2009-10 from the firms /suppliers under the approved rate contract by placing the supply orders every quarter with a provision of placing a supplementary orders in between if so required, is accorded. The permission is also accorded to place supply orders of the first quarter in anticipation of confirmation of the minutes.

### **COUNCIL'S DECISION**

Resolved by the Council to accord Administrative Approval and Expenditure Sanction to the preliminary estimate amounting to of Rs.250 Lacs, inclusive of all taxes, for the procurement of Allopathic Medicines during the year 2009-10, from the firms /suppliers approved under the rate contract by placing the supply orders every quarter with a provision of placing supplementary orders, in between, if so required.

It was also resolved that further action in the matter be taken in anticipation of confirmation of the minutes by the Council.

The Council further directed the department that the procurement and inventory management should be improved and proper mechanism be put in place to ensure that all the medicines are available to the patients but at the same time it is not excessive in stock. Efforts for improvement and upgradation

of CPH be continued so as to bring the facilities and functioning of the hospital at par with the best hospitals in the country.

**1. Name of the subject! project**

Annual Rate Contract for the purchase of Allopathic Medicine for the year 2008-09.

**2. Name of the Department / departments concerned.**

Health (Medical sector)

**3. Brief history of the subject! Project.**

Medical care of the masses through its hospitals, dispensaries and Maternity & Child Welfare centre is obligatory function of the council as defend under sec. 11 of the NDMC Act 1994. A sum of Rs.225 Lacs has been allocated under head of Account 02-2-4 in the budget estimates for the year 2008-09 for the purchase of allopathic medicines to provide free medical care in an endeavour to discharge its obligations. The medicines are purchased quarterly from the firms at rates approved under the rate contract.

The department empanels firms dealing with the manufacturing of allopathic medicines every 5 years fulfilling all the prescribed qualifying criteria to impart eligibility on them to participate in the tender process prescribed for finalizing rate contract under the codel requirements. At present the department has 45 firms on its panel approved vide council resolution no. 22(E-S) dated 18/6/2008 (Annexure I) (see page 34).

The rate contract once approved by the council remains valid for a period of one year from the date of its approval.

**4. Detailed proposal of the subject / project**

Sealed tenders were invited from all the 45 firms empanelled with NOMC in August 2008 and 44 of them responded to our tender query. The comparative statement was drawn upto compare the rates quoted by various firms in respect of different, formularies. Those preparations of the participating firms cheapest in their rates i.e. L - 1 were recommended by the sub committee for approval for the rate contract. A detailed list of the firms approved in respect of various drugs required to be procured for a period of one year hence forth with along with their rates has been, enclosed as annexure U (see pages 35 - 50).

**5. Financial Implications of the proposed project:**

A sum of Rs.225 Lacs has been allocated under the budgetary proposals for the year 2008-09 and the council has already accorded its administrative approval and expenditure sanction for the same vide its Resolution No. 12 (E-2) dated 21/5/2008.

**6. The implementation schedule with timeliness for each stage including internal processing.**

The rate contract will come into effect from the date of council approval and will remain valid for a period of one year. The department will procure its requirement of medicines by placing quarterly supply orders with in the sanctioned expenditure.

**7. Comments of the Finance Department on the subject.**

We concur in the proposal of the department for approval of annual rate contract for procurement of allopathic medicines for a period of one year from the date of approval of competent authority. However, our concurrence is subject to the following:-

1. Approval of the competent authority.
2. Availability of funds under the head of Alc D-2-2-4.
3. Correctness of information, data and computation.
4. Ensuring strict adherence to the role of Medical department as decided by the Council vide its

- Resolution No. 26 (E-6) dated 19/12/2007, and
5. Ensuring that procurement of medicines during the year 2008-09 is restricted to the amount of Rs.225 lacs (inclusive of all taxes) strictly in accordance with the council Resolution No. 12 (E-2) dated 21/5/2008.
- 8. Comments of the department on the comments of finance Department.**
1. Case is being laid before the council for approval.
  2. Funds are available under the head of A/c D-2-2-4.
  3. The information data and computation is correct.
  4. The role as define by the council vide resolution no. 26 (E-26) dated 19/12/2007 is being strictly followed.
  5. It is ensured that procurement of medicines during the year 2008-09 will be restricted to the amount of Rs.225 lacs (inclusive of all taxes) strictly in accordance with the council resolution no. 12 (E-2) dated 21/5/2008.
- 9. Legal implications of the subject**  
Nil.
- 10. Details of previous Council Resolution, existing law of Parliament and Assembly on the subject.**  
Council resolution no. 22 (E-5) dated 18/6/2008 Annexure I (See page 34).  
Council resolution no. 12 (E-2) dated 21/5/2008 Annexure III (See page 51)
- 11. Comments of the Law Department on the subject/project**  
Nil
- 12. Comments of the Department on the comments of the law Department.**  
N.A
- 13. Recommendations.**  
Approval of Annual Rate Contract as proposed in Annexure II (see pages 35-50) for a period of one year from the date of council resolution for the council resolution for the procurement of allopathic medicines.
- 14. Draft Resolution.**  
Resolved by the council that the annual rate contract for the procurement of allopathic medicines for a period of one year from the date of council approval as detailed in Annexure II (See pages 35-50) is approved.

### **COUNCIL'S DECISION**

Resolved by the Council that the annual rate contract for the procurement of allopathic medicines for a period of one year , as detailed in Annexure II of the preamble, is approved w.e.f. 15/10/2008.

It was further resolved that the department may initiate necessary action in anticipation of confirmation of the minutes by the Council.

**1. Name of the Subject / Project.**

Policy regarding role of Finance and Medical Department for the concurrence of preliminary estimates for the procurement of medical consumables.

**2. Name of the Department/ Departments concerned.**

Health, (Medical Sector)

**3. Brief History of the Subject/ Project.**

At present the quantities of various medical consumables projected by the department for the calculation of preliminary estimates for procurement are subject matter of review by the Finance Department. In the event of divergence of opinion between the departments over the quantities projected in the preliminary estimates, its resolution often takes substantial time which in turn results in delay in procurement. It has necessitated review of the existing system for seeking concurrence of preliminary estimates.

**4. Detailed proposal on the subject/ project.**

During the deliberations on the expenditure sanction for the procurement of Allopathic Medicines in the Council Meeting dated 17.10.2007, it emerged that assignment of definite roles to the various departments involved in the process of procurement of medical consumables shall expedite the process of finalization of the proposals. Accordingly, the following definite roles have been proposed for these departments to avoid over – lapping of functions:

**1. Role of the Finance Department for the concurrence of the preliminary estimates and approval of the rate contract.**

1. Monitoring of budget allocations so that the expenditure does not exceed the sanctioned allocations.
2. To ensure that the proposed expenditure is for the purpose for which the funds are allocated.
3. That all codal requirements proposed in the General Financial Rules to ensure total transparency, competitiveness, fairness and elimination of arbitrariness in the process of procurement have been observed.
4. Enforcement of efficiency, economy and accountability in the procurement system.
5. That the proper care was taken in the evaluation, selection, ranking the responsive bids and selection of the successful bidder for placing of contract.

**2. Role of the Medical Department.**

1. Determination of the quantities of the consumables based on fair and justifiable grounds.
2. Proper Inventory Management to avoid over-stocking or short falls.
3. To ensure that there is no wastage of municipal funds on account of mis-use or expiry of supplies or on account of inventory carrying cost due to over-stocking.

**5. Financial implication of the proposed project/subject**

Nil

**6. Implementation schedule with timeless for each stage including internal processing.**

N.A.

**7. Comments of the Finance Department on the subjects.**

In the matters of concurrence for quantities and estimated cost, a substantive decision to be taken, formulating a policy spelling out the specific point of reference.

**8. Comments of the Department on the comments of Finance Department.**

None

**9. Legal implications of the subject**

Nil

**10. Details of previous Council Resolution, existing law of parliament and Assembly on the subject.**

None

**11. Comments of the Law Department on the subject/project**

Nil

**12. Comments of the Department on the comments of the law Department.**

None

**13. Recommendations.**

The policy formulated in para 5 is noted to Council for information and adoption.

**COUNCIL'S DECISION**

The policy regarding procurement of Medical consumables as enumerated in para 4 (A) was noted by the Council.

It was further resolved by the Council that Sh. Mukesh Bhatt, Member of the Council member associated by the Deptt. in the procurement process.