

**GOVERNMENT OF INDIA
HEALTH AND FAMILY WELFARE
LOK SABHA**

UNSTARRED QUESTION NO:1203
ANSWERED ON:30.11.2012
PROCUREMENT DISTRIBUTION OF MEDICINES
Vijayan Shri A.K.S.

Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

- (a) whether the Government has decided to set up a company with Independent Directors on board to procure drugs and equipments to be distributed to State-run medi-care centres;
- (b) if so, the details thereof;
- (c) whether the existing system of procurement of drugs/medicines and their distribution to the States is not transparent; and
- (d) if so, the extent to which the setting up a company will improve distribution of drugs to States and prevent leakages and red-tapism?

Answer

MINISTER OF HEALTH AND FAMILY WELFARE (SHRI GHULAM NABI AZAD)

(a) & (b) Yes. Government has set up a society in the name of Central Medical Services (CMSS) on 22nd March, 2012, under Societies Registration Act, 1860. The objective of this Society is to function as an independent, professional and autonomous agency for procurement of quality health sector goods and services required by the Department of Health and Family Welfare, Ministry of Health and Family Welfare in a transparent and fair manner and make the goods available at convenient locations for the benefit of the users by addressing efficiently the supply chain issues.

(c) Following major deficiencies have been identified in the current system of procurement of health sector goods:

- (i) Absence of IT enabled supply chain management.
- (ii) Inadequate supply chain infrastructure.
- (iii) Manual collection of data and absence of any credible Management Information System (MIS) for proper stocking and inventory management.
- (iv) Delays in estimation of quantities and in settlement of tenders leading to delayed supplies.

(d) CMSS will improve distribution of drugs and prevent leakages and red-tapism by introducing the following:

- (i) IT enabled transparent and competitive systems for procurement so that goods are procured at competitive rates.
- (ii) An efficient supply chain to prevent leakages.
- (iii) An MIS to prevent stock outs and excess inventory and also to reduce wastage.
- (iv) Society shall function as an independent, professional and autonomous agency.