



भारत सरकार
रेल मंत्रालय (रेलवे बोर्ड)
Government of India
Ministry of Railways
(Railway Board)



2017/H/4/1/Local Purchase (E-3236402)

Dated: 31.07.2023

The General Managers, All Indian Railways/PUs, NF(C), CORE
DG/RDSO/Lucknow, NAIR/Vadodara
PCAO, PLW/Patiala, COFMOW
CAO, WPO/Patna, RWP/ Bela
CMDs/ MDs of Indian Railway PSUs/ Autonomous Bodies / Societies

Sub: Local Purchase of Medicines, Surgical Items and consumables etc

Ref: Railway Board letter No 2017/H/4/1/Local Purchase dated- 31-10-2018

Local Purchase of Medicines, surgical items and consumables etc. is an important requirement in providing adequate and timely health care services by Railway hospitals. Various Railways have been following different systems for Local Purchase bringing in non-uniformity in systems across Railways. In this background, to streamline the system, need was felt to adopt a uniform system across Railways. Vide Board's letter at reference above, guidelines were issued on the matter. The matter has further been examined in consultation with Health and Finance directorate of Board and in supersession of Railway Board letter under reference, the following guidelines are issued: -

2.0 The guidelines cover following aspects: -

- i) Local Purchase of medicines, surgical items and consumables etc by entering into Rate Contracts with vendors i.e. firms / distributors / chemist shops on the basis of discounts offered by vendors.
- ii) Process of receipt, accountal, payment and other related issues for such purchases.

3.0 Process for entering into Rate contract for local purchase.

- a. Separate rate contract shall be entered for each group i.e. Medicines, Surgical items and Consumables.
- b. Rate contract shall be for a period of two years. Under exceptional circumstances, to maintain the continuity of supply, period of rate contract can be extended for a period maximum upto 03 months at a time with the approval of hospital in charge i.e. MD (for Central hospitals and attached Health

Handwritten signature
31/07/23

Units) / CMS (for Divisional Hospitals and attached Health Units/ CMO (PUs) and concurrence of Associate Finance. Total extension shall not be more than 6 months.

- c. Mode of tendering shall be single stage single packet system with OPEN tender.
- d. Eligibility criteria and other terms and conditions including required documents etc should be clearly and unambiguously detailed in the tender so that prospective tenderers can clearly understand the scope of supply and terms and conditions and acceptability of the offer can be considered by competent authority based on the tender documents of Railway and bids submitted by the vendors.
- e. While publishing the tender, the approximate value of the items purchased and broad information of items purchased in Local purchase in previous two years as well as likely to be purchased against the proposed rate contract needs to be included in the tender for the purpose of information to bidders, for fair competition and maintaining transparency in the tender.
- f. To ensure continuity of supply, process for entering into rate contract should be initiated sufficiently in advance to expiry of existing rate contract. Time of start of rate contract (e.g. one month from the date of rate contract) and period of rate contract with provision of extension should be stated in the tender.
- g. Tender may be called individual hospital-wise as decided by hospital in-charge i.e. MD (for Central hospitals) / CMS (for Divisional Hospitals)/CMO (for PUs) or for a group of Hospital with Health Units, / or Health Units by the MD or Divisional in-charges as per their jurisdiction.
- h. Tendering shall be through e-tender on IREPS. Guidelines on website/ print media advertisement for tendering process shall be followed:
- i. For evaluation of the bids received there shall be tender evaluation committee consisting of :
 - i. Three officers of Sr scale level (One each from Medical, Stores and Finance/Accounts department) for tenders with estimated value upto Rs 50 lakhs. The convener of Tender committee shall be from Medical department and Accepting Authority shall be minimum JA grade level (from Medical Department).
 - ii. Three officers of JA grade level (One each from Medical, Stores and Finance/Accounts department) for tenders with estimated value above Rs 50 lakhs and upto Rs 10 crores. The convener of Tender committee shall be from Medical department and Accepting Authority shall be minimum SAG level (from Medical Department). In case no SAG level officer is posted/available and SAG/DACP is looking after the work of SAG, SAG/ DACP shall be accepting authority.
 - iii. Three officers of SAG level (One each from Medical, Stores and Finance/Accounts department) for tenders with estimated value above Rs 10 crores. In case no SAG level medical officer is posted/available and SAG/DACP is looking after the work of SAG, SAG/ DACP may be TC member. The convener of Tender committee shall be from Medical department and Accepting Authority shall be HAG level (from Medical Department).
 - iv. Nomination of members by the respective department in-charges / PHOD's as the case may be.
- j. Comparative charts of the financial bids for each of the categories (Medicines, surgical items and Consumables), in terms of discounts offered by vendors (vendor offering maximum discount



being L-1), shall be prepared and vetted by accounts. Vetting is not required if tender is e-tender on IREPS and tabulation is system generated. In that case system as followed for e-tenders shall be followed.

k. Reasonability of the discounts offered by vendors shall be assessed while deciding the tender.

l. To avoid failure of supply in hospital, as per the need, Rate contract may be entered with more than one vendor for local purchase as per need. Decision in this regard shall be taken by hospital incharge i.e. MD (for Central hospitals) / CMS (for Divisional Hospitals)/CMO (for PUs). Such intention of the purchaser shall be disclosed in advance in the tender.

m. Quantity to be ordered against rate contracts shall be graded in relation to discounts offered by vendors i.e. L1 will get the maximum supply orders. In case of two vendors distribution of orders (value wise) should be in the ratio of 70:30 on monthly basis. Suitable methodology may be adopted. In case of three vendors distribution of orders (value wise) should be in the ratio of 60:25:15 on monthly basis. Suitable mechanism may be worked out to implement this. While deciding the tender, the distribution should be followed as far as possible. These provisions must be transparently disclosed in the tender.

n. Vendors offering maximum discount on MRP shall be considered for rate contract, individually for each category- medicines, surgical items and consumables. If rate contract is to be entered with more than one vendor, discount offered by L1 should be counter-offered to other selected suitable higher bidders i.e. L2, L3 (as applicable) for acceptance. The bidders accepting the counter offers shall be finalized for placement of rate contract as per the predefined distribution. (The ratio will remain same to give the advantage to the one whose offer was L1)

o. The tender committee shall evaluate the bids received for eligibility, techno-commercial suitability and financial suitability of the bids and give its recommendations to the Tender Accepting Authority for its consideration through convener of the committee. Rate contracts shall be placed as per the acceptance of the Accepting Authority.

p. EMD / Security deposit, based on the annual estimated value of the Rate contract, should be taken from vendors as per the extant instructions.

4.0 Techno-commercial details:

Complete techno-commercial requirements/details from Railway side and information required from vendors should be provided in the tender. Important requirements are listed below-

a. Service levels

- i. Services should be available 24x7 or 12x7 or 24x6 etc. (as per the requirement).
- ii. Supply/delivery of the items shall be done as per the local requirements.

For example –

- a. Items shall be supplied on the same day preferably before the closure of OPD, if the indent has been placed at least 4 hours before closure of OPD timings.



- b. In cases of life saving emergencies, vendor should be able to supply the item on a short notice preferably within one/two hour of being intimated on phone / Whatsapp / message or fax etc as decided.
- c. Different time limits can be set for different medicines, surgical items or consumables as per local requirements.
- iii. Timely supply against the supply order along with full quantity and quality/brand etc as asked shall be the essence of the contract.

b. Facilities

- i. Location related to the supply points/hospital(may only be included if considered essential as per the local conditions, else delivery requirements should cover this aspect)
- ii. Should follow statutory laws as laid down by central/state government authority for running the facility.
- iii. Requirement of proper storage, maintenance of stocks, cold chain etc (if required, specific requirement to be defined clearly in the tender)

c. Legal/statutory requirements –

- i. Valid drug license for storage and supply of drugs as stipulated by the local authority of the concerned state government. Also, valid license/legal/local formalities for establishment as well as manpower.
- ii. It should have the valid documents as laid down by Local, State and Central Government agencies or other government bodies from time to time.
- iii. GST registration details
- iv. Any other statutory / legal requirements.

d. Financial capability:

- i. Average Annual Turnover of the vendor for the last three completed financial years prior to date of opening of tender should be equal to or more than (\geq) three times the average annual value of retail local purchase procurement made by that Railway hospital in the last three completed financial years or three times the estimated annual value of purchase, whichever is higher.
- ii. Vendor should show profits in at least two out of the three last three financial years. Balance sheet/Profit – loss account certified by CA should be called for this purpose.
- iii. Details of registration with any Government/Private/corporate Hospitals and past experience of supply to Government/Private/corporate Hospitals for establishing the performance/Capacity of the vendor. Documents related to registration and contract copies along with satisfactory working in these organisations should be called.



Done
21/07/23

e. Others

- i. Termination of Rate Contract – Railway reserves the right to terminate the rate contract any time without assigning any reason to vendor. However competent authority (of the level of Tender Accepting Authority) shall give speaking orders with reasons to be recorded for such actions.
- ii. The purchaser shall have the right to ask the vendor to show the purchase bill for the medicine/other items to ensure genuineness of the items being supplied.
- iii. Railway reserves the right to send the drugs etc supplied in L.P. to be tested by Govt and other approved testing laboratories and, if required, to inform Drug Controller for suitable action.
- iv. The offer of given discount on MRP will be valid for the entire period of validity of rate contract including the extended period if any.
- v. Vendor shall indemnify the Railway administration for any loss or liabilities arising due to defective/sub-standard supplies by the vendor.
- vi. Packaging and Delivery requirements: Standard packaging norms based upon the Medicines, Surgical Items and consumables requirements shall be followed as per extant practice. Delivery shall be made by the supplier in accordance with the Local requirements.

5.0 Operation of Rate Contract

- a. Supply Order against the rate contracts should be placed on the vendor(s) as per the criteria and periodicity fixed by the hospital in charge i.e. MD (for Central hospitals/*Attached Health Units*) / CMS (for Divisional Hospitals/*Attached Health Units*)/CMO (PUs) based on the requirement and fulfilling the criteria in the tender document/contract. Supply order shall be issued exercising Local purchase powers provided under Medical SOP for Medical department.
- b. Procedure for placing the supply order, i.e. whether through physical handover to the representative of vendor during visit to hospital/ health unit or through FAX or email / digitally signed order or any other means should be pre-decided and mentioned in the tender.
- c. Wherever HMIS is fully implemented, live data of stock of all drugs including alternatives will be visible to all doctors and pharmacists. Wherever HMIS is not available, Store pharmacist will circulate the updated list of available items in stock periodically (periodicity to be fixed by hospital in charge i.e. MD (for Central hospitals) / CMS (for Divisional Hospitals)/CMO (PUs) for the information of all doctors working in the hospital.
- d. Treating doctor will issue the LP slip to LP pharmacist who will compile all such prescriptions as per stock position, duly certifying that all the items indented are out of stock in store, and put up to the medical officer looking after store for necessary scrutiny. Then it will be put up to hospital in charge i.e. MD (for Central hospitals) / CMS (for Divisional Hospitals)/CMO (for PUs) for final approval. MD (for Central hospitals) / CMS (for Divisional Hospitals) /CMO (for PUs) can nominate a IRHS officer for this purpose.



It will be done through HMIS as per laid down procedure, wherever HMIS is implemented.

- e. After final approval, LP pharmacist will place the supply order on the vendor(s) as per the criteria and periodicity policy already decided.
- f. Timeline for supply should be strictly followed.
- g. If a vendor fails to supply as per the supply order placed as per contract conditions of rate contract, that particular item shall be procured from the next vendor due for the next supply order as per the criteria and periodicity policy already decided for placement of supply orders and the failure will be recorded in performance register against the defaulting vendor. If this arrangement fails and there is extreme urgency, hospital in charge i.e. MD (for Central hospitals) / CMS(for Divisional Hospitals) /CMO(PUs) can permit purchase from the open market.
- h. Poor performance of the defaulting vendor shall be recorded. Any extra expenditure incurred in arranging the required items due to default of the vendor in supply shall be recovered from the defaulting vendor.
- i. Efforts should be maintained to limit the local purchase. The items frequently procured through local purchase should be converted as stock item and their regular availability should be ensured by including these regularly in AMI/Supplementary indent / Special indent, procured by Stores department.

6.0 Process of Receipt, Accountal, Payment, Issue and other related issues for items under local purchase.

- a. Medicines and other items should be supplied by the same quality/ brand etc as mentioned in the supply order. No alternate or substitute will be accepted. However, in case there is no option, the indenting officer will obtain permission from hospital in charge i.e. MD (for Central hospitals) / CMS (for Divisional Hospitals)/CMO(PUs) for accepting any alternative medicine or item in consultation with the treating doctor.
- b. Wherever possible, Receipt register will be maintained by the store pharmacist on UDM and all items received should be entered into UDM Software. Details of each receipt shall be entered in this receipt register and sign of the vendor or its authorized representative while making deliveries shall be taken (with date and time along with his personal identity details) on the receipt register. Store pharmacist concerned taking the deliveries shall also sign the register against each delivery. Acknowledgement of the receipt of the items shall be given to vendor after entry in the register and signature of store pharmacist concerned and vendor or his authorized representative.
- c. Entries in the register shall be maintained neatly and properly and would be final and shall not be put to question in any dispute (including before any arbitrator/ court). This should be made part of the tender document.

Wherever UDM is integrated with HMIS, all items are to be taken from UDM directly to HMIS store module.



d. Receipt register shall also keep record of the value of supplies with discounts as per the contract and total value of the supplies received from a vendor.

Receipt register shall also be maintained in UDM, wherever UDM is integrated with HMIS.

e. Performance register will be maintained by the store pharmacist concerned and shall be countersigned by a medical officer (doctor in-charge of store at that unit). It will have record of all - Failures in supply, delay in supplies, failure related to right quantity/quality/brand as asked for etc.


f. Bill should be verified by Pharmacist in charge of local purchase and by the doctor looking after the medical stores before same is submitted to the bill passing authority i.e. - hospital in charge i.e. MD (for Central hospitals) / CMS (for Divisional Hospitals)/CMO (PUs) OR nominated SAG/ JAG IRHS Officer, not below the rank of DMO. In case no SAG level medical officer is posted/available and SAG/DACP is looking after the work of SAG, SAG/DACP may be nominated for bill passing. For timely payment to vendors, schedule for processing of bills should be decided in consultation with finance.

g. Payment should be online directly to the vendor's bank account and all care shall be taken to ensure that bills are cleared within a reasonable period of time to be decided in consultation with Associate Finance.

h. System of ordering, receipt, accountal and payment of Local Purchase items should be digitized through integration of UDM with HMIS within 3 months.

i. Fund for Local purchase is not to exceed 15% of the budget allocated to that unit. If it is proposed to exceed, approval of PCMD is to be taken.


(Chandan Kumar)
Director Railway Stores (IC)
Railway Board


(Dr. Praval Pant)
Director(IH)
Railway Board

No. 2017/H/4/1/Local Purchase (E-3236402)

Dated: 31.07.2023

1. PFAs, All Indian Railways & Production Units
2. The ADAI (Railways), New Delhi
3. The Directors of Audit, All Indian Railways


For Member Finance
Railway Board

LIST FOR DISTRIBUTION

Directors of all CTIs,
PCMMs, PCEs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs, COFMOW, CORE, WPO/Patna and
RWP/Bela
Sr. Prof. (Material Management), NAIR, Vadodara, ED (Stores), RDSO,
Chief Commissioner, Railway Safety, Lucknow
Zonal Railway Training Institute, Sukadia Circle, Udaipur

Copy to:

The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
The Secy. Gen., RPOF, Room No. 268., FROA, Room No. 256-D & AIRPOA, Room No. 256-D Rail
Bhavan

Copy to:

PSOs/Sr. PPSs/PPSs/ PSs to:

MR, MOSR(D), MOSR(J)

CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG (RPF), DG(HR), DG(Safety)

Advisor/MR, EDPG/MR, OSD/MR, OSD/Coord/MR and Addl PS/MR

All AMs, PEDs & Executive Directors of Railway Board

 31/8/23

