

No. 22D(01)/2016/WE/D(Res-I)  
Government of India  
Ministry of Defence

New Delhi, the 22nd August, 2017

To,  
The Chief of Army Staff  
The Chief of Naval Staff  
The Chief of Air Staff

**Subject : Modification of Procedure for procurement of Drugs and consumables for Ex-servicemen Contributory Health Scheme (ECHS)**

Sir,

There have representations from the veterans regarding supply of medicines. DGAFMS has undertaken a series of modifications to procedures of procurement of medicines for ECHS beneficiaries. Meetings have been held with all the stakeholders and with due deliberations it has been decided to adopt a procedure in line with Authorised Local Chemist model of CGHS for procurement of medicines through the Empanelled local chemists.

2. With reference to Govt of India, Ministry of Defence letter No 24(10)/ 03/US(WE)/ D(Res) dated 25th November, 2003, I am directed to convey the sanction of the Government on the Modification of Paras 17 to 25 and addition of Para 26 regarding Local Purchase of Emergent, Life saving and Essential and Not Available drugs for ECHS as under :-

**For**

Para 17 to 25: Existing

**Read**

17. In all stations with ECHS polyclinics, local medical stores/ chemists will be empanelled for supply of Not Available, emergent, life saving and essential drugs on as required basis.


18. The empanelment of local medical stores/chemists will be done by a Board of Officers constituted by the Station Commander which will comprise:-

Chairman – SO ECHS/ Col Rank officer detailed by Station Commander.

Members – Lt Col (Non Medical) detailed by Station Commander

- Jt Dir Hospital Services of Regional Centre concerned/ Medical Officer detailed by Station Commander
- Rep of IFA / PCDA / CDA

19. The Board of Officers will invite Tenders through advertisement in the local press and e-procurement portal from local medical stores/chemists for empanelment with ECHS Polyclinic. The Board will check the Technical parameters as per Tender



... 2/-



Enquiry. The Board will arrive at L1 Vendor based on maximum overall amount of discount on MRP for all the drugs to be supplied with a minimum QR of 15%. The tenderers will quote an overall discount figure irrespective of the quantity or number of individual drugs. The Board will consider parallel rate contract with L2 and L3 vendors and include their names in recommendation if those vendors agree to the L1 rates. The Board of Officers will submit a recommended list of local medical stores/chemists to the Station Commander for approval. The Contract will be signed with the approved local medical stores/chemists by Stn HQrs for a period of two years. The detailed terms and conditions, formats of Tender Enquiry and Contract will be based on CGHS TE and contract of Authrosied Local Chemists. All CGHS Authrosied Chemists in the same city will be considered as deemed empanelled i.e. need not participate in TE but sign the contract with Stn Cdr.

20. When an drug prescribed by the Medical Officer in the ECHS Polyclinic is 'not available' as confirmed from the stock in the medical store of polyclinic, the Officer in charge Polyclinic will raise a demand to the empanelled local medical store/chemist. The demand will be supported by prescription signed by the Medical Officer managing the case. In all such cases, the Medical Officer will ensure that there are no other substitutes available in the Polyclinic medical store in lieu of the drug required. Branded drug will be prescribed with due medical justification only. On receipt of the demand, the empanelled local medical store chemist will supply the required drug to the Polyclinic. The indents will be preferably raised online to the empanelled local chemists and timelines as per CGHS contracts will be followed.

21. The Bills for the drugs supplied will be forwarded by the empanelled local medical store/chemists monthly to the Officer in charge Polyclinic along with a copy of the demand raised by the Polyclinic. The Officer in charge Polyclinic will after due verification authenticate the receipt of drugs/consumables and forward the consolidated bills by the 5th of the following month to the Stn HQrs who will process the same for releasing payment with sanction of Station Commander/ appropriate CFA.

22. The payments on account of procurement of drugs and consumables from empanelled local chemists will be made from the cash assignments placed at the disposal of Station Commanders and in exercise of delegated financial powers vide para 1 of Appendix to GOI letter No 24(3)/03/US(WE)/D(Res)(i) dated 08 Sep 03 relating to payments and reimbursements for medical expenses. Funds required will be placed at the disposal of Station Commanders by Central Org ECHS. The payments will be effected by cheque/electronic payment.

23. The monetary ceiling for expenditure are enhanced as follows :

Type A & B Polyclinics	:	Rs 2.5 lakh per month
Type C Polyclinic	:	Rs 1.5 lakh per month
Type D Polyclinic	:	Rs 1 lakh per month

Any expenditure above this limit will be approved by CO ECHS. The CO ECHS may re-appropriate the required funds from other polyclinics if required.

24. The list of drugs and consumables indented from local chemists alongwith quantity indented will be included in the polyclinic indent to SEMO when due.





Monthly list of such drugs will be forwarded to SEMO for initiating procurement action by SEMO. As specified in MCI Ethics Rules, pharmacy of a polyclinic is not an open pharmacy but is meant as self dispensing of medicines prescribed by Medical Officers/ Doctors of polyclinic only. All other prescriptions issued by other consultants shall be rewritten by polyclinic doctor keeping in mind availability, patient's condition and other drugs prescribed.

25. The expenditure on account of local purchase of drugs and consumables from empanelled local medical stores/chemists will be monitored separately under the relevant revenue head.

26. The Polyclinics will maintain a separate account for all purchases of this nature. All daily transactions will be maintained and particulars of patients who are issued the essential medicines will be recorded. The records will be checked by a Boards of Officers detailed by the Station Commander, and will be audited by Local Audit Officer (LAO) every quarter.

4. Rest of the letter no change. The modification will be effective from the date of issue of instructions by CO ECHS.

5. 'Not Available' drugs mentioned in para 15 pertain to stock position in Service Hospitals and will not be applicable to 'Not Available' drugs in Para 17 and para 20 as it pertains to state at Polyclinics.

6. This issues with the concurrence of Ministry of Defence (Finance) vide their U.O. No. 10(3)/2016/FIN/Pen dated 3.8.17

Yours faithfully

  
(A K Karn)

Under Secretary to the Govt. of India

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1. CGDA, New Delhi
2. DGADS, New Delhi
3. SO to Defence Secretary /PPS to Secretary, ESW
4. PPS to Secretary (Defence/Finance)
5. PPS to AS (Acquisition)
6. PPS to AS (T) / PPS to AS (I)
7. Addl FA (RK) & JS
8. JS (ESW) / JS (O/N)
9. Dir (Finance/AG)
10. Defence (Finance/AG/PD)
11. DFA (B)/DFA (N)/DFA (Air Force)
12. AFA (B-1)
13. D (Works) / D (Mov) / D (Med)
14. O&M Unit

**Also to:-**

15. DGAFMS
16. DGDE, New Delhi
17. DGD C&W
18. QMG
19. DGMS
20. DGMS (Air)
21. DGMS (Navy)
22. AOA
23. COP
24. MD Central Org ECHS
25. ADG C&W
26. DG (Works), E-in-C Branch
27. ADG (FP)
28. All Command Headquarters
29. AG Branch / CW-3
30. Navy Headquarters (PS Dte)
31. Air Headquarters (PS & R)
32. CGHS Nirman Bhawan, : For issuing suitable instructions to ALC

**Copies signed in ink :-**

33. PCDA (Army), Bangalore
34. PCDA (WC), Chandigarh
35. CDA (Army), Patna
36. PCDA (SC), Pune
37. CDA (Army), Meerut
38. PCDA (NC), Jammu
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