



Medicine Supplies and Make in India

Why in News

Recently, the **Ministry of Railways** has written to the [Department for Promotion of Industry and Internal Trade](#) (DPIIT) seeking **exemption for procuring certain medical items** manufactured outside India, particularly medicines used in the treatment of [Covid-19](#), [cancer](#), etc.

- DPIIT is a **central government department** under the **Ministry of Commerce and Industry**.

Key Points

▪ Background:

- In **August 2020**, Northern Railway formally wrote to the Railway Board, expressing **difficulty in procuring drugs and surgical items in the light of the [Make in India](#) policy**.
 - Indian Railways is **one of the largest employers in the country** with over 12 lakh employees and **has its own network of healthcare infrastructure**, including super speciality hospitals in all Zonal Headquarters.
- It highlighted that certain **drugs used in cancer treatment** and the **supplies of antiviral medicines and the vaccines for Covid-19** are manufactured outside India but available in the Indian market through agents or dealers, who **may not fall under the Class-I or Class-II categories**, which is required for purchases under the new Make in India guidelines.
 - The revised **Public Procurement (Preference to Make in India), Order 2017** introduced a concept of Class-I, II and non-local suppliers, based on which they will get preference in government purchases of goods and services.
 - In **June 2020**, the **government modified public procurement norms** to give **maximum preference to companies whose goods and services have 50% or more local content**, a move aimed at promoting 'Make in India' and making the country self-reliant.

▪ Issue:

- In the existing **Make in India policy**, there is no window available to procure such items from the suppliers who may not meet the **Local Content Criteria required for Class-I and Class-II Local Supplier category**.
 - **Class-I** is a local supplier or service provider whose goods, services or works offered for procurement have **local content equal to or more than 50%**.
 - **Class-II** is a supplier or service provider whose goods, services or works offered for procurement have a **local content of more than 20% but less than 50%**.
 - **Only these two categories of suppliers shall be eligible to bid in the procurement** of all goods, services or works and with an estimated value of purchases of **less than Rs. 200 crores**.
- It is therefore **proposed to seek an exemption to procure** such medicines and medical

items from Indian Market from 'non-local suppliers' (suppliers who supply local content of less than 20%).

- However, the DPIIT informed that **procurement of imported items through Indian agents/traders amounted to an indirect violation of the General Finance Rules, 2017** and hence, it was **not recommended and advised to get specific relaxation** for procurement of such medicines/medical equipment.
 - **Rule 161 (iv) of GFR 2017** was amended by the **Department of Expenditure** in May 2020 order to **restrict global tender enquiry for contracts worth more than Rs. 200 crore.**
 - This was intended to enable floating of local tenders by procuring entities of the government to benefit local entities.
- The purpose of seeking relaxation was to **achieve indigenisation of the items** that are **presently not being manufactured in the country** and the **objective is defeated** in case the subject relaxation is granted.
- The DPIIT has forwarded the issue to the **Department of Pharmaceuticals** and **Ministry of Health and Family Welfare**, which are the **nodal agencies for [Pharmaceuticals, Medical Devices and Equipment](#).**
- The Ministry of Railways was **advised to exercise the powers conferred under Para 14 of the Make in India policy guidelines** with the approval of the Minister-in-charge to **seek relaxation in any particular procurement**, if required.
 - Para 14 empowers Ministries and various Departments to **grant an exemption and to reduce minimum local content.**

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