Ministry of Health & Family Welfare
Government of India

Regional Workshop

STRENGTHNING OF FREE DRUGS SERVICE INITIATIVE (FDSI)

Venue: Guwahati, Assam
National Health System Resource Centre, New Delhi
Ministry of Health & Family Welfare, New Delhi


Regional Workshop On
Strengthening Free Drugs

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Agenda
Workshop for Strengthening of Free Drugs Service Initiative
Date: 16th March 2026

Time	Topic	Resource Person
09:30 to 10:00	Registration	QPS Team
	Inaugural Session	
10:00 to 10:05	Welcome Address and Aims & Objectives	Gp. Capt. (Dr) Rajiv Pathni, Advisor – QPS, NHSRC
10:05 to 10:10	***Lamp Lighting***	
10:10 to 10:15	Address by Guest of Honor	Dr Raj Prabha Moktan, Director, RRC-NE
10:15 to 10:20	Address by Chief Guest	Dr Pragya Sharma, ED, NHSRC
	Group Photo followed by tea	
	Technical Sessions	
11:00 – 11:30	Improving Access to Essential Quality-Assured Medicines and State Progress under Free Drugs Service Initiative	Mr. Gulam Rafey, Senior Consultant, QPS, NHSRC
11:30 to 12:00	Strengthening Procurement and Supply Chain Systems for Quality-Assured Medicines	Dr Lakshmanan S, MD, NHM & AMSCL, Assam
12:00 to 12:40	State Presentations (4)	Nagaland, Meghalaya, Mizoram, and Bihar
12:40 to 13:10	Strengthening of drug warehouse and ideal practices	Mr. Dheeraj Sonkhiya Team Lead- Supply chain (UPTSU)
13:10 to 13:50	State presentations (4)	Tripura, Odisha, Arunachal Pradesh
13:50 to 14:30	***Lunch Break***	
14:30 to 15:00	State presentations (3)	Chhattisgarh, Manipur, Jharkhand
15:00 to15:30	Leveraging Technology – Strengthening Supply Chain of medicines	Expert from CDAC
15:30 to 16:00	***Tea Break***	
16:00 to 16:30	State presentations (3)	Sikkim, West Bengal, Assam
16:30 to 16:45	Concluding remarks & Way forward & Vote of Thanks	Ms. Nasrain N Khan, Senior Consultant, QPS, NHSRC

Executive Summary

Ministry of Health and Family Welfare (MoHFW), Government of India, launched the Free Drugs Service Initiative (FDSI) under the National Health Mission (NHM) in 2015 to ensure the availability of free, quality-assured essential medicines across public health facilities and reduce Out-of-Pocket Expenditure (OOPE). The initiative focuses on strengthening procurement systems, warehousing and distribution, quality assurance, and IT-enabled monitoring through the Drugs and Vaccines Distribution Management System (DVDMS).

In this context, the first regional workshop on strengthening FDSI was held on 16th March 2026 at Guwahati, Assam, under the guidance of Dr. R.K. Pathni, Advisor, Quality and Patient Safety (QPS), NHSRC, and in support of the Regional Resource Centre for North East (RRC-NE). The workshop brought together representatives from 13 States—Assam, Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, and West Bengal—for technical discussions, peer learning, and exchange of best practices.

The deliberations focused on strengthening procurement systems, scientific warehousing, logistics management, quality assurance, and effective use of DVDMS for real-time monitoring. A key area of discussion was the alignment of State Essential Drug Lists (EDLs) with the IPHS Essential Medicines List (EML), with States highlighting institutional and procedural challenges and the need for greater harmonization.

Common challenges identified included procurement delays, limited supplier participation, inadequate warehousing infrastructure, manpower shortages, last-mile delivery constraints, and sub-optimal use of DVDMS with data inconsistencies. States also shared innovative practices such as centralized procurement, rate contracts, 3PL logistics models, GPS-enabled delivery systems, QR-code tracking, and digital dashboards for monitoring.

Expert sessions provided technical guidance on procurement efficiency, warehouse optimization, cold-chain strengthening, and improved use of IT systems. Emphasis was also placed on capacity building of frontline staff and strengthening institutional mechanisms for better implementation.

The workshop further highlighted the need to create greater awareness about FDSI, particularly in the North Eastern States, to improve system adoption, digital usage, and frontline engagement.

In conclusion, the workshop reaffirmed the collective commitment of MoHFW, NHSRC, RRC-NE, and participating States to strengthen FDSI through coordinated action, improved governance, digital integration, infrastructure strengthening, and capacity building. These efforts aim to ensure uninterrupted availability of quality-assured essential medicines, reduce OOPE, and advance Universal Health Coverage.

Inaugural Session

The first regional workshop on strengthening the Free Drugs Service Initiative (FDSI) was held on 16th March 2026 at Guwahati, Assam, and formally commenced with the traditional lighting of the lamp, symbolizing the beginning of knowledge sharing and collaborative learning. The workshop was conducted under the guidance of Dr. R.K. Pathni, Advisor, Quality and Patient Safety (QPS), NHSRC. It brought together representatives from 13 States—Assam, Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, and West Bengal—providing a structured platform for dialogue, peer learning, and exchange of best practices on strengthening pharmaceutical service delivery under FDSI.

The session was graced by Dr. Raj Prabha Moktan, Director, Regional Resource Centre for North East (RRCNE), as the Guest of Honour. In her address, Dr. Moktan highlighted the distinct geographical, infrastructural, and operational challenges faced by the Northeastern States in implementing FDSI. She noted that difficult terrain, dispersed populations, limited connectivity, and frequent climatic disruptions continue to significantly impact procurement efficiency, warehousing operations, and last-mile delivery of essential medicines.

She emphasized the need for context-specific, resilient, and adaptive supply chain models supported by robust infrastructure and flexible logistics planning. Dr. Moktan further stressed the importance of strengthening inter-sectoral coordination, particularly between health systems, transport services, and procurement agencies, to ensure uninterrupted availability of medicines at peripheral health facilities. She also highlighted the need for enhancing human resource capacity, improving digital literacy among frontline staff, and providing sustained handholding support for effective utilization of IT-enabled systems such as DVDMS. Appreciating the initiative of NHSRC, she encouraged States to actively engage in peer learning and adopt scalable innovations suited to their local contexts to bridge regional disparities in medicine access.

Dr. R.K. Pathni welcomed all dignitaries, State representatives, and experts, and reiterated that the Free Drugs Service Initiative is a flagship intervention under the National Health Mission aimed at ensuring equitable access to free, quality-assured essential medicines across all public healthcare facilities. He emphasized that uninterrupted availability of medicines is a cornerstone of strengthening primary healthcare and a key strategy for reducing out-of-pocket expenditure.

Dr. Pathni highlighted that effective implementation of FDSI requires a robust, integrated, and well-coordinated supply chain system, encompassing demand estimation, procurement planning, warehousing, distribution, and last-mile delivery. He stressed the need to strengthen each component through standardized operating procedures, evidence-based planning, and continuous monitoring mechanisms.

He further underlined the critical role of digital platforms, particularly the DVDMS Central Dashboard, in ensuring transparency, accountability, and real-time visibility of stock, consumption patterns, and procurement status. He encouraged States to ensure accurate and timely data entry, regular system usage, and effective utilization of dashboard analytics for informed and data-driven decision-making.

Dr. Pathni also emphasized the importance of harmonizing State Essential Drug Lists (EDLs) with the IPHS Essential Medicines List (EML) to ensure standardization, rationalization, and comprehensive coverage of essential medicines across all levels of care. He highlighted the need for strengthening procurement efficiency through timely tendering processes, improved vendor management systems, and wider adoption of rate contracts and framework agreements.

In addition, he stressed the importance of capacity building of pharmacists, warehouse managers, and programme officers in key areas such as inventory management, logistics optimization, and IT system operations. He urged States to proactively identify implementation gaps, share challenges, and disseminate innovative practices to enable cross-learning and scalable improvements.

Dr. Pathni also underscored the importance of strong governance structures, periodic reviews, and accountability mechanisms to ensure sustained improvements in FDSI implementation. He encouraged participants to actively engage in discussions and utilize the workshop as a platform for collective problem-solving and system strengthening.

The inaugural session concluded on a positive and collaborative note, reaffirming the shared commitment of all stakeholders towards strengthening FDSI and ensuring uninterrupted availability of essential medicines across all public health facilities.

Objectives of the Workshop

The key objectives of the workshop were:

1. To strengthen understanding of FDSI components and implementation strategies among States/UTs
2. To facilitate alignment of State Essential Drug Lists (EDLs) with IPHS-recommended EMLs
3. To improve utilization of IT-enabled systems such as DVDMS for real-time monitoring and decision-making
4. To identify challenges in procurement, supply chain, warehousing, and last-mile delivery
5. To promote cross-learning by sharing best practices and innovative models adopted by States
6. To provide technical guidance through expert sessions on procurement, warehousing, and IT systems

Participating States:

13 States—Assam, Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, and West Bengal

Structure and Conduct of the Workshop

The workshop was structured into three key components:

A. Briefing Session (NHSRC)

A comprehensive overview of FDSI components, achievements, and implementation challenges was presented. Key issues identified included:

- Discrepancies in data between State reports and DVDMS dashboard
- Inadequate molecule mapping with IPHS EML
- Lack of alignment between State EDLs and IPHS EML

B. Expert Sessions

Distinguished experts delivered sessions on critical areas:

- **Procurement & Supply Chain**: Focus on efficient procurement models, rate contracts, and operational challenges
- **Warehousing & Storage:** Emphasis on scientific warehouse design, capacity planning, and temperature-sensitive storage
- **IT Systems (DVDMS):** Importance of accurate data entry, mapping, and leveraging digital systems for decision-making

C. State Presentations: Participating States presented their current status, key achievements, challenges, and best practices related to FDSI implementation.

A. Briefing Session (NHSRC)

Mr. Gulam Rafey, Senior Consultant (Drugs and Logistics), QPS, delivered a comprehensive presentation on the FDSI, outlining its core components and key achievements since its launch, he also highlighted several critical challenges, including discrepancies between state-reported medicine availability and the data reflected on the DVDMS Central Dashboard, inconsistencies in IPHS EML molecule mapping by states, and the lack of alignment between the IPHS Essential Medicines List (EML) and State Essential Drug Lists (EDLs). These issues were noted as significant constraints affecting data reliability, procurement efficiency, and overall supply chain performance.

As suggested during the workshop presentation, a set of strategic and operational recommendations was proposed, with technical support to be extended by NHSRC and CDAC. These recommendations are outlined below:

Key Recommendations:

- Standardize Essential Medicines Lists by aligning State EDLs with the IPHS EML, adopting it as the primary reference framework for all revisions.
- Strengthen IT-enabled systems by ensuring timely and accurate updating of all transactions in platforms such as DVDMS, enabling improved tracking and monitoring up to last-mile.
- Enhance drug procurement practices to ensure efficiency, transparency, and timely availability of medicines.
- Improve inventory control mechanisms and strengthen end-to-end supply chain management.
- Ensure adequate storage infrastructure at all levels and reinforce transportation systems to facilitate seamless last-mile delivery.
- Achieve consistent and improved drug availability across all service delivery points, particularly at the last-mile AAM level.

During the subsequent general interaction session, state representatives highlighted that the formulation and approval of their EDLs are governed by committees under the Medical Education Boards, which operate largely independent of the National Health Mission (NHM) and State Medical Corporations. This institutional arrangement poses a significant challenge in aligning State EDLs with the IPHS EML.

Strengthening inter-departmental coordination through joint review mechanisms involving Medical Education Boards, NHM, and State Medical Corporations was recommended. Adoption of the IPHS EML as the reference framework was also emphasized. In addition, periodic consultative processes were proposed to ensure alignment across stakeholders. These measures should be supported by clear policy-level directives to enable harmonization of State EDLs.

B. Expert Sessions

❖ Session 1:

The expert talk was initiated with an address by Dr. Lakshmanan S., Managing Director (NHM and AMSCL), on the theme *"Strengthening Procurement and Supply Chain Systems for Quality-Assured Medicines."* He delivered a comprehensive and insightful presentation, drawing on his extensive administrative and field experience. The session highlighted the importance of adopting robust procurement frameworks, ensuring transparency in processes, and strengthening end-to-end supply chain systems to maintain consistent availability of quality-assured medicines across all levels of healthcare delivery.

In his address, Dr. Lakshmanan leveraged his dual leadership role in NHM and AMSCL to present an integrated perspective on procurement planning and supply chain operations. He emphasized critical challenges such as gaps in demand forecasting, misalignment between procurement and consumption patterns, and coordination issues among key stakeholders. He also drew attention to the absence of clear and standardized guidelines for the safe disposal of expired medicines, identifying this as an important area that requires policy clarity and operational guidance.

The session concluded with the acknowledgement that the deliberations and expert insights shared during the workshop were highly beneficial for the participating states, providing practical guidance and strategic direction for strengthening procurement and supply chain systems.

❖ Session 2:

The second technical session was delivered by Mr. Dheeraj Sonkhiya on the theme *"Strengthening of Drug Warehouses and Ideal Practices."* The expert provided a comprehensive overview of the critical importance of well-structured and efficiently managed warehousing systems in ensuring the uninterrupted availability of quality-assured medicines. He emphasized that adherence to good storage practices is fundamental for maintaining drug efficacy and safety, and cautioned that the absence of a structured and well-governed warehousing system can lead to significant operational inefficiencies and compromise supply chain performance.

He further highlighted that warehouse planning should be undertaken in a systematic and evidence-based manner, with focus on the following key components:

- Determination of the optimal number of warehouses based on population coverage and service delivery requirements.
- Appropriate sizing and capacity planning of warehouses in alignment with demand forecasting and consumption patterns.
- Development of scientifically designed warehouse layouts to ensure efficient operational flow, including receipt, storage, handling, and distribution of medicines.

These elements, he noted, are critical for strengthening logistics efficiency and ensuring timely and uninterrupted availability of essential drugs.

Special emphasis was placed on the challenges faced by resource-constrained and geographically difficult regions, particularly the northeastern states. Mr. Sonkhiya highlighted the critical need to ensure infrastructure capable of maintaining temperature-sensitive storage requirements, especially for medicines requiring cold-chain or controlled environmental conditions. He stressed that context-specific planning, supported by appropriate infrastructure and technology solutions, is essential to address these challenges and ensure equitable and reliable access to medicines across all regions.

❖ Session 3:

The technical session on IT-based strengthening of the Free Drugs Service Initiative (FDSI) was delivered by Mr. Abhishek Verma, Principal Technical Officer, CDAC, focusing on optimization of the DVDMS Central Dashboard. The expert provided a detailed overview of the key modules and functionalities of the Drug and Vaccine Distribution Management System (DVDMS), explaining how a strengthened IT platform can enhance transparency, efficiency, and real-time visibility across the drug logistics value chain under FDSI.

He emphasized the need for strengthening IT-enabled systems through the following key aspects:

- Ensuring accurate and comprehensive facility mapping across all service delivery points for complete system coverage.
- Standardized and precise medicine (molecule) mapping on the central dashboard to avoid discrepancies and ensure data consistency.
- Real-time updating of transactions in DVDMS to support effective inventory tracking, demand forecasting, and evidence-based decision-making.
- Full transition from manual and physical record-keeping systems to DVDMS-based procurement and supply chain management to improve accountability and traceability.

- Adoption of mobile-based and offline-enabled applications to ensure uninterrupted operations in areas with poor or intermittent network connectivity, particularly in remote and geographically challenging regions.

The expert also highlighted specific challenges faced by the North Eastern States in the effective implementation of IT-enabled supply chain systems, including limited internet connectivity in remote locations, delays in real-time data entry from peripheral facilities, and capacity gaps among end-users in effectively operating the system. To address these challenges, he suggested the deployment of offline-capable mobile applications with periodic synchronization, strengthening of digital infrastructure at last-mile facilities, and structured capacity-building and handholding support for frontline staff to ensure consistent and effective system utilization.

It was further concluded that the deliberations and technical insights shared during this workshop will significantly support States in strengthening their IT-enabled drug logistics systems. The guidance provided is expected to improve data accuracy, enhance supply chain efficiency, and facilitate better planning and monitoring under FDSI, thereby contributing to improved availability of essential medicines at the last-mile delivery points.

C. State Presentations

Participating States presented their current status, key achievements, challenges, and best practices related to FDSI implementation.

❖ Arunachal Pradesh

State Officials from Arunachal Pradesh presented the status of the Free Drugs Service Initiative (FDSI) implemented by the Department of Health & Family Welfare, Government of Arunachal Pradesh.

The state informed that free drugs are being provided across all categories of health facilities as per IPHS norms. Procurement of medicines under NHM for FY 2025–26 is currently underway. Drug availability has improved significantly, leading to reduced out-of-pocket expenditure. The Drug and Vaccine Distribution Management System (DVDMS) is being used for real-time stock monitoring and inventory management, improving transparency and efficiency. Essential Drug Lists are maintained for all levels of facilities, with ensured buffer stock and timely indenting. Procurement is carried out through a mix of centralized and decentralized systems under NHM and DHS, aligned with relevant state initiatives. All medicines undergo quality testing at NABL-accredited laboratories before distribution.

The state highlighted several challenges, including inadequate funds for full EDL procurement, absence of a comprehensive procurement policy with SOPs, delays in tendering and supplier delivery, and variations in rates due to decentralized procurement. Logistics challenges such as difficult terrain, poor road connectivity, and last-mile delivery issues were also noted. IT-related challenges include poor connectivity, limited infrastructure, manpower shortages, and delays in data entry and reporting. The absence of a state drug testing laboratory further leads to delays in quality testing results.

Best practices shared include centralized procurement under NHM, demand-based planning as per IPHS norms, rate contracts with multiple suppliers, use of buffer stocks at central warehouses, and mandatory use of DVDMS for better tracking and accountability.

The state requested technical support from the national level for procurement policy formulation and SOP development, guidance on supply chain optimization, and additional financial assistance to strengthen procurement systems, warehousing, transportation, and capacity building.

❖ Assam

State Officials from Assam presented the status of the Free Drugs Initiative being implemented across all public health facilities since 2012.

The state reported a total budget of Rs. 445.73 crore (Rs.190 crore State share and Rs.255.73 crore under NHM) for the programme. The DVDMS has been implemented up to AAM-SHC level since 2021, supported by a state-developed dashboard and mobile application for real-time stock monitoring. The state consistently maintains 98–100% availability of State EDL medicines across warehouses and facilities.

Procurement is managed by the Assam Medical Services Corporation Limited (AMSCL) through open competitive bidding, with an average procurement cycle of 35 days. The state currently follows a Framework Agreement system and is planning to transition to Rate Contracts. Medicines are supplied to 33 District Warehouses and 1 Central Warehouse, with indent-based distribution through DVDMS and maintenance of approximately four months' buffer stock.

Inventory management is guided by FIFO/FEFO principles, supported by a digital dashboard. Quality assurance is ensured through testing in NABL-accredited laboratories, with plans to introduce a double-gate testing system for further strengthening quality control.

Key achievements include 100% DVDMS implementation up to Sub-Centres, consistently high drug availability, ranking 4th nationally in DVDMS performance since June 2025, training of over 300 personnel, centralized e-procurement, and a WhatsApp-based grievance redressal system. Under the "Healthcare for All" initiative, the state emphasizes KPI-based monitoring, capacity building, smart stock management, intra- and inter-district redistribution, and data-driven decision-making.

The state also highlighted challenges such as limited availability of local manufacturers, procurement lead time constraints, and limited NABL-accredited laboratory capacity.

❖ Bihar

The state informed that Bihar launched the Free Drug Initiative in 2006 to provide free essential medicines in public health facilities. The scheme has expanded from 47 drugs to over 500 essential drugs and 132 consumables/devices.

DVDMS (implemented by CDAC) is operational up to HSC level. The state has introduced QR code-based drug availability display, Third-Party Logistics (3PL), customized drug distribution envelopes, and monitoring dashboards to strengthen last-mile delivery.

Bihar follows a quarterly indenting system with transparent, demand-based procurement and vendor empanelment. The supply chain works through a three-tier system: Regional Warehouses to District Stores, District Stores to Blocks, and Blocks to PHC/HSC levels. Around 180 GPS-enabled 3PL vehicles are used

for distribution. Seven NABL-accredited labs are empanelled for quality testing, with quarantine of drugs until QC clearance.

Key achievements include improved EDL availability (83% overall), strong facility-level performance (75% PHC to 88% SDH/RH), and ranking 1st on the DVDMS dashboard for 18 months. Other achievements include transparent procurement, digital systems, and strengthened monitoring.

Best practices include the 3PL system improving last-mile delivery, QR codes for real-time drug tracking, patient-friendly drug envelopes, and data analytics dashboards for continuous monitoring and decision-making.

The state requested national support for flexible IPHS drug formulation guidelines, centralized unique drug codes, and exposure visits for learning best practices.

❖ Chhattisgarh

State Officials from Chhattisgarh presented the status of the Free Drugs Service Initiative (FDSI) implemented by the Chhattisgarh Medical Services Corporation Limited (CGMSCL), Department of Health & Family Welfare.

The state informed that CGMSCL manages procurement, warehousing, quality assurance, and distribution of medicines, consumables, reagents, equipment, and infrastructure. Procurement is done through e-Procurement and GeM, with 16 warehouses ensuring doorstep delivery up to PHC level.

Chhattisgarh was the first state to publish its Essential Drug List (EDL) in 2003, now updated to 815 drugs in 2025 in line with IPHS norms, with 100% adoption under DHS. Medicines are supplied to over 1,300 institutions and 5,000+ Ayushman Arogya Mandirs.

The state follows a structured indent system through (Drug Procurement Distribution Management Information System) DPDMIS, supported by a three-tier warehousing and distribution network and cold chain infrastructure. Last-mile delivery is strengthened through GPS-enabled vehicles, geofencing, and a dedicated AAM portal for demand capture and stock monitoring.

Quality assurance is ensured through 13 NABL-accredited laboratories, while digital systems like DPDMIS, barcode tracking, AI-enabled modules, and multiple dashboards support end-to-end supply chain management.

Key achievements include improved DVDMS ranking, enhanced supply chain transparency, and efficient management of large-scale medicine procurement. The state also highlighted ongoing efforts to strengthen grievance redressal and system efficiency.

❖ Jharkhand

State officials from Jharkhand presented the status of the Free Drugs Service Initiative (FDSI), They reported that FDSI is implemented across all public health facilities, with procurement of quality-assured essential medicines managed by Jharkhand Medical Health Infrastructure Development and Procurement Corporation Limited (JMHIDPCL). Additional state budget funds are provided to districts and medical colleges to ensure medicine availability. The supply chain has been managed through the e-Aushadhi (DVDMS) system since 2018, integrated with the Central Dashboard up to the AAM-SHC level, while integration at the AAM-PHC level is in progress.

The state has recently revised its facility-wise Essential Drug List (EDL) as per IPHS 2022 norms, with approval under process. The revised EDL includes 351 medicines for DH, 266 for SDH, 230 for CHC/UCHC, 160 for AAM-PHC/UPHC, and 112 for AAM-SHC.

The total budget allocation under FDSI is Rs.50 crore from the state budget and Rs. 20 crores from NHM, with an expenditure of Rs. 17.62 crore under NHM. Medicines are supplied by vendors to central and district warehouses, following a pull-based distribution system up to the CHC level, while AAM-SHCs and AAM-PHCs receive supplies from CHCs. All drugs undergo quality testing at four empanelled NABL laboratories before distribution.

Key challenges include the lack of supplier-end tracking in DVDMS, shortage of manpower at facility and corporation levels, and limited participation of large pharmaceutical manufacturers due to pricing issues.

Best practices include the development of a mobile application for monitoring stock at the AAM-SHC level (implemented in 2,533 out of 3,900 facilities) and the use of helpline number 104 for community feedback and grievance redressal.

The state requested support for appointing a state-level nodal officer, establishing central-level rate contracts for FDSI, developing a standard policy for disposal of expired and NSQ medicines, and creating a standard calendar for indenting and tender processes.

Going forward, the state plans to strengthen prescription audits, improve medicine dispensing stores, and conduct capacity building for pharmacists, CHOs, and warehouse staff in supply chain and inventory management.

❖ Manipur

State officials from Manipur presented the status of the Free Drugs Service Initiative (FDSI), reporting that it is supported by the IT-enabled DVDMS portal for drug allocation across public health facilities. The system is implemented up to the PHC level and is being extended to AAM Sub-Centres, with centralized procurement through rate contracts and a hierarchical supply chain from the State Warehouse to health facilities.

The Essential Drug List (EDL) includes 446 drugs, and a budget of Rs. 2,800 lakhs have been allocated for FY 2025–26; however, medicine availability remains low across all facility levels.

Key challenges include a major demand–supply gap, lack of district warehouses in some areas, low DVDMS usage due to staff displacement, and delays in quality testing due to the absence of a state laboratory.

Best practices include the use of the DVDMS portal for monitoring and the 104-call centre for grievance redressal.

The state requested technical and policy support for strengthening DVDMS and updating the EDL. Going forward, it plans to revise the EDL, improve manpower, establish supervisory committees, expand warehouse infrastructure, and follow MoHFW guidelines.

❖ Mizoram

State officials from Mizoram presented the status of the Free Drugs Service Initiative (FDSI), reporting that it has been implemented from District Hospitals to AAM Sub-Health Centres since 2016, with DVDMS operational across all levels for drug distribution and management.

The Essential Drug List (EDL) was revised on 16 October 2025, and the state has allocated Rs. 358.38 lakh for 2024–25 and Rs. 390.23 lakh for 2025–26. Procurement is conducted through open tenders as per state rules, with medicines stored at the State Warehouse and distributed according to a planned system. However, medicine availability remains low across facilities.

Key challenges include supplier reluctance due to location and low volume, offline tendering, inadequate storage space, shortage of vehicles and pharmacists, absence of district warehouses, and connectivity issues in remote areas.

To address these issues, the state ensures quality through CoA and NABL testing and supports last-mile delivery through distribution planning and transport funding. Going forward, Mizoram

plans to adopt e-procurement, implement online tendering, and utilize the DVDMS demand module from the next financial year.

❖ Nagaland

State officials from Nagaland presented the status of the Free Drugs Service Initiative (FDSI), reporting that the Essential Drug List (EDL) has been approved as per IPHS guidelines, with DVDMS implemented up to the PHC level and plans for expansion to HWCs.

A proposal of Rs. 332.82 lakh has been made for FDSI in PIP 2026–27. Procurement is conducted through open tenders, with medicines stored at the State Warehouse and distributed to health facilities, following FIFO/FEFO principles and inventory analysis methods. However, medicine availability is affected by limited resources.

Key achievements include notification of a need-based EDL and implementation of DVDMS up to the PHC level. Challenges include severe fund constraints, difficult terrain affecting transportation, poor internet connectivity, and inadequate warehouse and storage infrastructure.

Best practices include the use of the DVDMS-based pull system, regular monitoring, redistribution of near-expiry stock, and organisation of health camps with community participation.

The state requested support for training, regular reviews, a uniform national procurement policy, and increased funding. Going forward, Nagaland plans to introduce rate contracts, strengthen procurement and logistics, expand DVDMS monitoring, and conduct field visits to improve service delivery.

❖ Odisha

State officials from Odisha presented the status of the Free Drugs Service Initiative (FDSI), reporting that the Niramaya Scheme, launched on 1st May 2015, provides free essential medicines and consumables at all government health facilities. Procurement and supply chain management are handled by the Odisha State Medical Corporation Limited (OSMCL), with distribution carried out up to the PHC level through Niramaya vehicles.

The scheme covers 1087 essential drugs and 267 consumables, and DVDMS has been implemented since March 2025 up to the Sub-Centre level. The state EDL aligns substantially with IPHS norms, and inventory is maintained through a structured supply chain and procurement system, supported by batch-wise quality testing at empanelled NABL laboratories.

Key initiatives include warehouse upgradation, regular training of pharmacy staff, and plans to expand last-mile delivery. However, challenges include manpower shortages, infrastructure and connectivity issues, forecasting gaps, storage limitations, transport constraints, funding limitations, DVDMS functional issues, procurement bottlenecks, and delays in quality testing.

The state requested national support for the supply of critical drugs, faster test reports, empanelment of additional laboratories, technical assistance for DVDMS, and increased funding for infrastructure and monitoring.

❖ Sikkim

State officials from Sikkim presented the status of the Free Drugs Service Initiative (FDSI), reporting that it was launched in July 2015 under NHM to provide free essential medicines and reduce out-of-pocket expenditure. The State Essential Drug List (EDL), notified in February 2023, includes 993 drugs across all levels of care.

A budget of Rs. 5.25 crore has been allocated for FY 2025–26. The state follows a direct vendor supply model, where medicines are procured through GeM or tender and delivered directly to hospitals, with further distribution to lower facilities.

Digital systems such as Go-Frugal Software, DVDMS, and Google Sheets are used for procurement tracking and inventory management. Key initiatives include pharmacist training, logistics strengthening, and efforts to establish a drug testing laboratory.

Challenges include procurement delays, demand–supply gaps, difficult terrain, and the need for continuous training. Going forward, the state plans to strengthen monitoring, expand DVDMS across all facilities, rationalize the EDL as per IPHS guidelines, and improve overall supply chain management.

❖ West Bengal

State officials from West Bengal presented the status of the Free Drugs Service Initiative (FDSI), reporting that it is implemented up to the AAM-SHC level in line with IPHS norms, with high stock availability across facilities and an estimated expenditure of Rs. 800 crores in 2025–26. The state uses the SMIS platform for end-to-end supply chain management, with decentralized procurement supported by centrally finalized rate contracts.

The Essential Drug List (EDL), published in 2025, includes a wide range of medicines across all facility levels, supported by a structured distribution system, robust inventory practices, and quality assurance through NABL-accredited laboratories.

Key achievements include regular online stock monitoring, timely intervention for stock-outs, and centralized tracking of vendor performance. Challenges include limited supplier participation, procurement delays for certain drugs, irregular stock updates, and regulatory delays for narcotic medicines.

Best practices include the use of SMIS for real-time monitoring and alerts, along with exploration of dashboards and community support during emergencies. The state requested technical and policy support for drug mapping, updated essential drug lists, and timely alerts on medicines.

Going forward, West Bengal plans to strengthen monitoring through a dedicated team, ensure regular system use by all facilities, and explore app-based solutions for faster intervention.

Key Takeaways

The expert sessions and state presentations collectively highlighted several critical dimensions for strengthening the Free Drugs Service Initiative (FDSI) across states:

1. **Procurement and Supply Chain Strengthening is Central to FDSI Success:**

Across all sessions, a strong, transparent, and standardized procurement system emerged as the backbone of effective FDSI implementation. States with centralized procurement mechanisms, rate contracts, and digital integration (e.g., AMSCL in Assam, CGMSCL in Chhattisgarh, OSMCL in Odisha) demonstrated relatively better drug availability and accountability.

2. **Warehousing Infrastructure and Logistics Efficiency are Critical Enablers:**

Experts emphasized that scientifically planned warehouses—based on demand forecasting, population coverage, and operational flow—are essential. States highlighted challenges such as inadequate storage capacity, lack of district warehouses, and cold-chain constraints, especially in geographically difficult regions like the North East.

3. **Digital Transformation through DVDMS and IT Systems is Transformative but Uneven:**

The DVDMS platform and allied IT systems are improving transparency, real-time monitoring, and decision-making. However, gaps remain in real-time data entry, facility-level adoption, connectivity in remote areas, and standardization of drug (molecule) mapping. States like Assam, Bihar, and Chhattisgarh showed high digital maturity, while others are still scaling up.

4. **Alignment of State Essential Drug Lists (EDL) with IPHS EML is Strengthening, but Requires Further Harmonisation:**

A key cross-cutting takeaway is the ongoing alignment of State EDLs with IPHS EML.

- Several states have already undertaken major revisions of their EDLs to align with IPHS norms (e.g., Jharkhand, Nagaland, Mizoram, Chhattisgarh, Sikkim).
- Expanded and updated EDLs (ranging from ~200 to 900+ medicines across states) reflect a stronger commitment to standardisation and comprehensive coverage of essential care needs.
- However, variability still exists across states in terms of number of medicines, level-wise EDL differentiation, and update cycles.
- States also highlighted the need for central guidance on harmonised drug coding, standard IPHS-based formulations, and uniform EDL rationalisation frameworks to ensure consistency and avoid duplication or gaps.

Overall, while convergence with IPHS EML is improving, full harmonisation remains a work in progress and a key priority for national support.

5. **Quality Assurance Systems are Expanding but Laboratory Capacity is a Constraint:**

Most states rely on NABL-accredited laboratories; however, delays in testing and limited lab availability were widely reported. Absence of state drug testing laboratories remains a critical bottleneck in several states.

6. **Last-Mile Delivery Remains a Persistent Challenge:**

Difficult terrain, inadequate transport systems, and shortage of logistics infrastructure significantly impact medicine availability in states like Arunachal Pradesh, Nagaland, Mizoram, and Manipur.

7. **Human Resource and Capacity Gaps Affect System Efficiency:**

Shortage of pharmacists, warehouse staff, and trained IT operators was repeatedly identified as a constraint affecting both procurement and supply chain efficiency.

8. **Innovation and Best Practices are Emerging Across States:**

- 3PL logistics systems (Bihar)
- GPS-enabled delivery and geofencing (Chhattisgarh)
- QR-code based tracking (Bihar)
- WhatsApp grievance redressal (Assam)
- AI-enabled dashboards and mobile apps (Chhattisgarh)
- SMIS-based real-time monitoring (West Bengal)

Way Forward for Strengthening of FDSI

To enhance the effectiveness and sustainability of FDSI, the following strategic actions are recommended:

1. **Standardization of Procurement Systems**

- Develop a national-level model procurement policy with SOPs
- Promote rate contracts and framework agreements across states
- Introduce standardized calendars for procurement and indenting cycles

2. **Strengthening Warehousing and Logistics Infrastructure**

- Invest in district and block-level warehouses, especially in underserved regions
- Improve cold-chain infrastructure for temperature-sensitive medicines
- Promote GIS-based warehouse planning and optimization

3. **Scaling Up Digital Integration and Interoperability**

- Ensure full adoption of DVDMS across all levels of public health facilities
- Enable offline-capable mobile applications with synchronization features
- Standardize drug coding and facility mapping across states
- Strengthen last-mile digital infrastructure and connectivity

4. Enhancing Quality Assurance Systems

- Expand NABL-accredited laboratory network
- Introduce dual-stage testing mechanisms where feasible
- Establish state drug testing laboratories in underserved regions
- Reduce turnaround time for quality certification

5. Strengthening Last-Mile Delivery Systems

- Scale up GPS-enabled logistics and 3PL models
- Ensure dedicated transport funding for remote areas
- Promote decentralized storage at CHC/PHC levels where needed

6. Capacity Building and Human Resource Development

- Structured training programs for pharmacists, CHOs, and warehouse staff
- Dedicated IT training for DVDMS users
- Appointment of nodal officers for FDSI coordination at state level

7. Strengthening Governance and Monitoring

- Establish real-time dashboards for performance tracking
- Introduce KPI-based monitoring across states
- Strengthen grievance redressal mechanisms (e.g., 104 helplines, mobile apps)
- Conduct periodic reviews and exposure visits between states

8. Policy Support and Financial Enhancement

- Increase flexible funding support for infrastructure and operations
- Provide technical assistance for EDL rationalization and updates
- Support states in policy formulation for expired and NSQ drug disposal

Conclusion

The regional workshop on strengthening the FDSI served as a vital platform for fostering dialogue, peer learning, and collaborative problem-solving among participating States, NHSRC, and domain experts. The deliberations provided a comprehensive overview of the progress achieved under FDSI while also highlighting persistent systemic and operational challenges that require sustained attention.

The discussions reflected that several States have made notable progress in strengthening procurement systems, supply chain management, and IT-enabled monitoring through platforms such as DVDMS. However, significant inter-State variation continues to exist due to differences in institutional capacity, governance structures, infrastructure readiness, and resource availability. Key challenges identified include partial misalignment of State EDLs with the IPHS EML, sub-optimal utilization of the DVDMS Central Dashboard, procurement delays, gaps in inventory management practices, and inefficiencies in last-mile delivery systems.

The expert sessions provided important technical and operational insights on strengthening procurement frameworks, scientific warehousing practices, and enhancing the effective use of digital platforms for real-time monitoring and decision-making. States also shared a range of innovative and context-specific best practices, including 3PL-based logistics models, QR-code enabled tracking, state dashboards, and strengthened grievance redressal mechanisms, demonstrating that targeted interventions can significantly improve medicine availability and system responsiveness.

A key outcome of the workshop was the strong emphasis on the need for harmonisation of State EDLs with the IPHS EML, along with standardisation of procurement processes, strengthening of quality assurance systems, and improved utilisation of IT platforms. The need for enhanced technical and policy support from the national level was consistently highlighted, particularly in relation to EDL rationalisation, laboratory strengthening, capacity building of human resources, and addressing region-specific logistical constraints in geographically difficult areas.

The workshop also underscored the importance of strengthening institutional mechanisms, improving inter-departmental coordination, and adopting data-driven and standardised approaches for planning, monitoring, and decision-making. A clear consensus emerged on the need for sustained capacity building and system strengthening to ensure effective implementation of FDSI across all levels of the public health system.

The workshop was highly engaging and productive, with active participation from States and key stakeholders. It enabled meaningful knowledge exchange, peer learning, and the identification of actionable improvement strategies. Discussions reflected a strong, shared commitment to strengthening FDSI as a critical component of public health service delivery.

In conclusion, the workshop highlighted the need for a coordinated, forward-looking approach focused on policy alignment, digital integration, infrastructure strengthening, and workforce capacity. Advancing these areas will be essential to ensure consistent availability of quality-assured essential medicines at the last mile, while also reducing out-of-pocket expenditure and supporting progress toward Universal Health Coverage.

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Glimpse of 2026 Regional Workshop


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