



PIDE SLUDGE SERIES

SETTING-UP A PHARMACY IN ISLAMABAD

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2021: 06

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WHAT IS SLUDGE IN THE ECONOMY?

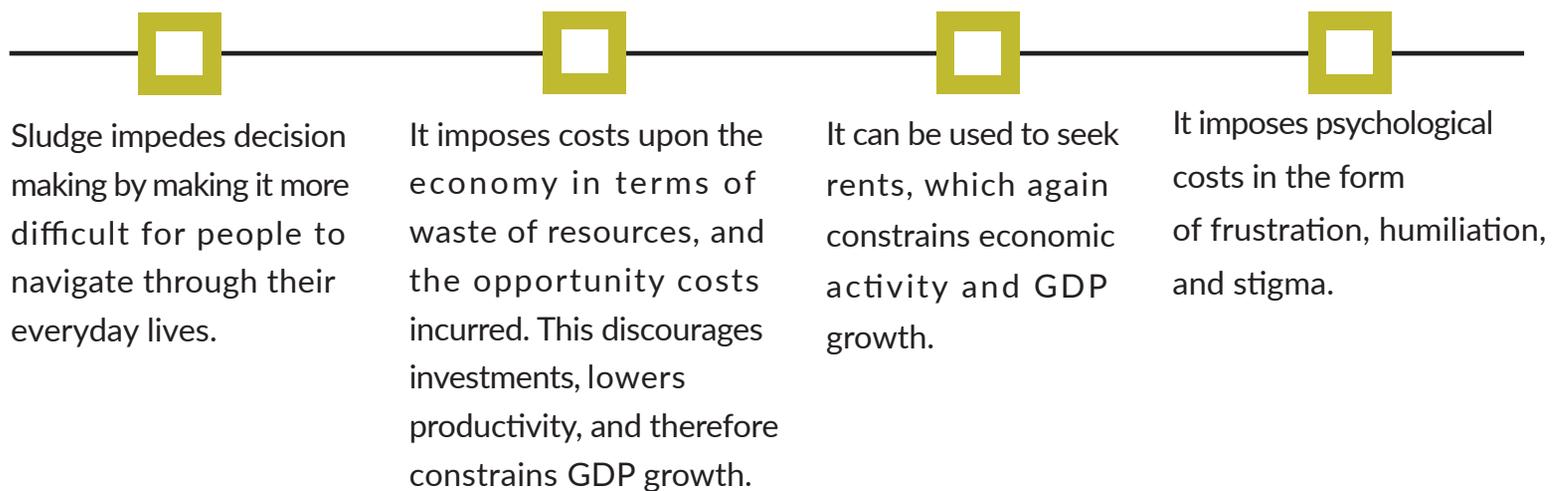
Sunstein (2020) defines sludge as;

- ⬡ Excessive or unjustified frictions make it difficult for people to get what they want or to do as they wish.
- ⬡ Frictions that make processes difficult to navigate, such as paperwork burdens that cost time and money, and which may end up frustrating people by depriving them of access to goods, opportunities, and services.



Most of the sludge consists of work not required at all (permissions etc.), duplicative paperwork and wait-time – waiting in a queue or waiting for a public official to decide.

WHY SLUDGE MATTERS?

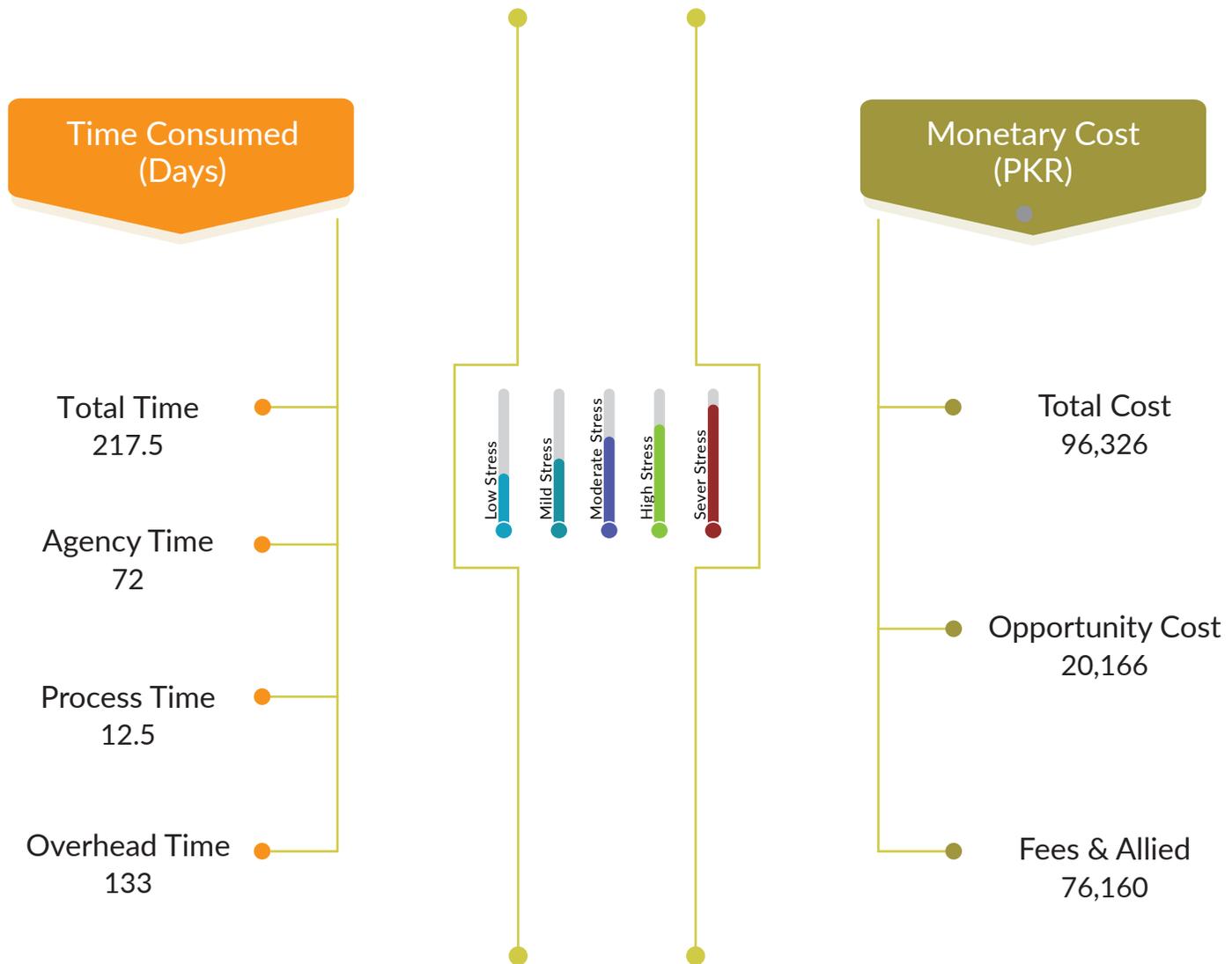


Examples of sludge include: seeking permissions absence of which affects no one, waiting for approvals (bureaucratic red tape), waiting in queues to get a task done, doing manually what is possible digitally at little cost to stakeholders, waiting for court-hearings involving cases that land in courts and securing attestations/verifications and fulfilling legal requirements (agreements on stamp papers, securing persons to sign as witness on agreements, notarize the legal documents).

OBJECTIVES OF THE SLUDGE SERIES



SETTING-UP A D-PHARMACY

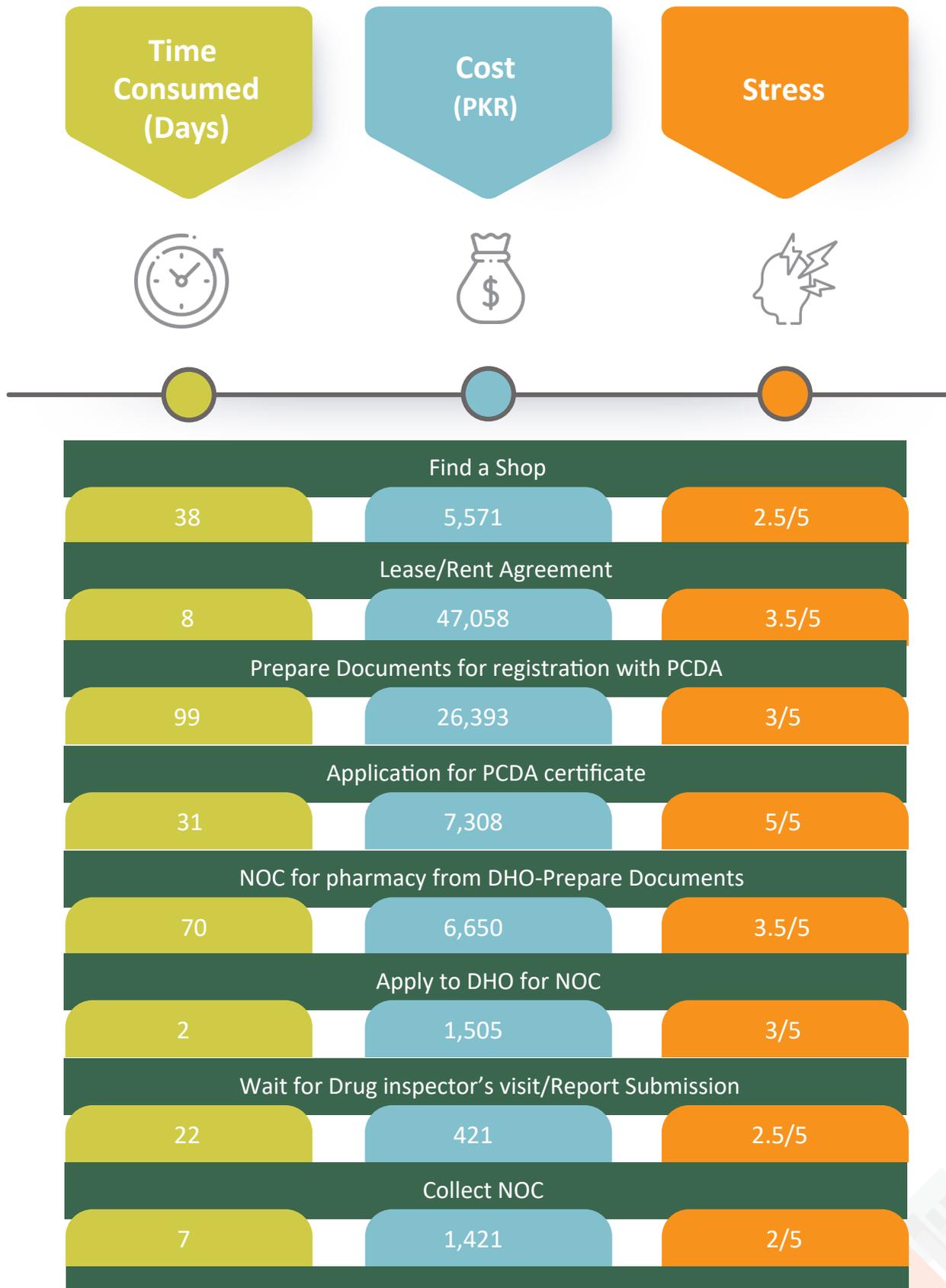


Approval and processing takes around 7.2 Months

Costs more than Rs. 90,000

Moderate Stress: 3.2

Chart-1: Setting-Up a Pharmacy



SOURCES OF SLUDGE

The primary sources of sludge are:

1

Verification of B-Pharmacy degree from the PMDC

2

Drug inspector's visit of the site to inspect the shop and allow pharmacy license

The two steps mentioned above together take more than two months



UNNECESSARY REQUIREMENT

Submission of Domicile - A citizen of Pakistan can do business in any part of the country, therefore, asking for a domicile is unnecessary

Steps to be eliminated through digitization:



STEP 01

Visit the DHO to gather information regarding pharmacy specific requirements - the information can be posted on the website, in English and Urdu in a user-friendly manner.

STEP 02

Deposit of license fee in the bank – online payment of license fee should be allowed.

STEP 03

Attested copy of CNIC – the CDA should have the facility to directly access the particulars from NADRA records – mentioning the CNIC number in the application form should be sufficient.

STEP 04

2nd visit to the DHO to apply for the license to operate a pharmacy is unnecessary – the facility of electronic submission should be available.

STEP 05

Final visit to the DHO to collect license is again unnecessary – the license when issued can be shared with the applicant electronically.

Color Legend



Table-1: Steps and Time Consumed in Setting-up a Pharmacy

No	Step	Description	Time (minutes)				Overhead Time	Agency Time	
			Travel	Waiting	Transaction / Process	Total			
1	Find a shop	Visit the realtor	45			45	14400 (30 days)	3360 (7 days)	
		Indicate Preferences for renting a shop		15	60	75			
		Finish the day	45			45			
		Visit-2 the realtor	45			45			
		Site visit		15	120	135			
		Finish the day	45			45			
		Visit-3 to the realtor	45			45			
		Meet the owner		15	120	135			
		Finish the day	45			45			
2	Lease Agreement	Collect the stamp paper	45	20	10	75	3360 (7 days)		
		Print lease agreement			10	10			
		Signature of witnesses	90		10	100			
		Pay Advance for renting the shop			10	10			
		Finish the day	45			45			
3	Gather Information	Visit DHO	45			45	480 (1 day)		
		Collect information		30	30	60			
		Finish the day	45			45			
4			90	30	60	180	7200 (15 days)		
		Obtain NTN	Apply -FBR			30		2400 (5 days)	1440 (3 days)
			Obtain NTN			10	10		
			Gather information	45			45		
			CNIC copy	20	5	10	35		
			Business stamp	90	30	60	180		

Get Registered with PCDA	Open Bank Account	Utility bill copy			10	10	9600 (20 days)	7200 (15 days)	
		NTN-FBR			30	30			
		Visit bank	45			45			
		Fill the form		30		30			
		Apply for bank account		15	30	45			
		Finish the day	45			45			
		Verification			30	30			
		Account opened			10	10			
	Affidavit	Collect stamp paper	10	20	10	40	480 (1 day)		
		Print affidavit		10	10	20			
		Obtain signature of witnesses	90	15	480	585			
		Notarize affidavit		10	10	20			
	Photo	Visit photo studio	90	60	10	160	480 (1 day)		
		Attestation	120	45	5	170			
	Attested copy of Matriculation	Copy degree	20	10	5	35	7200 (15 days)		
		Visit concerned Board	45			45			
		Submit Documents		150	30	180			
		Finish the day	45			45			
		Visit-2 to the Board (3days)	45			45			
		Collect attested degree		60	30	90			
Finish the day		45			45				
Online appointment IBCC			15	30	45				
Visit National Bank for Challan to deposit fee		90	60	60	210				
Visit IBCC		45	120	60	225				
Finish the day		45			45				
Domicile Copy		Visit National Bank for challan to deposit fee	90	60	30	180			4800 (10 days)
	Prepare documents		120	120	240				
	Visit citizen facilitation center	45			45				
	Data entry/ Challan submission		60	60	120				

			Obtaining e-receipt		60	60	120		
			Finish the day	45			45		
			Revisit to collect domicile	90	15	10	115		
			Fee submission	90	45	15	150		
			Application Submission			30	30	9600 (20 days)	4800 (10 days)
			Check the status			30	30		
			Collect Certificate			30	30		
5	Prepare Documents to be Submitted along with application for license to operate a pharmacy	CNIC copy (4 copies)	Copy			5	5	3360 (7 days)	
			Attestation			5	5		
		Lease Agreement Copy	copy			5	5		
			Attestation			5	5		
		Affidavit	Collect stamp paper	10	20	10	40		
			Print affidavit		10	10	20		
			witnesses sign	90	15	480	585		
			Notarize affidavit		10	10	20		
		Photo	Visit photo studio			5	5		
			Attestation			5	5		
		D-pharmacy	Copy			5	5		
			Attestation			5	5		
			Copy of PCDA's certificate			5	5		
	NTN-FBR			10	10				
	Location plan and specification of the premises			30	30				
6	Submit Documents	Visit-2 DHO	45			45	480 (1 day)	480 (1 day)	
		Submit application		30	30	60			
		Finish the day	45			45			
7	Inspection	Drug inspector visit	45			45	7200 (15 days)		
		Inspection		30	5	35			
		Finish the day	45			45			
8	Inspector's Report	Report submitted by the inspector to DHO				0	3360 (7 days)		
9	Collect License	Visit-4 DHO	45			45	3360 (7 days)		
		Collect license		30	5	35			
		Finish the day	45			45			
							12.4	133	72

Table-2 : Monetary and Opportunity in Setting-up a Pharmacy

No	Step	Description	Cost			Opportunity Cost	
			Travel	Fee	Total		
1	Find a shop	Visit the realtor	500		500	151.5	
		Indicate preferences for renting a shop			0	252.5	
		Finish the day	500		500	151.5	
		Visit-2 to the realtor	500		500	151.5	
		Site visit	500		500	454.5	
		Finish the day	500		500	151.5	
		Visit-3 to the realtor	500		500	151.5	
		Meet the owner			0	454.5	
		Finish the day	500		500	151.5	
2	Lease Agreement	Collect the stamp paper	500	150	650	252.5	
		Print lease agreement		100	100	33.7	
		Obtain signature of witnesses			0	336.7	
		Pay Advance for renting the shop		45,000	45,000	33.7	
		Finish the day	500		500	151.5	
3	Gather Information	Visit DHO	500		500	151.5	
		Collect information			0	202.0	
		Finish the day	500		500	151.5	
4	Get Registered with PCDA	Gather Information	500		500	606.0	
		Obtain NTN	Apply -FBR			0	101.0
			Obtain NTN			0	33.7
		Open Bank Account	Gather information	500		500	151.5
			CNIC copy	500	10	510	117.8
			Business stamp	500	1,000	1,500	606.0
			Utility bill copy		10	10	33.7
			NTN-FBR		10	10	101.0
			Visit bank	500		500	151.5
			Fill the form			0	101.0
			Apply for bank account			0	151.5
			Finish the day	500		500	151.5
			Verification			0	101.0
		Account opened			0	33.7	
		Affidavit	Collect stamp paper	500	150	650	134.7
Print affidavit			100	100	67.3		

			Obtain signature of witnesses			0	1,969.5
Get Registered with PCDA			Notarize affidavit		200	200	67.3
	Photo		Visit photo studio	1,000	500	1,500	538.7
			Attestation			0	572.3
	Attested copy of Matriculation		Copy degree	500	10	510	117.8
			Visit concerned Board	1,000		1,000	151.5
			Submit Documents		500	500	606.0
			Finish the day	500		500	151.5
			Visit-2 to Board (3days)	500		500	151.5
			Collect attested degree			0	303.0
			Finish the day	500		500	151.5
			Book Online appointment with IBCC			0	151.5
			Visit National Bank for Challan fee deposit	500		500	707.0
			Visit IBCC	500	600	1,100	757.5
		Finish the day	500		500	151.5	
	Domicile copy		Visit National Bank for challan fee deposit	500		500	606.0
			Prepare documents		200	200	808.0
			Visit citizen facilitation center	500		500	151.5
			Data entry/ Challan submission			0	404.0
			Obtaining e-receipt			0	404.0
			Finish the day	500		500	151.5
			Revisit to collect domicile	500		500	387.2
		Fee submission		6,000	6,000	505.0	
		Application Submission			0	101.0	
		Check the status			0	101.0	
		Collect Certificate	500		500	101.0	
	CNIC copy (4 copies)	Copy	500	40	540	16.8	
		Attestation			0	16.8	
	Lease Agreement Copy	copy		10	10	16.8	
Attestation				0	16.8		

5	Prepare Documents to be submitted along with application for license to operate a pharmacy	Affidavit	Collect stamp paper		150	150	134.7
			Print affidavit		100	100	67.3
			Obtain signatures of witnesses			0	1,969.5
			Notarize affidavit		200	200	67.3
		Photo	Visit photo studio	1000	500	1,500	16.8
			Attestation			0	16.8
		D-pharmacy	Copy		10	10	16.8
			Attestation			0	16.8
		Copy of PCDA's certificate				0	16.8
		NTN-FBR			10	10	33.7
Location plan and specification of the premises			100	100	101.0		
6	Submit Documents	Visit-2 DHO	500		500	151.5	
		Submit application			0	202.0	
		Finish the day	500		500	151.5	
7	Inspection	Drug inspector's visit			0	151.5	
		Inspection			0	117.8	
		Finish the day			0	151.5	
8	Inspector Report	Report submitted by the inspector to DHO			0	0.0	
9	Collect License	Visit-4 DHO	500		500	151.5	
		Collect license			0	117.8	
		Finish the day	500		500	151.5	



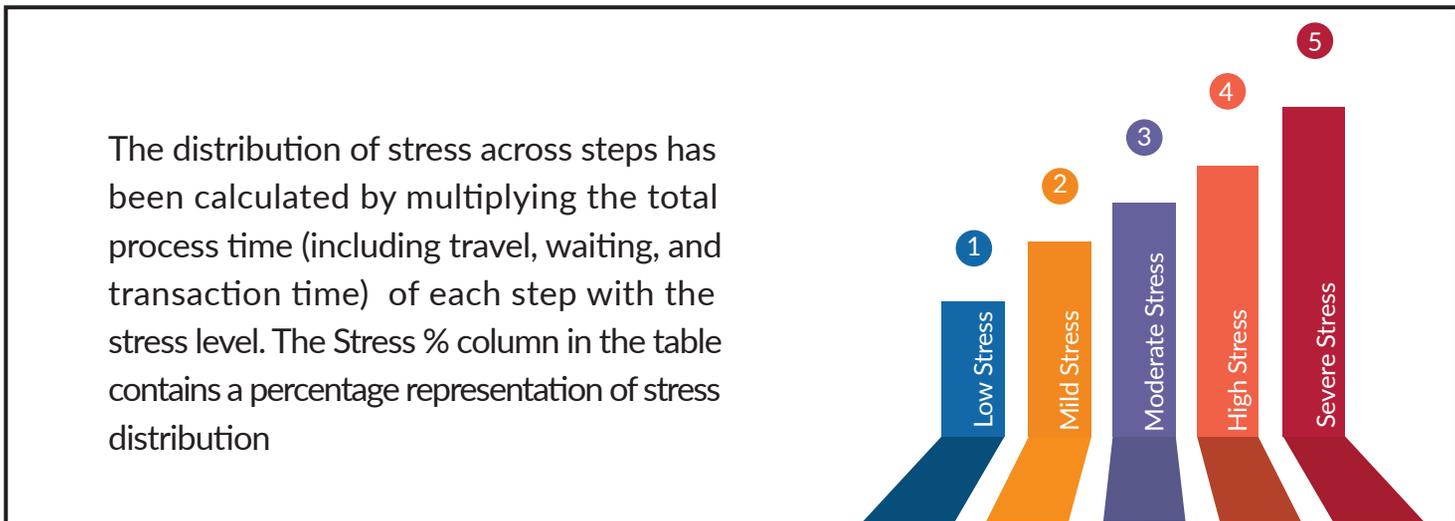


Table-3 : Stress Level in setting-up a Pharmacy

No	Step	Description	Stress Level	Stress %	
1	Find a Shop	Visit the realtor	2	0.4	
		Preferences Indication	4	1.3	
		Finish the day	2	0.4	
		Visit-2: the realtor	1	0.2	
		Site visit	4	2.4	
		Finish the day	1	0.2	
		Visit-3 the realtor	2	0.4	
		Meet the owner	5	3.0	
		Finish the day	2	0.4	
2	Lease Agreement	Collect the stamp paper	2	0.7	
		Print lease agreement	5	0.2	
		Obtain signature s of witnesses	5	2.2	
		Pay advance money	4	0.2	
		Finish the day	2	0.4	
3	Gather Information	Visit DHO	2	0.4	
		Collect information	4	1.1	
		finish the Day	2	0.4	
4	Get Register with PCDA	Gather Information	2	1.6	
		Obtain NTN	Apply- FBR	4	0.5
			Obtain NTN	4	0.2
		Open Bank Account	Gather Information	2	0.4
			CNIC copy	2	0.3
			Buisness stamp	3	2.4
			Utility bill copy	1	0.0
			NTN-FBR	1	0.1
Visit bank	2	0.4			

			Fill the form		4	0.5
			Apply for bank account		5	1.0
			Finish the day		2	0.4
			Verification		4	0.5
			Account opened		1	0.0
		Affidavit	Collect stamp paper		4	0.7
			Print affidavit		4	0.4
			Witnesses sign		5	12.9
			Notarize affidavit		5	0.4
		Photo	Visit Photo studio		2	1.4
			Attestation		5	3.8
		Attested copy of Matriculation	Copy degree		2	0.3
			Visit concerned Board		2	0.4
			Submit documents		5	4.0
			Finish the Day		2	0.4
			Visit-2 to Board (3 days)		2	0.4
			Collect attested degree		4	1.6
			finish the Day		2	0.4
			Online Appointment IBCC		5	1.0
			Visit National Bank for Challan		5	4.6
			Visit IBCC		5	5.0
			Finish the Day		1	0.2
			Domicile copy	Visit National Bank for challan		2
		Prepare documents			5	5.3
		Visit citizen facilitation center			5	1.0
		Data entry/ Challan submission			5	2.6
		Obtaining e-receipt			3	1.6
		Finish the dy			2	0.4
		Revisit to collect domicile			3	1.5
		Fee submission			5	3.3
		Application Submission		5	0.7	
		Check the status		5	0.7	
		Certificate reception		5	0.7	
5	Prepare Documents	CNIC copy (4 copies)	Copy		2	0.0
			Attestation		5	0.1
		Lease Agreement Copy	Copy		2	0.0
			Attestation		5	0.1

			Collect stamp paper		4	0.7
		Affidavit	Print affidavit		5	0.4
			witnesses sign		5	12.9
			Notarize affidavit		4	0.4
			Photo	Visit photo studio		2
		Attestation			5	0.1
		D-pharmacy	Copy		5	0.1
			Attestation		2	0.0
			Copy of PCDA's certificate		2	0.0
			NTN-FBR		2	0.1
			Location plan and specification of the premises		4	0.5
6	Submit Documents		Visit-2 DHO		2	0.4
			Submit application		5	1.3
			Finish the day		2	0.4
7	Inspection		Drug inspector visit		2	0.4
			Inspection		5	0.8
			Finish the day		1	0.2
8	Inspector Report		Report submitted by inspector to DHO		1	0.0
9	Get License		Visit-4 DHO		2	0.4
			Get license		3	0.5
			Finish the day		1	0.2

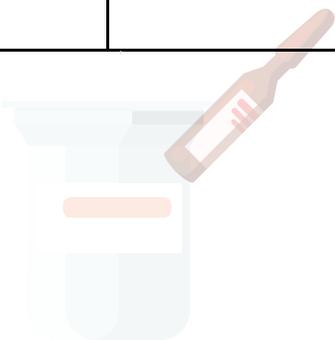
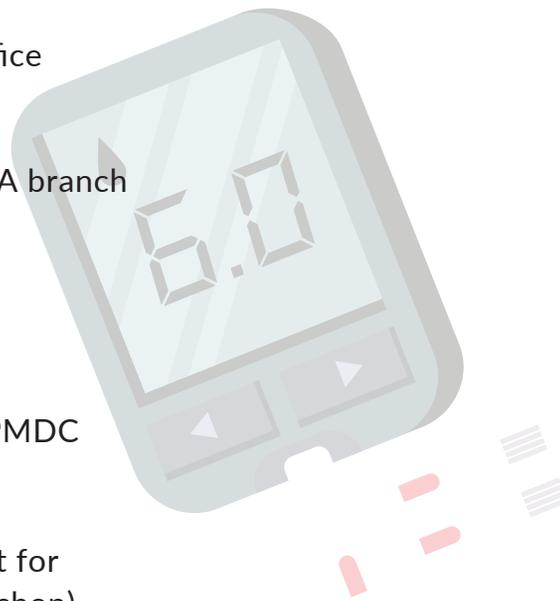


Table-4: Steps Involved in Setting- up a Pharmacy (As per Official Claim)

Steps	Time (Days)
□ Entering the application in the system (allot file number)	1
□ Compiling the file	1
□ Sending file to RNI office	1
□ Scrutiny the file	7
□ Forward to DHO office	1
□ DHO mark to the P.A branch	3
□ Compiling the file	7
□ Sending degree to PMDC for verification	45
□ Drug inspectors visit for inspection (Retailer shop)	15
□ After inspection send report to DHO office	1
□ Retailers visit to DHO office to check the status	7
□ DHO office provide license to the retailer	1



NOTES:

The information used in the report has been collected through multiple interactions and in-depth interviews with stakeholders including concerned government agencies and private entities. Applicants were key informants and were also interviewed in-depth.

ASSUMPTIONS:

1. Average travel time to any office within Islamabad/Rawalpindi is 45 minutes. Roundtrip takes 90 minutes.
2. The cost for one way trip is Rs.500/-. This is average fare of Uber/Careem
3. Applicant visiting a government agency to meet an official manages to meet the person during the said visit.
4. Stress level included in the report has been assessed based on:
 - (i) effort-level of the applicant for performing a task
 - (ii) time involved in completion of the step and
 - (iii) how crucial the step is for completion of the activity and
 - (iv) the probability that the task may not be allowed/approved by the authority concerned.

The entire foregoing assessment is based on in-depth interviews of applicants.



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