

Implementation of DPCO

*625. SHRI RAJNI RANJAN SAHU: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that officers of the Ministry had discussions in Bombay with the industry on the implementation of Drug Prices Control Order (DPCO), 1995;

(b) if so, when and the details of important issues discussed;

(c) whether it is a fact that clarifications were provided by them on market share, exports etc.; and

(d) whether it is a fact that certain provisions of announced policy were interpreted without the prior approval of Government?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) and (c) Discussions were held on the 13th Feb. 1995 with the pharmaceutical industry on "Modifications in the Drug Policy, 1986" announced in September, 1994 and implementation of Drugs (Prices Control) Order, 1995 notified on 6th January, 1995. During the discussion, clarifications asked for in regard to various policy measures and provisions of DPCO 95 and the manner of their implementation were given to clear the doubts expressed by the industry.

(d) No, Sir. Clarifications, given during the said discussion, were simply logical interpretations of various provisions in the background of the decisions announced by the Government.

SHRI RAJNI RANJAN SAHU: Mr. Chairman, Sir, first I would request the Minister that he should concede that there are anomalies in the Drug Policy of

1995. It directly affects the consumer. As he knows, the criteria fixed for inclusion of drugs in the Price Control Order are themselves contradictory. The data base year taken is 1990. It is now 1995. The value of money has gone down. Why didn't he do any survey in the last four years? He has based the data on a marketing share study done by an organisation, which he has accepted partially. I would like to know from the hon. Minister; (a) What is the rationale for using the ORG data, which are four years' old and unreliable compiled on the basis of a study of samples from a small number of retailers? Why hasn't he done his own survey? He has got four years. (b) He has stated in the Policy that the small-scale sector should submit its production turnover. It is not required. The small-scale sector, as per the norms or the laws, is not required to submit its turnover. They have said in the policy that they are taking the turnover of the small-scale sector and the organised sector. So, he has misled the House by placing the 1995 policy. In respect of reckoning the turnover of bulk drug production for exports, on the one hand, they are liberalising and encouraging our export and on the other hand, the Minister has taken the export production items under price control. I don't know from where they get the EOB price.

MR. CHAIRMAN: Please frame your question.

SHRI RAJNI RANJAN SAHU: Sir, these are my three questions.

SHRI EDUARDO FALEIRO: Sir, on the difficulties of the new Drug Policy I would like to say this. Sir, hardly ever has any policy been discussed so extensively in consultation with the Members of Parliament as the Drug Policy has been discussed. It was discussed in this House when it was not required. Usually it is discussed only after the policy is made. It was discussed before. It was discussed twice in the Standing Committee. It was discussed in the Consultative Committee. It was discussed with the industry. Sir, I would like to say that the hon. Member himself has been associated with this and his suggestions

have always been taken with great respect and with regard. This reflects how much work has been done and how much consultation has been held on this policy.

Sir, So far as the question of data base, 1990, is concerned, it has got to be of some time. It cannot be from day-to-day. This data is revisable and it would be revised from time to time.

Now we are waiting for the constitution of the National Pharmaceutical Pricing Authority. One of the main tasks of this Authority will be to review the prices on the basis of the new data. Sir, I would also like to add that the small-scale industry has been subjected to discipline of price control as far as standard packs are concerned. I would conclude by saying that liberalisation does not mean that the prices should shoot up and the patients who are on the death-bed or are sick should be compelled to pay high prices. There must be price control. There must be equality control. There must be price control as far as essential commodities like medicines are concerned. We have liberalised the price control. But we cannot completely keep the prices under control. If he is concerned about the vast masses, we are equally concerned.

SHRI RAJNI RANJAN SAHU: Sir, I contradict the statement of the hon. Minister. No doubt, it has been widely discussed.

लेकिद पंचो की राय मान्य हैऔर पंजा
यही गिरेगा, खूटा यही गिरेगा।

They have discussed it. But they have done whatever they liked.

MR. CHAIRMAN: You put your question. The Minister has given a detailed reply.

SHRI RAJNI RANJAN SAHU: I am putting my question. He has not replied to my question. I have asked about the basis of the data of FOB value on exports which has been done, but not imports. He has mentioned about imports. They have liberalised imports.

Any medicine can be imported. But we are also exporting medicines. It has been brought under price control. It is affecting the international market also. So, what is the basis of the data? Secondly, the industry can represent. He has accepted that the industry can represent. Their representation is being entertained on negotiation basis. They are allowing that. They are coming to the Ministry and asking them to give representation. Negotiations are also going on. They say, "Yes, your drug will come under price control." But what about the consumers who have paid money to the retailers and to the wholesalers? Where should they go? How should they represent their cases? I would like to know this from the hon. Minister.

SHRI EDUARDO FALEIRO: As far as the first part of the question is concerned, the underlying thought in the mind of the Member or anybody who puts this question is this: Rupees four crores is now the cut-off point if the drug value is more than rupees four crores. It then comes under price control. The suggestion is: 'deduct from rupees four crores, whatever is being exported.' Now, that is not possible and it is not reasonable. Rupees four crores, as it is, gives a lot of leverage and those quantities which are exported are not subject to price control by any definition. They are exported and where they are exported, the price control that we impose does not prevail. So, he should not insist on this. (a) Rupees four crores is good enough and the export quantity cannot be taken into account; (b) It should not be taken into account for the reasons I have mentioned.

He mentioned about fixation and negotiation of prices of some drugs which are under price control. That cannot be done. The system that we have brought in is transparent. The system that we have brought in is for objectivity. It rules out negotiations. If the value of a bulk drug which is sold is rupees four crores

or more, there is no question of negotiations. It has to come under price control. If it is less, unless there is a monopoly situation, there is no question of negotiations. It does not arise. Clarifications, the industry is welcome to obtain from us. The cooperation of the industry is necessary. But negotiation does not have a place.

SHRI RAJNI RANJAN SAHU: What about the consumer who is paying for it? Where should he go?

SHRI EDUARDO FALEIRO: This is precisely in the interest of the consumer. If you have any suggestions for the benefit of the consumers, we will accept them here and now.

SHRI RAJNI RANJAN SAHU: We will give you the suggestions and you will have to accept them.

MR. CHAIRMAN: Please send the suggestions later.

SHRI GOPALRAO VITHALRAO PATIL: It is common knowledge that the prices of drugs are rising day in and day out. In these four years, they have risen by three times and sometimes four times. So, till the price control authority comes into force, what measures does the Government propose to take to control the prices? If it is left to the manufacturers, the patients suffer.

Essential drugs cost more. Therefore, my question is: How much price rise has taken place during these three to four years? What measures has the Government taken to control them?

SHRI EDUARDO FALEIRO: I want to remove the misconception that the prices have gone up just across the board as far as medicines are concerned. The position is as follows: If we take the period from the end of September, 1994 into account which roughly coincides with the announcement of the modifications in the Drug

Policy, 1986—it is a new Drug Policy— we find that the medicine prices had gone up by only 0.4 per cent as against 4.1 per cent for all commodities. Similarly, since the end of December, 1994, which is the immediate week prior to the announcement of the Drug Prices Control Order, 1995, the drug price index had actually come down by 3.1 per cent as against 1.3 per cent for all other commodities. Therefore, the study of the wholesale price index does not reveal that there has been an abnormal increase in prices of medicines. Further, I am also aware that medicines are not sold in wholesale. Medicines are sold item by item. We had conducted a survey in the Super Bazar, here in Delhi. We found that since the announcement of the drug policy, most of the drug prices—I have the figures here with me and I can give them to the Member—have remained stagnant. A few went up and a few went down. However, I would like to underline our permanent concern, that is, prices should not rise. As far as a couple of medicines are concerned, wherever we found that the prices have risen abnormally, we are enquiring into it and we are trying to find out what we can do in the matter. We will inform the Parliament through the Assurance Committee within two months from today.

*626. [*The questioner (Shri Bhagaban Majhi) was absent. For answer vide col. 38 infra.*]

*627. [*The questioner (Shri Vayalar Ravi) was absent. For answer vide col. . . infra.*]

Setting up of National Institute for Computer and Allied Services in Bangalore

*628. **SHRI K. RAHMAN KHAN:** Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) whether Government are setting up a National Institute of Computer