

(iv) Import of technology involving lump-sum payment, royalty payment and foreign collaboration are allowed depending upon merits in the field of drugs.

(v) Protection is also provided to indigenous producers through the tariff mechanism. Most of the bulk drugs and intermediates are levied custom duty of 100 per cent *ad-valorem*.

The import of bulk drugs and intermediates is regulated under the provisions of Import and Export Policy. Production of a drug by a company depends on various factors such as demand and supply, economies of production, drug obsolescence and corporate plan of the company.

#### **Supreme Court judgement on unintended benefits**

1515. SHRI BHUBANESWAR

KALITA:

SHRI RAOOF VALIULLAH:

Will the Minister of INDUSTRY be pleased to state:

(a) whether the Supreme Court has given a judgement for the recovery of unintended benefits made at the cost of consumer to be deposited under Equalisation Fund Account;

(b) whether it is a fact that the Court has observed overcharging and high profiteering of drug companies;

(c) if so, whether his Ministry has decided to abolish the account for the recovery of unintended benefit; and

(d) if so, what are the reasons for discontinuing and how the Ministry will be safeguarding the consumer's interest?

THE MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETRO-CHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI R. K. JAI-CHANDRA SINGH): (a) and (b) Yes, Sir.

(c) and (d) As the operation of DPEA was giving rise to intractable administrative problems with anticipated accruals to

the DPEA being thwarted by disputes and claims on the DPEA put forth promptly, it has been decided to discontinue the system of retention and pooled pricing. A provision would be made in the new Drug Price Control Order to ensure that amounts which have already accrued to the DPEA and those which are likely to accrue as a result of action in the past, are protected and used for the purpose stipulated in the existing Drug Prices Control Order.

#### **Refund of Unintended Benefit by drug companies**

1516. SHRI BHUBANESWAR

KALITA:

SHRI RAOOF VALIULLAH:

Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that according to Supreme Court's ruling 26 drug companies are liable to refund the over charging from the consumers;

(b) names of the drug companies which are liable to refund the unintended benefit made by them;

(c) whether it is a fact that the amount to be refunded runs into many crores;

(d) whether it is also a fact that the amount over-charged from April, 1981 to April, 1987 is to be refunded by each of the drug company;

(e) if so, whether the drug companies will have to pay interest on this amount; and

(f) if so, at what rate?

THE MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETRO-CHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI R. K. JAI-CHANDRA SINGH): (a) to (f) Supreme Court in its judgement on 10th April, 1987 allowed the appeal of the Union of India and dismissed the writ petition of M/s. Cyanamid India Ltd. filed in the Delhi High Court. Court has

also observed that the undertaking given by the company to pay the difference between the prices charged and those fixed by the Government into the Drug Prices Equalisation Account subsists. Details of the difference are yet to be worked out.

**Indigenous production of drugs under new drug policy**

1517. SHRI BHUBANESWER KALITA;

SHRI RAOOF VALIULLAH;

Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that his Ministry has not announced the list of inputs whose custom duty will be brought down than the duty of finished bulk drugs;

(b) whether it is also a fact that his Ministry has not announced the bulk drugs to be covered under tariff mechanism to boost indigenous production while proposing new measures;

(c) whether it is a fact that his Ministry has not proposed any measures for mandatory production of essential drugs; and

(d) if so, the reasons thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETRO-CHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI R. K. JAICHANDRA SINGH): (a) The Ministry of Finance has recently exempted 36 drug intermediates which are exclusively used for production of bulk drugs from countervailing duty, thus reducing the effective rate of customs duty on these drug intermediates.

(b) The names of bulk drugs to be covered under proposed tariff mechanism can be decided only after finalisation of the list of price controlled drugs.

(c) and (d) Government's decisions are contained in the booklet entitled 'Measures for Rationalisation, Quality

Control and Growth of Drugs & Pharmaceutical Industry in India' copies of which are available in the Parliament Library.

**Drug Equalisation Fund Account**

1518. SHRI RAOOF VALIULLAH: Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that Drug Equalisation Fund Account was set up to safeguard the interest of bulk drug producers and the consumers;

(b) whether it is a fact that there is a proposal to discontinue this account due to administrative difficulties; and

(c) what are the reasons for discontinuing the account and not removing the administrative difficulties?

THE MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PETRO-CHEMICALS IN THE MINISTRY OF INDUSTRY (SHRI R. K. JAICHANDRA SINGH): (a) to (c) The Drug Price Equalisation Account was set up essentially to encourage domestic production of bulk drugs through a system of retention pricing. However, in actual practice its operation is giving rise to intractable administrative problems with anticipated accruals to the DPEA being thwarted by disputes and claims on the DPEA put forth promptly. It has therefore, been decided to discontinue the system of retention and pooled pricing.

**Supersession of employees in Singrauli Super Thermal Power Project**

1519. SHRI RAM NARESH KUSHAWAHA: Will the Minister of ENERGY be pleased to state:

(a) how many Junior Operators (T|V) were appointed in the Singrauli Super Thermal Power Project of National Thermal Power Corporation Ltd, in September, 1980 and have been superseded by their juniors when promotions to the next grades i.e. Grade IV (T|V) and Grade III (T|V) were made in 1982 and 1986 respectively;