

श्री सभापति : सारा हाउस आपसे कह रहा है ।

(Shri Rajnarain continued to speak)

श्री पीताम्बर दास : इस प्रश्न को आप बाद में उठायें ।

श्री राजनारायण : श्रीमन्, आप की इस व्यवस्था के विरोध में और स्वाधीन बंगला देश की आवाज बुलन्द करने के लिये मैं आज सदन का त्याग कर रहा हूँ ।

(At this stage, Shri Rajnarain left the House)

### ORAL ANSWERS TO QUESTIONS

#### DRUG PRICES

श्री M. K. MOHTA: Will the Minister of PETROLEUM AND CHEMICALS/ पेट्रोलियम और रसायन मंत्री be pleased to state:

(a) whether there has been any substantial reduction in drug prices since the enforcement of the Drug Prices Control Order with effect from August, 1970;

(b) whether there has been any increase in the prices of any life saving drugs since the enforcement of the Drugs Prices Control Order and if so, in respect of what drugs and what were the reasons for the increase;

(c) whether any representation has been received by Government to the effect that after the Drugs Prices Control Order, there has been an overall increase of between 20 per cent to 50 per cent in drug prices, and the same has defeated the purpose of the order; and

(d) if the answer to part (c) above be in the affirmative, the reasons therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF PETROLEUM AND CHEMICALS/ पेट्रोलियम और रसायन मंत्रालय में S'mal' (SHRI DALBIR SINGH):

(a) The prices of a number of drugs have recorded substantial reductions as a result of the enforcement of the Drugs (Prices Control) Order, 1970.

(b) Prices of certain medicines like Sulphas, Anti amoebic drugs, Vitamins, anti-

f Starred Question Nos. 206 and 211 were taken up together.

TB drugs etc. have shown some increase after the price control order. The objectives underlying the price control measures of the Government are not merely of price reduction but also of price control and rationalisation. In this scheme of things, price increases in respect of some of the drugs as mentioned above had to be permitted. Government, however, took care to see that the increases were only with reference to the increase in the cost of raw materials and other costs, to an extent that could not be absorbed in the existing price.

(c) and (d) Various representations relating to Drugs Prices have been received. They include complaints of price increases in respect of certain drugs the reasons for which are given in the reply earlier. The Government do not agree that there has been overall increase between 20 to 50 per cent in drug prices after the Drugs (Prices Control) Order and these price increases have defeated the purpose of the price control order.

#### SCARCITY OF ESSENTIAL DRUGS IN THE COUNTRY

•211. SHRI KRISHAN KANT:

SHRI ARTUN ARORA:

DR. SALIG RAM ;

SHRI RAIENDRA PRATAP

SINHA:

Will the Minister of PETROLEUM AND CHEMICALS/पेट्रोलियम और रसायन be pleased to state:

(a) whether Government are aware of the scarcity of some essential drugs in the country;

(b) if so, what are those drugs;

(c) the reasons for the scarcity; and

(d) what steps have been taken by Government to meet the scarcity?

THE DEPUTY MINISTER IN THE MINISTRY OF PETROLEUM AND CHEMICALS/ पेट्रोलियम और रसायन मंत्रालय में (SHRI DALBIR SINGH):

(a) Yes, Sir.

(b) Shortages have been reported mainly in respect of antibiotics preparations, anti diabetic drugs, sera and vaccines, vitamins, anti TB drug's, etc.

(c) The reasons for the shortages are reported to be due to inadequate indigenous production, delays in imports as well as spurt in demand consequent upon the reductions in prices under the Drugs (Prices Control) Order, 1970.

(d) Steps have been taken to increase indigenous production wherever possible and to expedite imports through State Trading Corporation in adequate quantities so that

timely and regular supplies of bulk drugs and intermediates are made available to drug manufacturers for the purpose of maintaining production to cope up with the demand.

SHRI M. K. MOHTA: Sir, the hon. Minister says that some increases in the prices of drugs have been allowed due to increase in the cost of raw materials. May I ask the hon. Minister whether it is not a fact that most of the raw materials and inputs required for drug manufacture are supplied by S.T.C. or procured through the S.T.C. from foreign resources and that the S.T.C. charges profits ranging from 25 per cent to 325 per cent on such imports and, if so, how is it that the Government, while on the one hand restricting a profit of 15 per cent on the turnover to drug companies, has not placed any restriction on the profit charged by the S.T.C. which is the major cause of the high prices of drugs? Secondly, Sir, is it not a fact that 22 per cent—22 paise for every rupee—of the prices that are charged from the consumers actually go to the pockets of the Government itself and the most effective way to decrease drug prices would be to decrease the levy of the Government on life saving drugs and essential drugs, like antibiotics and anti-T.B. drugs which the hon. Minister has just mentioned? And if so, what is the Government's policy in this regard. That is my first question.

SHRI PRAKASHCHAND B. SETHI: About 11,732 formulations were examined and it is not correct to say that the prices have been increased in all. In about 5,209 formulations the prices have been reduced. In 4,240 formulations the prices have been made stationary and it is only in respect of 1,341 formulations that the prices have been increased on the basis of the increase in the cost of raw materials, packing, etc., which has been answered in the main body.

Now, this is also not correct to say that all the raw material is being supplied through S.T.C. S.T.C. is only importing and it has only been allowed to import certain basic drugs after the Prices Control Order because there were shortages in certain sectors and the total import through S.T.C. is only worth 7 crores out of the total import of about 18 to 19 crores. Therefore . . .

SHRI M. K. MOHTA: And what about the marginal profits?

SHRI PRAKASHCHAND B. SETHI: As far as S.T.C. is concerned, it is charging the price that it has to pay plus a very marginal profit. They have also to add the transport charge like shipping, etc.

MR. CHAIRMAN: How much profit they are making?

SHRI PRAKASHCHAND B. SETHI: I do not have the exact figure but I would

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like to state that the increase is not on account of this fact. It is not due to the profiteering by the STC but whatever bulk drugs have been imported through the STC, they have been given to the IDPL for sale. The prices of the indigenous production and the imported material are pooled and because the prices of the indigenous drugs are higher and the pooled price is higher than the imported price.

SHRI M. K. MOHTA: Is it not a fact that the working of the pool system is such that it increases the final cost to the consumer to an astronomical extent? As an example, I would quote folic acid against which Rs. 1000 per Kg. is given to the manufacturers but the pool price is Rs. 1,312 which clearly shows that some profiteering is going on and it goes to the pocket of either the IDPL or the STC which is not reasonable at all. Would the Minister be pleased to lay on the Table a comprehensive statement showing the cost to the STC, the charges for out-of-pocket expenses and the profits? Whether they import for Rs. 7 crores or Rs. 17 crores is immaterial. It is alleged that they are charging very high profits. Referring to point (a), the Minister said that there have been reductions in some drug prices but it is the common experience of consumers that the drugs are not available in the market at prices fixed by the Government which means there is a lot of blackmarketing going on and the solution to this does not lie in control but only in extra production. Therefore, what is the Government doing to increase the productions of drugs in the country?

SHRI PRAKASHCHAND B. SETHI: By and large we have not received any report of high prices being charged on the formulations which have been fixed but certainly we have received reports that in certain mofussil parts of some of the States, certain drugs are not available. That might be on account of the fact that the commissions allowed by the wholesalers to the retailers have been drastically reduced. It may be on account of that they are not available in the mofussil areas. We have already addressed the Drug Controllers in the States to give us the exact position about the shortages and wherever higher prices are charged, we have requested the States to take suitable action.

SHRI MAHAVIR TYAGI: Is the STC permitted to charge to the extent of 300 percent?

MR. CHAIRMAN: I have not called you. The request is whether a statement could be laid on the Table giving the cost and other details?

SHRI PRAKASHCHAND B. SETHI: Whatever would be available I will lay as early as possible.

SHRI S. D. MISRA: The STC is a Government organisation and everything should be available.

SHRI KRISHAN KANT: May I know the range of increase allowed in certain drugs? Do they not vary from 10 to 100 per cent and, if so, why? You have admitted that there is scarcity of certain drugs. The President of the Delhi Medical Association had spoken twice that this scarcity has arisen after the Drug Control Order. Is the allegation correct? After this order, what action has been taken to see that the Order is implemented and scarcity does not arise? Have any prosecutions been launched by the States? Has anything been done to implement the Order? Thirdly, I would like to know, when you fixed the prices, did you examine the cost of the drug industry in the various regions? What is the total percentage of basic drugs to the total outturn of drugs and other formulations that the foreign-owned companies in India are having? The foreign companies are concentrating on formulations rather than on basic drugs. May I know what the Government is doing in that respect?

SHRI PRAKASHCHAND B. SETHI: As far as the total output of basic drugs and formulations is concerned, it is about Rs. 220 crores and it is likely to be about Rs. 250 crores this year. Out of these Rs. 220 crores about Rs. 85 crores is the basic drugs and the rest are formulations. As a matter of fact cost of production of most of the basic drugs is comparatively higher in India and it is true that the companies are making profits on the formulations but to the extent that we can reduce their profitability we have already taken measures. Out of the production of basic drugs they have to pass on certain percentage for the formulations manufacturers in the small scale sector and that process has already started.

SHRI KRISHAN KANT: I said the price rise and scarcity had come after the price control order and I wanted to know what has been done and also the range of increase in the prices.

SHRI PRAKASHCHAND B. SETHI: As far as shortage of certain drugs is concerned, it is true that shortages of certain drugs like antibiotics, anti-diabetic drugs, vitamin C and anti-T.B. drugs came to lie felt particularly after the Drugs Control Order and there are many factors to it. One is the spurt in the purchases; another is fall in imports and yet another is reduction in production. Steps have been taken to regularise imports of these drugs and also to increase production. As far as price fixation is concerned, there are specific formulas with price fixation. Would you, Sir, like me to go into the details of the price fixation? I can read out the formulas if you like.

SHRI KRISHAN KANT: I only want to know the range of increase in the prices; I do not want the details.

SHRI PRAKASHCHAND B. SETHI: I am not sure. As I pointed out, in the case of most of the drugs and formulations the prices have gone down; in some they have been retained as they were. It is only in certain formulations that the prices did

SHRI KRISHAN KANT: What is the range of increase in the prices of the formulations?

SHRI PRAKASHCHAND B. SETHI: According to the alternate formula the maximum profit is limited to 15 per cent of the total turn over.

SHRI ARJUN ARORA: The Minister said that the prices of drugs have gone up because of the rise in the price of raw materials. May I know if these raw materials are imported and if so by whom, because my information is that the raw materials and intermediaries are imported by the foreign drug manufacturers established in India who purchase them from their principals or their Sister concerns abroad. They willingly pay more and that is how the prices have gone up. Has he enquired into this aspect of the matter. The prices of drugs have gone up because the raw materials and intermediaries are supplied by the Principals of the drug manufacturing concerns here and this is a mutual arrangement to rob this country not only of money but also of valuable foreign exchange?

SHRI PRAKASHCHAND B. SETHI: Sir, out of the total output of about Rs. 220 crores as I have already pointed out the imports of raw materials and basic drugs were of the order of about Rs. 22 crores last year and this year it is Rs. 12 crores and out of that also about Rs. 7 crores worth of imports have been routed through the STC. Therefore if there was a possibility of the raw material cost going up on account of the private parties importing the raw materials, that has to some extent been checked; not to some extent but about 50 per cent has been checked because the imports are routed through the STC.

DR. SAEIG RAM: Sir, most of the drugs the prices of which have been brought down are those consumed by well-to-do people like antibiotics, injectables etc. while those drugs the prices of which have gone up are those generally consumed by the poor people. I would therefore request the hon. Minister to look into this matter. Most of the drugs are not easily available like vitamin C etc. in the rural areas. I would like the Minister to look into this matter and try to bring down the prices of these also.

SHRI PRAKASHCHAND B. SETHI: I am thankful to the hon. Member for the suggestion. We are certainly prepared to look into the matter at any time but as far as the vitamin shortage is concerned. It was

particularly felt only in vitamin C, and about hundred tonnes of vitamin C have already been imported and another 150 tonnes are to be imported, and the situation with regard to the shortage of vitamin C would certainly ease.

**श्री निरंजन वर्मा :** श्रीमन्, वैसे जो जीवन के लिए सभी दवाईयां उपयोगी हैं किन्तु आपने 1341 फार्मूलेशन बतलाये हैं उनकी दवाईयां के दाम बहुत अधिक बढ़े हैं। इनमें से अधिक जीवन उपयोगी वस्तुएं कितनी हैं और दवाईयां कितनी हैं? दूसरी बात यह बतलाइये जिनके दाम कम हो गये हैं, उनमें से कितनी दवाईयां बाजार से गायब हो गई हैं और अगर बाजार से गायब हो गई हैं, तो उनको खोज निकालने के लिए अपनी सरकार ने क्या किया ?

**श्री प्रकाशचन्द बी० सेठी :** सभापति महोदय, जहां तक ड्रग प्राइस कंट्रोल आर्डर को इम्फोर्स करने का ताल्लुक है, यह हर एक राज्य में जो ड्रग इन्स्पेक्टर हैं ये इस प्राइस कंट्रोल को इम्फोर्स करते हैं और देखते हैं। अभी तक उनमें जो रिपोर्ट आई है उसमें ऐसा नहीं मालूम होता है कि जो कीमत तय की गई है उसमें ज्यादा कीमत ली जा रही है। रिपोर्ट में यह कहा गया है कि कमिशन कम हो जाने से मुफसिल में जो लोग दवाईयां बेचते थे उनको माजिन नहीं रहा और इस तरह से मुफसिल में दवाईयां की शार्टेज हो गई है। इस मामले में बम्बई राज्य से खासतौर पर शिकायत आई है और इस बात की जांच ड्रग कंट्रोलर के धू की जा रही है कि कौन-कौन सी चीजों में इस तरह की शार्टेज है और इसको किस तरह से दूर किया जा सकता है, इस पर विचार किया जा रहा है।

**SHRI BABUBHAI M. CHINAI:** It is rather a little unfortunate that the portfolio of the Minister is being changed time and again. Therefore, he may not be knowing the background about this question. The hon. Minister I hope knows that last year when the order was issued of reduction in the prices of drugs by 75 per cent, within 14 days a new order came and Government took power to increase the prices of drugs. In between the prices of drugs had gone up considerably and all sorts of loose talks were going on in the country. Not only that, I hope the hon. Minister knows that

one Member of the Lok Sabha, Mr. Fernandez, at that time charged the Government that they had come into collusion with the manufacturers and taken money for election purposes and therefore this power had been given and they had been promised increase in price. Not satisfied with that he challenged . . .

**MR. CHAIRMAN:** What is your question?

**SHRI BABUBHAI M. CHINAI:** That is what I am saying. Not only that, he challenged him outside the House so that the person concerned can go to the court and vindicate himself. Nothing was done. In spite of that the hon. Minister today tells us that the prices have not gone up.

**MR. CHAIRMAN:** What he has told us we know.

**SHRI BABUBHAI M. CHINAI:** What I want to know is, he says that only 20 per cent of the drug prices have gone up and that also to the tune of 15 per cent. Our information is that the prices have gone up . . .

**MR. CHAIRMAN:** What is your question?

**SHRI BABUBHAI M. CHINAI:** Therefore, I am asking him whether really it is a fact that the prices have not gone up beyond 15 per cent. Also about State Trading, is he prepared to institute an enquiry that they are not charging more than a certain percentage? If so, I am prepared to prove that the State Trading is charging in some items 250 per cent, 300 per cent, etc. Let him take up the challenge. I am prepared to prove it.

**SHRI PRAKASHCHAND B. SETHI:** I was under the impression that Mr. Chinai is out of the election fever, but it appears (that he is still in that very mood).

**SHRI BABUBHAI M. CHINAI:** It is not a question of election fever. It is a question of a scandal which has taken place in this country. In Bombay if you go into the Diamond Bazar market, Rs. 25 lakhs worth of diamond has been purchased.

**SHRI BHUPESH GUPTA:** This is what I would call the brighter side of national bourgeoisie.

**SHRI PRAKASHCHAND B. SETHI:** Sir, even before the 1970 Price Control Order when even the prices of these drugs were frozen, there was a provision that the manufacturers could approach the Government for any price increase and the Government was entitled to give them the price increase on the basis of the inquiry and examination that they could make. And there were hundreds of such applications pending with the Government. Therefore, it is not correct to say that before this price control

tame, there was no power with the Government to increase the prices in case after the examination it was found justified:

SHRI BABUBHAI M. CHINAI: What was the necessity for issuing another order within 14 days?

SHRI PRAKASHCHAND B. SETHI: This was issued after the Tariff Commission's enquiry. Now, the Tariff Commission gave certain indications about the prices to be fixed and therefore under this Price Control Order the prices of 17 basic drugs were fixed. And apart from the essential basic drugs, as far as the other basic drugs were concerned, the prices of those drugs were also frozen, those which were existing in the market. Therefore, it is not correct to say that the Government had taken special powers to increase the prices of the medicines by this Price Control Order.

SHRI BABUBHAI M. CHINAI: Sir, he has not replied to my question about the State Trading Corporation. Let him appoint a Committee and I am prepared to prove.

SHRI PRAKASHCHAND B. SETHI: Sir, I have already said that as far as the import through the STC is concerned, it is about Rs. 7 crores only. I have pointed out that it is not on account of heavy profiteering by the STC. Sir, the STC imports, are pooled with indigenous manufacture and pooled prices are fixed. The imported material is distributed either by IDPL or STC. And it is true that in the case of certain basic drugs which are being produced in India, the cost of production is high, and consequently the pooled prices also compared to imported prices are high and that is why the prices of the basic drugs which are being sold through the IDPL are high. Sir, whatever information I would be able to give, I would place it before the House, and after the information is placed here, the hon. Member would be certainly free to take any position.

SHRI K. P. SUBRAMANI MENON: May I know from the Government whether it has come to the notice of the Government that last year one of the Investigation Committees of the US Senate informed that the American drug manufacturers which are exporting drugs to the underdeveloped countries under contract to the UN Agency for International Development have been charging the underdeveloped countries a huge margin of profit, to the extent of one thousand times the listed price? For example, it was pointed out that a particular drug which cost only 12 dollars a kg. in Europe was being sold to India at 1200 dollars a kg. May I know whether the Government of India has investigated into this thing and has asked the UN Agency for International Development to stop this sort of malpractice by the US firms and punish those who have been doing this thing?

SHRI PRAKASHCHAND B. SETHI: I would certainly admit that I have

heard about the Kauffer Report of the US Senate, but I have not been able to go through this Report as yet. The total Import, as far as India is concerned, could be measured in this fact that India is exporting total drug formulations to the other countries to the tune of about Rs. 7 crores and the total imports of basic drugs and other formulations in India is about Rs. 20 crores. Therefore whatever may be the margin of profit it is limited within these factors. This Report is based on an all-world analysis and its impact has to be judged only in respect of the figures concerning our country,

DR. (MRS.) MANGLADEVI TALWAR:

In the beginning, when the price control of drugs was brought out, it was promised by the Government that the drugs that have gone out of the market or which have become very expensive, they would be directly imported by the Government to make good the deficiency in those drugs. I would like to know from the hon. Minister what has happened to that side of the question, how much of the drugs have been directly imported by the Government and how much deficiency has been made good by these imported drugs.

SHRI PRAKASHCHAND B. SETHI: Sir, as has been pointed out in answer to the second question tabled by Shri Krishan Kant, 211, shortages were faced in certain drugs and all those drugs where shortages have been felt have been imported through the S.T.C. Some of them have already arrived. Some are still to arrive. Now the situation is that we have exactly turned the corner in Tetracycline which was in great shortage. Now it is surplus and we have got quite sizable hufferstock. I will find out as to in what drugs of common consumption juices have increased and will inform the House.

MR. CHAIRMAN: Mr. Goray, last question.

SHRI BHUPESH GUPTA: We are having an overdose of drugs.

SHRI N. G. GORAY: I would like to ask the Minister about the short supply of vitamin C. Long back we were (old) that the Hindustan Antibiotics in Pimpri was in a position to manufacture vitamin C. May I know whether the production has started and whether the production is of a scale that it will meet our requirements?

SHRI PRAKASHCHAND B. SETHI: At present the shortage of vitamin C was felt more, and that is why we allowed import of 100 tonnes of vitamin C through the S.T.C. Import, of another 150 tonnes is being arranged.

SHRI N. G. GORAY: Are you producing enough now?

SHRI PRAKASHCHAND B. SETHI: I do not possess the information at present.