

The other question that he asked was whether we intend to shorten this period. No, Sir; we do not intend to shorten this period of 15 years because this is a problem involving lakhs of people and it will not be good for either Ceylon or for India to hasten the pace beyond a point. It will disrupt their economy and it will create problems for us also.

**SHRI V. B. RAJU :** Sir, is the Minister aware of a report in the Press that the Government of Ceylon had requested the Government of India to extend the date for application for Indian citizenship? What is the last date for application for Indian citizenship? May I know whether there is a request from the Government of Ceylon for an extension of the date? Secondly, is there any truth that our High Commissioner in Ceylon has requested the Government of Ceylon to arrange for repatriation before Indian citizenship is conferred?

**SARDAR SWARAN SINGH :** Sir, the date prescribed for applications for being registered as Indian citizens or as Ceylonese citizens was 30th April, 1970. I have seen the press report to which the hon. Member has referred—I think this has appeared either today or yesterday—that this statement is said to have been made by the Prime Minister of Ceylon. But I would hesitate to make any comment upon a press report as such; if and when a request to that effect is received we will consider it.

**SHRI V. B. RAJU :** Sir, the second question he has not answered as to whether our High Commissioner in Ceylon has requested the Government of Ceylon to first repatriate before citizenship is actually conferred.

**SARDAR SWARAN SINGH :** No, Sir. There is no such request that he should first repatriate and then citizenship will be granted.

**SHRI V. B. RAJU :** Sir, repatriation involves. . .

**MR. CHAIRMAN :** There has been no such request; the answer has been specifically given.

**SHRI CHITTA BASU :** Sir, not only the Prime Minister of Ceylon has requested for an extension of the date for receiving applications but earlier the Indian citizens in Ceylon have also been

demanding an extension of the date for receiving applications. Now the date for receiving applications has already expired on 30th April. Will the hon. Minister kindly assure the House that in view of the fact that a large number of Indians there have also been demanding extension of the date for filing applications will the Government consider extending the date even now although it is late?

**SARDAR SWARAN SINGH :** Sir, I am not aware of this desire on the part of persons of Indian origin for an extension of the date. I have already said that I have seen the press report and it will not be fair either to the Government of India or to the Government of Ceylon that I should be making a comment upon the press report of a statement said to have been made by the Prime Minister of Ceylon.

**SHRI CHITTA BASU :** Would you consider it?

**SARDAR SWARAN SINGH :** I will not consider unless there is a proposal.

#### RATIONALISATION OF PRICE STRUCTURE OF DRUG INDUSTRY

\*440. **SHRI KRISHAN KANT :** †

**SHRI ARJUN ARORA :**

**DR. SALIG RAM :**

**SHRI RAJENDRA PRATAP SINHA :**

Will the Minister of PETROLEUM AND CHEMICALS AND MINES AND METALS be pleased to state what has been the progress in the attempt to rationalise the price structure of the drug industry?

**THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND MINES AND METALS (SHRI D. R. CHAVAN) :** The Drugs Prices Review Board set up for the purpose of scrutinising the price lists submitted by drug manufacturers drew up a programme of discussions with leading manufacturers in the large, medium and small scale sectors. Accordingly, an inter-Ministerial Committee has held discussions with 115 firms. On the basis of these discussions,

†The question was actually asked on the floor of the House by Shri Krishan Kant.

the Board has so far completed scrutiny of price lists of 83 firms and submitted its recommendations. It is expected to submit its recommendations in respect of the remaining firms shortly. As required under the Drugs (Prices Control) Order, 1970 the orders of Government will be issued well before the end of December, 1970. Generally speaking, it may be added that the prices of the majority of drug formulations, particularly in the category of common remedies will either stand reduced or remain at the previous level.

**SHRI KR SHAN KANT :** My question relates to the rationalisation of the price structure of the drug industry. May I know whether they have read an American analysis showing that out of 100 dollars of profit, 82 dollars of profit are for the supply and procurement of basic and intermediate chemicals which come to India even? May I know how they propose to curb it? What is the total investment by foreign companies in the drug industry, their total value of production and the profits that they earn? May I know whether the Bureau of Costs is going into the cost structure, because the Tariff Commission went into 18 drugs only and there are 25 basic drugs the cost structure of which has to be found out? May I know whether the Government are thinking of evolving a national formulary, so that the doctors in the country could be oriented towards the formulary and the Government could prepare it in their own pharmacies?

**SHRI D. R. CHAVAN :** Answering the last question first concerning reference to the Bureau of Costs and Prices I may mention for the information of the hon. Member that about 25 basic drugs have been referred to them. Regarding investment in the industry I may mention that on the eve of independence the total investment in the drug industry in the country was Rs. 120 million. By the end of 1969-70 it is about Rs. 1,500 million and by the end of 1973-7, i.e., the end of the Fourth Five Year Plan, it is likely to be about Rs. 2,000 million. Now, as regards the value of production in 1952 the production of the drug industry was valued at Rs. 140 million. In 1962 it was valued at Rs. 560 million and now it is nearly Rs. 1,000 million. By the end

of 1973-74 it is likely to be about Rs. 2,500 million. As regards foreign investment, to which reference was made, there are about 64 firms in which foreign investment is there. As regards investment it ranges between 22 per cent to nearly 100 per cent in some of the firms. As regards the repatriation of profits, dividends, royalties, fees for the technical know-how, etc. certain figures have been worked out by a study undertaken in the Ministry of Petroleum and Chemicals by the Statistical and Economics Division. The result indicates that out of 45 firms in which foreign investment was there and which were taken up for the study, for the period 1968-69 and 1969-70, the total turnover of these 45 firms, in which foreign investment is there, was Rs. 142 crores in 1968-69 and Rs. 164.3 crores in 1969-70. It comes to roughly about 80 per cent of the total turnover of the drug industry. As regards remittance by way of dividends and profits, it comes to nearly 1.7 to 1.8 per cent of the total turnover. As regards the payment of royalties, etc., it comes to 0.15 per cent. of the total turnover. This is the position. As regards the last question about evolving a national formulary, I have not got the information with me now.

**SHRI KRISHAN KANT :** May I know whether it is a fact that many of the foreign firms have repatriated double their own investment just like Merck and now they have zero capital and they are working only on loans? May I know how many such companies are there who have repatriated their capital and are working on loans? May I also know whether the Government is going to do something about Indianisation of companies? Has Government been trying to see that these firms are Indianised at the earliest possible moment?

**SHRI D. R. CHAVAN :** Regarding the first part of the question as I have just now answered about the remittances etc., whether the amount which the foreign companies have repatriated from this country is double the investment, I will not be able to say unless a study of it has been undertaken. As regards the second part of the question about Indianisation, I may mention that the foreign companies according to our policy may continue to operate in this country subject to certain safeguards such as progressive Indianisation both in the share capital and management

and concentration on production of bulk drugs and sophisticated formulations involving complicated processes and substantial investment. This policy is being followed by the Government.

**SHRI ARJUN ARORA :** May I know what are the steps that the Government is taking to ensure that drugs which are described as common remedies are available to the people at cheap rates because they have been selling at abnormally high prices? One result of the Government action to control the drug prices has been that the so-called common remedies are not available in the market. They have disappeared. So the Government has to take steps in two directions: first, to bring down the prices of common remedies and, secondly, to make them available to people through Government agencies if the manufacturers and dealers do not behave. May I know what are the steps they are taking in these two directions?

**SHRI D. R. CHAVAN :** The House is aware that the Government undertook the step of issuing the Drug Prices Control Order which was issued on the 16th May, 1970. As a result of the issue of that order on the 16th of May which was to come into effect on the 1st August, 1970, during the period from the 1st August to about 18th August the prices of some of the common remedies shot up. Immediately after that remedial step was taken by the Government and the freeze order was issued. As a result of the freeze order the prices were brought down to the level prevailing on the 15th May, 1970, that is, the day before the issue of the Drug Prices Control Order. Sir, it was also made absolutely clear to the hon. Members that a Review Board has been appointed. The Review Board would go into the cost structure of the various price lists that have been submitted to the Government. As a result of that, as I have just now mentioned, the prices in the majority of cases are likely to come down. I may mention for the information of the hon. Members that out of 7,060 packs, before the review was taken up of the drug prices lists, price increases were in respect of packs which constituted about 29.9 per cent; stationary about 28.4 per cent; and prices were reduced in respect of packs which constituted about 33.3 per cent. What is the position after the review has been taken up? The posi-

tion is that the increase which was there in respect of 29.9 per cent of packs has come down to 9.8 per cent; stationary which was 28.4 per cent before review has gone up to 33.5 per cent., and packs in respect of which there was reduction. . .

**DR. BHAI MAHAVIR :** The question is about those which are common remedies. He has not said a word about that. Whether their prices have come down, that is the point.

**SHRI D. R. CHAVAN :** Why don't you have patience? I am coming to those remedies. So far as reduction is concerned, reduction has been brought about in the drugs which are used by the common people. Reductions have been brought about in the common medicines.

**DR. BHAI MAHAVIR :** They are not available in the market. What about the availability of common remedies?

(No reply.)

**SHRI MAHAVIR TYAGI :** Is it a fact that for quite a bulk of the raw materials or the drugs imported by the STC they are charging a profit of 200 or 300 per cent and, if so, have the Government seen to the feasibility of reducing their own extra profit being charged?

**SHRI C. D. PANDE :** Profiteering.

**SHRI D. R. CHAVAN :** The point is that some of the drugs are produced by our public sector undertakings and some of the drugs are imported. The imported drugs and those which are being produced in the country are pooled together and a weighted average is drawn. I may, for the information of Shri Tyagi, say that with regard to Streptomycin manufactured by the IDPL the cost of production is Rs. 446 and the pool price is Rs. 290. I can mention like this in respect of. . .

**DR. BHAI MAHAVIR :** It is the measure of the efficiency of the public sector.

**SHRI D. R. CHAVAN :** That is a different matter. You can have a debate on it.

SHRI ARJUN ARORA : Sir, there should be a debate on this. The Minister has made a very good suggestion.

MR. CHAIRMAN : All right, Mr. Arora.

SHRI MAHAVIR TYAGI : My main question has not been answered.

DR. BHAI MAHAVIR : Sir, he is willing to have a debate.

MR. CHAIRMAN : Mr. Minister, do you wish to supplement your answer to Shri Tyagi?

SHRI D. R. CHAVAN : That is what I have said.

SHRI MAHAVIR TYAGI : My main question has not been replied to.

SHRI D. R. CHAVAN : Whatever is being bought by the STC through import channel is pooled with what is manufactured in our public sector undertakings such as streptomycin. Because our price has been a little on the high side, for the purpose of benefiting the common man the material is pooled and the price is brought down considerably. I may mention for the information of the hon. Member a number of basic drugs which are being manufactured and their pooled prices.

SHRI MAHAVIR TYAGI : Sir, my main question was as to whether the STC are charging 300 per cent profit on the raw materials or the drugs imported. If that much is being charged by the STC then have the Government taken care to see that their profiteering is reduced so that the drugs may be available at a cheaper rate?

SHRI D. R. CHAVAN : Sir, it is not correct that the STC is charging 300 per cent. It is totally incorrect...

SHRI MAHAVIR TYAGI : What is the limit of profit permitted?

MR. CHAIRMAN : Mr. Tyagi, you have already put one question. This is another question.

SHRI A. G. KULKARNI : Sir, may I know. . .

SHRI NIREN GHOSH : Sir, I wanted to ask a question.

MR. CHAIRMAN : You have already put one question.

श्री सभापति : क्या एक ही सारे सवाल पूछता जाये ? जिन्होंने पहले सवाल नहीं पूछे उनको तो मौका मिलना चाहिए । इसमें कोई मुकर्रर नियम नहीं होता । यह देखा जाता है कि सब को मौका मिले ।

SHRI NIREN GHOSH : Sir, it is an important question.

SHRI MAHAVIR TYAGI : Sir, I want one clarification. The Ministry itself has placed before the Committee papers in which it has confessed that 300 per cent profit is being earned by the STC. And now it is being denied here. Is it a question of privilege ?

DR. TRIGUNA SEN : It is not correct that the STC is making a profit of 300 per cent or 200 per cent even. The price of imported drug is the landed cost plus the Customs Duties plus about 3 per cent for handling charges.

SHRI A. G. KULKARNI : May I know from the Government whether it is a fact that a study was made of some 45 foreign-owned drug companies? When foreign collaboration was allowed, they were expected to explore and make research and develop basic formulations and basic drugs. Instead, they have gone into the cheap marketable variety and sold it in the market at fantastic prices. Secondly, may I know whether it is also a fact that recently the USAID have committed to sending drugs from the USA to this country? It will affect the market here by withdrawing some drugs which are brought from there. What has the Government done for that? And my last point is. . .

MR. CHAIRMAN : Please shorten your question.

SHRI A. G. KULKARNI : Everybody is putting a hundred supplementaries on that. I am asking an important and relevant question.

MR. CHAIRMAN : I cannot permit more than one or two questions.

SHRI A. G. KULKARNI : My last question is whether it is a fact that the Government has decided to open a drug store at the national level so that poorer patients will get drugs at cheaper prices.

SHRI D. R. CHAVAN : Sir, the hon'ble Member has raised two or three questions. One is what is being done with regard to research and development. The hon'ble Member says that nothing has been done concerning research and development. But I may inform the hon'ble Member that research is the fountainhead of the pharmaceutical industry. Bengal Immunity Co., Calcutta, was the first to establish research centre in India. Later other pharmaceutical companies followed and Ciba of India have established a research centre in Bombay. Recently, Hoechst Pharmaceutical came up with a proposal to establish a research establishment as a part of their unit. The proposal was approved by the Government. In all these institutions, there are very few foreign nationals. The units that have research laboratories are :

1. Ciba.
2. Hoechst.
3. H. A. L.
4. Bengal Immunity.
5. I. D. P. L.
6. East India Pharmaceuticals.
7. Haifkines.

As regards the stopping if USAID, whether the USAID under which we used to make purchases of drugs has been stopped, on that I have no information.

श्री निरंजन वर्मा : क्या श्रीमन् जी यह बताने का वाक्य करेंगे कि जब ड्रग्स की कीमत बहुत ज्यादा बढ़ गई और मामूली उपभोक्ताओं को ड्रग्स मिलाने में बहुत कठिनाई हुई तो उनकी कठिनाइयों को ध्यान में रखते हुए क्या आप की सरकार ने कोई ऐसा प्रबंध किया जिसकी वजह से छोटे-छोटे उपभोक्ताओं और रोगियों के लिए दवाएं मिलती रहें ? इस तरह की कोई स्टेट-बाइज या डिस्ट्रिक्ट बाइज आपने कोई कोशिश की है ?

SHRI D. R. CHAVAN : As mentioned by the hon'ble Member, during the period 1st August, 1970 and the 18th August, 1970, the prices have gone up but immediately freeze order, in respect of the drugs the prices of which

were increased, was issued, to bring them down to the level of the 15th May, that is, the day before the issue of the Drugs (Price Control) Order. Then the Drug Controllers in all the States were alerted that if anybody created artificial scarcity concerning the drugs which were of common use action should be taken against him. Instructions were issued. A letter was written by my senior colleague, Dr. Sen, to most of the Chief Ministers to keep vigilance. The Drug Controllers were alerted that is artificial scarcity was created, immediately action should be taken against those persons or firms who were creating artificial scarcity.

SHRI K. P. SUBRAMANIA MENON : May I know from the Government of India whether it has come to their notice that the U. S. Senate Investigation Committee on Drug Prices has recently submitted a report in respect of a number of U. S. drug companies with branches in India that they have been exporting basic American drugs at exorbitant prices ranging up to 11,000 times the price charged in the U. S. A., and that this Committee has charged these drug firms with unconscionable profit and cheating the U.S.A.I.D. Agency for International Aid and of charging the Indian people such exorbitant prices? Secondly, may I know, Sir, if it is a fact that a number of untested drugs are being exported to under-developed countries for treatment without their effects, toxic or otherwise, being known fully?

SHRI D. R. CHAVAN : Sir, about the report that was given in the American Senate, we have read it in the newspapers. The matter has been taken up with our Embassy in Washington. We are collecting information. We also contracted the Director, U. S. A. I. D. here. Some information has been given to us. It is available with me and I can read it out for the information of the hon'ble Members.

I said, Sir, that we have written to our Embassy in Washington. Mr. Sacchio, USAID Director and Mr. Wilson, Commercial Counsellor, met us to acquaint us with their side of the story. According to them the value of the drugs purchased with USAID funds by India during the last five years has been given. The figure in 1969 which may be mentioned for the information of the hon'ble Members is 1,448,000 dollars.

These figures are yet to be verified. The U. S. A.I.D. officials said that periodically the prices are verified and whenever excessive prices have been charged, claims are being against the firms concerned for refunds. As I said, the matter has been taken up with our Embassy in Washington.

SHRI K. P. SUBRAMANIA MENON : What about untested drugs coming to India?

SHRI D. R. CHAVAN : That information I have not got.

MR. CHAIRMAN : Next question.

**PRE-FABRICATED HOUSES BY CO-OPERATIVE SOCIETIES OF UNEMPLOYED ENGINEERS**

\*441. SHRI T. G. DESHMUKH :  
SHRI N. P. CHAUDHARI :  
SHRI A. G. KULKARNI : †  
SHRIMATI VIMAL PUNJAB DESHMUKH :

Will the Minister of HEALTH AND FAMILY PLANNING AND WORKS, HOUSING AND URBAN DEVELOPMENT be pleased to state:

(a) whether Government have decided to encourage cooperative societies formed by unemployed Engineers to produce pre-fabricated houses; and

(b) if so, what are the incentives Government propose to offer to such cooperatives?

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY PLANNING AND WORKS, HOUSING AND URBAN DEVELOPMENT (SHRI PARIMAL GHOSH) : (a) In May, 1968, the Central Government initiated a number of measures for increasing job-opportunities for engineers. One of the measures was to encourage the formation of cooperative societies of such engineers for undertaking construction works, which could include pre-fabrication techniques.

†The question was actually asked on the floor of the House by Shri A. G. Kulkarni.

(b) A statement indicating the facilities given by the various State Governments to the above type of cooperatives etc. is placed on the Table of the House.

**STATEMENT**

The Government of Mysore have extended a number of concessions to engineers seeking to work as contractors, such as exemption from payment of earnest money deposit and preference in tender rates. Two cooperatives have been set up with sixty engineers and Government work worth Rs. 2 lakhs has been entrusted to them. The question of exempting engineers seeking registration as contractors from production of solvency certificates as required under the rules is receiving consideration.

2. The Government of Tamil Nadu have decided that (i) while considering tenders for works costing Rs. 20,000 and less, other things being equal, preference should be given to engineer graduates, (ii) tenders of unemployed engineers would be allowed an excess of 5% over the lowest acceptable tender rates, (iii) payment for supervision made to engineering personnel at approved rates would be deemed as an admissible item while making payments to contractors.

3. The Government of West Bengal grant, liberally and on a priority basis, enlistment as contractors to unemployed engineers and associations/partnerships formed by them. According to information received, about 50 engineers have been enlisted as contractors.

4. The Government of Maharashtra grant direct registration up to 'D' and 'E' class contractors to graduates and diploma holders in civil engineering. This concession would be applicable for a period of five years from the date of passing, to graduates and diploma holders in civil engineering who have obtained degrees and diplomas from the Universities/Institutions within the Maharashtra State from 1967 onwards.

5. In Pondicherry, an Engineers Co-operative Society has been set up with 21 engineers for manufacturing agricultural implements and the State Agricultural and Harijan Welfare Departments propose purchasing their requirements from this Society.

6. The Government of Haryana propose to encourage graduate engineers to take up contract work by reducing the tender rates in their cases by 2%.