

12 Noon

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE**NEW FORMULA FOR FIXING THE PRICES OF CERTAIN ESSENTIAL DRUGS**

SHRI A. G. KULKARNI (Maharashtra): I beg to call the attention of the Minister of Petroleum and Chemicals and Mines and Metals to the new formula announced for fixing the prices of certain essential drugs and the reported reaction of the drug industry to the same.

THE MINISTER OF PETROLEUM AND CHEMICALS AND MINES AND METALS (DR. TRIGUNASEN): Sir, a statement was laid on the Table of the Rajya Sabha under the proviso to Sub-section (2) of Section 16 of the Tariff Commission Act 1961 along with a Resolution No. 3(52)/68-Ch. III dated the 30th April, 1970. The Resolution sets out in sufficient detail the decisions taken by the Government on the recommendations and conclusions of the Tariff Commission on the fair selling prices of drugs. It is, therefore, not necessary for me to cover the same ground again here. But I may draw attention to the two principal aspects. Firstly, fair selling prices of 17 essential drugs have been announced and secondly, the main features of price control for all formulations of the 17 essential drugs and other drugs have been indicated. The Resolution further proceeded to state that a suitable control order would be promulgated soon. Government proposes to notify the Order in a few days.

Since the publication of the Resolution on the Tariff Commission's Report on 30th April, 1970 no representation has so far been received from the drug industry indicating the industry's reaction to Government's decision. Presumably the industry is studying the Resolution and may be awaiting the proposed Control Order before conveying its reactions to Government. It need hardly be added that due consideration would be given to representations that may be received from the industry.

SHRI KRISHAN KANT (Haryana): Very happy.

SHRI A. G. KULKARNI: May I at the outset congratulate the hon. Minister for holding these big industrialists by the horns or what you call, . . .

SHRI M. N. KAUL (Nominated): Holding the bull by the horns.

SHRI A. G. KULKARNI: For holding the bulls by the horns because the drug industry under the powerful lobby in this country was able to have their hold for the last ten or fifteen years and have exploited the consumers to the merest bone. And therefore I want to congratulate the Minister at the very outset.

SHRI AKBAR ALI KHAN (Andhra Pradesh): We are all happy and thankful.

SHRI A. G. KULKARNI: As per the economic reports available, the drug industry has got exorbitant profits and the Government while fixing their formula have allowed some 75 per cent of the step-up or mark-up in the formulations and some 15 per cent return on the gross turnover. So, will the Government reconsider it because all these firms have exorbitant profits and there is no return of 15 per cent in the country available to other types of the consumer industry?

In the interests of the ultimate consumer, following the present policy announced, I do not know whether the Government is bringing a Control Order or not. But unless the basic raw materials are supplied to the industries, whether in the big sector or the small sector, there will be no successful meaning of the working of the reduction of the prices for these 17 basic drugs in their formulations. So, what is the Government's scheme in supplying to the big sector or the small sector, whether imported or indigenous raw materials at a fixed price so that there will be a worthwhile meaning to the reduction in the cost price?

Thirdly, I want to know whether these foreign collaboration units like Pfizer, Cynamide and others were given very liberal collaboration terms so that they will bring in money and put it in research and development? They have abused this concession given by the Government and they are indulging only in some items and formulating them. Will the Government reconsider the policy about the collaboration and find out whether they have abused the research development assistance given by the Government?

Fourthly, I want to know whether the Government is aware that the big

drug manufacturers through their organisations have threatened not to implement the scheme? What is the specific scheme with the Government of India to execute the same in the interests of the consumers so that the scheme will be a success?

Then, the import, production and sale of drugs and medicines call for greater State control rather than piecemeal measures like the enforcement of a minor cut on any vague formula, which will not be in the interest of the Government. So will the Government take stringent steps towards that?

Lastly, may I know whether the Government considered that there are about two thousand odd units in the small sector started by educated entrepreneurs who deserve all assistance from them because they are pharmaceutical graduates, having Master's degree? They should be protected. May I know whether the Government will reserve a sizeable section which can be manufactured by them, commensurate with quality, I do not say wholesale reservation?

DR. TRIGUNA SEN: My hon. friend has asked many questions and I will try to deal with all of them.

Firstly, he has asked whether we will reconsider about the profitability of the drug industry. Well, it is I am told the Government's policy that we should see that an industry or a manufacturer does not make more than 15 per cent profit before taxation. After taxation, it comes to what percentage, I do not know. So, we have considered whatever formula we have adopted; the meaning is that we will see that nobody makes a profit of more than 15 per cent before taxation.

Secondly, about the basic raw material supply, as denoted in the Resolution, it is our proposal to canalise all import of basic drugs through the STC and the price which we pay for the import and the indigenous manufacture will have a pool price and distributed to the industries, whether it is small-scale, medium-scale or big-scale, at the same price. That is the meaning.

SHRI A. G. KULKARNI: That is good.

DR. TRIGUNA SEN: If we can have a fixed price for the basic material it is very easy to control the cost

of production of the formulated medicines.

Thirdly, about the foreign collaboration, I have not seen the agreements with many firms. But I am not very happy when I find that many foreign collaborations are there with 60 per cent and 70 per cent, equity and the like. Anyway, I am not interested in that at the present moment. But I can assure the House that so far as research and development are concerned, we have put in the Resolution itself that we will pay everything that is paid for research and development, which is spent for research and development in India itself. It is covered in two ways. One is, the blocked capital. About the amount they spent and about the running expenditure, provided they show proof to us we have agreed to pay even 150 per cent mark-up for that, on the expenses that will be incurred absolutely in India for which the industry will have to show proof to us. Your third question was if they do not implement it?

SHRI A. G. KULKARNI: Yes.
[The DEPUTY CHAIRMAN in the Chair].

DR. TRIGUNA SEN: I am confident that it will not happen. Firstly, my idea is, if there is any gap in life-saving drugs I will not allow our people to suffer, we will import those drugs and supply them to the consumers. And if there is any cussedness and misbehaviour by any industrialist, I think Government is strong enough to curb their ways, even to, shall I say, take over the management. We want to see that it is run in the interests of the country. Regarding the last question about the interests of the small-scale sector, as I said, the raw materials will be supplied at a pool price, whether it is a small industry or a big industry. We will also explore the possibility of purchasing their products subject to quality control, so that no spurious or sub-standard medicines will come in for Government use in hospitals and other places. I am meeting today afternoon a delegation of small-scale industries and, as I said in the resolution, we will study how to reserve some formulations for the small-scale sector so that they do not suffer. But again I will impress upon them the fact that we are prepared to purchase their products on the condition that the quality does not suffer. That will be the criterion. These are the five questions of my honourable friend and I think I have answered them all.

SHRI A. G. KULKARNI : Sir, my second question.

MR. DEPUTY CHAIRMAN : No, no. You had already put all the questions.

SHRI A. G. KULKARNI : Just one small question, Sir. I wanted to know from the honourable Minister whether, after reducing the prices of all the basic drugs and formulations, the Government will also thinking of giving an unceremonious send-off to one committee appointed under the chairmanship of Shri. K. K. Shah to negotiate with the drug manufacturers to reduce the price. I also wanted to know how and why this committee was appointed. How was Mr. K. K. Shah concerned with reducing the prices? May be, he was interested in increasing the prices. I would like to have a categorical reply from the Government as to why and how this committee was appointed and whether this committee will now be wound up or not.

DR. TRIGUNA SEN : I am sorry that my colleague's name has been brought in. He is absent from the House today. I must confess that till about four months ago I did not know that it was the function of my Ministry to fix the price of medicines. I thought always that the function of my Ministry was only to produce the medicines. As a matter of fact, in a reply to one of the supplementaries the other day in this House I said I did not know how the prices were controlled. I thought it was done by the Health Ministry. I did not rectify my statement. But to be very frank it is such a complex matter—we have about 1800 to 2000 small-scale industries. And whatever we have achieved, it was due to the untiring help and advice and guidance of Mr. K. K. Shah. Whatever has been achieved, it was due to him, not to me. That is number one. Number two. I am not aware that there is a Shah Committee that has been appointed. As least nor in my Ministry.

SHRI A. G. KULKARNI : I do not understand this. Your Ministry is the Petroleum and Chemicals Ministry and you are concerned with drugs. And Mr. Shah is a consumer of drugs. And you say you are not aware of that Committee. When and how was this Committee appointed and what are its

terms of reference? Was your Ministry consulted?

DR. TRIGUNA SEN : I must confess my ignorance about this Committee. If a notice is given, I might get the information.

SHRI A. D. MANI (Madhya Pradesh) : I congratulate the honourable Minister on the bold step that he has taken in reducing the prices of drugs. The country will be grateful to him for this. I want to ask the Minister why he has allowed the so-called non-essential drugs make so much of profit. He allows 50 per cent total profit. He has not fixed the price formula for non-essential drugs. May I ask him what the criterion is that he is going to apply for determining what an essential drug is and what a non-essential drug is? I may mention here that no pure Indian concern has produced a satisfactory nasal drop preparation in this country so far excepting, as I said on an earlier occasion, well-known remedies like *Amritanjan*. Efcorlin which is produced by a firm with foreign collaboration, is being sold at Rs. 2.50 and 5 cc of Otrivin is being sold at Rs. 3. Does not the Minister think nasal drops to be necessary? Why not he bring it within the price fixation formula? This is precisely necessary for the preservation of health in the country. That is the first point that I would like to make. The second point that I would like to ask him is what steps he is going to take to reduce the prices of drugs produced by the Hindustan Antibiotics, particularly penicillin which is being priced higher than the penicillin in other countries of the world. Example is better than precept and the honourable Minister himself should set an example by reducing the prices of drugs produced by the Hindustan Antibiotics. The third point that I would like to ask is what steps he is going to take to organise pharmaceutical consultancy services in the various States. One of the arguments which the drug manufacturers put forth is that their medical representatives render useful public service by offering pharmaceutical information that is not easily available to the medical practitioners. It is for that reason that I am suggesting to the honourable Minister that the Central Government itself should set up pharmaceutical consultancy services at the State capitals so that we may be in a position to bring down the prices of drugs still further.

DR. TRIGUNA SEN: Firstly, I do not agree with my honourable friend that Indian scientists are not capable of producing certain drugs . . .

SHRI A. D. MANI: No, no. I have said that they have not so far produced.

DR. TRIGUNA SEN: Let me answer it. Sir, one must know that there are some drugs in the country which have got protection under the patents law, and it may be that the drug that has been mentioned by my honourable friend has got the patent right of some foreign firm; then, how can an Indian do that? You have to understand that. You are a sensible man, you are an intelligent man. When there is a patent it is no use asking why we should not have done it. This is why I said last time that it is for this House to see what is to be done about the Indian Patents Bill before you accuse our scientists that they cannot produce this medicine. I do not agree with my Honourable friend on that point. It can be done provided you do away with the patent restriction; . . .

SHRI A. D. MANI: No, I am not accusing our scientists. I have only said that they have not so far produced it.

DR. TRIGUNA SEN: . . . otherwise, you will drag me to the court for producing the same thing or something else like that. There is the same difficulty about the products of the Hindustan Antibiotics. You will find from the list and I agree that the cost of production of our public sector products is more (*Disruption*). I know it and in spite of it I said that also must be reduced. We want to see that we run these public sector undertakings efficiently. We are making losses there. Still I agree to making more losses by reducing the prices and seeing that it runs efficiently. I think we will be doing well in a couple of years' time. With regard to the third question on the pharmaceutical consultancy services, I am afraid it is not the function of my Ministry. It is in charge of seeing the growth of the industry. For that perhaps he can address the Ministry of Health.

SHRI A. D. MANI: But would you like the idea?

DR. TRIGUNA SEN: That is a different matter.

SHRI CHITTA BASU (West Bengal): Sir, in the statement the formula of the price fixation, etc. has been given. According to this, the retail prices of a product will not exceed 50 per cent of the ex-factory price. Now, the ex-factory price will be arrived at by adding the cost of materials, the cost of bulk drugs used, the cost of formulation, the cost of package materials, the packaging expenses, the expenditure on freight, the expenditure on sales promotion services, the expenditure on the commission to the trade, the profit, etc. etc. We understand this. The formula of fixing the prices is secured by the trade to manipulate their accounts under different heads, as I have suggested, so that they can get the prices of drugs fixed at a particular point which may not perhaps be desirable from the Government's point of view. If you permit me to say so, this has practically been a measure for legalising the dishonest and *mala fide* sales indulged in by the drug trade in this country. In view of this fact, may I know whether it is not a mechanism to get the prices of drugs fixed at a higher level compared to the present day prices? This should be clarified.

May I know if it is not a fact that the control order has not yet been issued and it will be issued only after the new fixation of price and also even after the issue of the order, the trade will be given two months to ensure implementation of it?

Thirdly may I know if it is not a fact that of the 17 items on which the order is likely to be issued, the prices of at least four items have not been changed and they remain the same as they are to-day? May I know why the prices of four items have not been changed? Is it not a fact that certain life-saving drugs have evaporated from the market after the announcement of the decision of the Government to issue the price control order? What steps do the Government propose to take to guarantee the supply of these drugs to the consumers in this country? Lastly may I know if the Government has sought to set up any mechanism for 'quality control'? As far as I know, this aspect has been left to the Directorate which is not immune from certain charges because due to the folly

[Shri Chitta Basu]

of the Drug Inspectors there are a number of spurious drugs in the country. Under these circumstances may I know whether the Government will make certain arrangements to control the prices?

DR. TRIGUNA SEN: My friend suffers from a crisis of confidence and trust because after great deliberations when we arrive at this formula and make it sure that the industry cannot make more than 15% profit before taxation, it is our duty to see that nobody evades that formula and that there is no loophole. We have left no loophole. That is why I stated that my friend is suffering from a crisis of confidence.

SHRI BHUPESH GUPTA (West Bengal): If it is a crisis of confidence, then he belongs to you.

DR. TRIGUNA SEN: I know that but I can assure him that when we take a decision we want to see that it is implemented and that there is no loophole and nobody escapes by cheating the Government or the consumers. The control order will be issued—I hope—within this week because we had to take some legal opinion and so it was delayed by the Law Ministry but we hope it will be issued within this week. The Member asked if the prices of four drugs have not been changed. You cannot bring in everything but what are the four drugs? You find that we have accepted almost all the recommendations of the Tariff Commission so far as the bulk drugs are concerned. About Vitamin B from Rs. 184 we have brought it to Rs. 100 and Vitamin 'C' also has been reduced... (Interruptions). Where is it not accepted?

SHRI CHITTA BASU: It remains where it was previously.

DR. TRIGUNA SEN: As he said, we have accepted all the recommendations for deducing the prices. I can explain that to him later. They are not here with me. Then I do not expect that there will be a flight of life-saving drugs from the market due to the reduction but if it does happen, as I said before in reply to Mr. Kulkarni, the Government will import it, so that the people do not suffer. We will not hesitate to do that. Lastly, about the mechanism for quality control, unfortu-

nately that does not fall under my Ministry and it is perhaps the Ministry of Health that is concerned with it.

श्री प्रेम मनोहर (उत्तर प्रदेश) : अभी मंत्री जी ने बतलाया कि ये बेसिक कैमिकल्स जो हैं वे एम० टी० सी० के जरिये आते हैं और इस प्रकार के आदेश दे दिये गये हैं कि छोटे बड़े कंज्यूमर्स को वह एक ही दाम पर दे। इसके बारे में मैं मंत्री जी को बधाई देना चाहता हूं और यह भी उनसे आश्वासन चाहता हूं कि इस प्रकार के इंस्ट्रक्शन एम० टी० सी० के पास जल्द से जल्द पहुंच जायं ताकि वह ठीक प्रकार से उन्हें कार्यान्वित कर सकें। यह बात मैं इसलिए कह रहा हूं क्योंकि यह देखने में आया है कि एस० टी० सी० बड़े कंज्यूमर्स को तो कम प्राइस में बेचता है और छोटे कंज्यूमर्स को ज्यादा प्राइस में बेचता है।

इसके साथ ही साथ मैं यह भी जानना चाहता हूं कि टैरिफ कमिशन ने जो रिपोर्ट दी है उसमें यह बतलाया गया है कि यह जो बेसिक रा मैटेरियल है वह इंडिया में नहीं मिलता है और इस चीज पर ड्यूटी कम की जाय ताकि हमारा एक्सपोर्ट अधिक हो सके। क्या यह बात भी मंत्री जी के विचाराधीन है कि इस चीज पर ड्यूटी कम की जाय ताकि एक्सपोर्ट ज्यादा हो सके।

जो टैरिफ कमिशन ने प्राइस फिक्स की है उन प्राइसेज में अधिकतर कैमिकल्स के दाम बढ़े हुए हैं। टेट्रासाइक्लिन और स्ट्रेप्टोमाइसीन, इनके दाम तो टैरिफ कमिशन ने बढ़ा दिये हैं और हाइड्रोक्लोराइड और पैनिसिलिन इनके दाम घटा दिये हैं। तो मैं यह जानना चाहता हूं कि इन कैमिकल्स के दाम घटाने या बढ़ाने में किस फार्मूले का इस्तेमाल किया गया है। What are the basic factors which have compelled you to reduce or increase the prices against the wishes of the Tariff Commission? What was the criterion for that?

DR. TRIGUNA SEN : About the first question, it will be our function—I feel the responsibility of this Ministry—to see that the STC supplies the imported drugs at approved prices to all the consumers at the same price. It will be our responsibility to see that they do not supply at cheaper prices to the bigger people and at more cost to the smaller people. We will keep our eyes open. About export duty, I am told that some of the industries are exporting some of the medicines. He wants some assistance for them, I think. The point has been noted by the Foreign Trade Ministry and we are considering whether there can be some relief in Customs Duty wherever it is possible. We have not decided it because it relates also to the Finance Ministry. Regarding the third point I will say why we accepted it and why we have not accepted others. I did not know that this question will come up but let us try one by one. Regarding Vitamin A the Tariff Commission suggested the selling price of Rs. 400.76 and we have accepted it. Regarding B-12 they recommended Rs. 113.84 and we have reduced it to Rs. 100, the reason being the present selling price of Rs. 100 per gramme is less than the price recommended by the Tariff Commission. So it has been fixed at a reasonable selling price. It is being sold in the country at Rs. 100 though they have recommended Rs. 113.84. So we have taken Rs. 100 and we have accepted the recommendations regarding Vitamin C, Sulphadiazine, Tetracyclin and Hydrochloride. Though they recommended Rs. 709.25 per Kg. the present price is Rs. 1147 per Kg. We have recommended Rs. 850 per Kg. because since the price was fixed in 1968 by the Tariff Commission it is being sold in the market for Rs. 1147. Taking into consideration that we are producing it in the public sector at Rs. 948.70—although a high price—but we slashed it down to Rs. 850 per Kg. We were prepared to see IDPL suffer but it should improve upon its efficiency. We have accepted the recommendation so far as Chloroquine Phosphate...

MR. DEPUTY CHAIRMAN : You can make a brief answer; you need not refer to every case.

DR. TRIGUNA SEN : Sir, the whole thing we have placed before the House; the Tariff Commission's Report is before the House and it is available to all the

Members. If I read out the whole thing it will take me an hour.

AN HON. MEMBER : Would you place it on the Table?

DR. TRIGUNA SEN : It is already there; we have submitted it.

SHRI MAHAVIR TYAGI (Uttar Pradesh) : What about Potassium Cyanide?

SHRI S. D. MISRA (Uttar Pradesh) : Sir, the Tariff Commission gave the Report in 1968, probably in August 1968, and it took about 20 months for this Government to come to a decision. Anyway, I must congratulate the Government for whatever little they have done. But why have they not circulated the recommendations in detail of the Tariff Commission? What is the secret about it or what is the inconvenience about it that they have circulated only the summary of the recommendations? The result is that some of us do not find exactly what are the details and we are unable to know the details of the recommendations. What is the reason for this?

The second point I would like to know is this. The Minister has stated that the price now announced is a structure by itself. As Mr. Mani stated and also as Mr. Basu stated there is included a certain percentage 70 to 75 per cent, including the margin for themselves. This also includes Government taxes. The Minister has said that this 70 to 75 per cent includes 15 per cent margin for the trade and I take it that 50 to 60 per cent comprises local taxes, excise, and other taxes imposed by Government on these life saving drugs. Shall I take it like that? If that is so, why is not the Government thinking of reducing these taxes because these are really life saving drugs? When these are life saving drugs why is the Government imposing 50 to 60 per cent as taxes?

DR. TRIGUNA SEN : Firstly, I had the impression that the Report of the Tariff Commission has been placed on the Table of the House.

SHRI S. D. MISRA : No, no; it is only a summary.

DR. TRIGUNA SEN : If it has not been done, I will see that it is placed before the House. I had an impression that it has been placed on the Table of the House. If it has not been done, surely I will see to it.

[Dr. Triguna Sen]

Then my hon. friend has asked, since some of the medicines are life saving drugs why should there be taxation? Is that the question?

SHRI S. D. MISRA : Yes.

DR. TRIGUNA SEN : Taxation or no taxation, the

SHRI S. D. MISRA : I am not saying there should be no taxation. Taxation can be small. What I am referring to is the quantum of taxation which is 50 to 60 per cent if I have understood correctly.

MR. DEPUTY CHAIRMAN : The question is that the taxes should be reduced at least on life saving drugs.

DR. TRIGUNA SEN : I am not in a position to recommend reduction of the taxes because what my friend has referred to, it is not the profit; it is the mark up; that means it includes some costings of different items of ingredients. Taxes are quite different.

THE LEADER OF THE OPPOSITION (SHRI S. N. MISHRA) : What is the proportion of taxes in this mark up of 75 per cent?

DR. TRIGUNA SEN : I do not remember it.

SHRI S. N. MISHRA : That is very vital.

DR. TRIGUNA SEN : We have only said that the industry will be able to make 15 per cent before taxation. Calculating all the expenses I do not know what is the percentage of taxation in that.

SHRI M. K. MOHTA (Rajasthan) : It was very amusing to hear the hon. Minister say that unless the Drug Industry behaves Government will take some action, perhaps take it over. I do not know with what face the Government can make such a statement when its own house is not in order. The IDPL is a public sector concern, which on an investment of Rs. 47 crores could only have a sale of Rs. 1 crore. I think he will agree with me that the need of the hour is more production. The objective of lowering the prices is no doubt very laudable but the real need is more production. If a public sector concern can produce

only Rs. 1 crore worth of goods out of an investment of Rs. 47 crores how will production increase?

Now there is a very paradoxical situation; there are 2,000 units in the small scale sector which are not able to sell their products to their full capacity. Does the Government have any scheme for a centralised research institution or for centralised research facilities to be provided to these small scale sector people so that they will be able to produce more and compete with the large drug manufacturers who are having the benefit of research of foreign countries? What is the Government's proposal regarding research facilities?

DR. TRIGUNA SEN : I have not said that unless they implement this I am going to take over their management. A question was raised by my hon. friend Mr. Kulkarni. He asked me if the industry did not produce to their maximum licensed capacity because now they will not be able to make more profit—and if as a result the consumers do not get these life saving drugs, what is the Government going to do. First I said I did not anticipate that the industry will take recourse to that step because they will have sufficient margin of profit and that I did not understand why they should be inclined to produce less. If they produce more they will make more profit; and the demand will be more because the prices are less. Taking for granted that they do it as mentioned by Mr. Kulkarni which I do not believe they will do, surely the Government cannot just accept that situation. They will have to do something. That was the answer to Mr. Kulkarni's apprehension that the industry may not behave properly.

So far as the other question is concerned, I know, and it is known to all of us, that the public sector undertakings in the field of drug manufacture have not done well all these years . . .

AN HON. MEMBER : At all.

DR. TRIGUNA SEN : . . . and I mentioned in the other House. As a matter of fact when I visited that when I joined, a few months back, I was personally dismayed and frustrated. I did not know what to do. I discussed with the scientists and technologists and the House will appreciate that within the last few months the sale

has gone up four times. There was nothing basically wrong with it but the attitude of the people working there was wrong. Nobody thought that this is our property, Indian property, and that we must see that something is done about it. This spirit was lacking. Now the scientists and the technologists have taken up the challenge and as I mentioned, within a year or two, we will see that the break even point is reached. It is a fact that we are now running at a loss; it is no use saying it again and again. It is known to all of us. About research and development as I said, if any industrialist spends any amount on research and development for the improvement of the drugs used by the poor people of this country, we are prepared to see that they do not lose in any way and we will encourage them to do that. I think my friend also asked whether Government would start any research institution for the small scale industries. I think there are medical research institutes in the country and my Ministry setting up another research institute, I do not think, will be worth considering.

SHRI M. N. KAUL : Recently I visited a drug factory and I was being taken round. I do not want to mention the name of the factory. It is one of the biggest private factories. As I was being shown round by an officer, I put certain questions. He suddenly produced a bottle and said that the contents were controlled. According to him the fixed price of the drug was so uneconomic that the company wanted to get round it. The company raised the price of the bottle. Now, I cite this specific example. Though it is a small one, it goes to the root of the matter in the sense that the Government and the Inspectorate of the Government have to be absolutely careful. They should see what is the retail price at which it is sold. They should check up and see clearly every item in detail. The Government should see that the company do not get round the controlled price of the drug. They should see that the prices of the other elements, the uncontrolled elements, are not concurrently raised. Though the price of the drug is controlled, when the prices of the uncontrolled elements are raised, eventually the price of the drug is raised. What precautions do the Government propose to take to see that the companies do not get round the law in this manner?

DR. TRIGUNA SEN : It is a very good point. We will make a note of it and we will do our best. That is all that I can say.

SHRI KRISHAN KANT : May I know from the Government whether the rise in price is because of the cost of the formulation and, if so, will the Government take up in the public sector the preparation of formulations so that medicines can be made available to the people at a reduced price? Secondly, about imported drugs, will the Government see that all the drugs that are imported are basic drugs? They can then give it to the drugs manufacturers and they should not be allowed to import it. Will the Government of India look into it and let me know what is the policy?

DR. TRIGUNA SEN : As I said in the beginning, as regards formulations we are thinking of reserving some for the small-scale industry. We will see. As my hon. friend suggested, we can take up the question of formulations being prepared in the public sector undertakings provided the price factor or the cost factor is taken into consideration. About the import of basic drugs, I said—I think twice—we will do it, through Government channels, in which case the price will be pooled. It will be supplied to the big, medium and small industries at the same price, so that we can regulate the price of formulations.

DR. BHAI MAHAVIR (Delhi) : I think the hon. Minister missed the question. There are reports of several life-saving drugs having disappeared from the market. I would like to know if the Government have tried to verify it and have any efforts been made to check up from the market whether their availability has gone down after the announcement of the new formula? Secondly, a small but important point. I do not know which particular firm Mr. Kaul was referring to, but there have been letters appearing in the Press that a particular international firm has tried to get round the Drugs Price Control Order by bringing out a new cough syrup. It has been named some new formula. The brand name is the same. A phial of 174 mm was priced at Rs. 4.95 and now a phial of 75 mm is priced at Rs. 4.35, which means the quantity has been reduced to less than half and the price is more or less the same. I do not

[Dr. Bhai Mahavir]

know the name of the company, but there have been letters appearing in the Press drawing the attention of the Government to this and to the way in which the Drugs Price Control Order has been defeated. The contents have not been changed in a way so as to make them more costly. A small alteration in the formula is there but it does not make for higher price. Thirdly—this is the last point—the patent law has been referred to by the hon. Minister. It is correct for him to say that he is not the person in final charge of the matter, but after all he represents the Government. A Government which is prepared to amend the Constitution regarding the privileges given to the ICS or to the Princes, does that Government attach more importance or does it consider the patent laws of other countries more sacrosanct and can not infringe them for the poor of our country? I would like to know whether the Government have made a study if any country has defied the patents law in order to provide cheap drugs to its population. Our country is a poor country and if there are examples, will the Government consider finishing this patents law, that is the issue?

DR. TRIGUNA SEN : It has not been brought to my notice that some life-saving drugs have disappeared from the market. I will surely enquire to-day, but if my hon. friend can help us in the matter it will be very useful to us. We will enquire today. About manipulating the price of cough cure, if I had known from the hon. Member the name of the company . . .

SHRI A. D. MANI : It is called 'Cough Cure'.

DR. BHAI MAHAVIR : I was quoting from the letters in the Press. My inference from the description is that it is about the Vicks New Formula.

DR. TRIGUNA SEN : I will find it out. The third is about the patent law. Yes, some of the countries have defied it, like China, Russia and I am told Italy also.

DR. BHAI MAHAVIR : Italy?

DR. TRIGUNA SEN : I do not know, but I am told Italy also. As a matter of policy it is not proposed to indulge in piracy.

DR. BHAI MAHAVIR : Is only this particular piracy out of bounds for us?

DR. TRIGUNA SEN : Defying it. I will surely impress upon my friend who is sitting there to see that the patent law is enacted very soon. I have already told him. The Select Committee has already reported on it. I have requested him to see that it is done. These are the three points.

DR. K. NAGAPPA ALVA (Mysore) : It is a welcome measure. The drug industry in the last fifteen years has grown from Rs. 10 crores to Rs. 200 crores. Unless it is enforced in the right way, people will not have real benefit. Adulteration of drugs and the various spurious and sub-standard drugs have been a menace to this country. Malpractices and pilferages have been very common. I would like to give one or two suggestions.

MR. DEPUTY CHAIRMAN : No suggestions, but ask for clarifications.

DR. K. NAGAPPA ALVA : Quality control is very necessary and a proper machinery for the distribution of drugs is very necessary. During the stage of distribution all these pilferages and malpractices are being practised. Our attempt should be to tackle these things. I am very happy that the Minister is very clear in his statement and utterances, but at the same time he expressed certain doubts about the implementation because certain aspects of this are with the Health Ministry. Here I must say that the drug control department is the department which is connected with this question and I would suggest that there should be a co-ordinated effort between his Ministry and the Health Ministry and also the drug control department. The Drug Control Order has been doing very well in this country, though in certain States it is not quite good. So, my suggestion is that there must be a more co-ordinated effort during the implementation stage of it. It is very necessary that the quality must be maintained and as the Minister has very nicely put it, research is part of it. The research part of it can be done only with co-ordinated effort and I also say that it is not part of the duty of his Ministry to have a research department here. With these words I once again say that the drug industry has to be developed, but at the same time there must be a very co-ordinated effort between

the private sector and the public sector, and the public sector has been doing very good in this direction.

DR. TRIGUNA SEN : So far as my Ministry is concerned, we are trying to control the prices so that the industry does not make undue profit at the cost of the poor man. The hon. Member has expressed certain doubt. I have no doubt whatsoever in my mind so far as the implementation of the price control is concerned. I will see that it is done. But regarding pilferage in hospitals, adulteration, maldistribution or malpractices in distribution, as I mentioned, Sir, as the hon. Member also knows, it relates to the Ministry of Health, and my friend, Shri K. K. Shah, is quite an energetic man; he knows all the problems; he is trying to solve these problems.

SHRI BHUPESH GUPTA : How do you know?

DR. TRIGUNA SEN : Because he had lots of discussion with them. He is trying his best to stop this pilferage and adulteration as best as possible.

श्री मानसिंह वर्मा (उत्तर प्रदेश) : माननीय मंत्री जी कृपया यह बताने का कष्ट करें कि यह जो प्राइस कंट्रोल आपने किया है यह केवल एनोपैथिक सिस्टम आफ मेडिसिन पर ही है या औरों पर भी और अगर औरों पर नहीं है तो क्यों नहीं है ? यह मैं जानना चाहता हूँ ।

DR. TRIGUNA SEN : We are trying to control prices of medicine for which this Ministry is responsible to give licence to produce.

PAPERS LAID ON THE TABLE

PAPERS UNDER THE COMPANIES ACT, 1956

THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI FAKHRUDDIN ALI AHMED) : Sir, I beg to lay on the Table a copy each of the following papers, under sub-section (1) of section 619A of the Companies Act, 1956 :—

I. (i) Annual Report and Accounts of the Hindustan Machine

Tools Limited, Bangalore, for the year 1968-69, together with the Auditors' Report on the Accounts.

(ii) Review by Government on the working of the Company.

[Placed in Library. See No. LT-3184/70 for (i) and (ii).]

II. (i) Second Annual Report and Accounts of the Machine Tool Corporation of India Limited, Ajmer, for the year 1968-69, together with the Auditor's Report on the Accounts.

(ii) Review by Government on the working of the Corporation.

[Placed in Library. See No. LT-3184/70 for (i) and (ii).]

III. (i) Fifth Annual Report and Accounts of the Bharat Heavy Electricals Limited, New Delhi for the year 1968-69, together with the Auditors' Report on the Accounts.

(ii) Review by Government on the working of the Company (in English and Hindi).

[Placed in Library. See No. LT-3329/70 for (i) and (ii).]

IV. (i) Thirteenth Annual Report and Accounts of the Heavy Electricals (India) Limited, Bhopal, for the year 1968-69, together with the Auditor's Report on the Accounts and the Comments of the Comptroller and Auditor-General of India thereon.

(ii) Review by Government on the working of the Company (in English and Hindi)

[Placed in Library. See No. LT-3330/70 for (i) and (ii).]

V. (i) Annual Report and Accounts of the Hindustan Cables Limited, Burdwan (West Bengal) for the year 1968-69, together with the Auditors' Report on the Accounts.

(ii) Review by Government on the working of the Company (in English and Hindi).

[Placed in Library. See No. LT-3407/70 for (i) and (ii).]