

"to examine measures taken so far to reduce the prices of drugs for the consumer and to recommend such further measures as may be necessary to rationalise the prices of basic drugs and formulations."

The Committee is expected to submit its report in April, 1975. The present pricing policy of drugs and medicines would be reviewed in the light of the recommendations of the Committee.

Expansion of foreign drug firms

4867. SHRI MADHU LIMAYE:
Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether the Government have formulated any policy with regard to expansion of foreign firms engaged in the manufacture of drugs; and

(b) if so, the details of that policy?

THE MINISTER OF STATE IN THE
MINISTRY OF PETROLEUM AND
CHEMICALS (SHRI K. R. GANESH):
(a) and (b). No, Sir.

However, in accordance with the Ministry of Industrial Development Press Note dated the 16th February, 1973 foreign concerns and subsidiaries and branches of foreign companies are eligible to participate in the industries specified in Appendix I thereof (Drugs and Pharmaceuticals being one such industry) along with other applicants but their investment will be subject to the guidelines on dilution of foreign equity and will be examined with special reference to technological aspects, export possibilities and the overall effect on the balance of payments. Government have taken the following measures to regulate the expansion of the foreign companies and to encourage the growth of the Indian sector:—

(i) The Indian sector of the industry is given preference in approval of manufacturing schemes;

(ii) Manufacture of increasing number of bulk drugs through public sector undertakings;

(iii) Industrial licences are usually not issued to foreign firms for producing formulations unless linked with the production of bulk drugs;

(iv) They are asked to take up production of bulk drugs from more basic stages and to make available a suitable portion of their bulk drugs production to non-associated formulators in the country as a condition for being permitted expansion in capacity or for taking up new activity. Appropriate export obligations are also imposed.

(v) Increasing number of imports of bulk drugs and intermediates are canalised through the S.T.C., which now constitutes over 60 per cent of the total imports of bulk drugs and drug intermediates

(vi) Progressive reduction of foreign equity participation with corresponding increase in the Indian shareholding is imposed when they are allowed expansion of their manufacturing activities.

In addition all companies having a foreign equity exceeding 40 per cent are required to obtain approval of the Government under FERA, 1973.

With a view to ensuring the regulated and rapid growth of drug manufacture and further with a view to ensuring that all essential drugs are made available to the consumers at reasonable prices, Government have appointed a Committee under the Chairmanship of Shri Jaisukhlal Hathi whose terms of reference inter alia include:—