

tender enquiries floated to the best manufacturers/suppliers in the world market. STC apply their commercial judgement in making such purchases, keeping quality as the main criterion. It is mandatory under the Drugs and Cosmetics Act that all drugs imported by STC are tested by the office of the Drugs Controller, (India), at the post and approved before they are distributed. These tests ensure that the drugs imported and distributed conform to the prescribed pharmacopoeial standards.

(c) A statement indicating item-wise purchases made by STC in terms of quantity and value during the last 3 years viz 1973-74, 1974-75 and 1975-76 (upto 19-2-1976) is laid on the Table of the House [Placed in Library See No. LT 10387/76] Drugs canalised through STC are supplied by them at prices fixed by Government under the provisions of Drugs (Prices Control) Order, 1970, from time to time

(d) Representations are received in the Ministry from time to time asking for more allocations of canalised items, over the entitlements as per policy decided by the Government delay in supply etc. These are examined in this Ministry on merits and suitable instructions are issued to the STC who also carry out the instructions promptly.

Manufacture of drugs by Foreign Firms without proper approval

204 SHRI K S CHAVDA WHI th Minister of CHEMICALS AND FERTILIZERS be pleased to state

(a) in how many cases during the last three years, Government have accorded price approval for manufacture of drug formulations by foreign firms with more than 26 per cent equity without industrial licence/approval including name of the company, item and their composition; and

(b) whether Government proposes to withdraw all such approvals forthwith?

THE DEPUTY MINISTER IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI C P. MAJHI) (a) and (b) Price approvals are accorded by the Government under the provisions of Drugs (Prices Control) Order, 1970. Drugs (Prices Control) Order, do not provide that companies seeking price approvals submit an industrial licence as a condition precedent to price approval. Any company selling drugs can seek price approvals under the provisions of Drugs (Prices Control) Order. These companies may belong to any one of the following categories —

- (1) small scale manufacturers who do not require any licence whatsoever;
- (2) companies manufacturing drugs on loan licence basis where again industrial licence may not be required by the companies selling drugs.
- (3) drug units in the organised sector,
- (4) trading companies engaged in purchase/sale of drugs

Drug manufacturing units with an annual turnover not exceeding 50 lakhs of Rupees as recorded in the last accounting period are exempted from the purview of Drugs (Prices Control) Order

In view of the above legal position, Government were according approvals of prices to the companies without production of industrial licences. Despite the above, the procedure of examination of pricing applications has now been altered and Government is insisting upon production of valid industrial approvals by the applicants before according approval to the pricing applications. In this context price approvals for some of the companies have been withheld for effecting the above check

The question of withdrawing any price approval already accorded will not arise under the Drugs (Prices Control) Order. However, action to check unauthorised production or excess production by defaulting units will be taken after a decision on the recommendations of the Committee on Drugs and Pharmaceuticals Industry has been taken.

Proposal of May & Bakers for associating Indian Capital

205 SHRI K S CHAVDA Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state

(a) was May & Baker's proposal for association of Indian capital in the year 1965 in response to any Government direction in this regard examined and if so the reference in particulars of Government order, and what were the terms of association of Indian capital offered by the company and approved by Government,

(b) whether the decision on reduction of equity and association of Indian capital was not communicated to the company and if so what is the effect on foreign exchange position/reserves of the company due to non-communication of the decision and who are the officers responsible for this,

(c) whether the decision of the Foreign Investment Board cannot be communicated to the company now, and

(d) whether this matter has been referred to the CBI and if so, what is the present position vis-a-vis the result of investigations?

THE DEPUTY MINISTER IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI C P MAJHI)

(a) While considering an application submitted by M/s May and Baker Ltd for import of capital goods during 1961-62 on a 'No Charge basis' the question of associating Indian capital came up. The relevant file has been misplaced and as such, further details are not available.

(b) to (d). The decision of the Foreign Agreement Committee, it appears, has not been communicated to the party. The file concerning the associating of Indian capital has been missing. Since all efforts including enquiry in the Ministry failed to trace the file, CBI was requested to investigate into the case. CBI has informed that the loss of file *per se* does not disclose any criminal offence and as such they have not agreed to take up the investigation of the matter.

In regard to loss of foreign exchange to the country or effect on foreign exchange position/reserves of the company in not conveying the decision of FAC it is not feasible to work out any figure since the terms like payment of royalty, technical know-how fee and goodwill were to be sorted out subsequently as per the decision of FAC and also that foreign equity was to be brought down to 60 per cent in stages within 8 years.

Unauthorised Production by Foreign Firms

20 SHRI K S CHAVDA Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state

(a) the foreign firms with more than 26 per cent equity who achieved unauthorised production and what was the outflow of foreign exchange directly and indirectly in case of each firm for the last three years,

(b) the particulars of actual bulk drug and formulation production expressing as a percentage of company's total turnover for drugs, both for the company itself and its associated companies if any in assessing the company's turnover and the turnover of the associate companies,

(c) the anticipated turnover of the companies on implementation of all projects for which they hold approvals; and