

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3686

ANSWERED ON:02.12.2010

SIPHONING OF FUNDS BY PHARMACEUTICAL COMPANIES

Chavan Shri Harischandra Deoram

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether the top pharmaceutical companies had been siphoning the funds through licensing arrangements with their associate/subsidiary companies;
- (b) if so, the details thereof alongwith the name of such companies;
- (c) whether cost audit reports of different pharmaceutical companies have not been analysed; and
- (d) if so, the reasons therefor and the action taken/proposed to be taken by the Government in this regard?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) and (b): There are no findings available with this Ministry of siphoning of funds by the pharmaceutical companies through licensing arrangement with their associate/subsidiary companies.

(c) and (d): Cost audit of the companies is carried out under section 233B of the Companies Act, 1956 and the compliance thereof is monitored in the Ministry of Corporate Affairs. National Pharmaceutical Pricing Authority has also been availing cost audit reports from this Ministry for regulatory action by them as appropriate in respect of pharmaceutical companies.