

[Mr. Chairman]

The question is:

"That clauses 1 to 11, the Schedule, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 1 to 11, the Schedule, the Enacting Formula and the Title were added to the Bill.

Shri Kanungo: I move:

"That the Bill be passed."

Mr. Chairman: The question is:

"That the Bill be passed."

The motion was adopted.

14.10 hrs.

MOTIONS RE: ANNUAL REPORTS OF HINDUSTAN ANTIBIOTICS LTD.

Mr. Chairman: The House will now take up the motions regarding the Annual Reports of the Hindustan Antibiotics Ltd.

Shri S. M. Banerjee (Kanpur): Before the discussion starts, may I know one thing? This discussion was to have started at 3 p.m. and to have been continued up to 5 p.m. But, now, it is only 2.10 p.m. Are we to continue this discussion for about three hours, that is, up to 5 p.m.?

Mr. Chairman: The time allotted to this discussion is 2 hours. This being the only item of business left over in the Order Paper of today, if the House so desires, and there are enough Members to take interest in the discussion, they can prolong the discussion till 5 p.m. if they so wish.

Shri N. R. Muniswamy (Vellore): I beg to move:

- (i) "That this House takes note of the Annual Report of the

Hindustan Antibiotics Limited for the year 1958-59, along with the Audited Accounts and comments of the Comptroller and Auditor-General, laid on the Table of the House on the 15th December, 1959."

- (ii) "That this House takes note of the Annual Report of the Hindustan Antibiotics Limited for the year 1959-60, laid on the Table of the House on the 22nd November, 1960."

Before proceeding to make certain observations on the several aspects of the working of this public sector concern, I may be permitted, at the outset, to record my appreciation of, and congratulations on, the work done by the management, the workers, the scientists and other persons engaged in this public sector undertaking. The progress and achievement made by these workers are really deserving of much appreciation by the whole country.

I shall be failing in my duty if I do not also thank the hon. Minister for the unstinted support and assistance which he has been giving to the company, as and when the company makes a request to him for such assistance or guidance, and by such advice and guidance, he has been rendering a great service to the national cause. The services rendered by the people engaged in this company and the spirit of devotion with which they have devoted themselves to the national cause are worthy of great appreciation.

14.13 hrs.

[MR. DEPUTY SPEAKER in the Chair]

There has been a good deal of criticism about the activities of the public sector, by very many persons. I can only say that the realities do not warrant such criticisms at all. Such criticisms are made probably because many of those persons might not have gone and visited these factories. I

dare say that I visited this factory twice, before 1958, and to my surprise I have found that from the inception up to the date of my inspection in 1958, the company had made considerable progress. The achievement made by the company is really worthy of mention here in this House. I hope my hon. friends will join with me in offering our sincere appreciation of the work done by the company.

Despite several lapses and failings that we see here and there in every industry or undertaking, this company is in the unique position of having exceeded the rated production capacity. Out of the various public sector industries, the Hindustan Machine-tools Ltd. also seems to have attained a unique position by having exceeded the rated production capacity. The Hindustan Antibiotics Ltd. is another such instance.

I shall not deal with the various aspects of the working of this company in any great detail, but I shall only touch a few salient points, so that the points which I might not cover might be covered by subsequent speakers.

The working of the Hindustan Antibiotics Ltd., its financial position, its projects for further development, its production and research activities, and the special departments which it has created in regard to quality control etc. deserve to be appreciated very much.

My object in moving the two motions together is to focus the attention of this House and the country on certain features which deserve consideration and appreciation.

So far as the production is concerned, I may venture to state that this is perhaps the only public undertaking which has exceeded the targets to a great extent. I believe this company started production in 1954 or so, and that was only trial production, the target being 4 million mega units. In 1961, we find that the production capacity has gone up to 44

million mega units. This indicates the large rate at which the production of this company is increasing. The increase in production appears to be at the rate of about 25 to 30 per cent every year. This gives the impression that the target of production was perhaps kept very low. It was stated that only 4 million mega units were to be produced by this factory, but, fortunately, we find that in 1961, it has gone up to about 43 million mega units.

So far as the production figures are concerned, I might be permitted to refer to a few figures which will indicate how the production has been increasing year after year. In 1958-59, the target of production was only 24 million mega units, but actually, they had produced 25.20 million mega units. In 1959-60, the target fixed was 30 million mega units, but the actual production was 33.15 million mega units. In 1960-61, the target was 35 million mega units, while the actual production was 40.24 million mega units. Now, I think that the production may have gone up to about 43 or 44 million mega units. This clearly shows how the production has been increasing from year to year.

From the report, I find that the inspection of the products is conducted by a particular inspection section which is consisting mainly of women. Although the factory works on two shifts per day, inspection cannot, however, be carried out by the ladies during night, because their services cannot be requisitioned after sun-set and before sun-rise. So, both the overnight production and the day-time production are inspected together by the women during day-time, and consequently, the women's section have to take a lot of trouble in seeing to it that the products are up to the mark, and that the inspection is conducted in the required highly specialised way; and the women's section has been discharging its duties very diligently without sparing any nerve.

Of course, the production has gone up by leaps and bounds, but we have

[Shri N. R. Muniswamy]

to examine also the cost of the products and their selling prices. I find that the selling price is not consistent with the cost of production. We are having so much of production, and yet the selling price is not commensurate with the cost of production. No doubt, our cost of production compares favourably with that of the imported penicillin, and in the world market, they can fare well with the products of other exporting countries.

The reason for the high selling price, in spite of the increase in production may be this, namely that it is quite possible that this expansion programme is being undertaken without any addition to the capital. Further, we may have to import certain raw materials for which we shall have to pay heavily, taking into consideration the incidence of freight and other charges.

Taking all these limitations into account, we have, however, to see in what way we shall be able to make available the products of this factory at much cheaper prices.

I find from the report that the selling price of bulk penicillin supplied to bottlers and others has been reduced in 1959-60 from 69 nP to 50 nP. This indicates that the bottlers and others also are deriving some benefit; even the private industries which are producing penicillin are able to insist on the public sector undertaking to reduce their price so that their capacity also can be utilised properly. The production of the private undertakings also affects in a way the selling price. I understand that the public sector company takes into consideration the viewpoints of the representatives of the bottlers and others, while fixing the prices.

In spite of all this, I can only say that the price which we pay here is, comparatively speaking, very much less than the world market prices. I dare say that we can still reduce them. What was originally sold at

Rs. 1-4-0 per mega unit is now being sold at 50 nP a mega unit. We can reduce it still further, because the company gives a huge discount or commission to the selling agents. They are selling it at a reduced rate to the defence services and other semi-government bodies; I am told that the discount in their cases also has increased from 10 to 15 per cent. I wish to emphasise that the commission that is paid to the selling agents should be made commensurate with the retail prices at which the products are sold.

Here, I might make a brief reference to the total commission paid to the agents.

In 1959-60—I am referring to the figures as on 31st March 1960—the sale was Rs. 3,11,72,193-45 and the commission given to agents comes to Rs. 12,35,984-34. As against these, in the previous year, that is, 1958-59, the sale was Rs. 3,27,56,200-81 and commission given to agents Rs 11,82,295-66. I am not able to understand why when in the previous year the sale was more the discount was less and in the year 1959-60 the sale was less and the discount was more. How are we going to account for this increase of nearly Rs. 74,000 by way of commission when the overall sale happens to be much less? It seems we have paid more discount when there was less sale and less discount when there was more sale. I only wish some light will be thrown on this by the hon. Minister. Why should we pay more discount, unless it be that the rate of discount happens to be more as they have stated is the case in regard to the Defence services where it has been raised from 10 to 15 per cent? There is no other explanation, as far as I can see. Therefore, let us get an answer for this discrepancy.

As you will be pleased to know, the undertaking has earned profit. In 1958-59, the amount of surplus before paying income tax and other things

was Rs. 147 lakhs whereas after paying income tax it is about Rs. 81 lakhs. In 1959-60, the amount of surplus before payment of tax was Rs. 146 lakhs and the net surplus after payment of income tax was Rs. 76·75 lakhs. I am unable to understand how when we had a surplus of Rs. 147 lakhs which after payment of income tax came to Rs. 81 lakhs in the next year, 1959-60, we had a surplus of Rs. 146 lakhs and we got after payment of income tax only Rs. 76 lakhs. How are we to account for the difference of Rs. 4-5 lakhs, when there is a difference in sales of only Rs. 1 lakh? These are some of the things I am not able to understand. There must be some reason behind this like fluctuation in prices and so on. I hope the hon. Minister will throw some light on this aspect also.

Another important feature concerns quality control. This is of recent origin. A quality control department has been established. But it has to function independently of other departments of the concern which have got their own method of test and control. Any product coming out of this concern must undergo several tests. I learn that there are not less than 20—27 tests and each test is rigorously and ruthlessly conducted. After the product satisfies all the 27 tests, it is labelled. This takes place after a long time. It is very nice to look at. It may even appear to a stranger that these tests are overdone and where there is no need for a test, they are having it all the same. But in spite of these tests, there have been complaints of which we are not unaware.

The main complaint which has come very recently is about the potency. There is a system of marking on the vial or bottle making it usable for three or two years, as the case may be. This is an international practice and we are also emulating it here. But then the potency is challenged. The complaint comes only from places where the climate is hot,

where the temperature goes up to a certain degree. They say that the potency is not being maintained, that it is not efficacious even for two years. The same penicillin kept in the laboratory under proper conditions retains its potency even after three years. So it looks as if this system of marking the period of potency must be given up. When we are producing these anti-biotics indigenously and the flow of supply is also very continuous, there is no disturbance at all and there is no need to have a potency marking for three years; they can reduce it to twelve months. This step will also help the flow of fresh supplies and ensure fairer prices. If we mark the potency for three years, it is possible that here and there some unwary purchaser may get it even after three years. It is always better to change this method. I would request the Minister to give some thought to this aspect of labelling or marking, change it and adopt a method which will suit conditions in our country.

As regards export, we can have the same international practice as is in vogue, of marking it for three years or two years, as the case may be. But for home consumption, it must be marked only for one year. If there is no defect or mistake so far as the product is concerned, but it is the wrong method of labelling that creates troubles, this step will solve that problem.

Recently one or two cases have come to notice. One of the complaints relates to the presence of a dead fly in a vial. This is despite all the tests that have been prescribed. The other day when a question was asked on this matter, the hon. Minister gave the reply that it was after all a small incident. Whether it is small or big, there has been an incident. Simply to say that they have nothing to do with it is just swallowing the very complaint. We must pay attention to this matter and see how after all these 27 tests, there is cause for such a complaint. I do not know if there

[Shri N. R. Muniswamy]

was no test in this case or something else happened, I do not want to cast any aspersion on the undertaking because I have already expressed my appreciation of their work. One or two things are bound to be there in all industries. But this must be of a different type—the existence of a dead fly when things are so very nicely done under sterilised conditions. The question remains how this intruder happened to be there. The Minister has said that possibly somebody might have planted it there. In the context of the tests that we are having, we cannot take this suggestion seriously, unless something had happened and somebody who was very envious of the progress of this undertaking had done it. This has to be examined from that angle, whether it was planted by somebody. Nobody would plant such a thing and then administer it. Is it before administration that this particular fly was found or after? If it is before administration, then it has to be examined very seriously. I do not mean to support the Minister when he says that it must have been planted. It is quite possible that the intruder might have been there in spite of the tests. The matter has to be examined from that angle. It has also to be borne in mind that so many people are envious of this particular undertaking which has made such a phenomenal progress. This company has the unique distinction of having made so much progress in such a short period. It has surplus to export, and is able to compete with the products of other countries. It is therefore highly necessary that the complaints should not be poohpoohed but looked into very thoroughly.

Another important feature is research. I pay my respect and appreciation to this department for its discoveries and ability to produce these drugs. I find Government has launched upon the streptomycin project costing over Rs. 2 crores with a target of production of 40 to 45 tons.

They propose to augment it to 80 tons at an additional cost of only about Rs. 60 lakhs, and the additional foreign exchange involved will be only of the order of Rs. 30 to Rs. 35 lakhs. If the economics of this project are good, we can certainly save a huge amount in foreign exchange, and I hope Government will not lag behind in giving every impetus to the speedy execution of this project.

There is another project to manufacture 1.5 tons of tetracycline. This sounds something like terramycine and areomycine. I am neither a doctor, nor connected with the trade.

The Minister of Industry (Shri Manubhai Shah): But the names you give are correct.

Shri N. R. Muniswamy: This is to go into production shortly. But I find that the production envisaged for the second phase is 25 tons. I wonder if it is 2.5 and not 25 tons. If it is going to be 25 tons, it is really amazing, and we should be proud of it.

Another plant for production of 50 tons of Vitamin C per year is also to be established at a cost of Rs. 60 lakhs.

I am happy to note that all these projects are to be financed by the company itself, without borrowing from outside. While this looks good, there is also a risk involved in it. No business man would put everything he has in his business lest anything should happen. I do not think anything will happen here, because of the increasing requirements of the country.

Mr. Deputy-Speaker: Because here they are antibiotics, that thing cannot happen.

Shri N. R. Muniswamy: The Minister being very young, might have very ambitious plans and goad them to get along.

Mr. Deputy-Speaker: Do not think he is as young as he appears to be.

Shri N. R. Muniswamy: Though he is young, he is capable.

But if we put all the eggs into one basket . . .

Shri Manubhai Shah: Without meaning to interrupt him, I would ask: should we continue to import or should we make what is required within the country itself?

Shri N. R. Muniswamy: I quite appreciate the point that we should not be dependant on imports, but I only urge some caution. As the financial resources available have already been invested in the new plant, for further expansion we shall have to resort to loans. I do wish more money is invested, and it is true we do a lot of things for our prosperity only by borrowing. Unless we borrow we cannot have a self-sustaining economy, but let us not invest everything we have earned in a short time in this. The company should have some finance to fall back upon, and finance is power.

Shri Manubhai Shah: Just to add to the information of the hon. Member, I may say that actually we are investing Rs. 30 crores more—that is, six times the sum in the Hindustan Antibiotics—in other public drug projects. This is just the beginning of the beginning. We have to do a lot more to provide cheap basic drugs to the poor people.

Shri N. R. Muniswamy: I do not possess so much brief. He knows the job because he is at it. What I say is from the records available to me, and if necessary I shall change my views in the light of fresh information supplied by him.

A decision was taken in 1960 to set up ancillary industries for the supply of raw materials to this industry. Every industry must have ancillary industries close by so that it does not have to incur freight on getting

its raw materials from distant places. Here the proposal is to have five such ancillary industries. Probably one of them, namely glass, has already gone into production and has begun supplying. But we have to take care to see that we are not at the mercy of these ancillary industries and that they do not dictate their own terms. Already, there is some sort of whispering campaign going on that special treatment is being given to these ancillary industries.

He has said that we should not be getting anything from other countries and that we should be able to supply our own requirements and also to supply other countries. But, at the same time, it should not be tagged on to others. It should not be dependent on others—this major industry. We should not be left at the mercy of other ancillary industries. That is the only caution which I want to administer.

Another point I wish to make is about the research section. The research section has done a very fine job and deserve to be congratulated because the new researches have been serviceable not only to our country but to other countries also. From the 1960-61 report it is found that the production of tetra-cyclene has been decided without the collaboration of foreign technical know-how. This happens to be a discovery by the laboratory itself without outside collaboration. This discovery has been tested not only in our government clinics but has been tested in semi-government clinics and hospitals and has been found to be of a very superior type and its efficacy cannot be questioned. This anti-biotic is supposed to be named 'Homycin'. I do not know whether it has anything to do with tetra-cyclene. Of course, the name is in consonance with other names like acromycin etc. They are trying to get a patent in India, the U.K. and the United States.

Another very effective and promising antifungal anti-biotic called "Dermostatin" has been isolated and

[Shri N. R. Muniswamy]

further investigations are in progress. I wish them success in this because it is an addition. But we must take care to see that we have some sort of a drug to avoid the after-effects or the undesirable reactions caused by the penicillin injections. They have to be tested very carefully.

They are also trying to find some such drugs and to supply them free of charge to those to whom these finished products have been supplied. That is to prevent the undesirable effects on our body. We are importing such things from other countries. It costs about Rs. 40 to Rs. 50 per vial. I suppose the Government of India will supply it at a nominal rate. This laboratory has done good service and I would wish more such laboratories to come into existence in other industries also so that they can produce things which are useful not only to our country but also to other countries.

I would be failing in my duty if I forget to say something about the people working there. Though I gave them my appreciation still I have to say something more.

Mr. Deputy-Speaker: I must convey to the hon. Mover that some hon. Members have begun to feel that he has already taken too long.

Shri N. R. Muniswamy: I will finish in a couple of minutes. (*Interruptions*).

In the reports the designation of every member of the Board of Directors is not given. We do not know whether labour is represented, or the State Legislature is represented or the Members of Parliament are represented. I am not able to make out from the names. One or two names I can make out. Just as we are giving up the titles we seem to do away with these designations also. One cannot make out who is who. We must have some sort of indication as to what position a member holds. The bare

mention of the name as Dr. G. P. Pant or Dr. K. Venkataraman would not do. We must know that the Board is well representative, because it is a public sector industry. We must know what sorts of interests are represented there; whether the Members of Parliament are there; whether the State Legislature is represented or whether labour is interested. I do not hold any brief for the M.Ps. (*Interruption*).

You have warned me that I have taken too much time. I have got still some more points but I would not press them.

Mr. Deputy-Speaker: I only conveyed to him the reactions of some hon. Members.

Shri N. R. Muniswamy: I have a final word of appreciation to the Government of India, to the Ministry of Commerce and Industry and also the management. I hope the whole House would join with me in this except one or two who might like to make a huge affair of this dead fly. The whole of the thing has to be seen barring this small incident which would mar its prosperity. This has had a bright career in the short period and I only wish that this industry should not get into difficulties.

Mr. Deputy-Speaker: Motion moved:

- (i) "That this House takes note of the Annual Report of the Hindustan Anti-biotics Limited for the year 1958-59, along with the Audited Accounts and comments of the Comptroller and Auditor-General, laid on the Table of the House on the 15th December, 1959."
- (ii) "That this House takes note of the Annual Report of the Hindustan Anti-biotics Limited for the year 1959-60, laid on the Table of the House on the 22nd November, 1960."

Shri Parulekar (Thana): Mr. Deputy-Speaker, Sir, I regret to have

to say that I cannot agree with the observations of appreciation made by the Mover of this Motion. I know this is a factory in the public sector and whatever criticism I have to make I do so reluctantly. But the stage has arrived when we have to speak bluntly and point out the defects and deficiencies in the working of this factory.

My first submission is that the claim made in this report that the production of penicillin has exceeded the target is baseless and deceptive. The proof of it is that the Mover of this Motion was caught in the trap which this report has laid.

The questions which we have to ask are—'Who fixed this target? Were they fixed on a scientific basis?'. You will find that the production of penicillin is miserably low and the factory is managed in the most inefficient manner.

I will cite conclusive proofs to substantiate my charges. In 1959-60 there were 10 fermentors in this factory and each fermentor had a capacity of 5,000 gallons and the production of penicillin was 25.2 million mega units. In 1960-61, there were 16 fermentors and the production was 40.2 million mega units. There was an increase of 60 per cent in the number of fermentors and there was also an increase in the production of penicillin by 60 per cent. In other words the technological level of production of penicillin has made no progress at all in this factory; it has remained stationary. In other countries during the same period it has made great and spectacular strides. In the United States the yield per millilitre of both has increased from 3500 units to 8000 units in this period; in Russia too the same progress has been made. If you calculate the production of 16 fermentors in this country on that basis, our production ought to be 100 million mega units. But the report shows that our production is only 40.2 mega units. This is a clear

proof that this factory is inefficiently managed and is not up to the mark which it is expected to be. I will be told and the hon. Minister is very good at advancing arguments—'It is all right if advance has been made in the United States; ours is a young factory and so we have not been able to make such progress'. But, Sir, let me draw your attention to the fact that the technological improvements made in those countries are no secrets; they are available to us and yet we find that we have not taken advantage of them. Therefore, we find that the production is far low.

There is another very pertinent point but the hon. Minister seems to be engaged otherwise . . .

Shri Manubhai Shah: I am listening.

Shri Parulekar: I am making some important points.

Shri Manubhai Shah: I have noted them.

Shri Parulekar: How can you note what I am going to say?

You might answer the other point in a vague way as is your habit but this is an important point. There was an expert committee appointed by the Government of India, in 1956 and it recommended in 1956 on the basis of technological advance made in the world then that the production of ten fermentors ought to be 30 million mega units. Even assuming that no technological progress has been made since then, if you calculate production on that basis, the production of sixteen fermentors ought to be 48 million mega units but in actual fact the production is only 40 million mega units. Yet the report says and wants the people to believe that the factory has been run in such a way that it has exceeded the target of production. It is an absolutely misleading and deceptive picture. I may say why I am harping on this point. This is not the first occasion.

Shri Mannubhai Shah: You have been harping it for the last ten years.

Shri Parulekar: This is the second occasion when I have opened my mouth. As I thought that this factory was in the public sector, I did not want to criticise it publicly. But I am compelled to do so now. This is not the first occasion when false claim of production exceeding the target had been made by the Ministry. In 1956, such a claim was made and I would like to read two sentences from a letter written by Col. R. N. Chopra to the Secretary to the Ministry of Production here who was chairman of this committee. What does he say:

"This week's paper carried news items that the penicillin plant had exceeded its target. I would like to bring to the notice of your Ministry that this statement is utterly misleading."

This is the story of production exceeding the target. This practice is continued from year to year by taking advantage of the ignorance of the people because they do not know the technicalities involved, how the targets are fixed, what is the technological level and what ought to be the target of production. When you examine these questions you will find that the yield of penicillin is very low in this factory and it is managed very inefficiently.

My second submission is that the cost of production of penicillin in this factory is exorbitantly high. The selling price of bulk penicillin in U.S.A. is 9.9 nP. per mega unit. Taking out the profit from this figure, the cost price in U.S. comes to 4.1 nP. But the cost of production per mega unit in the Pimpri factory is 21.14 nP. five times higher than in U.S.A. The consumer has to bear the burden of the inefficiency of this factory. What is the reason for this inefficiency? Naturally that question arises. Why should the factory be run inefficiently? What are the reasons? The reasons are obvious. The factory

does not employ suitably qualified technical staff required to run this factory, staff which has got experience about the production of penicillin. There were fifteen technicians who were trained by the WHO in Europe and who were employed in the Pimpri factory in the initial stages but today we find that none of these fifteen persons is there. They have either left or have been driven away. That is the stage of affairs. Their places have been taken by persons who are experienced in other matters. They may have good qualification for doing certain things but certainly not for running a factory where penicillin is produced. To cite a few illustrations, the works manager is a civil engineer. The deputy production manager does not possess the technological knowledge or experience necessary for the production of penicillin. If you want to produce good shoes you want good cobblers; it is no use employing good tailors to produce good shoes. They may be qualified and experienced in other matters but not for production of penicillin in this factory. That is why it has been managed in an inefficient manner. The case of the research superintendent is still worse. He has failed during the last three years to select a more potent strain which would yield more production. That is his performance. That is how the cost of production goes up.

What is still more astonishing is that the expenditure on the salaries of the inefficient officers: has shot up during this period from Rs. 2,94,207 in 1958-59 to Rs. 5,17,927 in 1960-61—an increase of 62 per cent though the factory remained as inefficient as in 1958-59. As regards the other staff, surprisingly enough, you will find that their total salary in 1958-59 was Rs. 2,74,893 and in 1960-61 it was Rs. 2,29,874. This means a decrease of 20 per cent during the three years.

15 hrs.

I want to make a third submission. This factory charges exorbitant prices

for this essential drug, and makes excessive profits. I will give three illustrations to prove this charge. In the case of 2 lakh unit penicillin, the cost of production is five naye paise. The cost of bottling is 18 nP. The total cost is 23 nP. The sale price for the two lakh unit is 42 nP, and the profit is 19 nP. The percentage of profit works out at 82.6. In the case of the 5 lakh unit, the cost is 10 nP, the cost of bottling is 18 nP; the total cost is 28 nP. The sale price is 61 nP. The profit is 33 nP. The percentage of profit works out at 117.8 per cent. This is an essential drug, and this is the profit which this factory is making. In the case of the 10 lakh units, the cost is 25 nP; the cost of bottling is 18 nP; the total cost is 43 nP. The sale price is 94 nP. The profit is 51 nP. The percentage of profit is 119.6. The result of the policy is that this year, the factory has made a net profit of Rs. 79 lakhs. Of course, it includes profits of other drugs which are sold, but the main drug which is manufactured in this factory is penicillin. I want to draw your attention to another aspect which has enabled the private concerns to make enormous profits Glaxo, Dumex, Alembic, etc., also import penicillin, at the rate of 8 nP. per mega unit, and in the market, they sell it at the same price at which the Hindustan Antibiotics is selling. The result of the policy that is pursued by this factory enables the private concerns to make enormous profits, and we do not know whether there has been a collusion between the private sector and the public sector. But why does this factory not hold the monopoly of importing penicillin and selling it in the country so that whatever profit it makes might go to the coffers of the public and not to the private sector?

My fourth submission is that this Government is guilty of a disgraceful violation of the undertaking given to the WHO which was responsible for establishing this factory in this country. One of the objects or terms in this agreement to which I would like to draw your attention is this: The

agreement was signed on the 4th July, 1951 and one of the clauses in the agreement reads as follows:

“... to produce penicillin most economically as a national enterprise on a sound business basis but entirely on a non-profit basis.”

So, the very fact that this factory has made a profit of Rs. 79 lakhs, a factory which was established to be run on the basis of no-profit-no-loss—this was a solemn undertaking given by the Government of India to the WHO which was helpful in the establishment of this factory—shows that that clause has been violated. I know fully well that the hon. Minister is very ingenious and he can advance most flimsy arguments to explain away the most complicated issues.

Mr. Deputy-Speaker: Is it a compliment or a reflection?

Shri Parulekar: It is a reflection, and I do it with full responsibility, because that has been my experience during the last so many years. He will say that it is true that the profits have been made but they are not utilised for any other purpose but for expanding the factory. That seems to be a plausible explanation on the surface. But what was the object of this clause which was introduced in that agreement itself? The main and the obvious object of incorporating this condition in the clause was that the medicine should be produced as cheap as possible and should be made available to the common man at the cheapest possible price but the very object of incorporating this clause has been defeated. This factory, by charging enormous price, is making huge profits though it has entered into a solemn agreement with the WHO which said that it should be run on a no-profit-no-loss basis.

Mr. Deputy-Speaker: Unless it was an agreement that the lives of all individuals should be saved and not the life of one individual and so on.

Shri Parulekar: Many lives have been lost because the poor were not able to purchase penicillin since the price is so high, and many generations will be wiped away before the factory is in a position to supply penicillin to everyone.

Mr. Deputy-Speaker: By the time Pimpri is able to supply to all the citizen perhaps three generations might have to run out, and it is not a question of one generation.

Shri Parulekar: With all respect, I may say that the Government have got enough funds and they could have expanded the factory by investing more funds, but not by charging a very high price for the penicillin which is a most essential drug required by the people and by making profits. Why did they give the undertaking to the WHO? Were they not aware of its implications? Were they ignorant?

Shri Manubhai Shah: Without meaning to interrupt the hon. Member, I may request him not to play too much upon an international agency with whom we have the best of relations. Everything is being done, and it is a mutual agreement. Perhaps, the hon. Member may avoid too much emphasis on a foreign agency.

Shri Parulekar: The agreement is a public document.

Mr. Deputy-Speaker: He may emphasise it but not the others.

Shri Manubhai Shah: We know them very well.

Mr. Deputy-Speaker: He has made the point; he may proceed further.

Shri Parulekar: I leave it at that. But the fact remains that they have not fulfilled one of the most solemn undertakings.

Mr. Deputy-Speaker: He does not leave it at that, then! If he repeats the same thing, it means he has not left it.

Shri Parulekar: I do not harp upon it much further. That is all I meant. Then, I will come to the last point. The reply of the hon. Minister the day before yesterday about the fly in the vial of the penicillin was misleading, and may I say in all humility and in the mildest terms, most callous? In a factory which bottles lakhs of vials of penicillin, one vial had a fly. It may be an accident, but he does not realise the seriousness of a fly being in a bottle. He has not regretted and that factory does not explain how such a thing could take place.

Shri Manubhai Shah: Actually, when the incident occurred, we expressed regret. Let us not unnecessarily beat about the bush. We actually expressed regret, and the management also expressed regret. It is no use tom-tomming the matter and running down the penicillin which is an essential drug which thousands and millions of people in this country are using. What I wish to say is that it should not be overplayed. We had expressed regret that the accident had taken place and the management also expressed regret. One cannot go on repeating it, and demoralising the entire atmosphere.

Shri Parulekar: I am not demoralising. It is you and the management of the factory who are demoralising the people. Let me come to the point. Leave aside this vial and the fly in it. The hon. Minister forgets that only last year, in the Rajya Sabha, one of the hon. Members had produced a vial in which there was a piece of glass which was much bigger than the fly. Does he not know it?

Shri Manubhai Shah: I had explained then, when it was produced, that the penicillin was not produced at the Hindustan Antibiotics. I do not take responsibility for every producer of it in every part of the world and in this country, and to be answerable to this House! That was the product of some other company.

Shri Parulekar: I shall ask a third question. Let me see what reply he gives. Is it not a fact and is he not aware of the fact that hundreds of penicillin vials produced at Pimpri are being returned by the retailers and the wholesalers because they find foreign material in them?

Shri Manubhai Shah: It is no use getting into arguments.

Shri Parulekar: You have not replied. This is a factory in the public sector and I want this factory to be managed well. I want the factory to be better looked after. That is why I am harping on this point. I know that it is a public sector factory and I want it to thrive. I want it to be run efficiently and I do not therefore want to condone the deficiencies and endanger the lives of citizens. That is why I am criticising it. So, the fact remains that the fly in the bottle only highlights the inefficient way in which the factory has been run and managed.

I will conclude by saying that it is the duty of the Minister to adopt a serious and responsible attitude and take steps to rectify the inefficiency of this factory. If that is done, the factory will progress faster and everybody will be proud of this factory. As it is today both the cost of the penicillin which is produced there as well as the profits made by the factory are exorbitantly high and the matter requires serious attention.

Shri Goray (Poona): Mr. Deputy-Speaker, Sir, I am sorry I have to strike an entirely different note from what my friend, Shri Parulekar, just now did. I am really happy that here in this House sometimes we get occasions when we can congratulate those who are managing our public sector. This antibiotics factory at Pimpri is one of the few factories in India which have been doing good work and which have been progressing in a phenomenal manner. When my hon. friend started his speech, he said,

"Who fixed the targets?", implying most probably that the targets were fixed so low that it should be made easy for the managers to come out and say that they have already exceeded the targets and thereby get easy compliments.

The present management will be able to defend itself and the Minister-in-charge will do that job very well; I need not take any sides in this affair. I would only like to point out that this is the first annual report of the directors and there is a paragraph there which says that the original plant was expected to produce 9 million megaunits of penicillin annually, but due to the development in penicillin technology, the plant is now expected to produce 18 to 20 million megaunits per year. That was the target at that time. If you compare the production annually in this factory, you will find that they have far exceeded the target. If a factory does its job well, I do not know why we should hesitate to compliment the management as well as the workers.

So far as the other factors are concerned, I would like to point out that the factory has not only exceeded the targets, but has done very good work in the field of research also. Just now Shri Muniswamy referred to new drugs which they have developed. I suppose it is but proper that this House should take cognizance of the research work done in the factory and should congratulate the research scholars and scientists who have the distinction of evolving new drugs and medicines. I hope that it will be possible for us to give these new medicines and drugs also to the people at the earliest possible opportunity.

As I come from a distance of only 10 miles from this factory, it has been possible for me to visit this factory many times and I have seen the all-round development that has taken place. It is to a small matter that a factory of this kind should reach the stage of self-generating economy, if I may call it so. They are putting up a new plant for streptomycin and the

[Shri Goray]

entire capital has been found from the profits of this company itself. Without troubling the Government and asking for any foreign exchange, if a factory is able to meet its requirements from its own funds, that could be done to by two ways. One is by producing more and more and the other is by running it in an efficient manner. One of our friends just now referred to the ancillary industries. I find that they are starting their own industrial estate on the premises. 5 or 6 small workshops have come up and it is the effort of the management to see to it that all the spare parts and other things that they require will be produced on the spot.

A good deal has been said about the fly that was found in one of the bottles. I tried to find out how this fly could enter the vial. It is really surprising. If you go to the factory and watch the whole process, you find that there is no scope at all for any foreign matter to enter the vial, because the whole thing is so managed that from the start to the finish hardly any human being touches the process. When the bottles are sealed, I find that the machinery used is of such high pressure and high temperature that even if the fly was there, it would be charred out of existence or flushed out of existence. That is what must really happen. But when you find that a whole fly is there, the only conclusion is that the fly was introduced by somebody afterwards.

Therefore, I would like to touch upon the labour relations there. I think so far as the Pimpri factory is concerned, there are two unions and there is no labour trouble so far as I can see. There may be some minor complaints, but I do not think that the management has been at loggerheads with the employees. But there is another factor which we shall have to take note of and I suppose it is a very serious thing. Just now my friend referred to the fact that none of the people who were serving in the factory originally is there now. If you probe into that, I think there has been a tussle going on

between two factions—some people who do not want the present management and some people who say that the present management is doing good.

Those people who do not want the present management have been doing all sorts of things. I know this for a fact that when one of the scientists was reverted to his original position, there was a talk of all the workers going on strike. They even came and tried to meet the Prime Minister. Their demand was that the man should not be reverted back to his original position. Since this tussle is going on, I do not want to say that this is a case of sabotage, but I would not be surprised to find that some people have taken a sort of mischievous interest in this sort of thing and they wanted to carry on a smear campaign against the Hindustan Antibiotics Limited.

I would like to remind the House that when the Aarey milk processing plant was making such tremendous progress, we found there was a rat in one bottle. If you look at the whole process of bottling the milk, you will find that a rat cannot enter the machine at all in any way. But the rat found its way into the bottle. Just like that, a fly found its way into this vial. Because a rat could not enter the vial, a fly was found. I think this is a very serious thing. Even if we have some grudge against the management, should we have recourse to such things which will ultimately harm the very purpose for which this factory has been started?

We know what a tremendous uproar was there in the Press when a fly was found in the vial of penicillin, because all the doctors started doubting whether the penicillin coming out of this factory was worthwhile and whether it should be administered to the patients. Naturally, there was a scare. When we are dealing with a national project, when we try to tamper with it in this way, we should seriously think whether we are not doing incalculable harm to the project that we have undertaken.

15.20 hrs.

[SHRI MULCHAND DUBE in the Chair]

Sir, we are now trying to create confidence in our own scientists, in our own managers and the whole personnel who are trying to administer this country and to develop it. Today our people think that whatever is coming from outside will be good, it will be pure, it will be scientifically tested and it can be relied upon. When we are now trying to replace all those things, what is necessary is to create confidence in the minds of the people that we too can produce things which are equal in merit to the things which we have been importing so long. When these attempts are being made and when as far as possible a fool-proof machinery has been erected, to try to create such a scare is really harming our national cause. That is how I look at it. Therefore, I would say that this sort of smear campaign and black-mail must be stopped. If one has got any grudge against the management, if one has got any quarrel with the management, well, at trade union levels one should fight with the management and nobody will object to that. But if one is not able to displace a particular person, to resort to any means will ultimately harm everybody. After all, the present manager will go away from that factory in due course. His name is Raja, but I do not think he is going to be installed there as raja of Pimpri or raja of Hindustan Antibiotics. He is a civilian. Today he is in this factory, tomorrow he will be somewhere else. But if the prestige or the name of the Pimpri factory is damaged, I suppose we are damaging it for good, we are damaging it for all time. I think it is a very bad way of looking at things, to damage the name of a factory simply because we do not like one person there.

Sir, I would only say this, that the management, the scientific workers and the ordinary workers in Pimpri factory are doing their best and they deserve all encouragement from us. We should tell them that we have full

confidence in them. We should ask them to go ahead and try to find out the people who are tampering with the whole process and trying to hurt the name of the factory or cast a slur on its name.

Dealing with this report, Sir, I feel that this report is really a report of a factory which should bring credit to us, and we should wish them well. All that I would say is, the hon. Minister also should insist on the Managing Director to see if the workers are satisfied, if they have got any complaints and if the complaints are not being attended to properly he should take immediate steps to see that there is no room left for any grievances of the workers.

Sir, I think that the factory is really doing very good and the belmishes that you find in this are, some of them, such as can be removed with a little effort. This scare which is being raised from time to time, that in the vials there was some glass piece, then a piece of hair and then a fly, is a deliberate attempt to damn the factory and I do not think this should be taken serious note of.

I have to make one suggestion. Out of the profits of this factory something should be done which will add to the amenities of the local population round about. Round about you find agriculturists who have lost their lands. As far as possible it should be the policy of the Government to see that first preference is given to people who have lost their lands because of this factory, because about 800 acres or something like that of land was taken away from the agriculturists there and those people have really no means of subsistence. I would suggest in all seriousness that if the factory out of its profits could set up a school of technology or something like that where young boys of the agriculturists who have lost their lands could be trained so that there would be a constant supply of skilled labour to the factory, the agriculturists will have a feeling that what they have lost on one hand they have gained on the other. If this sort

[Shri Goray]

of thing could be done out of the profits which are huge and which most probably will go on mounting, I suppose the factory would be doing a very good thing and it will be setting a very good example. I just have suggested this for the consideration of the Government and the Managing Director, and I hope next time it will be possible for them to report to us that a high school has been set up or a school of technology has been set up and something substantial has been done to compensate for the loss which the agriculturists have suffered due to their lands having been taken up.

Sir, I have nothing more to add. I would like to say in the end that this propaganda has been very unfair to the management of the Pimpri factory and to the scientists who are doing a good job of it, and we should not rest until we have found out who has been at the root of all this trouble. If we succeed in finding out the culprit, we should punish him without mercy.

Shri D. C. Sharma (Gurdaspur): Mr. Chairman, Sir, I visited this factory in 1956, and I am very happy to have the impression about this factory from my esteemed colleague, Shri Goray, who lives quite close to it. I think the picture of the factory that I have got now after reading the reports corresponds almost to the picture that he has given, and I will be very churlish if I do not pay my humble tribute to the workers in that factory.

I think the success of this factory is due to the workers. When I went there in 1956 I found the workers in that factory to be a mirror of the whole of India. I was surprised to find some workers there from the Punjab, especially from my own constituency. I felt happy that while this factory serves all-India needs it also gives employment to workers on an all-India basis. I do not know what the situation there now is, but that was the situation at that time.

But in 1956 I did not find that atmosphere of achievement in that factory which you find there now. One of the big officers in that factory was of the sergeant-major variety with whom the workers were very unhappy. Some of the workers took me to the canteen which is a part of this factory and I took tea with them. They wanted to have a photograph with me and we had a photograph together. But afterwards I learnt from them through their letters that they had been very harshly dealt with because they fraternised with a Member of Parliament, especially a Member of Parliament belonging to the Congress benches. I was surprised to find that the workers were still doing very well even through that big officer—I hope he is not there now, I do not want to mention his name—dealt with them harshly. He made me feel that he should be more the manager of a prison-house where incurable convicts are kept rather than be an officer dealing with labour in a factory.

Mr. Chairman, as I said in the beginning the whole credit—if you want the percentage, I would say it will be 90 per cent of the credit—for making this factory a big success—I am using the words “big success” deliberately is due to the workers be they scientific workers, mechanical workers, factory workers or workers of any other kind. I feel very happy when I find that this factory has been gradually stepping up the per capita income of the worker. I wish that were the condition in every factory in India, whether that factory is owned by the Government or some private individual. I wish the workers in other factories also enjoy these advantages which they are enjoying. I do not say that these advantages are the be all and end-all. No. They should get more advantages as time goes on. I cannot help saying here that these workers are provided with houses, though the number of houses is not as many as the workers. Whereas the number of houses at present is only 552, the number of

workers is 907. I hope this gap between the number of houses and the number of workers will be bridged as early as possible. I find—in fact, I have been putting questions on this subject—the rate of contribution for provident fund in this factory has been raised from 6½ % to 8 1/3%. So, this Government factory has set an example in that line. The workers in this factory get *ex gratia* payment, attendance bonus, distinguished workers' award and so on. Apart from other things, I would say that it would be considered a fortunate position for any worker to go there. If I were a factory worker—of course, I am a worker of a different kind—or even a scientific or mechanical worker. I think my desire would have been to find employment in this factory where there are so many benefits given to workers.

Another thing that I found in this factory was the happy labour management relationship. We have been always telling of labour management relationship. We want to have perfect and happy labour management relations. My esteemed friend, Shri Goray, referred to certain persons who complained about something. Tell, I think in this world there must be some persons who complain. If they do not complain, I think this world would become a very dull place to live in. Of course, their complaints should be genuine. Sometimes, these complaints are not genuine. For instance, there was the complaint about a fly in a vial. I think we are making a mountain out of a molehill in the matter of this fly which got into a vial. Shri Goray rightly asked the question how a fly could have entered a vial. We are talking not as if one fly had got into one vial, but by raising our voice in this House we are thinking as if all the flies of India have got into all the vials. That is the way in which we seem to be thinking. Shri Goray has stated that it might be a case of sabotage or a case of blackmail as a part of fear complex.

There will be some workers who will always complain. This is a model

factory in some ways because it has got a works committee to give the workers an idea of the productive capacity of the factory and also to give the workers the incentive to produce more stuff, better stuff and more useful stuff. Apart from other things, I should congratulate the management of the factory, the workers and even the Ministry for this good result. Of course, I do not want to give any credit to the Ministry or the Minister lest they should get a swollen head. Of course, now they have a very balanced head over their balanced shoulders.

We are already talking of co-operative commonwealth that we are building in India. The consumers' store, co-operative societies and similar things are already there. I think this factory has been breaking fresh ground in some respects. I wish the report of this factory should be made as well-known as it deserves.

There are two things about which I feel slightly uncomfortable, when all is said and done. Though I do not charge anybody with any neglect of duty or anything of that kind, I do feel that the quality control in this factory requires to be upgraded and stepped up. Quality control is something which we are learning now and it will take some time before the lesson seeps into our consciousness, and even into our sub-consciousness. We, Indians, are not always very careful about quality control. But everything depends upon this quality control. I know the factory has got a good apparatus for quality control. I would suggest that the apparatus should be made more tight and more fool-proof, more efficient and more effective. For that we can take a lesson from some other country.

When one hon. Member, who does not belong to my party, was saying something in praise of WHO I felt very happy. Of course, from this point of view, any stick is good

[Shri D. C. Sharma]

enough to beat us and now he took up the WHO stick. Anyhow, he was not so certical of WHO as he is usually, or some of his friends are usually. I submit very respectfully that quality control is a thing into which we must go very elaborately. Of course, we have the Indian Standards Institution. Even then, I feel that every year, or once in two years, we should have a visiting committee which can go to these factories and see that the quality control is properly maintained and administered. For instance, we have our laboratories in this country. They were 14 previously and they might be many more now. We used to get some eminent scientists from outside to visit these laboratories and give us a review of their working. In the same way, I think we should have in this factory some kind of a visiting committee, or something similar to that, to ensure that quality control is not only maintained but gradually and slowly it is stepped up progressively. That is one thing about which I feel very anxious.

Then I would submit that we should try to see to it that facilities for training in this country are provided more abundantly.

Only the day before yesterday we prssed the apprenticeship Bill. What is the message of that Bill? It is that every factory should become a training institution, that every factory should become a training school. I do not want to quote figures but I found from this report that the number of trainees that are there is not very large. It is a big factory with a small training annexe, a big raja's house with small servants' quarters. I wish that the training facilities in this factory should be extended. I would be very happy if the suggestion of my esteemed friend, Shri Goray, is accepted and the children of the people who have been displaced are given training there.

I did not follow the point of Shri Goray very correctly. For instance,

I know that when we built the Bhakra Nangal Project any agriculturist that was displaced there was given land somewhere. I do not know whether that has happened in the case of these persons or not. I think they must have got land somewhere else or must have been given compensation somewhere else. If that has not happened, I am very sorry. But all the same I would say that the training facilities in this factory should be made more abundant and more elaborate.

An hon. friend who preceded me was giving the cost of bottling each vial and the profit that we are making on each vial that we are selling. He also said that there was a clause in the WHO agreement saying that we would run this factory on a 'No profit no loss' basis. Now what does this mean? If it had been factory owned by a private person, the profit that he had made would be this. My commonsense tells me that the profits to which he has referred are not correct. But he may be correct. I think the hon. Minister will be able to tell him that the profits that he has calculated are not there. But I ask the hon. Minister of Commerce and Industry: has there not been a progressive decrease in the price of these vials? So far as I know there has been some progressive decrease.

Shri Manubhai Shah: Very great.

Shri D. C. Sharma: I ask him: Does he not visualise a future as time passes when there will be more and more progressive decline in the prices that we are going to charge from the consumers? I think it will be. If I am a factory owner and I reap these profits, I become an anti-social figure for I am doing something which is anti-social. But if the Government charges nominal profits, I think the Government becomes a welfare agency because all the profits that accrue from the factory are going to be ploughed back into the

factory. They are going to be translated into the factory in terms of buildings, machinery, more amenities and salaries for the workers. Therefore I would like to have a categorical answer from the hon. Minister on this point that he is going to reduce the cost of these things as time goes on. The common man should not be asked to pay so much.

An hon. Member talked about monopoly in this business. I do not know what you mean by monopoly, but I am very happy that it is a monopoly because it is my monopoly. It is the monopoly of every citizen of India and of every hon. Member of this House whether he belongs to the Congress Party or to some other party. I want more such monopolies and more such public undertakings. Why? because I think these public undertakings are national wealth.

An hon. Member: Natural wealth?

Shri D. C. Sharma: They are not this man's property or that man's wealth. They are national wealth. Of course, he talks of natural wealth because he is very much devoted to nature. I talk of national wealth.

I was submitting very respectfully that if there is an element of monopoly, it is welcome. It is my monopoly. It is the monopoly of every citizen of India. It is national monopoly and national wealth. Therefore I think that the word monopoly in its beneficial sense, in its national sense—not in the mercantile sense; in the mercantile sense the words jars on my ears—in the welfare and productive sense is welcome to me and I say that it is good.

I feel that this factory is to be congratulated on one thing. It has not proved to be a barren and sterile factory. There are some barren and sterile marriages. But this factory has been a good mother and has given birth to a good progeny. We are going to have a factory at Rishikesh. We are going to have a factory elsewhere. Though I would like my country to follow family

planning. so far as our population is concerned, I would be very happy if this factory does not follow family planning but goes on producing more and more children, more and more factories. There should be a factory in the Punjab, in Uttar Pradesh, in every part of India. There should be a factory everywhere because our country needs these medicines.

But I want to end my speech with a warning. We are getting used to these antibiotics. Antibiotics may be good. They are good perhaps. Only yesterday I was feeling a little out of sorts. A doctor come to me and asked, "shall I give you an injection of penicillin?" I said. "For God's sake do not do that. I would much rather have a pill or a mixture than an injection."

Shri S. M. Banerjee: Why?

Shri D. C. Sharma: Because I have developed some kind of an allergy.

Shri S. M. Banerjee: You must use antipen.

Shri D. C. Sharma: I might use that but not on your advice. I will not take your advice for it. I do not think your advice can always be for my good. Anyhow, in India we have so many diseases. Our population is growing. Our doctors are not too many. All these things are there. But, you have to see to it also that our country and our nation do not become a country and a nation of drug addicts—penicillin for everything; if we have fever, penicillin; bad throat, penicillin; pneumonia, penicillin; if you have anything else, penicillin. What I was submitting is this. We have to bring it to the conscience of the medical practitioners that they should be careful in the use of these drugs and that they should not make us into a nation of drug addicts as some other countries are becoming.

I would also submit that you have to see to it that these drugs get into proper hands and are administered by properly qualified persons. That may be Shri Karmarkar's job. Anyhow, this job has to be done by the combined wisdom of all the Ministers of

{Shri D. C. Sharma}

India. What is that? I shall finish in two minutes. You are looking at me and you want me to finish. I will finish. I was submitting very respectfully, that I went to a place—I do not want to mention the name of the place—a very big place. Unfortunately, I was unwell and I asked a friend of mine to get me a doctor. A gentleman came. He was dressed very well. By looking at his dress, I could have taken him to be a doctor. When I talked to him for about a minute, I found that he was not a doctor. I was told that he was making a huge income every month in that city. I do not want to mention the name of the city, because if I mention it, you will say, what is this. He was just a compounder and he was an expert in giving injections. If he went within a radius of one mile from his house, his charge was Rs. 5; if it was $1\frac{1}{2}$ miles, it was Rs. 10; two miles, Rs. 15, and so on and so forth.

An Hon. Member: If he goes 50 miles?

Shri D. C. Sharma: He won't come back because you will be there. I was submitting very respectfully, he was making a big income. What is the meaning of this? People say that some people have died of penicillin injection. If unqualified people give penicillin injections, and make use of these antibiotics, what is going to be the effect? Surely, the death rate on account of these injections will go up. Therefore, it is the duty of the State to see to it that these antibiotic drugs which we are manufacturing and which will be manufactured in every increasing quantities in the future go into the hands of those who know how to make the best use of them. Otherwise, all these factories of ours will become factories which will not be helpful to the nation.

As I said in the beginning, I think we are all proud of what this factory has done. We feel proud to think that this factory will do much better in

future. We also feel proud to think that this factory is going to have other auxiliary and subsidiary factories. We all feel very happy and I think this factory is a kind of factory which gives faith to any man in the public sector. I think that we should have every factory in the public sector like this to that the peoples' faith in the public sector is reinforced and the people are able to do their very best for this.

15.55 hrs.

[SHRI HEDA in the Chair]

Shri Supakar (Sambalpur): Mr. Chairman, compared to Shri D. C. Sharma, I am junior in age and experience. But, fortunately, I visited the Pimpri factory three years after him. Having visited the factory in 1959, I must join Shri D. C. Sharma in paying my compliment to the management of the factory for doing a good job, at least so far as I saw at that time. As a business proposition, the Pimpri factory has done rather well. From the accounts submitted along with the Sixth annual report of the year 1959-60, we find from the figures that the factory has been able to pay off the total amount of loan payable to the Government of India, amounting to Rs. 70 lakhs. I am glad to learn that after 1959-60, it has been possible to expand the factory from the profits and for a streptomycin plant to be started from the profits earned from the Pimpri factory.

Having said all this, I must say that the Government must take into consideration the criticisms that are levelled against the drug industry—may be justified or without justification. It must be remembered that the drug industry is a very very sensitive industry. One ounce of criticism if it is widely circulated is much more damaging than a ton of appreciation. When we start such an industry in the public sector, we must also

remember that an industry in the public sector is open to, so far as criticism is concerned, a much wider publicity than the competing drug industry in the private sector. There is a question in Parliament about a fly in a vial of penicillin from the Pimpri factory and it resounds throughout the length and breadth of India, whereas for corresponding defects in the drugs in the private sector, probably nobody knows anything. Therefore, the Government must consider this vital aspect of the publicity of the defects in its drugs. Therefore, they have to see that there is absolutely no scope for any criticism from any quarter against their drugs.

I would suggest humbly that since the public sector industries are expanding in so many directions, instead of the Government expanding their own public sector projects and thus being open to criticism whether justified or unjustified—as I have submitted, even if such a criticism is altogether unjustified and baseless, it creates in the country some bad impression and it is very difficult to remove such a bad impression—the Government should consider the desirability of assisting or rather helping the private sector in the expansion of the drug industry as far as possible and not give too much energy to expanding the public sector drug industry and be open to such criticism.

My hon. friend Shri Muniswamy who initiated the debate talked about the efficacy of the drugs, and he criticised the practice of specifying the time of expiry for the various drugs. In the course of his criticism he said that India being a warm country, it was possible that the efficacy of penicillin and such other drugs might possibly be for a shorter duration than of corresponding drugs manufactured in the European countries; probably, the efficacy of these drugs is lessened, on account of heat, unless they are properly preserved in refrigerators etc. But the remedy suggested, namely, of altogether removing the date of expiry from the vials, is, in my opinion,

remedy worse than the disease. On the other hand, I would suggest that if it is feared that the penicillin vials may not always be kept by the druggists by whom it is stored in proper condition in refrigerators etc., then some short time-limit for the expiry of the efficacy of the drugs may be provided, and I hope that the experts will take this aspect into consideration.

16 hrs.

I am sorry that India has had to import a lot of modern medicines. No doubt, there has been improvement, on account of research, in life-saving drugs, from day to day in other countries. On account of our foreign exchange difficulties, we are not perhaps able to import as many varieties of those medicines and as much quantity as we should do. But, to obviate this difficulty, I would suggest that Government should take proper steps to see that our people do not suffer on account of our inability to import life-saving drugs like penicillin, streptomycin, aureomycin and other such medicines in ample quantity and value.

Here, I want to ask the hon. Minister one or two questions regarding the performance of the Hindustan Antibiotics Ltd. for the last two years. From the figures, we find that although the actual production of the Pimpri factory has gone up from 25.20 million mega units to 32.05 million mega units, the actual sales have gone down from Rs. 327.56 lakhs to Rs. 311.72 lakhs. I want to know why this shortfall has been there. I want to know specifically whether this is due to the products of this factory not being very popular amongst the private practitioners and in Government hospitals, and whether correspondingly we have been having more of imported penicillin of a larger value in the two years under comparison. If the sales of the penicillin from the Government factory have gone down from Rs. 327.56 lakhs to Rs. 311.72 lakhs, want to know whether the sale of penicillin from other factories such as the

[Shri Supakar]

Glaxos or Dumexs or imported penicillin has gone up correspondingly or even to a larger extent, in value.

Shri Manubhai Shah: It was really a most pleasant experience—I am not saying in any formal sense—that I listened to an interest debate, in spite of the rather thin House. It is obvious that in the history of the public sector undertakings, India has taken a definite turn, and has accepted the public sector. All sections of this House, barring my one incorrigible friend, belonging to all political divisions, and others from my own party who always bring to bear a critical approach and an objective approach on governmental performance have in words which I could not myself have used, commended the working of this public sector undertaking. I am happy to say that the Hindustan Antibiotics Ltd. is not the only one which can claim this distinction.

We have been publishing from month to month, and we have requested the managements also to do so, the good features and the weak features of every public sector undertaking, because, after all, this House and the people of India are the owners of these important, vital and strategic undertakings. It is, therefore, necessary that the Government and the management of these undertakings should give their due account in the widest possible manner unlike those engaged in competition in such production in the private sector.

It is apparent and clear not only from what has been stated here but also from the reactions of the public that the public sector has been accepted by the people of this country. Now, the attitude has turned to a really objective and critical assessment of its performance. That by itself is a great achievement.

When we come to an objective assessment of any enterprise, as I have repeatedly said on the flood of this House, we ask for no quarters, and

we ask for no mercy. We seek no charity at all. These are undertakings which have been established by the exchequer which draws sustenance from the people's money. Therefore, they must be judged on commercial tests even though much of the social and other types of higher goals and objectives might be simultaneously attached to these undertakings. Only because they have been established in the interests of the people, neither the managements nor Government can take shelter for any non-commercial practice, any inefficiency or incompetence in the running of these undertakings. From that standard also, the performance of Hindustan Antibiotics, like most of the other public sector undertakings in this country, has been commendable. I say 'most' very deliberately, because I know there is a critical opinion in this country; when they talk good of one undertaking, they indirectly mean that there are only a few examples and the performance of the rest is not good. I know because I am very much connected with most these public sector undertakings in the country; I know their performance has been indeed commendable and very encouraging to all of us, the people of this country, and people who are closely associated with these public undertakings; I know that the performance, by and large, of most of the public sector undertakings in this country has been very satisfactory.

Now, I shall place before the House some of the facts with regard to this undertaking. There were references of an appreciative type as well as of a critical nature. When we examine the targets, it is very clear that the targets are not laid by any expert committee. A committee or experts may come and judge a thing, but those who designed this plant in collaboration with the international agencies were the most competent people to decide the targets. It is not to be judged by one gentleman here or there or a few experts, however eminent they may be.

When this plant was designed, it was designed to produce 9 million mega units by the international experts who came to this country. The size of the fermentors, the design of engineering and technical know-how—all these were preplanned and projected by them. As against this target, it was a shame to us in the early stages that we could not produce more than 4 million mega units. As Shri Goray rightly pointed out, and as Shri D. C. Sharma authenticated further; it was the workers and the technicians of this factory who put in their best efforts and raised its capacity of production. The target of 9 m.m.u. was surpassed, better strains were developed, and instead of the sluggish method and progress in the early stages—which all the undertakings, whether in the public or private sector have to undergo—from a mere 4 m.m.u. we touched the 25 m.m.u. mark. That was a very hearty performance by any standard by any technically competent group of people judging this enterprise. I dare say that the target was more than fulfilled and exceeded.

Then came the question of expansion. We contemplated a 60 per cent expansion. When we produced another 15 m.m.u., 60 per cent expansion means 40 m.m.u. And what do we find? In the current year, we are running at 45 m.m.u. Again the factory has exceeded the target. Not that in all public sector undertakings we are able to do so, but there are many shining examples like the Hindustan Machine Tools, Hindustan Cables, Hindustan Anti-biotics, Integral Coach Factory, Chittaranjan Locomotives and many other units which have exceeded not only the accelerated targets but have gone even beyond the targets we had contemplated. This is with regard to the physical aspect of production.

Then the question is: are we producing better quality and at lesser price? Ultimately all our commercial enterprises have to be judged from that angle. What was the cost of production when we started? Is the cost

of production curve going up or coming down? The House will recall that when this factory started, the price based on the cost of production was put down at Rs. 1.25, by the present calculation. The imported price in those days was round about Rs. 1-11-0. That is, even then, judged by the international standard we were 7 annas less. And I may tell my hon. friend who goes on comparing the international price, that even though I do not accept that as a basis, it was as a result of indigenous production in the public sector that the world cartels and consortia had to bring down their prices. It is no fault of Hindustan Anti-biotics, or rather it is the entire credit of that organisation that from Rs. 1-11-0, it was brought down to Rs. 1-4-0 and to 12 annas and then to 8 annas. If now as he says it is 9 p. in those countries, it is not entirely due to the cost of production in those countries being so low, but because they know that the doors of this country are getting more and more closed to those heavy high-priced imports, because they know that they cannot rig up prices against us and we are ourselves now producers of these drugs. It is because of that that the prices have come down. The credit for that must go to where it belongs. We do not claim credit that we have brought down the prices. But it is certainly to the credit of the workers of the factory that because they produce better drugs from the same capacity and in larger quantity the prices have come down.

Therefore, it will be unfair every time to level such charges against our public sector. If the price is less, they say, 'Well, they have manipulated the price'. If the price is high, it is said, 'They are inefficient'.

I may recall another instance here. When we decided on the production of streptomycin, we were importing the drug at a cost of Rs. 450 per kg. The day the Government of India took the decision to produce in the

[Shri Manubhai Shah]

public sector—in Hindustan Antibiotics and elsewhere—streptomycin and dihydrostreptomycin, the price of fell to Rs. 240 per kg. Within a year and a half of our entering into contract with the American company of Merck, Sharpe and Dohme, the price came down to Rs. 150. Today it is Rs. 120. It is not as if some miracle has happened in this country as a result of which the prices were ruling at Rs. 450 a kg. came down to Rs. 150 or Rs. 120. It is the productive capacity of this country, it is our know-how in the technological field in the manufacture of these life-savings drugs that is responsible for it. This has been demonstrated in the Machine Tools; this has happened in Hindustan Cables, this has happened in the Indian Telephone Industries, in Chittaranjan and other undertakings. When you develop your economic strength, competition is bound to tell and they are obliged to reduce prices.

Therefore, what we have to judge is this, whether the ex-factory cost of production per mega unit in the last six years since the inception of the factory has continuously gone down or gone up. The figures are obvious. As against the original Rs. 1-4-0 per mega unit, the present price is 8 annas. That is the reduction, equal to almost 60 per cent of the original price. From 20 annas we have come down to 8 annas.

This has been a continuous process. I am not taking various other items like penicillin G, procaine penicillin and tablets. There are different categories under each one of which I had the privilege to lay before the House the difference in figures. Prices have been continuously reduced by Hindustan Anti-biotics from year to year and from period to period.

Then the question comes whether the profits which we are making are real profits or some rigged up figures.

Every year the production is going up. The cost of production is going down and in spite of reducing the prices from period to period, we are still left with a surplus.

Here I would like to touch upon only the positive aspect of the agreement about which Shri S. V. Parulekar made a mention. We have been in continuous touch with this international organisation. They have been extremely happy, if I may say so without any fear of contradiction, about the excellent performance of Hindustan Anti-biotics. They, as our collaborators, never anticipated that the success would be as great as it has been. And I am glad to announce before the House that only a few weeks before, on the 2nd November, 1961, we sat with UNICEF and argued to terminate the plan of operation, because we wanted to free them from the moral and international obligations, all the time feeling that they are committed to participate in our technical activities, and we wanted to free ourselves from the feeling that we had taken an obligation from such an international agency for an unlimited period. The plan of operation, according to the latest agreement entered into with them, will end in November 1964, that is, three years from now. We are paying back the entire cost of equipment which was \$876,764.00—round about Rs. 40—45 lakhs—so that we may not feel that a great country like India which at one time, when it was beginning to imbibe this technology had to fall back upon foreign technical know-how, needs to do so any more. We are now on our own and the technical development in Hindustan Anti-biotics is entirely indigenous. The strains now being developed are also our own indigenous ones, and we have not a single foreigner in the whole of the Pimpri organisation. This is a matter of pride. We entered into this new agreement in order to relieve ourselves and those people from saying

repetitively—I do not want to use any more serious language—what our obligations are, and that even now we are under those obligations. We are now saying that this enterprise of the Government of India run by the people's money stands entirely on its own with no obligations, either economical or moral, attached to any international agency. At the same time, I must take this opportunity of conveying the grateful thanks of the Government, myself and the management of the Hindustan Antibiotics for the very valuable co-operation given by the UNICEF and WHO experts in the earlier stages which helped us to put our men on the stream, for training them to the best technological standards and for enabling us to procure a plant in those days when we were just groping in the public sector in this field of life-saving drugs and thus assisting us in the most excellent and hearty manner.

Now that we have been able to develop our own technique, we have requested them, and they have agreed, and we are terminating the plan of operations. The agreement has been entered into, and from November, 1964 we will have no obligations left with them. The terms of the agreement I am going to lay on the Table of the House. We are paying them the money involved in the plant, about Rs. 45 lakhs. Over and above that, we are giving for free distribution to hospitals in India through the UNICEF and WHO, an extra 6 million mega units as a sign of our grateful thanks for the services rendered and the co-operation extended.

One of the reasons why we are doing this is that we do not want the public sector undertaking to be under a handicap. Other people run in a commercial manner, but we have higher motives—not only commercial. We want to give cheaper and cheaper and better and better drugs in larger and larger quantities to the people of this country. Therefore, the enterprise must be free to determine

its own policy without any restrictions. This agreement which we have entered into will leave the Hindustan Antibiotics completely free to follow its own policies as determined by the House.

The third aspect is quality control. Here, I completely share the views of my hon. friends, particularly Shri Sharma, that the greatest and highest attention and importance that we are attaching in all public undertakings, and particularly in drugs, is on the maintenance of the best quality standards. He has made a suggestion for a visiting committee. We have gone still further than that. As I stated before the House the other day, we are thinking of establishing very soon a Recontrol Institute of India which will take care of independently checking sample drugs, though they have been completely tested and fully certified by the producers themselves. Without diluting the responsibility of the producer in the public sector, which must remain legally, morally and ethically, we will have an additional check, because we are going to produce Rs. 80 to Rs. 100 crores worth of drugs. They are all potent drugs, and a little mistake here or there can prove very unfortunate. We, after all, are public servants and these projects belong to the people of this country, and we cannot take the question of quality in any light manner. We must give the highest attention to quality standards. Therefore, we are taking an additional step to see that the checking is done not only at the plant level, in the quality control department of the Antibiotics themselves, but that, over and above that, samples are tested in a central place which is not attached to this undertaking but is quite independent of it, to ensure the highest possible quality standards in all these potent drugs. This is not to supplement or supplant the efforts required under the law either by the Drug Controller of India or the State Drug Controller. They are statutory obligations which the manufacturers will discharge, but as an administrative step of maintain-

[Shri Manubhai Shah.]

ing the highest standards, this is being done.

We are also equipping the Hindustan Antibiotics with various other types of the latest equipments and apparatus required for quality control.

Along with this, in the new four public sector undertakings to be set up at Rishikesh, Sanat Nagar, Neri-mangalam in Kerala and the Surgical Instruments Factory in Madras, we are trying to see that research work, training and quality control go hand in hand. That is, each of these major undertakings will have a research centre to develop research in different synthetic drugs, pharmaceuticals, antibiotics, sulpha drugs, alkaloids etc., produced by these undertakings. Therefore, I do share the feeling of my hon. friend Shri Goray when he said that the profits or surplus of these undertakings must be shared by the community in a wider sense—not merely in return of money by reduction of prices, but also by the institution of fundamental and applied research through these organisations.

I may clarify here the point made by Shri Muniswamy as to the discrepancy between the commissions. I may assure him that there is no discrepancy. Actually, the commission to the agents is much more minimised. The reduction is due to the fact that we are giving more and more drugs to the hospitals where we are giving a 15 per cent extra reduction over the sale price certified to the agents. Therefore, when more drugs are given to the hospitals, naturally the amount of commission will be higher, and that Rs. 70,000 or Rs. 75,000 which he found in the balance-sheet really represents the increased offtake by the hospitals. It is our hope and endeavour that as time goes by, we shall distribute more and more drugs directly to the hospitals so that poor people can benefit.

What is happening today is this. Whatever price reduction we give to the druggist, chemist or pharmacist

does not reach the consumer at all. The intermediary, the medical man, charges his fees, irrespective of the cost of the drug—Rs. 2 or Rs. 20; as Shri Sharma mentioned, so many miles so many rupees. That has no relevance to the value of the drug. If the factory charges 7 annas instead of 10 annas, it does not go to the patient. The medical man is going to charge the same along with his fee for administering the drug. Therefore, our policy and approach is to give more and more of these drugs to the hospitals, so that the benefit may go directly to the masses.

One of the speakers mentioned that while production was going up, the sales value was going down. I think it was Shri Goray. The reason is this. When prices go down, even though the volume of sales increases, the total outturn is less, and that represents the efficacy or success of this undertaking. From 33 million mega units it has gone to 44 million mega units, that is, it has actually registered a sales increase of 33 per cent, but it has shown the aggregate to be less than the previous year only because such a big reduction in price was given to consumers and purchasers. But, on the whole, sales have been mounting in proportion to the production increase, and on that account I can assure the House that there is no discrepancy in the figures.

I would not now touch on many other points, though there is still time. I only want to say that it is very gratifying that those who have visited the factory, like my hon. friend Shri Supakar, have a good word to say about it. I have here the opinion of my hon. friend Shri S. M. Banerjee who mentioned in the Visitors' Book in October, 1960:

"I was really very much impressed to see the working of the Hindustan Antibiotic Factory. I am sure this is going to be the pride of our country in the near future."

This is not an isolated opinion. I have received 15 or 16 letters from Members of this House and the Rajya Sabha. Shri Banerjee's remarks are only a symbolical expression of his pleasure and pride at seeing his country's public undertaking doing so well. Shri Sharma also spoke about it. Shri Goray, who is a next-door neighbour of Pimpri, has praised it in terms which I should have hesitated to use.

People may make a mountain of a mole hill, or exaggerate an incident here or there. We have expressed our deepest regret whenever there has been a lapse, whether it is minor or major. Whether a fly is found in a vial or a small piece of glass is found in another, whether a misdirection has caused a fatality or a little accident, it is all a matter of shame to us and we have always accepted it. But when people repeat them *ad nauseum* as if that is our only achievement, they do not understand what they are doing. They are doing the greatest disservice to the people of this country. It is not one project you are undermining, but the faith, the great confidence of the people. More than 11 crores of vials have been consumed. Everybody who uses it is a sensitive person, and if this august House, newspapers and writers merely go on exaggerating an incident which is regrettable, it will have a very bad effect. No producer in the private sector would take as much pains as we do to rectify it the moment a weakness is detected.

First we take steps to prevent the weakness. We take all extreme measures even at high cost to enforce quality standards. We do not try to stinge, in sending out our boys and bringing down foreign experts. Even after having done all that if some lapse occurs it may be regretted, it can be tried to be put right; it can be investigated and the faulty persons punished. But to go on repeating all this criticism *ad nauseum* is not good, because other people do not like the public sector or they want something

to beat somebody else with or because they want to hold the Government to ridicule. That is why I appeal to the forbearance of this House and the people of this country. These people who are working in the Public sector are nameless; they require a word of cheer, a message of congratulation because what else is there to sustain them.

I was saying the other day in another place that we are not able to give them bonuses. I know when I was working in a private industry if I did good work a cheque for Rs. 50,000 would come out from the employer. Are we in a position—this House or the Government—to give even Rs. 100 increase in salary to the public servants? Here are thousands of workers who are engaged in this mighty task of reconstructing India. The public sector is expanding at such a terrific speed that we should give them the support which they deserve. In case they do not deserve, certainly, fleece them, try to flog them and punish them. But if we do this undeservedly for some small fault here or there—which is natural—if the public sector managers and the workers and the technicians are not upheld in this House and the newspapers of this country, what else is the sustenance they are to draw, what strength are they to get?

Therefore, I would repeat that what we have been able to secure from this House, barring a few exceptions, is the blessings of the people and the congratulations for the thousands of nameless persons who are working in the great task of reconstructing the national economy of this country. The public sector undertakings are growing far and wide. In the Third Plan we are providing more than Rs. 1750 crores. That is the message that modern India has to give.

Therefore, I would once more say that I am very happy that the House has today in more or less unanimous manner conveyed their greetings and

[Shri Manubhai Shah].

congratulations to the Hindustan Antibiotics and through this symbolic gesture given strength to the hundreds and thousands of workers, the scientific research workers, the managements and the Boards of Directors of the public sector undertakings.

Shri N. R. Muniswamy: Mr. Chairman, I express my grateful thanks to the hon. Members who have participated in this discussion. Except Shri Parulekar the rest of them have given profuse compliments to the workers for the magnificent service rendered by them and the results they have achieved.

Shri Parulekar had been exceptionally critical in his observations and he has built a huge edifice on a few lapses, for which the Ministry of Commerce and Industry and the Government have expressed regret. I can only say that he has been meticulously scrupulous over these things; and it means that this is probably the only thing he was able to find in the whole scheme.

There are not one or two public undertakings. There are about 45 to 50 and many more are coming up in the Third Plan. If this small lapse is made much of it would create a sort of disheartening to the people.

It has been heartening to hear from the hon. Minister that 3 or 4 more antibiotic factories are to be established and one of them would be at Rishikesh. I am told that the Rishikesh factory would be started very shortly with Russian collaboration and know-how, the estimated capacity of which would be 125 million mega units. I am sure it will not only meet the requirements of the country but will enable us to export to other countries as well.

I do not want to take much time of the House because many of the points have been answered by the hon. Minister. One fact which I want to press is regarding the price. He has brought out very good reasons making a special plea that the present price

has been reduced from Re. 1¼ to 0|8|. I quite appreciate it. But we have to take into consideration the fact that we are still having great imports of raw materials on which the private industries are insisting—that first crystals be supplied from foreign imports. If this import is eliminated, the price may be further reduced. In spite of that the prices are less than in other countries....

Shri Manubhai Shah: If I may interrupt the hon. Member, I would like to say one word about the import of raw material. There is only a small import of raw materials or rather of some chemical in gradients only. What is also being imported is a little quantity of bulk penicillin of which we are still very short in spite of the expansion. That also we seek to remove completely as soon as the other factories come up. But, raw materials, as understood in technical knowledge are not being imported in any size for this factory.

Shri N. R. Muniswamy: If there is scope for further reduction, it should be achieved.

Another small factor which I wish to bring to his notice is this. There is black-marketing—not by the chief selling agents but by small dealers to whom they sell. It sometimes so happens that having penicillin their stock they create conditions of scarcity as a result of which people have to pay more. I hope this aspect will be considered by Government and they will see that there is no black-marketing.

In view of the assurance of the hon. Minister that raw materials will not hereafter be imported and that this bulk penicillin import is only a small quantity, I am satisfied. I hope that this would also be reduced.

Mr. Chairman: The question is:

- (i) "That this House takes note of the Annual Report of the Hindustan Antibiotics Limited for the year 1958-59, along with the Audited Accounts and

871 Motions re: AGRAHAYANA 2, 1883 (SAKA) Annual Reports of 872
Hindustan Antibiotics Ltd.

comments of the Comptroller and Auditor General, laid on the Table of the House on the 15th December, 1959."

Mr. Chairman: The House will now stand adjourned till 11 o'clock tomorrow.

- (ii) "That this House takes note of the Annual Report of the Hindustan Antibiotics Limited for the year 1959-60, laid on the Table of the House on the 22nd November, 1960."

16.39 hrs.

The motion was adopted.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, November 24, 1961 | Agrahayana 3, 1883 (Saka).
