

Implementation of Recommendations of the Hathi Committee

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*6. SHRI H. N. MUKERJEE:
SHRI RAMAVATAR SHASTRI:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have taken a decision to implement the recommendations of the Hathi Committee regarding Drugs and Pharmaceutical Industry;

(b) if so, what steps Government have taken in that direction; and

(c) in case the decision has not been taken, the reasons therefor?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI P. C. SETHI): (a) to (c). A statement is laid on the Table of the House.

Statement

The Committee on Drugs and Pharmaceuticals Industry under the Chairmanship of Shri Jaisukhlal Hathi submitted its report to Government in April, 1975. The report was a comprehensive document covering all aspects of the drug industry. It made a thorough analysis of the history of the industry and also made far-reaching recommendations on pricing policy, production policy, the role of the public sector, areas for development of various sectors, quality control and various measures for strengthening the administrative organisation.

In view of the far-reaching implications of the report, Government has been giving very careful consideration to the recommendations. In so far as the pricing policy is concerned the Government has been examining the matter with the twin objective of achieving growth with stability. A decision on pricing policy will be taken in the near future.

The Government has accepted the Committee's recommendation that the public sector should assume a leadership role in the drug industry. Towards this end, Government proposes a substantial expansion in the public sector drug companies—the IDPL and HAL and an investment programme of Rs. 70 crores has been provided for. The Synthetic Drug Plant at Hyderabad will be expanded with an investment of Rs. 21.79 crores. The Nicotinamide plant is to be set up in Bihar involving an investment of Rs. 8.58 crores. Proposals for a formulation unit at Gurgaon and the expansion of the Antibiotics Plant at Rishikesh are under Government's consideration. The expansion of penicillin production at HAL and the taking up of a new range of antibiotics at that plant are under consideration. Government has also accepted the Committee's recommendation that the public sector should also move into the field of formulation to the extent of at least 60 per cent of its bulk production. Towards this end the formulation capacity of the public sector units is being expanded.

Government have taken note of the recommendation made by the Committee that every encouragement should be given to the Indian sector of the industry. Licenses for production of both bulk drugs and formulations are being liberally granted to Indian entrepreneurs. 52 licences/letters of intent have been issued to the Indian sector since the receipt of the Committee's recommendation, while 16 have been issued to firms with foreign equity exceeding 40 per cent.

In respect of the foreign held sector, all cases are being examined with reference to the Foreign Exchange Regulation Act. The dilution of equity of foreign companies will be enforced in accordance with the dilution formula and the guidelines issued by the Ministry of Finance under the Foreign Exchange Regulation Act. No capacity for formulation is being granted to foreign held sector companies unless

accompanied by proposals for the production of bulk drugs in India.

The other recommendations of the committee are under the active examination of the Government.

SHRI H. N. MUKERJEE: The Committee headed by Mr. Hathi, by no means revolutionising, had suggested the nationalisation of the foreign drug firm, the multi-nationals in particular, through a phased policy and the abolition of the brand names of drugs again by means of a phased operation. But I find Government merely saying that they are examining the recommendations of this Committee even though the recommendations are nearly a year old and they are only moving in this direction by getting a slight increase in IDPL and other kinds of production. Do I take it that the Government policy is to let these multi-nationals who by a variety of stratagems including such ways of international cheating, through transfer pricing, which a country like ours cannot even detect—and Britain was told by Hoffman La Roche Co., also to be—ware of the machinations of these multi-national companies. Am I to understand that nothing more is being done except by making a slight expansion in the operations of the IDPL and a few other things and no practical effect is being given to the recommendations of the Hathi Committee in any significant manner?

SHRI P. C. SETHI: The Hathi Committee has done a commendable work and the report is very comprehensive. The report is not limited to one or two aspects but it is related to the whole of the drug industry and from that point of view many of the recommendations of the Hathi Committee have been accepted by the Government and we are already progressing on these lines.

Leading role is being given to the public sector. Certain recommendations are still under examination. As far as the question of removing the brand names is concerned, that is still under examination. We will have to consult the Health Ministry in this respect, although the recommendation of the Health Ministry was there.

With regard to the setting up of the National Drugs Authority, that recommendation is still under examination.

With regard to the question of taking over of multi-national firms, the Committee has recommended take over but at the same time they have recommended that the foreign equity ratio should be reduced to 40 per cent forthwith and gradually it has to be reduced to 26 per cent. As far as the recommendation to reducing it to 40 per cent is concerned, steps have been taken and as far as reduction to 26 per cent is concerned, steps will be taken in due course of time because this is a departure from the general traditional policy. With regard to pricing also, Government is still considering and examining the whole aspect, because, that is a very important aspect of the whole report.

SHRI H. N. MUKERJEE: Do I take it, Sir, that in these days of emergency when a report happens to be comprehensive, delays of this egregious order could take place in so far as the implementation is concerned, because, in the meantime, all the evils accruing from whatever has been said in the Hathi Committee Report and elsewhere in literature available all over the world, about the doings of these multi-national drug operators, continue and in the meantime these people carry on scurrilous advertisements.—not only do they corrupt our medical practitioners and virtually bringing them into acceptance of their own particular products, but they also try to dis-

tort public opinion by unfettered propaganda, while things said in Parliament also are limited,—do I take it, Sir, that the recommendations of High Power Committee like the Hathi Committee are to be treated in this fashion, when the people are suffering on account of the prices of drugs? Do I take it that on account of some of these multi-nationals being able to sell at a higher price in certain other countries products they make it our own country through the facilities given to them by our own government, our country's name becomes mud in certain other areas of the world? These multi-nationals, as you know, very well are terrible customers and they are behaving so shabbily but Government comes and says that they are examining a comprehensive report, and taking only a few puddling little steps. Is this the way the Government operates during the emergency?

SHRI P. C. SETHI: As far as the decision taken is concerned, the majority, of the recommendations have been accepted and have been implemented. But there are one or two important aspects which are still under consideration.

श्री रामाबतार शास्त्री : अध्यक्ष जी, पहली बात यह जानना चाहता हू कि हाथी कमेटी के जिन बहुमत सदस्यों ने बहुराष्ट्रीय कंपनियों के राष्ट्रीयकरण की मांग की है, उनके नाम क्या हैं; और

क्या हाथी समिति ने इस बात की भी सिफारिश की है कि जो हमारे देश में 117 जल्दी दवाएँ, एमंजियल ड्रग्स हैं, उनका उत्पादन राजकीय क्षेत्र में या भारतीय निजी क्षेत्र में किया जाये? अगर यह बात सही है और यह सिफारिश की गई है तो सरकार की प्रतिक्रिया क्या है और अगर सरकार समझती है कि भारतीय दवा कंपनियों छोटी हैं, उसके पास पूंजी नहीं है तो इन 117 जल्दी दवाओं के निर्माताओं को राष्ट्रीय

क्षेत्र में ले लेने में कौन सी बकाबट सरकार के सामने है?

श्री प्रकाश चन्द्र सेठी : राष्ट्रीय क्षेत्र में ले लेने का प्रश्न बहुत घासान नहीं है।

Taking over of these companies would mean an investment of about Rs. 140 crores at the face value of the shares. They have rightly recommended about reducing equity capital of these companies not only according to the dilution formula upto 40 per cent, but even they have gone to the extent of saying that they should be reduced to 26 per cent and that is what is engaging the attention of the Government. So, we are taking action on these lines.

As far as the production of these 117 important drugs is concerned, we are gradually proceeding on those lines.

श्री रामाबतार शास्त्री : अध्यक्ष जी, पहले पार्ट का जवाब नहीं दिया गया है। मैजिस्ट्री मेम्बर्स के नाम मैं जानना चाहता हू किन्होंने रिकमैड किया है कि मल्टी नेशनल कंपनियों का राष्ट्रीयकरण किया जाये। वे मेम्बर्स कौन हैं?

SHRI P. C. SETHI: I cannot give all the names.

MR. SPEAKER: This is a matter of detail.

SHRI R. S. PANDEY: The Hathi Committee submitted a comprehensive document with regard to the question of drugs about quality control and its pricing policy. It is mentioned in the statement from the Government that a decision on pricing policy will be taken in the near future. You will find from the answer that the words used are 'in the near future'. I wanted to know—Shri Sethi is known for his quick action—from him as to what does he mean by 'in the near future'. I want to know the time limit.

SHRI P. C. SETHI: 'In the near future' means 'as early as possible'

SHRI RAJA KULKARNI: The Hathi Committee's recommendation was in respect of prices to which the hon. Minister also referred. The reply given is that the matter is under consideration. There has been so much time that has elapsed and Government has not taken any quick decision or any step in respect of the price formula with a view to reducing the prices of drugs and medicines. Is the Government aware of the impact or the reaction because of the indecision on the price formula recommended by the Hathi Committee? We are told and it is also reported that the prices of these 117 essential drugs and medicines have gone up. And they are increasing still. As a result of that, there has been a shortage of medicines and drugs in the private hospitals in the country as well as in Government hospitals. The Government has not allotted funds to the Government hospitals, as a result of which some of the Government Hospitals had to be closed and many of the private hospitals are not admitting the patients because of the shortage of medicines.

SHRI P. C. SETHI: As I have said previously, we have not taken too much time in taking decisions. These are important recommendations and certainly, other ministries—important ministries are also concerned. We are consulting them.

But, as far as pricing is concerned, the prices are stated to be controlled and I do not think there is any scarcity of drugs unless of course a deliberate scarcity is created and some black market prices are charged. It is then and then alone that there is a danger of the prices going up. Otherwise they are stated to be controlled. I would also like to add that as far as these drugs are concerned, I think they are the cheapest which are produced in India.

Fly-over Bridge at Remuna Level Crossing at Balasore

*7. **SHRI SHYAM SUNDER MOHA-PATRA:** Will the Minister of RAILWAYS be pleased to state whether the fly-over bridge at Remuna level crossing at Balasore is going to be taken up in the year 1975-76?

THE DEPUTY MINISTER IN THE MINISTRY OF RAILWAYS (**SHRI BUTA SINGH**): No, Sir.

SHRI SHYAM SUNDER MOHA-PATRA: This is a very disheartening 'No' by the hon. Deputy Minister. The hon. Minister is considered to be a very dynamic minister because he safeguards the interests of Orissa. Only a few months back the hon. Minister of Railways, Shri Tripathi had written me a letter on this subject. I quote:

"There is a proposal for an over-bridge at Remuna level crossing at Balasore which was included in the Railway's Work Programme for 1972-73, 1974-75. As the breadth of the bridge was not furnished all these years, the proposal had to be deleted. After details of the scheme are finalised, further action will be taken to sanction the work again".
How can this be a 'No'.

SHRI BUTA SINGH: Yes, Sir, I stand by what my Minister has written to the hon. member. The reason for not being able to include this work in 1975-76 is obvious, the State Government was not able to give its proposal, the exact location and the concrete proposal.

SHRI SHYAM SUNDER MOHA-PATRA: Do I take it that the hon. Minister and his able deputies have agreed that it will be taken up next year?

SHRI BUTA SINGH: Yes, Sir.