

**COMMITTEE
ON
GOVERNMENT ASSURANCES
(1976-77)**

(FIFTH LOK SABHA)

EIGHTEENTH REPORT

(Presented on the 27th October, 1976)



372
**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA

to the Eighteenth Report of the Committee on Government Assurances (Fifth Lok Sabha)

Page No.	Correction
20	Line 1, <u>for</u> 'foot-proof' <u>read</u> 'fool-proof'
20.	Line 8, <u>for</u> 'regard' <u>read</u> 'respect'
39.	Line 20, <u>for</u> '3' <u>read</u> '8'
40.	Line 20, <u>for</u> 'hem' <u>read</u> 'them'
42	Line 13 from bottom, <u>for</u> 'out' <u>read</u> 'our'
50.	Line 10 from bottom, <u>for</u> 'Unstarred Question No.3898' <u>read</u> 'Unstarred Question No.3808'
51.	Line 2, <u>for</u> 'Chmicals' <u>read</u> 'Chemicals'
63.	Line 20, <u>for</u> 'his' <u>read</u> 'this'
73.	Sl.No.12, (i) col. 3, line 7, <u>for</u> 'institution' <u>read</u> 'institutions'
	(ii) col.3, line 8, <u>for</u> 'inforation' <u>read</u> 'information'
80.	In the heading to col.3 of the statement, <u>for</u> 'quity' <u>read</u> 'equity'
81.	Sl.No.4 of the statement, col.2, <u>for</u> 'S arle' <u>read</u> 'Searle'
94.	Line 4, <u>for</u> 'Adminiistrative' <u>read</u> 'Administrative'
94.	Line 5, <u>for</u> 'furnishing' <u>read</u> 'furnishing'
95.	Line 2 from bottom, <u>for</u> 'report' <u>read</u> 'rapport'
96.	Col.4, heading, line 1-2, <u>for</u> 'ass-uranecs' <u>read</u> 'assurances'
96.	Foot-note (i) lines 1 & 2, <u>for</u> 'O Fifth Lok Sabha' <u>read</u> 'of Fifth Lok Sabha'
	(ii) line 3, <u>for</u> 'Minitstry' <u>read</u> 'Ministry'
	(iii) line 4, <u>for</u> 'Minisry' <u>read</u> 'Ministry'
	(iv) line 5, <u>for</u> 'Ministtry' <u>read</u> 'Ministry'
97.	Heading to Col.3, last line, <u>for</u> 'droppe' <u>read</u> 'dropped'
97.	Col.1, <u>for</u> 'Twelfth Sesssion' <u>read</u> 'Twelfth Session'
98.	Col.1, <u>for</u> 'Industry & Civil Supplies' <u>read</u> 'Industry & Civil Supplies'

New Delhi;

December 3, 1976
Agrahayana 12, 1897(Saka)

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**COMPOSITION OF THE COMMITTEE ON GOVERNMENT
ASSURANCES (1976-77)**

CHAIRMAN

Shri Virbhadra Singh

MEMBERS

2. Shri Virendra Agarwala
3. Shri Khemchandbhai Chavda
4. Shri Fatehsinghrao Gaekwad
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12. Shri K. Pradhani
13. Shri Mulki Raj Saini
14. Shri Ram Shekhar Prasad Singh
15. Shri R. G. Tiwari

SECRETARIAT

Shri P. K. Patnaik—Additional Secretary.

Shri K. D. Chatterjee—Chief Examiner of Questions.

Shri S. N. Khanna—Senior Examiner of Questions.

REPORT

I. Introduction

On behalf of the Committee on Government Assurances, I, having been authorized by the Committee to present the Report on their behalf, present this Eighteenth Report.

2. The Committee was constituted on the 1st June, 1976.

II. Sitzings of the Committee

3. The Committee held five sittings on the 3rd and 4th August, 20th and 21st September and 18th October, 1976. At the sittings held on the 3rd and 4th August, and 20th September, 1976, the Committee took oral evidence of the representatives of the Ministry of Chemicals and Fertilizers in regard to the delay in implementation of 23 assurances. On the 20th September, 1976, the Committee also examined the Director-General, Technical Development along with representatives of the Ministry of Chemicals and Fertilizers.

4. At their sitting held on the 21st September, 1976, the Committee considered the following items:—

(i) Requests from the Government for dropping of four assurances; and

(ii) Requests from the Government for extension of time for implementation of certain assurances.

5. At their sitting held on the 18th October, 1976, the Committee considered their draft Eighteenth Report and adopted the same.

6. The Minutes of the aforesaid sittings of the Committee which contain the conclusions arrived at by the Committee on the above matters are appended to and form part of this Report.

III. Examination of representatives of the Ministry of Chemicals and Fertilizers and the Director-General, Technical Development

7. The Committee examined the representatives of the Ministry of Chemicals and Fertilizers in regard to delay in implementation of the following 23 assurances which had been pending for considerable periods of time:

(1) Assurance given in reply to Unstarred Question No. 1146 on the 25th February, 1975 regarding formulations manufactured by foreign drug firms.

- (2) Assurance given in reply to Unstarred Question No. 3846 on the 18th March, 1975 regarding original and present equity of foreign drug firms.
- (3) Assurance given in reply to Unstarred Question No. 3794 on the 18th March, 1975 regarding initial equity participation by principals in M/s. Lederle Laboratories and other drug firms.
- (4) Assurance given in reply to Unstarred Question No. 4696 on the 25th March, 1975 regarding profits earned by certain foreign drug firms in 1972.
- (5) Assurance given in reply to Unstarred Question No. 4804 on the 25th March, 1975 regarding profits earned by certain foreign drug firms in 1973.
- (6) Assurance given in reply to Unstarred Question No. 4764 on the 25th March, 1975 regarding companies producing Atrumatic Needle Sutures.
- (7) Assurance given in reply to Unstarred Question No. 7919 on the 29th April, 1975 regarding increasing production capacities by drug firms.
- (8) Assurance given in reply to Unstarred Question No. 8028 on the 29th April, 1975 regarding offer from drug companies to supply drugs at cost price.
- (9) Assurance given in reply to Unstarred Question No. 3809 on the 18th March, 1975 regarding licences issued to M/s. Dental Products and other drug companies.
- (10) Assurance given in reply to Unstarred Question No. 7262 on the 22nd April, 1975 regarding profits of foreign drug companies and their production.
- (11) Assurance given in reply to Unstarred Question No. 8678 on the 6th May, 1975 regarding manufacture of products without approval by M/s. Glaxo Laboratories.
- (12) Assurance given in reply to Unstarred Question No. 3795 on the 18th March, 1975 regarding licences issued to M/s. Glaxo and certain other drug firms.
- (13) Assurance given in reply to Unstarred Question No. 3803 on the 18th March, 1975 regarding canalised items of drugs imported by STC.
- (14) Assurance given in reply to Unstarred Question No. 8778 on the 6th May, 1975 regarding drug and pharmaceuticals raw materials canalised during Fourth Plan.

- (15) Assurance given in reply to Unstarred Question No. 4738 on the 25th March, 1975 regarding production of drugs.
- (16) Assurance given in reply to Unstarred Question No. 6242 on the 15th April, 1975 regarding original equity of foreign drug manufacturers having more than 26 per cent foreign equity.
- (17) Assurance given in reply to Unstarred Question No. 3808 on the 18th March, 1975 regarding licences issued to M/s. Ciba (I) Ltd.
- (18) Assurance given in reply to Unstarred Question No. 2059 on the 26th November, 1974 regarding private companies working in collaboration with multi-national corporations.
- (19) Assurance given in reply to Unstarred Question No. 2102 on the 26th November, 1974 regarding production of certain foreign drug firms during Fourth Plan.
- (20) Assurance given in reply to Unstarred Question No. 3877 on the 10th December, 1974 regarding permission for diversification granted to M/s. Hoechst.
- (21) Assurance given in reply to Unstarred Question No. 3879 on the 10th December, 1974 regarding production of items by certain drug firms.
- (22) Assurance given in reply to Unstarred Question No. 1185 on the 25th February, 1975 regarding diversification by M/s. Hoechst.
- (23) Assurance given in reply to Unstarred Question No. 2146 on the 4th March, 1975 regarding issue of COB Licence to M/s. Hoechst.

In regard to assurances mentioned at serial Nos. 7 and 17 to 23 above, the Committee also examined the Director-General, Technical Development in addition to the representatives of the Ministry of Chemicals and Fertilizers.

8. Some of the important cases of delay in implementation of assurances in regard to which representatives of the Ministry and Director-General, Technical Development were examined by the Committee are dealt with in the succeeding paragraphs. The Committee have found it necessary to make certain observations or recommendations which are also given in those paragraphs.

9. It has been brought to the notice of the Committee that a large number of assurances pertaining to the Ministry of Chemicals

and Fertilizers had remained unfulfilled since long. Some of them went as far back as November, 1974 and had been commented upon in the various Reports of the Committee. The Committee are constrained to point out that in several cases the Ministry did not care to seek extension of time-limit and wherever extension had been applied for, it was done often after the expiry of the stipulated period of three months. The Committee desire that in cases where further extension of time-limit is asked for, the Ministry should ensure that the action taken or progress made in the matter of collection of the required information in fulfilment of the assurance is also communicated to the Committee well before the period of extension already applied for is over.

- (i) Delay in implementation of an assurance given in reply to Unstarred Question No. 1146 on the 25th February, 1975 regarding formations manufactured by foreign drug firms.

10. After hearing the representatives of the Ministry of Chemicals and Fertilizers in regard to assurance given on the 25th February, 1975 in reply to Unstarred Question No. 1146 (Appendix-I), it appears to the Committee that some firms/companies furnished incorrect information or did not furnish the requisite information asked for by the Ministry in fulfilment of the assurance. The Committee desire to point out that had information from the firms been asked for in specific terms/forms in the first instance, there would have been no scope of referring the matter to the firms again and again for the supply of the desired information or the firms supplying information in incorrect manner. The Committee suggest that the Ministry may consider taking penal action in specific cases under provisions of the relevant Act against such firms/companies which deliberately avoid or delay furnishing the requisite information or furnish incorrect information asked for in fulfilment of the assurance. The Committee further suggest that the level of correspondence with the firms while reminding them should always be raised in case the information from them is not forthcoming quickly.

11. The Committee pointed out that the assurance was given on the 25th February, 1975 and the first extension of time-limit was asked for on the 5th August, 1975. The Ministry did not care to ask for extension of time within the stipulated period of three months. Asked what the Ministry had to say in this regard, the Director, Drugs and Pharmaceuticals admitted that there had been some delay:

12. The Committee drew the attention of the representatives of the Ministry of Chemicals and Fertilizers in this connection to para

50 of the Eleventh Report of the Committee which was presented to Lok Sabha on the 11th April, 1975, wherein it was suggested that each Ministry or Department may consider setting up of a cell, if not already there, under the charge of a responsible officer to co-ordinate the work relating to assurances and ensure their implementation in time. Asked whether the Ministry of Chemicals and Fertilizers had set up such a cell, the Director, Drugs and Pharmaceuticals stated as under:

"We are in the process of setting up a cell for our Ministry. It does not exist; we have a Parliament Section. We have submitted a proposal to the Cabinet. Our Ministry on bifurcation required many of the common services. The administration had to be divided; the various services had to be divided. We have submitted a detailed proposal and it has been approved yesterday."

Subsequently, the Committee have been informed by the representatives of the Ministry of Chemicals and Fertilizers at their sitting held on the 20th September, 1976 that a separate cell to look after the work of assurances in the Ministry has since been set up.

13. The Committee are glad to note that the Ministry have created a Special Cell for co-ordinating the work relating to timely implementation of the assurances. The Committee trust that with the setting up of this Cell it would be possible for the Ministry to implement the assurances within the stipulated period of three months in most of the cases in future. The Committee desire that the Ministry should apprise the Committee from time to time about the progress made in collection of the information in fulfilment of the pending assurances.

(ii) Delay in implementation of an assurance given in reply to Unstarred Question No. 3846 on the 18th March, 1975 regarding original and present equity of foreign drug firms.

14. The Committee while examining the representatives of the Ministry of Chemicals and Fertilizers in regard to the delay in the implementation of the assurance given in reply to Unstarred Question No. 3846 on the 18th March, 1975 (Appendix-II) regarding original and present equity of foreign drug firms, pointed out that from the note furnished by the Ministry, it appeared that a part of the information asked for was available with the Ministry earlier. Asked why the same was not laid on the Table of the House, the Director, Drugs and Pharmaceuticals replied as under:—

"We wanted to get the entire information and then furnish all in one lot. It was a question of double checks to be made

also. The information we had, had not been checked. So far as this question is concerned, it pertains to original and present foreign equity, foreign contracts, indirect bonus shares etc. This information is not maintained normally in the Ministry. The Hathi Committee had gone into it."

15. About part-implementation of assurances, the Committee would like to draw attention to their earlier recommendation contained in para 14 of the First Report (Fifth Lok Sabha) and reiterated in paras 8 and 30 of their Ninth and Thirteenth Reports respectively (Fifth Lok Sabha).

16. The Committee would like all the Ministries to take careful note of this recommendation for compliance.

(iii) Delay in implementation of an assurance given in reply to Unstarred Question No. 3794 on the 18th March, 1975 regarding initial equity participation by Principals in M/s Lederle Laboratories and other drug firms.

17. The Committee also examined the representatives of the Ministry of Chemicals and Fertilizers in regard to the delay in the implementation of the assurance given in reply to Unstarred Question No. 3794 on the 18th March, 1975 (Appendix-III) regarding initial equity participation by Principals in M/s. Lederle Laboratories and other drug firms and enquired the reasons for delay in implementing the assurance. The Deputy Secretary, Ministry of Chemicals and Fertilizers explained as follows:—

"In this particular case, one of the companies was reluctant to give information about the various agreements. We had reminded them so many times and ultimately we called one of the Directors of the Company and told him that this was a serious matter and we had to give information to Parliament. They were saying that the agreements were old agreements and they were entered into sometime ago and they had to collect them up-to-date. Ultimately they agreed when we talked to the senior officers of the Company and they are giving the information and we will send it as soon as it is complete."

18. To a question as to what was the information the Ministry asked from the firm, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated that it was about the main features of the agreement. Asked whether the Government Agency like the De-

partment of Company Affairs did not have copies of these agreements which were approved by the Government themselves, the Director, Drugs and Pharmaceuticals stated as follows:

"One type of agreements is those which are approved by Government and the other is those agreements between companies and companies. These are internal matters and the Government does not go into them."

19. The Committee pointed out that photostat copies of the agreements approved by the Government must be available with them. Asked why then the companies were being asked to supply the same, the Director, Drugs and Pharmaceuticals stated that that was being done only as a measure of caution, because there were so many agencies of the Government and it might just be possible that they might miss getting some vital agreements.

20. Asked whether the photostat copies of the agreements were not available within the Ministry, in the first instance, the Director, Drugs and Pharmaceuticals, explained the position as under:

"Some agreements may be on record with Industrial Development Ministry, with Department of Company Affairs etc. We did address all of them. In case there is any lapse we can check and counter-check."

21. The Committee feel perturbed that copies of agreements approved by the Government were not available with the Ministry itself. The Committee, therefore, desire that the copies of all the agreements concluded with the firms regarding drugs and pharmaceuticals should always be readily available with the Ministry of Chemicals and Fertilizers so that there is no need of referring the matter to different agencies for check and counter-check.

The Committee suggest that, for the future, the Ministry may issue instructions to the Government authorities concerned to supply a copy of each agreement entered into by them with the various drug and pharmaceutical companies to the Ministry of Chemicals and Fertilizers for their information, record, reference, etc. This will facilitate the Ministry's keeping a check on such matters and eliminate delay. The Committee further suggest that Government may consider issuing a general directive to such companies to forward a copy of each agreement entered into by them with their Principals or with other companies or outside agencies, if no such provision exists now.

22. The Committee pointed out to the representatives of the Ministry that they addressed the firms more than 10 times for supply of requisite information. Asked whether they had taken penal action

against the companies for not furnishing the information, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated as follows:

"That option was there no doubt but we have not resorted to that. We will certainly go into it and in future we will see that this is made use of. We will take appropriate action."

23. The Committee suggest that Government should not hesitate to take penal action under the Industries (Development and Regulation) Act as recommended in para 10 of this Report.

(iv) Delay in implementation of assurance given in reply to Unstarred Question No. 4696 on the 25th March, 1975 regarding profits earned by certain drug firms in 1972.

24. The Committee examined the representatives of the Ministry with regard to the delay in implementation of assurance given in reply to Unstarred Question No. 4696 on the 25th March, 1975 (Appendix-IV) regarding profits earned by certain drugs firms in 1972.

25. The Committee pointed out to the representatives that they had noticed from the note furnished by the Ministry that the information required for the fulfilment of the assurance had been received from the different firms in May, 1975 and the Ministry could scrutinise and finalise it as late as June, 1976. Asked to explain the reasons for this delay in scrutinizing and furnishing the information to the House, the Director, Drugs and Pharmaceuticals, explained the position as follows:

"Here, we have tried to indicate that we addressed the Income-tax Commissioner but in fact we got the information from him only in August 1975. It was then indicated that they wanted to give us some further information which was received only on 29-8-1975. That information was also not complete.

Again the Income-tax Commissioner, Bombay was addressed and the final information from the Income-tax authorities was received only in December, 1975. Thereafter, we correlated the company's information and checked that up. * * * * *

I admit that there has been delay. We wanted to fulfil this assurance in December, 1975 itself. It was examined and, as a matter of fact, it was submitted and the assurance was to be fulfilled. Then some hon. Members had put the question about the profitability of the firm—the overall profit exceeded more than 15 per cent on the formulations. That had to be gone into. Once again we had to

go into the entire activities and so, we were in a position to give the reply only in June. The legal aspect of it was examined."

26. The Committee are constrained to point out that there has been considerable delay in implementing this assurance. The Committee, therefore, desire that the Ministry should pursue the work regarding implementation of assurances vigorously so that the assurances are implemented within the stipulated period of three months, as prescribed by the Committee.

(v) Delay in implementation of an assurance given in reply to Unstarred Question No. 7919 on the 29th April, 1975 regarding increasing production capacities by drug firms.

27. In regard to the delay in implementation of assurance given in reply to Unstarred Question No. 7919 on the 29th April, 1975 (Appendix-V) regarding increasing production capacities by drug firms, the Committee asked the representatives of the Ministry to explain the reasons in detail for the delay in the implementation of the assurance. The Director, Drugs and Pharmaceuticals explained the position as follows:

"We have collected all the information and would be fulfilling this assurance very soon. About asking for extensions and the initial action taken, I have checked up the position. We put in our application to the Department of Parliamentary Affairs in time, by and large, except for the fact that there was a delay of 4 days on 13-9-1975. The work of seeking extensions was getting out of hand in the Ministry till July. One of our sections was over-loaded with assurances. In July we diverted one of the Assistants from all the work and put him on the work of seeking extensions and fulfilling the assurances. Our work from July, 1975 onwards has, by and large, been on the proper footing, except for some cases of lapses here and there. Prior to that, we were very wide off the mark".

28. In a note furnished to the Committee by the Ministry, it had been stated that a reference had been made to the DGTD for the supply of information on 28th May, 1975 and that there was no response from that office inspite of the fact that 8 reminders were issued to them. Asked as to how this could be explained, the Director, Drugs and Pharmaceuticals stated as under:

"Action was initiated immediately. We had sent 8 reminders, because there was a series of responses, but not a complete response".

29. Elucidating the position further, the Deputy Secretary Ministry of Chemicals and Fertilizers explained as under:—

"The first information which came from this organisation was only on 3-7-1976. Till that time we had not got any reply from them. We issued reminders at appropriate levels, raising the level from time to time. We contacted them on telephone also. The real difficulty with them was about the interpretation of the Question."

30. The Committee pointed out that the question was asked on the 29th April, 1975 and according to the note submitted by the Ministry to the Committee, a copy of the question was not supplied to the DGTD by the Ministry till 28th April, 1976 i.e. for full one year. Under such circumstances, how did the Ministry expect a reply from the DGTD? Explaining the reasons for this delay, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated as under:—

"In the initial stage itself, we gave the copy of the Question to them. i.e. on 28-5-1975; but later on when we gave them the reminder, they indicated that they had not received it.

In the initial stages, there was difficulty about the interpretation of the Question in the Ministry also."

31. The Committee are distressed to note that no tangible action was taken for 11 months by the Ministry to collect the information. The Ministry should not only have raised the level of correspondence but should have made personal contacts at higher level to expedite collection of the information.

32. Explaining the position insofar as DGTD was concerned, the Director-General, Technical Development, stated as under:

"We do not appear to have received the Ministry's original letter dated 28-5-1975. The first reminder dated 1-7-1975 was received on 5th July and we asked the Ministry on 14-7-1975 to send us a copy of the question. But we received the second reminder dated 28th July, 1975 without that (Question)".

33. Asked as to what the DGTD had to say about the 8 reminders sent by the Ministry of Chemicals and Fertilizers to them to get the information for the fulfilment of the assurance, the Director-General, Technical Development, stated as under:—

"This could not be disputed.***** I have gone into this point myself. My plea is this. If they (reminders) are at the same level, there should be no need for more than one reminder. If there is need for more than one reminder, the level must be raised immediately. We are incorpora-

ting it in the system. I have also issued instructions in my department that as soon as one reminder is issued, the level must be raised. In this case after a period of eight months or so, it was raised to the Industrial Adviser's level".

34. The Committee regret to point out that the chief factor resulting in delay in fulfilment of this assurance was the casual manner in which the matter was treated in DGTD inspite of several reminders sent by the Ministry of Chemicals and Fertilizers to the senior officers of that Directorate. The Committee feel that these are not ordinary lapses which can be overlooked. The Committee, therefore, desire that responsibility for the lapse and delay in DGTD should be fixed and suitable action taken against the concerned officers.

(vi) Delay in implementation of an assurance given in reply to Unstarred Question No. 7262 on the 22nd April, 1975 regarding profits of foreign drug companies and their production.

35. In regard to the assurance given in reply to Unstarred Question No. 7262 on the 22nd April, 1975 (Appendix-VI) regarding profits of foreign drug companies and their production, the Deputy Secretary, Ministry of Chemicals and Fertilisers informed the Committee that the information in fulfilment of the assurance had since been supplied on the 2nd August, 1976. He stated that as far as part (b) of the question was concerned, this had already been covered by the Hathi Committee's Report which had been laid on the Table of the House.

The Committee noted that while the question was asked in April, 1975, the Hathi Committee Report dealt with earlier years. After further enquiries by the Committee, it transpired that information pertaining to the year 1974 had not been supplied by the Ministry in fulfilment of the assurance.

36. The Committee would like to point out that the information might have been made available to the House in the context of some other document, but that did not mean that the Ministry should not supply the information in relation to the question. They wish to make it clear for future guidance of all concerned that the information in fulfilment of the assurance should be laid on the Table of the House through Implementation Statements. If information exactly similar to that asked in a Question, supplementaries etc. has been supplied to the House some other time in some other context, a reference to that should be given in the Implementation Statement pertaining to the relevant assurance.

37. As the information for the year 1974 has not been furnished in fulfilment of the assurance, the Committee has decided that the assurance would be treated as partly implemented. The Ministry should, therefore, ask for extension of time for supplying the information for 1974.

(vii) Delay in implementation of an assurance given in reply to Unstarred Question No. 8678 on the 6th May, 1975 regarding manufacture of products without approval by M/s. Glaxo Laboratories.

38. After hearing the representatives of the Ministry of Chemicals and Fertilizers in regard to the delay in implementation of assurance given in reply to Unstarred Question No. 8678 on the 6th May, 1975 (Appendix-VII) regarding manufacture of products without approval by M/s. Glaxo Laboratories, the Committee are convinced that so much delay should not have taken place as the information to be collected related to only one firm. They also feel that the Ministry put too much reliance on the companies concerned to give them information regarding their production without licence, though the information is stated to have been checked by DGTD. In this connection, attention is also invited to their observations/recommendations in para Nos. 40 and 42 of this Report.

(viii) Delay in implementation of an assurance given in reply to Unstarred Question No. 3803 on the 18th March, 1975 regarding canalized items of drugs imported by STC.

39. In regard to the assurance given in reply to Unstarred Question No. 3803 on the 18th March, 1975 (Appendix-VIII) regarding canalized items of drugs imported by STC, the Committee heard the representatives of the Ministry of Chemicals and Fertilizers and gathered the impression that the information asked for from the STC at the initial stage was not in specific terms/forms. The Committee, therefore, reiterate their earlier recommendation contained in para 50 of their Eleventh Report, presented to Lok Sabha on the 22nd April 1975 wherein it was recommended that as soon as an assurance is given on the floor of the House, a responsible officer of the Special Cell should study it carefully and, wherever necessary, seek information from authorities/Departments concerned in specific terms/forms so that there is no delay in collecting the required information and need for further clarifications by protracted correspondence is avoided. The Committee are of the view that in this connection proforma had to be prescribed. The Ministries should prepare proforma in such a way that it would help them to collect all the information required without further correspondence. The

Committee, therefore, desire that all the Ministries/Departments should follow this procedure strictly so that delays could be avoided.

- (ix) Delay in implementation of an assurance given in reply to Unstarred Question No. 3808 on the 18th March, 1975 regarding licences issued to M/s. Ciba (I) Ltd.

40. After hearing the representatives of the Ministry in regard to assurance given in reply to Unstarred Question No. 3808 on the 18th March, 1975 (Appendix-IX) regarding licences issued to M/s. Ciba (I) Ltd., the Committee have come to the conclusion that the Ministry of Chemicals and Fertilizers have no independent machinery to find out whether there was any violation of rules and whether any drugs were being manufactured outside the licence. The Committee feel that the private companies would never supply any information as might lead them to possible prosecution.

41. The Committee have been informed by the Ministry that the information received from the firm had been sent to the DGTD for cross-check. Asked from what source DGTD got the information for purposes of checking, the Committee were informed that DGTD got it from the Company concerned. The Committee apprehend that the information which would be supplied to Parliament in fulfilment of the assurances regarding violations committed by the firms might entirely be based upon the information given by the companies themselves. The cross-checking by DGTD in such cases appear to the Committee to be a futile exercise.

42. The Committee are perturbed to learn that there seems to be no machinery or method to keep a watch over firms after they have been granted licences, etc., about their production in excess of the authorised quantity or even unauthorised production and other violations of the conditions stipulated. The Government do not appear to have any independent sources to check such malpractices. This matter merits serious and urgent consideration. The Committee, therefore, urge upon the Ministries concerned to devise a suitable machinery through which the Government could keep an eye on the activities of such firms and take remedial steps wherever necessary.

- (x) Delay in implementation of an assurance given in reply to Unstarred Question No. 2059 on the 26th November, 1974 re: private companies working in collaboration with multi-national corporations.

43. The Committee examined the witnesses in regard to assurance arising out of the reply given to Unstarred Question No. 2059 on the

26th November, 1974 (Appendix-X) regarding private companies working in collaboration with multi-national corporations. Asked why the Ministry wasted a few months in making efforts to transfer the assurance to other Ministries when it was clear that the Member having addressed the question to the Minister of Petroleum and Chemicals desired the information in respect of firms falling under the control of that Ministry, the Integrated Financial Advisor, Ministry of Chemicals and Fertilizers informed the Committee as under:—

“The question stated whether any private companies were working in collaboration with multi-national corporations; since it was of a general nature, it could not be presumed from the phraseology used that it related only to one particular industry. Even though it was addressed to one Ministry we had to consult the other Ministries.

The question was extremely wide and of a general nature. We could not take the liberty of restricting the scope of the question and since we felt that it had a very wide coverage, we thought that it was necessary to transfer the question to the Department of Company Affairs or the Department of Economic Affairs****. There are occasions when even though the question is addressed to the Minister, it does get transferred also because that Ministry cannot legitimately answer the question. So merely from the fact that a question is addressed to a particular Minister, we cannot draw the conclusion to the effect that that question was the concern of the particular Ministry. Anyway, there was a genuine doubt on the part of the Ministry.”

The Director, Drugs and Pharmaceuticals added:—

“When the original question came to us, it mentioned specifically the drug industry and when it came in the final form the word ‘drug’ had been taken out. In that context, when we were handling a question pertaining to Parliament, we did not think it possible to limit the scope to something less than what it was.”

44. The Committee are not convinced with the reasons advanced by the Ministry that they had some genuine doubt about the scope of the question. The Committee fail to understand why any doubt arose at all that “private companies” referred to all companies which were the responsibility of other Ministers, when the question

was addressed to a particular Minister. The Committee feel that the delay of few months which occurred in attempting to transfer the assurance to other Ministries could have been avoided.

45. Outlining the corrective measures taken in the office of the DGTD, to avoid delays in furnishing information required for fulfilling assurances, the Director-General, Technical Development stated:—

“****One of the measures adopted in the DGTD is that as soon as the reminder is received, the level of consideration on that reminder is raised. The next higher official gets the reminder subsequent to the previous one and he deals with the matter. When reminders are received, co-ordination action for the proposal is also now taken in hand. Sometimes, to our knowledge certain reminders might have been sent but the officers at the receiving end might say that they had not received the reminders. There appears to be no trace of them. Now, we have established a system whereby such delays should be overcome as far as fulfilment of the assurances is concerned. I think the system had already been developed and initiated to look into this matter.”

46. The Committee are glad to note that DGTD has already initiated steps to ensure that delays are overcome and need for repeated reminders is obviated. The Committee trust that the Ministry of Chemicals and Fertilizers would also adopt similar corrective measures to avoid delays in the matter of fulfilment of assurances. The Committee feel that if the work relating to implementation of assurances is taken up by all the Ministries/Departments of the Government of India in all seriousness as soon as an assurance is given, most of the assurances could be implemented within the stipulated period of three months.

(xi) Delay in implementation of an assurance given in reply to Unstarred Question No. 2102 on the 26th November, 1974 regarding production of certain foreign drug firms during Fourth Plan.

47. After hearing the representatives of the Ministry of Chemicals and Fertilizers and the Director-General, Technical Development in regard to the difficulties faced by them in the implementation of the assurance given in reply to Unstarred Question No. 2102 on the 26th November, 1974 (Appendix-XI), the Committee feel that there are no valid reasons for a lot of delay that has taken

place in the implementation of the assurance. The Committee trust that the Cell of the Ministry of Chemicals and Fertilizers, recently set up to look into the implementation of the assurances would ensure that delays are reduced to the minimum and the assurances implemented within the stipulated period.

48. In the factual note submitted by the Ministry to the Committee it was stated that on the 19th January, 1976 all replies received from the parties were examined to see if the Ministry could fulfil the assurance but it was felt that price lists of some firms were also to be examined in addition to these data.

49. The Committee enquired from the representatives of the Ministry as to how the matter of prices came in as the question asked for information regarding production by firms, manufacture without licence, etc. The Director, Drugs and Pharmaceuticals explained as under:—

“It was only to counter check their production without an industrial licence that we had asked for it. We got information about their production. We checked up production and found that there was nothing which was unauthorised, according to the information which we had. Then we had the price list available with us for the later year. We checked up that information also. But since the period pertained to 1969-70 and the drug could not be sold, therefore, we, at that stage felt that we must take a final decision, before giving a reply to the Parliament, as to whether there was any item which had not been reported by them but was in the price list. In addition to that, there may be something in the price list. These two had to be connected and had to be examined at that stage.

50. The Committee regret to point out that if information regarding prices was required, the Ministry should have asked for full information in precise terms in the first instance to avoid delays.

(xii) Delay in implementation of assurance given in reply to Unstarred Question No. 3877 on the 10th December, 1974 regarding permission for diversification granted to M/s. Hoechst.

51. In regard to the assurance given in reply to Unstarred Question No. 3877 on the 10th December, 1974 (Appendix-XII) regarding permission for diversification granted to M/s. Hoechst, the Committee pointed out to the representatives of the Ministry of

Chemicals and Fertilizers that they had taken unduly long time in implementation of the assurance. The Deputy Secretary, Ministry of Chemicals and Fertilizers informed the Committee as under:—

"In this case, it was possible to give reply in the beginning itself. In fact, the Ministry had put up a draft reply for the consideration of the Minister. But the Minister wanted to go into the policy. The Minister wanted to discuss the policy. The file remained with the Joint Secretary and the Minister for such a long time for discussion. There was no question of collection of any information. The draft reply was prepared on the basis of that policy. But the Minister thought that he would go into the policy and then give the reply. He wanted to discuss it. But no discussion took place for such a long time."

52. The Committee consider it unfortunate that though the required information was available with Ministry at the very beginning and was not required to be collected from elsewhere, the assurance was not fulfilled and kept pending for about two years.

53. With regard to the reasons for delay in implementation of assurances, the Integrated Financial Adviser pleaded:—

"This was largely due to organisational deficiencies in the Ministry. We are hoping to strengthen the Ministry's staff to cope up with the responsibility. The Ministry has been understaffed. A special examination of the Ministry's requirements was made by a specialised agency and the proposals have been made to strengthen the Ministry's staff. These are now awaiting the orders of the Government."

54. The Committee note that though the assurance was given in Lok Sabha on the 10th December, 1974, the first request for extension of time was received through the Department of Parliamentary Affairs on the 2nd February, 1976. They take a serious view of the inexplicable delay in asking for extension of time-limit for implementation of the assurance and hope that there will be improvements in this matter in future.

55. The Committee pointed out that according to the note furnished to them by the Ministry of Chemicals and Fertilizers, the Minister of State had desired the Joint Secretary to discuss the case with him sometime in February, 1975. But the case was actually discussed at the end of December, 1975. The Committee, therefore, wanted

to know as to what factors were responsible for this delay of 10 months and how was it that this important matter had been overlooked for such a long period. The Integrated Financial Adviser stated that they had become aware of this only when the papers came to them in December, 1975 that the case was pending discussion.

56. The Committee regret that such an important matter had been overlooked for such a long time. In order to obviate such inordinate and avoidable delays, the Ministry should devise suitable system so that important cases on which action is pending are not lost sight of.

(xiii) Delay in implementation of an assurance given in reply to Unstarred Question No. 3879 on the 10th December, 1974 regarding production of items by certain drug firms.

57. The Committee heard the representatives of the Ministry of Chemicals and Fertilizers in regard to the assurance given in reply to Unstarred Question No. 3879 on the 10th December, 1974 (Appendix-XIII) regarding production of items by certain drug firms.

The Committee find that there has been considerable delay in the implementation of this assurance, particularly so when the information to be collected related to only two firms. The Committee would like to point out that there should not have been any difficulty in getting the requisite information within the stipulated period.

58. According to the note of the Ministry, the matter was referred to the D.G.T.D. sometime in December, 1975 i.e. one year after the assurance was given on the floor of the House on the 10th December, 1974.

59. The Committee are constrained to observe that the reference to DGTD was made after a very long time resulting in a long delay in the implementation of this assurance.

(xiv) Delay in implementation of an assurance given in reply to Unstarred Question No. 1185 on the 25th February, 1975 regarding diversification by M/s. Hoechst.

60. With regard to the assurance arising out of the reply given to Unstarred Question No. 1185 on the 25th February, 1975 (Appendix-XIV) regarding diversification by M/s. Hoechst, the Committee enquired from the Director-General, Technical Development the reasons for taking such a long time in supplying the information asked for by the Ministry of Chemicals and Fertilizers. The Com-

mittee also desired to know the difficulties faced by the DGTD in compiling and furnishing the required information. The Director-General, Technical Development explained the position as follows:—

“As far as this particular question is concerned, our records don't indicate that we received the first communication from the Ministry. It is not traceable. So, it is the system which we will have to look into. We gave an answer on the 8th April, 1975 and when we found another reminder coming from the Ministry, we tried to draw their attention to our earlier answer of 8th April, 1975 which had already been furnished.

What I am trying to draw attention to is the fact that *prima facie* certain records or certain references appear to be not traceable.”

61. The Committee wanted to know the system in the DGTD in regard to the receipt and despatch of papers. The Director-General, Technical Development stated the position as under:—

“I fully share the anxiety of the Chairman and the Members of the Committee on this particular issue. That is why we have generated a system whereby all such references particularly to Parliament Assurances to be fulfilled should be referred to a Coordination Group within the DGTD so that we can keep a track of these things.

Previously, if a Section Officer went on leave or retired, the question remained unanswered.

The system being followed in the Central Registry is defective. We should have such a system whereby the responsibility can be fixed on an individual and proper action taken if the communication received or despatched is lost.

When I took over, I found for very valid reasons that there was an officer-oriented system operating in the DGTD. There was no direct responsibility assigned to the S.O. at all for receipt of a paper and acting on it in a timely manner, putting it up to the higher officer and so on, which since then we have also corrected. Of course, as a technical organisation, we do not want to go to the full Secretariat pattern, but we have devised a method whereby the Section Officer is made responsible, particularly in regard to bringing forward certain references, which must be acted upon in a timely manner.”

62. The Committee feel that there is no proper and foot-proof system within the Ministry of Chemicals and Fertilizers or in DGTD for despatch and receipt of communications relating to parliamentary matters of importance.

63. The Committee had desired a detailed note from the DGTD regarding receipt and despatch of communications between Ministry and the DGTD and *vice-versa* and the remedial measures proposed to be taken in this regard. A copy of the note since received from the Director-General, Technical Development in regard to this matter is reproduced at Appendix-XV.

64. The Committee hope that the measures for improvements in procedures envisaged in the note furnished by the Director-General, Technical Development will go a long way in speedy implementation of assurances.

IV. Requests from the Government for dropping of four assurances.

65. The Committee have considered the requests made by the Government for dropping of the following four assurances:—

- (1) Assurance given in reply to Starred Question No. 1156 on the 17th April, 1969 regarding constitution of a Film Council;
- (2) Assurances given in replies to supplementaries on Starred Question No. 186 on the 22nd March, 1976 regarding allotment of Government accommodations;
- (3) Assurance given in reply to Unstarred Question No. 6556 on the 17th April, 1975 regarding disposal of letters from the Rehabilitation Employees Union of Dandakaranya Project.

66. The Committee perused the reasons advanced by the Government for dropping of the assurance mentioned at Serial No. (1) above. The Committee had earlier considered the request of the Government for dropping of the assurance *vide* paras 15 to 17 of their Twelfth Report presented to the House on the 9th January, 1976. The Committee in para 18 of that Report had wanted to know the legal difficulties faced by the Government in introducing legislation for constituting a Film Council and had desired a further clarification from the Ministry of Information and Broadcasting in this connection before taking a decision in the matter.

67. The Department of Parliamentary Affairs in their U.O. Note dated the 18th June, 1976 forwarded the following further clarification furnished by the Ministry of Information and Broadcasting and reiterated the earlier request for dropping of the assurance:

"The main source of income to finance the proposed National Film Council was a proposal to levy a cess of 5 paise per cinema ticket. This was discussed with Ministry of Law and after thorough examination it was observed that it was not possible to impose any levy on cinema goers or theatre owners as that would be construed as entertainment tax which is a State subject. Therefore, this Ministry had been finding it difficult to locate resources for financing the Film Council. Further this Ministry is of the opinion that it is no longer necessary to set up the National Film Council under the present circumstances. It is, therefore, requested that in view of the above, the assurance given in the Lok Sabha may please be dropped."

68. After considering the matter in the light of the clarification furnished by the Ministry of Information and Broadcasting, the Committee agree to drop the assurance. They, however, feel that the Government have taken unduly long time for examining the proposal for constituting a Film Council.

69. The Committee have considered the reasons advanced by the Government for dropping of the two assurances mentioned at Serial No. (2) above. The Ministry of Works and Housing had stated in a note submitted to the Committee through the Department of Parliamentary Affairs that the Minister of State for Works and Housing had given the information asked for by the hon. Members. The Minister had further stated that he had a list of different categories and if the hon. Members wanted the information, it could be furnished there and then. As the Members did not ask for the information, there was no occasion for the Minister to say anything further. The Ministry were of the opinion that the replies of the Minister to the supplementaries did not constitute any assurance.

70. In view of the reasons advanced by the Government, the Committee agree to drop the two assurances.

71. The Committee have perused the reasons advanced by the Government for the dropping of the assurance mentioned at Serial

No. (3) above. The Ministry of Supply and Rehabilitation (Department of Rehabilitation) had represented that in the absence of any separate records relating to the various communications received by them and the Dandakaranaya Project from the Chairman and General Secretary of the Rehabilitation Employees Union, it had not been possible to collect any authentic information about receipt of such communications and their disposal. It was, therefore, not possible for them to implement the assurance.

72. The Committee, after considering all aspects of the matter, have come to the conclusion that they cannot agree to drop the assurance. They, therefore, desire that Government should trace the records in question and implement the assurance as early as possible.

V. Requests from the Government for extension of time-limit for the implementation of certain assurances given during the various Sessions of Fourth and Fifth Lok Sabha

73. The Committee considered requests from the Government for extension of time-limit for the implementation of certain assurances mentioned in Annexure to the Minutes of the sitting held on the 21st September, 1976.

74. After examining the reasons advanced by the Ministries concerned, the Committee agree in respect of assurances mentioned at Serial Nos. 1, 9, 10, 11, 13, 14, 15, 16, 17 and 18 of the said Annexure to grant further extensions of time for implementation of the assurances upto the period shown against the relevant item in column 4 thereof. The Committee desire that the Ministries concerned should implement the assurances by the extended dates. They emphasize that no further extension of time would be granted in these cases.

75. In the case of assurances mentioned at Serial Nos. 2 to 8 and 12 of the said Annexure which were pending for a long time without adequate reasons, the Committee have decided to hear the representatives of the Ministries concerned in order to know the reasons in detail and the difficulties experienced by them in collecting the information for implementation of the assurances before considering the question of grant of extension of time.

76. Observations made by the Committee in certain cases are shown in column 5 of the said Annexure for compliance by the Ministries concerned.

**VI. Position of pending assurances pertaining to
Fourth and Fifth Lok Sabha**

77. A statement showing the position of assurances pertaining to Fourth and Fifth Lok Sabha pending implementation by Government as on the 21st September, 1976 is given at Appendix XVI [Part (i) and Part (ii) respectively]. The Committee are glad to note that there is an improvement in clearing pending assurances. However, there are still some assurances which are pending for considerable periods. The Committee would like the Ministries concerned to make further efforts to implement these assurances without any more delay. The Committee would also like the Ministries/Departments to maintain the tempo of implementation of the pending assurances and reduce the number of pending assurances to the extent possible.

NEW DELHI;
October 18, 1976.
Asvina 26, 1898 (Saka).

MULKI RAJ SAINI,
Acting Chairman, Committee on
Government Assurances.

MINUTES
Third Sitting

The Committee sat on Tuesday, the 3rd August, 1976 from 11.00 hours to 12.45 hours.

PRESENT

Shri Virbhadra Singh—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Khemchandbhai Chavda
4. Shri N. E. Horo
5. Shri Kinder Lal
6. Shri Inder J. Malhotra
7. Shri Bijoy Modak
8. Shri T. A. Patil
9. Shri Mulki Raj Saini
10. Shri R. G. Tiwari

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions.*
Shri S. N. Khanna—*Senior Examiner of Questions.*

WITNESSES EXAMINED

1. Shri R. Grover—*Director, Drugs and Pharmaceuticals, Ministry of Chemicals and Fertilizers.*
2. Shri B. K. Keayla—*Deputy Secretary (Drugs), Ministry of Chemicals and Fertilizers.*

MINISTRY OF CHEMICALS AND FERTILIZERS

The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers in regard to the delay in the implementation of the following six assurances:—

- (i) Assurance given in reply to Unstarred Question No. 1146 on the 25th February, 1975 regarding formulations manufactured by foreign drug firms.

- (ii) Assurance given in reply to Unstarred Question No. 3846 on the 18th March, 1975 regarding original and present equity of foreign drug firms.
- (iii) Assurance given in reply to Unstarred Question No. 3794 on the 18th March, 1975 regarding initial equity participation by principals in M/s. Lederle Laboratories and other drug firms.
- (iv) Assurance given in reply to Unstarred Question No. 4696 on the 25th March, 1975 regarding profits earned by certain foreign drug firms in 1972.
- (v) Assurance given in reply to Unstarred Question No. 4804 on the 25th March, 1975 regarding profits earned by certain foreign drug firms in 1973.
- (vi) Assurance given in reply to Unstarred Question No. 4764 on the 25th March, 1975 regarding Companies producing Atrumatic Needle Sutures.

2. At the outset, the Chairman observed that a large number of assurances pertaining to the Ministry of Chemicals and Fertilizers had remained unfulfilled since long. Some of them went as far back as November, 1974 and had figured in and commented upon in the Reports of the Committee. The Ministry had, in a few cases not even cared to apply for extension of time and wherever applied it did so often after the expiry of the stipulated period of three months. The Committee was, therefore, very much perturbed about the state of affairs and that was the reason why the Committee wanted to ascertain personally from the representatives of the Ministry as to what was being done for implementation of these assurances.

3. The Director, Drugs and Pharmaceuticals, Ministry of Chemicals and Fertilizers then explained the reasons in general for delay in the implementation of certain assurances relating to his Ministry, as follows:

"In so far as these assurances are concerned, you would find that most of them, almost all of them, pertain to the drug side of the Ministry of Chemicals and Fertilizers. In 1972-73, a Committee under the chairmanship of Shri Jaisukhlal Hathi was appointed and this Committee conducted a thorough investigation into the affairs of the drug industry. They submitted their report on the affairs of the drug industry which pertained

not only to its problems as such, but also to the problems concerning its administration. It enquired into the drug industry, health administration as well as the form in which the drug administration in the Ministry of Chemicals and Fertilizers, or outside was to be attended to. The establishment of the Drug Authority was a part of the recommendation towards that end, so that insofar as the problem of collection, monitoring and analysis of information are concerned, they could also be gone into by the Government in detail and the problems sorted out.

Then, insofar as individual Assurances are concerned, we have found these Assurances to be of a very probing nature, very interesting and of a type which can give guidance to the Government in the examination of various matters which have come up before the Government. When we started examining these Assurances, we found that in a large number of cases, the type of data which had been called for by the Members was not available in the form in which it was required. It necessitated calling for data from a large number of companies—companies in the organized sector which numbered nearly 116 and in the unorganised sector numbering nearly 250. Information had to be called for from the Department of Economic Affairs, Department of Company Affairs, CCI&E and many other agencies.

When we started collecting this information we found that many a time the information in the manner in which we wanted was not forthcoming from some of the companies. It necessitated a series of discussion. In the notes, I submitted to the Committee, you will see that there are certain reminders issued. Behind these reminders, there were constant discussions with the managing directors and other heads of the departments of companies. As a result of this constant endeavour, we were able to collect quite a bit information. I must now state that out of the 23 assurances, the list of which was given to us, we are in a position—we have actually submitted information in respect of 17—during the course of to-day to submit information for another 3; and we would be able to submit information in respect of the balance of 3 assurances within the course of the next week or so, before the Parliament session commences.

These assurances were to be gone into, not only by themselves, but, we wanted to use the occasion for making a detailed enquiry. Various shortcomings on the part of some companies came to our notice. When these assurances were being attended to, a parallel investigation in another field in some cases was felt necessary. We wanted to know the consequences of those investigations, before fulfilling those assurances which had arisen as a result of the comments of the hon. Members and their Questions. Therefore, I would say that those questions which have been of great interest led to a considerable probe. Government's decision on some of the recommendations of the Hathi Committee is awaited. Besides this, innumerable investigations in some cases were there. On account of this also some delay has taken place."

4. When asked as to what were the reasons in particular for delay in the implementation of the assurance given in reply to Unstarred Question No. 1146 on the 25th February, 1975, the Director, Drugs and Pharmaceuticals, stated as under:—

"This assurance pertains to the number of formulations licensed to foreign drug manufacturing units having more than 26 per cent foreign equity capital in our country; and it required information on: how many of them are under manufacture by those companies, the names of the formulations and their use. In so far as the nature of the Question is concerned, it pertains to the entire drug industry units manufacturing formulations—which of those formulations were being manufactured, and which were not.

* * * *

Sixty three firms were addressed in this regard. In so far as formulations are concerned, these have been licensed under various categories. There are permission letters, carry on business licences, registration certificates by DGTD and industrial licences. * * * There are two agencies—the Ministry of Chemicals and Fertilizers for industrial licences and DGTD for the registration.

Again, these licences are issued in various forms, in some cases in the form of individual items, in others in the form of tablets, capsules, syrups etc. The variations are there from company to company for historical reasons.

DGTD is our agency for collection and compilation of the information. They get the information category-wise, normally they do not receive the information in the form of items, but there are certain companies which send information item-wise. This necessitated our addressing the companies and collecting the information.

We got information from them from time to time, but it becomes difficult sometimes to indicate to them the exact manner in which it is required, and if a few of them go wrong, it makes it impossible for us to fulfil the assurance. If two or three companies go wrong, or they give information correctly for some times and incorrectly for some others, the information is not correct so far as we are concerned and we have to take a great deal of care when we submit information to Parliament."

5. Asked what powers Government had got in case the information given was not correct and how the Ministry could know whether the information furnished was correct or not, the Director, Drugs and Pharmaceuticals replied that the Ministry at the moment did not have a monitoring and information cell. However, the Ministry could check up this information with reference to the industrial licences and also with the DGTD, the State Drug Controllers and DGHS where there was room for doubt.

6. In reply to a question as to how did the Ministry come to the conclusion that the particular information supplied to them was incorrect, the Director, Drugs and Pharmaceuticals, Ministry of Chemicals and Fertilizers stated as follows:

"The companies submit regularly the "G" form return to the DGTD once every month, but that information is not in the form in which it has to be submitted to Parliament in terms of the assurance. So, when this information comes from the companies, we try to tally it with the industrial licence, the approval letters and the "G" form returns. Wherever we find that, broadly speaking, they are in agreement, we deem them to be correct. There may be some room for doubt because we do not have the monitoring organisation of the type which has been recommended by the Planning Commission and which we shortly hope to have, but where we do have a doubt, we make a reference to the DGTD, the Drug Controller of India and the State Drug Controllers and request them to enlighten us whether the information is correct or not."

7. Asked whether the licences of such firms which supplied incorrect information or did not cooperate by giving the required information had been suspended, the Director, Drugs and Pharmaceuticals stated as under:

"When I said that they submitted incorrect information, I only meant that the information was not submitted in the manner in which it was called for by the Ministry."

8. Asked what action was taken against the defaulting companies and whether their licence were renewed without giving them a warning, the Director, Drugs and Pharmaceuticals replied that the question of renewing the licence did not arise at all, because after they go into production, the licence was there for all time, though it could be cancelled. It did not have to be renewed.

9. Asked whether any licence of the firm had been cancelled, the Director, Drugs and Pharmaceuticals replied in the negative, saying:

"We have not come to the conclusion that the information has been deliberately given in an incorrect form."

10. To a query as to what were the penal powers vested with the Ministry which they could use against a firm in case the firm supplied incorrect information to them, the Director, Drugs and Pharmaceuticals replied that they could cancel their licence. He stated, however, that no licence had so far been cancelled on this ground.

11. Further elucidating the position, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated as under:

"In so far as formulations are concerned, the information is compiled by the DGTD on the basis of information received from the companies in regard to tablets, injections and all that. Information formulation-wise does not come to the DGTD. In this particular case, information in regard to the Parliamentary question was needed formulation-wise. So, when we contacted the DGTD for giving us the information, they said that the information in that form was not available. I think it was not compiled in that manner. So, we had to write to the 63 companies asking for this information. When the information came, we had to compile it. It took some time to compile it. It is not true to say that they gave incorrect information; they might not have given information in

a particular form in which we needed it. In fact, we have submitted the information today to the Parliament Secretariat fulfilling the assurance. The total number of formulations involved in this particular question was 2298. Then the question was how many of them were not manufactured by them. Out of these, 293 formulations were not manufactured by them. The question of taking penal action would arise also if we find that there is some irregularity; there is something which we wanted and they are not willing to give us. They have given us information. We have compiled that information and have given it to the Parliament Secretariat today.

They had given the information to the DGTD on the basis of the total number of tablets and all that. The information which we needed was about the individual formulations, not of the total tablets and all that. That is why, the DGTD could not furnish this information. We had to go to the companies to get the information from them."

12. The Committee pointed out that the assurance was given on the 25th February, 1975 and the first extension was asked for on the 8th August, 1975. The Ministry did not care to ask for extension and in a few cases, where the Ministry asked for extension of time, they did it after the stipulated period of three months. When asked as to what the Ministry had to say in this regard, the Director, Drugs and Pharmaceuticals admitted that there had been some delay.

13. The Committee drew the attention of the representatives of the Ministry of Chemicals and Fertilizers to para 50 of the Eleventh Report of the Committee which was presented to Lok Sabha on the 11th April, 1975, wherein it was suggested that each Ministry or Department may consider setting up of a cell, if not already there, under the charge of a responsible officer to coordinate the work relating to assurances and ensure their implementation in time. When asked whether the Ministry of Chemicals and Fertilizers had set up such a cell, the Director, Drugs and Pharmaceuticals stated as under:

"We are in the process of setting up a cell for our Ministry. It does not exist; we have a Parliament Section. We have submitted a proposal to the Cabinet. Our Ministry on bifurcation required many of the common services. The administration had to be divided; the various

services had to be divided. We have submitted a detailed proposal and it has been approved yesterday."

14. The Committee then proceeded to examine the representatives of the Ministry of Chemicals and Fertilizers with regard to the assurance given in reply to USQ. No. 3846 on the 18th March, 1975 and enquired the reasons for long delay in furnishing the required information. The Committee was informed that this assurance had been fulfilled on 6-7-1976 and they had sent a reply to the Department of Parliamentary Affairs.

15. The Committee pointed out that the first request for extension of time was made on 5th August, 1975 and if the Ministry felt that they could not fulfil it within the period of three months, why was extension not asked for well within the period of three months. The Director, Drugs and Pharmaceuticals admitted that there was a lapse.

16. The Committee pointed out that from the note furnished to the Committee by the Ministry, it appeared that a part of the information asked for was available with the Ministry earlier. When asked why the same was not laid on the Table of the House, the Director, Drugs and Pharmaceuticals replied as under :

"We wanted to get the entire information and then furnish all in one lot. It was a question of double checks to be made also. The information we had, had not been checked. So far as this question is concerned, it pertains to original and present foreign equity, foreign contracts, indirect bonus shares etc. This information is not maintained normally in the Ministry. The Hathi Committee had gone into it."

17. The Committee then advised the representatives of the Ministry that instead of waiting for the collection of the entire information, whatever information was readily available should be laid on the Table of the House at the earliest opportunity and the remaining information laid afterwards when collected.

18. The Committee then took up the assurance arising out of the reply given to Unstarred Question No. 3794 on the 18th March, 1975 and enquired from the representatives of the Ministry the reasons for delay in implementing the assurance. Stating that the information had since been collected and the assurance would be fulfilled on that day (3rd August, 1976) the Deputy Secretary, Ministry of Chemicals and Fertilizers explained as follows :

"In the particular case, one of the companies was reluctant to give information about the various agreements. We had

reminded them so many times and ultimately we called one of the Directors of the Company and told him that this was a serious matter and we had to give information to Parliament. They were saying that the agreements were old agreements and they were entered into some time ago and they had to collect them up-to-date. Ultimately they agreed when we talked to the senior officers of the company and they are giving the information and we will send it as soon as it is complete."

19. In reply to a question as to what was the information the Ministry asked from the firm, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated that it was about the main features of the agreement. When asked whether the Government Agency like the Department of Company Affairs did not have copies of these agreements which were approved by Government themselves, the Director, Drugs and Pharmaceuticals stated as follows:

"One type of agreements is those which are approved by Government and the other is those agreements between companies and companies. These are internal matters and the Government does not go into them."

20. The Committee pointed out that photostat copies of the agreements approved by the Government must be available with themselves and why then the companies were being asked to supply the same. The Director, Drugs and Pharmaceuticals stated that that was being done only as a measure of caution, because there are so many agencies of the Government and it may just be possible that we may miss getting some vital agreements.

21. The Committee felt very much perturbed about this matter. They wanted to make sure that the Ministry, while asking for information from the firms concerned was not just trying to shift the responsibility to somebody else. Regarding the photostat copies, the Committee wanted to know whether they were not available with the Ministry in the first instance. Thereupon, the Director, Drugs and Pharmaceuticals, explained the position as under :

"Some agreements may be on record with Industrial Development Ministry, with Department of Company Affairs etc. We did address all of them. In case there is any lapse we can check and counter-check."

22. The Committee pointed out that the question was raised in Parliament on the 16th March, 1975 and the Ministry sent a letter

to the firms only on 23rd May, 1975. Asked what did the Ministry do during that period of two months, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated as follows :

"We had taken action right in March itself. Our Minister had written a letter in March to the Minister of Department of Company Affairs giving some information and seeking certain information. That was the first letter. On the 17th March the Minister had written to the other Minister seeking some information. That was as soon as we got notice for the question."

23. The Committee pointed out to the representatives of the Ministry that they addressed the firms more than 10 times for supply of requisite information.

Asked why did they not take penal action under Industries (Development and Regulation) Act, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated as follows:

"That option was there no doubt but we have not resorted to that. We will certainly go into it and in future we will see that this is made use of. We will take appropriate action."

24. The Committee then proceeded to examine the representatives of the Ministry of Chemicals and Fertilizers with regard to the assurances given in replies to USQ Nos. 4696 and 4804 on the 26th March, 1975. Asked about the latest position in regard to the assurance given in reply to USQ. No. 4696, the Director, Drugs and Pharmaceuticals stated that the assurance was fulfilled on 3rd June, 1976. They had to collect information from the companies. They got that verified from the Commissioner of Income-tax concerned.

25. To a question as to which was the authority that determined whether the company had made more than 15 per cent profits or not and whether it was Income Tax Commissioner or the Ministry, the Director, Drugs and Pharmaceuticals replied as under:

"Drug Price Control Order is there and no doubt that is the affair of the Chemicals and Fertilizers Ministry. Here we had to find out from the I.T. authorities whether the information furnished by the company is correct or not."

26. When asked whether the Income-tax authorities supply such information regularly or the Ministry had to call from them each

time, the Deputy Secretary, Ministry of Chemicals and Fertilizers informed the Committee as follows :

"Only when we need it. When profit exceeds 15 per cent then only there is the question of funding. It is an obligation on the part of the company. They have to do this for various purposes laid down there. It is clear that there is no such case here where there is need to go into because the profit is not more than 15 per cent. No funding as such was done. By and large, there cannot be any case since the overall profit may not be more than 15 per cent."

27. In reply to a question as to whether in terms of the Drug Price Control Order, the Ministry did not try to find out every year whether the firm had made a profit of more than 15 per cent or not, the Director, Drugs and Pharmaceuticals stated as follows :

"Every year, under the Drug Price Control Order, if the profitability exceeds 15 per cent on the turnover, the companies are supposed to fund that automatically. This is a legal obligation cast on them. They have to approach the Ministry that they have got excess profits and so they should be given permission to utilise them for the following purposes.....

Then, the question of the Ministry's giving them the permission arises. In this particular case, the question was: whether these companies had earned higher profits or not. The information available with the Ministry did not indicate that. We had called for the specific information from the company and got it. Since it was a specific question, we wanted to counter-check that with the Income-tax authorities. Here is the answer which we have given. An attempt was made to fulfil the assurance to fund the figures of profits before tax payment for 1972-73 in respect of the drug activity alone submitted by the concerned company. It is observed therefrom that in all these cases, on the formulations, the profit did not exceed 15 per cent of the total turnover of the companies. The question of funding the excess profits—overall profits—does not arise under 14(1) (4)."

28. By way of illustration, the Committee pointed out to the representatives of the Ministry that in the case of Burroughs Wellcome the figure was 17.3 per cent, in the case Bayer (I) it was 15.2 per cent and for Searle (I) Limited it was 16.3 per cent. These

were the figures mentioned in respect of these three cases and in all these cases, they were exceeding 15 per cent. When asked to explain the position, the Director, Drugs and Pharmaceuticals stated as follows :

"That is correct. Some companies are having drug activity and non-activity in the field of drugs—they are having bulk drugs activities as well as formulation activities.

In so far as Drug Price Control Order is concerned, on the formulations, it provides that their profits should not exceed 15 per cent of the turnover but the profits of the company as a whole might be higher. In so far as the bulk drugs are concerned, the prices individually for each bulk drug are separately fixed. That should not exceed 15 per cent on the capital employed in so far as bulk drugs are concerned. But, in so far as the formulations are concerned, the overall profit should not exceed the 15 per cent on the turnover."

The Deputy Secretary, Ministry of Chemicals and Fertilizers further clarified that in the reply given to the Question, overall profits of each Company were given. The ceiling fixed was in respect of the formulations and that too if they adopted the alternative scheme.

29. The Committee pointed out to the representatives that they had noticed from the note furnished by the Ministry that the information required for the fulfilment of assurance given in reply to USQ. No. 4696 on the 25th March, 1975 was received from the different firms in May, 1975 and it took so long as June, 1976 to scrutinise and finalise it. Asked to explain the reasons for this delay in scrutinizing and furnishing the information to the House, the Director, Drugs and Pharmaceuticals explained the position as follows :

"Here, we have tried to indicate that we addressed the Income-tax Commissioner but in fact we got the information from him only in August, 1975. It was then indicated that they wanted to give us some further information which was received only on 29-8-1975. That information was also not complete.

Again the Income-tax Commissioner, Bombay was addressed and the final information from the Income-tax authorities was received only in December, 1975. Thereafter, we correlated the Company's information and checked that up and finally.....

I admit that there has been delay. We wanted to fulfil this assurance in December, 1975 itself. It was examined and, as a matter of fact, it was submitted and the assurance was to be fulfilled. Then some hon. Members had put the question about the profitability of the firm—the overall profit exceeded more than 15 per cent on the formulations. That had to be gone into. Once again we had to go into the entire activities and so, we were in a position to give the reply only in June. The legal aspect of it was examined."

30. The Committee then took up the assurance arising out of the reply given to USQ. No. 4764 on the 25th March, 1975 and wanted to know the reasons for so much delay in implementing this assurance. The Director, Drugs and Pharmaceuticals stated as follows :

"This is where it was indicated that this company charges very high price as compared to international market price. So, we had to address to various embassies and collect the information. The surgical sutures are made from animal bodies. Further, Sir, the codes of different companies are different from each other and are not comparable. So, we found ourselves in doldrums as to how to fulfil this assurance. Later on we were able to have the comparison and submitted the information to the Department of Parliamentary Affairs."

31. Asked whether the Ministry had any cell to find out the level of prices, both international as well as national, the Director, Drugs and Pharmaceuticals informed the Committee as follows:

"We have conducted a critical study in so far as drug prices are concerned. We find so far as bulk drugs are concerned the prices in India are somewhat higher whereas so far as formulations are concerned the prices generally in India are lower than the prices elsewhere."

(The witnesses then withdrew.)

The Committee then adjourned to sit again on Wednesday, the 4th August, 1976.

MINUTES

Fourth Sitting

The Committee sat on Wednesday, the 4th August, 1976 from 11.00 hours to 12.45 hours.

PRESENT

Shri Virbhadra Singh—*Chairman.*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Khemchandbhai Chavda
4. Shri N. E. Horo
5. Shri Inder J. Malhotra
6. Shri Bijoy Modak
7. Shri E. V. Vikhe Patil
8. Shri T. A. Patil
9. Shri K. Pradhani
10. Shri Mulki Raj Saint
11. Shri R. G. Tiwari

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions*

Shri S. N. Khanna—*Senior Examiner of Questions*

WITNESSES EXAMINED

1. Shri R. Grover—*Director, Drugs and Pharmaceuticals, Ministry of Chemicals and Fertilizers*
2. Shri B. K. Keayla—*Deputy Secretary, Ministry of Chemicals and Fertilizers*

MINISTRY OF CHEMICALS AND FERTILIZERS

2. The Committee resumed examination of the representatives of the Ministry of Chemicals and Fertilizers in regard to the delay in the implementation of assurances pertaining to their Ministry. The

Committee took evidence in respect of the following eleven assurances:—

- (i) Assurance given in reply to USQ. No. 7919 on the 29th April, 1975 regarding increasing production capacities by drug firms;
- (ii) Assurance given in reply to USQ. No. 8028 on the 29th April, 1975 regarding offer from drug companies to supply drugs at cost price;
- (iii) Assurance given in reply to USQ. No. 3809 on the 18th March, 1975 regarding licences issued to M/s Dental Products and other drug companies;
- (iv) Assurance given in reply to USQ. No. 7262 on the 22nd April, 1975 regarding profits of foreign drug companies and their production;
- (v) Assurance given in reply to USQ. No. 8678 on the 6th May, 1975 regarding manufacture of products without approval by M/s Glaxo Laboratories;
- (vi) Assurance given in reply to USQ. No. 3795 on the 18th March, 1975 regarding licences issued to M/s Glaxo and certain other drug firms;
- (vii) Assurance given in reply to USQ. No. 3803 on the 18th March, 1975 regarding canalised items of drugs imported by STC;
- (viii) Assurance given in reply to USQ. No. 8778 on the 6th May, 1975 regarding drugs and pharmaceuticals raw materials canalised during Fourth Plan;
- (ix) Assurance given in reply to USQ. No. 4738 on the 25th March, 1975 regarding production of drugs;
- (x) Assurance given in reply to USQ. No. 6242 on the 15th April, 1975 regarding original equity of foreign drug manufacturers having more than 26 per cent foreign equity;
- (xi) Assurance given in reply to USQ. No. 3808 on the 18th March, 1975 regarding licences issued to M/s. Ciba (I) Ltd.

3. The Committee first took up assurance arising out of the reply given to USQ. No. 7919 dated 29th April, 1975 and wanted the representatives of the Ministry of Chemicals and Fertilizers to explain the reasons in detail for the delay in the implementation of the assurance. While explaining the reasons, the Director, Drugs and Pharmaceuticals, Ministry of Chemicals and Fertilizers stated as under:—

“We have collected all the information and would be fulfilling this Assurance very soon. About asking for extensions

and the initial action taken, I have checked up the position. We put in our applications to the Department of Parliamentary Affairs in time, by and large, except for the fact that there was a delay of 4 days on 13-9-75. The working of seeking extensions was getting out of hand in the Ministry till July. One of our sections was overloaded with Assurances. In July we diverted one of the Assistants from all the other work and put him on the work of seeking extension and fulfilling the Assurances. Our work from July, 1975 onwards has, by and large, been on the proper footing, except for some cases of lapses here and there. Prior to that, we were very wide off the mark."

4. The Committee had gone through the note sent by the Ministry wherein it was stated that a reference had been made to the DGTD for the supply of information on 28th May, 1975 and that there was no response from that office inspite of the fact that 8 reminders were issued to them. The representative of the Ministry was asked as to how that could be explained. The Director, Drugs and Pharmaceuticals explained the position as under:—

"Action was initiated immediately. We had sent 3 reminders, because there was a series of responses, but not a complete response."

Elucidating the position further, the Deputy Secretary of the Ministry of Chemicals and Fertilizers explained as under:—

"The first information which came from this organization was only on 3-7-76. Till that time we had not got any reply from them. We issued reminders at appropriate levels, raising the level from time to time. We contacted them on telephone also. The real difficulty with them was about the interpretation of the Question."

5. The Committee pointed out that the question was asked on the 29th April, 1975 and according to a note submitted by the Ministry to the Committee, a copy of the question was not supplied to the DGTD by the Ministry till 28th April, 1976, i.e. for full one year. Under such circumstances, how did the Ministry expect a reply from the DGTD?

6. Explaining the reasons for this delay, the Deputy Secretary of the Ministry of Chemicals and Fertilizers stated as under:—

"In the initial stage itself, we gave the copy of the Question to them, i.e. on 28-5-75; but later on when we gave them the reminder, they indicated that they had not received it."

In the initial stages, there was difficulty about the interpretation of the Question in the Ministry also."

7. The Committee noted that the Ministry had not taken any tangible action for the collection of the information for 11 months and decided to postpone further consideration of the matter to the next sitting when the Secretary of the Ministry and the Head of DGTD would be invited to explain the matter.

8. The Committee then took up assurance arising out of USQ. No. 8028 dated the 29th April, 1975.

9. Asked why the extension was not applied for within the prescribed period of 3 months, the Deputy Secretary of the Ministry of Chemicals and Fertilizers admitted lapse on their part and informed the Committee that partial information in the case of 12 firms was given on 13th November, 1975 and for the remaining 4 on 22nd July, 1976. While giving the background of the case he stated:—

"There was a standing committee of scientists and technologists and certain representatives from the national sector. They met at Lucknow and 16 companies made an offer that they would be prepared to give drugs at cheaper rates, but when we wrote to them, they were not responding. The foreign companies were not invited to this meeting."

10. In connection with the assurance arising out of USQ. No. 3809 dated the 18th March, 1975, the Deputy Secretary, Ministry of Chemicals and Fertilizers informed the Committee that complete information in fulfilment of the assurance had been supplied on the 10th December, 1975.

11. The Committee then took up for consideration assurance relating to USQ. No. 7262 dated the 22nd April, 1975 and enquired the reasons for delay in implementation of the assurance. The Director, Drugs and Pharmaceuticals gave the following reasons:—

"While the main question pertained to our Ministry, the question relating to sub-standard drugs is the concern of the Ministry of Health and DGHS. We had addressed the DGHS, who in turn, had to collect all this information from the State Drug Controllers."

12. The Deputy Secretary, Ministry of Chemicals and Fertilizers stated that the assurance had since been fulfilled on the 2nd August, 1976. He stated that as far as part (b) of the question was concerned, this had already been covered by the Hathi Committee's Report which had been laid on the Table of the House. The Committee

pointed out that the information might have been made available to the House in the context of some other document, but that did not mean that the Ministry should not supply the information in relation to the question. The question was asked on the 22nd April, 1975 and the Hathi Committee Report dealt with earlier years. After further enquiries by the Committee, it transpired that information pertaining to the year 1974 have not been supplied by the Ministry. In this connection, the Director, Drugs and Pharmaceuticals stated:—

“The latest information available with the Government is the information which has been collected and compiled by us. That belongs to 1973 and we have fulfilled the assurance in that context only.

In so far as the problem of production in this country is concerned, various efforts have been made to collect this information. It was indicated yesterday that the group with which I was associated had met the members of the industry somewhere in 1973 to collect that information. Thereafter, the information was further compiled by the Hathi Committee and that information was given to them. Then there is information with regard to drug industry belonging to the organised sector and the unorganised sector. There are certain companies which are in the unorganised sector. We have held meetings with all the units of the association and sought the information from the drug controller. We are, as a matter of fact, in the process of compiling profiles of the companies in the Ministry. The nature of the information was so complicated at that time that it would be very difficult to get it.”

13. The Committee felt that the Ministry had failed, inspite of the wide powers they had, to collect the information from all sources—even the basic information with regard to the industry. The Committee had recommended creation of a Special Cell in each Ministry to look after the implementation of assurances but the Ministry of Chemicals and Fertilizers had no such Cell. Thereupon, the Director, Drugs and Pharmaceuticals stated as under:—

“When we compile information, the information belongs to a common stock which covers all the various units. Therefore, the compilation and collection of information is one composite whole thing. It is from one source that information is drawn up. If I may be permitted to submit, I would like to submit that collection and compilation of information is basically the responsibility of the

DGTD. The DGTD has told us specifically and categorically that they do not maintain information in regard to formulations value-wise; they maintain information for bulk drugs which are important, and based on this, formulations are produced. If you want information for bulk drugs, immediate data is available with the Government and that can be made available to the Committee. When we go on to the formulation of a particular type and if that is not available, then we have to make effort to collect it. The second point is regarding the setting up of a cell. This is exactly the subject which was also considered and deliberated by the Hathi Committee, and they came out with a conclusion that an authority like a national drug authority should be constituted, which will be responsible for collection, monitoring of data, etc.

This matter was also deliberated by the Planning Commission. We consulted them. They indicated that a monitoring and evaluation cell is a must in the Ministry. We also consulted the Ministry of Finance. They sent a team of officers to investigate into the whole affairs. That team of officers came to the conclusion that our Ministry required to be strengthened. In order to collect and compile a particular type of data, this effort has been going on for some time. The Ministry of Petroleum and Chemicals was divided into two ministries. Finally, a note for the Cabinet has been prepared and approved. We are on the point of now going to the Cabinet for getting some staff which is needed for collecting data which is required by the Parliament. But the Ministry of Finance and Planning Commission are satisfied with out requirement, i.e., what we require."

14. The Committee pointed out that the question asked for 'total profit the country had made through the export of drugs manufactured by the foreign drug companies' and there were only 33 companies holding above 50 per cent equity. To this, the Deputy Secretary, Ministry of Chemicals and Fertilizers replied that no company maintained its profits separately for export activity and marketing for internal consumption. Production takes place, part of it is exported and part of it is consumed inside the country. It is difficult to compile this information that way.

15. The Committee enquired whether any penal action as recommended by the Hathi Committee was taken against the foreign com-

panies which were manufacturing drugs without Government authority. The Director, Drugs and Pharmaceuticals stated as under:—

"A decision on the Hathi Committee report has yet to be taken. I would not be in a position to add anything to this."

16. As the information for the year 1974 had not been supplied, the Committee suggested to the representatives of the Ministry of Chemicals and Fertilizers that the Ministry might ask for extension of time for supplying this information through the Department of Parliamentary Affairs and the assurance would be treated as partly implemented.

17. The Committee then examined the witnesses with regard to the delay in the implementation of assurance given in reply to USQ. No. 8678 dated the 6th May, 1975. The Committee felt that so much delay should not have taken place when information to be collected related only to one firm. It was pointed out to the witnesses that the companies were producing something without a licence and the Ministry was relying on the Company concerned to give them information regarding production without licence and photostat copies of licences, etc. Was it expected by Government that the Companies would themselves admit that they were doing something wrong? The Committee enquired whether there were any Government agencies to find out facts in such cases. The Director, Drugs and Pharmaceuticals informed the Committee as under:—

"We have used all the agencies in this case. We have used all the avenues at our disposal. After all this is a thing which is operating under the Companies Act. In their records they have got to have information about the items which they are producing. What are the items they are producing? What is the capacity? What was their actual production? That is the type of information we have tried to get from them. So far as the DGTD is concerned, they have got regular returns filed by the manufacturing units. We find out from them whether it has come to their notice that such and such unit is producing so much of such items."

18. The Committee pointed out that when photostat copies of each industrial licence/permission or no objection letters had been asked for from the firm, it was stated, "they do not have spare photostat copies" which meant they were giving evasive replies.

The Deputy Secretary, Ministry of Chemicals and Fertilizers, further elucidating the matter stated as under:—

“At the initial stages we will certainly ask for all possible information which we wanted to find out the factual position—photostat copies of licences etc. They may be supplied or may not be supplied. It is immaterial. If they had supplied, it would have helped us. If they had not supplied, we have another avenue to check it. We will write to the DGTD and we will cross check it....”

When the Committee asked if there were other avenues, what was the need for writing to the firm at all, the Deputy Secretary, Ministry of Chemicals and Fertilizers stated—“Only to expedite the matter. We do not have at one place all the documents—the registration capacity, permission letter, etc.”

19. At this stage, the Committee pointed out that under the Industries (Development and Regulation) Act, the Company had to submit in form No. IX all details regarding the names of the products they manufacture, the bye-products, the installed capacity, present production, daily output, etc. All these they had to submit every month. To this, the Director, Drugs and Pharmaceuticals replied that since the return was being submitted category-wise and not item-wise, it was not possible to furnish the information therefrom.

20. The Deputy Secretary, Ministry of Chemicals and Fertilizers informed the Committee that they had since supplied the information in fulfilment of the assurance that no such instance of production without licence in regard to M/s. Glaxo has come to the notice of the Government. The Committee, thereupon, pointed out that this statement was contrary to what has been stated in the note furnished by the Ministry to the Committee. It was stated in the note that while comparing the products mentioned in the price lists with the products indicated in the production return submitted by the company, variations had been observed and the matter was referred to the firm on 2-6-76 for clarification. The Committee could, therefore, conclude that the firm was manufacturing that item without licence. The Deputy Secretary, Ministry of Chemicals and Fertilizers then stated that they had got the clarification and in the light of that clarification the reply has been given in fulfilment of the assurance.

21. The Committee then took up for consideration assurance relating to USQ No. 3795 dated the 18th March, 1975. With regard

to reasons for delay in implementing this assurance, the Deputy Secretary, Ministry of Chemicals and Fertilizers outlined the steps taken by the Ministry, as under:—

“We initiated action on 21st March, 1975. Then we wrote on 2nd April to various companies. There are 4 companies. We prescribed proforma. In that proforma information was furnished. This was cross-checked with DGTD. Then we have been able to fulfil this assurance.... We were on the verge of completing all this when you summoned us.”

22. The Committee then examined representatives of the Ministry of Chemicals and Fertilizers with regard to the assurance arising out of USQ. No. 3803 dated the 18th March, 1975. The Committee noted that the assurance was given on the 18th March, 1975 and the first reference to STC was made by the Ministry on the 2nd August, 1975. They wanted to know why there was delay of 4 months. The Deputy Secretary, Ministry of Chemicals and Fertilizers explained the position as follows:—

“Information was received on the basis of the communication sent by us when we received the notice. Information was received on 11th March, 1975 from STC. Then, this information was analysed. This is second reference. This was for certain clarification on the statement received from them. That was got on 11-3-75.”

The Committee pointed out that at the initial stage specific information should have been asked for to avoid further reference.

23. The Committee then took up the assurance relating to USQ No. 8778 dated the 6th May, 1975. The Committee felt that there was a lot of delay because the Ministry had made references to some departments and they said that they wanted some clarifications on them. The Ministry again wrote to them and they again sought a clarification. The Committee drew attention of the representatives of the Ministry to the recommendation of the Committee contained in their Eleventh Report presented to the House on the 22nd April, 1975 that the Ministries should right at the beginning specify the items and forms on which they needed the information so that the field offices could give the correct information in the first instance. Whenever a particular item was capable of being interpreted in more than one way, the Ministry should clarify at the initial stage the basis on which the information might be supplied by the lower formations. The Committee, therefore, suggested

that the Ministry of Chemicals and Fertilisers should follow this procedure in future so that delays are avoided. Thereupon, the Deputy Secretary, Ministry of Chemicals and Fertilizers pleaded as follows:—

“We had examined this question and had asked them the specific information needed. But sometimes it so happens that there is lapse at the lower authority. Whenever they furnish the information, it is not in a particular form and then we have to seek clarifications from them. It is not that we do not follow the procedure. We do follow the procedure. We analyse the questions and try to indicate that the information is needed in this particular form. That is indicated in the initial stages.”

24. The Committee were of the view that proforma had to be prescribed and the Ministry should prepare the proforma in such a way that they will help the Ministry to collect all the information required. With regard to proformas, the Deputy Secretary, Ministry of Chemicals and Fertilisers stated as under:

“On the basis of the various Parliament questions in the past few years, we have now devised the proformas and the Company profile gives all sorts of informations. We have started receiving the information that was called sometime in May. I think that when this information is compiled, it may not be lacking in anything.”

25. The Committee next took up the assurance arising out of USQ. No. 4738, dated the 25th March, 1975. It was pointed out that the assurance was given on the 25th March, 1975 and no follow-up action was taken, i.e. no extension was asked within the stipulated period of 3 months and that the Ministry remained silent for more than a year. The Deputy Secretary in the Ministry of Chemicals and Fertilizers regretted the lapse in this connection.

The Committee observed that though the information for the years 1972 and 1973 was available with the Ministry yet the same was not made available at the time of answering the question or even later on. The Director, Drugs and Pharmaceuticals explained that they wanted to fulfil the assurance in one lot.

In reply to a question whether the Ministry did not have any system of collecting such basic information as output of drugs in a year regularly, the Director, Drugs and Pharmaceuticals informed

the Committee that DGTD maintained information about bulk drugs. Their normal system was through DGTD but since questions started coming which fell outside the purview of DGTD, their Ministry also collected the information.

26. The Committee then proceeded to examine the representatives with regard to the assurance given in reply to USQ. No. 6242 on the 15th April, 1975. The Committee pointed out that while seeking extension from time to time, the reason given by their department was that the information sought for by them from the various companies was not forthcoming. The Committee desired to know at what level the d.o. letter was addressed to the Managing Directors of the different firms. The Deputy Secretary in the Ministry of Chemicals and Fertilisers stated that by and large they had been taking things up at the Under Secretary's level.

27. The Committee then took up for consideration the assurance relating to USQ. No. 3808 dated the 18th March, 1975. In this case also, the Committee noted that there had been considerable delay in the implementation of the assurance and that they had made repeated references to the companies for furnishing information.

28. The Committee again pointed out that Ministry of Chemicals and Fertilisers and other departments concerned had no independent machinery to find out whether there was any violation of rules and whether any drugs were being manufactured outside the licence. The Committee was sure that the private companies would never supply such information as would lead them to possible prosecution. In this connection, the Director, Drugs and Pharmaceuticals stated:

"In these cases, no violation has come to our notice through our normal machinery, i.e. DGTD and the State Drug Controllers. We take up with them first. When it is said that there is some violation, we have to check up with every possible source."

29. The Committee apprehended that the information which would be supplied to Parliament in fulfilment of the assurances regarding violations committed by the firms might entirely be based upon the information given by the companies themselves. The Committee wanted to know whether they checked up such information with that given by any other department. The Director, Drugs and Pharmaceuticals replied that when they receive information from the private companies, they send them to the DGTD and counter-check them.

30. When asked whether they had found any irregularity so far, the representatives of the Ministry of Chemicals and Fertilisers stated as follows:

"Irregularities do take place and we do take action. In a similar case involving 4 or 5 companies we furnished the companies with a proforma and asked for the information; and then, instead of asking the DGTD to give us the information, we sent the information to them to cross-check it with the information that they have. On the basis of cross-checking, we did further cross-checking from the price list, i.e. to see whether there is any item produced in an irregular manner, mentioned in the price list."

31. The Committee desired to know the source from where the DGTD got the information. The Deputy Secretary, Ministry of Chemicals and Fertilisers stated that DGTD got it from the company. The Committee then pointed out that their information was also from the company and that they were trying to cross-check it with the informations supplied by the same source and under such circumstances how could the Committee rely on the information supplied by the Ministry. The Director, Drugs and Pharmaceuticals Ministry of Chemicals and Fertilisers then clarified as under:

"But the DGTD have got Development Officers and Asst. Development Officers, and the extent of inspection that they undertake etc., I will not be in a position to say."

32. The Committee were not satisfied with the explanations given by the representatives of the Ministry and postponed further consideration of this assurance for the next sitting when the representative of DGTD would also be invited to appear before the Committee. The Committee also decided to take up consideration of the remaining assurances listed in the agenda at their next sitting.

(The witnesses then withdrew)

The Committee then adjourned

MINUTES

Sixth Sitting

The Committee sat on Monday the 20th September, 1976 from 11.00 hours to 13.20 hours.

PRESENT

Shri Virbhadra Singh—Chairman

MEMBERS

2. Shri Virendra Agarwala
3. Shri Khemchandbhai Chavda
4. Shri Fatehsinghrao Gaekwad
5. Shri N. E. Horo
6. Shri Kinder Lal
7. Shri Inder J. Malhotra
8. Shri Bijoy Modak
9. Shri Sarjoo Pandey
10. Shri E. V. Vikhe Patil
11. Shri T. A. Patil
12. Shri K. Pradhani
13. Shri Mulki Raj Saini
14. Shri Ram Shekhar Prasad Singh
15. Shri R. G. Tiwari

SECRETARIAT

Shri S. N. Khanna—Senior Examiner of Questions.

WITNESSES EXAMINED

1. Shri Ramaswamy R. Iyer—Integrated Financial Adviser,
Ministry of Chemicals and Fertilizers.
2. Shri R. Grover—Director, Drugs and Pharmaceuticals,
Ministry of Chemicals and Fertilizers.
3. Shri B. K. Keayla—Deputy Secretary (Drugs),
Ministry of Chemicals and Fertilizers.

4. Brig. B. J. Shahaney—*Secretary (Technical Development) and Director-General, Technical Development.*
5. Dr. B. Shah—*Deputy Director-General, Technical Development.*

MINISTRY OF CHEMICALS AND FERTILIZERS

2. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers and Director-General, Technical Development in regard to the delay in the implementation of the following eight assurances :

- (i) Assurance given in reply to Unstarred Question No. 2059 on the 26th November, 1974 regarding private companies working in collaboration with multi-national corporations;
- (ii) Assurance given in reply to Unstarred Question No. 2102 on the 26th November, 1974 regarding production of certain foreign drug firms during Fourth Plan;
- (iii) Assurance given in reply to Unstarred Question No. 3877 on the 10th December, 1974 regarding permission for diversification granted to Messrs. Hoechst;
- (iv) Assurance given in reply to Unstarred Question No. 3879 on the 10th December, 1974 regarding production of items by certain drug firms;
- (v) Assurance given in reply to Unstarred Question No. 1185 on the 25th February, 1975 regarding diversification by Messrs. Hoechst;
- (vi) Assurance given in reply to Unstarred Question No. 2146 on the 4th March, 1975 regarding issue of COB licence to Messrs. Hoechst;
- (vii) Assurance given in reply to Unstarred Question No. 3898 on the 18th March, 1975 regarding licences issued to Messrs. Ciba (I) Ltd.;
- (viii) Assurance given in reply to Unstarred Question No. 7919 on the 29th April, 1975 regarding increasing production capacities by drug firms.

3. At the outset, the Chairman observed that in their last sitting held on the 4th August, 1976, they had felt that they should invite the representatives of the DGTD to clarify certain matters which arose out of the evidence tendered at that sitting. Accordingly,

the Director-General, Technical Development was also present along with the representatives of the Ministry of Chemicals and Fertilizers.

4. The Committee first took up for consideration assurance arising out of the reply given to Unstarred Question No. 2059 on the 26th November, 1974. The Committee were informed at the last sitting that the proposal regarding setting up of a Special Cell to ensure timely implementation of the assurances was in the final stage. The Committee wanted to know whether such a cell had been set up. In reply, the Integrated Financial Adviser, Ministry of Chemicals and Fertilizers informed the Committee that the Cell had already been set up.

5. The Committee pointed out that the Question was addressed to the Minister of Petroleum and Chemicals and it was, therefore, clear that the Member desired information in respect of firms falling under the control of that Ministry. They wanted to know why the Ministry wasted a few months in trying to transfer the assurance to other Ministries. The Integrated Financial Adviser, Ministry of Chemicals and Fertilizers, thereupon, stated as under:—

“The question stated whether any private companies were working in collaboration with multi-national corporations; since it was of a general nature, it could not be presumed from the phraseology used that it related only to the particular industry. Even though it was addressed to one Ministry, we had to consult the other Ministries”.

The Committee observed that the matter was not only of consultation. The Ministry were not sure of the scope of the Question. They had ultimately decided to compile the information themselves and this process resulted in a lot of delay. The Director-General, Technical Development explained as under:—

“The question asked was: whether any private company was in collaboration with a multi-national company..... It may include manufacturing companies, trading companies and a host of other companies. If it was confined to manufacturing activity, legitimately it could have been the Ministry concerned. In my humble opinion I feel that it would have been right for the Department of Company Affairs to have taken on that responsibility”.

The Committee further pointed out to the representatives of the Ministry of Chemicals and Fertilizers that when a particular question was addressed to their Ministry, that question concerned the

activities of that Ministry. Under such circumstances, how their Ministry considered it necessary to consult other Ministries. To this, the Director, Drugs and Pharmaceuticals, Ministry of Chemicals and Fertilizers, replied as follows:—

“When the original question came to us, it mentioned specifically the drug industry and when it came in the final form the word ‘drug’ had been taken out. In that context, when we were handling a question pertaining to Parliament, we did not think it possible to limit the scope to something less than what it was”.

Elucidating further the position, the Integrated Financial Adviser stated as under:—

“The question was extremely wide and of a general nature. We could not take the liberty of restricting the scope of the question and since we felt that it had a very wide coverage, we thought that it was necessary to transfer the question to the Department of Company Affairs or the Department of Economic Affairs ***** There are occasions when even though the question is addressed to one Minister, it does get transferred also because that Ministry cannot legitimately answer the question. So, merely from the fact that a question is addressed to a particular Minister, we cannot draw the conclusion to the effect that that question was the concern of the particular Ministry. Anyway, there was a genuine doubt on the part of the Ministry”.

The Committee pointed out that the explanation given by the Ministry was that they were not sure of the scope of this question as to whether it was limited or of a wider nature. Under such circumstances, how was it right on the part of the Minister to have given assurance on the floor of the House that the information would be collected? In this connection, the Director, Drugs and Pharmaceuticals, stated as under:—

“When the question was originally sent to us, as an advance notice, at that stage the term ‘Drugs and Pharmaceuticals’ was included in the notice. So, the question of referring to other Ministries that particular question did not arise”.

6. The Committee then drew the attention of the representatives of the Ministry of Chemicals and Fertilizers to the expressions ‘Papers linked with another file’, ‘Marginal delay’, ‘No delay’ and

'Papers under submission', used by them in their note submitted to the Committee and wanted to know the meanings of those terms.

Explaining these expressions, the representatives of the Ministry of Chemicals and Fertilizers stated as follows:—

"A file is under submission means that it is under submission to Minister or senior officers. The expression 'linked with another file' means that the information is being collected in a particular file. This information pertaining to certain companies became relevant for another case under examination at the same time and this file has to be linked with that. This information was being utilised in that other file which was under submission to the higher officers because we do not collect the same information separately for each case. ***** With the formation of the Cell under a Deputy Secretary, the likelihood of any one of these things happening in the future is rather remote. ***** Marginal delay is also delay, but upto a week or 10 days, not for months".

7. With regard to the reasons for delay in implementation of the assurances and outlining the correcting measures taken in DGTD, the Director-General, Technical Development stated as under:—

"I would say that the stream of delays runs throughout the entire question relating to assurances to the Parliament. There is no disputing the fact that there are some unavoidable delays and these delays are unforeseeable as to whether the matter concerns the particular Ministry, inter-Ministry or DGTD. But I would also say that in some cases, the questions related to the production figures in the Fourth Plan period. We maintain the statistics ordinarily for three years.

Secondly, most of the questions, as far as I am aware, are really concerned with the formulations. Now, there are so many types of formulations. This can be tablets, liquid, vials, etc. In regard to the tablets, the question arises whether we could have 0.25 milli-gram or 0.50 milli-gram, whether we could have vials in various sizes, etc. It is just like a plastic industry where monitoring is not done for thousands of products. There may be designs and various sizes of soap boxes, combs, etc. It will be difficult to monitor all data and the figures for each individual material which runs into thousands. These are some

of the practical difficulties. But the fact remains that the assurance has to be a positive one and in that we have taken several corrective measures. One of the measures adopted in the DGTD is that as soon as the reminder is received, the level of consideration on that reminder is raised. The next higher official gets the reminders subsequent to the previous one and he deals with the matter. When reminders are received, co-ordination action for the proposal is also now taken in hand. Sometimes, to our knowledge certain reminders might have been sent but the officers at the receiving end might say that they had not received the reminders. There appears to be no trace of them. Now, we have established a system whereby such delays should be overcome as far as fulfilment of the assurances is concerned. I think the system has already been developed and initiated to look into this matter".

8. The Committee enquired from the representatives of the Ministry about the present position of this assurance. The Director, Drugs and Pharmaceuticals stated—

"We have partly fulfilled this assurance insofar as it pertains to drugs and pesticides. About fertilizers, the information is ready and is on its way. ***** So far as total information pertaining to my Ministry is concerned, we are in a position to fulfil it".

The Committee observed that so long as full information was not supplied, the assurance remained unfulfilled.

9. The Committee then took up the assurance arising out of the reply given to Unstarred Question No. 2102 on the 26th November, 1974 and enquired from the representatives of the Ministry of Chemicals and Fertilizers the difficulties faced by them in collecting the information required for fulfilling the assurance. The Director, Drugs & Pharmaceuticals stated as under:—

"The information from the companies had to be secured for the Fourth Plan period, product-wise. There are two main parts. One is production for the entire Fourth Plan period. As Secretary, Technical Development, had indicated the information which is being maintained with the Government is for a period of 3 years. We do not do it for a longer period. This pertains to formulations which run into thousands in numbers. Information with regard to this particular aspect had to be gathered.

The second area pertains to production of items without any industrial licence or permission. Here the data which we get pertains to the capacity authorised by the Government and the capacity of production which has actually taken place. It is quite likely that the information which has been furnished to us may not contain information about certain things for which they had not taken any industrial licence. This information is not available to the Government. References to the companies have to be made. Even when that information has been collected, it is not to be relied upon on the face of it. It has to be counter-checked with the DGTD, with the price lists and all that. It is in that background that the companies were addressed, and the companies furnished information. The companies said that they do not have any information for the earlier period. In view of a parliamentary question, we could not give the reply that the information is not available. So, we pressed them and finally got the information".

When asked whether the information regarding the licensed capacity was not available in the Ministry and whether the Ministry did not know of their own, the companies which manufacture the drugs with or without licences, the Director, Drugs & Pharmaceuticals stated as under:—

"We have got that information, but what is the actual production during the Fourth Plan and what is outside has to be connected. We would get the information about production. But, suppose some production has taken place, which is not reported? The information which was available with the Government did not indicate that any production without licence has taken place. But that has to be checked".

10. In reply to a question whether Government had set up any inspection body to find out if any company was producing something without any licence and whether their Ministry had any machinery to check on that matter after giving the licence, the Director-General, Technical Development stated as under:—

"As far as DGTD is concerned, I think it is appreciated that we are a technical organisation, responsible for looking into the growth and development of industry, and action of a regulatory nature beyond a certain minimum should be minimised. It is in this direction that the DGTD which

over the years had assumed certain regulatory functions, has been giving stress on more and more promotional work, more and more development work, including technology. The DGTD units are more than 5,000 in number and we have developed an industrial data bank, based on production returns from the units, which give us timely information of forecasting, of capacity utilisation, production trend or excess production. If the production overlaps capacity, we project it to the administrative machinery. As far as this particular industry is concerned, as I have already clarified, there are thousands of formulations which may be in different types of tabloids etc. We do not have information about the production of all of them. So far as basic drugs *vis-a-vis* capacity are concerned, to our knowledge there is no firm that manufacture the basic drugs for which it is not licenced.

So far as a mechanism for check is concerned, it should be there but it should be minimised. We have introduced checks in this form. When a raw material application is put in, it is certified by a chartered accountant, and this shows the production figure and its verification. Then, the CCI&E has an establishment called the enforcement cell, where the DGTD has a supporting function. Some of these units are visited and inspection done. But I will seek the indulgence of this Committee to look at the problem this way; we have over 5,000 units all over the organised sector. If we have to have a mechanism for physical checking, it will be next to impossible."

11. The Committee observed that it appeared that there was no accepted way of finding out whether a particular drug manufactured by a company was outside the licence.

It was stated in reply—

"So far as basic drugs are concerned, to our knowledge, there is no party which is manufacturing a basic drug for which it has no licence. But for formulations the problems becomes entirely different because there are thousands of them and we do not get production statistics. Of course, there could be corrective mechanism which one could think of."

12. The Committee pointed out that it appeared from the note furnished by the Ministry that the firm in question had not produced any item without valid permission, whereas the Minister had stated on the floor of the House that a particular item was produced by SKF without any licence and they were going to ask them to stop it. The Committee wanted to know which statement was correct. To this, the Director, Drugs & Pharmaceuticals, replied as follows:

"M/s. SKF was operating in the small scale till 1970. A small scale unit, according to the law then in force, did not require any industrial licence. In 1970, the policy of the Government was changed. Even though they were in the small scale, they were required to regularise their previous activity. But when the reply was given, we found that SKF, in so far as this particular item was concerned, had not obtained a licence and was producing it. The matter was investigated and the legal examination was done. On the basis of the legal examination, we were advised by the Ministry of Law that the company was within their right to have taken up the production of any item between 1970 and the date on which this licence was issued to them. After the date of issue of this licence, the production becomes unauthorised and thereafter they cannot continue it."

13. Asked whether the Ministry had received the figures of production and whether they had found, at any time, that those figures were wrong and there was excess production, the Director, Drugs and Pharmaceuticals stated—

"In so far as the excess production is concerned, the company has been reporting about excess production and it is within the knowledge of the Government. There are two parts of the question. One is the excess production where they have a licence. The other pertains to production of items where they do not have a licence. In so far as the first part is concerned, we are aware of the excess production."

14. It was stated in the factual note submitted by the Ministry that on 19th January, 1976, all replies received from the parties were examined to see if the Ministry could fulfil the assurance. But it was felt that price lists of some firms were also to be examined in addition to these data. The representatives of the

Ministry were asked as to how the question of prices came in as the question asked for information regarding production by firms manufacture without licence, etc. If information regarding prices was required, why the Ministry did not ask for full information in precise terms in the first instance. The Director, Drugs and Pharmaceuticals explained the position as under:—

“It was only to counter-check their production without an industrial licence that we had asked for it. We got information about their production. We checked up production and found that there was nothing which was unauthorised, according to the information which we had. Then we had the price list available with us for the later year. We checked up that information also. But since the period pertained to 1969-70 and the drug could not be sold, therefore, we, at that stage, felt that we must take a final decision, before giving a reply to the Parliament as to whether there was any item which had not been reported by them but was in the price list. In addition to that, there may be something in the price list. These two had to be connected and had to be examined at that stage.”

15. The Committee then took up for consideration assurance relating to Unstarred Question No. 3877 dated the 10th December, 1974. The Committee pointed out that the Ministry had taken unduly long time in implementing this assurance. They had not even care to ask for extensions of time at the appropriate time. For this, the Deputy Secretary, Ministry of Chemicals and Fertilisers gave the following reasons:—

“In this case, it was possible to give a reply in the beginning itself. In fact, the Ministry had put up a draft reply for the consideration of the Minister. But the Minister wanted to go into the policy. The Minister wanted to discuss the policy. The file remained with the Joint Secretary and the Minister for a long time for discussion. There was no question of collection of any information. The draft reply was prepared on the basis of that policy. But the Minister thought that he would go into the policy and then give the reply. He wanted to discuss it. But no discussion took place for a long time.”

Explaining further the reasons for delay, the Integrated Financial Adviser stated:—

“This was largely due to organisational deficiencies in the Ministry. We are hoping to strengthen the Ministry’s

staff to cope up with the responsibility. The Ministry has been understaffed. A special examination of the Ministry's requirements was made by a specialised agency and the proposals have been made to strengthen the Ministry's staff. These are now awaiting the orders of the Government."

The Committee observed that the Ministry is often advanced the excuse that they were understaffed. That was not a proper argument. The Committee emphasised that the argument of understaffing was not always tenable and should be avoided.

16. It was stated in the factual note submitted to the Committee by the Ministry of Chemicals and Fertilizers that the implementation of the assurance was held over till a final decision was taken on the pending application of M/s. Hoechst Pharmaceuticals Ltd. for COB licence. On being asked as to who took the decision to defer implementation of assurance, the Director, Drugs and Pharmaceuticals explained as under:—

"I would submit that the COB licence in this particular case has not been granted even till to-date. There was an application from the company that they may be granted a COB licence under the policy of the Government. In the meanwhile, this question came up. While this question was being examined, we received certain letters from certain hon. Members informing us of certain aspects pertaining to this particular case. Those aspects indicated that, probably, the company which had taken up diversification between 1966 and 1970 had not done it properly. If they had not done it properly, then the diversification itself would be wrong, and based upon the wrong diversification, the grant of COB would be wrong. The matter is still under the consideration of the Government. The COB licence has not been granted. We wanted to go into all the implications of the policy between 1966 and 1970 to find out whether they were basing their production activity on the imported material or the canalised material or indigenous material, whether the statements made by the party in their application were right or wrong, whether the 1970 policy was applicable to them or the 1973 policy, whether in the context of certain clarifications in respect of 1970 policy which were issued by the Ministry of Industrial Development in 1973, it was *bona fide* or *malu fide*, etc. Since the two were connected, fulfilment of the assurance

at that particular stage would have probably strengthened the case of the party. Therefore, we decided in the Ministry at the level of the Joint Secretary that the assurance should wait till we decided on that particular case."

17. The Committee had observed from the note furnished by the Ministry that action on the assurance was initiated in the beginning of February, 1975 i.e. about two months after giving the assurance. When asked as to why no action was taken during that period, the Director, Drugs & Pharmaceuticals stated as under:—

"In so far as this particular case is concerned, the action was initiated at the time of the submission of the reply to the Minister. No information was to be collected in this particular case. This was, broadly, a matter of policy. The policy had been indicated to the Minister. It was that policy which had to be indicated in our reply to Parliament."

The Committee pointed out that according to their note, the Minister of State desired the Joint Secretary to discuss the case with him sometime in February, 1975. But the case was actually discussed at the end of December, 1975. The Committee, therefore, wanted to know as to who and what factors were responsible for this delay of 10 months, and how was it that this important matter had been overlooked for such a long period. The Integrated Financial Advisor stated that they had become aware of this only when the papers came to them in December, 1975 that the case was pending discussion.

The Committee observed that there had been inordinate and avoidable delay in this case.

18. The Committee then took up the assurance relating to Unstarred Question No. 3879 dated the 10th December, 1974. In this case also, the Committee noted that there had been considerable delay in the implementation of the assurance particularly so, when the information to be collected related only to two firms. The Committee again pointed out that there should not have been any difficulty in getting the requisite information within the stipulated period. The Committee further noted from the factual note of the Ministry that no action was taken for 9½ months and that decision was taken to wait for the information called from several firms in connection with an assurance given in Rajya Sabha. In this connection, the Director, Drugs and Pharmaceuticals, stated:—

"We tried to get the information and we got the information. But this was about production without industrial licence.

That had to be checked and counter-checked before giving the information to Parliament. If we were asked a question about the production of the company, we could have furnished immediately, but it was about production without industrial licence. The Company says that it was not there, but we have to satisfy ourselves.* * * When we are collecting the same or similar information on any other file, we do not issue a separate reminder on that file. Action had been initiated. Action on the specific file had not been initiated. If we have information in the Ministry, we do not make a reference. If we had made reference to the party concerned while fulfilling an assurance of a similar type on another file, then a separate reference for the same information is not issued."

19. The Committee wanted to know why the case was not referred to the DGTD in the first instance to find out if any firms were producing drugs without licence instead of first trying to get information from the firms. The Director, Drugs & Pharmaceuticals informed the Committee as under:—

"We have a usual procedure. On receipt of the advance notice, we made a reference to all concerned including DGTD. In this particular case, a reference had been made immediately on receipt of the question.* * * * * After the assurance had been given, we scrutinised the nature of the question completely and we found that the nature of the question warranted information not about production that had taken place, but production that had taken place without any industrial licence. We were doubtful whether DGTD would be having that information. We felt, no useful purpose would be served unless we collected certain information and counter-checked with DGTD. We, therefore, got that information from the Company."

20. The Committee observed that the matter was referred to the DGTD, some time in December, 1975, i.e. one year after the assurance was given on the floor of the House on 10th December, 1974. The Committee felt that there was something wrong with the mechanism. In this connection, the Director, Drugs and Pharmaceuticals stated:—

"We were collecting the information and then went to DGTD. We got the information on the file. We sent the entire file to the DGTD to counter-check that and send back to us. This would have been done only after the information had been collected.

We have a system of administration which provides for collection of information in a particular manner and that is being done. In addition to that we have a system of price control; the drugs cannot be sold in the market without price control. Then all the drugs are subject to excise. The drugs would not get a clearance without a certificate from the excise authorities. There is a drug control organisation in each State to supervise the sale of drugs. We get information from the State Drug Controllers about the production failures, prosecutions launched etc. and we have furnished that information also in connection with some assurance on the floor of the House. Now with all these various mechanisms, it may be impossible for a company to take up any production without a licence or without authority. So, when such a question is raised, we have to check from all the different corners."

21. Asked whether the Ministry had come across any instance where a company manufactured drugs without a licence and if so, what action was taken and how they were detected, the Director, Drugs and Pharmaceuticals stated that they had come across two instances. But in this particular case they had found that this was done with the permission of the Government which was given only for 100 per cent export purposes.

To a query whether there was any technical violation, the Director, Drugs and Pharmaceuticals informed the Committee that they applied to the DGTD for grant of certain raw materials for production of items for 100 per cent export purposes and it was approved by DGTD. The Director-General, Technical Development elucidated the matter as under:—

"This was as per the Government policy laid down for import trade control and this was given on the recommendation of the State Drug Authority for a 100 per cent export of certain formulations. The raw materials were provided by the DGTD for this 100 per cent export, which earned foreign exchange for the country.

As far as basic drugs are concerned, I may be repeating myself but, to our knowledge, there is no firm which has violated the licence. But since the question pertains not only to basic drugs but to formulations also, there is a genuine difficulty."

22. The Committee pointed out that in this case also there was delay of 2 months in asking further extension of time for imple-

mentation of the assurance. The plea that papers remained with DGTD was untenable as there must have been some record in the Ministry about the assurance during the period the matter was under reference to DGTD. The Director, Drugs and Pharmaceuticals explained the lapse as under:—

“There is a register maintained which does indicate as to when extension has to be sought, but that register does not contain reference numbers and other details which are necessarily required for checking up the date for extension. It was in the absence of that information that extension could not be sought.”

23. The Committee then took up the assurance arising out of the reply given to Unstarred Question No. 1185 on the 25th February, 1975 and wanted to know the reasons for taking such a long time in supplying the information by the DGTD to the Ministry of Chemicals and Fertilisers. The Committee also desired to know the difficulties faced by the DGTD in compiling and furnishing the required information. The Director-General, Technical Development stated as follows:—

“As far as his particular question is concerned, our records don't indicate that we received the first communication from the Ministry. It is not traceable. So, it is the system which we will have to look into. We gave an answer on the 8th April, 1975 and when we found another reminder coming from the Ministry, we tried to draw their attention to our earlier answer of 8th April, 1975 which had already been furnished.

What I am trying to draw attention to is the fact that *prima facie* certain records or certain references appear to be not traceable.”

The Committee wanted to know the system in the DGTD in regard to the receipt and despatch of papers. The Director-General, Technical Development explained the position as under:—

“I fully share the anxiety of the Chairman and the Members of the Committee on this particular issue. That is why we have generated a system whereby all such references particularly to Parliament Assurances to be fulfilled should be referred to a Coordination Group within the DGTD so that we can keep a track of these things.

Previously, if a Section Officer went on leave or retired, the question remained unanswered.

The system being followed in the Central Registry is defective. We should have such a system whereby the responsibility can be fixed on an individual and proper action taken if the communication received or despatched is lost.

When I took over, I found for very valid reasons there was an officer oriented system operating in the DGTD. There was no direct responsibility assigned to the S.O. at all for receipt of a paper and acting on it in a timely manner, putting it up to the higher officer and so on, which since then we have also corrected. Of course, as a technical organisation, we do not want to go to the full Secretariat pattern, but we have devised a method whereby the Section Officer is made responsible, particularly in regard to bringing forward certain references which must be acted upon in a timely manner."

The Committee felt that there was no proper and fool-proof system within the Ministry of Chemicals and Fertilisers or in DGTD for despatch and receipt of communications relating to Parliamentary matters of importance. They desired a detailed note from the DGTD regarding the receipt and despatch of communications between the Ministry and DGTD and remedial measures taken in this regard.

24. The Committee pointed out that information was supplied by the DGTD in December, 1975. DGTD took 10 months to supply the information which was available with them. They wanted to know why the information was given so late. The DGTD explained as under:—

"As I have already clarified, we gave the answer on 8th April, 1975. Thereafter, we were under the impression that the answer had been received. But then we got a reminder from the Ministry in July, 1975. We intimated the Ministry immediately, after 8 days of the receipt, that reply had been sent, and we sent a copy also of our reply. The Ministry, after they got our answer on 29th July asked us for further information to be provided on other aspects. That was on 7th August, 1975. We gave the information on that in December, 1975."

25. In reply to a question as to why full information was not asked for in the first instance, the Director, Drugs and Pharmaceuticals informed the Committee that the information desired was of a very detailed nature. DGTD gave all the details except in regard to parts (a) and (b).

26. The Committee then proceeded to examine the representatives with regard to the assurance given in reply to Unstarred Question No. 2146 on 4th March, 1975.

When the Committee enquired as to why this company did not submit their application in 1970 and why they were recommended COB licence after a delay of three years, the Director, Drugs and Pharmaceuticals replied as under:—

“There was a policy in 1966—70. Under that policy, companies were allowed manufacture in diversification provided certain conditions were fulfilled. In 1970, a policy was announced under which the companies had to secure COB licence if direct and indirect imports were involved. There were certain items which were produced within the country and were also being imported. The parties may be procuring some of these items from indigenous sources. In 1973, it was clarified by the ID Ministry that the items which are canalised would also be construed as imported material. Now, between 1970 and 1973, there was a change. It is that particular aspect which was under examination.”

27. The Committee noted that the extension of time was not asked within the stipulated period. The Committee were informed by the Integrated Financial Adviser of the Ministry of Chemicals and Fertilisers that the system of watching the fulfilment of these assurances had not been very satisfactory and that with the cell they had set up, they were trying to rectify the situation.

28. The Committee then took up the assurance arising out of the reply given to Unstarred Question No. 3808 on the 18th March, 1975 and noted that in this case also there was considerable delay in asking for extension of time. The Committee had gone through the note submitted by the Ministry and from the note it appeared that reference was made to the firm many times for furnishing the information. When asked, as to why information was not sought on all points in the first instance, the Director, Drugs and Pharmaceuticals stated as under:—

“Information which was sought from the company was complete right from the beginning and the party could not furnish information complete in all aspects because they said that the information sought was for a very long period, for the entire fourth plan period; the companies pleaded that they did not maintain all the records in complete shape for such a long period.”

29. The Committee then took up the assurance given in reply to Unstarred Question No. 7919 on 29th April, 1975. The Committee had noted that eight reminders were issued to DGTD in this case and desired to know the reasons for this state of affairs. The Director-General, Technical Development, clarified the position thus:—

“We do not appear to have received the Ministry's original letter dated 28-5-1975. The first reminder dated 1-7-75 was received on 5th July and we asked the Ministry on 14-7-75 to send us a copy of the question. But we received the second reminder dated 28 July, 1975 without that.

My plea is this. If they are at the same level, there should be no need for more than one reminder. If there is need for more than one reminder, the level must be raised immediately. We are incorporating it in the system; I have also issued instructions in my department that as soon as one reminder is issued, the level must be raised. In this case after a period of eight months or so, it was raised to the Industrial Adviser's level.”

30. The Committee desired that DGTD should go into this case thoroughly and find out the reasons as to why this matter was not attended to well in time and why the matter had to be dragged on by way of reminders. The DGTD should also find out whether there were any genuine difficulties in furnishing the required information.

31. The Committee also felt that some sort of action should be taken against the officers concerned as these were not ordinary lapses which could be overlooked.

(The witnesses then withdrew).

The Committee then adjourned.

MINUTES

Seventh Sitting

The Committee sat on Tuesday, the 21st September, 1976 from 1100 hours to 1220 hours.

PRESENT

1. Shri Virbhadra Singh—Chairman.

MEMBERS

2. Shri Virendra Agarwala
3. Shri Fatehsinghrao Gaekwad
4. Shri N. E. Horo
5. Shri Kinder Lal
6. Shri Inder J. Malhotra
7. Shri Bijoy Modak
8. Shri Sarjoo Pandey
9. Shri E. V. Vikhe Patil
10. Shri T. A. Patil
11. Shri K. Pradhani
12. Shri Mulki Raj Saini
13. Shri Ram Shekhar Prasad Singh
14. Shri R. G. Tiwari

SECRETARIAT

Shri S. N. Khanna—*Senior Examiner of Questions.*

Request from the Department of Parliamentary Affairs for dropping of an assurance given in reply to Starred Question No. 1156 on the 17th April, 1969 regarding constitution of a Film Council.

MEMORANDUM NO. 124

2. The Committee took up for consideration Memorandum No. 124.

The Committee had considered the request of the Government for dropping of this assurance *vide* paras 15—17 of their Twelfth

Report presented to the House on the 9th January, 1976. The Committee *vide* para 18 of that Report wanted to know the legal difficulties faced by the Government in introducing legislation for constituting a Film Council and desired to have further clarification from the Ministry of Information and Broadcasting in this connection before taking a decision in the matter.

The Department of Parliamentary Affairs *vide* their U.O. Note dated the 18th June, 1976 forwarded the following further clarification furnished by the Ministry of Information and Broadcasting and reiterated the earlier request for dropping of the assurance:—

“The main source of income to finance the proposed National Film Council was a proposal to levy a cess of 5 paise per cinema ticket. This was discussed with Ministry of Law and after thorough examination it was observed that it was not possible to impose any levy on cinema-goers or theatre owners as that would be construed as entertainment tax which is a State subject. Therefore, this Ministry had been finding it difficult to locate resources for financing the Film Council. Further this Ministry is of the opinion that it is no longer necessary to set up the National Film Council under the present circumstances. It is, therefore, requested that in view of the above; the assurance given in the Lok Sabha may please be dropped.”

After considering the matter in the light of the clarification furnished by the Ministry of Information and Broadcasting, the Committee agreed to drop the assurance. They, however, felt that the Government had taken unduly long time in examining the proposal for constituting a Film Council.

Request from the Department of Parliamentary Affairs for dropping of two assurances given in replies to supplementaries on Starred Question No. 186 on the 22nd March, 1976 regarding allotment of Government accommodations.

MEMORANDUM NO. 125

3. The Committee took up for consideration Memorandum No. 125.

The Committee perused the reasons advanced by Government for dropping of the two assurances. The Ministry of Works and Housing had stated in a note submitted to the Committee through the Department of Parliamentary Affairs, that the Minister of State for Works and Housing had given the information asked for by the

Hon. Members. The Minister had further stated that he had a list of different categories and if the Hon. Members wanted the information it could be furnished there and then. As the Members did not ask for the information, there was no occasion for the Minister to say anything further. The Ministry were of the opinion that the above replies of the Minister to the supplementaries did not constitute any assurance.

After some discussion, the Committee agreed to drop the two assurances.

Request from the Department of Parliamentary Affairs for dropping of an assurance given in reply to Unstarred Question No. 6556 on the 17th April, 1975 regarding disposal of letters from the Rehabilitation Employees Union of Dandakaranya Project.

MEMORANDUM NO. 126

4. The Committee took up for consideration Memorandum No. 126.

This assurance was reviewed by the Committee on Government Assurances along with other pending assurances of the Thirteenth Session of Fifth Lok Sabha at their sitting held on the 25th February, 1976. The Committee had *vide* their Sixteenth Report presented to Lok Sabha on the 19th May, 1976 observed as under:—

“An extension of time upto the 24th February, 1976 had been requested. As the period of extension was just over, the Committee decided to watch the implementation of the assurance”.

The Committee perused the reasons advanced by the Government for dropping of the above assurance. The Ministry of Supply and Rehabilitation (Department of Rehabilitation) had represented that in the absence of any separate records relating to the various communications received by them and the Dandakaranya Project from the Chairman and General Secretary of the Rehabilitation Employees Union, it had not been possible to collect any authentic information about the receipt of such communications and their disposal. It was, therefore not possible for them to implement the assurance. Accordingly, a request had been made for dropping of the assurance. The Committee considered all aspects of the matter and came to the conclusion that they could not agree to drop the assurance. They desired that Government should trace the records in question and implement the assurance as early as possible.

Request from the Department of Parliamentary Affairs for extension of time-limit for the implementation of certain assurances given during the various sessions of Fourth and Fifth Lok Sabha.

MEMORANDUM NO. 127

5. The Committee then took up for consideration various requests made by the Department of Parliamentary Affairs for the extension of time-limit for the implementation of 18 assurances given during the various sessions of Fourth and Fifth Lok Sabha as shown in the Annexure to these Minutes.

After examining the reasons advanced by the Ministries concerned, the Committee agreed in respect of assurances mentioned at Serial Nos. 1, 9, 10, 11; 13; 14; 15; 16; 17 and 18 of the Annexure to grant further extension of time for implementation of the assurances upto the period shown against the relevant item in column 4 thereof. The Committee desired that the Ministries concerned should implement the assurances by the extended dates and observed that no further extension of time would be granted.

In the case of assurances mentioned at Serial Nos. 2 to 8 and 12 of the Annexure which were pending for a long time without adequate reasons, the Committee decided to hear the representatives of the Ministries concerned in order to know the reasons in detail and the difficulties experienced by them in collecting the information for implementation of the assurances before considering the question of extension of time.

Observations made by the Committee in certain cases are shown in column 5 of the Annexure for compliance by the Ministries concerned.

The Committee then adjourned.

ANNEXURE

(Vide para 5 of Minutes of the Second Sitting)

Details of pending assurances for which the Departments of Parliamentary Affairs have requested for extension of time and recommendations of the Committees thereon.

Sl. No.	Particulars of Assurance	Reasons for asking extension	Extension granted by the Committee up to	Observations/Recommendations of the Committee
1	2	3	4	5
1	Supplementaries on SQ. No. 813 dated 6-4-70 by Sarveshri K. Lakshappa, Pilloo Moody and Kanwarlal Gupta re : hospitality offers received by officers of Finance Ministry from abroad for their sons. (Finance)	As already indicated, the case has been referred to the Department of Personnel & Administrative Reforms for obtaining the advice of the Central Vigilance Commission. This advice is yet awaited. This Department had therefore, to seek under these unavoidable circumstances, further extension of time upto the 30th September, 1976 (Note from DPA dt. 13-7-1976)	30-9-1976	While agreeing to grant further extension of time upto the 30th September, 1976, the Committee observed that no further extension would be granted.
2	USQ. No. 9495 dated 13-5-70 by Sarveshri Suraj Bhan and Yajna Dutt Sharma re: Report of Tariff Commission on pricing of viscose filament yarn. (Commerce)	It has not been possible for Government to take a final view on the various reports of the Tariff Commission. In the circumstances, it will not be possible to fulfil the above assurance by 31st August, 1976. It is felt that it will take a couple of months more to take a final view in the matter. (Note from DPA dt. 3-9-76)		The Ministry had requested for further extension of time upto the 31st October, 1976. The Committee decided to hear the representatives of the Ministry of Commerce in the first instance in order to know the reasons in detail for delay in implementation of the assurance.

1	2	3	4	5
3	USQ. No. 4004 dated 26-8-70 by Shri Mangalabhusman re: price of rayon yarn. (Commerce)	It has not been possible for Government to take a final view on the various reports of the Tariff Commission. In the circumstances, it will not be possible to fulfil the above assurance by 31st August, 1976. It is felt that it will take a couple of months more to take a final view in the matter. (Note from DPA dt. 3-9-76)	..	The Ministry had requested for further extension of time upon the 31st October, 1976. The Commission decided to hear the representatives of the Ministry of Commerce in the first instance in order to know the reasons in detail for delay in implementation of the assurance.
4	US. No. 2460 dated 30-6-71 by Sarvaswathi N.K. Sanghi, Jyotirmoy Bose and Sat Pal Kapur re: Tariff Commission Report on Nylon Yarn prices. (Commerce)	Do.	..	Do.
5	USQ. No. 2252 dated 30-11-71 by Shri H.K.L. Bhagat re: revision of prices of Rayon Filament yarn. (Commerce)	Do.	..	Do.
6	USQ. No. 6324 dated 16-5-72 by Shri G.Y. Krishnan re: pricing formula for Rayon/Nylon Yarn (Commerce)	Do.	..	Do.
7	Supplementary by Shri. Vasant Sathe during Calling Attention discussion on 30-7-73 re: reported hundred per cent increase in the price of nylon and artificial yarn. (Commerce)	It has not been possible for Government to take a final view on the various reports of the Tariff Commission. In the circumstances, it will not be possible to fulfil the above assurance by 31st August, 1976. It is felt that it will take a couple of months more to take a final view in the matter. (Note from DPA dt. 3-9-76)	..	Do.
8	USQ. No. 1453 dated 21-11-73 by Shri N. K. Sanghi re: dispensing with fo-	The question regarding fulfilment of the assurance is to be examined by the	..	The period of further extension asked for by the Government upto the 15th

reign collaboration in Technology.
(Science & Technology)

Department in consultation with the Ministry of Finance and the Department of Industrial Development and this matter is under active consideration. The final decision in this behalf would still take some more time.
(Note from DPA dt. 4-8-76)

The finalisation of reply on this pending assurance is likely to take some more time.
(Note from DPA dt. 21-6-76)

30-9-76

9 USQ. No. 4269 dated 22-3-74 by Shri Jyotirmoy Bosa re: evasion of taxes by companies under the Directors of Maruti Ltd. (Finance)

10 USQ. No. 8337 dated 26-4-74 by Sarva Shri Jagannathrao Joshi and A.B. Wajpayee re: import licences issued to Directors and shareholders of Maruti Ltd. (Commerce)

Do.

The matter with regard to the fulfilment of this assurance is still under consideration. It is likely to take some more time.
(Note from DPA dt. 6-9-76)

31-5-77

11 USQ. No. 8611 dated 29-4-74 by Shri Bhikshu Singh Rao re: Report on Cow Protection Committee. (Agriculture and Irrigation)

Do.

The term of the Committee on Cow protection has been extended up to 31-5-1977, by which date the Committee is expected to submit its report. (Note from DPA dt. 23-6-76)

12 USQ. No. 910 dated 18-11-74 by Shri Sukhdeo Prasad Verma re: Foreign Scholarships India in 1973-74. (Education, Social Welfare & Culture)

—

The requisite information is still to be received from the Department of Science & Technology, who are collecting it from the concerned institutions under them. The Department has furnished information from some of the institution and has intimated that information from the remaining institutions will be sent shortly (Note from DPA dt. 13-9-76)

September, 1976 was already over. As the assurance was given on the 21st November, 1973 and seven extensions of time had formerly been granted, the Committee decided to hear the representatives of the Department of Science and Technology in order to know the reasons in detail for delay in implementation of the assurance.

While agreeing to grant further extension of time upto the 30th September, 1976, the Committee observed that no further extension would be granted.

Do.

The Ministry had requested for further extension of time upto the 30th October, 1976. As the assurance was pending for a long time and six extensions of time had already been granted, the Committee decided to hear the representatives of the Ministry of Education, Social Welfare and Culture in order to know the reasons in detail for delay in implementation of the assurance.

1	2	3	4	5
13.	USQ. No. 4228 dated 12-12-74 by Shri Mulki Raj Saini re. Hospitals run by religious organisations in the country. (Health & Family Planning).	The part information was laid on the table of the Lok Sabha on 12-8-76. The information from the Government of West Bengal is still awaited. They have been reminded telegraphically. (Note from DPA dt. 6-9-76).	31-10-76	While agreeing to grant further extension of time upto the 30th October, 1976, as asked for by the Government, the Committee observed that no further extension would be granted.
14.	USQ. No. 833 dated 24-2-75 by Sardar Mohinder Singh Gill re: distribution of land during Silver Jubilee year of Bhodan Movement. (Agriculture and Irrigation)	The information required for fulfilling the assurance has not yet been received from some of the State Governments. It would take some more time to collect the information. (Note from DPA dt. 28-6-76)	30-9-76	While agreeing to grant further extension of time upto 30th September, 1976, as asked for by the Government, the Committee observed that no further extension would be granted.
15.	USQ. No. 1004 dated the 25-2-75 by Shri Bhajjibhai Rawjibhai Parmar re: Licences issued to foreign firms during Fourth Plan. (Chemicals & Fertilizers)	It will take some more time to collect the necessary data from the concerned firms/ Departments etc. (Note from DPA dt. 6-9-76)	30-9-76	Do.
16.	USQ. No. 5135 dated 7-4-75 by Shri Mulki Raj Saini re: assistance to Bharat Sewak Samaj. (Agriculture and Irrigation).	The part information was laid on the Table of the Lok Sabha on 11-3-76. The information in respect of Andhra Pradesh and Jammu & Kashmir is still awaited whereas the information in respect of other States has been received. The defaulting State Governments have been reminded. (Note from DPA dt. 6-9-76).	31-10-76	While agreeing to grant further extension of time upto the 31st October, 1976, the Committee observed that no further extension would be granted.
17.	USQ. No. 6242 dated 15-4-75 by Sarvatri Khemchandbhai Chavda and Virbhadra Singh regarding original equity of Foreign Drug Manufacturers having more than 26% foreign equity. (Chemicals & Fertilizers)	It will take some more time to collect the necessary data from the concerned firms/ Departments etc. (Note from DPA dt. 25-8-76).	30-10-76	While agreeing to grant further extension of time upto the 30th October, 1976, the Committee observed that no further extension would be granted.

While agreeing to grant further extension of time upto the 5th November, 1976, the Committee observed that no further extension would be granted.

5-11-76

The Department of Rural Development have reminded the Central Bharat Sewak Samaj from time to time even at demi official level. The Samaj has so far supplied information in respect of 13 States and yet to furnish for 6 States. The Bharat Sewak Samaj has intimated that information with regard to the remaining State units will be expeditied in due course. In view of the position explained it is clear that complete information from the Central Bharat Sewak Samaj is still awaited and therefore the Department of Rural Development see that assurance is not capable of being fulfilled immediately. Steps have, however, been taken to fulfil this assurance partly on the basis of the available information. (Note from DPA dt. 7-8-76).

18. USQ. No. 8560 dated 5-5-75 by Shri Mulki Raj Saini re: Schemes run by Bharat Sewak Samaj (Agriculture and Irrigation)

MINUTES

Eighth Sitting

The Committee sat on Monday, the 18th October 1976 from 11.00 hours to 11.40 hours.

PRESENT

Shri Mulki Raj Saini—*in the Chair*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Kinder Lal
4. Shri Bijoy Modak
5. Shri Sarjoo Pandey
6. Shri T. A. Patil
7. Shri K. Pradhani
8. Shri Ram Shekhar Prasad Singh

SECRETARIAT

Shri K. D. Chatterjee—*Chief Examiner of Questions*

Shri S. N. Khanna—*Senior Examiner of Questions*

2. In the absence of the Chairman, the Committee chose Shri Mulki Raj Saini to act as the Chairman for the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee considered their draft Eighteenth Report and adopted the same with minor modifications.

4. Under proviso to sub-rule (3) of Rule 277 of the Rules of Procedure, the Committee chose the acting Chairman to sign the report on behalf of the Committee.

5. The Committee authorised the acting Chairman, and in his absence, Shri Virendra Agarwala to present the Report on Wednesday, the 27th October, 1976.

The Committee then adjourned.

APPENDIX I

(Vide para 10 of the Report)

LOK SABHA

Unstarred Question No. 1146 answered on the 25th February, 1975

Formulations manufactured by Foreign Drug Firms

1146. SHRI KHEMCHAND BHAI CHAVDA:

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

(a) the total number of formulations licensed to foreign drug manufacturing units with more than 26 per cent foreign equity in our country; and

(b) how many of them are not manufactured by them; the names of the formulations and their uses?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) and (b). Information is being collected and will be laid on the Table of the House.

APPENDIX II

(Vide para 14 of the Report)

LOK SABHA

Unstarred Question No. 3846 answered on the 18th March, 1975

Original and present equity of foreign drug firms

3846. SHRI BHALJIBHAI RAVJIBHAI PARMAR:

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

(a) What is the original and present equity-foreign, direct and indirect, bonus shares, issued, if any, equity issued for other considerations, subscribed capital of the foreign drug manufacturing firms with equity between 40-50 per cent and what are the repatriations made by these firms during the last three years on the basis of this equity;

(b) what is the authorised capital, preferential and ordinary, issued capital, preferential and ordinary, foreign holdings (direct and indirect) sales, turn-over, net profits including taxes for this period;

(c) how many industrial licences, no objection letters and permission letters were approved/rejected to these firms during last three years; and

(d) what is the production of bulk drugs, item-wise, firm-wise with value for this period, separately for each year?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) and (b). A statement* furnishing to the extent available in respect of companies having foreign equity of 40 to 50 per cent is laid on the Table of the House. [Placed in Library. See No. LT-9224/75].

* Statement not reproduced.

(c) Details of industrial licences granted and the applications rejected during the last three years upto December, 1974 are given in the attached statement.* No permission/objection letter was granted to these companies during the said period.

(d) Information is being collected and will be laid on the Table of the House.

APPENDIX III

(Vide para 17 of the Report)

LOK SABHA

Unstarred Question No. 3794 answered on the 18th March, 1975

Initial equity participation by Principals in M/s. Laderlay Laboratories and other Drug Firms

3794. SHRI PRASANNBHAI MEHTA:

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

(a) what was the initial equity participation in M/s. Laderlay Laboratories, Boots, B.D.H., Dumex Private Limited, Pfizers and Cyanamid by their principals:

(b) the main features of the agreements entered into between the principals and the above firms, firm-wise;

(c) what were the items of manufacture envisaged initially by these firms and what are the changes made afterwards; and

(d) whether the agreement was approved by the Foreign Investment Board and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) Details of each company are indicated below:—

S. No.	Name of the Company	Original equity
		(Rs.)
1.	M/s. Laderlay Laboratories (Cyanamid India Ltd.)	1,50,200 [For cyanamid (I) Ltd.]
2.	Boots Company India Ltd.	10,00,000
3.	B.D.H. [Since merged with Glaxo Laboratories (I) Ltd.]	1,50,000 (For Glaxo Laboratories (India) Ltd.)
4.	Dumex Pvt. Ltd.....NA.....(Since merged with pfizer)	
5.	Pfizer Ltd.	2,00,000
6.	Cyanamid (India) Ltd.	1,50,200

(b) to (d) . Information is being collected and will be laid on the Table of the House.

APPENDIX IV

(Vide para 24 of the Report)

LOK SABHA

Unstarred Question No. 4696 answered on the 25th March, 1975

Profits earned by certain Foreign Drug Firms in 1972

4696. SHRI SOMCHAND SOLANKI:

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

(a) whether M/s Sandoz, Burroughs Wellcome, Bayer, Searle and Warner Hindustan earned a profit of 23.88 per cent, 18.80 per cent, 17.49 per cent, 18.75 per cent and 15.80 per cent respectively during the year 1972;

(b) whether earning of more than 15 per cent profit amounts to flouting the Drug Price Control Order, 1970; and

(c) if so, action taken against these firms?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) Details of overall profit earned by each company are given below:—

S. No.	Name of the Company	Turnover (1971-72) Rs. Lakhs	Profits (1972-73) Rs. Lakhs	% of col- umn 4 to col- umn 3
1	Sandoz (India) Ltd.	1006.56 *(12/71)	92.38	9.1
2	Burroughs Wellcome & Co. (I) Ltd.	321.52 *(8/71)	55.69	17.3
3	Bayer (India) Ltd.	1050.95 *(11/71)	159.60	15.2
4	Searle (India) Ltd.	107.73 *(12/71)	17.51	16.3
5	Warner Hindustan Ltd.	521.89 (as given by the Co.)	76.01	14.56

*(indicate the end of accounting year)

(b) and (c). Para 14(i) (iv) of the Drugs (Price Control) Order, 1970 provides that in case of actual gross profit before tax for any particular year in respect of drug activity as shown in the audited accounts of the manufacturer, or importer exceeds 15 per cent of the sales turnover of the year, as certified by the auditor, the excess shall be funded separately and shall not be utilised for distribution of dividends and shall be utilized with the prior approval of the Central Government, for any of the following purposes, namely:—

- (a) research and development expenditure;
- (b) adjustments against future profits or losses; and
- (c) such other purposes as may be specified by the Central Government from time to time.

Information whether the gross profits before tax on drug activity exceeded 15 per cent and whether such profits were funded separately under the said provision of the Drugs (Price Control) Order, 1970 is being collected and will be laid on the Table of the House.

APPENDIX V

(Vide para 27 of the Report)

LOK SABHA

Unstarred Question No. 7919 answered on the 29th April, 1975

Increasing Production Capacities by Drug Firms

7919. SHRI VAYALAR RAVI:

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

(a) the number and names of drug firms which have increased their production capacities during the last three years; and

(b) the broad outlines of cases wherein they have been regularised and the actions taken against the non-regularised units?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) and (b). The information regarding additions made by various drug firms in the organised sector to their production capacities during the last three years is being collected and will be laid on the Table of the House. The question of excess production of drugs will be examined in the light of recommendations contained in the report submitted by Hathi Committee on 6th April, 1975,

APPENDIX VI

(Vide para 35 of the Report)

LOK SABHA

Unstarred Question No. 7262 answered on the 22nd April, 1975

Profits of Foreign Drugs Companies and their production

7262. SHRI N. K. SANGHI:

SHRI MADHU DANDAVATE:

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

(a) the total profit the country has made through the export of drugs manufactured by the foreign drug companies and the profits the companies themselves have made through their sale in the country during the last three years;

(b) whether some of the foreign owned companies are producing medicines to a capacity which has not been authorised by Government and even in some cases they have been found producing sub-standard medicines; and

(c) if so, the names of such companies who have been detected indulging in such activities during the last three years and the nature of steps taken against them?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) No separate details of profits earned by foreign companies on exports and internal sales are available. However, details of total profits earned by foreign companies during the last three years have already been furnished in reply to Lok Sabha Unstarred Question No. 4774 answered on the 25th March, 1975.

(b) and (c). Information is being collected and will be laid on the Table of the House.

APPENDIX VII

(Vide para 38 of the Report)

LOK SABHA

Unstarred Question No. 8678 answered on the 6th May, 1975

Manufacture of Products without approval by M/s. Glaxo . . Laboratories

8678. SHRI NANUBHAI N. PATEL:

Will the Minister of PETROLEUM AND CHEMICALS be pleased to refer to the reply given to Unstarred Question No. 5366 on 8th April, 1975 regarding irregularities committed by M/s. Glaxo Laboratories (India) Limited and state:

(a) whether the information given by his Ministry is not correct;

(b) if so, whether M/s. Glaxo Laboratories (I) Limited are manufacturing a number of products without any approval/industrial licence and resorting to over-invoicing/under-invoicing;

(c) if so, whether Government propose to take penal action against this firm for violating the rules and regulations of this country for heavy repatriation abroad; and

(d) if not, the reasons therefor?

ANSWER

THE DEPUTY MINISTER IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI C. P. MAJHI):

(a) to (d). Information is being collected and will be laid on the Table of the House.

APPENDIX VIII

(Vide para 39 of the Report)

LOK SABHA

Unstarred Question No. 3803 answered on the 18th March, 1975

Canalised Items of Drugs Imported by STC

3803. SHRI SOMCHAND SOLANKI:

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

(a) what are the canalised items of drugs and pharmaceutical imported by STC during the Fourth Five Year Plan, item-wise, quantity, CIF prices and the prices at which they were sold;

(b) whether in a number of cases STC flouted the rules and regulations, charged high prices of their last imports and made huge profits; and

(c) what steps Government propose to take to help the consumers in cases where fabulous prices were charged by STC and what action is proposed to be taken against the officials responsible?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH):

(a) to (c): The information is being collected and will be laid on the Table of the Sabha.