

**Capacity Building and Training Workshop**

***Identifying Elements of Business Responsibility in  
Pharmaceutical Sector in India***

*Ahmedabad, April 04-05, 2013*

**Organised by: CUTS International**

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## **1. Background**

1.1 Consumer Unity & Trust Society (CUTS) is implementing a project entitled, ‘Exploring the Interplay between Business Regulation and Corporate Conduct’ in four states of India including Himachal Pradesh, Gujarat, West Bengal and Andhra Pradesh. The preliminary findings of the project in the four states suggest that there is huge gap in the understanding and practice of responsible behaviour among pharmaceutical firms when analysed from the perspectives of their behaviour in the market place, workplace, communities and the environment.

1.2 As part of its capacity building initiative, CUTS organised a two-day workshop at Ahmedabad, Gujarat on April 04-05, 2013 with managers of pharmaceutical firms from various states in order to understand their perspectives and make an effort to develop a rough roadmap for promoting responsible pharmaceutical sector at the state level.

## **2. Objective of the Workshop**

2.1 The main objective of the workshop was to promote better understanding of business responsibility among stakeholders from pharmaceutical sector. The workshop was intended to be a technical assistance activity and a forum for exchange of practices prevailing in the pharmaceutical industry. More than 20 participants from four different states participated in the workshop.

## **3. Scope of the Training Workshop**

3.1 The training workshop broadly covered the following issues:

- Fundamental difference between Corporate Social Responsibility (CSR) and Business Responsibility
- National Voluntary Guidelines (NVGs) and its operationalisation in the sector
- Good practices and current approaches for quality improvement by pharmaceutical firms
- Quality of the practice of improving environmental performance of pharmaceutical firms
- Way forward for promoting business responsibility in pharmaceutical sector

## PROCEEDINGS

### Day 1

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#### **4. Inaugural Session**

4.1 The session started with **Rijit Sengupta** welcoming all the participants in the workshop. He extended his gratitude towards representative of pharmaceutical firms for taking time out from their busy schedule to attend the workshop and briefly introduced CUTS to the audience.

4.2 Participants were informed that the focus of workshop will be specifically on the two crucial determinant of responsible business conduct which includes the consumer interface of the pharmaceutical sector and the environmental impact of pharmaceutical firms. He stressed on the need for such sensitising programmes and urged participants to extract maximum benefit out of the workshop.

4.3 **Neha Kumar, GIZ India** started by emphasizing that it is very important for pharma firms to identify gaps which are causing difficulties for them in becoming responsible business citizens. She said that engaging with regulators is crucial factors that could determine business responsibility from the part of pharmaceutical firms. She informed participants about National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVG) launched by IICA 2011. NVGs are stepwise procedure to develop the element of responsibility towards society, among various sectors. She also stressed upon the need for firms to recognize real issue and accordingly develop strategy to deal with them.

4.4 Rijit Sengupta added to thoughts shared by Neha Kumar. He mentioned the fact that there is lack of clarity among firms regarding difference between Corporate Social Responsibility (CSR) and Business Responsibility (BR). So first of all it is imperative for firms to understand the difference.

4.5 The floor was then transferred to **KU Mistry, Chairman, Gujarat Pollution Control Board**. He said that CSR should be statutory duty of all the companies. He further stressed upon the fact that pharmaceutical companies have huge environmental impact and it is very important for government to ensure strict enforcement of rules and regulation in order to minimize these effects.

4.6 He further raised the point that all of us know that what is wrong but seldom anyone takes step to curb unethical practices and factors leading to such situation. He said that firm should voluntarily come forward to help government in improving the overall situation.

## **5. Session I: Fundamental Difference between Corporate Social Responsibility (CSR) and Business Responsibility (BR)**

5.1 The session was taken up by Rijit Sengupta. He gave a detailed presentation on what is the basic difference between corporate social responsibility and business responsibility. The presentation was started with a video to the audience in which NR Narayan Murthy has given his views on business responsibility. He further explained history related to business responsibility in India. India has always promoted business responsibility and it is ingrained in the Indian tradition of doing business. He discussed about different definition of CSR and various phases of CSR implemented in India.

5.2 Subsequently he discussed about recent development regarding CSR in India. Rijit explained the difference between Individual Philanthropy, Corporate Philanthropy and Business Responsibility.

## **6. Session II: National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs) and its Operationalization in Pharmaceutical Sector**

6.1 Neha Kumar gave a detailed presentation on NVGs launched by Ministry of Corporate Affairs in June, 2011. She started with discussing the context behind need for NVGs for ensuring responsible conduct from the part of businesses in India. She tried to highlight the changing mindset of business towards business responsibility. The concept of triple bottom line has gained popularity in recent times. She emphasized that it is time for businesses to realize that they must give equal importance to being competitive and at the same time responsible towards society. Audiences were informed about NVG and its 9 principles and 48 core elements. All these principles are very important for corporate bodies for ensuring responsible conduct from their part. Towards the end, she discussed about challenges and opportunities regarding adoption of NVGs in pharmaceutical sector.

## **7. Session III: Environmental Implication of Pharmaceutical Firms & Way Forward**

7.1 Next session was on Environmental Impact of Pharmaceutical Firms, by **Mr Shridhar Rajpurohit**. He started discussion by informing participants about the sources of hazards in pharma industry i.e. manufacturing and formulation installations, handling and storage of hazardous chemicals including warehouses, godowns, tank farms in ports/fuel depots/docks, transportation (road, rail, air, water, pipelines), Emission of pollutants – the air pollutants include carbon monoxide (CO), etc. Participants were informed about various types of hazardous waste, most common environmental hazards by pharma firms.

7.2 Further, his presentation dealt with the various regulations at the national and state level regarding control of environmental hazards caused by pharmaceutical firms. Existing gaps and concerns related to regulations leading to poor environmental performance of pharmaceutical firms were also highlighted. He then, highlighted some of the good practices by pharma firms such as training to employees / contractors, documentation, recording, self-inspections /audits, display of various environment educative posters, tool box talks at shop floors, adoption of GMP, consider ISO -14001 –EMS for continual improvement etc. Participants were informed about expected role of key actors such as central and state government, central and state pollution control boards, drug controller at national and state level, pharmaceutical associations, consumers, citizen groups etc. in managing the waste coming out from pharmaceutical firms.

## Day II

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### **8. Session IV: Improving the Consumer Interface of Pharmaceutical Sector in India**

8.1 Day two of the workshop started with session on Improving the Consumer Interface of Pharmaceutical Sector in India by **Prof. Viswanath Pingali from Indian Institute of Management, Ahmedabad**. He initiated the discussion by giving brief history of pharmaceutical industry in India. In the last decade or so, Industry has witnessed tremendous growth rate of 10-15 percent per year. Indian pharma industry is ranked third in terms of volume and tenth in terms of value and is expected to reach \$25 billion by 2015 and \$50 billion by 2020.

8.2 Discussing about key drivers for future growth, he mentioned that improved affordability, life-style disorders, patent expiry of pharmaceutical products etc. will play very important role in this regards. Further he informed about existing regulatory framework for pharmaceutical industry in India. He went on to deal with topics such as intellectual property: India and the US, pricing in India, good manufacturing practices, deficiencies in the framework etc.

8.3 Subsequently he discussed about consumer interface of pharmaceutical industry. Dealing with this very aspect he tried to highlight issues such as rational use of drugs, understanding detailing broadly, detailing to doctors, direct to consumer advertising etc. He elaborated each topic separately so as to establish their impact on consumer interface of pharma industry.

### **9. Session V: Write shop**

9.1 In order to work closely with pharmaceutical firms from various states and also to understand their perspectives and make an effort to develop a rough roadmap for promoting responsible pharmaceutical sector at the state level, participants were given an exercise called Write shop during session V of the workshop. The session was moderated by **Bimal Arora** from GIZ India.

## 9.2 Method

- Participants were divided into 3 sub-groups
- Each sub-group was provided with flash cards (of 5 different colours and shape) and a soft board with the following matrix inscribed on the soft board

		STAKEHOLDERS				
		State Government	State Level Regulators	Firms	Sectoral Associations	NGOs, Academicians
Desirable Actions						
Challenges						
Way Forward						

- Each group filled-up the cells in this matrix using the flash cards (each colour of flash card representing each of the above-mentioned 5 stakeholders) to suggest – (a) What desirable actions they think each of these stakeholders should initiate at their levels; (b) What are the current and practical challenges that will/might hamper taking these desirable actions; and (c) What could be possible ways in which each of these challenges can be addressed? The groups had 45 minutes to complete this task.
- After filling the matrix, each of them gave a presentation in about 15mins of what they have prepared.
- This was followed by floor discussions, and inputs by experts/resource persons, so that a rough outline of a common blue-print for developing responsible pharmaceutical sector at the state-level can be synthesised.

## **10. Closing**

10.1 Vikash Batham concluded the session by stressing upon the need for preparing roadmap for complete adoption of business responsibility. In his vote of thanks, he expressed his sincere gratitude towards all the participants and members of the panel for their erudite views regarding business responsibility in pharmaceutical sector.