

**State Inception Meeting (West Bengal)**  
**Exploring the interplay between business regulation and corporate conduct**  
**in India (BRCC project)**  
**Kolkata, 20 April 2012**

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## **1. Background**

1.1 The **BRCC project** ([www.cuts-ccier.org/BRCC](http://www.cuts-ccier.org/BRCC)) has been initiated to examine the existing relationship between business regulations and corporate conduct in India, by assessing the state of play in two sectors – pharmaceutical and private healthcare. **CUTS International** is implementing this project in association with the Norwegian Institute of International Affairs (NUPI), Norway and the initiative is being supported by the Ministry of Foreign Affairs (Norway) through the Royal Norwegian Embassy, India.

1.2 The BRCC Project will delve into the interplay between business regulation and corporate conduct and raise awareness thereof in the country across relevant stakeholders. The project goal is to stimulate better business to achieve sustainable development objectives in India. In more specific terms, the project will try to address the regulatory and operational constraints faced by businesses, motivate firms to adopt ‘responsible’ corporate conduct and in the process evolve a policy discourse between business community and policymakers to facilitate a policy environment that promotes business development in a sustainable manner.

1.3 The project is being operationalised by undertaking research to comprehend business regulations at the national and state levels in the above-mentioned two sectors, and find ways to best motivate corporate entities to emerge as champions of responsible conduct. The project learning and evidence will be utilised for larger sharing, capacity building and advocacy actions at state and the national levels.

1.4 Presently field research is being undertaken in all the four focus states (**Andhra Pradesh, Gujarat, Himachal Pradesh and West Bengal**) to gather ground realities and perceptions of different stakeholder groups for both these sectors. This will be followed by state level focus group dialogues and national policy forum and ultimately capacity building of relevant stakeholders towards ‘Optimum Regulation’ for both the sectors.

## **2. Proceedings**

2.1 **CUTS Calcutta Resource Centre (CUTS CRC)**, who are partnering CUTS International’s for the implementation of BRCC project in the state of West Bengal organised a State Inception

Meeting (SIM) on 20<sup>th</sup> of April 2012 in Kolkata, to share the outline of this project and what it aims to achieve in the state and the national level. The purpose of meeting was also to discuss the research outline and details of the field survey to be undertaken in the state and get inputs from relevant state level stakeholders. The meeting drew over 20 key participants from various institutions. A list of participants is provided in Annexure I.

2.2 The meeting started with **Keya Ghosh**, Centre Head, CUTS CRC, welcoming all participants. She started the discussion with a brief introduction of the BRCC project and also provided an overview of the rationale for undertaking this particular initiative. She further added that role of regulation is very important to ensure responsible business conduct, as is evident from the literature. She introduced CUTS as an organisation and the kind of work it has been involved with for the past 30 years. She said that CUTS mostly undertakes research based advocacy towards evolving/contributing towards pro-people policy regime.

2.3 **Rijit Sengupta**, representing CUTS International, highlighted the ever increasing importance of private sector in achieving an inclusive growth in the country. He said that this could be achieved only through a proper and optimum regulatory framework that has participation and ownership of both private sector and government. He went on to add that the BRCC project aims at investigating the present regulatory instruments related to private healthcare and pharmaceutical sectors to understand the extent to which these are apt in ensuring responsible business conduct in the country and also at the state levels. One of the purposes of looking at a number of states is also to study whatever divergences emerge from the investigations – both related to the enforcement of relevant regulation and their ultimate outcome vis-à-vis corporate conduct.

2.4 He touched upon the issue of Corporate Social Responsibility (CSR) and argued that the present concept of CSR is sometimes misleading in certain ways. He observed that more often than not CSR initiatives are brand building exercises by corporate that end up contributing precious little in terms of actual benefits towards society, on a long-term, sustainable basis. He opined that instead of such attempts at CSR mostly from a PR perspective, it may be more helpful if businesses were to design and implement their core processes of production, distribution and marketing in a way that it exhibits a continuous commitment to responsible conduct from a sustainable development perspective. Therefore, in present times a much more inward looking approach to promoting business responsibility is critical than looking outwards. On this note, he informed the house that the Ministry of Corporate Affairs, Government of India has recently introduced the *National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)* in July 2011. He said that CUTS, through BRCC project, will analyse the issues pertaining to adherence of this guideline and the possible

impediments in that process. The ultimate aim would be to facilitate the process for businesses to move towards adoption of the NVGs.

**2.5 Gautam Majumdar, Senior Consultant, Department of Health and Family Welfare, Government of West Bengal** congratulated CUTS for taking up this issue and said that the project is probably the first initiative of its kind in the state. He shared some of the progressive steps that have been initiated by the state government in partnership with private players in the healthcare sector. He said that public-private-partnership is crucial for healthcare sector to effectively cater to the needs of the people in the state (as has also been recommended in the High Level Expert Group Report, Planning Commission, 2012). He added that private healthcare sector has witnessed tremendous growth in the past few decades and this trend is expected to continue in the foreseeable future. He said that the business environment needs to evolve to promote 'ethical consumerism', which in the current context can be an extremely key aspect of business responsibility. In this context he said that it is important for both businesses and consumers to understand relevant regulations for an effective and responsible health service delivery regime that meets consumers' needs and safeguards their interest. He opined that firms also stand to gain by adopting sustainable business practices since it will ultimately help them meet their long term goals and address some of the challenges. He also shared some of the new initiatives taken by the Government in the healthcare sector..

**2.6 Krishnangshu Roy, Director, School of Tropical Medicine, Kolkata,** shared his experience of working with CUTS way back in 1993-94. He said that he had done prescription analysis under that assignment to find that doctors were not being rational while prescribing medicine to patients. He observed (from his own experience in the sector) that unfortunately, the situation has not changed much since then and there is a need to closely examine this issue. He said that it is disappointing to note the irresponsible and irrational behaviour of doctors who prescribe branded drugs to their patients even when generics (and/or low cost substitutes) are easily available in the market. He said that lack of knowledge about Standard Treatment Protocol, Rational Use of Drugs, Generic Drugs etc. among doctors is also a reason behind the present situation. He added that there has to be some mechanism to monitor the overall conduct of doctors while treating patients. He also mentioned that government has to look after proper implementation of regulations to improve the existing situation. In this context he said that the CUTS project is opportune and will help in creating an environment for the discussion on this issue. He added that it is important to first identify and analyse the factors behind failure of existing policies to ensure that future policies and regulations address the gaps.

**2.7 Tapash Gupta, Chief Engineer West Bengal Pollution Control Board,** was the next person to speak on the occasion. He started by highlighting the fact each one of us need to be responsible

towards the environment since it sustains and affects everybody; and overlooking issues relating to it might prove to be extremely dangerous for the whole society. He observed that environmental concerns are often overlooked by industries in their pursuit of maximising profits and hence the need for appropriate regulations to address and arrest the concerns that arise out of such lapses. In this context he emphasised the importance of third party monitoring/assessment of government initiatives and policies. He acknowledged the support and help from civil society organisations like CUTS in implementing and assessing the overall impact of initiatives taken by the government. He further shared that most of the pharmaceutical units in West Bengal are formulations with very few bulk drug manufacturers. He added that the West Bengal Pollution Control Board will provide necessary information/data to CUTS and extend all cooperation towards the project.

2.8 This was followed by presentations from **Prithviraj Nath, CUTS CRC**, and **Rijit Sengupta** that outlined the project objectives, goals etc., explained the research methodology and detailed the role envisaged for each stakeholder group. (Please refer to annexure II for presentations).

### **3. Post presentation Discussions:**

3.1 The presentations were mostly interactive that saw a lot of questions and inputs from the participants. One of the main issues that were discussed included Standard Treatment Protocol. **Malay Ganguly** from **People for Better Treatment** raised the concern regarding how to standardise treatment protocols since such protocols are different for different diseases and then again policies/structures followed differs from state to state from institution to institution. Reacting to his observation **Prof. Krishnangshu Roy** mentioned that West Bengal is a pioneer state in terms of coming out with Standard Treatment Protocols and that such protocols have now been put in place for primary diseases. He said that this protocol is binding on all state run health institutions. **Krishnendu Ghosh** from **The Synapse** pointed out that in many cases private institutions are having treatment protocols (contained in Standard Operating Procedures) of their own to which Roy replied that there is nothing that stops private institutions from doing that, however how much that conforms or tallies with the state certified protocol is unknown. He suggested that a comparative study of protocols in public and private healthcare facilities may be undertaken to this end spanning different states and institutions. Rijit Sengupta said on the basis of emerging facts (that suggested lack of communication between the Government and Medical/Hospital Associations while developing the STP) that one of the aims of this project is to highlight such process related problems (in addition to possible weaknesses in policies, rules, etc.). **Dr. Pinaki Banerjee** from Synapse pointed out that many Trust Hospitals, that combine the best of state run and corporate healthcare systems, have often proved to be champions of good practices.

3.2 **Shashanka Shekhar Dev** from **DISHA** pointed out that the retail pricing of medicine is very misleading at times and cited an instance when a discount of more than 50% was given on MRP. He opined that this points to the fact that MRPs do not reflect the true price and encourage the prevalence of cuts and commissions in the distribution chain. Recognising the importance of the pricing issue, Rijit Sengupta pointed out that the issue has been kept out of the scope of the present project since it is a huge issue in itself and all issues can not be tackled in one single project. He however added that the issue of pricing and inflated bills will be partially covered under the prescription analysis to be undertaken in the project.

3.3 On the issue of sampling and district selection **Ashish Ghosh**, CENDEV pointed out that Bardhaman, Durgapur (Bardhaman district) and Siliguri (Darjeeling district) needs to be included for the hospital survey since that will reach out to a greater geographical expanse and also because these two towns will be very relevant keeping in view the research objectives. Adding to his suggestion, **Tapas Gupta**, WBPCB, said that Kalyani (Nadia district) has one of the three bulk pharma manufacturing facility and should be looked into under the research.

3.4 **Sajal Roychoudhury**, former Director, Drug Control West Bengal, observed that West Bengal mostly has formulations and two or three bulk manufacturers, which would mean that for most of the pharmaceutical firms in the state the research problem regarding environmental impact is likely to be less relevant. **Sulagna Datta**, CDMU (CSO) observed that leaving out stockists and distributors out of the ambit of the survey will not help in bringing out the real picture regarding the marketing and distribution system in the pharmaceutical sector since these stakeholders have a major stake & control over the entire process. Prithviraj Nath suggested that though they can not be included in the survey, focus group discussions could be organised with them/their association to understand their stance and collate their inputs. It was also opined by most of the participants that collecting only 250 prescriptions for the prescription analysis will not bring out a representative picture of the state of affairs. It was then decided that 500 prescriptions will be collected for the analysis.

3.5 **Milan Chakraborty**, **Bengal Chemist and Druggist Association** shared some of the issues from their perspective. He said that one of the very important issues is that there is no regulation to ensure that transportation of medicines is done properly, especially in terms of maintaining the prescribed temperature (where necessary). He added that there is no way to understand whether the medicines have been damaged due to improper storage without proper temperature control while transporting and that good transporting practices need to be ensured for the sector. One more issue was the disposal of expired medicines and here again there are no guidelines allocating responsibilities to specific groups, he said. On the issue of

collection of prescriptions for analysis he opined that the retail chemist shops will be ideal to collect prescriptions and said the Bengal Chemist & Druggist Association can help out in this direction.

3.6 Some other related issues like health insurance related problems were also cited by some of the participants, though it was pointed out that some of the issues have been kept out of the scope of the project due to resource and time constraints.

4. In the last session **Rijit Sengupta** shared an outline for the State Level Reports that will be prepared for both Pharmaceutical and Healthcare sectors under the project and said that the idea is to prepare a report that can help as a ready reference for understanding of corporate conduct vis-à-vis business regulations in the state for these two sectors. In conclusion **Keya Ghosh** invited the participants to be part of the project Reference Group towards making the project successful and add value. She thanked everyone for the active participation and inputs which, she said will definitely help in furthering the BRCC work.

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