

**Report on Focus Group Dialogue (Himachal Pradesh)**  
**Exploring the interplay between business regulation and corporate conduct**  
**In India (BRCC project)**  
**Shimla, 31<sup>st</sup> August, 2012**

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## **1. Background**

1.1 The BRCC project ([www.cuts-ccier.org/BRCC](http://www.cuts-ccier.org/BRCC)) was initiated in 2011 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 has been implementing this project in association with the Norwegian Institute of International Affairs (NUPI), Norway with support from the Ministry of Foreign Affairs, Norway through the Royal Norwegian Embassy, India. Activities under the BRCC project (research and dialogues) are being implemented by local civil society organisations in four states of the country, viz. *Andhra Pradesh, Gujarat, Himachal Pradesh* and *West Bengal*.

1.2 The BRCC Project was envisaged with the goal to stimulate better business to achieve sustainable development objectives in India. In more specific terms, the project aims to promote ‘responsible business’ conduct in these sectors and evolve a policy discourse to facilitate an 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 (two sectors) that have implications for responsible business, and find ways to best motivate corporate entities to emerge as champions of responsible business conduct. The *National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Business* (NVGs), adopted by the Government of India (mid-2011) provides a framework that defines responsible business conduct (or business responsibilities) in the India context. The BRCC project research in the four states has been undertaken using the NVG as a framework to assess the current state of responsible business conduct in these sectors, identify the possible drivers of business responsibility and evolve a possible way forward for promoting better business in these states.

1.4 Focus Group Dialogues are being undertaken in the four states to share findings of the project with various state-level stakeholders. Findings from the states would then be shared with key players in the national policymaking circuit through a policy forum to be held on 8<sup>th</sup> October, 2012.

## **2. Proceedings**

2.1 CUTS and Gunjan Organisation for Community Development (GOCD) organised a State Level Focus Group Dialogue (FGD) on 31<sup>st</sup> August, 2012 in Shimla. The main objective behind this activity was to share the findings of field survey carried out under BRCC project and fine-tune the strategy to develop a roadmap for adoption of responsible way of doing business in consultation with various stakeholders in state. The meeting was inaugurated by the Chief

Secretary, Govt. of Himachal Pradesh, Shri Sudripto Roy, and drew over 35 participants from the various key state and non-state level institutions. Participants included, special guest, Shri Tikender Singh Panwar, Deputy Mayor of Shimla, member secretary of the Himachal Pradesh Pollution Control Board, Shri Sanjay Sood and other key stakeholders from the two sectors. Gayatri Subramaniam from the Indian Institute of Corporate Affairs (IICA) also spoke in the meeting.

2.2 **Mr. Daman Ahuja (Resource Person- GOCD)** initiated the proceedings by welcoming all the participants of the meeting, which included representatives from Local Government, State Pollution Control Board, Hospital Association, MR Association, doctors, academia, media etc. The meeting was attended by total of around 35 people. Kindly refer to **annexure I** for the list of participants.

2.3 Mr. Daman gave a brief description of BRCC project and motive behind organizing the meeting. He extended gratitude on behalf of GOCD towards CUTS for carrying out such a project in Himachal Pradesh that would help in creating environment for promoting business responsibility in state.

2.4 The floor was then transferred to **Mr. Rijit Sengupta, Associate Director, CUTS International and Regional Director Africa**. He took forward the discussion with introducing CUTS as an organisation and history regarding various interventions it has made in the past 3 decades. He also dealt with the rationale behind carrying out BRCC project and its relevance in present scenario. He said that recent trends in businesses in India have raised a big question mark over intention of business community in India. He mentioned the fact that often businesses in India have been found guilty of being involved into irresponsible conduct and completing ignoring their responsibility towards the society in which they are functioning. Taking this into account, he emphasized upon the need for promoting business responsibility at the state as well as at the national level. He further mentioned that it is imperative for various stakeholders to come together and start a discourse for creating enabling environment in order to promote business responsibility. He also emphasized upon the importance of regulators in ensuring responsible conduct from the part of business community in India. He said that collective effort is required from regulators and other stakeholders for improving the overall situation.

2.5 Further, he went on to describe the methodology adopted for the BRCC project and the sectors chosen for the entire study. He explained reason behind selecting the Pharmaceutical and Private Healthcare sector is that both the sectors have direct implication on public interest. He expressed his views regarding the expected outcome of the project. He said that overall findings of the project would help in identifying lacunas in existing regulatory regime leading to irresponsible conduct from the part of businesses in India and would also help in developing roadmap for promoting business responsibility. He mentioned that study would help in improving the overall status of healthcare services in state. He also took this opportunity to introduce NVGs to the participants present in the meeting. He added that NVGs have provided us with the framework for adopting responsible way of doing business.

2.6 The floor was then transferred to **Chief Secretary, Shri Roy**. He appreciated the effort being made by CUTS and Gunjan Organisation for Community Development for carrying out such a

project in the state, and raising a discourse on an important and contemporary subject of business regulation. He emphasized that it is very important to ensure regular interaction between the various stakeholders in order to develop adequate regulatory framework leading to responsible conduct from the businesses. He also showed concern over profit becoming main objective both for pharma and pvt.healthcare sector. He said that this has largely affected the delivery of healthcare services to common man in India.

2.7 Further, he raised issues regarding price and quality of drugs. He mentioned that cartelization within pharma and pvt. Healthcare sector has affected the accessibility and affordability of healthcare services in India. He emphasized upon the need for stringent law and regulation for overcoming these challenges in two sectors. He said that civil society has greater role to play in formation of optimal regulatory framework in order to ensure responsible conduct by businesses.

2.8 He mentioned that government should also take care of its social responsibility and try to address the existing drawbacks in system. According to him widespread inconsistencies in delivery mechanism has largely affected public interest.

2.9 He assured both Gunjan and CUTS of his personal attention to the findings of the project, and indicated that he would call a meeting of relevant actors once the report of this meeting was ready to discuss the necessary action points. He said that the Government would be happy to take note of the pointers for state policy and incorporate them, if they are do-able.

2.10 Further, **Gayatri Subramanyam**, who was representing Indian Institute of Corporate Affairs (IICA) in the meeting, provided a detailed presentation about the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs). She expressed her views regarding relevance of NVGs in present scenario and contribution it could make towards adoption of responsible conduct by businesses. She emphasized that NVGs are not prescriptive in nature rather they are based on practical examples which, if practiced, could help businesses to become responsible actors in society and would ensure that their every action results into sustainable growth and economic development.

2.11 She also explained the role IICA is playing in promoting responsible business in India. She said that IICA could be treated as bridge between Government and businesses, thus facilitating the process for developing adequate business policy leading to responsible conduct from the part of business community in the country. Kindly refer to **annexure II** for the presentation.

2.12 Following to this presentation Rijit Sengupta, explained the audience about how the 9 principles of NVGs have been incorporated in the Research Methodology of BRCC project. He mentioned that all the 48 core elements of NVGs have been juxtaposed and spread out which would help in providing a very clear basis for putting the NVGs into practice for two sectors.

2.13 Further, he tried to explain the audience about the fundamental difference between Corporate Social Responsibility (CSR) and the concept of Business Responsibility. He mentioned that there is lack of awareness among business community regarding responsible way of carrying out business activities and they often confuse it with the term CSR. Businesses undertake activities such as organizing blood donation camp, health camps, distributing free

medicines etc. and assume that their responsibility towards society has been fulfilled. So there is a requirement for paradigm shift for promoting business responsibility among business community.

2.14 He also talked about companies' bill which seeks to make it compulsory for companies to dedicate 2 per cent of the average 3 years' profits to be spent on CSR activities. He said that responsible way of carrying out business activities should be ingrained with CSR of the company and suggested that proposed 2 percent investment should be done in order to ensure responsible business conduct.

2.15 The floor was then transferred to **Mr. Ashutosh Kumar – Executive Director, GOCD**. He gave a detailed presentation on overall findings of the project, obtained through exhaustive field survey split into three stages. He started the presentation by giving basic information regarding BRCC project e.g. goal, objectives, sectoral focus, critical issues pertaining to the sectors, methodology adopted etc. Then he dealt with the major findings of all the three stages. Kindly refer to **Annexure III** for the presentation.

2.16 **Dr. Maria** who was representing the Private Hospitals Association in the meeting raised the issue of inadequate public healthcare system which has allowed private healthcare sector to grow in state. He acknowledged the fact that quality of healthcare sector has deteriorated in state and proper intervention is required to address the problem. He also discussed the issue regarding Clinical Establishment Bill, which according to him should be flexible in order to meet the requirements of different states.

2.17 He also discussed rational use of drugs during the meeting, which according to him is not being observed by most of the doctors as basic guidelines regarding these issues are not very clear at the grass-root level. He said that such topics require in-depth deliberation by various stakeholders. Further, he urged civil society to facilitate the process for effective implementation of regulation/guidelines leading to improved healthcare services in state.

2.18 Participants representing **MRs Associations (both Himachal Pradesh Medical Representatives Association and Himachal Medical Representatives Union)** in the meeting acknowledged ethical concerns regarding existing incentive structure between pharma and pvt. hospitals. According to them, pharmaceutical industry is mostly concerned about maximizing their profit and adopts all sorts of methods to enhance their sales. They also accepted the fact that due to job pressure they have to become part of such irresponsible conduct, often forced by the Pharma Association. Pharma Association was not present in the meeting

2.19 Associations raised the issue regarding high price of medicines and unavailability of generic drugs in market which has adversely affected the affordability of healthcare services for common people. They emphasized that price of drugs should be capped in order to improve the situation. They blamed price control authority (National Pharmaceutical Pricing Authority) for not taking appropriate steps for capping the price of drugs.

2.20 **Dr. VK Sood, Joint Director, Dept. of Health and Family Welfare**, stated that political commitment is required for promoting business responsibility in the state.

2.21 **Shri Tikender Singh Panwar, Deputy Mayor, Municipal Corporation, Shimla** was next person to speak on the occasion. He raised concern over profit becoming the driving force for both pharmaceutical and private healthcare sector. He blamed state government for not taking appropriate steps for curbing down unethical conduct being practiced in these two sectors. He emphasised upon the need for developing strict regulation for improving the situation.

2.22 He further stated that public healthcare system in Himachal Pradesh has deteriorated in the past few decades and this could be attributed to lack of proactiveness from the part of government towards meeting public interest.

### 3. Post-Lunch Session

3.1 Second half of the meeting started at 2:30 pm. Rijit Sengupta took forward the discussion by emphasizing upon the fact that health falls under the state list of matters and hence it is imperative for states to be proactive towards addressing the issues having direct implication on the status of healthcare services. He further highlighted the role expected out of association towards proper implementation of regulation and guidelines and disciplining the respective sectors. He said that there is need for regular interaction between member of association, between various associations and between associations and stakeholders (Government, media, academia etc.). This would help in developing roadmap towards adoption of business responsibility in various sectors.

3.2 He also stressed upon the need for understanding regulatory requirements for the different sectors. This would further help in developing appropriate roadmap towards easy adoption of business responsibility in all the sectors. He pointed out that the meeting could be treated as the initiating point towards achieving this objective.

3.3 The state Government Health and Family Welfare Department has established a Directorate of Health Safety and Regulation (DHSR) that is in-charge of developing the implementation strategy for important legislations (a total of 12-15 laws) in the state. This includes – (i) Drug and Cosmetics Act, (ii) Clinical Establishment Act (iii) Bio-medical Waste Management Rules. **Dr. Surekha Chopra representing DHSR** indicated that they are initiating the process of implementation of the Clinical Establishment Act and would be forming a committee on the same. She informed that the DHSR interacts with a number of stakeholders from time to time including the Sectoral Associations, when there is an issue to be deliberated on. There does not seem to be an established/legislated mechanism for such interactions, and is largely *ad hoc*. There seem to be the lack of inter-ministerial coordination on certain issues like Bio-medical Waste management, which is an issue that both DHSR and HPPCB have a stake in.

3.4 **Mr. Praveen Sharma representing State Pollution Control Board (SPCB)** highlighted few issues regarding proper handling of environmental impact caused by pharma firms and private hospitals. He said that lack of data related to Bio-Medical Waste generated by hospitals is

one of the biggest barriers towards proper management and treatment of Bio-Medical Waste in the state.

3.5 He also discussed few of the steps taken by HPPCB in order to curb down the adverse environmental impact of private healthcare units in state. Incinerator facility has been made compulsory for all the bio-medical waste management entities. He also informed that hospitals even having one bed facility, have been covered under the BMW rules. Responding to the questions raised during the session, he said that there is separate wing within HPPCB to mitigate environmental impact of pharmaceutical and private healthcare sector. He also informed audience that there is annual assessment report for every bio-medical waste entity based on their overall performance.

3.6 Rijit Sengupta concluded the session by stressing upon the need for preparing roadmap for complete adoption of business responsibility. He talked about different forms of regulation e.g. public regulation, co-regulation and self-regulation. He stated that in order to ensure proper implementation of policy and regulation developed by government, co-regulation and self-regulation are extremely important.

3.7 Finally, the vote of thanks was delivered by **Mr. Sandeep Parmar, Director GOCD**. He expressed his sincere gratitude towards all the participants. He also thanked members of the panel for their erudite views regarding business responsibility.