

Explained: The fissure between pharma industry & doctors' body over PM Modi's comment

The reason behind the controversy is a study co-authored by Dr Arun Gadra and Dr Archana Diwate, titled 'Promotional Practices of the Pharmaceutical Industry and Implementation Status of Related Regulatory Codes in India'.

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The Indian Medical Association (IPA) and pharma industry are at loggerheads after a report (<https://theprint.in/health/pm-modi-warns-pharma-companies-not-to-bribe-doctors-with-women-foreign-trips-and-gadgets/347805/>) mentioned that Prime Minister Narendra Modi warned pharma companies against giving bribes to doctors.

IPA, representing pharma industry, has clarified that no such discussion took place at the meeting, ruling out the possibility of Prime Minister rebuking the companies while IMA isn't convinced. The doctors' body also sought clarification from the PMO.

The reason behind the controversy is a study co-authored by Dr Arun Gadra and Dr Archana Diwate, titled 'Promotional Practices of the Pharmaceutical Industry and Implementation Status of Related Regulatory Codes in India'. It documented unethical practices and failure of regulations while also offering suggestions to improve the exiting regulatory framework.



The study is based on 50 in-depth and mostly anonymous interviews conducted across six cities, primarily involving medical representatives who are the front-line key persons on the field promoting drugs to doctors.

The report highlighted the direct deals between pharma companies and doctors, citing some cases, for instance, where pharma companies pay installments on a doctor's car purchase. There were extreme cases, where a few doctors even 'demand women for entertainment'.

The study's key findings point towards the trends in promotional strategies which have shifted from providing scientific information to doctors to merely focusing on business generation at all costs.

Use of tactics like inducement, emotional appeals, persuasions, serving family members, sponsorship for national and international conferences, pampering doctors, has become the norm. Newer, more innovative methods have come into practice over the years, such as providing prepaid cards, petro-cards, e-vouchers for online shopping on Amazon and Flipkart.

The Prime Minister Office (PMO) too note of several media reports based on the report. The Department of Pharmaceuticals (DoP) called a meeting with pharma companies and other stakeholders and warned that if they don't comply with the Uniform Code of Pharmaceuticals Marketing Practices (UCPMP), they may have to bring a law to rein in such practices.

However, the study did not go down well with IMA.

IMA asked SATHI - the NGO that was behind the report to furnish evidence on the specific charges they made against the doctors who demanded women for entertainment and pharmaceutical companies that sponsored it. They asked government to investigate and take action against the erring doctors and companies, but not to malign the entire medical professional community.

Some chapters of IMA issued advisories to their fellow members not to accept the any gifts or other inducements from pharmaceutical companies.

Need for Regulation

The Uniform Code of Pharmaceuticals Marketing Practices (UCPMP) to regulate unethical promotional practices is non-functional on the ground. Medical representatives are hardly even aware about the UCPMP, while the study found that around 10 percent to 20



percent doctors follow the mandatory regulatory ethical codes for laid down for medical practitioners.

The government is aware of the rampant corruption in medical field for years, however it still leaves it to voluntary compliance of pharmaceutical companies and doctors.

The patient groups have been demanding that it's time the government should give teeth to the existing regulation by making the compliance to UCPMP mandatory.

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COVID-19 vaccine: India Aatmanirbhar for syringes, says industry

This capacity is already built up by the manufacturers taking learning from mask and PPE kits experience India faced in March and April 2020, All India Syringe & Needle Manufacturers Association (AISNMA) said in the letter.

PTI

An industry body of syringe and needle manufacturers on Tuesday said that it has written to Prime Minister Narendra Modi offering an additional capacity of over 350 million syringes per month depending upon the requirements during the vaccination programme against the COVID-19.

This capacity is already built up by the manufacturers taking learning from mask and PPE kits experience India faced in March and April 2020, All India Syringe & Needle Manufacturers Association (AISNMA) said in the letter.

'All the members of the association would like to assure the nation that our country is 'Aatmanirbhar Bharat' on the availability of syringes and we as a country don't even have to look outside for our coming up requirements,' it added.

Since the association members are geographically placed across all over India, they can ensure timely supplies at respective states / locations in a seamless and efficient manner, AISNMA said.

'We look forward for an opportunity to serve our country and humanity at this moment of crisis...,' it added.

AISNMA is the nodal association for syringe manufacturers in India and has 19 members located across the country.

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Gold price plunges by Rs 1,049 to Rs 48,569 per 10 gram; silver price tumbles by Rs 1,588 to Rs 59,301 per kg



Silver also faced selling pressure as it tumbled by Rs 1,588 to Rs 59,301 per kg from Rs 60,889 per kg in the previous trade.

PTI

Gold prices plunged by Rs 1,049 to Rs 48,569 per 10 gram in the national capital on Tuesday following weak global cues and rupee appreciation, according to HDFC Securities.

In the previous trade, the precious metal had closed at Rs 49,618 per 10 gram.

Silver also faced selling pressure as it tumbled by Rs 1,588 to Rs 59,301 per kg from Rs 60,889 per kg in the previous trade.

In the international market, gold was quoting lower at USD 1,830 per ounce and silver was flat at USD 23.42 per ounce.

'Gold prices traded lower in the morning trade extending decline on vaccine hopes and Biden's white house transition as US President,' HDFC Securities Senior, Analyst (Commodities) Tapan Patel said.

Navneet Damani, VP – Commodities Research, Motilal Oswal Financial Services said, 'Gold fell as better-than-expected US business activity data and optimism over progress in COVID-19 vaccine boosted hopes for a swifter economic rebound and drove investors towards riskier assets.'

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NBFCs cautious on RBI working group proposals on banking entry

There are many NBFCs that do not want to become banks.

Dinesh Unnikrishnan

Non-banking finance companies (NBFCs) are highly cautious in responding to the recent proposals from an RBI-working group on the conversion of large NBFCs into banks. One of the recommendations of the RBI working group was that well-run large NBFCs, with an asset size of Rs50,000 crore and above, including those which are owned by a corporate house, may be considered for conversion into banks.

This should be subject to completion of 10 years of operations and meeting due diligence criteria and compliance with additional conditions specified in this regard, the working group said. To be sure, these are suggestions. The regulator will take a final call based on the report proposals.

"There are already on-tap licensing norms existing in India," said George Alexander Muthoot, Managing Director of Gold-loan NBFC, Muthoot Finance.

"The RBI working group is only giving some modifications to the existing guidelines. And these are only suggestions. We will study when the final guidelines come," said Muthoot.



After giving two licences in 2014 to IDFC and Bandhan (from around 26 applicants), in August 2016, the RBI announced on-tap licensing norms for universal banks. The central bank explained that the idea was to progress from “stop and go” licensing policy to a “continuous authorisation” policy. The regulator believed that such a policy would increase competition and bring in new ideas into the system but on-tap licensing didn’t change the Indian banking industry.

As Emkay Global pointed out in a report, even after the “on-tap” licencing norms, “none have opted for going down the banking route so far”. It is pertinent to note that the final approval will come after “meeting the due diligence” criteria of the RBI and the nod will also be based on the experience of several years, which most NBFCs failed to meet, Emkay said.

Should be an option; not by force

Raman Agarwal, Chair-NBFCs at Centre for International Economic Understanding, said the central bank shouldn’t force NBFCs to convert to banks but it should be given as an option.

While there have been a series of measures to tighten the regulations of NBFCs, NBFCs have not received any benefits in a commensurate manner in terms of access to cheaper funds and taxation issues, Agarwal said.

“Conversion to banks should be an option not compulsion. There are NBFCs that do not want to become banks. They should be allowed to continue as NBFCs with tighter regulation or scale down their operations and continue as NBFCs,” said Agarwal.

Senior executives from two other NBFCs, who spoke on condition of anonymity, said they aren’t keen to convert to banks given an option. “There are immense growth opportunities in the NBFC industry. At this stage, there are no plans to seek a banking licence,” said one of the company executives.

Lack of level playing field

NBFCs have been complaining for long about a lack of level playing field for NBFCs compared with banks. “Whenever there is a crisis happens, there is a talk of tightening NBFC regulation. Today large NBFCs are regulated at par with banks but there are no incentives for them,” said Agarwal.

Unlike banks, NBFCs cannot access public deposits. These entities typically tap money markets or borrow from banks to raise resources. Banks have a total loan outstanding of around Rs 8 lakh crore to NBFCs as at September-end.

Sanjay Agarwal, senior director at CARE rating, said the RBI working group proposals do not mean every corporate or NBFC will get a ‘free pass’ to start banks. “The RBI has always stipulated about fit and proper criteria for banking licence aspirants. It is not going to be a free pass for every candidate,” said Agarwal.

According to HDFC Securities, six large NBFCs—Bajaj Finance, L&T Finance, Muthoot Finance, Cholamandalam, Mahindra and Mahindra Finance and Aditya Birla Capital—are likely to apply for banking permits. Of these, only Bajaj Finance and Cholamandalam Finance are likely to get the licence. According to Emkay, Bajaj Finance would not be keen on transforming into a bank at the cost of growth, at least over the medium term. However, NBFCs such as L&T Finance and AB Capital could be interested.



Past experience

Since bank nationalisation in 1969, the RBI has issued only three rounds of private bank licences. In the first round in 1993-94, the RBI gave licences to 10 private sector banks, namely Global Trust Bank Ltd, ICICI Bank Ltd, HDFC Bank Ltd, UTI Bank Ltd (renamed Axis Bank Ltd), Bank of Punjab, IndusInd Bank Ltd, Centurion Bank Ltd, IDBI Bank Ltd, Times Bank, and Development Credit Bank Ltd. Some of these banks do not exist now as they were acquired by stronger banks.

In 2003-04, two more banks were given licences—Kotak Mahindra Bank Ltd and Yes Bank Ltd. In 2014 IDFC First Bank and Bandhan Bank were given the licence. Rajan and Acharya listed some of the potential reasons for not letting corporations enter banking.

Banking licences for large businesses

There is a general consensus in the banking industry that entry of large businesses into banking wouldn't augur well for the sector. On November 23, former RBI governor Raghuram Rajan, in a jointly authored article with former RBI deputy governor Viral Acharya, had said that inviting businesses to start banks is a bad idea.

But Rajan and Acharya said, while the proposals are tempered with many caveats, these raise an important question. "Why now? Have we learnt something that allows us to override all the prior cautions on allowing industrial houses into banking?" the authors asked. In the past, the RBI has been largely hesitant to let large businesses promote banks.

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