



सत्यमेव जयते

GOVERNMENT OF INDIA
TARIFF COMMISSION

**REPORT
ON
THE PRICE STRUCTURE OF
CATGUTS**

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BOMBAY 1968

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India, Tariff (————— Commission)
Report on the Price Structure of
Catguts—1968.



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GOVERNMENT OF INDIA
MINISTRY OF INDUSTRIAL DEVELOPMENT, INTERNAL
TRADE & COMPANY AFFAIRS

DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 16th July 1969.

RESOLUTION

No. LEI(A)-16(2)/68.—The Tariff Commission has submitted a Report on the price structure of catguts on the basis of an inquiry undertaken by it under Section 12(d) of the Tariff Commission Act, 1951. Its recommendations are as follows:—

(i) The domestic demand for catguts is of the order of 250,000 dozen for the current year (1968) going up at the rate of about 5,000 dozen annually and reaching the level of 300,000 dozen the year 1971.

(ii) It would be desirable for the manufacturers to introduce as early as possible the irradiation method of sterilisation of catguts.

(iii) Tests regarding absorbability, tensile strength, uniformity of gauge and other similar specifications of undisputed therapeutic importance may be included in the Indian Pharmacopoeia.

(iv) Needled sutures may be excluded from price control for some time in order to provide a certain degree of freedom for the development of this infant branch of the industry.

(v) The price recommended for plain and chromic sutures for 1969 and 1970 is Rs. 27.26 f.o.r. destination per dozen tubes.

2. Government have taken note of recommendation (i) which is an observation made by the Commission and accept recommendations (ii), (iii) and (v) and suitable action will be taken to implement them to the extent practicable.

3. The recommendation (iv) was further examined in consultation with the Tariff Commission who have since expressed that they have no objection to keep control on prices of Needled sutures provided the objective underlying their recommendation for de-control is kept in view. Government accept the Commission's commendation of prices of different codes of Needled sutures which are indicated below and have taken note of their observation for development of this branch of industry for appropriate action.

1. *Straight & Curved Needles—'A' Pack:*

(a) M. 400, M. 404, M. 405, M. 407, M. 408, M. 409, M. 410,
M. 412, M. 413, G. 102 34.41

(b) M. 416, M. 417, G. 113, G. 114 34.41

2. *Curved Needles—'B' Pack :*

(a) M. 420, M. 421, M. 423, M. 424, M. 425, M. 426 36.26

(b) M. 441, M. 442, G. 123, G. 124 36.26

3. *Half Circle Needles—'C' Pack :*

M. 445, M. 446, M. 449, M. 450, 863, 864 37.84

4. *Half Circle Needles—'A' Pack :*

M. 437 50.60

5. *Half Circle Needles—'B' Pack :*

M. 438 51.46

6. *Curved and Half Circle Needles—'A' Pack :*

(a) M. 470 56.01

(b) M. 471 56.01

7. *Curved Needles—'A' Pack :*

(a) M. 510 55.40

(b) M. 520 55.40

ORDER

ORDERED that a copy of the Resolution be communicated to all concerned and that it be published in the Gazette of India.

(Sd.)

(D. R. SUNDARAM)

Joint Secretary to the Government of India.

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REPORT ON THE PRICE STRUCTURE OF CATGUTS

1.1. In December 1967, M/s. Johnson & Johnsons of India Ltd., Bombay, the sole indigenous manufacturer of catguts re-

1. Summary

presented to Government that increases in the costs of production subsequent to the last price fixation rendered the prices of sutures unremunerative and resulted in financial losses to the extent of Rs. 2.88 lakhs during 1966 and Rs. 6.91 lakhs during 1967. The company, therefore, urged the Government to grant permission to increase the prices.

1.2. The case was referred to us for inquiry and report. Government's interim decision to grant *ad hoc* price increases of Rs. 2.67 per doz. in the case of plain and chromic sutures and of Rs. 2.67 to Rs. 13.61 per doz. in the case of needled sutures, with effect from 6th May 1968, has already given the company some relief in this direction.

1.3. The company has been unable to establish to the satisfaction of our Cost Accounts Division, the exact basis on which it arrived at the figures of loss it has reported to the Government. We understand that its calculations were based on certain conjectures about trend of future price increases in respect of certain variable items of costs which ultimately proved to be unduly pessimistic. According to the detailed calculations for the year 1967 made by our Cost Accounts Division which have been accepted, in the main, by the company the actual loss suffered by it on account of plain and chromic sutures during that year, was of the order of Rs. 3000 only.

1.4. We have indicated the fair ex-factory selling prices for plain and chromic sutures. We have recommended exclusion of needled sutures which accounts for less than 10% of the total production at present, from the scope of price control for the time being, in order to encourage the producer to develop this relatively infant branch of the industry. We consider that such encouragement is desirable as we understand that needled sutures are an advanced form of sutures and clinically more efficient. A rapid development of this labour intensive but low bulk industry is also desirable in view of its export potential. Maintenance of price control on needled sutures might, on the other hand, tend to deter fresh investment and thus retard such development. It is

unlikely that absence of price control will impose an undue burden on the consumer, as an alternative supply would be available to the surgeon by way of plain sutures at controlled prices or by way of imported needled sutures.

1.5. The price recommended by us for plain and chromic sutures for 1969 and 1970 is Rs. 27.26 per dozen tubes, as against the existing ex-factory (f.o.r. destination) price of Rs. 26.43. In arriving at this figure we have adopted the price of Rs. 2 per casing against the actual average of Rs. 1.95 prevailing during 1967. The price recommended is thus higher by 83 paise per dozen or by 7 paise per suture. This is due to increase in the price of casings and other charges. The following figures summarise the increases in these elements of costs between the actuals in 1967 and the estimate for the future.

Items	Actual (1967)	Future estimates (1969 to 1970)	Increase
	Rs./doz	Rs./doz.	%
Materials	9.08	9.26	2.0
Other costs	14.21	14.47	1.8
TOTAL	23.29	23.73	1.9

We feel that the proposed small increase in the price of sutures would not be unduly burdensome to the consumer considering the fact that the cost of suture constitutes only a small fraction in the total cost of a surgical operation. Incidentally, it might be stated that the prices for the domestic sutures recommended by us are higher than those being currently imported from West Germany but lower than those from the U.S.A. The prices recommended are also, generally speaking, lower than those prevailing in the domestic markets in the U.K. and U.S.A.

1.6. The market prices of casing, the principal raw material, have been fluctuating widely between Re. 0.28 to Rs. 2.14 over the last eight years. Because of this we have not ventured to predict the movement of casing prices in the future. We have recommended instead, that a six monthly review of casing prices may be made and prices of sutures suitably adjusted at the rate

of 38 paise per dozen for every variation of 10 paise upwards or downwards in the weighted average price of raw casings during the previous six months.

1.7. It will be observed that on the basis of the actual cost of production in 1967 and after making necessary adjustments for known increases in the cost factors in 1968, the fair ex-factory prices as recommended by us would leave the company a gross margin of the order of 12.5 per cent on the estimated turnover.

1.8. The activities of this factory are not confined to catguts but cover a number of other products which constitute a major part of their total turnover. The return of 16 per cent that we have provided on capital employed should, according to our calculations, leave the unit with enough funds to distribute, if it so desired, a dividend of the order of 7 per cent on the apportioned paid-up capital after meeting its other essential commitments. Having regard to

- (a) the fact that the company's over-all profitability spread over its entire field of operations, is of a much higher order,
- (b) that we are recommending withdrawal of needed sutures from the scope of price control,
- (c) the escalation clause provided for casings and the allowance made for other contingencies,
- (d) the absence of internal competition, and
- (e) the generally lower cost of imports,

we are of the view that the margin of 16 per cent on capital employed is not unreasonable.

- 2.1. Two inquiries were held into the catguts industry in the past. The first one was a tariff inquiry in 1950. The second inquiry conducted in 1965/66 was into the price structure of catguts.
2. Previous inquiries

2.2. After necessary investigation, the Commission recommended in 1966, that the fair selling prices as given in column 4 of table 2.2 below may be fixed for the respective categories of sutures for the years 1966 and 1967. These prices were F.O.R. destination for orders valued at or more than Rs. 1,000 and excluded dealers' commission.

TABLE 2.2
Prices of catguts

(Price per dozen tubes in Rs.)

Classification and particulars of sutures	Code No.	Price before control	Price fixed in 1966	Price as increased w.e.f. 6-5-1968
1	2	3	4	5
Sutures (Plain) 150 cm. strand 5/0 to 4	S. 100 to S. 108	27.55	23.76	26.43
Sutures (Chromic) 150 cm. strand 5/0 to 4.	S. 110 to S. 118	27.55	23.76	26.43
Sutures (Needled) 50 mm. straight Chromic 3/0	M. 407	39.00	25.59	28.82
Sutures (Needled) 50 mm. straight Chromic (2/0)	M. 408	39.00	25.59	28.82
Sutures (Needled) 50 mm. straight Chromic 0	M. 409	39.00	25.59	28.82
Sutures (Needled) 50 mm. straight Chromic 1	M. 410	39.00	25.59	28.82
	M. 412	39.00	25.59	28.82
	M. 413	39.00	25.59	28.82
	G. 102	..	..	28.82
	G. 113	..	..	33.41
	G. 114	..	..	33.41
Straight 45 mm 2/0	M. 404	43.20	25.59	28.82
Straight 45 mm 0	M. 405	43.20	25.59	28.82
Curved 45 mm chromic 3/0	M. 423	42.20	31.23	34.44
Curved 45 mm chromic 2/0	M. 424	43.20	31.23	34.44
Curved 45 mm chromic 0	M. 425	43.20	31.23	34.44
Curved 45 mm chromic 1	M. 426	43.20	31.23	34.44
1/2 circle 45 mm chromic 2/0	M. 449	43.20	35.06	38.02
1/2 circle 45 mm chromic 0	M. 450	43.20	35.06	38.02
1/2 circle 30 mm 2/0	M. 333	50.00	..	..
1/2 circle 30 mm 0	M. 334	50.00	34.19	..
Straight 40 mm chromic 2/0	M. 400	50.00	25.59	28.82
Curved 30 mm chromic 2/0	M. 416	50.00	30.18	33.41
Curved 30 mm chromic 0	M. 417	50.00	30.18	33.41
Curved 40 mm chromic 2/0	M. 420	50.00	31.23	34.44
Curved 40 mm chromic 0	M. 421	50.00	31.23	34.44

1	2	3	4	5
1/2 circle 25 mm plain 3/0	M. 438	50.00	34.19	41.50
1/2 circle 30 mm chromic 2/0	M. 441	50.00	34.19	37.40
1/2 circle 30 mm chromic 0	M. 442	50.00	34.19	37.40
1/2 circle 40 mm chromic 2/0	M. 445	50.00	35.06	38.02
1/2 circle 40 mm chromic 0	M. 446	50.00	35.06	38.02
1/2 circle round bodied 35 mm 3/0	M. 583	50.00	..	..
Eye curved 16 mm plain 4/0	M. 470	50.00	30.18	38.59
16 mm curved cutting 3/0	M. 471	50.00	33.12	41.33
	G. 123	..	..	37.40
	G. 124	..	..	37.40
Eye curved 22 mm plain 3/0	M. 510	56.00	30.18	37.57
1/2 circle round bodied 16 mm 4/0	M. 549	56.00	33.12	..
Eye stallard's corneoscleral 12 mm 5/0	M. 580	56.00	..	..
Curved round bodied 16 mm 5/0	M. 581	56.00	..	..
Curved round bodied 16 mm 4/0	M. 582	56.00	30.18	..
Arterial st. 20 mm 5/0	M. 590	56.00	25.59	..
Arterial curved 10 mm 5/0	M. 595	56.00	..	..
Arterial curved 20 mm 5/0	M. 596	56.00	..	..
	863	..	..	38.02
	864	..	..	38.02
Eye curved cutting 16 mm (Double needled) 4/0 plain	M. 600	64.00	..	55.65
Eye curved cutting 16 mm (Double needled) 3/0 plain	M. 601	64.00	30.18	43.79
Eye curved cutting 16 mm (Double needled) 5/0	M. 640	64.00	30.18	..
Eye curved cutting 16 mm (Double needled) 4/0	M. 641	64.00	30.18	..
Eye curved cutting 16 mm (Double needled) 3/0	M. 642	64.00	..	..
1/2 circle 20 mm chromic, intestinal 3/0	M. 437	50.00	33.12	40.21
Eyeless needled	M. 520	..	..	55.65

2.3. The prices recommended in column 4 above were accepted by the Government (*vide* their Resolution in the Ministry of Industry No. LEI(A)-16(5)/65, dated 18th August, 1966) and they were enforced under the provisions of Drugs Prices (Display and Control) Order, 1966. These remained in force for the years 1966 and 1967. Towards the end of 1967, M/s. Johnson and Johnsons of India Ltd., Bombay urged the Government for a price revision with immediate effect on the ground that the then

costs of its products bore no relation to the cost estimates arrived at by the Commission and it was incurring losses. On 30th December 1967 the company submitted its application to the Ministry of Petroleum and Chemicals under para 6A of the Drugs Prices (Display and Control) Order, 1966 for obtaining price approval of the Central Government for Ethicon Sutures and Ethicon Needled Sutures. The Ministry accorded approval for increase in prices vide its letter No. 18(J-1)/68-CH-III, dated 4th May 1968. The revised prices for catguts are given in table 2.2 together with the prices fixed earlier. The revision of prices by way of interim relief was implemented with effect from 6th May 1968.

3. In its representation to Government for a price increase, mentioned earlier, the sole manufacturer, Johnson & Johnsons, stated that there had been a significant rise in the cost of catguts due to the increase in expenses on account of the general rise in the cost of services and supplies. The Government of India, in the Ministry of Commerce, therefore, requested us to re-examine the question of price structure of catguts under Section 12(d) of the Tariff Commission Act, 1951 (50 of 1951) and furnish our Report/recommendations as early as possible. The Government letter dated 28th March, 1968 referring the case to us is reproduced in Appendix I. While the previous price inquiry (1966) was a sequel to consumers' complaints, the present inquiry is at the instance of the producer.

4. The present inquiry, like the previous one, covers all the types and sizes of catguts manufactured by Johnson & Johnsons.

5.1. Questionnaires were issued to (i) Johnson & Johnsons, the only producer of catguts, (ii) Biological Evans Ltd., Bombay, prospective producer, (iii) known importers and distributors, and (iv) raw material suppliers. A press note was released on 3rd

June, 1968 announcing that our questionnaires for various interests were ready for issue. Letters were also addressed to the Director-General of Technical Development and other Government Departments and Research Institutes concerned, as per list in Appendix II, for memoranda/data on the various aspects of the industry.

5.2. A public inquiry into the industry was held on 26th August, 1968. A list of persons who attended the public inquiry is given in Appendix III.

5.3. Cost investigation of the only unit in the industry viz., Johnson & Johnsons was undertaken by our Assistant Cost Accounts Officer. The Commission and some of its officers visited the factories of Johnson & Johnsons at Dharavi and Mulund. Details of their visits are given in Appendix IV.

- 6.1. In its last Report (1966) on the price structure of catguts, the Commission had made the following recommendation in addition to its main recommendation relating to fixation of fair selling prices for catguts. The extent to which this has been implemented is indicated below.
6. Implementation of ancillary recommendation made by the Commission in its last Report (1966),

Recommendation

"The product of Johnson & Johnsons of India Ltd., is generally considered to be of satisfactory quality but improvement is desirable and possible as regards uniformity of gauge and sterility."

The Government of India accepted the above recommendation. To effect improvement in quality Johnson & Johnsons was directed to submit samples from each batch of catguts manufactured by it to the Assistant Drugs Controller, Bombay for getting them tested by the Central Drugs Laboratory. Johnson & Johnsons has reported to us that samples of catguts have been drawn at random from time to time, by the Drugs Inspectors for testing and their reports show that the product passed all the tests prescribed in BP/USP for sterility, diameter and tensile strength.

6.2. We have been informed by the Drugs Controller (India) that the matter was reviewed by the Ministry of Health, Family Planning & Urban Development in consultation with the Ministry of Industrial Development and Company Affairs and the Director-General of Technical Development. It was agreed that it would be sufficient to rely upon the provisions of the Drugs and Cosmetics Act to ensure the quality of the products as contemplated by the Commission in view of the company's reputation and the satisfactory arrangements for testing which exist in the company itself. It was, therefore, decided that there was no necessity for additional regular testing of samples. Hence, the question of drawing samples from each batch of catguts manufactured by Johnson & Johnsons was not pursued. Instead, the Drugs Controller (India) has requested the Drug Control Administration, Maharashtra to exercise a more frequent check, under Rule 78 of the Drugs and Cosmetics Rules, on the quality of catguts manufactured by the company.

7.1. At the time of the last inquiry in 1966 the Commission had been informed that, Biological Evans Ltd., had been granted a letter of intent for the manufacture of 15,000 dozen tubes of catguts per month and that it was expected to commence production in 1966. In connection with the present inquiry the company has stated that due to certain reasons it could not take up the production of surgical sutures. The company has also communicated its decision to the Government of India, Ministry of Industrial Development and Company Affairs (Department of Industrial Development) in its letter dated 8th April 1968 and the licence has been revoked.

7.2. Johnson & Johnsons is the only producer of catguts in the country. It had informed the Commission in 1966 that the possibility of manufacturing catguts for heart, ophthalmic, plastic, gastrointestinal and genito-urinary surgeries was under examination. This time the company has stated that difficulties resulting from the operation of the Drugs Prices (Display and Control) Order, 1966, prevented it from introducing these specialised sutures. The bulk of the production was in the form of plain and chromic catguts for use with eyed needles. Only about 12% of the total production was in the form of catguts swaged to eyeless needles. There is, the world over, a growing preference for eyeless sutures since these are easier and safer to use. These are time saving and also cause less trauma in the puncture of living tissue. In the more developed countries the production of swaged eyeless needles is proportionately much greater than that of plain sutures. In U.S.A., U.K., West Germany, Canada and Australia where Johnson's Ethicon sutures hold about 80% of the market, needled sutures constitute about 90% of the total number of sutures produced. However, owing to lack of adequate facilities for manufacture as well as the absence of demand-orientation for needled sutures, no significant increase in the manufacture or use of eyeless needled sutures has taken place. There are today about one thousand codes or varieties of sutures which are manufactured abroad, but in India the production is presently confined to about 40 codes. The less commonly used codes have, therefore, to be imported.

7.3. The company had certain projects in hand according to the information conveyed to the Commission in 1966 and the extent to which progress was achieved in their implementation is discussed below:—

(i) An electric grinding plant for polishing and reducing sutures to uniform thickness was under construction. It has since been commissioned and the company has informed us that the

second unit for which it held an import licence at the time of the last inquiry has also been put into operation.

(ii) There was a proposal to set up an irradiation plant for sterilisation of sutures. This process leaves no doubt about the sterility of the finished product. This project has been deferred. The company contends that the prices recommended by the Commission did not provide adequate return on investment to justify this capital intensive project. For, the capital expenditure for this project was expected to be about Rs. 6 lakhs for buildings and an additional Rs. 13 to Rs. 14 lakhs for the irradiation plant. At present the unit uses ethylene oxide only as the sole sterilising agent for sutures and no heat or sterilisation treatment through irradiation is given. The unit has, however, informed us that it is still its intention in conformity with the practice of its associate companies manufacturing Ethicon needled sutures abroad to introduce and adopt the advanced and more modern methods of sterilisation of finished sutures by the irradiation process. At the time of the public inquiry we were informed that this work may be taken up by the Bhabha Atomic Research Centre on behalf of this unit and that negotiations were at present under way. It may then not be necessary for the company to make any outlay on expensive plant and machinery.

(iii) Change in the location of the wet room plant from Dharavi to Deonar.

This project was dependent upon the Bombay Municipal Corporation's decision to have an abattoir at Deonar and to convert Dharavi into a residential area. This seems to have been postponed for two to three years and may materialise in 1970 or even later. The alternative wet room is expected to involve an expenditure of about Rs. 7 to Rs. 8 lakhs including the cost of dismantling equipment already installed at Dharavi and transporting and reinstalling it at the new premises.

(iv) There was a proposal to instal a cold storage plant at the wet house site. This has not been put into effect. A portion of the wet room with a walk-in-cooler has been installed and expansion of this is under consideration. When the unit moves to Deonar and makes necessary arrangements for a regular wet room, installation of a cold storage plant is expected to be made at a cost of two and a half lakh of rupees.

(v) There was a proposal to set up the manufacture of needles in the country. The capital expenditure on this project was expected to be Rs. 10 lakhs which has been deferred until 1971

on the ground that the prices fixed by Government did not provide an adequate return on investment to justify it. In consideration of the fact that needled sutures are from the clinical point of view safer and more efficient it would be desirable to encourage the production of such sutures within the country.

7.4. Very little progress has been made in the projects already planned two years ago and it is particularly disappointing to observe that the effective and universally used method of sterilisation has not yet been introduced.

Financial position

7.5. The authorised capital of the company has remained constant at Rs. 1,00,00,000 for the last three years viz., 1965, 1966 and 1967. The subscribed capital which stood at Rs. 24,00,000 in 1965 was raised to Rs. 36,00,000 in 1966. Out of the paid-up capital of Rs. 36,00,000 divided into 36,000 ordinary shares of Rs. 100 each, Indians (Stock Traders Private Ltd., Bombay) are holding only 9,000 ordinary shares i.e., 25% of the total paid-up capital. Rest of the capital is held by Non-Indians (Johnson & Johnsons, New Brunswick, New Jersey, U.S.A.). The company has further informed us that its investment in catgut manufacturing department varies from time to time during a year as well as over the years. It reckons the average investment in the manufacture of catguts during 1965, 1966 and 1967 to be in the region of Rs. 42 lakhs, Rs. 48 lakhs and Rs. 56 lakhs respectively. The company expects that this would further increase in the coming years. Total sales turnover for the year 1967 was Rs. 243.30 lakhs and the sales turnover for sutures was Rs. 60.22 lakhs, constituting about 24.8 per cent of the total turnover of the unit.

Foreign collaboration

7.6. The company does not have any separate technical or financial collaboration with any foreign firm for the manufacture of catguts. However, all technical and research data are provided to it by ETHICON Inc., Somerville, U.S.A. and other ETHICON Associates under the direction of Johnson & Johnson International to the extent needed for the Indian manufacture and marketing operations. A notional allocation is made by the unit of 8% of net sales for parent company's research expenses while determining its selling prices. The parent organisation holds about 75% of the subscribed capital of the Indian subsidiary and is entitled to return on this investment. It cannot claim any additional profits on the ground that it is placing at the disposal of

the Indian subsidiary any results of the research conducted by it. A normal profit on its investment is all that its parent organisation can reasonably expect. Even if it is assumed for a moment that certain research activities are conducted abroad which need to be paid for by the Indian subsidiary, it is not possible for us to determine the quantum of expenses, if any, which should be allocated to the activity of the firm in India. For both these reasons we have not found it possible to agree to the notional allocation of 8% on sales as an item of cost as claimed by this unit. ETHICON is a trade mark and no royalty payment is involved for the use of this trademark.

Other activities of the unit

7.7. Apart from the manufacture of catguts, the unit is engaged in the manufacture of Baby Care and Prickly Heat Products, Gynecic Therapeutics, Orthopaedic Plaster of Paris Bandages, Pressure Sensitive Adhesive Tapes, Belladonna Plasters, other products for personal hygiene, Adhesive Plasters etc.

8.1. The licensed catgut capacity of Johnson & Johnsons at the time of the Commission's last inquiry in 1966 was 10,000 dozen per month i.e., 120,000 dozen per annum on single shift basis.

8. Capacity of three shifts, after making allowances for break-downs and stoppages and the normal fall in production during night shift, the installed capacity was taken to be 300,000 dozen per annum. No change has been reported in these capacity figures. Since the company is currently working on two shifts, the capacity has been taken as 240,000 dozen per annum. It is understood that the company is capable of extending output upto 325,000 dozen per annum by working all the three shifts which is about 90% of the full capacity considered to be the optimum level.

8.2. While the usual batch size for standard suture is 200 dozen, the maximum of each size for needled suture is 150 dozen and it can be lowered in accordance with the demand for a particular code.

9.1. The manufacturer, as at the time of the last inquiry in 1966, produces plain, chromic and needled sutures. Typewise and sizewise data of production as furnished by the unit for the years 1965, 1966, 1967 and 1968 (January—June) are given in Appendix V. A summary of production is given in table 9.1.

9. Production and utilisation of capacity.

TABLE 9.1
Summary of production

Type of Suture	1965	% of total	1966	% of total	1967	% of total	1968 Jan.-June actual	%	Estimated production for 1968	%
A-Plain	70,770	31.26	49,868	27.44	70,528	31.44	34,446	26.96	210,000	88.98
B-Chronic	126,624	5.93	108,580	59.85	131,112	58.46	80,873	63.31	..	..
C-Needled	28,998	12.81	22,986	12.66	22,651	10.10	12,429	9.73	26,000	11.02
TOTAL	226,392		181,434		224,291		127,748		236,000	
Utilisation of capacity (300,000)	75.5%		60.5%		74.8%		85.2%		78.7%	

Domestic availability and consumption

9.2. Figures of imports in terms of number of sutures are not available. In terms of value, as the following figures would show, imports constituted only about 7% of the total availability of catguts in the past two years.

TABLE 9.2
(Imports and total availability)

				(Lakhs of Rs.)		
Year				Sales by domestic manufacturer	Imports	Total (Value of sales and imports)
1966	.	.	.	48.84	3.87*	52.71*
1967	.	.	.	60.22	3.95	64.17

*Figures for pre-devaluation period January-May 1966 have been escalated by 57.5%.

Making allowance for the difference between imported price and the domestic selling price, we have estimated that quantitatively the supplies from imported sources constituted roughly 10 per cent of the total. The value of finished stocks held by Johnson & Johnsons was Rs. 4.65 lakhs at the end of 1966 and Rs. 1.58 lakhs at the end of 1967. The foregoing figures would indicate that while the unit was apparently meeting with sales resistance during 1966, it has successfully produced and sold a larger quantity of sutures in spite of a marginally higher level of imports during 1967. Imports appear to have been confined mostly to items which are not produced indigenously. The company claims to have executed all the orders that have been placed on it.

9.3. In 1966 and 1967, of total value of imports, the share of West Germany was Rs. 1.48 lakhs and Rs. 2.54 lakhs respectively. Thus, these constituted 38 and 64 per cent respectively in terms of value while the total imports constituted 7.3 and 6.2 per cent respectively of the total availability in the years 1966 and 1967.

10.1. The unit does not contemplate any expansion in its present capacity during the next three years.

10. Future expansion

10.2. The representative of the Scientific and Surgical Instruments Manufacturers' and Traders' Association, Bombay, informed us at the public inquiry that there was the possibility of a unit coming up at Hyderabad and there is a proposal to set up another one at Nagpur with Japanese collaboration. The representative of the D.G.T.D. also informed us that there was a proposal for starting another unit in the country. At present the position remains that Johnson and Johnsons continues to be the only manufacturer of surgical catguts in the country.

10.3. The present unit is in a position to meet the entire demand. If another unit is set up, part of the demand will be met by this unit and if the allocation is equitable, the production of the existing unit will have to be cut down to almost half the present level. It is doubtful if such reduced and fragmented capacity will be conducive to reduction in cost.

11.1. In its last Report (1966), the Commission 'estimated 11. Domestic demand the domestic demand for catguts at 307,000 dozens for 1968, based on the estimates furnished by the unit. Estimates of current and future demand for catguts of all types received during the present inquiry are tabulated below:

TABLE 11.1
Estimates of current and future demand

(In dozens)

Year	D.G.T.D.	Johnson & Johnsons
1968	250,000 to 300,000	259,000
1969 . . . .	..	284,000
1970 . . . .	..	298,000
1971 . . . .	..	320,000

11.2. Johnson & Johnsons has also furnished its estimates of requirements of catguts in terms of different classes of consumers. The details are given in table 11.2 below.

TABLE 11.2

Estimates of domestic demand for various types of catguts during the current year and the next three years as furnished by Johnson and Johnsons.

Year	Type & Size	(Quantity in Dozen)							
		D.G.S.&D. (Defence)	Dy. Asst. Director General of Health	Central Govern- ment Hospital	State Govt. Hospitals	Private Hospitals & Nursing Homes	Others Municipal etc.	Total	
1	2	3	4	5	6	7	8	9	
1968	Sutures Needed —	All Codes Sutures							
		9,000	16,000	10,000	1,42,000	31,000	22,000	2,30,000	
	All Codes	1,000	1,000	2,000	14,500	6,000	4,500	29,000	
		10,000	17,000	12,000	1,56,500	37,000	26,500	2,59,000	
		(3.9)	(6.6)	(4.6)	(60.4)	(14.3)	(10.2)	(100)	
1969	Sutures Needed —	All Codes Sutures							
		12,000	25,000	10,000	1,46,000	33,000	24,000	2,51,000	
	All Codes	1,500	500	2,500	16,500	7,000	5,000	33,000	
		13,500	26,500	12,500	1,62,500	40,000	29,000	2,84,000	
		(4.8)	(9.3)	(4.4)	(57.2)	(14.1)	(10.2)	(100)	

TABLE 11.2—*contd.*

1	2	3	4	5	6	7	8	9
1970	Sutures Needed — All Codes Sutures	14,000	28,000	10,000	1,50,000	34,000	26,000	2,62,000
	All Codes	2,000	..	3,000	17,500	8,000	5,500	36,000
		16,000	28,000	13,000	1,67,500	42,000	31,500	2,98,000
		(5.4)	(9.4)	(4.4)	(56.2)	(14.1)	(10.5)	(100)
1971	Sutures Needed — All Codes Sutures	15,000	30,000	10,000	1,61,000	36,000	28,000	2,80,000
	All Codes	2,500	..	3,500	19,000	9,000	6,000	40,000
		17,500	30,000	13,500	1,80,000	45,000	34,000	3,20,000
		(5.5)	(9.4)	(4.2)	(56.2)	(14.1)	(10.5)	(100)

NOTE : (i) Supplies by Johnson & Johnsons are expected to be around 85% to 90% of total demand.

(ii) Figures in brackets indicate % to total.

11.3. At the public inquiry it was stated by the D.G.T.D. that on the basis of the experience of the previous years, it had been estimated that between 250,000 and 300,000 dozens of sutures will be needed for the future, and we have considered that the demand during the current year would be of the order of 250,000 dozens of sutures going up at the rate of about 16 thousand dozen sutures annually and reaching the level of 300,000 dozen sutures in the year 1971.

12.1. The principal raw material for the manufacture of cat-guts is the intestine or the casing of sheep and goats which is procured from indigenous sources. The other raw materials required are special eyeless needles, isopropyl alcohol, ethylene oxide, sodium benzeate, slats, glass tubes and packing materials. Needles, ethylene oxide and isopropyl alcohol are imported and the other items are available locally.

12. Raw materials

12.1.1. *Casings*: It was stated by the representative of the manufacturing unit at the public inquiry, that the overall quality of the casings available in the country is not satisfactory owing to the fact that damage is caused at the collection stage, the slaughter houses being run still on primitive lines and without facility for proper storage. The casings or intestines are collected from different sources and it takes them between ten to fifteen days to reach the unit and in the meantime damage sometimes occurs. In terms of the usable casings when imported from abroad, the percentage of the former was about 95 per cent of the total stocks received while the Indian average according to the unit works out to only about 60 per cent. Collections have been made from about 30 centres covering 200 slaughter houses in the last few years. There appears to be little possibility of improvement in the quality of casings until modern slaughter houses are set up; the unit will have to manage with the casings that are now available. The Central Leather Research Institute, Madras has informed us that the quality of the Indian sheep and goat intestines is as good as available in Europe or America. The unit has said that this may be true in the case of a few samples analysed but, by and large, its experience has been otherwise.

12.1.2. There have been wide fluctuations in the prices of casings as the following figures in table 12.1.2. would show:

TABLE 12.1.2
Prices of casings

(in Rupees)

Year	Average price per ring					
	Begin- ning of the year	Ending of the year	High		Low	
			Month	Rate	Month	Rate
1961	0.59	0.80	July	0.95	Sept.	0.57
1962	0.93	1.02	Dec.	1.02	Oct.	0.90
1963	1.00	0.99	July	1.16	Nov.	0.92
1964	0.97	0.28	Jan.	0.97	Nov.	0.28
1965	0.95	1.12	July	1.31	Jan.	0.75
1966	1.05	2.10	Dec.	2.10	Jan.	1.05
1967	2.10	1.77	Jan.	2.14	Aug.	1.64
1968	1.64	1.50 (July)	May	1.68	July	1.50

The purchases of the unit constituted about 10 per cent in value of the total number of casings produced in the country. It is estimated that about 80 per cent of the casings produced are exported, 10 per cent utilised within the country for the manufacture of sausages and the remaining 10 per cent used by Johnson & Johnsons in the manufacture of catguts. The market is particularly unstable and there are frequent ups and downs with the result that over a period of seven years the lowest prices plummeted down to Re. 0.28 and the highest climbed up to Rs. 2.14 exhibiting in terms of percentage variation of almost 700 per cent. During certain periods, when copious supplies are available from other international markets, prices tend to become depressed while at other times they go up. The catgut manufacturer has no choice but to purchase at the prevailing market prices which are controlled by the sausage industry. The year 1964 was particularly favourable in so far as prices of casings are concerned and this was because of large supplies being unloaded on the international market from China and the consequent depression of the Indian market. It is therefore difficult to predict the level of prices in the future but we have made an estimation in view of the past experience and have discussed it further in paragraph 20.

12.2. It has been mentioned already that needled sutures are coming more and more into vogue owing to the ease of use and the reduction in trauma to the tissue which needs to be punctured for the purposes of suturing. About 23,000 dozens of needled

sutures were manufactured in India in 1967 out of a total of 224,000 dozen sutures. Needles for swaging have at present to be imported from abroad at the cost of about Rs. 3 lakhs per annum. It was mentioned at the public inquiry that there were two units in India manufacturing surgical eyed needles, one of them being in the Nilgiris. The representative of the Director General of Armed Forces, Medical Services, mentioned that he was actually getting some surgical needles from the Nilgiri unit. Johnson & Johnsons, however, stated that supplies obtained so far from the indigenous manufacturers were not of the requisite quality. The present requirement in the country of needled sutures is of the order of about 25,000 dozens. While it would be necessary to explore the possibility of the manufacture of eyeless needles by those who are manufacturing other varieties of surgical needles in the country, it would not be advisable to give up the project in case satisfactory material is not forthcoming. While supplies from an ancillary manufacturer may be conducive to the reduction of cost without necessitating the creation of another unit which may possibly be of uneconomic size it would nevertheless be desirable, that the indigenous manufacture of eyeless needles should be set up as soon as possible so that the production of needled sutures can be stepped up. Since swaging is a labour intensive industry and as cheap but skilled labour is available in our country, the manufacture and export of needled sutures, which is a low bulk commodity, has considerable potential. It is all the more desirable therefore to encourage production of needled sutures in India and for this purpose first to try to obtain needles of the requisite quality from the manufacturers already established and in case this does not meet with success to have the unit set up its own plant for the manufacture of needles.

12.3. Johnson and Johnsons was asked to comment upon the prices of raw materials, their quality, availability etc. and it has referred to its earlier replies submitted at the time of the inquiry in 1966 and therefore we are not going into these matters afresh and have mentioned only those items to which our particular attention was drawn at the public inquiry.

12.4. *Wastage/rejections* : The producer has informed us that the percentage of wastage or rejection varies from material to material. In regard to casings, the yield is reported to be about 35% with 65% wastage. In the case of suture manufacture, the wastage is reported to be from 6 per cent to 30 per cent and the post-manufacture wastages range from 5 per cent to 10 per cent. Suitable corrections have been made on the basis of actual experience in estimating future costs.

13.1. The quality of surgical catgut depends mainly upon its tensile strength, uniformity of gauge, sterility and the time taken for absorption. Ability to withstand needle-pull is another important quality factor in the case of needed sutures.

13.2. *Testing*: As in the case of other pharmaceutical drugs, the Government analysts appointed by the State Governments under the Drugs & Cosmetics Act and Rules are the testing authorities for catguts also.

13.2.1. Samples are tested by the Government analytical laboratories as and when they are received from the Drug Inspectors. The sutures received from abroad are tested by the Drugs Controller (India) in accordance with the provisions of the rules and in conformity with the procedure observed for the testing of imported pharmaceuticals.

13.3. *Views on quality*: We addressed a total of 109 users including surgeons and official indentors on the issue as in Appendix VI. We asked them to indicate any specific defect that they might have noticed as also for their views on the comparative quality of indigenous and imported catguts.

13.3.1. The Drugs Controller, Government of India, has forwarded the views of the Drugs Controller, Maharashtra State and has stated that he is in agreement with the views conveyed by the Maharashtra Drug Control Administration. The Drugs Controller, Maharashtra has stated that samples of catguts were drawn from time to time and has given instances of three samples which were found to be satisfactory. The Government analyst, Maharashtra State, functioning in the Haffkine Institute has stated that the majority of the samples tested were found to be of satisfactory quality while occasionally, a few samples were not found to comply with the requirements of the tests for sterility.

13.3.2. The unit, on the other hand, has brought to our notice that at least in one instance the State Drugs Control Organisation has, as a result of representation made by it and on the basis of re-test, revised the original test report regarding the sample not being sterile. The unit in its reply has stated that consumers are in general satisfied with the quality of the products and complaints referred to it were of delay in absorption, of tensile strength and needle pull-out. The unit has stated that these are not quality complaints but in the course of the discussions with

the Commission it admitted that during this year about 10 complaints were received, most of which were about sterility, and the rest about absorbability. In no case, according to the unit, was the complaint found to be valid.

13.3.3. Two of the most important aspects of quality are sterility and absorbability in the same order of importance. Lack of sterility can constitute a threat to the life of the patient operated upon. Improper absorbability may also create difficulties and problems of healing though not so serious as in the case of lack of sterility. The system of sterilisation which is being used by the unit is of chemical disinfection. Though chemical agents prevent the growth of bacteria and are bactericide these do not always kill spores. Irradiation is now considered as the universal and effective method of sterilisation of catguts, and it would be desirable to bring this into operation as early as possible.

13.4.1. Of the fiftyfive replies received, no views have been expressed in respect of quality by twenty. The analysis of the views can, therefore, be confined only to the remaining 35. Of these, 13 or 37% have expressed dissatisfaction with quality. Out of the eight civil surgeons who have mentioned their views, four have mentioned some defects or the other. Of the 25 hospitals, who responded to our questionnaire, only 15 have expressed views on quality. Of these, five have pointed out defects and the remaining consider the indigenous product as being satisfactory in quality. Of the 14 complaints received altogether, six are in respect of low tensile strength, four with regard to lack of sterility, three concerning the gauge not being uniform and one in respect of absorbability.

13.4.2. While it is not possible on the data available to come to any categorically adverse conclusions about the quality of the domestic product, we cannot also ignore the unexceptional affirmation of good quality of the imported sutures. Nor can we overlook the various specific complaints against the indigenous product and the fairly high percentage of replies expressing dissatisfaction in the total sample of views that are here before us.

13.5. *Suggestion regarding quality required*: The Director, Central Drugs Laboratory, Calcutta, has expressed the opinion that absorbability of catguts within living tissue is not covered by any Pharmacopoeial standards and that standardisation of absorbable sutures is not unknown. He feels that this aspect should be given due consideration in assessing the quality of surgical sutures. The latest revised Indian Pharmacopoeia does not include the monograph of catguts, but schedule F of the Rules under the Cosmetics Act prescribes tests for surgical catguts. These tests do not include absorbability, tensile strength or uniformity

of gauge. It would be desirable to include these or such of these qualities or specifications which are of undisputed therapeutic importance.

14. Import, manufacture, sale and distribution of surgical catguts are governed by the provisions and rules under Drugs and Cosmetics Act, 1940. According to this Act, State Drug Control Authorities issue licences for the manufacture and sale of catguts on certain conditions. But in regard to prices, catguts are included in the Drugs Prices (Display and Control) Order, 1966 under para 6-A of which the manufacturer has to obtain approval of the Central Government for any price increase.
14. State control on manufacture

- 15.1. Surgical catguts come under Sl. Nos. 93-94(e) of Part V of Import Trade Control Policy (Red Book) which cover "medical, surgical instruments, equipment and appliances and parts thereof not made mainly of rubber and not made mainly of glass".
15. Import control policy

15.2. For the licensing period April 1966-March 1967 there was a quota of 10% for established importers for this group of items. Applications for additional licences from established importers of surgical ligatures and sutures (Sl. Nos. 93-94(e)/V) and drugs and medicines (Sl. Nos. 87, 109/IV) for imports of surgical ligatures and sutures were to be considered on merits by the Chief Controller of Imports, New Delhi in consultation with the Directorate General of Health Services, New Delhi against the foreign exchange ceiling for drugs and medicines. Applicants were required to be holders of import licences under the Drugs and Cosmetics Act, 1940. Consequent upon devaluation, an additional quota of 20 per cent of the value of the quota certificate was announced in terms of Public Notice No. 85/66-ITC(PN)/66, dated 23rd June 1966. It was also provided that import licences will be subject to the condition that the sale of the goods will be made at a margin of profit not exceeding 20 per cent of the landed cost. In terms of remark 'X' against Sl. No. 93-94(e), Part V, although quota licences were to be granted separately for Sl. Nos. 92(n), Part V, 93-94(d), Part V, 93-94(e), Part V, 93-94(f), Part V, 93-94(j), Part V, they could be utilised for the import of any or all the goods falling under these serial numbers. "Catguts" was not licensable to Actual Users.

15.3. For the licensing period April 1967-March 1968 the quota for established importers for this group of items covered under Sl. No. 93-94(e) was raised to 35%. It was also mentioned that although quota licences were to be granted separately for

other Sl. Nos. such as 92(n)/V, 93-94(d)/V, 93-94(e)/V, 93-94(f)/V and 93-94(j)/V, they could be utilised for the import of any or all the goods falling under these serial numbers. It was further provided that upto 10% of the face value of the quota licences must be utilised for import of surgical ligatures and sutures. The import licences were to be issued subject to the condition that the sale of the goods would be made at a margin of profit not exceeding 20% of the landed cost.

15.4. For the current licensing period viz., April 1968-March 1969 the quota for established importers for the group of items covered by Sl. Nos. 93-94(e) has been reduced to 25%. The import licences are to be issued subject to the condition that the sale of goods would be made at a margin of profit not exceeding 20% of the landed cost. It has further been provided that although quota licences for Sl. Nos. 92(n)/V, 93-94(d)/V, 93-94(e)/V and 93-94(f)/V are to be granted separately, they would be interchangeable and can be utilised for import of any goods falling under these serial numbers. Quota for catguts as such is not separately indicated in the Red Book.

15.5. *Existing rates of import duties*: The imports of surgical catguts are assessable at the standard rate of duty of 25% *ad valorem* under item No. 77(2) of the First Schedule to the Indian Customs and Central Excise Tariff (Fiftyseventh issue) the relevant extract from which is given below:—

TABLE 15.5

Rates of import duties

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom	British colony	Burma	
1	2	3	4	5	6	7	8
*77 (2)	(a) Scientific and Surgical Instruments, apparatus and appliances**	Revenue	60 per cent <i>ad valorem</i>	..	..	10 per cent <i>ad valorem</i>	..

TABLE 15.5—*contd.*

1	2	3	4	5	6	7	8
*77 (2)	(b) Parts of Scientific and Surgical Instruments, apparatus and appliances, not otherwise specified.	Revenue	60 per cent <i>ad valorem</i>	..	..	10 per cent <i>ad valorem</i>	..

NOTES : **These are GATT items.

(1) Dental abrasives (points, wheels, trimmers stones etc.) whether mounted on mandrills or unmounted are GATT items.

(2) Under Government of India, Ministry of Finance (Department of Revenue), Notification No. 117-Customs, dated the 20th August, 1965 goods falling under item Nos. 77(2) (a) and 77(2)(b) are exempt from the payment of so much of that portion of the Customs duty leviable thereon which is specified in the First Schedule to the Indian Tariff Act, 1934 as is in excess of 25 per cent *ad valorem*.

16.1. *Imports* : Import statistics of catguts by value as published by the Director General of Commercial Intelligence and Statistics, Calcutta, are available from the month of April 1965. A detailed statement showing the country-wise imports of catguts (sterile and non-sterile) during 1965 (April-December), 1966, 1967 and 1968 (January-July) is given in Appendix VII. A summary is given below:

TABLE 16.1

Summary of imports

	*1965 (April- Dec.) Value	*1966 Value	1967 Value	1968 (Jan.- July) Value
	Rs.	Rs.	Rs.	Rs.
1. Catguts (Surgical) Sterile .	5,08,013	3,87,042	3,84,837	3,85,195
2. Catguts (Non-Sterile) Article from Guts etc.	10,957	4,536	9,889	9,712
TOTAL .	5,18,970	3,91,578	3,94,726	3,94,907

*Figures for pre-devaluation periods 1965 and January-May 1966 have been escalated by 57.5%.

Of these, imports valued at Rs. 1.48 lakhs in 1966 and Rs. 2.54 lakhs in 1967 were from West Germany.

16.2. *Exports*: No exports of catguts have been recorded in the published statistics so far.

17.1. The company has informed us that there has been no change in its marketing set-up and the selling system since the Commission's last inquiry. It has no sole selling agents. It sells through its wholesalers and sometimes directly to its customers. Normally it follows the principles of first-come first-served. It resorts to occasional deviations according to exigencies. All Armed Forces' requirements receive priority. The company says that it is satisfied with these arrangements and therefore, it does not contemplate any change in the selling system.

17.2. At the time of the last inquiry, the producer had a net-work of 16 distributors spread all over India for the sale of Ethicon sutures. At present the company has 31 distributors. The names and full addresses of these distributors together with the territories assigned to them are given in Appendix VIII.

17.3. Besides its net-work of distributors, the company has its field staff and sales managers on whom it is reported to be spending about Rs. 7 to Rs. 8 lakhs annually.

17.4. The delivery periods vary from code to code and also in accordance with shifts in demand. However, it is reported that as the production cycle is of about 15 weeks, any sudden increase in demand, cannot be met in less than 18 weeks.

17.5. *Actual sales and stocks position*: A statement showing the size-wise sales of catguts effected by Johnson & Johnsons during the years 1965, 1966, 1967 and 1968 (January to September) as well as stocks held by the company at the end of 1965, 1966, 1967 and September 1968 is given in Appendix IX. A summary, is given below:—

TABLE 17.5
Summary of sales and stocks

	Sales during										Stocks at the end of									
	1965	%	1966	%	1967	%	1968 (Jan.- Sept.)	%	1968	%	1965	%	1966	%	1967	%	1968 (Sept.)	%		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
A-Plain	.	65,425	31.7	52,140	27.7	74,520	30.3	46,677	26.9	10,025	23.8	7,359	22.8	3,535	33.6	6,645	26.6			
B-Chromic	.	116,409	56.4	114,748	60.9	143,638	58.4	112,560	65.0	25,014	59.3	17,771	55.1	5,031	47.8	12,386	49.7			
C-Needled	.	24,683	11.9	21,540	11.4	27,855	11.3	14,082	8.1	7,150	16.9	7,138	22.1	1,957	18.6	5,915	23.7			
TOTAL	.	206,517	100.0	188,428	100.0	246,013	100.0	173,319	100.0	42,189	100.0	32,268	100.0	10,523	100.0	24,946	100.0			

17.6. *Distributor's margin*: Prior to the fixation of prices as recommended by the Commission in its Report (1966), the distributors appointed by Johnson & Johnsons used to get a discount of $7\frac{1}{2}\%$ on the invoiced prices and a further $14\frac{1}{2}\%$ on the retailers' margin. In addition, a cash discount of $2\frac{1}{2}\%$ of the net invoiced value was allowed on payment within seven days. Consequent upon the fixation of prices, the provisions in distribution agreements providing for the discounts at the above rates were deleted. In other words, the company sells to all distributors without offering any discount. A penalty of $2\frac{1}{2}\%$ is imposed on distributors who do not make payment of their bills within 7 days from the date of presentation of documents, either directly or through a Bank. With the company's approval, its distributors have appointed stockists or small dealers. Any arrangement between distributors and stockists is on terms solely negotiated and agreed between them. A mark-up of 20% on list price is made. However, the margin between the net amount paid by the distributor to the company and the amount payable by the ultimate consumer is only 15% which is less than half the normal margin on other products of the company.

17.7. Some of the distributors of catguts, who have responded to our questionnaire, have put forward the plea that, with the discontinuance of trade discount/commission, their margin of profit between the wholesale and retail is inadequate. They have suggested raising the margin to 20 per cent.

18.1. The table below shows the movements of prices of catguts together with their percentage variations since 1963. As already indicated in paragraph 2.3 above, Government granted an interim price increase in May 1968.

18. Selling prices

TABLE 18.1
Movement of prices of catguts since 1-1-1963

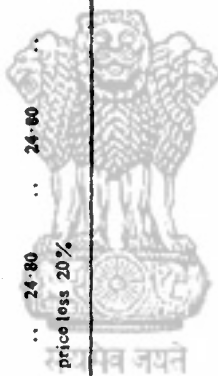
Product	PRICE PER DOZEN (RUPEES)															
	January-March 1963	March 10, 1963	March 31, 1963	Sept. 1963	Percent- tag varia- tion (Col. 5 over Col. 3)	1964	Percent- tag varia- tion (Col. 7 over Col. 3)	1965	Percent- tag varia- tion (Col. 9 over Col. 7)	1965 Oct.	Percent- tag varia- tion over Col. 9	1966 & 1967 tag varia- tion by Com- mission	Percent- tag varia- tion over Col. 9	1968 Price after interim increase all- owed by Govt. w.e.f. 6-5-68	1968 Price after interim increase all- owed by Govt. w.e.f. 6-5-68	Percent- tag varia- tion over Col. 13
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
<i>A. Trade</i>																
<i>Sutures (Plain)</i>																
S. 100 to S. 108	27.00	27.55	27.55	2.0	..	27.55	..	27.55	..	..	..	23.76	(-)13.8	26.43	11.2	
<i>Sutures (Chro- mic)</i>																
S. 110 to S. 118	27.00	27.55	27.55	2.0	..	27.55	..	27.55	..	..	..	23.76	(-)13.8	26.43	11.2	
<i>Needle Sutures</i>																
M. 407	36.04	39.00	39.00	8.2	..	39.00	..	39.00	..	..	..	25.59	(-)34.4	28.82	12.6	
M. 408	36.04	39.00	39.00	8.2	..	39.00	..	39.00	..	..	..	25.59	(-)34.4	28.82	12.6	
M. 409	36.04	39.00	39.00	8.2	..	39.00	..	39.00	..	..	..	25.59	(-)34.4	28.82	12.6	
M. 410	36.04	39.00	39.00	8.2	..	39.00	..	39.00	..	..	..	25.59	(-)34.4	28.82	12.6	

M. 412	..	64-00	..	39-00 (-)39-1	39-00 (-)39-1	39-00	..	..	25-59 (-)34-4	28-82	12-6
M. 413	..	64-00	..	39-00 (-)39-1	39-00 (-)39-1	39-00	..	..	25-59 (-)34-4	28-82	12-6
G. 102	..	..	..	..	..	..	..	..	..	28-82	..
G. 113	..	..	..	..	..	..	..	..	..	33-41	..
G. 114	..	..	..	..	..	..	..	..	..	33-41	..
M. 404	..	39-92	43-20	8-2	..	43-20	..	43-20	25-59 (-)10-8	28-82	12-6
M. 405	..	39-92	43-20	8-2	..	43-20	..	43-20	25-59 (-)40-8	28-82	12-6
M. 423	..	39-92	43-20	8-2	..	43-20	..	43-20	31-23 (-)27-7	34-44	10-3
M. 424	..	39-92	43-20	8-2	..	43-20	..	43-20	31-23 (-)27-7	34-44	10-3
M. 425	..	39-92	43-20	8-2	..	43-20	..	43-20	31-23 (-)27-7	34-44	10-3
M. 426	..	39-92	43-20	8-2	..	43-20	..	43-20	31-23 (-)27-7	34-44	10-3
M. 449	..	39-92	43-20	8-2	..	43-20	..	43-20	35-06 (-)18-8	38-02	8-4
M. 450	..	39-92	43-20	8-2	..	43-20	..	43-00	35-06 (-)18-8	38-02	8-4
M. 333	..	46-60	50-00	7-3	..	50-00	..	50-00	..	..	..
M. 334	..	46-60	50-00	7-3	..	50-00	..	50-00	34-19 (-)31-6	..	..
M. 400	..	46-60	50-00	7-3	..	50-00	..	50-00	25-59 (-)48-8	28-32	12-6
M. 416	..	46-60	50-00	7-3	..	50-00	..	50-00	30-18 (-)39-6	33-41	10-7
M. 417	..	46-60	50-00	7-3	..	50-00	..	50-00	30-18 (-)39-6	33-41	10-7
M. 420	..	46-60	50-00	7-3	..	50-00	..	50-00	31-23 (-)37-5	34-44	10-3
M. 421	..	46-60	50-00	7-3	..	50-00	..	50-00	31-23 (-)37-5	34-44	10-3
M. 438	..	46-60	50-00	7-3	..	50-00	..	50-00	34-19 (-)31-6	41-50	21-4
M. 441	..	46-60	50-00	7-3	..	50-00	..	50-00	34-19 (-)31-6	37-40	9-4
M. 442	..	46-60	50-00	7-3	..	50-00	..	50-00	34-19 (-)31-6	37-40	9-4
M. 445	..	46-60	50-00	7-3	..	50-00	..	50-00	35-06 (-)29-9	38-02	8-4

TABLE 18.1—*contd.*

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
M. 446	45.60	50.00	7.3	..	..	50.00	..	50.00	..	..	..	35.06 (-)29.9	38.02	8.4	..
M. 483	46.60	50.00	7.3	..	..	50.00	..	50.00	..	..	..	..	..	..	..
M. 470	..	..	..	..	..	..	..	56.00	..	50.00 (-)10.7	..	30.18 (-)46.1	38.59	27.9	..
M. 471	..	..	..	..	..	..	..	64.00	..	50.00 (-)21.9	..	33.12 (-)48.2	41.53	25.4	..
O. 123	..	..	..	..	..	..	..	..	..	..	..	..	37.40	..	..
O. 124	..	..	..	..	..	..	..	..	..	..	..	..	37.40	..	..
M. 510	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	30.18 (-)46.1	37.57	24.5	..
M. 549	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	33.12 (-)40.9	..	..	..
M. 580	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	..	..	..	..
M. 581	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	..	..	..	..
M. 582	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	30.18 (-)46.1	..	..	..
M. 590	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	25.59 (-)54.3	..	..	..
M. 595	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	..	..	..	..
M. 596	53.24	56.00	5.2	..	..	56.00	..	56.00	..	..	..	..	..	..	..
M. 437	..	..	..	..	..	..	..	56.00	..	50.00 (-)10.7	..	33.12 (-)40.9	40.21	21.4	..
M. 863	..	..	..	..	..	..	..	..	..	..	..	..	38.02	..	..
M. 864	..	..	..	..	..	..	..	..	..	..	..	..	38.02	..	..
M. 606	59.88	64.00	6.9	..	..	64.00	..	64.00	..	..	..	..	55.65	..	..
M. 520	..	..	..	..	..	..	..	..	..	..	..	..	55.65	..	..
M. 601	59.88	64.00	6.9	..	..	64.00	..	64.00	..	..	..	30.18 (-)52.8	43.70	45	..
M. 640	59.88	64.00	6.9	..	..	64.00	..	64.00	..	..	..	30.18 (-)52.8	..	..	..

M. 641	59.88	64.00	6.9	..	..	64.00	..	64.00	..	..	..	30.18 (—) 52.8	..	..
M. 642	59.88	64.00	6.9	..	..	64.00	..	64.00	..	..	..	..	..	..
B.D.G.S. & D. and D.G.A.P.M.S.														
Sutures	22.50	24.80	10.2	..	..	24.80	..	24.80	..	..	..	..	..	..
Needled Sutures	Trade price less 20%													



18.2. Prices of catguts are rate-contracted between the producer and the Government purchase organisations and, therefore, most of the hospitals have not offered any comments on the subject. However, some of the consumers such as the Director-General of Armed Forces' Medical Services, New Delhi are of the opinion that the prices of indigenous catguts are high.

18.3. Dealers as well as surgeons have generally stated that the prices are high and that it is mainly because there is only one producer. It has also been stated that after the recent increases allowed by Government there is no ground for any further escalation.

19.1. The latest c.i.f./f.o.b. prices as reported by Collectors of Customs and importers are given in table 19.1.

19.2. The quantity and value of imports as furnished by the Drugs Controller (India) is given in table 19.2.

19.3. Table 19.3 gives particulars of the information obtained from the Assistant Drugs Controller, relating to the latest imports of catguts.



TABLE 19-1
C. i. f./f. o. b. prices and landed costs of imported catguts.

Sl. No.	Source of information	Type and specification of catguts	Origin of Import	Date of Import	C.i.f. price per dozen tubes	Customs duty	Clearing charges	(Price Rs. per doz.)			Landed cost	Selling price	Remarks
								6	7	8	9	10	11
1	2	3	4	5	6	7	8	Rs.	Rs.	N.A.	Rs.	Rs.	
1	Collector of Customs, Bombay.	No. 1	West Germany	3-4-68	10.45	25%	N.A.	10.45	25%	N.A.	13.78	..	
		Chromic No. 2/0	Do.	27-4-68	8.33	25%	N.A.	8.33	25%	N.A.	11.68	..	
		Plain No. 2/0	Do.	27-4-68	8.37	25%	N.A.	8.37	25%	N.A.	13.16	..	
		Chromic No. 2	Do.	22-4-68	10.80	25%	N.A.	10.80	25%	N.A.	14.24	..	
		Plain No. 2	Do.	22-4-68	10.80	25%	N.A.	10.80	25%	N.A.	14.88	..	
		Chromic No. 3	Do.	22-4-68	10.55	25%	N.A.	10.55	25%	N.A.	14.58	..	
		Plain No. 3	Do.	22-4-68	10.80	25%	N.A.	10.80	25%	N.A.	13.10	..	
		Chromic No. 2/0	Do.	22-4-68	8.40	25%	N.A.	8.40	25%	N.A.	11.57	..	
		Plain No. 2/0	Do.	22-4-68	8.27	25%	N.A.	8.27	25%	N.A.	11.39	..	

TABLE 19.2
Quantity and value of imports as furnished by Drugs Controller (India)

Sl. No.	Names of the Manufacturer	1965-66			1966-67			1967-68		
		Qty. (Doz.)	c.i.f. value	Average	Qty. (Doz.)	c.i.f. value	Average	Qty. (Doz.)	c.i.f. value	Average
1	2	3	4	5	6	7	8	9	10	11
1	M/s. Societe Sterile Catgut, Switzerland	117	997	8.52	...	...	...	...	...	...
2	M/s. Veb Catgut, West Germany	904	4,860	5.38	...	...	...	...	...	...
3	M/s. J. Pfimmer & Co., West Germany	386	3,004	7.78	382	3,004	7.86	...	...	...
4	M/s. Scrage Wiessner Catgut Fabriken, West Germany	4,553	28,463	6.25	1,868	17,129	9.17	2,278	21,678	9.52
5	The Wilhelm Schwanner, West Germany	768	5,823	7.58	714	7,840	10.98	816	6,705	8.22
6	M/s. Dr. Hammer & Co., West Germany	17,153	92,187	5.37	5,117	45,039	8.80	4,86	49,363	10.17
7	M/s. B. Braun, West Germany	474	3,855	8.13	201	2,839	14.12	...	...	...

8	M/s. Hammer Katgut Co., Austria . . .	4,267	26,286	6-16	3,077	29,917	9-72	..	..	..
9	M/s. Allen & Hanburys Ltd., U.K. . . .	674	11,880	17-63	115	3,470	30-17	..	..	..
10	M/s. Weddel Pharma, U.K.	625	7,511	12-02	230	4,708	20-47	201	4,221	21-00
11	The London Hospital, U.K.	2,630	37,129	14-12	970	22,739	23-44	1,274	23,962	18-81
12	M/s. Armour Pharma Labs., U.K. . . .	876	13,217	15-09	645	11,831	18-34	..	..	..
13	M/s. American Cyana- mid Co., U.S.A. . .	977	16,505	16-89	966	25,725	26-63	1,098	31,210	28-42
14	M/s. Davis & Geck, U.S.A.	963	17,462	18-13	1,014	24,210	23-88	448	11,574	25-83
		35,367	2,69,179	7-61	15,299	1,98,451	12-97	10,971	1,48,713	13-36

TABLE 19.3

Information furnished by the Assistant Drugs Controller, Bombay, relating to latest imports of catguts

Month	Name of manufacturer	Quantity imported. (doz.)	C. i. f. Values	C. i. f. per doz.	Landed cost per doz.
			Rs.	Rs.	Rs.
April 1968	Serag Wiessner Catgut.				
	1. Fabriken GmBH (W/G)	293	2,454	8.38	10.94
	2. Do.	400	4,230	10.80	14.09
	3. Do.	720	6,025	8.37	10.92
	4. Do.	304	3,161	10.40	13.57
	5. Do.	385	4,021	10.44	13.62
	6. Do.	36	465	12.92	16.86
May 1968	7. Do.	43	335	7.78	10.15
June 1968	8. Dr. Hammer & Co.	303	3,315	10.94	14.28
	9. Do.	476	4,570	9.60	12.53
July 1968	10. J. Pfimmer & Co. (W/G).	120	1,521	12.68	16.55
	11. Hammer & Co. (W/G).	2,100	24,270	11.56	15.09
August 1968	12. Dr. Hammer & Co. (W/G).	282	2,815	9.98	13.02
	13. J. Pfimmer & Co. (W/G).	120	1,521	12.68	16.55
	14. Dr. Hammer & Co.	689	6,167	8.95	11.68
	15. Weddel Pharma (U.K.)	69	1,185	17.17	22.41
	16. Wilhelm Schwaner (W/G).	619	4,495	7.26	9.47
	17. Cyanamid International (U.S.A.).	185	5,340	28.36	37.66

19.4. It would be observed that sutures of West German origin ranged in price from Rs. 9.84 per dozen to Rs. 22.25 according to the figures given by the Collector of Customs, Bombay. Price ranges for catguts imported from Germany, Austria, Switzerland are substantially lower than those imported from United Kingdom or United States of America.

19.5. Since the imported catguts are subject to stringent quality control and test and no adverse reports have been received, it appears that there was no quality deviation in so far as imported catguts are concerned. In fact the general opinion expressed at the public inquiry was that the quality of the imported catguts was superior to that of the indigenous product.

19.6. The prices for catguts ruling in U.S.A. and U.K. both for the products of Ethicon as well as other brands are shown in table 19.6. It can be seen that the internal prices ruling in these two markets are by and large definitely higher than those currently prevalent in India.



TABLE 19.6

Ruling prices of comparative catguts in the manufacturers' own countries (Home markets) and export markets

Sl. No.	Particulars of catguts	Rs. per dozen (dealers' price)											
		PRICES											
		Indian	Ethicon U.K.	Ethicon U.S.A.	Ethicon U.S.A.	Ethicon Germany	Krale Lab. U.S.A.	Davis & Geck U.S.A.	Davis & Geck U.K.	Armour London	Sutures Hospital U.K.	Home	Home
1	2	3	4	5	6	7	8	9	10	11	12		
		May 1968	October 1966	September 1967	April 1968	May 1968	Home	October 1967	Home	October 1967	January 1967	Home	Home
A—PLAN													
	5/0, 4/0, 3/0, 2/0, 0, 1	26.43	22.95	38.78	37.43	29.02 to 29.96	37.35 to 41.03	40.05	27.00	29.25 to 35.10	27.00		
B—CHROMIC													
	5/0, 4/0, 3/0, 2/0	26.43	27.15	38.78	37.43	29.02		..	27.00	29.25 to 29.70	27.00		
	0, 1, 2, 3	26.43	34.80	38.78	34.43	29.96 to 42.56		..	27.00	31.05 to 39.38	27.00		

C-NEEDED									
4/0 Curved 16 mm. . .	38.59	..	38.78	37.43	43.53	55.05	29.70	32.85	29.70
3/0 Needed eyeless 50 mm.	28.82	..	..	..	43.53	43.05	29.70	33.75	28.80
3/0 Needed eyeless 40 mm.	40.21	34.65	38.78	37.43	43.53	..	..	..	..
2/0 Needed eyeless 40 mm	28.32	28.13	38.78	37.43	43.53	..	..	34.65	28.80
0 Needed eyeless 45 mm	28.82	..	38.78	37.43	45.82	..	29.70	35.10	..
1 Needed eyeless 50 mm	28.32	..	38.78	37.53	45.82	43.05	29.70	37.38	28.80

20.1. At the time of the previous inquiry the unit intended to shift the location of the wet-room plant from Dharavi to Deonar.

This project was, however, dependent upon the Bombay Municipal Corporation's progress in putting up an abattoir at the latter place. Since then the unit has been given to understand by the Corporation that the likelihood of the establishment of the abattoir at Deonar before 1970 is remote. The capital expenditure of Rs. 6 lakhs contemplated at the time of the last inquiry has not been incurred, nor is there any possibility of such expenditure being incurred in the near future. The company has since then set up a wet-room plant at Madras with a view to improving the quality of raw casings by primary sorting, cleaning and salting such casings before despatching them to Bombay. The Madras unit is functioning in rented accommodation.

20.2. The firm intended to replace the present method of chemical sterilisation by advanced irradiation process. This would have amounted to a complete change in the process involving the discarding of the existing plant for sterilisation and the erection of a completely new plant estimated to cost Rs. 17 lakhs. Unfortunately, little progress has been made so far in this matter. We understand, however, that the unit is now negotiating with the Bhabha Atomic Research Centre for the services of the latter to undertake irradiation on its behalf. The Commission had been informed at the last inquiry that a plant for the manufacture of needles was to be erected at a cost of Rs. nine lakhs. This too has not materialised. These projects were expected to cost approximately Rs. 32 lakhs. For the reasons mentioned already, none of these items has been included in the assets for working out future costs. Equipment for process control of diameter has now been installed, and the capital expenditure incurred on it has been taken into account for the purpose of working out the costs.

20.3. The Commission estimated at the last inquiry a demand of 206,573 dozen sutures in 1966 and 227,150 dozens in 1967. The actual number of sutures, both needled as well as plain and

chromic produced and the estimates of the Commission are brought together below:

TABLE 20.3
Sutures produced as against those estimated

Year	Total No. of sutures of all types produced	Total No. of needled sutures produced	Percentage of needled sutures to total	Commission's estimate of total No. of sutures of all types to be produced	Commission's estimate of total No. of needled sutures likely to be produced	Percentages of needled sutures to total (Col. 7 as % of Col. (6))
1	2	3	4	5	6	7
1965	2,26,392	28,998	12.8			
1966	1,81,434	22,986	12.7	206,573	24,575	11.9
1967	2,24,291	22,651	10.1	227,150	28,150	12.4
1968 (6 months)	1,27,748	12,429	9.7			

20.4. It would be observed that needled sutures formed 12.8% of the total production in 1965 and the proportion has been declining in subsequent years. For the first six months of 1968 the production of needled sutures was only 9.7% of the total number of sutures produced. This is not a healthy sign particularly when the world trend is in favour of needled sutures as against plain sutures. Apart from what has been stated by the unit as the reason for the fall in the production of needled sutures it has to be kept in mind that needled sutures cost more than plain sutures since the needle is rendered useless after use while eyed needles can be used over and over again. The need for matching the needle of the suture considerably extends the range of needled sutures for manufacture and stocks. Where these two are separate, it is easier to make the combination than where these go together. A large availability of codes is, therefore, necessary before needled sutures can be marketed on a more extensive scale. It is nevertheless desirable to encourage the production of needled sutures not only for internal consumption, but also in the interest of its export potential as mentioned in paragraph 12.2.

20.5. The price for plain and chromic sutures before price control was Rs. 27.55 per dozen ; it was reduced to Rs. 23.70 per dozen as a result of control but raised to Rs. 26.43 per dozen with effect from 6th May 1968. The price of needled sutures varied between Rs. 39 and Rs. 64 before the introduction of price control. These were fixed initially in the range of Rs. 25.59 to Rs. 35.06 and later revised to Rs. 28.82 to Rs. 55.65 per dozen in May 1968. The disparity between the pre-control price and the controlled price is greater in the case of needled sutures as the following figures would show.

TABLE 20.5
Comparison of dealers' prices f.o.r. destination

Particulars of product	Price before control	Controlled prices from 1966	Controlled prices from May 1968	Col. 3 as % of Col. 2	Col. 4 as % of Col. 2.
1	2	3	4	5	6
	Rs.	Rs.	Rs.		
Plain & Chromic	27.55	23.76	26.43	86.2	95.9
Needled-Lowest.	39.00	25.59	20.82	50.0	73.9
Needled-Highest	64.00	35.06	55.65	54.8	87.0

20.6. The economics of the manufacture of needled sutures is different from that of plain and chromic. This is because of the wide variety and limited production of individual codes and unsymmetrical patterns of demand. Moreover, the use of such needles is less extensive. It is therefore necessary to treat their production and marketing on different lines. While it is desirable that the production of needled sutures should be encouraged it is also clear that this would entail a considerable outlay. Price control may, in the present situation, deter the investor and thus retard the development of this new line. We are of the opinion that for providing a certain degree of freedom for the development of this relatively infant branch of the industry, needled sutures may be excluded from price control for sometime and that price control may be maintained only on other sutures.

20.7. The cost of the suture as compared to the total cost of a surgical operation is rather small. Again because of the limited and specialised use of needled sutures, and the alternative supply available to the surgeon by way of plain sutures at

controlled prices or imported needled sutures, it is unlikely that absence of price control will impose an undue burden on the consumer. While, therefore, we have given the fair prices for plain and chromic catguts, we have indicated only the cost calculated for needled sutures.

20.8. We expect that the manufacturer would adjust the prices for needled sutures according to what the market can bear. The producer has laid great emphasis on the fact that in order to catch up with the rapid popularity which needled sutures are gaining, the sales pattern of needled sutures vis-a-vis plain sutures has to be re-aligned. The firm has stated that it would be necessary for it to set up a needle producing plant at a capital expenditure of about Rs. 10 lakhs. In view of the uncertainty of the implementation of the scheme, however, we have not taken this amount into account. For the purpose of working out the future cost of production we have included only such capital additions as are justified for the production of plain and chromic sutures only.

20.9. The actual costs of production of sutures for the years 1966 and 1967 were examined by our Cost Accounts Division. We have also discussed these and all other relevant data furnished by the company, with its representatives. On the basis of such examination and discussions we have framed our own estimates for the years 1969 and 1970. The report of the Cost Accounts Division together with the Commission's estimates are being forwarded to Government separately for its confidential information. In evolving the estimated prices for future (i.e. 1969 and 1970), the actual costs in 1967 were taken as the basis. In projecting these estimates into the future, we have provided for variations in salaries and wages as per the Agreements with the Labour Union; dearness allowances as prevalent in 1968; depreciation calculated at income tax rates on the written down values of appropriate assets in actual use in 1968; and power and certain other charges based on the current rates. The estimates thus worked out are discussed in detail below and compared with those in 1967. The company has varied activities of which catguts forms approximately only one fourth. The production and costs estimates relate to only plain sutures (silk and needled sutures are excluded).

20.10. *Production*: During the costed period viz., 1967 the production of sutures (all codes) was 201,640 dozens. The production for the future has been estimated as under:—

Period	Estimated production Doz.	Increase in production over 1967 %	Usage of casings per 100 doz. Nos.
1968.	212,100	5.2	345
1969.	227,250	12.7	345
1970.	242,400	20.2	345
Average (3 years) . . .	227,250	12.7	345

(Note : The consumption of casings in 1967 was about 346 nos. per 100 dozens which has been rounded off to 345 nos. in the estimates for future. Besides, wastage in the process has been provided at 4% as obtaining in 1967).

20.11. We have studied the movements of prices of raw casings during the past seven years. We have also taken into consideration the competition from the export market which accounts for some 90 per cent of the total production of casings and thus governs the level in prices of casings for the suture industry also. We have, therefore, adopted the future cost of casings at Rs. 2 per casing as against the average of Rs. 1.95 for the year 1967. In view of the frequent and wide fluctuations in the price of this raw material we further recommend that a six monthly review may be made and prices be suitably adjusted at the rate of 38 paise per dozen sutures for every variation of 10 paise upwards or downwards in the weighted average price of raw casings during the previous six months. The estimate for other materials has been taken at the same unit costs as in 1967 as the present prices during 1968 have not shown any major variations. The items included under this head are Ethylene Oxide, Isopropyl Alcohol, Tubes, Labels and Packing.

Conversion charges

20.12. *Depreciation*: Certain additions to assets which have taken place during 1968 have been taken into account in the estimates. The contemplated addition in future of another 'Tru-Gauger' has not been allowed as no firm order for this has yet been placed by the company. They expect to instal it only in 1970, i.e. towards the end of the price period covered by the present recommendations.

20.13. *Salaries and Wages*: According to the agreements with the labour union, the company's wage/salary levels have been revised. The full impact of the revision in 1968 as also the normal grade increments for subsequent years have been provided for in the estimates. In addition a small provision has also been made for extra payment of wage for additional production envisaged in these estimates.

Consumable stores, Repairs & Maintenance

20.14. Any exact determination of the possible future price fluctuations of the large number of items under this head is not practicable. We have, therefore, allowed a margin for contingencies which we believe would broadly cover any foreseeable price increases in the future.

Factory overheads

20.15. Suitable adjustments have been carried out for provident fund based on the levels of wages and salaries estimated after taking into account the pattern of production of catgut sutures and silk sutures. Similarly, staff welfare, insurance, rent and taxes, travelling, printing, postage, telegrams etc., have been worked out on the basis of 1968 levels.

Administration

20.16. While due allowance has been made for increase in direct labour employed to handle the proposed additional production, no corresponding increase has been provided for under the head of general administration as we consider that no such addition is justified.

Selling expenses

20.17. The company has pressed for a substantial increase for its selling expenses, on the ground that it should have to approach surgeons in order to keep them informed of its products particularly in the range of needled sutures. We have given considerable thought to this matter. As the number of varieties of catguts produced by the unit is limited to about 40 codes, it should not be difficult for the unit to print lists of these 40 codes together with the necessary description and distribute them to the surgeons throughout the country. No special sales efforts on behalf of the manufacturers are therefore needed for a product such as catguts especially as the company enjoys a virtual monopoly in this field. Moreover, catguts are not like other products the volume of which is affected by consumer choice. In our view

plain and chromic sutures require little promotional effort. Some promotional expenses would, however, be justified in the case of needled sutures the production of which has started only recently and which is proposed to be stepped up in the future. Since we have recommended decontrol of needled suture prices we have not taken into account any estimate for promotional expenditure. We have applied selling expenses at the level of the actuals for 1967 and have allocated this in the ratio of 3:1 as between needled sutures on the one hand and plain and chromic on the other.

Distribution

20.18. This mainly represents the average freight charges and we have taken into account the increases in freight charges in 1968.

Total cost

20.19. Taking into account the various factors detailed in paragraphs 20.11 to 20.18 the total factory cost as estimated and compared with that of 1967 is as follows:

Items	Actuals (1967)	Estimate for future (1968 to 1970)	Increase
	Rs./doz.	Rs./doz.	%
(i) Materials . . .	9.08	9.26	2.0
(ii) Other costs . . .	14.21	14.47	1.8
TOTAL . . .	23.29	23.73	1.9

20.20. *Return*: The activities of this unit are of composite nature as has been mentioned already in paragraph 7.5. The share of catguts in the total turnover for the year 1967 was 24.8 per cent but in terms of profitability the contribution was only 3.4 per cent of the capital employed despite the fact that a return of 16% on employed capital was recommended at the time of the last inquiry and the same was included in the prices fixed by Government. This disparity is due also to the fact that the gross

margin of the unit on total capital employed in regard to activities other than catguts was 78.5 per cent. As a result of the revision of the prices made by Government in May 1968, other things being the same, the unit would have earned a higher return. It would not be fair to regulate the profitability on catguts by introducing an element of set-off in such a way that the overall profits come down to a pre-determined level. A middle course has, therefore, to be adopted to ensure that while the unit does not suffer loss on catgut, prices of plain and chromic sutures are also not enhanced to the disadvantage of the consumer. Isolating the activities on plain and chromic sutures on a proportionate basis, the return of 16 per cent on employed capital proposed by us will provide the unit with enough funds, after payment of corporate tax, building up of requisite reserves, disbursement of statutory minimum bonus and payment of interest on borrowings, interest on block, to distribute the net surplus as dividend of about 7 per cent on the paid-up capital. By itself this may appear meagre but in a composite activity where the margin on the major part is many times this figure, it should be considered an adequate return to the unit. It would not be fair to place any additional burden on the consumer when the indigenous prices are already high compared to the generality of the imported catguts. It should also provide a margin to the unit appreciably higher than what it has been getting in the past.

20.21. *Contingencies* : For reasons mentioned already and keeping in view the general price structure, we have allowed a margin of 5 per cent on costs excluding casings for which separate escalation has been recommended.

20.22. The fair selling price has been arrived at for the years 1968 to 1970 and the weighted average of these prices has been taken on the basis of the estimated sales for the three years and these prices are exhibited in table 20.22. We recommend that these prices be fixed for plain and chromic sutures for the years 1969 and 1970. These prices are f.o.r. destination. We have worked out estimated costs for needled sutures also and these are exhibited in table 20.22. No rate of return or that of contingency has been provided to the costs worked out in respect of this variety of sutures, since we have recommended decontrol of needled sutures.

TABLE 20.22

Statement showing estimated fair selling price for plain and chromic sutures and total costs of various types of needled sutures f. o. r. destination

Particulars	(Rs. per dozen)									
	Sutures (plain & chromic) without needles	Straight needles 'A'	Curved needles 'A'	Curved needles 'B'	Circle needles 'A'	Circle needles 'B'	Circle needles 'C'			
	M400 M404 M405 M407 M408 M409 M410 M412 M413 G102	M416 M417 G113 G114	M470 M510 M520	M420 M421 M423 M424 M425 M426	M437 M471	M438 M441 M442 G123 G124	M445 M446 M449 M450 863 864			
1. Raw materials (including wastage).	9.26	18.37	18.37	31.85	31.49	31.49	19.04	28.48	31.85	29.02 19.04 19.52
2. Conversion Charges										
(i) Depreciation	0.84	0.43	0.43	0.55	0.54	0.54	0.44	0.52	0.55	0.52 0.44 0.48
(ii) Other conversion charges.	9.00	5.67	5.67	5.67	5.67	5.67	5.94	5.67	5.67	5.94 5.94 6.34

20.23. We do not suggest any retail price and have not been asked to do so. However, to give an idea to the Government of what they should be in accordance with the present margin between the ex-factory and the retail prices allowed by the company, we have shown in table 20.23 the approximate retail price of plain and chromic sutures. No such estimates have been given for needled sutures.

TABLE 20.23

Statement showing estimated fair selling price and retail price at company's rate of commission for plain and chromic sutures:

	Rs./doz
(i) Fair selling price estimated for future . . . , . . .	27.26
(ii) Dealer/Distributor margin @14.5% . . . , . . .	3.95
Approximate retail price . . . , . . .	31.21
Or, say . . .	31.20

(NOTE: No prices are indicated for needled sutures as these are recommended to be kept outside price control.)

20.24. It would be seen that as compared to the existing prices the price recommended is higher by 7 paise per suture. Considering the very small fraction that the cost of a suture constitutes in the total charges of a surgical operation, this meagre increase is not likely to prove a burden on the consumer.

20.25. The calculations on which the rate of return has been based are shown in the tabular statement which is being sent along with the confidential enclosure containing our estimates of future cost.

21. Our conclusions and recommendations are summarised as **Conclusions and recommendations.** under :

(i) The domestic demand for catguts is of the order of 250,000 dozen for the current year (1968) going up at the rate of about 16,000 dozen annually and reaching the level of 300,000 dozen in the year 1971.

(Paragraph 11.3)

(ii) It would be desirable for the manufacturers to introduce as early as possible the irradiation method of sterilisation of catguts.

(Paragraph 13.3.3)

(iii) Tests regarding absorbability, tensile strength, uniformity of gauge and other similar specifications of undisputed therapeutic importance may be included in the Indian Pharmacopoeia.

(Paragraph 13.5)

(iv) Needled sutures may be excluded from price control for sometime in order to provide a certain degree of freedom for the development of this infant branch of the industry.

(Paragraph 20.6)

(v) The price recommended for plain and chromic sutures for 1969 and 1970 is Rs. 27.26 f.o.r. destination per dozen tubes.

(Paragraph 20.22)

22. We wish to express our thanks to the producer, importers, consumers, distributors and Government Departments who furnished us with detailed information in connection with this inquiry and to their representatives who tendered evidence before us.

Acknowledgements

B. N. BANERJI,
Chairman.

M. ZAHEER,
Member.

K. T. MERCHANT,
Member

S. SUBRAMANIAN,
Member

P. V. GUNISHASTRI,

Secretary,

BOMBAY:

Dated 30th November, 1968.

APPENDIX I

[Vide paragraph 3]

No. 20(2)-Tar/68

GOVERNMENT OF INDIA
Ministry of Commerce

NEW DELHI,

Dated the 28th March, 1968.

To

The Secretary, Tariff Commission,
C.G.O. Building,
101, Queen's Road, Bombay-1.

Subject : Price structure of Catguts.

Sir,

I am directed to invite a reference to paragraph 17(5) of the Tariff Commission's Report (1966) on the price structure of Catguts, under which the prices for the various categories of sutures produced by Messrs. Johnson & Johnson of India Ltd., were recommended for the year 1966 and 1967. These prices were accepted by Government under the Ministry of Industry's Resolution No. LEI(A)-16(5)/65, dated the 18th August, 1966.

Since then, according to Messrs. Johnson and Johnson of India Ltd., due to the increase in expenses on account of the general rise in the cost of services and supplies, there has been a significant rise in the cost of these products. Copies of the representations together with necessary data furnished by the Company are forwarded herewith.

Under Section 12(d) of the Tariff Commission Act, 1951 (50 of 51), I am to request the Tariff Commission to re-examine the question and furnish its Report/recommendations to the Government as early as possible.

Yours faithfully,

Sd/-

(MOHINDER SINGH)

Deputy Director.

APPENDIX II

[Vide paragraph 5.1]

A list of those to whom questionnaires/letters were issued and from whom replies or memoranda were received

*Indicates those who replied or sent memoranda.

@Indicates those who replied that they had no information to furnish.

A PRODUCER :

- *1. Johnson & Johnson of India Ltd., Post Box No. 6531, Bombay-26.

B. PROSPECTIVE PRODUCERS :

- *1. Biological Evans Limited, Das Chamber, 25 Dalal Street, Bombay-1.

C. IMPORTERS :

- @1. Bombay Surgical Medical Agency Ltd., Princess Street, Bombay-2.

2. Seba Sama Baya, 194, Landsdown Road, Calcutta.

- @3. R.L. Hansraj & Co. , 132, Nayaniappa Naik Street, P.T. Madras.

4. The Surgical & Orthopaedic Stores, 33, College Street, Calcutta-12.

- @5. The New Surgical Trading Co., Bulakhidas Bldg., 9, Vithaldas Road, Bombay-2.

- @6. Philips Electrical Co. (India) Ltd., Philips House, Heysham Road, Calcutta-20.

7. The Scientific & Surgical Instrument Manufacturers & Traders' Association, 2nd Floor, Devkaran Mansion, 43, Princess Street, Bombay-2.

- @8. Imperial Chemical Industries Ltd., Ballard Estate, Bombay-1.

- @9. Parry & Co., P. Box No. 12, Dare House, Parry's corner, Madras-1.

- *10. Glaxo Laboratories (India) Ltd., 25, Dr. Annie Besant Road, Worli, Bombay-18(WB).

11. Orient Scientific & Chemicals, 397/6, Mangaldas Building, Kitchen Garden Lane, Bombay-2.

12. Bhagat Medical Stores, 405, Kalbadevi Road, Bombay-2.

13. Imperial Surgical Co., India House, Opp. G.P.O., Bombay-1. (BR).

- *14. Bombay Surgical Co., New Charni Road, Bombay-4.

- *15. Arun & Co., Bulakhidas Building, Mangaldas Road, Bombay-2(BR).

16. All India Medical Corporation, 185, Princess Street, Bombay-2.

17. Jagjivandas & Co., Kesav Baug, Princess Street, Bombay-2.
- @18. H. S. Bhagat & Co., 70/72, S. Devji Street, Bombay-3.
- @19. M. Shah & Co., Kanji Mansion, Sardar Patel Road, Bombay-4.
- *20. Ezra Brothers, Mustafa Buildings, Sir P. M. Road, Bombay-1.
- @21. Capco (Pvt.) Ltd., Meher HSE, 15, Cawasji Patel Street, Bombay-1.
22. R. D. Sharma, Bhorde Chawl Princess Street, Bombay 2.
23. Bourbhai Pvt. Ltd., 14, Netaji Subhash Marg, Delhi-6.

D. EXPORTERS

*1. Baboobhai Patel & Company, 58, Podar Chambers, Parsi Bazar Street, Fort, Bombay-1.

E. CONSUMERS :

- *1. Superintendent, J. J. Group of Hospitals, Bombay-8.
- *2. Dean, K.E.M. Hospital, Parel, Bombay-12.
- *3. Medical Officer-in-charge, Cama & Alpbless Hospitals, Bombay.
- *4. Superintendent, St. George's Hospitals Frere Road, Bombay.
5. Superintendent, Gokuldas Tejpal Hospital, Carnac Road, Bombay.
- *6. Den, Sassoon Hospital, Poona-1.
- *7. Secretary, Medical College Hospitals, 88, College Street, Calcutta.
8. Presidency General Hospital, 244, Lower Circular Road, Calcutta.
9. Superintendent, Government General Hospital, Madras.
10. Seth Vadilal Sarbhai General Hospital and Seth Chinai Maternity Home, Ellis Bridge, Ahmedabad.
- @11. The Civil Surgeon, Sholapur.
12. The Civil Surgeon, Surat.
13. The Medical Superintendent, Ishwari Memorial Hospital, Banaras.
14. The Civil Surgeon, Ballia.
- *15. The Director General of Armed Forces, Medical Services, New Delhi-11.
- *16. The Superintendent, Kamala Nehru Memorial Hospital, Allahabad (U.P.).
- *17. The Superintendent, Mahatma Gandhi Memorial Hospital, Parel, Bombay-12.
18. The Dean, Lokmanya Tilak Municipal General Hospital Sion, Bombay-22.
- *19. The Superintendent, Bombay Hospital, 12, Marine Lines, Near Liberty Cinema, Bombay-1.

- *20. The Superintendent, Willingdon Hospital, New Delhi.
- 21. The Superintendent, Irwin Hospital, New Delhi.
- *22. The Superintendent, Safdarjang Hospital, New Delhi.
- *23. The Surgeon-General with the Government of Maharashtra, Contractor Building, Ballard Estate, Bombay-1.
- *24. The Superintendent, Government General Hospital, Bangalore.
- *25. The Superintendent, Government General Hospital, Trivandrum.
- 26. The Superintendent, Government General Hospital, Patna.
- 27. The Superintendent, Government General Hospital, Bhopal.
- 28. The Superintendent, Government General Hospital, Lucknow.
- 29. The Superintendent, Government General Hospital, Chandigarh.
- 30. The Superintendent, Government General Hospital, Jaipur
- *31. Director General of Supplies & Disposals, N. I. Building, Parliament Street, New Delhi.
- 32. The Director, Central Government Health Scheme, Willingdon Hospital, New Delhi.
- 33. The Superintendent, Government General Hospital, Calcutta.
- @34. The Regional Director, Employees State Insurance Scheme, ESIC Building, Near Strand Cinema, Colaba, Bombay-5. (BR).
- @35. The Dean, Grant Medical College, Bombay.
- @36. The Dean, B. J. Medical College, Poona.
- *37. The Dean, Medical College, Nagpur.
- *38. The Dean, Medical College Hospital, Aurangabad.
- @39. The Dean, Medical College, Miraj.
- *40. The Civil Surgeon, Vithal Sayanna General Hospital, Thana.
- *41. The Civil Surgeon, General Hospital, Ratnagiri.
- 42. The Civil Surgeon, General Hospital, Kolaba, Alibag.
- *43. The Civil Surgeon, Jalgaon.
- *44. The Civil Surgeon, General Hospital, Dhulia.
- *45. The Civil Surgeon, Harris General Hospital, Nasik.
- *46. The Medical Officer, Incharge, Cottage Hospital, Dahanu.
- *47. The Medical Officer, Incharge, Cottage Hospital, Mangaon, Distt. Kolaba.
- 48. The Medical Officer, Incharge, Cottage Hospital, Kalwan, Distt. Nasik.

***49. The Medical Officer, Incharge, Cottage Hospital, Chopda, Distt. Jalgaon.**

***50. The Medical Officer, Incharge, Central Hospital, Sub-Township No. 3, Ulhasnagar, Distt. Thana.**

***51. The Civil Surgeon, Ripon General Hospital, Ahmednagar.**

52. The Civil Surgeon, General Hospital, Sholapur.

***53. The Civil Surgeon, General Hospital, Sangli.**

54. The Civil Surgeon, General Hospital, Satara.

55. The Civil Surgeon, C.P.R. General Hospital, Kolhapur.

56. The Superintendent, Hospital for Diseases of Chest, Aundh Camp, Poona.

***57. The Medical Officer, Incharge, Services Hospital, Kolhapur.**

58. The Civil Surgeon, Nagpur.

***59. The Superintendent, Mayo General Hospital, Nagpur.**

60. The Medical Superintendent, Daga Memorial Hospital, Nagpur.

61. The Dean Medical College Hospital, Nagpur.

***62. The Medical Superintendent, Mental Hospital, Nagpur.**

***63. The Civil Surgeon, King Edward Memorial Hospital, Wardha.**

64. The Civil Surgeon, General Hospital, Chanda.

65. The Civil Surgeon, District Hospital, Amravati.

66. The Medical Superintendent, Dufferin Hospital, Amravati.

67. The Civil Surgeon, District Hospital, Yeotmal.

68. The Civil Surgeon, General Hospital, Bhandara.

***69. The Civil Surgeon, District Hospital, Bhir.**

***70. The Civil Surgeon, District Hospital, Parbhani.**

71. The Civil Surgeon, General Hospital, Parbhani.

@72. The Civil Surgeon, General Hospital, Nanded.

***73. The Civil Surgeon, General Hospital, Osmanabad.**

@74. The Medical Officer, Incharge, T.B. Clinic, Sassoon General Hospital, Poona.

@75. The Civil Surgeon, Sholapur.

76. The Medical Officer, Incharge, T.B. Clinic, Akola.

77. The Medical Officer, Incharge, T.B. Clinic, Chanda.

78. The Medical Officer, Incharge, T.B. Clinic, Nagpur.

79. The Medical Officer, Incharge, T.B. Clinic, General Hospital, Nagpur.
- @80. The Medical Officer, Incharge, T.B. Clinic, Parbhani.
- @81. The Medical Officer, Incharge, T.B. Clinic, Latur.
82. The Medical Officer, Incharge, T.B. Clinic, Jalna.
- @83. The Medical Officer, Incharge, T.B. Clinic, Aurangabad.
- @84. The Medical Officer, Incharge, T.B. Clinic, Nanded.
- *85. The Medical Officer, Incharge, Cottage Hospital, Jawahar.
- *86. The Medical Officer, Incharge, Cottage Hospital, Sawantwadi, Distt. Ratnagiri.
- *87. Director of Medical Services, Government of Andhra Pradesh, Hyderabad.
88. Director of Health Services, Government of Assam, Shillong.
89. Director of Health Services, Government of Bihar, Patna.
90. Director of Health & Medical Services, Government of Gujarat, Ahmedabad.
91. Director of Health Services, Government of Kerala, Trivandrum.
92. Director of Health Services, Government of Madhya Pradesh, Bhopal.
93. Director of Health and Family Planning Services, Government of Madras, Madras-6.
- *94. Secretary, Government Medical Stores, Bangalore.
95. Director of Health Services, Government of Orissa, Bhubaneswar.
96. Director of Health Services, Government of Punjab, Chandigarh.
- *97. Director of Health Services, Government of Rajasthan, Jaipur.
98. Director Medical & Public Health Deptt., Government of Uttar Pradesh, Lucknow.
99. Director of Health Services, Government of West Bengal, Calcutta.
100. Director of Medical Services, Himachal Pradesh, Simla.
- @101. Superintendent, Medical Services, Delhi.
102. Director of Health Services, Government of Jammu & Kashmir, Srinagar.
- *103. Government Royapettah Hospital, Madras-14.
- *104. Civil Surgeon, General Hospital, Chandrapur.
- @105. The Drugs Controller, Delhi Admn., 15, Alipore Road, Delhi.
- *106. Civil Surgeon, District Ratlam, M.P.
- *107. Civil Surgeon, East Nimar, Khandwa, M.P.
- *108. Civil Surgeon, District Tikamgar, M.P.

F. RAW MATERIAL SUPPLIERS :

- *1. Ajay Textiles, Mehra Estates, Agra Road, Vikhroli, Bombay-79.
- *2. Dhondi Patloo Bhosle, 67, Modi Street, Fort, Bombay-1.
- *3. Needle Industries (India) Ltd., Ketti, Nilgiris, South India.

G. DISTRIBUTORS :

- *1. Kanchanlal Vadilal & Co., 41/43, Mangaldas Road, Princess Street, Bombay-2.
- *2. Jagjivandas & Co., Keshav Baug, Princess Street, Bombay-2.
- *3. Bombay Surgical Co., New Charni Road, Bombay-4.
- *4. Jai Hind Surgical Agency, Post Box No. 120, East Dhalgarwad Corner, Ahmedabad.
- *5. Shree Ambica Medical & Surgical Stores, Opp. Clock Tower, Surat-1.
- *6. Oriental Surgical Works, Bhagirath Palace, Chandni Chowk, Delhi.
- @7. Eastern Surgical Co., 3791, Netaji Subhash Marg, Darya Gunj, Delhi-6.
- *8. Laxmi Medical Agencies, Grain Market, Idgah Road, Ambala (Cantt.), Haryana.
- 9. Caulson & Co., 1st Bridge, Srinagar.
- 10. H. Mukerjee & Banerjee Surgical Pvt. Ltd., 39-1, College Street, Calcutta-12.
- *11. Unique Surgical Works, Exhibition Road, Patna-1 (Bihar).
- *12. Bharat Hospital Supplies, P.B. No. 82, Cantonment Road, Cuttack-1.
- *13. South India Surgical Co., No. 128, Nyniappa Naick Street, Madras-3.
- *14. South India Surgical Co., 71/1 & 2 A. S. Street, Bangalore-2.
- 15. Allied Surgical Emporium, Lalbaug, Lucknow.
- *16. The Calcutta Co-operative Industrial Society Limited, 109-A, Chittaranjan Avenue, Calcutta-12.
- *17. Nibso Metals (P) Ltd., 2, India Exchange Place, Calcutta-1.
- 18. Poona Surgical & General Agencies, 972, Sadashiv, Laxmi Road, Poona-2.
- 19. United General Agencies, Dutta Chowk, Post Box No. 65, Sholapur.
- *20. Asian Medical Agency, Ganapati Peth, Sangli.
- 21. D. Popular Pharmacy, Old Palace Road, Kolhapur.
- 22. Bendale Brothers Medical Stores, 16/37, Phule Market, Jalgaon.
- *23. Cosme Matias Menezes P. Ltd., Rua S. Tome, Panjim

- *24. Mahedia & Sons, Sitabuldi, Nagpur.
- 25. Nasik Medical Stores, 45, Main Road, Nasik.
- *26. Ratilal Tribhovandas & Co., Sir Lakhaji Raj Road, Rajkot.
- 27. Ratilal Tribhovandas, Maliwada Road, Junagadh.
- 28. Ratilal Tribhovandas, P.O. Box No. 35, Radhanpuri Bazar, Bhavana-gar.
- *29. Mampilly Dispensary, Broadway, Ernakulam.
- *30. Andhra Surgical Emporium, 5-8-107/B, Station Road, Hyderabad (Andhra Pradesh).
- 31. Kaladhar Parshad & Sons, Nichi Bagh, Varanasi.
- 32. Accurate Traders, Pan Bazar, Gauhati.

H. GOVERNMENT DEPARTMENTS :

- *1. Directorate General of Technical Development, (Drugs and Pharmaceuticals Directorate), Maulana Azad Road, New Delhi-11.
- *2. Government Analyst, C/o. Haffkine Institute, Parel, Bombay-12.
- @3. Government Analyst, Central Drug Research Institute, Chattar Manzil Palace, Lucknow (U.P.).
- 4. First Secretary (Commercial) to the Embassy of India in Germany, 262, Koblenzer Strasse, BONN (West Germany).
- *5. The Indian Trade Commissioner, Caltex House, 10th Floor, 167-187, Kent Street, Sydney (Australia).
- *6. The Counsellor Commercial to the High Commission of India in U.K, Aldwych, Commerce Department, London. W.C. 2.
- *7. The Counsellor (Commercial) to the Embassy of India, 2107, Massachusetts Avenue, N. W. Washington (U.S.A.).
- *8. The Central Leather Research Institute, Adyar, Madras-20.
- @9. Director, Central Research Institute, P. O. Kasauli, R. I., (Punjab).
- *10. The Director of Drugs Control (Admn.), Maharashtra State, Manekji Wadia Building, 127, Mahatma Gandhi Road, Fort, Bombay-1.
- *11. The Drugs Controller (India), Directorate General of Health Services, Nirman Bhavan, New Delhi-11.
- *12. The Collector of Customs, Calcutta.
- *13. The Collector of Customs, Bombay.
- 14. The Collector of Customs, Madras.
- @15. Collector of Customs, Cochin.
- @16. Scientist-in-charge, Directorate of Research, Coordination & Industrial Liaison Council of Scientific and Industrial Research, Rafi Marg, New Delhi-1.

*17. The Director, Central Drug Laboratory, 3, KYD Street, Calcutta.

*18. The Asstt. Drug Controller (India), New Customs House, Ballard Estate, Bombay-1.

*19. The Directorate General of Commercial Intelligence and Statistics, 1, Council House Street, Calcutta-1.

*20. Secretary to the Government of India, Ministry of Petroleum & Chemicals, New Delhi.

*21. Secretary to the Government of India, Ministry of Industrial Development & Company Affairs, New Delhi.



APPENDIX III

[Vide paragraph 5.2]

List of persons who attended the public inquiry on 26-8-1968.

12

I. Producers :

1. Shri Patrick Whaley	} Representing] F Johnson & Johnson of India Ltd., Post Box No. 6531, Bom- bay-26.
2. Shri H. S. Krishna Murthy	
3. Shri R. B. Lal	
4. Shri V. S. Palekar	
5. Dr. S. R. Agrawal	
6. Shri S. Srinivasan	
7. Shri K. P. Bhaskar	

II. Importers :

8. Shri O. D. Ezra	Representing Ezra Mustafa Building, Sir Phiroze Shah Mehta Rd., Bombay.
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III. Distributors :

9. Shri V. J. Shah	Representing Kanchanlal Vadilal & Co., 41-43, Mangaldas Road, Bombay-2.
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IV. Consumers :

10. Dr. S. J. Apteker	Representing M. G. M. Hospital, Parel, Bombay-12.
11. Dr. S. S. Hoshing	Representing J. J. Group of Hospitals, Bombay.
12. Dr. (Miss) B. Deshpande	Representing Cama & Albless Hospital, Bombay.
13. Dr. T. K. Jagose }	Representing St. George's Hospital, Bombay.
14. Shri G. M. Joshi }	
15. Dr. D. S. Pardanani	Representing K.E.M. Hospital, Parel, Bombay-12.

1	2
16. Shri D. R. Singh	} Representing Bombay Hospital, Near Liberty Cinema, Bombay.
17. Shri A. P. Lulla	

V. Association :

18. Shri N. C. Dalal	Representing The Scientific & Surgical Instrument Mfrs. and Traders Association, 2nd Floor, Devkaran Mansion, 43, Princess Street, Bombay-2.
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VI. Government Departments :

19. Dr. P. R. Gupta	Representing Directorate General of Technical Development, Udyog Bhavan, Maulana Azad Road, New Delhi-11.
20. Shri R. Balasubramanyam	Representing The Drugs Controller (India) Directorate General of Health Services, Nirman Bhavan, Maulana Azad Road, New Delhi-11.
21. Dr. M. K. Rangnekar	} Representing Directorate of Drugs Control Administration, Maharashtra State, 127, Mahatma Gandhi Road, Bombay-1.
22. Shri V. C. Sane	
23. Shri P. S. Joshi	
24. Dr. Devindra Dhawan	Representing Assistant Drugs Controller, India. (Dte. Genl. of Health Services), New Customs House, Ballard Estate, Fort, Bombay-1.
25. Shri M. K. Chakraborty	Representing Collector of Customs, Bombay-1.
26. Col. T. K. Velu	Representing Director General of Armed Forces (Medical Services), New Delhi.
27. Dr. V	Representing The Surgeon General with the Government of Maharashtra Contractor Bldg, Ballard Estate, Bombay-1

APPENDIX IV

[Vide paragraph 5.3]

Visit of Commission and its Officers Johnson and Johnson of India Limited, Bombay.

१३ By whom visited	Date of visit
1. Shri B. N. Banerji, Chairman	29-10-1968
2. Shri M. Zaheer, then Chairman }	23-8-1968
3. Dr. P. V. Gunishastri Secretary }	
4. Dr. N. V. A. Narasimham, Director (Investi- gation). }	21-8-1968
5. Shri U. V. Shenoy, Research Officer	
6. Shri A. K. Ganguli, Assistant Cost Accounts Officer.	From 5th August 1968 onwards.

सत्यमेव जयते

APPENDIX V

[Vide Paragraph 9.1]

Typewise and sizewise production as furnished by Johnson & Johnsons of India Ltd.

(Quantity in dozen)

Type	Size of suture	1965	1966	1967	1968 Jan.-June
A-Plain	S 100 . . .	259	268	213	(1)
	S 101 . . .	964	375	483	56
	S 102 . . .	7316	6731	8107	1585
	S 103 . . .	26818	13484	19358	4895
	S 104 . . .	21117	14666	17436	8955
	S 105 . . .	10442	9896	10496	6775
	S 106 . . .	2864	2382	4262	1615
	S 107 . . .	992	2066	1074	630
	S 108 . . .	(2)	..	..	..
	S 140 . . .	..	..	..	196
	S 141 . . .	..	..	..	211
	S 142 . . .	..	..	762	664
	S 143 . . .	..	..	3256	2492
	S 144 . . .	..	..	2592	2873
	S 145 . . .	..	..	1945	981
	S 146 . . .	..	..	524	372
	S 147 . . .	..	..	..	401
	S 163 . . .	..	..	..	558
	S 164 . . .	..	..	..	588
	S 165 . . .	..	..	..	419
	S 166 . . .	..	..	..	181
		70770	49868	70528	34446

(Quantity in dozen)

Type	Size of suture	1965	1966	1967	1968 Jan.-June
B-Chromic	S 110 . . .	185	359	..	(2)
	S 111 . . .	718	825	254	190
	S 112 . . .	8593	7343	8385	2496
	S 113 . . .	24643	15569	15967	7820
	S 114 . . .	28274	26400	25800	15351
	S 115 . . .	43416	28256	36150	21223
	S 116 . . .	18221	21870	21267	8283
	S 117 . . .	2467	7959	6694	5764
	S 118 . . .	(2)	(1)	..	..
	S 150 . . .	..	..	..	66
	S 151 . . .	..	..	..	223
	S 152 . . .	..	..	709	584
	S 153 . . .	..	..	2436	2073
	S 154 . . .	..	..	3297	2972
	S 155 . . .	..	..	6246	4681
	S 156 . . .	..	..	3268	2793
	S 157 . . .	..	..	639	1262
	S 170 . . .	..	..	..	49
	S 171 . . .	109	..	..	70
	S 173 . . .	..	..	..	596
	S 174 . . .	..	..	..	1218
	S 175 . . .	..	..	..	1773
	S 176 . . .	..	..	..	936
	S 177 . . .	..	..	..	452
		126624	108580	131112	80873

(Quantity in dozen)

Type	Size of suture	1965	1966	1967	1968 Jan.-June
C-Needled	M 400 . .	1204	500	734	909
	M 404 . .	1456	774	1058	923
	M 405 . .	338	786	587	625
	M 407 . .	556	552	442	213
	M 408 . .	1806	1857	2261	377
	M 409 . .	591	773	1487	438
	M 410 . .	193	..	215	118
	M 412 . .	2196	1434	1170	647
	M 413 . .	509	1366	728	(5)
	M 416 . .	2395	1936	1993	837
	M 417 . .	1078	837	1300	443
	M 420 . .	863	757	941	365
	M 421 . .	182	457	399	490
	M 423 . .	1029	975	410	462
	M 424 . .	3881	2046	926	902
	M 425 . .	2373	795	852	866
	M 426 . .	165	358	302	176
	M 437 . .	793	898	1427	531
	M 438 . .	738	273	180	75
	M 441 . .	2442	575	1255	1099
	M 442 . .	527	130	439	433
	M 445 . .	377	343	376	171
	M 446 . .	178	340	391	268
	M 449 . .	732	991	483	354
	M 450 . .	271	626	375	57
	M 470 . .	577	(1)	..	104
	M 471 . .	828	888	803	204
	M 510 . .	33	1084	901	(1)
	M 520 . .	518	665	249	348
	M 600 . .	81	..	(62)	..
	M 601 ..	88	(29)	29	..
		28998	22986	22651	12429
	TOTAL (a+b+c)	226392	181434	224291	127748

APPENDIX VI

[Vide paragraphs 13.3 & 13.4.1]

Analysis of views of consumers on quality.

Consumers & other authorities	Number of parties addressed	Number of parties that re-plied	Number of those who did not give any comment on the question of quality	Number of those who ex-pressed satis-faction	Number of those who pointed out defects
1	2	3	4	5	6
Hospitals	43	25	10	10	5
Civil Surgeons	27	14	6	4	4
Eminent Surgeons	15	4	.	2	2
State Directors of Medical and Health Services	14	3	1	1	1
D.G.S. & D.	1	1	1	..	NIL
Director General of Armed Forces, Medical Services	1	1	NIL	1	..
Regional Director, Employees' State Insurance Scheme	1	1	1	..	NIL
Surgeon General to the Government of Maharashtra	1	1	..	1	NIL
Director, Medical Stores, Bangalore	1	1	..	1	NIL
Superintendent of Medical Services, New Delhi	1	NIL	..	..	..
Govt. Analyst, Maharashtra State Haffkine Institute	1	1	NIL	NIL	1
Drugs Controller (India)	1	1	NIL	1	..
Director, Drugs Control Admn. Maharashtra	1	1	NIL	1	..
D.G.T.D.	1	1	1	NIL	NIL
TOTAL	109	55	20	22	13

APPENDIX VII

[Vide Paragraph 16*1]

Statement showing the country-wise imports of *Catguts* (sterile and non-sterile) during 1965 (April-Dec.) 1966, 1967 and 1968 (Jan.-July)

Sl. No.	Country	1965*(April-Dec.)		1966*		1967		1968 (Jan.-July)	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
			Rs.		Rs.		Rs.		Rs.
A. Catguts (Surgical Sterile)									
	New Zealand	..	..	..	..	..	1,600	..	..
	Switzerland	..	..	..	..	..	3,405	..	..
	Australia	..	34,800	..	..	..	19,088	..	..
	Austria	..	18,985	..	26,142	..	..	..	..
	France	..	13,140	..	2,896	..	3,031	..	12,052
	German F.R.P.	..	1,22,173	..	1,47,855	..	2,54,295	..	1,19,625
	Italy	..	11,390	..	..	..	..	..	14,625
	U.K.	..	1,65,775	..	1,12,616	..	51,694	..	28,808
	U.S.A.	..	1,41,750	..	86,942	..	43,670	..	1,85,386
	Poland	..	..	..	..	..	..	..	20,463
	Japan	..	..	..	6,840	..	8,054	..	..
	Denmark	..	..	..	..	..	..	..	4,236
	Others (unspecified)	..	..	..	3,751	..	..	..	..
	Total of A	..	5,08,013	..	3,87,042	..	3,84,837	..	3,85,195

**B. Catguts (Non-Sterile) Article
from gut etc.**

	Kgs.	Rs.	Kgs.	Rs.	Kgs.	Rs.	Kgs.	Rs.
Poland	..	..	..	..	1,000	1268	..	..
German FRP	1,500	10,837	..	..	..	..	3,000	3,714
U.K.	5	120	986	3,228	2,906	7,496	..	..
Malaysia	..	..	431	1,308	..	..	..	..
France	..	..	..	..	110	369	..	..
U.S.A.	..	..	..	..	230	756	2,260	5,998
Total of B	1,505	10,957	1,417	4,536	4,246	9,889	5,260	9,712
Total (A+B)	..	5,18,970	..	3,91,578	..	3,94,726	..	3,94,907

*Value figures for pre-devaluation periods 1965 and January-May 1966 have been escalated by 57.5 per cent.

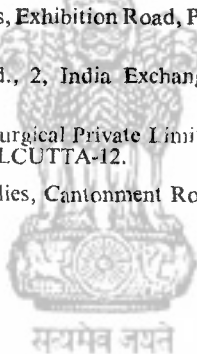
APPENDIX VIII

[Vide paragraph 17.2]

Names and full addresses of distributors together with the territories assigned to them

1. Kanchanlal Vadilal & Co., 41, Mangaldas Road, Bombay City, BOMBAY-2.
2. Jagjivandas & Co., Keshav Baugh, Princess Street, Bombay City, BOMBAY-2.
3. Bombay Surgical Co., Raja Ram Mohan Roy Road, BOMBAY-4.
4. Poona Surgical & General Agencies 972, Sadashiv, Laxmi Road, POONA-2.
5. United General Agencies, Dutta Chowk, Post Box No. 65, SHOLAPUR.
6. Asian Medical Agency, Ganapati Peth, SANGLI, Maharashtra.
7. D. Popular Pharmacy, Old Palace Road, KOLHAPUR, Maharashtra.
8. Bendale Brothers Medical Stores, 16/37 Phule Market, JALGAON, Maharashtra.
9. Cosme Matias Menezes P. Ltd., Rua S. Tome, PANJIM (Goa), Maharashtra.
10. Mahedia & Sons, Sitabuldi, NAGPUR, Maharashtra.
11. Nasik Medical Stores, 45, Main Road, NASIK, Maharashtra.
12. Shree Ambica Medical & Surgical Stores, Opp. Clock Tower, SURAT, Gujarat.
13. Jai Hind Surgical Agency, P.O. Box No. 120, East Dhalgarwad Corner, AHMEDABAD, Gujarat.
14. Batilal Tribhovandas & Co., Sir Lakhaji Raj Road, RAJKOT, Gujarat.
15. Ratilal Tribhovandas, Maliwada Road, JUNAGARHDH, Gujarat.
16. Ratilal Tribhovandas, P. O. Box No. 35, Radhanpuri Bazar, BHAVNAGAR, Gujarat.
17. The South India Surgical Co., 128, Nyniappa Naick Street, MADRAS-3, Madras and Kerala.
18. The South India Sugrical Co., 71/1 & 2, Arcot Srinivasachar Street, BANGALORE-2, Mysore.

19. Mampilly Dispensary, Broadway, ERNAKULAM . Kerala.
20. Andhra Surgical Emporium, 5-8-107/B Station Road, Andhra Pradesh
HYDERABAD (Andhra Pradesh).
21. The Oriental Surgical Works, Bhagirath Palace, Delhi & Rajasthan
Chandni Chowk, DELHI-6.
22. Caulson & Co., 1st Bridge, SRINAGAR (Kashmir) Jammu & Kashmir
23. Allied Surgical Emporium, Lal Bagh, LUCKNOW Uttar Pradesh.
(U.P.).
24. Kaladhar Parshad & Sons, Nichi Bagh, VARANASI Uttar Pradesh.
25. Lakshmi Medical Agencies, Idgah Road, AMBALA Punjab & Haryana.
CANTT. (Haryana).
26. Accurate Traders, Pan Bazar, GAUHATI . Assam.
27. The Calcutta Co-operative Industrial Society Limited, 109-A, Chittaranjan Avenue, CALCUTTA-12 Calcutta City.
28. Unique Surgical Works, Exhibition Road, PATNA-1 Bihar.
(Bihar).
29. Nibso Metals (P) Ltd., 2, India Exchange Place, Calcutta City.
CALCUTTA-1.
30. Mukerji & Banerjee Surgical Private Limited, 39-1 Calcutta City.
College Street, CALCUTTA-12.
31. Bharat Hospital Supplies, Cantonment Road, CUTTACK Orissa.
TACK-1.



APPENDIX IX

[Vide paragraph 17.5]

Typewise and size-wise sales and stocks as furnished by Johnson & Johnson of India Ltd.

(Quantity in dozen)

Type	Size of suture	Sales during				Stock at the end of			
		1965	1966	1967	1968 Jan.-Sept.	1965	1966	1967	1968 (Sept.)
A—Plain .									
	S 100	300	251	140	84	20	2	86	..
	S 101	848	627	384	222	357	69	169	(3)
	S 102	8026	6177	8579	3695	747	1228	904	10
	S 103	22637	16122	21055	9344	4608	1829	28	262
	S 104	19670	14480	19166	9272	1836	1966	274	3040
	S 105	10143	9102	12046	8766	809	1573	168	62
	S 106	2571	3526	4383	2374	1331	209	72	..
	S 107	1199	1731	1536	562	187	477	58	262
	S 108	31	124	6	..	130	6	..	..

(Quantity in dozen)

Type	Size of suture	Sales during				Stocks at the end of			
		1965	1966	1967	1968 (Jan.-Sept.)	1965	1966	1967	1968 (Sept.)
B—Chromic;	S 110	200	296	59	11	4	63	15	1
	S 111	740	918	351	203	233	102	9	(3)
	S 112	8208	7261	7743	4610	1250	1255	2113	665
	S 113	18994	16500	21788	10655	7286	6206	72	142
	S 114	26101	26101	29569	18268	4215	4049	382	5249
	S 115	35142	35395	36205	33777	8969	1748	1549	40
	S 116	20715	20759	24204	14416	2420	3320	162	(39)
	S 117	6205	7344	7324	4436	374	944	277	1633
	S 118	104	174	81	..	263	84	..	..
	S 150	..	..	..	66	..	..	..	..
	S 151	..	..	..	221	..	..	..	249
	S 152	..	..	686	115	..	..	18	487

S 153	..	..	2154	3110	..	..	215	19
S 154	..	..	3216	4557	..	..	134	16
S 155	..	..	6328	6744	..	..	11	169
S 156	..	..	3332	4153	..	..	35	3
S 157	..	..	600	1011	..	..	39	489
S 170	..	..	..	41	..	..	..	8
S 171	..	..	..	66	..	..	..	4
S 172	..	..	..	..	..	..	..	145
S 173	..	..	..	630	..	..	..	668
S 174	..	..	..	1340	..	..	..	131
S 175	..	..	..	2494	..	..	..	582
S 176	1276	232
S 177	496

116409	114748	143638	112560	25014	17771	5031	12386
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(Quantity in dozen)

Type	Size of suture	Sales during				Stocks at the end of			
		1965	1966	1967	1968 (Jan.-Sept.)	1965	1966	1967	1968 (Sept.)
C—Needled	M 400	721	902	967	849	681	226	48	377
	M 404	833	1309	1233	966	769	187	16	612
	M 405	567	604	937	576	198	357	..	44
	M 407	584	460	678	254*	223	239	55	223*
	M 408	1720	1895	2185	618	303	68	131	200
	M 409	638	1044	1612	306	278	174	194	407
	M 410	90	157	224	111	175	17	2	88
	M 412	400	1084	1593	372	..	487	62	335
	M 413	232	778	996	12	1	614	344	327
	M 416	2031	1912	2346	1435@	398	385	41	(8)@
	M 417	994	591	1630	707**	204	448	90	(22)**
	M 420	710	695	976	591	128	74	1	..
	M 421	268	261	693	527	196	345	21	163
	M 423	988	255	625	312	226	244	10	312

M 424	3715	1532	1290	148	208	498	102	711
M 425	2224	765	1034	583	256	197	..	697
M 426	167	226	369	199	1	89	17	81
M 437	794	937	1515	1065	175	93	42	2
M 438	423	242	485	269	328	357	50	..
M 441	1890	1325	1310	1547@@	680	59	29	(1)@@
M 442	523	322	511	739†	354	133	58	..
M 445	(77)	254	357	386	202	167	156	1
M 446	(13)	325	336	149	53	33	88	377
M 449	467	666	626	312††	208	269	113	172††
M 450	179	285	572	189***	98	325	106	(5)***

*Includes G102.

**Includes G114.

†Includes G124.

@Includes G115.

@@Includes G123.

††Includes No. 863.

***Includes No. 864.

Type	Size of suture	(Quantity in dozen)						
		Sales during			Stocks at the end of			
		1965	1966	1967	1968 (Jan.-Sept.)	1965	1966	1967 1968 (Sept.)
C--Needled (cont'd.)	M 470	130	229	248	162	..	221	.. (59)
	M 471	235	998	865	205	509	183	79 136
	M 510	100	981	974	61	15	111	29 129
	M 520	64	432	665	5	313	475	46 557
	M 600	..	17	..	..	81	62	.. 59
Non-Standard	M 601	(4)	57	2	27	88	..	27 ..
		3091	..	..	..	..	..	.. ..
	Special	(1)	..	1	..	1	1	.. ..
TOTAL (A+B+C)		24683	21540	27855	14082	7150	7138	1957 5915
		206517	188428	246013	173319	42189	32268	10523 24946