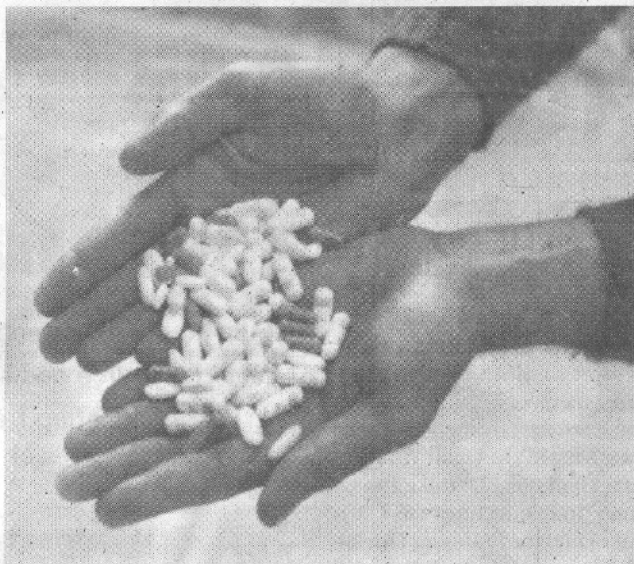


Maxim's Cartoon of March 27, with the caption 'Medicines' speaks volumes of the wrong and hasty decision of the CBR to impose GST on the pharmaceuticals at the cost of public health that already is in a pretty bad shape because of the inconsistent health policy of the government. It was a midnight raid on the pharmacists through the PTV known for giving bad news to the viewers. This time it was a bombshell when all of a sudden it was announced probably on Thursday night March 21 that 15 percent GST has very cruelly been imposed on the Pharmaceuticals-manufacturers who were absolutely taken aback that such a big decision was taken without considering the pros and cons and absolutely alienating the industrialists. It was a prescription prepared in haste and was handed down to the producers without working out the details. The ordinance suffers from acute lack of procedural details, which lead the manufacturers to stop the sale with consequential close down of the manufacturing units.

Whenever there is a short-fall in the revenue collection because of the very high targets fixed by the Senile wizards of the CBR, instead of revamping their own inefficient machinery, the onus is shifted on to the manufacturers and the consumers (the worst affected lot). The efforts are never made to ameliorate the hardships of the consumers but to appease their masters, the IMF and the World Bank. These miracle-workers have the capacity to mesmerise the military rulers with false promises of prosperity; an illusion to make the rulers complacent.

Do they realise that poverty has got worst? There is increasing social unrest, which is adversely affecting the law and order situation. We have serious human crises on our hands impounded by politico-legal chaos. The latest midnight GST adventure amounts to increasing the impoverishment of the consumers in the country. It is a compelling case for review and calls for the personal indulgence of the President who is doing his best to get the common man out of the dire economic straits. At this juncture the president needs the support of the people to continue in the office as an elected president and not the sorcerers who were responsible for the economic chaos and brought the downfall of almost all the previous governments. On the face of it, the exorbitant increase in medicine prices was announced at a very inopportune time; may be to alienate the masses



Gain improportion to loss

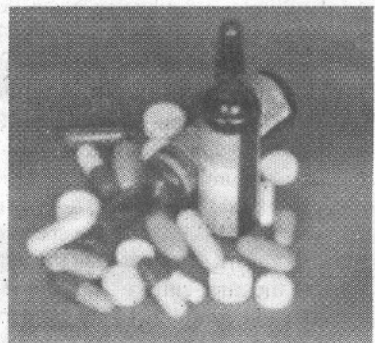
society & social
7.6

GHULAM ASGHAR KHAN says that the recent imposition will cause the poor to suffer more and the damage it would would be far greater in terms of health

from the president. What better way could it be than to hit at the health requirements of the poor masses?

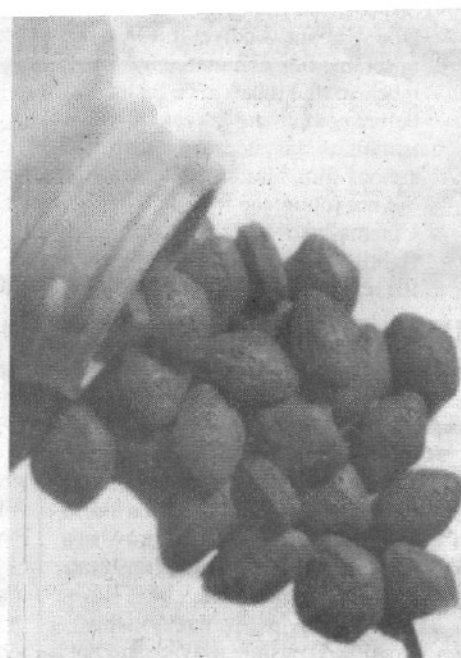
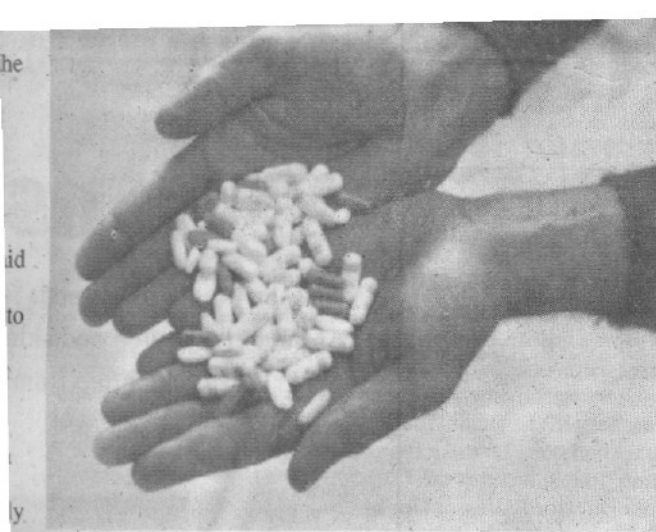
Only about three months back an increase of 3 to 4 percent in prices was imposed and with the present 15 percent added the increase in four months has now come to 19 percent which is unprecedented and is beyond the reach of the common man. The looming crisis is much more serious as no procedural details have been worked out and the pharmaceutical units are in a fix as to which way to go. It would have been wise to consult the entrepreneurs to sort out the details. Every production unit produces a lot many items for which a lot of paper work is involved. No time has been allowed to them to do their homework. A minimum of one month or so should have been allowed to them to streamline the system.

The total revenue expected from this exercise is estimated to be Rs 3 billion and the damage it would cause to the masses would far greater than in terms of health. In our social system health cover is neither universal nor free, and how



can it be when health and education combined had never been allocated more than three percent at the best of times. In Britain, healthcare and education claim something in the region of forty three percent of the GDP, while defence expenditure is never allowed to escalate beyond five percent.

Public welfare institutions cannot grow and flourish under the shadow of authoritarian bureaucracy. This shadow is highly unfavourable to the health and welfare of the people. The mechanism by which the osmosis would take place is far from clear. No doubt the taxation system plays a vital role in the economic development of the state but it could not by



Gain improportionate to loss

*society & social problem
7.6.02 Health*

GHULAM ASGHAR KHAN says that the recent imposition of GST on medicines will cause the poor to suffer more and the damage it would cause to the masses, would be far greater in terms of health

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itself be decisive. The price of such system is of course, the perpetuation of large amount of intolerable abuse, which is mainly tolerable for those who profit from it. It is a compelling case for review. The CBR operations need a major overhaul to bring these in line with the national thinking which could only be done by establishing meaningful contacts with the pharma experts and the public representatives to avert any subsequent crisis. An objective assessment that it affects the access of the consumers in a poor country, the hard facts should have been kept in view before the operation was launched. The government should always make the impositions as flexible in allowing access to essential medicines and a rigid licensing policy to keep the quacks out. The aim should be to bring relief to the consumers. The burden should have been shared in an equitable way and in a way that recognises the values of a civil society. This would definitely, help move the health policy in the right direction.

The citizen has physical as well as economic side and both are interdependent. If economic factors

determined the legal system of order and the legal homework of rules, it is even more true that law has furnished the whole general system of order and framework of rules, within which, and under which, the factors and interests of economics have to work. Even a rule, which has originally been made under the influence of some special economic interests, might prove to be counterproductive in the long run. A method of trust and not the midnight TV prescriptions is the answer. The entrepreneurs will refuse to believe that economic principles can ever be the source of their idea of what is inherently wrong.

The political observers perhaps, have rightly observed that the bureaucracy is bent upon bringing the present military government in disrepute by hitting the vital sector of public health when there are many channels open to them to collect Rs 3 billion. A pharma man has rightly pointed out that imposition of 15 percent GST in a country where majority of the people are facing unemployment and where the concept of social security is vague, is nothing but a crime against the poor populace.

The latest exemption granted as a result of Friday meeting of the President with the commerce, finance, health ministers and top bureaucrats only exempted life saving drugs from the levy of GST leaving 90 percent of patients who use medicines which, do not fall within the purview of life saving drugs. The problems of the poor people would continue as such because the patients who use life saving drugs are not more than five to ten percent. The term life saving is very ambiguous and it is difficult to classify life saving and non-life-saving drugs and would make prevalent confusion worst confounded. The vital decision has again been left to bureaucracy and would certainly open the doors for corruption. The best course would have been to suspend the 15 percent levy till such time an amicable solution was arrived at between the ministries concerned, the pharmaceutical manufacturers, the Pakistan Chemists and Druggists Association, the General Practitioners and the Public Representatives. The classification of drugs into green packing or otherwise and labelling with different seals to stop pilferage and resale was not the point in issue. The real issue that the enormous increase in the drug prices after the imposition of 15 percent GST would make the lot of the poor more miserable, was conveniently bypassed. ■