



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

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8th December, 2017

TL17/0812/1A

Chairman,
National Accountability Bureau (NAB),
Karachi.

**Sub: Black Marketing of 4 Commonly used Medicines of M/s GSK and M/s Zafa
by Creating Artificial Shortage with Connivance of Ministry of Health Causing
over Rs. 8 Billion per Annum Extra Profit.**

Dear Sir,

Transparency International Pakistan received a serious complaint of Corruption/ Black Marketing of 4 commonly used medicines of M/s GSK and M/s Zafa by creating artificial shortage with connivance of Ministry of Health causing over Rs. 8 Billion per annum extra profit on which a letter was sent to Secretary, Ministry of Health, Islamabad on **13th June, 2016**. The letter was also copied for taking action as per rules in public interest to Sec to PM, Chairman NAB, Chairman PMIC and Registrar Supreme Court of Pakistan. **Annex- A**.

The Secretary health took action and formed a committee to examine the issue.

The Committee prepared a detailed report/recommendations, and submitted it to the Secretary health, which was forwarded by the Ministry of Health for action as per rules/regulations to, the Chairman FBR , Chairman TIP and CEO DRAP vide letter dated **20th February 2017**. **Annex-B**.

There is no report that FBR and or DRAP have taken any action.

Chairman NAB is requested to examine the report of Ministry of Health on the allegation of Black Marketing of 4 Commonly used Medicines of M/s GSK and M/s Zafa by Creating Artificial Shortage with Connivance of Ministry of Health Causing over Rs. 8 Billion per Annum Extra Profit, and if NAB determines the report as correct, action under NAO 19999 may be taken.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,


Sohail Muzaffar

Chairman

Encl: Annex-A and Annex-B.

Copies forwarded for the information with request to take action under their mandate to:

1. Secretary to Prime Minister, Islamabad.
2. Registrar, Supreme Court of Pakistan, Islamabad.



**TRANSPARENCY
INTERNATIONAL-PAKISTAN**

ANNEX 'A'

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
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13 June, 2016

TL16/06/1A

Mr. Ayub Shaikh,
Secretary,
Ministry of Health,
Government of Pakistan
Islamabad.

Sub: Black marketing of 4 commonly used Medicines of M/s GSK and M/s Zafa by creating artificial shortage with connivance of Ministry of Health causing over Rs 8 Billion per annum extra profit.

Dear Sir,

Transparency International Pakistan has received a complaint on the black marketing of 4 commonly used Medicines of M/s GSK and M/s Zafa, Thyroxine tab, Motival tab, Panadol CF tab, and Folic acid tab by creating artificial shortage with connivance of Ministry of Health reaping over Rs8 Billion per annum extra profit.

The complainant has made following allegations:

That,

1. Since last over 10 years M/s Glaxo Smith Kline (GSK) and M/s Zafa in connivance with, Director General (health) in recent past and at present DRAP have been making artificial shortage of Thyroxine tab, Motival tab, Panadol CF tab, and Folic acid tab, and selling it at 400% to 500% extra cost through retailers.
2. Even today all the four medicine are short and extra money is allowed to be made by DRAP.
3. The approved price of Folic Acid manufactured by M/s Zafa is Rs 32/100 tab, but it is being sold in market at over Rs 150. This is a very common medicine taken in pregnancy and deficiency of B vitamin. Its daily consumption in Pakistan is in millions. In order to make money M/s Zafa has created a critical shortage of Folic Acid, which is available in black at over Rs 150/100. DRAP is sleeping on this act of black marketing since last 4 years. Over Rs 500 million/annum extra profit is made on this one medicine only.
4. Another new Medicine by name of Folic Acid Plus has been introduced which is being sold at Ra 130/100 by a new company Zafa International Health Care and is facilitated by DRAP and Federal government which in connivance with Pharma companies (lobbyist of Pharma Cos are very active in DRAP and GoP) did not notify prices under Alternative Medicines and Health Products (Enlistment) Rules, 2014 notified (SRO 412). And all those manufacturers who were previously selling their registered products at fixed prices, are allowed to make money by manufacturing



Vitamins under cover of Nutraceutical Products. No price fixation policy for Nutraceutical Products has been given deliberately by the Ministry of Health since last 15 years under pressure of Pharmaceutical Firms. This fact needs to be investigated as to who are responsible for 15 years delay.

5. Thyroxine sole medicine for treatment of Thyroid disorder by M/s GSK is a special story.

Ministry of Health (defunct) granted licenses of Thyroxine tablets during 2006/9 to M/s Glaxo Smith Kline (GSK) and about 07 other manufacturers M/s Global, Dosaco, Platinum, Munawar, Syntex, Danas, Libra, Healer to be sold at a Maximum Retail Price for 100 tablets ranges from Rs.6 to Rs.12/-. All these brands of Thyroxine were available in market.

Over a period of time, M/s GSK in connivance with officers of MOH played very smartly and was able to get a very handsome increase in MRP of the product many times, from Rs 6 to Rs 12 in 2005, to Rs 25 in 2009, Rs 50 in 2012, and Rs 100 in 2013. MOH allowed 400% price increase in short period of 4 years, which is a crystal clear proof of collusion of firm with MoH.

All other brands are stopped at maximum MRP of Rs.12. No other brand of thyroxin tablet was entertained for MRP increase of even a single rupee by Ministry of Health. This whole scenario manipulated by M/s GSK gave them a Monopoly over all mother manufacturers who were not in a position to make a quality product. Millions of patients have been left up to the mercy of M/s GSK due to favoritism done by DRAP and Ministry of National Health Services, Regulations and Coordination. M/s GSK even now is selling Thyroxin tablets only to blue eyed distributors, who are involved in selling of Thyroxine tablets in black market at a very exorbitant price (Rs.300-500/-). Now availability situation of Thyroxine tablets is highly alarming and for eye wash M/s GSK provide Thyroxine tablets at selected medical stores of big cities at MRP of Rs.100/- while it is not even available in medical store of any medium and small city and patients have been compelled to purchase Thyroxine tablets @ Rs.300-500/- in black market. This practice is being followed since many years and resulted in an organized crime worth billions of rupees annually involving M/s GSK, DRAP and M/o National Health Services, Regulation and Coordination.

6. Same is the situation of black marketing of M/s GSK. Another product. Panadol CF tab. By creating artificial shortage in market since last one years, it is available in Black at Rs 100/10 against approved price of Rs 20/10 tabs. This is very common medicine and used for cold, influenza and fever. Daily usage is in millions, and by over charging Rs 9 over each tablet, the company is making extra profit of over Rs 1-1.5 billion per annum.

7. Motival tab. of M/s GSK is also being sold in black. Its approved price is Rs 3 per tab. and in market it is sold at Rs 15 per tab. This is very common tranquilizer and being used by millions daily. At Rs 12/tab over charging, company is making extra profit of over Rs 2-3 billion annually.

8. In these 4 medicine over Rs 8 billion annually are looted from public by the two firms in connivance with DRAP and M/o National Health Services, Regulation and Coordination. NAB, FIA and Anticorruption Departments have never taken any action against the gangs who are continuing this malpractice since years.



9. DRAP and Ministry of National Health Services, Regulation and Coordination are also not investigating the fact that pharmaceutical manufacturers import raw materials under Drug (Import & Export) Rules, 1976 and enjoy rebate on duties and taxes after importing these raw materials. Later on, these manufacturers sell these materials in open market to other users at very high prices which is against the drug law & a criminal act. Most of the manufacturers involved in production of counterfeit medicines use the same raw material after adulteration & play with innocent lives.

TI Pakistan has examined the complaint. Media has also been very active in pointing out these particular fraud since last many years, and few such reports are attached.

The Secretary is requested to take urgent action for immediate availability of all 4 medicines at approved prices in market within days.

About the allegation of following collusion, an inquiry may be held to determine the roles of Pharmaceutical companies and officers of GoP in over Rs 10 billion annual cheating public at large and if the allegations are found correct, recommend the NAB authorities to take action against all those who are responsible for the mis-use of authority for private gain, under NATO 1999, Section 9.

1. Undue favor to GSK in increase price of Thyroxine from Rs 12/100 to Rs 100/100, and denying other 6 manufacturer. Benefit given in 10 years amounts to over Rs 5 billion, which if proved needs to be recovered.
2. Sale of raw material in market.
3. Blackmailing of 4 medicines by charging 400% above approved price, causing extra profit of Rs 8 billion/annum, which if proved need to be recovered.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,

Sohail Muzaffar
Chairman

Encl: News reports.

Copy forwarded for necessary action as per rules for immediate action in public interest to,

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Rawalpindi.
3. Chairman, Prime Minister's Inspection Commission, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.

Ministry of National Health Services, Regulations & Coordination
Government of Pakistan
Islamabad

BLACK MARKETING OF 04 COMMONLY USED MEDICINES OF M/S GSK AND
M/S ZAFSA BY CREATING ARTIFICIAL SHORTAGES

Inquiry Report

A complaint has been received from Transparency International regarding black marketing of 4 commonly used medicines i.e. Thyroxine Tab, Motival Tab, Panadol CF Tab and Folic Acid Tab of M/s GSK and M/s Zafa (**Annex-I**). The complaint mainly revolves around undue favour given to M/s GSK in price increase of Thyroxine from Rs. 12/100's tablets to Rs. 100/100's tablets, and denying other 6 manufacturers aforementioned MRP increase; sale of raw material in open market; and black marketing of these 4 medicines by charging about 400% above approved price/ MRP. Keeping in view the serious nature of the charges, Secretary, Ministry of National Health Services, Regulations & Coordination was pleased to constitute a Committee (**Annex-II**) comprising of the following to probe into the matter:

- | | |
|----------------------------------------------------------------|------------------|
| a. Syed Moazzam Ali, Joint Secretary (Admn), NHS, R&C | Chairman |
| b. Mr. Amanullah, Director (Pricing), DRAP | Member |
| c. Mr. Abdul Samad Khan, Director, DRAP | Member |
| d. Sheikh Faqeer Muhammad, Director (Licensing & QA) DRAP | Member |
| e. Dr. Obaidullah, Secretary, Registration Board, DRAP | Member |
| f. One Representative of Transparency International - Pakistan | Member |
| g. Mr. Saeed Awan, Section Officer (Admn - I), NHS, R&C | Member/Secretary |

2. The Committee held 6 meetings to examine the complaint in detail in the light of available record and information obtained from DRAP, pharmaceutical companies, provincial governments as well as reports of the forensic audit conducted by the inspection



team to physically verify the data pertaining to import of raw material as well as production and sale of the above drugs. A run-down of the main allegations alongwith findings of the Inquiry Committee is given below:

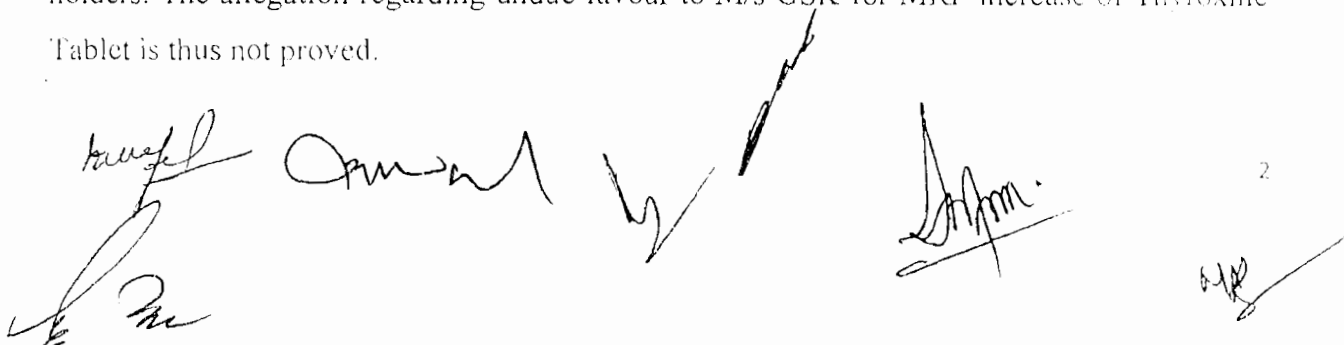
Allegation I: Undue favour to GSK in price increase of thyroxine from Rs. 12/100 to Rs. 100/100, and denying other 6 manufacturers

Findings

3. Director (Cost & Pricing), DRAP informed the Committee that Thyroxine Tablet had been chronically reported short in the past due to the low price of the drug. The Maximum Retail Price (MRP) has been rationalized from time to time and its last revision was notified on generic basis @ Rs. 100 for a pack of 100 tablets vide S.R.O. 950(IV/2013 dated 28 October, 2013 by DRAP (**Annex-III**). This MRP is applicable for all pharmaceutical companies having registration of Thyroxin Sodium 50 mg Tablets. The said S.R.O. is also available on the official website of DRAP.

4. The Committee also noted that the drugs manufactured by M/s Global and M/s Glitz are also available in the market at the same MRP, however, according to data submitted by these companies, quantities manufactured by these companies are much less than GSK, probably due to less acceptance of other brands in the market. Copies of production and sale data of M/s GSK, M/s Global and M/s Glitz are placed at **Annexure IV, V and VI** respectively. The Drug Pricing Committee in its same meeting also revised the price of therapeutic equivalent drug Levothyroxin Sodium Tablets in different strengths for applicant companies M/s Abbott Labs and M/s Ferozsons to provide choice to prescriber / patients. M/s Abbott Labs are marketing their drug in different strengths and drug is available in the market. Copy of sale data of M/s Abbott is placed at **Annex-VII**.

5. After considering the above facts, the Committee is of the view that the MRP increase was not exclusive to M/S GSK but applies to all manufacturers / registration holders. The allegation regarding undue favour to M/s GSK for MRP increase of Thyroxine Tablet is thus not proved.



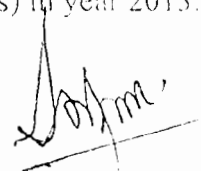
The bottom of the page contains several handwritten signatures and initials. From left to right, there is a large signature, a signature that appears to be 'Om', a signature that appears to be 'by', a signature that appears to be 'Amm.', and a signature that appears to be 'S.P.' on the far right. A small number '2' is written above the 'S.P.' signature.


- ix. The record of import of the API and the batches of Folic Acid tablets produced show that the firm has not sold any quantity of API to any other pharmaceutical unit or Neutraceuticals pharma including M/s. A.R. Neutraceuticals Pharma (Pvt), Karachi, manufacturing the product "Folic Acid Plus chewable tablets" (Folic Acid + Vitamin B12) for Zafa International Healthcare, Karachi.

M/S. GSK PAKISTAN LIMITED, MOTIVAL TABLETS

Findings:

- i. Import, production and sale record regarding the API (Fluphenazine HCL and Nortriptyline HCL) and the finished product (Motival tablets) is available and maintained properly.
- ii. in the last five years the least quantity of Fluphenazine HCL and Nortriptyline HCL i.e 1.5Kg and 225Kg, were imported in year 2015 and 2016 respectively, whereas the highest quantity i.e 46.5Kg and 775Kg were imported in year 2012.
- iii. Invoice No. 620 dated 16-12-2015 for 1.5 Kg Fluphenazine HCL has been raised directly by Tripharma S.p.A, Italy contrary to GSK trading services limited Brentford UK as in the case of other invoices. This invoice shows approximately six times lower price (1600 USD as compared to 11000 USD) per kg for Fluphenazine HCL than the other invoices. This may be a possible case of illegal money transfer abroad.
- iv. No quantity of the API has been purchased from the local market, nor any quantity of the imported API is sold/loaned to any other manufacturer.
- v. Review of production data shows that the firm has produced the least quantity (178028 packs) in 2015 and maximum quantity (1358605 packs) in year 2013.



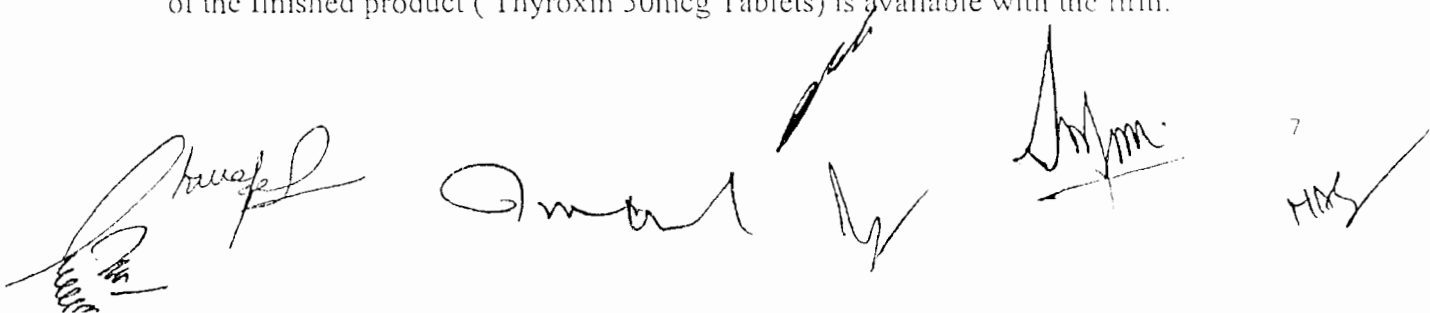
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- vi. Motival tablets are distributed throughout the country by Muller & Phipps. Review of sale record for Motival tablets show that the product was distributed to nearly all corners of the country however, supply is affected in year 2015 and 2016.
- vii. The sale records of Motival tablets related to the province of Balochistan has been verified by the Chief Drug Inspector, Health Department, Government of Balochistan however, reply from the other provincial governments is still awaited.
- viii. The reason for shortage as explained by the manufacturer is short supply of Fluphenazine HCl, by Tripharma, S.p.A Itlay, however, as required by the condition of registration smooth availability of the product should be ensured in the market therefore extra efforts (including the efforts of the development of multiple sources for a particular API) were required to be made by the manufacturer.
- ix. The prices of Fluphenazine HCl and Nortriptyline HCl raw material has remained stable [11000 USD/Kg (except for invoice No. 620) and 650 USD/Kg, respectively] throughout the last five years.
- x. No evidence of black marketing directly by the firm can be seen on the basis of their import, production and sale data, however, the decreased production and sale in the year 2015 and 2016 may be considered as basis for black marketing of the product

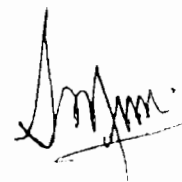
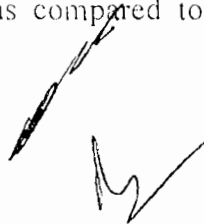
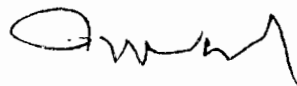
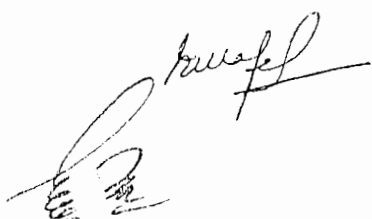
M/S. GSK PAKISTAN LIMITED, - THYROXIN 50 mcg TABLETS

Findings:

- i. Complete record of import of raw material (Thyroxin Sodium), production and sale of the finished product (Thyroxin 50mcg Tablets) is available with the firm.



- ii. In the last five years the least quantity of API i.e 43kg, was imported in year 2014 whereas the highest quantity i.e 15kg, was imported in the year 2013.
- iii. No quantity of the API has been purchased from the local market, nor any quantity of the imported API is sold/ loaned to any other manufacturer.
- iv. Review of last five years production data shows that the firm has produced the least quantity (697050 packs) in the year 2012 and maximum quantity (1782030 packs) in year 2016. The increasing trend in the quantity produced can be seen from year 2012 to 2016 however, in 2015 the quantity produced (1325089 packs) is substantially less than the required quantity as per the trend.
- v. The sale of Thyroxin tablets is done by GSK itself. Review of the sale record show that the product was distributed to nearly all corners of the country. The highest figure for sale can be seen in 2014 followed by year 2016. In the year 2012 no sale can be seen in the month of February to July.
- vi. The sales record of Thyroxin Tablets related to the province of Balochistan has been verified by the Chief Drug Inspector, Health Department, Government of Balochistan, however, reply from other provincial governments is still awaited.
- vii. A decreasing trend in the price of Thyroxin Sodium raw material has been found from year 2013 to 2016 (49.75-42.5 USD/Kg) hence in 2015 and 2016 the price is at the lowest level in the last five years.
- viii. No evidence of black marketing directly by the firm can be seen on the basis of their import, production and sale data however the decrease in production (1325089 packs) and sale (1450958 packs) in the year 2015 as compared to production (1750539



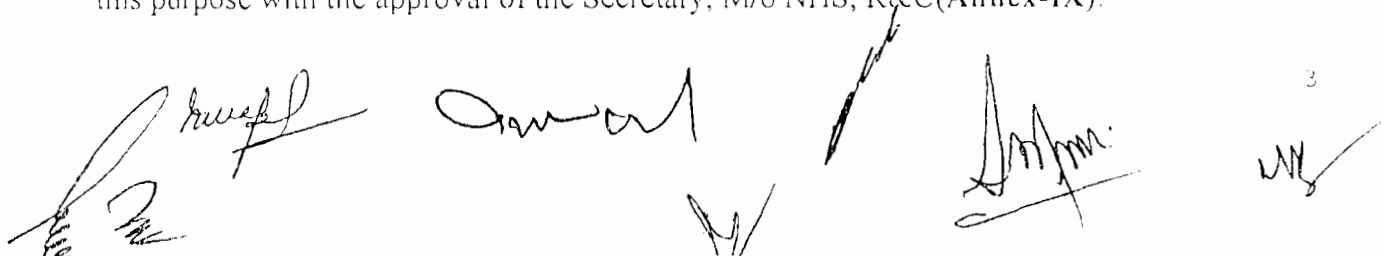
Allegations II & III: Sale of raw material in open market and Black marketing of these drugs by creating artificial shortages

Findings

6. The Committee discussed the facts that pharmaceutical licensed manufacturers import pharmaceutical raw and packaging materials under Drugs (Import & Export) Rules, 1976 exclusively for their registered drugs and enjoy rebate and taxes after importing these raw and packaging materials. However, some licensed manufacturers used to sell these materials either in open market or to other pharmaceutical units at very high prices which is against the drug law and is a criminal act. The Committee apprehended that most of the manufacturers involved in the production of spurious / unregistered / counterfeit medicines use the same raw material and thus play with innocent lives. Non availability/shortage of Thyroxine, Motival, Panadol CF and Folid Acid tablets and their black marketing at exorbitant rates also came under discussion.

7. In order to examine the above allegations, the Committee directed the Quality Assurance Division of DRAP to collect data/record relating to import of raw material of Thyroxine Tablet, Motival Tablet, Panadol CF Tablet and Folic Acid Tablet from DRAP's field offices for the last 5 years and present the same before the Committee. As advised by the Committee, DRAP also requested all Provincial Chief Drugs Inspectors to submit report on the shortage of these drugs. In response, Chief Drugs Inspectors of Punjab, Gilgit-Baltistan, Balochistan, KPK and Sindh have submitted their reports (Annex-VIII) which show partial shortages of the aforementioned drugs in far flung areas of the provinces. No acute shortage of these medicines was reported in various districts of the country.

8. The data in respect of above drugs provided by DRAP was considered by the Committee and the Committee decided to conduct forensic audit of the manufacturer companies regarding consumption/production of registered products and sale record of these products. An Inspection Team comprising following officers of DRAP was constituted for this purpose with the approval of the Secretary, M/o NHS, R&C(Annex-IX):

 Five handwritten signatures in black ink, arranged horizontally. The signatures are stylized and vary in length and complexity. The first signature on the left is the longest and most elaborate. The second signature is shorter and more compact. The third signature is a simple, bold stroke. The fourth signature is a complex, multi-stroke signature. The fifth signature on the right is a simple, bold stroke.

- | | |
|----------------------------------------------------------|----------|
| i. Dr. Sheikh Akhtar Hussain, Director (Medical Devices) | Chairman |
| ii. Dr. Noor Muhammad Shah, Director (FDSL) | Member |
| iii. Dr. Saif-ur-Rehman Khattak, Director (CDL) | Member |
| iv. Area Federal Inspector of Drugs (FID) | Member |

9. The inspection team visited offices of M/s GSK Pakistan Ltd and M/s Zafa Pharmaceuticals at Karachi on 18th and 19th October, 2016 in relation to black marketing of their products namely Thyroxin 50mcg tablets, Motival tablets and Folic Acid 5mg tablets and conducted physical audit of Active Raw Material (API) stock and reviewed documents related to import of API, production and sale record of these products. The detailed report submitted by the Inspection Team in respect of above drugs is attached as Annex-X, XI and XII. Main findings of the report are given below:

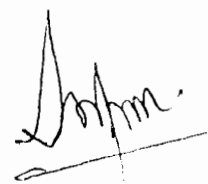
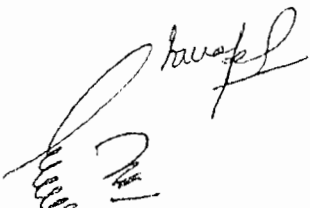
M/S. ZAFI PHARMACEUTICALS FOLIC ACID 5MG TABLETS.

FINDINGS:

- i. Import, production and sale record regarding the API (Folic Acid) and the finished product (Folic Acid 5mg Tablets) has been maintained by the firm however, complete record has not been submitted to the inspection team as evident from the extra 57 batches produced.
- ii. Firm is mainly using Folic Acid raw material imported by the firm themselves, however, some quantities (2000 Kg) are also purchased from the local market. It is pertinent to mention that the Folic Acid raw material is not being manufactured in Pakistan hence the material may be imported by any other pharmaceutical company and have sold in the market or the material may be imported by any commercial importer for sale in the country to manufacturers of products containing Folic Acid raw material.



- iii. No objective evidence of any sale of imported API to any other Pharma unit or any neutraceuticals firm was found by the team.
- iv. Review of production of data shows uniform trend in the number of batches produced per year from 2011-2014. However, the production was reduced in 2015 and 2016.
- v. Review of sale record of Folic Acid tablets show that the product was distributed to nearly all corners of the country in quantity nearly uniform for all seasons however the sale could not be verified by the provincial Governments till date.
- vi. The reason for shortage as explained by the manufacturer and supported by documentary evidence is fluctuation in the international price of the Folic Acid raw material, however, as required by the condition of registration, smooth availability of the product should be ensured in the market therefore, extra efforts were required to be made by the manufacturer.
- vii. An increase in the price of Folic Acid raw material has been found in mid of the year 2014 (91 USD in June 2014 as compared to USD 24 in 2012 and 2013, respectively) and then stabilized in the year 2016. In the year 2015 the firm has not imported any Folic Acid raw material and also the production and sale of Folic Acid tablets is minimum in this year among the last five years which may be the basis for the black marketing of the product.
- viii. Firm has disclosed that black marketing of Folic Acid tablets has been done in the market due to short production of Folic Acid tablets due to the increased price of Folic Acid raw material in the international market. However, they also confirm that the firm directly has no role in the black marketing. They further submitted that the number of letters in this regard were written to the regulatory authorities from time to time by the firm themselves.



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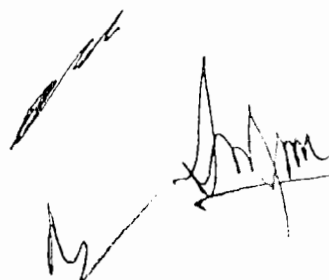
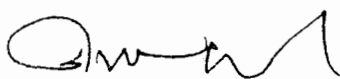
packs) and sale (1742444 packs) in year 2014 may be the basis for black marketing of the product.

- ix. The decrease in production and sale of Thyroxin tablets in year 2015 irrespective of lowest price of its active ingredient (thyroxin sodium) needs thorough investigation.
- x. The firm has also reduced the batch size from 70,000 packs to 17000 packs which also must be investigated.

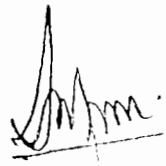
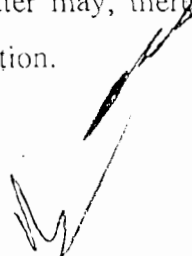
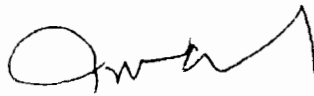
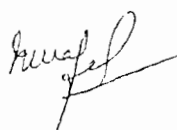
Recommendations:

10. After thorough deliberations and evaluation of inspection report, following recommendations are made by the Inquiry Committee:

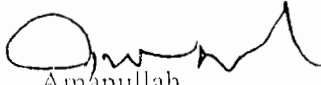
- i. Purchase of 2000 kg of Folic Acid raw material by M/s Zafa Pharmaceuticals from open market needs to be investigated by DRAP.
- ii. M/s A.R. Neutraceuticals Pharma (Pvt) Ltd, Karachi may be asked to explain the reasons for manufacturing “Folic Acid Plus chewable tablets”) Folic Acid – Vitamin B12) for Zafa International Healthcare, Karachi without approval/registration of Health & OTC Division, DRAP.
- iii. As per conditions of registration it is the responsibility of the registration holder to maintain continuous supply of their products in the market, therefore, extra efforts by the M/S Zafa Pharmaceuticals and M/s GSK (including the development of multiple sources for a particular API) are required to be made to ensure continuous and sufficient availability of their registered products.
- iv. The DRAP field offices and provincial governments may be provided updated MRP list of drugs by the Directorate of Cost & Pricing and strict monitoring of the drug MRPs may be made in the market by the DRAP field offices and provincial governments.




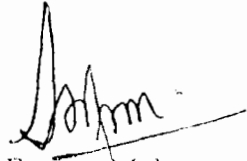
- v. Sales of drugs is mainly regulated by provincial governments. Therefore, all provincial governments including ICT should strengthen their monitoring resources to avoid black marketing of drugs.
- vi. Mechanism may also be devised so that continuous availability of registered drugs could not be affected by the nutraceuticals or other alternative medicines.
- vii. The Drug Regulatory Authority of Pakistan should establish a proper office overseeing the continuous availability of all registered drugs in proper collaboration with the provincial government health departments.
- viii. Necessary prohibitions and penalties thereof may be inserted in the Drugs Act, 1976 and retailers involved in such activities.
- ix. DRAP field offices may be directed and facilitated to monitor and control the availability of pharmaceutical grade raw material in the open market.
- x. Since there is a severe shortage of Motival tablets in the market, M/s GSK should produce extra quantities in the upcoming months to maintain smooth availability of the tablets in the market.
- xi. In regard to Motival Tablet of M/S GSK, the exceptionally high price (11000 USD/Kg) for Fluphenazine HCl raw material as compared to the price of the same raw material from the same source via invoice No. 620 (1600 USD/Kg) may be a case of possible illegal money transfer by the firm abroad which does not fall within the purview of Ministry of NHS, R&C. The matter may, therefore, be referred to the appropriate forum i.e. FBR for further examination.

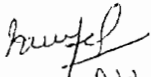


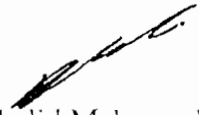
xii. Reduction in the production and sale in 2015 of Thyroxine 50 mcg by M/s GSK, irrespective of the lowest price of API should be investigated.



Amanullah
Director (Pricing) DRAP

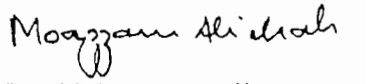

Abdul Samad Khan,
Director (MIS), DRAP


Sheikh Faqeer Muhammad,
Director (L &QA), DRAP


Dr. Obaidullah,
Director,
Registration Board, DRAP


Mr. Khalid Mahmood,
Transparency International


Saeed Awan, Section Officer
(A-I), M/o NHSRC


Syed Moazzam Ali,
Joint Secretary (Admn) M/o NHSRC

No.F.4-35/2016-DRAP/NHS,R&C (Pl.)

Government of Pakistan

Ministry of National Health Services Regulations & Coordination

LG & RD Complex, Sector G-5/2, Islamabad

"SAY NO TO CORRUPTION"

Islamabad, the 20th February, 2017.

1. **Chairman,**
Federal Board of Revenue (FBR),
Islamabad.
2. **Chairman,**
Transparency International, Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase-VII, Defence Housing Authority,
Karachi
3. **Chief Executive Officer,**
Drug Regulatory Authority of Pakistan,
T.F Complex, 7 Mauve Area, G-9/4,
Islamabad.

Subject: **BLACK MARKETING OF 4 COMMONLY USED MEDICINES OF M/S GSK AND M/S ZAFAY CREATING ARTIFICIAL SHORTAGE WITH CONNIVANCE OF MINISTRY OF HEALTH CAUSING OVER RS.8 BILLION PER ANNUM EXTRA PROFIT**

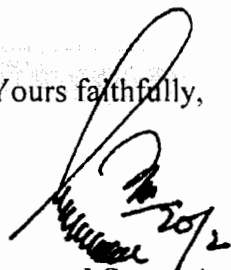
Dear Sir,

I am directed to state that on a complaint received from Transparency International-Pakistan, Karachi regarding Black marketing of 4 commonly used medicines i.e. Thyroxine Tab, Motival Tab, Panadol CF Tab and Folic Acid Tab of M/s GSK and M/s Zafa. Ministry of National Health Services, Regulations & Coordination (NHS,R&C) constituted a Committee to probe into the matter. The Committee examined the complaint in detail in the light of available record and information obtained from DRAP, Pharmaceutical Companies, Provincial Governments as well as reports of the forensic audit conducted by the Inspection Team to physically verify the data pertaining to import of raw material as well as production and sale of the above drugs.

2. The Inquiry report / recommendations of the Committee duly signed by its members is forwarded for immediate necessary action, as per rules / regulations, please.

Enclosed: **As above.**

Yours faithfully,


(Muhammad Saeed Awan)
Section Officer (Admn-I)
Ph # 0519245792