

**GOVERNMENT OF INDIA
HEALTH AND FAMILY WELFARE
LOK SABHA**

UNSTARRED QUESTION NO:147

ANSWERED ON:24.07.2000

REPORT OF RED CROSS ON HEALTH CARE

CHANDRA NATH SINGH;GADDE RAMAMOCHAN;M.V.V.S MURTHI;SHIVAJI MANE

Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

- (a) whether the prices of medicines and drugs have increased manifold in the last few years making treatment beyond the reach of poor people as per the recent report of Red Cross on Health Care in India;
- (b) if so, the reasons therefore;
- (c) whether the Government have also examined the world disasters Report 2000, the International Federation of Red Cross Society and Red Crescent Societies` reports on the said subject;
- (d) if so, the details of observations made by those societies in their reports regarding health care in India;
- (e) the reaction of the Government thereto; and
- (f) the preventive steps taken or likely to be taken by the Government to provide medicines to common people at reasonable price?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (PROF. RITA VERMA)

(a) &(b) Study of 1615 medicinal formulations with individual annual turnover of Rs. One crore and above (as per ORG-MARG) has shown that during the period December, 1994 and December, 1999 the prices of 318 medicines (23% of total 1615) have declined. Prices of 522 medicines (30.54% of the total) rose below 5%(annualized), that of 404 medicines (25.51% of the total) rose between 5 to 10% (annualized), that of 284 medicines (16.80% of the total) rose between 10 to 20% (annualized) and that of 87 medicines (4.15% of the total) rose above 20% (annualized). The main reasons for increase in prices are rise in the prices of the bulk drugs, excipient (Lactose, Starch, Sugar, Glycerine, Solvent, Gelatine Capsules etc.), rise in the cost of transport, freight rates, utilities like fuel, power, diesel, etc., changes in taxes and duties, rise in the c.i.f. price and depreciation of the rupee (for imported formulations).

(c)to(e) According to the World Disaster Report-2000, India spends just 0.7% of its Gross Domestic Product (GDP) on health. However, as per the World Health Report, `1999- Making a Difference` published by WHO, total health expenditure as a % of GDP for the period around 1995 in India was 5.6% of which 1.2% was from the Public Sector.

The World Disaster Report 2000 also states that with three-quarter of the national health care in private hands, for the 400 million Indians living below the poverty line, private health care is out of reach. However, in order to improve the health care facilities it has been envisaged to optimize the coverage and quality of health care to meet the increasing health care needs of the people. To fill critical gaps in provision of health services, Government has been making every effort to augment the resources for the health sector by mobilising external assistance from various bilateral and multilateral agencies for supporting various programmes for control of diseases like Leprosy, TB, Blindness, Malaria and AIDS. Secondary health facilities are being upgraded in selected States with World bank assistance.

According to World Disaster Report-2000, market forces are extinguishing traditional health systems such as Ayurveda. However, Government is adopting various strategies for development and enhancement of Indian Systems of Medicines in health care delivery.

(f) Ensuring availability of medicines at reasonable prices is one of the objectives of the Drug Policy, 1986 modified in September, 1994. The Government has promulgated Drugs (Prices Control) Order, 1995 with effect from 6th January, 1995. The prices of medicines are governed by the provisions of the DPCO. About 39% of pharma market (as per ORG-MARG) in trade channel is under price control, the remaining is under decontrolled category of medicines. National Pharmaceutical Pricing Authority (NPPA) regularly monitors the movement of prices of decontrolled medicines.

The Government constituted a Drug Price Review Committee on 18th March, 1999 to review the current Drug Price Control Mechanism and suggest alternative models among other things. Another Committee viz., Pharmaceutical Research & Development Committee was also constituted by the Government on the same date to recommend measures to strengthen the research and development capability of the pharmaceutical industry in the country and to identify the support required by the Indian Pharmaceutical companies to undertake domestic R&D. The two committees have submitted the reports to the government. The reports are under examination of the Government.