

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2500

ANSWERED ON:30.08.2007

HIGH PROFITS ON DRUGS

Hasan Chaudhary Munawwar;Khaire Shri Chandrakant Bhaurao

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Pharmaceutical companies provide high profits to the retail traders for their drugs which result in the price escalation for the consumers;
- (b) if so, whether the Government has conducted any survey in this regard;
- (c) if so, the details thereof and the names of drugs and manufacturers;
- (d) the action taken by the Government in this regard;
- (e) whether the Pharma Association has also agreed not to charge any additional tax on Maximum Retail Price (MRP) and make it mandatory to print MRP inclusive of all taxes on the medicines in future;
- (f) if so, whether the Government has received the report of task force constituted for this purpose;
- (g) if so, the details of the recommendations made therein alongwith the action taken thereon; and
- (h) the further steps the Government has taken so far to make available other essential drugs at cheaper rates to the consumers in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a) to (d): The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed / revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. Under Para 19 of the DPCO,95, 16% margin to retailer is allowed in respect of Scheduled formulations.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

It has been noticed by the National Pharmaceutical Pricing Authority (NPPA) that some companies provide high trade margin to the retail traders in respect of branded-generics of some non-Scheduled formulations.

(e): Yes, Sir. Govt. vide notification SO No.946(E) dated 26.6.2006 has made it mandatory to print MRP inclusive of all taxes on the medicines manufactured after 2.10.2006 in respect of indigenous medicines and 1.3.2007 for imported medicines.

(f): No Task Force was constituted for this purpose. Printing of MRP has been made mandatory by amending the DPCO, 95.

(g): Does not arise in view of reply to (f), as above.

(h) Several steps have been contemplated in the Draft National Pharmaceutical Policy, 2006 which is under consideration of the Government.