

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

UNSTARRED QUESTION NO:112
ANSWERED ON:20.02.2006
TAX EXEMPTION TO CANCER RELATED DRUGS
Singh Baba Shri K.C.

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

- (a) whether the Government has any proposal to exempt anti-cancer drugs from all taxes;
- (b) if so, the details of such drugs;
- (c) whether any efforts have been made to persuade the manufacturers of these drugs to reduce their margin and make these drugs affordable;
- (d) if so, the drugs whose cost have been reduced due to reduction in margin by the manufacturers; and
- (e) if not, the reasons given by the manufacturers for not reducing their margin of profit?

Answer

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

(a) & (b): Yes Sir. This Ministry has recommended to Department of Revenue for custom and excise duty exemption for certain anti-cancer drugs.

(c): The Department of Chemicals and Petrochemicals conducted a meeting on 13.12.2005 which was attended by some of the leading manufacturers of cancer medicines, representatives of the cancer hospitals and NGOs involved with treatment of cancer in India. In this meeting, it was emphasized that the prices of most of the anti cancer drugs are quite high and, therefore, the manufacturers may voluntarily take the necessary steps to bring down prices of such drugs.

(d) to (e): Prices of Scheduled drugs and formulations based thereon are fixed by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of para 7 of the Drugs (Prices Control) Order, 1995 (DPCO, 95). A price of a Scheduled formulation is fixed by allowing Maximum Allowable Post Manufacturing Expenses 100% on ex-factory cost for indigenously manufactured Scheduled formulations and upto 50% of the landed cost for imported Scheduled formulations. The trade margin to retailers in respect of Scheduled formulations is fixed at 16%. Prices of non-Scheduled medicines are fixed by the manufactures themselves keeping in view 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.

Recently the Government constituted a Committee under the Chairmanship of Joint Secretary (Pharma) to examine the issue of span of price control (including trade margin). Subsequently, a Task Force under the Chairmanship of Dr. Pronab Sen, Principal Advisor, Planning Commission was also constituted to explore options other than price control to make available life saving drugs at reasonable prices. Based on the recommendations of the Committee under the Chairmanship of Joint Secretary (Pharmaceuticals) and the Task Force under the Chairmanship of Dr. Pronab Sen, Principal Advisor, Planning Commission and feedback from other stakeholders Government have formulated a draft National Pharmaceutical Policy, 2006 (Part-A -excluding pricing) which has been circulated to various stakeholders seeking their comments. Based on the comments received the Government is likely to finalize the new Policy shortly.