

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

UNSTARRED QUESTION NO:1917

ANSWERED ON:11.12.2008

SALE OF MEDICINES MEDICAL DEVICES ON EXORBITANT PRICES BY MNCS

Appadurai Shri M.;Nahata Smt. P. Jaya Prada;Shukla Smt. Karuna;Tripathi Shri Chandramani

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

- (a) whether the multinational companies are selling the medicines and medical devices at exorbitant rates despite availing of hefty tax concessions;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to withdraw the tax concessions given to them;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to bring down the prices of medicines?

**Answer**

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL(SHRI RAM VILAS PASWAN)

(a) to (d) Under the provisions of the Drugs (Price Control) Order, 1995 only the prices of 74 bulk drugs and the formulation containing any of these scheduled drugs are controlled. NPPA/Govt. fixes or revises prices of scheduled drugs/formulations as per the provisions of the DPCO.1995. No one can sell any scheduled drug/formulation at a price higher than the price fixed by NPPA/Govt.

In respect of drugs not covered under the Drugs (Prices Control) Order, 1995 i.e. non-scheduled drugs, manufacturers are free to fix the prices by themselves without seeking approval of Government/NPPA. Such prices are normally fixed depending on various factors like the cost of bulk drugs used in the formulation, cost of excipients, cost of R&D, cost of utilities/packing material, sales promotion costs, trade margins, quality assurance cost, landed cost of imports etc. However, NPPA regularly examines the movement in prices of non-scheduled formulations. The monthly reports of ORG IMS and the information furnished by individual manufacturers are utilized for the purpose of monitoring prices of non-scheduled formulations. Wherever any abnormal prices increase is noticed, necessary action is taken. The manufacturer is impressed upon in such cases to bring down the price voluntarily failing which, if justified, action is initiated under paragraph 10(b) of the DPCO, 1995. This is an ongoing process.

No specific information relating to selling of medicines by the multinational companies at exorbitant rates despite the heavy tax concession has been brought to the notice of the NPPA.

(e) In order to bring down the prices of medicines, Government has revised the allowable price increase limit in case of non scheduled formulations from earlier 20% increase per annum to 10% increase per annum w.e.f. 1.4.2007. In addition The Govt. has delegated its power under paragraph 10 of DPCO, 1995 to National Pharmaceuticals Pricing Authority (NPPA) on 15.01.07 in pursuance of paragraph 26 of DPCO, 1995. Accordingly, the NPPA can cause enquiry, call for information and fix retails price of a non-scheduled formulation if it considers necessary so to do in public interest. As a result NPPA has fixed price in case of 27 non-scheduled formulation packs under para 10(b) and companies have reduced price voluntarily in case of 60 formulation packs. Thus, in all, prices of 87 packs of control free drugs have got reduced as the result of the intervention of NPPA. The NPPA has also stepped up enforcement activities and a separate enforcement division has been started which purchases medicines from the market to check that prices fixed by NPPA are implemented.