

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

UNSTARRED QUESTION NO:2296  
ANSWERED ON:11.03.2010  
STUDY ON COSTS INVOLVED IN MANUFACTURING OF DRUGS  
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**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) whether the Government proposes to conduct a study to estimate the costs being incurred by the drug manufacturers on manufacturing of drugs in the country;
- (b) if so, the details thereof;
- (c) whether the said study is being undertaken in respect of drugs under the control of the Government; and
- (d) if so, the reasons for not including the private drug manufacturers in the said study?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): National Pharmaceutical Pricing Authority (NPPA) has a regular system of conducting Cost-Price studies of the scheduled bulk drugs for fixation/revision of their prices. However, for the purpose of fixation/revision of prices of formulations, as required under the provisions of Drugs (Prices Control) Order, 1995 (DPCO, 1995), a study has been initiated by the NPPA recently to estimate the norms of Conversion Cost (CC), Packing Charges (PC), Packing Material Cost (PM) and Process Loss (PL) involved in manufacturing of medicines in the country.

(c)& (d): As per the provisions under Para 7 of DPCO, 1995 it is mandatory to notify these norms every year. As per formula given under the said paragraph, these norms are applied in price fixation / revision of scheduled formulations notified under paragraph 8, 9 and 11 of DPCO, 1995. There is no such requirement for non-scheduled drugs, i.e. medicines out of price control.