

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

UNSTARRED QUESTION NO:3414
ANSWERED ON:15.04.2010
PRICES OF MEDICINES
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the norms fixed by the Government for calculating the prices of medicines both in the controlled and de-controlled categories under Drugs (Price Control) Order, 1995 (DPCO, 95);
- (b) the details of products alongwith their turnover where these norms have not been furnished; and
- (c) the steps taken by the Government to ensure that Maximum Retail Price (MRP) of the medicines available in the country are in tune with the declared norms of the Government?

Answer

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

(a) to (c): The norms fixed/notified under paragraph 7 of the Drugs (Price Control) Order, 1995 (DPCO, 1995) are applied while calculating the prices of scheduled formulations. Norms of Conversion Cost (CC), Packing Charges (PC), Packing Material cost (PM) and Process Loss (PL) are notified, every year, and these norms are applied uniformly in all cases of controlled drugs.

National Pharmaceutical Pricing Authority (NPPA) fixes/revises the prices of 74 scheduled bulk drugs and formulations containing any of the scheduled bulk drugs under DPCO, 1995. No one can sell the scheduled bulk drug / formulation at a price higher than that fixed by NPPA.

In an effort to enforce the prices fixed, NPPA regularly purchases the medicines from the market to check that the prices fixed by NPPA are implemented by the manufacturers. As and when cases of overcharging come to the notice of NPPA, appropriate action is taken against the defaulting companies as per the provision of DPCO, 95.

In respect of drugs - not covered under the Drugs (Prices Control) Order, 1995 i.e. non-scheduled drugs, manufacturers fix the prices by themselves without seeking the 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, as a part of price monitoring activity, 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 a price increase beyond 10% per annum is noticed, the manufacturer is asked to bring down the price voluntarily, failing which, subject to prescribed conditions, action is initiated under paragraph 10(b) of the DPCO, 1995 for fixing the price of the formulation in public interest. This is an ongoing process

Based on monitoring of prices of non scheduled formulations, NPPA has fixed prices in case of 27 formulation packs under para 10 (b) and companies have reduced price voluntarily in case of 64 formulation packs. Thus in all, prices of 91 packs of non scheduled medicines have got reduced as a result of the intervention of NPPA.