

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

UNSTARRED QUESTION NO:5495
ANSWERED ON:29.04.2010
PRICES OF LIFE SAVING MEDICINES
Pakkirappa Shri S.

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

- (a) whether taxes and tariff are contributing significantly towards raising the prices of life saving medicines ; and
- (b) if so, the details of the reduction made in taxes, tariff etc. to keep the life saving medicines within the reach of poor patients during the last three years and the current year?

Answer

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

(a) & (b) It is a fact that the taxes and tariff affect the prices of medicines. In the recent past, the Government has reduced the rate of excise duty twice on Drugs & Pharmaceuticals from 16% to 8% vide notification no. 4/2008 - CE dated 01.03.2008 and subsequently from 8% to 4% vide notification no. 58/2008 - CE dated 07.12.2008. The reduction in the excise duty has resulted in reduction in the prices of scheduled drugs and formulations, the prices of which are fixed by the National Pharmaceutical Pricing Authority (NPPA) under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995). Whenever the rates of excise duty, custom duty etc. are revised, the NPPA issues a notification quantifying the impact on the prices of scheduled drugs and formulations fixed by it. In case of medicines out of price control, i.e. non scheduled drugs/formulations the NPPA also issues advisories to drug companies to pass on the benefits to the consumers whenever there is reduction in excise duty etc.