

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

UNSTARRED QUESTION NO:6732
ANSWERED ON:06.05.2010
REDUCTION IN PRICES OF MEDICINES
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Government has framed some rules to reduce the prices of some medicines;
- (b) If so, the details thereof;

Answer

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

(a) &(b): Under the provisions of the Drugs (Price & Control) Order, 1995 the prices of 74 bulk drugs and the formulations 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. The NPPA monitors the prices of all formulations including imported scheduled formulations under price control. Under the DPCO, no person can sell any formulation (medicine) of price controlled category to a consumer at a price exceeding the price notified/ approved by the NPPA/ Government. In case, a company is found selling at prices higher than the price notified/ approved by the NPPA/ Government, action is taken against them as per the provisions of the DPCO.

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.

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. Whenever 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.