

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

STARRED QUESTION NO:204
ANSWERED ON:11.03.2010
INCREASE IN PRICES OF DRUGS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the prices of drugs have increased during the recent months;
- (b) if so, the reasons therefor;
- (c) whether the Government has set up/proposes to set up any high powered committee for the review of price control mechanism of drugs; and
- (d) if so, the details thereof alongwith the steps taken by the Government to keep the prices of drugs under control?

Answer

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

(a) to (d); A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED Q.NO.204 (4 POSITION) FOR ANSWER ON 11.3.2010 REGARDING INCREASE IN PRICES OF DRUGS.

(a) & (b) As per the SSA (Stockist Secondary Audit)reports of ORG-IMS, on an average there has been price increase in about 2 per cent of the total number of packs on month to month basis. However, prices of about 98 per cent of the total packs have remained stable or declined. The position is shown below:

A comparative position of change in price in relation to % share of packs as per ORG-IMS- SSA report

S.No.	Price changes of total no. of packs 2006-07 (Oct-Sept.)	Avg. % of total no. of packs 2007-08 (Oct-Sept.)	Avg. % of total no. of packs 2008-09 (Oct-Sept.)
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1. Price Increase 0.335% 1.437% 1.979%

2. Price Decline 0.189% 0,953% 1.724%

3. No Change in price 99.480% 97.610% 96.297%

4. No change or decline (2+3) 99.669% 98.563% 98.021%

Further, National Pharmaceutical Pricing Authority (NPPA) has also been fixing/revising prices of scheduled medicines/formulations in an effort to keep them at reasonable levels. During 2009-2010 (April-Feb), NPPA has reduced prices or kept unchanged in case of 90% of the packs considered by it. The details are given below:

Summary of Formulation price fixed During 2008-09 and 2009-2010

Particulars	2008-09	2009-10 (Up to Feb. 2010)
Nos.	%age	Nos. %age

No. of Packs for which 1577 100 1822 100
prices fixed/revised
Price Increased 190 12.5% 184 10.10%

Price Decreased 89 5.64% 450 24.70%

Price fixed for the first time 1256 79.64% 1154 63.34%

No change in the prices 42 2.66% 34 1.87%

The common reasons for rise in the prices of medicines, normally stated by the industry and trade are rise in the price of raw materials which, inter alia, includes increase in the raw material cost, packing material cost, conversion cost and packing charges cost, rise in the cost of production /import, rise in the cost of transport, freight rates, rise in the cost of utilities like fuel, power, diesel etc., for imported medicines, rise in the c.i.f. value and depreciation of the Rupee, changes in taxes and duties etc.

(c) & (d) No Sir, there is no proposal to set up a high powered committee in this regard. Already NPPA is empowered to enforce and implement the provisions of Drugs (Prices Control) Order, 1995. However, provision for review of the mechanism for price control of medicines is one among the proposals made in the draft National Pharmaceutical Policy, 2006, which was referred to Group of Ministers (GOM) for consideration.