

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

STARRED QUESTION NO:271

ANSWERED ON:12.08.2010

PRICES OF DRUGS

Hegde Shri Anant Kumar;Vardhan Shri Harsh

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

- (a) whether some pharmaceutical companies indulge in unethical profiteering, as there is a huge difference between production cost and retail price of drugs/medicines/formulations;
- (b) if so, the reaction of the Government thereto;
- (c) the details of the medicines/drugs which are subjected to price control mechanism under the Drug (Price Control) Order, 1995; and
- (d) the action taken to contain prices of drugs/medicines?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI M.K. ALAGIRI)

(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.271 (11TH POSITION) FOR ANSWER ON 12.8.2010 REGARDING PRICES OF DRUGS.

(a) & (b) : Under the provisions of the Drugs (Price Control) Order, 1995 (DPCO.95), prices of 74 bulk drugs and the formulation containing any of these scheduled drugs are controlled. As per provisions of DPCO, 1995, prices of scheduled medicines are fixed by NPPA taking into account a margin of 8% to the wholesaler and 16% to the retailer. 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, 1995.

In respect of drugs not covered under the DPCO.95 i.e. non-scheduled drugs, manufacturers fix the prices by themselves without seeking the approval of Government / NPPA. 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.

(c) & (d): The NPPA has fixed / revised the prices of scheduled bulk drugs in 488 cases and 10530 formulations since its inception. Of these, the prices of 8 scheduled bulk drugs and derivatives and 190 formulations were fixed / revised during the year 2010-11 (from 1.4.2010 to 31.7.2010).

Price details of such bulk drugs and formulations fixed/revised from time to time are available at www.nppaindia.nic.in. Thus, by fixing/revising the prices of scheduled formulations, NPPA/Government keeps a check on the prices of drugs/medicines.