

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

UNSTARRED QUESTION NO:3166

ANSWERED ON:12.08.2010

PROFIT MARGIN ON MEDICINES

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

- (a) whether the pharmaceutical companies are giving huge margins to the wholesalers and the chemists and the poor consumers are the worst sufferers due to heavy prices of medicines;
- (b) if so, the details thereof; and
- (c) whether the Government proposes to fix a limit on the profit margin for the wholesale and the retail pharmaceutical dealers respectively;
- (d) if so, the time by which the said proposal is likely to be implemented; and
- (e) the extent to which the cost of the medicines is likely to be decreased in percentage of terms in the wake of the implementation of the said proposal?

Answer

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

(a) to (e): As per provisions of Drugs (Prices Control) Order, 1995 (DPCO,95), prices of scheduled medicines are fixed by National Pharmaceutical Pricing Authority (NPPA) taking into account a margin of 8% to the wholesaler and 16% to the retailer. 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. NPPA as part of its price monitoring activity regularly examines the movement in their prices. 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 specific manufacturers are 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.