

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

UNSTARRED QUESTION NO:715  
ANSWERED ON:29.07.2010  
FIXATION OF PRICES OF MEDICINES  
Saroj Smt. Sushila

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

- (a) whether the Hon`ble Supreme Court had directed the Government for fixation of prices of medicines and this issue is still pending before the Group of Ministers;
- (b) if so, since when this issue is pending before the Group of Ministers and the action taken by the Government in this regard;
- (c) whether the prices of medicines have further shoot up because this case remains undecided and still pending; and
- (d) if so, the reaction of the Government thereon?

**Answer**

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

(a) & (b): The Supreme Court in its interim order dated 10.3.2003 in SLP(C) No. 3668/2003 directed the Government, inter alia, to 'consider and formulate appropriate criteria for ensuring essential and life saving drugs not to fall out of price control and further directed to review drugs which are essential and life saving in nature till 2nd May, 2003'. As per the directions of the Supreme Court, the Ministry of Health and Family Welfare reviewed the National Essential Drugs List 1996 and brought out the National List of Essential Medicines, 2003(NLEM 2003). Keeping in view the directions of the Supreme Court it has been proposed in the Draft National Pharmaceutical Policy, 2006 that basket of drugs for price control would be the essential medicines as contained in the NLEM 2003 (subject to certain conditions and exemptions) in addition to the 74 drugs which are at present under price control under the Drug (Price Control) Order, 1995. The Draft National Pharmaceutical Policy was submitted to the Cabinet for its approval. The Cabinet considered the policy in its meeting held on 11.1.2007. It was decided that the matter may, in the first instance, be considered by a Group of Ministers(GOM). The GOM had held four meetings but did not finalise its recommendations to the Cabinet. After the formation of the new Government, the GOM has been reconstituted.

(c) & (d): National Pharmaceutical Pricing Authority/Government fixes or revises prices of scheduled drugs /formulations as per the provisions of the DPCO, 1995. 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 monitors the prices of all formulations including imported scheduled formulations under price control. Under the DPCO, no person can sell any formulation (medicines) 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 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 formulations, 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 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.

Based on monitoring of prices of non-scheduled formulation, NPPA has fixed prices in case of 28 formulation packs under para 10(b) and companies have reduced price voluntarily in case of 64 formulation packs. Thus in all, prices of 92 packs of non-scheduled drugs have got reduced as a result of the intervention of NPPA.