

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

UNSTARRED QUESTION NO:1941

ANSWERED ON:05.08.2010

INCREASE IN PRICES OF LIFE SAVING DRUGS

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

- (a) whether prices of medicines/life saving drugs have increased during the current year;
- (b) if so, the reasons therefor;
- (c) the percentage of increase in prices of each medicines/life saving drugs during the said period;
- (d) the steps taken/proposed to be taken by the Government in this regard;
- (e) whether the Government is considering to set up a task force to review the prices of life saving drugs; and
- (f) if so, the details thereof?

**Answer**

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

(a) to (d): As per the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995) the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are fixed/revised by National Pharmaceutical Pricing Authority (NPPA). The NPPA monitors the prices of all formulations including imported scheduled formulations.

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 period 2010-2011 (1st April, 2010 to 31st July, 2010).

In respect of drugs - not covered under the Drugs (Prices Control) Order, 1995 i.e. non-scheduled drugs, manufacturers fix the prices themselves without seeking the approval of NPPA. Such prices are normally fixed by the manufacturers 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. However, NPPA, as a part of the price monitoring activity, 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 (20% before 01-04-2007) 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.95 for fixing the price of the formulation in public interest. This is an ongoing process.

As per the Secondary Stock Audit Report of ORG-IMS for the month of April, 2010, which presently covers around 60,000 packs, the percentage of packs whose prices have increased on a monthly basis during 2009-2010 is only in the range of 0.003 to 4.75 while the remaining have shown a stable or decline in prices.

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, foreign 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.

(e): No, Sir.

(f): Does not arise, in view of the reply to (e), as above.