

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

UNSTARRED QUESTION NO:1241
ANSWERED ON:03.03.2011
HIGH PRICES OF LIFE SAVING DRUGS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Pharmaceutical companies are earning huge profits by selling the life saving drugs at much higher prices than the actual cost;
- (b) if so, whether the Government has any scheme to monitor the prices of life saving drugs; and
- (c) if so, the action taken by the Government against such companies?

Answer

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

(a) to (c): Life saving drugs have not been defined in the Drugs (Prices Control) Order, 1995 (DPCO.95). Under the provisions of the DPCO.95, the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. National Pharmaceutical Pricing Authority (NPPA) / Government fixes or revises prices of scheduled drugs / formulations as per the provisions of the DPCO, 1995, Under the DPCO, 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 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 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.

As a part of price monitoring activity, NPPA regularly examines the movement in prices of non-scheduled formulations. The monthly reports of ORG IMS (now renamed as IMS Health) 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, subject to prescribed conditions, the manufacturer is asked to bring down the price voluntarily failing which 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.

Based on monitoring of prices of non-scheduled formulation, NPPA has fixed prices in case of 29 formulation packs under para 10(b) and companies have reduced price voluntarily in case of 65 formulation packs. Thus in all, prices of 94 packs of non-scheduled drugs have got reduced as a result of the intervention of NPPA.