

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

UNSTARRED QUESTION NO:1327

ANSWERED ON:03.03.2011

RISE IN COST OF MEDICINES

Das Shri Khagen; Joshi Dr. Murl Manohar; Panda Shri Baijayant; Pradhan Shri Nityananda; Sharma Shri Jagdish; Yadav Shri Om Prakash

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

(a) whether the increasing cost of medicines has made them unaffordable to the common man;

(b) if so, the details thereof alongwith the reasons therefor;

(c) whether there is any proposal from the small pharma confederation for bringing down the cost of medicines and requested the Government to bring about changes in the Drugs (prices control) Order to help them out;

(d) if so, the details thereof, alongwith the action taken by the Government thereon; and

(e) the steps being taken by the Government to check the rising prices of medicines?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SR1KANT KUMAR JENA)

(a) & (b): The number of packs of medicines marketed as per IMS Health Reports u have been in the range of 52,019 to 60,664 during the last three years and the current year (upto July, 2010). Details of percentage number of packs whose prices have increased, decreased and remained stable on the monthly basis in percentage terms as per Retail Audit Reports of IMS Health Reports for the last three financial years are as follows:

Percentage number of packs whose prices increased:

Year April May June July August Sept Oct Nov Dec

2007-08 0.77 0.14 0.10 0.02 0.13 0.12 0.01 0.01 0.32

2008-09 0.07 0.12 0.30 0.05 0.11 15.89 1.73 2.44 0.10

2009-10 1.99 0.62 4.75 0.01 0.07 3.21 0.14 0.003 2.92

2010-11 0.09 0.02 1.98 0.22

Year Jan Feb Mar

2007-08 0.33 0.03 0.00

2008-09 0.07 0.02 8.74

2009-10 0.03 0.02 2.66

Percentage number of packs whose prices decreased:

Year April May June July August Sept Oct Nov Dec

2007-08 0.22 0.20 0.42 0.02 0,09 0.02 0.12 0.00 0.07

2008-09 0.01 0.Q3 0.08 0.02 0.09 10.85 1.32 2.41 0.29

2009-10 1.32 0.48 5.15 0.02 0.02 2.96 0.02 0.01 1.31

2010-11 0.06 0.01 1.45 0.14

Year Jan Feb Mar

2007-08 0.12 0.03 0.01

2008-09 0.02 0.03 6.67

2009-10 0.02 0.03 0.87

Percentage number of packs whose prices remained stable

Year April May June July August Sept Oct Nov Dec

2007-08 98.99 99.65 99.48 99.96 99.78 99.85 99.87 99.99 99.61

2008-09 99.93 99.85 99.62 99.92 99,80 73.26 96.95 95.15 99.61

2009-10 96.69 98.90 90.10 99.96 99.92 93.83 99.84 99.99 95.76

2010-11 99.85 99.97 96.57 99.65

Year Jan Feb Mar

2007-08 99.55 99.93 99.99

2008-09 99.91 99.95 84.59

As can be seen from the above tables, only a small number of packs have shown an increase in prices during the last three years while the prices of most of the packs remained stable.

Further, as may be seen from the trend of inflation under 'All Commodities', and 'Drugs & Medicines' during April,2010 - January,2011 as given below inflation in respect of Drugs & Medicines remained under control:-

Apr,10 May,10 Jun,10 Jul, 10 Aug,10 Sep,10 Oct,10 Nov,10 Dec,10 Jan,11

All	11.00	10.60	10.28	10.02	8.82	8.93	9.12	8.08	8.43	8.23
Drugs &	1.60	1.87	2.05	2.23	2.23	2.32	2.23	1.77	0.97	0.88
Medi										
cines										

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, freight rates and; rise in the cost of utilities like fuel, power, diesel etc. For imported medicines, rise in the c.i.f price and depreciation of the Rupee are the reasons for price increase.

(c) & (d): The SME Pharma Industry Confederation (India) has submitted a representation to Rajya Sabha Secretariat which was forwarded to the Department of Industrial Policy & Promotion (DIPP). DIPP has referred the representation to various departments including Department of Pharmaceuticals and NPPA, which is under examination.

(e): Under the provisions of the Drugs (Prices Control) Order, 1995 prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled and NPPA / Govt. fixes or revises prices of scheduled drugs / formulations from time to time as per the provisions of the DPCO, 1995. In respect of drugs - not covered under the DPCO, 1995, i.e. non-scheduled drugs, manufacturers fix the prices by themselves without seeking the approval of Government / NPPA. However, as part of price monitoring activity, NPPA regularly examines the movement in prices of non-scheduled formulations based on the monthly reports of ORG IMS (now renamed as IMS Health) and the information furnished by individual manufacturers. 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.