

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

UNSTARRED QUESTION NO:2302

ANSWERED ON:10.03.2011

PRICES OF DRUGS

Naik Shri Shripad Yesso

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

- (a) whether the domestic as well as foreign pharmaceutical companies in the country are not lowering the prices of drugs despite availing rebate in excise duty;
- (b) if so, the details of thereof alongwith the reasons therefor;
- (c) whether the said companies lure doctors and ask them to prescribe costly and unwanted drugs;
- (d) if so, the details thereof; and
- (e) the nature of directions proposed to be given by the Government to the said companies for lowering the prices of drugs?

Answer

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

(a) & (b) Under the provisions of the Drugs (Prices Control) Order, 1995 the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. NPPA / Govt. fixes or revises prices of scheduled drugs / formulations as per the provisions of the DPCO, 1995, NPPA monitors prices of all formulations including imported scheduled formulations under price control. 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.

States like Himachal Pradesh, Uttarakhand, Jammu & Kashmir, Sikkim, North Eastern States and Union Territory of Daman & Diu have different scheme of excise duty exemption. It has come to the notice of NPPA that certain Pharma Companies located in J&K and Sikkim are charging excise duty from the consumers over and above the notified ceiling prices of scheduled formulations, which is refunded to them. The companies cannot be allowed to load such excise duty which is refunded to them in the price to gain unjust and unauthorized benefit at the cost of consumers. Based on the available sale details, demand notices for overcharged amount and interest thereon have been issued to the defaulter companies.

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, 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. This is an ongoing process.

(c) to (e) : There were some reports in the news paper regarding promotional expenses being made by the Pharma Companies. That reports suggested that some unethical marketing practices are being followed by certain pharma companies. Keeping in view the allegations made in the media reports, this Department felt the need to take up the matter in the interest of the consumers/patients as such promotional expenses being extended to doctors had direct implications on the pricing of drugs and its affordability. After discussing the issues with the Pharma Associations/Industry, this Department has been able to persuade most of the associations to have code of ethics. The Department is now examining the possibility of framing a Uniform Code of Pharmaceutical Marketing Practices (UCPMP) which would be in the first instance be adopted voluntarily.