

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

UNSTARRED QUESTION NO:2936  
ANSWERED ON:18.08.2011  
MANUFACTURING OF MEDICINES BY SME S  
Muttemwar Shri Vilas Baburao

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

- (a) whether the small and medium enterprises manufacture medicines worth Rs. 50,000 - 55,000 crores annually and sell medicines worth Rs. 20,000 - 30,000 crores annually to Multi-National companies and large domestic pharmaceutical companies;
- (b) if so, whether the Multi-National companies and large domestic pharma companies are selling the medicines outsource from SMEs at a very high price;
- (c) if so, whether the Government proposes to take steps for providing relief to the said SMEs; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF THE STATE(INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a)&(b): Small and Medium Drug Manufacturing companies are also manufacturing medicines for multi-national companies and big domestic companies on loan/contract licenses. Under the Drugs (Prices Control) Order, 1995(DPCO, 1995), 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 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 manufacturers 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.

(c) & (d): The Department of Pharmaceuticals in collaboration with the Ministry of MSME has introduced a Scheme for Schedule 'M' Compliance by SSI Units in Pharma Sector under the overall umbrella of Credit Linked Subsidy Scheme. Under the Scheme, the Pharma SSI units are eligible to get 15%(upto Rs. 15.00 lakhs)upfront capital subsidy on an institutional finance for an amount upto Rs. 1.00 crore to be availed by them for inclusion of well established and improved technology to make themselves Schedule 'M' Compliant.