

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

UNSTARRED QUESTION NO:563
ANSWERED ON:24.11.2011
PRICES OF MEDICINES
Gangaram Shri Awale Jaywant

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

- (a) whether there is a big difference between the factory price and the market price of the medicines in the country;
- (b) if so, the details thereof alongwith reasons therefor; and
- (c) the steps being taken up the Government in this regard?

Answer

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

(a)to(c): National Pharmaceutical Pricing Authority (NPPA) is an attached office under the Government, fixes the prices of scheduled medicines containing any of 74 bulk drugs listed in the Drugs (Prices Control) Order, 1995 (DPCO, 95). As per the provisions of the DPCO, 95, NPPA allows the MAPE (Maximum Allowable Post Manufacturing Expenses) upto 100% on the ex-factory cost of indigenously produced scheduled medicines and margin upto 50% is allowed in case of scheduled medicines imported in the finished form. No one can sell any scheduled drug / formulation at a price higher than the price fixed by NPPA / Government. Therefore, there cannot be price variation in cases of scheduled drugs.

In respect of drugs not covered under the DPCO, 95 i.e. non-scheduled drugs, manufacturers are at liberty to fix the prices by themselves without seeking the approval of Government / NPPA. NPPA has not carried out any specific study regarding difference between the ex-factory price and market price of non- scheduled formulations in the country. However, as a part of price monitoring activity, NPPA regularly examines the movement in 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, 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 30 formulation packs under Para 10(b) and companies have reduced price voluntarily in case of 65 formulation packs. Thus in all, prices of 95 packs of non-scheduled drugs have got reduced as a result of the intervention of NPPA.