

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

STARRED QUESTION NO:193  
ANSWERED ON:16.07.2009  
PRICES OF LIFE SAVING DRUGS  
Mani Shri Jose K.

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

- (a) the impact of the steps taken in the recent past by the National Pharmaceutical Pricing Authority to control and regulate prices of essential drugs;
- (b) whether the prices of life saving medicines have increased due to the implementation of Value Added Tax (VAT);
- (c) if so, the details thereof; and the further steps proposed to be taken in this regard?

**Answer**

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

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO.193 FOR ANSWER ON 16.7.2009 REGARDING PRICES OF LIFE SAVING DRUGS

(a) 'Essential drugs' are presently not separately defined/listed under Drug (Prices Control) Order, 1995 (DPCO, 1995). Action is taken by National Pharmaceutical Pricing Authority (NPPA) to control prices of 74 bulk drugs listed in the Schedule I of DPCO, 1995 and the formulations containing any of these Scheduled bulk drugs. This has helped in checking the prices of Scheduled drugs.

In so far as non-Scheduled drugs are concerned, the manufacturers are free to fix the prices of the drugs. NPPA, however, monitors the prices of formulations selling in the retail market on a monthly basis based on ORG - IMS monthly reports. Wherever the price of any drug is reported to have increased by 10% per annum (20% before 01.04.2007), NPPA asks the manufacturer to reduce the price voluntarily, failing which, NPPA takes action under the provisions of para 10 (b) of DPCO, 1995 for fixing the price of the formulation in public interest. Monitoring of prices is an on-going process.

(b) to (d) The purpose of implementation of VAT was to avoid multiplicity of rates of sales tax and to bring uniformity in tax structure. The subject matter of implementation of VAT on Drug prices is a State subject. Presently, the rate of VAT is 4% in most of the States. There is, however, no specific information available that prices of medicines have gone up due to VAT