

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

UNSTARRED QUESTION NO:478
ANSWERED ON:15.03.2012
TRADE MARGIN FOR NON BRANDED MEDICINES
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the percentage of trade margin for non-branded medicines;
- (b) whether the said trade margin has not been stabilized at a particular percentage by the Government;
- (c) if so, the manner in which the said trade margin is beneficial for the public; and
- (d) the remedial steps taken by 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): As per Drugs (Prices Control) Order, 1995 (DPCO, 1995), prices of scheduled medicines are fixed by National Pharmaceutical Pricing Authority (NPPA) taking into account a margin of 16% to the retailer. No one can sell the scheduled medicine at a price higher than the price fixed by NPPA/ Government.

In respect of drugs not covered under the Drugs DPCO, 1995, i.e. non-scheduled drugs, manufacturers fix the prices 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, trade margins, quality assurance cost, landed cost of imports etc.

The DPCO, 1995 does not distinguish between branded and non-branded medicines.

(d): Does not arise.