

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

UNSTARRED QUESTION NO:1554
ANSWERED ON:22.03.2012
NATIONAL PHARMACEUTICAL PRICING AUTHORITY
Lagadapati Shri Rajagopal

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

- (a) the aims and objectives of National Pharmaceutical Pricing Authority (NPPA);
- (b) whether it is not a fact that one of the duties of NPPA is to implement the pricing structure of medicines at affordable rates;
- (c) if so, the reasons that NPPA has not been able to succeed in controlling the spiraling drug prices, including the 74 scheduled drugs; and
- (d) the steps being 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): National Pharmaceutical Pricing Authority (NPPA) was set up vide Government of India resolution published in the Gazette of India No- 159 dated 29.08.1997. The aims and objectives of National Pharmaceutical Pricing Authority are :

(i) Fixation and revision of prices of scheduled bulk drugs and formulations; (ii) Updating the list of drugs under price control; (iii) Monitoring of prices of decontrolled drugs and formulations; (iv) Monitoring of availability of drugs; (v) Collection and maintenance of data on production, exports and imports, etc.; (vi) Implementation and enforcement of the provisions of the DPCO; (vii) Getting studies on pricing of drugs/ Pharmaceuticals conducted; (viii) Rendering advice to the central government on drug and pricing policies; (xi) To deal with legal matters arising out of decisions of the NPPA.

(b) to (d): Under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995) the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. NPPA fixes or revises prices of scheduled drugs / formulations as per the provisions of the DPCO, 1995. No one can sell any scheduled drug / formulation at a price higher than the price fixed by NPPA.

NPPA has fixed/ revised the prices in 522 cases which includes 334 cases of bulk drugs and 188 cases of derivatives of scheduled bulk drugs and also fixed/ revised the prices of 11660 formulation packs since its inception. Of these, the prices of 15 scheduled bulk drugs and 6 derivatives and 607 formulations were fixed/ revised during the period from 01.04.11 to 29.02.2012.

The price of scheduled bulk drugs fixed during the last four years & since inception is given below:

I. BULK DRUGS PRICES

Particulars 2008-09 2009-10 2010-11 2011-12 Since inception of NPPA
(upto29th
Feb.2012)

No.of Bulk 22 15 10 19 152
Drugs Where
Price Increased

No.of Bulk 9 10 07 01 343
Drugs Where
Price Decreased

No.of Bulk 0 02 01 0 17
Drugs Where
price fixed For
First Time

No change 0 01 03 1 10
In Price

Total 31 28 21 21 522

II. FORMULATION PACKS

Particulars	2008-09	2009-10	2010-11	2011-12	Since Inception of NPPA (upto 29th Feb.,2012)
No. of Packs Approved	1577	1824	713	607	11660
Drice Increased	190	184	223	257	1789
Drice Decreased	89	450	60	50	3409
Price fixed for first time	1256	1155	371	239	6062
No change in prices	42	35	59	61	400
Total	1577	1824	713	607	11660

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. However, as a part of price monitoring activity, NPPA regularly examines the movement in prices of non-scheduled formulations. The monthly reports of ORG IMS 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.

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.

As per IMS Health monthly SSA report for the month of September, 11, the increase/ decrease in respect of prices of 61016 formulation packs are as follows:

Price changes during the month No. of medicines (packs) % of total

A. Price Declines	410	0.67%
B. Price Increases	1080	1.77%
(a) Upto 5%	543	0.89%
(b) Above 5% and upto 10%	527	0.86%
(c) Above 10% and upto 20%	10	0.02%
(d) Above 20%	-	-
C. No. change in Price	59526	97.56%
Total	61016	100.00%

The details of percentage number of packs, whose prices have increased, decreased and remained stable on the monthly basis in percentage terms as per Retail Audit Reports of IMS Health for the last five financial years are as follows:

Percentage number of packs whose prices increased

Year	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2006-07	0.15	0.55	0.31	0.66	0.27	0.34	0.66	-	0.37	0.89	0.68	0.14
2007-08	0.77	0.14	0.10	0.02	0.13	0.12	0.01	0.01	0.32	0.33	0.03	0.00
2008-09	0.07	0.10	0.30	0.05	0.11	15.89	1.73	2.44	0.10	0.07	0.02	8.74
2009-10	0.99	0.62	4.75	0.01	0.07	3.21	0.14	0.003	2.92	0.03	0.02	2.66
2010-11	0.09	0.02	1.98	0.22	0.09	2.28	0.08	0.03	2.46	0.30	0.01	1.89
2011-12	0.07	0.02	1.49	0.01	0.00	1.77						

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Percentage number of packs whose prices decreased:

Year	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2006-07	0.33	0.24	0.28	0.03	0.35	0.15	0.11	0.00	0.62	0.30	0.23	0.04
2007-08	0.22	0.20	0.42	0.02	0.09	0.02	0.12	0.00	0.07	0.12	0.03	0.01
2008-09	0.01	0.03	0.08	0.02	0.09	10.85	1.32	2.41	0.29	0.02	0.03	6.67
2009-10	0.32	0.48	5.15	0.02	0.02	2.96	0.02	0.01	1.31	0.02	0.03	0.87
ToTeTiT	0.06	0.01	1.45	0.14	0.03	1.15	0.01	0.02	0.88	0.15	0.01	0.62
	0.01	0.04	0.89	0.03	0.008	0.67						

Percentage number of packs whose price remained stable:

Year	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Fet	Mar
2006-07	99.52	99.20	99.41	99.31	99.37	99.51	99.23	100.00	99.02	98.81	99.18	99.81
2007-08	98.99	99.65	99.48	99.96	99.78	99.85	99.871	99.99	99.61	99.55	99.93	99.99
2008-09	99.93	99.85	99.62	99.92	99.80	73.26	96.95	95.15	99.61	99.91	99.95	84.59
2009-10	96.69	98.90	90.10	99.96	99.92	93.83	99.84	99.99	95.76	99.95	99.96	96.47
2010-11	99.85	99.97	96.57	99.65	99.88	96.57	99.91	99.95	96.66	99.55	99.98	97.49
2011-12	99.92	99.94	97.62	99.96	99.99	97.56						

Source: IMS-Health

It is evident from the above that the prices of medicines have generally remained stable. As per the Wholesale Price Indices released by the Economic Adviser's office of the Ministry of Industry, Government of India, following position emerges;

Wholesale Price Index (Base Year 2004-05)

Year	all Commodities	% age increase	Drugs & Medicines	%age increase
2006-2007	111.35	-	102.56	-
2007-2008	116.63	4.74	108.11	5.41
2008-2009	126.02	8.05	111.41	3.05
2009-2010	130.81	3.80	112.72	1.17
2010-2011	143.32	9.56	115.40	2.38
2011-2012	157.70	6.55	121.30	3.94

(Jan,11-jan 12)

Source; Office of Economic Adviser, Ministry of Commerce & Industry

It may be observed that the increase in prices of drugs & medicines has been generally lower than that for All Commodities during the years 2006-07 to 2011-2012. As such NPPA has succeeded in controlling the prices of drugs within the provisions of DPCO, 1995.