

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

UNSTARRED QUESTION NO:122
ANSWERED ON:02.07.2009
PRICES OF LIFE SAVING DRUGS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the details of mechanism for revising the price of bulk drugs;
- (b) whether some pharmaceutical companies charge exorbitant prices of their drugs and formulations without any control/check;
- (c) if so, the steps taken to monitor the price of drugs etc;
- (d) the number of cases detected by the drug regulator involving price violations during the last three years and the current year along with the action taken against the erring pharmaceutical companies; and
- (e) the measures taken to ensure availability of life saving drugs in sufficient quantity in the country at the reasonable prices?

Answer

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

(a) As per para 3 of Drugs (Prices Control) Order 1995 (DPCO, 1995) prices of scheduled bulk drugs are fixed by the NPPA on the basis of methodology/procedure for price fixation/revision of bulk drugs, in order to make them available at a fair price from different manufacturers. Various steps involved in fixation/revision of Bulk Drug prices are: identification of bulk drugs, collection of data, preparation of actual cost statement, preparation of technical parameters, preparation of estimated cost, calculation of fair price of bulk drug, fixation of maximum sale price of the drug, notification of bulk drug price in the official Gazette etc

(b)& (c) The 74 bulk drugs specified in the First Scheduled of the Drugs (Prices Control) Order 1995 (DPCO, 1995) and the formulations based thereon are under price control and their prices are fixed/revised by National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO 95.

Prices of Non-Scheduled formulations are fixed by the manufacturers, themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

The NPPA monitors the prices of all formulations including imported scheduled formulations under price control. Under the DPCO, no person can sell any formulation (medicine) of price controlled category to a consumer at a price exceeding the price notified/ approved by the NPPA / Government. In case, a company is found selling at prices higher than the price notified/ approved by the NPPA/ Government, action is taken against them as per the provisions of the DPCO. As a result of constant monitoring of the prices of medicines by NPPA, a number of drug companies have been found to be selling medicines at prices higher than those fixed by NPPA. In such cases, NPPA initiates action against the companies as per the provisions of DPCO, 1995.

(d) During the last three years (2006-07 to 2008-09) and during the current year upto 15th June, 2009, NPPA has issued demand notices to various companies and recovered the amount as detailed below:

SI.No.	Year	No. of cases	Demand	Amount
		Notice	Amount	Realized
		(Rs.in crores)	(Rs. in crores)	

1. 2006-07 67 38.01 0.96

2. 2007-08 118 820.31 4.51

3. 2008-09 135 435.62 51.41

4. 2009-10 22 21.39 7.54

NPPA has fixed prices in case of 27 non-scheduled formulation packs under paragraph 10(b) and companies have reduced prices voluntarily in case of 60 formulation packs. Thus, in all, prices of 87 packs of non-scheduled drugs have got reduced as the result of intervention by NPPA.

(e) NPPA is also entrusted with responsibility of monitoring the availability of drugs, to identify shortages, if any, and to take remedial steps to make the drugs available. As and when reports for shortage of particular drug(s) in any part of the country are received, the company concerned is asked to rush the stock and to make the drugs available.