

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

UNSTARRED QUESTION NO:163

ANSWERED ON:02.07.2009

INCREASE IN PRICES OF MEDICINES LIFE SAVING DRUGS

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

- (a) whether the prices of the medicines/life saving drugs have increased during the current year;
- (b) if so, the reasons therefor along with the percentage increase in prices of medicines/drugs;
- (c) the steps being taken by the Government to keep the prices of medicines/life saving drugs under control;
- (d) whether the Government proposes to decrease the prices of medicines/life saving drugs in the country;
- (e) if so, the details thereof;
- (f) whether the Government has set up or proposes to set up any high powered committee to review price control mechanism; and
- (g) if so, the details thereof?

**Answer**

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

(a) to (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` based on the reports of ORG IMS and the information furnished by the individual manufacturers. Whenever a price increase beyond 10% per annum (20% before 1.4.2007) 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 formulation in public interest. This is an ongoing process. Based on monitoring of prices of non-scheduled formulations, 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.

As per ORG IMS monthly SSA report of February, 09 the increase/decrease in respect of prices of 57249 formulation packs are as follows:

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

A. Price Declines        19        0.03%

B. Price Increases       11        0.02%

- (a) up to 5%        04        0.01%
- (b) above 5% and up to 10%    05        0.01%
- (c) above 10% and up to 20%   02        0.00%
- (d) above 20%       -        -

C. No change in price 57219 99.95%

Total 57249 100.00%

During the current financial year 2009-10 (up to 28th June, 2009), the prices of 481 medicine packs have been fixed/revised by the NPPA, out of which only in 42 cases the prices were increased after cost study which comprises 8.7% of the total cases for which prices were fixed/revised during the year. In the remaining cases, prices were either reduced or fixed for the first time or there was no change in the price.

(d) & (e) The Government has been opening Jan Aushadhi Stores in various parts of the country to make available generic medicines at cheaper prices as compared to branded medicines.

(f) & (g) Review of price control mechanism of medicines is also one among the proposals made in the draft National Pharmaceutical Policy, 2006, which was referred to GOM for consideration.