

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

UNSTARRED QUESTION NO:3832

ANSWERED ON:30.07.2009

DECONTROL ON DRUG PRICES

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

- (a) whether the Government plans to decontrol drug prices and limiting control only on essential drugs manufactured by less than five producers;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether the prices of commonly used drugs have nearly gone up by 10% every year for the last ten years as reported by National Pharmaceutical Authority (NPPA); and
- (d) if so, the manner in which the Government will safeguard the interests of the common man?

Answer

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

(a) to (d): The 74 bulk drugs specified in the First Schedule 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 01-04-2007) 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.

A draft National Pharmaceuticals Policy, 2006, which, inter-alia, includes to ensure the availability of life saving drugs at reasonable prices, was submitted before the Cabinet for its approval. The Cabinet considered the Policy in its meeting held on 11-01-2007. It was decided that the matter may, in the first instance, be considered by a Group of Ministers (GOM). The GOM had held four meetings but did not make recommendations to the Cabinet. Draft National Pharmaceuticals Policy can be finalized only after GOM makes its recommendations to the Cabinet.