

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

STARRED QUESTION NO:26
ANSWERED ON:09.08.2012
PRICES OF MEDICINES
Verma Smt. Usha

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

- (a) the system of control exercised by the Government, at present, over the prices of drugs;
- (b) whether some drug manufacturing companies are selling drugs at exorbitant prices;
- (c) if so, the details thereof;
- (c) the action taken against erring pharmaceutical companies in this regard during the last three years and the current year; and
- (e) the other steps being taken to ensure availability of medicines at affordable prices for the poor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED NO.26 FOR ANSWER ON 9.8.2012 REGARDING PRICES OF MEDICINES.

(a) There are broadly two categories of drugs under Drugs (Prices Control) Order, 1995 (DPCO,95) for the purpose of price fixation / revision and monitoring. These are scheduled drugs (drugs under price control) and non-scheduled drugs. NPPA fixes/ revises prices of 74 scheduled bulk drugs and related formulations based on Form III/IV applications. Under the provisions of the DPCO.95 the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. No one can sell any scheduled drug / formulation at a price higher than the price fixed by NPPA/ Govt. As and when there is downward revision in the notified price of bulk drug/statutory duties, NPPA immediately revises the prices of related scheduled formulations, on suo-moto basis.

The prices of non scheduled formulations are not fixed by NPPA. There is no control on the launch price of the non scheduled formulations. As a part of the exercise for monitoring of prices for non-scheduled formulations, manufacturers are not allowed to increase the prices of non-scheduled formulations exceeding 10% per annum. In case a company increases the prices, of non-scheduled formulations beyond 10%, the specific cases are taken up by NPPA with the respective companies for rolling back the increase within the limit of 10%. In case, a company does not comply with the instructions as above, NPPA initiates the process for capping the increase in the prices upto a ceiling of 10% by fixing the price of respective formulation pack/ medicine.

(b) & (c) A number of drug companies have been found to be selling scheduled medicines at a higher price to the consumers. In such cases NPPA initiates action for overcharging based on the report from State Drug Controllers (SDCs), complaints from individuals, verification of price list submitted by companies and suo-moto purchase of samples of scheduled packs. In case, a company is found selling the scheduled drugs/ formulations at a price higher than the prices fixed by NPPA/ Govt., appropriate action is initiated against them by NPPA under para 13 of the DPCO 1995 read with Essential Commodities Act, 1955 for recovery of the overcharged amount.

Based on detection of overcharging cases since its inception and till 31st July 2012, NPPA has issued demand notices in 347 cases involving an amount of Rs. 2462.83 Crore (overcharging along with interest) for selling the medicines at a price higher than the prices fixed under DPCO 1995, out of which, Rs. 234.44 Crore has been realized till 31.07.2012 leaving a balance of Rs. 2228.39 Crore to be realized. Out of Rs. 2228.39 Crore, an amount of Rs. 2145.62 Crore is under litigation and pending in various courts, Rs. 16.99 Crore is pending for recovery with collectors of various states and the balance of Rs. 65.78 Crore is under process.

(d) The amount demanded from the companies who have been found selling medicines at higher price than the notified price vis-a-vis amount realized during the last three years and the current year (upto 31.07.2012) is as under:-

(Rs. in Crore)

s.No.	Year	Demanded overcharged amount including interest	Amount realized
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1.	2009-10	156.22	35.41
2.	2010-11	146.93	17.26
3.	2011-12	164.94	10.69
4.	2012-13 (upto. July 2012)	0.58	15.04

(e) 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 6!S formulaton packs. Thus in all, prices of 95 packs of non-scheduled drugs have got reduced as a result of the intervention of NPPA.

Further, the Department of Pharmaceuticals has prepared a draft National Pharmaceutical Pricing Policy, 2011 (NPPP-2011) based on the criteria of essentiality and requirements as stipulated by the Ministry of Health & Family Welfare. The draft National Pharmaceutical Pricing Policy, 2011 was circulated among the concerned Ministries/Stakeholders. The draft policy was also available for comments of any other interested person on the Department's website [www,Pharmaceuticals.gov.in](http://www.Pharmaceuticals.gov.in) till 30.11.2011. The view/inputs;- received on the draft NPPP, 2011 were examined and the matter was placed before the Group of Ministers. (GoM) which met on 25.4.2012. Subsequent to this two meeling have been held by tie GoM. The draft Policy envisages bringing the National List of Essential Medicines (NLEM) -2011 and associated medicines under price control.

The Department of Pharmaceuticals has also launched `Jan Aushadhi Campaign1 with the objective of making available medicines at affordable prices for all. Under this campaign less priced quality unbranded generic medicines are made available through Jan Aushadhi Stores. The `a Aushadi Campaign has now been formalized as Generic Drug Scheme with the approval of Planning Commission. 122 Jan Aushadhi Stores have been opened in different States/UTs in the country as on 30.7.2012.