

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

UNSTARRED QUESTION NO:942
ANSWERED ON:16.08.2012
DRUGS UNDER DPCO
Rane Dr. Nilesh Narayan

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

- (a) the details of drugs not covered under Drug Price Control Order, 1995;
- (b) the reasons for not covering those under DPCO.1995 along with the reaction of the Government;
- (c) the details of monitoring prices under non-scheduled formulations;
- (d) the action taken against the companies after monitoring prices under non- scheduled formulations during the last three years and the current year;
- (e) the details of cases where companies have not brought down the prices voluntarily even though instructed by the Government; and
- (f) the action taken by the Government in this regard?

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) & (b): The prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO.95). National Pharmaceutical Pricing Authority (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. In respect of drugs - not covered under the DPCO.95 i.e. non-scheduled drugs, manufacturers are free to fix the prices by themselves without seeking the approval of Government / NPPA. Except the 74 scheduled bulk drugs and formulations containing any of these scheduled drugs all other drugs and formulations are non-scheduled drugs/formulations.

Based on the criteria specified in the Span of Control in para 22.7.2 of the 'Modifications in Drug Policy, 1986,' announced by the Government in September, 1994, 76 bulk drugs, subsequently reduced to 74, have been included in the First Schedule of the DPCO, 1995 for the purpose of price control. Accordingly, the remaining drugs and formulations called as non-scheduled drugs/formulations are not covered under the direct price control of the Government.

(c) to (f) : NPPA regularly examines the movement in prices of non-scheduled formulations. The monthly reports of IMS Health 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.. There is no control on the launch price of these medicines.

As per Stock Secondary Audit Reports submitted by IMS Health, the numbers of formulation packs marketed have been in the range 55,864 to 61,325 during the last four years.

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:

1. Percentage number of packs whose prices increased:

Year	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2008-09	0.07	0.12	0.30	0.05	0.11	15.89	1.73	2.44	0.10	0.07	0.02	8.74
2009-10	1.99	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	0.004	1.77	0.19	0.03	5.00	0.007	0.03	0.10

2. Percentage number of packs whose prices decreased:
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Year	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar
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	1.32	0.48	5.15	0.02	0.02	2.96	0.02	0.01	1.31	0.02	0.03	0.87
2010-11	0.06	0.01	1.45	0.14	0.03	1.15	0.01	0.02	0.88	0.15	0.01	0.62
2011-12	0.01	0.04	0.89	0.03	0.008	0.67	0.12	0.02	3.74	0.003	0.02	0.03

3. Percentage number of packs whose prices remained stable:

Year	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar
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	99.69	99.95	91.26	99.99	99.95	99.87

Source; IMS-Health

As can be seen from the above tables, in the case of a small number of packs prices have been increased during the last three years while the prices of most of the packs remained stable. As stated above, NPPA has fixed prices of non-scheduled formulations considering public interest.

Price changes measured as per the Wholesale Price Index

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
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

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 2008-09 to 2010-2011A

Based on monitoring of prices of non-scheduled formulations, NPPA has fixed prices in case of 30 formulation packs under para 10(b) and companies have reduced price voluntarily in case of 65 formulations packs. Thus in all, prices of 95 packs of non-scheduled drugs have got reduced as a result of the intervention of NP