

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

UNSTARRED QUESTION NO:119

ANSWERED ON:22.11.2012

FIXATION OF PRICES OF DRUGS

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

- (a) whether the pharmaceutical companies are fixing the prices of drugs irrespective of its cost;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Apex Court has issued any directives in this regard and if so, the details thereof;
- (d) whether the Government has constituted or proposes to constitute any High Powered Committee to review the drugs price control mechanism and if so, the details thereof; and
- (e) the steps taken or being taken by the Government to control or reduce the prices of essential and life saving drugs in the country?

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): Under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995) the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. National Pharmaceutical Pricing Authority (NPPA) fixes or revises prices of scheduled drugs / formulations as per the provisions of the DPCO, 1995. The NPPA monitors the prices of all formulations including imported scheduled formulations under price control. Under the provisions of DPCO, 1995, no person is authorized to sell any scheduled formulation (medicine) to a consumer at a price exceeding the price notified/approved by the NPPA.

In respect of drugs not covered under the DPCO, 1995 i.e. non-scheduled drugs, manufacturers fix the prices by themselves without seeking the approval of Government/NPPA. However, as a part of price-monitoring activity, 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.

(c): No such final directives have been issued by the Hon'ble Supreme Court.

(d): In view of reply to part (c) as above, the question does not arise.

(e) : Essential / Life Saving Drugs are not defined in DPCO, 1995. However, in order to ensure compliance of the notified ceiling price, NPPA calls for the control samples of the subsequent batches and the price list of the companies in respect of the formulations wherein the companies are found to have overcharged. To ensure that companies adhere to the prices fixed by NPPA, the State Drug Controllers are sensitized and asked to forward the cases relating to non-compliance of the notified price. As a part of continuous market surveillance, NPPA also procures samples of various scheduled formulations to check the compliance of the notified ceiling price by the companies.

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. Any company who does not comply with the price so fixed, NPPA initiates recovery proceedings.

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 65 formulation packs. Thus in all, prices of 95 packs of non-scheduled drugs have got reduced as a result of the intervention of NPPA.