

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

UNSTARRED QUESTION NO:1301

ANSWERED ON:13.08.2013

PHARMACEUTICAL INDUSTRY UNDER PRICE CONTROL MECHANISM

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

- (a) whether about Rs. 67,000 crore worth of pharmaceutical industry per year in the country is presently under the price control mechanism;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the sale price of drugs under the remaining drugs trade in the country is outside this control mechanism;
- (d) if so, the facts in this regard;
- (e) whether the drug manufacturers earn a lot of profit in India; and
- (f) if so, the details thereof and the profit on average production cost being earned by these manufacturers?

Answer

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

(a): No Sir

(b) to (d): Under, DPCO 2013 the prices of 348 drugs covering 652 formulations have been brought under price control. The prices of formulations have to be fixed as per formula given in para 4, 5 and 6 of DPCO, 2013. As per the provisions of DPCO, 2013 prices are now being fixed based on the average price to the Retailer (PTR) of the medicine having market share more than or equal to one percent of the total market turnover adding 16% margin to retailer thereto.

As per para 20 of DPCO, 2013 The Government shall monitor the maximum retail prices (MRP) of all the drugs, including the non-scheduled formulations and ensure that no manufacturer increases the maximum retail price of a drug more than ten percent of maximum retail price during preceding twelve months and where the increase is beyond ten percent of maximum retail price, it shall reduce the same to the level of ten percent of maximum retail price for next twelve months. The manufacturer shall be liable to deposit the overcharged amount along with interest thereon from the date of increase in price in addition to the penalty.

(e) & (f): Since the Drugs (Prices Control) Order, 2013 (DPCO, 2013) envisages market based pricing, cost data of the companies are not maintained by NPPA.