

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

UNSTARRED QUESTION NO:3108
ANSWERED ON:11.02.2014
FIXATION OF PRICES OF MEDICINES
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the prices of medicines are fixed on the basis of market based prices;
- (b) if so, the details thereof;
- (c) whether the prices of medicines are soaring due to market based price and the poor people are unable to buy medicines;
- (d) if so, the reaction of the Government thereto; and
- (e) the corrective measures taken by the Government in this regard?

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)&(b): Yes, Sir. The Government has notified Drugs (Prices Control) Order, 2013 (DPCO, 2013) on 15.05.2013. All the medicines specified in the National List of Essential Medicines 2011 (NLEM) have been included in the first schedule of DPCO, 2013 and brought under price control. The ceiling price of the scheduled drugs are fixed having regard to "Market Based Prices". As per provisions of para 4 of the DPCO, 2013, the ceiling price of a scheduled formulation of specified strengths and dosages as specified under the first schedule shall be calculated as under:

"Step 1: First the Average Price to Retailer of the scheduled formulation i.e. P(s) shall be calculated as below:

Average Price to Retailer, P(s) = (Sum of prices to retailer of all the brands and generic versions of the medicine having market share more than or equal to one percent of the total market turnover on the basis of moving annual turnover of that medicine) / (Total number of such brands and generic versions of the medicine having market share more than or equal to one percent of total market turnover on the basis of moving annual turnover for that medicine.)

Step2. Thereafter, the ceiling price of the scheduled formulation i.e. P(c) shall be calculated as below:

$P(c) = P(s) \cdot (1 + M/100)$, where

P(s) = Average Price to Retailer for the same strength and dosage of the medicine as calculated in step1 above.

M = % Margin to retailer and its value =16

(2) The ceiling price calculated as per sub-paragraph (1) and notified by the Government shall be applicable to scheduled imported formulations also.

(c) to (e). As per para13(2) of the DPCO, 2013, all the existing manufactures of scheduled formulations, selling the branded or generic or both the versions of scheduled formulations at a price lower than the ceiling price (plus local taxes as applicable) so fixed and notified by the Government shall maintain their existing maximum retail price. Therefore, the question of price of medicines soaring due to market based price does not arise. Rather, prices of scheduled formulations have been brought down and the details of reduction in the prices of scheduled formulations effected under DPCO, 2013 as compared to the highest price prevailed prior to the announcement of DPCO, 2013 are as follows:

% reduction with respect to Highest Price to Retailer	No. of drugs
0<= 5%	20
5<=10%	31
10<=15%	46
15<=20%	37
20<=25%	57
25<=30%	41
30<=35%	27

35<=40%	33
Above 40%	112
	404