

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

UNSTARRED QUESTION NO:1602

ANSWERED ON:02.12.2014

PROFIT MARGIN ON DRUGS

Maurya Shri Keshav Prasad;Rao (Avnathi) Shri Muthamsetti Srinivasa

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

- (a) whether some States including Andhra Pradesh has requested for promotion of pharmaceutical industry in the States;
- (b) if so, the details thereof and the action taken on the said request, State/UT-wise;
- (c) the quantity of drugs manufactured in proportion to their requirement;
- (d) whether the Government proposes to fix the maximum percentage of profit to be earned by the manufacturers on the drugs manufactured by them in the country; and
- (e) if so, the details thereof and if not, the reasons therefor and the steps being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

- (a) No, Madam. The Department of Pharmaceutical has not received any such request.
- (b) Does not arise.
- (c) The Department of Pharmaceutical does not have information about the requirement of drugs. However, as per CMIE Industry Outlook data the total sales of Pharmaceutical Industry was Rs. 1,25,374.28 crores in 2013-14.
- (d) & (e) Under the Drug Policy, 1994 the control over prices was on the basis of the cost of product with allowance being given for post production expenses. However, in the National Pharmaceutical Pricing Policy, 2012 the basis of regulating the prices of formulations is through market based pricing. The methodology of fixing of ceiling prices under National Pharmaceutical Pricing Policy (NPPP), 2012 is the single average price of all brands having market share (on the basis of Moving Annual Turnover) more than and equal to 1% of the total market turnover of the medicine. Hence, there is no concept of fixing the maximum percentage of profit in the NPPP-2012.