GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:769
ANSWERED ON:15.07.2014
RISE IN PRICES OF MEDICINES DRUGS
Ajmal Maulana Badruddin;Rajesh Shri M. B.

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

(a) the manner in which and the factorstaken into account for determining themanufacturing cost and the retail prices ofmedicines/drugs including essential and lifesaving drugs;

(b) whether the prices of medicinesincluding life saving and essential medicineshave increased manifold during each of thelast three years and the current year;

(c) if so, the details thereof and thereasons therefor; and

(d) the mechanism put in place to reviewand regulate the prices of medicines/drugsand the remedial steps proposed to be takento provide such medicines at reasonable/affordable prices to the consumers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI NIHAL CHAND)

(a) to (d): Under provision of the Drugs (Price Control) Order, 2013 (DPCO, 2013)the prices of scheduled formulations, which are based on National List of Essential Medicines 2011 (NLEM) issued by the Ministry of Health & Family Welfare, are required to be fixed based on "market based data" and not on the basis of manufacturing cost of the medicines.

There are 680 essential medicines specified in the NLEM, 2011 and the same have been brought under price control under DPCO, 2013. Out of these,National Pharmaceutical Pricing Authority (NPPA) has fixed / notified the ceiling prices in respect of 440 medicines upto 30th June, 2014 under provisions of the said order. Significant reduction in prices have been effected on the medicines notified under DPCO, 2013 as compared to the highest price prevalent prior to price fixation. The overall profile of price reduction is as under:-

% reduction with respect to Highest Price to Retailer	No. of drugs
0<= 5%	35
5<=10%	41
10<=15%	49
15<=20%	40
20<=25%	58
25<=30%	43
30<=35%	27
35<=40%	34
Above 40%	113
Total	440

Under DPCO, 2013, no person is authorized to sell any scheduled formulations to consumer at a price exceeding the price notified by NPPA.DPCO, 2013 also provides that all the existing manufacturers 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.

As per the latest IMS Health monthly data available with NPPA for the month

of March, 2013, a statement showing percentage number of packs whose prices have increased or decreased or remained stable on monthly basis for the financial years 2010-11 to 2012-13 is enclosed as per Annexure.

DPCO, 2013 vide its para 16 provides for revision of ceiling price of scheduled formulations that the manufacturer may increase the maximum retail price (MRP) of scheduled formulations once in a year, in the month of April, on the basis of the wholesale price index with respect to previous calendar year and no prior approval of the Government in this regard shall be required. As regards, non-scheduled formulations, the manufacturers are required to 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. NPPA regularly monitors the prices of both scheduled and non-scheduled formulations as per provisions in this regard laid down in the DPCO, 2013.

Para 31 of DPCO, 2013 provides for a review that any person aggrieved by any notification issued or order made under paragraphs 4, 5 and 6 of this Order, may apply to the Government for a review of the notification or order within a period of thirty days of the date of publication of the notification in the Official Gazette or the receipt of the order by him, as the case may be, and the Government may make such order on the application as it may deem proper. Provided that pending a decision by the Government on the application submitted under the above paragraph, no manufacturer shall sell a scheduled formulation or a new drug, as the case may be, at a price exceeding the ceiling price or retail price, as the case may be, fixed by the Government of which a review has been applied for.