

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

UNSTARRED QUESTION NO:2430
ANSWERED ON:04.08.2015
Variation in Prices of Medicines
Biju Shri Parayamparanbil Kuttappan

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

- (a) whether pharmaceutical companies are selling the medicines of same content/ formulation at different rates;
- (b) if so, the details thereof and the reasons therefor and the steps taken by the Government to avoid this huge price variation;
- (c) whether the Government proposes to control the huge price differences between different brands of medicines; and
- (d) if so, the steps being taken by the Government to protect the consumers from exorbitant / different prices of medicines?

Answer

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

(a) to (d): Under the Drugs (Prices Control) Order, 2013 (DPCO, 2013), ceiling prices of essential medicines as contained in Schedule-I of DPCO, 2013 are fixed based on the market based data, inter alia, by taking simple average prices of all those manufacturers who have market share of more than or equal to 1% of total market turnover on the basis of Moving Annual Turnover (MAT) of a specified medicine; and after adding 16% margin to the average thus arrived at. DPCO, 2013 requires all the existing manufacturers of scheduled formulations selling at a price higher than the ceiling price to revise the prices of such formulations downward not exceeding the ceiling price (plus local taxes as applicable) fixed by the Government. All other existing manufacturers selling such scheduled formulations at a price lower than the ceiling price (plus local taxes as applicable) so fixed by the Government shall maintain their existing maximum retail price. DPCO, 2013, thus caps the upper level of prices for scheduled formulations of different manufacturing companies; there is no specific provision to regulate the inter-brand price difference of scheduled formulation and ceiling price levels. In respect of non-scheduled formulations, DPCO, 2013 does not provide for any mechanism to regulate inter-brand price difference, except for mechanism for retail price fixation of new drug, where it cannot exceed the average of existing formulation of different brands and regulation of annual increase to 10% of previous year's price. NPPA has also capped maximum retail price of 106 non-scheduled medicines to check the huge inter-brand price difference of medicines used for the treatment of diabetes and cardiovascular diseases under para 19 of DPCO, 2013 vide notification dated 10.07.2014. The price notifications have been challenged in the Delhi High Court and Bombay High Court where the matter is sub-judice. However, a large number of manufacturers have implemented the price reduction and the price notifications of 10.07.2014 issued by the NPPA are still in operation.
