

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

STARRED QUESTION NO:544

ANSWERED ON:05.05.2015

PRICE FIXATION OF ESSENTIAL DRUGS

Kamal Nath Shri ;Radhakrishnan Shri T.

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

- (a) whether the National Pharmaceutical Pricing Authority (NPPA) has fixed prices of 509 essential medicines used for treating various ailments;
- (b) if so, the details thereof and the rationale behind the price fixation;
- (c) whether the interest of the poor have been protected as a result of the said price fixation;
- (d) the permissible margin of profit in the supply chain, from manufacturer to retail customer, for Indian and foreign branded/non-branded medicines; and.
- (e) the steps taken by the Government to expand the list of essential medicines and provide them to the poor at affordable price?

**Answer**

MINISTER OF CHEMICALS & FERTILIZERS (SHRI AN ANTI! KUMAR)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 544 for answer on 05/05/2015 regarding Price Fixation of Essential Drugs

(a) to (d) The Government has notified Drugs (Prices Control) Order, 2013 (DPC`O, 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 are under price control. Under DPCO, 2013, methodology for price fixation of drugs is 'Market based pricing' on the basis of Simple Average Price to Retailer 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 that medicine and 16% margin to retailer. NPPA has already fixed the ceiling prices in respect of 521 medicines till date out of 680 medicines (628 net medicines) included in the First Schedule of DPCO, 2013 on the basis of market based data under provisions of the said order.

The details of reduction in prices of scheduled formulations effected under DPCO, 2013 as compared to the highest price prevailed prior to the announcement of DPCO, 2013 are given as under:

% reduction with respect to Highest No. of drugs  
prevailing price to retailer

|           |     |
|-----------|-----|
| 0<= 5%    | 71  |
| 5<=10%    | 50  |
| 10<= 15%  | 57  |
| 15 <=20%  | 43  |
| 20<=25%   | 65  |
| 2 5 <=30% | 49  |
| 30<=35%   | 26  |
| 35<=40%   | 34  |
| Above 40% | 126 |
|           | 521 |

No person is authorized to print price of medicines and sell any such scheduled medicines / formulation to any consumer at a price exceeding the ceiling price fixed by the NPPA. ,

(e) The Ministry of Health & Family Welfare, has constituted a Core Committee of Experts to review and recommend the revision of National List of Essential Medicines (NLEM), 2011 in the context of contemporary knowledge of use of therapeutic products. The Committee has held wide stakeholder consultations and are likely to come out with their recommendations on the revised NLEM soon. The revised NLEM would form the basis of the number of medicines which would come under price control. The Department of

Pharmaceuticals has launched a country wide Jan Aushadhi Campaign for ensuring greater availability of medicines at affordable prices to all.