

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

UNSTARRED QUESTION NO:3903
ANSWERED ON:24.08.2004
DE-LICENCE OF DRUG SECTOR
Kumar Shri Shailendra;Yadav Shri Parasnath

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

- (a) whether the Government are aware that prices of decontrolled medicines have increased considerably during the last few years as appeared in the Jansatta dated August 6, 2004;
- (b) whether the Government are contemplating to constitute a committee in this regard;
- (c) if so, the details thereof and the time by which the said committee is likely to submit its report;
- (d) the details of medicines, the prices of which have increased;
- (e) whether the Government propose to decontrol the drug sector;
- (f) if so, the details thereof; and
- (g) The manner by which the Government propose to monitor the drugs prices?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d) & (g) : 74 bulk drugs are specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO,95). Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected. The percentage change in Wholesale Price Index (WPI) of drugs and medicines has been 5.85, 3.48, 0.71 and 2.55 during the years 2000-01, 2001-02, 2002-03 & 2003-04 respectively whereas it was 7.16, 3.60, 3.41 and 5.46 respectively for all commodities. The National Pharmaceutical Pricing Authority (NPPA) has informed that for a very small sample of 15 top formulations of 15 top bulk drugs from both, Scheduled and non-Scheduled categories, the prices in the sample from decontrolled basket rose annually by 10.6% while the increase was about 1% for the sample from controlled basket.

The Government have constituted a Committee under the Chairmanship of the Joint Secretary (Pharmaceuticals) to examine the issue of span of price control on pharmaceuticals including trade margin.

(e): No, Sir.

(f): Does not arise in view of reply to (e), as above.