

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

STARRED QUESTION NO:177
ANSWERED ON:04.12.2006
REDUCTION IN DRUG PRICE
Madhwaraj Smt. Manorama

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

- (a) whether the recent reduction in prices of 886 drugs has turned out to be a cosmetic exercise without providing any relief for the common man;
- (b) if so, whether many of the drugs with the reported price reduction upto 75 percent enjoy a market share of only 5 percent or less;
- (c) whether the Government proposes to make suitable amendments in the Drug (Prices Control) Order, 1995 to check unethical practices and make better availability of cheaper medicines to common man; and
- (d) if so, the details thereof?

Answer

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

(a) to (d) : A Statement is laid on the Table of the House.

IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO.177 (16th position) FOR ANSWER ON 4-12-2006 LINE. SUBJECT OF REDUCTION IN DRUG PRICE.

Pharma companies have agreed to voluntarily restrict the trade margins for generic medicines to 15% for wholesalers and 35% for retailers. As a result of this voluntary cap on trade margins the prices of several medicines manufactured by 11 companies, have been reduced. A compilation of a list of 886 such medicines, whose prices have been voluntarily reduced by these companies has been brought out. The list of 886 medicines is available on this Department's Website www.chemicals.cqvi.in. It has also been placed in the library of the Parliament. The list covers formulations in all dosage forms such as tablets, capsules and syrups, etc. and they find usage in the treatment of a large number of diseases. The medicines covered are antibiotics, cough syrups, painkillers as well as those used during the surgical operations, for the cure of the infectious diseases and for the treatment of hypertension etc. This was voluntary action/reduction by the companies which have not given figures of their market share for the respective medicines. This reduction in trade margins has been effected by industry on medicines promoted by trade (commonly called generic-generic or branded-generic drugs) where these margins are high as compared to the Scheduled drugs and non-Scheduled branded drugs. It is true that this segment forms a very small portion of the total pharma market in the country. However, it may be mentioned here that this is only the first step towards reducing high trade margins and consequently reducing prices of some of the drugs. Many more steps are contemplated to be taken after the finalization of the new Pharmaceutical Policy.

The Government have drafted National Pharmaceutical Policy-2006. After the Policy has been approved, a new Drugs (Prices Control) Order is proposed to be issued. This may include several new measures for better availability of cheaper medicines to the common man. In addition several other measures for making cheaper medicines available to common man are also being contemplated e.g National Health Insurance Policy for the BPL families, Larger allocation for National Illness Assistance Fund/State Illness Assistance Funds, District Illness Assistance Fund, Revolving Funds for BPL families to be set up in all the Central Government hospitals. States also to set up revolving funds in all the government hospitals for free treatment of BPL families, Rajasthan mode of Medicare Relief Societies to be replicated in other States, Scheme of District level Drug Bank in States/UTs, Setting up of Cancer Medicines Assistance Fund etc.

Besides, it is also proposed to strengthen NPPA for effective monitoring and enforcement of drug prices with the help of State Drug Controllers.