

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

UNSTARRED QUESTION NO:902

ANSWERED ON:01.03.2016

Price of Drugs

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

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

(a) the details of the mechanism for controlling drug prices in the country and the percentage increase in the prices of different drugs during the last three years and the current year along with the reasons therefor;

(b) whether the retail price of some of the drugs is 11 times (1000%) higher than their production cost affecting the patients of cancer, heart, kidney and liver illnesses, if so, the details thereof and the reasons therefor;

(c) whether the price of drugs are fixed by private companies which is much higher than their actual cost, if so, the details thereof and the reasons therefor along with the steps being taken by the government to check this practice and strengthen during research and development and minimize drug manufacturing cost;

(d) whether the Government plans to cap trader's margin at around 100% across drug categories generic, branded, scheduled and non scheduled, if so, the details thereof: and

(e) whether the proposed move will bring down the prices of crucial drugs, if so, the details thereof along with the time by which the decision in the matter will be taken?

**Answer**

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

(a) to (e): The National Pharmaceuticals Pricing Authority (NPPA) fixes the ceiling prices of medicines listed in the First Schedule of the Drugs (Prices Control) Order (DPCO), 2013 on market based pricing methodology. NPPA has fixed ceiling prices of 530 medicines (including 53 formulations for cardiovascular diseases, 6 for diabetes, 20 for HIV / AIDS, 24 for Tuberculosis, 47 for Cancer and 6 for kidney disease) based on market price data under provisions of the said order. For non-scheduled formulations, there is no control over the launch price.

DPCO, 2013 provides that all the existing manufacturers of scheduled formulations are required 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.

Annual revision in the prices of scheduled formulations is permissible to the extent of increase in the Wholesale Price Index (WPI) for the particular year. In respect of medicines not under price control, manufacturers are allowed to increase Maximum Retail Price (MRP) by 10% annually.

In case any manufacturer/marketer violates the provisions of DPCO, 2013, action on recovery of amount as per Essential Commodities Act is taken. The DPCO, 2013 provides that sixteen percent of price to retailer shall be allowed as a margin to retailer while fixing ceiling price of scheduled formulations and retail price of new drugs. For non-scheduled drugs, there is no provision in DPCO, 2013 for fixing the margin to retailer. There is also no specific provision in the DPCO, 2013 to examine and regulate the ceiling price with reference to the production cost of medicines.

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