

Uniform prices for identical medicines

1539. SHRI R.C. SINGH: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is not a fact that there is a wide variation in rates of similar medicines made by different companies in the country;
- (b) whether it is also not a fact that the profit margins in some medicines touch 1000 per cent;
- (c) if so, what action Government is taking to maintain uniform price for similar drug manufactured by different companies;
- (d) whether Government has any mechanism to rein in variation in the prices of similar drugs manufactured by different companies; and
- (e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) to (e) Under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995) the prices of 74 bulk drugs, specified in the First Schedule, and the formulations containing any of these Scheduled drugs are controlled. NPPA/Government fixes or revises prices of Scheduled drugs/formulations as per the provisions of the DPCO, 1995. No one can sell any Scheduled drug/formulation at a price higher than the price fixed by NPPA /Government.

Fixation/Revision of prices of Scheduled formulations is carried out as per the formula prescribed under paragraph 7 of DPCO 1995. NPPA in almost all cases fixes a ceiling price which is applicable to all similar Scheduled formulation packs. As a result, there may only be marginal variations in the prices of similar Scheduled formulations.

In respect of drugs not covered under the Drugs (Prices Control) Order, 1995 i.e. non-Scheduled drugs, manufacturers are at liberty to fix the prices by themselves without seeking the approval of Government/NPPA. Such prices are normally fixed depending on various factors like the cost of bulk drugs used in the formulation, cost of excipients, cost of R&D, cost of utilities/packing material, sales promotion costs, trade margins, quality assurance cost, landed cost of imports etc. Large variations are sometimes noticed in respect of similar medicines in the non-Scheduled category.

As a part of price monitoring activity, NPPA regularly examines the movement in prices of non-Scheduled formulations. The monthly reports of ORG IMS and the information furnished by individual manufacturers are utilized for the purpose of monitoring prices of non-Scheduled formulations. Wherever a price increase beyond 10% per annum (20% before 01.04.2007) is noticed, the manufacturer is asked to bring down the price voluntarily failing which, subject to prescribed conditions action is initiated under paragraph 10(b) of the DPCO, 1995 for fixing the price of the formulation in public interest. This is an on-going process.