

(d) whether it is also a fact that this hike in fertilizer prices is likely to adversely affect the medium and marginal farmers; and

(e) if so, the steps being taken by Government to give respite of medium and marginal farmers?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) to (e) Government of India is implementing two fertilizer subsidy policies viz. New Pricing Scheme-III (NPS-III) for Urea and Nutrient Based Subsidy (NBS) Policy *w.e.f.* 1.4.2010 for 22 grades of decontrolled Phosphatic and Potassic (P&K) fertilizers to make fertilizers available to the farmers at affordable prices. Under NBS scheme, subsidy on P&K fertilizers is fixed annually on the basis of its nutrients content (*i.e.* Nitrogen, Phosphate, Potash and Sulphur). NBS is fixed taking into consideration the affordability of the farmers and prices of fertilizers in the international market. Maximum Retail Price (MRP) of P&K fertilizers (indigenous or imported) has been left open and manufacturers/marketers are allowed to fix the MRP at reasonable level which is applicable to all farmers including medium and marginal farmers. Since NBS is fixed, any increase or decrease in international prices of fertilizers and fertilizer inputs will have some effect on prices of fertilizers. However, as per the prevalent MRP of P&K fertilizers fixed by fertilizer manufacturers/marketers, it has been observed that farmers are paying only 27% to 58% of delivered cost of P&K fertilizers. Urea is provided to farmers at subsidized MRP of Rs. 5310/- Per MT.

#### **CAG report on fertilizer policy**

2678. SHRI D. RAJA:

SHRI M.P. ACHUTHAN:

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

(a) whether it is a fact the CAG in its latest report has indicted Government's fertilizer policy which has failed to increase domestic production and make available high quality product to the Indian farmers; and

(b) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) The CAG report on performance audit of fertilizer subsidy, in brief has observed that the production of fertilizers has increased only marginally and the changes in the subsidy regime, including NPS stages I to III have failed to incentivize increase in domestic production of fertilizers and capacity addition.

The New Pricing Scheme (NPS) was introduced to encourage efficiency parameters, use of most efficient feedstock and state-of-art technology, ensure viable rate of return within the above parameters, introduce greater transparency/simplification and induce urea units to

undertake cost-cutting measures on their own to be competitive. Therefore the aim of change in subsidy policy from RPS to NPS was not capacity addition and incentivize urea production. To increase domestic production of urea and capacity of urea units, the Government has announced a separate policy/scheme for new investment in urea sector and off take of urea from joint venture abroad on 4th September 2008 which is aimed at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects.

#### **Variation in the prices of same medicines**

2679. SHRI M.P. ACHUTHAN:

SHRI D. RAJA:

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

(a) whether Government is aware that there is a great variation in the prices of same medicines manufactured by different companies in the country;

(b) if so, the details thereof; and

(c) the measures being taken by Government to ensure the availability of quality medicines at reasonable and uniform prices in the market?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) to (c) Under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 95), the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. National Pharmaceutical Pricing Authority (NPPA) fixes or revises prices of scheduled drugs/formulations as per the provisions of the DPCO, 1995. Under the provisions of DPCO, 1995, no person can sell any scheduled formulation (medicine) to a consumer at a price exceeding the price notified/approved by NPPA. Therefore, there cannot be any price variation in cases of Scheduled drugs/medicines.

In respect of drugs not covered under the DPCO, 95 *i.e.* non-scheduled drugs, manufactures 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. Since there is no control on the launch price of non-scheduled medicines it leads to price variation in the prices of similar medicines sold under different brands.

As a part of price-monitoring activity, NPPA regularly examines the movement in prices of non-scheduled formulations. The monthly reports of IMS Health and the information furnished by individual manufactures are utilized for the purpose of monitoring prices of non-scheduled formulations. Wherever a price increase beyond 10% per annum is noticed, the manufacturer is