

Discrepancies in prices of essential medicines

814. DR. T.N. SEEMA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether large scale variations/discrepancies have been observed in the prices of essential medicines in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the existing policy/campaigns launched by Government have not yielded results so far; and
- (d) if so, the steps proposed to be taken further by Government to make essential drugs available to the people at reasonable prices?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) The prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled under the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995). National Pharmaceutical Pricing Authority (NPPA) fixes or revises prices of scheduled drugs/formulations as per the provisions of the DPCO, 1995. No one is authorized to sell any scheduled drug/formulation at a price higher than the price fixed by NPPA. Therefore, there cannot be large scale price variation in cases of scheduled drugs.

However, in respect of drugs - not covered under the DPCO, 1995 *i.e.* non-scheduled drugs, manufacturers fix the prices by themselves without seeking the approval of Government/NPPA.

Variations in the prices of non-scheduled drugs of different brands based on same chemical combinations are not ruled out as there is no control on the launch price of these medicines. Although the prices of decontrolled drugs are monitored and suitable action is taken by NPPA, as per the guidelines, in cases where price increase is more than 10% in a period of one year on moving basis.

(c) and (d) The Department of Pharmaceuticals had prepared a draft National Pharmaceutical Pricing Policy, 2011 (NPPP-2011) based on the criteria of essentiality as per the medicines as under National List of Essential Medicines-2011 (348 drugs with specified dosage and strengths), as stipulated by the Ministry of Health and Family Welfare which was placed before the Group of Ministers (GoM). Based on

the recommendations of the GoM, National Pharmaceutical Pricing Policy 2012 (NPPP-2012) was formulated and placed before the Cabinet. The Cabinet considered NPPP-2012 in its meeting held on 22.11.2012 and approved the same with certain modifications. Further, action to notify NPPP-2012 has been undertaken.

Further, the Department of Pharmaceuticals has launched 'Jan Aushadhi Campaign' with the objective of making available medicines at affordable prices for all. Under this campaign less priced quality unbranded generic medicines are made available through Jan Aushadhi Stores. 145 Jan Aushadhi Stores have been opened in different States/UTs in the country as on 31.10.2012.

Differences between production cost and MRP of medicines

†815. SHRI MOTILAL VORA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that pricing of medicines is not being done on the basis of their cost but on the basis of Maximum Retail Price (MRP);

(b) if so, the reasons therefor;

(c) the cost of 348 medicines, included in the essential list and the rate at which they have been permitted to be sold by Government; and

(d) the reasons for a big difference between the cost and the maximum price?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) No, Sir. The prices of formulations containing 74 bulk drugs specified in the First schedule of Drugs (Prices Control) Order, 1995 (DPCO, 1995) that presently are under price control regime are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) on the basis of formula contained in Para 7 of the DPCO, 1995 which includes material cost, Conversion cost, Packing Material cost, Packing Charges and a maximum allowable post manufacturing expenses of upto 100 per cent and the instant guidelines on the subject. Actual allowable taxes are also added to arrive at the equivalent MRP.

(c) and (d) 348 drugs included in National List of Essential Medicines (NLEM), other than 74 bulk drugs listed under DPCO, 1995, are presently

†Original notice of the question was received in Hindi.