

**Bill No. XXXIX of 2014**

THE DRUGS (PRICE CONTROL) BILL, 2014

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BILL

*to provide for constitution of a Committee for fixing the prices of drugs and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Sixty-fifth year of the Republic of India as follows:—

1. (1) This Act may be called the Drugs (Price Control) Act, 2014.

Short title  
and  
Commence-  
ment.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

5 2. In this Act, unless the context otherwise requires,—

Definitions.

(a) "dealer" means a person engaged in the business of purchase or sale of drugs, whether as a wholesaler or retailer and whether or not in conjunction with any other business and includes his agent;

10 (b) "distributor" means a distributor of drugs or his agent and includes a stockist appointed by a manufacturer or an importer for stocking drugs for sale to a dealer; and

(c) "drug" includes—

(i) all medicines for internal or external use of human beings and all substances intended to be used for, or in the diagnosis, treatment, mitigation, or prevention of any disease or disorder in human beings including preparations applied on human body for the purpose of repelling insects like mosquitoes; 5

(ii) such substances, intended to affect the structure or any function of the human body or intended to be used for the destruction of vermin or insects which cause diseases in human beings; and

(iii) formulations all systems of medicine like allopathy, homoeopathy, ayurveda, unani and siddha. 10

Constitution of Drugs Price Control Committee. **3.** (1) There shall be constituted a Committee to be known as the Drugs (Price Control) Committee (hereinafter referred to as the Committee) to fix the prices of drugs. (2) The Committee shall consist of—

(i) the Minister of Health and Family Welfare, Government of India Chairman, *ex-officio*; 15

(ii) three representatives of major hospitals including Government run hospitals Members

(iii) two representatives of drugs industry Members;

(iv) two representatives of Indian system of medicine Members; 20

(v) Secretary to the Government of India, Ministry of Health and Family Welfare Member Secretary, *ex-officio*

(3) the terms and condition of the members appointed under sub-clause (2) (ii), (iii) and (iv) shall be such as may be prescribed by rules.

(4) the Union Ministry of Health and Family Welfare shall provide the secretarial assistance to the Committee. 25

Functions of the Committee. **4.** The Committee shall—

(i) fix the prices of drugs after taking into consideration the costs of manufacturing storage, packaging, import of formulation and distribution as well as profit of manufacturer and such other factors as it may deem necessary; 30

(ii) promote the use of generic drugs; and

(iii) determine the standard of drugs.

Prohibition on selling of drug at a price exceeding the price fixed by the Committee. **5.** No person or a manufacturer or a distributor or a dealer shall sell any drug to any consumer at a price exceeding the price fixed by the Committee.

Penalty. **6.** (1) Whoever contravenes the provisions of this Act shall be punished with imprisonment for a term which may extend to six months and with fine which may extend to one lakh rupees. 35

(2) Where an offence under this Act has been committed by a company, the license of such company shall be cancelled forthwith.

*Explanation.* —For the purpose of sub-section (2), "company", means any body corporate, and includes a firm or other association of individuals. 40

Power to make rules. **7.** The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

#### STATEMENT OF OBJECTS AND REASONS

Prices of drugs and medicines are on the rise. However, the Government controls the prices of 348 drugs listed in the national list of essential medicines. Recently, the drug price regulator, the National Pharmaceutical Pricing Authority (NPPA) had withdrawn guidelines for price control of 108 life saving drugs thereby allowing pharmaceutical companies to raise price as per their choice to secure windfall gain.

The prices of drugs are increased arbitrarily by manufacturers and traders. The poor regulatory mechanism allows the manufacturing and marketing of spurious drugs in the name of the generic version. People, especially poor people, are affected by the exorbitant cost of drugs. They are not able to afford the medicines. At present there is no legislation to put a check on the prices of drugs. Medical practitioners under the garb of money and costly gifts from manufacturers generally prescribe costly medicines which common man cannot afford. They should instead prescribe generic drugs which are cheaper and more affordable and as effective as branded ones. The Bill seeks to achieve the above objectives.

SANJAY SINH

#### FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for constitution of a Committee to be known as the Drugs (Price Control) Committee to fix the prices of drugs. The Bill, therefore, if enacted, would involve expenditure from the Consolidated Fund of India. It is likely to involve a recurring expenditure of about rupees five hundred crore per annum.

A non-recurring expenditure of about one hundred crore is also likely to be involved.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 7 of the Bill empowers the Central Government to make rules for carrying out the purposes of this Bill. Since the rules will relate to matters of details only, the delegation of legislative powers is of a normal character.

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*(Dr. Sanjay Singh, M.P.)*