

**GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF PHARMACEUTICALS**

RAJYA SABHA

STARRED QUESTION No. 50

TO BE ANSWERED ON THE 14th December, 2018

Steps to check high drug prices

*50. SHRI DHARMAPURI SRINIVAS:

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

- (a) whether unreasonable competition among drug companies is leading to high drug prices in the country, thus making healthcare a costly affair;
- (b) if so, the details thereof;
- (c) whether Government has conducted any study in this regard, if so, the details thereof;
- (d) whether the Competition Commission of India (CCI) has conducted any detailed study and submitted its report to Government, if so, the details thereof; and
- (e) the steps being taken by Government to check high drug prices and control the unreasonable competition among drug companies, considering the suggestions of CCI, so that drugs are available in the markets at affordable prices?

ANSWER

**MINISTER OF STATISTICS & PROGRAMME IMPLEMENTATION AND
CHEMICALS & FERTILIZERS**

(SHRI D. V. Sadananda Gowda)

(a) to (e): A statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 50 FOR REPLY ON 14.12.2018

(a): No, Sir.

(b) to (e): Competition Commission of India (CCI) had organized a Technical Workshop on 'Competition Issues in the Healthcare and Pharmaceutical Sector in India' and the issues that emerged and recommendations suggested by the stakeholders have been documented in a CCI note titled 'Making Markets Work for Affordable Healthcare' in October, 2018. In the note CCI observed that the pharmaceutical sector is characterized by information asymmetry and supplier-induced demand that significantly circumscribes consumer choice, a condition necessary for well-functioning markets. As per the note, 'one major factor that contributes to high drug prices in India is the unreasonably high trade margins.' 'The high margins are a form of incentive and an indirect marketing tool employed by drug companies. Further, self-regulation by trade associations also contributes towards high margins as these trade associations control the entire drug distribution system in a manner that mutes competition. To ensure affordable and accessible drugs, the Government has laid down a Drug Prices (Control) Order, 2013 (DPCO, 2013) under Essential Commodities Act and has also established the National Pharmaceutical Pricing Authority (NPPA). The NPPA administers DPCO, 2013 and lays down a ceiling price for essential drugs. So far it has notified ceiling prices for 856 drugs till 30.11.2018.

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