

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

LOK SABHA  
UNSTARRED QUESTION NO.5167  
TO BE ANSWERED ON 27<sup>th</sup> March,2018

**Study by NPPA**

5167. SHRI KAMAKHYAPRASAD TASA:  
SHRI JOSE K. MANI:

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

- (a) whether as per the study conducted by National Pharmaceutical Pricing Agency (NPPA) hospitals have been making profits up to 1700 per cent on drugs, consumables, medical devices and diagnostics;
- (b) whether private hospitals have been employing various strategies of profiteering like bulk buying and insisting patients to buy drugs, devices and disposable from their own in-house pharmacies;
- (c) if so, the details thereof and the reaction of the Government thereto;
- (d) whether the pertinent area has been left unregulated and States have been reluctant to adopt and implement the Clinical Establishment Act, 2010; and
- (e) if so, the steps taken by the Government to prevail upon the States to adopt the said legislation or pass a State-specific law on similar ground?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS; MINISTRY OF SHIPPING AND MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI MANSUKH L. MANDAVIYA)**

(a): Yes, Madam. Based on complaints and media reports on overpricing and inflated bills to the patients by some hospitals, National Pharmaceutical Pricing Authority (NPPA) had asked for details of billing from these hospitals under the provisions of the Drugs (Prices Control) Order, 2013 (DPCO, 2013). Based on the data submitted by the hospitals, NPPA has observed that there is an upward gap between the procurement prices of drugs and amounts at which the drugs are billed to the patients for some scheduled medicines, non-scheduled medicines, consumables and devices used in the treatment of patients. As per the provisions of DPCO, 2013, while arriving at a ceiling price of scheduled formulations and retail price of new drugs, sixteen percent margin to retailer is counted. According to NPPA's report, the highest margin (difference of amount billed for the formulation by the hospitals and their procurement price expressed in percentage terms) available to these hospitals on scheduled medicines, non-scheduled medicines, consumables and non-scheduled medical devices are 357%, 1192%, 1737% and 1271% respectively. Study reports prepared on the basis of information submitted by these hospitals is available under the "What's New" link of website of NPPA. ([www.nppaindia.nic.in](http://www.nppaindia.nic.in)).

(b) & (c): Public health being a State subject, the primary responsibility of management of hospitals lies with the State/Union Territory Governments. However, the National Council for Clinical Establishments, Ministry of Health & Family Welfare (MoH&FW) has approved a standard list of medical procedures and a standard template for costing of medical procedures and the same have been shared with the States for appropriate action.

(d) & (e): The Government of India has enacted the Clinical Establishments (Registration and Regulation) Act, 2010 for registration and regulation of the Clinical Establishments with a view to prescribing the minimum standards of facilities and services provided by them. The States are being continuously persuaded to adopt Clinical Establishments Act, 2010 or to consider bringing a State specific legislation if adoption of the Act is not found suitable. The Act is presently applicable only in eleven States viz. Sikkim, Mizoram, Arunachal Pradesh, Himachal Pradesh, Uttar Pradesh, Bihar, Jharkhand, Rajasthan, Uttarakhand, Assam, Haryana and all Union Territories except Delhi. Health being a State subject, the implementation and enforcement of the Act falls within the ambit of State/UT Governments.

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