

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

LOK SABHA
UNSTARRED QUESTION No. 1117
TO BE ANSWERED ON THE 24th July, 2018

Trade Margin of Drugs

1117. DR. PRITAM GOPINATH MUNDE:
SHRI ANANDRAO ADSUL:
SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI VINAYAK BHURAO RAUT:
SHRI SHRIRANG APPA BARNE:
SHRI DHARMENDRA YADAV:
SHRI ASADUDDIN OWAISI:

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

- (a) whether the Drug manufacturers are currently having the leeway to change prices by tweaking trade margins to distributors and retailers and if so, the details thereof;
- (b) whether any proposal is under consideration by the Government to make essential medicines more affordable by capping price at the first point of sale rather than the retail price;
- (c) if so, the details of the plans prepared in this regard;
- (d) the time by which a final decision is likely to be taken in this regard; and
- (e) the details of the effective steps taken/being taken by the Government to empower the consumers to bargain for discount?

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): The Drugs (Prices Control) Order, 2013 (DPCO, 2013) provides that 16% of price to retailer shall be allowed as a margin to retailer, while fixing ceiling prices of scheduled formulations and retail prices of new drugs. As regards non-scheduled formulations, the manufacturers are not allowed to increase the price by more than 10 % per annum. The prices are either fixed in case of scheduled medicines or monitored in case of non-scheduled medicines by the National Pharmaceutical Pricing Authority (NPPA) and in case of violation, action for overcharging is taken.

(b), (c) & (d): The Schedule –I of DPCO, 2013 contains medicines which are covered under National List of Essential Medicines, 2015 (NLEM, 2015). The ceiling prices of these medicines are fixed under para 4, 5 & 6 of DPCO, 2013. Under this order, there is also a provision under which the Government may, in public interest, fix the ceiling prices / retail prices of non-Scheduled formulations also. Government changes the policy according to the need of the time and it is an ongoing process.

(e): As per DPCO, 2013, the manufacturer/seller cannot sell a scheduled medicine beyond the ceiling price fixed by the Government. The manufacturer/seller are free to sell their product within the ceiling price. As regard, non-scheduled medicines, there is no restriction on the consumer to bargain for an discount.

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