

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

LOK SABHA
UNSTARRED QUESTION NO. 1161
TO BE ANSWERED ON 18th December, 2018

Pricing of Essential Medicines

1161. SHRI SUSHIL KUMAR SINGH:

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

- (a) the details of the methodology adopted to fix the price of essential medicines;
- (b) the likely impact on the prices of essential medicines due to the new drug policy;
- (c) the steps taken/being taken by the Government to ensure that doctors in private clinic are prescribing medicines from the National List of Essential medicines;
- (d) whether the Government has taken steps to implement the Supreme Court directive to stick to cost-based pricing formula; and
- (e) if so, the details thereof and if not, the reasons therefor?

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): Under the Drugs (Prices Control) Order, 2013 (DPCO, 2013), ceiling price of scheduled medicines is fixed based on the market based data, *inter alia*, by taking simple average price to retailer (PTR) of all those manufacturers who have market share more than or equal to 1% of total market turnover on the basis of Moving Annual Turnover (MAT) of a specified medicine. The ceiling price is derived by adding 16% margin on the simple average price to the retailer (PTR) for the specified medicine. As provided for under the Order, the local taxes if actually paid, wherever applicable on actual basis, will be added with the ceiling price to arrive at the Maximum Retail Price to the consumers.

(b): The government has fixed the ceiling prices of the 856 scheduled formulations upto 30.11.2018 resulting in the reduction in the prices as follows:

<u>Statement showing reduction in ceiling prices of scheduled formulations with respect to maximum price under NELM 2015 as on 30.11.2018</u>	
<u>% reduction with respect to Maximum Price</u>	<u>No. of scheduled formulations</u>
0<= 5%	237
5<=10%	135
10<=15%	98
15<=20%	99
20<=25%	93
25<=30%	65

30<=35%	46
35<=40%	24
Above 40%	59
Total formulations in NLEM 2015	856

(c): The National List of Essential Medicines (NLEM) is a list of essential drugs prepared by the Ministry of Health and Family Welfare. There is no such case as doctors not prescribing medicine from NLEM as essential medicines are those medicines that satisfy the priority healthcare needs of the population.

(d) & (e): There is no such direction of the Hon'ble Supreme Court to stick to Cost based pricing formula.
