

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

LOK SABHA
UNSTARRED QUESTION No. 158
TO BE ANSWERED ON THE 11th December, 2018

High Drug Prices

158. SHRI KONAKALLA NARAYANA RAO:

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

- (a) whether it is a fact that unreasonable competition between drug companies is leading to high drug prices in the country thereby making healthcare a costly affair and if so, the details thereof;
- (b) whether the Government has made any study in this direction and if so, the details thereof;
- (c) whether the Competition Commission of India (CCI) has conducted a detailed study in this regard and has submitted its report to the Government;
- (d) whether in view of the recommendations of the CCI, the Government has taken steps to check the High Drug Prices and control the unreasonable competition between drug companies and ensure that drugs are available in the markets at affordable prices; and
- (e) if so, the details thereof?

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): No, Madam.
- (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 Policy 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. The Government has established Drug Price Regulator i.e. National Pharmaceutical Pricing Authority (NPPA). The NPPA 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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