

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

LOK SABHA
UNSTARRED QUESTION NO. 1033
TO BE ANSWERED ON 8TH DECEMBER, 2023

Norms for fixing Prices of Medicines

1033. SHRI GNANATHIRAVIAM S.:

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

- (a) whether it is a fact that pharmaceutical companies print 20 per cent more than the actual price of medicines;
- (b) if so, the reasons therefor;
- (c) whether it is a fact that some medical stores are giving concession of 5 to 20 percent to their customers while some others refuse to give the same;
- (d) if so, the details thereof; and
- (e) the details of the norms for fixing the prices of medicines in view of the fact that customer is unable to negotiate their price like other commodities in the market?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS
(SHRI BHAGWANTH KHUBA)**

(a) to (d): As per the extant provisions of DPCO 2013, every manufacturer of a scheduled or non-scheduled formulation intended for sale, shall display in indelible print mark, on the label of container of the formulation and the minimum pack thereof offered for retail sale, the maximum retail price of that formulation with the words "Maximum Retail Price" preceding it and the words 'inclusive of all taxes' succeeding it". Further, DPCO, 2013 provides that every manufacturer, *inter alia*, shall issue a price list to dealers, who shall display the same on a conspicuous part of the premise where he carries on business. It also provides that no person shall sell any formulation to any consumer at a price exceeding the price specified in the current price list or the price indicated on the label of the container or pack thereof, whichever is less". Instances of overcharging are dealt with by NPPA under the relevant provisions of DPCO, 2013. However, provision of concession to customers by medical stores, within the MRP, is guided by commercial consideration and a business practice not within the ambit of control order.

(e): NPPA fixes the ceiling price of scheduled formulations as per the extant provisions of DPCO, 2013. The ceiling price of a scheduled formulation is determined by first working out the simple average of price to retailer (PTR) in respect of all branded-generic and generic versions of that particular formulation having a market share of one percent and above. The maximum retail price (MRP) for that particular drug formulation must not exceed the notified ceiling price plus applicable taxes. Further, DPCO, 2013 also provides for fixing the ceiling prices in cases where there is absence of competition; and the retail prices of new drug as defined in DPCO, 2013 for existing manufacturers of scheduled formulation. The details of prices fixed by NPPA is available on the website of NPPA i.e. www.nppaindia.nic.in.
