

**GOVERNMENT OF INDIA
MINISTRY OF HEALTH AND FAMILY WELFARE
DEPARTMENT OF HEALTH AND FAMILY WELFARE**

**LOK SABHA
UNSTARRED QUESTION NO. 973
TO BE ANSWERED ON 07TH FEBRUARY, 2020**

TRADE MARGINS ON DRUG TRADE

**973. SHRI S. MUNISWAMY:
SHRI MALOOK NAGAR:**

Will the Minister of **HEALTH AND FAMILY WELFARE** be pleased to state:

- (a) whether the Government is aware that some private and Government hospitals and the physicians prescribe costlier branded drugs to patients to benefit the respective drug companies under some sort of nexus between drug companies and medical practitioners despite similar drugs being available at cheaper rates in market thereby resulting in heavy financial burden on patients and their families;
- (b) the steps taken by the Government to determine the maximum retail price for similar drugs;
- (c) whether the Government has any plan to set a cap on trade margins on drug sale to check profiteering;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government in this regard?

**ANSWER
THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND
FAMILY WELFARE
(SHRI ASHWINI KUMAR CHOUBEY)**

(a): Clause 6.8 (Code of Conduct for doctors in their relationship with pharmaceutical and allied health sector industry) of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 prohibits doctors from taking gifts, travel facilities, hospitality and cash or monetary grants from pharmaceutical and allied health sector industry. Violation of these norms prescribes severe punishment as laid down in the said regulations.

Clause 1.5 also prescribes that every physician should prescribe drugs with generic names legibly and preferably in capital letters and he/she shall ensure that there is a rational prescription and use of drugs. Further, Medical Council of India has issued Circulars from time to time directing all the Registered Medical Practitioners to comply with the aforesaid provisions.

(b): The Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers informed that in accordance with the provisions of the Drugs (Prices Control) Order, 2013 (DPCO, 2013), Government regulates the prices of medicines listed in Schedule I of the order. The National List of Essential Medicines 2011 (NLEM-2011) and subsequently NLEM-2015 have been incorporated as Schedule- I of DPCO, 2013. As per para 8 of DPCO, 2013 the MRP of the formulations shall be fixed by the manufacturer on the basis of ceiling / retail price notified + local taxes as applicable.

Ceiling prices of medicines included in Schedule- I are fixed on the 'Market based pricing' methodology. National Pharmaceutical Pricing Authority (NPPA) has fixed the ceiling prices of 530 scheduled medicines under Original Schedule-I (NLEM-2011); and has also fixed the ceiling prices of 860 formulations under the Revised Schedule-I (NLEM-2015). The detail of prices fixed is available on NPPA's website.

(c) to (e): The Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers informed that the National Pharmaceutical Pricing Authority capped the Trade Margin of all the non-scheduled formulations of select 42 Anti-Cancer drugs, recommended by Expert Committee of Ministry of Health & Family Welfare, under the 'Trade margin Rationalisation Approach' vide order S.O. 1041(E) dated 27th February, 2019. The decision has been taken up as Pilot for Proof of Concept, under the laid down provision of paragraph 19 of DPCO, 2013, under extraordinary circumstances in public interest. On the basis of data submitted by manufacturers, it has been analysed that there would be annual saving of approx. Rs. 984 crores to the patients. NPPA has issued necessary directions to State Drug Controllers and Superintendents of Hospitals / Medical Institutions to ensure compliance of the order issued so that the benefits under this measure be available to the patients.

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