

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

**LOK SABHA  
STARRED QUESTION NO. 98  
TO BE ANSWERED ON THE 5<sup>TH</sup> DECEMBER, 2025**

**OUT-OF-POCKET EXPENDITURE ON HEALTH**

**\*98. SMT. SATABDI ROY:**

Will the **MINISTER OF HEALTH AND FAMILY WELFARE** be pleased to state:

- (a) the details of out-of-pocket expenditure (OOPE) on health of patients as a percentage of total health expenditure in the country;
- (b) whether India's OOPE share is the highest as compared to other countries in the world and if so, the details thereof;
- (c) the steps taken/proposed to be taken by the Government to reduce medicine prices and OOPE on health; and
- (d) the details of average rise in prices of generic medicines during the last five years, wise?

**ANSWER  
THE MINISTER OF HEALTH AND FAMILY WELFARE  
(SHRI JAGAT PRAKASH NADDA)**

(a) to (d) A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO LOK SABHA  
STARRED QUESTION NO. 98 FOR 5<sup>TH</sup> DECEMBER, 2025**

(a) As per National Health Accounts (NHA) Estimates, there is declining trend in out of pocket expenditure (OOPE) as percentage of Total Health Expenditure (THE). OOPE as percentage of THE has declined from 62.6% in 2014-15 to 39.4% in 2021-22.

(b) As per NHA Estimates, India ranks 69th in the list of 189 countries in OOPE per capita in purchasing power parity (int \$) for 2021.

(c) There has been significant increase in Government Health Expenditure (GHE) as percentage of THE, which was 29.0% in 2014-15 and has reached 48.0% in 2021-22. As the States have major share in GHE, the Department of Health and Family Welfare (DoHFW) has also taken up with States to prioritize allocation to health sector and enhance their health budgets at least by 8% of total State budget. The budget allocation for DoHFW has increased by 174% during 2013-14 (BE) to 2025-26 (BE). The 15<sup>th</sup> Finance Commission for the period 2020-21 to 2025-26 has provided grants for health sector Rs. 70,051 crore to be implemented through the local Governments.

The Central Government has taken several initiatives for supplementing the efforts of the States for providing quality and affordable healthcare services to the people and reduce the OOPE.

Under National Health Mission (NHM), the Government has taken many steps towards universal health coverage, by supporting the State Governments in providing accessible & affordable healthcare to people. To provide quality healthcare services, various initiatives under NHM have been implemented which include operationalisation of Ayushman Arogya Mandirs, support for National Ambulance Services, Mobile Medical Units, ASHAs, First Referral Facilities, Prime Minister's National Dialysis Programme, various activities under Reproductive & Child Health and Universal Immunization programme. Under National Free Drugs Service Initiative and National Free Diagnostics Service Initiative, Government of India provides financial support to States/UTs for 106 drugs & 14 diagnostic tests at SHC-AAM and 172 drugs & 63 tests at PHC-AAM level. These initiatives under NHM has contributed significantly in the reduction of OOPE.

Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) is a Centrally Sponsored Scheme (CSS) with some Central Sector Components (CS) with an outlay of Rs. 64,180 crores for the period 2021-22 to 2025-26. The measures under the PM-ABHIM focus on developing capacities of health systems and institutions across the continuum of care at all levels, primary, secondary and tertiary, to prepare health systems in responding effectively to the current and future pandemics /disasters.

Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) provides health cover of Rs. 5 lakhs per family per year for secondary and tertiary care hospitalization to over 12 crore families constituting the economically vulnerable bottom 40% of India's population. States/UTs implementing AB-PMJAY have further expanded the beneficiary base, at their own cost. In March, 2024, approximately 37 lakh families of ASHA, Anganwadi Workers (AWW) and Anganwadi Helpers (AWH) were included under the scheme. Further, the scheme has been expanded to cover 6 crore senior citizens of age 70 years and above belonging to 4.5 crore families irrespective of their socio-economic status under AB PM-JAY Vay Vandana Card.

The National Pharmaceutical Pricing Authority (NPPA) fixes ceiling prices of medicines that are included in the National List of Essential Medicines (NLEM) issued by the Ministry of Health and Family Welfare and are incorporated in Schedule-I to the Drugs (Prices Control) Order, 2013 "DPCO, 2013". All manufacturers, marketers and importers of scheduled medicines are required to sell their products within such ceiling price (plus applicable local taxes).

NPPA also fixes retail prices of new drugs as defined in DPCO, 2013, *i.e.*, formulations launched by existing manufacturers of a medicine listed in NLEM by combining it with another drug, or by changing the strength or dosage or both of such medicine. The applicant manufacturer cannot sell the new drug above the price notified by NPPA.

Further, in case of non-scheduled formulations (branded or generic), manufacturers are not permitted to increase the maximum retail price (MRP) of such formulations by more than 10% of their MRP over a period of the preceding 12 months. In addition, the NPPA has taken measures to regulate the prices of drugs in extraordinary circumstances in public interest.

The details of drugs brought under price control/regulation by NPPA under DPCO, 2013 are given below:

- (i) Ceiling prices stand fixed for 935 scheduled formulations.
- (ii) Retail price of more than 3,600 new drugs under DPCO, 2013 have been notified.
- (iii) In 2014, NPPA capped MRP of 106 non-scheduled anti-diabetic and cardiovascular treatment drugs.
- (iv) Trade margin of non-scheduled formulations of 42 select anti-cancer medicines were capped.
- (v) Ceiling prices of coronary stents and orthopaedic knee implants were fixed.

Details of prices fixed or revised by NPPA are available on NPPA's website ([www.nppa.gov.in](http://www.nppa.gov.in)). The above measures have helped ensure annual savings of up to ₹25,000 crore.

In addition, the Government has launched the Pradhan Mantri Bhartiya Janaushadhi Pariyojana scheme under which quality generic medicines is provided through more than 17,000 Janaushadhi Kendras at rates that are typically 50% to 80% cheaper than branded medicines. As a result of the scheme, over the last 11 years, estimated savings of over ₹40,000 crore have accrued to citizens in comparison to the prices of leading branded medicines in the market.

Affordable Medicines and Reliable Implants for Treatment (AMRIT) aims to provide affordable medicines for treatment of cancer, cardiovascular and other diseases. Branded generics are also made available at high discounts through Amrit Pharmacies.

(d): As per provisions of DPCO 2013, the ceiling prices of scheduled medicines are revised annually on the basis of Wholesale Price Index (WPI) (all commodities) for preceding calendar year on or before 1st April of every year, which is notified by the Government on the 1st day of April every year. The increase in WPI (all commodities) for the last five years is as under:

<b>Year</b>	<b>WPI increase</b>
2021	0.53638%
2022	10.76607%
2023	12.1218%
2024	0.00551%
2025	1.74028%

The increase based on WPI is the maximum increase permissible, which may or may not be availed of by manufacturers, who may increase prices to a lesser extent or decrease them, depending on market dynamics.

Further, ceiling prices are revised every five years based on the moving annual turnover value of the formulation. There was an average reduction of about 17% in ceiling prices on account of revision of prices under NLEM, 2022 of formulations whose ceiling prices were already fixed under NLEM, 2015.

In case of non-scheduled formulations, manufacturers are not permitted to increase the maximum retail price of such formulations by more than 10% of MRP over a period of the preceding 12 months. However, this is the maximum increase permissible, which may or may not be availed of by manufacturers, who may increase prices to a lesser extent or decrease them, depending on market dynamics. As per available market data, the average annual price increase in case of non-scheduled formulations over the five-year period from April 2020 to March 2025 is 5.6%, as against permissible increase of 10% and annual WPI increase over the same period (CAGR) of about 5.4%. Thus, the rise in prices of drugs is in line with the general rise in commodity prices over time.

\*\*\*\*