

■ Price control issue may come up for discussion during US President's visit

# 1 in 4 drugs on NPPA price cap list crash by over 40%

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**P**RICES of one in four essential drugs that were on the list of 489 formulations covered under the National Pharmaceutical Pricing Authority's drug price control order last year have crashed by over 40 per cent in comparison to the highest price of each of these drugs prevalent prior to the imposition of the price caps.

Apart from these 122 drugs where prices have fallen over 40 per cent, the prices of the remaining 367 formulations — including anti-AIDS and anti-cancer drugs, painkillers, sedatives and steroids — have dropped between 5 per cent and 40 per cent, according to the Department of Pharmaceuticals data.

The findings of the study that covers the impact of the price caps notified up to September 15, 2014, assume importance in the wake of the continuing slugfest between Big Pharma and the drug

## CHEAPER MEDICINES

IMPACT ON prices of 489 formulations after NPPA's price control orders



% REDUCTION*	NO. OF DRUGS	% REDUCTION*	NO. OF DRUGS
0 <= 5%	46	25 <= 30%	55
5 <= 10%	44	30 <= 35%	30
10 <= 15%	53	35 <= 40%	34
15 <= 20%	43	Above 40%	122
20 <= 25%	62	<b>TOTAL</b>	<b>489</b>

\* WITH RESPECT TO MAXIMUM PRICE

regulator over the issue of price caps, something that is expected to come up during the course of official discussions during the US President Barack Obama's upcoming visit to India.

Domestic regulations allow the NPPA to fix prices of drugs on a list of essential medicines. The pharmaceutical industry lobby groups had filed two separate lawsuits against the NPPA in July 2014 over its notice to cap the prices of 108 drugs that were not on the government's national list of essential medicines.

The NPPA's powers to cap the prices of non-essential medicines were subsequently revoked by a higher authority, even as the price caps on the 108 drugs continue, while hearings in the cases are underway.

On the industry's contention, the regulator had cited the sharp surge in prices of drugs in India over the last decade as a justification for the intervening by way of the price control order.

There was a reported 40 per cent surge in all drug prices between 1996 and

2006, during when the price of controlled drugs rose by less than 1 per cent even as those in the essential drug list increased by 15 per cent.

The price of drugs that were neither under price control nor under the drugs list rose by 137 per cent.

Out of the 628 essential medicines specified in the Schedule-I of the NPPA's Drug price control order, 2013, the regulator had notified the ceiling prices for 489 medicines up to September 15, 2014, under the provisions of the regulator's order. Till May 2014, the NPPA had fixed ceiling prices of 440 scheduled drugs and since then, ceiling prices were fixed for additional 49 scheduled drugs.

Under the price control order, the 'ceiling price' calculations are based on "market-based data" wherein the "average price to retailer" is considered for pricing. Manufacturers are barred from selling any scheduled drug or formulation at a price higher than the ceiling price fixed by NPPA.

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