

BITTER PILL TO SWALLOW

NPPA Works on Cure to Combat Overcharging by Drug Makers

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NEW DELHI

India's drug pricing regulator plans to make better use of technology, coordinate with state governments and set up its own market intelligence cells across the country to combat overcharging by pharmaceutical companies.

The National Pharma Pricing Authority or NPPA is in the process of developing a software which will store and update information on all drug companies, their manufacturing facilities, level of production of essential drugs and product prices related data; among other details, to fix one of the most stubborn maladies that afflict the ₹80,000 crore domestic drug market, government officials told ET.

Starting August, drugmakers will be asked to register with the NPPA as part of a massive exercise that the regulator plans to conduct largely through industry groupings. NPPA officials estimate that getting top 1,000 drug firms to register will help collect information on about 90% of the domestic drug market. "The idea is to make the process fully transparent and

A Comprehensive Approach

Govt plans steps to prevent future overcharging, fix affliction

₹3300 cr
worth of
overcharges
by pharma cos
reckons NPPA

It has recovered
only ₹280 cr

Rest stuck
in litigation

- A software to store information on pharma companies, drugs produced, imported, price details
- Better ties with state drug regulators for consistent information sharing
- Market Intelligence cells in every state with one time investment of ₹1 crore each
- Two new divisions, on database and in-house legal expertise planned within NPPA

efficient which makes it easy to immediately detect cases of overcharging and promptly take actions against violators," NPPA chairman Injeti Srinivas had told ET last week, adding, "Also, such a model will cut room for any discretion to be exercised and will foster a culture of correct reporting."

This will be a huge improvement on the current practice, which entails testing of random samples picked from the market

to ascertain whether drugmakers are conforming to the government prescribed rates. Under the present system, companies can go scot-free despite overcharging if their drugs are not among those picked for testing.

"Dearth of data has been a major handicap in NPPA and this necessary initiative will plug that loophole but better coordination with state governments will also help the price regula-

tor immensely," former NPPA chairman CP Singh said, citing a recent example where the pricing watchdog, with the help of Maharashtra state drug regulatory agency, made GSK Pharma cough up ₹47 crore for overcharging on a pyrilgesic brand Crocin Advance.

NPPA officials say they are already working towards firming up a well-oiled arrangement to collaborate closely with state drug regulatory agencies. But alongside, they are also proposing to set up NPPA cells in different states with an initial investment of about ₹1 crore each and a recurring expenditure of ₹50-70 lakh annually. These cells, proposed to be equipped with six-seven professionals each can keep closer tabs on the market. "Our own efforts to reach out to state governments for help have produced very encouraging results, which means even the existing system can be leveraged to produce far better results than it has done historically," Singh said.

The NPPA has also submitted a plan to restructure the organisation by creating two new divisions, for database management and in-house legal expertise.

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