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'Cap profit margin of generic drugs'

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After concern expressed by the Prime Minister's Office (PMO) on exorbitant prices of generic drugs — unbranded medicines which are sold by manufacturers through distributors without any marketing or promotion — a pharmaceuticals department panel is learnt to have suggested a significant capping on profit margin of such drugs, which could even be up to 50 per cent.

According to highly placed sources, the panel, which is headed by a joint secretary of the pharmaceuticals department in the ministry of chemicals and fertilisers, has recently tabled its report to the government, and is said to have suggested capping of profit margins of manufacturers of such generic drugs.

The panel had been formed by the pharmaceuticals department in October this year, after the PMO sought details from the ministry regarding the matter, after receiving complaints about the astronomically high prices of such generic medicines. It was given two months time to submit its suggestions and accordingly the panel gave its report to the ministry earlier this month, sources privy to the development told this newspaper.

While the recommendations by the panel are quite significant, the government — aware of their financial ramifications on the drug industry — has also started deliberations with manufacturers and industry associations to discuss the quantum of capping which can be imposed on their profit margins, so that the industry is not hurt in a major way, sources added.

They further said that the matter gained traction within the government, after it was observed that by the time generic drugs reach the customer, their prices go up by several notches. Government sources in fact said that profit margins of these manufacturers vary between 100 per cent to even up to 3,000 per cent on the Maximum Retail Price (MRP).

The PMO has been apprised of the recommendations.

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