

# Price cap relief for drug makers

NPPA withdraws guidelines that reduced prices of 108 medicines; goes back on move to bring many more drugs under price control

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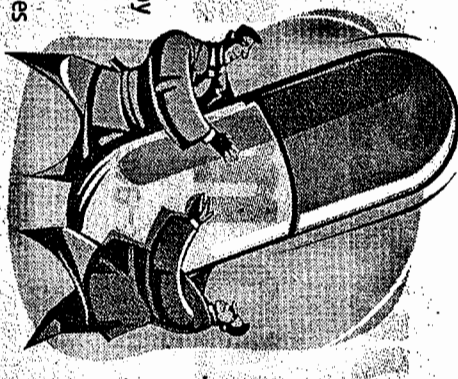
**T**he National Pharmaceutical Pricing Authority (NPPA) has withdrawn a set of guidelines issued in May, invoking a public interest clause, based on which it had reduced the prices of 108 medicines in the anti-diabetes and cardiovascular segment and promised to bring many more under price control.

The move followed a directive from the government on Friday. However, the price ceilings imposed by the regulator in July remain, as NPPA has withdrawn the guidelines and not the order.

Official sources said the government's department of pharmaceuticals, under the ministry of chemicals

## REVISITING THE NORMS

- NPPA had reduced prices of 108 medicine packs in anti-diabetes and cardiovascular segment and promised to bring many more under price control
- Currently, 348 essential medicines are directly under price control
- Prices of all these medicines are capped by NPPA at the average of all medicines in a particular segment with more than one per cent market share
- For others, firms are free to price medicines



and fertilizer, had sought the law ministry's opinion on the regulator's capping of prices of drugs that were otherwise outside price control. NPPA had invoked Paragraph 19 in the Drugs Price Control Order, 2013

— this empowered it to order a reduction in the price of medicines in

“extraordinary” circumstances in the public interest.

It appears the law ministry suggested the government withdraw the power delegated to NPPA under this clause.

The July pricing order was seen as impacting the profit margins of major

said this indicated “severe market failure”. To fill this perceived gap, it identified eight therapeutic areas with disease intensity and said if the price of any drug in these categories was more than 25 per cent higher than the most expensive medicine among the regulated products, then the price of such drugs would be capped by NPPA.

Currently, 348 essential medicines are directly under price control. Prices of these are capped by NPPA at the average of all medicines in a particular segment with more than one per cent market share. For all other drugs, companies are free to price their products, though there is a restriction on the raising of prices in any year.

Price