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Cap on drug prices

Drug regulator's wings clipped after protests

Govt strips NPPA of powers to cap non-essential drug prices

New Delhi

The government has stripped drug pricing authority NPPA of powers to cap prices of non-essential drugs after its recent order triggered industry protests. The Department of Pharmaceuticals under the Ministry of Chemicals and Fertilizers on Friday ordered the National Pharmaceutical Pricing Authority (NPPA) to withdraw a guideline under the Drug (Prices Control) Order of 2013 that gave the pricing authority powers to cap prices of non-essential drugs. NPPA complied with the order on Monday. The order, however, will be effective prospectively.



The drug pricing authority, in a statement late last night, said it was withdrawing "with immediate effect" a May 29 guideline that put price caps on certain (non-essential) drugs used for treatment of cancer, HIV and cardiovascular diseases. It, however, did not men-

tion of its July 10 order that capped prices of 108 non-essential drugs. "In compliance with the directions received from the government in the Department of Pharmaceuticals under the Ministry of Chemicals and Fertilizers... the aforesaid internal guidelines issued by the

NPPA on May 29, 2014 under Paragraph 19 of DPCO 2013 are hereby withdrawn with immediate effect." NPPA said in a statement.

A NPPA official explained that the order meant that the powers the authority drew from the DPCO for fixing caps for non-essential drugs is no longer available. "The plain reading of the

order is that a guideline under DPCO 2013 has been withdrawn with immediate effect ie from September 22," he said.

The Paragraph 19 of DPCO, 2013, authorises the NPPA to control the prices of drugs that are not under the NLEM (National List of Essential Medicines) under extraordinary

circumstances in public interest. The National Pharmaceutical Pricing Authority (NPPA) had invoked Para 19 of the DPCO, to cap prices of 108 medicines, including cardiac, diabetes and HIV/AIDS drugs, last month. Reacting to the development, Indian Pharmaceutical Alliance (IPA) Secretary General D G Shah said: "It confirms the industry position that Para 19 is not the correct instrument for modification of DPCO 2013."

Several industry bodies, including Indian Pharma Alliance (IPA), had criticised the NPPA's move to cap prices of medicines not under NLEM. Under the Drug Price Control Order (DPCO) 2013, the Government already controls the prices of 348 drugs listed in the NLEM.

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