

Drug firms get part price relief

OUR SPECIAL
CORRESPONDENT

New Delhi, Sept. 23: The government has withdrawn the national drug pricing authority's power to set prices of non-essential medicines, but price caps on the over 100 non-essential drugs that drew the industry's ire in July will remain.

The withdrawal, announced by the authority in a statement late on Monday, is on a prospective basis and so does not affect the July caps.

The NPPA capped prices of 108 non-essential drugs in July to improve affordability in a country where more than four-fifths of its nearly 1.3 billion people have no health insurance, and where 70 per cent of the population live on less than \$2 a day.

But the decision was greeted with protests and had been challenged in courts in India, where prices of generic drugs are already low compared with other markets.

"The basis to proceed further has been withdrawn. We are not saying anything on the past," an NPPA official said. "The government always has an overriding power."

Last Friday, the department of pharmaceuticals had instructed the NPPA to revoke guidelines issued on May 29 that gave it the power to fix prices of drugs that are not on the national list of essential medicines.

Last week, the NPPA added 36 drugs to the list of 348 medicines deemed essential and so subject to price caps. The list covers around 30 per cent of medicines sold in the country.

The 108 non-essential drugs subject to July's price caps are separate from the es-

RESTRAIN ORDER

- NPPA cannot control prices of non-essential medicines

- New order effective prospectively

- Price caps placed on over 100 non-essential drugs in July to stay

- The authority has added 36 drugs to the list of 348 essential medicines this month

sentia medicines list.

The July decision is likely to hit the profit margins of drug makers such as Ranbaxy Laboratories and the local subsidiaries of Sanofi SA, Merck & Co Inc, Pfizer Inc and Abbott Laboratories.

The government's decision to curb the power of the pricing authority comes days before Prime Minister Narendra Modi's maiden visit to the United States.

Ties between India and the United States have been strained in recent years because of trade policies and patent disputes.

During his visit, Modi is expected to meet chiefs of several US Fortune 500 firms, including Kenneth C Frazier of Merck & Co, a pharma giant with a turnover of over \$50 billion a year.

The NPPA's powers to control prices had stoked fears that India would resort to price capping in a large way, which could hit profitability of pharma companies operating in India. Among top multinational firms operating here besides Merck are Sanofi, Roche, Novartis, Pfizer, Abbott Labs and Bristol-Myers-Squibb.

Price