

Asian Age, Delhi

Wednesday 25th June 2014, Page: 16

Width: 19.48 cms, Height: 10.21 cms, 44r, Ref: pmin.2014-06-25.41.186

■ Global drugmakers are already hit by Centre-imposed price reductions

More drugs under price cap

Mumbai, June 24: The government is likely to raise the number of drugs deemed essential and subject to price caps, people directly involved in the process said.

A panel formed by the health ministry is meeting for the first time on Tuesday to consider adding more drugs to the list of essential medicines, all of which would then come under price caps, one of the people said.

The move would make the drugs more affordable in a country where 70 per cent of the people live on less than \$2 a day. Making more drugs subject to price caps will

RAISING PRICE CAP

● The decision may add more drugs under price control, which will make drugs affordable.

● However this price cap has drawn ire of global drug-makers like Pfizer, GSK and Abbott.



● In 2013, the drugs under price cap were raised to 348 from 74, covering upto 30% sales.

draw the ire of global drugmakers like Pfizer Inc, GlaxoSmithKline Plc and Abbott Laboratories, all of which have a large presence in India's \$15 billion pharmaceutical industry.

The global drugmakers have already been hit by wide-ranging government-imposed price reductions and a legal system with a history of disallowing patent protection in recent years in an

emerging market that is a vital growth driver for the firms.

Bringing more drugs under price controls would dash hopes for an easing of the populist drug policies of the previous government under new business-friendly Prime Minister Narendra Modi, industry analysts said.

"It is surprising that yet another committee is being formed (on price control)," a top executive at the Indian unit of a large global pharmaceutical company said, declining to be named due to sensitivity of the issue. "This (is) quite the antithesis of what is the

purported philosophy of the new government. India last year raised the number of drugs that are subject to price controls to 348 from 74 earlier, covering up to 30 per cent of the total drugs sold in the country," according to industry officials. India's pharmaceutical sector sub-index extended its loss after Reuters reported the committee's formation, trading down 0.2 per cent, while the main market index was trading up 1.1 per cent. Shares of GlaxoSmithKline Pharmaceuticals Ltd, reversed their gains to fall 0.1 per cent. Lupin Ltd, was trading down 0.4 per cent.

— Reuters

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