

At ₹6.50, Discomfort Jumps into Your Bed

Market for premium condoms may collapse as drug pricing authority sets price cap



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All those men and women who like a bit of luxury where it counts may be forced to switch to economy class. Yes, a plain-vanilla, no-frills future awaits. No ribs, no dots, no flavours and definitely no scents, except maybe smoked rubber. Soon, the Indian market will only offer sheaths with no special features, even to those who are willing to pay for them. What's next? A black market in smuggled condoms?

Here's the bottom line: The premium condom market in the country is on the brink of collapse thanks to a drug pricing order that has set a blanket limit of ₹6.50 per piece.

The condom manufacturers are not taking this lying down. Almost all the companies that sell premium prophylactics TTK Protective Devices

(Skore), JK Ansell (KamaSutra), Reckitt Benckiser (Durex, Kohlnoor) and Mankind (Manforce) — have challenged the condom pricing order of the National Pharma Pricing Authority (NPPA), a government official told ET.

While TTK Protective Devices has moved the Madras High Court against the government's move to cap the price of condoms by treating it as a drug, the other companies are pressing the department of pharmaceuticals to review the order, he added.

Media planners have confirmed that most condom marketing companies have drastically cut promotional spends since last month, when the order came into effect. They have also either shelved or postponed launches of new premium condoms in India until the matter is resolved.

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The condom first became an essential item in India's development armoury because of the need for birth control as policymakers worried themselves sick about not just a rising population but also infant mortality and the poor health of mothers. The view on bigger populations has evolved significantly since then but the position of the condom hasn't changed, because it then became a significant weapon in the fight against sexually transmitted diseases. That's why the government may have felt the need to limit prices — it's cheap but effective. But it doesn't make sense to extend the logic to all condoms, manufacturers argue, and prices of the luxury range in India are already among the lowest globally.

"The impact of this regulation will put tremendous pressure on the industry as the consumer pricing in India is already one-fifth of the global pricing," said Ranju Mohan, director, JK Ansell.

According to industry estimates, a packet of 12 premium condoms on average costs about \$7.9 in the US, \$6.8 in Australia and \$5.7 in Dubai. In India, premium condoms are priced between Rs 16 and Rs 20

per piece. The priciest, Durex RealFeel, costs about Rs 50 apiece (the exact rate depends on pack size).

Even Hindustan Latex (HLL), the largest public sector condom maker and owner of brands such as Moods and Nirrodh, has appealed to the government to reconsider its decision, underlining the need to separate the basic utility condom segment from the value-added luxury brands, which it says should be classified as a fast-moving consumer goods item.

"It is all right if the price of basic segment condoms is capped, but the variants in the premium segment are all about innovation," said M Ayappan, chairman and managing director, HLL. "This development would adversely affect the condom industry, killing the incentive for product innovation. We will send a representation to the government requesting them to reconsider the decision of imposing a blanket price for all types of condoms."

Indians use up close to 2.4 billion condoms annually, of which about 600 million are given away free, while another 800 million are subsidised through some form of government intervention. The size of the commercial market is only

around Rs 650-700 crore. Manforce is the market leader with a 28% share, followed by KamaSutra, which commands about 18%. Next in the pecking order are Kohinoor and Moods, with 13% and 12% market share, respectively.

An NPPA official told ET that it has merely implemented the rules. "The national list of essential medicines (NLEM) enlists this item just as condom, without specifying basic or premium," the official said. "We are not the architect of that list and are not authorised to make any changes to that list."

The department of pharmaceuticals is currently hearing a review petition filed by condom makers, an official said.

A person involved in drawing up the NLEM defended the inclusion of all condoms.

"We didn't delve into processes that went into the making of a drug or sourcing of raw material," the person said. "The task at hand at that time was preparing a comprehensive list of drugs which are essential, so only the final products were considered."

A Reckitt spokesperson declined comment on the matter saying the matter was subjudice. TTK said it wouldn't be able to comment as the official concerned was travelling.

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