

Pharma cos in a tizzy after minister talks of essential drug price cuts

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Mumbai: The statement by Union fertiliser and chemicals minister Ananth Kumar on Wednesday that he would talk to pharmaceutical companies and try to bring down the prices of essential drugs by 25-40% has left the industry in a state of confusion.

Industry officials and analysts told dna that the minister has not provided any clarity on whether this would see a new price mechanism, or is on top of the existing price control order.

"We do not have an understanding of this, as of yet. But if it is specifically about MNCs, then the question is why. The decision will not be healthy for the sector. It will make it difficult for us to do business in India," said a senior official from a pharma MNC in Mumbai.

According to PTL, the minister, while taking charge of the ministry which also includes department of pharmaceuticals, said, "As far as branded medicines of multinational pharmaceutical companies are concerned, we will talk to all of them and try to bring down prices of essential drugs for poor by 25-40%." He



said the pharmaceutical industry is very important for the health of the country.

A similar effort to reduce prices of essential medicines, initiated by the UPA government last year, had hit major pharma companies badly. In July, 2013, the new drug pricing control order (DPCO) fixed a ceiling on the prices of 348 drugs listed in the National List of Essential Medicines (NLEM) under the new pricing policy. The order had taken a different approach to putting a ceiling on prices as it took the average price pre-

vailing in May 2012 of the formulations with over 15 market share. The move affected profitability of many leading pharma companies, largely the MNCs, in the domestic market.

Kumar further said, "Our main mission will be to ensure the availability of all necessary medicines at affordable prices, especially for poor across the country."

Sujay Shetty, partner, leader - pharma, life sciences, PwC, said, "There is no clarity yet on whether this will be on top of the existing list of drugs which are already under price control or this will be outside the existing NLEM. Will this therefore lead to a new pricing policy or a price mechanism? Besides, it is also important to understand what purpose such a move will serve as if the decision is to reduce the price of branded generics of the MNCs; there are Indian counterparts in the market which are already selling cheaper versions of such generics."

If the new government can enforce such a move, it will hit most MNCs further depending on the kind of portfolio they have.

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