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# Sun, Dr Reddy's, Cadila named in US Congress' pricing probe

"We are conducting an investigation into the recent staggering price increases for generic drugs used to treat everything from common medical conditions to life-threatening illnesses," said the letters, addressed to senior management executives of these companies. Apart from the three Indian companies, the investigation includes Teva, Mylan, Actavis, Apotex, Endo, Global Pharmaceuticals, Heritage Pharmaceuticals, Lannett Company, Marathon Pharmaceuticals, PAR Pharmaceutical Companies Inc and West Ward Pharmaceutical Corp.

The development had a rub-off on the Indian pharma companies' stocks, which mostly traded in the red on BSE on Wednesday. Dr Reddy's shares shed about four per cent of their value to close at ₹2,963.65 apiece, while the Sun Pharma scrip declined about two per cent from its previous close to end at ₹198.90.

Though the Congress letters have indicated a deadline of October 23, a top executive of one of the Indian drug firms said companies were not obliged to give any detail sought by the American Parliament body.

A spokesperson for Dr Reddy's Labs said the company was not selling in the US market one of the products listed by the Congress, while it had not raised the price of the other drug. "We are okay with our position and we will respond to them within the mentioned deadline," the spokesperson said.

The Congress has sought details like companies' total gross revenue from these drugs; dates, quantities, purchasers and prices for sale of these drugs; besides profit projections and other information.

Indian drug makers have lately faced stringent enforcements in the US, the world's largest pharmaceutical market. Several manufacturing facilities of leading companies like Ranbaxy, Sun Pharma, Wockhardt and Strides Arcolab have come under the scanner of the US Food and Drug Administration (US FDA) for compliance-related issues. The frequency of regulatory inspections of Indian plants has also increased significantly in the past few years.

While norms in India have also become relatively strict in recent years, Indian regulators and the government are still far from matching the US and European standards. After a directive by the Supreme Court, the Indian drug regulator, as well as the health ministry, has adopted a cautious approach in approving new medicines and clinical trials. But the government's approach in dealing with the prices of imported medicines and checking the quality of drugs available in the domestic market remains lenient.

Even in the case of compulsory licensing, the government has so far not invoked any, despite several recommendations from the health ministry. The single compulsory licence for the generic version of Nexavar was also granted by the patent controller.

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