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108 drugs to cost more as govt decontrols pricing mechanism Cancer drug price goes up from ₹8,500 to ₹1.08 lakh

Healthland India

New Delhi: The Union government decision to decontrol prices of 108 drugs - used to treat tuberculosis, AIDS, diabetes and heart ailments - has sent their prices soaring.

The price of Glivec, an anti-cancer tablet, for example, has risen from ₹8,500 to ₹1.08 lakh. Plavix, used to treat blood pressure and heart ailments, will cost ₹1.615, against the earlier ₹147. An anti-rabies injection, Kamrab, priced at ₹2,670, will now cost ₹7,000.

In a circular issued before Prime Minister Narendra Modi's visit to the US, the government asked the National Pharmaceutical Pricing Authority (NPPA), an autonomous body, to withdraw its May 2014 guidelines on drug price control.

NPPA had capped the prices of these 108 drugs, in addition to the already listed 800 essential drugs, to improve their affordability. In the wake of reports that there are 4.1 crore diabetics, 4.7 crore coronary heart disease, 22 lakh TB, 11 lakh cancer and 25 lakh HIV/AIDS patients in the country. Over the past few months, US business had been complaining against trade restrictions in sectors ranging from agriculture to film-making, pharmaceuticals and telecom.

Are drug companies behind the move?

Drug companies, no doubt, are happy. Their argument is that the 108 drugs mostly relate to lifestyle diseases and are not 'essential'. One drug company executive said pharmaceuticals themselves have volunteered to keep prices of 800 essential drugs as low as possible. Also, he asks, "In a free market, how can a regulator control prices?"

Why did the govt take this decision?

"The government has only taken the powers of NPPA and kept them with it. The government will negotiate with pharma companies to keep prices low. The aim is to cut through red tapism," said a ministry of chemicals and fertilisers official. The government also wanted to ensure the widespread availability of these medicines. The government decided to empower itself to deal with the pricing of some limited and non-essential drugs. Instead of seeing this as a favour to pharmaceutical companies, it should be seen as an encouragement for them to invest and spend on research and development activities.

Shouldn't these drugs under price control earlier?

Definitely. Subsequent to the new move, 0.7 per cent of the combined sales of Sun Pharma and Ranbaxy in India will be out of price control. The corresponding figures for Torrent and Lupin will be 1.5 per cent and 0.7 per cent, respectively. Soon after the government decision, share prices of pharma companies shot up. Sun Pharma and Ranbaxy gained nearly 2

Costly remedy

Category	Name of drug	Current price (INR)	Earlier price (INR)
Anti-cancer	Erlotinib Gleevec	11,500 1,08,000	5,900 8,500
Blood pressure/Heart	Losartan 5mg Plavix	125 1,65	92 10
Antibiotic	Meropenem 400 Meropenem 200	399 12	250 34
Diabetes	Glucosyl 10	97	62

What's the anti-decontrol group saying?

Former Union minister for chemicals and fertilisers Sri Kant Jena alleges that the tuning of decontrol smacks of a plot to help multinational pharmaceutical companies to earn bumper profits. He said the decision seems to have been taken to let Modi earn some brownie points while interacting with top US officials and company executives.

Wasn't these drugs under price control earlier?

Ministry of chemicals and fertilisers had, on May 30, 2013, delegated powers to the NPPA to regulate the prices of life-saving drugs. This resulted in a significant reduction in prices. The Modi government extended this regulation to even life-saving drugs for cancer, HIV, tuberculosis, malaria, diabetes, cardiovascular diseases and asthma. The government later withdrew these guidelines, ahead of Modi's visit to the US.

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