

# Govt likely to cap profit margins of drug firms soon

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After fixing price ceilings on drugs recently, the Government is likely to cap profit margins of drugmakers soon in order to help sell the drugs at a reasonable and affordable price to the needy. The move came at a time when it has been observed that many drug companies are minting money by making significant profits, which go up to a few thousand per cent.

According to the Ministry sources, profit margins of these manufacturers vary between 100 per cent to even up to 3,000 per cent on the maximum retail price (MRP) of the concerned drugs. With such bizarre developments in the pharmaceutical industry, the Prime Minister's Office (PMO) has expressed concern over such exorbitant prices of generic drugs, especially lifesaving ones, which are being marketed or sold by manufacturers through distributors to make huge money.

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PMO has suggested a panel, headed by a joint-secretary level of the pharmaceuticals department in the Ministry of Chemicals and Fertilisers, to put a cap on the profit margin of such drugs makers. The panel has also recently tabled its report to the Government, and is said to have listed some pharmaceutical firms, whose profit margins have been found quite irrational and unreasonable," sources said.

"The panel was formed in October this year, after the PMO sought details from the Ministry regarding the matter, after receiving complaints about the high prices of such generic medicines," sources added.

When contacted to an official of the Ministry of Chemicals and Fertilisers, he confirmed the development.

"We have already put a price ceiling on essential drugs, but the Ministry is in the works of putting a check on profit margins of those firms who are either directly or indirectly involved in making such lifesaving medicines. With the PMO's concerns on the fact

## DIAL 'D' FOR DRUGS, NOT 'M' FOR MONEY!

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that some Pharmaceutical firms are minting money at the cost of drugs, which are meant to save lives, we have been told to put a cap on their skyrocketing profit margins in which they make money by illegitimate means. Last week, the panel has already submitted its report to the Government, suggesting a significant cap on the profit margins of some drug firms. I hope, the capping will come into effect very soon," the official told *The Pioneer*.

"The drug industry is responsible for the development of medicines to save human lives and alleviate suffering, not the generation of profit for its own sake," he rued.

When asked about the size of capping and the list of firms who are involved in it, he did not divulge the details about the firms, but said there would be certainly a significant ceiling on their profit margin which would help them do businesses in a legitimate way.

However, other sources in the know said that there would be over 50 per cent cap on their profit margin and beyond that profit margin the company would be under a strict vigil of the Ministry and the firms may be penalised if found guilty for the sake of getting huge money.

In fact, the Government had formed an inter-ministerial committee a couple of months ago, comprising representatives from DIP, Ministry of Health, National Pharmaceutical Pricing

Authority (NPPA) and Department of Pharmaceuticals in October to review the Drug Price Control Order (DPCO) 2013, following the Supreme Court verdict this year that termed the drug pricing policy as irrational and unreasonable. The committee was responsible to look into the drug pricing mechanism as there have been complaints that the companies are making significant profits which go up to a few thousand per cent.

As stipulated under DPCO 2013, so far drug price regulator NPPA has fixed ceiling prices for 530 essential drugs, including 47 for cancer and 22 for HIV. And no one is authorised to sell any scheduled medicine to a consumer at a price higher than the one notified by NPPA under the order. While fixing the ceiling price, 16 per cent margin is allowed for retailers.

In addition, maximum retail price has been capped under the DPCO in respect of 106 non-scheduled medicines, of which 84 are used for treatment of cardiovascular diseases and 22 for diabetes.

*Pricey*