

Foreign cos asked to give price details of imported drugs

NPPA Move Aimed At Checking Exorbitant Prices Of Some Drugs

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NEW DELHI

THE country's drug price regulator has asked for pricing details of drugs imported by some foreign drugmakers to find if they take advantage of India's regulatory regime to price their products many times their cost of production

The National Pharmaceuticals Pricing Authority (NPPA) has asked half a dozen global drugmakers, including two American firms, to share details such as cost of manufacturing, ex-factory price in the country of origin, selling price in the home country and price of the same brand in over a dozen other countries

"Some of the imported brands cost over ten times those made indigenously so there is a need to verify the cost declared by the importers," a NPPA official said requesting anonymity. NPPA regulates the prices of medicines using any of the 74 bulk drugs which are under price control. For medicines made locally, it caps the maximum price chargeable to the consumer based on the raw material cost, conversion cost and an additional margin of up to 100%. But for imported brands, the NPPA goes by the 'landed cost' declared by the global drugmaker, allowing a margin of up to 50% to bear other business cost and provide a reasonable profit margin.

Health activists, medical experts and local drugmakers have for a long time objected to the wide variation in the prices for a medicine made locally and abroad with same inputs. NPPA is now seeking a level playing field for local drugmakers and examining if global companies are arbitrarily charging consumers exorbitant prices.

In its letter to Allergan India last month, NPPA asked the local arm of the US-based company to share details about its prednisolone acetate eye drop. The spokeswoman of Allergan India could not be contacted and mails sent to both the its global and Indian arm remained unanswered over the weekend.

Lalit Kumar Jain, who heads an industry body for small Indian drugmakers, said there is a lacunae in the Indian drug pricing norms which allows companies like Allergan to price its eye drop medicine about eight to nine times the brand sold by some local companies. Ranjit Shahani, president of the Organisation of Pharmaceutical Producers of India, that represents the interests of global pharma companies, said price of original drugmakers and local firms cannot be compared. "Innovator companies spend about a couple of billion dollars today to develop a single drug whereas a copycat generic maker simply copies the original," he said. Some of the details sought by the regulator are already publicly available, says Mr Shahani. Although some industry experts see NPPA's move as a first step to bring under regulation price of imported medicines, it will not be an easy task. NPPA functions under the Drug Price Control Act, that does not allow it to regulate production cost of medicines made in other countries.

But the concerns are genuine. "Today a company can transfer production of a drug under price control from India to say Nepal and then price the same brand several times costlier," C M Guleti, editor of medical journal Monthly Index of Medical Specialities, said. "The basic issue is why do we allow these companies to import and sell at exorbitant prices when the same drug can be made locally?" he said.

Prices of several drugs, especially in market segments dominated by imported brands such as insulins, will fall sharply if the government regulated the price of imported brands or linked them to cost of production in India. Foreign drugmakers say the government should look at rein in other costs of treatment rather than medicines alone, which accounts



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