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# In bid to curb profiteering, govt caps margins of 42 cancer drugs

## Govt move covers 72 formulations, 355 brands and is expected to reduce prices of cancer drugs by 85%

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The government capped trade margins of 42 cancer drugs at 30% on Wednesday, seeking to curb profiteering on these vital medicines. The move is expected to reduce prices of cancer drugs by 85% and will cover 72 formulations and 355 brands, India's drug pricing regulator said in a statement.

The National Pharmaceutical Pricing Authority (NPPA) approved the formula which restricts the trade margin of the selling price by up to 30%.

These are in addition to 57 cancer drugs already under price control. "42 non-scheduled anti-cancer medicines have now been selected for price regulation by restricting trade margin of the selling price up to 30%," the NPPA said.

Manufacturers have been asked to recalculate prices and inform NPPA within next seven days.

NPPA chairperson Shubhra Singh told Mint that the step gains significance in the government's attempt to provide affordable healthcare. "The authority has noted that despite the fact that India is the pharmacy of the world, out-of-pocket expenses on medicines is the largest cause for pushing families beyond poverty threshold, which itself is a great contradiction and therefore we have invoked extraordinary powers under para 19 of the drug price control order (DPCO)," she said, indicating that the move is a pilot for more drugs and medical devices in the future. "This is being rolled out as a pilot for the proof of concept which means that it will be upscaled," she said.

The NPPA currently fixes price of drugs on the National List of Essential Medicines under schedule I of DPCO. So far, around 1,000 drugs have been price-capped through this mode. Singh said self-regulation by manufacturers would usher in a new price regulation regime. "It's going to be a game-changer because once it is established, then for the first time, you are making reasoned foray into price regulation of non-scheduled drugs and medical devices."

The move is likely to face resistance from the pharma industry, a pharma lobby expert said, requesting anonymity.

Malini Aisola, co-convenor, All India Drug Action Network (AIDAN) said, "The margin is equivalent to 43% mark-up for the price to stockists which is a break in convention of the DPCO and done as a concession to the industry. Because of the prohibitive prices of cancer drugs, discounts are a common part of sales strategies. Retail prices are not likely to be significantly affected through this move. However, through mandatory margin caps, patients will benefit in hospitals which were undoubtedly indulging in profiteering by taking massive cuts". Calling it a significant decision, Sunil Attavar, president, Karnataka Drugs and Pharmaceuticals Manufacturers' Association said, "We could see a significant reduction in MRPs and this will benefit patients. The margin of 30% on sale price seems to be in line with the existing margin of 20% to retail and 10% to wholesale".

Kanchana T.K., director general, Organisation of Pharmaceutical Producers of India (OPPI) said, "OPPI members are committed to the interest of Indian patients. We note the government's intent is that they are using the initial anti-cancer selective drug list as a pilot proof of concept, but we would expect a universal implementation for all non-scheduled products as a follow-through."

The move could impact pharmaceutical companies like Sun Pharma Laboratories ltd, Glenmark Pharmaceuticals Ltd, Zydus Cadila, and Biocon Ltd. Emails sent to these companies remained unanswered. With the price rationalization extended to 72 formulations and 355 brands, NPPA expects the net savings to the consumer at a minimum of ₹105 crore. "Price reduction across brands would vary from 86.79% of MRP to 0%," said the NPPA in a statement. According to the price regulator, five brands will see price reduction of about 70%, whereas 12 brands will see 50-70% reduction in prices.

**Move could affect companies like Sun Pharma, Glenmark Pharmaceuticals, Zydus Cadila and Biocon**

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**Affordable healthcare on the anvil**

- National Pharmaceutical Pricing Authority okays formula which restricts trade margin of selling price by up to 30%
- Manufacturers have been asked to recalculate prices and inform NPPA within next seven days
- The NPPA invoked para 19 of the drug price control order to fix ceiling price on anti-cancer drugs
- The authority is using the initial anti-cancer selective drug list as a pilot proof of concept