

New drug pricing policy to cause value erosion of Rs1,600 crore

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New drug pricing policy to cause value erosion of Rs.1600 crore



IMS Health has estimated the scope of the National List of Essential Medicines (NLEM) pricing policy is likely to cover almost 18 percent of the retail pharmaceutical market. Coupling this with the Drug Price Control Order (DPCO) which is likely to remain in place for some time post NLEM implementation, the scope of the combined price controlled segment would be approximately 30 percent of the market, during this period.

Mr Amit Backliwal, general manager, South East, IMS Health has said, "Based on the DPCO 2013, IMS Health has estimated that the value erosion of the pharmaceutical market would be to the tune of approximately Rs 1,600 crore (approximately 2.2 percent of the current pharmaceutical market), post implementation."

The analysis from IMS Health also indicated that the value erosion on NLEM for MNC pharma companies would be 18 percent in comparison to 9 percent for Indian companies.

An internal analysis based on IMS Health's Total Sales Audit, March 2013, they estimated that the contribution from these medicines (approximately Rs 13,000 crore), to the retail Indian pharmaceutical market (Rs 72,762 crore) is approximately 18 percent. IMS Health added that some of the medicines (like high-end oncology/hospital products) listed under NLEM do not have adequate representation in their sales audits and are consequently excluded from this analysis. The resultant impact though of price erosion in these categories would not substantially change the overall picture.