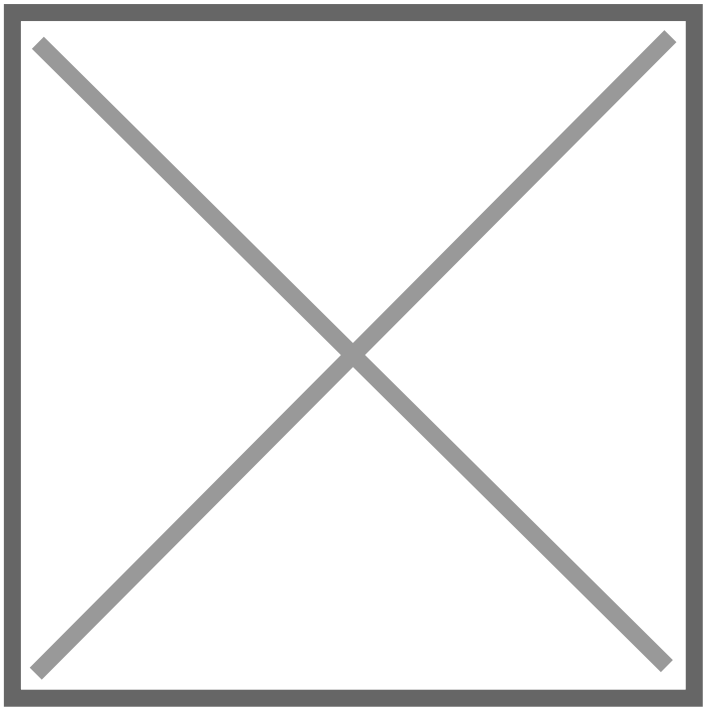
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Industry Associations propose reforms in drug pricing framework

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Refining the current pricing framework to provide solid foundation for sustained growth



In a recent meeting in New Delhi, industry associations met with Dr Arunish Chawla, Secretary of the Department of Pharmaceuticals (DoP), to discuss significant reforms in the pricing framework for drugs and medical devices.

Industry representatives recommended that cases of alleged overcharging should be limited to a three-year cut-off period from the date of the violation. They emphasised that certified data and pack shots should only be submitted once by the company and solely for the period of the alleged violation. The National Pharmaceutical Pricing Authority (NPPA) should only consider the officially submitted data in IPDMS Forms II, III, and V regarding pricing, batch numbers, manufacturing dates, production, and sales as proof of compliance.

Furthermore, the alleged overcharged amount should only include the actual excess amount realised by a company on the Price to Stockist (PTS), excluding trade margins.

The industry associations also advocated for a market-based pricing policy, which they believe is crucial for the growth of the Indian Pharmaceutical Market (IPM). Despite offering some of the lowest medicine prices globally, the IPM is subjected to stringent price controls. The market, characterised by over 5,000 manufacturers and 60,000 brands, is highly competitive, with numerous players in each therapeutic segment. While only 74 molecules were under DPCO 1995, the span of price control has significantly expanded with the National List of Essential Medicines (NLEM) 2022, covering approximately 400 molecules and 1,000 formulations.

The DPCO 2013 marked a shift from cost-based to market-based pricing, a change welcomed by the industry. This approach allows pricing to reflect market realities rather than theoretical calculations, easing the process of determining market prices and improving compliance. The industry believes that refining the current pricing framework will provide a solid foundation for sustained growth.

Industry associations highlighted several key areas for improvement in the current DPCO 2013 framework, which they described as impractical, contradictory, and ambiguous. These issues have led to numerous legal cases and uncertainty. The associations believe that addressing these concerns will simplify the procedures, ensure ease of doing business, and decriminalise certain provisions.

The associations also recommended implementing revised prices for scheduled formulations on batches manufactured immediately after a price notification, rather than retroactively.

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