



GOVERNMENT TO REGULATE RATES OF 652 MEDICINES; PRICES SET TO FALL

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The government, on May 16, 2013, notified new norms that will bring down prices of essential medicines, increase the number of drugs under price control, and alter the way the government regulates prices in the 72,000 crore domestic market. The new regime will replace an 18 year old price control order and come into effect 45 days from now. The government will regulate the rates of 652 medicines, a substantial increase over the 74 bulk drugs and their formulations that are currently under price control. The current method of fixing prices on a cost-plus basis will be replaced by market price-linked cap for each drug.

PSA view – The Indian Pharmaceutical Alliance, an industry body that represents big Indian drugmakers, said its analysis of 270 medicines showed that prices would fall by over 20% for half of the drugs and some HIV combination drugs would become cheaper by 70%. From a patient's perspective, this is a welcome move as now the prices of life saving drugs will reduce considerably.

CCI has directed AIOCD to obtain NOC for stockists

The CCI has issued a directive to the AIOCD asking them to obtain NOC for appointment of stockists, and pharmaceutical companies, stockists and wholesalers. Following this directive, AIOCD issued a circular dated April 18, 2013 to its members and office-bearers of state associations communicating the orders of the CCI. In 2011, a complaint was filed before the CCI in Orissa and thereafter the CCI conducted an investigation and concluded that AIOCD and its associating bodies were infringing sections 3(3)(A) and 3(3)(B) of the Competition Act of India. The CCI has asked to put a check on the anti-competitive practices of obtaining NOC or letter of consent, refusal to launch products of the manufacturers/importers for not getting PIS charges, fixing of trade margins and practice of boycott of pharmaceutical companies.

AIOCD's circular states that it is not mandatory to give PIS charges by companies. The agreements between AIOCD and the manufacturers associations (OPPI & IDMA) to give fixed trade margins to the wholesalers and the retailers has the effect of directly or indirectly determining the purchase or sale prices of the drugs in the market. This is a violation of section 3(3)(a) of the Act.

PSA view – This is a step in the right direction. This will definitely encourage competition and allow the wholesalers, stockists and distributors to offer discounts to their customers.

MCI asks doctors to prescribe drugs with generic names

In order to promote the use of generic drugs and also to encourage the rational use of drugs, the Medical Council of India MCI has asked the doctors to prescribe drugs with generic names. The MCI has issued

circulars to the deans of all medical colleges, directors of Post Graduate Institutes and presidents of state medical councils to give wide publicity to ensure compliance by doctors to the clause of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 which says that every physician should, as far as possible, prescribe drugs with generic names and he/she shall ensure that there is a rational prescription and use of drugs.

PSA view – This move of MCI seems to regulate the practice of prescribing medicines of costly brands which ultimately benefits the pharmacists and even doctors, in some cases. In our opinion, a patient's interest can be protected in a better manner if the rates of generic drugs are also regulated. This will check a usual practice of chemists where they sometimes report non-availability of a certain brand of drug and encourage the vulnerable patient to buy a costlier drug of the same generic formula.

Department asks to rein in on misleading advertisements

The Department has written to all State Drug Licensing Authorities/Drug Controllers of Ayush to bring instances of misleading advertisements concerning Ayush drugs (i.e. Ayurveda, Naturopathy, Unani, Siddha and Homoeopathy drugs) in TV, radio and print media to the notice of Ministry of Information & Broadcasting. This is a preventive action which the Department is seeking as it aims to take corrective measures in preventing inappropriate advertisements in electronic and print media including newspapers.

The Department has also taken up the matter with the Ministry of Information and the Directorate of Audio-Visual Publicity ("DAVP") requesting it to take action for stopping improper advertisements on Ayush in electronic and print media. They approached the Press Council of India in this matter.

However, both DAVP and Press Council of India have shown helplessness in this matter. The DAVP has informed that it does not have regulatory power over private advertisement and the Press Council of India has also informed that even though it enjoys statutory authority, the guidelines to be followed for advertisement are only ethical in nature. The council does not have any power to curb them.

PSA view – Misleading advertisements tend to portray Ayush medicines in bad light and have an adverse effect on even the sales of genuine ones. The government needs to establish stringent measures in place to retain the faith people have on traditional Indian medicines. The Parliamentary Panel attached to the Ministry of Health had also cited several instances and recommended change in laws for stringent action. Hope the government does take note of the same and protects the credibility of Ayush drugs.

By:

Neeraj Dubey

Divij Kumar

Mansi Airi Gambhir

Rohitaashv Sinha



