



DOP'S CONSTANT EFFORTS TO FIX PATENT DRUGS' PRICES

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February 2014

Even after facing utter failure in fixing the prices of patented drugs in the country DoP is back in action, this time with an inter-ministerial committee of joint secretaries of different ministries to look into the issues and suggest ways and means to fix the prices of patented drugs. The inter-ministerial committee has been constituted in light of the diverse opinion of different stakeholders received on DoP's earlier report on patented drugs. In its past report on the issue, DoP committee had recommended a formula on price negotiation of patented drugs, linking it to the per capita income in the country and had also suggested that the price of patented drugs should be frozen before the drugs are marketed.

PSA view – A patient's interest can be protected in a better manner if the rates of drugs is well regulated. Recently MCI had also asked the doctors to prescribe drugs with generic names so as to minimize usage of drugs of very high end brands. It is praiseworthy that DoP has not left the matter in lurch and is doing constant efforts to fix the prices of patented drugs. Once the move is successful, it is surely going to benefit the customers who sometimes end up spending more than their spending capacity on drugs alone. Secondly, once the rates are regulated, the drugs makers will not be able to exploit the market with their patented drugs.

Revised FDI policy in pharma

Cabinet Committee on Economic Affairs had decided in November 2013 and conveyed its decision to the Department of Industrial Policy and Promotion ("DIPP") regarding the changes in the FDI policy in pharmaceutical sector. The announcements to continue with the same FDI limits were taken earlier this year. The current position is that 100% FDI is allowed in both Greenfield (new) Brownfield (existing) segments and the investments under the Brownfield is subject to approval by the Foreign Investment Promotion Board ("FIPB"). However, DIPP has said that a "non-compete clause" will not be allowed except in special cases and that too with the prior approval of FIPB.

PSA view – Though Health and Commerce Ministry had suggested to lower the FDI cap but Cabinet Committee decided not to do that but in order to give some respite to the local players they have suggested the "non-compete clause" deletion. Now the sellers will not have to agree regarding not competing with the buyers and in launching of similar products in the same or relevant markets. This can allow the local players to start afresh in the same segment, in the same market and hire its old employees from the entity it has just sold.

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