



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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‘Drug price regime needs to be revamped’

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New Delhi: The Drug Price Control Order, the piece of legislation that regulates drug prices in the country has failed to effectively control drug prices in the domestic pharma market and needs an urgent revamp, according to an India Health Report 2010, released by CII on Thursday. The report underlines the need to have direct price control on domestic formulations rather than bulk drugs to minimise intra industry distortion in transactions.

“In its present form, the DPCO is as ineffective as it is in adequate in its coverage. There is a urgent need to spruce up the existing criteria for price control. The present practice of using monopoly and market dominance measures should be replaced with the criteria of essentiality of drugs,” suggests health economist S Selvaraj.

Presently the criteria for inclusion of DPCO include all drugs with turnover of Rs 4 crore or more and all drugs with turnover of above Rs 1 crore but below Rs 4 crore and a single formulator with 90% or more marketshare. A formulator is a manufacturer of a single ingredient formulation containing the subject bulk drug.

The report co authored by Bibek Debroy, professor, Centre for Policy Research, Laveesh Bhandari, founder director, Indicus analytics debunks the theory that Indian drug market is adequately competitive and needs no price control. It rejects the popular notion that Indian drug market is highly competitive based on statistics that show fragmented marketshare with even the leading firm not garnering more than 7% marketshare of the total domestic pharma market.