In bid to curb profiteering, govt caps margins of 42 cancer drugs

Govt move covers 72 formulations, 355 brands and is expected to reduce prices of cancer drugs by 85%

The government capped trade margins of 42 cancer drugs at 30% on Wednesday, seeking to curb profiteering on these vital medicines. The move is expected to reduce prices of cancer drugs by 85% and will cover 72 formulations and 355 brands, India's drug pricing regulator said in a statement.

The National Pharmaceutical Pricing Authority (NPPA) approved the formula which restricts the trade margin of the selling price by up to 30%.

These are in addition to 57 cancer drugs already under price control. “42 non-scheduled anti-cancer medicines have now been selected for price regulation by restricting trade margin of the selling price up to 30%,” the NPPA said.

Manufacturers have been asked to rescale prices and inform NPPA within next seven days.

NPPA chairperson Shubhra Singh told Mint that the step gains significance in the government’s attempt to provide affordable healthcare. “The authority has noted that despite the fact that India is the pharmacy of the world, out-of-pocket expenses on medicines is the largest cause for pushing families beyond poverty threshold, which itself is a great contradiction and therefore we have invoked extraordinary powers under para 19 of the drug price control order (DPCO),” she said, indicating that the move is a pilot for more drugs and medical devices in the future. “This is being rolled out as a pilot for the proof of concept which means that it will be scaled,” she said.

The NPPA currently fixes price of drugs on the National List of Essential Medicines under schedule I of DPCO. So far, around 1,000 drugs have been price-capped through this mode. Singh said self-regulation by manufacturers would usher in a new price regulation regime. “It's going to be a game-changer because once it is established, then for the first time, you are making reasoned foray into price regulation of non-scheduled drugs and medical devices,” she added.

The move is likely to face resistance from the pharma industry, a pharma lobby expert said, requesting anonymity.

Maliyasi Aisola, co-convenor, All India Drug Action Network (AIDAN) said, “The margin is equivalent to 63% mark-up for the price to retailers which is a break in the convention of the DPCO and done as a concession to the industry. Because of the prohibitive prices of cancer drugs, discounts are a common part of sales strategies. Retail prices are not likely to be significantly affected through this move. However, through mandatory mark-