

India withdraws regulator's power to cap non-essential drug prices

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NEW DELHI/MUMBAI (Reuters) - India's drug pricing authority said the government has withdrawn its power to set prices of non-essential medicines, but price caps on over 100 non-essential drugs that drew the industry's ire in July will remain.

The withdrawal, announced by the authority in a statement late on Monday, is on a prospective basis and so does not affect the July caps, a senior official at the National Pharmaceutical Pricing Authority (NPPA) told Reuters on Tuesday.

The NPPA capped prices of 108 non-essential drugs in July to improve affordability in a country where more than four-fifths of its nearly 1.3 billion people have no health insurance, and where 70 percent of the population lives on less than \$2 a day.

But the decision was greeted with protests and has been challenged in courts in India, where prices of generic drugs are already low compared with other markets.

The July decision is likely to hit the profit margins of drugmakers such as Ranbaxy Laboratories Ltd (RANB.NS: [Quote](#), [Profile](#), [Research](#)) and the local subsidiaries of Sanofi SA (SASY.PA: [Quote](#), [Profile](#), [Research](#)), Merck & Co Inc (MRK.N: [Quote](#), [Profile](#), [Research](#)), Pfizer Inc (PFE.N: [Quote](#), [Profile](#), [Research](#)) and Abbott Laboratories (ABT.N: [Quote](#), [Profile](#), [Research](#)).

"The basis to proceed further has been withdrawn. We are not saying anything on the past," the NPPA official said, declining to be named due to the sensitivity of the matter. "The government always has an overriding power."

The official did not elaborate on the reason the Department of Pharmaceuticals instructed the NPPA to revoke guidelines issued on May 29 that gave it the power to fix prices of drugs that are not on the national list of essential medicines.

A director at the Department of Pharmaceuticals, under the Ministry of Chemicals and Fertilizers, declined to comment as he was not authorised to speak to the media. Aradhana Johri, the secretary of the department, was not available to comment.

Last week, the NPPA added 36 drugs to the list of 348 medicines deemed essential and so subject to price caps. The list covers around 30 percent of medicines sold in the country. The 108 nonessential drugs subject to July's price caps are separate from the essential medicines list.



The government's decision to curb the power of the pricing authority comes days before new Prime Minister Narendra Modi visits the United States for the first time since taking office.

Ties between India and the United States have been strained in recent years because of trade policies and patent disputes.