



Delivered in Secretary's office @ 3.00 PM on 15/7/2014.

# INDIAN DRUG MANUFACTURERS' ASSOCIATION

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## **PARTNERS IN GLOBAL HEALTHCARE**

July 14, 2014

**Mr. Aradhana Johri, IAS**

Secretary to the Government of India,  
Department of Pharmaceuticals,  
Ministry of Chemicals & Fertilizers,  
Shastri Bhavan,  
New Delhi 110 001.

### **RE: PRICES NOTIFIED UNDER PARA 19 OF DPCO BY NPPA.**

Respected Madam,

We refer to the Internal Guidelines and subsequently the prices announced on 11<sup>th</sup> July 2014 by NPPA. Madam, we would like to address our concerns on the said issue as under: -

1. DPCO 2013 has just completed one year of implementation, and the industry is grappling itself to come to the reality of its impact on its operations. Even before the industry has recovered from the impact, NPPA has gone beyond the span of control as defined under NPPP 2012. This kind of back door control on the industry will only act as a dampener to the development of the industry. Industry today, leading manufacturers of medicines in the world, would be forced into negative growth by such actions. API industry is already suffering due to such actions in the past and the same will be replicated in formulation industry as well.
2. In the National Pharmaceutical Pricing Policy 2012, Govt. has very clearly specified under Para 1.6, that NPPP 2012 presently seeks to limit itself to the central objective of promulgating the principles for pricing of Essential Drugs as laid down in the NLEM 2011.
3. Again, under para 4 "Principles for Drugs Price Control and Determination In NPPP-2012", the Government has clearly specified in Sub para (iii) that "The Span of Price Control shall be as per the dosages and strengths as listed in NLEM- 2011."
4. Govt. vide its S.O no. 1394 dated 30<sup>th</sup> May had only given administrative authority to implement the DPCO 2013 in its true spirit and in no way has granted NPPA to modify DPCO 2013 provisions.

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5. Para 19 of DPCO 2013 deals with situation under extra-ordinary circumstances. And under such circumstances it is the Govt. who would decide fixing ceiling price for a specific period of time. The internal guidelines issued just mentions certain circumstances and aims to fix price selectively for certain therapeutic groups permanently.
6. NPPA by fixing the prices of NON SCHEDULED FORMULATIONS under Para 19, which is to be exercised only in case of extraordinary circumstances has exceeded the power delegated and have overridden the power of the Govt.
7. If NPPA wants to control prices of all medicines available in the market, then the purpose of having DPCO to establish transparency is defeated.

Para 19 can be operated only under EXTRA ORDINARY CIRCUMSTANCES. Though the term extra ordinary circumstances have not been defined in DPCO 2013, the common understanding of the phrase is situations which are not common. This can be defined as EMERGENCY / PANIC situation such as outbreak of epidemic. or we may state it as grave situation. When such situation does not exist, nor has it been declared by the Govt., it is not fair to control non-scheduled formulations, which was not the objective of the Govt., when NPPP 2012 was promulgated.

Looking at the facts referred to above, we would request your good offices to kindly stay the price fixation until the issue is thoroughly examined. We are concerned that this method of controlling prices of Non Scheduled Formulations beyond National Pharmaceutical Pricing Policy 2012 will be a disincentive to the Pharmaceutical companies and retard growth and investments in the Pharmaceutical Sector.

Trust our request would be considered favorably.

Thanking you & with regards,

Yours sincerely,



S V Veerramani  
President