



INDIAN DRUG MANUFACTURERS' ASSOCIATION

102, POONAM CHAMBERS, 'A' WING, DR. A. B. ROAD, WORLI, MUMBAI 400 018, INDIA

Phone : 91- 22 - 24974308
91- 22 - 24944624
Fax : 91- 22 - 24950723

E-mail : idma1@idmaindia.com
accounts@idmaindia.com
Website : www.idma-assn.org

PARTNERS IN GLOBAL HEALTHCARE July 24, 2014

The Chairman,
National Pharmaceutical Pricing Authority,
Department of Pharmaceuticals,
Ministry of Chemicals & Fertilizers,
1, Jai Singh Marg, New Delhi.

RE: MATTERS RELATING TO PROVISIONS OF PARA 10 OF DPCO 2013

Respected Sir,

This has reference to our recent meeting on 16th July 2014. Based on the discussions, we would like to place our views on the captioned subject as under:-

In continuation of our submission dated 9th July 2014 on issues relating to products under DPCO 1995 covered in Para 10 of DPCO 2013, we draw your attention to the pricing provisions under this para. Many of our members have approached us that the provisions in case of certain products are regressive. We would like to present the case for your reference as under:-

Fixations of prices of certain key formulations were substantially delayed by NPPA on one pretext or the other under DPCO 1995. The drugs in question are Rifampicin an important anti TB drug; Metronidazole an important anti-diarrheal; Chloroquin an important malarial drug; Ibuprofen an important analgesic. Though Cost Price Study was completed for fixing bulk drug price, NPPA did not announce the bulk drug price for more than 10 months. Thereafter formulation prices were not announced immediately even though the formulators had applied for price fixation. The reason stated was that new DPCO is likely to be announced soon. Thereafter when new DPCO 2013, was announced in May 2013, NPPA notified the formulations prices under DPCO 1995 in June 2013 and that too deviating from the laid down policy of granting 100% MAPE. NPPA revised formulation prices considering only the increase in the bulk drug cost.

Aggrieved by the decision of NPPA, the manufacturers approached the Govt. for review. Based on the review orders passed by the Govt., NPPA restored 100% MAPE in December 2013.

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Looking at the facts referred to above, you would observe Sir: -

- a) The manufacturers were denied legally entitled price under DPCO 1995 for over 18 months.
- b) The prices under DPCO 1995 were announced after new DPCO 2013 was announced in May 2013.
- c) Had NPPA not announced the prices, the manufacturers could have taken price increase as per the provisions of Para 10 of DPCO 2013 effective June 2013 to the extent of WPI.
- d) NPPA announced the prices without considering 100% MAPE as mandated under DPCO 1995 and practiced by NPPA from the beginning. Thus NPPA not only denied 100% MAPE but also price increase to the extent of WPI as per the provisions of DPCO 2013.
- e) Due to this the manufacturers were forced to approach Govt. for review.
- f) Based on review order, NPPA revises the price with 100% MAPE in December 2013.

Sir, you would observe that due to the decision of NPPA by not announcing the price at the right time under DPCO 1995, the manufacturers were penalized for over 18 months by not granting the correct price. Further NPPA deviated from the laid down policy / procedures by not announcing the price with 100% MAPE, thus again denying the manufacturers the legally entitled price. In addition NPPA succeeded in delaying the entitlement of automatic price increase under DPCO 2013 by another one year. Additionally due to correcting the deliberate error in December 2013 on Govt.'s review order, the price increase entitlement has been further delayed due to the provisions of Para 10 of DPCO 2013. Thus the manufacturers have been denied legitimate price increase for over 3 years.

Based on the facts referred to above, we are sure you would be convinced that manufacturers were denied the legitimate price increase. Accordingly, in order to ensure abundant availability of essential drugs, we would request NPPA to allow the bare minimum price increase as per WPI with immediate effect.

Thanking you,



S V Veerramani
President