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Cipla, Alembic contest Indian drug pricing in court

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Singapore: Miffed at Indian government's move to slash prices of essential medicines through the new drug pricing policy, drug makers Cipla and Alembic have now moved court.

The Indian government's direction to replace existing stock with cheaper ones has come under harsh criticism by the industry players, who have now approached the law to resolve the matter.

Cipla and Alembic have reportedly approached the Delhi High Court and Gujarat High Court in India, respectively, challenging the provisions of the new Drug Price Control Order (DPCO) 2013, notified by the government in May.

Mumbai-based Cipla has made its discontent clear over the government's direction to replace stocks in the market with those carrying reduced maximum retail prices (MRPs) within 45 days of the new price notification by the National Pharmaceutical Pricing Authority (NPPA).

Meanwhile, Alembic too, has challenged NPPA's mechanism for computation of one percent market share while determining the price cap.

"We moved the Delhi High Court last Friday. Our basic contention is about the provision in DPCO that requires companies to pull out existing stocks within 45 days," said Ms Prathiba M Singh, Cipla's counsel.

Sources added that Alembic has argued NPPA had violated the provision of the pharmaceutical pricing policy as cleared by the government initially. The new policy prescribes price cap of 348 medicines based on arithmetic average of all medicines with a minimum of one percent market share.

While NPPA has taken into consideration all brands of a formulation made by a company to calculate one percent, Alembic has contested the mechanism saying multiple brands of a particular company should be assessed independently and only the brands with a share of more than one percent be considered while determining ceiling prices.

NPPA, that filed a response to the courts has said that it has followed the norms prescribed in the DPCO. "Our calculation is as per the norms of the DPCO and the provisions of the policy. What we have done is provided for in the policy," a senior official said. The officials also emphasized that the 45-day time period is reasonable and companies should be able to replace stocks within that time frame.