

Pharma industry demands WPI-based annual price hikes with prospective batch pricing

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National Pharmaceutical Pricing Authority is all set to implement the new ceiling price schedule



The pharma industry has demanded that the Centre increase the price of drugs once a year based on Wholesale Price Index (WPI) and prospective batch pricing as an overnight price implementation is not possible, impacting over 9 lakh chemists in the country.

Industry experts say that at least 15 days to one month to implement new price stickering on the new batch of medicines should be allowed.

This demand comes at a time when the National Pharmaceutical Pricing Authority (NPPA) is all set to implement the new ceiling price schedule. Around 400 scheduled drugs have been covered under the price control.

The NPPA announced an annual change of 10.76 per cent in the WPI for the calendar year 2021, which is one of the highest price hikes allowed for scheduled drugs. This led to a price increase of 10.7 per cent for the more than 800 drugs that are under the Scheduled drugs category.

The WPI increase for pharmaceuticals for the year 2021 was 0.53 per cent, while in 2020 it was 1.88 per cent, in 2019 at 4.26 per cent and 2018 at 3.43 per cent. While there has been no general decrease in prices during the last five years on account of change in WPI, there was a decrease in prices during the year 2016 as compared to prices in the year 2015.

Increase in costs of active pharmaceutical ingredients (APIs), excipients, packing material and transportation costs have also been putting severe pressure on operating margins of the pharmaceutical companies.

Price of a key API like Paracetamol which is a price-controlled formulation rose by 143 per cent last year whereas the ceiling price was revised by only 0.54 per cent as per the WPI in April 2021. In the last 9 years since Paracetamol is under price control, the API price has increased by more than 200 per cent to 300 per cent, but the corresponding ceiling price has been

revised by only 3 per cent .

The NPPA has also introduced Integrated Pharmaceutical Database Management System (IPDMS 2.0) which is aimed at creating an authentic database of information on products, prices, production and sale of scheduled, non-scheduled formulations and active pharmaceutical Ingredients (APIs). It also aims to optimise synergies in operations by providing a single window for submissions of various forms as mandated under the Drug Prices Control Order (DPCO), 2013.

It is also a step towards 'Paperless Governance' as it would also enable paperless functioning of the NPPA. This will also facilitate the stakeholders to connect with the NPPA from across the country.

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