

# Indore: One more dose of higher prices, medicines are set to get costlier

*Rising input costs would compel manufacturers to quit making particular drugs rather than increase prices. Pharmaceutical companies can't increase the prices of medicines due to the Drugs (Prices Control) Order regime.*

MANISH UPADHYAY | Updated: Thursday, July 21, 2022, 08:43 AM IST



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**Indore (Madhya Pradesh):** Be ready to get one more dose of higher prices. Prices of almost all kinds of medicines are set to increase in the near future. Increasing input costs would compel drug manufacturers to quit producing of particular cheaper drugs rather than increase prices of medicines. This would result in paying more for the same formula drugs manufactured by other pharmaceutical companies for customers as pharmaceutical companies cannot increase the prices of medicines due to the Drugs (Prices Control) Order regime.

This may be shocking for the common man, who is already gearing up to

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pay more for pre-packed or labelled basic food items of daily need following the imposition of 5% GST on such items from July 18. The pharma industry is witnessing a decline by 19%-20% in profit margin in the first half of FY 2022-'23 owing to the increase in raw material prices, cost of packaging material, freight and compliance costs. This is revealed in a report by knowledge-based analytical group CareEdge.



“At present, the industry is witnessing multiple challenges, such as rising prices of active pharmaceutical ingredients (APIs) and key starting materials (KSMs), the surge in solvent prices, rise in freight and energy costs and continued pricing pressure in the US generic market. Due to supply chain disruptions and prevailing lockdown in China, the prices of some APIs or KSMs have already increased by 25% to 120%, while prices of excipients (an inert or slightly active substance used in preparing remedies as a vehicle or medium of administration for the medicinal agents) have risen from 15% to 200% during the past 12-18 months. Apart from raw materials, the cost of other input materials has also been risen from 25% to 100% in the past 6 months.

The hands of the pharmaceutical units are tied because of the DPC (Prices Control) Order, 2013. Under this regime, a unit cannot take decision of increasing the prices of medicine at its own level. In such condition, a unit stops manufacturing that medicine which is not profitable for it. This affects 3 stakeholders—the customer, government and pharma unit. A customer has to pay more for the same formula or molecule medicine of other companies. If the unit which has stopped the manufacturing of a particular medicine was earlier supplying it to the government also, the government will blacklist it.

‘A decline in the margins of pharma units would lead to an increase in prices of medicines and affect the customer, government supply and the manufacturing unit also’ — **Amit Chawla, secretary, MP Small Scale Drugs Manufacturers’ Association**

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