

Eli Lilly Insulin Brand Paves Way for Hike in Imported Drug Prices

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The National Pharmaceutical Pricing Authority (NPPA) will have to increase the maximum retail price (MRP) of US firm Eli Lilly's insulin brand, paving the way for price increases of other imported medicines whose cost of production is not shared with the NPPA.

In response to a case filed by the American company in the Delhi High Court, the department of pharmaceuticals (DoP) has stated that the Drugs Price Control Order, 1995, does not empower the NPPA to demand details of the cost of production from importers and the price of imported formulations has to be fixed on the basis of the landed cost declared by the firms only.

Consequently, the high court on June 1 said the NPPA will pass new pricing orders within eight weeks.

American firm Eli Lilly had moved the court after the NPPA refused to increase the prices of its imported insulin brands on the grounds that the company had not shared details on how it arrived at the landed cost. NPPA fixes the MRP of imported medicines that use one of the 74 bulk drugs that fall within price control, based on the landed price declared by companies, with an additional margin of up to 50%.

Krishna Vijay Singh, senior partner at law firm Kochhar & Co who represented Eli Lilly in the case, said the NPPA acted in a highly arbitrary manner against Eli Lilly because the price increase for imported Lispro formulations was only in local cur-

rency. The landed cost of the medicine in US dollar had remained almost the same at \$33 for a pack of five cartridges since 2007. The Eli Lilly spokesman could not be reached for comments as he was travelling.

The case has wide implications for the industry. Besides, allowing Eli Lilly to raise prices of its brand such as insulin brand Humalog Analogue used to treat diabetic patients by around ₹230 for a pack of five injections other global firms can expect to get favourable decision from the regulator now.

Novo Nordisk had objected to the NPPA's move and has written to the department in the government to review



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NPPA's order for its own insulin brand even as NPPA allowed local insulin-makers Biocon and Wockhardt to raise the price of their brands by as much as 18%.

The world's largest drug-maker Pfizer and a Swiss firm had also sought the regulator's nod to increase the price of their imported brand Medrol used to treat allergic disorders and arthritis and a vitamin brand, respectively.

These two requests have also been rejected by NPPA, government officials had earlier said after the firms declined to share pricing details for the price regulator to verify whether the landed cost price is reasonable, since a generic version of the same drug made by local firms sell for as low as one-tenth the price.