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Supreme Court Intervenes on High Profit Margins in Essential Drug Pricing

The Supreme Court criticized the massive disparity between Price to Retailer (PTR) and Maximum Retail Price (MRP) of critical life-saving drugs.

High PTR-MRP disparity in pharmaceutical pricing allows hospitals to pocket up to 1000% profit margin on non-over-the-counter critical drugs.

KEY EXAM POINTS

- **Supreme Court** upbraided drug manufacturers and hospitals for maintaining profit margins as high as **1,000%** on critical cancer drugs.
- Pharmaceutical companies inflate **Maximum Retail Price** (MRP) while offering lower **Price to Retailer** (PTR) to secure hospital sales.
- Non-over-the-counter prescription drugs leave patients with no choice but to purchase medicines from **hospital pharmacies** at inflated MRP.
- The court observed that the large PTR-MRP gap acts as an embedded **financial incentive** for hospitals at the expense of patients.
- The ruling highlights the need for effective enforcement of the Drug Price Control Order (**DPCO**) by the National Pharmaceutical Pricing Authority (**NPPA**).

DID YOU KNOW..!?

Article 21 of the Indian Constitution encompasses the **Right to Health** as an essential element of the fundamental Right to Life.

The National Pharmaceutical Pricing Authority (**NPPA**) was established on **August 29, 1997** under the Department of Pharmaceuticals.

The Drug Price Control Order (DPCO) 2013 is promulgated under Section 3 of the **Essential Commodities Act, 1955**.

Article 47 under the **Directive Principles of State Policy** directs the State to improve public health and nutrition standards.

In **Paschim Banga Khet Mazdoor Samity** (**1996**), Supreme Court ruled that providing timely medical assistance is a primary duty of the State.

The National List of Essential Medicines (**NLEM**) was first compiled in **1996** and last revised in **2022** to regulate price caps.

REVISION FLASHCARD

Drug prices in India are regulated by NPPA under DPCO 2013, framed under the Essential Commodities Act, 1955.

Syllabus Relevance: Unit 5: Judiciary, Constitutional Rights (Article 21), DPSP (Article 47), and Statutory Bodies (NPPA).

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