



13 June, 2016

TL16/06/1A

Mr. Ayub Shaikh,
Secretary,
Ministry of Health,
Government of Pakistan
Islamabad.

Sub: Black marketing of 4 commonly used Medicines of M/s GSK and M/s Zafa by creating artificial shortage with connivance of Ministry of Health causing over Rs 8 Billion per annum extra profit .

Dear Sir,

Transparency International Pakistan has received a complaint on the black marketing of 4 commonly used Medicines of M/s GSK and M/s Zafa, Thyroxine tab, Motival tab, Panadol CF tab, and Folic acid tab by creating artificial shortage with connivance of Ministry of Health reaping over Rs8 Billion per annum extra profit.

The complainant has made following allegations;

That,

1. Since last over 10 years M/s Glaxo Smith Kline (GSK) and M/e Zafa in connivance with, Director General (health) in recent past and at present DRAP have been making artificial shortage of Thyroxine tab, Motival tab, Panadol CF tab, and Folic acid tab , and selling it at 400% to 500% extra cost through retailers.
2. Even today all the four medicine are short and extra money is allowed to be made by DRAP.
3. The approved price of Folic Acid manufactured by M/s Zafa is Rs 32/100 tab, but it is being sold in market at over Rs 150. This is a very common medicine taken in pregnancy and deficiency of B vitamin. Its daily consumption in Pakistan is in millions. In order to make money M/s Zafa has created a critical shortage of Folic Acid, which is available in black at over Rs 150/100. DRAP is sleeping on this act of black marketing since last 4 years. Over Rs 500 million/annum extra profit is made on this one medicine only.
4. Another new Medicine by name of Folic Acid Plus has been introduced which is being sold at Ra 130/100 by a new company Zafa International Health Care and is facilitated by DRAP and Federal government which in connivance with Pharma companies (lobbyist of Pharma Cos are very active in DRAP and GoP) did not notify prices under Alternative Medicines and Health Products (Enlistment) Rules, 2014 notified (SRO 412). And all those manufacturers who were previously selling their registered products at fixed prices, are allowed to make money by manufacturing



Vitamins under cover of Nutraceutical Products. No price fixation policy for Nutraceutical Products has been given deliberately by the Ministry of Health since last 15 years under pressure of Pharmaceutical Firms. This fact needs to be investigated as to who are responsible for 15 years delay. .

5. Thyroxine sole medicine for treatment of Thyroid disorder by M/s GSK is a special story.

Ministry of Health (defunct) granted licenses of Thyroxine tablets during 2006/9 to M/s Glaxo Smith Kline (GSK) and about 07 other manufacturers M/s Global, Dosaco, Platinum, Munawar, Syntex, Danas, Libra, Healer to be sold at a Maximum Retail Price for 100 tablets ranges from Rs.6 to Rs.12/-. .All these brands of Thyroxine were available in market.

Over a period of time, M/s GSK in connivance with officers of MOH played very smartly and was able to get a very handsome increase in MRP of the product many times, from Rs 6 to Rs 12 in 2005, to Rs 25 in 2009, Rs 50 in 2012, and Rs 100 in 2013. MOH allowed 400% price increase in short period of 4 years, which is a crystal clear proof of collusion of firm with MoH. .

All other brands are stopped at maximum MRP of Rs.12. No other brand of thyroxin tablet was entertained for MRP increase of even a single rupee by Ministry of Health. This whole scenario manipulated by M/s GSK gave them a Monopoly over all mother manufacturers who were not in a position to make a quality product. Millions of patients have been left up to the mercy of M/s GSK due to favoritism done by DRAP and Ministry of National Health Services, Regulations and Coordination. M/s GSK even now is selling Thyroxin tablets only to blue eyed distributors, who are involved in selling of Thyroxine tablets in black market at a very exorbitant price (Rs.300-500/-). Now availability situation of Thyroxine tablets is highly alarming and for eye wash M/s GSK provide Thyroxine tablets at selected medical stores of big cities at MRP of Rs.100/- while it is not even available in medical store of any medium and small city and patients have been compelled to purchase Thyroxine tablets @ Rs.300-500/- in black market. This practice is being followed since many years and resulted in an organized crime worth billions of rupees annually involving M/s GSK, DRAP and M/o National Health Services, Regulation and Coordination.

6. Same is the situation of black marketing of M/s GSK. Another product. Panadol CF tab. By creating artificial shortage in market since last one years, it is available in Black at Rs 100/10 against approved price of Rs 20/10 tabs. . This is very common medicine and used for cold, influenza and fever. Daily usage is in millions, and by over charging Rs 9 over each tablet, the company is making extra profit of over Rs 1-1.5 billion per annum.

7. Motival tab. of M/s GSK is also being sold in black, Its approved price is Rs 3 per tab, and in market it is sold at Rs 15 per tab. This is very common tranquilizer and being used by millions daily. At Rs 12/tab over charging, company is making extra profit of over Rs 2-3 billion annually.

8. In these 4 medicine over Rs 8 billion annually are looted from public by the two firms in connivance with DRAP and M/o National Health Services, Regulation and Coordination. NAB, FIA and Anticorruption Departments have never taken any action against the gangs who are continuing this malpractice since years.



9. DRAP and Ministry of National Health Services, Regulation and Coordination are also not investigating the fact that pharmaceutical manufacturers import raw materials under Drug (Import & Export) Rules, 1976 and enjoy rebate on duties and taxes after importing these raw materials. Later on, these manufacturers sell these materials in open market to other users at very high prices which is against the drug law & a criminal act. Most of the manufacturers involved in production of counterfeit medicines use the same raw material after adulteration & play with innocent lives.

TI Pakistan has examined the complaint. Media has also been very active in pointing out these particular fraud since last many years, and few such reports are attached.

The Secretary is requested to take urgent action for immediate availability of all 4 medicines at approved prices in market within days .

About the allegation of following collusion, an inquiry may be held to determine the roles of Pharmaceutical companies and officers of GoP in over Rs 10 billion annual cheating public at large and if the allegations are found correct, recommend the NAB authorities to take action against all those who are responsible for the mis-use of authority for private gain, under NATO 1999, Section 9.

1. Undue favor to GSK in increase price of Thyroxine from Rs 12/100 to Rs 100/100, and denying other 6 manufacturer. Benefit given in 10 years amounts to over Rs 5 billion, which if proved needs to be recovered. .
2. Sale of raw material in market.
3. Blackmailing of 4 medicines by charging 400% above approved price, causing extra profit of Rs 8 billion/annum, which if proved need to be recovered. .

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,


Sohail Muzaffar
Chairman

Encl: News reports.

Copy forwarded for necessary action as per rules for immediate action in public interest to,

1. Secretary to Prime Minister, Islamabad.
2. Chairman, NAB, Rawalpindi.
3. Chairman, Prime Minister's Inspection Commission, Islamabad.
4. Registrar, Supreme Court of Pakistan, Islamabad.

DAWN

Shortage of Thyroxine tablets

FROM THE NEWSPAPER — PUBLISHED JUL 04, 2012 12:02AM

THIS refers to the letter 'Thyroxine tablets' by Mrs Shirin Tayebi (June 25). I fully sympathise with the writer as I myself am a regular user of thyroxine tablets and often face shortage of locally-manufactured tablets.

To get around this problem of chronic shortages, I have resorted to buying imported brands which are freely available at large pharmacies in Karachi.

The foreign brands do not come at prohibitive prices and in addition provide me with the satisfaction of consuming a genuine medicine.

MRS MAHMUDA KHANUM Karachi

Dawn

Price issue persists Thyroxine shortage haunts patients

ASIF CHAUDHRY — PUBLISHED JUL 27, 2012 03:26AM

LAHORE, July 26: The only pharmaceutical company locally manufacturing life-saving thyroxine drug has 'almost stopped' its production, which has led to the shortage of the medicine all over the country. One of the major reasons behind low production of thyroxine was the pricing issue, a source close to the company's management told Dawn. The company was manufacturing thyroxine tablet for the cure of life-threatening disease at retail price of 50 paise only.

If immediate solution to this problem was not found out, it might lead to a health disaster as lives of hundreds of thousands of patients were at grave risk, the source said.

A patient with thyroid problem is advised the drug for the rest of his life, a consultant says.

The source said seven pharmaceutical companies including GlaxoSmithKline had been given registration to produce thyroxine.

He said ever since the registration had been granted, six of these companies were not manufacturing the drug owing to its low pricing issue and the only one had almost stopped its production.

Of the six pharmaceutical companies, Danas Pharma was granted registration for the production of the drug thyiril of 50 mcg, Dosaco Pharma for thyroxine of 50 mcg, Global Pharma for thyroxine of 50 mcg, Platinum Pharma for thyrox of 50 mcg, Pharmedic for thyrox of 50 mcg and Syntax Pharma for thyrotex of 50 mcg. Each drug was supposed to carry pack size of 100 tablets.

He said the medicine under generic name also was not available in the local market. He said the federal government and the Drug Regulatory Authority (DRA) were clueless how to address the shortage of the drug.

Pakistan Pharmaceutical Manufacturers Association President Muhammad Asad Khwaja said though the country was facing acute shortage of the life-saving drug, the situation would turn normal in a few weeks

