

## Drug Price Control - NITI Aayog

### Why in news?

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The government has recently authorised NITI Aayog to recommend drugs that could be put under price control.

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### What is the existing mechanism?

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- The National Pharmaceutical Pricing Authority (NPPA) enforce prices and availability of the medicines in the country, under the National List of Essential Medicines (NLEM).

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- **Essential Drugs** - The health ministry prepares the list of drugs eligible for price regulation.

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- The department of pharmaceuticals (DoP) then incorporates NLEM into Schedule 1 of the Drugs (Prices Control) Order (DPCO).

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- Following this, NPPA fixes the prices of drugs in this schedule.

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- Drugs which are declared essential by NPPA would automatically come under price control.

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- NPPA regularly publishes this list and their maximum ceiling prices.

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- **Para 19 powers** - NPPA also exercises Para 19 powers in public interest.

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- In 2013, the government had delegated these powers to NPPA, which it can exercise for setting the price cap of scheduled and non-scheduled drugs.

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- These are the same powers NPPA used in 2017 to cap prices of cardiac drugs, stents and knee implants.

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- NPPA also regulates prices of other health products such as stents.

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- Those on the non-scheduled list are allowed a maximum annual price hike of 10%.
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- More than 750 formulations are currently on India's list of essential medicines.
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## What are the changes made?

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# WATCHDOG ON A LEASH

■ Current ■ Change

Essential medicines automatically fall under price control  
**Essential medicines delinked from price control**

Health ministry prepares the list of essential medicines, DoP incorporates it into Schedule 1, NPPA fixes the prices  
**NITI Aayog panel to be recommending body to NPPA on pricing**

NPPA fixes prices for medicines on the non-scheduled list  
**The new panel to be recommending body on pricing**

NPPA exercises Para 19 powers in public interest  
**The new committee may encompass Para 19 powers**



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- **Recommending body** - From now, Standing Committee on Affordable Medicines and Health Products (SCAMHP) housed in the NITI Aayog will decide which drugs should be under price control.
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- SCAMHP has been constituted to act like a recommending body to NPPA regarding prices of drugs and health products.
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- In the new order, the SCAMHP will be a recommending body to NPPA regarding prices of drugs and health products.
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- Also, the committee may take a matter related to pricing for examination, suo motu or on the recommendations of DoP, NPPA and the department of health and family welfare.
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- The power to set price caps on other drugs has also been taken away from

the NPPA and given to the committee under the NITI Aayog.

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- **Para 19 powers** - Under the new order, the committee may also encompass the powers under Para 19 of DPCO.

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### **What are the concerns?**

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- The change in regulation gives arbitrary power to the committee to determine which medicine is sold at which price.
- Such mechanisms always breed lobbying, even if that is not the immediate intention.
- By making a standing committee of NITI Aayog to scrutinise NLEM, the government has diluted the mandate of affordability.
- Hence, all drugs will now undergo the scrutiny of the committee housed in NITI Aayog, of which NPPA is not a member.
- Also, the changes will weaken the functions of NPPA as an enforcement body.
- NPPA was taking strict action against those companies found to be overcharging by sending demand notices.
- With this, the ability to enforce and recovery of overcharging will be curtailed.

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**Source: Business Standard, Live mint**

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