

## India's new Covid-19 Vaccine Policy

### Why in news?

Recently Centre has said that India will expand its vaccination coverage to everyone aged 18 and older from May 1, 2020.

### What are the changes in procurement?

- In the first three phases only healthcare workers, frontline workers and those above the age of 45 were vaccinated.
- So the centre procured the entire quantity of vaccines from the manufacturers- Serum Institute of India (Covishield) and Bharat Biotech (Covaxin) and distributed it to states.
- The states distributed the stock to government vaccination centres, which administered the vaccine free of cost and to private hospitals that charged recipients Rs 250 per dose.
- From May 1, the supply will be divided into two baskets:
  1. 50 per cent for the Centre;
  2. 50 per cent for the open market;
- Through the second — non-Government of India — channel state governments, private hospitals, and industries can procure and administer the vaccine.
- Free vaccination would be available at all vaccination centres that receive doses from the Government of India.

### What will be the cost of a dose at a private centre?

- In the first three phases, out of the Rs 250 charged for vaccination, private hospitals received Rs 100 for administering the vaccine.
- Since they will now be procuring the vaccine at a higher price, the cost is expected to be much higher than in the first three phases.
- But centre has said that mechanism will be put in place to monitor the prices charged by private hospitals.
- The vaccine stocks and prices will be captured on the Co-win platform.
- But if foreign pharma giant brings its vaccine to India, it will be free to directly sell the entire stock in the open market at a competitive price.

## **How will states plan vaccination sessions?**

- Centre said that it will allot vaccines for 15 days i.e. states will know in advance that they will receive a specific number of doses.
- It will allocate its 50 % share to states based on the extent of infection and performance (speed of administration).
- Currently, states receive vaccine doses according to demand (number of registrations and walk-in vaccinations).
- It is also said that the second dose of all existing priority groups, wherever it has become due, will be given priority.

## **On what basis vaccine manufactures sell it to the market?**

- Though there are no guidelines till now, centre has said that private vaccination providers shall transparently declare self-set vaccination prices.
- States are not given the liberty to negotiate prices and buying the vaccine is an option for states and not a mandatory thing.
- Serum Institute of India CEO is vocal about supplying vaccines to hospitals, rather than to states as hospitals are better placed to carry out the vaccination exercise.
- Besides this, states are expected to get some free supplies from the Centre.

## **How will manufacturers allot their quota for states?**

- There is little clarity on the mechanism that manufacturers will employ to decide among states that place orders.
- Without his clarity there will be no social basis for allotting vaccines to states and only commercial considerations are likely to prevail.
- States will compete for a fixed quantity of vaccines, which will continue to be in excess demand.
- Private companies would prioritise selling at Rs 600 per dose and not Rs 400 per dose which means that selling to states will be less of a priority for vaccine producers than to private hospitals.
- Moreover it also depends on how many states enter into deals with manufactures and on the availability of doses.
- Richer states, which have the ability to procure large amounts, and states with large networks of private hospitals, are expected to receive a higher proportion of doses from the open market.

## **What is the issue with vaccination policy?**

- First, many developed countries have sealed vaccine supplies many times their total population.

- Most of the countries, including U.S., where healthcare is highly privatised, are vaccinating adults for free.
- But India has taken a dangerous stance in allowing companies to sell vaccines at huge profits amid a pandemic and particularly so when the second wave is ravaging the country and daily deaths are spiralling.
- Second, private sector may be able to cater to a small percentage of the population that can afford to pay a higher price per dose.
- Hence states must buy vaccines and administer them for free for a huge number of left out people and it has to formulate mechanism to identify those eligible for free vaccines.
- Third, already in India vaccine manufactures are making a small profit when they supply vaccine at Rs. 150 per dose.
- With the price tags of Rs. 400 and Rs. 600 per dose, they will earn more than 2.5 to 3 times the profit when the pandemic is nowhere close to ending and the second wave is raging in India.
- Fourth, states will end up in competing with each other and with private players as they are required to procure 50% of vaccines directly from manufacturers.

### **What can we infer from this?**

- The Centre's latest policy has effectively opened the floodgates to an unregulated system with market-determined vaccine pricing.
- Worldwide, governments have made COVID-19 vaccination a fully state-funded effort.
- The case for free market pricing for vaccines, on the ground that private enterprise is leading vaccine development, is overstated.
- For AstraZeneca-Covishield, the single biggest research funding component, at over £38 million, came from the British government, followed by overseas governments, universities and charities.
- Rather than using monopsonist power to procure all vaccines for price-capped distribution, this move has led to a 266% to 400% price increase for Covishield for State governments and private hospitals, respectively.
- Now India needs a free universal vaccination modelled on the polio campaign and centre cannot abdicate that responsibility.

**Source: The Hindu, Indian Express**



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