

If the government is serious about making India for Active pharmaceutical ingredients and boosting R&D spending by pharmaceutical companies, it needs to stay away from price controls as a policy measure. Discuss.

According to global disease burden report, India is said to have high instances of communicable and non-communicable diseases, that are primarily due to drugs^{non} availability, affordability.

Considering the ambitious targets set by government to eliminate tuberculosis, malaria, leprosy etc. by 2030, drug pricing policy needs a reorientation to function properly.

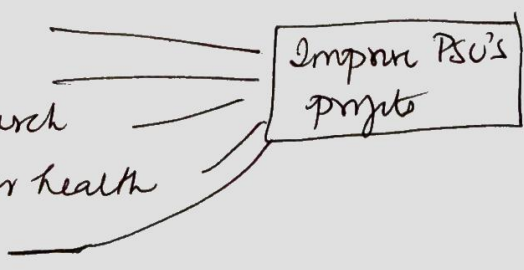
Perils of price control measures - Active Pharmaceutical Ingredients

API are raw materials involved in drug preparation. It has been found that the price capping on such indigenous medicines have promoted exports, distorting local markets

- 1) In FY-19, bulk imports of API from China was at \$2-4mn, affecting import bills.
- 2) Since, the drug pricing policy 1996 put API under price control, it resulted in quality compromise of drugs.
- 3) It was noted that most of such formulations were exported, resulting in inherent demand. eg: Oral polio vaccines
- 4) Drug pricing increased the out of pocket expenditure indirectly
- 5) Absence of incentives to earn profit, saw PSU's focusing on generic preparations. R&D growth was null.

Thus, staying away from price control can

- reduce import
- drug availability
- spur innovation, research
- lower expenditure, better health
- drug affordability.
- improve ~~profits~~ quality



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Dealing with price controls

Excessive controls, without incentives to pharma companies had resulted in reverse impacts. Careful price evaluation can make affordable health services a success

- 1) Jan Aushadhi Kendras = generic medicines for poor at for fore, affordable rates
- 2) AMRIT centres $\Rightarrow$ for cancer and cardio vascular diseased patients, making implements for nominal rates.
- 3) Kolkata committee reports $\Rightarrow$ banning FDC drugs that are set to generate multi drug resistance, furthering disease burden.
- 4) Giving incentives for indigenous medicine preparations and patents.
- 5) Bring out standard operating Procedures for dealing with AYUSH preparations, making them part of wholesale selling.
- 6) Higher budgetary allocation for biotech research, developments.

Pharma companies can completely shift to 'Make in India' initiatives, once their profitability improves. Taking a leaf out of Orissa's renounced malaria curb model, drug availability to give herd immunity prevents any further health complications. Ayushman Bharat can become huge success model on account of such measures.