



Draft Pharma Policy

Why in news?

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The draft pharma policy was recently released by the Department of Pharmaceuticals (DOP).

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What are the highlights of draft pharmaceutical policy?

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- The new pharmaceutical policy proposes to balance the need for price control over medicines.
- Union government will gain a greater role in deciding prices of medicines and medical devices.
- Pricing authority will regulate only medicines that are specified by the government in the National List of Essential Medicines.
- The price caps being imposed on patented medicines are reduced.
- Policy allows pharmaceutical manufacturers to sell their medicines under only under generic names and not under differently-priced brands.
- Manufacturing of drugs under WHO standards is made mandatory.
- The policy seeks to bring down the unreasonable trade margins offered by various stockists to hospitals.

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What are the issues with the policy?

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- The policy fails to lay controls over the chemists, this may facilitates the sale of fake drugs.

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- The policy doesn't have any mechanisms to boost production standards.

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- Instead of an appellate authority, it seeks to give bureaucrats more powers on drug controls.

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- **Direct price control** - Government takes role of fixing the drug price.

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- This will affects the quality, innovation, and hurts patients as much as it does companies.

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- It opens the door to lobbying and rent-seeking with all the attendant dangers for competition and for corruption.

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What measures can be taken?

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- It will be better if price monitoring focuses on essential drugs, there are about 200.

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- Strict price control measures needs to be avoided and market friendly pricing should be followed.

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- Domestic production of import drugs should be promoted, with better quality and affordability.

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- The government should also consider specific steps against overcharging of prices by the industries.

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Source: Business Standard

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