



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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