



Essential Medicines

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Why in News

India's drug pricing regulator, **National Pharmaceutical Pricing Authority (NPPA)**, has allowed an increase in the maximum retail prices of 21 drugs currently under price control by as much as 50%.

- The decision has been taken by invoking **paragraph 19 of the Drug Prices Control Order (DPCO), 2013** which until now has been used only to reduce the prices of stents and knee implants.
- Most of these drugs are used as the first line of treatment and are crucial to the public health program of the country.
- The decision by the NPPA will apply to formulations like the BCG vaccine for tuberculosis, vitamin C, antibiotics like metronidazole and benzylpenicillin, antimalarial drug chloroquine and leprosy medication dapsone.

Drug Prices Control Order, 2013

- Under the provisions of DPCO 2013, only the prices of drugs that figure in the **National List of Essential Medicines (NLEM)** are monitored and controlled by the regulator, the National Pharmaceutical Pricing Authority.
Essential medicines are those that satisfy the priority healthcare needs of the majority of the population. The primary purpose of NLEM is to promote rational use of medicines considering the three important aspects i.e. cost, safety and efficacy.
- Paragraph 19 of the DPCO, 2013, deals with **increase or decrease in drug prices under extraordinary circumstances**. However, there is neither a precedent nor any formula prescribed for upward revision of ceiling prices.

Background

- Manufacturers have been citing **difficulties in supplying these drugs** and many companies even have applied for discontinuation of the product on account of unviability.
- NPPA has been receiving applications for upward price revision under para 19 of DPCO, 2013, since last two years citing reasons like “increase in **Active Pharmaceutical Ingredient - API (key ingredient) cost**, increase in cost of production, exchange rates etc. resulting in unviability in sustainable production and marketing of the drugs.
- **India is dependent on China for over 60% of its API requirement**, higher API costs for price-controlled medicines reduce profits and sometimes even make production of these drugs unviable in India. For instance, the cost of ingredients to make vitamin C went up as much as 250%, leading to a 25-30% shortage of this drug in India in 2019.

Key Points

- The decision has been taken to ensure that the **life saving essential drugs must remain available** to the general public at all times. This is to avoid a situation where these drugs become unavailable in the market and the public is forced to switch to costly alternatives.
- This is the first time the NPPA — which is known to slash prices of essential and life-saving medicines — is increasing prices in public interest.

On a longer term, **India needs to build capabilities to manufacture the key ingredients** for these medicines.

Source: IE