

DPCO 2013 : Boon or Bane

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The World Health Organization (WHO) introduced the concept of essential medicines in 1977 and prepared the model list which has been updated every two years thereafter. As defined by WHO, essential medicines are "those drugs that satisfy the healthcare needs of majority of population; they should therefore be available at all times in adequate amounts and in appropriate dosage forms, at a price the community can afford." Each country is encouraged to prepare their own lists taking into consideration of local priorities.

Initially 186 drugs were included in the list, the number nearly doubled to 320 in 2002 and the current version, the 17th, published in 2011 contains 367 active drugs.

Based on that, Govt of India prepared the list of 348 drugs (contained in 614 dosages) as NLEM 2011 and decided to put all drugs in the list under DPCO immediately. The first and second list containing more than 250 drug formulations is already published by NPPA and the remaining will be covered soon. These drugs can not be sold above set prices after 45 days from the date of announcement. This will give the benefit to the people of India, who may get these drugs at lower prices than they were earlier.

Undoubtedly this is appreciable considering India's percentage of poor people population who must get the life saving and chronic therapy drugs at most affordable costs. In short term surely the people are beneficiaries but in the long term will they be so?

The eagle's eye view

India is a vast developing country of almost 1.2 billion people (2nd in the world after China with 17.3% of the world's population) spanning over 32,88,000 sq. kms. It has unique geographical distribution, around 60% people still living in villages and many of them are so remote that even the basic amenities are too far to reach to them. But even in these remote places medicines have reached. Thanks to the efforts done by pharma companies and more to those lakhs of retailers who have reached the nook and corner of this vast country to make medicines amply available.

But, unfortunately there is a sudden wave of disappointment and chaos in this entire chain of pharma medicine distribution after the current order of DPCO.

Large number of drugs have been included at one go and the list even includes the less than one rupee costing drugs like paracetamol and few days therapy drugs like amoxicillin, cefixime, azithromycin, amoxy-clav combinations etc where the prices are already lower due to stiff competition.

Further, the patients would not have minded to pay just few rupees extra than the set prices in DPCO to get quality and really utility medicines. Will these non profit making drugs now be promoted by pharma cos or will the efforts to sell costly and unsafe medicines like nimesulide (which is banned in many other countries but not in India and not in DPCO for the reasons known only to govt authorities) will take preference over the existing good drugs is remain to be seen. Will not it favour to those MNCs who dump their so called new drugs which are not even allowed to sell in their own countries and which they sell at exorbitant prices in India by claiming research drugs and have no control whatsoever in pricing? Have we not seen the examples where these drugs caused many deaths in countries like us and ultimately withdrawn from the market? Are we encouraging our country as a drugs safety testing country and our patients as guinea pigs for new drugs? And this too after paying huge costs for these medicines in spite of having good alternatives but just may have vanished due to lack of promotion by pharma cos and resulting lack of attention by doctors. Surely it has many short term problems and long term serious consequences at all levels and at the end the patients could be the big loser and ultimate sufferers in terms of nonavailability of existing good medicines and overuse of unnecessary new costly unsafe medicines.

Let us see the implications what they will have at each level

Retailers:

As the list is big and includes high volume drugs like paracetamol, common antibiotics etc, huge stocks have to be separated from the entire stocks which is a very tedious process and that too in short span of time. These stocks have to be sold immediately or have to be sent to stockists for replacement. In many cases the stockists are at far away distances and in this stipulated period it impossible for many to get the old price stock replaced by new price stocks causing widespread non-availability. This will be difficult and panicky for the patients as the drug they are using is out of market suddenly. These panicky patients may have to rush to their doctors again for new treatments who also are confused about the existing scenario and drug availability.

Also the reduced prices will reduce retailers' margins and ultimately their earnings which will tremendously affect their business. For many of them running a medical shop will be difficult and these retailers may not even stock these non-profitable drugs.

Stockists and wholesalers:

They are the one who will have the biggest difficulties. At one end they have to collect all the stocks from hundreds of retailers in their region, have to send them to respective companies and replace it to each retailer once the new price stock is reached. Just understand how difficult the situation on the ground is. Everyday these stockists will get one or more drugs of new prices, need to be separated and to be replaced as per the stock returned by the retailers. Apart from huge manual work, they may have to put their own money to pay it to retailers for the huge stocks which the retailers return. Further the reduced prices will reduce their profits and may affect their business existence.

Pharma cos:

They are the one who will have to face a big brunt of this order. First of all they are responsible to ensure the sale of new priced drugs after a stipulated time, which is very short and impossible to meet as per most of them. Further, they have to collect the entire stock from the market in very short period, gather it at one place (many of them may not have this extra space as the volumes may be large) and re-priced it and send it back to stockists which are located at far corner of this vast country. Who will pay for the huge cost for manpower and for the hefty transport it involves? And to add to it, getting the stocks, re-pricing it and to send it again to each and every retailer is such a lengthy process that surely their stocks will be out of market and remain unavailable for many days. Many products may just vanish for many companies. Or otherwise the companies will have to manufacture huge new price stocks immediately in spite of having ready stock available in the market. Anyone who knows how many multiple times the stock is in the market than the actual manufacturing in one batch, they only will understand the amount of extra stock the companies have to manufacture to replace all the existing stocks. And then what to do for the stocks returned. Where to keep and how to sell this huge unnecessary extra inventory? A lot of stock may attain near expiry period due to this unexpected extra time lag and need to be destroyed causing huge financial losses.

The problem will be of serious nature for all pharma companies and particularly for small scale companies. These companies may not be able to withstand these losses causing them to shut their operations. This is very important as these small entrepreneurs are in big numbers (8000+ small scale units) compared to just 250 large scale units.

Last but not the least:

Pharma people know that their business is a service to the ailing patients and have left no stone to be unturned for its betterment. That is the reason that over the past 40 years or so this sector witnessed a rapid growth from a mere volume of just Rs.10 crore in 1947, to about US\$ 5.5 billion in 2004 with an annual growth rate of about 17% till recent years. Unfortunately the double digit growth rate has declined to single digit figure for last couple of years and with the implementation of current DPCO these companies may have to seriously think whether to promote these drugs or to shift the focus to other alternative drugs which in many cases could be less effective, more costlier and may be more harmful than the existing ones.

Patients:

In the short term patients may suffer a lot due to nonavailability of existing drugs. In the long run they still are the ultimate sufferers as they may not get good drugs due to lack of promotion and may be getting more costlier drugs for the interests of many to go for newer and costlier drugs. Further the newer drugs may not be sufficiently backed by

From above discussion one thing is clear. This current DPCO is not beneficial to anyone and in fact is detrimental and burdensome for almost all. Therefore, the need of the hour is to come together and put all efforts to revoke these types of directions at all levels to the best of our capacities.

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