

**IMPACT OF DPCO 2013 ON AVAILABILITY OF ESSENTIAL MEDICINES IN MARKET**

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*Category: Perspective*

**INTRODUCTION**

The Drug Price Control Order, 2013, in effect from June end, is an implementation by the National Pharmaceutical Pricing Authority to revise the price of formulations listed under National List of Essential Medicines. The DPCO 2013 replaces DPCO 1995 which accounts price regulation of 74 bulk drugs, while DPCO 2013 accounts almost 652 drugs. It will also enable the National Pharmaceutical Pricing Policy 2012 to regulate prices of 348 drugs covered under the National List of Essential Medicines (NLEM) 2011.

The major aim being making essential medicines available to common man by reducing their prices to an affordable level, it has caused havoc to retailers & manufacturers. The 20% retail margin & 10 % wholesale margin earned by Chemists Under DPCO 1995, has reduced to 13% retail & 6 % wholesale margin after DPCO 2013 implementation. This led to production rate cut upto 20-30 %.

It is estimated that the policy will cover two-thirds of the Rs. 60,000 crore domestic industry. The impact over the industry can be analyzed on short and long term basis.

The lower margins to the trade has led to shortage of many life-saving medicines including anti-cancer drugs, anti-tuberculosis drugs, etc as the wholesalers & retailers are stocking up the medicines whose price has been reduced under DPCO 2013 . These medicine shortages all over the world are troubling the people who need these medications on a daily basis.

Moreover the absence of penalty rule for violators in drug manufacturing, wholesalers & retail medicine outlet in DPCO 2013, previously mentioned in DPCO 1995 also appeared as a shocking incidence for expert panel.

## OBJECTIVE

The Drug Price Control Order 2013 has been a benefit for common people as the drug price of several life saving medicines has been reduced but the wholesalers & retailers have faced a great loss as the margin goes down, owing to which drug shortages in market has occurred. Hence this study aims to study the reasons for drug shortages of life saving medications in India.

## METHOD

A study of news reviews regarding following topics has been done.

(a) Effect of Drug Price Control Order 2013 on the availability of life-saving drug in market.

Wholesalers and retailers nationwide have decided to stock up those medicines whose prices have been reduced by the Drug Price Control Order (DPCO) 2013. The prices of some brands may fall by up to 70 per cent. The new policy also uses a market-based pricing mechanism against the earlier proposed cost-plus method. There are 652 drugs under DPCO, 2013 and thus patients are facing a great deal of problem due to shortage of these medicines including the essential drugs.

(b) Drug shortages in India

Hospitals in various cities of India are facing a shortage of drugs like crucial antibiotics, anxiolytics, beta-blockers, multi-vitamins and other medicines which are used on a regular basis for treatment of indoor patients. Due to that the pharmacists have to look for the brand substitutes.

(c) Non-application of the provisions of this order in certain cases:

A manufacturer producing a new drug patented under the Indian Patent Act, 1970 (39 of 1970) (product patent) and not produced elsewhere, if developed through indigenous Research and Development, for a period of five years from the date of commencement of its commercial production in the country.

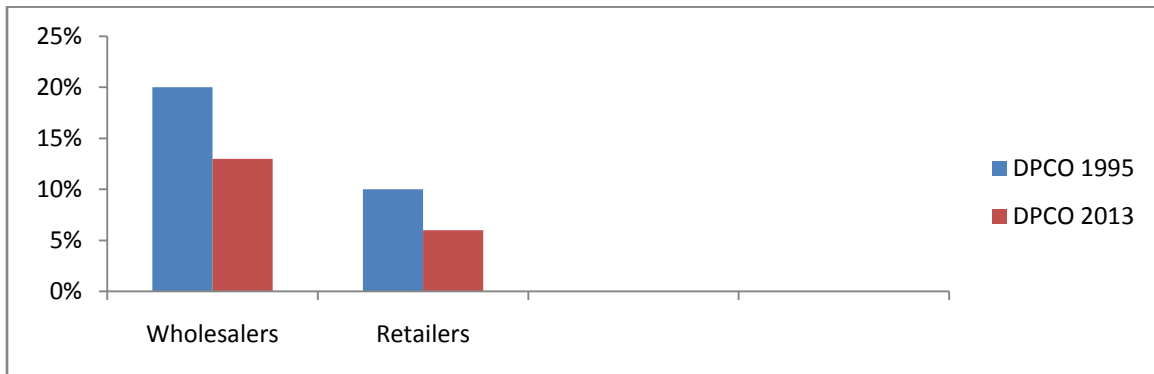
(d) Survey reports

Different surveys were studied in order to analyze the reasons of shortage of drugs due to implementation of DPCO, 2013.

## RESULTS & DISCUSSION

The study has revealed that DPCO 2013 played an important role in profit control of Pharma MNC's, wholesalers & retailers (see Figure 1).

Figure 1: Impact of DPCO 2013 on profits



This profit cut has led to the decreased demand of the life saving drugs on behalf of wholesalers & retailers as they have stopped purchasing these drugs as a strategy to rationalize costs. The drugs facing shortages in market include anti cancer drugs, anti tuberculosis drugs, painkillers, anti-diabetic drugs, cardiac drugs etc. This has played havoc in life of people who requires this medication on a daily basis.

Although DPCO 2013 has been introduced as a novel decision to make life saving drugs available to people at affordable price, it has also led to the shortages of this essential medicines causing trouble to the patients. In order to overcome this problem of shortage, the government should take strict action to continue the manufacturing of drugs by the manufacturers, and purchase of the drugs by the wholesalers and the retailers.

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