

AIR Spotlight - National Pharmaceutical Pricing Authority (NPPA)

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, a discussion with the Chairperson of the National Pharmaceutical Pricing Authority is featured.

Context:

An exclusive interview with Kamlesh Kumar Pant, Chairperson, National Pharmaceutical Pricing Authority (NPPA) on making medicines and medical devices affordable for people.

Pharma Industry in India:

- The Pharma industry employs 3 million people and generates a trade surplus worth 13 billion USD, hence is a key driver of economic growth.
- Since 2014, the pharma sector has attracted 12 billion USD in FDI.
- Addressing the Global Innovation Summit of the pharmaceutical sector, Prime Minister Shri Narendra Modi has said that the high quality and quantity of pharmaceutical products at affordable prices has generated much interest among investors.

National Pharmaceutical Pricing Authority (NPPA):

- NPPA was established in 1997 with the objective of monitoring the availability of drugs, identifying shortages, implementing provisions of drug price control orders, and fixing the price of certain categories of drugs (schedule drugs).
- It also does market research in pharmaceuticals and advises the department of pharmaceuticals on prices and changes in drug policy.
- For NPPA, drugs also include medical devices, hence NPPA also regulates the prices of medical devices.

Know more about the [National Pharmaceutical Pricing Authority](#) in the linked article.

How prices of drugs are fixed by NPPA:

- Ministry of Health brought a list called the **national list of essential medicines** (NLEM) based on a detailed survey of diseases.
- This list is passed on to the Department of Pharmaceuticals. NLEM contains lists of scheduled drugs. NPPA fixes the ceiling price of scheduled drugs.
- In the case of non-scheduled drugs, which are not mentioned in NLEM, prices of drugs cannot be increased by more than 10% in a financial year.
- Also, there are certain more powers with NPPA that can be used in exceptional cases.
- NPPA also controls the prices of medical devices as they have been also classified as drugs.
- Similar to drugs, medical devices are classified as scheduled medical devices and non scheduled devices, their prices are controlled exactly in the same manner as drugs.

Generic medicines:

- India is a leader in the production of generic medicines of good quality at affordable prices.
- However, people don't opt for it due to a lack of awareness.
- NPPA is not involved in generic medicines as its mandate is to regulate market prices of medicines.
- However, Jan Aushadhi Kendras have been established in every district by the Department of Pharmaceuticals to provide quality medicines at affordable prices.

Also read: [Pradhan Mantri Bhartiya Janaushadhi Pariyojana](#)

Role of Indian Pharmaceutical sector in Pandemic:

- India has been termed as the Pharmacy of the world.
- The Indian pharmaceutical sector has exported 65 billion doses of COVID vaccines to almost 100 countries of the world.
- Indian pharmaceutical sector is one of the most reliable producers of quality medicines at reasonable prices.
- The pharmaceutical sector is one of the largest earners of foreign exchange reserves.
- For example, the Serum Institute of India played a remarkable role in developing COVID-19 vaccines.
- Now, the time for the Indian pharmaceutical sector is to go up in the value chain and invest in innovation, research and development and develop quality medicines.
- Emerging sectors such as Biosimilars hold immense potential and Indian pharma companies should invest in it.
- Now, the target should be to scale the pharma industry from 40-45 billion US dollar industry to 120 billion US dollar industry by 2030.
- Drug price control order does have provision to promote innovation in the pharma industry. For example, patented drugs are kept out of control of drug price orders for the first five years.
- Department of Pharmaceuticals also takes steps to promote innovation in the pharmaceutical sector.

Data availability on drugs:

- NPPA collects data though in a limited manner from manufacturers and distributors to fix prices.
- However, there is a plan to put in place a comprehensive digital system to collect data related to drugs of various kinds. This will help in monitoring availability and fixing the prices of drugs.
- NPPA has put in place its website www.nppaindia.nic.in, where one can find all the information about the functioning of NPPA. There is a link for Pharma Jansamadhan and pharma sahidam to look into issues of pricing of drugs.

Way forward:

- Prime Minister Modi has called for putting in place a system to support innovation in the pharmaceutical sector as well as putting in place a system to meet the demand of essential ingredients of the pharmaceutical industry.

- This will make the Indian pharmaceutical industry self-reliant and innovation-driven to meet the demand of domestic use as well as to excel in export.

