



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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Government to procure generic drugs from smaller pharma units

Vijay C Roy / Chandigarh June 15, 2010, 0:55 IST

Direct link to the News/Story:-

<http://www.business-standard.com/india/news/government-to-procure-generic-drugssmaller-pharma-units/398182/>

In order to ensure uninterrupted supply of generic drugs to the Jan Aushadhi Kendras as well as widen the range of drugs available through the kendras, the Union government's Department of Pharmaceuticals (DoP) has decided to procure medicines from small and medium enterprises (SMEs) in the pharma industry. The government currently procures drugs from public sector undertakings (PSUs) only. The Centre's decision is expected to benefit over 6,000 pharma units in the SME sector across India.

The Jan Aushadhi programme, which the DoP initiated in August 2008, seeks to provide generic drugs to the masses at affordable prices. Drugs carrying their chemical names are expected to sell at prices far lower than branded products, as there will be no promotional costs involved.

Speaking to Business Standard, DoP Joint Secretary Devendra Chaudhary said, "We have decided to procure generic drugs from SME pharma units. The procurement will not only help patients through timely availability of unbranded generic drugs, but it will also help local pharma units."

Of the 6,000-plus pharma units in the Indian SME sector, the northern region comprising Punjab, Haryana, Jammu & Kashmir and Himachal Pradesh has 1,300-1,400 units. Within the northern region Himachal Pradesh with 550 units has the highest concentration of SME pharma units.

The Himachal Pradesh Drug Manufacturers Association (HDMA) has welcomed the decision of the Centre to procure medicines for the Jan Aushadhi Kendras from local drug manufacturers. HDMA Senior Vice-President Vinod Gupta said this would benefit manufacturers as well as the common man. The government's decision to provide medicines through Jan Aushadhi Kendras would lead to a big improvement in the health of the people, he added.

Earlier, the SME Pharma Industries Confederation (SPIC) had urged the government to source drugs for Jan Aushadhi stores from SME pharma companies, declaring that the latter could supply unbranded generic drugs at almost half the cost of branded drugs.

The Union government has so far established 44 Jan Aushadhi Kendras. A majority of these stores is in the northern region, with Punjab alone having 20 stores.

Last year DoP supplied unbranded generic drugs worth Rs 2.2 crore to these stores, which in turn reported sales of Rs 1.35 crore. People, however, complained that the scheme failed to deliver the desired results, alleging that there was a shortfall in supplies from the public sector pharma enterprises.

In an interaction with Business Standard, SPIC Secretary-General Jagdeep Singh said, "The government

had earlier shortlisted 175 Schedule M-compliant SMEs to source supplies for these low-cost pharma outlets. The government must expand this list of SMEs to ensure abundant availability of drugs. In fact, the drugs supplied by PSUs can also be supplied by SMEs on the same price pattern.”

The total Indian market size for generic drugs is estimated at Rs 50,000 crore. SPIC has written to DoP, pointing out that only generic drugs were available in the Jan Aushadhi centres and demanding that some life-saving drugs also be allowed to be sold through these outlets. This will effectively reduce their retail prices, SPIC stated.

Jagdeep Singh added, “The number of outlets remains small, there is little advertisement to instill consumer confidence in lower-priced drugs and at the same time doctors refuse to prescribe generics.”

He noted that if the government advertised the programme in the electronic media to both instill confidence in affordable drugs and also ensure that patients asked doctors to prescribe medicines carrying the scheme’s logo, retailers would have no choice but to stock them.