

Ref. No: DHA/2024/HP/401
28th May 2024

To,
Dr. Arunish Chawla
Secretary, Department of Pharmaceuticals
Ministry of Chemicals and Fertilizers
Room No. 220, A-Wing, 3rd Floor, Shastri Bhawan,
New Delhi-110001

Subject: Unregulated Margins - A Perverse Incentive

Dear Dr. Arunish ji,
Namaste

Health Parliament is deeply concerned about certain practices that threaten public health, patients, and fair competition. We urge the Department of Pharmaceuticals to implement corrective measures and policy interventions for the following issue.

Fly-by-Night Operators and Unethical Practices

The concerning trend of fly-by-night operators entering the pharmaceutical market. These individuals previously working with big pharma houses often start their own companies, engage in unethical practices such as:

- a) **Collusion with Doctors and Pharmacists**
They establish arrangements with doctors and pharmacists, offering them rebates on specific medications. These drugs are subsequently marketed, which are then frequently prescribed repeatedly without necessity harming the patient's health.
- b) **Questionable Quality and Patent Bypassing**
The lower prices offered by these operators are likely due to the use of low-quality APIs or manipulations in the quantity of APIs to circumvent patent laws. This raises serious concerns about the safety and efficacy of these medications.
- c) **Unsustainable Competition and Market Distortion**
These practices create unfair competition, driving genuine, high-quality products out of the market.

Policy Recommendations:

- a) **Stricter norms for setting up pharmaceutical manufacturing units should be implemented**
Indian standards should be the strictest in the world for quality. Otherwise, the hard-earned title of India as the pharmacy of the world will crumble like a house of cards, and this is a matter we must take seriously.

- b) **Pricing Transparency - Implement mandatory price disclosure throughout the supply chain**
Require everyone in the supply chain to report the purchase and selling price. This data should be readily accessible to a central government authority and potentially patients.
- c) **Ban on Rebate Schemes – Keeping the sanctity of retail and distribution margins**
To curtail undue influence on prescribing practices, we recommend a ban on rebate schemes beyond the margins specified for retailers and distributors.
- d) **Prescription audit**
DoP should initiate a prescription audit to check for malpractices for effective policy interventions.

Health Parliament is confident that these measures, amongst others, will serve the best interests of public health. We look forward to your acknowledgment and action on these issues.

We are also attaching the report we authored on how much the pharmaceutical industry globally spends on lobbying to retain its influence and profits.

Health Parliament is the world's foremost healthcare think-tank, and our work has created an impact globally. We have been invited by various multi-lateral bodies like the United Nations' Internet Governance Forum, the World Health Organization, The Commonwealth, etc. We believe in ground-level transformation through Real Work, Great Leaders, and Right Policies. We have produced seminal reports on topics covering all aspects of healthcare. Our work reaches the policymakers and has helped shape impactful public health interventions.

With best regards



Dr. Rajendra Pratap Gupta
Founder
Health Parliament &
former Advisor to Union Health Minister
Government of India
Email: contact@parliament.health
Contact No: +91 9911100774