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Drug Price Control: A Double Edged Sword

Two studies conducted at the Indian Institute of Management, Ahmedabad suggest that current approaches to drug price control may not be achieving their objectives.

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In May 2013, the [Department of Pharmaceuticals](#) (DoP) of India brought 348 medicines—essential and lifesaving drugs from the [National List of Essential Medicines](#) (NLEM)—under [price control](#) by the Drug

Price Control Order (DPCO). The main objective was to ensure the availability of essential medicines at affordable prices for more people in a country which is considered a privatized health economy with around 80% of [healthcare](#) expenses being borne as out of pocket expenses. The order set a price ceiling for these drugs by averaging the existing market prices of all brands that have a market share of 1% or greater. While the brands priced above the ceiling price were to