



Addressing Rising Pharmaceutical Costs in Pakistan

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HIGHLIGHTS

Escalating drug prices in Pakistan's pharmaceutical sector disproportionately burden economically vulnerable populations.

Regulatory reforms and promoting cost-effective generic drugs can enhance affordability and accessibility of medications.

A balanced approach is needed to reduce patient financial strain while supporting sustainable pharmaceutical industry growth.



Understanding the Rising Costs of Pharmaceuticals

Pakistan's pharmaceutical sector faces a unique set of challenges, where escalating drug prices have placed an immense financial burden on patients. For many, life-saving medications are becoming prohibitively expensive, pushing essential healthcare beyond reach, especially for the economically vulnerable. This trend is compounded by Pakistan's broader socioeconomic challenges, including high inflation, low-income levels, and limited health insurance coverage. These factors collectively worsen health inequalities, disproportionately affecting the lower-income segments of the population.

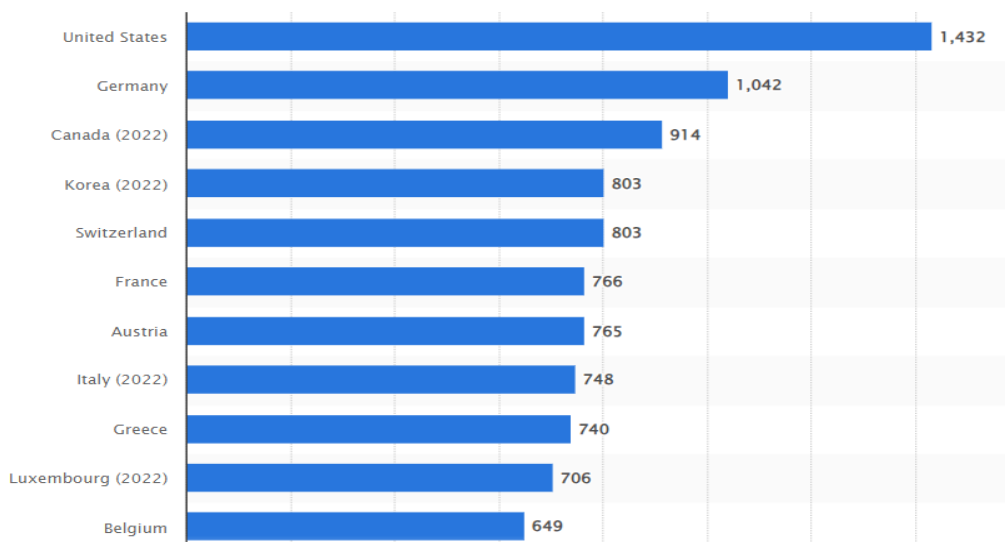
This policy brief highlights the urgency of addressing rising pharmaceutical costs in Pakistan by exploring actionable strategies to make medications more affordable and accessible. It emphasizes the importance of regulatory reforms, fostering competition within the pharmaceutical market, and encouraging the use of cost-effective generic drugs. Additionally, the brief advocates for increased transparency in pricing mechanisms and stronger government oversight to prevent exploitative practices.

By focusing on these measures, this document aims to propose a sustainable approach to alleviate the financial strain on patients while ensuring the pharmaceutical industry remains viable and innovative. The overarching goal is to create a balanced framework where both patient needs and industry growth are harmoniously addressed, contributing to a healthier, more equitable Pakistan.

The Current Situation

In recent years, Pakistan's economic landscape has significantly deteriorated, with rising dollar prices contributing to widespread inflation. According to Statista, the United States leads in per capita pharmaceutical spending. In stark contrast, Pakistan's deteriorating economy and escalating dollar rates have intensified the inflationary pressures, leading to sharp increases in the cost of essential medicines. This has had a direct impact on patient care and medication adherence, exacerbating public health issues.

The inability of the public healthcare sector to provide quality medicines further aggravates the situation. Patients who visit government hospitals often receive only a fraction of their prescribed medications for free, forcing them to purchase the remainder from commercial pharmacies. Ideally, these medications should be affordable, but continuous price hikes have placed a heavy financial burden on patients, making it difficult for them to access the medicines they need. This discourages patients from purchasing necessary medications, adversely affecting their health and quality of life. A recent survey by Profit highlighted the steep increase in drug prices in Pakistan. For instance, the price of Panadol has surged from Rs. 26 to Rs. 32, Pyodine from Rs. 148 to Rs. 250, and the cost of the surgical injection Proburgen has escalated from Rs. 1,125 to Rs. 2,940. Noor Mehr, President of the Drug Lawyers Forum, has expressed deep concern that these price hikes will further fuel inflation and deteriorate public health.



Per Capita GDP Pharmaceutical Spending
Source: Statista

The Way Forward

While philanthropists play a crucial role in providing free medicines and other pharmaceutical products to the public, these efforts alone are insufficient to address the growing crisis. Comprehensive and sustainable measures are needed to tackle the issue of rising pharmaceutical costs in Pakistan.

1. Government Responsibility

The government must prioritize the provision of basic necessities, including healthcare, to the population. Due to professional incompetence, corruption, and negligence, Pakistan's healthcare system is on the verge of collapse. According to World Bank data, there are only 1.2 physicians per 1,000 people in Pakistan, reflecting the severe inadequacies in the healthcare infrastructure. The government must ensure the availability of essential medicines across all levels of healthcare—

primary, secondary, and tertiary. Moreover, there should be sufficient qualified professionals to monitor the quality of medicines and prevent the procurement of spurious or substandard products. To address the issue of rising drug prices, the government should implement a multifaceted approach that includes promoting generic medicines, enforcing strict price controls and transparency, reducing

taxes, offering subsidies, and supporting local manufacturing. By adopting these strategies and collaborating with stakeholders, Pakistan can tackle the urgent issue of escalating drug prices, ultimately improving public health and strengthening the healthcare system. Achieving a balance between affordability and innovation is crucial for the well-being of the population.

2. Regulatory Reforms

The Drug Regulatory Authority of Pakistan (DRAP) must revise its policies on drug pricing. DRAP has struggled to ensure affordable drug prices and the availability of life-saving medicines. Over the past year, shortages of various medicines have led to their sale on the black market at exorbitant prices. This situation has exposed significant flaws in the existing regulatory framework, underscoring the urgent need for substantial amendments to the Drug Act of 1976. Regulatory reforms should focus on establishing transparent pricing mechanisms, preventing price gouging, and ensuring a consistent supply of essential medicines. DRAP must also enhance its oversight of pharmaceutical companies to prevent them from exploiting market conditions to the detriment of patients.

3. Public Awareness

There is an urgent need to educate the public about their pharmaceutical options. Community pharmacists should take on a more proactive role in informing patients about the availability of different brands of prescribed medicines, which often vary in price. This knowledge would empower patients to choose more affordable options, thereby reducing their prescription costs. Initiatives like Dawa Healthcare in Karachi, which aims to lower prescription costs by offering generic medicines, are commendable. Such pharmacies should be established in every city to provide economical drug alternatives with the same efficacy as brand-name drugs.

Additionally, public awareness campaigns should be launched to educate the population on the benefits of using generic medicines. Many patients in Pakistan are unaware that generic drugs are as effective as their brand-name counterparts but are available at a fraction of the cost. By promoting the use of generics, the government can help alleviate the financial burden on patients and improve access to essential medicines.

4. Enhancing Local Manufacturing

To reduce dependency on imported pharmaceuticals, Pakistan should prioritize the development of its local pharmaceutical industry. This would involve providing incentives for local manufacturers to produce high-quality, affordable medicines. By reducing reliance on imports, Pakistan can mitigate the impact of global price fluctuations and ensure a stable supply of essential medicines. The government should also invest in research and development to encourage innovation within the local pharmaceutical sector, which can lead to the production of more cost-effective drugs.

5. Strengthening Public-Private Partnerships

The government should also explore the potential of public-private partnerships (PPPs) to improve the availability and affordability of medicines. By collaborating with private sector entities, the government can leverage their expertise and resources to enhance the efficiency of drug distribution, reduce costs, and ensure that essential medicines are accessible to all segments of the population. These partnerships could also facilitate the introduction of advanced technologies and practices in the pharmaceutical sector, further driving down costs and improving patient outcomes.

Conclusion

Addressing the rising pharmaceutical costs in Pakistan requires a comprehensive, multi-pronged approach that tackles the issue from multiple angles to achieve sustainable solutions. Firstly, government intervention is critical to establishing a robust framework that regulates drug pricing and ensures affordability for the general population. This could involve implementing price caps on essential medicines, providing subsidies for critical drugs, and enhancing public sector procurement systems to reduce costs through bulk purchasing.

Secondly, regulatory reforms must focus on streamlining approval processes for new drugs, ensuring transparency in pricing mechanisms, and combating unethical practices such as overpricing and artificial shortages. Strengthening the Drug Regulatory Authority of Pakistan (DRAP) is pivotal to enforcing compliance and maintaining the balance between industry profitability and consumer affordability.

Thirdly, public education campaigns should be launched to raise awareness about the rational use of medicines, discourage self-medication, and promote the use of generic drugs, which are equally effective yet significantly cheaper than branded alternatives. This approach can empower consumers to make informed choices and reduce unnecessary healthcare expenditures.

Lastly, the promotion of local manufacturing is essential to reducing reliance on expensive imported medicines. By incentivizing domestic production through tax breaks, technological support, and favourable policies, Pakistan can bolster its pharmaceutical industry, create jobs, and ensure a steady supply of affordable, high-quality medicines.

By adopting and effectively implementing these strategies, Pakistan can curb the escalating drug prices, improve equitable access to essential medicines, and ultimately enhance public health outcomes, contributing to a healthier and more productive society.

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