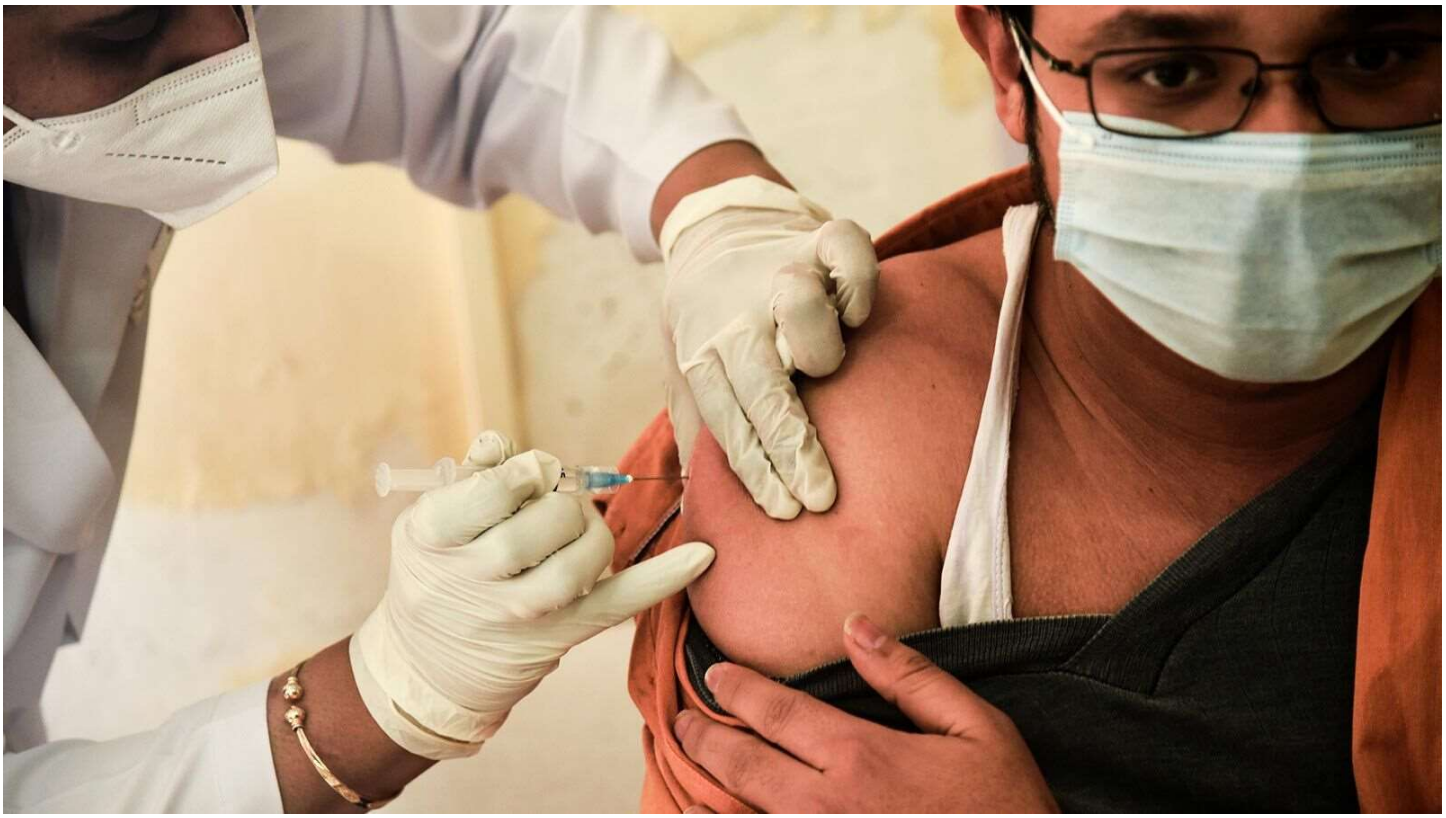
Can't Roll Out COVID Vaccine Drive For Young Till May Third Week: States

Shortages, manufacturing schedules and the lack of clarity on delivery are likely to mar the next round of the vaccination drive that includes Indians in the 18-45 age group

By Nikhil Ghanekar | 30 April, 2021



New Delhi: Vaccine doses will be available for the 18-45 age group only after the third week of May even though the third phase of immunisation drive against COVID-19 for this age category is scheduled to start on May 1, senior officials of various state health departments told **IndiaSpend**. Their estimate is based on their interactions with the two domestic vaccine manufacturers who are currently supplying vaccines for the drive--the Serum Institute of India (SII) and Bharat Biotech International Limited (BBIL).

States are already grappling with delayed vaccine supplies for older age groups in the ongoing second phase of the drive, the fiscal burden imposed by the pandemic, and the tussle with private entities over procurement,

officials complained. They also warned that with states' smaller spending capacities, the additional expenses on COVID-19 vaccination will come at the cost of expenditure on other essentials of their public healthcare systems, such as vaccinations for other diseases.

The new strategy mandates that state governments, private hospitals and industrial houses will procure vaccines from a common pool, which will form about 50% of the total vaccine supply. The other 50% is exclusively reserved for the Centre. Also, states are required to vaccinate the 18-45 age group with doses procured directly from manufacturers. However, several states such as Uttar Pradesh, Maharashtra, Delhi, Kerala, Telangana, Bihar, Jharkhand, Madhya Pradesh, Andhra Pradesh, Karnataka and Goa have announced that vaccines for the new phase will be free.

State officials said that they are administratively prepared for the next phase but have no clarity on when they will receive delivery of vaccine orders. Some states, such as Odisha, have already placed their order while some are still in talks with the vaccine manufacturers. "We have been told that the companies ideally need a lead time of eight weeks to deliver the vaccines," Rajan Khobragade, health secretary, Kerala, told **IndiaSpend**. The policy was announced on April 19, and states would not receive their shipments even if they placed orders on the same day.

As on April 27, state governments and Union territories had received 156.5 million free vaccine doses from the Centre to inoculate priority groups such as healthcare workers, frontline workers and those aged above 45. Of these, 146.4 million doses have been already used and just over 10 million are currently available with the states. Up to 8.6 million more doses are to be made available over the next three days, as per the central government.

It is not clear in which order the states will receive their vaccines from the manufacturers, officials said. The rationale of differential pricing for Centre and state governments is also being questioned, especially at a time when the pandemic has hit the economy.

Questions over shortages, pricing and delivery

The new vaccine strategy that includes younger beneficiaries has little meaning because vaccine stocks are already running out and cannot match the anticipated rise in demand, Kerala's health secretary Khobragade said. In a presentation made recently to NITI Aayog, the government's public policy think tank, the Indian School of Business said that many states are likely to see vaccine shortages till the end of July.

Within three hours of the online registration for vaccination for the 18-45 age group opening up at 4 p.m. on April 28, over 8 million people had signed up. As on April 29, nearly 23 million people had registered for the next phase of vaccination.

"We are already facing vaccine shortages. If we open a new track for vaccination without adequately scaling up stocks, then it has little meaning. Even with an incremental increase in the vaccine stocks, there will be competition between states, private hospitals and industrial houses," said Khobragade.

Kerala has consumed 6.9 million vaccine doses so far and has a stock of 11,390 doses in balance as on April 27, as per this release of the Union health ministry. The state is slated to get 320,000 doses in the coming weeks but it has 16 million people in the 18-45 age group, as per Khobragade. This means an additional requirement of 32 million doses to fully vaccinate this age group.

On April 25, health ministers of four Congress-ruled states--T.S. Singh Deo of Chhattisgarh, Raghu Sharma of Rajasthan, Banna Gupta of Jharkhand and Balbir Sidhu of Punjab--criticised the Centre's new strategy and echoed some of the issues raised by Khobragade.

"The new guidelines do not specify how much will go to the states and how much to the private entities. How will it be decided who gets the vaccine first?" said Deo in an interview with **IndiaSpend**. The Chhattisgarh

government is likely to place an initial order of 5 million doses and the state government is planning to buy from both companies, he said.

Khobragade also sought more clarity from the Centre. "What will be the basis on which states will receive vaccine supplies? Will it be on a first-come-first-serve basis?" Khobragade said, "The value of life is the same everywhere, life in Andaman is not cheaper than life in Delhi."

Rajasthan health minister Raghu Sharma said during his party's briefing that SII had informed his department that the company would need time till May 15 to fulfil the Centre's vaccine orders. "One nation, one price should be ensured," Sharma said at the briefing, adding that Rajasthan has a population of 31.3 million in the 18-45 years age bracket. The state had nearly 170,000 active cases as on April 29. As on April 27, Rajasthan had received 13.4 million doses from the Centre, of which it had used 13.1 million and had a balance of 313,000 doses, as per union health ministry's data.

In Odisha, too, the government was awaiting clarity on vaccine delivery timelines from manufacturers, said Pradipta Kumar Mohapatra, the state's additional chief secretary, health. "We have been told that the companies are booked with the government of India till May 15. We have placed an order for 37.7 million doses of Covishield and for 1.8 million doses of Covaxin for 19.3 million people," Mohapatra told **IndiaSpend**.

As on April 29, Maharashtra, reported the highest number of active COVID-19 cases among Indian states (670,301). Its principal health secretary Pradeep Vyas wrote to both SII and BBIL on April 26 asking if they could supply 120 million vaccine doses. He also sought to know how many doses the companies could supply each month for the six months beginning May 1. The state's health minister Rajesh Tope indicated on April 27 that his state could run into vaccine shortages.

The Delhi government said on April 29 that it has run out of vaccines and has reached out to vaccine manufacturers for fresh supplies. It has

approved the procurement of 13.4 million doses.

Along with state governments, even private vaccination sites are facing shortages before the beginning of Phase III due to existing requirements of the central government, SII communicated to private hospitals. SII even added that the hospitals should access the doses from the supply chain for the private market, which would be available only after 5-6 months.

IndiaSpend also reached out to the health secretaries of Haryana, West Bengal and Maharashtra but has yet to receive a response. We also mailed detailed questionnaires to both the SII and Bharat Biotech seeking details on vaccine deliveries. Neither company responded until the time of publishing. We will update the story if and when we get responses.

Financial burden

State governments also questioned the pricing policy of vaccine companies, pointing to the strain that the expenses will put on their pandemic-hit treasuries.

"Despite having Rs 35,000 crore, it has been left to the state governments to buy the vaccines. Not only that, we have different prices for the Centre and states. Why should this burden be passed to the state exchequer?" Deo asked. [The Centre had set aside Rs 35,000 crore for COVID-19 vaccination in the 2021-21 Union budget and has thus far been exclusively handling both procurement of vaccines and their allocation among states.]

The SII had initially priced a single dose at Rs 400 for state governments and Rs 600 for private hospitals; BBIL's prices were Rs 600 and Rs 1,200, respectively. Responding to the Centre's request to reduce the price for state governments, SII's chief executive officer Adar Poonawalla announced a price reduction on April 28--from Rs 400 to Rs 300. A day after SII revised its price, BBIL, too, revised its prices and announced on April 29 that "recognizing the enormous challenges to the public health care system", it will make Covaxin available to states at a price of Rs 400 per dose.

Other health schemes will be impacted

Many states are planning to offer vaccines free to the 18-45 age group and this will put an additional burden on their existing health schemes and budgets, said development economist Amir Ullah Khan. "The cost of free vaccination is going to be at the cost of something else. Are they going to divert the money from the usual health expenditure? The cost of vaccination will have a huge impact on routine immunisation, malaria and tuberculosis control. Some may take money from other welfare schemes. It will be a big public finance issue," said Khan, research director at the Centre for Development Policy and Practice.

In 2020-21, the tax revenue of 11 states--Maharashtra, Kerala, Gujarat, Uttar Pradesh, Bihar, Rajasthan, Karnataka, Chhattisgarh, Jharkhand, Odisha and Madhya Pradesh--fell by 15.9%, said a report by CARE Ratings, a credit ratings agency, on the impact of the pandemic on state finances. Seven of these 11 states also feature in the list of 10 worst COVID-19 hit states as on April 28.

The highest fall in own tax revenue was witnessed in Kerala (32.9%), followed by Uttar Pradesh (25%), Gujarat (20.6%) and Maharashtra (18%), the report said.

Some states will also have an upper hand over others in procurement, Khan said. "For instance, Telangana may tell Bharat Biotech [based in Hyderabad]: 'Unless you give me the vaccine, I will not allow you to send it to others'. We have seen this happening with the transport of oxygen cylinders between Haryana and Delhi," he said. "Pharma companies have been selling to state governments for years and each one of them have a different kind of relationship with state governments. States that have good procurement practices consisting of timely payments and established storage points may get preference from vaccine companies."