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Manufacturers want 50% cap in trade margins for Medical devices

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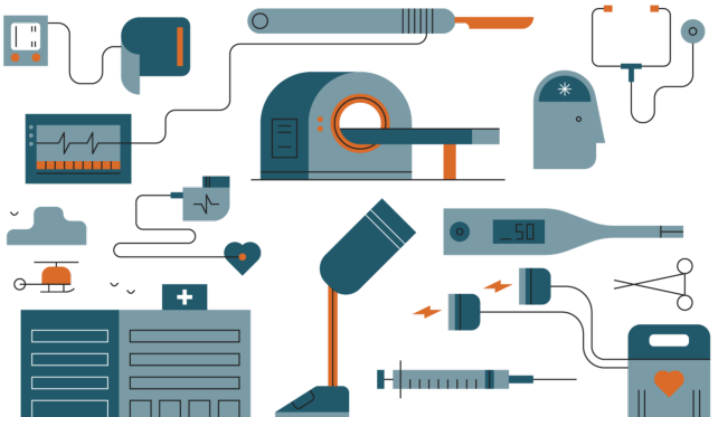

The Department of Pharmaceuticals on permissible trade margins for medical devices, domestic manufacturers have suggested three categories in this regard

Their association suggests trade margins for devices priced above Rs 100,000 to be capped at 50 per cent. For those above Rs 1,000 but below Rs 100,000, a cap of 66 per cent; for devices below Rs 1,000, a margin up to 75 per cent.

They contend this will help reduce India's dependence on import of medical devices, presently 70 per cent.

While there is a consensus among manufacturers on this, they are debating on the official definition of the 'first point of sale' in the case of imported devices.

"One view is that importers are also traders and the journey of trade margins should start from the import price itself," says a NITI Aayog concept note. This means the maximum retail price be computed by adding the landed cost and percentage of trade margins allowed by the government.

Another view is that companies incur many expenses after importing, in the form of clinical education. So, the starting point should be the stockist.

National Pharmaceutical Pricing Authority has begun collecting data from device makers.

At present, 23 medical devices have been notified as drugs and are regulated under the Drugs and Cosmetics Act. Of these, four - cardiac stents, drug eluting stents, condoms, and intrauterine devices - are in the National List of Essential Medicines and subject to notified price ceilings.

Beside, knee implants have been also brought under price control, under another rule. All other medical devices are not under price regulation.