

# Govt plans cap on trade margins of med devices

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**New Delhi:** The government plans to bring down prices of commonly used medical devices by capping the trade margin at 30% on the first point of sale, a move likely to trim irrational profits made by distributors, wholesalers, retailers and even hospitals by selling such products to patients.

The government think tank Niti Aayog has suggested that in order to make medical devices and services affordable, rationalisation of trade margins may be considered and, on high volume medical devices, up to 30% margin may be allowed over the manufacturer's price at the first point of sale.

The proposal was discussed at a meeting with the prime minister's office recently. The Niti Aayog has also started consultation with other stakeholders including medical device manufacturers and public health groups on the issue. It has also recommended the standing committee on affordable medicines and health products to come up with a list of medical devices, where volumes are high and industry profits can be curbed to apply the cap on margins.

At present, India im-

ports over 75% of all its medical device needs and around 80% of the imports include high-end products used in critical care.

At present, medical devices are largely out of government price control. Just four items — cardiac stents, drug eluting stents, condoms and intra uterine devices — are in the National List of Essential Medicines and fall under government's purview. Apart from these, only knee implants have been recently brought under price control and the re-

## RATIONALISING PROFITS

maining medical devices are under no price regulation.

"It was suggested that consumables, diagnostics and devices may be considered for price control under provisions of DPCO, and DPCO be amended to encompass all medical devices and other health products," an action plan shared during the meeting with PMO said.

While medical device manufacturers have welcomed the government's move to cap trade margins, they are debating on the official definition of the 'first point of sale' in the case of imported devices.