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# MTaI Calls for Wider Consultation on Trade Margin Capping by Delhi Govt

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**Media reports suggest that a nine-member committee was set up five months ago to suggest the scope of profit margins on medicines and consumables**




Medical Technology Association of India (MTaI), which represents leading research-based medical technology companies with significant manufacturing investments in India, welcomed Delhi Government's initiative to cap profit margins in healthcare but asked for a wider consultation to ensure that a balanced approach is adopted for patients' wellbeing.

Media reports suggest that a nine-member committee was set up five months ago to suggest the scope of profit margins on medicines and consumables.

The committee comprised of members of Delhi Medical Council, Indian Medical Associations and some bureaucrats in the health department. It is also reported that Delhi government will issue a policy based on the recommendation of the committee in next few days.

The panel is said to have suggested capping of the profit margin for drugs and devices at a maximum of 50% above the manufacturing price or procurement cost, whichever was lower.

The Report of The Committee of High Trade Margins in the Sale of Drugs recommends that profit margin should be the difference between the Price to Trade (the price at which the manufacturer or marketing company sells the drug to the distributor or stockist) and the MRP.

The report adds that "the government should consider capping the overall trade margins, thus, giving a level playing field to every trade channel. Industry should have the flexibility to decide intra-trade channel percentage considering multiple factors of market access and supplies". The report is currently under the consideration of the Department of Pharmaceuticals.

"This suggestion, once implemented, will significantly reduce MRPs and yet keep innovative, high quality products available for all sections of Indian patients. Moreover, it will allow the companies to continue to do the training they provide to the Healthcare workers on the use of these devices. It will usher in greater transparency in the pricing of medical devices, leading to more accessibility and affordability", MTaI said.

"Considering the urgency of the matter at hand of the policymakers, we have requested the Health Minister of the Delhi Government to give us an opportunity to explain our views in detail to enable formation of a widely acceptable policy. To ensure lasting success of the policy, the state government should proceed only after all stake holders, including the medical technology industry, have been heard and their contentions have been understood thoroughly," the association said.