

Patients pay up to 25 times cost of devices: Industry body

Medical 'fleecing' alarm

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New Delhi: Patients in India pay up to 25 times the factory or import cost of some medical devices, domestic device-makers have told the government, saying they are forced to inflate maximum retail prices (MRPs) to sustain margins for hospitals and retailers.

A body representing domestic device-makers has for nearly two years repeatedly urged the Centre through letters and meetings to regulate trade margins and curb the inflation of MRPs, documents and presentations reviewed by **The Telegraph** show.


The Association of Indian Medical Devices (AIMED), an umbrella organisation of 300 device-makers, has asked the government to cap trade margins and MRPs to "build a fairer, more transparent, and patient-centric medical devices market".

"Patients are largely oblivious to what is happening now," Rajiv Nath, AIMED's coordinator, told this newspaper. "The new regulations we're seeking are aimed at stopping inflated MRPs being passed on to patients."

Caps on trade margins will also provide domestic device-makers a level playing field when competing with imported devices that account for roughly 70 per cent of the Indian medical devices market, valued at about ₹1.3 lakh crore.

The market for medical devices is not operating under open competition that typically drives down prices, AIMED said, adding that manufacturers are often compelled to

MIND THE GAP		
Device	Factory price	MRP
Syringe	₹6	₹30
IV cannulas	₹6	₹120
Pacemaker	₹25,000	₹2 lakh
Heart valve	₹4 lakh	₹26 lakh



Source: AIMED

inflate MRPs to accommodate margins for hospitals and retailers.

A manufacturer of dressings, bandages and plasters said his firm could easily set MRPs at four to five times the factory cost of its products. But hospitals and retailers tend to favour products priced at 10 to 20 times the underlying cost.

"We've often been verbally told by purchase officers in hospitals that we need to increase our MRPs," said Manish Sabharwal, chief executive officer of a firm that exports products to some 40 countries. "The higher the MRPs, the larger the margins that hospitals make."

A syringe that costs ₹3 to manufacture could be sold at around ₹12 with reasonable trade margins, but carries a price tag of ₹30. A pacemaker imported at ₹25,000 could be priced near ₹75,000, yet is listed at ₹2 lakh. At the higher end, a heart valve brought into the country at ₹4 lakh may be

sold at ₹8 lakh, but has an MRP of ₹26 lakh.

In one such presentation, AIMED highlighted the pricing of a three-way stopcock — a device widely used in patients receiving intravenous fluids or medications — where retail prices can exceed 25 times base cost.

Stopcocks with factory or import costs ranging between ₹5 and ₹16 are sold with retail price tags between ₹95 and ₹136. One brand, with a factory price of ₹5.60, is marked at ₹136, while another imported at ₹15 is priced at ₹105.

AIMED cited these instances in a July 2024 communication to the department of pharmaceuticals, the central agency that regulates medicines and medical devices.

The industry body has also written to the National Pharmaceutical Pricing Authority (NPPA), which has the mandate to cap prices of medicines and certain medical devices.

Email queries sent by this

newspaper to the department and the NPPA seeking their responses to the concerns expressed by AIMED have not evoked a reply.

"Ethical manufacturers are pushed into reluctantly inflating MRPs," Rajiv Nath said.

In presentations to the department and the NPPA, AIMED has proposed trade margin caps of 50 per cent for devices priced above ₹1 lakh (such as heart valves), 66 per cent for those costing between ₹1,000 and ₹1 lakh (such as pacemakers), and 75 per cent for devices below ₹1,000, such as syringes and IV infusion sets.

A healthcare industry leader said it would be unfair to blame hospitals for seeking margins on medical devices. "Many hospitals incur losses from treatment services, including surgeries," said Girdhar Gyani, director-general of the Association of Healthcare Providers of India, representing some 20,000 hospitals.

"I don't know of any hospital asking for higher MRPs, but if they're seeking margins on devices, it is only to offset those losses," Gyani told this newspaper.

One industry insider said officials at the department of pharmaceuticals and the NPPA "appear empathetic" to AIMED's concerns during meetings and have indicated a willingness to review trade margins. "It's on the agenda nearly every quarter when we have these periodic meetings with policy-makers and regulators. But we are yet to see any concrete outcome."