CONFEDERATION OF INDIAN PHARMACEUTICAL INDUSTRY (SSI) (Regd.)

(Registered Office : A-3/314, First Floor, Paschim Vihar, New Delhi-110063)

Mailing Add. : 128, Lok Vihar Appts., Vikaspuri, New Delhi - 18. Fax : 011-28538801, E-mail : sk_aries2001@yahoo.co.in, Website : www.cipi.in
Chairman Office : BELCO PHARMA 515, MIE, Bahadurgarh-124507, Haryana E-mail : pkgupta_cipi@yahoo.in

Chairman :	*Co-Chairman :*	*Secretary General :*	*Treasurer :*
P. K. Gupta	**Dr. A.M.D. Nambudiri**	**B. Sethuraman**	**R.K. Jain**
Cell : 09811106606	Cell : 09847030460	Cell : 09444083286	Cell : 09312285623

Constituent Members

All India Small Scale Pharmaceutical Mfrs. Association, New Delhi-110054

All India Small Drug Mfrs. Association, Mumbai-400014

Gujarat Pharma Small Scale Industries Association, Vadodara - 390002

Haryana Pharmaceutical Mfrs. Association, Ambala City - 134003

Himachal Drug Mfrs. Association, Baddi -173205

J&K Small Scale Drug Mfrs. Association, Jammu - 180010

Kerala Pharmaceuticals Mfrs. Association, Kerala - 679322

Organisation of Pharmaceutical Mfrs., Hyderabad - 500038 (A.P.)

Ludhiana Drug Mfrs. Association, Ludhiana - 141001

Rajasthan Pharmaceutical Mfrs. Association, Jaipur - 302006

The Pharmaceutical Mfrs. Association of Tamilnadu, Chennai - 600015

Pharmaceutical Mfrs. Association (Kanpur), Kanpur, U.P.

West Bengal Small Scale Pharmaceutical Mfrs. Association, Kolkata - 700033

Baghat Pharmaceutical Mfrs. Association, Solan - 173212

BBN Industries Association, Baddi - 173205

Federation of Pharma Entrepreneurs, Gurgaon - 122015

Association of Pharmaceutical Mfrs., Haridwar - 249403

Devbhoomi Association of Pharmaceutical Mfrs., Dehradun - 248002

Karnataka Drugs & Pharmaceutical Mfrs. Association, Bangalore - 560001

Sirmour Pharma Mfrs. Association, Paonta Sahib - 173025

Ambala Pharmaceutical Mfrs. Association, Ambala City - 134003

Gurgaon Pharmaceuticals Mfrs. Association, Gurgaon - 122001

Bahadurgarh Pharmaceuticals Mfrs. Association, Bahadurgarh-124507

Goa Pharmaceutical Mfrs. Association, Mapusa - 403526

Dr. V.K. Subburaj IAS, 26st August, 2015
Secretary,
Department of Pharmaceuticals,
Ministry of Chemicals & Fertilizers,
Shastri Bhawan,
New Delhi-110 001

Sub: Trade Margins

Sir,

This has reference to letter no. 31026/116/2014-PI-II dated 19.08.2015 from your esteemed office on the subject cited above along with a copy of minutes of the meeting held on 14th instant under your Chairmanship.

We have to state as under:

1 .The changes as proposed by the Chemists and Druggists Association about increase in trade margins will require amendment of the DPCO, 2013 as far as paragraph 4, 5, 6 and 7 are concerned. The ceiling prices and retail prices as notified by NPPA will also require upward revision.

2. We have been informed by our members that in majority of the cases, the small scale manufacturers do not have their own marketing set up and also do not have field force to market their products and have to depend on traders for sale of their products. Therefore, they have to shell out higher trade margins on non scheduled formulations but not to the extent as claimed by NPPA in their presentation. In spite of this, their products are marketed at competitive prices. Further in the cases of P to P manufacturing, the prices are fixed by the marketing companies and not by the manufacturers.

3. As far as scheduled formulations are concerned, they have to follow the ceiling prices or retail prices as are notified by NPPA where margin to retailer cannot exceed 16 % of the average price to retailer under DPCO, 2013 and all the ceiling or retail prices are notified accordingly taking this factor in to consideration. In spite of this, the manufacturers are compelled to give margins higher than 16% on scheduled formulations to retailers as retailers' associations insist on giving 20% margin in all the States .Even they have boycotted the products where the margin given by the companies were 16% on price to retailer as per DPCO, 2013.

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4. In most of the cases cited by NPPA in presentation, the moving annual turnover is less than 1% of the total market turnover of the medicine. However exorbitant trade margins need to be curtailed in the interest of the patients and investigated with reference to the drug distribution system in the country.

Comments on NPPA's Recommendations:

1. It is highly impossible and impractical to keep calibrated margins as suggested by NPPA and it will create lot of confusion in the Industry especially for SME manufacturers.

2. Even now it is not mandatory to print only generic name for single ingredient drugs as claimed by NPPA citing DCGI letter dated 01/10/2012 under Sec 33P of D&C Act and also the amendment to D&C Rules in the year 2014. After this notification on 01/10/2012, the DCGI has clarified in the Madras High Court by way of an affidavit and also by circulars that the SLAS will give licenses in generic names / proper names of drugs and that the manufacturers are free to put their brand names on the labels.

3. The D&C Act does not allow the retailer to substitute the drugs between different brands of branded generics.

4. As per the documents submitted by NPPA for the products Cetrizine, Omeprazole and Amoxycillin Tablets, it may be noted that the Mat % is very low where the retail margin is very high and the Mat value is very high where the margins are between 20-25%.

We have to request that now meeting may be called for discussion with the stake holders on the subject.

Thanking you,

Yours truly,

(Sudesh Kumar)
Executive Secretary
Confederation of Indian
Pharmaceutical Industry,