

Abstract:

Title: Estimation Of Drug Demand Function in Iran by Panel-Data methods

Introduction: Current pattern of drug use in the country reflects this fact that our society does not follow a standardized and logical use of medicines. Therefore, special attention to the assessment of drug use in the country and demand elasticity's for medical is undeniable. The present study aimed to estimate the demand for drugs and its influencing factors, to estimate the price elasticity, cross elasticity and income elasticity.

Methods: this study, a cross - sectional and longitudinal, and the type of economic analysis studies. The population in this study (urban and rural households, the 31 provinces of Iran), during the years 1390 to 1391. Cost and incomes household data import in Software Excel and then use the software E-views version 9 and estimate demand elasticity by Translog method; for analysis using models of Panel Data and finally factors affecting the demand for drugs, respectively.

Results: the findings indicated a significant relationship between pharmaceutical costs and their total income and the price index of chemical and herbal medicines and other health costs there in urban and rural areas of Iran. A chemical and herbal medicine is substitute in rural areas but in urban areas these drugs is supplement.

Conclusion: Since the results, demand for drugs is inelastic in Iran and medicine is the essential or normal goods in Iranian household, seem that the government cannot effectively use the Price policy to control demand for drugs.

Key words: Drug; Demand Function ; price-elasticity; income—elasticity; Cross- elasticity; Iran.

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Leila Zarei

Health economics

Kerman University of medical sciences

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