

Drug trade bodies face CCI probe

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New Delhi, 4 July

Drug trade associations across the country have come under the regulatory scanner of Competition Commission of India (CCI) for alleged restrictive and anti-competitive practices that can have adverse impact on the supply and prices of medicines.

The members of such state-level associations, mostly affil-

iated to the All India Organisation of Chemists and Drug-gists (AIOCD), control over 90 per cent of the Rs 60,000-crore domestic drug trade.

The fair trade regulator is known to have asked its field wing, headed by Director General (Investigations), to look into the anti-competitive practices that are prevalent among drug trade associations in several states. State-level associations under the CCI scan-

ner include the ones in states such as Karnataka, Goa, Gujarat and Himachal Pradesh, industry officials said.

CCI officials were not willing to comment on the development. Despite repeated attempts, AIOCD President J S Shinde could not be reached over the phone.

The common complaint against the associations arise from the guidelines issued by them to their members as well

as the pharmaceutical companies dictating terms and conditions on routine developments such as the launch of new products, appointment of wholesale agents or clearing and forwarding agents.

The industry complains that the medicine trade has completely been monopolised by the associations and no non-member is allowed to become a stockist or a wholesaler of a company. The associations

have also instituted a system of issuing no-objection-certificates (NOC) to allow companies appoint new stockists, they alleged.

"Even if a company wants to introduce a new pack of an existing product, it has to get an NOC from some of these associations. There is licence fee to be paid to some associations for product introductions. This has been going on for a long time and the CCI intervention is timely," said S Srinivasan, managing trustee of Locost, a Baroda-based non-profit charitable drug manu-

facturing firm.

Pharma company executives, even when companies win government tenders, are not allowed to supply medicines directly but are asked to "route" those supplies through "authorised stockists".

CCI is keeping a close eye on the internal communication and circulars issued by the associations to its members and pharmaceutical companies. If found guilty, the associations and their office-bearers can be booked for violating several provisions under the Competition Commission Act 2002.