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# All pharma M&As to come under competition panel lens

Mahua Venkatesh

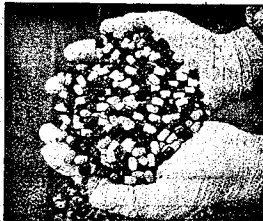
■ mahua.venkatesh@hindustantimes.com

**NEWDELHI:** In a bid to rule out any unfair market practice and pricing that could adversely impact the consumer, the government may arm the Competition Commission of India (CCI) with additional teeth to scrutinise all mergers and acquisitions in the pharmaceutical sector.

This means even a relatively small company, which does not meet the prescribed threshold requirements, would be under the scanner.

At present, only mergers and acquisitions that involve target companies with a threshold of above ₹750 crore need to be vetted by the anti-trust body.

However, the ministries of corporate affairs and health have raised concerns over the increased mergers in the sec-



## ■ Stricter norms

tor as it may lead to a hike in drugs prices, thus impacting the customer. "This is public policy issue and I believe it is under active consideration," Ashok Chawla, chairman, CCI, said.

A report by the corporate affairs ministry said acquisition of Indian pharmaceutical companies by multinationals could orient them away from the Indian market, thus reducing the domestic availability of drugs.

"The trend of takeovers may

result in cartelisation and concentration of market shares by a few, and a clutch of companies dictating prices of drugs critical for addressing public health concerns," the report said.

Expenditure on drugs constitutes about 50% of the health-care costs. In the rural areas, it could even go up to 80%.

However, economic consulting firm Nathan India, a subsidiary of US-based Nathan Associates Inc, and iTrust Financial Advisors Private Ltd said that there should be uniformity in rules in mergers and exempting a few companies from CCI's scanner is the result of a well thought process aimed at consolidating any industry without affecting competition. "So, it does not make any sense to bring such smaller companies under CCI's lens," Ram Tamara, director, Nathan India said.

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