



# The correct prescription

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## **Entry of e-pharmacies will bring down the price of medicine for Indian patients**

- Amid a slew of conflicting judicial decisions from different High Courts, the legality of e-pharmacies continues to be questioned by various trade associations such as the All India Organisation of Chemists and Druggists (AIOCD).
- It represents 8.4 lakh pharmacists who run the brick and mortar pharmacies in neighbourhoods across India.
- E-pharmacies, which operate through websites or smartphone apps on the Internet, offer medicines for sale at a discount of at least 20% when compared to traditional pharmacists, with the added convenience of home delivery of medicines to one's doorstep.
- For scheduled drugs, patients can submit photographs of prescriptions while placing orders.
- Despite operating in India for at least four years now, the legal status of these e-pharmacies is not clear because the government is yet to notify into law draft rules that it published in 2018.
- The fiercest opponents of e-pharmacies are trade associations of existing pharmacists and chemists. They argue that their livelihoods are threatened by venture capital backed e-pharmacies and that jobs of thousands are on the line.
- Apart from these obvious arguments, these trade associations also spin imaginary tales of how e-pharmacies will open the door to drug abuse and also the sale of sub-standard or counterfeit drugs, thereby threatening public health.

### **A case of cartelisation**

- The more prudent way of looking at the entry of e-pharmacies is competition and the resultant effect it will have on lowering the price of medicine for Indian patients.
- Viewed from this perspective, there is virtually no doubt that e-

pharmacies should be allowed to operate because the history of India's trade associations of pharmacists is one of rampant, unabashed cartelisation that has resulted in an artificial inflation of medicine prices.

- Over the last decade, the Competition Commission of India (CCI) has had to deal with several complaints alleging that trade associations of pharmacists are providing platforms for cartelisation where pharmacists are basically rigging the market.

### **Another barrier**

- A second, more insidious strategy is the practice of requiring pharmaceutical companies to apply for a no-objection-certificate (NOC) from the regional trade association before they appoint new stockists in a region to sell a particular drug.
- This has the effect of artificially restricting competition in certain markets because more stockists mean more competition.
- By creating such artificial, extra-legal barriers to the free trade of medicines within India, these trade associations create huge distortions in the Indian market.
- One of the solutions proposed by the CCI was encouraging more e-pharmacies.
- Where the state has failed, it is possible that venture capitalist backed e-pharmacists will succeed in bringing back competition to the retail drug markets in India.
- There is no reason for India to continue indulging trade associations that have no taste for competition or fair business practices.

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