



Ref. No.: 3178/1/50

19th March, 2021

Shri Piyush Goyal
Hon'ble Minister for Commerce
Government of India
New Delhi

Dear Shri Piyush Goyal Ji,

Subject : Unauthorised selling of pharmacy through online

We invoke your kind attention towards the repeated violation of Drugs & Cosmetics Act by selling pharmacy through their respective e-commerce channels which is adversely affecting the business of lakh of Medicine Retailers, Chemists etc who are giving medicines to needy people by observing all provisions of the law and the rules.

In this context, we would like to draw your attention towards some of the prominent companies clouding Pharmeasy & Medlife, owned by Dharmil Seth and investment from Temasek, 1Mg owned by Prashant Tandon, investment from Sequoia and now slated to merge in Tata Group, Netmeds, now owned by Reliance Group, Amazon and Flipkart (owned by Walmart) are indulging in selling pharmacy online.

In this context, we wish to state as under :

1. Mushrooming of e-pharmacy is causing huge **hardships to the retail chemists** and distributors in the wake of anti-competitive practices like **capital dumping and deep discounting leading to predatory pricing.**
2. **Brick and Mortar medicine resellers including retail chemists and distributors** are the first points of contact for needy patients across the country. E-pharmacies with their financial backing by large foreign players/funds have started **disrupting brick and mortar retailers due to the unmatched and often unsustainable pricing.**
3. The pandemic has been especially hard for brick-and-mortar pharmacies that operate on thin margins and the **capture of customer base by e-pharmacies is only adding to the distress.** As soon as the markets started reopening in October 2020, after the lockdown, e-pharmacies like **Pharmeasy and Medlife indulged in deep discounting on their platforms by giving a flat discount of 30%.** To capture the market even further, an additional **cashback of 20%** was extended to customers with **free shipping.** Effectively, this translated to a **whopping discount of around 40%-45% with free shipping.**



Predatory Pricing is done with the sole intention of **eliminating the market competition.** E-pharmacies like Medlife and 1Mg indulged in predatory pricing immediately after the lockdown by offering a **25% discount on medicines and an astronomical 75% discount on wellness products,** a market that had begun expanding in the wake of the COVID-19 pandemic. While even a 25% discount on medicines is



capable of distorting the market, a 75% discount on a market that had just begun to swell up is daylight robbery since it not only erodes the customer base of traditional retailers but also creates an unhealthy competition, one that is unsustainable in the long run.



- By using consumer data which is otherwise not available to traditional players, e-pharmacies like **Pharmeasy & Medlife** (owned by Dharmil Seth and investment from Temasek etc) and **1Mg** (Prashant Tandon, investment from Sequoia and now slated to merge in Tata Group) have offered a **minimum discount of 30% at the start of the month** and approximately **40% discount at the end of the month** to cater to the analysis and resultant trend that spending reduces end of the month.
- It is important to note that sale of **prescription drugs and medicines through online medium is illegal**. The legal regime, under Drugs & Cosmetics Act, 1940, does not permit home delivery of prescription medicines for which a prescription “in original” is required.
- It is possible for e-pharmacies like **Pharmeasy, Medlife, 1Mg, Netmeds** (now owned by Reliance Group), **Amazon** (foreign company owned by Amazon.com), **Flipkart** (owned by foreign company Walmart) to operate on rock bottom prices with **30%-40% discount and free shipping** because of the capital dumping in these e-pharmacies by foreign behemoths. This practice of capital dumping can prove extremely detrimental to the sustenance and future of the industry because e-pharmacies have their limitations and last mile connectivity and **emergency provisioning is ensured by brick-and-mortar retailers** who in turn also provide livelihood to millions of retail pharmacies, their families and employees.

Thanking you. With kind regards
Yours truly

Praveen Khandelwal
National Secretary General
Confederation of All India Traders

