



Ref. No.: 3272/1/50

25th August, 2021

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

Dear Shri Piyush Goyal Ji,

Subject : Unethical and illegal business practices in e-pharmacy trade

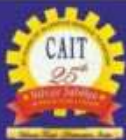
While expressing our gratitude to you for taking the issue of cleansing e-commerce trade in India and the subsequent consultations held with the stakeholders recently by DPIIT, we crave leave to invite your kind attention towards unethical and illegal business practices of e-pharmacy companies which runs contrary to the provisions of The Drug & Cosmetics Act, 1940 and undertaking predatory pricing at a high level with a sole aim to control and dominate the drug and medicine trade currently being run by lakhs of chemists and medicine resellers in the Country.

In this context, we invite your kind attention towards 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*) which are **operating 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.**

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.** **Brick and Mortar medicine retailers 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.**

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 are indulging 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 **IMg** (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.

We, therefore, request you to please immediately look into the matter and order for investigations of the e-pharmacies including the above mentioned e-pharmacy companies and take necessary steps to protect lakhs of chemists and medicine re-sellers trade.



Thank you. With kind regards

Yours truly

Praveen Khandelwal
National Secretary General
Confederation of All India Traders