

Research Paper on Unauthorised selling of pharmacy through online

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 must be stopped.

Attention must be drawn 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.**



4. **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.

