

Rebel drug trade body moves court against AIOCD

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New Delhi, 6 July

A trade war is brewing in India's 550,000-strong drug trading community, with a two-year-old entity of chemists challenging the writ of the All India Organisation of Chemists and Druggists (AIOCD).

A handful of medicine traders, who have severed their ties with AIOCD - the organisation that claims the membership of 90 per cent of India's medicine traders - have approached the high courts of Punjab, Orissa, Uttar Pradesh and Bihar, alleging that AIOCD is forcing drug companies to suspend supply contracts to non-members.

The move is the first serious challenge against AIOCD, which

had a virtual monopoly in taking up the cause of the domestic drug trade, worth around Rs 60,000 crore, for over 35 years.

The rebel group, part of the newly-formed All India Chemists and Distributors Federation (AICDF), has alleged that AIOCD is entering into bilateral supply agreements with manufacturers at the cost of existing distributors and even getting supplies stopped to some traders.

"This has resulted in many of the distributors and stockists who are members of our federation to move the respective high courts across the country to obtain justice," said Vinay Mehta, secretary (company affairs) AICDF.

While court hearings are in the preliminary stages, AICDF is planning to approach Competition Commission of India

(CCI) against the alleged anti-competitive practices of AIOCD.

The litigations in various courts highlight instances where companies such as Glaxo-SmithKline, FDC, Intas, Glenmark and Mankind, among others, stopped supplies to some distributors after state-level organisations affiliated to AIOCD demanded action against non-members, Mehta said.

AIOCD president J S Shinde, however, shrugged off the threat from the rival group. While AICDF claims to have a membership strength of 250,000, potentially threatening to split AIOCD's membership strength by half, Shinde said the numbers are in his favour. "Almost all members continue to attend our meetings."

AIOCD office bearers said

legal threats are not new to the organisation. "During the last 35 years, we have seen at least 30 such cases filed with MRT-PC (monopoly and restrictive trade practices commission). Our lawyers will deal with those issues," said a senior office bearer who did not want to be named.

The allegations have come when CCI has already initiated investigations into several trade practices of AIOCD-affiliated drug trade associations across the country.

The fair trade regulator is known to have asked its field wing, headed by the director general (investigations), to look into anti-competitive practices that are prevalent among drug trade associations in states such as Karnataka, Goa, Gujarat and Himachal Pradesh.

47/6

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Handwritten note in blue ink: "DS (DPBA)"

Handwritten mark in green ink: a checkmark.

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