

IDMA Breaks Away from Chemists Body

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NEW DELHI

The Indian Drug Manufacturers' Association (IDMA) has ended its three-decade-old trade agreement with a powerful lobby of stockists and chemists after a breakaway faction of the retailers body complained to the competition regulator of infractions by drugmakers.

"There were complaints by some individual traders that we are colluding with All India Organisation of Chemists and Druggists (AIOCD) to prevent them from doing business independently," IDMA secretary general Daara Patel told ET. The termination came into effect from November 25 and IDMA has started informing its members about the development.

Senior IDMA officials were questioned in November by the Competition Commission of India (CCI) for alleged anti-competition practices, according to a person close to the development. "A faction of the AIOCD had moved CCI following an internal rivalry," he said.

Both IDMA and AIOCD said there won't be any immediate impact. But the termination frees individual companies and traders to fix margins and others agreements bilaterally and over time the rules of the trade may change. "Companies may try to lower margins," an industry executive said.

AIOCD secretary general JS Shirde said companies such as Cipla, which is not a member of any association, follows similar business practices.

The two associations had signed a memorandum of understanding in 1983, which was amended over the years, to streamline the highly fragmented industry.

There are an estimated 6 lakh chemists and more than 10,000 drug manufacturers operating in the ₹60,000-crore Indian drug industry.

IDMA has more than 800 members, mostly mid-sized pharma companies, and controls about two-third of the market. "The MoU has brought uniformity in trade margins and schemes," Patel said.

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