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Press Release

Competition Commission of India Imposes Penalty of Rs. 10,62,062/- on CDAG

The Competition Commission of India ('the Commission') has found the Chemist and Druggists Association, Goa (CDAG) to be in continued contravention of the provisions of the Competition Act, 2002 ('the Act'). In an earlier case [MRTP-C-127/2009/DGIR (4/28)], the Commission found CDAG to be in contravention of the Act and thereafter passed an order under section 27 of the Act on 11.06.2012 imposing a penalty of Rs. 2 lakhs on CDAG. In a subsequent complaint filed by M/s Xcel Healthcare, it was brought to the notice of the Commission that CDAG was restraining pharmaceutical companies such as M/s Glenmark Pharmaceuticals Limited and M/s Wockhardt Limited from doing business with non-authorized stockists and thereby not complying with the order of the Commission. The Commission took suo-moto cognizance and ordered the Director General to investigate the matter.

Following detailed investigation, the Commission found that CDAG was indulging in anti-competitive practices in complete disregard to the Commission order dated 11.06.2012. It was found that CDAG was continuing to exercise control on the supply chain through which drugs and medicines are made available in the market through the practice of requirement of LOC/NOC prior to appointment of stockists by pharmaceutical companies without having any legal or statutory authority in this respect.

Further the Commission also found that CDAG forced pharmaceutical companies to follow its mandate by threatening the other stockists in Goa to stop taking supplies or suspend receiving supplies from them till such time they stopped supplies to the unauthorised stockists such as M/s Xcel Healthcare.

Observing that the case involved continued contravention and utmost disrespect to the Commission's earlier order, the Commission imposed a penalty calculated at the rate of 10% of the average receipts of CDAG amounting to 10,62,062/- (Rupees ten lakhs sixty two thousand and sixty two rupees only). The penalty is to be deposited within 60 days of receipt of the order.

Detailed order can be seen at commission's website www.cci.gov.in