



Competition Commission of India (CCI) imposes Penalty on All Kerala Chemist and Druggist Association and its District Units at Thrissur and Kasargod

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The Competition Commission of India ('Commission') has found the All Kerala Chemist and Druggist Association ('AKCDA') and its District Units at Thrissur and Kasargod to be in contravention of the provisions of the Competition Act, 2002 ('Act'). Four stockists (wholesalers) in the State of Kerala had alleged that AKCDA and its district level associations were insisting the requirement of a No Objection Certificate (NOC) prior to the appointment of any stockists, in contravention of the provisions of Section 3 of the Act, despite cease and desist orders of the Commission in earlier cases involving similar issues. It was contended that the practice of NOC simply changed from written approvals to verbal threats and was also being given in the form of congratulatory/appreciation letters to avoid any sanctions under the Act.

After getting the matter investigated by the Director General ('DG'), the Commission has found that AKCDA and its District Units at Thrissur and Kasargod were indulging in the anti-competitive practice of insisting NOC prior to the appointment of new stockists by pharmaceutical companies. This case once again highlights the persistent attempts of anti-competitive conduct by Chemist & Druggist Associations who, despite various orders by the Commission in similar cases and wide publicity through a press notice issued by the Commission with respect to the NOC practice, have not abstained from indulging in such anti-competitive conduct. The Commission found that with a view to hide their apparent anti-competitive behaviour, these associations were insisting the NOC requirement through different nomenclatures.

Based on the evidence collected by the DG during investigation in this case, the Commission concluded that AKCDA and its District Units at Thrissur and Kasargod have been indulging in the practice of NOC prior to the appointment of stockists by pharmaceutical companies, which was limiting and controlling the supply of drugs in the State of Kerala, in violation of the provisions of Section 3(1) read with 3(3)(b) of the Act.

Further, the Commission has also found office bearers of AKCDA and its District Units at Thrissur and Kasargod, namely Shri A.N. Mohan Kurup (President, AKCDA), Shri Thomas Raju (General secretary, AKCDA), Shri O.M. Abdul Jaleel (Treasurer, AKCDA), Shri V. Anver (President, Thrissur District Unit, AKCDA), Shri Rajesh A.B. (Secretary, Thrissur District Unit, AKCDA) and Shri Venugopala S. (President, Kasargod District Unit, AKCDA), responsible under Section 48 of the Act, for their involvement in the anti-competitive practice.

Accordingly, AKCDA, its District Units at Thrissur and Kasargod, and their office bearers named above, have been directed to cease and desist from indulging in the practice of insisting NOC prior to stockist appointment. Further, the Commission imposed a monetary penalty of Rs. 4,78,545/-, calculated at the rate of 10 % of the average income of AKCDA, under the provisions of Section 27 of the Act. Penalties of Rs. 59,434/- and Rs. 53,889/-, calculated at the rate of 10% of their average income, were also imposed upon Thrissur and Kasargod District Unit of AKCDA, respectively. In addition, monetary penalties were imposed on the office bearers of AKCDA and its District units at Thrissur and Kasargod, at the rate of 10% of their respective incomes.

The detailed order can be seen at the Commission's website www.cci.gov.in.

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