# Regulation of Indian Pharmacy Market

## What is the issue?

- Earlier, large investors shied away from investing in the online pharmacy sector due to lack of proper regulations.
- But now, there is a sudden increase in activities in the sector.

## What are the recent activities?

- India's online pharmacy market recently saw two significant merger and acquisition deals.
- Also, the e-commerce giant Amazon has launched its online drug delivery services.

## Is the activity in the online pharma space a result of Covid-19?

- Covid-19 and the subsequent behavioural shift towards e-commerce may have catalysed growth for online pharmacies.
- But, the sector was already poised to grow 7-fold by 2023 to $2.7 billion.
- This was mainly due to the challenges faced by physical pharmacies that gave their online counterparts a problem to solve.
- Experts believe that e-pharmacies will be able to solve the problems that traditional pharmacies couldn't.
- But for this, they need to have a large-scale presence that calls for either huge investments or consolidation.

## How the Indian pharmacy market is currently shaped?

- India has a fragmented market with over 8 lakh pharmacies.
- This gives online pharmacies an opportunity to capture their space without opposing large traditional retailers.
- Currently, companies in the Indian e-pharmacy space mainly operate three business models:
    1. Marketplace,
    2. Inventory-led hybrid (offline/online) and
    3. Franchise-led hybrid (offline/online).
- These models are dependent on the way the supply chain is structured.

## What are the rules governing the pharmacy sector?

- The government had floated draft regulations for e-pharmacies but these guidelines never saw light of the day.
- The lack of proper rules governing the online pharmacy space has kept large investments at bay.
- But, it has allowed the existing players in the market to grow and overcome the challenges faced by traditional retailers.
- For pharmacies overall, India's drug regulations require retailers to get a licence to dispense medicines from the state in which they are being sold.

## What are the rules governing the e-pharmacy sector?

- As the e-pharmacies are not regulated currently, their operations are mostly met with opposition from brick and mortar chemists.
- In the absence of clear regulations, online pharmacies currently operate as marketplaces.
- They cater to patients as a platform for ordering medicines from sellers that adhere to the Drugs and Cosmetics Act and Rules of India.
- Other regulations, like the Information Technology Act and the Narcotic Drugs and Psychotropic Substances Act, also apply.
- Works on regulations specifically for e-pharmacies have been in progress for several years now.

## What do the draft e-pharmacy regulations propose?

- **Definitions** - Draft rules sought to define the online sale of medicines.
- It also defined what an e-prescription is and what type of licences online firms would need to get from regulators to operate.
- It also proposed to define e-pharmacies in a way that would allow them to distribute, sell and stock medicines.
- The proposed regulations prevent them from selling habit-forming drugs like cough syrups specified in Schedule X of the Indian drug regulations.
- **Licence** - It also proposed to allow e-pharmacies to get a central licence to operate from the country's apex drug regulator.
- This licence could be used to allow them to operate across the country.

## What is the status of the regulation?

- Regulations for online pharmacy players have been in the works since 2016 but are yet to come out.
- The last attempt to clear these regulations saw the draft rules being pushed through two expert committees under the CDSCO in 2019.
- [Central Drugs Standard Control Organisation (CDSCO) is India's apex drug regulatory body.]

- That iteration of the proposed regulations suggested the inclusion of provisions for uploading e-prescriptions.
- However, the regulations ended up with a high-level group of ministers said to include certain top ministers.

**Source: The Indian Express**

