

## Chapter 14

### Unlicensed Stores and Unethical Dispensing

Dr. Pooja Agarwal

Associate Professor, Dept. of Pharmacology RMCH, Bareilly

#### Introduction: The Last Link – or the Weakest One?

In India’s pharmaceutical ecosystem, chemists form the **last mile of drug access** – but also one of the least regulated. While pharmacies are expected to dispense medicines against valid prescriptions, operate with trained pharmacists, and maintain strict inventory controls, the ground reality is far murkier.

A growing network of **unlicensed outlets**, often operating without trained personnel, has led to rampant misuse, substandard storage, and sales without prescriptions. In rural India, these stores often **replace doctors**, blurring the lines between care and commerce.

#### 1. How Widespread Are Unlicensed Pharmacies?

According to a 2023 report by the Drug Controller General of India (DCGI), **approximately 15-20% of all drug retail outlets operate without valid licenses** – particularly in Tier 3 towns and rural areas [1].

| **Table 1: Estimated Unlicensed Pharmacy Prevalence by Region (2023)** |

Region	Estimated Unlicensed (%)
Urban Metros	<5%
Tier 2 Cities	12-18%
Rural Districts	22-35%
Tribal Areas	40%+

These stores often operate under the radar of State Drug Control

Authorities, selling **both over-the-counter and Schedule H drugs** (prescription-only) without regulation.

## 2. Lack of Qualified Pharmacists

The **Drugs and Cosmetics Act, 1940**, mandates that medicines be dispensed by or under the supervision of a **registered pharmacist**. Yet, studies show:

- In **62% of rural pharmacies**, no pharmacist is physically present during operating hours [2]
- Many licenses are obtained by pharmacists who then “rent” their registration to owners

A 2022 field survey by the National Pharmacy Council found:

| **Table 2: Pharmacy Staffing Compliance (n = 1,200 outlets)** |

Compliance Metric	% Compliance
Full-time licensed pharmacist	38%
Pharmacist only on paper	44%
No pharmacist at all	18%

“The pharmacist is supposed to be here, but you’ll mostly find the owner’s son at the counter.” – Interview, drug outlet, Madhya Pradesh.

## 3. Prescription-Free Sales: The Norm, Not Exception

In most parts of India, Schedule H, H1, and even X drugs (controlled substances) are **sold without prescriptions**.

Common examples include:

- **Antibiotics (e.g., azithromycin, amoxicillin)**
- **Steroids (e.g., prednisolone, dexamethasone)**
- **Psychotropics (e.g., alprazolam, tramadol)**
- **Codeine-based syrups**

**Table 3: Drug Sales Without Prescription – Field Audit (2023)**

Drug Class	% Sold Without Valid Prescription
Antibiotics	78%

Corticosteroids	61%
Sedatives	44%
Painkillers (NSAIDs)	86%
Cough Syrups (Codeine)	57%

Source: All India Pharmacists' Forum Study, 2023 [3]

#### 4. Financial Drivers Behind Unethical Dispensing

Pharmacies are incentivised to push:

- **High-margin brands** over cheaper generics
- **Unnecessary combinations and tonics**
- **Short-expiry products to clear inventory**

Margins for branded drugs can be **3-4x higher** than generics. For example:

| Table 4: Chemist Margin Comparison - Branded vs Generic (2023) |

Product Type	Average Margin (%)
Branded multivitamin	38%
Branded antibiotic	32%
Jan Aushadhi generic	14%
OTC herbal supplement	52%

This creates a **perverse incentive to upsell**, often at the expense of rational treatment.

#### 5. Regulatory Oversight Gaps

State drug controllers are **grossly understaffed**. A 2022 Parliamentary Standing Committee report found:

- **1 inspector per 1000+ outlets**, against WHO norm of 1:200
- Only 12 states had **computerised inspection logs**

- Inspections are often **delayed, arbitrary, or compromised**

In addition:

- No national blacklist of repeat offenders
- Weak coordination between CDSCO and state FDAs
- Penalties for violation are minimal (often limited to fines)

## 6. Urban vs Rural Ethics Divide

While cities have more visible regulation, rural chemists operate with **almost no monitoring**.

- Sell expired or repackaged drugs
- Store medicines in non-airconditioned rooms
- Substitute drugs without informing patients
- Recommend medicines based on symptoms (acting as quacks)

“We keep what sells. If villagers ask for a fever tablet, I give them a strip. No need for prescriptions here.” – Chemist, Chhattisgarh

## 7. The Role of Chain Pharmacies and Franchises

Large chains (e.g., Apollo, MedPlus, NetMeds) claim to follow ethical practices. Benefits include:

- Trained pharmacists
- Barcode-based tracking
- Prescription upload verification

However, franchisee models often **replicate the same market distortions**: push branded products, cross-sell supplements, and avoid promoting generics due to lower profits.

## 8. Licensing Loopholes and Rent-a-License Scams

Pharmacy licenses are often:

- **Obtained under borrowed pharmacist credentials**
- **Sold or leased illegally**
- **Issued without premises verification**

In some cases, pharmacists are listed on **10+ store licenses** – a clear violation of the law.

“He gets ₹10,000/month for his degree. Doesn’t step foot in the shop.” – Pharmacy owner, Bihar

## 9. Proposed Reforms: Compliance with Accountability

| Table 5: Regulatory Reforms for Ethical Dispensing |

Recommendation	Status
Digital inspection tracking system	Partial
Real-time pharmacy license database (central)	Not implemented
Aadhaar-linked pharmacist attendance	Piloted in 3 states
Barcode tracking of prescriptions	Not mandatory
Graded penalties for violations	Weak

## 10. Towards Ethical Retail: The Need for Pharmacist-Centric Reform

India’s retail drug sector needs to **professionalise its human layer**. Just as doctors are regulated under NMC and lawyers under Bar Councils, pharmacists too must be empowered and monitored:

- Create a **Pharmacy Regulatory Authority**
- **Enforce single-license, single-location pharmacist rules**
- Provide **continuing education and ethics training**
- Implement **mandatory video-linked dispensing audits** for Schedule X drugs

Only when pharmacists are **accountable, qualified, and valued**, will the retail chain move from commercial survival to ethical service.

### Conclusion: From Seller to Care Provider

Chemists are more than just drug sellers – they are often the **only accessible health interface for millions of Indians**. Treating them as vendors, not professionals, has led to a crisis of safety, trust, and ethics.

Cleaning up the unlicensed, profit-driven mess at the retail level is not just regulatory housekeeping – it is a **health justice imperative**.

## References

1. Central Drugs Standard Control Organization. Retail Pharmacy Compliance Audit. CDSCO; 2023.
2. National Pharmacy Council of India. Pharmacy Workforce and Compliance Survey. NPCI; 2022.
3. All India Pharmacists Forum. Prescription-Free Drug Sales Survey. AIPF; 2023.
4. Ministry of Health and Family Welfare. Parliamentary Standing Committee Report on Drug Regulation. MoHFW; 2022.