

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

UNSTARRED QUESTION NO:595

ANSWERED ON:25.02.2010

CHARGING OF HIGHER PRICES BY DRUG COMPANIES

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**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) whether the drug companies are charging prices of drugs more than prescribed price from the common consumers in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) the total amount overcharged by each such company during the last three years and the current year;
- (d) whether the Government has taken any action against such erring companies; and
- (e) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): The National Pharmaceutical Pricing Authority (NPPA) fixes or revises price of Scheduled drugs/ formulations as per the provisions of the Drugs (Prices Control) Order, 1995 (DPCO,1995). No one can sell any Scheduled drugs / formulations at a price higher than the price fixed by the NPPA. A number of drug companies have been found to be selling medicines at a higher price to the consumers. In such cases, NPPA initiates action against the companies for overcharging as per the provisions of the DPCO`1995 and the Essential Commodities Act. 1955.

As a part of its price monitoring activity, NPPA also regularly examines the movement in prices of non-Scheduled formulations. Wherever a price increase beyond 10% per annum is noticed, the concerned manufacturer is asked to bring down the price voluntarily failing which, subject to prescribed conditions, action is initiated under paragraph 10(b) of the DPCO, 1995 for fixing the price of the formulation in public interest.

(c): The details of companies penalized for overcharging are available on the website of NPPA at [nppaindia@nic.in](mailto:nppaindia@nic.in). The details of total amount overcharged during the last three years and the current year (upto 31st Jan 2010) is as under:

S.No.	Year	No of cases	Overcharged amount involved along with interest (Rs. in Crore)
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1	2006-07	67	38.01
2	2007-08	118	820.31
3	2008-09	135	435.62
4	2009-10	84	152.84

(upto Jan  
10)

(d) & (e): Based on detection of overcharging cases since its inception and till 31st January, 2010, NPPA has issued demand notices in 739 number of cases involving an amount of Rs. 2147 Crore (overcharging along with interest) for selling the medicines at higher than the prices fixed under DPCO 1995. Of this, Rs. 190.96 crore has been realized till 31th January, 2010 leaving a balance of Rs. 1956.04 crore to be realized. Out of this, an amount of Rs. 1868.38 crore is under litigation & pending in various courts and Rs. 37.30 crore is pending for recovery with Collectors of various States.

Based on the regular monitoring of prices of non-Scheduled formulations, NPPA has fixed prices in case of 27 non-scheduled formulation packs under paragraph 10(b) in public interest and the companies have reduced price voluntarily in case of 64 formulation packs. Thus, in all, prices of 91 packs of non- Scheduled drugs have been reduced as a result of the intervention of NPPA.