

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

UNSTARRED QUESTION NO:623
ANSWERED ON:25.02.2010
OVERCHARGING BY DRUG COMPANIES
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the National Pharmaceuticals Pricing Authority (NPPA) has detected 655 cases of overcharging by drug companies in non-scheduled drugs and raised demands involving Rs. 1,994.16 crore as on 31st March, 2009;
- (b) if so, the action taken by the Government to recover the dues from the drug companies; and
- (c) the measures taken by the NPPA to strictly monitor the prices of the non-scheduled formulations in order to check unwarranted increase in the prices of drugs?

Answer

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

(a) & (b): As intimated by the National Pharmaceuticals Pricing Authority (NPPA), no case of overcharging by the drug companies in non-scheduled drugs has been detected by them. However, based on detection of overcharging in respect of scheduled formulations, till 31st January, 2010, NPPA has issued demand notices in 739 number of cases involving Rs. 2147 Crore (overcharged amount alongwith interest) for selling the scheduled medicines at higher price than the prices fixed under the Drugs (Prices Control) Order, 1995. Of this, Rs. 190.96 crore has been recovered till 31st January, 2010 leaving a balance of Rs. 1956.04 crore yet to be realized. Of this an amount of Rs. 1868.38 crore is under litigation & pending in courts and Rs. 37.30 crore is pending for recovery with Collectors of various States,

(c): - As a part of its price monitoring activity, NPPA regularly examines the movement in prices of non-scheduled formulations. Wherever a price increase of more than 10% per annum is noticed, the concerned manufacturer is asked to bring down the price voluntarily failing which, subject to prescribed criteria Drugs (Prices Control) Order, 1995, action is initiated under paragraph 10(b) of the DPCO, 1995 for fixing the price of formulation in public interest. Based on the monitoring of prices of non-scheduled formulations, NPPA has fixed prices in case of 27 non -scheduled formulation packs under paragraph 10(b) 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 got reduced as a result of the intervention of NPPA.