

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

UNSTARRED QUESTION NO:3867

ANSWERED ON:02.12.2010

PRICES OF MEDICINES

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

- (a) whether any norms exist for fixation of the prices of medicines;
- (b) if so, the details thereof;
- (c) whether the Government has taken any action against the pharmaceutical companies for the violation of these norms; and
- (d) if so, the details of action taken during the last three years and the current year, company-wise?

**Answer**

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

(a) & (b): Under the provisions of the Drugs (Price & Control) Order, 1995 (DPCO, 1995) the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. National Pharmaceutical Pricing Authority (NPPA) notifies various norms, such as Conversion Cost (CC), Packing Charges (PC), Packing Material cost (PM) and Process Loss (PL) every year. The prices of indigenous Scheduled formulations are fixed / revised by the NPPA from time to time as per said notified norms and as per the formula prescribed in paragraph 7 of the DPCO, 1995. The prices of imported scheduled formulations are also fixed as per the provisions under paragraph 7 of the DPCO, 1995.

In respect of drugs - not covered under the Drugs (Prices Control) Order, 1995 i.e. non-scheduled drugs, manufacturers themselves fix the prices without seeking the approval of NPPA. Such prices are normally fixed by the manufacturers depending on various factors like the cost of bulk drugs used in the formulation, cost of excipients, cost of R&D, cost of utilities / packing material, sales promotion costs, trade margins, quality assurance cost, landed cost of imports etc. However, NPPA monitors the prices of non-scheduled formulations on the basis of data from ORG-IMS (about 60000 packs are analysed every month). Wherever a price increase beyond 10% per annum (20% before 1.4.2007) is noticed, the 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 non scheduled formulation in public interest. This is an ongoing process.

(c) & (d): The NPPA monitors the prices of all formulations including imported scheduled formulations under price control. Under the DPCO, 1995 no person can sell any formulation (medicine) of price controlled category to a consumer at a price exceeding the price notified/ approved by the NPPA/ Government. As and when the cases of violation of prices fixed/overcharging come to the notice of NPPA, appropriate action is taken as per the provision of DPCO, 1995.

Based on detection of overcharging cases since its inception in August 1997 and till 31st October, 2010, NPPA has issued demand notices in 778 cases involving an amount of Rs.2208.36 crore (overcharging along with interest) for selling the medicines at a price higher than the prices fixed under DPCO,1995. Of this, Rs. 202.21 crore has been realized till 31st October, 2010. Out of balance amount of Rs. 2006.15 crore, an amount of Rs. 1861.70 crore is under litigation & pending in various courts and Rs.33.7 crore is pending for recovery with Collectors of various States. Details of overcharging cases during the last three years and the current year is as under:

S No.	Year	No. of cases	Estimated overcharged amount including interest	Amount Recovered
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	(Rs. in crore)	(Rs. in crore)
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1. 2007-2008	118	820.31	4.51
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2. 2008-2009	135	435.62	51.41
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3. 2009-2010 89 156.22 35.41

4. 2010-2011 34 57.98 10.76  
(UptoOct2010)

Details relating to name of company, their formulations, amount of overcharging and recovery thereon, etc, are available on the website of NPPA i.e.[www.nppaindia.nic.in](http://www.nppaindia.nic.in)