

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

UNSTARRED QUESTION NO:1164
ANSWERED ON:03.03.2011
OVERCHARGING BY DRUG MANUFACTURERS
Mahato Shri Narahari

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

- (a) whether the National Pharmaceutical Pricing Authority (NPPA) has detected instances of overcharging and selling without price approval of several hundred categories of drugs by major drug manufacturers and launched process of recovery from them the overcharged amount alongwith penalty;
- (b) if so, the details of the findings of NPPA;
- (c) the current status of the process of recovery of overcharged sums and penalty from the guilty manufacturers; and
- (d) the steps initiated, if any, by the Government to prevent recurrence of such incidents in future?

Answer

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

(a) to (d) National Pharmaceutical Pricing Authority (NPPA) / Government fixes or revises prices of scheduled drugs / formulations as per the provisions of the Drugs (Prices Control) Order, 1995 (DPCO, 1995). Under the provisions of the DPCO, 1995 the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. 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. In case, a company is found selling at prices higher than the price notified/ approved by the NPPA/ Government, action is taken against them as per the provisions of the DPCO, 1995. Since the inception of NPPA in August 1997 till 31st January 2011, demand notices have been issued in 786 cases involving total overcharged amount of Rs.2,328.53 crore and out of which an amount of Rs.207.86 crore has been recovered which also includes recovery through court orders. Out of overcharged amount of Rs. 2328.53 crores, cases for Rs.1930.41 crore are under litigation. 76 cases have been referred to Collectors of various States for recovery as land and revenue arrears, out of which 25 cases are under litigation, 47 cases are pending for recovery with Collectors of various States and in the remaining four cases amount has been recovered. Action for recovery for the overcharged amount along with interest thereon is a continuous process for which action is taken by NPPA as per the provisions of DPCO 95 read with the Essential Commodities Act.

Prima- facie violation of para 8 of DPCO 1995 relating to manufacturing and marketing of scheduled formulations by companies without prior price approval of Government in respect of 39 formulation packs were referred to the concerned State Drug Controllers for taking prosecution action.

In order to ensure compliance of the notified ceiling price, NPPA calls for the control samples of the subsequent batches and the price list of the companies in respect of the formulations wherein the companies are found to have overcharged. To ensure that companies adhere to the prices fixed by NPPA, the State Drug Controllers are sensitized and asked to forward the cases relating to non-compliance of the notified price. As a part of continuous market surveillance, NPPA also procures samples of various scheduled formulations to check the compliance of the notified ceiling price by the companies.