

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

UNSTARRED QUESTION NO:1352
ANSWERED ON:03.03.2011
OVERCHARGING OF IMPORTED FORMULATIONS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the National-Pharmaceutical Pricing Authority had been fixing the prices of all imported formulations;
- (b) if so, the profit being allowed on such imported formulations;
- (c) whether the Government has received any complaints that several such imported formulations are being overcharged than the ones fixed by the NPPA;
- (d) if so, the details thereof; and
- (e) the manner in which the NPPA monitors the prices of these imported formulations in the market of the country?

Answer

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

(a) to (e) National Pharmaceutical Pricing Authority (NPPA) fixes prices of imported scheduled formulations as per the formula prescribed in paragraph 7 of the Drugs (Prices Control) Order, 1995 (DPCO, 95). In the case of imported scheduled formulations, the landed cost of imported formulations is the basis for fixing the price along with such margin to cover selling and distribution expenses including interest and importer's profit which shall not exceed fifty percent of the landed cost. For the scheduled formulations, NPPA has the enforcement mechanism. As and when the cases of overcharging come to the notice of NPPA, appropriate action is taken as per the provision of DPCO, 1995.

For the non-scheduled drugs (drugs out of price control), NPPA has taken action as per the internal guidelines. Companies are shortlisted where there is an increase in price of a non-scheduled formulation by more than 10% in one year and the annual turnover of the formulation pack exceeds Rs.1 crore. Further, the share of the formulator in that segment of the formulation is required to be at least 20% of the market or the medicine is one of the first 3 top brands of that group. The criteria, namely, high turnover and 10% price increase are designed to identify cases of mass consumption and to meet the requirement of 'public interest', referred to in para 10(b) of the DPCO, 1995. Wherever any abnormal price increase is noticed, necessary action is taken. The manufacturer is impressed upon in such cases to bring down the price voluntarily within 10% limit failing which, if justified, action is initiated under para 10(b) of the DPCO, 1995. This is an ongoing process.