

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

UNSTARRED QUESTION NO:5552

ANSWERED ON:10.05.2012

SETTING UP OF STATE LEVEL CELLS BYNPPA

Rani Killi Krupa

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

(a) whether the National Pharmaceutical Pricing Authority. (NPPA) proposes to strengthen its enforcement activities and has sought the approval of the Planning Commission for setting up of State Level cells to keep a close tab over the drug prices across the country;

(b) if so, the details thereof;

(c) whether the cases of overcharging of medicines have been detected in duty free zones;

(d) if so, the details thereof; and

(e) the steps taken by the Government to check such overcharging of medicines?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION AND
MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): Yes sir, with a view to strengthen the enforcement & monitoring system with the help of State Drug control administration, National Pharmaceutical Pricing Authority (NPPA) has inter-alia proposed a scheme for the 12th Five Year Plan titled Creation of NPPA State Government Coordination Cells in the States. The NPPA-State coordination cell in the States will act as a nodal agency to oversee the compliance of Drugs (Prices & Control) Order, 1995 (DPCO, 1995) provisions in their respective states and will work under the direction of the NPPA. It will also serve as a local point for the consumer to lodge their complaint regarding overcharging, non-availability of drugs and other grievances. The proposed cell will look after all matters assigned to NPPA including monitoring, compliance of price notified by NPPA, availability, all violations of DPCO, enforcement and overcharging of prices, legal matters, co-ordination, providing logistic support and any other work assigned to the cell by the NPPA.

(c) & (d): Under the provisions of the DPCO, 1995 the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled. NPPA fixes or revises prices of scheduled drugs / formulations as per the provisions of the DPCO, 1995. No one can sell any scheduled drug / formulation at a price higher than the price fixed by NPPA. A number of drug companies including the units in the duty free zones have been found selling medicines at a higher price to the consumers. In such cases NPPA initiates action of overcharging based on the report from State Drug Controllers (SDCs), complaints from individuals, verification of price list submitted by companies and suo-moto purchase of samples of scheduled packs. In case, a company is found selling the drugs / formulations at a price higher than the prices fixed by NPPA, appropriate action is initiated against them by NPPA under para 13 of the DPCO, 1995 read with Essential Commodities Act, 1955.

States like Himachal Pradesh, Uttarakhand, J&K, Sikkim and Daman & Diu have different scheme of excise duty exemption. Moreover even though a company may be located in a particular territory say Delhi or Mumbai, but it may have its manufacturing units located in different States. As such no separate State-wise records (including units located in Excise exempted zone) are maintained by NPPA in this regard.

(e) Based on detection of overcharging cases since its inception and till April 2012, NPPA has issued demand notices in 829 no of cases for Rs. 2462.28 Crore (overcharging alongwith interest) for selling the medicines at higher than the prices fixed under DPCO, 1995. Of this, Rs. 231.78 Crore has been realized till April, 2012 leaving a balance of Rs. 2230.50 Crore to be realized. Out of this, an amount of Rs. 2142.73 Crore is under litigation and pending in various Courts, Rs. 19.58 Crore is pending for recovery with Collectors of various States and the balance is under process. 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.