

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

UNSTARRED QUESTION NO:132

ANSWERED ON:22.11.2012

PENALTIES FOR OVERPRICING OF DRUGS

Lagadapati Shri Rajagopal;Singh Alias Pappu Singh Shri Uday

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

- (a) whether the Government is aware that despite the National Pharmaceutical Pricing Authority (NPPA) imposing fines on pharmaceutical companies several times for overpricing of drugs, these firms are unrelenting and continue to charge high prices from consumers;
- (b) if so, the details thereof;
- (c) the details of penalties imposed on such companies for overpricing on drugs since its inception in the country, year and company-wise;
- (d) whether some companies have not paid the penalty amount and the NPPA has been able to recover only Rs. 235 crores;
- (e) if so, the reasons for such unacceptable level of recovery; and
- (f) the concrete steps taken by the Government to ensure that consumers get medicines at a reasonable prices?

**Answer**

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

(a) to (c): National Pharmaceutical Pricing Authority (NPPA) fixes or revises price of scheduled drugs / formulations as per the provisions of Drugs (Prices Control) Order, 1995 (DPCO, 1995). No one is authorized to sell any scheduled drug / formulation at a price higher than the price fixed by the NPPA. In case, a company is found selling the scheduled 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 for recovery of the overcharged amount.

Based on detection of overcharging cases since its inception and till 31st October, 2012. NPPA has issued demand notices in 885 cases involving an amount of Rs.2577.28 Crore (overcharging along with interest) for selling the medicines at a price higher than the prices fixed under DPCO, 1995. Out of which, Rs.232.52 Crore has been realized till 31.10.2012 leaving a balance of Rs.2344.76 Crore to be realized. The hard copy of the list of 885 overcharging cases will be very voluminous running into several pages and hence the same (updated upto 31.10.2012) has been made available on the website of NPPA i.e. [www.nppaindia.nic.in](http://www.nppaindia.nic.in).

(d) & (e): Yes, Sir. The primary reason for non-realization of the major portion of the overcharged amount is that the demands have been contested by various companies in different courts of law including the Supreme Court of India. Actual amount realized by NPPA till 31.10.2012 is Rs.232.52 Crore as mentioned in reply to part (a) to (c) above.

(f): In order to ensure compliance of the notified prices, NPPA calls for the control samples of the subsequent batches and the price list of the companies and action is taken wherever required. To ensure that companies adhere to the prices fixed by NPPA, the State Drug Controllers are also 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 prices by the companies.

The prices of non scheduled formulations are not fixed by NPPA. As a part of the exercise for monitoring of prices for non-scheduled formulations, manufacturers are not allowed to increase the prices of non-scheduled formulations exceeding 10% per annum. In case a company increases the prices of non-scheduled formulations beyond 10%, the specific cases are taken up by NPPA with the respective companies for rolling back the increase within the limit of 10%. In case, a company does not comply with the instructions as above, NPPA initiates the process for capping the increase in the prices upto a ceiling of 10% by fixing the price of respective formulation pack/ medicine.