

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

STARRED QUESTION NO:172

ANSWERED ON:17.12.2013

OVERCHARGING OF MEDICINES BY PHARMA COMPANIES

Alagiri Shri S. ;Tudu Shri Laxman

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

- (a) whether pharmaceutical companies have been overcharging the price controlled medicines for the last one year;
- (b) if so, the details thereof and the action taken against such companies by the Government, company-wise;
- (c) the details of pharma companies against whom cases of overcharging are pending at present;
- (d) the companies which have been issued notices by the National Pharmaceutical Pricing Authority (NPPA) till date, to pay the amount overcharged and the steps taken to expedite recovery from the pharma companies; and
- (e) whether the NPPA has issued any guidelines recently to address the issue?

Answer

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

(SHRI SRIKANT KUMAR JENA)

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.172 (12th POSITION) FOR ANSWER ON 17.12.2013 REGARDING OVERCHARGING OF MEDICINES BY PHARMA COMPANIES

(a) & (b) Cases of overcharging in respect of price controlled medicines have come to the notice of National Pharmaceutical Pricing Authority (NPPA) in the past and the amount overcharged by the companies along with interest thereon is recovered from the companies. During April 2012 to March 2013, there are 103 cases where demand notices have either been issued or payment has been received suo-moto.

(c) & (d) Since inception of NPPA (August, 1997) till November, 2013, there are 1001 overcharging cases where demand notices have been issued to pharmaceuticals companies amounting to Rs.3161.68 crore for selling medicines at prices higher than the price fixed by NPPA/ Government under DPCO, 1995. Out of the total demand, Rs.260.40 crore has been recovered till 30.11.2013 leaving behind a balance of Rs.2901.28 crore. Rs. 2608.84 crores i.e. 90% of the balance outstanding amount is pending in various High Courts & Supreme Court and around Rs.2000 crore is due from M/s Cipla and its associate companies alone. Rs.89.16 crore is pending for recovery with Collectors of various states, Rs.5.05 crore is pending with BIFR/ Official liquidators.

The court cases are being handled by the Law Officers and Central Government Counsels. NPPA is actively pursuing these court cases and is in constant touch with the Government Counsels.

(e) In order to bring clarity, consistency and transparency in dealing with overcharging / price violation cases expeditiously, NPPA has brought out two internal guidelines on processing of price violation / overcharging cases.