

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

UNSTARRED QUESTION NO:3924

ANSWERED ON:18.02.2014

OVERCHARGING BY PHARMA COMPANIES

Danve Shri Raosaheb Patil;Dubey Shri Nishikant ;Ganpatrao Shri Jadhav Prataprao;Khaire Shri Chandrakant Bhaurao;Patil Shri A.T. Nana;Patil Shri C. R. ;Singh Shri Bhola

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

- (a) whether many pharmaceutical companies have sold medicines to the consumers at higher prices than the fixed prices/ Maximum Retail price;
- (b) if so, the names of such companies and the time since when such companies have been overcharging along with the action taken thereon, company-wise;
- (c) whether the Government proposes to recover the excess money charged by them along with penalty;
- (d) if so, the details thereof and the present status of the process of recovery including the penalty from the guilty companies along with the manner in which consumers would be compensated for the loss suffered;
- (e) whether the Government is considering to print the production cost and profit margin on pharma products in the arbitrary profits earned by the Pharma sector; and
- (f) if so, the details thereof and if not, the reasons therefor?

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) & (b) There are number of cases where pharmaceutical companies have been found to be selling some of their medicines to the consumers at a price higher than the price notified by NPPA/ Government. Since inception of NPPA in August, 1997, there are 1007 cases where demand notices have been issued till 31.01.2014. The hard copy of these details is very voluminous running into several pages and hence, not provided with the reply. The same has been made available on the website of NPPA i.e. www.nppaindia.nic.in.

(c) & (d) The overcharged amount is recovered from the companies along with interest @ 15% per annum on outstanding amount. If the company fails to deposit the amount, the matter is referred to Collector concerned for recovery of the amount as arrears of land revenue under Essential Commodities Act, 1955. Since inception of NPPA (August, 1997), demand notices have been issued (including payment received suo-moto) for Rs.3312.37 crore for selling medicines at higher price out of which Rs.274.12 crore has been recovered till 31.01.2014. Out of the balance amount of Rs.3038.25 crore, Rs.2742.53 crore representing approximately 90% of the balance outstanding amount is pending in various High Courts & Supreme Court, Rs.77.72 crore is pending for recovery with Collectors of various states, Rs.5.05 crore is pending with BIFR/ Official liquidators and Rs.212.95 crore is under process. Out of Rs.2742.53 crore pending in various courts, more than Rs.2000 crore is due from one particular company and its associate companies alone.

The amount recovered from the companies is deposited in the Consolidated Fund of India and as such, consumers may not be compensated for the loss they have suffered. In case of recovery made from pending court cases, the amount is deposited in Interest Bearing Account.

(e) & (f) There is no provision for printing the production cost and profit margin on pharma products /medicines under DPCO, 2013.