

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

UNSTARRED QUESTION NO:1795  
ANSWERED ON:22.07.2014  
OVERCHARGING BY PHARMACOMPANIES  
Rathwa Shri Ramsinh Patalyabhai

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

- (a) whether the Government is aware that many Pharmaceutical Companies have sold medicines to the consumers at higher prices than the prices fixed by the Government/National Pharmaceutical Pricing Authority (NPPA);
- (b) if so, the names of such companies and the time since when such companies have been overcharging along with the action taken thereon so far, 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 and the penalty from the guilty companies along with the manner in which consumers would be compensated for the loss suffered; and
- (e) the companies which have been issued notices till date and the guidelines issued by the NPPA in recent past to address the issue?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI NIHAL CHAND)

(a) & (b): There are a 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 National Pharmaceutical Pricing Authority (NPPA). Since inception of NPPA in August 1997, there are 1040 cases as on 30.06.2014 where demand notices have been issued by NPPA to the pharmaceutical companies amounting to Rs.3603.04 Crore for selling the medicines at a price higher than the price fixed by NPPA. The hard copy of the list of 1040 overcharging cases 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](http://www.nppaindia.nic.in).

(c & d) In confirmed cases of overcharging, the excess amount charged by selling medicines at higher price than the price fixed by NPPA, including interest thereon, is recovered from the pharmaceutical companies. Till 30.06.2014, an amount of Rs.341.11 Crore has been realized.

The amount recovered from the pharmaceuticals companies for overcharging is deposited in the Consolidated Fund of India. The detection of overcharging cases acts as a deterrent to the pharmaceutical companies to charge higher prices from the consumer and it ensures availability of medicines to the consumers at reasonable price.

(e): Two internal guidelines have been brought out on processing the price violation / overcharging cases. Guideline No.1/2012 dated 04.10.2012 is with regard to the "price violation cases" which are to be referred to concerned State Drug Controller for prosecution under para 8 of DPCO, 1995. Guideline No.2/2012 dated 09.10.2012 is regarding dealing with "Overcharging and Without Price Approval cases". Subsequently an amendment to internal guideline no.2/2012 was also issued by NPPA on 08.10.2013. The main object of issuing the guidelines was to bring clarity, consistency and transparency in dealing with overcharging / price violation cases expeditiously.