

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

STARRED QUESTION NO:103

ANSWERED ON:28.07.2015

Overcharging by Pharma Companies

Jadhav Shri Prataprao Ganpatrao;Thakur Shri Anurag Singh

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

- (a) whether the Government is aware that some pharmaceutical companies have allegedly overcharged the consumers for the medicines which are under price control;
- (b) if so, the details thereof and the number of such cases reported and the action taken/notices issued by the National Pharmaceutical Pricing Authority along with the total amount recovered from the erring companies during each of the last three years and the current year, company-wise;
- (c) the number of cases and amount still pending during the above period, company-wise including the steps taken by the Government to recover the overcharged amount from the companies;
- (d) whether any mechanism exists to utilise gainfully the recovered amount and if so, the details thereof; and
- (e) the steps taken by the Government to expand the list of essential medicines and provide the same to the consumers at an affordable price?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

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

Statement referred to in reply to Lok Sabha Starred Question No. 103 for answer on 28/07/2015 regarding Overcharging by Pharma Companies.

(a) (b) & (c): Yes Madam. There are a number of cases where pharmaceutical companies have been found to be selling some of their medicines which are under price control, to the consumers at a price higher than the price notified by NPPA / Government under DPCO 1995 and DPCO 2013. In confirmed cases of overcharging, the excess amount charged by selling medicines at a higher price than the price fixed by NPPA / Government including interest thereon is recovered from the pharmaceutical companies under various paragraphs of DPCO 1995 and DPCO 2013. Since inception of NPPA, there are 1219 overcharging cases as on 30.06.2015 (1148 cases under DPCO 1995 & 71 cases under DPCO 2013) where demand notices have been issued by NPPA to Pharmaceutical companies amounting to Rs.4168.54 crore (Rs.4014.04 crore under DPCO 1995 & Rs.154.5 crore under DPCO 2013). Out of the above, Rs.375.59 crore (Rs.311.09 crore under DPCO 1995 & Rs.64.50 crore under DPCO 2013) has been recovered till 30.06.2015 leaving a balance of Rs.3792.95 crore (Rs.3702.95 crore under DPCO 1995 & Rs.90 crore under DPCO 2013) pending for recovery as on 30.06.2015. The year-wise list of these 1219 overcharging cases (updated upto 30.06.2015) has already been made available on the website of NPPA i.e. www.nppaindia.nic.in.

Action for recovery of the overcharged amount is taken as per the provisions of DPCO, 1995 and DPCO, 2013. However, in some cases, the demands raised for overcharging have been challenged in courts. As on 30.06.2015, Rs.3604.17 crore representing about 95% of the total outstanding amount is under litigation in various High Courts and the Supreme Court. NPPA is actively pursuing these court cases and where the demand raised by NPPA has not been challenged in the court and the concerned company does not deposit the amount of demand, the matter is referred to the respective Collector for recovery of the overcharged amount as arrears of land revenue under the Essential Commodities Act, 1955.

(d): The amount recovered from the pharmaceutical companies for overcharging is deposited with the Consolidated Fund of India.

(e): The Ministry of Health and Family Welfare has constituted an expert core committee to review and recommend the revision of National List of Essential Medicines (NLEM)-2011 in the context of contemporary knowledge of use of therapeutic products.
