

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

UNSTARRED QUESTION NO:956
ANSWERED ON:27.02.2006
CASES OF OVERCHARGING BY DRUG COMPANIES
Hasan Chaudhary Munawwar

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

- (a) whether several cases of overcharging by Drug Companies have come to the notice of the Government;
- (b) if so, whether these have been referred to Enforcement Directorate/ Serious Fraud Investigation Office (SFtO);
- (c) if so, the details thereof;
- (d) whether higher prices of Bulk Drugs/Formulations based on over invoiced imports have been allowed;
- (e) if so, the details thereof;
- (f) whether any complaints on these aspects have been received; and
- (g) if so, the action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K.HANDIQUE)

(a) to (g): Some cases of overcharging by Drug Companies have come to the notice of National Pharmaceutical Pricing Authority (NPPA). Under para 13 of Drugs (Prices Control) Order, 1995 (DPCO.95), the manufacturers, importers or distributors as the case may be, are required to deposit the amount accrued due to overcharging i.e. prices higher than those fixed or notified under DPCO 1987 or DPCO 1995. Since the inception of National Pharmaceutical Pricing Authority (NPPA) in August, 1997 upto January 2006 a demand of Rs.693.94 crores has been raised in 331 cases (various Drug companies) as overcharged amount for drugs. Of these, around Rs.98.76 crores has been recovered upto January, 2006, which includes part recovery in cases under litigation as per Court Order. NPPA has not referred any case of overcharging by the Drug companies to Enforcement Director / Serious Fraud investigation office. In the case of fixation of price of formulation which are based on imported bulk drug, the latest available weighted average CIF import price based on the import price data supplied by Drug Controller General (India), M/o Health or the actual imported purchase price provided by the unit with supporting data, which ever is lower is considered for price fixation. No specific case of complaints on this aspect has been received in formulation pricing.