

**GOVERNMENT OF INDIA  
MINISTRY OF CHEMICALS & FERTILIZERS  
DEPARTMENT OF PHARMACEUTICALS**

LOK SABHA  
UNSTARRED QUESTION NO. 4981  
TO BE ANSWERED ON 23<sup>rd</sup> July, 2019

**Overcharging by Pharma Companies**

**4981. SHRI SRIRANGA APPA BARNE:  
DR. PRITAM GOPINATHRAO MUNDE:  
SHRI GIRISH BHALCHANDRA BAPAT:  
SHRIMATI SANGEETA KUMARI SINGH DEO:  
DR. SHRIKANT EKNATH SHINDE:**

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

- (a) whether many pharmaceutical companies are selling medicines to the consumers at arbitrary and higher prices than the fixed prices/Maximum Retail Price;
- (b) if so, whether the Government proposes to recover the excess money charged by them along with penalty;
- (c) if so, the details thereof alongwith the current status of the process of recovery including the penalty from the guilty companies;
- (d) the manner in which consumers would be compensated for the loss suffered;
- (e) whether the Government is considering to enforce printing of the production cost and profit margin on pharma products to check arbitrary profits earned by the Pharma sector; and
- (f) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

**MINISTER IN THE MINISTRY OF CHEMICALS AND FERTILIZERS  
(SHRI D. V. SADANANDA GOWDA)**

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(a), (b) & (c): Instances have come to the notice of the National Pharmaceutical Pricing Authority (NPPA) wherein some pharmaceutical companies have found to be selling medicines to the consumers at a price more than that allowed under the provisions of the Drugs (Prices Control) Order, 2013 (DPCO). The NPPA monitors prices of scheduled medicines (listed in the schedule of the DPCO) as well as non-scheduled formulations, on a regular basis to check overcharging by pharmaceutical companies. Whenever any pharmaceutical company is found to be charging a price of a scheduled formulation above its notified ceiling price or is found to have increased the Maximum Retail Price (MRP) of a non-scheduled medicine more than ten percent of its MRP during preceding twelve months, action is taken by the NPPA to recover the overcharged amount along with interest thereon from the concerned company as per the provisions of the DPCO and section 7A of the Essential Commodities Act, 1955.

Since inception of the NPPA in August, 1997 till June, 2019, 2038 demand notices have been issued to pharmaceutical companies for overcharging patients on the sale of formulations at prices above the ceiling prices notified by the NPPA. Demand notices have been issued for a total amount of Rs. 6370.20 crore, out of which Rs. 893.34 crore have so far been recovered from the pharmaceutical companies. An amount of Rs. 4032.55 crore is under litigation. The detailed list of overcharging cases where demand notices have been issued is available on the NPPA's website [www.nppaindia.nic.in](http://www.nppaindia.nic.in).

(d): Presently there is no mechanism to compensate the consumers for the amount overcharged.

(e) & (f): No, Sir. The National Pharmaceuticals Pricing Policy, 2012 does not provide for controlling of profits earned by pharmaceutical companies.

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