



## PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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### **NPPA recovers over Rs 35 cr in 9 months from companies for overcharging**

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Gireesh Babu, Mumbai

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The national drug price regulator National Pharmaceutical Pricing Authority (NPPA) has recovered more than Rs 35 crore in the first nine months of the current financial year from the companies for overcharging drug prices, as against the recovery of more than Rs 50 crore in the last fiscal.

With this, the authority has recovered nearly Rs 200 crore out of the total due amount of almost Rs 2100 crore from the pharmaceutical firms in the country, informs S M Jharwal, chairman, NPPA. However, the details of the firms which had paid the overcharging dues is yet to be known.

“We are in talks with the industry for recovery and we think that both the parties, the authority and the industry, are interested to settle the issue,” said Jharwal. The revelation comes at a time when the Parliamentary Standing Committee for Chemicals Ministry, in December, 2009, has lambasted the authority for having a snail's pace in the recovery of dues from the defaulting companies on the grounds of overcharging. However, the sources close to the industry feels that the performance of NPPA during the period for recovery was not up to the marks even though the parliamentary panel had urged for prompt action.

The panel, quoting figures furnished by the NPPA that there are 655 cases of overcharging involving Rs 1994.16 crore as on March 2009, criticised that the authority has been able to recover only an amount of Rs 156.04 crore till recently. When asked about the remarks, Jharwal said that the process of recovery is on and the authority is in discussion with the industry to hasten the procedure.

The panel suggested that the NPPA should strictly monitor the prices of the non-scheduled formulations in order to check unwarranted increase in the prices of drugs and should not hesitate to invoke the relevant provisions of the Drugs (Prices Control) Order, 1995 and fix the retail prices of such non-scheduled formulations, wherever required in public interest.

“The committee recommends that NPPA should vigorously pursue these cases and recover the dues promptly,” the report said. However, the NPPA sources point out that many of the overcharging cases, including the recent issuance of notices to Cipla Ltd for overcharging on various products are under the consideration of judiciary now. The judicial procedures are a major factor in delaying recovery of dues, he added.

According to the information furnished by the NPPA with the panel, earlier in 2009, the total number of cases also includes 76 cases where the demand has been contested by the company in courts of law and 14 cases referred to collector concerned for recovery but subsequently contested by the companies in courts of law.