

Crackdown on pharma companies trying to dodge price controls?

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NEW DELHI: Drug-makers trying to circumvent price control will face stringent regulatory action and penalty with the drug price regulator revising its guidelines to monitor overpricing.

The National Pharmaceutical Pricing Authority is considering a proposal to bring under the scanner cases where firms are not following pricing norms and refusing to submit data related to production and pricing or responding to showcause notices.

Such defaulters will be issued notice and their cases will be referred to the collector for recovering the overcharged amount along with a penalty, an official source said.

The proposal suggesting changes in the overcharging guidelines was taken up at a recent meeting of NPPA and it was decided to incorporate necessary changes in the guidelines, he said.

The move comes in the wake of many pharmaceutical companies not submitting data – especially verified data— or not responding to showcause notices issued by the regulator while pricing their products at prices determined on their own. The regulator has recently examined over 200 cases and found such aberrations. NPPA has also asked to validate data submitted by the companies with reference to excise or GST records and returns filed by the company under the statutes.

Currently, cases of overcharging beyond a particular amount are automatically referred to district collectors/magistrates administering the region where the defaulting company has assets. The district authority then recovers the amount as land revenue arrears.

The existing guidelines mandate companies to submit detailed information and data about their manufacturing as well as pricing.

The Drugs Price Control Order (DPCO) empowers the regulator to recover from the company any amount accrued due to charging of prices higher than those fixed or notified by the government.

Apart from the overcharged amount, the regulator also imposes an interest as penalty from the date of overcharging. Contravention of provisions of the DPCO is also punishable in accordance with provisions of the Essential Commodities Act, 1955.