

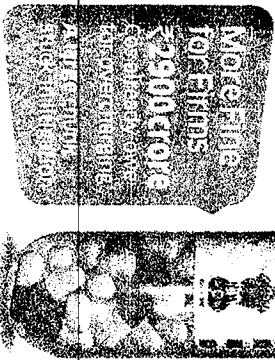
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# Drug Companies Facing an Overdose of Penalty

## A Costly Prescription

### Why the Penalty?

Cos were selling old stocks of essential drugs at printed prices even after rates were revised  
Drug price regulator has begun to sum up the amount drug firms have overcharged  
It sought info from industry last week on extent of overcharging by pharma companies



Selling old stocks at unrevised rates over past decade to prove costly

### SOMA DAS NEW DELHI

Drug manufacturers could be forced to cough up hundreds of crores of rupees in penalties following the price regulator's move to start calculating the amount the firms have overcharged over the past decade by selling off their old stocks of price-controlled drugs at unrevised rates even after the grace period set

by the government lapsed. The exercise comes after a Supreme Court ruling against GlaxoSmithKline Pharma last month, which clarified that unsold medicine stocks of previous batches cannot be sold at higher unrevised prices in the country after the cut-off date fixed by National Pricing Authority (NPPA) passes. "To start with, we have sought information from pharma industry associations on how their

members have overcharged during the specified time period by liquidating existing essential medicine stocks at older rates, even after a new price was fixed by NPPA and the grace period of 15 days had lapsed," an NPPA official told ET. Recovery of the overcharged amount from pharma companies would follow, added the official, who did not wish to be named.

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