

# Cipla faces fresh ₹105-cr penalty for overcharging

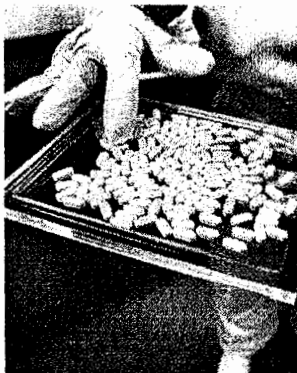
SUSHMI DEY  
New Delhi, 28 April

**D**rug maker Cipla has again come under the regulatory lens for allegedly overcharging consumers.

The National Pharmaceutical Pricing Authority (NPPA) recently issued fresh showcase notices to the company, asking why a ₹105-crore fine shouldn't be imposed. The charge was that Cipla sold Cipro injection and Ciplox in the market allegedly at a price more than what was fixed, a senior official said. Another penalty decision of a little over ₹1,700 crore is pending against the company the notices were issued this January), with similar allegations of overcharging on several medicines. Most of those are being appealed.

"The fresh demand of a little over ₹105 crore is calculated on the basis of the amount overcharged by the company during a specific period, along with the interest on that," the official told *Business Standard*.

An email query sent to Cipla for this story did not



elicit a response. On Monday, shares of the company ended at ₹406.65 on the BSE exchange, up 3.15 per cent from their previous close.

According to the official, NPPA has raised a demand of ₹24 crore for overpricing of Cipro injections and another ₹81 crore for Ciplox.

The government, through NPPA, caps prices of various medicines deemed as essential. Under the latest law, the regulator allows an annual price increase, based on the average wholesale price index. Companies are required to seek approval from the regulator for any out

## YEAR-WISE BREAK UP OF OVERCHARGED AMOUNT

Year	Number of cases initiated by NPPA during the year	Overcharged amount including interest (₹ crores)	Amount recovered from companies during the year (₹ crores)
2010-11	42	105.22	17.26
2011-12	40	56.22	10.69
2012-13	103	128.52	14.97
2013-14	89	384.51	40.06
<b>Total since NPPA's inception in Aug '97</b>	<b>1,018</b>	<b>3,381.91</b>	<b>274.43</b>

Source: National Pharmaceutical Pricing Authority (NPPA) website

of-the-way rise in prices.

According to the NPPA website, during 2013-14, the regulator initiated action against overcharging in 89 cases and imposed a penalty of a little over ₹384 crore. However, it managed to recover only ₹40 crore from companies during the year. Currently, the total overcharging amount pending against various drug makers is a little over ₹3,000 crore as many have taken the matter to court.

The pricing authority, which does periodic market surveys to monitor prices, also collects information through its grievance cell and

different state regulators.

Ciplox and Cipro are brands based on the ciprofloxacin formulation. This is an antibiotic belonging to the quinolone family of medicines, used to treat infections caused by certain bacteria. Most commonly, for infections of the skin, sinuses, bone, lung, ear, abdomen, kidney, prostate and bladder. The drug can also be used to treat some sexually transmitted infections, some forms of infectious diarrhea and typhoid fever. The extended release form of ciprofloxacin is used to treat bladder and kidney infections.

Pricing.