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Drug price regulator going after major violators

Last year, NPPA levied ₹384-cr fine in 89 cases against ₹128 cr in 103 cases two years ago

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Less is more seems to be the mantra of the central authority that monitors drug prices in India, especially when it comes to rapping companies for overcharging on medicines.

Two years ago, the National Pharmaceutical Pricing Authority (NPPA) initiated 103 cases against drug companies for overcharging on medicines, demanding ₹128 crore as the overcharged amount.

In 2013-14 though, the NPPA initiated just 89 cases, but demanded ₹384 crore, more than double the previous year's penalty, as the overcharged amount.

So, was the NPPA less active last year? Or did it just change tack to go after major violators?

Consumers hit
NPPA chief CP Singh says the authority has been going after bigger cases.

Penalties imposed in 2013-14

Company	Penalty (₹ cr)
Cipla	81
Cadila Healthcare	16
Baxter	35
Glenmark Pharma	15
Lupin	31

Consumers get hurt when companies over-charge, which is why the NPPA is looking at big price violations, he explains.

"There are many ways to address an issue, usually it is handled in a mechanical way," he

says, indicating that the department has prioritised some cases.

But that does not mean smaller violations are off the hook, he adds, noting that about 2,000 cases are still pending.

Processing cases takes time, and many cases may have been close to finalisation in 2012, which is why the number of cases is higher.

Poor collection record

In 2013, the NPPA decided to look at bigger violations from the consumer's point of view, says Singh, adding that this

year will see several new cases being finalised. But on collections, the NPPA data trail reveals a different story, as the amount received by the authority (against the amount demanded) was as low as ₹15 crore two years ago and ₹40 crore in the last financial year.

From its inception in 1997 up to March 2014, the NPPA filed 1,018 cases, demanded ₹3,381 crore and recovered just ₹274 crore.

Several cases land in Court, with companies contesting the NPPA interpretation of the law. There may be cases that get clarified this way, Singh con-

cedes but adds that those looking to delay penalty payment will have to consider that the clock starts ticking (to pay the penalty) the moment the demand notice is sent to the companies.

Some key penalties imposed by the NPPA in 2012-13 for alleged over-charging include ₹104 crore on Glaxo's Ecoscenes for its Eye V fluid, ₹7 crore on Aventis Pharma and ₹10 crore on Cipla's Burnheal cream.

In 2013-14, the demands included ₹14 crore on USV's Ecosprin and ₹26 crore on Okasa's Neurolin syrup.

Pricing.