

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO.643

TO BE ANSWERED ON FRIDAY THE 26th FEBRUARY, 2016

PHALGUNA 7, 1937 (SAKA)

CUSTOM DUTY ON LIFE SAVING DRUGS

643. SHRI VINAYAK BHAURAO RAUT:
SHRI KAMAL NATH:
DR. SHRIKANT EKNATH SHINDE:
SHRI ANANDRAO ADSUL:
SHRI K.C. VENUGOPAL:
SHRI SHRIRANG APPA BARNE:
SHRI JITENDRA CHAUDHURY:
SHRI JYOTIRADITYA M. SCINDIA:
SHRI RAJAN VICHARE:
SHRI NAGENDRA KUMAR PRADHAN:
SHRI RAHUL SHEWALE:
SHRI R. GOPALAKRISHNAN:
SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI DHARMENDRA YADAV:
SHRI ANTO ANTONY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has withdrawn exemption from custom duty on several life saving drugs including those of Cancer, HIV and Haemophilia etc. without consulting Ministry of Health and Family Welfare and other stakeholders;
- (b) if so, the details thereof and the reasons therefor along with its impact on common man and the drugs being indigenously manufactured in the Special Economic Zones of the country;
- (c) whether this withdrawal of exemption is also likely to affect the Government's aim of making healthcare affordable and accessible to patients in India; and

(d) if so, whether the Government proposes to reconsider its decision and if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b): Representations were received from domestic industry stating, inter alia, that the exemption / concessional customs duties on drugs including life saving drugs deters domestic manufacture of these lifesaving drugs. Accordingly, in consultation with the stakeholders including Ministry of Health and Family Welfare and the Department of Pharmaceuticals, (a): Representations were received from domestic industry stating, inter alia, that the exemption / concessional customs duties on drugs including life saving drugs deters domestic manufacture of these lifesaving drugs. Accordingly, in consultation with the stakeholders including Ministry of Health and Family Welfare and the Department of Pharmaceuticals, exemption / concessional customs duties on 76 specified drugs was withdrawn, vide notification of the Government of India Ministry of Finance (Department of Revenue) No. 6/2016-Customs, dated the 28th February, 2016 [G.S.R. No. 124(E) dated 28th January, 2016], so as to eliminate the disadvantage to the domestic manufacturers of such drugs. Following the withdrawal of exemptions / concessions, these 76 imported drugs (including those cleared from SEZ to domestic tariff area) would attract applicable customs duties.

(c) and (d): Subsequent to the withdrawal of the exemption / concessional customs duties, a Committee comprising of representatives of Ministry of Health & Family Welfare, Department of Pharmaceuticals, Director General of Health Services, Department of Revenue, National Pharmaceutical Pricing Authority, Central Drugs Standards Control Organization, National AIDS Control Programme and experts from All India Institute of Medical Sciences, Safdarjung Hospital and Ram Manohar Lohia Hospital, was constituted in the Ministry of Health and Family Welfare to assess the impact of withdrawal of customs duties exemption / concession on the 76 drugs. Keeping in view the likely impact on the prices and availability of these drugs, Ministry of Health and Family Welfare recommended to restore exemption / concession of customs duties on three drugs, namely, Octreotide; Somatropin; and Anti-Haemophilic factor concentrate VIII & IX. Accordingly, the exemption / concessional customs duties has been restored on these 3 drugs vide notification of the Government of India Ministry of Finance (Department of Revenue) No. 10/2016-Customs, dated the 17th February, 2016 [G.S.R. No. 177(E) dated 17th February, 2016].