

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3881
ANSWERED ON:22.08.2003
LIFE SAVING DRUGS
T.T.V. DHINAKARAN

Will the Minister of FINANCE be pleased to state:

- (a) the number of life saving drugs exempted from customs and excise duties;
- (b) the basis on which a drug is assessed as `life saving`;
- (c) whether any monitoring is done to see that the benefit of tax-exemption reaches the people; and
- (d) if so, the details thereof?

Answer

(SHRI ANANDRAO V. ADSUL)

(a): Vide serial no. 83 of notification No. 21/2002-Customs, dated 01.03.2002, 126 life saving drugs/ medicines including their salts and esters and diagnostic test kits, are unconditionally exempt from customs duty. Further, bulk drugs, which are used in the manufacture of these life saving drugs or medicines, are also exempt from customs duty, subject to the specified conditions. Dugs or medicines, for personal use, and certified to be life saving drugs or medicines by specified authority, are also exempt from customs duty subject to certain conditions. Vide serial no.252 of notification No. 6/2002-Central Excise, dated 01.03.2002, these 126 drugs or medicines; and bulk drugs used in their manufacture are also exempt from central excise duty.

(b): Life saving drugs/ medicines have not been defined either in the Customs law or Central excise law. Generally it is on the recommendation of Ministry of Health and Family Welfare, that a particular drug/ medicine is considered as `Life Saving` for the purposes of duty exemption.

(c) & (d): The prices charged to the consumers are determined by market forces of demand and supply, and depend on various factors like cost of inputs, R&D costs, product quality, sales promotion cost, trade commission, freight charges and taxes etc. There is no specific provision in the customs and excise laws for ensuring that reduction in duty is passed on to the consumer.