

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4099  
ANSWERED ON:26.08.2011  
EXCISE DUTY ON MEDICINES  
Meghwal Shri Arjun Ram

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has increased excise duty on the manufacturing of Ayurvedic medicines and patent proprietary medicines during 2011-12;
- (b) if so, the reasons thereof and the details thereof;
- (c) whether the Ayurvedic system of medicine have been affected adversely due to the reduction in the exemption of excise duty for the manufacturing of Ayurvedic medicines;
- (d) if so, the details thereof ; and
- (e) the steps being taken by the Government to strengthen the Ayurvedic system of medicine and the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) : Yes, Sir. Government has withdrawn the excise duty exemption which was hitherto available to medicaments including those used in Ayurvedic, Unani, Siddha, Homeopathic or bio-chemic systems and has imposed a nominal excise duty of 1%.
- (b) : This has been done in line with the policy of the Government to widen tax base for both goods and services with a view to signal movement towards Goods and Services Tax. While doing so, it has been ensured that exemption from excise duty was withdrawn only on those goods that are currently chargeable to VAT and are in the nature of finished goods.
- (c) : A Representation has been received from Ayurvedic Drug Manufacturers Association seeking withdrawal of the excise duty levy on the ground that the levy would adversely impact the manufacture of ayurvedic medicines.
- (d) : The excise duty imposed on medicaments is nominal at 1% as against the standard rate of 10% and small scale excise duty exemption for annual clearances upto Rs. 1.5 crore is also available
- (e) : A separate department, that is, department of AYUSH, has been carved out in the Ministry of Health and Family Welfare and the department has implemented various schemes alongwith centrally sponsored schemes for standardization of quality control, to strengthen drug testing laboratories, pharmacies, development of voluntary certification scheme for quality assurance in AYUSH products and accreditation programme for Ayush hospitals and Ayush educational institutions etc.