

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:4647
ANSWERED ON:06.08.2009
EXCISE DUTY BENEFITS TO CONSUMERS
Adsul Shri Anandrao Vithoba

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the Government had issued an advisory to drug companies to pass on the excise duty benefits to the consumers;
- (b) if so, the details thereof;
- (c) whether the National Pharmaceutical Pricing Authority has worked out the exact reduction in the prices of scheduled drugs and issued notification in this regard;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to pass on the excise duty benefits to the consumers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS(SHRI SRIKANT KUMAR JENA)

(a) & (b): Yes, Madam. National Pharmaceutical Pricing Authority (NPPA) issued two advisories to drug companies to pass on the benefits of reduction in excise duty to the consumers in case of non-Scheduled formulations as follows:-

1) Guideline No. 2/2008 dated 10-03-08 when Ministry of Finance notified reduction in excise duty on 01-03-2008 from 16% to 8% and the rate of abatement from 42.5% to 35.5%.

2) Guideline No.5/2008 dated 10th December, 08 when Ministry of Finance notified reduction in excise duty from 8% to 4% on 07-12-2008.

(c) to (e): Yes, Madam. NPPA has issued following two notifications to reduce the prices of Scheduled drug formulations in order to pass on the excise duty benefits to the consumers:

1) Order No. S.O. 418(E) dated 03-03-2008 for reduction in equivalent Maximum Retail Price (MRP) (inclusive of excise and all taxes) of all Scheduled formulation packs by 4.58%.

2) Order No. S.O. 2856(E) dated 10-12-2008 for further reduction in equivalent Maximum Retail Price (MRP) (inclusive of excise and all taxes) of all Scheduled formulation packs by 2.84%.