

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2514
ANSWERED ON:04.12.2009
LOSS EXCISE DUTY ON MEDICINES
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Will the Minister of FINANCE be pleased to state:

- (a) policy relating to levy of excise on Maximum Retail Price of Medicines;
- (b) whether any estimate of revenue loss of Excise Duty on production of medicines in Excise Free Zones in the country has been made; and
- (c) if so, the details thereof for the last three years and the reaction of the Government in the matter?

Answer

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

(a) The Government has prescribed levy of Central Excise duty on the basis of retail price to ensure certainty in assessment and avoid valuation disputes for allopathic medicines.

(b) & (c) The revenue foregone on account of the production of medicines in Excise Free Zones in the country for the last three years is as follows:

Period Rs. In Crore

2006-07 749.96

2007-08 986.78

2008-09 714.99

Government has provided exemption from excise duty in specified areas/States as a conscious policy decision to incentivize industrialization in the difficult and backward areas/state and to generate employment in these areas.