



INDIAN DRUG MANUFACTURERS' ASSOCIATION

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PARTNERS IN GLOBAL HEALTHCARE

Shri Kaushal Shrivastava,
Member Budget, (CBEU)
Ministry of Finance,
North Block,
New Delhi 110 011.



13 June 2014

Sub: Pre-Budget Meeting for Union Budget 2014-15

Dear Sir,

It was indeed our pleasure in meeting you on the 9th June 2014 at the Pre-Budget meeting in Delhi to discuss our proposals for Union Budget 2014-15.

We wish to clarify the key point that we have discussed based on our proposal that there is a lot of accumulation of CENVAT Credit in the accounts of the Manufacturers due to the anomaly in the excise structure in Pharmaceutical industry. We are paying 6% Central Excise Duty on the formulations and when we purchase the raw/packing material, we are paying 12% Central Excise Duty and therefore there is an accumulation of the CENVAT Credit in our Central Excise Account. Therefore we have suggested that the tariff rate under Chapter 29 should be applicable to the Pharmaceutical Industry for Formulations so that they pay Central Excise Duty @ 12% instead of 6%.

We have also suggested that, at the moment Government is allowing abatement of 35% and if subsequently if the Excise Duty has been increased to 12%, we suggest that the abatement should be given @ 45% instead of 35%.

We have given the above clarification for your kind perusal and we look forward in the interest of the industry to avoid unnecessary interest burden on the accumulation of the CENVAT Credit.

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In case of any eventuality, if it is not possible to increase the Excise duty to 12% in Pharmaceutical Industry for formulations, we request that Pharmaceutical Industry should be allowed to clear the export goods (Formulations) by paying Central Excise duty at Tariff Rate under Chapter 29 @ 12% so that we can get rebate for our own money which are lying unutilized in the CENVAT Account.

We also suggest that the unutilized CENVAT credit lying in the CENVAT Account may be allowed to be utilized for paying statutory taxes to the Government so that the burden on the Pharmaceutical Industry can be reduced.

We thank you once again for spending your valuable time with us and seek your urgent indulgence in considering our Pre-Budget Proposals favourably. We are sure, your proactive assistance and support will go a long way in helping the Indian Pharma Industry march confidently forward to meet all our requirements for providing safe and affordable quality generic drugs for our people and the world.

Thanking you,

Yours sincerely,



B G Barve
Chairman
Excise & Taxation Subcommittee