



*Delivered on 17/01/2013.*

## INDIAN DRUG MANUFACTURERS' ASSOCIATION

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*PARTNERS IN GLOBAL HEALTHCARE*

15 January 2013

Shri Raj Kumar,  
Under Secretary to the Government of India,  
Department of Pharmaceuticals,  
Shastri Bhavan,  
New Delhi.

Dear Sir,

**Sub: Correction of anomaly in respect of notification no.12/2012-CE dt.17.03.2012. – Addendum to our Suggestions for Union Budget 2013-14**

In continuation of our submissions on Proposals for Union Budget for 2013-14 submitted on 23<sup>rd</sup> November 2012 and an addendum on 4<sup>th</sup> December 2012, we provide below our suggestions and the reasons for the urgent need to correct the anomaly of charging Excise and Customs Duties on bulk amino acids for producing affordable finished products in India vis a vis allowing the formulations to be imported at a much higher price.

1. Imports of "Intravenous Amino Acids" being a "Life Saving Drug" are exempted from payment of custom duty by virtue of notification no.12-Cus dt.17.03.2012, sl. No.148 (A), List 4, Sl. No.60, where "Intravenous Amino Acids" is included.
2. Bulk Amino Acids (BAA) used in manufacture of Intravenous Amino Acids are also exempted from payment of custom duty, subject to satisfaction of condition no.5 of the notification requiring an undertaking from the importer and certified by jurisdictional excise department that the bulk drugs so imported will be used to manufacture "Intravenous Amino Acids".
3. Yet another notification no.12/CE dt.17.03.2012 exempts the payment of Central Excise duty on the bulk drugs discussed at (2) above, in case the procedure laid down in the Central Excise (Removal of goods at Concessional rate of duty for manufacture of Excisable goods) Rules 2001 (as per condition no.2 to this notification) is complied with by the assessee – a manufacturer within the country.

4. Bulk Amino Acids (BAA) for "Intravenous Amino Acids" as of now are not manufactured within country, therefore, each one has to import the same and clear after payment of CVD and add-ons as the scope of notification no.12/CE dt.17.03.2012 as explained at (3) above restricts only to products manufactured within country.
5. It is a paradox "imported Intravenous Amino Acids" (a final drug product) upon import at a much higher price qualifies for exemption under the notification, both customs and Central Excise duties for notifications no.12-Cus and 12-CE both dt.17.03.2012 whereas the Bulk Drug imported to manufacture this drug product within the country does not qualify for exemption under 12/CE dt.17.03.2012 for the reasons explained at (4) above.
6. Inclusion of "Intravenous Amino Acids" in the list of "Life Saving Drugs" and granting exemption from Customs and Central Excise duties was perhaps to make the "drug product" affordable. If so, considering the fact that BAA's are not manufactured within the country the imported bulk drugs should also qualify for exemption as available to the final drug product INTRAVENOUS AMINO ACIDS. If required the importer can be asked to produce an end-use certificate for the consumption of these bulk drugs for manufacturing Life Saving Drug Product "INTRAVENOUS AMINO ACID".

We request you to correct this anomaly and allow the bulk drug also to be fully duty free, else the domestic industry manufacturing "Intravenous Amino Acids" will always be at a disadvantage compared to "Intravenous Amino Acids" imported at much higher price, yet qualifying for exemption.

Thanking you,

Yours sincerely,



Daara B Patel  
Secretary-General



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*PARTNERS IN GLOBAL HEALTHCARE*

15 January 2013

Shri V K Garg,  
Joint Secretary (TRU-II),  
Government of India,  
Ministry of Finance,  
North Block,  
New Delhi 110 001



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Thanking you,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daara B Patel', written over a horizontal line.

Daara B Patel  
Secretary-General