

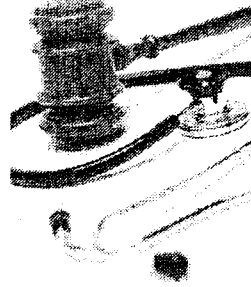
## Free medical samples to doctors liable to excise duty

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Free medical samples supplied to doctors by pharmaceutical companies are liable to excise duty, the Supreme Court has reiterated in a new appeal case involving Medley Pharmaceuticals Ltd. The new case followed the 2003 ruling of the court in the Ranbaxy case, which had accepted the view of the excise authorities.

Explaining the reason further, the court stated:

"The primary reason for distributing free samples appears to be only for the purpose of advertising the product and thus enhancing the sale in the open market. It has been shown by research that the market of a pharma company is enhanced substantially by distribution of free samples. It serves as a marketing tool." The court further emphasised that sale was not a necessary condition for charging excise duty, rejecting the company's argument that physicians' samples are prohibited from being sold under the Drugs and Cosmetics Act and rules under it.



Govt.