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भारत सरकार

Hindustan Times, Delhi
Wednesday, 2nd March 2011, Page: 23
Width: 4.61 cms Height: 19.39 cms, Ref: pmin.2011-03-02.52.97

PHARMA FIRMS SAY MAT TO HIT PRICES, PROFIT MARGINS

Press Trust of India
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9.2.-23

NEW DELHI: Leading drug makers on Tuesday said that higher excise duty proposed in Budget 2011-12 would make medicines costlier and hurt the common man.

Further, the imposition of minimum alternate tax (MAT) on special economic zones (SEZs) would hit profit margins, since most export units of drug firms are located in SEZs, firms said.

"Healthcare has not received the priority it deserves. The 1% increase in excise duty will increase the cost of medicines for the consumer by about 1.5%," said Kewal Handa, managing director, Pfizer.

The excise duty on medicines and medical equipment has been increased from 4 to 5%.

The government could have done away with customs and excise duties on medicines, which could have helped in taming high inflation, Handa said. "It could have benefited the common man, who has to spend for healthcare from his or her pocket."

Dr Reddy's Laboratories termed the levy of MAT on SEZs as "negative" for the industry. "...the levy of MAT on SEZ units is negative for the industry at large. There have been no major provisions for the pharma sector and the budget in general is a neutral one for us," said Umang Vohra, chief financial officer, Dr Reddy's Laboratories.

The budget had nothing for the pharma industry, said Glenn Saldanha, CEO and MD, Glenmark Pharmaceuticals.

Dr Reddy