

Pharmaceuticals Export Promotion Council

(Set up by Ministry of Commerce & Industry, Deptt. of Commerce, Government of India)

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July 16, 2007

Honourable Dr. Manmohan Singhji
Honourable Prime Minister of India
South Block
Raisina Hill
New Delhi - 110 011.

Honourable Dr. Manmohan Singhji

Pharmaceuticals Export Promotion Council (PHARMEXCIL) presents its compliments to the Honourable Prime Minister of India and the Prime Minister's Office.

Pharmexcil congratulates the Honourable Prime Minister of India and his team for announcing the much needed relief package for exporters to tide over deep the crisis on account of the appreciation of the Indian Rupee vis-à-vis the US Dollar.

Sir, we would like to inform you that the Pharmaceutical Sector exports stood at USD 6.13 billion as against the Country's total exports of USD 125 Billion. Pharmaceutical Sector contributes around 5% to the national exchequer. Pharmaceutical Industry is labor intensive industry which provides direct employment opportunity to around 3(three) million persons and also supports the ancillary sectors like printing, glass bottles, packaging etc and offers enough job opportunities in these ancillary sectors in addition to the direct employment.

Sir, after the passing of the Patent Bill in the year 2005, the Pharmaceutical Industries are spending around 3% towards Research & Development. Indian Pharmaceutical Industries are producing quality products at reasonable prices and our prices are the lowest in the world.

In spite of the best performance & contribution from the Pharmaceutical Industry, we to our complete surprise have been completely left out and great injustice has been done to this sunrise industry.

Sir, we would appreciate if you could kindly consider the following facts providing relief package to the Pharmaceutical Industry:

- Appreciation of the Indian Rupee vis-à-vis the US Dollar has affected the entire exporting community and not only to the 9(nine) specified sectors which have been extended the relief package. During our meeting with the Honourable Minister of Commerce & Industry, Sir, we had pointed out in details the adverse effect of the appreciation of the Indian Rupee on the Exports of the Indian Pharmaceutical Industry.
- The concessional interest rates on pre & post shipment credits is applicable to the 9(nine) identified sectors and the SME sector. Sir, this concessional rate of interest should be extended to the large scale manufacturers also since it also affects them in

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view of their huge exports. The large scale manufacturers also support the SME sector by way of contract manufacturing, etc and invest huge amounts in Research & Development of new drugs which will indirectly impact their future investment in R & D.

- We appreciate the increase in DEPB rates by 2% to partly compensate the transaction costs e.g. Electricity Duty, Duty on High speed diesel/furnace oil, state levies like Octroi etc.
- DEPB rates have been increased by 3% for the 9(nine) identified sectors and by 2% for the other sectors, which clearly discriminates the other sectors. The factors taken into account for increase in DEPB rates you will agree and appreciate remain the same for the entire exporting community as a whole.

Sir, this is our earnest and humble appeal on behalf of the entire Pharmaceutical Industry to treat us at par with the other industries and help us to tide over the present crisis. We assure you that the Indian Pharmaceutical Industry will not let the country down in ensuring the envisaged growth in exports.

We look forward to your positive consideration and set right injustice to the Pharmaceutical Industry.

Thanking you

Yours sincerely


D.B Mody
Chairman