

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DIRECTORATE GENERAL OF FOREIGN TRADE
(PC-IV SECTION)**

Policy Circular No: 20 (RE-00)/2000-2001

Dated: 31st July,2000

ALL LICENSING AUTHORITY
ALL COMMISSIONERS OF CUSTOMS

Subject :- DEPB rates for formulations consisting of more than one bulk drug where some of the constituent drugs are having specified DEPB rates while others are non-specified ones.

Attention is invited to Policy Circular No. 39 dated 22-10-99 on the above subject.

Various representations have been received in this office to review the methodology prescribed in the said Circular for calculating the DEPB rate for formulations consisting of more than one bulk drug out of which some are having specified DEPB rates while others are non-specified ones.

The matter has been re-examined and it has been decided that in such cases the DEPB rate shall be determined as per the following method-

- a) **Specified Constituents:** For all the constituents of the formulation with a specified DEPB rate, individual DEPB rate for each constituent shall be calculated at the rate of 75% of the bulk drug rate. The rate so determined for each constituent shall then be multiplied by its weight % and divided by 100 to arrive at the respective DEPB rate contribution of each constituent .. Finally the DEPB rate for all the specified constituents shall be the addition of all the DEPB rates so arrived.
- b) **Non-specified drug constituents:** all non-specified constituents should be added together and the weight % for all the constituents taken together, in the formulation should be calculated This weight % should be multiplied by the applicable DEPB rate as per the entry at S.N. 40 and finally the product be divided by 100 , to arrive at the net DEPB rate for all the non-specified constituents.

Finally , the DEPB rate for the formulation shall be equivalent to

the DEPB rate (specified)+DEPB rate (non-specified)]

The above formula may be explained by the following illustration;

Suppose a Tablet consists of five bulk drugs namely A,B,C,D, and E with weight percentages 15%, 20%, 40%,15% and 10% respectively Further ,suppose A and B are having a specified DEPB rate of 20% and 10% respectively and C,D, and E are non-specified ones.

For **Specified Part- A:**

- Individual DEPB rate = 75% of 20=15%
- Weight %age = 15%
- DEPB rate contribution for A= (15x15)/100

=2.25%

B:

- Individual DEPB rate = 75% of 10=7.5%

- Weight %age = 20%
- DEPB rate contribution for A= $(7.5 \times 20) / 100$

=1.5%

For Non-specified Part:

- DEPB rate for a Tablet consisting of only non-specified drugs as per entry at S.N. 40 = 19%
- Total weight %age of C,D and E, taken together, in the formulation= $40\% + 15\% + 10\% = 65\%$
- DEPB contribution for all non-specified drugs = $(19 \times 65) / 100 = 12.35\%$

**DEPB rate for the formulation= $2.25 + 1.5 + 12.35 = 16.10\%$ i.e
16%**

The revised methodology to calculate the DEPB rate, as indicated above, shall be adopted only for exports made on or after the issuance of this Circular. Exports of such formulations, consisting of more than one Bulk Drug where some of the constituents are specified while others are non-specified, effected prior to the issuance of this circular shall be governed by the Policy Circular No.39 dated 22.10.99.

This issues with the approval of the Director General of Foreign Trade.

(A.K.Srivastava))
Dy. Director General of Foreign Trade