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The government is set to select manufacturers of bulk drugs as part of the incentive scheme. **(Bloomberg)**

## 30% import limit for bulk drug makers getting sops

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Leroy Leo

The move is aimed at reducing the import of active pharma ingredients from China

The government is set to select manufacturers of bulk drugs like penicillin-G, vitamin B1 and paracetamol as part of the PLI process

Imports of raw materials for **crucial bulk drugs** will be capped at 30% as part of the government's ₹6,940 crore production-linked incentive (PLI) scheme aimed at reducing dependence on Chinese supplies, three people aware of the development said.

"We understand that the APIs (active pharmaceutical ingredients) cannot be 100% produced domestically. Companies will have to import some raw materials. So, we will allow them a 30% import limit under the scheme," said a senior government official and the first person cited above.

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The department of pharmaceuticals on Tuesday issued a notification and announced PLI schemes for bulk drug and medical devices parks, paving the way for issuing the guidelines.

This will set into motion the selection process for cluster and PLI schemes for bulk drugs, which are aimed at reducing India's dependence on Chinese imports.

While the government has been planning to reduce dependence on Chinese API imports for a few years, it gained urgency after two recent disruptions to the domestic pharmaceutical industry—from the covid-19-related lockdown in China and escalating tensions on the India-China border in Ladakh.

Bulk drugs comprised 63% of India's pharmaceutical imports in 2018-19, with almost all the supplies of 41 bulk drugs for which the PLI scheme is formulated being imported from China. For medical devices too, the dependence on imports is as high as 85%, although the imports come from other regions like Europe and Japan.

Apart from the cap on raw material imports, the guidelines will also have eligibility and selection criteria for companies under the PLI scheme and for states under bulk drug park schemes, said the second person cited above.

"After the notification of the guidelines, companies will be given three months to apply for the PLI scheme," the government official cited above said.

Under the bulk drug and medical device park scheme, states will be selected on how much land they will be providing for common clusters and projected cost of power, water and effluent treatment.

The Centre will extend grants-in-aid to states to a maximum of ₹1,000 crore per bulk drug park and ₹100 crore per medical device parks.

So far, Punjab and Haryana have shown interest in setting up such bulk drug parks.