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Expectations from Union Budget 2019

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Prior to the announcement of the Union Budget 2019, the industry shares its views on the expectations from the budget with BioSpectrum



As India gears up for the speech by Finance Minister Nirmala Sitharaman and the first Union Budget post the retainment of Modi Government, the industry shares its views on the expectations from the budget with BioSpectrum:

"The pharma sector could be incentivized in the budget for adopting global practices & standards which enable counterfeit detection & authentication. The vision of GS1 India is to significantly enhance patient safety through elimination of medication errors, track & trace, product recalls, counterfeit detection & authentication of medicines & medical devices," said **Mr. Ravi Mathur, CEO GS1 India**, a standards body (registered under Societies Registration Act 1860) with founder members comprising Ministry of Commerce and Industry, Government of India, CII, FICCI, ASSOCHAM, FIEO, IMC, APEDA, Spices Board, IIP and BIS. It is affiliated with GS1 a not for profit global standards organisation.

"For Healthcare Industry, I believe there are 3 areas that need immediate attention in this budget.

First of it being the Public Private partnerships - Ayushman Bharat was a great initiative by the Government of India that was much required for the country. But in order to realize its full potential and maximize the benefits, there is a need of enhanced fund allocation and introduction of PPP models for larger participation from private players, as 80% of the healthcare services in the country are provided by the private sector. PPP models would not only ensure a business boost for the private sector including the start-ups but will also contribute to nation's growth. Second key area would be the GST benefits which also need to be extended to the start-ups and other players in the healthcare sector, beyond the core healthcare service providers. Due to its absence, we are not able to capitalize on the pass-through benefits. While we pay GST when we procure anything for our business we are GST free when sell the services to customer. Resulting in a cost burden for us. In industries like IT, there is input and output GST which provides a balance. Third important aspect is the 'Angel Tax' - Government needs to take solid steps to reduce this burden for start-ups. Getting an investment in the current economic scenario is not easy. Angel Tax deduction from the difficultly brought in investment greatly hurts the start-ups.

Overall, healthcare as an industry touches each and every citizen of the country and people have been seeking positive reforms for the sector. We expect the government to take it as a priority area this budget, allocate more funds, announce steps that encourage private sector and start-ups to do business and provide quality services to every section of the society," said **Mr. Rahul Paith, Chief Operating Officer, DocOnline.**

"Over the last few years, the Indian healthcare sector has witnessed a major overhaul in order to attain the Prime Minister's goal of 'Healthcare for all'. This year, we are looking forward to some measures from the Government that incentivize HealthTech companies to improve the accessibility and affordability of quality healthcare. With more people adopting technology for various needs, it will be most appropriate if the government's health policy will accelerate the adoption of technology to address the unmet medical needs for millions. In this budget we are hoping to have clearer policies around different segments of heath-tech including e-pharmacy, remote monitoring of patients, digital prescriptions and video consultations. We are excited to see a positive turn out from the Government to encourage start-ups across all domains, particularly in Healthcare," said **Mr. Hari Thalapalli, Chief Executive Officer, CallHealth.**

"We need a multi pronged approach from the government to strengthen and reform the healthcare sector in India. On the one hand, it involves improving the state of public healthcare by increasing budgetary allocation, establishing more medical colleges and improving primary healthcare facilities. On the other hand, it involves measures to enable the private sector spread its presence beyond the urban landscape. This will help in improving accessibility for secondary and tertiary care in tier 2/3 towns and rural areas. For the latter to happen, the government must offer major incentives and tax breaks to private healthcare organizations setting shop in non urban areas. These incentives can include income tax breaks for first few years of operations, help in procuring land, making medical equipment GST free for such hospitals and relaxation on service tax on hospital inputs. Similarly, establishing a mechanism to offer fund support or subsidization in treatment cost to private hospitals in smaller towns and rural areas can go a long way in bridging the accessibility gap.

At the same time, the government must also establish mechanisms to take private hospitals on board for Consultations to increase their participation under the Ayushman Bharat scheme. Rationalization of treatment packages and speeding up the recovery process are essential elements that will encourage more private hospitals to empanel under the scheme", **said Dr. Dharminder Nagar, MD, Paras Healthcare.**

"With the introduction of central government's Ayushman Bharat National Health Protection scheme, the burden on healthcare scheme is only expected to rise. As it covers 50 crore households or 500 million people, healthcare isn't only getting more accessible but also becoming more efficient in diagnosing and treating patients with a strong primary care system in place. The need of the hour is the primary care system should be strengthened in such a way that they are capable of doing the initial assessment, diagnosis and basic management and appropriate referral if needed be. A thorough assessment and investigation at the primary care or secondary care can lead to a significant saving of resources in the territory level. The

government should facilitate more Continuous Medical Education (CMEs) to upgrade their skills which can solve the problem of shortage of trained doctors." **said Ms Savitha Kuttan, Founder & CEO, Omnicuris**, a healthcare startup that provides digital continuous medical training to medical practitioners

"The budget should create a healthy India with distress-free and comprehensive wellness system for all, which can be achieved by the widespread adoption of indigenously developed medical technologies that solve problems faced by Bharat and India both.

AI has the potential to solve many problems of Healthcare Delivery in the country. Access to large volumes of quality data is vital for the success of AI. More budget allocation towards R&D in medical device innovation and digitization of care delivery process through right investment in tools, infrastructure and training will help us to meet some of the challenges in the Healthcare Industry," said **Siraj Dhanani, Co-Founder and CEO, InnAccel Technologies**, an indigenous MedTech innovator that is developing and delivering novel medical devices for global emerging markets.

"Ensuring accessible, good quality healthcare in rural India remains the biggest challenge in the healthcare sector. The government needs to direct financial resources to build the primary healthcare infrastructure in rural and remote areas, and that is difficult unless public spending on healthcare goes up from 1.15%. When over two-thirds of the sector is driven by private players, the government should be more willing to get into a partnership based approach with them to achieve universal health coverage in line with the UN's sustainable development goals. We also want the government to increase the tax exemption for preventive health checkups and promote preventive care practices to bring down the disease burden of non-communicable diseases, which are currently responsible for 61% of deaths in the country. We also need their support to help reduce our dependence on China for Active Pharmaceutical Ingredients. It will bring down the manufacturing cost and market price of drugs, and make them more affordable for people living in remote/rural areas," said **Mr. Ajoy Khandheria , Founder, Gramin Healthcare**.

"The budget should be dedicated to healthcare this year & a significant increase in its GDP allocation is wished for. Economic evidence confirms that a 10% improvement in life expectancy at birth is associated with a rise in the economic growth of some 0.3-0.4 percentage points a year. With Ayushman Bharat as a focus area, the government should do everything in its power to enable an ecosystem where this scheme can get large scale acceptance in the health industry. This can surely be achieved by introducing schemes to fund the working capital for private medical establishments especially in tier 2, 3 cities, and rural areas which will boost growth to meet the rising demand of Ayushman Bharat scheme. Additionally, with regards to Ayushman Bharat, the government should work towards adequately & promptly reimbursing member hospitals which will encourage other hospitals to join the program benefiting poor at large. Increased expenditure on R&D of medical devices coupled with quick approvals for new medical device innovations & increase in medical seats will boost cure and care experience for professionals and patients. Also, a more favorable GST for the entire healthcare ecosystem will go a long way towards helping make healthcare more affordable," **said Mr. Vivek Tiwari, CEO & Director, MedikaBazaar.**

Discussing in detail, **Dr. Rajeev Boudhankar, CEO, Bhatia Hospital** mentioned the following points:

Important issues that need to get attention from the Finance Minister are -

- The government needs to address India's 70 per cent to 90 per cent import dependence on medical devices for making India a global manufacturing hub of medical devices.

- Reasonable tariff protection for enabling Make in India: To promote domestic medical device industry that will subsequently reduce India's heavy reliance on import, the current basic import tariff of 0-7.5 per cent needs to be over 15 per cent for medical devices (the bound rate under WTO is 40 per cent duty) and concessional duty on raw material may be retained at 2.5 per cent for now, for the next three years.
- Level the playing field for domestic manufacturers: If the government can boost manufacturing of mobile phone and consumer electronics by levying 15 per cent to 20 per cent duty and for automotive, bicycles and motorcycles, we request for medical devices, which is even more important similar tariff protection clauses.
- Budget should support expansion on digital healthcare, data flow and invest in new data-driven tools and policies that reward improving the quality and value of care.
- Doctors, hospitals and entrepreneurs are demonstrating that start-ups in healthcare can bring smarter, better, more accessible and more proactive care; showcasing the best way to improve quality and control healthcare costs.
- Priority sector status to healthcare will help in the process of enabling the development of innovative long-term financing structures for healthcare providers apart from creating an attractive environment for domestic production of medical equipment, devices and consumables while also catalyzing research and development.
- Other recommendations include incentives to medical value tourism, zero rating GST on healthcare services and health insurance premiums, incentivizing capacity building, promotional policies for private providers, and exemption of

custom duty on medical cyclotron among others.

- The concept of ‘Make in India’ by the government was a much-admired initiative, but now they should also initiate ‘Make in India and Use in India’ a must effort too. Some positive steps have been undertaken to make healthcare more affordable and equitable such as price controls on medical devices and adjustments to import duty structures on raw materials and equipment. However, granting infrastructure status, providing backward area benefits, tax incentives, and subsidies are needed to increase investments, especially in tier 3 regions as well as rural, backward and remote areas.
- There is a need to focus on strengthening pre-hospital trauma care, by investing in more accident trauma centers and rescue teams across India. A vehicular accident is reported every two minutes and a death every eight minutes on Indian roads. Given that India accounts for one-fifth of global deaths due to road accidents, it’s pertinent that we address the issue.
- The recently approved Allied Healthcare Professionals Bill 2018 is a step in the right direction. Regulating and standardizing the education, training and services of allied healthcare professionals is critical, especially in the case of emergency care. The 2019- 2020 budget should take this journey forward.
- In this budget, the government should continue the focus on healthcare and invest substantially in upgrading primary and secondary health tiers in the country. This upgrade can leverage the indigenous medical technologies developed specifically for Indian healthcare needs, and thereby support the Make in India initiative.
- The budget should also provide a comprehensive resolution to the Angel tax issue being faced by startups, especially ones based on generating intellectual property like medical technology startups. Raising capital for startups working on affordable healthcare is already difficult- it is made more so by this Angel tax, which is effectively a tax on Indian innovation.

Renowned homeopath **Dr. Kushal Banerjee of the Dr. Kalyan Banerjee Clinics** said "India has come under scrutiny in the global context due to its relatively small health budget as compared to other nations. India spends about 2% of overall expenditure on health. This needs to increase substantially."

"A closer look at the components of the expenditure on health indicates that there has been a drop-in funding to the National Health Mission, maternal and child health and communicable diseases. Reduction in funding in these areas should be reversed and in fact increased. These particular areas in India have not attained high levels of efficiency, the outcomes are still not where they should be and the required infrastructure to achieve this is not yet in place. Continuing to meet the demand of high input costs in these areas will result in robust systems being established which, over time will make these systems more effective and thus more efficient.There needs to be a more focussed approach to preventive health, which is still lacking in terms of policy. Awareness programmes and the push for non-medical interventions in this area needs to be emphasised at every stage of health care in rural and urban settings. Resources for this needs to be allocated. Out of the box thinking like the provision of safe cycle tracks, encouraging walking, reducing commute time for students and workers need to be come from policies on health. Provision of waivers for preventive health checkups need to be increased to reflect inflationary changes in the cost of such investigations. Checks and balances like Aadhaar verification and prevention of unnecessary testing can be enforced to prevent abuse."

"Much like some other indigenous systems of medicine, India is now the world leader in the field of homeopathy. The international medical community is looking towards India to lead the way. The Indian population is a voracious consumer of homeopathic medicine and services. Ayushman Bharat and the central government health schemes need a substantial injection of funds for the provision of homeopathic health services in the centres covered by them. Thousands of homeopaths need to be employed and posted at these centres to meet the increasing demand for these services. Reliable supply and ready availability of homeopathic medicines can only be ensured by increasing funding for homeopathic services. Homeopathy plays an important role in preventive health and in tertiary care. Palliative treatment, in terminally ill patients, for example, can be cost effectively provided by homeopathy. This can greatly reduce the burden on existing health infrastructure. Recurrent infections, allergic conditions, a large number of skin conditions are just some areas where homeopathy is able to provide a far more cost effective, and permanent solution to the patient," he further added.

He also said that "There is an urgent need to establish centres of excellence for education and research in homeopathy. The National Institute of Homeopathy in Kolkata needs a drastic revamp. Centres modelled on the All India Institutes of Medicine, need to be established in different regions – All India Institutes of Homeopathy in major cities in different regions of the country are urgently required to serve as referral centres and also to accelerate clinical research in homeopathy."

(Disclaimer: All the view mentioned above are by the spokesperson mentioned. BioSpectrum does not take any responsibility for the views mentioned above.)