

## Industry expresses mixed reactions on Union Budget 2020

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**The first Union Budget of the third decade of 21st century has been presented by the Finance Minister Nirmala Sitharaman.**



BioSpectrum brings to you a mixed bag of reactions from the industry-

"A farsighted budget, it is commendable that the Hon'ble Finance Minister has announced innovative initiatives that will enhance ease of living, improve the health quotient and boost opportunities for education & job creation, for all sections of our society and meet the expectations of an aspirational India.

In the present day, the evolving healthcare ecosystem is being defined by new challenges. As the Hon'ble Finance Minister said, by 2030, India will have the largest working-age population in the world and therefore, more than ever before, addressing Non-Communicable Diseases(NCDs) must be India's immediate imperative as the prevalence of these diseases are being witnessed increasingly in the younger segment of our population

NCDs are responsible for two-thirds of the total morbidity burden and according to the World Economic Forum, by 2030, the world could lose over 30 trillion dollars and about 36 million people could die every year due to NCDs if rapid remedial action is not taken up. Hence in addition to initiatives announced to improve access to medical care across the nation and boost human health resources, it was encouraging that vital determinant of good health which includes wellness, nutrition, clean drinking water, and sanitation were at the forefront of this Budget. Likewise, the 'Fit India' program championed by our Hon'ble Prime Minister personally, will certainly motivate a greater focus on fitness amongst Indian citizens.

Furthermore, we are hopeful that in the near future, a nationwide health screening program for all citizens is initiated, which would empower every Indian with awareness about their health status and help them make lifestyle changes as needed. This is critical to prevent, avoidable mortalities.

Budget 2020 is a definitive step forward in the Government of India's commitment to making India healthier and a model for the world to emulate."

**Dr. Prathap C Reddy, Chairman, Apollo Hospitals Group**

"The healthcare sector continues to be an integral part of the key priorities of the government. While the incentives introduced by the finance minister in terms of using taxes on medical devices in order to build the healthcare ecosystem and additional hospitalization facilities in tier 2 and 3 through Ayushman Bharat are commendable, the other initiatives that will really give India a competitive edge in the global healthcare market would be the New Export Incentive Scheme, making the manufacturing process indigenous aligns with the Make in India and Discover in India narrative, providing impetus to local manufacturing, hand holding support for R&D, medical colleges attached to district hospitals and upskilling program for paramedical personnel will also play a major role in scaling the healthcare infrastructure in the country. The overall thrust on ease of doing business in terms of regulatory simplification and policy stability should help to realize the potential of the industry going forward."

**Sudarshan Jain, Secretary General, Indian Pharmaceutical Alliance**

"The healthcare proposals of Union Budget 2020 though titled 'Caring India' is a mixed bag. While the marginal increase in healthcare allocation to INR 69000cr (from the past year's Rs 62,000 crore) is welcome, it still is a very small percentage of our GDP and does not supplement the Government's plans to enable affordable and accessible healthcare to all in the country.

The proposal to establish hospital infrastructure across select districts under the PPP model can help provide access to formal healthcare to millions of patients, who today travel far to avail of basic hospital care. The partnership-driven approach is a sure step for the entities to bring to these hospitals their inherent areas of strength, thus building a quality model of care. This also allows the private sector to take part in addressing the health needs of the country more effectively. It is imperative that implementation quality and timelines meet the intent of this proposal.

In this context, the proposal to introduce a health cess on import of medical equipment does not fit the narrative. Currently, the Indian medical devices industry draws on the strengths of international technology to a large extent. The healthcare spends burden on the common Indian almost instantly tends to increase with this cess, in an almost completely out-of-pocket market that India is still. It is my expectation and belief that the Finance Minister adopts a consultative approach building in recommendations from the industry and patient voices before this is implemented."

**Shravan Subramanyam, Managing Director, India and Neighbouring Markets, Roche Diagnostics India**

"Budget 2020 is visionary and in accordance with the policy of improving and expanding healthcare services reach to all. Make in India initiative for Medical devices industry has been given a big boost. Imposing health cess on the import of medical devices will help domestic manufacturing companies.

Further, using tax proceeds to fund the creation of healthcare infrastructure will help in address issues of capital requirements for building healthcare infra in Tier- I & II cities.

The government is focused on creating the healthcare infrastructure and invest extensively in improving healthcare services in tier I-II cities in the country. Announcement of extending the ambit of Ayushman Bharat through the establishment of PPP model hospitals in 112 new districts of India will improve healthcare infrastructure.

Increasing the budgetary allocation for the healthcare sector to 69,000 crores will enhance primary health coverage and strengthen health and wellness centers (announced under Ayushman Bharat) which will help to reduce the disease burden."

**Dr. GSK Velu, Chairman & MD - Trivitron Healthcare**

"The Union Budget , prepared in difficult Economic scenario has managed to create opportunities for growth within limited resources. It is good to see that Finance Minister has provided some benefits in the union budget for the Healthcare sector:

1. Eradication of Tuberculosis in the country by the year 2025 is a great step towards healthier India
2. There is proposal for viability fund gap support for hospitals in Tier 2 and 3 cities for meeting the requirement for Ayushman Bharat. This will give more accessibility to the people in the smaller cities and villages.
3. The proposal to have PPP model hospitals in 112 aspirational districts will again increase the accessibility for healthcare to marginalized population
4. Making 2000 essential medicines available through Jana Aushadi stores to common man.

However , it is unfortunate that the allocation of 69000 CR for the sector is only just 1% of GDP which will be highly inadequate for any major leap forward in the sector.

The budget is almost silent regarding NRIs and many of the demands and suggestions to benefit them have not been considered."

**Dr Azad Moopen, Founder Chairman of Aster DM Healthcare**

### **"FDI in medical devices**

India imports significant parts of its medical devices requirements. While 100% FDI in medical devices manufacturing has been open for a while, it remains to be seen how the new scheme for electronics' manufacturing will play out, and more importantly how will this scheme be customized to encourage medical devices manufacturers to make in India.

### **Viability Gap Funding Suggestion:**

Tier 2 and Tier 3 markets definitely represent one of the biggest opportunities for entrepreneurs in healthcare, but capital is not easy to generate. The viability gap funding suggestion will encourage private entrepreneurs and local doctors to setup hospitals in such areas and expand the healthcare reach

### **AI.. link to Ayushman Bharat**

Artificial intelligence and machine learning are the buzzword! It is no surprise that these are being linked to Ayushman Bharat. It will be interesting to see how is it implemented to develop a preventive program. Let us not forget that the data privacy bill is in parliament, AI and ML will require tons and tons of data to deliver results.

### **Connecting District Hospitals to Medical college**

District hospitals present a good opportunity to young medical students to gain experience on a variety of medical cases. The incentives announced to states willing to associate hospitals to medical colleges will help address the ever-increasing demand of healthcare professionals. Quality talent being available will help private and public healthcare institutions scale up their capabilities to provide better care to patients.

### **Emphasis on healthcare:**

Emphasis on healthcare is pleasantly taking a larger wellness initiative. The continued push will spur growth in all parts of the sector, healthcare, innovation, and wellness services.

**Sameer Sah, Partner, Khaitan & Co**

"We congratulate the government on presenting the Union Budget 2020 for the common man and it's encouraging to see that the government has taken the lead to deliver on its promise of excellence in healthcare. The government's "TB Harega, Desh Jeetega" initiative to eradicate tuberculosis by 2025 is a significant step towards building a healthy Society. India being the highest recorder of TB cases in the world makes it imperative for us to understand the high risk of catching the disease. The government's vision aligns with our mission to raise consciousness and promote advanced diagnosis and treatment of tuberculosis among patients. Additionally, the government's impetus on boosting the domestic manufacturing of electronics

and medical devices in the country will reinforce the commitment towards raising awareness for early detection in India. Apart from this, the announcement to boost Artificial Intelligence is a great step to strengthen the usage of technology in the field of healthcare while intensifying the quality with accessibility and affordability. We believe that the government has put forward a progressive budget with a strong vision to take India's social, economic and overall well-being to greater heights."

**Chander Shekhar Sibal, Senior Vice President, Fujifilm India**