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Budget Reactions

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Pharma sector upset with budget

â€œFor Pharma, nothing new or significant is seen at first glance. The 150 percent weighted deduction in R&D ex penditure is being continued for another two years. The industry wanted this to continue until 2015. Similarly, the Section of the Income Tax Act dealing with 100 percent R&D units has been extended for another two years. This section deals with exemption of income. In pharma, income become realizable, if at all, only after 10-12 years of R&D work. So, when the finance minister mentioned that he was providing a stable policy environment for pharma and biotech, this is not visible. On nine items of machinery meant for the manufacturing of pharma and biotech, the customs duty has been reduced to five percent. This is a welcome step, but if the pharma unit is already importing machinery under EPCG, there is no gain.
From the pharma point of view, even though the FM has recognized that it is a sunrise sector where India can leverage its skills to achieve global competitiveness, no concrete measures have been extended to this sector. Therefore the disappointment.â€?

Ramesh L Adige
Whole-time Director, Corporate Affairs & Global Corporate Communications, Ranbaxy Laboratories Limited, New Delhi.

â€œWe believe that only a 40 percent abatement while charging excise duty calculated on MRP (maximum retail price) would lead to increase in prices of drugs, since industry will need to recover the additional excise that has become payable under this scheme. A simultaneous reduction in excise duty from 16 to 8 percent would have mitigated this increase and would have benefited the consumers, industry as well as the government. We strongly urge the government to re-look at reducing the excise duty to eight percent, as medicines are an essential component in providing affordable world-class healthcare to the patients of India.

We welcome the introduction of VAT (value added tax) from April 1, but are dismayed at the lack of proper mechanism to enable the traders to recover the first point sales tax paid on inventory. For example, it is estimated that it would take up to three years for a wholesaler to recover this local taxes already paid on the stock held on March 31.

Extending the scope of tax exemption up to 150 percent on in-house R&D activities: This should become a permanent feature in the new policy that the government is planning to announce in the post-patent era. India has an outstanding opportunity to become a global R&D hub. All major MNCs and Indian companies are keen to invest in research in India and a stable, long-term, strategy will give this opportunity a significant fillip.â€?

Rajiv Gulati
MD and Chairman, Eli Lilly India, Gurgaon

Farm sector happy

â€œThe most commendable statement of the speech with regard to biotechnology was, I quote 'Biotechnology industry has the potential to be a global leader supplying novel technologies and products to the health and agriculture sectors. Government will provide a stable policy environment and necessary incentives to help the two industries become world leaders'. In my view, at this point of time, what biotech sector requires is a stable and transparent policy environment. The statement reflects the Government's commitment to reap the fruits of cutting edge technologies for the farming community.

In the last budget, the present government provided a clear emphasis on applications of biotechnology in Indian agriculture. Continuing those threads, this budget reaffirms the present government commitment in this direction that would certainly build confidence among both public and private sectors in India to continue research and development of new agri-biotech products. An in-depth analysis on Budget provisions bespeaks the futuristic approach of the present government in adopting frontier area of biotechnology as means to tackling problems associated with agricultural productivity, with a prime focus on ensuring nutritionally sufficient food to the steadily rising population in India.

Support from the Small Industries Development Bank of India (SIDBI) to establish a SME Growth Fund with a corpus of Rs 500 crore to boost small and medium units in knowledge-based industries such as pharma and biotech would amount to be a booster for generating new breeds of agri-biotech entrepreneurs in India.

What was missing in terms of incentives to agri-biotech sectors was the much-required allocations of substantial funding for developing various biotech crops specifically designed for Indian agriculture identified by public sectors institutions such as the Indian Council of Agricultural Research (ICAR). However, allocation of Rs 50 crore for establishment and operationalization of the National Fund for Strategic Agricultural Research is a right step in that direction.â€?

Bhagirath Choudhary
National Coordinator, International Service for the Acquisition of Agri-biotech Applications (ISAAA), New Delhi