

Awaiting Another Biotech Budget

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All eyes are on Finance Minister P Chidambaram. Ever since he gave us a biotech-friendly budget in February 2005, the expectation levels have been raised. Over the last 12 months, BioSpectrum has taken the initiative to collate the other unfulfilled demands of the biotech sector and these wish lists have reached the policy makers.

The expectation from the biotech sector is higher this time for other reasons too. Moreover, two key biotech policy makers, Minister Kapil Sibal and DBT Secretary, Dr MK Bhan, have been interacting with the industry regularly to get the feedback. Sibal's energetic work in handling the key science and technology portfolio has been duly appreciated and rewarded with the Cabinet rank given to him on January 29. With this elevation, Sibal has become one of the first full-fledged Cabinet minister to handle S&T portfolio. In the Vajpayee government, Murli Manohar Joshi handled S&T ministry as an additional charge to the HRD minister. Even the late President KR Narayanan had to operate only with the minister of state rank when he handled S&T Ministry in the Rajiv Gandhi government during 1984-89. With the Cabinet status, as one of the country Top 20 decision makers, Sibal should be in a position to get a better deal for the biotech sector, which he is very passionate about.

As the budget details are being worked, this is the right occasion to highlight five major demands of the industry, once again.

One, the customs and excise duty exemption given to the import of all raw materials required to make life saving drugs should be extended to all essential materials required in biotechnology and pharmaceutical research. India currently makes slightly over 50 biotech drugs. This exemption should help to make almost all the 350 biotech drugs which have been approved for use globally in a few years.

Two, biotech products manufactured in India be given a two-year moratorium from Price Control under NPPA(National Pharmaceutical Pricing Authority) to provide for sufficient time to scale up production and streamline costs. The present requirement for approval from NPPA prior to launch leads to substantial delay in launch of the product. Further, R&D expenditure incurred on biotech products be permitted for amortization in computing costs for the purposes of price fixation.

Three, the biotech parks availing of SEZ status should be allowed relaxed Export Obligation norms after a duration of five years as this will greatly help biotech parks to attract a large number of innovative biotech companies. And the minimum area required for setting up a Biotech SEZ be restricted to 25 Acres of land or 1 million sft of building area, similar to the norms specified for the IT industry.

Four, lending to the biotechnology sector be categorized as Priority Sector Lending. Also it is proposed that Rs 200 crore of Funds under the Technology Development Board be earmarked for providing long term funds to biotech companies. Biotech imports should also be exempted from the Withholding Tax and the 200 percent weightage in tax deduction should be extended up to March, 31, 2015. International patent filing costs should also be allowed to be included in the weighted deduction calculation.

Lastly, to enable small farmers to access the transgenic seeds, a subsidy scheme for such seeds should be announced. This would enable a larger number of farmers to access the beneficial transgenic seeds. Nearly two thirds of the costs of these seeds are paid as technology fee to the developers of technology.

The biotech industry has great hopes on Mr Chidambaram. If he concedes these five major demands, the industry could look forward to another great year ahead.