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Union Budget Drives Home â??Viksit Bharatâ?? Mantra

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Union Budget 2024-25 is focussed on driving the growth and development of entrepreneurship, employment and skilling



Presenting the Union Budget for the seventh time in a row on July 23, the Union Minister for Finance and Corporate Affairs, Nirmala Sitharaman proposed to abolish 'angel tax' for all classes of investors and announced several measures like operationalisation of the Anusandhan National Research Foundation (ANRF) for basic research and prototype development and setting up a mechanism for spurring private sector-driven research and innovation at commercial scale with a financing pool of Rs 1 lakh crore in line with the announcement in the interim budget. The Budget has enhanced the allocation to the Department of Scientific and Industrial Research (DSIR) from Rs 5746.51 crore in 2023-24 to Rs 6323.41 crore 2024-25 marking an increase of 10.03 per cent, of which Rs 6265.80 crore has been earmarked for Council of Scientific & Industrial Research (CSIR).

The Union Budget 2024-25 is focussed on driving the growth and development of entrepreneurship, employment and skilling, making India a manufacturing hub of the world and boosting primary and secondary healthcare in the country – factors by and large being hailed by leaders and experts as keystones on India's path of 'Viksit Bharat' to become one of the world's biggest economy. The Prime Minister asserted "Today's budget has brought new opportunities, new energy, new employment and self-employment opportunities. It has brought better growth and a bright future."

Healthcare/medtech

The government has increased the budget allocation for the healthcare sector by 15 per cent compared to the previous year. This increase aims to improve healthcare infrastructure and services across the country. Three cancer drugs namely Trastuzumab Deruxtecan, Osimertinib and Durvalumab have been fully exempted from custom duty, to make cancer treatment more affordable in the country. The budget has also introduced schemes to enable changes in Basic Customs Duty (BCD) on X-ray tubes & flat panel detectors for use in medical X-ray machines under the Phased Manufacturing Programme. Although the announcements have been welcomed by the healthcare sector, experts opine that customs duty reduction on finished goods is still a pending demand.

Kiran Mazumdar Shaw, Chairperson, Biocon & Biocon Biologics said, "The removal of customs duty on three cancer drugs will provide relief to cancer patients. However, the government needs to consider GST exemption for all cancer drugs to make cancer care more affordable for patients."

"The exemption of customs duty on cancer medicines is a significant step towards making healthcare more accessible and affordable. As an oncologist, I feel that the government needs to look toward high-end treatments like Radiation Therapy, and Bone Marrow Transplant and make these within the reach of the common man", said **Dr Raj Nagarkar, MD & Chief of Surgical Oncology & Robotic Services, HCG Manavata Cancer Centre**.

"The substantial allocation of Rs 90,958.63 crore to the health sector and increased funding for Ayushman Bharat PM-JAY have brought significant optimism within the healthcare industry. In continuation to this, to transform India's healthcare landscape, a holistic approach encompassing technology, infrastructure, and human capital is essential. Alongside prioritising affordability and accessibility, sustaining the momentum with continued investments and initiatives will help in positioning India as a premier destination for healthcare, benefiting patients both domestically and internationally. At Draeger, we look forward to contributing to India's journey towards a world-class healthcare system", said **Shalin Patel, Managing Director, Draeger India Group**.

Himanshu Baid, Managing Director, Poly Medicure Ltd and Chairman - CII Medical Technology Division said, "The Finance Minister's proposed changes in customs duty aimed at synchronising domestic capacity addition for X-ray tubes and flat panel detectors is worthy. This measure will bolster local manufacturing capabilities in medical technology, fostering self-reliance and enhancing accessibility to critical diagnostic equipment." Referring to one of the core focusses of National Medical Devices Policy-2023 to reduce medical device import dependence, AiMeD Forum Coordinator, Rajiv Nath said that the Central government must also consider income tax benefits, specifically tailored for capital expenditure (CAPEX) and research and development (R&D) investments within the medical devices sector.

Pavan Choudhary, Chairman, Medical Technology Association of India (MTaI) commended the budget's outlook on harnessing both the domestic and international currents to optimally forge the path ahead, and its facilitation of FDI. He also said, "We do hope that tariff barriers on finished MedTech products which are not import substitutable in the short to mid-term, will eventually come down. This would further patient affordability and foster competition and quality."

Dashed Pharma Expectations

The Union Budget has increased allocation for R&D, particularly through the ANRF– an announcement that is largely being commended by the industry as a welcome step for clinical research and pharma sector's growth. Experts have emphasised on the implications of simplifying regulatory processes and reducing operational hurdles in creating a more conducive environment for pharmaceutical companies to operate, innovate, and expand.

Sanjay Vyas, Executive Vice President and Managing Director, Parexel said, "Government's push for digital infrastructure under the Jan Vishwas Bill will significantly enhance the operational efficiency of clinical trials. Moreover, the budget's emphasis on skill development and women's empowerment will contribute to a robust talent pipeline for the life sciences sector. These measures collectively position India as a more attractive destination for Global Capability Centers (GCCs)."

Although new incentives and schemes introduced in the Union Budget are being lauded by the pharma sector for its pro-innovation stance, industry leaders have opined on lacunae that need to be addressed as well.

Anil Matai, Director General, Organisation of Pharmaceutical Producers of India (OPPI) said, "While we appreciate the positive strides taken in the Union Budget 2024, we were also hoping that the government could announce incentives for pharma companies to develop medications for rare diseases affecting small populations. We were hoping for focused measures like the establishment of more CoEs for the management of rare diseases. We were also hoping for the stricter and unambiguous enforcement of IP regulations required for Pharma MNCs to introduce newer innovative therapies for Indian patients." Industry leaders are also expressing the unmet need for focus on areas of API manufacturing and reducing import dependence. Ashutosh Gupta, Director of Medicamen Organics Limited and former Chairman Pharmexcil Export Promotion Council of India said, "There is not much for the pharmaceutical sector in Budget 2024. We were expecting some more announcements to promote the API sector. We also expected some announcements on R&D."

Further Push for Startup Ecosystem

This Budget is heavily focussed on boosting the country's R&D, and innovation ecosystems through implementation of schemes and initiatives like the ANRF, eliminating "Angel Tax", extension of the limit of mudra loans to Rs 20 lakh from the current Rs 10 lakh, and a reduction of corporate tax on foreign companies from 40 to 35 per cent to invite investments.

Dr Jitendra Singh, the Union Minister of State (Independent Charge) for Science and Technology said "Budget 2024-25 will boost StartUps and the StartUp ecosystem through bold and innovative proposals like ending "Angel Tax" and introducing paid Internship". Hailing the abolition of the angel tax, Dr Premnath, Director, Venture Center, a Pune-based deep tech incubator, said, "It appears that Angel Tax will not apply to other investors, including non-resident investors or those not meeting criteria listed in the previous exemption. This will definitely help give comfort to many more investors in investing in startups."

Sharing his views on the implications of the budget's announcements, **Dr Vishal Gandhi, Founder & CEO, BIORx Venture & Indian Healthcare Angels**, said, "A major milestone achieved! The unconditional removal of the angel tax will alleviate the financial burden on startups raising capital, bolstering investor confidence and fostering innovation in the biotech and pharma sector particularly. High risk investments must translate into high rewards for investors and founders. This will be great motivation to encourage R&D to drive better economic impact in the near future."

Additionally, the Union Budget has made announcements in the areas of generating employment, skilling, and youth empowerment, which will also hold potential in advancing India's healthcare, pharma and life sciences sectors. The Budget is also focussed on boosting MSMEs. In this regard, a highlight of this Budget also includes e-commerce export hubs - E-Commerce Export Hubs to be set up under public-private-partnership (PPP) mode for MSMEs to sell their products in international markets.

All-in-all a forward-looking Budget, it holds the potential to advance India's healthcare, pharma and life sciences sector through enhancements in R&D, innovation, competent entrepreneurship strategies and youth upskilling.

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