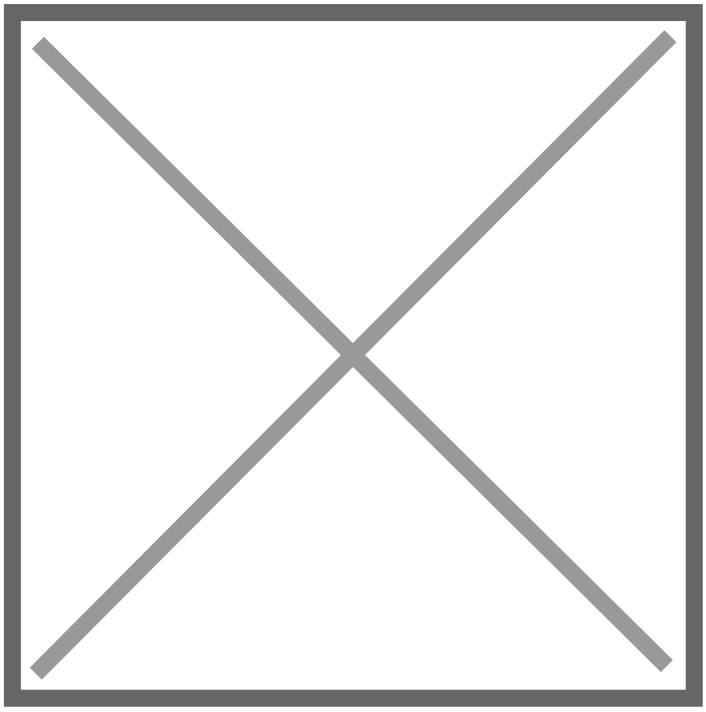
BioSpect
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

Customs duty reduction boosts biotechnology sector

11 April 2005 | News



The Association of Biotechnology-Led Enterprises (ABLE) had initially recommended a set of 20 different equipments for exemption from custom import duty to the Finance Minister, of which nine were finally selected.

The criteria for selecting these equipments was the fact that they are commonly required to set up a relatively advanced biotech R&D lab and since most of them are not manufactured in India, they have to be imported. This move is aimed at reducing the capital cost of R&D and help the biotech companies to realize the full potential of its scientific skill base at a commercial level.

Equipment that benefit

- Cell cultivation devices - roller bottle systems and spinner flasks
- CO2 incubator
- DNA/Oligonucleotides Synthesizers
- Electrophoresis system (Protein, DNA, 2D)
- ELISA Reader and washer
- Fluorimeters
- Low Temperature Freezers (minus 70 degrees and less)
- Spectrophotometers (including Nuclear Magnetic Resonance Spectrometers)

This decision has also brought cheer to the bio-suppliers sector, as today India is predominantly an importer's market, with domestic sales accounting for more than 97 percent share of the total industry size. Most of the leading global suppliers have their presence in India either directly or indirectly and continue to dominate the market in line with their global dominance.

Most of the leading suppliers dealing in these equipments are still grappling with the financial implications of the reduction in custom duty and believe that a clear picture will emerge only in April once the revised duties are in place. But overall, the move has been cheered by one and all.

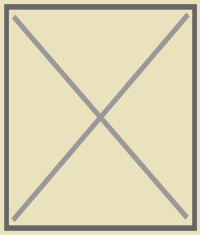
Navneet Trehan, corporate vice president and director, Axygen Scientific, said, "We welcome this decision and if it leads to a reduction in the prices of the equipments, then we will definitely like to pass the benefit to our customers". Dr Arvinder M Singh, general manager, life sciences, PerkinElmer India echoed similar views. "We do not import equipments and supply them. The ordered equipments are directly shipped to our customers from our warehouses across the world. So if there is any duty reduction, then our customers will be directly benefited," he said. PerkinElmer, was earlier operating through LabIndia, but has recently established its direct presence in the country.

Some industry leaders opined that the list should be broadened and more instruments should be brought under its purview. VS Upadhye, director, LabIndia Instruments, commented, "The list is good but not exhaustive. It should also include PCR systems, DNA sequencers as these are widely used in R&D in almost every lab today. In fact these items should be given the top priority. Another equipment which should be considered is the mass spectrometer as it is a commonly used expensive equipment." Similarly, Arun Prakash, CEO of Delhi-based Genetix Biotech Asia, said, "This move is really welcome but cell factories should also be included into the list as this cell cultivation device is a major requirement of the biotech industry. Moreover, as India is fast becoming the global hub of vaccines, with many Indian companies producing and exporting them, if duties on such devices is reduced, then it will not only boost the sales of the domestic companies but will go a long way in promoting the growth of the Indian biotechnology industry."

Now that the biotechnology and pharmaceuticals have been recognized as the sunrise sectors by the top key policy makers of the country, more may be in the offering in the future. As observed by Nitin Deshmukh, director, ABLE, "Biotechnology is still in nascent stage in the country and is largely a reach-oriented industry. Things are going in right direction. One cannot expect all in one shot. Things will rollout. And one has to be pragmatic."

"This gesture will certainly help Biotech R&D in a big way"

Bipin Deshmane, general managerÃ¢â?¬â??fermentation, Shreya Biotech, provides an in depth view about the equipments on which custom duty has been reduced and those which have been left out.



Equipment for which customs duty has been reduced

Ã¢â?¬Â¢ Reduction in duty on cell cultivation devices such as roller bottles and spinner flasks will facilitate the research on cell culture. Many of latest biotherapeutics are of cell culture origin eg. Erythropoetin, tPA, variety of monoclonal antibodies. Animal cell culture is much more difficult, cumbersome, time consuming contamination prone as compared to bacterial or fungal cell culture. The gestation period for such projects is very high. This step by the FM will be welcome by industrial cell biologists.

Ã¢â?¬Â¢ ELISA technique is very common in assaying activity of most of the biotherapeutic proteins. ELISA reader and washer are part of any rDNA based Biotech lab. Now these equipments will be cheaper for industry to instal in their labs.

Ã¢â?¬Â¢ Electrophoresis system Ã¢â?¬â?? both for DNA and protein Ã¢â?¬â?? is a routine analytical procedure for qualitative (and sometimes quantitative) estimation. Electrophoresis is used day in and day out for In Process as well as final product analysis of rDNA based biotherapeutic proteins. Prices of these equipments will come down.

Ã¢â?¬Â¢ Minus 70 degrees Celsius freezers is a must for storage of bacterial and fungal cell cultures. This satisfies the basic requirement of any biotech lab. Spectrophotometer is another basic and a must type of equipment.

Ã¢â?¬Â¢ DNA synthesizers are a costly affair for industry. Reduction in duty will certainly encourage the industry to venture in to it.

Equipment for which customs duty reduction has not been considered

Ã¢â?¬Â¢ Fermentors with ancillary instrumentation are required to grow any industrially important bacterial and fungal cell cultures (whether it is normal or genetically engineered) in order to produce biotech products. No biotech lab can be started without fermentor.

Ã¢â?¬Â¢ The Finance Minister should have reduced customs duty on microscope, which is required to observe any organism. Industry cannot afford electron microscope but for routine optical microscopes reduction in customs duty was very much required.

Ã¢â?¬Â¢ Membrane filtration (micro, ultra, nano, RO) technology is largely being used in purification of biotech products including proteins. Duty reduction would have helped in using this technology as a part of purification.

Ã¢â?¬Â¢ Most of the latest biotherapeutics are proteionic in nature. Chromatography is the heart of any purification scheme. No reduction in customs duty in this segment is really disappointing and disheartening for biotechnologists.

Ã¢â?¬Â¢ PCR is another equipment, which is commonly used in genetic engineering lab. Very simple but innovative technique is very handy and useful.

Ã¢â?¬Â¢ Most of the latest biotherapeutic proteins are injectible and hence water quality used for their production (upstream and downstream) is very important and crucial. Hence water purification system at lab and pilot study level rightly deserves duty reduction.

Ã¢â?¬Â¢ In the field of Genomics and Proteomics, Microarray equipment with necessary paraphrenia is very much required. This is latest and most advanced technique (and of course costly also), which deserves duty exemption.

Ã¢â?¬Â¢ Nevertheless, the Finance Minister has shown a gesture of reducing custom duty on quite a good number of equipments, which should be welcome wholeheartedly. This gesture will certainly help a long way for biotech R&D. We hope that next year's budget will take care of rest of the equipments.