BioSpectrum the business of Bio & Health Sciences

"I4RD strengthens R&D activities in India, Israel"

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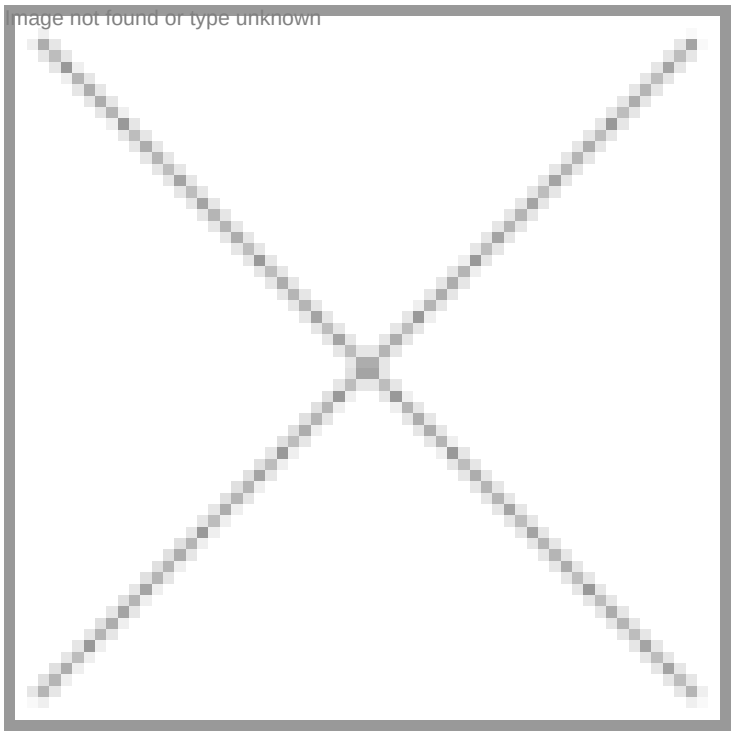
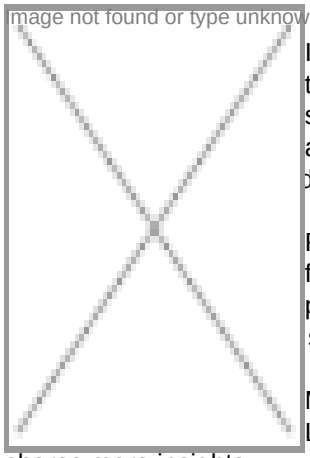




Innovation is the key for companies to gain advantage over their competitors in medium to long term basis. Strengthening R&D is one of the ways to achieve the required innovation. Further, R&D serves as an enhancer for sustained economic growth. R&D on a global scale helps to share risks as well as costs; shortens development time and time to market; and provides access to global d infrastructure.

Recognizing the need for collaborative R&D, India and Israel have signed a bilateral agreement, to form India â€“ Israel Initiative for Industrial R&D (i4RD) with an aim to support joint industrial R&D projects for developing products or processes leading to commercialization in the global market. signed between the Department of Science and Technology (DST),

Ministry of Science and Technology, Government of India and the Ministry of Industry, Trade and Labor State of Israel. John Powath, CEO, Inventive Business Partners and head of i4RD program shares more insights.

Q What are the major collaborative activities of i4RD program?

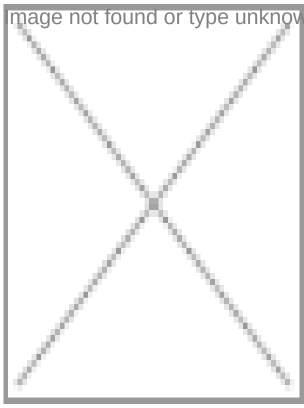
The i4RD program is a bilateral funding program that is co-sponsored by the governments of India and Israel with a primary aim to support joint industrial R&D projects for developing products or processes for commercialization in the global market. This bilateral funding platform is supporting R&D projects between companies in Israel and India. This program will provide a platform for joint R&D efforts that has a strong emphasis on innovation with a global commercial applicability.

The implementing organizations are Global Innovation and Technology Alliance (GITA) on behalf of the DST, India; and MATIMOP, on behalf of the Office of the Chief Scientist (OCS), Israel.

Q Does the political landscape of India encourage such collaboration?

India and Israel are heading towards fast growing economic cooperation. Bilateral trade, which was Rs 893.48 crore ($200 mn) in 2001, grew to Rs 18,316 crore ($4.1 bn) in 2009, excluding defense trade. This includes manufacturing, satellite launch, agriculture and diamond industries. A formal free trade agreement was in progress in 2010 for a two-way agreement that would give Indian industries access to the Israeli high technology sector and Israel access to Indian domestic market. This is a step ahead of the Preferential Trade Agreement (PTA) that recommends setting up a Joint Study Group (JSG) by the two countries to improve trade ties.

It is estimated that bilateral trade would exceed Rs 53,605 crore ($12 bn) in five years with this trade agreement. The areas that are given emphasis are software, communication, homeland security, science and medicine, bio, agro-technologies and water. Considering these facts, i4RD program is a joint bilateral funding program and there are no political impediments for such collaborations.



nancial support offered by the i4RD program?

The program provides funding of 50 percent of R&D costs. Further, there is an overall cap on funding, which is estimated at Rs 2.23 crore ($500,000) per project, between the Indian and Israeli companies based on joint R&D projects approved by both India and Israel. Funds up to Rs 1.11 crore ($250,000) would be dispensed by India and Israel to the entities in their respective

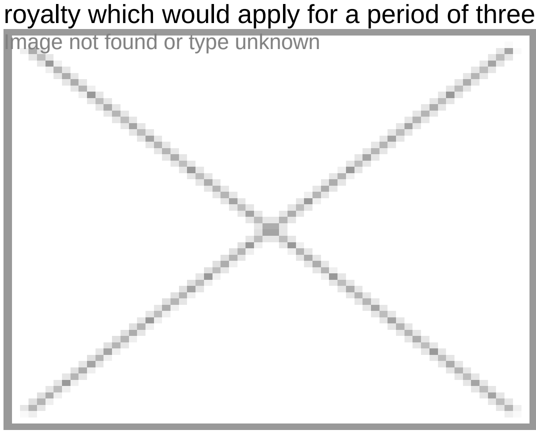
The criteria to be followed in order to apply for i4RD Call are -- at least two science and technology companies from the respective countries should express their desire to cooperate in the research and development of new product or new process; the project may involve more than one company from each side; academic/research entities are eligible to join as sub-contractors; the product should be highly innovative with significant commercial potential. The joint industrial R&D project should aim at developing products/processes leading to commercialization in the global market, and the project partners should agree in advance on the IP rights and commercialization strategy of the product or process.

From India's perspective, the eligible applicants are researchers and managers representing Indian companies (with minimum 51 percent ownership) that are headquartered in India and registered under Indian Companies Act. Subsidiaries of firms headquartered and owned outside India are not eligible for support. Sole proprietorship/partnership firms are not eligible for funding support. The Indian industry partner must have an R&D Center, which has valid recognition from the Department of Scientific and Industrial Research (DSIR), Government of India. If a registered firm, then it should get the R&D center DSIR recognized within 12 months after sending application to i4RD. Failing which, unless and otherwise extended, the firm may be asked to return the loan amount.

The total funding from the Government of India will not exceed 50 percent of the Indian component of the total project cost. Further, the total funding from the Government of Israel via the OCS, under the i4RD financial support, will not exceed 50 percent of the eligible and approved costs of the R&D, in accordance with the national laws and regulations

Q What will happen if the project fails to bring positive result?

In case the end result of the R&D effort is not fruitful, there would be no need to pay back. However, if the R&D effort is fruitful, there would be requirement to return the grant provided, typically in the form of interest free loan or minimal royalty which would apply for a period of three to five years.



tners for innovative firms in India?

The proximity of research institutes, large firms and start-ups, a talent pool drawn from around the world, a friendly ecosystem of venture capital, and government initiatives to encourage R&D through unilateral and bilateral

Israel has the highest number of scientists per capita globally (1/200 people), and 39 percent of its scientists specialize in life sciences. Moreover, with a high percentage of graduates in mathematics, physics and computer sciences, the industry is well placed to make an impact in interdisciplinary technologies

such as bioinformatics and proteomics.

Israel has also taken a world-leading role in cancer and auto-immune disease research, as well as research into diseases affecting the central nervous system. Half of all the Israeli biotech companies are very small, with no more than 20 employees. Inspite of the outstanding growth of this sector it is still in early stages and the potential is much larger than current activity. Thus, there appears a definite potential match perspective between Indian and Israeli biotech companies. The same would also be true for other fields of science and technology.

Biotech companies in general face the problem of raising working capital because of their small size and long lead-time to market. The financial crisis makes it even more difficult for them to get the fund assistance. This opportunity can be capitalized by innovative companies in India to access funding as well as R&D talent pool through the joint R&D funding program.

Q Are life sciences firms in Israel less likely to cooperate/ partner with foreign institutions than domestic firms?

If we look from an Indian perspective, one could form the view that the chances of two local Indian companies collaboratingis far greater than a potential collaboration between a local and foreign company. Cooperation or collaboration needs to be a mutually beneficial relationship. So it would have to be a win-win situation for both sides.

India has a large domestic market, the R&D collaboration can definitely benefit Israeli companies as those companies get access to Indian market through their collaborating partner in India and the Indian companies get access to diverse R&D talent pools in Israel that could potentially shorten the development time and boost innovation.

Jahanara Parveen in Bangalore