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Budget 2014: Pharma reforms highly required says Venus CMD

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Budget 2014: Pharma reforms are highly required says Venus CMD



The change in central government has raised the expectations of the pharmaceutical industry. With the NDA government all set to table its first budget in Parliament on July 10, the pharma industry is ready with its wish list, suggesting a slew of measures to give a push to this crucial sector of the economy.

According to Mr Pawan Chaudhary, chairman and managing director (CMD), Venus Remedies, reforms are like a key that can unlock the potential of the sector. About his wishlist, he said,"Essentially speaking, we expect this budget to push for a new era of accelerated reforms. We hope that the budget supports the industry by giving incentives to exporters like exemption under section 80HHC. The government should also give impetus to R&D through incentive-linked funding. We also expect more clarity on guidelines for expenditure liable on weighted average deduction under section 35(2) AB of the Income Tax Act. All the expenditure incurred on R&D, whether in-house or outsourced, in India or overseas, should be liable for tax deduction."

Talking about intellectual property, Mr Chaudhury elaborates on his expectations, "IPR taxation is another area where India is yet to take any initiative. Many European countries have a 'Patent Box' scheme to provide special tax rebates on income from patents. It is high time India took a decisive stand on such issues."

"The inverted structure of excise duty in the pharmaceutical industry also needs rectification. Meant to be temporary tools of taxation, surcharge and education cess should be done away with and replaced by a more rational tax structure based on a wider tax base. Furthermore, Minimum Alternate Tax (MAT) rates should be brought down as they are very high and impact cash flows of companies. Since most of the pharmaceutical companies have their subsidiaries or arms overseas and are subject to international taxes, safe harbour rules should be extended to cover sales of pharmaceutical products," Mr Chahudhary said.

Venus Remedies reaches out to all significant markets across the globe with presence in 5 continents and 60 countries. We have received patents for our research products from established markets such as Europe, USA, Japan, Canada, South Africa, Australia and so on, wherein the company is soon going the launch its respective product line in Oncology and AMR segment to mark its presence there as well.

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The company is currently working on a robust pipeline of 25 products, in various stages of development, including the 12 novel products that have already been commercialised.

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