

Modi gov't's 'Budget 2015' bets big on R&D, skills & tech startups

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The 'Union Budget 2015' presented by the finance minister, Mr Arun Jaitley on February, 28 is being termed as a big bang reform budget. The Modi government has taken few bold steps to ensure that the industry gets back its confidence to grow and help in nation building. Pointing especially towards the role of technology creation in India and entrepreneurship to boost 'Make in India' campaign, Mr Jaitley mentioned, "the focus is on creating job creators not job seekers."

To begin with, the Prime Minister's pet project, 'Swatch Bharat Abhiyaan' will also include bigger focus on preventive healthcare, paving way for growth of diagnostic industry in India. For the fiscal year 2015-16, the health sector has been allocated Rs 33,152 crore which may be below the industry expectations though it is a good increase from the previous one presented only a few months from elections in 2014.

Besides that, there is good focus on skill development as well. With an aim to boost education in states often deprived of opportunities, an Indian Institute of Technology (IIT) in Karnataka and a PG institute of Horticulture in Armtisar will be setup. The budget announcements also included the proposed establishment of All India Institute of Medical Sciences (AIIMS) in Jammu and Kashmir, Punjab, Tamil Nadu, Himachal Pradesh, Bihar and Assam. Three new National Institute of Pharmaceuticals Education and Research in Maharashtra, Rajasthan and Chattisgarh and one institute of Science and Education Research is to be set up in Nagaland and Orissa each.

The technical startups have a lot to cheer about. The reduction of tax on royalty payable and fees for technical services reduced from 25 percent to 10 percent to facilitate technology inflow is a very welcome step for sourcing foreign technology. The SETU (Self-Employment and Talent Utilization) Fund to be established as Techno-financial, incubation and facilitation program to support all aspects of start-up business. Rs 1,000 crore to be set aside as initial amount in NITI. Also, the Atal Innovation Mission (AIM) to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development. A sum of Rs 150 crore will be earmarked.

Industry leaders have expressed their satisfaction on the favourable highlights in the budget. In her first reaction on twitter, the Biocon chairman, Kiran Mazumdar Shaw mentioned, "J&K to have AIIMS - a good measure as J&K has very competent medical human resources including medical education."

Dr Habil Khorakiwala, chairman, Wockhardt Biotech gave a rating of 8 out of 10 for the budget. He added, "Indeed a breath taking effort by Finance Minister Arun Jaitley. It envelops every section of society and commits to initiate social security network for all. There are measures for global competitiveness and "Make in India' - a reality."

"Overall this has been a forward-looking and stable budget. Specifically, the health exemptions provided for all and, in particular, for the elderly are a major positive. The government has announced 5 new AIIMS, which will both increase access to health facilities in those states and also provide a training ground for medical professionals. The visa on arrival for 150 additional countries is also a progressive move. This will go a long way in facilitating medical tourism, said Ms Suneeta Reddy, managing director, Apollo Hospitals.

Mr Jaitley in the budget also supported the agriculture sector with the help of effective and hassle-free agriculture credit, with a special focus on small and marginal farmers. He proposed the Budget allocation of Rs. 25,000 crore in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF) set up in NABARD; Rs. 15,000 crore for Long Term Rural Credit Fund; Rs 45,000 crore for Short Term Cooperative Rural Credit Refinance Fund; and Rs. 15,000 crore for Short Term RRB Refinance Fund.

"The budget proposals on agriculture are consistent with the government's focus on addressing the key challenges of irrigation and soil to boost productivity. Another major announcement is with respect to implement an effective agriculture credit mechanism and focus on small and marginal farmers," Dr KC Ravi, Vice President, Commercial Acceptance & Public Policy, Syngenta South Asia adding further, "The Finance Minister's proposed allocations are also welcome as these shall incentivize farmers. The focus on creating a national agriculture market is also much-needed, and welcome. All these measures supplemented with the Agriculture Ministry's focus to accelerate technology adoption in agriculture will certainly help in boosting agricultural growth and in boosting farmer incomes."

As per Mr Ram Kaundinya, director general, ABLE-AG (Association of Biotechnology Enabled Enterprises - Agriculture Group) "The PM's interim budget in 2014 had a very modest increase in financial outlay for the agri-biotechnology sector. With regards to the Budget 2015, widely expected to be a landmark budget, we were looking forward to seeing more stimulus for the agri-biotech industry to enable more productive and long-term gains for the sector. The focus was clearly more on infrastructure and less on incentivising the agri-industry. While this will directly benefit the farm sector and help improve farm incomes, we have always maintained that a more conducive policy initiative for the agri-biotech industry would align the priorities of the Indian seed and biotech industry with the government's 'Make-In-India' mission better as almost all the crop seeds are produced in India, creating huge rural employment and generating incomes for the farmer community."

"The finance minister has set a realistic road map for the agriculture sector by addressing the underlying problems of Irrigation, farm credit, and directing farm subsidies into the farmers hands. The Finance Minister's statement on creating a better market for farmers produce and addressing the issue of value addition in Agriculture is laudable. CropLife India believes that the budget initiatives will go a long way in improving farmers' livelihood and achieve a sustainable 4 percent growth of agriculture sector.," said Mr Ram K Mudholkar, business director, South Asia, DuPont Crop Protection and chairman, CropLife India.

However, there is healthy criticism too from Mr Rajiv Nath, forum coordinator, Association of Medical Devices Industry (AIMED) who says, "Intentions galore but fine print has been missing. We were definitely expecting some significant tweaks on the inverted duty structure but it has been limited to only 22 items, so let the details emerge to see if these will benefit medical device manufacturing," Mr Nath who is also the joint managing director, Hindustan Syringes and Medical Devices Ltd (HMD) added further "It's a budget which tries to paint a picture of coming 'Acche Din' but for now, one needs to be content with hope and anticipation."

To meet these challenges, the finance minister has underlined that the public sector needs to step in to catalyse investment, make in india programme to create jobs in manufacturing, continue support to programmes with important national priorities such as agriculture, education, health, MGNREGA, rural infrastructure including roads.

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As per Mr Abhay Soi, CMD Radiant Life Care which manages BLK Super Speciality Hospital, Delhi and Nanavati Super Speciality Hospital, "The Budget has made some enabling provisions for people to spend more on health insurance and that's one of the welcome steps for the healthcare sector. The emphasis on improving the quality of life and public health through Swachh Bharat is also a welcome move. The increase in tax exemption limit for health insurance from Rs 15,000 to Rs 25,000 is a remarkable feature of Finance Minister Arun Jaitley's maiden full-fledged Budget for 2015-16. As pointed out by Finance Minister as well, the move will encourage more and more people to take health insurance. Apart from this the decision to set-up AIIMS in J&K, Punjab, Himachal Pradesh and Assam shows government's commitment to take quality health care services to people's doorsteps."

Commenting on the budget's focus on start ups, Vipul Jain, CEO, Advancells "It is a mixed bag for healthcare sector. Doubling of the deductible health insurance premium from 15,000 to 30,000 is certainly a step in the right direction. This will help people seek out quality healthcare and will stimulate the sector towards fresh investments. Another favorable step was abolition of service tax on patient transport by ambulance and set up of AIIMS like institutes on different parts of the country. However, the budget falls short in making major policy initiatives for health care sector. There are no announcements for pharma sector or major stimulation initiatives to research and development in the healthcare sector. We were expecting major incentives on R&D specially under the Make in India initiative, but the budget has stopped short of it. There are no financial incentives for the healthcare sector for fresh investments in primary and tertiary healthcare delivery model as well. "

The industry surely is expecting much more. To meet the challenges that remain there, the finance minister has underlined that the public sector needs to step in to catalyse investment, make in india programme to create jobs in manufacturing, continue support to programmes with important national priorities such as agriculture, education, health, MGNREGA, rural infrastructure including roads.

