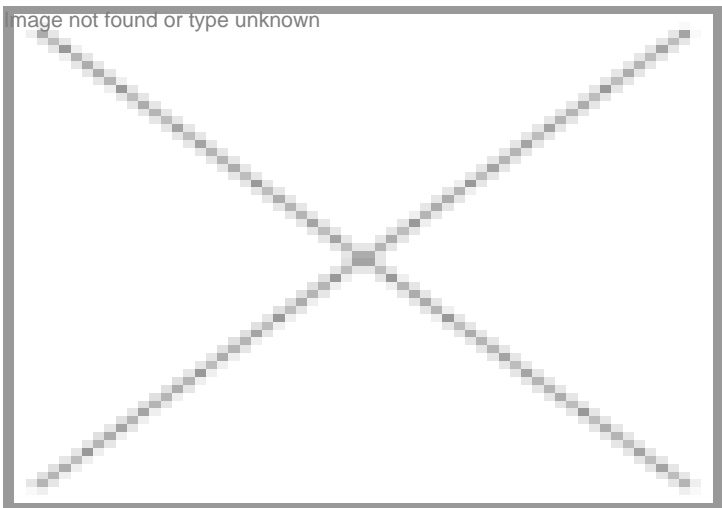


Biotech industry unhappy with budget 2011

15 March 2011 | News



Despite an increased budget allocation of 20 percent to healthcare sector, the biotech industry has given thumbs down to budget 2011



Dr Kiran Mazumdar-Shaw, CMD, Biocon

The Finance Minister has totally excluded the promising biotechnology sector and failed to make provisions for providing fund assistance to the industry. Incentivizing R&D by providing a five-year tax holiday on products developed in-house, provisions for venture funding, zero duty on R&D equipments, and a longer tax-free allowance for biotech SEZs are steps that were

totally ignored. No steps have been taken to enable scientific and technological advances or boost innovation. I would rate this budget no higher than 5.5 on a scale of one to 10.

Mr Ramesh Swaminathan, president of finance & planning, Lupin

The budget has little provisions for the pharma industry. The weighted deduction on R&D is a necessary fiscal incentive given to the entire sector in several parts of the globe, there was a need to incentivize exports through fiscal measures to maintain the sector's global competitive situation which unfortunately is not the case with the MAT introduction on SEZs and the phasing out of export oriented units.

Mr Tapan Ray, director general & Mr Ranjit Shahani, president, Organization of Pharmaceutical Producers of India

Overall, there is nothing significant in this budget for the healthcare sector. However, we appreciate the following announcements of the Finance Minister in his budget speech with reference to following areas: fund allocation for healthcare has been increased by 20 percent, a significant part of which will be utilized to build appropriate healthcare infrastructure; the scope of Rashtriya Swasthya Bima Yojna has been expanded to widen its coverage, which is expected to have an impact in improving access to medicines to the marginalized section of the population. The biotech industry expected that the government will take measures to make all imported life-saving drugs more affordable to the patients by eliminating the import duty. Unfortunately, this has not been considered. However, the basic customs duty has been reduced to five percent with nil CVD on four life-saving drugs along with the bulk drugs used in the manufacturing of these drugs. Enhancement of scope of weighted deduction on payments made for scientific research to national laboratories, universities and institutes of technology to 200 percent is a welcome step.

Dr Bhuvnesh Agrawal, MD, Roche Diagnostics

I feel that the budget has nothing much for life sciences sector. I expected a reduction in import duties and a significant increase in healthcare spending. I'm also unhappy with the levying of tax on diagnostic tests, which means that this is a disincentive, which would be catastrophic as we need more diagnostic tests for disease prevention.

Dr Sanjeev K Chaudhry, CEO, Super Religare Laboratories

It is the prerogative of Finance Minister to bring diagnostics or any other industry under the purview of service tax. While the burden of this levy goes to the customers and patients, the anomaly is that the services of accredited and quality-rated labs will become more expensive for the consumers rather than the small street side labs.

Mr Sanjeev Saxena, CEO, Actis Biologics

It is a very interesting budget. From the biotech stand point, the industry needs decrease in import duties and other excise duties and taxes for equipment, which were not fulfilled. The budget encourages fund flow in the form of equity for non revenue generating companies involved in innovation.

Mr Apurva Shah, group MD, Veeda Clinical Research

The budget could have been a better one but it is consistent enough to maintain the growth rate. It will have no material effect on our industry as such. By showing his commitment to focus on R&D, the Finance Minister could have started moving our country in the direction of being a top tier country in the next decade.

Mr D Narain, India region lead, Monsanto (India)

Increasing the agricultural credit limit to \$105 billion (₹4,75,000 crore) for farmers, the subsidy on interest for farmers who pay their loans on time and capital infusion to NABARD are progressive steps. The subsidy in the fertilizer sector and reduction in customs duty on micro-irrigation products will also boost agri-productivity.

Dr Jitendra N Verma, MD, Lifecare Innovations

In budget 2011, there is no specific mention of biotech sector. The funding to the biotech institutes should have been increased. The increase in R&D budget would certainly have helped. The increased minimum alternate tax (MAT) on special economic zones (SEZs) will demotivate the entrepreneurs and they will certainly face the adverse effects of this increase.

Dr Vijay Chandru, president, Association of Biotechnology Led Enterprises

The ABLE is disappointed that the budget 2011 had nothing for the life sciences sector. We were looking for some positive

indicators to spur growth of the sector and announcements to make diagnostics and drugs for life threatening diseases such as cancer affordable to all sections of the society. Even though there has been an increased outlay for agriculture, this is unlikely to have any significant impact on technology-driven agribiotechnology. It remains to be seen if the support for cold chain facilities have any direct benefit for the pharmaceutical and life science sector.

Dr Raju Barwale, managing director, Mahyco

The budget announcements have acknowledged the imperative need to maximize crop yields to meet the growing demand for food grains and ensure sustainable increase in agricultural productivity. As we step forward into the decade of innovation, players in agriculture industry and allied sectors are hopeful of achieving the indicated 5.4 percent sectoral growth and contributing to the country's economic growth.

The initiatives to raise the target credit flow and provide access to easy affordable credit will play a pivotal role in ensuring income security for the small and marginal farmers who own over 80 percent of the farm holdings in the country. Indian agriculture with the support of productivity stimulus outlay of \$1.11 billion (5,000 crore), growing impetus for farm development, interest subsidy to farmers and support for food crop cultivation in rain fed areas, particularly focusing on eastern regions, will help bridge the gap between highest and lowest producers.

Nayantara Som in Mumbai