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What Indian biotech wanted from the Budget 2013- Part 2

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The biotech industry has a host of expectations from the Union budget 2013. Here is what the Mr KV Venugopalan, president, Indian Analytical Industry Association which has 78 members (both local and multinational) and president, IAIA has to say:
Analytical instruments development is both technology and capital intensive. A strong R&D base with multi-disciplinary capability is mandatory to develop modern instrumentation which is ahead of those currently available in the market. Indian industry being small and fragmented does not have the capability to make such investments and focused efforts and support from government are mandatory to make any progress in this area. Close collaboration with academia, government R&D establishments and industry is essential for the success of any developmental program.

- Creating technology parks, like IT/ITES parks, with tax and Duty benefits will go a long way in supporting industry efforts in attaining self-reliance in this critical component of our scientific and economic growth.Â
- Education systems must be developed to support the requirements of the industry for research and development.Â

- Multinational companies must be encouraged to start their manufacturing operations in India. However the current Duty and tax structure acts as a deterrent for local manufacturing as Customs Duty on complete system is lower than the components for manufacturing and in addition the buyers have to shell out additional Central Excise Duty and sales tax on locally manufactured goods making it prohibitively expensive compared to imports.

Dr PM Murali,managing director and CEO, Evolva Biotech and president, Association of Biotechnology Led Enterprises (ABLE) a not-for-profit national forum that represents the Indian Biotechnology Sector with 200 members across the country has suggested 24 recommendations that it says will help give a much needed boost to the Indian biotech sector

- Current tax incentives of 200 percent weight deduction should be increased to 300 percent with a validity of 10 years. (Sec-5.1, A, a)Â
- Weight tax deductions should be applicable to outsourced clinical trials and R&D, preparations of dossiers, foreign consulting/legal fees for NCE (New Chemicals Entities) and ANDA (Abbreviated New Drug Applications) filings with the US FDA and Patent defending charges (Sec-5.1,A{b and c})
- To encourage setting up of venture capital funds focused on investments in biotechnology, all contributions by Indian Corporate to SEBI registered Biotechnology funds should be eligible for the weighted average tax deduction. (Sec-5.1, A {d})Â
- If the tax payer is in loss, unused benefits should be carried forward without any time limit. (Sec-5.1, A {e})Â
- When computing the MAT, weight deduction should be allowed under Sec-35 (2AB). (Sec-5.1, B)Â
- Tax rebates to encourage green manufacturing services. (Sec-5.1, C {a})Â
- Grant for hiring trainees in skill development programs and also 50 percent matching grant for overseas training. (Sec-5.1, C
  {b, c})Â
- Exemption of Excise/Customs Duty on all life saving medicines-anti-cancer, anti-AIDS etc. (Sec-5.2, a)Â
- 100 percent exemption of Custom Duty for Contract research organizations (CRO) involved in genomic services. (Sec-5.2, b)Â
- 10 Exemption of Excise and Customs Duty on consumables and capital goods of biotechnology industry. (Sec-5.2(c, d, e)Â
- 100 percent exemption of Import Duty for industrial biotechnology sector. (Sec-5.2,f)Â
- 100 percent exemption of Excise/Customs Duty on raw materials used for manufacturing life saving drugs. (Sec-5.2, g)Â
- Exemption of Duty on diagnostic kits for infectious diseases. (Sec-5.2, h)Â
- Exemption of Duty on molecular diagnostics for critical infections. (Sec-5.2, I)Â
- 100 percent exemption of all taxes (VAT, CST) on pediatric vaccines. (Sec-5.3, a)Â
- 100 percent exemption of service tax on any activity related to clinical trials. (Sec-5.4, a)Â
- Biotechnology companies should be treated as industrial, not as commercial consumers. (Sec-5.5, a)Â
- Extension of 100 percent tax free status for Biotechnology special economic zones (SEZs). (Sec-5.6, a)Â
- Tax holiday for indigenously developed biopharma drugs. (Sec-5.7, a)Â
- Mandating that only India manufactured drug products is eligible for weighted premium and tenders. (Sec-5.7, b)Â
- Exemption of GST for all life saving drugs. (Sec-5.7, c)Â
- 10-year soft loans with 5 percent simple interest. (Sec-5.7, d)Â
- Price fixing for ethanol and incentives for biofuel industry. (Sec-5.8)Â
- Allocation of `500 crore corpus fund to take life science industry public by investment bankers. (Sec-5.8, a, b, c)

Finally, Mr Tapan Ray, director general, Organization of Pharmaceutical Producers of India (OPPI), an association of research and innovation driven pharmaceutical companies with over 60 members both local and multinationals recommends the following for the Indian budget.

- Allow Customs Duty exemptions for life saving drugs
- All life saving drugs (including medical devices) should be exempted from Customs Duty on import into India. Diagnostic equipments and consumables thereof specifically required for detecting life threatening diseases should be exempted from the levy of Customs/Central Excise Duty.
- Similarly other diagnostic equipment and consumables should attract lowest slab of Customs/Central Excise Duty to make diagnosis cheap and affordable to one and all in India.
  Import of Pharma Grade Un-denatured Ethanol used in manufacture of anti-cancer formulations should enjoy exemption or reduced Customs Duty.
- To ensure proper end use, importer /manufacturers may be asked to submit an "end use certificate" duly certified by a chartered accountant demonstrating the use of the said imported product in manufacture of anti-cancer formulations.
- Exemption from levy of central Excise Duty should be considered for physician samples as in line with exemption from levy of VAT. Also similar provisions for exemption under Goods and Service Tax (GST) should be considered for supply of physician samples going forward.