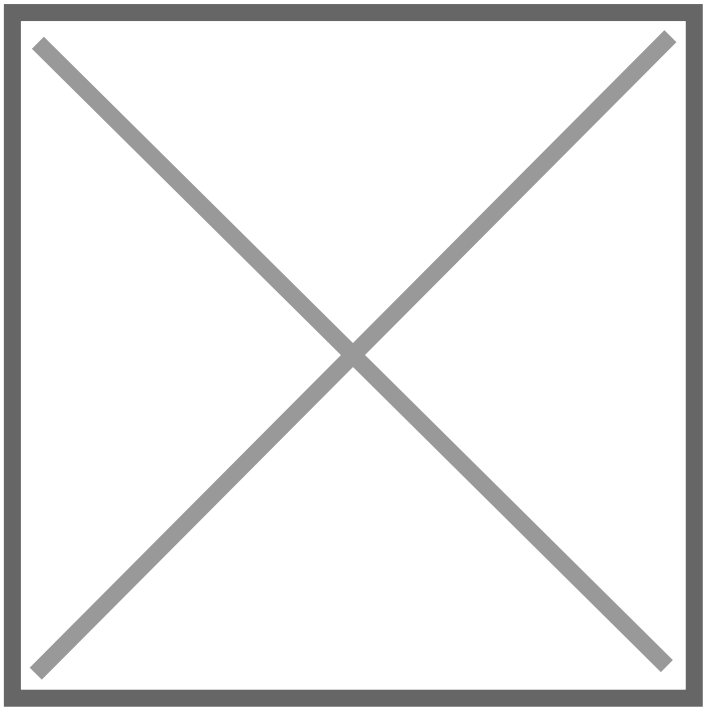
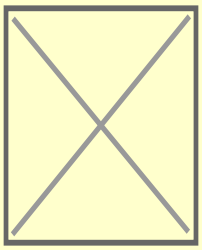


AIBA Recommendations

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AIBA Recommendations



Vivek Singhal, president, All India Biotech Association

In previous years AIBA has been suggesting that biopesticides and other biocontrol agents should be exempted from levy of excise duty as well as custom duty (in respect of imported items). This will go a long way in making these environmentally safe products available to the Indian farmers at cheaper prices. This must be done. At the same time biopesticides and biocontrol agents should be exempted from levy of VAT (Value Added Tax).

AIBA also suggests other measures for growth of biotech industry in India

In the Union Budget for 2005-06 an announcement was made for Biotechnology Sector regarding extension of terminal date, from March 31, 2005 to March 31, 2007, for a weighted deduction of 150 percent of expenditure on in house R&D facilities of companies engaged in the business of biotechnology. We would urge that the allowance should be 200 percent and the extension of time should be up to March 31, 2010. This would provide greater incentives to new Biotech units to set up such R&D labs/centers on a long-term basis.

AIBA also urges that stable policy environment and incentives for helping pharma/biotech industries to become world leaders should be included in the Union Budget 2006-07.

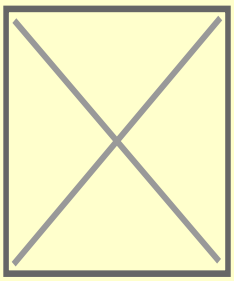
AIBA would suggest that the concession of duty free import of equipment, instruments and consumables and tax holiday under section 10A/10B of the Income Tax Act be extended to companies supplying biotech products to the domestic market also.

The indigenously developed biotechnology should be exempted from levy of excise and sales tax.

Expenditure with regard to filing patent applications outside India may be made eligible for weighted deduction U/S 35 (2 AB).

On imported R & D equipment, which is required in biotech and pharmaceuticals research, exemption from custom duty should be provided so as to bring down the high expenditure involved on such R & D activity.

Further the Reforms



VS Upadhye, director, Labindia Instruments Pvt Ltd

VS Upadhye, director, Labindia Instruments, voices the suggestions on behalf of Bio Suppliers:

Last year, the Finance Minister gave lot of importance to the biotech industry. However, there are many areas for improvement like duty structure for reagents, Customs duty on some very basic instruments and kits used by the biotech and health sectors.

The customs duty on life saving drugs and diagnostic kits is nil. However, if somebody wants to manufacture those kits in India, there is high customs duty on the raw material. This should be on priority for correction as it will encourage people to manufacture the diagnostic kits in India and give the boost to diagnostic sector.

Similarly some basic instruments required by biotechnology and molecular biology laboratories include instrument for PCR or Polymerase Chain Reaction. Today the customs duty structure on such instrument (if not imported for life saving analysis like HIV) is 15% + 16% + 2% + 2% (Basic + Excise + Cess). Today PCR is not manufactured in India and every body including basic research labs, food testing labs, diagnostic labs import it by paying high customs duty. Similarly other instruments required routinely for biotechnology labs are Real Time PCR, DNA Sequencer, Mass Spectrometers (LC MS/MS) etc., which attract customs duty as mentioned above. However there are some other analytical instruments like Gas Chromatograph, HPLC, and Spectrophotometers where basic customs duty is 0 percent even though they are indigenously manufactured as well. Government therefore should reduce customs duty on above mentioned items to zero percent.

Another very prominent sector coming up in India is Food Industry. Our food industry faces many challenges on export front, including carrying out the tests as required by European or American importer. Some of the tests require testing of Pathogens in Food. Government should make the kits for Pathogen Detection free of customs duty to help small scale food industry. Also LCMS/MS as mentioned above is important instrument for food industry for testing pesticides, antibiotics in food/ sea food.

Another area where Government must increase its outlay is the health sector. FM should allocate some percent of our GDP for this sector, which is neglected for many years.

Neonatal Screening is another issue, which deals with detection of disorders in the New Born Babies. If detected within 90 hours of birth, many diseases can be treated successfully. Government should make it compulsory for all the government hospitals to do the Neonatal Testing free of charge to all the new born babies. FM should allocate enough funds for this project for welfare of children.

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