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India bioscience industry not amused by Budget

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The Indian bioscience industry was not too happy with the budget proposed by Finance Minister Mr P Chidambaram. While there were some positive points in the form of proposals in the healthcare sector, the Indian pharma and the biotech sectors cried foul as the budget failed to address their concerns. The agri sector on the other hand had many reasons to cheer as it got a boost of 22 percent in allocations.

Reacting to the announcements made earlier in the day, Mr Ranjit Shahani, president of the Organization of Pharmaceutical Producers of India (OPPI), and vice chairman and managing director, Novartis India, said that, "We were hoping the budget would breathe some life into the economy. The expectations of a big bang announcement to restart the economy were belied - expectations were high. Given what the market was grappling with, there is a dearth of big ideas." OPPI is the association of research-based international and large pharmaceutical companies in India.

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- What Mr Gautam Khanna (chair, medical devices forum, FICCI, and executive director, healthcare business, 3M India) has to say about the budget?

Mr Tapan Ray, director general, OPPI, also said, "Unfortunately, there is nothing significant in this budget for the healthcare sector. The healthcare concerns of the country have not been given adequate importance in the Union Budget proposals for

2013-14 to help improving the healthcare needs of the nation."

He added that the industry had expected the government to take measures to make all imported life-saving drugs more affordable to the patients by eliminating the import duty. "Unfortunately, this has not happened," he said.

However, he appreciated some other announcements made by the finance minister. "Increased budgetary allocation for National Rural and Urban Health Mission may improve access. However, a planned allocation on 'Universal Health Coverage' initiative was highly expected," he said, adding that the scope of Rashtriya Swasthya Bima Yojna has been expanded to widen its coverage, which is also expected to have an impact in improving access to healthcare for the marginalized section of the society.

Mr Shahani too welcomed the allocation of $6.8 billion (Rs 37,330 crore) to the Ministry of Health and Family Welfare, "particularly the increase of 24.5 percent over the revised estimates for the new national health mission". He also pointed out that innovation has received some attention with the setting up of the Indian Institute of Biotechnology at Ranchi and the allocation of $36.7 million (Rs 200 crore) to the Ministry of Science and Technology to help scale up innovations and make them available to the people. These measures also received a thumbs up from Mr Tapan Ray.

Mr Ray also praised the initiatives of an increased budgetary allocation for medical studies, expansion of medical care facilities for women and differently-abled and increased allocation for geriatric care.

Mr P M Murali, president, Association of Biotechnology Led Enterprises (ABLE), the biotech industry body of the country, commented that ABLE was trying to foster a climate where India can transform itself into a noticeable bio economy with year on year growth over 25 percent. "The aim is to position this industry grow to about $100 billion in the next 10 to 12 years. However, to achieve this the key drivers for growth in the biotechnology sector, which is highly capital-intensive, is to provide the necessary incentives for its growth," he said, pointing out that the industry's expectations have not been met.

"We had proposed a number of measures such as increase in weighted tax deduction and extending its applicability to activities like clinical trials. Clinical trials are expensive and such measures are of definite help," he added.

Also, venture capital is the lifeline of this industry and tax incentives for setting up venture capital funds is a key. He said the finance minister has recognized this "but the measures announced are far from being adequate". "We have to study the implications of the tax rebates and funds allocated for advanced skills development. From the outside one is not able to put any numbers on to this," he added. "Exemption from excise or custom duties on life saving medicines as well as on their raw materials and exemption on capital goods and consumables, CROs, diagnostic kits have not been considered. Somebody has to realize these are important parts of health care." Mr Murali also said that no measures were taken to provide any tax holidays or soft loans to the biotechnology sector.

Meanwhile, he appreciated the plan outlay for science and technology (S&T) and the agriculture sector with two new institutes coming up. "More outlay to AYUSH is certainly a good step in the right direction," he said, adding that, "overall impression is that this budget is not path-breaking and not sending the right pointers for quick growth of this sector."

Ms Nidhi Saxena, founder, chairman and CEO, Karmic Lifesciences, a contract research organization based in Mumbai, said that India may have missed an opportunity to assert itself in the life sciences domain with this budget. "Industry expected the government to promote scientific and research infrastructure development to give a big thrust to R&D, including clinical research. India needs a strong research culture so as to create at least one blockbuster drug for which R&D and Clinical Research activities needed encouragement by way of a long term tax holiday on products developed in-house, extension of weighted deduction on R&D on all research related services, grants and scholarships for translational medicine," she said.

Despite an outlay of $7,466 million (Rs 37,330 crore) for health and welfare, private Infrastructure development in the sector (setting up of new hospitals and labs) is likely to lag with little incentive for the sector to play a big role. $200 million (Rs 1000 crore) to ensure safety and security of women as well as the proposal to set-up India's first women's bank as a PSU bank."

Mr Karnvir Mundrey, director, Atharva Lifesciences Consulting, a consultancy agency in India, too said sectors such as the CROs have not been addressed. "Also, while non-conventional energy has been addressed to some extent, it was hoped that the budget would go further towards setting a target for usage of non-conventional energy like ethanol," he pointed out.