

Union Budget 2021: Biotech & pharma sector look for finance minister's healing touch

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HYDERABAD: With the Covid-19 pandemic putting the spotlight firmly on the biotech and pharma sector, after years of being ignored by successive FMs the industry has its fingers crossed for key prescriptions in the upcoming Union Budget for boosting the health of the sector.

LOOKING FOR BOOSTER SHOT

➤ Re-introduce the tax incentives on R&D expenditure that were withdrawn last year

➤ Improve EoDB by reducing bureaucratic approvals & NOCs and improve IP protection for biotech firms



➤ Announce roadmap to increase healthcare expenditure from **1.3%** to **3%** of GDP in phased manner

➤ Provide incentives to players setting up healthcare infrastructure (hospitals and diagnostics centres etc) in tier 2-3 locations

➤ Announce PLI scheme for drug formulations and more complex pharma products also

K Anand Kumar, managing director, Indian Immunologicals Limited, pointed out that while the pandemic demands increased budgets for improving healthcare infrastructure at all levels, the sector expects some tax relaxations on R&D to ensure affordable vaccines and drugs for the masses.

Pointing out that the sector is not only of national importance but a large exporter as well, Parag Agarwal, CFO, Dr Reddy's Laboratories, urged the FM to restore the weighted deduction on R&D expenditure as well as the exports incentive scheme.

Agreeing, Pharmexcil director general Uday Bhaskar said the sector expects not just restoration of the weighted deduction benefit but enhancement of the limit from 150% to 200% and introduction of new R&D incentive schemes that are easy to implement. He also pointed out that the sector is suffering because of mismatch of GST on APIs (18%) and finished formulations (12%) and suggested a simple mechanism to ensure that companies do not suffer due to blockage of input tax credit on account of inverted rate of taxation.

“The Budget can focus on aspects that help India emerge as a major supplier of not just vaccines but pharmaceutical products. In PLI-2, the government must try to attract investments from MNCs that have manufacturing bases in other countries including China, to set up units in India as well. It would not only result in reduction of pharma imports but would also boost exports,”

said, Sanjay Singh, partner, deal advisory and head of life sciences, KPMG. He also rooted expects the FM to lay a roadmap for increasing in spends on healthcare from the existing 1.3% to 3% in a phased manner.

Natco Pharma Ltd's CEO Rajeev Nannapaneni said he expects a large allocation in public health institutions as we need to build a strong public health care system that can deal with chronic illness and pandemics.

Bulk Drugs Manufacturers Association of India (BDMAI) senior vice president, RK Agrawal said there is an urgent need to improve the ease of doing business and sought measures for tighter regulation of imports.

In the agri biotech space, Ram Kaundinya, director general, Federation of Seed Industry of India (FSII), sought improved IP protection, reduced bureaucratic approvals & NOCs and a positive recognition for firms investing in biotech R&D.