

## EOU bonanza for Biotech Parks

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DBT has its way as BT parks may emulate the STPI success story

Commerce Minister Kamal Nath could become the darling of the biotech industry. Unveiling the country's First Foreign Trade Policy (2004-09) on August 31, Nath has conceded a long pending demand of the sector to confer the status of Export Oriented Units (EOUs) on biotechnology parks. The ministry is based on the strategy to identify and nurture different special focus areas to facilitate the development of India as a global hub for manufacturing, trading and services. Nath emphasized Dr. MK Bhan has been pushing for this new status since taking over as the secretary, Department of Biotechnology (DBT) on March 1, 2004. The EOU status will provide immense benefits to BT parks and remove numerous bottlenecks in sourcing raw materials, specialized equipment and other ingredients essential for their growth. India is the world's fastest growing biotech industry with a turnover of Rs 3,265-crore biotech industry. Export Oriented Units (EOUs).

### Key Benefits for notified BT Parks will be

For the key benefits for notified BT Parks will be General of Foreign Trade (DGFT) will notify the parks recommended by DBT as EOU. DBT will act as the nodal agency and "single window" in all matters related to approvals and permissions required for import and export of notified products from these notified parks.

1) EOUs shall be exempted from Service Tax in proportion to their exported goods and services.

2) EOUs shall be permitted to retain 100 percent of export earnings in EEEG accounts.

As DBT has already evolved a comprehensive document on what activities constitute biotech, a lot of procedural issues that normally delay the policy implementation will not happen, a DBT official said.

3) Income Tax benefits on plant and machinery shall be extended to DTA (differential tariff area) units which convert to EOUs.

### Three Cheers!

4) Import of capital goods shall be on self-certification basis for EOUs.  
says the biotech community

**"This is a very good policy move and will give a big boost for research companies. Biotech companies are largely research-oriented and need to have affordable infrastructure. BT parks with an EOU"like scheme make this possible."**

*Kiran Mazumdar-Shaw, Biocon chief and Association of Biotechnology-Led Enterprises (ABLE) president*

**"It is good news for the biotech industry. It will bring in more entrepreneurs to invest in biotechnology parks. In early 1990's when the Software Technologies Parks of India (STPI)'s got the Special Economic Zone (SEZ) benefits, more entrepreneurs looked at STPIs to set up their shops in the IT space. After that there was no looking back for the IT industry. Similarly I see a good opportunity for the biotechnology sector. The government should immediately implement the schemes under SEZ without any further delay. Sooner the implementation better will be the growth of the industry."**

*Bamasish Paul, head, strategic planning and infrastructure, TCG Urban Infrastructure Holdings Ltd. TCG is developing the International Biotechnology Park at Pune*

**"Its a new opening for entrepreneurs who are interested in biotech parks. This new foreign trade policy is certainly going to open up an opportunity to explore the international market. In the near future, biotech parks of India will become more interactive with the international market. This new development will help a lot."**

*PK Seth, CEO, Lucknow Biotech Park*

**" It is a step in the right direction. The quantum of exports that the biotech industry is looking at the near future is huge. The biotech industry will welcome this step wholeheartedly."**

*Utkarsh Palnitkar, director, Ernst & Young India*