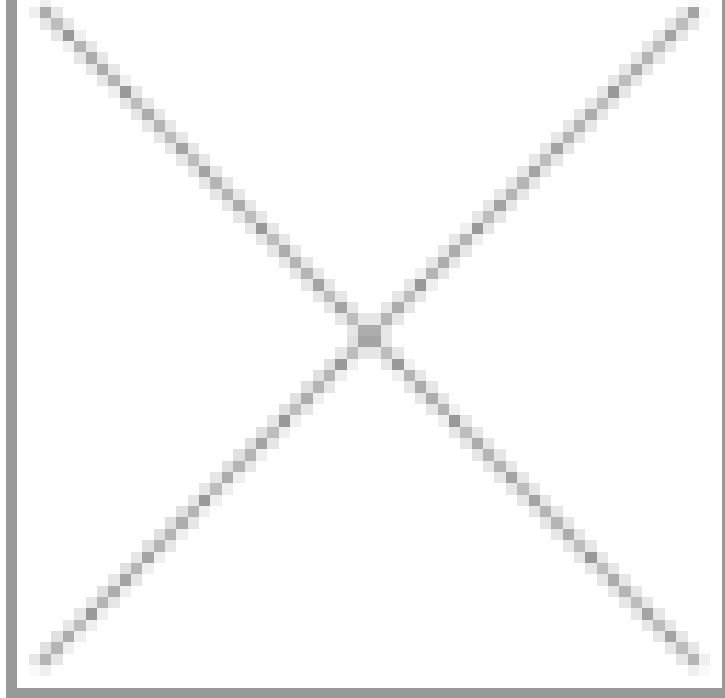


Wholesome BT Policy

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The long wait for the draft National Biotech Policy is finally over. From the contents unveiled on March 31, the wait seems alright. The task force headed by DBT secretary Dr M K Bhan has more or less included every major demand of the industry and has in fact drafted a very industry-friendly, forward looking policy document, titled, National Biotechnology Development Strategy.

Clearly, the highlight of the proposal is the move to allow 100 percent foreign direct investment (FDI) in the form of equity in the biotech sector. It has not been spelt out explicitly. "As an effective regulatory mechanism has been put in place through recent interventions, Foreign Investment Promotion Board (FIPB) approval for equity investment may no longer be necessary," says the draft strategy. Another long-pending demand for a unified regulatory system for the sector is in the offing. The Mashelkar and Swaminathan task forces have made voluminous recommendations and Sibal has reiterated that these will be implemented. So the industry can look forward to a curtailed role of the much dreaded regulatory agency, GEAC and the biotech policy has put forward the proposal for an interim arrangement to oversee the regulatory system during the transition phase.

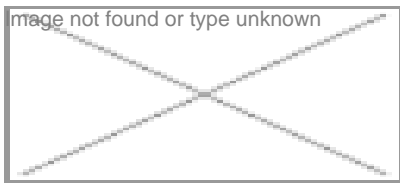
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The policy has called for appropriate government interventions to ensure that biotechnology too gets the tag "priority sector" for lending funds for long gestation projects by banks. Another innovative step is the move to set up a "Small Business Innovation Research Initiative" to provide grants and loans to small companies to support pre-proof of concept, early stage innovative research and provide mentorship and problem solving. This, if implemented properly, should help spark the entrepreneurship spirit and lead to the entry of many more Vijay Chandrus and Krishna Ellas into the sector.

The proposal to set up a Biotechnology Parks Society of India (BPSI) on the lines of the successful STPI in software to

promote a series of biotech parks by 2010 will be widely welcomed. STPI has been an amazing government agency which hand held the software sector to its dizzying heights. BPSI should emulate STPI and recreate the wonder in biotech without fail. A whole set of fiscal concessions will be available to these parks which will be treated as Special Economic Zone for preferential policy treatment.

Almost all the major demands of various sub-sectors of the industry have been addressed by the policy. While the pharma, diagnostics and other key sectors have come out smiling, the bioagri segment may not be very pleased with the strategies announced in the document. The government has sidestepped the demand for the articulation of its policy on transgenic food items. "Transgenic plants should not be commercialized in crops/commodities where our international trade may be affected. However, their use may be allowed for generation of proof of principle, strictly for R&D, their alternate systems are not available or suitable," says the draft. This is a dampener and it is evident that the views of the strong NGO movement and basmati exporters have prevailed in the attempt to keep transgenics out of heavily traded commodities like rice and sugar etc for the fear of offending anti-GM countries. Of course, this has helped to provide a rare clarity about transgenic food crops and GM supporters will have to redouble their efforts to be heard.

Overall, it is a wholesome strategy to stimulate the growth of Indian biotech over the next 10 years.



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