Budget 2014: Overhaul of biotech industry a necessity

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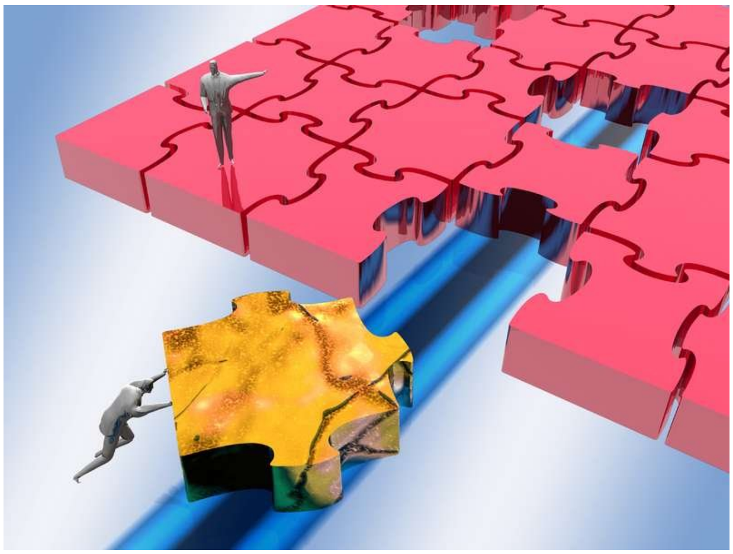

The Association of Biotechnology Led Enterprises (ABLE) terms the bioscience industry as the most regulated, least incentivized, under invested and irrationally taxed sector in India. This, according to it, puts a serious strain on providing affordable health care with quality and innovative medicines for Indians and in attaining a global leadership position. It has the potential to be a S100 billion (Rs 6 lakh crores) industry in the next decade.

Therefore, the leading association has urged the government to consider an overhaul of the Pharma-Biotech sector as it is the need of the hour. Perception and credibility of this sector have been completely eroded due to several factors in the past few years.

"We strongly recommend a transparent regulatory framework, bio-manufacturing infrastructure, investment in R&D and a very rational tax structure. India has all the ingredients to become a global leader in affordable healthcare. With all the support, we as a nation can attain global leadership in providing affordable health care and innovative medicines, quality food and feed for all" remarked Dr P M Murali, president, ABLE.

Here are the key recommendations made by ABLE to the government:

â– Make Bio-manufacturing the next big opportunity after generics for India. Invest $4-5 billion each year (Rs 24,000 to 30,000 crores) in the next 5 years to grow the Biotech Industry to $100 billion by 2025 with a 25 percent return on investment and set a growth rate of 30 percent year on year.

â– Allocate Rs 500 crore each year from the R&D cess accessible by the Technology Development Board to stimulate the biotech sector across the range: from Human Resource Development, high-end institutional development in Biotech, stimulating incubators, ignition grants, start-ups and small businesses, and collaborative efforts in cutting-edge technologies with business of all sizes on one hand and national and international academia on the other.

â– Corporate Social Responsibility (CSR) funds may be used for stimulating public-good and socially-relevant research in collaboration through partnership with the Biotechnology Industry Research Assistance Council (BIRAC) of the Department of Biotechnology (DBT). All such contributions to BIRAC should be fully-tax exempt. As of now, only incubators in academic institutions are eligible for availing CSR funds for promoting innovation. This was passed as a GO last year. This should be extended to all incubators and science/ biotech/ knowledge parks, whether they are a part of academic institutions or not.

â– The Department of Biotechnology be allotted an additional Rs 50 crores a year to further stimulate and develop the International Centre for Genetic Engineering and Biotechnology (ICGEB) into an India-led hub for high-end application oriented research in lifesciences and biotechnology, with international partnerships stretching from Africa and West Asia to Japan and the Pacific.

â– Service tax for the CRO industry is putting Indian companies at a significant disadvantage over some of our neighbours and competitors. We request elimination or substantial reduction in the service tax, especially for overseas clients paying in foreign currency.

â– Weighted tax deductions should be applicable to outsourced clinical trials and R&D, preparations of dossiers, foreign consulting/ legal fees for NCE (New Chemicals Entities) and ANDA (Abbreviated New Drug Applications) filings with the US FDA and Patent defending charges.

â– Encourage setting up of venture capital funds focused on investments in biotechnology, all contributions by Indian Corporate including Pharma companies to SEBI registered Biotechnology funds should be eligible for the weighted average tax deduction under Section 35 (2AB).