

Only bio-toilets, zilch for biotech sector in Budget

Sector Miffed It Did Not Find Even A Single Mention

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Hyderabad/Bengaluru: It was yet another budget of disappointment for the biotechnology sector, which did not even warrant a mention in Union finance minister Arun Jaitley's two-hour-long Budget speech. The industry now hopes that a slew of announcements made for the health-care and agriculture sector will indirectly help the sector in the long-run.

"There was nothing for the industry. While the government has been speaking about startups, there was no incentive to boost innovation and patents. We were expecting some incentives on the exports front but nothing was announced," Bharat Biotech CMD Krishna Ella said.

He, however, added one will have to wait and watch how government rolls out its plan to eradicate Kala Azar and Filariasis by 2017, Leprosy by 2018, Measles by 2020 and Tuberculosis by 2025. This move can have a positive impact on the vaccine industry, industry experts added.

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said she had hoped the government will announce greater investments in science and technology at the academic level. "I would also have been happy if the government had sent out signals to reduce tax for large corporates as it did for MSMEs."

Pointing out that the FM did not specifically address the imminent challenges directly affecting the sector, Utkarsh Palnitkar, national head (life sciences practice), KPMG India, said: "In order to stay competitive in global market and given the uncertain global climate, impetus or incentives were expected for innovation in the form of weighted deduction on R&D, incentives for patents, exemptions of certain duties and taxes," Palnitkar added.

"Maintaining the existing tax rate of 30% without any other significant incentive may weigh in the minds of large biotech players while looking at making fresh investments in India. On the other

hand, biotech companies who qualify as MSME with a turnover of less than Rs 50 crore will be able to enjoy the lower tax rate of 25% and can plough back the savings into the business," said Deloitte Haskins & Sells LLP partner Ramesh Srinivasan, who is the tax leader for Life Sciences and Healthcare industry.

Shivendra Bajaj, executive director, Association of Biotechnology Led Enterprises-Agriculture Focused Group, said that though the budget was focused on providing an impetus to rural India, it would have been better if it had taken a holistic look at the farm sector and linked it with initiatives aimed at India's numerous agriculture colleges and the agri-biotechnology sector. "We see no provisions for the improvement of the seeds sector or budgetary provisions to encourage indigenous innovation in the agri-biotech sector to mitigate the impact of climate change and drought."