



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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Date : 18-02-2010

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Gujrat Pharma industry seeks to include more sops in Union Budget.

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Ahmedabad, Feb 17: The Gujarat-based pharmaceutical industry is hoping for some motivational measures to come from the finance minister, Pranab Mukherjee, in the upcoming Union Budget. The industry is hopeful of continuation of fiscal stimulus package and is seeking some additional sops, including upward revision of weighted deductions applicable on the R&D for novel drug delivery system.

Presently, the weighted deductions on expenses made towards research & development (R&D) are 150% of the total expenses made, which according to industry experts needed to be revised upwards to 200%.

"The deductions have been allowed with a view to boost R&D activity in the sector as well as for the purpose of tax savings also. But with rising competition with global giants, there is a need to foster R&D activity extensively; hence we have demanded an upward revision of weighted deductions making it 200%," said Ketan

Patel, managing director, Troikaa Pharmaceuticals Ltd. At a time, when Gujarat is betting big on emerging as one of the prominent R&D hub, the state pharma industry is also seeking inclusion of expenditure incurred for clinical trials as a part of the total R&D expenditures. According to market sources, presently there is a segregation of expenditures made towards in-house R&D and clinical trials.

"This segregation is not necessary. The expenditure made towards clinical trials, which constitutes about 35-40% of the total R&D expenses of the company, should be treated as a part of the R&D expenses only. This will encourage many others to foray into R&D," said Patel.

The state industry is also seeking the extension of export oriented units (EOU) scheme in order to sustain in the troubled times of global slackness. Speaking to FE, JR Vyas, managing director, Dishman Pharmaceuticals Ltd, said, "We believe that the finance minister would give extension to the EOU status of the existing units,

which is essential in the current global scenario."

The company had recently applied for the conversion of its engineering SEZ into pharma SEZ and expects to end the year with a relatively flat growth with an estimated turnover of about Rs 1,032 crore.

Demanding further excise reduction, Kamlesh Patel, chairman, IDMA-Gujarat State Board, said, "We have proposed for the removal of excise duty, which is presently at 4%. As most of the drugs are manufactured in the excise-free zones like Himachal Pradesh, Uttarakhand, Sikkim and Jammu and Kashmir, it is proving to be a disincentive for the industry in rest of the parts of the country." Patel informed that Gujarat, which houses about 450 pharma units, is facing a turbulent situation due to non-competitiveness. "Provided the further reduction in excise rates, there will be a revival in the state pharma units," Patel added. The state industry is also concerned about the employment generation in the biotech and pharma industry.