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# Budget wishlist: Pharma, healthcare industry seek simplified regulations, research-based incentives

PTI • Last Updated: Jan 19, 2023, 04:13 PM IST

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## Synopsis

Outlining the wishlist for the sector in the upcoming Union Budget, Indian Pharmaceutical Alliance (IPA) Secretary General Sudarshan Jain said the domestic pharma industry is currently around USD 50 billion in size and aspires to grow to around USD 130 billion by 2030 and USD 450 billion by 2047.



The government should take measures to promote innovation and R&D while simplifying regulations for the sector in the upcoming [Union Budget](#), as per pharmaceutical industry bodies. Outlining the wishlist for the sector in the upcoming Union Budget, Indian Pharmaceutical Alliance ([IPA](#)) Secretary General Sudarshan Jain said the domestic [pharma industry](#) is currently around USD 50 billion in size and aspires to grow to around USD 130 billion by 2030 and USD 450 billion by 2047.

"To achieve this vision, the Union Budget 2023-2024 should help fuel innovation and R&D, which will set the pace for propelling the pharmaceutical industry forward," he told PTI.

The budget should outline supportive policies, simplified regulations, and simple GST norms to aid in the development of the pharmaceutical industry, he added.

IPA is an alliance of 24 leading domestic pharma companies, including [Sun Pharma](#), Dr Reddy's Laboratories, [Aurobindo Pharma](#), [Cipla](#), [Lupin](#) and [Glenmark](#).

Organisation of Pharmaceutical Producers of [India](#) (OPPI) Director General Vivek Sehgal stated that in order to enable the life sciences sector to truly contribute to the 'Atmanirbhar Bharat' vision for India, the government needs to incentivise the shift to a discovery-oriented and science-driven approach by providing fiscal incentives and enabling policies.

"The government needs to set in place R&D-focused incentives for the promotion of investment, which remains a constant and necessary ask of the sector," he said.

Besides, the government can consider providing research-linked incentive schemes for companies making investments to undertake research for new drugs, new chemical entities, and/or new biological entities (NBEs) to combat outbreaks and also explore providing a 200 per cent weighted deduction for companies undertaking such R&D (Research & Development), Sehgal said.

Other considerations such as providing long-pending clarification on the patent box regime to encourage Indian innovators, who developed patents in India and derive benefits worldwide, would also be good initiatives, he added.

OPPI represents research-based pharmaceutical companies in India like [AstraZeneca](#), Johnson & Johnson and Merck, among others.

[Novartis India](#) Country President Amitabh Dube said that similar to the production linked incentive (PLI) scheme, the government needs to put an impetus on the research-linked incentive scheme as that will improve the accessibility of novel drugs.

As for the healthcare sector, industry body Nathealth President Shravan Subramanyam said that it is imperative to build infrastructural capabilities so that people have greater access to quality and critical healthcare services. Viability gap funding by the government is essential to set up hospitals in tier-1 and tier-2 cities, encouraging increased investment in the healthcare infrastructure, he added.

"We are also witnessing a significant impact on the cost of running business which will affect the sustainability of med-tech organisations. If all payment backlogs both for providers and suppliers under [insurance](#) and public procurement are cleared, it would significantly improve the availability of healthcare infrastructure," he added.

[Fortis Healthcare](#) MD & CEO Ashutosh Raghuvanshi said increased policy support is required to encourage, facilitate medical value travel to India.

"Another critical area is addressing the shortage of healthcare professionals - by identifying doctors, nurses and technical staff willing to work in Tier 2/3 cities and looking at non-traditional ways to double the number of doctors," he added.

[Metropolis Healthcare](#) Promoter and Managing Director Ameera Shah said the Union Budget 2023-2024 should help fuel innovation, R&D, and healthcare expenditure as an investment into future human capital, which will set the pace for propelling the industry forward.

"The government should consider zero-rating GST on healthcare services. It will ensure eligibility for input tax credits, which may help to reduce the cost of said services, and a refund of unutilised input tax credits should also be allowed to provide additional working capital to industry players," she added.

[Roche Diagnostics India](#) MD Narendra Varde said India critically needs to introduce population screening programmes under the Ayushman Bharat scheme for infectious diseases management of HIV, Hepatitis and HPV.

Redcliffe Labs Founder & MD Dheeraj Jain said the GST for the healthcare industry needs to be rationalised so that the businesses in the sector may attract more investment and provide services to customers at affordable rates.