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Industry gives mixed response on budget 2017-18

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Industry has offered a mixed response on the budget 2017-18 and also voiced optimism saying that a silver lining is the increase in the overall outlay for the Ministry of Health and Family Welfare from 2015-16 revised budget of ₹s. 7,719 crore to ₹s. 11,360 crore for 2017-18. However, there is gaping hole in budget changes pertaining to medical devices and there is no explicit change of current lopsided duty structure that is disincentivizing local manufacturing.

Says Dr Velu, chairman, Trivitron Healthcare, “Budget announcement comes as a mixed bag for the Indian medical devices industry. It has concentrated a lot on macro health, however no concrete measures are specified to accelerate ‘Make in India,’ especially in the medical devices sector.”

He further adds, “We are still a 70 per cent import-dependent industry. Unfortunately Finance Minister in his budget statement has not addressed Indian medical device manufacturing industry’s request for a nominal duty protection of at least 10 per cent for all items with export of over more than 5 crores and at least 7.5 per cent for rest. Ban import of second hand medical equipment and electronics to ensure safety of patients by way of protection from Radiation or inaccurate results by validation, calibration and testing. Government should also look at giving a 15 per cent preferential pricing for all Indian origin medical devices.”

Says Pushpa Vijayaraghavan, the director of Sathguru Management Consultants, “Glad to note announcement of insurance coverage of ₹s. 1 lakh for all and higher cover for senior citizens linked to Aadhar card as well as two new AIIMS in Gujarat and Jharkhand. Additionally, expansion of dialysis services on PPP model is also encouraging. However, given the expanse of the healthcare access challenge, the proposed insurance cover amount as well as singling out of dialysis services amongst several healthcare service gaps leaves a lot to be desired.”

Vishal Bali, chairman, Medwell Ventures says, “The much awaited Union Budget 2017-18 on the back of demonetisation has a balanced approach to the healthcare sector. A 27 per cent increase in outlay for healthcare is a positive move by the finance minister but still misses the 2 per cent of GDP healthcare spend by the Government.

“The budget is once again silent on giving boost to healthcare infrastructure. Like low cost housing, healthcare should have been given infrastructure status.This budget is at best incremental for the healthcare sector and once again misses the much needed reformist attention,” he adds.

Echoing similar views, Rajiv Nath, Forum Coordinator, Association of Indian Medical Device Industry (AiMeD) says, “Though Finance Minister in his budget statement has not specified the increase requested for Basic import duty of at least 10 per cent on Medical Devices nor did we see it as yet in the fine print that followed, however, it’s heartening to hear that new Rules regarding Medical Devices regulations will be formulated and cost of medical devices will be reduced. But what remains to be seen is how serious is the Government’s intent to spruce up manufacturing in the 70 per cent import dependent ( 90 per cent for medical electronics) import dependent medical devices industry.”

Says Kanchana TK, Director General, Organization of Pharmaceutical Producers of India (OPPI), “We had some expectations from the Union Budget 2017-18, given the Government’s past stated intentions of improving access to healthcare. Yesterday’s World Economic Forum said that that India’s public spending on healthcare is much lower than the global average. It is unclear whether the allocations will adequately address current healthcare challenges. We also hoped for some reform announcements on the regulatory front in the form of weighted deduction on R&D, incentives for patents, exemptions of certain duties and taxes etc.”

Says Sam Santhosh, Chairman, MedGenome, “We need more trained doctors and that too specialists catering to the rural areas, by increasing the additional 5,000 post graduate seats per annum the government has shown its intent to transform the healthcare.”

While Dr Jagprag Singh Gujral, COO of Gleneagles Global Hospitals, India Operations says “While there is a certain positive momentum that the Government has highlighted in relation to the healthcare delivery elements in the budget, we are analysing the fine prints for the impact on the sector.” Suresh Ramu, chief executive officer, Cytecare Hospitals remarks, “The 5 per cent reduction in tax for small and medium enterprises will decrease some tax burden on players who are just establishing their business.”

Naresh Jain, chief executive officer, Ziqitza Healthcare Limited says,“ When it comes to healthcare sector, we feel the privilege given in the budget 2017-18 to pregnant women in rural areas will ensure that more deliveries are done in hospitals under professional guidance.”

“A little disappointed that additional allocations for improved re-imbursements for public insurance programs including Rashtriya Swasthya Bima Yojna (RSBY) has not materialised. Patient contributory RSBY coverage would be a great help for the unorganised sector with less burden to the tax payer. This will accelerate our movement towards universal healthcare,” says Dr Prem Nair, Medical Director, Amrita Institute of Medical Sciences, Kochi.

Says Dr Dharminder Nagar, MD, Paras Healthcare, “The most notable announcement on the healthcare front in the Budget has been that of two new AIIMS for Jharkhand and Gujarat. Given the need for expanding the reach of public healthcare, we need an AIIMS in every state. This will also help enhance medical education in the country.”

Echoes Dr. Sujit Chatterjee, chief executive officer, Dr. L H Hiranandani Hospital, Mumbai, “The announcement of introducing two new AIIMS and additional 5,000 post graduate seats are the steps in the right direction.”

Talking about Budget, Dr. Vikram Shah, CMD, Shalby Limited says,““Higher allocation to healthcare and healthcare infrastructure, initiative for tele-medicine and addressing concern of shortage of healthcare professional will ensure better healthcare index.”

Giving his comments on the budget, Dr Azad Moopen, Founder Chairman, Aster DM Healthcare says, “One of the major areas which will benefit the common man is the decision to make generic medicines more widely available. This will reduce cost of medicines significantly and help the poor people.

He further adds, “The declaration to provide ₹s. 6000 to women after delivery if they get the child immunized is a very innovative step to help poor people and ensure immunization.”

Says Dr S. Gurushankar, Chairman, Meenakshi Mission Hospital, Madurai, “There was nothing in the Budget to empower private healthcare players in rural areas. Hospitals in rural areas should have been given infrastructure status. A ten-year tax holiday for starting new hospitals in rural areas could have been given to incentivize healthcare entrepreneurs to venture beyond the cities.”

Rajat Goel, chief executive officer- Eye-Q Super Speciality Eye Hospitals on Union Budget 2017-18 for the healthcare sector said, ““Improving healthcare and medical facilities for the poor and underprivileged was high on the agenda of this year’s Union Budget presented by the Finance Minister. The Proposal to amend Drug and Cosmetics Rules to ensure availability of drugs at reasonable prices will be hugely beneficial to the people.”

Says Sangita Reddy, Joint Managing Director, Apollo Hospitals Group, “Amendments in the rules for reducing in cost saving of life saving drugs are positive. We will have to wait and see how the duty reductions will help reduce the cost of imports of medical equipment. In line with the Government’s overall commitment to move to a more digital economy and leverage the JAM platform, the proposal on Adhaar-linked health cards for senior citizens is stepping stone towards achieving the goal of universal health care.”

Says Gautam Khanna, chief executive officer P.D. Hinduja Hospital, “The budget presented today doesn’t talk about any steps towards incentivizing the Public Private Partnership (PPP) model. There has also been no word on the need to boost health insurance. Even though new initiatives has been announced for healthcare sector, we were expecting a boost to the overall healthcare spends, which currently hovers around 1.5 per cent of GDP – too low considering the population size and too low compared to other developed and developing countries.”

Says Apoorva Patni, Director of Patni Healthcare, “Initiatives like introduction of digital payment system in hospitals and availability of medical history of senior citizens, we are optimistic that the health-tech space will receive a gentle push. The shift to digital payments in hospitals will not only improve transparency and speed, but also the efficiency of the healthcare service providers.”

Says Glenn Saldanha, Chairman and Managing Director, Glenmark Pharmaceuticals Ltd, “Even though the economic survey paints a sober picture for 16-17 primarily due to a weaker second half, the budget provides the necessary impetus to sustain GDP growth at over 7 per cent. Lowering tax on MSME’s is a welcome step that would provide a much needed fillip - by creation of jobs and putting more money in their pockets in all sectors including Pharmaceuticals. Government has shown its clear intent towards fast-tracking inflow of FDI, and the scrapping of FIPB is a notable step that would go a long way in supporting the objective of ease of doing business.”

Further on this, Sanjay Dalmia, Promoter, Dalmia Medicare said, “We welcome the amendments made in taxation policy for SME’s and individual tax payers, the much needed relief has come in the form of a lower tax rate for companies with a turnover of INR 50cr, which will in turn encourage compliance and investment. For the individual tax payer languishing at the bottom of the pyramid, a cut of 5 per cent is a laudable announcement.”

Says Rajiv Gandhi, chief executive officer and MD, Hester Biosciences Ltd, “The budget gives relief to smaller businesses and taxpayer was much needed to widen the tax net as well as incentivize businesses to come into the main stream of financial legitimacy.”

Says Kaushal Sampat, President and Managing Director, “Dun & Bradstreet India reaction on budget 2017-18, “SME sector has lots to cheer about with the proposed reduction in tax rate. For foreign investors, doing business in India has been made easier with the abolition of Foreign Investment Promotion Board (FIPB) while corporate taxpayers have been granted partial relief by extending the period allowed to carry-forward the MAT credit to 15 years.”

Says Sameer Sah, Associate Partner, Khaitan & Co,“The budget speech mentioned the Government’s commitment towards a structural transformation of the regulatory framework of medical education and practice. This is consistent with continuous reforms that we see from pharmacy and medical profession regulators” said Sameer Sah, Associate Partner, Khaitan & Co.”

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