



#GTONBudget

Pre-budget expectation survey

Pharmaceutical sector

Executive summary

The pharmaceutical sector has gained significant momentum owing to the government's Aatmanirbhar Bharat initiatives, such as the Production Linked Incentive (PLI) schemes, promotion of medical devices and bulk drug parks and streamlining regulatory processes.

The government should build on these to accelerate growth in the sector through enhanced outlay in the PLI scheme, with a focus on biopharmaceuticals and medical devices.

The industry expects that innovation and research & development (R&D) will be the key investment drivers. Restoration of higher percentage of deduction under Section 35(2AB) of the Income-tax Act, 1961 will encourage R&D and innovation.

Inclusion of certain pharmaceutical products under the Remission of Duties and Taxes on Export Products (RoDTEP) scheme, amendment of regulations around deductibility of free samples given to doctors and a lower Good and Services Tax (GST) rate on clinical trials and research activities will be a welcome move.

**81%**

expect
pharmaceutical
products to be
included in the
RoDTEP Scheme

**85%**

expect restoration
of higher
percentage of
deduction under
Section 35(2AB) of
the Income-tax Act,
1961 for R&D
expenditure

About the **SUR** **EY**

What does the upcoming budget mean for India Inc? What kind of expectations do individuals/corporate taxpayers have from the finance minister?

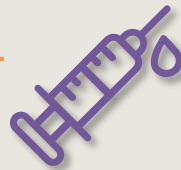
To gauge the market sentiments and better understand the expectations from Union Budget 2022, Grant Thornton Bharat conducted a series of surveys across sectors. More than 1,000 respondents participated in these surveys across digital platforms.

Key highlights



Investments in R&D/innovation are most expected

PLI outlay is expected to be increased for biopharmaceuticals and medical devices



Expert's take



**Bhanu Prakash
Kalmath S J**

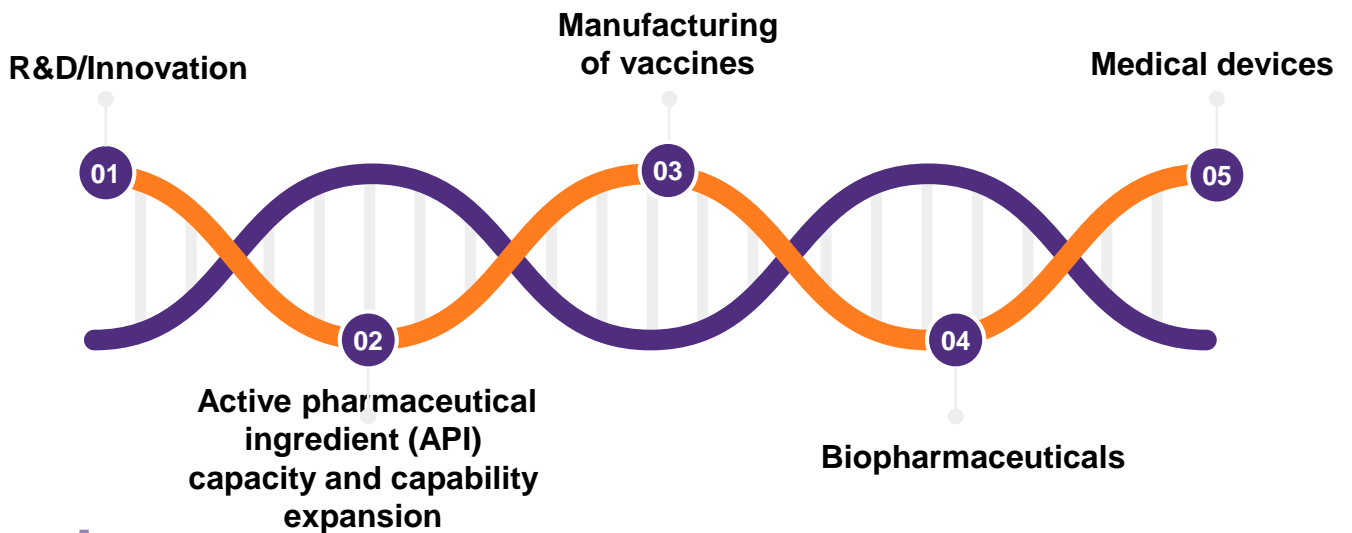
Partner and Sector Leader –
Pharma & Healthcare
Grant Thornton Bharat

India's pharmaceutical industry has played a key role in the global fight against the pandemic. Enhanced outlay under the PLI schemes and encouraging exports and research & development will further advance the 'Make in India' vision and consolidate our position as a leading pharmaceutical supplier.



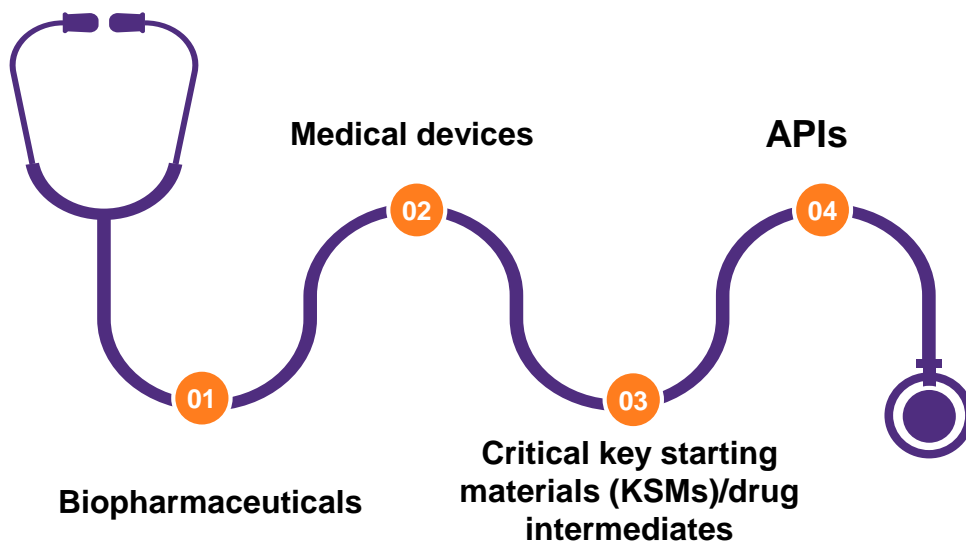
01

Which sub-segment do you believe will attract highest investment in FY23?
Arranged in descending order of preference.



02

India Inc is expecting the government to increase PLI outlay. Which sub-segment should get the highest allocation?
Arranged in descending order of preference.



03

According to you, should the government make suitable amendments to put to rest the litigation around the deductibility of free samples given to doctors by pharma companies?



77%

Yes



8%

No



15%

Maybe

04

Should there be any restoration in higher percentage of deduction under Section 35(2AB) of the Income-tax Act, 1961 for expenditure incurred with respect to R&D purposes?

14%

No

85%

Yes

1%

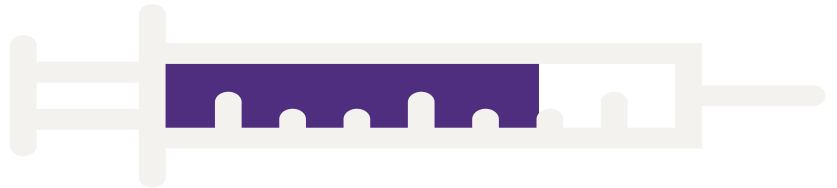
Maybe

05

Are you expecting the government to provide clarification on the availability of input tax credit with respect to expenditure incurred for corporate social responsibility?

70%

Yes



15%

No



15%

Maybe

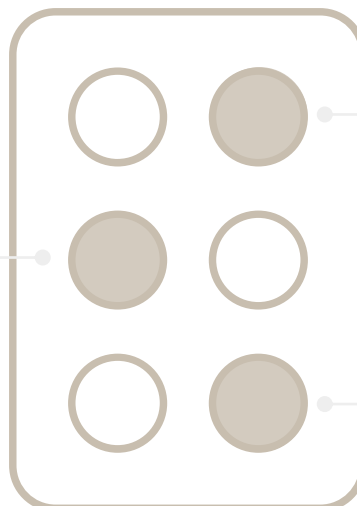


06

Do you expect the inclusion of pharmaceutical products in the list of eligible products for RoDTEP scheme for encouraging growth of the sector in India?

11%

No



81%

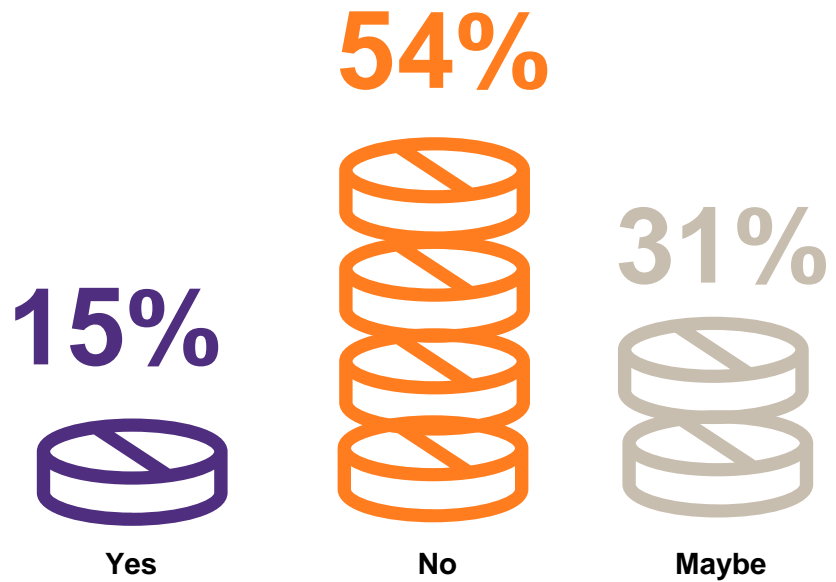
Yes

8%

Maybe

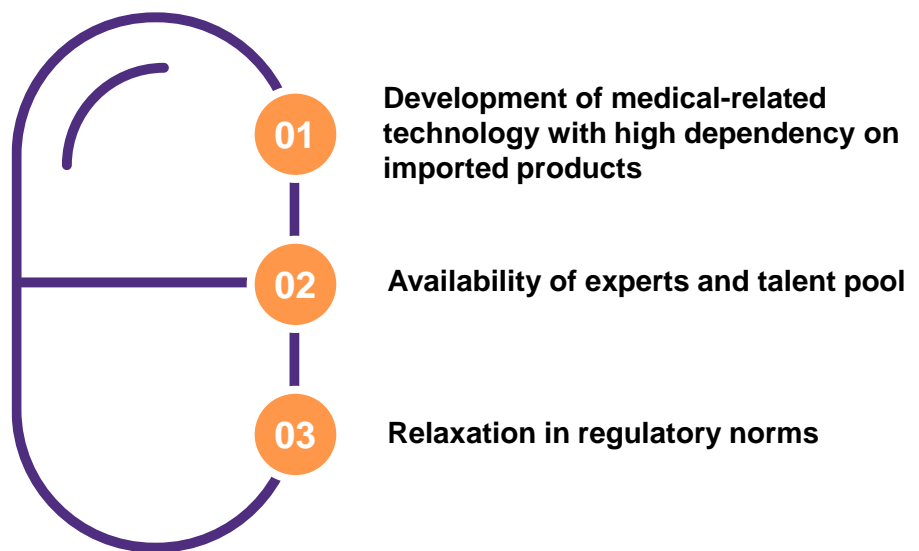
07

Do you claim any COVID-19 related adjustment for transfer pricing purposes?



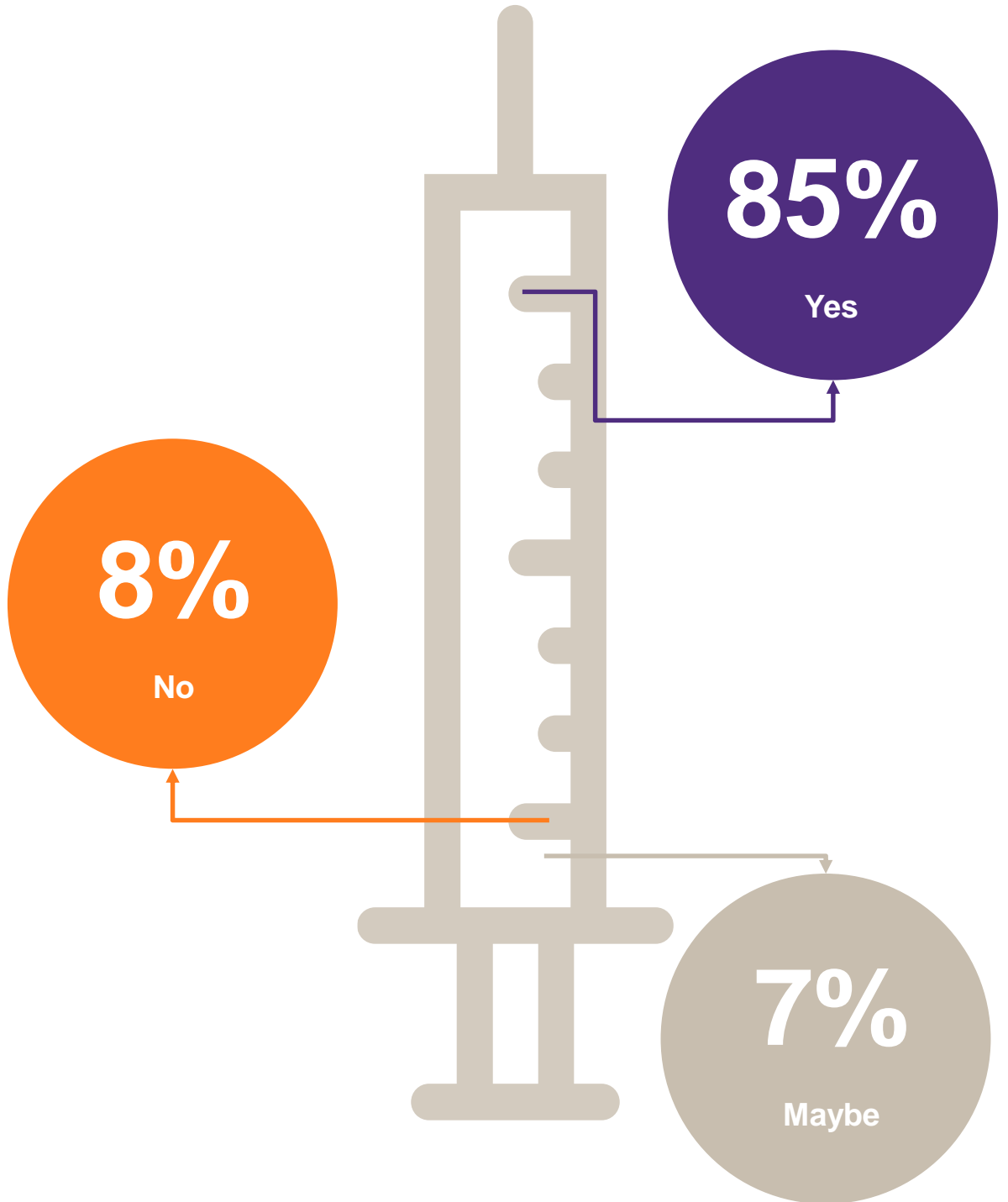
08

Which of the following steps needs to be prioritised to reduce the time-gap for clinical trials of pharmaceutical products manufactured abroad? Arranged in descending order of preference.



09

Can a lower rate of GST on clinical trials and research activities help bring down the cost of pharmaceutical products?



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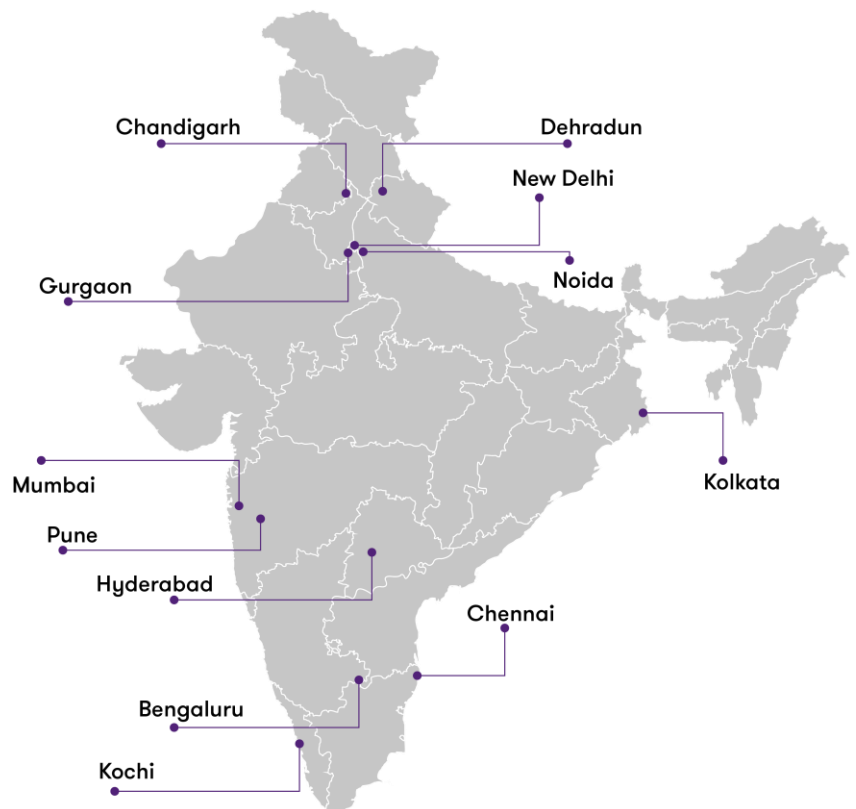
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Consulting firms in India



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