

Industry reacts to the new budget

05 July 2019 | News

Union Budget strengthens the health sector: Health Minister



This Budget included many development reforms for the Indian economy including developing skills resulting into creation of employment. Though there were no new announcements in this budget specific to healthcare and biotech/life sciences, however in the interim budget earlier this year, already an allocation of INR 61,398 crore was announced for the health sector for the 2019-2020 fiscal which was a 16% increase in the last year's allocation. This showcases that healthcare has a strong focus from the government. Under Swachh Bharat Abhiyan, the construction of toilets making more than 5.6 lakh villages Open Defecation Free (ODF) will also play a role in reducing many food and water-borne diseases getting spread.

Dr. Prasanna Deshpande, Deputy Managing Director, Indian Immunologicals Limited

The expectations from the Union Budget 2019 were that of a bold reformist budget, however, it turned out to be an incremental budget at best. The emphasis on start-ups and on the education sector is a good move. However, there was nothing to fuel growth in the healthcare and pharma sectors, which is disappointing. I was particularly keen on seeing a change in the weighted deduction for R&D which did not happen. A positive policy move of this kind would have spurred R&D and innovation in pharma and other sectors.

Satish Reddy, Chairman, Dr. Reddy's Laboratories

My compliments to the Finance Minister for outlining Modi 2.0's vision to take the nation to new heights over the next five years. Reminding citizens of their duty to India, the budget presented a long term vision to achieve a \$5 trillion economy by 2024. The Apollo Hospitals group resolves to do its duty and join the nation in waging a war against the tsunami of non-communicable diseases that threatens the health of society, leading the country into a global initiative to stop the growth of NCDs in its tracks.

Dr. Prathap C. Reddy, Chairman, Apollo Hospitals Group

Overall the budget announcements look positive and people friendly. The new reforms like funds raised by start-ups will not require scrutiny of tax department is a positive move for start-ups apart from special programs that will be aired on Doordarshan for start-ups by start-ups will help in educating and motivating the budding entrepreneurs in semi urban and rural regions. I personally laud the move for an additional fund allocation at 2% interest for loans taken by MSMEs and this is a great move by the government.”

Across the world crowd funding platforms are known but Electronic fundraising platform (social stock exchange) for listing social enterprises is a breakthrough move by the government for organizations working in social sector, although speed of its implementation is going to be critical.

Rahul Paith, Chief Operating Officer, DocOnline

While the budget is forward looking on many issues, overall healthcare industry expected more from the new government. Except one specific announcement on Dialysers raw material and component imports to eliminate anomalies with finished goods imports, there is no specific announcements to reduce over 80% import dependency on Medical Devices. We request the government to form “Department of Medical Devices” like Department of Pharmaceuticals to look into the demands of domestic medical devices innovators & manufacturers.

Dr. GSK Velu, Chairman, and MD, Trivitron Healthcare

This budget does not seem to have addressed the healthcare sector directly. Opening up of the insurance sector to FDI may benefit healthcare. The fine print may have something though. Else, status quo it is!

Dr. Deepak Balani, Chief of Medical Services at Sakra World Hospital, Bengaluru

The Government has rightfully focused on bringing in several key structural reforms for the nation moving towards the goal. We would like to congratulate the Government for displaying commitment and concern towards improvement in Public Healthcare aiming to create a healthy India, with comprehensive wellness derived environment for all.

We are happy to see that the government has proposed to expand Swachh Bharat Mission to undertake sustainable solid waste management in every village of the country. Rural health hygiene has definitely improved. Citizens are expected to be less vulnerable to communicable diseases in open defecation free villages. I believe the Swachh Bharat Mission is an ideal holistic mass initiative and has been effective and successful in changing the mind-set of people in the country.

100% FDI in insurance intermediaries is a push for the insurance sector. Going forward we expect more people will be under the insurance coverage net and the transactions in hospitals will be faster. This will increase health security at the same time and create more opportunities in the sector. Additionally, the deduction limit for medical insurance that has been increased from Rs. 15,000 to Rs. 25,000 and for senior citizens, till Rs. 50,000, will augur well for individuals.

The industry was intently looking forward for further announcements regarding Ayushman Bharat taking the right partnership approach to a more inclusive participation. Some relief on imported medical equipment could have been provided which would have benefitted the sector.

Dr. Alok Roy, Chairman, Medica Group of Hospitals

The Union Budget 2019 presented by Union Finance Minister, Nirmala Sitharaman has concentrated more on the vision for the growth and welfare of the country. Although the healthcare sector has not been discussed much during the Budget, sanitation, hygiene, potable water have been given importance in order to create a cleaner and healthier society. The Government, through Ayushman Bharath Yojana, aims to concentrate more on the all-round nourishment of women and children and wants our citizens to consider taking care of their health in a more serious way. Preventive healthcare is a major issue that is mostly ignored by people, who end up visiting clinicians only when diagnosed with a medical disorder. Therefore, in order to make people consider investing on their health and personal welfare, the Government has increased the tax

deduction of medical insurance from Rs 15,000 to Rs 25,000.

Col Hemraj Singh Parmar, Group CEO, BR Life Hospitals

We congratulate the government on presenting a holistic budget for the common man and it's encouraging to see that the government has taken initiatives to deliver on its promise of excellence in healthcare.

The government has identified 'healthcare' as one of the key delivery outcome priorities for a healthy society. SRL Diagnostics has always encouraged the adoption of a preventive, rather than curative, attitude towards health. The government's vision aligns with our mission of bringing good-quality, accessible primary healthcare services to the masses.

Once again, the government has shown its commitment to the healthy well-being of more than 130 crore citizens of the nations. The impetus on increasing foreign direct investments (FDIs) offers hope for renewed interests by investors which will help to drive growth for both the public and private healthcare institutions.

The government has put forward a progressive budget with a strong vision to take India's social, economic and overall well being to greater heights.

Arindam Haldar, CEO, SRL Diagnostics

The budget this time focuses primarily on sustainable growth and infrastructure. The decision to invest Rs 80,250 cr for the development of 1,25,000 km of roads under PM Gram Sadak Yojana Phase III is a great initiative, which will improve rural connectivity tremendously and enable emergency medical service providers like ourselves to reach the remote corners of the country. While the government laid a lot of emphasis on cleanliness and sanitation, we were hoping to see reforms in the healthcare sector. One of the points overlooked in the Union Budget 2019 is the lack of impetus for the emergency medical services sector. Our foremost request to the government has been to accord due recognition to the emergency medical services (EMS) industry and recognise it as an independent sector within the healthcare industry. We are hopeful that the next meeting of the GST council may bring some tax relief to the industry.

Manish Sacheti, CFO, Ziqitza Healthcare

Surprisingly in the budget there was no mention of any benefits and plans for healthcare! However certain positives are the proposals to set up the National Research Centre and Annual Global Investors Meet, both the initiatives that will help give an impetus and attract research proposals and funding to India's potential. Easing of Angel tax and relief from IT scrutiny for start-ups are great encouragement for the sector.

While announcing large scale projects for electric cars, the government has completely ignored the bio-medical sector which has the potential to be a global research hub for fields like genetic research, bio-informatics and AI in healthcare.

Swati Deshpande, Director (Operations), Datar Cancer Genetics

Incentives for electric vehicles in terms of subsidy on loans as well as lowering of GST from 12% to 5% on electric vehicles, will help reduce air pollution over a period of time. This will help control heart diseases, respiratory illness, and cancers.

- The 100% FDI in insurance intermediaries along with streamlining of Labour laws will help boost health insurance and thereby healthcare industry. This will increase healthcare insurance coverage and boost investment in new hospitals.
- National Research Foundation for higher research will help indigenous research in pharmaceutical industry, bio-medical industry, innovation in indigenous treatments modalities. etc
- Internet connectivity with all gram sabhas will give impetus to private sector to invest in tele-medicine through PPP mode.
- Safe drinking water for all households by 2024 through "Jal Shakti Mantralaya" will help control water borne diseases in India. This will be aided by the "Toilets for all" scheme that will reduce oro-feecal route diseases.

However, nothing was mentioned about the Ayushman Bharat-PM Jan Arogya Yojana.

Dr Rajeev Boudhankar, CEO, Bhatia Hospital

With the Modi 2.0 government planning to set up more than 1.50 lakh Health and Wellness Centres (HWC) by 2022 under the Ayushman Bharat Yojana and plans to provide healthcare cover of Rs 5 lakh to around 10.74 crore families across the country, this year promises to be a healthy growth for the sector.

Vivek Tiwari, Founder and CEO, Medikabazaar

The procedural relaxations like non-scrutiny from the Income Tax Department in valuation of share premiums and justifying fair market value of their shares issued to Category-II Alternative Investment Funds (AIF) will ease off the fund-raising and compliance process for the Start-ups. The special program on Doordarshan for emerging entrepreneurs would help facilitate sharing of knowledge between start-ups in rural areas specially emphasizes the government's commitment towards entrepreneurs. Another tax incentive of enhancing the limit of 25% corporate tax for businesses generating revenues up to INR 400 Crores will help them on improving their profitability. Budget is well balanced between welfare, infrastructure, environment. From a Healthcare perspective, there will continue to be greater demand for tax incentives, introduction of PPP models etc. to further support the mission of Ayushman Bharat.

Satish Kottakota, CFO, CallHealth

We welcome Modi 2.0 Government's Gramin Bharat budget announcements, where a special focus was laid on Gaon, Garib Aur Kisan. Even the contribution of females in rural areas was also addressed in the budget, calling them the main propellant for the welfare of the world. With the announcement of proposing a committee to evaluate and suggest measure to improve women's welfare, we are sure that women's achievements in various fields will come in the forefront. However, the further commitment in providing primary healthcare has not been met which is slightly disappointing. But the government has pledged to establish a National Research Foundation to boost research in all areas. We hope the government will allocate significant resources through this body towards boosting the field of medical research in India. We also expect the New Education Policy to focus on creating more doctors and specialists in the country by increasing both MBBS and Post Graduate seats in medicine.

Ajoy Khandheria, Founder, Gramin Healthcare

It is heartening to see the key issues faced by startups in the country being addressed in the Union Budget 2019. The budget is definitely pro-entrepreneurship and provides clarity and relief in respect to the arbitrary Angel Tax that has been stalling startup growth in the country over the past few years. Start-ups no longer need to be worried about coming under the scrutiny of the Income Tax Department as long as there is a full disclosure of the identity of the investor and source of income which is fair and straight forward. The exemption of capital gains from the sale of residential property for investment in start-ups till FY 21 is a welcome move. The new dedicated start-up channel to be operated by the Doordarshan Group will encourage people in the remotest parts of the country to take the path the entrepreneurship and will help SME's strengthen their operations. The relaxation of conditions for carry-forwarding and setting off company losses will also boost the ecosystem.

The government has also given due acknowledgment and assured support to women-led initiatives which will be crucial to leveling the playing field for women entrepreneurs. The dedicated SME portal facilitating online submission and payment of bills will improve the ease of doing business in India. Healthcare and increasing spending in this sector are two crucial areas that were completely left unaddressed although they are the need of the hour. It is a known fact that healthcare spending in India is currently a dismal 2.2% Despite Ayushman Bharat figuring in the government's ten-point agenda, it was disheartening to see the lack of any solid policies in the healthcare sector. We hoped to see some action points on areas such as home care, affordable and accessible care, as well as other aspects pertaining to the sector.

Meena Ganesh, MD & CEO, Portea Medical

The Modi Government 2.0's 1st Union Budget touched upon many facets of infrastructure growth and sustainable development of industries in rural as well as urban India. It talked about all-round development of waterways, roadways, airways, metro corridors, railways as well as space programs. However, one crucial aspect that was missing from the overall budget was increasing spending in the healthcare sector. We hope that an added focus is laid during the next five years on preventive and curative healthcare for only if a country is healthy is it truly prospering.

The focus on start-ups came up very strongly during the budget as it addressed all the prevalent issues around "Angel Tax", "Valuation issues" and "Fundraise opportunities". We welcome the step towards the Global Investor meet through the NIIF to attract global players, leading industries, sovereign wealth funds, and digital venture funds. A dedicated TV channel for start-ups under the Doordarshan Group to promote entrepreneurship will go a long way in encouraging people to turn their ideas into reality in the remotest areas of the country.

Saurabh Agarwal, Chief Financial Officer (CFO), Medlife.com

As a leading homegrown healthcare start-up, we are extremely happy to see various entrepreneurship-friendly provisions in the Union Budget 2019 along with an emphasis on MSMEs, Start-ups, and medical devices under the Make in India campaign. The resolution of the Angel Tax issue will go a long way in helping start-ups reach their full potential.

The step towards boosting foreign investment in the manufacturing sector in India is a welcome move. The budget proposes a National Research Foundation which will be a corpus of funds pooled from various ministries. This can help promote R&D in the healthcare space thereby reducing the disease burden in the country. Apart from this, there is a plan to include advanced training on topics like AI, VR, Big Data, and Robotics, etc. which will augment the capabilities of Indian entrepreneurs and put them on the global map. The government has also taken some great steps towards promoting women-led initiatives. Another encouraging move has been the provision of offering up to Rs 1 crore of fresh or incremental loans within an hour through the online portal. Overall, the budget is quite encouraging for innovators and technology-oriented start-ups. We were however looking forward to a stronger focus on increasing the healthcare budget which was completely missing for this budget.

Neha Rastogi, Founder, Agatsa

We had great expectations from the union budget 2019 in respect to an increase in healthcare expenditure. However issues such as the increasing disease burden of the country, need to boost preventive healthcare and improving access to affordable and quality care were completely missed out by the new government which is extremely discouraging. While Ayushman Bharat was listed as a key focus area, clarity is needed on how it would be strengthened to reach a larger population. Health is wealth is a popular saying and we must understand its significance. Without a strong healthcare focus, the economy of the country and standard of living of people can't be elevated in the true sense.

It is heartening to see the increased focus on Swachh Bharat, water, hygiene, and sanitation. These will go a long way in reducing preventable water and food-borne diseases in the country. As the President of an healthcare NGO, I welcome the government's move to set up an electronic fundraising programme for social enterprises and voluntary organisations. This will go a long way in helping us build capital and extend life-saving programmes to a larger section of the population.

Dr K K Aggarwal, President Heart Care Foundation of India (HCFI)

Reduction in Customs duty of Medical Devices in the Union budget would have furthered the government's objective of increasing Healthcare affordability and accessibility, which, through Ayushman Bharat it is already trying to achieve. The increase in the turnover limit to INR 400 Crores under the 25% tax slab is in line with the government's commitment in the Union budget 2015 to make Indian companies more competitive on the global business platform. This will also lead to increase in compliance and also attract more investment to India.

Pavan Choudary, Chairman and Director General, MTal

As a woman entrepreneur, I welcome the Modi 2.0 government's budget with open arms as a lot of focus was laid on the achievements of women in various fields. Nirmala Sitharaman, in her maiden budget announcement, proposed a committee to evaluate and suggest measure to improve women's welfare and this move would be beneficial to empower the fairer sex in the society. I am elated how the government has celebrated the efforts made by the women in their day-to-day life and gave them their due credit of being the main propellant for the welfare of the world. Even the announcement of a Rs 1,00,000 loan for women under the Mudra scheme will boost more women entrepreneurs to come forward and spread their wings.

The Startup India initiative, which was launched by the central government with the aim of bolstering the startup ecosystem in India, was given a major leg up when union minister Ms. Nirmala Sitharaman presented her first budget today. The plan to setup a dedicated TV programme for startups, which will be run by the startups themselves, will help them get much-needed traction from potential investors. The announcement was augmented with other proposed measures, such as relaxation of FDI rules for segments like food delivery, grocery, and e-commerce, enhancements to the digital payment ecosystem designed to help FinTech startups, incentives for electric vehicles that were welcomed by startups manufacturing electric vehicles, and easing of regulatory norms for angel tax assessment via a simplified e-verification system. The plan to setup tech incubators and livelihood business incubators to create skilled entrepreneurs in the tech and agricultural industry will help create more homegrown businesses and jobs, improve our GDP, and bring down our historical high unemployment rates. The Stand up India scheme that was launched with the aim of encouraging women entrepreneurs also saw a welcome step forward as the Interest Subvention program for women SHGs is set to be expanded to all districts of India.

The union budget presented by Finance Minister Ms. Nirmala Sitharaman has a lot of ambitious proposals to overhaul India's education system. The goal to make India an educational hub with the Study in India program is praiseworthy, and we look forward to a concrete roadmap from the HRD ministry to make this a reality. The GYAN initiative that was kicked off to attract educators and researchers from abroad saw a welcome step forward in the budget with a proposal by the central government to set up a National Research Foundation under the National Education Policy. It will help pool together the funds from all ministries and optimally funnel them for the purposes of research, and we expect more details on the implementation strategy from the management committee. The government's decision to train young people in fields like AI, Robotics, and Big Data will help with their continuing education and equip them to secure employment and stay relevant in the competitive job market.

Savitha Kuttan, Founder & CEO, Omnicuris

The budget may not be the expected one for the healthcare segment but it is a fairly decent one. The overall health allocation has gone up from Rs 63538 Cr in the interim budget to Rs 64999 Cr in 2019-20. A raise of Rs. 1750 cr may not look very promising on papers but when we see it in context to previous years' budget allocation of Rs. 54668 Cr, it is a YOY increase of Rs. 10000 Cr. With an increasing number of claims and popularity of Ayushman Bharat, a scheme-specific announcement would have been ideal.

Swadeep Srivastava, Founder & Chief Belief Officer, India Virtual Hospital

The Budget has substantial incentive for startups and small to medium businesses; and the move to expand the 25% tax rate to companies with revenue upto Rs. 400 crore is commendable. The measures to support the startup landscape – particularly eliminating scrutiny on capital gains in the case of angel tax and expanding fair market value justification exemption to Category I AIFs could help strengthen the funding ecosystem in the country.

However, I would have liked to see greater reflection of fund allocation or tailored program announcements to support the Make in India and Ayushman Bharat programs, marque initiatives of Prime Minister Modi that are particularly relevant for companies across the continuum of pharmaceuticals, biotechnology, medical devices, diagnostics and healthcare delivery. If the lofty vision of Ayushman Bharat is to be accomplished, implementation budget and plans should be progressively and substantially bolstered. With the exception of incentives to multinational companies for creation of mega manufacturing parks, there is no meaningful reform to foster scaling of Indian manufacturing footprint, especially in sectors that are still heavily import dependent such as medical devices.

Additionally, given the crossroads the pharma and biotech industry is at today, it is also critical that there is encouragement for multifold increase in level for research engagement. There are no tangible provisions in the budget that will help

substantially elevate competitiveness of the industry.

Overall, the budget is in my view a good wellness prescription for the overall economy but lacks specialist's clinical interventions in specific parts where the economy's health is relatively poor and needs an injection of support.

Pushpa Vijayaraghavan, Director and Practice Lead, Healthcare and Lifesciences, Sathguru Management Consultants Private Limited

We congratulate the government for presenting a forward looking and dynamic budget that takes into account the financial needs of the nation. The increased tax benefits offered on health insurance premiums to all segments of the population, including senior citizens, will urge people to avail the advantages of having a health insurance equipping them with a secure future. Tax benefit proposals will significantly benefit the middle class comprising of self-employed, small businesses, traders, salaried class, pensioners and senior citizens.

Anuj Gulati, MD & CEO, Religare Health Insurance (RHI)

While the healthcare allocation had been covered in the Interim Budget earlier this year, it is still a little disappointing that there was no new commitment to healthcare in Finance Minister Nirmala Sitharaman's maiden budget. However, one of the most notable announcements in the budget has been the pledge to establish a National Research Foundation to boost research in all areas. We hope the government will allocate significant resources through this body towards boosting the field of medical research in India. We also expect the New Education Policy to focus on creating more doctors and specialists in the country by increasing both MBBS and Post Graduate seats in medicine.

Also, the fact that the government's focus on building toilets and on improving overall sanitation has yielded positive results is encouraging. With nearly 95% of all cities declaring themselves open-defecation free, it is a major boost to the overall health prevention scene in the country. Notably, poor sanitation has been a major cause of the high incidence of communicable diseases such as diarrhea in India, especially among children. We hope the government will continue its focus on improving sanitation

Dr Shankar Narang, COO, Paras Healthcare

Union Budget 2019 appears to be comprehensive, wide-ranging and balanced with many positives for the economy. However, going forward the government needs to revisit unfinished agenda such as 'Priority Sector' status to Healthcare for smooth credit flow, mandatory universal health insurance, tax incentives for capacity building, creation of a dedicated infrastructure and innovation fund.

Dr. H Sudarshan Ballal, President, NATHEALTH

A healthy India will be a prerequisite to a 5 trillion dollar economy. NATHEALTH would like to underline the need for making healthcare an integrated part of the policy and fiscal planning with adequate investments to achieve this vision. We are pleased with the focus on ease of living in this budget and believe that the health sector can play a pivotal role across the broad pillars of economic growth, skilled employment and ease of living themes.

Siddhartha Bhattacharya, Secretary General, NATHEALTH

In line with the Ayushman Bharat program, India has taken a number of initiatives towards equitable and affordable access of quality healthcare for 1.3 bn Indians. But it cannot be made affordable if India continues to import 70-80% of its total requirement of medical devices.

While the overall approach and budget allocation to address healthcare by the current government has been positive, unfortunately there is nothing much to boost Make in India.

Suresh Vazirani, CMD, Transasia Bio-Medicals Ltd.

It is very good to hear that we are striving to become a \$ 5 Trillion economy soon. This will place India on the world center stage. However regarding NRIs and Healthcare sector , there is not much to sing about. It is good to know that NRIs shall be allowed to take Aadhar Card. This will help them to sort out many issues that they face now for identity and transacting business while in India. There has been no significant announcements pertaining to healthcare in union budget. While there was hope that the allocation for health sector in view of the requirement for funding the Ayushman Bharath , this has not been allocated. It is good that the focus is in education and I hope that there will be more funding for starting and upgrading medical colleges. There is also proposal for "Study in India " program which will help in setting up autonomous institutions."

Dr Azad Moopen, Founder and Chairman of Aster DM Healthcare

The budget comes as an indication that it is taking a comprehensive approach in the healthcare and wellness segment, and I think it is aimed in the right direction. With the government's continuous focus on the Ayushman Bharat scheme will further help in providing extensive medical care and reinforce the commitment to universal healthcare for all citizens. Apart from this, the announcement to boost Artificial Intelligence will strengthen the usage of technology in the field of healthcare and it will intensify the quality in healthcare with accessibility and affordability.

Amol Naikawadi, Joint Managing Director, Indus Health Plus

We at AIMED are shell shocked to see that No action has been taken by the Govt. to stem the tsunami of imports of 24% at 38800 Cr Rs that's crushing Indian mfg. It is appalling to notice that since last 3 years , it is the first budget with zero mention on healthcare not even higher allocation for Ayushman Bharat.

We request the government

- To encourage employment and Make in India of Medical Devices and address 70-90% import dependency by a predictive nominal tariff protection policy as done for mobile phones to ensure a vibrant domestic industry & competitiveness and price stability driven by competing domestic players
- To protect Consumers from exploitatively high MRP in Medical Devices by rationalized price controls and aid ethical marketing
- To Regulate all Medical Devices under a Patients' Safety Medical Devices Law to protect patients and aid responsible manufacturing
- To incentivize Quality in Healthcare Products in public healthcare procurements by preferential pricing for Q1 e.g. ICMED (QCI's Indian Certification for Medical Devices) instead of L1 (lowest price) to ensure patients access acceptable quality

Rajiv Nath, All India Medical Devices

The Budget has addressed expectations in the area of enhancing healthcare coverage to the Indian citizens through Ayushman Bharat. Consolidation of grants into the National Research Foundation will hopefully enhance medical research. The medical device industry will stand to gain on account of the reduced customs tariff and increase in the turnover threshold to INR 400 crore for the corporate tax rate of 25%.

Amit Kumar Bajaj, Partner, Grant Thornton India LLP

The 2019 budget celebrates the spirit of entrepreneurship in India, with a number of provisions for startups and MSMEs. Whether it's organizing a Global Investors' Meet to boost entrepreneurship or resolving taxation issues, there are significant

incentives for new-age companies. In addition, the budget's emphasis on training millions of youth in industry-relevant skills like AI, IoT and Big Data will help address demand gaps for trained technology professionals across industries. A key tenet of this year's budget is the renewed emphasis on inclusion of Research & Innovation in the National Education policy; and the proposal to set up a national research foundation to assimilate research grants from various ministries. As a startup in the field of deep tech and science, we understand the significance of building R&D from the ground up and welcome the Government's support in this. We are confident of its long-term impact and predict a rise in innovation and creativity, boosting entrepreneurship further and putting India at par with global counterparts.

Swetabh Pathak, Co-Founder, Elucidata