

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:1693
ANSWERED ON:04.12.2006
TAX CONCESSION TO PHARMA COMPANIES
Singh Shri Rakesh

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether pharmaceutical companies have included India in the list of important countries for its investment, research and development in an international survey;
- (b) if so, whether the Government proposes to provide concessions in the tax structure to the pharma companies as per demand of these companies; and
- (c) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS & MINISTER OF THE STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUÉ)

(a): India is emerging as one of the most favoured destinations for collaborative R&D, bio informatics, contract research and manufacturing and clinical research as a result of growing compliance with internationally harmonized standards such as Good Laboratory Practices (GLP), current Good manufacturing Practices (cGMP), Good Clinical Practices (GCP) and patent laws.

(b) & (c): As per the current provisions of Section 35 (2AB) (1) of the Income Tax Act, if a company engaged in the business of biotechnology, drugs, Pharmaceuticals etc. incurs any expenditure on scientific research (excluding cost of any land or building) on in-house R&D facility, a deduction of a sum equal to 150% of expenditure so incurred is allowed, to encourage investment in R&D in pharma sector. Besides this, Income Tax Act also contains the provision of Section 80-IB(8A) under which for any company carrying on Scientific R&D, deduction of 100% of Profit and Gains of such business for a period of 10 consecutive assessment years, beginning from the initial assessment year is allowed.