

# Pharma SMEs seek incentives for research

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*Hyderabad, Feb. 27*

An incentive package for research and development and continuation of tax incentives to export-oriented units top the wish-list of small and medium enterprises the pharmaceuticals sector for the Budget 2008-09.

"Due to increasing competition from Chinese SMEs, it is felt that R&D is vital for SMEs to sustain in the long term. While big players can handle it themselves, SMEs need support from the Government," Mr A. Venkata Reddy, President, Drugs and Pharmaceuticals Manufacturers' Association, told *Business Line* here. He also sought continuation of weighted deduction of R&D expenses in the income-tax for 10 more years.

## **'EXTEND EOU SCHEME'**

As the appreciation of rupee against the dollar had been

quite significant for the last six months, SMEs are also seeking the extension of EOU scheme for some more years beyond 2009, when the scheme would lapse.

According to Mr M. Narayana Reddy, President, Bulk Drug Manufacturers' Association of India, the Budget should clear prevailing confusion over Central excise duty. "As of now There is no parity in excise duty. While it is as high as 16 per cent in some States, others like Himachal enjoy zero per cent tax. In the interest of nation, there should be some parity," Mr Reddy said.

As SMEs are subject to stringent laws pertaining to environment protection norms, they want tax exemption of capital expenditure incurred on environmental protection. "This is necessary because the expenses to fulfill eco norms often bog down the SMEs."