

## LIFESCIENCES & HEALTHCARE

### SECTOR POLICY GROUP MEETING

On 16th October we held the third meeting of the Lifesciences & Healthcare sector policy group, with attendees in Gurgaon and London. The meeting was chaired by Kevin McCole, Chief Operating Officer of the UKIBC.

**Attendees:**

NAME	COMPANY	DESIGNATION
Andy Barr	Healthcare UK	Assistant Director & Senior NHS Lead
Emma Sheldon	Vernacare	Group Marketing Director
Dr Vibhuti Patel	Royal Society of Chemistry	International Development Manager (India)
Nidhi Jain	Healthcare and Lifesciences, UKTI India	Trade and Investment Advisor
Atul Khurana	UKIBC India	Sector Manager, Healthcare
Divya Dwivedi	UKIBC India	Head of Policy and Communication
Sabe Tibbitts	UKIBC	Healthcare Sector Manager
Kevin McCole	UKIBC	Chief Operating Officer
Tara Panjwani	UKIBC	Retail Sector and Policy Manager

## UKIBC UPDATE:

The group was updated on the meeting with Mr Atul Chaturvedi, Joint Secretary of the DIPP on 9th October in London. Mr Chaturvedi has requested that the UKIBC feed into him, in advance of Mr Modi's visit to the UK (12th – 14th November), the views of British business on improving India's operating environment. The results of an ongoing UKIBC survey and key points that emerge from this and other SPGs will form the basis of this submission to the GoI.

## SECTOR UPDATE:

Sabe Tibbits updated the Group on the latest developments in the healthcare environment in India - the NDA government has proposed the following initiatives as part of a new and improved 'accessible and affordable' health system:

- Free Drug Service and Free Diagnosis Service
- Setting up of two National Institutes and dedicated tuberculosis diagnosis treatment centres at the All India Institute of Medical Sciences (AIIMS)
- Increasing the number of specialty hospitals – AIIMS
- Special Economic Zone to find domestic drug makers and boost start-up firms along with a 15% investment allowance on essential plant and machinery
- Financial support for scientific warehousing, setting up 12 more medical colleges and 15 rural health research centres

## KEY ISSUES

Members then outlined key obstacles:

### Classification of charitable activities

Members in the charity sector expressed confusion about the lack of clarity around rules for their permanent establishment in India which have prevented them from operating in the manner that they would have liked. There seems to be no clear provisions for charitable organisations to have a different entity from the standard – any new version would involve prohibitively high taxes with implications for UK double taxation regulations – companies are left in the difficult position of trying to balance English charitable law with Indian presence and related taxes.

### Changing interpretations of the FCRA and FEMA regulations by Indian banks:

Another problem faced by foreign charitable institutions is the lack of consistency in the way that FCRA and FEMA regulations are interpreted by Indian banks. The main reason for this is that more often than not, their funding structures do not fit neatly in to the specified categories, making it difficult for these organisations and the banks to work out what approvals are required. It would be much easier for international charities and not-for-profit organisations to operate in India if there was accurate information about the various approvals they need to secure from banks given their unique structure.

### Importing product into India

Often the process of importing product into India, including for free trials, is unnecessarily complex and poses a major challenge for small and medium sized businesses for whom market-need assessment is critical. Products can be held in customs for lengthy periods causing trials to be delayed and forcing the UK company to incur extra costs. Once again the issue of confusion around

classification was cited as being a key reason for blocking the movement of the product entering the country and the lack of understanding by customs officials about the category it falls under. One way to circumvent this bureaucratic hurdle is to reach out to well-established Indian players who already have good relationships with local customs authorities to get their product into the country.

#### Different taxes in different states

Product movement between states causes a major issue because of different taxes – it is hoped that the implementation of GST will remove these multiple layers of tax and replace it with a uniform tax.

#### Recognition of qualifications

Under the current system, Indian students who receive a one year masters' degree in the UK are not able to practice when they return to India because it's not considered a valid qualification by the Indian medical authorities. The problem of recognition of qualifications is a wider issue pertaining to higher education in the UK– as professional qualifications offered by independent accredited bodies in the UK are often not recognised in India. There is a dialogue being led by the British Council with the Government of India about this but no change is likely in the short term.

## **KEY TAKEAWAY**

Legal and regulatory impediments, complex taxes and the poor quality of bureaucracy were identified as the top barriers preventing UK healthcare companies for doing more business in India. Members acknowledged that 18 months is too short a period to unravel decades of complexity - but the Indian government needs to move from mere rhetoric to action and focus on producing actual case studies of success to demonstrate to foreign investors that the Indian regulatory environment is changing for the better.

Overall, there was a sense of positivity from the group - India continues to be a major priority market and several of our members have ambitions to significantly increase their level of activity there. In doing so, UK companies should ensure that their expansion plans extend to rural areas as this would resonate with the Indian government's manifesto and would win them greater business support.

Attendees also put forward certain recommendations which could be focus areas for the new government. These include:

- Providing a journey map of the numerous licenses required for UK companies to establish their presence in India and for UK doctors to treat Indian patients.
- The NDA government should also take into account the relative ease of doing business in India compared to competitor countries such as China, UAE etc. as it is often difficult to convince a UK SME to look at India as a viable option compared to these countries.
- Greater UK India academia and industry collaboration would enable all stakeholders to access the opportunities.
- Smart cities could be special exemption areas to simplify how healthcare and training is delivered in these areas.

Actions:

- Andy to send across the UKIBC survey to companies in his network for their feedback and to share information about the companies who have faced licencing issues in India.
  - Emma to send across the Vernacare case study in India
  - Sabe to touch base with Dr Vibhuti about helping UK SMEs in Chemistry looking to enter India
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