

UNION BUDGET 2025-26

SUMMARY NOTE FOR LIFESCIENCES AND HEALTHCARE INDUSTRY

The Union Budget for the financial year 2025-26 (the “**Budget**”) has proposed to implement various schemes, programs and tariff for the healthcare and pharmaceuticals industry. We have provided below a brief coverage of the schemes and tariff revisions that the Central Government has proposed to implement over the next year.

Promotion of Medical Tourism: The Government will promote medical tourism and ‘Heal in India’ initiative in collaboration with the private sector. ‘Heal in India’ is an initiative of the Government to promote medical tourism in the country.

Funds for Research, Development and Innovation: The Government has allocated INR 20,000 crores for private sector driven research, development and innovation initiative announced earlier in July 2024. In the Union Budget for financial year 2024-25, the Government announced the establishment of a INR 1,00,000 crore research and development fund to drive innovation and technological advancement.

Establishment of the 2nd Gene Bank for Crop Germplasm: The Government has announced the setting up of the 2nd Gene Bank of the country with 10 lakh germplasm lines. Germplasm refers to the genetic material of plants that is preserved for future use in crop improvement and breeding programs. The gene bank will provide conservation support to both public and private entities.

Relief on Import of Drugs and Medicines:

- 36 lifesaving medicines have been added to the list of drugs that are fully exempted from Basic Customs Duty (BCD). Full exemption will also respectively apply on the bulk drugs for manufacture of the exempted medicines.
- 06 lifesaving medicines have been added to the list of drugs that will attract a concessional custom duty of 5%. Concessional duty will also respectively apply on the bulk drugs for manufacture of these 06 medicines.
- 37 medicines have been added to the list of specified drugs and medicines under Patient Assistance Programs run by pharmaceutical companies. These medicines are fully exempt from BCD, provided the medicines are supplied free of cost to patients. The Government has also announced to add 13 more patient assistance programs.

Medical Textiles:

- The Government has added 02 types of shuttle-less looms to the list of fully-exempted textile machinery. These two looms are Rapier Looms (below 650 meters per minute) and Air Jet Looms (below 1000 meters per minute) for use in textile industry.
- The Government has also proposed to revise the BCD rate on knitted fabrics covered by nine tariff lines from “10% or 20%” to “20% or INR 115 per kg, whichever is higher”.



This is only for general informational purposes and shall not be construed to constitute legal advice (which can only be given after being formally engaged and familiarizing ourselves with all the relevant facts). Should you have any queries, or require any assistance or clarifications with regard to anything contained in this newsletter, please feel free to contact our partner, Mr. Pradnesh Warke.

The Team



PRADNESH WARKE
Partner
Email – p.warke@luthra.com



RAVI RAJ SHEKHAR
Associate



TANAY JHA
Associate

OFFICES



NEW DELHI

1st and 9th Floors, Ashoka Estate,
24 Barakhamba Road, New Delhi - 110 001
T: +91 11 4121 5100 F: +91 11 2372 3909
E: delhi@luthra.com



MUMBAI

20th Floor, Indiabulls Finance Center,
Tower 2 Unit A2, Elphinstone Road,
Senapati Bapat Marg, Mumbai - 400 013
T: +91 22 4354 7000
F: +91 22 6630 3700
E: mumbai@luthra.com



BENGALURU

3rd Floor, Onyx Centre, No. 5, Museum Road,
Bengaluru - 560 001
T: +91 80 4112 2800 / +91 80 4165 9245
F: +91 80 4112 2332
E: bengaluru@luthra.com



HYDERABAD

Serene Towers,
House No. 8-2-623/A,
Road No. 10, Banjara Hills,
Hyderabad, Telangana - 500034
T: +91 40 7969 6162
E: hyderabad@luthra.com



CHENNAI

Prestige Palladium Bayan,
8th Floor, Greams Road, Nungambakkam Division,
Egmore, Chennai - 600 006,
Tamil Nadu
T: +91 95604 88155
E: chennai@luthra.com