



**Jharkhand
Pharmaceutical Policy 2021
(Draft)**

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1 Introduction

The Government of Jharkhand has launched the Jharkhand Industrial and Investment Promotion Policy, 2021 with the ambition of maximizing opportunities for equitable economic growth of the people and balanced development of all the regions through the means of industrialization. The policy aims to metamorphose Jharkhand into a favoured destination for investors and to generate employment for 5,00,000 individuals by attracting investments of more than Rs. 1,00,000 crores.

The Pharmaceutical sector has emerged as a key growth driver in India and has attracted FDI worth over Rs. 3000 crores between April 2020 to September 2020 alone. The Government of Jharkhand, having realised the potential of the Pharmaceuticals sector as a bulk livelihood creator and investment magnet, has identified it as one of the high priority sectors under the Jharkhand Industrial and Investment Promotion Policy, 2021.

With a burgeoning population, outstanding tertiary healthcare infrastructure, exceptional locational advantage and state-of-the-art infrastructure such as the Pharma Park at Ranchi spread over 35 acres of land with 55 dedicated plots for MSME and non-MSME units, Jharkhand has the natural advantage to emerge as the 'Pharmacy of East India'.

The current Pharmaceutical ecosystem in the state is still in its nascent stage but the extraordinary potential can be rapidly spurred through a proactive and investor-friendly policy framework.

With the same goal, the Government of Jharkhand has prepared the Jharkhand Pharmaceutical Policy 2021 after extensive consultations with stakeholders. The policy will further enhance the competitiveness of the Pharmaceutical sector in the state and help address emerging trends such as increased demand for **vaccine manufacturing, bulk drugs, medical devices and healthcare delivery system**.

2 Pharmaceutical Sector in India

Pharmaceutical Industry is a highly knowledge-based industry, which has remained on a strong growth trajectory, over the past few years. The Indian Pharmaceutical Industry is the 3rd largest pharmaceutical market in terms of volume and 10th largest in terms of value, contributing towards 10% of global production while employing 2.5 million people. During the 2020-30 period, the pharma industry in India is expected to grow at a CAGR of 12% to reach USD 130 billion by 2030 from USD 41.7 billion in 2020.

The Government of India's 'Pharma Vision 2030' aims to make India a global leader in end-to-end drug manufacture. Thus, both the domestic and export market is set to witness high growth in the coming few years. The Indian pharmaceutical sector can be presently classified into Active Pharmaceutical Ingredients/ Bulk drugs and Formulations, but emerging sector trends indicate the growth of Medical Devices as a key growth area of the future.

To further aid the growth of the Pharmaceutical sector in India, the Department of Pharmaceuticals, Ministry of Chemicals and Petrochemicals, has announced the setting up of Medical Devices Park(s) and Bulk Drug Parks(s) throughout the country to augment the supply of precursors in the country and to make India self-reliant in the field of Medical Devices

Recently, the Department of Pharmaceuticals, Ministry of Chemicals and Petrochemicals has launched a Performance Linked Incentive (PLI) scheme for the Pharmaceutical sector to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high-value goods in the pharmaceutical sector.

3 Pharmaceutical Sector in Jharkhand

The Pharmaceutical industry in Jharkhand is still in its blossoming stage and there are a total of 90 such units in the state spread across different sub-sectors. Of the total, 55 produce Allopathic products, 9 produce Homeopathic products, 3 produce Pharma cosmetics, 22 produce Ayurvedic products and 1 manufacturer of Medical Devices.

Jharkhand is the **#1** producer of Ferrous Sulphate in the country. Ferrous Sulphate is the key precursor used in manufacturing of Iron supplements given to anaemic patients

Being a mineral-rich state with a dense green canopy cover, Jharkhand offers brilliant opportunities for the manufacturing of mineral drugs and drugs derived from herbal sources.

By-products from mineral refineries and smelters act as the key ingredients for Mineral drugs and the state can support a gamut of Pharmaceutical units that use precursors/ ingredients like Ferrous Sulphate, Magnesium Sulphate, Magnesium Trisilicate, Aluminium Hydroxide, Zinc oxide, Gold Salts and Isotopes of Iodine/ Phosphorus. (Department of Drugs, Government of Jharkhand)

The state also produces over 52,000 tonnes of medicinal use Minor Forest Produce including Arjun chaal, Sarapgandha, Kalmegh, Indrajou, Bahera fruits, Amala fruits, Sona chal, Satavar, Dhou Flower, Harra, Chirata, Nagarmotha, Van Tulsi seeds, Palash flower and Chakor. (Jharkhand Economic Survey 2020-21).

With a rich base of MSME units especially in the fields of casting, moulding and machining, Jharkhand also offers opportunities to Medical Devices manufacturers who are looking to localise the value-chain and hedge any supply-side shocks.

To provide state-of-the-art infrastructure for Pharmaceutical manufacturing, the Government of Jharkhand has also come up with a Pharma Park at Ranchi. Spread over 35 acres, the Pharma Park offers 55 plots spread across MSME and non-MSME scale with support infrastructure like public utilities, effluent treatment facility etc. The park is well connected with NH 39 and is less than 40 km from the nearest airport (Ranchi) and railway station (Hatia). To take the impetus forward, the Government of Jharkhand intends to construct a dedicated Medical Devices Park, Bulk Drug Park and Lifesciences Park in the state.

Furthermore, the Government of Jharkhand is fully committed to the growth of the Pharmaceutical sector by building an appropriate investor perception, encouraging entrepreneurship, and strengthening organisational collaborations and partnerships.

4 Vision, Mission and Objective

Vision

To emerge as the arrowhead of the Pharmaceutical sector in India through a renewed thrust on innovations and investment attraction in futuristic Pharmaceutical segments.

Mission

- i. Generate 20,000 direct employment opportunities and attract investments of over Rs. 2,000 crores during the policy period
- ii. Promote Jharkhand as the Pharmaceutical hub of choice with emphasis on value creation and innovation
- iii. Create a dedicated manufacturing base focussed on emerging market trends such as Biosimilars, Vaccines, advanced Medical Devices etc.
- iv. Encourage technical upgradation and capacity enhancement in the existing units

Objectives

- i. Strengthening the indigenous capability for cost-effective quality production and exports of pharmaceuticals by reducing barriers to trade in the pharmaceutical sector
- ii. Prioritising the thrust areas for basic as well as applied research and technology development with industry-academia-social interface
- iii. Creating an incentive framework for the pharmaceutical sector which promotes new investment into the pharmaceutical industry and encourages the introduction of novel technologies and new drugs
- iv. Promoting innovation through enhanced R&D by providing financial and infrastructural support and by encouraging Foreign Direct Investment (FDI)/ Public Private Partnership (PPP) for sustained growth and international competitiveness
- v. Employment generation and development of industry ready-skilled human capital in various areas of the Pharma sector
- vi. Facilitation and protection of Intellectual Property Rights (IPR)
- vii. Creation of a conducive business ecosystem, registration mechanism and branding support system to facilitate and encourage private sector investments

5 Policy Coverage

Jharkhand Pharmaceutical Policy entitles MSME and non-MSME units to apply for incentives, permitted that they fall into the following segments

- i. Pharmaceuticals and their segments namely:
 - a) API/Bulk Drugs and Drugs intermediates

- b) Drug formulations and Biologicals
 - c) Contract Research & Manufacturing Services
 - d) Bio-Similars
 - e) Bioequivalent (Generic Drugs)
 - f) Over the Counter Drugs
 - g) Excipient and Chemicals
 - h) Packaging Materials
- ii. Manufacturing of Medical Devices
- iii. Other segments which will be notified by the Government of India or Government of Jharkhand from time to time

6 Incentives, Exemptions, and Concessions Offered under the Policy

The Enterprises/ Units shall be eligible for the following incentives offered by the Government of Jharkhand

6.1 Capital Investment Subsidy

Eligible Pharmaceutical units shall be entitled to get an incentive of **25%** of fixed capital investment subject to the ceiling of **Rs 1 crore for Micro units, 5 crores for Small units, 10 crores for Medium units and 25 crores for Non-MSMEs**

Enterprises/ Units majority-owned by SC/ ST/ Women/ Differently abled entrepreneurs will avail 5% additional benefit under CPIS. This benefit shall be applicable only to residents of Jharkhand. For the purpose of this clause, those persons will be eligible for benefit under SC/ ST category that are issued caste/ residential certificate to this effect by competent authority as notified by the Government of Jharkhand. Similarly, those persons will be deemed to be of differently-abled category that are certified by a competent Medical Board to have more than 40% disability

Applicable Capital Investment subsidy will be disbursed to MSME and Large sector units in two installments with 50% in the first year and balance 50% in the third year while for Mega/ Ultra Mega units, CPIS will be disbursed in three installments with 50% in the first year, 25% in the third year and balance 25% in the fifth year

6.2 Land Subsidy

Government land allotted to the Pharmaceutical Industry units is entitled to get a **50% rebate** and shall pay the due amount in **10 equal installments over 5 years**.

6.3 Interest Subsidy

New MSME units and non-MSME sector units shall be entitled to interest subsidy for timely payment **@ 5% per annum** on total loan availed from public Financial Institutions / Banks for a **period of five years** from the date of commencement of production subject to a total maximum limit of

> Rs. 15 Lakhs for Micro Enterprises

> **Rs. 50 Lakhs for Small Enterprises**

> **Rs. 1 Cr for Medium Enterprises**

> **Rs. 3 Crore for non-MSME Sector units**

Units that are classified as Non-performing Asset (NPA) at the time of making the application will not be eligible to avail such incentive.

In addition to the interest subsidy, the guarantee fee charged under the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme to Micro and Small Enterprises (MSEs) will be reimbursed to the enterprises to improve the CGTMSE coverage for collateral-free loans in the state.

6.4 Research & Development

6.4.1 Co-financing of Industry-Sponsored Research

Matching contribution up to **Rs. 50 lakhs or 60% of Project Cost** excluding land (whichever is less) for Pharma-related projects of public importance where an equal amount has been funded by private/ public sector companies.

6.4.2 Collaborative Research Grant

Financial assistance up to **Rs. 50 lakh per project per annum** towards covering scientist and technician costs for market-driven product development between scientists from at least five Jharkhand-based research institutions and/ or academic institutions.

Attracting Global Talent

To attract global talent for conducting breakthrough research in the State, the Government proposes the "Birsa Munda Life Sciences Scholarship". The objective is to incentivize joint research programs of Jharkhand-based institutions with researchers pursuing post-doctoral India-specific life sciences research in the top 100 global institutes/ universities (as per QS world ranking system or any other equitable system of classification). Financial support not exceeding **Rs. 5 lakh for a period of 6 months limited to 10 researchers per annum**. The scheme will also be applicable to Scientists interested in research work on a sabbatical.

6.5 Stamp Duty and Registration Fee

100% reimbursement of stamp duty and registration fee paid by the industry will be allowed for the execution of a lease, lease cum sale or sale deeds in respect of industrial land/plots/ sheds allotted or purchased by industry and Execution of Lease Deeds in case of Industrial Area Development Authority (IADA) lands/ private plots taken on lease/ land directly purchased from the raiyats.

6.6 Lease Rent Subsidy

For the companies renting to run their operation in Industrial areas, the lease rent subsidy would be provided at **Rs 8 per sq. feet** for creating employment for upto 20 individuals, **Rs 5 per sq. feet** for creating employment for 20 to 100 individuals and **Rs 3 per sq. feet** for

creating employment more than 100 individuals for a period of **5 years**. For calculation of the subsidy, only Skilled/Semi-Skilled/ASI/PF workers will be considered and is applicable for both JIADA and Private land.

6.7 SGST/ Tax incentive

- i. New MSME units: **100%** of the NET SGST amount paid for a period of **5 years** subject to the maximum of 100% of total Fixed Capital investment made by the units
- ii. New Large units: **100%** of the NET SGST amount paid for a period of **7 years** subject to the maximum of 100% of total Fixed Capital investment made by the units
- iii. New Mega units: **100%** of the NET SGST amount paid for a period of **9 years** subject to the maximum of 100% of total Fixed Capital investment made by the units
- iv. Ultra-mega units: **75%** of the NET SGST amount paid for a period of **12 years** subject to the maximum of 100% of total Fixed Capital investment made by the units

6.8 Power Tariff and Electricity Duty

Pharmaceutical units in the state will be given electricity at a **subsidised rate of Re 1/- per unit** in the billed amount of the utility as a promotional incentive on a **reimbursement basis for 5 years**. **100% exemptions** will also be provided to all eligible units in Electricity Duty for **5 years**

Above assistance will be available to eligible units on power purchased from the State electricity distribution companies or power distribution licensees

6.9 Skill Development

The Government of Jharkhand will offer one-time support of **Rs. 20,000 or actual cost of training per person, whichever is less, for capacity building of employees** (as recommended by employer) belonging to Jharkhand engaged in the sector (or any other category notified by the Government) as per notification of the **Jharkhand Skill Development Mission Society**

6.10 Employment Generation Incentives

For the employees belonging to Jharkhand, subsidy for Skilled/semi-skilled labour engaged in processes like Production / Packaging / Lab / R&D @ **Rs. 36,000/ year for SC/ST/ Women** and **Rs. 30,000/ year for the General category for 5 years**

6.11 Patent Registration & Quality Certification

Units will be encouraged for filing their successfully generated, registered and accepted patents based on their original work/research. The State Govt. will provide financial assistance of **50% of the expenditure incurred, up to a maximum of Rs. 10 lakh, per patent**

6.12 Market Development Support

- i. Foreign Exhibition/Trade Fairs

Scheme	Eligibility	Details
Marketing Support		
	(a) MSME Exporters registered with	75% of Stall charges paid up to a maximum of Rs. 4,00,000/- for one fair/ exhibition. Airfare

Foreign Exhibition/ Trade Fairs*	concerned DIC/JIADA	75% by economy class, max. up to Rs. 50000/- per two-person per unit per annum.
	(b) Women Export Entrepreneurs registered with concerned DIC/JIADA	90% of Stall charges paid up to a maximum of Rs. 4,50,000/- for one fair/ exhibition. Airfare 90% by economy class, max. up to Rs. 60000/- per two-person per unit per annum.

* Exporting organizations availing travel support from the Government of India under similar schemes shall not be eligible for the above-mentioned State Incentives

- ii. Assistance to eligible Pharma MSME units for participation in domestic Trade Fairs (One Fair/Exhibition per annum) at the rate of **50% of expenditure** towards Travel (economy airfare) subject to a ceiling of Rs 50,000, whichever is less. The government of Jharkhand would provide the stall at the Trade Fair
- iii. To promote and support investors, the Government of Jharkhand would provide market development assistance to manufacturers as per relevant guidelines

6.13 Transport Subsidy

Being a land-locked state, Jharkhand does not have any seaport. It has to send export shipments via rail/ road/ air which increases the cost of transportation. To encourage exports from the state, a Transport Subsidy would be provided based on costs incurred by exporters for shipment of goods to the ports. The amount of **subsidy will not exceed Rs 10 Lakhs during a financial year** for an exporter. An **additional 10% extra** of eligible subsidy will be given to the units which export the items from ICD at Jamshedpur or Multimodal Terminal at Sahebganj

6.14 Awards and Recognitions

The Export Award will be distributed annually among the exporters from Jharkhand for their outstanding export performance in the State across different product groups. The criteria of the scheme will be as follows:

i. Best Exporter Award

Best Exporter Award along with a certificate of merit will be given to one exporter of the State for highest export in terms of value during the year of consideration to be decided by the Selection Committee. Provided that if more than one exporter has made export of the same value then the following factors will be taken into consideration for deciding the best exporter award:

- a) Expansion into a new market
- b) Launching of new products in the export market
- c) Conduct of market survey, trade delegations sent abroad, participation in International Trade Fairs/ Exhibitions and attending buyers-sellers meet

ii. Certificate of Excellence

A certificate of excellence will be given to all exporters who have recorded a **minimum growth of 25%** in terms of absolute value during the year under consideration (award year) over and above the export made during the preceding year subject to minimum export of Rs. 50 lakh provided that an exporter gets a prize/ trophy

iii. Excellence in Delivery Award

To encourage exporters to meet the delivery schedule, which is getting compressed with "Just in Time" being the order of the day, Excellence in Delivery Award may be given to exporters for timely delivery of the export product. An award of Rs. 50,000 may be given to the best exporter in a financial year from among those who have achieved real-time delivery of export products

7 Policy Implementation

- i. The Government of Jharkhand will constitute Empowered Committee(s) for evaluating proposals and granting approvals for eligible assistance to applicants under this Policy
- ii. Any eligible Pharma unit will have the option of availing incentives either under the Pharma Policy or the Jharkhand Industrial and Investment Promotion Policy 2021
- iii. The Private Parks will be entitled to avail Industrial Park Policy Incentives and Large and Mega investments more than Rs 100 crores will get tailor-made incentives
- iv. Incentives under this Policy will be in addition to any incentives that the unit/ institutes might avail from any agency outside the Government of Jharkhand. Provided, that total incentives for any item head cannot be more than 90% of actual expenditure undertaken by the unit under that item head from all Government sources
- v. The incentives for expansion/ diversification will be computed for the actual investment newly made for the expansion/ diversification and legacy investment made prior to undertaking expansion/ diversification will not be considered
- vi. Any Pharma Unit, Park, Incubator, Start-Up, Finishing School, R&D Facility, CoE, etc., availing incentives under the policy, will not be allowed to carry out a change of use at the facility and will have to continue running operations for the purpose for which Government assistance under this policy have been availed. If the incentive availing unit or entity carries out any change in use, then it will have to return to the Government all assistance it has availed under this policy with an annual 8 percent interest. Change of product/ operation within Pharma Sectors will not be considered as a change of use. If the unit or entity brings about a change of use then the recoverable amount for the Government under this clause shall have priority over all other dues of the unit/ entity
- vii. Any issue of interpretation of this Policy will be dealt with by the Department of Industries and the decision of such shall be final
- viii. The Department of Industries will issue detailed implementation guidelines in consultation with the concerned Department to achieve the goals and objectives of this Policy
- ix. This Policy shall come into force with effect from the date of issuance of Policy Government Resolution and shall remain in force for **five years or till the declaration of a new/revised policy, whichever is earlier**
- x. Only those Pharma units or Parks which commence production or undergo expansion/ modernisation/ diversification during the operative period, or have applied for assistance under this Policy during the operative period, within one year from coming to an end of this Policy, shall be eligible for incentive
- xi. The Government of Jharkhand by the issuance of notification in the official gazette may amend or withdraw any of the provisions mentioned herein above

- xii. In case of any discrepancy between the English and Hindi Version of this policy, the English Version of the policy shall prevail and will be considered final
- xiii. If any difficulty arises in giving effect to provisions of the Jharkhand Pharmaceutical Policy 2021, the same shall be referred to the Government of Jharkhand through the Principal Secretary/ Secretary, Department of Industries and the decision of the Department in this regard shall be final and binding on all concerned
- xiv. Implementation of various provisions covering the incentives, concessions etc. will be subject to the issue of detailed guidelines/ rules/ statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department

By the Order of the Governor of Jharkhand

Definitions

- i. **"Date of Production"** means the date on which the unit actually commences commercial production of the item for which the unit has been registered. All units must obtain the Certification of Date of Production (DoP) from a competent authority for availing benefits under this policy. The Udyog Aadhar or Udhyaam will not be sufficient to substitute for DoP certificate
- ii. **"Department"** means the Department of Industries, Government of Jharkhand
- iii. **"Diversification of Existing Unit"** means an existing unit which an additional 33% capital investment in Plant and Machinery and adds at least one more product after diversification
- iv. **"Effective date"** means the date on which the provisions of this Policy come into force i.e. DD.MM.YYYY. This Policy will remain in force for 5 years up to DD.MM.YYYY
- v. **"Existing Unit"** means an industrial unit that is in commercial production on or before DD.MM.YYYY
- vi. **"Expansion of Existing Unit"** means an existing unit that makes additional capital investment and increases the installed capacity by at least 3%
- vii. **"Government"** means the Government of Jharkhand
- viii. **"Large unit"** means an industrial unit that makes investment above medium scale industry as specified by Government of India but investment lower than the mega project as defined in this policy
- ix. **"Mega Unit"** means an industrial unit that makes an investment over and above Rs 30 Crs on plant and machinery and creating direct employment over 100 people
- x. **"Modernisation of Existing Unit"** means an existing unit that makes an additional 33% capital investment in Plant and Machinery and achieves the following:
 - a. At least 20% improvement in the installed capacity
 - b. An improvement of either energy saving of at least 30% or reduction of pollution level by at least 30% or the latest technology in that sector as certified by the reputed institutions recognized by the Government
- xi. **"MSME"** means the units that adhere to the MSME definition laid by the Government of India as specified in the Micro Small and Medium Industries Development Act 2006 and its subsequent amendment from time to time
- xii. **"New Unit"** means an industrial unit in which commercial production has commenced within five years from DD.MM.YYYY. Expansion/ modernisation/ diversification of unit as shall be considered as a new industrial unit for the purpose of this policy and shall be eligible for all incentives like any other new industrial unit
- xiii. **"Policy"** means the Jharkhand Pharmaceutical Policy 2021
- xiv. **"Ultra-Mega Project"** means an industrial unit that makes an investment over and above Rs 100 Crs and the Government of Jharkhand would offer tailor-made incentives on case to case basis for such investmen
- xv. **"Validity"** means the Policy is valid for five (5) years from the effective date. All units started/ established/ expanded during the period will qualify for subsidy/ benefits under the provisions of this Policy