HYDERABAD is riding high on the biotech wave with Frankfurt showing interest in luring Indian biotech firms to set up base in Germany. The temptation factor lies, surprisingly, not in the R&D; faculties offered abroad, as much as in the lack of red tape one has to deal with there. For this purpose, a German organization Frankfurter Innovations-zentrum is spearheading this drive in India and is talking to biotech companies.

Khalil Ahmed, executive director of Shanta Biotech, says the reason foreign shores seem tempting for this industry is because "regulatory mechanisms, bureaucracy, subsidies and government support are all in place there, unlike in India. Another advantage in setting up shop in Europe is that almost 90 per cent of our equipment comes from there even now. So if we have a base there, it will help us cut costs in a big way."

And the flip side to moving westward is, as Ahmed says, "the higher human cost. But somewhere the costs we cut back on and will make up for these additional costs."

Says Meera Shenoy, the state project adviser of the Society for Elimination of Rural Poverty, "For an Indian biotech firm to set up abroad, is advantageous on the human resources front. Some of the finest minds may not move to India, so it makes sense to set up a base where they are. Secondly, in terms of R&D;, setting up abroad allows a firm to interact with the academia of that region."

From a non-financial point of view, Dr Krishna Ella, CMD of Bharat Biotech, says, "We are moving towards South Africa because the problems that need to be addressed in both Africa and India are similar. Making available health care facilities to the population is the task at hand." He also adds that the complexion of the R&D; wouldn’t change when the company sets up abroad. "In India, there is very little funding for R&D;, but that’s not be the primary reason we are looking at Africa. What matters is how innovatively an R&D; department thinks."