

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:558

ANSWERED ON:24.11.2011

FDI IN PHARMACEUTICAL SECTOR

Lagadapati Shri Rajagopal;Ponnam Shri Prabhakar;Rao Shri Sambasiva Rayapati;Shetkar Shri Suresh Kumar

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether there is a need for tightening the Foreign Direct Investment norms to limit the foreign firms buying out the domestic units in the country;
- (b) if so, the details thereof;
- (c) whether any meeting was held on FDI in Pharmaceutical sector at the higher level;
- (d) if so, the details and the outcome thereof;
- (e) whether the Government proposes to ensure while permitting FDI in pharmaceutical sector that foreign companies bring new technology for drug production and Research and Development;
- (f) if so, the details thereof;
- (g) whether any emphasis is made in the agreement that Multi- national Companies should help the public health programmes of the country; and
- (h) if so, the details thereof?

Answer

MINISTER OF STATE(INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) to (d): Ministry of Commerce & Industry, Department of Industrial Policy & Promotion has intimated that a High Level Committee, Chaired by the Planning Commission, was constituted to examine the issues relating to acquisition of Indian Pharmaceutical Companies by Foreign Companies. A meeting was held under the Chairmanship of Hon'ble Prime Minister on 10.10.2011. Following decisions were taken in the said meeting:-

(i) FDI, upto 100%, under the automatic route, would continue to be permitted for greenfield investments in the Pharmaceuticals sector.

(ii) FDI upto 100%, would be permitted for brownfield investment (i.e. investments in existing companies), in the Pharmaceuticals sector, under the Government approval route.

(e) to (h): The Department of Pharmaceuticals have requested the Department of Commerce to conduct a study on the recent takeovers of Indian companies by the MIMCs. Thereafter, the recommendation could be placed before the Economic Advisory Council to the Prime Minister and/or the Competent Authority. The report from Ernst & Young has since been received. With a view to examine the issues involved in a broader perspectives. Planning Commission has with the approval of the Hon'ble Prime Minister constituted a High Level Committee (HLC) under the Chairpersonship of Shri Arun Maira, Member (Industry), Planning Commission to consider all the relevant aspects. This High Level Committee has since submitted its report to the Hon'ble Prime Minister.