

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

UNSTARRED QUESTION NO:2064
ANSWERED ON:23.08.2012
FDI IN PHARMACEUTICAL INDUSTRY
Shetkar Shri Suresh Kumar

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

- (a) whether the Government seeks an end to 100 per cent auto Foreign Direct Investment (FDI) in Pharmaceutical Industry;
- (b) if so, the details thereof; and
- (c) the present status thereof?

Answer

MINISTER OF STATE(INPEPENENT 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 (c): With a view to examine the issues involved in a broader perspectives, Planning Commission had 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.

The Hon`ble Prime Minister chaired a meeting to discuss the FDI policy in drugs and pharmaceutical sector on 10th October, 2011. The meeting deliberated upon the report of Shri Arun Maira, Member (Industry), Planning Commission which followed a CCEA decision to get greater clarity on the issue of FDI policy governing mergers and acquisitions in the pharmaceutical sector, while striking a balance between larger public health concerns and strengthening domestic manufacturing capacities. The following considered decisions were taken in the meeting:

- (i) India will continue to allow FDI without any limits (100%) under the automatic route for Greenfield investments in the pharma sector. This will facilitate addition of manufacturing capacities, technology acquisition and development;
- (ii) In case of brownfield investments in the pharma sector, FDI will be allowed through the FIPB approval route for a period of upto six months. During this period, necessary enabling regulations will be put in place by the CCI for effective oversight on mergers and acquisitions to ensure that there is a balance between public health concerns and attracting FDI in the pharma sector. Thereafter, the requisite oversight will be done by the CCI entirely in accordance with the competition laws of the country.

Subsequently, Department of Industrial Policy & Promotion issued Press Note No. 3(2011 Series) dated 8.11,2011 amending the existing FDI policy under which 100% FDI was permitted through automatic route. As per Press Note 3(2011 Series) issued by Department of Industrial Policy and Promotion on 08.11.2011:-

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

The Department of Industrial Poficy and Promotion who are nodal Department of Foreign Direct Investment(FDI), has informed that the policy for allowing FDI, up to 100% in existing companies,in the Pharmaceuticals sector, under the Government approval route, was introduce vide Press Note 3 of 2011, dated 08.11.2011. This provision has since been incorporated under `Circular 2 of 2011 - Consolidated FDI Policy', effective from 10.04.2012. This policy is being reviewed by an Inter-Ministerial Committee constituted by Department of Industrial Policy and Promotion.