

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:174

ANSWERED ON:05.08.2013

. FDI IN PHARMACEUTICALS

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Ponnamm Shri Prabhakar; Yadav Shri Dharmendra; Yaskhi Shri Madhu Goud

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government proposes to allow Foreign Direct Investment (FDI) in pharmaceuticals companies through automatic route/Foreign Investment Promotion Board (FIPB);
- (b) if so, the details thereof and the reasons therefor along with its impact on domestic pharmaceuticals companies and life saving drugs;
- (c) whether the foreign drug manufacturers have been taking over the Indian drug companies during the last three years;
- (d) if so, the details thereof along with the steps taken by the Government on the objections raised by various stakeholders/concerned Ministry in this regard; and
- (e) the efforts made by the Government to make stringent and transparent FDI policy in respect of pharmaceuticals companies?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

(a) & (b): The extant policy on Foreign Direct Investment (FDI) in the pharmaceutical sector is at Annexure-I. It is expected that Foreign Direct Investment should strengthen the domestic pharmaceutical sector by augmenting the availability of capital and technology for production, marketing, research & development. This should in turn positively impact the availability of lifesaving drugs in the country through enhanced production as well as introduction of new drugs.

(c) to (e): Available information from different sources indicates that the Indian pharmaceutical sector has witnessed increased foreign investment in the form of strategic collaborations, mergers and acquisitions. Major cases of such investment are at Annexure-II. Foreign Direct Investment in the pharmaceutical sector was allowed upto 100% on the automatic route till November, 2011, when government reviewed the policy in view of the pattern of foreign investment. As a result of the review, Foreign Direct Investment in existing entities (brownfield) in the pharma sector was put on the government approval route for the necessary scrutiny. Further, in order to ensure availability of essential medicines and maintain a reasonable level of research and development expenditure, government prescribed appropriate conditionalities for approvals under the government approval route.