

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

UNSTARRED QUESTION NO:2878

ANSWERED ON:13.03.2015

. FDI POLICY IN PHARMACEUTICAL SECTOR

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

- (a) the present policy of the Government on Foreign Direct Investment(FDI) in the Pharmaceutical sector, particularly in regard to manufacturing of medical devices/equipments;
- (b) whether the Government proposes to review the said policy;
- (c) if so, the details thereof and its likely impact on the domestic pharmaceutical sector;
- (d) the measures being taken by the Government to protect the domestic pharmaceutical sector, particularly manufacturers of medical devices/equipment and to achieve the potential of medical device industry;
- (e) whether there is any provision for automatic approval of FDI in case of new projects and enterprises whereas approval is required from Foreign Investment Promotion Board to make investment in the existing companies in the pharmaceutical sector; and
- (f) if so, the present policy in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN)

(a): As per extant FDI policy, FDI, upto 100%, is permitted, under the automatic route for greenfield, and under the government approval route for brownfield pharmaceuticals sector. Further, FDI, upto 100%, under the automatic route, is permitted for manufacturing of medical devices/ equipments both for greenfield and brownfield investments.

(b)&(c): There is, at present, no proposal under consideration of the Government to review the extant FDI policy in the medical devices/ equipments.

(d): In order to protect the domestic pharmaceuticals sector, FDI policy provides that 'Non- compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board. In addition, Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval. Further, with a view to incentivize investment in the manufacturing of medical devices, the sector has been placed under the automatic route.

(e)&(f): As per extant FDI policy, FDI, upto 100%, is permitted, under the automatic route for greenfield, and under the government approval route for brownfield pharmaceuticals sector.