

**Protection of Indian generic pharma sector from FDI**

2188. SHRI DEVENDER GOUD T. : Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the reasons that in spite of opposition, Government is continuing with 100 per cent Foreign Direct Investment (FDI) in Greenfield and Brownfield investments in pharma sector;
- (b) whether it hampers the production of cheaper generic drugs in the country; and
- (c) if so, how the Ministry is planning to protect the Indian generic pharma sector?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN): (a) to (c) The extant FDI policy in the pharmaceutical sector allows 100% FDI on the automatic route for greenfield investment. 100% FDI is allowed for brownfield investment on the Government route. In order to ensure availability and affordability of essential medicines and maintain a reasonable level of research and development expenditure, Government has prescribed appropriate conditionalities for cases on the Government approval route. Further, with a view to protecting the domestic pharmaceutical sector including the production of generics, the Government has decided that 'non-compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board.

**Deficit in bilateral trade with Japan**

2189. SHRI BAISHNAB PARIDA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether there is a big deficit in India's bilateral trade with Japan;
- (b) whether this gap is proposed to be bridged with Free Trade Agreement with Japan, if so, the details thereof;
- (c) the countries with whom India has entered into Free Trade Agreement with a view to improve bilateral trade;
- (d) how far this has bridged the gap in trade deficit; and
- (e) the action plan to develop such FTAs with other countries?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN): (a) Yes, Sir. During the financial year 2012-13, India's trade deficit stood at US \$ 6312.23 million in favour of Japan while in the current financial year up to December, 2013 trade deficit stood at US \$ 2146.30 million in Japan's favour.

(b) India has entered into a Comprehensive Economic Partnership Agreement (CEPA) with Japan, which has come into force with effect from 1.8.2011. The India Japan CEPA promotes stronger trade and commercial ties between India and Japan and opens up opportunities for Indian exporters and Japanese investment. IJCEPA seeks to remove barriers to trade and grant greater market access in Japanese markets for Indian entities. This would provide significant commercial benefits to Indian exporters as also seek to address the trade deficit with Japan.

(c) India has concluded 10 Free Trade Agreements (FTAs) with Bhutan, Nepal, Sri Lanka, Thailand, Singapore, South Korea, Japan, Malaysia, plus India-SAFTA and India-ASEAN.

(d) and (e) India's merchandise trade deficit during 2013-14 (April - December), stood at US \$ 110.042 billion. There is a constant endeavour to enhance India's exports and to expand trade, in newer markets. Wherever necessary, the option of entering into FTAs is also utilized to achieve the objectives.

### **Liberalizing FDI policy**

2190. Dr. K.P. RAMALINGAM: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that Government has already relaxed FDI norms in several sectors if so, the details thereof; and

(b) whether it is also a fact that Government is considering to further liberalize the Foreign Direct Investment (FDI) policy, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN): (a) and (b) Government has put in place an investor-friendly policy on FDI, under which FDI, up to 100%, is permitted, under the automatic route, in most sectors/activities. Significant changes have been made in the FDI policy regime in the recent times, to ensure that India remains an attractive investment destination.