

Allowing 74 per cent FDI in pharma sector

1040. SHRI HUSAIN DALWAI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that the Ministry has allowed 74 per cent Foreign Direct Investment (FDI) in pharmaceutical sector through automatic route;

(b) if so, what is the rationale behind the same;

(c) whether the Ministry has taken into consideration concerns that such steps would enable international pharmaceutical companies to make brown field investments and buy out existing Indian pharmaceutical companies; and

(d) whether the Ministry would make such investments mandatory only in greenfield investments and thus in line with its 'Make in India' philosophy?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) Yes, Sir. FDI in Brownfield pharma sector has been permitted upto 74% under automatic route; and FDI beyond 74% and upto 100% is allowed under Government approval route. The move to permit 74% FDI under automatic route in Brownfield pharmaceutical sector is aimed at attracting required capital, international best practices and latest technologies in the sector. Further, 100% FDI under automatic route is permitted for Greenfield pharma sector.

(c) The Government while reviewing FDI policy on pharma sector has put in place necessary safeguards by providing that non-compete clause would not be permitted. This will enable Indian promoters to operate in the same line of business in new ventures. Further, to ensure domestic availability of essential medicines and drugs; and to maintain deployment of adequate capital in R&D, extant FDI policy on the sector mandates specified level of production of National List of Essential Medicine drugs and extent of R&D expenditure to be maintained by the investee company.

(d) Both Greenfield and Brownfield investments are in line with the initiative of 'Make in India' and thus there is no proposal under consideration of Government to restrict such investments only to Greenfield project.

Trade with foreign countries

1041. SHRIMATI RAJANI PATIL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the progress made by India with respect to trade with foreign countries particularly with neighbouring countries during the last two years;