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FDI in pharma more than doubles to $1.25 billion during Apr-Nov period

NEW DELHI: Foreign direct investment in the pharma sector has more than doubled to $1.25 billion during April-November period of the fiscal even amid concerns about the spate of acquisitions of domestic firms by MNCs.

FDI in drugs and pharmaceuticals was $581 million during April-November 2012, according to the latest data of the Department of Industrial Policy and Promotion (DIPP).

Although the DIPP had proposed tightening of norms for foreign investors in existing Indian pharmaceutical companies, including reducing the FDI cap to 49 per cent in critical verti-

cals from 100 per cent, the Union Cabinet rejected the proposal. The DIPP had expressed concerns that acquisitions of domestic drug companies may impact availability of affordable drugs in the country. The government has cleared a Rs 5,168 crore proposal of US-based pharma firm Mylan Inc's to acquire Indian generic drugs company Agila Specialties.

Other big acquisitions include Shantha Biotechnics by French pharma company Sanofi-Aventis. In 2008, Japanese firm Daiichi Sankyo had bought out the country's largest drug maker Ranbaxy for $4.6 billion.

India allows 100 per cent FDI in pharma sector through automatic approval route in the new projects, but foreign investment in the existing companies are allowed only through the FIPB (Foreign Investment Promotion Board) approval.

Other sectors which received good FDI flows during the eight months of the current fiscal include services ($1.46 billion), automobile ($838 million), construction ($889 million) and chemicals ($482 million). PTI

FDI