

FDI in pharma: DIPP may ask Cabinet to decide

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THE Department of Industrial Policy and Promotion (DIPP) is likely to ask the Union Cabinet to take a call on the contentious issue of foreign direct investment in the pharma sector.

"The option (of going to the Cabinet) is open to the DIPP, especially as it is not very happy with the report of the inter-ministerial group (IMG)," said an official in the know.

The DIPP has been the lone dissenter to the report of the inter-ministerial group set up by the Prime Minister's Office to review and streamline the current norms for FDI in pharma.

It has insisted that all foreign investment proposals for brownfield pharma companies should be routed through the Foreign Investment Promotion Board (FIPB), as against the IMG's recommendation for automatic approval of FDI up to 49 per cent, subject to certain conditions. On Wednesday, DIPP secretary Saurabh Chandra said that a notification on revised norms would be the issued

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in the next few months. Official sources said the DIPP is still not satisfied with the IMG recommendations but it is still considering whether to go to the Cabinet for a decision on the matter.

Though the finance ministry had earlier this month asked the DIPP to review its stance and come out with the revised guidelines, it is yet to issue a fresh notification for foreign investment proposals in the sector.

With the DIPP remaining silent on the issue, the FIPB, in its meeting on August 24, was forced to clear as many as eight pending proposals of pharmaceutical companies. "Since the DIPP did not come out with the revised notification, we could not keep the FDI proposals pending forever. So we approved the proposals under the current norms," another official said.

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