

# FIPB gives nod to 100% FDI in brownfield pharmaceutical projects

## Pharma FDI proposals worth ₹1,800 crore get clearance

ENS ECONOMIC BUREAU  
NEW DELHI, SEPTEMBER 11

**T**HE government has allowed 100 per cent FDI in brownfield pharmaceutical projects. To encourage the needed foreign investment in the sector, the finance ministry has cleared eight projects worth over Rs 1,800 crore putting in only conditions like minimum investment in R&D for investors to comply with.

The approval puts at rest the controversy kicked up on the extent of foreign investment the government was willing to let into the sector since last year. An inter-ministerial group had been set up to decide if brownfield investments in the sector should be allowed beyond 49 per cent equity threshold. The industry ministry, along with health, had insisted on the cap which was ob-

### THE THREE CONDITIONS

**THE COMPANIES** need to maintain the quantitative level of essential drugs production as per NELM for the next five years

**MAINTAINING** annual R&D expenses at the highest level in the three preceding years before induction of FDI in the next five years

**IT IS** also necessary for the company to provide information pertaining to technology transfer

jected to by the pharma and the finance ministries. The clearance comes at a time when industry minister Anand Sharma is on an official tour to Czech Republic.

The proposals were cleared by the foreign investment promotion board. The three compliance conditions include maintaining the quantitative level of essential drugs production as per NELM for the next five years, maintaining annual R&D expenses at the highest level in the three preceding years before induction of foreign investment in the next five years and provid-

ing information pertaining to technology transfer.

In the greenfield projects of the sector, 100 per cent FDI is allowed through automatic route while in brownfield, 100 per cent FDI is allowed through approval route.

The board, headed by Arvind Mayaram, secretary, department of economic affairs, cleared the proposal of Pfizer Ltd for "induction of foreign equity in an operating-cum-investing company to carry out the business in pharmaceutical sector" to the tune of Rs 800 crore. Mumbai-based Arch Pharmedlabs' pro-

posal for inducing Rs 372 crore of foreign investment for manufacture and sale of active pharmaceutical ingredients, has been approved along with Ordain Health Care Global Pvt Ltd, Chennai, Sutures India Pvt Ltd, Bangalore, Arch Pharmedlabs Ltd, Mumbai, and B Braun Singapore Pvt Ltd.

The FIPB in total cleared 21 FDI proposals worth Rs 2,410 crore in its meeting held on August 24. *The Wall Street Journal's* proposal for change in the foreign collaborator by way of overseas merger within group firms was also cleared.

Nod was given to DB Corp to increase the foreign equity participation "to carry out the business of publication of newspapers including the business of developing, editing, publishing, printing, distributing and marketing newspapers and other publications and FM radio business".

Govt.