

Pranab for review of FDI in pharma

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Amidst a debate whether FDI in pharmaceutical sector should be regulated and be capped below 100 per cent in India, Finance Minister Pranab Mukherjee today said a decision on the issue would be taken shortly.

The civil society and sections in the government have raised concerns over increase in prices of generic drugs, following a spate of acquisitions of Indian pharmaceutical firms by Multi-Nationals Companies (MNCs).

Talking to reporters here, Mukherjee said Prime Minister Manmohan Singh has called a meeting on the issue next month and a decision would be taken shortly.

Recently, Commerce and Industry Minister Anand Sharma also sought Singh's intervention in regulating foreign direct investment (FDI) in the sector.

Sharma has said that

while FDI into new projects could continue to be at 100 per cent through automatic route, there should be filters on fresh infusion of foreign investments in the existing units.

"FDI into existing companies may be placed under the government approval route while enabling oversight on possible takeovers," the minister has said in his letter.

Besides civil society, Health Ministry in India has also been airing concerns over rising prices of generic medicines, which have been made affordable by enterprising home-grown industry.

Of late, there have been several takeovers of India pharma firms by MNCs. Japan's Daiichi Sankyo's buying out Ranbaxy Laboratories, Abbot Laboratories of the US taking over Piramal Healthcare, Hospira's acquisition of Orchid Chemicals, and Fresenius Cabi of Singapore's takeover of Dabur pharma are a few examples.