

Drugmakers Reverse Diagnosis, Bat for FDI

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India's leading lobby group of drugmakers has asked the government to allow foreign direct investment in the sector less than a year after it demanded curbs on increasing takeovers of domestic companies by global giants.

"Companies have seen the benefits of getting acquired by multinational pharma companies. Some of us are asking the government to allow FDI in greenfield companies," said Daara Patel, secretary-general of the Indian Drug Manufacturers Association (IDMA). He said a difference of opinion had emerged within the group.

A change of heart comes ahead of the release of a report by the panel set up to study a proposal to reduce the FDI in pharma sector from 100% to 49%.

The government had set up the panel headed by Planning Commission Member Arun Maurya soon after the IDMA, along with another lobby group, Indian Pharmaceutical Alliance, wrote to the



Acquisition of Indian Pharmaceutical Companies in the Last 5 Years

Year	Company	Acquirer	Country	Value (USD)
2006	Matrix Lab	Mylan Inc	US	736
2008	Dabur Pharma	Fresenius Kabi	Singapore	219
2008	Ranbaxy Lab	Daiichi Sankyo	Japan	4,600
2008	Shanta Biotech	Sanofi Aventis	France	783
2009	Orchid Chemicals	Hospira	US	400
2010	Piramal Healthcare	Abbott Laboratories	US	3,720

SOURCE: Department of Industrial Policy and Promotion

health and commerce ministries seeking a policy intervention to stem the spate of foreign takeovers.

The IDMA had expressed the widespread apprehension prevalent within the domestic industry at the time that MNCs would soon come to monopolise the pharma sector in the country. Fears of a foreign takeover of the sector were triggered after big-ticket acquisitions of half-dozen Indian companies, including Ranbaxy Laboratories and Piramal Healthcare.

That the domestic industry has reviewed its reservations since became starkly evident in August when the country's oldest pharmaceutical company, Cipla, shifted its stance on the issue. "When Indian companies can go abroad and acquire 100% in a company, why should we have a different regulation here?" YK Hamid, the chairman, had asked at Cipla's annual general meeting, adding "there should be enough regulations like compulsory licensing that protects Indian firms".

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