

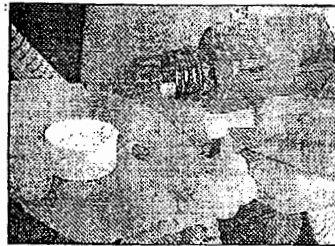
Panel for blanket ban on FDI in brown field pharma units

New Delhi

The government must put a blanket ban on FDI in brown field pharma units, a Parliamentary panel today said asserting that under existing policy domestic firms faced 'decimation' due to takeover by MNCs and it could affect India's ability to produce low-cost quality generic drugs.

The Department Related Parliamentary Standing Committee on Commerce in its report on action taken by government on its earlier observations on FDI in pharma sector also lashed out at the Department of Industrial Policy and Promotion for having "no qualms about takeover of Indian pharma companies by MNCs" and being more "eager in FDI figures". The report was tabled in Parliament on Monday.

Elaborating the rationale behind its recommendations, the report by the panel chaired BJP MP Chandan Mitra said, "The committee is of the view that the conditionalities imposed for approving FDI proposals in brown field pharma sector are not comprehensive and do not cater to the objective/purpose for which FDI



is allowed."

There is no compulsion on transfer of technology and similar other conditions that can bring qualitative change to domestic pharma industry, it added.

Expressing fear that acquisitions of domestic firms by MNCs would affect competition, it said: "...these acquisitions would help these behemoths to take control of the larger share-India's pharma industry and driving it as per their choice and desire.

"The committee recommends that the department (DIPP) work in tandem with Ministry of Health to ensure that FDI in pharma sector does not impinge on availability of affordable drugs to the Indian public."

Criticising the DIPP on its approach to the issue, the report said: "The committee is of the opinion that the department appears to have no qualms about

takeover of the Indian pharma companies by pharma MNCs. The department seems to be eager in FDI figures than in the nature of these FDIs."

The series of takeovers in the pharma sector has failed largely failed to serve the purpose envisaged under the FDI policy as there is barely any inflow of best global practises and nearly zilch discovery of new molecule, it added.

The committee also expressed its concern over the 'decimation' of the strength of local pharma companies in face of the spate of acquisitions/takeovers/mergers of prominent domestic pharma companies by pharma MNCs.

"These acquisitions of relatively large Indian pharma companies through FDI in brown field projects impinge upon the competition in generic drugs," it said.

The panel said in the absence of big Indian pharma firms, which played a central role in making India a production hub for low-cost quality generic medicines, "the operation of pharma industry under foreign hands would be guided with additional motive for profit than before."

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