

India concerned about M&A, FDI in pharma

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New Delhi: Expressing concerns over the spate of mergers and acquisitions of Indian pharma companies, the country's Commerce and Industry Minister has said that the government is looking at concerns over FDI in pharma.

The Indian Commerce and Industry Minister, Mr Anand Sharma, said that it is a matter of concern that availability and affordability of off-patent medicines will become a serious issue with multinationals, who are continuously acquiring domestic generic pharma companies.

With the number of acquisitions of Indian firms by MNCs increasing, the ministry is in the process of floating a draft cabinet note proposing some major changes in the FDI policy to protect the Indian generic industry.

"Concerns are being discussed particularly about some sectors which are very sensitive, the verticals on cancer injectables. We are looking at it. We are looking at sectors that have more research and development and capacity addition," Mr Sharma told the media. He however clarified that India will continue to allow FDI in the pharma sector.

During a high level meeting led by India's Prime Minister, Dr Manmohan Singh, on August 16, the issue was discussed at length. The Department of Industrial Policy and Promotion (DIPP) had argued that multinational companies that have been acquiring domestic firms spent less than one percent of their total sales in R&D in India.

Over 96 percent of the total FDI in the sector between April 2012 and April 2013 has come into brown-field (existing) pharma firms. During April 2000 and May 2013, India attracted FDI worth \$11.31 billion, which is six percent of the total foreign inflows.

Earlier last month, a Parliamentary committee suggested a 'blanket ban' on FDI in existing pharmaceutical companies, stating that the policy in the sensitive sector should be dictated by public good.