

**GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF PHARMACEUTICALS**

LOK SABHA
UNSTARRED QUESTION No. 26
TO BE ANSWERED ON THE 2nd February, 2021

FDI in Pharma Sector

26. SHRI JAYADEV GALLA:

Will the Minister of **CHEMICALS AND FERTILIZERS** be pleased to state:

- (a) whether it is not true that FDI inflow in drugs and pharma sector has come down from US \$ 1500 million in 2014-15 to just US \$ 265 million in 2018-19;
- (b) if so, the reasons therefor along with the FDI in 2019-20 in the above sector;
- (c) the details of remedial measures that the Government has taken/is going to take to attract FDI in this sector;
- (d) whether there is any proposal in the Atmanirbhar Bharat Package to attract FDI;
- (e) if so, the details thereof; and (f) the impact on FDI due to Corona pandemic in 2020-21?

ANSWER

MINISTER IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI D. V. SADANANDA GOWDA)

(a) to (c): The FDI inflow in pharmaceutical sector, which was about US \$ 1500 million in 2014-15, came down to US \$ 265 million in the year 2018-19 with year-on-year variations in between. The FDI inflow increased to US \$ 518 million in 2019-20. The FDI inflow into the country depends on many factors and no specific reasons may be attributed to increase or decrease of the FDI inflows during the period.

The Government has taken a number of initiatives to attract foreign investment in the last few years. Foreign investment in pharmaceutical brownfield projects, which was 100% under the Government approval route till May 2016, was brought under the automatic route upto 74% w.e.f. June 2016. The Foreign Investment Promotion Board (FIPB), an inter-Ministerial body considering and approving FDI proposals for all the sectors under Government route, was abolished in May 2017 and the responsibility of examining FDI proposals under Government approval route was given to the concerned administrative Ministries/Departments for speedy decision.

(d) to (e): Recently, the Department of Pharmaceuticals has launched two schemes namely, (i) Production Linked Incentive (PLI) Scheme for domestic manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) in India and (ii) Scheme for Promotion of Bulk Drug Parks, for enhancing India's manufacturing capabilities and exports. Foreign Investors are also allowed under the said schemes.

(f): There has been positive impact in the foreign investment in pharmaceutical sector in 2020-21. Pharmaceutical sector received FDI inflow of US \$ 367 million in the first six month of 2020-21, which is about 24% higher than the corresponding period of previous year. Further, the Department of Pharmaceuticals has also approved 16 FDI proposals worth US \$ 208 million till December, 2020.

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