



# 100% FDI HAS BROUGHT NEW TREND TO UNNERVE THE DOMESTIC PHARMA SECTOR

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The 100% FDI in pharma sector through automatic approval route in new projects and investments in the existing companies only through the approval route has prompted several acquisitions and not given the desired result. The major acquisitions in pharma sector have been the Daiichi Sankyo taking control of Ranbaxy Labs, Sanofi-Aventis acquiring Shantha Biotechnics and Mylan Inc acquiring Agila Specialties. As over 96% of the total FDI has been into brownfield pharma projects, MNCs have so far taken control of 35% of the domestic pharma business. Seeing this trend, recently, the Parliamentary Standing Committee of Commerce had mounted pressure on the government, calling for a blanket ban on FDI in existing pharma projects and putting an end to the take-over of domestic companies by foreign players. The Health Ministry had even suggested more stringent norms like limiting the FDI cap at 26%, which was turned down by the DIPP.

**PSA view** – The objective of FDI policy is to bring more money and allow the sector to grow further but not at the cost of the Indian companies. India's huge domestic market where there is no price control on patented drugs and cheap manufacturing facilities is a great attraction to MNCs and that has triggered this trend. If the policy continues to be implemented in the existing manner, the access to medicine scenario in the country could adversely impact production, availability and prices. India could then be dependent for life-saving medicines either on domestic facilities of MNCs or imports. India is already import-dependent for intermediates and critical drugs like penicillin. About 70% of India's API/intermediates are imported from China.

## Maharashtra FDA makes stringent inspections at chemist shops

In the wake of increasing adverse drug reactions ("ADRs") happening in India, Maharashtra Food and Drug Administration ("FDA") has been conducting inspections at chemist shops in the State since last month, to see if pharmacists are present. The FDA intends to ensure that the pharmacists are available to monitor incorrect use of medicines, educate patients against self-medication tendencies and create general awareness amongst the patients. The inspections have been so stringent that the chemist shops where pharmacists have been found absent have to face cancellation of their license with immediate effect. The chemists have raised their anguish against this practice. But, the FDA is firm on its stand. Recently, Minister of state for food and drugs administration Satej Patil made a public statement that this practice would also be beneficial for pharmacy graduates who are otherwise jobless. He also stated that the State is working on establishing pharmaco vigilance machinery to ensure safe trials for drugs and monitor ADRs.

**PSA view** – Self medication tendencies are very common in India. Secondly, due to excessive commercialization, there are times when chemists end up adopting unfair practices and sell ‘similar’ formula medicines. This kind of inspection and mandate to ensure presence of pharmacists at chemists shops to check menace of incorrect use of medicines is laudable. It will not be surprising to see if other states too implement this.

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