

A P (DIR Series) CIRCULAR NO 56/RBI

Dated: December 9, 2011

Foreign Investment in Pharmaceuticals Sector - Amendment to the Foreign Direct Investment Scheme

Attention of Authorised Dealers Category - I (AD Category - I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time. In terms of Schedule 1 of the Notification *ibid*, Foreign Direct Investment (FDI) up to 100 per cent is permitted in pharmaceuticals sector under the automatic route of the FDI Scheme.

2. The extant FDI policy for pharmaceuticals sector has since been reviewed and it has now been decided as under:

(i) FDI, up to 100 per cent, under the automatic route, would continue to be permitted for green field investments in the pharmaceuticals sector.

(ii) FDI, up to 100 per cent, would be permitted for brownfield investment (i.e. investments in existing companies), in the pharmaceutical sector, under the Government approval route.

3. A copy of Press Note 3 (2011Series) dated November 8, 2011 issued in this regard is enclosed.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

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