

The above points outline a situation in which price controls can be eliminated. According to the Indian Ministry of External Affairs, "In case the prices of these (unrestricted) medicines rise unreasonably, government would take appropriate measures, including re-clamping of price control."⁴

Under the new policy, price controls remain on 73 bulk drugs. These include ranitidine, famotidine, salbutamol, ciprofloxacin and captopril.

Controlled prices fall into two categories. Category I drugs, defined as essential under the national health program, face more stringent rules than Category II drugs. Even small firms manufacturing drugs classified in Category I are not price control exempted. All price-controlled drugs that do not fall in Category I are placed into Category II.

The DPCO allows for periodic price revisions to compensate for increases in the cost of production. However, pharmaceutical firms complain that the price revisions constantly lag behind the inflation rate. As a result the increase in price does not necessarily cover the increase in costs incurred.

d) Drug Licensing

Drug firms are licensed to manufacture in India (for export or domestic sale) in one of two ways:

- 1) by obtaining a drug license from the state health authorities where the manufacturing facilities are located (all small units fall under this category);
- 2) or, by obtaining an industrial license from the central (federal) government. Firms with capital investments over Rs 7.5 million must procure licenses from the central government.

e) Foreign Investment Promotion Board (FIPB)

Companies wishing to invest in India may apply directly to the Foreign Investment Promotion Board (FIPB). This division of the Prime Minister's Office is headed by the Principal Secretary to the Prime Minister. Members of the Board also include the Finance Secretary, the Commerce Secretary and the Secretary for Industrial Development. Secretaries from other ministries may also be asked for input if the specific investment proposal falls under their jurisdiction. In the case of pharmaceutical investments, the Secretary for the Ministry of Chemicals might have temporary membership on the FIPB.

⁴Ministry of External Affairs; India Means Business; Opportunities In Specific Sectors.