

# 'Govt has step-motherly attitude towards industry'

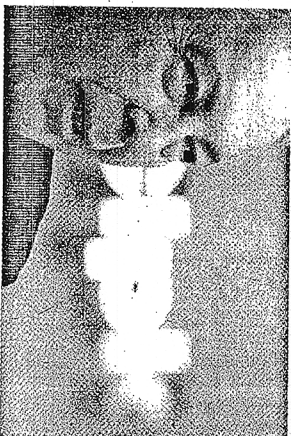
Yusuf Khwaja Hamied, 75, lead to monopoly pricing. What are your concerns in the context of some top Indian firms already being sold out to MNCs? The backbone of India is its indigenous industry. MNCs are here to take the money out. How many pharma MNCs are exporting from India? Very few. Indian companies are the mainstay for earning foreign exchange. The government has a step-motherly attitude towards authentic, national industry. That, and the infrastructure they provide, has to change. If this is not done, Indian companies are either going to sell off, amalgamate, or seek partnerships for survival. Matrix Laboratories has changed to Mylan. Piramal has become Abbott. Healthcare, maybe, one day, Ranbaxy will be called Daiichi. You will see more of this, unfortunately.

You advocated years ago that current Indian patent laws will favour MNCs and generic medicines?

Do you think India-EU Free Trade talks will stymie generic medicines?

The government has now proposed to put more drugs under price control. How detrimental will this be?

We want policies that last the long term. I can't talk about pricing, because Cipla is in court with the government for overpricing. We have won all the cases in the



INTERVIEW: YUSUF KHWAJA HAMIED  
CHAIRMAN AND  
MANAGING DIRECTOR, CIPLA

Your career has mirrored the transformation of the Indian pharma industry. What do you consider as major milestones? After I joined Cipla in 1960, my first endeavour was to make oral contraceptives, but that plan fizzled out with no support from the government. In the 1960s, we were still following the British patent law of 1911, and MNCs were 60% of the Indian market. Cipla was ranked 56th at that time. We then formed the Indian Drug Manufacturers Association to fight patents. It took us 12 years to have the patent law changed. Most MNCs then quit India, except British companies like GSK, and some Swiss companies, but now want to come back since monopoly is allowed. A third milestone was the manufacture of raw materials or active pharmaceutical ingredients, the backbone of the pharma industry. Today India is the pharmacy capital of the world because of that. The next was affordable medicines to combat HIV/AIDS.

How did the idea of making HIV/AIDS drugs come about? What were the challenges? We were approached by the Indian government in 1991 to make the drug, but the drug did not sell. So we marketed it at one-sixth of the global price, and told the government to procure and distribute it. But it did not want to, so we stopped making it. In 1993, by chance, in 1996, I saw a medical article that said a cocktail of drugs can make AIDS patients live longer. We had a strong base

to produce raw materials at that time, so in 2000, we started offering the cocktail. In Africa, at that time, the price was \$12,000 per patient a year and we sold at \$800. In 2001, we announced a price of \$1 a day. Today, over 7 million are treated not just by Cipla, but by Indian companies. There are eight leading Indian companies producing anti-AIDS drugs, comprising 92% of the world's AIDS drugs. This is valued at \$1 billion. Interestingly, the 8% that the MNCs make is valued at \$16-20 billion.

You have argued for compulsory licensing (CL) where the government can step in to prevent overpricing and let others make and supply cheaper drug... Yes, since under the current laws, we can't make those HIV drugs patented after 1995. If I am making hundred drugs, I need to make profits on four. The HIV drugs I sell today are a loss-making proposition, and we need to write off \$5-10 million every year on this, since some countries do not pay. I believe that a pragmatic, compulsory licensing is the best thing for India, and the government should not how down to pressures.

Some companies are shifting focus to regulated markets and earning more revenues there... I wish Cipla could do that too, like Lupin did in the US. The way the patent laws have changed is forcing firms like us to look outside India. We are under massive price control. The difference in price in India and the US are 30-40

times for branded products. We will look at US, Europe, Japan, Australia, West Asia, for branded generics, classical generics and biosimilars, where the guidelines have been just announced and which will be big in five years. Cipla will be more global. Another area is licensing, where we will sell products of foreign companies wanting to sell in India. We have to re-focus. We are targeting those countries where price of generics drugs is better than in India.

Industry, Pricing.