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INTERVIEW: KEWAL HANDA

MANAGING DIRECTOR, PFIZER INDIA

# If China gets 7/10 in pharma policy, India scores a 2

*The managing director of Pfizer India, Kewal Handa shares his reservations on the country's emerging pharma policy landscape in an interview with FE's Soma Das. Excerpts:*

**What are your apprehensions on the new pharma pricing policy?**

A good part of the new pharma pricing policy is progressive. For instance, the entire shift of the policy to being more market driven, inclusion of clinical trials under weighted deduction benefit and the move to regulate prices of formulations rather than bulk drugs is commendable. However, preserving the scope of the national list of essential medicine (NLEM) is the most critical aspect here. The NLEM, prepared by expert committees with due care, clearly defines what should or shouldn't come under the purview of essential medicine. It is important to preserve the sanctity of that list by restricting the cover-

age to drugs included in it. However, if one superimposes the older policy on this list, it goes on to cover all strengths, all combination drugs, the coverage, which the government itself claims would go up to 60%, would actually escalate to over 75% from the current 20%, according to our estimate. This is totally unnecessary when there is no imminent necessity prompting such radical measure. The evidence shows that the prices haven't gone up, more so for the drugs in the NLEM. If the objective is to reduce prices, this policy wouldn't work, if the goal is to ensure availability, it would work best if the drug coverage is restricted to NLEM.

**What about treating imported drugs at par with generic drugs in the new policy?**

The idea of equating imported drugs with generic versions is not fair. Every country has its own cost struc-

**IF THE OBJECTIVE IS TO REDUCE PRICES, THIS POLICY WOULDN'T WORK, IF THE GOAL IS TO ENSURE AVAILABILITY, IT WOULD WORK BEST IF THE DRUG COVERAGE IS RESTRICTED TO LIST OF ESSENTIAL MEDICINE. ALSO, TRYING TO CONVERGE EVERYTHING INTO A SINGLE PRICE UNDERMINES COMPETITION**

ture, with the aspect of quality, R&D, delivery systems built into it. Also, trying to converge everything into a single price undermines competition, when the policy actually strives to encourage competition. If the imported drugs are overpriced, they will not sur-



vive. With this policy, we would be handing over the business to traders and there a lot of margin play would come in. That may see many more local small players entering the pharma fray which may finally lead to quality getting compromised.

**Once the government has categorically stated that the FIPB route is a temporary feature, what are your objections to the new pharma FDI landscape?**

My problem is the distinction being made between brownfield and greenfield venture and erecting barriers to invest in brownfield ventures only. You need that investment to be made in brownfield venture to service the greenfield. You cannot only invest in greenfield projects without making any money. It is like asking me to invest only in biopharma where the returns, if any would come after a 10 year lag.

**What is your biggest challenge in the pharma policy environment?**

Is there any owner for pharma sector today? Every department is doing their own thing and killing the attractiveness of the sector. The commerce ministry talks about compulsory licensing, FDI,

health ministry says no data exclusivity, pharma department says everybody should sell at similar prices. Is there one agency looking at the holistic picture? In pharma, there is a \$10-billion domestic piece, a R&D piece, a CRAMS piece, a data processing piece, on a cumulative basis all of which would add up to \$45 billion. If you are making the domestic piece so unattractive, why would I invest in clinical research if I have no incentive to launch my patented product here? Why should I not invest in better, friendlier markets, China, Singapore or South Korea. Losing out on investments in the rest of the pharma pie, which is five times bigger than the domestic piece would be the biggest loss to the country.

**How do you rate the policy environment in China vis-a-vis India?**

If China scores 7 or 8 on a scale of 10 in pharma policy environment, India would fetch a 2 or 3.

Policy.