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There's a big difference between running an industry and a business

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DR Y. K. HAMIED, CHAIRMAN, CIPLA.

“When I joined Cipla, we had a very rough time between 1960 and 1975... We had to apply for permissions for every product we wanted to manufacture. It would take six months. If a product required import, exceeding a particular percentage, it had to go for an industrial licence; it would take 2-3 years to get one. To go abroad was impossible. At that time, it took six years to buy a Fiat carsix years to buy a car!” recalls Cipla Chairman Dr Y. K. Hamied, in his characteristic rhetorical style.

It has been a 50-year-long journey for Dr Hamied in Cipla, with the company itself clocking its 75 {+t} {+h} year. And though much has changed since, some arguments continue to be relevant, he observes, especially when it comes to rewarding research, and keeping out a monopoly.

Glimpse of yesteryear

Offering a glimpse into how young companies worked then, he says they sought to create an industry, as opposed to just being a business. “There's a big difference between running an industry and running a business. Industry, to me means today, tomorrow and the day after. If something goes wrong in the industry and people want to back out, that's a different issue. But the industry should keep going,” he says, speaking from his Central Mumbai office on a rainy Saturday morning, pushing a punishing schedule.

“Let's take England... When I was a student there, 50-60 years ago, the major companies were ICI, Beecham, Burroughs Wellcome, May & Baker and Boots — none of the five exists today,” he observes,

citing similar examples from France, Germany, Italy and Switzerland, to illustrate how older companies don't exist anymore.

“We are seeing a major change in the pharma industry scenario worldwide, especially in the area of M&As (mergers and acquisitions). Now, whether it is a good thing or a bad thing and what it leads to, I am not in a position to answer. I only know that if Government supports an indigenous industry in every way possible, then the indigenous industry can sustain (itself),” he says.

Reflecting on the pre-1972 situation, Dr Hamied says it was when the Indian Drug Manufacturers Association was formed to fight against existing product patent laws. “It was a very tough battle,” with multinationals holding 70 per cent of the market. “I remember clearly, the fight was not for patents, the fight was against monopoly,” he says, recalling the changing industrial landscape then. “We want patents, I am a scientist, I want patents....but, monopoly nahi chahiye,” he had said then.

A sentiment that is relevant today, as the country journeys from a time it recognised product patents pre-1972, to honouring only process patents subsequently. And then again in 2005, the patent regime in the country was amended through an Ordinance to recognise product patents.

Product patents allow the inventor or originator a 20-year exclusive monopoly on sales, thereby keeping at arm's length companies capable of making generic or chemically-similar versions of the same medicine.

There are fresh worries on the horizon, though. Five years after the patent regime was amended to respect product patents, the country has witnessed six domestic drug operations sell out, completely or in part, to multinationals. And this has raised eyebrows in several quarters, on the impact it would have on medicine prices.

So is there a sense of déjà vu, in 2010? “We are revisiting the pre-1972 situation, with a slight difference. The difference I notice is that in those days all the companies were very small and they were all growing. So there was a purpose and we were trying to generate an industry. Today I see, at least in the pharma industry, that business is getting mixed up with industry. I personally feel that conducting a business and running an industry are two separate things.”

Like-minded

Yes there are pressures, and people may want to sell when you are at the top, comments Mr Hamied, on developments in his industry. But as businesses pass down from generation to generation, does the idealism and involvement reduce as well, especially vis-à-vis the founders?

We were all fighting for the creation of Independent India and self-reliance. I grew up in that environment and, perhaps because of that, I haven't changed and luckily for us, my brother and I are totally like-minded on this. We grew up in that atmosphere. And we are trying to see that the next generation also thinks our way,” he says; Cipla recently inducted Dr Hamied's nephew Kamil Hamied into the company.

Younger generation

Faced with queries on the significance of the younger generation getting involved with the company, he says, “the younger generation getting involved is a good sign. But getting involved from the business point of view or to run an industry,” he asks, leaving it open-ended.

Running a company or a country has to do with continuity in leadership, he says, emphatically. Unfortunately though, at a policy level, “we are giving more than we are getting, for what reason I don't know. It's about time we decide our own destiny. What is best for India,” he says. Else the best in the

business may be forced to take a pragmatic and realistic view of their business, he cautions, against the backdrop of local promoters exiting their businesses.

A pragmatic, compulsory licensing system is something the country needs to bring in, he says emphatically, as it allows generics to make a patented drug, by paying royalty to the innovator. The aim is to discourage monopolies. “After 2015, more and more monopolies will set in and the general public will not be able to afford the newer drugs. The trend is already coming in,” he observes, sounding a note of caution.