

Dr Banerjee recounts the formative years of the OPPI

It was August 1947 that India got its freedom from the British.

Lofty ideals fostered and nurtured by a unique struggle for freedom, capped by the achievement of independence, found a group of leaders running the administration with little experience in governance. A disciplined civil service with integrity, trained to serve the interests of the colonial masters, was of little help in running a government for the people.

The changed circumstances called for new objectives, far different from the needs of a colonial regime. They called for plans to lead the impoverished nation to prosperity.

The new government took time to shed the archaic rules, regulations and systems foisted on this country from the 18th century. The nation's economy was in shambles and business was monopolized by 'managing agency' houses based in Calcutta. Indian companies, with rare exceptions, functioned as traders serving the interests of the foreign managing agents, functioning from London. Whatever could be imported found a ready market. The trading, managerial and entrepreneurial class had to acquire new skills and experience under new compulsions.

The supply of medicines in the immediate post-independence era was dominated by imports by the multinational companies. Limited quantities of pharmaceuticals were imported and supplies rationed. In most companies, imports were made in bulk and repacked. Few Indian companies manufactured proprietary medicines. It must be remembered it was the pre-antibiotic era and Sulpha drugs were making their way slowly. Almost all the multinationals had expatriate managers, including the branches. Probably with the exception of Glaxo, no other multinational company had any manufacturing activity in India. An organized distribution system was lacking. Distribution was handled by traders and qualified pharmacists were absent. The hospital and the general practitioners had compounders who dispensed the medicines. According to various Government reports, notably the Bhor and Chopra committees, spurious drugs were rampant.

For various reasons, the manufacturing sector in India felt that their voice was not heard in New Delhi and they did not have a proper industry organisation apart from PAMDAL (Pharmaceutical and Allied Manufacturers and Distributors Association Limited). PAMDAL which represented the importers, was housed in the offices of Bombay Chamber of Commerce and Industry and was inadequate in dealing with the problems facing the industry at that time. In this environment, early in 1965, a number of members of the Pharmaceutical Industry decided to form an Association, which is today known as the "Organisation of Pharmaceutical Producers of India" or OPPI. This Organisation began to function in July 1965. It was formally inaugurated by Prof. Humayun Kabir, then Union Minister for Petroleum & Chemicals, in November 1965. It was registered under the Companies Act on December 27 of the same year. Ordinary Membership to the OPPI was open to those manufacturing pharmaceuticals and Associate Membership to those engaged in the manufacture of ancillary products and materials. At the close of the year there were 62 Ordinary Members and one Associate Member. The Ordinary

Membership covered companies whose turnover amounted to approximately Rs.110 crores. With the output of the industry estimated at approximately Rs.150 crores, it can be said that the OPPI was representative of the majority of the many differing types of activities of this important sector of the economy.

Founder Members (as of December 1, 1965) of the OPPI were :

1. Mr. R. B. Amin, Alembic Chemicals Works Co. Ltd.
2. Mr. J. G. Kidd, Glaxo Laboratories
3. Mr. H.L. Nebeling, Hoechst Pharmaceuticals
4. Mr. Keith Roy, Merck Sharp & Dohme of India Ltd.
5. Dr. H. R. Nanji, Pharmed Pvt. Ltd.
6. Dr. J. N. Banerjee, Sandoz (India) Ltd.
7. Dr. K.A.N. Rao, Sarabhai Chemicals

By all accounts, this has been a momentous period for the pharmaceutical industry and for the new organisation. The most significant development was that, for the first time, pharmaceutical manufacturers in India came to have in OPPI a truly representative body which reflected the diverse and dynamic character of the industry and which represented a majority of the companies operating in the country, including those in the public sector. OPPI represented the combined resources, production potential, talent and expertise of all its Members, all leaders in the industry, and was available for consultation and assistance to the Government and other Agencies concerned with health and allied matters on the many urgent problems facing the country.

Dr. H.R. Nanji was elected the President and the office was situated in Cook's building. Mr. J. N. Chaudhry was Director, Mr. V. N. Shah was Secretary and Mr. Arvind Nair was appointed as the Public Relations Manager.

The membership of OPPI was open to all sectors of the industry but some members of the Indian companies felt that their interests could no longer be met by OPPI and later they formed their own association: Indian Drugs and Manufacturers' Association (IDMA). However, many more such as Bengal Chemicals, Bengal Immunity, East India, Sarabhai, Alembic Chemicals, Unichem Labs. and others joined the OPPI. CIPLA was a notable exception – its Managing Director, Dr. K.A. Hamied was a well known nationalist.

The pharmaceutical industry was then known more for formulation activity which was concentrated in Bengal and Baroda. Sir P. C. Ray was a pioneer in setting up the Bengal Chemical factory along with Bengal Immunity, which were known for the manufacture of immunologicals. Similarly Raj Mitra B. D. Amin was a well known founder of the pharmaceutical industry in the West.

The pharmaceutical industry was controlled by the Ministry of Industry, the Ministry of Petroleum and Chemicals and the Director of Technical Development (DTAB). The Minister those days was a dynamic Mr. T.T. Krishnamachari and he was aided by an equally dynamic Dr. A. Nagaraj Rao.

Battle lines were clearly drawn between the multinationals and government. Multinationals told the government that, for various reasons, manufacturing in India is not possible. The reasons given were the scale of manufacture, paucity of manpower, and packaging materials, etc. The government which was spearheaded by nationalists who fought for India's freedom of India were swadeshi and insisted that foreign companies must manufacture in India.

Government did not receive a favorable response from industry when it came to local manufacture of basic drugs. Through the initiative of Sir Sahebsingh Sokhey, the then director of the Haffkine Institute, Mumbai, help was sought from the Soviet Union, for manufacture of Penicillin.

The reticence of multinationals for the manufacture of basic drugs led to the establishment by the Government of India of antibiotic factories in Pimpri (near Poona) and the other near Rishikesh. Similarly, a public sector unit was established under the name of Indian Drugs and Pharmaceuticals Limited (IDPL), in Hyderabad, which sought Italian technology for the manufacture of basic pharmaceuticals. It should be remembered that Italy had a weak patent system.

After the government established the public sector units, they realised that technology is not a one-time purchase. Unless substantial research and development follows this acquisition, the yields of the chemical reactions improve or even go down. Fortunately with the Government's move to manufacture basic chemicals, many multinational companies ventured into these fields. Still, they had to face some difficult hurdles placed by the Government. The political class and the bureaucrats were not aware of running a business and they put impossible conditions for the growth of the pharmaceutical industry. In order to protect the Indian industry, the demands of IDMA forced the government to impose manufacturing capacities. Any production over the manufacturing capacities was penalised. The manufacturing capacities were divided between the multinationals and the Indian companies. Expansion of formulation capacities was connected with basic manufacture in the ratio of 1:5. Any increase in manufacturing capacity warranted reduction of equity capital of the multinational. The multinationals maintained that unless they have full control of the Indian branch, in order to bring sophisticated technology. In the area of price control, the government pointed out that the industry has huge reserves. They were not aware that most of these reserves were in the form of machinery and inventory. They did not understand that if the company did not expand its capacity, the prices could not be reduced. Higher capacities meant reduction of costs.

The government's focus remained on price control, the tariff commissioner's inquiry into the working of the industry and the question of patents. OPPI was in constant touch with the government on these and other issues which resulted, most often, in pragmatic policies.

In the prophetic words of the late Dr. H. R. Nanji, Founder President of the OPPI :

"A few years before independence, the Indian Pharmaceutical Industry occupied an insignificant position in the country's economy; today it holds pride of place in taking the nation along the road to self-sufficiency, and the day is not far off when a sizable quantity of its output will be exported to other countries, far and near."



Prof. Humayun Kabir former Minister for Petroleum and Chemicals speaks at the inaugural function of OPPI



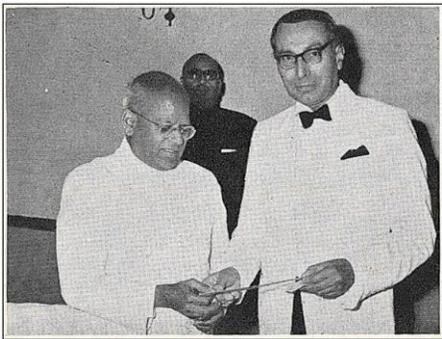
Dr. B.N. Ghose, Vice President of OPPI, being introduced to Dr. Rafiq Zakaria, the Chief Guest, at the Second Annual General Meeting held in May 1968. Looking on is Dr. J.N. Banerjee (left) and Mr. Keith C. Roy (right)



Mr. Satya Narayan Sinha, Union Minister for Health, Family Planning and Urban Development, speaking at the reception accorded by the Organisation to Members of the Central Health Council



At Home" to His Excellency Dharma Vira, Governor of West Bengal, by OPPI Calcutta Regional Group



Mr. Keith C. Roy, President of OPPI, presenting a cheque of Rs. 10,000 to H.E. Dharma Vira, Governor of W. Bengal, for the Governor's Flood Relief Fund



Mr. Keith C. Roy, President, presenting a token parcel of medicines to Mr. Hitendra Desai, Chief Minister of Gujarat, for the use of flood victims in Gujarat. Contribution in cash and kind by Members of the Organisation were of the order of Rs. 1,32,000.

Author: Dr Jayanta Nath Banerjee



Dr. Jayanta Nath Banerjee was one of the main architects of OPPI. He was principal spokesman for the organization, with the Indian government. He remained closely connected with the organization, except when he went overseas in 1983 to take up a position at Sandoz, Switzerland, as an Advisor for development of their business in third world countries. He was elected as President of the Commonwealth Pharmaceutical Association in London and was their representative to the WHO in Geneva. Dr. Banerjee was in close touch with the International Federation of Pharmaceutical Manufacturers Association (IFPMA), while it was in London and later in Geneva. The principal discussions were on matters concerning the Indian Pharmaceutical Industry. After returning to India following the completion of his assignment in Switzerland, he continued to be Chairman and later Chairman Emeritus of Sandoz India Limited. He retired when Sandoz India Limited amalgamated with Ciba-Geigy to become Novartis India Limited.