Indian drug giant Cipla slashes cancer drug prices

May 4 2012, by Penny MacRae

Indian drugs giant Cipla said Friday it has slashed by up to 76 percent prices of generic medicines used to treat brain, lung and kidney cancer in what the company called a "humanitarian move".

There are 2.5 million cases of cancer diagnosed in India each year, according to the World Health Organisation, with most patients receiving inadequate treatment as drugs are priced beyond their reach.

"This initiative of price reduction is a humanitarian approach by Cipla to support cancer patients," company chairman Y.K. Hamied said in a statement, which added the price reduction would be only for drugs sold in India.

"Drugs constitute a significant proportion of the overall cost of cancer treatment and a reduction in costs can greatly relieve the burden," he said.

Cipla cut the price of Soranib, a generic version of Bayer's blockbuster kidney cancer drug Nexavar by 76 percent, and will sell it at 6,840 rupees ($130) for a monthly dose, down from 28,000 rupees.

It also said the lung-cancer drug Gefticip, originally produced by AstraZeneca, would be priced at 4,250 rupees, down by over half, and it cut by three-quarters the price of brain-cancer drug Temoside, originally made by Schering, to 5,000 rupees.

Cipla, one of India's largest generic drug makers, makes its cancer drugs at its Goa plant, which has been approved by the US Food and Drug Administration.

The family-led company first hit headlines in 2001 when it offered to supply life-saving triple therapy AIDS drug cocktails at prices sharply below those of multinational firms with Hamied saying the move was for "social reasons".

Competition among generic manufacturers in India, known as the "pharmacy to the developing world", has reduced HIV drug prices from $10,000 per person per year to $150, Medecins Sans Frontieres says.

Cipla, which has been embroiled in a legal dispute with Bayer over its right to produce Nexavar, said cancer drugs were a small part of its business and the price cuts would not affect revenues.

But analysts said the step could prompt a price war in the 15-billion-rupee Indian drug market -- challenging multinationals which sell costly patented medicine and Indian firms whose generic range is less expensive but not as cheap as Cipla's.

"This market is price-sensitive and when larger players start cutting prices, others will likely follow," Sudarshan Padmanabhan, pharmaceutical analyst at Mumbai investment house Prabhudas Lilladher, told AFP.

Shares in Cipla, whose market value is around $5 billion, rose 2.46 percent to 325.20 rupees on the back of an "outperform" rating by brokerage CLSA, as a falling Indian currency swells foreign earnings and its domestic market grows.

Cipla's step may not only help cancer patients, but "they will reach many more patients, and will also be able to garner greater market share", Anjan Sen, healthcare director at consultancy Deloitte, told the Economic Times.

"It's a smart move."

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