

Faith in the Magic of Capitalism Fueled India's COVID Crisis

Bill Gates and his ilk want Big Pharma to make the big bucks even if it bankrupts the poorer countries

By [Prabir Purkayastha](#)

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While the incompetence of the Indian government is starkly visible in its handling of the second wave of the Covid-19 crisis, its performance has been far worse on the vaccine front.

The government led by the Bharatiya Janata Party (BJP) under **Prime Minister Narendra Modi**, which seems to believe in the ideology of free-market capitalism, thinks that the market will magically produce the number of vaccines the country needs.

This would explain why it has starved [seven public-sector vaccine manufacturing units](#) – according to an April 17 article in Down to Earth – of any support instead of ramping up much-needed vaccine production.

The rights to produce the public-sector vaccine Covaxin, [which has been developed by](#) the Indian Council of Medical Research (ICMR) and National Institute of Virology (NIV), in collaboration with Bharat Biotech, have been given to the private-company partner on an exclusive basis.

The government also believed that the Serum Institute of India, another private-sector company and the world's largest vaccine manufacturer, which has tied up with AstraZeneca to produce [Covishield](#), would make vaccines according to the country's requirements without any prior orders or capital support.

The government did not even see the necessity to intervene and prevent India's new Quad ally, the US, from stopping sending India supplies of the [raw materials](#) needed by India for manufacturing vaccines.

The sheer negligence by the government is further highlighted by the fact that even though India has [about 20 licensed manufacturing facilities](#) for vaccines and 30 biologic manufacturers, all of which could have been harnessed for vaccine manufacturing, only two

companies are currently producing vaccines. That too is at a pace completely [inadequate for India's needs](#).

India has a long history of vaccine development, which can be traced back to the [Haffkine Institute for Training, Research and Testing](#), in Mumbai, in the [1920s](#). With the Patents Act of 1970 and the reverse engineering of drugs by the Council of Scientific and Industrial Research (CSIR) laboratories, the country also broke the monopoly of global multinationals.

[It is this change, fought for by the left](#), that led to India emerging as the largest generic supplier of drugs and vaccines in the world and becoming the global pharmacy of the poor.

The Bill Gates model

Bill Gates recently [spoke to Sky News](#) in the UK regarding India's and South Africa's [proposal](#) to the World Trade Organization on the need to lift intellectual property protection for Covid-19 vaccines and medicines during the pandemic.

Gates claimed that IP is not the issue and that "moving a vaccine ... into a factory in India ... it's only because of our grants and our expertise that can happen at all."

In other words, without the white man coming in to tell India and other middle-income countries how to make vaccines and provide them with his money, these countries would not be able to make vaccines on their own.

This is a rehash of the AIDS debate, when the Western governments and Big Pharma argued that developing [generic](#) AIDS drugs would lead to the manufacturing of poor-quality medicines and theft of Western intellectual property.

Bill Gates, who built his [fortune on Microsoft's IP](#), is the leading defender of patent rights in the world. With his newfound halo as a great philanthropist, he is leading [Big Pharma's charge against the weakening of patents](#) on the global stage.

The role of the Bill and Melinda Gates Foundation, a [major](#) funder of the World Health Organization, is also to dilute any move by the WHO to [share patents and knowledge](#) during the pandemic.

Indian companies are the largest manufacturers of existing vaccines by volume in the world, according to the [WHO's Global Vaccine Market Report 2020](#). When it comes to measuring vaccine manufacturing by value, however, the global share held by multinational corporations or Big Pharma is much bigger than that of India.

For example, according to the WHO report, GlaxoSmithKline, with 11% of the global market by volume, generates 40% of the market by value, while the Serum Institute with 28% of the market by volume has only 3% of the market by value. This shows that the patent-protected vaccines with monopoly pricing get much higher prices.

This is the model that Bill Gates and his ilk are selling. Let Big Pharma make the big bucks even if it bankrupts the poorer countries. The Western philanthropic money of Gates and Warren Buffett will "help" the poor Third World to get some vaccines, albeit slowly. As long as they get to call the shots.

RSS and the fear of 'socialism'

The Modi government's approach to vaccines is based on the central pillar of Rashtriya Swayamsevak Sangh (RSS) ideology – which serves as the ideological parent of the ruling BJP – that the task of the state is only to help big capital. Anything else including planning is seen by the right wing as socialism.

In the case of vaccines, it means not to make any attempt to get the companies, both in the public and private sectors, to make necessary preparations for a quick vaccination program: to put in the money and provide the necessary supply chain. Instead, the government believed that India's private pharmaceutical industry would do all of this on its own.

It forgot that the Indian pharmaceutical industry was the [product of public-domain science](#) – the CSIR institutions – the public sector and nationalist companies such as Cipla. They all came out of the national movement and built India's pharmaceutical industry.

It is institutions like the Haffkine Institute under [Sahib Sokhey's](#) leadership and the [Center for Cellular and Molecular Biology](#) (CCMB) built under the leadership of [Dr Pushpa Bhargava](#) that led to India's vaccine and biologics capacity. It is on this base that India's vaccine manufacturing capacity rests.

It is not *niji* (private) companies that built the vaccine capacity in India, as Modi claims. The private-sector companies rode on the back of public-sector science and technology that was built in the country between the 1950s and the 1990s.

The Indian government opened up vaccinations for all [adults](#) in the country on May 1. To vaccinate all the eligible population – above 18 years of age – India would require [about 2 billion doses of the vaccine](#) in order to give the required two shots per person.

To plan for the production of an order of this size, apart from technology and capital support, India also needs to plan for the complex supply chain that is required for production. This includes raw materials and intermediate supplies such as filters and special bags.

There are at least 37 “[critical items](#)” that are currently embargoed by the US from exports under the Defense Production Act of 1950, a relic of the US involvement in the Korean War.

On April 16, Adar Poonawalla, head of the Serum Institute of India, took to [Twitter](#) to ask US President Joe Biden “to lift the embargo of raw-material exports out of the US so that vaccine production can ramp up.”

Missed opportunities

If India had put together the production capacity of the Serum Institute, Bharat Biotech, Biological E, and Haffkine Bio-Pharmaceutical Corporation Ltd, and the [five](#) other companies that have signed up to manufacture Sputnik V, developed by the Gamaleya National Center of Epidemiology, India could have planned for an annual production capacity of more than 3 billion doses.

If it also included the public-sector units idling under the Modi government, India could have easily boosted its vaccine manufacturing capacity to 4 billion doses and produced the necessary 2 billion doses and more in 2021.

It would then have made it possible for India to completely vaccinate its target population

and yet have enough left to meet its [export commitments](#) including for the WHO's [Access to Covid-19 Tools \(ACT\) Accelerator program](#) and its vaccines pillar of COVAX.

What is missing is a commission that could plan this exercise and create the political will to carry it forward. Not a [vacuous Niti Ayog](#) – the public policy think-tank of the Indian government – and an incompetent administration in New Delhi.

Instead, the Modi government did not even bother to place an order with the Serum Institute until January 11, and that too for a [measly 11 million doses](#). The next order of [120 million Covishield and Covaxin doses](#) was placed only in the third week of March when the daily caseload had approached 40,000, and India was well into its second wave.

The government seemed to bank on its belief in the magic of the capitalist market, which it thought would solve all its problems, without any real effort on New Delhi's part.

[India and South Africa have asked](#) the World Trade Organization to consider waiving the rules relating to intellectual property during the pandemic, and further sought that knowledge, including patents and know-how, should be shared without restrictions. This proposal [has been backed by the WHO](#) and has [huge support](#) among most countries in Asia, Africa and Latin America.

The holdouts predictably are the rich countries that want to protect the global vaccine market for their Big Pharma companies.

Under pressure from the global community and the bad optics of the [US hoarding vaccines](#), the Biden administration has finally decided to accept South Africa's and India's initiative of a temporary patent waiver, after stonewalling it in the WTO until now. But this waiver is restricted to vaccine patents only and does not extend to other patents or associated intellectual property as South Africa and India's proposal had suggested.

This is still a victory for the global public health community, though only a first step.

While India is spearheading the need to share know-how with all companies capable of manufacturing vaccines, it still has explaining to do as to why it has given an exclusive license to Bharat Biotech to manufacture a vaccine developed with public money and in public institutions such as ICMR and NIV. Why is it not being shared under a non-exclusive license with both Indian companies and firms outside India?

Instead, [ICMR is receiving royalties](#) from sharing its know-how exclusively with Bharat Biotech. Under public pressure, ICMR is now [sharing its know-how](#) with the Maharashtra state government's public-sector Haffkine Bio-Pharmaceutical Corp, while giving Bharat Biotech six months' lead time with financial support money from the central government.

Modi had dreamed that India would be the [vaccine arm of the Quad](#). He forgot that in order to compete with China, India needs a vaccine production base that not only takes care of its own needs but also fulfills all its external commitments.

China can do this because it has developed at least three vaccines already – from Sinopharm, Sinovac and CanSino – that have been licensed to others. Their production is now being ramped up, and China is the [largest supplier](#) of vaccines to countries in Asia, Africa and Latin America. And it has also managed to control the spread of the virus that causes Covid-19, unlike India.

This is where the Modi government has failed. and failed badly. An incompetent, vainglorious leadership, combined with the RSS belief in magical capitalism, has led to the disaster that we are now facing.

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Prabir Purkayastha is the founding editor of *Newsclick.in*, a digital media platform. He is an activist for science and the free software movement.

Featured image: A health worker displays a vial of an Indian-made Covid-19 vaccine, Covishield, at a hospital in Srinagar, Kashmir, on January 16, 2021. Photo: Muzamil Mattoo / NurPhoto

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