



Analyzing the Price Differences Between Government-Sponsored Generic Medicines and Private Brands

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ABSTRACT:

The rising cost of medicines in India is a major barrier to equitable healthcare, particularly for economically vulnerable populations. Government initiatives such as the Pradhan Mantri Jan Aushadhi Yojana (PMJAY) aim to address this by providing affordable generic medicines through Jan Aushadhi Kendras. Despite these efforts, there remains a significant price gap between government-sponsored generics and private branded medicines. This research analyzes the extent of these price differences, explores the factors driving them, and examines perceptions among consumers and healthcare professionals regarding efficacy, quality, and affordability. Using a mixed-methods approach—combining surveys, interviews, and secondary data from regulatory authorities—the study finds that government generics are substantially more affordable, mainly due to lower manufacturing and marketing costs and strict price controls. However, branded medicines remain preferred due to perceptions of higher quality and efficacy. The paper offers recommendations for policymakers and healthcare stakeholders to bridge this gap and promote the adoption of generics, thereby improving healthcare affordability and access in India.

Keywords: Generic Medicines, Branded Medicines, Price Disparities, Healthcare

Affordability, Jan Aushadhi Kendras, Consumer Perceptions, Pharmaceutical Policy, India.

Introduction

Background

Healthcare affordability is a critical challenge in India, where medicine costs form a significant part of out-of-pocket health expenditures. The pharmaceutical market is dominated by two categories: government-sponsored generics (mainly through PMBJP) and private branded medicines. Generics are sold at prices 40–70% lower than branded versions, as they avoid costs related to brand promotion and extensive advertising. However, branded medicines maintain market dominance due to strong brand loyalty, aggressive marketing, and perceptions of superior efficacy and safety. This price disparity often leads to financial strain for patients, especially those with chronic illnesses.

Problem Statement

The persistent price gap between government-sponsored generics and private brands is a

barrier to affordable healthcare. While generics are therapeutically equivalent and cost-effective, patient preference for branded drugs—driven by marketing and perceived quality—results in high out-of-pocket expenses. Limited transparency in pricing and production costs, combined with inadequate promotion of generics, exacerbates inequities in drug accessibility and healthcare outcomes.

Literature Review

The literature on India's pharmaceutical industry shows that generic medicines are consistently much cheaper than branded ones, even though both contain the same active ingredients and must meet the same regulatory standards. The main reason for the price gap is the lack of marketing and promotional costs for generics, while branded medicines are priced higher to cover advertising, R&D, and brand-building expenses. According to Mishra et al. (2020), generics sold at Jan Aushadhi Kendras can be 50–90% less expensive than private brands. Reddy et al. (2021) argue that branded medicines command a premium because of brand loyalty and targeted marketing to doctors. Other factors influencing drug prices include manufacturing costs, patent status, and distribution margins. Generics benefit from bulk procurement and simpler packaging, which further lowers their cost. The National Pharmaceutical Pricing Authority (NPPA) and the Drug Price Control Order (DPCO) are supposed to keep prices in check, especially for essential medicines, but many branded drugs escape these controls. Trust is another key issue: many patients and doctors believe branded medicines are more effective, even when generics are proven to be just as good. This trust gap, driven by marketing and lack of awareness, is a major barrier to the wider adoption of generics in India.

Research Objectives

- Compare the retail prices of commonly used medicines in their generic and branded forms.
- Investigate the factors behind these price differences, such as manufacturing costs, marketing, and regulation.
- Assess how patients and healthcare professionals perceive the quality and effectiveness of generics versus branded medicines.
- Analyze the impact of price differences on patient access and healthcare affordability.
- Recommend strategies to promote the use of generics and improve medicine affordability in India.

Methodology

A mixed-methods approach was used:

- Primary Data: Structured interviews, surveys, and questionnaires with pharmacists, medical practitioners, and patients.
- Secondary Data: Reports from NPPA, BPPI, and the Ministry of Chemicals and Fertilizers.
- Sample Medicines: Paracetamol, Amoxicillin, Metformin, Atorvastatin, and Omeprazole— available in both generic and branded forms.
- Analysis: Descriptive statistics for price differences; thematic analysis for perceptions; policy analysis for regulatory impact.

Findings and Analysis

-Affordability: Government-sponsored generic medicines are significantly more affordable than branded alternatives. The primary reasons are lower manufacturing and marketing costs, absence of brand premiums, and stringent price control measures.

-Perceptions: Despite evidence of therapeutic equivalence, the preference for branded medicines remains prevalent due to perceptions of higher quality and efficacy. Aggressive marketing, physician recommendations, and lack of awareness about generics shape these perceptions.

-Barriers: Limited awareness, lack of trust, and inadequate promotion of generics hinder their adoption. Private sector medicines are less regulated in terms of price, allowing for higher retail prices.

-Impact: The price gap leads to higher out-of-pocket expenses and reduced treatment adherence, especially for patients with chronic diseases in low- and middle-income groups.

Discussion

The study highlights that the price gap between generics and branded medicines is mainly due to differences in marketing and branding costs, as well as the absence of brand premiums for generics. Government price controls help keep generic prices low, but many branded medicines are not covered by these controls. The dominance of branded medicines is maintained through strong marketing, incentives for doctors, and patient trust in well-known brands. This situation leads to unnecessary financial strain for patients and undermines the goal of universal healthcare. To bridge this gap, it is essential to increase awareness about the safety and effectiveness of generics, expand the Jan Aushadhi network, and encourage doctors to prescribe generics...

Conclusion and Recommendations

Although generics offer a clear cost advantage and are therapeutically equivalent to branded medicines, their adoption is limited by perceptions, lack of promotion, and insufficient regulatory enforcement. To improve medicine affordability and access in India, the study recommends:

- Launching public education campaigns to raise awareness about the safety and effectiveness of generics.
- Strengthening regulatory oversight to ensure consistent quality and transparency in generic manufacturing.
- Expanding the reach of Jan Aushadhi Kendras, especially in rural and underserved areas.
- Encouraging or mandating generic prescribing by doctors, possibly through incentives or policy changes.
- Providing transparent price information to help patients make informed choices.

By implementing these measures, India can reduce out-of-pocket healthcare spending, improve treatment adherence, and move closer to universal health coverage.

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