

Chapter 17

The Challenge of Generic Substitution – Margin Wars and Confusion at the Counter

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Introduction: Same Drug, Different Price – But Who Decides?

Generic medicines are chemically identical to branded drugs and are supposed to be the backbone of affordable healthcare. In theory, they should be widely available, affordable, and easy to prescribe and dispense. In practice, however, **generic substitution in India is deeply flawed.**

Patients are often unaware of alternatives, doctors resist prescribing them, and chemists—motivated by margins—frequently substitute not with generics, but with **higher-profit brands**. The result is a confusing, chaotic market where **the promise of low-cost medicine remains largely unrealised.**

1. What Are Generics—and Why They Matter in India

A **generic drug** is a medication that contains the same active ingredient(s), dosage form, and efficacy as a branded counterpart—but at a fraction of the price.

| **Table 1: Branded vs Generic Cost Comparison – Common Drugs (2023)** |

Drug Name (Generic)	Branded Price (₹)	Generic Price (₹)	Price Difference (%)
Atorvastatin 10mg	₹84 (Lipitor)	₹12 (Jan Aushadhi)	-86%
Metformin 500mg	₹56 (Gluformin)	₹8 (generic)	-86%

Pantoprazole 40mg	₹62 (Pantocid)	₹9 (generic)	-85%
Telmisartan 40mg	₹78 (Telma)	₹13 (generic)	-83%

Source: NPPA Pricing Portal, Jan Aushadhi Dashboard, 2023 [1]

Despite their affordability, generics make up only ~30% of private market prescriptions in India [2].

2. Why Generic Substitution Fails at the Chemist Counter

a) Lack of Prescription Clarity

Most doctors write **branded prescriptions**, which chemists are hesitant to substitute without legal protection.

b) Margin Motivation

Pharmacists earn more from selling branded drugs.

| **Table 2: Chemist Margin Comparison – Branded vs Generic** |

Drug Type	Average Margin (%)
Branded (MNC)	25-35%
Generic (open market)	10-15%
Jan Aushadhi generics	<10%

“Why would I sell a ₹9 drug when I can make triple the money selling a ₹60 one?” – Chemist, Pune

c) No Legal Framework for Substitution

India lacks **clear substitution laws** akin to those in the UK or Australia.

- Chemists cannot legally substitute unless prescription is **explicitly written as generic**
- Fear of medico-legal issues discourages substitution even if patient demands a cheaper version

3. The Jan Aushadhi Dilemma

Launched in 2008, the **Pradhan Mantri Jan Aushadhi Yojana (PMJAY)** aimed to:

- Promote generic drug use
- Create over **9,000 Jan Aushadhi Kendras (JAKs)**
- Offer **up to 90% cheaper alternatives**

Challenges:

- Many doctors still do **not prescribe generics**
- Availability at JAKs is inconsistent
- Some drugs are reported to be **inferior in packaging or perception**, leading to patient mistrust [3]

| **Table 3: Jan Aushadhi Generic Use Rate (2022 Survey)** |

Patient Location	PMJAY Drug Use (%)
Urban - Metro	12%
Urban - Tier 2	18%
Rural	9%
Overall	13.2%

4. Patient Confusion and Mistrust

- Many patients believe **“branded = better”**
- Similar sounding names cause confusion (e.g., Telma vs. Telmedin)
- Chemists don’t often explain the equivalence
- Misinformation by company reps or clinics discourages switching

“My doctor warned me not to use Jan Aushadhi drugs. He said they’re of lower quality.” – Patient, Jaipur

5. Doctors vs Chemists: A Turf War

- Doctors resist generic substitution, citing **bioavailability concerns**
- Chemists see substitution as **a right to choose among equals**
- Medical associations argue that chemist substitutions **undermine prescriptions and patient safety**

This creates a **grey zone**, with patients caught in the middle.

6. Legal and Policy Gaps

India lacks clear substitution laws seen in the West.

| **Table 4: Global Generic Substitution Laws** |

Country	Substitution Rights
USA	Mandatory substitution unless prohibited by doctor
UK	Allowed unless brand medically necessary
India	No substitution without explicit permission

The National Medical Commission (NMC) issued a 2022 directive requiring generic prescriptions—but **compliance remains poor** and **enforcement is absent**.

7. Branded Generics: The Great Indian Confusion

India’s market is full of “**branded generics**” – generic drugs sold under brand names with marketing. These:

- Occupy **>90% of the private drug market**
- Cost more than open generics but less than innovator brands
- Offer **no therapeutic advantage**, only higher margins

“There are 60 versions of amlodipine in the market – all generics, but all branded differently.” – Drug distributor, Delhi.

8. Proposed Reforms for Rational Generic Substitution

| **Table 5: Reform Ideas and Status** |

Reform Proposal	Implementation Status
Mandate generic prescribing in public hospitals	Partial, unmonitored
Legalise pharmacist substitution of Schedule H drugs	Not implemented
ePrescription systems with auto-substitution option	Pilot in Kerala

Mandatory pharmacist counselling for substitutions

Not enforced

Uniform branding code to avoid sound-alike names

Not in place

9. Can Generic Trust Be Rebuilt?

For generic substitution to become viable:

- **Pharmacists must be trained and empowered**
- **Doctors must be held accountable** for irrational brand loyalty
- **Patients must be educated** on safety and equivalence
- A national generic substitution law must protect **patient rights and pharmacist decisions**

Conclusion: Making Affordability Real

Generics are not just a cost-saving mechanism—they are the **foundation of healthcare equity**. But without reforms, they remain **an underutilized promise**, locked behind **profit-driven dispensing, brand manipulation, and policy vacuum**.

If India wants to make medicine accessible for all, it must **break the brand barrier**, empower ethical pharmacists, and build a culture of **trust in generics**.

References

1. National Pharmaceutical Pricing Authority. Ceiling Price Database. NPPA; 2023.
2. IMS Health India. Private Drug Market Trends Report. IMS; 2022.
3. Bureau of Pharma PSUs of India. Jan Aushadhi Feedback Report. BPPI; 2022.