



EDITORIAL: MINT

GENERAL STUDIES 2: SOCIAL ISSUES

TOPIC: HEALTH CARE DEVELOPMENT

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JAN AUSHADHI GETS A SHOT IN THE ARM

More than a decade after it was launched, the affordable-drug scheme is finally seeing sales pick up

Jan Aushadhi Scheme

- **Inception and Transformation:**
 - The Jan Aushadhi initiative was originally launched in 2008 under the Congress-led UPA government with a focus on affordable generic medicines.
 - It was rebranded and expanded significantly by the BJP-led NDA government in 2015, aiming to broaden its reach and impact.
- **Primary Objective:**
 - The scheme's core mission is to make unbranded generic medicines available at highly affordable prices, ensuring access to essential drugs for economically weaker sections.
 - These medicines are priced 50%-90% lower than their branded counterparts, making healthcare more accessible.
- **Current Scale of Operations:**
 - From just 80 stores in 2014, the scheme has grown to include over 14,000 kendras spread across India, with a target to expand this network to 25,000 by FY27.
 - Each day, around 1 million customers visit these stores, reflecting their growing popularity and importance.

Impressive Sales Performance

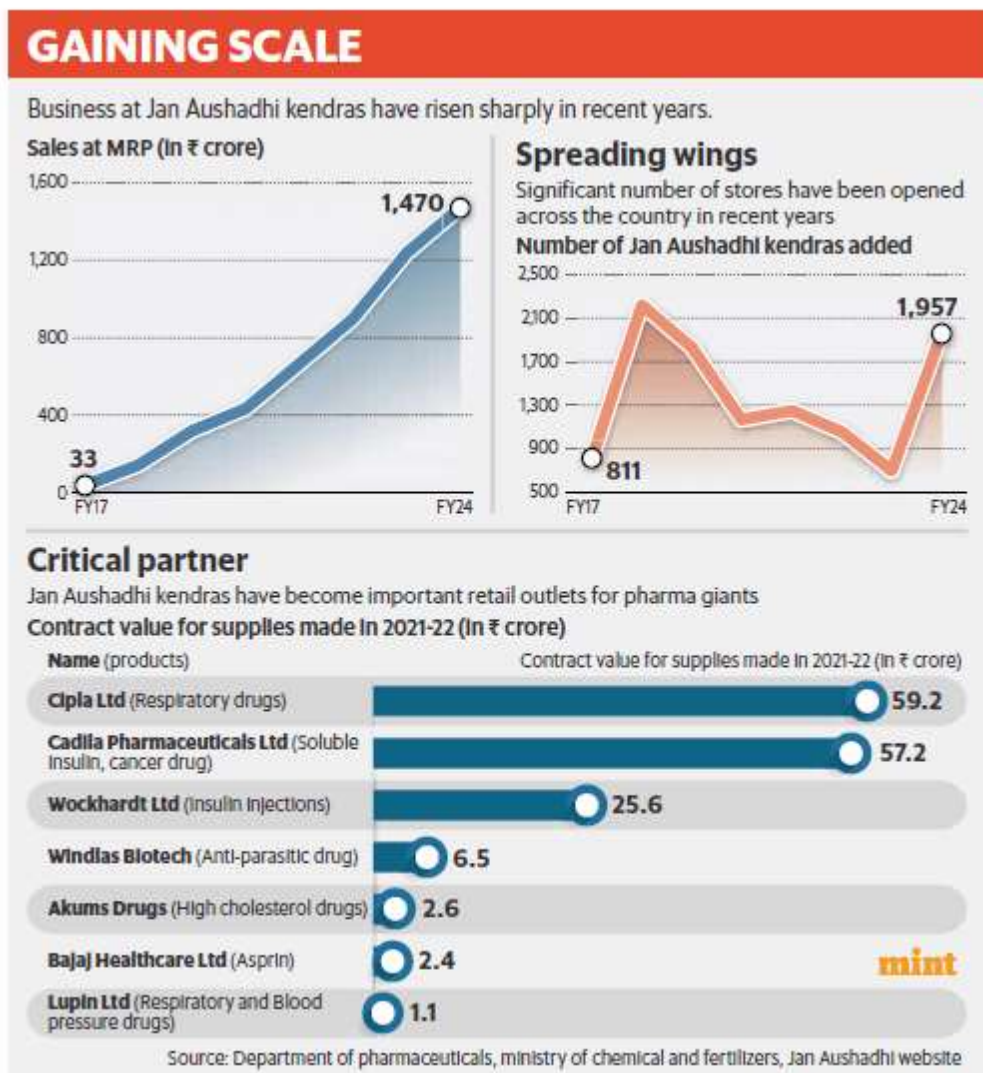
- **Record-Breaking Sales Growth in 2024:**
 - Monthly sales touched ₹200 crore in September 2024, marking a substantial 42% year-on-year increase.
 - By October, the scheme recorded cumulative sales of ₹1,000 crore, surpassing the previous financial year's total by two months.
- **Cumulative Consumer Savings:**



- Since inception, the scheme has saved consumers approximately ₹30,000 crore in medical expenses.
- For FY24 alone, consumer savings are estimated at ₹7,350 crore, highlighting the scheme's economic benefits.
- **Future Projections:**
 - With the current momentum, annual sales are expected to exceed ₹2,000 crore by the end of FY24.

Key Factors Driving Consumer Appeal

- **Affordability as a Major Driver:**





- The unbranded generics sold through Jan Aushadhi kendras offer drastic cost reductions, often priced at 50%-90% lower than equivalent branded medicines.
- This affordability is particularly crucial for patients managing chronic conditions requiring long-term medication.
- **Inclusive Demographics:**
 - The scheme benefits a diverse range of consumers, including senior citizens, families from low-income brackets, and individuals in rural and semi-urban areas.
 - The introduction of sanitary napkins priced at just ₹1 per unit has notably increased footfall among women and adolescent girls, further broadening its appeal.

Challenges in Profitability and Competition

- **Competition from Private Pharmacies:**
 - Misleadingly named private pharmacies, such as 'Mumbai Jan Aushadhi,' sell branded generics while imitating the official scheme's name and purpose.
 - Such competition diverts customers and adds confusion about the scheme's offerings.
- **Profitability Constraints for Store Owners:**
 - With profit margins capped at 20% of the drug's MRP, Jan Aushadhi stores face significant challenges in achieving financial sustainability.
 - For instance, a store must sell 1,136 strips of a single drug priced at ₹60 to generate a modest profit of ₹5,000.
 - In contrast, branded pharmacies earn higher profits per unit due to the larger price gap.

Supply Chain and Quality Concerns

- **Supply Disruptions:**
 - Frequent stock shortages have been a persistent issue for many kendras, leading to customer dissatisfaction.
 - However, measures such as establishing additional stock points in Bengaluru, Chennai, and other cities have helped improve supply chain efficiency.
- **Doubts About Quality:**
 - Despite their affordability, some doctors and consumers are hesitant to fully adopt unbranded generics due to concerns over their potency and quality.
 - Incidents involving blacklisted suppliers, such as Zee Laboratories, have further dented trust, necessitating stricter quality control measures.



Efforts to Enhance Consumer Awareness

- **Awareness Campaigns in Underserved Areas:**
 - The government organizes educational camps in rural, tribal, and remote regions to inform people about the availability and benefits of Jan Aushadhi medicines.
 - These campaigns emphasize the cost-effectiveness and reliability of generics, dispelling myths and misconceptions.
- **Product-Specific Initiatives:**
 - The introduction of ultra-affordable sanitary napkins has not only driven sales but also reinforced the scheme's commitment to addressing broader healthcare needs.

Impact on the Pharmaceutical Market

- **Limited Immediate Impact on Branded Drugs:**
 - While the growth of Jan Aushadhi and trade generics is beginning to influence market dynamics, the immediate effect on branded drug sales has been relatively modest.
 - A reduction in branded drug growth by 70-110 basis points is projected until FY28 due to the increased availability of low-cost alternatives.
- **Long-Term Market Shifts:**
 - If the current growth trajectory continues, the scheme may create significant disruptions in the pharmaceutical market in the coming years.
 - Competitive pressures are already compelling traditional pharmacies to reduce prices and adopt more efficient practices.

Innovative Business Models for Sustainability

- **Dual-Store Approach:**
 - Entrepreneurs like Vijay Gosar have adopted a dual-store model, operating both Jan Aushadhi kendras and branded generic pharmacies simultaneously.
 - This approach ensures that customers can access medicines regardless of availability issues while catering to diverse economic segments.
- **Cross-Selling Strategies:**
 - Many pharmacists recommend branded generics when Jan Aushadhi stock runs out, balancing customer retention with profitability.

Government Interventions and Vendor Dynamics

- **Stricter Quality Controls:**



- The government mandates that only WHO-GMP-certified manufacturers can supply drugs to the scheme, ensuring adherence to international quality standards.
- Suppliers found violating quality norms face blacklisting and other penalties.
- **Support for Vendors:**
 - Major pharmaceutical players like Macleod's Pharmaceuticals participate in the scheme, balancing low-margin contracts with benefits such as timely payments and bulk orders.

Broader Social Impact

- **Healthcare Affordability for Low-Income Groups:**
 - By reducing the cost of essential medications, the scheme has significantly alleviated financial burdens for families living below the poverty line.
 - Chronic illness patients, in particular, benefit from consistent access to affordable medication.
- **Competitive Ripple Effects:**
 - The scheme's pricing strategies have influenced private pharmacies to offer competitive discounts, indirectly benefiting a broader consumer base.

Conclusion and Future Outlook

- **Growing Significance:**
 - While Jan Aushadhi kendras currently represent a small fraction of India's vast pharmaceutical market, their role in promoting affordable healthcare continues to grow.
- **Sustainability Challenges:**
 - Addressing supply chain inefficiencies, quality concerns, and profitability constraints will be critical to ensuring long-term success.
- **Impact on India's Healthcare Landscape:**
 - As the scheme evolves, it is poised to play an increasingly vital role in making healthcare affordable and accessible to millions of Indians, cementing its place as a cornerstone of public health initiatives.

Source: <https://www.livemint.com/industry/pharmacy-jan-aushadhi-sales-paracetamol-pantoprazole-mumbai-bengaluru-ang-lifesciences-ridley-antibiotic-11734611952609.html>