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AN EXPLORATORY STUDY TO UNDERSTAND THE FACTORS THAT INFLUENCE PRICE CONSTRAINTS FOR NEW LAUNCHES BY GLOBAL PHARMACEUTICAL COMPANIES IN INDIA

Abstract:

The Purpose of the study is to understand and evaluate various factors that influence price constraints for new launches by global pharmaceutical companies in India. Pharmaceutical companies face the biggest challenge of pricing of new products. Due to high R and D cost patented products have to be kept at higher price so that company can maximize profit globally within the period of exclusivity. High prices often limit volume share of global pharmaceutical companies and restrict them to reach-out to mass consumers. The situation is even challenging in India as major population of patient belongs to self-pay category with limited forward planning for medical health. In addition, infringement cases challenging global pharmaceutical companies also contribute to price constraints. This study will focus on the factors that include financing schemes, Market access-strategies, market liberalization, internet trading and biosimilars on prices, with insufficient discussion identified for the effects of discounts/rebates, profits and price transparency. The outcome of the research is expected to culminate in an innovative model called New Product Pricing Model (NPPM). This model is expected to enable the Global pharmaceutical companies to overcome price as a major constraint for successful product launch in India.

Keywords:

Price constraints, Market access strategies, Market liberalization, Research and development, Biosimilars, Price transparency

JEL Classification: A20