



What's New

26.09.2020

### **NPPA Caps Price for Medical Liquid Oxygen and Oxygen Inhalation (Medicinal gas) in Cylinder**

**S.O. 3322(E).**—Whereas the Ministry of Chemicals and Fertilizers vide S.O.1394 (E) dated 30th May, 2013, in exercise of the powers conferred by Section 3 and 5 of Essential Commodities Act, 1955 has delegated the powers in respect of specified Paras of the DPCO, 2013, including Para 19 of the said Order to be exercised by the National Pharmaceutical Pricing Authority (NPPA) on behalf of the Central Government.

2. And whereas, Oxygen Inhalation (Medicinal gas) is a scheduled formulation under amended Schedule I of DPCO 2013 and NPPA had notified its ceiling price vide S.O. 5634 (E) dated 02.11.2018. After applying Wholesale Price Index (WPI), the present applicable ceiling price is Rs. 17.49 per cubic meter excluding Goods and Service Tax (GST) which is notified vide S.O. 1213(E) dated 25.03.2020.

3. And whereas, present situation of COVID-19 has resulted in increased demand of Medical Oxygen (MO) in the country. Demand has gone up almost four times, from 750MT/day to approx. 2800MT/day. Currently, during the COVID pandemic, around 50% of the total Liquid Oxygen production is being used for medical purpose in comparison to around 15% usage during the pre-COVID period. Liquid Oxygen is being diverted from industrial use to medicinal use to cope with the additional demand. Many of the States/UTs are dependent on the Medical Oxygen supply from other States/UTs. In order to meet the enhanced requirement, Medical Oxygen is being supplied to remote areas of the country after incurring additional cost on transportation. Due to on-going pandemic of COVID-19, these extra ordinary situations have caused strain at all levels in the value chain of production and supply, especially for distant and interior districts based on terrain and distance.

4. And whereas, Medical Oxygen is not only an essential life saving drug but critical for COVID management. All the clinical protocols world over recognize the role of Medical Oxygen as an essential medical therapy in clinical management of Moderate and Severe cases of COVID-19. Medical Oxygen is not only required for managing the patients of COVID-19 but also for the management of other health emergencies due to Non-COVID causes as well as for elective surgeries and other essential health service. Therefore, ensuring adequate supplies of Medical Oxygen is absolute necessity to save human lives.

5. In view of the COVID-19 pandemic, States/UTs have been advised by the Ministry of Health & Family Welfare (MoHFW) to strengthen the hospital infrastructure accordingly by creating required numbers of Oxygen Supported Beds and ICU Beds. All of these beds will require uninterrupted supply of Medical Oxygen through Medical Oxygen Cylinders and Liquid Medical Oxygen (LMO) Tanks. Without ensuring availability of Oxygen, the dedicated COVID Health Centers and COVID Hospitals can not admit or manage the COVID-19 patients. Therefore,

Medical Oxygen is an Essential Public Health Commodity and its uninterrupted availability needs to be ensured.

6. It is informed that due to increase in price of LMO being supplied to filler, the margins for them have been squeezed and are impacting their operational viability. Due to excess demand, delivery through cylinders has increased from 11% pre-COVID to 50% of current oxygen supply. It is therefore, imperative to cap price of LMO to ensure uninterrupted availability of Medical Oxygen through cylinders to the hospitals and consumers.

7. Whereas Empowered Group (EG) 3, now EG2, of the Government of India is inter-alia, mandated to ensure availability of Medical Oxygen. EG 2 in its meeting held on 21.09.2020 noted that currently, Medical Oxygen demand has increased several times due to Covid-19 and Medical Oxygen, both LMO and cylinders are required to be sent to all parts of the country, covering long distances. In view of this, EG2 requested NPPA to look into the ceiling price of medical oxygen, both LMO and cylinders. The State Governments may be required to fix the transport charges under the Disaster Management Act.

8. And whereas, looking at the present situation of COVID-19 and consumption trends of Medical Oxygen in the Country, MoHFW has delegated powers to NPPA to take all necessary steps under clause (l) of subsection (2) of the section 10 of Disaster Management Act, 2005 to immediately regulate the availability and pricing of the LMO & Medical Oxygen Cylinders.

9. And whereas, the inter-ministerial committee constituted by NPPA to monitor prices of APIs and formulations needed for COVID-19 has vide its report dated 22.09.2020 recommended that there is a need to cap the price of LMO and Medical Oxygen in cylinders.

10. The Authority in its meeting on 25.09.2020 examined the issue at length including the recommendations of EG2 and inter-ministerial committee, and decided to cap the price of LMO & Oxygen Inhalation (Medicinal gas) in cylinder.

11. Therefore, in exercise of extra ordinary powers, conferred by paragraph 19 of the Drugs (Prices Control) Order, 2013, read with S.O. No. 1394(E) dated the 30th May, 2013 issued by the Government of India in the Ministry of Chemicals and Fertilizers, and powers conferred under section 10(2)(l) of Disaster Management Act, 2005 delegated by Ministry of Health and Family Welfare vide Order No. Z-33014/45/2020-RCH/Pt.File-3 dated 23.09.2020, the Authority, in view of extraordinary circumstances as noted above, hereby in public interest, caps and notifies the price as specified in column (4) of the Table below as maximum price (ex-factory) exclusive of Goods and Services Tax (GST) as applicable, in respect of the formulation specified in the corresponding entry in column (2) of the said Table with unit specified respectively in the corresponding entries in columns (3) thereof:

<b>S. No.</b>	<b>Name of the Drug</b>	<b>Unit</b>	<b>Maximum Price (ex-factory) Excluding GST (Rs.)</b>
(1)	(2)	(3)	(4)
1	Liquid Medical Oxygen (LMO)	Cubic Meter	15.22
2	Oxygen Inhalation (Medicinal gas) in cylinder	Cubic Meter	25.71*

\*Inclusive of inward transportation cost incurred for LMO up to filler.

**Notes:**

(a) The ex-factory price as specified in column (4) in respect of the drugs mentioned in column (2) shall remain in force up to 31st March 2021 or until further orders, whichever is earlier.

(b) The ex-factory price as specified in column (4) in respect of the drug mentioned at S. No. 2 of column (2) is in supersession of price notified at S. No. 610 of S.O. 1213(E) dated 25.03.2020.

(c) Since the new rates are being notified as an emergency measure only for six months, the existing contracts for supply of Medical Oxygen made in accordance with S.O. 1213(E) dated 25.03.2020 may continue to be valid.

(d) The transport cost as fixed by the State/UT Governments would be in addition to price at (a), (b) and (c) above.

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