

NPPA steps in to cap price of Liquid Medical Oxygen and Medical Oxygen cylinders

PRESS NOTE

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1. The present situation of COVID-19 has resulted in increased demand of Medical Oxygen (MO) in the country and hence its availability is of utmost importance. Many of the States/UTs are dependent on the medical oxygen supply from other States/UTs.

2. The demand of Medical Oxygen has gone up almost four times, from 750MT/day to 2800 MT/day. This has caused strain at all levels in the value chain of production and supply. The manufacturers of Medical Oxygen and Fillers have given representation to the Government for up to three fold price increase in the Ceiling Price of gaseous Medical Oxygen.

3. The government is committed to uninterrupted supply of Medical Oxygen especially in the times of pandemic. Oxygen Inhalation (Medicinal Gas) is a scheduled formulation, covered under the National List of Essential Medicines (NLEM). Its existing Ceiling Price fixed by NPPA is Rs. 17.49/CUM. However, due to absence of price cap on liquid medical oxygen, manufacturers have hiked prices to fillers. During COVID, supply of medical oxygen through cylinders has increased from 10% to around 50% of total consumption. Price regulation at this end is imperative for continued availability of medical oxygen across the country.

4. The issue related to availability, including pricing of oxygen has been under the continued consideration of Empowered Group 2, GOI. The Empowered Group 2 has recommended NPPA to consider capping the ex-factory price of liquid oxygen in order to ensure its supply to fillers at reasonable prices. It has also requested NPPA to consider a cap for ex-factory price of oxygen in cylinders in order to ensure supply of oxygen cylinders from filler at reasonable prices.

5. To deal effectively with the situation, Ministry of Health & Family Welfare (MOH&FW), GOI has vide its letter dated 23.09.2020 conferred the delegation of powers under Section 10(2) (I) of Disaster Management Act, 2005 to NPPA to take all necessary steps to immediately regulate the availability and pricing of LMO and Medical Oxygen in cylinder.

6. The Authority deliberated upon the matter in its extra ordinary meeting held on 25.09.2020. It has been decided to invoke extra-ordinary powers in public interest, under Para 19 of DPCO, 13 and under Section 10(20) (I) of Disaster Management Act, 2005 to deal with the emergent situation arising due to the pandemic. Accordingly it has been decided:

To cap the ex- factory price of Liquid Medical Oxygen (LMO) at manufacturers end at Rs. 15.22/CUM exclusive of GST; and

To further cap the ex-factory cost of Medical Oxygen Cylinder at filler end at Rs. 25.71/CUM exclusive of GST in suppression of the existing Ceiling Price of Rs. 17.49/CUM, subject to transportation cost fixation at state level, for six months.

7. The existing rate contracts of state governments for oxygen purchase, as applicable, shall continue, in consumer interest.

The ex-factory price cap of LMO and oxygen gas cylinders will be applicable to domestic production.

The above measures will ensure availability of medical oxygen at consumer end at reasonable price both at

hospital level and through oxygen cylinders, especially to distant and interior districts.

National Pharmaceutical Pricing Authority

Department of pharmaceuticals

Ministry of Chemicals and Fertilizers

Govt of India

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RCJ/RKM

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