



**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS  
(2007-08)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)**

**DEMANDS FOR GRANTS  
(2008-2009)**

**TWENTY-FIFTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 2008/Chaitra, 1930 (Saka)*

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(2007-08)**

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(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)**

**DEMANDS FOR GRANTS**

**(2008-2009)**

*Presented to Lok Sabha on 16.04.2008*

*Laid in Rajya Sabha on 23.04.2008.*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 2008/Chaitra, 1930 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2007-08)**

***Shri Anant Gangaram Geete - Chairman***

***Members***

***Lok Sabha***

2. Shri Ajit Singh
3. Shri Afzal Ansari
4. Shri Jaiprakash (Mohanlal Ganj)
5. Shri Sunil Khan
6. Shri Shrichand Kripalani
7. Shri Subhash Maharia
8. Shri Punnu Lal Mohale
9. Shri A. Narendra
10. Shri Prasanta Pradhan
11. Shri Ramswaroop Prasad
12. Shri P. Chalapathi Rao
13. Shri Ashok Kumar Rawat
14. Shri Anantha Venkata Rami Reddy
15. Shri Devvrat Singh
16. Shri Narsingrao H. Suryawanshi
17. Shri Mansukhbhai Dhanjibhai Vasava
18. Shri D. Venugopal
19. Shri Bhanu Pratap Singh Verma
- \* 20. Vacant
- \$21. Vacant

***Rajya Sabha***

22. Shri B.S. Gnanadesikan
23. Shri Gireesh Kumar Sanghi
24. Shri V. Hanumantha Rao
25. Shri Mahendra Sahni
26. Shri Dilip Singh Judev
27. Shri Raj Mohinder Singh Majitha
- \*\*28. Vacant
- \*\*29. Vacant
- \*\*30. Vacant
- \$\$31. Vacant

***Secretariat***

- |    |                           |   |                                   |
|----|---------------------------|---|-----------------------------------|
| 1. | Shri A.K. Singh           | - | <i>Joint Secretary</i>            |
| 2. | Shri A.S. Chera           | - | <i>Director</i>                   |
| 3. | Shri A.K. Srivastava      | - | <i>Deputy Secretary-II</i>        |
| 4. | Smt. Balwant Kaur Saimbhi | - | <i>Under Secretary</i>            |
| 5. | Shri Prem Ranjan          | - | <i>Senior Committee Assistant</i> |

\* Consequent upon nomination to the Committee on Food, Consumer Affairs and Public Distribution, Shri Suresh Angadi, MP (LS) ceased to be Member of the Committee w.e.f. 30.08.2007.

\$ Consequent upon nomination to the Committee on Industry, Shri Subhash Sureshchandra Deshmukh, MP (LS) ceased to be Member of the Committee w.e.f. 23.01.2008.

\*\* Shri Debabrata Biswas, Shri Surendra Lath and Shri R. Shunmugasundaram ceased to be Member of this Committee w.e.f. 2<sup>nd</sup> April 2008 after their retirement from Rajya Sabha.

\$\$ Shri T.R. Zeliang ceased to be Member of this Committee consequent upon his election to Nagaland Legislative Assembly w.e.f. 24.03.2008.

## **INTRODUCTION**

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2007-08) having been authorised by the Committee to submit the Report on their behalf present this Twenty-fifth Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2008-09.

2. The Committee examined the Demands for Grants pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2008-09 which were laid in Lok Sabha on 13<sup>th</sup> March, 2008 and in Rajya Sabha on 14<sup>th</sup> March, 2008.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) at their sitting held on 27<sup>th</sup> March, 2008.

4. The Committee considered and adopted the Report at their sitting held on 10<sup>th</sup> April, 2008.

5. The Committee express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for furnishing the material and other information, which they desired in connection with the examination of Demands for Grants of the Department for the year 2008-09 and for giving evidence before the Committee.

6. The Committee place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

**New Delhi;**

**April 15, 2008**

**Chaitra 26, 1930 (Saka)**

**ANANT GANGARAM GEETE**

**Chairman,  
Standing Committee on  
Chemicals and Fertilizers.**

## REPORT

### **INTRODUCTORY**

The Department of Chemicals and Petrochemicals in the Ministry of Chemicals and Fertilizers are entrusted with the responsibilities of planning, development and regulation of the chemicals, petro-chemicals and pharmaceutical industry sectors. The following Public Sector Undertakings/Institutions/ Organizations are within the administrative control of the Department:-

#### **Public Sector Undertakings:**

- (i) Hindustan Organic Chemicals Limited (HOCL)
- (ii) Hindustan Insecticides Limited (HIL)
- (iii) Indian Drugs & Pharmaceuticals Limited (IDPL)
- (iv) Hindustan Antibiotics Limited (HAL)
- (v) Smith Stanistreet Pharmaceuticals Limited (SSPL)
- (vi) Bengal Chemicals & Pharmaceuticals Limited (BCPL)
- (vii) Bengal Immunity Limited (BIL)

#### **Autonomous Organizations:**

- (i) Central Institute of Plastics Engineering & Technology (CIPET)
- (ii) National Institute of Pharmaceuticals Education & Research (NIPER)
- (iii) Institute of Pesticides Formulation Technology (IPFT)

2. The Department is also having an attached office viz. National Pharmaceutical Pricing Authority (NPPA) headed by a Secretary level Officer as Chairman. NPPA deals with pricing and monitoring of bulk drugs and formulations as per the provisions of DPCO'95 enacted under Drugs and Cosmetics Act, 1940.

**I. IMPLEMENTATION STATUS OF RECOMMENDATIONS CONTAINED IN THE SIXTEENTH REPORT ON DEMANDS FOR GRANTS (2007-08) OF THE DEPARTMENT OF CHEMICALS AND PETROCHEMICALS.**

3. The Standing Committee on Chemicals and Fertilizers presented their Sixteenth Report on Demands for Grants (DFG) of the Department of Chemicals and Petrochemicals (DOC&PC) for the year 2007-08 on 26<sup>th</sup> April, 2007. The Twenty-first Report on 'Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Committee on Demands for Grants (2007-08) was presented to Lok Sabha on 20<sup>th</sup> November, 2007. Out of 18 recommendations, 12 recommendations (Sl. Nos. 1, 2, 4, 5, 6, 7, 8, 10, 12, 13, 15 and 16) were accepted by the Government. The reply of the Government in respect of recommendation at Sl. No. 11 was not accepted by the Committee. The Committee reiterated this recommendation in their Twenty-first Report. The replies of DOC&PC were of interim nature in respect of 5 recommendations at Sl. Nos. 3, 9, 14, 17 and 18. Besides, the Committee had given their comments on recommendations at Sl. Nos. 1, 5, 6, 9, 10, 11, 12, 13, 15, 16 and 17. Subsequently, the Minister of State in the Ministry of Chemicals and Fertilizers made a statement in Lok Sabha on 4<sup>th</sup> December, 2007 regarding the status of implementation of the recommendations contained in the Sixteenth Report on Demands for Grants (2007-08) under direction 73A of the directions by the Speaker, Lok Sabha. The information made available to the Committee in the regard to implementation of recommendations of the Committee made in their Report has been summarized as follows:-

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
<b>I. Gist of the recommendations which were accepted by the Government</b>		
1	The Committee had recommended for implementation of the partially implemented/not implemented recommendations contained in the Eleventh Report on Demands for Grants (2006-07) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).	The Minister has stated that the Standing Committee has analyzed the recommendations contained in their Eleventh Report on Demands for Grants (2006-07).
2	The Committee had recommended that planning should be done properly to ensure utilization of allocated funds in proportionate manner during each year of the Plan and to discourage the trend of utilization of major portion of allocated funds during the terminal	The Department of Chemicals and Petrochemicals has stated that it will ensure that utilization of Plan funds, as far as possible is systematic and in proportion with the Plan allocations.



	year of the Plan period.	
4	The Committee had recommended that steps should be taken for timely completion of the project for establishment of new extension centres of CIPET at Panipat, Jaipur and Aurangabad. The Committee had also desired that in future CIPET centres should be established in the vicinity of polytechnic centres imparting education in plastic/polymer technology.	The Minister has stated that the basic machineries for conducting training programmes in three new centres of CIPET have been installed and projects are likely to be completed by March 2009. However, all the three centres are functional in hired premises.
5	The Committee had hoped that all cases relating to the disbursement of pro-rata compensation to the victims of Bhopal Gas Leak Disaster would be disposed of expeditiously. Besides, the Committee had recommended that Department should take up with the Ministry of Urban Development and State Government of Madhya Pradesh for providing safe drinking water in area affected by Bhopal Gas Leak Disaster and make sincere efforts to contain the problem of water contaminations in the affected area.	The Minister has stated that Government of India has sanctioned funds for a project under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for which the Government of Madhya Pradesh had sanctioned Rs. 14.18 crore to Bhopal Municipal Corp. for providing safe drinking water through pipelines from Kolar Reservoir to 14 localities around Union Carbide India Ltd. plant site. As per directions of Supreme Court, pro-rata compensation to the victims of Bhopal Gas Leak Disaster had been completed. An application in respect of nearly 19000 absentee claimants had been filed by the Office of the Welfare Commissioner in the Hon'ble Supreme Court on 23.08.2006 to treat all such cases as closed. The matter is still pending in the Supreme Court.

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
6	The Committee had recommended that the toxic wastes from Union Carbide Plant site at Bhopal be removed without any further delay.	The Minister has stated that Government of India has contributed Rs. 1.00 crore to the account opened for the removal of toxic waste from Union Carbide Plant Site at Bhopal so far for the implementation of the road map.
7	The Committee had recommended that all out efforts should be made to make the Assam Gas Cracker project complete and functional within the stipulated time period.	The Minister has stated that the Government of India has sanctioned Rs. 30.00 crore on 31.10.2007 as Capital Subsidy to Brahmaputra Cracker and Polymer Limited for implementation of Assam Gas Cracker Project.
8	The Committee had hoped that the Scientists and Director would join the Institute of Pesticides Formulation Technology (IPFT) very soon so that it discharge its assigned function smoothly.	The Minister has stated that the shortage of manpower in IPFT has been plugged by appointing 7 scientists and one Hindi Translator. The selected candidate for Director IPFT has joined the organization.
10	The Committee had observed that safety steps are not only for adherence to Chemical Weapons Convention but also for the safety of general public at large.	The Department of Chemicals and Petrochemicals has stated that while undertaking the awareness generation programmes for Chemical Weapons Convention and the CWC Act, the importance of these programmes for ensuring adherence to the CWC, the relevance to the safety of factory workers and general public at large as per the Safety, Health & Environment (SHE) regulatory measures will also be properly brought out.
12	The Committee had recommended that vigorous and sustained efforts should be made for promotion of export of pharmaceuticals.	The Minister has stated that the Cabinet has approved the Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) in its meeting held on 8 <sup>th</sup> March, 2007. The Department of Chemicals and Petrochemicals is the nodal Department for this policy.

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
13	The Committee had desired that the funds earmarked for Chemicals Promotion and Development Scheme (CPDS) should be utilized fully to achieve the desired results.	The Minister has stated that Trade Promotion and Investment in the sector is being promoted through 'India Chem' and participation in other such events using 'Chemical Promotion and Development Scheme' fund.
15	The Committee had recommended that all-out efforts should be made to revive sick Pharmaceuticals PSUs. The Committee had also recommended that besides financial support, more autonomy should be given and effective managerial skill among Officers should be developed.	The Minister has stated an MOU has also been signed between Department of Chemicals and Petrochemicals and Public Sector Undertakings which provides for issues concerning more autonomy and delegation of powers to CPSUs.
16	The Committee had recommended that Government should not frequently change their economic policy, especially in such cases where a substantial amount of money is involved. The Committee had also cautioned that before setting up units like Caustic Soda Plant in Rasayani in Maharashtra by HOCL the arrangement of all inputs like power, land, water, etc. should be explored in tandem with the State Government.	The Minister has stated that funds to restart the Caustic Chlorine Plant of HOCL has also been sanctioned to the tune of Rs. 20.00 crore.
<b>II. Gist of recommendations in respect of which reply of the Government has not been accepted by the Committee.</b>		
11	The Committee had hoped that National Pharmaceutical Policy, 2006 would be finalized soon and the funds earmarked for NPPA would be utilized fully to achieve the objectives for which they are allocated.	The Minister has stated that the National Pharmaceutical Policy, 2006 has been referred by Cabinet to a Group of Ministers for examination and making recommendations.

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
<b>III. Gist of recommendations for which replies of the Government were of interim nature</b>		
3	The Committee had recommended that the Department should take up with the Planning Commission for early consideration and approval of 11 <sup>th</sup> Five Year Plan and in meantime all the formalities should be completed so that delay in Plan formulation has no adverse impact on the medium and long term programmes of the Department.	The Minister has stated that the mandatory EFC/SFC meeting for long term programmes of the Department are being held.
9	The Committee had recommended that new schemes/projects of the National Institute of Pharmaceutical Education and Research (NIPER) should be completed in a time bound manner. The Committee had also recommended for setting up more NIPER like Institutes in the country.	The Minister has stated that Cabinet has accorded in principle approval to start six NIPERs at Ahmedabad (Gujarat), Hyderabad (Andhra Pradesh), Hajipur (Bihar), Kolkata (West Bengal), Guwahati (Assam) and Raebareli (Uttar Pradesh).
14	The Committee had recommended that small sector industries should be made aware of the scheme of 'Interest Subsidy' so that they could avail the facility.	The Minister has stated that the scheme of 'Interest subsidy' to enable the units in the small scale to fulfil the stipulated criteria of Schedule 'M' of Drugs and Cosmetics Act, 1940 is under consideration of Planning Commission.
17	The Committee had hoped that the recommendation of BRPSE for revival of IDPL would be implemented soon and Government would do their best for the revival of IDPL keeping in view its social obligation.	The Minister has stated that the recommendation of BRPSE for revival of IDPL was placed before Cabinet which has referred the proposal to a Group of Ministers. Group of Ministers has been constituted and first meeting of Group of Ministers was held on 11.10.2007.
18	The Committee had recommended that approved revival/rehabilitation proposals in regard to PSUs under the Department of Chemicals and Petrochemicals should be implemented within a time bound manner. The Committee had also desired that the Department should take urgent steps for getting revival/rehabilitation proposal in respect of IDPL approved by the Government and the report in case of Bengal Immunity Limited (BIL) be examined without any further delay.	The Minister has stated that the Committee constituted to explore the possibility of revival of Bengal Immunity Limited (BIL) recommended revival of BIL through public private partnership mode. Procedural aspects of the above are under examination.

4. The Committee have analyzed the implementation of recommendations/observations contained in their Sixteenth Report on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals). The analysis of the Committee shows that out of 18 recommendations contained in their Report, the Government have implemented some recommendations viz. Recommendation Sl. Nos. 1, 2, 8, 10, 12, 13 and 15. Some recommendations viz. Recommendation Sl. Nos. 4, 5, 6, 7, and 16 as per latest information submitted to the Committee are at various stages of implementation. The Committee, therefore, desire that the Government should implement the recommendations expeditiously and apprise the Committee of the action taken in this regard.

*(Recommendation Sl. No. 1)*

## II. FIVE YEAR PLANS AND ANNUAL PLANS

### 11<sup>th</sup> Five Year Plan

5. The Scheme-wise Outlays of Plan during the 11<sup>th</sup> Plan, approved by the Planning Commission, are as follows:-

#### Approved 11<sup>th</sup> Plan outlay

(Rs. crore)

Sl. No.	Name of the Scheme	Outlay
<b>I</b>	<b>Project Based Support to PSUs</b>	<b>360.00</b>
<b>II</b>	<b>Project Based Support to Autonomous Institutions</b>	<b>192.00</b>
1	Central Institute of Plastics Engineering and Technology (CIPET) *	67.00
2	Institute of Pesticides Formulations Technology(IPFT)	25.00
3	National Institute of Pharmaceutical Education and	95.00
4	National Pharmaceutical Pricing Authority(NPPA)	5.00
<b>III</b>	<b>Other Ongoing Schemes</b>	<b>220.00</b>
1	Assam Gas Cracker Project \$	200.00
2	Chemicals Promotion & Development Scheme( CPDS)	15.00
3	Chemical Weapons Convention(CWC)	4.00
4	IT/Secretariat	1.00

*\$ Only token provision has been made for Assam Gas Cracker Project for XI Plan. Total outlay proposed for capital subsidy for the project is Rs. 2138 crore.*

*\* 11th plan outlay includes Rs. 55.35 crore EAP (OPEC loan).*

IV	New Schemes initiated in the XI Plan	1188.00
1	New Schemes of CIPET	70.00
2	Other New Schemes of Petrochemicals	50.00
3	New Schemes for NIPER, Mohali	69.00
4	New NIPER like Institutes	514.00
5	Interest Subsidy for Schedule M compliance	340.00
7	Strengthening of NPPA	60.00
8	Creation of IPR facilitation center at Pharmaexcil	5.00
9	ERP, R&D Parks	5.00
10	Critical assistance for WHO pre-qualification for pharma	75.00
	<b>Total</b>	<b>1960.00</b>

IEBR = Rs.6.68 crores.

6. Year-wise Plan allocation for 2007-08 (RE) and 2008-09 (BE) are as follows:-

**Department of Chemicals & Petrochemicals – Plan Outlays**

(Rs. crore)

<b>Schemes/ Programmes</b>	<b>11<sup>th</sup> Plan</b>	<b>2007-08 RE</b>	<b>2008-09 BE</b>
<b>PSUs</b>	<b>360.00</b>	<b>35.15</b>	<b>30.00</b>
<b>Autonomous Institutions</b>	<b>187.00</b>	<b>51.45</b>	<b>45.00</b>
1. CIPET	67.00	29.45	15.0
2. IPFT	25.00	5.00	5.00
3. NIPER	95.00	17.00	25.00
<b>Departmental Schemes</b>	<b>225.00</b>	<b>46.45</b>	<b>104.50</b>
4. CWC	4.00	0.40	0.50
5. PCPDS	15.00	3.00	2.00
6. NPPA	5.00	9.50	1.50
7. IT/Secretariat	1.00	0.50	0.50
8. Assam Gas Cracker Project	200.00	12.10	100.00
9. Provision for NE	*	20.90	*
<b>New Schemes initiated in the 11<sup>th</sup> Plan</b>	<b>1188.00</b>	<b>37.00</b>	<b>115.50</b>
10. New Schemes of CIPET	70.00	3.00	16.00
11. Other New Schemes of Petrochemicals	50.00	3.00	2.00
12. New Schemes for NIPER, Mohali	69.00	7.00	15.00
13. New NIPER like Institutes	514.00	10.00	35.00
14. Interest Subsidy for Schedule M	340.00	11.80	27.00
15. Strengthening of NPPA	60.00		10.00
16. Creation of IPR facilitation center at Pharmaexcil	5.00	0.20	0.50
17. ERP, R&D Parks	5.00	1.00	-
18. Critical assistance for WHO pre-qualification for pharma PSUs/R&D	75.00	1.00	10.00
<b>Total</b>	<b>1960.00</b>	<b>170.00</b>	<b>295.00</b>

\*Not shown separately as all the expenditure in NE is being incurred on AGCP.

7. Details of scheme-wise outlays and percent achievement in terms of financial targets for 2007-08 (i.e. first year of the 11<sup>th</sup> Five Year Plan) are as follows:-

**2007-08 plan outlays and achievements**

(Rs. crore)

Plan Scheme	BE Outlay	RE Outlay	Actual Expenditure upto 15.2.08	%age Achievement against BE	Remarks
1. Support to PSUs	30.01	35.15	27.00	77	Includes reappropriation to be approved in 3 <sup>rd</sup> Supplementary
2. CIPET (ongoing and new)	38.51	32.45	24.54	64	
3. IPFT	5.00	5.00	3.88	78	
4. NIPER (ongoing and new)	25.66	24.00	24.16	94	Includes Rs.0.47 from N.E. Head and Rs.0.31 to be reappropriated
5. CWC	0.40	0.40	0.28	70	
6. CPDS	3.10	3.00	0.88	28	
7. NPPA (ongoing and new)	11.50	9.50	0.06	1	Rs.9.44 crs. to be reappropriated
8. IT/Secretariat	2.00	0.50	0.40	20	
9. Assam Gas Cracker Project	42.62	12.10	30.00	70	
10. Provision for NE	20.90	20.90	Exp. Taken to Functional Heads.	-	Rs.2.53 cr. to be reappropriated.
11. New Schemes of Petrochemicals	5.25	3.00	0.44	14	Rs.2.35 cr. to be reappropriated.
12. New NIPER like institutes	10.00	10.00	8.19	82	Rs.0.31 cr. to be reappropriated.
13. Interest Subsidy for Schedule M compliance	15.00	11.80	0.00	-	Rs.11.80 cr. to be reappropriated.
14. Creation of IPR facilitation center at Pharmaexcil	0.01	0.20	0.20	#	Rs.1.00 cr. to be reappropriated.
15. ERP, R&D Parks	0.01	1.00	0.00	#	
16. Critical assistance for WHO pre-qualification for pharma PSUs/R&D	0.01	1.00	0.00	#	
17. PPP Schemes for Drug banks	0.01				
18. PPP Schemes for Cancer Medicines	0.01				
19. Apex body for re-positioning of Pharma PSUs	1.00				
<b>Total</b>	<b>209.00</b>	<b>170.00</b>	<b>120.03</b>	<b>57</b>	

**# Amounts since increased in RE.**



**- The percentage of expenditure against RE 2007-08 of Rs.170.00 is 70.60%.**

8. On being asked whether the target fixed for the first year of 11<sup>th</sup> Five Year Plan achieved, the Department replied as under:-

“Not all schemes of the Department are amenable to quantifiable deliverables. However, some of the important achievements which are of a quantifiable nature are summarized below in respect of 2007-08:-

- i. A total number of 4524 students were enrolled in several long term courses in CIPET.
- ii. Action was initiated in 2007-08 for establishment of 6 New NIPER like Institutes, one each at Ahmadabad, Hyderabad, Hazipur, Kolkata, Guwahati and Rae Bareli and classes in four new NIPERs, except Guwahati and Rae Bareli, have been started with the help of Mentor Institutes from academic session of 2007-08.
- iii. NPPA revised/examined prices of 27 Bulk Drugs and 763 Formulations during 2007-08 (up to January, 2008).
- iv. Eight programmes for awareness creation were undertaken under CWC.
- v. PCPIR Policy was approved and promotion activities have resulted in receipt of six applications from the States of Andhra Pradesh, Gujarat, Karnataka, Orissa, Tamil Nadu and West Bengal for hosting PCPIRs.

The financial targets for 2007-08 (i.e. first year of the 11th Five Year Plan) could be achieved, by and large, in respect of most of the schemes of the Department except new schemes of NPPA, Assam Gas Cracker Project and the Interest Subsidy Scheme for Schedule “M” compliance. One of the reasons for shortfall in the expenditure was delay in getting the approvals of the Planning Commission during the first year of the Plan. Three schemes namely PPP Schemes for Drug banks, PPP Schemes for Cancer Medicines and Apex body for re-positioning of Pharma PSUs, against which token amount of Rs 0.01 crore, Rs 0.01

crore and Rs 1.00 crore respectively was included in 2007-08 (BE), were not taken up for implementation on account of non approval by the Planning Commission and transfer of these initiatives to the Health Ministry.”

9. When the Committee asked about the strategy adopted to achieve the target fixed for 11<sup>th</sup> Five Year Plan, the Department stated as under:-

“Keeping in view the guiding tenet of inclusive growth envisaged for the 11<sup>th</sup> Plan, the Department proposes to endeavor to make the Chemical Sector an engine of higher economic growth. In the Petrochemical sector, focus during the 11<sup>th</sup> plan will be on capturing a slice of resurgent Asian demand in Polymers through additions in capacity/production as well as on increasing the domestic demand and annual per capita consumption of plastics and synthetic fibres by increasing the use of petrochemicals in thrust areas. Schemes such as Assam Gas Cracker Project will lead to substantial employment generation-direct as well indirect. Training programmes such as that of CIPET, will provide employment opportunities to youth and also self employment opportunities and promote entrepreneurship and development of small scale enterprises. In the pharmaceutical sector, several programmes (including revival of pharma PSUs), of which the major ultimate beneficiaries would be the poor, are conceived. In the chemical sector, revival of the PSUs shall facilitate Government’s endeavours of providing insecticides to the farmers at affordable prices, besides aiding the health oriented schemes like National Anti-malarial Programme. Most importantly, Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) are proposed to be developed with an internationally competitive and hassle free environment with world class infrastructure facilities. Such integrated complex would reap the benefits of co-siting, networking and greater efficiency through use of common infrastructure support services.

The Department is taking all the necessary steps for proper and timely utilization of the outlay. It is being ensured that the meetings of EFC/SFC are held in time. All efforts are being made to complete attendant formalities like identification/acquisition of land, signing of MOU etc. wherever required. It is also our endeavour to see that the rehabilitation packages are implemented properly and rehabilitated PSUs function efficiently and earn profit. Also, the strategy adopted for achieving 11<sup>th</sup> plan targets include preparation of outcome budget and monitoring of expenditure and outcome targets at regular intervals. It is also proposed to monitor progress of the plan expenditure on a monthly basis.”

10. Further, during evidence dated 27.03.2008 Secretary, Department of Chemicals and Petrochemicals stated as under:-

“..... my colleagues, officers Chiefs of CPSUs and staff of the department would make every effort to achieve the targets set out in the Eleventh Plan.”

11. The Committee have been informed that the Planning Commission have approved outlays of Rs.1960.00 crore for different schemes of the Department of Chemicals and Petrochemicals during the 11<sup>th</sup> Five Year Plan. The Committee have also been informed that plan allocation for 2007-08 (RE) and 2008-09 (BE) are Rs.170.00 and Rs.295.00 crore respectively. While appreciating the fact that the Department have made some important achievements during the year 2007-08 such as action initiated for establishment of 6 new NIPER like Institutes , approval and promotion of PCPIR policy etc., and the Department have endeavoured to make the chemical sector an engine of higher economic growth, the Committee recommend that the Department should adopt proper planning to achieve the targets set out in the 11<sup>th</sup> Five Year Plan. The Committee also recommend that the allocated funds should be utilized in proportionate manner during each year of the plan and the previous trend of utilization of major portion of allocated funds during the terminal year of the plan period should be discouraged.

(Recommendation SI.No.2)

### III. DEMANDS FOR GRANTS OF THE DEPARTMENT FOR THE YEAR 2008-09

12. The following Table gives the actual expenditure for the year 2006-07, BE and RE for 2007-08 and BE for 2008-09 of the Department of Chemicals and Petrochemicals (Demand No.6):-

(Rs. in crore)

Major Head	Actuals 2006-07			Budget Estimates 2007-08			Revised Estimates 2007-08			Budget Estimates 2008-09		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	51.1905	113.0494	164.2399	158.99	39.51	198.50	114.85	40.35	155.20	251.50	45.30	296.80
Capital	371.41	84.87	456.28	50.01	8.49	58.50	55.15	8.48	63.63	43.50	6.70	50.20
<b>Total</b>	<b>422.6005</b>	<b>197.9194</b>	<b>620.5199</b>	<b>209.00</b>	<b>48.00</b>	<b>257.00</b>	<b>170.00</b>	<b>48.83</b>	<b>218.83</b>	<b>295.00</b>	<b>52.00</b>	<b>347.00</b>

13. The Heads under which the grant has been accounted is as under:-

	Budget 2007-08				Revised 2007-08			Budget Estimates 2008-09		
	Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>Revenue Section</b>										
Secretariat-Economic Services	3451	...	11.79	11.79	0.50	11.77	12.27	0.50	12.16	12.66
North Eastern Areas	2552	20.90	.....	20.90	20.90	....	20.90	29.50	....	29.50
Industries	2852	138.09	27.72	165.81	93.45	28.58	122.03	221.50	33.14	254.64
<b>Total-Revenue Section</b>		<b>158.99</b>	<b>39.51</b>	<b>198.50</b>	<b>114.85</b>	<b>40.35</b>	<b>155.20</b>	<b>251.50</b>	<b>45.30</b>	<b>296.80</b>
<b>Capital Section</b>										
Capital Outlay on Chemicals and Pharmaceutical Industries	4857	2.00	....	2.00	8.15	....	8.15	....	....	....
Loans for Petro-Chemical Industries	6856	20.00	1.00	21.00	20.00	1.00	21.00	13.50	1.00	14.50
Loans for Chemical and Pharmaceutical Industries	6857	28.01	7.49	35.50	27.00	7.48	34.48	30.00	5.70	35.70
<b>Total-Capital Section</b>		<b>50.01</b>	<b>8.49</b>	<b>58.50</b>	<b>55.15</b>	<b>8.48</b>	<b>63.63</b>	<b>43.50</b>	<b>6.70</b>	<b>50.20</b>
<b>Grand Total</b>		<b>209.00</b>	<b>48.00</b>	<b>257.00</b>	<b>170.00</b>	<b>48.83</b>	<b>218.83</b>	<b>295.00</b>	<b>52.00</b>	<b>347.00</b>

#### IV. HEAD-WISE ANALYSIS OF DEMANDS FOR GRANTS (2008-09)

##### MAJOR HEAD 3451

##### A. Secretariat Economic Services

14. The following Table gives the actual expenditure for the year 2006-07, BE and RE for 2007-08 and BE 2008-09 for Secretariat Economic Services (i.e. salary, office expenses, travel, telephones, etc.) :-

(Rs. in crore)

(i)	Actuals (2006-07)		BE(2007-08)		RE(2007-08)		BE(2008-09)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
	0.4653	8.0570	--	11.79	0.50	11.77	0.50	12.16

15. From the item-wise details, it has been observed that ;

- (i) Salary bill has increased from Rs. 5.2085 crore in 2006-07 to Rs. 6.30 crore in 2008-09.
- (ii) Domestic travel expenditure has increased from Rs. 48.86 lakh in 2006-07 to Rs. 50 Lakh in 2008-09.
- (iii) Foreign travel expenditure has increased from Rs. 59.94 lakh in 2006-07 to Rs. 75 Lakh in 2008-09.
- (iv) Office expenses have increased from Rs.1.4386 crore in 2006-07 to Rs. 1.56 crore in 2008-09.
- (v) Other administrative expenditure have increased from Rs. 5.26 lakh in 2005-06 to Rs. 11.10 lakh in 2007-08.

16. In this connection, when the Committee asked whether the above increase in expenditure has been examined in details, the Department in their written reply, submitted as under:-

**“(i)** The increase in expenditure is looked at, in depth, and the actual expenditure under the ‘Salary’ sub-head is based on actual strength. During 2006-07 it was Rs. 5.20 crore. During 2007-08, it is Rs. 5.92 crore and the Budget Estimate for the year 2008-09 is Rs. 6.30 crore. The estimate of salary for a particular year is made on the basis of actual expenditure in the previous year. In addition, provisions are also made for such components as total strength of staff, DA, Annual Increments, etc. Besides these regular features contributing to the increase of salary, it takes into account increase in the sanctioned strength of any additional posts.

**(ii) & (iii).** So far as the expenditure on Domestic Travel is concerned, there has been only a minor increase of Rs. 1.14 lakhs between the actual expenditure in 2006-07 to BE 2008-09. There is however, an increase in Foreign Travel expenditure over the past two years. The increase in expenditure on foreign travel was unavoidable as the officers of the Department had to undertake a number of foreign visits to fulfil the legal obligations for Chemical Weapons Convention and also for promotion of India Chem and Policy on Petroleum, Chemicals and Petrochemicals Investment Regions(PCPIR). In addition bilateral meetings, promotion of exports of Pharmaceuticals and Petrochemicals required international travel.

**(iv).** The proposal for additional Budgetary Support for the year 2008-09 under OE head has been prepared after examining and considering the trend of expenditure on various items covered under this head during the previous years and also keeping in view the rising trend in prices of the goods and commodities and items like Petrol and Oil etc. and increasing responsibilities of the Department. Currently the monthly average expenditure under OE head is approx. Rs.13.00 lakhs. Thus, the total expenditure for the year 2008-09 under OE Head is estimated as Rs. 156.00 lakhs.

(v). The proposal for additional Budgetary Support under OAE Head is examined and finalised after analyzing the requests received from the different Divisions of the Department and also keeping in view the trend of expenditure under this Head during the previous years. Apart from the regular expenditure under the OAE Head, an assessment is made of training requirements, conference requirements and requirements of support services.”

17. On being asked whether the guidelines of the Ministry of Finance in regard to the economy measures in the Secretariat expenditure are being strictly followed in the Department and whether the Department could quantify such savings during each of the last three years, the Department submitted as under:-

“The guidelines of the Ministry of Finance in regard to economy measures in Secretarial expenditure are being followed strictly in the Department. In compliance with the mandatory cut on the budgetary allocation for Non-plan expenditure during the financial year (FY) 2006-07 there were saving of Rs.8.00 lakhs approximately in OE and other heads controlled by the Admn Section and for the FY 2005-06 there were savings of Rs.29 lakh approx. and for the FY 2004-05 saving figures were around Rs. 19 lakhs under the OE and other heads like OAE, Publication, Professional Services & Medical Treatment.”



**MAJOR HEAD 2852 and 6856****B. Central Institute of Plastics Engineering and Technology (CIPET)**

18. Central Institute of Plastics Engineering & Technology (CIPET) is an autonomous institute, functioning under the aegis of Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India with its Corporate Office at Chennai. The institute has 15 Centres across the country located at Ahmedabad, Amritsar, Aurangabad, Bhopal, Bhubaneshwar, Chennai, Guwahati, Haldia, Hajipur, Hyderabad, Jaipur, Lucknow, Mysore, Panipat and Imphal.

19. CIPET's prime objectives include training of manpower in different disciplines of Plastics Engineering & Technology and technical support/consultancy services to the plastics & allied industries on various technological aspects. CIPET has been accredited with ISO 9001-2000 certification on "Design Development and Conduct of Specialized Training Courses in Plastic Engineering & Technology and rendering Technical/Consultancy Services in Design, Tooling, Plastics Processing & Testing to the Plastics & Allied Industry".

20. The institute has well-developed facilities in the areas of plastic mould and product design including CAD/CAM/CAE, tooling, processing and testing of plastics. Besides the regular courses the institute offers highly specialized and customized training in the field of plastics engineering and technology to update and improve the skills of technical manpower of plastics and its allied industries. The institute also offers technical services in the areas of product design and mould design including CAD/CAM/ CAE, fabrication of moulds, tooling, quality control & testing, application development, consultancy and advisory services to the plastics and its allied industries.

21. The following table gives BE and RE for 2007-08 and BE 2008-09:-

(Rs. in crore)

	BE (2007-08)		RE (2007-08)		BE (2008-09)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
	18.51	--	12.45	--	17.50	--
	20.00	--	20.00	--	13.50	--
<b>Total</b>	<b>38.51</b>	<b>--</b>	<b>32.45</b>	<b>--</b>	<b>31.00</b>	<b>--</b>

22. The provision includes Rs.31.00 crore for the various ongoing and new plan schemes including establishment of new centers. Out of this, Rs.13.50 crore is external assistance for strengthening the infrastructural facilities of the existing centers, Rs.1.50 crore for counterpart funding and Rs.16.00 crore for schemes as Grant under Revenue Section.

23. When the Committee asked why there is decrease in RE (2007-08) under Plan from BE (2007-08) and further decrease in BE (2008-09), the Department, in their reply submitted as under:-

“The Budget Estimates of the Department of Chemicals & Petrochemicals for the year 2007-08 were Rs.207 crore under the Plan. However, in view of the approval of the Budget allocation for the Eleventh Five Year Plan of the Department conveyed by the Planning Commission as Rs.1960 crore, the overall Budget of the Department was reduced from Rs.207 crore to Rs.170 crore for 2007-08 at the RE Stage. The BE for CIPET of Rs. 38.51 crore was accordingly reduced to Rs.32.45 crore at the RE Stage.

The BE for 2008-09 has been kept at Rs.31 crore, which effectively is not a decrease in the allocation of CIPET since Rs.5.25 crore had been released out of Rs.32.45 crore for the setting up of 3 new Centres at Panipat, Jaipur and Aurangabad, which was a roll over of the Tenth Plan Scheme only for the first year of the Eleventh Plan.”

24. Further, when the Committee asked how an amount of Rs.31.00 crore is going to be utilized during the year 2008-09 by CIPET, the Department, in their reply, submitted as under:-

“The amount of Rs.31 crore in the Budget Estimate of CIPET for 2008-09 has two components, which are as follows:

(i) OPEC Loan Assistance – Rs.13.5 crore.

Government of India Counterpart Funding against OPEC Loan – Rs.1.5 crore.

(ii) Ongoing and New Schemes of CIPET – Rs.16 crore.

The details of the ongoing and new schemes being implemented during the Eleventh Five Year Plan for which Rs.31 crore have been allocated during 2008-09 are as follow:

Name of the Scheme	Amount (Rs. Crore)	Purpose	Description
Enhancement of Training Capabilities for short programmes aimed at Skill Upgradation of existing manpower.	2.00	Training	Creation of IT enabled laboratories and class rooms for enhancing the training capabilities for virtual learning
Technology upgradation for New Courses to be offered by CIPET.	2.00		Introduction of CAD/CAM facilities.
Creation of Civil & Technical Infra. for expansion of CIPET Centres	5.00		To increase the intake capacity from about 3500 students at present to 5000 in the long term courses
Establishment of Advanced Design & Development of tools <b>and</b> Establishment of High End Testing Laboratories	4.00	Technical Services	Centre for Advanced Design and Development of Tools at Hajipur. Setting up of High End Testing Labs at Lucknow & Chennai
Creation of Digital library	1.00	Training	Multiple access Networking, Preservation & Conservation of data and information.

R & D in emerging areas	2.00	Research	Taking up research in the areas of Nano-composites and Biodegradable polymers etc.
Counter-part Funding by Govt. of India under OPEC Loan Assistance	1.50	Civil Works	Construction of Girls Hostel and Faculty Training Centre.
<b>Sub Total</b>	<b>17.50</b>		
OPEC Loan assistance for Capacity Building of Thrust Areas	13.50	Training	Procurement of plant & machineries, training of faculty members.
<b>Total</b>	<b>31.00</b>		

25. When the Committee asked about the present status of 3 new CIPET Centres established at Panipat (Haryana), Jaipur (Rajasthan) and Aurangabad (Maharashtra), the Department, in their reply, submitted as under:-

“The status of the 3 new Centres of the CIPET being established at, Jaipur (Rajasthan), Aurangabad (Maharashtra) and Panipat (Haryana) is as follows:

**Jaipur** - 3 Courses are being offered at the Centre. A total of 115 students have been enrolled in these Courses during the academic years 2006-07 and 2007-08. The Centre is presently being run in an industrial shed and machinery required for the training has been installed. The Government of Rajasthan has allotted 12.29 acres of land at Sitapura Industrial Area. Foundation stone was laid by the Union Minister of Chemicals & Fertilizers and Steel on 1<sup>st</sup> November, 2006. Architect has been finalized and contract has been awarded in March, 2007 and construction work has started.

**Aurangabad** - 3 Courses are being offered at the Centre. A total of 146 students have been enrolled in these Courses during the academic years 2006-07 and 2007-08. The Centre is presently being run in a part of the building previously occupied by M/s MELTRON in Chikalthana Industrial Area and machinery required for the training has been installed. The Government of Maharashtra has allotted approximately 9 acres of land at Chikalthana Industrial Area and additional land admeasuring 8046 Sq.Mts. has been allotted for construction of Hostel. The Maharashtra Industrial Development Corporation has finalized the

Architect and the finalization of preliminary drawings and tender documents is expected to be completed by April, 2008.

**Panipat** – 3 Courses are being offered at the Centre. A total of 119 students have been enrolled in these Courses during the academic years 2006-07 and 2007-08. The Centre is presently being run in two industrial sheds and machinery required for the training has been installed. The allotment of land by the Government of Haryana is awaited.”

26. About the CIPET center at Jaipur, Department also stated that the construction work under the project is expected to be completed by March, 2009, as per the schedule.

27. On being asked about the reasons for delay in the allotment of land by the Government of Haryana for establishing CIPET Centre at Panipat, the Department stated as under:-

“The matter regarding delay in allotment of land by the Government of Haryana was taken up by Secretary, Chemicals and Petrochemicals with Chief Secretary, Government of Haryana in June, 2007, October, 2007 and December, 2007. The State Government of Haryana has informed CIPET that the request for allotment of land is under consideration and will be placed for consideration before the Board of Directors of the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) in their next meeting.”

28. Plastics are light in weight and have good barrier properties against water and water borne organisms. Today the plastics are indispensable to mankind being essential to the Industries in the packaging, clothing, shelter, health, agriculture, transport, civil aviation communication, Information technology, space technology, Defence sector, Infrastructure etc. They also substitute costlier materials like steel, glass and wood. The processing of plastics consume

less energy, thus use of plastics make positive contribution to the sustainability of earth's resources

29. Plastics, in general are chemically inert substances. Most of the plastics are re processable and recyclable in nature. They are 'per se' not harmful to the environment and health. It is the indiscriminate littering of plastic material and the absence of organized segregation/cleaning of plastic waste in urban centers. This is the main problem. Even among plastic the major problem relates only to the littering of plastic carry bags.

30. The consumption of plastics in India is around 5.2million tons. India recycles about 30% of its plastic waste, the highest rate of recycling in the world. In comparison, the world on an average recycles only about 22% of its plastic waste.

31. Central Government has issued Notification No. SO 705 (E) dated 21.09.1999 and S.O. 698 (E) dated 17.06.2003 issued under Environment (Protection) Act, 1986 (29 of 1986) for manufacture of Plastic Carry Bags (Thickness not less than 20 Micron) vide After the Central Notification various State Governments have issued Notification keeping the minimum thickness of 20 micron or above as per the specific geographical conditions including hilly areas in that state ( e.g. Delhi – 20 micron, HP 70 micron, Punjab 30 micron, UP 20 micron). The prescribed authority for enforcement of the provisions of these rules is State Pollution Control Board/State Government.

32. In addition, another Notification No. SO 908 (E) dated 25.09.2000 vide Municipal Solid Wastes (Management and Handling) Rules, 2000 for responsibility of the municipal authority has been notified by Ministry of Environment and Forests. The Rules are applicable to every municipal authority responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid waste.

33. Plastic industries in India have witnessed tremendous growth during the last two decades. The consumption of plastics has also increased manifold during the last few years due to its increased usage in consumer as well as industrial sectors. There is a growing concern, particularly in developed countries, over the issue of plastics waste management.

34. To avoid such environmental problems concerted efforts by the Government, industry and Non-Governmental Organizations are required for bringing awareness about the proper disposals of plastic waste and for developing suitable mechanism for systematic waste collection and recycling. In India various awareness programmes for proper disposal of plastic waste are being conducted by Industry Associations through print media, essay competitions in the schools.

35. Rs.7.98 cr. released to CIPET in March, 2007 for setting up a Plastics Waste Management Centre at Guwahati..

36. When the Committee asked about the present status of Plastics Wastes Management Centre at Guwahati, the Department in their reply, submitted as under:-

“The Government of Assam has allotted land at Guwahati for setting up of the Plastics Wastes Management Centre on 19<sup>th</sup> November, 2007. The boundary wall has been constructed and the development of land is in progress. The Foundation Stone Laying Ceremony of the Centre is scheduled on 7<sup>th</sup> April, 2008.”

37. Further when the Committee asked by what time, this Centre is likely to be operationalized, the Department stated as under:-

“The process of purchase of plant and machinery and other equipment has been initiated and it is expected that the Centre would be operationalised by end of March, 2009.”

38 The Committee note that the plan budget of CIPET in BE (2008-09) is of Rs.31.00 crore consisting of OPEC Loan Assistance of Rs.13.5 crore, Government of India counterpart funding against OPEC Loan of Rs.1.5 crore and Rs.16 crore for ongoing and New Schemes of CIPET. The Committee have been informed that courses are being offered and students have been enrolled in these courses during academic years 2006-07 and 2007-08 at 3 new CIPET centres at Panipat (Haryana), Jaipur (Rajasthan) and Aurangabad (Maharashtra). The Committee have also been informed that the construction work at these centres is expected to be completed by March, 2009. The Committee have been further informed that Rs.7.98 crore was released to CIPET in March, 2007 for setting up a Plastics Waste Management Centre at Guwahati and the Foundation Stone Laying Ceremony of the Centre is scheduled to be held on 7<sup>th</sup> April, 2008. The Committee, therefore, recommend that construction work at 3 new CIPET Centres should be completed on scheduled time. The Committee also recommend that Plastics Waste Management Centre at Guwahati should be operationalized as early as possible to contain environmental problems created by plastic waste.

(Recommendation Sl. No.3)



**MAJOR HEAD 2852****C. Bhopal Gas Leak Disaster**

39. The provision in Budget under this Head is for Secretariat expenditure of the Office of the Welfare Commissioner, Bhopal and also of the various courts set-up for deciding the cases of compensation to the victims including expenditure relating to professional services, exchange rate variation, etc.

40. The BE and RE for 2007-08 and BE for 2008-09 for this Head are as under:-

*(Rs. in crore)*

<b>BE (2007-08)</b>	<b>RE (2007-08)</b>	<b>BE 2008-09</b>
<b>Non-Plan</b>	<b>Non-Plan</b>	<b>Non-Plan</b>
7.25	8.25	8.61

41. The Supreme Court vide its order dated 16<sup>th</sup> October,1992, directed to transfer the compensation money given by the Union Carbide Corporation in the name of the Welfare Commissioner, Bhopal Gas Victims. The process of disbursing the compensation started in October,1992.

42. In July, 2004, by which time most of the cases had been decided, it was observed that an amount of approximately Rs.1503 crore was still lying unspent with the Reserve Bank of India, which had accrued due to interest and exchange rate variation. The Supreme Court directed the Welfare Commissioner vide its order dated 19<sup>th</sup> July,2004, to disburse this amount to the victims whose claims had been settled, on pro-rata basis. The Action Plan prepared by the Welfare Commissioner to distribute the amount on 1:1 pro-rata basis was approved by the Supreme Court vide its order dated 26<sup>th</sup> October,2004.

43. On the directions of the Supreme Court, disbursement of pro-rata compensation started on 15<sup>th</sup> November,2004. Till 31st January,,2008, claims of 5,61,668 persons have been settled and they have been paid a total pro-rata compensation of Rs.1506.97 crores. The Supreme Court had directed that disbursal of pro-rata compensation should be completed by 30<sup>th</sup> April,2005. However, on the request of the Welfare Commissioner, the Hon'ble Supreme Court extended the date of disbursal of pro-rata compensation from 30.4.2005 to 30.4.2006. The work for distribution of pro-rata compensation to the victims of the Bhopal Gas Leak Disaster which was to be completed by 30th April,2006 as per directions of the Supreme Court had almost been completed by that date by the Office of the Welfare Commissioner, Bhopal Gas Victims. However, an application in respect of the nearly 31,000 absentees claimants had been filed by the Office of the Welfare Commissioner in the Hon'ble Supreme Court on 15th February,2006 for treating all such cases as closed. The matter came up for hearing in the Supreme Court on 23rd August,2006, wherein the Court has directed the Office of the Welfare Commissioner, Bhopal Gas Victims to supply a list of the persons, whose cases are sought to be closed, to the NGOs- Bhopal Group for Information and Action, Bhopal Gas Peedith Sangharsh Sahayog Samiti and Bhopal Gas Peedith Mahila Udyog Sangathan. So that , these NGOs can make such efforts to trace these persons and inform the Court on the next date of hearing. The Supreme Court has yet to issue further directions in the matter.

44. On being enquired in this regard, the Department stated that

as per information received from the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal the list of persons, whose cases are sought to be closed was supplied to the NGOs on 26th September, 2006, as directed by the Supreme Court. The steps taken by the NGO's thereafter have not been intimated to the office of the Welfare Commissioner. The claimants who have approached the office of the Welfare Commissioner for settling their pro-rata

claims after the directions issued by the Supreme Court have either appeared in person or through their counsel. Till 7<sup>th</sup> March, 2008, over 4,500 claimants have come forward to settle their pro-rata claims after the directions issued by the Supreme Court on 23<sup>rd</sup> August, 2006.

45. The matter came up for hearing before the Supreme Court on 27th February, 2007. During the course of arguments, the Court observed that the Welfare Commissioner should submit Status Report regarding those claimants who have failed to appear even up to 28th February, 2007 to receive pro-rata compensation. Thereafter, the matter came up for hearing on 3rd April, 2007, but the case was adjourned. The Welfare Commissioner filed an application in the Supreme Court again on 18<sup>th</sup> December, 2007, alongwith a Status Report, requesting that the almost 13,000 absentee claim cases may be treated as closed. The orders of the Supreme Court are awaited.

46. Further when the Committee asked by what time this issue is likely to be settled, the Department stated asunder:-

“This issue is pending in the Supreme Court of India. The Welfare Commissioner has petitioned the Supreme Court twice, on 15<sup>th</sup> February, 2006 and 18<sup>th</sup> December, 2007, to issue orders for treating the absentee claim cases as closed. The orders of the Supreme Court are awaited for closing the process of disbursal of pro-rata compensation.”

47. The Hon'ble Supreme Court of India on 19<sup>th</sup> July, 2004 directed the Welfare Commissioner for Bhopal Gas Leak Disaster to disburse the unspent amount of Rs. 1503 crore which accrued due to interest and exchange rate variation to the disaster victims on pro-rata basis. The disbursement of pro-rata compensation started on 15<sup>th</sup> November, 2004. Till 31<sup>st</sup> January, 2008, claims of 5,61,668 persons have been settled and they have been paid a total pro-rata compensation of Rs.1506.97 crores. The work for distribution of pro-rata compensation was to be completed by 30<sup>th</sup> April, 2006. However, an application in respect of the nearly 31,000 absentees claimants had been filed by the office of the Welfare Commissioner in the Hon'ble Supreme Court on 15<sup>th</sup> February, 2006 for treating all such cases as closed. Till 7<sup>th</sup> March, 2008, over 4500 claimants have come forward to settle their pro-rata claims after the directions issued by the Supreme Court on 23<sup>rd</sup> August, 2006. The Welfare Commissioner filed an application in the Supreme Court again on 18<sup>th</sup> December, 2007, alongwith a status Report, requesting that the almost 13,000 absentee claim cases may be treated as closed. The orders of the Supreme Court are awaited. The Committee now hope that all cases relating to the disbursement of pro-rata compensation would be disposed of expeditiously as per the orders of the Hon'ble Supreme Court. The Committee, therefore, recommend that Government should disburse the compensation in a time bound manner and the Committee be informed about the deadline by which the disbursement of pro-rata compensation will be completed which has been pending for a very long time. The balance amount of the absentees' claims, if any, should be utilized for the Common Welfare Scheme for disaster victims and their families in order to spend the whole amount.

(Recommendation SI.No.4)

**Removal of toxic-wastes from UCIL Plant site**

48. After the Bhopal Gas Leak Disaster, the Union Carbide Plant was de-toxified and closed down between 16<sup>th</sup> to 22<sup>nd</sup> December, 1984. Various residual wastes, semi-processed pesticides and contaminated soil were stored in the Plant premises. In addition, the soil of the land in and around the factory where effluents and waste disposal was done when the factory was in operation, had been contaminated by various wastes or chemicals lying in and around the Plant. The environmental remediation work involves removal/disposal of all types of hazardous wastes or chemicals lying in and around the UCIL plant at Bhopal. For the removal of stored hazardous/toxic wastes, the Madhya Pradesh Pollution Control Board has prepared a roadmap and has also started work on the activities therein.

49. For coordinating the overall environmental remediation, a Task Force has been constituted under the Chairpersonship of Secretary (C&PC), on the directions of the High Court of Madhya Pradesh, in the Writ Petition No. 2802 of 2004 (Alok Pratap Singh Vs. Union of India and others), which is monitoring the removal/disposal of the toxic wastes. The first meeting of the Task Force was held on 31<sup>st</sup> May, 2005, at New Delhi followed by review meetings at Bhopal and New Delhi. The twelfth meeting of the Task Force was held on 16th October, 2007 at New Delhi. The Government of M.P. and M.P. Pollution Control Board have informed that Phase I of the roadmap has been completed and the work to be taken up under Phase II has also started. The activities covered under the Phase I included:-

- i) collection of soil, water and residue samples placed in bags;
- ii) placing of all the material lying in bags in sheds in new bags, containers etc.;
- iii) keeping the repacked material and covering with tarpaulin and placing it in a shed under security;

- iv) preliminary analysis of these samples with available facilities and also through other labs.

In phase II the following activities were to be covered:

- 1.(a) Identification of SLF site in the premises to be based on Geomorphological, Geohydrological, Edaphic and other Ecological evaluations to be done by an expert agency.
- (b) Selection of the expert consultant/agency, which can undertake stabilization, encapsulation, etc. studies along with construction of the SLF based on CPCB/EP guidelines.
- (c) Rapid EIA study and a public hearing to be conducted by the same agency identified in (b) or other agency.
- 2.(a) Construction of the SLF.
  - (b) Initiation of Monitoring in peizometric holes.
  - (c) Capping of the SLF.

50. In the twelfth meeting of the Task Force held on 16th October,2007 in New Delhi, the Government of Madhya Pradesh was requested to initiate the process of inviting quotations for transportation of different type of toxic wastes for removal/disposal thereof fix rates by negotiations at the TSDF and incinerator in the event of no fit applications being received in response to the re-tendering. The State Government was also requested to complete the process of transportation and disposal of 40 MT of lime sludge to the TSDF at Pithampur by the end of the November,2007. For implementation of Phase III of the roadmap which includes dismantling and decommissioning of the Plant and remediation of the soil and ground water, the Indian Institute of Chemical Technology(IICT) is

preparing recommendations for the dismantling/remediation of the old plants and the recommendations for soil and ground water remediation are being prepared by the National Environmental Engineering Research Institute (NEERI) and the National Geophysical Research Institute (NGRI). Since the Madhya Pradesh High Court is monitoring the progress of the removal/disposal of the toxic wastes lying in and around the UCIL, plant site at Bhopal, the toxic wastes would be removed on the directions of the MP High Court.

51. When the Committee asked about the present status of Phase II of the roadmap, the Department, in their reply, stated as under:-

- (a) "The SLF site has been identified at Pithampur, District Dhar, Madhya Pradesh.
- (b) M/s Ramky Enviro Engineers (Pvt.) Limited have been selected, by the State Government of M.P., as the expert agency for construction of the SLF. The disposal of approximately 40 MT of Lime Sludge would be done by this agency under the supervision and guidance of the Madhya Pradesh Pollution Control Board and experts from Zonal Office of Central Pollution Control Board.
- (c) The EIA Study and the public hearing have been completed by the Madhya Pradesh Pollution Control Board.
- (d) The Government of Madhya Pradesh has informed that the construction of SLF has been completed.
- (e) The monitoring of piezometric holes and capping of the SLF would be done only after the approximately 40 MT of Lime Sludge is transported to the SLF."

52. Further when the Committee asked, by what time the Indian Institute of Chemical Technology (IICT) and the National Environmental Engineering

Research Institute (NEERI) and the National Geophysical Research Institute (NGRI) are likely to give their recommendations for the dismantling/ remediation of the old plants and for soil and ground water remediation, respectively, the Department in their reply, stated as under:-

“In the thirteenth meeting of the Task Force held on 7th March,2008, the Director of Indian Institute of Chemical Technology informed that the Institute would take around six months to give its recommendations for the dismantling/remediation of the old plants.

In the thirteenth meeting of the Task Force held on 7th March,2008, the expert from National Environmental Engineering Research Institute informed that the Institute would take around two years to give its recommendations for remediation of soil and ground water as the spread of the contaminated groundwater is to be ascertained scientifically. However, the Task Force directed that the Institute may ensure that while phasing out their Study, specific deliverables would be assigned for every six months of the Study period.”



53. The Committee note that the Madhya Pradesh Pollution Control Board has prepared a road map for the removal/ disposal of toxic-wastes from the Union Carbide Plant site and a Task Force under the Chairmanship of Secretary (Chemicals and Petrochemicals) has been monitoring the removal/ disposal of toxic wastes. The Committee have been informed that Phase –I of the roadmap has been completed and the work to be taken up under Phase-II has also started. The Committee have been further informed that for implementation of Phase-III of the roadmap which includes dismantling and decommissioning of the plant and remediation of the soil and ground water, the Indian Institute of Chemical Technology (IICT) is preparing recommendations for the dismantling/remediation of the old plants and the recommendations for soil and ground water remediation are being prepared by the National Environmental Engineering Research Institute (NEERI) and the National Geophysical Research Institute (NGRI). The Committee note that Bhopal Gas Tragedy took place in December, 1984 and still road maps are being prepared for the work to be undertaken. The Committee, therefore, strongly express their displeasure over abnormal delay in removal/ disposal of toxic wastes. The Committee recommend that steps taken for removal of toxic wastes from Union Carbide Plant site be expedited and the Committee may be intimated about the action taken in this regard. The Committee would also like to be informed about the time frame by which the entire toxic waste will be removed.

(Recommendation SI.No.5)

**MAJOR HEAD 2852****D. Assam Gas Cracker Project**

54. The Budget proposal for Assam Gas Project is as under:-

(Rs. in crore)

BE 2007-08		RE 2007-08		BE 2008-09	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
42.62	0.01	12.10	0.01	70.50	0.01

55. The Assam Gas Cracker Project was approved by the Government on 18<sup>th</sup> April, 2006. The project is to be located in village Lepetkata, District Dibrugarh, Assam. The cost of the project is Rs.5460.61 Crores (fixed cost). A Capital Subsidy for Rs.2138 Crores for the project on fixed cost basis (phased during construction period of 5 years at constant prices) and a Feedstock subsidy for Rs.908.91 Crores for the project spread over 15 years operation period at constant prices shall be provided by Department of Chemicals and Petrochemicals. GAIL (India) Ltd. is the main promoter, under an equity arrangement of GAIL: 70%, OIL: 10%, NRL: 10% and Assam Industrial Development Corporation (Government of Assam): 10%. The Feedstock for the project will be Natural Gas and Naptha. Oil India Ltd;( OIL) and Oil and Natural Gas Commission (ONGC) will supply Natural Gas. NRL will supply Naptha. The project will produce 2.20 lakh tones of ethylene and the principal end products will be polypropylene (PP) 60,000 TPA, High Density Polyethylene (HDPE)/Linear Low Density Polyethylene (LLDPE) 220,000 TPA.

56. In this connection, when the Committee asked about the latest position of the Assam Gas Cracker Project, the Department in their reply, stated as under:-

- i) "A Joint Venture Company (JVC) namely 'M/s Brahmaputra Cracker & Polymer Limited' (BCPL) incorporated on 8<sup>th</sup> January 2007.

- ii) The Hon'ble Prime Minister of India laid the foundation stone of M/s Brahmaputra Cracker & Polymer Limited of Assam Gas Cracker Project at Lepetakata, District Dibrugarh, Assam on 9.4.2007.
- iii) The Registered Office at Guwahati and Project Office at Dibrugarh have been made operational. Chief Operating Officer (COO) and Chief Finance Officer (CFO) have been posted.
- iv) 2692 bighas (approx 890 Acres) of land, out of approx 1108 Acres needed for the project has been handed over to BCPL.
- v) Feedstock Gas Supply Agreements (GSA) have been signed with M/s Oil India Limited (OIL) and M/s ONGC on 19.9.2007 & 15.10.2007 respectively, and Naptha Supply with M/s Numaligarh Refinery Limited (NRL) signed on 19.9.2007.
- vi) Oil Industries Development Board has agreed to offer a term loan of Rs.327 crore.
- vii) Project Management Consultants (PMC) awarded to M/s Engineers India Limited (EIL) on nomination basis on cost reimbursable basis.
- viii) BCPL have prepared an Project Implementation Work Schedule for 60 months starting April 2007.
- ix) Certificate of commencement of Business has been obtained.
- x) Necessary Environmental and Pollution clearance both from State and MoEF has been obtained.
- xi) A Monitoring Committee is in place since May, 2006, under the Chairpersonship of the Secretary(C&PC), which reviews the progress of implementation of the Assam Gas Cracker Project at regular intervals. A Project Site Implementation Committee under the Chairpersonship of the Chief Secretary, Government of Assam for facilitating measures at filed level towards implementation of the AGCP.
- xii) Rs.30 crore has been released during the year 2007-08, by the Department of Chemicals & Petrochemicals, Government of India towards Capital Subsidy for implementation of the project.

- xiii) Land for BCPL & Central Industrial Security Force (CISF) Townships totaling 155 acres, which is over and above for the project i.e. 1108 acres, has been handed over to the JVC during February 2008.
- xiv) Tendering process for pipeline route survey, administrative building, product warehouse, construction power, plant and non-plant building, etc. have been initiated BCPL.”

57. During evidence dated 27.03.2008, Secretary, Department of Chemicals and Petrochemicals stated as under:-

“.....Project implementation work for completion in 60 months, starting from April, 2007 has been submitted. I am assured by GAIL that they would complete the project within the stipulated time.”

58. On being asked how the Government propose to utilize Rs.70.50 crore in the year 2008-09, the Department in their reply, stated asunder:-

“For the budget estimate for year 2008-09 an amount of Rs.100 crores (Rs.29.50 crores under North Eastern Area major head and Rs.70.50 crores under Petrochemical Industries major head) has been earmarked towards capital subsidy for the Assam Gas Cracker Project. The Capital Subsidy will be provided for the project for undertaking works as per approved project cost.

As per the Business Plan submitted by BCPL, an amount of Rs. 445.19 crores is to be spent for the year 2008-09. The major activities which are planned for the FY 2008-09 are as below:

- 1) Site Development works involving the work of topographical survey, geotechnical survey pipeline survey etc.
- 2) Land Development works including piling works, construction of plant and non plant buildings, Warehouse, Boundary wall, site office roads and drains, construction power etc..

- 3) Licensors selection including Basic Engineering design package fees for different units like Cracker Polyethylene, Polypropylene and PMC Fees etc.
- 4) Plant and Machinery and infrastructure development to Gas Suppliers.”

59. In respect of the employment potential of the Assam Gas Cracker Project, it has been projected by Government of Assam as well as by Central Institute of Plastic Engineering and Technology (CIPET) at the time of project approval, under the administrative control of Department of Chemicals and Petrochemicals that about 500 plastic processing industries are likely to come up in the north-eastern region once the Lepetkata project becomes operational. This project is expected to give rise to a substantial employment generation both direct as well as indirect, and will attract substantial investments in setting up of downstream plastic processing industries. Central Institute for Plastic Engineering & Technology is at present undertaking entrepreneurial development programs in co-ordination with GAIL at Guwahati. Government of Assam has informed that plastic processing course has been introduced in 2 ITIs namely, Jorhat and Dibrugarh. The Department of Chemicals and Petrochemicals have suggested to the Government of Assam that keeping in view the diversified efforts being made for imparting training and development of skills, there is a need to prepare a Master Plan for skill development/training involving Industrial Training Institutes, Polytechnics, CIPET, Engineering Colleges etc. Government of Assam has been requested to undertake a detailed study on the prospects and strategies of development of downstream industries which would help generate employment opportunities and socio economic development of the region.

60. In this regard, when the Committee asked about the response of the Government of Assam towards above mentioned suggestion, the Department in their reply stated as under:-

“Government of Assam has initiated action on these issues. In this regard the first meeting was held under the Chairmanship of Chief Secretary Assam in the month of November, 2007. In this meeting among others Principal Secretary, Industries and Commerce, Government of Assam, Commissioner and Secretary, Labour and Employment, Government of Assam, North Eastern Development Finance Corporation Limited, North East Chamber of Commerce and Industry and Small Industries Development Bank of India also participated. In this meeting Government of Assam has informed that plastic processing course/ trade has been introduced in two Industrial Training Institutes (ITI) in the state of Assam namely, Jorhat and Dibrugarh. It has further been informed that in addition to the long term courses, provision has also been made for modular courses in these ITIs. The Commissioner Labour stated that 216 persons have already been trained and now efforts are on to introduce some short term modular course.

Government of Assam has also informed that 70 Hectare of land has been identified at Gelapokhori in district Tinsukia Assam, for setting up of a Plastic Park.”

61. When the Committee asked whether Government have any proposal for the family of those whose lands have been taken for the project, the Department in their reply, stated as under:-

“Govt. of Assam have been requested to take up on priority the skill development programmes in respect of families whose land has been affected. BCPL have stated that in addition to the 780 persons who are to be employed directly in the project; around 5000 workers and contractors will be engaged during the 5 years’ of project construction.

On the issue of preference to the family members in availing bank loan for setting up small scale plastics industry as a result of energisation of the project, the Department of Chemicals and Petrochemicals have suggested to the Government of Assam for integrating efforts and working out an Action Plan towards downstreaming which could include:-

- Skill Development programme
- Setting up of Plastic Parks/Infrastructure
- Holding Exhibition & Road Shows for attracting prospective investors.
- Showcasing policy incentives of the State Govt.
- Organising entrepreneurship development programme.”

62. The Committee note that the Assam Gas Cracker Project was approved by the Government on 18<sup>th</sup> April, 2006 and a Joint Venture Company (JVC) namely 'M/s Brahmaputra Cracker and Polymer Limited (BCPL)' was incorporated on 8<sup>th</sup> January, 2007. Also the Hon'ble Prime Minister of India laid the foundation stone of M/s Brahmaputra Cracker and Polymer Limited of Assam Gas Cracker Project at Lepetakata, Assam on 09.04.2007 and BCPL have prepared a Project Implementation Work Schedule for 60 months starting from April 2007. The Committee, while expressing their satisfaction over the substantial progress made, now desire that all out efforts should be made to make the project complete and functional within the stipulated time period. The Committee also recommend that steps should be taken to properly utilize the employment potential of the Assam Gas Cracker Project and preference should be given to families whose land has been affected. The Committee note with satisfaction that Central Institute of Plastics Engineering and Technology (CIPET) is at present undertaking entrepreneurial development programmes in consultation with Gas Authority of India Limited (GAIL) at Guwahati. The Committee also note that Department of Chemicals and Petrochemicals have suggested to the Government of Assam for integrating efforts and working out Action Plan towards down streaming. The Committee hope that Government of Assam would act on the Action Plan in the right earnest for harnessing the employment potential in the State of Assam. The Committee also desire that in addition to generate



**employment potential in Assam, similar efforts should be made in other North Eastern States including Sikkim in coordination with respective State Governments.**

**(Recommendation SI.No.6)**

**MAJOR HEAD 2852****E. Institute of Pesticides Formulation Technology (IPFT)**

63. The Institute is engaged in the development of environmental friendly pesticide formulations, which is highly essential for the safety of farmers and preservation of the environment. This institute is playing a catalytic role for the growth of pesticides industry in the country.

64. The Budget proposal for the Institute is as under:-

*(Rs. in crore)*

Actuals 2006-07		BE 2007-08		RE 2007-08		BE 2008-09	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
4.0958	--	5.00	1.00	5.00	1.00	5.00	1.50

65. When the Committee asked how the Government propose to utilize the allocation, the Department in their written reply stated as under:-

“The following are the details:-

Capital Support- Rs. 270 lakhs

Grant for servicing Regional Network on Safe Pesticides Production and Information for Asia and the Pacific (RENAPAP) - Rs. 43 lakhs

Dev. Of Environment and user friendly Natural Product based formulation for household purposes- Rs. 3.06 lakhs

Production & promotion of Neem based pesticide Phase-II - Rs. 183.94 lakhs”

66. When the Committee asked about the ongoing projects, the Department in their reply stated as under:-

“Details of ongoing projects are as under:

- (1) Development of Environmental and User Friendly Natural Product / Neem based Formulations for Household Purposes- Development of household formulations for pest control relating to public health by replacing costly, synthetic organic chemical pesticides with low cost naturally available materials as pesticide.
- (2) Development of new formulations for industries according to their requirements and also development of new environment friendly formulations.
- (3) Bio-efficacy and phytotoxicity studies of pesticide formulations- Evaluation of various formulations of pesticides developed at IPFT and provided by industries for the bio-efficacy and phytotoxicity by way of field trials on different crops
- (4) Production and Promotion of Neem based Pesticides as Environmental Friendly Biodegradable Alternatives to Chemical Pesticides- To generate data for registration of Neem Kernel Powder as a commercial product for the replacement of synthetic organic persistent chemical pesticides.
- (5) Pesticide residue analysis- Monitoring of pesticide residues at National level under a project sponsored by the Ministry of Agriculture is under progress”

67. On being asked about the difficulties faced by IPFT the Department in their reply stated as under:-

“The post of Chief Executive officer and Director IPFT which was lying vacant for around two years has been filled up during 2007. Dr. M.Vairamani, having 25 years of experience in CSIR laboratories, has joined as Director IPFT during November, 2007. Seven posts at the level of Scientists (entry level) have also been filled up during 2007-08. Eight posts at various levels are being filled up.”

68. The Committee note that the Institute of Pesticides Formulation Technology (IPFT) is engaged in the development of environmental friendly pesticides formulations which is highly essential for the safety of users and preservation of the environment. The Committee also note that the Institute is playing a catalytic role for the growth of pesticides industry in the country. As submitted by the Department that a project sponsored by the Ministry of Agriculture regarding Pesticide Residue Analysis – Monitoring of Pesticide Residues at National level is under progress, the Committee hope that project would be made more effective and IPFT would play a pivotal role in this regard for the soil health as well as for the health of consumers. The Committee is happy to note that IPFT is developing eco friendly Neem Based Pesticide. The Committee hope that such an initiative would not only be environment friendly but also cost effective. The Committee, therefore, recommend that sincere efforts should be made in this regard in tandem with Ministry of Environment and Forest and Ministry of Science and Technology and Ministry of Commerce and other concerned organizations. The Committee have been informed that the post of Chief Executive Officer and Director IPFT and seven posts at the level of scientists have been filled up during 2007-08. The Committee hope that now the Institute would function smoothly and achieve the desired objectives.

(Recommendation SI.No.7)

**MAJOR HEAD 2852****F. National Institute of Pharmaceuticals Education and Research (NIPER)**

69. The Institute seeks to promote excellence in the sphere of pharmaceutical education in India and to meet the current and future needs of the pharmaceutical sector in India.

70. The Budget proposal for the Institute is as under:-

(Rs. in crore)

<b>Actuals 2006-07</b>		<b>BE 2007-08</b>		<b>RE 2007-08</b>		<b>BE 2008-09</b>	
<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>
18.4732	11.10	35.66	13.00	--	12.74	75.00	15.00

71. The above provisions include Non-Plan support for day-to-day expenditure and plan support for their ongoing schemes and new schemes in pharmaceutical education and research area.

72. On being asked about the reasons for increase in allocation during the year 2008-09, the Department in their reply, stated as under:-

“In order to strengthen infrastructure and research facilities in NIPER the allocation has been increased during 2008-09. Out of the Plan BE of Rs. 75.00 crores for the year 2008-09, a sum of Rs. 40.00 crores is earmarked for NIPER, S.A.S. Nagar, out of which Rs.25 Crores is for their on going Schemes of Xth Plan and Rs.15 Crores is for their new Schemes. The remaining Rs.35.00 crores is for other new NIPERs.

New schemes have been approved for NIPER, S.A.S. Nagar during the XIth Plan period in addition to ongoing schemes of Xth Plan.”

73. Action initiated in 2007-08 for establishment of 6 New NIPERs like Institutes, one each at Ahmadabad, Hyderabad, Hazipur, Kolkata, Guwahati and Rae Bareli. Out of these, some courses have been started at four places namely Ahmedabad, Hyderabad, Hajipur and Kolkata.

74. In this connection, when the Committee asked about the present status of 6 new NIPERs like Institutes in the country, the Department, in their reply stated as under:-

“Cabinet had approved in August, 2007 for setting up of six new NIPERs at Hyderabad, Ahmedabad, Kolkata Hajipur , Rae Bareli and Guwahati . Classes for some post graduate courses in pharmaceutical sciences have been started with the help of Mentor Institutes at four places i.e. Hyderabad, Ahmedabad, Kolkata and Hajipur during the academic year 2007-08. An Average of 31 students has been admitted in each of the new NIPERs at Hajipur, Ahmedabad and Kolkata and 41 students at Hyderabad. Nodal Officer for each new NIPER has also been appointed to maintain uniformity in the working and standards with NIPER SAS Nagar.

A Steering Committee under the Chairmanship of Secretary (C&PC) has been constituted to oversee the working of new NIPERs and take policy decisions till the constitution of Board of Governors (BOG) for each NIPER. The first meeting of the Steering Committee was held on 3.1.2008 under the Chairmanship of Secretary(C&PC). State Level Coordination Committees under the Chairmanship of Additional Chief Secretary / Principal Secretary , Department of Industries of the concerned State Government have been set up to sort out the local problems and ensure smooth functioning of the new NIPERs.

Classes at Guwahati & Rae Bareli, would be started after land/building is made available by the respective State Governments.

As per the decision of Cabinet the process of appointing Consultants for preparation of Detailed Project Reports (DPR) for the new

NIPERS has been initiated. These NIPERs would be set up under Public Private Partnership (PPP) model wherever feasible. After approval of DPRs and selection of private partner work on setting up of each Institute would be started. These Institutes are likely to become fully operational towards the end of 11<sup>th</sup> Five Year Plan.”

75. The Committee note that the National Institute of Pharmaceuticals Education and Research (NIPER) seeks to promote excellence in the sphere of pharmaceutical education and to meet the current and future needs of the pharmaceutical sector in India. Keeping in view the importance of its objectives, the plan budget for the Institute has been raised to Rs.75.00 crore in the BE 2008-09 particularly to strengthen the infrastructure facilities of Institute, start new schemes in addition to completion of the on-going schemes and for other new NIPERs. The Committee are happy to note that Cabinet had approved in August, 2007 for setting up of six new NIPERs at Hyderabad, Ahmedabad, Kolkata, Hajipur, Rae Bareli and Guwahati. Out of these, some courses have been started at four places namely Ahmedabad, Hyderabad, Hajipur and Kolkata during the academic year 2007-08. The Committee have been informed that the process of appointing consultants for preparation of Detailed Project Reports (DPRs) for the new NIPERs has been started and these Institutes are likely to become fully operational towards the end of 11<sup>th</sup> Five Year Plan. While appreciating the development, the Committee recommend that steps should be taken to make these institutes fully operational within the stipulated time period to achieve the desired objectives.

(Recommendation SI.No.8)



**MAJOR HEAD 2852****G. Chemical Weapons Convention (CWC)**

76. India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the convention, a nodal agency called National Authority has been set up in India. The agency undertakes trial inspection of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists Organization for Prohibition of Chemical Weapons (OPCW) in regard to implementation of CWC.

77. The Budget proposals are as under:-

*(Rs. in crore)*

<b>Actuals 2006-07</b>		<b>BE 2007-08</b>		<b>RE 2007-08</b>		<b>BE 2008-09</b>	
<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>
0.125	0.0228	0.40	0.05	0.40	0.05	0.50	0.05

78. Eight programmes for awareness creation were undertaken during the year 2007-08.

79. In this connection, when the Committee asked about the details, the Department, in their reply stated asunder:-

“The eight awareness generation programmes were held as scheduled at Bangalore, Kolkata, Vapi, Chennai, Tarapur, Hyderabad, Chandigarh, Roha. As per the approved programme the Department of C&PC in association with Indian Chemical Council has undertaken total 10 such awareness programmes in different parts of the country having good concentration of chemical industry relevant to the Chemical

Weapons Convention. The two other programs have been held recently at Ahmedabad and Puducherry.

More than 500 delegates have attended these programs. It is ensured that awareness programs are held in a cluster of chemical industry. These programs are extremely relevant and beneficial to the delegates as presentations made by experts covering the provision of CWC Act and its implication. Through these programmes, the industry is educated about their obligations under this convention. They are also given practical training on how to file their declaration.”

80. Further, when the Committee asked whether any assessment has been made about the impact of these programme, the Department, in their reply stated as under:-

“Declarations and verification are the two important aspects for implementation of the Chemical Weapons Convention (CWC). Each State Party is required to make annual declarations of the production, import and export of scheduled chemicals specified in the convention and their production facilities. Also Declarations in respect of a relatively large number of plant sites producing other Organic Chemical Industries (also called OCPF) are required to be made. Further, inspections are routinely conducted by the OPCW to ensure that the activities declared by these units are in accordance with the provisions of the Convention.

The awareness generation programs lead to better understanding of CWC Act and compliance by the Indian Chemical Industry to the provisions of CWC. The forms and declarations are compiled and therefore have to be fully explained. The present level of declarations is :

Year	No. of Plant Sites Declared for			Total
	Schedule 2 Chemicals	Schedule 3 Chemicals	OCPF	
2003	4	24	132	160
2004	9	30	184	223
2005	15	30	327	372
2006	22	30	360	412
2007	24	34	449	507

India has been submitting timely declarations to Organization for Prohibition of Chemical Weapons (OPCW), which is the international body for implementation of CWC. Further, the chemical industry has successfully undergone 47 OPCW inspections in India including three during the current calendar year. These require proper record keeping of the productions and consumption of the scheduled chemicals. The industry has shown better record keeping at the time of inspections.”

81. The Committee have been informed that as per the approved programme, the Department of Chemicals and Petrochemicals in association with Indian Chemical Council has undertaken total 10 awareness programmes in different parts of the country having good concentration of chemical industries relevant to the Chemicals Weapons Convention. The industry is being educated about their obligations under this convention through these programmes. They are also given practical training on how to file their declaration. Considering these facts, the Committee recommend that more such awareness programmes be organized as these programmes are extremely relevant and beneficial to the delegates as presentations are made by experts covering the provisions of Chemical Weapons Convention (CWC) Act and its implication. The Committee also reiterate their earlier recommendation made in their 16<sup>th</sup> Report on Demands for Grants (2007-08) that safety steps under Chemical Weapons Convention should also be applied for the safety of general public at large. The Committee, therefore, desire that in the hazardous chemical industries, adequate provision of antidotes and other safety and protective measures should be arranged to contain any untoward incidents and the personnel engaged in such industries should be properly trained to use all the protective devices.

(Recommendation SI.No.9)

**MAJOR HEAD 2852****H. National Pharmaceutical Pricing Authority (NPPA)**

82. NPPA is responsible for price fixation/revision of drugs and formulations and other related matters. It also monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Price Control) Order.

83. The actuals for the year 2006-07 and Budget allocation for the years 2007-08 and 2008-09 are as under:-

(Rs. in crore)

Actuals 2006-07		BE 2007-08		RE 2007-08		BE 2008-09	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
0.0210	4.7913	11.50	5.91	9.50	6.03	11.50	7.47

84. When the Committee asked about the reasons for decrease in plan amount from Rs.11.50 crore in BE 2007-08 to Rs.9.50 crore in RE 2007-08 and increase in BE 2008-09 to Rs.11.50 crore, the Department, in their reply, stated as under:-

“The Budget for the Plan expenditure for NPPA for the Year 2007-08 consisted of Rs. 1.50 crore for ongoing scheme for the computerization of working of NPPA specifically to strengthen the fixation of prices and monitor prices of drugs more effectively and Rs.10.00 crores for new Schemes.

The provision of Rs.10.00 crores was made in the plan budget of NPPA for the year 2007-08 for taking up new items like building robust and responsive statistical system, creation of State level cells , scheme for interaction with states, consumer awareness and publicity through Electronic and Print Media, strengthening the existing monitoring and enforcement work. This budget of Rs

10 crores allocated towards new schemes could not be sanctioned due to non finalization of the draft National Pharmaceuticals Policy -2006 which is still under consideration of Group of Ministers. Out of the Rs.1.50 crores for on-going schemes during 2007-08 NPPA has been able to spent Rs.86.00 lakhs.

Due to the above reasons the planned savings of NPPA were re-appropriated to other heads. In BE 2008-09 plan budget of NPPA of Rs.11.50 crores has been restored since the draft is expected to be approved and the new schemes are likely to be sanctioned thereafter.

Since the total Plan allocation of the Department in the RE was reduced by the Planning Commission as a result of which the allocation for NPPA was also reduced.

85. Further on being asked about the reasons for increase in Non-plan amount from Rs.6.03 crore in RE 2007-08 to Rs. 7.47 crore in BE 2008-09, the Department replied as under:-

<b>Rs. in Lac</b>							
Sub Head	B.E. 2006- 07	R.E. 2006- 07	Actual Expen. 2006- 07	B.E. 2007- 08	R.E. 2007- 08	Actual Expen. Upto 10/03/2008	B.E. 2008- 09
Salary	154.35	112.35	112.27	128.50	126.00	123.92	170.00
Wages	6.50	7.57	7.52	7.00	7.00	6.50	10.00
OTA	1.35	0.85	0.86	1.50	1.00	0.78	2.00
O.E.	260.00	199.45	199.01	274.00	274.00	199.94	300.00
RRT	91.00	91.00	90.77	90.00	102.00	82.85	153.00
Professional Services	40.00	50.38	50.29	56.00	56.00	52.57	70.00
OAE	4.50	2.50	3.06	5.00	5.00	3.12	5.00
TA(Domestic)	11.00	11.00	10.95	12.00	20.00	48.22	20.00
TA (Foreign)	6.30	6.30	6.30	7.00	7.00	3.33	7.00
Medical Treatment	10.00	2.60	2.19	10.00	5.00	1.30	10.00
<b>Total</b>	<b>585.00</b>	<b>484.00</b>	<b>483.22</b>	<b>591.00</b>	<b>603.00</b>	<b>492.53</b>	<b>747.00</b>

The budget allocation in the Non- Plan head was Rs.5.91 crore in the budget estimate for the year 2007-08 which was revised to Rs.6.03 crore for the year 2007-08. The budget allocation for the year 2008-09 has been kept at Rs.7.47 crore.

Most of the budget was increased in the sub head of Salary, Office Expenses, Rent, Rate and Taxes (RRT) and Professional Services in the budget estimate for the year 2008-09.

86. On being asked about the steps taken to strengthen the NPPA since its inception, the Department, in their reply, stated as under:-

“In order to strengthen and streamline the working of NPPA, computerization has been initiated with the assistance of NIC including networking with other functionaries.

In addition to the computerization of NPPA the following proposals are under consideration of Government:

1. **Robust and Responsive Statistical System in NPPA**

Statistics relating to healthcare of masses assumes a critical importance for policy making by the Government, citizens and for the choice of suitable strategies by the trade and manufacturing sector. The emergence of a highly competitive environment, both at the national and global levels, has further increased the imperatives of ensuring the availability of timely, adequate and reliable statistics. To build a sound data base so that the existing Statistical System is robust and responsive, NPPA has launched First Pharmaceutical Census of India (FPCI) during 2007-2008 which would provide wide ranging data on number of manufacturers of bulk drugs and pharmaceuticals, companies marketing pharmaceutical products, production (quantity & value) of bulk drugs and formulations item wise in the organized as well as small sectors.

2. **Creation of Drug Price Monitoring Cells in States :**

In order to strengthen the enforcement and monitoring system of NPPA , State level Cells are proposed to be set up in various States .

3. **Scheme for Interaction with the States**

In order to have greater interaction with the States with regard to the policy of the Government, the provisions of the DPCO, decisions of the Pharma Advisory Forum which has membership at the national level and keeping in view the importance of the Consumer Awareness and Publicity it has been decided to have a separate scheme for creating consumer awareness to provide information through print and electronic media in all regions of the country through NPPA. In addition the Regional meetings of Health Secretaries and the State Drug Controllers are to be held by NPPA for five regions within the country.

4 **Proposal for Consumer Awareness and Publicity through Print, Electronic Media**

There is a proposal to create Consumer Awareness through Publicity at National, Regional and Local levels to familiarize the general public about decisions of the Government/NPPA about drug pricing and availability . Efforts are being made to create consumer awareness through advertisements in leading newspapers (English and Hindi) coverage through television and dissemination of information through website. Since April, 2007 an awareness campaign between English & Hindi news is being telecast on the National Network of Doordarshan for this purpose. Such advertisements are to be issued in regional languages also.



5. **Proposal For Strengthening the Existing Monitoring and Enforcement Mechanism**

The Enforcement mechanism under provisions of DPCO 95 is not very effective and NPPA is to mainly depend on complaints and grievances received by it and hardly any proactive measures are presently possible. It is therefore, felt necessary, to strengthen the enforcement system and to make it proactive so that it collects information and intelligence and acts upon them based on not only complaints but inspections, trade reports, better liaison with the State Drug Controllers, web enabled monitoring and surveillance and other conventional electronic methods. It is proposed to form a enforcement cell with a Director of Enforcement.

The Planning Commission has now accorded 'in principle' approval to the proposal of building robust and responsive statistical system subject to it being linked with the on going computerization of NPPA. Regarding the publicity campaigns schemes, the Planning Commission would give its decision after consulting with the Department of Consumer Affairs. The rest of the proposals mentioned above would be taken up by the Planning Commission after the finalization of the draft National Pharmaceuticals Policy-2006.

Further, in the Draft National Pharmaceutical Policy, the Department of C&PC has proposed various measures to strengthen NPPA viz. revamping of working of NPPA for greater transparency, regular inter-action between NPPA and State Drug Controllers, review of existing guidelines, norms and procedures followed by NPPA for fixing prices of drugs and formulations, creation of committees for effective functioning of NPPA etc."

87. Further when the Committee asked about the feedback/suggestions from drug industry regarding the functioning of NPPA, the Department, in their reply, stated as under

“Government has received feedback and suggestions from Industry and its Associations regarding functioning of cost-based pricing system, monitoring of Non-Scheduled formulations by NPPA, Fixation of norms, MAPE for imported formulations and better transparency in NPPA etc. While framing the draft National Pharmaceuticals Policy - 2006 some of these suggestions have been incorporated. The policy is under consideration of the GOM.

Action on some of the suggestions like greater transparency through computerization has already been initiated by NPPA. Further NPPA has been granted a License by the Bureau of Indian Standards (BIS), which is the premier accreditation agency of India for the Quality Management Systems certification ISO 9001: 2000 on 11<sup>th</sup> January 2008 for a period of three years (i.e. upto 10<sup>th</sup> January, 2011). This certificate means that the procedures followed by NPPA are transparent and are in line with international quality norms.”

88. About the Draft National Pharmaceutical Policy, 2006, the Department stated that it

was considered by the Cabinet in its meeting held on 11<sup>th</sup> January, 2007 and the Cabinet decided that in the first instance the policy may be examined by a Group of Ministers. A Group of Ministers has since been constituted under the Chairmanship of Shri Sharad Pawar, Minister of Agriculture and Minister of Consumer Affairs, Food & Public Distribution. The Group of Ministers has held three meetings so far on 10<sup>th</sup> April, 2007, 12<sup>th</sup> September, 2007 and 30<sup>th</sup> January, 2008.

89. When the Committee asked by what time draft National Pharmaceutical Policy would be finalized, the Department in their reply stated as under:-

“In the last meeting of GOM held on 30.1.2008, Chairman of the GOM stated that GOM would again meet to take a final view on various issues proposed in the draft National Pharmaceuticals Policy and to make its recommendations. Hon’ble Minister (C&F&S) has requested the Chairman, GOM to convene the next meeting of the GOM and make its recommendations at an early date. However, no time frame has been set for finalizing the draft National Pharmaceuticals Policy-2006.”

90. In this regard during evidence dated 27.03.2008, Secretary, Department of Chemicals and Petrochemicals stated as under:-

“We are pursuing for early meeting of the GOM and finalisation of the Report.”

91. The Committee note that the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/ revision of drugs and formulations and other related matters. It also monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of drugs (Price Control) Order. The Committee also note that the provision of Rs.10.00 crore was made in the plan budget of NPPA for the year 2007-08 for taking up new items like building robust and responsive statistical system, creation of State level cells , scheme for interaction with states, consumer awareness and publicity through Electronic and Print Media, strengthening the existing monitoring and enforcement work. This budget of Rs 10 crore allocated towards new schemes could not be sanctioned due to non finalization of the draft National Pharmaceuticals Policy -2006 which is still under consideration of Group of Ministers. In BE 2008-09 plan budget of NPPA of Rs.11.50 crore has been restored since the draft is expected to be approved and the new schemes are likely to be sanctioned thereafter. The Committee are failed to understand that inspite of their strong recommendation regarding finalisation of National Pharmaceutical Policy 2006 made in their Twentieth Report (2006-07) which is an Action Taken Report of the Seventh Report of the Committee (2005-06), the Department has remained static on such a crucial issue. The Committee, therefore, express their deep anguish over the delay and reiterate their earlier recommendation regarding finalisation

of National Pharmaceutical Policy, 2006 so that funds earmarked for NPPA are utilized fully to achieve the objectives for which they are allocated.

(Recommendation SI.No.10)

**MAJOR HEAD 2852****I. Pharmaceutical Export Promotion Scheme (PEPS)**

92. The Budget provision has been made for promoting the export of pharmaceuticals, which inter-alia includes organizing seminars/workshops.

93. The actuals for the year 2006-07 and Budget allocation for the years 2007-08 and 2008-09 are as under:-

(Rs. in crore)

Actuals 2006-07		BE 2007-08		RE 2007-08		BE 2008-09	
Plan	Non Plan	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
--	0.05	1.00	0.50	--	0.50	--	0.50

94. When the Committee asked as to how far Government have been successful in promoting export by this meager amount, the Department, in their reply, stated as under:-

“This Department plays a supportive role in the area of export promotion alongwith other departments like Commerce and bodies like Pharmexcil and various Industry associations. Following activities were carried out for promotion of Pharma Exports during the Financial year 2007-08 by utilizing funds under PEPS/CPDS:

1. A meeting of India-EU Joint Working Group (JWG) on Pharmaceutical and Biotechnology was organized on 30-31 May 2007 in which delegation of European Union, representatives from various departments and industry participated. This JWG has been set up to reduce barriers to trade between India and EU in the area of pharmaceuticals and to bring about greater cooperation between the two sides. The reduction in barriers would result in more exports.

2. A three day India-LAC International Pharma meet was organized by Pharmexcil at Hyderabad during 27<sup>th</sup>–29<sup>th</sup> June 2007 in which buyers/distributors, associations, drug regulatory officers, Govt. procurement agencies etc. from LAC countries participated. The meet helped the drug manufacturers/distributors etc. to know the actual requirement which would result in increase in exports.
3. A meeting to review exports/ possible joint ventures with Tunisia and to decide the agenda for the next meeting of India-Tunisia Joint Working Group on Drugs and Pharmaceuticals was held on 26.2.2008. Ambassador of Tunisia in India was also present in the meeting. This meeting helped some domestic pharma manufacturers getting registration.
4. NIPER had organized the 40<sup>th</sup> Annual conference of Indian Pharmacological Society. This conference is considered to be very useful for exchanging knowledge with the delegates and for building network with the scientific community as well as with the industry.
5. NPPA has prepared a Directory of Pharmaceutical industry. The First Pharmaceutical Census of India (FPCI) is proposed to be conducted during the year 2008-09. This data would help the Government agencies/Pharmexcil to have complete data of the Pharma Industry in domestic/export sector and efforts can be focused on the potential units.
6. FICCI had organized an International Conference on Pharmaceutical: Market prognosis-2012 . The conference is considered to be helpful to Pharma companies in understanding the forces that are changing the industry and the issues that will need to be overcome in order to be successful in medium and long term.
7. Pharmexcil would be preparing an accurate Data Base of all Pharma exporters, making Members Directory etc. This would help the Exporters to have an accurate Data which would result in increase in exports.

8. Pharmexcil would prepare 10-12 minute Corporate Film of Pharmaceutical Industry in India. This film would be used during exhibitions, trade delegations etc.”

95. When the Committee asked about the plans for promoting export during 2008-09, the Department stated as under:-

“The following activities are being proposed to be taken during the year 2008-09:

- i) Seminars on export related problems through Pharmexcil and other industry organisations.
- ii) Organizing Buyer-seller meets through Pharmexcil for boosting up Pharma export.
- iii) Holding/Participation in meetings of Joint Working Groups on Pharmaceuticals related to Pharma Sector in India and abroad.
- iv) Promoting Indian pharmaceutical industry through India-Chem, 2008 to be held in Mumbai in October, 2008 and through other major events;
- v) Participation in other seminars and exhibitions in India and abroad.
- vi) Pharmexcil would procure from International Market reports from reputed publishers and would also procure Pharmacopoeias. This could be used by the domestic manufacturers in increasing exports.”



96. The Committee note that the Government is providing grants for promotion of export of pharmaceuticals which *inter-alia* includes organizing seminars/ workshops. While appreciating the fact that various activities were carried out for promotion of pharma export during the year 2007-08 by utilizing funds under PEPS, the Committee recommend that vigorous and sustained efforts should be made for promotion of export of pharmaceuticals in the coming year also.

(Recommendation Sl.No.11)

**MAJOR HEAD 2852****J. Chemicals Promotion and Development Scheme (CPDS)**

97. The provision has been made with a view to ensure promotion of chemicals, including pharmaceuticals, by organizing various seminars, workshops as well as setting up of a Mega Chemicals Industrial Estate in two identified states of West Bengal and Andhra Pradesh.

98. The actuals for the year 2006-07 and Budget allocation for the years 2007-08 and 2008-09 are as under:-

*(Rs. in crore)*

<b>Actuals 2006-07</b>		<b>BE 2007-08</b>		<b>RE 2007-08</b>		<b>BE 2008-09</b>	
<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>
0.9102	--	2.10	--	3.00	--	2.00	--

99. About the achievement, the Department stated that India Chem – 2006 was organized successfully. Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy was approved and promotion activities have resulted in receipt of five applications from the States of Andhra Pradesh, Gujarat, Orissa, Karnataka and West Bengal for hosting PCPIRs. Besides this, awareness generation programmes have been conducted on European Union Legislation on Registration, Evaluation and Authorization of Chemicals (REACH) as well as other International Conventions besides developments in Sector apprised through Seminars.

100. When the Committee asked about the schemes on which the allocated amount of Rs.2.00 crore in BE 2008-09 is going to be spent, the Department in their reply stated as under:-

“In so far as Pharma Division is concerned, the following activities are being proposed to be taken during the year 2008-09:

- i) Seminars on export related issues through Pharmexcil/Industry Associations.
- ii) Providing financial support to Pharmexcil's initiative for promotion and development of Pharma Industry
- iii) Organizing Buyer-seller meets through Pharmexcil for boosting up Pharma export.
- iv) Holding & Participation in Joint Working Group meetings related to Pharma Sector in India and abroad.
- v) Seminars Cum Exhibitions having focus on Pharmaceuticals in India and abroad.
- vi) Financial support to Pharmexcil in taking up export promotion activities.”

101 The Committee note that Rs.2.00 crore has been proposed for the Chemicals Promotion and Development Scheme (CPDS) which has been made with a view to ensure promotion of chemicals, including pharmaceuticals, by organizing various seminars, workshops as well as setting up of a Mega Chemicals Industrial Estate in two identified States of West Bengal and Andhra Pradesh. While appreciating that Mega Chemicals Estates have been set up in two States and that resulted into receipt of applications from five States for setting up of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) in their states, the Committee recommend that such estates should be set up in other states which would encourage them to express their willingness in setting up PCPIR in their states. The Committee desire that the funds earmarked for CPDS be utilized fully to achieve the desired results.

(Recommendation Sl.No.12)

**MAJOR HEAD 2852****K. Others (New Schemes)**

102. Various new schemes towards technical up-gradation and R&D in the field of Pharmaceuticals are proposed to be undertaken during the 11<sup>th</sup> Plan.

103. The Budget proposals are as under:-

*(Rs. in crore)*

<b>BE 2007-08</b>		<b>RE 2007-08</b>		<b>BE 2008-09</b>	
<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>
16.05	--	14.00	--	37.50	--

104. On being asked about the new schemes which were started last year, the Department stated as under:-

“The following New Schemes have started during last year:

- i) Creation of IPR Facilitation Centre at Pharmexcil;
- ii) New National Institutes of Pharmaceutical Education and Research (NIPER) at four places namely Ahmedabad, Hyderabad, Kolkata and Hajipur;
- iii) New Schemes in NIPER, SAS Nagar, Mohali.
- iv) Critical assistance for WHO-GMP pre qualification for pharma PSUs.
- v) New schemes of CIPET i.e. setting up of centre for advanced tool design and development at Hazipur and creation of high end testing laboratories in Chennai and Lucknow.”

105. Further, when the Committee asked about the new schemes on which the allocated amount of Rs.37.50 crore in BE (2008-09) is going to be utilized, the Department in their reply stated as under:-

“ Following are the new schemes on which a sum of Rs. 37.50 crores has been allocated -

- i) Interest Subsidy for Schedule M Compliance - Rs. 27.00 crores
- ii) Critical Assistance for WHO – pre qualification  
For Pharma PSUs/Research & Development - Rs. 10.00 crores
- iii) Creation of IPR Facilitation Centre at Pharmexcil - Rs. 0.50 crores”

106. The Committee note with satisfaction that some new schemes viz. (i) Creation of IPR facilitation Centre at Pharmexcil (ii) Establishment of new NIPERs at some places (iii) New schemes in NIPER, Mohali (iv) Critical Assistance for WHO - GMP pre qualification for pharma PSUs and (v) Setting up of centre for advanced tool design and development at Hazipur were started during last year with an allocation of Rs.14.00 crore. Further some new schemes have been launched in the current year to the tune of Rs.37.50 crore. The Committee note that allocation under new schemes have been increased from Rs.14.00 crore to Rs.37.50 crore in the current year. The Committee hope that money earmarked for the new schemes would be utilized at the optimum level.

(Recommendation SI.No.13)

**MAJOR HEAD 2552****L. Lumpsum provision for project/scheme for the benefit of the North Eastern Region and Sikkim**

107. The provision is for implementing projects/schemes for North Eastern Region and Sikkim. Necessary assistance out of this fund will be provided for Assam Gas Cracker Project which is under implementation.

108. The Budget proposals are as under:-

*(Rs. in crore)*

<b>Actuals 2006-07</b>		<b>BE 2007-08</b>		<b>RE 2007-08</b>		<b>BE 2008-09</b>	
<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Non-Plan</b>
--	--	20.90	--	20.90	--	29.50	--

109. When the Committee asked why Budget allocation increased from Rs.20.90 crore in BE (2007-08) to Rs.29.50 crore in BE (2008-09), the Department in their reply stated as under:-

“10% of the Plan outlay is required to be spent on the projects/schemes for the benefit of North Eastern Region and Sikkim. Accordingly, 10 % of approved Plan Outlay was shown as provision for North East. When total Outlays for the Assam Gas Cracker Project is taken into consideration the actual allocation for North East will be higher. The Budget allocation has increased from Rs.20.90 crore (i.e. 10% of Rs.209 Crore) in 2007-08 – BE to Rs.29.50 crore (i.e. 10% of Rs. 295 crore) for 2008-09- BE.”

110. Further on being asked how the allocated funds have been utilized during the year 2007-08, the Department in their reply stated as under:-



“During 2007-08, of the Rs.30 crore spent on Assam Gas Cracker Project, an amount of Rs.17.9 crore has been specifically shown against the Head – lump sum provision for development of NE Region. Moreover, NIPER has also spent Rs.0.47 crore on their Schemes pertaining to the Medicinal Potential in the North Eastern Region and the remaining amount of Rs.2.53 crore under NIPER under N.E. head is being released for Assam Gas Cracker Project after approval of re-appropriation.”

111. About the utilization of allocation for 2008-09, the Department stated that

for the Annual Plan 2008-09, the outlay for the Assam Gas Cracker Project is Rs.100 crore, all of which is being incurred for the development of North East Region. However, 10 % of the approved Plan Outlay (i.e. Rs.295 crore) has been specifically shown under the Head – lump sum provision for development of NE Region for the same project.

**MAJOR HEAD 4857 & 6857****M. Non-Plan loans and investment in Public Enterprises**

112. Loan and investment allocations for the PSUs under the Department of Chemicals and Petrochemicals are as under:-

(Rs. in crore)

Major Head	BE 2007-08		BE 2007-08		BE 2007-08	
	Plan	Non- Plan	Plan	Non- Plan	Plan	Non- Plan
Non-Plan loan 6857	---	8.49	---	8.48	---	6.70`
Investment 4857	2.00	---	8.15	---	---	---
6857	28.01	---	27.00	---	30.00	---
<b>Total</b>	<b>30.01</b>	<b>8.49</b>	<b>35.15</b>	<b>8.48</b>	<b>30.00</b>	<b>6.70</b>

113. The details of Non-Plan loans to Public Sector Enterprises are as under:-

(Rs. in crore)

	BE (2007-08)	RE (2007-08)	BE (2008-09)
Smith Stanistreet Pharmaceuticals Ltd. (SSPL)	0.01	0.01	0.01
Bengal Chemicals and Pharmaceuticals Ltd. (BCPL)	0.01	0.01	0.01
Bengal Immunity Ltd. (BIL)	0.01	0.01	0.01
Indian Drugs and Pharmaceuticals Ltd. (IDPL)	0.01	4.93	0.01
Petofils Co-operative Ltd. (PCL)	1.00	1.00	1.00
Hindustan Insecticides Ltd. (HIL)	7.43	2.50	2.50
Hindustan Antibiotics Ltd. (HAL)	0.01	0.01	0.01
Hindustan organic Chemicals Limited (HOCL)	0.01	0.01	3.15

114. The details of Investment in Public Enterprises are as under:-

(Rs. in crore)

	BE (2007-08)		RE (2007-08)		BE (2008-09)	
	Budget Support	IEBR	Budget Support	IEBR	Budget Support	IEBR
Hindustan Organic Chemicals Ltd.(HOCL)	1.00	37.11	1.00	---	---	4.36
Hindustan Insecticides Limited (HIL)	6.00	1.00	6.00	---	---	0.50
Indian Drugs and Pharmaceuticals Ltd. (IDPL)	1.01	---	2.00	---	---	---
Hindustan Antibiotics Ltd. (HAL)	2.00	-3.30	6.15	---	---	---
Bengal Chemicals and Pharmaceuticals Ltd. (BCPL)	20.00	0.59	20.00	---	30.00	1.82

(a) **Hindustan Organic Chemicals Limited (HOCL)**

115. Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12<sup>th</sup> December, 1960, for setting up manufacturing capacities for chemicals/intermediates which are required for production of Dyes, Dye-intermediates, Rubber chemicals, Pesticides, Drugs and Pharmaceuticals, laminates etc. It was expected that indigenous manufacture of these chemicals and intermediates would give impetus to downstream industry resulting in setting up of chemical units and achieving self-sufficiency for the country in this area. The objective behind setting up of HOCL has been achieved since at present more than 500 units based on HOCL's products have been set up all over the country which have not only helped in achieving self sufficiency but have also entered the international market earning precious foreign exchange by exporting chemicals, dyes and drugs for over a number of years.

116. The products manufactured by HOCL include phenol, acetone, formaldehyde, nitrobenzene, aniline, nitro toluene, sulphuric acid, oleum, acetanilide and Hydrogen Peroxide. The raw materials used by HOCL are Benzene, Toluene, LPG, Methanol, naphtha and sulphur, the majority of which come from Petroleum Refineries.

117. HOCL has two units, one at Rasayani (Maharashtra) and the other at Kochi (Kerala). It also has a subsidiary company, M/s Hindustan Fluorocarbons Limited located at Rudraram (Andhra Pradesh) for manufacture of Poly Tetra Fluoro Ethylene (PTFE), a high technology engineering plastic.

118. During the year 2006-07, the company achieved an overall capacity utilization of 51% as against 54% during the year. As against the production of 216224 MT (main products) during 2005-06, the company achieved a production of 207110 MT (main products). The company recorded the sale of 128245 MT

during the year (last year 138432 MT) valuing Rs.50596 lac (last year Rs.38605 lac.).

119. The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 9<sup>th</sup> March, 2006 approved the revival proposal of HOCL.

**120. The following are the revival proposal for HOCL:**

- (a) Government of India to provide equity of Rs.250 crores in the form of 8% redeemable non-cumulative preference shares to be redeemed @ 20% each year from 4<sup>th</sup> year onwards and this amount to be utilized by HOCL for (i) repayment of high cost overdue Bonds; (ii) introduction of fresh VRS costing Rs.36 crores for estimated 590 employees; (iii) repayment of VRS loan of Rs.31 crores availed from Bank of Baroda in 2001 for 685 employees and (iv) Rs.8 crores towards part repayment of Bonds.
- (b) Waiver of penal interest and interest on interest upto 31.3.2005
- (c) Continuation of Government of India Guarantees of Rs.100 crores for full term of 10 years (issue date 19.12.2001) to be utilized to liquidate high cost debt.
- (d) Further, CCEA, in its meeting held on 8.2.2007, approved the release of Rs.20 crores from the Budget Grant 2006-07 for restarting of Caustic Chlorine Plant of HOCL at Rasayani, Maharashtra. This amount will be repaid back to the Government by HOCL from the sale proceeds of their land at Panvel, Maharashtra.

**121. Implementation Status of Revival packages in HOCL**

- (i) Repayment of loan of Bank of Baroda amounting to Rs. 31 crore alongwith interest has been made.

(ii) VRS scheme notified; 67 employees have been relieved as on 20.12.2007. HOCL Board decided to reopen the scheme further to bring more employees under VRS.

(iii) Settled the claim of investors/bond holders by repaying Rs. 181.55 crores as on 30.11.2007 out of Rs. 183 crores. The balance cases Rs.1.45 crore are under negotiation and will be settled shortly.

(iv) Restarting of caustic soda plant has been initiated with project management assistance from M/s Mott MacDonald. The task is expected to finish by 31.3.2008.

122. When the Committee asked by what time HOCL would be fully revived, the Department in their reply stated asunder:-

“With the restarting of the caustic chlorine plant at Rasayani and implementation of the physical restructuring scheme for Kochi Unit, HOCL, as per revival plan, will be fully revived by the end of 2010-11. The net worth of the company already turned positive and it has shown a profit of Rs. 17.04 crores in 2006-07. The company also expects to make a net profit of about Rs. 18 crores in the current financial year.”

(b) **Hindustan Insecticides Limited (HIL)**

123. Hindustan Insecticides Limited (HIL) was incorporated in 1954 and set up its factory in Delhi for manufacturing DDT to meet the demand of National Malaria Eradiction Programme (NMEP) presently known as National Vector Borne Disease Control Programme launched by Government of India. This plant came as a gift from WHO and went into production in April, 1955. In 1957, the company set up their second factory at Udyogamandal, near Cochin, for the manufacture of DDT. The company set up a plant at Rasayani, Maharashtra in 1977 for the manufacture of Malathion, an insecticide used in public health. Further, another DDT plant was set up at Rasayani in 1983. DDT is even today the most cost effective tool to fight dreaded diseases like Malaria, Dengue, Kala Azar, Japanese Encephalities, etc. The company has contributed a lot in keeping these diseases under check in India.

124. HIL today is the largest producer of DDT in the world and the only other producer is in China.

125. With a view to make quality pesticides available to farmers as part of Green Revolution, HIL put up manufacturing facilities for various agro pesticides at Udyogamandal, Kerala and Rasayani, Maharashtra. The company today manufactures technicals such as Endosulfan, Dicofol, Butachlor, DDVP, Monocrotophos, Mancozeb etc. and around 27 agro formulations at its plants at Udyogmandal (Kerala), Rasayani (Maharashtra) and Bathinda (Punjab).

126. The company has a well-equipped Central R&D Complex at Udyog Vihar, Gurgaon, Haryana, alongwith an experimental farm.

127. The company which was incurring losses due to non-operational reasons has undergone restructuring after the rehabilitation package approved by the Cabinet Committee on Economic Affairs on 27.02.2006

**128. The revival proposal in respect of HIL includes :**

- (a) Waiver of Government of India loans amounting to Rs.66.40 crore and to convert the remaining GOI loan of Rs.31.55 crores as on 31<sup>st</sup> March, 2006 into equity;
- (b) Writing off the interest amounting to Rs.126.69 crores on GOI loans as on 31.3.2006.
- (c) Providing GOI guarantee to HIL for raising loans amounting to Rs.20 crores from Financial Institutions for implementing VRS;
- (d) Providing support to HIL, in case Corporate Guarantees of Rs.22.65 crores furnished by HIL as on 31<sup>st</sup> March, 2006 are invoked by the Financial Institutions.
- (e) Settling the litigation with DDA over Delhi unit land, out of Court.
- (f) Ministry of Finance to make a provision for subsidy of Rs.5 crore per annum to Ministry of Health & Family Welfare, which would be utilized for reimbursing HIL against supplies of DDT. This provision would commence with effect from 2005-06 and would continue up to 2011. The subsidy of Rs.5 crore would be pegged to HIL producing at its present level of production of about 8200 MT of DDT annually. Shortfall in production of every 20% from this level would entail a reduction of the subsidy amount by Rs.1.00 crore.

**129. Implementation Status of Revival packages in HIL**

- (i) After the implementation of the revival scheme, the company posted a profit of Rs. 21.41 crores in 2005-06 and Rs.5.66 in 2006-07 crores on account of capital restructuring and its net worth has turned positive.
- (ii) DDA has accepted HIL's layout plan for surrendering of 57% of factory land and has taken the physical possession on 12.7.2007.



- (iii) Payment of subsidy of Rs.10 crores from Ministry of Health & Family Welfare based on the production of DDT for the years 2005-06 and 2006-07 has been included in the second supplementary of Budget Estimate 2007-08. The subsidy is expected to be received shortly.

130. The Department further stated that expected profit of HIL for the year 2007-08 will be Rs. 1.39 crores.

131. The Committee note that Hindustan Insecticides Limited (HIL) was running into losses due to non-operational reasons. The Committee also note that after implementation of revival package, the company is earning profit which is a good sign. While appreciating that company is earning profit now, the Committee would like to know the reasons for non-operation of some of the units of HIL which ultimately resulted into losses. The Committee, therefore, desire that the Company should introspect and the Department should investigate these factors so that such a situation do not recur in future. The Committee desire that all the parameters should be explored in coordination with State Government and other agencies before setting up any unit so that unnecessary closure of units do not result into losses and the money spent on setting up the units is not wasted. The Committee would also like that other sick companies under the Department should follow the same steps taken by HIL so that they may also earn profit.

(Recommendation Sl.No.14)

(c) **Indian Drugs & Pharmaceuticals Limited (IDPL)**

132. Indian Drugs & Pharmaceuticals Limited (IDPL) was incorporated on 5<sup>th</sup> April, 1961 with the primary objective of creating self sufficiency in essential life saving drugs and medicines. The company has presently three manufacturing plants, one each at Rishikesh (Uttaranchal), Hyderabad (Andhra Pradesh) and Gurgaon (Haryana). IDPL has two wholly owned subsidiaries, namely, IDPL (Tamil Nadu) Limited, Chennai (Tamil Nadu) and Bihar Drugs & Organic Chemicals Limited at Muzaffarpur (Bihar). In addition, IDPL has two joint sector undertakings, promoted in collaboration with the respective State Governments. These are Rajasthan Drugs and Pharmaceuticals Limited (RDPL), Jaipur, and Orissa Drugs & Chemicals Limited (ODCL) Bhubaneshwar.

133. IDPL was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) on the 12<sup>th</sup> August, 1992. A revival package for the company was formulated and approved by BIFR on the 10<sup>th</sup> February, 1994. However, after taking into account the performance of the company, which fell short of the targets, the BIFR on 23.1.1996 treated the sanctioned package as failure.

134. BIFR in its meeting held on 4.12.2003 confirmed its prima-facie opinion about winding up of IDPL in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

135. Department of Chemicals and Petrochemicals filed an appeal against the order of BIFR in Appellate Authority for Industrial & Financial Reconstruction (AAIFR) on 10.2.2004. Hon'ble AAIFR at its hearing on 13.9.2005 set aside the impugned order of BIFR dated 4.12.2003 and remanded the matter back to BIFR for taking further action for rehabilitation of IDPL.

136. An Expert Committee was appointed in September, 2004, to study the techno- financial feasibility of rehabilitating IDPL. A technical audit of various plants of IDPL was also assigned to National Institute of Pharmaceutical Education and Research (NIPER). NIPER in tis report submitted to the Department on 31.08.2005, recommended revival of all plants of IDPL and its subsidiaries in phases, for production of existing and new products. IDBI supported the recommendations for revival of IDPL subject to certain conditions.

137. In a meeting held under the chairmanship of Minister (C&F&S) it was decided to revive all the five units of IDPL in a phased manner.

138. Having considered the Draft Rehabilitation Scheme for revival of Indian Drugs & Pharmaceuticals Limited (IDPL) at its meeting held on 09.03.2007, the Board for Reconstruction of Public Sector Enterprises (BRPSE) recommended the scheme for approval of the Government.

139. The scheme was placed before the Cabinet for approval. Cabinet considered the proposal at its meeting held on 17.05.2007 and referred it to GoM for consideration at the first instance. GoM has been constituted on 01.06.2007. The first meeting of the GoM was held on 11.10.2007 and a further meeting is to follow. The recommendations of the GoM when finalized would be placed before the Cabinet.

140. When the Committee asked by what time recommendations of the GoM are expected to be finalized, the Department in their reply, stated as under:-

“Chairman of GoM has been requested for a date for the meeting. The recommendations of the GoM may be finalized at the next meeting.”

141. During evidence dated 27.03.2008, Secretary, Department of Chemicals and Petrochemicals stated as under:-

“..... IDPL properties are intact. We are very seriously guarding the properties of the IDPL. We are also pursuing the proposal of rehabilitation. Even the date for the GOM is being fixed. We are confident that we would be able to go through IDPL rehabilitation. It is not being closed.”

142. The Committee note that IDPL which had done pioneering work in the manufacturing of drugs and pharmaceutical is presently not viable. The Committee have been informed that the Draft Rehabilitation scheme for revival of IDPL has been referred to Group of Ministers (GOM) for consideration at the first instance. The recommendations of the Group of Ministers are awaited. The Committee hope that GOM would soon meet and finalize its recommendations for revival of IDPL.

The Committee feel that revival of IDPL is very important issue as it has social obligation to manufacture and produce Life Saving Drugs at a reasonable price whereas the private companies have no social obligation to manufacture and produce Life Saving Drugs at a reasonable price to the general public. The Committee, therefore, recommend that IDPL should not only be revived but efforts should also be made to make a model drug company in the public sector.

(Recommendation SI.No. 15)

**(d) Hindustan Antibiotics Limited (HAL)**

143. Hindustan Antibiotics Limited (HAL), Pimpri, Pune was incorporated on the 30<sup>th</sup> March, 1954. This was the first Public Sector company in drugs and pharmaceuticals. HAL has its plant located at Pimpri. The company produces a wide range of Pharmaceutical formulations including agro-vet products. There are three joint sector units promoted by HAL in collaboration with the respective State Governments. These are Karnataka Antibiotics & Pharmaceuticals Limited (KAPL), Bangalore (Karnataka), Maharashtra Antibiotics & Pharmaceuticals Limited (MAPL). At Nagpur (Maharashtra) since closed and Manipur State Drugs & Pharmaceuticals Limited (MSDPL) at Imphal (Manipur since closed). In addition there was a joint venture, namely, HMGB, with a private sector company Max GB since discontinued.

144. As the company had been incurring losses continuously since 1993-94, it was referred to the BIFR in January, 1997. BIFR declared the company formally sick on 31.3.1997. The BIFR appointed the Industrial Development Bank of India (IDBI), Mumbai as the Operating Agency for a techno-economic viability study and report. The first rehabilitation scheme prepared by HAL was revised on the directions of the BIFR and the Government.

145. In the Budget speech 2004-05, the Finance Minister announced financial support for the restructuring of HAL. On 9.3.2006, CCEA approved the Rehabilitation Scheme for revival of HAL. The Scheme inter alia provides for the following:-

<b>S. No.</b>	<b>Particulars</b>	<b>Amount(Rs. in crores)</b>
1.	Cash infusion	137.59*
2.	Write off/ exemption from Govt. of India	267.57
3.	Sacrifices by Banks, financial institutions and PSUs	103.34
	<b>Total</b>	<b>508.50</b>

(\* This includes interest free loan of Rs.56.96 crores to be repaid by HAL by sale of land within a period of two years.)

146. The entire cash infusion of Rs. 137.59 crores has been released to the company. Parliament has approved writing off of loan and waiver of interest to the extent of Rs.259.43 crores.

147. BIFR has sanctioned and notified the Rehabilitation Scheme of HAL on 05.06.2007. BIFR has also constituted an Asset Sales Committee (ASC) on 20.06.2007. IDBI (OA) has been appointed as the Monitoring Agency. First meeting of ASC was held in December, 2007 and as per the decision of ASC, HAL invited "Expression of Interest" in Newspapers inviting applications from the consultants to develop the land. It is expected that the Asset Sales Committee will complete the work soon.

148. HAL is required to refund the interest free loan of Rs.56.96 crores to GOI.

149. When the Committee asked about the status of implementation of the rehabilitation scheme of the company, the Department in their reply stated as under:-

"The Government has released Rs. 137.59 crore to HAL for implementation of the Rehabilitation Scheme. Besides, a waiver of past loans and interest thereon to the tune of Rs. 259.43 crore has also been granted. HAL is taking expeditious steps to implement the other Schemes envisaged in the Rehabilitation Scheme.

As a result of implementation of the rehabilitation scheme, the company is likely to achieve production of Rs. 117.00 crore in 2007-08 (Rs. 104.00 crore upto February, 2008) against production of Rs. 54.47 crore in 2006-07."

150. It has been stated that Government has approved the proposal received from HAL for setting up new powder injectable facilities



for Cephalosporin and upgradation of existing vialling facilities for Betalactum (Penicilllin) Antibiotics complying to WHO-GMP standards at an estimated cost of Rs. 20.17 crores. With this investment, the turnover of HAL is estimated to go up as follows:-

Year	Turnover (Rs. In crore)
1 <sup>st</sup> Year	42.91
2 <sup>nd</sup> Year	75.85
3 <sup>rd</sup> Year	107.18
4 <sup>th</sup> Year	148.23
5 <sup>th</sup> Year	184.20

151. In this regard when the Committee asked about the present status of the project, the Department stated as under:-

“HAL has already started the Civil works and the tendering process for procurement of major equipments is being finalized.”

152. Further, when the Committee asked by what time, this project is likely to be completed, the Department in their reply, stated as under:-

“The Cephalosporin Project is likely to be completed by October, 2008. The upgradation of existing vialling facilities for Betalactum (Penicillin) Antibiotics complying to WHO-GMP standards is likely to be completed by March, 2009.”

153. The Committee note that Government has approved the proposal received from HAL for setting up new powder injectable facilities for Cephalosporin and upgradation of existing vialling facilities for Betalactum (Penicilllin) Antibiotics complying to WHO-GMP standards at an estimated cost of Rs. 20.17 crore. The Committee hope that these projects would be completed in time.

(Recommendation SI.No. 16)

(e) **Bengal Chemicals & Pharmaceuticals Limited (BCPL)**

154. Bengal Chemicals & Pharmaceuticals Limited (BCPL) was a sick company in the private sector in the name and style of Bengal Chemicals & Pharmaceuticals Works. It was nationalized on the 15<sup>th</sup> December, 1980. A new public sector company in the name and style of Bengal Chemicals & Pharmaceuticals Limited was incorporated on the 17<sup>th</sup> March, 1981.

155. The company has four manufacturing units one each at Maniktala at Kolkata, Panihati at North 24 Parganas (West Bengal), one at Mumbai and at Kanpur (UP). The company manufactures and markets wide range of industrial chemicals, a large number of Drugs and Pharmaceuticals besides Cosmetics and Home Products. In the Home Products, the well known products include Cantharidine Hair Oil and Lamp Brand Phenol.

156. The company was formally declared sick by the Board for Industrial and Financial Reconstruction on the 14<sup>th</sup> January, 1993. A revival package was approved by the BIFR on the 4<sup>th</sup> April, 1995.

157. The package was reviewed by BIFR from time to time. As a result, BIFR sanctioned a Modified Revised Rehabilitation Scheme (MDRS) on 14.1.2004 for the revival of BCPL. The envisages a number of relief and concessions from the Government and other agencies.

158. The MDRS sanctioned by BIFR was further modified by the Company keeping in view its requirements for modernization of plants & machinery and placed before Board for Reconstruction of Public Sector Enterprises (BRPSE) for its recommendations. The BRPSE at its meeting held on 25.8.2006 recommended the modified revival plan for approval.

159. On 21.12.2006, CCEA approved the revival scheme of BCPL, as under:

- |       |  |   |                   |
|-------|--|---|-------------------|
| (i)   | Cash infusion by GOI   | - | Rs. 207.19 crores |
| (ii)  | Write off/Waiver of Loans/Interest<br>(As on 31.03.2005)   | - | Rs. 233.41 crores |
| (iii) | Waiver of Loan/Interest by the GOI not<br>to be treated as income in terms of<br>Income Tax Act. | - | Not quantified    |

160. Out of Cash infusion of Rs.207.19 crores, Rs. 117.19 crores has since been released to BCPL in 2006-07. Rs.90.00 crore is to be released as interest free loan during the 11<sup>th</sup> Plan. Of this Rs.20.00 crore has been released during 2007-08.

161. M/s. Zen Marketing & Technologies, Kolkata has been appointed as Consultant . The Consultant has provided necessary drawings and designs and other vital inputs to the Company for modernization/ upgradation and compliance with Schedule M/WHO-GMP specifications. It is expected that the work of the Consultant would be completed within a period of 18-24 months from the commencement of construction activities i.e. from March, 2008.

162. The Department also stated that the company is expected to be revived by 2010-2011.

163. About the manpower strength of the company, the Department stated that

as on 29.02.08, the manpower strength of the Company is 772. The company is, however, short of skilled technical manpower. The Company has since prepared an HRD Plan to recruit technical personnel as per its requirements. Gradually, strength of the officers (Technical and non-technical) will be increased from 113 at present to 225 by 2010 and that of

workers will be brought down from 659 at present to 475 by 2010. A few Senior Level posts have been filled up recently viz. GM (Marketing), Dy.GM (Production), Dy.GM.(Finance), Company Secretary, Dy. Manager(Accounts).

164. The Committee during their visit to Kolkata on 21<sup>st</sup> February, 2008 came to know that company followed the practice of procurement of raw material against 'Letter of Credit'.

165. In this regard, the Department commented that

considering shortage of working capital and higher rate of interest charged by Banks (@14.5% per annum on monthly rest basis) for providing fund based working capital, and comparatively cheaper charges for availing "Non Fund based" working capital facilities, there does not seem to be any alternative but to continue with the system of Letter of Credit in BCPL. BCPL has reported that during 2007-08, the company has saved interest to the extent of Rs. 3.87 crore.

166. The Committee were also apprised that BCPL has adopted the system of 'Loan License' for production. The Union leaders which met to the Committee at Kolkata apprised to the Committee that production through 'Loan License' without inadequate order in hand with vested interest may lead to accumulation of unsold products.

167. In this regard, the Department commented that

BCPL has been asked to undertake manufacture of pharmaceuticals etc through Loan Licensing only if it does not have in-house capacity and against confirmed and pending orders. This is being followed by BCPL during current year, thereby avoiding accumulation of unsold products on account of this.

**Observation of the Committee during study visit**

168. The Committee on Chemicals and Fertilizers (2007-08) visited Kolkata on 21<sup>st</sup> February, 2008 and had interaction with the officials of BCPL. The Committee were apprised that there was shortage skilled workers/ engineers while unskilled workers were in surplus. It was decided to give VRS for 200 employees but the response was very poor as only 19 employees opted for VRS.

The Committee also came to know that company followed the practice of procurement of raw material against Letter of Credit.

The Committee also observed that financial management of the company was not sound and products are made without orders.

169. The representatives of Bengal Chemicals Sramik Karmachari Union submitted before the Committee that purchase policy of the company is not sound.

170. The Committee note that revival scheme of BCPL has been approved on 21<sup>st</sup> December, 2006 and out of cash infusion of Rs.207.19 crore, Rs.117.19 crore has since been released to BCPL in 2006-07. Rs.90.00 crore is to be released as interest free loan during the 11<sup>th</sup> Plan. Out of this Rs.20.00 crore has been released during 2007-08. The Committee have been informed that the company is expected to be revived by 2010-11. The Committee have also been informed that the company is short of skilled technical manpower. The Committee, therefore, recommend that revival plan of BCPL should be completed in time and steps should be taken immediately to recruit technical personnel by incentivising them as per its requirement. The Committee also note that there is surplus unskilled workers as such Voluntary Retirement Scheme (VRS) was planned for 200 employees. Out of which only 19 employees opted for VRS. The rest of the employees are reluctant to opt for VRS. The Committee, therefore, recommend that the Department should devise a mechanism in consultation with Ministry of Finance to encourage the employees who are reluctant to opt for VRS.

The Committee also recommend that Letter of Credit system adopted by the company should be reviewed and loopholes, if any, should be plugged. While expressing satisfaction over reforms carried out for revival of the company, the Committee are of the view that the company should strengthen its management. Besides this the Committee desire that a sound purchase policy should function with an optimum efficiency without

further going into micro aspects of the purchase policy. The Committee also desire that production should be made on orders and not on anticipation as unsold product may lead to wastage of money.

(Recommendation SI.No. 17)



(f) **Bengal Immunity Limited (BIL)**

171. Bengal Immunity Limited (BIL) was a sick company in the private sector in the name and style of Bengal Immunity Company Limited. The management of the company was taken over by the Central Government with effect from the 18<sup>th</sup> May, 1978. It was nationalized w.e.f. 1<sup>st</sup> October, 1984 and a new public sector company in the name and style of Bengal Immunity Limited was incorporated on the 1<sup>st</sup> October, 1984. The company had two manufacturing units, one each at Baranagar at Kolkata (West Bengal) and at Dehradun (Uttaranchal).

172. The Board for Industrial and Financial Reconstruction (BIFR) formally declared the company sick on the 9<sup>th</sup> March, 1993. BIFR heard the case from time to time. In the hearing held on 13<sup>th</sup> September, 2002 the BIFR formed its prima-facie opinion to wind up the company. The opinion was confirmed by BIFR in the hearing held on 25<sup>th</sup> February, 2003. With the approval of the Cabinet, VSS was introduced in the company. The company has since relieved all the employees under VSS as on 30<sup>th</sup> September, 2003.

173. The company is closed. The Official Liquidator has already been appointed by the Kolkata High Court. However, the appointment of Liquidator in respect of BIL has been stayed on a Writ Petition filed by the BIL Employees Union and thereafter this Department on the ground that a Committee has been set up to look into the issue of revival of BIL.

174. The Committee, constituted to explore the possibility of revival of Bengal Immunity Limited (BIL), recommended revival of BIL through public private partnership mode. A meeting was held under the Chairpersonship of Secretary (C&PC) on 20.02.2007 to hear the private companies. As an outcome of this meeting held on 20.02.2007, a Technical Committee was constituted to examine technical & financial capabilities of short listed companies. The Committee submitted its report on 12.07.2007. The Committee while reflecting the technical

capabilities of the short listed companies, recommended financial due diligence & assessment by a reputed financial consultant.

175. The issue was placed before the Appellate Authority for Industrial & Financial Reconstruction (AAIFR) as well. The AAIFR also heard short listed companies. Subsequently, AAIFR called all five companies who met the eligibility criteria. For the purpose, hearing was held in AAIFR on 06.11.2007.

176. Order of AAIFR has been received on 07.03.2008. AAIFR has since asked the Govt. of India and BIFR, in turn, to consider and evaluate the proposals from the five short listed companies for revival of BIL on the basis of criteria which should, inter alia, indicate the maximum equity permissible for the joint venture partner and the nature of experience in the manufacture of vaccines and pharmaceuticals products.

177. Asked about the opinion of the Government in regard to the order of AAIFR, the Department stated that it is being examined and suitable further action will be taken in due course.

178. The Department also stated that the appointment of financial consultant is being considered and decision in this regard would be taken in the near future.

(g) **Karnataka Antibiotics & Pharmaceuticals Limited (KAPL)**

179. This is a Joint Sector Undertaking promoted by Hindustan Antibiotics Limited (HAL) in collaboration with Karnataka State Industrial and Investment Development Corporation (KSIIDC). HAL holds 59% of the equity shares and the rest are with KSIIDC. The company was incorporated on 13<sup>th</sup> March, 1981 and the commercial production started from August, 1984. The manufacturing units and the registered office of the company are located at Bangalore (Karnataka). The main products are pharmaceuticals formulations like tablets, capsules, injectables, etc. KAPL, from the very first year of its operations, earned profits and is an MOU signing company.

180. During the study tour of the Committee at Bangalore (July, 2007), issues like de-linking of Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) from Hindustan Antibiotics Limited (HAL), granting the status of Navratana to KAPL, upgradation of facility, introduction of new products, support to have a separate cephalosporin injectables facility, etc, came up for discussion

181. On the issue of de-linking KAPL from HAL, the Department stated that there is a proposal under consideration to de-link KAPL from HAL and RDPL from IDPL and this proposal is likely to be finalized in 2008-09.

182. On the issue of granting the status of Navratna to KAPL, the Department stated as under:-

“KAPL is a Joint Venture company promoted by Hindustan Antibiotics Limited (HAL) and Karnataka State Industrial Investment Development Corporation (KSIIDC), in Schedule D, has already been granted the Mini-Ratna-II Status by the Government. Only Schedule A and Mini-Ratna Category I CPSEs are eligible to be considered for grant of Navratna Status.”

183. In regard to upgradation of facility and in having a separate cephalosporin injectables facility at KAPL, the Department stated asunder:-

“KAPL is upgrading its facilities (including Cephalosporin Injectable Project at Peenya, Bangalore at an estimated cost of Rs. 22.45 core. Government is proposing to release Rs. 6.15 crore through Hindustan Antibiotics Limited (HAL). Rs. 95.00 lakh has already been released to HAL for investment in KAPL. KAPL has already called for tenders for appointment of Consultant for the Project. State Government of Karnataka has also agreed to release proportionate equity to KAPL after funds are released by the Central Government. The Project is likely to be completed by 2009.

The Government fully supports the proposal of KAPL for setting up of Cephalosporin Project in order to meet WHO-GMP requirement of having separate manufacturing facilities for Penicillin and Non-Penicillin (Cephalosporin). This would also help the Company in increasing its exports.”

184. Further on being asked about the steps taken by the Government in having a separate Cephalosporin injectables facility at KAPL, the Department in their reply stated as under:-

“The requirement of funds by KAPL from Government for setting up of this Project is about Rs.7.10 crore. Out of this, Rs.95.00 lakh has already been released in March, 2007. The balance amount is likely to be released in 2008-09.”

185. The Committee have been informed that there is a proposal under consideration to de-link Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) from Hindustan Antibiotics Limited (HAL) and this proposal is likely to be finalized in 2008-09. The Committee would like to be informed about the action plan in this regard. The Committee have also been informed that Rs.95.00 lakh has been released for setting up of Cephalosporin Project at KAPL. In view of above the Committee recommend that Cephalosporin Project should be set up as early as possible so that KAPL should increase its exports.

(Recommendation SI.No. 18)

(h) **Orissa Drugs and Chemicals Limited (ODCL)**

186. This is a joint sector undertaking promoted by Indian Drugs and Pharmaceuticals Limited (IDPL) and the Industrial Promotion and Investment Corporation of Orissa (IPICOL). IDPL holds 51% of the equity shares and the rest are with IPICOL. The company was incorporated in 1979 and commissioned fully for production from September, 1983. The company has its manufacturing unit and its registered Office in Bhubaneshwar, in Orissa. The company is engaged in the manufacture of Pharmaceutical formulations in the form of Tables, Capsules, Powders, Ointments etc.

187. ODCL was formally declared sick by the Board of Industrial and Financial Reconstruction (BIFR) on 26<sup>th</sup> October, 1992. On the basis of the report of the Operating Agency, appointed by the BIFR and the support extended by the promoters, the BIFR approved a revival package for ODCL on 18<sup>th</sup> August, 1994. BIFR heard the case from time to time.

188. The BIFR in the hearing on 18.12.2000, declared this scheme as failure. The BIFR issued a show cause notice for winding up of the company in the absence of a fully tied up proposal for revival. In the hearing held on 08.07.2002, the BIFR, inter-alia, directed the O.A. to issue advertisement inviting offers for sale of the assets of the company under Section 18(2) (i) without any liability or under Section 18(ii). The advertisement was issued by the OA (IDBI) and then a joint meeting was held on November 13, 2002.

189. BIFR in its order dated 8<sup>th</sup> April, 2003 passed orders for winding up of the company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The appeal filed by ODCL employees against the winding up order of BIFR has been dismissed by the AAIFR vide its order dated 23.06.2005. High

Court of Orissa had appointed a provisional Liquidator. This has since been stayed by the High Court.

190. The Committee had visited ODCL complex at Bhubaneswar on 10<sup>th</sup> December, 2007 and had discussion with the officials of IDPL and ODCL at Puri on 11<sup>th</sup> December, 2007. In Bhubaneswar, a group of Union leaders also met to the Committee. The Committee were apprised that power supply of the plant has been cut as ODCL was unable to pay the electricity bill. As such, the factory is run on generator which is a costly affair. Besides this, the following problems brought to the notice of the Committee.

- i) Revenue generation not compatible with expenditure.
- ii) No capital subsidy or financial assistance by the Government.
- iii) Stoppage of purchase of medicines by Orissa Government (ODCL was supplying about 80% of its products to Orissa Government).
- iv) Inadequate marketing network.
- v) Cash credit facilities frozen by Banks.
- vi) No upgradation of production facilities during last five years.

191. On the above issues, the Department stated as under:-

“The company is under liquidation as a result of the order dated 8.4.2003 passed by the Board for Industrial Financial Reconstruction. High Court, Orissa has since appointed Provisional Liquidator, though the appointment has been stayed for the present by the Hon’ble High Court.”

192. On the restoration of electricity at ODCL complex, the Department stated that IDPL has already taken up the matter with Orissa Government.

193. During the study visit, the Committee came to know that agreement with Medicure was done in the year 2004 according to which raw material was supposed to be bought from them and production would be done by ODCL. After marketing 22% of the profit would be given to ODCL.

194. On the above issue, the Department stated as under:-

“As per available information ODCL signed an agreement with the MediCure, Amarawati on 2.11.2004. In brief, the agreement inter alia provides

MediCure will supply entire bulk raw material, packing material (inner and outer) and other excipients and pay ODCL towards job charges @ 22% of the actual cost of products. The agreement is valid for a period of 2 years initially.

The agreement was initially for a period of 2 years effective from 2.11.2004. The period of 2 years was over on 1.11.2006. However, the arrangement continues by reasons of stay granted by the High Court, Orissa in its Order dated 29.2.2008 however, did not mention about the continuance of the stay on the continuation of the agreement. The legal opinion in this regard is being obtained by IDPL.

Whereas, now IDPL also gets its requirement manufactured by ODCL. IDPL pays to ODCL @ 25 to 30% less on the rates fixed under the Preferential Purchase Policy of Gol., whereas MedicuRe pays to ODCL 22% of the total material cost (raw material & packing material). The payment made by MedicuRe is a losing proposition for ODCL. This would be clear from the following example.

Product : Etheophylline & Theophylline Injection 2ml		
S.No.	Particular	Rate(In Rs.)/Ampoule
1.	Raw Material Cost	0.13
2.	Packing Material	1.19
3.	Total Material Cost	1.32
4.	Manufacturing cost paid by MedicuRe to ODCL @ 22% of material cost	0.29
5.	Purchase rate paid by IDPL to ODCL @ 30% less over the PPP rate of Rs.2.70 per Ampoule	1.89
6.	Margin available on the product in case of supply to IDPL (Purchase rate paid by IDPL minus total material cost)	0.57



195. The Department in their reply also submitted that the agreement with M/s MedicuRe was entered into at unit level without obtaining approval of the Board of Directors of ODCL or IDPL. The agreement is not in the interest of ODCL and erroneous.

196. Further on being asked about measures proposed to be taken to resolve this issue, the Department in their reply stated as under:-

“Considering the contents of order dated 29.02.2008 passed by High Court, Orissa, IDPL is seeking legal opinion about continuation of the agreement dated 02.11.2004 entered into by ODCL with Medicure. In case the agreement does not stand discontinued, IDPL would initiate action to get the agreement discontinued by filing an application in the High Court citing specific reasons and examples to show that it has worked to the disadvantage of ODCL. IDPL may also consider giving more work to ODCL.”

197. During the course of evidence the Secretary, Department of Chemicals stated as under:-

“About the ODCL, there was a reference to an agreement, which was entered into by ODCL. We have also referred to that in our reply. We also feel that agreement is not a correct agreement. It should not have been entered into. ODCL is a subsidiary of IDPL. We have already asked the CMD, IDPL because there is a High Court order, under which the agreement is being continued. The agreement is not in the interest of the organization. We have also asked IDPL to take up for vacation of the stay order. The agreement would be put an end to.”

198. The Committee note that company is under liquidation as a result of order dated 8<sup>th</sup> April, 2003 passed by the Board of Industrial and Financial Reconstruction. High Court of Orissa has since appointed provisional Liquidator, though the appointment has been stayed for the present by the Hon'ble High Court. The Committee also note that workers of the company want to participate in the management. The Committee during their visit to Bhubaneshwar and Puri on 10<sup>th</sup> and 11<sup>th</sup> December, 2008 observed that no capital subsidy or financial assistance was given by the Government for the last many years. Even banks have frozen cash credit facilities. Besides the above, there was no adequate marketing network. The production facilities have not been upgraded during the last five years and Government of Orissa have also stopped purchase of medicines from them. Considering these facts, the Committee recommend that instead of winding up the ODCL, it should be revived in the interest of workers.

The Committee is dismayed to note that agreement with M/s Medicure was made at unit level without obtaining the approval of Board of Directors of ODCL and IDPL. Though the matter is sub-judice, the Committee caution that such an agreement at unit level should not be made in future by any company as it may lead to legal complication for a long time at the cost of company. The Committee

feel that a sound management at the top level and unit level are prerequisite for avoiding such an erroneous agreement and running the affairs of the company effectively.

(Recommendation Sl.No.19)

New Delhi;  
April 15, 2008  
Chaitra 26, 1930 (Saka)

ANANT GANGARAM GEETE  
Chairman,  
Standing Committee on  
Chemicals & Fertilizers.

**MINUTES****STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2007-08)****SIXTH SITTING  
(27.03.2008)**

The Committee sat from 1530 hours to 1700 hours.

**Present**

**Shri Anant Gangaram Geete - Chairman**

***Members******Lok Sabha***

2. Shri Sunil Khan
3. Shri Subhash Maharia
4. Shri A. Narendra
5. Shri Ramswaroop Prasad
6. Shri P. Chalapathi Rao
7. Shri Anantha Venkatarami Reddy
8. Shri Bhanupratap Singh Verma

***Rajya Sabha***

9. Shri Debabrata Biswas
10. Shri Gireesh Kumar Sanghi
11. Shri V. Hanumantha Rao
12. Shri Mahendra Sahni
13. Shri R. Shunmugasundaram

***Secretariat***

1. Shri A.K. Singh - *Joint Secretary*
2. Shri A.S. Chera - *Director*
3. Shri A.K. Srivastava - *Deputy Secretary-II*
4. Smt. Balwant Kaur Saimbhi- *Under Secretary*

**Representatives of the Ministry of Chemicals and Fertilizers**  
**(Department of Chemicals and Petrochemicals)**

- |    |                            |   |  |
|----|----------------------------|---|--|
| 1. | Shri V.S. Sampath          | - | Secretary (C&PC)   |
| 2. | Shri Ashok Kumar           | - | Chairman, National Pharmaceutical Pricing Authority (NPPA) |
| 3. | Shri Mathew C. Kunnumkal   | - | Additional Secretary and FA                                |
| 4. | Shri K.C. Mishra           | - | Joint Secretary  |
| 5. | Shri G.S. Sandhu           | - | Joint Secretary  |
| 6. | Shri B.P. Pandey           | - | Joint Secretary  |
| 7. | Shri Arun Jha              | - | Member Secretary, NPPA                                     |
| 8. | Shri P.V. Rajeev Sebastian | - | Economic Advisor   |

**Representatives of the Public Sector Undertakings (PSUs)/**  
**Autonomous Institutions**

- |    |                           |  |
|----|---------------------------|--|
| 1. | Shri T.K. Ranganathan-    | MD, Hindustan Antibiotics Ltd. (HAL)   |
| 2. | Dr. P. Ramarao            | - Director, National Institute of Pharmaceuticals Education and Research (NIPER) |
| 3. | Pr. (Dr.) S.K. Nayak      | - DG, Central Institute of Plastic Engineering and Technology (CIPET)            |
| 4. | Dr. (Ms.) Jayshree Gupta- | CMD, Indian Drugs and Pharmaceuticals Ltd. (IDPL)                                |
| 5. | Shri S. Kundu             | - MD, Bengal Chemicals and Pharmaceuticals Ltd. (BCPL)                           |
| 6. | Shri A.S. Didolkar        | - CMD, Hindustan Organic Chemicals Ltd. (HOCL)                                   |
| 7. | Shri K. Hari Kumar        | - CMD, Hindustan Insecticides Limited (HIL)                                      |
| 8. | Shri R.K. Vashistha       | - MD, Rajasthan Drugs & Pharmaceuticals Ltd. (RDPL)                              |
| 9. | Shri M. Vairamani         | - Director, Institute of Pesticides Formulation Technology (IPFT)                |

2. At the outset, the Hon'ble Chairman welcomed the Members of the Committee, officials of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) and Public Sector Undertakings to the sitting of the Committee.

3. Thereafter, the representatives of the Department of Chemicals and Petrochemicals briefed the Committee about the various activities of the Department, particularly with reference to Demands for Grants of the Department of the year 2008-09.

4. During the course of evidence, the following issues came up for discussion:-

- (i) Assam Gas Cracker Project;

- (ii) Extension Centres of CIPET;
  - (iii) Establishment of more NIPER like Institute in the country;
  - (iv) Menace of spurious drugs;
  - (v) Finalization of draft National Pharmaceutical Policy;
  - (vi) Availability of medicines to the poor; and
  - (vii) Revival of closed/sick Public Sector Undertakings.
5. A verbatim record of the proceedings of the sitting has been kept.

***The Committee, then, adjourned.***

**MINUTES**

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2007-08)**

**SEVENTH SITTING  
(10.04.2008)**

The Committee sat from 1500 hours to 1700 hours.

**Present**

**Shri Sunil Khan - In the Chair**

***Members***

**Lok Sabha**

2. Shri A. Narendra
3. Shri Prasanta Pradhan
4. Shri Ramswaroop Prasad
5. Shri P. Chalapathi Rao
6. Shri Devwrat Singh
7. Shri Bhanupratap Singh Verma

***Rajya Sabha***

8. Shri Gireesh Kumar Sanghi
9. Shri Mahendra Sahni

***Secretariat***

1. Shri A.K. Singh - *Joint Secretary*
2. Shri A.S. Chera - *Director*





## APPENDIX-III

STATEMENT OF RECOMMENDATIONS/ OBSERVATIONS  
OF THE COMMITTEE

Reco. No.	Para No.	Recommendations/ Observations
1	2	3
1	4	<p>The Committee have analyzed the implementation of recommendations/observations contained in their Sixteenth Report on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals). The analysis of the Committee shows that out of 18 recommendations contained in their Report, the Government have implemented some recommendations viz. Recommendation Sl. Nos. 1, 2, 8, 10, 12, 13 and 15. Some recommendations viz. Recommendation Sl. Nos. 4, 5, 6, 7, and 16 as per latest information submitted to the Committee are at various stages of implementation. The Committee, therefore, desire that the Government should implement the recommendations expeditiously and apprise the Committee of the</p>

		<p>action taken in this regard.</p> <p style="text-align: right;"><i>(Recommendation Sl. No. 1)</i></p>
2	11	<p>The Committee have been informed that the Planning Commission have approved outlays of Rs.1960.00 crore for different schemes of the Department of Chemicals and Petrochemicals during the 11<sup>th</sup> Five Year Plan. The Committee have also been informed that plan allocation for 2007-08 (RE) and 2008-09 (BE) are Rs.170.00 and Rs.295.00 crore respectively. While appreciating the fact that the Department have made some important achievements during the year 2007-08 such as action initiated for establishment of 6 new NIPER like Institutes , approval and promotion of PCPIR policy etc., and the Department have endeavoured to make the chemical sector an engine of higher economic growth, the Committee recommend that the Department should adopt proper planning to achieve the targets set out in the 11<sup>th</sup> Five Year Plan. The Committee also recommend that the allocated funds should be utilized in proportionate manner during each year of the plan and the previous trend of utilization of major portion of allocated funds during the terminal year of the plan period should be discouraged.</p>

(Recommendation Sl.No.2)		
3	38	<p>38 The Committee note that the plan budget of CIPET in BE (2008-09) is of Rs.31.00 crore consisting of OPEC Loan Assistance of Rs.13.5 crore, Government of India counterpart funding against OPEC Loan of Rs.1.5 crore and Rs.16 crore for ongoing and New Schemes of CIPET. The Committee have been informed that courses are being offered and students have been enrolled in these courses during academic years 2006-07 and 2007-08 at 3 new CIPET centres at Panipat (Haryana), Jaipur (Rajasthan) and Aurangabad (Maharashtra). The Committee have also been informed that the construction work at these centres is expected to be completed by March, 2009. The Committee have been further informed that Rs.7.98 crore was released to CIPET in March, 2007 for setting up a Plastics Waste Management Centre at Guwahati and the Foundation Stone Laying Ceremony of the Centre is scheduled to be held on 7<sup>th</sup> April, 2008. The Committee, therefore, recommend that construction work at 3 new CIPET Centres should be completed on scheduled time. The Committee also recommend that Plastics Waste Management Centre at Guwahati should be operationalized as early as possible to contain</p>

		<b>environmental problems created by plastic waste.</b>  <b>(Recommendation SI. No.3)</b>