



**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2005-06)**

FOURTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2006-2007)**

ELEVENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

April, 2006/Vaisakha, 1928 (Saka)

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(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

DEMANDS FOR GRANTS

(2006-2007)

Presented to Lok Sabha on 19.05.2006

Laid in Rajya Sabha on 19.05.2006

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2006/Vaisakha, 1928 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2005-06)

Shri Anant Gangaram Geete -

Chairman

Members

Lok Sabha

- | | |
|-----|------------------------------------|
| 2 | Shri Afzal Ansari |
| *3 | Shri S. Bangarappa |
| 4 | Shri Prahlad Joshi |
| **5 | Shri Sunil Khan |
| 6 | Sardar Sukhdev Singh Libra |
| 7 | Shri Tek Lal Mahato |
| 8 | Shri Punnu Lal Mohale |
| 9 | Shri A.K. Moorthy |
| 10 | Shri P. Rajendran |
| 11 | Shri Anantha Venkata Rami Reddy |
| 12 | Shri T. Madhusudan Reddy |
| 13 | Shri Akshyay Pratap Singh |
| 14 | Shri Narsingrao H. Suryawanshi |
| 15 | Shri V.K. Thummar |
| 16 | Shri Bhanu Pratap Singh Verma |
| 17 | Shri Mansukhbhai Dhanjibhai Vasava |
| 18 | Shri A.K.S.Vijayan |
| 19 | Shri Bhal Chandra Yadav |
| 20 | Vacant |
| 21 | Vacant |

Rajya Sabha

- | | |
|-----------|---------------------------------|
| 22. | Shri Vasant Chavan |
| 23. | Shri B.S.Gnanadesikan |
| 24. | Shri Raj Mohinder Singh Majitha |
| 25. | Shri Ajay Maroo |
| 26. | Shri Gireesh Kumar Sanghi |
| 27. | Shri R. Shunmugasundaram |
| ***28. | Shri Shreegopal Vyas |
| 29. | Shri T.R. Zeliang |
| ****30. | Vacant |
| ***** 31. | Vacant |

Secretariat

- | | | | |
|----|---------------------|---|--------------------------|
| 1. | Shri John Joseph | - | <i>Secretary</i> |
| 2. | Shri P. Sreedharan | - | <i>Joint Secretary</i> |
| 3. | Shri Brahm Dutt | - | <i>Director</i> |
| 4. | Shri S.C. Kaliraman | - | <i>Under Secretary</i> |
| 5. | Shri Santosh Kumar | - | <i>Committee Officer</i> |

* Nominated w.e.f. 14.02.2006

** Nominated w.e.f. 20.01.2006.

*** Nominated w.e.f. 21.04.2006

**** Consequent upon his expulsion from Rajya Sabha, Dr. Chhatrapal Singh Lodha ceased to be member of this Committee w.e.f. 23rd December, 2005 (vide Rajya Sabha Bulletin Part-II-No-42733 dated 23.12.2005).

***** Shri Raju Parmar ceased to be Member of this Committee w.e.f. 2nd April 2006 after his retirement from Rajya Sabha.

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2005-06) having been authorised by the Committee to submit the Report on their behalf present this Eleventh Report on Demands for Grants of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) for the year 2006-07.

2. The Committee examined the Demands for Grants pertaining to the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) for the year 2006-07 which were laid on the Table of the House on 14th March, 2006.

3. The Committee took evidence of the representatives of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) at their sitting held on 27th March, 2006.

4. The Committee considered and adopted the Report at their sitting held on 25th April, 2006.

5. The Committee express their thanks to the Officers of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) for furnishing the material and information which they desired in connection with the examination of Demands for Grants of the Department for the year 2006-07 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 26, 2006

Vaisakha 06, 1928 (Saka)

ANANT GANGARAM GEETE

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

REPORT

PART-I

INTRODUCTORY

The Department of Chemicals & Petrochemicals in the Ministry of Chemicals & 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 Plastic Engineering & Technology (CIPET)
- (ii) National Institute of Pharmaceuticals Education & Research (NIPER)
- (iii) Institute of Pesticides Formulation Technology (IPFT)

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 FIFTH REPORT OF THE COMMITTEE ON DEMANDS FOR GRANTS OF THE DEPARTMENT OF CHEMICALS & PETROCHEMICALS (2005-06)

1.2 The Standing Committee on Chemicals & Fertilizers presented their Fifth Report on Demands for Grants (DFG) relating to the Department of Chemicals & Petrochemicals (DOC&PC) for the year 2005-06 on 21st April, 2005. The Eighth Action Taken Report on Action Taken by the Government on the recommendations in the Fifth Report on DFG (2005-06) was presented to Lok Sabha on 13th December, 2005. Out of 22 recommendations, 13 recommendations (Recommendations at Sl. Nos. 2, 3, 6, 7, 8, 9, 10, 14, 17, 18, 19, 20 and 21) were accepted by the Government. The Committee did not desire to pursue recommendation at Sl. No. 16 in view of the reply given by the Department. The reply of the Government in respect of recommendation at Sl. No. 1 was not accepted by the Committee. The Committee reiterated this recommendation in their Eighth Report. The replies of DOC&PC were of interim nature in respect of 7 recommendations at Sl. Nos. i.e. 4, 5, 11, 12, 13, 15 and 22. Besides, the Committee had given their comments on recommendations at Sl. Nos. 3, 4, 5, 6, 7, 11, 13, 14, 15, 17, 20, 21 and 22. The Eight Action Taken Report was sent to the Department on 14th December, 2005 for furnishing Action Taken Statement on the recommendations made by the Committee. Subsequently, the Minister of Chemicals & Fertilizers made a statement in Lok Sabha on 22nd December, 2005 regarding the status of implementation of the recommendations contained in the 5th Report of the Committee on Demands for Grants (2005-06) under Direction 73A of the Directions by the Speaker, Lok Sabha. The information made available to the Committee in regard to implementation of recommendations of the Committee made in their Report has been summarized in Annexure.

II. FIVE YEAR PLANS AND ANNUAL PLANS

1.3 The Department have informed that the revised outlay for the Department of Chemicals & Petrochemicals for the 10th Five Year Plan (2002-2007) is Rs. 612.42 crore. This includes Budgetary support of Rs. 418.42 crore and IEBR of Rs. 194 crore generated mainly by PSUs. The Budgetary support of Rs. 418.42 crore includes Rs. 80 crore of external assistance from OPEC loan for the CIPET. Total Public Sector outlay of Rs. 418.42 crore in Central Sector for this Department is about 0.1% of total outlay of the Tenth Five Year Plan.

1.4 The following table shows the allocation vis-à-vis utilization of plan funds during the 10th Five Year Plan:-

(Rs. in crore)

Schemes/Groups	Revised 10 th Plan Outlay			Expenditure 2002-05 (Released out of GBS)	2005-06`		2006-07
	GBS	IEBR	Total		BE	RE (Prov.)	BE
1. Support to autonomous institutes of CIPET, NIPER & IPFT.	188.49 (Revised after exclusion of IPCL)	20.00	208.49	54.34	52.35 (includes Rs. 3.92 crore for NCMP)	29.00	69.25
2. Support to PSUs of HOCL, HIL, BCPL, HAL, IDPL, SSPL and BIL.	140.03	174.00	314.03	63.87	21.00	19.12	43.15
3. Departmental promotional/ awareness schemes of CPDS, CWC, PRDP and computerization/ office	3.53	--	3.53	8.01	1.35	1.38	2.97
4. NE Region & Assam Gas Cracker	86.37	--	86.37	15.71 (For NE only)	8.30	5.5	13.10
Total	418.42	194.00	612.42	141.93	83.00	55.00	131 *

*

Out of Rs. 131 crore of Annual Plan Outlay, Rs. 30 crore is proposed to be met through external funding and Rs. 101 would be met through Gross Budgetary Support (GBS). This also includes Rs. 1.50 crore for NPPA and Rs. 1.00 crore for new schemes.

1.5 From the above facts, the following salient features emerge:-

- (i) During the first three years of the 10th Five Year Plan, out of Rs. 418.42 crore, only Rs. 141.93 crore have been spent.
- (ii) Even if the proposed allocation for the years 2005-06 and 2006-07 is utilized fully, the total utilization during the 10th Plan will be Rs. 327.93 crore i.e. much less than the approved Plan.

1.6 In this connection, when the Committee asked about low utilization of the Plan funds, the Department of Chemicals & Petrochemicals, in their written reply, submitted as under:-

“The revised Tenth Plan outlay for schemes of the Department of Chemicals and Petrochemicals is 418.42 crore of budgetary support and Rs.194.00 crore of IEBR generated by the PSUs and autonomous academic institutions. The budgetary support also includes Rs. 174.79 crore i.e. Rs 80 crore (\$ 15 million) OPEC loan for CIPET and Rs.56.37 crore for Assam Gas Cracker Project and Rs. 38.42 crore for new schemes of CIPET like setting up of 3 new centers etc. These schemes were not approved for implementation during the first three years of the Plan due to various procedural, operational and viability issues. The OPEC loan was approved only in June 2005 and funds became available from September 2005 onwards only. Setting up of three new centers of CIPET was approved in January 2006. The Assam Gas Project has been approved by the PIB and Cabinet Note has been prepared for getting approval of the CCEA . Thus, schemes having 41.8% of outlay , were not available for implementation . For approved scheme, an amount of Rs.141.93 crore has been utilized during the first 3 years of plan period which works out to be 58.3 % of outlay of Rs. 243.63 crore for approved schemes as against proportionate target of 60 % for the first three years of the plan.

In the revised outlay of Rs 418.42 crore for the Department, an amount of Rs 80 crore (\$ 15 million) of OPEC loan to CIPET is also included. Now, the approved loan is \$ 12.3 million (Rs 54.00 crore on current exchange rates). Thus, actual available outlay works out to be Rs. 392.42 crore as against Rs 418.42 crore and expenditure of Rs 141.93 crore for the first three years works out to be 66.2% of balance outlay of Rs.217.63 crore for approved schemes.”

1.7 When the Committee further asked as to what extent the PSUs have been able to generate the proposed IEBR outlay of Rs. 194 crore, the Department furnished their reply as under:-

“In the revised 10th Plan outlay, IEBR of Rs. 194.00 crore was to be generated. This was to consist of Rs. 20.00 crore by NIPER and Rs.20.00, Rs. 90.00, Rs.9.00 & Rs.55.00 crore respectively by HIL, HOCL, HAL & BCPL and hence the contribution of PSUs was to be Rs.174.00 crore.

As all the PSUs were sick and referred to BIFR etc, they could not generate any IEBR during the first three years of the plan period. “

1.8 Asked about the specific assessment of the Department in regard to utilization of Plan funds by the end of terminal year of the 10th Plan i.e. 2006-07, the Department, in their written reply, stated as under:-

“In the revised outlay of Rs 418.42 crore for the Department, an amount of Rs 80 crore (\$ 15 million) of OPEC loan to CIPET was included. Now, the approved loan is \$ 12.3 million (Rs. 54.00 crore on current exchange rates). Thus, actual available Tenth Plan outlay works out to be Rs. 392.43 crore as against Rs 418.42 crore.

The Assam Gas Cracker Project, for which an amount of Rs. 56.37 crore has been provided in the 10th Plan, has been approved by the PIB and Cabinet Note has been prepared for getting approval of the Government for its implementation. For the year 2006-07, a token provision of Rs one crore only has been provided under the Plan Head. The requirement of funds may change, depending upon approval of this project and progress made in its implementation. Further, there has been delay in approval of OPEC loan and setting up of three new centers of the CIPET. Plan Outlay of Rs.131.00 crore has been provided in the terminal year of the 10th Plan period. Assuming 100% of BE utilized during 2006-07, the total utilization of funds during Tenth Plan may be Rs.327.97 crore as against the revised plan outlay of Rs. 418.42 crore and actual available funds of Rs.392.42 crore, which works out to be 78.4% of revised outlay and 83.58% of the actual available Tenth Plan outlay. Low utilization of funds is mainly on account of non utilization of Rs. 56.37 crore provided for the Assam Gas Cracker Project which is 13.5% of the revised outlay.”

III. DEMANDS FOR GRANTS FOR THE YEAR 2006-07

1.9 The Estimates of the amount (voted) required during (2006-07) in respect of the Department of Chemicals & Petrochemicals (Demand No. 7) is as under:-

(Rs. in crore)

MAJOR HEAD	Budget 2005-06			Revised 2005-06			Budget (2006-07)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	62.00	686.78	748.78	23.88	720.95	744.83	57.85	35.35	93.20
Capital	21.00	143.47	164.47	31.12	29.05	60.17	73.15	3.05	76.20
Total	83.00	830.25	913.25	55.00	750.00	805.00	131.00	38.40	169.40

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

(Rs. in crore)

MAJOR HEAD	Budget 2005-06			Revised 2005-06			Budget (2006-07)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
REVENUE SECTION									
Secretariat-Economic Services 3451	0.05	7.14	7.19	0.05	7.14	7.19	1.50	8.02	9.52
North Eastern Areas 2552	8.30	--	8.30	5.50	--	5.50	12.10	--	12.10
Industries 2852	53.65	679.64	733.29	18.33	713.81	732.14	44.25	27.33	71.58
Total-Revenue Section	62.00	686.78	748.78	23.88	720.95	744.83	57.85	35.35	93.20
CAPITAL SECTION									
Capital Outlay on Chemicals & Pharmaceutical Industries 4857	--	--	--	--	--	--	25.00	--	25.00
Loans for Petrochemical industries 6856	--	1.49	1.49	12.00	1.49	13.49	30.00	1.00	31.00
Loans for Chemical and Pharmaceutical Industries 6857	21.00	141.98	162.98	19.12	27.56	46.68	18.15	2.05	20.20
Total-Capital Section	21.00	143.47	164.47	31.12	29.05	60.17	73.15	3.05	76.20
GRAND TOTAL	83.00	830.25	913.25	55.00	750.00	805.00	131.00	38.40	169.40

1.11 The Budget Estimates (2005-06) for the Department was Rs. 83.00 crore which has been reduced to Rs. 55.00 crore in RE (2005-06). When the Committee asked what were the specific reasons for lowering budgetary support from Rs.83 crore to Rs. 55 crore in 2005-06, the Department of Chemicals & Petrochemicals, in their written reply, submitted as under:-

“Plan provision of Rs. 83 crore has been provided in BE for 2005-06. However, at the RE stage, this has been reduced to Rs. 55 crore on

account of delay in sanction of OPEC loan for CIPET. The loan of \$ 12 .3 million was approved and signed only in the month of June 2005 and funds becoming available from September 2005 onwards only. Funds in the budget heads were kept for grant. This also created further procedural problem for change in budget sub-head for release, which required approval of the House, hence delay in releases of funds for the current year. Further, setting up of three new centers of CIPET was approved in January 2006. At the time of assessing requirement of funds in RE in November, 2005, this scheme was not yet approved for implementation. Hence, lower requirement of funds was assessed. On account of these two schemes only, there has been reduction of Rs 19 crore at RE stage and some minor reductions in other schemes.”

1.12 Further, the BE (2006-07) has been increased to Rs. 131.00 crore from its level of Rs. 55 crore in RE (2005-06). Justifying the increase, the Secretary, C&PC during oral evidence stated as under:-

“You would be happy to know that the plan budget for the year 2006-07 as was recommended by the Standing Committee has been substantially enhanced from Rs. 83 crore last year to Rs. 131 crore for the next year. For this, we are grateful to the Standing Committee for its support. The enhanced allocation has been given to our autonomous body and attached office viz. NIPER and NPPA respectively. “

IV. HEAD-WISE ANALYSIS OF DEMANDS FOR GRANTS (2006-07)

MAJOR HEAD 3451

A. SECRETARIAT ECONOMIC SERVICES

1.13 The following table gives the actual expenditure for the year 2004-05, BE and RE for 2005-06 and BE 2006-07 for Secretariat Economic Services (i.e. salary, office expenses, travel, telephones, etc):-

(Rs. in crore)

Actual 2004-05		BE (2005-06)		RE (2005-06)		BE (2006-07)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
0.0083	6.29	0.05	7.14	0.05	7.14	1.50	8.02

1.14 From the item-wise details from detailed Demands for Grants (2006-07), it has been observed that;

- (i) Salary bill has increased from Rs. 4.26 crore in 2004-05 to Rs. 5.17 crore in 2006-07.
- (ii) Domestic travel expenditure has increased from Rs. 29.51 lakh in 2004-05 to Rs. 50 lakh in 2006-07.
- (iii) Foreign travel expenditure has increased from Rs. 22.45 lakh in 2004-05 to Rs. 60 lakh in 2006-07.
- (iv) Office expenses have increased from Rs. 1.18 crore in 2004-05 to Rs. 2.80 crore in 2006-07.
- (v) Other administrative expenditure have increased from Rs. 5.23 lakh in 2004-05 to Rs. 7.30 lakh in 2006-07.

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

“The salary bill during 2004-05 was Rs. 4.26 crores. The revised estimates for 2005-06 are Rs. 4.74 crores. The increase in salary head has been necessitated due to higher provision required for payment of additional instalments of DA, grant of annual increments and merger of 50% of dearness allowance as dearness pay. However, there is likely to be a saving of Rs. 10 lakhs under this head as there was no MOS in the Ministry from 20.07.05 to 22.01.06 and consequently the pay and allowances in respect of MOS staff were not required to be paid. The Budget Estimates for salaries for 2006-07 is Rs. 5.17 crores which is an increase of Rs. 43 lakhs over RE 2005-06. The increase is required for making provision for payment of additional instalments of DA, grant of annual increments and payment of arrears of pay and allowances to some officers who have been granted higher non-functional scales retrospectively w.e.f. 01-01-1996. In 2004-05 the actual expenditure on domestic travel and foreign travel was Rs. 29.51 lakhs and Rs. 22.45 lakhs respectively. In 2005-06 the revised estimate under Domestic TE and Foreign TE is Rs. 32 lakhs and 44 lakhs respectively. The budget estimates for 2006-07 for Domestic TE and Foreign TE is Rs. 50 lakhs and Rs. 60 lakhs respectively. During 2005-06 there were a number of unanticipated foreign visits which were undertaken at the instance of other Ministries/Departments like the Department of Commerce, Ministry of External Affairs and PMO etc. Further India is a

signatory of the Chemical Weapons Convention (CWC) and the Department is the nodal authority for the CWC Act which has come into existence w.e.f. 01-07-2005. The Act has resulted in a number of legal obligations for the chemical industry necessitating regular interaction with international agencies like OPCW etc. There has also been an increase in Domestic Travel Expenses because the officers of the Department accompany the international inspection teams to assist them in conducting inspection of the companies in the country. Apart from this, provision has also been made for domestic and international visits in connection with a prestigious exhibition 'India Chem-2006' which the Department is organizing in November 2006. The India Chem exhibitions are organized by this Department every alternate year to provide a viable platform for business generation for large participation of foreign exhibitors and visitors.

Out of Rs. 2.80 crore, Rs. 1.50 crore is the allocation for plan expenditure and Rs. 1.30 crores is the allocation towards non-plan expenditure. Allocation for non-plan is the same level as that for BE 2005-06. As regards to plan there is an increased allocation to the extent of Rs. 1.00 crore as provision has been made for new schemes to be introduced by the Department during the year. Rs. 0.50 crore has been provided for the implementation of Information and Technology (IT) Plan of the department.

OAE head includes expenditure on hospitality, conferences/seminars/workshop etc. and expenditure on various training programmes. The projected expenditure under this head during 2006-07 includes the expenditure on supply of refreshment in the Residential and Secretariat Offices of Minister of State, Office of Secretary (Chemicals and Petrochemicals), holding of conferences/seminars under the Chairmanship of Minister/Minister of State and meetings of Hindi Salahkar Samiti of the Ministry of Chemicals and Fertilizers at outstations. In addition to this the training fee of the officers at IIPA and other training institutes is also met out of this head. Almost every year a officer of the rank of Deputy Secretary and above is nominated for the training at IIPA for which the Department has to pay an amount of Rs. 2 lakh approx. towards course fee. The proposal for the additional budgetary support under OAE head has been prepared after examining the requests received from the Divisions concerned and considering the trend of expenditure under this head during the past years."

1.16 On being asked whether the guidelines of the Ministry of Finance in regard to the economy measures in the Secretarial 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. However, there has been normal increase in the salary head due to payment of higher instalment of DA, release of annual increments etc. In 2003-04 there were savings of Rs. 2.32 lakhs, Rs. 69,000/- and Rs. 9.70 lakhs under object heads salaries, domestic TE and Foreign TE respectively. In the year 2004-05 there were savings of Rs. 2,23,000/- and Rs. 3,55,000/- under Domestic TE and foreign TE respectively. In the current year 2005-06 there will be a saving of Rs. 10 lakhs approx. under salary head. In compliance with the mandatory cut on the budgetary allocation for Non-Plan expenditure during 2004-05 there were savings of Rs. 19 lakhs approx. under OE and other heads controlled by the Administration Section. During the year 2003-04 there were savings of Rs. 27 lakhs approx. under the OE head.”

MAJOR HEAD 2852 and 6856

B. CENTRAL INSTITUTE OF PLASTIC ENGINEERING AND TECHNOLOGY (CIPET)

1.17 The Central Institute of Plastics Engineering & Technology (CIPET) is an autonomous institution under the administrative control of the Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers. The Institute offers highly specialized and practical oriented training in the field of plastics engineering and technology. Besides the regular courses, the Institute also conducts specialized practical oriented training programmes to update and improve the calibre of technical manpower of plastics and allied industries. The institute also offers technical services in the areas of product and mould design including CAD/CAM/CAE, fabrication of moulds, tooling, process optimization, material selection, quality control and testing, application development consultancy and advisory services.

1.18 In order to meet the growing needs of plastic industries and increasing demand for technical manpower, CIPET has expanded its activities through establishment of Extension Centres in different parts of the country, each of which lays emphasis on special thrust areas of application apart from basic training facilities. The CIPET Centres are located at Ahmedabad, Lucknow, Hyderabad, Bhubaneswar, Chennai, Bhopal, Amritsar, Mysore, Hajipur (Patna), Haldia, Imphal and Guwahati. All these Centres have started regular long-term courses besides conducting short-term courses.

1.19 To cater to the growing demand of trained manpower in the field of plastics engineering and technology, the Department proposes to establish three new CIPET Centres at Panipat, Jaipur and Aurangabad in the States of Haryana, Rajasthan and Maharashtra respectively. On being asked about establishment of CIPET centres in other States like Jharkhand, the Secretary (C&PC) stated that she will take up the issue with State of Government of Jharkhand during (2006-07).

1.20 An OPEC loan agreement for US\$ 15 million has been signed between the Ministry of Finance and the OPEC Fund authorities on 1st June, 2005 for strengthening of Training facilities, infrastructure and Thrust Areas in the CIPET Centres, which has become effective from 6th September, 2005. The delay in signing of the loan agreement was due to various procedural formalities especially the vetting of the Agreement by the Law Ministry. It was found that one of the Clauses of the Loan Agreement was detrimental to the sovereignty of the country and as such that clause had to be deleted from the Agreement. As per the established procedure, the amount is reimbursed by the OPEC authorities after the expenditure is incurred by the borrowing institutions. As such, during 2006-07 the amount of Rs.30 crore will be reimbursed by OPEC authorities once it is released to CIPET by the Government and expenditure is incurred by CIPET. CIPET has to file a claim form seeking reimbursement of the amount from OPEC authorities. There was a budget provision of Rs. 12 crore in the Financial Year 2005-06 of the Department of Chemicals & Petrochemicals for this purpose.

1.21 The following table gives the actual expenditure in respect of CIPET during 2004-05, BE and RE for 2005-06 and BE 2006-07:-

(Rs. in crore)

HEAD	Actuals 2004-05		BE (2005-06)		RE (2005-06)		BE (2006-07)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2852	6.47	3.38	45.92	3.38	11.00	3.38	20.00	3.38
6856					12.00	--	30.00	--
Total	6.47	3.38	45.92	3.38	23.00	3.38	50.00	3.38

1.22 When the Committee asked as to whether the entire Budget of Rs. 50 crore was for new centres or there was any plan of upgradation of the existing centres, the Department, in their written reply stated as under:-

“The Plan budget of Rs.50 crore for CIPET during the year 2006-07 is proposed to be utilized as follows:-

(i) OPEC Loan (EAP)	-	Rs. 30 crore
(ii) Government of India counterpart funding against OPEC loan	-	Rs. 3 crore
(iii) Establishment of three new CIPET Centres	-	Rs.15 crore
(iv) CIPET's schemes	-	<u>Rs. 2 crore</u>
Total:	-	<u>Rs. 50 crore</u>

A provision of Rs. 15.00 crore has been made for the 3 new Centres during the year 2006-07, whereas the remaining amount would be used for upgradation of training facilities and infrastructure at the existing Centres.”

1.23 When the Committee further asked whether necessary advance planning has been done to start setting up of the new centres particularly for fixing up the ‘Zero date’ as also the completion schedule for each of the newly approved centres of CIPET, the Department, in their reply, submitted as under:-

“Yes, the necessary advance planning for establishment of 3 new CIPET centres at Jaipur (Rajasthan), Panipat (Haryana) and Aurangabad (Maharashtra) has been done by CIPET. The temporary building/workshops

have been identified for commencement of Training activities at Jaipur and Panipat. The temporary premises / building at Aurangabad is in process of finalization in consultation with Maharashtra Industrial Development Corporation (MIDC) & Government of Maharashtra. The list of equipment/machinery as per curriculum has been prepared. The land has also been identified by the respective State Governments.

The “Zero date” is the date of approval of the Government of India, which will be conveyed to CIPET after the approval of Finance Minister. The completion schedule, as stipulated in the Project proposal, is three years from the date of Government’s approval.”

1.24 To address various environmental issues and to create an awareness about ‘Plastics & Environment and Recycling for effective waste management’, CIPET has been conducting National Seminars on ‘Plastics Recycling and Waste Management’. Besides organizing Seminars and Conferences, CIPET has brought out special issues of CIPET Bulletin, a quarterly technical newsmagazine, containing useful information about Plastics recycling and waste Management. In addition, CIPET in association with Indian Centre for Plastics in Environment (ICPE) has brought out a Monograph on ‘Plastics for Environment & Sustainable Development’.

1.25 It has been informed by the Department of Chemicals & Petrochemicals that during the 10th Plan, there was a budget provision of Rs. 1.50 crore for creation of Plastic Recycling and Waste Management facilities by CIPET upto 31st March, 2005. However, this amount has not been utilized by CIPET so far. There is no provision for Plastic Recycling and Waste Management in the budget of the Department of Chemicals & Petrochemicals for the year 2006-07. In this connection, when the Committee asked as to why the amount could not be utilized as yet, the Department, in their written reply, stated as under:-

“The procurement of unique type of universal Plastics Waste Recycling Plant - capable of recycling all kind of plastic waste including PET and commingled plastics waste with a smaller capacity suitable for demonstration/training purposes could be finalized after long negotiations and the procurement procedure is underway.”

MAJOR HEAD 2852

C. BHOPAL GAS LEAK DISASTER

1.26 The provision in Budget under this Head is for compensation claims for the Bhopal Gas victims and Secretarial expenditure of the office of Welfare Commissioner, Bhopal Gas victims and also of the various courts set-up for deciding the cases of compensation to the victims. The office of Welfare Commissioner, Bhopal Gas victims was set up to adjudicate all claims and disburse compensation to the victims of gas leak under the provisions of Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985.

1.27 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 19th 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 26th October, 2004. On the directions of the Supreme Court, disbursement of pro-rata compensation started on 15th November, 2004.

1.28 The actuals for the year 2004-05, BE/RE 2005-06 and BE for 2006-07 for Bhopal Gas Leak Disaster are as under:-

(Rs. in crore)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
Non-Plan	Non-Plan	Non-Plan	Non-Plan
211.92	663.71	697.88	6.89

1.29 The following table shows the position of settlement of claim cases as on 31.01.2006:-

Category	Cases registered	Decided	No. of awarded cases	No. of pending cases	Total amount awarded Rs/crore	Total amount disbursed Rs/crore	Total No. of claimants to whom amount disbursed
01 (Injury)	10,01,723	10,01,723	5,57,794	Nil	1456.15	1454.20	5,56,610
02 (Loss of Livestock)	658	658	233	Nil	0.11	0.07	140
03 (Loss of Property)	4,901	4,901	546	Nil	0.14	0.12	498
04 (Death)	22,150	22,150	15,316	Nil	88.64	88.30	15,124
05	84	84	07	Nil	0.04	0.04	06
Total	10,29,516	10,29,516	5,73,896	Nil	1545.08	1542.73	5,72, 378

1. Pending appeals - 297
2. Review petition - 32

1.30 Besides this, 3275 applications are pending for scrutiny and motion hearing in the Court of the Hon'ble Welfare Commissioner. The Supreme Court had directed that disbursement of pro-rata compensation should be completed by 30t 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 30.04.2005 to 30.04.2006.

1.31 When the Committee asked whether the Department of Chemicals & Petrochemicals visualize any problem in completion of the work by April, 2006 in terms of Supreme Court orders, the Department of Chemicals & Petrochemicals stated as under:-

“The Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal does not envisage any problem in completion of the work by April,2006. However, an application in respect of the nearly 31,000 absentee claimants has been made by the office of the Welfare Commissioner in the Hon'ble Supreme Court on 15th February,2006. The final orders of the Court in this regard are awaited.”

1.32 When attention of the Department was drawn towards a report by some newspapers that due to deliberate negligence and slow pace by the Government in Bhopal Gas case, the main accused has not yet been brought to the book, the Department of Chemicals & Petrochemicals, in their written reply stated as under:-

“The case no. 1104 related to extradition of the main accused is pending in the Court of Chief Judicial Magistrate, Bhopal. The Department of Chemicals and Petrochemicals is not a party in the case. The Ministry of External Affairs and the Central Bureau of Investigation are looking after the case.”

Toxic Wastes

1.33 After the disaster, the Union Carbide Plant was de-toxified and closed down between 16th to 22nd 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.

1.34 For the removal of stored hazardous/toxic wastes, the Madhya Pradesh Pollution Control Board has prepared a plan and has also started work on a roadmap.

1.35 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, which is monitoring the removal/disposal of the toxic wastes in the Writ Petition No. 2802 of 2004 (Alok Pratap Singh Vs. Union of India and others). The first meeting of the Task Force was held on 31st May, 2005, at New Delhi followed by review meetings on 4th July,

2005, 3rd August, 2005, 9th September, 2005 (at Bhopal), 18th October, 2005, 17th November, 2005 and 9th January, 2006. The Department has stated that the Government of MP and MP Pollution Control Board have informed that Phase-I of the roadmap has been completed and the work on Phase-II would start shortly.

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.

1.36 In Phase-II, the following activities will 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.

1.37 The State Government of Madhya Pradesh has not yet prepared the project proposal for removal of toxic wastes. In this connection, when the Committee asked about the specific responsibility of the Department of Chemicals & Petrochemicals in regard to implementation, monitoring and financing the removal/disposal of the toxic wastes lies, the Department of Chemicals & Petrochemicals stated in a note:-

“The Department of Chemicals and Petrochemicals has no direct responsibility for the removal/disposal of toxic wastes. The High Court of Madhya Pradesh has constituted a Task Force to monitor the removal/disposal of toxic wastes lying at UCIL plant site. The Secretary(C&PC) is the Chairperson of the Task Force. The Principal

Secretary, Bhopal Gas Tragedy, Relief and Rehabilitation Department, Government of Madhya Pradesh is the co-ordinator of the Task Force and the Madhya Pradesh Pollution Control Board is the executive agency under the Hazardous Wastes(Management and Handling) Rules,1989 for the removal/disposal of toxic wastes. The State Government of Madhya Pradesh has been directed by the Task Force to finalize a project proposal for this purpose and submit it to the Planning Commission directly for allocation of funds for the project.”

1.38 On being asked about removal of toxic waste from Union Carbide plant in Bhopal, the Secretary, C&PC deposed before the Committee as under:-

“Regarding the Bhopal Gas Disaster, you have asked about the toxic waste to be removed from there. There is about 47 MT of the toxic waste. I have visited that site as the Chairperson of the Task Force which has been set up by the Madhya Pradesh High Court to see the disposal of the toxic waste. This toxic waste, as per the direction of the High Court, has been put in bags and kept in safe premises. The NEERI and the IICT have taken the samples. After the samples have been diagnosed, we would come to know how much toxic waste is going to be put in a landfill that is near Indore. Another 20 MT of toxic waste, which cannot be put in a landfill, will be taken to Ankleshwar for the incinerator. We have also got the permission from the Gujarat Government because, normally, one State Government does not allow such a toxic waste to come to its place. So, we have got the permission. We took it up at the highest level. We will be taking it there.”

1.39 When the Committee asked whether any time-bound programme for removal of toxic wastes has been given by the Department of Chemicals & Petrochemicals, Government of Madhya Pradesh or High Court, the Secretary (C&PC) stated:-

“We have made a roadmap in which the first phase has already been done. The first phase is that all the toxic wastes, which have been lying scattered for 22 years, have been collected and put in a safe place in polythene bags by the scientists and they are put in a covered shed. So, they are all safe in one place. The quantity is not much. It is only 47 tonnes. The question is whether it has to be put in the landfill and what sort of treatment has to be given to it because it is toxic in nature. So, we just cannot dump it in the earth because there will be leakage and all that. Hence, what sort of treatment that has to be given to it before putting it in the landfill has to be decided by the scientists of IICT and the NEERI. We are waiting for their sample test. It is being monitored by the Madhya Pradesh High Court.”

MAJOR HEAD 2852

D. ASSAM GAS PROJECT

1.40 The Budget proposal for Assam Gas Project is as under:-
(Rs. in crore)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
Non-Plan	Non-Plan	Non-Plan	Non-Plan
--	0.01	0.01	0.01

1.41 The Assam Gas Cracker project was initiated in pursuance of Assam Accord signed on 15th August, 1985, which provided for the speedy all round economic development of Assam to improve the standard of living of the people. A letter of intent was issued in favour of the Assam Industrial Development Corporation (AIDC) on January 25, 1991 to set up a Petrochemical Gas Cracker Complex. Gas Authority of India Limited (GAIL) (Government of India PSU) has been identified as lead promoter with 70% equity participation. Oil India Limited, Numaligarh Refinery Limited and Assam Industrial Development Corporation (AIDC) will have 10% equity participation each in the project. The project is proposed to be located in Village Lepetkata, District Dibrugarh, Assam.

1.42 The Feedstock for the project will be natural gas and naphtha. Oil India Limited (OIL) and Oil & Natural Gas Commission (ONGC) will supply natural gas. Numaligarh Refinery Limited (NRL) will supply naphtha. The project will produce 2.20 lakh tones of ethylene and the principal end products i.e., polypropylene (PP) 60,000 TPA, High Density Polyethylene (HDPE)/Linear Low Density Polyethylene (LLDPE) 220,000 TPA. The complex shall also produce other important products such as Raw Pyrolysis Gasoline and Fuel Oil.

1.43 The availability of polymers in the region is likely to promote downstream plastic processing industry in this region. This will generate both direct and indirect employment potential.

1.44 Public Investment Board (PIB) has approved the project in its meeting held on 23.09.2005. The Draft Cabinet Note was circulated on 22.11.2005 to various Ministries/Departments for comments.

1.45 In this connection, when the Committee asked as to what is the latest position in the matter and whether the Government would be able to utilize the amount provided for the project in the 10th Five Year Plan by the end of this financial year, which is the terminal year of the Plan, the Department of Chemicals & Petrochemicals submitted, in written reply as under:-

“Comments on the Draft Cabinet Note have been received from all Ministries/Departments concerned. After incorporating the views/comments, the Final Draft Cabinet note has been submitted for approval of the Minister Chemicals and Fertilizers and Steel. After obtaining Minister’s approval it will be shortly placed before the Cabinet for approval by the Cabinet Committee on Economic Affairs.

In anticipation of the early approval of the Assam Gas Cracker Project, this Department proposed a plan Budget provision of Rs.80.35 crore being the capital subsidy for the first year to be given to GAIL, the lead promoter of the Project. But during the plan discussions in the Planning Commission it was decided that only a token provision of 1 lakh be kept in Annual Plan 2006-07 of the Deptt of C&PC. Annual Plan 2006-07 is also last year of the 10th Five Year Plan and once the project is approved by the Cabinet the entire amount i.e.Rs.56.37 crore would be utilized.”

1.46 On being asked by the Committee about the time required for implementation of the project and subsidy involved, the representative of the Department of Chemicals & Petrochemicals stated during evidence:-

“I would submit that the Assam Gas Cracker Project envisages a capacity of 2.20 lakh tones of poly-ethylene and about 60,000 tonnes of poly-propylene. So, taking the present day value, the turnover will be between Rs. 1100 and Rs. 1200 crore as per year. The project will take five years to get implemented. It will depend on the prices prevailing then. But, today, it is about Rs. 1100-1200 crore.”

MAJOR HEAD 2852

E. INSTITUTE OF PESTICIDES FORMULATION TECHNOLOGY (IPFT)

1.47 The Institute is engaged in the development of environmental friendly pesticide formulation which is highly essential for the safety of farmers and preservation of the environment.

1.48 The Budget proposal for the Institute is as under:-

(Rs. in crore)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
Plan	Plan	Plan	Plan
2.73	3.33	1.00	1.28

1.49 The Department has informed that a sum of Rs. 3.33 crore was provided as grant-in-aid to IPFT for their plan schemes during 2005-06. However, no amount could be released during the first half of the year for want of utilization certificates for earlier releases. Hence, RE has been restricted to Rs. 1.00 crore. When the Committee asked since when utilization certificates are not being received, the Department of Chemicals & Petrochemicals submitted, in a written reply as under:-

“IPFT is getting grant for meeting day to day expenditure as well as capital support. Necessary Utilization Certificates for the grant released for day to day activities are being received regularly. Utilization certificates have not been received for grants of capital nature, released on (a) 31.03.2004 (Rs. 27 lakh) (b) 29.12.2004 (Rs. 169.65 lakh).

The reason for delay in utilization of grant is lack of scientific staff in IPFT and non-operationalization of the new R&D complex.”

1.50 The Finance and Administrative Committee of IPFT, is headed by Addl. Secretary and Financial Advisor, Ministry of Chemicals & Fertilizers. Other members of the Committee are Joint Secretary (Chemicals) and Director – IPFT.

Secretary (C&PC) is presently the Chairperson of Governing Body of IPFT. Addl. Secretary and Financial Advisor, Ministry of Chemicals & Fertilizers and Joint Secretary (Chemicals) represent Department of Chemicals & Petrochemicals in the Governing Body of IPFT.

1.51 When the Committee asked whether the Government nominees in IPFT are not apprising the Department about such matter for timely action, the Department of Chemicals & Petrochemicals, in their written reply, stated as under:-

“Utilization of funds is being monitored regularly by the Department of Chemicals & Petrochemicals. Utilization of funds is also reviewed by the Finance and Administrative Committee and the Governing Body of IPFT. The present state of affairs is the result of mis-management of the affairs of the Institute by the former Director of IPFT whose services had to be terminated with the approval of the Appointment Committee of the Cabinet.”

1.52 The Minister of Chemicals & Fertilizes in his statement made in Lok Sabha on 22.12.2005 on the status of implementation of recommendations contained in the 5th Report on Demands for Grants (2005-06) has stated that for requisite in-house expertise, the cadre restructuring exercise in IPFT has been completed. The amendments in recruitment rules to incorporate the provision of appointment on contract basis are under process. Asked about the latest position in regard to cadre, re-structuring of IPFT, the Department of Chemicals & Petrochemicals, in their written note stated as under:-

“The process of Cadre Re-structuring exercise has been completed and amendment to the Recruitment Rules providing for appointment on contract basis have been approved. The main salient features of Cadre Re-structuring are as under:-

- (i) Provision has been made to make appointment on Contract Basis.
- (ii) Existing maximum age has been reduced to attract younger manpower.

- (iii) Two posts of Scientists have been created for Analytical Lab and one post of Scientist in Bio-Science Lab by surrendering Administrative posts.
- (iv) In case of Bio-Science Lab qualification of Plant Pathology has been added in addition to Agriculture/Entomology for all posts.
- (v) There is no increase in the number of posts.
- (vi) Method of recruitment has been changed to incorporate promotion except at entry level.

The recruitment process for filling up the posts is on hand and likely to be completed by 30.06.2006. The post of Chief (Formulation) who is the Head of the Division has already been filled up through promotion.”

MAJOR HEAD 2852

F. NATIONAL INSTITUTE OF PHARMACEUTICALS EDUCATION & RESEARCH (NIPER)

1.53 The actuals for the year 2004-05 and the Budget allocation for NIPER for the years 2005-06 and 2006-07 are as under:-

(Rs. in crore)

Actuals 2004-05		BE 2005-06		RE 2005-06		BE 2006-07	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
3.35	7.11	3.10	8.90	5.00	8.90	18.00	11.10

1.54 The above provisions include day-to-day expenditure and plan support for their ongoing schemes and new schemes in pharmaceutical education and research area. The Institute's objective is to promote excellence in the sphere of pharmaceutical education and to meet the current and future needs of pharmaceutical sector in the country.

1.55 Some ongoing projects/schemes of NIPER are as under:-

Teaching Programme

1.56 One of the important objectives of the Institute is to impart higher education in different disciplines of pharmaceutical sciences. Master's and Ph.D. programmes are already being conducted in nine departments.

1.57 The need for trained pharmaceutical scientists in Indian Pharmaceutical Industry is going to increase enormously after the year 2005, due to applicability of product patent regime in India, the Indian Pharmaceutical companies will have to depend on their own R&D. NIPER is providing trained manpower for academia industry and the profession. NIPER also wishes to conduct a number of continuing education programmes (20-25) during the 10th plan for the benefit of pharmaceutical professionals who can attend the conventional courses to update and upgrade their knowledge base.

New Drug Discovery Programmes

1.58 NIPER has identified tuberculosis, malaria, leishmania and diabetes as thrust area for new drug discovery programmes. All these areas are extremely relevant to the health care need of the country. In some of these areas, multinational pharmaceutical companies have limited interest. With the development of multi-drug resistance in tuberculosis, malaria and leishmania and lack of suitable drugs for such conditions, the situation can lead to serious conditions.

New Drug Delivery System

1.59 The objective of developing a strong research programme in fundamental aspects of drug delivery is to understand the molecular basis of drug delivery. The area of research falls under the overall scheme of national health programmes and has strong potential and lot of opportunities for industry to exploit the outcome to "Commercial end point" nationally and internationally. Currently

nanotechnology is being used to deliver the anti cancer and antioxidants orally which have solubility and permeability problems. Development of injectable liquid polymers for delivery of anticancer, metabolic and cardiovascular disorder are under progress.

Advanced Centre for Traditional Medicine

1.60 The overall objectives and aim of this center shall be to meet the demand of cost effective medications and biological agents from sustainable medicinal plant resources.

Insulin Signal Transduction with Special Reference to Diabetes

1.61 To develop a model to screen new chemical entities against diabetes. To develop a model for diagnosis of diabetes, Identification of new target protein(s) against diabetes.

1.62 The Institute has developed a model to screen new chemical entities *in vitro* for insulin resistance. Insulin resistance is a risk factor of type II diabetes. The model is validated. A PCT is filed with respect to this. Currently research is in progress to identify the targets.

National Centres

1.63 NIPER has established a few expert centers to cater to the needs of academic institutes, research organizations and industry. These centers are at various stages of development and additional space and facilities will have to be created for some of these during the tenth plan period.

1.64 Plan allocation for NIPER has been increased from a level of Rs. 5 crore in 2005-06 to Rs. 18 crore in 2006-07. Asked about the reasons for increase in allocation during 2006-07 and of the Institute, the Department of Chemicals & Petrochemicals submitted, in a written note as under:-

“NIPER has been set up to bring about a qualitative change in the pharmaceutical industry, education and research, its impact would necessarily be indirect and will be perceivable only within the next decades. However, at this crucial juncture in the growth of the pharmaceutical industry, the contribution of such an Institute would be critical and invaluable and could be classified as follow:-

- (a) Training of personnel to man pharmaceutical colleges all over the country;
- (b) Producing R&D oriented scientists to work in laboratories in the private and public sector;
- (c) Undertaking collaborative research
- (d) Project has social cause benefits in terms of number of students admitted every year.

The proposal for the additional requirements of new works has been envisaged now which was not there in the original Expenditure Finance Committee (EFC) due to reasons explained below:

- (i) The increase in the requirement and infrastructure due to increase in lab work, student intake for the program, increase in no. of sponsored projects from various funding agencies like CSIR, DBT, UGC, DST & ICMR etc.
- (ii) Construction of 2nd floor of Teaching & Research Block-D, Swimming Pool, Construction of Shopping Complex & Parking, Community Center and Engineering Block, construction of under ground water tank for pilot plant which were kept on hold due to paucity of funds.
- (iii) Furnishing of interior of ongoing expansion of existing blocks like Air-conditioning, Internal & External Electrifications etc.
- (iv) The requirement of independent girls hostel which was not there in original EFC proposal has been envisaged keeping in view the increase in admission of girls student in various programs.
- (v) Planning of some cost effective measures like installation of solar system.
- (vi) The other related requirements for above proposed buildings like lab furniture, utility services are also envisaged now at this stage due to construction of new buildings.

The above proposal for new buildings/work to the tune of Rs 810.70 lakh has been spread over a period of two years i.e. Rs. 200.00 lakh in 2005-06 and Rs. 610.70 lakh in the year 2006-07. The need for going for these kinds of buildings is felt basically so as to strengthen the thrust areas of the Institute, which are same as that of common minimum program viz., Tuberculosis, Malaria, and Leishmaniasis. As these areas are the prominent areas of research and training of the institute, hence, problems related to these areas need to be attended. Therefore, there is an absolute need to have these kinds of facilities. In these programmes, participants of the various levels i.e. seniors and regulatory authorities are expected. It is again requested that revised cost estimates may be approved in order to complete the remaining infrastructure and facilities in time. The BOG has already approved this proposal in its 43rd & 44th meeting held on 28th July 2005 & 08th Dec. 2005 respectively. In addition to above explained requirement, a separate proposal is given for the setting up of GMP Laboratory with a estimated cost of Rs. 540.00 lacs and transfer of HT Line with a estimated cost of Rs. 300.00 lakh.

Taking into account all the additional requirements, the Budget Estimates (Plan) for the 2006-07 stand revised from Rs. 519.00 lakh to Rs. 1800.00 lakh.”

MAJOR HEAD 2852

G. PHARMACEUTICAL RESEARCH AND DEVELOPMENT PROGRAMME (PRDP)

1.65 The Scheme is meant for increasing pharmaceutical research. The Government has to play a major role in view of the product patent regime.

1.66 The actuals for the year 2004-05 and Budget Allocation for the years 2005-06 and 2006-07 are as under :-

(Rs.In crores)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
Plan	Plan	Plan	Plan
5.0	0.25	0.25	0.25

1.67 When the Committee asked whether the amount allocated is not insufficient in view of actual expenditure of Rs. 5 crore in 2004-05, the Ministry, in their written reply, submitted as under:-

“For the 10th Plan a sum of Rs.125 lakhs had been allocated for the head of PRDP. Subsequently, based on the recommendations of the Standing Committee a budgetary provision of Rs. 500 lakhs was indicated in the year 2004-05 under this head. Thus outlay for the 10th Plan got revised to Rs.600 lakhs. For 2005-06 and 2006-07 out lay of Rs.25.00 lakhs per annum has been retained. Besides this, a proposal to revise the Plan outlay for 2005-06 to Rs. 50 crores was made. However, Planning Commission decided to retain the original outlay of Rs. 25.00 lakhs only for the financial year 2005-06 and 2006-07.”

1.68 Explaining it further, the Secretary (C&PC) stated during evidence:-

“You would recall that earlier a corpus fund of Rs. 150 crore was provided under Pharma Research and Development Fund Scheme. Only the interest amount of this money which used to work out to about Rs. 9 crore could be disbursed for R&D purposes. This Committee in its last meeting in July had desired that this allocation for R&D should be enhanced. The matter was taken up with the Department of Science & Technology and the Ministry of Finance. Recently, the Cabinet has approved an enhanced allocation as per actual requirement for R&D purposes and the Corpus Fund has been dissolved. This year we have been informed by DST that Rs.115 crore have been made available for R&D. In the next year, Rs. 130 crore is likely to be made available. It is a substantial increase over the only Rs. 9 to Rs. 10 crore which was the interest on the Corpus Fund.”

MAJOR HEAD 2852

H. PHARMACEUTICAL EXPORT PROMOTION SCHEME (PEPS)

1.69 The grant is being provided under this scheme for various activities undertaken by the Export Promotion Cell for promoting export of pharmaceuticals, which among other things, includes organizing seminars/workshops, etc. The actuals for the year 2004-05 and Budget allocation for the years 2005-06 and 2006-07 are as under:-

(Rs. in crore)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
Non-Plan	Non-Plan	Non-Plan	Non-Plan
0.03	0.05	0.05	0.05

1.70 When the Committee asked as to how far Government have been successful in promoting export by this meagre amount, the Department of chemicals Petrochemicals, in their written reply, submitted as under:-

“Department of Commerce has set up Pharmaceutical Export Promotion Council (PHARMRXCIL) on 12.5.2004 for pharma export's promotion. Pharmexcil is organising conferences from time to time. India-Africa ASEAN and GCC International Pharmaceuticals and Health Conference was held on 1st and 2nd December, 2005 at Hyderabad. Conference on CIS countries was also organized by Pharmexcil at Mumbai on 3-5th March 2005. This Department also participated in the said conferences and financial assistance was also made to Pharmexcil towards certain expenses incurred by them. Beyond this, meetings of Joint Working Groups on Drugs and Pharmaceuticals with Tunisia and Russia are also being held in India and abroad in which this Department participates.

In association with Pharmexcil, this Department has been successful in a limited manner for promoting exports by this meagre amount. There is a need to enhance financial support to PEPS so as to enable this department to contribute more effectively for export promotion of Pharmaceuticals.”

1.71 When the Committee asked about the plans of promoting export during 2006-2007, the Department stated in a note:-

- “(i) Seminars cum Exhibitions having focus on Pharmaceuticals
- (ii) Workshops on export related problems through NIPER and Pharmexcil
- (iii) Holding and Participation in Joint Working Group meetings related to Pharma Sector in India and abroad.
- (iv) Organizing Buyer-seller meets through Pharmexcil for boosting up export in India and abroad.

As per recommendation of the Standing Committee for 2005-06, it had been proposed that Non-Plan budget for the year 2006-07 in respect of PEPS may be raised from Rs. 5 lakhs to Rs. 40 lakhs. However, as per Demand No. 7 under Demands for Grants 2006-07 concerning this Department, Rs. 5 lakhs have again been sanctioned in respect of PEPS. Though it will not be possible to carry out various activities, yet efforts will be made to enhance the Non-Plan budget for RE 2006-07.”

MAJOR HEAD 2852

I. 'NATIONAL PHARMACEUTICAL PRICING AUTHORITY (NPPA)

1.72 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, 1995.

1.73 The actuals for the year 2004-05 and Budget allocation for the years 2005-06 and 2006-07 are as under:-

(Rs. in crore)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07	
Non-Plan	Non-Plan	Non-Plan	Plan	Non-Plan
2.93	3.56	3.56	1.50	5.85

1.74 The non-plan allocation has been increased from Rs. 3.56 crore to Rs. 5.85 crore in 2006-07. In this connection when the Committee asked about the reasons for increase in Non-Plan amount from Rs. 3.56 crore in 2005-06 to Rs. 5.85 crore in 2006-07, the Ministry in their written reply stated as under:-

“The Non Plan Budget for the year 2006-07 has been increased by Rs. 2.29 crores from Rs. 3.56 crores to Rs. 5.85 crores. The increase in budget for 2006-07 is as under:-

(Rs. in lakhs)

Heads	BE (2005-06)	BE (2006-07)
Salary	131.50	154.35
Medical Treatment	10.50	10.00
Wages	6.50	6.50
OTA	1.50	1.35
RRT	87.00	91.00
OAE	5.00	4.50
TA(Domestic)	12.00	11.00
TA (Foreign)	7.00	6.30
Office Expenses	60.00	260.00
Professional Services	35.00	40.00
Total	356.00	585.00

1.75 The Department has informed that an amount of Rs. 1.50 crore has been provided for a new scheme for strengthening of monitoring of Drugs Prices by NPPA. The Department has further informed that a provision of Rs.1.50 crore has been made in the budget plan support for the computerization work in connection with better managing of the drug prices. In this connection, the following proposals are made for better management of drug prices:-

- (i) Development of computer software
- (ii) Upgradation of Website of NPPA & Internet facility
- (iii) Purchase of Computers, Computerization of production, import & export data & creation of statistical cell
- (iv) Flagging off essential drugs in monthly Retail Audit Report of ORG IMS
- (v) MRP tracking of 74 scheduled drugs based formulations by ORG IMS
- (vi) Updating ORG IMS database as per March 2005 Retail Audit Report by NIPER

1.76 On being expressed their concern by the Committee about non-availability of essential drugs at reasonable prices to the poor and role being played by the Government in this regard, the Secretary (C&PC) during evidence:-

“A very large section of our population, about 26 per cent, live below the poverty line and they cannot afford to buy even low priced medicines. So, the Ministry has mooted a policy called the Health Insurance Scheme which will be to provide medicines free of cost to the people living below the poverty line. Then, the next one is the lower middle class families. Even they sometimes cannot afford medicines. For them we are proposing another scheme on the lines of the Rajasthan model where the hospitals, etc. have their own societies and are buying medicines in bulk from the manufacturers and they sell these medicines at 50 per cent of the cost.”

1.77 NPPA compiles the annual data on production of selected monitored bulk drugs. As per Section 5 of Drugs (Price Control) Order, 1995, every manufacturer has to furnish a list of all bulk drugs produced by them alongwith their cost. Reportedly, all the companies are not submitting monthly production data. In this regard, when the Committee pointed out that NPPA was not in a position to compel the manufacturing companies to furnish requisite information/data to the Government, the Department of Chemicals & Petrochemicals, in a written reply stated as under:-

“Drugs (Prices Control), Order, 1995 (DPCO), provides for various forms under which the industry is supposed to furnish data to NPPA. This information includes data on production also. The co-operation of the industry in this regard has not been very encouraging. The offices of State Drug Controllers and the Industry Associations are also requested to impress upon their members to submit the information in various forms.”

1.78 Further, All India Drug Controllers meeting could not be held during 2002-03, 2003-04, 2004-05. It was scheduled to be held in April, 2005. However, the meeting could not be held till date. Consequently, Rs. 62.28 lakh, Rs. 63.59 lakh and Rs. 20.30 lakh were surrendered during 2002-03, 2003-04 and 2004-05 respectively. When the Committee asked what were the difficulties due to which

All India Drug Controllers Meet could not take place, the Ministry, in a written reply informed as under:-

“The meetings with All India Drug Controllers are aimed at to discuss government policies, their implementation and problems being faced by State Drug Controllers in implementation of DPCO. The Committee constituted to examine the issue of span of price control under the chairmanship of Joint Secretary (Pharmaceutical Industry) held meeting with the State Drug Controllers of Northern States on 1.10.2004 and with the State Drug Controllers of Southern States on 4.10.2004. Further an interaction took place with state Drug Controllers on 11.02.2006 during the first meeting of Pharmaceutical Advisory Forum held under the chairmanship of Hon’ble Minister(C&F&S). As these meetings were chaired by Hon’ble Minister (C&F&S) and organized by Deptt. of C&PC, therefore, these meetings were relevant for the purpose of interaction with State Drug Controllers. NPPA is planning to conduct the meetings of State Drug Controllers in the third quarter of 2006-07.”

1.79 The Department has informed that an amount of Rs. 1.00 crore has been made for new schemes like assistance to small and medium sector units of pharmaceuticals for GMP compliance, public awareness on drugs and strengthening of Research and Development in pharmaceuticals. When the Committee asked whether the amount is sufficient for the above purpose, if not, what other measures are proposed to be taken in this regard, the Department of Chemicals & Petrochemicals stated in a written reply as under:-

“In the Draft National Pharmaceutical Policy, 2006 Part A (contains issues other than statutory price control), some new schemes, as follows, have been proposed: (a) Scheme of interest subsidy (5%) on borrowings to small scale/medium pharma units going in for Schedule ‘M’ implementation for GMP under Drugs and Cosmetics Rules. (b) There is a proposal for consumer awareness campaign through print and electronic media on price fixation, revision, use of generics including consumer education and empowerment. This scheme will be carried out on a sustained basis, for which Government will provide adequate budgetary resources to NPPA.

A provision of Rs.1.00 crores has been made under O.E. (Plan) Head of this Department in the Financial Year 2006-07. This amount is a token provision in Plan Head and the fund allocation can be suitably enhanced as and when these schemes or other such schemes of the Department are approved at appropriate levels.”

1.80 On non-fixation of prices of certain drugs, the Chairman (NPPA) during evidence submitted as under:-

“There was a question relating to non-fixation of prices of certain drugs and the complaints that have been received by the NPPA. There are two categories of cases in which prices are fixed. One is in which we have the application or a new bulk drug price is fixed. Secondly, we fix the price *suo motu* by a formulation. In certain cases, the manufacturer does not apply for a price fixation. When it is detected, we fix the price of that drug. In the third category of cases, he is charging more than the price approved. We determine the amount that is being overcharged, issue him a notice. After getting his explanation, if it is established that he is overcharging, we issue a demand notice and recover the overcharged amount.

In quite a few cases the parties go in litigation before the Hon'ble High Court. There was the issue regarding receipt of complaints. Quite a few complaints have been received. We attend to these complaints, but the main difficulty is that most of these complaints do not give the composition of the formulation, etc. So, we have to find out the details. Uptill now, in the last three or four months we have brought about 150 such medicines from the complaints category, reviewed the position and wherever the price is not fixed, we have fixed the prices, and we are implementing it through the State Drug Controllers. We have now decided that in the next three months we shall examine all the complaints received upto December, 2005 and we will fix the prices wherever required.”

Drug Prices Equalization Account

1.81 Drug Prices Equalization Account (DPEA) is maintained by Government under the provisions of Drug (Prices Control) Order, 1979. Under the Drugs (Prices Control) Order, 1979 (DPCO, 1979), there were 345 bulk drugs under price control. The Department has computed tentative liabilities in respect of 47 bulk drugs only amounting to Rs. 326.00 crore approx covering 172 cases till the Interim stay dated 30.06.1997 granted by the Hon'ble Bombay High Court in the writ petition filed by the Indian Drugs Manufacturers' Association (IDMA) and Organization of Pharmaceutical Producers of India (OPPI) restraining the Department and its Committees from determining fresh liabilities. Out of these 172 cases where the liabilities have already been determined tentatively and communicated to the companies, the Department had referred 72 assessment

cases during the period 1994-97 to Drug Prices Liabilities Review Committee (DRLRC) constituted on 21.03.1994 under the Chairmanship of a judge of Delhi High Court (now retired) along with two members to determine the liability in such cases. Out of these 72 cases, the Committee gave its recommendations in 50 cases giving its views on various issues involved in these cases but did not quantify the liability in these cases. In view of the stay granted by the Bombay High Court, the Committee had not taken up the other 22 cases and also any fresh case. One case has been dropped on the recommendations of the Committee. On the basis of the views of DRLRC, the Department computed the liabilities in respect of 16 companies amounting to Rs. 29.42 crore and the demand notices were issued to them.

1.82 The revised terms of reference of the Committee were issued on 10.10.2002. After the issue of revised terms of reference of the Committee, 33 cases where the quantification was to be done were referred back to the DRLRC for quantification of liability. Out of these 33 cases, the DRLRC has quantified liability in 29 cases (28 companies – one case linked with another). In 4 cases, DRLRC has stated that the Committee was not in a position to quantify the liability because of the above mentioned stay. In pursuance of Order dated 16.05.2005 of the Hon'ble Madhya Pradesh High Court, Indore Bench, one case pertaining to M/s Ethico Drugs and Chemicals Manufacturing Co. Ltd., has also been quantified by the Committee. The total amount of liability quantified by the DPLRC in respect of these cases is to the tune of Rs. 199.05 crore as per two members and as Rs. 177.22 crore as per the recommendations of the Chairman, DPLRC. Thus at present there are 25 cases pending with the DPLRC because of stay, where no quantification can be done till the vacation of the stay. In addition to these 25 cases, there may be a large number of liability cases in respect of 298 bulk drugs where the liability is still to be quantified.

1.83 To identify whether prices of drugs are overcharged or not, the following steps are being taken in NPPA:-

- (i) The price list submitted by the Drug Manufacturers in Form V to NPPA is analyzed to see whether the drug manufacturers are charging more than the notified price.
- (ii) Drug Controllers/Food & Drug Administration of State Government detect the cases of drug manufacturers, selling the drugs/formulations more than the notified price of Government and report the same to NPPA.
- (iii) Sometimes the cases of overcharging are reported by NGOs, individuals, newspapers and the units who purchase the scheduled bulk drugs at a higher price from the manufacturers.

1.84 When the Committee desired to know as to how the offices of State Drug Controllers and their establishment at district level are helping NPPA in non-overcharging of prices of medicines, the Department of Chemicals & Petrochemicals, in a supplementary reply submitted as under:-

“As and when NPPA fixes/revises prices of bulk drugs and formulations, a copy of the notification is sent to State Drug Controllers to ensure compliance by manufacturers. Some of the State Drug Controllers regularly send case of overcharging to NPPA for recovery of overcharged amount. Since NPPA do not have field staff. Therefore, NPPA depend on the State Drug Controllers for compliance of prices fixed/revised by NPPA. In addition, State Drug Controllers are also involved in getting information relating to production and sale of drugs from manufacturers wherever data is not provided to NPPA by the manufacturers. There is a proposal to strengthen the State Drug Controllers and create DPCO Cell in all States.”

1.85 When the Committee asked about the schemes of strengthening district level drug regulatory authorities, the Department of Chemicals & Petrochemicals informed that at the moment, this Department does not have any scheme of strengthening district level drug regulatory authorities.

1.86 NPPA is dealing cases in various courts in regard to challenge of their demand notices by various drug companies. In some cases, NPPA has been able to get a direction executed for depositing 50% of overcharged amount by the companies. The companies have deposited Rs. 10.32 crore from January, 2005 to October, 2005.

1.87 When the Committee asked whether NPPA/Government has examined the matter with a view to minimize court cases and efforts made by NPPA for early hearing in the courts to settle the litigations, the Department, in a written note replied as under:-

“Whenever any case of charging price higher than the price fixed / notified by NPPA / Govt. comes to the notice of NPPA, matter is examined and show cause notice is issued to the concerned companies. The reply from the companies furnished in this regard is thoroughly examined. In case it is found that company has overcharged then demand notice is issued to such company. In case, companies desire Personal Hearing, an opportunity for the same is also given to them to mitigate the court cases.

Court cases are vigorously pursued by NPPA. As and when it is observed that hearing in any court case is taking time, NPPA takes steps to file urgent applications for early hearing in the matter.

Demand notices are issued to the defaulting companies on the basis of examination of the information / details furnished by such companies. The demand of overcharged amount is raised in respect of MRP charged by the company if it is found that its price is higher than the price fixed / notified price by NPPA / Government, which are mandatorily required to be implemented by the pharma companies under the provisions of DPCO' 95.”

1.88 On being enquired by the Committee about the companies where recoveries are pending, the Chairman, NPPA stated during evidence that there are both big and small companies, but big companies are in a large number. These are some cases wherein recovery worth of Rs. 300-400 crore is also pending and they are fighting for the purpose. This is very protracted issue. The Government is making every attempt to actively pursue the recovery of the amount.

MAJOR HEAD 2552

J. LUMPSUM PROVISION FOR PROJECT/SCHEME FOR THE BENEFIT OF THE NORTH EASTERN REGION AND SIKKIM

1.89 The provision is for implementing projects/schemes for North Eastern Region and Sikkim. The Budget allocation (2005-06) and Budget proposal for (2006-07) are as under:-

(Rs. in crore)

Actuals 2004-05	BE 2005-06	RE 2005-06	BE 2006-07
Plan	Plan	Plan	Plan
--	8.30	5.50	12.10

1.90 The Department of Chemicals & Petrochemicals have informed that out of a total public sector outlay of Rs. 418.42 crore made for the plan schemes of the Department for the Tenth Plan period, an amount of Rs. 56.37 crore has been made for setting up of Assam Gas Cracker Project. In addition, an amount of Rs. 30 crore has been earmarked for development of North East Region. Since the Assam Gas Cracker Project could not be implemented till date during the Tenth Plan period, funds earmarked for this project in NE Region could not be utilized. However, as per mandatory allocation and utilization of 10% of plan outlays for NE Region on Annual Plan basis, an amount of Rs. 15.71 crore out of total plan expenditure of Rs. 141.93 crore by this Department during 2002-05, has been released for non lapsable pool for NE Region, which also includes funds released for CIPET Centre at Guwahati. An amount of Rs. 5.50 crore i.e. 10% of RE for 2005-06 is also to be released to NE Region during 2005-06.

1.91 Funds of this Department utilized for special projects of CIPET – Guwahati and year-wise funds released for NE Region is given in the following Table:

(Rs. Crore)

Year	Funds released to CIPET	Transferred to non-lapsable pool	Total
2002-03	2.870	2.630	5.50
2003-04	4.508	0.192	4.70
2004-05	1.828	3.682	(-) 5.51
2005-06	--	5.50 -- A	5.50 -- A

A: Anticipated

1.92 The Tenth Plan outlay for the Department of Chemicals & Petrochemicals is 418.32 crore. Out of this, an amount of Rs. 41.84 crore is meant for NE Region. However, each year the amount is being transferred to Non-lapsable pool without utilization. When the Committee asked what is the chance of utilization of the amount during 2006-07 and whether the amount in non-lapsable pool is available to the Department on demand, the Ministry in their supplementary written reply stated as under:-

“For the year 2006-07, an amount of Rs.2.25 crore has been provided for implementation of new scheme of ‘Survey and Research of Medicinal Plants and their Uses in North Eastern Region’. Further, a Cabinet Note for approval of ‘Assam Gas Cracker Project’ is under active consideration of the Government. These two schemes are expected to be approved for implementation during the year 2006-07. Therefore, the budget provision ear-marked for North East may be utilized.

So far the Department had not been in a position to utilize 10% of plan outlay earmarked for NE Region and had been surrendering part of it to non-lapsable pool. The Department is free to utilize over and above 10% of outlay from its plan provision. There is no provision for seeking funds for the Department from non-lapsable pool. However, schemes/projects to be funded out of the pool can be recommended.”

1.93 The Department has further informed that a new scheme of NIPER is also being prepared for implementation in NE Region during 2006-07. When the Committee asked whether the proposed project of NIPER has been launched, the Department informed, in a written note as under:-

“A special project for training, education, skill development and refresher courses for pharmaceutical personnel in public and private sectors in the NE Region was sent to the Planning Commission by the Department for approval and allowing to utilize funds out of 10 % earmarked for NE Region. The Commission has not approved the proposal and mentioned that assistance for such activities is available from the non-lapsable pool of the NE Region.”

1.94 The Department has informed that besides the allocation for Assam Gas Cracker Project in Tenth Plan, an amount of Rs. 30 crore, too, has been earmarked for development of North Eastern Region. In this regard when the Committee asked what is the amount available as on date in non-lapsable pool for North Eastern Region and what are the schemes that have either not been approved by Planning Commission or are lying with Planning Commission for approval, the Department of Chemicals & Petrochemicals has stated that as these are the concerns of the M/o Development of North Eastern Region, this Department has no information thereon.

MAJOR HEAD 6857

K. NON-PLAN LOANS AND INVESTMENT IN PUBLIC ENTERPRISES

1.95 Loan and advances for the PSUs under the Department of Chemicals & Petrochemicals are as under:-

(Rs. in crore)

MAJOR HEAD	BE 2005-06		RE 2005-06		BE 2006-07	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
Non-Plan loan 6857	--	143.47	--	29.05	--	3.05
Investment 4857	--	--	--	--	25.00	--
6857	21.00	--	19.12	--	18.15	--
Total	21.00	--	19.12	--	43.15	--

1.96 PSU-wise details of Non-Plan loans are as under:-

(Rs. in crore)

	Actuals 2004-05	BE (2005-06)	RE (2005-06)	BE (2006-07)
Smith Staninistreat Pharmaceuticals Limited (SSPL)	2.50	3.09	0.31	0.01
Bengal Chemicals & Pharmaceuticals Limited (BCPL)	--	10.00	2.00	1.99
Bengal Immunity Limited (BIL)	--	1.69	0.30	0.01
Indian Drugs and Pharmaceuticals Limited (IDPL)	--	14.20	10.00	0.01
Petrofils Co-operative Limited (PCL)	0.51	1.49	1.49	1.00
Hindustan Insecticides Limited (HIL)	--	53.00	1.55	0.01
Hindustan Antibiotics Limited (HAL)	4.50	60.00	13.40	0.01
Hindustan Organic Chemicals Limited (HOCL)	--	--	--	0.01

1.97 The details of Investment in PSUs are as under:-

(Rs. in crore)

	Actuals 2004-05	BE 2005-06		RE 2005-06		BE 2006-07	
		Budget Support	IEBR	Budget Support	IEBR	Budget Support	IEBR
Hindustan Organic Chemicals Limited (HOCL)	5.59	7.00	--	6.00	--	25.00	22.59
Hindustan Insecticides Limited (HIL)	5.57	6.00	--	6.00	--	7.15	--
Indian Drugs and Pharmaceuticals Limited (IDPL)	--	--	--	--	--	1.00	--
Hindustan Antibiotics Limited (HAL)	2.77	3.00	--	3.00	--	3.00	--
Bengal Chemicals & Pharmaceuticals Limited (BCPL)	4.64	5.00	20.00	4.12	--	7.00	--

1.98 Out of eight Pharma PSUs – i.e. SSPL, BCPL, BIL, IDPL, HIL, HAL and HOCL; SSPL and BIL are closed. The non-plan budgetary provision during 2005-06 and 2006-07 for these closed PSUs are for funding the post closure activities like statutory/security and legal commitments. The Department have informed that action is being initiated for release of the said fund. PCL is a Joint Venture of Weaver's Cooperative and Government of India and is also under liquidation. For HAL and HOCL, rehabilitation schemes have been approved by the Government. Revival plans for BCPL, HIL and IDPL, are under process.

1.99 In this connection, when the Committee asked about the plan of the Government on revival of the closed/sick PSUs, the Secretary (C&PC) deposed during the evidence as under:-

“As regards rehabilitation of PSUs, we are delighted to inform the Committee that the package for Hindustan Antibiotics Limited which pending revival for the last 10 years, it has been recently approved by the Cabinet on 9th March. For Hindustan Organic Limited, which has its plant at Kochi, has also been approved by the Cabinet. We think that it is a major development in this Department. We are now considering the package for Hindustan Insecticides Limited. It is almost ready to go to the Cabinet. The package for Bengal Chemicals & Pharmaceuticals Limited (BCPL) is also under consideration. The BCPL is one of the first pharmaceutical companies set up in India in 1909. It is still doing well but not as well as it should be. So that package is also under consideration of the BRPSE. The package for IDPL is being prepared by us and it is shortly going to BIFR.”

(a) Hindustan Organic Chemicals Limited (HOCL)

1.100 The Hindustan Organic Chemicals Limited (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 Rudram (Andhra Pradesh) for manufacture of poly-tetra-fluoro-ethylene (PTFE), a high-technology engineering plastic.

1.101 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.

1.102 During the year 2004-05, the Company achieved an overall capacity utilization of 77% during the year. Kochi unit has achieved an all time record with cumene production of 70788 MT with 131% capacity utilization and phenol production was 48403 MT with 121% capacity utilization. This unit has attained the highest ever-annual production with increased capacity utilization.

1.103 At Rasayani Aniline production recorded a moderate growth of 10% over the previous year. On the whole the company has achieved increased plant capacity utilization resulting in higher production performance. The cost reduction measures implemented during the year have yielded further savings and the improved trend is likely to be achieved on sustained basis during the current year as well.

1.104 As on 31.03.2005, the Company's authorized and paid up capital was Rs. 70.00 crore and Rs. 67.27 crore respectively. The following are the details of physical and financial performance of the Company for the last five years.

Year	Production (MT)	Turnover (Rs. Crore)	Net Profit/Loss (Rs. Crore)
2000-01	231972	407.86	(-) 39.06
2001-02	200810	301.04	(-) 62.68
2002-03	278399	467.21	(-) 43.12
2003-04	291484	484.56	(-) 164.61
2004-05	313460	751.48	(+) 6.40

1.105 In view of above continuing losses, when the Committee asked about the steps being taken to reduce the losses, the Department, in a written reply furnished as under:-

“HOCL is applying a multi-pronged strategy to minimize the losses and bring back the Company to profit within two years. HOCL plans to restart the Caustic Chlorine, Aniline-I and Nitrobenzene-I plants and utilize the storage tank terminal at JNPT due to the changed economic scenario. With the approval of the revival proposal by the Government, the Company will repay the high interest Bond holders of the past. This will enable the Company to save interest cost of around Rs.20 crores per year. The Rasayani Unit which has been making continuous losses from 1992-93 will be put back on profit after the above measures and the internal accruals from Kochi unit will be utilized for expansion project like doubling of Hydrogen Peroxide, additional capacity of Phenol and Acetone etc. These expansions will generate additional cash profit of around Rs.36 crore to

Kochi Unit. After implementation of the physical restructuring, the company will earn a net profit of Rs.28 crore or cash profit of around Rs.55 crore from the year 2007-08.”

1.106 The Company maintained the health of the Chemical Plants in tact by utilizing the budgetary support received from the Government of Rs. 5.59 crore during the year 2004-05.

1.107 The company has planned to restart certain closed plants at Rasayani to utilize the opportunities of growing demand for caustic soda and moderate growth prospects for aniline and nitrobenzene. Steady growth is noticed in the area of import/export of liquid cargoes.

1.108 HOCL failed to assess the market potential before taking up the construction of storage tank terminal facility at JN Port area and subsequently abandoned the project midway resulting in blockage of Rs.23.49 crore. A loss of Rs.13.38 crore too was occurred towards annual lease rent and wharfage charges. Asked whether any responsibility has been fixed for such a huge loss and blockage of money and whether financial and technical viability of the project was assessed before taking up the project, the Department, in a written reply submitted as under:-

“The storage tank at JNPT was meant partly for captive use of imported chemicals as raw materials for Rasayani plant and partly for trading purposes. While the project was partly completed, the economic scenario changed with cheaper imports which restricted production at Rasayani. The trading operation also became less attractive and the company had to defer its trading plan. As such, the project became unviable due to the changed economic scenario.

The financial and technical viability of the project was assessed before taking up of the project. Subsequently, due to changed circumstances, the rent of the storage terminal came down drastically and the project became unattractive. In fact, other tank owners were also facing unfavorable financial conditions after the completion of their projects. HOCL has now initiated the process for effectively using this facility under joint venture as demand of storage tankers have increased recently.”

1.109 The Committee have been informed that the Board for Reconstruction of Public Sector Enterprises (BRPSE) considered the revival proposal of HOCL in the meeting held on 18.10.2005 and recommended the following measures:

- (a) Government of India to provide equity of Rs. 75 crores to be utilized for (i) repayment of VRS loan of Rs. 31 crores availed from Bank of Baroda in 2001 for 685 employees (ii) introduction of fresh VRS costing Rs. 36 crores for estimated 590 employees and (iii) Rs. 8 crores towards part repayment of bonds.
- (b) Government of India to provide funds to the tune of Rs. 175 crores in the form of 8% Redeemable non-cumulative preference shares to be redeemed @ 20% each year from 4th year onwards and this amount to be utilized by HOCL for repayment of high cost overdue Bonds.
- (c) Waiver of penal interest and interest on interest upto 31.03.2005.
- (d) Continuation of Government of India Guarantee of Rs. 100 crores for full term of 10 years (issue date 19.12.2001) to be utilized to liquidate high cost debt.

1.110 In the meeting of the Committee of Secretaries (COS) held on January 17, 2006, the recommendations of the BRPSE on the revival of HOCL were considered by the CoS. After detailed deliberations, the CoS approved the recommendations of the BRPSE subject to HOCL achieving physical and financial targets. The revival proposal has also been approved by CCEA.

1.111 The Budget support for HOCL has been increased to Rs.25 crore in 2006-07 from Rs.7crore in BE (2005-06). In this connection, when the Committee asked about the specific purposes for which Budget allocation has been increased, the Department, in their written reply furnished as under:-

“In 2006-07, The budgetary support for HOCL is proposed for the following:

- | | | |
|------|------------------------------------|-----------------|
| i) | Restarting of caustic soda plant | Rs.20 crores |
| ii) | Restarting of Nitrobenzene/Aniline | |
| | Phase I plant | Rs. 3 crores |
| iii) | R&R activity for other plants | Rs. 2.61 crores |

The restarting of the Caustic Soda Plant and Nitrobenzene/ Aniline Phase I plants are part of the revival proposal of HOCL.”

(b) Hindustan Insecticides Limited (HIL)

1.112 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 Eradication Programme (NMEP) presently known as National Vector Borne Disease Control Programme (NVBDCP) launched by the Government of India. This plant came as a gift from WHO and went to production in April, 1955. In 1957, the company set up their second factory at Udyogmandal near Cochin for the manufacture of DDT. In 1971 a plant was put up for the manufacture of Benzene Hexachloride (BHC) to meet the requirement of agriculture and public health. The company set up in 1977, a plant at Rasayani in Maharashtra for the manufacture of malathion, an insecticide used in public health. Further, another DDT plant was set up at Rasayani in 1983.

1.113 With a view to diversifying into Agro Pesticides, HIL put up manufacturing facilities for Endosulfan Technical and its formulation at Udyogmandal. Further, a plant for manufacture of Dicofol at Udyogmandal Unit was commissioned in July, 1996. This apart, the Plant for manufacturing of Mancozeb formulation was commissioned during 2002-03.

1.114 The Hon'ble Supreme Court, vide its Order dated 08.07.1996, in a Writ Petition, directed closure/re-location of Delhi Factory w.e.f. 30.11.1996. The company has put up a formulation plant for granules, liquid and solid formulations in Bathinda, Punjab as relocation of Delhi factory operations. The plant is in commercial operation since 2003-04.

1.115 The company has a well-equipped Central R&D Complex at Udyog Vihar, Gurgaon along with an experimental farm. The company has also added several agro-pesticides formulations to its product-range during the last few years like diflubenzuron, Ethion, Carbendazim, Imidachlorprid, Cartap Hydrochloride, Phorae, Alphamethrin, Metribuzin, Acetamiprid and DDVP.

1.116 As a part of the diversification plan, the company has entered into an agreement with M/s. International Panacea Limited, New Delhi for marketing tie-up to market their Liquid Bio-Fertilizers and Bio-Pesticides through HIL's dealers network. The Department has informed that HIL is a company on the lookout for new collaboration opportunities. New marketing tie up has been made with M/s. Rashtriya Chemicals & Fertilizers Limited and M/s. Hindustan Petroleum Corporation Limited, which would result in increasing sales turnover.

1.117 The main objective of the company is to provide quality insecticides and pesticides at fair prices and earn reasonable return.

1.118 Performance of HIL is as under:-

(Rs. in lakh)

Year	Production (MT)	Sales Turnover	Net Profit/Loss
2000-01	14795	12049	(-)1545.00
2001-02	15681	11476	(-)1541.00
2002-03	14823	14539	(-)1547.86
2003-04	19928	14889	(-)2191.93*
2004-05	17716	15558	(-)2647.08*

* Includes loss on account of closure of the subsidiary company

1.119 The decline in operating results is primarily due to the burden on the company on account of expenditure by way of payment of idle wages and other establishment expenses of Delhi Unit till 2002-03 and losses on account of Southern Pesticides Corporation Limited, the subsidiary that is under liquidation. On erosion of net worth, the company has been registered as sick company with BIFR during 2003-04.

1.120 The Department has informed that the revival proposal in respect of HIL was approved by the BRPSE. A draft Note for the CCEA has been circulated to the concerned Ministries/Departments for their comments.

1.121 A sum of Rs. 53 crore was provided for cash infusion in HIL which could not be released as the scheme was not approved by the competent authority. In this connection, when the Committee asked whether revival proposal of HIL has been approved, the Department, in their reply stated that as and when all the comments are received from concerned Ministries/Departments, the proposal will be placed before CCEA for approval.

(c) Indian Drugs & Pharmaceuticals Limited (IDPL)

1.122 Indian Drugs and Pharmaceuticals Limited (IDPL) was incorporated on the 5th 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 (OCDL), Bhubaneswar.

1.123 IDPL was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) on the 12th August, 1992. A revival package for the company was formulated and approved by BIFR on the 10th February, 1994. However, after taking into account the performance of the company, which fell short of the targets, the BIFR on 23.01.1996 treated the sanctioned package as failure. BIFR heard the case from time to time.

1.124 In November, 2001, the Government communicated to the BIFR that the Government intends to provide the following concessions/facilities for cleaning up of the balance sheet of the company to facilitate its privatization:-

- (a) Conversion of loan into equity.
- (b) Waiver of interest/penal interest and guarantee fee by the Government of India.
- (c) Payment of outstanding statutory dues and funding of VRS.

1.125 Accordingly, BIFR directed the Operating Agency to invite proposals for privatization of all units of IDPL and later on all the units including two wholly owned subsidiaries also. The Department has informed that none of the proposals received was found support worthy.

1.126 BIFR vide order dated 12.09.2003 issued Show Cause Notice to the company/existing promoters as to why the company should not be wound up. BIFR in its meeting held on 04.12.2003 confirmed its prima-facie opinion that it would be just, equitable and in public interest if the sick company IDPL was wound up in terms of Section 20(1) of the Act.

1.127 The Department of Chemicals & Petrochemicals filed an appeal against the opinion of BIFR in Appellate Authority for Industrial and Financial Reconstruction (AAIFR) on 10.02.2004. Hon'ble AAIFR at its hearing on 13.09.2005 set aside the impugned order of BIFR dated 04.12.2003 and remanded the matter back to BIFR for taking further action for rehabilitation of IDPL.

1.128 The Department in their written reply has stated that Board of Directors of IDPL has approved the scheme on 22.03.2006. The scheme is expected to be submitted by IDPL to the Department soon.

1.129 The Government also offered VRS to the employees of the IDPL in consultation with the Department of Public Enterprises and Finance Ministry. The Government had also released funds to the extent of Rs. 470.63 crore till 31.03.2004 towards implementation of VRS. As a result of implementation of VRS the total strength of 6592 of employees (inclusive of both wholly owned subsidiaries as on 31.12.2002), has been reduced to 413 employees as on 01.10.2005.

1.130 IDPL has been released Rs. 5 crore for meeting the expenditure relating to Schedule 'M' compliance and upgrading research facilities at Hyderabad and rehabilitation of Muzaffarpur Plant. The Department has informed that the revival scheme of IDPL is yet to be submitted to the former. As and when the scheme is approved by the Government, adequate funds will be released to IDPL.

1.131 When the Committee asked about the latest position of revival of IDPL during evidence, the Secretary, C&PC stated as under:-

“.....we have already prepared some sort of a package. We have gone to the BIFR. We are working hard on that.”

1.32 On being pointed out by the Committee that some of the dealers of IDPL have not got their deposits back, the Secretary, C&PC, stated:-

“Regarding the deposits of private dealers with the IDPL, yes, this is a matter of concern. I have already taken up this matter after coming to know about one or two cases. We will try to sort them out.”

(d) Hindustan Antibiotics Limited (HAL)

1.133 Hindustan Antibiotics Limited (HAL), Pimpri, Pune was incorporated on the 30th 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 terminated.

1.134 Since the company had been incurring continuous loss i.e. from 1993-94, it was referred to the BIFR in January 1997, BIFR declared the company formally sick on 31.03.1997. 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.

1.135 The Government could not submit a fully tied up proposal for rehabilitation of the company. The Government was, however, agreeable for change in management of the company and was willing to consider a financial restructuring package without infusion of additional funds along with and as part of disinvestment to a strategic partner.

1.136 The BIFR issued a Show Cause Notice dated September 5, 2003 for winding up the company. The Board decided to hold the Show Cause Notice in abeyance and granted further time to the company and other bidders to submit their comprehensive and fully tied up revival proposal to the OA (IDBI). However, no acceptable proposal could be placed before the BIFR.

1.137 In the Budget speech 2004-05, the Finance Minister announced financial support for the restructuring of HAL. A draft Revised Rehabilitation Scheme was prepared and sent for consideration of the BRPSE. BRPSE recommended the Rehabilitation Scheme for approval of the Government. The Committee of Secretaries approved the Rehabilitation Scheme on 17.01.2006. The Government has since approved the Rehabilitation Scheme of HAL on 09.03.2006.

1.138 When the Committee asked about the time frame for implementation of the scheme and for achieving break-even-point, the Department, in their written reply, furnished as under:-

“Expeditious action has been taken by the Department to implement the approved scheme. BIFR/OA and HAL has been informed of the decision of the Government to revive HAL. Further, Department has also taken steps to release required funds to HAL during 2005-2006 itself to implement the Scheme.

As the BIFR which is a quasi-Judicial Body is the final Authority to issue the Orders under the SICR, no specific time-frame can be given at this juncture.”

1.139 Asked whether Rs. 47 crore has been released to HAL to implement the rehabilitation schemes, the Department furnished as under:-

“Not yet, Sir. The proposal for release of the funds to HAL has been sent to Department of Expenditure, Ministry of Finance on 22.03.2006 for concurrence/approval. The approval of Ministry of Finance is awaited.”

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

1.140 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 15th December, 1980. A new public sector company named as Bengal Chemicals & Pharmaceuticals Limited (BCPL) was incorporated on the 17th March, 1981.

1.141 The company has four manufacturing units one each at Maniktala at Kolkata, Panihati at North 24 Parganas (West Bengal), one at Mumbai (Maharashtra) 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. The well-known products are Cantharidine Hair Oil and Lamp Brand Phenol.

1.142 The company was formally declared sick by the Board for Industrial and Financial Reconstruction (BIFR) on the 14th January, 1993. A revival package was approved by the BIFR on the 4th April, 1995.

1.143 The package was reviewed by BIFR from time to time. As a result, BIFR sanctioned a Modified Revised Rehabilitation Scheme on 14.01.2004 for the revival of BCPL. This envisages a number of relief and concessions from the Government and other agencies. Modified Rehabilitation Scheme as sanctioned by BIFR has been further modified keeping in view the requirements of the company and sent to Board for Reconstruction of Public Sector Enterprises (BRPSE) on 31.01.2006 for consideration and its recommendation. BRPSE is expected to consider the scheme soon. In the light of recommendation of BRPSE, rehabilitation scheme would be placed before CCEA for approval.

1.144 While during the study tour to Chennai and Kolkata, the representatives of BCPL and KAPL informed the Committee that the Government are not giving due preference in purchase of their products and hence they find it very difficult to compete with the private sector due to some unhealthy competition. When the Committee raised this matter during the evidence, the Secretary, C&PC stated as under:-

“.....So, the Central Government is already purchasing itself medicines worth Rs. 3000-4000 crore. The Supreme Court has already ordered when the SSI had gone to it against the PSUs. The Supreme court has ordered that if the Government purchases medicines from the PSUs, it is not violative of the Fundamental Rights. So, we are free to purchase from the PSUs. On the basis of that, we are going to the Cabinet. Out of the Rs. 3000-4000 crore, only about 10 per cent – that means Rs. 300-400 crore –purchase preference should be given to the PSUs so that they can survive and the rest would be for the private sector. So, with this, we will have a long-term policy and the PSUs will survive so that whenever we need them for any strategic reasons, they are available.”

PART-II

RECOMMENDATIONS/ OBSERVATIONS OF THE COMMITTEE

The Committee have analyzed the implementation of recommendations/observations contained in their Fifth Report on Demands for Grants (2005-06), as detailed in the Annexure. The analysis shows that out of 22 recommendations contained in the Report, Government have implemented only 5 recommendations viz. at Sl. Nos. 2, 6, 8, 17 and 19 so far. The recommendations regarding revival of sick/closed PSUs (Rec. No. 20) and increasing export of drugs & pharmaceuticals (Rec. No. 14) have been partially implemented. The recommendations regarding utilization of funds earmarked for North-eastern region (Rec. No. 18) and establishment of centre for design and development, Hazipur (Recc. No. 4) have not been implemented. The other recommendations, as per latest information submitted to the Committee, are at the various stages of implementation. The Committee, therefore, desire that the Government should implement the remaining recommendations expeditiously. They would also like to be apprised of the conclusive action in regard to such recommendations.

(Recommendation Sl. No. 1)

2.2 The Committee note that under the Revenue Head during 2005-06, there was provision of Rs. 62.00 crore (Plan) and Rs. 686.78 crore (Non-Plan), which was revised to a level of Rs. 23.88 crore (Plan)

and Rs. 720.83 crore (Non-Plan) respectively. The Budget Estimates during 2006-07 for this head has been kept at Rs. 57.85 crore (Plan) and Rs. 35.35 crore (Non-Plan). The main allocation during 2005-06 was meant for settling claims of Bhopal Gas Leak victims as per the directions of the Supreme Court. As per information furnished by the Department of Chemicals & Petrochemicals (C&PC), most of the claims have been settled by now. Under the Capital Head, during 2005-06, there was a provision of Rs. 21.00 crore (Plan) and Rs. 143.47 crore (Non-Plan), which was revised to Rs. 31.12 crore (Plan) and Rs. 29.05 crore (Non-Plan). The Budget Estimates for 2006-07 have been kept at Rs. 73.15 crore (Plan) and Rs. 3.05 crore (Non-Plan). Thus, the total Plan expenditure which was reduced from Rs. 83.00 crore to Rs. 55.00 crore in RE (2005-06) has been increased to Rs. 131.00 crore in 2006-07. Since this year although the Demands for Grants (2006-07) have already been passed by Parliament, the Committee's recommendations as detailed in the succeeding paragraphs relate to implementation of the plans/projects of the Department and PSUs/organizations under their administrative control. The Department should examine the adequacy of the allotted funds and if necessary, more funds should be sought at the supplementary stage.

(Recommendation Sl. No. 2)

2.3 The Committee note that Plan outlay for the 10th Five Year Plan (2002-2007) was revised as Rs. 612.42 crore, with Rs. 418.42 crore as Budgetary support and Rs. 194.00 crore as IEBR from PSUs. Out of this Rs. 418.42 crore, only Rs. 141.93 crore have been spent during the first three years of the 10th Plan which comes to about 33 per cent only. Even if RE of Rs. 55.00 crore for the year 2005-06 and BE for the terminal year i.e. 2006-07 (terminal year of the 10th Plan) is utilized fully, the total utilization would be around Rs. 327.93 crore only, which is much less than the approved plan of Rs. 418.42 crore. Thus, the targeted plan performance in this sector stand distorted. Explaining the reasons for this unsatisfactory plan performance, the Department of Chemicals & Petrochemicals stated that, out of Rs. 194.00 crore of IEBR, the share of PSUs was Rs. 174.00 crore in respect of Hindustan Insecticides Limited (HIL), Hindustan Organic Chemicals Limited (HOCL), Hindustan Antibiotics Limited (HAL) and Bengal Chemicals & Pharmaceuticals Limited (BCPL). According to them, since all these PSUs are sick and referred to BIFR, they could not generate IEBR during the first three years of the Plan period. The Committee are not satisfied with the argument of the Department as the financial position of these PSUs was known to the Department. They trust that the shortcomings on this score would be taken note of by the Department for corrective measures in future.

(Recommendation Sl. No. 3)

2.4 The Committee note that under the Secretariat Economic Services, the Plan provision during 2006-07 has been increased to Rs. 1.50 crore from a level of Rs. 5.00 lakh during 2005-06. The actual expenditure for Plan during 2004-05 was only about Rs. 83000. As per the information made available by the Department of Chemicals & Petrochemicals, a provision of Rs. 2.80 crore has been made for office expenditure during 2006-07. Out of that, an amount of Rs. 1.50 crore is for Plan and Rs. 1.30 crore is for Non-Plan budget. Provision of Rs. 1.00 crore has been made for new schemes to be introduced by the Department and a sum of Rs. 0.50 crore has been provided for implementation of Information & Technology (IT) Plan of the Department. Considering the higher level of allocation of funds made under this head, the Committee desire that the proposed new schemes be finalized with a view to implementing them in a time-bound manner and achieving the underlying objectives.

(Recommendation Sl. No. 4)

2.5 The Committee note that the Plan budget of CIPET has been increased from Rs. 23.00 crore in RE (2005-06) to Rs. 50.00 crore in BE (2006-07). The Department of Chemicals & Petrochemicals has informed that out of this, an amount of Rs. 15.00 crore is for establishment of new centres at Panipat, Jaipur and Aurangabad, Rs. 2.00 crore for CIPET schemes; Rs. 30.00 crore as OPEC loan and Rs. 3.00 crore as Government of India's counterpart

funding. The Committee's examination revealed that there has already been much delay in getting OPEC loan. The Committee, therefore, recommend that establishment of new centres of CIPET at Panipat, Jaipur and Aurangabad should be expedited.

(Recommendation Sl. No. 5)

2.6 The Supreme Court in July, 2004 directed the Welfare Commissioner for Bhopal Gas Leak Disaster to disburse the remaining amount of Rs. 1503 crore occurred as exchange rate variation to the disaster victims on pro-rata basis. The disbursement of compensation started on 15.11.2004. About 5,72,378 claimants were given compensation as on 31.01.2006. The Department has informed that 297 appeals and 32 Review petitions are lying with the Welfare Commissioner. Besides, 3275 applications are pending for scrutiny and motion hearing. The Supreme Court had directed that disbursement of pro-rata compensation should be completed by 30.04.2005. However, on the request of the Welfare Commissioner, the Hon'ble Supreme Court has extended the date of disbursal of pro-rata compensation from 30.04.2005 to 30.04.2006. The Committee trust that all cases relating to the disbursement of pro-rata compensation would be disposed of by 30.04.2006.

(Recommendation Sl. No. 6)

2.7 The Committee have been informed that on the directions of High Court of Madhya Pradesh, a Task Force under the Chairmanship of Secretary (C&PC) is monitoring the removal/disposal of about 47 MT of toxic wastes from Union Carbide Plant site at Bhopal. The Principal Secretary, Bhopal Gas Tragedy, Department of Relief & Rehabilitation, Government of Madhya Pradesh is the coordinator of the Task Force and Madhya Pradesh Pollution Control Board is the executive agency. The Committee have been informed that the State Government of Madhya Pradesh has not yet prepared the project proposal for removal of the toxic wastes. The Secretary (C&PC) during oral evidence stated before the Committee that NEERI and IICT have taken samples to assess the level of toxicity in the toxic wastes. Further, about 20 MT of toxic waste, which cannot be put in landfill, is to be taken to Ankleshwar in Gujarat for incineration. The Committee desire that after obtaining test result of samples from NEERI & IICT, the toxic wastes from Bhopal plant site be removed without any further delay.

(Recommendation Sl. No. 7)

2.8 The Committee have been informed that the Gas Authority of India Limited (GAIL) has been identified as lead promoter with 70 per cent equity participation to implement the Assam Gas Cracker Project with Oil India Limited, Numaligarh Refinery Limited and Assam Industrial Development Corporation

each having 10 per cent equity participation in the project. The Committee find that the Public Investment Board (PIB) has approved the project and the comments of various Ministries/Department have also been received in this regard. After incorporating these views/comments, the final Draft Cabinet Note would be sent to the Cabinet for approval of the Cabinet Committee on Economic Affairs (CCEA). The Committee desire that necessary steps should be taken for obtaining early approval of CCEA and the Assam Gas Cracker Project be commissioned as early as possible, particularly when the project is a part of Assam Accord signed as far back as 1985.

(Recommendation Sl. No. 8)

2.9 The Committee note that the Institute of Pesticides Formulation Technology (IPFT) is getting Departmental grant for meeting day-to-day expenditure as well as capital support. The Committee find that a sum of Rs. 3.33 crore could not be released in the first half of 2005-06 for want of utilization certificates for earlier releases. The Committee have also been informed that the reason for delay in utilization of grant is lack of scientific staff in IPFT. The Committee have further learnt that the cadre re-structuring exercise has been completed and amendments to the Recruitment Rules for appointment on contract basis has been approved by the Department. The recruitment process has already been started and is likely to be completed by 30.06.2006. The Committee earnestly hope that the

recruitment process would be completed in time, so that, the funds earmarked for IPFT are utilized fully with a view to achieving the objectives of the Institute.

(Recommendation Sl. No. 9)

2.10 The Committee note that the National Institute of Pharmaceuticals Education & Research (NIPER) is engaged in providing research and development in pharmaceutical area and setting higher standards in pharmaceutical education. To achieve its objectives, NIPER organizes Post Graduate/Ph.D. programmes and also carries out research in selected areas. Keeping in view the importance of its objectives, the Plan budget of the Institute has been raised from Rs. 5.00 crore in the 2005-06 to Rs. 18.00 crore in the year 2006-07, particularly to meet the specific health care needs of the country as in some of the prevalent diseases in the country, multinational pharmaceutical companies have limited interests. The Committee would like the Government/NIPER to compete the programmes/projects in a time bound manner so that desired objectives of the Plan funds are achieved fully.

(Recommendation Sl. No. 10)

2.11 The Committee note that the Government is providing grants for promotion of export of pharmaceuticals. However, only a meagre amount of Rs. 5.00 lakh has been provided during 2005-06 and 2006-07. The Committee find that as per their earlier

recommendations, the Non-Plan Budget for the year 2006-07 for Pharmaceutical Export Promotion Scheme (PEPS) was proposed to be raised from Rs. 5.00 lakh to Rs. 40.00 lakh, which has not been sanctioned in the Demands. The Committee feel that an amount of Rs. 5 lakh is too meagre for a project like promotion of export of pharmaceuticals and accordingly recommend that allocation should be raised substantially for the purpose.

(Recommendation Sl. No. 11)

2.12 The Committee express their concern about non-availability of essential drugs at reasonable prices. The Secretary (C&PC), sharing the concern of the Committee, submitted during evidence that a very large section of our population, about 26 per cent, live below the poverty line and they cannot afford to buy even low priced medicines. The Department has, therefore, mooted a policy called the 'Health Insurance Scheme' for providing medicines free of cost to the people living below the poverty line. For lower middle class families too, the Government is considering a scheme on the lines of the Rajasthan model where hospitals, etc. have their own societies and are buying medicines in bulk from the manufacturers and selling them to the patients at 50 per cent of the cost. The Committee desire that these schemes be considered for implementation expeditiously across the country for the benefit of the masses.

(Recommendation Sl. No. 12)

2.13 The Committee find that an amount of Rs. 1.00 crore has been made for new schemes like assistance to small and medium sector units of pharmaceuticals for Good Manufacturing Practices (GMP) compliance, public awareness on drugs and strengthening of Research and Development in pharmaceuticals. These schemes are yet to be approved. The Committee recommend that the Department of Chemicals & Petrochemicals should expedite the process of approval and implementation of these schemes to achieve the desired objectives.

(Recommendation Sl. No. 13)

2.14 The Committee note that at times the drug companies over-charge the price of their drugs and till the matter comes to the notice of NPPA, substantial amounts would have already been overcharged from the consumers/patients. When the demand notice for the recovery of over-charged amount is sent, the companies prefer to go to the court and obtain the stay orders thereon. In this way, a large amount of money overcharged from the consumers remain with the drug manufactures for years. The Committee find that under the Drugs (Price Control) Order 1979, out of 345 bulk drugs, the Department have computed tentative liabilities in respect of 47 bulk drugs only, which amounts to Rs. 326.00 crore. The Committee feel that there may be a large number of liability cases in respect of the remaining 298 bulk drugs where the liability could not be quantified due to court stay orders. The Committee are seriously

concerned about this unsatisfactory state of affairs. They, therefore, recommend that vigorous efforts should be made to get such stay orders vacated and recover the over-charged amounts. The Committee also desire that liabilities be fixed in respect of the remaining 298 bulk drugs expeditiously.

(Recommendation Sl. No. 14)

2.15 The Committee note that as per mandatory allocation and utilization of 10 per cent of Plan outlays for North Eastern Region on Annual Plan basis, an amount of Rs. 15.71 crore out of total Plan expenditure of Rs. 143.39 crore during 2002-2005, has been released for non-lapsable pool for North-Eastern Region. The Committee have been informed that an amount of Rs. 5.50 crore i.e., 10 per cent of RE of 2005-06 is also to be released to North-Eastern Region during 2005-06. The Department has further informed that an amount of Rs. 56.37 crore was made for setting up of Assam Gas Cracker Project, which could not be implemented till now. In addition, an amount of Rs. 30 crore was also earmarked for development of North-Eastern Region. Moreover, the funds earmarked for special projects of CIPET- Guwahati too could only be partially utilized. Besides this, a special project for training, education, skill development and refresher courses for pharmaceutical personnel in public and private sector by NIPER, out of 10 per cent allocation, was not approved by the Planning Commission as the assistance for such activities is available from non-lapsable pool of North-Eastern Region. The

Committee find that neither the fund out of 10 per cent allocation nor out of non-lapsable pool for North-Eastern Region is being fully utilized. The Committee, are dismayed over the under-utilization trend of expenditure regarding the allocation made for North-Eastern Region and strongly recommend that the allotted funds for the purpose be utilized within the financial year and in rare cases funds should be allowed to go to the non-lapsable pool.

(Recommendation Sl. No. 15)

2.16 The Committee note that the Hindustan Organic Chemicals Ltd. (HOCL) failed to assess the market potential before taking up the construction of a storage tank terminal facility at JN Port area and subsequently abandoned the project midway resulting in blockage of Rs. 23.49 crore. A loss of Rs. 13.38 crore too occurred towards annual lease rent and wharfage charges. The Department of Chemicals & Petrochemicals has cited the reason that while the project was partly completed, the economic scenario changed with cheaper imports which restricted production at Rasayani unit of HOCL. Subsequently, also due to changed circumstances, the rent of the storage terminal came down dramatically and the project became unattractive. The Committee are dismayed that the faulty assessment and planning process of HOCL as well Department led to the avoidable loss. They feel that the company as well as the Department should make proper analysis and evaluation before going for such projects to avoid recurrence of unnecessary loss to the exchequer.

(Recommendation Sl. No. 16)

2.17 The Committee note that the rehabilitation schemes of HOCL and HAL have been approved by the Cabinet Committee on Economic Affairs. The Committee desire that all necessary steps should be taken for implementation of the scheme for these PSUs within a time-bound manner.

(Recommendation Sl. No. 17)

2.18 The Committee have also been informed that the revival proposal in respect of Hindustan Insecticides Ltd. (HIL) has been approved by BRPSE. A draft Note for CCEA has been circulated to the concerned Ministries/Departments for their comments. Thereafter, the rehabilitation scheme will be placed before CCEA. The Committee desire that the rehabilitation scheme of HIL be got approved by CCEA and implemented in a stipulated time span.

(Recommendation Sl. No. 18)

2.19 The Committee have also learnt that the Board of Directors of Indian Drugs & Pharmaceuticals Limited (IDPL) has approved the rehabilitation scheme of the company on 22.03.2006. The proposal is now lying with the Department of Chemicals & Petrochemicals. Similarly, revival proposal of Hindustan Insecticides Limited (HIL) is to be placed before CCEA for approval. The Committee desire that all necessary efforts should be made for revival of IDPL and HIL in a time bound manner.

(Recommendation Sl. No. 19)

2.20 The Committee note that BIFR Sanctioned a Modified Revised Rehabilitation Scheme on 14 January, 2004 for the revival of Bengal Chemicals and Pharmaceuticals Ltd. (BCPL). This envisages a number of relief and concessions from the Government and other agencies. The Committee learnt that the matter of relief and concessions for BCPL have already been placed before the Board for Reconstruction of Public Sector Enterprises (BRPSE). The matter will, then, be placed before the Committee of Secretaries and thereafter for final approval of CCEA. The Committee recommend that the Department of Chemicals and Petro-Chemicals should vigorously pursue the matter for its early approval at every stage so that the revival process of BCPL could be initiated without further loss of time.

(Recommendation Sl. No. 20)

2.21 Having gone through the facts in regard to working of PSUs under the Department of Chemicals & Petrochemicals, the Committee find that their performance has not at all been satisfactory. Petrofils Cooperative Limited (PCL) and SSPL have been wound up and are under liquidation. All the employees of BIL too, have been relieved under VSS and the company has been wound up as per decision of BIFR. The ex-employees of the company have approached AAIFR against the recommendation of BIFR for winding up of the company. The hearings are in process. The other PSUs i.e. HOCL, HAL, BCPL, HIL, IDPL except in a few cases, have been continuously making losses. The revival schemes for HAL and HOCL

have been approved by the Government. However, the revival schemes in the cases of IDPL, BCPL and HIL are under process. Revival scheme of IDPL has not yet been received by the Government. The Committee feel that in the prevailing scenario of PSUs in the country, there is need for their revival in public interest and to meet contingences like outbreak of diseases like cholera, plague, etc. The Committee, therefore, recommend that serious efforts should be made for revival of all PSUs under the Department of Chemicals & Petrochemicals.

(Recommendation Sl. No. 21)

New Delhi;
April 26, 2006
Vaisakha 06, 1928 (Saka)

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

ANNEXURE

[Vide Para 1.2 of Part I]

CATEGORY-WISE ANALYSIS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE FIFTH REPORT OF THE COMMITTEE ON DEMANDS FOR GRANTS OF THE DEPARTMENT OF CHEMICALS & PETROCHEMICALS (2005-06)

I. Gist of recommendations which were accepted by the Government

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
2	Setting up of new CIPET centres.	The Department of Chemicals & Petrochemicals (DOC&PC) stated that three new CIPET centres would be set up during the 10 th Plan period. The Government is in the process of setting up these centres.
3	Framing of national policy on petrochemicals.	DOC&PC stated that draft policy on petrochemicals has already been framed. The Department is in the process of obtaining comments from Ministries/Departments thereon for finalization of the Policy.
6	Disbursement of relief to Bhopal Gas Leak Victims.	DOC&PC stated that action is being taken for disbursement as per Supreme Court orders. Till 31.01.2006 claims of 5,72,378 persons have been settled.
7	Requisite in-house expertise for IPFT.	DOC&PC stated that required action is being taken in the matter. As per latest information submitted by the DOC&PC, the required recruitments are yet to be made.
8	R&D for new drugs for tuberculosis, malaria, etc.	DOC&PC stated that NIPER has been asked to develop new drugs for these diseases and the implementation is at initial stages.
9	Setting up of mechanism for monitoring price behaviour of drugs.	NPPA has been advised by the Government to keep a special watch on the prices of medicines.
10	Giving more thrust on R&D for drugs.	DOC&PC stated that additional funds have been sought from the Ministry of Finance.
14	Efforts for increase in export of drugs.	DOC&PC stated that required efforts are being made in this regard.
17	Establishment of a Mega Chemical Industrial Estate (MCIE).	Location Study Report has been submitted by the consultants in this regard. Project Cost Report in respect of Haldia has also been submitted.

18	Amount allocated for NE region should be utilized fully	DOC&PC stated that some new projects have been planned for NE region for the purpose. However, as per latest information submitted by the DOC&PC, the allocated amount has not been utilized during (2005-06) too.
19	Reconstruction of Endosulfan plant of HIL.	DOC&PC stated that reconstruction work is taken up on warfooting.
20	Revival of sick PSUs.	DOC&PC stated that the matter is under consideration of the Government. The revival schemes in respect of Hindustan Antibiotics Limited & Hindustan Organics & Chemicals Limited have been approved by the Government. In respect of Bengal Chemicals & Pharmaceuticals Limited and Hindustan Insecticides Limited revival schemes are under process.
21	Rehabilitation of IDPL	DOC&PC stated that action has already been initiated for rehabilitation of IDPL.

II. Gist of recommendations which were not pursued by the Committee in view of Government's reply

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
16	Depositing half of the over-charged amount by drug companies before resorting to judicial remedies in view of the reply furnished by the Government.	DOC&PC stated that all efforts will be made to ensure that the drug companies initially deposit a certain percentage, say half of the amount due before they resort to judicial remedies.

III. Gist of recommendations which were reiterated by the Committee in their 8th Report

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
1	Reasons for under-utilization of budgetary allocation be thoroughly analyzed to achieve the targets in the remaining two years of the Plan.	The Government had not analyzed the reasons for underutilization of budgetary allocation. They have merely stated the reasons for underutilization of the allocation.

IV. Gist of recommendations for which replies of the Government were of interim nature

Recc. Sl. No.	Recommendation in Brief	Implementation by Government
4	Establishment of centre for Design & Development, Hazipur.	The Committee in their Action Taken Eight Report have asked the Government to find necessary ways and means for establishment of the centre in a time bound manners.
5	Establishment of Assam Gas Cracker Project.	<p>The Committee in their Eight Action Taken Report have again recommended to take up the project at the earliest for the development of North-Eastern areas. The Minister in his statement on the status of implementation of recommendation stated that the Public Investment Board (PIB) has recommended the Assam Gas Cracker Project and draft Cabinet Note has been circulated to Ministries/Departments concerned for their comments. GAIL has been identified as lead promoter with 70% equity participation, and Oil India Limited, Numaligarh Refinery and Assam Industrial Development Corporation each having 10% equity participation.</p> <p>As per latest information, the final Draft Cabinet Note will be placed before the Cabinet Committee on Economic Affair for approval of the above project.</p>
11	Effective Monitoring of non-scheduled Drugs by ceiling on trade margin.	The Department in the Action Taken Note stated that NPPA has already an effective system of Monitoring. Besides, a Committee under Chairmanship of Joint Secretary and a Task Force under the Chairmanship of Principal, advisor planning Commission are also looking into the matter. The Minister in his Action Taken statement stated that a core group under the Chairmanship of Joint Secretary has been constituted to examine the Report given by the Task Force.
12	Follow-up action on Interim Report submitted by the Committee under Chairmanship of Joint Secretary.	The Department stated that letters have been issued to all the concerned for their comments in this regard. The Minister in his statement stated that the Ministry of Health and Family Welfare has been requested for comments on Health Insurance Scheme, special scheme for people below poverty line and other related issues.

13	Widespread use of banned drugs.	The Department stated that the issue of banned drugs is looked after by the Ministry of Health and Family Welfare.
15	Recovery from Drug Companies.	The Committee desired that matter regarding early realization of Rs. 142 crore from drug companies be pursued vigorously. The Department in their Action Taken note replied that there was 29 cases pending with Drug Prices Liabilities Review Committees (DPLRC) due to Interruption of High Courts. The Committee in their Action Taken Eighth Report desired Department of Chemicals & Petrochemicals should adopt all steps for early hearings in the Supreme Court to settle the legal hurdles. The Minister in his statement in House stated that the Government is making all possible efforts for early recovery of due amount from the Drug Companies.
22	Upgradation in plant and machinery of Rajasthan Drugs and Pharmaceuticals Limited (RDPL).	The Department in their Action Taken Note stated that a proposal from RDPL has been received to help them in arranging inter-corporate loan to upgrade its plant and machinery. The Minister in his statement stated that the Department is considering release of Rs. 1 crore as equity to RDPL subject to provision of funds by the Planning Commission.

Appendix-I

MINUTES

STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2005-06)

EIGHTH SITTING (27.03.2006)

The Committee sat from 1600 hrs. to 1730 hrs.

Present

Shri Anant Gangaram Geete - **Chairman**

Members

Lok Sabha

2. Shri Prahlad Joshi
3. Shri Tek Lal Mahto
4. Shri A. K. Moorthy
5. Shri P. Rajendran
6. Shri A. Venkatarami Reddy
7. Shri Mansukhbhai D. Vasava
8. Shri Bhal Chandra Yadav

Rajya Sabha

9. Shri Vasant Chavan
10. Shri B. S. Gnanadesikan
11. Shri Ajay Maroo
12. Shri Gireesh Kumar Sanghi

Secretariat

1. Shri P. Sreedharan - *Joint Secretary*
2. Shri Brahm Dutt - *Director*
3. Shri S.C. Kaliraman - *Under Secretary*

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

- | | | | |
|----|-------------------------|---|--|
| 1. | Smt. Satwant Reddy | - | Secretary (C&PC) |
| 2. | Dr. Jivtesh Singh Maini | - | Additional Secretary & Financial Adviser |
| 3. | Shri G. C. Sandhu | - | Joint Secretary |
| 4. | Shri K. C. Mishra | - | Joint Secretary |
| 5. | Shri S. C. Gautam | - | Economic Adviser |
| 6. | Shri Ashok Kumar | - | Chairman (NPPA) |
| 7. | Ms. V. Geetha | - | Deputy Secretary (FIN.) |

Representatives of the Public Sector Undertakings (PSUs)

- | | | | |
|----|---------------------|---|---|
| 1. | Dr. S. K. Verma | - | DG, Central Institute of Plastic Engineering and Technology (CIPET) |
| 2. | Shri M. C. Abraham | - | MD, Hindustan Antibiotics Limited (HAL) |
| 3. | Shri Raveendra Garg | - | Director (Fin.), Hindustan Antibiotics Limited (HAL) |
| 4. | Dr. P. Ramarao | - | Director, National Institute of Pharmaceutical Education & Research (NIPER) |
| 5. | Shri P. Dasgupta | - | Director(Mark/Fin.), Indian Drugs and Pharmaceuticals Ltd. (IDPL) |
| 6. | Shri N.R.S. Phani | - | MD, Bengal Chemicals & Pharmaceuticals Limited (BCPL) |
| 7. | Shri M. Venkatesan | - | Director (Fin.), Bengal Chemicals & Pharmaceuticals Limited (BCPL) |
| 8. | Shri A. S. Didolkar | - | CMD, Hindustan Organic Chemicals Limited (HOCL) |
| 9. | Dr. J. P. Singh | - | Head F.A.T., Institute of Pesticides Formulation Technology (IPFT) |

2. At the outset, the Hon'ble Chairman welcomed the Members, officials of the Department of Chemicals & Petrochemicals and public sector undertakings to the sitting.

3. Thereafter, the representatives of the Department of Chemicals & Petrochemicals made a brief audio-visual presentation highlighting the various activities of chemicals & petrochemicals sector, particularly with reference to Demands for Grants of the Department for the year 2006-07.

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

- (i) Less-utilisation of allocations during 10th Five Year Plan.
- (ii) Establishment of extension centres of CIPET in more States.
- (iii) Early disposal of claims in regard to Bhopal Gas Leak Disaster.
- (iv) Early removal of Toxic Waste from Union Carbide Plant.
- (v) Early commissioning of Assam Gas Project.

- (vi) Over-charging on prices of drugs by drug companies.
 - (vii) Finalisation of new Pharma policy.
 - (viii) Availability of medicines to the poor at reasonable prices.
 - (ix) Recovery of money from the manufacturers.
 - (x) Implementation of schemes for North-Eastern Region.
 - (xi) Revival of closed/sick public sector undertakings.
5. A verbatim record of the proceedings has been kept.

The Committee, then, adjourned.

Appendix-II

MINUTES

STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2005-06)

TENTH SITTING (25.04.2006)

The Committee sat from 1600 hrs. to 1700 hrs.

Present

Shri Anant Gangaram Geete - Chairman

Members

Lok Sabha

2. Shri S. Bangarappa
3. Shri Sunil Khan
4. Sardar Sukhdev Singh Libra
5. Shri Tek Lal Mahto
6. Shri Punnulal Mohale
7. *Shri P. Rajendran
8. Shri A. Venkatarami Reddy
9. Shri V.K. Thummar
10. Shri Bhal Chandra Yadav

Rajya Sabha

11. Shri Vasant Chavan
12. Shri Raj Mohinder Singh Majitha
13. Shri Ajay Maroo
14. Shri T.R. Zeliang

Secretariat

- | | | | |
|----|---------------------|---|-----------------|
| 1. | Shri P. Sreedharan | - | Joint Secretary |
| 2. | Shri Brahm Dutt | - | Director |
| 3. | Shri S.C. Kaliraman | - | Under Secretary |

* In the absence of the Chairman, the Committee chose Shri P. Rajendran to act as Chairman under rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Accordingly, Shri Rajendran was in the chair till 16.38 hrs when Hon'ble Chairman occupied the chair.

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee.

3. ** ** ** ** ** ** ** ** ** ** **
 ** ** ** ** ** ** ** ** ** ** **

4. The Committee then took up for consideration the draft Report on Demands for Grants (2006-07) of the Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals). The draft Report was adopted by the Committee with minor amendments.

5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals and Department of Fertilizers) and present the same to both the Houses of Parliament in the current Session.

The Committee then adjourned.

***** Matters not related to this Report***