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HINDUSTAN ANTIBIOTICS LIMITED (HAL)

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

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2021-22)**

FOURTEENTH REPORT

(SEVENTEENTH LOK SABHA)



**LOK SABHA SECRETARIAT
NEW DELHI**

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HINDUSTAN ANTIBIOTICS LIMITED (HAL)

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF PHARMACEUTICALS)

**[Action Taken by the Government on the Observations/Recommendations contained
in the Fourth Report of the Committee on Public Undertakings on Hindustan
Antibiotics Limited (HAL)]**

Presented to Lok Sabha on 24 March, 2022

Laid in Rajya Sabha on 24 March, 2022



LOK SABHA SECRETARIAT

NEW DELHI

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CONTENTS		Page No.
COMPOSITION OF THE COMMITTEE (2021-22).....		v
INTRODUCTION.....		vi
CHAPTER I	Report.....	1
CHAPTER II	Observations/ Recommendations which have been accepted by the Government.....	13
CHAPTER III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government Replies.....	19
CHAPTER IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration.....	22
CHAPTER V	Observations/Recommendations in respect of which final replies of the Government are still awaited.....	28

APPENDICES

I	Minutes of the Sitting of the Committee held on 15 November, 2021.....	29
II	Minutes of the Sitting of the Committee held on 15 November, 2021.....	32
III	Minutes of the Sitting of the Committee held on 16 February, 2022.....	34
II	Analysis of the action taken by Government on the Observations/ Recommendations contained in the Fourth Report of CoPU (2020-21) on 'Hindustan Antibiotics Limited (HAL)'.....	36

COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS (2021-22)

****Shri Santosh Kumar Gangwar - Chairperson***

Members

Lok Sabha

2. Shri Lavu Sri Krishna Devarayalu
3. Dr. Heena Vijaykumar Gavit
4. Shri Chandra Prakash Joshi
5. Smt. K. Kanimozhi
6. Smt. Poonamben Hematbhai Maadam
7. Shri Arjunlal Meena
8. Shri Janardan Mishra
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Rajya Sabha

16. Shri Birendra Prasad Baishya
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18. Shri Syed Nasir Hussain
19. Shri Om Prakash Mathur
20. Shri Surendra Singh Nagar
21. Shri K.C. Ramamurthy
22. Shri M. Shanmugam

SECRETARIAT

1. Shri R.C. Tiwari - Additional Secretary
2. Shri Srinivasulu Gunda - Director
2. Shri G.C. Prasad - Additional Director
3. Smt. Mriganka Achal - Deputy Secretary
4. Shri Dhruv - Executive Officer

*** Shri Santosh Kumar Gangwar appointed as Chairperson, COPU w.e.f. 13 August, 2021 vice Smt Meenakshi Lekhi appointed as Minister on 07 July, 2021.**

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2021-22) having been authorized by the Committee to submit the Report on their behalf, present this Fourteenth Report on Action Taken by the Government on the Observations/Recommendations contained in the Fourth Report of the Committee on Public Undertakings (17th Lok Sabha) on “Hindustan Antibiotics Limited”.

2. The Fourth Report of the Committee on Public Undertakings (17th Lok Sabha) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 29 January 2021. The Action Taken Replies to all the 16 Recommendations contained in the Report were received from the Department of Pharmaceuticals, Ministry of Chemical and Fertilizers on 22 July, 2021. To obtain further clarifications/information, the Committee took oral evidence of the representatives of Hindustan Antibiotics Limited and the Department of Pharmaceuticals on 15 November 2021.

3. The Committee considered and adopted the draft Report at their sitting held on 16 February 2022. The Minutes of the sitting are given in Appendix- III.

4. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Fourth Report of the Committee (17th Lok Sabha) is given in Appendix -IV.

New Delhi;
22 March, 2022
01 Chaitra, 1943 (S)

SANTOSH KUMAR GANGWAR
Chairperson
Committee on Public Undertakings

REPORT

CHAPTER I

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations contained in the Fourth Report of the Committee on Public Undertaking (2020-21) on 'Hindustan Antibiotics Limited (HAL) which was presented to Lok Sabha on 29th January, 2021. It contained sixteen observations/recommendations.

2. The Action Taken notes were received from the Government in respect of all the sixteen observations/recommendations contained in the Report. Since the views of the Committee and the Government were diametrically opposite on some of the recommendations of the Committee, the Committee took further evidence of the representatives of HAL and the Department of Pharmaceuticals (Ministry of Chemicals and Fertilizers) on 15.11.2021. Based on the action taken replies received and further written information furnished to the Committee by HAL and the Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals), the observations/ recommendations have been categorized as follows:-

- | | |
|---|-------------|
| (i) Observation/Recommendations which have been accepted by the Government (Chapter II)
SI.Nos.1, 7, 8, 11, 12, 13 &14 | (Total: 07) |
| (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies.(Chapter III)
SI.Nos. 2, 3, 9 & 10 | (Total: 04) |
| (iii) Observations/Recommendations in respect of which replies of Government had not been accepted by the Committee and which require reiteration. (Chapter IV)
SI.Nos.4, 5, 6, 15 &16 | (Total:5) |
| (iv) Observations/Recommendations to which the Government has furnished interim replies and final replies are still awaited. (Chapter V)
- Nil - | (Total:0) |

3. The Committee desire the Ministry of Chemical and Fertilizers (Department of Pharmaceuticals) to furnish the final Action Taken Notes/replies in respect of observations/recommendations contained in Chapter I within three months of presentation of the Report to Parliament.

4. The Committee will now deal with the Action Taken by the Government on some of the Observations/Recommendations in succeeding paragraphs.

Performance of the Company

Recommendation (Sl. No. 4)

5. The Committee in their Report had recommended the following regarding the performance of the Hindustan Antibiotics Limited(HAL) :-

"The Committee's analysis of the facts thus reveal that historically it was combination of various factors viz. spurt in petroleum prices, non revision/revision of the drug prices not commensurate with the increase in cost of production, interest burden, delay of about 10 years since 1997 for putting in place the revival package, delay in monetization of excess land, high utilities' charges, availability of imported drugs at cheaper rates etc. which contributed the HAL's continued losses and also pushed the HAL in a vicious cycle of depression. The Committee are of the considered view that it is not the Company specific issue alone that drove the Company's performance to such a low position rather it had been the accumulated result of the various external factors that led to the deterioration of financial health of HAL over a period of time. The Committee hope that at least now the Governmental machinery will take all necessary measures in a structured way so as to revive the HAL to make it a robust bulk drug manufacture in the country in the near future."

6. The Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in their action taken reply, have stated as follows:-

"The Cabinet on 28.12.2016, inter-alia, has decided strategic sale of HAL. Earlier as directed by the Committee, the matter of strategic disinvestment of HAL, BCPL & KAPL was taken up with NITI Aayog & M/o Finance for reconsideration. However, in the New PSE Policy, 2021 the Pharma PSUs aren't included in the four strategic sectors, keeping in view that the private sector in the pharmaceutical industry is well developed and capable of meeting drug security."

HAL – On way to Recovery

Recommendation (Sl. No. 5)

7. The Committee in their Report had recommended the following about HAL going well on the way towards recovery:-

"The Committee observe that in the process of funding to HAL in December 2016, the Government waived off HAL's loan and interest amounting to Rs. 307.23 cr. (Principal Rs. 186.96 cr. + Interest Rs. 120.27 cr.), deferred various dues amounting to Rs. 128.68 cr. and also sanctioned loan of Rs. 100 cr. to meet wages, salaries and other critical expenses. The Committee observe that the sales turnover for the last four

years has witnessed upward trend as it has gone up from Rs. 10.73 crore in 2016-17 to Rs.35.21 crore in 2017-18, Rs.66.85 crore in 2018-19 and Rs.61.25 crore in 2019-20. The sales turnover, therefore has increased by six times in the last four years. However, the Committee note that the losses at around Rs. 70 crores per year are due to high fixed costs like power and payment towards salaries and wages. As part of its efforts to increase the turnover, the Company has taken many initiatives such as (i) entering into veterinary segments, (ii) restarting production in agro segments, (iii) developing hygiene products such as HALRUB, health Kiosk and Hand sanitization dispensers, (iv) developing unique items viz. (a) Anti-freeze Saline (saline with glycerin) which can be used at a high altitude areas like Siachin, and (b) Narcotic Detection Kits for Narcotic Control Bureau, etc. The Committee note that many of its plans such as (i) setting up of Bulk manufacturing facility viz. Amoxicillin Trihydrate with initial manufacturing capacity of around 50 to 60 tons per month, (ii) manufacturing of Penicillin V tablets to cater to various Govt. Health Schemes, (iii) Modernisation of one API - Pencillin G plant are stuck up due to uncertainty about the future of the Company. The Committee are hopeful that appropriate decision in the interest of HAL will be taken by the Government very soon so as to enable the HAL to regain its past glory and emerge again as a leading manufacturer of bulk drugs in the country."

8. The Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in their action taken reply, have stated as follows:-

"As stated in reply to Observation No. 4 above, the Cabinet on 28.12.2016 has decided for strategic disinvestment of HAL. Accordingly, no proposal has been moved for the revival of HAL. However, Government waived off its loan to HAL of Rs.307.23 crore including interest in the year 2018-19 and provided budgetary support of Rs.280.15 crore in 2019-20 towards clearing pending salary of employees and for VRS of 380 employees. HAL has also identified its surplus land for monetization so that the balance sheet of the company may be made clean."

9. During the course of further evidence, when asked if there was any guarantee that after getting money out of sale of land assets of HAL, the Government will reinvest this money in the company, the Managing Director, HAL submitted as under:-

"Government will direct us to clear the liabilities. That is very clear."

10. When asked if any independent valuation of land and other assets of HAL has been done, the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in a written reply submitted as under:-

"HAL has informed that during the year 2017, valuation of land was done by an Independent valuer i.e. M/s M.G. Bhat, (Govt. Registered Valuer), 2nd valuation of land of HAL, MDPL and MSDPL was done by NBCC in 2018-19, Committee of Ministers (CoM) in its meeting held on 27.05.2021 has, inter-alia, also proposed for independent asset valuation of Pharma PSUs for arriving at realistic floor price. Accordingly, Department has constituted a Committee under the Chairmanship of Secretary

(Pharma) on 25.11.2021 for selection of independent asset valuers for separate valuation of assets of Pharma PSUs. Request for Proposal (RFP) will be floated for selection of independent asset valuers.”

11. On a query regarding the present order book of the company, HAL, in a written reply submitted to the Committee as under:-

“HAL is getting orders from Central as well as State Govt. Agencies like Govt. Medical Store Depots, Defence, ESIC, Railway, Medical Colleges, PSU Hospitals and GeM etc. HAL has achieved sales of Rs. 65 crores from 01/04/2021 to 31/10/2021”

12. When asked to highlight the present strengths of HAL, the Company in a written note submitted as under :-

“The present strengths of HAL are as follows – High quality products, huge production capacity, skilled manpower, eco-friendly agriculture products, state of the Art facility for manufacturing Alcoholic hand Disinfectant(AHD), only CPSU having facility to manufacture IVF (Intra Venus Fluid) and recently received Environment Clearance of entire factory premises.”

13. On a further query if HAL can be revived and turned into a profit-making Company, the HAL in a written reply submitted as under :-

“HAL can be revived and turned into a profit-making company.”

14. In response to a similar query, the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals) in a written reply submitted to the Committee as under :-

“HAL has been making losses since 1972-73 and the net worth is now negative Rs (-)701.83 crore (2020-21). HAL has stated that it can turnaround into a profit making company within 5 years subject to the support from the Govt. i.e. (i) Remove HAL from the tag of “Strategic Sale” (ii) Govt. Provides budgetary support to HAL for manufacture of APIs, up-gradation of its plants, machinery and facilities to WHO GMP compliance.

However, in view of the New PSE Policy 2021 for Atma Nirbhar Bharat, Department has already initiated actions in pursuance of the Cabinet decisions of 17.07. 2019 towards early disposal of identified surplus land of HAL and clearing its Balance sheet and thereafter taking necessary decision for enabling private participation for better resources, technology and management. “

Pharma - Need to be in Strategic Sector

Recommendation (Sl. No. 6)

15. With regard to need for including Pharma in the strategic sector, the Committee in their

Report had recommended as follows:-

"The Committee observe that a high level Committee consisting of Ministers had recommended that surplus land of HAL, IDPL, RDPL and BCPL be sold through open competitive bidding preferably to Government agencies and their outstanding liabilities cleared from the sale proceeds. It was further recommended that after meeting the liabilities, IDPL & RDPL be closed and HAL & BCPL to be sold strategically. The Cabinet on 17.07.2019 however modified its earlier decision and permitted sale of surplus land as per revised DPE's guidelines dated 14.06.2018 and also provided budgetary support as loan of Rs. 280.15 cr. to the company for payment on account of pending salaries and VRS of employees. The Cabinet further decided for constitution of a Committee of Ministers for taking all decisions pertaining to closure/ strategic sale including the sale of assets and clearance of outstanding liabilities. The Committee, however observe that in the meantime, the NITI Aayog decided that the 'prioritization' of PSUs should be on the basis of the 'nature of activity' performed by them and 'not on their financial performance'. It categorized the PSUs on the basis whether they were serving any strategic purpose related to national security, performing sovereign or quasi sovereign functions, involved in an important developmental function where private sector was failing to perform or a public utility, where presence of public enterprise was desirable for serving public purpose. Any PSU, which met one of the above mentioned four criteria, was categorized as 'high priority'. Pharmaceuticals PSUs, which were not performing any of the above functions were categorized as low priority sector. The NITI Aayog, after examining various PSUs, recommended for revival/ merger/ sale/ transfer to the State Government/Closure/lease/Strategic Disinvestment etc. in respect of each PSU but decided to keep its recommendations in respect of pharma PSUs in abeyance. The Committee observe that the country has been importing quite a huge quantity of drugs from a particular foreign country. The Committee are of the firm opinion that too much dependency on import from one particular country specifically for life saving drugs is not desirable and therefore, it is in the national interest that there should be at least one PSU in pharma sector to fall back upon in case of health emergency in the country as even indigenous private sector firms may not come up to the level to meet our requirement in critical times. The Committee, are therefore, of the considered view that pharma should be categorised as a strategic sector so that the health and well being of around 1.3 billion population of the country are effectively taken care of in the situations arising out of uncertainties due to geo-political reasons and health emergencies, etc. The Committee therefore urge the Government to give serious considerations to all these factors while taking a conclusive decision about the future of Hindustan Antibiotics Limited."

16. The Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in their action taken reply, have stated as follows :-

"..... as per the New PSE Policy, 2021, the Pharma PSUs aren't considered as part of the four strategic sectors and need to be either privatized or closed."

17. When asked about HAL's notable contributions/achievements during covid pandemic, HAL in a written reply submitted as under :-

“During Covid-19 pandemic, HAL has been the only CPSE having developed state-of-the-art facility for manufacture of Alcoholic Hand Disinfectant, a potent weapon to counter Covid-19 pandemic. HAL has also started manufacturing of HAL Cloud Clinic- a Health Kiosk, which measures 23 health parameters in five minutes to assess health condition of an individual. HAL has also obtained licenses for Covid-19 related products like Hydroxychloroquine and Alcoholic Hand Disinfectant.”

Need for retaining HAL as CPSU

Recommendation (Sl. No. 15)

18. The Committee, in their Report had recommended the following on the need for retaining HAL as CPSU:-

"The Committee observe that the Hindustan Antibiotics Limited is the oldest public sector drug company of the country serving the nation for the last 66 years since its inception in 1954. The misfortune of the company started in the year 1973-74 when for the first time the Company's business which had otherwise been quite profitable during all these years, went into losses due to increase in the cost of production on account of spurt in petroleum prices. The absence of timely relief to the company and somewhat complacent approach of the organization brought many ups and downs thereafter in the business operations of HAL but largely the negative trend which emerged in 1973-74 had been overshadowing the functions of the Company since then. It is painful to note that the various financial assistance given to the company by the Government also failed to restore the past glory of HAL and rather the Company had to grapple with all its strength in meeting its current and fixed liabilities. Astonishingly, some of the steps initiated for bringing improvement turned out to be counter productive and further worsened the business of the company as is evident that the decision to put the Company for strategic sale instead of helping the Company rather led it to a situation where the Company, due to this strategic sale tag, could not acquire substantial future orders from the clients and further because of the uncertainties attached with its future, the company could not work on its full strengths and take long term decisions. In the eyes of the prospective national and global customers, it also heavily dented the Company's image and withered the prospects of securing substantial business from the market. The Committee observe that the HAL has strong fundamental infrastructure and well-established plant and machinery at its strength. The HAL is well placed with its strong fundamental in the areas like:

- (i) core competence in manufacturing several drugs & formulations,
- (ii) having distinction of inventing antibiotics,
- (iii) having dedicated and efficient R&D team,
- (iv) having efficient marketing team and network channel,
- (v) having experienced professionals and slim manpower,
- (vi) reduced cost and increased effectiveness ensured by HAL through various measures,
- (vii) adequate production facilities,
- (viii) owning precious landed property at prime location,
- (ix) having established brand & goodwill; etc.

The HAL is thus well equipped with all the needed resources and infrastructure to create robust business in future. The Committee therefore strongly recommend the Government to take into consideration the core competencies of the HAL and its strong infrastructure base as narrated above to revive and retain it as a public sector PSU."

19. The Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in their action taken reply, have stated as follows :-

"Cabinet on 28.12.2016 had decided for strategic disinvestment of HAL. Further on 17.07.2019, the Cabinet constituted a Committee of Ministers to take all decisions pertaining to sales of assets and clearance of liabilities of the PSUs including HAL. The Committee of Ministers in its first meeting held on 27.05.2021 has approved Rs.118 crore to HAL for clearing all pending dues of retirees and approved the sale of 3.5 acres of surplus land towards clearing pending liabilities. There is no proposal for considering HAL in the strategic sector."

Reconsideration of revival strategy

Recommendation (Sl. No. 16)

20. The Committee, in their Report had recommended the following with regard to strategic importance of Pharma Sector and reconsideration of revival of HAL:-

"The Committee further observe that the Department of Pharmaceuticals should have approached the Cabinet instead of the NITI Aayog to persuade the Government on the strategic importance of the Pharma sector in general and that of HAL in particular and should have made all out efforts to retain the Company with the Government. Further, the Department should have acted on time on the ambitious programme of 'Make in India' launched 6 years ago on 25 September 2014 to make the country 'Atmanirbhar' in the pharma sector also instead of relying and increasing the dependency on imports. The recent Covid pandemic is an eye-opener that has made the nation realise in a more painful way that in difficult times when the import channel is broken and the private sector does not meet our expectations, it is only the government and the public sector functionaries that come to our rescue and help the society and the country. The Committee therefore strongly recommend the Government to consider all these aspects seriously and consider declaring the pharma sector as a strategic sector. The Committee desire that once the 'pharma' is declared as 'strategic' sector, immediate steps need to be initiated for preparing a sound business plan for HAL with required capital investment as delay in doing so will lead to further deterioration of its financial health. The Committee observe that many of the plans of HAL for entering into new product segments, expansion of the existing products, upgradation of old plant and machinery etc. are on hold due to strategic sale tag. The Committee therefore earnestly hope that the Government will take conclusive decision in this matter at the earliest."

21. The Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in their action taken reply, have stated as follows :-

"..... and as spelt out in the New PSE Policy, 2021, HAL and all other Pharma PSUs are not considered as part of the four strategic sectors and will be either privatized or closed."

22. When asked by the Committee about the views of the Ministry on the issue of privatization or closure of HAL, the Ministry in their written reply to the Committee have submitted as under:-

"The decision to undertake strategic sale of HAL was taken by the Cabinet in its meeting of 28.12.2016 and subsequent meeting of 17.07.2019 after considering the proposal of the Department. Thereafter, in view of the specific recommendations of the Department related Standing Committee on Chemical and Fertilizers on "Demand for Grants 2019-20" in their Report dated 10.12.2019 and 20.03.2020 regarding revisiting the strategic disinvestment of Pharma PSUs and for seeking specific reply /comments of NITI Aayog in this regard, the matter was taken up by the then Hon'ble Minister (C&F) with NITI Aayog and Hon'ble Finance Minister on 03.07.2020 & 23.12.2020 for reconsideration of the decision of disinvestment of pharma PSUs, namely KAPL, BCPL and HAL.

In response, NITI Aayog on 22.11.2021 has disagreed with the proposal to merge three Pharma PSUs (KAPL, HAL & BCPL) and to retain within Government control. Earlier, referring to the New Public Enterprises (PSEs) Policy for Atmanirbhar Bharat 2021 which was approved by the Union Cabinet, Hon'ble Finance Minister replied that Pharmaceutical sector has not been classified as a strategic sector keeping in view that the private sector in this industry is already well developed and is capable of meeting the pharmaceutical security of the country as well as to meet the needs of the Global markets. The department is taking action to carry out the Cabinet decision."

23. The 4th Report of the Committee on Public Undertakings on 'Hindustan Antibiotics Limited (HAL)' was presented to Parliament on 29.01.2021. In this context, when asked at what level the recommendations of the Committee were considered in the Ministry and whether the recommendations of the Committee were sent to NITI Aayog or placed before the Cabinet after presentation of the Report by the Committee on 29.02.2021; the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals) in a written reply submitted as under:-

"The recommendations of the Committee have been considered at the level of Secretary (Pharma) before forwarding the reply dated 16.12.2021. The recommendations have been put up to Hon. Minister before sending the current reply. The 4th Report of the Committee dated 29.01.2021 was not sent to NITI Aayog as there was no specific direction in this regard by the Committee and as the

Department had already approached NITI Aayog prior to the Committee's Report dated 29.01.2021. Department has not approached the Cabinet after 29.01.2021 for placing the recommendations of the Committee as Cabinet has approved in its meeting dated 17.07.2019 the constitution of the Committee of Ministers (CoM) for taking all decisions related to sale/ closure of Pharma PSUs, including clearing of all outstanding liabilities."

24. When asked whether the recommendations of NITI Aayog regarding categorization of CPSUs as 'strategic' or 'non-strategic' is binding on the Government, the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals), in a written reply, have clarified as under :-

"Recommendations of NITI Aayog regarding categorization of CPSUs were not made available to this department. However, the New Public Sector Enterprise (PSEs) Policy for Atmanirbhar Bharat has been approved by the Union Cabinet which states that there will be bare minimum presence of existing CPSEs in the 4 strategic sectors and CPSEs in the non-strategic sectors will be either privatized or closed. The pharma PSUs are categorized under non-strategic sector which will either be privatized as per the New PSE Policy of the Government."

25. As per OM no. 3/3/2020-DIPAM-II -B(E) dated 4 February 2021 issued by Department of Investment and Public Asset Management (DIPAM) regarding New Public Sector Enterprise ("PSE") Policy for Atmanirbhar Bharat, the classification of CPSEs as 'strategic' or 'non-strategic' sectors and the procedure for CPSEs to be retained under Government Control or to be considered for privatization or merger or subsidiarization with another PSE or for closure is reproduced as under :-

"....The public sector commercial enterprises are being classified as Strategic and Non-Strategic sectors, as under:

Strategic sectors-

The strategic Sectors have been delineated based on the criteria of national security, energy security, critical infrastructure, provision of financial services and availability of important minerals. Based on this following Sectors are classified as Strategic Sectors :

- Atomic Energy, Space and Defence;
- Transport and Telecommunication;
- Power, Petroleum, Coal and other minerals;
- Banking, Insurance and Financial Services.

.....NITI Aayog, in terms of the extant procedure, will make recommendations with regard to the CPSE's under Strategic Sectors, that are to be retained under the

Government Control or to be considered for privatisation or merger or subsidiarization with another PSE or for closure. Their recommendations will be considered by the Core Group of Secretaries on Disinvestment (CGD). The Alternative Mechanism (AM) for strategic disinvestment, as approved by CCEA on 16.08.2017, comprising of the Finance Minister, Ministers of the Administrative Ministries concerned and the Minister of Road Transport and Highways shall consider the recommendations of CGD and approve the CPSEs to be retained under Government control or to be considered for privatisation or merger or subsidiarization with another PSE or for closure.”

26. The Committee had undertaken comprehensive examination of 'Hindustan Antibiotics Limited (HAL)' and presented its 4th Report to Parliament on 29 January 2021. In their original Report, the Committee had observed that HAL was established during the year 1954 and has manufacturing facilities on 263 acres of freehold land located at Pimpri, Pune, Maharashtra. The Company has two subsidiaries namely Manipur State Drugs & Pharmaceuticals Limited (MSDPL) at Imphal which is closed since 1998 and another subsidiary named Maharashtra Antibiotics & Phamaceuticals Limited (MAPL) at Nagpur which is closed since 2003. The Company was set up for manufacturing of bulk drugs, lifesaving drugs and other formulations and over the years the Company added several new products used in agriculture and veterinary medicines. Presently, the Company is focussing on manufacturing pharma formulations and agro formulation to cater to wide range of pharma and agro market. The Company for the first time incurred loss in the year 1973-74 and was declared sick by the BIFR in March 1997. In June 2007, the Government sanctioned a rehabilitation scheme with a cost of Rs. 137.59 crore which was financed by way of budgetary support of Rs. 80.63 crore and interest free loan of Rs. 56.96 crore. Subsequently, in December 2016, the Government waived off HAL's loan and interest amounting to Rs. 307.23 crore, deferred various dues amounting to Rs. 128.68 crore and also sanctioned loan of Rs. 100 crore to meet wages, salaries and other critical expenses.

27. The Committee in their 4th report had further observed that historically it was combination of various factors viz. spurt in petroleum prices, non revision/revision of the drug prices not commensurate with the increase in cost of production, interest burden, delay of about 10 years since 1997 for putting in place the revival package, delay in monetization of excess land, high utilities' charges, availability of imported drugs at cheaper rates etc. which contributed to HAL's continuous losses and pushed HAL in a vicious cycle of depression. The Committee were also of the considered view that it was not the Company specific issue alone that drove the Company's performance to such a low position rather it had been the accumulated result of the various external factors that led to the deterioration of financial health of HAL over a period of time. The Committee had hoped that at least now the Governmental machinery would take all necessary measures in a structured way so as to revive the HAL to make it a robust bulk drug manufacture in the country in the near future.

28. The Committee observe that, in the action taken replies furnished by the Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals) on the recommendations contained in the 4th Report of the Committee, the Ministry have informed that the Cabinet on 28.12.2016 had decided for strategic disinvestment of HAL. Further on 17.07.2019, the Cabinet constituted a Committee of Ministers to take all decisions pertaining to sales of assets and clearance of liabilities of the PSUs including HAL. Further, the Committee of Ministers in its first meeting held on 27.05.2021 has approved Rs.118 crore to HAL for clearing all pending dues of retirees and approved the sale of 3.5 acres of surplus land towards clearing pending liabilities. In addition, there was also no proposal for considering HAL in the strategic sector and as spelt out in the New PSE Policy 2021, HAL and all other Pharma PSUs are not considered as part of the four strategic sectors and will be either privatized or closed.

29. Since the recommendations of the Committee were not given serious consideration by the Government, the Committee took further evidence of the representatives of Hindustan Antibiotics Limited and the Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals) on 15.11.2021. On the basis of information given during the course of evidence and through written reply, the Committee observe that HAL had made many notable contributions/ achievements during the ongoing covid pandemic. It was the only CPSU having developed state-of-the art facility for manufacture of Alcoholic Hand Disinfectant (AHD), a potent weapon to counter Covid-19 pandemic. Besides, the Company had also started manufacturing of HAL Cloud Clinic - a health Kiosk that measures 23 health parameters in five minutes to assess the health condition of an individual. During the pandemic, the Company had also obtained licenses for Covid-19 related products like Hydroxychloroquine and Alcoholic Hand Disinfectant. In addition to these, the Committee observe that HAL already had strong fundamental infrastructure and well-established plant and machinery at its strength and is also well placed with its strong fundamental in the areas like (i) core competence in manufacturing several drugs & formulations, (ii) having distinction of inventing antibiotics, (iii) having dedicated and efficient R&D team, (iv) having efficient marketing team and network channel, (v) having experienced professionals and slim manpower, (vi) reduced cost and increased effectiveness ensured by HAL through various measures, (vii) adequate production facilities, (viii) owning precious landed property at prime location, (ix) having established brand & goodwill; etc. Besides, out of the 263 acres of land that HAL owns, the Union Cabinet had already approved the sale of 87.70 acres of freehold surplus land at Pune. Out of the 87.70 acres of land, 3.5 acres was approved by the Committee of Ministers (CoM) to be sold to EPFO and the remaining 84.2 acres of land is to be disposed of through e-tendering by NBCC/ MSTC. The Committee during evidence have been categorically informed that the money got out of sale of land assets of HAL will be invested in the Company to clear its liabilities. In

this backdrop, the Committee feel that HAL is well equipped with all the needed financial resources and infrastructure to create robust business in future.

30. The Committee recall that when the 4th Report on HAL was presented by the Committee in Parliament on 29.01.2021, the decision for strategic disinvestment of HAL taken by the Cabinet on 28.12.2016, was already in the knowledge of the Committee. It was in this context, the Committee had recommended that the 'Pharma' should be considered as strategic sector, a sound business plan for HAL should be prepared and taking into consideration the core competencies and its strong infrastructure base and HAL should be revived and retained as public sector undertaking. The Committee however observe that these recommendations of the Committee which are contained in the 4th Report was neither sent by the Ministry to NITI Aayog nor these were brought before the Committee of Ministers (CoM) for reconsideration of their decision. The Ministry also did not approach the Union Cabinet to place before them these recommendations of the Committee. The Committee thus observe that the Ministry does not seem to have given a serious consideration to the important recommendations of the Parliamentary Committee. The Committee, therefore, feel that the Ministry needs serious introspection of their functioning so as to improve their system for the process of the recommendations of the Parliamentary Committees in future.

31. The Committee further observe that in their 4th Report it was highlighted that the country had been importing quite a huge quantity of drugs from a particular foreign country which was a matter of national concern and national drug security. The Committee had, therefore, expressed their opinion that too much dependency on import from one particular country specifically for life saving drugs was not desirable and thus, it was in the national interest to have at least one PSU in pharma sector to be relied upon in case of any health emergency in the country. The concerns of the Committee does not seem to have been addressed by the Ministry at all. The Committee, therefore, reiterate that their recommendation that the 'pharma' sector should be declared as a 'strategic' sector CPSU. Further keeping in view the national drug security, HAL's strengths, public and social importance in manufacturing lifesaving drugs/ medicines and making it available at affordable prices to the common people, the Committee strongly reiterate that the recommendations of the Committee given in their 4th Report and desire that the recommendations be immediately sent to NITI Aayog and simultaneously be also placed before the Union Cabinet for consideration of all issues before arriving at any conclusive decision about the fate of Hindustan Antibiotics Limited.

CHAPTER II

OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Hindustan Antibiotics Limited (HAL) – An Overview

(Recommendation Serial No. 1)

The Committee note that the Hindustan Antibiotics Limited (HAL) was established during the year 1954. The registered office and manufacturing facilities of the Company are located at Pimpri, Pune Maharashtra. The Company was set up for manufacturing of bulk drugs, lifesaving drugs and other formulations. Over the years, several new products were added/undertaken for manufacturing like those used in agriculture and veterinary medicines. The Company formed two subsidiaries, namely Manipur State Drugs & Pharmaceuticals Limited (MSDPL) at Imphal which is closed since 1998 and Maharashtra Antibiotics & Pharmaceuticals Limited (MAPL) at Nagpur which is closed since 2003. The Company has its own plant at 263 acres of freehold land at Pimpri, Pune in Maharashtra and is having manpower strength of 464 employees at present. The Company is having fermentation based manufacturing facilities for manufacturing of bulk drugs like Pencillin-G, Streptomycin Sulphate, etc. Presently, the Company is focusing on manufacturing pharma formulations and agro formulation to cater to wide range of pharma and agro market. The pharma products include various dosage in forms like Injectables, Tablets, Capsules, Intravenous products, Liquid Syrup, etc. The Company for the first time incurreds loss in the year 1973-74 and was declared sick by the BIFR in March 1997. In June 2007, the Government sanctioned a rehabilitation scheme with a cost of Rs. 137.59 crore which was financed by way of budgetary support of Rs. 80.63 crore and interest free loan of Rs. 56.96 crore. Subsequently in December 2016, the Government waived off its loan and interest amounting to Rs. 307.23 crore that included Principal amount of Rs. 186.96 Crore and Interest of Rs. 120.27 crore, deferred various dues amounting to Rs. 128.68 crore and also sanctioned loan of Rs. 100 crore to meet wages, salaries and other critical expenses. Subsequently, based on the recommendations of the Committee of Ministers, the Cabinet decided on 28.12.2016 to sell surplus land of the Company to meet its liabilities. The Cabinet on 17.07.2019 however modified its earlier decision and permitted sale of surplus land as per the revised DPE guidelines and also provided budgetary support as a loan of Rs. 280.15 crores for payment on account of salaries and VRS of employees. As per information furnished to the Committee, the Government had decided for strategic disinvestment of the Company. However, on the advice of the Parliamentary Standing Committee on Chemicals and Fertilizers, the Government has requested NITI Aayog and the Ministry of Finance to reconsider the decision of disinvestment of the Company. The HAL has submitted a business plan to the Department of Pharmaceuticals and also indicated its willingness as a strategic partner. In their report, the Committee on Public Undertakings have examined the key issues relating to the performance of the Company and also about its core competence, strength, opportunities and scope of reviving the Company in view of the need for retaining it with the Government. The Committee are hopeful that their observations and recommendations given in the succeeding paragraphs will be implemented in the right perspective so as to achieve the excellence in physical and financial performance of the company in the coming years.

Reply of the Government

No specific comments to offer, being matter of record. It is, however, informed that the current manpower strength of HAL is 450 Nos. as on 10th March 2021 as against 464 Nos mentioned in the Observation.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Subsidiaries of HAL

(Recommendation Serial No. 7)

2. The Committee observe that HAL has two subsidiaries viz. (i) Manipur State Drugs & Pharmaceuticals Limited (MSDPL), and (ii) Maharashtra Antibiotics & Pharmaceuticals Limited (MAPL). The MSDPL is a joint sector company promoted in the year 1989 by HAL and Government of Manipur through MANIDO. The Company is located at Imphal. The shareholding of HAL and MANIDO in MSDPL is 51% and 49% respectively. Due to the law and order problem in the State of Manipur and the financial difficulties, MSDPL project could not be completed. The present status of MSDPL is that it is closed since 1998 and the Cabinet on 09.01.2017 decided for hiving of the subsidiary. The Board of Directors are however yet to adopt minutes of the cabinet decision. The accounts of MSDPL for the period 1998-99 to 2017-18 have been finalised and the last Board meeting of MSDPL was held on 17 April 2018. The another subsidiary viz. Maharashtra Antibiotics & Pharmaceuticals Limited (MAPL) was incorporated in 1979 with the Maharashtra State Government through SICOM and the financial institution IDBI, as a Central Public Sector Undertaking at Hingana MIDC, Nagpur on a plot measuring about 12.5 acres with a lease of 95 year. The share of IDBI in MAPL is 8% and that of SICOM is 33% and the rest of the 59% share is with HAL. Right from the beginning, the MAPL started incurring losses due to working capital problems. Subsequently MAPL was declared a sick industrial unit by BIFR on 04.09.2000. HAL submitted a revival plan to the Secretary, Department of Pharmaceuticals in February 2015. About the present status of MAPL, the HAL stated that the Cabinet vide its letter dated 09.01.2017 has decided to hive of MAPL. The Board of Directors, in this case also, are yet to adopt the minutes of the Cabinet decision. It is learnt that the NBCC has been appointed as the Land Management Agency (LMA) and MSTC has been appointed as the Auctioning Agency (AA). As informed by HAL, apart from pending dues of Rs. 6 Crore to the Sales Tax authorities, MAPL also has outstanding dues of Rs. 21.66 Crore towards SICOM, Rs. 76.50 lakh towards IFCI and Rs. 1.30 Crore towards IDBI. At present there are no employees in MAPL and the Company is closed since 2003. The Committee observe that these 02 subsidiaries of HAL have not yielded any positive contribution to the business of HAL but rather engaged the time and energy of the holding Company in sorting out the various issues. The Committee therefore recommend that finality to the Cabinet decision should be given at the earliest to hive of these two subsidiaries. Their accounts may be settled with the adjustment of their assets and liabilities and whatever accruals or receivables of assets in terms of land, cash and inventories come to the share of HAL, it should be utilized for strengthening the business operation of the HAL. The Committee recommend for a time bound action in this regard.

Reply of the Government

The process of closure of both the subsidiaries (MSDPL and MAPL) is under way.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Capacity Utilization

(Recommendation Serial No. 8)

3. The Committee note that the capacity utilisation of various pharma and agro-chem products of HAL is gradually increasing since 2016-17 onwards. The Committee's analysis of the data submitted to them reveals that in case of Tablets, the capacity utilisation increased from 0.89% in 2016-17 to 43.46% in 2018-19. In case of Capsules, it increased from 0.53% in 2016-17 to 7.8% in 2018-19. Similarly in case of IVF, it increased from 0% in 2016-17 to 4.97% in 2018-19 and in case of Agro-Chem, it increased from 20.11% in 2016-17 to 51.47% in 2018-19. The Committee however observe that the percentage capacity utilisation in case of Vials that was 0.98% in 2016-17 though increased to 6.39% in 2017-18 but decreased to 6.34% in the year 2018-19. The Company has stated that capacity of these products can be increased depending upon requirement since HAL is having idle sizable fermentation facilities. The Committee are happy to note that HAL had been successful to gradually increase the capacity utilization in various segments of their drug manufacturing and hope that HAL will continue this momentum so as to achieve the maximum capacity utilization level and run the plant at optimum level in near future.

Reply of the Government

HAL is fully committed to increasing the capacity utilization of its various plants. Efforts are also being taken to promote sales beyond institutional marketing.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Human Resources

(Recommendation Serial No. 11 4)

4. The Committee note that HAL at present is operating with 2 Branch Offices and 8 C&F which are functioning as their Regional Offices of the respective states. Besides, they have appointed 31 Liaison Agents and 27 hospital distributors throughout India working under the respective regional offices. Since HAL was making losses, the Company could not implement the 6th Pay Commission which resulted in very low salaries of employees compared to their counterparts in the similar industries. Because of this, HAL neither retain the talents nor attract fresh talents. The sanctioned strength of HAL is 1724. The Committee observe that most of the functioning in a business operation is now-a-days carried out in a mechanized process with minimum human interface. The Committee therefore recommend that HAL should explore for introduction of extensive mechanized processes in their manufacturing and

other departments so that the quality of the finished products gets improved and the administrative costs and other liabilities are reduced to a maximum extent.

Reply of the Government

HAL is in the process of implementing Enterprise resource planning (ERP) system which shall greatly improve the administrative efficiency. Also, all the production operations are highly mechanized with minimum human interference, thereby, delivering quality finished products.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Sales and Marketing

(Recommendation Serial No. 12)

5. The Committee note that HAL at present is supplying products mostly to Government organizations viz. Defence Institutions, Government Medical Store Depots, ESIC Hospitals, CPSUs, Government Medical Colleges, Directorate of Health Services of various States, National Health Mission and Agriculture sector of the country etc. HAL's sales is largely dependent on institutional sale with PPP model. For reducing the dependence on PPP business, HAL has adopted (i) enhancing the Trade Sale through well established distribution network of distributors, C&F agents and branches to support product supply chain, (ii) inducting new products having high value & high margin & phasing out products which are at the end of their life cycle, (iii) increasing the sales of existing high margin products, (iv) being competitive in institutional business with cost reduction, (v) expanding the Agro-vet business having high potential & better margin, and (vi) to capture growing export markets since the manufacturing facilities would be WHO-GMP compliant. The Committee note that the HAL during these years has gained the confidence of institutions by virtue of its prompt and regular supply and has received the Satisfactory Supply Certificate from many of the institutions and therefore the order flow has increased. It has strengthened its marketing net-work and appointed professional volume distributors and liaison agents who have good rapport with the Indenting Authorities which resulted into bagging the orders in favour of HAL. Further, HAL have registered as "Seller" in the GeM (Government e-Marketing) Portal and they are stated to be getting good quantum of orders for their wide range of products from various Government Institutions. The Govt. of India has also extended the Pharmaceuticals Purchase Policy (PPP) for 104 products including Alcoholic Hand Disinfectant (AHD) and HAL is the only CPSE having the requisite manufacturing facility for AHD. The ESIC Rate Contract for CPSU has also been extended further with effect from 01.12.2019 which will help HAL to get sufficient orders from various ESIC Hospitals. As informed to the Committee, these strategies have helped HAL to achieve sales of Rs. 67 Crore in 2018-19 with 100% growth over previous year. For its growth, HAL plans to follow the same strategy in future also.

Reply of the Government

HAL leverages mainly the institutional market- supplying drugs under PPP policy, ESIC rate contract etc. For generating orders and increasing sales turnover, HAL has created pan India network represented by 8 Carrying & Forwarding agents, 23 distributors and 27 liaison agents. Logistic sector has also been streamlined for timely delivery of products.

During 2020-21, the sales turnover of the company increased by 44% to reach Rs. 95.00 crore. Expecting even higher growth in 2021-22, HAL is planning to penetrate other markets like Private Nursing Homes and open markets.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

(Recommendation Serial No. 13)

6. The Committee further note that HAL has entered into a Memorandum of Understanding (MoU) with Mishra Dhatu Nigam Limited (MIDHANI), an ISO 9001 : 2008 Company established in 1973 at Hyderabad, Telengana, a Hi-tech Metallurgical plant manufacturing Titanium Bioimplants. HAL expects that the Bio Medical Implants manufactured by MIDHANI can be supplied to different hospitals through the distribution system of HAL and can generate revenue for both the CPSUs. The Committee are hopeful that the marketing strategies adopted, initiatives taken to reduce its dependency on PPP business and Memorandum of Understanding (MoU) signed with MIDHANI, clubbed with other measures will yield positive results and HAL will significantly improve its sales and profits in future.

Reply of the Government

As HAL is a new entrant in the field of Titanium Bioimplants, the supply of Titanium Bioimplants manufactured by MIDHANI through the distribution system of HAL, shall take some time to get established. However, the memorandum of Understanding (MoU) with Mishra Dhatu Nigam Limited (MIDHANI) for the above arrangement shall be continued further.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Sales through PMBJP

(Recommendation Serial No. 14)

7. The Committee observe that with an objective of making quality generic medicines available at affordable prices to all, the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) was launched by the Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers. Under the scheme, dedicated outlets known as Pradhan Mantri Bhartiya Janaushadhi Kendras (PMBIK) are opened to provide generic medicines. Besides ensuring access to quality medicines for all the section of the population especially for the poor and the deprived ones, the pariyojna's objective is also to generate employment by engaging

individual entrepreneurs in opening of PMBJP Kendras. The product basket of the scheme covers more than 800 medicines and 154 surgicals & consumables in all major therapeutic categories such as anti-infectives, anti-allergies, anti-diabetics, cardiovasculars, anti-cancers, gastro intestinal medicines, etc. As on 15.11.2018, 4410 PMNJP Kendras were functional in 35 States/ Union Territories of the Country. The Committee was informed that HAL had supplied its products to Janaushadhi Kendras from the year 2011-12 to 2015-16 for a total value of about Rs. 2.87 Crore. However, subsequently, HAL could not get orders from Janaushadhi Kendras. On a query regarding any preference given to pharma CPSUs for supplying of medicines to Janaushadhi Kendras, the Department of Pharmaceuticals (DoP) clarified that the PMBJP is implemented by a society formed by pharma CPSUs of the Department of Pharmaceuticals (DoP) viz. Bureau of Pharma PSUs of India (BPPI). The Managing Director of HAL alongwith the CMD/MDs of other CPSUs are member of the Governing Council of BPPI. The BPPI procures medicines and other products for sale in PMBJK by open e-tender through the central procurement portal. Thus, L1 bidders who are technically qualified are awarded rate contract for supply of medicines for a particular period. However, central pharma CPSUs are not required to participate in the e-tender process. They can be awarded the rate contract provided they match L1 rates. Further, the minimum requirement of WHO-GMP certification as required for other vendors is not mandatory for the central pharma CPSUs. The BPPI also shares the list of its product basket alongwith the procurement rate with the central pharma CPSUs and requests them to supply products directly. Besides, it also gives preference to PSUs covered under Pharmaceutical Purchase Policy (PPP) of the Department and they are also given preference in payment for purchases. The Committee while noting the various preference and exemptions given to central pharma CPSUs in PMBJP, are unable to comprehend as to why HAL did not supply its products to the Janaushadhi Kendras since 2016-17 though it had supplied products valuing Rs. 2.87 Crores during the period from the year 2011-12 to 2015-16. The Committee are of the firm opinion that for achieving better financial growth in a commercial organization, its sales and marketing department should have been proactive in procuring orders from different national and international clients and non-receiving orders, in the present case, under the PMBJP for the last many years indicates slackness on the part of the organization. The Committee therefore recommend that HAL must adopt multi-pronged sales and marketing strategy to boost their sales through various avenues available in the national and global markets. The Committee would like to know the precise action taken in this regard.

Reply of the Government

HAL has been primarily focusing on pharma business, so far. However, in order to boost sale volumes, HAL has ventured into the following:

- (i) Developing hygiene products such as HALRUB, Health Kiosk and Hand sanitization, dispensers,
- (ii) Setting up of Bulk manufacturing facility for Meropenem / Telmisartan.
- (iii) Promoting IVF products as it is the only CPSE having facility manufacture of the same.

As a result of the above efforts, HAL has stated it is set to achieve a sales turnover of Rs. 100 crores (approx.) for the current financial year 2020-21.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Chapter III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

HAL – The Journey so far

(Recommendation Serial No. 2)

1. The Committee note that Hindustan Antibiotics Ltd.(HAL) has seen many ups and downs in its performance during the last 65 years of its existence. The Company which had been earning profit during its initial 20 years" period incurred losses first time in the year 1973-74.The Committee observe that the main reason for the HAL in suddenly going into losses in the year 1973-74 was the spurt in petroleum prices on one side and no corresponding increase in the prices of the drugs on the other side. The Committee though appreciate the policy of the Government not to increase the prices of essential life saving drugs needed for Government hospitals and by the general public, are however of the firm opinion that nothing prevented the Government from evolving an effective compensatory mechanism during that crisis which could have saved the Company from falling into the depressive cycle of losses.

Reply of the Government

It may be mentioned that despite three capital restructuring schemes provided in 1983, 1988 and 1994, the company was formally declared sick referring to BIFR in the year 1997. Government of India approved the 4th Rehabilitation in March 2006 with a cash assistance of Rs. 137.59 crore and non-cash assistance of Rs. 267.57 crore. Subsequently, again in December, 2018-19, the Government waived off its loan and interest amounting to Rs. 307.23 crore (Principal Rs. 186.96 crore and Interest Rs. 120.27 crore), deferment of various dues amounting to Rs. 128.68 crore and sanctioned loan - of Rs. 100 crore to meet wages, salaries and other critical expenses. During the year 2019-20 Rs. 280.15 crore was also released to HAL to meet pending salary of employees and VRS dues.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

(Recommendation Serial No. 3)

2. The Committee further observe that another capital restructuring plan approved in the year 1994 for converting outstanding loan into equity of the company could not fructify as the compliance of statutory requirements for the said proposal took considerable time and when these actions were in progress, the Company had fallen sick due to heavy losses incurred during the period 1993-94 to 1996-97 and the company was declared sick w.e.f 31.03.1997. As such, the capital restructuring plan of 1994 could not be implemented and was made an integral part of the Rehabilitation package then under consideration by the BIFR. The Committee observe that even though HAL was referred to BIFR in 1997, the revival plan was approved only in the year 2007 *i.e.* almost after 10 years of its being declared as sick company. Meanwhile, lack of working capital and the need to bear the administrative and overhead cost for running of the bulk plants and its associated utilities and service departments accentuated its financial troubles. The proposed sale of excess land as part of

2007 revival package was not approved by the Ministry till the year 2016 despite stated receipt of good rates from the bidders including State owned entities and this also adversely impacted the operations of the Company as is evident that the total production value which was around Rs 50 Crores in 2006-07 and had increased to Rs 140 Crores in the year 2007-08 and to Rs.149 Crores in the year 2008-09 but nosedived to Rs. 11.36 Crores in the year 2016-17. The Committee observe that the import prices of Penicillin being much lower to those manufactured in India further worsened the business operation of HAL. The Committee are constrained to observe that though maintaining sound financial health of HAL was well within the capabilities of the Government but this opportunity was missed due to dithering in decision making process and also because of inadequacy in the action taken to address the critical issues affecting the financial health of the Company.

Reply of the Government

As stated in reply to Observation No. 2, it is reiterated that the Department took earnest steps to improve the financial health of HAL, but despite three capital restructuring schemes in 1983, 1988 and 1994, the company HAL was formally declared sick and referred to BIFR in the year 1997.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Research and Development (R&D) Initiatives

(Recommendation Serial No. 9)

3. The Committee note that the R&D Division of HAL is credited with the distinction of inventing two antibiotics viz. Hamycin and Aureofungin for use in Agriculture controlling the various fungal and bacterial diseases of plants. HAL has carried out R&D activities in various areas like pharmaceuticals, agricultural and veterinary products in the past as well as in 2018-19. These include (i) development of newer formulations which covers anti-inflammatory, anti-histamic and anti-infective drugs as per the market needs, (ii) improvement and manufacturing of standard size narcotic drug detection kits, precursor chemicals detection kits and ketamine detection kits, (iii) development of anti-tuberculosis drugs kit, (iv) improvement in making existing drug formulation cost effective, (v) production of non-sterlite penicillinase, (vi) restarting of potash solubilizing bacteria and NKP formulation, (vii) revival of production of Aureofungin, (viii) revival of production of Humaur, etc. The Committee learn that R&D is the core competence of HAL. The Committee however observe that due to the 'strategic sale' tag and uncertain future of the Company, the R&D activities are not gaining momentum. The Committee are of the view that the positive results of R&D initiatives may not be reflected instantly but these activities have a bearing on the enhancement in performance, cost-effectiveness and profits of the Company in the long run.

The Committee observe that Pharma industry being a dynamic sector continuously faces new challenges with unexpected dimensions in health care sector which require a strong R&D base for timely inventing and developing new formulations to deal with such crisis. The Committee and therefore recommend that R&D activities should be strengthened with adequate and qualified professionals and sound infrastructure so that the business

operations of the organization are well equipped and are timely reoriented to effectively mitigate the hardships in times of crisis.

Reply of the Government

Because of its proposed strategic sale and financial constraint being in negative net-worth, HAL has not taken up any steps to upgrade its R&D infrastructure or recruit new qualified professionals for the purpose.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Projects Implemented and Future Planning

(Recommendation Serial No. 10)

4. The Committee note that HAL has completed setting-up of new Cephalosporin powder injectable facilities that was accredited with WHO-GMP certification in July 2010. HAL has also completed the upgradation of Betalactam & Quality Control Lab and it is ready for WHO-GMP inspection. Non-Parental facility has been planned to be upgraded to WHO-GMP compliance during 2020-21. Besides, HAL has also planned gradation of many facilities to generate more funds for the company which include (i) Facility for manufacture of bulk drugs like Telmisartin, Meropenam and Gabapentin having capacity of 100 M.T per annum, 24 M.T per annum and 117 M.T per annum respectively, (ii) State-of-the-Art Facility for Alcoholic Handrub Disinfectant, the only CPSU to have such facility, (iii) Manufacture and supply of Health Kiosk by the name HAL Cloud Clinic which measures 23 health parameters like blood pressure, blood sugar, oxygen level amongst other parameters, (iv) Manufacture and supply of touchless Sanitizer which measures the temperature of a person and if found within limit, automatically dispenses sanitizer on hands, (v) Supply of various Covid-19 related products like PPE kit, face shield, hand gloves, N-95 respirator, Infrared thermometer etc., and (vi) Restarting of IVF Plant. The Committee hope that the indigenous manufacturing of bulk API's will significantly compliment the ambitious 'Make in India' initiative of the Government and the participation of HAL in the Production Linked Incentive Scheme for manufacturing of bulk drugs/APIs as floated by the Government will definitely be a sound step to turn around the financial health of the Company.

Reply of the Government

HAL is in the process of setting up of facility for manufacture of Meropenem / Telmisartan at its Pimpri works and is likely to be commissioned by August'21. HAL had applied for participation in Production Linked Incentive Scheme. However, due to limitation in

raising capital from banks for the required investment being in negative net-worth, HAL is not considered for PLI scheme.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

(Recommendation Serial No. 4)

1. The Committee's analysis of the facts thus reveal that historically it was combination of various factors viz. spurt in petroleum prices, non revision/revision of the drug prices not commensurate with the increase in cost of production, interest burden, delay of about 10 years since 1997 for putting in place the revival package, delay in monetization of excess land, high utilities' charges, availability of imported drugs at cheaper rates etc. which contributed the HAL's continued losses and also pushed the HAL in a vicious cycle of depression. The Committee are of the considered view that it is not the Company specific issue alone that drove the Company's performance to such a low position rather it had been the accumulated result of the various external factors that led to the deterioration of financial health of HAL over a period of time. The Committee hope that at least now the Governmental machinery will take all necessary measures in a structured way so as to revive the HAL to make it a robust bulk drug manufacture in the country in the near future.

Reply of the Government

The Cabinet on 28.12.2016, inter-alia, has decided strategic sale of HAL. Earlier as directed by the Committee, the matter of strategic disinvestment of HAL, BCPL & KAPL was taken up with NITI Aayog & M/o Finance for reconsideration. However, in the New PSE Policy, 2021 the Pharma PSUs aren't included in the four strategic sectors, keeping in view that the private sector in the pharmaceutical industry is well developed and capable of meeting drug security.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Comments of the Committee

(Please see para 26 to 31 of Chapter I of Report)

HAL – on the way to Recovery

(Recommendation Serial No. 5)

2. The Committee observe that in the process of funding to HAL in December 2016, the Government waived off HAL's loan and interest amounting to Rs. 307.23 cr. (Principal Rs. 186.96 cr. + Interest Rs. 120.27 cr.), deferred various dues amounting to Rs. 128.68 cr. and also sanctioned loan of Rs. 100 cr. to meet wages, salaries and other critical expenses. The

Committee observe that the sales turnover for the last four years has witnessed upward trend as it has gone up from Rs. 10.73 crore in 2016-17 to Rs.35.21 crore in 2017-18, Rs.66.85 crore in 2018-19 and Rs.61.25 crore in 2019-20. The sales turnover, therefore has increased by six times in the last four years. However, the Committee note that the losses at around Rs. 70 crores per year are due to high fixed costs like power and payment towards salaries and wages. As part of its efforts to increase the turnover, the Company has taken many initiatives such as (i) entering into veterinary segments, (ii) restarting production in agro segments, (iii) developing hygiene products such as HALRUB, health Kiosk and Hand sanitization dispensers, (iv) developing unique items viz. (a) Anti-freeze Saline (saline with glycerin) which can be used at a high altitude areas like Siachin, and (b) Narcotic Detection Kits for Narcotic Control Bureau, etc. The Committee note that many of its plans such as (i) setting up of Bulk manufacturing facility viz. Amoxicillin Trihydrate with initial manufacturing capacity of around 50 to 60 tons per month, (ii) manufacturing of Penicillin V tablets to cater to various Govt. Health Schemes, (iii) Modernisation of one API - Pencillin G plant are stuck up due to uncertainty about the future of the Company. The Committee are hopeful that appropriate decision in the interest of HAL will be taken by the Government very soon so as to enable the HAL to regain its past glory and emerge again as a leading manufacturer of bulk drugs in the country.

Reply of the Government

As stated in reply to Observation No. 4 above, the Cabinet on 28.12.2016 has decided for strategic disinvestment of HAL. Accordingly, no proposal has been moved for the revival of HAL. However, Government waived off its loan to HAL of Rs.307.23 crore including interest in the year 2018-19 and provided budgetary support of Rs.280.15 crore in 2019-20 towards clearing pending salary of employees and for VRS of 380 employees. HAL has also identified its surplus land for monetization so that the balance sheet of the company may be made clean.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Comments of the Committee

(Please see para 26 to 31 of Chapter I of Report)

(Recommendation Serial No. 6)

Pharma - Need to be in Strategic Sector

3. The Committee observe that a high level Committee consisting of Ministers had recommended that surplus land of HAL, IDPL, RDPL and BCPL be sold through open competitive bidding preferably to Government agencies and their outstanding liabilities cleared from the sale proceeds. It was further recommended that after meeting the liabilities, IDPL & RDPL be closed and HAL & BCPL to be sold strategically. The Cabinet on 17.07.2019

however modified its earlier decision and permitted sale of surplus land as per revised DPE's guidelines dated 14.06.2018 and also provided budgetary support as loan of Rs. 280.15 cr. to the company for payment on account of pending salaries and VRS of employees. The Cabinet further decided for constitution of a Committee of Ministers for taking all decisions pertaining to closure/ strategic sale including the sale of assets and clearance of outstanding liabilities. The Committee however observe that in the meantime, the NITI Aayog decided that the 'prioritization' of PSUs should be on the basis of the 'nature of activity' performed by them and 'not on their financial performance'. It categorized the PSUs on the basis whether they were serving any strategic purpose related to national security, performing sovereign or quasi sovereign functions, involved in an important developmental function where private sector was failing to perform or a public utility, where presence of public enterprise was desirable for serving public purpose. Any PSU, which met one of the above mentioned four criteria, was categorized as 'high priority'. Pharmaceuticals PSUs, which were not performing any of the above functions were categorized as low priority sector. The NITI Aayog, after examining various PSUs, recommended for revival/ merger/ sale/ transfer to the State Government/Closure/lease/Strategic Disinvestment etc. in respect of each PSU but decided to keep its recommendations in respect of pharma PSUs in abeyance. The Committee observe that the country has been importing quite a huge quantity of drugs from a particular foreign country. The Committee are of the firm opinion that too much dependency on import from one particular country specifically for life saving drugs is not desirable and therefore, it is in the national interest that there should be at least one PSU in pharma sector to fall back upon in case of health emergency in the country as even indigenous private sector firms may not come up to the level to meet our requirement in critical times. The Committee are therefore of the considered view that pharma should be categorised as a strategic sector so that the health and well being of around 1.3 billion population of the country are effectively taken care of in the situations arising out of uncertainties due to geo-political reasons and health emergencies, etc. The Committee therefore urge the Government to give serious considerations to all these factors while taking a conclusive decision about the future of Hindustan Antibiotics Limited.

Reply of the Government

As mentioned in reply to Observation No. 4 above, as per the New PSE Policy, 2021, the Pharma PSUs aren't considered as part of the four strategic sectors and need to be either privatized or closed.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Comments of the Committee

(Please see para 26 to 31 of Chapter I of Report)

Need for retaining HAL as CPSU

(Recommendation Serial No. 15)

4. The Committee observe that the Hindustan Antibiotics Limited is the oldest public sector drug company of the country serving the nation for the last 66 years since its inception in 1954. The misfortune of the company started in the year 1973-74 when for the first time the Company's business which had otherwise been quite profitable during all these years, went into losses due to increase in the cost of production on account of spurt in petroleum prices. The absence of timely relief to the company and somewhat complacent approach of the organization brought many ups and downs thereafter in the business operations of HAL but largely the negative trend which emerged in 1973-74 had been overshadowing the functions of the Company since then. It is painful to note that the various financial assistance given to the company by the Government also failed to restore the past glory of HAL and rather the Company had to grapple with all its strength in meeting its current and fixed liabilities. Astonishingly, some of the steps initiated for bringing improvement turned out to be counter productive and further worsened the business of the company as is evident that the decision to put the Company for strategic sale instead of helping the Company rather led it to a situation where the Company, due to this strategic sale tag, could not acquire substantial future orders from the clients and further because of the uncertainties attached with its future, the company could not work on its full strengths and take long term decisions. In the eyes of the prospective national and global customers, it also heavily dented the Company's image and withered the prospects of securing substantial business from the market. The Committee observe that the HAL has strong fundamental infrastructure and well-established plant and machinery at its strength. The HAL is well placed with its strong fundamental in the areas like:

- (i) core competence in manufacturing several drugs & formulations,
- (ii) having distinction of inventing antibiotics,
- (iii) having dedicated and efficient R&D team,
- (iv) having efficient marketing team and network channel,
- (v) having experienced professionals and slim manpower,
- (vi) reduced cost and increased effectiveness ensured by HAL through various measures,
- (vii) adequate production facilities,
- (viii) owning precious landed property at prime location,
- (ix) having established brand & goodwill; etc.

The HAL is thus well equipped with all the needed resources and infrastructure to create robust business in future. The Committee therefore strongly recommend the Government to take into consideration the core competencies of the HAL and its strong infrastructure base as narrated above to revive and retain it as a public sector PSU.

Reply of the Government

Cabinet on 28.12.2016 had decided for strategic disinvestment of HAL. Further on 17.07.2019, the Cabinet constituted a Committee of Ministers to take all decisions pertaining to sales of assets and clearance of liabilities of the PSUs including HAL. The Committee of Ministers in its first meeting held on 27.05.2021 has approved Rs.118 crore to HAL for clearing all pending dues of retirees and approved the sale of 3.5 acres of surplus land towards clearing pending liabilities. There is no proposal for considering HAL in the strategic sector.

[Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals O.M. No. 39013/1/2021-PSU Dated 22.7.2021)]

Comments of the Committee

(Please see para 26 to 31 of Chapter I of Report)

(Recommendation Serial No. 16)

5. The Committee further observe that the Department of Pharmaceuticals should have approached the Cabinet instead of the NITI Aayog to persuade the Government on the strategic importance of the pharma sector in general and that of HAL in particular and should have made all out efforts to retain the Company with the Government. Further, the Department should have acted on time on the ambitious programme of 'Make in India' launched 6 years ago on 25 September 2014 to make the country 'Atmanirbhar' in the pharma sector also instead of relying and increasing the dependency on imports. The recent Covid pandemic is an eye-opener that has made the nation realise in a more painful way that in difficult times when the import channel is broken and the private sector does not meet our expectations, it is only the government and the public sector functionaries that come to our rescue and help the society and the country. The Committee therefore strongly recommend the Government to consider all these aspects seriously and consider declaring the pharma sector as a strategic sector. The Committee desire that once the 'pharma' is declared as 'strategic' sector, immediate steps need to be initiated for preparing a sound business plan for HAL with required capital investment as delay in doing so will lead to further deterioration of its financial health. The Committee observe that many of the plans of HAL for entering into new product segments, expansion of the existing products, upgradation of old plant and machinery etc. are on hold due to strategic sale tag. The Committee therefore earnestly hope that the Government will take conclusive decision in this matter at the earliest.

Reply of the Government

As mentioned in reply to observation 15, and as spelt out in the New PSE

Policy, 2021, HAL and all other Pharma PSUs are not considered as part of the four strategic sectors and will be either privatized or closed.

Comments of the Committee

(Please see para 26 to 31 of Chapter I of Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS TO WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

-NIL-

New Delhi;
22 March, 2022
01 Chaitra, 1943 (S)

SANTOSH KUMAR GANGWAR
Chairperson
Committee on Public Undertakings

APPENDIX-I

MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2021-2022)

The Committee sat on Monday, the 15th November, 2021 from 1650 hrs. to 1710 hrs. in Committee Room No. '3', Ground Floor, Block A, Extension to Parliament House Annexe (EPHA), New Delhi.

PRESENT

Shri Santosh Kumar Gangwar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lavu Sri Krishna Devarayalu
3. Shri Arjunlal Meena
4. Shri Nama Nageswara Rao
5. Shri Sushil Kumar Singh

Rajya Sabha

6. Shri Birendra Prasad Baishya
7. Shri Anil Desai

SECRETARIAT

1. Shri R.C. Tiwari - Additional Secretary
2. Shri G.C. Prasad - Additional Director
3. Smt. Mriganka Achal - Deputy Secretary

REPRESENTATIVES OF HINDUSTAN ANTIBIOTICS LIMITED (HAL)

1. Ms. Nirja Saraf - Managing Director
2. Shri Milind Phalade - Deputy Manager

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee which was convened to take evidence of the representatives of 'Hindustan Antibiotics Limited'

(HAL) in connection with the replies submitted by Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals) on the recommendations contained in the 4th Report (17th Lok Sabha) of the Committee on comprehensive examination of Public Undertakings "Hindustan Antibiotics Limited' (HAL)". The Committee Secretariat then made a Power-Point Presentation on important issues pertaining to the subject for the information of the Members.

[The representatives of HAL were then called in]

3. The Chairperson welcomed the representatives of Hindustan Antibiotics Limited and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding maintaining the confidentiality of the evidence given before the Parliamentary Committees. The Chairperson then informed that in the 4th report (17th LS), the Committee had undertaken in-depth analysis of the core competencies of HAL, its strengths and other factors and had inter-alia recommended the Government to declare 'pharma' as strategic sector and revive and retain the HAL as a public sector PSU. The Government while accepting most of the recommendations of the Committee had however in respect of some of the recommendations of the Committee had reiterated their stand which they had been taking during examination of the subject.

4. The clarifications were sought as to whether the views of HAL were taken into consideration by the Department of Pharmaceuticals before finalizing the action taken replies and also if any revival plan was submitted by HAL. The chairperson also desired to know that if an opportunity is given, whether the management of HAL would be able to revive the Company. He also desired to know the kind of support HAL would require from the Government and the time required to complete the process if financial support is provided by the Government.

3. Thereafter, the representative of HAL made a Power Point Presentation on the subject highlighting the turnover of the company, reduction in losses of the Company, manpower strength, monetization of surplus land to meet the liabilities, etc. The representatives of the Company submitted information on various points including those related to the VRS given to a large number of employees and also about the approval of the Government for sale of land.

4. Thereafter, Chairperson and Members raised queries on different aspects and sought clarification on the market value of the land which is owned by the company, recent

performance in regard to manufacturing of covid related drugs and vaccines and issues relating to categorizing the 'pharma' in strategic sector. The representatives of the HAL responded to the some of the queries raised by the Members and for the other queries to which the answers were not readily available, they were given 10 days time to furnish the written replies to the Committee Secretariat.

[The witnesses then withdraw].

(A copy of the verbatim proceedings has been kept separately.)

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APPENDIX-II

MINUTES OF THE NINTH SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2021-2022)

The Committee sat on Wednesday, the 15th November, 2021 from 1710 hrs. to 1740 hrs. in Committee Room No. '3', Ground Floor, Block A, Extension to Parliament House Annexe (EPHA), New Delhi.

PRESENT

Shri Santosh Kumar Gangwar - Chairperson

MEMBERS

LOK SABHA

2. Shri Lavu Sri Krishna Devarayalu
3. Shri Arjunlal Meena
4. Shri Nama Nageswara Rao
5. Shri Sushil Kumar Singh

RAJYA SABHA

6. Shri Birendra Prasad Baishya
7. Shri Anil Desai

SECRETARIAT

1. Shri R.C. Tiwari - Additional Secretary
2. Shri G.C. Prasad - Additional Director
3. Smt. Mriganka Achal - Deputy Secretary

REPRESENTATIVES OF MINISTRY OF CHEMICALS & FERTILIZERS (DEPARTMENT OF PHARMACEUTICALS)

1. Ms. S. Aparna - Secretary
2. Shri H.K. Hajong - Economic Advisor
3. Sh. Ashish Upadhyay - Additional Secretary & Financial Advisor
4. Sh. A.V. Lakra - Director (PSU)

2. At the outset, Chairperson welcomed the representatives from Department of Pharmaceuticals, Ministry of Chemical and Fertilizers and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of evidence before the Parliamentary Committees. The Chairperson desired that 'pharma' being an important sector

concerning common people, needs to be constructively discussed in the Committee before to given an effective report to Parliament. He desired to know whether the Committee's recommendation seeking declaration of 'pharma' as a 'strategic sector' and retaining HAL as a CPSU under the Government was brought in the cognizance of the Cabinet and Niti Ayog. The Chairperson also enquired about the recent performance and status of HAL and whether any kind of support has been provided to the Company for revival. The Chairperson also sought clarifications on the consultation process undergone by the Government and the views of all the stakeholders consulted by the Government before arriving at the decision and the ground for the decision about not declaring 'pharma' a 'strategic' sector by the government.

3. Thereafter, the representatives of Department of Pharmaceuticals informed the Committee that the Department has brought it into the notice of Ministry of Finance and Niti Aayog that HAL or the pharma sector should be continued in the Government sector and the three companies which were not closed at that time, HAL, BCPL and KAPL would be merged. The Secretary also informed the Committee that, during the entire COVID pandemic period, the Department, worked closely with the industry to ensure that there is no disruption of production and supplies both for domestic requirements and, where possible, for global requirements, difficulties in bringing the company back into a profitable situation, creation of Health Kiosk and production of APIs by HAL, necessary capital expenditure required for modernization of the plant and efforts towards drug security and drug supply during the ongoing pandemic.

4. Thereafter, Chairperson and Members raised queries on various aspects and sought clarification on new APIs started by the company, steps taken by the Government to reduce the liabilities of the company, efforts taken by the Government after the Committee Report on HAL in the year 2021, challenges before HAL and independent valuation of the land of the company. Representatives of the Department responded to the some of the queries raised by the Members and for the other queries they were given 10 days time to furnish the written replies to the Committee Secretariat.

The Committee then adjourned.

(A copy of the verbatim proceedings have been kept separately.)

APPENDIX-III

MINUTES OF THE TWENTY- THIRD SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2021-2022)

The Committee sat on Wednesday, the 16th February, 2022 from 1500 hrs. to 1630 hrs. in Committee room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Santosh Kumar Gangwar - Chairperson

MEMBERS

Lok Sabha

2. Shri Arjunlal Meena
3. Shri Nama Nageswara Rao
4. Shri Sushil Kumar Singh

Rajya Sabha

5. Shri Anil Desai
6. Shri Syed Nasir Hussain
7. Shri Om Prakash Mathur
8. Shri K.C. Ramamurthy

SECRETARIAT

1. Shri R.C. Tiwari - Additional Secretary
2. Shri Srinivasulu Gunda - Director
3. Shri G.C. Prasad - Additional Director
4. Mriganka Achal - Deputy Secretary

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the three draft Action Taken Reports and to have briefing on the subject 'Industrial Finance Corporation of India (IFCI) Limited' in connection with its comprehensive examination. The three draft action taken reports pertained to :-

(i) Action Taken by the Government on the Observations/Recommendations of the Committee contained in the Fourth Report of the Committee on Public Undertakings (17th Lok Sabha) on Hindustan Antibiotics Limited.

(ii) **** **** ****

(iii) **** **** ****

3. The Committee considered these draft action taken reports and adopted it without any changes/ modifications. The Committee thereafter authorized the Chairperson to finalize the report on the basis of factual verification by the concerned Ministry/Department and consider for presenting the reports to Parliament in the coming session.

4. The Committee Secretariat then made a Power-point Presentation on the major issues related to the agenda of the sitting.

(The representatives of IFCI Limited were then called in)

5. **** **** ****

6. **** **** ****

7. **** **** ****

8. **** **** ****

9. **** **** ****

The Committee then adjourned.

(A verbatim record of the proceedings has been kept separately.)

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APPENDIX IV

(Vide para 3 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT OF THE COMMITTEE ON PUBLIC UNDERTAKINGS ON HINDUSTAN ANTIBIOTICS LIMITED.

I	Total number of recommendations	16
II	Observations/Recommendations that have been accepted by the Government	7
	[Para Sl. Nos. 1, 7, 8, 11, 12, 13 &14]	
	Percentage to total:	43.75
III	Observations/Recommendation which the Committee do not desire to pursue in view of Government's replies	
	[Para Sl.No. 2, 3, 9 & 10]	4
	Percentage to total:	25
IV	Observation/Recommendation in respect of which replies of the Government had not been accepted by the Committee	
	[Para Sl Nos. 4, 5, 6, 15 &16]	5
	Percentage to total:	31.25
V	Observations/Recommendations in respect of which Government have furnished interim replies	Nil
	Percentage to total:	Nil