

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:4892
ANSWERED ON:24.08.2000
HAL MAX GIST BROCADE
P.H. PANDIAN

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether Hal Max Gist Brocade(H.M.G.B), the joint venture as a modefor other Public Sector Enterprises, has been running in loss for the last three years;
- (b) if so, the amount of loss suffered during the said period along with the reasons therefor;
- (c) whether Max GB, a partner of H.M.G.B. , is not paying the lease rental asper the Contratual obligation for over the last two years and buying Pen G at a preferential price;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the concrete steps proposed to remedy the situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS)

(a) & (b): The amount of the net loss suffered by HMGB during the last three years is as follows:

1997-98 1998-99 1999-2000

Rs 28.13 crore Rs 27.57 crore Rs.38.20 crore

The main reason for the losses incurred by HMGB is sharp fall in the prices of Penicillin G in India and the International Market.

(c) & (d): Since HMGB has been suffering cash losses because of sharp fall in prices of Penicillin G, HMGB, in order to keep its operations running, has for about two years, been paying only 50% of the lease rent to HAL in the form of supply of Penicillin G. HMGB has been supplying Penicillin G to MAXG.B. Ltd. at a preferential price. The reason is that MAX GB, one of the promoters , is a bulk and regular purchaser of Penicillin G from HMGB;5% discount is offered in the nature of quantitative discount. A similar offer was made to HAL , the other promoter, for captive consumption. The preferential price is in comparison to price offered to other smaller purchasers from HMGB who purchase the material from HMGB in small quantities without any continuous buying arrangement.

(e): HMGB has initiated cost reduction measures to improve efficiency and bring down losses.