

Revival of IDPL

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MEHTA :
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DR. KRUPASINDHU BHOI :
SHRI TARIT BARAN TOPDAR :
SHRI R. SAMBASIVA RAO :
SHRI SURESH KALMADI :

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

(a) the present position in regard to revival of the Indian Drug and Pharmaceuticals Ltd. (IDPL);

(b) the amount of loss being suffered by the Government per annum from the various units of the IDPL;

(c) whether the Government have received the reports of the Consultant, M/s. A.F. Ferguson & Co., appointed to look into the aspect of revival of the IDPL;

(d) if so, the recommendations contained therein;

(e) whether the BIFR had asked the Government to take their final view with regard to the future of IDPL in Feb., 1997; and

(f) if so, the time by which a final decision is likely to be taken on the future of IDPL?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI M. ARUNACHALAM) : (a) to (d) A revival package formulated by the IDPL management and vetted by the Industrial Development Bank of India (IDBI), Mumbai, was approved by the Board for Industrial & Financial Reconstruction (BIFR) in February, 1994. The package, *inter alia*, envisaged higher production, sales, reduction in excess manpower, fresh financial support and capital restructuring from the Government, support and sacrifices from the Bankers, the employees etc. The Government provided the requisite assistance. IDPL, however, could not achieve the targeted levels of operations in 1994-95. The management proposed modifications which, *inter alia*, envisaged additional financial assistance to the tune of Rs. 98.00 crores from the Government. The Government decided that the BIFR should be approached for a techno-economic viability analysis through an Operating Agency (O.A.) appointed by the BIFR. The BIFR, keeping in view this stand of the Government and also the performance of the company upto September, 1995 declared that the previous package had failed. The BIFR appointed IDBI, Mumbai, as the Operating Agency (O.A.) for techno-

economic viability study and a report. Later the BIFR passed further directions to the O.A. that the help of a reputed consultant should be taken for a diagnostic study of IDPL. M/s. A.F. Ferguson & Company identified by the O.A. (IDBI) were engaged for the said study. The reports of the Consultant and IDBI (O.A.) were received in January, 1997. According to M/s. A.F. Ferguson, IDPL is over-staffed. The plant and machinery required major renewals and replacement, product-mix requires drastic changes; high social costs and overheads required to be reduced; marketing should be fully revamped. They suggested certain measures including manpower reduction, investment on capital expenditure etc. IDBI, the O.A. estimated that the cost of implementing the suggestions of M/s. A.F. Ferguson & Co. was about Rs. 710 crores and even after implementation of the measures, the projected profits would not be sufficient to service the new liabilities let alone the old liabilities. According to the IDBI, it is not possible to suggest any viable and acceptable revival scheme for IDPL.

The total net loss incurred by the various units including two wholly owned subsidiaries of IDPL was Rs. 156.40 crores in 1996-97 (Provisional subject to audit).

(e) Yes, Sir.

(f) A revival scheme prepared by the employees of IDPL, their leaders and IDPL management was submitted on 21.5.97. In the matters relating to the future of IDPL, the Government are yet to take a final view.

Ammonia Plant in Kerala

3224. SHRI RAMESH CHENNITHALA : Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether there is any Ammonia Plant sanctioned in FACT, Alwaye, Kerala;

(b) if so, the details thereof;

(c) the total cost of the project; and

(d) the time by which this project is likely to be commissioned?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI M. ARUNACHALAM) : (a) to (d) Fertilizers and Chemicals Travancore Ltd. (FACT) is setting up a 900 tonnes per day ammonia plant at Udyogamandal, Kerala. The project is expected to be commissioned in November 1997 at an estimated capital cost of Rs. 642.36 crore as against the approved capital cost of Rs. 618.43 crore.