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**STANDING COMMITTEE ON
PETROLEUM & CHEMICALS
(1996-97)**

ELEVENTH LOK SABHA

**MINISTRY OF CHEMICALS & FERTILISERS
(DEPARTMENT OF CHEMICALS & PETRO-CHEMICALS)**

DEMANDS FOR GRANTS (1997-98)

TENTH REPORT



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**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1997/Vaisakha, 1919 (Saka)

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(DEPARTMENT OF CHEMICALS &
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Presented to Lok Sabha on.....
Laid in Rajya Sabha on..... 30 APR 1997



LOK SABHA SECRETARIAT
NEW DELHI

April, 1997/Vaisakha, 1919 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
REPORT	
A. Introductory	1
B. Secretariat Services	2
C. Central Institute of Plastic Engineering and Technology (CIPET)	5
D. Subsidy to Assam Gas Cracker Complex	7
E. Bhopal Gas Disaster	11
F. National Institute of Pharmaceutical Education and Research (NIPER)	17
G. Investment in Public Sector Undertakings and loans to PSUs.....	18
APPENDICES	
I. Item-wise details of Demands for Grants	30
II. Minutes of the 13th sitting of the Committee held on 3.4.1997	33
III. Minutes of the 14th sitting of the Committee held on 4.4.1997	36
IV. Minutes of the 19th sitting of the Committee held on 18.4.1997	39

COMPOSITION OF THE STANDING COMMITTEE OF
PETROLEUM AND CHEMICALS (1996-97)

Shri A.R. Antulay — *Chairman*

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3. Shri Chandubhai Deshmukh
4. Shri Dileep Sanghani
5. Shri Tejvir Singh
6. Shri Ratilal Verma
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SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri J.P. Ratnesh — *Joint Secretary*
3. Shri G.R. Juneja — *Deputy Secretary*
4. Shri Brahm Dutt — *Under Secretary*

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (1996-97) having been authorised to submit the Report on their behalf, present this Tenth Report on Demands for Grants of the Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petro-chemicals for the year 1997-98.

2. The Committee examined/scrutinised the Demands for Grants pertaining to the Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petro chemicals for the year 1997-98 which were laid on the Table of the House on 19th March, 1997.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers, Deptt. of Chemicals & Petrochemicals at their sitting held on 3rd and 4th April, 1997. The Committee also heard the views of representatives of IDPL Employees Union on 4th April, 1997.

4. The Committee considered and adopted the Report at their sitting held on 18th April, 1997.

5. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petro-chemicals for furnishing the material and information which they desired in connection with the examination of Demands for Grants of the Ministry for the year 1997-98 and for giving evidence before the Committee.

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

NEW DELHI;
April 22, 1997
Vaisakha 2, 1919 (Saka)

A.R. ANTULAY,
Chairman,
Standing Committee on
Petroleum & Chemicals.

REPORT

A. Introductory

The Department of Chemicals and Petro-chemicals under the Ministry of Chemicals and Fertilisers is entrusted with the responsibility of Policy planning, development and regulation of Chemicals, Petro-chemicals and Pharmaceuticals Industries. The Deptt. has also following 8 Public Sector Undertakings (PSUs) and 4 other organisations under its administrative control.

Public Sector Undertakings

1. Hindustan Organic Chemicals Ltd. (HOCL)
2. Hindustan Insecticides Ltd. (HIL)
3. Indian Drugs and Pharmaceuticals Ltd. (IDPL)
4. Hindustan Antibiotics Limited (HAL)
5. Smith Stanistreet Pharmaceuticals Ltd. (SSPL)
6. Bengal Chemicals and Pharmaceuticals Ltd. (BCPL)
7. Bengal Immunity Limited (BIL)
8. Indian-Petro-chemicals Corporation Ltd. (IPCL)

Other Organisations

1. Petrofils Co-operative Limited (PCL)
2. Central Institute of Plastic Engineering and Technology (CIPET)
3. Institute of Pesticides Formulation Technology (IPFT)
4. National Institute of Pharmaceutical Education and Research (NIPER)

2. The Demands for Grants of the Deptt. of Chemicals and Petro-chemicals (here in after referred to as the Department) were laid on the Table of Lok Sabha on 19th March, 1997.

Demand No. 5 of the Deptt. contains the following figures of Revenue as well as Capital expenditure for the year 1997-98 :—

(Rs. in crores)

	Plan	Non-Plan	Total
Revenue Section	19.45	236.19	255.64
Capital	18.55	24.00	42.55
	38.00	260.19	298.19

(The item-wise actual Revenue and Capital expenditure for the year 1995-96, Budget Estimates and Revised Estimates for 1996-97 and Budget Estimates for 1997-98 are given at Appendix-I)

3. Out of total Demands for Rs. 298.19 crores, the major heads are 'Funds for Bhopal Gas Tragedy' (Rs. 150.59 crores), 'Subsidy to Assam Gas Cracker Project' (Rs. 75 crores) and investment in Public Sector Undertakings (PSU) and loans to PSUs (Rs. 42.55 crores).

The Committee approve the Demands subject to the recommendations/observations made in subsequent paragraphs of the Report.

Major Head '3451'

B. Secretariat Services (Total Rs. 3.69 crores)

4. A provision of Rs. 3.69 crores has been made under the 'Secretariat head' against the Revised Estimates of Rs. 3.38 crores in 1996-97 as shown below :—

(Rs. in lakhs)

Items of Expenditure	Actuals 1995-96	BE (1996-97)	RE	BE (1997-98)
1	2	3	4	5
Salary	191.88	200.00	219.38	248.00
Wages	4.09	4.50	5.04	5.75

1	2	3	4	5
OTA	6.17	6.25	7.02	7.50
Domestic Travel	7.88	8.00	8.01	8.50
Foreign Travel	11.39	8.00	8.00	8.00
Office Expenses	78.75	80.00	84.55	85.50
Professional Services	0.12	—	—	—
Publications	14.96	5.00	5.13	5.25
Other Expenses	0.18	0.25	0.25	0.25
Total	305.42	312.00	337.38	368.75

5. The expenditure under the 'Secretariat Head' has increased from Rs. 3.37 crores in 1996-97 to Rs. 3.69 crores in 1997-98. The increase under this head over the previous year is due to normal increase in the salary and allowances including the increase in DA, Bonus etc. In addition, it also includes provisions for the office of Development Commissioner which has been merged with the main Secretariat w.e.f. 18.11.96.

6. During the course of examination the Committee pointed out that in pursuance of their recommendations made in their earlier Reports the Deptt. has got a study conducted by Staff Inspection Unit (SIU) of Ministry of Finance. Asked about the number of posts identified as surplus in view of the recommendations of Staff Inspection Unit of the Ministry of Finance and subsequent action taken by Government, the Deptt. in a note stated that of the 81 posts identified as surplus, 46 posts were vacant and the remaining officials were to be adjusted in the surplus cell to be created for the purpose for which supernumerary posts would be created.

7. As regards the final action in the matter, the Deptt. stated :—

"The names of the surplus staff, so included in the surplus cell, will be communicated to the Central (Surplus Staff) Cell in the Department of Personnel and Training in the case of Group A, B and C staff and the Ministry of Labour for the Group 'D' staff.

In accordance with the instructions of the Department of Personnel, the Departmental Councils are required to be consulted in the matter of implementing SIU reports. Accordingly, a copy of the

SIU report has been sent to the Department of Personnel. The implementation of the report has, therefore, been kept in abeyance pending completion of consultation with the Departmental Council by the Department of Personnel."

8. The Committee further wanted to know whether the surplus manpower could be adjusted in new schemes/programmes/agencies created in the Deptt. viz. Pharmaceutical Export Promotion Scheme (PEPS), Petrochemical Promotion and Development Agency (PPDA), Pharmaceutical Research and Development Programme (PRDP), Chemicals Promotion and Development Scheme (CPDS) recently. The Department replied in a note as under :—

"The Schemes/Programmes/Agencies in the sub-sectors of Chemicals, Pharmaceuticals and petrochemicals are promotional in nature to be implemented by the existing staff and do not have any staffing component. The staff declared surplus in the department by the Staff Inspection Unit therefore cannot be adjusted."

9. When the Committee wanted to know whether the provisions under the 'Salary Head' will be adequate to meet the requirement of implementation of Report of the Fifth Pay Commission, the Department stated in a reply that provisions for meeting the requirements of implementation of Reports of Fifth Pay Commission for the year 1997-98 has been centrally made under Demand No. 31—Department of Expenditure, Ministry of Finance and allocations out of it would be decided during the course of the year. Hence, no provision on this account has been made under the 'Salary Head' under Demand No. 5—Department of Chemicals and Petro-chemicals for the year 1997-98.

10. The Committee note that as against the actual expenditure of Rs. 3.5 crores for 'Secretariat Services' in 1995-96, the estimated and revised expenditure for 1996-97 was Rs. 3.12 crores and Rs. 3.37 crores respectively. As against this the estimates for 1997-98 have been placed at Rs. 3.68 crores, which the Committee feel are reasonable one.

11. In the context of increase in manpower strength of the Deptt. of Chemicals and Petro-chemicals and the resultant increase in salary etc. in the earlier years, the Committee had recommended a manpower study to be conducted by Staff Inspection Unit (SIU) of Ministry of Finance. The Committee are glad to note that Study

Report of SIU has been submitted to the Deptt. and it been accepted by them. According to the Study Report there are 81 surplus posts in the Deptt. (out of which 46 are vacant). Further action by the Govt. in the matter is in progress. The Committee would like to be apprised of the conclusive action taken in this regard.

Recommendation (Sl. No. 1, Paras 10 & 11)

Major Head '2852'

**C. Central Institute of Plastic Engineering
and Technology (CIPET)**

12. CIPET was established in 1968 at Madras with the primary objective to develop trained manpower and provide technical services to plastics and its allied industries. Presently, there are extension Centres of CIPET at Ahmedabad, Lucknow, Hyderabad, Bhopal, Bhubaneswar, Imphal, Amritsar and Mysore besides the headquarters at Madras with thrust areas as processing and machinery development, teletronics and automobiles, Engineering Plastics, Plastics in Agriculture, Packaging and Housing Water Management and household appliances, plastic as substitute for conventional material, plastics in precision engineering and evaluation and quality control. Recently one service centre of CIPET at Goa and one training institute at Patna have been established to accelerate the growth of plastic industries in and around that area by providing the requisite training services required for these industries. The budget provisions for the Institute have been as under :—

Year	(Rs. in crores)
1995-96 (Actuals)	24.50
1996-97 (BE)	9.00
1996-97 (RE)	7.00
1997-98 (BE)	7.65

13. During the course of examination the Committee enquired about the progress made so far in the modernisation programme of CIPET facilities through World Bank assistance. The Department stated as follows :—

“The World Bank loan of US \$ 12 million was converted into grant on 02-11-1993. So far, equipments for testing, tool room,

processing have been purchased through International Competitive Bids and have been erected, commissioned and put into use in a phased manner.

The modernisation of CIPET under the World Bank Project has facilitated CIPET to march forward towards the goal of self-sufficiency. The internal resources which was Rs. 206.73 lakhs in 1992-93 has gradually gone up at an average of 25% and the expected earning for the current year 1996-97 is in the order of Rs. 470 lakhs. It is expected that CIPET will be attaining self-sufficiency as far as revenue expenditure is concerned by the end of Ninth Plan (2002) as originally projected. CIPET has also increased the intake of students for the long term courses from 1038 in 1993 to 1908 during 1997.

14. In reply to a question about the present status of new extension centres being established and the centres proposed to be opened during Ninth Five Year Plan, the Department submitted as under :—

“Under the Eighth Plan, CIPET has proposed to open new centres at Patna (Bihar) and Calcutta (West Bengal). The Project proposals have already been cleared by the Planning Commission and activities have been initiated. During the Ninth Plan, it is proposed to open new centres in States of Maharashtra, Rajasthan, Kerala, NOIDA and Assam, in which CIPET Centres are not located. The proposals are under preparation and necessary provision has been asked for under Ninth Plan.”

15. In reply to a question about seeking some more external assistance for further strengthening of CIPET centres, it was informed that a project for external assistance of US \$ 14 million had already been submitted to Ministry of Finance during the month of January 1997 to identify the source of external aid agency.

16. The Committee find that in addition to its 9 existing centres, CIPET is in the process of setting up its training centres at Patna (Bihar) and Calcutta. For the 9th Five Year Plan it has also planned new centres in States of Maharashtra, Rajasthan, Kerala, U.P. and Assam in which CIPET Centres are not located. The Committee are happy to note that as recommended by them in their earlier Report one more training centre has been earmarked for North-Eastern areas viz. Assam. In view of the fact that there were considerable delays

in finding sites etc. for the centres planned for 8th Plan period, the Committee would like to emphasise the need for having a time bound programme for setting up the new centres. They would also like the Govt. to pursue vigorously the processing of the external assistance to the tune of US \$ 14 million to further strengthening its training and other related facilities at its different centres scattered all over the country

(Recommendation Sl. No. 2)

Major Head '2852'

D. Subsidy to Assam Gas Cracker Project

17. Assam Gas Cracker Project costing about Rs. 3000 crores (without participation of Central Govt.) is to be set up owing to various disadvantages of setting up the unit in Assam and unwillingness of the Co-promoters, the Central Government has granted one time capital subsidy of Rs. 377 crores for the proposed complex to be disbursed over three years. A provision of Rs. 75.00 crores was made in B.E. 1996-97 which could not be utilised and a similar provision has been made in the B.E. for 1997-98.

18. During the course of examination of the Department, the Committee pointed out that in their earlier 1st and 7th Reports presented to the Parliament in September, 1996 and March, 1997 respectively they had emphasised the need of early implementation of the Assam Gas Cracker Project particularly in view of the fact that this project was part of Assam Accord signed in 1985 as also it was planned for an industrially backward region in the North-East. Asked about the latest position in regard to the approval/implementation of this Project, the Deptt. in a note stated :—

“The outstanding issues in the implementation of Assam Gas Cracker project viz. (i) allocation/availability of feed stock like Associated Gas, Naphtha on priority basis, (ii) one time infrastructure subsidy upto Rs. 72 crores by the Government in addition to the one time capital subsidy of Rs. 377 crores already approved, and (iii) transfer of the gas separation plant under implementation by GAIL at Lakwa to Assam Gas Cracker Project at a price to be determined by an independent agency were considered by the Cabinet in its meeting on 29th March, 1997.”

19. Elaborating it further, the Secretary, Deptt. of Chemicals and Petro-chemicals stated as follows :—

“The Union Cabinet met on Saturday, the 29th of last month. They have, in principle, cleared the Assam Gas Cracker Project. Some of thorny points in terms of making available the extra quantity of naphtha etc. were discussed. If the naphtha is made available, the capacity of the Gas Cracker Project could go up to the level of 300,000 tonnes of ethylene per year or even more. That quantity has also been approved for being given to the Gas Cracker Project.

Next, the proposal regarding the separation plant for the gas at Lakwa to be attached with the Gas Cracker Project has been approved. Even about the Duliajan separation facility, the decision has been taken, in principle, that subject to an independent agency working out the cost of transferring that to the Assam Gas Cracker Project, the same thing could also be passed back to the Gas Cracker Project. There is only a small minor point left. That point has also been approved, in principle. We were not very sure as to how much of money exactly the Oil India Limited will require to lay the additional pipelines from the Central point near Lakwa back to its consumer points for servicing the other consumers of Assam.”

20. Asked to the issues relating to proposed take over of some assets of Oil India Ltd. the witness stated :—

“As I had given an assurance before this august Committee that I would try to see that all the points of dispute are sorted out towards the end of December and since it is already getting a little bit late, therefore, I had thought it proper to indicate to the Cabinet the extent of extra infrastructure subsidy which they may be required to give. While the Cabinet has approved it in principle that this kind of a subsidy may be given in the interest of developing a backward area, what they have done is they probably set up a small Sub-Committee which I will chair. The Secretary (Expenditure), the Secretary (Petroleum and Natural Gas) and probably a representative of the Planning Commission will be the other members of the Sub-Committee. The idea is that in that Committee the Oil India will be asked to work out an exact estimate in terms of length of the pipeline, the exact cost etc. it is likely that Rs. 72 crore may be an outside limit to keep. Ultimately,

the subsidy component may become Rs. 32 crore or it could be Rs. 40 crores."

21. When the Committee wanted to know about the time frame for commencement of the project, Secretary, C & PC stated:

"I think the project may commence straightaway. Then, laying of the pipeline can proceed simultaneously. This will be required only towards the end of the thing when actually the gas is required to be supplied to the Cracker Unit. In any case, in consultation with my colleague Dr. Kelkar, the Secretary (Petroleum), I will do it. I think, he has already given instructions to the Oil India saying that they must start it. Probably, they have already started working on the assessment. I am simply awaiting the Cabinet minutes because the formal minutes are yet to be received. They are likely to come by today or tomorrow."

He added :

"I am aware of the decision. What I am planning to do is that as soon as I receive the Cabinet minutes, I am going to start holding the meeting of the Sub-Committee. I feel that we should be in a position to finalise even the exact cost within the next two or three weeks so that if I have to get back to the Cabinet, I can do that quickly.

The Assam Government is going to give the green signal. The moment I receive the Cabinet minutes, I will start the work. It is open to them and the joint sector partners to start the work. Regarding naphtha supply, gas supply, separation plant, ownership, etc., they have all been sorted out except this minor point."

22. While clarifying the position regarding price of Gas supply to Gas Cracker Project, the Committee were informed by the Department as under:

"For the 2,00,000 tonnes, the gas will be supplied at Rs. 600 per unit whereas if any additional gas is required, it would be then at the rate of Rs. 1500 per standard unit. I am not going into the technical nature of this rate. This rate is naturally a special rate which is made applicable to the North-Eastern States. Earlier there was some difference of opinion. The Department of Petroleum wanted a much higher price and the Cabinet had agreed for the

price of gas in North-East region. So far as naphtha is concerned, it is the usual price which is charged."

23. The Committee are glad to note that in pursuance of their repeated recommendations/persuasions the solution to the Assam Gas cracker Project which was eluding for over a decade has been found and almost all pending issues relating to the project like availability and pricing of gas/naphtha, subsidy/transfer of some infrastructure belonging to Gas Authority of India and Oil India Ltd. have been sorted out. The Committee believe that the implementation of this project would be taken up expeditiously. They also trust that as promised by the Secretary, Chemicals and Petro-chemicals, remaining minor issues like evaluation of OIL infrastructure and giving one time subsidy to the tune of Rs. 72 crores, would be settled amicably to the satisfaction of all concerned.

Recommendation (Sl. No. 3)

24. The Committee are convinced that the Project would symbolise a new era of development for the State and the Region and will create a major breakthrough for private investment to flow to the region and will offer multi-dimensional opportunities to the growing generations through the backward and forward linkages of the Project and the development of the small scale sector. In this respect, the Committee recommend that both Central Institute of Plastic Engineering & Technology (CIPET) as well as North-Eastern Financial Development Corporation should come forward to lend their held to the small scale industry sector.

Recommendation (Sl. No. 4)

25. The Committee also recommend that the project should be declared as a fast-track project for the purpose of all required clearances from various Central Governmental agencies in order to make up for the lost time. The Deptt. of Chemicals & Petrochemicals should help in removing any impediments that the project may face. The Committee also expect from the promoters to implement the project within shortest possible time. Needless to emphasise that the Central Government, Assam Government, promoters (*viz.* M/s Reliance Assam Petrochemicals Ltd.) and public sector undertakings operating in Assam would give necessary help and cooperation to see that this project is set up and operate in a time bound programme.

(Recommendation (Sl. No. 5)

*Major Head '2857'***E. Bhopal Gas Disaster**

26. The following table shows the provisions made under the head during the years 1995-96 to 1997-98 :—

Year	(Rs. in crores)
1995-96 (Actuals)	211.83
1996-97 (BE)	363.68
1996-97 (RE)	137.16
1997-98 (BE)	150.59

27. The following table shows the latest position in regard to settlement of cases and disbursement of relief as on 28.2.1997 :—

	Death Cases	Injury Cases	Total
Total No. of Claims filed	15,310	5,97,306	6,12,616
Total No. of Claims settled	15,088	4,08,367	4,23,455
No. of cases in which awards passed	11,062	3,15,941	3,27,003
No. of claims rejected	4,026	92,426	96,452
Amount of compensation awarded (Rs. in crores)	75.01	841.58	916.59
No. of claimants to whom compensation disbursed	11,008	3,06,229	3,17,237
Amount of compensation disbursed (Rs. in crores)	73.68	814.59	888.27

28. In the context of delay in settlement of cases the Committee pointed out that as per the Supreme Court order there should have

been 56 courts but at present only 37 courts were functioning. Asked about the reasons in this regard, the Department stated in a written reply as follows :—

“56 Claims Courts has been sanctioned but at present 37 Claim Courts are functioning. Judicial officers have not been made available by the High Court of Madhya Pradesh for appointment as Presiding Officers of 19 Claim Courts. The High Court has been requested to post requisite number of judicial officers so that all the sanctioned Courts could be made functional.”

29. To give an opportunity to those persons who might not have filed their claims even during the five year period from 1985 to 1989, a notification was issued on 2nd December, 1996 inviting fresh applications from such victims. According to the Deptt. 4,04,639 claims have been received in response to the notification.

30. The Committee pointed out that still there were huge claims pending and the cases were being disposed of at a slow pace and wanted to know the strategy being followed for quick disposal of pending claims. The Department stated in the written reply as follows :—

“High Court of Madhya Pradesh has been requested to make available the services of requisite number of judicial officers to fill up the vacancies so that all the sanctioned Courts could be made functional so that the settlement of pending claims as well as the claims now received could be speeded up. The Welfare Commissioner has set a quota of minimum disposal of 500 claims per month by each Claim Court and their disposal is being monitored by the Welfare Commissioner.”

31. The Committee further pointed out that in their Ist Report presented to Parliament in September 1996 they had recommended that there should be uniform criteria for all the 56 wards of the Bhopal city for giving compensation to gas victims and observed that they were yet be convinced about the criteria on which 36 wards of the city were being treated as gas affected and remaining 20 wards as non-affected. Asked about the basis of this, the Deptt. stated in a written note :—

“It is submitted that according to the Report prepared by the Department of Environment shortly after the gas leak episode on

the night of December 2/3, 1984 from the Union Carbide factory at Bhopal, the gas leakage occurred between 12.45 a.m. to 1.30 a.m. The escaping MIC gas from the factory was released into the atmosphere through 30 meter stack, based on the movement pattern of the wind, at a speed less than 10.5 k.m./h. The areas which escaped miraculously lay outside the movement pattern of the wind. By 6.30 a.m. the entire area was clear. But by then, massive damage and sufferings had been inflicted.

Categorisation of areas of Bhopal city into gas affected and unaffected areas was apparently done on the basis of deaths during the period 3-6 December, 1984. 714 deaths during the four day period were reported from the area of two municipal wards (13 & 20) in the immediate vicinity of the factory, whereas 96 deaths were reportedly from five wards (numbers 8, 11,14, 45 and 46) and 19 deaths were reportedly from 29 wards (numbers 1, 5,6,7,9,10,12,15 to 19,21 to 29, 38 to 44,47). Whereas 829 deaths were reported from the area of 36 wards between 3-6 December, 1984, no deaths were reported from the area comprising of remaining 20 wards of Bhopal Municipal Corporation. Based on the estimated population of the wards and the number of deaths reported during the four days period 3-6 December, 1984, 2 wards in which the death rate was 2.2% were categorised as severely affected, 5 wards in which the death rate was 0.14% were categorised as moderately affected and 29 wards in which the death rate was 0.02% were categorised as mildly affected and the 20 wards from which no deaths were reported during this period were categorised as unaffected areas. The State Government of Madhya Pradesh declared to area comprising of 36 gas affected wards of Bhopal Municipal Corporation as a separate medical district under the charge of a Chief Medical Officer.

From January, 1985 onwards a comprehensive socio-economic survey was undertaken in the gas affected area. The socio-economic survey of 78500 families in the 30 gas affected wards was completed and the socio-economic survey of the 6 gas affected wards taken up later. The State Government had decided to carry out socio-economic survey in order to formulate a planned and systematic programme for relief and rehabilitation. Detailed information on health, education, degree of handicap, vocational skills and occupation etc. was compiled and analysed as part of the comprehensive socio-economic survey. On the basis of the data

compiled and analysed during the socio-economic survey of the 36 gas affected wards relief and rehabilitation plans for the victims of the Bhopal Gas tragedy were prepared by the State Government."

32. During the course of evidence of the representative of the Ministry, the Committee enquired as to how 19 deaths could occur in 29 wards which was taken as the basis for treating 29 wards as affected wards. The Secretary, C&PC stated that they themselves were not convinced with it and were trying to get more details from the Madhya Pradesh Government.

He added :

"In fact when we dug out the old records personally speaking, even I am a little unsure about the figure of 19 (deaths) from those 29 wards."

Explaining it further he stated :

"We have already written to the Government of Madhya Pradesh to dig out their records because whatever records we have are the copies of the old records of communication received in 1984 or 1985, from the Government of Madhya Pradesh. So, we have asked them to give us all the details as to how the parameters on which it was fixed, whether this figure of 19 from 29 wards is the correct figure or whether it only pertains to the deaths on a particular day, etc."

33. In reply to a question about giving relief to victims of remaining 20 wards the witness assured the Committee that from their side they would make every efforts in the matter. The Committee were also informed that the distinction between various wards of the city was based on ICMR Report.

34. When asked whether ICMR conducted survey in all the wards of the city, a representative of Welfare Commissioner (for Bhopal Gas Victims) stated :

"It may be true that ICMR might not have conducted the research correctly."

35. The Committee also wanted to know the quantum of amount settled for compensation and interest accrued thereon. The Ministry in a note informed the Committee as under :

“The Supreme Court in its Order dated 14/15th February, 1989 while ordering settlement directed payment of a sum of US \$ 470 million by the Union Carbide (UCC) to the Union of India. The payments were directed to be made as follows :

1. US \$ 425 million (less US \$ 5 million paid by UCC pursuant to the order of Judge Keenan in U.S. Courts)
2. Rs. 68.99 crores

The exchange rate as on 24.2.1989 when the US \$ 420 million were deposited was Rs. 15.30 to a dollar. The total amount in Indian currency was thus Rs. 710.21 crores. This amount was deposited by the Supreme court in the Reserve Bank of India. The amount was invested by the Reserve Bank of India (RBI) in securities and earned interest. The interest amount was also re-invested in Government securities and the funds required by the Welfare Commissioner for disbursement of compensation was paid out of the interest earned as per the requirement of the Welfare Commissioner. The total amount credited to the Welfare Commissioner for disbursement of compensation amounted to Rs. 920.23 crores upto 31st March, 1997.

The year-wise interest earned on the deposits with the RBI is as follows :—

Year	Interest on deposits (Rs. in crores)
1990-91	85.90
1991-92	96.74
1992-93	109.69
1993-94	116.69
1994-95	95.26
1995-96	71.49
1996-97	65.16

The amount credited to the account of the welfare Commissioner for disbursement of compensation and the balance with the Reserve Bank of India at the end of each financial year is given below :—

(Rs. in crores)

Year	Amount credited to be Welfare Commissioner for disbursement of compensation	Balance amount
1992-93	6.87	1042.16
1993-94	187.79	1003.02
1994-95	356.06	724.18
1995-96	231.63	591.00
1996-97	137.88	562.11

The Supreme Court in its order 16.10.92 while directing the RBI to transfer the compensation fund in the name of the Welfare Commissioner stipulated the condition that wherever any withdrawal is made from the dollar deposit, the benefit of the dollar rupee exchange rate as prevailing on the date of actual withdrawal shall continue to be available and such exchange rate at the time of actual withdrawal (or the exchange rate as on the date of initial deposits whichever is higher) shall be applied. So far the following amounts have been paid by the Government on account of exchange rate variation :—

1995-96 Rs. 26.22 crores

1996-97 Rs. 43.66 crores

A provision of Rs. 118.15 crores has been proposed in BE 1997-98 on account of payment for exchange rate variation."

36. The Committee are anguished over the fact that even though the Central Govt. is responsible for implementation of 'The Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985, the Government has not ever tried to satisfy themselves whether the division of Bhopal city in two categories viz. gas affected (36 wards) and not affected by gas (20 wards) was proper one. The Govt. is yet to satisfy

the Committee about 19 deaths in 29 wards syndrome. The Committee would like the Government to examine this matter afresh take a concrete decision and report to the Committee within one month. The Committee strongly recommend that Bhopal city as a whole should be treated as gas affected with a view to provide relief to all the victims particularly in the context of preamble to the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 which reads as under :—

“An Act to transfer powers on the Central Government to secure that claims arising out of, or connected with, the Bhopal Gas Leak Disaster are dealt with speedily, effectively, equitably and to the best advantage of the claimants and for matters incidental thereto.”

(Recommendation Sl. No. 6)

37. The Committee also note that with the receiving of over 4 lakh fresh claims, the number of peending claims has again gone over 5 lakhs. With 37 Courts functioning (against the stipulation of 56 Courts) and a quota of 500 cases for each Court per month, it will take between 2-3 years time for disposal of the pending cases. As recommended by the Committee in their earlier Reports, the Committee once again reiterate that the number of Courts should be increased to 56 without further loss of time.

(Recommendation Sl. No. 7)

Major Head '2852'

F. National Institute of Pharmaceutical Education & Research (NIPER)

38. This is a new project being set up at Chandigarh. The Institute seeks to promote excellence in the sphere of Pharmaceutical education in India and to meet the current and future needs of the Pharmaecutical sector in India. It will be the first national level Institute in India in the Pharmaceutical sciences and a Bill with the proposal to have it declared as an Institute of national importance like IITs has been introduced in Lok Sabha recently. The initial estimated cost of the project was Rs. 25 crores. In May, 1995 NIPER had submitted the revised cost estimates as Rs. 83.30 crores. The estimates were updated to Rs. 87.30 crores in December, 1995. On the basis of advice of Planning Commission to spread the remaining expendituree over five years of the 9th Plan period the estimates were revised to Rs. 111.50 crores. The revised cost estimate approved by the Expenditure Finance

Committee is Rs. 99.00 crores. Out of this, Rs. 27.00 crores were provided in 1996-97. A provision of Rs. 14 crores has been made in the Demands for the Institute for this year.

39. When the Committee wanted to know that whether the Ministry had satisfied themselves with the revised cost, the Ministry stated in a reply as follows:

“The Revised Estimates have been examined in the Government in consultation with Ministry of Finance, the Planning Commission and have been approved by the Expenditure Finance Committee after satisfying that the revised costs are adequate.”

40. Asked about the latest position in regard to approval of revised estimates, the Deptt. informed that the revised estimates were to be placed before the Cabinet Committee on Economic Affairs (CCEA) for approval.

41. The Committee regret to note that the project cost of NIPER which increased from Rs. 25 crores to Rs. 87 crores and again to Rs. 111.50 crores is yet to be approved by the Government. The Committee would like the Govt. to give its final approval at the earliest so that Rs. 14 crores sought under the Demands for the current year can be spent for the project.

(Recommendation Sl. No. 8)

Major Head: 4857/6857

G. Investment in Public Sector Undertakings and Loans to PSUs

42. The following table shows the amount given to sick PSUs under the Ministry:

		(Rs. in crores)			
		<u>Investment</u>		<u>Loan</u>	
		Plan	Non-Plan	Plan	Non-Plan
1995-96	(Actuals)	3.00	—	9.00	26.87
1996-97	BE	6.00	—	6.00	26.88
	RE	6.00	—	6.00	39.90
1997-98	BE	9.90	—	8.65	24.00

43. PSU-wise projected allocations for the year 1997-98 are as under:

PSU/Cooperative		Investment Loans (Rs. in crores)		Present status of company in brief
1	2	3	4	5
1.	Indian Drugs & Pharmaceuticals Ltd. (IDPL)	0.05	20.00	Earlier revival plan failed. Govt. is yet to finalise a revised revival plan based on the Reports of consultants appointed by the Operating agency viz. IDBI. No production since Oct., 1996.
2.	Petrofils Co-operative Ltd. (PCL)	2.00	—	Incurring huge losses. Revival plan pending with Govt. for approval since June, 1996.
3.	Hindustan Antibiotics Ltd.	1.50	1.50	Recently declared sick and referred to BIFR.
4.	Hindustan Insecticides Ltd. (HIL)	3.45	4.65	Funds for renewals/ replacements. As per orders of Supreme Court the Delhi plant is to be relocated.
5.	Bengal Chemicals & Pharmaceuticals Ltd.	1.50	2.50	Implementation of revival plan under progress. Company has been achieving performance targets set in the revival plan.

1	2	3	4	5
6.	Bengal Immunity Ltd. (BIL)	0.50	2.50	Targets of performance not as per Revival Plan. Revision of revised revival plans under formulation.
7.	Smith Stanistreet Pharmaceuticals Ltd. (SSPL)	0.50	1.50	-do-

44. During the course of examination, the Committee pointed out that IDPL was declared sick and referred to BIFR as far back as 1992 and enquired about the latest position in this regard. The Secretary, Chemicals and Petro-chemicals stated as follows :

“I would just like to state and give a very short background as to what has happened. When the first revival plan for the IDPL (approved on 10.2.94) did not succeed, then the management of the IDPL along with consultations of various labour unions, submitted a second modified revival package.

“This is, what we would like to call the re-revival package because one package had already been sanctioned and when that package did not succeed in the first one-and-a-half years of operation, the management of IDPL, in consultation with labour unions, came up with the second plan saying that some further financial assistance be given. This was considered in a Group of Ministers’ meeting on 11.1.1996 and the view taken was that IDPL’s second revival plan should be sent to the BIFR and that BIFR should be requested to get its techno-economic viability thoroughly examined by appointing an operating agency. Subsequently during the course of second or third sitting of the BIFR they directed the operating agency—in this case the IDBI to appoint a consultant and to get it thoroughly examined on a unit-wise basis as well as on an overall basis.”

45. In the context of delay in revival of IDPL, the Committee wanted to know about the report of IDBI. He added:

“When the report was in the final stages, I think, a number of hon. M.Ps. and a number of trade union bodies of IDPL had met

the hon. Prime Minister. The hon. Prime Minister held a meeting in his residence on 11.1.1997. The directive given by the hon. Prime Minister to me was that I must try and get the IDBI report expedited so that the IDBI's conclusions alongwith the analysis of the Department could be put up as quickly as possible before the Union. Cabinet for taking a decision. With great difficulty we managed to get the report by the end of January,"

46. When the Committee further wanted to know the details of the recommendations made by the consultants, the Deptt. of Chemicals and Petro-chemicals stated in a written reply:

"The Consultants referred to are M/s. A.F. Ferguson and Co. The Consultants were engaged by Industrial Development Bank of India (IDBI), Bombay who were appointed as the Operating Agency by the Board for Industrial and Financial Reconstruction. The Report of the Consultant was in three parts. The first part constituted a study of the overall status of IDPL and the second part contains the measures that would be necessary to improve upon the situation in IDPL. The third part comprises the Consultant's assessment about the value of the surplus land at Hyderabad and Gurgaon. The first volume of the report was received by the Government on 3.12.1996. The second volume of the report, containing the operative part of the measures considered necessary was received on 27.12.1996. The third part was received on 7.3.1997.

The diagnostic study made by the Consultant indicated that IDPL is unviable on "as is where is basis". The report also indicated that operations would be streamlined with a total capital expenditure of Rs. 130 crores in modernisation, purchase of technology and consolidation of the formulation facility at one place. The recommendations of the Consultant also call for drastic reduction in manpower from the existing level of 7600 to about 2400, operations of facilities like housing, schools, colleges, Guest House etc. on no profit no loss basis or transfer of all these facilities to the concerned Civic Authorities.

IDBI, the Operating Agency, has estimated that the cost of implementing the suggestions of M/s A.F. Ferguson and Co. to improve the operational viability of IDPL is Rs. 710 crores.

According to the Operating Agency even after all these measures are implemented, the projected Gross profit would not be adequate to service the new liabilities and there is no question of servicing the existing liabilities of about Rs. 819 crores. According to the IDBI, IDPL has lost its commercial and financial viability, and, therefore, it is not possible to suggest any acceptable and viable rehabilitation scheme.

In the light of the report of the Operating Agency, the BIFR in the last hearing held on 21.2.1997 allowed time of about 45 days to Government for a view with regard to the future of IDPL. A view about the future of IDPL is yet to be taken by the Central Government with the approval of appropriate authority."

47. Asked further that how inspite of repeated recommendation of the Committee made during the last 4 years, the Government have not been able to bring IDPL out of red, the Secretary, Chemicals and Petro-chemicals, explained that the Deptt. has always given due importance to the recommendations made by the Committee. Explaining it further, the Deptt. in a written reply stated as follows :

"As the Committee is aware that a revival package for IDPL was approved by the BIFR on the 10th February, 1994. The revival package/operations were envisaged for a period of 10 years beginning from 1994-95. The package was approved only as a result of full support and efforts by the Government. As a part of the package substantial reliefs in terms of Capital restructuring involving conversion of loans amounting to Rs. 150 crores into equity, loans amounting to Rs. 20 crores being converted into interest free loans with moratorium of 7 years for repayment and waiver of about Rs. 285 crores were provided by the Government. A fresh financial assistance of Rs. 140 crores was given during the years 1993-94 to 1995-96 as against the assistance of Rs. 120 crores envisaged in the revival package. However, the operations of IPDL could not be taken up to the targetted levels in 1994-95 and this led to IDPL suggesting modifications in the package. The BIFR held that the earlier package had failed and directed IDBI to take up a fresh techno-economic analysis.

48. When the Committee enquired about the significance of a meagre annual plan budget provision of Rs. 5 lakh for IDPL during 1997-98, the Secretary, C&PC explained as follows :

“Rs. 5 lakh business is very simple. But at this moment, I am not in a position to put an arbitrary figure saying that we want Rs. 100 crore for IDPL. Supposing the Cabinet is taking a view that it must be revived, then the Ministry of Finance will say that you asked for Rs. 100 crore, we have given, then why are you crying again ? Therefore, we have simply kept Rs. 5 lakh as a token entry point so that when the Cabinet takes.”

49. On being pointed out by the Committee further that sale of surplus land could bring much needed funds, the witness stated that it will fetch approximately anything between Rs. 130 crore and Rs. 160 crore.

50. Asked further whether this had been included in revival plan he stated :

“That will be included a little later because the sale of land always takes a bit of time whereas investment will be required to be made immediately.”

51. A representative of the IDPL Employees Union also deposed before the Committee. In his submissions before the Committee he brought out the following reasons for the present state of affairs of IDPL :

- (i) The 1st revival plan did make some progress in 1994-95. For instance Rishikesh plant achieved 100% production targets, Gurgaon plant achieved 70% targets. However, Hyderabad Plant lagged behind by achieving 53% targets. The BIFR opined that perhaps too ambitious targets were fixed and gave 30 days time for furnishing second year's revised targets.
- (ii) The Ministry took 6-7 months in furnishing the desired data and approaches BIFR under Section 17(3) & not 17(2).
- (iii) Operating agency appointed consultants and the revised revival package has not been placed before BIFR.
- (iv) Government Departments like Rajasthan Government place all orders on IDPL or its subsidiaries. Some other States like

Andhra Pradesh also issued notifications on similar lines. If all Government departments follow this, IDPL could be revived easily.

- (v) IDPL in the past has risen to occasions in emergent situations like providing anti-cholera medicines.

Revival of Petrofils Co-operative Ltd.

52. The Committee wanted to know about the problems being faced by Petrofils Co-operative Ltd. and the steps being taken by the Government for revival of this sick unit. The Secretary, C&PC explained as follows :

“The Petrofils is actually a cooperative society. It is a registered society which deals with certain petro-chemical projects like fibres and things like that.

This company was doing very well until about seven or eight years ago. Then the Board of Directors thereof course, being a cooperative society, probably we used to have one official director had taken a decision to set up a Spandex Yarn Project at a cost of about Rs. 70 crore. Unfortunately, the investment decision was made on certain wrong projections of supply and demand. The net result was that the plant was set up producing about 550 metric tonnes of spandex yarn when the maximum demand of yarn in the country in the last ten years had reached about 55 or 57 tonnes per year, sinking down sometimes to 38 tonnes. The net result was that investment of Rs. 70 crore and its loan liabilities and the interest liabilities have taken this company into the sinking point. Because it is a cooperative society, it had a good track record. I have tried my best to get them some job work to keep them floating. This was done primarily because they were in the throes of making a revival plan. Unfortunately, being a cooperative society, we cannot even approach the BIFR and cannot ask the IDBI, but informally we have approached the IDBI. Their plan is now being given a re-look in terms of techno-economic viability and also some of the nationalised banks have rendered loans and assistance to them. Somehow we have managed to keep it floating. This time in the Planning Commission, in the current year's Plan, I had to make a special plea to the Member Secretary of the Planning Commission, Dr. Bimal Jalan, to give at least some assistance so

that I could do some urgent revamp in the plant and machinery and make this a little more viable. After all, if a unit had been profitable until three or four years ago and because of wrong investment decisions taken 6 or 7 years ago, it is not working well, why should the company be allowed to go to dogs? Therefore, with my efforts, we have managed to get a provision of Rs. 2 crore for urgent revamp in the current year, that is, 1997-98. If the hon. Committee under your Chairmanship will be kind enough to recommend to the Parliament, hopefully this budget will be passed.

Secondly, they were running into a terrible difficulty in terms of getting working capital. Working capital is given by the banks. Because they were in the minus, the banks said that they will not extend assistance till the Government guarantee was given. After a great deal of persuasion—I had to personally speak to the Finance Secretary and other officers in the Finance Ministry the Government have agreed to give a guarantee of Rs. 10 crore for them. So, now they should be in a position to get working capital with which they can purchase raw material, finish it and sell it in the market.

Lastly, through certain amount of efforts, we have managed to get them job work up to about 85 per cent of their existing capacity. Job work is simple. You give some raw material to me. I simply finish it and impose a finishing charge. That way we have calculated that if they start doing this job work from the coming month, they should be in a position to generate about Rs. 7 crore per month, which will be enough to pay their salary and wages and may be they may also be left with a little amount to recycle in terms of their raw material purchase etc."

53. On being pointed out by the Committee that PSUs like IPCL could help out the PCL, the witness replied :

"The most difficult point to which I very much want to draw the kind attention of this Committee is that it is the Multi-cooperative Societies Act which needs a complete modification. Time and again, the Act, as it stands, prevents the societies from accessing the capital market. For instance, if this were a corporation, they could have easily raised a bond or they could have easily got their share capital disinvested.

The second difficulty is that this is almost a sister unit of the IPCL in terms of supplementing the efforts of IPCL. IPCL would

be quite happy to take this over and make it a subsidiary company and run it well. But because it is a society, I have no method of permitting a public sector company to take this thing over. So, until the Act is amended to make it a kind of corporation or a company, I am not able to take it over because what IPCL produces, this will complement that and supplement that. This will be one of the units of the IPCL. But I cannot ask the IPCL to take it over because there are shareholders who have contributed money. They may not accept it. They may not pass a resolution. So, I have really come to an impasse. Therefore, I thought it proper that I would focus the Committee's kind attention to this point."

54. When the Committee pointed out that PCL utilised only Rs. 123 crores as against the plan outlay of Rs. 200 crores during 8th Five Year Plan, the Deptt. stated in a written reply as follows :

"The actual expenditure during 8th Plan period was less than the originally approved outlay as PCL had to defer implementation of their major projects on installation of 2 POY lines, Geo Textiles etc. as the society was unable to generate adequate internal and extra budgetary resources."

55. Asked further whether the small amount of Rs. 2 crores proposed for PCL for 1997-98 would be sufficient to run the activities of PCL smoothly, the Department replied that a provision of Rs. 2 crores in 1997-98 has been kept for meeting the essential capital expenditure on renewal and replacements, utilities etc. pending a final decision on the revival package of PCL.

56. On being enquired about the latest position of the revival plan submitted by PCL, the Deptt. stated as follows :—

"The revival plan in the form of financial rehabilitation package was submitted by PCL *vide* their letter dated 22nd June, 1996. The financial package was examined in the Department and was sent to the various Financial Institutions for their comments. The recommendation of Industrial Development Bank of India on the financial package of the society was received in the Department of Chemicals and Petrochemicals on 17.3.97 and is being examined by the Department in consultation with the Finance Division."

Revival of BCPL, BIL, SSPL and HAL

57. Asked about the position of other sick units which were under revival, the Deptt. in a note stated that BCPL has been able to record continuous growth rate in their operations in the last three years and is expected to generate profit in the next financial year. The performance of BIL and SSPL has fallen short of the targets. BIFR has asked these two companies to submit modified revival plans. HAL has recently been referred to BIFR. Revival plan for the company is yet to be drawn.

On being further pointed out by the Committee that some more serious planning was required at the level of Govt. to bring the above PSUs out of red, the Deptt. stated in a note :—

“The circumstances under which sick PSUs were originally set up or nationalised by the Central Govt. differ in each case. Today, neither those circumstances are valid nor the present conditions of working, industry environment, competitiveness etc. are conducive for these sick PSUs to easily come out of red. So far, Govt. have been taking decisions about the future of sick PSUs on the basis of recommendations made by the expert financial institutions. However, the experience has shown that in most of these cases, the managements have failed to achieve the desired results. Cases of such PSUs are now being re-examined more vigorously, including with the help of outside consultants, so as to take a more realistic and serious view about their future.”

58. The Committee are deeply anguished over the fact that inspite of repeated recommendations of the Committee (made during the last 4 years) the Government have not been able to bring IDPL out of red. The Committee feel that the IDPL has been a premier leading drugs and pharmaceutical company during the last several decades and its role in providing drugs to the common man at a reasonable price can not be overlooked. Admittedly management failures and delay in taking timely remedial measures by the Govt. coupled with the entry of multinational and other big national companies in the field of drugs and Pharmaceuticals, are the main reasons for the present plight of IDPL. The Committee are not very sure whether the consultants appointed by operating agency *viz.* IDBI on the question of revival of IDPL, are experts in the drugs/pharmaceutical industry and they would like the Govt. to first satisfy themselves about the reasonableness of the Reports of the experts.

(Recommendation Sl. No. 9)

59. The Govt. is also yet to take a final view on the consultant's Reports which were presented in batches and the last report was made available to Govt. on 7.3.1997. Since the Govt. has already

taken considerable time in deciding the future of IDPL, the Committee strongly recommend that the Govt. should come out with a sincere and reasonable revival packages of IDPL in a month's time. In Committee's view early revival of IDPL is MUST for successful implementation of 'Health for all by 2000 A.D. Programme'.

(Recommendation Sl. No. 10)

60. The Committee were informed that one of the areas for funding revival package could be sale of surplus land which could fetch around Rs. 160 crores. The Committee desire that this should be done urgently in a transparent manner to bring the much needed funds to start the production activities.

(Recommendation Sl. No. 11)

61. The Committee find that one of the reasons for dwindling health of IDPL is not placing orders by Central and State Government Departments. Reportedly some of the State Governments like Rajasthan and Andhra Pradesh were placing their orders on IDPL or its subsidiaries. For revival of IDPL, the Committee strongly recommend that Central and State Governments should procure at least 50 of their requirements from IDPL.

(Recommendation Sl. No. 12)

62. The Committee regret to note that PCL's revival plan is pending with the Government for approval since June, 1996. Since PCL is not a PSU, Government cannot go to the BIFR etc., the revival plan should have been approved by the Government long back. As the Government has already taken 9 months time to examine the PCL proposals, it should be approved within a month's time. Needless to emphasise, Government should provide all necessary assistance in reviving this unit which is the life line of several small Cooperative units.

(Recommendation Sl. No. 13)

63. The Secretary, Chemicals and Petro-chemicals informed the Committee that IPCL, a PSU under the same Ministry, is trying to help PCL by giving job work of Rs. 80-85 crores annually. He also said that PCL could not be taken over as a subsidiary by IPCL because it was not technically possible since PCL was formed and governed under Multi-State Cooperative Society Act. Similarly there were certain constraints for Societies for going to capital market for funds etc. The Committee desire that the Govt. should provide all necessary assistance to bring PCL out of red. They feel that when two cooperatives in the sister Deptt. constituted under the very same Multi-State Cooperative Society Act viz. IFFCO and KRIBHCO could perform very well, there was no reason why PCL should not perform

well. Besides the Deptt. could send specific suggestions to Ministry of Agriculture & Cooperation for amending specific provisions of Multi-State Cooperative Society Act which are coming in the way of running the PCL smoothly.

(Recommendation Sl. No. 14)

64. The Committee take a serious view that apart from IDPL other sick PSUs (except BCPL) under the Department which are under revival process, have fallen short of achieving the given targets. As desired by BIFR a updated modified revival plans should be finalised and after approval of such plans, the Government must monitor the performance very closely through regular reviews so that these modified plans are implemented successfully.

(Recommendation Sl. No. 15)

65. The Committee are astonished to hear from the Deptt. that in most of these cases (revival of sick PSUs), the managements have failed to achieve the desired results. The Committee would like to know in respect of each case as to what specific action did the Government take against the managerial failures.

(Recommendation Sl. No. 16)

66. It appears to the Committee that Government monitoring system of the working of PSUs under its administrative control through the quarterly performance reviews, and Government nominees on the Board of PSUs has been ineffective otherwise how could the managerial failures could not be noticed/detected in time for taking timely remedial measures. The Committee, therefore, strongly recommend that Government monitoring system of PSUs/ other bodies under its administrative control through quartely performance reviews/Government nominees on the Board should be reviewed and strengthened effectively.

(Recommendation Sl. No. 17)

67. Since the shareholders have increased considerably through disinvestment of PSUs share capital, the Committee also recommend that non-official eminent experts in the related fields should also be appointed/nominated on the Boards of PSUs, etc.

(Recommendation Sl. No. 18)

NEW DELHI;
April 22, 1997

Vaisakha 2, 1919 (Saka)

A.R. ANTULAY,
Chairman,
Standing Committee on
Petroleum & Chemicals.

APPENDIX I
ITEM-WISE DETAILS OF THE DEMANDS
(Vide Para 2 of the Report)

Revenue Section		(Rs. in crores)						
Sl. No.	Major Head	Items	1995-96 Actuals	1996-97 BE	1997-98 BE	1995-96 Actuals	1996-97 BE	1997-98 BE
1	2	3	4	5	6	7	8	9
1.	3451	Seckt. Eco. Services	Plan Non-Plan	3.05	3.12	3.12	3.12	3.69
2.	2852	B. Industries B.I. Petrochemicals	Plan Non-Plan	20.40 4.00	4.60 4.40	2.60 4.40	2.60 4.40	3.25 4.40
3.		Chemicals & Pharmaceuticals Industries Bhopal Gas Leak Disaster	Plan Non-Plan	211.83	363.68	137.16	137.16	150.59
4.		Grant to Institute of Pesticides Formu- lation Technology	Plan Non-Plan	0.95	1.45	1.00	1.00	1.00

1	2	3	4	5	6	7	8
5.	National Institute of Pharmaceuticals Non-Plan Education & Research		Plan —	3.28 —	1.00 —	3.00 —	14.00
6.	DC (PI)		Non Plan	0.29	0.35	.24	—
7.	RENPAF (Through IPFT)		Plan	0.05	0.05	0.05	0.05
8.	Chemicals Weapon Convention		Plan Non- Plan	— .22	— 0.50	0.45 0.40	— 0.50
9.	NPPA		Non- Plan	0.08	0.70	0.70	1.91
10.	Subsidy to Assam Gas Project		Non- Plan	—	75.00	75.00	75.00
11.	VRS's in PSUs		Plan	12.50	6.00	6.50	—
12.	Other schemes (PEPS, PPDA, PRDP, CPDS)		Plan Non- Plan	— —	— —	— —	0.10 0.65
Revenue Total				256.65	460.85	234.88	255.64

CAPITAL SECTION

		(Rs. in crores)				
Major Head	Items	Plan/ Non- Plan	1995-96 Actuals	BE	1996-97 RE	1997-98 BE
1	2	3	4	5	6	7
4857	Investment in Public Sector & other Undertakings	Plan Non- Plan	3.00 —	6.00 —	6.00 —	9.90 —
6857	Loans to Public Sector & other Undertakings	Plan Non- Plan	9.00 26.87	6.00 26.88	6.00 39.90	8.65 24.00
Capital Total			38.87	38.68	51.90	42.55
Total (Revenue+Capital)			295.52	499.73	286.78	298.19

APPENDIX II

MINUTES OF THE 13TH SITTING OF THE COMMITTEE HELD ON 3.4.1997

The Committee sat from 11.00 hrs. to 13.30 hrs.

PRESENT

Shri A.R. Antulay — *Chairman*

MEMBERS

Lok Sabha

2. Dr. L.N. Pandey
3. Shri Tejvir Singh
4. Shri Dwarka Nath Das
5. Shri Ashok Argal
6. Shri Bhanu Pratap Singh Verma
7. Shri Anadi Charan Sahu
8. Shri Oscar Fernandes
9. Shri Paban Singh Ghatowar
10. Dr. Girija Vyas
11. Shri Kodikunnil Suresh
12. Shri Shantilal P. Patel
13. Shri Satyajitsinh D. Gaekwad
14. Shri Surendra Yadav
15. Shri Uddab Barman
16. Dr. Asim Bala
17. Shri P. Shanmugam

18. Shri M. Selvarsasu
19. Shri Sanat Kumar Mandal
20. Shri Bir Singh Mahato

Rajya Sabha

21. Shri Karnendu Bhattacharjee
22. Shri H. Hanumanthappa
23. Shri Gundappa Korwar
24. Shri Parmeshwar Kumar Agarwalla
25. Shri Narain Prasad Gupta
26. Shri E. Balanandan
27. Shri R.K. Kumar
28. Shri Ram Gopal Yadav
29. Dr. Y. Lakshmi Prasad
30. Shri Parag Chaliha

SECRETARIAT

1. Shri J.P. Ratnesh — *Joint Secretary*
2. Shri G.R. Juneja — *Deputy Secretary*
3. Shri Brahm Dutt — *Under Secretary*
4. Shri S.N. Dargan — *Under Secretary*

Representatives of Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petrochemicals

1. Shri N.R. Banerji, Secretary (C&PC)
2. Shri P.C. Rawal, Joint Secretary (A,B&C)
3. Shri S.K. Sood, Joint Secretary (PC&DPEA)
4. Shri Shantanu Consul, Joint Secretary (PI)
5. Shri S. Kabilan, Joint Secretary & Financial Adviser
6. Smt. Lalita B. Singh, Adviser (PC)

7. Shri M.M. Srivastava, Director (C)
8. Shri B.B. Goyal, Dy. Financial Adviser
9. Shri Arun Kumar, Deputy Secretary (A&C)
10. Shri S.K. Bandopadhyay, Under Secretary (PSU)
11. Shri K.G. Ramanathan, C & MD, IPCL
12. Smt. Reena Ramachandran, C & MD, HOCL
13. Shri J.K. Desai, C & MD, PCL
14. Shri D. Jayaprakash, C & MD, HIL
15. Shri A.K. Basu, C & MD, HAL
16. Shri R.K. Diwan, C & MD, (In-charge) & Director (F), IDPL
17. Shri Probir Roy, MD, BCPL
18. Shri R.K. Mukherji, MD, BIL
19. Shri A.K. Malik, MD, SSPL
20. Dr. J.S. Anand, Director, CIPET
21. Dr. S.P. Dua, Chairman, IPFT
22. Dr. C.L. Kaul, Director, NIPER
23. Shri D.S. Jain, Registrar, Office of Welfare Commissioner, Bhopal.

The Committee took oral evidence of the representatives of Ministry of Chemicals & Fertilisers, Deptt. of Chemicals and Petrochemicals in connection with examination of Demands for Grants of Deptt. of Chemicals & Petrochemicals for the year 1997-98.

The main issues which came up for discussions include Assam Gas Cracker Project and Bhopal Gas Disaster.

A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

APPENDIX III

MINUTES OF THE 14TH SITTING OF THE COMMITTEE HELD ON 4.4.1997

The Committee sat from 1100 hrs. to 1330 hrs.

PRESENT

Shri A. R. Antulay — *Chairman*

Lok Sabha

2. Dr. L.N. Pandey
3. Shri Dwarka Nath Das
4. Shri Ashok Argal
5. Shri Bhanu Pratap Singh Verma
6. Shri Anandi Charan Sahu
7. Shri Oscar Fernandes
8. Shri Paban Singh Ghatowar
9. Dr. Girija Vyas
10. Shri Kodikunnil Suresh
11. Shri Shantilal P. Patel
12. Shri Surendra Yadav
13. Shri Uddab Barman
14. Dr. Asim Bala
15. Shri Bir Singh Mahato

Rajya Sabha

16. Shri Karnendu Bhattacharjee
17. Shri H. Hanmanthappa
18. Mohd. Masud Khan

19. Shri Parmeshwar Kumar Agarwalla
20. Shri Narain Prasad Gupta
21. Shri R.K. Kumar
22. Shri Parag Chaliha

SECRETARIAT

- | | | |
|----------------------|---|-------------------------|
| 1. Shri J.P. Ratnesh | — | <i>Joint Secretary</i> |
| 2. Shri G.R. Juneja | — | <i>Deputy Secretary</i> |
| 3. Shri Brahm Dutt | — | <i>Under Secretary</i> |
| 4. Shri S.N. Dargan | — | <i>Under Secretary</i> |

*Representatives of Minisry of Chemicals & Fertilisers,
Deptt. of Chemicals & petrochemicals*

1. Shri N.R. Banerji, Secretary (C & PC)
2. Shri P.C. Rawal, Joint Secretary (A, B & C)
3. Shri S.K. Sood, Joint Secretary (PC & DPEA)
4. Shri Shantanu Consul, Joint Secretary (PI)
5. Shri S. Kabilan, Joint Secretary & Financial Adviser
6. Smt. Lalita B. Singh, Adviser (PC)
7. Shri M.M. Srivastava, Director (C)
8. Shri B.B. Goyal, Dy. Financial Adviser
9. Shri Arun Kumar, Deputy Secretary (A & C)
10. Shri S.K. Bandopadhyay, Under Secretary (PSU)
11. Shri K.G. Ramanathan, C & MD, IPCL
12. Smt. Reena Ramachandran, C & MD, HOCL
13. Shri J.K. Desai, C & MD, PCL
14. Shri D. Jayaprakash, C&MD, HIL
15. Shri A.K. Basu, C&MD, HAL
16. Shri R.K. Diwan, C&MD, (In-charge) & Director (F), IDPL

17. Shri Probir Roy, MD, BCPL
18. Shri R.K. Mukherji, MD, BIL
19. Shri A.K. Malik, MD, SSPL
20. Dr. J.S. Anand, Director, CIPET
21. Dr. S.P. Dua, Chairman, IPFT
22. Dr. C.L. Kaul, Director, NIPER
23. Shri D.S. Jain, Registrar, Office of Welfare Commissioner, Bhopal.

Representative of ID & L Worker's Union

1. Shri Y.D. Sharma

At the outset Shri Y.D. Sharma, a representative of IDPL worker's Union made a brief submission before the Committee in regard to the reasons which led sickness of IDPL and Government failure to revive IDPL units.

2. Thereafter, the Committee resumed the oral evidence of the representatives of Ministry of Chemicals & Fertilisers, Deptt. of Chemicals and Petro-chemicals in connection with examination of Demands for Grants of Deptt. of Chemicals & Petro-chemicals for the year 1997-98.

3. The main issues which came up for discussions include revival of IDPL, Staff strength in the Ministry, working of National Pharmaceutical Pricing Authority and Revival of petrofilms Co-operative Ltd.

4. The Committee also decided that the Sub-Committee with Shri P.K. Agarwalla as Convenor will look into the matters relating to revival of IDPL. The Sub-Committee will present its report to the main Committee within about one month.

5. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

APPENDIX IV

MINUTES OF THE 19TH SITTING OF THE COMMITTEE HELD ON 18.4.1997

The Committee sat from 1630 hrs. to 1700 hrs.

PRESENT

Shri A.R. Antulay — *Chairman*

MEMBERS

Lok Sabha

2. Shri Tejvir Singh
3. Shri Dwarka Nath Das
4. Dr. G.L. Kanaujia
5. Shri Ashok Argal
6. Shri Bhanu Pratap Singh Verma
7. Shri Oscar Fernandes
8. Dr. Girija Vyas
9. Shri Shantibhai P. Patel
10. Shri K. Kandasamy
11. Shri Mohan Rawle
12. Shri Bir Singh Mahato

Rajya Sabha

13. Shri H. Hanumanthappa
14. Shri Gundappa Korwar
15. Shri Narain Prasad Gupta
16. Shri R.K. Kumar
17. Dr. Y. Lakshmi Prasad
18. Shri Parag Chaliha

SECRETARIAT

1. Shri J.P. Ratnesh — *Joint Secretary*
2. Shri G.R. Juneja — *Deputy Secretary*
3. Shri Brahm Dutt — *Under Secretary*
4. Shri S.N. Dargan — *Under Secretary*

The Committee considered the Draft Reports on Demands for Grants for 1997-98 relating to the following Ministries/Departments:

- (i) 10th Report relating to the Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petro-Chemicals.

** ** **

2. After some discussions, the committee adopted the above Draft Reports with some verbal changes.

** ** **

4. The Committee, thereafter, authorised the Chairman to finalise the 10th and 11th reports after factual verification by the concerned Ministries/Departments and present them to Parliament.

The Committee then adjourned.