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**STANDING COMMITTEE ON
PETROLEUM & CHEMICALS
(1998-99)**

TWELFTH LOK SABHA

**MINISTRY OF CHEMICALS AND FERTILISERS
(DEPTT. OF CHEMICALS AND
PETRO-CHEMICALS)**

EIGHTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1999/Phalguna, 1920 (Saka)

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(TWELFTH LOK SABHA)

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(DEPTT. OF CHEMICALS & PETRO-CHEMICALS)

*[Action taken by Government on the recommendations contained in
the 5th Report of Standing Committee on Petroleum and
Chemicals (1998-99) on Demands for Grants (1998-99)
of the Ministry of Chemicals and Fertilisers,
Deptt. of Chemicals and Petro-chemicals]*

*Presented to Lok Sabha on 18.3.1999
Laid in Rajya Sabha on 18.3.1999*



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE
ON PETROLEUM AND CHEMICALS
(1998-99)

Dr. Balram Jakhar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ratilal Kalidas Varma
- *3. Shri Z.M. Kahandole
4. Dr. Vallabhbhai Kathiria
5. Shri Ashok Argal
6. Shri V. Dhananjaya Kumar
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21. Shri Pitambar Paswan
22. Shri Prabhunath Singh
23. Dr. C. Suguna Kumari

*Nominated w.e.f. 10.7.1998 *vice* Shri Chandubhai Deshmukh expired on 28.6.1998.

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25. Shri M. Selvarasu
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Rajya Sabha

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44. Shri Joyanta Roy
45. Shri Parag Chaliha

SECRETARIAT

- | | |
|---------------------|-------------------------------|
| 1. Dr. A.K. Pandey | — <i>Additional Secretary</i> |
| 2. Shri Hamam Singh | — <i>Joint Secretary</i> |
| 3. Shri Brahm Dutt | — <i>Deputy Secretary</i> |
| 4. Shri J.N. Oberoi | — <i>Under Secretary</i> |
| 5. Shri Ram Raj Rai | — <i>Committee Officer</i> |

* Nominated w.e.f. 5.8.98 vice Prof. Naunihal Singh retired from the Membership of Rajya Sabha w.e.f. 4.7.98

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Eighth Report on Action taken by Government on the recommendations contained in the Fifth Report of the Standing Committee on Petroleum and Chemicals (1998-99) (Twelfth Lok Sabha) on 'Demands for Grants of the Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petrochemicals for the year 1998-99'.

2. The Fifth Report of the Committee was presented to Lok Sabha on 10th July, 1998. Replies of Government to all the recommendations contained in the Fifth Report were received by 7th January, 1999.

3. The replies of the Government were considered by the Committee on 9th March, 1999. The Committee considered and adopted the Report at their sitting held on March 9, 1999.

4. An analysis of action taken by Government on the recommendations contained in the Fifth Report (1998-99) of the Committee is given in Appendix II.

NEW DELHI;
12 March, 1999
21 Phalguna, 1920 (Saka)

DR. BALRAM JAKHAR,
Chairman,
Standing Committee on
Petroleum & Chemicals.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Fifth Report (Twelfth Lok Sabha) of the Standing Committee on Petroleum & Chemicals (1998-99) on 'Demands for Grants (1998-99) of the Ministry of Chemicals and Fertilisers, Deptt. of Chemicals and Petrochemicals' which was presented to Lok Sabha on 10th July, 1998.

2. Action Taken notes have been received from the Government in respect of all the 23 recommendations contained in the Report. These have been categorised as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Sl. Nos. 1, 2, 3, 4, 5, 6, 12, 13, 14, 15, 16, 17, 21 & 23.

- (ii) Recommendations/observations which the Committee do not desire to pursue in view of Government replies:

NIL

- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee:

Sl. Nos. 7, 8 and 22

- (iv) Recommendations/observations in respect of which final replies are still awaited:

Sl. Nos. 9, 10, 11, 18, 19 & 20

3. The Committee desire that the final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to the Committee expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

**Establishment of new Centres of Central Institute of
Plastics Engineering and Technology (CIPET)**

Recommendation (Sl. Nos. 2 & 3, Para Nos. 21 & 22)

5. In view of growing need for strengthening plastic industry, the Committee had observed that there was a lack of proper planning and implementation in establishing new CIPET Centres in a time bound programme. The Committee had cited the instances of Centres located in West Bengal (Haldia), Bihar (Patna) and Assam (Guwahati), where CIPET had failed to procure requisite land from respective States for building permanent centres. The Committee had desired that the Ministry should adopt a pragmatic approach in dealing with the States. With reference to other proposed Centres in Rajasthan, Maharashtra, Delhi/Noida and Kerala, the Committee had recommended that specific targets/schedules should be finalised for acquiring land, construction of building, acquisition of machines/training facilities.

6. In their reply the Ministry have stated as follows:

“The Patna Extension Centre is functioning in the Industrial Sheds provided by the State Govt. of Bihar. The Govt. of Bihar has released so far a sum of Rs. 350 lakhs in two instalments. The Govt. had already released Rs. 1.00 crore in 1995-96 and another Rs. 1.00 crore is also provided in the Annual Plan 1998-99.

* * * * *

The Regional Advisory Committee (RAC) for the CIPET Extension Centre at Patna has been reconstituted with IDC/ Secretary, Industries Department, Govt. of Bihar as the Chairman and the first RAC meeting was held on 10th October, 1998. CIPET has already called for quotations from architects to construct their own building. Govt. of Bihar has agreed to allot 4.6 acres of land at Patliputra Industrial Estate (PIADA) very close to the existing industrial sheds at a cost of Rs. 46.00 lakhs and CIPET has already made an initial payment of Rs. 30.00 lakhs and on taking possession, the balance amount will be made available.

* * * * *

The CIPET Extension Centre at West Bengal is functioning at an Industrial Shed hired from Prototype Development & Training Centre (NSIC Complex) on a monthly rent of Rs. 80,000 (approx.) for an area of about 20,000 sq. ft. The Govt. of West Bengal has already committed to meet the 50% of the capital and revenue expenditure till the centre becomes self sufficient. It has also released a sum of Rs. 50 lakhs during March, 1998 and another sum of Rs. 1.3 crores is provided for the current year 1998-99 which is yet to be released. The Govt. of India had released a sum of Rs. 1.00 crore during 1995-96 and Rs. 1.00 crore is provided for the current year 1998-99.

* * * * *

CIPET has taken action to locate and take possession of the land at Haldia Petrochemicals, Haldia for constructing their own building. It is expected that the possession will be taken over soon.

* * * * *

The Ministry have further stated:—

“Government has already drawn up firm action plan for the timely completion of the CIPET Extension Centre at Patna (Bihar), Haldia (West Bengal). The activities of the CIPET Extension Centres at Patna, Haldia have already been started and the Centres have already started operating in rented building. As soon as the civil construction is completed, the infrastructural facilities from the rented buildings will be shifted to the new buildings.

7. The Committee are glad to note that in pursuance of their recommendation, the Government have drawn up an action plan for the timely completion of CIPET extension centres at Patna and Haldia. The land acquisition process is in advanced stage and the process to start civil construction work has also been initiated. Both the Centres have started various courses successfully in hired buildings. The Committee would like the Government to have regular periodical reviews for the construction work in respect of these centres to ensure completion as per the schedule and the Govt. should also provide help in arranging requisite funds so that the progress of work at these centres is not hampered due to lack of funds.

Recommendations (Sl. Nos. 4 & 5, Para Nos. 23 & 24)

8. The Committee had felt that out of Rs. 65 crore plan outlay for CIPET for the Ninth Five Year Plan, the budgetary support of Rs. 15 crores was inadequate and had asked the Ministry to take up the issue at the highest level to get the requisite funds from Planning Commission/Ministry of Finance/OIDB so that planned programmes for Ninth Plan are not hampered due to shortage of funds particularly that of CIPET extension centre at Guwahati. The Committee had noted that CIPET had sought US \$14 million assistance from multilateral/bilateral agencies to further upgrade and modernise the extension centres. The Committee had expressed the hope that Govt. would make sincere and vigorous efforts to obtain these funds.

9. The Ministry have stated in their reply as follows:—

“The Project proposals for setting up of new CIPET Extension Centre at Guwahati in Assam is under the active consideration of the Govt. Separately, in pursuance of a meeting held in the Planning Commission on 25.9.1998, this Deptt. has already conveyed to the Planning Commission that the Deptt. shall contribute Rs. 40 lakhs to the General Pool Account of the North Eastern Region out of the 10% Gross Budgetary Support of this Department. The Planning Commission has requested to send a Project Report on CIPET Extension Centre at Guwahati in Assam, indicating release of funds in a phased manner for taking up this Centre. It is also proposed to have the Standing Finance Committee Meeting for the Guwahati Extension Centre arranged at an early date so that the formal approval of the Govt. can be conveyed to CIPET to commence the setting up of this project.

As regards the proposal for setting up of other new CIPET Extension Centres in Himachal Pradesh, Meghalaya, Jammu & Kashmir and Nagaland, Uttar Pradesh, Maharashtra, Rajasthan and Kerala, these proposals are at a very preliminary stage. These Centres can only be set up on the basis of 50 : 50 cost sharing between the Govt. of India and the State Govts. concerned. The contribution of Govt. of India is towards purchase of Plant & Machineries, while the share of State Government is meant for creating infrastructural facilities like land, building

roads, etc. If any new Centre is to be established, the request has to come from the State Govt. concerned with a firm commitment to meet the expenditure for both Plan and Non-plan grants on 50 : 50 basis. Even for the Non-Plan expenditure of the Centres established after 1995 onwards, it has been decided that the State Govt. desirous of having a CIPET Extn. Centre shall have to contribute the recurring expenditure till the Centre becomes self-sufficient. Accordingly, the Govt. of West Bengal has come forward and agreed to share both the Plan and Non-Plan expenditure for the establishment of a full-fledged Extension Centre at Haldia (West Bengal). No other State has come forward for such commitment. After examining the techno-economic feasibility of setting up of these new Centres and also on the basis of a specific proposal for sharing of 50% of the cost by the concerned State Govts., each proposal has to be approved by the Standing Finance Committee of the Department.

With regard to procuring external assistance, the Ministry has replied:—

“The Department of Chemicals and Petrochemicals shall make all possible efforts to procure maximum external assistance from international funding agencies for supporting various activities of the CIPET. Correspondence is already going on with the Ministry of Finance for obtaining OPEC Fund Assistance for CIPET. The Planning Commission would also be requested for allocation of adequate funds/make adequate provisions for supporting CIPET.

OIDB has conveyed their approval in principle for release of an amount of Rs. 11.50 crores for the various activities of CIPET of which Rs. 2.50 crores is for 1998-99. The proposal is awaiting formal approval of the Ministry of Petroleum and Natural Gas.”

10. The Committee express satisfaction over the initiatives taken by the Ministry in pursuance of their recommendations in right direction for establishment of CIPET extension centre at Guwahati. The Committee hope that the sincere and vigorous efforts would continue till the Centre in the North Eastern region is established. So far other proposed CIPET Centres are concerned, the Committee tend to agree with the contention of the Government that these can

be set up on the basis of 50 : 50 cost sharing between the Government of India and State Govts. However, the Committee are of the opinion that States should be convinced of the need and benefits to have Extension Centres. For this purpose, Central Govt. should hold formal meetings with State Governments at fairly high level (like Chief Ministers/State Ministers) meetings and continue their efforts till the objective is achieved. Should these efforts fail, Central Govt. may revise their policy with regard to the sharing of cost to make it economically affordable for the States. All State Governments should be involved in the process of consultation and those who come forward should be given priority for the establishment of new extension centres.

11. The Committee note that though the Ministry made all possible efforts to procure maximum external assistance from international funding agencies, but it has not succeeded so far. The Committee are aware of the existing constraints in obtaining international finances because of the financial sanctions but urge that the Ministry should continue to make consistent and sincere efforts in this regard. The Committee are glad to note that OIIB has committed an assistance of Rs. 11.50 crores for the various activities of CIPET and hope that Ministry of Petroleum and Natural Gas would accord its formal approval soon.

Contribution from PSUs/big companies towards setting up/running the CIPET Centres

Recommendation (Sl. No. 6, Para No. 25)

12. The Committee had lauded the IPCL for their contribution of Rs. 105 lakhs towards running of CIPET Centre at Patna. In this context the Committee had asked the Govt. to pursue with profit earning PSUs as also big companies in the private sector to contribute towards setting up/running the CIPET Centres.

13. In reply, the Ministry have stated as follows:—

“... It has also been decided that the contribution from IPCL of Rs. 146.26 lakhs will be part of the Govt. of India's share of Rs. 4.00 crores....

IPCL has also been requested to provide the remaining amount of Rs. 41.26 lakhs (Rs. 146.26 lakhs-Rs. 105 lakhs) urgently so that the activities of setting up of this project can be speeded up..."

14. The Committee feel that the Ministry have not appreciated the recommendations in right perspective. The Committee reiterate their earlier recommendation that Government should pursue with profit earning PSUs and also big companies in the private sector to contribute towards setting up/running the CIPET Centres. The Government should take the initiative in this regard with private companies and impress upon them the benefits of availability of technically qualified manpower which can accrue to them.

Implementation of Assam Gas Cracker Project

Recommendation (Sl. No. 7, Para No. 31)

15. The Committee had strongly recommended that the Deptt. of Chemicals and Petrochemicals should coordinate with the other agencies like Assam Government, Ministry of Petroleum and Natural Gas, ONGC, Oil India Ltd., Gas Authority of India Ltd. and Reliance Assam Petrochemicals Ltd. with a view to expedite the pending issues in a time bound programme. The Committee had desired that a settlement should be reached within a month's period.

16. While bringing out the latest position in regard to settlement of pending issues relating to Assam Gas Cracker Project, the Ministry have submitted *inter-alia* as under:—

"The Department of Chemicals and Petrochemicals has been constantly coordinating with Assam Government/Ministry of Petroleum and Natural Gas, Reliance Assam Petrochemicals Ltd. and Bureau of Industrial Costs and Prices with a view to expediting the resolution of pending issues like Gas Supply Agreement, allocation of naphtha, determination of transfer price of Lakwa Gas Separation plant and acquisition of land for the cracker project. The progress in implementation of the Assam Gas Cracker project has been reviewed in a meeting taken by the Department of Chemicals and Petrochemicals on 1.9.98. The representative of Govt. of Assam mentioned that about 1262 acres

of land has already been identified for the project and appropriate steps are being taken for acquisition/handing over of entire land to Reliance Assam Petrochemicals Ltd. The Govt. of Assam and RAPL have been advised to draw up a time-frame for completing the land acquisition/handing over process immediately. Regarding determination of transfer price of Lakwa Gas Separation Plant, Gas Authority of India Ltd. has furnished all relevant informations to Bureau of Industrial Costs and Prices and Bureau of Industrial Costs and Prices confirmed that they would be able to finalise the recommendation by October, 1998. However, the recommendation of BICP is awaited. The matter is being pursued with BICP. Finalisation of the Gas Supply Agreement for the production of 2 lakh TPA of Ethylene is in advance stage of discussion between Reliance Assam Petrochemicals Ltd. and Oil India Ltd./Oil and Natural Gas Corporation Ltd. The Ministry of Petroleum and Natural Gas has committed for supply of naphtha of required quality and quantity as supplementary feed stock on first priority."

17. The Committee are dismayed to find that despite their repeated recommendations in various Reports presented to Parliament, the Government have not been able to finalise and settle all issues relating to Assam Gas Cracker project even after a lapse of considerable time. The BICP Report on transfer price of Lakwa Gas separation plant of GAIL, which was to be received by October, 1998 is yet to be received. The Committee, therefore once again urge upon the Government to settle all the pending issues conclusively so that the process of implementation of an important project in a sensitive region of the country is taken up without any further delay.

Settlement of Claims of Bhopal Gas Leak Disaster Victims

Recommendation (Sl. Nos. 9 & 10, Para Nos. 42 & 43)

18. The Committee had noted that though most of the old claims of Bhopal Gas victims were settled but in view of freshly received 4 lakh new injury claims (between December 1996 to February, 1997) the problem had become once again of great magnitude. The Ministry had set the target of settlement of all claims was by March 2000. The Committee had therefore asked the Deptt. to keep an unremitting vigil over the progress in settlement process. Since all the courts were not

functional, the Committee recommended that the State Govt./High Court must be approached for getting more Judicial Officers to meet the target of March, 2000.

19. The Ministry in their reply have stated as follows:

“A close watch is being kept over the disposal of the pending claims. The office of the Welfare Commissioner is reviewing the performance of the Deputy Commissioners to ensure that the claims are disposed of by March 2000.”

In the matter of posting of more judicial officers they have stated:

“The matter of Posting of 9 judicial officers in the office of the Welfare Commissioner has been taken up with the High Court of Madhya Pradesh through the Ministry of Law and Justice.”

20. The Committee are unable to understand that how the Government would be able to meet the target for disposal of all the 4 lakhs cases alongwith old pending cases and that too with fewer number of officers by March, 2000. The past experience shows that the settlement process may well go beyond the schedule. The Committee desire that an unremitting vigil should be kept and all the Courts should work without any further hinderance so that all the claims are settled by the target date.

Recommendation (Sl. No. 11, Para No. 44)

21. The Committee had taken a serious view over the delay in completion of Action Plan relating to medical rehabilitation of Bhopal Gas victims and had desired that all schemes should be completed within the extended period i.e. upto 30.9.98. They had also desired that no further extension should be granted for this purpose.

22. The Ministry in their reply have stated:

“The State Govt. has been informed of the recommendations of the Standing Committee and Government’s decisions that the State Govt. should complete all the Schemes by 30.9.98 and that the period of Action Plan would not be extended beyond 30.9.98. They have been advised to periodically review the progress of the two hospitals viz. Kamla Nehru Hospital and Indira Gandhi

Hospital. After the State Govt. has fully contributed and utilised its share of 25%, the Union of India would release the balance amount of its share during the current Financial Year. No amount for the Action Plan has been provided in BE 1999-2000 and is thus imperative for the State Govt. to ensure that it is in a position to ask the Central Govt. to release the amount available during 1998-99".

23. The Committee feel that the basic objectives of various rehabilitation schemes have not been achieved due to inordinate delay in completion of the Schemes. The Central Government have conveyed the anguish of the Committee to the State Government. No amount has been provided in BE for 1999-2000 to put pressure over the State Government for the completion of Action Plan at the earliest. The Committee desire that both the Central and State Governments should work together to ensure completion and implementation of these schemes for specific treatment of Gas victims.

Functioning of National Pharmaceutical Pricing Authority (NPPA)

Recommendation (Sl. No. 16, Para No. 63)

24. The Committee had observed that setting up of the Authority had expedited the process of price fixation of drugs/formulations. But in Committee's view the prices for essential drugs/medicines were still high in the market and unaffordable for poor people. The Committee had expected from the Govt./NPPA that they would keep constant vigil on the market prices/availability of essential drugs particularly for the common man so that the essential medicines remain at affordable levels.

25. The Ministry in their reply have stated as follows:

"The Standing Committee's concern over the prices of the essential drugs/medicines and affordability to the poor people is noted. Prices of scheduled formulations are fixed in accordance with DCO, 1995.

The Govt. and NPPA keeps constant vigil on the market prices of medicines including essential medicines through monitoring

of their prices sold in a premier outlet at Delhi, namely Super Bazar. This is done by comparing the change in their current prices as compared to the prices prevailing in December, 1994 (the month/year before the commencement of the DPCO, 1995).

In the case of Controlled Category, price rise is examined whether it is due to increase effected by the Government/NPPA or due to any violation of the DPCO by the manufacturers. For non-scheduled/decontrolled medicines, in whose cases prices have shown abnormal increase, the companies are asked to submit the reasons for the same to the Govt./NPPA. The reasons so received are examined in order to take further action for keeping the prices under check.

After furnishing the material recorded in the Fifth Report of the Standing Committee (recorded at Recommendation Sl. No. 16 of the Report), NPPA had revised/fixed the prices of another 893 cases and disposed of 867 cases, fixing prices in 665 cases, and closing 202 cases (once a leader or ceiling price is fixed, it is applicable to other applicants making the same product. Hence, their cases are closed.

Of the prices of 665 formulations packs, prices were reduced in respect of 302 packs, increased in respect of 269 packs, no change was effected for 24 packs, while prices were fixed for the first time for 70 packs. It may also be mentioned that of the 665 packs, ceiling packs constitute 235 and non-ceiling packs constitute 430.

* * * * *

NPPA has been intensifying its efforts to monitor the prices and availability with its existing staff and in cooperation with the State Drug Controllers."

26. The Committee note that since its inception, NPPA has considered 893 cases and disposed of 867 cases, and has fixed prices in 665 cases. Of the prices of 665 formulations packs, prices were reduced in respect of 302 packs, increased in respect of 269 packs

and no change was effected for 24 packs. It appears that the main hurdle exists in monitoring of prices. The Committee have expressed their concern time and again over the increasing prices of essential drugs. NPPA should strengthen its machinery and in cooperation with the State Drug Controllers should monitor the prices not only in Super Bazars but also in open market.

Revival of IDPL

Recommendation (Sl. No. 18, Para Nos. 69 and 70)

27. The Committee had expressed their anguish over the fact that inspite of repeated recommendations of the Committee (in various reports during last 4 years) the Government has not come with any concrete revival plan for IDPL so far. The Committee had also pointed out the lack of desired seriousness on the part of Government to bring IDPL out of red.

28. The Government have explained the position as follows:

“A Revival Package, duly approved by BIFR on 10.2.94 was implemented in IDPL and the Government had provided Plan and Non-Plan assistance amounting to Rs. 119.94 crores as was envisaged in the Revival Plan. However, during the first year itself IDPL could not achieve the targeted levels of production, sales and profitability. Consequently, the company suggested modifications in the package. However, before revising the revival plan Government approached BIFR for a techno-economic analysis of the modifications proposed by the Company. The BIFR appointed IDBI, Mumbai as the Operating Agency for a techno-economic viability study for long term rehabilitation measures of IDPL. The Operation Agency opined that it would not be possible to prepare the viable and acceptable rehabilitation plan for IDPL. Accordingly, the Ministry placed the entire matter before the Cabinet and the Cabinet in its meeting held on 17.5.97 decided to constitute a Group of Ministers (GoM) to look into the matter. The GoM in its meetings held on 21.5.97 and 8.8.97 desired that the IDPL management should rework the rehabilitation proposal clearly establishing unitwise viability. Accordingly, the proposal which was received from IDPL on 24.10.97 was circulated among various Ministries/Departments

to solicit their comments. However, before the matter could be finalised it required recosting due to change of Government at the Centre. The new revival package with cut off date as on 30.9.98 was received on 1.6.98 by the Government and the same is under examination.

It will thus be seen that the Government has already introduced a rehabilitation scheme in IDPL in the year 1994-95 and also paid assistance of Rs. 120 crores. Since the rehabilitation scheme was not found to be workable, the Government is re-examining the scheme."

29. The Committee regret to note that Government have unduly delayed the finalisation of revised revival package of IDPL. Since the Government have already taken too much time in finalisation of new revival package, the Committee urge upon the Government to finalise the scheme and implement the same with more promptness.

Revival of SSPL and BIL

Recommendation (Sl. No. 22, Para No. 80)

30. The Committee were not satisfied with the performance of sick PSUs under Deptt. of Chemicals and Petrochemicals including that of SSPL and BIL. They had recommended strongly for making these units viable and had asked to continue the 'holding on operations' till the final decisions is taken about about their revival.

31. The Ministry have submitted in their reply as follows:

"All the PSUs in Pharmaceutical Sector under the administrative control of the Department of Chemicals and Petrochemicals are victims of changed economic policy, liberalisation and failure to upgrade technology from time to time. A revival package has already been implemented in BCPL; and this PSU is performing as per the revival package. Revival packages were also implemented in SSPL and BIL during the year 1994-95. The revival package of SSPL envisaged financial assistance of Rs. 5.64 crores from the Government. As against this, Government has already released an amount of Rs. 13.23 crores upto 31.3.98.

The revival package of BIL envisaged a financial assistance of Rs. 8.66 crores and as against this Government has paid Rs. 15.66 crores to BIL upto 31.3.98. When the BIFR conducted a review of the performance in these two PSUs, BIFR noted that the performance of SSPL was far below the targets. The BIFR directed SSPL to rework the projections for the years 1996-97 to 2003-2004. On examination of the revised projections, the Operation Agency opined that SSPL is not viable. The Department also explored the possibility of merging SSPL with BCPL, but this was not acceptable to BCPL. However, the Government got another revival package prepared from MD, BCPL. MD, BCPL submitted a revival package for SSPL in May, 1998. The same has been examined in this Department and has been circulated to various concerned Ministries/Departments on 5.11.98 seeking their views.

On a review of the working of the rehabilitation scheme of BIL on 11.1.96, BIFR found that the progress is not satisfactory. BIFR therefore directed the BIL management to prepare a perspective plan for the next 5 years. The perspective plan has been examined by the Monitoring Agency (UBI). The perspective plan is at present under examination in the Department in consultation with UBI and BIL."

32. The Committee find that the revival package for SSPL has been submitted in the Ministry and a perspective plan for BIL is also under examination. These have been prepared as per the directions issued in each case by BIFR. The Department should explore every possibility for revival of these units and the revival package regarding SSPL and perspective plan about BIL should be approved early so that these undertakings may get a new life. Any further delay will increase more problems in the revival process. The Committee would await concrete action taken by the Govt. in this regard.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 10)

The Committee note that according to the Study Report of Staff Inspection Unit (under Ministry of Finance) there were 81 surplus posts in 1996 (out of which 46 were vacant) in the Department. Out of the 35 actual surplus employees that time only 19 have been absorbed till date. There are still 16 officials in the surplus cell. The Committee feel that the progress in regard to posting of officials sitting in surplus cell has been very slow. They accordingly recommend that all the remaining 16 employees should be posted in needy Ministries/ Departments as quickly as possible so that their services are put to productive use.

Reply of the Government

The Department of Personnel and Training were informed of the above directions of the Standing Committee and were requested to make special efforts for deployment of surplus staff. They informed this Department that they were in correspondence with the Department of Fertilizers who are the concerned Cadre Authority in the present case and that the proposal of the Department of Fertilizers to adjust some of the surplus staff in their cadre itself had been agreed to by them and as soon as, the information about unadjusted staff is received by them, urgent action will be taken by them. In the meantime 11 (Eleven) members of the surplus staff have been adjusted against vacancies which occurred in the Department of Fertilizers and the Department of Chemicals and Petrochemicals. Thus in fact 5 surplus Upper Division Clerks have remained unadjusted and the names of these UDCs have been communicated to Department of Personnel and Training by the Department of Fertilizers for redeployment elsewhere.

[Ministry of Chemicals and Fertilizers, (Department of Chemicals & Petrochemicals), F.No.16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Recommendation (Sl. No. 2)

The Committee note that with the growing need for strengthening the plastic industry CIPET which was set up in 1968, has added 10 more Extension Centres in different parts of the country. However, Committee's examination of the newly set up Centres has revealed that there is lack of proper planning and implementation of centres in a time bound programme. For instance even though West Bengal and Patna Centres were started 2-3 years back in hired premises, CIPET has been unable to procure requisite land from the respective States for building permanent Centres at these places. Similarly progress on one more sanctioned centre *viz.* Guwahati Centre can not be made in absence of land. The Committee are unable to understand CIPET's reluctance to take the offered land from Bihar Govt. which is 25-30 kms. near Patna. In Committee's view with the manifold growth of all major cities, particularly the Capitals, land will not be available in the hearts of cities. The Committee therefore expect the Ministry as also CIPET to adopt a pragmatic approach in the matter. Besides, the Committee would like the Ministry to convince the respective States benefits of having CIPET Centres for the industrial development of the respective States. This would help the CIPET to get requisite land expeditiously.

Reply of the Government

The Patna Extension Centre is functioning in the Industrial Sheds provided by the State Govt. of Bihar. The Govt. of Bihar has released so far a sum of Rs. 350 lakhs in two instalments. The Govt. had already released Rs. 1.00 crore in 1995-96 and another Rs. 1.00 crore is also provided in the Annual Plan 1998-99. A sum of Rs. 105 lakhs has already been given by IPCL, for supporting the Centre's activities. IPCL has been requested to release the balance amount of Rs. 41.26 lakhs. The State Govt. had also allotted 4.6 acres of land at Hazipur Industrial Area which is quite away from the municipal limits of Patna. The Govt. of Bihar has been approached to allot the land within the city limits of Patna. Three long term courses for the current year is going on smoothly with 75 students from September, 1998 onwards. The Centre is equipped with processing machineries and testing equipments worth Rs. 203 crores. The machinery required for mould making course are being procured to meet the training requirements.

The Regional Advisory Committee (RAC) for the CIPET Extension Centre at Patna has been reconstituted with IDC/Secretary, Industries Department, Govt. of Bihar as the Chairman and the first RAC meeting was held on 10th October, 1998. The problems faced by the Centre was discussed in detail and the Chairman has promised that all teething problems will be solved and the concerned State Govt. Authorities will be advised to take necessary/suitable action. CIPET has already called for quotations from Architects to construct their own building. After the RAC meeting, the Govt. of Bihar has agreed to allot 4.6 acres of land at Patliputra Industrial Estate (PIADA) very close to the existing industrial sheds at a cost of Rs. 46.00 lakhs and CIPET has already made an initial payment of Rs. 30.00 lakhs and on taking possession, the balance amount will be made available. The PIADA is being approached to hand over the possession of land and it is expected that possession will be taken before the end of December, 1998.

Further, the Govt. of India has approved the setting up of the fullfledged CIPET Extension Centre at Patna in Bihar at an estimated cost of Rs. 9.20 crores (Rs. 8.00 crores Capital cost + Rs. 1.20 crores Recurring Expenditure) and the approval has been communicated to CIPET on 18th November, 1998. The Project head has been asked to draw a plan of action and bar chart to implement the project as per the schedule. In the meantime, action has also been taken to identify a suitable Chief Manager (Project) through open advertisement. One Accounts Officer from the Office of A.G. Patna has assumed office on deputation to take care of the Accounts/Administration of CIPET, Patna.

The CIPET Extension Centre at West Bengal is functioning at an Industrial Shed hired from Prototype Development & Training Centre (NISC Complex) on a monthly rent of Rs. 80,000 (approx.) for an area of about 20,000 sq. ft. The Centre is having all the essential machineries and equipments including some latest advanced state of art hitech machineries to meet the requirements of conducting four loan term training courses and rendering services to the plastic industries. The Govt. of West Bengal has already committed to meet the 50% of the capital and revenue expenditure till the centre becomes self-sufficient. It has also released a sum of Rs. 50 lakhs during March, 1998 and another sum of Rs. 1.3 crores is provided for the current year 1998-99 which is yet to be released. The Govt. of India had released a sum of

Rs. 1.00 crore during 1995-96 and Rs. 1.00 crore is provided for the current year 1998-99.

The current academic year has commenced with four long term courses with 130 students from September, 1998. All the courses are progressing very well. SIDBI has identified CIPET to organise five short term programmes during the current year. CIPET has completed two and the remaining three will be conducted in the coming months. CIPET has taken action to locate and take possession of the land at Haldia Petrochemicals, Haldia for constructing their own building. The Chief Manager (Project), Howrah has visited Haldia and has seen the site earmarked for CIPET and the Haldia Development Authority has been approached to transfer the possession of land to CIPET and is being actively followed up. It is expected that the possession will be taken over soon. In the meantime, action has been initiated for calling for tenders, to identify qualified architects for civil construction activities in the proposed CIPET Centre at Haldia.

The performance of Haldia Centre was reviewed by Director Incharge, CIPET on 6th November, 1998. The Director Incharge alongwith the CIPET officials visited Haldia and held discussions with the Haldia Development Authority and inspected the land which is earmarked and reallocated for CIPET. It has been communicated by the Haldia Municipal authorities on whose possession the proposed land is available, that the land would be handed over to CIPET after completion of the harvest of present standing paddy crop. The Chief Manager (Project) has been asked to actively follow it up and take possession at the earliest.

[Ministry of Chemicals and Fertilizer, (Department of Chemicals & Petrochemicals), F.No.16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Comments of the Committee

(Please see Para No. 7 of Chapter I of the Report)

Recommendation (Sl. No. 3)

The Committee find that in addition to setting up permanent Extension Centres at West Bengal, Patna and Guwahati, CIPET also propose to set up similar Centres in Rajasthan, Maharashtra, Delhi/

Noida and Kerala during Ninth Five Year Plan. The Committee, however, regret to note that completion schedule for all these centres is least to say is too general i.e. these would be set up in Ninth Five Year Plan. The Committee strongly recommend that specific targets/schedules should be chalked for each centre for acquiring land, construction of building, acquisition of machines/training facilities and starting of training programmes. The Committee would await necessary details in this regard.

Reply of the Government

Government has already drawn up firm action plan for the timely completion of the CIPET Extension Centre at Patna (Bihar), Haldia (West Bengal). The activities of the CIPET Extension Centre at Patna, Haldia have already been started and the Centres have already started operating in rented buildings. As soon as the civil construction is completed, the infrastructural facilities from the rented buildings will be shifted to the new buildings. Senior Officers of the Ministry as well as CIPET conducted a Review Meeting to chalk out strategy and also to monitor the progress of the activities of these Centres at Calcutta on 06.11.1998 and necessary directions have been issued to the Project Heads to complete the project as per schedule.

Regional Advisory Committees (RACs) comprising of Senior Officials of the concerned Department of the State Governments also meet frequently to oversee the completion of these two centres.

[Ministry of Chemicals and Fertilizers, (Department of Chemicals & Petrochemicals), F.No. 16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Comments of the Committee

(Please see Para No. 7 of Chapter I of the Report.)

Recommendation (Sl. No. 4)

The Committee note that out of Rs. 65 crore Plan Outlay for CIPET for the Ninth Five Year Plan, the component of Rs. 15 crores as budgetary support for the entire plan is inadequate. Not to speak of

planned Centres at Rajasthan, Maharashtra, Delhi/Noida, the funds for the sanctioned centre at Guwahati are not sufficient. The Committee hardly need to emphasise the urgency of setting up centre at Guwahati, which is must for development of the hitherto backward region. The Committee also upon the Ministry to take up the issue at the highest level to get the requisite funds from Planning Commission/Ministry of Finance/OIDB so that planned programmes for Ninth Plan are not hampered due to shortage of funds.

Recommendation (Sl. No. 5)

The Committee find that CIPET was set up with the help of UNIDO and also utilised the World Bank assistance of 12 million US dollars during the recent years in upgrading the facilities in its centres. The CIPET has further sought US \$14 million assistance from multilateral agencies/bilateral agencies to further upgradation and modernisation of the extension centres for special assistance to the plastic industry in the country. The Committee trust in that even in the existing situation of sanctions and hardened attitude of many countries/international agencies towards the country, the Govt. will make sincere and vigorous efforts with the concerned agencies for getting these funds at the earliest.

Reply of the Government

The Project proposals for setting up of new CIPET Extension Centre at Guwahati in Assam is under the active consideration of the Govt. Separately, in pursuance of a meeting held in the Planning Commission on 25.09.1998, this Deptt. has already conveyed to the Planning Commission that the Deptt. shall contribute Rs. 40 lakhs to the General Pool Account of the North Eastern Region out of the 10% Gross Budgetary Support of this Department. The Planning Commission has requested to send a Project Report on CIPET Extension Centre at Guwahati in Assam, indicating release of funds in a phased manner for taking up this Centre. The Project Report is being sent to the Planning Commission for necessary action. CIPET has been directed by the Govt. to speed up the process of setting up of this Centre and it has also been proposed to release Rs. 70.00 lakhs to CIPET for setting up of this Centre and this amount comprises of Rs. 50.00 lakhs to be provided by the Deptt. through inter-se adjustments in 1998-99

and the balance of Rs. 20.00 lakhs to be provided out of the Annual Plan allocation for CIPET during 1998-99. It is also proposed to have the Standing Finance Committee Meeting for the Guwahati Extension Centre arranged at an early date so that the formal approval of the Govt. can be conveyed to CIPET to commence the setting up of this project.

As regards the proposal for setting up of other new CIPET Extension Centres in Himachal Pradesh, Meghalaya, Jammu & Kashmir and Nagaland, Uttar Pradesh, Maharashtra, Rajasthan and Kerala, these proposals are at a very preliminary stage. These Centres can only be set up on the basis of 50 : 50 cost sharing between the Govt. of India and the State Govts. concerned. The contribution of Govt. of India is towards purchase of Plant & Machineries, while the share of State Govt. is meant for creating infrastructural facilities like land, building roads, etc. If any new Centre is to be established, the request has to come from the State Govt. concerned with a firm commitment to meet the expenditure for both Plan and Non-Plan grants on 50 : 50 basis. Even for the Non-Plan expenditure of the Centres established after 1995 onwards, it has been decided that the State Govt. desirous of having a CIPET Extn. Centre shall have to contribute the recurring expenditure till the Centre becomes self-sufficient. Accordingly, the Govt. of West Bengal has come forward and agreed to share both the Plan and Non-Plan expenditure for the establishment of a fullfledged Extension Centre at Haldia (West Bengal). No other State has come forward for such commitment. After examining the techno-economic feasibility of setting up of these new Centres and also on the basis of a specific proposal for sharing of 50% of the cost by the concerned State Govts., each proposal has to be approved by the Standing Finance Committee of the Department. As regards the preparation of a time bound programme for setting up of new Extension Centres of CIPET viz., Guwahati in Assam, Haldia in West Bengal and Patna in Bihar, these will be set up out of the Ninth Plan Budgetary Allocation provided to CIPET.

The Department of Chemicals and Petrochemicals shall make all possible efforts to procure maximum external assistance from international funding agencies for supporting various activities of the CIPET. Correspondence is already going on with the Ministry of Finance for obtaining OPEC Fund Assistance for CIPET. The Planning

Commission would also be requested for allocation of adequate funds/ make adequate provisions for supporting CIPET.

OIDB has conveyed their approval in principle for release of an amount of Rs. 11.50 crores for the various activities of CIPET of which Rs. 2.50 crores is for 1998-99. The proposal is awaiting formal approval of the Ministry of Petroleum and Natural Gas.

[Ministry of Chemicals and Fertilizers, (Department of Chemicals & Petrochemicals), F.No. 16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Comments of the Committee

(Please see Para No. 10 and 11 of Chapter I of the Report.)

Recommendation (Sl. No. 6)

It is heartening to note that IPCL, a PSU under the Deptt., contributed Rs. 105 lakhs for running of Patna Centre. In Committee's view this is a laudible effort by a PSU and a step in the right direction. The Committee, however, would like the Govt. to pursue with profit earning PSUs as also big companies in the private sector to contribute towards setting up/running the CIPET Centres so that available training facilities are upgraded to international level. This will help the industry to get the trained/skilled manpower at door step.

Reply of the Government

The formal approval for setting up of a fullfledged Extension Centre at Patna in the State of Bihar at an estimated cost of Rs. 9.20 crores (Rs. 8.00 crores for Capital cost + Rs. 1.20 as Recurring Expenditure) has been conveyed to CIPET on 18.11.1998. It has also been decided that the contribution from IPCL of Rs. 146.26 lakhs will be part of the Govt. of India's share of Rs. 4.00 crores. The State Govt. of Bihar has already released Rs. 3.50 crores for this Centre during 1996-97 and 1997-98. The Govt. of India has also released Rs. 1.00 crores to the Patna Extension Centre during 1995-96. The Planning Commission has approved a release Rs. 1.00 crore for this Centre during 1998-99. Thus, Rs. 6.55 crores has been released/provided for the CIPET Centre at Patna in Bihar through various sources mentioned above.

IPCL has also been requested to provide the remaining amount of Rs. 41.26 lakhs (Rs. 146.26 lakhs-Rs. 105.00 lakhs) urgently so that the activities of setting up of this project can be speeded up. Further, as already mentioned in reply to Recommendation No. 4, 7, 5, Government is taking all possible efforts to procure maximum external assistance from International Funding Agencies for various activities of CIPET.

[Ministry of Chemicals and Fertilizers, (Department of Chemicals & Petrochemicals), F.No. 16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Comments of the Committee

(Please *see* Para No. 14 of Chapter I of the Report.)

Recommendation (Sl. No. 12, Para No. 48)

The Committee are glad to note that with the completion of basic infrastructure, NIPER has started some of the academic courses this year. The Committee would however, like the government to ensure completion of remaining facilities, buildings, etc. which are under construction at the earliest so that, as promised, the Institute becomes fully operational in all respect by 1999.

Reply of the Government

Construction activities as per the Plan approved by the Government have been undertaken by NIPER. NIPER has intimated that the construction of physical infrastructure is on as per schedule. The Institute will become functional after the recruitment faculty is completed. This is in progress.

[Ministry of Chemicals and Fertilizers, (Department of Chemicals & Petrochemicals), F.No. 16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Recommendation (Sl. No. 13, Para No. 53)

The Committee regret to note that as envisaged earlier, the earnings of the Institute are not very encouraging. An increase of Rs. 2 lakhs

to Rs. 4 lakhs a year is nothing when inflation/devaluation of rupees is taken into consideration. The Committee, therefore, desire that earnest efforts should be made to enhance the earnings of Institute. Needless to emphasis that for this purpose each year targets should be fixed and all out efforts should be made to achieve them.

Reply of the Government

The observations of the Committee are very relevant and it is necessary that the Institute should generate its own resources to such an extent that it is able to meet its day to day requirements of funds from these internal generations. As a first step towards increasing the earnings, tariff rates of the Institute which were fixed in 1993 have been revised to make them more realistic and bring them in line with the rates being charged by other similar facilities.

The issue of increasing the earnings of the Institute was also discussed in the Tripartite Review Meeting in which besides the Secretary (C&PC), representatives of UNIDO and UNDP were also present. This meeting was held on 17.9.1998. In the meeting it was decided to get a business plan made for IPFT so that its earnings are increased in a systematic manner. Efforts are also being made to encourage more and more industries to use the facilities and services of the IPFT.

With the above efforts, it is expected that earnings of the Institute will increase substantially in the years to come.

[Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals), O.M. No. 16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Recommendation (Sl. No. 14, Para No. 54)

The Committee also desire that all pending issues relating to the pay and independent cadre for IPFT should be settled early. They would like to know the conclusive action taken in the matter within 3 months of presentation of the report in Parliament.

Reply of the Government

The issue of filling up of the posts created for the IPFT and placement of officers in appropriate pay scales had been pending for

a long time. The issue was discussed and finally decided in the meeting of the Governing Body of IPFT held on 16.9.1998. Officers and employees working in IPFT have been placed in suitable pay scales as per their qualifications and suitability and a decision has been taken to advertise the posts which still remain vacant. The fixing of pay scales of individual officers is being done and the exercise is expected to be completed within the next one month.

[Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals), O.M. No. 16(4)/98-Fin. (Vol. II), dated 4.1.1999]

Recommendation (Sl. No. 15, Para No. 62)

The Committee note that the budget allocation for NPPA to meet its administrative expenditure has increased from Rs. 1.91 crore in 1997-98 to Rs. 3.67 crore (BE) during 1998-99. The Committee however, find that apart from the salary of officials of the Authority the main component is rent for the hired building for its office which is over Re. 1 crore annually. The Committee would like the Govt. to find suitable space for NPPA office in Central Government complexes, so that the avoidable expenditure of recurring nature is minimised/eliminates.

Reply of the Government

In this regard, it needs to be stated that before hiring the space for the office of NPPA in the Jawahar Vyapar Bhawan, efforts were made to locate the required area in Shastri Bhawan and Udyog Bhawan. After assessing the availability of space with the Deptt. of C&PC it was not possible to accommodate NPPA in either of the two Bhawans due to acute shortage of space. In view of the above, efforts were made to find the required space with the Sports Authority of India and Housing and Urban Development Corporation (HUDCO). Unfortunately, NPPA did not receive any commitment from them. Simultaneously, the Ministry of Urban Development was also requested to provide the office space in the Central Government Complexes. But after assessing the position of the availability of space, that Ministry gave a "No Objection Certificate" for hiring accommodation on rent from private sources.

Accordingly, the required space was hired in the Jawahar Vyapar Bhawan, a building owned by the State Trading Corporation, a Public Sector Undertaking with the approval of the Finance Ministry/Internal Finance of the Deptt. of C&PC.

Realising that the rent burden is high, efforts are already on by the NPPA to find an alternate office accommodation in Central Government Complexes. As the Cabinet Committee had decided to locate the office of NPPA in Delhi, a suitable alternative accommodation is being identified which can be taken at a lower rent.

[Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals), O.M. No. 16(4)/98-Fin. dated 4.1.1999]

Recommendation (Sl. No. 16, Para No. 63)

From the deposition of the Secretary, C&PC and Chairman, NPPA, the Committee got an impression that setting up of the Authority has really expedited the process of price fixation of the drugs/formulations. Within a short span, the Authority is reported to have revised price of 412 formulations apart from 7 drugs. Even though out of 412 cases, prices are reported to have reduced in 216 cases, in Committee's view the prices for essential drugs/medicines are still very high in the market and unaffordable to poor people. The Committee would expect from the Govt./NPPA to keep a constant vigil on the market prices/availability of essential drugs particularly for common man with a view to take timely and positive action in the matter so that essential medicines remain at affordable levels.

Reply of the Government

The Standing Committee's concern over the prices of the essential drugs/medicines and affordability to the poor people is noted. Prices of scheduled formulations are fixed in accordance with DPCO, 1995.

The Govt. and NPPA keeps constant vigil on the market prices of medicines including essential medicines through monitoring of their prices sold in a premier outlet at Delhi, namely Super Bazar. This is done by comparing the change in their current prices as compared to the prices prevailing in December, 1994 (the month/year before the commencement of the DPCO, 1995).

In the case of Controlled Category, price rise is examined whether it is due to increase effected by the Government/NPPA or due to any violation of the DPCO by the manufacturers. For non-scheduled/decontrolled medicines, in whose cases prices have shown abnormal increase, the companies are asked to submit the reasons for the same to the Govt./NPPA. The reasons so received are examined in order to take further action for keeping the prices under check.

After furnishing the material recorded in the Fifth Report of the Standing Committee (recorded at Recommendation Sl. No. 16 of the Report), NPPA had revised/fixed the prices of another 253 formulation packs. Thus, as on date NPPA considered 893 cases and disposed of 867 cases, fixing prices in 665 cases, and closing 202 cases (once a leader or ceiling price is fixed, it is applicable to other applicants making the same product. Hence, their cases are closed).

Of the prices of 665 formulation packs, prices were reduced in respect of 302 packs, increased in respect of 269 packs, no change was effected for 24 packs, while prices were fixed for the first time for 70 packs. It may also be mentioned that of the 665 packs, ceiling packs constitute 235 and non-ceiling packs constitute 430.

In addition, prices of 9 formulation packs of Intravenous (IV) Fluids, a non-scheduled formulation, as mentioned earlier, were also fixed/notified on 27th August, 1998 by exercising the provision given in para 10(b) of DPCO, 1995, where the prices were reduced by about 40% as compared to their existing price levels, in public interest.

NPPA has also notified the prices of 5 more bulk drugs in addition to 7 drugs fixed earlier taking the total to 12 bulk drugs. Of the 12 bulk drugs, prices of 3 were reduced, that of 6 raised and for 3, the price was fixed for the first time.

NPPA has been intensifying its efforts to monitor the prices and availability with its existing staff and in cooperation with the State Drug Controllers.

[Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals), O.M. No. 16(4)/98-Fin. (Vol. II) dated 4.1.1999]

Comments of the Committee

Please *see* Para No. 26 of Chapter I of the Report.

Recommendation (Sl. No. 17, Para No. 64)

It also came out during evidence the Chairman, NPPA closely inter-act with State Drug Controllers in regard to quality and prices of drugs/medicines. In Committee's view, much progress can be achieved in this area through strengthening the system. The Committee, therefore, recommend that the Authority should call for monthly reports from each State (through Drug Controller) on prices, quality and availability of drugs and medicines. Based on the reports further inter-action and guidelines/directions should follow for taking corrective measures wherever necessary.

Reply of the Government

NPPA has been interacting with the Chief Secretaries and Administrators of all States and Union Territories and with the State Drug Controllers, for monitoring of prices of medicines fixed by the Govt./NPPA from time to time. Periodic reports have been prescribed whereby the States have to sent their reports to NPPA on this. Moreover, the States have been asked to send implementation reports on the adherence to notified prices by various manufacturers and traders.

Region-wise meeting with the Drug Controllers have also been held and they have been impressed upon the need to :

- (a) streamline the monitoring system at the State level so that the prices notified by the Govt./NPPA are properly enforced,
- (b) develop a firm database,
- (c) develop a system by which cases of overcharging can be identified and intimated to NPPA so that they can be pursued effectively.

The NPPA, in addition, undertakes field visits to various regions, States, units and retail outlets to study and monitor the price movements and availability of drugs.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) O.M. No. 16(4)/98-Fin. (Vol. II) date 4.1.1999]

Recommendation (Sl. No. 21, Para No. 76)

The Committee are happy to note that PCL has shown an improvement in production in 1997-98. The production and sales has been almost doubled during the last one year which shows that PCL has the ability to improve. In view of PCL's performance, the Committee feel that Government must provide all possible support and encouragement to PCL so that it may achieve new heights and come out of red.

Reply of the Government

In the year 1998-99, the Government provided an equity support of Rs. 2 crore for essential capital expenditure on renewals/replacements etc. to PCL. A rehabilitation proposal, based on a techno-economic viability study made by CRISIL, has been submitted by the PCL Management recently. The Government would consider the proposal for extending all possible help to PCL for its rehabilitation.

[Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals) F. No. 16(4)/98-Fin. (Vol. II) dated 4.1.1999]

Recommendation (Sl. No. 23, Para No. 81)

The Committee also urge upon the Government to continue to monitor the performance of these PSUs through various periodical reports received by the department as also through the mechanism of Quarterly Performance Review Meetings and through Government nominees on the Board of these PSUs.

Reply of the Government

The Department is already monitoring reviewing the performance of all the PSUs through quarterly performance review meetings as well as through the Government nominees on the Board of Directors.

[Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals), F. No. 16(4)/98-Fin. (Vol. II) dated 4.1.1999]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT REPLIES

—Nil—

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 7, Para No. 31)

The Committee find that even though on their directions/ recommendations made during 1996-97, some progress was made in regard to giving a shape to Assam Gas Cracker project which was conceived as back as 1985, the progress during the last 7-8 months has been dismal. The Committee wonder, how, Gas Authority of India Ltd., a Public Sector Undertaking under the Ministry of Petroleum and Natural Gas (which had assured early action in the matter before the Committee earlier) could delay the furnishing of information to Bureau of Industrial Costs and Prices, which has to fix a price of their Lakwa Plant. The Committee once again strongly recommend that Department of Chemicals & Petrochemicals, which is administrative Ministry for the Project should coordinate with concerned agencies like Assam Government/Ministry of Petroleum and Natural Gas, Oil and Natural Gas Commission, Oil India Limited, Gas Authority of India Ltd., Reliance Assam Petrochemicals Ltd., with a view to expedite the pending issues *i.e.* transfer of Gas Authority of India Plant, signing of gas purchase agreement, issue relating to naphtha and acquisition of land in a time bound programme.

Since the matter has already been considerably delayed, the Committee expect that the issues will be settled in a month's time. The Committee desire that a progress report in this regard should be furnished to them within two months of presentation of their report in Parliament.

Reply of the Government

The Department of Chemicals and Petrochemicals has been constantly coordinating with Assam Government/Ministry of Petroleum and Natural Gas, Reliance Petrochemicals Ltd. and Bureau of Industrial

Costs and Prices with a view to expediting the resolution of pending issues like Gas Supply Agreement, allocation of naphtha, determination of transfer price of lakwa Gas Separation Plant and acquisition of land for the cracker project. The project in implementation of the Assam Gas Cracker project has been reviewed in a meeting taken by the Department of Chemicals and Petrochemicals on 1.9.98. The representative of Govt. of Assam mentioned that about 1262 acres of land has already been identified for the project and appropriate steps are being taken for acquisition/handing over of entire land to Reliance Assam Petrochemicals Ltd. The Govt. of Assam and RAPL have been advised to draw up a time-frame for completing the land acquisition/handing over process immediately. Regarding determination of transfer price of Lakwa Gas Separation Plant, Gas Authority of India Ltd. has furnished all relevant informations to Bureau of Industrial Costs and Prices and Bureau of Industrial Costs and Prices confirmed that they would be able to finalise the recommendation by October, 1998. However, the recommendation of BICP is awaited. The matter is being pursued with BICP. Finalisation of the Gas Supply Agreement for the production of 2 lakh TPA of Ethylene is in advance stage of discussion between Reliance Assam Petrochemicals Ltd. and Oil India Ltd./Oil and Natural Gas Corporation Ltd. The Ministry of Petroleum and Natural Gas has committed for supply of naphtha of required quality and quantity as supplementary feed stock on first priority.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals) F. No. 16(4)/98-Fin. (Vol. II) dt. 4.1.1999]

Comments of the Committee

Please see Para No. 17 of Chapter I of the Report.

Recommendation (Sl. No. 8, Para No. 32)

The Committee are astonished to find that even though the State Government is a joint partner in the project acquisition of land for the project has been very tardy. Out of required 1262 acres of land for the project, a mere 128 acres has been handed over the Reliance Assam Petrochemicals Ltd. The Committee hardly need to emphasise that the Department should convince the State Govt. of the benefits of early execution of the project and accordingly they desire that State

Government must be approached for expediting the whole process of land acquisition.

Reply of the Government

The Government of Assam have identified 1262 acres of land for the Assam Gas Cracker Project. About 272 acres of land belongs to the Government, out of which 128 acres of land has already been handed over to the Reliance Assam Petrochemicals Ltd. The balance 144 acres of Government land is ready for handing over to Reliance Assam Petrochemicals Ltd. on payment of premium. For the remaining 990 acres of land which belongs to private individuals, the competent authority has issued notifications under sections 4 and 6 of the land Acquisition Act. In the Review Meeting taken by the Department of Chemicals and Petrochemicals on 1.9.98, the Government of Assam and Reliance Assam Petrochemicals Ltd. have been advised to prepare a time frame so that the process of land acquisition/handing over is expedited.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals) F. No. 16(4)/98-Fin. (Vol. II) dt. 4.1.1999]

Recommendation (Sl. No. 22, Para Nos. 80)

The Committee are at all not happy about the performance of sick PSUs under the administrative control of Deptt. *viz.* HAL, BIL, SSPL and BCPL. A meagre budgetary support is being provided by the Government to these PSUs. The Committee also regret to note the change in stand of Government as intimated to them in March, 1998 and as of now regarding the viability of SSPL and BIL particularly. As emphasised by the Committee in their earlier Reports the Committee once again strongly recommend that Government should make sincere efforts to make these units viable and till a final decision is taken holding on operations should continue so that revival potential of these units is not jeopardised.

Reply of the Government

All the PSUs in Pharmaceutical Sector under the administrative control of the Department of Chemicals and Petrochemicals are victims of changed economic policy liberalisation and failure to upgrade

technology from time to time. A revival package has already been implemented in BCPL and this PSU is performing as per the revival package. Revival packages were also implemented in SSPL and BIL, during the year 1994-95. The revival package of SSPL envisaged financial assistance of Rs. 5.64 crores from the Government. As against this Government has already released an amount of Rs. 13.23 crores upto 31.3.98. The revival package of BIL envisaged a financial assistance of Rs. 8.66 crores and as against this Government has paid Rs. 15.66 crores to BIL upto 31.3.98. When the BIFR conducted a review of the performance in these two PSUs, BIFR noted that the performance of SSPL was far beyond the targets. The BIFR directed SSPL to rework the projections for the year 1996-97 to 2003-2004. On examination of the revised projections the Operating Agency opined that SSPL is not viable. The Department also explored the possibility of merging SSPL with BCPL, but this was not acceptable to BCPL. However, the Government got another revival package prepared from MD, BCPL. MD, BCPL, submitted a revival package for SSPL in May, 1998. The same has been examined in this Department and has been circulated to various concerned Ministries/Departments on 5.11.98 seeking their views.

On a review of the working of the rehabilitation scheme of BIL on 11.1.96, BIFR found that the progress is not satisfactory. BIFR therefore directed the BIL management to prepare a perspective plan for the next 5 years. The perspective plan has been examined by the Monitoring Agency (UBI). The perspective plan is at present under examination in the Department in consultation with UBI and BIL.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals) F. No. 16(4)/98-Fin. (Vol. II) dt. 4.1.1999]

Comments of the Committee

Please see Para No. 32 of Chapter I of the Report.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 9, Para No. 42)

The Committee note that even though most of the death claims as also the injury claims relating to Bhopal Gas Disaster received earlier have been settled and compensation has been awarded over Rs. 1000 crores, with the receipt of over 4 lakh injury claims (between December, 1996 to February, 1997), the problem has again become of great magnitude. According to the Govt. estimates all claims would be settled by March, 2000. The Committee desire that the Deptt. should keep an unremitting vigil over the progress of settling the claims in a prior settled time schedule, so that even a single claim is not left over beyond March 2000 unsettled.

Reply of the Government

A close watch is being kept over the disposal of the pending claims. The Office of the Welfare Commissioner is reviewing the performance of the Deputy Commissioners to ensure that the claims are disposed of by March 2000.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) O.M. No. 16/4/98-Fin. (Vol. II) Dated 4.1.1999]

Comments of the Committee

Please see Para No. 20 of Chapter I of the Report.

Recommendation (Sl. No. 10, Para No. 43)

The Committee note that 47 officers are manning 56 courts. Due to shortage of judicial officers some of the experienced officers have been put in-charge of more than one ward. For meeting the target of March, 2000 for disposing of all the pending cases, the Committee

once again recommend that State Govt./High Court must be approached for getting 9 more judicial officers (as also a few more to meet contingencies and exigencies of work) so that practically all courts are fully operational.

Reply of the Government

The matter of posting of 9 Judicial Officers in the Office of the Welfare Commissioner has been taken up with the High Court of Madhya Pradesh through the Ministry of Law & Justice.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) O.M. No. 16/4/98-Fin. (Vol. II) Dated 4.1.1999]

Comments of the Committee

Please *see* Para No. 20 of Chapter I of the Report.

Recommendation (Sl. No. 11, Para No. 44)

The Committee note that even though considerable money has been spent, the schemes (which were to be completed by March, 1995) relating to medical rehabilitation remain incomplete. Similarly two hospitals part of the Action Plan are yet to become functional. The Committee take a serious view of the matter particularly when these hospitals were meant for specific treatment of gas victims. Since the completion of Action Plan has been delayed considerably, the Committee desire that the Ministry in coordination with State Government should ensure that these are completed within the extended period *i.e.* upto 30.9.98 and no further extension should be granted for this purpose.

Reply of the Government

The State Govt. has been informed of the recommendations of the Standing Committee and Government's decisions that the State Govt. should complete all the Schemes by 30.9.98 and that the period of the Action Plan would not be extended beyond 30.9.98. They have been advised to periodically review the progress of the two hospitals, *viz.* Kamla Nehru Hospital and Indira Gandhi Hospital. After the State Govt. has fully contributed and utilised its share of 25%, the Union of

India would release the balance amount of its share during the current Financial Year. No amount for the Action Plan has been provided in BE 1999-2000 and it is thus imperative for the State Govt. to ensure that it is in a position to ask the Central Govt. to release the amount available during 1998-99.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) O.M. No. 16/4/98-Fin. (Vol. II) Dated 4.1.1999]

Comments of the Committee

(Please see Para No. 23 of Chapter I of the Report.)

Recommendation (Sl. No. 18, Para Nos. 69 & 70)

The Committee are deeply anguished over the fact that inspite of repeated recommendations of the Committee (in various reports submitted during last 4 years), the Government has not come with any concrete revival plan for IDPL so far. The Committee feel that the Government has not shown the desired seriousness to bring IDPL out of red. IDPL which was incorporated with the primary objective of creating self-sufficiency in essential life saving drugs and medicines has reached to stage where the operations in the main units have come to a stop since October, 1996.

The Committee are also not happy with the Ministry's explanation that the process was delayed due to change in the Government. In Committee's view this factor should not have hampered the early finalisation of revival package of IDPL.

Reply of the Government

A Revival Package duly approved by BIFR on 10.2.94 was implemented IDPL and the Government had provided Plan and Non-Plan assistance amounting to Rs. 119.94 crores as was envisaged in the Revival Plan. However, during the first year itself IDPL could not achieved the targeted levels of production, sales and profitability. Consequently the company suggested modifications in the package. However, before revising the revival plan. Government approached BIFR for a techno-economic analysis of the modifications proposed by the Company. The BIFR appointed IDBL, Mumbai as the Operating

Agency for a techno-economic viability study for long term rehabilitation measures of IDPL. The Operating Agency opined that it would not be possible to prepare the viable and acceptable rehabilitation plan for IDPL. Accordingly the Ministry placed the entire matter before the Cabinet and the Cabinet in its meeting held on 17.5.97 decided to constitute a Group of Ministers (GOM) to look into the matter. The GOM in its meetings held on 21.5.97 and 8.8.97 directed that the IDPL management should rework the rehabilitation proposal clearly establishing unitwise viability. Accordingly the proposal which was received from IDPL on 24.10.97 was circulated among various Ministries/Departments to solicit their comments. However, before the matter could be finalised it required recosting due to change of Government at the Centre. The new revival package with cut off date as on 30.9.98 was received on 1.6.98 by the Government and the same is under examination.

It will thus be seen that the Government has already introduced a rehabilitation scheme in IDPL in the year 1994-95 and also paid assistance of Rs. 120 crores. Since the rehabilitation scheme was not found to be workable, the Government is reexamining the scheme.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals) F. No. 16(4)/98-Fin. (Vol. II) dt. 4.1.1999]

Comments of the Committee

(Please see Para No. 29 of Chapter I of the Report.)

Recommendation (Sl. No. 19, Para No. 71)

The Committee have now been informed that IDPL has sent a new revival package with the cut off date as 30.9.1998. The package is lying with Government. The matter is reportedly being put up for Cabinet approval shortly. The Committee strongly recommend that in view of importance of IDPL for public health of common man the Government should finalise and approve a reasonable revival package of IDPL without any further loss of time. In Committee's view the Government should start and continue some holding on operations so that plant and machines equipments remain in working condition.

Reply of the Government

Recommendation of the Hon'ble Committee has been noted. However, the experience of implementing the earlier rehabilitation package implemented during 1994-95 has not been very encouraging. Therefore, it is only prudent that the rehabilitation package is finalised after considering the same from all angles. The rehabilitation package of IDPL is under consideration of the Government

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) F. No. 16 (4)/98-Fin. (Vol. II) dated 4.1.1999]

Recommendation (Sl. No. 20, Para No. 75)

The Committee are concerned to note that the Government has unduly delayed the finalisation of revival package of PCL. Sending of revival plan of PCL repeatedly for updating/incorporating one point or another does not show the seriousness on the part of the Government. The Committee emphasise the need of an early finalisation of proposal submitted by PCL. Since Govt. owns majority shares, the responsibility of revival of PCL should not be shifted to all shareholders. The Committee once again urge upon the Government to understand the seriousness of matter and take the concrete steps in finalisation of revival package in consultation with all concerned within month's time.

Reply of the Government

The matters relating to preparation and finalisation of a proper rehabilitation proposal had been discussed with the PCL management in the last week of May, 1998 at Vadodara and thereafter, on the 12th June, 1998 in the Department of Chemicals & Petrochemicals. The progress in the preparation of the rehabilitation proposal was further reviewed in a meeting in the Department of Chemicals & Petrochemicals in the month of August, 1998. The PCL management had at that time indicated that the proposal, duly approved by the Board of Directors of the Society, would be submitted by the end of October, 1998. In a recent review of the position, it has been noted that the techno-economic viability analysis has since been completed

by the consultant engaged by PCL and the rehabilitation proposal, duly approved by the Board of Directors of PCL, is likely to be submitted to the Government by the end of December, 1998. As soon as rehabilitation proposal is submitted to the Department, the same would be processed for a view of the Central Government.

[Ministry of Chemicals & Fertilizers (Deptt. of Chemicals & Petrochemicals) F. No. 16(4).98-Fin. (Vol. II) dt. 4.1.1999]

NEW DELHI;
12 March, 1999
21 Phalguna, 1920 (Saka)

DR. BALRAM JAKHAR,
Chairman,
Standing Committee on
Petroleum & Chemicals.

APPENDIX I

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (1998-99)

Twenty-First Sitting (9.3.1999)

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Dr. Balram Jakhar — *Chairman*

MEMBERS

Lok Sabha

2. Dr. Vallabhbhai Kathiria
3. Shri Ganga Charan Rajput
4. Dr. Ravi Mallu
5. Shri Paban Singh Ghatowar
6. Shri Gurudas Kamat
7. Dr. Asim Bala
8. Shri Raja Paramasivam
9. Shri M. Selvarasu
10. Shri Ambreesh
11. Shri C. Kuppusami
12. Smt. Kailasho Devi

Rajya Sabha

13. Shri Radhakishan Malaviya
14. Shri Anantha Sethi

15. Shri Kanak Mal Katara
16. Shri Dipankar Mukherjee
17. Shri Mukesh R. Patel
18. Shri Parag Chaliha

SECRETARIAT

- | | | |
|----------------------|---|-----------------------------|
| 1. Dr. A.K. Pandey | — | <i>Additional Secretary</i> |
| 2. Shri Harnam Singh | — | <i>Joint Secretary</i> |
| 3. Shri Brahm Dutt | — | <i>Deputy Secretary</i> |
| 4. Shri J.N. Oberoi | — | <i>Under Secretary</i> |
| 5. Smt. Abha Singh | — | <i>Asstt. Director</i> |

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2. The Committee thereafter considered and adopted the following reports:—

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- (ii) Draft Report on action taken by Govt. on the recommendations contained in 5th Report of the Committee on Demands for Grants 1998-99 of Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petro-Chemicals.

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3. The Committee also authorised the Chairman to finalise the Reports after factual verification by the concerned Ministries and present them to Parliament.

The Committee then adjourned.

APPENDIX II

[Vide Para 4 of the Introduction]

Analysis of the Action Taken by Government on the Recommendations contained in the Fifth Report of the Standing Committee on Petroleum and Chemicals (Twelfth Lok Sabha) on 'Demands for Grants (1998-99) of the Deptt. of Chemicals & Petrochemicals

I. Total number of recommendations	23
II. Recommendations that have been accepted by the Government (<i>Vide</i> Recommendation at Sl. Nos. 1, 2, 3, 4, 5, 6, 12, 13, 14, 15, 16, 17, 21 and 23	14
Percentage to Total	60.88
III. Recommendation which the Committee do not desire to pursue in view of Government's reply	Nil
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> Recommendation at Sl. Nos. 7, 8 and 22)	3
Percentage to total	13.04
V. Recommendations in respect of which final replies of Government are still awaited (<i>Vide</i> Recommendation at Sl. Nos. 9, 10, 11, 18, 19 and 20)	6
Percentage to total	26.08