



**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS  
(2007-08)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

**DEMANDS FOR GRANTS  
(2007-08)**

*[Action Taken by the Government on the recommendations contained in the Sixteenth Report (Fourteenth Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2006-07) on Demands for Grants (2007-08) of the Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)]*

**TWENTY FIRST REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*September, 2007/Asvina, 1929 (Saka)*

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**CHEMICALS & FERTILIZERS**  
**(2007-08)**  
**(FOURTEENTH LOK SABHA)**

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**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

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*Presented to Lok Sabha on 20.11.2007*

*Laid in Rajya Sabha on 20.11.2007*



**LOK SABHA SECRETARIAT**  
**NEW DELHI**  
*September, 2007/Asvina, 1929 (Saka)*

## CONTENTS

|  | <b>PAGE</b> |
|--|-------------|
| COMPOSITION OF THE COMMITTEE (2007-08) .....   | 4           |
| INTRODUCTION .....   | 5           |
| <b>CHAPTER I</b> Report .....  | 6           |
| <b>CHAPTER II</b> Recommendations/observations which have been accepted by the Government .....                                      | 22          |
| <b>CHAPTER III</b> Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies..... | 36          |
| <b>CHAPTER IV</b> Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee | 37          |
| <b>CHAPTER V</b> Recommendations/observations in respect of which final replies of the Government are still awaited .....            | 38          |

## APPENDICES

|   |    |
|---|----|
| <b>I</b> Minutes of the Second sitting of the Standing Committee on Chemicals & Fertilizers (2007-08) held on 12 <sup>th</sup> September, 2007....  | 43 |
| <b>II</b> Analysis of Action Taken by the Government on the recommendations contained in the Sixteenth Report (14 <sup>th</sup> Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2006-07) on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) ..... | 45 |

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2007-08)**

***Shri Anant Gangaram Geete - Chairman***

***Members  
Lok Sabha***

2. Shri Ajit Singh
3. Shri Afzal Ansari
4. Shri Jaiprakash (Mohanlal Ganj)
5. Shri Sunil Khan
6. Shri Shrichand Kripalani
7. Shri Subhash Maharia
8. Shri Punnu Lal Mohale
9. Shri A. Narendra
10. Shri Prasanta Pradhan
11. Shri Ramswaroop Prasad
12. Shri P. Chalapathi Rao
13. Shri Ashok Kumar Rawat
14. Shri Anantha Venkata Rami Reddy
15. Shri Devwrat Singh
16. Shri Narsingrao H. Suryawanshi
17. Shri Mansukhbhai Dhanjibhai Vasava
18. Shri D. Venugopal
19. Shri Bhanu Pratap Singh Verma
- \*20. Vacant
21. Vacant

***Rajya Sabha***

22. Shri Debabrata Biswas
23. Shri B.S. Gnanadesikan
24. Shri Gireesh Kumar Sanghi
- #25. Shri Surendra Lath
26. Shri V. Hanumantha Rao
27. Shri Mahendra Sahni
28. Shri Dilip Singh Judev
29. Shri R. Shunmugasundaram
30. Shri Raj Mohinder Singh Majitha
31. Shri T.R. Zeliang

***Secretariat***

1. Shri M. Rajagopalan Nair - *Additional Secretary*
2. Shri A.K. Singh - *Joint Secretary*
3. Shri A.S. Chera - *Director*
4. Shri A.K. Srivastava - *Deputy Secretary-II*
5. Smt. Balwant Kaur Saimbhi - *Under Secretary*
6. Shri Prem Ranjan - *Senior Executive Assistant*

\* Consequent upon nomination to the Committee on Food, Consumer Affairs and Public Distribution, Shri Suresh Angadi, MP (LS) ceased to be Member of the Committee w.e.f. 30.08.2007.

# Nominated w.e.f. 06.09.2007 vice Shri Devdas Apte, MP (RS).

## INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2007-08) having been authorised by the Committee to submit the Report on their behalf, present this Twenty First Report on Action Taken by the Government on the recommendations contained in the Sixteenth Report (Fourteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2006-07) on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Sixteenth Report of the Committee was presented to Lok Sabha on 26<sup>th</sup> April, 2007. The replies of Government to all the recommendations contained in the Sixteenth Report were received on 27<sup>th</sup> July, 2007. The Standing Committee on Chemicals and Fertilizers (2007-08) considered the Action Taken Replies received from the Government and adopted the Draft Action Taken Report at their sitting held on 12<sup>th</sup> September, 2007.

3. An analysis of the Action Taken by the Government on the recommendations contained in the Sixteenth Report (Fourteenth Lok Sabha) of the Committee is given in **Appendix-II**.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

**NEW DELHI**  
**26 September, 2007**  
**4 Asvina, 1929 (Saka)**

**ANANT GANGARAM GEETE,**  
***Chairman,***  
***Standing Committee on***  
***Chemicals and Fertilizers.***

## REPORT

### CHAPTER – I

This Report of the Committee deals with the action taken by the Government on the recommendations/observations contained in the Sixteenth Report (Fourteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2006-07) on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals), which was presented to Lok Sabha on 26<sup>th</sup> April, 2007.

2. The Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the recommendations/observations contained in the Sixteenth Report of the Committee within three months from the presentation of the Report i.e. by 26<sup>th</sup> July, 2007. The Action Taken Replies of the Government in respect of all the 18 recommendations/observations contained in the Report were received on 27<sup>th</sup> July, 2007. These have been categorised as follows:-

- |       |  |            |
|-------|--|------------|
| (i)   | Recommendations/observations which have been accepted by the Government:<br>Sl. Nos. 1, 2, 4, 5, 6, 7, 8, 10, 12, 13 15 and 16       | Total - 12 |
| (ii)  | Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies:                        | Nil        |
| (iii) | Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee:<br>Sl. No. 11    | Total - 1  |
| (iv)  | Recommendations/observations in respect of which final replies of the Government are still awaited:<br>Sl. Nos. 3, 9, 14, 17 and 18. | Total - 5  |

3. The Committee hope that utmost importance would be given to the implementation of the recommendations/observations accepted by the Government. In cases, where it is not possible for the Ministry to implement the recommendations/observations in their letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that the Action Taken Notes on the recommendations/observations contained in Chapter-I of this Report and the final replies in respect of the recommendations for which only interim replies have been furnished by the Government should be furnished expeditiously.

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

A. FOLLOW-UP ACTION ON RECOMMENDATIONS CONTAINED  
IN ELEVENTH REPORT OF THE COMMITTEE

(Recommendation Sl. No. 1)

5. The Committee had analysed the follow-up action by the Government on the recommendations contained in the Eleventh Report of the Committee on Demands for Grants (2006-07) of the Department of Chemicals and Petrochemicals. The Committee had noted that certain recommendations were at the various stages of implementation by the Government. The Committee have further reviewed the progress of implementation (in the matters dealt with by the Committee in their Eleventh Report) in their Fourteenth and

Sixteenth Reports and also the action taken replies furnished by the Government now. The Committee note that some of the recommendations of the Committee like pro-rata compensation to victims of Bhopal Gas Leak Disaster, Removal of Toxic Wastes from Union Carbide Plant site at Bhopal, etc. are yet to be fully implemented. This has been reflected by the Committee in their various Reports. The Committee, therefore, recommend that the Government should take time bound conclusive action on the recommendations of the Committee.

**B. Disbursement of pro-rata compensation to Bhopal Gas victims and provision of safe drinking water to the contaminated areas.**

**(Recommendation Sl.No. 5)**

6. The Committee had recommended as under:-

“The Hon'ble Supreme Court of India in July, 2004 directed the Welfare Commissioner for Bhopal Gas Leak Disaster to disburse the unspent amount of Rs.1503 crore which accrued due to interest and exchange rate variation to the disaster victims on pro-rata basis. The disbursement of pro-rata compensation started on 15.11.2004. About 5,73,539 claimants were given compensation as on 31.1.2007. The Department has informed that 38 appeals and 4 Review Petitions are lying with the Welfare Commissioner. Besides, 56 applications are pending for scrutiny and motion hearing. The work for distribution of pro-rata compensation was to be completed by 30th April, 2006. However, an application in respect of nearly 31,000 absentees claimants had been filed by the office of the Welfare Commissioner in the Hon'ble Supreme Court on 15th February, 2006 for treating all such cases as closed. Decision of the Supreme Court is awaited. The Committee now hope that all cases relating to the disbursement of pro-rata compensation would be disposed of expeditiously as per the decision of the Hon'ble Supreme Court and NGOs who have been assigned the task of contacting beneficiaries would do their work in a time-bound manner. It is, therefore, imperative to have a control on their functioning.



The Committee while appreciating the initiative of Department of Chemicals and Petrochemicals for providing safe drinking water in the gas affected area wherein the gas leakage had mixed with the soil resulting into contamination of water till now, are failed to understand as to why after such a long time the provision of providing safe drinking water has not been taken up effectively. Had the Government taken up this issue earlier, the situation would have been different. The Committee express their displeasure on learning the fact that even after the expiry of twenty one years of the tragedy, water is still being supplied by tankers instead of making any arrangement of piped water. Though it is not the subject matter of the Department even then the Committee recommend that the Department should take up the matter with the Ministry of Urban Development and State Government of Madhya Pradesh and make sincere efforts to contain the problem of water contaminations in the affected area. The Department of Chemicals and Petrochemicals also cannot shirk their responsibility as the gas leakage and its after effect have tangible effect on relief operations for which the Department has been made a nodal agency.”

7. The Ministry, in their Action Taken Reply, have stated as follows:-

“The work of distribution of pro-rata compensation to the victims of the Bhopal Gas Leak Disaster which was to be completed by 30th April,2006 as per directions of the Supreme Court had already been completed by that date by the office of the Welfare Commissioner, Bhopal Gas Victims. However, an application in respect of nearly 19,000 absentees claimants had been filed by the Office of the Welfare Commissioner in the Hon'ble Supreme Court on 23rd August,2006 for treating all such cases as closed. The matter is pending in the Supreme Court.

As far as supply of safe drinking water through pipelines from the Kolar Reservoir to 14 localities around the UCIL plant site is concerned, in April,2006, the Government of India sanctioned money for a project under the Jawaharlal Nehru National Urban Renewal Mission(JNNURM) and the Government of M.P. had sanctioned Rs.14.31 crore to Bhopal Municipal Corporation(BMC) for providing safe drinking water through pipelines from the Kolar Reservoir to 14 localities around the UCIL plant site. The Coordination Committee for implementation of various social, economic and medical rehabilitation programmes/schemes for the victims of Bhopal Gas Leak Disaster set up by the Department of Chemicals and Petrochemicals is in constant touch with the State Government for implementation of this project. The representatives of Bhopal Gas Victims and associated NGOs have also been involved for preparation of the blueprint of this project, so as to cover all the affected bastis. The

Government of Madhya Pradesh has informed that the work on the project is expected to start in the second fortnight of May,2007, as the tender process was scheduled to be over by 3rd March,2007. The Department of Chemicals and Petrochemicals is also following up with the State Government to ensure that the funds are spent for the contaminated groundwater affected bastis and there is no diversions of the pipelines to other areas. The Secretary(C&PC) herself is monitoring the progress of the project with the State Government.”

**8. The Department of Chemicals and Petrochemicals have stated that disbursement of pro-rata compensation to Bhopal Gas victims, as per directions of the Supreme Court, has been completed by 30<sup>th</sup> April, 2006. However, the matter in respect of 19000 absentees claimants is pending in the Supreme court. The Committee, therefore, desire that the matter of absentees claimants should be disposed off immediately after the pronouncement of the judgement by the Supreme Court. The Committee while appreciating the fact that the Government of India as well as the Government of Madhya Pradesh have sanctioned money for a project for providing safe drinking water through pipelines to 14 localities around the Union Carbide of India Limited (UCIL) plant site, desire that the project be implemented in time and there is no diversion of the stipulated fund.**

**C. Disposal of toxic wastes from Union Carbide Plant site at Bhopal**

**(Recommendation Sl. No. 6)**

9. The Committee had recommended as under:-

“The Committee are happy to note that a Task Force under the Chairmanship of Secretary (Chemicals and Petrochemicals) is monitoring the removal/disposal of toxic wastes. The Task Force accepted the final recommendations of the Technical Sub-Committee for removal/disposal of 350 MT of different types of toxic wastes by incineration, at the incinerator at Ankleshwar, Gujarat and for lime sludge weighing approximately 40 MT, to the secured landfill to be sent to the Transportation, Storage, Disposal Facility (TSDF), at Pethampur, near Indore. The permission for incineration at the incinerator at Ankleshwar, Gujarat has been obtained from the State Government of Gujarat and the Ministry of Finance has allocated Rs.1.00 crore to the Department for meeting the 50 % share of expenditure estimated for the purpose. Considering these developments, the Committee desire that toxic wastes from Union Carbide Plant site at Bhopal be removed without any further delay and the Committee may be intimated about the action taken in this regard.”

10. The Ministry, in their Action Taken Reply, have stated as follows:-

“The tenth meeting of the Task Force set up in compliance with the Orders of the High Court of Madhya Pradesh, Jabalpur dated 30th March, 2005 and 13th May, 2005 was held on 3rd May, 2007, wherein it was decided to hold a preliminary meeting of the technical sub committee of the Task Force in the month of May, 2007, under the convenorship of the Chairman of the MPPCB to look into the issues related to the implementation of the phase-III and give clear recommendations on (i) decommissioning and dismantling of the structure; (ii) Bio-remediation of the soil and (iii) examination of the extent of the contamination of ground water. The Technical Sub-Committee met on 25<sup>th</sup> May, 2007 at Bhopal. The Government of India has sanctioned Rs. 1 crore, in compliance with the orders of the Hon'ble High Court, dated 13th May, 2005, as the share of the Union of India for the removal/disposal of approximately 40 MT of Lime Sludge at the TSDF at Pithampur and approximately 350 MT of other toxic wastes to be incinerated at the incinerator at Ankleshwar, Gujarat for the fund to be operated by the Principal Secretary, Bhopal Gas Tragedy, Relief and Rehabilitation Department, Government of Madhya Pradesh and the Chairman, Madhya Pradesh Pollution Control Board Bhopal. A Demand Draft for Rs.1 crore dated 4th May, 2007 has since been sent to the State Government of Madhya Pradesh as the share of the Central Government.”

11. The Committee have been informed that the Government of India has sanctioned and issued a Demand Draft for Rs.1 crore, in compliance with the orders of the Hon'ble High Court, dated 13<sup>th</sup> May, 2005, as the share of the Union of India for the removal/ disposal of approximately 40 MT of Lime Sludge at the Transportation, Storage, Disposal Facility (TSDF) at Pithampur and approximately 350 MT of other toxic waste to be incinerated at the incinerator at Ankleshwar, Gujarat for the fund to be operated by the Principal Secretary, Bhopal Gas Tragedy, Relief and Rehabilitation Department, Government of Madhya Pradesh and the Chairman, Madhya Pradesh Pollution Control Board, Bhopal. The Committee now expect that the toxic wastes shall be removed immediately as these are lying there for over two decades.

**D. Setting up of NIPER like Institutes in the country**  
**(Recommendation SI. No. 9)**

12. The Committee had recommended as under:-

“The Committee note that the National Institute of Pharmaceutical Education and Research (NIPER) seeks to promote excellence in the sphere of pharmaceutical education and to meet the current and future needs of the pharmaceutical sector in India. Keeping in view the importance of its objectives, the Plan budget for the Institute has been raised from Rs.13.00 crore in the RE 2006-07 to Rs.28.66 crore in the BE 2007-08 particularly to strengthen the infrastructure facilities of Institute and start new schemes in addition to completion of the on-going schemes. The Committee are happy to note that for the 11<sup>th</sup> Plan a proposal for setting up 5 more NIPER like Institutes in the country has been mooted and Planning Commission has accorded ‘in-principle’ approval for the same. The Committee hope that as suggested by the Planning Commission, the Government would actively consider private-public partnership. Considering

the fact that NIPER has been doing yeomen's service to the pharmaceutical sector, the Committee strongly recommend that Planning Commission finally approve the proposal expeditiously and Ministry of Finance accordingly allocate the money for the same. The Committee also recommend that new schemes/projects should be completed in a time bound manner so that desired objectives of the Plan funds are achieved. In this regard, the Committee also desire that the Department of Chemicals & Petrochemicals also pursue the matter seriously with Planning Commission, Department of Expenditure and other concerned authorities."

13. The Ministry, in their Action Taken Reply, have stated as follows:-

"For NIPER, Mohali, a total of Rs.28.66 crores have been earmarked as Plan Grant in the B.E. 2007-08. This includes Rs.8.66 crores for ongoing activities and Rs.20 crores for New Schemes covering infrastructure upgradation, Teaching Programme, IT and R&D. NIPER has been asked to send the detailed proposals for obtaining approvals of the concerned authorities so that the funds could be released at the earliest and works on the projects/schemes could be started at the earliest.

Department of Chemicals & Petrochemicals, in consultation with the Planning Commission has proposed to set up six NIPERs during the 11<sup>th</sup> Five Year Plan. Presently, the proposal for setting up of four new NIPERs is at advanced stages of approval. Expenditure Finance Committee (EFC) has accorded its 'in principle approval' to start courses in four NIPERs at Ahmedabad (Gujarat), Hyderabad (Andhra Pradesh), Hajipur (Bihar) and Kolkata (West Bengal) in its meeting held on 23.05.07. Department is now in the process of obtaining approval from CCEA. "

- 14. The Committee have been informed that the proposal for setting up of four new NIPERs at Ahmedabad (Gujarat), Hyderabad (Andhra Pradesh), Hajipur (Bihar) and Kolkata (West Bengal) has got 'in principle approval' of the Expenditure Finance Committee (EFC) and the Department of Chemicals and Petrochemicals is now in the process of obtaining approval from CCEA. The Committee, therefore, desire that the Department of Chemicals and Petrochemicals should take necessary steps for obtaining approval from CCEA expeditiously**

and expedite the process of setting up of more NIPERs in the country within a stipulated time period and the Committee should be informed about such target.

**E. Awareness generation programmes for  
Chemical Weapons Convention and the CWC Act**

**(Recommendation SI. No. 10)**

15. The Committee had recommended as under:-

“The Committee appreciate that all the Chemical Units which are producing Schedule II and Schedule III chemicals have to declare those so that the chemicals produced can not be used for producing chemical weapons as per the Chemical Weapons Convention (CWC). The Committee note that for such monitoring an enhancement of Rs.0.18 crore has been made on the BE 2007-08 as compared to RE 2006-07. The Committee feel that such safety steps are not only for adherence to Chemical Weapons Convention but also for the safety of general public at large. “

16. The Ministry, in their Action Taken Reply, have stated as follows:-

“While undertaking the awareness generation programmes for Chemical Weapons Convention and the CWC Act, the importance of these programmes for ensuring adherence to the CWC, the relevance to the safety of factory workers and general public at large as per the Safety, Health & Environment (SHE) regulatory measures will also be properly brought out.”

17. The Committee note that the Department of Chemicals and Petrochemicals will bring out the relevance of Chemical Weapons Convention (CWC) for safety of factory workers and general public at large but they did not elaborate on this crucial issue. The Committee, therefore, recommend that the Department should use print and electronic media for creating awareness among factory workers in particular and public at large in general so as to protect them from the dangerous and toxic effect of such chemicals as well as also to prevent any mishappening which may occur as a result of unawareness. The Committee would also desire that Government should device such mechanism which may be taken aftermath of any such eventuality for their effective control.

**F. Finalization of the National Pharmaceutical Policy and Restructuring and strengthening of the National Pharmaceutical Pricing Authority (NPPA)**

**(Recommendation Sl. No. 11)**

18. The Committee had recommended as under:-

“The Committee note that the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/revision of drugs and formulations. It monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Prices Control) Order. The planned expenditure has been increased from Rs.1.50 crore in 2006-07 to Rs.11.50 crore in 2007-08 in order to restructure and strengthen the NPPA, as stipulated in the proposed National Pharmaceutical Policy, 2006, by setting up Drug Price Monitoring Cell in each State for monitoring of the drug prices in the concerned State. The Committee hope that National Pharmaceutical Policy, 2006 would be finalized soon and the funds earmarked for NPPA would be utilized fully to achieve the objectives for which they are allocated.”

19. The Ministry, in their Action Taken Reply, have stated as follows:-

“National Pharmaceutical Policy,2006 was considered by the Union Cabinet at its meeting held on 11.1.2007. The Cabinet has since constituted a Group of Ministers (GOM) for considering the Policy at the first instance for its recommendations. The first meeting of the GOM was held on 10.4.2007. As soon as the National Pharmaceutical Policy is approved by the Cabinet, action would be initiated to set up Drug Monitoring Cell in each State for monitoring prices of drugs.”

**20. The Committee regret to note that the National Pharmaceutical Policy, which is a requisite for price control of drugs, has not been finalized yet. It was still being considered by a Group of Ministers (GOM) whose first meeting was held on 10.04.2007. The Committee strongly recommend that this policy should be finalized without any further delay so that restructuring and strengthening of NPPA is completed and Drug Monitoring Cells are set up in each State for monitoring the prices of drugs.**

**G. Promotion of export of pharmaceuticals**

**(Recommendation No. 12)**

21. The Committee had recommended as under:-

“The Committee note that the Government is providing grants for promotion of export of pharmaceuticals which inter-alia includes organizing seminars/workshops. The Committee also note that against ‘Nil’ Plan and 0.05 crore Non-Plan Budget for the year 2006-07, Rs. 1.00 crore Plan and 0.5 crore Non-Plan Budget has been proposed for the year 2007-08. While appreciating the increase in allocation for the year 2007-08, the Committee recommend that vigorous and sustained efforts should be made for promotion of export of pharmaceuticals.”



22. The Ministry, in their Action Taken Reply, have stated as follows:-

“The Department has noted recommendation of the Committee and ensures that vigorous and sustained efforts would be made for promotion of export of pharmaceuticals.”

**23. Although the Department of Chemicals and Petrochemicals has stated that vigorous and sustained efforts would be made for promotion of export of pharmaceuticals, however, no details have been given about the steps taken in this regard. The Committee, therefore, would like to be apprised about such details.**

**H. Utilization of the funds allocated for the chemicals promotion and development scheme**

**(Recommendation Sl. No. 13)**

24. The Committee had recommended as under:-

“The committee note that Rs.2.10 crores has been proposed for the Chemicals Promotion and Development Scheme (CPDS) which is targeted to gear up Indian Chemical Industry which is facing various challenges posed due to liberalization and globalization and to tune it to adopt world class technology so as to become competitive in global market along with the multinationals and other big companies. The Committee desire that the funds earmarked for CPDS be utilized fully to achieve the desired results.”

25. The Ministry, in their Action Taken Reply, have stated as follows:-

“Efforts will be made to fully and properly utilize the funds allocated under the scheme for various activities for promotion of Indian chemical industry.”

26. Although the Department of Chemicals and Petrochemicals has stated that efforts will be made to fully and properly utilize the fund allocated under the scheme, no details have been given in this regard. The Committee deplore such casual reply of the Department and would like to be apprised about such details and the latest position.

I. Revival of the sick Public Sector Undertakings engaged in manufacturing of Pharmaceutical products

(Recommendation Sl. No. 15)

27. The Committee had recommended as under:-

“The Committee observe that Public Sector Undertakings of the Department of Chemicals and Petrochemicals especially those engaged in manufacturing of pharmaceuticals products are playing a significant role in developing and availing low cost medicines which would have otherwise been beyond the capacity of poor people. There is no denial of the fact that these Undertakings have social obligation which private companies do not have. The Committee note that this may be one of the reasons of non-profitability of some of the Public Sector Undertakings. While appreciating the role of Public Sector Undertakings as social manager, the Committee recommend that all-out efforts should be made in order to revive the sick industries which were hitherto languishing due to many reasons beyond their control. The Committee desire that besides financial support for the revival of sick companies, the Government should give a little more autonomy and develop effective managerial skill among Officers at the helm of affairs. The Committee feel that managerial skill and Human Resource Development are as essential as providing financial assistance only then the public sector companies would compete with private sector in terms of profitability.”

28. The Ministry, in their Action Taken Reply, have stated as follows:-

“Consistent with the policy of UPA Government to revive public sector units set up for manufacture of critical bulk drugs and in order to keep a check on prices of drugs, Government has approved revival plans of Hindustan Antibiotics Limited, Pune, and Bengal Chemicals & Pharmaceuticals Limited, Kolkata. The rehabilitation plan for revival of IDPL was placed before the Cabinet. The Cabinet has referred the revival of IDPL to GoM for consideration at the first instance. GoM has been constituted.

The Board level officers of CPSEs are selected for appointment by the PESB. They are expected to utilize and develop managerial skills in the context of requirement of their assignment. These functionaries enjoy powers to re-organize the working of the company where necessary by taking approval of their Board of Directors. In addition, the CPSEs, also sign MoU with the Department. The MoU inter alia provide for issues concerning autonomy and provides for delegation of powers to CPSUs.

The Board of the PSUs are vested with powers to take all important decisions.

The DPE has framed guidelines for the functioning of PSUs. The observation of the Committee has been brought to the notice of DPE.”

**29. The Committee are happy to note that Government has approved revival plans of Hindustan Antibiotics Limited, Pune and Bengal Chemicals and Pharmaceuticals Limited, Kolkata and the rehabilitation plan for revival of IDPL has been referred to Group of Ministers (GOM) for Consideration at the first instance. Also the Department of Public Enterprises (DPE) has framed guidelines for the functioning of PSUs and the observation of the Committee has been brought to the notice of DPE. While appreciating the effort of the Government, the Committee expect that these PSUs would be revived very soon and the desired objectives would be achieved.**

**J. Setting up a caustic soda plant in Rasayani in Maharashtra by HOCL**  
**(Recommendation SI. No. 16)**

30. The Committee had recommended as under:-

“The Committee note that management of HOCL decided to set up a caustic soda plant in Rasayani in Maharashtra. The Committee also note that because of high cost of power, the Government of Maharashtra did not allow them to have their own captive power plant. As a result Rs.95 crore unit had to shut up. The Committee express their dismay over such an attitude of the Government of Maharashtra which wasted Rs.95 crore of HOCL and incurred great loss to the company. The Committee also caution that before setting up such units the arrangement of all inputs like power, land water, etc., should be explored in-tandem with the State Government so that such faux-pas do not recur. As evident from the statement of Secretary that there was liberalisation at that time, the Committee are of the view that Government should not frequently change their economic policy especially in such cases where a substantial amount of money is involved in the production of chemicals useful for industries as a whole.”

31. The Ministry, in their Action Taken Reply, have stated as follows:-

“The observation of the Committee regarding the Government of Maharashtra has been conveyed to the Government of Maharashtra for appropriate necessary action. HOCL has also been conveyed the direction of the Committee for making arrangement of all inputs like power, land, water etc before hand in tandem with the State Government. Regarding desisting from frequent change of economic policy by the Government, the same has been noted.”

**32. Although the observation of the Committee has been conveyed to the Government of Maharashtra and HOCL for appropriate necessary action, these are not sufficient. The Department has not given any explanation about the steps taken to avoid recurrence of such losses in future. Government should categorically state that they would not change their economic policy frequently until and unless it is expedient to do so in the larger public interest.**

**K. Revival of IDPL**

**(Recommendation Sl. No. 17)**

33. The Committee had recommended as under:-

“The Committee are failed to understand that IDPL which had done pioneering work in the manufacturing of drugs and pharmaceutical is presently not viable. Many scientists have left the company due to one reason or the other. The Committee express their displeasure over such sorry state of affairs. The Committee are of the view that some concrete steps should be taken to stop the brain-drain. While appreciating the recommendation of BRPSE for revival of IDPL, the Committee hope that the recommendation of BRPSE will be implemented soon and Government would do their best for the revival of IDPL keeping in view of its social obligation. “

34. The Ministry, in their Action Taken Reply, have stated as follows:-

“The recommendation of BRPSE for revival of IDPL was placed before the Cabinet for consideration /decision. The Cabinet has since referred the proposal to Group of Ministers(GoM) for its recommendations. The GoM has since been constituted on 1.6.2007.”

**35. The Committee have been informed that the recommendation of Board for Reconstruction of Public Sector Enterprises (BRPSE) for revival of IDPL was placed before the Cabinet which has since referred the proposal to Group of Ministers (GoM) for its recommendation. The GoM has been constituted on 01.06.2007. The Committee, therefore, recommend that the Department should pursue the matter for the expeditious approval of the revival proposal of IDPL and get them informed about the action taken in this regard.**

## CHAPTER – II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **(Recommendation Sl. No. 1)**

The Committee have analyzed the implementation of recommendations/ observations contained in their Eleventh Report on Demands for Grants (2006-07). The analysis of the Committee shows that out of 21 recommendations contained in the Report, the Government have implemented some recommendations viz. Recommendation Sl. Nos. 2, 3, 10, 11, 17, 18 and 20. Some recommendations viz. Recommendation Sl. Nos. 5, 6, 7 and 8 as per latest information submitted to the Committee are at various stages of implementation. The Committee, therefore, desire that the Government should implement the recommendations expeditiously and apprise the Committee of the conclusive action taken in this regard.

#### **Reply of the Government**

##### **(Rec Sl.No. 5 - Establishment of 3 new CIPET Centres)**

The basic machinery for conducting training programmes in the three new CIPET Centres have been installed in the hired temporary premises and training programmes are being duly conducted for the academic year 2006-07. Process for procurement of advance machinery (CNC, Microprocessor Control, etc.) has been initiated and it is expected that they would be installed by July, 2007 at the respective centres. All the steps are being taken to ensure timely completion of these projects within the stipulated time frame i.e. upto March, 2009.

##### **(Rec.Sl.No. 6 - Pro-rata compensation to victims of Bhopal Gas Leak Disaster)**

The work of distribution of pro-rata compensation to the victims of the Bhopal Gas Leak Disaster which was to be completed by 30th April, 2006 as per

directions of the Supreme Court had already been completed by that date by the office of the Welfare Commissioner, Bhopal Gas Victims. However, an application in respect of nearly 19,000 absentees claimants had been filed by the Office of the Welfare Commissioner in the Hon'ble Supreme Court on 23rd August,2006 for treating all such cases as closed. The matter is pending in the Supreme Court.

**(Rec. Sl. No. 7 - Removal of Toxic wastes from Union Carbide Plant site at Bhopal)**

The tenth meeting of the Task Force set up in compliance with the Orders of the High Court of Madhya Pradesh, Jabalpur dated 30th March,2005 and 13th May,2005 was held on 3rd May,2007, wherein it was decided to hold a preliminary meeting of the technical sub committee of the Task Force in the month of May,2007, under the convenorship of the Chairman of the MPPCB to look into the issues related to the implementation of the phase-III and give clear recommendations on (i) decommissioning and dismantling of the structure; (ii) Bio-remediation of the soil and (iii) examination of the extent of the contamination of ground water. The Technical Sub-Committee met on 25th May, 2007 at Bhopal. The Government of India has sanctioned Rs.1 crore, in compliance with the orders of the Hon'ble High Court, dated 13th May,2005, as the share of the Union of India for the removal/disposal of approximately 40 MT of Lime Sludge at the TSDF at Pithampur and approximately 350 MT of other toxic wastes to be incinerated at the incinerator at Ankleshwar, Gujarat for the fund to be operated by the Principal Secretary, Bhopal Gas Tragedy, Relief and Rehabilitation Department, Government of Madhya Pradesh and the Chairman, Madhya Pradesh Pollution Control Board Bhopal. A Demand Draft for Rs.1 crore dated 4th May, 2007 has since been sent to the State Government of Madhya Pradesh as the share of the Central Government.

**(Rec.SI.No. 8 – Early Commissioning of Assam Gas Cracker Project)**

A Joint Venture Company namely “Brahmaputra Cracker and Polymer Limited” was incorporated on 8<sup>th</sup> January 2007 which is responsible for commissioning of Assam Gas Cracker Project within stipulated time. The review

meetings are being taken at regular interval at the level of Secretary (C&PC) and Joint Secretary(PC) for early implementation of the Assam Gas Cracker Project. MOS (C&F) also takes review meetings at his level in for speedy implementation.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

(Please see Para No. 5 of Chapter-I of the Report)

### **(Recommendation Sl. No. 2)**

The Committee note that revised plan outlay for the 10<sup>th</sup> Five Year Plan(2002-07) was Rs.612.42 crore with Rs.418.42 crore as budgetary support and Rs.194.00 crore as IEBR mainly through PSUs. Out of this Rs.418.42 crore, only Rs.179.52 crore has been spent during the first four years of the 10<sup>th</sup> plan which comes to about 42.9 per cent only. However, if RE of Rs.404.31 crore for the year 2006-07(terminal year of the 10<sup>th</sup> Plan) is utilized fully, the total utilization would be around Rs.583.83 crore, almost 40 per cent more than that envisaged at the start of the plan. The Committee also note that against RE of Rs.404.31 crore, an amount of Rs.354.21 crore has been released for utilization as on 20.3.2007. Considering all these aspects, the Committee recommend that in future planning should be done properly to ensure utilization of allocated funds in proportionate manner during each year of the Plan and to discourage the trend of utilization of major portion of allocated funds during the terminal year of the plan period.

### **Reply of the Government**

The release of an amount of Rs.354.21 crore during March 2007 was mainly due to the revival packages of HOCL, HAL and BCPL for which Rs.250.00 crore 23.31 crore and Rs.55.00 crore respectively were released. As a result of these releases, the overall plan allocations and utilisation of funds under various annual plans could not be maintained in a proportionate manner.



The Department will however, ensure that utilisation of plan funds, as far as possible, is systematic and in proportion with the plan allocations.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**(Recommendation Sl. No. 4)**

The Committee note that the Plan budget of CIPET has been increased from Rs.32.66 crore in RE (2006-07) to Rs.38.51 crore in BE (2007-08). The Department of Chemicals & Petrochemicals has informed that the BE of Rs.38.51 crore for the year 2007-08 comprises OPEC Loan Assistance of Rs.20 crore and Domestic Budget Support (DBS) of Rs.18.51 crore out of which an amount of Rs.11.26 crore is for New Schemes of CIPET; Rs.5.25 crore is for establishment of new extension centres at Panipat (Haryana), Jaipur (Rajasthan) and Aurangabad (Maharashtra) and Rs.2 crore as counterpart funding against OPEC Loan Assistance. The Committee have been further informed that the temporary building/workshops have been identified and training activities at all the 3 centres have already commenced for the current academic year. The project proposal stipulates completion of the project in 3 years for each of the centres, from the date of approval i.e., as 31<sup>st</sup> March, 2006. The Committee, therefore, recommend that steps should be taken for timely completion of the project for establishment of new extension centres at Panipat, Jaipur and Aurangabad. The Committee also desire that in future CIPET Centres should be established in the vicinity of polytechnic centres imparting education in plastic/polymer technology.

**Reply of the Government**

The basic machinery for conducting training programmes in the three new CIPET Centres have been installed in the hired temporary premises and training programmes are being duly conducted for the academic year 2006-07 . Process for procurement of advance machinery (CNC, Microprocessor Control, etc.) has been initiated and it is expected that these would be installed by July, 2007 at the

respective centres. All the steps are being taken to ensure timely completion of these projects within the stipulated time frame i.e. by March, 2009. The recommendation of the Committee has been noted and in case of establishment of CIPET Centres in future, all efforts will be made to impress upon the concerned State Govt. to provide the land in the vicinity of polytechnic imparting education in Plastics and Polymer Technology.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**(Recommendation Sl. No. 5)**

The Hon'ble Supreme Court of India in July, 2004 directed the Welfare Commissioner for Bhopal Gas Leak Disaster to disburse the unspent amount of Rs.1503 crore which accrued due to interest and exchange rate variation to the disaster victims on pro-rata basis. The disbursement of pro-rata compensation started on 15.11.2004. About 5,73,539 claimants were given compensation as on 31.1.2007. The Department has informed that 38 appeals and 4 Review Petitions are lying with the Welfare Commissioner. Besides, 56 applications are pending for scrutiny and motion hearing. The work for distribution of pro-rata compensation was to be completed by 30th April, 2006. However, an application in respect of nearly 31,000 absentees claimants had been filed by the office of the Welfare Commissioner in the Hon'ble Supreme Court on 15th February, 2006 for treating all such cases as closed. Decision of the Supreme Court is awaited. The Committee now hope that all cases relating to the disbursement of pro-rata compensation would be disposed of expeditiously as per the decision of the Hon'ble Supreme Court and NGOs who have been assigned the task of contacting beneficiaries would do their work in a time-bound manner. It is, therefore, imperative to have a control on their functioning.

The Committee while appreciating the initiative of Department of Chemicals and Petrochemicals for providing safe drinking water in the gas affected area wherein the gas leakage had mixed with the soil resulting into contamination of

water till now, are failed to understand as to why after such a long time the provision of providing safe drinking water has not been taken up effectively. Had the Government taken up this issue earlier, the situation would have been different. The Committee express their displeasure on learning the fact that even after the expiry of twenty one years of the tragedy, water is still being supplied by tankers instead of making any arrangement of piped water. Though it is not the subject matter of the Department even then the Committee recommend that the Department should take up the matter with the Ministry of Urban Development and State Government of Madhya Pradesh and make sincere efforts to contain the problem of water contaminations in the affected area. The Department of Chemicals and Petrochemicals also cannot shirk their responsibility as the gas leakage and its after effect have tangible effect on relief operations for which the Department has been made a nodal agency.

### **Reply of the Government**

The work of distribution of pro-rata compensation to the victims of the Bhopal Gas Leak Disaster which was to be completed by 30th April,2006 as per directions of the Supreme Court had already been completed by that date by the office of the Welfare Commissioner, Bhopal Gas Victims. However, an application in respect of nearly 19,000 absentees claimants had been filed by the Office of the Welfare Commissioner in the Hon'ble Supreme Court on 23rd August,2006 for treating all such cases as closed. The matter is pending in the Supreme Court.

As far as supply of safe drinking water through pipelines from the Kolar Reservoir to 14 localities around the UCIL plant site is concerned, in April,2006, the Government of India sanctioned money for a project under the Jawaharlal Nehru National Urban Renewal Mission(JNNURM) and the Government of M.P. had sanctioned Rs.14.31 crore to Bhopal Municipal Corporation(BMC) for providing safe drinking water through pipelines from the Kolar Reservoir to 14 localities around the UCIL plant site. The Coordination Committee for implementation of various social, economic and medical rehabilitation

programmes/schemes for the victims of Bhopal Gas Leak Disaster set up by the Department of Chemicals and Petrochemicals is in constant touch with the State Government for implementation of this project. The representatives of Bhopal Gas Victims and associated NGOs have also been involved for preparation of the blueprint of this project, so as to cover all the affected bastis. The Government of Madhya Pradesh has informed that the work on the project is expected to start in the second fortnight of May,2007, as the tender process was scheduled to be over by 3rd March,2007. The Department of Chemicals and Petrochemicals is also following up with the State Government to ensure that the funds are spent for the contaminated groundwater affected bastis and there is no diversions of the pipelines to other areas. The Secretary(C&PC) herself is monitoring the progress of the project with the State Government.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

(Please see Para No. 8 of Chapter-I of the Report)

### **(Recommendation SI. No. 6)**

The Committee are happy to note that a Task Force under the Chairmanship of Secretary(Chemicals and Petrochemicals) is monitoring the removal/disposal of toxic wastes. The Task Force accepted the final recommendations of the Technical Sub-Committee for removal/disposal of 350 M T of different types of toxic wastes by incineration, at the incinerator at Ankleshwar, Gujarat and for lime sludge weighing approximately 40 MT, to the secured landfill to be sent to the Transportation, Storage, Disposal Facility (TSDF), at Pethampur, near Indore. The permission for incineration at the incinerator at Ankleshwar, Gujarat has been obtained from the State Government of Gujarat and the Ministry of Finance has allocated Rs.1.00 crore to the Department for meeting the 50 % share of expenditure estimated for the purpose. Considering these

developments, the Committee desire that toxic wastes from Union Carbide Plant site at Bhopal be removed without any further delay and the Committee may be intimated about the action taken in this regard.

### **Reply of the Government**

The tenth meeting of the Task Force set up in compliance with the Orders of the High Court of Madhya Pradesh, Jabalpur dated 30th March, 2005 and 13th May, 2005 was held on 3rd May, 2007, wherein it was decided to hold a preliminary meeting of the technical sub committee of the Task Force in the month of May, 2007, under the convenorship of the Chairman of the MPPCB to look into the issues related to the implementation of the phase-III and give clear recommendations on (i) decommissioning and dismantling of the structure; (ii) Bio-remediation of the soil and (iii) examination of the extent of the contamination of ground water. The Technical Sub-Committee met on 25<sup>th</sup> May, 2007 at Bhopal. The Government of India has sanctioned Rs. 1 crore, in compliance with the orders of the Hon'ble High Court, dated 13th May, 2005, as the share of the Union of India for the removal/disposal of approximately 40 MT of Lime Sludge at the TSDF at Pithampur and approximately 350 MT of other toxic wastes to be incinerated at the incinerator at Ankleshwar, Gujarat for the fund to be operated by the Principal Secretary, Bhopal Gas Tragedy, Relief and Rehabilitation Department, Government of Madhya Pradesh and the Chairman, Madhya Pradesh Pollution Control Board Bhopal. A Demand Draft for Rs.1 crore dated 4th May, 2007 has since been sent to the State Government of Madhya Pradesh as the share of the Central Government.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

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

**(Recommendation Sl. No.7)**

The Committee have been informed that the Gas Authority of India Limited (GAIL) has been identified as lead promoter with 70 percent equity participation to implement the Assam Gas Cracker Project with Oil India Limited, Numaligarh Refinery Limited and Assam Industrial Development Corporation each having 10 percent equity participation in the project. The Committee note that project was approved by the Cabinet Committee on Economic Affairs (CCEA) on 18<sup>th</sup> April, 2006 and a Joint Venture Company i.e. M/s Brahmaputra Cracker and Polymer Limited was incorporated on 8<sup>th</sup> January 2007 and some progress has been made towards implementation of the project. The Committee express their satisfaction that foundation stone laying ceremony of the Brahmaputra Cracker and Polymer Limited has been held on 9<sup>th</sup> April, 2007. The Committee now desire that all out efforts should be made to make the Project complete and functional within stipulated time period as the project is a part of Assam Accord signed as far back as 1985 and should not be prolonged any more which hitherto could not take off due to one reason or another.

**Reply of the Government**

A Joint Venture Company namely “Brahmaputra Cracker and Polymer Limited” was incorporated on 8<sup>th</sup> January 2007 which is responsible for commissioning of Assam Gas Cracker Project within stipulated time. The review meetings are being taken at regular interval at the level of Secretary (C&PC) and Joint Secretary(PC) for early implementation of the Assam Gas Cracker Project. MOS (C&F) also takes review meetings at his level in this connection. The Joint Venture Company have been asked to prepare an Action Plan for timely implementation of this Project.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**(Recommendation SI. No. 8)**

The Committee note that the Institute of Pesticides Formulation Technology is getting Departmental grant for day-to-day activities as well as capital support. The Committee have been informed that the difficulty of the shortage of manpower faced by the Institute has been overcome by undertaking cadre review exercise. Subsequently, recruitment process has been completed and some more scientists will be in position before 30<sup>th</sup> April, 2007. Further the process of filling up of the post of Director is under way. The Committee hope that the scientist and Director will join the Institute very soon so that it discharges its assigned function smoothly.

**Reply of the Government**

It has been informed by IPFT that 5 Scientists and one Hindi Translator have already joined duties in IPFT. The remaining two Scientists are also likely to join soon. Further it may also be added here that proposal for filling up the post of Director IPFT was submitted to the Appointment Committee of Cabinet for its approval. The recommendation has been received and offer of appointment has been sent to recommended candidate.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**(Recommendation SI. No.10)**

The Committee appreciate that all the Chemical Units which are producing Schedule II and Schedule III chemicals have to declare those so that the chemicals produced can not be used for producing chemical weapons as per the Chemical Weapons Convention (CWC). The Committee note that for such monitoring an enhancement of Rs.0.18 crore has been made on the BE 2007-08 as compared to RE 2006-07. The Committee feel that such safety steps are not only for adherence to Chemical Weapons Convention but also for the safety of general public at large.

### **Reply of the Government**

While undertaking the awareness generation programmes for Chemical Weapons Convention and the CWC Act, the importance of these programmes for ensuring adherence to the CWC, the relevance to the safety of factory workers and general public at large as per the Safety, Health & Environment (SHE) regulatory measures will also be properly brought out.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

(Please see Para No. 17 of Chapter-I of the Report)

### **(Recommendation Sl. No. 12)**

The Committee note that the Government is providing grants for promotion of export of pharmaceuticals which inter-alia includes organizing seminars/workshops. The Committee also note that against 'Nil' Plan and 0.05 crore Non-Plan Budget for the year 2006-07, Rs. 1.00 crore Plan and 0.5 crore Non-Plan Budget has been proposed for the year 2007-08. While appreciating the increase in allocation for the year 2007-08, the Committee recommend that vigorous and sustained efforts should be made for promotion of export of pharmaceuticals.

### **Reply of the Government**

The Department has noted recommendation of the Committee and ensures that vigorous and sustained efforts would be made for promotion of export of pharmaceuticals

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

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



**(Recommendation SI. No.13)**

The committee note that Rs.2.10 crores has been proposed for the Chemicals Promotion and Development Scheme (CPDS) which is targeted to gear up Indian Chemical Industry which is facing various challenges posed due to liberalization and globalization and to tune it to adopt world class technology so as to become competitive in global market along with the multinationals and other big companies. The Committee desire that the funds earmarked for CPDS be utilized fully to achieve the desired results.

**Reply of the Government**

Efforts will be made to fully and properly utilize the funds allocated under the scheme for various activities for promotion of Indian chemical industry.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**Comments of the Committee**

(Please see Para No. 26 of Chapter-I of the Report)

**(Recommendation SI. No. 15)**

The Committee observe that Public Sector Undertakings of the Department of Chemicals and Petrochemicals especially those engaged in manufacturing of pharmaceuticals products are playing a significant role in developing and availing low cost medicines which would have otherwise been beyond the capacity of poor people. There is no denial of the fact that these Undertakings have social obligation which private companies do not have. The Committee note that this may be one of the reasons of non-profitability of some of the Public Sector Undertakings. While appreciating the role of Public Sector Undertakings as social manager, the Committee recommend that all-out efforts should be made in order to revive the sick industries which were hitherto languishing due to many reasons beyond their control. The Committee desire that besides financial support for the

revival of sick companies, the Government should give a little more autonomy and develop effective managerial skill among Officers at the helm of affairs. The Committee feel that managerial skill and Human Resource Development are as essential as providing financial assistance only then the public sector companies would compete with private sector in terms of profitability.

### **Reply of the Government**

Consistent with the policy of UPA Government to revive public sector units set up for manufacture of critical bulk drugs and in order to keep a check on prices of drugs, Government has approved revival plans of Hindustan Antibiotics Limited, Pune, and Bengal Chemicals & Pharmaceuticals Limited, Kolkata. The rehabilitation plan for revival of IDPL was placed before the Cabinet. The Cabinet has referred the revival of IDPL to GoM for consideration at the first instance. GoM has been constituted.

The Board level officers of CPSEs are selected for appointment by the PESB. They are expected to utilize and develop managerial skills in the context of requirement of their assignment. These functionaries enjoy powers to re-organize the working of the company where necessary by taking approval of their Board of Directors. In addition, the CPSEs, also sign MoU with the Department. The MoU inter alia provide for issues concerning autonomy and provides for delegation of powers to CPSUs.

The Board of the PSUs are vested with powers to take all important decisions.

The DPE has framed guidelines for the functioning of PSUs. The observation of the Committee has been brought to the notice of DPE.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

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

**(Recommendation Sl. No.16)**

The Committee note that management of HOCL decided to set up a caustic soda plant in Rasayani in Maharashtra. The Committee also note that because of high cost of power, the Government of Maharashtra did not allow them to have their own captive power plant. As a result Rs.95 crore unit had to shut up. The Committee express their dismay over such an attitude of the Government of Maharashtra which wasted Rs.95 crore of HOCL and incurred great loss to the company. The Committee also caution that before setting up such units the arrangement of all inputs like power, land water, etc., should be explored in-tandem with the State Government so that such faux-pas do not recur. As evident from the statement of Secretary that there was liberalisation at that time, the Committee are of the view that Government should not frequently change their economic policy especially in such cases where a substantial amount of money is involved in the production of chemicals useful for industries as a whole.

**Reply of the Government**

The observation of the Committee regarding the Government of Maharashtra has been conveyed to the Government of Maharashtra for appropriate necessary action. HOCL has also been conveyed the direction of the Committee for making arrangement of all inputs like power, land, water etc before hand in tandem with the State Government. Regarding desisting from frequent change of economic policy by the Government, the same has been noted

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**Comments of the Committee**

(Please see Para No. 32 of Chapter-I of the Report)

CHAPTER – III

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

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NIL

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## CHAPTER – IV

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

#### (Recommendation Sl. No.11)

The Committee note that the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/revision of drugs and formulations. It monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Prices Control) Order. The planned expenditure has been increased from Rs.1.50 crore in 2006-07 to Rs.11.50 crore in 2007-08 in order to restructure and strengthen the NPPA, as stipulated in the proposed National Pharmaceutical Policy, 2006, by setting up Drug Price Monitoring Cell in each State for monitoring of the drug prices in the concerned State. The Committee hope that National Pharmaceutical Policy, 2006 would be finalized soon and the funds earmarked for NPPA would be utilized fully to achieve the objectives for which they are allocated.

#### Reply of the Government

National Pharmaceutical Policy,2006 was considered by the Union Cabinet at its meeting held on 11.1.2007. The Cabinet has since constituted a Group of Ministers (GOM) for considering the Policy at the first instance for its recommendations. The first meeting of the GOM was held on 10.4.2007. As soon as the National Pharmaceutical Policy is approved by the Cabinet, action would be initiated to set up Drug Monitoring Cell in each State for monitoring prices of drugs.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

#### Comments of the Committee

(Please see Para No. 20 of Chapter-I of the Report)

## CHAPTER-V

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

#### (Recommendation Sl. No.3)

The Committee have been informed that the scheme-wise outlays for the 11<sup>th</sup> Five Year Plan has been considered by the Planning Commission only for the year 2007-08 as the process of preparation of 11<sup>th</sup> Plan was started but could not be crystallized before launching Annual Plan 2007-08. The Committee have also been informed that the Planning Commission has now received Reports of Working Groups and Standing Committees and the work for preparation of 11<sup>th</sup> Plan is in progress. While appreciating the efforts made by the Department which has with a view to make the chemical sector an engine of higher economic growth, sought to impress upon the Planning Commission the desirability of making available a significantly enhanced budgetary support during the 11<sup>th</sup> Plan, the Committee recommend that the Department should take up with the Planning Commission for early consideration and approval of 11<sup>th</sup> Five Year Plan and in meantime all the formalities should be completed so that delay in plan formulation has no adverse impact on the medium and long term programmes of the Department.

#### Reply of the Government

The Planning Commission has since initiated the process of finalization of 11<sup>th</sup> Plan Schemes and outlays. Proposals of this Department have been submitted to the Planning Commission and they are scheduled to be discussed on 24.5.2007 in the Planning Commission.

The Department would endeavor to complete the attendant formalities so that the delay in the Plan formulation has no adverse impact on the medium and long term programmes of Department.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**(Recommendation Sl. No. 9)**

The Committee note that the National Institute of Pharmaceutical Education and Research (NIPER) seeks to promote excellence in the sphere of pharmaceutical education and to meet the current and future needs of the pharmaceutical sector in India. Keeping in view the importance of its objectives, the Plan budget for the Institute has been raised from Rs.13.00 crore in the RE 2006-07 to Rs.28.66 crore in the BE 2007-08 particularly to strengthen the infrastructure facilities of Institute and start new schemes in addition to completion of the on-going schemes. The Committee are happy to note that for the 11<sup>th</sup> Plan a proposal for setting up 5 more NIPER like Institutes in the country has been mooted and Planning Commission has accorded 'in-principle' approval for the same. The Committee hope that as suggested by the Planning Commission, the Government would actively consider private-public partnership. Considering the fact that NIPER has been doing yeomen's service to the pharmaceutical sector, the Committee strongly recommend that Planning Commission finally approve the proposal expeditiously and Ministry of Finance accordingly allocate the money for the same. The Committee also recommend that new schemes/projects should be completed in a time bound manner so that desired objectives of the Plan funds are achieved. In this regard, the Committee also desire that the Department of Chemicals & Petrochemicals also pursue the matter seriously with Planning Commission, Department of Expenditure and other concerned authorities.

**Reply of the Government**

For NIPER, Mohali, a total of Rs.28.66 crores have been earmarked as Plan Grant in the B.E. 2007-08. This includes Rs.8.66 crores for ongoing activities and Rs.20 crores for New Schemes covering infrastructure upgradation, Teaching Programme, IT and R&D. NIPER has been asked to send the detailed proposals for obtaining approvals of the concerned authorities so that the funds could be released at the earliest and works on the projects/schemes could be started at the earliest.

Department of Chemicals & Petrochemicals, in consultation with the Planning Commission has proposed to set up six NIPERs during the 11<sup>th</sup> Five Year Plan. Presently, the proposal for setting up of four new NIPERs is at advanced stages of approval. Expenditure Finance Committee (EFC) has accorded its 'in principle approval' to start courses in four NIPERs at Ahmedabad (Gujarat), Hyderabad (Andhra Pradesh), Hajipur (Bihar) and Kolkata (West Bengal) in its meeting held on 23.05.07. Department is now in the process of obtaining approval from CCEA.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

### **Comments of the Committee**

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

### **(Recommendation Sl. No.14)**

The Committee note that an amount of Rs.15 crore has been earmarked in BE 2007-08 as interest subsidy to enable the units in the small scale to fulfill the stipulated criteria. The Committee note that the amount though small shall assist small scale sector industries to large extent and help them to overcome the various problems. The Committee desire that it is imperative in this regard that small sector industries be made aware of such a scheme so that they can avail such facility or the Department at their own assist some of them on the basis of merit.

### **Reply of the Government**

The scheme is presently under consideration of the planning commission for their approval. As and when the scheme is approved by the planning commission necessary action would be taken by this department.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]



**(Recommendation SI. No. 17)**

The Committee are failed to understand that IDPL which had done pioneering work in the manufacturing of drugs and pharmaceutical is presently not viable. Many scientists have left the company due to one reason or the other. The Committee express their displeasure over such sorry state of affairs. The Committee are of the view that some concrete steps should be taken to stop the brain-drain. While appreciating the recommendation of BRPSE for revival of IDPL, the Committee hope that the recommendation of BRPSE will be implemented soon and Government would do their best for the revival of IDPL keeping in view of its social obligation.

**Reply of the Government**

The recommendation of BRPSE for revival of IDPL was placed before the Cabinet for consideration /decision. The Cabinet has since referred the proposal to Group of Ministers (GoM) for its recommendations. The GoM has since been constituted on 1.6.2007.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**Comments of the Committee**

(Please see Para No. 35 of Chapter-I of the Report)

**(Recommendation SI. No. 18)**

Having gone through the facts in regard to PSUs under the Department of Chemicals and Petrochemicals, the Committee note that the Government have approved the revival/rehabilitation proposals in respect of Hindustan Organic Chemicals Limited(HOCL), Hindustan Insecticides Limited(HIL), Hindustan Antibiotics Limited(HAL) and Bengal Chemicals and Pharmaceuticals Limited(BCPL). In case of Indian Drugs and Pharmaceuticals Limited (IDPL), Board for Reconstruction of Public Sector Enterprises (BRPSE) at its meeting held on 09.03.2007 considered and recommended for its rehabilitation. In case of

Bengal Immunity Limited (BIL), the report of the Committee appointed by the Department of Chemicals and Petrochemicals to look into the issue of taking over by other PSUs like BCPL is under examination. The Committee recommend that approved revival/rehabilitation proposals should be implemented within a time-bound manner. The Committee desire that the Department should take urgent steps for getting revival/rehabilitation proposal in respect of IDPL approved by the Government and the report in case of BIL be examined without any further delay.

### **Reply of the Government**

**(i) IDPL** - The recommendation of BRPSE for revival of IDPL was placed before the Cabinet for consideration /decision. The Cabinet has since referred the proposal to Group of Ministers(GoM) for its recommendations. The GoM has since been constituted on 1.6.2007.

**(ii) BIL** - The Committee, constituted to explore the possibility of revival of Bengal Immunity Limited (BIL), recommended revival of BIL through public private partnership mode. A meeting was held under the Chairpersonship of Secretary(C&PC) on 20.2.2007 to hear the private companies. The proposals submitted by the private companies are still being evaluated to decide further course of action.

[M/o Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)  
O.M. No. 16(6)/2007-Fin. Dated 26.07.2007]

**NEW DELHI**  
**26 September, 2007**  
**4 Asvina, 1929 (Saka)**

**ANANT GANGARAM GEETE,**  
***Chairman,***  
***Standing Committee on***  
***Chemicals and Fertilizers.***

MINUTES

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS  
(2007-08)**

**SECOND SITTING  
(12.09.2007)**

The Committee sat from 1500 hrs. to 1545 hrs.

**Present**

**Shri Anant Gangaram Geete - Chairman**

***Members  
Lok Sabha***

2. Shri Jaiprakash (Constituency – Mohanlal Ganj)
3. Shri Sunil Khan
4. Shri A. Narendra
5. Shri Prasanta Pradhan
6. Shri Ramswaroop Prasad
7. Shri P. Chalapathi Rao
8. Shri Anantha Venkata Rami Reddy
9. Shri Narsingrao H. Suryawanshi

***Rajya Sabha***

10. Shri Debabrata Biswas
11. Shri Surendra Lath
12. Shri Dilip Singh Judev

***Secretariat***

1. Shri A.K. Singh - *Joint Secretary*
2. Shri A.K. Srivastava - *Deputy Secretary-II*
3. Smt. Balwant Kaur Saimbhi- *Under Secretary*

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee. \*\*

3. Thereafter, the Committee considered the draft Report on Action Taken by the Government on the recommendations contained in the Sixteenth Report of the Committee on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals). The draft Report was adopted by the Committee without any amendment.

4. \*\*  
\*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\*

5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals \*\* \*\* \*\*) and present the same to both the Houses of Parliament in the next Session.

***The Committee, then, adjourned.***

*(Vide Para 3 of the Introduction)*

*Analysis of Action Taken by the Government on the recommendations contained in the Sixteenth Report (Fourteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2006-07) on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).*

|     |   |        |
|-----|---|--------|
| I   | Total No. of Recommendations  | 18     |
| II  | Recommendations/observations which have been accepted by the Government<br><i>(Vide Recommendations at Sl. Nos. 1, 2, 4, 5, 6, 7, 8, 10, 12, 13, 15 &amp; 16)</i>     | 12     |
|     | Percentage to Total   | 66.67% |
| III | Recommendations/observations which the Committee do not desire to pursue in view of Government's Replies  | Nil    |
|     | Percentage of Total   | Nil    |
| IV  | Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee<br><i>(Vide Recommendation at Sl. No. 11)</i>      | 1      |
|     | Percentage of Total   | 5.55%  |
| V   | Recommendations/observations in respect of which final replies of the Government are still awaited<br><i>(Vide Recommendations at Sl. Nos. 3, 9, 14, 17 &amp; 18)</i> | 5      |
|     | Percentage of Total   | 27.78% |