



**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS  
(2011-12)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF PHARMACEUTICALS)**

**DEMANDS FOR GRANTS  
(2011-2012)**

*[Action Taken by the Government on the Observations/Recommendations contained in the Nineteenth Report of the Standing Committee on Chemicals and Fertilizers (Fifteenth Lok Sabha) on Demands for Grants (2011-12) of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals)]*



**TWENTY THIRD REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 2012/Phalguna, 1933 (Saka)*

**TWENTY THIRD REPORT****STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2011-12)****FIFTEENTH LOK SABHA****MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF PHARMACEUTICALS)****DEMANDS FOR GRANTS  
(2011-2012)**

*[Action Taken by the Government on the Observations/Recommendations  
contained in the Nineteenth Report of the Standing Committee on Chemicals and Fertilizers  
(Fifteenth Lok Sabha) on Demands for Grants (2011-12) of the  
Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals)]*

*Presented to Lok Sabha on 15.03.2012*

*Laid in Rajya Sabha on 15.03.2012*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 2012/Phalguna, 1933 (Saka)*

## CONTENTS

		Page No.
COMPOSITION OF THE COMMITTEE (2011-12) .....		4
Introduction. ....		5
Chapter I	Report .....	5-10
Chapter II	Observations / Recommendations which have been accepted by the Government	11-19
Chapter III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	20
Chapter IV	Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	21
Chapter V	Observations / Recommendations in respect of which replies of the Government are of interim nature	17-18
<b>APPENDICES</b>		
I.	Minutes of Fourth Sitting of the Standing Committee on Chemicals & Fertilizers (2011-12) held on 05 March 2012	22-23
II.	Analysis of Action Taken by the Government on the recommendations contained in the Nineteenth Report (15 <sup>th</sup> Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2010-11) on 'Demands for Grants (2011-2012)' of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals).	27

**COMPOSITION OF THE STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS (2011-12)**

<b>Shri Gopinath Munde - Chairman</b>	
<b>MEMBERS LOK SABHA</b>	
2.	Shri Prabhatsinh Pratapsinh Chauhan
3.	Shri K. D. Deshmukh
4.	Smt. Paramjit Kaur Gulshan
5.	Shri Yashbant N.S. Laguri
6.	Shri Baidya Nath Prasad Mahato
7.	Shri Sakti Mohan Malik
8.	Shri O.S. Manian
9.	Shri Kamlesh Paswan
10.	Shri N. Peethambara Kurup
11.	Shri Ponnamm Prabhakar
12.	Shri Ashok Kumar Rawat
13.	Shri Sivakumar alias Ritheesh
14.	Shri Tufani Saroj
15.	Shri Suresh Kumar Shetkar
16.	Shri Raju Shetti
17.	Shri Adagooru Viswanath
18.	Shri Om Prakash Yadav
19.	Vacant
20.	Vacant
21.	Vacant
<b>RAJYA SABHA</b>	
22.	Shri Biswajit Daimary
23.	Shrimati Naznin Faruque
24.	Shri A.A. Jinnah
25.	Shri Brijlal Khabri
26.	Shri Parshottam Khodabhai Rupala
27.	Prof. Anil Kumar Sahani
28.	Shri Raghunandan Sharma
29.	Dr. C.P. Thakur
30. &	Shri Dilipbhai Pandya
31. #	Vacant

**SECRETARIAT**

- |    |                            |   |                     |
|----|----------------------------|---|---------------------|
| 1. | Shri C.S.Joon              | - | Joint Secretary     |
| 2. | Shri Anil Kumar Srivastava | - | Additional Director |
| 3. | Smt. Emma C. Barwa         | - | Under Secretary     |
| 4. | Shri Ajit Kumar Sahu       | - | Committee Officer   |

-----  
& Nominated w.e.f. 17.09.2011.

# Vacancy arisen due to demise of Shri Silvius Condpan, MP (RS) w.e.f. 10 October 2011

## **INTRODUCTION**

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2011-12) having been authorised by the Committee to present the Report on their behalf present this Twenty Third Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations / recommendations contained in the Nineteenth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2011-12) on 'Demands for Grants (2011-12)' of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals).

2. The Nineteenth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 04 August, 2011. The Action Taken Replies of Government to all observations / recommendations contained in the Report were received on 09 November, 2011. The Standing Committee on Chemicals and Fertilizers (2011-12) considered and adopted this Report at their sitting held on 05 March 2012.

3. An analysis of the Action Taken by the Government on the observations/ recommendations contained in the Nineteenth Report (Fifteenth Lok Sabha) of the Committee is given in Appendix-II.

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

**New Delhi;**  
**13 March, 2012**  
**23 Phalguna, 1933 (Saka)**

**GOPINATH MUNDE**  
**Chairman,**  
**Standing Committee on**  
**Chemicals and Fertilizers**

## REPORT

### CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers deals with the action taken by the Government on the Observations/Recommendations contained in the Nineteenth Report (Fifteenth Lok Sabha) of the Committee on Demands for Grants (2011-12) of the Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals) which was presented to Lok Sabha on 4.08.2011. The Report contained 8 Observations / Recommendations.

2. The Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals) were requested to furnish replies to the Observations / Recommendations contained in the Nineteenth Report within three months from the date of presentation of the Report, i.e., by 3 November 2011. The Action Taken Replies of the Government in respect of all the 8 Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals) vide their O.M. No.16(7)/2011-Fin.II, dated 9 November 2011. These have been categorized as follows:-

- |  |                            |
|--|----------------------------|
| (i) Observations/Recommendations which have been accepted by the Government:-<br>SI.Nos.1,2,4,5 and 8  | (Total=5)<br>Chapter II    |
| (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:-<br>SI.No. 6  | (Total = 1)<br>Chapter III |
| (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-<br>SI.No. 7 | (Total = 1)<br>Chapter IV  |
| (iv) Observations/Recommendations in respect of which replies of the Government are of interim nature:-<br>SI.No. 3  | (Total =1)<br>Chapter V    |

3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report and the final replies in respect of the Observation / Recommendation contained in Chapter V for which only interim reply has been furnished by the Ministry should be furnished expeditiously.

4. The Committee will now deal with action taken by the Government on some of their Observations / Recommendations which still require reiteration or merit comments.

## **A REVIVAL PLAN FOR BCPL**

### **Recommendation No.5**

5. Emphasizing the need for periodical monitoring of the implementation of the Revival Plan for Bengal Chemicals and Pharmaceuticals Limited (BCPL), the Committee had recommended as under:-

“The Committee note that Bengal Chemicals and Pharmaceuticals Limited (BCPL) was declared sick by Board for Industrial and Financial Reconstruction (BIFR) on 14 January 1993. Since the Company incurred continued losses since 1980, a Revival Package was prepared and approved by BIFR on 4 April 1995. The package was reviewed by BIFR from time to time, based on which a Modified Revised Rehabilitation Scheme was prepared and approved by BIFR on 14 January 2004. Further, based on the requirements for modernization of plants and machinery and taking into account the earlier schemes, the Board for Reconstruction of Public Sector Enterprises (BRPSE) recommended a 'Modified Revival Plan' for revival of BPCL on 25 August 2006. The recommendations of BPRSE were confirmed by the Cabinet Committee on Economic Affairs (CCEA) which approved the BPRSE scheme on 21 December 2006. The revival scheme included writing off/ waiver of loans/ interests of Rs.233.41 crore and cash infusion of Rs.207.19 crore by Government of India out of which, Rs.201.59 crore have since been released. BCPL is stated to have appointed Consultants for undertaking the work of upgradation and modernization of plant and machinery including compliance with schedule 'M/WHO GMP/ Standard. The Committee are constrained to point out that BCPL which was declared sick in 1993 is yet to be revived and a considerable time has been lost in the process. At this stage the Committee

cannot but overemphasise the need for periodical monitoring of the implementation of the revival plan at the highest level so that the Company could carry out its operation at the earliest and is able to achieve its objectives. The Committee expect concrete action in a time bound framework by the Department in this behalf”.

6. In reply to the aforesaid para, the Department of Pharmaceuticals have stated as under:-

“Out of total cash infusion of Rs. 207.19 crore envisaged in the Revival Scheme of BCPL, Rs. 206.59 crore has been sanctioned to BCPL till 2010-11 and balance will be released during this financial year as per the requirement and utilization status of BCPL. Out of total release of Rs. 206.59 till 2010-11, BCPL has reported that only Rs. 6.70 crore is unspent.

The company appointed Consultants for undertaking the work of up gradation & modernization of plant & machinery including compliance with Schedule ‘M’/WHO GMP standard. The civil construction, commissioning of plant & machinery/utilities & ETP in Panihati has been completed and commercial production has been commenced. In Maniktala Factory, Store Building, Utilities, ETP, Roads and drains have been completed and installation & commissioning of Betalactum & CEPHALOSPORIN Block and Progress. ASVS and Liquid Block, Power block as reported by BCPL have been held up due to Court Case, Tablet, ORS, renovation/upgration of existing block, sterile block etc in Kanpur Factory (as reported by BCPL) are in progress. Monitoring of the implementation of the revival plan of BCPL is being done through inspection visits of senior officers of this Department”.

### **Comments of the Committee**

**7. The Committee in their earlier recommendation noted that Bengal Chemicals and Pharmaceuticals Limited (BCPL) was declared sick by Board for Industrial and Financial Reconstruction (BIFR) in 1993 but it had not been revived and this has led to considerable loss of time in the process. Therefore, the Committee had, in their earlier recommendation, had emphasized the need for periodical monitoring of the Revival Plan at the highest level. In this regard, the Committee are now happy to note that out of total cash infusion of Rs.207.19 crore envisaged in the Revival Plan of the BCPL, Rs.206.59 crore has**



been sanctioned and released to BCPL till 2011-12, out of which only Rs.6.70 crore is unspent. The Committee are worried that the total sanctioned amount has not been spent. The Committee, therefore, recommend that the remaining amount of unspent money should be spent at the earliest for revival of BCPL

The Committee are happy to note that commercial production at Panihati Factory has been commenced. However, the Committee express unhappiness with the fact that the revival process at Maniktala and Kanpur Factories are yet to be completed. The Committee, therefore, expect that the Department will make serious efforts to periodically monitor the implementation of the Revival Plan and apprise the Committee regarding further progress in this direction.

## **B EXPEDITING CABINET NOTE FOR REVIVAL OF IDPL**

### **Recommendation No.7**

8. Emphasizing the need for expeditious action regarding preparation of a Cabinet Note for Revival of Indian Drugs and Pharmaceuticals Limited (IDPL), the Committee had recommended as under:-

“Indian Drugs and Pharmaceuticals Limited (IDPL) incorporated in 1961 with the primary objective of creating self-sufficiency in essential life saving drugs and medicines was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) in 1992. The Company is yet to be revived even though a revival package for the same was formulated and approved by BIFR in February 1994. From the facts placed before the Committee it is evident that the matter kept shuttling between the various Organizations such as BIFR, Expert Committee, NIPER, Board for Reconstruction and Public Sector Enterprises and Group of Ministers. It was eventually decided after the formation of new Government that the matter would be placed before the Cabinet. The Committee regret to observe that the draft Cabinet Note for revival of IDPL is stated to be still under submission to the Ministry of Chemicals and Fertilizers. The fact that the Department has taken too long a time to revive the Company is just regrettable. The Committee would like to be informed about the precise reasons as to why it has taken so much time in submission of the requisite draft note to the Cabinet. While emphasizing the

need for expeditious action in this regard the Committee desire that the revival plan should be formulated and implemented without any further delay”.

9. In reply to the aforesaid para, the Department of Pharmaceuticals have stated as under:-

“The modified revival plan submitted by IDPL is being examined in the Department for preparation of a Cabinet Note. Further Rs. 4.45 Crore was released during 2010-11 to make three plants: Rishikesh, Gurgaon & Chennai plants of IDPL become Schedule M /WHO GMP compliant. IDPL has intimated that Rs. 1.07 crore has been utilized till September, 2011 and all efforts are being made to fully utilize the amount released”.

#### **Comments of the Committee**

10. **The Committee in their earlier recommendation had desired that Indian Drugs and Pharmaceuticals Limited (IDPL) was declared formally sick company by the Board for Industrial & Financial Reconstruction (BIFR) in 1992 and a revival package for the same was approved by BIFR two years later i.e. 1994 but the company is yet to be revived on the basis of approved revival package. The Committee noted that one of the main reasons for the delay was the fact that the matter kept shuttling between various organizations such as BIFR, Expert Committee, NIPER, BIFR and Group of Ministers. Further, the draft Cabinet note for the revival of IDPL is still under submission with the Ministry of Chemicals and Fertilizers. Now, the Department of Pharmaceuticals have informed the Committee that the modified revival plan submitted by IDPL is being examined in the Department for preparation of a Cabinet note. Further Rs.4.45 crore has been released during 2010-11 to make three plants of IDPL at Rishikesh, Gurgaon and Chennai schedule M/WHO GMP compliant out of which IDPL has spent Rs.1.07 crore till September, 2011. The Committee, while observing the facts with regard to revival of IDPL, are worried to note that, though so much time has elapsed, nothing concrete has been done for revival of IDPL. The Committee further desire to know the reasons for the delay in this regard. The Committee, therefore, strongly deprecate the inordinate delay in this regard and deplore the sorry state of affairs. The Committee, therefore, recommend that the Department of Pharmaceuticals should expedite the**

**approval of modified revival plan of IDPL and implement the same without delay.**

**CHAPTER – II****OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT****Recommendation No. 1**

The Committee are perturbed to note that there has been a trend that the allocated money under various schemes is underutilized and that too is not being properly and evenly spent by the Department of Pharmaceuticals. During the year 2010-11, an amount of Rs.125 crore was earmarked at BE stage which was reduced to Rs.79 crore at RE (under the Revenue Head) but only Rs.31.51 crore were spent by the Department upto 31 January 2011. Similarly, under the Capital Head, out of Rs.40.00 crore allocated for the year 2010-11, an amount of Rs.22.50 crore could be utilized till 31 January 2011. Thus, out of a total amount of Rs.165 crore provided at BE stage which was eventually reduced to Rs.119 crore at RE stage, only Rs.54.01 crore could be spent upto 31 January of 2010-11. Thus, less than 50 per cent of the revised allocation was utilized in the first 10 months which indicates that neither judicious allocations are being made by the Government nor allocated funds are utilized uniformly and to the optimum. The Committee cannot but reiterate the need for the Ministry to gear up their machinery and ensure that the sanctioned outlays are utilized uniformly so that the avowed objectives are fully achieved. The new initiatives by the Department are also necessary for the sustained growth of the pharma sector so that the creation of the Department of Pharmaceuticals as a distinct entity is fully justified.

**REPLY OF THE GOVERNMENT**

It is submitted that the underutilization of funds was, mainly, in case of new NIPER like institutes. This came about on account of certain administrative reasons like difficulty in acquiring suitable land in different selected cities and finalization of concrete proposals, resulting in the pace of expenditure being lower (resulting in low final expenditure). Thereafter, consultants M/s. Deloitte Touche Tohmatsu Pvt. Ltd. were appointed by the Department for preparation of Detailed Project Report for each new NIPER incorporating the element of Public Private Partnership (PPP) wherever possible and to suggest the areas of specialization. The estimated cost on each NIPER as worked out by consultant would be approximately Rs. 330 crore including PPP element. In addition, about 100 acres of land are required for the project which is to be provided by the concerned State Governments free of cost. Each of these

NIPERs would take about 4-5 years time to be fully established. The Consultants have submitted the Report, which has been accepted by the Government. Based on the detailed project report submitted by the consultant, requisite approval would be taken for incurring due expenditure.

As regards even spread of expenditure during the year, it is submitted that in many plan schemes it is not feasible to spread the expenditure evenly. For instance, in cases like purchase of machinery & equipment (NIPER and PSUs), holding of seminar/workshops, setting up of dedicated cells (NPPA) etc., incurring of expenditure in one go becomes unavoidable. The Department however, would like to assure the Hon'ble Committee that the Department is in consonance with the concerns of the Committee and shall continue to endeavour so that the avowed objectives for creation of Department of Pharmaceuticals as a distinct entity are fully achieved.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

### **Recommendation No. 2**

The National Institute of Pharmaceutical Education and Research (NIPER) was set up in 1998 in Mohali, Punjab to nurture and promote quality and excellence in pharmaceutical education and research. The Government had also approved setting up of six more institutes under NIPER in 2007. The Committee, however regret to note that despite their earlier recommendation<sup>@</sup> to make all the six institutes fully functional by April 2011, the matter is still at the stage of acquiring land except that in the State of Gujarat. While expressing their displeasure at the slow pace of work the Committee desire the Department of Pharmaceuticals to take necessary steps so that all the six Institutes of NIPER are made fully functional at the earliest.

### **REPLY OF THE GOVERNMENT**

Further to the status and performance sent on the subject of establishment of new NIPERs, in order to further speed up the progress of establishment following steps are being taken:-

- i) Cabinet Note for the establishment of six New NIPERs has been prepared and finally submitted to the Cabinet Secretariat. Decision of the Cabinet is awaited.
- ii) State Government of Gujarat has now confirmed allotment of 60 acres of land at Plaej village, Taluka District, Gandhinagar.
- iii) Letters have been written by Minister of Chemicals & Fertilizers to Chief Minister, Bihar for finalization of allocation of land for NIPER, Hajipur.

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**@ 7<sup>th</sup> Report on Demands for Grants for 2010-11**

- iv) Letters have also been written to Chief Secretaries of Andhra Pradesh, West Bengal and Uttar Pradesh to expedite land allocation.
- v) Steps are being expedited to identify a suitable agency for construction of setting up of new NIPERs.
- vi) Process of selection of full time Directors and constitution of BoG for the new NIPERs has already been set in motion.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

**Recommendation No. 4**

The Committee note that the Department has five Pharmaceutical PSUs under its administrative control, viz., Karnataka Antibiotics Pharmaceuticals Limited (KAPL), Rajasthan Drugs and Pharmaceuticals Limited (RDPL), Bengal Chemicals and Pharmaceuticals Limited (BCPL), Hindustan Antibiotics Limited (HAL) and Indian Drugs Pharmaceuticals Limited (IDPL). Out of these five companies, only KAPL and RDPL are profit making and rest have been referred to BIFR. The Committee find that apart from these PSUs, there are two closed PSUs, viz. Bengal Immunity Limited (BIL), Kolkata and Smith Stainstreet Pharmaceuticals Limited (SSPL), Kolkata and two joint ventures of IDPL. It is disheartening to note that all the PSUs barring two are either closed or running in losses. One of the major reasons for losses suffered by PSUs is inefficiency in operation and poor marketing management and stiff competition from well entrenched private concerns. The Committee cannot but express their strong displeasure over the performance of PSUs. The Committee are of the considered opinion that PSUs should improve their marketing strategy and overcome competition from private concerns and venture into the open market with full vigour. All pending proposals for the revival of pharma PSUs should be expeditiously considered and the Government should extend every possible help to revive them.

**REPLY OF THE GOVERNMENT**

Apart from KAPL and RDPL, the financial performance of HAL, BCPL & IDPL respectively as on 31<sup>st</sup> March 2006 were as under:-

*(Rupees in crore)*

<b>CPSE</b>	<b>Production</b>	<b>Sales</b>	<b>Profit/Loss</b>
HAL	47.25	49.21	(34.81)
BCPL	68.76	52.23	(8.45)

IDPL	7.21	6.86	(335.58)
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## HAL

Government approved the Rehabilitation of the company on 9<sup>th</sup> March 2006 followed by BIFR approval on 5<sup>th</sup> June 2007 which inter alia involves cash infusion by Gol to the extent of Rs. 137.59 crore and write off of loan and waiver of interest to the extent of Rs. 259.43 crore. The entire cash infusion of Rs. 137.59 crore has been released to the company. Parliament has approved writing off of loan and waiver of interest to the extent of Rs. 259.43 crore.

Further, Government has additionally approved proposals of Rs. 30.17 crore received from HAL for setting up new powder injectable facilities for Cephalosporin and upgradation of existing vialing facilities for Betalactum (Penicillin) Antibiotics complying with WHO-GMP standards at an estimated cost of Rs. 20.17 crores and for upgradation of manufacturing facilities of Tablet, Capsule and Liquid Sections complying to WHO-GMP standards at an estimated cost of Rs. 10.00 crore in order to make the company further viable.

HAL has completed the work on Cephalosporin in a record time of 9 months. It has commenced commercial production in February, 2009 and also obtained WHO-Certification for the same. Work relating to upgradation of existing vialing facilities for Betalactum Antibiotics has also been completed and validation of equipments & facilities is in progress and production will start in October, 2011. As regards the upgradation project for Tablet, Capsule and Liquid Sections complying to WHO-GMP standards at an estimated cost of Rs. 10.00 crore, HAL has reported that the project activities of upgradation of Quality Control has been completed in May, 2011 and keeping in view the utilization of existing manufacturing facilities during last quarter of the financial year, Non-Parenteral upgradation was planned after March 2011. The work of engaging consultant, conceptual layout has been completed. FDA concurrence for layout is under consideration. Basic Engineering work related to Civil works, Finalizing broad specification of equipments and machineries is in progress. Also the tendering process for procurement of major equipments, tendering process for civil, electrical, mechanical and HVAC works to be carried out is in progress. Tentatively the entire project activities related to Non-Parenteral upgradation is expected to be completed by end of the year.

Apart from the above, in order to utilize the above bulk fermentation facilities, Government sanctioned project for production of Erythromycin which was viable as per initial techno-financial survey by the company. However, the fermentation technology for Erythromycin could not be sourced by HAL on a financially viable basis in spite of global tender. Accordingly, now the setting up of the Erythromycin plan by utilization of existing fermentation facilities is being re-examined. Since the Erythromycin Thiocyanate Project is not commercially viable, as per the recommendations of IFCI and the Business Plan approved by the Board of Directors of the Company, it is proposed to utilize the said sanctioned funds for the project of upgradation of IV Fluid facilities to increase its production capacities to 240 lac bottles per annum which is having similar capital outlay of Rs. 40.00 crores.

The staff and other utility overheads expenses of the existing fermentation plant has to be however borne by the company which adds up to the losses in the company.

### **Production & Sales:**

Details of Production & Sales of HAL from 2007-08 onwards are as under:

**(Rs. in crore)**

	2007-08	2008-09	2009-10	2010-11*	2011-12* (till September'11)
Production	119.81	155.00	123.16	84.92	29.92
Sales Turnover	106.59	147.39	117.67	88.00	34.02

\* *Provisional*

### **HAL's marketing plan**

HAL's sales are presently dependent mostly on institutional sale with PPP model, which cannot continue for long. It is not feasible to enhance trade sale with existing inadequate field staff, therefore in order to sustain in the market and to enhance trade sale, the company plans to induct business associates in each territory and induct new products having high value and high margin and phasing out products which are at the end of their life cycle.

### **BCPL**



Similarly, Government approved the Revival Scheme of BCPL on 21<sup>st</sup> December 2006 which inter alia comprised cash infusion of Rs. 207.19 crore out of which Rs. 206.59 crore has already been released to BCPL. The company appointed Consultants for undertaking the work of up gradation & modernization of plant & machinery including compliance with Schedule 'M'/WHO GMP standard. The civil construction, commissioning of plant & machinery/utilities & ETP in Panihati has been completed and commercial production has been commenced. In Maniktala Factory, Store Building, Utilities, ETP, Roads, drains have been completed and installation & commissioning of Betalactum & Cephalosporin Block and Ointment Block are in progress. ASVS and Liquid Block, Power block as reported by BCPL have been held up due to Court Case. Tablet, ORS, renovation/upgradation of existing block, Sterile Block etc in Kanpur Factory (as reported by BCPL) is in progress.

### **Production & Sales:**

Details of Production & Sales of BCPL from 2007-08 onwards are as under:

**(Rs. in crore)**

	2007-08	2008-09*	2009-10*	2010-11*	2011-12
Production	55.69	89.63	83.24	80.12	(up to August, 2011) 18.05
Sales Turnover	48.59	86.82	78.24	76.21	20.24

\* *Provisional*

The implementation of the Revival Package including closing down of old products & replacement with new ones is underway. This has caused mandatory reduction in stoppage of some production operations. Impact of up gradation/modernization work will be visible in 2011-12.

### **IDPL**

IDPL has appointed consulting firm M/s E & Y for preparation of revival plan. The said consultant has since submitted the updated draft report on 08.06.2011 and thereafter a modified revival plan submitted by IDPL is being examined in the Department for preparation of a Cabinet Note. The revival plan has been prepared keeping in mind competition from the private sector and the Social Objective as laid down by the GoM. Further Rs. 4.45 crore was released during 2010-11 to make three plants: Rishikesh, Gurgaon & Chennai plants of IDPL become Schedule M /WHO GMP compliant. IDPL has intimated that Rs. 1.07 crore has been utilized till September, 2011 and all efforts are being made to fully utilize the released amount.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

### **Recommendation No. 5**

The Committee note that Bengal Chemicals and Pharmaceuticals Limited (BCPL) was declared sick by Board for Industrial and Financial Reconstruction (BIFR) on 14 January 1993. Since the Company incurred continued losses since 1980, a Revival Package was prepared and approved by BIFR on 4 April 1995. The package was reviewed by BIFR from time to time, based on which a Modified Revised Rehabilitation Scheme was prepared and approved by BIFR on 14 January 2004. Further, based on the requirements for modernization of plants and machinery and taking into account the earlier schemes, the Board for Reconstruction of Public Sector Enterprises (BRPSE) recommended a 'Modified Revival Plan' for revival of BCPL on 25 August 2006. The recommendations of BRPSE were confirmed by the Cabinet Committee on Economic Affairs (CCEA) which approved the BRPSE scheme on 21 December 2006. The revival scheme included writing off/ waiver of loans/ interests of Rs.233.41 crore and cash infusion of Rs.207.19 crore by Government of India out of which, Rs.201.59 crore have since been released. BCPL is stated to have appointed Consultants for undertaking the work of upgradation and modernization of plant and machinery including compliance with schedule 'M/WHO GMP/ Standard. The Committee are constrained to point out that BCPL which was declared sick in 1993 is yet to be revived and a considerable time has been lost in the process. At this stage the Committee cannot but overemphasise the need for periodical monitoring of the implementation of the revival plan at the highest level so that the Company could carry out its operation at the earliest and is able to achieve its objectives. The Committee expect concrete action in a time bound framework by the Department in this behalf.

### **REPLY OF THE GOVERNMENT**

Out of total cash infusion of Rs. 207.19 crore envisaged in the Revival Scheme of BCPL, Rs. 206.59 crore has been sanctioned to BCPL till 2010-11 and balance will be released during this financial year as per the requirement and utilization status of BCPL. Out of total release of Rs. 206.59 till 2010-11, BCPL has reported that only Rs. 6.70 crore is unspent.

The company appointed Consultants for undertaking the work of up gradation & modernization of plant & machinery including compliance with Schedule 'M'/WHO GMP standard. The civil construction, commissioning of plant & machinery/utilities & ETP in Panihati has been completed and commercial production has been commenced. In Maniktala Factory, Store Building, Utilities, ETP, Roads and drains

have been completed and installation & commissioning of Betalactum & CEPHALOSPORIN Block and Progress. ASVS and Liquid Block, Power block as reported by BCPL have been held up due to Court Case, Tablet, ORS, renovation/upgradation of existing block, sterile block etc in Kanpur Factory (as reported by BCPL) are in progress. Monitoring of the implementation of the revival plan of BCPL is being done through inspection visits of senior officers of this Department.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

### **Comments of the Committee**

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

### **Recommendation No. 8**

As regards the promotion of unbranded generic medicines through Jan Aushadhi Stores(JAS), the Committee have been informed that the following efforts are being made by the Government:-

- (i) Various correspondences/meetings/visits are being done with the authorities of State Governments for getting their support in opening of Jan Aushadhi Store. Possibilities are being explored to open the Jan Aushadhi Stores in the villages also.
- (ii) All pharma CPSUs have been instructed to take necessary action for increasing the list of medicines supplied to the Jan Aushadhi Store.
- (iii) We are taking necessary action for the publicity in print and electronic media in consultation with Department of Consumer Affairs to make people aware of generic drugs and their prices in the Jan Aushadhi Stores.

The committee taking note of these measures would like to be apprised at regular intervals of the concrete progress made in ensuring that generic drugs are made available at cheaper rate to the common man throughout the country at the earliest.

### **REPLY OF THE GOVERNMENT**

As on 30<sup>th</sup> September, 2011, a total of 112 Jan Aushadhi Generic Drug Stores have been opened, having presence in eleven States namely Andhra Pradesh, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Odisha, Punjab, Rajasthan, Uttarakhand, West Bengal and Efforts are being made to open more number of stores in these states.

Department of Pharmaceuticals has taken Review Meetings at Joint Secy. level on Jan Aushadhi Campaign with the Pharmacists working at JASs in Odisha and State Government officials of Odisha on 5<sup>th</sup> July, 2011 at Bhubaneswar and on 5th August, 2011 at Chandigarh with the Pharmacists working at JASs at Punjab, Haryana, Himachal Pradesh and UT of Chandigarh and state Government Officials. These meetings which were attended by the respective principal Secretary./ Secretary-Cum-Commissioner, Department of Health and Family Welfare, Government of Punjab & Odisha. Further, it was stressed that there is a need to open more and more Jan Aushadhi Outlets at Sub-Division level to increase the present JASs in the States of Punjab & Odisha.

Further in order to spread Jan Aushadhi Campaign further, BPPI has taken up the matter with the Principal Secretaries/Secretaries of Health & Family Welfare Department, Governments of Uttarakhand, Delhi, Madhya Pradesh, Chhattisgarh, Bihar and Jharkhand persuading them to open at least one Jan Aushadhi Generic Drug Outlet in every district in their States. It is expected that more number of stores will be opened in due course in order to reach quality generic drugs at affordable prices to the common man.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

**CHAPTER – III****OBSERVATION / RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY****Recommendation No. 6**

As regards the Hindustan Antibiotics Limited (HAL), the Government approved the rehabilitation of the company on 9 March 2006 followed by BIFR approval on 5 June 2007. The rehabilitation plan included writing off the loan and waiving interest to the extent of Rs. 259.43 crore and releasing of entire cash infusion, BIFR had issued guidelines for sale of land as per the Rehabilitation Scheme through Assets Sale Committee. Action in this regard is stated to be under progress of HAL. In addition, the Government has approved proposals of Rs. 30.17 crore received from HAL for setting up new power injectable facilities at the estimate cost of Rs. 20.17 crore and for upgradation of manufacturing facilities of tablet, capsule and liquid section at estimated cost of Rs. 10.0 crore in conformation to WHO-GMP standards. The Committee expect the HAL to fully utilize the funds sanctioned and for its revival and endeavor considerable improvement in its performance and also to generate profits, in additional to fulfilling its social obligations of manufacturing life saving drugs for the common man and economically weaker sections of the society.

**REPLY OF THE GOVERNMENT**

HAL is endeavoring to fully utilize the funds sanctioned for its revival. HAL has set-up Cephalosporin Powder Injectable facilities at an estimated cost of Rs. 12.00 crore. This facility has been accredited with WHO-GMP certification. The company has also taken up upgradation of existing Powder Injectable line. The Project work has been completed at an estimated cost of Rs. 8.00 crore and trials and validation of the plant & facilities is being carried out. In addition, the company has completed upgradation of its Quality Control Laboratory at the cost of Rs. 2.00 crore.

Further, upgradation of non-parenteral facilities at the cost of Rs. 8.00 crore is under execution and Rs. 4.01 crore has been utilized so far, which is expected to be completed by end of this year. The proposal for the manufacturing of Erythromycin Thiocyanate through utilization of idle fermentos at an estimate cost of Rs. 40 crore could not progress, as the Project has not been found to be commercially viable, as per the recommendations of IFCI & Board of Directors. Accordingly, now the setting up of the Erythromycin plant by utilization of existing fermentation facilities is being re-examined.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

**CHAPTER – IV****OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION****Recommendation No. 7**

Indian Drugs and Pharmaceuticals Limited (IDPL) incorporated in 1981 with the primary objective of creating self-sufficiency in essential life saving drugs and medicines was formally declared sick by the Board for Industrial & Finance Reconstruction (BIFR) in 1992. The Company is yet to be revived even though a revival package for the same was formulated and approved by BIFR in February 1994. From the facts placed before the Committee it is evident that the matter kept shuttling between the various Organizations such as BIFR, Experts committee, NIPER, Board for Reconstruction and Public Sector Enterprises and Group of Ministers. It was eventually decided after the formation of new Government that the matter would be placed before the cabinet. The committee regret to observe that the draft Cabinet Note for revival of IDPL is stated to be still under submission to the Ministry of Chemicals and Fertilizers. The fact that the Department has taken too long a time to revive the company is just regrettable. The committee would like to be informed about the precise reasons as to why it has taken so much time in submission of the requisite draft note to the Cabinet. While emphasizing the need for expeditious action in this regard the committee desire that the revival plan should be formulated and implemented without any further delay.

**REPLY OF THE GOVERNMENT**

The modified revival plan submitted by IDPL is being examined in the Department for preparation of a Cabinet Note. Further Rs. 4.45 Crore was released during 2010-11 to make three plants: Rishikesh, Gurgaon & Chennai plants of IDPL become Schedule M /WHO GMP compliant. IDPL has intimated that Rs. 1.07 crore has been utilized till September, 2011 and all efforts are being made to fully utilize the amount released.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

**Comments of the Committee**

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

**CHAPTER – V****OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE OF INTERIM NATURE****Recommendation No. 3**

The Committee note that the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/ revision of drugs and formulations, monitoring the prices of decontrolled drugs and formulations and enforcing and implementing the provisions of the Drugs (Price Control) Order, 1995. An amount of Rs.8.28 crore (Rs.2.40 crore under the Plan and Rs.5.88 crore under Non Plan) has been earmarked for NPPA at BE 2011-12. NPPA had earlier submitted 5 new plan schemes to the Planning Commission in 2007 for the current 11<sup>th</sup> Five Year Plan amounting to Rs.49.95 crore. These schemes envisaged Building Robust and Responsive Statistical system for NPPA, Creation of NPPA Cells in States, and Schemes for Interacting with States. Proposal for Consumer Awareness and Publicity through Print, electronic and other medium and Proposal for strengthening the existing Monitoring and Enforcement work. Out of these, Planning Commission had initially accorded in-principle approval in March, 2008 for one scheme viz. Building Robust and Responsive Statistical system for NPPA. Planning Commission is stated to have further conveyed its in-principle approval for another scheme i.e. “Proposal for Consumer Awareness and Publicity through print, electronic and other medium”. According to the Department, efforts are being made to expedite in-principle approval from the Planning Commission for the remaining three schemes also. The Committee regret to point out that out of the five schemes proposal by NPPA for the Eleventh Five Year Plan in 2007, three schemes is yet to get in-principle approval of the Planning Commission. The committee deprecates the inordinate delay on the part of the Department in getting requisite approval from Planning Commission for all the schemes. The Department should take up the issue with the Planning Commission regarding early approval of the schemes and implement the same expeditiously.

**REPLY OF THE GOVERNMENT**

Out of five components of the scheme for strengthening of NPPA, Planning Commission has accorded in principle approval for two components concerning ‘Building Robust & Responsive Statistical System for NPPA’ and proposal for “Consumer awareness and publicity through Print, Electronic and other medium” in



March, 2008 and 15<sup>th</sup> March, 2011 respectively. For the remaining components, Planning Commission vide letter dated 15.3.2011 had intimated that the proposal may be considered to be integrated in 12<sup>th</sup> Plan schemes of NPPA subject to its relevance and establishment of need.

2. Consequent upon decision of Planning Commission communicated vide their letter dated 15.3.2011, Department of Pharmaceuticals requested Planning Commission vide d.o. letter dated 24.3.2011 from Secretary(Pharma) to reconsider its decision in respect of the remaining 2 components viz. (i) Scheme for Interaction with States and (ii) Strengthening the existing Monitoring and Enforcement work for 11<sup>th</sup> Five Year Plan so that Plan funds allocated for the year 2011-12 do not lapse and are utilized for strengthening NPPA.

3. In response, Planning Commission vide its letter dated 20.5.2011 intimated that the proposal of according 'in-principle' approval in respect of two components i.e. (a) Interaction with States and (b) Strengthening of Existing Monitoring and Enforcement Work has been re-examined in consultation with their Health Division. Further, Planning Commission suggested that under the circumstances the aforesaid schemes can be discussed in the Twelfth Five Year Plan Working Group on Drugs & Pharmaceuticals which has been already constituted under the Chairmanship of Secretary (Pharmaceuticals). The Group has representations of all the stakeholders and relevant Ministries/ Departments including Ministry of Health etc.

4. The Working Group on Drug & Pharmaceuticals for Twelfth Five Year Plan (2012-2017) was constituted vide order No. I&M 2(25)/20011 dated 10.05.2011 by the Planning Commission under the Chairmanship of Secretary (Pharma). Based on the Terms of Reference (ToR), as conveyed by the Planning Commission, four sub-working groups have been formed in the Department with the approval of Secretary (Pharma) to facilitate and finalize the Report of the Working Group. As suggested by Planning Commission, the aforesaid schemes of NPPA are under considerations of Working Group for inclusion in the Twelfth Five Year Plan of the Department of Pharmaceuticals.

*[Department of Pharmaceuticals O.M.No. 16(7)/2011-Fin.II dated 9.11.2011]*

**New Delhi;  
13 March, 2012  
23 Phalguna, 1933 (SAKA)**

**GOPINATH MUNDE,  
Chairman,  
Standing Committee on**

## Chemicals and Fertilizers

**APPENDIX – I****MINUTES****MINUTES OF THE FOURTH SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2011-12)**

The Committee sat on Monday, the 05 March, 2012 from 1500 hrs. to 1600 hrs. in Room No.53, Parliament House, New Delhi.

***Present***

**Shri Raghunandan Sharma** - ***In the Chair***

**Members****LOK SABHA**

2.	Shri Prabhatsinh Pratapsinh Chauhan
3.	Smt. Paramjit Kaur Gulshan
4.	Shri Yashbant N.S. Laguri
5.	Shri Baidya Nath Prasad Mahato
6.	Shri O.S. Manian
7.	Shri N. Peethambara Kurup
8.	Shri Ponnamm Prabhakar
9.	Shri Tufani Saroj
10.	Shri Raju Shetti
11.	Shri Om Prakash Yadav
<b>RAJYA SABHA</b>	
12.	Shrimati Naznin Faruque
13.	Shri Parshottam Khodabhai Rupala
14.	Prof. Anil Kumar Sahani
15.	Dr. C.P. Thakur
16.	Shri Dilipbhai Pandya

**SECRETARIAT**

i) **Shri C. S. Joon** - **Joint Secretary**

ii) Smt. Emma C. Barwa - Under Secretary

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Shri Raghunandan Sharma, MP and a member of the Committee, to act as the Chairman. The Acting Chairman welcomed the members to the sitting of the Committee.

3. The Committee thereafter took up for consideration and adoption the following draft Action Taken Reports :

(i) & (ii)        \*\*\*                        \*\*\*                        \*\*\*                        \*\*\*

(iii) Draft on Action Taken by the Government on the recommendations contained in the Nineteenth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2011-12) of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals); and

(iv)        \*\*\*                        \*\*\*                        \*\*\*                        \*\*\*                        \*\*\*

4. After some discussion, the draft Reports were adopted by the Committee with minor amendments as indicated in the Annexure-I, II, III and IV respectively.

***The Committee then adjourned.***

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***\*\*\* Matters not related to this Report.***

**Annexure-III**

[Please see para 4 of the minutes]

Recom. No.	Page No.	Para No.	Line	Amendments/ modifications
5	8	7	10 from the top	<b>Add</b> "The Committee are worried that the total sanctioned amount has not been spent." <b>After</b> "unspent."
7	10	10	16 from the top	<b>Substitute</b> "disappointed" <b>By</b> "worried"
7	10	10	18 from the top	<b>Add</b> "The committee further desire to know the reasons for the delay in this regard." <b>After</b> "IDPL."

**APPENDIX – II****(Vide Para 3 of the Introduction)****ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE NINETEENTH REPORT  
(FIFTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS  
AND FERTILIZERS (2010-11) ON 'DEMANDS FOR GRANTS (2011-12)' OF  
THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF  
PHARMACEUTICALS)**

I	Total No. of Recommendations	8
II	Observations / Recommendations which have been accepted by the Government:-  (Vide Recommendation at Sl.Nos.1,2,4,5 and 8)	5
Percentage of Total		62.50
III	Observation / Recommendation which the Committee do not desire to pursue in view of the Government's reply:-  (Vide Recommendation at Sl.No.6)	1
Percentage of Total		12.50
IV	Observation / Recommendation in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:-  (Vide Recommendation at Sl.No.7)	1
Percentage of Total		12.50
V	Observations / Recommendations in respect of which replies of the Government are of interim nature:-  (Vide Recommendations at Sl.Nos.3 )	1
Percentage of Total		12.50