

SECOND REPORT
STANDING COMMITTEE ON
PETROLEUM & CHEMICALS
(1999-2000)

(THIRTEENTH LOK SABHA)

DEMANDS FOR GRANTS
(1999-2000)

MINISTRY OF CHEMICALS & FERTILISERS
(Department of Chemicals & Petrochemicals)

*[Action Taken by Government on the Recommendations contained in the
11th Report of the Standing Committee on Petroleum & Chemicals
(1998-1999) on Demands for Grants (1999-2000) of the
Ministry of Chemicals and Fertilisers, Department
of Chemicals and Petrochemicals]*

Presented to Lok Sabha on...10..03..2000
Laid in Rajya Sabha on ...10..03..2000



LOK SABHA SECRETARIAT
NEW DELHI

February, 2000/Phalgunia, 1921 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
PETROLEUM AND CHEMICALS
(1999-2000)

Shri Mulayam Singh Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ashok Argal
3. Shri Ramchander Baina
4. Shri Ananda Mohan Biswas
5. Shri Ajay Singh Chautala
6. Dr. (Smt.) C. Suguna Kumari
7. Shri Padam Sen Choudhary
8. Shri T.T.V. Dhinakaran
9. Shri Dilipkumar Mansukhlal Gandhi
10. Shrimati Sheela Gautam
11. Shri Pawan Singh Ghatowar
12. Shri Shriprakash Jaiswal
13. Shrimati Nivedita Mane
14. Shri Punnulal Mohale
15. Shri P. Mohan
- *16. Shri B.K. Handique
17. Shri Ashok Pradhan
18. Shri Mohan Rawale
19. Shri Arjun Sethi
20. Shri Shyama Charan Shukla
21. Shrimati Kanti Singh

*Nominated *w.e.f.* 24.1.2000 vice Sh. Vilas Muttemwar who was nominated to Standing Committee on Transport and Tourism.

(iv)

22. Shri Prabhunath Singh
23. Shri D.C. Srikantappa
24. Dr. Ramesh Chand Tomar
25. Shri Tarlochan Singh Tur
26. Shri Shankersinh Vaghela
27. Shri Ratilal Kalidas Varma
28. Shri B. Venkateshwarlu
29. Shri Rajesh Verma
30. Dr. Girija Vyas

Rajya Sabha

31. Shri Ahmed Patel
32. Miss Saroj Khaparde
33. Shrimati Basanti Sarma
34. Shri H. Hanumanthappa
35. Shri Kanak Mal Katara
36. Shrimati Malti Sharma
37. Shri Ram Nath Kovind
38. Shri Dipankar Mukherjee
39. Shri K. Kalavenkata Rao
40. Shri Anil Kumar
41. Shri P. Soundararajan
42. Shri Mukesh R. Patel
43. Shri Gaya Singh
44. Prof. Ram Gopal Yadav
45. Dr. (Smt.) Joyasree Goswami Mahanta

SECRETARIAT

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

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (1999-2000) having been authorised by the Committee to submit the Report on their behalf present this Second Report on Action Taken by Government on the recommendations contained in Eleventh Report of the Standing Committee on Petroleum and Chemicals (1998-99) (Twelfth Lok Sabha) on Demands for Grants of the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals for the year 1999-2000.

2. The Eleventh Report of the Committee was presented to Lok Sabha on 22nd April, 1999. Replies of Government to all the recommendations contained in the Eleventh Report were received on 24th August, 1999.

3. The replies of the government were considered by the Committee on 28th February, 2000. The Committee considered and adopted the Report at their sitting held on 28th February, 2000.

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

NEW DELHI;
29 February, 2000

10 Phalguna, 1921 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on
Petroleum and Chemicals.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Eleventh Report (Twelfth Lok Sabha) of the Standing Committee on Petroleum & Chemicals (1998-1999) on 'Demands for Grants (1999-2000) of the Ministry of Chemicals and Fertilisers, Deptt. of Chemicals and Petrochemicals' which was presented to Lok Sabha on 22nd April, 1999.

2. Action Taken notes have been received from the Government in respect of all the 26 recommendations contained in the Report. These have been categorised as follows:—

- (i) Recommendations/Observations which have been accepted by the Government.

Sl. Nos. 1, 2, 3, 4, 5, 10, 12, 13, 14, 15, 17 & 17-A and 25.

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

Sl. Nos. 11 and 26.

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

Sl. Nos. 6, 7 and 8.

- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited.

Sl. Nos. 9, 16, 18, 19, 20, 21, 22, 23 and 24.

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

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

**A. Strengthening and upgradation of Central Institute of
Plastics Engineering and Technology (CIPET) Centres**

Recommendation (Sl. Nos. 3 and 4, Para Nos. 18 and 19)

5. The Committee had felt that the Ninth Plan allocation of Rs. 65 crore for CIPET was inadequate to complete the schemes approved for completion during this period. The Committee had emphasised that the Ministry should take up the matter at the highest level to arrange the requisite funds from all possible sources so that the approved schemes are started and completed within the fixed time. The Committee had also emphasised that Internal/External Budgetary Resources including US\$ 14 million funds from OPEC and similar other agencies should be arranged sincerely so that modernisation and upgradation of existing CIPET centres is completed within the stipulated time. The Committee had also advised to strengthen the marketing and consultancy departments to take more jobs from the industry sector with dual objective of generation of more funds and to provide better exposure to trainees.

6. In their reply the Ministry have *inter-alia* stated:

“The Committee may kindly note that against an overall estimated requirement of Rs. 157.30 crore by CIPET for funding the existing/new schemes by CIPET, during the 9th Plan, the present approved tentative outlay for CIPET during the entire 9th Five Year plan is only Rs. 65 crore. Of this, Rs. 15 crore consists of Direct Budgetary Support (DBS) and Rs. 50 crore consists of Internal/External Budgetary Resources (IEBR).

The Ministry has requested the Planning Commission for urgent release of funds from the Central Pool of Resources for the North-East for setting up of an Extension Centre at Guwahati (Assam).

The Committee would be pleased to note that a proposal for grant-in-aid by Oil Industry Development Board (OIDB) to CIPET for strengthening of training facilities at various centres has been approved by the Government. The Project is expected to be completed within a period of three years.

The Ministry is making all possible efforts to source assistance with a view to maximizing the strengthening and upgradation of its facilities.”

The Ministry have further stated:

“Government have been taking vigorous steps to procure an OPEC Fund Assistance of US\$ 14.00 million in favour of CIPET. A Feasibility Report on “Capacity Building of CIPET Centres for development in thrust areas” at a total project cost of US\$ 14.00 million was prepared and has been forwarded to the Fund through the Deptt. of Economic Affairs, Ministry of Finance.

CIPET will be able to meet the targets meant for the 9th Five Year Plan. Since a decision has been taken to concentrate only on Patna, Haldia and Guwahati, Centres during the 9th Plan, it is expected that CIPET will be able to complete the existing/ongoing schemes as per schedule. Government is also trying to mobilize additional funds from all possible sources so that approved programmes for the 9th Five Year Plan are completed within the fixed time frame.

As regards the target of achieving self-sufficiency by the end of 9th Plan, CIPET is giving this due attention and it is expected that by the end of 9th Plan (2002), Six Extension Centres viz. at Chennai, Ahmedabad, Bhopal, Bhubaneswar, Hyderabad, and Lucknow will achieve self-sufficiency. The other Centres of CIPET will also be in a position to generate adequate funds to meet their revenue requirements.”

7. The Committee are happy to note that the proposal for grant-in-aid by OADB to CIPET for strengthening training facilities of various centres has been approved by the Government and initiatives are being taken to mobilise more funds from other resources. The Committee would like the Government to make continuous efforts in this direction so that the proposed strengthening and upgradation process of CIPET centres during 9th Five Year Plan is not hampered due to paucity of funds. Simultaneously, every effort should be made to increase the internal generation of funds so that CIPET becomes self-sufficient in the long run.

B. Implementation of Assam Gas Cracker Project

Recommendation (Sl. Nos. 6 and 7, Para Nos. 32 and 33)

8. The Committee were dismayed to note that there was almost no change in the situation in respect of solution of long pending issues relating to Assam Gas Cracker Project. The Committee were not satisfied with the progress of the project and also the role being played by the Ministries of the Government of India in this matter. They had expected that the Department of Chemicals and Petrochemicals should bring all implementing agencies together so that differing perceptions could be reconciled for an expeditious project implementation. The Committee had hoped that assurance of the Petroleum Secretary to resolve all issues relating to gas supply agreement would be fulfilled soon as any further delay in implementation would create more problems. The Committee had desired that commitment of promoter should be ensured first and the State Government of Assam and promoter should be convinced of the advantages of an early execution of project.

9. While explaining the latest position of the project related pending issues, the Ministry have submitted *inter-alia* as under:

“Assam Gas Cracker Project is promoted by Assam Industrial Development Corporation (AIDC). Reliance Industries Ltd. (RIL) is a co-promoter of the project and a joint venture company Reliance Assam Petrochemicals Ltd. (RAPL) has been incorporated for the implementation of the project. As the expeditious implementation of the project involves close coordination between various State/Central agencies like Government of Assam, Assam Industrial Development Corporation (AIDC), Reliance Assam Petrochemicals Ltd. (RAPL), Ministry of Petroleum and Natural Gas, Oil India Ltd. (OIL), Oil and Natural Gas Corporation Ltd. (ONGC), Gas Authority of India Ltd. (GAIL) and Bureau of Industrial Costs and Prices (BICP), the Department of Chemicals and Petrochemicals is extending requisite support.

The Tariff Commission (erstwhile BICP) was entrusted with determination of transfer price of Lakwa Gas Separation Plant and has already submitted its recommendation which are under consideration. In order to resolve the contentious issues relating to Gas Supply Agreement, a meeting was convened on 13.4.1999 in

which RAPL and OIL have been asked to sign the Gas Supply Agreement. As the progress of implementation of the project critically hinges on signing of Gas Supply Agreement, it is expected that remaining land for the project would be acquired soon after the signing of Gas Supply Agreement. The Government of Assam have already taken requisite measures for the acquisition of land and it would be handed over to the project on payment of land compensation amount by RAPL."

The Ministry have further clarified their position as follows:

"The Department of Chemicals and Petrochemicals is in agreement with the observation of Standing Committee that any further delay in implementation of the Assam Gas Cracker Project may compound problems. The Department have been interacting with the Government of Assam as well as RAPL and impressed upon them for early start up of the project. In addition, the Department have also been persuading OIL/ONGC and RAPL for signing of Gas Supply Agreement."

10. The Committee are seriously concerned over the fact that despite their repeated recommendations in various Reports presented to the Parliament the Government have not been able to resolve the pending issues relating to Assam Gas Cracker Project. In the Committee's view this is due to the lack of coordination between the various Central and State agencies involved in the project. The matter has been delayed considerably even after the receipt of BICP recommendation. Progress in the project is wholly dependent upon signing of the Gas Supply Agreement. The Committee, therefore, once again urge the Government to mobilise all the concerned agencies so that this hurdle is cleared for an early implementation of this important project of the North-East Region. The Committee also urge the Government to take all possible measures to resolve other issues also in a fixed time frame so that the project is taken up for implementation without any further delay.

Recommendation (Sl. No. 8, Para No. 34)

11. The Committee had observed that the process of land acquisition was very slow and there was no change in position for about one year. The Committee had requested the Government to impress upon the State Government to expedite the process of land acquisition.

12. The Ministry in their reply have stated:

“The Government of Assam have confirmed that the requisite formalities towards land acquisition have been completed for acquiring remaining land. As soon as the land compensation amount is deposited by RAPL, the State Government will initiate action as prescribed under Land Acquisition Act for acquiring remaining land. The State Govt. have indicated that it would take about four months for completion of land acquisition process from the date of deposition of compensation amount by RAPL.”

13. The Committee are happy to note that the requisite formalities towards land acquisition have been completed. The compensation amount is to be deposited by RAPL. The Committee desire that Government should ask the RAPL for an early deposition of the amount so that the land acquisition process is initiated by the State Government without any further delay. The Government should also take necessary steps to ensure that land acquisition process is completed within four months from the date of deposition of compensation amount by RAPL.

C. Completion of Rehabilitation Schemes for Bhopal Gas Victims

Recommendation (Sl. No. 9, Para No. 43)

14. The Committee had noted that even after getting several extensions and spending an amount of Rs. 204 crore, several rehabilitation schemes approved under Action Plan were incomplete. In the context of promise made by the State Government to complete the ongoing schemes by the end of March, 1999, the Committee had desired to be apprised of the fulfilment of the promise after getting compliance report from the State Government.

15. The Ministry have informed the Committee about the present status as follows:—

“The progress of implementation of various rehabilitation schemes under the Action Plan was reviewed on 30.3.99 with the representatives of the State Government. During the discussion, the representative of the State Government gave an assurance that all the schemes would be completed by 31 July, 1999. Note of this assurance was taken and it was decided to review the progress in August, 1999.

The recommendation of the Standing Committee has been brought to the notice of the State Government of Madhya Pradesh."

16. The Committee observe that the implementation process of the Action Plan for rehabilitation of Bhopal Gas victims is very slow and even after the lapse of 15 years several schemes are incomplete. In the Committee's view the inordinate delay has defeated the very purpose of these schemes. The Central Government has made a huge investment in this action plan. The Government should ensure that all the incomplete schemes are completed as per the assurance given by the State Government. The delay has resulted not only in cost escalations but also affected persons being deprived of much needed timely help and support.

D. Export of Drugs/formulations which are produced in lesser quantity

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

17. The Committee had observed that there was a continuous increase in export of drugs/formulations from the country alongwith imports. They had felt it strongly that for maximum self-sufficiency of the country in drugs/pharmaceuticals sector, Export Promotion Cell in the Ministry should develop a mechanism to check the export of drugs and formulations which are produced in lesser quantity than the need of the country. They had also desired to ensure that any drug/formulation should be permitted for the export if there is surplus production of that drug/formulation.

18. In their reply the Ministry have explained as follows:

"While the spirit behind the recommendation is well taken, the practical difficulties in its implementation need to be appreciated. In the liberalized economic regime, both imports and exports are governed by commercial/corporate consideration subject to the country's obligations to WTO and related legislation, which are monitored by the Ministry of Commerce. In this scenario, it may be difficult to develop a mechanism to ban the export of ordinary drugs/formulation, which are produced in lesser quantity. However, if shortage of any drug is reported, this Department will approach the Ministry of Commerce to adopt suitable measures consistent with obligation to WTO."

19. The Committee feel that the Ministry have not appreciated the recommendations in the right perspective. The Committee's ultimate aim is to ensure self-sufficiency in drugs/pharmaceuticals at affordable prices and to achieve this aim. They find it necessary to have a mechanism which can ensure the control over such exports. Such mechanism which directly relates to the health of people should be developed in coordination with Ministry of Commerce. Needless to point out that the Government would take necessary steps to develop such mechanism consistent with obligations to WTO.

E. Monitoring of Prices and availability of Medicines by NPPA

Recommendation (Sl. No. 17, Para No. 67)

20. While going into the details of activities of NPPA, the Committee had observed that drug pricing and monitoring require both manpower and machinery. They had felt that only sincere concerted efforts can give the desired results and suggested that NPPA should create a database on the lines of Planning Commission to obtain updated information from various States on continuous basis.

21. In their replies, the Ministry have explained as follows:—

“Besides disseminating information to the States, NPPA had also been requesting the States to send information periodically to NPPA as per a proforma about monitoring of prices and availability of controlled medicines at the notified prices. They had also been requested to nominate/designate Nodal Officer for the same. So far, 18 States have informed NPPA about nomination/designation of Nodal Officers for monitoring in their respective States. This is likely to relieve, to some extent, the constraint of manpower with NPPA in monitoring. Some States have been sending monthly report on monitoring. NPPA takes necessary action wherever required in such cases.

Despite manpower constraint, NPPA is directly conducting monitoring of market prices of drugs/medicines through data collected from sources like Super Bazar, Reports of Operation Research Group (ORG) and from field visits. The monitoring report for the month of April, 1999 had been completed. NPPA also completed price monitoring based on ORG-MARG data for the month of March, 1999.

The above reports are further analyzed by NPPA so as to take necessary corrective measures. Moreover, NPPA has also created a data bank on production, market share of individual companies etc., information on which are regularly updated.

As per the recommendations of the Committee, NPPA should create a database on the lines of Planning Commission. NPPA examined the database of the Planning Commission. But it was found that the database of the Planning Commission is programme/project specific, the same is not found to be suitable for the activities of NPPA.

NPPA launched its Website on 11th January, 1999 and is accessible at www.nppaindia.com. All price notifications issued by NPPA, Drug Policy, DPCO, 1995, SSI exemption orders, notified norms etc., can be accessed on the Website."

22. The Committee express satisfaction over the initiatives taken by the Government for monitoring of prices and availability of medicines. Some States have nominated nodal officers for this purpose. The Committee hardly need to emphasise that the Government should continue to pursue with other States also to nominate officers for this purpose who can send regular reports to NPPA and help them to achieve their objectives. Monitoring through the latest available data should be strengthened by developing a more appropriate database so that monitoring can be made more accurate and fruitful.

F. Revival of Indian Drugs and Pharmaceuticals Ltd.

Recommendation (Sl. No. 20, Para No. 78)

23. The Committee had expressed deep anguish over the casual approach shown by the Ministry in regard to finalisation/approval of revival package of IDPL. They had also observed that the operations of IDPL were suspended in October, 1996 and since then workers were getting salary without any work and the cost of revival is also increasing every day. The Committee had desired that revival package should be finalised within three months of the presentation of Report in Parliament.

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

"Government has been making all possible efforts to finalise the rehabilitation scheme in respect of IDPL. The failure of the first package has made it necessary that the alternate package(s) framed hereafter are viable.

A Techno-economic study of IDPL was entrusted to Dr. L.K. Behl, former C&MD of IDPL. The report of Dr. Behl has been received and the same has been referred to IDBI, Operating Agency appointed by BIFR, to assess the viability of the proposal."

25. The Committee regret to note that the Government have already taken too much time for the finalisation/approval of revival package of IDPL for one reasons or the other. The Committee are not amused over the fact that the Government have received the Dr. L.K. Behl Report and it has been sent to IDBI to assess the viability of the proposal. The Committee once again strongly urge the Government to take the final decision in the matter on a priority basis.

G. Revival of Petrofils Cooperative Ltd.

Recommendation (Sl. Nos. 21 & 22, Para Nos. 80 & 81)

26. The Committee had noted that PCL had prepared and submitted a rehabilitation proposal in February, 1999 which was based on the suggestions made by the Department and strongly recommended that the Government should finalise and approve the rehabilitation proposal within three month's time in view of improvement in production and sales turnover in PCL. The Committee had also urged upon the Government to provide assistance to PCL so that the Company may be able to face severe cash crunch till the finalisation of rehabilitation package. They had also directed to appoint full time CMD without any further delay.

27. The Ministry have replied as follows:—

"The rehabilitation proposal for PCL is under examination of the Department. As soon as a decision with regard to the course of action on the rehabilitation proposal is taken, the matter would be pursued further through the process of inter ministerial consultation for a view of Central Government."

28. The Ministry have further stated:—

"In the year 1998-99, the Government had, in addition to a sum of Rs. 2 crore of equity support (plan), provided a non-plan assistance of Rs. 4.50 crore to PCL. The question of release of further non-plan financial assistance has been taken up with the Ministry of Finance.

The matter relating to appointment of a full-time CMD has already been taken up with the concerned authority. In the meantime, current change agreement for the post has been continued."

29. The Committee regret to note that the rehabilitation proposal submitted by PCL is pending since February, 1999 although it was submitted as per the guidelines of the Government. PCL has shown some positive results in production and sales, showing commitment towards improvement. The Committee once again urge the Government to take a final decision in this regard without any further delay. A full time CMD should also be appointed immediately so that the functioning of the company may improve.

H. Revival of Hindustan Antibiotics Ltd.

Recommendation (Sl. No. 23, Para No. 87)

30. The Committee had noted that revival package for HAL was lying with the Government since long. They had given three month's time to the Department to clear the package in view of assurance given by the Secretary, Department of Chemicals and Petrochemicals.

31. The Ministry in their reply have informed as under:—

"The revival package submitted by HAL is under active consideration of the Government and it is expected that a decision on the sacrifices and other elements covered in the report would be finalised early. The Operating Agency, IDBI, would thereafter submit a report to BIFR for a decision."

32. HAL was declared sick in 1997 and after that a revival package was submitted. The Committee regret to note that the revival package has not been cleared as yet even after the assurance given by the Secretary, Department of Chemicals and Petrochemicals. The Committee once again urge the Government to finalise the revival package of HAL promptly so that any further delay may not create more hurdles in the process of its economic viability.

I. Revival of Smith Stanistreet Pharmaceuticals Ltd.

Recommendation (Sl. No. 24, Para No. 89)

33. The Committee had noted that as per the views of Operating Agency, SSPL desired extraordinary relief and concessions from the Government of India, Public Sector institutions for revival. They had urged the Government to take up the matter at the highest levels to secure those reliefs and concessions from all concerned Ministries/ Departments/Institutions without any further delay and come with results within three month's time.

34. The Ministry in their reply have stated the position as under:—

“Insofar as SSPL is concerned, the Operating Agency, on examining the projections for the years 1996-97 to 2003-2004, had come to the conclusion that the company is not viable. The company has also failed to attract the right type of talent for manning key posts such as General Manager/Chief Manager (Production), Chief Manager (Finance) and Regional Manager (Marketing). The company's net worth as per the projections prepared by the Operating Agency remain negative at the level of Rs. 8.16 crores even at the end of 2003-2004. Any decision regarding SSPL has, therefore to be taken only after giving due consideration to all the relevant aspects.”

35. The Committee regret to note that the Government have not taken any concrete step in the direction of getting extraordinary reliefs and concessions from the concerned Ministries/Departments/ Public Sector Undertakings to revive SSPL. The Committee strongly feel that without positive approach the Government cannot bring about the revival of SSPL. The Committee therefore once again urge the Government to undertake all possible efforts for the revival of SSPL without any further delay.

J. Purchase Preference to Public Sector Units.

Recommendation (Sl. No. 25, Para No. 92)

36. The Committee had observed that the existing instructions issued by the Department of Public Enterprises to accord preference for products of Public Sector undertakings and are applicable upto March, 2000, are not being followed by the Ministry of Health and

Family Welfare and State Governments for purchase of medicines. They had directed the Department of Chemicals and Petrochemicals to approach them to prepare a comprehensive preferential purchase policy for drugs and Pharmaceuticals so that Pharmaceutical sector may get benefit. In view of the failure of SSPL and BIL in getting such preference to supply Malaria medicines, the Committee had urged the Department to come to the rescue of these PSUs and help them in obtaining such orders in future.

37. The Department of Chemicals and Petrochemicals has submitted following facts:

“Department of Chemicals and Petrochemicals has been corresponding with the Ministry of Health and Family Welfare for purchase preference for drugs produced by the Pharmaceutical PSUs. The Ministry of Health & Family Welfare has been reiterating that, as per the present policy for procurement of drugs, the PSUs have to be competitive in price, quality and adherence to time schedule with the private sector. This Department has already written to the Ministry of Health and Family Welfare on the basis of the above recommendations of the Standing Committee and have requested that Ministry for a re-appraisal of the existing policy of the Ministry of Health and Family Welfare in awarding contracts for anti-malaria and anti-TB drugs. Efforts are on to correspond with other organisations like DGS&D etc. also to ensure that the purchase preference in favour of PSUs continues.”

38. The Committee are happy to note that the Department of Chemicals and Petrochemicals has taken fresh initiatives to ensure purchase preferences for drugs produced by the Pharmaceutical PSUs. The present policy in this regard is valid upto March, 2000. The Committee would like the Department of Chemicals and Petrochemicals to approach diligently the Department of Public Enterprises to continue this policy and if needed take up this issue with Cabinet Secretariat. The Department should continue to persuade the Ministry of Health and Family Welfare and State Governments for getting maximum advantage under the existing policy so that the sick pharmaceutical units are benefited. The Department should also ask the Pharmaceutical PSUs to become competitive in price, quality and adherence to time schedule with the private sector, particularly in the field of their specialisation.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1 Para 11)

The Committee note that there are 16 casual workers with temporary status who are being paid wages only. These casual workers have been conferred temporary status under the Casual Labourers (Grant of Temporary Status and Regularisation) Scheme of Government of India, 1993. The Committee hope that as agreed to by the Department all these casual workers would be adjusted against the regular Group 'D' vacancies as and when such vacancies arise.

Reply of the Government

Out of 16 casual workers, 2 workers have since been adjusted against the regular Group 'D' vacancies in the Department. The names of remaining 14 casual workers have been circulated on all Secretariat basis, in consultation with DOPT, for their absorption against regular Group 'D' vacancies.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 2, Para No. 17)

The Committee note that the allocation under "Secretariat Head" meant for salary of the officials and other office expenses like Wages, OTA, Domestic Travel and Foreign Travel etc. has increased from Rs. 4.13 crores in 1997-98 to Rs. 4.78 crores in 1999-2000. The Committee desire that the Department should strictly adhere to the instructions of the Ministry of Finance with regard to the need for control in administrative and other expenditure and make all necessary efforts to adopt cost control measures so that expenditure under this Head is minimised. Similar instructions should be issued to all the PSUs and other organisations/offices under the administrative control of the Department. PSUs and other organisations should also be asked to intimate quantum of economy effected annually.

Reply of the Government

The increase in Budget is mainly due to increased allocation towards salary and wages. The budget under salary sub-head was Rs. 2.94 crores in 1997-98 which was increased to Rs. 3.47 crores in 1998-99 on account of payment of second instalment of arrears of V Pay Commission, increments, dearness allowance etc. during 1999-2000, the budget in this sub-head was increased to Rs. 3.55 crores, which is very nominal in order to meet the expenditure towards payment of increments, enhanced pay on promotion, additional DA to be announced during the year etc. However, the Department will make all efforts to adhere to the instructions of Ministry of Finance with regard to the need for control in administrative and other expenditure. Instructions have been issued to all PSUs and other Organisations under this Department to follow the instructions of Ministry of Finance strictly and to intimate the Savings effected annually.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 3, Para No. 18)

The Committee note that the Ninth Plan Allocation approved for CIPET is Rs. 65 crores of which Rs. 50 crores consists of Internal External Budgetary Resources (IEBR) and Rs. 15 crores as Budgetary Support. This fund does not seem adequate to meet the targets made for the Ninth Plan period. The Committee apprehend that most of the schemes may remain incomplete due to paucity of funds. The Committee hardly need to emphasize that in view of additional fund requirement, the Ministry should take up the matter at the highest level to arrange the requisite funds from all possible sources so that approved programmes for the 9th Five year Plan are started and completed within the fixed time frame.

Reply of the Government

The Committee may kindly note that against an overall estimated requirement of Rs. 157.30 crores by CIPET for funding the existing/new schemes by CIPET, during the 9th Plan, the present approved tentative outlay for CIEPT during the entire 9th Five Year plan is only Rs. 65 crores. Of this, Rs. 15 crores consists of Direct Budgetary Support (DBS) and Rs. 50 crores consists of Internal External Budgetary Resources (IEBR).

The Ministry has requested the Planning Commission for urgent release of funds from the Central Pool of Resources for the North East for setting up of an Extension Centre at Guwahati (Assam).

The Committee would be pleased to note that a proposal for grant-in-aid by Oil Industry Development Board (OIDB) to CIPET for strengthening of training facilities at various centres has been approved by the Government. The Project is expected to be completed within a period of three years.

The Ministry is making all possible efforts to source assistance with a view to maximizing the strengthening and upgradation of its facilities.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please see Paragraph 7 of Chapter I of the Report.

Recommendation (Sl. No. 4, Para No. 19)

The Committee feel that the modernisation and upgradation of existing CIEPT centres is also very important. For this purpose the Internal/External Budgetary Resources (IEBR) should be arranged sincerely. Every existing CIEPT centre should keep a target to generate internal resources and all the efforts should be made to achieve them within the stipulated time. Marketing and Consultancy Departments should be strengthened and the centres should start taking more job works from the industry. This approach will give a dual benefit i.e., on one side more fund will be generated and on the other side, the trainees will also get better exposure. The Committee also trust that the Ministry will make sincere and vigorous efforts to arrange US\$ 14 million funds from OPEC and other similar international agencies.

Reply of the Government

Government have been taking vigorous steps to procure an OPEC Fund Assistance of US\$ 14.00 million in favour of CIPET. A Feasibility Report on "Capacity Building of CIPET Centres for development in thrust areas" at a total project cost of US\$ 14.00 million was prepared and has been forwarded to the Fund through the Deptt. of Economic Affairs, Ministry of Finance.

CIPET will be able to meet the targets meant for the 9th Five Year Plan. Since a decision has been taken to concentrate only on Patna, Haldia and Guwahati, Centres during the 9th Plan. It is expected that CIPET will be able to complete the existing/ongoing schemes as per schedule. Government is also trying to mobilize additional funds from all possible sources so that approved programmes for the 9th Five Year Plan are completed within the fixed time frame.

As regards the target of achieving self-sufficiency by the end of 9th Plan, CIPET is giving this due attention and it is expected that by the end of 9th Plan (2002), six Extension Centres *viz.* at Chennai, Ahmedabad, Bhopal, Bhubaneswar, Hyderabad and Lucknow will achieve self-sufficiency. The other Centres of CIPET will also be in a position to generate adequate funds to meet their revenue requirements.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

Recommendation (Sl. No. 5, Para No. 20)

The Committee feel satisfied that in pursuance of the recommendations made by them, Government have approved the proposal for setting up of a fullfledged CIPET Extension Centre at Guwahati at an estimated cost of Rs. 10.35 crores. The Committee hardly need to emphasize an early setting up of the Centre at Guwahati which is a must for the development of this backward region. The Committee would like the Government to pursue the matter relating to acquisition of land with the State Government on top priority basis and make vigorous efforts to start and ensure completion of the project within three years of time.

Reply of the Government

Action has already been initiated to construct a fullfledged CIPET Extension Centre at Guwahati. Possession of four industrial sheds at Ameergaon close to the Export Processing Park, Guwahati, have been taken over from the Govt. of Assam at Ameergaon. From the Academic year 1999-2000, one long term course *viz.* Post Graduate Diploma in Plastic Processing Technology will be commenced. The requisite plant

and machinery for running the CIPET Course has been procured. As regards permanent complex, the Govt. of Assam has offered three alternative site for establishing CIPET Centre. These sites have been visited by the CIPET Officials and a final decision will be taken on the choice of the location in consultation with the State Government of Assam. The State Government of Assam has already been requested to release adequate funds for developing infrastructure facilities for the Centre. It is expected that the CIPET Centre at Guwahati in the State of Assam will be completed within a period of three years from the date of taking possession of the land.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 10, Para No. 44)

The Bhopal Memorial Hospital Trust has come into existence *w.e.f.* 11.9.98 which is responsible for construction, setting, equipping, management, operation and maintenance of speciality Hospital and to make provision therein for medical and other appropriate facilities for the Bhopal Gas Victims and the public at large. The Central Government should ensure through their representative in the Trust that the objectives of Trust are achieved and people of Bhopal get the benefit of speciality Hospital without any further delay.

Reply of the Government

The recommendation of the Committee has been brought to the notice of the representative of the Government of India on the Bhopal Memorial Hospital Trust.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

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

The Committee note that there is a continuous increase in export of drugs/formulations from the country. On the other side, country is also importing many durg/formulations. The Committee desires that the Export Promotion Cell should develop a mechanism to check the export of the drugs/formulations, which are produced in lesser quantity than the need of the country. If there is surplus production of any drug/formulation only then that durg/formulation should be permitted

for the export. The Committee strongly feel that only this approach can lead to maximum self-sufficiency of the country in Drugs/Pharmaceuticals Sector.

Reply of the Government

While of the spirit behind the recommendation is well taken, the practical difficulties in its implementation need to be appreciated. In the liberalized economic regime, both imports and exports are Governed by commercial/corporate consideration subject to the country's obligations to WTO and related legislation, which are monitored by the Ministry of Commerce. In this scenario, it may be difficult to develop a mechanism to ban the export of ordinary drugs/formulation, which are produced in lesser quantity. However, if shortages of any drug is reported, this Department will approach the Ministry of Commerce to adopt suitable measures consistent with obligation to WTO.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please see Para No. 19 of Chapter I of the Report.)

Recommendation (Sl. No. 13, Para No. 55)

The Committee are happy to note that NIPER has started its functioning with the prime objective of being a pioneer institution to set standards for pharmaceutical colleges and for Research and Development in the field of pharmaceuticals. After the passage of patents Act and with India becoming a member of W.T.O., this has become essential to orient our research towards development of new drugs particularly to combat the tropical diseases and also to have cheaper drugs for diseases like cancer, AIDS etc. In this area perhaps not much research work is going on in other countries. The Committee desire the NIPER to prepare such research projects as can prove our superiority in the field of production of drugs for combating tropical diseases first and then for development of other drugs/pharmaceuticals. In the patents regime era, new discoveries in these fields can only save Indian drugs/Pharmaceutical Industry. The Committee can also hope that while preparing the syllabic for various courses, NIPER would keep these prime objectives before them.

Reply of the Government

NIPER has started postgraduate programmes leading to Masters and Doctoral degrees in the following subjects since January, 1998.

1. Medicinal Chemistry
2. Natural Products
3. Pharmaceutics
4. Pharmaceutical Technology
5. Pharmacology & Toxicology
6. Biotechnology

The first batch of masters students will complete the course in December, 1999. In selecting the projects for these students, care has been taken to select such problems as are relevant to our country like tropical diseases (Tuberculosis, Malaria, Leishmaniasis), development of anti-cancer drugs and problems faced by the Indian pharmaceutical industry. NIPER has set up two national centres—one for Bioequivalence studies of formulations and the second for impurity profile of bulk drugs. Bioequivalence Centre has been accredited by the World Health Organization for doing bioequivalence studies of fixed dose combination of anti tubercular drugs. Both these activities are very crucial for increasing exports of bulk drugs and formulations to the developed countries.

The syllabi for the various courses have also been designed to meet the global challenge which is expected following liberalisation of our economy and with India becoming the signatory to WTO. In the continuing education programme, NIPER has conducted a number of seminars and workshops during the past 18 months for pharmacy teachers and industry to upgrade and update their knowledge in various disciplines of pharmaceutical sciences.

NIPER is also planning to run some courses for various countries in Africa and Latin America on the regulatory aspects for the pharmacy professionals from these countries.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 14, Para No. 56)

NIPER has started functioning in the field of Pharmaceutical Research and Development which involves substantial funds. The Committee fear that these projects may suffer due to lack of funds in future. The Committee desire that the Institute must undertake some projects on demand of private sector which can generate resources. These funds in turn should be utilised for undertaking basic research projects which can help the Indian Pharmaceutical Industry in production of common and important drugs at affordable prices. Another area where the Committee feel, NIPER can help is to develop analytical facilities/expertise to check the menace of adulteration in drugs/pharmaceuticals.

Reply of the Government

NIPER's basic objective is to promote education and research in the area of pharmaceutical sciences. NIPER has been conceived to be a centre of excellence in the area of pharmaceutical sciences and its main objective is to develop human resource for both academia and industry to meet future challenges in the next millennium. Thus the focus will have to be teaching and research activities. As regards the generation of funds from pharmaceutical industry, NIPER has made a modest beginning in attracting a number of industrial projects so that they are able to generate some funds for the institute.

NIPER would endeavour to provide specialised services and advance research facilities to the pharmaceutical industry. It is already offering a number of analytical facilities to all the outside agencies including academia and industry to check the menace of adulteration in drugs and pharmaceuticals.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.08.1999]

Recommendation (Sl. No. 15, Para No. 61)

The Committee are glad to note that long pending issue relating to independent staff cadre for the Institute has been sorted out and the necessary posts have been created and the process of filling up of remaining posts is likely to be completed by June, 1999. The Committee would like to know the conclusive action taken in the matter after completion of the process in this regard.

Reply of the Government

The selection process for all the technical posts against the open advertisement in IPFT has been completed. The action for filling up the non-technical posts is on the envil and the efforts are being made to fill up these posts also by end of August, 1999.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 17, Para No. 67)

The Committee are happy to note that all the Chief Secretaries and Health Secretaries of all the States have been informed about the activites of NPPA. However, they feel that only disseminating information will not serve the purpose. Drug pricing and monitoring require both manpower and machinery. In several States the health services are in very poor shape and only sincere and concerted efforts can give the required results. The Committee also desires that NPPA should create a database on the lines of Planning Commission to obtain updated information from various States on continuous basis. This information can also be shared with the Health Department officials at the district levels.

Reply of the Government

Besides disseminating information to the States, NPPA had also been requesting the States to send information periodically to NPPA as per a proforma about monitoring of prices and availability of controlled medicines at the notified prices. They had also been requested to nominate/designate Nodal Officer for the same. So far, 18 States have informed NPPA about nomination/designation of Nodal Officers for monitoring in their respective States. This is likely to relieve, to some extent, the constraint of manpower with NPPA in monitoring. Some States has been sending monthly report on monitoring. NPPA takes necessary action wherever required in such cases.

Despite manpower constraint, NPPA is directly conducting monitoring of market prices of drugs/medicines through data collected from sources like Super Bazar, Reports of Operation Research Group (ORG) and from field visits. The monitoring report for the month of April, 1999 had been completed. NPPA also completed price monitoring based on ORG-MARG data for the month of March, 1999.

The above reports are further analyzed by NPPA so as to take necessary corrective measures. Moreover, NPPA has also created a data bank on production, market share of individual companies etc., information on which are regularly updated.

As per the recommendations of the Committee, NPPA should create a database on the lines of Planning Commission. NPPA examined the database of the Planning Commission. But it was found that the database of the Planning Commission is programme/project specific, the same is not found to be suitable for the NPPA's type of activities.

NPPA launched its Website on 11th January, 1999 and is accessible at www.nppaindia.com. All price notifications issued by NPPA, Drug Policy, DPCO, 1995, SSI exemption orders, notified norms etc., can be accessed on the Website.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please see Para No. 22 of Chapter I of the Report.)

Recommendation [Sl. No. 17-A, Para No. 67(a)]

The Committee hopes that the main function of NPPA is to fix the prices of drugs/pharmaceuticals. As per the recommendations made by the Committee in their earlier reports, the efforts should continue by NPPA to keep the price level of medicines within affordable limits.

Reply of the Government

The functions of NPPA are outlined in the Government Resolution dated 29th Aug., 1997, which was published on the same date in the Gazette of India : Extraordinary. As per the resolution NPPA is entrusted with the task of prices fixation/revision and other related matters (Copy attached).

In fixing the prices NPPA is guided by the specific provisions of the DPCO, 1995 and it keeps in view the objectives of the Drug Policy.

The prices are fixed/revised by NPPA as per the provisions of the Drugs (Prices Control) Order, 1995 from time to time. NPPA is also

guided by various recommendations and observations of the Honourable Standing Committee.

In the Eighth Report of the Committee, it was mentioned, *inter-alia*, that NPPA revised the prices of 7 (bulk) drugs (page 26, para 27, para 5). Thereafter, as on date, NPPA revised/fixed the prices of 9 more scheduled bulk drugs.

It was recorded in the Eighth Report of the Committee (at page 11, para 3 as well as at page 27, para 2) that NPPA revised/fixed the prices of 665 formulation packs. Thereafter as on date NPPA revised/fixed the prices of another 133 packs.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 25, Para No. 92)

The Committee note that although instructions issued by the Department of Public Enterprises exist to accord preference for products of Public Sector Undertakings, yet these are not being followed strictly by Ministries. The present instructions are applicable upto March 2000. The Committee strongly recommend that the Department of Chemicals and Petrochemicals should approach the Ministry of Health and Family Welfare and the State Governments with a view to persuading them to provide purchase preference for manufactured items produced by PSEs or joint ventures of PSEs. They should prepare a comprehensive preferential purchase policy for drugs and pharmaceuticals so that the sick PSEs in pharmaceutical sector may get benefit. It has come to the notice of the Committee that in the recent past SSPL and BIL could not get the opportunity to supply Malaria medicines which they were able to produce and supply at the rate quoted by NPPA. The Committee strongly recommend that under such situations, Department of Chemicals and Petrochemicals should come to the rescue of these PSUs and help them in obtaining such orders.

Reply of the Government

Department of Chemicals and Petrochemicals has been corresponding with the Ministry of Health and Family Welfare for purchase preference for drugs produced by the pharmaceutical PSUs. The Ministry of Health & Family Welfare has been reiterating that, as per the present Policy for procurement of drugs, the PSUs have to be

competitive in price, quality and adherence to time schedule with the private sector. This Department has already written to the Ministry of Health and Family Welfare on the basis of the above recommendations of the Standing committee and have requested that Ministry for a re-appraisal of the existing policy of the Ministry of Health and Family Welfare in awarding contracts for anti-malaria and anti-TB drugs. Efforts are on to correspond with other organisations like DGS&D etc. also to ensure that the purchase preference in favour of PSUs continues.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please *see* Para No. 38 of Chapter I of the Report.)

CHAPTER III

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

Recommendation (Sl. No. 11, Para No. 47)

The Committee feel that collection of import-export data involves several Ministries/Departments/Agencies of the Government of India. Due to this data collection mechanism, the figures may vary in several cases and doubts created in the minds of data users about the authenticity of data. The Committee would expect from the Department/PEPC to set up a task force in coordination with concerned Ministries/Departments for developing a foolproof system for data collection so that accurate data is made available to the exporters and policy makers. The Committee also desires that with the advancement of the information technology all modern equipment/systems should be utilized to achieve this objective. In Committee's view during this computer age this may not be an uphill task.

Reply of the Government

The responsibility for collection of the data on imports and exports is with the office of Director General of Commercial Intelligence and Statistics (DGCIS) under Ministry of Commerce. Hence for imports-export data, the Deptt. of Chemicals and Petrochemicals also depends on the DGCIS. Close contact is maintained with DGCIS and DCGI to ensure that disaggregated data needed by the Department is collected by them from Customs.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 26, Para No. 94)

94. The Committee find that 7 PSUs under the Deptt. of Chemicals and Petrochemicals have been referred to Disinvestment Commission. The Committee fail to understand as to how 5 sick units viz. IDPL, HAL, BIL, SSPL, and BCPL which are under consideration of BIFR

can simultaneously be considered by Disinvestment Commission, when their future is uncertain. The Committee would like the Government to ensure that revival process of these sick units is not hampered for the reasons for which these were referred to Disinvestment Commission also.

Reply of the Government

The recommendation of this Department for disinvestment in the PSUs under the administrative control of this Department have been made pursuant to references received from the Department of Public Enterprises. These are totally independent of the actions contemplated by the Government in respect to the rehabilitation of the sick PSUs.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

CHAPTER IV

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

Recommendation (Sl. No. 6, Para No. 32)

The Committee are dismayed to note that solution to several long pending issues relating to Assam Gas Cracker Project is still eluding. They are surprised to find that Department of Chemicals & Petrochemicals which is working as coordinator between all the concerned agencies for expediting the pending issues, does not have the basic information about the promoters investment and commitment since 1996 there is almost no change in the situation. The Committee are not satisfied with the progress of the project and also the role being played by the Ministries of the Government of India in this matter.

Since the matter has already been considerably delayed, the Committee expect that the Department of Chemicals and Petrochemicals should bring various implementing agencies together so that differing perceptions can be reconciled in the interest of expeditious project implementations. The Committee desire that all the pending issues (including the gas supply agreement for which Petroleum Secretary assured the Committee to solve the issue) should be resolved in a month's time.

Reply of the Government

Assam Gas Cracker Project is promoted by Assam Industrial Development Corporation (AIDC). Reliance Industries Ltd. (RIL) is a co-promoter of the project and a joint venture company Reliance Assam Petrochemicals Ltd. (RAPL) has been incorporated for the implementation of the project. As the expeditious implementation of the project involves close coordination between various State/Central agencies like Government of Assam, Assam Industrial Development Corporation (AIDC), Reliance Assam Petrochemicals Ltd. (RAPL), Ministry of Petroleum & Natural Gas, Oil India Ltd. (OIL), Oil

and Natural Gas Corporation Ltd. (ONGC), Gas Authority of India Ltd. (GAIL) and Bureau of Industrial Costs and Prices (BICP), the Department of Chemicals and Petrochemicals is extending requisite support.

The BICP was entrusted with determination of transfer price of Lakwa Gas Separation Plant and has already submitted its recommendation which are under consideration. In order to resolve the contentious issues relating to Gas Supply Agreement, a meeting was convened on 13.4.1999 in which RAPL and OIL have been asked to sign the Gas Supply Agreement. As the progress of implementation of the Project critically hinges on signing of Gas Supply Agreement, it is expected that remaining land for the project would be acquired soon after the signing of Gas Supply Agreement. The Government of Assam have already taken requisite measures for the acquisition of land and it would be handed over to the project on payment of land compensation amount by RAPL.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

Recommendation (Sl. No. 7, Para No. 33)

The Committee understand that any further delay in implementation may create more problems and desire that the commitment of the promoter should be ensured first to take the project to a logical conclusion. The Committee hardly need to emphasise that the Department should convince the State Government of Assam and the promoter of the advantages of early execution of the Project as even after finalisation of all the issues it would still take 44 months to complete the project.

Reply of the Government

The Department of Chemicals & Petrochemicals is in agreement with the observation of Standing Committee that any further delay in implementation of the Assam Gas Cracker Project may compound problems. This Department have been interacting with the Government of Assam as well as RAPL and impressed upon them for early start

up of the project. In addition, the Department have also been persuading OIL/ONGC and RAPL for signing of Gas Supply Agreement.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

Recommendation (Sl. No. 8, Para No. 34)

The Committee observe that the process of land acquisition is very slow. Out of 1262 acres required, only 128 acres of the land has been acquired. There is no change in the position for about one year. The Committee once again urge upon the Government to impress upon the State Government to expedite the process of land acquisition.

Reply of the Government

The Government of Assam have confirmed that the requisite formalities towards land acquisition have been completed for acquiring remaining land. As soon as the land compensation amount is deposited by RAPL, the State Government will initiate action as prescribed under Land Acquisition Act for acquiring remaining land. The State Government have indicated that it would take about four months for completion of land acquisition process from the date of deposition of compensation amount by RAPL.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please *see* Para No. 13 of Chapter I of the Report.)

CHAPTER V

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

Recommendation (Sl. No. 9, Para No. 43)

The Committee note that even after getting several extensions and spending an amount of Rs. 204 crores, the various rehabilitation schemes approved, under Action Plan, still remain incomplete. The Indira Gandhi Hospital for women and children, commissioned on 30th September, 1998 is yet to be fully equipped and the civil works of Kamla Nehru Hospital is still progressing. The State Government has promised to complete the ongoing works by the end of March, 1999. The Committee desire that the Ministry should obtain a compliance report from the State Government to the effect that all the rehabilitation schemes have been completed by March 31, 1999 and apprise the Committee accordingly.

Reply of the Government

The progress of implementation of various rehabilitation schemes under the Action Plan was reviewed on 30.3.99 with the representatives of the State Government. During the discussion, the representative of the State Government gave an assurance that all the schemes would be completed by 31 July, 1999. Note of this assurance was taken and it was decided to review the progress in August, 1999.

The recommendation of the Standing Committee has been brought to the notice of the State Government of Madhya Pradesh.

[Department of Chemicals & Petrochemicals O.M. No. 16(1)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please see Para No. 16 of Chapter I of the Report.)

Recommendation (Sl. No. 16, Para No. 66)

The Committee note that the Budget allocation for NPPA has been further enhanced upto Rs. 4 crores against the revised expenditure of Rs. 2.83 crores during 1998-99. The Committee however find that the major increase has been made under the head Rent, Rates and Taxes. The Committee would like the Government to take necessary steps to find suitable accommodation in Central Government Complexes or arrange some low rented premises to avoid heavy expenditure for this purpose. Since the Authority has to play an important role in future, it should have a suitable place and well equipped office urgently. The Committee would await specific action taken by the Government within three month's time from presentation of the Report to Parliament.

Reply of the Government

NPPA has been keeping up its efforts to have suitable low rented accommodation. In this regard, NPPA has placed order with the Directorate of Audio Visual and Publicity (DAVP) for release of advertisement inviting offers for accommodation.

It may be stated that some other Government organizations like TRAI, BFIR etc. had also hired their office accommodations in the same building in which NPPA is presently accommodated.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 18, Para No. 71)

The Committee feel that research and development aspects relating to pharmaceutical industry are different from other industries. This sector is likely to be affected more after the present emergence of WTO and passage of Patents Act. The Committee is happy to note that the Department of Chemicals and Petrochemicals has constituted a high level Committee to look into the aspects of R & D and recommend measures to improve R & D in domestic pharmaceutical industry. The Committee desire that recommendation of the high level Committee should be brought to their notice along-with the action plan prepared on the basis of these recommendations.

Reply of the Government

A high level Committee has been constituted to look into the aspects of R&D in the pharmaceutical industry in India and recommend measures to improve R&D in domestic pharmaceuticals industry. The said Committee is in the process of examining the related issues. The Committee is likely to submit its report by the end of Sept., 1999.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 19, Para No. 72)

The Committee find that allocation made for R&D purpose is not sufficient. PRDP should be given more R&D projects and for this purpose, Government should allocate more funds. The expertise of CSIR and DSIR should be fully used to achieve better results to enhance the nation's self-reliance in drugs and pharmaceuticals essential for our requirements and to enable the Indian pharmaceutical industry to steer clear its way through challenging times ahead.

Reply of the Government

A high level Committee has been constituted to look into the aspects of R&D and recommend measures to improve R&D in domestic pharmaceutical industry, it will also *inter-alia* suggest new and innovative fiscal and non fiscal measures/mechanism for establishing organic linkages between private sector and Government organizations/laboratories/universities to synchronise and synergise national R&D effort in pharmaceuticals.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Recommendation (Sl. No. 20, Para No. 78)

The Committee are deeply anguished over the casual approach shown by the Ministry in regard to finalisation/approval of revival package of IDPL. In spite of repeated recommendations of the Committee (in various reports submitted during last 5 years) the Government have not taken any decision for its revival. The Government have taken more than three years in deciding the various aspects of revival package. Operations of IDPL were suspended in October, 1996 and since then workers are getting salary without any work. The cost of revival package is also increasing every year. Since

the Government have taken undue long time in finalisation of revival package of IDPL, the Committee recommended that this may be finalised within three months of the presentation of report in the Parliament.

Reply of the Government

Government has been making all possible efforts to finalise the rehabilitation scheme in respect of IDPL. The failure of the first package has made it necessary that the alternate package(s) framed hereafter are viable.

A Techno-economic study of IDPL was entrusted to Dr. L.K. Behl, former C&MD of IDPL. The report of Dr. Behl has been received and the same has been referred to IDBI, Operating Agency appointed by BIFR, to assess the viability of the proposal.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

(Please *see* Para No. 25 of Chapter I of the Report.)

Recommendation (Sl. No. 21, Para No. 80)

The Committee has been informed that PCL has prepared and submitted a rehabilitation proposal in February 1999 which is based on the suggestions made by the Department. The matter is lying with the Government. The Committee strongly recommend that in view of the improvement shown in performance and determination shown by PCL management, the Government should finalise and approve the rehabilitation proposal within three month's time.

Reply of the Government

The rehabilitation proposal of PCL is under examination of the Department. As soon as a decision with regard to the course of action on the rehabilitation proposal is taken, the matter would be pursued further, through the process of inter-Ministerial consultation for a view of the Central Government.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

Recommendation (Sl. No. 22, Para No. 81)

The Committee note that production and sales turnover in PCL has improved during 1997-98 and 1998-99, particularly when PCL is passing through a severe cash crunch resulting in reduction in capacity utilisation as well as shifting of operations on the conversion basis for other parties. PCL remains in arrears for certain vital statutory dues as well as electricity bills and delayed payments of wages to the workers making even holding on operations difficult. The Committee urge upon the Government to provide assistance to PCL so that the production process may continue and improve till the rehabilitation package is finalised. The Committee also desire that a full time CMD should be appointed without any further delay.

Reply of the Government

In the year 1998-99, the Government had, in addition to a sum of Rs. 2 crore of equity support (plan), provided a non-plan assistance of Rs. 4.50 crore to PCL. The question of release of further non-plan financial assistance has been taken up with the Ministry of Finance.

The matter relating to appointment of a full-time CMD has already been taken up with the concerned authority. In the meantime, current charge arrangement for the post has been continued.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

Recommendation (Sl. No. 23, Para No. 87)

The Committee note that after being declared sick in 1997, HAL has submitted a revival package which is lying with the Government. The Committee expect that revival package will be cleared within the three month's time as assured by the Secretary, Department of Chemicals & Petrochemicals.

Reply of the Government

The revival package submitted by HAL is under active consideration of the Government and it is expected that a decision on the sacrifices and other elements covered in the report would be finalised early. The Operating Agency, IDBI, would thereafter submit a report to BIFR for a decision.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

Recommendation (Sl. No. 24, Para No. 89)

The Committee note that operating Agency has come to the conclusion that it is not possible to revive SSPL except with extraordinary reliefs and concessions from the Government of India, public sector institutions. The Committee urge upon the Department to take up the matter at the highest levels for securing the required reliefs and concessions from all the concerned Ministries/Departments/Institutions for the revival of SSPL without any further delay and inform the Committee about the outcome of the efforts made in this regard within three month's time.

Reply of the Government

In so far as SSPL is concerned, the Operating Agency, on examining the projections for the years 1996-97 to 2003-2004, had come to the conclusion that the company is not viable. The company has also failed to attract the right type of talent for manning key posts such as General Manager/Chief Manager (Production), Chief Manager (Finance) and Regional Manager (Marketing). The

company's net worth as per the projections prepared by the Operating Agency remain negative at the level of Rs. 8.16 crores even at the end of 2003-2004. Any decision regarding SSPL has, therefore, to be taken only after giving due consideration to all the relevant aspects.

[Department of Chemicals & Petrochemicals O.M. No. 16(2)/99-Fin.
Dated 18.8.99]

Comments of the Committee

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

NEW DELHI;
February 29, 2000
Phalguna 10, 1921 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on
Petroleum & Chemicals.

APPENDIX I

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS

1999-2000

FOURTH SITTING 28.02.2000

The Committee sat from 1000 hrs. to 1100 hrs.

PRESENT

Shri Mulayam Singh Yadav *Chairman*

MEMBERS

Lok Sabha

2. Shri Ashok Argal
3. Shri Padam Sen Choudhary
4. Shri Dilip Kumar Mansukhlal Gandhi
5. Smt. Sheela Gautam
6. Shri Shriprakash Jaiswal
7. Shri P. Mohan
8. Shri Ashok Pradhan
9. Shri Ramesh Chand Tomar
10. Shri Ratilal Kalidas Varma
11. Shri B. Venkateshwarlu

Rajya Sabha

12. Shri Ahmed Patel
13. Smt. Basanti Sharma
14. Shri H. Hanumanthappa
15. Shri Kanak Mal Katara
16. Shri Dipankar Mukherjee
17. Shri Gaya Singh

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri Brahm Dutt — *Deputy Secretary*
3. Shri J.N. Oberoi — *Under Secretary*

The Committee considered and adopted the following Draft Reports:

(i)

**

- (ii) Draft Report on Action Taken by the Government on the recommendations contained in the 11th Report of the Committee on 'Demands for Grants 1999-2000 of Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals'.

(iii)

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2. Some Members of the Committee desired that the Committee should undertake a study tour of oil exploration sites such as Bombay High. The Chairman observed that this may be done later.

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

The Committee then adjourned.

APPENDIX II

[Vide Para 4 of the Introduction]

Analysis of the Action Taken by Government on the recommendations Contained in the Eleventh Report of the Standing Committee on Petroleum and Chemicals (Twelfth Lok Sabha) on 'Demands for Grants 1999-2000 relating to Deptt. of Chemicals & Petrochemicals'

Total number of recommendations	26
II. Recommendations that have been accepted by the Government (<i>Vide</i> Recommendation at Sl. Nos. 1, 2, 3, 4, 5, 10, 12, 13, 14, 15, 17 & 17A and 25)	12
Percentage to total	46.16
III. Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>Vide</i> recommendations at Sl. Nos. 11 and 26)	2
Percentage to total	7.69
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>Vide</i> Recommendation at Sl. Nos. 6, 7 and 8)	3
Percentage to total	
V. Recommendations in respect of which final replies of Government are still awaited (<i>Vide</i> Recommendation at Sl. Nos. 9, 16, 18, 19, 20, 21, 22, 23 and 24)	9
Percentage to Total	