TWENTY-FIFTH REPORT

STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)

(THIRTEENTH LOK SABHA)

MINISTRY OF CHEMICALS & FERTILISERS
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

DEMANDS FOR GRANTS

(2002-2003)

Presented to Lok Sabha on 23.04.2002

Laid on Rajya Sabha on 24.04.2002

LOK SABHA SECRETARIAT
NEW DELHI

April, 2002/Chaitra, 1924 (Saka)

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(2002)

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Secretariat

1.	Shri P.D.T. Achary	:	*Additional Secretary*
2.	Shri K.V. Rao	:	*Joint Secretary*
3.	Shri P.K. Grover	:	*Director*
4.	Shri J.N. Oberoi	:	*Under Secretary*
5.	Smt. Madhu Bhutani	:	*Sr. Executive Assistant*

*** Vacancy caused consequent upon the retirement of Shri Bangaru Laxman, MP (RS) from the membership of Rajya Sabha w.e.f. 9th April, 2002.**

**** Vacancy caused consequent upon retirement of Shri Mukesh R. Patel, MP (RS) from the membership of Rajya Sabha w.e.f. 2nd April, 2002.**

***** Nominated w.e.f. 8th April, 2002 vice Shri P. Soundararajan, MP (RS) retired from the membership of Rajya Sabha w.e.f. 2nd April, 2002.**

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum & Chemicals (2002) having been authorised by the Committee to submit the Report on their behalf present this Twenty-Fifth Report on Demands for Grants of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for the year 2002-2003.

2. The Committee examined/scrutinised the Demands for Grants pertaining to the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for the year 2002-03 which were laid on the Table of the House on 19th March, 2002.

3. The Committee took evidence of the representatives of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals at their sitting held on 3rd April, 2002.

4. The Committee considered and adopted the Report at their sitting held on 15th April, 2002.

5. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for furnishing the material and information which they desired in connection with the examination of Demands for Grants of the Department, for the year 2002-03 and for giving evidence before the Committee.

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

New Delhi:
15 April, 2002
25 Chaitra, 1924 (Saka)

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

CHAPTER – I

INTRODUCTORY

(I) ABOUT THE DEPARTMENT

The Ministry of Chemicals & Fertilisers consists of two departments, namely, the Department of Fertilizers and Department of Chemicals & Petrochemicals. The Department of Chemicals & Petrochemicals has been a part of the Ministry of Chemicals & Fertilisers since 5th July, 1991.

The main objectives of the Department of Chemicals and Petrochemicals are to plan, develop, regulate and control industries in the field of Chemicals, Pharmaceuticals and Petrochemicals. The business allocated to the Department is listed below:-

1. Drugs and Pharmaceuticals.

2. Insecticides (excluding the administration of the Insecticides Act, 1968 (48 of 1968).

3. Molasses distribution and pricing.

4. Alcohol-industrial and potable (excluding Alcoholic drinks from non-molasses base) including the Indian Power Alcohol Act, 1948 (22 of 1948).

5. Dye-stuffs and dye intermediates.

6. All organic and inorganic chemicals not specifically allotted to any other Ministry or Department.

7. Planning, development and control of and assistance to all industries dealt with by the Department.

8. All attached or subordinate offices or other organizations concerned with any of the subjects/specified under this Department.

9. Public Sector projects concerned with the subjects included under this Department except such projects as are specifically allotted to any other Ministry or Department.

10. Bhopal Gas Leak Disaster-Special Laws relating thereto.

11. Petrochemicals.

12. Industries relating to production of non-cellulosic synthetic fibres (Nylon, Polyster, Acrylic etc).

13. Synthetic rubber.

14. Plastics including fabrications of plastic and moulded goods.

15. All Public Sector units relating to the above matters.

16. All attached and subordinate offices or other organizations concerned with any of the subjects specified in this list.

The Department deals with the following Public Sector Undertakings/Institutions/Organisations:-

(i) Hindustan Organic Chemicals Ltd. (HOCL)
(ii) Hindustan Insecticides Ltd. (HIL)
(iii) Indian Drugs & Pharmaceuticals Ltd. (IDPL)
(iv) Hindustan Antibiotics Ltd. (HAL)
(v) Smith Stanistreet Pharmaceuticals Ltd. (SSPL)
(vi) Bengal Chemicals & Pharmaceuticals Ltd. (BCPL)
(vii) Bengal Immunity Ltd. (BIL)
(viii) Indian Petrochemicals Corporation Ltd. (IPCL)
(ix) Central Institute of Plastic Engineering & Technology. (CIPET)
(x) National Institute of Pharmaceuticals Education & Research. (NIPER)
(xi) Institute of Pesticides Formulation Technology. (IPFT)
(xii) Regional Network on Pesticides for Asia and Pacific. (RENPAP)
(xiii) National Pharmaceutical Pricing Authority. (NPPA)

(II) ABOUT THE BUDGET FOR FINANCIAL YEAR 2002-2003.

1.2 The Budget provision for the year 2002-03 for the Department and Public Sector Undertaking/Organisations under its control is as under:-

Rs. in crore

	Plan	**Non-Plan**	**Total**
Revenue Section	29.81	22.10	51.91
Capital Section	25.19	62.90	88.09
Total	**55.00**	**85.00**	**140.00**

1.3 Budget provisions (see Appendix-I for details) have been made for expenditure relating to the Secretariat of the Department, matters relating to Bhopal Gas Leak Disaster, National Pharmaceutical Pricing Authority (NPPA) and the grants for the autonomous bodies, namely, Central Institute of Plastic Engineering and Technology (CIPET), Institute of Pesticide Formulation Technology (NIPER) etc. There is also budget provision for investment in and loans to Public Sector Undertakings for capital expenditure as well as for Non Plan support to meet cash losses and payment of salaries and wages in the sick PSUs. The provision for investment in PSUs in the current year is Rs. 25.19 crore comprising Rs. 4.03 crore as equity and Rs. 21.16 crore as Plan Loan for carrying out capital expenditure activities by PSUs.

Non-Plan Provisions

1.4 The Non-Plan budget provisions have been made for Secretariat expenses, Bhopal Gas Leak Disaster, National Institute of Pharmaceutical Education and Research, National Pharmaceutical Pricing Authority, Central Institute of Plastic Engineering and Technology, Pharmaceutical Export Promotion Scheme and Chemical Weapons Convention.

Non-Plan Loans to PSUs

1.5 For the year 2002-03, a budget provision of Rs. 62.90 crore as Non-Plan loan has been made for sick PSUs/Organizations viz. IDPL, BIL, SSPL and PCL for meeting shortfall in payment of salaries to their employees.

Plan Funds to PSUs

1.6 The total Plan Budget support for the year 2002-03 is Rs. 55.00 crore which comprises Rs. 25.19 crore as a provision for investments in PSUs including Rs. 4.03 crore as equity i.e. Rs. 4.00 crore equity for Hindustan Insecticides Ltd. (HIL) and a token provision of Rs. 1.00 lakh each for IDPL, BIL and SSPL. Rs. 21.16 crore has been provided as Plan loan to the PSUs viz. HOCL, HIL, HAL and BCPL for carrying out capital expenditure. The Plan investment in PSUs is mainly on account of Renewals and Replacements of equipments under the existing Plant and Machinery. A provision of Rs. 24.28 crore has also been made as grant-in-aid to Autonomous Bodies and other Organizations under Department of Chemicals & Petrochemicals. This mainly includes grant-in-aid to NIPER (15.07 crore), CIPET (5.00 crore), IPFT (3.50 crore) and a token provision of Rs. 1.00 lakh for Assam Gas Cracker Project. Besides this, as per guidelines of the Planning Commission and Ministry of Finance 10% of the Plan Budget support i.e. Rs. 5.50 crore has been kept as contribution of the Department towards non-lapsable pool for N.E. Region and Sikkim.

Departmental Schemes

1.7 The Plan budgetary support as grant-in-aid for the Departmental Schemes is Rs. 70 lakh. This includes allocation of Rs. 5.00 lakh to Chemical Weapons Convention (CWC), Rs. 40 lakh to Chemical Promotion and Development Scheme (CPDS) and Rs. 25 lakh to Pharmaceutical Research and Development Programme (PRDP).

CHAPTER – II

PLANNING

(I) APPRAISAL OF THE NINTH FIVE YEAR PLAN

The Ninth Five Year Plan covering the financial year 1997-98 to 2001-02 was conceived by the Planning Commission against a backdrop of three consecutive years of high growth when the Indian economy grew at an average rate of 7.2 per cent. The Approach Paper presented to the National Development Council (NDC) in February, 1997 by the Planning Commission, therefore, proposed a growth rate of 7 per cent for the Ninth Plan, which was accepted by the NDC. However, the Ninth Plan was finally approved by NDC only in February, 1999. It was evident by then that economic growth had slowed down to 5 per cent in 1997-98 and that recovery may also take time.

2.2 In so far as the Department of Chemicals & Petrochemicals is concerned the approved outlay for the Ninth Plan for the Department was Rs. 6760 crore consisting of budgetary support of Rs. 171 crore (2.5%) and internal and extra budgetary resources (IEBR) of Rs. 6589 crore (97.5%). 95% of the outlay was accounted for by two organizations, namely, Indian Petrochemicals Corporation Ltd. (IPCL) (Rs. 5601 crore) and Hindustan Organic Chemicals Ltd. (HOCL) (Rs. 850 crore). The PSU-wise break up of the approved outlay is as under:-

(Rs. in crores)

Sl. No.	Name of the Organisation	Internal & Extra Budgetary Resources	Budgetary Support	Total Outlay approved
1	Indian Petrochemicals Corporation Ltd.	5601.50	0.00	5601.50
2	Petrofils Coop. Ltd.	0.00	5.00	5.00
3	Hindustan Organic Chemicals Ltd.	850.00	0.00	850.00
4	Hindustan Insecticides Ltd.	38.15	36.85	75.00
5	Indian Drugs & Pharmaceuticals Ltd.	0.00	0.25	0.25
6	Hindustan Antibiotics Ltd.	0.00	13.00	13.00
7	Bengal Chemicals & Pharmaceuticals Ltd.	36.00	15.00	51.00
8	Smith Stanistreet Pharmaceuticals Ltd.	0.00	1.87	1.87
9	Bengal Immunity Ltd.	0.00	1.88	1.88
10	Central Institute of Plastic Engineering & Technology	50.00	15.00	65.00
11	Institute of Pesticides Formulation	0.85	7.00	7.85

	Technology			
12	Regional Network on Pesticides for Asia and Pacific	0.00	0.40	0.40
13	National Institute of Pharmaceuticals Education & Research	12.50	70.00	82.50
14	Chemical Weapons Convention	0.00	2.50	2.50
15	Petrochemicals Promotion Development Scheme	0.00	0.25	0.25
16	Pharmaceutical Research and Development Programme	0.00	1.00	1.00
17	Chemical Promotion Development Scheme	0.00	1.00	1.00
Total		**6589.00**	**171.00**	**6760.00**

2.3 On the basis of appraisal of PSUs in the Chemicals & Petrochemicals Sector, the Department approached Planning Commission in June 1999 and proposed scaling down the Ninth Plan Outlay to Rs. 4012.56 crore from Rs. 6760 crore mainly because of the resource constraints faced by IPCL and HOCL. The internal generation of funds by both these PSUs has been under severe pressure during last few years due to unfavourable market conditions. Keeping in view the depressed market prices of their products and changed economic scenario, the outlay of IPCL was scaled down to Rs. 3465 crore and that of HOCL to Rs. 229 crore. The Planning Commission also in September 1999 reviewed the Chemicals and Petrochemicals Sector, particularly with reference to demand-supply projections, capacity utilization and the industry scenario as a whole and observed that Chemicals & Petrochemicals Sector has been affected by depressed prices and stiff international competition.

2.4 A statement showing the year-wise outlay for the Ninth Plan and actual/anticipated expenditure in respect of PSUs/Organizations is given below in the Statement:-

(Rs. in crore)

Year	**B.E.**			**R.E.**			**Expenditure**		
	Budget Support	**IEBR**	**Total Outlay**	**Budget Support**	**IEBR**	**Total Outlay**	**Budget Support**	**IEBR**	**Total Outlay**
1997-1998	38.00	1500.00	1538.00	43.50	2838.66	2882.16	32.69	1103.01	1135.70
1998-1999	38.00	1480.00	1518.00	38.00	1107.88	1145.88	37.93	873.77	911.70
1999-2000	38.00	471.65	509.65	38.00	272.33	302.33	29.93	452.53	482.46
2000-2001	40.00	252.41	292.41	30.00	179.42	209.42	21.37	62.00	83.37
2001-2002	49.00	160.00	209.09	49.00	151.82	200.82	49.00	134.08	183.08

Total	**203.00**	**3864.06**	**4067.15**	**198.50**	**4550.11**	**4740.61**	**170.92**	**2625.39**	**2796.31**

2.5 The Department explained the reasons for variations between planned outlay and actual expenditure as under:-

"It may be seen from the statements that in the case of Assam Gas Project the Department could not release the capital subsidy because of tardy progress due to the factors like, delay in finalization of gas supply agreement and identification of project site. Variation of actual expenditure in respect of Bhopal Gas Leak Disaster has been occurring due to difficulties in projecting the number of cases to be decided by various courts for final compensation and drawl of less amount by the Office of the Welfare Commissioner from the dollar deposit account in the Reserve Bank. Savings under NPPA were due to the reason that large numbers of posts were lying vacant. The increasing trend of Non-Plan loan to PSUs is mainly on account of payment of salaries and wages in sick PSUs viz. IDPL, SSPL, BIL. The actual utilization of plan funds by NIPER was lower due to time lag in executing the civil construction work. In the case of HIL, plan funds were partially re-appropriated as non-plan loans to this PSU.

> Three PSUs of the Department have been referred to BIFR and are dependent on Budgetary Support for payment of salaries and wages to their employees. These are Indian Drugs and Pharmaceuticals Ltd. (IDPL), Bengal Immunity Ltd. (BIL) and Smith Stranistreet Pharmaceuticals Ltd. (SSPL). Petrofils Co-operative Ltd. a Joint Venture of Government of India and Weavers Co-operatives registered under the Multi-State Co-operative Societies Act, in which the Government has 83% shareholding also became sick and is under winding up."

2.6 The Committee found that utilization of 9th Five Year Plan outlay was merely 40% of the original outlay and wanted to know whether the Department had analysed the position regarding underutilisation of outlay and taken policy decisions to monitor and evaluate the plan performance regularly to ensure that planned funds are utilized fully. The Department explained its position as below:-

> "This Department has analysed the position regarding the 9th Five Year Plan projections of outlay vis-à-vis the actual utilization and keeping the same in view a policy decision was taken to set up a monitoring and evaluation cell under the Economic Adviser of the Department to once again conduct a comprehensive review of Plan performance as per the guidelines of the Planning Commission. It was felt that this will not only provide further feed back on Ninth Plan, but will also be very useful to the Department in ensuring on a regular basis expeditious and timely implementation of schemes/projects during the 10th Plan so that the plan funds are utilized fully. Further, the Department has also been conducting performance review of PSUs on a quarterly basis and the plan performance is also an integral part of this exercise."

2.7 During evidence, Secretary deposed before the Committee on this issue, as under;

"As is revealed from the figures, our plan is mainly based on the resources of public sector. Budgetary support is very scant and out of it if we look at the IPCL, it is a major contributor and in chemical sector, industry had received a severe setback during the Ninth Five Year Plan. Competitiveness got keener and petrochemical industry and other industries were affected as our efficiency norms in the IPCL are in accordance with competitive level. As regards production and efficiency, the whole sector was affected because of over capacity all over the world and it generally created an atmosphere of dumping and pricefall. Due to this the IPCL could not make the investment it wanted. This is the main reason due to which investment could not be made. Another company the HOC wanted to use resources in its own way, it also faced the same problem because chemical company was also on the verge of sickness. This HOC will also become sick because its work-capacity is not what it was earlier. Thus so many problems cropped up during the second half of the Ninth Five Year Plan which caused all this trouble. As regards continuation, the schemes of the Ninth Five Year Plan which are supposed to be important are being included."

(II) TENTH FIVE YEAR PLAN

2.8 Regarding 10th Five Year Plan, the Department apprised the Committee of its position, in a written note as follows:-

> "The Planning Commission invited the proposals in respect of schemes of Public Sector Undertakings and Organizations under the administrative control of the Department for inclusion in the 10th Five Year Plan. This Department sent the proposal for an outlay of Rs. 3565.58 crore comprising IEBR of Rs. 2730.39 crore and Budgetary Support of Rs. 835.19 crore, as per the break-up given at **Annexure-II**. Although 10th Plan proposals are yet to be finalized by the Planning Commission, the agreed outlay for the Annual Plan 2002-03 is given at **Annexure-III**. The Scheme-wise details of 10th Plan proposals of PSUs and other organizations under this Department are given at **Annexure-IV**."

2.9 The Committee observed that the proposed outlay for 10th Five Year Plan is Rs. 3565.58 crores as against original outlay of Rs. 6760.00 crores for 9th Five Year Plan and sought to know the reasons for less allocation and also whether the Department has got the left over projects of 9th Five Year Plan included in 10th Five Year Plan. The Department replied to these queries in a written note as under:-

> After taking into consideration the overall resource position; the need for maintaining technical health of the plant; stages of disinvestments in PSUs and the need to focus on the areas of core competence only, the 10th Plan proposals in respect of PSUs and other Organizations under this Department were formulated in the following order of priority:

(i) Critical on-going schemes;
(ii) Schemes aimed at maximizing benefits from the existing capacity; and
(iii) New Schemes.
(iv)

2.10 On the above basis an outlay of Rs. 3565.58 crore (comprising Budget Support of Rs. 835.19 crore and IEBR of Rs. 2730.39 crore), as per the break-up given in the following Table, has been proposed for allocation during the 10th Plan by this Department.

The left over projects of 9th Five Year Plan, to the extent considered necessary were also included in the 10th Plan proposals forwarded to the Planning Commission.

(Rs. in crore)

Name of PSU		Tenth Plan (2002-07) Proposed Outlay		
		Gross Budget Support	Internal & Extra Budgetary Resources (IEBR)	Outlay
1		2	3	4 (2+3)
Petrochemicals				
1	IPCL	0.00	2457.00	2457.00
2	PCL	0.00	0.00	0.00
3	CIPET	63.20	69.54	132.74
4	Assam	449.00	0.00	449.00
5	PPDA	0.00	0.00	0.00
Chemicals				
6	HOCL	145.00	155.12	300.12
7	HIL	59.20	0.00	59.20
8	IPFT	30.32	0.00	30.32
9	RENPAP	0.00	0.00	0.00
10	CPDS	2.00	0.00	2.00
11	CWC	0.25	0.00	0.25
12	MCIE	5.00	0.00	5.00
1		2	3	4 (2+3)
Pharmaceuticals				
13	IDPL	0.00	0.00	0.00
14	BIL	0.00	0.00	0.00
15	SSPL	0.00	0.00	0.00
16	BCPL	35.00	35.00	70.00

17	HAL	15.00	0.00	15.00
18	NIPER	30.94	13.73	44.67
19	PRDP	0.25	0.00	0.25
Others				
20	VRS	0.00	0.00	0.00
21	NE Region	0.00	0.00	0.00
22	Sectt.	0.03	0.00	0.03
	Total	**835.19**	**2730.39**	**3565.58**

2.11 The Department added further:-

"The 10th Plan proposals were examined by the Planning Commission in consultation with this Department as well as concerned PSUs/Organisations at various levels. The outlay for the first year of the 10th Plan (2002-07), i.e., the Annual Plan (2002-03), has been finalized by the Planning Commission at Rs. 212.50 crore (comprising IEBR of Rs. 157.50 crore and Budget Support of Rs. 55 crore) as compared to an outlay of Rs. 307.70 crore (comprising an IEBR of Rs. 150.54 crore and Budget Support of Rs. 157.16 crore) proposed by this Department, as per the break-up given in the following Table:-

(Rs. in crore)

Name of PSUs	**Proposed by the Department**			**Approved by the Planning Commission**		
	Outlay	**IEBR**	**Budget Support**	**Outlay**	**IEBR**	**Budget Support**
IPCL	115.00	115.00	-	115.00	115.00	-
CIPET	34.00	23.00	11.00	29.50	24.50	5.00
HOCL	94.55	10.55	84.00	24.10	15.00	9.10
HIL	10.20	-	10.20	8.06	-	8.06
IPFT	7.69	-	7.69	3.50	-	3.50
MCIE	1.00	-	1.00	-	-	-
BCPL	5.00	-	5.00	5.00	-	5.00
HAL	3.00	-	3.00	3.00	-	3.00
IDPL	-	-	-	0.01	-	0.01
BIL	-	-	-	0.01	-	0.01
SSPL	-	-	-	0.01	-	0.01
NIPER	10.53	1.99	8.54	18.07	3.00	15.07
CPDS	0.40	-	0.40	0.40	-	0.40
CWC	0.05	-	0.05	0.05	-	0.05
PRDP	0.25	-	0.25	0.25	-	0.25
SECTT.	0.03	-	0.03	0.03	-	0.03
NE Region	-	-	-	5.50	-	5.50

Assam Gas	26.00	-	26.00	0.01	-	0.01
Total	**307.70**	**150.54**	**157.16**	**212.50**	**157.50**	**55.00**

CHAPTER – III

SCRUTINY OF DEMANDS FOR GRANTS 2002-03

As elsewhere stated the budget provision for the Department of Chemicals & Petrochemicals for the year 2002-03 is as under;-

Rs. in crore

	Plan	Non-Plan	Total
Revenue Section	**29.81**	**22.10**	**51.91**
Capital Section	**25.19**	**62.90**	**88.09**
	55.00	85.00	140.00

3.2 Budget provides for expenditure relating to Secretariat of the Department, matter relating to Bhopal Gas Leak Disaster; Plan and non-Plan Support for various PSUs and Organizations under the administrative control of Department of Chemicals & Petrochemicals. Budget provision has been made under various Heads. The provision made under these 'Heads' shall be examined in succeeding paragraphs.

(I) MAJOR HEAD 3451

3.3 This 'Head' is mainly for salaries of the Ministry's officials and other office expenses like OTA; travelling, office expenses etc. etc. As against Revised Estimates of Rs. 5.37 crore of the last year, a provision of Rs. 5.34 crore has been made in this year's Budget.

3.4 In the context of Expenditure Reforms Commission recommendations, the Committee wanted to know whether the Commission has made any recommendation about the Department of Chemicals & Petrochemicals.

The Department replied to this as under:-

"Expenditure Reforms Commission has recommended abolition of 33 Group A & B posts in the Department of Chemicals & Petrochemicals (Proper). It has also recommended that out of 1547 posts sanctioned for the Office of Welfare Commissioner, it will be necessary to continue 1000 posts to ensure speedy disposal of cases.

The recommendations of the ERC were very carefully examined in the Department. It was observed that the Department had already not continued 620 posts in the Office of the Welfare Commissioner out of 1547 sanctioned posts. Further it had already abolished 81 posts in 1996 as a result of SIU study. Department is also committed to reduce the strength of technical cadre from 28 to 12. Keeping in view the steps taken by the Department in reducing the staff earlier, it was decided that further reduction in the staff would affect the functioning of the Department. The decision of the Department has been conveyed to Ministry of Finance."

3.5 Secretary of Department of Chemicals & Petrochemicals supplemented this information further during evidence;

> "Sir, Expenditure Reforms Commission has given two types of recommendations one relates to reduction in staff strength, which is being examined in the Department and the other is return of Petrochemicals division to Ministry of Petroleum & Natural Gas. We have apprised the Government of our objection. Now Cabinet Secretary has appointed a Committee who will go into the whole issue and take a decision."

(II) MAJOR HEAD 2552

3.6 The Government has made it mandatory for each Department/Ministry to provide for 10% of the total planned budget for each year as contribution towards non-lapsable central pool of resources for funding specific programmes in the North-Eastern States and Sikkim. Under the above 'Head' provision of Rs. 5.50 crore, which is 10% of the total planned budget for the year, has been made as contribution. Last year the Department had contributed Rs. 4.00 crore on this account.

3.7 The Committee desired to know whether the Department has proposed certain schemes relating to Chemicals & Petrochemicals for inclusion in specific programmes of North-Eastern States. The Department replied in a written note as under:-

> "The following Schemes in the North-Eastern States have been proposed by this Department to the Planning Commission for inclusion in the 10th Five Year Plan:-
>
> **Assam Gas Cracker Project**
>
> 3.8 A Gas Cracker Project by Reliance Assam Petrochemicals Ltd. (RAPL), a Joint Venture of Assam Industrial Development Corporation (AIDC) and Reliance Industries Ltd., is to be set up in Assam. With a view to making the Gas Cracker Project a viable commercial preposition, the Central Government in 1994 approved one time capital subsidy of Rs. 377 crore as a measure of compensation to cover the extra cost to be incurred in setting up project in the region. In addition, an infrastructure subsidy of Rs. 72 crore is also to be provided to Oil India Ltd. (OIL).
>
> In the Budget 2002-03, a token amount of Rs. 1 lakh for the infrastructure subsidy and an amount of Rs. 1 lakh for capital subsidy has been proposed. The key issues for implementation of the project are Gas Supply Agreement and land acquisition. Government of Assam has indicated that they do not envisage any difficulty in acquisition of the land for the project. The Gas Supply Agreement

between RAPL and OIL has already been signed. However, the Gas Supply Agreement between ONGC and RAPL has not yet been finalized and the matter of making up the shortfall in the supply of gas also remains to be resolved. Accordingly, the Ministry of Petroleum & Natural Gas, RAPL and ONGC have been advised to finalise these issues in a time bound manner. The Department makes continuous efforts to see that the unresolved issues are resolved and that the project is implemented as early as possible.

CIPET's Extension Centre in Assam

CIPET is in the process of setting up an Extension Centre at Guwahati in the State of Assam at an estimated cost of Rs. 10.35 crore with 50:50 participation by the Government of India and the State Government of Assam. The Centre is expected to be completed in 2003."

(III) MAJOR HEAD 2852

3.9 This 'Head' is used for allocating funds for meeting financial requirements of various establishments under the administrative control of Department of Chemicals & Petrochemicals and Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985. Total provision of Rs. 41.07 crore has been made under this 'Head' in the Budget. Allocations made under various Sub-Heads are examined in the succeeding paragraphs.

(a) Central Institute of Plastics Engineering & Technology (CIPET)

3.10 CIPET was established in 1968 as an autonomous organisation under the administrative control of Department of Chemicals & Petrochemicals. This Institute is having the privilege of being associated with UNDP/UNIDO, ILO and World Bank for the last thirty years. This has helped in strengthening its facilities and expertise for providing technical services to the plastic industries. The main objectives of the Institute were stated to be:-

- To Train and develop manpower in different disciplines of plastics Engineering & Technology;
- To organise conventional and advanced level training programme for upgradation of skills and knowledge of personnel from the industry;
- to provide technical services to the industries in the areas of design, fabrication of moulds, machinery and equipment, Computer Aided Engineering services, testing and quality assurance, consultancy and advisory services;
- Application development in the areas of plastics; and
- to act as R&D institute for small/medium scale industries.

A budgetary provision of Rs. 8.38 crore has been made for CIPET in this year's budget which is equal to last year's Revised Estimates.

3.11 The CIPET centres have been established in different States and are located at Chennai, Ahmedabad, Lucknow, Hyderabad, Bhubaneshwar, Bhopal, Amritsar and Mysore. One extension centre each at Patna (Bihar), Haldia (West Bengal), Imphal (Manipur) and Guwahati (Assam) are under the process of establishment.

3.12 The Committee enquired about the expansion activities of CIPET during last year, future plans, steps taken to attract foreign students for training and achievement of self-sufficiency at various centres. The Department replied as under:-

> "CIPET has not established any new Centre during the year 2001-2002. However, work relating to setting up of three Centres at Patna, Guwahati and Haldia had been in progress, which are likely to be completed during the year 2002-2003. So far as the setting up of new Centres by CIPET during the Tenth Plan Period is concerned, Government has tentatively made a provision for setting up of one Centre in Maharashtra State.
>
> The Extension Centres at Patna, Haldia and Guwahati are progressing as per Schedule as already replied to Question 10 above. However, as regards Imphal Centre, the allotment of land by the State Government of Manipur has not been made so far. Once the Guwahati Centre becomes fully operational, the requirement of an independent full-fledged Centre at Imphal may need to be reviewed.
>
> As regards attracting International Students for training, CIPET has informed that it has been in touch with various countries and Embassies and some positive response has been received from Sri Lanka. With regard to achieving self-sufficiency by the Centres of CIPET, it has been reported by CIPET that a target has been set up by them to become self-sufficient for their Non-Plan requirements by the year 2001-2002 in respect of six Centres namely, Ahmedabad, Bhopal, Bhubanewshwar, Chennai, Hyderabad and Lucknow.
>
> During the year 2000-2001, Bhubaneshwar, Bhopal, Ahmedabad and Amritsar have become self-sufficient. During the financial year 2001-2002, two more Centres viz. at Chennai and Lucknow are expected to become self-sufficient."

3.13 Regarding generation of its own funds, the Department added further:-

> "CIPET has been generating its own funds from Consultancy and Testing services. During the year 2000-2001, it generated a sum of Rs. 12.36 crore as internal resources. For the year 2001-2002, an amount of Rs. 13.00 crore has been projected for internal resource generation."

3.14 During examination of Demands for Grants of Department of Chemicals & Petrochemicals for the year 2001-02, the Committee were informed that Oil Industry Development Board (OIDB) has released grant of Rs. 11.46 crore to CIPET. Further, OPEC assistance of US $ 16.67 million for the Institute was under consideration.

3.15 The Department furnished the latest status of these two positions as under:-

> "OIDB has released an amount of Rs. 9.00 crore up to February, 2002 and the balance amount of Rs. 2.46 crore will be released by them by 31.03.2002. As regards OPEC Assistance, the matter is still under consideration of the Government."

3.16 In another context, the Department submitted that for the Annual Plan of 2002-03, the Department had proposed Rs. 34.00 crore as plan outlay, Rs. 23.00 crore as IEBR and Rs. 11.00 crore as budget support but the Planning Commission revised it to Rs. 29.50 crore as outlay with Rs. 24.50 crore as IEBR and only Rs. 5.00 crore as budget support.

(b) Assam Gas Cracker Project

3.17 The Assam Gas Cracker Project was proposed in 1984 for utilisation of petroleum fractions of natural gas resources of Assam. The Central Government has approved one time capital subsidy of Rs. 377 crore for the Assam Gas Cracker Project and infrastructure subsidy of Rs. 72 crore. A token provision of Rs. 2.00 lakh has been made in the budget of 2002-03.

3.18 Assam Industrial Development Corporation (AIDC) was granted Letter of Intent (LOI) for setting up of a Gas Cracker complex with ethylene capacity of 300,000 TPA. The project was to be located at Tengakhat in Dibrugarh Distt. of Assam. The Letter of Intent was subsequently transferred in the name of Reliance Assam Petrochemicals Ltd. (RAPL), a Joint Venture of AIDC and Reliance Industries Ltd. (RIL), which is now implementing the Project. Keeping in view the inherent difficulties such as prolonged rainy season resulting in less effective working time, difficult geographical terrain, higher cost of transportation etc., the Central Government has approved one time capital subsidy of Rs. 377 crores for the Assam Gas Cracker Project and infrastructure subsidy of Rs. 72 crores to M/s. OIL India Ltd. It has also been decided to provide associated gas at Rs. 600 per thousand standard cubic metres for a period of 15 years.

For the implementation of Gas Cracker Project, initially the Government of Assam identified 1262 acres of land at Tengakhat in Dibrugarh District of which 128 acres of land was handed over to RAPL. Subsequently, State Government informed that the Chabua Air Force Authorities have raised objections for setting up the project at the Tengakhat site. In view of the objections, Government of Assam identified alternate site at Lapetkata for the project. The State Government has identified 1100 acres of land in Lapetkata of Dibrugarh Distt. of which 1000 acres of land belongs to private owners and the remaining 100 acres of land belongs to the Government. Government of Assam have issued Notification u/s 6 of the Land Acquisition Act for 850 acres of land and the State Government do not envisage any difficulty for providing the requisite land for the project. Environment Impact Assessment Study has commenced. Ministry of Petroleum & Natural Gas have committed supply of associated gas for the production of 2 lakh TPA of Ethylene. RAPL and OIL have signed Gas Supply Agreement on October 19, 2000 for supply of 5 MMSCMD of gas to RAPL, after resolving all outstanding issues. RAPL and ONGC are required to execute similar Gas Supply Agreement for the quantity of associated gas to be supplied by ONGC for production of 70000 TPA Ethylene. However, ONGC is not in a position to supply the required gas.

3.19 In November 1992, it was decided to set up a Group in the Department of Chemicals & Petrochemicals headed by Secretary (C&PC) to monitor the progress of implementation of the Assam Gas Cracker Project. In pursuance, the Department has been interacting with the State Government, RAPL, Ministry of Petroleum & Natural Gas (M/o P&NG), ONGC, OIL etc. to see that difficulties are resolved and that the project is implemented as early as possible.

3.20 The project was conceived more than 17 years ago and its take-off is being delayed for one reason or the other. It was due to the intervention of this Committee that initial agreement between OIL and RAPL was signed on 19th October, 2000 but since then no further progress has been made. The Committee wanted to know the latest position regarding Gas Supply Agreement and handing over site to the project authorities. The Department replied in a written note as under;-

> "A Gas Supply Agreement between OIL and RAPL was signed on 19th October, 2000 for the supply of 5 MMSCMD of gas, which is adequate for production of 130,000 TPA of Ethylene. The Gas Supply Agreement between ONGC and RAPL for the supply of 1.35 MMSCMD of gas adequate for production of 28000 TPA of Ethylene in the first five years and 15,000 TPA thereafter, is at an advanced stage and only **10 clauses** in the agreement remain to be resolved. In the meeting taken by Secretary (C&PC) on March 18, 2002 they were advised to finalise the Gas Supply Agreement within two weeks. The Ministry of P&NG was also requested to convene a meeting of both the agencies, if necessary, to finalise the Gas Supply Agreement. That Ministry was also advised to identify within a month, the agency which would supply the alternate feedstock (LPG) to RAPL to make up for the shortfall in the supply of gas.
>
> 3.21 As regards handing over of the land to the project authorities, the State Government has identified 1100 acres of land of which 100 acres belong to the Government and the remaining 1000 acres belong to private parties. The State Government has issued a notification for the acquisition of 850 acres private land and they propose to issue similar notification in respect of the remaining land shortly. The State Government authorities do not envisage any difficulty in handing over the requisite land to RAPL."

3.22 The Department further explained its position as under:-

"A meeting was convened by the Minister (C&F) with Minister of Petroleum and Natural Gas, Minister of North-East Development and Chief Minister of Assam on February 21, 2002 to resolve the outstanding issues. The importance of early implementation of the project was impressed and it was decided that Secretary (C&PC) would continue to monitor the implementation of the project regularly.

As a follow up, the last meeting was taken by Secretary (C&PC) on March 18, 2002. In the meeting ONGC and RAPL were advised to finalise the Gas Supply Agreement within two weeks. If necessary, the Ministry of P&NG would convene a meeting with both the parties to finalise the Gas Supply Agreement. Ministry of P&NG were also requested to identify within a month agency to supply alternate feedstock to RAPL to make up the shortfall in the supply of gas to RAPL so that commitment of making available feedstock for production of 2 lakh tonnes of Ethylene was fulfilled. Once the problem of feedstock is addressed fully, no major problem in the implementation of the project is expected at present."

3.23 This issue came up during evidence of the representatives of Department of Chemicals & Petrochemicals when the Committee observed that they were being assured repeatedly for more than 2½ years by successive Secretaries in the Department that the Gas Supply Agreement would be finalised soon but nothing concrete has come out so far. Secretary, responded as under:-

"Sir, as per original agreement, an assurance has been tendered on behalf of the Government of India that Gas would be supplied at fixed price. Since then gas rates have gone up many times. Gas is not available in Assam. Wherefrom Gas would be sourced? It is possible we may have to adjust the difference of rates of gas somewhere else in the budget. This is view from our side."

3.24 When asked to be specific, Secretary replied,

"Sir, we will have to sort out this issue, so far as finalisation of agreement is concerned, we have been assured by ONGC that agreement would be finalised within four months."

(c) BHOPAL GAS LEAK DISASTER

ADJUDICATION OF COMPENSATION CLAIMS

3.25 The process of adjudication of claims for payment of compensation to the victims of the disaster commenced in February, 1992. The actual disbursement of money could be started only in October 1992 when the compensation amount that had been deposited by the Union Carbide Ltd. with the Reserve Bank of India under the orders of the Supreme Court was transferred to the Welfare Commissioner for adjudicating the claims.

A provision of Rs. 7.00 crore has been made in this year's budget as against RE of Rs. 7.37 crore of last year. A major component amounting to about Rs. 5.10 crore is meant for Salaries and Wages of the office of Welfare Commissioner.

3.26 The position of adjudication of compensation claims as on 31.12.2001 was as follows:-

Category	Cases Registered	Decided	No. of Awarded Cases	No. of Pending Cases	Total Amount awarded Rs./crore	Total Amount disbursed Rs./crore	Total No. of claimants to whom amount disbursed
01 (injury)	10,01,723	10,01,609	5,49,714	114	1432.45	1419.48	5,44,062
02 (Loss of Livestock)	658	642	232	16	0.11	0.06	138
03(Loss of Property)	4,901	4,717	539	84	0.13	0.11	480
04 (Death)	22,149	22,056	15,054	93	86.24	85.29	14,577
Total	**10,29,431**	**10,29,024**	**5,65,539**	**307**	**1518.93**	**1504.94**	**5,59,257**

3.27 A representatives, in the Deptt. of Chemicals & Petrochemicals clarified the position further during evidence:-

> "Sir, there were 10 lakh 30 thousands cases registered. Out of these claims of 5 lakh 60 thousand cases have been awarded. Rest of the cases have been dismissed. Out of these dismissed cases, 3 lakh 50 thousand were such which were dismissed in default. In respect of these cases, the Supreme Court had ordered that their list be publicised and if anyone desire to apply for restoration, their cases be heard again. In response, 40 thousand applications were received for restoration. Majority of these cases have also been decided. Only 22 thousand cases remain which include 14 thousand appeals and only 6500 cases are pending under restoration."

3.28 Later, the Department further clarified the specific position in a written note as under:-

"(i) According to information sent by the Office of the Welfare Commissioner, 10,29,431 cases were registered for compensation, out of which 10,29,024 cases have been decided up to 31.12.2001. Thus total pendency out of original cases was 307.

(ii) Out of 10,29,024 decided cases, compensation has been awarded to 5,65,539 cases and the same has been disbursed in 5,59,257 cases.

Remaining 4,63,892 (10,29,431 – 5,65,539) cases have been dismissed by default or due to absence of parties or on merits. Out of dismissed cases, approximately 3.5 lakhs were dismissed due to default or absence of parties. In March, 2001, on the directions of Supreme Court, the cases which were earlier dismissed due to absence of parties or default were published in a local newspaper. As a result, 42,053 cases were restored out of which 28,261 cases have been decided up to 31.12.2001. Thus total pendency out of restored cases was 13,792.

(iii) In addition 13,848 appeals and 2254 revision petitions were also pending as on 31.12.2001.

(iv) Thus total pendency in the Office of the Welfare Commissioner, as on 31.12.2001 was 30,201.

(v) As on 28.2.2002, the number of pending cases is as follows:

a)	Original cases	:	186
b)	Restored cases	:	6212
c)	Appeals	:	14182
d)	Revisions	:	2251
	TOTAL	**:**	**22831**

Thus as on 28.2.2002, the total number of pending cases is 22831."

3.29 The Committee wanted to know how long it will take to disburse all the claims and whether for speedy disbursement, the office of Welfare Commissioner needs to be strengthened. The Department responded in a written note as under:-

"Based on the periodical returns received from the office of the Welfare Commissioner, their performance is monitored on monthly basis. Keeping in view the less number of cases pending in that office, the existing staff is sufficient to settle the remaining cases."

As per orders of the Supreme Court, Super Speciality Hospital managed by Bhopal Memorial Hospital Trust has come up at Bhopal to provide medical assistance to victims of Bhopal Tragedy. The Department of Chemicals and Petrochemicals has informed that the Hospital has become fully functional.

3.30 The Committee specifically wanted to know the responsibilities/ obligations which remain on the part of the Central Government with regard to Bhopal Gas Leak Disaster. The Department of Chemicals and Petrochemicals apprised the Committee as under:-

"In addition to allocation of budget for the establishment of the office of the Welfare Commissioner, the Central Government is required to take actions on some of the following items:

(i) It is responsible to meet the short fall, which arises due to change of exchange rate in the value of dollar from 1989 onwards. For this purpose, in accordance with the direction of Supreme Court, the difference between the rate of dollar in 1989 when the Union Carbide Company (UCC) deposited the money and the rate of dollar on the actual withdrawal of money, shall be made available by the Government. In the year 2002-03, a budget provision of Rs. 100 lakhs has been made for this purpose.

(ii) At present, under the direction of the Supreme Court, the money deposited by the UCC can be used only for paying compensation to Bhopal Gas victims. After the settlement of all the claim cases, if some money is left out, the Central Government will place the matter before the Supreme Court for issuing further directions on the utilization of the money.

(iii) In the criminal case filed against the UCC, the Central Government in the Ministry of External Affairs is taking necessary action on the extradition of Mr. Warren Anderson, the former Chairman of the Company."

3.31 The Committee learnt that as per the scientific survey conducted by Green Peace, the residents surrounding the former Union Carbide factory are still exposed to the hazardous chemicals and are suffering from various health problems. The Committee wanted to know the factual position and also the role of the Central Government in remedying this situation. The Department replied as under:-

"The Green Peace conducted an environmental survey within and surrounding the Union Carbide India Limited factory. The survey shows contamination of land and ground water with toxic wastes, which may cause health problems. The main responsibility in remedying the situation lies with the State Government of Madhya Pradesh. However, the Central Government can assist them in the matter. So far, it has taken the following steps:

(i) The Central Government had earlier approved an 5 year Action Plan of the State Government of Madhya Pradesh with budget of Rs. 163.10 crore for the medical, economic, social and environmental rehabilitation of Bhopal Gas victims. The outlay was subsequently increased to Rs. 258 crore. The budget allocated to medical rehabilitation was approximately Rs. 150.35 crore. The expenditure was to be shared by the Government of India and the State Government of Madhya Pradesh in the ratio of 75:25. The Action Plan is being implemented by the State Government. The Central Government has released its entire share of Rs. 193.50 crore.

(ii) According to the information received from the State Government of Madhya Pradesh, 7 hospital, 5 civil dispensaries and two polyclinics are working. Three hospitals each under ayurveda, Homeopathy and Unani system of medicine are also functioning. In addition, a super speciality hospital is also functioning under the administrative control of Bhopal Memorial Hospital Trust.

(iii) Under the Action Plan, a provision of Rs. 3 crore has been made for providing safe drinking water to some of the wards surrounding UCIL factory.

(iv) For removal of toxic waste, the Central Government is in touch with the State Government. According to information received from the State Government, they are in touch with Ministry of Defence to help them in the removal of toxic wastes from the site of the UCIL factory.

(v) The State Government has sent a proposal of Rs. 50 crore for the removal of toxic wastes, which is under consideration."

3.32 The Committee were further apprised during evidence that State Government's proposal has been received recently and would be placed before Group of Ministers for consideration and action would be taken in accordance with their decision.

(d) Institute of Pesticide Formulation Technology (IPFT)

3.33 The Institute of Pesticide Formulation Technology, a non-profit making organization was registered under the Societies Registration Act on May 31, 1991.

The main objectives of the Institute as outlined in the Memorandum of association are:

i. Development and production of the state-of-the-art user and environment friendly pesticide formulation technologies.

ii. Promotion of efficient application technologies suiting the exacting requirements of the newer formulations.

iii. Information dissemination of safe manufacturing practices, quality assurance raw material of specification and source.

iv. Analytical and Consultancy service.

v. Fostering the improvement in the qualification and usefulness of pesticide scientists working in the agrochemical areas.

vi. Continuing education through specialized training for pesticide personnel.

3.34 The Institute is also one of the Technical Coordinator Unit of the Regional Network on Pesticide Production and Information for Asia and Pacific (RENPAP) of the UNDP/ UNIDO, in the field of the pesticide formulation technology development and quality assurance.

The Institute functions under four major divisions viz. Formulation, Analytical, bio-sciences and Pilot Plant.

3.35 In the ninth year of its operation, the Institute has been able to consolidate its position by taking its own cadre of technologists, scientists and supporting staff has been able to attract more projects and contractual work from the pesticide industry.

3.36 A budgetary provision of Rs. 3.5 crore has been made as grants-in-aid as compared to Rs. 1.06 crore of the last year. The Committee desired to know the reasons for this big increase. The Department explained the position as under:-

> "The activities of IPFT are expected to increase substantially during the Tenth Plan period. This is specifically so as there is a need to develop safe and environment friendly pesticides as also the technologies for application of the same in view of the global scenario of discouraging use of organic pesticides. India has also decided to sign the Stockholm Convention on Persistent Organic Pollutants (POPs). Further the Institute has been identified as one of the regional centres for the purpose of pesticides residues analysis by the Department of Agriculture and Cooperation. This is an important activity which is very relevant for determining the extent of residues of pesticides in fruits, vegetables etc. This is an essential requirement for export of these items as also from health angle of human health.
>
> It is planned to develop this Institute as a laboratory accredited with OPCW for analysis work related to the Chemical Weapon Convention (CWC). The objective is to ensure that analysis of samples taken during an inspection by international inspection team is undertaken within the country as has been provided in the CWC Act. A new R&D laboratory has been set up at IPFT with the support of Government of India and UNIDO. It is expected to become operational during 2002 and it will provide state-of-the-art facility for the Indian Pesticide Industry. Accordingly, the Five Year Plan that has been prepared envisages a requirement of funds of Rs. 17.00 crore to be incurred during the plan period including Rs. 3.50 crore during 2002-2003 which are meant for specific schemes as proposed in the 10th Five Year Plan."

3.37 The Committee were informed that an estimated amount of Rs. 29.34 lakhs was generated by the Institute from its own resources during the last financial year.

(e) Chemical Weapons Convention (CWC)

3.38 A provision of Rs. 8 lakh (Rs. 5 lakh as planned and Rs. 3 lakh as non-planned) has been made in the budget for 2002-2003 as against Rs. 3 lakh of last year.

Chemical Weapons Convention is a universal non-discriminatory multilateral, disarmament treaty, which bans the development, production, acquisition, transfer, use and stockpile of all chemical weapons. The treaty puts all the State Parties on an equal footing. Countries who produce and use chemical that can be conveniently, converted into chemical weapons have to be open and transparent about the use they put these chemicals to. The Convention was opened for signature on 13th January, 1993 in Paris. India signed the Convention on 14th January, 1993.

The Convention entered into force on 29th April, 1997. So far 145 countries have ratified the Convention. India is one of the early ratifying countries and ratified the Convention on 3.9.1996. Some of the other important countries which have ratified the Convention include USA, China, Japan, United Kingdom, France, Germany, Australia, Canada, Russia, Pakistan and Netherlands. The Convention is being implemented by the Organization for the Prohibition of Chemical Weapons (OPCW) established in the Hague.

As national implementation measure and in order to fulfill its obligation under the convention, each State party has to establish a National Authority to serve as the national focal point for effective liaison with the Organization and other State Parties. In India the National Authority has already been established.

The Convention identifies toxic chemicals in three schedules. Schedule 1 lists chemicals that are produced and stockpiled as chemical weapons. Schedule 2 contains such precursors which pose significant risk to the objective and purpose of CWC, since these chemicals are capable of generating Schedule 1 chemicals. In Schedule 3 are listed dual purpose chemicals that have large number of legitimate civilian commercial applications and which could also be used for purposes of developing chemical weapons.

Declarations and verification are the two important aspects for implementation of the Convention. Each State Party is required to make annual declarations of the production, import and export of scheduled chemical and their production facilities. India has been making declarations within the prescribed time frame.

3.39 To be able to discharge the obligations under the Convention, each country is required to have a domestic legislation, which makes the filing of correct information, about the various activities in scheduled chemicals mandatory. CWC Act has been notified on 28th August, 2000.

3.40 The draft rules relating to the Act are being prepared in consultation with the Department of Legislative Affairs, Ministry of Law and the National Authority for Chemical Weapons which is under the Cabinet Secretariat. The interests of Indian Chemical Industry have also been kept in view while framing same. Presently the rules are being finalised.

3.41 On being asked as to which agency supervises the performance of CWC regarding discharging the obligations under the convention and why this function cannot be given to IPFT, the Department replied:-

> "The convention provides for setting up of a National Authority to oversee implementation of the provisions of the CWC. The National Authority coordinates with the Ministries of Defence and Foreign Affairs, the Department of Chemicals and Petrochemicals and the DRDO on matters related to the CWC. A National Authority for Chemical Weapons Convention has been established under the Cabinet Secretariat. Now, action for notifying the same in terms of the Chemical Weapons Convention Act is being taken. The objective of IPFT on the other hand is development and production of user and environment friendly pesticides formulation technology and promotion of efficient application technologies. This Institute cannot take on the role of the National Authority. However, there are plans to develop this Institute as a laboratory for accredition with OPCW for CWC analytical work."

3.42 The Department explained the purpose of providing a sum of Rs. 5 lakh more in this year's budget and stated that provision has been kept for activities relating to organisation of Seminars, Workshops, Conferences under CWC Act. The Units producing scheduled chemicals as also the State Governments have to be familiarised with the provisions of the Convention as also the CWC Rules that are in the process of being framed. The Convention is still evolving and new decisions on reporting criteria and inspection procedures are being taken constantly with which the industry needs to be updated. For this purpose workshops and seminars/ symposium have to be arranged on regular basis.

(f) National Institute of Pharmaceutical Education and Research (NIPER)

3.43 The National Institute of Pharmaceutical Education and Research (NIPER) is being set up at a cost of Rs. 99 cores, in Mohali (Punjab), as a part of the economic package for the State of Punjab. The Institute is located in Sector 67, S.A.S. Nagar, Mohali near Chandigarh on a plot of 130 acres of land provided free of cost by the State Govt. of Punjab. NIPER project is scheduled to be completed with the close of Ninth Year Plan, i.e. 31st March, 2002.

NIPER has been conceived as a mother Institution to set standards of excellence for pharmaceutical colleges and for research and development in the field of pharmaceuticals.

The National Institute of Pharmaceutical Education and Research was declared as an Institute of National Importance by an Act of Parliament on 26.6.98.

The Institute is conducting Masters' and Doctoral programmes in seven disciplines and is helping the Indian Pharmaceutical industry in solving their R&D related problems. NIPER also conducts regular programmes for academia and Industry in various disciplines.

NIPER has made a good beginning by getting sponsored projects from the Indian Pharmaceutical Industry in the areas of bio-availability studies, stability studies, impurity profiling of bulk drugs, the process development of bulk drugs and toxicity studies etc. NIPER has also started getting projects from multi-national companies and WHO.

3.44 A provision of Rs. 18.51 crore (Rs. 15.7 crore as planned and Rs. 3.44 as non-planned) has been made in this year's budget as against Rs. 16.10 crores of last year for NIPER.

3.45 The Department of Chemicals and Petrochemicals apprised the Committee of the present status of the project as under:-

> "(a) <u>Building</u> :- As on date, the infrastructural facilities created in the Institute in the form of buildings are Teaching and Research blocks (7), Library (5 storeyed), Guest House, Seminal Hall, Hostel Blocks, Secretariat Building, Director Residence, Type III, IV, V and VI quarters, Auditorium, Dispensary, Cafeteria, Parking lot, Main Bridge, Compound wall including security check post at the main gate and solvent store. The Pharmaceutical Technology Building and Boy's Hostel, General Instruction Laboratory, Pilot Plant, married Students' Hostel and some more residences for faculty and staff are under construction and are expected to be completed by August, 2002.
>
> (b) <u>Teaching & Research Department</u>:- As on date, six teaching and research blocks consisting of seven Departments with full fledged laboratories, viz. Medicinal Chemistry, Natural Products, Pharmaceuticals, Pharmaceutical Technology, Pharmacology and Toxiocology, Biotechnology and Pharmaceutical Analysis are fully functional. The Department of Pharmacy Management and Pharmacy Practice will be operational by June 2002. The cost of imported and indigenous equipment procured and installed is to the tune of Rs. 2149.28 lacs as on date.
>
> (c) <u>Human Resource</u>:- Out of 279 posts created/ sponsored by the Ministry/ Board of Governors of NIPER, a total of 99 posts have been filled."

3.46 On being asked whether the Institute has become fully functional and all its Departments are operational, the Department replied as under:-

"Out of 10 teaching and research departments planned, a total of 7 departments have become functional and two more departments will be functional by July, 2002. The academic activity of the institute which started in January 1998 is doing well. The Institute is concentrating on Masters' doctoral and post-doctoral programmes. The degrees awarded by the Institute are (a) M.Pharm, (b) M.Tech (Pharm) (c) M.S. Pharm, and (d) Ph.D. So far 97 Masters' students and 3 Ph.D students have graduated. All the Masters' students who graduated so far have joined reputed pharmaceutical companies and few have joined academic institutes. The feedback received from these industries/ institutes is very encouraging. The Institute is going to start two new departments by June, 2002 viz. Pharmaceutical management and Pharmaceutical practice."

3.47 As part of its functions, the Institute interacts with indigenous and foreign pharma industry. The Department explained this system further as under:-

"One of the objectives of the Institute is to help pharmaceutical industry. In this direction, the Institute has set up a number of national Centres which are being used by Industry at present. Some of the Centres are bio-availability Centre, natural Products Centre (Standardisation), Technology Development Centre, Toxicology Centre, Advanced Instrumentation Centre, pharmacokinetic and Drug Metabolism, Information Retrieval Centre (National Library for Pharmaceutical Sciences). The Bio-availability Centre of NIPER is one of the two accredited Laboratories in the world where bio-availability of these combinations of anti-tuberculosis drugs can be carried out. A number of studies in some of the centres for the Indian Pharmaceutical Industry have been carried out during the past three years. NIPER is also trying to interact with a number of international organizations like World Health Organisation (WHO), World Bank, UNIDO, TOPCAD and some multi-national companies for the development of research projects. Some of these projects have already begun. The Institute has a number of sponsored projects from both national and international organizations.

3.48 It has been suggested in some quarters that NIPER has the potential to bring a lot of income by way of research and patent registration. Satellite Institutes may be set up in other places also so that people in those areas can be benefitted. At the same time there should be some new thinking in this regard in the context of the World Trade Organisation (WTO).

3.49 When asked to react to this suggestion, the Department stated as under:-

"The following marketing strategy is planned for the 10th Five year Plan:

- ❖ The Institute is planning to have Business Development Group to increase interaction with the pharmaceutical industry in niche areas both within India and abroad. The group will be responsible for exploring contract research opportunities, licensing of laboratories generated know-how/ services, consultancy arrangement etc.

- The Institute will build up a strong IPR portfolio so as to create a basket of commercialisable process/ products.

- The Institute will proactively work to gainfully exploit India's unique bio-diversity, especially its medicinal plant wealth.

- The Institute shall create a brand name for itself through its high quality teaching and research programme. It would strive to reach its potential clients, both nationally and internationally, by participation in national/ international technology trade fairs, seminars, symposia etc. An in-house capability would be created for such a market thrust, in order to keep pharmaceutical professionals acquainted with the latest developments in the field of pharmaceutical sciences, the institute conducts continuous education programme from time to time. The programmes are not only restricted to the Indian nationals but are also open to professionals from the developing countries. So far, NIPER has conducted 3 international training programmes for delegates of developing countries in the area of drug registration and regulatory affairs. The exposure of these personnel to these courses eventually helps in the export of Indian bulk drugs and formulations to these countries.

- During the past three years, NIPER has an impressive record of 175 publications in the peer reviewed national and international journals. Six patents have been filed so far. As regards setting up of satellite Institute, it is felt that NIPER should first be established fully and should become self sustaining before setting up of satellite institutes is considered."

(g) PHARMA INDUSTRY

3.50 The Pharmaceutical Industry in India is one of the largest and most advanced among the developing countries. Indian Pharmaceutical Industry manufactures bulk drugs belonging to several major therepeutic groups requiring various manufacturing processes and has developed excellent facilities for production of all dosage forms like tablets, capsules, liquids, orals and injectables etc.

3.51 During evidence, Secretary apprised the Committee about Pharma Industry as under:-

> "If we analyse the performance of our Department, we find that pharmaceutical industry is the most crucial industry with our Department as it has direct relationships with the common man. It is a matter of pride that our pharma industry is at Number 3 in the World from the production angle. In indigenous production, we are meeting 70% of our requirements, we are exporting 15 to 20% of our production also. Our export performance has been fine during the last three

years. There are several reasons for this. One of the reasons is that our existing patent laws help in exploiting our speciality ………However, we are going to face new challenges when rules regarding product Patent come into force. We may not be in a position to exploit the opportunity which we are exploiting earlier. But our pharma companies have started giving thrust on R&D activities. We are giving opportunities to come out with their molecules. This is the only way….."

3.52 During discussions, the Committee wanted the Government to bring the prices of the essential drugs under price control so that they remain within affordable reach. Further Generic names of drugs should be predominantly printed on the labels and packing. It is often said that a drug brought under control act disappears from the market because of low profit.

3.53 The Committee specifically referred to the case of Aspirin. The Companies bought out this drug branded as Disprin and replaced by Disprin Plus. This was done to avoid drug price control order in case of asprin, while disprin plus contains paracetamol which does not come under price control.

3.54 The Committee also discussed Product Patent and dumping of medicines and other articles. The Committee observed that there are many things which are dumpted into the country because of WTO provisions. Government take delayed action to check dumping. By the time we raise the tariff to check dumping, harm has already been done. The Committee further observed that we are being pressurised to change Patent Law. Because of TRIPS agreement, we should have comprehensive discussions on Intellectual property Rights. Multinational Pharma Companies are attempting to stifle indigenous industry. In our country, there is no product patent but only process patent. Due to this, we are in a position to produce cheap medicines. Multinational companies desire that we should introduce product patent.

3.55 Responding to the observations of the Committee, a witness submitted during evidence:

"What we are trying to do is the new DPCO which we will promulgate within two months which will reduce the span of control. Prices in India are low not because of price control but because of competition and the limited ability of the consumer to pay………We are only peripheral players. Therefore, gradually our role would be reduced. To synchronise with 2005, we propose to prepare a road map to reduce the span of control further. But this does not mean that we will give up our responsibility. We will monitor the prices and if any prices are unreasonable and the companies are determined to keep the prices high, we can place that drug under price control."

3.56 Regarding generics, he explained:-

"As far as generics are concerned, quite a few doctors, as you know prescribe generic medicines and a few companies make generic drugs. One particular feature of the Indian market is that unlike in a country like America where generic drugs are cheaper to branded drugs, the funny part in India is that the generic drugs are higher than the branded products.

But the policy is that it is open. If a drug is under price control, it will be under price control, whether it is a generic drug or not . But it is a market decision. I wanted to bring to your notice that this is a system peculiar to India where generic drugs cost higher than the branded ones."

3.57 Regarding product patenting, the Secretary submitted during evidence:-

"The Patent Law was examined by a Joint Committee of Parliament and the Report of that Committee is being used in the drafting and finalisation of the law which will finally take shape. From our side, we have been reflecting the position of the pharmaceutical industry from all separate sectors. There is a difference of opinion also in pharmaceutical industry in India."

(h) National Pharmaceutical Pricing Authority (NPPA)

3.58 National Pharmaceutical Pricing Authority (NPPA), an independence body of experts, has been established on 29.8.1997 under the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals. The Authority was entrusted with the task of price fixation/ revision and the other related matters such as monitoring the prices of decontrolled drugs and formulations and enforce and implement the provisions of the Drugs (Price Control) Order (DPCO), 1995.

The functions of the National Pharmaceutical Pricing Authority are:

(1) To implement and enforce the provisions of the Drugs (Prices Control) Order, 1995 in accordance with the powers delegated to it.

(2) To undertake and/or sponsor relevant studies in respect of pricing of drugs/ formulations.

(3) To monitor the availability of drugs, identify shortages, if any, and to take remedial steps;

(4) To collect/ maintain data on production, exports and imports, market share of individual companies profitability of companies etc. for bulk drugs and formulations;

(5) To deal with all legal matters arising out of the decision of the Authority.

(6) To render advice to the Central Government on changes/ revisions in the drug policy;

(7) To render assistance to the Central Government in parliamentary matters relating to drug pricing.

Performance since inception and upto 15 october, 2001

3.59 The National Pharmaceutical Pricing Authority (NPPA) has fixed/ revised the prices of scheduled bulk drugs in 85 cases which include 57 bulk drugs and 28 derivatives of scheduled bulk drugs and 1665 formulations since its inception. Of these, the prices of 16 scheduled bulk drugs (910 bulk drugs and 6 derivatives) and 177 formulations were fixed/ revised during the period from April, 2001 to 15th October, 2001. A sum of Rs. 2.90 crore has been provided in this year's budget as against RE of Rs. 3.10 crore of last year.

(e) Drug Prices Equalisation Account (DPEA)

3.60 The Department of Chemicals and Petrochemicals has referred 72 important assessment cases involving an amount of Rs. 220 crores to the Drugs Prices Liabilities Review Committee (DPLRC) for its recommendations. The Committee has already furnished its recommendations in 50 cases to the Department of Chemicals and Petrochemicals for taking further action to recover the due amounts. In all the remaining cases, the concerned companies have either obtained individual Interim Stays from the High Courts or have claimed that their cases were covered by the Interim Stay dated 30.6.1997 of the Bombay High Court obtained by the Organization of Pharmaceutical Producers of India (OPPI) and Indian Drugs Manufacturers' Association (IDMA) restraining the Department of Chemicals and Petrochemicals as well as the DPLRC from issuing fresh notices to the companies with regard to DPEA liabilities under the Drugs (Price Control) Order, 1979. The Department, in order to expedite the recovery process, has moved the Bombay High Court for getting the aforesaid Interim Stay vacated.

3.61 As of now, an amount of Rs. 24.25 crores has been deposited in the DPE Account by the pharmaceutical companies. In the interest of work, the tenure of the Committee has been extended until further orders.

3.62 The Government have recently (February, 2002) announced new pharmaceutical policy. The Committee wanted to know from the Department the reaction of pharma industry towards new policy. The Department submitted in a note as under:-

> "As in the policy announced in 1994, the Government have relied on the assumption that the existence of adequate competition in the market would be instrumental in price stabilisation. The Pharmaceutical policy 2002 stipulates the twin criteria of 50% market share in respect of drugs having a Moving Annual Total (MAT) value of more than 25 crore and 90% in respect of drugs having an MAT value from 10 crore to 25 crore. These conditions would ensure that there would be sufficient competition in the market. It has been noted that there are a large number of manufacturers in the market for formulations of several bulk drugs in the country. It is the view of the Government that the existence of adequate competition and a limited propensity to pay on the part of the consumer would

ultimately keep prices at reasonable levels. This has been our experience in the past.

The Pharma Industry has shown mixed reaction towards the new Policy. While in general, the measures announced in the Policy have been appreciated by the Industry, dissatisfaction has been expressed on the measures to encourage R&D and retention of the power to fix prices of any formulation in public interest."

3.63 The Committee also sought to know the impact of new policy on the working of NPPA and how it would be different from the existing one? The Department replied to this query as under:-

"With the new policy, the working of the NPPA will be re-oriented from a primarily "price control organisation" to a primarily "monitoring organisation". The NPPA would continue to fix/ revise the prices of controlled drugs but the monitoring of drug prices will become more important for effective intervention. The Pharmaceutical Policy 2002 announced by the Government emphasises the need to revamp and reorient the functioning of the NPPA with a view to develop a system based on market price data to apply controls selectively to cases where cartelisation or consumer exploitation is noticed. In order to achieve this, the NPPA would monitor prices of both controlled and decontrolled drugs and formulations vigorously."

3.64 The Committee, in their earlier observations had been impressing upon the need to empower NPPA to recollect reliable information from the Industry in fulfilment of its obligations. The Committee wanted to know whether NPPA was getting the information as desired. The Department replied as under this:-

"In the past, the NPPA has been facing some difficulties in getting information/ data from the manufacturers regarding prices of bulk drugs/ formulations particularly in respect of the non-Scheduled category. The industry is hesitant to furnish information on production, export/ import values also. The reasons for price changes in respect of non-scheduled formulations are also not being furnished. This has been focussed in the new Pharmaceutical Policy 2002 announced by the Government."

CHAPTER – IV

CAPITAL SECTION

Investment and Loans to PSUs

In the Capital Section, a total provision of Rs. 88.09 crore (Rs. 25.19 crores as planned and Rs. 62.90 crores as non-planned) has been made in current year's budget. Capital Section deals with investment and loan in PSUs. The following table indicates the investments and loan to PSUs under the administrative control of the Department of Chemicals and Petrochemicals.

(Rs. in crores)

Items of Expenditure	**2000-01 Actuals**	**2001-02 Budget Estimates**	**2001-02 Revised Estimates**	**2002-03 Budget Estimates**
PLAN				
Investment in PSUs				
PCL	0.00	0.01	0.00	0.00
HOCL	0.00	2.50	0.00	0.00
HIL	1.18	2.50	1.00	4.00
HAL	1.50	2.00	1.00	0.00
BCPL	1.25	0.00	0.00	0.00
IDPL	0.00	0.01	0.01	0.01
SSPL	0.00	0.01	0.01	0.01
BIL	0.00	0.01	0.01	0.01
Total	**3.93**	**7.04**	**2.03**	**4.03**
LOAN to PSUs				
HOCL	0.00	2.50	5.00	9.10
HIL	1.18	2.55	1.00	4.06
HAL	1.50	2.00	1.00	3.00
BCPL	1.25	0.00	0.00	5.00
Total	3.93	7.05	7.00	21.16

(Rs. in crores)

	1999-2000			**2000-01**			**2001-02**		**2002-03**
	BE	**RE**	**Actuals**	**BE**	**RE**	**Actuals**	**BE**	**RE**	**BE**
NON-PLAN LOAN TO PSUs									

SSPL	2.34	3.84	3.88	2.34	3.88	3.93	1.93	6.92	3.20
BCPL	0.25	0.25	1.00	0.01	0.60	0.00	0.01	0.01	0.00
BIL	2.88	5.62	6.02	3.42	6.02	6.13	3.01	22.29	5.70
IDPL	33.7	56.0	61.59	35.0	62.00	61.47	31.00	109.94	52.00
PCL	2	9	19.83	0	74.11	107.40	1.65	1.65	2.00
HOCL	1.00	18.2	0.00	10.0	0.00	0.00	0.00	1.16	0.00
HAL	0.00	0	0.00	8	0.00	0.00	0.00	0.00	0.00
HIL	1.00	0.00	0.00	0.00	3.89	3.81	0.00	24.00	0.00
	0.00	1.00		0.01					
		0.00		0.00					
Total	**41.1**	**85.0**	**92.32**	**50.8**	**150.50**	**182.74**	**37.60**	**165.97**	**62.90**
	9	**0**		**6**					

4.2 The following 'Head' are used in this Section and for the following purposes.

4857 Capital Outlay on Chemicals & Pharmaceutical industries
6856 Loans for Petrochemical Industries
6857 Loans for Chemical & Pharmaceutical Industries.

PSUs wise allocations and their brief performance are examined in the succeeding paragraphs.

(a) Hindustan Insecticides Ltd. (HIL)

4.3 HIL was incorporated in 1954 and set up its factory in Delhi. In 1957 the Company set up their second factory at Udyogmandal near Cochin. The Company set up in 1977, a plant at Rasayani in Maharashtra. As per order of the Hon'ble Supreme Court, the Delhi unit of the Company stopped functioning w.e.f. 1st December, 1996. The site for relocation of Delhi Unit has been selected at Bhatinda in Punjab. HIL has subsidiary company namely, Southern Pesticides Corporation Ltd. (SPEC) with corporate office at Hyderabad.

4.4 The Company has been incurring losses and last year its loss stood at Rs. 15.45 crore as against Rs. 14.08 crore and Rs. 5.58 crores of previous two years. Government of India referred HIL to Disinvestment Commission who in turn recommended offer of minimum 51% of the equity to a strategic buyer alongwith management control which was accepted by the Government of India. All the bidders for equity in HIL having withdrawn, the case of partial disinvestment of Government equity in HIL has been returned by the Department of Disinvestment. A modified capital restructuring proposal duly approved by Board of Directors has been submitted to the Government for approval.

4.5 During this year's budget an investment of Rs. 4.00 crore has been provided as against RE of Rs. 1.00 crore of last year. The Department has also provided a loan of Rs. 4.06 crore as against Rs. 1.00 crore of last year.

4.6 The Committee enquired as to when HIL expected to turn around and start earning profits. The Department responded as under:-

> "With the introduction of VRS, Capital Restructuring and setting up of Bhatinda Project for utilising the idle manpower from closed Delhi factory proposed by the Company, it is expected that the Company may turn around and start earning profits by the end of 10^{th} Five year Plan."

4.7 Regarding work progress of Bhatinda Plant, the Department admitted that there has been delay in the execution of this project in placement of orders for Plant and Equipment.

4.8 In response to the Committee's query, the Department submitted the latest status of Capital restructuring as under:-

> "Revised Proposal for Capital Restructuring was submitted to Govt. in July, 2001. The proposal has been analyzed in consultation with internal Finance Division. The proposal has also been discussed with the Company with a view to make it more comprehensive and updated taking into account the impact of closure of the Company's Subsidiary, etc. The Company is in the process of submitting further clarifications to the Government shortly."

4.9 Regarding the present status of SPEC, the Department submitted the following information:-

> "BIFR has ordered winding up of SPEC vide their order dated 16.10.2001. The Union Cabinet have also decided for closure of the Company followed by its winding up, after implementation of VSS for its employees. Out of 217 employees 198 employees have been relieved on VSS, leaving behind 19 employees who have been retained as skeletal staff until the appointment of the Official Liquidator. The VSS Applications have been approved and kept in abeyance. The matter regarding winding up of SPEC as recommended by BIFR is pending with A.P. High Court.
>
> The over-all financial liability of/ impact on HIL of the closure of SPEC is expected to be as under at the end of 2001-2002:-
>
> 1. Equity Rs.04.97 crore
> 2. Loan Rs. 20.51 crore
> 3. Interest Rs. 04.96 crore
> 4. Other dues Rs. 04.62 crore
>
> In addition to above HIL has given Counter Guarantees to the Financial Institutions for Term Loans and interest thereon which stood at Rs. 11.23 crore as on 31.3.2001."

(b) Indian Drugs and Pharmaceuticals Limited (IDPL)

4.10 Indian Drugs and Pharmaceuticals Limited (IDPL) was incorporated on the 5th April, 1961 with the primary objective of creating self-sufficiency in essential life saving drugs and medicines. The Company has presently three manufacturing plants, one each at Rishikesh in Uttranchal, Hyderabad in Andhra Pradesh and Gurgaon in Haryana. IDPL, has two wholly owned subsidiaries, namely, IDPL (Tamil Nadu) Ltd., Chennai in Tamil nadu and Bihar Drugs & Organic Chemicals Ltd. at Muzaffarpur, Bihar . In addition, IDPL has three joint sector undertakings, promoted in collaboration with the respective State Governments. These are Rajasthan Drugs and Pharmaceuticals Ltd. (RDPL), Jaipur, Uttar Pradesh Drugs and Pharmaceuticals Ltd. (UPDPL), Lucknow and Orissa Drugs and Chemicals Ltd. (ODCL) Bhubaneshwar.

4.11 IDPL was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) on 12th August, 1992. A revised package sanctioned by BIFR did not succeed in reviving the company. Since then, various packages have been considered but none of these have fructified positively. The operations of IDPL are closed except for marginal production in some of the units. The wages and salaries of the employees are being paid through non-plan assistance (loans) released by Government since October, 1996 pending a final decision on the revival of the Company.

4.12 The net worth of the Company as on 31st March, 2002 is negative amounting to Rs (-) 1660.43 crore (Provisional).

A token provision of Rs. 1.00 lakh as planned investment has been made in the budget. Further loan provision of Rs. 52.00 crore has also been made as against Rs. 109.94 crore (RE) of last year.

4.13 The Department apprised the Committee of the latest status of the Company before BIFR as under:-

> "In the hearing held on 5.7.2000 noting, *inter-alia*, that the company had been before the BIFR for more than 8 years, the BIFR passed directions for change of management under SICA. The Operating Agency accordingly issued advertisement for this purpose. To this, there was no response. BIFR directed CMD, IDPL to explore whether there was a recognized union and unions in IDPL who could form one or more workers' Industrial Cooperative Societies and come up with a proposal for the revival of one or more units of the company after discussing in detail with the Operating Agency and the secured creditors and tying up the required funds within three months. The workers declined to form a cooperative and to submit a proposal. On the 8th March, 2001, BIFR issued a show cause notice to all the parties concerned for winding up of the IDPL and fixed date of hearing on 4.6.2001 to listen to objections/suggestions. The hearing was subsequently held on 25.9.2001 in which the Board gave further time upto 31.10.2001 for the company/Government of India to submit a fully tied up rehabilitation proposal failing which the opinion formed by the BIFR for winding up of the company was to be confirmed.

In the meanwhile, with the approval of the Cabinet, on 2.11.2001 a communication has been sent to the BIFR intimating the following concessions/facilities for cleaning up of the balance sheet of the company that the Government intends to provide to facilitate its privatisation through the induction of strategic partners:-

(a) Conversion of loan into equity.
(b) Waiver of interest/penal interest and guarantee fee by GOI.
(c) Payments of outstanding statutory dues and funding of VRS.

BIFR was requested to invite fresh proposals indicating the willingness of the Government to provide the above concessions/facilities, through advertisement to explore the possibility of privatizing each of the units of IDPL (including the 100% owned subsidiaries at Chennai and Muzaffarpur) separately through the induction of strategic partners. BIFR has on 5.2.2002 passed directions to the Operating Agency to advertise in line with the above."

4.14 There have been press reports that Government of Uttaranchal Pradesh was interested in running Rishikesh unit of IDPL. The Committee wanted to know whether the Department/Management has taken up the matter of revival/investment in this unit with State Government. The Department responded as under:-

"The Government has taken up with the BIFR for privatization of each of the units of IDPL including the unit at Rishikesh. The Government of Uttranchal if interested can also respond to the advertisement being issued by O.A. The management has also not taken up the matter with the State Government."

4.15 During evidence, the Committee observed that some of the units of IDPL especially Chennai Unit needs a small financial package say about Rs. 10 to 12 crore for revival and if the State Government was agreeable to take one unit and run the same, the Government should have no objection. Speaking about the latest status of IDPL, Secretary apprised the Committee during evidence:-

"Sir, now its status is that we have informed BIFR that we want change of management. We have done this in November, 2001. BIFR has through operating agency issued Public Notice notifying that without transfer of some of the liabilities to owner, IDPL as a whole or unit wise is available for change of management."

(c) Smith Stainstreet Pharmaceuticals Ltd. (SSPL)

4.16 It was a sick company in the private sector in the name and style of Smith Stanistreet Company Ltd. The management of the company was taken over by the Central Government with effect from 4th May, 1972. It was nationalized on 1st October, 1977 and a new public sector company in the name and style of Smith Stanistreet Pharmaceuticals Ltd. (SSPL) was incorporated on 19th July, 1978. The company has its registered office at

18, Convent Road, Kolkata (West Bengal). SSPL manufactures pharmaceutical formulations, viz. tablets, capsules, Parenterals, liquid orals etc.

The company was formally declared sick by the Board for Industrial and Financial Reconstruction (BIFR) on the 21st December, 1992.

4.17 The Government is releasing non-Plan funds to the company since September, 1998 to meet the salary and wage bill of the company. A token provision of Rs. 1.00 lakh as planned investment and a loan of Rs. 3.20 crore has been made in this year's budget as against Rs. 6.92 crore (RE) of last year.

4.18 The present status of the company is as under:-

> "The BIFR in its hearing held on the 3rd December, 2001 confirmed its prima facie opinion that it would be just, equitable and in public interest that the company should be wound up and that this opinion be forwarded to the High Court at Kolkata. In the mean time the workers union of SSPL has gone into appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the order of BIFR. The AAIFR has since stayed the Operation of the impugned order of the BIFR on 4th March, 2002. The next date of hearing in the AAIFR has been fixed for 16th April, 2002."

4.19 In the event of winding up of the company, the Committee were assured that Department of Chemicals & Petrochemicals would make efforts to ensure that the dues of the staff are paid by projecting the requirement of funds in this regard to the Ministry of Finance through RE or Supplementary Demands for Grants.

(d) Bengal Immunity Ltd. (BIL)

4.20 BIL as a Public Sector Undertaking was incorporated on 1st October, 1984. The Company has two manufacturing units one each at Barenagar at Kolkata and the other at Dehradun. The main products of the company are Sera, Vaccines and Toxoids with its own know-how and indigenous raw materials. The company was formally declared sick by Board of Industrial and Financial Reconstruction (BIFR) on 9th March, 1993. The present status and net worth of the company is as under:-

> "The BIFR in its hearing held on the 9th November, 2001 directed the Operating Agency to issue advertisement, inter-alia, for change of management. The Advertisement has since been issued by the Operating Agency in January, 2002. No further hearing of BIFR has taken place since then.
>
> As on 31st March, 2001 the net worth of the company is Rs. 8799.51 lakh negative. No updation of valuation of fixed assets has been done so far. However, the company has informed that revaluation of surplus land at Belghoria, Noapara, Krishna Nagar and BIRI has been done by the Government of West Bengal."

4.21 Pending a decision of the future of BIL, non-Plan assistance in the form of loans is being released by the Government. In this year's budget, it is Rs. 5.70 crore as against Rs. 22.29 crore (RE) of last year.

4.22 The Department explained the position regarding huge variation between RE of 2001-02 and BE of 2002-03 as under:-

> "Ministry of Finace has finally agreed for an amount of Rs. 22.29 crore in the RE for the year 2001-02. In the Budget Estimate for the year 2002-03, Ministry of Finance has agreed for an amount of Rs. 5.70 crore. In the RE 200102, besides meeting the shortfall in salary and wages, the requirement was also projected to meet certain statutory dues like dues towards retiral benefits consequent upon the rolling back of retirement age from 60 to 58 years and the dues of the employees who had already retired but were not paid their terminal dues, EPF dues, fodder for the horses being maintained by them at their Dehradun Unit, Legal Expenses, Government Guarantee fees, recoupment of VRS funds etc. In the BE for 2002-03 the requirement of fund is only towards short fall in salary & wages, fodder for horses and the retiral benefits for the employees retiring during during 2002-03."

(e) Hindustan Organic Chemicals Ltd. (HOCL)

4.23 HOCL was incorporated on the 12th December, 1960 for setting up manufacturing capacities for chemicals/intermediates which are required for production of dyes, dye-intermediates, rubber chemicals, pesticides, drugs and pharmaceuticals, laminates, etc. The products manufactured by HOCL include Phenol, Acetone, Niarobenzene, Nitrotoluene, Cholobenzenes and Nitrochlorobenzenes. The raw materials used by HOCL are Benzene, Toluene, LPG, Methanol, Naphtha and Sulphur, the majority of which come from Petroleum Refineries.

HOCL has two units, one at Rasayani (Maharashtra) and the other at Kochi (Kerala). It has also a subsidiary company M/s Hindustan Fluorocarbons Limited located at Rudraram (Andhra Pradesh).

A provision of Rs. 9.10 crore as loan has been made in current year's budget as against Rs. 5.00 crore RE of last year.

4.24 The operational results of the Company for the last five years is as under:-

Sl. No.	**Details**	**1998-99 Actuals**	**1999-00 Actuals**	**2000-01 Actuals**	**2001-02 Anticipated**	**2002-03**
1.	Production (MT) Increase over previous years	274446	256439	161462	192275	195725

2.	Sales (Rs. crores) Increase over previous years	416.00	421.18 1.20%	407.86 -	495.40 19%	502.75 21%
3.	Operating Profit (Rs.crore) Increase over previous years	39.31	-19.35	40.18	66.41	62.05
4.	Net Profit (after depreciation and interest)	-20.00	-94.70	-37.48	-11.39	-7.45

4.25 The Committee observed that the company has set a modest target of Rs. 155.12 crore for generating extra budgetary resources (IEBR) during the 10th Five Year as against target of Rs. 850 crore of the 9th Five Year Plan. Further the company could not meet the targets of its investments in 9th Five Year Plan. The Committee wanted to know priorities in the 10th Five Year Plan. The Department replied in a written note as under:-

> "The company has set a modest target of Rs. 155.12 crore for generating extra budgetary resources (IEBR) during the 10th Five Year Plan. After detailed deliberations it has been considered appropriate to focus on the areas of core competence. In view of this, the projections for the 10th Five Year Plan have been restricted to such areas of core competence only. It is also expected that the strategic partner who takes over the management control of the company would have his own plans for future investments.
>
> The key reasons for scaling down the target in the company were the disinvestment exercise and inability of the company to raise the required internal resources as envisaged in the original Plan outlay."

4.26 The Committee were further informed that the company was expected to make profits from the financial year 2004-05 onwards. The company was expected to make cash generation from the year 2002-03 onwards. This, however, would be subject to the existing duty levels being maintained.

(d) Bengal Chemicals & Pharmaceuticals Ltd. (BCPL)

4.27 BCPL as PSUs was incorporated on the 17th March, 1981.

The company has four manufacutring units one each at Maniktala at Kolkata, Panihati at 24 Parganas (North) (West Bengal), one at Mumbai (Maharashtra) and the fourth one at Kanpur (UP). The company manufactures and markets a wide range of industrial chemicals, a large number of drugs and pharmaceuticals besides cosmetics and home products. In the home products, the well known products include Cantharidine Hair Oil and Lamp Brand Phenol.

The company was formally declared sick by the Board for Industrial and Financial Reconstruction (BIFR) on the 14th January, 1993. A revival package based on the report of the Operating Agency (IRBI), was approved by the BIFR on the 4th April, 1995. The revival period was for ten years beginning from 1994-95. BCPL has, in its efforts to augment its non-operational income and thereby to improve its overall financial position, taken up a plan for development of its surplus land at Prabahadevi, Mumbai.

In the mean time, BCPL has proposed revision in the revised package cost from the original Rs. 28.49 crore to Rs. 69.08 crore and has sought BIFR's approval to this effect. In the hearing held on 5.11.2001, BIFR has sought whether Government is willing to grant relief and concessions sought in the revised scheme. The proposal is under examination.

4.28 In the current year's budget, loan provision of Rs. 5.00 crore has been made.

The Committee wanted to know whether the revival package started in April, 1995 was working well and how did the company propose to utilise the loan of Rs. 5.00 crore. The Department replied as under:-

> "After sanctioning of the Revival Package in April, 1995 the company has proposed an upward revision of their package to Rs. 69.08 crore with Government funding of Rs. 38.15 crore from the original package cost of Rs. 28.49 crore. In this revised scheme the company has sought conversion of loan into equity and waiver of interest thereon. The Government is in the process of taking a view on the proposal of the company."

4.29 Regarding utilisation of loan amount, information given was as under:-

"In the year 2002-03 budget, a plan loan of Rs. 5 crore has been approved by the Planning Commission which the company intends to utilize as follows:-

(Rs. in crore)

(i)	Renewals and Repairs of spare and machinery	Rs. 0.50
(ii)	Automation and Modernisation of Formulation Division as per new Drug Rules & WHO-GMP	Rs. 2.00
(iii)	Modernisation of Anti-Snake Venom Project to meet the new requirements	Rs. 1.00
(iv)	Automation and Modernisation of Home Product Division	Rs. 1.50
	Total	**Rs. 5.00"**

(g) Indian Petrochemicals Corporation Ltd. (IPCL)

4.30 Indian Petrochemicals Corporation Limited (IPCL) is the pioneering company in India. Established in 1969, IPCL today is one of the top ranking petrochemical companies of the world. Its business comprises of polymers, synthetic fibres, fibres intermediate, surfactants, industrial chemicals, catalysts, absorbents. Backed by strong R&D and Product Application Centres, the company is continuously upgrading its processes and products. The company owns and operates three petrochemicals complexes, a naphtha based complex at Vadodara, a gas based complex at Nagothane and a new gas based petrochemical and chlor-alkali complex at Dahej in Gujarat. The company also owns a catalyst manufacturing unit at Thane.

4.31 No budgetary support is given for this company. However, the company has set a target of Rs. 2457.00 crore for investment during the 10^{th} Plan period. The Government had earlier, in partial modification of the previous decision in the matter of disinvestment of IPCL decided that its Vadodara unit which has synergies with Gujarat refinery of IOCL may after valuation be transferred to IOCL. However, the Government of India has now proposed to sell 26% of equity to a strategic investor and transfer control to manage the affairs of IPCL to the strategic investor. There would also be the commitment of disinvesting at least a further 25% of equity by giving the strategic partner the first right of refusal within a time frame.

4.32 The Committee wanted to know in what manner the Department of Chemicals & Petrochemicals was associated in revising the decisions regarding disinvestment in IPCL and what necessitated the change in Government's decision regarding transfer of Vadodara unit of company to IOCL. The Department replied to these queries as under:-

> "The initial decision to disinvest IPCL was taken on the recommendation of the Disinvestment Commission in December 1998. The decision was to disinvest 25% equity of IPCL held by the Government alongwith transfer of control of management. Before the process could be completed, IOCL informed the Government that it was interested in the acquisition of the Vadodara complex of IPCL. Considering the synergy between IPCL and IOCL, the Government decided in November 2000 that, in partial modification of the earlier decision, Vadodara Complex be transferred to IOC and 25% disinvestment of equity in the remaining IPCL may be made.
>
> The managements of the two companies discussed the modalities for transfer of the Vadodara complex of IPCL to IOCL. However, they could not arrive at a mutually acceptable valuation of the Vadodara complex and therefore, the proposal did not materialise. The proposal, to sell the Vadodara complex of IPCL to IOCL was accordingly dropped.
>
> Thereafter, this matter was reconsidered by the Government and it was decided in November, 2001 to disinvest 26% of the equity of IPCL held by the Government with the commitment of disinvesting further 25% equity. In

pursuance of this decision, fresh expression of interest was sought from the interested parties. The due diligence by the bidders has already been completed and the Share Purchase Agreement, Shareholders Agreement are being finalised. The process of disinvestment is expected to be completed in the near future."

4.33 The Committee specifically wanted to know whether the valuation of the company has been updated and what were its assets as on 31st March, 2002.

4.34 The witness during the evidence replied that valuation has been updated not till 31st March, 2002 but a month or two before and the total assets of the company were of the order of Rs. 8000 crore or so.

4.35 Finally, the Committee wanted to know from the Department its point of view, the impact of budget proposals (2002-03) relating to Chemicals & Petrochemicals on the industry. The Department apprised the Committee as under:-

"Petrochemicals Industry

(i) Reduction in the peak rate of Basic Customs Duty (BCD) from 35% to 30% may have marginal effect on profitability and competitiveness of chemical, petrochemical and pharmaceutical sectors.

(ii) Consolidation of customs duty into two tiers (10% to 20%) by 2004-05 may have an adverse impact on chemical, petrochemical and pharmaceutical industries.

(iii) Continuation of Special Excise Duty (SED) of 16% on Polyster Filament Yarn, a critical input for the textile industry, would keep the price of fabric high and affect the common man.

(iv) Imposition of Special Additional Duty (SAD) on import of Acrylic Yarn from Nepal would accord marginally higher protection to the domestic manufactures of Acrylic Yarn.

(v) Increase in BCD on Para-Xylene from 5% to 10% would marginally increase input costs to the manufacturers of DMT/PTA.

Chemicals Industry

(a) Ministry of Petroleum and Natural Gas has already decided to introduce admixture upto 5% of alcohol in petrol in 8 States of the country. In the Union Budget, the surcharge on petrol doped with 5% alcohol would be Rs. 5.25 per litre. As a result of differential excise duty proposed in the Budget on petrol and petrol doped with 5% alcohol, oil companies would now be able to purchase alcohol at a much higher price i.e. Rs. 24 per liture against the import parity gate price of around Rs. 9/- per litre for petrol. As such, no alcohol would be available to the alcohol based chemical industry and the alcohol based industries will face closure.

(b) Reduction in peak rate of duty will affect the domestic production, as the imported products will be cheaper.

(c) Reduction in the price of diesel will reduce the cost of transport.

(d) The Finance Minister had proposed to reduce the number of custom duty rates to two only by 2004-05. It would therefore, be very difficult to maintain differential duty rates on inputs and finished products in future.

Pharmaceuticals Industry

(a) Reporting on the action taken on the budget announcements of 2001-2002, the Finance Minister mentioned about the substantial reduction in the span of price control on drugs (a consequences of the new Pharma Policy).

(b) Certain items pertaining to drugs and chemicals which were earlier in the reserved category for the SSI sector have no been dereserved.

(c) Some specified (10) Anti-AIDS drugs have been exempted from excise duty.

(d) Peak Rate of Customs Duty has been reduced from 35% to 30%. This would have an impact on the landed price of imported pharma products.

(e) 8 more drugs used for treatment of cancer and some other critical diseases have been fully exempted from Customs Duty.

(f) A levy of 5% basic Customs Duty has been announced on 88 drugs, which are presently exempted from Custom Duty but are now being manufactured indigenously These drugs will also be levied 16% additional duty."

PART – II

RECOMMENDATIONS/CONCLUSIONS OF THE COMMITTEE

The Committee while examining the Demands for Grants of the Department of Chemicals and Petrochemicals during the past few years had been emphasizing the need to synchronize utilization of plan outlay with each year's allocation. However, the Department could not utilize the planned outlay for various reasons explained elsewhere. The Committee appreciate that the Department has taken a policy decision and set up a monitoring and evaluation cell in the Department to conduct a comprehensive review of plan performance. The Committee hope that utilization of planned outlay will improve during 10th Five Year Plan. The Committee desire that the performance of this cell be brought out in the Performance Budget, a document submitted alongwith Demands for Grants for scrutiny by the Parliamentary Committee.

2. The Committee find that tentative proposals in respect of schemes of PSUs and organisations under the administrative control of the Department for inclusion in the 10th Five Year Plan account for an outlay of Rs. 3565.58 crore comprising Internal and Extra Budgetary Resources (IEBR) of Rs. 2730.39 crore and budgetary support of Rs. 835.19 crore. The break up of this outlay amongst three divisions of the Department's as under;

Petrochemicals	**-**	**Rs. 3038.74 crore**
Chemicals	**-**	**Rs. 396.89 crore**
Pharmaceuticals	**-**	**Rs. 129.92 crore**
Others	**-**	**Rs. 0.03 crore**

These proposals also include the left over projects of 9th Five Year Plan to the extent considered necessary. The Committee note that as against original outlay of Rs. 6760 crore for 9th Plan, the proposed outlay for 10th Plan of Rs. 3565.58 crore is about half. In Committee's opinion, slashing of outlay would certainly affect the industrial development of petrochemical, chemical and pharmaceutical industry. The Committee expect that the Department must have set a specific target of economic growth and to achieve that it must have prepared proposals for inclusion in Tenth Five Year Plan. The Committee would like to be assured that target of economic growth in all the three sectors is more than the targets set in 9th Five Year Plan.

3. The Committee were informed that Expenditure Reforms Commission has made two types of recommendations, one relating to abolition of some posts in the Department and reducing the sanctioned staff of the office of Welfare Commissioner and the second about merger of Petrochemicals Division with the Ministry of Petroleum & Natural Gas. The Committee without analysing the recommendations of Expenditure Reforms Commission would like to emphasise that reduction in staff strength should not result in under staffing and ultimately delayed decision making process. The Department's efficiency & promptness should not be allowed to suffer.

Further the Office of Welfare Commissioner should be strengthened to see that all pending claims are settled quickly. The Ministry of Finance should give due weightage to the views of Department of Chemicals & Petrochemicals before giving their final decision on the recommendations of Expenditure Reforms Commission.

4. The Committee are happy to note that the Government have made it mandatory for each Department/Ministry to provide 10% of the total planned budget each year as contribution towards non-lapsable control pool of resources for funding specific programmes in the North Eastern States and Sikkim. When specifically asked by the Committee whether the Department of Chemicals and Petrochemicals has proposed some schemes on behalf of the Department for inclusion in specific programmes of North-Eastern states, the Department referred to two pending schemes *viz.* Assam Gas Cracker Project and CIPET's Extension Centre in Assam for the purpose. The Committee are amused at this reply as these two schemes were already awaiting implementation even before the Non-lapsable Fund came into being. The Committee would like the Department to seriously consider the proposals based on utilisation of gas available in small quantity, industrial projects related to pharma & chemicals for inclusion in the specific programmes meant for implementation under Non-lapsable Fund.

5. The Committee note with satisfaction that CIPET's performance had been satisfactory all along. The Committee in their earlier Reports have been impressing upon the Institute to spread its activities throughout India preferably by setting up original centres. The Committee find that for the annual plan of 2002-03, the Department had proposed Rs. 34.00 crore as plan outlay , Rs. 23.00 crore as IEBR and Rs. 11.00 crore as budget support but the Planning Commission has revised the outlay to Rs. 29.50 crore, IEBR to Rs. 24.50 crore and budget support to only Rs. 5.00 crore The Committee feel that revision of planned outlay would harm the growth of CIPET. Besides, generation of Rs. 24.50 crore as IEBR would be burden on the Institute. The Committee would like the Department to take up this issue with Planning Commission appropriately.

6. The Committee while examining the Department's Demands for Grants for the year 2001-02 were informed that OPEC's assistance of US $ 16.67 million for CIPET was under consideration. This year also the position has remained the same. The Committee would like the Government to take all necessary steps to get OPEC's assistance released at the earliest.

7. The Assam Gas Cracker Project was proposed in 1984 for utilisation of petroleum fractions of natural gas resources of Assam. The Central Government have approved one time capital subsidy of Rs. 377 crore for the project. The implementation of the project has not yet started for the reasons that gas supply agreement between the promoters of the project and ONGC has not been finalised and land for the project has also not been handed over to the project authorities. Regarding handing over of the land, the Committee were earlier assured that it would be done soon but the position has remained unchanged during last one year.

The Committee would strongly urge the State Government to expedite handing over of the land to the project authorities.

8. Regarding the finalisation of Gas Supply Agreement, the Committee regret to note that despite repeated assurances, the Government have not clinched the issue finally. The Committee observe seriously that the Department has failed to fulfil its obligation as facilitator. The Committee have now been again assured that the agreement would be finalised within four months. The Committee hope that the assurance would be fulfilled within committed time.

9. In the wake of Bhopal Gas Leak Disaster, the Central and State Governments have taken various measures like relief, rehabilitation and compensation to victims. The process of adjudication of claims for payment of compensation to the victims commenced in February, 1992. The Committee learn that total number of cases registered for settlement of compensation claims were 10,29,431. Out of these, claims 5,65,539 have been awarded and disbursed and claims of rest 4,63,892(10,29,431 – 5,65,539) of these persons have been rejected. Out of these rejected cases, about 3.50 lakh cases were such which were dismissed in default but 42053 cases were reopened for restoration as per the Supreme Court's order. Out of these 28,261 cases have also been decided upto 31.12.2001. As on 28th February, 2002, the number of pending cases is as follows:-

(a)	**Original Cases**	**:**	**186**
(b)	**Restored Cases**	**:**	**6212**
(c)	**Appeals**	**:**	**14182**
(d)	**Revisions**	**:**	**2251**
	TOTAL		**22831**

The Committee recommend that process of settlement of compensation claims and disbursement to all eligible persons be settled during the current financial year itself.

10. The Department of Chemicals & Petrochemicals has admitted that residents surrounding the former Union Carbide factory are still exposed to the hazardous chemicals and are suffering from various health problems. The Committee learn that for removal of toxic waste, the Central Government is in touch with the State Government with an objective to remove toxic wastes from the site of carbide factory. The Committee would like that all out efforts be made to remove toxic wastes quickly and finance should not be allowed to come in the way. They desire the Central Government to extend all necessary help. The Committee also recommend that a nodal agency under an officer of the level of Joint Secretary in the Department be formed to supervise and coordinate all activities related to removal of toxic wastes.

11. The Institute of Pesticide Formulation Technology (IPFT) is a non-profit making organisation. The Committee were apprised that the activities of the Institute are expected to increase substantially during the Tenth Plan Period. This is

specifically so as there is need to develop safe and environment friendly pesticides as also the technologies for application of the same in view of the global scenario of discouraging use of organic pesticides. The Committee appreciate the objectives set up for Tenth Plan and would like to see the development of the Institute to one of International level. IPFT should have inter-active institutional arrangements with international agencies and the Government should extend all financial help to achieve this goal.

12. Chemical Weapons Convention (CWC) is a universal non-discriminatory multilateral, disarmament treaty which bans the development, production, acquisition, transfer, use and stockpile of all chemical weapons. The Convention provides for setting up of a National Authority to oversee the implementation of the provisions of the CWC. As an obligation under the Convection, domestic legislation has been enacted & notified on 28th August, 2000. However, rules relating to the act are under finalisation. The Committee note that sufficient time has elapsed since notification of the Act and finalisation of the rules under the Act have been delayed. The Committee would like that the rules be finalised & notified at the earliest.

13. National Institute of Pharmaceutical Education and Research (NIPER) has been conceived as a mother institution to set standards of excellence for pharmaceutical studies and for research and development in the field of pharmaceuticals. The work on the project meant for NIPER is progressing satisfactorily. As far as human resource is concerned, the Committee learn that out of 279 posts created/sponsored by the Ministry/Board of Governors of NIPER, a total of 99 posts have been filled. While examining the Demands for Grants for the last year of the Department of Chemicals & Petrochemicals, the Committee had recommended in the context of human resource of the Institute that the Institute should go out of the routine way to fill the vacant positions and attract the best talent in the country. The Institute should be allowed to relax the rules to offer higher pay scales. The Committee reiterate their earlier recommendation and recommend that the NIPER should search the best talent to fill the vacant positions and the rules and regulations should not be allowed to become hurdle in recruiting the best talent. The Committee hope that the Government would extend all necessary help in this regard.

14. NIPER has the potential to bring a lot of income by way of research and patent registration. The Committee recommend that the Institute should adopt a long term plan to set up satellite institutes in other places also so that people in those areas can be benefited.

15. The Committee are glad to see that Indian Pharmaceutical industry is competing at the international level and has been showing good performance during the last many years. The Committee have taken note of the new drug policy pronounced by the Government in the recent past and find that the working of the National Pharmaceutical Pricing Authority (NPPA) will be reoriented from a primarily price control organisation to primarily monitoring organisation. The Committee wish to emphasise that the objective should be to ensure that the drug

prices remain within affordable limits of the common man. To achieve this objective, the Committee recommend that NPPA should monitor the prices of the medicines commonly used by the maximum people so that their prices remain under affordable limit/control.

16. The Committee find that there is a discussion going on in the pharma industry that generic names of drugs should be predominantly printed on the labels and packings. The Committee find substance in this view and recommend that the Government should undertake a separate study to examine this issue comprehensively and bring out legislation if considered necessary in this regard.

17. The Committee are convinced that the pharma industry in India needs such policies which help them to keep the prices of medicines low. For this purpose the 'Process Patenting' suits the industry most and the Committee recommend that the same viz. process patenting should be allowed to continue for at least fifteen years. They feel that product patenting shall cause innumerable problems for the pharma industry resulting in steep increase in prices of drugs.

The Committee are glad that the Government succeeded in convincing the Doha Conference of the needs of the developing countries in November, 2001 which is known as 'Declaration on Trips Agreement on Public Health'. Now the Government are seized of the issues of framing patent law. The Committee would like the Government to take into account the following factors before enacting the patent law:-

(1) The powers of the Government to safeguard the public health and interest.

(2) Patentable invention should be so defined that unscrupulous claimants are not able to derive the unintended benefit of the patent monopoly beyond a specific period say 15 to 20 years.

(3) While allowing imports it should be ensured that the interest of the developing countries are fully protected.

The Committee, therefore, recommend that the Department of Chemicals & Petrochemicals should apprise the Ministry of Commerce of the views of this Committee and impress upon them to incorporate these salient features in the Patent Bill before it is finally enacted.

18. The Department of Chemicals & Petrochemicals is maintaining Drug Prices Equalisation Account (DPEA). The Department has referred 72 important assessment cases involving an amount of Rs. 220 crore to the Drug Prices Liabilities Review Committee for its recommendations. This Committee has already furnished recommendations in 50 cases for taking further action to recover the due amounts. As of now an amount of Rs. 24 crore has been deposited in the DPE Account and the

recovery of the balance amount has been held up due to litigation. The Committee feel that the existing laws/rules and regulations relating to DPE account are not sufficient to compel the pharma manufacturers to deposit their amount in DPEA. The Committee recommend that rules and regulations relating to this account should be reviewed and if need be amended to see that the Government recoveries are not held up indefinitely due to prolonged litigation. The law or the rules should be so amended that the litigant should first deposit the amount in the DPE Account before going in for the appeal in the court.

19. Hindustan Insecticides Ltd. (HIL) is engaged in producing insecticides. The Committee note with concern that the Company has been incurring losses and last year its loss stood at Rs. 15.45 crore. The Committee have been informed that the Company might turn around and start earning profit by the end of 10th Five Year Plan. The Committee hope that the Company would start earning profit as expected. However, they regret to see that the execution of Bhatinda Plant has been delayed. The Committee hold the management responsible for the avoidable delay in placement of orders for plant & equipment. The Committee recommend that the Department should take action against the management who showed laxity in placing the order which affected time bound execution of the project. The Committee further note that corporate office of HIL is functioning at Delhi whereas its Delhi Plant has been relocated at Bhatinda. In Committee's opinion, there is no rationality in retaining corporate office at Delhi and it should be shifted to Bhatinda at Plant site.

20. The Committee learn that the revised proposal for capital restructuring of HIL is pending with the Government since July, 2001. The Committee would like the Government to take final action in the matter immediately. They would also urge that prompt action on such proposals should be taken by Government especially for those companies which are striving to come out of red.

21. Indian Drugs and Pharmaceutical Ltd. (IDPL) was formally declared sick by BIFR on 12th August, 1992. The operations of the Company have been practically closed down and the Government are releasing wages and salaries of the employees through non-plan assistance. The Net worth of the company as on 31st March, 2002 was negative amounting to Rs. (-)1660.43 crore. In spite of repeated recommendations of the Committee, the Government have not been able to finalise their decision regarding revival of the Company. The Committee are still of the opinion that PSUs like IDPL have their capacity in controlling prices of drugs and all out efforts should be made to revive it. Some of the units of IDPL namely Chennai unit need small amount for revival. The Committee recommend that Government should release funds for revival of units like Chennai or alternatively if the State Government/s is/are interested in acquiring and reviving the same, they should be given all sorts of help. The Committee also recommend that in the event of change of management in IDPL, social and financial interests of the staff and workers should be protected.

22.   Smith Stainistreet Pharmaceuticals Limited has been formally declared sick by the Board of Industrial and Financial Reconstruction on 21st December, 1992 and the Government are releasing non-plan funds to the company since September, 1998 to meet the Salary and Wages Bill of the company. The BIFR in its meeting held on 3rd December, 2001 had given its final decision that the Company should be wound up. However, the Workers' Union of the Company have gone into appeal before the Appellate Authority for industrial and Financial Construction against the order of the BIFR. The appeal is still pending in the Appellate Authority. The Committee recommend that the Government should also be a party in the Appellate Authority and present their point of view. The Committee also recommend that the SSPL should be extended the same treatment as has been decided in the case of IDPL viz. that all the dues of the Company should be waived and the balance sheet should be cleaned. Thereafter, the Company should be offered for change of management as has been decided in the case of other companies like IDPL. The Committee opine that there should not be undue delay in finalisation of the matters and in the event of winding up the company finally the social and financial interests of the workers should be fully protected. The Committee also recommend that the valuation of the assets of the Company should be updated.

23.   Bengal Immunity Limited (BIL) is also one of those companies which have been declared sick long back. This was declared sick on 9th March, 1993. The BIFR through its operating agency has already issued an advertisement for change of management. In this case also the Committee would like to emphasise that the Central Government should undertake updation and valuation of all kinds of assets of the Company. Needless to emphasise that before finally winding up, the dues of workers should be paid to them fully.

24.   Bengal Chemicals and Pharmaceuticals Limited (BCPL) was formally declared sick by BIFR in January, 1993 but the revival package as approved by BIFR in April, 1995 was working well. The Company has proposed an upward revision of the revival package to Rs. 69.08 crore with Government funding of Rs. 38.15 crore from the original pakcage of Rs. 28.49 crore. It is reported that the Government are in the process of taking a view on the proposals of the company. The Committee would like that the public sector character of the company be allowed to remain and the Government should extend all financial help to make this company a viable one.

25.   Indian Petrochemicals Corporation Limited (IPCL) is the pioneering petrochemical industry in India and one of the leading PSUs under the administrative control of Department of Chemicals & Petrochemicals. This PSU has got the Navratna status and many small scale industries (SSIs) are dependent upon the efficient working of IPCL. In turn, these SSIs have generated lot of employment. Over the years IPCL has accumulated very valuable assets which indicate the efficiency of this undertaking. The Government of India have now proposed to sell 26% of equity to a strategic investor and transfer control to manage the affairs of IPCL to the strategic investor. While examining the Demands for Grants of Department of Chemicals & Petrochemicals for the year 2001-02, the Committee

were informed that the Government were considering transferring of Vadodara Plant of the Company to IOCL on nomination basis. The Committee learn that IOCL and IPCL could not arrive at a mutually acceptable valuation of the complex and therefore the proposal did not materialise. The Committee had earlier recommended that the entire IPCL company should be transferred on nomination basis to IOCL. They are still of the same opinion and reiterate their earlier recommendation. IPCL is a profit making company and the Committee are against disinvestment in this company.

NEW DELHI; **MULAYAM SINGH YADAV,**
April 15, 2002 ***Chairman,***
Chaitra 25, 1924 (Saka) ***Standing Committee on Petroleum & Chemicals.***

APPENDIX-I

Statement showing Item-wise Actual expenditure for the year 2000-2001, Budget Estimates & Revised Estimates for 2001-2002 & Budget Estimates for 2002-2003.

(Rs. in crores)

Sl. No	Major Heads	Heads No.	2000-2001 Actuals			2001-2002 Budget			2001-2002 Revised			2002-2003 Budget		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14	(15)
1	Secretariat-Economic Services	3451	….	4.79	4.79	0.04	5.75	5.79	0.06	5.31	5.37	0.03	5.31	5.34
INDUSTRIES **Petro-chemicals Industries**														
2	Central Institute of Plastics Engg. & Technology (CIPET)	2852	3.00	3.60	6.60	6.00	3.38	9.38	5.00	3.38	8.38	5.00	3.38	8.38
3	Subsidy to Assam Gas Cracker Project	2852	…	….	0.00	1.00	0.01	1.01	0.01	0.01	0.02	0.01	0.01	0.02
Chemicals & Pharmaceutical Industries														
4	Bhopal Gas Leak Disaster	2852	…	49.47	49.47	….	11.71	11.71	….	7.37	7.37	…	7.00	7.00
5	Grant to Institute of Pesticides Formulation Technology	2852	1.23	….	1.23	1.06	….	1.06	1.06	….	1.06	3.50	…	3.50
6	National Institute of Pharmaceuticals Education & Research (NIPER)	2852	9.00	….	9.00	14.80	…..	14.80	16.10	….	16.10	15.07	3.44	18.51
7	Regional Network on Pesticides for Asia & Pacific (RENPAP)	2852	0.14	…	0.14	0.20	….	0.20	0.20	….	0.20	….	…..	…..
8	Chemicals Weapons Convention (CWC)	2852	….	0.15	0.15	….	0.03	0.03	….	0.03	0.03	0.05	0.03	0.08
9	National Pharmaceutical Pricing Authority (NPPA)	2852	….	2.61	2.61	….	3.75	3.75	….	3.10	3.10	….	2.90	2.90
10	Pharmaceutical Export Promotion Scheme (PEPS)	2852	….	0.08	0.08	….	0.03	0.03	….	0.03	0.03	….	0.03	0.03
11	Pharmaceuticals Research & Dev. Programme (PRDP)	2852	0.10	….	0.10	0.21	….	0.21	0.14	….	0.14	0.25	….	0.25
12	Chemical Promotion & Dev. Scheme (CPDS)	2852	0.01	….	0.01	0.40	….	0.40	0.20	….	0.20	0.40	….	0.40
Total-Industries			**13.48**	**60.70**	**74.18**	**23.71**	**24.66**	**48.37**	**22.77**	**19.23**	**42.00**	**24.31**	**22.10**	**46.41**
13	**Non Plan Loans to Public Enterprises**													
13.01	Smith Stainistreet Pharmaceuticals Ltd.	6857	….	3.93	3.93	….	1.93	1.93	….	6.92	6.92	….	3.20	3.20
13.02	Bengal Chemicals & Pharmaceuticals Ltd.	6857	….	0.00	….	….	0.01	0.01	….	0.01	0.01	….	0.00	0.00
13.03	Bengal Immunity Ltd.	6857	0.00	6.13	6.13	….	3.01	3.01	….	22.29	22.29	….	5.70	5.70
13.04	Indian Drugs & Pharmaceuticals Ltd	6857	0.00	61.47	61.47	….	31.00	31.00	….	109.94	109.94	….	52.00	52.00
13.05	Petrofils Co-operative Ltd.	6857	0.00	107.40	107.40	….	1.65	1.65	….	1.65	1.65	….	2.00	2.00
13.06	Hindustan Organics & Chemicals Ltd.	6857	….	0.00	0.00	….	0.00	0.00	….	1.16	1.16	….	….	….
13.07	Hindustan Antibiotics Ltd.	6857	….	0.00	0.00	….	0.00	0.00	….	0.00	0.00	….	0.00	0.00
13.08	Hindustan Insecticides Ltd.	6857	….	3.81	3.81	….	0.00	0.00	….	24.00	24.00	….	0.00	0.00
		Total	**0.00**	**182.74**	**182.74**	**….**	**37.60**	**37.60**	**….**	**165.97**	**165.97**	**….**	**62.90**	**62.90**
14	Investment in Public Enterprises	4856	….	….	….	0.01	….	0.01	….	….	….	….	….	….
		4857	3.93	….3.93	7.03	….	7.03	2.03	….	2.03	4.03	….	4.03	
		6857	3.93	75.34	79.27	7.05	35.95	43.00	7.00	164.32	171.32	21.16	60.90	82.06
Total			**7.86**	**75.34**	**83.20**	**14.09**	**35.95**	**50.04**	**9.03**	**164.32**	**173.35**	**25.19**	**60.90**	**86.09**
Grand Total			**21.34**	**318.78**	**340.12**	**37.80**	**98.21**	**136.01**	**31.80**	**349.52**	**381.32**	**49.50**	**145.90**	**195.40**

APPENDIX-II

SUMMARY STATEMENT
PROPOSAL FOR TENTH PLAN (2002-07)

(Rs. in crore)

Name of PSU	Tenth Plan (2002-07) Proposed outlay		
	Gross Budget	Internal & Extra Budgetary Resources (IEBR)	Outlay
Petrochemicals			
1. IPCL	0.00	2457.00	2457.00
2. PCL	0.00	0.00	0.00
3. CIPET	63.20	69.54	132.74
4. Assam	449.00	0.00	449.00
5. PPDA	0.00	0.00	0.00
Chemicals			
6. HOCL	145.00	155.12	300.12
7. HIL	59.20	0.00	59.20
8. IPFT	30.32	0.00	30.32
9. RENPAP	0.00	0.00	0.00
10. CPDS	2.00	0.00	2.00
11. CWC	0.25	0.00	0.25
12. MCIE	5.00	0.00	5.00
Pharmaceuticals			
13. IDPL	0.00	0.00	0.00
14. BIL	0.00	0.00	0.00
15. SSPL	0.00	0.00	0.00
16. BCPL	35.00	35.00	70.00
17. HAL	15.00	0.00	15.00
18. NIPER	30.94	13.73	44.67
19. PRDP	0.25	0.00	0.25
Others			
20. VRS	0.00	0.00	0.00
21. NE Region	0.00	0.00	0.00
22. Sectt.	0.03	0.00	0.03
Total	**835.19**	**2730.39**	**3565.58**

APPENDIX-III

ANNUAL PLAN 2002-03

Undertaking/Scheme	Outlay	Budget Support	IEBR
I. Petrochemicals	**144.51**	**5.01**	**139.50**
IPCL	115.00	--	115.00
CIPET	29.50	5.00	24.50
ASSAM GAS	0.01	0.01	--
II. Chemicals & Pesticides	**36.11**	**21.11**	**15.00**
HOCL	24.10	9.10	15.00
HIL	8.06	8.06	--
IPFT	3.50	3.50	--
CWC	0.05	0.05	--
CPDS	0.40	0.40	--
III. Drugs & Pharmaceuticals	**26.35**	**23.35**	**3.00**
IDPL	0.01	0.01	--
BCPL	5.00	5.00	--
HAL	3.00	3.00	--
SSPL	0.01	0.01	--
BIL	0.01	0.01	--
NIPER	18.07	15.07	3.00
PRDP	0.25	0.25	--
IV. Misc.	**5.53**	**5.53**	**--**
Sectt.	0.03	0.03	--
N.E. Region	5.50	5.50	--
Grand Total	**212.50**	**55.00**	**157.50**

Note: ***The above outlay does not include funds, which may bed required for implementing VRS in different eligible PSUs of the Department. It is understood that the Planning Commission will provide funds required for VRS separately in accordance with the new guidelines of the Planning Commission.***

APPENDIX-IV

Details of Schemes proposed for the 10th Plan (2002-07)

Name of Scheme	10th Five Year Plan (2002-07)		
	Outlay	IEBR	Budget Support
Indian Petrochemicals Corporation Ltd. (IPCL)			
Ongoing Schemes			
(i) Renewals & Replacements (Vadodra, MGCC & Gandhar Complex)	340.00	340.00	
(ii) Research & Development	25.00	25.00	
New Schemes			
(i) Baroda Complex Grass root/Revamp Naphtha Cracker (300000 TPA) Grass root LDPE (200000 TPA)	450.00	450.00	
(ii) Nagothane Complex Ethylene Expansion LLD Plant (160000 TPA) PP Plant (100000 TPA)	1642.00	1642.00	
Total IPCL	**2457.00**	**2457.00**	
Hindustan Insecticides Ltd. (HIL)			
Ongoing Schemes			
(i) Renewals & Replacements	24.50	--	24.50
(ii) Relocation of Delhi Unit 1st Phase-Bhatinda	2.70	--	2.70
(iii) Token provision for VRS			
New Schemes			
(i) Thiophanate Methyl	5.00	--	5.00
(ii) Alachlor	0.50	--	0.50
(iii) DDVP	0.50	--	0.50
(iv) C.O.C	2.00	--	2.00
(v) Ethion	0.50	--	0.50
(vi) Ethephon	4.00	--	4.00
(vii) Glyphosate	5.00	--	5.00
(viii) Trifluralin/Fluchlorolin	2.50	--	2.50
(ix) Profenofos	5.00	--	5.00
(x) Diflubenzuron	7.00	--	7.00
Total (HIL)	**59.20**	**--**	**59.20**
Central Institute of Plastic Engineering & Technology (CIPET)			
Ongoing Schemes			
(i) Establishment of Extension Centre in West Bengal	1.00	--	1.00
(ii) Strengthening of Training facilities	29.20	--	29.20
New Schemes			
(i) Capacity Building of CIPET Centre with OPEC Assistance	75.54	69.54	6.00
(ii) Establishment of new Extension Centures	15.00	--	15.00
(iii) CAD/CAM Facilities at four regions	5.00	--	5.00
(iv) Faculty Training Centre and Corp. Office building	7.00	--	7.00
Total (CIPET)	**132.74**	**69.54**	**63.20**

Name of Scheme	10th Five Year Plan (2002-07)		
	Outlay	**IEBR**	**Budget Support**
Indian Petrochemicals Corporation Ltd. (IPCL)			
Ongoing Schemes			
(i) MDI	36.32		
(ii) R & R	32.68		
(iii) R&D and Minor Scheme	24.12		
(iv) Phenol Expansion	12.00		
New Schemes			
(i) Nitrotluence/Nitrochloro Benzene	10.00		
(ii) Phenol/Debottle-necking (Zeolist catalyst)	15.00		
(iii) Liquid Hydrogen project	21.00		
(iv) Preliminary Studies on Nitroaromatics Complex	45.00		
(v) Phenol Green Field Project	14.00		
(vi) HFL's rehabilitation package	30.00		
(vii) Effluent Discharge System	10.00		
(viii) Zeolite Catalyst	20.00		
(ix) Condensing Turbines	15.00		
(x) VRS Plan (2002-03	15.00		
Total (HOCL)	**300.12**	***155.12**	***145.00**
Bengal Chemicals & Pharmaceuticals (BCPL)			
Ongoing Schemes			
(i) Renewals & Replacements	8.00	--	8.00
(ii) Automation and Modernisation of Home Product Division	8.00	--	8.00
New Schemes			
(i) Automation and Modernisation of Formulation Division as per new Drug Rules & WHO-GMP	10.00	--	10.00
(ii) Modernisation of Anti Snake Venom Project to meet the new requirement of Govt.	2.00	--	2.00
(iii) Automation and Modernisation of Mumbai Works	6.00	--	6.00
(iv) Scheme under Joint Venture Project	25.00	25.00	--
(v) Bulk Chemicals, Providone Iodine and its derivatives	11.00	10.00	1.00
Total (BCPL)	**70.00**	**35.00**	**35.00**

Name of Scheme	10th Five Year Plan (2002-07)		
	Outlay	IEBR	Budget Support
Institute of Pesticide Formulation Technology (IPFT)			

Ongoing Schemes			
(i) Neem Project	1.72	--	1.72
(ii) RENPAP	1.00	--	1.00
(iii) Salary & Wages in IPFT	7.50	--	7.50
(iv) Development of Common ETP & Cleaner Tech. Project	0.05	--	0.05
(v) Balance Items required for the use of New R&D Lab.	0.59	--	0.59
(vi) Upgradation of Formulation Lab.	0.57	--	0.57
(vii) Upgradation of Analytical Lab.	1.60	--	1.60
(viii) Augmentation for OPCW Instrument	4.30	--	4.30
(ix) Augmentation of Farm facility	0.37	--	0.37
(x) Upgradation of Pilot Plant	3.49	--	3.49
New Schemes			
(i) Setting up of Residue Analysis Facility	1.64	--	1.64
(ii) Creation of Standard Lab.	0.24	--	0.24
(iii) Setting up of Ref. Lab for Bio-pesticides	2.60		2.60
(iv) Creation of Library facilities	0.65		0.65
(v) Setting up of Bio-Technology Lab. in the existing building and processing Lab.	1.60		1.60
(vi) Development of environment friendly formulation from botanical species	1.00		1.00
(vii) Development of environment friendly formulation from microbial species	1.00		1.00
(viii) Development of formulation for post harvest pest management	0.40		0.40
Total (IPFT)	30.32	--	30.32
National Institute of Pharmaceutical Education & Research (NIPER			
Ongoing Schemes			
(i) Teaching Prog.	0.42		
New Schemes (Infrastructure)			
(i) New Drug Discovery	2.60		
(ii) Chiral Drug & Drug Intermediates	2.40		
(iii) New Drug Delivery System	2.10		
(iv) Advance Centre for Traditional Medicine	4.40		
(v) Insulin Signal Transduction	1.31		
(vi) National Centre viz. Bio-availability Centre, Impurity Profiling and Stability testing Labs, standardization of Herbal products, Technology Dev. Centre and Pharmacological and Toxicological screening facilties	8.80		
(i) Teaching Prog.	0.41		
New Schemes (Recurring)			
(i) New Drug Discovery	4.50		
(ii) Chiral Drug & Drug Intermediates	0.60		
(iii) New Drug Delivery System	4.00		
(iv) Advance Centre for Traditional Medicine	2.13		
(v) Insulin Signal Transduction	2.50		
(vii)National Centre viz. Bio-availability Centre, Impurity Profiling and Stability testing Labs, standardization of Herbal products, Technology Dev. Centre and Pharmacological and Toxicological screening facilties	8.50		
Total (NIPER)	**44.67**	***13.73**	***30.94**
Departmental Schemes			
(i) CPDS (Chemical Promotion & Development Scheme)	2.00		2.00

(ii) CWC (Chemical Weapons Convention)	0.25		0.25
(iii) MCIE (Mega Chemical Indl. Estate)	5.00		5.00
(iv) PRDP (Pharma Research & Dev. Prog.)	0.25		0.25
(v) Sectt.	0.03		0.03
New Schemes			
(i) Assam Gas Cracker Project	449.0		449.00
Total (Departmental Schemes)	**456.53**		**456.53**

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* ***The scheme-wise break-up of sources of funding i.e. IEBR and Budget support will be finalised after the 10th Plan proposal are approved by the Planning Commission.***

APPENDIX – V

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2002)

THIRD SITTING

(03.04.2002)

The Committee sat from 1100 hrs. to 1300 hrs.

Present

Shri Mulayam Singh Yadav - Chairman

Members

Lok Sabha

2. Shri Ananda Mohan Biswas
3. Dr. (Smt.) Chellamella Suguna Kumari
4. Shri Padam Sen Choudhary
5. Prof. Kailasho Devi
6. Smt. Sheela Gautam
7. Shri Shriprakash Jaiswal
8. Shri Ashok N. Mohol
9. Dr. Debendra Pradhan
10. Shri Ram Sajivan
11. Shri Mohan Rawale
12. Shri Shyama Charan Shukla
13. Dr. V. Saroja
14. Dr. Chhattrapal Singh
15. Shri Prabhunath Singh
16. Shri Ramjiwan Singh
17. Dr. Ram Lakhan Singh
18. Shri Shankersinh Vaghela
19. Shri Ratilal Kalidas Varma
20. Dr. Girija Vyas

Rajya Sabha

21. Shri Balkavi Bairagi
22. Shri Shyam Lal
23. Shri Rajiv Ranjan Singh 'Lalan'
24. Shri Bangaru Laxman
25. Shri Moolchand Meena
26. Shri Ahmed Patel
27. Shri Yadlapati Venkat Rao
28. Ms. Mabel Rebello
29. Shri Rajnath Singh 'Surya'
30. Prof. Ram Gopal Yadav

Secretariat

1.	Shri K.V. Rao	-	Joint Secretary
2.	Shri P.K. Grover	-	Director
3.	Shri J.N. Oberoi	-	Under Secretary

I Representatives of Deptt. of Chemicals & Petrochemicals

1. Shri Vinay Kohli, Secretary, C&PC
2. Shri Suresh Chandra, J.S. & FA
3. Shri Ashok Chawla, J.S. (PC&A)/Acting CMD, IPCL
4. Shri Sharad Gupta, J.S. (PI)
5. Shri H.C. Gupta, J.S. (BC&E)

II Representatives of PSUs/Institutions

1 .Shri M.C. Abraham, CMD, Hindustan Antibiotics Ltd. (HAL)
2 Shri Rajendra Mohan, CMD, Hindustan Insecticides Ltd. (HIL)
3 Shri Y.G. Bhatt, CMD, Hindustan Organic Chemicals Ltd. (HOCL)
4 Major Gen. V.K. Sareen, CMD, Indian Drugs & Pharmaceuticals Ltd. (IDPL)
5 Shri Probir Roy, MD, Bengal Chemicals & Pharmaceuticals Ltd. (BCPL)
6 Shri S.K. Roy, MD, Bengal Immunity Ltd. (BIL) & Smith Stanistreet Pharmaceuticals Ltd. (SSPL)

III Other Organisations

1. Shri B.S. Baswan, Chairman, National Pharmaceutical Pricing Authority (NPPA)
2. Shri C.L. Kaul, Director, National Institute of Pharmaceutical Education & Research (NIPER)
3. Shri D. Sengupta, Director, Institute of Pesticide Formulation Technology (IPFT)
4. Shri S.K. Varma, DG, Central Institute of Plastics Engineering and Technology (CIPET)

At the outset, Hon'ble Chairman welcomed the Members, officers of Deptt. of Chemicals & Petrochemicals and representatives of Public Sector Undertakings and other organisations.

2. The Committee took oral evidence of the representatives of the Ministry of Chemicals & Fertilisers, Deptt. of Chemicals & Petrochemicals in connection with examination of Demands for Grants for the year 2002-03.

3. During the course of evidence, the main issues which came up for discussion included appraisal of 9th Five Year Plan, Non-utilisation of 9th Plan funds, targets of 10th Five Year Plan, latest position regarding Gas Supply Agreement of Assam Gas Cracker Project and handing over site to

the project authorities, adjudication of compensation claims re:Bhopal Gas Leak Disaster, New Price Fixation Policy of Drugs, data on generic drugs, change of management in Indian Drugs & Pharmaceuticals Ltd. (IDPL), revaluation of assets of IPCL, criticise the process of disinvestment in IPCL, difficulties being faced by small scale industries in chemical sector.

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

The Committee then adjourned.

APPENDIX – VI

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2002)

FIFTH SITTING

(15.04.2002)

The Committee sat from 1600 hrs. to 1630 hrs.

Present

Shri Mulayam Singh Yadav	-	Chairman

Members

Lok Sabha

31. Shri Ramchander Bainda
32. Prof. Kailasho Devi
33. Smt. Sheela Gautam
34. Shri Paban Singh Ghatowar
35. Shri P.Mohan
36. Shri Shyama Charan Shukla
37. Shri Prabhunath Singh
38. Shri Ratilal Kalidas Varma
39. Dr. Girija Vyas

Rajya Sabha

40. Shri Balkavi Bairagi
41. Shri Shyam Lal
42. Shri Rajiv Ranjan Singh 'Lalan'
43. Shri Dipankar Mukherjee
44. Shri Yadlapati Venkat Rao
45. Ms. Mabel Rebello
46. Prof. Ram Gopal Yadav

Secretariat

3.	Shri P.D.T. Achary	-	Additional Secretary
4.	Shri K.V. Rao	-	Joint Secretary
5.	Shri P.K. Grover	-	Director

4. Shri J.N. Oberoi - Under Secretary

The Committee considered the following Draft Reports:-

(i) Twenty Fifth Report on Demands for Grants of Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for 2002-03.

(ii) ** ** ** ** ** **

The Committee suggested that some recommendations contained in these Draft Reports be further elaborated. Thereafter, the Committee approved and adopted the Draft Reports.

2. The Committee placed on record their appreciation for the valuable assistance rendered to them by the staff and officers of the Lok Sabha Secretariat attached to the Committee.

3. The Committee also authorised the Chairman to finalise the Reports after factual verification by the concerned Ministries/Departments and present the same to the Parliament in the current Session.

The Committee then adjourned.

** Matters not related to the Report.