STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2003)

(THIRTEENTH LOK SABHA)

FORTIETH REPORT

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

DEMANDS FOR GRANTS

(2003-2004)

Presented to Lok Sabha on 08.04.2003

Laid in Rajya Sabha on 08.04.2003

LOK SABHA SECRETARIAT
NEW DELHI

April, 2003/Chaitra, 1925 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM AND CHEMICALS (2003)

SHRI MULAYAM SINGH YADAV – Chairman

MEMBERS
LOK SABHA

2	Shri Ashok Argal
3	Shri Ramchander Bainda
4	Dr.(Smt.) Suguna Kumari Chellamella
5	Shri Padam Sen Choudhary
6	Shri Khagen Das
7	Smt. Sheela Gautam
8	Shri Paban Singh Ghatowar
9	Shri Bijoy Handique
10	Shri Shriprakash Jaiswal
11	Shri Jagannath Mallick
12	Shri Punnulal Mohale
13	Shri P. Mohan
14	Shri Ashok N. Mohol
15	Dr. Debendra Pradhan
16	Shri Rajesh Ranjan
17	Shri Mohan Rawale
18	Shri Ram Sajivan
19	Dr. Bikram Sarkar
20	Dr. (Smt.) V. Saroja
* 21	Shri Harpal Singh Sathi
22	Shri Shyamacharan Shukla
23	Shri Prabhunath Singh
24	Dr. Ram Lakhan Singh
** 25	Dr. Ramesh Chand Tomar
26	Shri Shankersinh Vaghela
27	Shri Rathilal Kalidas Varma
28	Shri A.K.S. Vijayan
29	Dr. Girija Vyas
30	Shri Dinesh Chandra Yadav

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* *Nominated w.e.f. 21st February, 2003.*

** *Nominated w.e.f. 26th February, 2003.*

RAJYA SABHA

31	Shri Balkavi Bairagi
32	Shri Ram Nath Kovind
33	Shri Anil Kumar
34	Shri Rajiv Ranjan Singh 'Lalan'
35	Shri Moolchand Meena
36	Shri Dipankar Mukherjee
37	Shri Pritish Nandy
38	Shri Kripal Parmar
39	Shri Ahmed Patel
40	Shri Keshubhai S. Patel
41	Shri V.V. Raghavan
42	Ms. Mabel Rebello
43	Shri Yadlapati Venkat Rao
44	Shri Thanga Tamilselvan
45	Prof. Ram Gopal Yadav

SECRETARIAT

1.	Shri P.D.T. Achary	-	*Additional Secretary*
2.	Shri P.K. Grover	-	*Director*
3.	Shri J.N. Oberoi	-	*Officer on Special Duty*
5.	Smt. Madhu Bhutani	-	Senior Executive *Assistant*

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum & Chemicals (2003) having been authorised by the Committee to submit the Report on their behalf present this Fortieth Report on Demands for Grants of the Ministry of Chemicals & Fertilisers (Department of Chemicals & Petrochemicals) for the year 2003-2004.

2. The Committee examined/scrutinised the Demands for Grants pertaining to the Ministry of Chemicals & Fertilisers (Department of Chemicals & Petrochemicals) for the year 2003-04 which were laid on the Table of the House on 11th March, 2003.

3. The Committee took evidence of the representatives of the Ministry of Chemicals & Fertilisers (Department of Chemicals & Petrochemicals) at their sitting held on 26th March, 2003.

4. The Committee considered and adopted the Report at their sitting held on 4th April, 2003.

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 2003-04 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:
April 7, 2003
Chaitra 17, 1925 (Saka)

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

CHAPTER – I

INTRODUCTORY

(i) Introductory

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

1.2 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.

1.3 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) Central Institute of Plastics Engineering & Technology. (CIPET)
(ix) National Institute of Pharmaceuticals Education & Research. (NIPER)
(x) Institute of Pesticides Formulation Technology. (IPFT)
(xi) National Pharmaceutical Pricing Authority. (NPPA)

(ii) DEMANDS FOR GRANTS FOR THE YEAR 2003-04

1.4 Budget provisions 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 (IPFT) and National Institute of Pharmaceutical Education and Research (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. 20.78 crore comprising Rs. 2.53 crore as equity and Rs. 18.25 crore as Plan Loan for carrying out capital expenditure activities by PSUs.

1.5 The budget provision for the year 2003-04 for this Department and Public Sector Undertakings/Organisations under its control is as under:

(Rs. in Crore)

	Plan	Non Plan	Total

Revenue Section	34.22	24.13	58.35
Capital Section	20.78	230.07	250.85
Total	**55.00**	**254.20**	**309.20**

NON-PLAN PROVISIONS

1.6 The non-plan budget provision has 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

1.7 Non-plan loans are given to PSUs for meeting shortfall in their resources. For the year 2003-04, a budget provision of Rs. 230.07 crore as non-plan loan has been made. This includes Rs. 16.56 crore for salaries and wages to the employees in sick PSUs viz. IDPL, BIL, SSPL and a provision of Rs. 3 crore has been made for payment of Shifting Bonus to the employees of Hindustan Insecticides Ltd. (HIL) as a consequence of shifting the Delhi Factory to Bhatinda on the directions of Supreme Court. Besides this, a budget provision of Rs. 210 crore has also been made for implementation of VRS in IDPL (Rs. 200 crore) and HIL (Rs. 10 crore). A budget provision of Rs. 50 lakhs has also been kept for meeting expenditure by the Liquidator in connection with winding up of the Petrofils Co-operative Ltd. (PCL).

PLAN FUNDS TO PSUs

1.8 The total Plan Budget Support for the year 2003-04 is Rs. 55.00 crore which comprises Rs. 20.78 crore as a provision for investments in PSUs including Rs. 2.53 crore as equity and Rs. 18.25 crore as loans. This includes a Budget provision of Rs. 7.75 crore for Hindustan Organic Chemicals Ltd. (HOCL), Rs. 5.00 crore for Hindustan Insecticides Ltd., Rs. 5.00 crore for Bengal Chemicals and Pharmaceuticals Ltd. Rs. 3.00 crore for Hindustan Antibiotics Ltd. 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 token provision of Rs. 1.00 lakh each for IDPL, BIL and SSPL has also been made.

1.9 A provision of Rs. 25.59 crore has also been made as grant-in-aid to Autonomous Bodies and other Organisations under Deptt. of Chemicals & Petrochemicals. This mainly includes grant-in-aid to NIPER (Rs. 12.00 crore), CIPET (Rs. 10.00 crore), IPFT (Rs.3.58 crore) and a token provision of Rs. 1 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

1.10 The Plan budgetary support as grant in aid for the Departmental Schemes is Rs. 2.70 crore. This includes allocation of Rs. 5 lakh to Chemical Weapons Convention (CWC), Rs. 2.40 crore to Chemical Promotion and Development Scheme (CPDS) and Rs. 25 lakh to Pharmaceutical Research and Development Programme (PRDP).

CHAPTER – II

FIVE YEAR PLAN

(i) Ninth Five Year Plan - An Appraisal

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 organisations, 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.

APPROVED OUTLAY FOR THE 9TH FIVE YEAR PLAN

(Rs./Crores)

S. NO.	Name of the Organisation	Internal & Extra Budgetary Resources	Budgetary support	Total Outlay approved.
1.	**IPCL**	**5601.50**	**0.00**	**5601.50**
2.	**PCL**	**0.00**	**5.00**	**5.00**
3.	**HOCL**	**850.00**	**0.00**	**850.00**
4.	**HIL**	**38.15**	**36.85**	**75.00**
5.	**IDPL**	**0.00**	**0.25**	**0.25**
6.	**HAL**	**0.00**	**13.00**	**13.00**
7.	**BCPL**	**36.00**	**15.00**	**51.00**
8.	**SSPL**	**0.00**	**1.87**	**1.87**
9.	**BIL**	**0.00**	**1.88**	**1.88**
10.	**CIPET**	**50.00**	**15.00**	**65.00**
11.	**IPFT**	**0.85**	**7.00**	**7.85**
12.	**RENPAP**	**0.00**	**0.40**	**0.40**
13.	**NIPER**	**12.50**	**70.00**	**82.50**
14.	**CWC**	**0.00**	**2.50**	**2.50**
15.	**PPDA**	**0.00**	**0.25**	**0.25**
16.	**PRDP**	**0.00**	**1.00**	**1.00**
17.	**CPDS**	**0.00**	**1.00**	**1.00**
	TOTAL	6589.00	171.00	6760.00

2.2 In June, 1999 the Ninth Plan Outlay was scaled down 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 in September, 1999 reviewed the Chemicals and Petrochemicals Sector, particularly with reference to demand-supply projections, capacity utilisation and the industry scenario as a whole and observed that Chemicals & Petrochemicals Sector has been affected by depressed prices and stiff international competition.

2.3 A statement indicating the revised outlay and actual expenditure during 9th Plan is appended below:-

Rs. in crore

S.No.	Ministry/Department	Total Outlay (Revised)	Actual Expenditure
1	**2**	**3**	**4**
1	**Support to Existing PSUs on Project Basis Subschemes (PSUs)**		
1.1	IPCL	3465.00	3102.00
1.2	PCL	5.00	4.00
1.3	HOCL	229.00	92.66
1.4	HIL	75.00	25.42
1.5	IDPL	0.25	-
1.6	BCPL	51.00	17.50
1.7	HAL	13.00	14.00
1.8	SSPL	1.87	-
1.9	BIL	1.88	-
	SUB-TOTAL 1	**3842.00**	**3255.58**
2	**Support to Autonomous Bodies on Project Basis Subschemes (Autonomous Bodies)**		
2.1	CIPET	65.00	26.31
2.2	IPFT	17.91	7.76
2.3	NIPER	82.50	74.43
2.4	RENPAP	0.40	0.58
	SUB-TOTAL 2	**165.81**	**109.08**
3	**Others**		
3.1	VRS	-	15.00
3.2	NE Region	-	17.00
3.3	Assam	-	-
	Departmental Schemes		
3.4	CPDS	1.00	0.41
3.5	CWC	2.50	0.15
3.6	PRDP	1.00	0.61
3.7	PPDA	0.25	0.25
3.8	Sectt.	-	0.06
	SUB-TOTAL 3	**4.75**	**33.48**
	GRAND TOTAL (1+2+3)	**4012.56**	**3398.14**

(ii) TENTH PLAN (2002-07)

2.4 The Department of Chemicals & Petrochemicals proposed an outlay of Rs. 3568.58 crore for 10th Plan but the Planning Commission approved Rs. 3044 crore only. The proposed outlay of Rs. 3568.58 crore comprised IEBR of Rs. 2733.39 crore and budgetary support of Rs. 835.19 crore. The approved outlay of Rs. 3044 crore comprises of Rs. 2744 crore as IEBR and Rs. 300 crore as budgetary support. The break up of the proposed and approved outlay is given below. Strategies and projections to execute the plan schemes are in the following order of priority.

1. Critical ongoing schemes
2. Schemes aimed at maximising benefits from the existing capacity
3. New schemes

Break up of the 10th Plan Outlay
Proposed outlay

(Rs. in crores)

	Name of PSU	**Gross Budget Support (GBS)**	**Internal & Extra Budgetary Resources (IEBR)**	**Outlay**
	1	**2**	**3**	**4 (2+3)**
	Petrochemicals			
1	IPCL	0.00	2460.00	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**	**2733.39**	**3565.58**

<u>Approved Outlay of 10th Plan</u>

(Rs. in crore)

Sl. No.	Schemes	Outlay	IEBR	Budgetary Support
I	**Support to existing PSUS on Project Basis**			
	Subschemes (PSUs)			
I.1	IPCL	2470.00	2470.00	-
I.2	HOCL	150.00	90.00	60.00
I.3	HIL	60.00	20.00	40.00
I.4	IDPL	0.01	-	0.01
I.5	BCPL	80.00	55.00	*25.00
I.6	HAL	24.00	9.00	**15.00
I.7	SSPL	0.01	-	0.01
I.8	BIL	0.01	-	0.01
	Sub Total	**2784.03**	**2644.00**	**140.03**
II	**Support to Autonomous Bodies on Project Basis**			
	Subschemes (Autonomous Bodies)			
II.1	CIPET	100.00	80.00	20.00
II.2	IPFT	17.00	-	17.00
II.3	NIPER	53.07	20.00	33.07
	Sub Total	**170.07**	**100.00**	**70.07**
	Others			
III	CPDS	2.00	-	2.00
IV	CWC	0.25	-	0.25
V	PRDP	1.25	-	1.25
VI	SECTT.	0.03	-	0.03
VII	Assam Gas Cracker Ltd.	56.37	-	56.37
VIII	N.E. Region	30.00	-	30.00
	Total	**3044.00**	**2744.00**	**300.00**

2.5 The Committee observed that an outlay of Rs. 2470.00 crore has been provided in 10th Plan for IPCL whereas this undertaking has since been privatised. Explaining the reasons for this, the Department stated;

"When the Tenth Five Year Plan for the Department was being prepared (November 2001), Indian Petrochemicals Corporation Limited (IPCL) was a public sector undertaking under the Central Government. Though the possibility of disinvestment of IPCL was strong, it was considered advisable to include IPCL also in the Tenth Five Year Plan since the exact time of disinvestment in IPCL was not known."

2.6 The Committee also noted that the Department had proposed an outlay of Rs. 300.12 crore for HOCL but the Planning Commission reduced it to Rs. 150 crore out of which Rs. 60 crore would be by way of budgetary support. The

Committee enquired how this amount was proposed to be utilised. The Department explained the position as under;

"The budgetary support of Rs.60 crores proposed to be given by the Government during the 10th Plan period is meant mainly for implementing the Renewals & Replacements / Minor Schemes to maintain the health of the chemical plants and to ensure consistent production and safe operations. The profitability and internal resource generation will determine the extent to which HOCL would be in a position to take up further value added projects in its existing line of operations."

2.7 The Committee also observed that outlay on CIPET and IPFT has also been reduced as detailed below:

Unit	Proposed	Approved
CIPET	Rs. 132.74	Rs. 100.00
IPFT	Rs. 30.32	Rs. 17.00

2.8 The Department responded to this observation as under:

"There is an approved DBS of Rs.20.00 Crores for CIPET. In addition, the Government has approved a Soft Loan from Organisation of Petroleum Exporting Countries Fund (OPEC Fund), Vienna, of US $ 13.67 Million to CIPET on 7th February 2003. The functioning of the organisation is not likely to be adversely affected."

Annual Plan 2003-04

2.9 The Planning Commission approved the outlay of the Department for the annual plan 2003-04 at Rs. 107.59 crore comprising a budget support of Rs. 55 crore and IEBR of Rs. 52.59 crore. The detail of the annual plan is as under:

(Rs. in Crore)

Plan Schemes	Budget Support			IEBR	Outlay
	1			2	3(1+2)
	Domestic Budget Support (DBS)	Externally Aided Projects (EAP)	Gross Budgetary Support (GBS)	Internal and Extra Budgetary Resources (IEBR)	Total Outlay
1. Support to Existing PSUs on Project basis Sub-Schemes (PSUs)					
1.1 HOCL	7.75	-	7.75	14.61	22.36
1.2 HIL	5.00	-	5.00	-	5.00
1.3 IDPL	0.01	-	0.01	-	0.01
1.4 BCPL	5.00	-	5.00	5.00	10.00
1.5 HAL	3.00	-	3.00	-	3.00
1.6 SSPL	0.01	-	0.01	-	0.01
1.7 BIL	0.01	-	0.01	-	0.01
Sub-total:1	20.78	-	20.78	19.61	40.39
2. Support to Autonomous Bodies on Project basis Sub-Schemes (Autonomous Bodies)					
2.1 CIPET	-	10.00	10.00	29.47	39.47
2.2 IPFT	3.58	-	3.58	-	3.58
2.3 NIPER	12.00	-	12.00	3.51	15.51
Sub-Total:2	15.58	10.00	25.58	32.98	58.56
3. Others					
3.1 Assam Gas	0.01	-	0.01	-	0.01
Departmental Schemes					
3.2 CPDS	2.40	-	2.40	-	2.40
3.3 CWC	0.05	-	0.05	-	0.05
3.4 PRDP	0.25	-	0.25	-	0.25
3.5 Sectt.	0.43	-	0.43	-	0.43
Sub Total:3	**3.14**	**-**	**3.14**	**-**	**3.14**
3.6 N.E. Region	-	-	5.50	-	5.50
Grand Total (1+2+3)	**39.50**	**10.00**	**55.00**	**52.59**	**107.59**

2.10 The Committee noticed that as against approved 10th Plan outlay of Rs. 3044.00 crore, an amount of Rs. 107.59 crore has only been proposed for expenditure in 2003-04. The Committee had been consistently recommending that annual outlay should synchronise with planned outlay for the entire Five Year Plan and there should be equitable distribution of expenditure each year. The Committee wanted to know the reasons for non-synchronisation. The Department replied to this as under:-

> **"The approved outlay of this Department for the Xth Five Year Plan is Rs.3044 crore comprising a Budget Support of Rs.300 crore and IEBR of Rs.2744 crore. This includes an outlay of Rs.2470 crore in respect of IPCL, which has ceased to be a PSU, entirely to be funded out of their own accruals. The Budget Support of Rs.300 crore also includes capital subsidy for Assam**

Gas Cracker Complex. Since the release of subsidy is commensurate with the progress in implementation of the Project, this subsidy is to be provided in the Annual Plan of the year in which the need for releasing the same arises. Further, depending upon the resource position, duration of projects, dates of commencement and completion of various activities under the Plan Schemes, necessary budget provision is required to be created in the relevant financial years of the Tenth Plan period. Hence, it may not be always possible to keep Annual Plans at 1/5th of the Five Years Plan. In view of the above, the Budget Support of Rs.55 crore kept in the Annual Plan for the year 2003-04 is broadly in synchronization with the Tenth Five Years Plan."

CHAPTER – III

SCRUTINY OF DEMANDS FOR GRANTS 2003-04

The budget provision for the Department of Chemicals & Petrochemicals for the year 2003-04 is as under;

(Rs. in crore)

	Plan	Non-Plan	Total
Revenue Section	34.22	24.13	58.35
Capital Section	20.78	230.07	250.85
Total	**55.00**	**254.20**	**309.20**

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

HEAD-WISE DEMANDS

(I) Major Head 3451

Secretariat Economic Service (Budget Estimates Rs. 6.09 crore)

3.2 This 'Head' is mainly for salaries of the Ministry's officials and other office expenses like OTA; travelling, etc. The Committee noticed that as against Revised Estimates of Rs. 5.34 crore of last year, a provision of Rs. 6.09 crore has been made in this year's budget and this was due to increased office expenses. The Department explained the position as under;

> "On office expenses, the planned budget has been increased from 3 lakh in 2002-2003 to 43 Lakh in 2003-2004. This increase has been made to procure latest computers in the Department and to upgrade and modernize existing computer systems. Non Plan budget has been increased from Rs.77.50 Lakh in 2002-03 to Rs.90 Lakh in 2003-2004 to meet the increase in cost of labour, furniture, maintenance/purchase of office equipment, petrol and pending bills."

(II) Major Head 2852

3.3 This 'Head' is used for allocating grants-in-aids 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. A total provision of Rs. 58.35 crore has been made under this 'Head' in the Budget. Item-wise sub-heads are examined as under.

(a) CENTRAL INSTITUTE OF PLASTICS ENGINEERING & TECHNOLOGY (CIPET)

3.4 Central Institute of Plastics Engineering & Technology (CIPET), an Autonomous Institution functioning under the Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilisers, Government of India is devoted to the services of plastics industries over the last three decades. This institute is having the privilege of being associated with UNDP/UNIDO, ILO and World Bank for the last thirty years. The main objectives of the institute are:- (a) to Train and Develop manpower in different disciplines of Plastics Engineering & Technology; (b) to Organise conventional and advanced level training programme for upgradation of skill and knowledge of personnel form the industry; (c) to Provide technical services to the industries in the areas of design, fabrication of moulds, machinery and equipment, computer Aided Engineering Services, testing & quality assurance, consultancy and advisory services; (d) Application development in the areas of plastics and (e) to Act as R&D institute for small/medium scale industries.

3.5 The CIPET Centres have been established in different States and are located at Chennai, Ahmedabad, Lucknow, Hyderabad, Bhubaneswar, Bhopal, Amritsar, Mysore and Imphal. Besides, three new Extension Centres of CIPET each at Haldia (West Bengal), Patna (Bihar) and Guwahati (Assam) were approved for implementation during the IXth Plan. These Extension Centres have been set up with equal financial participation by the Government of India and the concerned State Government of West Bengal, Bihar and Assam.

A budgetary provision of Rs. 3.38 crore has been made in this year's budget which is equal to the Revised Estimate of the last year.

3.6 The Committee were apprised of the schemes proposed to be implemented by CIPET during the 10th Plan.

S.No.	**Schemes**	**Cost (Rs. in crores)**
1.	Strengthening of Training Facilities	13.00
2.	CAD/CAM facilities at four regions	2.50
3.	Faculty Training Centre & Corporate Office Building	3.00
4.	Recycling & Waste Management	1.50
	TOTAL	**20.00**

3.7 The Committee had earlier been informed that a proposal for availing of Organisation of Petroleum Exporting Countries (OPEC) loan of US $ 15.00 million alongwith Government of India's counter part expenditure of US $ 1.67

million was under the consideration of the Government since the last four years or so. The Government have since conveyed approval to avail OPEC assistance of US $ 13.67 million. The Committee wanted to know whether CIPET has drawn plans to utilise this amount. The Department replied in affirmative and spelt out the details of tentative proposals as under;

Year	Amount (Rs. in crore)
2003-04	28.97
2004-05	34.50
2005-06	2.15
Total	**65.62**

3.8 The Committee were also apprised that the Entrepreneurship Development Institute Ahmedabad in a study suggested an action plan for CIPET. The study contains short, Medium and Long Term Action Plan of CIPET upto 2012. The Governing Council of CIPET discussed these plans and directed that an Expert Committee be constituted under the Chairmanship of Director General CIPET. This Committee is expected to finalise a time table for implementing the Action Plan.

(b) ASSAM GAS CRACKER PROJECT

3.9 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 2003-04 which is equal to last year's budget provision.

3.10 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.

3.11 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 800 acres of land

and the State Government did 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.

3.12 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, ONGC, OIL etc. to see that difficulties are resolved and that the project is implemented as early as possible.

3.13 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.

3.14 The Committee wanted to know the present status of the project and especially whether the required land has been acquired and was in de-facto possession of the State Government. The Department apprised the Committee as under:-

> "The issues of land and supply of feedstock for the project have been finalized. With the passage of time, the price of gas has increased. In addition, LPG to make up for the shortfall in the supply of gas would be required. For supplying gas/LPG at the fixed rate of Rs. 600 per thousand cubic meter of gas for a period of 15 years, as earlier decided by the government, funds of more than Rs. 6100 crore would be required as per the calculations of Ministry of Petroleum and Natural Gas for giving subsidy to the oil companies. The matter is being considered in consultation with the concerned Ministries/Departments. As regards land for the project, in the meeting taken by the Minister (C&F) on 21/2/2002, it was informed that the State has identified 1100 acres of land for the project of which 100 acres was Government land and the remaining was private land. For 850 acres of private land, the State Government had issued a notification for acquisition. . In the meeting taken by Minister (C&F) on 25/11/2002 it was reiterated that there was no difficulty on the part of the State Government and they would make the land available after the land acquisition money was deposited. However, RAPL have indicated that they would take over

the land only after the question of feedstock was finalized and agreements therefor were signed."

3.15 The Committee wanted to be assured that the promoters of the project were keen even now to execute the project. The Department responded as under:-

"The promoters have concluded a Gas supply agreement with the OIL. Gas supply agreement with ONGC barring a few clauses, which relate to alternate feedstock, has also been initialed. The agreement between IOC and RAPL for supply of LPG is under discussion. The promoters have initiated action for environment clearance, technology selection, manpower, verification of estimates of land value etc. They have also requested for extension of the validity of Letter of Intent upto 25/1/2005. From the above, it appears that the promoters are keen to execute the project and are taking necessary steps."

3.16 While examining the Demands for Grants of Department of Chemicals & Petrochemicals last year, the Committee were given the impression that only problem left to be resolved for the project was finalisation of gas supply agreement between the promoters and ONGC. The Department had then explained the 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."

3.17 The Committee have now learnt that IOCL has now been identified as the agency for supply of LPG to make up for the shortfall in the supply of gas. The Committee wanted to know specifically when was IOCL identified as such agency and whether the requisite agreement has been signed with them. The Department replied as under:-

> "IOCL was identified as the agency for supply of LPG to make up for the shortfall in the supply of gas in July/August 2002. The matter regarding signing of the agreement between RAPL and IOCL is already being pursued by them. However, it has been intimated by the Ministry of Petroleum & Natural Gas that necessary funds would need to be provided by the Ministry of Finance for meeting the requirement of subsidy to the oil companies for supplying of gas/LPG at the concessional rate approved by the Government. In view of this, the agreement between IOCL and RAPL has not yet been finalized."

3.18 The Committee queried whether the executors of the project are satisfied with the feedstock being made available to them. The Department replied to this as under;-

> "The promoters of the project have been insisting on supply of gas for production of 2 lakh TPA of Ethylene. Since adequate gas for the production of 2 lakh TPA was not available, Ministry of P& NG has agreed to supply LPG to make up for the short-fall in the supply of gas."

3.19 This issue came up for detailed examination during evidence also when Secretary, Department of Chemicals & Petrochemicals was asked to apprise the Committee of latest status of the Project and further whether he was in a position to commit time frame for implementation of the project. The Secretary, in response, deposed as under:-

> "The situation is that the Ministry of Petroleum & Natural Gas have assured us that they have identified the problem and the remaining gas will be supplied in the form of LPG and the agency that will supply it is the Indian Oil Corporation. So, this is the assurance that they have given us. But they have said that we have to find out a way of meeting the shortfall that these companies will face in terms of the current prices of gas and the originally approved price. The effort is on to find funds and this is the accurate situation at the moment. Once that is cleared, there will be no difficulty in signing any agreement. Signing of the agreement between the ONGC and the project authorities we are told is not a problem provided Indian Oil also is in a position to sign the agreement. Indian Oil will be in a position to sign the agreement once the issue of subsidy is sorted out. This is the current situation. We will try our best to do it as quickly as possible in the light of various assurances that we have given in the past. I would like to shy away from making any more assurance today, because, frankly speaking, I do not have in my own Budget the type of resources that might

be required to meet this subsidy element. I will have to approach other Ministries of the Government to try and see that this fund is found. That exercise is on right now."

3.20 When further questioned about the role of his Department, the Secretary added:-

"My way of looking at this project is that at present the only hurdle is the business of being able to provide funds to ensure that the gas is supplied to the project at a subsidised price."

"We will be doing it and we will be going to the Ministry of Finance for this purpose."

(c) BHOPAL GAS LEAK DISASTER

3.21 Following the leakage of the lethal gas known as Methyl Iso-cyanate (MIC) stored in the storage tanks of Union Carbide factory at Bhopal, causing death and injury to a large number of people of Bhopal city, various relief and rehabilitation measures were undertaken by the State and Central Government.

3.22 The Central Government had provided financial assistance to the extent of Rs. 102 crore over a period of 4 years from 1985 for rehabilitation work. Subsequently, the Central Government approved an Action Plan with an outlay of Rs. 163.10 crore for medical, economic, social and environmental rehabilitation of the victims. The outlay was revised to Rs. 258 crore. This outlay was to be shared between the Central Government and the State Government of Madhya Pradesh in the ratio of 75:25. The Central Government has released its share of 75% of the outlay. It has been decided that for subsequent maintenance and recurring expenditure in respect of all the schemes under the Action Plan, the State Government would make appropriate provision in its Annual Plan.

3.23 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, '92 when the compensation amount which had been deposited by the Union Carbide India Ltd. with the Reserve Bank of India under the orders of the Supreme Court, was transferred to the Welfare Commissioner for adjudicating the claims.

3.24 The position of adjudication of compensation claims as on 30.11.2002 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)	10,01,0723	10,01,723	5,52,648	Nil	1440.49	1434.90	5,50,485
02(Loss of Livestock)	658	642	232	16	0.11	0.06	139
03(Loss of Property)	4,901	4,820	543	81	0.13	0.11	486
04(Death)	22,149	22,082	15,170	67	86.79	86.34	14,863
Total	**10,29,431**	**10,29,267**	**5,68,593**	**164**	**1527.52**	**1521.41**	**5,65,973**

A provision of Rs. 4.45 crore has been made in this year's budget as against RE of Rs. 5.18 crore of last year. A major component of this is meant for salaries and wages of Welfare Commission.

3.25 The Committee queried as to how long it was expected to settle all the claims and disburse the awarded amount. Further, the Committee also wanted to know whether there was any possibility of winding up of the office of Welfare Commission this year. The Department replied to these observations as under:-

> "As on 28.2.2003, 183 original cases, 7475 appeals, 1196 revision petitions and 24 restored cases were pending in the Office of welfare Commissioner. In addition, 8865 applications were pending for scrutiny in the court of the Welfare Commissioner. A part of the appeals, which would be decided by the Additional Welfare Commissioner, are also likely to land in the court of Welfare Commissioner for final decision. Thus more than 14,000 cases will have to be decided at the level of the Welfare Commissioner. The Office of the Welfare Commissioner had informed that it would take 2-3 years to dispose of all the pending cases if a full time Welfare Commissioner is appointed. Otherwise it would take a longer time. At present, a sitting judge of the Madhya Pradesh High Court has been appointed to hold the concurrent charge of the Office of the Welfare Commissioner Bhopal Gas Victims."
>
> "There does not appear to be any possibility of winding up of the Office of the Welfare Commissioner during this year."

(d) INSTITUTE OF PESTICIDE FORMULATION TECHNOLOGY (IPFT)

3.26 The Institute of Pesticide Formulation Technology, a non-profit making organisation was registered under the Societies registration Act on May 31, 1991.

The Institute has four major divisions viz. Formulation, Analytical, Bio sciences and Pilot Plant.

The Institute also functions as a Technical Coordinator Unit (TCU) of the Regional Network on Safe Pesticides Production and information for Asia and the Pacific (RENPAP) of UNDP/UNIDO on user and environment friendly pesticide formulation technology and quality assurance.

3.27 The Government is promoting research on the use of alternative and unharmful bio-based pesticides including those using neem seeds. The Department is implementing a project for development of safe and environment friendly pesticides utilising the neem seeds.

A provision of Rs. 3.58 crore has been made as grants-in-aid as compared to Rs. 2.36 (RE) crore of last year.

3.28 Justifying the reasons for increase in grants-in-aid, the Department submitted as under:-

> **"As per budget estimate of 2002-2003, a provision of Rs.3.50 crores was made towards grant in aid to IPFT. However, the same was reduced to Rs.2.36 crores in the revised estimates. The present provision of Rs.3.58 crores for 2003-2004 is almost at the same level as the budget of the last year. The break up of Rs.3.58 crores is as under:**

a)	For day-to-day activities of IPFT	Rs.75 lakhs
b)	Neem Project	Rs.50 lakhs
c)	RENPAP Activities	Rs.20 lakhs
d)	Development of ETP and cleaner technologies	Rs.01 lakhs
e)	Capital Fund	Rs.212 lakhs

> The Department has made a total provision of Rs.17 crores during the 10th Plan looking into the activities of IPFT in the various areas of pesticide eco & environment friendly formulation development analytical method development, residue and persistence studies of pesticides in soil and water, plant and foliages and allied data generation. Moreover IPFT is contemplating to set up a state of art laboratory catering to the analysis of chemical entities under the OPCW regime and also a laboratory of analyzing bio-pesticide and pesticide residues, analysis in drinking water. The Standing Committee on Petroleum & Chemicals (2002) in its 37th Report has recommended that the status of this Institute should be raised to

national importance equal or similar to that of National Institute of Pharmaceutical Education and Research."

3.29 The Institute is contemplating to set up a state of art laboratory. The Committee wanted to know in what manner the Pesticide Industry could make use of the state of art facilities available in the country. The Department replied to this as under:-

"The pesticide industry can make use of the facilities at IPFT in the following manner:

(1) Development of eco- and environment friendly formulations and allied data generation i.e. chemical identification, residue and persistence studies, 5 batch analysis, shelf life bio-efficacy and phytotoxicity studies as total package from IPFT.

(2) The utilization of scale up facilities of IPFT for toll manufacturing of products for export.

(3) Through arrangements with IPFT for taking up trouble shooting assignments with industry through retainer ship or advisory consultancy assignments.

(4) Through in-house and onsite training programmes, tailor made to cater to the needs of the pesticide industry.

(5) Through the establishment of Information Management System at IPFT with access to global technical referral and trade information of pesticide formulation and allied areas of R&D."

3.30 The Committee had received some complaints that Pesticide Industry faced problems like delay in securing registration from Central Insecticides Board, Environmental Clearance and high incidence of excise duty & sales tax. The Committee wanted to know the institutional system set up to address such types of complaints. The Department in a written reply stated as under:-

“Representations regarding various problems being faced by the pesticide industry have been received from time to time. These include problems in securing registration from Central Insecticide Board and Environmental Clearance; high incidence of excise duty and sales tax etc. The Government has set up an Inter-Ministerial Group of Officers to go into various issues concerning the pesticide industry. This Group also has representatives of the pesticide industry and meets regularly to discuss various problems faced by the industry.”

3.31 The Committee observed that need of the hour was to switch to Bio-Pesticides. The Committee pointed out that Neem–Pesticides was being produced by Indian Institute of Chemical Technology (IICT), Hyderabad and wanted to know the status of this Institute and whether the bio-pesticides produced in Hyderabad have been put to commercial use. The Department replying to these observations stated as under:-

> “The Indian Institute of Chemical Technology (IICT), Hyderabad, a laboratory under the Council of Scientific & Industrial Research (CSIR) has identified active components from the seed of custard apple that are effective in controlling insect pests and has developed a process technology for their extraction.
>
> As per the provisions of the Insecticide Registrations Act, the manufacturing industry which utilise the technology, has to apply for pesticide registration. IICT is making efforts to find a client who can commercialise the above technology.”

(e) CHEMICAL WEAPON CONVENTION (CWC)

3.32 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.

3.33 The Convention entered into force on 29th April, 1997. So far 140 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 Netherland. The Convention is being implemented by the Organization for the Prohibition of Chemical Weapons (OPCW) established in the Hague.

3.34 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.

3.35 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 prod`uction facilities. India has been making declarations within the prescribed time frame.

3.36 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.

3.37 The Committee were apprised last year that the draft rules relating to the Act were being prepared in consultation with the Department of Legislative Affairs, Ministry of Law and the National Authority for Chemical weapons. When asked whether the rules have been finalised and notified, the Department replied as under:-

> "CWC rules have been drafted by a Committee which included representatives from this Department, National Authority and Legislative Department. The industry is also being consulted on various provisions of the Rules. Efforts are being made to notify the rules at the earliest."

A provision of Rs. 8 lakh (Rs. 5 lakh as plan and Rs. 3 lakh as non-plan) has been made in this year's budget as against Rs. 3 lakh of last year.

(f) CHEMICALS PROMOTION AND DEVELOPMENT SCHEME (CPDS)

3.38 A plan outlay of Rs. 2.40 crore as grant-in-aid has been made in this year's budget as against Rs. 40 lakh (RE) of last year. The Committee found this increase substantial and sought the reasons for this. The Department explained its position as under:-

> **"The Chemical and Petrochemical industry occupies an important place in India's economy. By its very nature, the chemical and petrochemical industry requires certain basic infrastructural facilities, including a good port, chemicals storage terminal, adequate berthing facilities, a common effluent treatment plant and most important, an effective green belt to segregate the industrial units from human settlements. In the interactive session that Minister (C&F) had with the captains of the Indian chemical industry on 8th November, 2002 the need for setting up such Mega Chemical Industrial Estates was highlighted by the industry.**
>
> The Department took up this issue with the Planning Commission which has agreed to provide funds amounting to Rs.2 crores during the coming financial year (2003-04) for meeting part of the cost for preparation of a feasibility report on setting up of such mega chemical industrial estates. Accordingly a provision of Rs.2 crores for the study has been made in the budget estimates for 2003-04 under the head Chemical Promotion and Development Scheme (CPDS). This has led to the increase in the budget estimate from Rs. 40 lakhs in 2002-03 to Rs. 2.40 crores in 2003-04."

(g) PHARMACEUTICAL RESEARCH AND DEVELOPMENT PROGRAMME (PRDP)

3.39 The pharmaceutical industry in India is one of the largest and most advanced among the developing countries. For promotion of R&D in drugs and pharmaceutical sector, the Department of Science and Technology has a dedicated programme. An expert Committee manages the programme. A provision of Rs. 25 lakh as grant-in-aid under the above programme has been made in this year's budget which is equal to the RE of the last year. The Committee observed that when the Ministry of Science & Technology had a dedicated programme for R&D, what role the Department of Chemicals & Petrochemicals had to perform in this field. The Committee also desired to know the necessity of provision of this amount under R&D in the Budget of Department of Chemicals & Petrochemicals when the larger programme under this activity is being undertaken by some other Ministry. The Department explained its position as under:-

> "The Patent Act of 1970 has been amended to usher in the era of product patents for the pharmaceutical sector, in compliance with obligations under the WTO and TRIPS. This would necessarily mean that the Indian Pharmaceutical Industry, has to focus on Research and Development. The Ministry of Chemicals and Fertilizers, being the Administrative Ministry for the Pharmaceutical Sector, has to

> give all necessary support to ensure that R&D is undertaken vigorously so that India is able to maintain its status in the world pharmaceutical market and move ahead to become a global leader. Fiscal and Non-Fiscal measures would be required to support Research and Development. In this direction, NIPER has been sanctioned Rs. 20.90 lakhs from PRDP head for developing a new process for S-Duloxetine by synthesising the crucial homochiral alcohol intermediate through microbial reduction of 2- Acetylthiophene."

(h) PHARMACEUTICAL EXPORT PROMOTION SCHEME (PEPS)

3.39(a) An Export Promotion Cell in the Pharmaceutical Division has been functioning with the objectives of boosting pharmaceutical exports and to act as a nodal centre for all queries/issues regarding pharmaceutical exports. The Cell also undertakes promotional activities for acceleration of pharmaceutical exports and considers suggestions for modifications in EXIM Policy from the industry. The Cell has also been entrusted with the organisation of seminars and workshops on standards, quality control requirements etc. of important countries so as to prepare the domestic companies for exporting their products. During the year, visits were undertaken to South Africa, Indonesia and Belarus and discussions were held on various aspects of pharma industry and ways and means of boosting our exports to these countries. The Cell prepared database on the status of pharmaceutical industry in about 30 countries for the benefit of Indian exporters.

3.40 The Committee noted that a provision of Rs. 3.00 lakh has been made in the Budget under this scheme which is equal to last year's budget.

3.41 The Committee wanted to know whether the Government reviewed export schemes periodically and if so at what interval. The Department replied as under:-

> "The Pharmaceutical Export Promotion Scheme (PEPS) is the only scheme administered by this Department. Initiatives under this scheme include building up of database, interaction with Industry Associations on export- related issues, representation in Inter-Governmental Commissions etc."

3.42 When further enquired about the performance of the Cell, the Department responded as under:-

> "i. 71 country profiles and valuable information useful to exporters has been compiled and passed on to Industry Associations who have further disseminated it to their members.
>
> ii. The procedure regarding regulation of pharmaceutical imports in the above countries are available with the PEPC and are shared with exporters based on specific request.

iii. On receipts of quality complaints against four Indian exporters, PEPC took up the issue with individual exporters and passed on relevant information to Indian Missions abroad for remedial action.

iv. PEPC intervened to resolve a major hurdle for exporters in the form of sudden suspension of issue of no objection certificate(NOC) by the Drug Controller General of India(DCGI) for export of new molecules."

3.43 The Committee were apprised that a database is maintained by Cell. The Committee wanted to know whether exporters have access to this database. In response, the Department stated as under:-

> "The database collected by the cell is made available to the industry Associations. They disseminate information about the availability of this data in their newsletter. The database cannot be made available on the web site of the Department because it is very voluminous. 16, 25 and 30 country profiles were received during 2000, 2001 and 2002 respectively.
>
> The database on country wise exports of drugs, pharmaceuticals and fine chemicals is published by DGCIS, Ministry of Commerce Kolkata. The data on individual export products namely bulk drugs and drug formulations are available to users on payment."

3.44 The Committee found that the growth rate in export of drugs, pharmaceuticals during 1999-2000 was 15.57%, in 2000-2001 it was 20.73% but it declined to 11.13% in 2001-2002. The Committee wanted to know the reasons for decline and the Department replied as under:-

> "The reasons for decline in the growth rate include the continuous fall in the prices of bulk drug and dosage form due to competition mainly from countries like China and Brazil. In many cases, though quantity wise exports have doubled, there is no equivalent realisation in terms of value. There is economic slow down in some countries like Argentina, Zimbabwe, Brazil etc., where our pharma products were being exported in large quantities. This has also led to decline in growth in exports."

3.45 The Committee came across a report indicating that recently a consignment ready to be exported was detained because it contained spurious drugs. Concerned with the availability of spurious drugs in the market, the Committee wanted to know the role of the Chemicals & Petrochemicals to ensure that only quality drugs were exported. The Department explained its position as under:-

"The issue pertaining to quality of drug falls under the purview of Ministry of Health and Family welfare. Quality of exported drugs is not required to be checked separately. Each country has its own quality standards and the exported products are subject to drug registration. Some countries also under-take site inspections/factory visit/batch inspections etc. to check the quality of imported drugs. To further strengthen the quality of drugs manufactured in India, Govt. of India vide notification No.GSR 894(E) dated 11.12.2001 has amended schedule M of the Drugs and Cosmetics Rules to upgrade the requirements of Good Manufacturing practices to be followed by every drug manufacturer in the country."

(i) NATIONAL INSTITUTE OF PHARMACEUTICAL EDUCATION AND RESEARCH (NIPER)

3.46 The National Institute of Pharmaceutical Education and Research (NIPER) has been set up at a cost of Rs. 99 crores, at Mohali (Punjab), as a part of the economic package for the State of Punjab.

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 setting up of NIPER fulfils a demand of several decades by the Indian pharmaceutical Industry and profession. It is the first national level institute in India in the field of pharmaceutical sciences and has been 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 nine 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.

3.47 The Institute has undertaken 161 projects from various Industry/Government agencies and Rs. 5.57 crores have accrued from these activities and has also carried out 42 new pharmaceutical formula studies for industry and have earned a total amount of Rs. 1.62 crore for the same.

A provision of Rs. 19.42 crore (Rs. 12.00 crore as planned and Rs. 7.42 crore as non-planned) has been made in this year's budget for the Institute as against Rs. 18.51 crore (Rs. 15.7 crore as planned and Rs. 3.44 crore as non-planned) of last year's RE.

3.48 The Committee wanted to know the reasons for increase in Budget Estimates and also whether the Institute's pending projects had since been completed in all respects. The Department replied to these queries as under:-

> "The main objective of the Institute is education and research. It will, therefore, not be possible for an educational Institute to be fully self-supporting. There are instances of various similar Institutes such as IITs, II Ms etc. which even after 4-5 decades have not become self supporting and are given non budgetary support at levels ranging between 50-150 crores per year. NIPER has made moderate beginning in generating revenue from the very beginning as soon as the infrastructure became available which is growing year after year. In view of this, there is a definite need to provide Non-Plan budgetary grant (Recurring Expenditure) to NIPER. Such non-plan budgetary grant (Recurring Expenditure) amounting to Rs.742 lakhs for expenditure related to salary and allowances of Admn. Staff (Rs.215 lakhs), power and electricity (Rs.90 lakhs – an increase of 5% approximately), chemicals and glassware (Rs.150 lakhs – an increase of 5% approximately), book and periodicals (Rs.60 lakhs – increase of about 8%), insurance (Rs.6 lakhs), consultancy and legal/professional charges (Rs.2 lakhs), office expenses (Rs.144 lakhs – an increase of about 10%) and Intel. Property Management (Rs.75 lakhs) has been projected for 2003-04."

3.49 Regarding completion of the project, the Department stated as under:-

"The activities of NIPER project has been completed. NIPER started building up facilities for the following in the ninth plan period

- To conduct teaching programmes leading to Master's and Ph.D. degrees.

- To conduct short term training courses for upgrading the knowledge base of pharmaceutical scientists in academia, profession and industry.

- To conduct basic and applied research in areas of drugs and pharmaceuticals particularly in disease areas relevant to the country.

- To provide expert R&D services to industry to help it become globally competitive

During the tenth plan period, the Institute plans to further strengthen its capabilities in the above areas."

3.50 The Committee queried whether the Institute has set some target to generate internal resources; the Department replied as under:-

> "Although the main objective of the Institute is education & research and to develop human resources of high caliber to meet the challenges facing the academic and the pharmaceutical industry post 2005, the Institute has kept a target of Rs.3.00 crores from internal generation against which Rs.2.50 crores is expected to be generated during the year 2002-03."

3.51 The Committee learnt that NIPER has filed 12 patents. NIPER furnished the their details in this regard as under:-

> "The Institute has filed patents with the patent offices of different countries as follows :

India	12	Under process
US	02	Awarded-1 on 31.12.2002 Under process –1
Chinese	01	Under process
PCT	01	Under process

> The Institute has filed patents though CSIR (for CSIR funded projects), Technology Information, Forecasting and Assessment Council (TIFAC) and also independently though patent attorneys.
>
> Since most of the patents still are pending for awarding, these cannot be licensed to any industry at this stage, However, the Institute has written a number of pharmaceutical companies informing them of the patent filed and eliciting their interest in the process and projects. The financial benefits can be expected to accrue only after patents are awarded and licensed to Industry."

(j) NATIONAL PHARMACEUTICAL PRICING AUTHORITY (NPPA)

3.52 National Pharmaceutical Pricing Authority (NPPA), an independent 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 (Prices Control) Order (DPCO), 1995.

3.53 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.

3.54 A provision of Rs. 3.15 crore has been made in this year's budget as against RE of Rs. 2.72 crore of last year. explaining the reasons for this increase, the Department stated as under:-

"**Domestic Travel**

The Government has announced Pharmaceutical Policy, in February, 2002 and a new DPCO with a list of new drugs under price control is anticipated. NPPA has to undertake detailed cost-cum techno economic studies in respect of those new drugs immediately after announcement of new DPCO. Therefore, additional budget has been requested in the BE of year 2003-2004.

Foreign Travel

In the context of the WTO/ Trips regime which would commence from January, 2005, the impact of product patent regime on the prices of drugs is required to be studied by understanding the methodologies adopted in other developing countries having product patent regime. Therefore, officers of NPPA would be required to undertake visits to other countries to update their skill and knowledge in the field."

3.55 The Committee enquired whether NPPA has any effective role in regulating the prices of decontrolled drugs and formulations. The Department replied as under:-

"Primarily NPPA has a monitoring and regulatory role with respect to scheduled bulk drugs and formulations. As per the functions assigned to NPPA, it also monitors the prices of de-controlled formulations. NPPA has developed a mechanism for monitoring the prices of such formulations, which have a minimum annual sale of Rs.1crore as per ORG/ IMS. The Government has powers under the DPCO where it can regulate the price of decontrolled medicines if the public interest is adversely affected."

3.56 The Committee learnt that some pharma MNCs are misusing the exemption from price control meant for SSI Units. The Committee wanted to know the competent authority who is assigned to check this misuse. The Department replied to this query as under:-

"The Govt. vide notification S.O.No.134(E) dated 2.3.1995 had exempted the small scale manufacturers from complying with the requirements under para 8 of DPCO 1995 for scheduled formulations, if there is no ceiling price applicable / fixed for such formulations. Such exemption is available to the SSI units subject to submission of a declaration to the Govt. stating the compliance of the conditions stipulated in the notification.

NPPA examines such declarations submitted by SSI units for availing exemption from price control of scheduled formulations.

Instances of some organized sector units including multinational companies to whom such exemption is not available have come to the notice where such units are alleged to have floated their own outfits in order to circumvent price control. It is, however, noted that it is difficult to prove the existence of nexus between organized sector units and SSI units. Whenever, such suspected cases are noted, the NPPA takes necessary action by fixing ceiling / non-ceiling prices. Ceiling prices are applicable to all the manufacturers including SSI units."

3.57 The Government announced Pharmaceutical Policy 2002. The Department apprised the Committee of the broad features of this policy as under:-

"The reorientation of Pharma Policy has been indicated in the 'Pharmaceutical Policy-2002' in following terms:
'The basic objectives of Government's Policy relating to the drugs and pharmaceutical sector were enumerated in the Drug Policy of 1986. These basic objectives still remain largely valid. However, the drug and pharmaceutical industry in the country today faces new challenges on account of liberalization of the Indian economy, the globalization of the world economy and on account of new obligations undertaken by India under the WTO Agreements. These challenges require a change in emphasis in the current pharmaceutical policy and the need for new initiatives beyond those enumerated in the Drug Policy 1986, as modified in 1994, so that policy inputs are directed more towards promoting accelerated growth of the pharmaceutical industry and towards making it more internationally competitive. The need for radically improving the policy framework for knowledge-based industry has also been acknowledged by the Government.'

The main objectives of the Pharmaceutical Policy-2002 are as under :-

(a) Ensuring abundant availability at reasonable prices within the country of good quality essential pharmaceuticals of mass consumption.
(b) Strengthening the indigenous capability for cost effective quality production and exports of pharmaceuticals by reducing barriers to trade in the pharmaceutical sector.
(c) Strengthening the system of quality control over drug and pharmaceutical production and distribution to make quality an essential attribute of the Indian pharmaceutical industry and promoting rational use of pharmaceuticals.
(d) Encouraging R&D in the pharmaceutical sector in a manner compatible with the country's need and with particular focus on diseases endemic or relevant to India by creating an environment conducive to channelising a higher level of investment into R&D in pharmaceuticals in India.
(e) Creating an incentive framework for the pharmaceutical industry which promotes new investment into pharmaceutical industry and encourages the introduction of new technologies and new drugs."

3.58 The Committee took note of the fact that a Public Interest Litigation has resulted in stopping the Government from implementing the price control regime of the Pharmaceutical Policy 2002. In the reply to a query the Committee were furnished details of this case as under:-

"A Public Interest Litigation in Karnataka High Court has resulted in an order dated 12.11.2002 which stops the Government from implementing the price control regime of the Pharmaceutical Policy-2002. Government have filed a Special Leave Petition in the Supreme Court against the order of the Karnataka High Court. The SLP is listed as SLP(C) No.3668/03. On the 10th of March 2003, the Supreme Court passed the following order:-

‘We suspend the operation of the order to the extent it directs that the Policy dated 15.2.2002 shall not be implemented. However, we direct that the petitioner shall consider and formulate appropriate criteria for ensuring essential and life saving drugs not to fall out of price control and further directed to review drugs which are essential and life saving in nature till 2nd May, 2003.’

The industry has, in general, expressed disappointment on the delay in implementation of price control regime of the Pharmaceutical Policy-2002.”

(k) DRUG PRICES EQUALISATION ACCOUNT (DPEA)

3.59 This account is being looked after by the Drug Prices Liability Review Committee (DPLRC) which was constituted on 21st March, 1994 for a period of 6 months. Its tenure has been extended from time to time. The tenure of the Committee is now until further orders. This Committee consists of Chairman, a retired judge of High Court alongwith two Members. Its job is to review the entire matter relating to liabilities of each of the drug companies arising on account of the implementation of provisions of Drugs (Prices) Control Order 1979. The Department of Chemicals & Petrochemicals has referred 72 assessment cases to this Committee involving an amount of Rs. 220 crores. The Committee has furnished the recommendations in 50 cases to the Department. 22 cases are still pending with the Committee as the proceedings have been stayed as per the orders of the Bombay High Court. Out of the 50 cases received from DPLRC some companies in 18 cases have again approached the courts with a view to delaying the recovery. As regards the remaining cases, these have been referred back to the DPLRC for quantifying the liability in terms of the revised guidelines and terms of reference issued by the Department on 10th October, 2002. The earliest date of these pending 22 cases is 8th August, 1995.

3.60 The Standing Committee in their 25th Report, pertaining to Demands for Grants for the year 2002-03 of the Department of Chemicals & Petrochemicals, had observed that existing laws, rules/regulations relating to DPE Account are not sufficient to compel the companies to deposit their amount in DPEA. The Committee had, therefore, recommended that rules/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.

CHAPTER IV

CAPITAL SECTION

Investment and Loans to PSUs

In the Capital Section, a total provision of Rs. 250.85 crore (Rs.20.78 crores as plan and Rs. 230.07 crores as non-plan) has been made in current year's budget. Capital Section deals with investment and loan in PSUs. The following table indicates the planned and non-plan investments and loan to the PSUs under the administrative control of the Deptt. of Chemicals & Petrochemicals:-

(Rs. in crores)

Items of Expenditure	2001-02 Actuals	2002-03 Budget Estimates	2002-03 Revised Estimates	2003-04 Budget Estimates
PLAN				
Investment in PSUs				
HIL	**1.00**	**4.00**	**2.60**	**2.50**
HAL	**1.00**	**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	2.00	4.03	2.63	2.53
LOAN to PSUs				
HOCL	**5.00**	**9.10**	**9.10**	**7.75**
HIL	**1.00**	**4.06**	**2.60**	**2.50**
HAL	**1.00**	**3.00**	**2.00**	**3.00**
BCPL	**0.00**	**5.00**	**5.00**	**5.00**
Total	7.00	21.16	18.70	18.25

(Rs. in crores)

	2000-01			2001-02			2002-03`		2003-04
	BE	RE	Actuals	BE	RE	Actuals	BE	RE	BE
NON-PLAN LOAN TO PSUs									
SSPL	**2.34**	**3.88**	**3.93**	**1.93**	**6.92**	**6.92**	**3.20**	**3.20**	**1.92**
BCPL	**0.00**	**0.60**	**0.00**	**0.01**	**0.01**	**0.00**	**0.00**	**0.00**	**0.01**
BIL	**3.42**	**6.02**	**6.13**	**3.01**	**22.29**	**22.29**	**5.70**	**5.70**	**3.42**
IDPL	**35.00**	**62.00**	**61.47**	**31.00**	**109.94**	**109.92**	**52.00**	**263.00**	**211.22**
PCL	**10.08**	**74.11**	**107.40**	**1.65**	**1.65**	**0.71**	**2.00**	**1.00**	**0.50**
HOCL	**0.00**	**0.00**	**0.00**	**0.00**	**1.16**	**1.16**	**0.00**	**0.00**	**0.00**
HAL	**0.01**	**0.00**	**0.00**	**0.00**	**0.00**	**0.94**	**0.00**	**0.00**	**0.00**
HIL	**0.00**	**3.89**	**3.81**	**0.00**	**24.00**	**24.00**	**0.00**	**0.00**	**13.00**
Total	50.85	150.50	182.74	37.60	165.97	165.94	62.90	272.90	230.07

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

4857 : **Capital outlay on Chemical & 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 Hindustan Insecticides Limited (HIL) was incorporated in 1954 and set up its factory in Delhi for manufacturing 700MT of Technical DDT and its Formulation into 50% wdp to meet the demand of National Anti Malaria Programme (NAMP) launched by the Govt. of India. This plant came as a gift from WHO and went into production in April, 1955.

As a part of the diversification plan, the company has entered into an agreement with M/s. International Panacea Limited, New Delhi for marketing tie up to market their Liquid Bio Fertilisers and Bio-pesticides through HIL's dealers network.

The main objective of the company is to provide quality insecticides and pesticides at fair prices and earn reasonable return.

As per order of the Hon'ble Supreme Court, the Delhi Unit of the Company stopped functioning w.e.f. 1.12.1996 for environmental reasons. As per orders of Hon'ble Supreme Court, the workers of the closed factory have to be paid full wages as "in active employment" till the factory is relocated in any one of the designated states. During the last 6 years company has already incurred Rs. 40.03 crores as idle expenditure.

4.4 The site for relocation of Delhi Units has been selected at Bhatinda in Punjab and land measuring 11.2 acres has been acquired from M/s. Punjab Small Industries and Export Corporation (PSIEC). Formulation plant having the State of Art Technology and with project cost of Rs. 10.70 crore is in advance stage of completion and is expected to produce a wide range of eco-friendly and safer insecticides, weedicides, fungicides in various formulations like solid, granular and emulsifiable concentrates.

By shifting part of the equipment from Delhi Unit to Bhatinda, pesticides EC formulation has already started in Oct. 2001. All the infrastructure facilities are ready. The granulation plant has been commissioned. The liquid and solid formulation plants are likely to be commissioned during current financial year. After commissioning of the Plant this unit is expected to contribute substantially to better financial performance of the company.

4.5 The Company has been continuing incurring losses. Its losses during the last 5 years are as under:-

Year	Loss (In Lakhs)
1997-98	**197.21**
1998-99	**558.07**
1999-2000	**1408.00**
2000-2001	**1545.00**
2001-2002	**1541.00**

A provision of Rs. 13.00 crore as non-Plan loan and Rs. 2.50 crore as plan loan to HIL has been made during this year's Budget as against Rs. 2.60 crore (RE) of last year.

4.6 Government of India referred HIL to Disinvestment Commission who in turn recommended offer of minimum 51% of the equity to a strategic buyer along with management control which was accepted by 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. It was reported that a modified capital restructuring proposal duly approved by Board of Directors is pending with the Government for approval.

The Committee were informed that there was no proposal for disinvestment in the company. However, the capital restructuring proposal of HIL has been finalised by the Department and a draft note circulated for interministerial consultations.

4.7 The Committee took note of the fact that the losses in the company are increasing year after year. The company's sales last year were less than the previous year. It was reported that the reduction in company's sales is due to non-lifting of 850 million tonnes (MT) DDT formulation by National Anti Malaria Programme. The Committee wanted to know the reasons for non-lifting and whether contractual conditions bound the buying parties to lift stocks. The Department responded to this as under:-

"The arrangement with NAMP has been continuing since a long time. NAMP issues Purchase Order annually for a specified quantity required by them for that year. Normally, the quantity of DDT ordered for various States is lifted in full by the States. In the instant case, i.e., in 2001-02 a quantity of 850 MT which was ordered for Bihar State was not lifted by Bihar due to lack of funds for freight payment by the Bihar Government."

4.8 The Committee observed that the Bhatinda plant of the Company has not yet been made operational fully. The Committee enquired about the time and costs effects due to delayed completion of the project. The Department replied to this as under:-

> "The Bhatinda plant of HIL was to be commissioned as per original schedule by December, 2000 at a tentative cost of Rs.7.70 crores. Subsequently, the design and capacities of the plant (in terms of covered area and equipments) have undergone substantial change taking into account various norms of Punjab State Industries and Export Corporation (M/s. PSIEC) and in consultations with M/s FEDO their consultants. Taking into account all this the revised project cost is estimated to be Rs. 10.70 crores. Two plants viz. liquid formation and granulation have been commissioned during the year (2002-03). The solid formulation plant is expected to be commissioned in June, 2003. All the employees of Delhi Unit have been shifted to Bhatinda Plant in the first week of February 2003."

4.9 The Committee were further apprised that the net worth of HIL has eroded by more than 50%, the necessary report under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 was submitted by the Company to BIFR on 20th February, 2002 as a potentially sick company.

4.10 HIL has initiated various voluntary retirement schemes. The latest one has been initiated in November, 2002. The Committee were informed that all the employees who have availed VRS have been given their full terminal benefits. In response to a question whether budgetary provision has been made for payment of terminal dues to those employees who have opted for VRS under the November Scheme, the Department submitted in a note as under:-

> "No budgetary provisions was sought by HIL for those employees who have opted for VRS under the November scheme since there was a carry over of Rs. 6.95 crores from the non-plan loan of Rs. 12.00 Crores sanctioned during 2001-02 for payment of terminal benefits under VRS."

4.11 The Southern Pesticides Corporation Limited (SPEC) is a subsidiary company of HIL. The Government have decided to close the subsidiary company after implementation of voluntary separation scheme. All the employees were given VSS. An official liquidator has been appointed and the assets of the company have been handed over to this in July, 2002. In response to a query of the Committee regarding terminal benefits to the employees and the role of the official liquidator, the Department submitted in a written reply as under:-

> "The terminal benefits in respect of all except four employees have been released. The benefits in respect of these four employees are withheld due to administrative reasons. The Official Liquidator has to wind up the company after taking into consideration all the assets and liabilities of the company. This process is in progress."

(b) INDIAN DRUGS & PHARMACEUTICALS LIMITED (IDPL)

4.12 Indian Drugs & Pharmaceuticals Limited (IDPL) was incoropräted 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 Uttaranchal, 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 & Pharmaceuticals Ltd. (UPDPL), Lucknow and Orissa Drugs & Chemicals Ltd. (ODCL) Bhubaneshwar.

IDPL was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) on the 12th August, 1992.

4.13 On the 8th March, 2001, BIFR issued a show cause notice to all the parties concerned for winding up of the IDPL. In the meanwhile, the Government intimated to the BIFR the following concessions/facilities for cleaning up of the balance sheet of the company that the Government intended to provide to facilitate its privatisation through the induction of strategic partner:-

(a) Conversions of loan into equity.
(b) Waiver of interest/penal interest and guarantee fee by the Govt. of India.
(c) Payment of outstanding statutory dues and funding VRS.

4.14 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 privatising each of the units of IDPL (including the 100% owned subsidiaries at Chennai and Muzaffarpur) separately through the induction of strategic partners.

BIFR passed directions to the Operating Agency on 05.02.2002 to advertise on the lines indicated by the Government. The OA issued advertisement for privatisation of all the three Units of IDPL and the responses received were analysed by the OA and they had proposed to hold a joint meeting on 29.7.2002. However, in the meanwhile BIFR had issued fresh orders dated July 8, 2002, directing the OA to issue fresh advertisement as (i) the earlier advertisement had not mentioned the reliefs/concessions promised by the GOI for the intending bidders and (ii) the bids for the wholly owned subsidiaries at Chennai and Muzaffarpur were not invited for.

4.15 The operations of IDPL were closed except for marginal production in some of the units. The wages and salaries of the employees were being paid through non-plan assistance (loans) released by Government since October, 1996 pending a final decision on the revival of the company.

4.16 The Government have offered VRS in IDPL and out of total 6592 employees of the company 6531 have responded to it positively. The Committee enquired as to how much amount was needed to disburse the terminal benefits of all the employees and whether the entire budgetary provision on this account had been made in this year's budget. The Department in a written reply submitted as under:-

> "IDPL has estimated that Rs.511 crore would be required for meeting the terminal dues, including the ex-gratia payment, for all the employees who have responded to the VRS. Out of this, Rs.150 crore has already been released in January, 2003 for this purpose and the Company has utilized this amount for separation of 2388 employees on VRS as on 28th February, 2003. An additional Rs.61 crore is expected to be released during March 2003. After taking into account the Rs.211.22 crore provided in B.E. 2003-04, there would be a shortfall of about Rs.90 crore in meeting the requirement projected by IDPL for the VRS."

(c) SMITH STANISTREET PHARMACEUTICALS LIMITED (SSPL)

4.17 SSPL was incorporated on 19th July, 1978. The Company manufactures tablets, capsules, parenterels, oral liquids, ointments, etc. in its manufacturing plant at Kolkata. The Company is sick and referred to BIFR who has formed its opinion that it was just equitable and in public interest that the company should be wound up. On 3rd December, 2001 the Bench confirmed its prima-facie opinion of winding up the company. 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. 1.92 crore has been made in this year's budget as against Rs. 3.20 crore (RE) of last year.

4.18 The Company has not been able to match sales with the production. The Company has suffered a loss of Rs. 10.67 crores in the year 2001-02 and Rs. 5.43 crores in the first 6 months of 2002-03.

4.19 The Committee learnt that the Company initiated the proposal of VSS in June, 2002 and the same was sent for Cabinet approval in February, 2003. It is still awaiting the Government's decision. In response to a query of the Committee, the Department stated that no provision for VSS in the Company has been made in the current year's budget.

(d) BENGAL IMMUNITY LIMITED (BIL)

4.20 This Company was incorporated on 1st October, 1984. The Company has two manufacturing units, one each at Baranagar at Kolkata (West Bengal) and Dehradun in Uttaranchal. The Company was formally declared sick by BIFR on 9th March, 1993. The Government has informed BIFR that it is not interested in continuing as the promoter of company and any decision of BIFR to wind up would be acceptable to them. BIFR had directed the operating agency on 9th November, 2001 to issue advertisement for change of management. In response to this advertisement, operating agency received only one proposal which has been rejected. BIFR has formed its prima facie opinion to wind up the company. Pending a decision on future of BIL, non-plan loan is being released by Government regularly. In this year's budget, it is Rs. 3.72 crore as against Rs. 5.70 crore (RE) last year. The Committee were informed that the BIFR in its meeting held on 25th February, 2003 has formed its opinion to wind up the company. Salaries and wages of the employees of the company are being paid regularly and have since been paid up to January, 2003.

(e) HINDUSTAN ORGANIC CHEMICALS LIMITED (HOCL)

4.21 The Company was incorporated on 12th December, 1960 for setting up manufacturing capacities for chemicals/intermediates. The products manufactured by HOCL include Phenol, Acetone, Nitrobenzene, Nitrotoluene, Chlorobenzene and Nitro-Chlorobenzene. The Company has two units, one at Rasayani (Maharashtra) and the other at Kochi (Kerala). It also has a subsidiary company M/s. Hindustan Fluorocarbons Limited located at Rudraram (Andhra Pradesh). The company has been incurring losses and its details are as under:

Year	Loss (Rs. in crores)
1997-98	**5.09**
1998-99	**23.07**
1999-2000	**105.02**
2000-2001	**39.06**
2001-2002	**62.68**

A provision of Rs. 7.75 crore as loan has been made in current year's budget as against Rs. 9.10 crore of last year.

4.22 In response to the query of the Committee whether the Government proposed to initiate the revival package to enable the company to turn around, the Department apprised that the Company was being proposed for disinvestment and a financial restructuring proposal with infusion of funds to the extent of Rs. 200 crores has been approved as a part of the disinvestment process. The Committee were further apprised that a provision of Rs. 30 crores has been included in the proposed financial restructuring of Rs. 200 crores for the purpose of meeting the expenses of VRS to the employees.

(f) BENGAL CHEMICALS & PHARMACEUTICALS LIMITED (BCPL)

4.23 BCPL was a sick company in the private sector in the name and style of Bengal Chemicals & Pharmaceuticals Works. The management of the company was taken over by the Central Government with effect from 15th December, 1977. It was nationalised on 15th December, 1980. A new public sector company in the name and style of Bengal

Chemicals & Pharmaceuticals Limited (BCPL) was incorporated on the 17th March, 1981.

4.24 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 (now IIBI) was approved by the BIFR on the 4th April, 1995. The revival period was for ten years beginning 1994-95. The company could achieve a consistent growth of about 20% in the years 1994-95 to 1996-97. The net losses per annum are also coming down significantly.

4.25 The company is showing signs of recovery. The company obtained WHO GMP (World Health Organisation – Good Manufacturing Practice) and obtained ISO 9002 Licenses for manufacture of tablets and capsules. In the meantime, the Company has revised the cost of their package to Rs. 70.08 crore seeking certain more reliefs and concessions from the Government. The Government has conveyed its consent to the reliefs and concessions sought for the revival of the Company.

4.26 In the current year's budget loan provision of Rs. 5.00 crore has been made. The Company has incurred a loss of Rs. 2.10 crore during the year 2002-2003 (upto December, 2002). The Committee were informed that Government are releasing funds to the Company in accordance with the revised projections.

(g) HINDUSTAN ANTIBIOTICS LIMITED (HAL)

4.27 HAL, Pimpri Pune was incorporated on the 30th March, 1954. This was the first Public Sector Company in drugs and pharmaceuticals. HAL has been incurring losses since 1993-94. The company was referred to BIFR in January, 1997. The BIFR declared the company as formally sick on 31.3.1997. Since then the case of revival or otherwise of the company remained with BIFR and the Government. In March 2002, the Government communicated to BIFR that it was not in a position to submit a fully tied up proposal for rehabilitation of the company and the Government was agreeable for a change in management of the company and would be willing to consider a financial restructuring package without infusion of additional funds along with and as part of disinvestment to a strategic partner. Change of management in HAL is under process.

A budgetary support of Rs. 15.00 crore has been envisaged during the 10th Plan. A loan of Rs. 3.00 crore has been provisioned during the current financial year as against Rs. 2.00 crore of last year.

4.28 The Committee took note of the fact that the Government have made an investment proposal of Rs. 15 crore during the 10th Five Year Plan and wanted to know its rationale when it has been decided to privatise it. The Department replied as under:-

"Government has conveyed to the BIFR that the Govt. is agreeable for a change in management of the company and would be willing to consider a financial restructuring package without infusion of additional funds alongwith and as part of disinvestment to a strategic partner. Based on the directions of the BIFR, the Operating Agency issued advertisement for exploring possibility for change of management in HAL. In the hearing held on 4th December,2002 the BIFR, *inter-alia*, passed directions calling for fresh bids for change of management of HAL. The OA has, accordingly, advertised inviting bids on 3rd February,2003.

The funds being released to HAL are essentially for the purpose of renewals and replacements. It is considered desirable that Government continue to provide such funds till such time a final decision on change of management is taken by the BIFR so that the plant and machinery of the Company are maintained in good operating condition."

4.29 The Committee were also informed that as a follow up BIFR action, Company was engaged in selling the excess land. The Committee enquired about its present status and were apprised by the Department as under:-

"The original proposal of the Company was to sell excess land ad-measuring about 66 acres for utilization in the rehabilitation of the Company; out of this 59 acres were to be sold in the open market and the balance 7 acres were to be utilized for public purposes like road, school, telephone exchange, etc. In the hearing on 4.12.2002 BIFR observed that since they had decided to re-issue the advertisement for change in Management of the Company, the Company should refund the Earnest Money Deposits (EMD) received from the Tenderers in response to the public advertisement. At present there is no proposal from the Company for the sale of vacant land."

(h) PETROFILS COOPERATIVE LIMITED (PCL)

4.30 PCL was registered in 1974 as a Joint Venture of Government of India and Weavers Cooperatives. Since the society started incurring losses from 1994-95 and the proposal for its revival was not found to be economically viable, the Government decided in favour of winding up the Society. A Liquidator was appointed by the Central Registrar of the Cooperative Societies on 11.4.2001 to complete the process of winding up.

A sum of Rs. 0.50 crore has been provided in current year's budget as non-Plan loan.

4.31 The Committee wanted to know about present status of winding up of PCL and how long the process of winding up was expected to take. The Committee also enquired whether all the dues of Weavers Societies have been settled. The Department in reply responded as under:-

"The Liquidator for Petrofils Cooperative Limited (PCL) was appointed by the competent authority, viz. the Central Registrar of Cooperative Societies (CRCS) on 11/4/2001 to complete the process of winding up of PCL. The status of the liquidation process was reviewed in a meeting by the CRCS in December 2002 and it was indicated by the Liquidator that, after the Stay Order is vacated by the Debt Recovery Tribunal (DRT), approximately six months would be taken by him for completing the process of winding up of the society.

Since a Liquidator has been appointed for winding up of the Society, he would take action, inter alia, to repay money to the creditors of the Society as per provisions of the Multi State Cooperative Societies Act 1984."

(i) GENERAL

4.32 From the Press Reports the Committee had gathered that Chemicals, Pharmaceuticals and Petrochemicals industry had mixed reactions to the budget proposals for the year 2003-04. The Committee wanted to know the opinion of the Department, on the impact of budget on these sectors. The Department expressed its opinion on it as under:-

"Chemical Sector

The excise duty on chemicals remains unaltered in this year's budget. However, for certain other sectors of chemicals and allied industries, the peak excise duty rate has been lowered to the ceiling of 24%. Due to this reduction in excise duty some consuming industries will be able to procure raw materials at lower cost, which hitherto attracted higher excise duty. The downstream industries will therefore be benefited and they will become more cost competitive.

Petrochemical Sector

In petrochemicals the following Excise duty amendments have been announced in the Budget 2003-04:-

- The Special Excise Duty has been reduced from 16 % to 8 % on Polyester Filament Yarn (PFY/POY).
- Uniform rate of Excise duty has been prescribed on polyester cotton, cotton viscose and all other spun yarn.

- Excise duty on all other filament yarn, nylon filament yarn has been reduced from 16 % to 12 %.

The above mentioned reduction in excise duty will reduce the duty differential between natural fibre – cotton (which is at 8 %) & synthetic fibre. Fiscal distortion and disparity across all fibres / yarns have been partially reduced. This is likely to increase the consumption of synthetic fibres.

Pharmaceutical Sector

The change in the excise duties proposed for the pharmaceutical sector in the current Budget would provide a level playing field to the domestic manufacturers vis-a-vis importers."

PART – II

RECOMMENDATIONS / OBSERVATIONS OF THE COMMITTEE

The Committee while examining the Demands for Grants for the Department of Chemicals & Petrochemicals during the previous years had advised that the planned outlay for the 9th Plan be utilised fully. From an appraisal of 9th Plan, the Committee note that the approved outlay for the 9th Five Year Plan was Rs. 6760 crore which was later pruned to Rs. 4012.56 crore. However, the actual expenditure for the entire 9th Plan came to Rs. 3398 crore which is almost 50% of the original planned outlay. The Committee while examining Demands for Grants of the Department last year have already observed that utilisation of planned expenditure is not at all satisfactory. As far as, 10th Plan outlay is concerned, the Committee observe that as against the proposed outlay of Rs. 3565.58 crore, the approved outlay is Rs. 3044 crore. This consists of IEBR of Rs. 2744 crore and budgetary support of Rs. 300 crore. According to the Department of Chemicals & Petrochemicals the strategies during 10th Plan, at this stage are to execute the plan schemes in the following order of priority:-

(i) Critical on-going schemes.
(ii) Schemes aimed at maximising benefits from the existing capacities.
(iii) New schemes.

While examining the details of the 10th Plan outlay, the Committee found that it included an amount of Rs. 2470 crore for IPCL which has since been disinvested last year. The Department later explained that when the 10th Five Year Plan for the Department was being prepared in November, 2001, IPCL was in public sector and though the possibility of its disinvestment was strong it was considered advisable to include this also in the 10th Five Year Plan since the exact time of disinvestment in the company was not known. The Committee do not find this explanation satisfactory. While submitting the papers relating to Demands for Grants for the year 2003-04 before the Parliamentary Committee, the factual details should have been updated. However, after excluding this amount from the plan outlay, the net outlay for the 10th Five Year Plan works out to Rs. 574 crores which the Committee find very meagre. The Committee, therefore, advise the Department to recast the 10th Five Year Plan and include all the on-going schemes which were pruned while the 10th Plan was approved by the Planning Commission. The Department should undertake new schemes like establishing of new centres of Central Institute of Plastics Engineering & Technology (CIPET), upgrading Institute of Pesticides Formulation Technology (IPFT), strengthening National Institute of Pharmaceutical Education and Research (NIPER), etc.

2. The Committee find that annual outlay of Rs. 107.59 crore for the first year of 10th Plan works out to around 1/5 of the total outlay. In Committee's view this synchronises with the equitable yearly distribution of outlay of 10th Five Year Plan. The Committee hope that yearly actual expenditure shall also synchronise with the allocation for the total plan period.

3. While examining the 10th Plan outlay, the Committee also noticed that a provision of Rs. 150 crore for HOCL has been made, out of which budgetary support of Rs. 60 crore is proposed for implementing the renewals and replacements/minor schemes to maintain the health of the Chemical Plants and to ensure consistent production and safe operations. The Committee learn that HOCL is in the process of disinvestment. They do not find any logic in investing a large amount in HOCL when it has been decided to disinvest in the company. The Committee, therefore, recommend that the Department should have a relook at this allocation and spend only the minimum which is needed to keep the plants operational.

4. The Committee find that a provision of Rs. 6.09 crore has been made in this year's budget under the Major head 3451 which is used for Secretariat / Economic Services. The Committee observe that there is increase in the budget under this head especially on office expenses. The Department has explained that the increase has been made to procure latest computers and to upgrade and modernise existing computer system. The Committee find this increase as justifiable but would recommend that expenditure on upgradation of Secretariat services should not be sporadic or one time affair but should be consistent and in tune with the need of upgradation. The Committee, therefore, recommend that at least a five year upgradation and modernisation vision be worked out and expected expenditure distributed equitably each year.

5. Central Institute of Plastic Engineering and Technology (CIPET) was established in 1968 as an autonomous organisation under the administrative control of Department of Chemicals & Petrochemicals. The basic objective of this Institute is to train people in various disciplines of plastics, plastics processing, etc. for the plastic industry. The Committee are happy to note that the Institute has achieved self-sufficiency in revenue expenditure. CIPET has commissioned all the three on-going extension centres during the year 2002-03. The Committee, however, find that the Institute does not have schemes of establishing new centres or extension centres during the 10th Plan. Last year they had recommended that CIPET should endeavour to set up their centres in each State. The Committee reiterate their earlier recommendation and hope that the CIPET will draw a plan accordingly for execution during the next 5 years.

6. The Committee are happy to note that the Government have conveyed approval to avail OPEC assistance of US $ 13.67 million for capacity building of Central Institute of Plastic Engineering and Technology (CIPET). They further note with satisfaction that CIPET has drawn plans to utilise the amount within 3

years from the date of release of first instalment. The Committee recommend that the Government should endeavour to get the amount released at the earliest and extend assistance to the Institute to achieve the objective for which this amount has been made available. For this purpose, the Department should appoint a nodal officer to monitor the release of amount and implementation of schemes.

7. The Committee note that the Entrepreneurship Development Institute (EDI), Ahmedabad has suggested an action plan for CIPET. The study contains short, medium and long term action plan for CIPET up to 2012. The Governing Council of the Institute has already constituted an Expert Committee to finalise a time table for implementing the action plan. The Committee recommend that an officer at the level of the Joint Secretary in the Department should be associated with the Expert Committee to facilitate smooth implementation of the action plan.

8. The Assam Gas Cracker Project was proposed in 1984 for utilisation of petroleum fractions of natural gas resources of the State, Assam Industrial Development Corporation (AIDC) was granted Letter of Intent (LOI) for setting up this project. M/s Reliance Assam Petrochemicals Limited (RAPL), a joint venture of Reliance Industries Limited and AIDC is implementing this project. 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 lakh both planned and non-planned has been made in the budget of 2003-04 which is equal to last year's budget provision. This Committee had been commenting upon the performance of the Department of Chemicals & Petrochemicals as facilitator of this project and making various recommendations with an objective to kickstart the execution of the project. The Committee, however, express their anguish over the fact that their efforts have not yielded any result. The Committee have been apprised that the issue regarding acquisition of land for the project is almost finalised and there is no problem in acquiring the land and handing it over to the project authorities at the shortest possible time. The promoters of the project are not interested in immediately taking over the land, since their first condition is finalisation of gas supply agreement. With the passage of time the price of gas has increased. In addition, the supply of LPG is also required to make up for the shortfall in the supply of gas. The agreement for supply of LPG for the project is now pending with IOCL. For supplying gas/LPG at the fixed rate of Rs. 600 / 1000 cubic metres for a period of 15 years, funds amounting to Rs. 6100 crore are needed as subsidy. The Committee take note of the deposition of the Secretary in the Department of Chemicals & Petrochemicals that his Department does not have budgetary provision of this amount and a way has to be found for meeting the shortfall that the oil and gas companies will face in terms of current prices of gas and the assurance that has been given originally. The Department has to go to the Ministry of Finance for providing additional funds for meeting out the charges on account of difference of rates between the current prices and the promised rates. The Secretary did not commit any time frame for resolving all these issues. The Committee, however, observe a positive factor that the promoters are still interested in execution of the project. They have requested for

extension of validity of Letter of Intent (LOI) up to 25th January, 2005. The Committee hope that the Government will fulfil their national commitment made to the people of North-East and take all necessary steps to execute the project at the earliest. The Committee find that more than one Ministry is now involved in the matter. The Committee, therefore, recommend that a Committee of Secretaries consisting of Secretaries of Department of Chemicals and Petrochemicals, Ministry of Petroleum & Natural Gas and Ministry of Finance be constituted under the Chairmanship of Cabinet Secretary. The Cabinet Secretariat should now be made the nodal agency for resolving all the outstanding issues including finalisation of gas supply agreement, making budgetary provisions for subsidy to oil companies, etc. The Standing Committee should be apprised of the decisions taken by the Committee of Secretaries.

9. The process of adjudication of claims for payment of compensation to the victims of Bhopal Gas Leak Disaster commenced in February, 1992. The compensation amount that has been deposited by the Union Carbide India Limited with Reserve Bank of India under the orders of the Supreme Court was transferred to the Welfare Commissioner for adjudicating the claims. The Committee note that as on 28th February, 2003, 183 original cases, 7475 appeals, 1196 revision petitions and 24 restored cases were pending in the office of the Welfare Commissioner. In addition 8865 applications were pending for scrutiny in the Court of Welfare Commissioner. The Committee further learn that a part of the appeals which would be decided by the Additional Welfare Commissioner are also likely to land in the Court of Welfare Commissioner for final decision. Thus more than 14000 cases will have to be decided at the level of the Welfare Commissioner. At this speed it would take 2 to 3 years to dispose off all the pending cases if a full time Welfare Commissioner is appointed. At present a sitting judge of Madhya Pradesh High Court has been appointed to hold the concurrent charge of the Office of the Welfare Commissioner, Bhopal Gas Victims. The Committee had earlier been making recommendations for speedy settlement of pending cases. The Committee desire the Government to make all necessary arrangements to strengthen the Office of the Welfare Commissioner to ensure that all the pending cases are disposed off speedily within one year.

10. The Committee note that the studies conducted by some of the NGOs show contamination of land and ground water with toxic wastes within and around Union Carbide Company area. The Committee were informed that the State Government was responsible to take remedial measures in the matter. While not disagreeing with this preposition the Committee desire that this problem should be looked from the human angle and the Central Government should extend all possible help including financial to remedy the position. The Committee note that the State Government had initiated a proposal that a sum of Rs. 50 crore be granted to them from the money deposited by the UCC with the Reserve Bank of India but the request could not be acceded to for the reason that according to the Supreme Court directions this money could be used only for paying compensation to Bhopal Gas Victims. The Committee recommend that the Central Government should reexamine the State

Government's request and seek Supreme Court's approval in utilising this amount on interim basis pending arrangement of finances needed for removing toxic wastes. Meanwhile the State Government should be asked to examine alternative proposals to arrange needed finances.

11. The Institute of Pesticides Formulation Technology (IPFT) is a non-profit making organisation registered under the Societies Registration Act. The Institute has a provision of Rs. 3.58 crore as Grants-in-Aid in the current financial year. This amount is intended to be spent on various activities of the Institute including capital fund of 2.12 crore. The Committee are happy to learn that IPFT was contemplating to set up a state of the art laboratory catering to analysis of chemical entities under the Organisation for the Prohibition of Chemical Weapons (OPCW) regime and also analysis in the field of drinking water. The Committee further learn that the pesticide industry can make use of various facilities available at the Institute including the utilisation of scale up facilities for trial manufacturing of products for export. The Committee recommend that the Institute at its own level should interact with the pesticides industry to acquaint them with the facilities available. By this not only will the facilities be fully utilised but the Institute can generate revenue also.

12. Chemical Weapons Convention is a universal non-discriminatory Multi-Lateral Disarmament Treaty which bans the development, production, acquisition, transfer, use and stockpile of all chemical weapons. CWC Act has been notified 28th August, 2000 whereas the rules under the Act are being framed. The Committee had recommended last year also that the rules under this Act be framed and notified at the earliest but no headway has been made. They reiterate their earlier recommendation that the rules under the Act be finalised and notified at the earliest. CWC conducts inspections as part of their convention. The Committee note that there is no provision in the convention for making public, the findings of the inspection. They appreciate this position but would recommend that to lend credibility to the functioning of the convention, the Government should explore the possibility of making public the findings of the inspections in the form of tabling a report or making a statement in the Parliament.

13. The Committee also learn that Indian Institute of Chemical Technology, Hyderabad is a laboratory under the Council of Scientific and Industrial Research. This has identified active components from the seed of custard apple that are effective in controlling pests and has developed and processed technology for their extraction. However, the Institute has not been able to put it to commercial use and is making efforts to find a client who can commercialise this technology. The Committee recommend that the Department of Chemicals & Petrochemicals should act as facilitator and extend all help to the Institute in this task.

14. A provision of Rs. 25 lakh as grant under the Pharmaceutical Research and Development Programme has been made this year. However, the Committee learn that the Department of Science & Technology has a dedicated programme for

promoting R&D in the drugs and pharmaceutical sector and an expert committee manages this programme. The Committee have a feeling that there is duplication of work between Department of Science & Technology and Department of Chemicals & Petrochemicals. They would like that the Pharmaceutical Research and Development Programme be transferred to Department of Science & Technology.

15. The Department of Chemicals & Petrochemicals undertakes various Pharmaceutical Export Promotion Schemes. For this, a sum of Rs. 3 lakhs has been provisioned in this year's budget. The Committee were informed that initiatives under this scheme include building up data base interaction with industry associations on export related issues, representations in inter-Government States, etc. An Export Promotion Cell functions in the Department and this Cell has contributed a lot in boosting the pharmaceutical export. The Export Promotion Cell collects the data from various sources and this data is made available to the industry associations, through the newsletter. Looking into various activities related with the pharmaceutical schemes and the activities of Export Promotion Cell, the Committee are of the opinion that a provision of Rs. 3 lakh is too meagre to accomplish the desired objectives of this scheme. The Committee, therefore, recommend that the Government should strengthen the Export Promotion Cell administratively and financially and also conduct an independent professional study to know the measures/schemes needed for export of pharmaceutical goods. The Government should then undertake various Export Promotion Schemes which may in reality help the pharma industry and the exporters.

16. The presence of spurious drugs in the market and even their export is a matter of concern for the Committee. The Committee were, however, apprised that the Department of Chemicals & Petrochemicals has a very limited role in this regard. The Drugs & Cosmetics Act which is administered by the Ministry of Health monitors the quality of the drugs for the domestic and export markets. The Committee would like that their anxiety be conveyed to the Ministry of Health with the recommendation that stringent measures are necessary to check this menace. In this direction, the Committee recommend that the relevant Act should be so amended that the defaulters are not only financially punished but they should be made to serve imprisonment also. The Committee would also like an institutional system to be developed to check the export of spurious drugs. This system can include specialised type of packing of a high category with exporter's hologram fixed on it. The Committee would like that the proposal be examined in detail.

17. The Committee note that National Institute of Pharmaceutical Education and Research (NIPER) is functioning as a mother institute to set standards of excellence for research and development in the field of pharmaceuticals. The Committee learn with satisfaction that the various activities covered during the 9th Plan for this Institute have been completed and during the 10th Plan period the Institute plans to further strengthen its capacities in the various areas. The Committee hope that the budgetary provision of Rs. 19.48 crore for 2003-04 will be utilised fully by the Institute and the Institute will also achieve its targets of internal

generation. The Department should extend all necessary help to make the Institute a model.

18. The Committee appreciate that the Institute has filed about 16 patents with the Patent Offices of different countries. The Department should extend all necessary help especially through our missions abroad to enable the Institute to have meaningful interaction with the patenting authorities and obtain the patents soon. After these patents have been awarded and licenced to the industry, part of the financial benefits accruing may also be made available to NIPER for furthering its activities.

19. The Committee note that the Government have announced a new pharmaceutical policy in February, 2002. Reportedly, the policy is aimed at facing new challenges on account of liberalisation, globalisation and new obligations undertaken by India under WTO Agreements. A public interest litigation in Karnataka High Court has resulted in an order dated 12th November, 2002 which has stopped the Government from implementing the price control regime of the pharmaceutical policy 2002. The Committee have also noted that the industry in general has expressed disappointment on the delay in implementation of price control regime of the new policy. The Committee infer from all these that the new policy needs some improvements to satisfy the industry in general. The Committee, therefore, would recommend the Government to have a relook at the new policy and endeavour to make it widely acceptable and free of legal lacunae.

20. The Committee note that the Government vide notification S.O. no. 134 (E) dated 2nd March, 1995 had exempted the small scale manufacturers from complying with the requirements under para 8 of Drug (Prices Control) Order, 1995 for scheduled formulations if there is no ceiling price applicable / fixed for such formulations. Such exemption is available to the SSI units subject to submission of a declaration to the Government stating the compliance of the Government stipulations in the notification. The Department has admitted that instances have been noticed where some organised sector units including multi-national companies to whom such exemption is not applicable are alleged to have floated their own outfits to circumvent price control. The Committee feel that there are loopholes in the ibid Government's notification. The Committee would like the Government to constitute a departmental study group to suggest amendments to the notification to plug such loopholes which enable the companies to circumvent price control.

21. The Committee learn that the Ministry of Commerce & Industry (Department of Industrial Policy and Promotion) has notified Draft Patent Rules on 20th September, 2002 and these rules have not been welcomed by the pharma industry. The objections relate to exclusive marketing rights, compulsory licensing and definition of the term public interest. The pharma industry has petitioned the Government to modify the patent rules. This Committee take note of such petitions and would urge the Department to liaise with the concerned Ministry / Departments and endeavour to remove the misgivings.

22. The Drug Prices Liability Review Committee was constituted on 21st March, 1994 initially for a period of 6 months but its tenure is being extended from time to time. The Department of Chemicals & Petrochemicals has made a provision of Rs. 48 lakhs this year for the functioning of this Committee. The Standing Committee on Petroleum & Chemicals after a review of DPLRC are constrained to observe that it has become almost a non-functional entity. This Committee note that the Department has referred 72 assessment cases involving an amount of Rs. 220 crores to DPLRC during 1994-97 and this Committee could furnish the recommendations in 50 cases only to the Department. Out of these 50 cases, some companies in 18 cases have approached the courts with a view to delaying the recovery. The earliest date of these 22 pending cases is 8th August, 1995. The Standing Committee while examining the Demands for Grants during last year had recommended that the relevant rules/regulations should be so amended that the litigants should be made to first deposit the entire amount in DPE Account before going in for appeal in the court of law. The Committee regret to observe that the Department has taken half-hearted measures to implement this recommendation. The Committee reiterate their earlier recommendation that the Government should amend the Act, relevant rules/regulations to make the litigant to pay full amount before filing an appeal in the court of law.

23. Hindustan Insecticides Limited is engaged in production of insecticides, agro-pesticides and eco-friendly bio-pesticides. The Company has been continuously incurring losses and its loss during the year 2001-02 was Rs. 15.41 crore as against Rs. 15.45 crore in the year 2000-01. The Company's plant which was earlier located in Delhi was shifted to Bhatinda as per the Supreme Court's order. This Bhatinda plant was to be commissioned as per original schedule by December, 2000 at a cost of Rs. 7.70 crore. Since this could not be completed in time, its cost has gone up and is now estimated to be around Rs. 10.70 crore. The Committee feel that the delay in completion of the project could be contained and the Company has failed in this respect. The reasons advanced by it for non-completion of the project in time are not convincing.

24. The Committee note that Hindustan Insecticides Limited is a potentially sick company as its net worth has eroded by more than 50%. Many of the employees of the company who had applied for VRS have been given their full terminal benefits. The Company is in the process of implementing a second VRS opened in November, 2002. With the depletion in the strength of employees, the Committee hope that the Company will make all out efforts to make a turn around.

25. HIL has a subsidiary company namely the Southern Pesticides Corporation Limited (SPEC). This Company has been closed and all the employees have been given Voluntary Separation Scheme. The Affairs of the Company had been handed over to the official liquidator in July, 2002. The Committee note that the terminal benefits in respect of all the employees of this Company except 4 have been released. The benefits in respect of these 4 employees have been withheld due to

administrative reasons. The official liquidator who has been appointed to wind up the company is in the process of winding up the same. The Committee desire that all the affairs of the company including payment of terminal benefits to the remaining 4 employees and winding up the company should be completed during this financial year.

26. Indian Drugs and Pharmaceuticals Limited was established in 1961 with the primary objective of creating self-sufficiency in essential life saving drugs and medicines. The company was declared sick by BIFR in August, 1992. As per an estimate the net worth of the company as on 31st March, 2002 was Rs. (-)1660.43 crore which is estimated to be around Rs. (-)1900 crore this year. This Committee in their previous reports had emphasised upon the Government the need to revive IDPL but it is regretted that instead of implementing the recommendations, the Government have left everything at the discretion of BIFR. The Committee have noted that the Government have informed BIFR that they intend to provide the following concessions / facilities for cleaning up of the balance sheet of the IDPL to facilitate its privatisation -

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

The Committee further note that out of total 6592 employees of the company, 6531 have opted for VRS introduced in IDPL. The Committee are of the opinion that the IDPL can be revived after providing the concessions as mentioned above and by cashing on company's various products which were both profit making and well established in the market. IDPL in the past has tremendously contributed in making family planning programme a continued success and controlling the plague. The Committee strongly recommend that after implementing the concessions / facilities for cleaning up of the balance sheet of IDPL, there is a vast scope for revival of IDPL. The Committee strongly recommend that the Government should strive to revive IDPL if not as a whole, on plant to plant basis i.e. on stand alone basis.

27. IDPL is a rich asset company and Government should consider parting with some assets of the plants through sales and investing the proceeds from it for revival of the respective plants.

28. The Committee also note that no salary/wages revision has taken place in IDPL since 1986. The Committee desire that the Government should revise the pay structure for all the employees.

29. The Committee also recommend that all the employees should be paid their salaries/wages regularly. The Committee note that an estimated Rs. 511 crore would be required for meeting the terminal dues. Out of this, Rs. 150 crore has

already been released in January, 2003 for this purpose. An additional Rs. 61 crore is expected to be released during March, 2003. After taking into account Rs. 211.22 crore provided in the budget in 2003-04, there would be a shortfall of about Rs. 90 crore in meeting the requirement projected by IDPL for VRS. The Committee recommend that the Government should make up the shortfall of Rs. 90 crore. The Committee would like to be assured that paucity of funds shall not be allowed to come in the way in paying full terminal benefits to such of the employees who are allowed to avail of VRS.

30. Smith Staninstreet Pharmaceuticals Limited has been declared a sick Company and BIFR has framed its opinion that it was just, equitable and in public interest that the company should be wound up. The Committee note that consequent upon this decision, the proposal of VSS in SSPL was initiated in June, 2002, and the same was sent for Cabinet approval in February, 2003. During evidence, Secretary in the Department apprised the Committee that the proposal has since been approved by the Cabinet. The Committee also learn that there are about 2 dozen employees in the Company who were appointed on compassionate grounds long time back besides some *badli workers.* The Committee recommend that in the event of winding up the Company the social and financial interests of these employees should also be secured along with those of the regular employees. The Committee would like to be assured that full terminal benefits including gratuity, etc. would be paid to the employees before they actually go for VSS.

31. Bengal Immunity Limited is a sick Company and BIFR has framed its prima facie opinion to wind up the same. The Committee have been apprised that the salary and wages of the employees of the company are being paid regularly and have been paid up to January, 2003. As in the case of SSPL, the Committee in this case would also like to be assured that employees are given their full terminal benefits before they actually go for VSS.

32. Hindustan Organic Chemicals Limited is engaged in production of phenol, Acetone, Nitrobenzene, Nitrotoluence, Chlorobenzenes and Nitro-Chlorobenzenes. The Company's loss in the previous year was Rs. 62.68 crore. The Committee note that the Company was being proposed for disinvestment and a financial structuring proposal with infusion of funds to the tune of Rs. 200 crore has also been approved for the Company as a part of the disinvestment process. The Committee do not understand the logic of financial restructuring when a decision has been taken to disvinvest the same. They would like the Government to have a relook at the restructuring proposal. At the same time, the Committee would like the evaluation of assets and liabilities of the Company be updated before actual disinvestment.

33. Bengal Chemicals & Pharmaceuticals Limited (BCPL) is engaged in the manufacture of wide range of industrial chemicals, sulphuric acid, ferric alum and a large number of drugs and pharmaceuticals besides cosmetics and home products. The Company was formally declared sick by BIFR on 14th January, 1993. The Company was offered a revival package in April, 1995 and since then is performing

well. The Company has revised the cost of its revival package from Rs. 47.65 crore to Rs. 70.08 crore. The Committee find that the Company has not been able to match its sales with production. The Committee would like the Company to strengthen its marketing network and see that its entire production is sold in the market. They would also urge the Government to ensure that the funds needed for the revival package are made available timely to the Company.

34. Hindustan Anti-biotics Limited which was once a premier company has been incurring losses since 1993-94. The Company has been declared sick on 31st March, 1997. The Committee note that Government have almost taken a decision to privatise it. However, a budgetary support of Rs. 15 crore has also been provisioned for this company during the 10th Plan. A loan of Rs. 3 core has been earmarked during the current financial year. As in the case of HOCL, in this case also the Committee do not understand the logic of making planned outlay when a decision has already been taken to privatise it. The Committee would like the Government to have a relook at this decision also. In the case of employees who are on the rolls of the company, the Committee would strongly desire that they are paid their salaries and wages regularly.

35. Petrofils Cooperative Limited has been decided to be wound up. The Committee note that a liquidator has already been appointed on 11th April, 2002 to complete the process of winding up. It is also noticed that the liquidation process is under litigation. The debt recovery tribunal has issued stay orders. The Committee feel that the litigation, delays winding up process unnecessarily. The Committee would urge the Department to extend all help to the liquidator to see that litigation is avoided.

36. The Committee note that after the proposals contained in this year's budget some sections of the chemical sector have sought changes in the basic customs duty. The Committee hope that the Department after examination of the representations in such matters would make appropriate recommendations to the Finance Minister.

MULAYAM SINGH YADAV
Chairman
Standing Committee on Petroleum & Chemicals

NEW DELHI
April 7, 2003
Chaitra 17, 1925 (Saka)

APPENDIX-I

Statement showing Item-wise Actual expenditure for the year 2001-2002, Budget Estimates & Revised Estimates for 2002-2003 & Budget Estimates for 2003-2004.

(Rs. in crores)

Sl. No	Major Heads	Heads No.	2001-2002 Actuals			2002-2003 Budget Estimates			2002-2003 Revised Estimates			2003-2004 Budget Estimates		
			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	0.06	5.02	5.08	0.03	5.31	5.34	0.03	5.31	5.34	0.43	5.66	6.09
INDUSTRIES Petro-chemicals Industries														
2	Central Institute of Plastics Engg. & Technology (CIPET)	2852	4.30	3.38	7.68	5.00	3.38	8.38	3.00	3.38	6.38	10.00	3.38	13.38
3	Subsidy to Assam Gas Cracker Project	2852	-	-	-	0.01	0.01	0.02	0.01	0.01	0.02	0.01	0.01	0.02
Chemicals & Pharmaceutical Industries														
4	Bhopal Gas Leak Disaster	2852	-	6.92	6.92	-	7.00	7.00	-	5.18	5.18	-	4.45	4.45
5	Grant to Institute of Pesticides Formulation Technology (IPFT)	2852	1.16	-	1.16	3.50	-	3.50	2.36	-	2.36	3.58	-	3.58
6	National Institute of Pharmaceuticals Education & Research (NIPER)	2852	16.10	-	16.10	15.07	3.44	18.51	15.07	3.44	18.51	12.00	7.42	19.42
7	Chemicals Weapons Convention (CWC)	2852	-	-	-	0.05	0.03	0.08	0.05	0.03	0.08	0.05	0.03	0.08
8	National Pharmaceutical Pricing Authority (NPPA)	2852	-	2.69	2.69	-	2.90	2.90	-	2.72	2.72	-	3.15	3.15
9	Pharmaceutical Export Promotion Scheme (PEPS)	2852	-	0.02	0.02	-	0.03	0.03	-	0.03	0.03	-	0.03	0.03
10	Pharmaceuticals Research & Dev. Programme (PRDP)	2852	0.14	-	0.14	0.25	-	0.25	0.25	-	0.25	0.25	-	0.25
11	Chemical Promotion & Dev. Scheme (CPDS)	2852	0.09	-	0.09	0.40	-	0.40	0.40	-	0.40	2.40	-	2.40
12	N.E.Region	2552	-	-	-	5.50	-	5.50	5.50	-	5.50	5.50	-	5.50
Revenue			**21.85**	**18.03**	**39.88**	**29.81**	**22.10**	**51.91**	**26.67**	**20.10**	**46.77**	**34.22**	**24.13**	**58.35**
14	**Non Plan Loans to Public Enterprises**													
14.01	Smith Stainistreet Pharmaceuticals Ltd. (SSPL)	6857	0.00	6.92	6.92	0.01	3.20	3.21	0.01	3.20	3.21	0.01	1.92	1.93
14.02	Bengal Chemicals & Pharmaceuticals Ltd. (BCPL)	6857	0.00	0.00	0.00	5.00	0.00	5.00	5.00	0.00	5.00	5.00	0.01	5.01
14.03	Bengal Immunity Ltd. (BIL)	6857	0.00	22.29	22.29	0.01	5.70	5.71	0.01	5.70	5.71	0.01	3.42	3.43
14.04	Indian Drugs & Pharmaceuticals Ltd (IDPL)	6857	0.00	109.92	109.92	0.01	52.00	52.01	7.01	263.00	270.01	0.01	211.22	211.23
14.05	Petrofils Co-operative Ltd.(PCL)	6856	0.00	0.71	0.71	0.00	2.00	2.00	0.00	1.00	1.00	0.00	0.50	0.50
14.06	Hindustan Organics & Chemicals Ltd. (HOCL)	6857	5.00	1.16	6.16	9.10	0.00	9.10	9.10	0.00	9.10	7.75	0.00	7.75
14.07	Hindustan Antibiotics Ltd. (HAL)	6857	2.00	0.94	2.94	3.00	0.00	3.00	2.00	0.00	2.00	3.00	0.00	3.00
14.08	Hindustan Insecticides Ltd. (HIL)	6857	2.00	24.00	26.00	8.06	0.00	8.06	5.20	0.00	5.20	5.00	13.00	18.00
		Total	**9.00**	**165.94**	**174.94**	**25.19**	**62.90**	**88.09**	**28.33**	**272.90**	**301.23**	**20.78**	**230.07**	**250.85**
15	Investment in Public Enterprises	4857	2.00	0.00	2.00	4.03	-	4.03	2.60	-	2.60	2.53	-	2.53
		6856	-	0.71	0.71	-	2.00	2.00	-	1.00	1.00	-	0.50	0.50
		6857	7.00	165.23	172.23	21.16	60.90	82.06	18.73	271.90	290.63	18.25	229.57	247.82
Total			**9.00**	**165.94**	**174.94**	**25.19**	**62.90**	**88.09**	**21.33**	**272.90**	**294.23**	**20.78**	**230.07**	**250.85**
Grand Total			**30.85**	**183.97**	**214.82**	**55.00**	**85.00**	**140.00**	**55.00**	**293.00**	**348.00**	**55.00**	**254.20**	**309.20**

APPENDIX II

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS

FOURTH SITTING
(26.3.03)

The Committee sat from 1530 hrs. to 1630 hrs.

PRESENT

Dr. Girija Vyas in the Chair.

MEMBERS

LOK SABHA

2. Dr. (Smt.) Suguna Kumari Chellamella
3. Shri Padam Sen Choudhary
4. Shri Khagen Das
5. Shri Harpal Singh Sathi
6. Smt. Sheela Gautam
7. Shri Paban Singh Ghatowar
8. Shri Bijoy Handique
9. Shri Ashok N. Mohol
10. Dr. Debendra Pradhan
11. Shri Mohan Rawale
12. Dr. Bikram Sarkar
13. Dr.(Smt.) V. Saroja
14. Shri Shankersinh Vaghela

15. Shri A.K.S. Vijayan

RAJYA SABHA

16. Shri Balkavi Bairagi

17. Shri Rajiv Ranjan Singh `Lalan’

18. Shri Dipankar Mukherjee

19. Shri Ahmed Patel

SECRETARIAT

1. Shri P.K. Grover	-	Director
2. Shri R.K. Saxena	-	Under Secretary
3. Shri J.N. Oberoi	-	Officer on Special Duty

REPRESENTATIVES OF DEPTT. OF CHEMICALS & PETROCHEMICALS

1. Shri Vinay Kohli, Secretary, (C&PC)
2. Shri Arun Kshetrapal, Chairman, National Pharmaceutical Pricing Authority (NPPA)
3. Shri Vijay Singh, AS&FA
4. Shri Ashok Chawla, JS(AC)
5. Shri Sharad Gupta, JS(SG)
6. Shri Ramesh Inder Singh, JS(RS)
7. Shri Pradip Mehra, MS, National Pharmaceutical Pricing Authority (NPPA)

REPRESENTATIVES OF PUBLIC SECTOR UNDERTAKINGS/ INSTITUTIONS

1. Shri Rajendra Mohan, CMD, Hindustan Insecticides Ltd. (HIL)

2. Shri C.L. Kaul, Director, National Institute of Pharmaceuticals Education and Research (NIPER)

In the absence of Chairman, the Committee chose Dr. Girija Vyas to act as Chairman for the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

At the outset, Hon'ble Chairperson welcomed the Members, officers of Deptt. of Chemicals and Petrochemicals and representatives of public sector undertakings/ institutions.

2. The Committee took oral evidence of the representatives of the Ministry of Chemicals and Fertilisers, Deptt. of Chemicals and Petrochemicals in connection with examination of Demands for Grants for the year 2003-04.

3. During the course of evidence, the main issues which came up for discussion included non-utilisation of Ninth Plan funds, lesser allocation of funds for Tenth Five Year Plan, revival of IDPL, finalisation of gas supply agreement for Assam Gas Cracker Project , Settlement of claims of victims of Bhopal Gas Leak Disaster, Export of spurious drugs, measures needed to check production of spurious drugs, New Pharmaceuticals policy, 2003, Winding up of BIL, SSPL and Voluntary Separation Scheme(VSS) in both companies, Liquidation process, and winding up of PCL.

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

The Committee then adjourned.

APPENDIX-III

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2003)

FIFTH SITTING (04.04.2003)

The Committee sat from 1200 hrs. to 1300 hrs.

Present

Shri Mulayam Singh Yadav - Chairman

Members

Lok Sabha

2. Shri Ashok Argal
3. Dr. (Smt.) Suguna Kumari Chellamella
4. Shri Padam Sen Choudhry
5. Shri Khagen Das
6. Shri Harpal Singh Sathi
7. Smt. Sheela Gautam
8. Shri Shriprakash Jaiswal
9. Shri Jagannath Mallick
10. Shri Ashok N. Mohol
11. Dr. Debendra Pradhan
12. Shri Ram Sajivan
13. Dr. Bikram Sarkar
14. Dr. (Smt.) V. Saroja
15. Dr. Ramesh Chand Tomar
16. Shri Prabhunath Singh
17. Dr. Ram Lakhan Singh
18. Shri Ratilal Kalidas Varma
19. Shri A.K.S. Vijayan

Rajya Sabha

20. Shri Ram Nath Kovind
21. Shri Dipankar Mukherjee
22. Shri V.V. Raghavan
23. Ms. Mabel Rebello
24. Prof. Ram Gopal Yadav

Secretariat

1. Shri P.D.T. Achary - *Additional Secretary*
2. Shri P.K. Grover - *Director*
3. Shri R.K. Saxena - *Under Secretary*
4. Shri J.N. Oberoi - *Officer on Special Duty*
5. Dr. Ram Raj Rai - *Assistant Director*
6. Shri A.K. Shah - Assistant Director

2. At the outset Hon'ble Chairman welcomed the Members and appreciated them for making suggestions and contribution in examination of Demands for Grants for the Ministries attached with this Committee.

3. The Committee then considered the following Draft Reports:-

(i) ** ** ** ** ** ** ** ** ** ** **

(ii) Fortieth Report on Demands for Grants of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for the year 2003-04; and

(iii) ** ** ** ** ** ** ** ** ** ** **

4. Some of the Members suggested minor changes in the draft Reports, which were accepted and incorporated.

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

6. 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 this Report.***