

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:1233
ANSWERED ON:03.03.2015
REVIVAL OR PHARMACEUTICAL UNITS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is a fact that the State-owned drugs manufacturing companies are running under losses;
- (b) if so, the details thereof and the reasons therefor, company-wise;
- (c) the details of closed/sick units/plants of Public Sector Units (PSUs) and other manufacturing pharmaceutical companies in the country and the reasons therefor along with the steps taken/being taken to revive them, units/plant-wise;
- (d) the details of assistance granted by the Government for the operation of the said units/plants of the PSUs and other companies during each of the last three years and the current year, unit/plant-wise; and
- (e) The number of said units likely to be contributed for the pharmaceutical production and extent to which it would help in making medicines available to the common man in the country at cheaper rates?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a) to (c) Out of five Pharma CPSEs under the Department of Pharmaceuticals, three companies viz. Hindustan Antibiotics Limited (HAL), Bengal Chemicals & Pharmaceuticals Limited (BCPL) and Indian Drugs and Pharmaceuticals Limited (IDPL) are sick units under Board for Industrial and Financial Reconstruction (BIFR) and are running under losses for several years. Rajasthan Drugs and Pharmaceuticals Limited (RDPL) has for the first time registered losses in 2013-14. The Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) is running profitably, The revival status of the three sick and BIFR referred Pharmaceuticals CPSEs is given as under- Bengal Chemicals and Pharmaceuticals Limited (BCPL), Kolkata.

Government approved Rehabilitation Scheme for revival of BCPL on 21.12.2006. The rehabilitation scheme, inter alia, involved the following:

- (i) Cash infusion of Rs. 207.19 crore (Out of Rs. 207.19 crore, Rs. 145.00 crore was meant for upgradation and modernization of manufacturing facilities conforming to WHO-GMP standards)
- (ii) Write off of loans and waiver of interest thereon of Rs. 233.41 crores by Government of India,

Parliament has approved waiving off of GO1 loans & interest of Rs. 233.41 crores and a cash infusion of Rs. 207.19 crore approved by the Government has been released. The company has appointed Consultant for undertaking the work of upgradation & modernization of plant & machinery including compliance with Schedule 'M' WHO GMP standard.

Hindustan Antibiotics Limited (HAL), Pune.

Government approved the Rehabilitation Scheme of HAL on 9th March 2006 which inter alia involves Cash Infusion of Rs. 137.59 crore and waiver of past loans and interests thereupon to the extent of Rs. 259.43 crore (as on 31.3.2005). However, due to various reasons, the first Rehabilitation Plan of HAL was not successful. As the HAL is still incurring losses, a 2nd Rehabilitation Plan of HAL is under consideration of this Department. Accordingly a Modified Draft Revival Scheme (MDRS) was made in February 2014 which was filed by tDBI (the operating agency - appointed by BIFR) before the BIFR on 18-2-2014. However, BIFR on 7.07.2014 rejected the MDRS pointing out certain deficiencies. IDBI Bank (the Operating Agency) has submitted the Modified Draft Rehabilitation Scheme (MDRS) in February, 2015 again and the same is being processed.

Indian Drugs & Pharmaceuticals Limited (IDPL).

A Draft Rehabilitation Scheme (DRS) for revival of Indian Drugs & Pharmaceuticals Limited (IDPL) was considered by Board for Reconstruction of Public Sector Enterprises (BRPSE) in its meeting held on 9.3.2007 and recommended for approval. The scheme was placed before the Cabinet for approval. Cabinet considered the proposal in its meeting held on 17.5.2007 and referred it to Group of Ministers (GoM) for consideration at the first instance.

The first meeting of the GoM was held on 11.10.2007. Based on the recommendation of GoM and Draft scheme prepared earlier, a Pre-feasibility Report was prepared by an expert agency, Ernst & Young.

The revival scheme of the company is under the consideration of Government of India. Board for Industrial & Financial Reconstruction (BIFR) has raised certain observations in March, 2014 on the DRS submitted by Industrial Development Bank of India (IDBI), the Operating Agency, appointed by BIFR. IDBI Bank (the Operating Agency) has submitted the Modified Draft Rehabilitation Scheme (MDRS) in February, 2015 and the same is being processed.

(d) Details of assistance granted by govt. to IDPL, BCPL and HAL during last 3 years is given below:

S1. Public Sector Details of Assistance

No. Undertaking

1. HAL Rs. Nil in 2011-12

Rs. NIL in 2012-13

Rs.6.20 Crore in 2013-14 - for `Utility set up for formulation`

Rs.2.21 crore in 2014-15 - for `Utility set up for formulation`

Rs.6.00 crores in 2014-15 for `Upgradation of Agro Chem. Facilities`

Rs.6.28 crores in 2014-15 for `Upgradation of existing IV fluid Plant to make it WHO-Compliant.

2. IDPL Rs. 4.61 crore in 2011-12- Schedule M compliance in ODCL, Chennai, Rishikesh & Gurgaon Plants.

Rs. 5.00 crores in 2012-13 for restarting production in IDPL, Hyderabad.

Rs. 3.02 in 2013-14 for Schedule M compliance in ODCL.

Rs.5.00 crore in 2014-15 for restarting production in IDPL Hyderabad.

3. BCPL Rs. 60.00 Lakh in 2011-12 for Capital Restructuring as envisaged in the Revival Scheme of the Company.

Nil in 2012-13

Nil in 2013-14

Nil in 2014-15 (till date)

(e) All the PSUs are producing medicines though the level of production varies, depending on their financial health & availability of working capital.