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**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2006-07)**

FOURTEENTH LOK SABHA

**MINISTRY OF CHEMICALS & FERTILIZERS
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

**DEMANDS FOR GRANTS
(2007-2008)**

SIXTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2007/Chaitra, 1929 (Saka)

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(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

DEMANDS FOR GRANTS

(2007-2008)

Presented to Lok Sabha on 26.04.2007

Laid in Rajya Sabha on 26.04.2007

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2007/Chaitra, 1929 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2006-07)**

Shri Anant Gangaram Geete - Chairman

***Members
Lok Sabha***

2. Shri Ajit Singh
3. Shri Suresh Angadi
4. Shri Afzal Ansari
5. Shri Jaiprakash (Mohanlal Ganj)
6. Shri Sunil Khan
- *7. Shri Shrichand Kripalani
8. Shri Subhash Maharia
9. Shri Punnu Lal Mohale
- §10. Shri A. Narendra
11. Shri Prasanta Pradhan
- #12. Shri Ramswaroop Prasad
13. Shri P. Chalapathi Rao
14. Shri Ashok Kumar Rawat
15. Shri Anantha Venkata Rami Reddy
16. Shri Narsingrao H. Suryawanshi
17. Shri Mansukhbhai Dhanjibhai Vasava
18. Shri D. Venugopal
19. Shri Bhanu Pratap Singh Verma
- +20. Vacant
21. Vacant

Rajya Sabha

22. Shri Devdas Apte
23. Shri B.S. Gnanadesikan
24. Shri Gireesh Kumar Sanghi
25. Shri V. Hanumantha Rao
- @26. Shri Mahendra Sahni
27. Shri Dilip Singh Judev
28. Shri R. Shunmugasundaram
29. Shri Raj Mohinder Singh Majitha
30. Shri T.R. Zeliang
31. Vacant

Secretariat

1. Shri M. Rajagopalan Nair - *Additional Secretary*
2. Shri A.K. Singh - *Joint Secretary*
3. Shri A.S. Chera - *Director*
4. Shri A.K. Srivastava - *Deputy Secretary-II*
5. Shri Prem Ranjan - *Senior Executive Assistant*

* Nominated w.e.f. 31.08.2006.

§ Nominated w.e.f. 25.09.2006

@ Nominated w.e.f. 04.10.2006

Nominated w.e.f. 08.12.2006

+ Consequent upon nomination to the Committee on Transport, Tourism and Culture, Shri Prahlad Joshi, MP (LS) ceased to be Member of the Committee w.e.f. 20.03.2007

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2006-07) having been authorised by the Committee to submit the Report on their behalf present this Sixteenth Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2007-08.

2. The Committee examined the Demands for Grants pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2007-08 which were laid on the Table of the House on 19th March, 2007.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) at their sitting held on 28th March, 2007.

4. The Committee considered and adopted the Report at their sitting held on 17th April, 2007.

5. The Committee express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and 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 2007-08 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 17, 2007
Chaitra 27, 1929 (Saka)

ANANT GANGARAM GEETE
Chairman,
Standing Committee on
Chemicals & Fertilizers.

ACRONYMS

AAIFR	Appellate Authority for Industrial and Financial Reconstruction
ACC	Appointment Committee of Cabinet
AGCP	Assam Gas Cracker Project
AIDC	Assam Industrial Development Corporation
AMR	Addition, Modification and Replacement
ARV	Anti Retro Virus
BCPL	Bengal Chemicals and Pharmaceuticals Limited
BE	Budget Estimates
BIFR	Board for Industrial and Financial Reconstruction
BIL	Bengal Immunity Limited
BOT	Build, Operate and Transfer
BRPSE	Board for Reconstruction of Public Sector Enterprises
C&F&S	Chemicals, Fertilizers and Steel
CCEA	Cabinet Committee on Economic Affairs
CIPET	Central Institute of Plastic Engineering and Technology
CPDS	Chemicals Promotion and Development Scheme
CPSE	Central Public Sector Enterprises
CWC	Chemical Weapons Convention
DA	Dearness Allowance
DBS	Domestic Budget Support
DDPB	Drug Development Promotion Board
DFG	Demands for Grants
DOC&PC	Department of Chemicals and Petrochemicals
DONER	Development of North-Eastern Region
DPCO	Drugs (Price Control) Order
DPRP	Drugs and Pharmaceuticals Research Programme
EIA	Environmental Impact Assessment
ERC	Expenditure Reforms Commission
FICCI	Federation of Indian Chamber of Commerce and Industry
FY	Financial Year

GAIL	Gas Authority of India Limited
GBS	General Budgetary Support
GOI	Government of India
HAL	Hindustan Antibiotics Limited
HIL	Hindustan Insecticides Limited
HOCL	Hindustan Organic Chemicals Limited
IDBI	Industrial Development Bank of India
IDPL	Indian Drugs and Pharmaceuticals Limited
IEBR	Internal and Extra Budgetary Resources
IICT	Indian Institute of Chemical Technology
IPFT	Institute of Pesticides Formulation Technology
JVC	Joint Venture Company
KAPL	Karnataka Antibiotics and Pharmaceuticals Limited
LTC	Leave Travel Concession
MAI	Market Access Initiative
MDA	Market Development Assistance
MIC	Methyl Iso-Cyanate
MOP&NG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Understanding
MRP	Maximum Retail Price
NACO	National AIDS Control Organization
NDC	National Development Council
NEERI	National Environmental Engineering Research Institute
NGO	Non-Governmental Organization
NIPER	National Institute of Pharmaceuticals Education and Research
NMEP	National Malaria Eradication Programme
NPC	National Productivity Council
NPPA	National Pharmaceutical Pricing Authority
NRL	Numarligarh Refinery Limited
OAE	Other Administrative Expenses
ODCL	Orissa Drugs and Chemicals Limited
OIL	Oil India Limited

OPCW	Organization of Prohibition of Chemical Weapons
PCL	Petrofils Cooperative Limited
PCPIR	Petroleum, Chemicals and Petrochemicals Investment Regions
PEPC	Pharma Export Promotion Cell
PEPS	Pharmaceutical Export Promotion Scheme
PHARMEXCIL	Pharmaceutical Export Promotion Council
PMO	Prime Minister's Office
PPP	Purchase Preference Policy
PPP	Public Private Partnership
PRDP	Pharmaceutical Research and Development Programme
PRDSF	Pharmaceutical Research and Development Support Fund
PSU	Public Sector Undertakings
PTFE	Poly Tetra Fluoro Ethylene
R&D	Research and Development
RAPL	Reliance Assam Petrochemicals Limited
RDPL	Rajasthan Drugs and Pharmaceuticals Limited
RDPL	Rajasthan Drugs and Pharmaceuticals Limited
RE	Revised Estimates
RENAPAP	Regional Network of Pesticides for Asia and the Pacific
SLF	Secured Land Fill
SLF	Secured Land Fill
SSPL	Smith Stanistreet Pharmaceutical Limited
TOR	Terms of Reference
TSDF	Transportation, Storage, Disposal Facility
UCIL	Union Carbide India Limited
WHO	World Health Organization

REPORT

INTRODUCTORY

The Department of Chemicals & Petrochemicals in the Ministry of Chemicals & Fertilizers are entrusted with the responsibilities of planning, development and regulation of the chemicals, petro-chemicals and pharmaceutical industry sectors. The following Public Sector Undertakings/Institutions/ Organizations are within the administrative control of the Department:-

Public Sector Undertakings:

- (i) Hindustan Organic Chemicals Limited (HOCL)
- (ii) Hindustan Insecticides Limited (HIL)
- (iii) Indian Drugs & Pharmaceuticals Limited (IDPL)
- (iv) Hindustan Antibiotics Limited (HAL)
- (v) Smith Stanistreet Pharmaceuticals Limited (SSPL)
- (vi) Bengal Chemicals & Pharmaceuticals Limited (BCPL)
- (vii) Bengal Immunity Limited (BIL)

Autonomous Organizations:

- (i) Central Institute of Plastic Engineering & Technology (CIPET)
- (ii) National Institute of Pharmaceuticals Education & Research (NIPER)
- (iii) Institute of Pesticides Formulation Technology (IPFT)

2. The Department is also having an attached office viz. National Pharmaceutical Pricing Authority (NPPA) headed by a Secretary level Officer as Chairman. NPPA deals with pricing and monitoring of bulk drugs and formulations as per the provisions of DPCO'95 enacted under Drugs and Cosmetics Act, 1940.

I. **Implementation Status of Recommendations contained in the Eleventh Report of the Committee on Demands for Grants of the Department of Chemicals and Petrochemicals (2006-07)**

3. The Standing Committee on Chemicals and Fertilizers presented their Eleventh Report on Demands for Grants (DFG) relating to the Department of Chemicals and Petrochemicals (DOC&PC) for the year 2006-07 on 19th May, 2006. The Fourteenth Action Taken Report on Action Taken by the Government on the recommendations contained in the eleventh Report on DFG (2006-07) was presented to Lok Sabha on 12th December, 2006. Out of 21 recommendations, 15 recommendations (Recommendations at Sl. Nos. 2,3,4,5,6,7,9,11,12,13,15,17,18,19 and 20) were accepted by the Government. The reply of the Government in respect of recommendation at Sl. No.16 was not accepted by the Committee. The Committee reiterated this recommendation in their fourteenth Report. The replies of DOC&PC were of interim nature in respect of 5 recommendations at Sl. Nos. 1, 8, 10, 14 and 21. Besides, the Committee had given their comments on recommendations at Sl. Nos.1,6,7,8,10,12,16,17,18,19,20 and 21. Subsequently, the Minister of State in the Ministry of Chemicals and Fertilizers made a statement in Lok Sabha on 18th December, 2006 regarding the status of implementation of the recommendations contained in the Eleventh Report of the Committee on Demands for Grants (2006-07) under direction 73 A of the directions by the Speaker, Lok Sabha. The information made available to the Committee in regard to implementation of recommendations of the Committee made in their Report has been summarized as follows:-

A. Gist of recommendations which were accepted by the Government

Recc. Sl. No.	Recommendation in brief	Implementation by Government
2.	Requirement of funds at supplementary stage, if any, for the plan projects	The Department of Chemicals & Petrochemicals has given details about the allocation.
3.	Measures to remove shortcomings in the plan performance of PSUs	The Department of Chemicals & Petrochemicals has stated that the observation of the Committee has been noted for compliance in respect of PSUs under the control of this Department.
4.	Implementation of the provision of new schemes under Secretariat Economic Services head in a time bound manner.	The Department of Chemicals & Petrochemicals has stated that the budget allotted for implementation of Information & Technology (IT) Plan of the Department will be utilized by the end of the financial year. Further it has stated that a token provision of Rs.1.00 crore has been made for technological upgradation/ modernization of the manufacturing facilities of the Karnataka Antibiotics & Pharmaceuticals Limited (KAPL) and for undertaking modernization/ expansion of capacity of the Rajasthan Drugs & Pharmaceuticals Limited (RDPL) plant and also to obtain WHO-GMP certification which are under consideration of the Department.
5.	Establishment of three new CIPET centres.	The Minister has stated that the Government is making all efforts to ensure that new centres of CIPET at Panipat, Jaipur and Aurangabad are fully set up by March, 2009. An amount of Rs.16.50 crore has been released upto 31.10.2006 for this purpose.
6.	Pro-rata compensation to victims of Bhopal Gas Leak Disaster	The Minister has stated that the process of distribution of pro-rata compensation to Bhopal Gas victims is still going on. As on 10.11.2006, a sum of Rs.1494.65 crore has been disbursed among 5,58, 072 claimants.

Recc. Sl. No.	Recommendation in brief	Implementation by Government
7.	Removal of Toxic wastes from Union Carbide Plant site at Bhopal	The Department of Chemicals & Petrochemicals has stated that the Madhya Pradesh Pollution Control Board has prepared a plan consisting of two phases for the removal of stored hazardous/ toxic wastes. The first phase which included collection of soil, water and residue samples and analysis of samples has been completed. Under the Phase-II, activities comprising identification of Secured Land Fill (SLF) site, selection of the expert consultant/ agency, rapid Environment Impact Analysis (EIA) study and a public hearing, construction of the SLF, initiation of monitoring in peizometric holes and capping of the SLF would start shortly. The Department further stated that the reports of the NEERI and IICT on the samples taken to assess the level of toxicity in the toxic wastes have been received and the Technical Sub-Committee of the Task Force would meet shortly to discuss these reports and give a clear recommendation.
9.	Full utilization of funds for IPFT	The Minister has stated that IPFT has already initiated necessary action for filling up of various posts and the whole process of recruitment is expected to be completed by 31 st December, 2006.
11.	Substantial increase in the non-plan budget of PEPS	The Department of Chemicals & Petrochemicals has stated that the recommendation of the Committee has been noted and the matter will again be taken up for increase in Revised Estimates.
12.	Health Insurance Scheme for the poor and lower middle class people	The Department of Chemicals & Petrochemicals has stated that 'Health Insurance Scheme' has been transferred to the Ministry of Health & Family Welfare and the issue of 'Rajasthan Model of Medicare Relief Societies' has been considered and include in the Draft Cabinet Note on National Pharmaceutical Policy-2006.

Recc. Si. No.	Recommendation in brief	Implementation by Government
13.	Expeditious Finalisation of the New Schemes of the Department	The Minister has stated that the Cabinet has approved the Note of this Department on Purchase Preference Policy (PPP) for products of Pharma Central Public Sector Enterprises (CPSEs) and their subsidiaries. The decision will help Government Institutions in making available quality drugs to the beneficiaries under various Health Schemes. It will also help in optimum utilization of assets of PSUs created with public funds.
15	Funds for NE Region to be utilized during the financial year and transferred to the non-lapsable pool in rare cases	The Department of Chemicals & Petrochemicals has stated that a proposal for setting up of a Plastic Waste Management Centre in North-Eastern Region by CIPET has been sent for approval of the Government of Assam and Ministry of Development of North-Eastern Region (DONER) for recommending to the Planning Commission. Further, the Department has stated that with approval of the Assam Gas Cracker Project, the 10% funds earmarked for North-Eastern Region shall not be required to be surrendered to the non-lapsable pool in future.
17	Implementation of rehabilitation schemes of HOCL/ HAL	The Minister has stated that rehabilitation of Hindustan Antibiotics Limited (HAL) is in process and based on the recommendation of the Cabinet, a sum of Rs.123.69 crore through 1 st Supplementary Demands for Grants (2006-07) has been released in favour of the company. In the rehabilitation of HOCL, a sum of Rs.250.00 crore has been released towards redeemable non-cumulative preference shares of the company.
18.	Implementation of rehabilitation scheme of HIL	The Department of Chemicals & Petrochemicals has stated that the revival proposal in respect of HIL has been approved by the CCEA in its meeting held on 27.7.2006. The revival proposal is under implementation.

Recc. Si. No.	Recommendation in brief	Implementation by Government
19.	Revival of IDPL/ HIL in a time bound manner	The Minister has stated that IDPL is expected to submit its rehabilitation scheme soon and on receipt, it would be examined on priority. In case of HIL, the revival proposal is being implemented.
20.	Revival of BCPL	The Department of Chemicals & Petrochemicals has stated that Board for Reconstruction of Public Sector Enterprises (BRPSE) approved the modified Rehabilitation Scheme on 25.8.2006. Draft note for the CCEA has since been sent to Ministries/ Departments for eliciting their comments/ views on the proposal. The Minister has stated that the scheme will be placed before the CCEA for its approval.

B. Gist of recommendation in respect of which reply of the Government has not been accepted by the Committee.

Recc. Si. No.	Recommendation in brief	Implementation by Government
16.	Proper analysis/ evaluation of projects to avoid loss of exchequer.	The company had decided to set up a tank farm at JNPT Terminal as a part of diversification strategy following Government initiatives towards liberalization of the economy. It was expected that liberalization would open up vast potential for the import/ export activities. By the time the project was under implementation, the economic scenario with respect to import/ export became unstable. This was mainly because of the cheaper imports and adverse value addition in exports. It is a well known fact that during the period 1994 till 1998 the performance of chemical industry as a whole suffered a set back. This was true for HOCL also. During 2005-06, HOCL got techno commercial assessment of JNPT project made by M/s Dalal Mott Mac Donalds. Based on their recommendations the company is considering reviving the JNPT project again by handing over the facilities to a strategic partner on BOT basis. The Board of Directors in the 302 nd meeting dated 26.5.2006 approved the appointment of M/s SBI Capital Markets Limited for the bid process management for transferring the HOCL's JNPT facilities to a strategic partner on BOT basis.

C. Gist of recommendations for which replies of the Government were of interim nature

Recc. Sl. No.	Recommendation in brief	Implementation by Government
1	Implementation of the partially implemented/not implemented Recommendations in the 5 th Report on Demands for Grants (2005-06).	The Minister has stated that the partially implemented/not implemented recommendations of the Standing Committee contained in the 5 th Report on Demands for Grants (2005-06) of Department of Chemicals and Petrochemicals have been re-examined.
8	Early commissioning of Assam Gas Cracker Project.	The Minister has stated that the Department of Chemicals and Petrochemicals has constituted a Monitoring Committee for early implementation of the project. The Monitoring Committee has taken several meetings to review the implementation of Assam Gas Cracker Project.
10	NIPER to complete its programmes/projects in a time bound manner for proper utilization of funds.	The Department of Chemicals and Petrochemicals has stated that against a plan budget of Rs. 18.00 crore, a sum of Rs. 4.93 crore has been released for which the activities have already been initiated by NIPER. On release of balance amount, for which the approval of Planning Commission is awaited, the targets of the NIPER will be achieved accordingly.
14	Speedy computing of the liabilities of the companies regarding recovery of overcharged amount.	The Department of Chemicals and Petrochemicals has stated that vigorous efforts are being made for the vacation of the interim Stay Orders granted by Hon'ble Bombay High Court.
21	Revival of PSUs under the Department of Chemicals and Petrochemicals.	The Department of Chemicals and Petrochemicals has stated that efforts are being made to revive sick Pharma PSUs. In case of Bengal Immunity Limited (BIL), the Department is examining the report submitted by a Committee constituted to explore the possibility of revival of the company.

4. The Committee have analyzed the implementation of recommendations/observations contained in their Eleventh Report on Demands for Grants (2006-07). The analysis of the Committee shows that out of 21 recommendations contained in the Report, the Government have implemented some recommendations viz. Recommendation Sl. Nos. 2, 3, 10, 11, 17, 18 and 20. Some recommendations viz. Recommendation Sl. Nos. 5, 6, 7 and 8 as per latest information submitted to the Committee are at various stages of implementation. The Committee, therefore, desire that the Government should implement the recommendations expeditiously and apprise the Committee of the conclusive action taken in this regard.

(Recommendation Sl.No.1)

II. FIVE YEAR PLANS AND ANNUAL PLANS

(a) 10th Five Year Plan

5. The revised 10th Plan Outlays (finalized after disinvestment of IPCL in 2002-03) is Rs. 612.42 crore. This included GBS of Rs. 418.42 crore (in turn including Rs. 80 crore of external assistance of OPEC loan for CIPET) and IEBR of Rs. 194 crore-mainly through PSUs.

6. The following table shows the allocation vis-à-vis utilization of Plan funds during the 10th Five year Plan:-

(Rs. crore)

Schemes/Groups	Revised 10 th Plan outlay @			Expenditure	2006-07 RE	Expected 10 th plan releases
	GBS	IEBR	TOTAL	2002-06 @@		
1.Support to autonomous institutes of CIPET, NIPER & IPFT	188.49*	20.00	208.49	66.63	54.28	120.91
2. Support to PSUs of HOCL, HIL, BCPL, HAL, IDPL, SSPL and BIL.	140.03	174.00	314.03	82.99	332.41	415.40
3. Departmental promotional/awareness schemes of CDPS, CWC, PR&DP and computerization/office	3.53	-	3.53	8.19	4.52	12.71
4. NE Region & Assam Gas Cracker	86.37	-	86.37	21.21	13.10	34.31
Total (1 to 4)	418.42	194.00	612.42	179.52	404.31	583.83

@ Revised outlay after exclusion of IPCL on disinvestments in 2002-03.

@@ Releases out of GBS * Includes EAP loan & new schemes of CIPET.

7. From the above facts, the following salient features emerges out:-

- (i) An amount of Rs. 179.52 crore has been utilized during the first four years of 10th Plan 2002-06 i.e. 42.9% of the revised Plan outlay of Rs. 418.42 crore.
- (ii) However, in view of the RE proposed for 2006-07, the total expenditure during the 10th plan is expected to be Rs.583.83 crore, almost 40% more than that envisaged at the start of the plan. The

Department has informed that the higher achievement has come about mainly on account of revival of HOCL for which an additional outlay of Rs.250 crore was approved and implemented during 2006-07.

8. In this connection, when the Committee asked about very low utilization of the plan funds during the first four years of the 10th Five Year Plan, the Department of Chemicals & Petrochemicals, in their written reply, submitted as under:-

“The revised Plan Outlay for the Tenth Plan is Rs.418.42 crore and out of this, Rs.179.52 crore has been utilized during the first four years of the Plan. It may be clarified that 3 new Plan schemes having outlays of Rs.156.37 crore were not approved for implementation during first 3 years of the Plan period. These include an amount of Rs.80 crore provided to CIPET as grant by the OPEC, which was sanctioned only in July, 2005 as a loan against grant proposed earlier. On account of delay in sanction of loan, funds could not be utilized during the first three years of the Plan period. Further, setting up of 3 new CIPET centers was approved by the Planning Commission in January, 2006 only. The Assam Gas Cracker Project, for which an amount of Rs.56.37 crore had been provided in the 10th Plan, was finally approved only in April 2006 and even then, its implementation got delayed on account of non-settlement of some administrative issues/formalities. Thus, these three schemes having outlays of Rs.156.37 crore out of Rs.418.42 crore, could not be taken up for implementation during the first three years of the Plan. However, the overall plan expenditure during the 10th plan is expected to be 139.5% of the approved GBS.”

9. Asked about the utilization status of the funds proposed in RE (2006-07), the Department, in their written reply, stated that against RE (Plan) of Rs.404.31 crore, an amount of Rs.354.21 crore has been released for utilization as on 20.3.2007.

10. When the Committee asked as to what extent the PSUs have been able to generate the proposed IEBR outlay of Rs.194 crore, the Department furnished their reply as under:-

“During the 10th Plan, Pharma CPSEs had projected IEBR as follows:

	<u>Rs. in crores</u>
(1) BCPL	55.00
(2) HAL	9.00
(3) HOCL	90.00
(4) HIL	20.00
Total	174.00

The projections of Rs. 174 crore were made on the premise that rehabilitation schemes for revival of CPSEs would be approved well in time and that BCPL would also be enter into joint ventures that would help generate IEBR. The rehabilitation scheme, in the case of HAL, was approved by the GOI in March 2006. Whereas in case of BCPL it was approved in December 2006 i.e. in the last year of the 10th Plan. Further in 2006, BCPL could enter into a limited joint venture with the Pasteur Institute of India, Coonoor, for marketing its Anti Rabies vaccines. The impact of the joint venture entered into by BCPL with the Pasteur Institute of India may be felt next year, i.e. 2007-08. HOCL and HIL being sick companies also could not generate IEBR.”

11. The Committee note that revised plan outlay for the 10th Five Year Plan (2002-2007) was Rs.612.42 crore with Rs.418.42 crore as budgetary support and Rs.194.00 crore as IEBR mainly through PSUs. Out of this Rs.418.42 crore, only Rs.179.52 crore has been spent during the first four years of the 10th plan which comes to about 42.9 per cent only. However, if RE of Rs.404.31 crore for the year 2006-07 (terminal year of the 10th Plan) is utilized fully, the total utilization would be around Rs.583.83 crore, almost 40 per cent more than that envisaged at the start of the plan. The Committee also note that against RE of Rs.404.31 crore, an amount of Rs.354.21 crore has been released for utilization as on 20.3.2007. Considering all these aspects, the Committee recommend that in future planning should be done properly to ensure utilization of allocated funds in proportionate manner during each year of the Plan and to discourage the trend of utilization of major portion of allocated funds during the terminal year of the plan period.

(Recommendation SI.No.2)

(b) 11th Five Year Plan

12. The scheme-wise outlays for the 11th Plan has been considered by the Planning Commission only for the year 2007-08 which are as follows:-

PLAN OUTLAY (GBS) FOR 2007-08 - APPROVED AND PROPOSED

(Rs. crore)

S.No.	Name of the Scheme and Programmes	Approved	Proposed
	Assistance to PSUs		
1	HOCL	1.00	1.00
2	HAL	1.00	1.00
3	BCPL	20.00	20.00
4	HIL	6.00	6.00
5	IDPL	0.01	0.01
6	KAPL/RDPL	2.00	2.00
	Assistance to Autonomous Institutions		
7	CIPET	27.25	27.25
8	IPFT	5.00	5.00
9	NIPER	8.66	8.67
	Departmental Schemes		
10	CPDS	2.10	2.10
11	CWC	0.40	0.40
12	NPPA	1.50	1.50
13	IT/Sectt.	2.00 [@]	2.00
14	Assam Gas Cracker Project	60.52	85.52
15	NE Region	*	
	New Schemes for Petrochemicals		
16	New Schemes of CIPET	11.26	11.26
17	Other New Schemes of Petrochemicals	3.25 [@]	3.25
	New Schemes for Pharmaceuticals		
18	New Schemes for NIPER, Mohali	20.00	20.00
19	New NIPER like Institutes	10.00	10.00
20	Interest Subsidy for Schedule M compliance	15.00	15.00
21	Pharma Export Promotion Scheme	1.00	1.00
22	PPP Schemes for Drug banks	0.01	0.01
23	PPP Schemes for Cancer Medicines	0.01	0.01
24	Strengthening of NPPA	10.00	10.00
25	Creation of IPR facilitation center	0.01	0.01
26	HIL ERP	0.01	0.01
27	Apex body for re-positioning of pharma	1.00	1.00

	PSUs		
28	Critical assistance for WHO pre-qualification for pharma PSUs/R&D	0.01	0.01
	Total	209.00	234.01

* No separate provision for NE is shown as whole of the outlay on Assam gas Cracker Project is being spent on the development of NE region.
@ Approved after the discussion.

13. In this connection, when the Committee asked why the scheme-wise outlays for the 11th Plan has been considered by the Planning Commission only for the year 2007-08, the Department of Chemicals and Petrochemicals, in their written reply, submitted as under:-

“The process of preparation of 11th Plan was started but could not be crystallized before launching Annual Plan 2007-08. Accordingly, discussions were restricted to the preparation of Annual Plan 2007-08 only. Planning Commission has now received Reports of Working Groups and Standing Committees and the work for preparation of 11th Plan is in progress. With due approval of NDC, the Plan would be placed before the Parliament.”

14. When the Committee further asked whether consideration of the scheme-wise outlays for the 11th Plan by the Planning Commission only for the year 2007-08 would affect medium and long term planning, the Department furnished their reply as under:-

“Though the 11th Plan outlays have not been considered, the Department has, with a view to make the Chemical Sector an engine of higher economic growth, sought to impress upon the Planning Commission the desirability of making available a significantly enhanced budgetary support during the 11th Plan. The New Schemes proposed to be initiated during 2007-08 have been prepared keeping in view the medium and long term planning of the Department. All attempts shall be made so that delay in plan formulation has no adverse impact on the medium and long term programmes.”

15. On being asked by what time, outlays for remaining years of the 11th Plan would be considered by the Planning Commission, the Department stated that no date/schedule has been indicated by the Planning Commission in this regards so far.

16. When the Committee asked about the new schemes of petrochemicals for which an amount of Rs.5.25 crore has been approved, the Department replied as under:-

“The Department had proposed to initiate 5 New Schemes in the Petrochemicals Sector during the 11th Plan, amounting to Rs.3.25 crore on Petrochemicals R&D, Petrochemicals thrust areas, competitiveness initiatives, promotion awards in Petrochemicals & Plastic Waste Management. However, before undertaking these projects, feasibility studies in the various fields were required to be undertaken and the amount of Rs.3.25 crore were solicited for undertaking these feasibility studies, against which the Planning Commission has conveyed their approval for Rs.5.25 crore, which include Rs. 2 crore for Information Technology.”

17. Further when the Committee asked by what time the feasibility studies would be completed in respect of the 5 new Schemes in the Petrochemicals Sector, the Department replied as under:-

“The proposed schemes will be formulated subsequent to working out detailed feasibility studies and in-principle approvals obtained from relevant authorities. The amounts approved for 2007-08 will be utilized for undertaking feasibility studies. The feasibility studies are expected to be completed within the financial year 2007-08 in respect of these 5 new schemes.”

18. On being asked about the steps taken for proper and timely utilization of the approved amount, the Department stated as under:-

“The Department is taking all the necessary steps for proper and timely utilization of the outlay. It is being ensured that meetings of EFC/SFC are held in time. All efforts are being made to complete the attendant formalities (identification of land, signing of MOU etc.). It is also being ensured that renewal and replacement expenditure released to PSUs is utilized for the purpose for which it is meant. “

19. The Committee have been informed that the scheme-wise outlays for the 11th Five Year Plan has been considered by the Planning Commission only for the year 2007-08 as the process of preparation of 11th Plan was started but could not be crystallized before launching Annual Plan 2007-08. The Committee have also been informed that the Planning Commission has now received Reports of Working Groups and Standing Committees and the work for preparation of 11th Plan is in progress. While appreciating the efforts made by the Department which has with a view to make the chemical sector an engine of higher economic growth, sought to impress upon the Planning Commission the desirability of making available a significantly enhanced budgetary support during the 11th Plan, the Committee recommend that the Department should take up with the Planning Commission for early consideration and approval of 11th Five Year Plan and in meantime all the formalities should be completed so that delay in plan formulation has no adverse impact on the medium and long term programmes of the Department.

(Recommendation SI.No.3)

III. DEMANDS FOR GRANTS FOR THE YEAR 2007-08

20. The estimates of the amount (voted) required during (2007-08) in respect of the Department of Chemicals and Petrochemicals (Demand No.7) is as under:-

Major Head	Budget Estimates 2006-07			Revised Estimated 2006-07			Budget Estimates 2007-08		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	57.85	35.35	93.20	80.19	115.55	195.74	158.99	39.51	198.50
Capital	73.15	3.05	76.20	324.12	67.45	391.57	50.01	8.49	58.50
Total	131.00	38.40	169.40	404.31	183.00	587.31	209.00	48.00	257.00

21. The Heads under which the grant has been accounted is as under:-

	Budget Estimates 2006-07				Revised Estimated 2006-07			Budget Estimates 2007-08		
	Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue Section										
Secretariat-Economic Services	3451	1.50	8.02	9.52	0.55	8.02	8.57	....	11.79	11.79
North Eastern Areas	2552	13.09	.....	13.09	40.43	....	40.43	20.90	....	20.90
Industries	2852	43.26	27.33	70.59	39.21	107.53	146.74	138.09	27.72	165.81
Total-Revenue Section		57.85	35.35	93.20	80.19	115.55	195.74	158.99	39.51	198.50
Capital Section										
Capital Outlay on Chemicals and Pharmaceutical Industries	4857	25.00	....	25.00	293.31	....	293.31	2.00	....	2.00
Loans for Petro-Chemical Industries	6856	30.00	1.00	31.00	12.66	1.00	13.66	20.00	1.00	21.00
Loans for Chemical and Pharmaceutical Industries	6857	18.15	2.05	20.20	18.15	66.45	84.60	28.01	7.49	35.50
Total-Capital Section		73.15	3.05	76.20	324.12	67.45	391.57	50.01	8.49	58.50
Grand Total		131.00	38.40	169.40	404.31	183.00	587.31	209.00	48.00	257.00

IV. HEAD-WISE ANALYSIS OF DEMANDS FOR GRANTS (2007-08)

MAJOR HEAD 3451

A. Secretariat Economic Services

22. The following Table gives the actual expenditure for the year 2005-06, BE and RE for 2006-07 and BE 2007-08 for Secretariat Economic Services (i.e. salary, office expenses, travel, telephones, etc):-

(Rs. in crore)

Actuals 2005-06		BE (2006-07)		RE (2006-07)		BE (2007-08)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
0.0491	6.5822	1.50	8.02	0.55	8.02	--	11.79

23. From the item-wise details, it has been observed that;

- (i) Salary bill has increased from Rs. 4.5053 in 2005-06 to Rs. 5.64 crore in 2007-08.
- (ii) Domestic travel expenditure has increased from Rs. 36.56 lakh in 2005-06 to Rs. 50 lakh in 2007-08.
- (iii) Foreign travel expenditure has increased from Rs. 38.63 lakh in 2005-06 to Rs. 68 lakh in 2007-08.
- (iv) Other administrative expenditure have increased from Rs. 5.26 lakh in 2005-06 to Rs. 11.10 lakh in 2007-08.

24. In this connection, when the Committee asked whether the above increase in expenditure has been examined in details, the Department in their written reply, submitted as under:-

“The actual expenditure under the ‘Salary’ sub-head during 2005-06 was Rs. 4.5058 crore. The Revised Estimates under this sub-head, including re-appropriation during 2006-07, is Rs. 5.21 crore and the Budget Estimate for the year 2007-08 is Rs. 5.64 crore. The main reasons for increase in expenditure under this sub-head are provision for annual increments in pay, higher payment on account of dearness allowance instalments, payment of arrears of pay and allowances to some officers who have been granted higher non-functional scales retrospectively with effect from 1.1.96 and upgradation of the pay scales of some employees. The increased expenditure under this head is also due to higher number of employees availing Leave Travel Concession during 2006, being the last year of LTC Block 2002-05 extended upto December,

2006. In 2005-06 the actual expenditure on Domestic Travel and Foreign Travel was Rs. 36.56 lakh and Rs. 38.63 lakh respectively. In 2006-07 the Revised Estimates under Domestic Travel and Foreign Travel is Rs. 50 lakh and Rs. 60 lakh respectively and there is no increase in Budget Estimate under these heads for the year 2007-08. The main reason for increase in expenditure under these two sub-heads is that during 2006-07 there were a number of foreign visits. Some of these visits were undertaken at the instance of other Ministries/Departments. Further, India is a signatory of the Chemicals Weapons Convention(CWC) and the Department is the nodal authority for the CWC Act which has come into existence with effect from 1.7.2005.

The Act has resulted in a number of legal obligations for the Chemical Industry necessitating regular interaction with international agencies like OPCW, etc. There has also been an increase in Domestic Travel Expenses because the officers of the Department escort the international inspection teams to assist them in conducting inspection of the Chemical companies in the country. Apart from this, there was also higher expenditure under Domestic and Foreign travel due to the prestigious exhibition 'India Chem-2006' which was organized by the Department in November, 2006. The India Chem. exhibitions are organized by this Department every alternate year to provide a viable platform for business generation for large participation of foreign exhibitors and visitors.

In BE- 2006-07, there was a Budgetary Provision of Rs. 7.30 lakh under OAE Head and the Budgetary Provision of Rs. 11.10 lakh has been made under this Head in BE- 2007-08. OAE Head includes expenditure on hospitality, conferences/seminars/workshop etc. and expenditure on various training programmes. The projected expenditure under this head during 2007-08 includes the expenditure on supply of refreshment in the Residential and Secretariat Offices of Minister of State, Office of Secretary (Chemicals & Petrochemicals), holding of conferences/seminars of Pharmaceutical Advisory Forum under the Chairmanship of Minister/ Minister of State and meetings of Hindi Salahkar Samiti of the Ministry of Chemicals & Fertilizers at outstations. In addition to this, the training fee for courses offered by Indian Institute of Public Administration (IIPA) and other training Institutes is also met out of this Head. Almost every year a Officer of the rank of Deputy Secretary and above is nominated for the training at IIPA for which the Department has to pay an amount of Rs. 2 lakh approx towards course fee. Taking into account all these factors the expenditure has been projected at Rs. 11.10 lakh under OAE Head. The proposal for additional Budgetary Support under OAE Head is prepared after examining the requests received from the Divisions concerned and considering the trend of expenditure under this Head during the previous years."

25. On being asked whether the guidelines of the Ministry of Finance in regard to the economy measures in the Secretariat expenditure are being strictly followed in the Department and whether the Department could quantify such savings during each of the last three years, the Department submitted as under:-

“The guidelines of the Ministry of Finance in regard to economy measures in Secretarial expenditure are being followed strictly in the Department. In compliance with the mandatory cut on the budgetary allocation for Non-Plan expenditure during the financial year(FY) 2005-06, there were savings of Rs. 29 lakh approx. under OE head. During the FY 2004-05 , there were savings of Rs. 19 lakhs approx under OE and other heads controlled by the Administration Section and during the FY 2003-04, there were savings of Rs. 27 lakh approx. under the OE head.

No saving is anticipated under sub-heads ‘Salary’ as the estimates are prepared considering the normal increase in pay & allowances on account of release of annual increments, higher payment of D.A. installments, etc. Similarly, no savings are anticipated under ‘Domestic Travel’ and ‘Foreign Travel Expenditure’ in view of the increase in unanticipated visits undertaken to fulfill international legal obligations. There was also higher expenditure under domestic and foreign travel in connection with the prestigious exhibition ‘India Chem-2006’ which was organized by the Department in November, 2006.”

MAJOR HEAD 2852 and 6856

B. Central Institute of Plastic Engineering and Technology (CIPET)

26. The Central Institute of Plastics Engineering & Technology (CIPET) is an autonomous institute, functioning under the aegis of Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India with its Corporate Office at Chennai and 12 full-fledged Centres across the country. The Government has also approved establishment of three more CIPET Centres at Jaipur in Rajasthan, Panipat in Haryana and Aurangabad in Maharashtra. The training activities at these Centres have commenced in the academic year 2005-06. CIPET’s prime objectives include training of manpower in different disciplines of Plastics Engineering & Technology and technical support/consultancy services to the plastics & allied industries on various technological

aspects. The institute has well-developed facilities in the areas of plastic mould and product design including CAD/CAM/CAE, tooling, processing and testing of plastics. Besides the regular courses the institute offers highly specialized and practical oriented training in the field of plastics engineering and technology of update and improve the caliber of technical manpower of plastics and its allied industries. The institute also offers technical services in the areas of product design and mould design including CAD/CAM/ CAE, fabrication of moulds, tooling, process optimization, material selection, quality control & testing, application development, consultancy and advisory services to the plastics and its allied industries. To cater to the growing needs of plastic conversion and application industries and the increasing demand for technical manpower, CIPET has, over the years, spread its activities through the establishment of Extension Centres, each of which lays emphasis on special thrust areas of application apart from basic training facilities. The CIPET Centres are located at Ahmedabad, Amritsar, Aurangabad, Bhopal, Bhubaneswar, Chennai, Guwahati, Haldia, Hajipur, Hyderabad, Jaipur, Lucknow, Mysore, Panipat and Imphal.

27. The following table gives BE and RE for 2006-07 and BE 2007-08:-

(Rs. in crore)

BE (2006-07)		RE (2006-07)		BE (2007-08)	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
20.00	3.38	20.00	3.38	18.51	--
30.00	--	12.66	--	20.00	--
50.00	3.38	32.66	3.38	38.51	--

28. When the Committee asked why there is decrease in RE (2006-07) under Plan from BE (2006-07) and increase in BE (2007-08), the Department, in their reply submitted as under:-

“A Budget provision of Rs.30 crore was made in the BE 2006-07 Plan towards OPEC Loan Assistance. As per the general practice for availing External Assistance, it was understood that CIPET would incur expenditure through the Budget of the Department of C&PC and then file claims for reimbursement with the Controller of Aid, Accounts and Audit. However, the Integrated Finance Division of the Department of C&PC, in

consultation with the Ministry of Finance, conveyed that CIPET may first incur expenditure out of its Corpus Fund and thereafter file the reimbursement claims with the Controller of Aid, Accounts and Audit. After the settlement of the claims by the lender, i.e. OPEC Fund Authority, the amount settled would be booked against the Budget of the Department of C&PC. In accordance with the procedure laid down by the Integrated Finance Division, CIPET initiated the International Competitive Bidding in the month of August, 2006. The Department of C&PC constituted an Oversight Committee to guide CIPET in following the procurement procedures and to look into the quantity, quality, specifications etc. of the procurements to be made under the OPEC Loan Assistance. The Oversight Committee recommended that a Technical Evaluation Committee may be constituted for technical evaluation of the plant/machinery to be procured under the OPEC Loan Assistance and a Project Monitoring Committee may be constituted to oversee that the procurement procedure is followed in accordance with the provisions of GFR and the Loan Agreement.

The ICB Process takes around 6 months from the date of initiation. CIPET has placed orders with the suppliers after the Project Monitoring Committee gave its approval on 2nd March, 2007 for procurement of the plant and machinery.”

29. Further, when the Committee asked how an amount of Rs.38.51 crore is going to be utilized during the year 2007-08 by CIPET, the Department, in their reply, submitted as under:-

“The BE of Rs.38.51 crore for the year 2007-08 comprises the following schemes:

- OPEC Loan Assistance of Rs.20 crore; and
- Domestic Budget Support (DBS) of Rs.18.51 crore.

The DBS is to be utilized for the following Schemes/ projects:-

- (i) New Schemes of CIPET - Rs.11.26 crore.
- (ii) Establishment of New Extension Centres in Haryana, Rajasthan and Maharashtra - Rs.5.25 crore.
- (iii) Counterpart funding against OPEC Loan Assistance- Rs.2 crore.

The new schemes of CIPET include (i) enhancement of training capacities (Rs.1 crore); (ii) Strengthening of testing (high end) facilities (Rs.0.01 crore); (iii) Establishment of two new CIPET centres (Rs.0.01 crore) ; (iv) Creation of additional infrastructure facilities in the wake of reservation policy for O.B.C. (Rs.0.01 crore); (v) Setting up of plastic waste management centre (Rs.0.01 crore) ; (vi) Awareness of plastic

recycling and waste management amongst students (Rs.0.40 crore); (vii) Centre for advanced design and development of tool room at Hazipur, Bihar (Rs.3 crores); (viii) Technology upgradation of the existing facilities (Rs.4 crores); (ix) National Programme for Development of Plastic Manufacturing Sector under UNIDO-ICAMT Programme (Rs.0.20 crores); (x) Testing facilities at Chennai and Lucknow for PE Pipes (Rs. 1 crore); (xi) Digital Library Resources (Rs.0.65 crore); (xii) Research and Development(Rs. 0.77 crore); (xiii) Infrastructure upgradation of CIPET centres (Rs.0.20 crore).”

30. When the Committee further asked whether necessary advance planning has been done to start setting up of the new centres particularly for fixing up the ‘Zero date’ as also the completion schedule for each of the newly approved centres of CIPET, the Departemnt, in their reply, submitted as under:-

“Yes, the necessary advance planning for establishment of 3 new CIPET centres at Jaipur (Rajasthan), Panipat (Haryana) and Aurangabad (Maharashtra) has been done by CIPET. The temporary building/workshops have been identified and training activities at all the 3 centres have already commenced for the current academic year. The list of equipment/machinery as per curriculum has been prepared and procurement process has been initiated.

Foundation stone for the Jaipur centre was laid by the Hon’ble Minister of Chemicals & Fertilizers and Steel on 1st November, 2006 on the land allotted by the Government of Rajasthan. The Government of Rajasthan has also proposed a Budget allocation of Rs.4.65 crore in the year 2006-07, as their share.

The Government of Maharashtra has allotted land at the Chikalthana Industrial Area, Aurangabad and the foundation stone for the centre is proposed to be laid in April, 2007.

The Government of Haryana has committed to provide 12 acres of land near IOCL Plant at Panipat.

The Project proposal stipulates completion of the project in 3 years for each of the Centres, from the date of approval, i.e., as 31st March, 2006.”

31. On being asked whether the project will be completed on due date, the Department assured that the Project will be completed on schedule.

32. During the study tour of the Committee at Hyderabad (October, 2006), the Committee were informed that based on the Institute's credentials, contribution in the field of Education, Research, Technology promotion, etc, CIPET has sent a proposal to the administrative Ministry for conferring the status of 'Institute of National Importance' to CIPET.

33. When the Committee asked whether the status of 'Institute of National Importance' has been conferred to CIPET, the Department, in their reply, stated as under:-

“Based on the recommendations of the Expenditure Reforms Commission (ERC), an evaluation study of CIPET has been awarded to National Productivity Council (NPC). One of the Terms of Reference (ToR) of the evaluation study is 'to examine and justify whether the Institute fulfils the criterion for conferment of status of Deemed University or an Institute of National Importance based on the guidelines, standards set by the Ministry of Human Resource Development'. The report of NPC is expected to be finalized shortly. The recommendations of the National Productivity Council would be examined and considered by the Department of C&PC.”

34. Further when the Committee asked whether study by the National Productivity Council has been completed, the Department stated as under:-

“The National Productivity Council (NPC) has informed that they have visited 4 centres of CIPET and 2 more centres were to be visited in the month of February 2007. They have held discussions with the CIPET Corporate Office and it is expected that the study would be completed once these visits are undertaken and necessary inputs are gathered from all concerned. The NPC has informed that the Final Report would be submitted to the Department of C&PC in April, 2007.”

35. The Committee note that the Plan budget of CIPET has been increased from Rs.32.66 crore in RE (2006-07) to Rs.38.51 crore in BE (2007-08). The Department of Chemicals and Petrochemicals has informed that the BE of Rs.38.51 crore for the year 2007-08 comprises OPEC Loan Assistance of Rs.20 crore and Domestic Budget Support (DBS) of Rs.18.51 crore out of which an amount of Rs.11.26 crore is for New Schemes of CIPET; Rs.5.25 crore is for establishment of new extension centres at Panipat (Haryana), Jaipur (Rajasthan) and Aurangabad (Maharashtra) and Rs.2 crore as counterpart funding against OPEC Loan Assistance. The Committee have been further informed that the temporary building/ workshops have been identified and training activities at all the 3 centres have already commenced for the current academic year. The project proposal stipulates completion of the project in 3 years for each of the centres, from the date of approval i.e., as 31st March, 2006. The Committee, therefore, recommend that steps should be taken for timely completion of the project for establishment of new extension centres at Panipat, Jaipur and Aurangabad. The Committee also desire that in future CIPET Centres should be established in the vicinity of polytechnic centres imparting education in plastic/ polymer technology.

MAJOR HEAD 2852

C. Bhopal Gas Leak Disaster

36. The provision in Budget under this Head is for compensation claims for the Bhopal Gas victims and Secretariat expenditure of the office of Welfare Commissioner, Bhopal and also of the various courts set-up for deciding the cases of compensation to the victims.

37. The actuals for the year 2005-06, BE and RE for 2006-07 and BE for 2007-08 for this Head are as under:-

(Rs. in crore)

Actuals 2005-06	BE 2006-07	RE 2006-07	BE 2007-08
Non-Plan	Non-Plan	Non-Plan	Non-Plan
674.4786	6.89	54.10	7.25

38. The following table shows the position of disposal of the original 10,29,517 cases as on 31.01.2007:-

Category	Cases Registered	Decided	No. of Awarded Cases	No. of Pending Cases	Total Amount awarded Rs/crore	Total Amount disbursed Rs/crore	Total No. of claimants to whom amount disbursed
01(Injury)	10,01,723	10,01,723	5,58,199	Nil	1457.36	1457.14	5,57,673
02(Loss of Livestock)	658	658	233	Nil	0.11	0.07	145
03(Loss of Property)	4,902	4,902	547	Nil	0.14	0.12	514
04(Death)	22,150	22,150	15,337#	Nil	88.76	88.69	15,201
05 (PSU)	84	84	08	Nil	1.87	0.17	06
Total	10,29,517	10,29,517	5,74,324	Nil	1548.24	1546.19	5,73,539

1. Pending appeals 38

2. Review petition 4

* Besides this 56 applications are pending for scrutiny and motion hearing in the Court of the Hon'ble Welfare Commissioner.

Out of the 15,337 cases awarded, death was established in 5,294 cases due to exposure to MIC gas. The remaining cases were awarded compensation under (01) injury category.

39. In July, 2004, by which time most of the cases had been decided, it was observed that an amount of approximately Rs.1503 crore was still lying unspent with the Reserve Bank of India, which had accrued due to interest and exchange rate variation. The Supreme Court directed the Welfare Commissioner vide its order dated 19th July,2004, to disburse this amount to the victims whose claims had been settled, on pro-rata basis. The Action Plan prepared by the Welfare Commissioner to distribute the amount on 1:1 pro-rata basis was approved by the Supreme Court vide its order dated 26th October,2004. On the directions of the Supreme Court, disbursement of pro-rata compensation started on 15th November,2004.

40. The work for distribution of pro-rata compensation to the victims of the Bhopal Gas Leak Disaster which was to be completed by 30th April,2006 as per directions of the Supreme Court had almost been completed by that date by the Office of the Welfare Commissioner, Bhopal Gas Victims. However, an application in respect of the nearly 31,000 absentees claimants had been filed by the Office of the Welfare Commissioner in the Hon'ble Supreme Court on 15th February,2006 for treating all such cases as closed. The matter came up for hearing in the Supreme Court on 23rd August,2006, wherein the Court has directed the Office of the Welfare Commissioner, Bhopal Gas Victims to supply a list of the persons, whose cases are sought to be closed, to the NGOs- Bhopal Group for Information and Action, Bhopal Gas Peedith Sangharsh Sahayog Samiti and Bhopal Gas Peedith Mahila Udyog Sangathan. So that , these NGOs can make such efforts to trace these persons and inform the Court on the next date of hearing. The court has deferred the application for six months.

41. On being further enquired in this regard, the Department stated that as per information received from the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal the list of persons, whose cases are sought to be closed has been supplied to the NGOs, as directed by the Supreme Court.

42. The case came up for hearing before the Supreme Court on 27th February, 2007. On that date the case was adjourned and the Court directed to list it after four weeks.

43. Regarding other problems pertaining to Bhopal Gas Tragedy, the Secretary, Department of Chemicals and Petrochemicals submitted before the Committee as under:-

“Just recently the Bhopal gas victims had made five to six demands. One of them was for safe drinking water. These are not the gas victims, but the contaminated water victims because the land that lay down-stream of the factory was infected by the leakage of chemicals which got mixed with the soil and that water has become contaminated. Though there are around 20,000 people who are living down-stream of the factory who were not affected by gas, they are not drinking safe and clean water. So, this matter was taken up by the Supreme Court and the Supreme Court had directed the Madhya Pradesh Government which has been sending tankers of water and that is how they are assuaging their need. However, last year, the Central Government under the Ministry of Urban Development has sanctioned, at the behest of the Hon'ble Prime Minister, a sum of Rs. 14 crore for this purpose for providing clean drinking water to these bastis. Though it is a State matter and it is the State Government who has to implement the project, yet our Co-ordination Committee is keeping a close liaison with the Government of Madhya Pradesh as well as the NGOs.”

44. The Hon'ble Supreme Court of India in July, 2004 directed the Welfare Commissioner for Bhopal Gas Leak Disaster to disburse the unspent amount of Rs.1503 crore which accrued due to interest and exchange rate variation to the disaster victims on pro-rata basis. The disbursement of pro-rata compensation started on 15.11.2004. About 5,73,539 claimants were given compensation as on 31.1.2007. The Department has informed that 38 appeals and 4 Review Petitions are lying with the Welfare Commissioner. Besides, 56 applications are pending for scrutiny and motion hearing. The work for distribution of pro-rata compensation was to be completed by 30th April, 2006. However, an application in respect of the nearly 31,000 absentees claimants had been filed by the office of the Welfare Commissioner in the Hon'ble Supreme Court on 15th February, 2006 for treating all such cases as closed. Decision of the Supreme Court is awaited. The Committee now hope that all cases relating to the disbursement of pro-rata compensation would be disposed of expeditiously as per the decision of the Hon'ble Supreme Court and NGOs who have been assigned the task of contacting beneficiaries would do their work in a time-bound manner. It is, therefore, imperative to have a control on their functioning.

The Committee while appreciating the initiative of Department of Chemicals and Petrochemicals for providing safe drinking water in

the gas affected area wherein the gas leakage had mixed with the soil resulting into contamination of water till now, are failed to understand as to why after such a long time the provision of providing safe drinking water has not been taken up effectively. Had the Government taken up this issue earlier, the situation would have been different. The Committee express their displeasure on learning the fact that even after the expiry of twenty one years of the tragedy, water is still being supplied by tankers instead of making any arrangement of piped water. Though it is not the subject matter of the Department, even then the Committee recommend that the Department should take up the matter with the Ministry of Urban Development and State Government of Madhya Pradesh and make sincere efforts to contain the problem of water contaminations in the affected area. The Department of Chemicals and Petrochemicals also cannot shirk their responsibility as the gas leakage and its after effect have tangible effect on relief operations for which the Department has been made a nodal agency.

(Recommendation Sl.No.5)

Toxic Wastes

45. After the gas disaster at Bhopal the Union Carbide Plant was closed and now the plant has been handed over to Dow Chemicals. The soil of the land in and around the factory of Union Carbide plant has been contaminated due to effluents and waste disposal. The Department has informed that Madhya Pradesh Pollution Control Board has prepared a plan and has also started work thereon. For considering the overall environmental remediation, a Task Force has been constituted under the Chairmanship of Secretary(C&PC), which is monitoring the removal(disposal) of toxic wastes.

46. When the Committee asked about the latest progress in regard to implementation of the above Plan, the Department, in their reply, stated as under:-

“The ninth meeting of the Task Force was held on 16th October,2006 at Indian Institute of Chemical Technology(IICT), Hyderabad. The Task Force accepted the final recommendations of its Technical Sub-Committee for removal/disposal of 350 MT of different types of toxic wastes by incineration, at the incinerator at Ankleshwar, Gujarat and for Lime Sludge weighing approximately 40 MT, to the secured landfill to be sent to the Transportation, Storage, Disposal Facility(TSDF), at Pithampur, near Indore. The permission for incineration at the incinerator at Ankleshwar, Gujarat from the State Government of Gujarat has since been obtained.

The Bhopal Gas Tragedy, Relief and Rehabilitation Department in coordination with Madhya Pradesh Pollution Control Board has submitted the estimates for carrying out the work for removal/disposal of the above mentioned stored toxic wastes, in the Madhya Pradesh High Court, Jabalpur. They have estimated that approximately Rs. 2 crore would be required for the removal/disposal of the stored toxic wastes. As per the directions of the High Court, the Government of India and the Government of Madhya Pradesh have to bear the expenditure equally (subject to fixation of liability). The request of the Government of Madhya Pradesh to provide the funds for the removal/disposal of stored toxic wastes has been processed in the Department of Chemicals and Petrochemicals, in consultation with the Internal Finance Division and has been furnished to the Ministry of Finance for allocating Rs.1.00 crore under the 3rd Batch of Supplementary Demands for Grants 2006-07.”

47. The Department further stated that the Ministry of Finance have allocated Rs.1.00 crore to the Department of Chemicals and Petrochemicals, under the 3rd Batch of Supplementary Demands for Grants 2006-07, for meeting the 50% share of expenditure estimated by Government of Madhya Pradesh, for removal/disposal of the stored toxic wastes lying at the former UCIL plant site.

48. In respect of the disposal of toxic wastes, Secretary, Department of Chemicals and Petrochemicals stated during evidence dated 28.3.2007 as under:-

“Regarding the disposal of toxic waste in and around the Union Carbide plant site, as you are aware, MP High Court has set up a Task Force. I am heading that Task Force for removal, disposal of all types of toxic waste. Our project is in three phases. Phase I has already been completed and phase II is on. In phase I and II all the toxic waste has to be identified, separated and then analysed for the quantity of toxicity in them and then we have to send it for incineration or dumping in the secured landfill. Let me inform the Committee that 350 metric tonnes of toxic waste have to go for incineration and there was no such incinerator in and around Bhopal. So, I spoke to the Chief Secretary of Gujarat. There is an incinerator at Ankleshwar and he has given permission for this toxic waste to be incinerated there. Normally, one State Government does not allow the waste of another Government to come there but we persuaded with the Chief Secretary and he was very kind. He is my batch mate, in fact. He was very kind to agree because it is a national tragedy. Another 40 metric tonnes of this waste which is not meant for incineration will be transferred to the secured landfill at Pithampur near Indore. For this incineration as well as dumping in the SLF, we need Rs.1 crore which has been provided for in our Department’s RE and we have received and it will be disbursed shortly. This is regarding the Bhopal Gas Tragedy.”

49. The Committee are happy to note that a Task Force under the Chairmanship of Secretary (Chemicals and Petrochemicals) is monitoring the removal/ disposal of toxic wastes. The Task Force accepted the final recommendations of its Technical Sub-Committee for removal/ disposal of 350 MT of different types of toxic wastes by incineration, at the incinerator at Ankleswar, Gujarat and for lime sludge weighing approximately 40 MT, to the secured landfill to be sent to the Transportation, Storage, Disposal Facility (TSDF), at Pethampur, near Indore. The permission for incineration at the incinerator at Ankleshwar, Gujarat has been obtained from the State Government of Gujarat and the Ministry of Finance has allocated Rs.1.00 crore to the Department for meeting the 50% share of expenditure estimated for the purpose. Considering these developments, the Committee desire that toxic wastes from Union Carbide Plant site at Bhopal be removed without any further delay and the Committee may be intimated about the action taken in this regard.

(Recommendation SI.No.6)

MAJOR HEAD 2852

D. Assam Gas Cracker Project

50. The Budget proposal for Assam Gas project is as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
--	--	0.01	0.01	0.01	0.01	60.52	0.01

51. Assam Gas Cracker Project (AGCP) was initiated in pursuance of Assam Accord signed on 15th August, 1985 for all round economic development of Assam. A letter of intent was issued in favour of Assam Industrial Development Corporation to set up the project. A joint venture i.e. Reliance Assam Petrochemicals Limited (RAPL) was constituted. The project could not make breakthrough. Now, Gas Authority of India Limited (GAIL) has been identified as lead promoter with 70% equity participation. Oil India Limited (OIL), Numaligarh Refinery Limited and Assam Industrial Development Corporation (AIDC) will have 10% equity participation each.

52. In this connection, when the Committee asked about the latest position of the Assam Gas Cracker Project, the Department in their reply, stated as under:-

“Assam Gas Cracker Project was approved by the CCEA in its meeting held on the 18th April, 2006. Immediately after the approval by the CCEA, the Department of Chemicals & Petrochemicals put in place a monitoring mechanism under the Chairpersonship of Secretary (C&PC) which includes all the stakeholders including Government of Assam and AIDC. Secretary (C&PC) reviews the progress once in a quarter and JS(PC) has been reviewing the status of implementation on monthly basis. Besides MOS (C&F) has also taken many review meetings at his level including one held at Guwahati where the Chief Minister of Assam also participated. So far Department of C & PC has conducted 12 review meetings. However, substantive progress was not achieved from April 2006 to September 2006 because the Ministry of P&NG and GAIL wanted additional comfort for the feedstock

suppliers for this project over and above those approved by Government. Accordingly, the Department of Chemicals and Petrochemicals requested the Prime Minister's Office to intervene. The PMO convened a meeting on the 26th September 2006 and had directed that:

- (i) A joint venture company between GAIL, NRL, OIL and Government of Assam would be constituted by 15th October 2006 by Ministry of P&NG and GAIL.
- (ii) The issue of feedstock pricing will be placed before the PIB for resolution by 15th October 2006. Prior to the note being placed before PIB, Ministry of P&NG would consult with DoC&PC so that a consensual proposal is taken to PIB by MoP&NG.

In pursuance of the above decisions a Joint Venture Company i.e. M/s Brahmaputra Cracker & Polymer Limited was incorporated on 8th January 2007 and the first meeting of the Board of Directors of JVC was held on 1.2.2007 at New Delhi.

The Supplementary Note for PIB was submitted by the MoP&NG in the month of January 2007. The PIB on 12th of February 2007 deliberated on the Supplementary Note, seeking approval for additional support from the Government of India on account of escalation of Feedstock prices and other changed project parameters like escalation in operating costs, increase in interest rate, non-availability of exemption by Government of Assam on Works Contract Tax and increase in IRR, forwarded by the MoP&NG. The PIB has recommended that:-

1. The project may be implemented expeditiously in terms of the parameters approved by CCEA.
2. Feedstock suppliers shall execute feedstock supply agreements with the JVC immediately.
3. The mechanism, whereby any surplus generated by the project over the CCEA approved parameters with a polymer price of Rs.40,000/MT, may go into a separate account to settle the claims of various stakeholders as mentioned in para 5 of the Supplementary Note, was agreed to, "in principle". However, the precise modalities of this mechanism, inter-se priority of claims and issue of payment of Government subsidy will be decided with the approval of CCEA at the time of commissioning of the project.
4. If necessary, the proposal may be placed before the PIB six months prior to the commissioning of the project to review the approved parameters of the project, vis-à-vis, the situation prevailing at that time, to take an appropriate view on additional support, if any, required for the project.

5. Government of Assam may be requested to provide exemption from payment of Works Contract Tax, as committed earlier.

The Department of Chemicals & Petrochemicals reviews the progress of implementation work of the AGCP at regular intervals. A Monitoring Committee under the chairpersonship of Secretary (C&PC) and a Project Site Implementation Committee under the chairmanship of Additional Chief Secretary, Govt. of Assam have been constituted.

In the meantime the following progress has been made:-

- (i) The Project Office was opened at Guwahati on 16.6.2006
- (ii) Land acquisition process likely to be completed by March-April 2007
- (iii) In principle approval has been obtained for OADB term loan of Rs. 327 crores to JVC
- (iv) Pre-launching project activities like appointment of Project Management Consultants and Licensors have been initiated
- (v) Training programme on development of skilled manpower has been initiated by Central Institute for Plastic Engineering and Technology (CIPET)

53. During the evidence dated 28.3.2007 Secretary, Department of Chemicals and Petrochemicals stated as under:-

“The implementation will take 60 months from the zero date and zero date will be the financial closure which is likely to happen very soon. The feedstock supply agreement is also likely to be signed very shortly. The project will be at Lepetkata in Assam. The Joint Venture Company (JVC) i.e. BPCL has already been formed in 2007. An outlay of Rs.60.52 crore has been earmarked for the next financial year that is 2007-08 as capital subsidy. Sir, 760 bighas of land has been handed over to the JVC out of the total of approximately 3000. The Government of Assam has informed us that the whole land of the project will be handed over to the JVC by April 2007.”

54. As per the media reports, foundation stone laying ceremony of Brahmaputra Cracker and Polymer Limited has been laid by Prime Minister on April 9, 2007 at Lepetkata, district Dibrugarh, Assam. The cost of project is Rs. 5,460 crore and to be completed in five years.

55. The Committee have been informed that the Gas Authority of India Limited (GAIL) has been identified as lead promoter with 70 per cent equity participation to implement the Assam Gas Cracker Project with Oil India Limited, Numaligarh Refinery Limited and Assam Industrial Development Corporation each having 10 per cent equity participation in the project. The Committee note that project was approved by the Cabinet Committee on Economic Affairs (CCEA) on 18th April, 2006 and a Joint Venture Company i.e. M/s. Brahmaputra Cracker and Polymer Limited was incorporated on 8th January 2007 and some progress has been made towards implementation of the project. The Committee express their satisfaction that foundation stone laying ceremony of the Brahmaputra Cracker and Polymer Limited has been held on 9th April, 2007. The Committee now desire that all out efforts should be made to make the Project complete and functional within stipulated time period as the project is a part of Assam Accord signed as far back as 1985 and should not be prolonged any more which hitherto could not take off due to one reason or another.

(Recommendation SI.No.7)

MAJOR HEAD 2852

E. Institute of Pesticides Formulation Technology (IPFT)

56. The Institute is engaged in the development of environmental friendly pesticide formulation which is highly essential for the safety of farmers and preservation of the environment.

57. The Budget proposal for the Institute is as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
0.6980	--	1.28	--	1.28	--	5.00	1.00

58. When the Committee asked how the Government propose to utilize the allocation, the Department in their written reply stated as under:-

“The allocation will be utilized for the following activities:-

Sr. No.	Name of the Scheme	BE 07-08	
		Plan	Non-Plan
1.	Grant for day-to-day activities		100.00
2.	Grant for capital support	225.30	
3.	Grant for servicing Regional Network on Safe Pesticides Production and Information for Asia and the Pacific (RENPAP)	43.00	
4.	Dev. Of Environment and user friendly Natural Product based formulation for household purposes	24.18	
5.	Production & promotion of Neem based pesticide project – Phase II	207.52	
6.	TOTAL	500.00	100.00”

59. On being asked about the difficulties faced by IPFT the Department in their reply stated as under:-

“The Institute is facing the following difficulties:-

- i) The shortage of manpower. This difficulty has been overcome by undertaking cadre review exercise in IPFT. Subsequently IPFT has completed the recruitment process and 6 more scientists are likely to join by the end of the March, 2007. Further the process of filling up of the post of Director is under way.
- ii) Non-availability of sufficient orders for the pilot plant division of IPFT. It has been observed that Industry is not willing to come forward for Phase-II part of the project due to non-protection of data generated by IPFT under Section 9(3) of the Insecticide Act relating to the issue of registration. The issue falls under the purview of the department of Agriculture and Cooperation, which is the administrative Department for this Act.”

60. Further when the Committee asked whether six more scientists have joined, the Department in their reply stated as under:-

“IPFT has completed recruitment process for the recruitment of seven scientists and one Hindi translator. Out of these seven scientists, two have already joined. All the remaining five scientists and one Hindi translator are expected to join shortly. It is expected that all the seven scientist will be in position before 30th April 2007.”

61. The Department also stated that the selection process for filling up the post of Director is under-way in consultation with the Appointment Committee of Cabinet (ACC), Department of Personnel and Training.

62. The Committee note that the Institute of Pesticides Formulation Technology (IPFT) is getting Departmental grant for day-to-day activities as well as capital support. The Committee have been informed that the difficulty of the shortage of manpower faced by the Institute has been overcome by undertaking cadre review exercise. Subsequently, recruitment process has been completed and some more scientists will be in position before 30th April, 2007. Further, the process of filling up of the post of Director is under way. The Committee hope that the scientists and Director will join the Institute very soon so that it discharge its assigned function smoothly.

(Recommendation Sl.No.8)

MAJOR HEAD 2852

F. National Institute of Pharmaceuticals Education and Research (NIPER)

63. The Institute seeks to promote excellence in the sphere of pharmaceutical education in India and to meet the current and future needs of the pharmaceutical sector in India.

64. The Budget proposal for the Institute is as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
4.09	8.9	18.00	11.10	13.00	11.10	28.66*	13.00

* In addition Rs. 10 crores have been provided for New NIPERs.

65. The above provisions include Non-Plan support for day-to-day expenditure and plan support for their ongoing schemes and new schemes in pharmaceutical education and research area.

66. When the Committee asked how the allocation has been utilized during the year 2006-07, the Department replied as under:-

“The enhanced allocation of NIPER for the year 2006-07 has been utilized for the ongoing schemes as well as for the AMR activities that was approved and allocated for this year. The details are as under:-

(Rs in lacs)

Name of scheme/activity	Amount (2006-07)
For ongoing schemes	
Teaching Programme	16.00
New Drug Discovery	100.00
Chiral Drug Discovery	58.00
New Drug Delivery System	65.00
Advance centre for traditional medicine	68.00
Insulin Signal Transduction	80.00
National Centre viz.	113.00
Bio-availability centre, impurity profiling and stability testing, Standardization of herbal products, Technology development centre, Pharmacological and Toxicological screening facilities, CIL, Library & Information Retrieval Centre and Computer Centre.	

Expenditure towards Addition, Modification & Replacement (AMR)	
Utility services	50.00
Other services	15.00
Shifting of HT Electrical Wire from NIPER campus	50.00
Construction of 2 nd Floor of Block D	26.00
Construction of Engineering Block	50.00
Construction of Under Ground Water Tank	6.70
Solar Water Heating System	29.00
Construction of Under Ground Parking	50.00
Construction of Admn. Block	90.00
Internal and External Electrification	56.00
Lab Furniture (Part of Rs. 120.00 lacs)	60.00
Construction of Type III & IV house	97.00
Installation of tube-well system	35.00
Fee payable to PSEB for extension of electrical load due to construction of new building	25.00
Expansion of Trainee's Hostel	25.00
Management block acoustic treatment	50.00
Central Air-conditioning works for laboratory extension of block A,B,C,D,E & F (Part of Rs. 92.00 lacs)	76.30
Construction of Girls Hostel	293.00
Total	1584.00"

67. On being asked about the reasons for increase in allocation during the year 2007-08, the Department in their reply, stated as under:-

“In 11th Five Year Plan the new schemes have been proposed in addition to ongoing schemes of 10th Five Year Plan. In addition to this, creation of infrastructure facilities have also been proposed in order to strengthen the infrastructure of the Institute. In the year 2007-08 many of such proposals have been proposed to be started as such the allocation during the year 2007-08 has been increased.”

68. Keeping the services that NIPER has been providing, for the 11th Plan a proposal for setting up 5 more NIPER like institutes in the country has been mooted for a total budget allocation of Rs. 1,000 crores. Rs. 10 crores have been provided to take up start-up activities for new NIPERs in the year 2007-08.

69. In this connection, when the Committee asked whether the proposal for setting up 5 more NIPER like institutes in the country has been approved, the Department, in their reply stated as under:-

“Department of C&PC had constituted an Expert Committee to make Detailed Project Report in respect of few new NIPERs to be set-up

in the country and suggest their locations. These Reports have been submitted by the Expert Committee. The Reports were forwarded to Planning Commission for getting 'in principle' approval. Planning Commission has accorded 'in principle' approval suggesting some modifications in the Project Report by incorporating Public Private Partnership model. The detailed feasibility reports incorporating the Public Private Partnership mechanism to set up 4 Institutes as of now (during 2007-08) have been forwarded to Planning Commission and Department of Expenditure for their comments. Presently, as there is constraints of funds and XIth Plan proposals for this Department is yet to be finalized, only Rs.10 Crores have been provided for this Scheme during 2007-08. The Expenditure Finance Committee meeting to consider the proposal is likely to be held in May, 2007.

Meanwhile as the courses are to be started during the academic session (2007-08) itself NIPER Act, 1998 has been amended to empower Central Government to set up more NIPERs"

70. During evidence dated 28.3.2007, Secretary, Department of Chemicals and Petrochemicals stated as under:-

"Sir, as far as NIPER, Mohali is concerned, it is an institute of national excellence in the pharmaceutical sector.NIPER was set up as state of the art institute and it has been doing yeomen's service to the pharmaceutical sector.we want your support for new NIPERs to be set up in the country."

71. The Committee note that the National Institute of Pharmaceuticals Education and Research (NIPER) seeks to promote excellence in the sphere of pharmaceutical education and to meet the current and future needs of the pharmaceutical sector in India. Keeping in view the importance of its objectives, the Plan budget for the Institute has been raised from Rs. 13.00 crore in the RE 2006-07 to Rs. 28.66 crore in the BE 2007-08 particularly to strengthen the infrastructure facilities of Institute and start new schemes in addition to completion of the on-going schemes. The Committee are happy to note that for the 11th Plan a proposal for setting up 5 more NIPER like Institutes in the country has been mooted and Planning Commission has accorded 'in-principle' approval for the same. The Committee hope that as suggested by the Planning Commission, the Government would actively consider private-public partnership. Considering the fact that NIPER has been doing yeomen's service to the pharmaceutical sector, the Committee strongly recommend that Planning Commission finally approve the proposal expeditiously and Ministry of Finance accordingly allocate the money for the same. The Committee also recommend that new schemes/projects should be completed in a time bound manner so that desired objectives of the Plan funds are achieved. In this regard, the Committee also desire that the Department of Chemicals and Petrochemicals also pursue the matter seriously with Planning Commission, Department of Expenditure and other concerned authorities.

(Recommendation SI.No.9)

MAJOR HEAD 2852

G. Chemical Weapons Convention (CWC)

72. India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the convention, a nodal agency called National Authority has been set up in India. The agency undertakes trial inspection of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists Organization of Prohibition of Chemical Weapons (OPCW) in regard to implementation of CWC.

73. The Budget proposals are as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
0.1082	0.0283	0.22	0.05	0.22	0.05	0.40	0.05

74. The Secretary, Department of Chemicals and Petrochemicals submitted to the Committee as under:-

“It is mainly for Chemical Weapons Convention. India is a signatory to that. All units which are producing Schedule II and Schedule III chemicals, they have to declare those. It is not an inspector raj; it is there so that it is known which industry is producing which chemical as it is possible that chemical can be made into a chemical weapon. So, we are bringing this to the knowledge of the industry and that is why we spend on this awareness programme and many such other programmes too.”

75. The Committee appreciate that all the Chemical Units which are producing Schedule II and Schedule III chemicals have to declare those so that the chemicals produced cannot be used for producing chemical weapons as per the Chemical Weapons Convention (CWC). The Committee note that for such monitoring an enhancement of Rs. 0.18 crore has been made in the BE 2007-08 as compared to RE 2006-07. The Committee feel that such safety steps are not only for adherence to Chemical Weapons Convention but also for the safety of general public at large.

(Recommendation Sl.No.10)

MAJOR HEAD 2852

H. National Pharmaceutical Pricing Authority (NPPA)

76. NPPA is responsible for price fixation/revision of drugs and formulations and other related matters. It also monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Price Control) Order.

77. The actuals for the year 2005-06 and Budget allocation for the years 2006-07 and 2007-08 are as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
--	2.9544	1.50	5.85	1.50	4.84	11.50	5.91

78. In this connection, when the Committee asked about the reasons for increase in plan amount from Rs.1.50 crore in 2006-07 to Rs.11.50 crore in 2007-08, the Department, in their reply, stated as under:-

“The budget for Planned year 2006-07 was Rs. 1.50 crores for the purpose of computerization of working of NPPA and better management of drug prices. This provision of Rs. 1.50 crores was for the purpose of development of computer software, upgradation of website of NPPA and internet facility, purchase of computers, MRP tracking of scheduled drugs etc. The amount under the head planned expenditure has been increased from Rs. 1.50 crore in 2006-07 to Rs. 11.50 crores in 2007-08. In the proposed National Pharmaceutical Policy, 2006 it is proposed to re-structure and strengthen the NPPA particularly from the point of view of its ability to fix and monitor prices of drugs more effectively. The Government has decided to set up Drug Price Monitoring Cell in each State for monitoring of the drug prices in the concerned State. The Drug Price Monitoring Cell would send regular reports to NPPA regarding prices and availability of drugs in the State. These cells would be computerized and linked with NPPA through Online Linkage. The expenditures like

establishment, office expenses, computerization borne on these cells would be reimbursed by the Central Government to the States on an annual basis through NPPA. This would be on the lines of NCR cells. A provision of Rs. 10 crores have been made in the planned head in the year 2007-08 for this purpose.”

79. Further on being asked about the reasons for increase in Non-Plan amount from Rs.4.84 crore in RE 2006-07 to Rs.5.91 crore in BE 2007-08, the Department replied as under:-

“BE 2006-07 an allocation of Rs. 5.85 crores was made for the Non plan expenditure which was reduced to Rs. 4.84 crores in RE 2006-07. From the level of last year BE the increase is only of Rs. 0.06 lacs which is as follows :-

Sub Head	BE 2006-07	RE 2006-07	BE 2007-08
Salaries	154.35	112.35	128.50
Wages	6.50	7.57	7.00
O.T.A	1.35	0.85	1.50
M.T.	10.00	2.60	10.00
T.A. (Domestic)	11.00	11.00	12.00
T.A. (Foreign)	6.30	6.30	7.00
Office Expenses	260.00	199.45	274.00
Professional Service	40.00	50.38	56.00
Rent, Rates, Tax	91.00	91.00	90.00
OAE	4.50	2.50	5.00
Total	585.00	484.00	591.00

The main reason for increase in RE 2006-07 and BE 2007-08 is due to increase in budget head Office Expenses from R.E. of Rs. 1.99 crore to Rs. 2.74 crores in B.E. 2007-08 which includes a provision of Rs. 2 crores to create awareness among public about policies and decisions of NPPA. This amount is meant for advertisements in newspaper, media and creation of web site to educate public. During 2006-07 NPPA started advertisement through Prasar Bharti to create awareness about various policies of the Government and about NPPA for telecast w.e.f. 22nd March,2007 on bilingual basis prime time after English news and before Hindi news at 8:15 PM. NPPA is planning to further step up the efforts to create awareness among public in 2007-08.

Similarly, there is increase under the head Professional Services from Rs. 50.38 lacs to Rs. 56 Lacs to meet additional requirement of payment of Lawyers bill, Subscription from ORG IMS and Salary of Data Entry Operators / Young Professional etc.

In the budget head Other Administrative Expenses (OAE) the increase is from Rs. 2.50 Lacs in RE 2006-07 to Rs. 5 Lacs in BE 2007-08 to meet the expenditure on meetings with State Drug Controllers and Pharmaceutical Advisory Forum.

Similarly, under the head Salaries there is an increase from Rs. 112.35 Lacs in RE 2006-07 to Rs. 128.50 Lacs in BE 2007-08.”

80. The Committee note that the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/revision of drugs and formulations. It monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Price Control) Order. The planned expenditure has been increased from Rs. 1.50 crore in 2006-07 to Rs. 11.50 crore in 2007-08 in order to restructure and strengthen the NPPA, as stipulated in the proposed National Pharmaceutical Policy, 2006, by setting up Drug Price Monitoring Cell in each State for monitoring of the drug prices in the concerned State. The Committee hope that National Pharmaceutical Policy, 2006 would be finalized soon and the funds earmarked for NPPA would be utilized fully to achieve the objectives for which they are allocated.

(Recommendation Sl.No.11)

MAJOR HEAD 2852

I. Pharmaceutical Export Promotion Scheme (PEPS)

81. The provision is being made for promoting the export of Pharmaceuticals, which *inter-alia* includes organizing seminars/workshops.

82. The actuals for the year 2005-06 and Budget allocation for the years 2006-07 and 2007-08 are as under:-

(Rs. in crore)

Actuals	BE 2006-07		RE 2006-07		BE 2007-08		
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	
--	0.494	--	0.05	--	0.05	1.00	0.5

83. When the Committee asked as to how far Government have been successful in promoting export by this meager amount, the Department of Chemicals & Petrochemicals, in their written reply, submitted as under:-

“Since the amount for Pharmexcil Export Promotion Scheme was very small, an attempt was made to educate the exporters about various marketing opportunities and regulations including non-tariff barriers abroad. For this purpose the Department has been organizing Seminars/Workshops etc. through National Institute of Pharmaceutical Education & Research (NIPER)/Pharmexcil. Additionally, the Department has collected details of pharma export & regulations etc. in various countries & provided it to various industry associations.

Department of Commerce has set up Pharmaceutical Export Promotion Council (PHARMEXCIL) on 12.5.2004 for pharma export's promotion. Pharmexcil is organizing conferences from time to time for which this Department also participates. Beyond this, meetings of Joint Working Groups on Drugs and Pharmaceuticals with Tunisia, Russia and Indo EU are also being held in India and abroad in which this Department participates.

The budget for the year 2007-08 has been increased to Rs.1 crore under plan and Rs.0.50 crores under non-plan. This will help in taking up the issue of exports in a bigger way.”

84. On being asked about the purpose for which Rs.1 crore has been allocated under Plan head in the BE 2007-08, the Committee in their reply stated as under:-

“For export promotion number of incentives are available under the Foreign Trade Policy as Market Development Assistance (MDA) and Market Access Initiative(MAI) schemes. Pharma Export Promotion Cell (PEPC) is functioning in the Department of C&PC with the objective of boosting Pharma exports and to act as nodal center for all queries & issues regarding Pharma exports. It can also organize some international events alongwith Industry bodies, Pharmexcil etc. In order to strengthen and take new initiatives, it was proposed that PEPS may be allotted Rs. 2 crores annually to carry out export promotion activities against which Rs. 1 crore has been allocated under Plan Head in the BE 2007-08. This will help the Department in undertaking activities on a regular basis in association with Pharmexcil & other industry organisations.”

85. When the Committee asked about the plans of promoting export during 2007-08, the Department stated as under:-

“The plans of promoting exports during 2007-08 are proposed as under:-

- i) Workshops on export related problems through NIPER and Pharmexcil.
- ii) Organizing Buyer-seller meets through Pharmexcil for boosting up Pharma export.
- iii) Holding & Participation in Joint Working Group meetings related to Pharma Sector in India and abroad.
- iv) Seminars Cum Exhibitions having focus on Pharmaceuticals in India and abroad.”

86. The Committee note that the Government is providing grants for promotion of export of pharmaceuticals which inter-alia includes organizing seminars/workshops. The Committee also note that against 'Nil' Plan and 0.05 crore Non-Plan Budget for the year 2006-07, Rs. 1.00 crore Plan and 0.5 crore Non-Plan Budget has been proposed for the year 2007-08. While appreciating the increase in allocation for the year 2007-08, the Committee recommend that vigorous and sustained efforts should be made for promotion of export of pharmaceuticals.

(Recommendation Sl.No.12)

MAJOR HEAD 2852

J. Pharmaceutical Research and Development Programme (PRDP)

87. The actuals for the year 2005-06 and Budget allocation for the years 2006-07 and 2007-08 are as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non- Plan	Plan	Non- Plan	Plan	Non- Plan	Plan	Non- Plan
0.25	--	0.25	--	0.25	--	--	--

88. When the Committee asked about the reasons for no allocation for PRDP in BE 2007-08, the Department in their reply stated as under:-

“In keeping with its earlier stand, this Department had requested Planning Commission for allocating Rs.5.00 crore for Pharmaceutical Research and Development Programme (PRDP) for 2007-08. However, during discussions with the Planning Commission a view was taken that the funds for Research and Development in pharmaceutical sector are already being provided through Pharmaceutical Research and Development Support Fund (PRDSF) and Drug Development Promotion Board (DDPB) which are under the administrative control of Department of Science and Technology (which earlier had corpus of Rs.150 crore which was dissolved w.e.f. 24.1.2006). Now need based budgetary support is being provided annually for R&D in Drugs and Pharma Sector. This activity was renamed to its original title as Drugs and Pharmaceuticals Research Programme (DPRP). DPRP programme comprises of Collaborative R&D Projects involving industry and institutions and supports research in both human and veterinary drug development for all systems of medicines. Soft Loans for Pharma R&D Projects are also provided to industry. In addition, under the DPRP programme, a number of National centre were approved to be set up.

As such this Department did not require any fund to be allocated for this purpose.”

MAJOR HEAD 2852

K. Chemicals Promotion and Development Scheme (CPDS)

89. This scheme is targetted to gear up Indian Chemical Industry which is facing various challenges posed due to liberalization and globalization and to tune it to adopt world class technology so as to become competitive in global market alongwith the multinationals and other big companies. Various seminars/workshops are being organized under the scheme.

90. The actuals for the year 2005-06 and Budget allocation for the years 2006-07 and 2007-08 are as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
0.2684	--	2.00	--	2.00	--	2.10	--

91. When the Committee asked about the schemes on which the allocated amount of Rs.2.10 crore in BE 2007-08 is going to be spent, the Department in their reply stated as under:-

“The amount of Rs.2.10 crores will be spent on the following activities during 2007-08 as detailed

SI. No.	Activity	Amount (Rs.in lakhs)
1.	PCPIR to incl. consultancy for evaluation of proposals, their promotion through road shows and publicity literature and activities for encouraging investment and a Business Alliance Cell/Facilitation window at ICC and FICCI	100.00
2.	Other Chemical industry promotional activities which will include India Chem events, as also a focused event in alternate year for a specific sector, conducting seminars/conferences studies etc.,	110.00

- taking business delegations abroad and sponsoring visits of delegates from abroad to promote exports and investments in the sector;
- also to provide technical assistance to Dyes/Agro chem. etc in undertaking R&D;
- training through an International Chemical Process Safety Cell involving international industry experts, which can be subsequently converted into an International Center for Chemical Process Safety in collaboration with the Indian Chemical Council and Indian Institute of Chemical Technology, Hyderabad, and University Institute of Chemical Technology, Mumbai. “

92. The Committee note that Rs. 2.10 crore has been proposed for the Chemicals Promotion and Development Scheme (CPDS) which is targetted to gear up Indian Chemical Industry which is facing various challenges posed due to liberalization and globalization and to tune it to adopt world class technology so as to become competitive in global market along with the multinationals and other big companies. The Committee desire that the funds earmarked for CPDS be utilized fully to achieve the desired results.

(Recommendation SI.No.13)

MAJOR HEAD 2852

L. Others (New Schemes)

93. The Budget proposals are as under:-

(Rs. in crore)

BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
--	--	--	--	16.05	--

94. When the Committee asked about the new schemes on which the allocated amount of Rs.16.05 crore in BE (2007-08) is going to be utilized, the Department in their reply stated as under:-

“To keep pace with the development of pharmaceutical industry in the developed countries, Schedule M to the Drugs and Cosmetics Rules, 1945 relating to Good Manufacturing Practices and requirements of premises, plant and equipment for pharmaceutical products was amended in 2004 keeping in view the difficulties expressed by the manufacturers especially belonging to small scale sector in respect of some provisions relating to additional space etc. An outlay of Rs. 15 crore has been earmarked as interest subsidy, to enable the units in the small scale, to fulfill the stipulated criteria. Rs. 1 crore is for creation of an Apex Body for Repositioning of Pharma PSUs in the liberalized economic environment. A token provision of 0.01 crore has been made for each of the 5 new schemes in the field of pharmaceuticals namely (i) Public Private Partnership (PPP) scheme for drug banks, (ii) PPP scheme for cancer medicines, (iii) creation of IPR facilitation center, (iv) Enterprise Resource Planning in HIL and (v) critical assistance for WHO Pre-Qualification for Pharma PSUs/R&D. There is also a proposal for creating new NIPER like institutes.”

95. The Committee note that an amount of Rs.15 crore has been earmarked in BE 2007-08 as interest subsidy to enable the units in the small scale to fulfil the stipulated criteria. The Committee note that the amount though small shall assist small scale sector industries to large extent and help them to overcome the various problems. The Committee desire that it is imperative in this regard that small sector industries be made aware of such a scheme so that they can avail such facility or the Department at their own assist some of them on the basis of merit.

(Recommendation SI.No.14)

MAJOR HEAD 2552

M. Lumpsum provision for project/ scheme for the benefit of the North Eastern Region and Sikkim

96. The provision is for implementing projects/ schemes for North Eastern Region and Sikkim.

97. The Budget proposals are as under:-

(Rs. in crore)

Actuals 2005-06		BE 2006-07		RE 2006-07		BE 2007-08	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
--	--	12.10	--	40.43	--	20.90	--

98. When the Committee asked why Budget allocation increased to a level of Rs.40.43 crore at RE stage (2006-07) from Rs.12.10 crore at BE stage (2006-07) and decreased to Rs.20.90 crore at BE (2007-08), the Department in their reply stated as under:-

“As per mandatory requirement, 10% of the Plan outlays is required to be utilized for development of North East Region. The increase to a level of Rs.40.43 crore at RE stage (2006-07) from Rs.12.10 crore at BE stage (2006-07) and decrease to Rs.20.90 crore at BE (2007-08), accordingly reflect 10% of the respective total outlays.”

99. Further on being asked how the allocated funds have been utilized during the year 2006-07, the Department in their reply stated as under:-

“Out of Rs.40.43 crore earmarked for development of North East Region in the 2006-07 (RE), Rs. 0.47 crore has been released to NIPER for research. Further, an amount of Rs.1.09 crore has been released to IPFT for its Neem Project. An amount of Rs.7.90 crore is also likely to be released very shortly for development of Plastic Waste Management Center, Guwahati. Shortfall (i.e. up to 10% of the total outlay) shall be released to the non-lapsable pool.”

100. About the utilization of allocation for 2007-08, the Department stated that the Assam Gas Cracker Project has been approved by the CCEA in April, 2006. The total cost of the Project has been estimated to be Rs. 5460.61 crore and the Government shall contribute Rs.2138 crore by way of Capital Subsidy during the 5 years (till 2011). For the Annual Plan 2007-08, an amount of Rs.60.52 crore has been earmarked for the Project. As a result of implementation of Assam Gas Cracker Project, the expenditure in the NE region is expected to go much beyond the stipulated 10% during the XI Plan period.

MAJOR HEAD 4857 & 6857

N. Non-Plan Loans and Investment in Public Enterprises

101. Loan and investment allocations for the PSUs under the Department of Chemicals & Petrochemicals are as under:-

(Rs. in crore)

MAJOR HEAD	BE 2006-07		RE 2006-07		BE 2007-08	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
Non-Plan loan 6857	--	3.05	--	67.45	--	8.49
Investment 4857	25.00	--	293.31	--	2.00	--
6857	18.15	--	18.15	--	28.01	--
Total	43.15	3.05	311.46	67.45	30.01	8.49

102. The details of Non-Plan loans to Public Sector Enterprises are as under:-

(Rs. in crore)

	Actuals 2005-06	BE (2006-07)	RE (2006-07)	BE (2007-08)
Smith Staninistreat Pharmaceuticals Limited (SSPL)	--	0.01	0.01	0.01
Bengal Chemicals & Pharmaceuticals Limited (BCPL)	5.61	1.99	0.01	0.01
Bengal Immunity Limited (BIL)	10.00	0.01	0.01	0.01
Indian Drugs and Pharmaceuticals Limited (IDPL)	7.00	0.01	0.01	0.01
Petrofils Co-operative Limited (PCL)	1.49	1.00	1.00	1.00
Hindustan Insecticides Limited (HIL)	1.55	0.01	0.01	7.43
Hindustan Antibiotics Limited (HAL)	27.30	0.01	66.39	0.01
Hindustan Organic Chemicals Limited (HOCL)	--	0.01	0.01	0.01

103. The details of Investment in Public Enterprises are as under:-
(Rs. in crore)

	Actuals 2005-06	BE 2006-07		RE 2006-07		BE 2007-08	
		Budget Support	IEBR	Budget Support	IEBR	Budget Support	IEBR
Hindustan Organic Chemicals Limited (HOCL)	6.00	25.00	22.59	270.00	22.59	1.00	37.11
Hindustan Insecticides Limited (HIL)	6.00	7.15	--	7.15	--	6.00	1.00
Indian Drugs and Pharmaceuticals Limited (IDPL)	--	1.00	--	1.00	--	1.01	--
Hindustan Antibiotics Limited (HAL)	3.00	3.00	--	26.31	--	2.00	-3.30
Bengal Chemicals & Pharmaceuticals Limited (BCPL)	4.12	7.00	--	7.00	--	20.00	0.59

104. Highlighting the importance of PSUs, Secretary Department of Chemicals and Petrochemicals stated during evidence dated 28.3.2007 as under:-

“In fact, India is a very fortunate country that we have PSUs. You go to other countries, they provide for their health care medicines etc. through insurance which is a huge drain on their budget. But we have these PSUs; so we have no need to close them down. We can use them to meet the gaps in our public health needs. The private sector is providing enough medicines but there are still some areas. We have the below poverty line people; about 30 crores. Even if you have private sector medicines reduce the cost to bottom prices, even then BPL will not be able to afford them. Then we have HIV problem; there are cancer medicines. There are some neglected diseases. Now, the Government itself has launched the National Rural Health Mission. One of the things is that about 60 per cent of the women in India are anaemic; and the medicine for that is folic acid which is Rs.12 for 100 tablets. The private sector does not run for charity. We cannot force them that to make such low margin medicines. If they do not make it, who is going to make 100 tablets for Rs.12? Who is going to make the medicines for underweight children? These are the gaps in our public health system. So, this is where now these PSUs are being repositioned. They are going to play a different role. Regarding HIV AIDS, there also, two of our PSUs have already started making the medicines; our Minister launched the ARV medicines made by the PSUs. So, we want to tie up with NACO that we will provide ARV medicines and all. This is a new role. The second new role is meeting this gap for the trained manpower. The industry tells us

that the B. Pharma boys and girls are unemployable. Immediately after B. Pharma, they cannot be employed in the industry at the correct level. They need extra training; six months' training, seven months' training in clinical trials etc. So, IDPL specially is ideally located with this huge land to have some institutes of this sort running these sorts of courses. We do not want to parcel out the land of our PSUs; just break it up and sell it off in small bits and pieces. We want to really reposition and reorient our PSUs to meet the current needs of the country. Hence this amount which has been given by the Cabinet, by the Union Government, has been very wisely given for revival of the PSUs."

105. Secretary, Department of Chemicals and Petrochemicals also stated that our Ministry has only five PSUs. All the five of them were sick some 10 to 15 years. But in respect of our four of these PSUs, over the past one year, the Government has sanctioned revival packages. These four PSUs are, namely, Hindustan Antibiotics Limited, Pune, Hindustan Organics Limited at Rasayani and Cochin and Hindustan Insecticide Limited again at Cochin and Gurgaon and the fourth one is the Bengal Chemical at Kolkata. For all these four PSUs, the revival package has been sanctioned. The fifth one is the IDPL which used to be a very prestigious PSU. BRPSE has already approved our proposal and it will soon be put up to the Cabinet. A Cabinet Note has already been circulated amongst all the Ministries and we are hopeful that in the next meeting with you we would be happy to report that this has also been approved by the Cabinet.

106. The Committee observe that Public Sector Undertakings of the Department of Chemicals and Petrochemicals especially those engaged in manufacturing of pharmaceuticals products are playing a significant role in developing and availing low cost medicines which would have otherwise been beyond the capacity of poor people. There is no denial of the fact that these Undertakings have social obligation which private companies do not have. The Committee note that this may be one of the reasons of non-profitability of some of the Public Sector Undertakings. While appreciating the role of Public Sector Undertakings as social manager, the Committee recommend that all-out efforts should be made in order to revive the sick industries which were hitherto languishing due to many reasons beyond their control. The Committee desire that besides financial support for the revival of sick companies, the Government should give a little more autonomy and develop effective managerial skill among Officers at the helm of affairs. The Committee feel that managerial skill and Human Resource Development are as essential as providing financial assistance only then the public sector companies would compete with private sector in terms of profitability.

(Recommendation SI.No.15)

(a) **Hindustan Organic Chemicals Limited (HOCL)**

107. Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12th December, 1960, for setting up manufacturing capacities for chemicals/intermediates which are required for production of Dyes, Dye-intermediates, Rubber chemicals, Pesticides, Drugs and Pharmaceuticals, laminates etc. It was expected that indigenous manufacture of these chemicals and intermediates would give impetus to downstream industry resulting in setting up of chemical units and achieving self-sufficiency for the country in this area. The objective behind setting up of HOCL has been achieved since at present more than 500 units based on HOCL's products have been set up all over the country which have not only helped in achieving self sufficiency but have also entered the international market earning precious foreign exchange by exporting chemicals, dyes and drugs for over a number of years.

108. The products manufactured by HOCL include phenol, acetone, formaldehyde, nitrobenzene, aniline, nitro toluene, sulphuric acid, oleum, acetanilide and Hydrogen Peroxide. The raw materials used by HOCL are Benzene, Toluene, LPG, Methanol, naphtha and sulphur, the majority of which come from Petroleum Refineries.

109. HOCL 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) for manufacture of Poly Tetra Fluoro Ethylene (PTFE), a high technology engineering plastic.

110. During the year 2005-06, the company achieved an overall capacity utilization of 54% during the year against 77% during the previous year. As against the production of 313460 MT (main products) during 2004-05, the company achieved a production of 216224 MT (main products). The company

recorded sale of 138431.77 MT during the year (last year 194911.67 MT) valuing Rs.38604.67 lakhs (last year Rs.64755.21 lakhs).

111. The Committee have been informed that as a result of the active steps taken by the Department, the rehabilitation proposal in respect of HOCL was approved by the Government and implemented during 2006-07. Additional outlay for rehabilitation was Rs. 250 crore.

112. During the course of evidence, Secretary, Department of Chemicals and Petrochemicals submitted as under:-

“HOCL was set up at a time when there was hardly any chemical industry in India and because of that 500 units have come up in and around Mumbai and Gujarat. It has played a very good role and for certain reasons it had only one unit which was doing very well at Rasayani. The Kochi unit was profitable. In 1991, the management decided to expand Rasayani unit and set up a caustic soda plant. At that time, there was liberalization and because of the high cost of power, the Government of Maharashtra did not allow them to have their own captive power plant. So, Rs.95 crore was spent on setting up the caustic soda plant. It was closed immediately after commissioning because of various factors.”

113. When the Committee asked by what time HOCL will be rehabilitated as outlay of Rs.250 crore has been sanctioned, the Department in their reply stated as under:-

“HOCL has initiated physical and financial restructuring process as soon as Rs. 250 crores was received by the Company from the Govt. in October, 2006. As per the revival plan submitted to the Operating Agency, the Net Worth of the company in 2007-08 is expected to be positive. After implementation of the restructuring package, the budgeted profit during 2007-08 is Rs. 30.56 crores. It is expected that HOCL would be rehabilitated during 2007-08. The profitability of the company will increase substantially from 2010-11, after full implementation, including restarting of caustic chlorine plant at Rasayani and capacity expansion at Kochi, is carried out.”

114. The Committee note that management of HOCL had decided to set up a caustic soda plant in Rasayani in Maharashtra. The Committee also note that because of high cost of power, the Government of Maharashtra did not allow them to have their own captive power plant. As a result Rs.95 crore unit had to shut up. The Committee express their dismay over such an attitude of the Government of Maharashtra which wasted Rs.95 crore of HOCL and incurred great loss to the company. The Committee also caution that before setting up such units the arrangement of all inputs like power, land, water, etc., should be explored *in-tandem* with the State Government so that such *faux-pas* do not recur. As evident from the statement of Secretary that there was liberlisation at that time, the Committee are of the view that Government should not frequently change their economic policy, especially in such cases where a substantial amount of money is involved in the production of chemicals useful for industries as a whole.

(Recommendation SI.No.16)

(b) Hindustan Insecticides Limited (HIL)

115. Hindustan Insecticides Limited (HIL) was incorporated in 1954 and set up its factory in Delhi for manufacturing DDT to meet the demand of National Malaria Eradiction Programme (NMEP) presently known as National Vector Borne Disease Control Programme launched by Government of India. This plant came as a gift from WHO and went into production in April, 1955. In 1957, the company set up their second factory at Udyogamandal, near Cochin, for the manufacture of DDT. The company set up a plant at Rasayani, Maharashtra in 1977 for the manufacture of Malathion, an insecticide used in public health. Further, another DDT plant was set up at Rasayani in 1983. DDT is even today the most cost effective tool to fight dreaded diseases like Malaria, Dengue, Kala Azar, Japanese Encephalities, etc. The company has contributed a lot in keeping these diseases under check in India.

116. HIL today is the largest producer of DDT in the world and the only other producer is in China.

117. With a view to make quality pesticides available to farmers as part of Green Revolution, HIL put up manufacturing facilities for various agro pesticides at Udyogamandal, Kerala and Rasayani, Maharashtra. The company today manufactures technicals such as Endosulfan, Dicofol, Butachlor, DDVP, Monocrotophos, Mancozeb etc. and around 27 agro formulations at its plants at Udyogmandal (Kerala), Rasayani (Maharashtra) and Bathinda (Punjab).

118. The company has a well-equipped Central R&D Complex at Udyog Vihar, Gurgaon, Haryana, alongwith an experimental farm.

119. The Committee have been informed that the Cabinet Committee on Economic Affairs approved the revival proposal of HIL in its meeting held on 27.7.2006 and, inter-alia, approved waiver of Govt. of India (GOI) loans

amounting to Rs.66.40 crores and conversion of the remaining GOI loan of Rs.31.55 crores as on 31st March, 2006 into equity and writing off the interest amounting to Rs.126.69 crores on GOI loans as on 31.3.2006. With the implementation of the package, the company earned a profit of Rs. 21.41 crores and its net worth which was negative in earlier years has become positive on date. The company is expected to earn a net profit of Rs. 1.81 crores during 2006-07.

(c) **Indian Drugs & Pharmaceuticals Limited (IDPL)**

120. Indian Drugs & Pharmaceuticals Limited (IDPL) was incorporated on 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 (Uttaranchal), Hyderabad (Andhra Pradesh) and Gurgaon (Haryana). IDPL has two wholly owned subsidiaries, namely, IDPL (Tamil Nadu) Limited, Chennai (Tamil Nadu) and Bihar Drugs & Organic Chemicals Limited at Muzaffarpur (Bihar). In addition, IDPL has two joint sector undertakings, promoted in collaboration with the respective State Governments. These are Rajasthan Drugs and Pharmaceuticals Limited (RDPL), Jaipur, and Orissa Drugs & Chemicals Limited (ODCL) Bhubaneshwar.

121. IDPL was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) on the 12th August, 1992. A revival package for the company was formulated and approved by BIFR on the 10th February, 1994. However, after taking into account the performance of the company, which fell short of the targets, the BIFR on 23.1.1996 treated the sanctioned package as failure. BIFR heard the case from time to time.

122. In November, 2001, the Government communicated to the BIFR that the Government intends to provide the following concessions/ facilities for cleaning up of the balance sheet of the company to facilitate its privatization:-

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

123. Accordingly, BIFR directed the Operating Agency to invite proposals for privatization of all units of IDPL and later all the units including two wholly owned subsidiaries. None of the proposals received was found support worthy.

124. BIFR vide order dated 12.9.2003 issued Show Cause Notice to the company/ existing promoters as to why the company should not be wound up. BIFR in its meeting held on 4.12.2003 confirmed its prima-facie opinion that it would be just equitable and in public interest if the sick company IDPL was wound up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

125. Department of Chemicals and Petrochemicals filed an appeal against the opinion of BIFR in Appellate Authority for Industrial & Financial Reconstruction (AAIFR) on 10.2.2004. Hon'ble AAIFR at its hearing on 13.9.2005 set aside the impugned order of BIFR dated 4.12.2003 and remanded the matter back to BIFR for taking further action for rehabilitation of IDPL.

126. During the course of evidence, the Secretary, Department of Chemicals and Petrochemicals submitted as under:-

"I alongwith my team of officers had visited Hyderabad and we were really shocked and pained to see the way this institute which had done pioneering work in drugs and pharmaceuticals, how it was lying like a ghost town. Everything was closed down. So, we immediately met the local drug industry as well as the Chief Secretary and others. In fact we posed the same question: This is your mother institute: from here all the

technicians have come out; Dr. Reddy. Aurbindo, so many come up; but are you not concerned about what is happening to IDPL? Now in Hyderabad in IDPL , there are only about six or seven scientists there. It is totally closed down. Forty two units were there; they are all shut down. The problem with IDPL was that it was set up in a time when there was no drug industry in India. It was totally controlled by imports. Therefore, there was no chemical industry. The model at that time was huge; it had to cater to the township. It had to set up hospitals; it had to set up schools. Everything had to be provided because they were set up outside the municipal limits, being chemicals units. That is why IDPL could not sustain itself because of the private sector that came up. People say, how come the private sector? Why cannot IDPL compete with private sector? Private sector does not have this baggage of huge social infrastructure.”

127. In a meeting held under the chairmanship of Minister (C&F&S) it was decided to revive all the five units of IDPL in a phased manner.

128. IDPL has since submitted Draft Rehabilitation Package for its revival. The Draft Rehabilitation package has been endorsed to BRPSE for its recommendations.

129. BRPSE at its meeting held on 9.3.2007 considered and recommended the Rehabilitation Scheme for revival of IDPL. The recommendation of BRPSE have since been received.

130. The Committee are failed to understand that IDPL which had done pioneering work in the manufacturing of drugs and pharmaceutical is presently not viable. Many scientists have left the company due to one reason or the other. The Committee express their displeasure over such sorry state of affairs. The Committee are of the view that some concrete steps should be taken to stop the brain-drain. While appreciating the recommendation of BRPSE for revival of IDPL, the Committee hope that the recommendation of BRPSE will be implemented soon and Government would do their best for the revival of IDPL keeping in view of its social obligation.

(Recommendation Sl.No.17)

(d) Hindustan Antibiotics Limited (HAL)

131. Hindustan Antibiotics Limited (HAL), Pimpri, Pune was incorporated on the 30th March, 1954. This was the first Public Sector company in drugs and pharmaceuticals. HAL has its plant located at Pimpri. The company produces a wide range of Pharmaceutical formulations including agro-vet products. There are three joint sector units promoted by HAL in collaboration with the respective State Governments. These are Karnataka Antibiotics & Pharmaceuticals Limited, Bangalore (Karnataka), Maharashtra Antibiotics & Pharmaceuticals Limited. At Nagpur (Maharashtra since closed) and Manipur State Drugs & Pharmaceuticals Limited at Imphal (Manipur since closed). In addition there was a joint venture, namely, HMGB, with a private sector company Max GB since discontinued.

132. Since the company had been incurring continuous loss since 1993-94, it was referred to the BIFR in January, 1997. BIFR declared the company formally sick on 31.3.1997. The BIFR appointed the Industrial Development Bank of India (IDBI), Mumbai as the Operating Agency for a techno-economic viability study and report. The first rehabilitation scheme prepared by HAL was revised on the directions of the BIFR and the Government.

133. The Government could not submit a fully tied up proposal for rehabilitation of the company. Government was, however, agreeable for change in management of the company and was willing to consider a financial restructuring package without infusion of additional funds alongwith and as part of disinvestments to a strategic partner.

134. The BIFR issued a Public Show Cause Notice dated September 5, 2003 for winding up the company. The Board decided to hold the Show Cause Notice in abeyance and granted further time to the company and other bidders to

submit their comprehensive and fully tied up revival proposal to the OB (IDBI). However, no acceptable proposal could be placed before the BIFR.

135. In the Budget speech 2004-05, the Finance Minister announced financial support for the restructuring of HAL.

136. On 9.3.2006, CCEA approved the Rehabilitation Scheme for revival of HAL. The Scheme inter alia provides for the following:-

S. No.	Particulars	Amount(Rs. in crores)
1.	Cash infusion	137.59
2.	Write off of loan & interest thereon as on 31.3.05 by GOI	259.43
3.	Exemption from payment of Capital Gain Tax on sale of land	6.56 *
4.	Waiver of interest/penalty on delayed payment of income Tax	1.58*
5.	Sacrifices by Banks, financial institutions and PSUs	103.34
	Total	508.50

(* To be granted by the authorities concerned. HAL will initiate action for the same.)

137. Entire cash infusion of Rs. 137.59 crores has been released. Out of cash infusion of Rs. 137.59 crores, Rs. 56.96 crores was to be generated by HAL by selling land. Pending sale of land, GOI has released Rs. 56.96 crores to HAL as interest free loan refundable within 2 years. HAL has requested the BIFR to constitute the Asset Sale Committee for the purpose of sale of land as contemplated in the Rehabilitation Scheme.

138. BIFR sanctioned the Rehabilitation Scheme of the company on 5.10.2006.

139. Parliament has since approved the write off of GOI loan & interest thereon to the extent of Rs. 259.43 crores in the 3rd Supplementary Demands for Grants for 2006-07.

(e) **Bengal Chemicals & Pharmaceuticals Limited (BCPL)**

140. Bengal Chemicals & Pharmaceuticals Limited (BCPL) was a sick company in the private sector in the name and style of Bengal Chemicals & Pharmaceuticals Works. It was nationalized on the 15th December, 1980. A new public sector company in the name and style of Bengal Chemicals & Pharmaceuticals Limited was incorporated on the 17th March, 1981.

141. The company has four manufacturing units one each at Maniktala at Kolkata, Panihati at North 24 Parganas (West Bengal), one at Mumbai and at Kanpur. The company manufactures and markets wide range of industrial chemicals, a large number of Drugs and Pharmaceuticals besides Cosmetics and Home Products. In the Home Products, the well known products include Cantharidine Hair Oil and Lamp Brand Phenol.

142. The company was formally declared sick by the Board for Industrial and Financial Reconstruction on the 14th January, 1993. A revival package was approved by the BIFR on the 4th April, 1995.

143. The package was reviewed by BIFR from time to time. As a result, BIFR sanctioned a Modified Revised Rehabilitation Scheme on 14.1.2004 for the revival of BCPL. The envisages a number of relief and concessions from the Government and other agencies.

144. The MDRS sanctioned by BIFR was further modified by the Company keeping in view its requirements for modernization of plants & machinery and placed before BRPSE for its recommendations. The BRPSE at its meeting held on 25.8.2006 recommended for approval of the modified revival plans.

145. On 21.12.2006, Government of India has approved the Modified Rehabilitation Scheme for revival of BCPL at an estimated cost of Rs. 440.60 crores. The details of the scheme are as under:

- | | | | |
|-------|--|---|-------------------|
| (i) | Cash infusion by GOI | - | Rs. 207.19 crores |
| (ii) | Waiver of Loans/Interest(As on 31.3.2005)- | | Rs. 233.41 crores |
| (iii) | Waiver of Loan/Interest by the GOI not
to be treated as income in terms of
Income Tax Act. | - | Not quantified |

146. Department has forwarded the approved Rehabilitation Scheme to Board for Industrial & Financial Reconstruction , Industrial Investment Bank of India(Operating Agency), BCPL and Pay & Accounts Officer for necessary action

(f) Bengal Immunity Limited (BIL)

147. Bengal Immunity Limited (BIL) was a sick company in the private sector in the name and style of Bengal Immunity Company Limited. The management of the company was taken over by the Central Government with effect from the 18th May, 1978. It was nationalized w.e.f. 1st October, 1984 and a new public sector company in the name and style of Bengal Immunity Limited was incorporated on the 1st October, 1984. The company had two manufacturing units, one each at Baranagar at Kolkata (West Bengal) and at Dehradun (Uttaranchal).

148. The Board for Industrial and Financial Reconstruction (BIFR) formally declared the company sick on the 9th March, 1993. BIFR heard the case from time to time. In the hearing held on 13th September, 2002 the BIFR formed its prima-facie opinion to wind up the company. The opinion was confirmed by BIFR in the hearing held on 25th February, 2003. With the approval of the Cabinet, VSS was introduced in the company. The company has since relieved all the employees under VSS as on 30th September, 2003.

149. The company is closed. The Official Liquidator has already been appointed by the Kolkata High Court. However, the appointment of Liquidator in respect of BIL has been stayed first at the intervention of BIL Employees Union and thereafter of the Department on the ground that a Committee has been set up to explore the possibility of revival of BIL. The Committee has since submitted its report in September, 2006. The report is under examination.

150. When the Committee asked by what time examination of the report will be completed, the Department in their reply stated as under:-

“The decision making process has been set in motion. It is expected to be completed by May, 2007.”

151. Having gone through the facts in regard to PSUs under the Department of Chemicals and Petrochemicals, the Committee note that the Government have approved the revival/rehabilitation proposals in respect of Hindustan Organic Chemicals Limited (HOCL), Hindustan Insecticides Limited (HIL), Hindustan Antibiotics Limited (HAL) and Bengal Chemicals and Pharmaceuticals Limited (BCPL). In case of Indian Drugs and Pharmaceuticals Limited (IDPL), Board for Reconstruction of Public Sector Enterprises (BRPSE) at its meeting held on 09.03.2007 considered and recommended for its rehabilitation. In case of Bengal Immunity Limited (BIL), the report of the Committee appointed by the Department of Chemicals and Petrochemicals to look into the issue of taking over by other PSUs like BCPL is under examination. The Committee recommend that approved revival/rehabilitation proposals should be implemented within a time-bound manner. The Committee desire that the Department should take urgent steps for getting revival/rehabilitation proposal in respect of IDPL approved by the Government and the report in case of BIL be examined without any further delay.

(Recommendation SI.No.18)

**New Delhi;
April 17, 2007
Chaitra 27, 1929 (Saka)**

**ANANT GANGARAM GEETE
Chairman,
Standing Committee on
Chemicals & Fertilizers**

MINUTES

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2006-07)**

**EIGHTH SITTING
(28.03.2007)**

The Committee sat from 1500 hours to 1645 hours.

Present

Shri Anant Gangaram Geete - Chairman

Members

Lok Sabha

2. Shri Sunil Khan
3. Shri Subhash Maharia
4. Shri Ramswaroop Prasad
5. Shri P. Chalapathi Rao
6. Shri Anantha Venkatarami Reddy
7. Shri Narsingrao H. Suryawanshi

Rajya Sabha

8. Shri Devdas Apte
9. Shri Gireesh Kumar Sanghi
10. Shri V. Hanumantha Rao
11. Shri Mahendra Sahni
12. Shri T.R. Zeliang

Secretariat

- | | | | |
|----|---------------------------|---|----------------------------|
| 1. | Shri A.K. Singh | - | <i>Joint Secretary</i> |
| 2. | Shri A.S. Chera | - | <i>Director</i> |
| 3. | Shri A.K. Srivastava | - | <i>Deputy Secretary-II</i> |
| 4. | Smt. Balwant Kaur Saimbhi | - | <i>Under Secretary</i> |

**Representatives of the Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)**

- | | | | |
|-----|----------------------------|---|--|
| 1. | Smt. Satwant Reddy | - | Secretary |
| 2. | Dr. Jivtresh Singh Maini | - | Additional Secretary and FA |
| 3. | Shri Ashok Kumar | - | Chairman, National Pharmaceutical Pricing Authority (NPPA) |
| 4. | Shri K.C. Mishra | - | Joint Secretary |
| 5. | Shri G.S. Sandhu | - | Joint Secretary |
| 6. | Shri P.V. Rajeev Sebastian | - | Economic Advisor |
| 7. | Shri Bilas Rao Ghodeswar | - | CCA |
| 8. | Shri N.K. Sharma | - | Director |
| 9. | Ms. Harmeet Singh | - | Director |
| 10. | Shri Surjit Bhujbal | - | Director |
| 11. | Shri Gurdeep Singh | - | Director |

**Representatives of the Public Sector Undertakings
(PSUs)/Autonomous Bodies**

- | | | | |
|----|-------------------------|---|--|
| 1. | Shri M.C. Abraham | - | MD, Hindustan Antibiotics Ltd. (HAL) |
| 2. | Dr. P. Ramarao | - | Director, National Institute of Pharmaceuticals Education and Research (NIPER) |
| 3. | Shri K.A.R. Subramanian | - | DG, Central Institute of Plastic Engineering and Technology (CIPET) |
| 4. | Shri N.R.S. Phani | - | MD, Bengal Chemicals and Pharmaceuticals Ltd. (BCPL) |
| 5. | Shri A.S. Didolkar | - | CMD, Hindustan Organic Chemicals Ltd. (HOCL) |
| 6. | Shri K. Hari Kumar | - | CMD, Hindustan Insecticides Limited (HIL) |
| 7. | Dr. P.K. Patanjali | - | Director, Institute of Pesticides Formulation Technology (IPFT) |
| 8. | Shri M. Venkatesan | - | Director (Finance), BPCL |

2. At the outset, the Hon'ble Chairman welcomed the Members, officials of the Department of Chemicals & Petrochemicals and Public Sector Undertakings to the sitting.

3. Thereafter, the representatives of the Department of Chemicals and Petrochemicals made a brief presentation highlighting the various activities of Chemicals and Petrochemicals sector, particularly with reference to Demands for Grants of the Department for the year 2007-08.

4. During the course of evidence, the following issues came up for discussion:-

- (i) Establishment of extension centres of CIPET in more States.
- (ii) Early disposal of claims in regard to Bhopal Gas Leak Disaster.
- (iii) Early removal of Toxic Waste from Union Carbide Plant.
- (iv) Early commissioning of Assam Gas Project.
- (v) Achievements of National Institute of Pharmaceuticals Education and Research (NIPER).
- (vi) Setting up of more NIPER like Institutes in the country.
- (vii) Production of spurious drugs.
- (viii) Finalisation of new Pharma Policy.
- (ix) Availability of medicines to the poor at reasonable prices.
- (x) Implementation of schemes for North-Eastern Region.
- (xi) Revival of closed/sick Public Sector Undertakings.
- (xii) Social obligations of the Public Sector Undertakings.

5. A verbatim record of the proceedings of the sitting has been kept.

The Committee, then, adjourned.

MINUTES

**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2006-07)**

**TENTH SITTING
(17.04.2007)**

The Committee sat from 1100 hrs. to 1315 hrs.

Present

Shri Anant Gangaram Geete - Chairman

Members

Lok Sabha

2. Shri Suresh Angadi
3. Shri Sunil Khan
4. Shri Subhash Maharia
5. Shri Prasanta Pradhan
6. Shri P. Chalapathi Rao
7. Shri Anantha Venkatarami Reddy
8. Shri Narsingrao H. Suryawanshi
9. Shri Mansukhbhai D. Vasava
10. Shri D. Venugopal
11. Shri Bhanupratap Singh Verma

Rajya Sabha

12. Shri Devdas Apte
13. Shri Gireesh Kumar Sanghi
14. Shri Mahendra Sahni

Secretariat

1. Shri A.K. Singh - Joint Secretary
2. Shri A.S. Chera - Director
3. Shri A.K. Srivastava - Deputy Secretary-II
4. Shri Balwant Kaur Saimbhi - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee.

3. Thereafter, the Committee considered the draft Report on Demands for Grants (2007-08) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals). After some discussion, the draft Report was adopted by the Committee with minor amendments.

4. ** ** ** ** ** ** ** ** ** ** **
 ** ** ** ** ** ** ** ** ** ** **

5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals and ** **) and present the same to both the Houses of Parliament in the current Session.

The Committee, then, adjourned.

**** Matters not related to this Report**

Appendix-III

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

Sl. No.	Para No.	Recommendations/Observations
1.	4	<p>The Committee have analyzed the implementation of recommendations/observations contained in their Eleventh Report on Demands for Grants (2006-07). The analysis of the Committee shows that out of 21 recommendations contained in the Report, the Government have implemented some recommendations viz. Recommendation Sl. Nos. 2, 3, 10, 11, 17, 18 and 20. Some recommendations viz. Recommendation Sl. Nos. 5, 6, 7 and 8 as per latest information submitted to the Committee are at various stages of implementation. The Committee, therefore, desire that the Government should implement the recommendations expeditiously and apprise the Committee of the conclusive action taken in this regard.</p>
2.	11	<p>The Committee note that revised plan outlay for the 10th Five Year Plan (2002-2007) was Rs.612.42 crore with Rs.418.42 crore as budgetary support and Rs.194.00 crore as IEBR mainly through PSUs. Out of this Rs.418.42 crore, only Rs.179.52 crore has been spent during the first four years of the 10th plan which comes to about 42.9 per cent only. However, if RE of Rs.404.31 crore for the year 2006-07 (terminal year of the 10th Plan) is utilized fully, the total utilization would be around Rs.583.83 crore, almost 40 per cent more than that envisaged at the start of the plan. The Committee also note that against RE of Rs.404.31 crore, an amount of Rs.354.21 crore has been released for utilization as on 20.3.2007. Considering all these aspects, the Committee recommend that in future planning should be done properly to ensure utilization of allocated funds in proportionate manner during each year of the Plan and to discourage the trend of utilization of major portion of allocated funds during the terminal year of the plan period.</p>
3.	19	<p>The Committee have been informed that the scheme-wise outlays for the 11th Five Year Plan has been considered by the Planning Commission only for the year 2007-08 as the process of preparation of 11th Plan was started but could not be crystallized before launching Annual Plan 2007-08. The Committee have also been informed that the Planning Commission has now received Reports of Working Groups and Standing Committees and the work for preparation of 11th Plan is in progress. While appreciating the efforts made by the Department which has with a view to make the chemical sector an engine of higher economic growth, sought to impress upon the Planning Commission the desirability of making</p>

		available a significantly enhanced budgetary support during the 11 th Plan, the Committee recommend that the Department should take up with the Planning Commission for early consideration and approval of 11 th Five Year Plan and in meantime all the formalities should be completed so that delay in plan formulation has no adverse impact on the medium and long term programmes of the Department.
4.	35	The Committee note that the Plan budget of CIPET has been increased from Rs.32.66 crore in RE (2006-07) to Rs.38.51 crore in BE (2007-08). The Department of Chemicals and Petrochemicals has informed that the BE of Rs.38.51 crore for the year 2007-08 comprises OPEC Loan Assistance of Rs.20 crore and Domestic Budget Support (DBS) of Rs.18.51 crore out of which an amount of Rs.11.26 crore is for New Schemes of CIPET; Rs.5.25 crore is for establishment of new extension centres at Panipat (Haryana), Jaipur (Rajasthan) and Aurangabad (Maharashtra) and Rs.2 crore as counterpart funding against OPEC Loan Assistance. The Committee have been further informed that the temporary building/workshops have been identified and training activities at all the 3 centres have already commenced for the current academic year. The project proposal stipulates completion of the project in 3 years for each of the centres, from the date of approval i.e., as 31 st March, 2006. The Committee, therefore, recommend that steps should be taken for timely completion of the project for establishment of new extension centres at Panipat, Jaipur and Aurangabad. The Committee also desire that in future CIPET Centres should be established in the vicinity of polytechnic centres imparting education in plastic/ polymer technology.
5.	44	The Hon'ble Supreme Court of India in July, 2004 directed the Welfare Commissioner for Bhopal Gas Leak Disaster to disburse the unspent amount of Rs.1503 crore which accrued due to interest and exchange rate variation to the disaster victims on pro-rata basis. The disbursement of <u>pro-rata</u> compensation started on 15.11.2004. About 5,73,539 claimants were given compensation as on 31.1.2007. The Department has informed that 38 appeals and 4 Review Petitions are lying with the Welfare Commissioner. Besides, 56 applications are pending for scrutiny and motion hearing. The work for distribution of pro-rata compensation was to be completed by 30 th April, 2006. However, an application in respect of the nearly 31,000 absentees claimants had been filed by the office of the Welfare Commissioner in the Hon'ble Supreme Court on 15 th February, 2006 for treating all such cases as closed. Decision of the Supreme Court is awaited. The Committee now hope that all cases relating to the disbursement of pro-rata compensation would be disposed of expeditiously as per the decision of the Hon'ble Supreme Court and NGOs who have been assigned the task of contacting beneficiaries would do their work in a time-bound manner. It is, therefore, imperative to have a control on their functioning.

		<p>The Committee while appreciating the initiative of Department of Chemicals and Petrochemicals for providing safe drinking water in the gas affected area wherein the gas leakage had mixed with the soil resulting into contamination of water till now, are failed to understand as to why after such a long time the provision of providing safe drinking water has not been taken up effectively. Had the Government taken up this issue earlier, the situation would have been different. The Committee express their displeasure on learning the fact that even after the expiry of twenty one years of the tragedy, water is still being supplied by tankers instead of making any arrangement of piped water. Though it is not the subject matter of the Department, even then the Committee recommend that the Department should take up the matter with the Ministry of Urban Development and State Government of Madhya Pradesh and make sincere efforts to contain the problem of water contaminations in the affected area. The Department of Chemicals and Petrochemicals also cannot shirk their responsibility as the gas leakage and its after effect have tangible effect on relief operations for which the Department has been made a nodal agency.</p>
6.	49	<p>The Committee are happy to note that a Task Force under the Chairmanship of Secretary (Chemicals and Petrochemicals) is monitoring the removal/ disposal of toxic wastes. The Task Force accepted the final recommendations of its Technical Sub-Committee for removal/ disposal of 350 MT of different types of toxic wastes by incineration, at the incinerator at Ankleshwar, Gujarat and for lime sludge weighing approximately 40 MT, to the secured landfill to be sent to the Transportation, Storage, Disposal Facility (TSDF), at Pethampur, near Indore. The permission for incineration at the incinerator at Ankleshwar, Gujarat has been obtained from the State Government of Gujarat and the Ministry of Finance has allocated Rs.1.00 crore to the Department for meeting the 50% share of expenditure estimated for the purpose. Considering these developments, the Committee desire that toxic wastes from Union Carbide Plant site at Bhopal be removed without any further delay and the Committee may be intimated about the action taken in this regard.</p>
7.	55	<p>The Committee have been informed that the Gas Authority of India Limited (GAIL) has been identified as lead promoter with 70 per cent equity participation to implement the Assam Gas Cracker Project with Oil India Limited, Numaligarh Refinery Limited and Assam Industrial Development Corporation each having 10 per cent equity participation in the project. The Committee note that project was approved by the Cabinet Committee on Economic Affairs (CCEA) on 18th April, 2006 and a Joint Venture Company i.e. M/s. Brahmaputra Cracker and Polymer Limited was incorporated on 8th January 2007 and some progress has been made towards implementation of the project. The Committee express their satisfaction that foundation stone laying ceremony of the Brahmaputra Cracker and Polymer Limited has been held on</p>

		9 th April, 2007. The Committee now desire that all out efforts should be made to make the Project complete and functional within stipulated time period as the project is a part of Assam Accord signed as far back as 1985 and should not be prolonged any more which hitherto could not take off due to one reason or another.
8.	62	The Committee note that the Institute of Pesticides Formulation Technology (IPFT) is getting Departmental grant for day-to-day activities as well as capital support. The Committee have been informed that the difficulty of the shortage of manpower faced by the Institute has been overcome by undertaking cadre review exercise. Subsequently, recruitment process has been completed and some more scientists will be in position before 30 th April, 2007. Further, the process of filling up of the post of Director is under way. The Committee hope that the scientists and Director will join the Institute very soon so that it discharge its assigned function smoothly.
9.	71	The Committee note that the National Institute of Pharmaceuticals Education and Research (NIPER) seeks to promote excellence in the sphere of pharmaceutical education and to meet the current and future needs of the pharmaceutical sector in India. Keeping in view the importance of its objectives, the Plan budget for the Institute has been raised from Rs. 13.00 crore in the RE 2006-07 to Rs. 28.66 crore in the BE 2007-08 particularly to strengthen the infrastructure facilities of Institute and start new schemes in addition to completion of the on-going schemes. The Committee are happy to note that for the 11 th Plan a proposal for setting up 5 more NIPER like Institutes in the country has been mooted and Planning Commission has accorded 'in-principle' approval for the same. The Committee hope that as suggested by the Planning Commission, the Government would actively consider private-public partnership. Considering the fact that NIPER has been doing yeomen's service to the pharmaceutical sector, the Committee strongly recommend that Planning Commission finally approve the proposal expeditiously and Ministry of Finance accordingly allocate the money for the same. The Committee also recommend that new schemes/projects should be completed in a time bound manner so that desired objectives of the Plan funds are achieved. In this regard, the Committee also desire that the Department of Chemicals and Petrochemicals also pursue the matter seriously with Planning Commission, Department of Expenditure and other concerned authorities.
10.	75	The Committee appreciate that all the Chemical Units which are producing Schedule II and Schedule III chemicals have to declare those so that the chemicals produced cannot be used for producing chemical weapons as per the Chemical Weapons Convention (CWC). The Committee note that for such monitoring an enhancement of Rs. 0.18 crore has been made in the BE 2007-08 as compared to RE 2006-07. The Committee feel that such safety steps are not only for adherence to Chemical Weapons Convention but also for the safety of general public at large.

11.	80	The Committee note that the National Pharmaceutical Pricing Authority (NPPA) is responsible for price fixation/revision of drugs and formulations. It monitors the prices of decontrolled drugs and formulations and oversees the implementation of the provisions of Drugs (Price Control) Order. The planned expenditure has been increased from Rs. 1.50 crore in 2006-07 to Rs. 11.50 crore in 2007-08 in order to restructure and strengthen the NPPA, as stipulated in the proposed National Pharmaceutical Policy, 2006, by setting up Drug Price Monitoring Cell in each State for monitoring of the drug prices in the concerned State. The Committee hope that National Pharmaceutical Policy, 2006 would be finalized soon and the funds earmarked for NPPA would be utilized fully to achieve the objectives for which they are allocated.
12.	86	The Committee note that the Government is providing grants for promotion of export of pharmaceuticals which <i>inter-alia</i> includes organizing seminars/workshops. The Committee also note that against 'Nil' Plan and 0.05 crore Non-Plan Budget for the year 2006-07, Rs. 1.00 crore Plan and 0.5 crore Non-Plan Budget has been proposed for the year 2007-08. While appreciating the increase in allocation for the year 2007-08, the Committee recommend that vigorous and sustained efforts should be made for promotion of export of pharmaceuticals.
13.	92	The Committee note that Rs. 2.10 crore has been proposed for the Chemicals Promotion and Development Scheme (CPDS) which is targetted to gear up Indian Chemical Industry which is facing various challenges posed due to liberalization and globalization and to tune it to adopt world class technology so as to become competitive in global market along with the multinationals and other big companies. The Committee desire that the funds earmarked for CPDS be utilized fully to achieve the desired results.
14.	95	The Committee note that an amount of Rs.15 crore has been earmarked in BE 2007-08 as interest subsidy to enable the units in the small scale to fulfil the stipulated criteria. The Committee note that the amount though small shall assist small scale sector industries to large extent and help them to overcome the various problems. The Committee desire that it is imperative in this regard that small sector industries be made aware of such a scheme so that they can avail such facility or the Department at their own assist some of them on the basis of merit.
15.	106	The Committee observe that Public Sector Undertakings of the Department of Chemicals and Petrochemicals especially those engaged in manufacturing of pharmaceuticals products are playing a significant role in developing and availing low cost medicines which would have otherwise been beyond the capacity of poor people. There is no denial of the fact that these Undertakings have social obligation which private companies do not have. The

		<p>Committee note that this may be one of the reasons of non-profitability of some of the Public Sector Undertakings. While appreciating the role of Public Sector Undertakings as social manager, the Committee recommend that all-out efforts should be made in order to revive the sick industries which were hitherto languishing due to many reasons beyond their control. The Committee desire that besides financial support for the revival of sick companies, the Government should give a little more autonomy and develop effective managerial skill among Officers at the helm of affairs. The Committee feel that managerial skill and Human Resource Development are as essential as providing financial assistance only then the public sector companies would compete with private sector in terms of profitability.</p>
16.	114	<p>The Committee note that management of HOCL had decided to set up a caustic soda plant in Rasayani in Maharashtra. The Committee also note that because of high cost of power, the Government of Maharashtra did not allow them to have their own captive power plant. As a result Rs.95 crore unit had to shut up. The Committee express their dismay over such an attitude of the Government of Maharashtra which wasted Rs.95 crore of HOCL and incurred great loss to the company. The Committee also caution that before setting up such units the arrangement of all inputs like power, land, water, etc., should be explored <i>in-tandem</i> with the State Government so that such <i>faux-pas</i> do not recur. As evident from the statement of Secretary that there was liberalisation at that time, the Committee are of the view that Government should not frequently change their economic policy, especially in such cases where a substantial amount of money is involved in the production of chemicals useful for industries as a whole.</p>
17.	130	<p>The Committee are failed to understand that IDPL which had done pioneering work in the manufacturing of drugs and pharmaceutical is presently not viable. Many scientists have left the company due to one reason or the other. The Committee express their displeasure over such sorry state of affairs. The Committee are of the view that some concrete steps should be taken to stop the brain-drain. While appreciating the recommendation of BRPSE for revival of IDPL, the Committee hope that the recommendation of BRPSE will be implemented soon and Government would do their best for the revival of IDPL keeping in view of its social obligation.</p>
18.	151	<p>Having gone through the facts in regard to PSUs under the Department of Chemicals and Petrochemicals, the Committee note that the Government have approved the revival/rehabilitation proposals in respect of Hindustan Organic Chemicals Limited (HOCL), Hindustan Insecticides Limited (HIL), Hindustan Antibiotics Limited (HAL) and Bengal Chemicals and Pharmaceuticals Limited (BCPL). In case of Indian Drugs and Pharmaceuticals Limited (IDPL), Board for Reconstruction of Public Sector Enterprises (BRPSE) at its meeting held on 09.03.2007 considered and</p>

		<p>recommended for its rehabilitation. In case of Bengal Immunity Limited (BIL), the report of the Committee appointed by the Department of Chemicals and Petrochemicals to look into the issue of taking over by other PSUs like BCPL is under examination. The Committee recommend that approved revival/rehabilitation proposals should be implemented within a time-bound manner. The Committee desire that the Department should take urgent steps for getting revival/rehabilitation proposal in respect of IDPL approved by the Government and the report in case of BIL be examined without any further delay.</p>
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