

[Kumari Pushpa Devi]

On the other hand there is enough scope to set up many industries in that district. It is ideally located for the establishment of mineral and forest-based industries as the Mineral Exploration Corporation and Geological Survey of India have found huge deposits of coal, bauxite and other minerals in those areas. Other important facilities like labour and land are available in plenty and also at reasonable cost. So, there is every justification to set up industries in that district.

The policy of the Government of India is to set up industries in the backward and "no-industry" districts on priority basis. Raigarh can be called both 'no industry' and industrially backward district.

As such, I urge that Raigarh district be declared from category 'B' to category 'C' district. It should be treated as no-industry district and all possible steps should be taken by the Government of India to set up industries on priority basis.

[Translation]

(vi) Need to take steps urgently to check the increasing incidence of small-pox in U.P., especially in the Eastern parts.

SHRI RAM NAGINA MISHRA (Salem-pur) : Mr. Deputy Speaker, Sir, I would like to draw the attention of the hon. Health Minister to the increasing incidence of small-pox in Uttar Pradesh. At present, U.P., particularly Eastern U.P. is in the grip of small-pox which is widespread. The small children are dying daily. The newspapers have also been publishing these reports. In the Capital city of Lucknow also, this disease has spread on a large scale and is engulfing all parts of the State. No proper arrangements seems to have been made to check this disease. Earlier, this disease had subsided sufficiently, but now suddenly, it is spreading very fast. If special remedial measures are not taken, the State of Uttar Pradesh will be facing great trouble because this disease is affecting children as also young and aged people.

In such a situation, I would earnestly appeal to the hon. Minister to ensure that

suitable steps are taken immediately to save Uttar Pradesh from this disease.

DEMANDS FOR GRANTS (GENERAL),
1985-86—Contd.

[English]

Ministry of Chemicals and Fertilisers
—Contd.

MR. DEPUTY SPEAKER : Now we will take up Item No. 6 and resume discussion on Demand for Grant of the Ministry of Chemicals and Fertilisers. Shri R. P. Das has already taken most of his time. I would request him to conclude his speech within two or three minutes.

SHRI R.P. DAS (Krishnagar) : I was speaking about the establishment of Haldia Petro Chemical complex. It should be established within a reasonable time. It is hoped that hundreds of downstream industries will come up and hundreds and thousands of unemployed youth go in for employment in the Haldia Chemical Complex and its downstream industries.

This question came up at different times in this House. During the last time when this question came up in the House, Shri Satya Gopal Misra put a question to the hon. Minister on 27-3-84 and the hon. Minister Shri Shiv Shankar replied that "This petro-chemical complex in Haldia is a must whether the State takes it up, whether it is a joint venture or whatever it is." "This was the position a year before.

Even before that, when Mr. P. C. Sethi was in charge of the Department, he replied to another question that "Haldia Petro-Chemical Complex is a must and the industrial licence for Haldia Petro-Chemical Complex would be issued shortly."

But nothing has been done so far and it is learnt that the proposals of the Petro-Chemical Complex have been dropped.

I again request the hon. Minister that this project should be taken up in right earnest in the Seventh Five Year Plan so that the possibilities for this Complex can be explored. It is also true that this type of project

assumes some sort of national importance like that of the Farakka Thermal Power Project and the Durgapur Steel Plant. This project should, therefore, be taken up in the Seventh Five Year Plan.

I now come to Drugs and Pharmaceutical industry. The annual report says :

“The production of the drugs and formulations during the year 1984-85 is estimated to be Rs. 377 crores and for drugs and for formulation Rs. 1,827 crores. These two come to Rs. 2,204 crores.”

These are all estimates. Like all other estimates, they may not come true.

The figures for the year 1983-84 show that the bulk drug was produced of only about Rs. 355 crores and formulations of Rs. 1,760 crores. These two together come to Rs. 2,115 crores. That would be the performance of last year. This is a marginal increment over the year just preceding as compared to the enormous means and potential of the country and nothing more than that. Therefore, this marginal increment of the bulk and formulations is insignificant and also irrelevant in the context of the needs of the country.

The drug industry has become a field for the multi-national companies to reap the harvest.

They come up with innumerable drugs and market these drugs. And the prices of these drugs are so high that ordinary people cannot buy these drugs. This has now become a menace to medical education and to the health needs of the country because these thousands of formulations are mostly non-essential and at the same time irrational and useless and sometimes these formulations are hazardous also. Therefore, the multi-national drug companies are not serving the needs of the country and they require to be controlled in a manner which will have to be worked out. Both the World Health Organization and Hathi Committee recommended restrictions on the number of essentials and life-saving drugs. The Hathi Committee said that this number might be brought down to a hundred or a little more, 117 or some-

thing like that. In place of thousands of formulations, the number of essentials and life-saving drugs can be brought down to a very small figure. These multi-nationals and other monopoly houses should be discouraged from having so many formulations as they are marketing now in the country. I would ask the Government whose business it is to restrict these endless formulations. In the absence of any national drug policy, these companies have created problems in the drug industry. Therefore, Government should immediately come forward with a national drug policy, and this drug policy may be in line with the recommendations of the Hathi Committee or as has been recommended by the World Health Organization. The Hathi Committee recommended that the drug industry should be nationalised. I do not know whether the Government is now in a mood to nationalise the entire drug industry. Pending finalisation of nationalisation of the drug industry, the public sector drug companies could assume the leadership role. But, Sir, if you consider the performance of the public sector companies, you will find how dismal it is, and for which Government have an added duty to explain as to why these companies could not work according to the wishes of the Government, according to the plans of the Government. I will cite only two instances, the performance of the IDPL and the Hindustan Antibiotics. If you take the case of IDPL, you will find that, in 1983-84, the total production of the company was to the tune of Rs. 121.28 crores and in 1984-85, from April to December, 1984, its performance was to the tune of Rs. 82.39 crores only. Therefore, the total production in that year was not at all satisfactory, and it may not come to the level of even Rs. 121 crores this year. The HAL's performance is even more unsatisfactory in 1982-83, the HAL's total production was Rs. 37.35 crores ; in 1983-84, it came down to Rs. 34.60 crores ; and in 1984-85, from April to December, 1984, it came down sharply to Rs. 26.90 crores. If this be the performance of these leading public sector companies, then how can they play the leader's role in the field of drug manufacture ? In view of this pathetic performance of the public sector companies it will not be possible

[Shri R.P. Das]

for this industry to meet the need for 'Health of all' by 2000 AD. It has become an important and a popular slogan of the Government but the performance of the drug industry in this country is such that it will not come nearer to the requirement by 2000 A.D. Therefore, I request the Ministry to take up the question of re-structuring of the drug policy of the Government. In re-structuring the drug policy, the recommendation of the Hathi Committee in regard to the nationalisation of drug industry should be taken into account and pending finalisation of the nationalisation question, the Ministry should also make the public sector companies play a leader's role in manufacturing of essential and life-saving drugs. The production of essential and life-saving drugs should be doubled within a year.

Then, Sir, comes the question of establishment of a National Distribution Corporation. It is a must. This new distribution policy should be framed in such a manner that the total production—whether of multi-national or of natural companies should be taken together and the production should be distributed all over the country so that the consuming public can get drugs at reasonable prices. Government should also manufacture cheap drugs in large quantity for the general public consumption.

MR. DEPUTY SPEAKER : Please conclude.

SHRI R.P. DAS : Lastly, I would like to say a word about the loan licence system. This system creates havoc in the drug industry. It has become the fountain-head of corruption and source of supply of sub-standard drugs to government hospitals. It has also been used for financial and price manipulations by the big companies.

At times this system has been used against the workers by the factory owners by declaring lock-out and closure. They desire all sorts of advantages out of the loan licence system and use them against the drug industry itself. Therefore, I would request the Minister to review this loan licence system and ban this without further delay.

With these words, Sir, I oppose the Demands.

SHRI GANGA RAM (Firozabad) : Mr. Deputy Speaker, Sir, I am extremely grateful to you for giving me an opportunity to participate in the debate today.

It is a well known fact that the public enterprises including the public undertakings of the Ministry of Chemicals and Fertilisers which are also an instrument for implementation of the Government's socio-economic policies have a multitude of objectives set for them, namely, (1) to help in the rapid economic growth and industrialisation of the country and create the necessary infrastructure for economic development.

- (ii) To earn return investment and thus generate resources for development.
- (iii) To promote re-distribution of income and wealth.
- (iv) To create employment opportunities.
- (v) To promote balanced regional development.
- (vi) To assist the development of small and ancillary industries; and
- (vii) To promote import substitution, save and earn foreign exchange in the country.

I need not add that the public enterprises were started as far back as in 1951. Since then, from a figure of Rs. 29 crores as on 31-3-1951 in the 5 enterprises which were started then, the investment has laudably increased to Rs. 34,411 crores as on 31-3-1984, in 214 enterprises. Similarly, the number of public enterprises has also increased from 5 as on 31-3-1951 to 217 as on 31-3-1984.

While some of the public enterprises have earned profit, the majority of them are running into heavy losses and the Chemicals, Fertilizers and Pharmaceuticals are no exception to it. The figures published in the Public Enterprises Survey Report of 1983-84, Volume I, Page 31, do indicate that under this head, there has been a net loss of Rs. 65.97 crores in 1983-84, as against Rs. 10.53 crores in 1982-83.

Thus, there has been an adverse variation of Rs. 5.44 crores. There are very many reasons for such heavy losses. But it is the duty of the Ministry to exercise better control and supervision on the working of these public enterprises. To my mind, we should lay main emphasis on the following main points :—

- (1) Cost accountancy of each unit of the public sector must be done more carefully and rigorously. No industrial unit can succeed in its working unless cost of production has been properly worked out and correlated with its income and expenditure aspects.
- (2) All-out efforts should be made to totally stop all the wasteful expenditure. My own assessment about the working of the public undertakings is that they are giving more attention to luxurious office living and wasteful expenditure. Let us inculcate among them the idea of simple living and earn more and more. Actually speaking, facilities and conveniences should be provided only in proportion to the quantum of production and profit.
- (3) The personnel policy of our public enterprises has still not been formulated in the real sense of the term. Rules and regulations regarding service conditions of employees in a majority of them have not been framed. This gives a free hand to management to indulge in discriminatory treatment amongst its employees and favourites get better deal at its hands which creates frustration, discontentment and dissatisfaction among the remaining employees which ultimately jeopardises the very interest of the public undertaking.

The reservation Policy of the Government is not being implemented in right earnest in the public undertakings. There is therefore, widespread dis-ontentment prevailing among the people concerned. Adequate attention should be paid to this. In this connection, to quote an example, I mention the case of one of the units of the

Ministry of Chemicals and Fertiliz rs, namely I.D.P.L., Virbhadra, Rishikesh.

There has been noticeable deterioration in the performance of the IDPL which is the largest drug manufacturing organisation in the public sector.

During the last 20 years as on 31st March, 1984—this important unit has incurred a cumulative loss to the tune of Rs. 118 crores and on 31.3.1985, a further loss of Rs. 20 crores is anticipated. In fact, this unit has not been able to establish itself playing a leadership role in such a vital industry as drugs. The performance of IDPL on the marketing side is equally poor. The total value of the saleable products lying unsold is Rs. 35 crores and the total outstandings to be collected is another Rs. 30 crores. In fact, whatever the IDPL produces, they are unable to sell; and whatever they are able to sell, they are unable to realise. Further the IDPL has so far not been able to frame specific personnel policy which is hampering its smooth functioning and working.

There is no regular Chairman and Managing Director or Director, Finance and no Chief of Personnel in this project as these officers have been retiring during the last one year and no replacement has been made so far. As a matter of fact, a company of the IDPL size established 20 years ago and employing over 15,000 persons, has no personnel policy, especially in respect of officers/supervisors. The highly dedicated and experienced officers and supervisors have been labelled as unqualified and unfit for any promotion, after putting in 15 to 20 years of meritorious service, making them a totally frustrated lot. On the contrary, a few officers who have no visible contribution in the organisation have been getting regular promotions.

In 1980, an amount of Rs. 25 crores was spent on the expansion, and adding of new products, in the Rishikesh plant. All these new products are either lying unutilised or the products have yet to be stabilised. Bulk products made under the new expansion scheme are being produced at a very high cost and being sold to private

[Shri Ganga Ram]

drug industry at a huge loss. This is obviously not a happy situation at all.

Thus the entire structure of IDPL needs a thorough shake-up, and complete overhauling to make it a financially viable unit which may be able to produce cheap medicines and drugs for millions of this country. To quote Kautilya, the great economist of his times, the State which cannot provide education, medicine and litigation or justice at a cheaper rate cannot be considered as a good State, more so, a Welfare State.

I hope that some of the humble suggestions made by me would help the Ministry of Chemicals and Fertilizers to do its best to improve upon the working of hundreds of units of public sector enterprises under it and would in due course of time make them really viable and useful units.

With these observations, I fully support the demands for grants of the Ministry.

[Translation]

SHRI GIRDHARI LAL VYAS (Bhilwara): Mr. Deputy Speaker, sir, I support the demands of the Ministry of Chemicals and Fertilizers. Sir, we are not producing fertilisers in our country in proportion to our demands and we have to spend thousands of crores of rupees on its import though we have minerals in our country with the help of which we can make our country self sufficient in the matter of fertilisers. Now if you look at the fertiliser plants in the country, you will find that in IFFCO, which is in the private sector, cent per cent capacity is being utilised whereas in the public sector, in the nitrogen based fertiliser plants, the capacity utilisation is 72% and in phosphate based plants 88% the capacity is being utilised. So much difference is there between the private sector and public sector. Today, when we are endeavouring to make public sector stronger, I would frankly say that the bureaucrats there are sitting just for enjoyment. They are sitting there to misutilise the large sums of Government money. The required attention towards development of projects is not being paid. They do not possess the desired technical capacity to run the pro-

jects though there cannot be two opinions that they can be good administrators. To run the public sector more efficiently and to utilise its capacity cent per cent you have to equip your officers with technical and managerial capacity. Until this is done, these units cannot earn profit. All the fertiliser plants in the public sector are incurring loss to the tune of crores of rupees whereas the plants in the private sector are earning profits. In spite of our providing all the facilities and foreign exchange the public sector has earned a bad name. It is all because the big officers do not have the capacity to run the plants. They are not aware how production may be increased and industries may be run by maintaining good relations with workers. Our present IAS officers or Administrative Officers are unable to run the projects properly. It is true that during the last few years, we have achieved many times more the target of self sufficiency and have further strengthened our economy by way of saving foreign exchange but still our supply is less than the demand. We can definitely increase our production if we supply fertilisers to the farmers on a large scale. We can help the countries which are backward and which need food-grains for their starving masses. In this connection, our Government have taken action already. In the coming Seventh Five Year Plan, it is proposed to install six or seven fertiliser plants. But what is the progress in this regard? It has been stated that gasbased plants in Guna and U.P. will be set up but work in that direction is progressing at a snail's pace. In the private sector the industries are established when conditions are favourable and when they can earn maximum profit. I would like to know about the Sawai-Madhopur plant. You had said that if the project was not completed within the stipulated time, the licence would be cancelled. A period of one and a half years to two years has elapsed but no action has been taken till today. These things should be done at the earliest. We should take steps for more production of fertilisers so that the economy of our country can be strengthened further. But you have entrusted these projects to such big people that even our Ministers cannot speak before them. In such a situation how will you get the projects completed

by the multinationals to whom you have entrusted these works. In Sawai-Madhupur, there is one project which you have given to Birlas for completion, but I have been observing that for the last two years no progress has been made whereas that fertiliser plant should have been completed within two to four years but work on it has not yet started.

Regarding the other projects which, according to you, will be completed in the Seventh Five Year Plan, I have to say that I do not think you will be able to achieve your target because the Seventh Five Year Plan period has already started and no progress is being made in any of your plants. Each of these projects is worth Rs. 600 to Rs. 700 crores and when the work starts after two to three years, the price escalation at that time will be so much that each project will cost about Rs. 1,000 crores. In such a situation these big capitalists will start saying to Government that till they are able to manage that much money, they cannot complete the project work. Thus all our projects will remain non-starters.

Drawing the attention of the hon. Minister towards this situation, I would like to say, since he has already said in an answer to one of my questions that if a capitalist who has been issued a licence for the setting up of a fertiliser plant fails to complete the project in the stipulated time, his licence will be cancelled and the job will be entrusted to some one else, that it is imperative to take the sternest action to ensure speedy supply of fertilisers and some how or other, we should try to achieve the target of producing 20 lakh tonnes of nitrogenous fertiliser by the end of the Seventh Five Year Plan. It is absolutely necessary to take such steps, otherwise you will not be able to achieve your target.

Besides, the setting up of four more plants have been entrusted to private companies and you have not intimated anything about their progress in reply to my question. According to my information, work has not started on any of the plants. If the speed of completing the fertiliser plants remains the same, not even a single plant will be completed in

time and our target of producing 20 lakh tonnes of nitrogenous fertiliser by the end of the Seventh Five Year Plan will remain unfulfilled. I want that the hon. Minister should take personal interest and ensure that the work is started soon and should also make arrangements to see that all these plants are completed within the stipulated time.

If you look at the fertiliser plants in the public sector, you will find that almost all the plants are incurring loss. To check these losses it is necessary that a committee should be constituted which may go deeply into the reasons for losses and submit a report to Government. If the losses are due to labour trouble or power shortage, then the matter is different but if the losses are occurring due to inefficiency or mismanagement, then they should definitely be held responsible and the severest action should be taken against them. To ward off losses due to mismanagement in the public sector undertakings as well as the private sector undertakings, we shall have to take the strict action.

In answer to one of my questions as to what action was taken against a big officer of a project in my area who had gone to England and sold there copper rivets worth Rs. 21 crores, you had replied that after inquiry by CBI and other agencies, he was not found guilty but was dismissed from service. When some officer is dismissed from service, there must have been certain serious charges against him but the way attempts are being made to protect him and hush up the matter, I would like to say that unless this tendency is checked, you cannot stop these undertakings from incurring losses. Such a situation crops up because of these people and the undertaking then goes into loss. These people make the industry sick and invest its assets in new companies and earn profits. The position is the same everywhere whether it is a public sector undertaking or it is a private sector undertaking. There is definite need to take strict action against such people. If timely action is not taken, the economy of our country will be jeopardised and all our programmes for speedy development and removal of poverty and unemployment from the

[Shri Girdhari Lal Vyas]

country would not be implemented. We have to take action well in time.

During question hour, Mr. speaker had asked the hon. Minister to take stringent action against the private companies which are producing sub-standard fertilizers and thus exploiting our farmers. Action must be taken in this regard

Sub-standard pesticides are being marketed in the country these days. These pesticides do not have any effect on the crops and they are damaged completely. In the public sector, there are only two factories producing pesticides. All the remaining factories are in the private sector which are manufacturing spurious pesticides and are thus earning huge profits. You should look into the matter as to which are the factories which are engaged in the production of spurious pesticides and are thus looting and exploiting the farmers. Stringent action needs to be taken against such companies.

At the district level, there is no machinery to take action against the persons selling spurious pesticides. What is the arrangement at the district headquarters for taking any action against the persons engaged in marketing spurious pesticides? There is no such arrangement at village level. If any complaint is made to the officers posted there, they say that they have not been authorized to take any action in the matter. Without giving any rights to the officers, no action could be taken against the persons selling spurious pesticides. Such an arrangement should, therefore, be made to see that stringent action is taken against them. Some machinery at village level must be evolved in this regard.

I.D.P.L. is your biggest project engaged in the production of medicines, which can make available medicines and drugs at cheaper rates to the entire population of India. But many small companies have been established in the country, which are earning huge profits, while a large number of Government undertakings are incurring losses. The Central Government have invested crores of rupees in these undertakings but these undertakings are always running at a loss. Proper arrange-

ments should be made in this regard so that standard medicines are produced in Government units and are made available easily to the consumers.

On the one hand, people are dying for want of life-saving drugs and in the other these drugs are lying unused in the stores. Medicines worth crores of rupees are destroyed in I. D. P. L. and these medicines could not be utilised by anybody. No attention is being paid towards wastage of hundreds of crores of rupees in this way.

I would like to draw the attention of the hon. Minister towards this and would ask him to take suitable remedial steps. It is the special responsibility of Government to ensure availability of medicines. If Government is not able to ensure availability of medicines and drugs at cheaper rates, what would be the impression of the people at large about such a Government? It is your responsibility to see that all arrangements in this regard are strengthened and streamlined. The people are the backbone of this country. Through increased production, they want to contribute towards the progress of the country. Until you work with an iron hand and take stringent action against the capitalists, you would not be able to achieve success and the country cannot march towards progress.

Our Government have good intentions and they are competent to deliver the goods, but the middlemen create obstacles in the way. We would, therefore, have to take action against these middlemen also.

With these words, I support these demands.

[English]

SHRI S. JAIPAL REDDY (Mahbubnagar): The performance of our economy in the vital sector of fertilisers chemicals and drugs has been characterised by a commonality of malignant maladies. Firstly, it is the exploding import bill burden which will play ducks and drakes with our balance of payment position. Secondly, it is the unbridgable gap between the 6th Plan target and the actual achievement on account of lack of political will to provide for investible resources in the legitimate

economy. Thirdly, it is the political favouritism and corruption at the top leading to delay and inefficiency in the functioning of our undertakings.

To begin with fertilizers, we are today spending Rs. 1000 crores on foreign exchange on import of fertilizers. According to one well informed view, our projected import bill on fertilizers will be of the order of Rs. 10,000 crores during the Seventh Plan period. We keep blowing our trumpet about our food self-sufficiency. We are importing fertilizers on a gigantic scale. We are also importing edible oil of the value of Rs. 1000 crores. It is, therefore, incorrect to say that our dependence on foreign aid in regard to food has ceased. It will be more correct to say that it has only assumed a more subtle form.

This is the right time for assessing our performance in any sector of economic activity for two reasons. Firstly, this is the terminal year of the 6th Plan period. Secondly, 6th Plan period coincides completely with the second reign of Congress (I). Our 6th Plan target in the case of both nitrogen and phosphate is 56 lakh tonnes as against our actual achievement of 51 lakh tonnes. The shortfall is 5 lakh tonnes. The reason given for this is the pitiful supply of power. This is not at all true because we have not been able to invest the necessary resources in the sector of fertilizers. The provision for fertilizer sector in the 5th Plan was Rs. 1555 crores. This was increased to Rs. 2088 crores in the 6th Plan. This represents a step up by 34 per cent, but the actual amount spent is only Rs. 1455 and odd crores.

13 hrs.

It is interesting to note that this is less than what we really spent during the Fifth Plan period. Our Government can find more than one thousand crores of rupees for building stadia, fly-overs and five star hotels in New Delhi for Asiad, without any provision whatsoever in the Sixth Plan. But the tragedy is that it could not spare targeted amounts, allocated sums, for foreign exchange saving schemes in the core sector.

There is an immediate need for modernisation of equipment to improve the working of the existing units. Easily, our worst plants are Talcher and Ramagundam which until recently worked only to one-third of their capacity. The Talwar Committee, about two years ago made a detailed recommendation in regard to what should be done to these two plants. They suggested additional gasifiers and boilers; and investment of Rs. 280 crores so that these two plants can increase the working capacity from 30 to 80 per cent. But the Government has not been able to take any steps whatsoever on the recommendations of the Talwar Committee.

One can appreciate the need for high priority for fertilizer sector, when one takes a close look at the consumption pattern. There was 21 per cent increase in fertilizer consumption in 1983-84. There is this year 16 per cent increase in fertilizer consumption. Our total consumption has gone up to 9 million tonnes now whereas our production is now 5 million tonnes. Even after all the plants which are now under construction are completed, our production capacity will only go up to 9.3 million tonnes. According to the Working Group of the Planning Commission our requirements by the terminal year of the Seventh Plan period will be of the order of 15.4 million tonnes, and despite substantial increases which we plan to effect in fertilizer production during the Seventh Plan period, we will still be obliged to spend Rs. 10,000 crores worth of foreign exchange during the Seventh Plan period. There is therefore an imperative need for massive investment in the fertilizer sector. Our goal should be absolute self-sufficiency by the end of the Seventh Plan in the Fertilizer sector. Even our new schemes are lagging behind the schedule. But for Guna of National Fertilizer Company, all other gas based plants are facing delays. I will only point out a few cases.

Jagdeeshpur which is to be set up by the Indo-Gulf Company has run into difficulties in raising domestic resources even though the Bahrein company is holding 40 per cent of equity in that company. Its schedule of commissioning is June 1987 which will not materialise. The schedule of commissioning of IFFCO, Aonla is April 1985. It

[Shri S. Jaipal Reddy]

has been already delayed by more than six months. Although the commissioning of Sawai Madhopur plant is April 1988, the Birlas have not started any work on this. They have not been able to finalise even the consultancy. For the Shahjahanpur plant though the schedule of commissioning is April 1989 no party has been fixed up for it so far. DCM originally offered themselves, but for reasons best known to them, they went back. In regard to Barbala of Tatas even the letter of intent has not been released, though its schedule of commissioning is October 1988. Thal Vaishet, though it has been recently started, it also is delayed. Hazira and Namroop are also behing schedule. What are the reasons for these delays? There could be many reasons. But one most important reason is that this Government is more interested in imposing its choice of foreign consultancy than on expediting the completion of the projects. We may examine as to who are the consultant companies. The National Fertilisers Company has decided to replace Kellogg of U.S A. by Haldor Topsoe of Denmark as ammonia consultants. Can the Government say that Kellogg of U.S A. is less advanced in ammonia technology than Haldor Topsoe? It is very important to note that Haldor Topsoe is a close associate of the Italian Company Snamprogetti. Snamprogetti is itself a subsidiary of an Italian company, ENI, which is one of the largest corporate conglomerate in the world with an annual turnover of more than Rs. 50,000 crores. It is also equally important for us to recall that the World Bank had backed out of its financial commitment to Thal Vaishet Project when our Government replaced C.F. Braan of USA by Haldor Topsoe of Denmark in an arbitrary way. We have it on the authority of Gulf Consolidated Company for services and industries that they agreed to have Snamprogetti and Haldor Topsoe as their consultants for urea and ammonia as per the desire of the Government. The prime contractor of this company is also Snamprogetti. The State Bank of India has stood guarantee for the Italian company, Snamprogetti. The Gujarat Narmada Valley Fertilisers Ltd. has also fixed up Snamprogetti and Haldor Topsoe. The Nagarjunasagar Fertilisers in Andhra

Pradesh has also fixed up Snamprogetti and Haldor Topsoe as its consultants. The Birlas, I understand reliably, are dragging their feet because they do not want Snamprogetti and Haldor Topsoe. They are opting for Toyo of Japan and Kellogg of USA for urea and ammonia respectively. But this Government, before clearing this project, is very very keen on getting Snamprogetti and Haldor Topsoe fixed up as consultants for the Birla company as well. I do not understand why this Government tends to expose its soft underbelly whenever it runs into an Italian connection. I am only sorry to say that the long and ominous shadow of Snamprogetti is being cast on the head of the so-called clean Government. In fact, there is a need for holding an impartial enquiry into the manner in which Snamprogetti and Haldor Topsoe have been able to acquire consultancy of these firms.

I will refer to another issue. We have laid so much emphasis on the gas based fertiliser plants. The 1800 km gas pipeline which will provide the feedstock for six plants, becomes very vital. Its construction has already been delayed by eight months. The 17 Member official committee has recommended that the construction of this 1800 kms of pipeline be entrusted to Gas Authority of India Ltd. and Engineers India Limited. Both are public sector undertakings. The irrepressible Snamprogetti once again butted in and offered to take up three segments of this gas pipeline for \$ 736 million. That offer was considered in the official committee. The official committee rejected Snamprogetti idea of turnkey project.

But then why is it that this Government is dragging its feet in regard to finalisation of entrustment of this huge key gas pipeline project to our. Own public sector undertaking? I, therefore, want this Government to offer explanations in regard to the consultancy agreements that various fertilizer companies have been made to enter into with Snam Progetti and in regard to Snam Progetti's offer about gas pipeline Project.

Now I turn to the drugs. Our performance in the drug sector has been equally poor. Our Sixth Plan envisaged a growth rate of 24 per cent in bulk drugs and 16

per cent in formulations. In absolute terms, the value of output of bulk drugs was expected to go from Rs. 226 crores to Rs. 665 crores, and in the case of formulations from Rs. 1,150 crores to Rs. 2,450 crores. But what are our achievements? Will the Minister have a look at the achievements? Our achievement in bulk drugs is only Rs. 377 crores and in formulations it is only Rs. 1,877 crores. Of the 144.90 crores plan outlay, the expenditure we incurred in this area is only Rs. 80 crores and odd. Same is the case with regard to chemicals also. Of the total plan outlay of Rs. 116 crores for chemicals, the amount spent is only Rs. 92 crores.

Now I must come to the performance of IDPL. How can the IDPL be blamed if the Government does not take proper steps? After the presentation of the Budget, I see that all the Congress (I) Members have begun to blame the public sector undertakings. You look at the Chairman of the IDPL, One**, who is nothing more than a matriculate, who does not have any other qualification....

(Interruption)

MR. DEPUTY SPEAKER : Don't mention his name.

SHRI S. JAIPAL REDDY : I am not levelling allegations, Sir.

MR. DEPUTY SPEAKER : Don't bring any person's name.

SHRI S. JAIPAL REDDY : I am merely referring to the fact. He is only an officiating Chairman....

(Interruptions)

MR. DEPUTY SPEAKER : You can say Chairman. That is enough. Don't drag the name.

SHRI S. JAIPAL REDDY : I am not levelling allegations, Sir.

MR. DEPUTY SPEAKER : Don't bring his name on the record.

SHRI S. JAIPAL REDDY : I would like to know from the hon. Minister as to why for so many months, the supreme office of MD-cum-Chairman has been kept vacant. I will come to some other postings also. Within the IDPL, one** was indicted by the CBI on specific charges....

(Interruption)

MR. DEPUTY SPEAKER : You see, in the beginning itself you are contradicting yourself. You bring in the name of a person who is having some kind of CBI charge. Don't bring all these things here. You try to wind up now. Already you have taken ten minutes more. The names that you are mentioning in making allegations, will not go on record.

SHRI S. JAIPAL REDDY : I have made no allegation, Sir. I have merely referred to the record. He was brought back as the marketing Chief.

The IDPL and the Hindustan Antibiotics Ltd. have been appointing indenting agents. These two are public sector undertakings and they are to appoint indenting agents to sell their drugs to Government agencies. I would like to know from the Minister whether the appointment of indenting agents is necessary at all. I can understand the appointment of indenting agents for selling drugs to private hospitals. They have been appointed only for canvassing with the State Governments. Can there be a more ridiculous proposition? One Pee Jay Pharma has been appointed as the sole indenting agent for Delhi, Madhya Pradesh and Uttar Pradesh.

Sir, what is the procedure adopted for appointment of indenting agents? Do you observe tendering procedures? I am telling you, on authority, I am prepared to produce the document, that a Private Secretary to the former Minister—I am not mentioning his name—wrote in black and white that so and so be appointed as the indenting agent for so and so States.

Sir, the IDPL is a big company. I would like to know as to why the IDPL

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is asking other companies to produce drugs for it in the name of encouragement of small sector units. Why can't the IDPL undertake it itself before asking other small sector units to produce these drugs? What is the procedure adopted for entrusting this process to these units?

So many multinationals are allowed to be engaged in this area of pharmaceuticals. It is very important for the Minister to note that all of them are engaged mostly in the production of formulations, not essential or rare drugs. How is it that the multinationals are allowed to operate like this? What is the policy of the Government in regard to the scope of activities of multinationals in the area of pharmaceuticals? I would also like to know from the Minister whether he has taken note of the fact that the multinationals have taken more foreign exchange from the country than the equity capital they have been able to spare for the country. Therefore, I want the hon. Minister to reply to some of my points specifically.

[Translation]

SHRI RAJ KUMAR RAI (GHOSI):
Mr. Deputy Speaker, Sir, I am very grateful to you for giving me an opportunity to express my views on the demands for grants of the Ministry of chemicals and Fertilisers.

Fertilisers and chemicals are directly related to the lives of the people. Fertilisers are related to the farmers of this country, who produce foodgrains. Our leaders had given the slogan of green revolution and this green revolution has been turned into reality only with the help of fertilizers. Therefore, the need of the hour is to give a serious thought to the production of fertilizers. The current production of fertilizers is not able to meet the requirement of fertilizers in the country and valuable foreign exchange of the country is spent on its import. Through you, Sir, I would like to put forward this suggestion to the hon. Minister that with a view to making the country self sufficient in the matter of fertilizers, the import of fertilizers from the foreign countries be

suspended for some time and it should be produced in the country. A sufficient number of factories should be established in the country so that our country could become self sufficient in the production of fertilisers and there could be saving of foreign exchange which could be utilized for other purposes. It is not impossible, if we take a firm decision in this regard, because we have got engineers, we have resources and we can very easily achieve this target. Also, we have to pay great attention towards the fertilisers being produced in the country at present. As I have already said, fertiliser is directly related to the farmers and our farmer is illiterate and ill-informed and is not able to understand many things. As a result, mis-branding, adulteration, underweighing, loose bagging and less bagging is resorted to in the matter of fertilisers. The persons working in a fertiliser factory, factory owner, dealer, retailer, all of them are aware of the fact that fertiliser is being supplied to the farmers at a rebate and they want to take the maximum advantage. They have no hesitation in deceiving the farmers in the matter of fertilisers. I would, therefore, request that you should make foolproof arrangement to ensure the proper weight in a bag of fertiliser and to check adulteration by taking whatever steps you like. Fertilisers of all brands are found adulterated and they also weight less. Stringent punishment for this should be provided in the law.

As a student of law, I know that there is section 3(7) in the Essential Commodities Act, under which a person could be punished for such activities. But the powers for enforcement of this section or Act have been delegated to various officers in the different States. In certain States, powers have been delegated to the Law Officer and in some States powers have been delegated to Sub Divisional officers and in a few States to some other officers and as a result this Act could not be enforced properly. In many states, this offence is non-cognisable, the officers, therefore, do not take pains to register a complaint and thus no action is taken there. I would request the hon. Minister that he should give much directions to the Law Department as to reduce the difficulties of the farmers in this regard.

Sir, fertiliser is being produced in both the private sector and the public sector in the country. In U.P. also it is being produced in both the sectors. I come from the eastern districts of U.P., where the quality of fertilisers is very poor. These districts are densely populated, but there are no industries there. The farmer invests his capital in agriculture. He puts everything at stake for agricultural production, even his ornaments are pawned and somehow he purchases one or two bags of fertilisers, and puts it in the field. The fertiliser bought by him is so bad that his crop is adulterated fertiliser is the cause of the destruction of his crop. The poor farmer puts the fertiliser in his field, but still he has to face the destruction and damage of the crop. This is all happening due to adulteration of fertilisers. I have myself witnessed this situation in the districts of Azamgarh, Ghazipur, Mirzapur, Ballia, Banaras, Gorakhpur and Deoria in eastern Uttar Pradesh. I am the son of a farmer and I am having sugarcane farming. I am myself a victim of this situation. Some white crystal or some such thing is supplied in the name of fertilisers. The entire crop of the farmer is thus destroyed. Your officers are getting the commission right from the factory owner, the dealers and the retailers.

Here is one example. There is a fertilizer factory in Gorakhpur. It is a very important place. All the vehicles of the factory were declared by the management as unserviceable and were auctioned to one Sardarji. Sir, those very vehicles, which were auctioned, are being used by the management on contract. In this way, lakhs of rupees of the hard-earned money of the farmers as also of government are going into the pocket of that Sardarji. This is the situation there.

Secondly, the workers are being exploited there. The hon. minister should look in to this matter also. The Minimum Wages Act is in force in our country. It has been provided in the Minimum Wages Act that after putting in eight hours of work, any worker in the Private Sector or the Public Sector should be paid at least a certain minimum fixed wage. There should be a provision in the Act to punish those persons who pay less than that pro-

vided in the Minimum Wages Act, but the labourers are being kept on contract basis in the public sector as well as in private sector. The workers are shown on daily wages and are paid only five to ten rupees per day. No proper register or muster roll about them is maintained. Their services are terminated at will and their services are not regularised. They are paid less wages. What the poor labourer should get after hard work throughout the day is not paid to him. After hard work for four to eight hours, he earnestly expects fair wages, but they are denied to him. Even after putting in 240 or 300 days of continuous service, his services are not confirmed and he is deprived of leading a relaxed life with the members of his family. He is also a citizen of this country and he is also fully eligible to enjoy the fruits of freedom. Laws have been formulated for his protection, but these laws are being violated by the officers. Labour is engaged on contract basis. There are many places where such violation is going on. If you permit me, I can give you examples in this regard. In Gorakhpur, Phulpur-Allahabad, in Sahu Chemicals, Varanasi and in Unnao, labour is being engaged on contract basis. These workers are kept as bonded worker by paying them certain amount as an advance. Under the 20-Point Programme, we have declared the abolition of the bonded labour system, but the management and officers are indulging in such activities there. We want to give a new direction to the country today. We want that the future of the poor, the labourer and the backward people should be secure, but hurdles are being put in our efforts. It is, therefore, the need of the hour that whereas we are taking steps in other fields, all the maladies should be set right first in the matter of fertilizer. So far as the dealers are concerned, only those persons are appointed as dealers, who already own many shops. The consumers are put to harassment thereby. Hence, I submit that it should be distributed on a cooperative basis so that the consumers do not have to face any difficulty.

So far as chemicals are concerned, they are directly related to human life. We need medicines when we fall sick. What

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is the position in this regard in the country today? You know it better. We have got experience about IDPL, a public sector drug manufacturing company. The position is similar in the private sector also. Drugs of very inferior quality are coming into the market. The prescribed medicines have no curative effect. What is the reason for this? The reason is that drugs are not being manufactured according to the prescribed norms. People are dying in the country due to this. Attention should be paid towards this.

Sir, the greatest problem facing the country is the high prices of drugs and fertilizers. We shall be failing in our duty if we do not warn in time that the prices of fertilizers are very high in our country. The farmer produces foodgrains. I throw a challenge and ask whether a person having experience in agriculture can say after taking into account the cost of inputs like fertilizers, seeds, and other costs by way of ploughing the fields and engaging labour, a farmer is left with any savings. I challenge the person who differs with me on this score. I am in this respect which Government deem fit. I am the son of a farmer and can say with confidence that a farmer who spends on fertilizers does not get that much return. Government supply many items at subsidised rates. If you cannot reduce the price of fertilizer, at least it should be supplied to him at subsidised rates. If this situation continues, nobody will be prepared to continue with agriculture as a profession after 20 years. If he continues, he will not use fertilizers because he saves nothing thereby and his whole income is consumed by it. That is how the farmer faces difficulties. Despite all their failures and conflicts and inefficiency, the Janata Government had done very commendable work in the matter of fertilizers. When the inefficient Janata Government could do so, why could the Congress government not do so, wherein there are many efficient persons having a firm resolve and when they have got a massive mandate. They have got the power and will to do this. If the prices cannot be reduced, the fertilizers can at least be supplied at subsidised rates. There is

great mismanagement in the public sector. Just to provide for some people, they are appointed as General Managers, and Managing Directors. I agree to the views expressed by the hon. Member who spoke prior to me that there is no spirit of adjustment among these persons despite their administrative capacity. Lack of such spirit, affects their intentions also. They do not think about the dealers, the cultivators, the farmers and the labourers. They think that they are concerned with administrative matters only. Previously, the trained workers used to be discharged from duty. This resulted in inefficiency and losses. I would like to say that there must be trained labour and management for the chemical and fertilizer industries. They should be well qualified so that there should not be any mismanagement. Drugs are essential for human life. Similarly, fertilizer is essential for agriculture. We should do whatever is necessary in this respect. The prices should be reduced or fertilizers made available on subsidised rates. With these words, I support the Demands for Grants and express my gratitude to you.

*SHRI R ANNANAMBI (Pollachi) :
Hon. Mr. Deputy Speaker, Sir, on behalf of my party the All India Anna D.M.K. I wish to say a few words on the Demands for Grants of the Ministry of Chemicals and Fertilizers for 1985-86.

This Ministry is responsible for the efficient working of public sector fertiliser factories. It is a matter of commendation that 80% of the installed capacity has been utilised in these public sector fertiliser factories. Intensive efforts are being made to complete the construction of six large fertiliser factories. I hope that, when these new factories are commissioned, there will be no need for importing chemical fertilisers.

The four units of Fertiliser Corporation of India have been incurring losses year after year. I suggest that a high level technical committee should be constituted to go into the causes of such recurring losses and to suggest remedial measures. I am sure that our hon. Minister will ensure their profitable working.

In the distribution of fertilisers there are many irregularities and malpractices.

There is also large-scale adulteration. The salt is ground into nice powder and mixed with fertilisers. This affects the yield in the agricultural land. The distribution is also in the hands of vested interests. The farmers are unable to get quality fertilisers at reasonable prices. I suggest that fertiliser distribution should be done through cooperative sector. There are 9 large fertiliser factories and three small fertiliser units in the private sector, which are functioning profitably. I suggest that the fertilisers produced by them should also be distributed through cooperative sector.

I want stringent steps for eradicating adulteration in fertilisers. Inspection Squads should be set up at prominent distribution centres, which should take samples for testing. If adulteration is found, then the distributor must be penalised on the spot. It is the bounden duty of the Government to protect the farmers from the exploitation of these vested interests.

Sir, I have to bring to your notice that the effluents from Mettur Chemical factory, Chemplast factory, Travancore Chemicals factory are endangering the common people outside these factories. The effluents are let out in the open fields. This affects agricultural efforts. These effluents also mix with drinking water, which afflicts the people with different diseases. The pollution caused by these effluents can be seen from the affected areas in Gunachandiyur, Murugan Nagar in Mettur. These factories must be warned and they should be compelled to take effluent control steps. The common people must be saved from the dangerous consequences of these effluents.

The Indian Drugs and Pharmaceuticals Ltd., a public sector unit, is manufacturing bulk drugs in its five factories. These five factories produced in 1983-84 drugs worth Rs. 122 crores. We have to appreciate this effort on the part of IDPL. But the IDPL factory has not functioned in 1984 properly. The production in 1984 was 50% that of production in 1983. The hon. Minister should investigate the reasons for this fall in production in IDPL at Madras and take appropriate steps for avoiding such recurrence.

The IDPL since its inception has incurred the cumulative loss of Rs. 141 crores and in 1984 the loss was of the order of Rs. 24 crores. The IDPL has monopoly in producing certain formulations and bulk drugs. There is no competition in sales. I wonder why should there be losses by IDPL. All the products of IDPL are purchased by Governmental agencies. The indents are placed by the State and the Central Government institutions. In this environment, why should IDPL give Rs. 30 lakhs as commission to the indenting agents? When there is competition, incentives and sales promotion efforts are needed. Here there is monopoly sale condition. It is not necessary to give any commission or incentive by the IDPL. When such wasteful expenditure is stopped forthwith, then the losses by IDPL can be minimised. Such malpractices are not conducive for the growth of public sector in the country.

I would also refer to another malpractice on the part of IDPL. There seems to be some unreasonable affinity between IDPL and another private drug company. The IDPL has given the formulation for a bulk drug to this private sector drug company on monopoly basis. I am sure that the hon. Minister will not appreciate such shady dealings on the part of IDPL. In The Hindustan Times of 7 April, 1985, the English daily coming from Capital, there is an article about this. I request that the hon. Minister should look into this and take appropriate steps to allay apprehensions on the part of a wide cross-section of our people about malfunctioning of IDPL.

I would like to take the opportunity of mentioning that SPIC, a joint sector fertiliser unit in Tuticorin, Tamil Nadu, was working under loss till 1974-75. With the advent of AIADMK Government in Tamil Nadu 1976-77 this premier fertiliser unit has started functioning profitably. Here it is necessary to mention that the price of fertilisers should be reduced so that it is within the reach of farmers who are committed to augment agricultural production. The malpractices, irregularities and deficiencies in the distribution of fertilisers must also be eliminated immediately. This will boost the morale of

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our farmers as they will get quality fertilisers at competitive prices. The losses being incurred by fertiliser factories can also averted by tightening the productive processes in these factories. When these fertiliser units function profitably, then the prices of fertilisers can be reduced spontaneously. I am sure that the hon. Minister will bestow his personal attention in this matter and take drastic steps for ensuring profitable working of public sector units manufacturing fertilisers and also drugs. Before I conclude, I would demand that the primary drugs must be made available in rural areas. This Ministry should formulate detailed plans for this purposes so that the people in rural areas are able to get primary drugs.

With these words, I support the Demands and conclude my speech.

[English]

SHRI CHINTAMANI JENA (Balasore): Sir, I rise to support the Demands for Grants of the Ministry of Chemicals and Fertilizers and at the same time I am opposing all the cut motions which have been moved in the House

I will speak only on certain main points and I will not speak elaborately.

The production of phosphatic fertiliser and also nitrogenous fertiliser has increased somewhat, although, it has not increased according to the demand of our nation.

We are estimating that we may import Rs. 12,000 crores worth of fertilisers from abroad. In spite of our best efforts to activate public undertakings engaged in production of fertilisers, we are not utilising their capacity to the fullest extent. So we import fertilisers at a huge quantity,

Our policy is to supply fertiliser to cultivators at subsidised rates whether it is imported or indigenous. Subsidy on our indigenous fertiliser is comparatively less than the imported fertiliser. We should try to encourage the production of indigenous fertiliser and minimise the import of fertiliser from abroad.

At present, phosphatic fertiliser is the only fertiliser which contains a small percentage of micro-nutrients. By the continuous use of fertilisers and less use of organic manure, the soil is becoming deficient in absorbing the nitrogenous fertiliser as well as phosphatic fertiliser.

This system has been going on since long for which the farmers are running loss and they are put to lot of difficulties. So, to overcome the deficiency in the soil, we should improve the quality of the fertilisers or we should encourage application of super-phosphate fertilisers.

13.45 hrs.

[SHRI SOMNATH RATH *in the chair*]

Sir, a scheme for higher production of pulses, oil-seeds and cotton has been taken up under the 20-Point Programme introduced by our beloved late Prime Minister, Shrimati Indira Gandhi. A higher production of these cereals is mainly dependent on the application of the super-phosphate fertiliser as no other fertiliser can substitute this because it contains sulphur also which is an important ingredient for higher yield as also for achieving quality oil. At present, super-phosphate is being manufactured by a number of small scale industries in the country. The price of super-phosphate has been fixed by the Government both for large-scale and small-scale industries. The small-scale industries consist of small units. The small-scale industries do not have their own sulphuric acid manufacturing plant. But the big and the large-scale industries are having their own plants for this purpose. The Government is not paying them the cost of acid utilised for the super-phosphate fertilisers. Whatever subsidy the government is giving to the small scale industries, it is given at the same rate as is given to the large-scale industries. The units in the small scale industries are running loss and they are demanding the price of the acid used in the phosphate fertilisers. I would therefore like to draw the attention of the hon. Minister to kindly re-consider the whole issue.

Sir, whatever we may say, I would like to submit that the public sector units

are running at a loss. In this connection, I would like to draw the attention of the hon. Minister to the Report, page 24, of the budget estimate circulated to us. I would not like to elaborate it. Sir, the Talwar Committee in their report made emphasis on the urgent need for additional gas-based plants. I do not know what action Government has taken to implement it. As far as my information goes, no action has been taken so far on the report of the Talwar Committee. I would therefore request the hon. Minister to look into it.

Sir, in the Seventh Plan, it is expected that the estimated cost of fertiliser to be imported would be more than Rs. 10 thousand crores. We should take such action as not to spend such a huge amount on the import of fertilisers. Instead, we should make every effort to meet our country's demand by increasing the indigenous production of nitrogenous and phosphatic fertilisers. One of the striking features is that the public sector undertakings are not utilising their full installed capacity. I may cite examples of Talcher and Ramagundam fertilizer plants.

The utilization of their installed capacity is only 30-35 per cent. This should be given due attention by the Ministry so that these two plants may run smoothly and they may utilise at least 75 per cent of their installed capacity.

After completion of the projects under construction and assuming that the capacity will increase upto 10 per cent, in the 7th Plan, even then we have to import about 6.5 million tonnes of fertilizers from abroad. The Government should think about this very seriously so that our countrymen may not have to pay such a huge amount on import of fertilizers.

Similarly, the Planning Commission working group has pointed out that fertilizer consumption would reach 15.5 million tonnes by 1989-90 against the estimated consumption of 8.4 million tonnes at the end of the 6th plan. The growth rate of consumption of fertilizers, as against 11 per cent, in the current year it will be about 10 per cent more. The consumption of fertilizers will depend upon good

weather and also how much subsidy would be given to the cultivators. I would request the hon. Minister to kindly look into these factors of the fertilizer industry.

While concluding my speech, I will only make one point about chemicals. From the report, we see that the production of soda ash is reducing day by day. This is used by common man every day. The production of soda ash should be given a priority.

With these words, I support the Demands for Grants of this Ministry.

SHRIMATI GEETA MUKHERJEE (Panskura) : Mr. Chairman, Sir, this is a vast subject and I do not want to go into all aspects. I shall particularly concentrate on one aspect only and I would implore you that you give me a little time.

Before I come to the principal subject, I would like to join my voice with the earlier speakers in requesting the Minister to take active interest for quickly taking up the project of Haldia Petrochemicals in our State and put it in 7th Plan. I do not want to dilate on it, though I whole-heartedly join my voice with the request.

The principal point that I want to discuss today is the new drug policy, which I hear, is under the consideration of the Cabinet. As you very well know, 75 per cent of our population is outside the pale of drugs because they cannot afford to purchase these. The twenty five per cent who can buy they are buying at exorbitant rates. Everybody would agree to this. This is also known that multinational drug companies and the big Indian drug companies are clamouring for price hike. From what I have come to know about the proposed new drug policy, I am afraid that it may lead to a surrender to them. That is why, on this point, I want to make my ideas clear and I want to know from the Minister as to what the real situation is. Now at present, how are the retail prices of the drugs fixed? You would be knowing that there is a formula under the Drug Price Control Order as to how it is fixed. One is material cost called MC, second is the

[Shrimati Geeta Mukherjee]

CC, i.e. Conversion Cost, third is PC, packing cost and then comes PM, packing material. These components make the ex-factory cost and on that is added 'mark up'. This mark up includes profits along with some other things.

Under the present system of control order that is there now, drugs are divided into four categories. Category I is most essential drugs, Category II-essential, Category III-all other decontrolled drugs and so on. Under the present order for the category of most essential drugs, 40 per cent mark up is allowed, that is, apart from those four elements which I have stated, for profits and some other things, 40 per cent is allowed for most essential drugs. For Category II, that is, i.e. essential drugs, 55 per cent mark up is allowed and for Category III, 60 per cent mark up is allowed all the others decontrolled. Now what is happening at the moment? Much more drugs are being produced in this decontrolled category, and in the controlled categories less and less production is coming up.

Now, in order to rectify, I quote the word 'rectify, this disorientation in production, I understand that a new drug policy is going to divide up the categories afresh and also fix up new mark up percentages. Am I correct? Yes. Now what is going to happen? It will be most interesting to listen. Now what is the situation in regard to Category I? On ex-factory price after the four elements of cost, 40 per cent mark up is there. That means profit comes to about 40 per cent for most essential drugs. In the new policy which is going to be proposed, if I know correctly, these categories will all be revised and instead of four categories, there will be only two categories. But the most important thing is that in Category I, the mark up allowed will go upto 75 per cent instead of 40 per cent, if I am not wrong and in category II, this mark up will go upto 125 per cent. So, in the name of rectifying the disorientation, Government is giving them much higher profit. This, as we understand, will naturally push up all the medicine prices sky-high. This is the position.

Now Sir, I implore and I request the

Government not to knuckle under the multi-nationals' and big Indian drug monopolists' pressure. Why do I say so? Is it the only way to stop this so called disorientation?

Is it the only way, i.e. to knuckle before them, give them a much bigger profit and make the consumer suffer? I say; No. That is why, Sir, I wanted a little time from you.

14 hrs.

Firstly, I want to show that these components, before mark-up, viz. material costs, conversion cost, packing cost and packing material, together make the ex-factory price. After that comes profit. Has the Government ever exercised its mind to see what are the profits derived, even in calculating each of these four components?

I will give one example. Let us take this conversion cost. I have come to understand this. I am sorry to quote an Indian company. I am sure—the situation is even worse with the MNCs—that the calculation of process loss is given to be 5% in conversion. After material, in the conversion stage, 5% loss is allowed. In reality, only half-a-per cent to 1% loss takes place. That means that in this process itself, there is a big profit, which is not calculated. Your 5% is a fictitious thing.

I have come to understand, that last year Sarabhai Chemicals, within this conversion process alone, made a profit of Rs. 2 crores. MNCs must have made much more. Why this 5%? Have you gone into this seriously, and seen what is the real conversion cost?

Secondly about packing costs. As you know, these days all kinds of fancy packings are coming. We should take the medicine, not the packs. They come in fancy packing, and the companies push up the price of packing. Government says Okay. So, packing comes under ex-factory cost. This can be slashed down very seriously. We do not need all these. Why does not Government enquire into these things, and see that in these four categories, in each of them, how undue profit is being made?

So, firstly before mark-up, this should be very seriously examine which, I am sure, is not being done.

Then about mark-up. What is this : from 40% for essentials it has gone straightway upto 75% ? Why ? What has happened, and why should it, in a country where only 25% of the people can afford the drug; and that too, when the poor and middle classes are going out of it, and going in for homoeopathy ? Just because the multi-nationals want it, do you just give 75% or 125% mark-up ? If this is going to be the new drug policy, I am tooth and nail opposed it, and I implore that the Government should re-think about this in their new drug policy which is now under the consideration of the Cabinet.

Secondly, as I understand it, the new drug policy has certain other features as well. For example, the multi-national companies have a lot of installed capacities, much more than their licensed capacities. In 1980, when the late Prime Minister formed her new Government, she had intervened in a discussion and said that multi-national companies should not be allowed to produce more than their licensed capacities. In any case, they go beyond it through underhand dealings. But this was very seriously said, viz. that they should not go beyond their licensed capacities—because, as you know, such is the distortion of drug production to-day that it is the de-controlled items which is mostly produced and sold, not the essential ones. That being the case, these multi-nationals are trying to have a higher grip over the whole thing.

I understand that the new drug policy is going to change the position, and that it is going to withdraw certain restrictions that are placed on the multi-nationals. In view of this, I want to say that if this new drug policy comes in the shape that I have told you that is as far as I have understood it, it will be absolutely anti-national and a total surrender to the multi-nationals, depriving the millions of the little quantity of medicines that they can consume today.

I earnestly appeal and hope that they will change it. If they do not do it, I do not know how our country will have health for all in the 20th century. I do not know health for whom ; may be for Tatas and Birlas ; may be for some of us who are

having good life at the cost of people who have elected us, but not for those who have elected us.

I totally oppose these demands. I want a complete reorientation in the new drug policy in the interest of the people and not in the interest of the big drug companies because the government has been going on like this. I do not support these demands.

Now I tell you how inefficient the government machinery is. Even today many of the bulk drugs are imported from the foreign countries. Now, in the material cost that bulk drug imported cost is entered. The imported cost does not remain the same over the months. Let us take the case of Revampicin—a T.B. drug—it appreciated at a time costing Rs. 3,200 per kg. and at that rate, the material cost was coming in the dosage. Within a period of 8-9 months, the international price fell from Rs. 3,200 crores to Rs. 1700 crores. Government did not look into it that the price has fallen to such an extent. In the meantime, the old price continued and naturally TB patients were fleeced ; and the Government opened their eyes after this total loot had taken place.

I do not feel that only conceding to the multinationals would be the only reply. The machinery can be seriously overhauled and a new orientation is given at all levels. The drug prices must be controlled within our reach. With these words, I oppose the demands for grants.

SHRI VIJAY N. PATIL (Erandol) : The Ministry of Chemicals and Fertilizers is mainly responsible for the agricultural output. It is heartening to know that the fertilizer units have recorded all time high in their capacity utilization. But the fact remains that the present use of fertilizers by the farmers in the country is very low. The national average is about 36 kg per hectare. It is ten times more in developed countries. In Japan and Korea, the per hectare utilization of fertilizer is 400 kg. That means we have to increase the capacity utilization of the fertilizer units ten times by adding new units or expanding the capacity of the existing

[Shri Vljay N. Patil]

units. Even with the present fertilizer capacity, whatever is applied to the soil is not fully utilized by the crops. This is because of the wrong application and application at wrong time. I would suggest that seeds-cum-fertilizers grid should be developed and subsidy should be given for the purchase of the seeds-cum-fertilizers grids so that the wastage-sometimes it is 50 per cent—of the fertilizer applied will be saved and the loss will be minimized. We broadly think that fertilizers mean nitrogen, potassium and phosphate.

But with the high yielding variety of irrigated crops we must think of complex fertilizers also by adding micro nutrients like zinc, boron etc. Some crops require low chloride fertilizer like tobacco, potato, grapes and other horticulture crops also. In this field, I would urge upon the Minister to think of increasing production of low chloride fertilizer. After the new concept of application of liquid ammonia to the crops has developed, the low cost fertilizer and micro nitrogenous fertilizer can also be developed. I have mentioned earlier that we have to increase the capacity of fertilizer production many times more. The Previous units, the majority of them, which were established earlier, were coal-based. Our experience with the coal based fertilizer units is not so encouraging. The unit at Talcher is incurring heavy losses. Of course, some time back, the fertilizer unit at Ramagundam has recorded some profits. It is a silver lining to the dark cloud. But the finding of gas in the Bompay High has made us think of starting gas-based fertilizer units, some in Uttar Pradesh and some in other areas. In this context I would like to say that the Bombay High gas is going all the way to the long distance plants in Uttar Pradesh. A survey of Dhole in Maharashtra was made for a fertilizer factory. The pipeline which goes from Bombay High should be connected to Dhole in Maharashtra. I will request the hon. Minister to look into this Dhole plant. It is estimated that the subsidy component for reducing the cost of fertilizer will require about Rs. 7,400 crore rupees by the year 1990 and this will not be sufficient, but will go on increasing. We should improve or try other methods of

production of fertilizer so that the burden of subsidy can be reduced. Micro nutrients have been developed by NBK Fertilizers which we can make use of now. We should also use organic fertilizers now. As we all know, many tonnes of cow dung is being wasted every year as fuel for cooking purposes. Because of this, the organic manure is not being used for fertilizer production. There is sufficient quantity of organic manure in the country, and it is also being used in other countries. Japan is utilising compost, China is utilising the night soil, and there is a plant based on sewerage in Germany. The concept of *gobar* gas plant is taking roots in the rural areas and with this the *gobar* slurry will be available for application in the soil instead of being used as fuel for cooking food and the slurry contains about 2 per cent of nitrogen.

If we give full subsidy to ten lakh *gobar* gas plants every year, hypothetically if every plant produces 2 kg. of nitrogen which is equivalent to 4 kg. of urea, in terms of money, hundreds of crores of rupees would be saved, which otherwise would have been given as subsidy component. So this Ministry can coordinate with the other Ministries dealing in subsidies on *gobar* gas plants.

About pesticides, we are glad to know that our domestic production is increasing. We are reducing imports every year. During the last three years we have seen quite a good reduction in imports. The major pesticides are BHC, DDT, Malathion, Carbaryl, etc. But at the same, we see that location of pesticide production factories is a dangerous phenomenon. If it is located in the thickly populated areas, we have seen what has happened to the Union Carbide Plant at Bhopal. Its location should also be decided. We should think of locating them in hill areas like the HOCL which is located in the valleys of Shayadri Hill areas. In hill and remote areas, these units should be located.

About chemicals, our chemicals are costly as compared to chemicals sold in the international market. Our chemicals are almost double in cost. It is because of the fact that our factories are very small in their capacity. There are factories in other countries which are ten times bigger

as compared to our chemical factories. With the increase in the capacity of these factories, the cost of the chemical production is reduced by 30 per cent. So also when we start setting up these chemical factories in the public sector, they take a long gestation period and because of that, the cost increases, the technology becomes obsolete and the public sector unit becomes cripple and remains a sick baby from the beginning. Hence I would request that the private sector should also be encouraged in this field. A high level working group was set up under the chairmanship of Mr. Lovraj Kumar. It submitted some reports. One of the important suggestions is that there should be some policy for the hydrocarbons and issue of guidelines for entrepreneurs so that it will enable them to make long term investment decisions. This should be adopted in the proper perspective.

Lastly, I would like to mention about the gas from the Bombay High. Millions of cubic metres of Bombay High gas is flared everyday amounting to crores of rupees of wastage on the one hand and we are importing chemicals on the other. There is a project called Maharashtra Gas Cracker Complex, the estimated cost of which is about Rs. 1400 crores and the production is likely to be three to four lakh tonnes of ethylene per year. I would suggest to the Minister that let this project be installed. What is holding it back, I do not know. If it is started, the gas that is being wasted will be properly utilised.

As the time is short, I would not like to mention about the drug policy. I congratulate the Department, the Minister and the officers for increasing the production of drugs and substantial increase in its export also. At the same time, I will suggest that there should be more stringent measures adopted for curbing production of spurious drugs. The policy about fixation of prices of drugs should also be implemented in full.

With these words, I support the Demands of the Ministry.

[Translation]

*SHRIMATI N.P. JHANSI LAKSHMI (Chittoor): Mr. Chairman, Sir, ours is an agricultural country. Though the production of fertilizers has gone up ever since we achieved our independence it is too inadequate to cope up with the demand. The production of fertilizers has not been commensurate with the demand.

According to the Planning Commission estimates, we may require to import fertilizers worth ten thousand crores of rupees by the end of the Seventh Plan. Though we have been importing 10 lakh tonnes of fertilizers every years, we are not able to meet the internal consumption fully. The fertilizer plants, which were established at a cost of thousands of crores of rupees, are producing only 50% of their optimum capacity. The production in these fertilizer plants must be increased atleast to 75% if we are to cope up with demand. Some of these plants have obsolete machinery. Steps must immediately be taken to modernise these old plants.

Sir, the cost of construction of the fertilizer plants is almost doubling. One reason for the escalation of the cost of construction is that they are not being completed within scheduled time. The result is that the allocated amount is not sufficient enough to meet even half of the expenditure involved in setting up the plants. A plant with an investment of Rs. 1000 crores costs Rs. 5 crores more if the completion is delayed by a single day. So also a project worth Rs. 100 crores, if delayed by one day, would cost Rs. 1 crore more. Hence the present policy of the Government to take up too many projects simultaneously, then finding it very hard to find money for their completion when they are half way through, is erroneous. Instead, it is better to take up the construction of one project and complete it in time, so that there will not be any escalation in the cost. It will also boost the production.

Sir, at present the Government are offering subsidy to the tune of Rs. 3854.41

*The speech was originally delivered in Telugu.

[Shrimati N.P. Jhansi Lakshmi]

crores. Even then the prices of fertilizers are too high and proving beyond the reach of farmers in the country. Hence the excise duty which is being imposed on fertilisers must be removed immediately. If the excise duty is removed on fertilizers, they will be cheaper atleast by 50%. Farmers can purchase fertilizers at half of the rate they are paying now. Sir, I take this opportunity to plead for a blanket ban on the export of molasses. At present there is a shortage of spirit. Many hospitals in the country are facing crisis as they are not able to get the required quantity of spirit for their day-today use. We can manufacture alcohol which is used in organic chemicals industries and ethylacetate which is used in the preparation of medicines and chemicals like acetic acid and acetone can very well be manufactured within the country itself. We can earn valuable foreign exchange by exporting these items.

There was an unprecedented industrial disaster at Bhopal only a few days ago. So steps must be taken to avoid recurrence of such tragic incidents in our chemical industries. Anti-pollution measures must be implemented with all sincerity.

The quality of D.D.T. and other pesticides and insecticides is very poor. Hence the Government must alert its quality control machinery and see that the standards are maintained meticulously.

It is most unfortunate that still most of the business is in the hands of multinationals. These companies are collecting hundreds of crores of rupees by royalty just for the use of their brand names. Now the time has come to ban the use of brand names of the multinational companies operating in the country. The Government must see to it that all essential and life saving drugs are produced within the country in public sector undertakings. These drugs must be available to the common man at cheaper rates.

The functioning of the IDPL units in the country is far from satisfactory. The management of the IDPL must be toned

up without any further loss of time. They should not be allowed to incur losses year after year any more.

Sir, it is very surprising that the drugs which are banned in other countries are still being prescribed in our country. I request the Government not to permit the use of such drugs which have already been banned outside. The ban on these drugs must be imposed in our country also.

Sir, certain companies are deceiving our people by false advertisements regarding certain tonics which are no tonics at all. Hence I draw the attention of the hon. Minister to see that no fake tonics are sold with the help of advertisements. A strict quality must be ensured in the sale of such tonics.

There is one carbide factory in Karnataka. A permit was given to manufacture acetelene black. Considerable amount was also spent on this factory. But unfortunately the product of this company has no market in the country. It is very much surprising to see the Government importing this item from other countries forgetting the fact that this product is available within the country itself. Such has been the policy of the Government. I request the Government to stop importing this product any more so that the acetelene black which is produced at carbide factory in Karnataka can find a good domestic market.

I conclude by thanking you for giving me this opportunity.

SHRI MOOL CHAND DAGA (Pali) :
Mr. Chairman, Sir, our country's population is increasing and it will go on increasing further. According to one estimate, we shall have to produce about 2,26 million tonnes of foodgrains by 2000 A.D. in order to meet our requirements. Today many experts and thinkers subserve to this view. The role that Fertilizers will have to play there is 80.9 per cent. Only then we shall be able to achieve the target. So far as irrigation and dry farming are concerned, their rôle will have to be 8.2 per cent. Much has been said about supply of fertilizers in the country and it is true that we

do not achieve the targets fixed in the Plans.

[English]

“According to the 1984-85 annual report of the Chemicals and Fertilisers Ministry, the anticipated production of nitrogenous fertilisers during the terminal year of the Sixth Plan was 3.9 million tonnes and of phosphatic fertilisers 1.25 million tonnes, against the Plan target of 4.2 million tonnes and 1.4 million tonnes, respectively.”

“The expenditure on the fertilisers programme was Rs. 633 crores less than the Plan Outlay of Rs. 2,089 crores.”

“In respect of the basic drugs, only 56 per cent of the Plan target is expected to be achieved and in the case of formulations 74 per cent.”

So, that is the point. 56 per cent of the target has been achieved.

[Translation]

It shows clearly that we are not able to achieve targets fixed in the Plans formulated by us. What are the reasons why you are lagging behind in every field? Have you made a deep study of these reasons and taken action to remedy them? Similarly you could not achieve the target fixed in the Sixth Five Year Plan. Have Government ever examined this question seriously why we are not able to achieve the targets fixed in the plans? What and where are the shortcomings and how can these be removed? Government have themselves come out with the reasons. The outlay on the Korha Fertilizer Plant, which was estimated at Rs. 150 crores in the beginning, has escalated to Rs. 220 crores and it may increase further. There is no question of the plant being completed with in this amount. Its machinery has been lying idle for the past several years. The Korha Plant was scheduled to be completed by 1965 and now it is 1985. This is the position of your plants. No plant is completed in time. On what basis can you say that you will make available fertilizers to the farmers? If you are not in a position to complete the plants, you ask municipi-

palities to produce their own fertilizers and Government should provide them with assistance. Theseafter Government should lift the fertilizers from the bodies entrusted with their production. Panchayats should also be asked to produce fertilizers, but Government have dropped this scheme. Government are paying less attention towards the areas where fertilizers can be produced in large quantity. Sir, the Korba Plant is causing pollution also. New factories are coming up in the country. Let us see what is happening in Chembur.

[English]

The Rashtriya Chemicals and Fertilisers' plant at Chembur, which has become in a way a pollution hazard....”

[Translation]

Factories are coming up and Pollution Boards are not taking any measures. You are playing with the lives of the people. You have made arrangements for setting up of pesticide plants but have not taken any anti-pollution measures. Besides, I would like to ask Government whether there is any law to deal with the persons adulterating fertilizers. Have you ever awarded punishment to anybody in this matter? The targets fixed have also not been achieved.

You had proposed to set up a factory at Sawai Madhopur in Rajasthan but God knows when it will be set up. I want to say that at whatever place you set up a plant, proper arrangements should be made to run it. A diplomat has been appointed to manage the affairs of I.D.P.L. IDPL's condition is too bad to need further elucidation. The Administor itself should think over this problem. You talk of bringing about improvement in it, but you know very well the situation prevailing there.

The Minister of Fertilizers and Chemicals as well as the Health Minister are present here. Our Health Minister has said that by 2000 A.D. everybody will enjoy good health. It has a great impact on the people. But she should tell us whether there is no adulteration in the drugs available today. Today it is said

[Shri Mool Chand Daga]

that if one goes to the market to purchase poison, one will not get a poison which is not adulterated. What is the condition about drugs ?

[English]

"In 1982, the Drug controller of India issued D.O. letters to the State Drug Control Authorities instructing them to ban the manufacture and sale of 20 such drugs. Further, the GOI issued a Gazette Notification dated 23rd July, 1983 banning 22 such drugs."

[Translation]

They banned the sale of these drugs, but the same drugs are being sold in the market. You just see the coordination between the two Ministers ! The drugs which are playing havoc with our health are being manufactured and sold.

I would like to know from the hon. Minister the number of officers-in charge of the hospitals in the country, I would not say that five to ten out of them are not honest, but what is the number of those who purchase sub-standard medicines ? How many of the companies producing sub-standard medicines have been challaned ? Both the Ministers are present here. Will they please tell me whether sub-standard medicines are not being sold today ? Artificial scarcity of drugs, the sale of which has been banned in the market, is created and then they are sold. Such things should be stopped.

You should make further progress with regard to the production of fertilizers. There should be accountability of the officers of the department so that the farmers could get the required quantity of inadulterated fertilizers.

The main point to be looked into is who the sale agents of fertilizers are. What is the basis of their appointment ? To whom do you allot agencies ? We have seen that bungling is being done in this matter. The people who are given agencies, themselves indulge in the adulteration of fertilizers and dupe the farmers and cause them loss.

The same is true about drugs. Have you challaned the persons indulging in adulteration of drugs ? I hope, our hon. Minister, Shri Patil will accomplish both these tasks and will plug the loopholes and bring about improvement.

That is all I want to say.

*SHRI T.V. CHANDRASHEKHAR-APPA (Shimoga) : Mr. Chairman, Sir, I rise to support the demands for grants pertaining to the Ministry of Chemicals & Fertilizers While supporting the demands I want to highlight some of the vital issues for the kind attention of the hon. Minister. Many of my colleagues have already referred to the manufacture of fertilizers. As per reports, all the fertilizer factories are working very well. In fact they are much ahead of the target. All credit should go to the workers, organisers and administrators. I thank them all for their hard work.

There are different problems faced by different States with regard to production of chemicals and fertilizers. The main problem is the shortage of power. However, the target of production has been achieved. But before the fertilizers reach the farmers they are adulterated. There is no control over this adulteration inspite of Central Government's instructions to States to check adulteration I want the Centre to take note of this matter and punish the persons indulging in adulteration. In this regard the Centre should ask the States to be very vigilant.

Managalore fertilizer plant is hard hit due to the power crisis in the State of Karnataka. The plant cannot work fully for about five to six months in a year due to shortage of power. Therefore I urge that captive energy should be provided to the plant to get maximum production. Sufficient funds may be allocated to supply the required quantity of power to this plant. In Karnataka some more factories should have been set up by this time. But they have not come up due to shortage of power. Karwar is near to Bombay High.

*The speech was originally delivered in Kannada.

A factory should be set up here in the Seventh Five Year Plan. The sea shore of Karwar is an ideal place for setting up factories.

I was a member of the Health Consultative Committee and I have gone deep into manufacture of pharmaceuticals and drugs. Indian Drugs and Pharmaceuticals Limited and other public undertakings are doing their good job in the production of drugs. They are getting good assistance from the States also. Our hon. Minister Shri Veerendra Patil has extended the IDPL loan facility to all States. They can return 90% of the loan first and then 10% can be returned later. But no State responded properly to this facility.

There some complaints against the IDPL because it is a public undertaking. They say that IDPL is not earning good profit. There may be some problems here and there which can be solved by careful examination. The main reason for complaints against IDPL and other public sector companies is mainly due to the competition between private sector and public sector. There is some conspiracy in which doctors, scientists and officials are involved. I do not say that everything is perfect in IDPL. There may be some loopholes but they can be removed easily by examining them. IDPL is producing most of the essential drugs to the expected level.

The hon. Minister has mentioned about the distribution of molasses and alcohol. In his letter dated 14.2 1985 to the Chief Minister of Karnataka he has referred to the need of molasses for the State. The hon. Minister has asked the Chief Minister of Maharashtra for supplying molasses to Karnataka. But strangely the Government of Karnataka has supplied spirit to Kerala in the month of March 1985. In this regard I want clarification from the Centre as to who is the competent authority to distribute the unutilised spirit. Is it the State Government or the Central Government?

I want to reiterate about the adulteration in pesticides and weedicides. Especially in the highly irrigated area pesticides and fertilizers will account for 2/3 of the total cost of inputs. Therefore instead of private sector it should be the public

sector which should lay more emphasis on checking adulteration and increasing the production. Each State should have its own public sector unit and it should supply pesticides to farmers at subsidised rates.

Our Government is planning to modernise irrigation in the 7th Plan. In addition to this there should be adequate production of fertilizers. All the old factories have to be expanded and modernised. Once again I request the hon. Minister to set up a fertilizer factory in Karwar and conclude my speech.

SHRI RAM BAHADUR SINGH (Chhapra) : Sir, it is true that fertilizers occupy an important place among the inputs required for increasing foodgrain production. Therefore, it is necessary that not only the big farmers but the small, medium and marginal farmers also in the country should get a reasonable quantity of fertilizers in time at subsidised rates, but such a situation does not exist in our country. The fertilizers are not available at cheap rates. If at all the fertilizers are available, these are sub-standard and do not reach the farmers in time. Particularly, in our State, you might have read in the newspapers that sowing of rabi crop was going on and due to the scarcity of fertilizers, the farmers were knocking at the doors of the authorities, but they could not get the fertilizers in time due to a dispute between 'BISCO Mann and the Government, and due to non-availability of fertilizers in time, the sowing operations of rabi crops in the entire North Bihar were delayed.

Mr. Chairman, Sir, therefore, I would like to request Government to make efforts to produce as much of fertilizers as possible and at the same time achieve the targets fixed for the Seventh Five Year Plan. But, going by the policies of the Government, it appears that Government will not be able to achieve the targets. Government have set a production target of 2.25 crore tonnes of foodgrains by 2000 A.D. 80 per cent of this target will be achieved by using chemical fertilizers and the rest through other means. The production of nitrogen and potash last year was 52.5 lakh tonnes and 16 lakh tonnes

[Shri Ram Bahadur Singh]

respectively and Government propose to increase their production to 99 lakh tonnes and 29.8 lakh tonnes respectively during the Seventh Five Year Plan. In other words, Government propose to produce in all 128 lakh tonnes of fertilizers. Government are of the view that the increase in the production of fertilizers will be ensured through the ten plants being set up in the country which will start production from 1985 to 1989. Thus, new plants will produce 4.6 lakh tonnes and by the time we enter 1990, the deficit will somehow be reduced to 36 lakh tonnes. The same position will continue till 2000 A.D. Therefore, I would request that Government should also think in terms of an alternative. Our traditional means should be developed, bio-gas should be developed and an effort should be made to set up small plants in all the nooks and corners of the country. Government should encourage the people for this.

So far as the question of the prices of fertilizers is concerned, Government's contention is that the price of fertilizer is increasing because the price of the inputs being used in its production has gone up or the margin of profit has increased or the freight charges have gone up. In this connection, I would like to submit to Government that they themselves raise the freight, the margin of profit, and the prices of inputs. Therefore, if the price of fertilizers go up, they themselves are responsible for it. You give something to the farmers with one hand but take it back with the other. Government say that they require a lot of capital to introduce new technology. I fail to understand that though with the use of new technology, the production goes up and the price of the finished goods is reduced, yet Government say that with the use of new technology, the price of the goods goes up. Therefore, I want to suggest to Government that the idea of bringing in new technology should be abandoned and instead small plants be set up to increase production. You should evolve such means and such a system whereby both educated and uneducated people can be provided with employment and their talent utilized. Computer technology and colour televi-

sion will not help in increasing fertilizer production. But you cannot do away with mechanisation.

The situation which prevails in the country in respect of fertilizers is also being faced in the field of medicines. Today the common people do not get quality medicines at cheap price. There is shortage of life-saving drugs in the country. Tuberculosis is not an incurable disease. It is not difficult to get rid of it. But, today many people die of tuberculosis. Who are these people? They are poor and they die because the main drug for the treatment of tuberculosis—streptomycin—has run into shortage. This medicine is out of the reach of the poor. 'Kaalazar' has taken an epidemic form in my State of Bihar. The vaccine for it is not available to the common man. If people want to buy it from the market, they cannot afford it. This situation has arisen due to the shortage of life saving drugs which are not available of the people at low prices because the multinationals have the control over such essential life saving drugs in our country and they are in the habit of earning as much profit as possible irrespective of whether the product is sub-standard or the manufacturing cost of it is low or high; they do not bother about that. That is why all the multinational companies in the country today are engaged in the production of Vitamins instead of life-saving drugs. Even healthy people are advised to take a bottle of vitamin; the consumption of such items is more and the margin of profit very high. That is why they divert their maximum capital to these items. Our Government also give all patronage to these multi-national Companies. Government do not patronise and encourage our own companies which develop new techniques after putting in hard work and doing research. That is why the capital of these foreign companies in the country has risen to Rs. 370 crores today as against Rs. 10 crores in 1947. According to the Hathi committee's Report, foreign capital has grown 111 times in the country between 1952 and 1973. Therefore, my suggestion is that in order to free the country from the clutches of these multi-national companies, it is necessary for you to nationalise all the multi-na-

tional companies. The good of the country is not possible without nationalising them. You should give incentive to the companies of our own country. As long as you continue to allow 24.5 per cent profit to the multinational public companies and 34.5 per cent profit to the private foreign companies as compared to 14.5 per cent profit to the public companies of the country and 11.5 per cent profit to the private Indian companies, no good can be done either to the people or to the companies of the country. The shortage of medicines will persist and we shall not be able to meet the requirements of the people in respect of life-saving drugs.

Therefore, I request that in order to get out of the clutches of these multinational companies, you should nationalise them. Arrangement should be made to get those medicines produced which are needed in the country, and more and more capital should be invested in the production of fertilizers after making up your mind. The country will benefit only then. With these words, I oppose these demands for grants.

SHRI KAMMODILAL JATAV (Morona) : Mr. Chairman, Sir, I support the proposed Demands for Grants in respect of the Ministry of Chemicals and Fertilizers put forth by the Minister of Chemicals and Fertilizer. I have seen the times before and after 1947. Before 1947 only compost was available in the country and the farmers were not able to get their full requirement of manure. That is why the country's economy was in a very bad shape and there was nominal production of foodgrains in the country. But when the Congress Government came into power after 1947, there has been marked improvement in the production of fertilizers in our country for which our former Prime Minister, late Smt. Indira Gandhi, the Prime Minister, Shri Rajiv Gandhi, the Minister of Agriculture and the officials deserve congratulations. The people from the opposition may say anything about non-availability of fertilizers, but now the position is different.

I come from the Chambal Division of Madhya Pradesh and according to my in-

formation there is no shortage of fertilizers and every farmer is getting fertilizers. It is another thing that due to lack of proper distribution arrangements, fertilizers may not reach certain areas. But it is a fact that adequate quantity of fertilizers is available in the entire country. The reason for delay in availability of fertilizers is that after the Department of Agriculture has sanctioned the quota of fertilizer, trucks etc. are not available. This results in delay and the farmers are obliged to face some difficulty. I, therefore, request the Agriculture Minister to ensure that small fertilizers factories are set up in each division and outlets having a capacity of one or two tonnes should be opened in each block for the distribution of fertilizers. In this way every farmer will be able to get the fertilizers according to his need and he will not face any difficulty.

I would like to say one thing more. The State Warehousing Corporations should be instructed to keep with them adequate stock of fertilizers and build more godowns in the entire country so that the farmers can get the fertilizers easily. It should also be insured that their employees perform their duties honestly. I had been the Chairman of the Madhya Pradesh State Warehousing Corporation and 114 warehouses were built during my time.

That is why I have adequate knowledge of it. In the end, I would like to say that warehouses with a capacity of one to two tonnes should be set up in each block so that the fertilizers could be within the easy reach of the farmers.

With these words, I support the Demands for Grants in respect of this Ministry.

[English]

SHRI LALITESHWAR SHAHI (Muzaffarpur) : Mr. Chairman, Sir, before suggesting something about the fertiliser production, I would like to mention two or three points of local importance. Sir, the first fertiliser factory of this country was located at Sindri. As a measure of reparation, after the Second World War. In the Sindri township, more than 8000

[Shri Laliteshwar Shahi]

houses have been constructed. Later on, the old plant has been replaced by a new plant and it works on oil to produce nitrogenous fertiliser. The old plant used to employ about 7800 people and the new plant requires only half or less than that of the number. So, what happens is that infrastructure facilities like transport, hospitals, roads, water supply have become surplus and are available for any new plant. But the department has so far not tried to utilise that infrastructure.

15 hrs

Moreover, the Planning and Development Division of Fertilizer Corporation—earlier it was Fertilizer Corporation of India, now it is an independent unit in itself,—has set up plants at Namrup, Nangal, Gorakhpur, Barauni and other places in the country, but gradually the Planning and Development Division is being shifted from Sindri in bits and parts. First of all, the agronomy section was shifted; later on the training scheme was shifted from Sindri, and now there is an attempt to shift the technical offices slowly and gradually in the name of clients' service as if P & D Division is the only organisation for serving the clients. I want to put it before this House that the American technical consultants, Kellog, and Italian technical consultants, Snam Progetti are also employed for Hazira and other plants. In one case, the Indian collaborators were P&D Sindri and in other case, Fertilisers and chemicals, Travancore. But neither the Kellog from America, nor the Snam Progetti from Italy or the FACT had shifted their technical offices to site, but it is only the P&D Division at Sindri, who want to shift their technical offices from Sindri. The other organisations had their liaison offices at site. It is known throughout the world that if a consultant takes up a job, he puts up a liaison office at site and that office carries messages from both sides, but not that the technical office is shifted to the site. It is only in the case of P&D Division, who in the name of serving the clients are trying to dismember the organisation at Sindri. I would like to put it for the information of the hon. Minister that for the last seven years, there has been no recruitment of scientific personnel in that organisation. Is that not proof enough of an attempt to shift it from Sindri?

This has raised great suspicion in the minds of the people there. I would request the hon. Minister concerned, to scrutinise it, analyse it and see how P&D can be restored to its original glory and status at Sindri. It is said that this place lacks telecommunication facilities, telex etc., but is it not for the State Government to provide these facilities. It is a part and parcel of Government of India and it is a matter of inter-ministerial concern. The Ministry concerned can be asked to provide telecommunication and other facilities to Sindri.

There is another thing which I want to put before the hon. Minister for his consideration. Barauni refinery is one of the earliest refineries in the country; it was established in 1960. For the last ten years we have been hearing that a petro-chemical complex is going to be set up at Barauni. At one stage in 1984, we were told that the licence was on the point of being issued. Forty thousand tonne capacity had been sanctioned for some place in U. P., twenty-thousand tonne expansion in Gujarat petrochemicals, and forty-thousand tonne capacity at Barauni. But I do not know where it is held up, how it is held up and on what ground it is held up. The Bihar State Industrial Development Corporation had applied for a licence, but this is pending for the last 7 or 8 years and to my knowledge, it has not been disposed of so far. I would request the Minister to kindly look into it and expedite it.

So far as fertilizer is concerned, I would now place certain things before the House from the point of view of a farmer. There are many other aspects. The farmers are cheated sometimes by unscrupulous dealers, who mix fertilizer with salt and other things and it ultimately destroys the soil fertility.

So, I would suggest to the Minister a thing recognised world-wide, that is the fertilizer should be produced in granules so that salt and other things are not mixed with it. The other suggestion is to colour some of the fertilizers which are being produced in powder form so as to distinguish it from salt and such other things which are mixed with it. By taking either of these two measures, he can give relief to

the farmers who are being cheated by unscrupulous dealers.

One aspect to which I want to point out is about the planning of fertilizer production. Even now we are producing fertilizer with 18 per cent or 20 per cent content. You know Sir, in fertiliser pricing at least 20 per cent is the cost of transport and another 20 per cent is the cost of storage. 40 per cent of the price of the fertilizer is only transport and storage. For producing a fertilizer of 18 or 20 per cent, we are uselessly spending on the transport and another 20 per cent on storage of 80 per cent of its content which is nothing. There are fertilizers of higher content. Why are we not able to produce di-ammonium phosphate? Why are we not able to produce other mixed fertilizers which a higher content, so that we do not lose on transport and storage and the farmers do not have to pay a higher price on that count? That is the suggestion which I would submit for the consideration of the Minister and the Government in this regard.

One thing more. Fertilizer prices are fixed for phosphate, potash and nitrogen. Now some intermediary companies mix these fertilizers and sell it by their own names, sometimes as 'sada bahar' and sometimes by some other name. If we compare the prices of nitrogen, phosphorous and potash separately and then compare it with the price charged by the companies for their product, it would appear that they are charging a much higher rate. Why? Because, the control of fertilizer prices is at the initial point only and not at subsequent points. So, if the bigger factories start producing mixed fertilizers, just as IFFCO and other Government units have started doing, these intermediaries who charge a higher price for these mixed fertilizers will not be able to do so to some extent and the farmers will not be cheated to that extent. These are some of the suggestions which I want to place for the consideration of the Government in this matter. With this I support the Bill.

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI VEERENDRA PATIL) : Sir, I am happy that a good number of hon. members have participated in the debate and made several construc-

tive suggestions. Some members expressed some concern over the poor and improper functioning of some of our public sector units.

So far as the Ministry of Chemicals and Fertilizers is concerned, it is one of the Ministries in the Central Government which is engaged in the task of economic development of the country. There are three vital activities concerning the Ministry : fertilizers, chemicals and pharmaceuticals. Many Members who participated in the debate expressed their unhappiness about the country not being self-sufficient in the production of fertilizers. I have got the figures, which speak for themselves. They will indicate the extent to which we have progressed in this field.

In 1980-81, our production so far as nitrogenous fertilizers were concerned, was only 21.64 lakh tonnes; and in the case of phosphatic fertilizers, it was only 8.41 lakh tonnes. In 1984-85, I am giving the figures for the 6th Plan period, production has gone up to 39.32 lakh tonnes in the case of nitrogenous fertilizers and to 12.62 lakh tonnes in the case of phosphatic fertilizers. Our estimate for the current year, i. e. 1985-86 is that the production of nitrogenous fertilizers would be of the order of 45.90 lakh tonnes; and in the case of phosphatic fertilizers it would be 13.78 lakh tonnes. The demand for 1985-86 is 61.40 lakh tonnes in the case of nitrogenous fertilizers. To-day, there is a gap of 15.50 lakh tonnes. In the case of phosphatic fertilizers, to-day there is a gap of 5.77 lakh tonnes.

I do not know whether the estimate of demand projection that is prepared by Ministry is going to tally with the estimate that is being prepared by the Ministry of Agriculture, but that is a different question. But according to the projection that is prepared by our Ministry, the demand for the 7th Plan for nitrogenous fertilizers will go up to 77.34 lakh tonnes by 1989-90; and the production will be of the order of 69.31 lakh tonnes. Again, at the end of the 7th Plan, there will be a gap of 8 lakh tonnes in the case of nitrogenous fertilizers. In the case of phosphatic fertilizers, the demand will go up, by 1989-90, to 26.87 lakh tonnes. Then the

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production will go up to 21.94 lakh tonnes. And by the end of the 7th Plan, the gap would be of the order of 4.93 lakh tonnes in the case of phosphatic fertilizers. That is the position with regard to the supply and demand during the 6th Plan period, and during the 7th Plan period.

I agree with the hon. Members that we have not been able to produce as much as to meet the demand in full. I agree with the observations made by several hon. Members that we have not been able to achieve self-sufficiency in the matter of fertilizer production. There are several reasons; I will take one by one.

Before I speak about capacity utilization, I want to tell the hon. members that the fertilizer production is increasing every year. In 1984-85, in the case of nitrogen, the increase is 13.6 per cent; in the case of phosphatic fertilizer, the increase is 20.4 per cent. Similarly, the capacity utilization is also increasing. In 1980-81, the capacity utilization in the case of nitrogenous fertilizer was 52.8 per cent; in the case of phosphatic fertilizer, it was only 65.9 per cent. In 1984-85, the capacity utilization has gone upto 74.2 per cent in the case of nitrogen and 84.8 per cent in the case of phosphatic fertilizer. The capacity utilization is increasing and increasing fast, I must say. But I am not satisfied, as the hon. members said, that the capacity utilization should be hundred per cent; why it should be less than that. I entirely agree with them, but there are several constraints which have to be taken into consideration. There is no point in blaming the officers incharge of those units for low capacity utilization because they have got their own limitations for any utilization capacity to the full extent. I must say that the greatest constraint is non availability of power. If we take any fertilizer unit, they are suffering mostly because power is not available. That is why, we have taken a decision as a policy not only about future projects which are coming up but also for the existing projects, fertilizer projects, not depending entirely on the State Electricity Power Grids, but have their own captive power arrangement. We are encouraging them;

sometimes we are insisting on that; and I must say that so far as fertilizer units are concerned, some of them are already having these captive power plants installed; some of them are in the process of being installed; and so far as future projects are concerned, we have made a policy that every fertilizer project which is going to come up in the future should have its own captive power plant; that is how we want to face this problem of power shortage. Certain units which had been set up long time back—I do not wish to go into every unit—for instance, Gorakhpur, Durgapur, Namrup I & II, Barauni, Sindri, etc., they are very old units.

PROF. N. G. RANGA (Guntur) :
What about Pusa ?

SHRI VEERENDRA PATIL : I think that is a new unit. Those old units were established 15 years ago or 20 years ago; some are even older like FACT Udyog Mandal. When these units are old, they adopted the technology that was available at that time. Naturally, there will be frequent break-down of machinery and more wear and tear. Sometimes the raw materials are not available in plenty or in sufficient quantity. So, these are the reasons for which the units are not producing to the full capacity.

There are some units which have reached a stage where we are thinking of diversifying activity : for instance, FACT Udyog Mandal unit. There are nearly 6,000 or 7,000 workers. I visited the factory in 1980 when I was in charge of this Ministry. The machinery is obsolete, old technology and all those problems are there. Supposing, all of a sudden, I say that I will close down because it is uneconomical, and incurring heavy losses, the question is, what will happen to those people who are employed there ? Where will they go for employment ? They have to be employed somewhere. This was in 1980 and we sanctioned a caprolactum project for FACT and that project is in execution. In another two or three years it will be completed, when it will be possible to shift them to some other plant.

Similarly, Namroop-I is a very old plant. When I discussed with our officers they said, "even then we are producing". I must compliment the workers and the management because they are producing and the capacity utilisation is not very poor. And for that we are executing Namroop III and when Namrup III is commissioned, we want to close down Namrup-I urea plant so that the labour of that unit can be employed in the new plant. That is why there are some units which may not be working very efficiently in the country.

SHRI C. MADHAV REDDI (Adilabad) : All these units are working only up to 50 per cent of the capacity, but in the private sector there are companies which are doing better.

SHRI VEERENDRA PATIL : I will explain that. In the private sector and in the cooperative sector and the public sector also there are some units which are making profits. The hon. Member seems to be under the impression that all the public sector fertilizer units are incurring losses. It is not so. So far as the private sector units are concerned, except one or two units, the rest of the units are all new units and they are all based on up to date technology and one or two units are old. Even then, the capacity utilisation is much better. It is because at that time, when they set up that factory they imported the entire machinery. The entire plant was imported. But here, when we want to set up a factory we do not import the entire plant or machinery. We are importing the technology and based on that technology we are asking the local manufacturers to manufacture and supply them the machinery. I will come to that point because one of the Members had asked about those plants.

SHRI MADAN PANDEY (Gorakhpur) : Will you please let us know about the Gorakhpur plant ?

SHRI VEERENDRA PATIL : It is not a new plant.

SHRI MADAN PANDEY : Is there any expansion programme for it ?

SHRI VEERENDRA PATIL : I will tell you. I do not think that all the Members are under that impression, but one or two Members expressed that, and they asked me why our units are incurring losses. They are under the impression that all public sector fertilizer undertakings are incurring losses. I can quote them figures. There are several undertakings, Fertilizer Corporation of India, FACT of Cochin, Hindustan Fertilizer Factory, Rashtriya Chemicals Fertilizers the National Fertilizers Limited and the Madras Fertilizers Limited. I can say that FACT was incurring loss earlier, but in 1984-85 they have made a profit of Rs. 16 crores and Rashtriya Chemicals Fertilizers from 1979-80. I do not have the figures for the earlier period. consistently they are making profits.

SHRI KOLANDAIVELU (Gobichettipalayam) : But what is the capacity utilisation ?

SHRI VEERENDRA PATIL : In 1979-80 they had made a profit of Rs. 11 crores.

The figures of profit of RCF are likes this :

1980-81	Rs. 18.53 crores
1981-82	Rs. 21.26 crores
1982-83	Rs. 22.47 crores
1983-84	Rs. 44.05 crores
1984-85	Rs. 40 crores.

Consistently they are making profits.

The figures of profit in the case of National Fertilisers are as follows :

1981-82	Rs. 59.75 crores
1982-83	Rs. 34.29 crores
1983-84	Rs. 23.55 crores
1984-85	Rs. 40 crores.

Madras Fertilisers has been making profit since its inception. Its figures are like this :

1981-82	Rs. 8.29 crores
1982-83	Rs. 16.50 crores
1983-84	Rs. 9.27 crores
1984-85	Rs. 11.29 crores.

[Shri Veerendra Patil]

It is only FCI and HFC which are incurring losses, because, unfortunately, they are owning all these old fertiliser units.

SHRI S. JAIPAL REDDY : All the loss making companies were lumped together.

SHRI VEERENDRA PATIL : You can interpret it that way; I have no objection. There is no point in blaming the executive for that.

An hon. Member wanted to know the position of Gorakhpur Fertiliser Plant. The first stage of this Plant is nearly 16 years old. I must again tell you that the normal life of a fertiliser unit is about 20 years. After that, I do not mean that you have to scrap it and build a new one. Afterwards, you have to spend a lot of money on replacement, revamping and all that. So, this is one of the old units. The second stage is ten years old. The revamping programme of the Gorakhpur Fertiliser Plant is going on and it is going to be completed in the next two years. After this work is completed, I think, the capacity utilisation in respect of performance will touch 72 to 76 per cent.

Hon. Members are under the impression that farmers are paying lot of prices for fertilisers. I must say that the Central Government has been very liberal in subsidising fertilizers. The average subsidisation in the case of urea is Rs. 1150 per tonne and in the case of phosphatic fertiliser it is Rs. 900 per tonne.

Subsidy is growing because the consumption also is growing. And we are fixing retention price because..

(Interruption)

SHRI C. MADHAV REDDI : All of them will make loss if there is no such subsidy.

SHRI VEERENDRA PATIL : All of them will not make loss. They make loss if we have price control and if we do not subsidise them or the farmers. When we have price control, that is on normative basis and we are having the price control.

I say that the cost of production is going up because the cost of input is going up and the investment on fertilizer is also going up. That is why, although the cost of production is going up, the policy of the Government is to make the fertilizer available to the farmer at a stable and attractive price, and that is why the Government of India is spending so much money on subsidy. I can give you the figures as to how subsidy is increasing every year. In the year 1980-81, the subsidy was only Rs. 170 crores ; in 1982-83 it became Rs. 550 crores ; in 1983-84, it was Rs. 900 crores and in 1984-85, it went up to Rs. 1,200 crores. This year we have made a provision of Rs. 1,200 crores but I am not definite that we can limit this subsidy to Rs. 1,200 crores because again it depends upon the consumption I agree when one or two hon. Members say that the consumption of fertilizer per hectare in our country, compared to other countries, is very much low, or that it is on the low side. There is no dispute at all. So, that means there is sufficient scope. On the other hand, we want to promote use of fertilizers. For that there are several schemes and a lot of money is being spent in order to popularise the use of fertilizer. So, as and when the consumption increases, naturally the subsidy also will go up, and that is why the subsidy is going up at such a fast rate. Government of India have recently appointed a High-Level Expert Committee to review the pricing system of fertilizers and subsidy in order to rationalise the present system. That Committee's Report is yet to come. When the recommendations of that Committee are received, Government will consider them and take necessary action in the matter.

About the coal-based fertilizer plants, Ramgundam and Talcher are the two coal-based fertilizer plants. These two plants were established at a time when the oil position in our country was not satisfactory and we were not in a position to say that we have got sufficient gas. We were only depending upon either naphtha or fuel oil. Hon Members are aware of the fact that in 1972-73, the crude oil prices went up all of a sudden in the international market. So, at that time Government thought that instead of always depending on naphtha

for producing fertilizer, why not they think of alternate mode of production, and for the first time they thought of coal-based fertilizer plants in our country. It is not a very popular process of manufacturing fertilizer in foreign countries. I am told that there is one unit in South Africa because they have got lot of coal and somebody was saying, I am not very sure, that there is one unit based on coal in East Germany. For the first time we had ventured to have a coal-based fertilizer unit in our country. I must say that is was a venture. At the same time, I do not know what words I have to use to say whether our experience has been very happy, but I can tell you that till today these two coal-based fertilizer plants have not stabilised. They are not producing to their full capacity.

SHRI C. MADHAV REDDI : Then why is it that you have simultaneously had two plants? You should have gone in for one plant and then you should have gone in for the Talcher. Talcher and Ramgundam both were taken up together without perfecting the technology.

SHRI VEERENDRA PATIL : You should have put that question to the Minister who was in charge at the time of putting up these two plants. I think they thought of these two units because in Orissa there is sufficient coal and in Andhra Pradesh also there is sufficient coal in Singareni. So, they thought that these two are the ideal places. They thought of one at Korba also. I think some hon. Member has asked me also what happened to Korba. At that time we had thought of Korba also but because our experience with regard to these two units has not been happy, we have been going very slow with regard to our Korba project.

SHRI S. JAIPAL REDDY : What about the recommendations of the Talwar Committee?

SHRI VEERENDRA PATIL : I will come to that.

That is why hon. Members wanted to know because a technical team was appointed, an experts team was appointed,

and I think that experts' team is Talwar Committee to which you are referring. They have suggested some short-term measures and long-term measures. With regard to short-term measures, I think the recommendations have been accepted and are being implemented, and with regard to long-term measures, I think we are consulting the World Bank and we have to take necessary action after we consult the World Bank, and in this matter also, it is under consideration, I think, from end to end, if I use the term..

SHRI S. JAIPAL REDDY : The recommendations were made more than two years ago.

(Interruptions)

SHRI VEERENDRA PATIL : Sir, most of the short-term measures have already been implemented. In addition, an end-to-end survey of these plants is being undertaken by an expert professional group of West Germany with a view to identify the constraints and suggest remedial measures. So, that will be gone into and after we get the report, whatever further action we have to take, we will take. But here also the main problem in addition to the problem of plants stabilisation and all that, was the problem of power and this was more acute in the case of Talcher. That is why a power plant of 30 MW was installed in Talcher; now the capacity utilisation is coming up. Similarly, of course in Ramagundam the next-door thermal power station is there, therefore the problem of power is not very acute.

With regard to gas-based fertiliser plants, hon. Members wanted to know what is happening to gas-based fertiliser plants. I can tell the House that so far as the gas-based fertiliser plants are concerned, in respect of two units in Thal in Maharashtra I think the mechanical completion is already over, trial production is going on and very shortly they will go into commercial production and in respect of two units at Hazira. I think very shortly within this period the mechanical completion will be over and they would also go into production. Thus out of ten, four gas-based fertiliser projects are going into production during this year 1985-86.

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Out of the remaining projects one is coming up in Rajasthan, one in Madhya Pradesh and four in Uttar Pradesh. During the last year, i.e., 1984-85 implementation of three gas-based fertiliser projects has also commenced, one in Vijaypur in Madhya Pradesh, one in Aonla in Uttar Pradesh and one in Jagdishpur in Uttar Pradesh.

An hon. Member wanted to know what is happening to Sawai Madhopur. In Sawai Madhopur it is true that the work has not yet been commenced, but there is no inordinate delay. I think the delay is only about one or two months.

(Interruptions)

I tell you, the date of commencement, as we had decided in the case of Sawai Madhopur, is 1.4.1985. We have already written to them and they have sent a reply. We were very particular that they should commence this as early as possible. Although there was a delay of not even one full month, we have already taken action, we have written to the Company as to why they have not taken any action, why they have not commenced the work. But the hon. Member, Mr. Jaipal Reddy has his own reasons for that Company not to start even. I will come to that also.

SHRI S. JAIPAL REDDY : Am I interested in buying shares or what ?

SHRI VEERENDRA PATIL : In Sawai-madhopur, as I said, the work would have commenced on 1-4-85 but the project authorities did not come up with the draft contractual arrangements and they were called upon to explain the delay and the company has intimated that the contractual arrangements would be submitted by the first week of next month, that is May, 1985. And as soon as they submit the contractual agreement and after we approve the agreement, they will take further action.

I wanted to give the details in order to dispel the impression lurking in the mind of the hon. Member that there has been considerable delay in starting this project. It is not so. The delay is only about one

or two months. They will undertake the work as early as possible and we will insist that as per the programme, as per the schedule, they must execute the project and commission the project and go into it.

SHRI S. JAIPAL REDDY : Who is the consultant ?

SHRI VEERENDRA PATIL : That I do not know because they have yet to submit their proposals.

(Interruptions)

I do not know whether the hon. Member heard when I said the company has intimated that the contractual arrangements would be submitted by the first week of next month that is, May, 1985.

SHRI V. KISHORE CHANDRA S. DEO (Parvathipuram) : Which company ?

SHRI VEERENDRA PATIL : This is Birla Company.

(Interruptions)

I will explain that also to Shri S. Jaipal Reddy. He is under the impression that we in the Government are insisting on a particular consultancy. I want to make it very clear that we are not interested in any consultancy. It is for the company to decide and choose their own consultants.

So far as technology is concerned, I have already explained that this was discussed several times in the last Lok Sabha also.

So far as technology for ammonia and the technology for urea are concerned, Government of India long time back has taken a decision because of the bitter experience in other units, to have one set of technology for all these ten units.

In the case of ammonia, Government of India has selected two technologies, one technology Haldor Topsoe, another technology of Kelloggs. Haldor Topsoe belongs to Denmark and Kellogg belongs to United States of America.

Another technology for urea, that is only one technology. It is only Snam Progetti.

So far as the technology is concerned, I do agree that we insist that for ammonia, they can select any one out of these.

For urea, there is only one technology which is approved by the then Government. They have to take only that technology.

SHRI S. JAIPAL REDDY : National Fertilizer Company is your company. It has decided to replace Kelloggs by Haldor Topsoe. According to your own admission, Kellogg is also admissible in the area of ammonia technology. Then why did NFC replace Kellogg by Haldor Topsoe ?

SHRI VEERENDRA PATIL : I do not think the statement made by the hon. Member is correct because NFL is our own organisation and whatever they have decided, that is according to the Government policy.

SHRI S. JAIPAL REDDY : The hon. Minister should tell me what is incorrect in my statement.

(Interruptions)

15.45. hrs

[SHRI ZAINUL BASHER *in the Chair*]

SHRI S. JAIPAL REDDY : What is incorrect in my statement ?

MR. CHAIRMAN : Let him finish his reply. Afterwards, you can ask.

SHRI VEERENDRA PATIL : As I was saying, so far as consultancy is concerned, it is entirely left to the company. In the case of Jagdishpur, it was the company which decided to have Snam Progetti and Haldor Topsoe technology for urea, and ammonia, respectively. Government is not insisting on a particular technology. It was for them to decide and they have decided.

SHRI S. JAIPAL REDDY : On behalf of Gulf Consolidated Company for Services and Industries there was a statement made in the *Economic Times* that it was as per the desire of the Government of India they opted for Haldor Topsoe

for ammonia and Snam Progetti for urea...

(Interruptions)

MR. CHAIRMAN : The Minister is not yielding. He is on his legs. So long as he is on his legs, he is not yielding.

SHRI VEERENDRA PATIL : With regard to gas-based fertiliser plant, as I said, in Sawai Madhopur, work is going to be commenced shortly.

MR. CHAIRMAN : You were talking about Jagdishpur.

SHRI VEERENDRA PATIL : I have already made that point.

There are two units which have yet to be started. We have not given the letters of intent, that is, in Babrala and Shahjahanpur.

Hon. Member Shri V.N. Patil was asking : what about having a gas-based fertiliser plant in Maharashtra ? The pipeline which is coming from Hazira is for feeding six gas-based fertilizer plants. We have decided this time to have these fertilizer plants in the interior areas; it is because it is better to have these fertilizer plants in the areas where fertiliser is being consumed. That is how we can avoid transportation cost and all that. I do not know whether, after meeting the requirement of these six fertilizer plants, there will be any gas available because if there is any gas available, again we have to think of more units in the areas where fertiliser is going to be consumed..

AN HON. MEMBER : What about Tripura ?

SHRI VEERENDRA PATIL : The hon. Member is talking of Tripura. We are not bringing gas from Tripura; we are bringing gas from Bombay High.

MR. CHAIRMAN : He is hoping to get gas in Tripura also.

SHRI S. JAIPAL REDDY : There is plenty of gas in Narsapur in Andhra Pradesh.

MR. CHAIRMAN : That will all be exploited.

(Interruptions)

SHRI VEERENDRA PATIL : I can only assure the hon. Members that Government is of the opinion that, hereafter, if gas is available in plenty, it is better to go in for gas-based fertiliser plants than units based on fuel oil or naphtha or coal or anything else. That is our experience. As I said, there is scope in the Seventh Plan. But I am not in a position to say how many units are going to come in the Seventh Plan and where they are going to come.

Therefore, it is too early for me to add anything. I can only say that our programme of improving the production of fertilisers will go on because the demand is going up and we have to meet the demand and wherever gas is available, naturally looking to the economics of all these factors, the units will be located there only.

Hon. Members, as I said in the beginning, were very much concerned about the country not attaining self-sufficiency. I would like to take the hon. House into confidence and tell them that we may become self-sufficient in course of time so far as nitrogen is concerned. But, in the matter of potash and phosphatic fertilisers, we cannot dream of becoming self-sufficient at all..

SHRI BASUDEB ACHARIA (Bankura) : Why Sir ?

SHRI S. JAIPAL REDDY : For all time to come ?

SHRI VEERENDRA PATIL : Because for whatever phosphatic fertiliser or the P_2O_5 we are producing here today in the country, the raw material is again coming from outside. We have to depend upon the imports of raw material. The rock phosphate has to come from outside. In some units the rock phosphate is imported and then converted into phosphoric acid and then phosphatic fertiliser or P_2O_5 . Then sulphur is also to come from outside. We do not have sulphur. We do not have rock phosphate..

SHRI BASUDEB ACHARIA : We have plenty of rock phosphates in Purulia.

SHRI VEERENDRA PATIL : Whatever rock phosphates are available indigenously is not suitable for producing phosphatic fertiliser. . . .

SHRI BASUDEB ACHARIA : It is available in the district of Purulia in West Bengal.

MR. CHAIRMAN : He will use it. Why don't you say that you will see ?

SHRI VEERENDRA PATIL : Sir, it is not based on presumptions. We have discussed with our officers. We have discussed with our advisers. We have discussed with our experts. Whatever they have said in the matter I have told you. This is the position with regard to phosphatic fertiliser because we do not have good quality rock phosphates. We do not have sulphur. We are importing phosphatic fertiliser or rock phosphate and produce the fertiliser here. So far as potash is concerned, it is no exaggeration when I say that potash is imported hundred per cent. We are not manufacturing any quantity. How can I say, when this is the state of affairs, that our country is going to be self-sufficient in fertilisers ? That is why I say that in the case of nitrogenous fertiliser, we can become self-sufficient in course of time—not immediately, because it requires a lot of investment also but in the case of phosphatic fertiliser, it is difficult to say.

SHRI R. P. DAS (Krishnagar) : You have not said about Haldia ?

SHRI VEERENDRA PATIL : I wanted to explain to the hon. Members. So far as their individual points are concerned, I will take up the individual points after I cover all the points.

MR. CHAIRMAN : Allow the Minister to continue in his own way. A large number of members have already spoken.

SHRI BASUDEB ACHARIA : About the Halida fertiliser factory he has not said anything. It is under Hindustan Fertiliser Corporation.

SHRI VEERENDRA PATIL : So far as single super-phosphate is concerned, I must say that there is a good response. Government of India also wants to encourage the SSP units. Some units have already come and some units are under implementation. (Interruptions) I have made it clear that Government of India is for encouraging single super phosphate units. We have come to this conclusion and that is why I thought I must avail this opportunity to give the information to the hon. Members. We want to encourage the SSP units only in the consuming areas where there is no or inadequate production. According to the criteria that is going to be adopted for licensing more SSP units—

- (i) the size of the plant to be licensed should be of a standard size with a capacity of 200 tonnes per day and 100 tonnes per day of sulphuric acid except in the case of expansion ;
- (ii) the applicants should have facility for the production of sulphuric acid for captive consumption with a capacity of 100 tonnes per day which would leave a margin of 20% of the acid for meeting the requirements of other consumers in the area ;
- (iii) preference should be given to applications for affecting substantial expansion ;
- (iv) medium entrepreneurs should be preferred over MRIP cases ; and
- (v) additional capacity should be licensed only in regions where there is adequate demand for SSP.

These are the guidelines for licensing the additional units. Although we have received about 75 to 80 applications yet we feel the applications should not be taken into consideration as and when received. We want to take into consideration all the aspects and I want to assure the hon. Members that wherever there is scope and demand and no or inadequate production we want to encourage these SSP units in future. Some applications we have already received.

Sir, in order to meet the shortage of phosphatic fertilisers we are thinking of joint ventures also. We already have finalised one joint venture with Senegal. Similarly we have received offers for joint ventures from Morocco, Tunisia, Algeria and Togo. Morocco, Tunisia and Algeria are interested in joint ventures. We want to go in for joint ventures because rock phosphate and gas are available in plenty in those countries and they want to participate along with us. So, we want to encourage joint ventures. Negotiations are going on and we will be able to finalise the proposals as and when they are received.

Then with regard to the price of fertiliser I want to make it clear that the price of fertiliser is uniform. There is no question of a farmer paying one price living very near to the plant and another farmer paying some other price living far off from the fertiliser plant. A farmer whether he is in Cochin or Sikkim will pay the uniform price because the difference is being met by the subsidy that Government is giving.

Hon. Members wanted to know what is the policy with regard to indigenisation of plant and machinery. As I said we have technology for these new units and we have imported that technology. The condition is that the technology should be transferred to us and that is why we have got engineering firms who are associate firms, namely, PDIL, FACT engineering, EIL, etc. There are some engineering units which are associated with that and they are going to absorb this technology. Although we have imported technology yet so far as manufacture of plant and machinery is concerned I must tell the House that 70 per cent of the machinery that is required for the unit is being manufactured in our country.

We decided on one technology. That is because if there is only one technology, it will facilitate the local manufacturers to fabricate the plants. If there are different technologies then they have to have different establishments, different designs, everything for that purpose. So, we supplied the design, they fabricated the plant and machinery and they supplied. In fact, in the case of Thal, I must say that although

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it is going to cost more than Rs. 800 crores the foreign exchange component is not more than 29% of the cost of the project. The rest of the amount is being spent in our own country. We are for indigenisation. We are very particular about this indigenisation.

16.00 hrs.

There is one Member who wanted to know about Haldia fertiliser. Again I must say that Haldia fertilizer has got a chequered history. This is one fertiliser plant where for the first time we tried indigenous technology.

SHRI K. P. UNNIKRISHNAN (Badagara) : Is that responsible or is there any other reasons ? What about Panipet ? What about Namrup ? Don't blame our scientists and engineers.

SHRI VEERENDRA PATIL : It is very difficult to argue with an hon. Member who is not prepared to hear me fully. I have not completed even one sentence. I do not say that it was only technology which was responsible. This is the one unit where we have tried our indigenous technology, where we have tried diversification of products and where we have tried different credits. We received credit from nearly 12 or 13 countries. Only for the sake of credit or utilising that credit we placed order with those countries to supply machinery, with the result that although it was started in 1972 and mechanical completion was over in 1979, when the plant was commissioned and trial run was about to be made, the West Bengal Government's State Electricity Department said that they had no power and that they were not in a position to supply any power and we could not press them also. And we thought of captive power plant, which also has been installed. We are trying for the last 4 or 5 years to see that the Plant goes into production. But before the plant went into commission, breakdown has already started. So, you can imagine the quality of the machinery ; you can imagine the quality of the technology . .

SHRI R. P. DAS : Who is responsible ?

MR. CHAIRMAN : You don't reply to that. You may reply in your own way. This is not the way.

SHRI R. P. DAS : Who is responsible for the breakdown ? The Minister should clarify.

SHRI VEERENDRA PATIL : Breakdown started, as I said. Even after spending nearly Rs. 300 crores the plant has not seen the light of the day ! We don't know when it is going to be commissioned. Now our officers say that it will be commissioned by 1st October, 1985. Let us wait till that time and see what is going to happen. That is the position, unfortunately. That is why I said that Haldia project has got a chequered history. But, I am not blaming anybody at all. I am not at all taking this opportunity to blame West Bengal Government or any other Government.

Some hon. Members made certain points about the quality of fertilizers. One hon. Member said that adulteration is there. One hon. Member said that some spurious fertiliser is coming into the market. Although there is a joint responsibility, yet, I must humbly submit this, that so far as the adulteration of fertiliser is concerned, so far as distribution and supply and quality of fertiliser is concerned, it is not the concern of my Ministry. It is the concern of the Agriculture Ministry. I hope that the Demands of the Ministry of Agriculture are going to be discussed in the House. At that time hon. Members will have full opportunity. They can raise this point and get a convincing answer from the Agriculture Minister, my colleague, Sardar Buta Singh.

Then, Sir, some hon. Members were under the impression that our fertiliser import is too much, we are spending thousands of crores of foreign exchange on importing fertilizers. I will give you the figures how much we are importing and the amount we spent on imports. In 1980-81, the value of imports was 925.22 crores of rupees, in 1981-82, it was Rs. 716.62 crores, in 1982-83, it was Rs. 273.53 crores, in 1983-84, it was Rs. 365.05 crores and in 1984-85, it has gone up to Rs. 818.0 crores. Even then, I do not feel that it is a very

high figure. As I said, as and when our production increases, naturally to that extent our import will also come down.

Now, I come to drugs.

SHRI JAIPAL REDDY : Before you deal with drugs, please explain about the gas pipeline.

SHRI VEERENDRA PATIL : So far as gas pipeline is concerned, it is not the concern of my Ministry. It is the concern of the Petroleum Ministry. You can put this question to the Minister in charge of petroleum.

AN HON. MINISTER : He is disturbing the Minister.

SHRI S. JAIPAL REDDY : It is the Snamprogetti which is disturbing, not Jaipal Reddy.

16.05 hrs.

[SHRIMATI BASAVA RAJESWARI
in the Chair]

SHRI VEERENDRA PATIL : Madam, so far as the drug industry is concerned, I must say that this is one industry where the growth is very satisfactory and it is not correct to say that the country is not producing sufficient quantity of drugs. So far as drugs are concerned, the policy of the Government is to ensure plentiful availability of drugs at the reasonable prices to the consumers and at the same time to ensure reasonable margin of profits to the producers. That is our policy. Sir, the hon. Members are under the impression that the drug prices are soaring and multinationals are making huge profits. It is not so because if you look into the wholesale price index of other commodities, taking 1970-71 as base year and 100 as the index figure, then prices of other commodities in 1980-81 rose to 257.3 whereas the drug and medicine prices were only 137.8. In 1984-85, the wholesale price index for other commodities was 341.7 whereas price of drugs and medicine was only 191.7. If you compare the price index of drugs and medicines with the price index of other commodities....

SHRIMATI GEETHA MUKHERJEE : It is all drugged figures.

SHRI VEERENDRA PATIL : I am quoting the figures which are authoritative and authentic. I am here to quote figures based on authentic information. There is no question of any drug manufacturing company or whether it is multinational company, companies under FERRA or Non-FERRA, whatever it is, making huge profits, because 75% of the drugs come under price control. The prices are controlled.

I want to explain the procedure also. They cannot go on increasing the prices according to their whims and fancies. It is not allowed at all. In 1979, the drugs Price Control Order came into force.

SHRI K. P. UNNIKRISHNAN : Do you accept their costing ?

SHRI VEERENDRA PATIL : There is no question of accepting their costing. They may produce anything, but there is an organization called Bureau of Industrial Costs and Prices, BICP, consisting of experts, and that organisation goes into every price. For fixing the price for the first time or for revision of the prices, they have to approach the BICP, and it has to make a study and then make recommendations to the Ministry. The recommendations of the BICP are studied in the Ministry and then a decision taken in the Ministry. There is no question of any drug manufacturer increasing the prices or fixing the prices unilaterally without getting the approval of the Government of India. Therefore, 75 per cent of the drugs, particularly the drugs which are life saving, the drugs which are essential drugs, are price controlled and nobody can increase the prices. In the formula itself, it is laid down that the percentage of profit that they can claim is not more than 8-13 per cent.

I was mentioning about the import and export of drugs, that will give an indication how the industry is developing. We are importing as also exporting; we are importing mostly bulk drugs and exporting mostly formulations. So far as the bulk drug import is concerned, in 1980-81, we

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imported drugs worth Rs. 112.81 crores and in 1983-84 worth Rs. 163.34 crores. As regards export, in 1980-81, we exported formulations with Rs. 85.50 crores and in 1983-84 worth Rs. 150.89 crores as against Rs. 85.50 earlier. Almost there is a gap of only 5-7 per cent between what we are importing and what we are exporting. This is because we have got good export market.

SHRI S. JAIPAL REDDY : You are exporting formulations produced by the multinationals.

SHRI VEERENDRA PATIL : In the case of bulk drugs, nearly 350 bulk drugs there are in the country, and out of that 220 or 225... I have got the figures with me... we are manufacturing indigenously. Only a few drugs, either the FERA companies are manufacturing or we are importing. We are not in a position to manufacture these bulk drugs, which are of high technology, life saving and essential drugs.

SHRIMATI GEETA MUKHERJEE : I raised several points with regard to costing. You have not answered many of them.

SHRI VEERENDRA PATIL : The hon. Member, Shrimati Geeta Mukherjee was very sore and bitter about FERA companies. Our policy about FERA companies is to allow them only in areas where high technology is required and the bulk drugs are produced from basic stage. But there are units which were already there before our order came into existence. I cannot ask them to go away; I have no power. With regard to our policy about FERA companies from 1979, I have told you how we are not encouraging them on the one hand and how we are looking at them. So far as FERA companies are concerned, our attitude is that only core industries of national importance, Appendix I are open to FERA companies.

The second condition is that the process must involve high technology in the production from basic stage. During the period 1978 to 1984, only 45 industrial approvals were granted to FERA companies, while the Indian organised sector

companies have received 732 industrial approvals. India has a rigorous system for introducing new drugs. When even new drugs are approved in advanced countries like USA and others, India insists on independent clinical trials and tests for the safety and efficacy of a new drug. FERA companies are allowed formulations of their own and to produce drugs of high technology, not taking bulk drugs from others and producing formulations. That is not allowed. Supply of non-associated formulations is 50 per cent as against 30 to 40 per cent in the case of Indian companies and public sector. FERA companies are not eligible for fresh loan licences. So these are the restrictions for FERA companies and I must inform the hon. Members that very few FERA companies are left in the country.

SHRIMATI GEETA MUKHERJEE : They are in the equity.

SHRI VEERENDRA PATIL : Most of the FERA companies, according to our guidelines and according to our directives, have diluted their equity. Now, they are no more FERA companies. They are Indian companies. Only a few FERA companies are remaining and in regard to those few FERA companies also, these are the restrictions, that have been imposed.

SHRI S. JAIPAL REDDY : Is it true that multi-nationals are mainly engaged in the production of formulations in the country which do not require high technology as things stand today ?

SHRI VEERENDRA PATIL : I have already explained the position. I have already made it clear with regard to FERA companies, how and in what way we want to encourage the FERA companies and in what areas.

Now, the point that has been made by Shrimati Geeta Mukherjee is that the Government is reviewing the drug policy and according to her, the drug policy is being reviewed only to help the multi-national or big business houses which are engaged in the manufacture of drugs. It is not so. It is true that drug policy is under review. My predecessor, I think, Shri Sathe had appointed a Development

Council to go into the policy and as I said, the policy is to see that drugs are made available in plenty, quality should be good and price also should be reasonable and at the same time the manufacturer also should get a reasonable profit. So, in the Development Council, three Working Groups were appointed, Working Group on Industrial Approval, Working Group on Pricing Policy and Procedure and Working Group on Industrial Development. These Working Groups have submitted their report and to consider their report, a Steering Committee was appointed. The Steering Committee considered the report and the report went before the main development council, viz. National Drugs and Pharmaceutical Development Council and that Council has considered the report. I must again say that unfortunately there is no unanimity so far as the recommendations are concerned. There may be one or two points on which there is unanimity.

Madam, again if I take the House into confidence, so far as drug industry is concerned, several lobbies are working. These lobbies are functioning and operating directly opposite to each other. That is the difficulty now. Even in the report also, there is no unanimity. There may be unanimity with regard to mark up and other things or with regard to the number of drugs that are to be price-controlled. That is a different matter.

But my predecessor, after getting this report, after it was considered by the National Drugs and Pharmaceuticals Development Council, made a commitment to the Consultative Committee that the report would be placed before the Consultative Committee of the Ministry of Chemicals and Fertilizers and after ascertaining the views of the members of the Consultative Committee, Government would take a final decision. We are at that stage now. We have not yet placed this report before the Consultative Committee. Now the Consultative Committee has been constituted. I will take the earliest opportunity to place this report before the Consultative Committee, where the Members will have an ample opportunity to discuss this. After hearing their views, Government will take a final

decision. So far, Government has not taken any final decision. Therefore, I am not in a position to say anything with regard to the points that were raised by Mrs. Geeta Mukherjee, about mark-up and other things. That is under consideration, and I hope to finalize it and take a decision on the report as early as possible. I shall be very happy if all the manufacturers unitedly come to an agreement and come to us with unanimous proposals. *(Interruptions)*.

SHRIMATI GEETA MUKHERJEE : Will it ever happen ? They want very high mark-up. *(Interruptions)*

SHRI VEERENDRA PATIL : They may ask even for the Moon. We are not here to give whatever they ask for. We have got our own mechanism, and machinery to find things out. After all, the interests of the consumers and of those who use the drugs are uppermost in the mind of the Government; not that we are going to yield to those manufacturers if they come unitedly with their proposals. But I say that because of divergent views, it is better that they come together, and help the Government in coming to a decision, and in formulating a decision.

PROF. N. G. RANGA : There is also a lobby there.

SHRIMATI GEETA MUKHERJEE : Those who take the medicines should have the biggest lobby.

SHRI VEERENDRA PATIL : One point which several Members spoke about was the poor performance of IDPL and other drug industries. I admit that we have IDPL, HAL and also 3 or 4 other drug manufacturing industries from West Bengal. Except Smith Stanistreet which has shown some profit or surplus recently, all others are incurring losses. I am not denying this fact. When I say this, I am not holding any brief for these units, particularly for IDPL, because the losses are very heavy in IDPL.

Some Members made observations with regard to IDPL, and one Member, I think Mr. Jaipal Reddy, asked : why is it that although IDPL is incurring heavy losses,

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it has appointed indenting agents ? I can only tell the hon. House, as I said earlier, that I am not holding any brief. I want to make it very clear that the Government is not very happy about the losses which these organizations are incurring. So, I will personally look into this problem. After the session is over, I will take the earliest opportunity to visit IDPL and HAL, and see why the losses are there, how the losses can be minimized and how these units can become surplus units and generate some surplus ?

SHRI S JAIPAL REDDY : Why are these indenting agents there ?

SHRI VEERENDRA PATIL : So far as indenting agents are concerned, I will certainly look into it. I agree with the hon. Member that most of these drugs are being supplied to institutions. Trade sales, so far as these organizations are concerned, are the minimum. In the case of IDPL, the trade sales are not even 1.9% of the total sales. All these sales are going only to institutions, i.e. hospital, belonging to the State Governments and Central Government. I agree with the question, viz. when the supply is to Government organizations, why do you want an indenting agent ? I will see that this agency system is discontinued. I want to give details as to why these units are incurring losses.

SHRI GIRDHARI LAL VYAS (BHILWARA) : What about mismanagement in IDPL ?

SHRI VEERENDRA PATIL : I will come to that point. I wanted to tell Mr. Jaipal Reddy as to why they felt the necessity for appointing these indenting agents. The hon. Member will be surprised to know that although IDPL is our own public sector unit, and although more than once Government of India, and myself after taking charge of this Ministry, have written personal letters to the Chief Minister, there are several State Governments which still prefer their local units. They still prefer their small scale units, and they prefer to take whatever medicines they require, from those units, than to take them from IDPL.

Even when they take medicines, they do not make the payment. I will give you the figure. This is the state of affairs. So, for what reasons they are preferring local units, it is for you to draw your own inference. I do not want to go into that.

SHRI S. JAIPAL REDDY : I referred to the letter written by the Private Secretary of the former Minister to the IDPL appointing agents for Delhi, MP and U.P.

SHRI VEERENDRA PATIL : I have already said I am going to look into this matter. If I am convinced I will see that this practice is discontinued. What more can I do for it ? I have got an open mind. Now, he has brought it to my notice. If there is no valid reason for continuing this system, I will see that this system is dispensed with as early as possible. That is why I want to go into it. I do not want to go into several charges that were made by several members, because it is very difficult to say off-hand. I can only say that I will give greatest credence to the allegations made by the hon. members. That is why I said I do not hold any brief of these public sector undertakings. There may be some scandal going on in some quarters or the other. If the hon. members bring any instance to my notice, certainly we will take action ; if necessary, we will enquire into this matter and whoever is responsible we shall see that he should be punished.

I was saying why these public sector units are incurring losses. It is only because public sector units, IDPL, HAL and other units, they are manufacturing only life saving drugs which come under category 1 and 2 ; they are essential drugs ; they are life saving drugs where the mark up is only 40 per cent and 55 per cent ; this mark up is not the margin of profit ; it includes commission, transportation charges, publicity ; everything ; and then they return about 8 to 30 per cent also. But, in the case of category 1 and category B drugs, the mark up is very limited and these drug industries are manufacturing essential drugs and these units came in to the field of drugs when the private parties were reluctant to come forward ; now private parties have come forward ; so many

multinationals have come forward; so many small scale industries also have come forward for formulation and all that. Now the position is different ; but the position that was obtaining at the time of setting up of IDPL, HAL for penicillin and other essential drugs, at that time, the private sector was not coming forward and the technology was not available in the country ; whatever technology was available, it was taken and ultimately the technology became obsolete and we had to go in for some other technology; and I must tell the House that so far as the drug industry is concerned, the technology is changing so fast because the drug which is there in the market today, you will find a new drug for the same ailment, for the same disease in another six months. So, naturally, when the drug is changing, the demand is also not there ; and the ailing patient or the consumer, he wants to go in for better drugs. Why should he prefer the drugs simply because they are being manufactured or produced by the public sector? So, that is one reason; and then we are relying more on institutional sales. I said, how these State Governments are not making the payment. I can quote the latest figures that I have. IDPL have to get from different institutions Rs. 13.72 crores. State Governments take medicines ; they do not make payment. We write to them; they do not bother about it. On Rs. 13.72 crores, I want the hon. members to work out what is the interest. They do not pay interest also. I shall be happy and grateful if they make prompt payment. I do not want them to pay interest on the payment. But the interest alone comes to Rs. 2.45 crores ever year. Not only that, for HAL, what is the outstanding ? It is Rs. 11.20 crores. They are not getting it at all. What is that they can do ?

They have to sue the State Government or what ? They bring it to my notice and I write to the State Governments ; I write to the Chief Ministers. On the one side, I have to persuade them to use or purchase our medicines, and when they purchase the medicines they do not make the payment ; And, if we insist then they say, that they would not purchase the medicines. It is not a question of cash payment. "Why should I go to IDPL or any other

unit", they ask me sometimes. That is the attitude of the State Governments, unfortunately. And then take technology. As I said, it has become outmoded technology and we have to go in search of new technology. As I said, the percentage of their sales is negligible, their capacity utilisation is low. We are not utilising IDPL and other units to the full capacity. I can quote one incident which came to my notice. There is 100 per cent power cut in Hardwar, where one of the units of IDPL is there. We do not know how to utilise the capacity with one hundred per cent power cut. We have to depend on the State Electricity Board. I wrote to the State Chief Minister, "For God's sake, please spare us". We cannot have captive power plants.

AN HON. MEMBER : All the public sector units are suffering from those constraints.

SHRI PRIYA RANJAN DAS MUNSI (Howrah) : You should have captive power plant.

SHRI VEERENDRA PATIL: That is why we are thinking of having captive power plants. I have already told the House that for fertiliser projects we have made it a policy to have captive power plants. Similarly in this situation we are thinking of captive power for IDPL also. If the captive power is there, then the cost of production will be higher. Then it will reflect on the cost of production of IDPL also. Or else, we will have to suffer losses or increase the prices of drugs. This is the vicious circle due to which the units are incurring losses.

Similarly, about raw materials also, the position is the same. In Muzaffarpur there is one unit of IDPL. There is no alcohol there. The State Government could not help us. What can the unit there do ? There are several other units ; I think Hyderabad unit also is suffering due to non-availability of alcohol.

These are the constraints because of which the public sector units are incurring losses and we will certainly go into this matter. We are going into the difficulties

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and we will find out how best we can remedy this situation.

Lastly I come to chemicals. I do not think that it is necessary for me to say much on chemicals. We are trying to produce more chemicals. I agree with the hon. Members that whatever we have to establish factories for the production of chemicals, it should be away from the urban areas because of the bitter experience of Bhopal tragedy.

SHRIMATI GEETA MUKHERJEE :
What about Haldia Petro-chemical factory ?

SHRI VEERENDRA PATIL : I am not concerned with it. When the Demands for Grants of that Ministry come up, you ask that Minister.

SHRIMATI GEETA MUKHERJEE: We will ; but we ask for your support.

SHRI VEERENDRA PATIL : I cannot say anything.

With regard to soda ash, I think our feeling is that we are producing sufficient quantity of soda ash. There are several users who feel that the production is not sufficient and that is why a part of it is under the OGL. I shall look into it.

With regard to alcohol, and molasses, I think Shri Chandrashekharappa wanted to know about that. With regard to alcohol and molasses, I must say that we are short of molasses, even for our necessity and in our distilleries we are unable to produce sufficient molasses.

Recently we had Molasses Control Board meeting. The Ministers from different states who are the members of this, come to attend the meeting. So far as molasses and alcohol are concerned, it is only a few States which are surplus. The others are deficit States. As a coordinator, we have to see that wherever there is surplus, it should go to the deficit areas. We do all that exercise. I must say that of late the demand of potable alcohol is going up

because, it appears to me, that sufficient money is there. Naturally there is more and more demand. I think, the State Governments feel that they will get more revenue if they supply alcohol for potable purposes. It is a fact that Karnataka, which is a marginally surplus State, supplied alcohol to the neighbouring States. The policy is that whenever a surplus State wants to supply alcohol to the neighbouring State, it has to do it with the approval of the Central Government, because we are the coordinating authority. If a particular State is surplus, it must tell us how much quantity is surplus so that we can allot to the other neighbours. I brought this fact to their notice. I said that the first priority, so far as alcohol requirement is concerned, should be for industrial purposes. If there is anything left, then they can distribute or allocate it for potable purposes. Now, the consumption for potable purposes is going up. The limit seems to be the sky. Naturally a lot of revenue is there. The production of alcohol for the current year, according to our estimation, is 6000 lakh litres in the entire country. I do not know whether this assessment also is on the high side. If we take into consideration the demand, it comes to nearly 8600 lakh litres. So, there is a deficit of 2600 lakh litres. How to meet this gap ? That is why, we had a detailed discussion. We appointed a sub-committee and in that sub-committee we had taken a decision that the availability of potable alcohol should be pegged to the level of 1982-83 consumption and industrial alcohol should be made available taking in to consideration the consumption of the last industrial alcohol year plus 10 per cent. This additional alcohol should go from surplus States. So, there is not going to be any deficit so far as alcohol is concerned. Even then, we have taken a precaution to see that whatever alcohol is required for industrial purposes, that can be imported and the duty is zero. Any genuine industrial alcohol user can import industrial alcohol without paying any duty. We have made this arrangement. We are trying our best to meet the situation so far as industrial alcohol is concerned.

I am very happy that the hon. Members have made very many constructive

suggestions and the level of debate has been kept high. I am really grateful to the hon. Members.

With these words, I conclude.

SHRI SAIFUDDIN CHOWDHURY (Katwa) : About industrial alcohol, how you are going to enforce equitable distribution? Are you thinking of declaring industrial alcohol as an article of national importance as you have done in the case of coal and iron and steel. Our bitter experience is that a few years ago the West Bengal industries were suffering for want of industrial alcohol. They wrote to the Maharashtra Government for industrial alcohol. They wrote to your Ministry and got permission to obtain alcohol from Maharashtra.

But then the Government of Maharashtra bluntly denied the alcohol to them and because of that the industry suffered there. So, how are you going to remove this precarious situation?

Mr. CHAIRMAN: Please be brief because you have already replied I think.

SHRI VEERENDRA PATIL : I make it clear that so far as distribution or allotment of alcohol is concerned, Government of India is only a coordinator. We make allotment orders. It is true that the West Bengal is not in a position to produce sufficient alcohol because they do not have many distilleries. Alcohol is much in shortage in West Bengal. We are asking the surplus States to make available whatever quantity is genuinely required by West Bengal Government. Sometimes they are reluctant to carry out the orders. We will use all our good offices and see that relief is given to them.

SHRI AMAL DATTA : In spite of the Central Government having made the allotment according to their norms and practices and in spite of the fact that Maharashtra was to deliver a certain quantity of alcohol to West Bengal, the Antulay Government refused to carry out the order and as a result the Alkali Chemicals, employing 4,000 people, had to close down for six months. Therefore,

the question is what is the Government going to do to enforce their own allotment orders?

MR. CHAIRMAN : I would request the hon. Minister to make a note of all the clarifications and reply at the end.

SHRI AMAL DATTA : I request you not to stand in the way of the Minister. If the Minister has already yielded...

(Interruptions)

MR. CHAIRMAN : I have already requested him to make a note of all the clarifications and reply at the end. You want reply, he will reply....

(Interruptions)

SHRI K.P. UNNIKRISHNAN : Madam, I was listening very attentively and carefully to the reply of the Minister with regard to fertilizer projects. He said that the Indian public sector organisations are absorbing and assimilating progressively the technology provided by Snam Progetti and Haldor Topsoe with regard to ammonia process. I do not know whether there is anything for them to assimilate because PDIL itself is fully conversant with this process. He also said that 70 per cent of the equipment supply to the plants with this technology, is indigenous. Here I am going to pinpoint something and ask the Minister, firstly, whether Haldor Topsoe has got any other order in any other country after the Government of India gave them the orders in 1980, either for catalyst or for any transfer of technology agreement. Secondly, he talks about indigenisation. The equipment which we ourselves had fabricated and supplied to Durgapur plant, as early as in 1968, is being imported and sold to us by Haldor Topsoe. I will give you the name also. One name is ammonia chillar. Will you scrutinise their list? This is what you are not doing. When I complain here, you talk about various things. I am making a specific point. Will you scrutinise the list of imports of Snamprogetti and Haldor Topsoe. That is how we are prevented from manufacturing and going ahead with this on a self-reliant basis, and they are

[Shri K.P. Unnikrishnan]

allowed to import. So, will you tell me whether it is a fact? Second—yand that is a very serious thing also—about the PDIL catalyst which we have supplied and which is working everywhere..

(Interruption)

MR. CHAIRMAN : Mr. Unnikrishnan, you have started speaking. Please be brief.

SHRI K. P. UNNIKRISHNAN : No, I am asking questions. I know, Madam, you have plenty of patience. I know you are renowned for your patience. Bear with me also for a minute or two.

(Interruptions)

SHRI K. P. UNNIKRISHNAN : So, these are the things. If you don't want me to ask..

MR. CHAIRMAN : Please be brief.

SHRI K. P. UNNIKRISHNAN : I will keep on raising one after another later on. If you want me to sit down, I will sit down now.

MR. CHAIRMAN : Please be brief.

SHRI K. P. UNNIKRISHNAN ; Therefore, the very PDIL catalyst—my complaint is, for two years you have sat on the report, on the expansion report—the demand of PDIL. And then Haldor Topsoe comes with the same obsolete technology. How long are we going to continue? The answer that was given by you the other day was that they have given surplus manpower. What concerned surplus manpower when you threw out the Sindhri plant? Is that an answer? Will you please enlighten me on this?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI GHULAM NABI AZAD) : Well, all these things were discussed already. Nobody is present now, they are all taking coffee or tea. All these things were mentioned by the hon. Members, many of these issues were raised already, for which he has already replied.

MR. CHAIRMAN : Let the Minister say that he had already replied.

SHRI T.V. CHANDRASHEKHARAPPA: I want to know one thing from the hon. Minister. The Chief Minister of Karnataka requested the Government of India on 14th February for allotment of one lakh metric tonnes of molasses from Maharashtra and on the same day, i.e., on 14th February you wrote a letter to the Chief Minister of Karnataka stating that there are reports that alcohol is going from Karnataka to units in Tamil Nadu and Andhra Pradesh unauthorisedly. In view of the fact that on the one hand they are pleading shortage of alcohol and on the other hand they are selling alcohol to Kerala, have you taken the permission of the Government of India regarding this sale of alcohol or did the Kerala Government ask permission from the Central Government to make use of that unutilised alcohol?

[Translation]

SHRI GIRDHARI LAL VYAS (Bhilwara) : The hon. Minister has stated that only a small quantity of rock phosphate is available but Rajasthan is very rich in the matter of rock phosphate. Pyrites are available in large quantity at Saladipur. I would like to know whether a super-phosphate factory can be set up at Saladipur.

I would also like to know something about pesticides. Today, spurious pesticides are available in large quantity in the country due to which the farmers are facing great difficulty and we are also suffering a lot. What action is being taken by Government against those who produce spurious pesticides?

[English]

SHRI PRIYA RANJAN DAS MUNSI : I have one question. The Minister has just replied in his reply in regard to the alcohol problem. Is the Minister aware that whenever the Government gives a licence for any pharmaceutical unit, it is duty bound to ensure raw material also and keep under control the molasses which States manufacture and out of which

alcohol comes? Will the Minister consider it as a matter of national policy for the distribution of alcohol to all the States which needed for the manufacture of drugs? The Minister says that he visited the IDPL and HAL. Will the Minister also visit Bengal Immunity to see the expansion programme at Calcutta?

SHRI S. JAIPAL REDDY : The Minister said the Government had taken a policy decision to adopt the technology of Haldor Topsoe in respect of ammonia and Snam Projectti in respect of urea. I would like to know as to when the Government took the decision, what was the technical report on the face of which this decision was taken.

SHRI RAM SINGH YADAV (Alwar) : He has already replied. What is the use of allowing him to speak again.

SHRI S. JAIPAL REDDY : The Minister is very competent to defend himself, he is capable of defending himself.

(Interruptions).

Secondly, will the hon. Minister tell the House as to why IDPL continues to have an officiating Chairman and why it does not have a full-time Chairman and how do you expect the IDPL to function to its full capacity?

SHRI VEERENDRA PATIL : Hon. Member Shri Amal Datta wanted to know what is it that Government is going to do when the allotment order of their own is not honoured by the State Governments. I made it very clear that so far as Government of India is concerned, in the matter of allotment of alcohol and molasses, it is only a coordinating authority. We make allotments and we expect that State Governments, after consulting then how much is surplus and all that, then only we make the allotment and we expect the State Government will honour that commitment. It is true that some such unpleasant cases were brought to our notice. Although the allotment order was there, the State Government did not honour that allotment. That is why I said that we will try our best to use our good offices and prevail upon the State Govern-

ments to honour the commitment and the allotment orders issued from the Ministry. And supposing even after allotting the alcohol, if allotment order is not honoured, as I said just now, we have made it easy to import industrial alcohol duty free and if West Bengal Government feels that even after allotment order, they are finding it difficult to get the alcohol in sufficient quantity, they can bring to my notice their real requirement. To that extent, I will see that they can import industrial alcohol from whatever country they want without paying any duty. *(Interruptions)*

Shri K. P. Unnikrishnan wanted to know before Haldor Topsoe was selected for supply of technology for ammonia, did they have any order from any other foreign countries *(Interruptions)* After or before, I do not know. How can we know? If the hon. Member is interested *(Interruptions)*, I will certainly try to collect this information and pass on that information.

Similarly, with regard to PDIL catalyst also, I will collect the information and pass on. Recently the hon. Member wanted to know something *(Interruptions)* I am very careful because without knowing the facts there is no point in saying anything off-hand but I certainly want to assure the hon. Members that I am not here to suppress any information or to keep back information. I am here to furnish all the information that is available with us. I will certainly write to the hon. Member.

Shri T. V. Chandrashekarappa wanted to know whether the State Government or the Chief Minister of Karnataka had written a letter to me asking for allotment of one lakh m. t. of molasses. Yes, he had written to me and I asked in the recent Molasses Control Board Meeting, the Excise Minister of Maharashtra whether he will be in a position to give any molasses. He showed some inclination. He did not commit. After that, I wrote to Maharashtra Government to make available at least 50,000 m. t. molasses. I do not know after that what has happened. I had informed the Chief Minister also about the request that I have made to Maharashtra Government. He must have

[Shri Veerendra Patil]

received some response after I sent a letter to him.

SHRI T.V. CHANDRASHEKHARAPPA:
What about sale of spirit to Kerala ?

SHRI VEERENDRA PATIL : So far as sale of spirit to Kerala and to other neighbouring States concerned, I have already replied and I have said that whatever sale any State Government wants to make to any neighbouring State outside the State, they must always bring it to the notice of the Central Government and take the approval of the Central Government before supplying it to the neighbouring States. I have already made it clear. I do not think it is necessary for me to repeat it again.

Hon. member Shri Girdhari Lal Vyas wanted to that there is sufficient rock phosphate available in his State. That rock phosphate, I think, can be used for single super phosphate units and I have already said that we are here to encourage more SSP units. If there is shortage or SSP in that State and if parties come forward to set up Plants then, we will certainly consider whenever such a proposal is received.

Hon. Member Shri Vyas wanted to know about spurious pesticides coming to the market. I must again say that it is for the Agriculture Ministry to look into this problem, and certainly they will look into the problem if there are any spurious pesticides coming to the market.

SHRI GIRDHARI LAL VYAS : What about pyrites ?

SHRI VEERENDRA PATIL : Pyrites or whatever it is, it cannot be used for producing di-ammonium phosphate. At the most it can be used for SSP, single super-phosphate. It cannot be used for producing di-ammonium phosphate. I have made it very clear. If SSP units are going to come, they will certainly make use of it.

Hon. Member Shri Jaipal Reddy wanted to know when the decision in respect of Haldor Topsoe for ammonia technology was taken. It was not only Haldor Topsoe technology which was selected; the technology

of Kellogg was also selected for ammonia. There are two technologies and it is for the party to select either of them. About the date of decision, I do not have the dates with me. This decision, I think, was taken some time in 1980-81.

16.56 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

One hon. Member wanted to know about the full time Chairman of IDPL. It is true that the post is vacant. We are trying to put one suitable person in charge because, as I said, the IDPL unit is facing too many challenges and problems and we want to have a competent person to head that organization. Therefore, there has been some delay. We will see that the decision is expedited and taken as early as possible.

MR. DEPUTY SPEAKER : I shall now put all the Cut Motions moved to the Demands for Grants relating to the Ministry of Fertilizers and Chemicals to vote together unless any hon. Member desires that any of his Cut Motions be put separately. . . I now put all the Cut Motions together to the vote of the House.

All the Cut Motions were put and negatived.

MR. DEPUTY SPEAKER : I shall now put the Demands for Grants to the vote of the House.

The question is :

“That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the Fourth column of the Order Paper be granted to the President out of the Consolidated Fund of India to complete the sums necessary to defray the charges that will come in course of payment during the year ending 31st day of March, 1986, in respect of the heads of Demands entered in the second column thereof against.

Demand No. 9

“relating to the ‘Ministry of Chemicals and Fertilisers’.”

The Motion was adopted.

*Demands for Grants, 1985-86 in respect of the Ministry of Chemicals and Fertilizers
Voted by Lok Sabha.*

No. of Demand	Name of Demand	Amount of Demand for Grant on account voted by the House on 25th March, 1985		Amount of Demand for Grant voted by the House	
1	2	3		4	
		Revenue Rs.	Capital Rs.	Revenue Rs.	Capital Rs.
9.	Ministry of Chemicals and Fertilizers	2,06,31,51,000	27,27,83,000	10,35,04,22,000	2,58,24,17,000

17.58 hrs.

Ministry of Health and Family Welfare

MR. DEPUTY SPEAKER : The House will now take up discussion and voting on Demands* Nos. 43 to 45 relating to the Ministry of Health and Family Welfare for which three hours have been allotted.

Hon. Members present in the House whose Cut Motions to the Demands for Grants have been circulated may, if they desire to move their Cut Motions, send slips to the Table within 15 minutes indicating the serial numbers of the Cut Motions they would like to move.

A list showing the serial numbers of the Cut Motions moved will be put up on the Notice Board shortly. In case any Member

finds any discrepancy in the list, he may kindly bring it to the notice of the officer at the Table without delay.

Motion moved :

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the Fourth column of the Order Paper be granted to the President out of the Consolidated Fund of India to complete the sums necessary to defray the charges that will come in course of payment during the year ending 31st day of March, 1986, in respect of the heads of Demands entered in the second column thereof against Demands Nos. 43 to 45 relating to the Ministry of Health and Family Welfare."

*Demands for Grants 1985-86 in respect of the Ministry of Health and Family Welfare
Submitted to the Vote of Hourse*

No. of Demand	Name of Demand	Amount of Demand for Grant on account voted by the House on 25th March 1985		Amount of Demand for Grant submitted to the vote of the House	
1	2	3		4	
		Revenue Rs.	Capital Rs.	Revenue Rs.	Capital Rs.
43.	Ministry of Health and Family Welfare	33,31,000	..	1,66,58,000	..
44.	Medical and Public Health	52,67,88,000	17,90,53,000	2,63,39,41,000	89,52,70,000
45.	Family Welfare	88,94,33,000	1,86,33,000	4,44,71,65,000	9,31,67,000

*Moved with the recommendation of the President,