

and Chemicals whether they think it advisable to give instructions to the State Governments to ration petrol since the price of petrol has gone up and we need to conserve it. What do they think of issuing some kind of advisory instructions?

**SHRI K. D. MALAVIYA:** General instructions have already been issued. Advice has been given to all State Governments and all institutions to conserve petroleum products because of the scarcity of petroleum products, and I suppose the State Governments are included in the general advice given to the States.

**SHRI N. E. HORO:** If so, why did he say, in the first instance, that no instructions were issued?

**SHRI K. D. MALAVIYA:** I have not referred to any instructions not being issued.

**SHRI N. E. HORO:** There is a contradiction. The Minister has said 'no' in the first instance but now he comes out with a different statement.

**MR. SPEAKER:** Please do not confuse yourself. That was about instructions to the State Governments regarding the use of State Cars and you have asked a question about the rationing of petrol.

**SHRI N. E. HORO:** The whole purpose of asking the question was about use of petrol.

**MR. SPEAKER:** I do not think it is relevant. They are two separate questions.

Mr. Lakkappa.

**SHRI K. LAKKAPPA:** As far as my knowledge goes, the intention and the background of the question being put has not been properly considered. The reason is that this question ought to have been answered by the Home Ministry instead of Ministry of Petroleum and Chemicals. I know the background of this. The hon. Minister has stated in his reply that no instructions have been issued in connection with the rationing of petrol and

using of State cars by the Central Ministers. There is an incident which happened in Karnataka when the State car was refused to a Central Minister. The Central Minister happened to be on tour to his constituency and on official work also. He had to come by bus. I never questioned, whether the Minister came by bus or any other thing. The hon. Minister has stated that no such instructions have been issued. Where is the relevancy of a car being denied to a Central Minister by a State? I would like to know, if there are any such instructions. I would like to know this from the Minister as also the Home Minister who is sitting here.

**SHRI K. D. MALAVIYA:** I do not know the specific background on which this question has been put. I will make certain enquiries and if certain issues arise out of the enquiries, I will lay the same before the House.

**SHRI SAMAR GUHA:** In view of the admission that has been made by the hon. Minister that the State Governments as also the Central Government Ministries have been advised to conserve petrol, will the hon. Minister enlighten the House whether there has been any lessening of the consumption of petrol by the Ministers as well as the Ministries after the issuing of that advice?

**SHRI K. D. MALAVIYA:** There has been definite reduction in the consumption of petroleum products, specially petrol, by the Ministries and the Ministers. To what specific extent, reduction has reached, I am not in a position to say just now.

#### **Hindustan Antibiotics Limited**

\*814. **SHRI VASANT SATHE:** Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether attention of Government has been drawn to the news report appearing in 'Blitz' dated the 5th April, 1975 under the caption '(Antibiotics at Pimpri)';

(b) if so, what is the reaction of Government to the various observations made therein; and

(c) the action taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. R. GANESH): (a) Yes Sir.

(b) and (c). A statement is laid on the Table of the House.

#### Statement

The attention of the Government has been drawn to the Article appeared in the issue of Blitz dated 5th April, 1975. The description of the affairs of the company has been exaggerated and tends to distortion. It is true that the profitability of the company is not satisfactory and the year 1973-74 ended with a loss of Rs. 148 lakhs. This is primarily due to low prices and considerably higher production costs including higher wage payments due to the wage agreement. Labour relations have been cordial and the company has a worker Director on its Board. During 1973-74 and 1974-75 production of Penicillin and Streptomycin, two of the main items of HAL had shown a downward trend. Production of Streptomycin fell from 72 tonnes in 1972-73 to 63 tonnes in 1974-75. Similarly, production of Penicillin decreased from 81.87 mmu during 1972-73 to 63.02 mmu in 1974-75. In respect of Streptomycin a high yielding strain has been obtained and with the stabilisation of production based on this strain, production has once again come up to the installed capacity levels. Regarding Penicillin purchase of a new high yielding strain is presently under negotiation and it is expected that the production of Penicillin also would once again be restored to higher levels after obtaining the strain referred to above.

Several steps are being taken for the improvement of the performance of the company including the following: -

(a) The Board of Directors has set up a Committee of Experts to make suggestions on the company's production, engineering and materials management. The Committee's recommendations are under implementation.

(b) Steps have been taken to bring about better maintenance of plant and equipment in collaboration with the National Productivity Council.

(c) The credit squeeze had affected the operation of the Company but it has successfully obtained accommodation from the banks.

(d) Efforts are being made to improve the marketing of the products of Haymycin plant.

(e) A Task Force has been appointed to examine the production capacity of the Vitamin C plant and rectify defects.

Government will continue to take all steps necessary for improvement in the performance of the company.

SHRI VASANT SATHE: In the statement given by the Minister, it is said that the description of the affairs of the company has been exaggerated and tends to distortion. This is how the statement begins. I would like to know, if there is distortion in the statement made in the report in Blitz that the loss has accumulated to the tune of Rs five crores in 1974-75, and secondly, whether the loss in the field of Vitamin C has been mainly due to the fact that technology and intermediate item like Serbitol has been sold to some multi-national private firm and they made double the profit. I would like to know, which is that foreign company with whom HAL has collaboration in technology and whether one of the senior executives of HAL subsequently got employed in a multi-national firm

called John Wyeth and whether he negotiated ampicillin technology with John Wyeth.

**SHRI K. R. GANESH:** On 8th April in this House we had a very extensive discussion in the form of supplementaries in regard to Hindustan Antibiotics Ltd. in reply to a question by Shri Anant Rao Patil.

There are two parts as far as the Blitz report is concerned. One is in regard to certain affairs of the company. The question of production of penicillin, the question of production of streptomycin, the question of losses being incurred by the HAL—this is one aspect. The other part of the report is that certain allegations and insinuations have been made. It is not a total picture which has been given, as far as HAL is concerned.

When we take the question of losses by HAL in relation to penicillin and streptomycin, it is mainly due to the fact that the cost of all intermediates and raw materials which go into the production of these two drugs have increased enormously during the last 2-3 years whereas the price of penicillin and streptomycin have been pegged at the levels of 1959-60. It is as a result of the decisions that the Government took. In fixing the prices, the Government will have to, apart from the economics of the industry, also see what can be a fair price from the consumers' point of view also. The basic reason as far as the losses of HAL is concerned in relation to penicillin and streptomycin is that the prices have been pegged at 1959-60 level till 1974 and also when an increase was given by the DIGP, it was only in relation to the raw materials and packagings and other items have not been taken into account.

As far as the question of Vitamin C is concerned, it is not a fact that the bulk of Vitamin C has been given to a foreign concern. That is not a fact. The problem of Vitamin C has been that we have accepted the technology which NCL gave. There have

been certain defects in the construction and in the engineering part of it and certain remedial action has been taken. Certain remedial measures have been taken and the hope of the company is that the production of Vitamin C will be stabilised after these arrangements have been made.

In reply to his other question, it is a fact that HAL had entered into a certain collaboration—not collaboration—certain arrangements for the technology of penicillin as well as the technology of streptomycin from some of the foreign concerns. But, for penicillin, HAL has got the technology now. They are negotiating the technology from a Japanese firm and for streptomycin they had a technology from Merck of USA. Now they have another technology from Glaxo.

There is nothing wrong in getting these technologies because out of these technologies they get the production of these things. It is hoped that the production will increase and the economics of the plant will improve.

**SHRI VASANT SATHE:** I have specifically asked about M/s. John Wyeth and whether any former executive of the company has joined them.

**SHRI K. R. GANESH:** There is nothing wrong in principle in getting the technology from wherever it is available. With this technology, it is hoped that the economics of the plant will improve and production will go up

The other question he has asked is whether a particular executive was employed by John Wyeth. About that, I think we have answered it earlier also. There was a particular executive there but, at the moment, he is not in that company.

**SHRI VASANT SATHE:** What is his name? We must reply to the question. Otherwise, what is the use?

**MR. SPEAKER:** He is not standing in the dock. The hon. Member should better treat him as one of his own colleagues and ask in a softer manner.

**SHRI VASANT SATHE:** I am very soft. I do not think he is in the dock.

**MR. SPEAKER:** Everything is lost when you lose your temper.

**SHRI VASANT SATHE:** All I want is that the question must be replied to. I am not asking anything else. When I am asking a specific question, it should be replied to. I asked: did any executive have any dealings with John Wyeth and who was that executive? That was my specific question.

**MR. SPEAKER:** I think he said that he was employed and he is no more over here.

**SHRI K. R. GANESH:** I gave the same reply to the questions put earlier also, that one of the Executives of HAL (after he was no longer in the service of HAL) was employed by John Wyeth. At the moment he is not there.

**SHRI VASANT SATHE:** I do not think it will be of any use to stress on this.

Is it a fact that HAL Board of Directors had appointed a sub-Committee as early as December, 1973 to go into the reasons behind the loss? This Committee was not allowed to meet. Originally, a Member from the Workers was also supposed to be on the Board of Directors and there was participation of the Labour in the Management. This Committee was not allowed to meet and the first meeting was held only in September, 1974. Is this a fact?

After the report of this sub-Committee was given, was it sent to the Ministry and what steps have been taken on the report of that sub-Committee?

**SHRI K. R. GANESH:** The report of the Committee appointed by the Board of Directors was submitted on 28th September, 1974 to the Board of Directors. They made a number of recommendations. Last time in replying to this question I said that most of these recommendations have been implemented. The services of two senior officers—one from the Engineering Section and another from the Production Section—were terminated. Various other recommendations made by the Committee in regard to production, maintenance, protocols of production, etc. are in the process of implementation.

**DR. RANEN SEN:** Is it a fact that more than one Head of Deptt of H.A.L. after their retirement have joined some multi-national companies to pull down the production of HAL and that they had previous arrangement with these companies?

(b) Is it a fact that total penicillin and streptomycin produced in HAL goes to eight firms—6 multi-national companies and two Indian companies. The two Indian companies get an insignificant amount of penicillin? If so, what are the reasons for this discrimination? What steps have been taken by the Government to see that these Managing Directors or Chairmen or big executives do not get linked up with the multi-national companies since after their retirement they go back to the multi-national companies for which they work as agents?

**SHRI K. R. GANESH:** One of the Chief Executives of HAL had joined John Wyeth. He is no longer in service there.

I do not have any information whether any other person has joined any multi-national company.

In regard to the other question of the hon. Member about the bulk supply of penicillin and streptomycin to multi-national companies, it is being given to a large number of companies.

**DR. RANEN SEN:** This is being given to eight companies—six multinational and two Indians. Indian companies get a very insignificant portion of the product.

**SHRI K. R. GANESH:** We will look into this question as to whether there is any discrimination in giving penicillin or whether any party is being discriminated and whether a large amount of it is given to the multinational companies.

**DR. RANEN SEN:** How does the Government propose to de-link the high officials of HAL from the foreign companies? What steps have the Government taken?

**MR. SPEAKER:** Mr. Ganesh, this has come to this House a number of times and he is repeating the same question—if they join the other multinational companies, what is the safeguard against that?

**SHRI K. R. GANESH:** There are certain Government rules. There are certain Government orders on the basis of which Government servants have to act. Although HAL is not a true Government organisation as such, it is a public sector organisation and it is part of a general question, that public servants who retire from service, after 2 years, are free to join. It is only during the period of two years that they have to take permission of the cadre authorities. Therefore, this question has got to be linked up with the general assessment and general position that Government will have to take. I cannot say it will be possible for the Ministry or HAL to prevent anybody unless there is a specific provision in the law. The present position and the present Government rules are that if once he retires from service, within two years, if he wants to join, he has to take permission of the cadre authority. After that he does not need permission of the Cadre authority.

**SHRIMATI LAKSHMIKANTHAM-MA:** After reading the news item in

Blitz and after hearing the Minister's reply, it is evident, all these have been fabrications and all these allegations are not correct. The managing director is a Telugu man. I want to know whether there is any conspiracy to oust him from there. Will you investigate and give correct report in regard to this matter? Will you kindly go into all these things and give correct report?

**MR. SPEAKER:** I am sorry; it is not a very relevant question. You have given some information, instead of getting some information from the Minister!

**SHRIMATI LAKSHMIKANTHAM-MA:** Is there conspiracy? Let there be an unbiased report.

**MR. SPEAKER:** You might take note of her suggestions. If there is any conspiracy or not, the Minister is not within his competence to know about this!

**SHRI D. N. TIWARY:** Is production going up year after year? May I know whether from 1971-72 uptill now production is going up and whether it is due to the policy of the Government not to raise the price of drugs in consonance with rise in price of raw material, increase in labour wages, etc. that there is so much loss? May I know if it is also a fact that some officials of this factory have their own shops and they manufacture something which they supply to this factory as well as to others and that they were removed from services, they brought in all these charges?

**SHRI K. R. GANESH:** Sir, the basic point the hon. Member has raised is this. The major reason for the loss is due to the fact that the prices had been fixed, as alleged, earlier in 1969. But, in 1974, an interim price revision had been made which also pertained only to the escalation of prices of raw materials and so on. Therefore, the pricing requires to be gone into a little. B.I.C.P. is going into the entire structure of pricing with

regard to penicillin and streptomycin which are the essential drugs. Therefore the price will have to be fixed judiciously. Of course, as the hon. Member said just now, there has been some decrease in production in the years 1973-74 and 1974-75 as a result of low activities of the present strains of penicillin and streptomycin. Now, the H.A.L. have got better strains. As a result of that, the economics of the plant will undergo a change. And, therefore, with the better strains it will be possible for the H.A.L. to reach a break-even stage.

**SHRI D. N. TIWARY:** Some high officials have opened their shops for manufacturing some drugs. They supply them to the factories. That is why they were removed....

**MR. SPEAKER:** Next question.

**Issue of Licences to Big Houses for expanding Sugar Production**

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\*815. **PROF. MADHU DANDAVATE:**

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is true that decision to give licences to big houses to expand sugar production has been taken;

(b) if so, whether the cases of big houses were referred to the MRTP Commission; and

(c) if so, what were the recommendations of the Commission?

**THE DEPUTY MINISTER IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI BEDABRATA BARUA):** (a) The Ministry of Agriculture who is concerned with sugar industry has pointed out that no such general decision has been taken by that Ministry to give licences to big Houses to expand produc-

tion. The policy on industrial licensing is the concern of the Ministry of Industry and Civil Supplies.

(b) No references were made to the Commission.

(c) Does not arise.

**PROF. MADHU DANDAVATE:** Before I put the question, I wish to bring to your notice that probably to justify the answer given in (b), he has given a vague answer in (a). I have not asked whether some sort of a general policy decision has been taken. I only want to know whether, in concrete cases, some of the big houses have been permitted to expand production by having new units or expand the present capacity for sugar production. This is the concrete information that I am seeking from you. If you are not willing to give the names of those houses which have been permitted to expand the production, in that case, why those cases have not been referred to the M.R.T.P. Commission so that there cannot be concentration in the hands of a few?

**SHRI BEDABRATA BARUA:** Sir, the concerned Ministry has supplied a list of the big houses who were allowed to expand. First is the name of the Delhi Cloth and General Mills for having an expansion for the manufacture of sugar; second is the D.C.M. for substantial expansion for manufacturing sugar at their Daurala Unit; third is the E.I.D. Parry. That is also for expansion; fourth is a Jaipur Sugar Company which is also for expansion; and fifth is the KCP Ltd. which has been cleared recently. That is also for expansion.

They were all for expansions between 25 to 40 per cent. Regarding the objection as to why the matter has not been referred to the MRTP Commission, the position is that Sec. 21(4) of the MRTP Act applies only when there is a dominant undertaking producing one-third of the products produced in the country. When