

# Rationalisation of functions, activities and structure of the Department of Chemicals & Petrochemicals

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# Rationalisation of functions, activities and structure of the Department of Chemicals & Petrochemicals

## 1 Introduction

1.1 The term “chemicals” usually refers to organic and inorganic chemicals, pesticides, dyestuffs, speciality chemicals etc. However, the phrase ‘chemical industry’ is used in a broader sense to include petrochemicals and drugs & pharmaceuticals as well. This sector occupies an important position in the country’s economy and has contributed significantly towards its industrial and economic growth, the annual growth being 12%. The production in 1999-2000 was of the order of Rs. 57,000 crore. The exports from this sector in that year were over Rs. 16,500 crore, accounting for 14% of the exports from manufacturing sector and about 10% of the total exports from the country. A substantial proportion of these exports go to the USA, Europe and other developed countries, an indication that high quality Indian products can compete with the best in the world.

1.2 The breakdown of production and exports by sub-sector during the year 1999-2000 was as follows:

(Rs. in crore)

	<u>Production</u>	<u>Exports<sup>@</sup></u>
Petrochemicals	21,200	3745 <sup>*</sup>
Chemicals	20,000	6133 <sup>**</sup>
Drugs & Pharmaceuticals	15,860	6,631
Total	57,060	16,509

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<sup>@</sup> The contribution of PSUs in the matter of exports is insignificant.

<sup>\*</sup> includes synthetic fibres and other petrochemical products excluding plastics and plastic products.

<sup>\*\*</sup> comprises export of organic and inorganic chemicals, pesticides, dyes and castor oil.

## **2 Historical Evolution Of Ministry Of Chemicals & Fertilisers**

2.1 The evolution of a separate ministry in the government for dealing with this sector can be traced back to 1958 when chemicals existed in the Ministry of Commerce and Industry as a section. At that stage, a section in the Ministry of Production dealt with fertiliser.

2.2 In 1963, these two sections became the Chemicals Division and the Fertiliser Division under a newly constituted Ministry of Petroleum & Chemicals. The two divisions were upgraded in January 1974 and a Department of C&F was created under the Ministry of Petroleum & Chemicals. In March 1976 it was bifurcated into two independent ministries namely Ministry of C&F and Ministry of Petroleum. The two ministries were again united in February 1978 into Ministry of Petroleum, Chemicals & Fertilisers; and thereafter again bifurcated in Sept.1982, with the Department of Chemicals and the Department of Fertilisers being placed under an independent Ministry of C&F.

2.3 Consequent on another reorganisation effected in Sept.1985, the Department of Fertilisers was placed under the Ministry of Agriculture and the Department of Chemicals under the Ministry of Industry. In 1988, the Petrochemicals Division in the Ministry of Petroleum was shifted to the Department of Chemicals and the new Department of Chemicals & Petrochemicals (C&PC) later formed a part of the Ministry of P&C from December 1989 to July 1991.

2.4 It was only in July 1991 that the present Ministry of Chemicals & Fertilisers came into existence with its two departments, namely Department of Chemicals & Petrochemicals and Department of Fertilisers.

## **3 Functions**

3.1 The Department of Chemicals & Petrochemicals is entrusted with the responsibility of policy planning, development and regulation of chemicals, petrochemicals and drugs & pharmaceuticals industries. Administrative and managerial control of the PSUs in petrochemicals, chemicals and

pharmaceuticals sectors of industry is also one of the major functions of the Department.

3.2 The list of items allocated to the Department of Chemicals & Petrochemicals under the Allocation of Business Rules is given below:

1. Drugs and Pharmaceuticals
2. Insecticides (excluding the administration of the Insecticides Act, 1968 (48 of 1968))
3. Molasses distribution and pricing
4. Alcohol-industrial and potable (excluding alcoholic drinks from non-molasses base) including the Indian Power Alcohol Act, 1948 (22 of 1948)
5. Dye-stuffs and dye intermediates
6. All organic and inorganic chemicals not specifically allotted to any other Ministry or Department
7. Planning, development and control of and assistance to all industries dealt with by the department
8. All attached and subordinate offices or other organisations with any of the subjects specified under this department
9. Public sector projects concerned with the subjects included under this department except such projects as are specifically allotted to any other ministry or department
10. Bhopal Gas Leak Disaster – Special laws relating thereto
11. Petrochemicals
12. Industries relating to production of non-cellulosic synthetic fibres (Nylon, Polyester, Acrylic etc.)
13. Synthetic rubber
14. Plastics including fabrications of plastic and moulded goods
15. All public sector units relating to the above matters

16. All attached and subordinate offices or other organisations concerned with any of the subjects specified in this list.

#### **4 Existing Structure**

4.1 The work of the Department of Chemicals and Petrochemicals, which is headed by a Secretary, is organized under three divisions – Petrochemicals, Chemicals and Drugs & Pharmaceuticals, each headed by a Joint Secretary. In all, the total staff strength of the department is 253, not including the staff posted with the Minister of Chemicals and Fertilisers and the Minister of State (C&F). Details of the sanctioned and existing manpower strength of the department is given in ***Annex 'A'***.

4.2 There are 8 public sector undertakings (PSUs) and 4 other organisations under the administrative control of the department, besides an attached office, namely National Pharmaceutical Pricing Authority and the Office of the Welfare Commissioner for the Bhopal Gas Victims. These are: -

##### **Public Sector Undertakings**

- i) Indian Petrochemicals Corporation Ltd., Vadodra
- ii) Hindustan Organic Chemicals Ltd., Rasayani (Mah.)
- iii) Hindustan Insecticides Ltd., New Delhi
- iv) Indian Drugs and Pharmaceuticals Ltd., Gurgaon
- v) Hindustan Antibiotics Limited, Pune
- vi) Smith Stanistreet Pharmaceuticals Ltd., Calcutta
- vii) Bengal Chemicals and Pharmaceuticals Ltd., Calcutta
- viii) Bengal Immunity Ltd., Calcutta

Out of these eight companies, IPCL is already under disinvestments whereas HOCL and HIL have been short listed for disinvestments. The other five companies, which belong to pharma industry sector, had been referred to BIFR and formally declared sick.

## **Other Organisations**

- i) Petrofils Cooperative Limited (PCL), Vadodra (Gujarat)
- ii) Central Institute on Plastic Engineering and Technology (CIPET), Guindy, Chennai (Tamil Nadu)
- iii) Institute of Pesticides Formulations Technology (IPFT), Gurgaon (Haryana)
- iv) National Institute of Pharmaceutical Education & Research (NIPER), Mohali (Punjab)

PCL is in an advanced stage of liquidation. A write up on the other three organisations namely CIPET, IPFT and NIPER indicating the nature of these organisations, their activities and sources of funding can be seen at **Annex 'B'**. Based on ERC's recommendations in its report on autonomous institutions, the Department of Expenditure has initiated action to collect basic information about these organisations in order to review their role and activities.

## **5 Analysis By Division**

An analysis by division of the changes in the policy framework, the present staff strength and suggestions for restructuring are set out in the next three sections:

### **A. Petrochemicals Division**

5.1 Naphtha and natural gas are the basic feedstocks for petrochemicals. Major building blocks for the manufacture of petrochemical products are olefins (ethylene, propylene, butadiene) and aromatics (benzene, toluene, xylenes), which are derived from naphtha/natural gas and are used for the production of a whole range of synthetic fibres (acrylic, polyester, nylon), polymers (polyethylenes, polypropylenes, PVC, polystyrenes), elastomers (PBR/SBR used in the manufacture of tyres, tubes and rubber products), and surfactants (detergents) etc.

5.2 This industry has been considerably deregulated. Under the liberalised industrial licensing policy which came into effect from 1.12.1991, industrial undertakings are exempted from obtaining industrial licences to manufacture, except for (i) the industries reserved for the public sector; (ii) certain items (including hazardous chemicals) retained under compulsory licensing; (iii) items of manufacture reserved for the small scale sector; and (iv) proposals attracting locational restrictions. In the petrochemicals sector, the items retained for compulsory licensing include hydrocyanic acid, phosgene and its derivatives and naphtha/gas cracker complexes producing ethylene, propylene, aromatic complexes manufacturing benzene, toluene, xylenes, ethylene glycol/ethylene oxide, LDPE etc. Foreign direct investment (FDI) is now freely allowed except where the existing and notified sectoral policy does not permit FDI beyond a ceiling. FDI can be brought in through the automatic route under powers delegated to the RBI, and for the remaining items/activities through the FIPB for government's approval. For FDI up to 51% foreign equity, automatic approval has been made available. This is a sector where even 100% FDI is now allowed.

5.3. Today, the larger players except for IPCL under the department are all in the private sector or in the public sector under the Petroleum Ministry. A decision has already been taken to reduce government's stake in IPCL from 59.95% to 34.95%. Petrofils Cooperative Ltd. (a joint venture of Government of India, weavers' cooperatives and NCDC), which was set up in 1974 to provide the benefits of modern technology of polyester filament yarn to the weavers, has shut down all its plants from the last week of November 1998. The process of winding up of this venture is in an advanced stage of implementation and is expected to be completed this year. CIPET, which comes under the administrative control of this department, is an autonomous body. Write up on CIPET is at **Annex 'B'**.

5.4. There is now practically very little traditional work relating to processing of industrial licensing cases and/or investment proposals in the department. The residuary work of PSUs relating to disinvestment of IPCL, winding up of Petrofils Cooperative Ltd, the two public sector undertakings in the petrochemicals sector,

is also not likely to continue beyond this year. All these developments clearly point to the need for restructuring of staff strength in this division. The present staff strength of the petrochemicals division is as follows:

Joint Secretary – 1	Dy. Director (T) –5
Director – 1	Asst. Dir (T) – 3
Deputy Secretary-1	S.O./ D.O./US(in situ) – 3
Under Secretary -- 1	RO-1

The posts of Deputy Director (Tech) and Assistant Director (Tech) are the ones that were transferred to the department consequent on winding up of the office of the DGTD. In addition, a PSU officer is working in the department on informal basis and functioning as Joint Industrial Adviser (PC).

5.5. In view of the sharp reduction in the volume of petrochemicals work in the department, the need for continuance of a separate division for petrochemicals is not justified anymore. ***The division may therefore be abolished. However, for handling the residuary work, it should be sufficient if the post of director is retained with two supporting desks – one Under Secretary and one Desk Officer. Two out of five posts of DD (Tech) and one out of three posts of AD (Tech) would be adequate to provide the requisite technical support. As such five posts – 3 DDs and 2 Ads – can be surrendered. The post of RO may also be discontinued. The official taken from a PSU and working informally in the department as Joint Industrial Adviser, should also be repatriated to the concerned PSU.***

***The work of petrochemicals should appropriately go back to the Ministry of Petroleum and Natural Gas and handled in that ministry. The posts that are proposed to be retained for the residual work of petrochemicals in the Department of Chemicals and Petrochemicals, may also be transferred to the Ministry of Petroleum and Natural Gas along with the incumbents of these posts and the subordinate staff.***

## **B. Chemicals Division**

5.6. With the liberalisation of industrial licensing policy in December 1991, industrial licensing has been done away with, except for a small list of hazardous chemicals including some pesticides. Automatic approval for direct foreign investment up to 51% foreign equity is also available for high priority industries. Government has substantially expanded the list of various industries. For products in key sectors FDI up to 74% is permissible. Safety, health and environmental aspects are taken care of by separate statutory bodies that are common to all industries attracting those provisions.

5.7. The work relating to molasses distribution and pricing, as also alcohol – industrial and potable (excluding alcoholic drinks from non-molasses base), including the Indian Power Alcohol Act, 1948, has almost ceased to exist in the department. It has been left to the state governments of surplus states to distribute their surplus molasses and alcohol to the deficit states at prices to be determined by them.

5.8. While regulation and development of insecticides industry is with the Department of C&F, the administration of the Insecticides Act, 1968 is, however, vested in the Ministry of Agriculture.

5.9. India is a signatory to the Chemical Weapons Convention a universal, non-discriminatory, multilateral, disarmament treaty, which bans the development, production, acquisition, transfer, use and stockpiling of all chemical weapons. For discharging the obligations under the Convention and in order to make filing of correct information about various activities in scheduled chemicals mandatory, the Indian Chemical Weapons Conventions Act, 2000 has been notified on 26.8.2000. This is a new item of work in this division.

5.10. Another important area of work handled in this division relates to the **Bhopal Gas tragedy.**

5.11. For purposes of adjudicating claims and disbursing compensation to the Bhopal Gas tragedy victims an elaborate machinery consisting of a Welfare

Commissioner, 56 Courts of Deputy Commissioners and 11 Appellate Courts was set up. Of the 10.30 lakh cases (about 6.2 lakh registered between 1985 and 1989, and over 4 lakh registered / received in response to a notification issued in 1996 inviting fresh applications) over 10.25 lakh cases have been decided up to 31.1.2001 and Rs.1490 crore awarded to 5.54 lakh victims. Inclusive of restored cases, review appeals and revision petitions about 39,000 cases are still pending. However, pursuant to a recent decision of the Supreme Court, all those whose claims had earlier been rejected on grounds of non-appearance are to be given an opportunity for fresh consideration of their cases. Of the compensation amount received from Union Carbide Corporation and Union Carbide India Ltd., together with interest accruals, the balance amount still available is around Rs.1300 crore. These statistics show that a substantial amount of work still needs to be attended to and completed. Out of the 1547 posts sanctioned for the office of the Welfare Commissioner, 545 posts are currently vacant (reflecting the substantial reduction in work in the last few years); it will, however, be necessary to continue the 1000 filled up posts in order to secure early disposal of the pending cases as well as the applications that may be received now.

5.12. The position would need to be monitored periodically – say on a monthly basis – and as the volume of pending cases comes down, the staff requirement has to be correspondingly scaled down.

5.13. There are two PSUs, namely Hindustan Organic Chemicals Ltd. (HOCL) and Hindustan Insecticides Limited (HIL) in the chemicals sector. **Both PSUs have been short-listed for disinvestment.** HOCL has a subsidiary, viz. Hindustan Fluorocarbons Limited with a unit in Andhra Pradesh for manufacture of PTFE. HIL also has a subsidiary company viz. The Southern Pesticides Corporation Ltd., with a factory at Kovvur in A.P. With the passage of time when the process of disinvestment of HOCL and HIL is completed, the officers and staff in the department deployed for the work relating to these PSUs, will be rendered surplus. The department has a research institute namely Institute of

Pesticides Formulation Technology (IPFT) at Gurgaon (Haryana). Write up on IPFT is at **Annexe 'B'**.

5.14. To project the strength of the petrochemicals, chemicals and pharmaceuticals industry in India, and to provide a forum for interaction with foreign companies, the department for the first time organized an international exhibition cum conference – India Chem-2000, in October 2000 in New Delhi. It is a biennial feature and the next such event is proposed in the year 2002. **Work of this nature, which basically involves event management, is best left to be organized by industry organisations like CII or FICCI, or ICMA.**

The present staff strength of the Chemicals Division is as follows:

Joint Secretary – 1	Addl. Dir (T) –1
Director – 1	Jt. Dir (M&E) – 1
DS- 2	SO/DO/US( in situ) – 3
US – 1	Dy. Dir (T) – 1; Asst. Dir (T) – 1;
JIA- 1	R.O. – 1

5.15. Barring policy issues and functioning as a nodal department for the industry, work in the department relating to examination of licensing cases and distribution and pricing of molasses and alcohol etc. is practically nil. A large number of erstwhile functions of the department have thus come down. **While the post of Joint Secretary (Chem) may continue for supervising the work of Chemicals Division, an officer at the level of Under Secretary can easily look after the functions relating to licensing matters and residual work relating to distribution/pricing of molasses and alcohol. Technical support may be drawn from the technical staff attached to Chemical Weapons Convention Division.**

5.16. As the Government of India is a signatory to the international Chemical Weapons Convention, it may be necessary to have an officer of Director's level to monitor the developments in these areas, particularly in view of the sensitivity of the subject. ***The post of the director level officer may, therefore, continue, with a Joint Industrial Adviser, a Desk Officer and a Deputy Director (Tech) to support him.***

5.17. The subject relating to relief to Bhopal victims is at present handled by DS (Estt. & Bhopal) with lower-level support provided by the Bhopal Section. ***Once the work of the Welfare Commissioner's Office at Bhopal is over, the Bhopal Section in the ministry can be wound up. However, for the present, these posts may continue, as the department would need to monitor the progress of disposal of claims regularly on monthly basis.***

5.18. ***A Section Officer, who also looks after coordination and other routine matters pertaining to chemicals, is handling the work relating to public sector undertakings in the Chemicals Division. Once the work relating to disinvestment of HOCL and HIL and the subsidiary companies of these PSUs is completed, the post of Section Officer and the supporting staff may be surrendered. Until then, these posts may continue.***

5.19. ***Leaving aside the posts that have been suggested for continuance in the above paragraphs, the remaining posts - one post each of Deputy Secretary, Additional Director (Tech.), Joint Director and Assistant Director (Tech.) along with the corresponding staff at lower levels may be discontinued.***

### **C. Pharmaceutical Industry Division**

5.20. Nearly 550 bulk drugs are used in the country. More than 70% of these and almost the entire requirement of formulations are met from indigenous production. In 1998-99, the estimated value of production of bulk drugs and formulations was Rs.15, 750 crore i.e. around US \$ 3.5 billion. Exports during

the same period were of the order of Rs. 6,256 crore, which increased to Rs. 6,631 crore in 1999-2000.

5.21. There are about 250 units in the organised sector, of which five are in the public sector (IDPL, HAL, SSPL, BCPL, BIL) and seven in the joint sector. There are also about 5000 units in the small-scale sector, engaged in the production of drugs. Of these, more than 100 units are producers of bulk drugs.

5.22. The liberalised provisions of industrial licensing were brought into effect in the pharmaceutical sector from October 1994. The Drug Policy governs the licensing for drugs and pharmaceuticals under the new industrial licensing policy of 1991. After the announcement of the new drug policy in 1994, all bulk drugs and their formulations except those that are reserved for manufacture by public sector, or those which involve use of re-combinant DNA technology, and bulk drugs requiring in-vivo use of nucleic acids as the active principals, are exempt from licensing. Formulations based on use of specific cells/tissue targeted formulations, however, continue in the list of compulsory licensing. Bulk drugs that were reserved for production by PSUs, have also since been de-licensed in 1999. For the manufacture of virtually all the bulk drugs/drug intermediates/formulations investors are now required only to file an industrial entrepreneurial memorandum (IEM). The work earlier requiring examination of each proposal of investment from the demand-supply angle or recommending them for issue of licenses, etc. is thus obviated. Similarly, in the case of imports, as most of the items have been put on OGL except for a few restricted items the traditional work earlier required to be done in the department has ceased. With the abolition of industrial licensing for most of the drugs and formulations, manufacturers are now free to produce any drug duly approved by the Drug Control Authority.

5.23. Pricing in the pharmaceutical sector is regulated through the Drugs (Prices Control) Order, 1995. At present, 74 bulk drugs and their formulations are under price control. An independent body of experts called National Pharmaceutical Pricing Authority (NPPA) has been entrusted with the task of

price fixation and revision of the scheduled bulk drugs and formulations. NPPA headed by the chairman, a secretary level officer, has a total sanctioned strength of 60 officers and other staff. 13 of these posts are lying vacant (details given in **Annexe 'A'**).

5.24. NPPA has been empowered to take final decisions, which are subject to review by the central government as and when considered necessary. A Drug Price Control Review Committee (DPCRC) has been constituted to review the current drug price control mechanism and to suggest alternative models, if any, with a view to reducing the rigours of price control wherever they are perceived to be counter productive. Since the NPPA has been constituted only recently, ***it may be premature to review its staff strength vis-à-vis the workload right now. However, recruitment against the vacant posts may be frozen and as the work stabilises, staff strength may be reviewed strictly in accordance with IWSU norms relating to work load.***

5.25. With the constitution of the National Pharmaceutical Pricing Authority for enforcing the provisions of the Drugs (Price Control) Order, the items of work relating to the price control stand withdrawn from the department, which will now be responsible only for revision/appeals against the orders of the NPPA. It appears that not more 10 to 15 % cases result in such appeals/revisions. The NPPA also renders technical advice to the central government on changes/revisions in the drug policy. As statutory orders relating to revisions/appeals for price fixation require application of mind at a sufficiently high level, ***they may be dealt with at the JS level assisted by either a Director or a Deputy Secretary as the department may find expedient.***

5.26. A committee known as Pharmaceutical Research & Development Committee (PRDC) was constituted under the chairmanship of Dr. R. A. Mashelkar to recommend measures to strengthen the research and development (R&D) capacity of pharmaceutical industry and to identify the support required by the Indian pharmaceutical companies to undertake R&D. The Committee has submitted its report and its recommendations are under inter-ministerial

consultations. Action is also being taken to set up the Pharmaceutical Research and Development Fund with an outlay of Rs.150 crore. Administration of this fund will be an added responsibility to the department's work, ***but can be administered by constituting a management committee at an appropriate level, with a small cell to assist JS&FA, who would be in charge of accounts. The cell may be financed outside the budget, with the interest income of the Fund. Alternatively, the R&D Fund can be placed with DSIR, who would be in a better position to administer it for R&D activities.***

5.27. There are five PSUs (IDPL, HAL, BCPL, BIL and SSPL) and six joint sector undertakings in the pharmaceutical sector under the administrative control of the department. They also have two wholly owned subsidiaries. All the five PSUs had been referred to BIFR and were formally declared as sick. Efforts to revive and rehabilitate these companies have failed. In the case of some sick enterprises of the Department of Heavy Industry that had been referred to BIFR, the Expenditure Reforms Commission had made the following observation –

“The lengthy procedure and almost open-ended time frame for dealing with sick enterprises referred to BIFR, whose recommendations thereafter have to be processed through equally lengthy winding up procedure are inimical to finding expeditious solutions to ailing companies. An alternate approach would be to seek permission for closure of the undertakings, which are found to be totally unviable, under the Industrial Disputes Act. The closure of an undertaking, even when the winding up operations are in progress, is feasible under the provisions of the ID Act. In accordance with the notification issued in July 1998, permission for closure of such central public sector undertakings can be granted by the Central Ministry of Labour and does not require the approval of the State Government. The workers can be given the facility of the generous Voluntary Separation Scheme; those who do not avail of this facility are still entitled to compensation under the ID Act. In

adopting this approach, the continuing expenditure on wages, salaries and overheads until the long drawn winding up operations are completed can be avoided. This was the procedure adopted in the case of Mandya National Paper Mills and will merit consideration for adoption in other similar cases involving inevitable winding up of unviable companies. As a start, it can be adopted in all cases already identified for winding up by the BIFR/Disinvestment Commission."

***The department may adopt the above procedure outlined by ERC to expedite the winding up of the five sick public enterprises in the pharmaceutical sector.***

5.28. The department has an institution to set standards of excellence for pharmaceutical colleges and for R&D in the field of pharmaceuticals. Detailed write up on this institution namely NIPER is at ***Annexe 'B'***.

5.29. Under the provisions of the Drugs (Prices Control) Order, the government may require manufacturers, importers or distributors, as the case may be, to deposit the amounts accrued as a result of charging prices higher than those fixed by the government under DPCO, into the Drugs Prices Equalisation Account (DPEA). This account is maintained by the Department of Chemicals & Petrochemicals and the amounts deposited in the DPEA are to be utilised for:

“

- i. paying manufacturer, importer or distributor, as the case may be, the shortfall between his retention price and the common selling price or, as the case may be, the pooled price for the purpose of increasing the production, or securing the equitable distribution and availability at fair prices, of drugs;

- ii. meeting the expenses, incurred by the Government in discharging the functions [under this paragraph]
- iii. promoting higher education and research in and for the purposes incidental thereto.”

[Extract from the Drugs (Prices Control) Order]

5.30. The department also has a few outstanding assessment cases in respect of drug price equalisation account. These cases, as well as fresh cases, to determine the liabilities of the drug companies under the provisions of the DPCO have been referred to Drug Prices Liabilities Review Committee (DPLRC), a three-member committee headed by a retired judge of Delhi High Court, which submits its recommendations to the department.

5.31. The Indian pharmaceutical industry is gearing up for the product patent regime to be ushered in from January 2005 under our obligations of the WTO Agreements. This lends growing importance to research and development in the pharmaceutical sector. **The new pharmaceutical policy is also under preparation.**

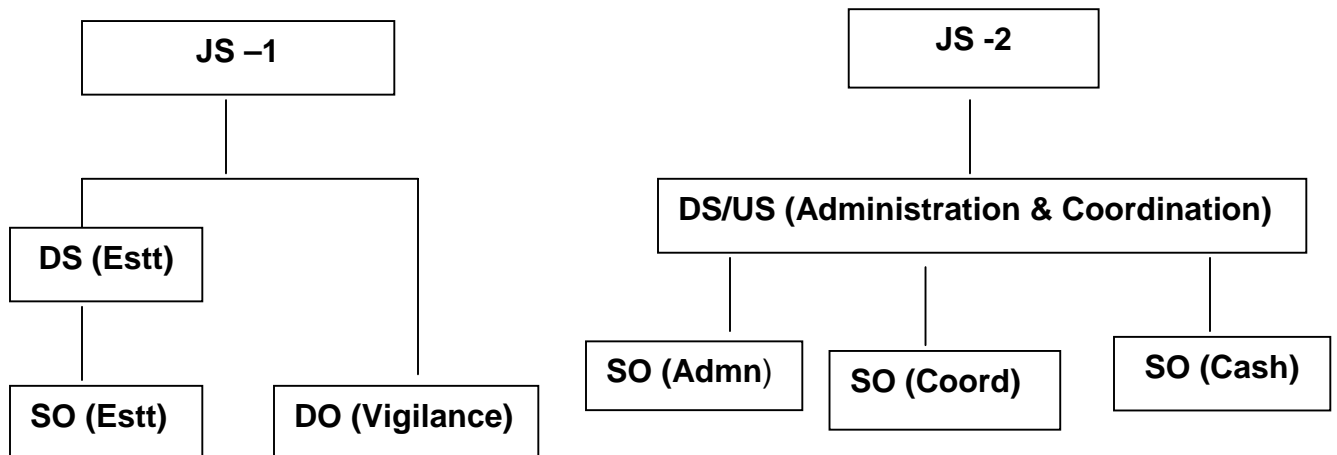
5.32. In the light of these developments it would appear that there is clearly a case for a reduction in the number of posts at the level of Director/Deputy Secretary, US/AD and SO/DO. The present staff strength of this Division is as follows:

Joint Secretary – 1	Addl. Dir. (T)-1
Director – 1	JIA – 1
DS-1	Dy. Dir(T)- 1
US-2	Asst. Dir (T) – 2
SO/DO/US(in situ) – 5	Asst. Dir (Cost) – 1

***It is recommended that one post each of Deputy Secretary, Addl. Director (Tech), Under Secretary, and Assistant Director (Tech) as also at least two posts of SO/DO could be surrendered.***

**D. Establishment, Administration Wing**

5.33. At present, the work relating to Establishment, Vigilance and Parliament, is overseen by JS (Chemicals) and the work relating to Administration, Coordination and Hindi is overseen by JS (Petrochemicals). With the suggested abolition of the post of JS (Petrochemicals), the department will be left with two Joint Secretaries, presently designated as JS (Chemicals) and JS (Pharma Industry). As such, the work relating to Establishment, Vigilance and Parliament may be entrusted to one of two Joint Secretaries and that relating to Administration, Coordination and Hindi to the other Joint Secretary, who would oversee these items of work in addition to the work of their respective divisions. The channel for submission of work of Establishment, Administration, Coordination etc. to the two JSs may be as below:



5.34 DS (Bhopal) and US (Molasses) are at present looking after establishment work at that level, in addition to their work of Bhopal and Molasses desks

respectively. However, the following posts are deployed exclusively for establishment, administration, vigilance, coordination and cash work.

US (Admn)	1	;	SO (Admn.)	1
SO (Estt)	1	;	SO(Coord)	1
DO (Vigilance)	1	;	SO (Cash)	1

5.35 Notwithstanding the reduction suggested in the total staff strength, no reduction is being recommended in the staff strength of these support functions. ***As such, the one post of US (Admn) and five posts of SO/DO may be continued.*** For, in the proposals relating to the Department of Fertilisers, it is being recommended that the two departments could be merged into one and the support facilities, namely Administration, Vigilance, Parliament, Hindi And Accounts work, for the integrated department, be provided by those now in the Department of C&PC. ***The post of AD (OL) in the department, may be abolished, as AD (OL) in the Department of Fertilisers is being retained and can assist DD (OL) here.*** At JS level, the work relating to Hindi can be entrusted to one of the Joint Secretaries from the Fertiliser Department.

## **6 Summary Of Recommendations**

6.1 Some of the major factors resulting in drastic reduction in the workload of the department are: liberalisation of industrial licensing, made effective from December 1991 (from October 1994 in the case of drugs and pharmaceuticals); expansion of the list of industries eligible for automatic approvals up to 51%; and foreign direct investment being made permissible up to 74% in some key sectors. Steps taken to disinvest government's stakes in the public sector companies will result in further reduction in the workload.

6.2 Keeping in view the sharp reduction in the volume of petrochemicals work, continuance of a separate division for petrochemicals is not justified. One post of director with two desks manned by an under secretary and a desk officer, are considered adequate to handle the residuary work of PSUs and FIPB cases etc. For technical support, 2 posts of DD (T) and one post of AD (T) may be retained, The rest of the division (namely, JS, DS, two posts of SO/DO, three out of five posts of Deputy Director (Tech), two out of three posts of Assistant Director (Tech) and the one post of Research Officer, along with their supporting sections/staff) may be surrendered. Furthermore, all the residuary work of petrochemicals may be transferred back to the Ministry of Petroleum and Natural Gas, along with the posts which are proposed to be retained. The incumbents of these posts as also the other subordinate level posts that are retained, may also be transferred to the Ministry of Petroleum and Natural Gas.

6.3 An officer of director level may monitor the developments in the area of Chemical Weapons Convention. In addition to the Joint Industrial Adviser, who looks after the technical aspects of the work, the Director may have an Under Secretary's desk to assist him.

6.4 The work relating to holding the biennial exhibition India-Chem may be discontinued and may be left to be organised by an industry organisation like CII or FICCI or any agency specialising in management of such events.

6.5 The Department may undertake a more focussed review of the residual work in the Welfare Commissioner's office for Bhopal victims and set targets both for expeditious disposal of the pending cases as well as reduction in the staff in due course of time.

6.6 Keeping in view the significant work reduction in Pharmaceutical Industry Division because of reforms and removal of licensing restrictions and also on account of transfer of price fixation work to NPPA, there is little justification for continuance of the posts of Addl. Director (Tech), one DS and officer(s)/staff engaged on price fixation work.

6.7 The posts lying vacant in the department and in NPPA should not be filled and recruitment to these posts may be frozen.

6.8 The practice of taking persons from the PSUs for working in the department on informal basis should be discontinued and all such persons should be repatriated to their respective PSUs forthwith.

6.9 The suggested division-wise reduction in the posts of the level of section officer and above would result in the total strength of the department being reduced from 71 to 38 (**Annexe 'C'**).

6.10 In respect of subordinate staff, the department may conduct an intensive review of the workload and set targets to reduce the staff strength within a short time frame.

6.11 Further reduction in staff strength will result following merger of the Department of C&PC and the Department of Fertilisers, being proposed separately.

## Annexe 'A'

### Existing Strength Of Department Of Chemicals And Petrochemicals And Its Attached Office

#### Department of Chemicals & Petrochemicals

<i>Group A</i>	Sanctioned - 53	Vacant -10
	Secretary -1    Director (T) -3 Joint Secretary -3    Addl.Dir.(T) -3 Director/DS -8    Jt. Ind. Adviser -2 Sr. Dir (T) -2    Jt. Director -1 Adviser (PC) -1    US -6 DD (Tech) -8    AD (Tech) -7 DD (OL) -1    PPS -2 RO -3    Asst.Dir (Cost) -2	Sr. Dir (T) -2 Adv. (PC) -1 Dir. (T) -3 Addl.Dir (T) -1 Dy.Dir (T) -1 RO -1 Asst. Dir (C) -1
<i>Group B</i>	Sanctioned -69	Vacant -2
	S.O./D.O. -17 AD (OL) -1 PS -10 PAs -19 Assistant -21 Sr.Investigator -1	PA - 1 Sr. Investigator - 1
<i>Group C</i>	Sanctioned -73	Vacant -11
<i>Group D</i>	Sanctioned -62	Vacant -1
<b>Total</b>	Sanctioned - 257	Vacant - 25

NPPA

	Sanctioned	Vacant
Group A	21	3
Group B	10	1
Group C	21	7
Group D	8	2
<b>Total</b>	<b>60</b>	<b>13</b>

Welfare Commissioner's Office at Bhopal

	Sanctioned	Vacant
Group A	87	30
Group B	116	101
Group C	968	325
Group D	376	89
<b>Total</b>	<b>1547</b>	<b>545</b>

**Write Up On Autonomous And Other Organizations Of The  
Department Of Chemicals & Petrochemicals**

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**CIPET**

Central Institute of Plastics Engineering and Technology (CIPET) was established in 1968 as an autonomous organisation under the Department of Chemicals & Petrochemicals. The basic objective of CIPET is to train people in various disciplines of plastics such as mould making, mould design, testing and characterisation of plastics, plastic processing etc. for the plastic industry. The institute also organizes short-term courses, tailor-made courses, awareness programme and entrepreneurs development programmes etc.

Modernization of CIPET facilities through World Bank assistance has been implemented. Oil Industries Development Board (OIDB) has sanctioned an amount of Rs.11.46 crore as grant-in-aid to CIPET for strengthening of training facilities at CIPET centre. The budgetary grant-in-aid to CIPET has been of the following order: -

(In lakhs of rupees)

1999-2000 (Actuals)	Plan	400
	Non-Plan	400
	Total	800
2000-2001 (RE)	Plan	400
	Non-Plan	395
	Total	795
2001-2002 (BE)	Plan	600
	Non-Plan	338
	Total	938

**Internal revenue generation during 1999-2000 was Rs.1286 lakh.  
CIPET propose to have a corpus fund of Rs.18 crore and an OPEC loan of**

**US\$16.5 million. The matter is under process in the Department of C&PC/M/o Finance.**

**IPFT**

Institute of Pesticide Formulation Technology (IPFT), a non-profit making organization was registered under the Societies' Registration Act on 31.5.1991. The main objectives of the institute include development and production of the state-of-the-art user and environment friendly pesticide formulations, development and promotion of efficient application technologies suiting the exacting requirements of newer formulations, analytical and consultancy services.

The institute also functions as technical coordinator unit of the Regional Network on Safe Pesticide Production and Information for Asia and the Pacific (RENAP) of UNDP/UNIDO on user and environment friendly pesticide formulation technology and quality assurance.

The budgetary grant-in-aid to IPFT has been as follows:-

		(In lakhs of rupees)	
		IPFT	RENAP
1999-2000 (Actuals)	Plan	124.88	13.65
	Non-Plan	-	-
	Total	124.88	13.65
2000-2001 (RE)	Plan	261.00	14.00
	Non-Plan	-	-
	Total	261.00	14.00
2001-2002 (BE)	Plan	106.00	20.00
	Non-Plan	-	-
	Total	106.00	20.00

## **NIPER**

As a part of the economic package for the state of Punjab, the National Institute of Pharmaceutical Education & Research (NIPER) was set up as a registered society on 27.2.1991. It was conceived as a mother institution to set standards of excellence for pharmaceutical colleges and for research and development in the field of pharmaceuticals. NIPER has been declared as an institute of national importance by the NIPER Act 1998 on 26.6.98. The institute is concentrating on masters, doctoral and post-doctoral programmes in the field of pharmacy.

The budgetary grant-in-aid to NIPER has been as follows:-

(In lakhs of rupees)

1999-2000 (Actuals)	Plan	1178
	Non-Plan	-
	Total	1178
2000-2001 (RE)	Plan	1154
	Non-Plan	-
	Total	1154
2001-2002 (BE)	Plan	1480
	Non-Plan	-
	Total	1480

## Annexe 'C'

### Proposed Staff Revision

#### Posts to be retained

Secretary	1
Jt. Secretary	2
Director/Dy. Secy	5
Sr. Director (T)	Nil
Adv. (PC)	Nil
Dir. (Tech)	Nil
Addl. Director (T)	Nil
Jt. Ind. Adviser	2
Jt. Director	Nil
Sr. PPS	1
Under Secy.	5
Dy. Director (OL)	1
Dy. Director (Tech)	4
Asst. Director (T)	2
Research Officer	1
Asstt. Dir (Cost)	1
S.O./D.O.	13
Asst. Director (OL)	Nil
<b>Total</b>	<b>38</b>

#### Posts to be abolished

Jt. Secretary	1
Dir./Dy. Secy	3
Sr. Director (T)	2
Adv.(PC)	1
Dir. (Tech)	3
Addl. Dir. (T)	3
Jt. Ind. Adviser	Nil
Jt. Director (M&E)	1
PPS	1
Under Secy.	1
Dy. Director (OL)	Nil
Dy. Director (Tech)	4
Asst. Director (T)	5
Research Officer	2
Asstt. Dir (Cost)	1
S.O./D.O.	4
Asst. Director (OL)	1
<b>Total</b>	<b>33</b>