

Year End Review- 2017: Ministry of Chemicals & Fertilizers

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DEPARTMENT OF FERTILIZERS

(1) UREA PRICING POLICY - 2015: - New Urea Policy – 2015 was notified on 25th May, 2015:-

- ü to maximize indigenous urea production;
 - ü to promote energy efficiency in the urea units; and
 - ü to rationalize the subsidy burden on the Government of India
- Concession based pricing upto Reassessed Capacity (RAC) based on cost-plus approach. MRP fixed at Rs 5360/MT plus 5% of MRP for NCU.
 - Beyond 100 % of RAC, units to get variable cost plus lowest fixed cost of all urea units, subject to IPP plus incidental charges.

Production of urea during 2016-17

- The **production of urea during the year 2016-17 was 242.01 LMT**, which is significantly higher than the production of urea during 2012-13 (225.75LMT) and 2013-14(227.15 LMT)

(2) NEEM COATING OF UREA:-

- 100 % Neem Coated production made mandatory on 25.05.2015.
- 100 % of Neem Coating achieved
- ü 1st September, 2015: indigenous urea
- ü 1st December, 2015: imported urea

(3) INTRODUCTION OF 45 KG. UREA BAGS REPLACING THE EXISTING 50 KG. BAGS: - Vide Notification dated **4th September, 2017**, it has been decided by the Government, to introduce 45 Kg Bag of urea replacing the existing 50 Kg bag.

(4) NEW INVESTMENT POLICY: - Under the provisions of New Investment Policy (NIP)- 2012 read with its amendment, Matix Fertilizers & Chemicals Limited(Matix) has set up a CBM based Greenfield Ammonia-Urea complex at Panagarh, West Bengal with the installed capacity of 1.3 MMT per annum. The **commercial production of Matix has started on 1st October, 2017**.

(5) REDUCTION IN THE RATES OF P&K FERTILIZERS:- The Department had encouraged the Fertilizer companies to reduce the rates of P&K fertilizers which resulted in reduction in the MRP of DAP, MOP and Complex fertilizers by Rs. 125/-, Rs, 250/- and Rs. 50/- respectively per 50 kg bag from June 2016. The prices of DAP have again been reduced by Rs. 65/- per 50 kg during December, 2016.

(6) REMOVAL OF THE MINIMUM ANNUAL PRODUCTION OR MINIMUM CAPACITY UTILIZATION CRITERIA FOR SSP UNITS :- It has been decided to do away with the provision of mandatory 50% capacity utilization or minimum production of 40000 MT for SSP units to be eligible for subsidy.

(7) REVIVAL OF SINDRI & GORAKHPUR UNITS OF FCIL AND BARAUNI UNIT OF HFCL:- Cabinet in its meeting held on 13th July 2016 approved to revive Gorakhpur, Sindri & Barauni units by means of a Special Purpose Vehicle (SPV) of Public Sector Units namely, National Thermal Power Corporation, Coal India Limited, Indian Oil Corporation Limited and Fertilizer Corporation India Limited/Hindustan Fertilizer Corporation Limited, through "nomination route". Accordingly, a SPV by name Hindustan Urvarak & Rasayan Limited (HURL) has been formed.

Earlier, Cabinet in its meeting held on 25.05.2016 approved Financial Restructuring of HFCL by way of waiver of the GoI loans and the outstanding interest on GoI loan. This enabled HFCL to get de registered from the purview of BIFR and paving the way for revival of closed units of HFCL.

The present status of revival of Gorakhpur, Sindri and Barauni units is as under:

- a. Pre project activities are under progress. The following **pre-project activities have been completed in respect of all the three projects:**
 - i. Pre-feasibility
 - ii. Geo technical investigation and topographic studies

The above three projects **likely to start production by October 2020.**

(8) MODEL FERTILIZER RETAIL SHOP:-

- In the Budget 2016-17, announcement was made for opening up of 2000 Model Fertilizers Retail Shop over a period of three years.
- It will provide mandatory services like selling of quality fertilizers at genuine rates, soil testing, seed testing, promotion of balanced use of nutrients etc.
- It will also provide some optional services like hiring of equipment such as tractors, laser levelers, rotavator, crop harvester and thrashers, hiring of sprayers, sale of small implements like spades and sickles etc.

· **2000 Model Fertilizers Retail Shops have been made operational up to the month of May, 2017.**

(9) POLICY ON PROMOTION OF CITY COMPOST: -

· Policy for promotion of City Compost has been notified by the Department of Fertilizers on 10.2.2016 wherein Market Development Assistance (MDA) of Rs. 1500/MT has been provided for scaling up production and consumption of City Compost.

· Manufacturing companies allowed to undertake direct sale of city compost to farmers. **Guidelines for release of MDA on direct sale issued on 9th January, 2017.** Required software for routing of MDA through FMS and Mobile Fertilizer Management System (mFMS) rolled out.

· A **Committee of Joint Secretaries** of Department of Fertilizers, Ministry of Urban Development and Department of Agriculture set up for coordination.

- The **Fertilizer Companies have adopted 372 villages** for promoting the use of City Compost.
- State Level Steering Committee for promotion of City Compost constituted in 11 States.
- 96584 MT of Compost Co-marketed in 2016-17 by fertilizer companies. **During 2017-18 (April to November, 2017) the fertilizer marketing companies has co-marketed about 90,733 MT of city compost and during the month of November, 2017 it was 19,740 MT.**
- Vide O.M. dated 7th September, 2017, **Fertilizes Marketing Companies also allowed for Bulk Sale** of city compost and **manufacturing companies for Bagged Sale** of city compost.

(10) DIRECT BENEFIT TRANSFER SCHEME IN FERTILIZER SUBSIDY SCHEME AND ITS EXPECTED BENEFITS TO FARMERS: -

- The Pilot project has been **implemented in 17 districts** out of the projected 19 districts.
- The deployment of PoS machines and training of retailers is going on in the remaining 2 districts.
- The Department has chalked out a detailed plan of action for Pan-India rollout of the DBT in Fertilizers scheme, based on the preparedness of the State Governments and deployment of PoS devices by fertilizer companies.
- A total of 2,04,996 no. of PoS devices needs to be deployed amongst which 1,82,898 devices have been received and **1,45,968 devices have been deployed** all over the country.
- Different states/U.T.s have been put on **Go-Live mode w.e.f. 1st September, 2017.**
- As on date, **14 States/UTs have been brought under DBT Framework.**
- The tentative dates for phase-wise roll out of National level DBT are tabulated below.

S. No	Name of States / UT's	GO Live Timeline
1	NCT of Delhi	1 st September, 2017
2	Mizoram, Daman & Diu, Dadra Nagar Haveli, Manipur, Nagaland, Goa, Puducherry	1 st October, 2017
3	Rajasthan, Uttarakhand, Maharashtra, Andaman & Nicobar Islands, Assam, Tripura	1 st November, 2017
4	AP, Haryana, Punjab, Chhattisgarh and MP	1 st December, 2017
5		1 st January 2018

11.) Special Banking Arrangement (SBA) of Rs. 10,000 crores has been approved in Budget 2017 to clear fertilizer subsidy dues. Cabinet Committee on Economic Affairs (CCEA) chaired by the Prime Minister Shri Narendra Modi, has accorded the ex-post facto approval for implementation of SBA.

DEPARTMENT OF PHARMACEUTICALS

1.) PRADHAN MANTRI BHARTIYA JANAUSHADHI PARIYOJANA (PMBJP)

- During the period from **1.1.17 to 18.12.2017**, **3019 PMBJP Kendras are functional**. The scheme's product basket has been expanded to **cover 652 medicines and 154 surgicals & consumables** covering all therapeutic categories such as Anti-infectives, Anti-diabetics, Cardiovasculars, Anti-cancers, Gastro-intestinal medicines, etc.
- Several **MoUs** have been signed with various State Government/Organisations/NGOs to promote opening of PMBJKs across the country. **As on 2nd November, 2017, 36,564 applications have been received from private individuals, out of which in-principle approval has been given in all the applications.**
- Department of Pharmaceuticals persuaded the Medical Council of India (MCI) to issue **guidelines to Health Secretaries of all the States/ UTs** and President of all the State Medical Councils to comply with the ethics regulation of para 1.5 Use of generic names of drugs under IMC Act.

2.) CAPPING OF CEILING PRICES OF STENTS AND KNEE IMPLANTS:

- The ceiling price of the **Coronary Stents**, was revised with effect from **1st April, 2017**. All types of cardiac stents are now available in the **price range of Rs. 7,400 to Rs.30, 180**.
- **Knee Implant** ceiling prices are fixed with effect from **16th August, 2017**. Various types of knee implants are now available in the **price range of Rs. 54,720 to 1,13,950**.
- **The Reduction in Prices** of coronary stents was up to 85% and that for knee implants was up to 69% of the prices before price cap.
- **Total estimated saving of Rs. 5,950 crores to general public:** The capping of prices of Coronary Stents resulted into estimated savings of Rs. 4450 crores and that of Knee Implants into estimated savings of Rs. 1500 crores.

3.) NPPA has fixed the ceiling prices of 255 formulations during January, 2017 to November, 2017, resulting in total formulations under price control to 849 under NLEM 2015. The fixation of ceiling price of scheduled formulations resulted in **saving of Rs. 2643.37 crore to consumers**.

During January, 2017 to November, 2017, an amount of **Rs. 179.45 crore was recovered** from pharmaceutical companies for overcharging and **226 demand notices** (including suo motu cases) were issued for overcharging amounting to **Rs. 728.99 crore** during the said period.

4.) Pharma Data Bank provides a platform to the Pharmaceutical Manufacturer/ Marketing/ Importer/ Distributor Companies to file mandatory returns prescribed in Form II, Form III and Form V of Drugs (Prices Control) Order, 2013 (DPCO, 2013) and applications for price approval of 'new drug' under DPCO, 2013 too online. **As on 11.12.2017, 862 companies are registered for 64804 products**. Out of 862 companies registered, Form V compliance status of 121 companies is 100% in respect of products registered by them.

5.) Mobile Apps/ other tools: NPPA has recently launched its mobile app on 29.08.2016 named as **Pharma SAHI DAAM** for the benefit of the common people of India through which anybody can easily search the brand name, composition, ceiling price and MRP of the formulation. This app can be downloaded from Google play store free of cost for Android based mobile phones and from Appstore for IOS based mobile Phone (iphone). Ceiling Price of scheduled formulations may also be obtained by using the tool '**Search Medicine Price**' available in the website of NPPA.

6.) Monitoring and Enforcement: Based on the analysis of data provided by **AIOCD PharmaTrac**, NPPA identified 336 formulations as without price approval cases.

7.) Department has prepared an Umbrella Scheme namely '**Scheme for Development of Pharma Industry**' comprising of

- a. Assistance to Bulk Drug Industry for Common Facilitation Centre.
- b. Assistance to Medical Device Industry for Common Facilitation Centre.
- c. Assistance to Pharmaceutical Industry

- d. Pharmaceutical Technology Upgradation Assistance Scheme
- e. Pharmaceutical Promotion and Development Scheme.

EFC Memo for the Umbrella Scheme has been circulated to the concerned Ministries/ departments for comments.

8.) PHARMACEUTICALS PROMOTION & DEVELOPMENT SCHEME (PPDS)

· Launched in 2008 (Since the formation of Department of Pharmaceutical), with the objective of promotion, development and export promotion in Pharmaceutical sector by extending financial support for conduct of seminars, conferences, exhibitions, mounting delegations to and from India for promotion of exports as well as investments, conducting studies/consultancies, for facilitating growth, exports as well as critical issues affecting Pharma sector.

· **Financial assistance given to total number of 17 Events/ Seminars till 2nd Nov., 2017**

· **2nd edition of India Pharma and India Medical Device** - International Exhibitions & Conferences on Pharmaceuticals and Medical Devices sectors - **organized at Bengaluru, Karnataka from 11-13th February, 2017. 275 exhibitors** from Pharma and Medical Device sectors and hosted **Buyers from 24 countries. International Drug Regulators from 8 countries, 29 officials from foreign Embassies/High Commissions in India apart from 10,000 Business Visitors** visited during the event.

9.) National Pharmaceutical policy is under consideration so as to cover the entire gambit of the pharma sector.

10.) After reviewing the implementation of Uniform Code for Pharmaceuticals Marketing Practices (UCPMP), the Department is in the process of consultation with the Ministry of Law and Justice for making a statutory order for controlling the unethical practices being adopted by some Pharmaceutical companies.

11.) The Department has constituted a **Committee of Joint Secretaries** having representatives from NPPA, Health, DIPP, DCGI to **review Drug Price Control Order(DPCO), 2013** for ensuring enhanced accessibility of drugs to the poor. The Committee has since submitted its recommendations. Amendments to the provisions of DPCO, 2013 are being considered on the basis of the recommendations and discussions with the stakeholders.

12.) National Institute of Pharmaceutical Education and Research (NIPER): Following the announcement of the Government for setting up of **NIPERs one each in Chhattisgarh, Maharashtra and Rajasthan**, State Governments of Rajasthan, Chhattisgarh and Maharashtra have agreed to provide land at Jhalawar, Raipur and Nagpur respectively for opening of NIPERs.

7 NIPERs have undertaken **Academia-Industry linkage** with 17 leading Pharma Industries through 24 MOUs. Institutional mechanism on NIPER-Industry partnership for campus placements and CEO talks has also been established. During the academic year 2017-18, 596 students are pursuing Master's degree courses and 72 students are pursuing PhD courses in various NIPERs.

13.) Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 1.11.2017 accorded 'in principle' approval for strategic disinvestment of Karnataka Antibiotics and Pharmaceuticals Ltd, a PSU under Department of Pharmaceuticals.

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

1.) Assam Gas Cracker Project (AGCP)

The Assam Gas Cracker Project (AGCP) initiated in pursuance of the Memorandum of Settlement signed between Central Government, All Assam Students Union (AASU) and All Assam Gana Sangram Parishad (AAGP) on 15th August 1985 has the objective of overall socio-economic development of the North East Region. The project was commissioned on 2nd January 2016 and dedicated to the nation by Hon'ble Prime Minister of India, Shri Narendra Modi on 5th February 2016 at BCPL Complex, Lepetkata, Dibrugarh. BCPL has a production capacity of tons per annum (TPA) of Polyethylene and 60,000 TPA of Polypropylene, along with other by-products. Natural Gas and Naphtha are the feed stocks. The project has **generated direct employment for around 700 persons in the Plant and indirect employment for around 1,500** inside the project complex. Downstream chemical and petrochemical industry in North Eastern Region will receive raw material from BCPL and **Employment generation for around one lakh persons is expected** through setting up of a number of downstream plastic processing industries & ancillaries in the North Eastern Region.

The Plant is under stabilization and against the production capacity of 2,20,000 tons per annum (TPA) of Polyethylene and 60,000 TPA of Polypropylene, along with other by-products, BCPL has produced about **1,00,000 tones Polymer during the year 2016-17.**

2.) HINDUSTAN ORGANIC CHEMICALS LIMITED (HOCL)

The **Government of India/CCEA on 17th May, 2017 has approved a restructuring plan for HOCL** which involves closing down the operations of all the non-viable plants at Rasayani unit of HOCL except Di-Nitrogen Tetroxide (N₂O₄) plant which is to be transferred to ISRO on 'as is where is' basis, with about 20 acres of land and employees associated with the plant. The N₂O₄ plant is of strategic importance as it is the only indigenous source of N₂O₄ which is used as liquid rocket propellant by ISRO in the space launch vehicles. While Kochi unit will continue its operations, 'in principle' approval has also been accorded for HOCL to be put up for strategic disinvestment through DIPAM after the process of disposing land and other unencumbered assets at Rasayani is complete. Financial implication of the restructuring plan is Rs.1008.67 crore (cash) which is to be met partly from sale of 442 acres HOCL land at Rasayani to Bharat Petroleum Corporation Ltd. (Rs.618.80 crore) and the balance (Rs.365.26 crore) through bridge loan from the Government. The funds will be used to liquidate the various liabilities of the company, including payment of outstanding salary and statutory dues of employees and repayment of Government guaranteed bonds of Rs.250 crores. The bridge loan amount, along with other Govt. liabilities of the company, is proposed to be repaid to the Govt. from the disposal of remaining unencumbered land and other assets of Rasayani unit.

Necessary action is being taken by the Department/ HOCL to implement the restructuring plan. **All the plants at Rasayani unit have been closed down except N₂O₄ plant which has been transferred to ISRO on 1st October, 2017** (with HOCL extending support for operating the plant for 6 months or until factory license is transferred to SRO). Bridge loan of Rs.360.26 crore has been released to HOCL which has been utilized by the company for settling the liability relating to Government guaranteed bonds of Rs.250 crores and for part payment of outstanding statutory dues (employees and others). For disposal of remaining unencumbered land, bids received are under process by NBCC (appointed as Land Management Agency). For sale of 442 acres of land to BPCL, BPCL requires NOC from State Government, which is vigorously followed up by the Department at various levels with the state Govt. A major portion of HOCL's liabilities, including salary & statutory dues of the employees, payment to suppliers/contractors, etc. and implementation of VRSNSS is to be met from the sale proceeds of Rs.618.80 crore to be received from BPCL.

3.) Petroleum. Chemical and Petrochemical Investment Region (PCPIR):

- Department of Chemicals and Petrochemicals has a Policy to promote Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) to promote the concept of cluster based development. So far, **four PCPIRs have been approved.**
- In order to have a better plan for the Petrochemical Sector, Department of Chemicals and Petrochemicals has initiated work on preparation of a **Perspective Plan for the petrochemical industry.** The Plan would highlight the likely demand- supply scenarios over next 10-15 years and would present options to meet the gap.
- Simultaneously, policy options are being explored to accelerate the implementation of PCPIR including recommendations regarding amendments to the existing PCPIR of the Government.
- On full realization, PCPIRs are expected **to attract investment of around Rs. 7.63 lakh crore** and are expected to generate **employment for around 34 lakh persons.**
- The **Anchor Unit project of Gujarat PCPIR** i.e. ONGC Petro additions Ltd. (OPaL), a cracker-cum-petrochemical complex for production of 1.1 million-ton Ethylene and 0.34 million-ton Propylene per annum with polymerization units of Polyethylene and Polypropylene, has been **dedicated to the nation by the Prime Minister on 7th March, 2017.**

4.) Central Institute of Plastics Engineering & Technology (CIPET):

- The Government has approved setting up of **16 new centres** of Central Institute of Plastics Engineering and Technology (CPET) taking the **total number from 23 to 39.**
- An **Advanced Polymer Design and Development Research Laboratory (APDDRL)** is being set up at Bengaluru for R&D in key areas of polymeric applications in defence materials, bio-polymers & bio-nano composites for packaging, bio-sensors for healthcare, natural fiber reinforced composites, polymer adhesives and coatings for marine applications, fuel solar cells for solar energy, e-waste recycling etc.
- CIPET has tied-up with various PSUs and industries for indigenization of plastics products, technology solutions, R&D with focus on **"MAKE IN INDIA"** such as Defence, marine & industrial applications.
- **During January - November, 2017, CIPET has provided skill training to approximately 60,000 persons.**

• **36 skill training courses of CIPET have been aligned with NSQF** based on National Policy on Skill Development and Entrepreneurship. This is will ensure uniform & standardized Skill Training Mechanism across the country.

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