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F.No. 25014/2/07-US (PSU)

Government of India

Ministry of Chemicals & Fertilizers

Department of Chemicals & Petrochemicals

Shastri Bhavan, New Delhi

Dated: January 5, 2007

To

The Managing Director,  
Bengal Chemicals & Pharmaceuticals Limited.,  
6, Ganesh Chunder Avenue,  
Kolkata-700014.

Subject: Revival Scheme of Bengal Chemicals & Pharmaceuticals Limited (BCPL) – Approval of Government regarding.

Sir,

I am directed to convey that Government of India has approved on 21.12.2006, the Modified Revival Scheme of BCPL. The Scheme *inter alia* consists of the following elements:-

(a)	Infusion of funds by the Government of India	Rs. 207.19 Crores
(b)	Waivers of loans and interest on past loans as on 31.3.2005	Rs. 233.41 Crores
(c)	Waivers of loan/interest by the Government of India not to be treated as income in terms of the Income Tax Act.	Not quantified
	Total	Rs. 440.60 Crores

2. A copy of the approved Rehabilitation Scheme is enclosed at Annexure-I for necessary action.

Yours faithfully,

K. MURALIDHARAN

Under Secretary

Ministry of Chemicals & Fertilizers

Government of India

(K. MURALIDHARAN)

UNDER SECRETARY TO THE GOVT. OF INDIA

Tel. No. 23382564

Encl.: As above.

Contd...2/-

**ANNEXURE-I**

**MODIFIED REVIVAL SCHEME OF BCPL APPROVED BY THE  
GOVERNMENT ON 21.12.2006**

**A COST OF SCHEME**

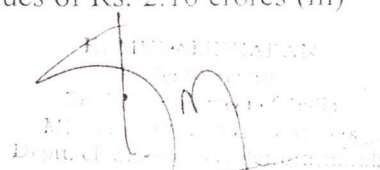
Particulars	Amount (Rs. in crores)
Capital expenditure (Rs. 55.00 crores Equity and Rs. 90.00 crores- Interest free loan over five years from 2007-08 to 2011-12)	145.00
W.B. Govt. Loan (as interest free loan)	1.23
Repayment of loan to IPCL (as interest free loan)	1.15
Repayment of loan to NFL (as interest free loan)	1.01
Statutory dues to Kolkata Municipal Corporation (as Grant)	14.10
VRS payment to employees (as Grant) (approved Scheme enclosed at Appendix-I)	20.00
Wage arrears (as Grant) (approved Scheme enclosed at Appendix-II)	24.70
Total	207.19

**B MEANS OF FINANCE**

Particular	Amount (Rs. in crores)
Equity support by Govt. of India*	55.00
Interest free loan from GOI**	107.49
Grant ***	44.70
Total	207.19

\* & \*\* Support for Capital expenditure with the approval of Planning Commission through normal process of Budget approval as applicable to other PSUs to the extent of Rs. 145.00 crores (Rs. 55.00 crores during the year 2006-07 as equity and Rs. 90.00 crores from 2007-08 to 2011-12 as interest free loan) for continuous upgradation of the plant and machinery and technology, Schedule M/WHO GMP compliance and Joint Venture projects & schemes. In addition, BCPL would generate Rs. 50.00 crores for capital expenditure from its own resources (of depreciation and retained profit) over a period of five years.

\*\* Interest free loan of Rs. 107.49 crores to meet (i) the settlement of Kolkata Municipal Corporation Property Tax dues of Rs. 14.10 crores. (ii) inter-corporate deposits of IPCL & NFL dues of Rs. 2.16 crores (iii)

  
DEPT. OF INDUSTRIES  
GOVT. OF WEST BENGAL

West Bengal sales tax dues of Rs. 1.23 crores and (iv) Rs.90.00 crores for capital expenditure from 2007-08 to 2011-12.

\*\*\* Additional support in the form of one time Grant (as was given to Hindustan Antibiotics Ltd, Pune in March 2006 in the revival package) for reduction of manpower by 212 employees by voluntary retirement scheme (VRS) at an estimated cost of Rs. 20.00 crores during 2006-07.

Additional support of Rs. 24.70 crores in the form of one time Grant for payment of Wage revision arrears w.e.f. 1.1.1999 to 31.3.2006.

**C WAIVER OF LOANS/INTERESTS (As on 31.3.2005)**

Plan Loan	34.04
Non-Plan Loan	37.66
Interest on Plan Loan	50.34
Interest on Non-Plan Loan	111.37
Total	233.41

GRAND TOTAL

Rs. 440.60 Crores

**D WAIVER OF LOAN/INTEREST BY THE GOVT OF INDIA NOT TO BE TREATED AS INCOME IN TERMS OF INCOME TAX ACT -**

Not Quantified.

K. MURALIDHARAN  
Under Secretary  
To the Secretary  
Ministry of Chemicals and Fertilizers  
Deptt. of Chemicals  
New Delhi

(K. MURALIDHARAN)  
UNDER SECRETARY TO THE GOVT. OF INDIA

( 172 )



## Appendix-I

Sub: Salient Features of Voluntary Retirement Scheme to be introduced in BCPL

BCPL have issued notification on 3.9.05 for introduction of Voluntary Retirement Scheme as per Modified Draft Rehabilitation Scheme (MDRS) sanctioned by BIFR on 14.1.2004. There was a budgetary provision of Rs. 10 crores sanctioned for the purpose, which was not released to BCPL.

In response to this, BCPL had received in September 2005, 74 applications for Voluntary Retirement Scheme from the existing employees. But in absence of formal approval of MDRS, and release of funds, BCPL could not implement the Voluntary Retirement scheme till date.

Subsequently, about 126 employees have also expressed their willingness to opt for voluntary retirement Scheme, but again due to non-availability of funds, and approval of MDRS, the same could not be effected.

In view of above, and also due to more employees willing to opt for Voluntary Retirement Scheme, an amount of Rs. 20.00 crores is required for granting Voluntary Retirement Scheme to 200 employees (74+126=200). The introduction of Voluntary Retirement Scheme shall enable BCPL for proper utilization of manpower resulting in increased productivity of BCPL and it will also improve the profitability of the Company.

On release of the 200 employees, BCPL shall ensure savings of wages and salaries of Rs. 26,13,513/- (Rupees: Twenty six lakhs thirteen thousand five hundred and thirteen only) per month and Rs. 3,13,62,162/- (Three crores thirteen lakhs sixty two thousand one hundred sixty two only) per annum.

(K. MURALIDHARAN)  
UNDER SECRETARY TO THE GOVT OF INDIA

( P.T. )

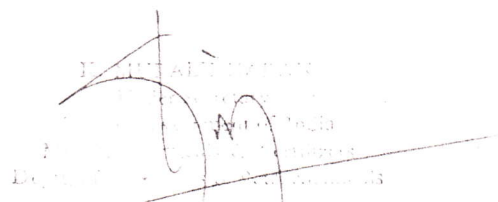
## Appendix-II

### PROPOSAL FOR RELEASE OF GRANT OF RS. 24.70 CRORES FOR PAYMENT OF SALARY ARREARS TO BCPL EMPLOYEES.

1. BIFR has approved a Modified Draft Revival Scheme (MDRS) of BCPL on 14<sup>th</sup> January, 2004 (after proper monitoring of various parameters of Wage Revision w.e.f. 01.01.1997) as detailed below:-
  - The employees shall accept the revised and modified work norms.
  - The employees shall enter into Charter of Demand ( COD ) with sacrifice from their side to accept the Wage Revision w.e.f. 01.01.1999 instead of 01.01.1997.
  - The employees have voluntarily accepted retirement at the age of 58 years as against the then existing retirement age of 60 years and the same has already been implemented w.e.f. 01.02.2001.
  - The employees shall receive the arrears after approval of the Government to the Modified Revival Package.
  - The employees shall agree for rationalization of the manpower by opting VRS.
2. In view of the above, it is mentioned that necessary agreement of the modified work norms, reduction of 1371 employees through VRS, acceptance of the revision of wages due from 01.01.1997 from 01.01.1999 (sacrifice of 2 years revised wages including their annual increments for 2 years, etc.) and the revised 1997 Scale of Pay have also been ensured as envisaged in the MDRS. Importantly, the retirement age of the employees have also been reduced from 60 to 58 years and thereby reducing the expenditure.

Copy of the correspondence submitted to BIFR is enclosed for ready reference.

3. It is mentioned that the employees as on date are drawing 1992 Scale of Pay; the Wage Revision was effected more than a decade and half back. The employees are drawing unsustainable salary of 1992 Scale of Pay and their morale is at a low ebb.
4. In order to ensure achieve targeted Production, Sales and earn Profit, it is absolutely essential that the employees are reasonably paid their wages (long pending since 1997 – more than a decade).

A handwritten signature in dark ink is written over a circular official stamp. The stamp contains some text, including what appears to be 'M. J. ...' and '...'. The signature is written in a cursive style.

5. In order to boost up the morale of the employees, it is being proposed that the Wage Revision is effected on approval of BRPSE Proposal by the Competent Authority. The detailed calculation of Wage Revision arrears for the period from 01.01.1999 to 31.03.2006 has been done and the same works out to Rs.24.70 Crores. The details are as given below:

**Details of Wage Revision Arrears of BCPL Employees:**

**Rupees in Lakhs**

Year	Existing Basic & DA	Revised Basic & DA	Difference Basic & DA	Existing HRA & CCA	Revised HRA & CCA	Difference of HRA & CCA
1998-1999 ( 3 months )	163.32	210.44	47.12	24.43	61.55	37.12
1999-2000	681.01	832.83	151.82	96.44	246.60	150.16
2000-2001	669.92	774.86	104.94	90.99	239.26	148.27
2001-2002	665.38	749.52	84.14	86.84	218.10	131.26
2002-2003	685.55	771.16	85.61	85.29	212.29	127.00
2003-2004	718.47	824.91	106.44	86.48	217.63	131.15
2004-2005	746.30	875.91	129.61	86.70	220.90	134.20
2005-2006	754.99	923.26	168.27	90.64	220.08	129.44
<b>Total</b>	<b>5084.94</b>	<b>5962.89</b>	<b>877.95</b>	<b>647.81</b>	<b>1636.41</b>	<b>988.60</b>

**DIFFERENCE :**

(Rupees in lakhs)

Basic & DA	877.95
HRA & CCA	988.60
PF Contribution	105.35
Leave	
Encashment	280.45
Gratuity	183.97
Medical	
Reimbursement	33.68
<b>Total</b>	<b>2470.00</b>

(K. MURALIDHARAN)  
UNDER SECRETARY TO THE GOVT OF INDIA

( PTC )



MD/25/2003-04/6

May 31, 2003

Shri D Bhattacharjee  
General Manager  
Industrial Investment Bank of India  
19 Netaji Subhash Road  
KOLKATA-700001

Dear Sir,

Sub: Case No.533/92:M/s. Bengal Chemicals & Pharmaceuticals  
Ltd. (BCPL)

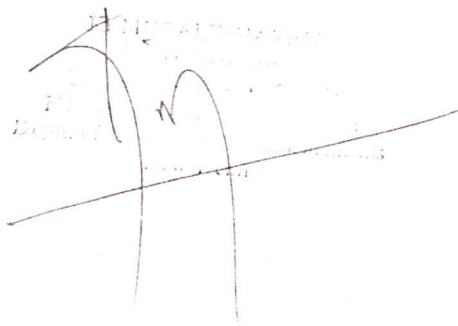
Kindly refer to the Minutes of the hearing of BIFR dated 30.4.2003.  
As directed by BIFR, herewith I am enclosing the Memorandum of  
Understanding (MOU) signed between Management, Union, Officers'  
Association and Government of India.

As regards IPCL, we had taken up the matter with our Ministry (copy  
enclosed). We are pleased to inform you that our Ministry has taken up the  
matter with IPCL and we understand that IPCL is considering the matter  
favourably and we expect to get a formal communication by 7<sup>th</sup> June, 2003.  
As all the matters as per direction of BIFR has been sorted out and consent has  
been received from all the agencies, we request you to kindly recommend to  
the Hon'ble Bench to treat this scheme as approved scheme instead of  
circulating the same.

Thanking you,

Encl: As stated.

Yours faithfully,  
Sd/-  
(PROBIR ROY)  
MANAGING DIRECTOR



( Pr )

MEMORANDUM OF UNDERSTANDING

In terms of the Minutes of the Meeting of BIFR held on 04.03.2003 circulated vide letter dated 30.04.2003 on Revised Revival Plan of the Company and as desired by the Hon'ble Bench we the undersigned agree to consider providing funds for VRS in terms of Government of India Policy part from maintaining better productivity and smoother industrial Relationships and keeping in view the changing scenario projected in the minutes of BIFR dated 04.03.2003.

Sd/-

BENGAL CHEMICAL MAZDOOR UNION

Sd/-

BENGAL CHEMICAL SRAMIK KARMACHARI UNION

Sd/-

BENGAL CHEMICAL KARMACHARI SAMITI

Sd/-

BENGAL CHEMICAL EMPLOYEES UNION

Sd/-

BENGAL CHEMICAL OFFICERS' ASSOCIATION

Sd/-

MANAGING DIRECTOR

BENGAL CHEMICALS & PHARMACEUTICALS LTD

Sd/-

DIRECTOR (FINANCE)

BENGAL CHEMICALS & PHARMACEUTICALS LTD.

Sd/-

(GOPAL KRISHAN)

DEPUTY SECRETARY

GOVERNMENT OF INDIA

DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

NEW DELHI.

