



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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News / Story reproduced with thanks:- **Pharmabiz**

DoP may roll back CLCSS scheme due to poor response from industry

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Direct link to the News/Story:-

<http://www.pharmabiz.com/article/detnews.asp?articleid=56224§ionid=>

The Department of Pharmaceuticals (DoP) is seriously contemplating to roll back its much publicised Credit Linked Capital Subsidy Scheme (CLCSS) due to the extremely poor response from the industry. Against the DoP's expectation of around 3000 SSI pharma units taking advantage of the scheme and avail upto Rs 400 crore of fund after the relaxation of norms, a meagre 34 units came up for the loan with a total sum of Rs 2.21 crore during the last eight months.

The DoP had introduced the tweaked CLCSS scheme in the country last year to financially assist the SSI units to upgrade their units as per GMP norms.

After tweaking the CLCSS scheme to make it industry-friendly as per the direction of the planning commission, the DoP was engaged in aggressive marketing of the scheme. The top officials of the DoP and the Ministry of Micro, Small & Medium Enterprises (MSME) have been touring different parts of the country to popularize the scheme. The DoP held several workshops in different parts of the country where there are concentration of pharma SSI units to popularize the scheme.

Despite all its efforts, the CLCSS scheme failed to make any inroad as there are still some hurdles in the scheme like the provision of submitting three years balance sheet showing profits.

In fact, the DoP in collaboration with the Development Commissioner, Ministry of Micro, Small & Medium Enterprises (MSME) had introduced the CLCSS scheme some years back for financial assistance to pharma SSI units for the upgradation and compliance of Schedule M standards as per the Drugs and Cosmetics Rules 1945 of the Drugs and Cosmetics Act 1940. Under this scheme, 15 per cent capital subsidy is provided up to a loan of Rs. 1.00 crore as per the guidelines of the scheme.

But, there were few takers for the CLCSS scheme due to several complicated procedures which the SSI units found it difficult to follow. Subsequently, the scheme was withdrawn by the planning commission citing the reason of poor response.

After the failure of the CLCSS scheme and in view of the outcry for financial assistance from the SSIs for upgrading their units, the DoP mooted another scheme called pharmaceutical technology upgradation fund (PTUF). But, the Rs 560 crore PTUF scheme met with a premature death as the planning commission turned down the scheme on the ground that since the government has already started a scheme called CLCSS for the purpose of technology upgradation of SSI units, there was no need to launch another scheme for the same purpose.

Instead of introducing the PTUF scheme, the planning commission asked the DoP to make CLCSS more industry-friendly. After several rounds of meeting with concerned ministries, the DoP finally came out with a tweaked CLCSS scheme last year.