

ELEVENTH REPORT

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

DEMANDS FOR GRANTS (2009-2010)

[Action Taken by the Government on the recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2009-10) on Demands for Grants (2009-10) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]

Presented to Lok Sabha on 12.08.2010

Laid in Rajya Sabha on 12.08.2010



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS
(2009-2010)

Shri Gopinath Munde⁵ — *Chairman*

MEMBERS

Lok Sabha

2. Smt. Sushmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Shri K.D. Deshmukh
5. Shri Ganeshrao Nagorao Dudhgaonkar
6. Shri Madhu Koda
7. Shri N. Peethambara Kurup
8. Shri Baidyanath Prasad Mahato
9. Shri Ponnamm Prabhakar
10. Shri Ashok Kumar Rawat
11. Shri Suresh Kumar Shetkar
12. Shri Ajit Singh
13. Shri N. Cheluvarya Swamy
14. Shri Narendra Singh Tomar
15. Shri T.K.S. Elangovan⁴
16. Shri Tapas Paul⁴
17. Shri Udayanraje Bhonsle^{**}
18. Shri Jagdambika Pal^{*5}
19. Vacant^{*}
20. Vacant
21. Vacant

*Consequent upon nomination to the Committee on Information Technology Shri Tufani Saroj, MP (LS) ceased to be Member of the Committee w.e.f. 13.10.2009.

³Nominated w.e.f. 07.05.2010.

⁴Nominated w.e.f. 11.01.2010

^{**}Nominated w.e.f. 26.02.2010.

^{*5}Nominated w.e.f. 04.08.2010.

Rajya Sabha

22. Shri Raghunandan Sharma
23. Dr. C.P. Thakur
24. Shri Brijlal Khabri
25. Shri A.A. Jinnah
26. Shri Biswajit Daimary
27. Prof. Anil Kumar Sahani**
28. Shrimati Naznin Faruque***
29. Vacant[†]
30. Vacant[‡]
31. Vacant[§]

SECRETARIAT

- | | | |
|---------------------|---|-----------------------------|
| 1. Shri N.K. Sapra | — | <i>Additional Secretary</i> |
| 2. Shri Ashok Sarin | — | <i>Joint Secretary</i> |
| 3. Shri C.S. Joon | — | <i>Director</i> |
| 4. Shri Anil Kumar | — | <i>Committee Officer</i> |

**Nominated *w.e.f.* 26.02.2010.

***Nominated *w.e.f.* 26.04.2010.

[†]Vacancy arisen due to demise of Shri Mahendra Sahni, MP (RS) *w.e.f.* 6 November, 2009.

[‡]Shri J.D. Seelam ceased to be Member of this Committee *w.e.f.* 21 June 2010 after his retirement from Rajya Sabha.

[§]Shri Raj Mohinder Singh Majitha ceased to be Member of this Committee *w.e.f.* 4 July 2010 after his retirement from Rajya Sabha.

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2009-10) having been authorised by the Committee to present the Report on their behalf present this Eleventh Report on Action Taken by the Government on recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2009-10) on 'Demands for Grants (2009-10)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Fourth Report of the Committee was presented to Lok Sabha on 15 December 2009. The replies of Government to all the recommendations contained in the Fourth Report were received on 11 March 2010. The Standing Committee on Chemicals and Fertilizers (2009-10) considered the Action Taken Replies received from the Government and adopted the Draft Action Taken Report thereon at their sitting held on 5 August 2010.

3. An analysis of the Action Taken by the Government on the recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Committee is given in Appendix-II.

4. For facility of reference and convenience, the Comments of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
5 August, 2010

14 Shravana, 1932 (Saka)

GOPINATH MUNDE,
Chairman,
Standing Committee on
Chemicals and Fertilizers.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2009-10) on 'Demands for Grants (2009-10)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 15 December, 2009. The Report contained 14 Observations/Recommendations.

2. The Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/Recommendations contained in the Fourth Report within three months from the date of presentation of the Report, *i.e.*, by 14 March, 2010. The Action Taken Replies of the Government in respect of all the 14 Observations/Recommendations contained in the Report were received on 11 March, 2010. These have been categorized as follows:—

- (i) Observations/Recommendations that have been accepted by the Government :—

Sl.Nos. 2, 3, 4, 5, 7, 8, 9, 10, 11 and 12 (Total = 10)

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:—

Sl.No. 14 (Total = 1)

- (iii) Observations/Recommendations in respect of which reply of the Government has not been accepted by the Committee:—

Sl.No. 6 (Total = 1)

- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:—

Sl.Nos. 1 and 13 (Total = 2)

3. The Committee desire that the Action Taken Notes on the Observations/Recommendations contained in Chapter-I of this Report and the final replies in respect of the Observations/Recommendations for which only interim replies have been furnished by the Ministry should be furnished expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their Observations/Recommendations that require reiteration or merit comments.

A. Monitoring of Plan Schemes

Recommendation (Sl. No. 3, Para No. 25)

5. The Committee in aforesaid paragraph of the original Report had recommended as under:—

“The Committee note that a total outlay of Rs. 563.83 crore has been approved for the Department of Chemicals and Petrochemicals for the 11th Five Year Plan. Out of this, Rs. 200 crore is towards Assam Gas Cracker Project, Rs. 139.83 crore for project based support to Public Sector Undertakings, Rs. 120 crore for new schemes and Rs. 92 crore for autonomous institutions. The Committee, however, note that the actual allocation made during the year 2009-10 for the major project of the Department, *viz.* the Assam Gas Cracker Project has been much less than what has been projected and demanded. Considering the fact that the capital subsidy of Rs. 2,138 crore for the project is to be made by the Government of India, the Committee recommend that additional funds should be made available at RE stage, depending on the stage of development of the project. The Committee also recommend that the Department should effectively monitor and ensure that the allocation made during the financial year for the plan schemes are optimally utilized.”

6. In their Action Taken Reply, the Ministry have stated as under:—

“A Monitoring Committee under the Chairmanship of Secretary (C&PC) reviews the progress of implementation of Assam Gas

Cracker Project at regular intervals and all efforts are being made to ensure that the project is commissioned in scheduled time. The Committee is also monitoring the financial progress of the company and keeping a watch on the optimum utilization of funds by the company. The Prime Minister's Office is also monitoring the project under the flagship programmes/initiatives/iconic project."

Comments of the Committee

7. The Committee in the original Report on Demands for Grants of the Department of Chemicals and Petrochemicals had desired the Department to effectively monitor and ensure optimal utilization of allocation made during the financial year for various plan schemes. The Department in their reply have covered only the monitoring aspect of Assam Gas Cracker Project and remained silent about the efforts being made by them for proper utilization of allocated funds in respect of other plan schemes. The Committee are constrained to point out that the Department have not intimated the progress/monitoring aspects of other schemes. The fact that the Department have not responded properly to the specific recommendation of the Committee is regrettable. The Committee hope that in future their recommendations are taken in all its seriousness and proper replies furnished. The Committee expect the Department to apprise them the progress in respect of all the projects.

B. Performance of Plastic Waste Management Centre, Guwahati

Recommendation (Sl. No. 6, Para No. 52)

8. The Committee in para No. 52 of their original Report had recommended as under:—

"The Committee are happy to note that the Plastic Waste Management Centre (PWMC) established at Guwahati by CIPET at a total cost of Rs. 7.90 crore has now started functioning. They would like the Government to make every effort to ensure that such centres are set up in various parts of the country. The Committee

would also like to be apprised of the progress made by the PWMC, Guwahati within a month since it became functional in terms of the quantum of plastic recycled and the benefits accrued in halting environmental degradation.”

9. The Ministry in their Action Taken Reply have stated as under:—

“In order to provide employment opportunities to the local youths of the North Eastern Region, PWMC has already started conducting 6 months certificate course on Machine Operator in Plastics Processing and Recycling Technology (MOPPRT) from August, 2009 for 10th pass/fail standard candidates. 36 students from North Eastern Region are currently undergoing the training programme.

Further, PWMC, Guwahati has planned to conduct two more courses on Plastics Recycling and Waste Management from February/March, 2010 and around 120 participants will be benefited through these programmes. CIPET, Guwahati will also conduct awareness programmes on plastics and its usefulness to the society and educate the general public about the handling of plastic waste and the technology of converting waste to wealth.

PWMC, Guwahati is involved in converting all kinds of plastic wastes into value added finished products. The PWMC Centre has a plant capacity of around 1.5 tons per month. The local NGOs are helping PWMC in collecting the plastics wastes. PWMC, Guwahati is in touch with NGOs, Municipal Corporation for more effective collection of plastics wastes and marketing of recycled plastic granules.”

Comments of the Committee

10. The Committee had recommended the Department to make efforts to ensure setting up of Plastic Waste Management Centres (PWMC) in various parts of the country. The Committee had also desired to be apprised of the progress made by the PWMC,

Guwahati in terms of the quantum of plastic recycled and consequently the benefits accrued in halting environmental degradation. The Committee are constrained to point out that the reply of the Department is silent on the specific points raised by them. They have merely mentioned that PWMC, Guwahati is involved in converting all kinds of plastic wastes into value added finished products and CIPET, Guwahati will conduct awareness programmes on plastics and its usefulness to the society and educate the general public about the handling of plastic waste and the technology of converting waste to wealth. They have not indicated whether any efforts are being made to set up PWMC in various parts of the country. While expressing their displeasure over such casual response of the Department, the Committee desire that the factual position, as was asked for in the original Report, should be furnished to them at the earliest.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2, Para No. 17)

The Committee observe that the growth rate of production of selected major Chemicals had been constantly decreasing since 2002-03. From a growth rate of 6.85% in 2003-04, the rate had come down gradually to -1.85 in 2006-07 and further to -0.67 in 2008-09. Similarly, the growth rate of major petrochemicals is showing almost a decreasing trend in the annual growth rate since 2003-04 except 2006-07. In the year 2005-06 it was as low as 1.59 and further came down to 1.28% in 2008-09. The production of intermediates also showed a similar declining growth rate. All these clearly show that the growth of chemicals and petrochemicals sector has been hampered. The Department of Chemicals and Petrochemicals have attributed the fall in growth rate to external factors, absence of grassroots investment, structural constraints, demand shrinkages, changes in consumer behavioural pattern, etc. The Department have, however, expressed the hope that with the stimulus packages announced in December, 2008 and January, 2009, the declining trend in growth rate would get checked and the domestic industry will be stabilised. The Committee recommend that Department of Chemicals and Petrochemicals should play its designated role of the facilitator for the development of the sector in a proactive manner and ensure proper implementation of the stimulus packages so as to stabilize the petrochemical industry. The Committee would like to be apprised of the results achieved thereby.

Reply of the Government

The stimulus package announced by the Government in December, 2008 and January, 2009 which includes reduction in excise duty to 8% from the level of 14% and continuation of various export incentive

schemes like Duty Entitlement Pass Book etc., has helped the domestic petrochemical industry and decline in growth rate has been checked. The production level of petrochemicals was not only maintained but, there was growth of 0.76% in April-December, 2009 over the corresponding period of April-December, 2008. The domestic plastic processing industry also took advantage of low price imported polymers for domestic consumption which resulted into the increased level of growth.

Recommendation (Sl. No. 3, Para No. 25)

The Committee note that a total outlay of Rs. 563.83 crore has been approved for the Department of Chemicals and Petrochemicals for the 11th Five Year Plan. Out of this, Rs. 200 crore is towards Assam Gas Cracker Project, Rs. 139.83 crore for project based support to Public Sector Undertakings, Rs. 120 crore for new schemes and Rs. 92 crore for autonomous institutions. The Committee, however, note that the actual allocation made during the year 2009-10 for the major project of the Department, *viz.* the Assam Gas Cracker Project has been much less than what has been projected and demanded. Considering the fact that the capital subsidy of Rs. 2,138 crore for the project is to be made by the Government of India, the Committee recommend that additional funds should be made available at RE stage, depending on the stage of development of the project. The Committee also recommend that the Department should effectively monitor and ensure that the allocation made during the financial year for the plan schemes are optimally utilized.

Reply of the Government

A Monitoring Committee under the Chairmanship of Secretary (C&PC) reviews the progress of implementation of Assam Gas Cracker Project at regular intervals and all efforts are being made to ensure that the project is commissioned in scheduled time. The Committee is also monitoring the financial progress of the company and keeping a watch on the optimum utilization of funds by the company. The Prime Minister's Office is also monitoring the project under the flagship programmes/initiatives/iconic project.

Comments of the Committee

(Please see Para No. 7 of Chapter-I of the Report)

Recommendation (Sl. No. 4, Para No. 37)

The Committee note that Parliament has since voted an amount of Rs. 265.15 crore (net) to defray the expenditure for the Department of Chemicals and Petrochemicals for the year 2009-10. Out of this, Rs. 239.75 crore is towards the Plan and Rs. 25.40 crore for non-Plan expenditure. During the preceding financial year, i.e. 2008-09, a provision of Rs. 250 crore for Plan and Rs. 59 crore for non-Plan at RE stage was made. Though the overall provisions have decreased under the Capital head, the Plan expenditure has increased from Rs. 33.50 crore at BE stage (2008-09) to Rs. 54.13 crore at RE stage during the year 2009-10. The Department of Chemicals and Petrochemicals have maintained that the allocation in the current year would be about Rs. 43.85 crore less than the previous year due to the segregation of the non-Plan budget of the new Department of Pharmaceuticals which was earlier a part of the Department of Chemicals and Petrochemicals. Further, the reasons for the increased Plan Capital outlay in BE 2009-10 as compared to RE 2008-09 have been cited on account of provision of loans for Rs. 25 crore and Rs. 15.13 crore made for the Hindustan Insecticides Limited (HIL) and the Hindustan Organics Chemicals Limited (HOCL). The Committee desire that the Department of Chemicals and Petrochemicals should ensure that the loans are utilized fully and judiciously by both the PSUs in the current year to complete their ongoing schemes. Apart from this, the Department should also keep a strict watch and control over the factors impacting budgetary allocations and the expenditure thereon.

Reply of the Government

The Plan loans will be utilized fully and judiciously by both the PSUs in the current year to complete their ongoing schemes. The Department will also keep a strict watch and control over the factors impacting budgetary allocations and the expenditure thereon through Quarterly Review Meetings.

Recommendation (Sl. No. 5, Para No. 51)

The Committee note that CIPET is an autonomous institute under the Department of Chemicals & Petrochemicals, Government of India with the objective to develop trained human resources for the plastics industry. The Committee note that a total amount of Rs. 42.13 crore comprising Rs. 25.13 crore under Plan expenditure, Rs. 3 crore under non-Plan and Rs. 14 crore as loan has been provided to CIPET in BE 2009-10. The schemes for which funds have been granted include, creation of civil and technical infrastructure, new schemes, technology upgradation, enhancement of training capabilities etc. The number of persons trained during last three years under this programme may be intimated to the Committee. The Committee desire that the funds should be optimally utilized for developing trained human resources with the requisite expertise for the plastics industry. CIPET should continue to lay emphasis in key areas including plastics waste management and strive to further enhance the academic and professional superiority of the organization.

Reply of the Government

The year 2008-09 has witnessed an exponential growth for CIPET in Academic, Technology Support and Research & Development services to the plastics and allied industries. The institute recorded an annual growth of 56% with the following physical achievements:

(a) Academic activities:

The number of students / candidates trained during the last three years through various schemes *viz.* Creation of civil infrastructure, technology upgradation, enhancing the training capabilities etc. are given below:

(No. of students/ participants)

Sl. No.	Program Title	Year		
		2006-07	2007-08	2008-09
1.	Long term Courses	3698	4524	5926
2.	Short term Courses	7065	9422	13194

Committed Target for the year 2009-10

Long Term Course – No. of students	— 7458 (ongoing)
Short Term Courses – No. of participants	— 15000

(b) Technology activities:

Sl. No.	Technical Support Services	(Physical Quantities)		
		Year		
		2006-07	2007-08	2008-09
1.	Design & Tool Room Services	1348	1824	2092
2.	Plastics Processing Assignments	1088	1285	1474
3.	Testing Services	11040	13917	16007
4.	Consultancy, Application Development and Advisory Services	83	91	101

(c) Research activities:

Sl. No.	Technical Support Services	(Physical Quantities)		
		Year		
		2006-07	2007-08	2008-09
1.	No. of Research Projects undertaken	04	09	09
2.	No. of Research Papers published in International journals	11	20	30
3.	No. of Papers presented in National & International Conferences	05	24	16
4.	No. of Patents Registered/ Filed	-	04	05

In line with the progress mentioned above, CIPET is marching towards achieving excellence in all spheres of activities by generating the required trained manpower and rendering Technology Support Services for the plastic industries during 2009-10 and coming years as well, with the financial support of Government of India.

Further, CIPET is collaborating with leading Educational/Academic Institutions and has signed Memorandum of Understanding (MoU) with Six Foreign Universities in Canada, USA and Australia to strengthen / enhance the academic excellence and professional competence of the Organization through Faculty Exchange Programs. During the year 2009-10, 51 employees were deputed for equipment/machinery training abroad to enhance their capacity / capability in their relevant areas viz. Plastic mould technology, Plastic Processing, CAD/CAM/CAE and Plastic Testing and Quality Control.

CIPET will continue to lay emphasis in the key areas including Plastics Waste Management and strive further to enhance the academic and professional superiority of the organization, in the entire gamut of services offered to Plastic Industries in the Country.

Recommendation (Sl. No. 7, Para No. 53)

The Committee note that a Plastic Waste Management Centre is scheduled to be established in New Delhi also on the pattern of PWMC, Guwahati by CIPET in collaboration with Government of NCT Delhi, civic bodies, industry and NGOs in Public Private Partnership model (PPP) model. The Committee feel that such a centre would be of immense use in addressing the problem of disposal of plastic waste in Delhi. The Committee hope that the centre prove a stepping stone in reducing the environmental degradation in Delhi to a great extent. While welcoming such a move by CIPET, the Committee recommend that further necessary action should be taken expeditiously in this regard in a time bound manner. They would like to be apprised of the progress made thereon within three months.

Reply of the Government

Appropriate actions are being taken to facilitate setting up of a Plastics Waste Management Centre (PWMC) at Delhi. Central Institute of Plastics Engineering and Technology (CIPET) has been entrusted with the responsibility for setting up such centre. Consultations are underway with other concerned stakeholder including Ministry of Environment and Forest (MOEF), Central Pollution Control Board (CPCB), Municipal Corporation of Delhi (MCD), Delhi Development Authority (DDA), ICPE, Central Institute of Plastics Engineering and Technology (CIPET), Infrastructure Leasing and Financial Services (Waste Management & Urban Services Ltd.) (IL&FS), etc. A series of four (4) such meetings have been held. A request was made by CIPET to Vice Chairman, Delhi Development Authority, New Delhi to allot about 2.5 hectares of land for setting up of PWMC at New Delhi. The matter is being followed up by this Department.

Recommendation (Sl. No. 8, Para No. 61)

The Committee note that Assam Gas Cracker Project was approved by the Government on 18 April 2006 and the project is scheduled to be commissioned in April 2012. A joint venture company, viz. Brahmaputra Cracker and Polymer Limited (BCPL) has been incorporated for implementation of the project. The Committee observe that a monitoring Committee under the Chairmanship of Secretary (C&PC) is reviewing the progress of implementation of the project at regular intervals whereas the Prime Minister's Office also monitors the project under the flagship programmes/ initiatives/ iconic projects. The Committee recommend that all out efforts should be made to ensure that the project is complete and functional by the scheduled target date so as to make the expected benefits from the project available to the country at the earliest.

Reply of the Government

All out efforts are being made to ensure that the project is completed and made functional by the scheduled target time and to achieve expected benefits to the North-Eastern Region and the country.

Recommendation (Sl. No. 9, Para No. 74)

The Committee note that the Institute of Pesticides Formulation Technology (IPFT) is engaged in the development and production of state-of-the-art user and environment friendly pesticide formulation technology. It also promotes efficient application technologies which suit the existing requirements of the newer formulations. The Committee were informed that the beneficiaries of these programmes were the chemical industries, Indian farmers, agriculture chemists, agriculture extension workers and students in addition to the technical personnel from developing nations. The Committee observe that as against the corresponding allocation of Rs. 5 crore in RE 2008-09, an amount of Rs. 7 crore has been allocated for IPFT under BE (plan) for 2009-10 for various schemes, *viz.* undertaking requisite research in Neem Project Plan-II, Household Formulation Project, Infrastructure Development for IPFT, Capital support, development of modern library, etc. The Committee hope that enhanced allocation would be productively utilized for the underlying objectives for which the organization has been established and extend the benefits to the intended target groups.

Reply of the Government

The main objective of the Institute is development and production of the state-of-the art user and environment friendly pesticide formulation technology and promotion of efficient application technologies suiting the existing requirement of the newer formulations. IPFT has established a healthy rapport with the pesticide industries and has been able to successfully transfer technology for safer, efficient and environment friendly formulations.

In addition to above other objectives of this institute are:

- Information dissemination of safe manufacturing practices, quality assurances, raw material specification and sources.
- Providing analytical and consultancy services.
- Fostering improvement in the quality and usefulness of pesticides scientists working in the agrochemical area.
- Continuing education through specialized training for pesticide personnel.

The Institute is taking all efforts/steps to serve its mandate. This institute is organizing various specialized training programmes for the pesticide industry personnel and also serving the pesticide & chemical industry by way of providing analytical services, dissemination of safe manufacturing practices, fostering improvement in the quality & usefulness of agricultural Scientist as well as the farming community of India through specialized training programmes.

Recommendation (Sl. No. 10, Para No. 75)

The Committee have been informed that the major difficulty being faced by IPFT is non-availability of electrical power supply from the Haryana Electricity Board for more than eight hours a day regularly. They, therefore, recommend that the Department of Chemicals and Petrochemicals should give utmost priority to this and take up the matter at the highest level with the Government of Haryana so that uninterrupted power supply is received by this Institute of great importance. The Committee wish to be apprised of the progress made in this regard within fifteen days.

Reply of the Government

Department of Chemicals & Petrochemicals has taken necessary steps in this regard and is in regular touch with the concerned authority of Govt. of Haryana for un-interrupted power supply to IPFT through separate feeder line.

Recommendation (Sl. No. 11, Para No. 81)

India is one of the signatories to the Chemicals Weapons Convention (CWC). The Department of Chemicals and Petrochemicals are responsible for submission of industry declarations, facilitation of inspections by the Organization for Prohibition of Chemical Weapons (OPCW) teams as also creating awareness in the industry about its obligations under CWC. The Committee note that the number of declarable chemical units has increased from 160 in 2003 to 589 in 2009.

According to the Department of Chemicals and Petrochemicals all the 72 inspections including 12 in 2009, carried out by OPCW, no negative comments had been received. A brief note on the inspections conducted may be submitted to the Committee. The Committee desire that the funds of rupees one crore sanctioned to the Department for the purpose in BE 2009-10 under the relevant head should be efficiently used to continue not only in guiding the industry to make them aware of their obligations under CWC, but also in filing the requisite declarations in order that India's prestige as a responsible nation is boosted further.

Reply of the Government

The recommendation of the Committee has been noted. The funds as allocated would be efficiently used in guiding the industry to make them aware of their obligations under CWC and also in filing the requisite declarations. A brief note on the inspections conducted by OPCW is as under:—

Brief Note on inspections conducted by OPCW

Chemical Weapons Convention is a universal non-discriminatory, multilateral, Disarmament Treaty, which bans the development, production, acquisition, transfer, use and stockpile of all chemical weapons. India is a signatory to this Convention as also an important Member State with a fairly well developed chemical industry. It has 188 nation states as its members as on 15.01.2010. The Convention is being implemented by the Organization for the Prohibition of Chemical Weapons (OPCW) established in the Hague, the Netherlands.

2. Declarations and verification are the two important aspects for implementation of the Convention. Each State Party is required to submit annual declarations of the production, import and export of scheduled chemicals and their production facilities. Also Declarations in respect of a relatively large number of plant sites of Other Chemical Production Facilities (also called OCPF) are required to be made. India has been submitting declarations to OPCW within the prescribed time frame. In the last annual

declaration submitted in March 2009, 589 chemical industry plant sites were so declared.

3. Inspections are routinely conducted by the OPCW to ensure that activities are in accordance with obligations under the Convention and are consistent with the information provided by the inspected State Party in its declarations. India has so far received seventy six such inspections. The same includes 15 during 2009. A tabular statement of such inspections undertaken by OPCW in India is at **Annexure I**.

4. It may be noted that as per the allocation of work orders issued by the Cabinet Secretariat, the OPCW inspection task (in relation to chemical industry) has been allocated to the Department of C&PC. (**Annexure II**). The same includes chemical industry plant sites relative to chemicals listed in schedule 2, 3 and Other Chemical Production Facilities (also called OCPF).

5. Inspection of Schedule 2 facilities is quite exhaustive. For schedule 2 chemicals, their production, processing, consumption, import and export are verified for the past three years as also for the current year till date of inspection. For schedule 3 facilities, production, export and import data is verified. For OCPF only production data is verified. The inspection time for Schedule 2 plant sites is 96 hours and 24 hours for schedule 3 and OCPF. There is also pre-inspection and post inspection activities. Pre-inspection briefing is prepared prior to commencement of inspection. The department deputes Escort Officers for preparing the facility being inspected and facilitating the inspection. In some cases, onsite sampling and analysis is also undertaken by OPCW inspection teams. For this purpose they bring their own equipments which include Gas Chromatograph Mass Spectrometer (GCMS) and sample collection and preparation kit etc. In such cases, technical persons with expertise in such instrumentation have also to be deputed.

6. After the completion of the inspection, the Final Inspection Reports are received from the Technical Secretariat of OPCW. The same are examined in the Department and recommendations are forwarded through National Authority for acceptance.

7. It may be stated here that all the 76 inspections by OPCW have been successfully undertaken. All the Final Inspection Reports as received from OPCW are without any uncertainties and there are no pending issues.

Recommendation (Sl. No. 12, Para No. 96)

The Committee note that the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) policy is a window to ensure the adoption of holistic approach to promote the petroleum, chemicals and petrochemicals sectors in an integrated environment friendly manner on a large scale. According to the Department of Chemicals and Petrochemicals the PCPIRs are expected to create an infrastructure worth Rs. 39,744 crore covering roads, rail, air links, ports, telecom, power, water treatment, sewerage, effluent treatment and green buffers, etc., besides industrial development in these regions to the tune of approximate Rs. 4,86,180 crore and employment generation of about 30 lakh persons. The Committee have been informed that the Cabinet has, in February 2009, approved proposals for setting up PCPIRs in the States of Andhra Pradesh, West Bengal and Gujarat. Besides this, the States of Karnataka, Orissa and Tamil Nadu are also stated to have furnished their proposals which are under the scrutiny of Department of Chemicals and Petrochemicals in consultation with the State Governments. The State Governments of Andhra Pradesh and West Bengal have signed the agreements in October 2009. The Committee welcome the laudable and ambitious objectives of the PCPIR policy and hope that the scheme will take off well with the active involvement of the States in achieving the expected results. They would like to be kept apprised of the progress made in the implementation of the policy in various States.

Reply of the Government

GUJARAT— A memorandum of Agreement (MoA) for setting up a Petroleum, Chemical and Petrochemical Investment Region at Dahej in Bharuch District was signed with the Government of Gujarat on 7th January, 2010.

ORISSA— An inter Ministerial meeting under the Chairmanship of Secretary (C&PC) was held on 22.01.2010 to discuss outstanding issues in respect of Government of Orissa's proposal to setup a Petroleum, Chemical and Petrochemical Investment Region at Paradeep. Based on the discussions, Govt. of Orissa has been advised to submit its final proposal by 20th February 2010. The proposal will be considered by the High Powered Committee chaired by Cabinet Secretary thereafter.

TAMIL NADU— Govt. of Tamil Nadu has submitted a duly revised Petroleum, Chemical and Petrochemical Investment Region proposal. This is being considered in terms of Petroleum, Chemical and Petrochemical Investment Region policy.

A Committee headed by Secretary (C&PC) and consisting of representatives of State Governments where PCPIRs have been approved as also representatives of key Ministries of Govt. of India has been constituted to monitor the PCPIRs. This will facilitate smoother implementation.

CHAPTER III

OBSERVATIONS/ RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 14, Paras No. 125, 126 and 127)

(i) The Committee note that the Department of Chemicals and Petrochemicals have two Public Sector Undertakings under its administrative control, *viz.* Hindustan Organic Chemicals Limited (HOCL) and Hindustan Insecticides Limited (HIL), both of which were loss making. The Committee note that after its revival package in March 2006, HOCL has earned profits amounting to Rs. 17.04 crore and Rs. 13.61 crore during the years 2006-07 and 2007-08 respectively. The Committee, however, note with concern that during the 2008-09 the company again incurred losses. According to the Department of Chemicals and Petrochemicals, HOCL has incurred a loss of Rs. 40 crore against a projected profit of Rs. 8.65 crore till August 2009. The Department have attributed the poor performance to large scale dumping of phenol, acetone and aniline which are the main products of the company. The Committee strongly recommend that all necessary steps should be taken to bring HOCL back to the track expeditiously. The Committee also hope that with the budgetary support of Rs. 15.13 crore in the BE 2009-10 as plan loan, HOCL would be able to fine tune its operations so as to make it more efficient and economically viable.

(ii) The Committee observe that Hindustan Fluorocarbon Limited (HFL), a subsidiary company of HOCL which is engaged in the manufacture of polytetra fluoro-ethylene, has also gone red. A rehabilitation package for HFL was approved by BIFR in December, 2007. The Committee have been informed that HOCL management has taken up the implementation of the same. The Committee would like to be informed of the status of implementation of the package and its effect.

(iii) The Committee further note that after implementation of the revival package approved in 2006, the Hindustan Insecticides Limited (HIL) has earned net profits amounting to Rs. 5.66 crore, Rs. 6.52 crore and Rs. 2.71 crore respectively in the last three years. The Committee have been informed that HIL has come out of BIFR in September 2007. The Committee hope that with the budgetary support of Rs. 25 crore in BE 2009-10 for product diversification, HIL will be able to enhance its performance level and achieve better results.

Reply of the Government

(i) The Department took up the matter with Department of Commerce for imposition of anti dumping duty on import of phenol and acetone from Thailand and Japan. Director General of Anti-dumping and Allied Duties, after carrying out the investigations, has now recommended imposition of Anti-dumping Duties on imports of Phenol originating in or exported from these countries, for which necessary notification from Ministry of Finance is awaited. This will help in improving the financial health of the company. In 2009-10, the Company was also provided a budgetary support of Rs. 15.03 crore as plan loan for following schemes/projects:

- (i) Hydrogen plant up-gradation for change of fee stock;
- (ii) Up gradation of Distributed Control System (DCS) for Concentrated nitric acid, Di nitrogen tetra oxide (N_2O_4), Aniline plants;
- (iii) De-bottle necking of hydrogen peroxide (H_2O_2) plant capacity; and
- (iv) Implementation of Enterprise Resource Planning (ERP) scheme.

Implementation of above schemes/ projects will bring HOCL back on track and improve productivity through fine tuning of process parameters.

(ii) The Board discussed the revival proposal of HFL and after detailed deliberations recommended that the fresh funds required for

revival of the company may be arranged by HOCL from own resources/ or through banks/financial institutions.

A rehabilitation package approved by BIFR in December, 2007 is under implementation. All dues of Financial Institutions have been settled under One Time Settlement (OTS) and the interest thereof has been waived by all the Financial Institutions. The charge on assets of HFL has been released by the Financial Institutions.

The CDM Project implementation is under progress as per schedule and with the commissioning of CDM project, HFL is expected to earn a net profit of Rs. 16-20 crore per year through sale of carbon credits. Besides this, in order to maintain sustainability in profitability, a massive diversification plan for production of value added chemicals from its intermediate product Tetra Fluoro Ethylene (TFE). HFL is expected to turn around and wipe out the accumulated losses by 2012-13.

(iii) With the budgetary support of Rs. 25 crore in BE 2009-10, Company will diversify into newer areas so as to improve performance level and achieve better results. For the purpose of diversifying its product portfolio company is taking up the following projects:—

- Retrofitting of existing Malathion Plant
- Setting up of multi-product manufacturing facility
- Setting up of a manufacturing facility of Buprofezin at Rasayani
- Setting up of Carbon Disulphide plant.

CHAPTER IV

OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 6, Para No. 52)

The Committee are happy to note that the Plastic Waste Management Centre (PWMC) established at Guwahati by CIPET at a total cost of Rs. 7.90 crore has now started functioning. They would like the Government to make every effort to ensure that such centres are set up in various parts of the country. The Committee would also like to be apprised of the progress made by the PWMC, Guwahati within a month since it became functional in terms of the quantum of plastic recycled and the benefits accrued in halting environmental degradation.

Reply of the Government

In order to provide employment opportunities to the local youths of the North Eastern Region, PWMC has already started conducting 6 months certificate course on Machine Operator in Plastics Processing and Recycling Technology (MOPPRT) from August, 2009 for 10th pass/fail standard candidates. 36 students from North Eastern Region are currently undergoing the training programme.

Further, PWMC, Guwahati has planned to conduct two more courses on Plastics Recycling and Waste Management from February/ March, 2010 and around 120 participants will be benefited through these programmes. CIPET Guwahati will also conduct awareness programmes on plastics and its usefulness to the society and educate the general public about the handling of plastic waste and the technology of converting waste to wealth.

PWMC, Guwahati is involved in converting all kinds of plastic wastes into value added finished products. The PWMC Centre has a plant capacity of around 1.5 tons per month. The local NGOs are helping PWMC in collecting the plastics wastes. PWMC, Guwahati is in touch with NGOs, Municipal Corporation for more effective collection of plastics wastes and marketing of recycled plastic granules.

Comments of the Committee

(Please see Para No. 10 of Chapter-I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 1, Para No. 5)

The Committee have analyzed the implementation of the Observations/ Recommendations contained in their Twenty-fifth Report on Demands for Grants for the year 2008-09 of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals). The analysis of the Committee shows that out of the 11 recommendations pertaining to the Department of Chemicals and Petrochemicals contained in their Report, nine recommendations (Sl. Nos. 1, 2, 3, 6, 7, 9, 12, 13 and 14) have been implemented by the Government. The reply of the Government in respect of recommendation at Sl. No. 5 was not accepted by the Committee. The Committee, therefore, reiterated this recommendation in their Twenty-eighth Report. The reply of Department of Chemicals and Petrochemicals was of interim nature in respect of recommendation at Sl. No. 4. The Committee, therefore, desire that the Government should implement the recommendations contained at Sl. Nos. 4 and 5 expeditiously. They would also like to be apprised of the conclusive action taken in this regard.

Reply of the Government

The distribution of pro-rata compensation to the victims of the Bhopal Gas Leak Disaster is being carried out by the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal under the orders of the Supreme Court. As on 30.11.2009, pro-rata compensation of over Rs. 1509.69 crore has been disbursed to 5,62,582 gas victims. The number of pending cases of absentee claimants for *pro-rata* compensation as on 31.12.2009 is 11,789.

The Welfare Commissioner had filed an application on 15.02.2006 requesting the Supreme Court to permit it to treat all the cases of absentee claimants for pro-rata compensation as closed, as despite notification in newspapers and notice sent to their last known address, the claimants did not turn up to settle their claims. As the Supreme Court had not issued any order, the Welfare Commissioner again filed an application on 19.12.2007 followed by an additional affidavit dated 6th March, 2009 with the same prayer. In October, 2009, the Registrar of the Office of the Welfare Commissioner, Bhopal Gas Victims has also prayed to the Chief Justice of the Supreme Court for early decision in the matter. No orders have been passed by the Supreme Court till date. As the distribution of pro-rata compensation commenced under the orders of the Supreme Court, the Court is to issue directions for closing the process of disbursement of pro-rata compensation. As direction of the Supreme Court is awaited, no conclusive action can be taken by the Department in the matter.

Recommendation Sl. No. 5 of Twenty-Fifth Report

The Committee had recommended that steps taken for removal of toxic wastes from Union Carbide Plant site be expedited and the Committee may be intimated about the action taken in this regard.

Reply of the Government

The High Court of Madhya Pradesh in the Writ Petition No. 2802 of 2004 (Alok Pratap Singh Vs. Union of India and Others) is monitoring the environmental remediation of the former UCIL plant site. The High Court *vide* order dated 16.12.2008 had directed that 350 MT of waste at UCIL factory at Bhopal should be transported to Ankleshwar in Gujarat for incineration within six weeks. The Court also stated that it would initiate contempt proceedings in case there was any obstruction on the part of any of the authorities in the implementation of the directions of the Court. The Government of Gujarat filed an SLP in Supreme Court against the aforesaid order, which has been stayed by the Supreme Court. The Government of Gujarat had filed an affidavit in the SLP opposing

the proposed incineration of the waste of UCIL, Bhopal at the BEIL incinerator at Ankleshwar in Gujarat. The Department of Chemicals and Petrochemicals filed an affidavit in the Supreme Court on behalf of Union of India seeking extension of time to enable resolution of the issues raised in the affidavit filed by the State of Gujarat and for filing a counter affidavit. The Court was pleased to grant extension of time to the Government of India.

The Task Force constituted by M.P. High Court under the Chairmanship of Secretary (Chemicals and Petrochemicals), in its 18th meeting held on 20th July, 2009 constituted an Expert Group of Technical Experts from the members of the Task Force and under the convenorship of Chairman, Central Pollution Control Board to make an assessment of the Treatment, Storage and Disposal Facilities (TSDF) available in the country and make a clear recommendation with ranking of these facilities in order of preference for incineration of toxic wastes of former UCIL plant at Bhopal. The Expert Group visited 5 TSDF sites having state-of-art incinerators and recommended TSDF at Ankleshwar (Gujarat), Dindigul(Andhra Pradesh) and Taloja in Mumbai. These options were considered by the Task Force in the meeting held on 28th October, 2009. The option of incineration at Ankleshwar was not considered feasible for the present in view of the position taken by Government of Gujarat in the SLP filed in the Supreme Court and their concern about the adverse public opinion amongst local people at Ankleshwar and people of Gujarat in general, repeated in various meetings held by Department of C&PC and also in letters received from them, from time to time. The options of the other two facilities viz. the TSDF at Dindigul, Andhra Pradesh and Taloja (Maharashtra) were also not found to be the preferred options considering the distance involved and the related administrative problems like NOC from the concerned State Governments and their Pollution Control Boards. The Task Force had also considered the recommendation of the Expert Group for co-processing of the UCIL waste in a cement kiln. This was based on the technical study conducted by CPCB through National Council for Cement

and Building Materials which had found it a technically feasible and environmentally sound option. Accordingly, the Task Force had decided that MPPCB with the help of Government of MP would carry out a trial run of co-processing of the waste in a cement kiln under technical supervision of CPCB, in two months and submit a report on the results in the next meeting.

In the 20th meeting of the Task Force on 5th January, 2010 held to get an update on the action taken by the Government of MP/MPPCB on the trial run of co-processing of the waste in a cement kiln, the representative of Govt. of M.P. informed that in view of sensitivities of the issue, public opinion and the fact that the major cement companies have expressed inability to incinerate the said waste in their plant for trial purpose, it was difficult for the State Government to carry out the incineration in cement plants. He stated that incineration of the wastes should be carried out in a safe and secured incinerator only.

It was decided by the Task Force that the incinerator at TSDF, Pithampur should be operationalized at the earliest. CPCB was requested to give the necessary clearance for the trial run of the incinerator at TSDF, Pithampur within one week. The trial run and stabilization of the incinerator at TSDF, Pithampur, is to be completed under the supervision of MPPCB and CPCB within three months of the receipt of clearance from CPCB. Thereafter, the work of incineration of the 350 MT of waste of UCIL plant at Bhopal can be taken up by this incinerator.

In keeping with the decision of the Task Force, the C.P.C.B. gave the necessary clearance on 19.1.2010. The decision of the Task Force was communicated to the Supreme Court through an affidavit filed on 15th January, 2010. After hearing the matter and taking note of the decisions of the Task Force as well as the submission made by the Counsel of the State of Madhya Pradesh that necessary approvals would be granted by the appropriate authorities of the State including Director of Health and Safety and the Forest Department before according the trial run permission to the incinerator, the Supreme Court in its order

dated 28th January, 2010 directed the appropriate authorities to comply with the directions and disposed of the SLP.

Recommendation (Sl. No. 13, Para No. 103)

The Committee note that the National Policy on Petrochemicals which was approved on 12 April 2007, *inter alia* seeks to increase investments, competitiveness, domestic demand, facilitate innovative methods of plastic waste management, promoting research and development, etc. The Committee are constrained to observe that despite the new policy, the industry has registered a declining growth rate. The Department of Chemicals and Petrochemicals have, however, contended that the declining growth rate was mainly due to the global economic slowdown. They have also recounted the various initiatives being taken by them to implement the policy which included, monitoring the implementation of the Assam Gas Cracker Project, constitution of several committees for dealing with different aspects of the policy, undertaking feasibility studies, etc. According to them, they were in the process of formulating some schemes for implementation in 2009-10. The Committee recommend that the various proposed initiatives should be expeditiously taken to their logical conclusions so that the underlying objectives behind the new policy are achieved and results in the overall development of the sector. The Committee would like to be informed of the results achieved *viz-a-viz* new policy initiatives.

Reply of the Government

The Department after evaluating the feasibility studies formulated the following three schemes:

1. Setting up of Centres of Excellence
2. National Awards for Technology Innovations in Petrochemicals and downstream Plastic Processing Industry.
3. Setting up of dedicated Plastic Parks to promote a cluster approach in the areas of development of plastic applications and plastic recycling.

The above mentioned schemes will help in establishing Centres of Excellence in the emerging areas of petrochemicals, providing recognition for innovation in petrochemicals technologies, development of clusters to increase the competitiveness of downstream plastic processing industry and recycling. The clusters will provide adequate infrastructure for the downstream plastic processing industry to remain globally competitive.

These schemes are presently awaiting approval of the Planning Commission.

NEW DELHI;
5 August, 2010

14 Shravana, 1932 (Saka)

GOPINATH MUNDE,
Chairman,
Standing Committee on
Chemicals and Fertilizers.

APPENDIX I

MINUTES

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2009-10)

TWENTY SECOND SITTING

(05.08.2010)

The Committee sat from 1500 hours to 1600 hours.

PRESENT

Shri Gopinath Munde — *Chairman*

MEMBERS

Lok Sabha

2. Shri K.D. Deshmukh
3. Shri Ganeshrao Nagorao Dudhgaonkar
4. Shri Madhu Koda
5. Shri N. Peethambara Kurup
6. Shri Ponnamp Prabhakar
7. Shri N. Cheluvarya Swamy
8. Shri Tapas Paul
9. Shri Jagdambika Pal

Rajya Sabha

10. Shri Raghunandan Sharma
11. Shri A.A. Jinnah

SECRETARIAT

1. Shri N.K. Sapra — *Additional Secretary*
2. Shri C.S. Joon — *Director*
3. Shri A.K. Srivastava — *Deputy Secretary*

2. At the outset, Chairman welcomed Shri Jagdambika Pal, newly nominated member of this Committee and other members of the sitting of the Committee.

3. The Committee thereafter took up for consideration the following:—

(i) *** *** *** ***
*** *** *** ***

(ii) Draft Report on action taken by the Government on the recommendations contained in the 4th Report (15th Lok Sabha) of the Committee on 'Demands for Grants (2009-10)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

4. The Committee adopted the draft Report with minor amendments and authorized the Chairman to present the same to both the Houses of Parliament.

The Committee then adjourned.

***Matter not related to this Report.

APPENDIX II

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT
(FIFTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS (2009-10) ON 'DEMANDS FOR
GRANTS (2009-10)' OF THE MINISTRY OF CHEMICALS AND
FERTILIZERS (DEPARTMENT OF CHEMICALS AND
PETROCHEMICALS)

I. Total No. of Recommendations	14
II. Observations/Recommendations which have been accepted by the Government (Vide Recommendations at Sl.Nos. 2, 3, 4, 5, 7, 8, 9, 10, 11 and 12)	10
Percentage of Total	71.43%
III. Observations/Recommendations which the Committee do not desire to pursue in view of Government's Replies (Vide Recommendation at Sl.No. 14)	01
Percentage of Total	7.14%
IV. Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendation at Sl.No. 6)	01
Percentage of Total	7.14%
V. Observations/Recommendations in respect of which final replies of the Government are still awaited (Vide Recommendations at Sl.Nos. 1 and 13)	02
Percentage of Total	14.29%