



**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS  
(2010-11)**

**FIFTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2010-2011)**

[Action Taken by the Government on the Observations /  
Recommendations contained in the Eighth Report of the Standing Committee on  
Chemicals and Fertilizers (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the  
Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]



**SEVENTEENTH REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2011/Sharvana, 1933 (Saka)*

**SEVENTEENTH REPORT****STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2010-11)****FIFTEENTH LOK SABHA****MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)****DEMANDS FOR GRANTS  
(2010-2011)**

[Action Taken by the Government on the Observations / Recommendations contained in the Eighth Report of the Standing Committee on Chemicals and Fertilizers (Fifteenth Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]

*Presented to Lok Sabha on 04.08.2011*

*Laid in Rajya Sabha on 04.08.2011*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2011/Sharvana, 1933 (Saka)*

**COMPOSITION OF THE STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS (2010-11)**

<b>Shri Gopinath Munde - Chairman</b>	
<b>MEMBERS LOK SABHA</b>	
2	Smt. Susmita Bauri
3	Shri Udayanraje Bhonsle
4	Shri Prabhatsinh P. Chauhan
5	Smt. Santosh Chowdhary
6	Shri K.D. Deshmukh
7	Adv. Ganeshrao Nagorao Dudhgaonkar
8	Shri T.K.S. Elangovan
9	Shri Madhu Koda
10	Shri N. Peethambara Kurup
11.	Shri Baidya Nath Prasad Mahato
12	Shri Jagdambika Pal
13	Shri Tapas Paul
14	Shri Ponnam Prabhakar
15	Shri Ashok Kumar Rawat
16	Shri Suresh Kumar Shetkar
17	Shri Ajit Singh
18	Shri N. Chaluvarya Swamy
19	Shri Narendra Singh Tomar
20	#Dr. Manda Jagannath
21	Vacant
<b>RAJYA SABHA</b>	
22	Shri Silvius Condpan
23	Smt. Naznin Faruque
24	Shri A.A. Jinnah
25	Shri Brijlal Khabri
26	Prof. Anil Kumar Sahani
27	Shri Raghunandan Sharma
28	Dr. C.P. Thakur
29	&Shri Parshottam Khodabhai Rupala
30	&Shri Abani Roy
31	&Shri Biswajit Daimary

**SECRETARIAT**

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri N. K. Sapra     | - | Secretary           |
| 2. | Shri Ashok Sarin     | - | Joint Secretary     |
| 3. | Shri C.S.Joon        | - | Director            |
| 4. | Shri A.K. Srivastava | - | Additional Director |

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 & NOMINATED W.E.F. 21.09.2010  
 # NOMINATED W.E.F. 04.10.2010

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## **INTRODUCTION**

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2010-11) having been authorised by the Committee to present the Report on their behalf, present this Seventeenth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations / recommendations contained in the Eighth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2010-11) on 'Demands for Grants (2010-11)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Eighth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 26 April, 2010. The Action Taken replies of Government to all observations / recommendations contained in the Report were received on 21 July, 2010. Subsequently, at the behest of the Committee, the Department vide LSS OM dated 3 June 2011 was requested to furnish latest/ updated Action Taken replies on the previous Action Taken replies in order to cover any new development that might have occurred. Accordingly, the Department furnished their updated Action Taken replies on 20 June, 2011. The Standing Committee on Chemicals and Fertilizers (2010-11) considered and adopted this Report at their sitting held on 18 July, 2011.

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

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

**New Delhi;**  
**28 July , 2011**  
**6 Shravana, 1933 (Saka)**

**Gopinath Munde**  
**Chairman,**  
**Standing Committee on**  
**Chemicals and Fertilizers**

## REPORT

### CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers deals with the action taken by the Government on the Observations / Recommendations contained in the Eighth Report (Fifteenth Lok Sabha) of the Committee on Demands for Grants (2010-11) of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 26 April 2010. The Report contained 12 Observations / Recommendations.

2. The Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/ Recommendations contained in the Eighth Report within three months from the date of presentation of the Report, i.e. by 26 July 2010. The Action Taken Replies of the Government in respect of all the 12 Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals *vide* their O.M. No.16(2)/2010-Fin I dated 21 July 2010. Subsequently, at the instance of the Committee the Department of Chemicals and Petrochemicals were requested on 03.06.2011 to furnish updated Action Taken Replies regarding the details about the Supplementary Demands for Grants obtained by the Department during 2010-11. Accordingly, the Department furnished their Action Taken Replies on 20.06.2011.

3. The Action Taken Replies of the Government is as follows:-

- (i) Observations / Recommendations which have been accepted by the Government  
Sl. Nos. 2, 4, 5, 6, 8, 9, 10 and 12.

(Total =08)  
Chapter-II

- (ii) Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies  
Sl.No. 7

(Total =01)  
Chapter-III

- (iii) Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration

Sl.Nos. 1, 3 and 11.

(Total =03)  
Chapter-IV

- (iv) Observations / Recommendations in respect of which replies of the Government are of interim nature

(Total =Nil)  
Chapter-V

**4. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report should be furnished expeditiously.**

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

#### **A. CONTINUATION OF STIMULUS PACKAGES EMPHASIZED**

##### **(Recommendation Sl.No.1)**

6. The Committee in their Original Report had noted that the production of major chemicals and petrochemicals had recorded negative growth rate i.e. (-) 5.24% and (-) 5.56% respectively during the year 2008-09. Consequent upon announcement of Stimulus Packages by the Government in December 2008 and January 2009, the growth of major chemicals, petrochemicals and intermediates was stated to have shown slight improvement. During the period April 2009 to January 2010, the growth in chemicals was 1.84% and that for petrochemicals was 0.98%. However, this improvement was not encouraging when compared with the performance during the period from 2003-04 to 2005-06 which for major chemicals ranged from 3.62% to 6.79% and for major petrochemicals between 1.61% to 6.91%. While emphasizing the need for continuance of Stimulus Packages for the time being, the Committee had recommended that the Department should proactively play the designated role of facilitator for development of chemicals and petrochemicals and ensure early stabilization of chemicals and petrochemicals industry.

7. In reply to aforesaid recommendation, the Department of Chemicals and Petrochemicals have stated as under:-

“ The global slowdown effect was not as prominent in India as in other countries due to domestic demand. The stimulus package provided by the Ministry of Finance

helped in bringing about a positive growth rate for improving it further. Department of Chemicals and Petrochemicals supported the continuation of the stimulus package for 2010-11 also.”

8. The Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has stated as under:-

“Petrochemicals Industry: Post-recovery period has seen Petrochemicals Industry growing at a robust growth rate of 8.7% in the year 2010-11 (April to March).”

“Chemicals Industry: Major Chemicals have grown at a rate of 6.4% during 2010-11”.

#### Comments of the Committee

**9. The Committee in their Original Report had observed that consequent upon announcement of Stimulus Packages in December 2008 and January 2009, the growth rate of major chemicals and petrochemicals which earlier had recorded negative growth rate in 2008-09 was stated to have shown improvement. The Committee had, therefore, emphasized the need for continuance of Stimulus Packages and recommended the Department of Chemicals and Petrochemicals to play the designated role of facilitator for development and early stabilization of chemicals and petrochemicals industry. In this regard, the Ministry in their action taken reply have stated that Stimulus Packages helped in bringing about a positive growth rate in production of chemicals and petrochemicals and they supported the continuation of Stimulus Packages for 2010-11 also. The Committee are constrained to point out that the Department have neither clearly indicated the status as regards continuance of Stimulus Packages nor mentioned about the role played by them for the development and stabilization of Chemicals and Petrochemicals industry. The Committee express their dissatisfaction over such casual attitude of the Department in furnishing replies to their recommendations. The Committee hope that in future their recommendations are taken in all its seriousness and proper replies furnished. The Committee also expect that the Department of Chemicals and Petrochemicals should furnish the status as regards**



continuance of Stimulus Packages as well as the role played by them for the development of the Chemicals and Petrochemicals industry at the earliest. As regards the updated ATR, the Committee observe that the Department has only provided the percentage rate of growth of the industries in the Chemicals and Petrochemicals sector without touching upon the substantive recommendation of the Committee. Hence, the need for reiteration.

## **B. SUPPLEMENTARY GRANTS FOR ASSAM GAS CRACKER PROJECT**

### **(Recommendation Sl. No.2)**

10. The Committee note that a total outlay of Rs.563.83 crore has been approved for the Department of Chemicals and Petrochemicals for the 11<sup>th</sup> Five Year Plan. Out of this, Rs.200 crore has been allocated for Assam Gas Cracker Project (AGCP). The Committee, however, noted that the actual allocation of Rs.126.26 crore made during the year 2009-10 for AGCP was much less than projected and demanded figure of Rs.471 crore. Similarly, in the year 2010-11, the Department made a demand of Rs.900 crore for AGCP against which the Planning Commission/ Ministry of Finance have allocated only Rs.212.74 crore. The Committee fail to understand as to how the project shall be completed by the scheduled date i.e. April 2012, if the allocations are drastically curtailed by the Planning Commission. The Committee, therefore, recommend that Planning Commission/ Ministry of Finance should provide adequate additional funds at RE stage and subsequently also so that this project does not suffer on account of constraint of funds.

11. The Ministry in their action taken reply have stated as under:-

“Planning Commission and the Ministry of Finance have been apprised of the concerns of the Standing Committee so as to enable them to appropriately address the issue of allocation of requisite funds for the Assam Gas Cracker Project. The Department is also making efforts with Ministry of Finance for allocation of the requisite funds at RE stage (and in the subsequent annual plans) so that the project does not get affected adversely on this account.”

12. At the instance of the Committee, the Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has furnished the following information regarding Supplementary Demands for Grants:-

“Allocation of additional requisite funds at RE stage (and in the subsequent annual plans) was taken up with the Planning Commission and the Ministry of Finance. As a result, additional funds of Rs. 579 crore were provided for the Assam Gas Cracker Project at RE Stage in 2010-11. Further, an allocation of Rs. 675.71 crore has been made for the year 2011-12 (BE) and additional funds would be sought from Ministry of Finance at RE stage as per requirement.”

### **Comments of the Committee**

**13. The Committee note that the Department had obtained an additional allocation of Rs. 579 crore through the first Supplementary Demands for Grants 2010-11. Now that the necessary funding has been obtained, the Committee hope that the Assam Gas Cracker Project (AGCP) will be completed by the scheduled date, i.e. April 2012. The Committee expect the Department to take necessary steps so that this objective is achieved.**

### **C. JUDICIOUS AND UNIFORM UTILIZATION OF ALLOCATED FUNDS**

#### **(Recommendation SI.No.3)**

14. The Committee in their Original Report had observed that Rs.239.75 crore were provided for plan expenditure at BE stage for the Department during 2009-10 which was eventually revised to Rs.405.82 crore at RE stage. The increase at RE stage, according to the Ministry, was mainly due to the provision of Rs.166.07 crore for Assam Gas Cracker Project (AGCP). The Committee observed with regret that either the Department failed to anticipate the need for such an expenditure at BE stage, this being an ongoing project, or the Planning Commission did not provide the requisite funds at BE stage that might have been asked for by the Department. The Committee had expected due diligence by the Department while making proper and realistic estimate for such an important project and also in pursuing the Planning Commission to allocate the same. The Committee wished to be apprised whether any responsibility has been fixed on the erring officers and disciplinary action taken against them. Further, the data pertaining to the actual expenditure incurred by the Department during 2009-10 had indicated that a major portion of the funds had been incurred by the Department during the last 2-3 months of the financial year. This was evident from the fact that the Department had spent only Rs. 233.59 crore till 31 January 2010 whereas the actual expenditure of the Department by 15 March 2010 was Rs.407.41 crore. The Committee felt that prudent financial practices warrant that the allocated funds are incurred evenly during the year as far as possible. The Committee had expected the Department to take suitable necessary steps in future to ensure that allocated funds are spent judiciously and uniformly during

the year. The Planning Commission/ Ministry of Finance were also requested to ensure that the requisite funds are provided in time lest it should retard the progress of this important project.

15. The Ministry in their action taken reply have stated as under:-

“In the Annual Plan Budget 2009-10, the Department had requested to provide Rs.471.00 crore in the budget outlay towards Capital Subsidy to Assam Gas Cracker Project for 2009-10. The allocation for 2009-10 at BE stage was restricted to Rs.239.75 crores. However, during the budget announcement 2009-10 also, Finance Minister in his speech had announced increase in the budget outlay for Assam Gas Cracker Project. Accordingly, Ministry of Finance provided additional budget to the tune of Rs.166.07 crore according to the Business Plan of Brahmaputra Cracker and Polymer Limited in the first supplementary grant for 2009-10. The Department regularly monitors the physical and financial progress of the Project to ensure that allocated funds are spent judiciously as per the approved Business Plan.”

16. At the instance of the Committee, the Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has furnished the following information regarding Supplementary Demands for Grants:-

“In the year 2010-11, an amount of Rs. 212.74 crore was initially provided for AGCP at BE Stage and additional funds of Rs. 579 crore were provided at RE Stage. Accordingly, the funds including additional allocations were released to BCPL in 2009-10 & 2010-11 uniformly by the Department as per staggered allocations. The project is in advanced stage of implementation and the Department is making efforts for spending the funds judiciously and uniformly during the year. The project has never suffered on account of financial constraints.”

#### **Comments of the Committee**

**17. The Committee had noted that the amount provided for plan expenditure of the Department of Chemicals and Petrochemicals during the year 2009-10 was substantially revised at RE stage due to provision for Assam Gas Cracker Project (AGCP) and observed that either the Department had failed to anticipate the need for such an expenditure at BE stage or the Planning Commission did not provide the requisite funds that might have been asked for by the Department. The Committee had desired for provision of requisite funds for the project in time and**

also recommended the Department to take suitable steps to ensure the utilization of allocated funds judiciously and uniformly throughout the year. In their Action Taken Reply, the Department of Chemicals and Petrochemicals has furnished the details regarding funds allocated for AGCP and stated that they regularly monitor the physical and financial progress to ensure that allocated funds are spent judiciously as per the approved Business plan. The Department of Chemicals and Petrochemicals has, however, not furnished any information regarding steps taken by them for judicious and uniform utilization of allocated funds for all the schemes of the Department of Chemicals and Petrochemicals. While expressing their displeasure over such incomplete response to their specific recommendation, the Committee reiterate that the Department should ensure that the allocated funds for all the schemes are utilized evenly throughout the year. The Committee also desire to be apprised of steps taken in this direction by the Department of Chemicals and Petrochemicals within three months of presentation of the Report. In the updated ATR provided by the Department, the Committee observe that the Department has only made vague promises to spend funds judiciously and uniformly without addressing the specific recommendations of the Committee. While reiterating their earlier recommendations, the Committee hope that the Department will take their recommendations seriously and take concrete measures to address them.

#### **D. EXPANSION OF CIPET CENTRES**

##### **(Recommendation SI. No 4)**

18. The Central Institute of Plastic Engineering and Technology (CIPET) is an autonomous Institute functioning under the administrative control of the Department of Chemicals and Petrochemicals with the objective of providing training to manpower in different disciplines of Plastics Engineering and Technology and Technical support / consultancy services to the plastics and allied industries. The Committee note that plan outlay of Rs. 152.94 crore (Including Rs. 83 crore for new schemes of petrochemicals) and Rs. 0.53 crore non-plan has been provided for CIPET for the year 2010-11. This allocation indicates substantial increase in funds as compared to that of 2009-10 which

was Rs. 39.13 crore (including Rs. 5 crore for new schemes of petrochemicals) under plan and Rs. 3 crore under non-plan. The Committee observe that the allocated amount is to be utilized for various schemes of CIPET, viz. enhancement of training capabilities, Creation of Civil & Technical Infrastructure for expansion of CIPET centres, establishment of new CIPET centres, etc. considering the important role played by CIPET in Plastic Engineering and Technology, particularly in plastic waste management, which is the need of the hour, the Committee hope that the Department will take necessary steps for judicious and optimal utilization of substantially increased funds for all the schemes so that the CIPET strives to enhance the academic and professional superiority of the organization. The Committee also desire the Department to take suitable steps for expansion of network of CIPET centres throughout the country with particular reference to areas where there is concentration of plastic industry. The Committee would like to be apprised of the outcome of various schemes of CIPET undertaken during the year 2010-11.

19. The Ministry in their action taken reply have stated as under:-

“CIPET has taken necessary steps for judicious and optimal utilization of funds for various schemes under XIth Plan. Considering the exponential growth of CIPET, the following enhancement proposals are being considered by the administrative Ministry for which allocation has been made during Annual Plan 2010-11 by the Planning Commission:

*Rs. in Crores*

<b>Sl. No.</b>	<b>Name of the Scheme</b>	<b>Original Allocation</b>	<b>Increase</b>	<b>Revised Allocation</b>
1.	Establishment of two new CIPET centres (ATPDC, Madurai)	0.01	12.40	12.40
2.	Technology upgradation for New courses to be offered by CIPET	17.00	30.00	47.00
3.	Formulation, Organizing and participation in National Programme for Development of Plastics Manufacturing sector in India under UNIDIO-ICAMT programme	0.80	01.00	01.80
4.	R & D in Emerging areas	4.98	22.00	26.98
5.	Creation of Civil & Technical infrastructure for expansion of CIPET Centres.	18.34	20.00	38.34

*The year 2010-11 has witnessed an exponential growth for CIPET in Academic, Technology Support and Research & Development services to the plastics and allied industries. The Institute had achieved an annual growth of 12.35% in revenue generation. CIPET has constructed virtual class rooms, virtual laboratories, academic*

block, HRD centre, hostel to match the additional requirement of enhanced intake of students. Various Faculty Development Programmes in India and abroad are provided to CIPET faculties in order to keep the Human Resources always at high esteem.

With substantial increase in financial support during 2010-11 under the existing ongoing schemes, CIPET can accelerate its growth by way of procuring additional Plant & Machinery and creation of additional Civil & Infrastructural facilities which includes hostel for Under Graduate and Post Graduate students, lecture theatres, tutorial / seminar halls at 4 High Learning Centres etc. to augment the increased intake of students in Long-term academic programmes and imparting enhanced Skill Development training programmes to the participants from the Plastics industries. This is evident from the fact that the no. of students enrolled in Long-term academic programmes which has gone up from 5926 during the year 2008-09 to 7458 during the year 2009-10. Further, it is anticipated to increase to about 9264 during 2010-11. (*Actual figure for 2010-11 is 8853*). Similarly, the participants benefited through the Short-term courses has gone up from 13,194 during the year 2008-09 to 15,677 during the year 2009-10 and it is expected to touch a figure of 18500 during the year 2010-11 (*Actual figure for 2010-11 is 19553*).

The following new academic programmes were introduced during the XI Five Year Plan (2008-09 to 2009-10):

1. Four Year Full Time under Graduate Programme (B.Tech.) in Plastics Engineering/Technology – at CIPET- Ahmedabad, Bhubaneswar, Chennai & Lucknow.
2. Two Year Full Time Post Graduate Programme (M.Tech.) – Polymer Nanotechnology – at LARPM, Bhubaneswar – R&D Wing of CIPET.
3. Two Year Full Time Post Graduate Programme (M.E.) in CAD/CAM - at ARSTPS, Chennai – R &D Wing of CIPET.

Further CIPET has planned to introduce the following new academic programmes from the year 2010-11:

1. Four Year Full Time Under Graduate Programme (B.Tech.) Manufacturing Engineering/Technology – at CIPET- Ahmedabad, Bhubaneswar, Chennai & Lucknow.
2. Four Year Full Time Under Graduate Programme (B.Tech.) – Plastics Engineering/Technology – at CIPET Haldia and Murthal.
3. Five Year Integrated Post Graduate Programme (M.Sc. (Tech.)) – Material Science & Engineering – at CIPET, Bhubaneswar.

CIPET has already taken necessary steps to identify the areas where there is high concentration of plastics and its allied industries and accordingly, initiated the process of establishing the following:

1. Advanced Tooling Product Development Centre (ATPDC) at Madurai - a unit of CIPET, Chennai in order to cater to plastic product design, tooling and trained manpower requirement of the plastics industry in Southern part of India at a project cost of Rs.24.80 crores (50:50% cost sharing between Centre and State Government).
2. Advanced Plastics Processing Technology Centre (APPTC) is being planned at Balasore in order to cater to manpower and technology support needs of the plastics processing industries in Eastern part of the country in general and surrounding areas of Balasore in particular at a project cost of Rs.15.00 crore (50:50% cost sharing between Centre and State Government).

20. The Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has stated as under:-

“Regarding the expansion of CIPET by way of establishment of CIPET Centres/ Service Centres/ Testing Centres, the committee comprising of representatives of CIPET, Administrative Ministry, Planning Commission, All India Plastics Manufacturers’ Association (AIPMA) has recommended to establish a new Plastics Testing Laboratory at Madurai, Testing centre at Daman, Specialized Centre at Kerala, a Centre at Uttarakhand after detailed deliberation in view of large plastic units coming up there. The proposal is under active consideration of the administrative Ministry.”

21. Further, at the instance of the Committee, the Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has furnished the following information regarding Supplementary Demands for Grants:-

“A token supplementary of Rs. 0.01 crore to utilize the savings through re-appropriation in the 2<sup>nd</sup> Batch of Supplementary Demands for Grants 2010-11 was obtained for the following purposes:-

- (i) To Provide Central Government share for setting up of Advanced Plastic Processing Technology Centre (APPTC) at Balasore, Orissa, as a sub-Centre of Central Institute of Plastic Engineering and Technology (CIPET) at a cost of Rs. 15 crore with matching State Government contribution spread over a period of three years, the first year contribution of Rs. 4 crore was obtained through 2<sup>nd</sup> Supplementary Demands for Grants 2010-11.

- (ii) An amount of Rs. 0.08 crore was obtained for Central Institute of Plastic Engineering & Technology (CIPET) on account of Exchange Rate difference for implementation of the United Nations International Development Organization (UNIDO)-International Centre for Advancement of Manufacturing Technology (ICAMT) Programme.”

## **22. Comments of the Committee**

The Committee observe that the Department had obtained Rs. 4 crore during the Second Supplementary as part of the share of the Central Government for the setting up of Advanced Plastic Processing Technology Centre (APPTC) at Balasore, Orissa, as a sub-Centre of Central Institute of Plastic Engineering and Technology (CIPET) whose projected cost of Rs. 15 crore is to be shared with the State Government. The Committee also note that the Centre is to be completed in three years and this allocation is for the first year. The Committee expect that the Department will properly monitor the progress of the Project so that it is completed within its scheduled date of completion. The Committee also hope that the Department will take expeditious steps to expand the network of CIPET centres throughout the country.

## **E. SETTING UP OF PASTIC WASTE MANAGEMENT CENTRES**

### **(Recommendation SI.No 5)**

23. The Committee had noted that Plastic Waste Management Centre (PWMC), Guwahati started functioning from 31<sup>st</sup> August 2009 and was involved in converting all kinds of plastic waste into value added products. The Committee had also noted that the department have initiated the process of setting up of PWMC in Delhi. Considering the importance of plastic waste management as an important tool in checking the environmental degradation and in view of the fact that the Government of Delhi has recently initiated various steps to curb the pollution caused by Plastics, the Committee had recommended that the department should take up the matter with Government of Delhi so that steps can be taken expeditiously in a time-bound manner for setting up of PWMC in Delhi. They had also desired the Government to make sincere efforts to ensure that such centres are set up in other parts of the country also.



24. The Committee had also expressed the opinion that for setting up of Plastic Waste Management Centres, a separate fund has to be created. In order to generate funds for the same, the Committee had expressed the view that department may examine the feasibility of imposing some kind of cess on industries engaged in production/usage of polymers. The Committee had desired to be apprised of the action taken in the matter.

25. Further, as the Ministry of Environment and Forests and the Ministry of Urban Development are also concerned directly with the issue, the Committee felt that the Department of Chemicals and Petrochemicals may form a Task Force at the apex level comprising the above Ministries and other agencies so that a mechanism of consultation takes place with them on a regular basis with regard to Plastics Waste Management in the prevalent overall scenario.

26. In reply to the abovementioned recommendation, the Department has stated as under:-

“CIPET plays a major role in creating awareness about Plastic Waste Management to general public, NGO's, Corporation officials through organizing seminars, workshops & conferences.

CIPET as a nodal agency has taken the initiatives for establishing a Plastic Waste Management Centre at Delhi in Public Private Partnership (PPP) mode. Action has been initiated for identifying a suitable land of around 5 acres in the vicinity of Delhi. Delhi Development Authority, New Delhi had been approached for allocating around 5 acres of land for setting up of Plastic Waste Management Centre at Delhi which is under progress. Meanwhile to initiate the activities on war-footing basis, *vide* letter reference No. IPFT/Admin/09-10 dated 12<sup>th</sup> January, 2010, the Competent Authority has allocated approximately 6000 sq. ft. of space at the IPFT campus, Gurgaon. The process of selection of contractor for carrying out the building alteration/ renovation, work is in progress.

An advertisement inviting Expression of Interest (EOI) for establishing PWMC at Delhi has been released in the leading newspapers and also hosted on the website. Out of 14 Organizations who have shown interest in establishing PWMC, Delhi, during the first phase of technical evaluation held on 31<sup>st</sup> May 2010, 11 Organizations have been short-listed and called for a presentation on 25<sup>th</sup> June 2010. Based on the 2<sup>nd</sup> phase of technical evaluation, further it is planned to invite the short listed organizations for a final presentation/evaluation at DCPC, Govt. of India at a later date.

The issue of levying a cess is still being explored.

Further, as recommended by the Standing Committee, sincere efforts to establish similar Plastic Waste Management Centres in other parts of the country will be taken as

required. A Task Force, Chaired by Secretary(C&PC) for ensuring a regular consultation process with regard to Plastic Waste Management has been set up.”

27. The Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has stated as under:-

“A meeting was held under the chairmanship of Secretary (C&PC) on 9<sup>th</sup> March, 2011 wherein CIPET made a presentation covering the rationale and concept of the project. The presentation also highlighted the difficulties faced in proceeding with the project as the critical requirement of allotment of land in the vicinity of Delhi remains unresolved. During the meeting, Special Secretary, Urban Development Department, Government of Delhi, while appreciating the project indicated that the State Government/MCD will consider the same in a positive manner in view of its importance. However, they are contemplating to take care of entire solid waste including the plastic waste in Delhi. In this regard, Urban Development has already entered into agreement with private operators for disposal of solid waste, who have already been provided land for implementation of the projects for conversion of municipal solid waste into energy. It was opined by the Urban Development Ministry that after collection and disposal of the municipal solid wastes of these areas there may not be sufficient availability of plastics from other sources for the proposed PWMC centre to be set up in Delhi. The Urban Development Ministry indicated that there was paucity of land with MCD for allotment to CIPET for establishment of PWMC and suggested that the project could be aimed for the entire NCR and land could be identified at Greater Noida or in Haryana.

It was decided that even while Government of Delhi will continue to be impressed upon for early allotment of land, CIPET would also explore the possibility of getting allotment of land in Greater Noida or Haryana for setting up of a state of art PWMC, which could be a role model for further replication.”

#### **Comments of the Committee**

**28. The Committee had recommended the Department of Chemicals and Petrochemicals to take steps for setting up of Plastic Waste Management Centre(PWMC) in Delhi in a time bound manner and also to make efforts for setting up of such Centres in other Parts of the country. The Committee had also expressed the view that the Department may examine the feasibility of imposing some kind of cess on industries engaged in production /usage of plastics so as to create a separate fund for setting up of PWMCs. The Department has informed the Committee**

through their Action Taken Reply about the steps taken by them for setting up of PWMC, Delhi. They have also stated that the issue of levying cess is being explored. The Committee feel that setting up of PWMC Centres is the need of hour to curb environmental pollution. The Committee, therefore, strongly reiterate the need for definite steps by the Department for setting up of PWMC Centres in other parts of the country. The Committee would also like to be apprised of the precise steps taken in the direction by the Department of Chemicals and Petrochemicals. Further, for facilitation of setting up of such centres in other parts of the country, the Committee desire that the issue regarding creation of separate fund needs to be expedited. In this regard, the Committee also recommend that the Department of Chemicals and Petrochemicals should either take final decision on levying of cess on plastic manufacturers/users or explore some other alternative for the same at the earliest. The Committee wished to be apprised of the final decision taken in the matter. In its updated ATR, the Department has highlighted the various initiatives it took on the issue of setting up of PWMC Centre in Delhi. The Committee acknowledge the numerous procedural issues involved and appreciate the efforts of the Department towards finding a suitable arrangement. But the Committee also note that the project is still at an exploratory stage with no final solution in sight. In this regard, the Committee would like to suggest that the Department should take up the issue with the NCR Planning Board (Ministry of Urban Development) for early resolution of land allotment issues. The Department also did not address the Committee's recommendation regarding the creation of separate funds through levy of cess to finance the setting up of PWMC Centres in other parts of the country. The Committee expect the Department to expeditiously address these issues at the earliest.

#### **E. IMPOSITION OF SAFEGUARD DUTY ON IMPORT OF CAUSTIC SODA**

##### **(Recommendation SI.No 11)**

29. The Committee had noted with concern that Caustic Chlorine plant of Hindustan Organic Chemicals Limited (HOCL) at Rasayani, Maharashtra which was re-

commissioned in September 2008 had to be shut down again in October 2009 due to dumping of caustic soda lye by developed countries and increase in power tariff by Maharashtra State Electricity Board from Rs.4.50 per unit to Rs.6.15 per unit which made caustic soda manufacturing operation non-remunerative. The Committee were informed that even the imposition of 25% safeguard duty on import of caustic soda has not produced the desired impact in checking the large scale dumping. The Committee were given to understand that in order to check the cost of production and to make the project viable, HOCL has taken up the installation of 16 MW Captive Power Plant with which power cost per unit is expected to come down to Rs.4. The Committee had expressed the hope that the Department of Chemicals and Petrochemicals will take all necessary steps for early installation of 16 MW Captive Power Plant for Rasayani Unit of HOCL. The Committee had desired that apart from taking suitable remedial measures to reduce the cost of production, the Department of Chemicals and Petrochemicals may also examine the feasibility of taking up the matter with the Ministry of Finance for raising the safeguard duty if any other unit in this Sector is also facing the difficulty on this account. The Committee had also desired to be informed of the progress made in this regard.

30. The Department in their Action Taken Reply have stated as under:

“(i) In order to make the Caustic Soda Plant viable, HOCL has taken up the installation of 16 MW captive power plant through JV route. HOCL’s contribution in the JV equity will be in the form of Land. The final documents for Requisition for Qualification (RFQ) have been prepared by the Consultants M/s Kirlosakar Consultants. The progress of implementation of the proposed JV is being reviewed by HOCL Board and the Department regularly through review meetings.

(ii) The provisional safeguard duty on Caustic Soda was valid upto 02.03.2010. However, the DG Safeguard did not recommend further extension of safeguard duty. Aggrieved by this decision, Alkali Manufacturers Association representing the domestic Chloro alkali has filed an Appeal on 9.5.2010 with Central Excise and Service Tax Appellate Tribunal (CESTAT).”

31. The Department of Chemicals and Petrochemicals in their Action Taken Replies dated 20.06.2011 has stated as under:-

“Detailed study was done on the viability for setting up of 16 MW Captive Power Plant. However, with the present cost of CNG available, the power plant has become unviable. Hence, the project has been abandoned for the time being.”

### **Comments of the Committee**

32. Taking note of the fact that Hindustan Organic Chemicals Limited (HOCL) had taken up the installation of 16 MW captive power plant to check the cost of production and to make their caustic chlorine plant at Rasayani viable, the Committee had expressed the hope that the Department of Chemicals and Petrochemicals would take all necessary steps for early installation of the same. The Committee had also recommended the Department to examine the feasibility of taking up the matter with the Ministry of Finance for raising the safeguard duty on import of caustic soda. According to the Department of Chemicals and Petrochemicals, HOCL has taken up the installation of captive power plant for its Rasayani Unit through joint venture (JV) and its progress is being reviewed by them. Regarding safeguard duty, the Department have stated that Director General Safeguard did not recommend further extension of duty and Alkali Manufacturers Association had filed an appeal against the same on 9 May 2010 with Central Excise and Service Tax Appellate Tribunal (CESTAT). Considering the importance of Captive Power Plant for Rasayani Unit of HOCL, the Committee feel that the installation of the same needs to be expedited. The Committee, therefore, desire the Department of Chemicals and Petrochemicals to take suitable steps in the direction and apprise them of the progress made in this regard. The Committee also recommend the Department to take up the matter regarding imposition of safeguard duty on caustic soda with CESTAT for early decision in the matter as such step would help the HOCL against the dumping of caustic soda. The Committee would also like to be informed of decision taken in the matter. In their ATR, the Department has informed that the project for setting up of 16 MW Captive Power Plant for Rasayani Unit of HOCL has been abandoned. But the Department made no mention of how it propose to check the cost of production at the Unit. The Committee feel that the Department has failed to address this issue which is a major concern of the Committee, and also that the Committee's recommendation for raising the safeguard duty on import of caustic soda remains unresolved. The Committee while reiterating their earlier Recommendation, expect the Department of Chemicals and Petrochemicals to take expeditious action on them and apprise the Committee of the same.

**CHAPTER – II****OBSERVATIONS/ RECOMMENDATIONS WHICH HAVE BEEN  
ACCEPTED BY THE GOVERNMENT****Recommendation No.2**

The Committee note that a total outlay of Rs.563.83 crore has been approved for the Department of Chemicals and Petrochemicals for the 11<sup>th</sup> Five Year Plan. Out of this, Rs.200 crore have been allocated for Assam Gas Cracker Project (AGCP). The Committee, however, noted that the actual allocation of Rs.126.26 crore made during the year 2009-10 for AGCP was much less than projected and demanded figure of Rs.471 crore. Similarly in the year 2010-11, the Department made a demand of Rs.900 crore for AGCP against which the Planning Commission/ Ministry of Finance have allocated only Rs.212.74 crore. The Committee fails to understand as to how the project shall be completed by the scheduled date i.e. April 2012, if the allocations are drastically curtailed by the Planning Commission. The Committee, therefore, recommend that Planning Commission/ Ministry of Finance should provide adequate additional funds at RE stage and subsequently also so that this project does not suffer on account of constraint of funds.

**Reply of the Government**

Planning Commission and the Ministry of Finance have been apprised of the concerns of the Standing Committee so as to enable them to appropriately address the issue of allocation of requisite funds for the Assam Gas Cracker Project. The Department is also making efforts with Ministry of Finance for allocation of the requisite funds at RE stage (and in the subsequent annual plans) so that the project does not get affected adversely on this account.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

**Further reply of the Government**

Allocation of additional requisite funds at RE stage (and in the subsequent annual plans) was taken up with the Planning Commission and the Ministry of Finance. As a result, additional funds of Rs. 579 crore were provided for the Assam Gas Cracker Project at RE Stage in 2010-11. Further, an allocation of Rs. 975.71 crore has been made for the year 2011-12 (BE) and additional funds would be sought from Ministry of Finance at RE stage as per requirement.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

### **Comments of the Committee**

(Please see Para No. 13 of Chapter-I of the Report)

#### **Recommendation No. 3**

The Committee in their Original Report had observed that Rs.239.75 crore were provided for plan expenditure at BE stage for the Department during 2009-10 which was eventually revised to Rs.405.82 crore at RE stage. The increase at RE stage, according to the Ministry, was mainly due to the provision of Rs.166.07 crore for Assam Gas Cracker Project (AGCP). The Committee observed with regret that either the Department failed to anticipate the need for such an expenditure at BE stage, this being an ongoing project, or the Planning Commission did not provide the requisite funds at BE stage that might have been asked for by the Department. The Committee had expected due diligence by the Department while making proper and realistic estimate for such an important project and also in pursuing the Planning Commission to allocate the same. The Committee wished to be apprised whether any responsibility has been fixed on the erring officers and disciplinary action taken against them. Further, the data pertaining to the actual expenditure incurred by the Department during 2009-10 had indicated that a major portion of the funds had been incurred by the Department during the last 2-3 months of the financial year. This was evident from the fact that the Department had spent only Rs. 233.59 crore till 31 January 2010 whereas the actual expenditure of the Department by 15 March 2010 was Rs.407.41 crore. The Committee felt that prudent financial practices warrant that the allocated funds are incurred evenly during the year as far as possible. The Committee had expected the Department to take suitable necessary steps in future to ensure that allocated funds are spent judiciously and uniformly during the year. The Planning Commission/ Ministry of Finance were also requested to ensure that the requisite funds are provided in time lest it should retard the progress of this important project.

#### **Reply of the Government**

In the Annual Plan Budget 2009-10, the Department had requested to provide Rs.471.00 crore in the budget outlay towards Capital Subsidy to Assam Gas Cracker Project for 2009-10. The allocation for 2009-10 at BE stage was restricted to Rs.239.75 crores. However, during the budget announcement 2009-10 also, Finance Minister in his speech had announced increase in the budget outlay for Assam Gas Cracker Project. Accordingly, Ministry of Finance provided additional budget to the tune of Rs.166.07 crore according to the Business Plan of Brahmaputra Cracker and Polymer Limited in the

first supplementary grant for 2009-10. The Department regularly monitors the physical and financial progress of the Project to ensure that allocated funds are spent judiciously as per the approved Business Plan.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

#### **Further reply of the Government**

In the year 2010-11, an amount of Rs. 212.74 crore was initially provided for AGCP at BE Stage and additional funds of Rs. 579 crore were provided at RE Stage. Accordingly, the funds including additional allocations were released to BCPL in 2009-10 & 2010-11 uniformly by the Department as per staggered allocations. The project is in advanced stage of implementation and the Department is making efforts for spending the funds judiciously and uniformly during the year. The project has never suffered on account of financial constraints.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

#### **Recommendation No. 4**

The Central Institute of Plastic Engineering and Technology (CIPET) is an autonomous Institute functioning under the administrative control of the Department of Chemicals and Petrochemicals with the objective of providing training to manpower in different disciplines of Plastics Engineering and Technology and Technical support / consultancy services to the plastics and allied industries. The Committee note that plan outlay of Rs. 152.94 crore (Including Rs. 83 crore for new schemes of petrochemicals) and Rs. 0.53 crore non-plan has been provided for CIPET for the year 2010-11. This allocation indicates substantial increase in funds as compared to that of 2009-10 which was Rs. 39.13 crore (including Rs. 5 crore for new schemes of petrochemicals) under plan and Rs. 3 crore under non-plan. The Committee observe that the allocated amount is to be utilized for various schemes of CIPET, viz. enhancement of training capabilities, Creation of Civil & Technical Infrastructure for expansion of CIPET centres, establishment of new CIPET centres, etc. considering the important role played by CIPET in Plastic Engineering and Technology, particularly in plastic waste management, which is the need of the hour, the Committee hope that the Department will take necessary steps for judicious and optimal utilization of substantially increased funds for all the schemes so that the CIPET strives to enhance the academic and professional superiority of the organization. The Committee also desire the Department to take



suitable steps for expansion of network of CIPET centres throughout the country with particular reference to areas where there is concentration of plastic industry. The Committee would like to be apprised of the outcome of various schemes of CIPET undertaken during the year 2010-11.

### **Reply of the Government**

*(Including updated Action Taken Replies given in italics)*

CIPET has taken necessary steps for judicious and optimal utilization of funds for various schemes under XIth Plan. Considering the exponential growth of CIPET, the following enhancement proposals are being considered by the administrative Ministry for which allocation has been made during Annual Plan 2010-11 by the Planning Commission:

*Rs. in Crores*

<b>Sl. No.</b>	<b>Name of the Scheme</b>	<b>Original Allocation</b>	<b>Increase</b>	<b>Revised Allocation</b>
1.	Establishment of two new CIPET centres (ATPDC, Madurai)	0.01	12.40	12.40
2.	Technology upgradation for New courses to be offered by CIPET	17.00	30.00	47.00
3.	Formulation, Organizing and participation in National Programme for Development of Plastics Manufacturing sector in India under UNIDO-ICAMT programme	0.80	01.00	01.80
4.	R & D in Emerging areas	4.98	22.00	26.98
5.	Creation of Civil & Technical infrastructure for expansion of CIPET Centres.	18.34	20.00	38.34

*The year 2010-11 has witnessed an exponential growth for CIPET in Academic, Technology Support and Research & Development services to the plastics and allied industries. The Institute had achieved an annual growth of 12.35% in revenue generation. CIPET has constructed virtual class rooms, virtual laboratories, academic block, HRD centre, hostel to match the additional requirement of enhanced intake of students. Various Faculty Development Programmes in India and abroad are provided to CIPET faculties in order to keep the Human Resources always at high esteem.*

With substantial increase in financial support during 2010-11 under the existing ongoing schemes, CIPET can accelerate its growth by way of procuring additional Plant & Machinery and creation of additional Civil & Infrastructural facilities which includes hostel for Under Graduate and Post Graduate students, lecture theaters, tutorial / seminar halls at 4 High Learning Centres etc. to augment the increased intake of students in Long-term academic programmes and imparting enhanced Skill Development

training programmes to the participants from the Plastics industries. This is evident from the fact that the no. of students enrolled in Long-term academic programmes which has gone up from 5926 during the year 2008-09 to 7458 during the year 2009-10. Further it is anticipated to increase to about 9264 during 2010-11. (*Actual figure for 2010-11 is 8853*). Similarly, the participants benefited through the Short-term courses has gone up from 13,194 during the year 2008-09 to 15,677 during the year 2009-10 and it is expected to touch a figure of 18500 during the year 2010-11 (*Actual figure for 2010-11 is 19553*).

The following new academic programmes were introduced during the XI Five Year Plan (2008-09 to 2009-10):

4. Four Year Full Time under Graduate Programme (B.Tech.) in Plastics Engineering/Technology – at CIPET- Ahmedabad, Bhubaneswar, Chennai & Lucknow.
5. Two Year Full Time Post Graduate Programme (M.Tech.) – Polymer Nanotechnology – at LARPM, Bhubaneswar – R&D Wing of CIPET.
6. Two Year Full Time Post Graduate Programme (M.E.) in CAD/CAM - at ARSTPS, Chennai – R &D Wing of CIPET.

Further CIPET has planned to introduce the following new academic programmes from the year 2010-11:

4. Four Year Full Time Under Graduate Programme (B.Tech.) Manufacturing Engineering/Technology – at CIPET- Ahmedabad, Bhubaneswar, Chennai & Lucknow.
5. Four Year Full Time Under Graduate Programme (B.Tech.) – Plastics Engineering/Technology – at CIPET Haldia and Murthal.
6. Five Year Integrated Post Graduate Programme (M.Sc. (Tech.)) – Material Science & Engineering – at CIPET, Bhubaneswar.

CIPET has already taken necessary steps to identify the areas where there is high concentration of plastics and its allied industries and accordingly initiated the process of establishing the following:

19. Advanced Tooling Product Development Centre (ATPDC) at Madurai - a unit of CIPET, Chennai in order to cater to plastic product design, tooling and trained manpower requirement of the plastics industry in Southern part of India at a project cost of Rs.24.80 crores (50:50% cost sharing between Centre and State Government).

20. Advanced Plastics Processing Technology Centre (APPTC) is being planned at Balasore in order to cater to manpower and technology support needs of the plastics processing industries in Eastern part of the country in general and surrounding areas of Balasore in particular at a project cost of Rs.15.00 crores (50:50% cost sharing between Centre and State Government).

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21 July, 2010]

*Regarding the expansion of CIPET by way of establishment of CIPET Centres/ Service Centres/ Testing Centre, the committee comprising of representatives of CIPET, Administrative Ministry, Planning Commission, All India Plastic Manufacturers' Association (AIPMA) has recommended to establish a new Plastics Testing Laboratory at Madurai, Testing centre at Daman, Specialized Centre at Kerala, a Centre at Uttarakhand after detailed deliberation in view of large plastic units coming up there. The proposal is under active consideration of the administrative Ministry.*

*[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20 June, 2011]*

### **Comments of the Committee**

(Please see Para No. 22 of Chapter-I of the Report)

### **Recommendation No. 5**

The Committee had noted that Plastic Waste Management Centre (PWMC), Guwahati started functioning from 31<sup>st</sup> August 2009 and was involved in converting all kinds of plastic waste into value added products. The Committee had also noted that the department have initiated the process of setting up of PWMC in Delhi. Considering the importance of plastic waste management as an important tool in checking the environmental degradation and in view of the fact that the Government of Delhi has recently initiated various steps to curb the pollution caused by Plastics, the Committee had recommended that the department should take up the matter with Government of Delhi so that steps can be taken expeditiously in a time-bound manner for setting up of PWMC in Delhi. They had also desired the Government to make sincere efforts to ensure that such centres are set up in other parts of the country also.

The Committee had also expressed the opinion that for setting up of Plastic Waste Management Centres, a separate fund has to be created. In order to generate funds for the same, the Committee had expressed the view that department may examine the

feasibility of imposing some kind of cess on industries engaged in production/usage of polymers. The Committee had desired to be apprised of the action taken in the matter.

Further, as the Ministry of Environment and Forests and the Ministry of Urban Development are also concerned directly with the issue, the Committee felt that the Department of Chemicals and Petrochemicals may form a Task Force at the apex level comprising the above Ministries and other agencies so that a mechanism of consultation takes place with them on a regular basis with regard to Plastics Waste Management in the prevalent overall scenario.

### **Reply of the Government**

CIPET plays a major role in creating awareness about Plastic Waste Management to general public, NGO's, Corporation officials through organizing seminars, workshops & conferences.

CIPET as a nodal agency has taken the initiatives for establishing a Plastic Waste Management Centre at Delhi in Public Private Partnership (PPP) mode. Action has been initiated for identifying a suitable land of around 5 acres in the vicinity of Delhi. Delhi Development Authority, New Delhi had been approached for allocating around 5 acres of land for setting up of Plastic Waste Management Centre at Delhi which is under progress. Meanwhile to initiate the activities on war-footing basis, *vide* letter reference No. IPFT/Admin/09-10 dated 12<sup>th</sup> January, 2010, the Competent Authority has allocated approximately 6000 sq. ft. of space at the IPFT campus, Gurgaon. The process of selection of contractor for carrying out the building alteration/ renovation, work is in progress.

An advertisement inviting Expression of Interest (EOI) for establishing PWMC at Delhi has been released in the leading newspapers and also hosted on the website. Out of 14 Organizations who have shown interest in establishing PWMC, Delhi, during the first phase of technical evaluation held on 31<sup>st</sup> May 2010, 11 Organizations have been short-listed and called for a presentation on 25<sup>th</sup> June 2010. Based on the 2<sup>nd</sup> phase of technical evaluation, further it is planned to invite the short listed organizations for a final presentation/evaluation at DCPC, Govt. of India at a later date.

The issue of levying a cess is still being explored.

Further, as recommended by the Standing Committee, sincere efforts to establish similar Plastic Waste Management Centres in other parts of the country will be taken as required. A Task Force, Chaired by Secretary(C&PC) for ensuring a regular consultation process with regard to Plastic Waste Management has been set up.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21 July, 2010]

### **Further reply of the Government**

A meeting was held under the chairmanship of Secretary (C&PC) on 9<sup>th</sup> March, 2011 wherein CIPET made a presentation covering the rationale and concept of the project. The presentation also highlighted the difficulties faced in proceeding with the project as the critical requirement of allotment of land in the vicinity of Delhi remains unresolved. During the meeting, Special Secretary, Urban Development Department, Government of Delhi, while appreciating the project indicated that the State Government/MCD will consider the same in a positive manner in view of its importance. However, they are contemplating to take care of entire solid waste including the plastic waste in Delhi. In this regard, Urban Development has already entered into agreement with private operators for disposal of solid waste, who have already been provided land for implementation of the projects for conversion of municipal solid waste into energy. It was opined by the Urban Development Ministry that after collection and disposal of the municipal solid wastes of these areas there may not be sufficient availability of plastics from other sources for the proposed PWMC centre to be set up in Delhi. The Urban Development Ministry indicated that there was paucity of land with MCD for allotment to CIPET for establishment of PWMC and suggested that the project could be aimed for the entire NCR and land could be identified at Greater Noida or in Haryana.

It was decided that even while Government of Delhi will continue to be impressed upon for early allotment of land, CIPET would also explore the possibility of getting allotment of land in Greater Noida or Haryana for setting up of a state of art PWMC, which could be a role model for further replication.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20 June, 2011]

### **Comments of the Committee**

(Please see Para No. 28 of Chapter-I of the Report)

### **Recommendation No. 6**

The Committee note that Assam Gas Cracker Project (AGCP) was approved by the Government on 18 April 2006 as a part of projects undertaken for rapid economic growth of the state of Assam. AGCP is scheduled for commissioning in April, 2012 and a joint venture company Brahmaputra Cracker and Polymer Limited (BCPL) has been incorporated for execution of this project. A capital subsidy of Rs.2138 crore on fixed cost basis (phased during construction period of 5 years at constant prices) has to be provided by the Department for this project. The Committee note that as against planned capital subsidy of Rs.662.78 crore for the first three years, the amount actually provided

and released for AGCP was Rs.453.74 crore. Even for the year 2010-11, as against the subsidy of Rs.900 crore asked for by the Department, only Rs.212.74 crore have been provided. The Committee regret to point out that overall physical progress made in the project till 15 February 2010 as per details furnished by the Department is 11.8% as against scheduled 21.3%. All this point towards dismal performance both in physical as well as financial terms in execution of such an important project. The Committee are inclined to conclude that delay in execution of this project will not only result in cost escalation but also deprive the State of Assam of the envisaged benefits which would accrue to them. The Committee, therefore, recommend that the Department as implementing agency for AGCP should take expeditious concrete steps for removal of hurdles as to ensure the execution of project at the earliest. The Committee also wish to point out that despite the provision of a mechanism of non-lapsable pool fund for North Eastern States in the budgetary allocations if such important projects suffer on account of constraint of funds, the onus of delay is only on the Department. The Committee would like to be apprised of the steps taken in this regard within one month of presentation of the Report.

### **Reply of the Government**

A Monitoring Committee on implementation of Assam Gas Cracker Project (AGCP) under the Chairmanship of Secretary (C&PC) monitors the physical and financial progress of the project at regular intervals. There were some delays in the initial phases but the implementation plan has been reworked out and slippages have been arrested to ensure timely completion. The Monitoring Committee monitors all the critical issues and tries to resolve them with the concerned authorities including Government of Assam. The Prime Minister's Office (PMO) also reviews the progress of Assam Gas Cracker Project as its Flagship Programme under Delivery Monitoring Unit set-up in the PMO. Request is being made to Ministry of Finance to address the issue of shortage of funds at the time of 1<sup>st</sup> Supplementary Demands for Grants 2010-11.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

### **Further reply of the Government**

The cumulative progress achieved, in the project as on 15 May, 2011 is 40.3% as against the original scheduled target of 81.7% and the cumulative expenditure as on 31 May, 2011 is Rs. 2,285.02 crore.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

### **Recommendation No. 8**

The Committee note that the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) policy aims at adopting 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, air links, ports, telecom, power, water treatment, sewerage, effluent treatment, green buffers, etc., besides developing the industry in these regions to the tune of approximately Rs.4, 86,180 crore and employment generation of about 30 lakh persons. In this connection, the Cabinet approved the proposal for setting up PCPIRs in Andhra Pradesh, West Bengal and Gujarat in February 2009 and 'Memorandum of Agreement' was signed with each of the three State Governments on 1 October 2009, 29 October 2009 and 7 January 2010, respectively. Further, the Committee have been given to understand that the Department are processing the proposal for setting up PCPIR in Orissa. The proposal regarding setting up of PCPIR in Tamil Nadu is now being revised by the State Government in terms of PCPIR policy. While welcoming the laudable objectives of PCPIR and the efforts made by the Department in this regard, the Committee hope that this scheme will take off expeditiously in these States so as to achieve the desired results. The Committee also desire the Department to make all out efforts to encourage other State Government also to participate in this important initiative. The Committee would like to be apprised of the progress made in implementation of the policy in other States.

### **Reply of the Government**

*(Including updated Action Taken Replies given in italics)*

In order to ensure speedy implementation of the approved PCPIRs, the Department has established a monitoring mechanism Chaired by Secretary (C&PC). Three meetings of this Monitoring Committee have already been held till now. These meetings have enabled the Department to identify areas requiring greater attention. It has also provided the State Governments an opportunity to raise issues requiring cooperation and support from various Ministries of Government of India.

2. The significant achievements at this stage are as follows:

#### West Bengal PCPIR:

- Ministry of Environment and Forests have approved Terms of Reference of the Environment Impact Assessment. *The EIA clearance is expected by September, 2011.*
- Completion of IOCL's upgradation of the 6 MMTPA refinery to 7.5 MMTPA.
- Four laning of NH-41 is likely to be completed as per target.
- A dedicated website on the West Bengal PCPIR has been launched.
- *Notification of the PCPIR is over.*
- *Constitution of the West Bengal PCPIR Management Board and notification to this effect.*
- *Signing of Power Purchase Agreement with the Power Tenant with a committed investment of Rs. 12,870 crore.*
- *Signing of MoU with Air Liquide.*

#### Gujarat PCPIR:

- MoU has been signed between the State Government and the Anchor Tenant viz. OPAL- *which has incurred a total expenditure of Rs. 5,052 crore till date.*
- The PCPIR has been notified under the Special Investment Region (SIR) Act.
- *92.94 sq.kms. have been acquired. 131.54 sq.kms is under acquisition.*
- *Regional Development Authority constituted by Government of Gujarat on 18.09.2010 under the Special Investment Region Act, 2009 of Government of Gujarat.*
- *Terms of Reference of EIA study have been approved by M/o Environment and Forests.*
- Detailed Development Plan is *finalized and under public consultation.*
- Completion of a detailed study of 18 villages involving rehabilitation.
- Marketing activities by the State Government has yielded an interest in investments of about Rs. 77,119 in the PCPIR. *Additional investment of Rs. 50,158 crore committed during Vibrant Gujarat 2011.*
- *Petronet LNG is setting up a 1200 mega watt power plant.*

#### Andhra Pradesh PCPIR:

- Feasibility Study for the rail line linking APSEZ to Gangavaram Port has been awarded to RITES Limited.
- *Acquisition of additional 3.66 sq.km of the processing land and filling of requisition for acquisition of additional 35.18 sq.kms.*
- *M/s LEA Associates, South Asia Pvt. Ltd has been appointed as Consultants for the Master Plan.*



- *Constitution of a Special Development Authority to function as Management Board.*
- *Engaging of EPTRI as consultant for EIA studies. Approval of TOR by M/o E&F is awaited.*
- *Actual investments of Rs. 9,290.96 crore.*
- *Notification of the PCPIR is completed.*

3. The approved PCPIRs have been promoted and showcased through various investor meets, exhibitions as well as national and international road shows. The concerned State Governments have participated in all these events.

4. The proposal of Government of Orissa to set up a PCPIR in Kendrapara and Jagatsinghpur Districts *was approved by the Cabinet Committee on Economic Affairs (CCEA) in December, 2010. A Memorandum of Agreement with Government of India outlining respective commitments and timelines is to be signed by the State Government shortly.*

5. Government of Tamil Nadu has submitted a revised proposal, which has been circulated among concerned Ministries and Departments of Government of India. The comments received from them have been forwarded to the State Government for further consideration. *The High Powered Committee (HPC) chaired by Cabinet Secretary has recommended Government of Tamil Nadu's proposal for setting up a PCPIR in the Cuddalore and Nagapattinam districts for approval by the CCEA. As recommended by the HPC, the proposal will be placed before the CCEA after further discussions with Ministry of Road Transport & Highways, D/o Expenditure and Planning Commission regarding provision of road infrastructure in the PCPIR.*

6. As mentioned earlier, the Department has been systematically promoting the PCPIR Policy in different parts of the country. The Department has encouraged all State Governments to consider the feasibility of establishing PCPIRs. However, since the policy has certain pre-requisites such as existence of basic infrastructure and industries, availability of large tracts of area and investment of substantial amounts by potential investors, the evolving of a PCPIR Proposal by any State Government is a fairly complex process with huge demands of both capital and infrastructure.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

### **Recommendation No. 9**

The Committee note that the National Policy on Petrochemicals was approved by the Government on 12 April 2007. The objectives of National Policy on Petrochemicals inter-alia are; to increase investment, domestic demand and per capita consumption of plastic and synthetic fibres, to promote research and development, etc. The Department of Chemicals and Petrochemicals are stated to have undertaken certain initiatives in respect of National Policy on Petrochemicals and formulated three schemes after evaluation of feasibility studies, viz. setting up of Centres of Excellence, National Awards for Technology Innovations in Petrochemicals and downstream Plastic Processing Industry and also for setting up of dedicated Plastic Parks to promote a cluster approach in the areas of development of plastic applications and plastic recycling. According to the Department, the Planning Commission has approved only one scheme viz. for setting up of Centres of Excellence whereas their approval is awaited in respect of other schemes. The Committee call upon the Department to take concerted efforts aimed at institutionalization of the schemes by taking up the matter with Planning Commission for early approval of remaining schemes so as to ensure the optimum utilization of allocated funds. The Committee hope that all the initiatives taken by the Department of Petrochemicals Policy will be taken to their logical conclusions expeditiously to achieve the desired objectives.

### **Reply of the Government**

The Department has already taken up the other schemes with Planning Commission. The Planning Commission has accorded 'in-principle' approval to the other two schemes as well. The Department is in the process of implementing all the three schemes, approved by the Planning Commission.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21 July, 2010]

### **Further reply of the Government**

The Schemes for setting up of Centre of Excellence and National Awards for Technology Innovations in Petrochemicals and downstream Plastic Processing Industry and setting up of dedicated Plastic Parks, under the aegis of National Policy on Petrochemicals have been approved by the Government. The necessary action for release of funds and identification of institutions under the schemes of COE & National Awards has been taken.

The Government approved 2 dedicated plastic parks during the 11<sup>th</sup> Five Year Plan. The Scheme Documents have been forwarded to all the State Governments inviting proposals. Department is simultaneously in the process of identifying the

Programme Manager. The proposals received from various State Governments are under evaluation.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

### **Recommendation No. 10**

The Committee note that the Department of Chemicals and Petrochemicals have three Public Sector Undertakings under its administrative control, viz Hindustan Organic Chemicals Limited (HOCL), Hindustan Insecticides Limited (HIL) and Brahmaputra Cracker and Polymer Ltd. (BCPL). Consequent upon the implementation of revival package in 2006, HOCL earned profits of Rs.17.04 crore and Rs.13.61 crore in the years 2006-07 and 2007-08 but started incurring losses from the year 2008-09. The Company incurred loss of Rs.66.81 crore again in the year 2009-10 (upto December 2009). The global meltdown and lower price realization have been cited as the reasons for these losses. According to the Department, to put the HOCL back to track, a sum of Rs.15.03 crore has been released as plan loan in the year 2009-10 for expansion/ technology upgradation schemes and an action plan has also been prepared by HOCL in this regard. The Committee strongly recommend that apart from early implementation of action plan the company should also take necessary administrative and innovative steps to check the recurrence of losses. The Committee hope that with these efforts, Department will be able to fine tune the operations of HOCL and put it back on the right track.

### **Reply of the Government**

The Company has been asked to prepare and implement the Action Plan as approved by its Board which will be monitored in the periodic Performance Review Meetings held in the Ministry. The company has also been advised to appoint immediately an external expert/ consultant for advising the company regarding causes of losses and making recommendations for arresting the trend of losses. Time lines for the various projects for which Rs.15.03 crore has been released has been prepared by the company and the same are also being monitored in the Performance Review Meetings.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

### **Further reply of the Government**

HOCL has engaged SBI Caps Limited to prepare a Business Plan for HOCL and for making recommendations for arresting the trend of losses. The Board of Directors

considered the suggestions / recommendations of M/s SBI Caps. The trend of losses has been arrested and HOCL has made a net profit of Rs. 25.72 crore in the year 2010-11. As regards the status of various projects for which a plan loan of Rs. 15.03 crore was provided to HOCL in the year 2009-10, two projects, namely, (i) conversion/ modification of Hydrogen Plant to CNG feedstock and steam boilers to CNG fuel and upgradation of aniline plant and (ii) ERP at Kochi have been implemented after successful completion and the rest of two projects, (a) Upgradation of DCS for CAN, N<sub>2</sub>O<sub>4</sub> and (b) Debottlenecking of H<sub>2</sub>O<sub>2</sub> plant capacity are under process of completion.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20 June, 2011]

### **Recommendation No. 12**

The Committee note that the Cabinet Committee on Economic Affairs (CCEA) approved the revival proposal of Hindustan Insecticides Ltd. (HIL) on 27 July 2008 and since then the company has earned profit of Rs.5.66 crore and Rs.6.52 crore in the year 2006-07 and 2007-08 respectively. The profit of the company has however, come down to Rs.2.71 crore in 2008-09 and further to Rs.0.85 crore in 2009-10 (upto 31 December 2009). The Department has attributed the reduction in profit to the non-availability of many raw materials, reduction in demand due to high prices on account of unprecedented increase in prices of products like sulphur, phosphorus, etc. The Committee recommend that the Department should make all out efforts to make available the required raw materials besides making the production cost effective to check the gradual decline in profits. The Committee hope that with the budgetary support of Rs.20 crore during 2010-11 HIL will be able to improve performance and show better results.

### **Reply of the Government**

The Company is taking all possible actions to improve profitability. The Department is regularly taking review meetings to improve the efficiency and profitability of the company.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21 July, 2010]

### **Further reply of the Government**

Rs. 20 crore was allocated as 1<sup>st</sup> installment for setting up a plant involving a total cost of Rs. 40 crore for manufacturing Mancozeb of capacity 20,000 MTPA at Rasayani. Being a big investment project, as the various activities related to the implementation of

the project such as finalization of Draft Project Report, etc were taking time, allocation for year 2010-11 was surrendered. However, HIL earned a net profit of approx. Rs. 1.15 crore during 2010-11.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

### CHAPTER III

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

##### **Recommendation No. 7**

The Institute of Pesticide Formulation Technology (IPFT) is an Institute entrusted with the tasks of development and production of the state-of-the-art environment friendly pesticide formulations technology and promotion of efficient application technologies suiting the existing requirements of the newer formulations, etc. A provision of Rs. 7 crore (Plan) was made at BE and RE stage during 2009-10. However, nothing was utilized out of this till 31<sup>st</sup> January, 2010 and the Department *cited* various procedural difficulties faced by IPFT for not utilizing the fund. While expressing their displeasure over the alibi of the Department for non-utilization of funds in an era of globalization, the Committee expect the Department to make concerted efforts for removal of any such procedural hurdles which were faced during 2009-10 so as to ensure optimum and methodical utilization of funds during the current financial year. The Committee would like to be apprised about the precise action taken to remove each of such difficulties by IPFT within one month of the presentation of the Report.

##### **Reply of the Government**

The Plan outlay of Rs.7.00 crore was provisioned for procurement of sophisticated scientific/technical equipments for development of environment friendly technologies. The outlay was not utilized due to receipt of few bids, even single bids in some cases, against open/global tenders. Accepting that the same would not have fetched competitive rates, corrective steps have been taken and the following committees have been constituted to streamline the procurement process:

- i. **Justification Committee**: A Justification Committee with external experts has been constituted to assess the specific requirement of various divisions of the Institute.
- ii. **Specification Committee**: A Specification Committee has also been constituted, which will finalize the technical specifications of the instruments to be procured in such a manner so as to ensure greater competition and participation by prospective bidders.

2. Global tenders will be floated on the recommendations of the Committees and instruments will be procured by the Institute to ensure proper utilization of funds.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21 July, 2010]

#### **Further reply of the Government**

During the year 2009-10, a plan allocation of Rs. 7.00 crore was provisioned for IPFT mainly for procurement of sophisticated scientific equipment. Out of this amount, IPFT could only draw Rs. 5.06 crore leaving a balance of Rs. 1.94 crore undrawn and surrendered. The allocated funds could not be utilized by IPFT during the year 2009-10. The low utilization of funds was on account of certain shortcoming in the procurement procedure, which was addressed by taking corrective steps and constitution of Justification and Specification Committees to streamline the procurement process. Subsequent to adoption of revised tendering process as per recommendations of the Committees, IPFT has been able to utilize Rs. 4.11 crore. An amount of Rs. 3.05 crore was utilized on procurement of equipments/instruments and Rs. 1.07 crore was utilized on RENPAP Trust Fund and Secretariat support; Project Neem Phase II and other projects of IPFT. An amount of Rs. 95.00 lakh was surrendered.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20 June, 2011]

## CHAPTER IV

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLY OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

#### Recommendation No. 1

The Committee note that the production of major chemicals and petrochemicals had recorded negative growth rate i.e. (-) 5.24% and (-) 5.56% respectively during the year 2008-09. Consequent upon announcement of Stimulus Packages by the Government in December 2008 and January 2009, the growth of major chemicals, petrochemicals and intermediates is stated to have shown slight improvement. During the period April 2009 to January 2010, the growth in chemicals was 1.84% and that for petrochemicals was 0.98%. However, this improvement is not encouraging when compared with the performance during the period from 2003-04 to 2005-06 which for major chemicals ranged from 3.62% to 6.79% and for major petrochemicals between 1.61% to 6.91%. While emphasizing the need for continuance of Stimulus Packages for the time being, the Committee recommends that the Department should proactively play the designated role of facilitator for development of chemicals and petrochemicals and ensure early stabilization of chemicals and petrochemicals industry.

#### Reply of the Government

The global slowdown effect was not as prominent in India as in other countries due to domestic demand. The stimulus package provided by the Ministry of Finance helped in bringing about a positive growth rate for improving it further. Department of Chemicals and Petrochemicals supported the continuation of the stimulus package for 2010-11 also.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21 July, 2010]

#### Further reply of the Government

Petrochemicals Industry: Post-recovery period has seen Petrochemicals Industry growing at a robust growth rate of 8.7% in the year 2010-11 (April to March).

Chemicals Industry: Major Chemicals have grown at a rate of 6.4% during 2010-11.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20 June, 2011]



### **Comments of the Committee**

(Please see Para. No. 9 of Chapter-I of the Report)

#### **Recommendation No. 3**

The Committee note that Rs.239.75 crore were provided for plan expenditure at BE stage for the Department during 2009-10 which was eventually revised to Rs.405.82 crore at RE stage. The increase at RE stage, according to the Ministry, was mainly due to the provision of Rs.166.07 crore for Assam Gas Cracker Project (AGCP). The Committee regret to observe that either the Department failed to anticipate the need for such an expenditure at BE stage, this being an ongoing project, or the Planning Commission did not provide the requisite funds at BE stage that might have been asked for by the Department. The Committee expect due diligence by the Department while making proper and realistic estimate for such an important project and also in perusing the Planning Commission to allocate the same. The Committee may be apprised whether any responsibility has been fixed on the erring officers and disciplinary action taken against them. Further, the date pertaining to the actual expenditure incurred by the Department during 2009-10 indicate that a major portion of the funds had been incurred by the Department during the last 2-3 months of the financial year. This is evident from the fact that the Department had spent only Rs. 233.59 crore till 31 January 2010 whereas the actual expenditure of the Department by 15 March 2010 was Rs.407.41 crore. The Committee feel that prudent financial practices warrant that the allocated funds are incurred evenly during the year as far as possible. The Committee expect the Department to take suitable necessary steps in future to ensure that allocated funds are spent judiciously and uniformly during the year. The Planning Commission/ Ministry of Finance may also ensure that the requisite funds are provided in time lest it should retard the progress of this important project.

#### **Reply of the Government**

In the Annual Plan Budget 2009-10, the Department had requested to provide Rs.471.00 crore in the budget outlay towards Capital Subsidy to Assam Gas Cracker Project for 2009-10. The allocation for 2009-10 at BE stage was restricted to Rs.239.75 crores. However, during the budget announcement 2009-10 also, Finance Minister in his speech had announced increase in the budget outlay for Assam Gas Cracker Project. Accordingly, Ministry of Finance provided additional budget to the tune of Rs.166.07 crore according to the Business Plan of Brahmaputra Cracker and Polymer Limited in the

first supplementary grant for 2009-10. The Department regularly monitors the physical and financial progress of the Project to ensure that allocated funds are spent judiciously as per the approved Business Plan.

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

#### **Further reply of the Government**

In the year 2010-11, an amount of Rs. 212.74 crore was initially provided for AGCP at BE Stage and additional funds of Rs. 579 crore were provided at RE Stage. Accordingly, the funds including additional allocations were released to BCPL in 2009-10 & 2010-11 uniformly by the Department as per staggered allocations. The project is in advanced stage of implementation and the Department is making efforts for spending the funds judiciously and uniformly during the year. The project has never suffered on account of financial constraints.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

#### **Comments of the Committee**

(Please see Para. No. 17 of Chapter-I of the Report)

#### **Recommendation No. 11**

The Committee note with concern that Caustic Chlorine plant of HOCL at Rasayani, Maharashtra which was re-commissioned in September 2008 had to be shut down again in October 2009 due to dumping of caustic soda lye by developed countries and increase in power tariff by Maharashtra State Electricity Board from Rs.4.50 per unit to Rs.6.15 per unit which made caustic soda manufacturing operation non-remunerative. The Committee have been informed that even the imposition of 25% safeguard duty on import of caustic soda has not produced the desired impact in checking the large scale dumping. The Committee have been given to understand that to check the cost of production and to make the project viable, HOCL has taken up the installation of 16 MW capita power plant with which power cost per unit is expected to come down to Rs.4. the Committee hope that the Department will take all necessary steps for early installation of 16 MW Captive Power Plant for Rasayani Unit of HOCL. Apart from taking suitable remedial measures to reduce the cost of production, the Department may also examine the feasibility of taking up the matter with the Ministry of Finance for raising the safeguard duty if any other unit in this Sector is also facing the difficulty on this account. The Committee would like to be informed of the progress made in this regard.

### **Reply of the Government**

(1) In order to make the Caustic Soda Plant viable, HOCL has taken up the installation of 16 MW captive power plant through JV route. HOCL's contribution in the JV equity will be in the form of Land. The final documents for Requisition for Qualification (RFQ) have been prepared by the Consultants M/s Kirlosakar Consultants. The progress of implementation of the proposed JV is being reviewed by HOCL Board and the Department regularly through review meetings.

(2) The provisional safeguard duty on Caustic Soda was valid upto 02.03.2010. However, the DG Safeguard did not recommend further extension of safeguard duty. Aggrieved by this decision, Alkali Manufacturers Association representing the domestic Chloro alkali has filed an Appeal on 9.5.2010 with Central Excise and Service Tax Appellate Tribunal (CESTAT).

[Department of Chemicals and Petrochemicals O.M. No.16(2)/2010-Fin I dated 21  
July, 2010]

### **Further reply of the Government**

Detailed study was done on the viability for setting up of 16 MW Captive Power Plant. However, with the present cost of CNG available, the power plant has become unviable. Hence, the project has been abandoned for the time being.

[Department of Chemicals and Petrochemicals O.M. No.16(7)/2011-Fin dated 20  
June, 2011]

### **Comments of the Committee**

(Please see Para. No. 32 of Chapter-I of the Report)

**CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE  
GOVERNMENT ARE OF INTERIM NATURE**

**Nil**

**New Delhi;  
28 July , 2011  
6 Shravana, 1933 (Saka)**

**Gopinath Munde  
Chairman,  
Standing Committee on  
Chemicals and Fertilizers**

**APPENDIX-I****MINUTES****MINUTES OF THE TENTH SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2010-11)**

The Committee sat on Tuesday, the 31 May, 2011 from 1500 hrs. to 1630 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

**Present**

**Dr. Manda Jagannath** - **Acting Chairman**

**Members****Lok Sabha**

2.	Smt. Susmita Bauri
3.	Shri Prabhatsinh P. Chauhan
4.	Smt. Santosh Chowdhary
5.	Adv. Ganeshrao Nagorao Dudhgaonkar
6.	Shri T.K.S. Elangovan
7.	Shri N. Peethambara Kurup
8.	Shri Baidya Nath Prasad Mahato
9.	Shri Jagdambika Pal
10.	Shri Tapas Paul
11.	Shri Ponnam Prabhakar
12.	Shri Ashok Kumar Rawat
13.	Shri Narendra Singh Tomar
<b>RAJYA SABHA</b>	
14.	Shri A.A. Jinnah
15.	Prof. Anil Kumar Sahani
16.	Shri Raghunandan Sharma
17.	Shri Parshottam Khodabhai Rupala
18.	Shri Abani Roy
19.	Shri Biswajit Daimary

**Secretariat**

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri Ashok Sarin     | - | Joint Secretary     |
| 2. | Shri C. S. Joon      | - | Director            |
| 3. | Shri A.K. Srivastava | - | Additional Director |

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Dr. Manda Jagannath, a member of the Committee, to act as the Chairman. The Acting Chairman welcomed the members to the sitting of the Committee.

3. The Committee thereafter took up for consideration and adoption the following draft Action Taken Reports :

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

(ii) \*\*\*    \*\*\*    \*\*\*    \*\*\*    \*\*\*    \*\*\*    \*\*\*

(iii) \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

(iv) Report on Action Taken by the Government on the recommendations contained in the Eighth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

4. After some deliberation the adoption/ consideration of the above mentioned Reports was deferred to a later date.

***The Committee then adjourned.***

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***\*\*\* Matters not related to this Report.***

**APPENDIX-II****MINUTES****STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2010-11)****THIRTEENTH SITTING  
(18.07.2011)**

The Committee sat on Monday from 1500 hours to 1600 hours.

**Present**

**Shri Gopinath Munde** - **Chairman**

**Members****Lok Sabha**

2. Smt. Susmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Smt. Santosh Chowdhary
5. Shri K.D. Deshmukh
6. Adv. Ganeshrao Nagorao Dudhgaonkar
7. Shri Baidya Nath Prasad Mahato
8. Shri Jagdambika Pal
9. Shri Tapas Paul
10. Shri Ashok Kumar Rawat
11. Shri N. Chalugaraya Swamy

**Rajya Sabha**

12. Shri Silvius Condpan
13. Shri Brijlal Khabri
14. Prof. Anil Kumar Sahani
15. Shri Raghunandan Sharma
16. Shri Parshottam Khodabhai Rupala
17. Shri Abani Roy

**Secretariat**

1. Shri N.K. Sapra - Secretary
2. Shri Ashok Sarin - Joint Secretary
3. Shri C. S. Joon - Director
4. Shri A.K. Srivastava - Additional Director

2. At the outset, Hon'ble Chairman welcomed the members to the sitting of the Committee.

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

(i), (ii) and (iii)      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

(iv) Draft Report on Action Taken by the Government on the recommendations contained in the Eighth Report (15<sup>th</sup> Lok Sabha) on Demands for Grants

(2010-11) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals);

(v), (vi) and (vii)      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*      \*\*\*

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

***The Committee then adjourned.***

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***\*\*\* Matters not related to this Report.***



**APPENDIX-III**

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE EIGHTH REPORT (15<sup>TH</sup> LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2009-10) ON 'DEMANDS FOR GRANTS (2010-2011)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS).

I	Total No. of Recommendations	12
II	Observations / Recommendations which have been accepted by the Government:- (Vide Recommendation.Nos. 2, 4, 5, 6, 8, 9, 10 and 12)	8
Percentage of Total		67%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:- (Vide Recommendation No. 7	1
Percentage of Total		8%
IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:- (Vide Recommendation Nos. 1, 3 and 11)	3
Percentage of Total		25%
V	Observations / Recommendations in respect of which replies of the Government are of interim nature:- (Vide Recommendation No. Nil	0
Percentage of Total		0%