



**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2011-12)**

FIFTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2011-2012)**

[Action Taken by the Government on the Observations/Recommendations contained in the Twentieth Report of the Standing Committee on Chemicals and Fertilizers (Fifteenth Lok Sabha) on Demands for Grants (2011-12) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]



TWENTY FOURTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

March, 2012/Phalguna, 1933 (Saka)

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CHEMICALS AND FERTILIZERS
(2011-12)****FIFTEENTH LOK SABHA****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)****DEMANDS FOR GRANTS
(2011-2012)**

*[Action Taken by the Government on the Observations/Recommendations
contained in the Twentieth Report of the Standing Committee on Chemicals and Fertilizers
(Fifteenth Lok Sabha) on Demands for Grants (2011-12) of the
Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]*

Presented to Lok Sabha on 15.03.2012

Laid in Rajya Sabha on 15.03.2012



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2012/Phalguna, 1933 (Saka)

CONTENTS

		Page No.
COMPOSITION OF THE COMMITTEE (2011-12)		4
Introduction		5
Chapter I	Report	6-16
Chapter II	Observations / Recommendations which have been accepted by the Government	17-24
Chapter III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	25
Chapter IV	Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	26
Chapter V	Observations / Recommendations in respect of which replies of the Government are of interim nature	27-28
APPENDICES		
I.	Minutes of Fourth Sitting of the Standing Committee on Chemicals & Fertilizers (2011-12) held on 05 March 2012	29-31
II.	Analysis of Action Taken by the Government on the recommendations contained in the Twentieth Report (15 th Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2010-11) on 'Demands for Grants (2011-2012)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).	32

**COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS (2011-12)**

Shri Gopinath Munde - Chairman	
MEMBERS	
LOK SABHA	
2.	Shri Prabhatsinh Pratapsinh Chauhan
3.	Shri K. D. Deshmukh
4.	Smt. Paramjit Kaur Gulshan
5.	Shri Yashbant N.S. Laguri
6.	Shri Baidya Nath Prasad Mahato
7.	Shri Sakti Mohan Malik
8.	Shri O.S. Manian
9.	Shri Kamlesh Paswan
10.	Shri N. Peethambara Kurup
11.	Shri Ponnam Prabhakar
12.	Shri Ashok Kumar Rawat
13.	Shri Sivakumar alias Ritheesh
14.	Shri Tufani Saroj
15.	Shri Suresh Kumar Shetkar
16.	Shri Raju Shetti
17.	Shri Adagooru Viswanath
18.	Shri Om Prakash Yadav
19.	Vacant
20.	Vacant
21.	Vacant
RAJYA SABHA	
22.	Shri Biswajit Daimary
23.	Shrimati Naznin Faruque
24.	Shri A.A. Jinnah
25.	Shri Brijlal Khabri
26.	Shri Parshottam Khodabhai Rupala
27.	Prof. Anil Kumar Sahani
28.	Shri Raghunandan Sharma
29.	Dr. C.P. Thakur
30. &	Shri Dilipbhai Pandya
31. #	Vacant

SECRETARIAT

- | | | | |
|----|----------------------------|---|---------------------|
| 1. | Shri C.S.Joon | - | Joint Secretary |
| 2. | Shri Anil Kumar Srivastava | - | Additional Director |
| 3. | Smt. Emma C. Barwa | - | Under Secretary |
| 4. | Shri Ajit Kumar Sahu | - | Committee Officer |

& NOMINATED W.E.F. 17.09.2011.

Vacancy arisen due to demise of Shri Silvius Condpan, MP (RS) w.e.f. 10 October 2011

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2011-12) having been authorised by the Committee to present the Report on their behalf present this Twenty Fourth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations / recommendations contained in the Twentieth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2011-12) on 'Demands for Grants (2011-12)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Twentieth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 04 August, 2011. The Action Taken Replies of Government to all observations / recommendations contained in the Report were received on 15 September, 2011. The Standing Committee on Chemicals and Fertilizers (2011-12) considered and adopted this Report at their sitting held on 05 March 2012.

3. An analysis of the Action Taken by the Government on the observations/ recommendations contained in the Twentieth 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;
13th March, 2012
23 Phalguna, 1933 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers

REPORT

CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers (2010-11) deals with the action taken by the Government on the Observations / Recommendations contained in the Twentieth Report (Fifteenth Lok Sabha) of the Committee on 'Demands for Grants (2011-12)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 04.08.2011. In all, the Committee made 11 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 Twentieth Report within three months from the date of presentation of the Report, i.e. by 04.11.2010. The Action Taken Replies of the Government in respect of all the 11 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(12)/2011-Fin I dated 15.09.2011. Accordingly, the Replies have been examined and categorized as follows:-

- | | | |
|-------|---|---------------------------|
| (i) | Observations / Recommendations which have been accepted by the Government- | |
| | Sl. Nos. 1, 2, 4, 5, 7, 8, 10 and 11 | (Total =8)
Chapter-II |
| (ii) | Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply- | |
| | Sl.No. Nil | (Total =0)
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.No. 3 | (Total =1)
Chapter-IV |
| (iv) | Observations / Recommendations in respect of which replies of the Government are of interim nature- | |
| | Sl. Nos. 6 and 9 | (Total =2)
Chapter-V |

3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report and the Final Replies in respect of Observations / Recommendations contained in Chapter V for which Interim Replies have been furnished by the Department should be furnished expeditiously.

4. 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. Proper Implementation of Various Initiatives

(Recommendation SI.No.2)

5. Taking note of the various initiatives, schemes and policies pursued by the Department and emphasizing the need for their proper implementation, the Committee had recommended as under:-

“The Committee note that the Department’s role is limited as a facilitator only for the development of chemical industry and accordingly, the Department of Chemicals and Petrochemicals has formulated the National Policy on Chemicals with the aim of addressing various issues as well as for increasing investment in the petrochemicals sector. The Department has also come out with a cluster infrastructure scheme of plastic parks besides setting up an award scheme to incentivize meritorious innovations in the field of plastics/elastomers/synthetic fibres/surfactants/intermediates. The strengthening and expansion of the Central Institute of Plastic Engineering & Technology (CIPET) is also stated to have been carried out. The Department aims to create world class infrastructure for the Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) which would enable investment in the petrochemicals sector. Further, a Task Force has been set up by the Department to examine various issues relating to the chemicals industry, the report of which is yet to be finalized. The Committee expect the Department to vigorously implement these measures and would like the report of the Task Force be finalized at the earliest so as to enable the Department to take necessary steps for early stabilization of the chemicals industry. As regards the petrochemicals sector, the Department needs to ensure proper implementation of various initiatives like the National Policy on Petrochemicals, Petroleum Chemicals and Petrochemical investment Regions (PCPIR), etc., undertaken by the Department.”

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

“In pursuance of the National Policy on Petrochemicals, the Department of Chemicals & Petrochemicals is implementing 3 schemes in the 11th Five Year Plan viz. (i) Setting up of dedicated Plastic Parks - to promote a cluster approach in the areas of development of plastic applications and plastic recycling; (ii) Schemes of National Awards for Technology Innovations in Petrochemicals and

downstream Plastic Processing Industry – to incentivize meritorious innovations and inventions in the field of Petrochemicals; and (iii) Setting up of Centres of Excellence (CoE) in the field of Petrochemicals - to set up internationally recognized centres for the analysis and dissemination of existing global knowledge in the chosen fields, provide authoritative, strategic and timely information to organizations and companies for use in the development and implementation of their projects/programmes while engaging in future path breaking R & D efforts. All the above three schemes have been formulated in the year 2010-11. National Chemical Laboratory, Pune and Central Institute of Plastic Engineering and Technology (CIPET), Chennai have been selected for setting up the Centres of Excellence (CoE) the National Awards for the year 2010-11 have been finalized. The process for appointment of Programme Manager for implementation of the plastic parks scheme is under way. The funds allocated for CoE and National Award have been utilized whereas funds for plastic parks scheme shall be released after the Programme Manager is appointed. Hence, the formulation and implementation of various schemes under the aegis of National Policy on Petrochemical has been taken up vigourously by the Department.”

Comments of the Committee

7. The Committee had earlier recommended that proper implementation of various initiatives taken by the Department such as the National Policy on Petrochemicals, cluster infrastructure scheme of Plastic Parks, award schemes to incentivize meritorious innovations, setting up of Centres of Excellence (CoE), implementation of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) Scheme, etc. should be carried out expeditiously. The Committee had also recommended that the report of the Task Force should be finalized at the earliest so as to enable the Department to take necessary steps for early stabilization of the chemicals industry. In its response to the Committee’s recommendation, the Department has provided details of the measures it took to implement the National Policy on Petrochemicals. However, the Committee are unhappy to note that the Department has not provided any details about the present status of the Task Force it had set up, whose finalization of report and implementation are crucial for the growth and development of the chemicals industry. The Department has also stated in its Action Taken Replies (ATR) that the process for appointment of Programme Manager for implementation of the Plastic Park scheme is under way. The Committee, therefore, desire that the Department should finalize the report of the Task Force at the earliest. The Committee also desire that the Department should expedite the process of appointment of Programme Manager as funds for plastic parks scheme is to be released only after the Programme Manager is appointed. The Committee would like to be apprised about any progress in this regard.

B. Reduction of Excise Duty on Petrochemicals

(Recommendation Sl. No. 3)

8. Emphasizing the need to reduce the rate of excise duty on petrochemicals as part of the stimulus package to boost production and sustain the present momentum of growth in the petrochemicals sector, the Committee had recommended as under:-

“The Committee note that the Department of Chemicals and Petrochemicals has constituted an inter-ministerial Expert Committee for promotion of plastics in thrust areas, namely, plastic in agriculture (plasticulture), water management, construction and packaging. The Department also interacts with the industry associations at the national level and pro-actively takes up issues related to petrochemical industry for sustainable development of the sector. The Committee have also been given to understand that stimulus packages announced in December 2008 and January 2009 reduced the excise duty to 8% from the existing rate of 14% which was, however, increased subsequently in the Budget 2010-11 to 10%. As a result of reduction in excise duties, polymers and performance plastics had registered significant growth rates of 12.26% and 8.38% respectively. Together, the major petrochemicals registered a growth rate of 9.92% during the period from April 2010 to January 2011. These increases in growth rate can be attributed, at least in part, to the reduction in excise duties and other measures taken as part of the stimulus package. The Committee, therefore, recommend that the Department of Chemicals and Petrochemicals should impress upon the Ministry of Finance to reduce the excise duty to 8% from the present rate of 10% in order to further boost production and sustain the present momentum of growth in the sector. The Committee feel that the initiative of stimulus package should not be a short term measure but the same should continue till the per capita use of polymers and plastics comes at par with the developed countries of the world.”

9. The Department in its action taken reply has stated as under:-

“The Department of Chemicals & Petrochemicals recommended continuance of stimulus packages for the year 2010-11. However, this was not agreed to by Ministry of Finance in view of improvement in economic performance. Further, Hon'ble Finance Minister stated in his Budget Speech 2011-12, that in view of the healthy growth in indirect taxes in 2010-11, the option to roll back the Central excise duty to levels prevailing in November 2008 was available. However, it was decided to maintain the standard rate of Central excise duty at 10 per cent.”

Comments of the Committee

10. The Committee, in their earlier recommendation, had recommended for reduction in excise duty on petrochemicals from 10% to 8% with the aim to boost production and sustain the momentum of growth in the petrochemicals sector. The Committee had also recommended that the initiative of stimulus package should not be a short term measure but it should continue till the per capita use of polymers and plastics comes at par with the developed countries of the world. The Department of Chemicals and Petrochemicals, in its Action Taken Replies,

had stated that the Finance Minister, in his Budget speech 2011-12, noted that in view of the healthy growth in indirect taxes in 2010-11, the option to roll back the excise duty to levels prevailing in November 2008 was available. However, the Department has decided to maintain the rate of central excise duty on petrochemicals at 10%. The Committee are unhappy to observe that though the facility to roll back the excise duty was available, it was not availed by the Department. The Committee, therefore, reiterate their original recommendation to reduce the rate of excise duty on petrochemicals from 10% to 8% and urge the Department to actively take up the issue with the Ministry of Finance and intimate any action taken in this regard to the Committee.

C. Operationalization of PWM Centres

(Recommendation SI. No. 5)

11. Stressing on the urgent need to speed up the process of operationalization of Plastic Waste Management Centres (PWMCs) all over the country, the Committee had recommended as under:-

“The Committee note that a Plastic Waste Management Centre (PWMC), set up in Guwahati, has started functioning since August 2009. This Centre is a unit of CIPET-Guwahati, and is the first of its kind in the country. The Committee believe that proper plastic waste management is the need of the hour in which the Department should play a pivotal role. The Committee appreciate the steps taken by the Department to set up other Plastic Waste Management Centre in various parts of the country, including Delhi. The matter in this connection is being taken up by the Department with State Governments whose proposals will be further taken up with the Ministry of Urban Affairs for implementation under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The committee feel that the process for setting up and operationalization of these centres need to be expedited with a missionary zeal. The Committee would like to be apprised of any new measures and progress made in this regard.

The Committee also note that the Plastic Waste (Management and Handling) Rules, 2011, were notified by the Ministry of Environment and Forests (MoEF) on 7 February 2011. Under the new Rules, use of plastic materials and sachets for storing and packing gutka, tobacco and pan masala, has been banned. Also, no food stuff is to be packed in recycled plastics and compostable plastics. All recycled carry bags are required to carry specific BIS standard markings. The Rules also recognize the role of waste pickers and envisage a predominant role for municipal bodies in waste disposal and management. The Committee call upon the Department of Chemicals and Petrochemicals to ensure that the new Rules are implemented expeditiously and applied uniformly throughout the country.”

12. The Department in its action taken reply to the above-mentioned recommendation has stated as under:-

“The problems created by the use of plastics are primarily and principally due to shortcomings in the solid waste management system. Municipal solid waste management is a state subject and it is the primary responsibility of the State Government / Urban Local Bodies to plan, design, implement and maintain solid waste management systems in urban areas. The Department has taken up the issue with the Ministry of Urban Development for funding of such projects under the flagship programme of Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

Ministry of Environment and Forests (MOEF) had earlier notified Plastic Waste (Management and Handling) Rules, 2011 on 4th February, 2011. The MOEF subsequently invited suggestions from the public on 21/4/2011 on the Notification dated 4.2.2011. After considering the suggestions / objections on the said notification including those submitted by this Department, Ministry of Environment and Forests has further notified the Plastic Waste (Management and Handling) (Amendment) Rules on 2nd July, 2011. The new Rules have entrusted the responsibility of plastic waste management to the concerned municipal authority and manufacturers / brand owners through ‘Extended Producer’s Responsibility’. As the said rules have been issued under the Environment (Protection) Act, 1986, the responsibility for implementing these rules rests with the Ministry of Environment and Forests. The Department of Chemicals & Petrochemicals is in agreement with the rules and shall extend full cooperation to the Ministry of Environment & Forest and the State Government in the implementation of these rules.”

Comments of the Committee

13. The Committee, in their earlier recommendation, had stressed on the need to expedite the process of setting up and operationalization of Plastic Waste Management Centres (PWMCs) in various parts of the country. In this regard, the Department of Chemicals and Petrochemicals has stated in its Action Taken Replies that municipal solid waste management is a state subject and it is the primary responsibility of the State Government/urban local bodies to plan, design, implement and maintain solid waste management systems in urban areas. Further, the Committee observed that the Department has taken up the issue of plastic waste management with the Ministry of Urban Development for funding of such projects under the flagship programme of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). However, the Committee are unhappy to note that the Department has not provided a status report on the PWMCs under construction or planned which are to be set up under its aegis. Therefore, the Committee, while reiterating their earlier recommendation, desire that the Department of Chemicals and Petrochemicals should give a status report on the

PWM Centre in Delhi and other parts of the country to the Committee at the earliest.

D. Expansion of CIPET Centres

(Recommendation Sl. No. 6)

14. Emphasizing the need for further expansion of Central Institute of Plastics Engineering and Technology (CIPET) Centres down to the district level in view of the huge potential for increased production and use of plastics in the country, the Committee had recommended as under:-

“The Committee note that the average per capita consumption of plastics in India is about 6.5 kg only in one year compared to 100 kg in the developed countries. There is, thus, huge potential for increased production and use of plastics in our country. In this regard, the Committee feel that the role of specialized institutions like the Central Institute of Plastics Engineering and Technology (CIPET) need to be further strengthened in its endeavour of popularizing plastics for everyday use, quality up-gradation of plastic products, and proper management of wastes. With this purpose in mind, the Committee recommend the CIPET Centres should be further expanded so as to reach down to the district level, preferably in collaboration with district level educational trust societies. The Committee expect the Department to take proactive steps in this regard.”

15. The Department in its action taken reply to the above-mentioned recommendation has stated as under:-

“The Department is continuously monitoring the activities of CIPET in order to strengthen its role in the field of Academics, Technology and Research so that it can popularize the use of plastic products, by continuously upgrading their quality, and providing solutions for proper disposal of plastic waste. Regarding exploring the possibility of expanding its centres in each state to district level, a committee consisting of representatives from the Department, Planning Commission and CIPET will undertake a need assessment study after ensuring the economic viability of the projects, and submit its final recommendation to the Department for further implementation.”

Comments of the Committee

16. **The Committee, while acknowledging the huge scope for increasing and popularizing the use of plastics in the country, had earlier recommended that CIPET centres be further expanded so as to reach down to the district level in all states. In its Action Taken Replies, the Department has expressed agreement with the Committee’s recommendation and has stated that a committee consisting of representatives from the Department, Planning Commission and CIPET will be undertaking a need assessment study after ensuring the economic viability of the**

projects, and submit its final recommendation to the Department for further implementation. In light of this, the Committee while strongly reiterating their earlier recommendation for expansion of CIPET Centres down to the district level, expect that the said committee would complete its work and submit its findings soon. The Committee also desire to be apprised about any further progress in this regard.

E. Expediting of PCPIR Projects

(Recommendation Sl. No. 9)

17. Stressing on the need to expedite the process for setting up Petroleum, Chemical and Petrochemical Investment Regions (PCPIR) with special emphasis on the pending project in Tamil Nadu, the Committee had recommended as under:-

“Regarding the National Policy on Petroleum, Chemical and Petrochemical Investment Region (PCPIR), which the Government approved in April 2007, the Committee note that the policy aims to adopt a holistic approach to promote the Petroleum, Chemicals and petrochemicals sector in an integrated, environment-friendly manner on a large scale. According to the Department, the PCPIR is a specifically delineated investment region having an area of about 250 sq km. (with minimum 40% of the designated area earmarked for processing activities). This region will be a combination of production project, public utilities, logistics, environmental protection, residential areas and administrative services, The Committee also note that the investment expected in these regions is to the tune of Rs. 4,86,180 crore and the number of employment to be generated is 30 lakh. In other words, the country has a huge stake in the development and success of these dedicated Regions. The Committee note that four PCPIR proposals from the State Government of Andhra Pradesh, Gujarat, West Bengal and Orissa have already been approval by the Government of India. Another proposal from Tamil Nadu for setting up two PCPIRs at Cuddalore and Nagapattinam is under process. The Committee desire that the approval for these two PCPIRs should be obtained expeditiously. The Committee also recommend that the Department of Chemicals and Petrochemicals should harness optimum benefits from these Regions and deliver the same to all the stakeholders and public at large. The Committee would like to be informed about the action taken in this regard.”

18. The Department in its action taken reply to the above-mentioned recommendation has stated as under:-

“It may please be noted that approval of only one PCPIR , viz. in Tamil Nadu (Cuddalore and Nagapattinam Districts) remains pending as on date. As per directions of the High Powered Committee (HPC) chaired by Cabinet Secretary, a meeting has already been convened with Ministry of Road Transport & Highways to discuss the outstanding issues relating to provision of road infrastructure in this PCPIR. The matter is expected to be resolved shortly after which the proposal will be placed before the CCEA for approval. The Department has been actively involved in the monitoring of actual implementation of PCPIRs. Special attention is being paid to speedy development

of infrastructure and promotion of investments in these regions. As on date Rs. 92600 crore worth of investments have come into the approved PCPIRs.”

Comments of the Committee

19. The Committee, in their earlier recommendation, had noted that while a total of four PCPIRs in four states had so far been approved, two PCPIRs in Tamil Nadu remains under process, and therefore had recommended that the approval of these two PCPIRs should be obtained expeditiously. In this regard, the Department, in its Action Taken Replies, has clarified that approval for only one PCPIR, viz. in Tamil Nadu (Cuddalore and Nagapattinam districts) remains pending as on 15.9.2011. In this regard, the Committee had observed from the reply of the Department that as per direction of the High Powered Committee (HPC) chaired by Cabinet Secretary, a meeting has already been convened with the Ministry of Road Transport and Highways to discuss the outstanding issues relating to provision of road infrastructure in this PCPIR. Further, as the matter is being actively pursued, the Department in its reply has expressed the hope that the matter will be resolved shortly. Therefore, while appreciating the steps taken by the Department to expedite the pending PCPIR and development of infrastructure and promotion of investments in these regions, the Committee reiterate their earlier recommendation and desire to be apprised about any further progress with regard to the implementation of PCPIRs.

F. Need to Maintain Viability of HIL and Finding Alternatives to Endosulfan

(Recommendation Sl. No. 11)

20. Noting the need to ensure the viability of Hindustan Insecticides Ltd (HIL) and of finding effective alternatives to Endosulfan in view of the recent Government order banning production and use of the same in the country, the Committee had recommended as under:-

“The Committee are glad to note that the Hindustan Insecticides Limited (HIL), a public sector undertaking (PSU) under the Department of Chemicals and Petrochemicals, has been continuously improving its turnover and has posted profit for five years in succession. Among the 36 restructured PSU's HIL is one of the 11 PSUs which has continuously posted profits. The Company achieved an all-time record turnover of Rs.243.88 crore during 2009-10 compared to Rs. 215.35 crore the previous year. The HIL is today the largest producer of DDT in the world. However, the Committee note that the Kerala Government had, on 27 May 2011, ordered the closure of HIL units producing Endosulfan in the State, which is now banned throughout the State. The Department has confirmed that the Supreme Court has placed an immediate ban on the production, use and sale of Endosulfan all over India and that the License issued for HIL for production of the same has since been withdrawn. The Committee are disturbed to read news reports

suggesting that the company had repeatedly violated directions by the Kerala State Pollution Control Board (KSPCB) to remove hazardous Chemical wastes from HIL units. While the Committee are aware that the stoppage of production of Endosulfan will affect the Green Revolution as well as the Company's profit margins, they are of the firm view that public health considerations cannot be compromised in any way. The Committee expect the Company to take urgent steps to keep the Company viable while exploring alternate venues to relocate manpower displaced. The Committee also recommends that safe alternatives to Endosulfan be found out in view of its efficacy in plant protection. The Committee desire to be kept informed about all remedial steps taken in this regard."

21, The Department in its action taken reply to the above-mentioned recommendation has stated as under:-

"HIL's unit in Kochi produces DDT Technical and its formulation, Dicofol and Mancozeb besides Endosulfan. The unit also has manufacturing facilities for various other formulations like Chlorpyrifos and Quinalphos etc. which are marketed mainly in South India. The unit is in operation since 1957. The report regarding violation of Kerala State Pollution Control Board (KSPCB) was mainly with reference to desludging of a lagoon which is in existence since inception of HIL. Though the lagoon was isolated and not part of manufacturing process, the closure notice was issued mainly to stop HIL from manufacturing Endosulfan, as it had become a contentious issue in the State. The unit also has an Effluent Treatment Plant. HIL got the order on 27.05.2011 to restart all facilities other than Endosulfan as by then Hon'ble Supreme Court had placed a temporary ban on manufacture and sale of Endosulfan.

All Plants barring Endosulfan are fully operational at Udyogamandal and there has not been any job loss. All employees are gainfully employed in other operating plants at Udyogamandal. HIL has taken up manufacture of an input for Dicofol at the Endosulfan Plant of Udyogamandal unit which was hitherto being manufactured at Rasayani.

With reference to Endosulfan, the matter is sub-judice and the company, alongwith other manufacturers, is in close dialogue with Ministry of Agriculture regarding alternatives to Endosulfan. HIL has initiated steps to manufacture six new Technicals at Rasayani unit. These Plants, when fully operational, will more than nullify the loss due to ban on Endosulfan."

Comments of the Committee

22. While referring to the Kerala Government's Notification dated 27 May 2011 which ordered that HIL Units producing Endosulfan be closed, the Committee had earlier recommended that urgent steps must be taken to keep the Company viable while exploring alternate venues to relocate displaced manpower. The Committee had also stressed the urgent need to find safe alternatives to Endosulfan which is now banned all over the country. The Department, in its Action Taken Replies, has addressed the Committee's concerns by stating that there have not been any job losses due the above-mentioned reasons, as all employees are gainfully employed in other operating plants at Udyogamandal. The Department has also stated that HIL has taken up manufacture of an input for Dicofol at the Endosulfan Plant at

Udyogamandal unit which was hitherto manufactured at Rasayani. As to the Committee's earlier recommendation regarding finding alternatives to Endosulfan, the Department has stated that HIL is presently in dialogue with the Ministry of Agriculture on the issue. The Committee, therefore, reiterate that the issue of finding a viable and safe alternative to Endosulfan is of utmost importance for the country and action in this direction must be taken on a priority basis. The Committee would also like to apprise about any further development in this regard.

CHAPTER – II**OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT****Recommendation Sl. No. 1**

The Committee note that the production of major chemicals had recorded negative growth rate of -19.20% in case of organic chemicals, - 12.65% of inorganic chemicals, - 3.53% in case of pesticides (technical) during the period from 2008-09 to 2009-10 and the Compound Annual Rate of Growth (CARG) of these chemicals was -0.5% from 2005-06 to 2009-10. Similarly, the annual growth of production of some selected major petrochemicals was not satisfactory during the period from 2008-09 to 2009-10 as it was - 5.32% in case of polymers. The total annual growth rate of these petrochemicals was only 1.15% during the period from 2008-09 to 2009-10 and the CARG was only 2.64% during the same period. Consequent upon announcement of stimulus package by the Government during December 2008-January 2009, the growth rate of major chemicals, petrochemicals and intermediates are stated to have shown slight improvement. While emphasizing the need for continuance of stimulus packages for some more time, the Committee expect the Department to proactively play the designated role of facilitator for the development of chemicals and petrochemicals industry.

Reply of the Government

The Department continued to play the role of facilitator in the development of Petrochemicals Industry. The Department recommended continuance of stimulus packages in year 2010-11 as well. While this was not agreed to by the Ministry of Finance in view of improvement in economic performance, it may be seen that due to the proactive role played by the Department in addressing the issues faced by the industry, the growth of major Petrochemicals during the financial year 2010-11 was at 8.7% as compared to 2009-10 whereas growth during 2009-10 as compared to 2008-09 was only 1.15%.

(Units in Tonnes)					
Group	2008-09	2009-10	Growth over previous year	2010-11	Growth over previous year
Synthetic Fibre	23,43,384	26,00,697	11 %	27,90,958	7.3 %
Polymer	50,60,228	47,90,657	(-) 5.3 %	52,92,127	10.5 %
Synthetic Rubber	96,093	1,05,730	10 %	94,633	(-) 10.5 %
Detergent Intermediate	5,51,694	6,18,044	12 %	6,38,195	3.2 %
Performance Plastic	1,41,323	1,71,504	21.4 %	1,91,482	11.6 %
Total	81,92,722	82,86,632	1.15 %	90,07,395	8.7 %

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Recommendation SI. No. 2

The Committee note that the Department's role is limited as a facilitator only for the development of chemical industry and accordingly, the Department of Chemicals and Petrochemicals has formulated the National Policy on Chemicals with the aim of addressing various issues as well as for increasing investment in the petrochemicals sector. The Department has also come out with a cluster infrastructure scheme of plastic parks besides setting up an award scheme to incentivize meritorious innovations in the field of plastics/elastomers/synthetic fibres/surfactants/intermediates. The strengthening and expansion of the Central Institute of Plastic Engineering & Technology (CIPET) is also stated to have been carried out. The Department aims to create world class infrastructure for the Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) which would enable investment in the petrochemicals sector. Further, a Task Force has been set up by the Department to examine various issues relating to the chemicals industry, the report of which is yet to be finalized. The Committee expect the Department to vigorously implement these measures and would like the report of the Task Force be finalized at the earliest so as to enable the Department to take necessary steps for early stabilization of the chemicals industry. As regards the petrochemicals sector, the Department needs to ensure proper implementation of various initiatives like the National Policy on Petrochemicals, Petroleum Chemicals and Petrochemical investment Regions (PCPIR), etc., undertaken by the Department.

Reply of the Government

In pursuance of the National Policy on Petrochemicals, the Department of Chemicals & Petrochemicals is implementing 3 schemes in the 11th Five Year Plan viz. (i) Setting up of dedicated Plastic Parks - to promote a cluster approach in the areas of development of plastic applications and plastic recycling; (ii) Schemes of National Awards for Technology Innovations in Petrochemicals and downstream Plastic Processing Industry – to incentivize meritorious innovations and inventions in the field of Petrochemicals; and (iii) Setting up of Centres of Excellence (CoE) in the field of Petrochemicals - to set up internationally recognized centres for the analysis and dissemination of existing global knowledge in the chosen fields, provide authoritative, strategic and timely information to organizations and companies for use in the development and implementation of their projects/programmes while engaging in future path breaking R & D efforts. All the above three schemes have been formulated in the year 2010-11. National Chemical Laboratory, Pune and Central Institute of Plastic Engineering and Technology (CIPET), Chennai have been selected for setting up the Centres of Excellence (CoE) the National Awards for the year 2010-11 have been finalized. The process for appointment of Programme Manager for implementation of the plastic parks scheme is under way. The funds allocated for CoE and National Award have been utilized whereas funds for plastic parks scheme shall be released after the Programme Manager is appointed. Hence, the formulation and implementation of various schemes under the aegis of National Policy on Petrochemical has been taken up vigorously by the Department.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Comments of the Committee

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

Recommendation SI. No. 4

The Committee observe that for various schemes being implemented by the Department, the Budget Estimates (BE) were significantly lower or higher than that of Revised Estimates (RE) during each of the previous four years of the 11th Plan. This is evident from the fact that it was Rs 209 crore under BE and Rs 170 crore under RE during 2007-08, Rs 295 crore under BE and Rs 250 crore under RE during 2008-09, Rs 239.75 under BE and Rs 405.82 crore under RE during 2009-10, Rs 400 crore under BE and Rs. 903 crore under RE during 2010-11.

It may also be observed that during the first two years of the Plan, the RE was less than BE whereas the RE was considerably higher than BE during the 3rd and 4th years of the Plan, i.e., 2009-10 and 2010-11, resulting in huge fluctuations in allocations from year to year, which in turn adversely affected the completion schedules of schemes. The Committee feel that there is an urgent need for proper planning and drawing up of realistic estimates and timely and prudent use of approved outlays. The Department of Chemicals and Petrochemicals should also endeavor to impress upon the Planning Commission and the Ministry of Finance to allocate necessary funds for the various schemes and programmes that are asked for.

Reply of the Government

It is submitted that the variation in BE and RE in first two years of the Plan was mainly in the scheme "New NIPER like institute" (now being operated by the Department of Pharmaceuticals) on account of certain administrative reasons like difficulty in acquiring suitable land in different selected cities and delay in finalization of concrete proposals. On the other hand, the higher RE in the 3rd and 4th year come about due to the fact that though higher outlays were solicited for BE, the same could not be accommodated in BE, though it was all along implicitly assured that requisite funds would be made available as per the pace of expenditure incurred on the Project. Indeed, requisite funds for the project were made available at RE stage, resulting in significantly higher RE allocations vis-à-vis BE (in these two years). The Department has always endeavoured to have a realistic assessment of fund requirements and to use the funds allocated in a prudent as well as timely manner. The Department shall continue to do so.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Recommendation SI. No. 5

The Committee note that a Plastic Waste Management Centre (PWMC), set up in Guwahati, has started functioning since August 2009. This Centre is a unit of CIPET-Guwahati, and is the first of its kind in the country. The Committee believe that proper plastic waste management is the need of the hour in which the Department should play a pivotal role. The Committee appreciate the steps taken by the Department to set up other Plastic Waste Management Centre in various parts of the country, including Delhi. The matter in this connection is being taken up by the Department with State Governments whose proposals will be further taken up with the Ministry of Urban Affairs for implementation under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The committee feel that the process for setting up and operationalization of these centres need to be expedited with a missionary zeal. The Committee would like to be apprised of any new measures and progress made in this regard.

The Committee also note that the Plastic Waste (Management and Handling) Rules, 2011, were notified by the Ministry of Environment and Forests (MoEF) on 7 February 2011. Under the new Rules, use of plastic materials and sachets for storing and packing gutka, tobacco and pan masala, has been banned. Also, no food stuff is to be packed in recycled plastics and compostable plastics. All recycled carry bags are required to carry specific BIS standard markings. The Rules also recognize the role of waste pickers and envisage a predominant role for municipal bodies in waste disposal and management. The Committee call upon the Department of Chemicals and Petrochemicals to ensure that the new Rules are implemented expeditiously and applied uniformly throughout the country.

Reply of the Government

The problems created by the use of plastics are primarily and principally due to shortcomings in the solid waste management system. Municipal solid waste management is a state subject and it is the primary responsibility of the State Government / Urban Local Bodies to plan, design, implement and maintain solid waste management systems in urban areas. The Department has taken up the issue with the Ministry of Urban Development for funding of such projects under the flagship programme of Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

Ministry of Environment and Forests (MOEF) had earlier notified Plastic Waste (Management and Handling) Rules, 2011 on 4th February, 2011. The MOEF subsequently invited suggestions from the public on 21/4/2011 on the Notification dated 4.2.2011. After considering the suggestions / objections on the said notification including those submitted by this Department, Ministry of Environment and Forests has further notified the Plastic Waste (Management and Handling) (Amendment) Rules on 2nd July, 2011. The new Rules have entrusted the responsibility of plastic waste management to the concerned municipal authority and manufacturers / brand owners through 'Extended Producer's Responsibility'. As the said rules have been issued under the Environment (Protection) Act, 1986, the responsibility for implementing these rules rests with the Ministry of Environment and Forests. The Department of Chemicals & Petrochemicals is in agreement with the rules and shall extend full cooperation to the Ministry of Environment & Forest and the State Government in the implementation of these rules.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Comments of the Committee

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

Recommendation Sl. No. 7

The Committee observe that instances of non-utilization and under-utilization of funds are quite common at the Institute of Pesticide Formulation Technology (IPFT) which they have been pointing out from time to time. This is evident from the fact that there was a reduction in the funds allocated to IPFT under Plan Head during 2010-11 from Rs.4.25 crore to Rs.0.59 crore. Further, for the financial year 2011-12, only a sum of Rs. 1 crore has been allocated. The Department had cited poor utilization of allocated funds in the previous two years as the reason for this drastic reduction in fund allocation. The inadequate utilization of allocated funds was further blamed on certain shortcomings in procedure for the procurement of sophisticated technical equipments for the development

of ecological and environmental-friendly technology. The Committee are disappointed to note that the Department had, instead of trying to fix responsibility for such lapses and finding ways to improve the Institute's dismal performance, resorted to simply cutting fund allocations. The Committee also note that the Department has since instituted a Justification and Specification Committee to address problems in the procurement process. In the light of these, the Committee expect better performance and results from this important Institute and wish to be apprised of the status and progress of the Justification and Specification Committee thus set up.

Reply of the Government

The Department of Chemicals & Petrochemicals shares the concern of the Committee regarding less than satisfactory utilization of funds allocated to IPFT, especially during the years 2009-10 and 2010-11. The plan allocation of IPFT for the year 2011-12 was reduced to Rs. 1crore to improve technical & financial discipline in utilization of plan funds and to facilitate & initiate a system of sound financial management with regard to implementation of plan schemes in the future. IPFT has since then been reviewing its activities and if necessary, will seek additional funds at RE stage. Similarly, the Justification and Specification Committees was also constituted not only to address problems in the procurement process, but also to streamline and ensure effective utilization of allocated funds for capital support. As a result of these committees, utilization of Rs.3.05 crore out of sanctioned budget of Rs.4.00 crore for capital support in the year 2009-10 has been achieved during the year 2010-11. Furthermore, IPFT has been approved as a Designated Laboratory by the Organization of Prohibition of Chemical Weapons (OPCW), Hague, Netherlands, in July, 2011. The Department is committed to help the Institute become self-sufficient by strengthening its core activities and building close synergy with industry.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Recommendation SI. No. 8

The Committee note that the 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 & Polymer Limited (BCPL) has been incorporated for execution of this project. A capital subsidy of Rs 2,138 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. 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. However, at a supplementary stage, additional allocations of Rs 579 crore was sought and was provided, resulting in the revision and final allocation of Rs 791.74 crore. As for the annual plan for 2011-12, the Department sought an allocation of Rs 892.52 crore as capital subsidy, but the Planning Commission sanctioned only Rs 675.71 crore. The overall physical progress at the project, as on 15 February 2011 was 32.8%. Compared to last year's figure of 11.8%, this is an improvement, but not yet enough. The Committee regret to observe that as against the original target of commissioning by April 2012, the BCPL has submitted a revised schedule for mechanical completion and commissioning by July 2013 and December, 2013 respectively. The Committee are inclined to conclude that delay in execution of this important project will not only result in cost escalation but also deprive the State of Assam of the envisaged benefits which

would have accrued to them earlier. The Committee, therefore, recommend that the Department, as the implementing agency for AGCP, should take expeditious concrete steps for removal of hurdles so as to ensure the execution of the 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.

Reply of the Government

The Department of Chemicals & Petrochemicals shares the concern of the Committee regarding time and cost overrun in the implementation of Assam Gas Cracker Project. The project implementation was affected due to various reasons including delays in selection of process technology licensor, frequent bandhs, labour unrest, inadequate availability of skilled manpower at the site, prolonged monsoon, non availability of accessible borrow earth sources in adequate numbers, security issues, etc. After initial delays, efforts are being made by all the agencies involved to implement this project as per revised implementation plan. This is being ensured through i) advance planning and organization of work; ii) mobilization of additional men and machinery; iii) Detailed regular meetings with contractor for deployment of requisite resources and removal of difficulties; and iv) expediting the placement and delivery of critical orders for project execution. The project activities are now being carried out with a fast pace and the cumulative expenditure, as on 31.07.2011, has reached a level of Rs.2533 crore. BCPL has prepared a Business Plan of expenditure of Rs.3215 crore during the current financial year. The physical progress of the project in July, 2011 is 45.7% as against the original scheduled target of 90.1% and 45% as per the revised mechanical completion target by July, 2013.

The issue of adequate fund allocation for the project is continuously taken up by this Department with Planning Commission as per projections for release of capital subsidy. The crucial capital subsidy for the project has been provided as per Business Plan formulated by BCPL and requirement of the project. In view of significant strides in the implementation plan of the project, an amount of Rs.492 crore has already been released by the Department of the total BE of Rs.675.71 crore and the remaining BE is also likely to be released in the first half of the current financial year. The additional fund requirement shall be taken up with the Ministry of Finance at the revised estimate stage. The project has never suffered on account of fund constraints. This flagship project of North East Region is on its way to fulfilling the aspirations & commitments and is expected to spur inclusive economic growth in the region as also to create a strong stimulus for generation of employment.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Recommendation Sl. No. 10

The Committee note that there are problems afflicting the two units of the Hindustan Organic Chemicals Ltd (HOCL), a public sector undertaking under the Department of Chemicals and Petrochemicals. The two units are located at Rasayani In Maharashtra and Kochi in Kerala. During their recent Study Visit to Mumbai in January 2011, the Committee had expressed concern about the low sales volume in relation to production at the two units. The Committee had also observed that there was no sound marketing policy being followed at HOCL and that the post of Director at HOCL, Mumbai was lying vacant for a long time. The Committee were apprised that the Chemicals industry had borne the brunt of the global meltdown and this partly accounted for revenue

losses during 2008-09. The Department had assured the Committee that remedial measures were being taken in all these spheres. The Committee would like to be informed about the concrete steps taken on these issues within three months of presentation of this report.

Reply of the Government

HOCL Kochi Unit has been consistently producing at its full capacity except during annual shut down once in two years for a period of 2 months. Rasayani unit is operated below capacity and the products are unviable due to old plants/ technology and small capacity of plants. The post of Director (Marketing) has been filled up on 30.04.2011. HOCL has now prepared its marketing policy and has taken adequate steps to improve the marketing of its products. As the overall market situation has improved and also due to adequate measures taken, the company has posted a profit of Rs. 25.71 crore with a turnover of Rs.738 crore in the year 2010-11 as against previous year loss of Rs. 83.08 crore with a turnover of Rs. 520.71 crore. The Department has taken up the matter with Ministry of Commerce for the imposition/ continuation of Anti Dumping duties on Phenol, Aceton, and Aniline which are the main products of the company.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Recommendation Sl. No. 11

The Committee are glad to note that the Hindustan Insecticides Limited (HIL), a public sector undertaking (PSU) under the Department of Chemicals and Petrochemicals, has been continuously improving its turnover and has posted profit for five years in succession. Among the 36 restructured PSU's HIL is one of the 11 PSUs which has continuously posted profits. The Company achieved an all-time record turnover of Rs.243.88 crore during 2009-10 compared to Rs. 215.35 crore the previous year. The HIL is today the largest producer of DDT in the world.

However, the Committee note that the Kerala Government had, on 27 May 2011, ordered the closure of HIL units producing Endosulfan in the State, which is now banned throughout the State. The Department has confirmed that the Supreme Court has placed an immediate ban on the production, use and sale of Endosulfan all over India and that the License issued for HIL for production of the same has since been withdrawn. The Committee are disturbed to read news reports suggesting that the company had repeatedly violated directions by the Kerala State Pollution Control Board (KSPCB) to remove hazardous Chemical wastes from HIL units. While the Committee are aware that the stoppage of production of Endosulfan will affect the Green Revolution as well as the Company's profit margins, they are of the firm view that public health considerations cannot be compromised in any way. The Committee expect the Company to take urgent steps to keep the Company viable while exploring alternate venues to relocate manpower displaced. The Committee also recommends that safe alternatives to Endosulfan be found out in view of its efficacy in plant protection. The Committee desire to be kept informed about all remedial steps taken in this regard.

Reply of the Government

HIL's unit in Kochi produces DDT Technical and its formulation, Dicofol and Mancozeb besides Endosulfan. The unit also has manufacturing facilities for various other formulations like Chlorpyrifos and Quinalphos etc. which are marketed mainly in South India. The unit is in operation since 1957. The report regarding violation of Kerala

State Pollution Control Board (KSPCB) was mainly with reference to desludging of a lagoon which is in existence since inception of HIL. Though the lagoon was isolated and not part of manufacturing process, the closure notice was issued mainly to stop HIL from manufacturing Endosulfan, as it had become a contentious issue in the State. The unit also has an Effluent Treatment Plant. HIL got the order on 27.05.2011 to restart all facilities other than Endosulfan as by then Hon'ble Supreme Court had placed a temporary ban on manufacture and sale of Endosulfan.

All Plants barring Endosulfan are fully operational at Udyogamandal and there has not been any job loss . All employees are gainfully employed in other operating plants at Udyogamandal. HIL has taken up manufacture of an input for Dicofol at the Endosulfan Plant of Udyogamandal unit which was hitherto being manufactured at Rasayani.

With reference to Endosulfan, the matter is sub-judice and the company, alongwith other manufacturers, is in close dialogue with Ministry of Agriculture regarding alternatives to Endosulfan. HIL has initiated steps to manufacture six new Technicals at Rasayani unit. These Plants, when fully operational, will more than nullify the loss due to ban on Endosulfan.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

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

CHAPTER – III

**OBSERVATIONS / RECOMMENDATIONS WHICH THE COMMITTEE DO NOT WANT
TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY**

-- NIL--

CHAPTER – IV

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

Recommendation Sl. No. 3

The Committee note that the Department of Chemicals and Petrochemicals has constituted an inter-ministerial Expert Committee for promotion of plastics in thrust areas, namely, plastic in agriculture (plasticulture), water management, construction and packaging. The Department also interacts with the industry associations at the national level and pro-actively takes up issues related to petrochemical industry for sustainable development of the sector. The Committee have also been given to understand that stimulus packages announced in December 2008 and January 2009 reduced the excise duty to 8% from the existing rate of 14% which was, however, increased subsequently in the Budget 2010-11 to 10%. As a result of reduction in excise duties, polymers and performance plastics had registered significant growth rates of 12.26% and 8.38% respectively. Together, the major petrochemicals registered a growth rate of 9.92% during the period from April 2010 to January 2011. These increases in growth rate can be attributed, at least in part, to the reduction in excise duties and other measures taken as part of the stimulus package. The Committee, therefore, recommend that the Department of Chemicals and Petrochemicals should impress upon the Ministry of Finance to reduce the excise duty to 8% from the present rate of 10% in order to further boost production and sustain the present momentum of growth in the sector. The Committee feel that the initiative of stimulus package should not be a short term measure but the same should continue till the per capita use of polymers and plastics comes at par with the developed countries of the world.

Reply of the Government

The Department of Chemicals & Petrochemicals recommended continuance of stimulus packages for the year 2010-11. However, this was not agreed to by Ministry of Finance in view of improvement in economic performance. Further, Hon'ble Finance Minister stated in his Budget Speech 2011-12, that in view of the healthy growth in indirect taxes in 2010-11, the option to roll back the Central excise duty to levels prevailing in November 2008 was available. However, it was decided to maintain the standard rate of Central excise duty at 10 per cent.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

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

CHAPTER – V

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

Recommendation Sl. No. 6

The Committee note that the average per capita consumption of plastics in India is about 6.5 kg only in one year compared to 100 kg in the developed countries. There is, thus, huge potential for increased production and use of plastics in our country. In this regard, the Committee feel that the role of specialized institutions like the Central Institute of Plastics Engineering and Technology (CIPET) need to be further strengthened in its endeavour of popularizing plastics for everyday use, quality up-gradation of plastic products, and proper management of wastes. With this purpose in mind, the Committee recommend the CIPET Centres should be further expanded so as to reach down to the district level, preferably in collaboration with district level educational trust societies. The Committee expect the Department to take proactive steps in this regard.

Reply of the Government

The Department is continuously monitoring the activities of CIPET in order to strengthen its role in the field of Academics, Technology and Research so that it can popularize the use of plastic products, by continuously upgrading their quality, and providing solutions for proper disposal of plastic waste. Regarding exploring the possibility of expanding its centres in each state to district level, a committee consisting of representatives from the Department, Planning Commission and CIPET will undertake a need assessment study after ensuring the economic viability of the projects, and submit its final recommendation to the Department for further implementation.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Comments of the Committee

(Please see Para No. 16 of Chapter-I of the Report)

Recommendation Sl. No. 9

Regarding the National Policy on Petroleum, Chemical and Petrochemical Investment Region (PCPIR), which the Government approved in April 2007, the Committee note that the policy aims to adopt a holistic approach to promote the Petroleum, Chemicals and petrochemicals sector in an integrated, environment-friendly manner on a large scale. According to the Department, the PCPIR is a specifically delineated investment region having an area of about 250 sq km. (with minimum 40% of the designated area earmarked for processing activities). This region will be a combination of production project, public utilities, logistics, environmental protection, residential areas and administrative services, The Committee also note that the investment expected in these regions is to the tune of Rs. 4,86,180 crore and the number of employment to be generated is 30 lakh. In other words, the country has a huge stake in the development and success of these dedicated Regions. The Committee note that four PCPIR proposals from the State Government of Andhra Pradesh, Gujarat, West Bengal and Orissa have already been approval by the Government of India. Another proposal from Tamil Nadu for setting up two PCPIRs at Cuddalore and Nagapattinam is under process. The Committee desire that the approval for these two PCPIRs should be

obtained expeditiously. The Committee also recommend that the Department of Chemicals and Petrochemicals should harness optimum benefits from these Regions and deliver the same to all the stakeholders and public at large. The Committee would like to be informed about the action taken in this regard.

Reply of the Government

It may please be noted that approval of only one PCPIR , viz. in Tamil Nadu (Cuddalore and Nagapattinam Districts) remains pending as on date. As per directions of the High Powered Committee (HPC) chaired by Cabinet Secretary, a meeting has already been convened with Ministry of Road Transport & Highways to discuss the outstanding issues relating to provision of road infrastructure in this PCPIR. The matter is expected to be resolved shortly after which the proposal will be placed before the CCEA for approval.

The Department has been actively involved in the monitoring of actual implementation of PCPIRs. Special attention is being paid to speedy development of infrastructure and promotion of investments in these regions. As on date Rs. 92600 crore worth of investments have come into the approved PCPIRs.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (12)/2011-Fin. Dated 15.09.2011]

Comments of the Committee

(Please see Para No. 19 of Chapter-I of the Report)

***New Delhi;
13th March, 2012
23 Phalguna, 1933 (SAKA)***

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

APPENDIX - I**MINUTES****MINUTES OF THE FOURTH SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2011-12)**

The Committee sat on Monday, the 05 March, 2012 from 1500 hrs. to 1600 hrs. in Room No.53, Parliament House, New Delhi.

Present

Shri Raghunandan Sharma - ***In the Chair***

MEMBERS**LOK SABHA**

2.	Shri Prabhatsinh Pratapsinh Chauhan
3.	Smt. Paramjit Kaur Gulshan
4.	Shri Yashbant N.S. Laguri
5.	Shri Baidya Nath Prasad Mahato
6.	Shri O.S. Manian
7.	Shri N. Peethambara Kurup
8.	Shri Ponnamm Prabhakar
9.	Shri Tufani Saroj
10.	Shri Raju Shetti
11.	Shri Om Prakash Yadav
RAJYA SABHA	
12.	Shrimati Naznin Faruque
13.	Shri Parshottam Khodabhai Rupala
14.	Prof. Anil Kumar Sahani
15.	Dr. C.P. Thakur
16.	Shri Dilipbhai Pandya

SECRETARIAT

- i) Shri C. S. Joon - Joint Secretary
ii) Smt. Emma C. Barwa - Under Secretary

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Shri Raghunandan Sharma, MP and 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) Draft on Action Taken by the Government on the recommendations contained in the Twentieth Report (15th Lok Sabha) on Demands for Grants (2011-12) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

4. After some discussion, the draft Reports were adopted by the Committee with minor amendments as indicated in the Annexure-I, II, III and IV respectively.

The Committee then adjourned.

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

Annexure-IV

[Please see para 4 of the minutes]

Recom. No.	Page No.	Para No.	Line	Amendments/ modifications
6	12	16	4 from the bottom	Add "while strongly reiterating their earlier recommendation for expansion of CIPET Centres down to the district level" After "the Committee"

Appendix - II

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT (15TH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2010-11) ON 'DEMANDS FOR GRANTS (2011-2012)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS).

I	Total No. of Recommendations	11
II	Observations / Recommendations which have been accepted by the Government:- (Vide Recommendation Sl. Nos. 1, 2, 4, 5, 7, 8, 10, and 11)	8
Percentage of Total		72.72%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:- (Vide Recommendation Sl. No. Nil)	0
Percentage of Total		0%
IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:- (Vide Recommendation Sl. No. 3)	1
Percentage of Total		9.1%
V	Observations / Recommendations in respect of which replies of the Government are of interim nature:- (Vide Recommendation Sl. Nos. 6 and 9)	2
Percentage of Total		18.18%