26

STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2011-12)

FIFTEENTH LOK SABHA

MINISTRY OF CHEMICALS AND FERTILIZERS

(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

DEMANDS FOR GRANTS

(2012-2013)

TWENTY SIXTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

May, 2012/Vaisakha 1934, (Saka)

CC&F No.26

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Presented to Lok Sabha on ***02.05.2012***

Laid in Rajya Sabha on ***02.05.2012***

LOK SABHA SECRETARIAT

NEW DELHI

May, 2012/Vaisakha 1934, (Saka)

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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.	Shri Raghunandan Sharma
28.	Dr. C.P. Thakur
29.&	Shri Dilipbhai Pandya
30.^	Vacant
31#	Vacant

Secretariat

1.	Shri C.S.Joon	-	Joint Secretary
2.	Smt. Emma C. Barwa	-	Under Secretary
3.	Shri Ajit Kumar Sahu	-	Committee Officer
4.	Shri Thangkhanlal Ngaihte	-	Committee Assistant

& Nominated w.e.f. 17.09.2011.

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

^ Vacancy arisen due to retirement of Prof. Anil Kumar Sahani, Member of Rajya Sabha w.e.f. 02.04.2012.

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 Sixth Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2012-13.

2. The Committee examined the Demands for Grants pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2012-13 which were laid in Lok Sabha and Rajya Sabha on 29 March, 2012.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) at their sitting held on 12 April, 2012.

4. The Committee considered and adopted the Report at their sitting held on 27 April, 2012.

5. The Committee express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for furnishing materials and other information, which they desired in connection with the examination of Demands for Grants of the Department for the year 2012-13 and for giving evidence before the Committee.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
30 April, 2012
10 Vaisakha, 1934 (Saka)

Gopinath Munde
Chairman,
Standing Committee on
Chemicals and Fertilizers

REPORT

CHAPTER I

INTRODUCTORY

1.1 The Department of Chemicals and Petrochemicals under the Ministry of Chemicals and Fertilizers is entrusted with the responsibilities of planning, development and regulation of the chemicals and petrochemicals sectors in the country

1.2 The Department of Chemicals and Petrochemicals aims:

i. To formulate and implement policy and programmes for achieving growth and development of the chemical and petrochemical sectors in the country; and

ii. To foster the spirit of public-private partnership for overall development of above-mentioned sectors of industry.

The Department has the mandate to deal with the following broad subject matters:

i. Insecticides excluding the administration of The Insecticides Act, 1968 (46 of 1968);
ii. Molasses;
iii. Alcohol – Industrial and Potable from the molasses route;
iv. Dyestuffs and Dye Intermediates;
v. All organic and inorganic chemicals, not specifically allotted to any other Ministry or Department;
vi. Planning, Development and control of, and assistance to, all industries being dealt with by the Department;
vii. Bhopal Gas Leak Disaster-Special Laws relating thereto;
viii. Petrochemicals;
ix. Industries relating to production of non-Cellulose Synthetic Fibres (Nylons, Polyesters, Acrylic, etc.);
x. Synthetic Rubber; and
xi. Plastics including fabrications of plastic and moulded goods.

1.3 The Department has two functional divisions, viz. Chemicals and Petrochemicals. There are two PSUs in the chemical sector namely Hindustan Organic Chemicals Ltd. (HOCL) and Hindustan Insecticide Ltd. (HIL) and one PSU in the Petrochemical sector, viz. Brahmaputra Cracker and Polymer Ltd (BCPL). The autonomous institutes under this Department are Central Institute of Plastic Engineering and Technology (CIPET) and Institute of Pesticides Formulation and Technology (IPFT), which are sanctioned financial grants by this Department.

1.4 The detailed Demands for Grants (2012-13) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were presented to the Lok Sabha on 29 March 2012. The demand shows a budgetary support of Rs 1802.62 crore [(Rs 1757 crore (Plan) + Rs 45.62 crore (Non-Plan)]. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2012-13. The detailed analysis, along with Observations / Recommendations of the Committee are presented in the succeeding chapters of the Report. The Committee expect the Department of Chemicals and Petrochemicals to take necessary steps for proper and timely utilization of funds so as to complete the various plans and projects in a time bound manner.

CHAPTER II

Overview of Chemicals and Petrochemicals industry

2.1 The chemicals industry, which includes basic chemicals and its products, petrochemicals, fertilizers, paints & varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals is one of the most diversified of all industrial sectors covering thousands of commercial products. It plays an important role in the overall development of the Indian economy. It contributes about 3% in the GDP of the country.

2.2 The chemicals and petrochemicals sector in India presently constitutes 14% of the domestic industrial activity. The growth of petrochemicals and chemicals is projected at 12.6% and 8% respectively in 11th Five Year Plan. According to the United Nations Industrial Development Organization (UNIDO), in terms of value added at constant 2000 prices, the Indian chemical Industry was the 6th largest in the world and 3rd largest in Asia in the year 2008. As per the latest available information from industry associations, the size of the Indian Chemical Industry in the year 2010 was US $ 108.4 Billion.

Chemicals Sector- Production Trends

2.3 Chemical Industry is one of the oldest industries in India, which contributes significantly towards industrial and economic growth of the nation. The Indian Chemical Industry is the 6th largest in the world and 3rd largest in Asia. It provides valuable chemicals for various end products such as textiles, paper, paints and varnishes, leather etc., which are required in almost all walks of life. The Indian Chemical Industry forms the backbone of the industrial and agricultural development of India and provides building blocks for downstream industries.

2.4 The Indian Chemical Industry comprises both small and large-scale units. The fiscal concessions granted to the small-scale sector in mid-eighties led to establishment of a large number of units in the Small Scale Industries (SSI) sector. Currently, the Indian Chemical industry is in the midst of a phase of major restructuring and consolidation. With the shift in emphasis on product innovation, brand building and environmental friendliness, this industry is increasingly moving towards greater customer orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

2.5 According to the Ministry, the actual production of major chemicals during the years 2005-06 to 2010-11 and up to September for the year 2011-12 is as under:-

Table- I: Production of selected major chemicals

(Figures in '000MT)

Sector	PRODUCTION							Growth (%)	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (Upto Sep. 11)	2010-11/ 009-10	*Carg. 10-11 / 05-06*
Alkali Chemicals	5475	5269	5443	5442	5602	5981	2970	6.77	*1.78*
Inorganic Chemicals	544	602	609	512	518	572	310	10.42	*1.01*
Organic Chemicals	1545	1545	1552	1254	1280	1342	672	4.84	*-2.78*
Pesticides (Tech.)	82	85	83	85	82	82	37	0.00	*0*
Dyes & Dyestuffs	30	33	44	32	42	47	22	11.90	*9.39*
Total Major Chemicals	**7676**	**7534**	**7731**	**7325**	**7524**	**8024**	**4011**	**6.65**	***0.89***

CARG: Compound Annual rate of Growth

Petrochemical Sector- Production Trends

2.6 The petrochemical industry mainly comprises synthetic fibres, polymers, elastomers, synthetic detergents intermediates and performance plastics. The main sources of feedstock and fuel for petrochemicals are natural gas and naphtha. Today, petrochemical products permeate the entire spectrum of items of daily use, ranging from clothing, housing, construction, furniture, automobiles, household items, toys, agriculture, horticulture, irrigation and packaging to medical appliances.

2.7 There are three naphtha based and an equal number of gas based cracker complexes in the country with a combined annual ethylene capacity of 2.9 million MT. During the year 2011-12, Indian Oil Corporation's Naptha Cracker at Panipat commenced commercial production with an annual Ethylene capacity of 0.85 Million MT. Besides, there are four aromatic complexes also with a combined Xylene capacity of 2.9 million MT.

2.8 According to the Ministry, the actual production of major petrochemicals during the years 2005-06 to 2010-11 and up to September for the year 2011-12 is as under:-

Table-II: Production of Selected Major Petrochemicals

(Figures In 000' MT)

Sub-group	PRODUCTION							Growth (%)	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (Upto Sep. 11)	2010-11/ 2009-10	*Carg/ 10-11/ 05-06*
Synthetic Fibers	1906	2250	2524	2343	2601	2791	1323	7.30	*7.93*
Polymers	4768	5183	5304	5060	4791	5292	2780	10.46	*2.11*
Elastomers (S.Rubber)	110	101	106	96	106	95	44	-10.38	*-2.89*
Synth. Detergent Intermediates	556	556	585	552	618	638	303	3.24	*2.79*
Performance Plastics	127	133	157	141	172	191	84	11.05	*8.50*
Total Major Petrochemicals	**7467**	**8224**	**8674**	**8193**	**8287**	**9007**	**4534**	**8.69**	*3.82*

CARG: Compound Annual rate of Growth

2.9 Regarding the projected growth rates for the chemicals and petrochemicals sector and its contribution to the economy, the Secretary of the Department of Chemicals and Petrochemicals has informed as under:-

> "The chemicals and petrochemicals Industry in India has an annual turnover of approximately US $ 108 billion, which contributes seven per cent of the country's GDP. It ranks sixth largest in the world and it is the third in Asia, next only to China and the Gulf Countries. The Chemical Sector including Petrochemicals accounts for 13 to 14 per cent of the total exports and eight to nine per cent of the total imports of the country. Dyes, pesticides and speciality chemicals are export-oriented and net foreign exchange earning sectors. At the most conservative estimate, the Indian Chemicals Industry is expected to grow at around 10 to 11 per cent over a period next ten years."

2.10 When the Committee desire to know what specific policies and programmes were initiated by the Department for achieving growth and development of the chemicals and petrochemicals sectors in the country during the last one year, the Department of Chemicals and Petrochemicals has replied as under:-

> "The petrochemical sector is de-licensed and deregulated. The projects are being implemented based on the techno economic considerations by private entrepreneurs. The various policies and programmes of foreign trade policy like incentives for duty exemption scheme for export production, import of capital goods at concessional duty for export production etc which are applicable to other sectors is also available to the petrochemical sector.
>
> As the industrial environment in India is quite liberalized and all chemical items, except for three hazardous chemicals, are exempted from industrial licensing, the Department of

Chemicals & Petrochemicals primarily acts as a facilitator by putting in place an enabling policy frame-work for achieving growth and development of the sector, as given below:

i) Consolidation of views on bilateral/multi-lateral trade agreements

ii) Offering views on proposals for Foreign Technology Collaboration (FTC), FDIs and recognition of R&D proposals,

iii) Contribution to proceedings for levy of safeguard and anti-dumping duty,

iv) Contribution to DGFT in matters relating to input-output norms, SCOMET applications, fixation of DEPB rates, etc.

v) Facilitate compliance by the chemical industry with the norms of international environment related treaties and conventions,

vi) Showcase and promote the Indian chemical industry through international exhibitions and fairs, such as India Chem, as well as sector specific seminars & conferences. For example, India Chem Gujarat was organized in October 2011 in Gandhinagar.

vii) Steering the setting up of large scale infrastructure to support development of chemical/petrochemicals hubs under the PCPIR policy,

In addition to the above, the Department of Chemicals & Petrochemicals has formulated a Five Year Plan (2012-2017) for the Indian Chemical Sector, as part of the 12th Plan, and the same is available on the Planning Commission website. This Plan document examines major policy issues and makes recommendations for enhancing investment, global competitiveness, accelerated and sustainable development of the chemical sector as a major building block of the Indian economy.

The draft National Chemical Policy-2012 has also been framed and posted on the DCPC website for soliciting the comments of the stakeholders."

2.11 Regarding projects/ initiatives that were undertaken under the PPP mode so far in the chemicals and petrochemicals sectors, the Department has provided the following details:-

"Keeping its role as facilitator for the growth of petrochemical sector, the Petroleum, Chemicals and Petrochemical Investment Regions (PCPIR) policy was initiated by this Department. The policy aims at promoting investment in this sector and making the country an important hub for both domestic and international markets through creation of excellent infrastructure that would provide a conducive and competent environment for setting up of businesses. Individual PCPIR Projects contain a number of PPPs.

The setting up of dedicated plastic parks has also been proposed under the National Policy on Petrochemicals to promote cluster approach in the area of development of plastic applications and plastic recycling in a sustainable manner. The need based "Plastic Parks' shall have requisite state of the art infrastructure and enabling common facilities to assist the sector to move up the value chain and contribute to the economy more effectively**."**

2.12 When the Committee enquired about the Department's view on the desirability or otherwise of continuance of stimulus packages for the chemicals and petrochemicals sectors and what steps are being taken to boost the growth of these sectors, especially with regard to reducing excise duty on major petrochemicals, the Department has replied as under:-

"The industry experienced world-wide financial meltdown and recession during 2008-09 which impacted severely the growth of the chemical sector in the country. During this period, excise duty was levied @ 14% on the production of industrial chemicals. To arrest the decline in the growth, Government announced stimulus package in December 2008 which included reduction in excise

duty to 8% from the prevalent level of 14% which helped the Indian industry to come out of the crisis and the decline in growth rate was checked. AS a result of the indications of positive trends in the economy as a whole, the Government has partially rolled back the stimulus package and increased the excise duty to 10% in the budget for FY 2010-11. The same rate of excise duty was retained in FY 2011-12. However, the excise duty in the current budget for the year 2012-13 has been increased from 10% to 12% across the complete manufacturing chain including the chemical and petrochemical sector also.

This being a policy of the Government at the highest level the Department of Chemicals & Petrochemicals does not consider it feasible to advocate a lower rate of excise duty at this juncture for the chemical and petrochemical sectors."

2.13 When asked how the Department, in the present economic scenario, assess the performance of Chemicals and Petrochemicals industries, the Department, in its written replies has submitted as under:-

"The current compounded annual growth rate of petrochemicals is around 8.7%, which is more than the current GDP growth. Petrochemicals, particularly plastics, are becoming an integral part of the various manufacturing sectors including consumer and industrial applications for replacement of various metallic/nonmetallic parts, energy savings, lower cost of production, etc. The growth of the petrochemicals sector will result in the growth of various allied/related industries.

The general growth rate is 6.65% in 2010-11 over the previous year. The various policy measures taken as well as the provisions contained in the draft National Chemical policy will facilitate the growth and development of the chemical sector on a sustainable basis by putting emphasis on R & D, technology upgradation, green chemicals, etc."

2.14 According to the Department's *Annual Report (p. 6),* a decision was made to merge the Task Force on Chemicals under Shri Arun Maira, Member, Planning Commission with a Working Group on Chemicals and Petrochemicals constituted by the Planning Commission as there were many commonalities in the Terms of Reference between the two. Now, the Working Group under the chairmanship of Secretary (C&PC) has submitted the strategic plan for the sustainable growth of the chemicals sector to the Planning Commission, which is in consonance with the deliberations of the Task Force.

2.15 Noting that the final report of the Working Group for Chemicals Sector in respect of the chemicals sector was submitted to the Planning Commission in September, 2011, the Committee enquired about the highlights of the findings / recommendations of the report. To this, the Department replied as under:-

"Department of Chemicals & Petrochemicals submitted the final report in respect of chemical sector to Planning Commission in September, 2011, containing the following main recommendations:

i) Improvement in infrastructure

For sustained growth and to create competitive edge for the chemical sector in the country, there is an urgent need to provide world class infrastructure in terms of roads, ports, airports, communication techniques, warehouses, etc. This could be developed in the PPP model in

the country. To attract large investments, PCPIRs may be developed more effectively in the country. Anchor tenants could undertake responsibility to make raw material available for downstream units in the clusters thereby facilitating the integration of entire value chain.

ii) Development of India's chemical inventory

It is imperative to develop India's chemical inventory, listing of industrial chemicals manufactured, imported, traded and consumed in the country. Such an inventory may facilitate the authorities to maintain and review the details of chemicals marketed in the country.

iii) Rationalize taxes and duties

Feed stocks and basic building blocks for the downstream chemical products should be preferably at zero duty. This should be followed by a slightly higher duty for primary chemicals, still higher for secondary chemicals and still higher for final products/chemicals, to provide an opportunity for value addition and also adequate competitive protection.

iv) Consolidation of Acts

It will be expedient in the interest of growth & development of chemical industry to consolidate the multiple legislations, governing the chemical industry, into one Integrated Chemical Legislation.

Government should expedite swift implementation of GST to lower transaction costs and avoid cascading of taxes.

Government should simplify registration approval procedures, especially for agrochemicals.

v) Improvement in the image of the industry

Humans are highly dependent on the chemical industry for sustenance and survival, but due to the hazardous properties of some chemicals, they are considered to be harmful. As such, there is an urgent need to project the image of the chemical sector in a positive, balanced and holistic way. DCPC proposes to hold international and national conferences for the development and promotion of the chemical industry.

vi) Set-up talent Development infrastructure

The chemical industry is facing shortage of skilled manpower, and thus, creation of adequate educational infrastructure will be required to impart vocational training to develop additional 4.5 to 5 million skilled workers by 2017. To meet the future demand, existing ITIs are needed to be upgraded and new diploma/degree specialized institutes need to be established.

vii) Technology Upgradation Fund

Chemical industry faces several odds such as high cost of power & cost of finance and poor infrastructure. A number of chemical plants are of smaller capacities and operating on uneconomic scales of production with obsolete technologies. For growth and survival of the industry in the highly competitive era, the Indian Chemical Industry requires support for up-gradation of technology. So, the establishment of Technology Up-gradation Fund (TUF) for the Indian Chemical Industry has been recommended to develop/upgrade the existing manufacturing process on an on-going basis, by replacing the obsolete inefficient technology on regular basis. This will have to be planned in consultation with the trade and industry representatives."

CHAPTER III

Five Year Plans and Annual Plans

3.1 When the Committee asked for a detailed statement regarding plan outlay and expenditure during the 11th Plan (2007-08, 2008-09, 2009-10, 2010-11 and 2011-2012) for the Department of Chemicals and Petrochemicals, the Department has provided the information as under:-

Rs. In Crore

	2007-08			2008-09		
PLAN	**BE**	**RE**	**Exp.**	**BE**	**RE**	**Exp.**
N.E. Region	20.90	20.90	0.00	29.50	29.50	0.00
Sectt.(IT)	0.00	0.50	0.45	0.50	0.42	0.42
CIPET	23.76	15.45	14.27	19.50	18.75	18.75
ASSAM GAS	42.62	12.10	37.43	70.50	70.50	100.00
IPFT	5.00	5.00	5.00	5.00	5.00	4.99
CWC	0.40	0.40	0.40	0.50	0.50	0.50
NIPER	35.66	34.00	33.85	75.00	65.26	68.46
CPDS	2.10	3.00	1.91	2.00	2.00	3.75
PEPS(new)	17.05	14.00	1.20	37.50	23.65	10.50
NPPA	11.50	9.50	0.85	11.50	0.92	0.64
HAL						6.15
IDPL						2.00
Total Plan Revenue	**158.99**	**114.85**	**95.36**	**251.50**	**216.50**	**216.16**
CIPET	20.00	20.00	19.84	13.50	13.50	13.50
HOCL	1.00	1.00	6.00			
HIL	6.00	6.00	6.00			
IDPL	0.01	0.00	0.00			
IDPL(RDPL)	1.00	2.00	0.00			
HAL	1.00	0.00	20.17			
HAL(KAPL)	1.00	6.15	0.00			
BCPL	20.00	20.00	20.00	30.00	20.00	20.00
Total Plan Capital	**50.01**	**55.15**	**72.01**	**43.50**	**33.50**	**33.50**
Total Plan (A+B)	**209.00**	**170.00**	**167.37**	**295.00**	**250.00**	**249.66**
SECRETARIAT	11.79	12.16	9.99	12.16	14.64	13.87
CIPET	0.00	0.00	0.00	0.00	2.86	2.86
ASSAM GAS	0.01	0.01	0.00	0.01	0.01	0.00
BHOPAL GAS	7.25	8.25	4.51	8.61	7.75	6.13
NIPER	13.00	12.35	12.71	15.00	17.39	17.39
CWC	0.05	0.05	0.00	0.05	0.05	0.05
NPPA	5.91	6.03	5.85	7.47	7.06	5.14
PEPS	0.50	0.50	0.00	0.50	0.50	0.16
IPFT	1.00	1.00	1.00	1.50	2.04	2.04
Non Plan Revenue	**39.51**	**40.35**	**34.06**	**45.30**	**52.30**	**47.64**
SSPL	0.01	0.01	0.00	0.01	0.01	0.00
BCPL	0.01	0.01	0.00	0.01	0.01	0.00
BIL	0.01	0.01	0.00	0.01	2.00	2.00
IDPL	0.01	4.93	4.93	0.01	0.01	0.00
PCL	1.00	1.00	1.00	1.00	1.10	1.10
HIL	7.43	2.50	2.50	2.50	0.00	0.00
HOCL	0.01	0.01	0.00	3.15	3.56	3.56
HAL	0.01	0.01	0.00	0.01	0.01	0.00
Non Plan Capital	**8.49**	**8.48**	**8.43**	**6.7**	**6.7**	**6.66**
Total Non Plan(C+D)	**48.00**	**48.83**	**42.49**	**52.00**	**59.00**	**54.30**
Total Plan +Non plan	**257.00**	**218.83**	**209.86**	**347.00**	**309.00**	**303.96**

Rs. in Crore

Sub-Head	2009-10			2010-11			2011-12		
	BE	RE	Actual Exp.	BE	RE	Actual Exp.	BE	RE	Actual Exp.
PLAN (Revenue)									
Sectt.	0.25	0.25	0.21	1.00	0.61	0.51	0.40	0.35	0.35
CIPET (GIA General)	25.13	25.13	24.72						
CIPET (Capital Assets)				69.94	74.02	74.02	43.79	43.79	43.79
New Schemes of Petrochem.(Grants in Aid Gen.)				4.00	3.94	0.71	1.60	0.70	0.61
New Schemes of Petrochem.(Grant for Creation of Capital Assets)				79.00	8.00	4.00	48.00	4.00	4.00
Assam Gas Cracker Project	126.26	275.73	316.31	172.74	701.44	796.73	595.71	775.44	875.44
CWC (GIA General)	1.00	1.00	0.84	1.00	1.00	0.92	1.00	0.90	0.74
CPDS	2.00	2.00	1.75	2.50	2.50	2.30	7.50	3.82	1.63
IPFT (Grants in Aid Gen.)	7.00	7.00	5.06	1.15	0.59	0.58	0.55	0.55	0.45
IPFT (Grant for CCA)				3.10	0.00	0	0.45	0.45	0.21
N.E. Region	23.98	40.58		40.00	90.30	0	80.00	100.00	0.00
Total Plan (Revenue)	**185.62**	**351.69**	**349**	**374.43**	**882.40**	**879.77**	**779.00**	**930.00**	**927.18**
Plan (Capital) Loan to PSUs/AB									0.00
CIPET	14.00	14.00	14	0.00	0.00	0	0.00	0.00	0.00
HIL	25.00	25.00	24.93	20.00	15.03	0	20.00	0.00	0.00
HOCL	15.13	15.13	15.03	5.57	5.57	0	1.00	0.00	0.00
Total Plan Capital	**54.13**	**54.13**	**54**	**25.57**	**20.60**	**0.00**	**21.00**	**0.00**	**0.00**
[TOTAL PLAN]	**239.75**	**405.82**	**403**	**400.00**	**903.00**	**879.77**	**800.00**	**930.00**	**927.18**

Sub-Head	2009-10			2010-11			2011-12		
	BE	RE	Actual Exp.	BE	RE	Actual Exp.	BE	RE	Actual Exp. as on 29.2.2012
NON-PLAN (Revenue)									
Sectt.	13.15	10.95	10.63	11.20	12.05	11.81	13.38	11.85	11.64
CIPET(GIA General)	3.00	3.00	3.00	0.53	0.53	0.53	0.53	0.53	0.53
Assam Gas Cracker Project	0.01	0.01		0.01	0.01	0	0.01	0.01	0.00
Bhopal Gas Leak Disaster*	5.62	4.10	3.56	4.44	744.18	332.81	3.86	415.62	321.42
CWC (Grants-in-aid-General)	0.10	0.10	0.01	0.10	0.10	0.05	0.10	0.00	0.00
IPFT (GIA General)	2.40	2.40	2.40	2.60	2.60	2.60	3.00	3.29	3.29
Total Non-Plan (Revenue)	**24.28**	**20.56**	**19.59**	**18.88**	**759.47**	**347.80**	**20.88**	**431.30**	**336.88**
NON-PLAN (Capital)									
Petrofils Co-operative Ltd. (PCL)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
HIL	0.01	0.01		0.01	0.01	0.00	0.01	0.01	0.00
HOCL	0.01	0.01		0.01	0.01	0.00	0.01	0.01	0.00
Total Non-Plan (Capital)	**1.12**	**1.12**	**1.10**	**1.12**	**1.12**	**1.10**	**1.12**	**1.12**	**1.10**
[TOTAL NON-PLAN]	**25.40**	**21.68**	**20.69**	**20.00**	**760.59**	**348.90**	**22.00**	**432.42**	**337.98**
Grand Total (Plan+Non-Plan)	**265.15**	**427.50**	**423.55**	**420.00**	**1663.59**	**1228.67**	**822.00**	**1362.42**	**1265.16**

*** An amount of Rs.410.73 crore has been received in First Supplementary Demand for Grants 2011-12 for Bhopal Gas.**

3.2 When asked to provide details about the areas where the Eleventh Five Year Plan targets were fully achieved and those areas where the targets were not achieved, the Department replied as under:-

> "Targets have been achieved in Assam Gas Project, CIPET and CPDS. Fund allocations were not fully utilized in the case of HOCL, HIL and New scheme of Petrochemicals. The new schemes on petrochemicals are under formulation".

3.3 The scheme-wise outlays proposed by the Department and finally approved by Planning Commission for the year 2012-13 are given below:-

(Rs. crore)

Sr. No.	Name of the Scheme	2012-13 (Proposed)	2012-13 (Approved)
I	**Project Based Support to PSUs**	46.60	40.00
1.1	Hindustan Organic Chemicals Ltd.(HOCL)	26.60	24.00
1.2	Hindustan Insecticides Ltd. (HIL)	20.00	16.00
II	**Support to Autonomous Bodies**		
2.1	Central Institute of Plastic Engineering & Technology	141.64	110.00
2.2	Institute of Pesticides Formulation Technology (IPFT)	9.08	7.00
III	**Other Ongoing Schemes**		
3.1	Assam Gas Cracker Project	2552.00	1552.00
3.2	Chemical Promotion & Development Scheme (CPDS)	13.50	10.00
3.3	Chemical Weapons Convention (CWC)	1.50	1.50
3.4	IT/Sectt.	0.30	0.30
3.5	Other New Schemes of Petrochemicals	55.00	36.20
	Total	**2819.62**	**1757.00**

3.4 The data shows that while a total proposed outlay for the schemes was Rs. 2819.62 crore, the approved outlay was only Rs. 1757.00 crore. In this regard, the Committee desired to know the reasons for the huge gap between the proposed and allocated outlays and how the Department of Chemicals and Petrochemicals plan to achieve the goals of the schemes with the lesser amount of allocation. In response thereto, the Department has stated as under:-

> "The main shortfall (vis-a-vis that proposed) of Rs. 1000 crore is in the case of the Assam Gas Cracker Project. While finalising the outlay, the Planning Commission intimated that it had determined the Gross Budgetary Support after taking into consideration the resource availability for the year 2012-13 and demands of various Ministries/Departments. The Department shall Endeavour to make good the gap at RE stage. In other cases, the minor gap shall be managed by appropriately prioritizing the expenditure."

3.5 The data also shows that only Rs.1552.00 crore has been allocated from Assam Gas Cracker Project (AGCP) as against the proposed amount of Rs.2552.00 crore. Given the huge shortfall in allocation as compared to the Department's proposed amount, the Committee desired to know whether this will affect the planned commissioning of the AGCP in December, 2013. To this, the Department replied as below:-

"The Department has already taken up the issue of enhancement in the allocation with Planning Commission and a letter from Principal Secretary to the Prime Minister to Member Secretary, Planning Commission has also been sent in this regard. If requisite funds are not provided in the Annual Plan, the other avenue of seeking additional funds in the Supplementary Demands for Grants is available, which has been exploited in the past with positive results. Also, there is provision of loan component which could be drawn in advance to meet the target set out in the business plan. In view of the stipulated date of commissioning and the criticality of the phase of its implementation, it is imperative that the requisite funds are made available for the project. The Department intends to take up the matter with Ministry of Finance and shall endeavor to make good the gap at RE stage."

3.6 Regarding the Budget Proposals and amount actually provided by the Planning Commission for different schemes in Annual Plan 2012-13, the Department of Chemicals and Petrochemicals has informed as under***:-***

"Though the Department had proposed an outlay of Rs. 2819.62 crore for 2012-13, Planning Commission allotted Rs. 1757.00 crore. While approving the outlay for 2012-13, the Commission observed, *inter alia,* that:-

i. Planning Commission has determined the Gross Budgetary Support after taking into consideration the resource availability for the year 2012-13 and demands of various Ministries/Departments
ii. At least 10% of GBS should be earmarked for north-eastern states.
iii. Scheme-wise provision may be made for SCSP/TSP as well as on gender budgeting."

CHAPTER IV

Demands For Grants 2012-13

4.1 As per the Detailed Demand for Grants, the budgetary allocation under Plan and Non-Plan under major head and capital during the year 2011-12 and 2012-13 are given below:-

(Rs. in crore)

Major Head	Budget Estimates 2011-12			Revised Estimates 2011-12			Budget Estimates 2012-13		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	779.00	20.88	799.88	930.00	431.30	1361.30	1717.00	44.50	1761.50
Capital	21.00	1.12	22.12	--	1.12	1.12	40.00	1.12	41.12
Total	**800.00**	**22.00**	**822.00**	**930.00**	**432.42**	**1362.42**	**1757.00**	**45.62**	**1802.62**

4.2 The Committee have noted, as per the above data, that Rs 800 crore were allocated as the plan outlay during 2011-12 (enhanced to Rs. 930 crore at RE stage) for various schemes of the Department. For the annual plan 2012-13, an amount of Rs. 1757 crore has been approved by the Planning Commission as plan outlay which is almost double to that allocated last year. In this regard, the Department justified the increased allocation as under:-

> "In view of the Revised Cost Estimates of the Assam Gas Cracker Project (AGCP) and the requirement of pro rata infusion of equity and capital subsidy before drawdown of debt, the year-wise outgo of funds from the Government of India on account of Capital Subsidy was projected as Rs.1813.04 crore in 2011-12 and Rs.1614.39 crore in 2012-13. Accordingly, the Ministry of Finance was requested to provide additional fund of Rs. 1137 crore towards capital subsidy for the Project in the second batch of Supplementary Demands for Grants (SDG) 2011-12. However, the Ministry of Finance provided an outlay of Rs. 199.73 crore only, leaving a deficit of about Rs. 937 crore for the year 2011-12. Thus, keeping in view the deficit of 2011-12 and projected requirement of Rs.1614.39 crore for the year 2012-13, the Planning Commission was requested to provide Rs 2552 crore for the Annual Plan 2012-13. However, as against the requirement of Rs 2552 crore, Planning Commission has provided Rs.1552 crore only in the Annual Plan 2012-13. As 2012-13 is the penultimate year for the commissioning of the plant, BCPL plans to utilize the allocation against deliveries, most of which are expected in the year 2012-13.
>
> Main enhancement in comparison to 2011-12 is on account of the Assam Gas Cracker Project, which has been allocated a sum of Rs. 1552 crore against Rs. 675.71 crore (2011-2 BE), thereby increasing total outlay to Rs.1757 crore against Rs.800 crore (2011-12 BE). This amount is to be utilized on setting up of the Assam Gas Cracker Project."

4.3 As for the huge increase in Non-Plan allocation under Revenue Head from Non-Plan BE 2011-12 (Rs. 20.88 crore) to Non-Plan RE 2011-12 (Rs. 431.30 crore), the Department has informed that the reason for the same is as follows:-

> "A supplementary Demand of Grant of Rs.410.73 crores was received for disbursement of Ex-Gratia to victims of the Bhopal Gas Tragedy. This accounts for the huge increase pointed out."

CHAPTER V

CENTRAL INSTITUTE OF PLASTIC ENGINEERING AND TECHNOLOGY (CIPET)

5.1 CIPET is an ISO 9001:2008 QMS, NABL, ISO/IEC 17020 accredited premier Institution devoted to Academic, Technology Support & Research (ATR) activities for the growth of Plastics & allied industries in the country. CIPET operates at 22 locations spread across the country. CIPET has 15 centres at Ahmedabad, Amritsar, Aurangabad, Bhopal, Bhubaneswar, Chennai, Guwahati, Hyderabad, Hajipur, Haldia, Jaipur, Imphal, Lucknow, Mysore and Panipat. All the CIPET centres have state of art infrastructural facilities in the areas of Design, CAD/CAM/CAE, Tooling & Mould Manufacturing, Plastics processing, Testing and Quality control to cater to the needs of plastics & allied industries in the country.

5.2 To provide qualified Human Resource to the industry, CIPET offers a blend of specialized academic Programs in the field of Plastics Engineering & Technology, be it Doctoral, Post Graduate, Undergraduate, Post Diploma or Diploma. Every year, CIPET trains students through long-term and short-term Programs with hands-on experience with the most sophisticated facilities in Design, CAD/CAM, Tool Room, Plastics Processing and Plastics Testing & Quality Control. With a strong Alumni base of 50,000 professionals across the world "CIPET" is indeed a recognized qualifying brand for supervisory and managerial human resource for the plastics industries.

5.3 CIPET renders Technology Support Services in Design, Tooling, Plastics Processing, and Testing & Quality Assurance both in India and abroad. The biodegradable testing facility of CIPET, the first of its kind in the country works jointly with European Bioplastics & International Biodegradable products Institute. Envisioned to be a Global R&D Hub, CIPET has established two exclusive R & D wings at Chennai and Bhubaneswar. CIPET has signed Memorandum of Agreement with several leading International Universities for faculty & student exchange Programs, bilateral R & D initiatives and collaborative research projects.

5.4 The Ministry have informed that the Budget proposals for CIPET are as given under:

MAJOR HEAD 2852						(Rs in Crores)		
BE 2011-12			**RE 2011-12**			**BE 2012-13**		
Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
43.79	**0.53**	**44.32**	**43.79**	**0.53**	**44.32**	**110.00**	**--**	**110.00**

5.5 When asked to justify the huge increase in allocation under Plan Head from RE 2011-12 to BE 2012-13, the Department in its written replies to the List of Points has submitted as under:-

> "During the XII Five Year Plan, CIPET is proposed to be developed as a premier Institute leading to the status of an Institute of National Importance with unique, state-of the art infrastructure as per National Academic Accreditation Council (NAAC) / University Grant Commission (UGC) guidelines. Presently, CIPET has to seek affiliation from different State Universities to conduct UG, PG & Doctoral Programmes, due to which different syllabus of respective Universities have to be followed and the degrees are awarded by different

Universities. This leads to variation in the course contents and the regulations to be followed for the courses. BE 2012-13 consists of the schemes, which are proposed in the XII Five Year Plan considering the necessity of elevating CIPET to a status of a Premier Academic Institute at par with other National / International Universities. In order to achieve the status of the Institute of National Importance / Central University status in the exclusive & emerging field of Polymer Science & Technology, the technical and civil infrastructure has to be constantly upgraded and maintained as per the UGC rules, regulations & guidelines. To achieve the National Accreditation for the courses offered by CIPET, it is imperative to provide full residential facilities to students and augment extra and co-curricular activities. Accordingly, the following schemes are proposed to be implemented during the XII Five Year Plan in order to achieve the desired goals:

(Rs. in crore)

A. CONTINUING SCHEMES OF XI FIVE YEAR PLAN (SPILL OVER)		
Sl. No.	**Particulars**	
I	**DOMESTIC BUDGETARY SUPPORT:**	
1	Establishment of "Advanced Tooling & Plastic Product Development Centre (ATPDC)" at Madurai.	1.95
2	Establishment of "Advanced Plastic Processing Technology Centre (APPTC)" at Balasore.	1.25
NEW SCHEMES OF XII FIVE YEAR PLAN (2012-17)		
II	**NEW SCHEMES:**	
1	**Creation of Civil infrastructure to meet the requirement of NAAC and UGC guidelines**	
1.1	Enhanced Residential accommodation for Students	
	1.1.1) 80% of the total strength of boy students	50.75
	1.1.2) 100% of the total strength of girl students	21.17
1.2	Establishment of Multi-Activity Centre consisting of Students interaction hall, Faculty rooms, Stationery stall, Cafeteria, Gymnasium etc.	8.15
1.3	University Administrative Office Building at Chennai	0.10
1.4	Additional Laboratory space for ARSTPS & LARPM (R&D wings of CIPET)	1.48
2	**Creation of Technical infrastructure to meet the requirement of NAAC and UGC guidelines**	
2.1	Equipment / Plant and Machinery replacing obsolete items and requirement as per revised syllabus of long-term programmes	
	2.1.1) For Diploma Programmes	4.35
	2.1.2) For UG/PG Programme (Polymer Science & Technology) at High Learning Centre (HLC)	4.64
	2.1.3) For R&D in the emerging areas of Polymer Science & Technology	1.94

2.2	Faculty Development Programme (India & Overseas)	2.90
2.3	Scholarship for CIPET UG students for pursuing PG at CIPET	0.07
3	**Expansion of CIPET Existing R&D Wings (ARSTPS & LARPM)**	
3.1	Stipend & Fellowship for Research Scholars	2.03
3.2	Support for Patent Filing	0.28
3.3	Conduct of International Conference	1.00
3.4	Conduct of International Workshop	0.69
4	**Establishment of new CIPET Centres / Specialized Centres**	
4.1	Establishment of "Centre for Bio-Polymer Science & Technology in Kerala"	7.00
4.2	Opening of new CIPET Centres / Service Centres / Specialized Centres	0.25

By virtue of the growth plan envisaged above, the allocation of Rs.110.00 crores to CIPET during 2012-13 is considered fully justified."

5.6 In response to the Committee's query about progress made regarding the goal of extending CIPET centres throughout the country, the Department in its written replies has stated as under:-

"During XI Five Year Plan (2010-11), CIPET established two new specialized Centres viz. Advanced Tooling & Plastic Product Development Centre (ATPDC) at Madurai and Advanced Plastic Processing Technology Centre (APPTC) at Balasore. As the Project Period is three years, the project will be fully completed during 2012-13, being the first year of the XII Five Year Plan (2012-17). The proposal for Establishment of Plastic Testing laboratory at Madurai at a cost of Rs. 2 crore is being examined by CIPET. During XII Five Year Plan (2012-17), CIPET is also contemplating to establish a specialized centre i.e. "Centre for Bio-Polymer Science and Technology (CBPST)" in the State of Kerala, which is also being considered, in concert with Government of Kerala and other agencies, for land and accommodation. With this most of the major States in the country will have ***one*** CIPET Centre at least."

5.7 When asked to give a status update on the plan to set up Plastic Waste Management Centres (PWMCs) all over the country, the Department has informed as under:-

"CIPET conducted a study on "Quantification of Plastics Waste Generation in 60 major cities" sponsored by CPCB, New Delhi. The outcome of the study reveals that municipal solid waste contains 7% plastics. In order to effectively manage plastics waste, CIPET has taken the following initiatives:

a) Conducting awareness programmes on Plastics Waste Management in schools for educating children.
b) Conducting National & International Seminars for propagating proper plastics waste management and to deliberate on effective recycling and value addition in plastics waste.
c) Interaction with NGOs Municipal Corporations and other interested organizations for improving Plastics Waste recycling and Management. On receipt of concrete plan of action from these organizations the possibilities of setting up some Plastic Waste Management Centres (PWMCs) in PPP model will be examined.

CIPET contemplates to establish composting Centres for Plastics Waste in the states of Gujarat, Tamil Nadu, Uttar Pradesh & Odisha under the PPP mode in collaboration with the respective State Governments and with the approval of the Planning Commission."

5.8 During the Study Tour to CIPET centre at Mysore on 12.11.2011, members of the Committee raised the issue regarding granting the status of deemed university to CIPET. The Committee were of the view that CIPET should be granted the status of Centre for Excellence in view of its higher Academic and Technical Performance in Plastic Engineering and Technology. The issue was again raised by members during the Committee Sitting held on 12.4.2012.

5.9 Responding to these queries during the course of Evidence, the Secretary of the Department of Chemicals and Petrochemicals has stated as under:-

> "About University at Mysore, there is a proposal in that regard. The problem with CIPET is that it is not recognized as an institution which can award degrees. They do not have the power. However, as I said, originally they started with polytechnic-like functions where they give training but about 5-6 years ago, they decided to go into higher learning. They have tied thus up now and they have started centres of higher learning in various places; they are doing an excellent work. They have tied up with the University of Toronto, Michigan State University, and some universities in Korea, Australia, and all these places they had tied up. It is on a frontier areas, which is the latest in plastics, bio-polymers, etc., how you can make plastics not from petroleum but from bio-degradable materials, compostable plastics, nano-technology, etc. These are the areas. Unfortunately, as the Chairman mentioned, they do not have the power to award degrees. So, what they do is that wherever they go, they go to the neighbouring University. So, in Chennai, when they set up the Centre of Higher Learning, they go to the Anna University; they have to follow all the norms of the Anna University and convince them that their facilities are all-compliant; then the Anna University gives degrees to the students of CIPET who pass off from Chennai. When it comes to Orissa's Balasore or some other Centre of Higher Learning, they go to the Orissa University. The Orissa University says that their requirements are different; they have to change. They are now setting up something in Cochin. They have decided to set up a Bio-Polymer Science Division in Cochin. When they went to the Cochin University of Science and Technology, they said that their requirements were different. They changed them. This is creating a problem. This can be solved if CIPET has got the power to give University degrees. This can be done in 2-3 ways – one is by declaring it as a University; the second is to call it a Deemed University. There are various ways possible. In fact, our emphasis has been that they give straightway university degrees on their own through a Deemed University status. We had looked at this case; in fact, our Board of Governors also looked at this. We felt that we have to do it with some care and attention. What we are trying to convert is only the Higher Learning Centres. When we convert them as such, we should not by mistake include the polytechnic-like activities also in this kind of an activity, coming under the UGC. Then, the UGC will come in and put their restrictions. So, we are in the process. We have appointed an internal committee to look into this. This will look into how the staff division or separation has to take place. The AS and FA is the Chairman of the Administrative and Finance Committee. They will also have an occasion to look at it. We hope that this Committee's report will come in about 2-3 months' time. After that, we will have a position paper. We have not decided whether we should go to UGC to get the Deemed University status or move a separate legislation to declare CIPET as a separate organization. Once we will take a decision, we will proceed accordingly.

CHAPTER VI

ASSAM GAS CRACKER PROJECT (AGCP)

6.1 The Assam Gas Cracker Project was initiated in pursuance of the Memorandum of Settlement signed between Central Government and All Assam Students Union (AASU) and All Assam Gana Parishad (AAGP) on 15th August 1985. Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 18th April, 2006, approved the setting up of the Assam Gas Cracker Project at a project cost of Rs. 5460.61 Crores (fixed cost). A joint venture company namely M/s. Brahmaputra Cracker & Polymer Limited (BCPL), incorporated on 8th January 2007 is implementing the project.

6.2 The project has witnessed time and cost overruns owing to various reasons such as time escalation, sub optimal size of the plant, increase in infrastructural requirements & utilities and off sites resulting from engineering and operational requirements, increase in construction cost, frequent bandhs, labour unrest, inadequate availability of skilled manpower at the site, prolonged monsoon etc.,.

6.3 Accordingly, the Cabinet Committee on Economic Affairs has approved Revised cost estimates (RCE) of Rs. 8920 crore (on "as built basis") for setting up of the Assam Gas Cracker Project by BCPL. The funding pattern envisaged for the project comprises of Capital Subsidy of Rs. 4690.00 crore, Debt amounting to Rs. 2961.00 crore and Equity of Rs. 1269.00 crore. The revised capital subsidy will be sought by the Department of Chemicals and Petrochemicals from the Ministry of Finance / Planning Commission in 2011-12 and 2012-13 by way of additional budgetary support. The Revised project schedule envisages mechanical completion by July, 2013 and commissioning by December, 2013.

6.4 The overall physical progress, as on 15th December, 2011 is 59.1% as against the revised scheduled target of 58.2%. The cumulative expenditure incurred during the year 2011-12, as on 15th December, 2011 is Rs.3512.41 crore including the expenditure of Rs 1336.53 crore in the year 2011-12. Further, as on 15th December, 2011, the total financial commitment to the tune of Rs. 7800.00 crore has been made.

6.5 The following table, according to the Ministry, indicates the subsidies proposed for the Assam Gas Cracker Project (AGCP), excluding the lump sum provisions for the NE Region:

(MAJOR HEAD 2852)						(Rs in Crores)		
BE 2011-12			**RE 2011-12**			**BE 2012-13**		
Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
595.71	**0.01**	**595.72**	**775.44**	**0.01**	**775.45**	**1376.30**	**0.01**	**1376.31**

6.6 When the Committee asked the Department to justify the huge increase in allocation under Plan Head from RE 2011-12 to BE 2012-13, the Department replied as under:-

> "In view of the Revised Cost Estimates of AGCP and additional fund requirement as per revised completion schedule, the final installment of Capital Subsidy is required to be contributed in the current year, justifying the increase in allocation under plan head from RE 2011-12 to BE 2012-13."

6.7 Given that the Planning Commission has provided Capital Subsidy of only Rs. 1552 crore in the annual plan 2012-13 against the Department's requirement of Rs. 2552 crore leading to a huge shortfall of Rs. 1000 crore, The Committee desired to know how the Department plan fill the gap and whether this shortfall affect the revised completion schedules for the project**.** In response to this query, the Department has stated as under:-

> "The Department has already taken up the issue of enhancement in the allocation with Planning Commission and a letter from Principal Secretary to the Prime Minister to Member Secretary, Planning Commission has been sent in this regard. If requisite funds are not provided, other avenue such as seeking additional funds in Supplementary Demands for Grants is available, which has been exploited in the past with positive results. It is also possible to advance the drawing of the loan component."

6.8 When the Committee pointed out a discrepancy regarding the amount allocated to AGCP as given in the Outcome Budget (Rs. 1552 crore) and Detailed Demand for Grants (Rs. 1376.31 crore) and desire to know the correct figure for the same, the Department clarified as under :-

> "The correct figure of allocation for the AGCP for the year 2012-13 is Rs. 1552 crore only, which has been provided under two different heads i.e., (i) subsidy to AGCP (Rs. 1376.30 crore – Plan); and (ii) lumpsum provision for project/scheme for the benefit of the NE Region (Rs. 175.70 crore – Plan)."

6.9 When the Committee desired to know the major reasons for the delay in completion and commissioning of the project which has resulted in huge cost and time overruns, the Department has replied as under:-

> "In pursuance of the Planning Commission guidelines on consideration of revised cost estimates, a Standing Committee was constituted to look into factors for time and cost overruns. This committee identified the following factors being primarily responsible for the time and cost over runs:
>
> (i) poor quality of Detail Feasibility Report (DFR) resulting in underestimation of the project cost;
> (ii) initial delay in resolving the issues raised by feedstock suppliers and / or promoters after the project got approved by the CCEA;
> (iii) delay in incorporation of BCPL and in the appointment of Engineering Project Management Consultant (EPMC);
> (iv) delay in the award and finalization of the agreement with the process technology licensors;
> (v) significant changes in technology / engineering / operational / utility requirements; time escalation and increased prices of feedstock;
> (vi) inadequate deployment of key personnel; and

(vii) absence of proper incentive structure and the consequent lack of adequate commitment for the project as well as ambiguity in ownership during the early stages of the implementation period after CCEA's approval."

6.10 Regarding the steps being taken to ensure that the AGCP is completed on time as per the revised schedule, the Department of Chemicals and Petrochemicals informed the Committee as under:-

"The following measures are being taken to ensure that the project is completed within the revised project schedule:

1. Regular quarterly review by Prime Minister's Office;
2. Regular monthly reviews at the level of Managing Director, Chairman, BCPL and Secretary (C&PC) including site visits by the Secretary once in three months,
3. Rigorous monitoring of all procurement, contracting and delivery activities for expeditious decision making;
4. Day to day supervision of civil, mechanical erection and piping work, etc. for component-wise completion as per project schedule;
5. Close coordination with all contractors and sub-contractors for timely completion;
6. Redressal of issues related to workers including ensuring Minimum Wages and other facilities / arrangement required for them;
7. Close liaisoning with State/dist. level authorities to address the issues concerning safety & security and smooth boundary management;
8. Close liaisoning with all stakeholders to avoid hold up for requisite funding for the project;
9. Augmentation of the recruitment of BCPL manpower; and
10. Augmentation of experienced manpower by GAIL for expediting the execution."

6.11 When the Committee asked for a detailed estimate of employment to be generated by the AGCP especially amongst the local population, the Department has informed as below:-

"As per the estimate prepared at the time of original approval of the project in 2005, the direct employment by BCPL in the Assam Gas Cracker Complex is 650 persons. The availability of polymers in the region is expected to attract downstream plastic processing investments. It thus happens, it is estimated that indirect employment in the cracker complex and consumption of finished products to the extent of 1,00,000 TPA in the region by the downstream units will generate employment for 1,00,000 people in the region."

CHAPTER VII

INSTITUTE OF PESTICIDE FORMULATION AND TECHNOLOGY (IPFT)

7.1 The Institute of Pesticide Formulation Technology (IPFT) was established in May, 1991 under the Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers as an autonomous institution. The institute is located at Gurgaon, Haryana. IPFT has established a healthy rapport with the pesticides industries and has been able to successfully transfer technology for safer, efficient and environment friendly formulations. IPFT consists of three major Divisions and a Pilot plant. The Institute carries out both in-house and external projects. The Institute also functions as a Technical Coordinator Unit (TCU) on User and Environment friendly pesticide formulation technology and quality control of RENPAP, one of the largest networks of UNDP/UNIDO comprising of 15 countries of Asia.

7.2 The main objectives of IPFT as given in the Memorandum of Association of the Society are:

i. Development and production of state-of-the-art user and environment friendly pesticide formulation technology.
ii. Promotion of efficient application technologies suiting the existing requirements of the newer formulations.
iii. Information dissemination of safe manufacturing practices, quality assurances, raw material specification and sources.
iv. Analytical and consultancy services.
v. Fostering the improvement in the qualification and usefulness of pesticide scientists working in the agrochemical area.
vi. Continuing education through specialized training for pesticide personnel.

7.3 The following table gives BE/RE for 2011-12 and BE 2012-13 in respect of IPFT:-

MAJOR HEAD 2852								(Rs in Crores)
BE 2011-12			**RE 2011-12**			**BE 2012-13**		
Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
1.00	**3.00**	**4.00**	**1.00**	**3.29**	**4.29**	**7.00**	**3.50**	**10.50**

7.4 When asked to justify the steep hike of allocation under Plan Head from Rs. 1 crore in RE 2011-12 to Rs. 7 crore in BE 2012-13, the Department has stated as under:-

> "The plan outlays for IPFT caters to the need for development and production of the newer formulation technology; strengthening its analytical and consultancy capabilities; and providing specialized training for pesticides personnel. The plan outlay for IPFT, inter-alia, include provisions for procurement of sophisticated scientific / technical equipment for development of eco & environment friendly technology. This capital support outlay was not adequately utilized in the year 2009-10 due to certain procedural hurdles. Accordingly, the capital support for the Institute was reviewed and allocation of funds for IPFT was reduced to Rs. 59 lakh in 2010-11 and a token provision of Rs.100 lakh was provided for 2011-12. The

corrective steps were taken to ensure streamlining of procurement process; removal of procedural hurdles and judicial utilization of plan grants with the constitution of Justification and Specification Committees. As a result of these committees, higher utilization from sanctioned budget for capital support in the year 2009-10 was achieved during the year 2010-11 & 2011-12. The allocation has been increased for BE 2012 – 13, as per projects proposed for XII Five Year Plan. The increased funds for 2012-13 are required to undertake new R & D activities; procurement of equipments for the renovation of the existing Pilot Plant and other capital support for activities related to OPCW, NABL and BIS activities for the analysis of pesticides and their residue for providing support to the agrochemical industries."

7.5 As per the data provided by the Department, the details of year-wise outlay and release/achievement for the 11th plan period so far are as under:-

(Rs. In Crore)

Year	Outlay	Released
2007-08	**5.00**	**5.00**
2008-09	**5.00**	**4.99**
2009-10	**7.00**	**5.06**
2010-11	**4.25**	**0.59**
2011-12	**1.00**	Rs. 88,60,416 (up to 31.3.2012)

7.6 Given the poor record of fund utilization at the IPFT as shown above, the Committee desired to know how the Institute propose to gainfully utilize Rs. 7 crore allocated under Plan BE 2012-13. In response, the Department has stated as under:-

"The allocated budget of Rs. 7.00 crore for BE 2012 – 13 shall be gainfully utilized for the following activities:

i) Rs 4.97 crore - Capital support for activities related to OPCW, NABL and BIS activities for the analysis of pesticides and their residue for providing support to the agrochemical industries. Renovation of Pilot Plant and replacement of obsolete machinery and equipments.

ii) Rs 1.78 crore - Execution of the five projects which have been duly reviewed and approved by the Research Advisory Board of IPFT in November, 2011 for the XII Five Year Plan. This covers the cost of manpower (Research Associates, Senior Research Fellows, and Junior Research Fellows & Lab Attendants) reflected in these projects and some of the major equipments required for the execution of the projects.

iii) Rs. 0.25 crore - Completion of some of the carry over XI Plan ongoing projects.

The detailed break-up of activities and cost thereof for allocated budget of Rs. 7.00 crore for BE 2012 – 13 for IPFT is as under:

Sr. No.	*Description*	*Cost (Rs. in Lakhs)*
Appendix – I : Grant for capital support		
1.	Analytical Division	55.0
2.	Formulation Division	157.0
3.	Bioscience Division	135.0
4.	Process Development Division	150.0
	TOTAL	***497.0***

Appendix – II : Projects		
1.	Enrichment of Spectroscopic Database for CWC Related Chemicals.	98.0
2.	Synthesis and Characterization of Pesticide Standards.	48.0
3.	Development of User & Environment Friendly Water Dispersible Granule Formulations of Highly Toxic, Broad Spectrum & effective Pesticides to reduce their Toxicity for Continuation of Use and Prevention from Ban.	10.0
4.	Development of Mass Production Technique and Formulation for Baculoviruses.	09.0
5.	Management of Termite by Integrated Approach and Indigenous Technologies.	13.0
TOTAL		***178.0***
Appendix – III : Carry Over for XI Plan Projects		
1.	Formulation development for Pre - and Post - harvest pest management.	08.5
2.	Studies on pesticide formulation from basil and turmeric oil for house hold and agriculture purposes.	09.7
3.	Isolation, formulation development and application of suitable mycoherbicide against *Trianthema portulacastrum L.* weed in Kharif crop.	06.8
TOTAL		***25.0***
GRAND TOTAL		***700.0***

7.7 Regarding the present status of the Justification and Specification Committee set up to streamline the procurement process at the Institute, the Department has stated as under:-

> "A mechanism to justify procurement, with the setting up of a Justification and Specification Committees was essential as a corrective step to ensure streamlining of procurement process; removal of procedural hurdles and judicious utilization of plan grants. These committees looked into the justifications given by the scientists of IPFT and facilitated the drawing of proper specifications for the procurement of Capital Equipments proposed in 11th Five Year Plan period. Most of these equipments were procured in the year 2010 – 11, after due recommendations / approval of these Committees. These Committees are still active and meet regularly for procurement of capital equipment at IPFT."

CHAPTER VIII

CHEMICAL WEAPONS CONVENTION

8.1 CWC is a universal non-discriminatory, multilateral, Disarmament Treaty, which bans the development, production, acquisitions, transfer, use and stockpile of all chemical weapons. India is a party to this Treaty. It has 188 Member States as its members as on 30.09.2011. India has a well-developed chemical industry relevant to the Convention. The Department is also an administrative Department for the CWC Act 2000, which is in force in the country. In terms of the allocation of work in relation to this CWC activity, the Department of C&PC is responsible for chemical industry matters and more specifically preparation of declarations, facilitation of inspections by OPCW teams and also for creating awareness in the industry about its obligations under the Convention.

8.2 According to the Ministry, inspections are routinely conducted by the OPCW to ensure that the activities in scheduled chemicals are in accordance with the provisions of the Convention. India has so far received one hundred seven (107) inspections (as on 25.10.2011). The same include 14 successfully hosted inspections received so far by India during 2011. DCPC deputes escort officers to the industrial units for facilitating advance preparation for hosting inspections as also for its actual undertaking. The Department has also set up Help Desks in PPP mode in association with the Indian Chemical Council (ICC) at various places with a concentration of chemical industry of relevance to CWC for facilitating compliance by the chemical industry in its obligations under CWC. These help desks have the following coverage:

Location	States covered
Hyderabad	Andhra Pradesh, Orrisa and Chattisgarh
Kolkata	Bihar, Jharkhand, West Bengal and North Eastern Regions
Delhi	Uttar Pradesh, Himachal Pradesh, Haryana, Punjab, Chandigarh, Uttarakhand & J&K
Mumbai	Maharashtra, Goa, Rajasthan, Madhya Pradesh
Chennai	Tamilnadu, Karnataka and Kerala
Vadodara	Gujarat

8.3 As per the information provided by the Department, India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the Convention, a nodal authority called National Authority has been set up in India. The National Authority undertakes trial inspections of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists Organization for Prohibition of Chemical Weapon (OPCW) with regard to the implementation of CWC. The CWC Act has come into force w.e.f. 1st July, 2005. The outlay for 2012-13 includes provision for the promotional and other attendant activities.

8.4 The following table, according to the Department, gives the budget proposals for the Chemical Weapons Convention:-

MAJOR HEAD 2852						(Rs in Crores)		
BE 2011-12			RE 2011-12			BE 2012-13		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1.00	0.10	1.10	0.90	--	0.90	1.50	0.01	1.51

8.5 When the Committee desired to know about new initiatives being planned under the head of Chemical Weapons Convention, the Department replied as under:-

> "The Department has taken a new initiative through the development of customized software for facilitating on-line submission of declarations by the industries obligated to file declarations under Chemical Weapons Convention. These declarations till now are being received manually. It is planned that from the current year, all the declarable plant sites will submit their declarations to the Department online."

8.6 Noting that the Department has organized 12 awareness programme each during 2010-11 and 2011-12 in association with Indian Chemical council (ICC), the Committee enquired about the positive effects these awareness programmes have for the people as a whole. To this, the Department replied as under:-

> "The Department in association with Indian Chemical Council is conducting awareness programmes for generating awareness amongst industry regarding their obligations under Chemical Weapons Convention. These awareness programmes besides providing guidance to existing declaring facilities to submit correct declarations have also resulted in identifying new declarable plant sites. The effectiveness of the awareness programmes can be seen from the fact that the number of declarations has increased from 110 in 2002 to 613 in 2011."

8.7 According to the Department, the European Union has enacted a legislation entitled REACH under which the industry has been made responsible for the safety of products. *(Annual Report, p. 29)* In this regard, the Committee asked the Department whether India has such a similar legislation under which the concerned industry is made responsible for safety of products. In response, the Department submitted as under:-

> "There is no comprehensive legislation in the country on the lines of REACH as enacted by European Union. Bureau of Indian Standards specifies the specifications of the products including chemicals, however the same are voluntary in nature for compliance by the industry. However, there are several legislations in India relating to regulation of industries including those manufacturing chemicals but these are administered/governed through various Departments/Ministries of Government of India as given below:

Ministry	Act
Ministry of Environment and Forests	Environment Protection Act, 1986
Ministry of Labour	Factories Act, 1948
Ministry of Road Transport and Highways	The Motor Vehicles Act, 1988
Ministry of Commerce and Industry	The Explosive Act, 1987
Ministry of Home Affairs	The Disaster Management Act, 2005
Deptt. of Chemicals & Petrochemicals	The CWC Act, 2000

> Department of Chemicals and Petrochemicals has initiated industry consultations for analyzing the requirement of a legislation similar to REACH enacted by the European Union."

CHAPTER IX

CHEMICAL PROMOTION AND DEVELOPMENT SCHEME (CPDS)

9.1 This scheme is for undertaking promotional activities for the chemical and petrochemical industry. To promote the Indian Chemical Industry, the Govt. of India, Department of Chemicals & Petrochemicals & FICCI have jointly been organizing the "India Chem" series of events every alternate year. In the intervening years, focused events such as India-Chem Gujarat focusing on Speciality, Fine Chemicals, Agro Chemicals and Colorants are organized. The 2nd edition of India Chem Gujarat- International Exhibition & Conference, organized in association with FICCI was held from 13-15 October, 2011 at Gandhi Nagar, Gujarat. This was inaugurated by Hon'ble Chief Minister of Gujarat. India Chem Gujarat 2011 was a great success and the participants benefited by the overwhelming business response.

9.2 Besides, a number of other promotional activities which include conferences/ seminars/ workshops and studies covering various segments of the chemical industry were organized. The same included supporting national workshop on Plastic Waste Management by CIPET, SCHEMCON-11 organized by Heritage Institute of Technology, conference on sustainability solutions organized by CII, Poly India-2011 organized by FICCI, an international conclave on colorants covering the Dyes industry, a conference on agro chemicals and conference on construction chemicals organized by FICCI. 2011 was declared by UNO as the International Year of Chemistry (IYC). In celebration of the same, a Best Chemistry Teacher Award function organized by CII was supported. In addition, support was provided to ICC for developing small educational film for generating interest about chemistry among students.

9.3 The Department has informed that the Budget proposals for CPDS are as given below:-

MAJOR HEAD 2852								(Rs in Crores)
BE 2011-12			**RE 2011-12**			**BE 2012-13**		
Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
7.50	**--**	**7.50**	**3.82**	**--**	**3.82**	**10.00**	**--**	**10.00**

9.4 When the Committee asked how the Department plan to utilize Rs. 10 crore allocated for CPDS for the year 2012-13, the Department replied as under:-

> "The Department proposes to utilize the allocated funds for hosting various promotional events including India-Chem 2012, a flagship event of the Department. These events provide a platform to the Indian chemical and Petrochemical industry to showcase its potential before the international audience. The funds are also planned to be used for providing assistance to various institutes providing education in the chemical field for hosting events to promote safety and sustainability in the chemical sector. The Department also proposes to undertake

inventorization of chemicals being manufactured/traded in India which aims to catalogue eco-toxicological properties of chemicals besides their physical properties."

9.5 In their replies to the list of points raised by the Committee in March, 2011 (*20th Report of Committee, p. 41),* the Ministry/Department have stated that as part of the celebration of 2011 as International Year of Chemistry (IYC), the Department proposes, *inter alia,* to set up a National Institute of Chemical Safety and Management with a view to educate and provide training as also to act as a national repository of knowledge in the sector. In this regard, the Committee asked the Department for a status update on the proposed National Institute of Chemical Safety and Management. To this, the Department replied as under:-

"The action for setting up of the National Institute for Chemical Safety and Management figures as an item in the RFD for 2012-13. The Department envisages taking the following steps in this regard:

I) Identification of institute, resource persons and training modules,

II) Organising short term courses for middle level executives,

III) Setting up a Committee for deciding contents, programme duration etc., based on the feedback of the conducted training programmes, Formulation of a draft Concept Paper in this regard is being undertaken**."**

CHAPTER X

NATIONAL POLICY ON PETROCHEMICALS

10.1 The Government approved the National Policy on Petrochemicals on 12.4.2007. The National Policy on Petrochemicals aims to:

a) Increase investments in the sector (both upstream and downstream) and capture a slice of the resurgent Asian demand in polymers and downstream processing through additions in capacity and production by ensuring availability of raw materials at internationally competitive prices, creating quality infrastructure and other facilitation to ensure value addition and increase exports.

b) Increase the domestic demand and per capita consumption of plastics and synthetic fibres from the present level of 4 Kgs and 1.6 Kgs, increase the competitiveness, polymer absorption capacity and value addition in the domestic downstream plastic processing industry through modernization, research and development measures and freeing it from structural constraints

c) Facilitate investment in the emerging areas of petrochemicals

d) Achieve environmentally sustainable growth in the petrochemical sector through innovative methods of plastic waste management, recycling and development of bio-, photodegradable polymers and plastics.

e) Promote Research and Development in Petrochemicals and promote Human Resource Development .

10.2 In pursuance of National Policy on Petrochemicals**,** the Department of Chemicals & Petrochemicals is implementing the following 3 schemes, formulated in the year 2010-11, in the 11th Five Year Plan viz:

National award for Technology Innovation – The Scheme aims at incentivising meritorious innovations and inventions in the petrochemical Sector through National Awards. Central Institute of Plastic Engineering Technology (CIPET) was entrusted with the task of seeking and short listing nominations for the scheme and an amount of `0.60 crore was released to them for the year 2010-11. After undertaking a detailed process for selection, ***9*** organizations/individuals were selected for the Awards in ***6*** areas for the year 2010-11. The award function was held on 28th November, 2011 wherein Minister of States for Chemicals & Fertilizers Shri Srikant Kumar Jena presented the awards to selected organizations and individuals in recognition of their innovations and advancement in the Petrochemical & Polymer sectors. The application and evaluation process has been modified so as to facilitate maximum participation in the award scheme in the second year of implementation. The applications for the second year i.e.2011-12 have been invited and the process of selection of nominee is expected to be completed by 15.02.2012.

Setting up of Centre of Excellence – The Scheme aims at improving the existing petrochemical technology and research in the country and to promote the development of new applications of polymers and plastics. In the year 2010-11, CIPET and National Chemical Laboratory, Pune have been identified for setting up of Centres of Excellence. An amount of Rs. 2 crores each has been released in the year 2010-11. An expert panel set up to review/monitor the progress under the scheme, has taken up the review of NCL, Pune and CIPET, Chennai with regard to the progress made as per MOU signed between Department and the Institution. The second instalment of funds amounting Rs. 2 crore each for the year 2011-12 shall be considered for release after the review.

Setting up of Plastic Parks – The Scheme aims at setting up need based Plastic Parks and ecosystems with requisite state of the art infrastructure and enabling common facilities to assist the sector to move up the value chain and contribute to the economy more effectively. The scheme was deliberated upon twice by the Standing Finance Committee headed by Secretary (C&PC) in the year 2010-11 before approval and finalization of scheme guidelines. The Expression of Interest for appointment of Programme Manager was firmed up after detailed deliberations. The Programme Manager for implementation of the scheme viz. Ms. Grant Thornton India has been appointed. All State Governments were requested to send their preliminary proposals. Several State Governments have shown their interest in setting up Plastic Parks. The operational guidelines for the implementation are being firmed up. In principle approval of setting up of 2 plastic parks and release of initial grants in this regard is envisaged during the current year**."**

10.3 The data below shows an allocation of Rs. 36.20 crore for 2012-13 under the head of 'New Schemes of Petrochemicals', which is being implemented as part of the National Policy on Petrochemicals-

MAJOR HEAD 2852								(Rs in Crores)
BE 2011-12			**RE 2011-12**			**BE 2012-13**		
Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
49.60	**--**	**49.60**	**4.70**	**--**	**4.70**	**36.20**	**--**	**36.20**

10.4 When asked to justify the huge fluctuations in planned allocation between BE 2011-12, RE 2011-12, and BE 2012-13 as can be seen from the data, the Department replied as under:-

"The Schemes taken up for implementation under "National Policy on Petrochemicals" viz. (i) National Awards for Technology Innovation in various fields of Petrochemicals and downstream Plastic Processing Industry; (ii) Setting up of the Centres of Excellence (COE) in the field of Petrochemicals; and (iii) Setting up of Plastic Parks were formulated in 2010-11 only. Accordingly, the funds were sought in 2011-12 for implementation of these schemes. The funds for the schemes of National Awards for Technology Innovation and Setting up of the Centres of Excellence have been utilized in the year 2011-12 owing to effective implementation of these schemes. However, initial procedural hurdles in selection of programme manager and consequent evaluation of proposals received from various States for the scheme for setting up of plastic parks, led to non-utilization of funds allocated for the scheme, which at Rs. 40 crore formed the major portion of funds earmarked for the New Schemes of Petrochemicals. Hence, in line with Government policies on financial management and fiscal prudence, reduced funds were sought and given at revised estimates stage.

Further, the Programme Manager for implementation of the scheme has now been appointed and operational guidelines for the implementation firmed up. The Scheme is proposed to be continued in the 12th Five Year Plan in view of the encouraging responses received from State Governments. Accordingly, funds for the year 2012-13 have been sought, in line with the 12th Plan proposals and increased levels of implementations of New Schemes of Petrochemicals."

10.5 When asked how the Department plan to utilize the Rs. 36.20 crore allocated for this year, the Department informed as under:-

"The detailed break-up of the plan outlay for the year 2012-13 is as under:

		Rs. in Crore
Ongoing Schemes (to be continued in 12th Plan period)		
	Objective	Plan Outlay
National award for Technology Innovation	To support increased budget on account of increase in expenditure to be incurred on experts evaluation visits, award money, number of awards, etc.	1.00
Setting up of Centres of Excellence	To release third installment of Rs 2 Crore each, for the two COEs approved during the 11th five year plan period.	4.00
Setting up of Plastic Parks	To release first installment to the two Plastic Parks approved during the 11th five year plan period.	31.00
New Schemes (to be initiated in 12th Plan period)		
Setting up of Quality testing facilities	Setting up new / satellite testing facilities / up gradation of existing testing facilities	0.10
Awareness building in plastic recycling & waste management etc.	Awareness programmes & projects in plastic recycling & waste management etc. as also payments to Programme Manager for Plastic Park Scheme and feasibility studies undertaken to formulate and implement Schemes under National Policy on Petrochemicals	0.10
Total		**36.20**

Since the scheme have now commenced the Department does not anticipates any difficulty in achieving the financial targets."

10.6 According to the Department, the National Policy on Petrochemicals,,*inter alia,* aims to increase the domestic demand and per capita consumption of plastics and synthetic fibres from the present level of 4 Kgs and 1.6 Kgs, increase the competitiveness, polymer absorption capacity and value addition in the domestic downstream plastic processing industry through modernization, research and development measures and freeing it from structural constraints *(Outcome Budget, p. 33).* The Committee also, in their 20th Report, supported the Department's aim to increase per capita consumption of plastics. In this regard, the Committee desired to know how the Department plans to popularize use of plastics among the people given that there are strong prejudice and campaign against it on grounds of environmental degradation, etc. In response, the Department has stated as under:-

"Plastics are used extensively in almost every aspect of modern life across the globe. Uses of Plastics are manifold and because of the ease of handling, aesthetic appeal, mouldability, design freedom and cost effectiveness, they are preferred material for a variety of uses

ranging from simple needs like packaging material to high end engineering products such as aeronautics, automotives, information technology, medical applications, etc. However, there is a negative perception of plastics, particularly, relating to its use in packaging.

Out of the total polymer consumption, it is estimated that around 2-3% only is consumed in the manufacture of plastic carry bags. The main reason behind disproportionate criticism of plastic carry bags and other packaging material is due to its indiscriminate littering, rendered even worse by its high visibility due to its light weight and use of colours. Plastics are visible objects in Municipal Solid Waste (MSW), although they constitute less than 1% (by weight) to the final land fill sites. Plastics are often accused as health hazard and cause for environmental degradation. Most of these misconceptions and myths are not based on the Scientific data. The life cycle analysis of plastic products indicates that these substances not only save significant amounts of energy and water resources, but also emit lower quantum of green house gases as compared to alternate packaging material like glass, metal and paper, etc.

If the waste Plastics are collected and recycled as per the laid down guidelines/rules then the issue of plastic waste can be suitably addressed. The Ministry of Environment & Forests has issued Plastic Waste (Management & Handling)|Rules, 2011 under Environment (Protection) Act, 1986 which inter alia includes various regulations like minimum thickness of plastic carry bags as 40 micron, banning of free issue of plastic carry bags and setting up of collection system for Plastic waste by concerned municipal authority involving stakeholders on the concept of Extended Producers Responsibility.

As in the past, the Department also plans to make collaborative efforts with the industry/CIPET for various awareness programmes to prevent littering and seek responsible handing of post consumer plastic waste, so as to facilitate use of various recycling technologies for plastic waste in an environment friendly manner. CIPET is also conducting a six months Plastic Processing and Recycling Technology certificate programme at Guwahati, Assam.'

10.7. When the Committee asked the Department to provide them a comparative data in tabular form regarding per capital consumption of plastic and synthetic fibres of India and other major developed and developing countries, the Department has replied as under:-

"The current average per capita consumption of Plastics and synthetic fibres in India and other major developed and developing countries are as below:

Country	Per capita Polymer Consumption (kgs)	Per capita Fibre Consumption (kgs)
World	29	10
US	109	31
China	29	16
Brazil	32	7
India	7	5

10.8 When the Committee enquired whether the Department has a plan in place to coordinate its promotion of plastics and synthetic fibres with other relevant ministries like MoEF which are regulating use of plastics, the Department replied as under:-

"Department of Chemical & Petrochemicals is already coordinating with various Ministries like, Ministry of Environment & Forests, Ministry of Urban Development, Ministry of Textile, Ministry of Agriculture, etc. in the respective areas. The need for better quality of life has been driving human race through decades to come up with new and improved materials. The development led to a shift in the manufacturing from metal/conventional material based

products to synthetic products like polymers, plastics and synthetic fibres on account of growing awareness regarding the need to reduce pressure on natural resources, improve energy efficiency, adopt innovative designs and other cost saving measures. The use of plastics in agriculture by use of drip irrigation/ micro irrigation systems has increased the productivity in horticulture and other agriculture crops.

There is no restriction regarding the method of use of plastics by Ministry of Environment & Forests, Government of India in various applications and these are being used and preferred for various applications including food packaging, health care, medical disposable etc. due to hygiene, protection from micro organisms, longer shelf life, etc., as per the Ministry of Health and Family Welfare and BIS guidelines.

Ministry of Environment & Forests had issued the guidelines for the handling of post consumer Plastic waste with the main responsibility of concerned municipal authority with involvement of stakeholders on the concept of Extended Producers Responsibility. Synthetic fibres are used mainly in the manufacturing of textiles along with cotton and other natural fibres. The growth of synthetic fibre will continue due to various inherent advantages like cost, strength and aesthetic design and durability. However, natural fibres have been provided greater protection by way of optional excise duty of 4 % as against 12% mandatory excise duty on synthetic fibre which does not provide a level playing field for growth of synthetic fibres. In this context, Department has always advocated a fibre neutral policy to Ministry of Textile/Ministry of Finance.'

10.9 When asked to explain the major features of Plastic Parks as envisaged by the Department, the Department has replied as under:-

"The Department has formulated this scheme with a view to synergise and consolidate the capacities of the highly fragmented Indian plastic industry through cluster development. The need based "Plastic Parks' shall have the requisite state of the art infrastructure and enabling common facilities to assist the sector move up the value chain and contribute to the economy more effectively. Government of India will provide grant funding up to 50 % of the project cost not exceeding Rs 40.00 Crore per project. The grant –in – aid to the special purpose vehicle (SPV) formed by cluster entrepreneurs shall support the following components in a typical plastic park:

a) Infrastructure to support production units like roads, water supply, drainage, electricity supply including captive power plant, effluent treatment plant, telecommunication lines, solid / hazardous waste management, incinerator, etc.
b) Buildings for support services like administrative buildings, crèche / canteen/ hostel/ rest and recreation facilities, facilities for labour, marketing support system, etc.
c) Buildings and equipment / machinery for common facilities for characterization, prototyping & virtualization, non-destructive material testing, incubation, training, warehousing, plastic recycling, tooling, designing, Research & Development, etc.
d) Administrative and other management support including the salary of CEO for the project implementation period.
e) Assistance for engaging engineers/ architects / construction management / other experts.
f) Supporting soft initiatives like surveys / studies, sensitization / awareness generation, skill development / training at various levels, exposure visits, etc. to strengthen capacity of the beneficiary SPV and member enterprises to absorb, implement and sustain the proposed initiatives.

The above list of common facilities is illustrative and each park could have its own specific requirements based on the nature of units being set up and the products proposed to be manufactured in the parks."

10.10 As regards the delay in processing the proposal for Plastic Park in Gujarat, the Secretary of the Department of Chemicals and Petrochemicals, in response to a query by the Committee, has clarified as under:-

> "As regards the Gujarat Plastic park, our idea was that plastic parks will develop in an area of about 100, 200 or 300 acres and we will be able to set up about – although we have not actually mentioned it – 100 to 150 industrial units and these units will start producing. All the other projects are envisaged in about 300 to 400 acres and also about 100 to 200 industrial units are coming up. In Gujarat what they have done, the Government of Gujarat is not directly involved. They have handed over the proposal to the Adani Group. At Mundra Port, the Adani Group is suggesting that they will set up the Plastic Park. We have no problem because the scheme envisages that money can be given to the private sector also. But in the project what they have suggested is that they have taken a plot of about 80 acres and they are envisaging only eight to ten units being set up there. We thought that it is not fair for the Government to give Rs. 40 crore assistance when only eight units are being set up. So, we have asked the sponsors to restructure the project in such a way that a larger number of units will benefit from this. When you give this assistance to eight units, these are very big units. These are the units which do not need this kind of assistance. So, we need to have larger numbers and probably larger area also. This is the main reason. We have not rejected Gujarat's proposal, we have only asked them to restructure the proposal. When I held discussions with the officials, they have said that they have no problem and they understand the difficulties and they will restructure it and they will bring it back. In fact, if they are able to bring it back in the next meeting, we will be able to consider it in the next meeting itself."

CHAPTER XI

PETROLEUM, CHEMICALS, PETROCHEMICAL INVESTMENT REGIONS (PCPIRS)

11.1 The Policy

i) The PCPIR Policy is a window to ensure the adoption of a holistic approach to promote the petroleum, chemicals and petrochemical sectors in an integrated and environment friendly manner on a large scale. Such integrated PCPIRs would reap the benefits of co-sitting, networking and greater efficiency through use of common infrastructure and support services.

ii) The PCPIR is a specifically delineated investment region having an area of about 250 sq kms (with minimum 40% of the designated area earmarked for processing activities). This region will be a combination of production projects, public utilities, logistics environmental protection, residential areas and administrative services.

iii) The Cabinet Committee on Eco nomic Affairs (CCEA), in its meeting held on 8th March 2007 approved the Policy Resolution for setting up of PCPIRs. As per the PCPIR Policy, Government of India is to ensure availability of external physical infrastructure linkages to the PCPIR including Rail, Road (National Highways), Ports, Airports and Telecom in a time bound manner. This infrastructure will be created/ upgraded through Public Private Partnerships to the extent possible and the Central Government will provide necessary viability gap funding (VGF) through existing schemes.

iv) Proposals of the Governments of AP, Gujarat and West Bengal were approved by the CCEA in its meeting of 23 February 2009. (The Government of West Bengal has since decided to abandon the PCPIR project). The Government of Orissa's proposal was approved in December, 2010. The PCPIRs in AP, Gujarat and Orissa are expected to create infrastructure worth about Rs.40,000 crore. The industrial investment in these regions is expected to be to the tune of Rs. 70,000 crore while employment generation for about 26 Lakh persons is expected over a period of a time.

v) Memorandum of Agreement have since been signed between the Government of India represented by Department of Chemicals and Petrochemicals and the three State Governments duly indicating the respective commitments, with timelines for further steps to be taken by the Central and State Governments.

vi) A monitoring mechanism chaired by Secretary (C&PC) has been established to review the progress in respect of each of these PCPIRs. The State Governments have made significant progress in the process of environmental clearance, completion of infrastructure projects and attracting further investments.

11.2 According to the Department, the Status of the existing and planned PCPIR Projects in the country is as under:

(i) West Bengal PCPIR :

- The West Bengal Government has decided to abandon the Petroleum, Chemical and Petrochemical Investment Region project in Haldia.

(ii) Gujarat PCPIR : the following milestones have been achieved:

- Signing of MOU between the State Government and the Anchor Tenant
- Notification of the PCPIR under the Special Investment Region (SIR) Act.
- Completion of a detailed study of 18 villages involving rehabilitation.
- The draft final Environmental Impact Assessment is to be submitted by the State Government to M/o E&F.

- Acquisition of 60 to 70% of land. The total processing area now stands at 247.5 sq. km. as against the figure of 185.88 sq. km. given initially.
- The total value of investments already made and committed in the PCPIR stands at Rs. 1,27,959 crore .
- Petro net LNG is setting up a 1200 mega watt power plant.
- M/s ONGC Petro Additions Limited (OPAL), the anchor tenant has already incurred an expenditure of 7,298 crore in its Petrochemical complex..

(iii) Andhra Pradesh PCPIR: the following progress has been made:

- Award of Feasibility Study for the rail line linking APSEZ to Gannavaran Port to RITES Limited.
- Acquisition of additional 34.77 sq.km of the processing land.
- Selection of consultant for preparation of Master Plan under way.
- Constitution of a Special Development Authority to function as Management Board.
- Engaging of EPTRI as consultant for EIA studies.
- Additional committed investments to the tune ` 9600 crore
- Notification of the PCPIR is completed.

(iv) Orissa PCPIR

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 07.12.2010 has approved the proposal of the Government of Orissa for hosting a PCPIR at Paradeep in the Jagatsinghpur and Kendrapara distrticts covering an area of 284.15 sq kms with a processing area of 123.014 sq kms (43.29%). Indian Oil Corporation Ltd. (IOCL) has been identified as the Anchor Tenant for the Orissa PCPIR and will set up a 15 MMTPA grassroot refinery at Paradeep in the first phase at a cost of Rs. 29,777 crore. Total investment of about Rs. 277,734 crores is expected in the PCPIR, with total employment generation expected to be about 6,48,000 persons comprising direct employment to 2.27 lakh persons and indirect employment to 4.21 lakh persons. The PCPIR envisages total investment of Rs. 13634 crores towards external infrastructure including Rs. 16 crore of support from Govt. of India by way of VGF. Memorandum of Agreement (MoA) between Govt. of Orissa and Govt. of India has been signed.

(v) Tamil Nadu PCPIR

Another proposal from Government of Tamil Nadu for setting up a PCPIR at Cuddalore and Nagapattinam has been considered by the High Power Committee (HPC) in its meeting dated 28.04.2011, which approved the proposal of the State Government subject to resolution of a few outstanding issues with the Ministry of Road Transport & Highway, which have been resolved. The total investment estimated in the region is Rs. 99,750 crores. The total estimated investment in external infrastructure of Rs. 13,354 crore includes support from Government of India to the tune of Rs. 2,643 crore.

A Draft Cabinet Note has since been prepared and circulated to all Ministries/ Departments concerned for their comments. On receipt of the same and after due consideration, the proposal shall further be placed before the CCEA for its consideration/ approval.

11.3 Giving further updates on the status of the PCPIR projects in the country, the Secretary of the Department of Chemicals and Petrochemicals has stated as under:-

"As you know, the whole idea is that when a major investment takes place at any particular location, it is necessary to plan for the entire location, for downstream and upstream investments possible, provided that the Government plans properly. So, this is the main idea behind the PCPIRs and the Government of India has so far has approved 4 PCPIRs.

Unfortunately, one of the States, West Bengal now backed out of the Haldia PCPIR. So, the remaining are three PCPIRs and these PCPIRs are under implementation. A fourth one which is the Tamil Nadu PCPIR is in the last stages of approval. We have now prepared a draft cabinet note and all the analysis etc is over. It has been circulated for comments from other Departments. Hopefully, we will be able to place it before the Cabinet in the next few weeks. This is what we are envisaging. As far as the other PCPIRs are concerned which are basically Dahej in Gujarat, has made fairly good progress. Then, Vishakapatnam which is in Andhra Pradesh, is in the very early stages. And finally Paradip in Orissa, is again in the early stages because we have just signed the MOU with the Government of Orissa, just about three or four months ago. Now, the infrastructure investment which will take place in these three regions is expected to be approximately of Rs. 57,000 crore. The total investment of the various public and private companies which will invest in these regions is estimated to be of about Rs. 7.64 lakh crore."

11.4 When the Committee desired to know the reasons for West Bengal's decision to abandon its PCPIR project and whether that decision involve any financial loss to the Department, as the project has been under consideration/implementation for sometime, the Department replied as under:-

"No reasons have been given by the State Government of West Bengal for abandoning the PCPIR Project in its State which had envisaged Rs 2,108 crore worth of infrastructure development in the Petroleum, Chemical and Petrochemical Investment Region. It has merely conveyed its decision to abandon the same to develop a new project of Industrial Park, Power Plant and Eco Tourism Park in Haldia, West Bengal in its place. The decision of the State Government does not involve any financial loss to the Government of India as it was not directly involved in funding of the projects in the PCPIR."

11.5 When the Committee asked what role the Department will play in the development of the new project of Industrial Park, Power Plant and Eco Tourism Park in Haldia, West Bengal, the Department stated as under:-

"The Department of Chemicals & Petrochemicals, Government of India has no role to play in the development of the new project of Industrial Park, Power Plant and Eco Tourism Park in Haldia, being promoted by the State Government of West Bengal**."**

11.6 On the issue of assistance to be provided under Viability Gap Funding (VGF) by the Department in setting up of PCPIRs in different parts of the Country, the Department has submitted as under:-

"The VGF Scheme is being implemented by the Ministry of Finance. Accordingly, no assistance has been sanctioned or forwarded by this Department for setting up of the PCPIRs in the different parts of the Country. Since the approval for the setting up of the PCPIRs by the Cabinet, the respective State Government have been preparing the Detailed Project Reports (DPRs) and Feasibility Reports. After their approval, the State Government would move the line Ministries/ Departments concerned for the requisite funding under the VGF scheme of the Department of Economic Affairs for the respective projects."

CHAPTER XII

PUBLIC SECTOR UNDERTAKINGS

12.1 The Department of Chemicals and Petrochemicals has two functional divisions, namely, Chemicals Division and Petrochemicals Division.

Within the Chemicals Division, there are two Public Sector Undertakings:-

i) Hindustan Organic Chemicals Limited (HOCL)
ii) Hindustan Insecticides Limited (HIL)

There is one Public Sector Undertaking (PSU) in the Petrochemicals Sector, namely, Brahmaputra Cracker and Polymer Ltd. (BCPL)

12.2 The Department's Detailed Demand for Grants 2012-13 shows a budgetary allocation of Rs. 40 crore under the head of Investment in Public Enterprises as the data shows below-

MAJOR HEAD 2552								(Rs in Crores)
BE 2011-12			**RE 2011-12**			**BE 2012-13**		
Plan	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**	**Plan**	**Non-Plan**	**Total**
21.00	**--**	**21.00**	**--**	**--**	**--**	**40.00**	**--**	**40.00**

12.3 When the Committee asked how the Department plan to spend this amount, the Department replied as under:-

"The support to PSUs is provided as Plan Loan for increasing operational efficiency, diversification and up-gradation of Plant and Machinery. Accordingly, a sum of Rs.14 crore during the year 2012-13 has been allocated for setting up of plant for manufacturing Mancozeb at Rasayani by HIL which was earlier scheduled for 2011-12 and postponed to 2012-13 and 2013-14. Rs.26 crore has been allocated to HOCL for implementation of new schemes **.** Rs.26 crore has been allocated to HOCL for implementation of following schemes:

a) Nox Blower for Concentrated Nitric Acid (C N A) Plant.
b) Air Compressor and Refrigeration Compressor with respective Motors.
c) Methanol Vaporizer at Formaldehyde Plant
d) Raw Material storage Tanks at Rasayani Unit.
e) Conversion from LSFO to RLNG in Hot Oil Unit, Boiler plant and CPP at Kochi Unit.
f) Construction of office complex at Kharghar, Navi Mumbai."

HINDUSTAN ORGANIC CHEMICALS LTD. (HOCL)

12.4 The Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12 December 1960 for setting up manufacturing capacities for chemicals/intermediates which are required for production of dyes, dye-intermediates, rubber chemicals, pesticides, drugs and pharmaceuticals, laminates, etc. It was expected that indigenous manufacture of these chemicals and intermediates would give

impetus to downstream industry resulting in setting up of chemical units and achieving self-sufficiency for the country in this area. The objective of setting up HOCL has been achieved as over the years, more than 500 units based on HOCL's products have been set up all over the country which have not only helped in achieving self sufficiency but have also entered the international market by exporting chemicals, dyes and drugs over the last many years.

12.5 The products manufactured by HOCL include phenol, acetone, formaldehyde, nitrobenzene, aniline, nitro toluene, sulphuric acid/oleum, acetanilide and hydrogen peroxide. The raw materials used by HOCL are benzene, toluene, LPG, methanol, naphtha and sulphur, most of which come from petroleum refineries.

12.6 HOCL has two units at Rasayani (Maharashtra) and Kochi (Kerala). It also has a subsidiary company, M/s Hindustan Fluorocarbons Limited (HFL) located at Rudraram (Andhra Pradesh) for manufacture of poly-tetra-fluoro-ethylene (PTFE), a high-technology engineering plastic.

12.7 The Kochi Unit has been achieving more than 100% capacity utilization due to the measures taken for continuous supply of raw materials through pipeline network established between BPCL-KR and HOC Plant, which has helped the company to streamline the production without any interruption.

12.8 The following are details of the physical and financial performance of the Company for the last five years:

Year	Production (MT)	Turnover (Rs. Crore)	Net Profit/ Loss (Rs`. Crore)
2006-07	207110	591.25	(+) 17.04
2007-08	242013	666.59	(+) 13.61
2008-09	245192	620.90	(-) 25.27
2009-10	221249	520.71	(-) 83.07
2010-11	238684	738.03	(+)25.71

12.9 M/s Hindustan Fluorocarbons Ltd. (HFL) is a subsidiary company of Hindustan Organic Chemicals Limited. HFL was incorporated on 14.7.1983. The Regd. office of the company is located at No.1402, Babukhan Estate, Bashir Bagh, Hyderabad. The company is engaged in the manufacture of Poly Tetra-Fluoro Ethylene (PTFE) and Chloro-Di-Fluoro Methane (CFM-22). PTFE is extensively used in chemical, mechanical, electrical and electronic industries and has strategic applications in the defence and aeronautical sectors. The factory is located at Rudraram, Dist. Medak, Andhra Pradesh.

12.10 The company is under BIFR. The Rehabilitation package under the operating agency M/s. IDBI is approved by BIFR on 03/12/2007. Implementation of the same is already undertaken by HOCL management. The rehabilitation proposal largely consists of Thermal Oxidation of CFM-23 produced during process of production of CFM-22 which is entitled for Clean Development

Mechanism (CDM) benefits. The company has obtained the host country approval from the Ministry of Environment and Forest (MOEF) and the project is registered by United Nations Framework Conventions On Climate Change (UNFCCC) Board on 14th of Nov. 2008. With the implementation of CDM, the company is expected to have positive net worth by 2013-14. The expected revenue out of CDM project is around Rs. 20 Crore. The company has sold 2, 10,000 Certified Emission Reductions (CERs), earning a revenue of Rs. 17 crore in the year 2011-12. The Company expects to earn about Rs. 10-15 crore per annum from the sale of CERs regularly.

12.11 During the course of Evidence, elaborating on the financial losses plaguing the Rasayani Unit of HOCL, the Secretary of the Department of Chemicals & Petrochemicals, has stated as under:-

> "…HOCL has got a turnover of approximately Rs. 600 crore last year 2010-11. They have a cochin unit which contributes substantially to the turnover. In fact, the Cochin turnover is about Rs. 500 crore and profit was about Rs. 130 crore. But unfortunately, the Rasayani unit of HOCL has been making huge losses. They have a turnover of approximately Rs. 90 crore and a loss of Rs. 130 crore. So, the loss is actually much more than the turnover itself. Now, this is a serious problem. We are in the process of discussing with various agencies on what is to be done with the HOCL plant. HOCL has to be restructured because this cannot continue. The profit which is being made by the Cochin unit is being absorbed to meet the losses of the Rasayani unit. Now, this is not ideal for either of these units."

12.12 When asked what specific measures are taken, or proposed to be taken, to put HOCL back on a sustained growth path, the Department has replied as under:-

"The following are measures have been envisaged to put HOCL back on a sustained growth path:

a) As proposed, the Captive Power Plant (CPP) was planned for implementation. However, the same could not come up due to its being unviable. For catering to the requirements of CPP and other modifications in the hydrogen plant, gas pipe line was commissioned and the gas supply was resumed to cater to the hydrogen plant. This modification was carried out to switch over from the naphtha feed to CNG feed in the production of hydrogen plant. Hydrogen gas is a major input for the production of aniline. This has resulted in the reduction of cost of production for aniline.

b) As suggested by an external consultant, the proposal of setting up phenol/acetone plant either at Rasayani or Kochi was considered and the market research report and the techno economic feasibility report was prepared for putting up 100,000 to 200,000 TPA phenol plant by the company at an estimated cost of Rs. 1100 crore. This is being reviewed for implementation considering huge investment.

c) It is also suggested that HOCL may go in for a strategic partner to gainfully utilize the vacant land and other infrastructure available at Rasayani. M/s Rashtriya Chemicals & Fertilizers (RCF) Mumbai, which is a major manufacturer of fertilizers and industrial chemicals, has shown interest in the proposed strategic alliance. M/s Deloitte is being appointed to do the due diligence of proposed strategic alliance between RCF and HOCL. The consultant will also explore the possibility of putting up phenol/acetone, methylene di-phenyl di-isocyanate, urea and other industrial chemical plants for the proposed alliance."

12.13 When the Committee asked for a status report of the proposed captive power plant for Rasayani Unit of HOCL, the Department responded as under:-

> "The proposed 16 MW Captive Power Plant (CPP) was envisaged to reduce power cost at Rasayani unit to make the unit more competitive. The main input for the CPP was natural gas whose price in the international market was around $ 6-8 per million BTU. The project was very much viable at this price of natural gas. However, the gas prices started going high and within a very short span it went up to $ 15 per million BTU registering an increase of more than 100 %. The proposed CPP was not at all viable at this price of the gas. In view of the above the project was abandoned."

12.14 During their Study Tour to HOCL at Mumbai (10.11.2011), the Committee have stated that plants producing chemicals *viz* MCB, MOB and Aectanilide which are not operating for the last 10-15 years and cannot be revived should be closed and dismantled. When asked what steps are taken to carry out the Committee's observations, the Department replied as under:-

> "Action was initiated by HOCL to dispose of the non-operating plants. Accordingly, valuation was also carried out by appointing an external agency. It showed that there was high variation between the price quoted by the bidders and the valuation done. Hence, revaluation is being done to establish the value of NPA. Tenders are also being floated again to invite fresh bids for the disposal."

HINDUSTAN INSECTICIDES LTD. (HIL)

12.15 The Hindustan Insecticides Limited (HIL) was incorporated in 1954. It had set up its factory in Delhi for manufacturing DDT to meet the demand of National Malaria Eradication Programme (NMEP) presently known as National Vector Borne Disease Control Programme (NVBDCP) launched by the Government of India. This plant went into production in April 1955. In 1957, the company set up their second factory at Udyogamandal, near Cochin for the manufacture of DDT. The company set up a plant at Rasayani, Maharashtra in 1977 for the manufacture of Malathion, an insecticide used in public health. Another DDT plant was set up at Rasayani in 1983. DDT is even today the most effective tool to fight dreaded diseases like malaria, dengue, kala azar, and Japanese encephalitis, etc. The company has contributed a lot in keeping these diseases under check in India. Today, HIL is the largest producer of DDT in the world and the only other producer is China.

12.16 With a view to make quality pesticides available to farmers as part of the Green Revolution, HIL has put up manufacturing facilities for various agro-pesticides at Udyogamandal, Kerala and Rasayani, Maharashtra. The company manufactures technicals such as Endosulfan, Dicofol, Malathion Butachlor, DDVP, Monocrotophos, Mancozeb, etc. and around 27 agro formulations at its plants at Udyogamandal (Kerala), Rasayani (Maharashtra) and at Bhatinda (Punjab). The company has a well-equipped Central R&D Complex at Udyog Vihar, Gurgaon, Haryana along with an experimental farm.

12.17 In an effort to achieve international standard for its products and systems, all the Units of the company took an initiative and successfully received ISO 9001:2000 certificate. Rasayani Unit has

also been accredited with ISO: 14000 and ISO 18001:2007. The company also has a marketing tie up with M/s. Rashtriya Chemicals & Fertilizers Limited and M/s. Brahmaputra Valley Fertilizer Corporation Limited for increasing sales turnover.

12.18 The Company achieved an export turnover of Rs.28.96 crores (previous year Rs.14.29 crores). HIL has ventured into alternate methods of vector borne disease control like manufacture of synthetic pyrethroids etc. apart from looking at other emerging options, so that the company can maintain itself as a key supplier to the public health segments not only in India but also abroad. During the year 2010-11, HIL improved its performance and posted operating profits for yet another year. HIL has been continuously improving its turnover and has now posted profits for 6 years in succession. HIL is one among 11 PSUs out of a total of 36 restructured PSUs that have posted profits continuously and have been able to get the turnaround award from Govt. of India. The Company achieved an all time record turnover of Rs.271.04 crore (Previous year Rs.243.88 crore) and recorded a gross profit of Rs.8.02 crore (Previous Year Rs.9.20 crore) before providing for depreciation, interest and tax. The net profit before tax (PBT) for the year after providing for depreciation and interest was at Rs.3.33 crores (Previous year Rs.3.16 crores). The company got "Very Good" MOU rating in the year 2009-10 and 2010-11 as well.

12.19 Performance of the company for the last five years is as follows: -

(Rs. In crores)

YEAR	Production (MT)	Sales Turnover	Net Profit/Loss
2006-07	20852	200.57	(+)05.66
2007-08	19845	210.19	(+)06.52
2008-09	16415	215.35	(+)02.71
2009-10	18253	243.88	(+)03.06
2010-11	17473	271.04	(+)01.58

12.20 When the Committee desired to have a detailed status report on the proposed new plant to manufacture Mancozeb, the Department replied as under:-

> "Mancozeb is a broad spectrum fungicide used for various crops to control fungal diseases. The present capacity of Mancozeb is 1050 MT per annum. Considering the small capacity of HIL, as per the internal assessment, it was decided to put up a new Mancozeb plant with a capacity of 20,000 MT per annum. Accordingly, funds were asked for the Mancozeb project. As the project required around Rs.40 crores to be drawn in two installments spreading over two financial years, HIL has simultaneously initiated action to do a market feasibility study.
>
> The market feasibility analysis of the project was undertaken by M/s Credit Analysis & Research, a wing of CRISIL, which submitted an interim draft report in January, 2012, stating that Mancozeb is facing huge competition from China, and hence, new players will find it difficult to break even due to existing over capacities, higher capital and operating costs and stiff competition from the existing players. It also stated that the capacity utilization of Indofil, one of the largest players, was only 54% in the year 2011.

In view of the above, HIL did not draw any funds against this project in the financial year 2011-12 and may draw money against the project only if the price of Mancozeb improves and the project becomes feasible and viable."

12.21 On the progress made and the present status regarding the search for a viable and safe alternative to Endosulfan, whose production and use was banned in the country, the Department has submitted as under:-

"The Supreme Court has appointed a Joint Committee, headed by the Director General of Indian Council of Medical Research (ICMR) and the Commissioner (Agriculture) to conduct a scientific study on the question whether the use of Endosulfan would cause any serious health hazard to human beings and would cause environmental pollution as well as to suggest any alternative to Endosulfan**."**

12.22 Further, while sharing the "Status Note on the Endosulfan issue in the Supreme Court" with the Committee, the Department has stated as under:-

"The use of Endosulfan, a broad spectrum insecticide, has been reviewed by several committees in the past against the backdrop on illness in certain villages of Kasargod district of Kerala, reportedly caused by aerial spraying of Endosulfan over cashew plantation against normal protocol. In view of lack of consensus amongst various experts on this issue, the Government constituted another committee under Dr. C.D. Mayee, the then Agriculture Commissioner, in September, 2004 to examine previous reports and to make recommendations regarding future use of Endosulfan. The review conducted in 2004 *inter alia* concluded that use of Endosulfan was not clearly linked to the alleged health problems in Kasargod district of Kerala and the Committee recommended its continued use. However, in the State of Kerala it was kept on hold vide notification dated 31-10-2006.

The Supreme Court, in writ petition (civil) 213 of 2011, has passed an interim order on 13-05-2011 banning the production, use and sale of Endosulfan all over India till further orders. The Court has also appointed a Joint Committee headed by the Director General of India Council of Medical Research (ICMR) and the Commissioner (Agriculture) to conduct a scientific study on the question whether the use of Endosulfan would cause any serious health hazard to human beings and would cause environmental pollution and inter alia recommend alternatives to Endosulfan. Hon,ble Supreme Court of India vide its order dated 30.09.2011 has allowed export of 1090.596 M.T. of Endosulfan with certain conditions enumerated in the order. Hon,ble Supreme Court of India vide its order dated 13.12.2011 has also allowed export of 2698.056 KL of Endosulfan formulation with certain conditions. The matter is still Subjudice. The next date of hearing is 23-4-2012."

CHAPTER XIII

BHOPAL GAS LEAK DISASTER

13.1 An industrial disaster of unprecedented scale occurred In the night of 2nd/3rd December, 1984 when Methyl Iso-cyanate (MIC), a lethal gas stored in two tanks of Union Carbide India Limited (UCIL)'s pesticide unit at Bhopal, leaked into the atmosphere causing thousands of deaths and injuring a large number of people. The State Government of Madhya Pradesh as well as the Central Government undertook immediate relief and rehabilitation measures, for the victims of the gas leak disaster and their families. Various relief measures are still continuing.

13.2 The Hon'ble Supreme Court *vide* its orders and settlement dated 14th & 15th February, 1989 had finally settled the litigation on the compensation amount payable to Bhopal Gas Victims. Under the settlement, the Union Carbide Corporation was directed to pay a compensation of US $ 470 million, which was deposited by the Company with the Registrar of the Supreme Court of India, in February 1989. On its part, the Department of Chemicals & Petrochemicals has filed a Curative Petition in the Supreme Court on 03.12.2010 against its judgments of 1989 and 1991 settling the compensation amount at US $ 470 million and asking for its enhancement; a transfer petition has also been filed for transferring the W.P. No. 2802/2004 from Madhya Pradesh High Court to Supreme Court.

13.3 According to the Department, the budgetary allocation made for the Bhopal Gas Leak Disaster for 2012-13 is as under:-

MAJOR HEAD 2852						(Rs in Crores)		
BE 2011-12			RE 2011-12			BE 2012-13		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
--	3.86	3.86	--	415.62	415.62	--	27.70	27.70

13.4 When asked to comment on the huge fluctuations in allocations made under this head from year to year, the Department informed as under:-

> "The amount of Rs.415.62 allocated in RE 2011-12 includes a sum of Rs.410.73 crore for disbursal of ex-gratia compensation to the Bhopal Gas Victims for the year 2011-12 and the balance Rs. 4.89 crore for the administrative expenses of the Office of the Welfare Commissioner. The expenditure on the establishment of the Office of the Welfare Commissioner had increased in RE due to appointment of three more judicial officers along with supporting staff for disbursal of ex-gratia to the Bhopal Gas Victims. The amount of Rs. 27.70 crore allocated in BE 2012-13 comprises of the Rs. 22.90 crore for disbursal of ex-gratia and the rest Rs. 4.8 crore for expenditure on the establishment of the Office of the Welfare Commissioner. The difference in allocation for ex-gratia is because of the fact that 87 % of ex-gratia amount (Rs. 740.28 crore) approved for disbursement by the Cabinet on 24.6.2010 and 18.11.2010 has already been disbursed before 31.3.2012."

13.5 When asked to give a detailed status report on remediation measures undertaken by the Department of Chemicals and Petrochemicals in the aftermath of the Bhopal Gas Tragedy, the Department replied as under:-

"(i) In 1990, the Government of India approved a Five Year Action Plan of the State Government of M.P. with a total outlay of Rs. 163.10 crores (subsequently increased to Rs. 258.00 crores) to be shared in the ratio of 75:25. This Action Plan, extended upto July, 1999, covered various economic and social rehabilitation measures, medical rehabilitation measures including setting up of 6 hospitals for free treatment of gas victims. In addition, a super speciality hospital for gas victims, namely Bhopal Memorial Hospital and Research Centre, was also set up under the directions of the Supreme Court, with the funds provided by the Union Carbide Corporation. The hospital, earlier managed by a Trust under the chairmanship of a retired Chief Justice of the Supreme Court, has been decided to be taken over by the Government of India and is now to be run by the Ministry of Health and Family Welfare.

Based on a new Plan of Action submitted by the Government of Madhya Pradesh, the Government of India has sanctioned and provided an amount of Rs. 272.75 crore to the Government of Madhya Pradesh, as Additional Central Assistance on 75:25 basis, in 2010 for medical, economic and social rehabilitation of the gas victims. In compliance of Cabinet decision in June, 2010, ICMR has established its 31st Research Centre in Bhopal to carry out research in identified health areas on gas victims.

(ii) The matter of compensation was decided by the Supreme Court vide its orders and settlement dated 14th and 15th February, 1989 whereby the Union Carbide was directed to pay a compensation of US $ 470 million, amounting to Rs. 710 crore at the relevant time. The Office of the Welfare Commissioner, Bhopal Gas Victims, set up under the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 awarded the original compensation of approximately Rs. 1548.56 crore to 5,74,376 original claimants. An additional compensation of approx. Rs. 1510.50 crore has been paid to 5,62,779 of these claimants as pro-rata payment in the ratio of 1:1 on account of accumulation due to interest and exchange rate variation.

The Cabinet in a meeting held on 24.6.2010, considered the recommendations of the Group of Ministers (GoM) on Bhopal Gas Leak Disaster and approved, amongst others, payment of ex-gratia to the following categories of the Bhopal Gas Victims at the rates indicated below:

Category	**ex-gratia**
Death	Rs. 10 lakh (less amount of compensation already received)
Permanent disability	Rs. 5 lakh (less amount already received)
Injury of Utmost Severity	Rs. 5 lakh (less amount already received)
Cancer cases	Rs. 2 lakh (less amount already received)
Total Renal Failure Cases	Rs. 2 lakh (less amount already received)
Temporary disability	Rs. 1 lakh (less amount already received)

For making payment of ex-gratia by the Welfare Commissioner, Bhopal Gas Victims, a sum of Rs. 740.28 crore has been provided by the Govt. of India. The Office of the Welfare

Commissioner started disbursal of ex-gratia from 19.12.2010 and up till 31.3.2012, an amount of Rs. 647.17 crore has been disbursed amongst 43,500 victims of the above said categories.

(iii) The High Court of Madhya Pradesh (MP) at Jabalpur while hearing a Public Interest Litigation filed on environmental remediation of the UCIL plant site, had constituted a Task Force in 2005 under the chairmanship of Secretary, Department of Chemicals and Petrochemicals for co-ordinating the overall environmental remediation of the plant site at Bhopal. Out of the 390 MT of stored toxic wastes lying at UCIL plant, 40 MT of lime sludge was disposed off in the Treatment, Storage, Disposal Facility (TSDF) at Pithampur in June, 2008. The directions of the High Court that the remaining 350 MT of toxic wastes be incinerated in the BEIL incinerator at Bharuch, Ankleshwar, Gujarat was contested by the Govt. of Gujarat in the Supreme Court. The Supreme Court vide order dated 28.1.2010 endorsed the decision of the Task Force that the new incinerator at Pithampur, MP would be operationalized at the earliest after which the wastes could be incinerated in that incinerator. Meanwhile, as per the decision of the Government, an Oversight Committee was constituted in July,2010 under the co-chairmanship of Minister of State(I/C), Ministry of Environment and Forests and Minister-incharge of Bhopal Gas Tragedy, Relief and Rehabilitation Department, Government of MP to provide oversight and support to remediation actions to be taken by Government of MP. The Govt. also decided to bear the cost of remediation presently estimated at Rs. 310 crore, pending restitution of claim from the polluter. The issue of disposal of 350 MT of toxic waste was considered by the Oversight Committee in view of Govt. of Madhya Pradesh expressing their inability to incinerate the said waste at Pithampur. The Oversight Committee considered the option of disposal of the toxic waste by the Defence Research and Development Organization (DRDO) in their incinerator facility at Nagpur, Maharashtra. However, the same could not be implemented due to non grant of statutory permission to DRDO by Maharashtra Pollution Control Board because of non-compliance with statutory provisions by DRDO. The Ministry of Environment and Forests has now taken a decision to incinerate the toxic waste at the TSDF facility at Pithampur, MP. However, the matter is sub-judice in the High Court of MP at Jabalpur."

13.6 Regarding the progress made in disbursal of *ex-gratia* to the victims of Bhopal Gas Tragedy, the Secretary of the Department has, during the course of Evidence, stated as under:-

"As you know, Welfare Commissioner is a sitting Judge of the Madhya Pradesh High Court. The Additional Welfare Commissioners are all District Judges. In fact, one of the Additional Welfare Commissioners is present here for answering detailed questions, if necessary. Now, this money is being released by way of *Ex-Gratia*. This is a decision of the Government taken in 2010 on account of certain specific reasons at that point of time. It was recommended by a Group of Ministers and the Cabinet approved that some additional compensation. In fact, it is not called compensation, it is called *Ex-Gratia*, should be given to the victims. The total amount under various categories to be given was Rs. 740 crore. That is what we envisaged at that point of time. So far, we have released Rs. 647 crore which means that we have released about 87 per cent of the total assistance, which was envisaged to be released. The physical progress is 89 per cent under various categories. If you look at the numbers, it is about 89 per cent. We have some problem in reaching 100 per cent because a number of eligible victims cannot be identified, a small number. We will never reach 100 per cent. We will probably have to be satisfied with 95 or 96 per cent. We have made all out efforts to trace out these people. We have issued several advertisements. Recently, we have issued advertisements in the national dailies because some people may have moved from Bhopal to other places. We are trying to tell them that some more money is due. Nevertheless, any time they come forward, we will be able to give."

13.7 When the Committee enquired about the study undertaken regarding the next generation of gas victims due to the Bhopal Gas disaster, the Secretary of the Department, during the course of Evidence, responded as under:-

"Actually the Government of India's GoM is looking to the Government of Madhya Pradesh for suggestions in this regard. Now, we have not received any proposal from the Government of Madhya Pradesh for any assistance in this regard. I am also not aware of any such request which has come from the NGOs. However, the hon. Member is correct; there is a possibility that this kind of effects can go to the next generation. We actually have acknowledged this fact when we said that continuous review and research is necessary. ICMR is the agency which was given this task. They unfortunately stopped this research about 8-9 years ago in 2000 or 2001. One of the decisions in the GoM in 2010 was to review this. Now, a decision has been approved by the Cabinet. Some money was also set apart. It is given to the ICMR; ICMR also agreed to take over this responsibility. I understand that ICMR will be covering the next generation also for medical research, etc., this will a continuing process, if such a requirement arises, definitely the Government of Madhya Pradesh and the ICMR can come to the Government of India and the Government would consider it at that time, if at all such a proposal comes in."

PART II

OBSERVATIONS AND RECOMMENDATIONS

1. The Committee note that there is a general improvement in the growth rate of production of major chemicals and petrochemicals. Amongst the major chemicals, however, the growth rate of production of Organic Chemicals at 4.84% and Pesticides(Technical) at zero percent for the period between 2009-10 to 2010-11 are unsatisfactory. The Compound Annual Rate of Growth (CARG) of production of selected major chemicals for the period 2005-06 to 2010-11 registered a small improvement at 0.89%. Regarding production of major petrochemicals, the Committee note that while Elastomers registered a negative growth rate of -10.38% during 2009-10 and 2010-11, the growth rate for Synthetic Detergent Intermediates at 3.24% is also unsatisfactory. The overall CARG for production of major petrochemicals during 2005-06 and 2010-11 was 3.82%. While these growth rates show that the sector is back on a growth path, the Committee feel that they fell far short of the potential as the sector is expected to grow at around 10 to 11% over the next 10 years.

In this regard, the Committee note that a Working Group on Chemicals Sector has already submitted a list of recommendations to the Planning Commission which include improvement in infrastructure, development of India's chemical inventory, rationalisation of taxes and duties, consolidation of multiple legislations into one Integrated Chemical Legislation, improvement of image of industry, setting up of talent development infrastructure, and institution of a Technology Upgradation Fund. The Committee feel that the above recommendations, if implemented, will help the industry move in a sustained growth path. Therefore, the Committe recommend that the Department should make concerted efforts to include the recommendations of the Working Group on Chemical Sector in the Twelfth Five Year Plan, when it is finalized.

2. The Committee note that during the Twelfth Five Year Plan, the Central Institute of Plastic Engineering and Technology (CIPET) is proposed to be developed as a premier institute of National Importance. The Committee also note that presently, CIPET has to seek affiliation from different State Universities to conduct UG, PG and Doctoral Programmes due to which

different syllabus of respective Universities have to be followed and the degrees are awarded by different Universities and this leads to variation in course contents and regulations to be followed for the courses. In view of this, the Committee feel that CIPET should have the power to award its own degrees and recommend that the matter should be pursued vigorously by the Department. The Committee desire to be apprised about steps taken by the Department towards this end.

3. Regarding management of plastic waste, the Committee note the CIPET study which reveals that municipal solid waste contains 7% plastic waste. The Committee also note that CIPET is contemplating to establish composting Centers for plastic waste in states of Gujarat, Tamil Nadu, Uttar Pradesh and Odisha. The Department has also interacted with NGOs, Municipal Corporations and other interested organizations for improving Plastic Waste recycling and Management and on receipt of plan of action from these organizations, it will examine the possibilities of setting up of some Plastic Waste Management Centres (PWMCs) in PPP model. In this regard, the Committee feel that management of solid waste in general and plastic waste in particular is a great challenge in view of non-biodegradable nature of plastics and also increasing usage of plastic products. Hence, the Committee recommend that the PWMCs should be established at least in each of the districts of the country and with special focus to the urban areas. In view of the urgency of plastic waste management, the Committee desire the Department to finalize a framework regarding establishment of PWMCs in Public Private Partnership mode, in consultation with other stake holders in a time bound manner. The Committee desire to be apprised about steps taken by the Department in this regard.

4. The Committee note that the European Council, in line with the requirements of the Chemical Weapons Convention, has enacted a legislation entitled Registration Evaluation Authorization of Chemicals (REACH) under which the industry has been made responsible for the safety of its products. However, as per information provided by the Department, there is no such comprehensive legislation in India on the lines of REACH and in India, the Bureau of Indian Standards (BIS) specifies the specifications of the products including chemicals which are voluntary in nature for

compliance by the industry. Moreover, in this regard, there are many different regulatory legislations in India and they are administered through various Departments/Ministries.

In light of this, the Committee note that the Department of Chemicals and Petrochemicals has initiated industry consultations for analyzing the requirement of a legislation similar to REACH enacted by the European Union. The Committee feel that the absence of a country-wide legislation that regulates safety norms in industry in India may allow for exploitation of loopholes in the existing, fragmented regime of legislative regulation which may eventually endanger public security from hazardous chemicals, etc. The Committee, therefore, recommend that the Department should examine the desirability and feasibility of a comprehensive legislation on the lines of the European Union's REACH to regulate the industry, including the chemicals and petrochemicals industry, on the safety of their products. The Committee would like to be apprised of any initiative taken in this regard.

5. The Committee note that the National Policy on Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy adopts a holistic approach to promote the petroleum, chemicals and petrochemical sectors in an integrated and environment friendly manner on a large scale to reap the benefits of co-sitting, networking and greater efficiency through use of common infrastructure and support services. The Committee also note that a total of five PCPIR projects were approved by the Government of India, out of which the status of development of PCPIRs at Andhra Pradesh, Gujarat, Odisha and Tamil Nadu are still at the initial stages and the West Bengal Government has decided to abandon the PCPIR project in Haldia. The Committee is worried about the lack of interest on part of some States and also slow pace of establishment of the PCPIRs. Therefore, the Committee desire that the Department should take proactive steps as a facilitator and ensure expeditious development of these Regions by setting deadlines for creation of necessary infrastructure after consultation with all stake holders.

6. Regarding the Assam Gas Cracker Project (AGCP), the Committee observe that this is the biggest project undertaken by the Department in terms of fund allocation. The Revised Cost Estimate (RCE) for the project is

Rs. 8920 crore (on "as built basis"). For the current year, the Planning Commission has approved an allocation of Rs. 1552 crore although the Department proposed an amount of Rs. 2552 crore. However, the Committee note with regret that the project has encountered numerous cost and time overruns, and that the project is now planned to be fully commissioned by December, 2013.

The Committee note that the main factors primarily responsible for time and cost overruns are poor quality of Detail Feasibility Report (DFR), initial delay in resolving the issues raised by feedstock suppliers, delay in incorporation of BCPL and in the appointment of Engineering Project Management Consultants (EPMC), delay in award and finalization of agreement with the process technology licensors, significant changes in technology / engineering / operational / utility requirements, time escalation and increased prices of feedstock, inadequate deployment of key personnel, and absence of proper incentive structure, etc. The Committee are unhappy to note that the above factors for time and cost overruns reflect poor project management skills on the part of the Department. Hence, the Committee recommend that the Department should keep constant vigil and monitor the progress of the Project, and proactively ensure that further time and cost overruns are avoided. Noting that the employment projected to be generated directly or indirectly by the project is around 1,00,000, the Committee recommend that employment of locals for the project be prioritized as far as practicable. Given the huge investment of public money in the project, the Committee expect the project to really live up to its promise of bringing about socio-economic development of the entire region of North-East India.

7. The Committee observe that the Institute of Pesticide Formulation Technology (IPFT) has taken steps to remove certain procedural hurdles which had prevented it from fully utilizing its allocated funds earlier. The Justification and Specification Committees set up to streamline the procurement process at the Institute have also started functioning. The Committee also observe that IPFT has recently been granted the status of 'Designated Lab' by the Organization for the Prohibition of Chemical Weapons (OPCW). The budget allocated for IPFT for 2012-13 under Plan Head is Rs. 7 crore, which is a huge jump from the previous year's allocation of Rs. 1 crore.

In light of the above, the Committee desire that the Institute should judiciously utilize the allocated amount for this year for the stated purposes and record a better performance in terms of profit and development and production of state-of-the-art user and environment-friendly pesticide formulation technology. The Committee expect the Department to properly oversee the functioning of IFPT and apprise the Committee of any new development. The Committee also feel that the Non-Plan allocation for the Institute, at Rs. 3.29 crore and Rs. 3.50 crore for 2011-12 and 2012-13 respectively, is very high relative to Plan allocation. The Committee therefore recommend that the Department should take steps to lower expenditure under Non-Plan and expect to be apprised about action taken in that regard.

8. The Committee observe that the Rasayani Unit of Hindustan Organic Chemicals Ltd (HOCL) has continued to incur huge financial losses. While the Unit's turnover is approximately Rs. 90 crore, it incur losses to the tune of Rs. 130 crore. The Committee are also aware about the longstanding dispute between the management of HOCL and some Employee's Unions regarding wages which must have adverse effect on overall productivity. Meanwhile, the Department has informed that the proposed 16 MW Captive Power Plant (CPP) which was envisaged to reduce power costs at Rasayani Unit has been abandoned due to non-viability.

Regarding Hindustan Insecticides Ltd (HIL), the Committee note that there has been no progress regarding the proposed new plant to manufacture Mancozeb as the feasibility of the project is in doubt. Also, no decision has so far been taken on the issue of finding a viable alternative to Endosulfan.

In light of the above, the Committee desire that the Department should undertake a detailed and comprehensive study of the numerous problems afflicting the HOCL Unit at Rasayani and take necessary action to remedy the situation. As for HIL, the Committee recommend that the Department should continue to pursue the matter of finding safe and viable alternatives to Endosulfan on a priority basis so that the agricultural sector of the economy do not suffer.

9. Regarding compensation to the victims of the Bhopal Gas Disaster, the Committee note that the total ex-gratia amount to be given to victims of

various categories was Rs. 740 crore out of which Rs. 647 crore is released which is about 87 per cent of the total assistance. The physical progress is 89 per cent. The Committee desire that the Department should make all out effort towards tracing all the victims of the disaster who are eligible for ex-gratia compensation.

Further, the Committee also express its concern about the effects of Bhopal Gas Disaster on the next generation of victims and feel that continuous review and research is essential in this area. The Committee note that the Indian Council of Medical Research (ICMR) is now entrusted with the task. The Committee desire to be apprised about any progress in this regard.

New Delhi;
30 April, 2012
10 Vaisakha, 1934 (Saka)

Gopinath Munde,
Chairman,
Standing Committee on
Chemicals and Fertilizers

ANNEXURE-I

MINISTRY OF CHEMICALS AND FERTILISERS

DEMAND NO. 6

Department of Chemicals and Petrochemicals

A. The Budget allocations, net of recoveries and receipts, are given below:

(In crores of Rupees)

	Major Head	Actual 2010-2011			Budget 2011-2012			Revised 2011-2012			Budget 2012-2013		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	Revenue	879.77	347.80	1227.57	779.00	20.88	799.88	930.00	431.30	1361.30	1717.00	44.50	1761.50
	Capital	...	*1.10*	*1.10*	*21.00*	*1.12*	*22.12*	...	*1.12*	*1.12*	*40.00*	*1.12*	*41.12*
	Total	**879.77**	**348.90**	**1228.67**	**800.00**	**22.00**	**822.00**	**930.00**	**432.42**	**1362.42**	**1757.00**	**45.62**	**1802.62**
1. Secretariat-Economic Services	3451	0.51	11.81	12.32	0.40	13.38	13.78	0.35	11.85	12.20	0.30	13.28	13.58
Industries													
Petrochemical Industries													
2. Central Institute of Plastics Engg. and Technology (CIPET)	2852	74.02	0.53	74.55	43.79	0.53	44.32	43.79	0.53	44.32	110.00	...	110.00
3. Subsidy to Assam Gas Project	2852	796.73	...	796.73	595.71	0.01	595.72	775.44	0.01	775.45	1376.30	0.01	1376.31
4. New Schemes of Petrochemicals	2852	4.71	...	4.71	49.60	...	49.60	4.70	...	4.70	36.20	...	36.20
Total-Petrochemical Industries		**875.46**	**0.53**	**875.99**	**689.10**	**0.54**	**689.64**	**823.93**	**0.54**	**824.47**	**1522.50**	**0.01**	**1522.51**
Chemical and Pharmaceutical Industries													
5. Bhopal Gas Leak Disaster (BGLD)	2852	...	332.81	332.81	...	3.86	3.86	...	415.62	415.62	...	27.70	27.70
6. Institute of Pesticides Formulation Technology (IPFT)	2852	0.58	2.60	3.18	1.00	3.00	4.00	1.00	3.29	4.29	7.00	3.50	10.50
7. Chemical Weapons Convention (CWC)	2852	0.92	0.05	0.97	1.00	0.10	1.10	0.90	...	0.90	1.50	0.01	1.51
8. Chemicals Promotion & Development Scheme (CPDS)	2852	2.30	...	2.30	7.50	...	7.50	3.82	...	3.82	10.00	...	10.00
Total-Chemical and Pharmaceutical Industries		**3.80**	**335.46**	**339.26**	**9.50**	**6.96**	**16.46**	**5.72**	**418.91**	**424.63**	**18.50**	**31.21**	**49.71**
Total-Industries		**879.26**	**335.99**	**1215.25**	**698.60**	**7.50**	**706.10**	**829.65**	**419.45**	**1249.10**	**1541.00**	**31.22**	**1572.22**
9. Lumpsum provision for Project/Scheme for the benefit of the N.E. Region & Sikkim	2552	...	...	...	80.00	...	80.00	100.00	...	100.00	175.70	...	175.70
10. Non Plan Loans to Public Enterprises													
10.01 Petrofils Co-operative Ltd.(PCL)	6856	...	1.10	1.10	...	1.10	1.10	...	1.10	1.10	...	1.10	1.10
10.02 Hindustan Insecticides Ltd.(HIL)	6857	...	...	...	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
10.03 Hindustan Organic Chemicals Limited (HOCL)	6857	...	...	...	...	0.01	0.01	...	0.01	0.01	...	0.01	0.01
Total- Non Plan Loans to Public Enterprises		...	*1.10*	*1.10*	...	*1.12*	*1.12*	...	*1.12*	*1.12*	...	*1.12*	*1.12*
11. Investment in Public Enterprises	6857	...	...	...	21.00	...	21.00	...	...	...	40.00	...	40.00
Grand Total		***879.77***	***348.90***	***1228.67***	***800.00***	***22.00***	***822.00***	***930.00***	***432.42***	***1362.42***	***1757.00***	***45.62***	***1802.62***

(in crores of Rupees)

	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
B. Investment in Public Enterprises													
Chemical and Pharmaceutical Industries													
11.01 Hindustan Organic Chemicals Ltd. (HOCL)	12857	...	...	...	1.00	...	1.00	...	...	...	26.00	...	26.00
11.02 Hindustan Insecticides Limited (HIL)	12857	...	...	...	20.00	...	20.00	...	...	...	14.00	...	14.00
Total-Chemical and Pharmaceutical Industries		...	...	...	**21.00**	...	**21.00**	...	...	...	**40.00**	...	**40.00**
Total		...	...	...	**21.00**	...	**21.00**	...	...	...	**40.00**	...	**40.00**
C. Plan Outlay													
1. Petro-Chemical Industries	12856	875.46	...	875.46	689.10	...	689.10	823.93	...	823.93	1522.50	...	1522.50
2. Chemical and Pharmaceutical Industries	12857	3.80	...	3.80	30.50	...	30.50	5.72	...	5.72	58.50	...	58.50
3. Secretariat-Economic Services	13451	0.51	...	0.51	0.40	...	0.40	0.35	...	0.35	0.30	...	0.30
4. North Eastern Areas	22552	...	...	...	80.00	...	80.00	100.00	...	100.00	175.70	...	175.70
Total		**879.77**	...	**879.77**	**800.00**	...	**800.00**	**930.00**	...	**930.00**	**1757.00**	...	**1757.00**

1. **Secretariat**: Provision is made for the expenditure on Secretariat of the Department inclusive of expenditure on Information Technology.

2. **Central Institute of Plastic Engineering and Technology (CIPET)**: The Central Institute of Plastic Engineering and Technology was set up for giving specialized training and physical testing of plastic materials. The Institute has established 15 Extension Centers at Ahmedabad, Amritsar, Bhopal, Bhubaneswar, Chennai, Hyderabad, Haldia, Imphal, Lucknow, Mysore, Patna, Guwahati, Panipat, Jaipur and Aurangabad. The provision is made for new plan schemes including establishment of new centers.

3. **Subsidy to Assam Gas Project**: The provision of ₹ 1552.00 crore (including ₹ 175.70 crore for North East Region) is for capital subsidy to the Joint Venture Company Bramaputra Cracker & Polymer Limited (BCPL) with the majority shareholding by GAIL, the main promoter of the project, in a phased manner. The unit when operational is expected to generate substantial employment direct as well as indirect and will attract substantial investments in setting up of downstream plastic processing industries in that region.

4. **New Schemes of Petrochemicals**: Various new schemes towards technical up gradation and R&D in the field of petrochemicals, in terms of National Policy on Petrochemicals, shall also be continued in 12th plan. The provision of ₹ 36.20 crore is for various activities like National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry, setting up of Centers of Excellence (COE) in Polymer Technology, setting up of dedicated Plastic Park and Plastic Waste Management in the field of petrochemicals.

5. **Bhopal Gas Leak Disaster**: The provision includes Secretariat expenditure of the Office of the Welfare Commissioner, Bhopal and also for the various courts set-up for deciding the cases of compensation to the victims including expenditure relating to professional services, exchange rate variation, etc.

6. **Institute of Pesticides Formulation Technology (IPFT)**: The Institute is engaged in the development of environment friendly pesticide formulations, which is highly essential for the safety of farmers and preservation of the environment. This Institute is playing a catalytic role for the growth of pesticides industry in the country.

7. **Chemical Weapons Convention (CWC)**: India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the Convention, a nodal agency called National Authority has been set up in India. The agency undertakes trial inspections of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists Organisation for Prohibition of Chemical Weapon (OPCW) with regard to the implementation of CWC. The CWC Act has come into force w.e.f. 1st July, 2005. The outlay for 2012-13 includes provision for the promotional and other attendant activities.

8. **Chemical Promotion and Development Scheme (CPDS)**: The budget provision has been made with a view to ensure promotion of chemicals, by organizing various seminars, workshops etc. as well as for matters pertaining to setting-up of Petroleum, Chemicals, and Petro-Chemicals Investment Regions (PCPIRs).

(In Crores of Rupees)

9. **Lump sum provision for North-Eastern Region & Sikkim:** The provision is for implementing projects/schemes for North Eastern Region and Sikkim. The necessary assistance out of this fund will be provided for Assam Gas Cracker Project, which is under implementation.

10. **Non-Plan Loans to Public Sector Enterprises:** Represent loans granted to the Public Sector Enterprises.

11. **Investment in Public Enterprises:** Provides for equity and loans to Public Sector Enterprises to meet their new and continuing schemes.

11.01. **Hindustan Organic Chemicals Ltd. (HOCL):** ₹ 24 crore in 2012-13 is for undertaking various projects like Nox Blower for Concentrated Nitric Acid (CNA) Plant, Air Compressor and Refrigeration Compressor with respective Motors, Methanol vaporizer at Formaldehyde Plant, raw material storage tanks at Rasayani Unit, Conversion from Low Sulphur Fuel Oil to Regaisfied Liquified Natural Gas in Hot Oil unit, Boiler plant and Co-generation Power Plant at Kochi Unit and construction of office complex at Kharghar, Navi Mumbai.

11.02. **Hindustan Insecticides Ltd. (HIL):** The Company was incorporated in 1954 and has three factories for production of D.D.T. Malathion and Endosulfan Tech. These products are used in the National Anti Malarial Programme of the Ministry of Health. Provision of ₹ 16 crore for 2012-13 is for putting up a mancozeb plant with a capacity of 20,000 MT/annum at Rasayani in Maharashtra to take care of the increasing domestic and International demand.

MINUTES

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2011-12)

The Committee sat on Thursday, the 12 April, 2012 from 1130 hrs. to 1245 hrs. in Committee Room - C, Parliament House Annexe, New Delhi.

Shri Dilipbhai Pandya - 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 Ashok Kumar Rawat
7.	Shri Raju Shetti
8.	Shri Adagooru Viswanath
9.	Shri Om Prakash Yadav
Rajya Sabha	
10.	Shri A.A. Jinnah
11.	Shri Brijlal Khabri
12.	Shri Parshottam Khodabhai Rupala
13.	Shri Raghunandan Sharma

SECRETARIAT

1. Shri C. S. Joon - Joint Secretary
2. Shri A.K. Srivastava - Additional Director
3. Smt. Emma C. Barwa - Under Secretary

I. MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

1.	Shri Jose Cyriac	Secretary
2.	Shri V. Rajagopalan	Additional Secretary & Financial Advisor (AS & FA)
3.	Dr. Ajay Vera Prasad	Joint Secretary
4.	Mrs. Neelkamal Darbari	Joint Secretary
5.	Shri P. V. Rajeev Sebastian	Economic Advisor (EA)
6.	Shri N. K. Sharma	Deputy Director General

II. REPRESENTATIVES OF PSUs

1.	Sh. B.C. Tripathi	Chairman, Brahmaputra Crackers and Polymers Limited (BCPL)
2.	Prof. (Dr.) S.K. Nayak	DG, Central Institute of Plastic and Engineering Technology (CIPET)
3.	Sh. R.N. Madangeri	Acting CMD, Hindustan Organic Chemicals Limited (HOCL)
4.	Sh. K. Hari Kumar	CMD, Hindustan Insecticides Limited (HIL)
5.	Dr. S.K. Raza	Director, Institute of Pesticides Formulation Technology (IPFT)

2. At the outset, owing to the absence of Chairman of the Committee due to his sickness, the Committee chose Shri Dilipbhai Pandya, a member of the Committee, to act as Chairman in accordance with Rule 258(3) of Rules of Procedure and Conduct of Business in Lok Sabha.

3. Thereafter, the officials of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals), the Public Sector Undertakings and the Autonomous Institutions were called and their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

4. Then the officials of the Department and others introduced themselves. Thereafter, the Secretary, Department of Chemicals and Petrochemicals briefed the Committee about the subject 'Demands for Grants of the Department for the year 2012-13.

5. During the discussion, the Chairman and members of the Committee raised some queries which were replied to by the Secretary, Department of Chemicals and Petrochemicals and other officials. They also assured to send the requisite information in writing which was not readily available with them.

6. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

ANNEXURE-III

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2011-12)

The Committee sat on Friday, the 27 April, 2012 from 1530 hrs. to 1600 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

Shri A.A. Jinnah - Acting Chairman

Members

Lok Sabha

2.	Shri K.D. Deshmukh
3.	Smt. Paramjit Kaur Gulshan
4.	Shri Baidya Nath Prasad Mahato
5.	Shri Sakti Mohan Malik
6.	Shri O.S. Manian
7.	Shri N. Peethambara Kurup
8.	Shri Ashok Kumar Rawat
9.	Shri Sivakumar alias Ritheesh
10.	Shri Raju Shetti
11.	Shri Om Prakash Yadav
Rajya Sabha	
12.	Shrimati Naznin Faruque
13.	Shri Dilipbhai Pandya

SECRETARIAT

1. Shri C. S. Joon - Joint Secretary
2. Shri A.K. Srivastava - Additional Director
3. Smt. Emma C. Barwa - Under Secretary

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Shri A.A. Jinnah, 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 the following draft Reports :

a) XXX XXX XXX XXX

b) Demands for Grants (2012-13) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals); and

c) XXX XXX XXX XXX

4. The draft Reports were adopted by the Committee without any amendment.

5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Department of Fertilizers, Department of Chemicals and Petrochemicals and Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers and present the same to both the Houses of Parliament.

The Committee then adjourned.

XX Matters not related to this Report.