



**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2009-10)**

FIFTEENTH LOK SABHA

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

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

EIGHTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

April, 2010/ Chaitra 1932, (Saka)

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

Presented to Lok Sabha on 26.04.2010

Laid in Rajya Sabha on 26.04.2010

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/ Chaitra 1932, (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS (2009-10)**

<i>Shri Ananth Kumar - Chairman</i>	
MEMBERS LOK SABHA	
2	Smt. Sushmita Bauri
3	Shri Prabhatsinh P. Chauhan
4	Shri K.D. Deshmukh
5	Shri Ganeshrao Nagorao Dudhgaonkar
6	Shri Madhu Koda
7	Shri N. Peethambara Kurup
8	Shri Baidyanath Prasad Mahato
9	Shri Ponnam Prabhakar
10	Shri Ashok Kumar Rawat
11.	Shri Suresh Kumar Shetkar
12	Shri Ajit Singh
13	Shri N. Cheluvarya Swamy
14	Shri Narendra Singh Tomar
&15	Shri T.K.S. Elangovan
&16	Shri Tapas Paul
**17	Shri Udayanraje Bhonsle
18 to 21	Vacant
RAJYA SABHA	
22	Shri J.D. Seelam
23	Shri Raghunandan Sharma
24	Dr. C.P. Thakur
25	Shri Brijlal Khabri
26	Shri A.A. Jinnah
27	Shri Raj Mohinder Singh Majitha
28	Shri Biswajit Daimary
**29	Prof. Anil Kumar Sahani
#30	Vacant
31	Vacant

* Consequent upon nomination to the Committee on Information Technology

Shri Tufani Saroj, MP (LS) ceased to be Member of the Committee w.e.f. 13.10.2009.

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

& Nominated w.e.f. 11.01.2010.

** Nominated w.e.f. 26.02.2010.

SECRETARIAT

- | | | | |
|----|-----------------------|---|----------------------|
| 1. | Shri N. K. Sapra | - | Additional Secretary |
| 2. | Shri A. Sarin | - | Joint Secretary |
| 3. | Shri C.S.Joon | - | Director |
| 4. | Smt. Archana Pathania | - | Under Secretary |

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2009-10) having been authorised by the Committee to present the Report on their behalf, present this Eighth Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2010-11.

2. The Committee examined the Demands for Grants pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2010-11 which were laid in Lok Sabha and Rajya Sabha on 11 March 2010.

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 1 April 2010.

4. The Committee considered and adopted the Report at their sitting held on 16 April 2010

5. The Committee express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for furnishing the material and other information, which they desired in connection with the examination of Demands for Grants of the Department for the year 2010-11 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 the body of the Report.

New Delhi;

20 April, 2010

30 Chaitra, 1932 (Saka)

ANANTH KUMAR

**Chairman,
Standing Committee on
Chemicals and Fertilizers.**

REPORT

CHAPTER - I

I. INTRODUCTION

1.1 The Department of Chemicals and Petrochemicals of the Ministry of Chemicals and Fertilizers is entrusted with the responsibilities of planning, development and regulation of the chemicals and petrochemicals industry.

1.2 The Department of Chemicals & Petrochemicals endeavours to:

- I. formulate and implement policies and programmes for achieving growth and development of the chemicals and petrochemicals sectors in the country; and
- II. foster the spirit of public-private partnership for the over-all development of the above-mentioned sectors of industry.

1.3 The Department has the mandate to deal with the following:

- 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 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.

1.4 The Department has two functional divisions, viz. Chemicals and Petrochemicals. There are two Public Sector Undertakings (PSUs) in the chemical sector :-

- i) Hindustan Organic Chemicals Ltd. (HOCL)
- ii) Hindustan Insecticides Ltd. (HIL)

The PSU in the Petrochemicals sector is :-

- i) Brahmaputra Cracker and Polymer Limited (BCPL).

The autonomous institutes under this Department are :-

- i) Central Institute of Plastic Engineering and Technology (CIPET)
- ii) Institute of Pesticides Formulation and Technology (IPFT).

The autonomous institutes are sanctioned financial grants by the Department

1.5 The detailed Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were presented to the Lok Sabha on 11 March 2010. The demand shows a budgetary support of Rs.420 crore [Rs.400 crore (plan) + Rs.20 crore (non-plan)]. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2010-11. The detailed analysis alongwith observations/ recommendations of the Committee are discussed in the succeeding chapters of the Report. The Committee expect the Ministry to take necessary steps for proper and timely utilization of funds so as to complete the various plans/ projects in a time bound manner.

CHAPTER - II

II. OVERVIEW OF CHEMICAL AND PETROCHEMICAL INDUSTRY

2.1 The chemical 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 Indian economy. It contributes about 3% in the GDP of the country.

2.2 The Ministry in a note have informed the Committee that chemical industry is a deregulated and delicensed sector wherein major investment decisions are made by the private sector. One of the ways in which investment is made in the Chemical Sector by the Department is through budgetary support by equity participation in its Chemical PSUs.

2.3 The actual production of major chemicals during the years 2003-04 to 2008-09 and up to December 09 for the year 2009-10 is detailed below:

Production of Selected Major Chemicals

(Figures in '000MT)

Years	Alkali Chemicals	Other Inorganic Chemicals	Organic Chemicals	Pesticides & Insecticides	Dyes & Dyestuff	Total Major Chemicals	Annual Growth in Major Chemicals (%)
2003-04	5070	441	1474	85	26	7096	6.79
2004-05	5272	508	1506	94	28	7408	4.40
2005-06	5475	544	1545	82	30	7676	3.62
2006-07	5269	602	1545	85	33	7534	-1.85
2007-08	5443	609	1552	83	44	7731	2.61
2008-09	5442	513	1254	85	32	7326	-5.24
April-Dec., 09 *	4133	382	920	58	30	5523	-0.88
CARG (%) 08-09/03-04	1.43	3.07	-3.18	0.00	4.24	0.64	

*: *Estimated*

2.4 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 daily use items and cover almost every sphere of life, ranging from clothing, housing, construction, furniture, automobiles, household items, toys, agriculture, horticulture, irrigation, packaging to medical appliances.

2.5 As per Annual Report of the Department of Chemicals and Petrochemicals 2009-10 there are three naphtha based and equal number of gas based cracker complexes in the country with a combined ethylene annual capacity of 2.9 million MT. Besides, there are four aromatic complexes also with a combined Xylene capacity of 2.9

million MT. The actual production of major petrochemicals during the years 2003-04 to 2008-09 and up to December 2009 for the year 2009-10 is detailed below:

Production of Selected Major Petrochemicals

(Figures in 000' MT)

Years	Synth. Fibres	Polymers	Elastomers	Synthetic Detergent Intermed.	Performance Plastics	Total Major Petrochemicals	Annual Growth in Major Petrochemicals (%)
2003-04	1868	4499	87	454	99	7007	6.91
2004-05	1875	4776	97	488	113	7349	4.88
2005-06	1906	4768	110	556	127	7467	1.61
2006-07	2250	5183	102	556	133	8224	10.14
2007-08	2524	5304	105	585	157	8675	5.48
2008-09	2343	5060	96	552	141	8193	-5.56
April-Dec., 09	1948	3549	79	461	129	6166	0.76
CARG (%) 08-09/03-04	4.64	2.38	1.99	3.99	7.33	3.18	

CARG: Compound Annual rate of Growth

2.6 When asked to state the role played by the Department as a facilitator for development of Chemicals and Petrochemicals; the Department in a written reply submitted as under:-

“The Department of Chemicals and Petrochemicals has developed an interface with the national level industry associations through continuous interaction. Department also takes up fiscal and non-fiscal issues with the respective Ministries / Departments for a sustained growth of these sectors. The Deptt also ensures that the obligations under various international / multilateral treaties are complied with, in such a manner that the interests of the domestic industry are protected.

To promote the development of the petrochemical sector, a National Policy on Petrochemicals has been approved. In addition, to promote investment in these sectors, Government approved a Policy Resolution on Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs).”

2.7 On being enquired about the assessment of the performance of Chemicals and Petrochemicals industries, the Ministry in a reply inter-alia stated as under:-

“The growth in the major chemicals at 1.84% during April, 09 to Jan.10 compared to negative growth rate of 5.24% during 2008-09 (during the same period) suggests that chemical sub-sector is recovering from recession.”

2.8 In reply to a query regarding improvements/effects noticed as a result of stimulus packages announced in December 2008 and January 2009 for the revival of Chemicals and Petrochemicals industry, the Ministry have stated as under:-

“The stimulus package announced by the Government in December, 2008 and January,2009 which includes reduction in excise duty to 8% from the level of 14% and continuation of various export incentive schemes like Duty Entitlement Pass Book etc. has helped the domestic petrochemicals industry and decline in growth rate has been checked. The production level of petrochemicals was not only

maintained but there was growth of 0.98 % in April 2009 to January 2010 over the corresponding period of April 2008 to January 2009. The domestic plastic processing industry also took advantage of low price of imported polymers for domestic consumption which resulted in the increased level of growth.

Similarly, in chemical sub-sector, there has been a growth of 1.84%, during the period April, 2009 to January, 2010, over the corresponding period of April, 08 to Jan., 09. The growth of 25.51% in dyes and dyestuff is specially noteworthy during this period.”

CHAPTER - III

III. FIVE YEAR PLANS AND ANNUAL PLANS

3.1 The Scheme-wise Outlays of Plan during the 11th Plan, approved by the Planning Commission, are given in the Table below:

(Rs. crore)

Sr. No.	Name of the Scheme	11th Plan (2007-12) Outlay
I	Project Based Support to PSUs	139.83
II	Support to Autonomous Bodies on Project Basis	92.00
2.1	Central Institute of Plastic Engineering & Technology (CIPET)- OPEC Loan	67.00
2.2	Institute of Pesticides Formulation Technology (IPFT)	25.00
III	Other Ongoing Schemes	212.00
3.1	Assam Gas Cracker Project	200.00
3.2	Chemical Promotion & Development Scheme (CPDS)	7.50
3.3	Chemical Weapons Convention (CWC)	4.00
3.4	IT/Sectt.	0.50
IV	New Schemes initiated in the XI Plan	120.00
4.1	New Schemes of CIPET	70.00
4.2	Other New Schemes of Petrochemicals	50.00
	Total	563.83

Note: The Planning Commission had approved Rs.1960 crore for various Plan Schemes of the then Department of Chemicals and Petrochemicals during the 11th plan period. However, Department of Pharmaceuticals has since been carved out therefrom in July 2008 and the amounts shown pertain to the plan schemes being dealt with by the Department of Chemicals and Petrochemicals now.

3.2 The Committee were informed that as against Rs.1,087.26 crore asked for by the Department for 2010-11, Planning Commission have allotted only Rs. 400.00 crore. While approving the outlay for 2010-11, the Commission have *inter-alia* observed that:-

- i. At least 10% of GBS should be earmarked for North-eastern States.
- ii. Adequate provision may be made for SCSP/TSP and gender budgeting.
- iii. A provision of 2-3 per cent of the outlay may be made for programmes/schemes pertaining to IT application.

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

(Rs. crore)

Sr. No.	Name of the Scheme	2010-11 Proposed	2010-11 Approved
I	Project Based Support to PSUs	25.57	25.57
1.1	Hindustan Organic Chemicals Ltd.(HOCL)	5.57	5.57
1.2	Hindustan Insecticides Ltd. (HIL)	20.00	20.00
II	Support to Autonomous Bodies on Project Basis	4.25	4.25
2.1	Central Institute of Plastic Engineering & Technology (CIPET)- OPEC Loan	-	-
2.2	Institute of Pesticides Formulation Technology (IPFT)	4.25	4.25
III	Other Ongoing Schemes	904.50	217.24
3.1	Assam Gas Cracker Project	900.00+	212.74+

Sr. No.	Name of the Scheme	2010-11 Proposed	2010-11 Approved
3.2	Chemical Promotion & Development Scheme (CPDS)	2.50	2.50
3.3	Chemical Weapons Convention (CWC)	1.00	1.00
3.4	IT/Sectt.	1.00	1.00
3.5	Provision of NE	PI see 3.1	PI see 3.1
IV	New Schemes initiated in the XI Plan	152.94	152.94
4.1	New Schemes of CIPET	69.94	69.94
4.2	Other New Schemes of Petrochemicals	83.00	83.00
	Total	1087.26	400.00

+ Includes expenditure for development of NE region

3.4 The Committee have been informed that BE allocation for the Department for 2009-10 was Rs.239.75 crore which was raised to Rs.405.82 crore at RE stage due to the provision of Rs.166.07 crore approved by the Ministry of Finance for Assam Gas Cracker Project.

3.5 As only 2 years of XI plan are left, the Committee desired to know whether any specific strategy has been drawn by the Department to achieve the laid down targets. In reply, the Ministry have stated as under:-

“The strategy in case of major schemes is detailed below:-

Chemical PSUs (HOCL and HIL)

The allocation is being utilized for schemes with short gestation periods to help them revive and earn revenues. While HIL has come out of the red and is showing operational profits, HOCL has suffered further setback due to international slump. Efforts are being made through the following schemes of the PSUs to improve their performance:-

Projects of Hindustan Organic Chemicals Limited

- i) Hydrogen plant upgradation for change of feedstock
- ii) Upgradation of Distributed Control System (DCS) for concentrated nitric acid, Di Nitrogen tetra oxide (N₂O₄) and Aniline plants.
- iii) De-bottlenecking of Hydrogen peroxide (H₂O₂) plant capacity.
- iv) Implementation of Enterprise Resource Planning Scheme.

Projects of Hindustan Insecticides Limited

- i) Retrofitting of existing Melathion Plant.
- ii) Setting up of multi-product manufacturing facility.
- iii) Buprefezine Plant

The support to PSUs is provided as Plan loan for increasing operational efficiency, diversification and upgradation of Plant and Machinery. In the fourth year of XIth Five Year Plan, an outlay of Rs.25.57 crore has been provided for the two PSUs based on the project proposals received from them.

CIPET

CIPET has transformed from a training institution into a full-fledged Academic Institute conducting various M.Tech, B.Tech. and Ph.D Programs in 4 High Learning Centres in addition to its conventional programmes i.e Diploma, Post-Diploma in all the 15 Centres. As per the AICTE norms and guidelines, CIPET

needs to have exclusive High Learning Centres along with independent R&D Hubs. During last 3 years CIPET has taken all steps to set up exclusive High Learning Centres at Chennai, Lucknow, Ahmedabad & Bhubaneswar with 2 exclusive R&D Hubs viz., ARSTPS at Chennai and LARPM at Bhubaneswar. Accordingly in the 4 High Learning Centre of CIPET from 2008-09, B.Tech programmes in Plastics Engineering and for 2009-10 M.Tech. programme in Nano-Technology & CAD/CAM/CAE has already been introduced with the affiliation of the local Universities and AICTE approvals. These facilities are in the primary stage and need immediate attention to cater to the needs of the B.Tech., M.Tech. & Ph.D Students. Similarly, the 2 R&D Centres along with 4 High Learning Centres are to be upgraded with all the necessary Civil and Technical Infrastructure to match the University / AICTE requirements.

Recently, CIPET has signed MOU with 6 leading International Universities for Academic and collaborative research and exchange programmes. CIPET is committed and has made all specific plans to utilize the enhanced fund to be made available in 2010-11 & 2011-12.

CIPET is going to set an Advanced Tool Room at Madurai for which "in principle" approval has been received from the Planning Commission and State Government has approved its contribution i.e 50% of the total Project Cost. CIPET has made all action plan for completing the Building within the Project Period along with all necessary equipments.

For the extension of CIPET Centres the building and technical infrastructure are to be modernized as per the AICTE guidelines to accommodate more number of students as required by the Industry.

Other New Schemes for Petrochemicals –

The Government approved the National Policy on Petrochemicals on 12 April 2007. For implementing policy measures, feasibility studies have been undertaken in various areas of petrochemical sector. The Department after evaluating the feasibility studies, formulated the following three schemes.

- i) Setting up of Centres of Excellence
- ii) National Awards for Technology Innovations in Petrochemicals and downstream Plastic Processing Industry.
- iii) Setting up of dedicated Plastic Parks to promote a cluster approach in the areas of development of plastic applications and plastic recycling.

The Planning Commission has since approved the setting up of Centres of Excellence and Department is in the process of institutionalizing the scheme. The approval of Planning Commission is awaited in respect of other two schemes.

Assam Gas Cracker Project –

The Government has approved the Assam Gas Cracker Project at the cost of Rs.5460.61 Crore, which is located at Dibrugarh, Assam. Brahmaputra Cracker & Polymer Limited, the company that has been formed to implement the Assam Gas Cracker Project, has submitted a 60 months project implementation schedule starting from April, 2007. A capital subsidy for Rs.2138 crore for the project on the fixed cost basis (phased during construction period or 5 years at constant prices) and a Feedstock subsidy of Rs.908.91 crore for the project spread over 15 years operation period at constant prices shall be provided by Department of Chemicals and Petrochemicals. So far, Rs.453.74 crore upto 28.2.2010 has been

released to M/s. BCPL towards Capital Subsidy. The Business Plan of BCPL for 2010-11 envisages expenditure of Rs.2272.32 crore and Capital Subsidy of Rs.923.27 crore. The project is scheduled for commissioning in April 2012. A Monitoring Committee under the Chairmanship of Secretary (C&PC) reviews the progress of implementation of the project.

CHAPTER - IV

IV DEMANDS FOR GRANTS FOR THE YEAR 2010-11

4.1 The Ministry of Chemicals and Fertilizers presented to Parliament Demand No.6 on the Department of Chemicals and Petrochemicals. The Demands for Grants for the Department of Chemicals and Petrochemicals for the year 2010-11 are as follows:-

(Rs. In crore)

2010-11 Budget				
	Major Head	Plan	Non plan	Total
REVENUE SECTION				
Secretarial Economic Services	3451	1.00	11.20	12.20
North Eastern Areas	2552	40.00	--	40.00
Industries	2852	333.43	7.68	341.11
Total- Revenue section		374.43	18.88	393.31
CAPITAL SECTION				
Loans for Petro-chemical industries	6856	--	1.10	1.10
Loans for chemical industries	6857	25.57	0.02	25.59
Total – Capital Section		25.57	1.12	26.69
Grand Total		400.00	20.00	420.00

4.2 A detailed statement showing BE 2010-11 (Plan and Non-plan) is as follows:-

(Rs. in cr.)

Sub-Head	BE 2010-11
PLAN	
Revenue	
Sectt.	1.00
CIPET	69.94
New Schemes of Petrochemicals	83.00
Assam Gas Cracker Project	172.74
CWC	1.00
CPDS	2.50
IPFT	4.25
N.E. Region	40.00
CIPET	
Assam Gas Cracker Project	
IPFT	
Total Plan Revenue	374.43
Capital Loan to PSUs/AB	
CIPET	0.00
HIL	20.00
HOCL	5.57
Total Plan Capital	25.57
[TOTAL PLAN]	400.00
NON-PLAN	
Sectt.	11.20
CIPET	0.53
Assam Gas Cracker Project	0.01
Bhopal Gas Leak Disaster	4.44
CWC	0.10
IPFT	2.60
Non-Plan Revenue	18.88
PCL	1.10
HIL	0.01
HOCL	0.01
Non-Plan Capital	1.12
[TOTAL NON-PLAN]	20.00
Grand Total	420.00

4.3 The following statement gives the actual expenditure for the year 2008-09, BE and RE 2009-10 and Actual 2009-10 (upto 31.1.2010 and 15.3.2010)

Section	2009-10											
	BE			RE			Actual (31.1.2010)			Actual (15.3.2010)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Revenue	185.62	24.28	209.90	351.69	20.56	372.25	171.42	16.66	188.08	342.33	19.02	361.35
Capital	54.13	1.12	55.25	54.13	1.12	55.25	44.96	0.55	45.51	44.96	1.10	46.06
Total	239.75	25.40	265.15	405.82	21.68	427.50	216.38	17.21	233.59	387.29	20.12	407.41

4.4 As the Planning Commission has allocated only Rs.212.74 crore against the Demand of Rs.900 crore for AGCP the Committee desired to know about the strategy adopted by the Department to deal with reduced allocation for this project. In reply, the Department has stated as under:-

“The Monitoring Committee on implementation of Assam Gas Cracker Project under the chairmanship of Secretary (C&PC) closely monitors the financial and physical progress of the project on regular intervals. Ministry of Finance has agreed to review the allocation during the first supplementary grant in 2010-11.”

4.5 On being asked to state the specific steps envisaged by the Department to utilize the allocated outlay for the year 2010-11, the Department in a written reply submitted as under:-

“The total outlay for 2010-11 is Rs.400.00 cr. under Plan. Break-up of the major schemes are as under:-

a) **Assam Gas Cracker Project**: The outlay for this Scheme is Rs.212.74 cr. A Monitoring Committee on implementation of Assam Gas Cracker Project under the chairmanship of Secretary (C&PC) reviews the physical and financial progress of the project at regular intervals to achieve the targeted outcome.

b) **Other New Schemes of Petrochemicals**: The allocation is Rs.83.00 cr. A Steering Committee will monitor the progress in formulation/ implementation of new schemes for petrochemicals. The Department proposes to utilize the allocated outlay for the year 2010-11 on three new schemes of Petrochemical viz. National Awards for Technology Innovations, Setting up of dedicated Plastic Parks and Setting up of Centre of Excellence formulated to achieve the targeted outcome desired under the National Policy on Petrochemicals. The Scheme on Centres of Excellence has been duly approved by the Department and Planning Commission. The approval of Planning Commission is awaited in respect of the other two schemes.

c) **Central Institute of Plastic Engineering & Technology**: The allocation is Rs.69.94 cr. where part amount is meant for already approved new schemes of the XIth Five Year Plan including R&D and infrastructure. However, some allocation is also for new proposals like R&D in Emerging Areas and Technical Upgradation for new courses.

d) **Chemical PSUs** : Allocation for the PSUs is Rs.25.57 cr. out of which Rs.20.00 crore is meant for the setting up of a Mancozeb Manufacturing Plant by HIL and Rs.5.57 crore is for 2nd Phase of ERP implementation at Rasayani plant by HOCL.

CHAPTER - V

MAJOR HEAD 2852 AND 6856

V. CENTRAL INSTITUTE OF PLASTIC ENGINEERING AND TECHNOLOGY (CIPET)

5.1 Central Institute of Plastics Engineering and Technology (CIPET) established in 1968 is an autonomous institute, functioning under the aegis of Department of Chemicals and Petrochemicals, with its Corporate Office at Chennai. The institute has 15 Centres across the country located at Ahmedabad, Amritsar, Aurangabad, Bhopal, Bhubaneshwar, Chennai, Guwahati, Haldia, Hajipur, Hyderabad, Jaipur, Lucknow, Mysore, Panipat and Imphal.

5.2 CIPET's prime objectives include training of manpower in different disciplines of Plastics Engineering and Technology and provision of technical support/consultancy services to the plastics and allied industries on various technological aspects. CIPET has been accredited with ISO 9001-2000 OMS by BVQL and ISO 17025 by National Accreditation Board for Testing and Calibration Laboratories (NABL)

5.3 The Institute has well-developed facilities in the areas of plastic mould and product design including CAD/CAM/CAE, tooling, processing and testing of plastics. Besides the regular courses, the institute offers highly specialized and customized training in the field of plastics engineering and technology to update and improve the skills of the technical manpower in plastics and its allied industries. The Institute also offers technical services in the areas of product design and mould design including CAD/CAM/CAE, fabrication of moulds, tooling, quality control and testing, application development, consultancy and advisory services to the plastics and its allied industries.

5.4 The Budget proposals for CIPET are as under:

Heads	BE (2009-10)		RE (2009-10)		BE (20010-11)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
MH 2852 Grants-in-aid	25.13*	3.00	25.13	3.00	152.94#	0.53
MH 6856 Loans and Advances	14.00	-	14.00	-	-	-
Total	39.13	3.00	39.13	3.00	152.94#	0.53

*includes Rs.5.00 crore for new schemes of petro-chemicals

includes Rs.83.00 crore for new schemes for petrochemicals

5.5 According to the Department, the role of CIPET in Plastic Waste Management is as detailed below:-

- CIPET is actively involved in propagating the role of plastics in different sectors of Indian economy and organizing awareness camps regarding plastic waste management.
- CIPET is regularly organizing international seminars and conferences on plastic recycling and waste management in different parts of the country for the benefit of general public, municipal corporation officials, NGOs, etc.

- CIPET has organized a National Seminar on “Plastics Waste Management – Issues & Strategies” at Kolkatta and nearly 120 participants have participated and benefitted. CIPET will be organizing 02 more National Seminars at Murthal on 15th March 2010 and at Bangalore on 29th March 2010.
- CIPET has organized a National Workshop on “Plastics Waste Management: Issues & Path Forward” at New Delhi. Around 150 participants attended the Workshop and benefitted.
- CIPET has successfully set up a Plastics Waste Management Centre (PWMC) at Guwahati with the financial assistance of Govt. of India.”

5.6 On the issue of plastic waste management, during evidence, Secretary of the Department of Chemicals and Petrochemicals stated as under:

“-----In our country, as of now, nearly 30 per cent of our plastic wastes are being recycled. Even in the advanced countries, such higher percentage of waste is not processed there, but the processing of plastic waste is happening in our country, but then the problem of waste plastic particularly carry bags still remains because they are lying in the land-filled sites. They are visible and thin plastics are flying around. So, it is a public nuisance. So, in our Department, we conducted the study and we had taken a note for the Committee of Secretaries recently.-----“

5.7 Elaborating further, he mentioned about a private sector Plastic Waste Processing Unit set up in Chennai and stated as under:

“---That unit is functioning. It has been invested in by a private unit, but even that unit is facing a problem. Its capacity is only six tonnes per day. They are not able to get the waste. So, we have to segregate the waste and after segregation of the waste, we have to make it available to the plastic processing units. We have requested that the Ministry of Urban Development has to be involved and under the JNNURM this can be funded. Funds can be used to encouraged segregation of plastic wastes and setting up of waste processing facilities. We have given a suggestion on imposition of a small cess on polymer production to generate resources to encourage setting up of plastic waste recycling units.”

5.8 As regards the progress made by Plastic Waste Management Centre (PWMC), Guwahati, the Department stated as under:-

“The PWMC started functioning from 31 August 2009 at Guwahati and is involved in converting all kinds of Plastics wastes into value added finished products.

The broader objectives of PWMC Guwahati includes :

- Developing well trained manpower for the plastic recycling industries
- Providing Technology Support Services to the Plastics Processing & Recycling Industries

The PWMC Centre has a pilot plant with a capacity of 5 tonnes per month. During the last four months, the Centre has converted around 20 tonnes of Plastic Waste into Granules which were used in-house by CIPET for imparting Training on other Plastic Processing Technology like Injection Moulding , Extrusion, Blow Moulding etc to various Long Term Short Term participants of CIPET.

The recyclates can also be used by the plastic industries to produce Plastic Products meant for non-food contact applications and low cost products. The local NGOs are helping PWMC in collecting the Plastics wastes. PWMC, Guwahati is in

touch with NGOs, Municipal Corporation for more effective collection of Plastics Wastes and marketing of recycled plastic granules.

Further, PWMC Centre is also playing a key role in enhancing the employment opportunities to the local youths of the North Eastern Region. PWMC has already started conducting 6-month certificate course on Plastics Processing and Recycling Technology (MOPPRT) from August, 2009 for 10th standard candidates. 36 students from North Eastern Region have already successfully completed the programme. The second training programme has also been commenced with intake capacity of around 40 students.”

5.9 On being asked about the progress made in setting up of PWMC in Delhi, the Ministry have replied as under:-

“Under the Chairpersonship of Joint Secretary (PC), DC&PC, series of meetings were held in which representatives of Ministry of Environment & Forest, Central Pollution Control Board, Municipal Corporation Of Delhi, ICPE, CIPET, IL & FS Waste Management & Urban Services Ltd, Chintan Environmental Research & Action Group, GTZ Advisory Services, Delhi Development Authority (DDA) have participated.

CIPET has requested Vice Chairman, Delhi Development Authority (DDA), New Delhi to allot about 2.5 hectares of land for setting up of Plastics Waste Management Centre at New Delhi. Further, constant follow-up is being made with the DDA, for allocating suitable land for establishing PWMC at New Delhi.

CIPET has also conducted a National Workshop on 17.12.2009 on “Plastics Waste Management – Issues & Path Forward” at Delhi in which around 120 participants from Central & State Govt. Civic bodies, NGOs, Industries, Associations, Academicians attended the programme. A Liaison cum Co-ordination Office for PWMC Centre has started functioning from Feb’2010 at the premises of IPFT, Gurgaon, Haryana.”

CHAPTER - VI

MAJOR HEAD 2852 AND 6856

VI. ASSAM GAS CRACKER PROJECT (AGCP)

6.1 As part of tripartite Assam Accord, the Government had promised to undertake projects for rapid economic growth of the State of Assam. A step in this direction was to set up a petrochemical gas cracker project. The Government approved the Assam Gas Cracker Project on 18th April 2006 which is located at Lapatkata, District Dibrugarh, Assam. The cost of the project is Rs.5,460.61 crores. A capital subsidy for Rs.2,138 crores on fixed cost basis (phased during construction period or 5 years at constant prices) and a Feedstock subsidy of Rs.908.91 crores spread over the 15 year operation period at constant prices is to be provided by Department of Chemicals and Petrochemicals.

6.2 GAIL (India) Ltd. is the main promoter, under an equity arrangement of GAIL: 70%, Oil India Ltd (OIL): 10%, Numaligarh Refinery Limited (NRL): 10% and Assam Industrial Development Corporation (Government of Assam): 10%. The Feedstock for the project will be Natural Gas and Naphtha. Oil India Ltd (OIL) and Oil and Natural Gas Commission (ONGC) will supply Natural gas. NRL will supply Naphtha. 7.35 MMS/CMD of gas and 1.6 Lakhs Tonnes per Annum (TPA) of Naphtha will be required for the project. The project will produce 2.20 lakhs tonnes of ethylene. The principle end products will be Polypropylene (PP) 60,000 TPA and High Density Polyethylene (HDPE) / Linear Low Density polyethylene (LLDPE) totaling 220,000 TPA. This project is expected to give rise to substantial employment both direct as well as indirect, besides attracting substantial investments in setting up of downstream plastic processing industries.

6.3 An agreement for constituting a Joint Venture Company namely M/s Brahmaputra Cracker & Polymer Limited (BCPL) was executed on 18 October 2006. The company was incorporated on 8th January 2007. BCPL has been entrusted with the task of execution of this project. A 60-month Project Implementation schedule, starting April 2007 has been submitted by BCPL.

6.4 The following table indicate the Budget proposals for Assam Gas Cracker Project:

(Rs. In crore)

Head	BE (2009-10)		RE (2009-10)		BE (20010-11)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
MH 2552 subsidies	23.98	-	40.58	-	40.00	-
MH 2852 Industries (NE)	126.26	0.01	275.73	0.01	172.74	0.01
Total	150.24	0.01	316.31	0.01	212.74	0.01

6.5 The Committee desired to know the progress of the project with reference to the target schedule. In reply, the Department stated as under :-

“The construction activities at project site are on full swing. Physical progress on site is picking up and site grading and piling work has been completed. Financial Closure has been completed and loan agreement for Rs.1756 crore has been signed. Contracts have been awarded to licensors for LLDPE/ HDPE and PP units. Civil construction activities relating to Construction Power, Site Grading, Administrative Block Building, Product Warehouse, Plant and Non-Plant Building are on full swing. So far as human resources are concerned, BCPL has engaged a total of 36 permanent employees and 46 contractual employees of different categories. Managing Director and Director (Finance) have also been appointed in the company. The total capex incurred till 28.02.2010 is Rs 605 Crore. The Department of Chemicals & Petrochemicals released Rs.316.31 crores towards Capital Subsidy to BCPL in 2009-10. So far, Rs.453.74 crores has been released to M/s. BCPL towards Capital Subsidy.

The Monitoring Committee on implementation of Assam Gas Cracker Project under the chairmanship of Secretary(C&PC) reviews the physical and financial progress of the project at regular intervals. The management along with Engineers India Limited the Engineering Project Management Consultant for the project is making all out efforts for maximum construction progress in the current working season before commencement of ensuing monsoon. Infrastructure is put in place for works continuity at site even during the ensuing monsoon. As of now, there is delay of few months. However catch up plan is in place and efforts are on to remove the backlog for project completion by April 2012. “

6.6 The details of the capital subsidy actually planned and released to BCPL so far is as under:

(Rs. in crore)

Year	Planned	Amount
2007-08	85.52	37.43 .
2008-09	171.04	100.00 .
2009-10	406.22	316.31.
2010-11	812.44	900.00*
2011-12	662.76	784.26**

*Out of this, Rs.212.74 cr. has already been provided in the budget for 2010-11.

** shall be the amount for the last year of the XIth Plan, provided the allocation for 2010-11 is enhanced to the level of projection made under the Business Plan of Brahmaputra Polymers & Crackers Ltd. (BCPL).

6.7 During oral evidence, the representative of the Department stated that the overall physical progress of the project as on 15 February 2010 was 11.8% as against scheduled 21.3%. He added that the target for completion of the project in April 2012 appears to be difficult to achieve and slippage of few months is expected.

CHAPTER - VII

MAJOR HEAD 2852 AND 6856

VII. INSTITUTE OF PESTICIDE FORMULATION TECHNOLOGY (IPFT)

7.1 The Institute of Pesticide Formulation Technology (IPFT) located at Gurgaon, Haryana, is a non-profit making organization, registered under the Societies Registration Act in May 1991, under the Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India. It has completed 18 years of operation. The main objective of the Institute of Pesticide Formulation Technology as given in the Memorandum of Association of the Society is Development and Production of the state-of-the art user and environment friendly pesticide formulation technology and Promotion of efficient application technologies suiting the existing requirements of the newer formulations. IPFT has established a healthy rapport with the pesticide industry 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.

7.2 The following table gives BE and RE 2009-10 and BE 2010-11 in respect of IPFT:-

(Rs. In crore)

Heads	BE (2009-10)		RE (2009-10)		BE (2010-11)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
MH 2852 Grants-in-aid-General	7.00	2.40	7.00	2.40	4.25	2.60
Total	7.00	2.40	7.00	2.40	4.25	2.60

7.3 When asked to state the reasons for decrease in BE 2010-11 from RE 2009-10, the Department in a reply explained as under:-

“Rs. 25 crores have been allocated to IPFT during the 11th Five year Plan. The requirements of funds in the initial three years of the 11th Five year Plan were projected focussing on operations and capital support and creation of various laboratories in the Institute.

BE 2010-11, provision of Rs. 425 lakh is lesser by Rs 275 lakh in comparison with Rs 700 lakh in RE 2009-10, due to two major factors viz:

- a. Capital support has been reduced to Rs. 250 lakh as against Rs. 400 lakh in 2009-10, because only limited support is required for creation of new facilities.
- b. Secondly, a provision of Rs.187.00 lakh was made of Neem Project Phase-II in 2009-10, which is being reduced to Rs. 50 lakh on the realistic assessment of future demand in 2010-11.”

Break up of Rs.4.25 crore allocated under plan head is given below:-

Break-up of Rs. 4.25 Crore under Plan

		(figures in lakh)
No.	Item	Amount
1.	Grant for Capital Support	250.00
2.	Servicing RENPAP	43.00
3.	Development of Household Formulations	10.00
4.	Neem Phase – II	50.00
5.	Creation of Sub-Centre	60.00
6.	Pesticide Database Centre	12.00
	Total	425.00

7.4 As against the plan allocation of Rs.7 crore for IPFT during the year 2009-10 nothing could be utilized by the Department till 31 January 2010. In this regard, on being enquired as to how it would be ensured that allocated funds during 2010-11 are fully utilized, the Department replied as under:

“There were various procedural difficulties faced by IPFT in respect of capital purchase, such as inadequate number of bids received despite international competitive bidding. The reasons for this are being examined and remedial measures for systems improvement and strengthening, like timely finalisation of technical specifications by a high level technical Committee etc. are being put in place. Since remaining funds for the year 2009-10 will be released by year end and utilized by the first quarter of 2010-11, it is planned to utilize the funds for 2010-11, immediately, thereafter.”

CHAPTER - VIII

(VIII) PETROLEUM, CHEMICALS AND PETROCHEMICALS INVESTMENT REGIONS (PCPIRs)

8.1 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. The Policy is expected to fundamentally change the way industries are provided with seamless and integrated services. This Policy exemplifies an initiative to change with the times and to keep abreast of the evolving needs of industries. The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 9 March 2007 approved the Policy Resolution for setting up of PCPIRs. Such integrated PCPIRs would reap the benefits of co-siting, networking and greater efficiency through use of common infrastructure and support services.

8.2 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.

8.3 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. Wherever necessary, requisite budgetary provisions for creation of these linkages through the public sector will also be made. The Central Government would also support the State Government concerned and its agencies in the dissemination of information, with a view to promoting domestic as well as global investment in the PCPIRs. The State Government will play the lead role in setting up of PCPIRs. A nodal Department will be notified for coordinating the linkages. A Management Board constituted by the concerned State Government for each PCPIR, under the relevant legislation, will be responsible for the development and management of the PCPIR. It will also be empowered to issue/expedite State level approvals.

8.4 The Cabinet approved proposals for setting up PCPIRs for the States of Andhra Pradesh, West Bengal and Gujarat in February 2009. The Department explained *inter-alia* the details of these proposals and their present status in a note as follows:-

“Government of Andhra Pradesh proposes to set up a PCPIR at Vishakhapatnam-Kakinada-Rajahmundry within the Vishakhapatnam and East Godavari Districts of Andhra Pradesh covering an area of 603.58 sq. kms. The total industrial investment in the Andhra Pradesh PCPIR is estimated at Rs. 343,000 crore

including committed investments of Rs.1,63,890 crore. The direct and indirect employment in the PCPIR is estimated to be about 5.25 lakh and 6.73 lakh persons respectively. The proposal envisages development of physical infrastructure such as roads, rail, air links, ports, water supply, power etc. at a cost of Rs. 19031 crore. A Memorandum of Agreement was signed between Govt of India and the Government of Andhra Pradesh outlining the respective commitments towards establishing this PCPIR on October 1, 2009.

The Government of West Bengal proposes to host a PCPIR in Haldia in Purba Medinipur district covering the existing Haldia Municipal Area and the adjoining areas of Haldia Development Authority (including Nayachar Island). It will cover an area of 250.19 sq.kms, which includes 200.83 sq.kms on the mainland and 49.36 sq.kms on the Nayachar Island. The State Government has estimated a total investment of Rs. 93,180 crore in the proposed PCPIR, including a committed investment of Rs. 48,180 crore. The total employment generation from the WBPCPIR is expected to be 10 lakh persons, which includes direct employment to 4 lakh persons. The proposal envisages development of physical infrastructure such as roads, rail, air links, ports, water supply, power etc. at a cost of Rs. 18,031 crores. The State Government has sought support from Government of India of Rs. 2108 crore involving road works, port facilities and a submarine cable landing station. A Memorandum of Agreement was signed between Govt of India and the Government of West Bengal outlining the respective commitments towards establishing this PCPIR on October 29, 2009.

Government of Gujarat has proposed to set up a PCPIR at Dahej spread over the blocks of Vagra and Bharuch in the district of Bharuch, South Gujarat covering an area of 453 sq kms. Total investment of about Rs. 50,000 crore is expected in the Gujarat PCPIR with committed investment of Rs. 22,930 crore. The total employment generation from the GPCPIR is expected to be 8 lakh persons of which the estimated direct employment in the PCPIR will be about 1.9 lakh over a period of time. The proposal envisages development of external infrastructure linkages at a cost of Rs. 7749.7 crore. Government of Gujarat has sought support from Government of India of Rs. 80.5 crore, being the 20% Viability Gap Funding for 8 road and 2 rail projects costing a total of Rs. 402.5 crore through the PPP mode. A Memorandum of Agreement was signed with Govt. of Gujarat on 07, Jan'10.

8.5 The said PCPIRs are expected to create infrastructure worth Rs. 39,744 crore covering Roads, Rail, Air links, Ports, Telecom, Power, Water Treatment, Sewerage, Effluent treatment, Green Buffers etc. The industrial investment in these regions is expected to be to the tune of Rs 4,86,180 crore and the employment generation is expected to be to the tune of about 30 lakh persons over a period of a time.

8.6 Regarding new proposals, the Department of Chemicals and Petrochemicals in a written reply submitted as under:-

“The Department is also actively involved in processing the proposal for setting up a PCPIR in the Paradeep Region of Orissa. The proposal has already been circulated among concerned Ministries/Departments of the Government of India and a note for consideration by the High Powered Committee (HPC) chaired by the Cabinet Secretary is under preparation.

Govt of Tamil Nadu has also submitted a proposal, which is now being revised by the State Govt in terms of the PCPIR policy, after preliminary discussions.”

IX) NATIONAL POLICY ON PETROCHEMICALS

9.1 The National Policy on Petrochemicals approved by the Government on 12 April 2007 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; and
- e) Promote Research and Development in Petrochemicals and promote Human Resource Development

9.2 As per the Annual Report 2009-10 of the Department of Chemicals and Petrochemicals the progress made so far in respect of the National Policy on Petrochemicals is as follows:-

- a) A Standing Committee on Petrochemical Feedstock has been constituted.
- a) Plastic Development Council under the Industries Development and Regulation Act 1951 has been constituted.
- b) Inter-Ministerial Expert Committee on Development of Plastics in Thrust Areas has been constituted.
- c) Feasibility studies on setting up of Centres of Excellence in the field of Petrochemicals, Capacity Building of Urban Local Bodies, Extension of support for introduction of suitable course curricula for downstream plastic processing sector for development of low end skills, Promotion of Recycling Technology for post consumer plastic waste, Setting up of dedicated Plastic Parks to promote a cluster approach in the areas of development of plastic applications and plastic recycling, Testing Centres as Certifying Agency for testing plastic products and raw materials-

augmentation, Fixation of Standards for plastic products, Schemes of National Awards for Technology Innovation, Petrochemical Research and Development Fund (including downstream plastic processing) and feasibility studies on Feedstock and alternate Feedstock for Petrochemical industries, etc. are being carried out, which will enable the Department of Chemicals & Petrochemicals to formulate necessary schemes etc.

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

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

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

9.5 Regarding present status of the three schemes, the Department has in a written reply stated that the Planning Commission since approved the setting up of Centres of Excellence and the Department is in the process of institutionalizing the scheme. The approval of Planning Commission is awaited in respect of other two schemes.

9.6 During the year 2010-11, an amount of Rs.83 crore has been provided in the budget for new schemes of petrochemical. In this connection, the Department has informed that it is proposed to spend this amount on the following new schemes of Petrochemical under National Policy on Petrochemicals:-

- i) National Awards for Technology Innovations in Petrochemicals & Downstream Plastic Processing Industry. The estimated expenditure is Rs.1 crore.
- ii) Setting up of dedicated Plastic Parks to promote a cluster approach in the areas of development of plastic applications and plastic recycling. The estimated expenditure is Rs 60 crore.
- iii) Setting up of Centres of Excellence in the field of petrochemicals. – The estimated expenditure is Rs 12 crore.
- iv) Promoting the petrochemical sector by way of supporting conferences, workshops seminars, meetings etc. – The estimated expenditure is Rs.1 crore
- v) Schemes to be formulated based on the 3 feasibility studies already commissioned. - The estimated expenditure is Rs.8 crore.
- vi) Balance payment of ongoing feasibility studies and new studies- The estimated expenditure is Rs.1 crore.”

CHAPTER - X

X PUBLIC SECTOR UNDERTAKINGS

10.1 There are three Public Sector Undertakings under the administrative control of the Department:-

- a) Hindustan Organic Chemicals Ltd. (HOCL)
- b) Hindustan Industries Ltd. (HIL)
- c) Brahmaputra Crackers and Polymers Ltd. (BCPL)

A) HINDUSTAN ORGANIC CHEMICALS LIMITED

10.2 Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12th 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.

10.3 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.

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

10.5 As against a total installed capacity of 4,02,725 MT, (Rasayani Unit 2,39,110 MT and Kochi Unit 1,63,615 MT), the operating capacity of Rasayani Unit is 1, 42,000 MT, which is mainly because of non operating installed capacity of Aniline Plant I, Nitrobenzene Plant I, Monochlorobenzene and Nitrochlorobenzene plants. As part of the physical restructuring of the Rasayani unit, Caustic Soda Chlorine plant production has been resumed since 15 September 2008 thereby increasing the operating capacity to 1,78,000 MT. The other product lines like Monochlorobenzene and Nitrochlorobenzene would be considered for start up as and when this product line becomes financially viable.

10.6 The Budget details of HOCL are given below:-

Head	RE 2009-10		RE 2009-10		RE 2010-11	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
MH 6857 loans and advances	15.13	0.01	15.13	0.01	5.57	0.01
Total	15.13	0.01	15.13	0.01	5.57	0.01

10.7 During 2010-11, an outlay of Rs. 5.57 crore has been approved as Plan loan for meeting the expenditure on upgradation of its internal IT to an efficient ERP system under Phase II of technological upgradation at Rasayani plant.

10.8 As regards the present assessment of the Department of Chemicals and Petrochemicals of HOCL, the Department in a written reply stated as under:-

“Hindustan Organic Chemicals Limited (HOCL) had become sick as its net worth had become negative and were referred to the Board for Industrial and Financial Reconstruction (BIFR). The Cabinet Committee on Economic Affairs (CCEA) in its meetings held on 9th March, 2006 approved the revival proposal in respect of HOCL, the details of which are given below:-

- a) Government of India to provide equity of Rs.250 crores in the form of 8% redeemable non-cumulative preference shares to be redeemed @ 20% each year from 4th year onwards and this amount to be utilized by HOCL for (i) repayment of high cost overdue Bonds; (ii) introduction of fresh Voluntary Retirement Scheme (VRS) costing Rs.36 crores for estimated 590 employees; (iii) repayment of VRS loan of Rs.31 crores availed from Bank of Baroda in 2001 for 685 employees and (iv) Rs.8 crores towards part repayment of Bonds.
- b) Waiver of penal interest and interest on interest upto 31.3.2005
- c) Continuation of Government of India Guarantees of Rs.100 crores for full term of 10 years (issue date 19.12.2001) to be utilized to liquidate high cost debt.
- d) Further, CCEA, in its meeting held on 8.2.2007, approved the release of Rs.20 crores from the Budget Grant 2006-07 for restarting of Caustic Chlorine Plant of HOCL at Rasayani, Maharashtra. This amount will be repaid back to the Government.”

10.9 The Committee were informed that since the implementation of revival proposal, HOCL made profits during 2006-07 and 2007-08 but started making losses from 2008-09 mainly due to global meltdown and lower price realization. The details of physical and financial performance of HOCL are given below:-

PHYSICAL AND FINANCIAL PERFORMANCE OF HOCL

Year	Production (MT)	Sales/Turnover (Rs. Crores)	Net Profit/Loss (Rs. Crores)
2006-07	207110	591.25	17.04
2007-08	242013	666.59	13.61
2008-09	245152	620.90	(-)25.27
2009-10 upto 31.12.2009	125595	365.27	(-)66.81

10.10 When the Committee asked the Ministry to state whether any corrective measures have been taken by the Department to put the HOCL back on track, the Ministry stated as under :-

“A sum of Rs.15.03 has been released as Plan Loan in the year 2009-10 for following expansion/ technological upgradation schemes:-

1. Hydrogen plant up-gradation for change of fee stock – Rs.300 Lakh
2. Up gradation of Distributed Control System (DCS) for Concentrated nitric acid, Di nitrogen tetra oxide (N₂O₄), Aniline plants- Rs.300 lakh
3. De-bottlenecking of hydrogen peroxide (H₂O₂) plant capacity-Rs.300 lakh
4. Implementation of Enterprise Resource Planning (ERP) scheme. Rs.603 lakh.

Performance Review Meetings are being conducted under the Chairmanship of Secretary (C&PC). An Action Plan has been prepared by HOCL for reducing losses and the progress against the time lines for various activities under Action plan is being monitored.”

10.11 As regards the present status of caustic chlorine plant of HOCL at Rasayni Maharastra, the Ministry in a written reply submitted as under :-

“CCEA in its meeting held on 8.2.2007 approved release of Rs.20 crore from the budget grant of 2006-07 for restarting the Caustic Chlorine Plant of HOCL at Rasayani, Maharashtra. After re-furbishment the plant was re-commissioned in Sept. 2008. However, the plant was again shut down in October, 2009 due to dumping of Caustic Soda Lye by developed countries during the recessionary period of 2008-09 and 2009-10 and also because of the increase in power tariff by Maharashtra State Electricity Board from Rs.4.50 to Rs.6.15 per unit which made Caustic Soda manufacturing operations non-remunerative. HOCL is keeping a close watch on the market conditions and would start the plant as soon as the conditions become favourable.”

10.12 Regarding specific steps that are being taken by the Department to make the production at caustic chlorine plant at HOCL, Rasayani viable, the Ministry in a written reply stated as under:-

“Due to global recession and large scale dumping of Caustic Soda Lye from developed countries like USA, the operational viability of the plant was affected. The GOI imposed 25% Safeguard duty on import of the Caustic Soda, but it was not sufficient to address its large scale dumping. Further, the cost of production of Caustic Soda increased because of a sharp increase in power tariff from Rs.5/- to Rs.6.15 per unit by Maharashtra State Electricity Board.

HOCL has taken up the project of installation of 16 MW Captive Power Plant (CPP) based on Compressed Natural Gas through Build, Operate, Transfer (BOT) route. With CPP based on Natural Gas, the power cost per unit is estimated to come down to Rs.4/- which would make Caustic Soda Plant viable.”

B) HINDUSTAN INSECTICIDES LIMITED

10.15 Hindustan Insecticides Limited (HIL) was incorporated in 1954 and 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 its 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, Japanese Encephalitis, etc. The company has contributed immensely in keeping these diseases under check in India. HIL is today the largest producer of DDT in the world. The only other producer of DDT is in China.

10.16 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 today 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 Bhatinda (Punjab).

10.17 The company has initiated export of DDT 75% and succeeded in getting orders from Govt. of Mozambique, Gambia, Eritrea, Namibia, etc. competing in the global market. The company is also actively pursuing procurement of orders in other countries, mainly in sub-Saharan Africa, which are more prone to malaria. In addition to DDT 75% WDP, the company is also exporting Malathion Technical, Endosulfan Technical and Formulation to various countries in Europe, Africa and Latin America.

10.18 The Budget proposal for Hindustan Insecticides Ltd. are as follows:-

Head	RE 2009-10		RE 2009-10		RE 2010-11	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
MH 6857 loans and advances	25.00	0.01	25.00	0.01	20.0	0.01
Total	25.00	0.01	25.00	0.01	20.0	0.01

10.19 The Committee have been informed that a Plan Loan of Rs. 20 crores is approved by Planning Commission for HIL for the project of setting up of 20,000 MT per annum capacity plant at Rasayani for the manufacture of environment friendly pesticide namely Mancozeb. The total estimated cost of the plant is Rs.40 crore. The balance Rs,20 crore is planned for the year 2011-12.

13.20 Regarding schemes taken up during 2009-10, the Department during evidence furnished the following details :-

Schemes sanctioned in 2009-10 (Total Rs.24.93 crore)

- I. Retrofitting of existing Malathion Plant (Rs.1.93 crore)
- II. Production of Imidachloprid and Acetamiprid (Rs.3 crore)
- III. Production of Buprofezin (Rs.11 crore)
- IV. Production of Chloropyriphos (Rs.3 crore)
- V. Upgradation of Effluent Treatment Plant (Rs.2 crore)
- VI. Enterprise Resource Planning (Rs.3 crore)
- VII. Rain water harvesting (Rs.1 crore)

10.21 With regard to the present assessment of the of HIL, the Department stated that Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 27 July 2006 approved the revival proposal of HIL. Since implementation of revival proposal, HIL has been continuously making profits.

10.22 Performance of the company for the last three years is as follows: -

Year	Production (MT/KL)	Sales/Turnover (Rs. Crores)	Net Profit/Loss (Rs. Crores)
2006-07	20852	200.57	5.66
2007-08	19845	210.19	6.52
2008-09	16415	215.35	2.71
2009-10 upto 31.12.2009	13598	179.60	0.85

10.23 As per Annual Report 2009-10 of the Department of Chemicals and Petrochemicals, the reduction in profit in 2008-09 was mainly due to non-availability of many raw materials and reduction in demand due to high prices on account of unprecedented increase in prices of products like Sulphur, Phosphorous, etc. Very high cost of Crude Oil derivatives also contributed to drop in production, as the market did not absorb such heavy increase.

C) BRAHMAPUTRA CRACKER & POLYMER LIMITED (BCPL)

10.24 The Prime Minister of India laid the foundation stone of Brahmaputra Cracker and Polymer Limited (BCPL), the Company incorporated for implementing the project at Lapetkata, Dibrugain, Assam on 9 April 2007. It is implementing the Assam Gas Project,

10.25 As per Annual Report 2009-10 of the Department of Chemicals and Petrochemicals, the Government of India has approved the proposal for initial categorization of M/s Brahmaputra Cracker & polymer limited (BCPL) as Schedule “B” CPSE and creation of post of Managing Director (in Schedule “B” scale of pay) and Director (Finance) in BCPL (in Schedule “C” scale of pay). Public Enterprises Selection Board (PESB) conducted interviews for selection of the post of MD and Director (Finance) in BCPL in August 2009. MD – BCPL and Director (Finance) have since been appointed and they have also joined on the rolls of the Company.

10.26 During evidence, the Department furnished the break-up of Business plan of BCPL for 2010-11 which is as follows:-

**Break-up of Business Plan for 2010-11: (Total Rs.2272.32 crore)
(BE proposed Rs.212.74 crore)**

Plant and Machinery	Rs.1547.08 crore
Engineering cost	Rs.113.34 crore
Site-related facilities	Rs.340.55 crore
Others incl. cost of OIL, ONGC, cost at Lakhwa, financing charges etc.	Rs.271.35 Crore

OBSERVATIONS AND RECOMMENDATIONS

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

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

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

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

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

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

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

6. The Committee note that Assam Gas Cracker Project (AGCP) was approved by the Government on 18 April 2006 as a part of projects undertaken for rapid economic growth of the State of Assam. AGCP is scheduled for commissioning in April 2012 and a joint venture company Brahmaputra Cracker Limited has been incorporated for execution of this project. A capital subsidy of Rs.2,138 crore on fixed cost basis (phased during construction period of 5 years at constant prices) has to be provided by the Department for this project. The Committee note that as against planned capital subsidy of Rs.662.78 crore for the first three years, the amount actually provided and released for AGCP was Rs.453.74 crore. Even for the year 2010-11, as against the subsidy of Rs.900 crore asked for by the Department, only Rs.212.74 crore have been provided. The Committee regret to point out that overall physical progress made in the project till 15 February 2010 as per details furnished by the Department is 11.8% as against scheduled 21.3%. All this point towards dismal performance both in physical as well as financial terms in execution of such an important project. The Committee are inclined to conclude that delay in execution of this project will not only result in cost escalation but also deprive the State of Assam of the envisaged benefits which would accrue to them. The Committee, therefore, recommend that the Department as implementing agency for AGCP should take expeditious concrete steps for removal of hurdles so as to ensure the execution of project at the earliest. The Committee also wish to point out that despite the provision of a mechanism of non-lapsable pool fund for North Eastern States in the budgetary allocations if such important projects suffer on account of constraint of funds, the onus of delay is only on the Department. The Committee would like to be apprised of the steps taken in this regard within one month of presentation of the Report.

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

8. The Committee note that the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) policy aims at adopting holistic approach to promote the petroleum, chemicals and petrochemicals sectors in an integrated environment friendly manner on a large scale. According to the Department of Chemicals and Petrochemicals the PCPIRs are expected to create an infrastructure worth Rs.39,744 crore covering roads, air links, ports, telecom, power, water treatment, sewerage, effluent treatment, green buffers, etc., besides developing the industry in these regions to the tune of approximately Rs.4,86,180 crore and employment generation of about 30 lakh persons. In this connection, the Cabinet approved the proposal for setting up PCPIRs in Andhra Pradesh, West Bengal and Gujarat in February 2009 and 'Memorandum of Agreement' was signed with each of the three State Governments on 1 October 2009, 29 October 2009 and 7 January 2010, respectively. Further, the Committee have been given to understand that the Department are processing the proposal for setting up PCPIR in Orissa. The proposal regarding setting up of PCPIR in Tamil Nadu is now being revised by the State Government in terms of PCPIR policy. While welcoming the laudable objectives of PCPIR and the efforts made by the Department in this regard, the Committee hope that this scheme will take off expeditiously in these States so as to achieve the desired results. The Committee also desire the Department to make all out efforts to encourage other State Government also to participate in this important initiative. The Committee would like to be apprised of the progress made in implementation of the policy in other States.

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

10. The Committee note that the Department of Chemicals and Petrochemicals have three Public Sector Undertakings under their administrative control, viz Hindustan Organic Chemicals Ltd. (HOCL), Hindustan Insecticides Ltd. (HIL) and Brahmaputra Cracker and Polymer Ltd. (BCPL). Consequent upon the implementation of revival package in 2006, HOCL earned profits of Rs.17.04 crore and Rs.13.61 crore in the years 2006-07 and 2007-08 but started incurring losses from the year 2008-09. The Company incurred loss of Rs.66.81 crore again in the year 2009-10 (upto 31 December 2009). The global meltdown and lower price realization have been cited as the reasons for these losses. According to the Department, to put the HOCL back to track, a sum of Rs.15.03 crore has been released as plan loan in the year 2009-10 for expansion/technology upgradation schemes and an action plan has also been prepared by HOCL in this regard. The Committee strongly recommend that apart from early implementation of action plan the company should also take necessary administrative and innovative steps to check the recurrence of losses. The Committee hope that with these efforts, Department will be able to fine tune the operations of HOCL and put it back on the right track.

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

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

New Delhi;

20 April, 2010

30 Chaitra, 1932 (Saka)

ANANTH KUMAR
Chairman,
Standing Committee on
Chemicals and Fertilizers.

MINUTES

**STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2009-10)**

SIXTEENTH SITTING

(01.04.2010)

The Committee sat from 1600 hours to 1800 hours.

Present

Shri Ananth Kumar - Chairman

Members

Lok Sabha

2. Smt. Sushmita Bauri
3. Shri Prabhatsinh P. Chauhan
4. Shri Ganeshrao Nagorao Dudhgaonkar
5. Shri N. Peethambara Kurup
6. Shri Baidyanath Prasad Mahato
7. Shri Ponnamp Prabhakar
8. Shri Ashok Kumar Rawat
9. Shri Narendra Singh Tomar
10. Shri T.K.S. Elangovan
11. Shri Tapas Paul

Rajya Sabha

- #12. Shri Raghunandan Sharma
13. Shri Brijlal Khabri
14. Shri A.A. Jinnah
15. Prof. Anil Kumar Sahani

Secretariat

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

In the absence of the Chairman, the Committee chose Shri Raghunandan Sharma to act as Chairman under rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Accordingly, Shri Sharma was in the chair till 1650 hrs when Hon'ble Chairman occupied the chair.

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

1.	Shri Bijoy Chatterjee	Secretary (C&PC)
2.	Shri P.K. Sinha	Additional Secretary & FA
3.	Shri S.C. Gupta	Joint Secretary
4.	Shri P.V. Rajeev Sebastian	Economic Advisor
5.	Dr. A.K. Vishandass	Deputy Director General

II. OFFICIALS FROM OTHER DEPARTMENTS / ORGANISATIONS

1.	Pr.(Dr.)S.K. Nayak	DG, Central Institute of Plastic, Engineering and Technology (CIPET)
2.	Shri A.S.Didolkar	CMD, Hindustan Organic Chemicals Limited (HOCL)
3.	Shri K. Hari Kumar	CMD, Hindustan Insecticides Limited (HIL)
4.	Shri B.C. Tripathi	CMD, GAIL & Chairman, Brahmaputra Cracker and Polymer Limited (BCPL)
5.	Shri J.K. Singh Teotia	MD, Brahmaputra Cracker and Polymer Limited (BCPL)
6.	Shri Inder Jeet Singh	Head (F&A), Institute of Pesticide Formulation and Technology (IPFT)

2. At the outset, Hon'ble Chairman, welcomed the members of the Committee.
3. Thereafter, the officials of the Ministry of Chemicals and Fertilizers (Department of Chemicals & 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 & Petrochemicals briefed the Committee about the subject 'Demands for Grants of the Department for the year 2010-11' and also gave an audio-visual presentation.
5. During evidence, the following issues were discussed:-
 - i) Chemical Promotion and Development Scheme (CPDS)
 - ii) Import and Export of Chemicals
 - iii) Bhopal Gas Leak Disaster
 - iv) Performance of Public Sector Undertakings
 - v) New Schemes of Petrochemicals
 - vi) Central Institute of Plastics Engineering and Technology
 - vii) Plastic Wastes Management Centres.

6. During the discussion, the Chairman and members of the Committee raised some queries which were replied to by the Secretary, Department of Chemicals & Petrochemicals and other officials. They also gave an assurance to send the requisite information in writing which was not readily available with them.
7. A verbatim record of the proceedings of the sitting has been kept.

THE WITNESSES THEN WITHDREW.

The Committee then adjourned.

EXTRACT OF MINUTES**STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2009-10)****SEVENTEENTH SITTING
(16.04.2010)**

The Committee sat from 1500 hours to 1600 hours.

Shri Ananth Kumar - in the Chair

Members**Lok Sabha**

2.	Smt. Sushmita Bauri
3.	Shri Ganeshrao Nagorao Dudhgaonkar
4.	Shri Ponnamb Prabhakar
5.	Shri Suresh Kumar Shetkar
<i>Rajya Sabha</i>	
6.	Shri J.D. Seelam
7.	Shri Raghunandan Sharma
8.	Shri C.P. Thakur
9.	Shri A.A. Jinnah
10.	Shri Anil Kumar Sahani

Secretariat

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

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

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

- (i) XX XX XX XX
- (ii) Demands for Grants (2010-11) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)
- (iii) XX XX XX XX

4. The draft Report was adopted by the Committee with certain amendments.

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

The Committee then adjourned.