

40**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2013-14)****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)**

[ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS
CONTAINED IN THE THIRTY FOURTH REPORT (FIFTEENTH LOK SABHA)
OF THE COMMITTEE ON 'DEMANDS FOR GRANTS (2013-14)'
OF THE MINISTRY OF CHEMICALS & FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)]

**FORTIETH REPORT****LOK SABHA SECRETARIAT
NEW DELHI***December, 2013 / Agrahayan 1935, (Saka)*

REPORT**STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS
(2013-14)*****FIFTEENTH LOK SABHA*****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)**

**[ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS
CONTAINED IN THE THIRTY FOURTH REPORT (FIFTEENTH LOK SABHA)
OF THE COMMITTEE ON 'DEMANDS FOR GRANTS (2013-14)'
OF THE MINISTRY OF CHEMICALS & FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)]**

Presented to Lok Sabha on 18.12.2013

Laid in Rajya Sabha on 18.12.2013



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2013/Agrahayan 1935, (Saka)

CONTENTS

		Page No.
COMPOSITION OF THE COMMITTEE (2013-14)		ii
INTRODUCTION		iii
Chapter I	Report	1
Chapter II	Observations / Recommendations which have been accepted by the Government.	17
Chapter III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	26
Chapter IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the committee and which require reiteration	27
Chapter V	Observations / Recommendations in respect of which final replies of the Government are still awaited	31
APPENDICES		
I.	Minutes of Sitting of the Standing Committee on Chemicals & Fertilizers (2013-14) held on 24 October, 2013.	35
II.	Analysis of Action Taken by the Government on the recommendations contained in the Thirty Fourth Report (15 th Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2013-14) on 'Demands for Grants (2013-2014)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).	37

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2013-14)**

Shri Gopinath Munde - Chairman	
MEMBERS	
LOK SABHA	
2.	Shri S. Alagiri
3.	Shri Gajanan D. Babar
4.	Shri P.P. Chauhan
5.	Shri K.D. Deshmukh
6.	Shri Sher Singh Ghubaya
7.	Shri S.K. Nurul Islam
8.	Shri Sakti Mohan Malik
9.	Shri Paswan Kamlesh
10.	Shri Amarnath Pradhan
11.	Shri Ashok Kumar Rawat
12.	Shri Tufani Saroj
13.	Shri Suresh Kumar Shetkar
14.	Shri Raju Shetti
15.	Shri G.M. Siddeshwara
16.	Shri D. Venugopal
17.	Shri Sai Prathap Annayyagari
18.	Vacant
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 Dilipbhai Pandya
27.	Shri Raghunandan Sharma
28.	Shri Ishwar Singh
29.	Vacant
30.	Vacant
31.	Vacant

SECRETARIAT

- | | | | |
|----|----------------------------|---|---------------------|
| 1. | Smt Rashmi Jain | - | Joint Secretary |
| 2. | Shri U.B.S. Negi | - | Director |
| 3. | Shri Anil Kumar Srivastava | - | Additional Director |
| 4. | Smt. Emma C. Barwa | - | Under Secretary |
| 5. | Shri Nishant Mehra | - | Committee Officer |
-

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2013-14) having been authorised by the Committee to present the Report on their behalf, present the Fortieth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Thirty-Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2012-13) on 'Demands for Grants (2013-14)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Thirty-Fourth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 30 April, 2013. The Action Taken Replies of Government to all observations/recommendations contained in the Report were received on 24 July, 2013. The Standing Committee on Chemicals and Fertilizers (2013-14) considered the Action Taken Report and adopted the same at their sitting held on 24 October, 2013.

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

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

New Delhi;

24 October, 2013
2 Kartika, 1935 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers

REPORT
CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers (2012-13) deals with the action taken by the Government on the Observations / Recommendations contained in the Thirty-Fourth Report (Fifteenth Lok Sabha) of the Committee on 'Demands for Grants (2013-14)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 30.4.2013. In all, the Committee made 12 Observations / Recommendations in the said Report.

2. The Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/ Recommendations contained in the Thirty-Fourth Report within three months from the date of presentation of the Report, i.e. by 31.7.2013. The Action Taken Replies of the Government in respect of all the 12 Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals *vide* their O.M. No.16(3)/2013-Fin.I dated 24.7.2013. Accordingly, the Replies have been examined and categorized as follows:-

- | | | |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| (i) | Observations/Recommendations which have been accepted by the Government-
Rec. Nos. 1, 4, 5, 7, 9, 11 and 12. | (Total =7)
Chapter-II |
| (ii) | Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply-
Rec. No. Nil | (Total =0)
Chapter-III |
| (iii) | Observations/Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration-
Rec. Nos. 3 and 6 | (Total=2)
Chapter-IV |
| (iv) | Observations/Recommendations in respect of which final replies of the Government are still awaited-
Rec. Nos. 2, 8 and 10. | (Total =3)
Chapter-V |

3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report and the Final Replies in respect of Observations / Recommendations contained in Chapter V for which final replies are still awaited should be furnished expeditiously.

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

A. Expeditious implementation of measures to ensure sustained growth in chemicals and petrochemicals sector.

Recommendation No.1

5. Emphasizing the need for concerted efforts and expeditious implementation of various initiative undertaken by the Department to ensure sustained growth in chemicals and petrochemicals sector, the Committee had recommended as under:

“The Committee observe with concern that the share of the chemicals and petrochemicals sector in the Gross Domestic Product (GDP) of the country had declined from 2.27% during 2009-10 to 2.12% during 2010-11. The annual growth rate of GDP of this sector during 2010-11 at 1.3%, was also very low as compared to 8.4% in the Indian Economy. The Committee further note that the growth rate of production of major chemicals has sharply come down to 2.5% during 2011-12 from 6.78% recorded during the previous year. According to the Department of Chemicals and Petrochemicals’ Indian economy is integrated with the world economy and therefore, the Indian chemical sector has also been affected by the global slowdown, which was witnessed by the world economy in 2008-09 and again in 2011-12. However, the Committee have also noted that as a result of stimulus package in December, 2008 and January, 2011, the growth rate of major chemicals in 2009-2010 and 2010-11 have shown positive growth rate over the previous year. While there is no doubt that negative global trends have affected India, much of the responsibility nevertheless lie with the Government and the proactive steps taken by them to check the slow-down in the Chemical Sector. In this regard, the Committee have noted the various initiatives undertaken by the Department to ensure sustained growth in the sector, which includes establishments of PCPIR projects in four States, implementation of the Industrial Infrastructure Upgradation Scheme (IIUS) for existing industrial clusters, deregulation and de-licensing of the chemical sector except for highly hazardous

chemicals and formulation of the National Chemical Policy 2012 (NCP-2012). The Committee expect that all these measures would be implemented expeditiously and concerted efforts would be made at all levels to achieve the Department's own projected growth rates of 10% and 12.6% for the chemicals and petrochemicals sectors respectively for the 12th Five Year Plan period. The Committee also expect to be apprised of the progress made in the matter."

Reply of the Government

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

"Government has approved four PCPIRs to be established in Vishakhapatnam-kakinada region in Andhra Pradesh, Dehrej in Gujarat, Paradeep in Orissa and Cuddalore and Nagapattinam districts of Tamil Nadu. Government has also set up a monitoring committee to oversee the implementation of the PCPIRs and regular meetings are being convened to monitor the progress of implementation. Government expects investment to the extent of Rs.7,62,894 crore in these PCPIRs. Estimated investment to the extent of Rs. 1,80,000 crores has been incurred in these regions.

These PCPIRs would provide world-class infrastructure for setting up of the Petroleum, Petrochemicals and Chemical Units. Department of Industrial Policy and Promotion (DIPP) has implemented the Industrial Infrastructure Upgradation Scheme (IIUS) for the chemical estates. The chemical Industry is already delicensed except for few hazardous chemicals. With the materialization of PCPIRs in the country, it is envisaged that growth rates in the chemicals and petrochemicals sector would increase significantly."

Comments of the Committee

7. **The Committee had noted that the annual growth rate of the chemical and petrochemicals sectors during 2010-11 was very low and unsatisfactory as compared to the overall growth rate of the Indian economy during the same period. The Committee had also noted that the Department of Chemicals and Petrochemicals had projected growth rates of 10% and 12.6% for the chemicals and petrochemicals sectors respectively for the 12th Five Year Plan period (2012-2017). The Committee had, therefore, recommended for expeditious implementation of the Department's own initiatives to achieve the growth targets.**

However, the response of the Department in its Action Taken Reply does not reflect their concerted and coordinated efforts to achieve the projected growth targets. Their reply is largely confined to establishment of PCPIRs which are having long gestation period and is silent about the efforts made or being made by them for expeditious implementation of the various initiatives taken by them to check the slow-down and to achieve the projected growth rate of 10-12 percent in the sectors during the 12th Plan period. In view of the foregoing, the Committee reiterate their concerns over slow growth rate in the chemicals and petrochemicals sectors and expect that the Department would take comprehensive and effective measures for expeditious implementation of its own initiatives with a view to achieve the targeted growth rate in the sectors during the 12th Plan period. The Committee would like to be apprised of about the details of the measures taken or being undertaken by the Department in this regard.

B. Expeditious finalization and implementation of National Chemical Policy 2012.

Recommendation No. 2

8. While noting that the proposed National Chemical Policy 2012 (NCP-2012) envisage a road map for sustained growth for the sector, the Committee had recommended as under:-

“The Committee observe that the proposed National Chemical Policy 2012-(NCP-2012) envisage a road map for sustained growth with a vision for 2020 and therefore, the same forms an important component of the Department’s plan to revive the chemical sector. The Committee further observe that the Department is still in the process of consultation with all stakeholders and that the Policy is yet to be finalized on the basis of the comments received from various Ministries/Departments as well as industry. The Committee also note that focus of the proposed policy is to formulate actionable programmes, schemes, policies and guidelines so as to strengthen areas of competitive advantages, sustainable and eco-friendly developments, growth of exports, strengthening R&D and infrastructural development through PCPIRs, etc. The Committee believe that the implementation of the proposed policy will go a long way to ensure a sustained growth for the sector. The Committee, therefore, recommends the Department should take all steps and make vigorous efforts to expedite the process of consultation with all stakeholders and finalise and implement the policy without any

delay during the current year itself. The Committee would like to be apprised of the action taken in this regard.”

Reply of the Government

9. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

“Department of Chemicals and Petrochemicals (DCPC) formulated a draft National Chemical policy for Chemical Sector which has been posted on the website of the Department to solicit comments from the stakeholders. The first round of consultation has already taken place in 2012 with all the stakeholders, including industry associations, and the Ministries concerned. Based on the feedback and inputs received, DCPC shall be holding further discussions with the industry, academia and Government Departments concerned.”

Comments of the Committee

10. **The Committee had observed that the proposed National Chemical Policy 2012-(NCP-2012) envisage a road map for sustained growth with a vision for 2020 and therefore, the same forms an important component of the Department’s plan to revive the chemical sector. Accordingly, the Committee had recommended for expediting the process of consultation with all stake holders with a view to finalise and implement the Policy during the current year itself. However, the Committee note from the Action Taken Reply of the Government that the process of consultation in the matter is still under progress and that based on the feedback and inputs received, the Department shall be holding further discussions with the industry, academia and the Government Departments concerned. However, there is no indication or resolve on the part of the Department to finalise and implement the proposed policy during the current year itself as recommended by the Committee. The Committee regret to note that the Department has not felt it necessary to furnish its explanation for the delay on the issue to the Committee. The Committee, therefore, reiterate its earlier recommendation to expedite the process of consultation and that concerted and coordinated efforts be made to finalise and implement the Policy during the current year itself. The Committee expect to be apprised of the progress made in this regard.**

C. Need for timely and optimal utilization of allocated funds**Recommendation No. 3**

11. Expressing dissatisfaction over the performance of the Department in terms of meeting financial targets and utilization of funds during 2012-13, the Committee had recommended as under:-

“The Committee observe that the performance of the Department in terms of meeting financial targets and utilization of funds is not satisfactory during the year 2012-13. While the Department claimed overall percentage achievement of 96.61% with respect to Revised Estimates for the year (as on 11th March 2013), the achievement rate in terms of utilization of funds for CIPET at 13%, IPFT at zero percent and other New Schemes of Petrochemicals at 0.70% was especially dismal. The Committee are anguished to note that there is a tendency to rush the utilization of funds during the last 2-3 months of the financial year, which may often cause injudicious use of funds. The Committee are not convinced with the explanation of the Department that this was due to late finalization of the 12th Plan outlays by the Planning Commission. The fact that the plan outlays were not finalized in time also reflect the lack of concerted and coordinated efforts on the part of the Department to get cleared the proposals/schemes of the Department by the IFD and the Planning Commission for plan assistance. Therefore, it would not be justified to put the entire responsibility for the delay in finalization of plan outlays only on the Planning Commission. The under utilization of funds allocated also shows that the Department was not ready with the quick action plan for their activities before hand for optimal utilization of funds as soon as the plan outlays were finalized by the Planning Commission. The Committee, therefore, recommend that the Department should take all necessary steps so that the funds allocated for the schemes are utilized fully on time for its optimal results. The committee are of the view that the practice of bunching of activities and utilization of funds at the fag end of financial year should be discouraged to avoid its irrational and injudicious use and instead the funds allocated should be utilized at regular intervals under the well thought action plan of the Department. Needless to say, any delay in execution of the projects under plan leads to unavoidable cost and time overruns besides the same also defeats the intended purpose for which the schemes/plans were formulated by the Department. Therefore, the failure of the Planning Commission in finalization of the 12th Plan outlays within a reasonable time frame for the projects/schemes envisaged by the Department has its serious

repercussion as the same dislocate the whole process of implementation and timely execution of the projects/schemes. The Committee expect the Department to convey the Committee's concerns on this matter to the Planning commission."

Reply of the Government

12. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

"Planning Commission has been apprised about the Committee's concern regarding finalization of the 12th Five Year Plan outlays."

Comments of the Committee

13. The Committee had expressed their dissatisfaction over the dismal performance of the Department in terms of meeting financial targets and utilization of funds. The Committee were also anguished to note that there was a tendency to rush the utilization of funds during the last 2-3 months of the financial year, often leading to injudicious use of funds. Accordingly, the Committee were of the view that utilization of funds at the fag end of financial year should be avoided and the same should be utilized at regular intervals under the well thought action plan of the Department. However, in its Action Taken Reply, the Department has not elaborated its action plan for optimum and timely utilization of funds allocated to them under the various schemes and has conveniently tried to shift the onus on the Planning Commission for its failure to utilize the funds timely and optimally. The Committee strongly feel that the Department can not absolve themselves from their primary responsibility to formulate the action plan and to focus their expeditious implementation. The Committee, therefore, reiterate its earlier recommendation that the funds allocated should be utilized optimally and timely with a view to avoid its irrational and injudicious use at the fag end of the financial year. In this regard, the Department should spell out specific action plan and the execution carried out so far, which may also be communicated to the Committee at the earliest.

D. Detailed blue print on setting up Plastic Waste Management Centres.**Recommendation No. 6**

14. Emphasizing the need to expedite the setting up of Plastic Waste Management Centres (PWMCs) and the need for detailed blue print for implementing the same, the Committee had recommended as under:-

“The Committee observe that CIPET is a premier institution of national importance devoted to academic, technology support and research (ATR) activities for the growth of plastics and allied industries in the country. On the issue of plastic waste management, which assumes great importance in a rapidly urbanizing India, CIPET’s role mainly relates to technological support and awareness campaigns. In this regard, the Committee had earlier recommended on the need to set up Plastic Waste Management Centres (PWMCs) all over the country. However, the Committee are anguished and distressed to note that no visible progress has been made by the Department in this regard. The proposed PWMC to be set up in Delhi is still held up due to problems in land acquisition. This shows the lack of will and the failure of the Department to implement the recommendation of the Committee on the issue. The Committee expect the CIPET to take a more proactive role in setting up of Plastic Waste Management Centres (PWMCs) all over the country. Given its technological advantage, CIPET is well placed to play a key role in urban management through plastic waste disposal and recycling. The committee, therefore, recommend that CIPET, under the aegis of the Department, should come up with a detailed blueprint on setting up Plastic Waste Management Centres throughout the country in coordination with the concerned Departments, State Governments and municipal bodies in a time bound manner. In this regard, the Committee note the Department’s ATR to the Committee’s 26th Report wherein it was mentioned that the Department is in the process of preparing the framework for establishment of PWMCs in Public Private Partnership mode. The Committee therefore, expect the Department to expedite the process and the framework be executed on a priority basis. The Committee would like to be apprised of the action plan and the progress made in this regard.”

Reply of the Government

15. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

“The Central Institute of Plastics Engineering and Technology (CIPET) is a premier institution, fully devoted to manpower training and technology support services to the plastics and allied industries. CIPET is imparting various academic and skill development training programmes in the field of plastics engineering and technology. To impart skill upgradation training and demonstration in the field of Plastics Waste Recycling, CIPET set-up a model Plastics Waste Management Centre (PWMC) at Guwahati in 2009.

The management & handling of municipal solid waste including post-consumer plastic waste in various cities/towns of the country falls under the domain of the concerned Municipal Authority as per the Municipal Solid Wastes (Management & Handling) Rules, 2000. To deal specifically with issues related to the management of the post-consumer plastic waste, Ministry of Environment and Forests notified Plastics Waste (Management & Handling) Rules 2011 on 4th February 2011 and further amended on 2nd July 2011, under Environment (Protection) Act, 1986. As per these Rules, the Municipal authority shall be responsible for setting-up, operationalization and co-ordination of the waste management system and for performing the associated functions, namely:- (i) to ensure safe collection, storage, segregation, transportation, processing and disposal of plastics waste; (ii) to ensure that no damage is caused to the environment during this process (iii) to ensure setting up of collection centres for plastic waste involving manufacturers; (iv) to ensure its channelization to recyclers; (v) to create awareness amongst all stakeholders about their responsibilities; (vi) to engage agencies or groups working in waste management including waste pickers; and (vii) to ensure that open burning of plastics waste is not permitted. The concerned Municipal authority have to involve local manufacturers, on the lines of Extended Producer’s Responsibility, for setting up of plastic waste management system.

The PWMC set up by the Central Institute of Plastics Engineering and Technology (CIPET) at Guwahati in 2009 is primarily a training, technology and demonstration centre which aims to impart training in academic and technological processes in the field of Plastics Waste Recycling as a part of the various academic courses being offered by CIPET. It is not a Plastics Waste Management Centre, ‘per se’ for handling and management of urban post-consumer plastic waste, which is an integral part of Municipal Solid Waste (MSW) and its collection, segregation and disposal fall under the domain of respective Municipal Authority/State Government, under the Municipal Solid Waste (Management of Handling) Rules 2000 and Plastic Waste (Management of Handling) Rules 2011.

The Department is conducting various awareness programmes/technical seminars through CIPET/ other organisations in various parts of the country on plastics recycling and different technology options for recycling of plastic waste management, which are attended by representatives of different State Governments, Municipal Authorities concerned industrial associations, media and other stakeholders.”

Comments of the Committee

16. While noting the increasing importance of proper plastic waste management in a rapidly urbanizing India, the Committee had desired CIPET to take a more proactive role in setting up of Plastic Waste Management Centres (PWMCs) all over the country. The Committee had, therefore, recommended that CIPET, under the aegis of the Department, should come out with a detailed blueprint on setting up of PWMCs throughout the country in coordination with the concerned Departments, State Governments and municipal bodies in a time bound manner. In their 26th Report on Demands for Grants (2012-13), the Committee had also recommended that PWMCs should be established in each districts of the country with special focus on urban areas. However, in its Action Taken Reply, the Department has stated that the management and handling of municipal solid waste including post-consumer plastic waste in various cities/towns of the country falls under the domain of the concerned Municipal Authority as per the Municipal Solid Wastes (Management & Handling) Rules, 2000. It has also been stated that the PWMC set up by the Central Institute of Plastics Engineering and Technology (CIPET) at Guwahati in 2009 is primarily a training, technology and demonstration centre and is not a Plastics Waste Management Centre, ‘per se’ for handling and management of urban post-consumer plastic waste. Thus, the Committee regret to note that instead of coming out with any framework to set up PWMCs all over the country, the Department has put the entire onus on the municipal authorities/ State Governments for management and handling of solid waste including plastic waste. However, the Committee are not entirely convinced with the explanation of the Department on the issue and they are of the strong view that Department of Chemicals and Petrochemicals, being the nodal authority, can not escape their responsibility in the matter. Keeping in view the importance and the imperative need for proper management of solid waste including plastic waste in the country, the entire onus in this regard should not be left only on municipal bodies/State

Governments. It is for the Department to shoulder the responsibility and coordinate with CIPET and other stakeholders to set up PWMCs in the country. The Committee, therefore reiterate their recommendation on the issue and desire that the matter be taken up and pursued vigorously with State Governments/municipal bodies etc. The Committee expect the Department to clearly spell out its action plan in this regard.

E. Early enactment of comprehensive law on the lines of European Union's REACH to regulate chemicals sector.

Recommendation No. 8

17. Stressing the need for a comprehensive law on the lines of the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) to regulate the chemicals sector in India, the Committee had recommended as under:-

“The Committee observe that the Department of Chemicals and Petrochemicals has taken preliminary steps towards enacting a comprehensive law on the lines of the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) to regulate the chemicals sector in India by circulating a Status Paper to the stakeholders, soliciting their comments in December, 2012. The Department is awaiting responses from the stakeholders. The need for consolidation of Acts and Rules governing the chemicals sector on the lines of REACH also find a prominent mention in the Department's Draft National Chemical Policy – 2012. As a result of various measures undertaken by the Department for the growth and development of the chemical sector, the growth of national economy is also likely to increase. However, the Committee is concerned about the hazardous effects of chemicals on environment as well as on human beings and feel the urgent need for a comprehensive legislation to take care of the matter. The Committee, therefore, recommend that the Department should expedite the process of consultation and pursue the matter vigorously so that the proposed law may be enacted as early as possible. The Committee desire to be kept informed about the follow up action taken in this regard.”

Reply of the Government

18. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

“Department of Chemicals & Petrochemicals had prepared a status paper on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) legislation of the European Union for examining the requirement of a similar legislation and circulated to various stakeholders including various associations and concerned Departments of Government of India. The responses are still awaited and they have been reminded again on 21st May 2013 to provide their response expeditiously. The Department is planning to hold a consultative meeting of all the stakeholders to expedite the process of consultation for taking the matter forward.”

Comments of the Committee

19. The Committee had expressed concern about the hazardous effects of chemicals on environment as well as on human beings and the urgent need for a comprehensive legislation to take care of the matter. Accordingly, the Committee had recommended that the Department pursue the matter vigorously and should expedite the process of consultation with all stakeholders so that the proposed law may be enacted as early as possible. In its Action Taken Reply, the Department has stated that responses from the stakeholders on the status paper circulated on the proposed legislation are still awaited. The Department has also stated that it is planning to hold a consultative meeting of all the stakeholders to expedite the process of consultation for taking the matter forward. However, the Committee are not satisfied with the pace of progress in the matter keeping in view the urgent need to regulate the chemicals sector primarily with a view to check its hazardous effects on environment including on human beings. The Committee, therefore, expect that the process of proposed consultation be expedited and the matter be pursued vigorously with all concerned in a time bound manner so that the proposed legislation be enacted with out further delay. The Committee expect the Government to apprise them of further progress in this regard.

F. Need to expedite the progress of PCPIR projects.

Recommendation No. 10

20. Expressing concern over the slow progress in implementation of the PCPIR projects and stressing the need to expeditiously implement Department's own recommendations regarding the same, the Committee had recommended as under:-

“The Committee observe that the Department of Chemicals and Petrochemicals has made certain specific recommendations for consideration and

recommendation by the High Powered Committee with a view to improve the pace of growth of the PCPIRs and improve their viability, based on an in-depth examination of the policy and wide ranging consultations with industry, State Government and other interested parties. These recommendations, *inter alia*, stressed on the need for clear and unconditional commitments from the anchor tenant and the concerned State Government before the project is sanctioned; need for custom duty exemption on hydrocarbon feedstock for the project; provision of 50% Gol funding of certain items; specification of clear timelines for execution of the project, etc. These recommendations are to be considered by the High Powered Committee chaired by the Cabinet secretary. In this regard, during their study visit to Andhra Pradesh PCPIR, the Committee had expressed their concern over the slow progress of implementation of the projects primarily due to non-investment by the anchor tenant and therefore, the Committee stressed the need for resolving all issues with the anchor tenant. The Committee, therefore, believe that the proposed measures as recommended by the Department, if properly implemented, will help in effective and timely execution of the PCPIR projects. Therefore, the Committee recommend that the Department should pursue the measures vigorously with the High Powered Committee for final decision in the matter. The Committee would like to be apprised of the recommendations/decision of the High Powered Committee taken thereon. The Committee also expect the Department to continue to vigilantly monitor the progress of the PCPIR projects in all the four States of Andhra Pradesh, Orissa, Gujarat and Tamil Nadu so that further delays in the implementation of these projects may be avoided.”

Reply of the Government

21. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

“The draft note for consideration of High Powered Committee was circulated to various Departments/ Ministries for their comments/views. The same will be sent to High Powered Committee after incorporating the comments/views.”

Comments of the Committee

22. **The Committee had noted certain specific recommendations made by the Department of Chemicals and Petrochemicals to ensure effective and timely execution of the PCPIR projects and recommended that the Department should**

pursue the measures vigorously with the High Powered Committee for final decision in the matter. In its Action taken Reply, the Department has stated that the draft note for consideration of High Powered Committee was circulated to various Departments/ Ministries for their comments/views and the same will be sent to the High Powered Committee after incorporating the comments received. The Committee regret to note the casual response of the Department which does not reflect the seriousness, regularity and the urgency with which the matter need to be pursued with a view to expedite the implementation and execution of the PCPIR projects. The Committee, therefore, reiterate their earlier recommendation and stress the need to accord utmost importance and priority for execution of PCPIR projects. The Committee expect the Department to undertake periodic reviews at the highest level in order to give impetus to early implementation of PCPIR projects. The Committee desire that the matter may be vigorously pursued by the Department with all concerned. The Committee would like to be apprised of the time plan and progress made in this regard.

G. Hindustan Organic Chemicals Ltd (HOCL) and Hindustan Insecticides Ltd. (HIL)

Recommendation No. 11

23. Emphasizing the need for proactive steps to check the slow down in the chemicals and petrochemicals sector and achieve the Department's own projected growth rates of 10% and 12.6% for the two sectors respectively in the 12th Plan period, the Committee had recommended as under:-

“The Committee note that a study for exploring various options for forming an alliance or merger between HOCL and Rashtriya Chemicals and Fertilizers Ltd. (RCF), a PSU under the Department of Fertilizers have been initiated for better productivity and financial results. The proposed alliance aim to make proper use of 1060 acres of vacant land belonging to HOCL at Rasayani to set up a new chemical and fertilizer plants. However, a final decision is yet to be taken. In this regard, the Committee desire that the decision on the matter may be expedited so that vacant land of HOCL may be put to productive use for the benefit of both the units. The Committee also note that HOCL had suffered a loss to the tune of Rs. 78.07 crore during 2011-12 and the Committee, therefore, recommend that effective measures should be taken by the Department to check such losses in the

future. The action taken by the Department in this regard may also be communicated to the Committee at the earliest.

Regarding Hindustan Insecticides Ltd. (HIL), the Committee observe that the company has ventured into new areas and is implementing projects related to Seeds business and Indoor Residual Spray, etc. the Committee expect that those projects may be implemented vigorously. The Committee also observe that HIL has also projects related to control of malaria, dengue fever and other dreaded tropical diseases. The Company's project to manufacture long lasting insecticidal net for vector control is still in its initial stage. The Committee feel that these projects should be given utmost importance and priority with a view to control effectively the tropical diseases like malaria, dengue, fever etc. which periodically affect the large number of people in the country and recommend that these projects may be pursued with vigour and zeal. The Committee desired to be regularly apprised of any new developments relating to these projects."

Reply of the Government

24. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

"A study was conducted by Rashtriya Chemicals & Fertilizers Ltd. (RCF) through M/s. Deloitte on the possibility of a merger/alliance between HOCL and RCF. This was also discussed between the Department of Fertilizers and Department of Chemicals & Petrochemicals. The Board of Directors of RCF decided against any merger with HOCL. Further, the Board of RCF decided that in the event of any joint venture, there should be a third party so that the joint venture does not become a subsidiary of RCF. In view of these developments, the joint venture/merger with RCF is unlikely to happen.

A review of HOCL was conducted by Minister of State (Ind. Charge) Chemicals & Fertilizers, on 10th May 2013. The management of HOCL has been directed to prepare a revival plan. HOCL is working on several options.

Regarding Committee's observations on Hindustan Insecticides Limited (HIL), it is submitted that as desired and directed by the Committee, all projects such as seed business & indoor spray, control of malaria, dengue fever and other dreaded tropical diseases, manufacture of long lasting insecticidal net for vector control are

being implemented by giving them utmost importance and priority, and the Committee will be apprised of any new development relating to these projects.”

Comments of the Committee

25. The Committee had expressed their desire that the decision on the proposed merger/alliance between Hindustan Organic Chemicals Ltd (HOCL) and Rashtriya Chemicals and Fertilizers (RCF) be expedited so that vacant land of HOCL may be put to productive use for the benefit of both the units. In its Action Taken Reply, the Department has stated that the proposed merger between HOCL and RCF is unlikely to happen as the Board of Directors of RCF had decided against any merger with HOCL. The Department has also stated that the management of HOCL were directed to prepare a revival plan and HOCL is working on several options. In view of the foregoing, it is imperative that vigorous and coordinated efforts be made to expedite the revival plan of HOCL in a time bound manner and it may also be ensured that the company may not make huge losses. The Committee expect to be apprised of the progress made in this regard. As for Hindustan Insecticides Ltd (HIL), the Committee are satisfied to note that as per their direction, all projects such as seed business & indoor spray, control of malaria, dengue fever and other dreaded tropical diseases, manufacture of long lasting insecticidal net for vector control are being implemented by giving them utmost importance and priority. The Department has also stated that the Committee will be apprised of any new development relating to these projects. The Committee expect the Department to act accordingly in the matter.

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

The Committee observe with concern that the share of the chemicals and petrochemicals sector in the Gross Domestic Product (GDP) of the country had declined from 2.27% during 2009-10 to 2.12% during 2010-11. The annual growth rate of GDP of this sector during 2010-11 at 1.3%, was also very low as compared to 8.4% in the Indian Economy. The Committee further note that the growth rate of production of major chemicals has sharply come down to 2.5% during 2011-12 from 6.78% recorded during the previous year. According to the Department of Chemicals and Petrochemicals' Indian economy is integrated with the world economy and therefore, the Indian chemical sector has also been affected by the global slowdown, which was witnessed by the world economy in 2008-09 and again in 2011-12. However, the Committee have also noted that as a result of stimulus package in December, 2008 and January, 2011, the growth rate of major chemicals in 2009-2010 and 2010-11 have shown positive growth rate over the previous year. While there is no doubt that negative global trends have affected India, much of the responsibility nevertheless lie with the Government and the proactive steps taken by them to check the slow-down in the Chemical Sector. In this regard, the committee have noted the various initiatives undertaken by the Department to ensure sustained growth in the sector, which includes establishments of PCPIR projects in four States, implementation of the Industrial Infrastructure Upgradation Scheme (IIUS) for existing industrial clusters, deregulation and de-licensing of the chemical sector except for highly hazardous chemicals and formulation of the National Chemical Policy 2012 (NCP-2012). The Committee, expect that all these measures would be implemented expeditiously and concerted efforts would be made at all levels to achieve the Department's own projected growth rates of 10% and 12.6% for the chemicals and petrochemicals sectors respectively for the 12th Five Year Plan period. The Committee also expect to be apprised of the progress made in the matter.

Reply of the Government

Government has approved four PCPIRs to be established in Vishakhapatnam-kakinada region in Andhra Pradesh, Dehrej in Gujarat, Paradeep in Orissa and Cuddalore and Nagapattinam districts of Tamil Nadu. Government has also set up a

monitoring committee to oversee the implementation of the PCPIRs and regular meetings are being convened to monitor the progress of implementation. Government expects investment to the extent of Rs.7,62,894 crore in these PCPIRs. Estimated investment to the extent of Rs. 1,80,000 crores has been incurred in these regions.

These PCPIRs would provide world-class infrastructure for setting up of the Petroleum, Petrochemicals and Chemical Units. Department of Industrial Policy and Promotion (DIPP) has implemented the Industrial Infrastructure Upgradation Scheme (IIUS) for the chemical estates. The chemical Industry is already delicensed except for few hazardous chemicals. With the materialization of PCPIRs in the country, it is envisaged that growth rates in the chemicals and petrochemicals sector would increase significantly.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)
F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

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

Recommendation No. 4

The Committee note that as per the instruction of the Planning Commission at least 10% of the Gross Budgetary Support (GBS) should be earmarked for development of north-eastern States. The Department has an outlay of Rs. 1200 crore for 2012-14 (BE) of which Rs. 1000 crore is for AGCP. Thus according to the Department the outlay for the NE region is 83.33% of the total outlay for the year 2013-14, though only Rs. 120 crore has been shown in the Head meant for NE region. However, the Committee are of the view that the AGCP is located in Assam and therefore the benefits as a result therefor would largely be confined to the people of Assam instead to the entire region of NE State and Sikkim. Therefore claim of the Department in this regard does not seem to be justified. The Committee, therefore, stress that 10% of allocated funds as per the mandate should be utilized for the development of all Northeastern States. The Committee, recommend that the Department should prioritize their action plan and diversify its activities and projects for the development of the entire northeast region. The Committee would like to be apprised of the action plan of the Department in this regard.

Reply of the Government

Keeping in view the promotional, facilitatory and regulatory role of the Department in development of chemical & petrochemical sector, the public sector investment proposed through plan schemes is quite limited. This may be appreciated from the fact that during 2012-13 and 2013-14, plan allocation on the largest scheme of the Department i.e. AGCP, constituted more than 88% and 83% respectively of the overall outlay. Nevertheless keeping in view the recommendations of the Standing committee, the Department assures the Committee that it would continue to endeavor to meet the stipulation of 10% allocation for the North Eastern region.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)
F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Recommendation No. 5

The Committee note that AGCP is the biggest project undertaken by the Department in terms of fund allocation. The success or failure of the project, therefore, mirrors the quality and competence of the Department itself. The original cost of the project of Rs. 5460.61 crore in April 2006 has increased over the time to Rs.8920 crore as on 16.11.2011. However, after encountering numerous cost and time overruns, the Assam Gas Cracker Project (AGCP) is expected on course to be commissioned by December, 2013. The Committee hope that the project will indeed be completed and commissioned as per the revised schedule. The Committee expect the Department to keep a constant vigil on the progress of the project so as to avoid any further delays and cost overruns of the project. The Committee also note that the substantial number of jobs are likely to be generated directly or indirectly by the project. In this regard, the Committee reiterate its earlier recommendation that employment of locals be prioritized as far as it is practicable for meaningful and sustainable growth and development of the region.

Reply of the Government

The Department shares the concern of the Committee that the project needs to be completed and commissioned as per the revised schedule. The project has achieved overall physical progress of 92.8% and construction progress of 84.4% as on 15-06-2013. To ensure smooth execution of the project, the physical and financial progress of the project is monitored by the Monitoring committee under the chairmanship of Secretary

(C&PC). Further, Principal Secretary to Prime Minister also regularly reviews the progress of Assam Gas Cracker Project. Shri Shrikant Kumar Jena, Hon'ble Ministers of State, Chemicals & Fertilizers (Independent Charge) also held a review meeting recently to assess the progress of the project. So far as backlog in construction is concerned, Brahmaputra Cracker & Polymer Limited (BCPL) and Engineers India Limited (EIL), the Engineering Project Management Consultant (EPMC) responsible for project execution, have been advised to deploy adequate resources and to strictly adhere to the revised project schedule.

On the issue of giving priority to locals in employment, it is intimated that as on date 271 executives are on the rolls of BCPL, of which more than 60% are from North East Region. Most of the workers engaged by contractors for the project are locals.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)
F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Recommendation No. 7

The Committee observe that the Institute of Pesticide Formulation Technology (IPFT) has taken effective/corrective steps with regard to fund utilisations in particular and streamlining of the procurement process in general and that the Institute has generated record revenues during 2012. The Committee hopes that the Institute will keep up with the momentum of growth and emerge as a leading Institute in the field of pesticide formulation technology. The Committee also note, from the Department's ATS to the Committee's 31st Report that the IPFT has initiated various steps to reduce its dependence on non-plan funds and generate revenue internal revenue internally, including the plan to build a Corpus Fund of Rs. 10 crore through internal revenue generation. However, the Committee desire that these measures be executed expeditiously by IPFT. The Committee further observe that the IPFT plans to utilize its allocated budget of Rs. 4.34 crore for the current year for, inter alia, capital support for activities related to Organization for the Prohibition of Chemical Weapons (OPCW), National Accreditation Board for Testing and Calibration Laboratories (NABL) and Bureau of Indian Standards (BIS) activities for the analysis of pesticides and their residues. For the 12th Plan period, the Institute has sanctioned projects relating to development of user and environment friendly water dispersible granule formulation of highly toxic, broad spectrum and effective pesticides to reduce their toxicity, management of termite, indigenous technologies, etc. However, the Committee note that these projects have not yet been accorded 'in principle' approval by the Planning Commission. The Committee view these projects to be of crucial importance to the country and, therefore, recommend

that the Department should pursue the matter with the Planning Commission vigorously for early approval and IPFT should effectively carry out these project for the benefit of the farmers and the agricultural sector at large. The Committee desire to be apprised of the progress made in the matter.

Reply of the Government

The Department of Chemicals & Petrochemicals shares the views of the Committee with regard to self-sustainability of IPFT through internal revenue generation and building a corpus fund therefore. IPFT has been advised to initiate groundwork for building of Corpus Fund. In addition, IPFT has been asked to make a detailed analysis and projection of targets for internal revenue generation for the current year 2013-14 as also duly prioritize its plan fund requirement to enhance the internal revenue generation capacity of the organization. The competent authority has approved 12th Plan allocation of Rs. 15 crore for IPFT. The plan funds for the year 2013-14 (Rs. 4.34 crore), to meet the requirement of capital support and projects to be taken up by IPFT. During 2013-14, an amount of Rs. 2.875 crore has already been released to the organization till date.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)

F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Recommendation No. 9

The Committee observe that plastic is an important material which is used in most of the consumer and industrial applications as a replacement of metals and other materials and thus it has led to resource conservation and reduced deforestation and energy consumption. However, its non-biodegradable properties and indiscriminate littering of plastic carry bags and other packaging materials and consequent environment degradation have led to negative publicity for the entire plastic products. According to the Department, the plastics by nature are chemically inert materials and do not harm environment and health. The Ministry of Environment and Forest have also not prohibited the use and promotion of plastics. The Committee also observe that while the Department, through CIPET and the Federations of Indian Chambers of Commerce and Industry (FICCI), have been carrying out awareness campaigns amongst the public regarding the benefits of plastics, certain States and municipal bodies have put restriction on the use of plastic carry bags. However, keeping in view of various advantages and the benefits of use of plastics, the Committee feel that the Department should need to make concerted and vigorous efforts to spread the social message about the benefits of plastics which not only facilitate energy consumption but also in the process check deforestation.

Simultaneously, the stakeholders also need to be explained on various aspects relating to proper waste management and recycling/reprocessing of plastics in coordination with all concerned. In view of the foregoing, the Committee recommend to taken action accordingly in the matter. The Committee would also like to be apprised of the action taken by the Department in this regard.

Reply of the Government

The ban on Plastics is mainly restricted to “one time use and throw” carry bags in certain states. Today, the application spectrum of plastics has been widened and plastics play a vital role in all the key Sectors of Indian economy viz., Agriculture, Aerospace, Building & Constructions, Packaging, Teletronics, IT, Medicals, etc.

This Department is propagating the message through CIPET and other organisations about plastics & its usefulness, safe disposal mechanism, effective management of waste through recycling, technological options, environment regulations, etc., to all the stakeholders viz., general public, NGOs media, municipal authorities, local manufacturers, district officials, industry associations, etc.

The Department has recently held seminars at Delhi, Hyderabad & Varanasi and plans to hold several such seminars at different places across the country in 2013-14.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)

F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Recommendation No. 11

The Committee note that a study for exploring various options for forming an alliance or merger between HOCL and Rashtriya Chemicals and Fertilizers Ltd. (RCF), a PSU under the Department of Fertilizers have been initiated for better productivity and financial results. The proposed alliance aim to make proper use of 1060 acres of vacant land belonging to HOCL at Rasayani to set up a new chemical and fertilizer plants. However, a final decision is yet to be taken. In this regard, the committee desire that the decision on the matter may be expedited so that vacant land of HOCL may be put to productive use for the benefit of both the units. The Committee also note that HOCL had suffered a loss to the tune of Rs. 78.07 crore during 2011-12 and the Committee, therefore, recommend that effective measures should be taken by the Department to

check such losses in the future. The action taken by the Department in this regard may also be communicated to the Committee at the earliest.

Regarding Hindustan Insecticides Ltd. (HIL), the Committee observe that the company has ventured into new areas and is implementing projects related to Seeds business and Indoor Residual Spray, etc. the Committee expect that those projects may be implemented vigorously. The Committee also observe that HIL has also projects related to control of malaria, dengue fever and other dreaded tropical diseases. The Company's project to manufacture long lasting insecticidal net for vector control is still in its initial stage. The Committee feel that these projects should be given utmost importance and priority with a view to control effectively the tropical diseases like malaria, dengue, fever etc. which periodically affect the large number of people in the country and recommend that these projects may be pursued with vigour and zeal. The Committee desired to be regularly apprised of any new developments relating to these projects.

Reply of the Government

A study was conducted by Rashtriya Chemicals & Fertilizers Ltd. (RCF) through M/s. Deloitte on the possibility of a merger/alliance between HOCL and RCF. This was also discussed between the Department of Fertilizers and Department of Chemicals & Petrochemicals. The Board of Directors of RCF decided against any merger with HOCL. Further, the Board of RCF decided that in the event of any joint venture, there should be a third party so that the joint venture does not become a subsidiary of RCF. In view of these developments, the joint venture/merger with RCF is unlikely to happen.

A review of HOCL was conducted by Minister of State (Ind. Charge) Chemicals & Fertilizers, on 10th May 2013. The management of HOCL has been directed to prepare a revival plan. HOCL is working on several options.

Regarding Committee's observations on Hindustan Insecticides Limited (HIL), it is submitted that as desired and directed by the Committee, all projects such as seed business & indoor spray, control of malaria, dengue fever and other dreaded tropical diseases, manufacture of long lasting insecticidal net for vector control are being implemented by giving them utmost importance and priority, and the Committee will apprised of any new development relating to these projects.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)]

F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

(Please see Para No. 25 of Chapter-I of the Report)

Recommendation No. 12

The Committee observe that the settlement of compensation claims regarding the Bhopal Gas Tragedy is still an ongoing process. The Committee also note, vide the Department's Action Taken Replies to the Committee's 26th Report, that the research and treatment of the next generation victims of the Gas Tragedy which was entrusted to the Indian Council of Medical Research (ICMR) has been progressing with the setting up of the National Institute for Research in Environmental Health (NIREH) at Bhopal. In this regard, the Committee desire that efforts should now focus on settling of all remaining claims on a priority basis. While it is absolutely important that all genuine victims should get compensation, the process of settlement of claims cannot linger on indefinitely. The committee, therefore, recommend that concerted and coordinated efforts may be made by the Department to ensure settlement of genuine claims of the victims of the Bhopal Gas Tragedy expeditiously without any further delay and also would like to know progress made on the research started above.

Reply of the Government

Disbursement of original compensation to all eligible 5,74,376 cases has been completed and Rs. 1548.57 crore has been awarded/disbursed. Pro-rata compensation as ordered by the Supreme Court on 26.10.2004 has been disbursed amongst 5,62,907 cases as on 30.4.2013 and the application moved by the O/o Welfare Commissioner to treat the remaining 11,469 cases as closed is still pending in the Supreme Court. Out of an amount of Rs. 874.28 crore approved by the Government to be provided as ex-gratia to identified categories of victims, an amount of Rs. 706.43 crore has been disbursed till 30.4.2013. Office of the Welfare Commissioner is taking necessary measures including holding Mega Adalats for expeditious disbursement of ex-gratia cases. Periodic reviews are being conducted by Secretary (Chemicals & Petrochemicals) to speed up the process of disbursement of ex-gratia.

With regard to research work being carried out by ICMR's 31st Institute, namely, National Institute for Research in Environmental Health (NIREH) at Bhopal, six Consultants have been appointed to start pertaining to clinical, therapeutic, epidemiological and genetic research on MIC affected population as well as on health

hazards due to exposure to various chemicals in the environment, which has already been taken on pilot scale. Long term Epidemiological research on gas exposed population to study the socio demographic profile and morbidity is under progress. The study was initiated by ICMR in the year 1985 and is still being continued with same protocol and same cohort. A Technical Report on Population Based Long Term Epidemiological study, incorporating data pertaining to 1996 to 2011 has been prepared and submitted for approval to Epidemiological Review Group. Three Expert Groups, namely, Epidemiological Group, Clinical Group and Basic Research Group have been set up by DG, ICMR for assessing and reviewing the research project proposals received by NIREH. Seven research proposals have been approved in principle by the Committee of chairpersons of these groups headed by DG, ICMR.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)

F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

CHAPTER – III

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

-- NIL--

CHAPTER – IV**OBSERVATIONS / RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION****Recommendation No. 3**

The Committee observe that the performance of the Department in terms of meeting financial targets and utilization of funds is not satisfactory during the year 2012-13. While the Department claimed overall percentage achievement of 96.61% with respect to Revised Estimates for the year (as on 11th March 2013), the achievement rate in terms of utilization of funds for CIEPT at 13%, IPFT at zero percent and other New Schemes of Petrochemicals at 0.70% was especially dismal. The Committee are anguished to note that there is a tendency to rush the utilization of funds during the last 2-3 months of the financial year, which may often cause injudicious use of funds. The Committee are not convinced with the explanation of the Department that this was due to late finalization of the 12th Plan outlays by the Planning Commission. The fact that the plan outlays were not finalized in time also reflect the lack of concerned and coordinated efforts on the part of the Department to get cleared the proposals/schemes of the Department by the IFD and the Planning Commission for plan assistance. Therefore, it would not be justified to put the entire responsibility for the delay in finalization of plan outlays only on the Planning Commission. The under utilization of funds allocated also shows that the Department was not ready with the quick action plan for their activities before hand for optimal utilization of funds as soon as the plan outlays were finalized by the Planning Commission. The Committee, therefore, recommend that the Department should take all necessary steps so that the funds allocated for the schemes are utilized fully on time for its optimal results. The committee are of the view that the practice of bunching of activities and utilization of funds at the fag end of financial year should be discouraged to avoid its irrational and injudicious use and instead the funds allocated should be utilized at regular intervals under the well thought action plan of the Department. Needless to say, any delay in execution of the projects under plan leads to unavoidable cost and time overruns besides the same also defeats the intended purpose for which the schemes/plans were formulated by the Department. Therefore, the failure of the Planning Commission in finalization of the 12th Plan outlays within a reasonable time frame for the projects/schemes envisaged by the Department has its serious repercussion as the same dislocate the whole process of implementation and timely

execution of the projects/schemes. The Committee expect the Department to convey the Committee's concerns on this matter to the Planning commission.

Reply of the Government

Planning Commission has been apprised about the Committee's concern regarding finalization of the 12th Five Year Plan outlays.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)
F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

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

Recommendation No. 6

The Committee observe that CIPET is a premier institution of national importance devoted to academic, technology support and research (ATR) activities for the growth of plastics and allied industries in the country. On the issue of plastic waste management, which assumes great importance in a rapidly urbanizing India, CIPET's role mainly relates to technological support and awareness campaigns. In this regard, the Committee had earlier recommended on the need to set up Plastic Waste Management Centres (PWMC) all over the country. However, the Committee are anguished and distressed to note that no visible progress has been made by the Department in this regard. The proposed PWMC to be set up in Delhi is still held up due to problems in land acquisition. This shows the lack of will and the failure of the Department to implement the recommendation of the Committee on the issue. The Committee expect the CIPET to take a more proactive role in setting up of Plastic Waste Management Centers (PWMCs) all over the country. Given its technological advantage, CIPET is well placed to play a key role in urban management through plastic waste disposal and recycling. The committee, therefore, recommend that CIPET, under the aegis of the Department, should come up with a detailed blueprint on setting up Plastic Waste Management Centers throughout the country in coordination with the concerned Departments, State Governments and municipal bodies in a time bound manner. In this regard, the Committee note the Department's ATR to the Committee's 26th Report wherein it was mentioned that the Department is in the process of preparing the framework for establishment of PWMCs in

Public Private Partnership mode. The Committee therefore, expect the Department to expedite the process and the framework be executed on a priority basis. The Committee would like to be apprised of the action plan and the progress made in this regard.

Reply of the Government

The Central Institute of Plastics Engineering and Technology (CIPET) is a premier institution, fully devoted to manpower training and technology support services to the plastics and allied industries. CIPET is imparting various academic and skill development training programmes in the field of plastics engineering and technology. To impart skill upgradation training and demonstration in the field of Plastics Waste Recycling, CIPET set-up a model Plastics Waste Management Centre (PWMC) at Guwahati in 2009.

The management & handling of municipal solid waste including post-consumer plastic waste in various cities/towns of the country falls under the domain of the concerned Municipal Authority as per the Municipal Solid Wastes (Management & Handling) Rules, 2000. To deal specifically with issues related to the management of the post-consumer plastic waste, Ministry of Environment and Forests notified Plastics Waste (Management & Handling) Rules 2011 on 4th February 2011 and further amended on 2nd July 2011, under Environment (Protection) Act, 1986. As per these Rules, the Municipal authority shall be responsible for setting-up, operationalization and co-ordination of the waste management system and for performing the associated functions, namely:- (i) to ensure safe collection, storage, segregation, transportation, processing and disposal of plastics waste; (ii) to ensure that no damage is caused to the environment during this process (iii) to ensure setting up of collection centres for plastic waste involving manufacturers; (iv) to ensure its channelization to recyclers; (v) to create awareness amongst all stakeholders about their responsibilities; (vi) to engage agencies or groups working in waste management including waste pickers; and (vii) to ensure that open burning of plastics waste is not permitted. The concerned Municipal authority have to involve local manufacturers, on the lines of Extended Producer's Responsibility, for setting up of plastic waste management system.

The PWMC set up by the Central Institute of Plastics Engineering and Technology (CIPET) at Guwahati in 2009 is primarily a training, technology and demonstration centre which aims to impart training in academic and technological processes in the field of Plastics Waste Recycling as a part of the various academic courses being offered by CIPET. It is not a Plastics Waste Management Centre, 'per se' for handling and

management of urban post-consumer plastic waste, which is an integral part of Municipal Solid Waste (MSW) and its collection, segregation and disposal fall under the domain of respective Municipal Authority/State Government, under the Municipal Solid Waste (Management of Handling) Rules 2000 and Plastic Waste (Management of Handling) Rules 2011.

The Department is conducting various awareness programmes/technical seminars through CIPET/ other organisations in various parts of the country on plastics recycling and different technology options for recycling of plastic waste management, which are attended by representatives of different State Governments, Municipal Authorities concerned industrial associations, media and other stakeholders.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)
F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

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

CHAPTER – V**OBSERVATIONS / RECOMMENDATIONS IN RESPECT OF WHICH
FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED****Recommendation No. 2**

The Committee observe that the proposed National Chemical policy 2012-(NCP-2012) envisage a road map for sustained growth with a vision for 2020 and therefore, the same forms an important component of the Department's plan to revive the chemical sector. The Committee further observe that the Department is still in the process of consultation with all stakeholders and that the Policy is yet to be finalized on the basis of the comments received from various Ministries/Departments as well as industry. The Committee also note that focus of the proposed policy is to formulate actionable programmes, schemes, policies and guidelines so as to strengthen areas of competitive advantages, sustainable and eco-friendly developments, growth of exports, strengthening R&D and infrastructural development through PCPIRs, etc. The Committee believe that the implementation of the proposed policy will go a long way to ensure a sustained growth for the sector. The committee, therefore, recommends the Department should take all steps and make vigorous efforts to expedite the process of consultation with all stakeholders and finalise and implement the policy without any delay during the current year itself. The Committee would like to be apprised of the action taken in this regard.

Reply of the Government

Department of Chemicals and Petrochemicals (DCPC) formulated a draft National Chemical policy for Chemical Sector which has been posted on the website of the Department to solicit comments from the stakeholders. The first round of consultation has already taken place in 2012 with all the stakeholders, including industry associations, and the Ministries concerned. Based on the feedback and inputs received, DCPC shall be holding further discussions with the industry, academia and Government Departments concerned.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)

F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

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

Recommendation No. 8

The Committee observe that the Department of Chemicals and Petrochemicals has taken preliminary steps towards enacting a comprehensive law on the lines of the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) to regulate the chemicals sector in India by circulating a Status Paper to the stakeholders, soliciting their comments in December, 2012. The Department is awaiting responses from the stakeholders. The need for consolidation of Acts and Rules governing the chemicals sector on the lines of REACH also find a prominent mention in the Department's Draft National Chemical Policy – 2012. As a result of various measures undertaken by the Department for the growth and development of the chemical sector, the growth of national economy is also likely to increase. However, the Committee is concerned about the hazardous effects of chemicals on environment as well as on human beings and feel the urgent need for a comprehensive legislation to take care of the matter. The Committee, therefore, recommend that the Department should expedite the process of consultation and pursue the matter vigorously so that the proposed law may be enacted as early as possible. The Committee desire to be kept informed about the follow up action taken in this regard.

Reply of the Government

Department of Chemicals & Petrochemicals had prepared a status paper on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) legislation of the European Union for examining the requirement of a similar legislation and circulated to various stakeholders including various associations and concerned Departments of Government of India. The responses are still awaited and they have been reminded again on 21st May 2013 to provide their response expeditiously. The Department is planning to hold a consultative meeting of all the stakeholders to expedite the process of consultation for taking the matter forward.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)
F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

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

Recommendation No. 10

The Committee observe that the Department of Chemicals and Petrochemicals has made certain specific recommendations for consideration and recommendation by the High Powered Committee with a view to improve the pace of growth of the PCPIRs

and improve their viability, based on an in-depth examination of the policy and wide ranging consultations with industry, State Government and other interested parties. These recommendations, inter alia, stressed on the need for clear and unconditional commitments from the anchor tenant and the concerned State Government before the project is sanctioned; need for custom duty exemption on hydrocarbon feedstock for the project; provision of 50% GoI funding of certain items; specification of clear timelines for execution of the project, etc. these recommendations are to be considered by the High Powered Committee chaired by the Cabinet secretary. In this regard, during their study visit to Andhra Pradesh PCPIR, the Committee had expressed their concern over the slow progress of implementation of the projects primarily due to non-investment by the anchor tenant and therefore, the Committee stressed the need for resolving all issues with the anchor tenant. The Committee, therefore, believe that the proposed measures as recommended by the Department, if properly implemented, will help in effective and timely execution of the PCPIR projects. Therefore, the committee recommend that the Department should pursue the measures vigorously with the High Powered Committee for final decision in the matter. The Committee would like to be apprised of the recommendations/decision of the High Powered Committee taken thereon. The Committee also expect the Department to continue to vigilantly monitor the progress of the PCPIR projects in all the four States of Andhra Pradesh, Orissa, Gujarat and Tamil Nadu so that further delays in the implementation of these projects may be avoided.

Reply of the Government

The draft note for consideration of High Powered Committee was circulated to various Departments/ Ministries for their comments/views. The same will be sent to High Powered Committee after incorporating the comments/views.

[Ministry of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals)

F. No. 16 (3)/2013- Fin.1 dated 24.7.2013]

Comments of the Committee

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

New Delhi;

24 OCTOBER 2013
2 KARTIKA1935 (SAKA)

GOPINATH MUNDE
CHAIRMAN
STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS

Appendix – I**MINUTES OF THE SECOND SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2013-14)**

The Committee sat on Thursday, the 24 October, 2013 from 1500 hrs. to 1600 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

Shri Gopinath Munde - Chairman**Members
Lok Sabha**

2. Shri S. Alagiri
3. Shri Gajanan D. Babar
4. Shri Prabhatsingh P. Chauhan
5. Shri Sher Singh Ghubaya
6. Shri SK. Nurul Islam
7. Shri Shakti Mohan Malik
8. Shri Kamlesh Paswan
9. Shri Amarnath Pradhan
10. Shri Tufani Saroj
11. Shri Suresh Kumar Shetkar
12. Shri Raju Shetti
13. Shri D. Venugopal

Rajya Sabha

14. Shri Biswajit Daimary
15. Smt. Naznin Faruque
16. Shri A.A. Jinnah
17. Shri Brijlal Khabri
18. Shri Dilipbhai Pandya
19. Shri Raghunandan Sharma
20. Shri Ishwar Singh

Secretariat

Smt. Rashmi Jain	-	Joint Secretary
Shri U.B.S. Negi	-	Director
Shri A.K. Srivastava	-	Additional Director

2. At the outset, the Chairman welcomed the members of the Committee.
3. The Committee thereafter took up the following draft Reports for consideration:
 - a) Draft Action Taken Report on the action taken by the Government on the observations/recommendations contained in the Thirty-fourth report (15th Lok Sabha) on "Demand for Grants 2013-14" of the Department of Chemicals and Petrochemicals.
 - b) Draft Action Taken Report on the action taken by the Government on the observations/recommendations contained in the Thirty-fifth report (15th Lok Sabha) on "Demand for Grants 2013-14" of the Department of Pharmaceuticals.

4. The draft Report relating to the Department of Chemicals and Petrochemicals was adopted by the Committee without any amendments. However, the draft Report relating to the Department of Pharmaceuticals was adopted with some amendments as indicated in the Annexure.

5. The Committee decided to seek opinion of stake holders and the public at large on the subject 'Jan Aushadhi Scheme' by giving advertisements in print and electronic media.

6. 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 Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers and present the same to both Houses of Parliament.

The Committee then adjourned.

Appendix - II

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-FOURTH REPORT (15TH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2012-13) ON 'DEMANDS FOR GRANTS (2013-2014)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS).

I	Total No. of Recommendations	12
II	Observations / Recommendations which have been accepted by the Government:- (Vide Recommendation Nos. 1, 4, 5, 7, 9, 11 and 12)	7
	Percentage of Total	58.33%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:- (Vide Recommendation No. Nil)	0
	Percentage of Total	Nil
IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:- (Vide Recommendation Nos. 3 and 6)	2
	Percentage of Total	16.67%
V	Observations / Recommendations in respect of which replies of the Government are still awaited:- (Vide Recommendation Nos. 2, 8 and 10)	3
	Percentage of Total	25%