

**1**

**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS**

**(2014-15)**

**SIXTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS**

**(2014-15)**

**FIRST REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*December, 2014/ Agrahayana 1936, (Saka)*

**FIRST REPORT**  
**STANDING COMMITTEE ON**  
**CHEMICALS AND FERTILIZERS**  
**(2014-15)**

**(SIXTEENTH LOK SABHA)**

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

**DEMANDS FOR GRANTS**  
**(2014-15)**

*Presented to Lok Sabha on 10 December 2014*

*Laid in Rajya Sabha on 10 December 2014*

**LOK SABHA SECRETARIAT**

**NEW DELHI**

*December, 2014/ Agrahayana 1936, (Saka)*

|  |   |
|--|---|
| <b>REPORT</b>                                |   |
| COMPOSITION OF THE COMMITTEE (2014-15) ..... |   |
| INTRODUCTION .....                           |   |
| <b>PART-I</b>                                |   |
| I  | INTRODUCTORY  |
| II   | OVERVIEW OF THE CHEMICALS AND PETROCHEMICALS<br>INDUSTRY  |
| III  | FIVE YEAR PLANS AND ANNUAL PLANS  |
| IV   | DEMANDS FOR GRANTS 2014-15  |
| V  | AUTONOMOUS BODIES   |
| VI   | PUBLIC SECTOR UNDERTAKINGS (PSUs)   |
| VII  | OTHER ONGOING SCHEMES   |
| VIII   | PETROLEUM , CHEMICALS AND PETROCHEMICALS<br>INVESTMENT REGIONS (PCPIRs)   |
| IX   | NEW SCHEMES OF PETROCHEMICALS   |
| X  | BHOPAL GAS LEAK DISASTER  |
| <b>PART-II</b>                               |   |
| <b>OBSERVATIONS AND RECOMMENDATIONS</b>      |   |
| <b>APPENDIX</b>                              |   |
| I.   | Notes on Demand for Grants 2014-15 (Demand No.6) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals). |
| II.  | Activities undertaken under the Chemical Promotion and Development Scheme (CPDS) during 2013-14.  |
| III.   | Minutes of the Second sitting of the Standing Committee on Chemicals and Fertilizers (2014-15) held on 28 October, 2014.                    |
| IV.  | Extracts of Minutes of the Eighth sitting of the Standing Committee on Chemicals and Fertilizers (2014-15) held on 8 December, 2014.        |

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2014-15)**

| <b>Shri Anandrao Adsul - Chairperson</b> |  |
|--|--|
| <b>Members</b>                           |  |
| <b>Lok Sabha</b>                         |  |
| 2.                                       | Shri Idris Ali                             |
| 3.                                       | Smt. Anju Bala                             |
| 4.                                       | Shri B.N. Chandrappa                       |
| 5.                                       | Shri Sankar Prasad Datta                   |
| 6.                                       | Smt. Veena Devi                            |
| 7.                                       | Shri R. Dhruvanarayana                     |
| 8.                                       | Shri Satish Kumar Gautam                   |
| 9.                                       | Adv. Joice George                          |
| 10.                                      | Shri K. Ashok Kumar                        |
| 11.                                      | Shri Kamalbhan Singh Marabi                |
| 12.                                      | Shri Chhedi Paswan                         |
| 13.                                      | Smt. Kamala Devi Patle                     |
| 14.                                      | Shri Rajendran S.                          |
| 15.                                      | Shri Chandu Lal Sahu                       |
| 16.                                      | Dr. Kulamani Samal                         |
| 17.                                      | Dr. Uma Saren                              |
| 18.                                      | Dr. Krishan Pratap Singh                   |
| 19.                                      | Shri Tasleem Uddin                         |
| 20.                                      | Smt. Rekha Verma                           |
| 21.                                      | Vacant                                     |
| <b>RAJYA SABHA</b>                       |  |
| 22.                                      | Shri Biswajit Daimary                      |
| 23.                                      | Dr. M.S. Gill                              |
| 24.                                      | Shri Sanjay Dattatraya Kakade              |
| 25.                                      | Shri Narayan Lal Panchariya                |
| 26.                                      | Shri K. Parasaran                          |
| 27.                                      | Shri Garikapati Mohan Rao                  |
| 28.                                      | Dr. Sanjay Sinh                            |
| 29.*                                     | Shri Palvai Govardhan Reddy                |
| 30.                                      | Vacant                                     |
| 31.                                      | Vacant                                     |
| <b>SECRETARIAT</b>                       |  |
| 1.                                       | Smt. Rashmi Jain - Joint Secretary         |
| 2.                                       | Shri U.B.S. Negi - Director                |
| 3.                                       | Shri A.K. Srivastava - Additional Director |

*Changed the nomination of Shri Murlidhar Deora, Member of Rajya Sabha from the Committee on Chemicals and Fertilizers to the Committee on External Affairs w.e.f. 25-09-2014.*

*\* Shri Palvai Govardhan Reddy, Member of Rajya Sabha nominated w.e.f. 08-10-2014*

*Shri Mohanbhai Kalyanjibhai Kundariya nominated as Minister of State w.e.f. 09.11.2014*

*The term of Shri Brijlal Khabri, MP (RS) has expire w.e.f. 25.11.2014*

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2014-15) having been authorised by the Committee to present the Report on their behalf, present this First Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2014-15.

2. The Committee examined the Demands for Grants (2014-15) pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which were laid in Lok Sabha and Rajya Sabha on 5 August, 2014.

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 28 October, 2014.

4. The Report was considered and adopted by the Committee at their sitting held on 8 December, 2014.

5. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for their cooperation in furnishing the written replies and other material/information and for placing their views before the Committee.

6. For facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters at the end of the Report.

**New Delhi;  
5,December, 2014  
14,Agrahayana, 1936 (Saka)**

**Anandrao Adsul  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers**

# REPORT

## CHAPTER I

### INTRODUCTORY

1.1 The Department of Chemicals and Petrochemicals (DCPC) aims:

- i. To formulate and implement policy and programmes for achieving growth and development of the chemical and petrochemical sectors in the country; and
- ii. To foster the spirit of public-private partnership for overall development of above-mentioned sectors of industry.

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

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

1.3 The major goals of the Department are:

- i. Development of 4 PCPIRs to promote manufacturing and exports.
- ii. Early commissioning of the Assam Gas Cracker Project (AGCP).
- iii. Strengthening of Central Institute of Plastic Engineering and Technology (CIPET) so as to achieve its targets of skill development.
- iv. Set up Plastic Parks to promote MSMEs in the sector in a cluster approach.

1.4 In view of the delicensed and deregulated nature of the chemical and petrochemical sectors, public sector investment through Plan schemes is limited. The major Plan scheme being implemented, besides the releases made to PSUs and autonomous institutions, is the Assam Gas Cracker Project.

1.5 The Department has four major divisions viz. Chemicals, Petrochemicals, Planning & Evaluation (P&E) and Statistics & Monitoring (S&M). The Internal Finance Division is common to the three Departments in the Ministry of Chemicals and Fertilizers. There are three PSUs in the chemical sector namely Hindustan Organic Chemicals Limited (HOCL), Hindustan Insecticides Ltd. (HIL) and Hindustan Fluorocarbons Limited (HFL), which is a subsidiary of HOCL, and one PSU in the petrochemical sector namely Brahmaputra Cracker and Polymer Limited (BCPL). The autonomous institutes under this Department are Central Institute of Plastics Engineering and Technology (CIPET) and Institute of Pesticides Formulation Technology (IPFT).

1.6 The Department of Chemicals & Petrochemicals continued to identify its objectives and monitor its performance through the Results Framework Document (RFD). The significant objectives/actions pursued and monitored through the RFD 2012-13 included formulation of a National Policy on Chemicals, organisation of India Chem Gujarat, approval and promotion of PCPIRs, implementation of the Assam Gas Cracker Project, development of the plastic sector through Central Institute of Plastics Engineering Technology (CIPET), implementation of the National Policy on Petrochemicals, coordination of relief and rehabilitation measures for the Bhopal Gas victims, besides certain mandatory indicators such as improving the service delivery of the Department, ensuring compliance with the financial accountability framework etc.

**1.7 The detailed Demands for Grants (2014-15) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were presented to the Lok Sabha on 5.8.2014. The demand shows a budgetary support of Rs 270.68 crore [(Rs 207 crore (Plan) + Rs 63.68 crore (Non-Plan))]. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2014-15. The detailed analysis, along with Observations / Recommendations of the Committee are stipulated in a separate chapter at the end of the Report. The Committee expect the Department of Chemicals and Petrochemicals to take the Committee's recommendations seriously and to act on them expeditiously. The Committee also expect that the Department will take all the necessary steps for proper and timely utilization of funds ensuring completion of the various plans and projects in a time bound manner.**

## CHAPTER II

### Overview of Chemicals and Petrochemicals industry

2.1 The chemical industry is an integral part of the growing Indian industry. It includes basic chemicals and their products, petrochemicals, fertilizers and agrochemicals, paints, varnishes, gases, soaps, perfumes & toiletries and pharmaceuticals. It is one of the most diversified of all industrial sectors, covering thousands of commercial products. This industry occupies a pivotal position in meeting basic needs and improving quality of life. The industry is the mainstay of industrial and agricultural development of the country and provides raw materials, intermediates and process chemicals for several downstream industries such as textiles, paper, paints and varnish, soaps, detergents, pharmaceuticals, agrochemicals etc.

2.2 According to estimates of the Central Statistical Office (CSO), chemicals and chemical products (Industry Division 24 of NIC 2004) accounted for 2.51% of the GDP (at 2004-05 prices) in 2012-13, compared to 2.53% in 2011-12. The share of this sector in the GDP from manufacturing sector at 2004-05 prices was 15.95% during 2012-13, compared to 15.55% in 2011-12. The annual average Indices of Industrial Production (compiled by the CSO) for chemicals and chemical products (Industry Division 24 of NIC 2004) for 2013-14 stands at 138.6 as compared to 127.3 for 2012-13, implying a growth rate of 8.9%. As per the estimates of the CSO, the size of the Indian Chemical industry in terms of value of output in the year 2012-13 was Rs. 7,82,949 crore.

2.3. The details of production of selected major chemicals and petrochemicals during the years 2008-09 to 2013-14 are indicated in the Table below. The production of major chemicals and petrochemicals in 2013-14 was 19308 thousand MT, compared to 18822 MT in 2012-13, implying a growth of 2.6 percent.

**Table II : Production of selected major chemicals and petrochemicals**

{Figures in Thousand Metric Tonnes (MT)}

| Group                    | Production   | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------|--------------|---------|---------|---------|---------|---------|---------|
| Alkali<br>Chemicals      | Production   | 5442    | 5602    | 5981    | 6113    | 6081    | 6074    |
|                          | Growth Rate% | 0.0     | 2.9     | 6.8     | 2.2     | -0.5    | -0.1    |
| Inorganic<br>Chemicals   | Production   | 513     | 518     | 572     | 574     | 533     | 545     |
|                          | Growth Rate% | -15.8   | 1.0     | 10.5    | 0.4     | -7.2    | 2.2     |
| Organic<br>Chemicals     | Production   | 1338    | 1353    | 1437    | 1490    | 1513    | 1615    |
|                          | Growth Rate% | -17.5   | 1.1     | 6.2     | 3.7     | 1.6     | 6.7     |
| Pesticides               | Production   | 121     | 124     | 133     | 146     | 147     | 167     |
|                          | Growth Rate% | 3.3     | 1.7     | 7.7     | 9.9     | 0.5     | 13.7    |
| Dyes &<br>Dyestuffs      | Production   | 117     | 157     | 174     | 180     | 179     | 201     |
|                          | Growth Rate% | -5.9    | 33.9    | 11.0    | 3.5     | -0.8    | 12.0    |
| Total Major<br>Chemicals | Production   | 7532    | 7753    | 8298    | 8503    | 8453    | 8601    |
|                          | Growth Rate% | -4.9    | 2.9     | 7.0     | 2.5     | -0.6    | 1.7     |
| Synthetic<br>Fibers      | Production   | 2469    | 2819    | 3083    | 3042    | 3040    | 3025    |
|                          | Growth Rate% | -6.8    | 14.2    | 9.4     | -1.3    | -0.1    | -0.5    |
| Polymers                 | Production   | 5060    | 4791    | 5292    | 6211    | 6424    | 6784    |
|                          | Growth Rate% | -4.6    | -5.3    | 0.5     | 17.4    | 3.4     | 5.6     |
| Elastomers<br>(S.Rubber) | Production   | 96      | 106     | 95      | 88      | 86      | 88      |
|                          | Growth Rate% | -8.5    | 10.0    | -10.5   | -7.0    | -2.8    | 3.4     |



| Group                        | Production   | 2008-09 | 2010-11 | 2011-12 | 2011-12 | 2012-13 | 2009-10 |
|------------------------------|--------------|---------|---------|---------|---------|---------|---------|
| Synth. Detergen              | Production   | 552     | 618     | 638     | 623     | 627     | 597     |
| Intermediates                | Growth Rate% | -5.7    | 12.0    | 3.3     | -2.4    | 0.7     | -4.8    |
| Performance                  | Production   | 145     | 176     | 196     | 188     | 193     | 213     |
| Plastics                     | Growth Rate% | 9.4     | 21.5    | 11.4    | -4.2    | 2.6     | 10.5    |
| Total Major                  | Production   | 8322    | 8509    | 9304    | 10151   | 10368   | 10707   |
| Petrochemicals               | Growth Rate% | -5.4    | 2.3     | 9.3     | 9.1     | 2.1     | 3.3     |
| Total Major                  | Production   | 15853   | 16262   | 17602   | 18655   | 18822   | 19308   |
| Chemicals and Petrochemicals | Growth Rate% | -5.2    | 2.6     | 8.2     | 6.0     | 0.9     | 2.6     |

**Note: Production is aggregated based on Monthly Production returns from manufacturers under large and medium scale.**

2.4 When asked about the specific policies and programmes initiated by the Department for achieving growth and development of the chemical and petrochemical sectors in the country during the last one year, the Department in its written reply stated as under:-

“The Policies and programmes initiated by the Department for achieving growth and development of the chemical and petrochemical sectors in the country during the last one year is given below:-

#### **Chemical:**

i) In the Chemical Sector, 100 percent FDI is permissible. Manufacture of most chemical products inter-alia covering organic/inorganic, dyestuffs and pesticides is delicensed. The entrepreneurs need to submit only Industrial Entrepreneurs Memorandum (IEM) with the Department of Industrial Policy and Promotion (DIPP). Only the following items are covered in the compulsory licensing list because of their hazardous nature:-

- Hydrocyanic acid & its derivatives
- Phosgene & its derivatives
- Isocyanates & di-isocyanates of hydrocarbons.

The import and export of chemicals is free except for a few chemicals attracting the provisions of International Conventions.

ii) To promote the Indian Chemical Industry, Department of Chemicals and Petrochemicals and Government of Gujarat, in association with the Federation of Indian Chambers of commerce and Industry (FICCI) have been organizing the “India Chem Gujarat” a biennial event. The event chiefly comprises an International Exhibition and Conference. India Chem-Gujarat 2013, the 3<sup>rd</sup> edition of this event, was held on October 24<sup>th</sup> - 26<sup>th</sup>, 2013 at Gandhinagar, Gujarat with the theme “Gujarat: A New Gateway to International Possibilities”. The international exhibition was a huge success with participation of over 122 exhibitors. The exhibition received 6235 business visitors, which is an indication of the huge interest generated by the event.

#### **Petrochemicals:**

iii) Research & Development, innovation in product and material and creation of skilled workforce are some of the critical areas of concern for the growth of the petrochemical sector. Accordingly, the Department is implementing schemes for Setting up of Centres of Excellence (CoE) in academic and research institutions and National Awards for Innovation in the Downstream Plastic Processing

Industries in the 12<sup>th</sup> Plan. The above schemes aim at encouraging and incentivizing petrochemical research and technology in the country. Under the scheme of Setting up of Centres of Excellence, Department is setting up CoE for Advanced Polymeric Materials at IIT, Delhi, CoE on Sustainable Green Materials at CIPET, Bhubaneswar and CoE for Sustainable Polymers at IIT, Guwahati in the 12<sup>th</sup> Plan. The assets created under CoEs have not only resulted in a boost to research in Polymer science, but also contributed to training of several members of polymer industry and academia. Under the 4<sup>th</sup> edition of the scheme of National Awards (2013-14), Department felicitated 17 'Winners' and 6 "Runner Up" in a function held on 17<sup>th</sup> July, 2014 at New Delhi. Further, CIPET through its 23 centres across the country is addressing the requirement for creation of human capital for the petrochemical industry.

- iv) The Indian Plastics industry is large but highly fragmented with dominance of tiny, small and medium units. Department formulated a scheme for Setting up of Plastic Parks to synergize and consolidate the capacities through cluster development. Following the submission of DPR, the proposals from Odisha, Madhya Pradesh and Assam have received for final approval. The Department has released the first instalment of Rs. 8 crore for the Grant-in-Aid to Madhya Pradesh, Odisha and Assam in the year 2013-14. In addition, Department has provided Rs. 1000 crore capital subsidy in 2013-14 for setting up of Assam Gas Cracker Project at Dibrugarh, Assam, which is in the final stages of completion. Once completed, this project will contribute to the growth of the sector in NE region, where the current consumption of polymeric materials is much lower than the rest of the country.

Keeping in view the needs of the industry, Department gave recommendations for trade agreements, various fiscal and non-fiscal measures, including optimizing of customs duties etc."

2.5 The Committee desired to know the major initiatives taken by the Department to 'foster the spirit of public-private partnership' for the chemical and petrochemical sectors and the list of PPP projects undertaken by the Department during the last three years and the progress made therein so far. In its written reply, the Department stated as under:-

"The Department of Chemicals and Petrochemicals acts as a facilitator for the growth and development of the chemical sector, and the activities of the Department are focused on resolving the issues hampering the growth of this sector. The Department supports and facilitates various schemes like setting up of PCPIRs, Plastics Parks etc. which involves participation of the concerned State Governments, industry and the other Ministries / Departments.

- ii) A number of workshops/seminars have been conducted in collaboration with the Industry Associations/Stakeholders on various issues listed below, pertaining to the sector:-
- 1) CWC Convention, to sensitize the industry to discharge their obligations under the provisions of the convention.
  - 2) Rotterdam and Stockholm Convention
  - 3) Safety, Security, Environment and Health related issues
  - 4) Green Chemistry
  - 5) Responsible Care
- iii) DCPC organizes these International/National Conferences and Exhibition in collaboration with the Industry associations for promotion, growth &

development as well as showcasing the strengths of the Indian chemical sector. One such flagship event is India Chem.

For growth, development and showcasing the strengths of the Indian chemical sector, Department of Chemicals and Petrochemicals, in collaboration with the Federation of Indian Chambers of Commerce & Industry (FICCI), organizes the India Chem every alternate year. This event comprises an international exhibition and a conference of representatives of participating countries, including major global corporates from various associated fields. The flagship international event attracts delegates and visitors from India as well as from all major chemical producing countries, thereby providing immense potential for enhanced trade and investment in a mutually beneficial manner. The 7<sup>th</sup> edition of the India Chem, was held on 4-6 October 2012 and the last edition was held on 09-11 October, 2014 in Mumbai.

- iv) For facilitating compliance by the Chemical Industry in its obligation under CWC, the Department has set up Help Desks in PPP mode in association with the Indian Chemical Council (ICC), Mumbai at various places having concentration of chemical Industry of relevance to CWC. Following is the location and coverage of CWC Help Desks:

| Location  | Area covered   |
|-----------|--|
| Hyderabad | Andhra Pradesh, Orissa, Chattisgarh.   |
| Kolkata   | West Bengal, Bihar, Jharkhand and North Eastern Region.  |
| Delhi     | Uttar Pradesh, Himachal Pradesh, Haryana, Punjab, Chandigarh, Uttarakhand and Jammu and Kashmir. |
| Mumbai    | Maharashtra, Goa, Rajasthan, Madhya Pradesh.   |
| Chennai   | Tamil Nadu, Kerala and Karnataka.  |
| Vadodara  | Gujarat  |

#### **Petrochemicals sector:**

DCPC is a facilitator in the development of delicensed and deregulated Chemicals & Petrochemical Industry. The activities of the Department are focused on resolving the issues hampering the growth of this sector. The Department supports and facilitates various schemes like setting up of PCPIRs, Plastics Parks etc. which involves participation of the concerned State Governments, industry and the other Ministries / Departments.

2.6 When asked to provide a note on investment made in Chemical and Petrochemicals Industry for the last three years and result accrued therefrom and further strategy therefor, the furnished the following information:-

**“Chemical** - The chemical sector is practically deregulated and no license is required to set up chemical manufacturing capacity except for a few hazardous chemicals. 100% FDI is permissible under the automatic route and thus the Department does not maintain any database of the investments made.

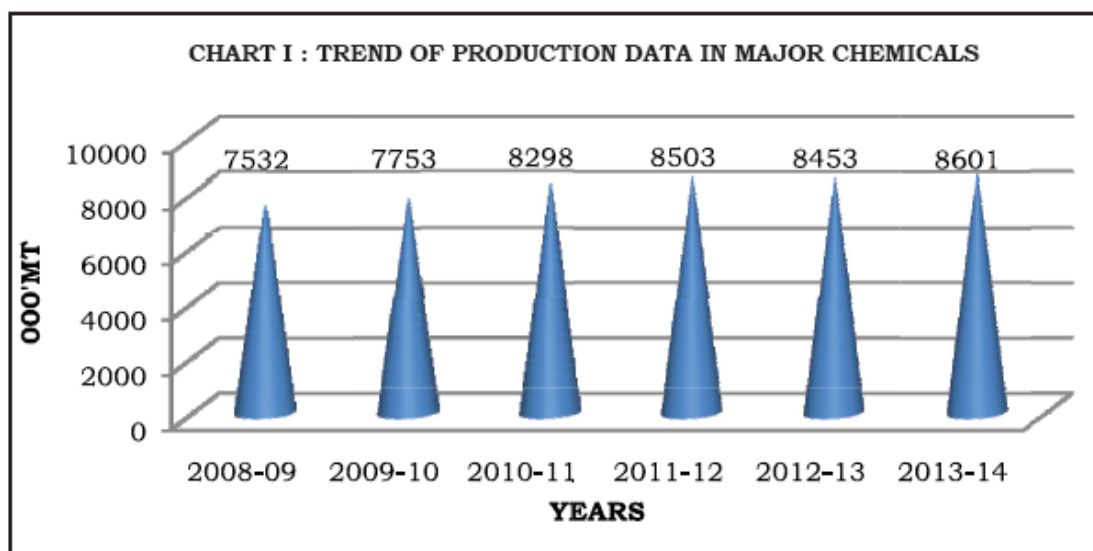
**Petrochemicals** - The petrochemical sector is de-licensed and liberalized. The sector is highly diversified and consists of upstream and downstream plastic processing industry. The upstream sector is capital and technology intensive with long gestation period. Some of the major petrochemical players in the upstream sector are GAIL, Haldia Petrochemicals Ltd (HPL), HPCL. Mittal Energy ltd. (HMEL), IOCL, MRPL, RIL, etc and together they made an investment of over Rs 65,000 crore in the last three years both in

upstream and downstream plastic processing industry. Department as a facilitator formulated Petroleum, Chemical and Petrochemical Investment Regions (PCPIR) Policy and National Policy on Petrochemicals in the year 2007. The Cabinet Committee on Economic Affairs (CCEA) has approved the establishment of PCPIRs in Andhra Pradesh, Gujarat (2009), Orissa (2010) and Tamil Nadu (2012). These PCPIRs have already witnessed an investment of around Rs. 148,000 crore against an expected investment of Rs. 7,62,894 crore. These PCPIRs also provide employment to around 2.22 lakh persons against a target of 33.96 lakh persons.

In pursuance of National Policy on Petrochemicals, Department formulated schemes viz. (i) National Awards for Technology Innovation in various fields of Petrochemicals and downstream Plastic Processing Industry; (ii) Setting up of the Centres of Excellence (COE) in the field of Petrochemicals; and (iii) Setting up of Plastic Parks. The first two schemes aim at improving and incentivizing research and development in the petrochemical Sector. The third scheme aims at setting up need based Plastic Parks with requisite state of the art infrastructure and enabling common facilities to assist the sector to move up the value chain and contribute to the economy more effectively. All the three schemes are at different stages of implementation which will contribute in strengthening the sector.”

## Production Trends

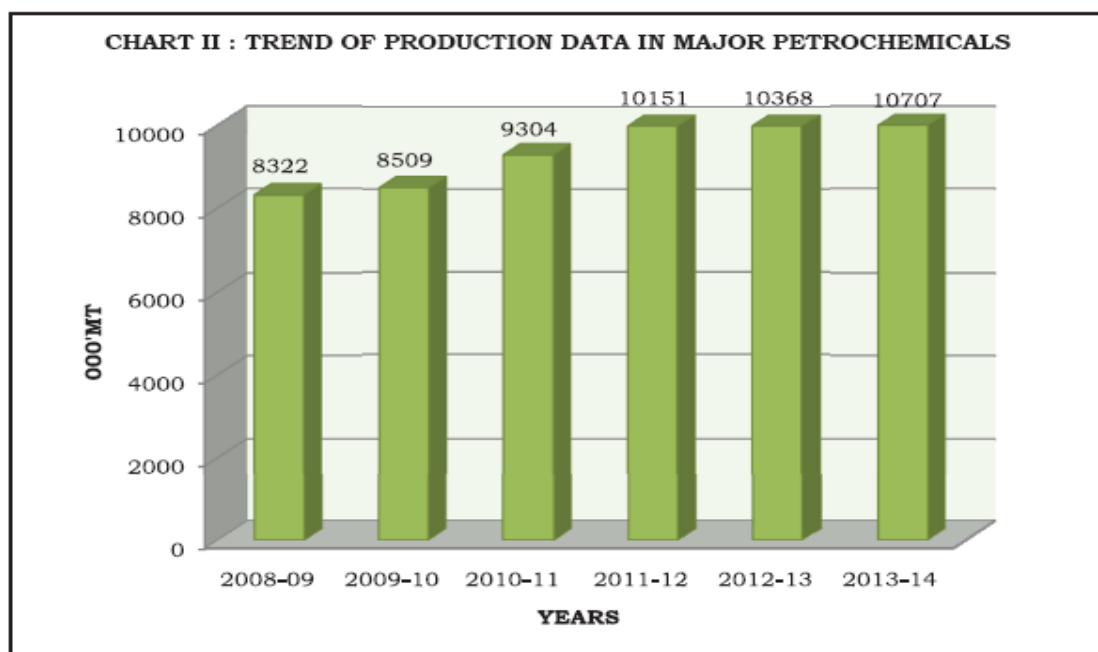
2.7 The production of Alkali Chemicals accounts for more than 70% of the total production of major chemicals. The production of major chemicals in 2013-14 was 8601 thousand MT, compared to 8453 thousand MT in 2012-13 implying a growth of 1.7%. The trend in the production of selected major chemicals is depicted in the Chart below.



2.8 Petrochemicals, which comprise plastics and a host of other chemicals, are downstream hydrocarbons derived from crude oil and natural gas. These hydrocarbons are valuable resources and constitute vital raw materials for industries. The downstream petrochemical products permeate our daily lives in almost every aspect. The value additions in the petrochemicals chain offer immense possibilities and cater to the need of textiles and clothing, agriculture, packaging, infrastructure, healthcare, furniture, automobiles, information technology, power, electronics and telecommunication, irrigation, drinking water, construction and a host of other articles of daily and specialised usage.

2.9 There are four naphtha based and three gas based cracker complexes in the country with a combined annual ethylene capacity of 3.85 million MT. In addition, there are five aromatic complexes also with a combined Xylene capacity of 3.5 million MT.

2.10 The production of polymers accounts for more than 60% of the total production of major petrochemicals. The production of major petrochemicals in 2013-14 was 10707 thousand MT, compared to 10368 thousand MT in 2012-13, implying growth of 3.3%. The trend in the production of selected major petrochemicals is depicted in the Chart below.



### International Trade

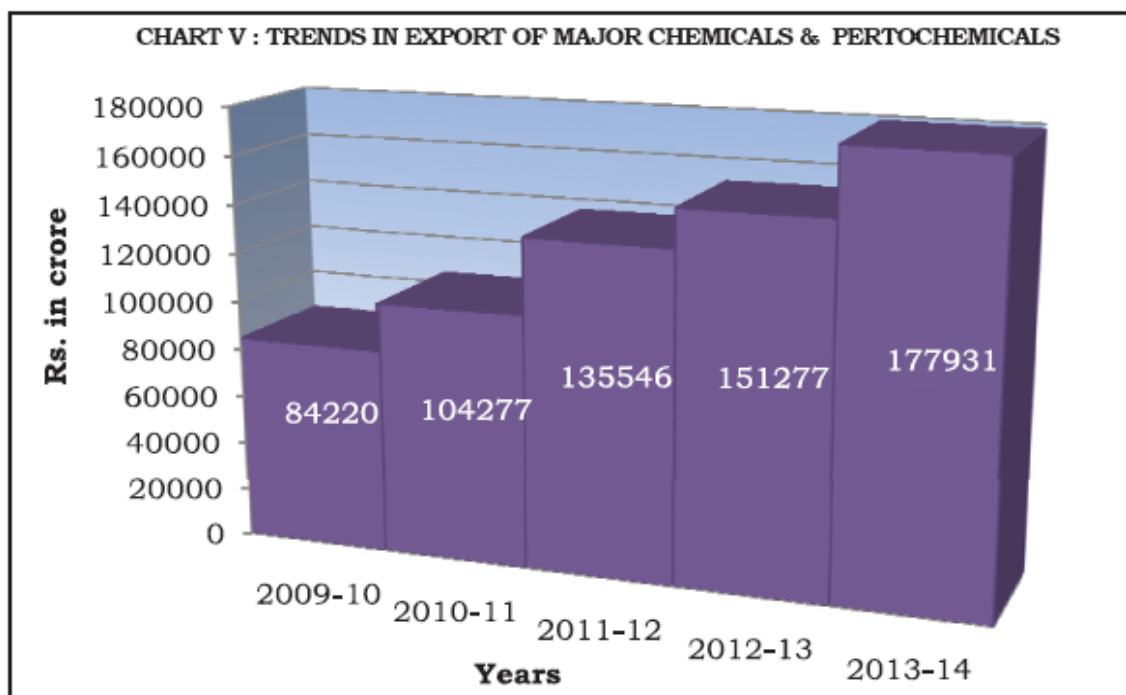
2.11 Trends in exports and imports of major chemicals and major petrochemicals during 2009-10 to 2013-14 are shown in Tables and Charts depicted below

### Exports and Imports–Major Chemicals and Major Petrochemicals

#### A. Exports

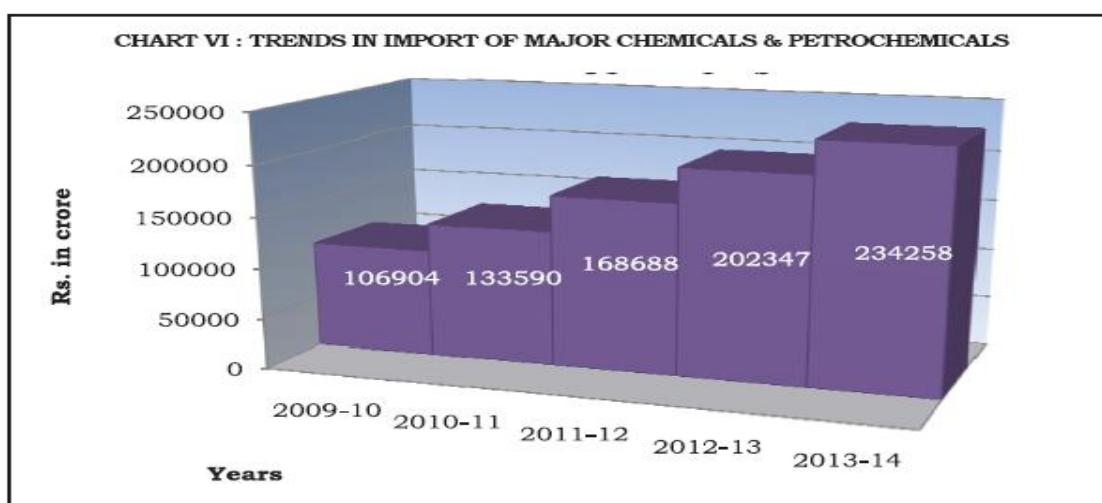
(Figures in Crores of Rs)

| HS Code | Commodity   | 2009-10       | 2010-11        | 2011-12        | 2012-13        | 2013-14        |
|---------|---|---------------|----------------|----------------|----------------|----------------|
|         | <b>Total National Exports</b>                         | <b>845534</b> | <b>1136964</b> | <b>1465959</b> | <b>1634319</b> | <b>1884912</b> |
| 28      | Inorganic chemicals                                   | 4540          | 8564           | 8689           | 7176           | 8179           |
| 29      | Organic chemicals                                     | 35241         | 41709          | 56659          | 66485          | 73582          |
| 32      | Tanning or dyeing                                     | 6556          | 7720           | 9336           | 11372          | 15433          |
| 38      | Miscellaneous chemical products                       | 8611          | 9409           | 12485          | 15545          | 18597          |
| 39      | Plastic and articles thereof                          | 13012         | 18150          | 25312          | 28021          | 34058          |
| 54      | Man-made filaments                                    | 9541          | 10469          | 12466          | 12112          | 15547          |
| 55      | Man-made staple fibres                                | 6719          | 8256           | 10599          | 10565          | 12535          |
|         | <b>Total major chemicals and major petrochemicals</b> | <b>84220</b>  | <b>104277</b>  | <b>135546</b>  | <b>151277</b>  | <b>177931</b>  |
|         | <b>% share in total export</b>                        | <b>10.0</b>   | <b>9.2</b>     | <b>9.2</b>     | <b>9.3</b>     | <b>9.4</b>     |



**B. Imports**

| HS Code   | Commodity                       | 2009-10       | 2010-11       | 2011-12       | 2012-13       | 2013-14       |
|---|---------------------------------|---------------|---------------|---------------|---------------|---------------|
|   | Total National Imports          | 1364477       | 1683467       | 2345463       | 2669162       | 2714230       |
| 28  | Inorganic chemicals             | 16270         | 17236         | 27792         | 28770         | 29411         |
| 29  | Organic chemicals               | 44505         | 57550         | 69144         | 85439         | 103043        |
| 32  | Tanning or dyeing               | 4328          | 5434          | 7097          | 8004          | 9256          |
| 38  | Miscellaneous chemical products | 11579         | 13935         | 17855         | 20650         | 23093         |
| 39  | Plastic and articles thereof    | 26129         | 34477         | 40578         | 52283         | 61114         |
| 54  | Man-made filaments              | 2638          | 3024          | 3725          | 4149          | 4599          |
| 55  | Man-made staple fibres          | 1454          | 1935          | 2498          | 3052          | 3741          |
| <b>Total major chemicals and major petrochemicals</b> |                                 | <b>106904</b> | <b>133590</b> | <b>168688</b> | <b>202347</b> | <b>234258</b> |
| % share in total import                               |                                 | <b>7.8</b>    | <b>7.9</b>    | <b>7.2</b>    | <b>7.6</b>    | <b>8.6</b>    |
| C: Trade Balance: A-B                                 |                                 | <b>-22683</b> | <b>-29313</b> | <b>-33142</b> | <b>-51070</b> | <b>-56326</b> |



2.12 The import of major chemical and petrochemical products contributed 8.6% of total imports in 2013-14, compared to 7.6% in 2012-13 whereas exports of major chemical and

petrochemical products contributed 9.4% of total exports in 2013-14, compared to 9.3% in 2012-13.

2.13 When asked to spell out the initiatives being taken to increase exports and decrease imports of major chemical and petrochemical products, the Department, in a written reply, stated as under:-

“The exports of major chemicals and petrochemicals for the last five years is as under:-

Export:-

Figures in Rupees crores

|                          | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------|---------|---------|---------|---------|---------|
| VALUE OF EXPORTS         | 84220   | 104277  | 135546  | 151277  | 177931  |
| % SHARE IN TOTAL EXPORTS | 10.0    | 9.2     | 9.2     | 9.3     | 9.4     |

Imports:-

Figures in Rupees crores

|                          | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------|---------|---------|---------|---------|---------|
| Value of Imports         | 106904  | 133590  | 168688  | 202347  | 234258  |
| % Share In Total Imports | 7.8     | 7.9     | 7.2     | 7.6     | 8.6     |

The following initiatives have been taken and/or being taken in the chemical sector to further increase the growth of exports in this sector:

I) Events such as India Chem, India Chem Gujarat are organized to attract delegates and visitors from India as well as from all major chemical producing countries, thereby providing immense potential for enhanced trade and investment in a mutually beneficial way. These events, through showcasing the strengths of the Indian chemical industry, help in development, growth of chemical sector and acceleration of exports of chemicals from India to other countries.

II) Government is in the process of formulation of a ‘National Chemical Policy’ for realising the goal of ‘Make in India’, i.e. the policy has strong emphasis on making the chemical manufacturing competitive. Accordingly, the Policy envisages ensuring Feedstock availability, creation of world class infrastructure, focus on R&D, human resource development application of green technologies for sustainable growth of the Chemical Sector. The Policy is in the draft stage.

These measures will increase the competitiveness and facilitate deeper value addition of the chemical sector, which will result in enhancing the exports.

In the Petrochemical Sector, the Government has formulated ‘Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs) Policy’ for promoting investment, providing a boost to manufacturing, augmenting exports and generation of employment. This

policy is an initiative to cater to the evolving needs of the industry. Such PCPIRs are envisioned to reap the benefits of co-sitting, networking and greater efficiencies through use of common infrastructure and supporting services. The policy provides that each PCPIR would have a refinery /petrochemical feedstock company as an Anchor Tenant. This refinery would provide feed stocks to the downstream and upstream user industries. Such PCPIRs would provide world class infrastructure to the units. Government has approved setting up of PCPIR in Andhra Pradesh, Gujarat, Odisha and Tamil Nadu.

Government has formulated a 'Plastic Park scheme' which aims at setting up Plastic Parks, as manufacturing clusters with state-of-the-art infrastructure and enabling common facilities to assist the sector to move up the value chain and contribute to the economy more effectively. The Government has accorded approval for setting up plastic parts in Madhya Pradesh, Assam, Orissa and Tamil Nadu. These plastic parks will give boost to the growth of plastic sector in the country.

Government has approved the scheme for setting up of Centres of Excellence which aims at improving the existing petrochemicals technology and research in the country and to promote development of new applications of polymers and plastics. Government is setting up five Centres of Excellence.

The chemicals and petrochemicals are free for imports. Based on the techno economic feasibility and price considerations, entrepreneurs import basic inputs for making final products for meeting the domestic as well as export led demands.

These long term measures will increase the competitiveness and deepen the value addition potential of the petro-chemical sector, and will thus facilitate in enhancing exports and decreasing imports. The Department is also taking up the matter with Department of Revenue, Ministry of Finance for rationalisation of import duties for improving the competitiveness of the Indian petrochemical sector.”

2.14 During the course of evidence, the Secretary of the Department informed the Committee as under:-

“To begin with, I would like to bring to the notice of the Chairperson and the hon. Members that chemicals and petro chemicals are one of the fastest growing manufacturing activities in India. Even during the recession time, it had grown at the annual growth rate of eight per cent.

When we talk about chemicals, we talk about bulk chemicals, specialty chemicals, agro chemicals, petro chemicals and fertilizers. When we talk of petro chemicals, it is basically in plastics in common language.

Sir, the consumption of chemicals and petrochemicals in India, when compared to the rest of the world, is very less. If we compare our per capita consumption of chemicals with that of Europe, the per capita consumption of Europe is 60 kg whereas India's per capita consumption of chemicals is only six kg. The per capita global consumption of Plastics is 30 kg. whereas India's consumption of Plastics is only 10 kg. The per capita consumption of Plastics in America is more than 100 kg. Therefore, what I mean to say is that there is a huge gap and this sector can develop massively to fill up the gap. That is how the sector is growing.

Our production of chemicals is about 118 billion US dollars whereas the global production is 3.9 trillion US dollars. We are growing at the rate of eight per cent per annum whereas the global growth rate is three to four per cent.



Share of chemicals in the manufacturing activity in GDP of India is 15 per cent. Our share in exports is nine per cent. The major States producing chemicals are Gujarat, Maharashtra and Uttar Pradesh. They account for 50 per cent of the total production in the country.

Our net growth rate of imports from 2009-13 has been increasing at the rate of 20 per cent. That is because there is a gap between production and consumption in India.

Our imports during 2012-13 were Rs.2,00,234 crore whereas our exports were only Rs.1,50,706 crore. This gap is widening because production is not matching with the increasing levels of consumption.”

2.15 While expressing their dissatisfaction in their 34<sup>th</sup> Report (Rec. No. 3), over the performance of the Department in terms of meeting financial targets and utilization of funds during 2012-13, the Committee desired to know about the steps taken by the Department to address the issue. In its written reply, the Department stated as under:-

“The Department periodically reviewed and monitor various schemes under implementation for optimum and timely utilisation of funds. The financial prudence is exercised through advance planning for release of funds in instalments as per requirement as well as insistence on utilisation certificates of earlier funds, before according approval for further releases. The allocated funds are utilised optimally and periodically to avoid injudicious used at the end of financial year.”

2.16 On being enquired about the plan of the Department to check the continuous increase in imports of chemicals and petrochemicals, the Secretary of the Department responded during the course of evidence as under:-

“With regard to petrochemicals there is the basic problem of availability of feedstock. And then when the companies import the feedstock from abroad there is a duty on that which is another problem. There is the availability problem, allocation problem, and there is the import problem. This is one issue and we need to resolve it.

The major portion of chemicals is the bulk chemicals which are the most polluting chemicals. Those are the chemicals production of which has been stopped in the west and brought to countries like India. Because of environmental reasons, the safety standards are very difficult to meet. If they are met, then it is very costly and the product becomes in-competitive. So the industry is not able to grow.

The main area to grow for the chemical industry is the specialty chemicals. Specialty chemicals are small volume chemicals but high priced chemicals. They are performance chemicals. They are not used directly but they act as catalysts and change the performance of the chemicals. Most of those chemicals are being produced in the west. So our effort is also to promote manufacturing of those chemicals.

Of course we have PCPIRs, Plastic Parks and we are putting our best foot forward to ensure that the gap between the consumption within India leading to import from abroad is bridged as much as possible.”

There is a shortage of raw material in the petrochemicals industry because it basically comes from gas and petrol and we have very less production of it.”

In this regard, a representative of the Department also stated as under:-

“To address the feedstock problems, Hon. Minister had announced one programme called the Reverse SEZs, that is setting up of SEZs in foreign countries, primarily oil-rich countries. Hon. Minister mentioned two countries, one is Iran and the second is Myanmar. Most probably I think within a month’s time a delegation will be sent. It is not finalised as yet.”

2.17 In this context, the Secretary of the Department further clarified during the evidence as under:-

"It is at concept stage. There is one problem in that. The feedstock is freely available in those countries and our people go and put up factories there and make the products.

As there are SEZs in India for exporting, there will be SEZs there for importing. The major problem with this is that in those countries we cannot freely employ Indians. That will be a problem. If we are putting up a plant in the Middle East, there is problem there because the Indian workforce faces certain issues which have to be overcome. These are the issues which have to be overcome. The initial discussions, exchange of ideas, concept building and cooperation has already started. It should happen sooner than later. "

2.18 During the course of evidence of the Department, the Committee pointed out that pesticides and other chemical manufacturing companies are not taking care of the environment and no concrete steps are being taken to check pollution. Responding to this, the Secretary of the Department, stated as under:-

"I fully share the sentiments of the hon. Member. I am also aware of the issue because I worked in the Department of Environment earlier. In India, awareness about environment and environment compatibility is very poor, and there is no dispute and there cannot be a second opinion on it. Even in our solid-waste management there is so much of chemical and petro-chemical, and they are silently killing our soil and water. We do not realise that there are chemicals and petro-chemicals in bio-medical waste; there are chemical and hazardous waste in chemical industries; and there are hazardous and toxic chemicals in electronics, that is, in our computers, cell-phones, fridge and all electronic gadgets, which is called e-waste about which we are not aware. They are disposed here and there, and they are allowed to get into the environment through soil or water.

There are chemicals in our sewage water also, and those chemicals are not safely deposited after STP treatment. I am aware of it, and I have also seen the concerns of this hon. Committee in the previous sittings. This opinion has been repeatedly expressed, and my Department has taken it very seriously now. But the issue has to be put in perspective, that is, the regulatory power of enforcing this compatibility norms are with the Ministry of Environment and Forest, and only they have the authority to punish them and issue orders. Now, that operates through the State Governments. We, as a Department promoting chemicals and petro-chemicals, also have to take care that not only we promote these activities, but we also deal with them in such a way that they are environmentally sustainable. It is there in our petro-chemical policy, and it is going to get into our National Chemical Policy also, but as such, the Department has not brought out any specific programme to facilitate the treatment of hazardous waste, and treatment and deposition of hazardous waste. We are fully concentrating on it, and we will be coming out with some policy and programme in a short while. So, I can assure the hon. Chairman and all the hon. Members that by the time you call us for the next meeting, we would have taken some concrete action on this issue.”

2.19 When the Committee opined that instead of rules and regulations being implemented through Ministry of Environment and Forest, there should be some self-imposed restrictions so that the environment is least affected, the Secretary of the Department stated as under:-

“Absolutely, Sir. they are not getting environmentally compatible, and the industry is facing problem. They did it in Tirupur, Vapi, Ankleshwar and Panoli, and they were closed. It is happening everywhere. But I do agree that awareness or concern about all these issues is not as much in the industry. It is the duty of my Department to ensure that we create awareness and concern about these issues. When we are promoting the industry, we also promote environment compatibility from the industry. That is the responsibility of our Department... In fact, in the Department, we have been preparing a Vision Paper on this..which is coming out soon. We have done a lot of work. In fact, my Joint Secretary was not agreeing with me. Then, he went to Indonesia and he saw with his own eyes how they are treating their waste. Then, he came and told me, ‘Sir, you are right.’”

### **National Policy on Petrochemicals**

2.20 The Petrochemicals sector in India has the potential of capturing large investments to become a major global player. The National Policy on Petrochemicals announced in 2007 aimed to increase investments in the sector, both upstream and downstream, increase the use of petrochemicals in thrust areas, facilitate investment in the emerging areas of the petrochemical sector and achieve environmentally sustainable growth through innovative methods of development of bio-degradable polymers and plastics.

2.21 Under the National Policy on Petrochemicals, three schemes viz. (i) National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry (ii) Setting up of Centres of Excellence (CoE) and (iii) Setting up of Plastic Parks has been formulated.

2.22 When asked to give a status report on the proposed National Chemical Policy 2012, the Department replied as under:-

“The draft Policy was prepared after extensive consultations with all the stakeholders and it was posted on DCPC website in March 2012 for public consultation. The first round of inter-ministerial consultation and discussion with Industry was held in July 2012. Based on discussions and the feedback received, a revised draft was prepared, and the 2<sup>nd</sup> & 3<sup>rd</sup> round of consultations was held in August, 2013 and December, 2013. A Drafting Committee, comprising the representatives of the stakeholders was constituted which formulated the updated version in December, 2013 and sent it for Inter-Ministerial consultation. The policy document is expected to be finalized soon.

The Policy aims to make strategies for sustainable growth and development, increasing investments, ensuring feedstock availability, R&D promotion. The emphasis is on Green Chemistry, HRD, technology up-gradation, disaster management, safety in chemical plants, etc.”

## CHAPTER III

### Five Year Plans and Annual Plans

3.1 The details of Plan Outlays for the 12<sup>th</sup> Five Year Plan and Annual Plans 2012-13 and 2013-14-BE, RE & Expenditure, Annual Plan 2014-15-BE, Annual Plans 2015-16 and 2016-17 – proposed outlays, as furnished by the Department, are given in the Table as shown below:-

| (Rs in crores) |   |                    |                     |                |                             |                     |                |                             |                     |                     |                     |
|----------------|---|--------------------|---------------------|----------------|-----------------------------|---------------------|----------------|-----------------------------|---------------------|---------------------|---------------------|
| Sl. No.        | Name of Scheme  | 12th Plan (Outlay) | Annual Plan 2012-13 |                |                             | Annual Plan 2013-14 |                |                             | Annual Plan 2014-15 | Annual Plan 2015-16 | Annual Plan 2016-17 |
|                |   |                    | BE                  | RE             | Expenditure (as % of RE)    | BE                  | RE             | Expenditure (as % of RE)    |                     |                     |                     |
|                |   |                    |                     |                |                             |                     |                |                             | (BE)                | (Proposed)          |                     |
| <b>I</b>       | <b>Project Based Support to PSUs</b>                            |                    |                     |                |                             |                     |                |                             |                     |                     |                     |
| 1.1            | Hindustan Organic Chemicals Ltd. ( HOCL )                       | 33.90              | 26.00               | 24.63          | 17.60<br>(71.46%)           | 10.00               | 8.04           | 0.00                        | 0.01                | 0.00                | 0.00                |
| 1.2            | Hindustan Insecticides LTD. ( HIL )                             | 4.60               | 14.00               | 4.10           | 4.10<br>(100%)              | 0.00                | 0.00           | 0.00                        | 15.00               | 0.20                | 0.10                |
| 1.3            | Hindustan fluorocarbons LTD (HFL)                               |                    |                     |                |                             |                     |                |                             | 20.50               |                     |                     |
| <b>II</b>      | <b>Support to Autonomous Bodies</b>                             |                    |                     |                |                             |                     |                |                             |                     |                     |                     |
| 2.1            | Central Institute of Plastic Engineering & Technology ( CIPET ) | 280.15             | 110.00              | 40.00          | 21.70<br>(54.25%)           | 140.96              | 140.96         | 140.96<br>(100%)            | 102.98              | 20.00               | 0.00                |
| 2.2            | Institute of Pesticides Formulation Technology (IPFT)           | 15.00              | 7.00                | 4.34           | 0.19<br>(4.38%)             | 4.34                | 4.34           | 4.34<br>(100%)              | 5.00                | 2.31                | 1.57                |
| <b>III</b>     | <b>Other Ongoing Schemes</b>                                    |                    |                     |                |                             |                     |                |                             |                     |                     |                     |
| 3.1            | Assam Gas Cracker Project (AGCP)                                | 2552.00            | 1552.00             | 1552.00        | 1552.00<br>(100%)           | 1000.00             | 976.96         | 976.96<br>(100%)            | 0.01                |                     |                     |
| 3.2            | Chemical Promotion & Development scheme (CPDS)                  | 12.50              | 10.00               | 2.00           | 1.19<br>(56%)               | 3.00                | 3.00           | 2.86<br>(95.33%)            | 4.30                | 2.50                | 2.50                |
| 3.3            | Chemical Weapons Convention ( CWC )                             | 7.50               | 1.50                | 1.00           | 0.89<br>(89%)               | 1.50                | 1.50           | 0.96<br>(64%)               | 1.20                | 1.50                | 1.50                |
| 3.4            | IT/Sectt.   | 2.50               | 0.30                | 0.30           | 0.30<br>(100%)              | 0.70                | 0.70           | 0.70<br>(100%)              | 0.50                | 0.50                | 0.50                |
| 3.5            | Other New Schemes of Petrochemicals                             | 104.85             | 36.20               | 8.63           | 8.63<br>(100%)              | 39.50               | 39.50          | 31.34<br>(79.34%)           | 57.50               | 5.22                | 1.50                |
|                | <b>Total</b>  | <b>3013.00</b>     | <b>1757.00</b>      | <b>1637.00</b> | <b>1606.60<br/>(98.14%)</b> | <b>1200.00</b>      | <b>1175.00</b> | <b>1158.12<br/>(98.56%)</b> | <b>207.00</b>       | <b>32.23</b>        | <b>7.67</b>         |

3.2 The Committee noted that while Rs. 24.63 crore was allocated to HOCL at RE stage, only Rs. 17.60 crore was utilized, leaving an unutilized amount of Rs. 7.03 crore. According to the explanation of the Department, this was because the release of Plan loan to HOCL was not approved by the Ministry of Finance. The Committee, therefore, asked the Department to explain the reasons as to why the Ministry of Finance did not approve the release of plan loans

to HOCL and what was the plan of the Department and how much loan was demanded for the purpose. In its written reply, the Department stated as under:-

“Out of total allocation of Rs. 24.63 crore to HOCL at RE stage in 2012-13, schemes amounting Rs. 17.60 crore relating to renewal/ replacement of machinery were approved and the amount disbursed to HOCL as plan loan. Ministry of Finance, Department of Economic Affairs, Budget Division did not approve the release of fresh loan of Rs. 7.03 crore to HOCL advising the Department that for relaxation/ restructuring further or disinvestment of the company, the Department should approach CCEA (i.e. the approval of this loan was subject to CCEA approval). The loan of Rs. 7.03 crore was required by HOCL for replacements of machinery and procuring new machinery.

Since the file was received back from Ministry of Finance on 18<sup>th</sup> March 2013 i.e. at the end of the financial year 2012-13, the matter could not be taken with MoF. HOCL has been referred to BIFR and a revival/ restructuring study is under progress.”

3.3 The Committee also noted that while Rs. 40 crore was allocated to CIPET at RE stage during 2012-13, only Rs. 21.70 crore was utilized, leaving an unutilized fund of Rs. 18.30 crore. According to the Department, this was due to non-appraisal of new Schemes and non-approval of continuation of existing schemes by the Integrated Finance Division (IFD) in time. The Department was therefore asked to explain as to why the IFD did not appraise the new schemes or approve the continuation of existing schemes proposed by CIPET and what were the new schemes proposed by the Department. In response to the Committee’s query, the Department replied in writing as under:-

“The Department had replied that the various proposals for continuing and new schemes for plan assistance to CIPET were formulated and proposed for financial concurrence after due examination and analysis, during 2012-13. All the schemes were not concurred to by Integrated Finance Division (IFD) of the Department in absence of finalization of 12<sup>th</sup> Plan outlay (by the Planning Commission). An allocation of Rs. 484 crore was initially sought for CIPET for 12<sup>th</sup> plan including support of Rs. 110 crore in annual plan of 2012-13. The final approval for plan size of Rs. 2890 crore for the Department was communicated in January, 2013 only, when less than 3 months were left in the financial year and the allocation for CIPET was reduced from Rs. 484 crore to Rs. 280 crore. This resulted in reduced outlay of Rs. 40 crore for CIPET as final allocation for 2012-13. In absence of finalization of plan outlay and financial concurrence for the CIPET proposals, only limited schemes were approved for further releases, resulting in utilization of Rs. 21.70 crore only. The details of the schemes proposed by the Department to IFD for consideration are as under:

| Sl. No. | Name of the Scheme   | Date of proposal to IFD | Concur—<br>rence of<br>IFD | Utilisation<br>during<br>2012-13 | Remarks  |
|---------|--|-------------------------|----------------------------|----------------------------------|--|
| a)      | Setting up of ATPDC, Madurai   | 21.06.2012              | 16.07.2012                 | 1.95                             | -  |
| b)      | Setting up of APPTC, Balasore  | 21.06.2012              | 16.07.2012                 | 1.25                             | -  |
| c)      | CBPST, Kochi   | 07.12.2012              | 17.01.2014                 | --                               | In principle approval from Planning Commission received on 07.01.2014. |
| d)      | Research & Development in emerging   | 18.09.2012              | 31.01.2013                 | 2.00                             | --   |
| e)      | Creation of Civil and technical infra-<br>structure for expansion of CIPET<br>Centres                      | 11.09.2012              | 01.08.2013                 | --                               | --   |
| f)      | Creation of Hostel Accommodation to<br>augment increase in intake capacity of<br>existing and new academic | 01.08.2012              | 31.01.2013                 | --                               | EFC meeting –<br>21.03.2013<br>Finance Minister                        |

| Sl. No. | Name of the Scheme  | Date of proposal to IFD | Concur—<br>rence of<br>IFD | Utilisation during 2012-13 | Remarks                  |
|---------|---|-------------------------|----------------------------|----------------------------|--------------------------|
|         | programmes  |                         |                            |                            | Approval – 24.05.2013    |
| g)      | Enriching Technical Infrastructure facilities & capabilities to meet industry needs | 11.09.2012              | 26.03.2013                 | 20.94                      | SFC meeting – 21.03.2013 |

The 12<sup>th</sup> Five Year Plan Outlay was fixed by Planning Commission very late (21<sup>st</sup> February, 2013). In view of the same, IFD could not appraise the individual schemes and annual outlays in time as proposed by the Department.”

3.4 Regarding IPFT, while Rs. 4.34 crore was allocated at RE stage, only Rs. 0.19 crore was utilized, leaving a huge unutilized fund of Rs. 4.15 crore. According to the Department, this was because the plan schemes of IPFT were not approved by the Planning Commission. The Committee therefore desired to know as to what were the reasons based on which the Planning Commission did not approve the plan schemes and the reaction of the Department to the Planning Commission in this regard and what measures are being taken to remedy the situation. In its written reply, the Department stated as under:-

“In-principle approval of Planning Commission was sought by the Department in February, 2013, after the concurrence of the Department’s Finance Wing. The matter of 3<sup>rd</sup> party assessment v/s internal evaluation and in-principle approval from Planning Commission was discussed in Planning Commission in March, 2013, in which Planning Commission sought details of actual expenditure for 2012-13 and reasons for not undertaking the 3<sup>rd</sup> party evaluation and details of the internal evaluation. Thereafter, a detailed note was sent to Planning Commission. However, no approval was received from the Planning Commission and thus funds lapsed on 31.03.2013. During 2013-14 Rs.4.34 crore was allocated and Rs.4.33 crore was released.”

3.5 The Committee noted that the Chemical Promotion and Development Scheme (CPDS) utilized only Rs. 1.19 crore out of Rs. 2 crore allocated at RE stage (2012-13). In this regard, the Department was asked to explain the reasons for this poor performance and elaborate on measures taken to rectify the situation. In its written reply, the Department stated as under:-

“Out of Rs. 2.00 crore allocated at RE stage, Rs. 1.19 crore was utilized during the financial year 2012-13, in providing grant for events/seminars/ held for promotion of Chemical and Petrochemical Industry. An amount of around Rs. 50 lakh earmarked for CIPET for organizing the event Advancement in Polymeric Materials (APM) 2012 could not be released during 2012-13. The same was released in next financial year.”

3.6 The Committee noted that Rs. 0.11 crore meant for CWC have not been utilized during 2012-13 for the reasons as explained by the Department that some awareness programmes could not be held in the month of March, 2013. In this regard, the Committee desired to know the details of the awareness programmes originally planned by the Department and whether the Department proposes to go ahead with the proposal during 2014-15 and if so, what

initiatives have been taken by the Department in this regard. In its reply, the Department stated in writing as under:-

“During 2012-13, 12 awareness programmes were conducted by the Department with assistance of CWC Help Desks. A few could not be held due to certain logistic problems. During 2013-14, the Department organized 15 such Awareness Programmes and two more programmes were also held with the help of ICC. For the year 2014-15, the Department in consultation with ICC has approved a calendar of 15 CWC Awareness Programmes in the following locations:

| No.             | Location              |
|-----------------|-----------------------|
| Western Region  |                       |
| 1               | Ankleshwar            |
| 2               | Vadodara              |
| 3               | Ahmedabad             |
| 4               | Mahad                 |
| 5               | Vapi                  |
| Eastern Region  |                       |
| 6               | Kolkata               |
| 7               | Bhubaneshwar (Odisha) |
| Southern Region |                       |
| 8               | Chennai               |
| 9               | Vishakhapatnam        |
| 10              | Bangalore             |
| 11              | Hyderabad             |
| 12              | Cochin                |
| Northern Region |                       |
| 13              | Bhiwadi/Alwar         |
| 14              | Lucknow               |
| 15              | Ludhiana              |

In addition, the Department has also planned to hold, in collaboration with ICC, five more workshops on various issues pertaining to CWC at different venues, with active participation of stakeholders including Ministries and Industry.”

3.7 Scheme-wise outlays and expenditure during 2013-14 as furnished by the Department are given in the Table below:

| (Rs. in crores) |   |                               |                |                            |              |
|-----------------|---|-------------------------------|----------------|----------------------------|--------------|
|                 | Name of the Scheme  | Annual Plan 2013-14 (RE &Exp) |                | % of expenditure w.r.t. RE | Shortfall    |
|                 | Schemes   | RE                            | Expenditure    |                            |              |
| 1               | Hindustan Organic Chemicals Ltd.(HOCL)                        | 8.04                          | 0.00           | 0                          | 8.04         |
| 2               | Central Institute of Plastic Engineering & Technology (CIPET) | 140.96                        | 140.96         | 100                        |              |
| 3               | Institute of Pesticides Formulation Technology (IPFT)         | 4.34                          | 4.34           | 100                        |              |
| 4               | Assam Gas Cracker Project                                     | 976.96                        | 976.96         | 100                        |              |
| 5               | Chemical Promotion and Development Scheme (CPDS)              | 3.00                          | 2.86           | 95.33                      | 0.14         |
| 6               | Chemical Weapons Convention (CWC)                             | 1.50                          | 0.96           | 64                         | 0.54         |
| 7               | IT/Seectt.  | 0.70                          | 0.70           | 100                        |              |
| 8               | Other New Schemes of Petrochemicals                           | 39.50                         | 31.34          | 79.34                      | 8.16         |
|                 | <b>Total</b>  | <b>1175.00</b>                | <b>1158.12</b> |                            | <b>16.88</b> |

3.8 The Committee noted that HOCL failed to utilize its allocated amount of Rs. 8.04 crore totally. According to the Department, this was due to non-receipt of 'in-principle' approval from the Planning Commission. In this regard, the Department was asked by the Committee to explain the reasons provided by the Planning Commission for not providing 'in principle' approval to the allocation. Further, the Committee desired to know as to whether the Department/HOCL had given any response to the Planning Commission in the matter and if so, what was the reaction of the Planning Commission. In reply to this, the Department stated in writing as under:-

"Rs. 10 crore was allocated for HOCL at BE stage which was subsequently reduced to Rs. 8.04 crore at RE stage and the same could not be released as no approval was received from Planning Commission and Ministry of Finance. All out efforts were made to achieve the targets and close coordination for 'in-principle' approval of the schemes from the Planning Commission as well as approval for fund release/disbursal from the Ministry of Finance was made. A number of meetings were held with both these organizations to clarify the issues further for this purpose. No specific reason was communicated by the Planning Commission for not according approval."

3.9 Out of Rs. 3.00 crore allocated to CPDS at RE stage, Rs. 0.14 crore could not be utilized due to non-receipt of approval of Department of Expenditure to the proposal of Department for grant of assistance to FICCI for organising "India Chem Gujarat 2013". In this regard, the Committee desired to know as to when the proposal was placed before Department of Expenditure for their consideration and approval and whether it was not sent to Department of Expenditure at RE stage. The Committee also asked as to why it was necessary to send the proposal again to Department of Expenditure if it was approved/agreed at RE stage and queried about the efforts made by the Department to get the proposal cleared by the Department of Expenditure. In its written reply, the Department stated as under:-

"India Chem Gujarat 2013" was held on 24-26, October, 2013 at Gandhinagar, Gujarat. The financial support to FICCI for organization of the India Chem Gujarat 2013 was approved by Hon'ble Minister of State (I/C), Chemicals & Fertilizers in the month of November, 2013. The file was referred to Ministry of Finance, Department of Expenditure in the Month of December, 2013, after obtaining the audited details of actual expenditure incurred by FICCI for organization of the event. MoF returned the file with certain queries. The replies to the queries were prepared based on clarification obtained from FICCI. The File was again referred to MoF in March, 2014. Department of Expenditure conveyed their concurrence in April, 2014. Sanction to FICCI was issued during the current Financial Year 2014-15."

3.10 Further, out of Rs. 1.50 crore meant for CWC, Rs. 0.54 crore could not be spent on several awareness programmes which could not be implemented during the year. In this regard, the Committee desired to know the reasons due to which the proposed awareness programme could not be materialized and also to explain the awareness programmes which were proposed for implementation during the year. In its written reply, the Department stated as under:-



“The total number of CWC Awareness Programme conducted with the assistance of Help Desks during the FY 2013-14 was 15. In addition, two industry consultations were held jointly by Department and ICC to discuss certain CWC related issues like sequential inspections and mixed plant site inspections.”

3.11 A shortfall of Rs. 8.16 crore has also been reported under “Other New Schemes of Petrochemicals” as the DPR for establishment of a Plastic Park in the state of Tamil Nadu has not been received from them. In this regard, the Committee desired to know the estimated cost of the said project and what efforts were made by the Department to expedite the DPR by the state of Tamil Nadu. In its response, the Department stated in writing as under:-

“The status of preparedness of DPR by Tamil Nadu is periodically monitored by the Scheme Steering Committee (SSC). Tamil Nadu Industrial Development Corporation (TIDCO) has submitted DPR in September, 2014. The report is being examined for placing it before SSC. The total estimated cost of the project is Rs. 294 crore.”

3.12 The Committee noted that the Assam Gas Cracker Project (AGCP) has witnessed cost and time overruns and asked for detailed reasons that resulted in non-commissioning of the Project by December, 2013. In its written reply, the Department stated as under:-

“The Standing Committee to fix the responsibility for cost and time overrun identified the following reasons for delay in commissioning of the Project by December, 2013;

- i. Lack of adequate and effective implementation By Engineers India Limited(EIL), the Engineering and Project Management Consultant(EPMC) for the project;
- ii. Delay in permission from statutory authority (Forest Department, Government of Assam) for utilizing sand/earth for construction purpose;
- iii. Financial crunch faced by the contractors;
- iv. Inadequate mobilization of resources(manpower and machinery);
- v. Delay in mobilization of 650 MT crane by contractor for erection of structure;
- vi. Underestimation of storage capacity of raw material;
- vii. Misplacement /mismanagement of material;
- viii. Loss of working days due to bandh, strike, rain, etc.;
- ix. Macroeconomic factors beyond control of the implementing agency.”

3.13 On being enquired by the Committee about the measures taken to ensure that the project is commissioned as per revised schedule of September, 2014, the Department in its written reply stated as under:-

“The schedule for commissioning has been further revised to June, 2015. The following measures are being taken at various levels to ensure that the project is completed within the revised schedule:

1. Regular reviews at the level of Chairman & Managing Director, BCPL and Secretary(C&PC) , including site visits
2. Close monitoring of project in concert with Project Management Consultant viz., M/s EIL for effective strategies to address the backlog in construction and achievement of committed target dates.
3. Rigorous monitoring of all contracting and delivery activities for expeditious decision making.
4. Extending financial assistance to the contractors facing financial crunch and offloading work of the non performing agencies.
5. Day to day supervision of pre-commissioning activities to prune the time period of pre-commissioning / commissioning activities.

6. Close liaisoning with ministry of Environment & Forests (MoE&F) to facilitate environmental clearances and ministry of Petroleum & Natural Gas (MoPNG) for effective steps to ensure EIL and GAIL commit and provide priority and enhanced synergy for the project.
7. Close liaisoning with state / District authorities to address the issues concerning safety, security and local issues.
8. Close liaisoning with all stakeholders to avoid hold up for requisite funding for the project.
9. Augmentation of the recruitment of BCPL manpower including availability of experienced manpower by GAIL for expediting the execution.”

3.14 In this regard, the Secretary, Department of Chemicals and Petrochemicals stated during evidence as follows:

“There is Assam Gas Cracker Project, which is basically meant for assisting the North-East States. It was conceptualised many years ago but the actual activity started in 2007. The cost and time overruns have been there. I am glad to inform the hon. Committee that the mechanical completion of the Assam Gas Cracker Project is coming to an end and we are planning to complete it by the end of November next month. Pre-commission and commission activities of the project have already started.”

3.15 The Department elaborated that the existing 12<sup>th</sup> Plan budgetary allocation for the scheme of setting up Plastic Parks is insufficient even for the 4 proposals under implementation, DCPC is unable to consider good proposals from States like Haryana, Uttar Pradesh, Gujarat and Kerala. Accordingly, Department would request Planning Commission during Mid-Term Appraisal to enhance the Plan allocation for Plastic Parks scheme to Rs.400 crore for enabling it to set up 10 Plastic Parks.

3.16 In this regard, when the Committee desired to know about the number of proposals received by the Department from the States for setting up Plastic Parks in their states and their present status, the Department in its written reply stated as under:-

“The Department circulated Scheme guidelines in November,2011 seeking proposals from the State Governments. In response, 9 preliminary proposals were received as under:

- 1) Assam Industrial Development Corporation (AIDC), Assam
- 2) Adani Ports and SEZ Ltd.(APSEZ), Gujarat
- 3) Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVN), Bhopal, Madhya Pradesh
- 4) Industrial Infrastructure Development Corporation (IDCO) Odisha
- 5) ALP Polymer Park Pvt. Ltd., Rajasthan
- 6) Tamil Nadu Industrial Development Corporation(TIDCO), Tamil Nadu
- 7) Bengal Infrabuilder Pvt. Ltd. and West Bengal Small Industries Development Corporation (WBIDC), West Bengal
- 8) First League Infrastructure Ltd., Andhra Pradesh
- 9) M/s BCL Industries and Infrastructure Ltd., Bathinda, supported by Govt. Of Punjab.

It was decided to consider preliminary proposals, having clear State Government support, in the first instance. Thus, the representatives of the following State Governments were invited to make presentations before the Scheme Steering

committee (SSC): Assam, Madhya Pradesh, Tamil Nadu, Gujarat, Odisha, West Bengal and Punjab. However, representatives of the State Governments of West Bengal and Punjab did not attend. The SSC decided to assign due weightage and priority to the proposals having support and active participation of State Government or its agency/ undertaking in the SPV's equity structure while evaluating the proposals and accordingly granted 'in principle' approval to the 4 proposals from Tamil Nadu, Madhya Pradesh, Assam and Odisha. Following the submission of DPRs and final approval, the Department has released the first instalment of Rs. 8 crore of the Grants-in-Aid to Madhya Pradesh Plastic Park Development Corporation Ltd. (MPPPDCL), Paradeep Plastic Park Ltd. (PPPL) and Assam Industrial Development Corporation (AIDC) for setting up of Plastic Park at Madhya Pradesh, Odisha and Assam, respectively. The DPR, complete in all respects, from Tamil Nadu is awaited.

Subsequently, 4 other State Governments/ Organizations have also evinced interest in setting up plastic parks in respective states, as enlisted below:

1. Haryana State Industrial and Infrastructure Development Corporation Ltd. (HSIDC), Haryana.
2. Kerala Industrial Infrastructure Development Corporation (KINFRA), Kerala.
3. Uttar Pradesh State Industrial Development Corporation Corporation Ltd. (UPSIDC), Uttar Pradesh.
4. M/s Gee PEE Realities Pvt. Limited, Mumbai for setting up of Plastic Park at Khairjhiti Village, Rajnandgoan District., Chattisgarh.

The Plan budgetary allocation for the scheme under the 12<sup>th</sup> plan is Rs.75 crore, which is not adequate to meet the requisite funding of Rs.160 crore for 4 plastic parks. As a result, proposals other than those accorded 'in principle' approval or final approval, could not be considered by the Department due to fund constraint."

3.17 When the Committee asked the Department to elaborate the detailed action plan of the Department to enable them to set up 10 Plastic Parks in the country, the Department in its written reply stated as under:-

"Department is implementing 4 Plastic Parks in the 12th five year plan. The plan budgetary allocation for the scheme under the 12th plan is Rs 75 crore, which is not adequate to meet the funding of Rs. 160 crore for 4 plastic parks. Keeping this in view and the demand from other States, a proposal for additional budgetary allocation of Rs. 280 crore for setting up 7 Plastic Parks during the 12th Five Year plan was submitted to Planning Commission, which was not agreed to due to funds constraint. Planning Commission has asked DCPC to take up the matter during the Mid-Term Appraisal of the 12th Plan."

3.18 When asked if the Department has any proposal to take up the said matter during the Mid-Term Appraisal of the 12<sup>th</sup> Plan, the Department in a written reply stated as under:-

"The Department has initiated a proposal for implementation of 10 dedicated Plastic Parks (two each approved in 11<sup>th</sup> and 12<sup>th</sup> Plan respectively and additional six proposed for the 12<sup>th</sup> Five Year Plan) over a period of 8 years including 12<sup>th</sup> Plan (2012-17) and 13<sup>th</sup> Plan (2017-22) at a cost of Rs. 405 crore (Rs. 400 crore for 10 Plastic Parks and Rs. 5 crore for Programme Manager Fee). The proposal, after concurrence to by Financial Adviser and approval by Secretary (C&PC), has been circulated to concerned Departments /Ministries, for inter departmental consultations."

3.19 The Committee were informed in writing that lump sum provision for the North-East Region (NER), its percentage to the total BE of the Department and actual utilization for the last three years and the current year are as under:-

(Rs. in Crore)

| Year    | Provision |        | %age to BE | Actual Utilization |
|---------|-----------|--------|------------|--------------------|
|         | BE        | RE     |            |                    |
| 2011-12 | 80.00     | 100.00 | 10%        | 100.00             |
| 2012-13 | 175.70    | 175.70 | 10%        | 175.70             |
| 2013-14 | 120.00    | 117.50 | 10%        | 117.50             |
| 2014-15 | 31.17     | -      | 15%        | -                  |

Allocations to the Department for the last three years (2011-12 to 2013-14) to N.E. Region at BE and RE stage has been to the Assam Gas Cracker Project, which has been utilized in full.

## CHAPTER IV

### Demands For Grants 2014-15

4.1 The details of budget proposals made to Planning Commission for 2014-15 and the amount actually allocated by the Planning Commission are as follows:-

(Rs. in crore)

| Sl. No.    | Name of the Scheme                                     | 2014-15 proposed | 2014-15 (BE)  |
|------------|--|------------------|---------------|
| <b>I</b>   | <b>Project Based Support to PSUs</b>                   |                  |               |
| 1.1        | Hindustan Organic Chemicals Ltd. (HOCL)                | 60.00            | 0.01          |
| 1.2        | Hindustan Insecticides Ltd. (HIL)                      | 29.00            | 15.00         |
| 1.3        | Hindustan Fluorocarbons Limited (HFL)                  | 20.50            | 20.50         |
| <b>II</b>  | <b>Support to Autonomous Bodies</b>                    |                  |               |
| 2.1        | Central Institute of Plastics Engineering & Technology | 110.29           | 102.98        |
| 2.2        | Institute of Pesticides Formulation Technology (IPFT)  | 5.36             | 5.00          |
| <b>III</b> | <b>Other Ongoing Schemes</b>                           |                  |               |
| 3.1        | Assam Gas Cracker Project                              | 1.00             | 0.01          |
| 3.2        | Chemical Promotion and Development Scheme (CPDS)       | 5.00             | 4.30          |
| 3.3        | Chemical Weapons Convention (CWC)                      | 1.50             | 1.20          |
| 3.4        | IT/Sectt.  | 0.50             | 0.50          |
| 3.5        | Other New Schemes of Petrochemicals                    | 57.50            | 57.50         |
|            | <b>Total</b>   | <b>290.65</b>    | <b>207.00</b> |

The scheme-wise allocation proposed by the department was Rs.290.65 crores whereas the budgetary allocation made by the Planning Commission is Rs.207.00 crores.

4.2 As per the Demand for Grants, the budgetary allocation under Plan and Non-Plan under Major Head and Capital during the year 2013-14 and 2014-15 is given below:-

(Rs. in crore)

| Major Head   | Budget Estimates 2013-14 |               |                | Revised Estimates 2013-14 |              |                | Budget Estimates 2014-15 |              |               |
|--------------|--------------------------|---------------|----------------|---------------------------|--------------|----------------|--------------------------|--------------|---------------|
|              | Plan                     | Non-Plan      | Total          | Plan                      | Non-Plan     | Total          | Plan                     | Non-Plan     | Total         |
| Revenue      | 1190.00                  | 142.98        | 1332.98        | 1166.96                   | 66.28        | 1233.24        | 171.49                   | 63.67        | 235.16        |
| Capital      | 10.00                    | 0.03          | 10.03          | 8.04                      | --           | 8.04           | 35.51                    | 0.01         | 35.52         |
| <b>Total</b> | <b>1200.00</b>           | <b>143.01</b> | <b>1343.01</b> | <b>1175.00</b>            | <b>66.28</b> | <b>1241.28</b> | <b>207.00</b>            | <b>63.68</b> | <b>270.68</b> |

4.3 The Committee desired to know the reasons for the huge decrease of Plan allocation under Revenue head from RE 2013-14 (Rs. 1166.96 crore) to BE 2014-15 (Rs. 171.49 crore). In its written reply, the Department stated as under:

“With the release of Rs. 1000 crore in 2013-14, the Department of Chemicals & Petrochemicals has released the entire sanctioned amount of capital subsidy of Rs. 4690 crore for AGCP. A token provision of Rs. 0.01 crore has been provided in Budget Estimates (2014-15). This explains the drop in allocation.”

4.4 When the Committee asked the Department to give reasons for the sharp increase in Plan allocation under Capital Head from RE 2013-14 (Rs. 8.04 crore) to BE 2014-15 (Rs. 35.51 crore), the Department in its written reply stated as under:-

“Plan allocation under capital head are made as per the schemes furnished by CPSEs for renewal and replacement of plant and machinery, and new projects. It depends on the requirements made by CPSEs. In 2013-14 funds were allocated for HOCL only as no demand for plan loan was received from HIL and HFL at BE stage. In case of BE 2014-15, Plan proposals have been received from HIL for Rs. 15 crore and HFL for Rs 20.50 crore for refurbishment and new initiatives. Hence, increase in budget allocation for BE 2014-15.”

4.5 As per the Department’s Demand for Grants 2014-15, Lumpsum Provision for Project/Scheme for the benefit of the NE Region and Sikkim is as below:-

| BE 2013-14 |          |        | RE 2013-14 |          |        | Actual Exp. During RE 2013-14 |          |        | BE 2014-15 |          |       |
|------------|----------|--------|------------|----------|--------|-------------------------------|----------|--------|------------|----------|-------|
| Plan       | Non-Plan | Total  | Plan       | Non-Plan | Total  | Plan                          | Non-Plan | Total  | Plan       | Non-Plan | Total |
| 120.00     | --       | 120.00 | 117.50     | --       | 117.50 | 117.50                        | --       | 117.50 | 31.17      | --       | 31.17 |

4.6 When asked to explain the reasons for the sharp drop in allocation under the Major Head 2552 from RE 2013-14 to BE 2014-15, the Department replied in writing as under:-

“In RE 2013-14, the provision of Rs. 117.50 crore was kept for Assam Gas Cracker Project, under the “Lump sum Provision for implementing projects/schemes for North Eastern Region and Sikkim”. The Department of Chemicals & Petrochemicals has released the entire sanctioned amount of capital subsidy of Rs. 4690 crore for AGCP, upto 2013-14. A token provision of Rs. 0.01 crore has only been provided in Budget Estimates (2014-15). The provision of Rs. 31.17 crore in BE 2014-15 under this Head has now been made for implementation of schemes under CIPET and New Schemes of Petrochemicals. This explains the drop in allocation from RE 2013-14 to BE 2014-15.”

4.7 When asked to explain the plan of the Department to utilize Rs. 31.17 crore allocated under this Head for the year 2014-15 and the projects/schemes to be undertaken to benefit the NE region and Sikkim, the Department replied in writing as under:-

“The plan for utilization of allocation of Rs. 31.17 crore for the projects/schemes to be undertaken to benefit the NE region and Sikkim, by the Department, is as under:

(Rs. In crore)

| Sl                                   | Name of the Scheme  | Allocation |
|--------------------------------------|---|------------|
| <b>New Schemes of Petrochemicals</b> |   |            |
| 1                                    | Setting up of Plastic Parks – Release of 2 <sup>nd</sup> Instalment of Grant-in-Aid for setting up of plastic park at Tinsukia district, Assam for development of downstream plastic processing industries. | 14.00      |
| 2.                                   | Setting up of Centres of Excellence - Release of 2 <sup>nd</sup> Instalment of Grant-in-Aid for setting up of CoE for Sustainable Polymers (CoE-SusPol) at Indian Institute of Technology, Guwahati.        | 2.00       |
| Sub Total                            |   | 16.00      |

| <b>Central Institute of Plastics Engineering &amp; Technology (CIPET)</b> |   |              |
|---|---|--------------|
| 1   | Creation of Hostel Facilities to augment increase in intake capacity of existing and new academic programmes at CIPET Centres at Guwahati and Imphal. | 11.00        |
| 2   | Enriching Technical Infrastructure facilities & capabilities to meet industry needs at CIPET Centres at Guwahati and Imphal.                          | 4.17         |
| Sub Total   |   | 15.17        |
| <b>Total</b>  |   | <b>31.17</b> |

4.8 As per the Department's Demand for Grants 2014-15, the budget proposal under Investments in Public Enterprises is as under:-

| MAJOR HEAD 6857 |          |       |               |          |       | (Rs in Crores) |          |       |
|-----------------|----------|-------|---------------|----------|-------|----------------|----------|-------|
| BE<br>2013-14   |          |       | RE<br>2013-14 |          |       | BE<br>2014-15  |          |       |
| Plan            | Non-Plan | Total | Plan          | Non-Plan | Total | Plan           | Non-Plan | Total |
| 10.00           | --       | 10.00 | 8.04          | --       | 8.04  | 15.01          | --       | 15.01 |

4.9 On being asked about a significant rise in allocation under the scheme from RE 2013-14 to BE 2014-15, the Department in its written reply explained as under:-

“For growth and development of the CPSEs, during 2014-15, Rs. 35.50 crore has been allocated as BE in the Budget for Plan Loan Schemes, (MH 6856 and 6857) out of which Rs.15.00 crore for HIL and Rs.20.50 crore for HFL and a token provision of Rs. 0.01 crore stands allocated to HOCL. The HFL schemes are for refurbishment and new initiatives, whereas HIL plan loan is for a new project. It is envisaged that these plan schemes will support the companies towards further growth.”

4.10 When the Department was asked to elaborate the details of investments made in public enterprises during the last two years, the Department replied as under:-

“During 2012-13, Rs.17.60 crore was approved and disbursed for renewal/ replacement to HOCL and Rs. 4.10 crore was approved for HIL for enhancing capacity of plant. During 2013-14, no approval was received from Ministry of Finance and thus no disbursement was made to PSUs.”

## CHAPTER V

### AUTONOMOUS BODIES

#### I. CENTRAL INSTITUTE OF PLASTIC ENGINEERING AND TECHNOLOGY (CIPET)

5.1 CIPET is a premier institution devoted to Academic, Technology Support and Research (ATR) activities for the growth of Polymer & allied industries in the country. It is an ISO 9001:2008 QMS, NABL, ISO/IEC 17020 accredited national Institution. CIPET has 16 Centers at 23 locations across the country with its Head Office at Chennai. The Centres are:

#### Centres of CIPET

|   |  |
|---|--|
| <p><b>5 High Learning Centres (HLC):*</b><br/>Chennai<br/>Ahmedabad<br/>Bhubaneswar<br/>Lucknow<br/>Kochi</p>   | <p><b>11 Conventional Learning Centres:*</b><br/>Amritsar<br/>Aurangabad<br/>Bhopal<br/>Guwahati<br/>Hyderabad<br/>Hajipur<br/>Haldia<br/>Jaipur<br/>Imphal<br/>Mysore<br/>Panipat</p> |
| <p><b>2 R&amp;D wings:</b><br/>Advanced Research School for Technology Product Simulation (ARSTPS) at Chennai.<br/><br/>Laboratory for Advanced Research in Polymeric Materials (LARPM) at Bhubaneswar.</p> | <p><b>1 Plastic Waste Management Centre:</b><br/>Guwahati</p>  |
| <p><b>2 specialised units*</b><br/>Advanced Tooling and Plastics Product Development Centre (ATPDC), Madurai.<br/><br/>Advanced Plastics Processing Technology Centre (APPTC), Balasore.</p>                | <p><b>1 Vocational Training Centre</b><br/>MCTI, Bhubaneswar</p>   |
|   | <p><b>1 Polymer Data Services (PDS);</b><br/>Gurgaon</p>   |

\* All the CIPET Learning and Specialised Centres have state-of-the-art infrastructural facilities in the areas of Design, CAD/CAM/CAE, Tooling & Mould Manufacturing, Plastics Processing, Testing and Quality Control to cater to the needs of Plastics and allied industries.

5.2 As per the Department's Demand for Grants 2014-15, budget proposal for CIPET is as below:-

| MAJOR HEAD 2852 |          |        |            |          |        | (Rs in Crores) |          |       |
|-----------------|----------|--------|------------|----------|--------|----------------|----------|-------|
| BE 2013-14      |          |        | RE 2013-14 |          |        | BE 2014-15     |          |       |
| Plan            | Non-Plan | Total  | Plan       | Non-Plan | Total  | Plan           | Non-Plan | Total |
| 140.96          | --       | 140.96 | 140.96     | --       | 140.96 | 87.81          | --       | 87.81 |



5.3 When asked to explain the steep decrease in allocation under Plan head for CIPET from RE 2013-14 (Rs. 140.96 crore) to BE 2014-15 (Rs. 87.81 crore), the Department replied in writing as under:-

“An allocation of Rs. 280 crore has been provided as Plan assistance for various schemes to CIPET in 12<sup>th</sup> Plan period. The major part of implementation of the 12<sup>th</sup> Plan Schemes of CIPET especially relating to “Creation of Civil and Technical Infrastructure for expansion of CIPET Centres”; “Creation of Hostel facilities to augment increase in intake capacity of the existing and new academic programmes” and “Enriching technical infrastructure facilities & capabilities to meet industry needs”, was envisaged to be taken up in the year 2013-14. These schemes require relatively lesser funds in last years of implementation in 2014-15 and 2015-16. This explains decrease in allocation from RE 2013-14 (Rs. 140.96 crore) to BE 2014-15 (Rs. 87.81 crore).”

5.4 The Committee noted that no allocations have been made under Non-Plan Head for CIPET in the BE (2013-14), RE (2013-14) and BE (2014-15). In this regard, the Department was asked to give reasons for the same and the manner in which CIPET will manage its day to day functioning in the absence of Non-Plan expenditure. In its written reply to this, the Department stated as under:-

“CIPET, apart from conducting academic programmes in various areas of polymer technology, also renders technology support services to the plastics and allied industries viz. design, tooling, plastic processing & testing, inspection, quality control etc. The revenue generated through technology support services and fees from academic programmes (short term and long term) pays for its revenue expenditure. The non plan support to CIPET was discontinued from 2007- 08. CIPET has been managing its day to day functioning from the revenue generated through internal resources since then, and does not depend on Government of India for those expenditures.”

5.5 As per the information provided by the Department, CIPET had fully utilized its fund allocated to it (Rs. 140.96 crore) during 2013-14. In this regard, the Committee desired to know the manner in which the amount allocated to CIPET was spent and asked to provide a list of projects/programmes undertaken by CIPET. In reply thereto, the Department stated in writing as under:-

“The details of utilization of amount of Rs 140.96 crore allocated to CIPET during the year 2013-14 on various projects/programmes are as under:

| <b>Sl. No.</b> | <b>Name of the Scheme</b>   | <b>Annual Plan 2013-14 (Rs. in crore)</b> |
|----------------|---|---|
| a)             | Centre for Bio Polymer Sciences and Technology (CBPST), Kochi <ul style="list-style-type: none"> <li>• Procurement of machinery/equipment for laboratories</li> <li>• Establishment of Prototype Product Development Centre</li> </ul>  | 5.55                                      |
| b)             | Research & Development in emerging areas <ul style="list-style-type: none"> <li>• Procurement of machinery/equipment for R&amp;D units</li> <li>• Procurement of consumables &amp; raw material, calibration, testing, NABL accreditation etc.</li> <li>• Expenditure on patent filing/renewal, e-journals and e-books, international conferences and faculty exchange programmes</li> <li>• Engagement of Research fellows, scholars, scientists etc.</li> </ul> | 3.50                                      |

| <b>Sl. No.</b> | <b>Name of the Scheme</b>  | <b>Annual Plan 2013-14 (Rs. in crore)</b> |
|----------------|--|---|
| c)             | Creation of civil and technical infrastructure for expansion of CIPET Centres <ul style="list-style-type: none"> <li>• Construction on classrooms and laboratories at CIPET, Chennai and Bhubaneswar</li> </ul>  | 12.80                                     |
| d)             | Creation of Hostel Accommodation to augment increase in intake capacity of existing and new academic programmes <ul style="list-style-type: none"> <li>• Construction of hostels for students of CIPET centres in 8 States</li> </ul>  | 98.17                                     |
| e)             | Enriching Technical Infrastructure facilities & capabilities to meet industry needs <ul style="list-style-type: none"> <li>• Procurement of equipment/machinery for plastic processing, tool room and design &amp; CAD/CAM/CAE for conducting skill development programmes at CIPET centres</li> </ul> | 20.94                                     |
|                | <b>TOTAL</b>   | <b>140.96</b>                             |

5.6 There is an allocation of Rs. 102.98 crore for CIPET in 2014-15 for its continuing and new Plan Schemes. This allocation will meet the requirements to provide civil and technical infrastructure for expansion of CIPET centres, creation of hostel facilities and to augment intake capacity of existing and new academic and skill development programmes, enriching CIPET's capabilities to offer technical support services to plastics and allied industry, undertake research and development projects in the area of cutting edge technologies and establishment of Centre for Biopolymer Science and Technology (CBPST) at Kochi to promote environment friendly plastic technologies. The infrastructure so generated will help in achieving the targets set for skill development through long term and short term courses during 2014-15.

5.7 When the Committee asked to provide the details of the plan to expand CIPET centres, the Department in its response stated in writing as under:-

“CIPET is a premier national institution that caters to Academic, Technology Support and Research (ATR) activities through its 23 Centres across the country for the growth of polymer and allied industries in the country. Every year, CIPET trains around 40,000 students through long term professional and short term skill development programme. CIPET is assigned a target to train 6.20 lakh candidates during the year 2010 to 2022 through skill development training programmes in the area of Polymer Science & Technology to meet the industry needs. With anticipated growth rate of 8 to 10% in the plastics processing machinery, there is an increased requirement of skilled manpower to operate these machineries and lead the industrial growth. In order to meet the manpower requirements of ever growing polymer and allied industries, CIPET has been increasing the infrastructure capabilities to augment its intake capacity. New Centres are also established at different locations of the country, especially near industrial areas, based on the need for skilled manpower.”

5.8 When the Committee enquired about setting up one CIPET centre in Andhra Pradesh following the division of Andhra Pradesh into two States, the representative from the Department responded as under:

“ We have plans to expand CIPET centres - one in Hyderabad by way of high learning centre and vocational training centre and another vocational training centre for Vijayawada. They are on the cards. It will take some time but we are planning to expand CIPET centres in both the States.”

5.9 When the Committee pointed out that the market is flooded with Chinese goods and the manner in which CIPET propose to face the competition, the Department replied in writing as under:-

“To meet the needs of plastics and petrochemical sector and allied manufacturing industries, CIPET is focusing on the following areas to meet the challenges from the Chinese market:

- (i) Generating industry responsive manpower for all categories of plastic and petrochemical industries through long term professional and short term vocational skill development programmes.
- (ii) Providing technical support services in the areas of design and development, testing and quality control, new and advanced material, new product development, prototyping and production across a wide range of sectors.

The strengthening of R&D wings of CIPET facilitate indigenization and technology transfers for the development of different types of products for specific applications so that the industries will be able to face the challenges posed by imports, including from China.”

## **II. INSTITUTE OF PESTICIDE FORMULATION TECHNOLOGY (IPFT)**

5.10 The institute was established in May, 1991 under the aegis of Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, as an autonomous institution for fulfilling the following objectives:

- To develop and produce new pesticide formulation technology that is environment friendly.
- To promote efficient application technologies for newer formulations.
- To disseminate information on safe manufacturing practices, quality assurances, raw material specifications and sources.
- To undertake consultancy services and offer analytical solutions for agrochemicals manufacturers and users.
- To nurture talent in pesticide scientists by enhancing their skills through specialised training and continuing education.

5.11 Since its inception, the Institute has established a healthy rapport with the pesticides industry and has contributed to the enhancement of indigenous pesticide technologies by formulating some of the most efficient, economical and environment friendly solutions in the country. Some of its formulations have seen successful technology transfers for production of next generation pesticides.

5.12 As per the Department’s Demand for Grants 2014-15, the budget proposal for IPFT is as under:-

| MAJOR HEAD 2852 |          |       | (Rs in Crores) |          |       |               |          |       |
|-----------------|----------|-------|----------------|----------|-------|---------------|----------|-------|
| BE<br>2013-14   |          |       | RE<br>2013-14  |          |       | BE<br>2014-15 |          |       |
| Plan            | Non-Plan | Total | Plan           | Non-Plan | Total | Plan          | Non-Plan | Total |
| 4.34            | 3.15     | 7.49  | 4.34           | 3.80     | 8.14  | 5.00          | 4.30     | 9.30  |

5.13 When the Committee enquired about the plans of the Department plans to utilize Rs. 5 crore allocated to IPFT under Plan Head during 2014-15 and the new projects being taken up by IPFT, the Department replied in writing as under:-

“The B.E. allocation for 2014-15 under ‘Grants-in-aid General’ is Rs.1.24 crore and ‘Grants for creation of Capital Assets’ is Rs.3.76 crore pertaining to IPFT, totalling Rs.5.00 crore. The projects undertaken in Grant-in-Aid (General) are (i) development of user and environment friendly water dispersible granule formulation (ii) development of mass production technique and formulation for baculo viruses (iii) management of termite by integrated approach (iv) magnetic core-shell nano particles based extraction (v) pesticides formulation from plant extract and their bio-efficacy studies (vi) manpower for OPCW project entitled “Development of Recyclable catalytic System based on Nano particles for treatment of Toxic Effluent generated from Indian Pesticide Industries”.

Grant-in-Aid (Capital Assets) of Rs. 3.76 crore consists of expenditure of Rs. 63 lakh on Analytical Division, Rs. 120 lakh on Formulation Division, Rs. 48 lakh on Bioscience Division and Rs. 145 lakh on Pilot Plant Division.”

5.14 The Committee, in their 34<sup>th</sup> Report (Rec. No. 7), had expressed their desire for IPFT to reduce their dependence on Non-Plan funds and generate revenues internally and recommended that measures in this regard be executed expeditiously. On being enquired by the Committee about the steps taken by IPFT in this regard, the Department in its written response stated as under:-

“The findings of the Committee were noted and IPFT has taken steps which have resulted in increased revenue generation during last five years. IPFT has made efforts to reduce their dependence on Non-Plan funds and generate revenue internally by taking a number of measures like (i) interaction with agro-chemical industries to get more projects (ii) becoming Proficiency Test (PT) provider for pesticide formulations (iii) preparation of certified reference materials for pesticides (iv) creation of GLP certified lab for testing of agrochemicals (v) establishment of study center for Analytical Techniques through IGNOU (vi) renovation of pilot plant. The above measures have resulted in increased revenue generation during last five years from Rs. 49 lakh in 2009-10 to Rs. 155 lakh in 2013-14.”

## CHAPTER VI

### PUBLIC SECTOR UNDERTAKINGS (PSUs)

#### **I. Hindustan Organic Chemicals Limited (HOCL)**

6.1 Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12th December, 1960 as a Government company with the objective of setting up manufacturing capacities for chemicals/ intermediates which are required for production of dyes, dye-intermediates, rubber chemicals, pesticides, drugs and pharmaceuticals, laminates etc. The products manufactured by HOCL include phenol, acetone, formaldehyde, nitrobenzene, aniline, nitro-toluene, nitric acid, di-nitrogen tetra-oxide (N<sub>2</sub>O<sub>4</sub>) and hydrogen peroxide. The raw materials used by HOCL are benzene, toluene, LPG, methanol, CNG and sulphur, most of which come from petroleum refineries. HOCL is the only manufacturer of liquid rocket propellant N<sub>2</sub>O<sub>4</sub> in the country, supplying to ISRO. HOCL now has 58.78% Government shareholding.

6.2 HOCL has two units, located at Rasayani (Maharashtra) and Kochi (Kerala). It also has a subsidiary company, viz. Hindustan Fluorocarbons Limited (HFL), located at Rudraram, Medak (Andhra Pradesh) which manufactures Poly-Tetra-Fluoro- Ethylene (PTFE), a high- technology engineering plastic.

6.3 The company was referred to Board for Industrial and Financial Reconstruction (BIFR) in February, 2005 and based on the recommendations of Board for Reconstruction of Public Sector Enterprises (BRPSE), Government approved a Revival Package on 09.03.2006, providing cash infusion of Rs.250 crore in the form of 8% Redeemable Non-Cumulative Preference Shares for repayment of high cost overdue Bonds for payment of VRS and waiver of penal interest and interest on interest up to 31.03.2005 and continuation of Government of India Guarantee of Rs.100 crore for full term of 10 years to be utilised to liquidate high cost debt. With this financial restructuring, the net-worth of the company became positive and BIFR discharged the company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 in 2008.

6.4 During the past few years, the company started making losses again and considering the precarious financial position of HOCL, the Cabinet Committee on Economic Affairs (CCEA) in August 2013 approved to postpone the redemption of Rs.250 crore Preference Shares, which was due from 2011-12, by another 4 years (i.e. to begin from 2015-16), and to renew the Government Guarantee of Rs.100 crore up to August 2017. Subsequently, as the net worth of the company became negative due to continuous losses, HOCL filed application to BIFR on 27 November, 2013.

6.5 The physical and financial performance of the Company during the last five years has been as follows:

## Performance of HOCL

| Year    | Sales /Turnover<br>(₹ crore) | Net Profit / Loss<br>(₹ crore) |
|---------|------------------------------|--------------------------------|
| 2009-10 | 520.71                       | (-) 83.07                      |
| 2010-11 | 738.04                       | (+)25.71                       |
| 2011-12 | 606.36                       | (-)78.07                       |
| 2012-13 | 624.19                       | (-)137.99                      |
| 2013-14 | 237.20                       | (-)176.85                      |

6.6 The sales/turnover of the company decreased from Rs.624.19 crore in 2012-13 to Rs. 237.20 crore in 2013-14 resulting in a net loss of Rs.176.85 crore. In view of this, the Committee asked the Department to explain the main reasons for this poor performance and highlight the measures taken to take the company to the growth path. In its written reply, the Department stated as under:-

- “i) The major reasons for the poor financial condition of HOCL are the uneconomic small capacity of its plants, obsolete technology and excessive manpower and dumping of its main products. During the ‘Sunset Review’, ADD was withdrawn from April 2012 onwards on import of phenol from USA, Taiwan, Singapore and European Union, and for import of acetone from Taiwan and Saudi Arabia. With the withdrawal of ADD, HOCL suffered high losses in 2012-13 and 2013-14 on account of cheaper imports and high raw material cost, which adversely affected the overall performance of the company.

The company had been referred to BIFR on 27 November 2013 due to total erosion of the net-worth. M/s FACT Engineering & Design Organization (FEDO) has been engaged to conduct a revival study and they have submitted a report to HOCL.

- ii) Ministry of Finance vide their OM dt.23.07.2014 have approved provision of Government Guarantee amounting to Rs. 150 crore to raise Non-Convertible Debenture in the nature of Bonds and the company is raising money against this Guarantee, to be utilised mainly for running the plants .

Action will be taken as decided by Government on the FEDO study.

6.7 HOCL was allocated a budget of Rs 10 crore in 2013-14 as Plan loan which was reduced to Rs 8.04 crore in RE. This could not be released as HOCL was not sanctioned the loan. During 2014-15, a token provision of Rs. 0.01 crore has been made for HOCL.

6.8 On being enquired by the Committee as to why the Plan Loan of Rs. 8.04 for 2013-14 could not be sanctioned, the Department in its written reply stated as under:-

“Rs. 10 crore was allocated for HOCL at BE stage which was subsequently reduced to Rs. 8.04 crore at RE stage and the same could not be released as no approval was received from MoF as well as Planning Commission”.

6.9 When the Committee asked about the measures being undertaken to ensure that such instances do not recur in future, the Department stated in writing as under:-

“All out efforts are made through close coordination for ‘in-principle’ approval of the schemes by the Planning Commission, as well as approval for fund release/disbursal by the Ministry of Finance. A number of meetings are held with both these organizations to clarify the issues further for this purpose.”

6.10 In their study visit to HOCL units in Mumbai on 10 November, 2011, the Committee had observed that plants producing chemicals viz. MCB, MOB and Aectanilicide which are not operating for the last 10-15 years and cannot be revived should be closed and dismantled. When the Committee desired to know about the follow up actions taken in this regard, the Department in its written response stated as under:-

“The company has already taken action for disposal of idle/non-operating plants through E-auction conducted by M/s Metal Scrap Trade Corporation limited (MSTC) a PSU. Accordingly, Rs. 12.51 crore was realised in the year 2013-14. Subsequently few more idle/obsolete plants were disposed in the month August 2014 realising an amount of Rs. 3.71 crore.”

6.11 On being enquired by the Committee about the present status of HOCL and its revival the Secretary of the Department of Chemicals and Petrochemicals during evidence explained as under:-

“For Cochin unit, the Government has sanctioned a grant of Rs.150 crore. Now the Cochin unit has started working.”

Regarding Rasayani plant, Chairman, HOCL added as under:-

"We have got the Government guarantee of Rs.150 crore. We have cleared the dues to the raw material suppliers. We have already started one unit. We are going to start the production of the next unit of Rasayani. We are going to start the production. One plant has already started. We are going to start the other two plants. But the revival of that unit requires major investment because the present plants are uneconomical because of the smaller size. These are all not world class plants. We are not able to compete with the importers in the products. We are looking forward for larger investment in joint venture or by way of foreign investment. We have got lot of land there. We have to utilise that land. We are looking for joint ventures.”

Chairman, HOCL further added as under:-

“We have made a revival plan by one of the consultants. We will be going ahead with their recommendations. In those recommendations, joint ventures, mergers and maybe private participation is also there. So, we are on the verge of doing all those things.”

In this context, the witness from the Department also added as under:-

"I would like to add a little bit more. This Rasayani unit is having a land bank of 1016 acres out of which hardly 300 acres have been utilised. The Rashtriya Chemicals and Fertilisers which produces some chemicals and they are interested in an investment of Rs.200 crore. It may be more also but at this moment they have agreed for an investment

of Rs.200 crore. They are asking them to prepare a DPR and they wanted to support this industry. That is one aspect. Secondly, the Narmada Fertilisers Plant in Gujarat wanted that an aniline plant may also be set up in the Rasayani unit. They have also agreed to invest Rs.200 crore. That makes it Rs.400 crore.

The major thing is the manpower. Some mistakes have rolled in unnecessarily on account of manpower management. Now we are going in for voluntary retirement of surplus staff. Once the excess labour goes off, the unit will reach break even also. And CONCOR is interested in some 60 to 70 acres of land for which they are ready to pay Rs.70 crore upfront and give some share in business annually. Similarly BCPL is also interested in taking some land to set up their bottling plant. They are ready to pay Rs.120 crore. HOCL are having serious liabilities. If the management determines to revive this unit, things will be alright. Now they have started one plant and there are two more plants yet to start Viz nitrobenzene, formaldehyde and aniline.

Also, the Rasayani unit is supplying Dinitrogen tetroxide to ISRO. For Chandrayan and other things they are supplying the chemical. They are also ready to invest some money. They are asking to set up one unit in ISRO. These are the latest developments. The Ministry is making all efforts to revive this unit. But it needs a lot of determination and a lot of investment. Things will be streamlined in the near future.”

6.12 When the Committee further asked about the status of progress made in the restructuring/revival plan of HOCL, the Department in a written reply stated as under:-

“As on 31.03.2013, the Net Worth of the HOCL eroded to Rs. (-) 131.15 crore and as a result, the company was referred to BIFR. Subsequently, M/s FACT Engineering & Design Organization (FEDO) was engaged to conduct a revival/ restructuring study. FEDO has submitted a draft report to HOCL, the revival plan will be submitted to BIFR for further action in the matter after the approval.

After the revival / restructuring of HOCL, it is envisaged that the company will be able to sustain on its own and make profit which will wipe out its accumulated losses and make its net worth positive in due course.”

6.13 On the issue of plans to utilize vacant land available at Rasayani, the Department furnished in a written reply furnished the following information:-

“The status in this regard is as follows:

Firstly, M/s Container Corporation of India Ltd. ( CONCOR), a Government of India Undertaking under Ministry of Railways, has submitted a proposal to HOCL for long lease of 60 acres of HOCL Rasayani for development of Multi Modal Logistic Park (MMLP). The proposal is being examined for taking further action, before seeking approval of Ministry of Finance.

Secondly, the company proposes to dispose of 8 acres of land at Panvel for which approval of the Government of India and Maharashtra has been sought.”

## **II. Hindustan Fluorocarbons Limited (HFL)**

6.14 Hindustan Fluorocarbons Limited (HFL), a subsidiary company of Hindustan Organic Chemicals Limited (HOCL), was incorporated on 14.07.1983. The company is engaged in the manufacture of Poly Tetra Fluoro Ethylene (PTFE) and Chloro Di Fluoro Methane (CFM-22).



PTFE is extensively used in chemical, mechanical, electrical and electronic industries and has strategic applications in defence and aerospace sector. The factory is located at Rudraram, District Medak, in Andhra Pradesh.

6.15 The company was earlier under BIFR. The Rehabilitation package under the operating agency M/s. IDBI was approved by BIFR on 03.12.2007 and implementation has been completed. The company has diversified into profitable business of fluoro specialty chemicals and also developed fluoro specialty chemicals like TFE-Ether for the first time in India and has been successfully selling them. The quality of all products of the company continues to be well accepted by customers

6.16 The physical and financial performance of the Company over the last five years has been as follows:-

#### Performance of HFL

| Year    | Turn Over<br>(₹ in crore) | Net Profit<br>(₹ in crore) |
|---------|---------------------------|----------------------------|
| 2009-10 | 20.23                     | 3.06                       |
| 2010-11 | 33.52                     | 2.23                       |
| 2011-12 | 50.33                     | 2.52                       |
| 2012-13 | 44.48                     | 0.95                       |
| 2013-14 | 31.34                     | (-)24.82                   |

6.17 HFL has undertaken the development of specialised PTFE, i.e. modified PTFE and the company proposes to manufacture this product in the existing system with some modifications. At present modified PTFE is being imported, but it has wide market potential owing to its versatile applications. The company has plans to take up the following projects:

#### Proposed projects of HFL

|          |  |
|----------|--|
| <b>A</b> | <b>Refurbishment Plans</b>   |
| 1        | Refrigeration System   |
| 2        | Furnace with Pyrolysis Coil  |
| 3        | Fluid Energy Grinding Mill   |
| 4        | TFE Compressor and Vacuum/Jet pump   |
| 5        | CFM Compressor & Air Compressor  |
| 6        | Instrumentation  |
| <b>B</b> | <b>New Schemes/Projects</b>  |
| 1        | Hexa Fluoro Propene (HFP) and Fluorinated Ethylene Propylene (FEP) related investments |
| 2        | New Reactor Set  |
| 3        | Debottlenecking of the Monomer Plant   |
| 4        | Pilot Plant for Product Development  |

6.18 On being enquired by the Committee about the reasons which led to sickness of the company, the Department in its written reply stated as under:-

“Hindustan Fluorocarbons Ltd. (HFL) was promoted by Hindustan Organic Chemicals Ltd. (HOCL) in 1983 as a subsidiary for manufacturing Poly Tetra Fluoro Ethylene (PTFE) with an installed capacity of 500 TPA and Chloro Di Fluoro Methane (CFM22) with an installed capacity of 1265 TPA in Medak District of the then Andhra Pradesh, presently Telangana.

The company has been incurring losses due to low sales realization, high material cost, high interest, depreciation burden and uneconomical plant size. The aggregate losses have, over a period of time, eroded the company's net worth. Consequent upon the complete erosion of net worth, HFL was declared a sick industrial company under Sick Industrial Companies (Special Provisions) Act, 1985 in 1994.”

6.19 When asked to elaborate the action plan of the Department to revive HFL, the Department replied in writing as under:-

“A rehabilitation package for HFL was approved by BIFR in December 2007. The Board, after detailed deliberations, recommended that the fresh funds, required for revival of the company, may be arranged by HOCL from own resources / or through banks/ financial institutions. All dues of Financial Institutions had been settled under One Time Settlement (OTS) and the interest, thereon, had been waived off by all the Financial Institutions (FIs). The charge on assets of HFL, has been released by the FIs. The company has undertaken a project of Clean Development Mechanism (CDM) for which statutory approval and registration from United Nations Framework Convention on Climate Change (UNFCCC) has been obtained on 14.11.08. In the revival plan, while making profitability projections, major income was envisaged from CDM Project. The total income was projected as Rs. 107.85 crore against which only Rs. 23.15 crore was realized. This is mainly due to adverse developments in the international market of CDM business related to R-23 gas. Due to this adverse development, CDM income stopped since 2013.

Simultaneously, the company started various new initiatives along with the implementation of revival package with the result company has made profits from 2008-09 to 2012-13. This is mainly due to the following reasons:

- a) Company initiated development of fluoro speciality chemicals. Accordingly, for the first time in India, company developed Tetra Fluoro Ethylene Ether (TFE-Ether).
- b) Improvement in operational efficiencies by reducing specific consumption, raw material and utilities.
- c) Company has decided to implement few projects and refurbishment activity, so that it will improve the operational efficiency of new products will be added wherein profit margins are more.

All out efforts are being made to revive HFL, and accordingly, an amount of Rs. 3.60 crore for Modified PTFE project has been released recently and the project is under implementation. Further, the company has submitted refurbishment plans and small projects of Rs. 20.50 crore for undertaking in 2014-15. Against this proposal, Planning Commission has accorded ‘in principle’ approval for Rs.13.20 crore and the same is under disbursement. These activities are envisaged to enable HFL to revive and achieve positive net-worth.”

6.20 When the Committee enquired as to whether any timelines have been set to plan the revival of HFL, the Department replied in writing as under:-

“All out efforts are being made to revive HFL and accordingly an amount of Rs.3.60 crore for Modified PTFE (M-PTFE) has been released this year and action for release of Rs. 13.20 crore for various refurbishment schemes and new activities is under progress. It is, therefore, expected that the company will start making profits after implementation of the above Plan projects.”

### III. HINDUSTAN INSECTICIDES LTD. (HIL)

6.21 Hindustan Insecticides Limited (HIL) was incorporated in March, 1954 for manufacture and supply of DDT. In 1957, the company set up a factory at Udyogamandal near Kochi for manufacture of DDT and in 1977 at Rasayani, Maharashtra for manufacture of Malathion, an insecticide. Today, HIL has three units located at Udyogamandal in Kerala, Rasayani in Maharashtra and at Bathinda in Punjab.

6.22 DDT accounts for almost 47%-48% of turnover of the company and is supplied only to the National Vector Borne Disease Control Programme in India. The Company has now emerged as the leading supplier of DDT globally.

6.23 HIL diversified into agro-chemicals in the late seventies to ensure supply of quality pesticides at reasonable prices to the agriculture sector. To further consolidate its position, one new thrust area recently identified is the seed business. Ministry of Agriculture, Government of India, has given recognition to HIL as a nodal agency for production and marketing of certified seeds for crops and vegetables. The groundwork has already been done to transform HIL into a one stop shop to the farmer i.e. providing two critical agricultural inputs-seeds and pesticide. The performance of the company over the last 5 years is as follow:

| Year    | Sales Turnover<br>(₹ in crore) | Net Profit<br>(₹ in crore) |
|---------|--------------------------------|----------------------------|
| 2009-10 | 243.88                         | 3.06                       |
| 2010-11 | 271.04                         | 1.58                       |
| 2011-12 | 279.82                         | 1.60                       |
| 2012-13 | 301.11                         | 2.92                       |
| 2013-14 | 317.00*                        | 2.50*                      |

\*Un-audited results

6.24 During 2012-13, HIL was allocated Rs 14 crore for investment in enhancing the capacity of existing Mancozeb Plant at Udyogmandal. The budget allocation was reduced to Rs 4.10 crore in RE and the same was released. Mechanical work is nearing completion and production is likely to start by March, 2015. Further, during 2013-14, HIL was not allocated any budgetary support. HIL's proposal for allocation of Rs. 4 crore was approved by Planning Commission but the amount could not be released as re-appropriation of funds was not approved by the Ministry of Finance.

6.25 On being asked by the Committee to provide a status report on the Mancozeb Plant at Udyogmandal which is under construction, the Department in its written response stated as under:-

“The status of the Mancozeb Plant is as follows:

- Civil structure works is in progress and is expected to be completed by December, 2014 and by that time all required equipment are planned to be procured. The unit has already placed orders for most of the equipment.
- Equipment erection works, along with piping and electrical works, will start in parallel after completion of civil works.”

6.26 According to the Department, HIL has taken an initiative to develop a new product to be used as an Indoor Residual Spray, as an alternative to DDT. The new molecule is expected to be a major breakthrough in vector control.

6.27 On being asked by the Committee to furnish a detailed status report on the progress made in this venture, the Department in its written reply stated as under:-

“Institute of Chemical Technology (ICT), Mumbai after detailed literature survey for the synthesis of the new molecule, has started lab studies for development of isostere of DDT. They have developed a lab sample of the new chemical and the same is being sent to a lab to assess its insecticidal properties. Once the insecticidal property is proved, chemical assay, toxicology and other studies will be undertaken. After the chemistry is established, a pilot plant will be designed and on satisfactory pilot plant studies, which will also establish the economic feasibility, the scaling up activities will commence.”

6.28 During the study visit of the Committee on 4 July, 2012, at Kochi, Kerala, the Committee were apprised that due to limited order for manufacturing of DDT from the Ministry of Health, the full capacity of DDT plant was not utilized. The Committee were apprised that in order to utilize the full capacity of DDT plant, avenues were being explored for export of DDT to Zimbabwe, South Africa and Namibia/Botswana. In this regard, the Committee asked the Department about the progress made on the issue. In its response, the Department stated in writing as under:-

“The status in this regard is as follows:

- DDT plant being old and vintage cannot be used to manufacture any other product. It also cannot be retrofitted to manufacture any other product. The company started export of DDT to Zimbabwe, South Africa and Namibia from its Rasayani factory.
- The total quantity of DDT exported during 2012-13 is around 381 MT, and during 2013-14 is around 102 MT.”

## CHAPTER VII

### OTHER ONGOING SCHEMES

#### **(A) ASSAM GAS CRACKER PROJECT (AGCP)**

7.1 The Assam Gas Cracker Project was initiated in pursuance of the Memorandum of Settlement signed between Central Government, All Assam Students Union (AASU) and All Assam Gana Parishad (AAGP) on 15th August 1985. This project is of economic significance for the State of Assam and the North East Region. Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 18th April, 2006, approved the setting up of the Assam Gas Cracker Project at a Project cost of Rs.5460.61 crore. A joint venture company namely Brahamaputra Cracker & Polymer Limited (BCPL), is implementing the project. Owing to various reasons, the project has witnessed cost and time verruns. The revised cost estimate of Rs.8920 crore (on “as built basis”) was approved by the CCEA on 16th November, 2011 with revised mechanical completion by July, 2013 and commissioning by December, 2013.

7.2 As on 15th March, 2014, the overall physical progress was 96.3% and the cumulative capital expenditure incurred, was Rs.7,233 crore i.e. 81.10%. The Department has released Capital Subsidy amounting to Rs.4,690 crore to BPCL. The pre-commissioning activities in several units are in progress.

7.3 The following table, according to the Department, indicates the subsidies proposed for the Assam Gas Cracker Project (AGCP):

| (MAJOR HEAD 2852) |          |        | (Rs in Crores) |          |        |               |          |       |
|-------------------|----------|--------|----------------|----------|--------|---------------|----------|-------|
| BE<br>2013-14     |          |        | RE<br>2013-14  |          |        | BE<br>2014-15 |          |       |
| Plan              | Non-Plan | Total  | Plan           | Non-Plan | Total  | Plan          | Non-Plan | Total |
| 880.00            | 0.01     | 880.01 | 859.46         | 0.01     | 859.47 | 0.01          | 0.01     | 0.02  |

7.4 When the Committee enquired about the reasons for the steep drop in allocation under Plan Head from RE 2013-14 (Rs. 859.46 crore) to BE 2014-15 (Rs. 0.01 crore), the Department in its written reply stated as under:-

“With the release of Rs. 1000 crore in 2013-14, the Department of Chemicals & Petrochemicals had released the entire sanctioned amount of capital subsidy of Rs. 4690 crore for AGCP. A token provision of Rs. 0.01 crore has been provided in Budget Estimates (2014-15). This explains the drop in allocation.”

7.5 When the Committee enquired about the elaborate measures taken to ensure that project is commissioned as per the revised schedule of September 2014, the Department in its response in writing stated as under:

“The schedule for commissioning has been further revised to June, 2015. The following measures are being taken at various levels to ensure that the project is completed within the revised schedule:

1. Regular reviews at the level of Chairman & Managing Director, BCPL and Secretary (C&PC) including site visits.
2. Monitoring of projects in concert with Project Management Consultant, i.e., M/s EIL for effective strategies to address the backlog in construction and achievement of committed target dates.
3. Rigorous monitoring of all contracting and delivery activities for expeditions decision making.
4. Extending financial assistance to the contractors facing financial crunch and offloading work of the non performing agencies.
5. Day to day supervision of pre-commissioning activities to prune the time period of pre-commissioning/commissioning activities.
6. Close liasioning with Ministry of Environment & Forests (MoE&F) to facilitate environment clearances and Ministry of Petroleum & Natural Gas (MoPNG) for effective steps to ensure EIL and GAIL commit and provide priority and enhanced synergy for the project.
7. Close liasioning with state/District authorities to address the issues concerning safety, security and local issues.
8. Close liasioning with all stakeholders to avoid hold up for requisite funding for the project.
9. Augmentation of the recruitment of BCPL manpower including availability of experienced manpower by GAIL for expediting the execution.

7.6 On being enquired about the details of employment generated so far by the project in terms of direct and indirect employment and the estimated number of employments to be generated on its completion, the Department replied in writing as under:-

“The total employees on the rolls of BCPL on date are 394. The total estimated employees on completion of the project are expected to be 685. Further, approximately 5000 number of workers have been employed by contractors during various stages of construction of the project since 2009 onwards. In addition, 1000 to 1,200 workers are expected to be deployed on contract for operation, maintenance, housekeeping, loading and unloading, civil and horticulture and other related jobs. The project will lead to setting up of plastic processing units in the neighbouring areas. Consequently, substantial employment is envisaged to be generated on its completion.”

7.7 On the issue of employment of local people in AGCP and the requisite training for the purpose, the Secretary of the Department of Chemicals and Petrochemicals elaborated during the evidence as under:-

“It is a very valid question and the Department is also fully seized with the issue at the moment, our polymer production, ethylene and propylene, will be around 2,80,000 tonnes.. We also requested the Government of Assam to put a plastic park where it should be consumed. Now, the Government of Assam has chosen Tinsukia. So, there is a concern that Tinsukia Plastic Park might not be able to consume so much of feedstock. So, last week I met the Chief Secretary of Assam and requested him that there should be a bigger park in Guwahati because the main consumption and trading area is Guwahati. If they produce it in Tinsukia, then they have to transport it to Guwahati, and in this type of commodities, transportation cost is a big competitive disadvantage and the Chief Secretary also promised me that he will take it up with the Government.

In addition to that, in fact, we are chalking out a programme. It is at a very active discussion stage. We should go and advocate these plastic parks in the nearby North-Eastern States because it is a big plant compared to the local conditions and so much of feedstock, which will be coming out of this plant, cannot be used in Assam alone. So, it is basically meant to help even other nearby States also. So, we are planning workshops and meetings with all the nearby North-Eastern States. Also, we have been requesting the CIPET that before we do that, simultaneously we should also do the skill development programme for all these States so that the children, those who get the skills, will either put their own shop or they will get employed by some major industries.

Our experience is that we have a Plastic Training Centre in Guwahati. The children are coming from all over the North-East. There is a six-month duration course for 10<sup>th</sup> passed children and there is a one-and-a-half years course for graduates. Almost all the children are getting placements. Therefore, in addition to that, the per capita consumption of plastic in North-East is only two kilograms and for the rest of India, it is 10 kilograms. So, there is a huge scope for development of this industry in the North-Eastern States and the Department is chalking out a programme to push it. We have already done some activities but we did not get good response. We want to go more vigorously also through the DoNER.”

## **(B) CHEMICAL WEAPONS CONVENTION (CWC)**

7.8 The Chemical Weapons Convention (CWC) is a universal nondiscriminatory, multilateral, Disarmament Treaty, which bans the development, production, acquisition, transfer, use and stockpile of all chemical weapons. The Organisation for the Prohibition of Chemical Weapons (OPCW) at The Hague, The Netherlands, is implementing the provisions of the Convention. It has 190 States as its Members as on 31.03. 2014. India, with a well developed chemical industry, is also a party to this treaty. Department of Chemicals & Petrochemicals is the administrative Department for the CWC Act, 2000, which is in force in the country. DCPC is responsible for chemical industry related matters and more specifically preparation of declarations and facilitation of inspections of chemical plant sites by OPCW teams.

7.9 Inspection of chemical plant sites covered under the Convention is routinely conducted by the Organisation for Prohibition of Chemical Weapons (OPCW) to ensure that the activities in scheduled and unscheduled chemicals are in accordance with the provisions of the Convention. India has so far received a total 165 industry inspections as on 31.03.2014.

7.10 The Department has set up 6 Help Desks in PPP mode in association with the Indian Chemical Council (ICC) at places with concentration of chemical industry of relevance to CWC, for facilitating compliance by the chemical industry in its obligation under CWC. These Help Desks have the following locations and coverage:

| <b>Location</b> | <b>Area covered</b>  |
|-----------------|--|
| Hyderabad       | Andhra Pradesh, Orissa, Chhattisgarh.  |
| Kolkata         | West Bengal, Bihar, Jharkhand and North Eastern Region.  |
| Delhi           | Uttar Pradesh, Himachal Pradesh, Haryana, Punjab, Chandigarh, Uttarakhand and Jammu and Kashmir. |
| Mumbai          | Maharashtra, Goa.  |
| Chennai         | Tamil Nadu, Kerala and Karnataka.  |
| Vadodara        | Gujarat, Rajasthan, Madhya Pradesh.  |

The Help Desks undertake the following activities:

- i. Disseminate information on CWC and the obligations of the chemical industry, under the CWC Act.
- ii. Identification of new units, which are potential declarants, through industry surveys and facilitate their filing of declarations.
- iii. Assist the industrial units covered under the Convention in filing declarations as stipulated under the CWC Act.
- iv. Conducting awareness programs-15 awareness programs have been conducted during 2013-14.

There is an allocation of Rs. 1.20 crore for CWC in 2014-15 for the above activities.

7.11 The following table indicates the budgetary allocation for the Chemical Weapons Convention (CWC):-

| MAJOR HEAD 2852 |          |       | (Rs in Crores) |          |       |            |          |       |
|-----------------|----------|-------|----------------|----------|-------|------------|----------|-------|
| BE 2013-14      |          |       | RE 2013-14     |          |       | BE 2014-15 |          |       |
| Plan            | Non-Plan | Total | Plan           | Non-Plan | Total | Plan       | Non-Plan | Total |
| 1.50            | 0.01     | 1.51  | 1.50           | 0.01     | 1.51  | 1.20       | 0.01     | 1.21  |

7.12 As per the Notes on Demands for Grants 2014-15, in order to discharge the obligation of the Convention, a nodal agency called National Authority has been set up in India. When the Department was asked also as to whether the allocation of Rs. 1.20 crore would be adequate for the National Authority to carry out its activities during the year 2014-15, the Department in its written reply submitted as under:-

“The National Authority for Chemical Weapons Convention (NACWC) has been set up as an office of the Cabinet Secretariat, to fulfill, on behalf of the Government of India, the obligations under the Chemical Weapons Convention and to act as the national focal point for effective liaison with the Organisation for the Prohibition of Chemical Weapons



(OPCW) and other State Parties on matters relating to the Convention. NACWC has its separate budget allocation under the Cabinet Secretariat. The budget allocation (under Plan Head) of CWC in D/o Chemicals and Petrochemicals is utilized for meeting the cost of CWC Help Desks, holding of various awareness programmes for implementation of the Convention, etc.”

7.13 When the Committee enquired about the various activities undertaken by the National Authority during the last one year and asked the Department to elaborate the major findings during its trial inspections of chemical plant sites under CWC during the said period, the Department in its written reply stated as under:-

“NACWC is under the Cabinet Secretariat. During 2013, 26 inspections were successfully conducted. The Annual Declaration of Past Activities (ADPA) and Annual Declaration of Anticipated Activities (ADAA) filed by relevant chemical industries, which were prepared and compiled in DCPC, were forwarded to the OPCW by NACWC, in compliance of obligation under the Convention. The NACWC Chairman and Officers participated in the 4 Executive Council meetings and 1 Conference of State Parties (CSP) held in The Hague, the Netherlands during 2013.”

7.14 When the Department was asked to elaborate the various activities and awareness programmes planned for the year 2014-15, the Department in its written reply stated as under:-

“The Department in consultation with ICC has approved a calendar of 15 CWC Awareness Programmes. In addition, the Department has also planned to hold, in collaboration with ICC, five more workshops on various issues pertaining to CWC at different venues, with active participation of stakeholders including Ministries and Industry.”

**(C) CHEMICAL PROMOTION AND DEVELOPMENT SCHEME (CPDS)**

7.15 The details of the budgetary allocation for the Chemical Promotion and Development Scheme (CPDS) are as under:-

| MAJOR HEAD 2852 |          |       |               |          |       |               |          |       | (Rs in Crores) |  |  |  |  |  |  |  |  |
|-----------------|----------|-------|---------------|----------|-------|---------------|----------|-------|----------------|--|--|--|--|--|--|--|--|
| BE<br>2013-14   |          |       | RE<br>2013-14 |          |       | BE<br>2014-15 |          |       |                |  |  |  |  |  |  |  |  |
| Plan            | Non-Plan | Total | Plan          | Non-Plan | Total | Plan          | Non-Plan | Total |                |  |  |  |  |  |  |  |  |
| 3.00            | --       | 3.00  | 3.00          | --       | 3.00  | 4.30          | --       | 4.30  |                |  |  |  |  |  |  |  |  |

7.16 An allocation of Rs. 4.30 crore has been made for undertaking various promotional activities for chemical and petrochemical industry, viz:

- i) Promotion of chemical industry by organizing India Chem events. These events are undertaken in association with FICCI once in two years. So far, seven such events have been undertaken and the next event will be held during 9<sup>th</sup> to 11<sup>th</sup> October, 2014 at Mumbai.

The Department will supplement the efforts of the industry associations for holding both domestic and international seminars/conferences etc. for the promotion and development of chemicals as well as petrochemicals. This will include road shows in countries with developed chemical industry as also those

having good market potential for Indian industry. International Buyer-Seller Meet is also envisaged.

- ii) Action will also be taken to promote PCPIRs. Promotional activities for the promotion of chemical/plastic hubs will also be undertaken.

7.17 When the Department was asked to justify the increase in budgetary allocation for the Scheme from RE 2013-14 (Rs. 3.00 crore) to BE 2014-15 (Rs. 4.30 crore) and elaborate the various promotional activities/programmes to be undertaken during the year 2014-15, the Committee were informed in writing as under:-

“During the current financial year 2014-15, in addition to providing grant/financial support for organization of seminars, workshops, events to be held for promotion of Indian Chemical and Petrochemical Industry, certain new programmes have been proposed to be under taken in association with Industry Associations. These are conferences on Health, Safety, Security and Environment (HSSE), workshops on Chemical Safety and Security Rating System, India Chem 2014, workshops on Green Chemistry, new studies on HSSE in MSME sector. Hence, there is an increase in budget allocation.”

7.18 When the Department was asked to provide details of all activities like seminars, workshops, etc. undertaken by the Department under the scheme during the last one year and the funds spent thereon, the Department has furnished in writing the details of all activities undertaken as given in the **Annexure**.

## CHAPTER VIII

### **PETROLEUM, CHEMICALS AND PETROCHEMICALS INVESTMENT REGIONS (PCPIRs)**

8.1 The concept of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) is a cluster approach to promote the Petroleum, Chemical and Petrochemical sectors in an integrated and environmental friendly manner, on a large scale. The Government of India formulated the PCPIR policy in April 2007 to give a boost to this sector. This policy was an initiative to cater to the evolving needs of the industry. Such integrated PCPIRs were envisioned to reap the benefits of co-siting, networking and greater efficiencies through use of common infrastructure and support services.

8.2 The policy provides that each PCPIR would have a refinery / petrochemical feedstock company as an Anchor Tenant. Government of India will ensure availability of external physical infrastructure linkages to the PCPIR including connectivity through Railways, Roads, Ports, Airports and Telecom. This infrastructure is created or upgraded, through Public Private Partnership projects to the extent possible. The Central Government also provides necessary funding to make such projects viable, called Viability Gap Funding (VGF), as well as budget support for creation of these linkages.

8.3 In their 34<sup>th</sup> and 40<sup>th</sup> Reports, the Committee had expressed concern over the slow pace of progress in the implementation of PCPIRs in the country and recommended that utmost importance and priority be given for execution of PCPIR projects and periodic reviews be undertaken at the highest level. In this regard, the Department in its written reply commented as under:-

“The infrastructure development, environmental clearances and investments by Anchor Tenant are highly capital intensive and have long gestation periods. These require a number of activities and approval from the planning stage to execution. Department is taking all necessary steps to speed up the implementation. The Anchor Tenant’s investment proposals were delayed also due to economic conditions domestically as well globally. In order to review the progress of PCPIR projects, a monitoring mechanism is put in place in the Department of Chemicals and Petrochemicals in form of Steering Committees. In addition site visits are also undertaken. The status of the PCPIRs, in brief, is as follows, as on 31<sup>st</sup> March, 2014:

| Indicator                 | Gujarat        | Andhra Pradesh            | Odisha     | Tamil Nadu              |
|---------------------------|----------------|---------------------------|------------|-------------------------|
| Location/ Region          | Dahej, Bharuch | Vishakhapatnam – Kakinada | Paradeep   | Cuddalore- Nagapattinam |
| Date of Approval          | Feb, 2009      | Feb, 2009                 | Dec, 2010  | July, 2012              |
| Date of MoA               | 07.01.2010     | 01.10.2009                | 03.11.2011 | 20.02.2014              |
| Total Area (Sq. kms.)     | 453            | 603.58                    | 284.15     | 256.83                  |
| Processing Area (Sq.kms.) | 248            | 270                       | 123        | 104                     |

| Indicator   | Gujarat                                     | Andhra Pradesh  | Odisha                             | Tamil Nadu                                 |
|---|---|---|------------------------------------|--|
| Anchor Tenant   | ONGC Petroleum addition Limited             | Hindustan Petroleum Corporation Ltd. (HPCL)                   | Indian Oil Corporation Ltd. (IOCL) | Nagarjuna Oil Corporation Ltd. (NOCL)      |
| Refinery / Cracker capacity in MTPA                           | Cracker:<br>Ethylene: 1.1<br>Propylene: 0.6 | 9.3 to 15 (expansion of existing refinery)<br>15 (Greenfield) | 15 (Greenfield refinery)           | 12 (refinery)                              |
| Total amount of infrastructure projects approved (Rs. crore)* | 7749.70                                     | 19031.00  | 13634.00                           | 13354.00                                   |
| Gol share in form of VGF (Rs. crore)*                         | 80.50                                       | 1206.80   | 716.00                             | 1143.00<br>1500 .00<br>(budgetary support) |
| Proposed Investment (Rs. Crore)*                              | 50,000                                      | 3,43,000  | 2,77,734                           | 92,160                                     |
| Investment made (Rs. Crore)                                   | 69,621                                      | 36,186  | 34,730                             | 7,430                                      |
| Projected employment (number)*                                | 8,00,000                                    | 11,98,000   | 6,48,000                           | 7,50,000                                   |
| Employment generated (number)                                 | 78,000                                      | 92,000  | 38,000                             | 13,950                                     |

\* At approval stage of the projects.

8.4 On being asked about the initiatives undertaken by the Department in the light of the Committee's recommendations, the Department in its written reply stated as under:-

“Department of Chemicals & Petrochemicals reviews the projects under the Chairmanship of Secretary (C & PC). Representatives from State Government, Anchor Tenants and the Central Ministries / Departments concerned take part in the review meetings. During the meetings issues are discussed and resolved through a consultation process. The Department has also constituted a Steering Committee for each of the PCPIRs (excluding Tamil Nadu), to monitor the implementation progress. As part of initiatives an independent evaluation of Dahej PCPIR in Gujarat has been conducted during 2013-14 and final Evaluation Report has been received with recommendations in August, 2014. This will help in expediting the implementation of various projects in the PCPIR. Recently Minister of Petroleum and Natural Gas, while reviewing the Paradeep refinery complex of IOCL, has formed a Group of Senior Officers to prepare a roadmap for development of downstream industry in Paradeep PCPIR. In case of Tamil Nadu, the Department has signed Memorandum of Agreement with Government of Tamil Nadu in February 2014.”

While briefing the Committee about PCPIR, the Secretary of the Department stated as under:

“....At the moment, the major policy decision which the Department has taken is the promotion of Petrochemicals, Chemicals and Petroleum Investment Regions. The Government has already sanctioned four regions. The total area of the region should not be less than 250 square kilometers. It will be an integrated area, planned area where all chemicals, petro chemicals and petroleum activities will be permitted. There will be one anchor tenant. He will supply the basic feed stock. There will be downstream industries and the Government will provide the infrastructure. Now the Government has sanctioned four PCPIRs. They are Dahej in Gujarat, Paradip in Odisha, Vishakapatnam-

Kakinada in Andhra Pradesh and recently it has been sanctioned in Tamil Nadu-Cuddalore, Nagapattinam. The PCPIRs- Dahej in Gujarat, Paradip in Odisha, Vishakapatnam in Andhra Pradesh- have made some progress. The PCPIR in Tamil Nadu, since it has been sanctioned recently, is yet to make any significant progress.....”

8.5 As per updates furnished by the Department, the Status of Implementation of PCPIRs as on 31.03.2014 are as follows:-

#### **Gujarat PCPIR:**

- Draft Development Plan / Master Plan has been sanctioned by the State Government in 2012 and at present 2 Town Planning (TP) schemes are under implementation.
- A PCPIR Regional Development Authority was constituted under the Special Industrial Regions Act.
- The Gujarat Infrastructure Development Corporation (GIDC) has spent Rs. 10,994 crore for provision of infrastructure in the PCPIR.
- Additional expenditure of Rs. 12,000 crore by State Government is under way on infrastructure development like road, ports, water supply etc.
- Dahej-Bharuch State Highway to be connected to Delhi-Mumbai national Highway and National Expressway. Extension of Ahmedabad-Vadodara National Expressway to Mumbai is also proposed.
- Rail connectivity and cargo transportation is available with Delhi-Mumbai Dedicated Freight Corridor (DFC).
- The Anchor Tenant, viz. M/s OPaL, has invested Rs. 18,837 crore out of the total proposed investment of Rs. 21,396 crore.
- EIA process is at advanced stage as per final Terms of Reference approved by Expert Appraisal Committee (EAC) of MoEF. It is expected to be completed by end of 2014-15.
- An independent evaluation of the implementation of Gujarat PCPIR has been carried out in order to review the progress of these projects and draw future course of action.

#### **Andhra Pradesh PCPIR:**

- Detailed Master Planning has been published in August 2013 and the objections received were being addressed.
- Draft Final EIA with Marine Ecology study and Coastal Regulatory Zone (CRZ) study is expected to be submitted by January, 2015.
- AP PCPIR covers 6 existing SEZs. The units have already made investments of Rs. 34,336 crore.
- Rs. 1850 crore has been invested on infrastructure development.
- In 2009 Government of India had approved financial support (Viability Gap Funding or VGF) of Rs. 1206.80 crore for infrastructure projects in PPP mode, which is being revised based on the latest assessments of project requirements. The State Government has initiated the work on preparation of Detailed Project Reports (DPRs) for approval of Government of India on revised funding requirements.
- Hindustan Petroleum Corporation Limited (HPCL), the Anchor Tenant, has proposed an investment of about Rs. 50,000 crore in VK PCPIR for expansion of existing refinery from 9.3 MMTPA to 15 MMTPA and setting up a greenfield refinery of 15 MMPTA capacity. The expansion project was delayed due to moratorium on expansion of refining activities in the Vishakhapatnam bowl area, which has now been lifted.

- A LNG terminal is proposed near Gangavaram port by Petronet and one at Kakinada port by GAIL and Shell.
- Road, rail link, water supply, effluent treatment and marine outfall are under study.

#### **Odisha PCPIR:**

- A Special Purpose Vehicle named the Paradeep Investment Region Development Ltd. has been formed to implement the project.
- Master Plan is under preparation. It is expected that the Final Master Plan will be prepared by July, 2015.
- Preparation of Detailed Project Report (DPR) is underway for development of road infrastructure, and will be finalized after Master Plan.
- Anchor Tenant viz. Indian Oil Corporation Limited (IOCL) has invested Rs. 32,018 crore (including contract awarded and committed) to set up 15 MMTPA refinery and a Polypropylene Unit. The refinery project is expected to be completed by the end of 2014-15.
- A 1320 MW thermal power plant by SPI Ports (P) Ltd is approved by High Level Clearing Authority (HLCA). Surat – Paradeep Gas Transmission Pipeline, an inter-State Gas transmission pipeline, is being implemented by GAIL and LNG terminal by IOCL.
- IDCO is in discussion with National Environmental Engineering Research Institute (NEERI), Nagpur and Environmental Protection Training and Research Institute (EPTRI), Hyderabad, for conducting Environmental Impact Assessment (EIA) and preparation of Environmental Management Plan. ToR preparation and approval is expected by September 2014.
- IDCO is developing a Plastic Park at Paradeep under the Plastic Parks scheme of the Department. Final approval of Government of India has been conveyed, and first installment of Rs. 8.00 crore released.
- Bidding process is in progress for contracting out Solid Waste Treatment & Disposal functions.

#### **Tamil Nadu PCPIR:**

- MoA has been signed on 20<sup>th</sup> February, 2014. State Government has taken up the activities of notification of PCPIR formation of the PCPIR Management Board. Thereafter Master Planning and EIA activities will be taken up.
- The Anchor Tenant, Nagarjuna Oil Corporation Limited (NOCL), has already invested Rs. 7,430 crore in its refinery project.
- The date of commissioning of the first phase of the project is now extended, mostly due to financial constraints. The capacity of the project has been increased from 6 MMTPA (Million Metric Tonnes Per Annum) to 12 MMTPA with a corresponding increase in cost to Rs. 18,503 crore.
- A product jetty for evacuation of petroleum fuels and a Single Point Mooring system for receiving crude are under construction and 51% overall progress has been achieved.

8.6 When the Committee desired to know the places/PCPIRs where the Government has undertaken Viability Gap Funding (VGF) for PCPIR projects, the Department in its written reply stated as under:-

“The VGF components of the infrastructure projects are approved at the CCEA approval stage. The respective State Governments are preparing the detailed project report and feasibility reports. After their approval, the State Government would thereafter move the

line Ministries/ Departments concerned for the requisite funding under these VGF schemes of the Department of Economic Affairs for the respective projects. In-principle approval of VGF scheme for Andhra Pradesh has been given and DPRs are awaited.

The VGF approved by CCEA for the four PCPIRs is as follows:

(Figures in Rs. crore)

| Gujarat        | Andhra Pradesh            | Odisha   | Tamil Nadu                            |
|----------------|---------------------------|----------|---------------------------------------|
| Dahej, Bharuch | Vishakhapatnam – Kakinada | Paradeep | Cuddalore- Nagapattinam               |
| 80.50          | 1206.80                   | 716.00   | 1143.00<br>+ (budgetary support 1500) |

8.7 During their study visit to Visakhapatnam on 11 February, 2013, the Committee were apprised about problems in implementation of the project due to non-investment of the anchor tenant (HPCL). The Committee accordingly recommended that the issue relating to the anchor tenant be resolved and that HPCL should be reallocated the part of the 15 acres land earmarked for them in the PCPIR region. When asked to explain the progress made in this regard, the Department replied in writing as under:-

“Hindustan Petroleum Corporation Ltd (HPCL), the Anchor Tenant, has planned capacity expansion in their existing refinery from 9.3 MMTPA to 15 MMTPA crude refining capacity. The expansion was put on hold for some time owing to moratorium on expansion of refining activities in the Vishakhapatnam bowl area as the region was assessed as being critically polluted. Recently the moratorium has been lifted.

- HPCL is planning a greenfield refinery-cum-petrochemical project of 15 MMTPA capacity at APSEZ, Visakhapatnam with an investment of USD 5184 million (Rs. 32,000 crore appx.). Andhra Pradesh Industrial Investment Corporation Limited (APIIC) has identified 600 hectare of land. HPCL has to submit the proposal for land requirement to the State Government.
- During the review meetings held by the PCPIR Monitoring Committee Department of Chemicals & Petrochemicals advised HPCL, IOCL, GAIL, SABIC etc. to have discussions and collaborate for future investments in petrochemical complexes as a consortium.

8.8 During their aforesaid study visit to Visakhapatnam, the Committee met with the local people at the APSEZ site at Atchutapuram who have their grievances/complaints relating to compensation and other amenities, etc. In this regard, the Committee desired to know if the complaints/grievances of the local people have been resolved/ redressed. In reply thereto, the Department stated in writing as under:-

“The State Government has conveyed that acquisition of proposed land will be completed by 31<sup>st</sup> March 2015 which include the following:

|   |   |              |
|---|---|--------------|
| In Nakkapalli Cluster                         | : | 4663.10 Acre |
| In Kakinada Cluster                           | : | 5529.11 Acre |
| In Visakhapatnam cluster for PCPIR Expressway | : | 316.772 Acre |

8.9 During the study visit to the PCPIR project site at Paradip, Odisha on 11 November, 2013, the Committee expressed their concern regarding non-procurement of 150 acres of land which was already earmarked for the project and recommended that the process of procurement be expedited. When asked for updates on any further progress in this regard, the Department replied in writing as under:-

“Paradeep PCPIR is being developed on a 284 sq. km. (70214 acres) area with processing area of 123 sq. km. (43%), at Kendrapara and Jagatsingpur districts of Odisha. During the 1<sup>st</sup> phase from 2010-2020, 195.34 sq. km. PCPIR will be developed in Jagatsingpur district near the IOCL refinery. In the 2<sup>nd</sup> Phase from 2020-2030, development in 88.80 sq. km. area is proposed in the Kendrapara District. There is no report of any development being hampered on account of non-availability of land.”

8.10 During the sitting of the Committee held on 28.10.2014, while expressing their strong concern about non-employment of local people at the PCPIR project in Paradip, it was pointed out that around 80 percent of those who were engaged by Indian Oil Corporation are from outside. In response to this, the representative of the Department of Chemicals and Petrochemicals stated as under:-

“About Paradip, the Indian Oil Corporation’s refinery is coming up. So, it is in the final stage of completion. It will start functioning from the first quarter of 2015. At present, this IOC is working as an anchor tenant. The IOC, as a PSU, comes under the purview of the Ministry of Petroleum and Natural Gas. But we understand that in IOC during the construction time, almost all the people who are working there are from the local areas. Later on, when commissioning comes, at that time they may engage a few people who are experienced and with technical skill. They might be from local areas or they might not be from local areas. But at present, like construction workers, they come from the local areas. Most of the semi-skilled people and the other people who work on the site are from the local areas. So, so far as refinery is concerned, most of the people engaged are local. For the other activities, which have not started, like downstream industries and all, once they get raw materials from Paradip and put up the downstream industries of plastic or anything else, there also mainly the labour will come from the local market. In all the four PCPIRs, till now we have engaged them. We have the figures. Around 2,22,000 people have got the employment and most of them are from either the local districts or nearby districts of the same State.”

8.11 On being pointed out by the Committee that about 70 percent of those who are working in the Paradip project are from outside the state, the representative of the Department replied during the evidence as under:-

“In fact, in Paradip there are outsiders who are working there. But the first preference is given to the local people. But for some particular trades during construction, there are some specialized areas in construction for which local people are not available or they do not have adequate skill.”

8.12 On being stressed by the Committee to train the local people and engage them, the representative of the Department stated during the evidence as under:-

“...Indian Oil Corporation is planning skill development so that the local people can be engaged there to the maximum extent possible. Now, it is in construction phase. The



refinery has not started its operation. During construction phase, they are forced to take people from outside because local people do not have adequate skills. But if anybody has that skill and if they are available, we can ask the Indian Oil Corporation people to give first preference to the local people."

In this regard, the Secretary of the Department added as under:-

"We agree to it. There cannot be second opinion on that. In fact, the basic purpose of putting PCPIR is to give employment to the local people and upgrade the local infrastructure. Most of them are in backward areas. That is the basic effort. It is a long term project; it is not one or two years' project.... That is why I was saying that if the local people do not have such skills, they can be provided training. That is part of it. As far as Odisha PCPAR is concerned, we have made a programme to visit that place a fortnight ago. But then, the cyclone came. When I make the programme next time, I will keep you informed. If any issues are there, I would see that those issues are addressed."

## Chapter-IX

### NEW SCHEMES OF PETROCHEMICALS

9.1 The following table indicates the budgetary allocation for New Schemes of Petrochemicals:-

| MAJOR HEAD 2852 |          |       |               |          |       |               |          |       | (Rs in Crores) |  |  |  |  |  |  |  |  |
|-----------------|----------|-------|---------------|----------|-------|---------------|----------|-------|----------------|--|--|--|--|--|--|--|--|
| BE<br>2013-14   |          |       | RE<br>2013-14 |          |       | BE<br>2014-15 |          |       |                |  |  |  |  |  |  |  |  |
| Plan            | Non-Plan | Total | Plan          | Non-Plan | Total | Plan          | Non-Plan | Total |                |  |  |  |  |  |  |  |  |
| 39.50           | --       | 39.50 | 39.50         | --       | 39.50 | 41.50         | --       | 41.50 |                |  |  |  |  |  |  |  |  |

9.2 When the Committee asked about the plan of the Department to utilize Rs. 41.50 crore allocated for 2014-15 and sought details of all projects and programmes planned to be executed during the year, the Department replied in writing as under:-

“The allocation for the New Schemes of Petrochemicals for the year 2014-15 is Rs. 57.50 crore, which has been provided under two different heads i.e., (i) grant-in-aid (Rs. 41.50 crore – Plan); and (ii) lump sum provision for project/scheme for the benefit of the NE Region (Rs. 16.00 crore – Plan). The Department plans to utilize this allocation as under:

| Name of Scheme / Programme   | Annual Plan 2014-15 (Rs. in Crore) | Process  |
|--|------------------------------------|--|
| Scheme on National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry | 1.00                               | The nominations for the awards have been invited and following the finalization of the meritorious innovations, awards are presented in national awards function.  |
| Setting up of Centers of Excellence (CoE)  | 6.00                               | Funds will be released to 3 CoEs selected in 12 <sup>th</sup> Plan, subject to review of activities by the designated Expert Panel. The funds have been sought based on requirements of release of 3rd and final instalment of Rs. 2 crore to IIT, Delhi and CIPET, Bhubaneswar and 2nd instalment of Rs. 2 crore to IIT, Guwahati.  |
| Setting up of dedicated Plastic Park   | 50.00                              | Based on the assessment of Detailed Project Report (DPR), the Department will accord final approval for setting up of plastic park in Tamil Nadu. The allocation of Rs. 50 crore for the scheme in the year 2014-15 is required for release of (i) 1st instalment of Grant-in-Aid (20%) of Rs. 8 crore to Tamil Nadu, subject to final approval of DPR; and (ii) 2nd instalment of Grant-in-Aid (35%) of Rs. 14 crore, each for plastic parks at Madhya Pradesh, Odisha and Assam, subject to fulfilment of the benchmarks by the State agencies for release of second instalment. |
| Programme Manager Fee  | 0.50                               | To make due payments to programme manager for implementation of Plastic Park Scheme.   |
| <b>TOTAL</b>   | <b>57.50</b>                       |  |

9.3 On being asked about the details of utilization of the subsidy during RE 2013-14 for the above scheme, the Department in its written reply stated as under:-

“The details of utilisation of funds during RE 2013-14 under the New Schemes of Petrochemicals are as under:

| Name of Scheme / Programme   | Funds utilised (Rs. in Crore) | Remarks   |
|--|-------------------------------|---|
| Scheme on National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry | 1.00                          | Released to CIPET.  |
| Setting up of Centers of Excellence (CoE)  | 6.00                          | Released 2 <sup>nd</sup> instalment of Rs. 2 crore to IIT, Delhi (CoE-Advanced Polymeric Materials) and CIPET, Bhubaneswar (CoE- Sustainable Green Materials) and 1 <sup>st</sup> instalment of Rs. 2 crore to IIT, Guwahati (CoE- Sustainable Polymers). |
| Setting up of Plastic Park   | 24.00                         | Released 1st instalment of Grant-in-Aid (20%) of Rs. 8 crore each for setting up Plastic Park at Madhya Pradesh, Odisha and Assam.  |
| Programme Manager Fee  | 0.34                          | Payments to programme manager for implementation of Plastic Park Scheme.  |
| <b>TOTAL</b>   | <b>31.34</b>                  |   |

(1) **National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry**

9.4 The Scheme on National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry aims at incentivizing meritorious innovations and institutions in various fields of petrochemicals and downstream plastics processing industry. Central Institute of Plastic Engineering Technology (CIPET) was entrusted the task of seeking and short listing nominations for the scheme and an amount of Rs.0.63 crore was released to CIPET in the year 2012-13, for the 3rd National Awards for 2012-13. 306 nominations were received in eight categories and three subcategories of the scheme. After an intensive process of screening and evaluation, 11 ‘Winners’ were selected for the National Awards for Technology Innovation 2012-13. In addition, 08 nominations were selected as ‘Runners up’ and 6 nominations were recommended for ‘Commendation Certificate’ for the year. The function to facilitate the awardees was held on May 07, 2013 at New Delhi.

9.5 An outlay of Rs.1 crore was provided to CIPET for the Awards for the year 2013-14. Year-wise numbers of awardees are indicated below:-

**Number of National Awards**

| Sl No | Year    | Winners | Runners-Up |
|-------|---------|---------|------------|
| 1     | 2010-11 | 09      | NIL        |
| 2     | 2011-12 | 15      | 10         |
| 3     | 2012-13 | 11      | 08         |
| 4     | 2013-14 | 17      | 06         |

## **(2) Setting up of Centres of Excellence (CoE)**

9.6 The scheme aims at improving the existing petrochemicals technology and research in the country and to promote development of new applications of polymers and plastics.

9.7 During the 11th Five Year Plan, the following two CoEs were approved: (i) National Chemicals Laboratory (NCL), Pune - Centre of Excellence for Sustainable Polymer Industry through Research Innovation & Training (CoE-SPIRIT) and (ii) Central institute of Plastics Engineering & Technology (CIPET), Chennai- Centre of Excellence for Green Transportation Network (GREET). The assets created under COE-SPIRIT have not only resulted in a boost to contemporary research in polymer science but also contributed to training of several members of polymer industries and academia. In case of COE- GREET at CIPET Chennai, the outputs are in terms of promoting academic, research and educational excellence through partnership between CIPET, India and university of Toronto and Ford Motors, Canada.

9.8 Under the 12th Five Year Plan, setting up 3 more Centres of Excellence has been approved, one each at IIT, Delhi; CIPET, Bhubaneswar and IIT, Guwahati. An amount of Rs.8 crore was provided for the scheme in the year 2012-13. The first installment of Rs.2 crore each was released to IIT, Delhi and CIPET, Bhubaneswar on 26.03.2013.

9.9 An outlay of Rs.6 crore was provided for the scheme in the year 2013-14, of which the first installment of Rs. 2 crore was released to IIT, Guwahati in July, 2013. An Expert Group to review the physical and financial performance of the selected CoEs, as in the previous years, was constituted. The review of the progress of CoEs being set up at CIPET, Bhubaneswar and IIT Delhi was undertaken during December, 2013- January, 2014. Based on the review and recommendations of the Expert Group, the 2nd installment of funds amounting to Rs.2 crore each has been released to IIT, Delhi on 20.02.2014 and CIPET, Bhubaneswar on 31.01.2014.

## **(3) Setting up Plastic Parks**

9.10 The scheme aims at setting up Plastic Parks, which are manufacturing clusters with state of the art infrastructure and enabling common facilities to assist the sector to move up the value chain and contribute to the economy more effectively. Under the scheme, Government of India provides grant funding up to 50% of the project cost subject to a ceiling of Rs.40 crore per project. The remaining project cost is funded by the State Government or State Industrial Development Corporation or similar agencies of State Government, beneficiary industries and loan from financial institutions.

9.11 There is an allocation of Rs. 50.00 crore for this scheme in 2014-15. Following the submission of DPR, the proposals from Odisha, Madhya Pradesh and Assam received final

approval. The Department has released the first installment of Rs. 8 crore of the Grant-in-Aid each to Madhya Pradesh Plastic Park Development Corporation Ltd (MPPPDCL), Paradeep Plastic Park Limited (PPPL) and Assam Industrial Development Corporation (AIDC), for setting up plastic parks at Madhya Pradesh (Mandideep), Odisha (Paradeep) and Assam (Tinsukia) respectively in the year 2013-14.

9.12 Status of the three parks is as follows:

**a)** Madhya Pradesh: The design and preparation of tender document for Package 1 estimated at Rs. 18 crore (trunk services like approach road, power etc.) has been completed and submitted to Chief Engineer, MPSIDC for technical sanction. As per indicative timelines for necessary deliverables, NIT for package 1 will be issued by 15th July 2014, award of work for Package 1 in the 1st week of September 2014, design and detailing for Package 2 (water supply etc.) by 15th September 2014 with award of work by October 2014.

**b)** Odisha: Industrial Development Corporation of Odisha (IDCO) has prepared indicative timelines. Preparation of the Master Plan & Geo Tech survey is to be completed by 30<sup>th</sup> June, 2014. Construction related works, site development and ETP will commence by October 2014 and equipment procurement will be done by the end of the 12<sup>th</sup> Five Year Plan i.e., March 2017.

**c)** Assam: Contour survey, road connecting park with NH-37, site clearance work and boundary wall (90%) has been done. Three plots have been allotted so far. Assurances from concerned authorities for power supply, solid waste disposal, water supply, sewage drainage facilities have been received. Indicative timelines for deliverables include preparation of Master Plan along with detailed engineering and drawings by July 2014 and appointment of all contractors by November 2014. Park is expected to be ready in all respects by December 2016, with continuous process of allotment of plots.

All the States have been advised to compress the timelines and aim to complete the Parks by mid-2016.

9.13 On being asked by the Committee to elaborate Plastic Parks, the representative of the Department explained during the evidence as under:-

"Sir, this scheme of Plastic Park is basically a plan to develop a particular area taking into cluster based approach, in which information and common facilities are singularly given to all units and there comes separate units for plastic processing. This is the scheme of the Government of India and we give 50% grant and we have approved four parks, provision of one park in Tinsukhia district of Assam, in Raisen district of MP, Paradeep in Odisha and one is in Tamil Nadu. The area of Plastic Park is about 100 to 200 acre. Lands are given to industry after plotting, in which plot may be of half acre or two acre and this is separate area and the company which purchase, gives land moves to SPV. In this scheme, on average one plot is of 100 acre and there is approximately 100 units and as per the study, the direct and indirect employment generation is about 15000 people. Hon'ble Member has stated that there are 4 Plastic Parks, there was a provision of Rs.75 crore for 12th Five Year Plan, although we needed Rs.160 crore for four Plastic Parks. As soon as the scheme of Plastic Parks has picked up, various states like UP, Haryana, Rajasthan and Gujrat have asked that they also needed Plastic Parks. During Global Investor Summit in MP, Chief Minister told that they wanted second Plastic Park. Keeping this demand in view, we have demanded Rs.400 crore for 10 Plastic Parks.

Note for the purpose is ready. Once it is circulated in the Department we would demand Rs.400 crore for the finance. We have also spoken to the Secretary and the Secretary is of the view that even Rs.400 crore is not enough because each State should have at least one. After getting approval of at least 10 Plastic Parks and if the scheme runs satisfactorily then next year, it will be our plan to have at least one Plastic Park in each state."

## Chapter-X

### Bhopal Gas Leak Disaster

10.1 The Bhopal Gas Leak Disaster occurred in the intervening night of 2nd/3rd December, 1984 when Methyl Iso-cyanate (MIC), a lethal gas stored in two tanks at the pesticide plant site of Union Carbide India Limited (UCIL) at Bhopal, leaked into the atmosphere causing thousands of deaths and injuring a large number of people. Various relief and rehabilitation measures initiated immediately after the disaster are still continuing.

10.2 The details of the budgetary allocation for Bhopal Gas Leak Disaster is as under:-

| MAJOR HEAD 2852 |          |        |               |          |       | (Rs in Crores) |          |       |
|-----------------|----------|--------|---------------|----------|-------|----------------|----------|-------|
| BE<br>2013-14   |          |        | RE<br>2013-14 |          |       | BE<br>2014-15  |          |       |
| Plan            | Non-Plan | Total  | Plan          | Non-Plan | Total | Plan           | Non-Plan | Total |
| --              | 126.59   | 126.59 | --            | 46.59    | 46.59 | --             | 43.55    | 43.55 |

10.3 When asked to explain the huge fluctuations in allocations made under this Head from year to year, the Department replied in writing as under:-

“Office of the Welfare Commissioner, Bhopal Gas Victims, who is responsible for disbursement of compensation to Bhopal Gas victims, has not been able to utilize the entire allocated sum, despite all efforts undertaken by them for disbursal of ex-gratia, on account of factors such as want of police verification in many litigated claims involving multiple successors, lack of certification in claim applications for Cancer and TRF cases, non-appearance of claimants etc. Hence that Office has surrendered the excess fund.

During 2014-15, the total allocation of Rs. 43.55 crore includes a sum of Rs. 35.94 crore for ex-gratia. The amount has been arrived at taking into account the inputs received from the Registrar, Office of Welfare Commissioner, keeping in view the trend of disbursal in previous year and number of pending cases.”

10.4 When the Committee asked for a detailed status report on the number of claims for compensation settled as well as those still pending and the time by which the pending claims are likely to be settled including the efforts being made in this regard, the Department in its written reply submitted as under:-

“The Office of the Welfare Commissioner, till date, has awarded/dispensed Rs. 1548.59 crore as compensation, out of money provided by Union Carbide Corporation, USA, in settled cases of 5,74,386 claimants belonging to the categories of death, permanent disability, temporary disability, injury of utmost severity cases, minor injury, loss of property/PSU and loss of livestock.

The Supreme Court in its order dated 26<sup>th</sup> October, 2004 had approved further payment of pro-rata compensation to the Bhopal Gas Victims whose cases had earlier been settled. In compliance, pro-rata compensation has been awarded to 5,62,959 claimants with payment of a sum of Rs. 1511.379 crore made till 31.07.2014. An application moved by the Welfare Commissioner to treat the remaining 11,427 cases of absentee claimants as closed is pending decision in the Supreme Court.

As per the decision of the Cabinet in June, 2010, disbursal of ex-gratia to the Gas victims was commenced by the Office of the Welfare Commissioner on 19.12.2010. During the period from 19.12.2010 to 31.07.2014, 54,937 cases have been decided by the Welfare commissioner and a sum of Rs. 738.33 crore has been sanctioned/ disbursed in these cases.”

10.5 The Committee further asked the Department to provide details of utilization of the fund allocated during RE 2013-14 for the Bhopal Gas Leak Disaster and explain the shortfall in utilization, if any. In reply thereto, the Department stated in writing as under:-

“A sum of Rs. 38.10 crore was allocated under RE 2013-14 for making payment to ex-gratia payment to Bhopal Gas victims. The Office of the Welfare Commissioner could not utilize the entire allocated sum, despite all efforts undertaken by them. The total amount utilized during the FY 2013-14 is Rs. 28.25 crore and remaining amount of Rs. 9.85 crore was surrendered against RE.”

10.6 During the course of evidence, the Secretary, Department of Chemicals and Petrochemicals apprised the Committee as under:-

“.....The original compensation which was sanctioned in 1992 was 470 million US dollars amounting to Rs.1,548 crore. That was originally distributed. Then, again under the Orders of the Supreme Court, the pro rata compensation was sanctioned and that was based on the increase in the rate of dollar and the bank interest. That amount was Rs.1,511 crore. That Order came in 2004, and that had also been disbursed. Now, the Government in 2010 sanctioned an *ex gratia* grant of Rs.874 crore. That was for the specific cases where people had suffered specific injuries – heart diseases, kidney diseases, permanent disabilities and temporary disabilities. That amount was Rs.874.28 crore to be exact. Out of that amount, a sum of Rs.742 crore has already been disbursed and the balance amount of Rs.130 crore is pending. The Welfare Commissioner, Bhopal Gas, has written to the Supreme Court saying that they are not able to trace about 12,000 cases, which get coverage under this scheme, and therefore, they should be permitted to write off those cases. So, the case is pending before the Supreme Court.”



## OBSERVATIONS/RECOMMENDATIONS

The Committee note with concern that import of major chemicals and petrochemicals has been continuously increasing at the rate of 20 per cent from 2009-2013 due to gap between production and consumption in the country. While the value of import of major chemicals & petrochemicals was pegged at Rs. 202347 crore and its share in the total imports was 7.6% during 2012-13, the same rose to Rs. 234258 crore contributing 8.6% to the total imports during 2013-14. During the course of evidence, the Committee were informed that there is a shortage of feedstock like gas and petrol for petrochemicals companies in the country and therefore, these companies have to import the feedstock which leads to increase in cost and other associated problems. The Committee were also informed that in order to address the shortage of feedstock for the petrochemicals companies, the Government has conceptualized to set up Reverse SEZs in foreign countries primarily in oil rich countries like Iran and Myanmar where the processing plants will be set up and then the finished products will be imported to India at cheaper rates. In this context, initial discussions, exchange of ideas, concept building and cooperation with these countries have already been initiated by the Government. It was also informed that the efforts are being made to promote manufacturing of specialty chemicals which are small volume chemicals but high priced and performance chemicals. These chemicals are not used directly but they act as catalysts and change the performance of the chemicals. Most of these chemicals are produced in the West. The Committee are of the view that the chemicals and petrochemicals sector is a major segment of manufacturing industry and plays a pivotal role in various downstream industries and therefore, the Government should map out strategies for the growth of this sector reducing thereby the country's dependence upon foreign imports of chemicals and petrochemicals, boosting employment and reduction in expenditure of valuable foreign exchange. The Committee, therefore, recommend that the Department should make concerted and coordinated efforts to expedite the process of consultation with all concerned with a view to set up Reverse SEZs safeguarding the interests of Indian workers and investments in these countries. The Department should also formulate action plan to produce specialty chemicals. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

2. The Committee are distressed to note that chemical manufacturing companies are a major source of environment pollution. The hazardous wastes are reportedly being discharged by the factories with out being treated, causing environment and water pollution in and around the complex of the factory adversely affecting the human health as well as aquatic life of the region. During the course of evidence, it was reported that industrial wastes are being pumped into Hussain Sagar, a lake situated at the heart of Hyderabad city, polluting the lake and causing skin disease to the nearby residents, etc. The issue is assuming critical dimensions leading to soil degradation, water pollution, coastal pollution adversely affecting pisciculture and aquaculture and the livelihood of fishermen community, etc. The Committee also firmly believe that economic growth cannot be sustained without taking care of the environment. During the course of evidence, the Secretary of the Department was candid enough to accept the fact that awareness about environment and environment compatibility is very poor in India. The toxic and hazardous wastes discharged by the chemical factories are contaminating our water bodies and turning our soil into barren land. According to him, though the regulatory power enforcing environment compatibility norms rests with the Ministry of Environment and Forest and only they have the authority to issue orders and punish the culprits, however, the Department will come out with a Policy in this regard soon. In this regard, the Committee were also informed that a National Chemical Policy is being prepared by the Department on the issue which will be brought out very soon. After various rounds of consultations with all the stakeholders during the period from July 2012 to December 2013, the updated version of draft policy have now been sent for Inter-Ministerial consultation and the policy document is expected to be finalized soon. According to the Department, the Policy aims to make strategies for sustainable growth and development, increasing investments, ensuring feedstock availability, R&D promotion and that the emphasis has been on Green Chemistry, HRD, technology up-gradation, disaster management, safety in chemical plants, etc. The Committee are of the strong view that the Department can not escape their responsibility on the issue and being the nodal authority, it is their primary duty to allow establishment of only those factories which are environmentally compatible. The Committee believe that the said policy would address the various

problems afflicting the chemicals and petrochemicals sector in the country. The Committee, therefore, recommend that the process of consultation on the National Chemical Policy and finalization of the policy document incorporating both the growth of the sector and environmental sustainability may be expedited. The Committee also desire that the Department should take remedial measures in coordination with Ministry of Environment, Forest and Climate Change and with all concerned to check pollution caused by the chemical factories. The Committee expect to be apprised of the initiatives taken by the Department in this regard.

3. The Committee are constrained to note that funds allocated to certain schemes of the Department have not been fully utilized during the preceding year 2013-14. As for example, HOCL failed to utilize its allocated amount of Rs. 8.04 crore totally. In this regard, the Department has explained that Rs. 8.04 crore could not be released as they could not get any approval from Planning Commission and Ministry of Finance. Similarly, out of Rs. 3.00 crore allocated to CPDS during 2013-14 at RE stage, Rs. 0.14 crore could not be utilized due to non-receipt of approval of Department of Expenditure to the proposal of the Department for grant of assistance to FICCI for organising "India Chem Gujarat 2013". Again, out of Rs. 1.50 crore meant for CWC for 2013-14, Rs. 0.54 crore could not be spent on several awareness programmes which could not be implemented during the year. The Committee are not convinced with the grounds/reasons given by the Department for under utilisation of funds allocated during the year 2013-14. The situation highlights the poor financial and physical performance of the Department which may have adversely affected the programmes of the Department in achieving some of its planned targets during the year. The Budget Estimate (BE) for 2014-15 is Rs. 207 crore which includes Rs. 15 crore for HIL, Rs. 20.50 crore for HFL and Rs. 102.98 crore for CIPET. The Committee expect the Department to formulate plans well in advance to utilize fully the funds allocated for 2014-15 for various schemes. The Committee recommend that the Department should work in close co-ordination with all concerned so as to ensure optimum and timely utilization of allocated funds to achieve the laid down financial and physical targets. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

4. The Committee note that Central Institute of Plastic Engineering and Technology (CIPET), apart from conducting academic programmes in various

areas of polymer technology, also renders technology support services to the plastics and allied industries viz. design, tooling, plastic processing & testing, inspection, quality control etc. The non plan support to CIPET was discontinued from 2007- 08 as it has been managing its day to day functioning from the revenue generated through internal resources since then and does not depend on Government of India for those expenditures. CIPET caters to Academic, Technology Support and Research (ATR) activities through its 23 Centres across the country for the growth of polymer and allied industries in the country. Every year, CIPET trains around 40,000 students through long term professional and short term skill development programme. With anticipated growth rate of 8 to 10% in the plastics processing machinery, there is an increased requirement of skilled manpower to operate these machineries and lead the industrial growth. In order to meet the manpower requirements of ever growing polymer and allied industries, CIPET has been increasing the infrastructure capabilities to augment its intake capacity. The Department also plans to expand CIPET centre - one in Hyderabad by way of high learning centre and vocational training centre and another vocational training centre in Vijayawada. The Department through CIPET is also conducting various awareness programmes on positive attributes of plastic/recyclable properties of plastics along with various technological options for recycling of waste plastics. The Committee appreciate the good work being done by the CIPET to generate industry responsive skilled manpower and technical support services for all the plastic manufacturing industries etc. As a result thereof, the Committee hope that India will be able to face the challenges posed by imports of plastic products including from China. The Committee also expect that the Department in coordination with CIPET will continue to conduct its awareness programmes on positive attributes of plastic and recycling of plastic waste to check its adverse impact on environment. Keeping in view the increased requirement of skilled man power for the growth of petrochemical sector, it is imperative for CIPET to expand its centres which may be set up near planned plastic parks and PCPIRs. The Committee would like CIPET to prepare an action plan for the purpose. The proposed CIPET centres including one in Hyderabad and the other in Vijayawada will also be set up with in a fixed time frame with out any delay in order to cater the needs of petrochemical industries of the region. The

**Committee would like to be apprised of the action programme of the Department in this regard.**

**5. The Committee note with great concern that despite of revival efforts of Hindustan Organic Chemicals Limited (HOCL) in 2008, the Company is making losses over the past few years. The major reasons elaborated by the Department for the poor financial condition of HOCL are the uneconomic small capacity of its plants, obsolete technology, excess manpower and dumping of its main products by foreign countries. The Company was referred to BIFR on 27 November 2013 due to total erosion of the net-worth. M/s FACT Engineering & Design Organisation (FEDO) has been engaged to conduct a revival study and they have submitted a report to HOCL and action will be taken as decided by the Government on the FEDO study. The Committee were informed that in order to put HOCL back on a sustained growth path, the possibility of utilization of vacant land available at Rasayani is being explored through various options like leasing out to other government companies, merger and /or joint venture etc. Rashtriya Chemicals and Fertilisers (RCF), Narmada Fertilisers Plant in Gujarat and Indian Space Research Organisation (ISRO) have shown their interest to invest money. In view of the foregoing, the Committee recommend that FEDO study report on HOCL may be examined in detail and action to revive the Company may be taken at the earliest. The Department may also explore the possibility of utilization of vacant land available at Rasayani particularly to put HOCL on sustained growth path. The Committee would like to be apprised of the initiatives under taken by the Department and the progress made therein .**

**Similarly, Hindustan Fluorocarbon Ltd (HFL) which is a subsidiary of HOCL and engaged in the manufacture of Poly Tetra Fluoro Ethylene (PTFE) has also been incurring losses due to low sales realization, high material cost, high interest, depreciation burden and uneconomical plant size. Consequent upon the complete erosion of net worth, HFL was declared a sick industrial company. As part of the revival plan, the Department has released an amount of Rs.3.60 crore for Modified Poly Tetra Fluoro Ethylene (M-PTFE) this year and action for release of Rs. 13.20 crore for various refurbishment schemes and new activities has been under progress. The Department has informed that the company is expected to start making profits after implementation of the above Plan projects. In this regard, the Committee are of the view that the revival of HFL Plant at Rudraram in erstwhile**

**Medak district of Andhra Pradesh (and now in Telangana state) is very crucial for the people of Telangana State and it will go a long way in building the industrial base for the new State of Telangana. Hence, revival plan needs to be expedited on a priority basis. The Committee, therefore, recommend that the Department should pay special attention and expedite the revival plan of HFL. The Committee expect from the Department to work out the concrete strategy for turnaround of the HOCL and HFL in right earnest and to ensure that these companies achieve breakeven at the earliest. The Committee desire to be apprised of initiatives taken by the Department and the progress made in this regard.**

**The Committee were informed that Hindustan Insecticides Ltd (HIL) was allocated Rs. 14 crore for investment in enhancing the capacity of existing Mancozeb Plant at Udyogmandal. The Committee note that the construction of Mancozeb Plant is under progress. The mechanical work of the Plant is nearing completion and the production is likely to start by March, 2015. HIL has also taken initiatives to develop a new product to be used as Indoor Residual Spray, as an alternative to DDT, which is expected to be a major breakthrough in vector control. The Committee consider these two major projects to be of huge importance not only for the growth of the Company but also for the country at large. Therefore, the Committee recommend that every efforts may be made to ensure that Mancozeb Plant is completed within the stipulated time. The Committee also recommend that the initiatives taken by HIL for developing Indoor Residual Spray may also be taken to its logical conclusion and vigorous efforts may be made to establish a pilot plant for the purpose. The Committee may be intimated about progress made in this regard.**

**6. The Committee regret to note that the Assam Gas Cracker Project (AGCP) has not yet been commissioned. It was conceptualized in pursuance of Memorandum of Settlement signed between Central Government, All Assam Students Union and All Assam Gana Parishad on 15 August 1985. The initial cost of the project was Rs.5460.61 crore. A joint venture company namely Brahmaputra Cracker & Polymer Limited (BCPL) is implementing the project. The revised cost estimate of the project is Rs.8920 crore. The pre-commissioning activities in several units are in progress. The project will lead to setting up of plastic processing units in the neighbouring areas. Consequently, substantial employment is envisaged to be generated on its completion. The Committee were**

**informed that the mechanical completion of the project is likely to be completed by end of November, 2014 and pre-commission and commission activities have already started . It was schedule to commission in September 2014 which has now been further revised to June 2015. The Committee note with concern that the per capita consumption of plastic in North East is only two kilograms while for the rest of India, it is 10 kilograms. Thus, there is a huge scope for development of plastic parks in the North Eastern States and the Department is chalking out a programme to push it. A proposal has also been made to the Assam Government to set up a plastic park at Guwahati apart from the one proposed at Tinsukia to make use of the huge quantum of feedstock produced by AGCP. The Department also plans to advocate plastic parks in the nearby north-eastern states to set up their own plastic parks for which feed stocks could be conveniently supplied by AGCP. Further, the Department proposes to involve CIPET to train the local people in plastics-related skill development programmes so that they may be able to get suitable placement in AGCP and other related industries.**

**In view of the foregoing, the Committee now hope that the timelines for completion of the project will be strictly adhered to with out any further delay so as to achieve the mechanical completion of the project by November 2014 and its commissioning by June 2015 and recommend that the Department should make vigorous efforts in coordination with all concerned including DONER to set up plastic parks in North East States and organize skill development programme for the local public to enable them to get employed by major industries. The Committee also recommend that the Department should also organize awareness programmes simultaneously extensively so that the local people are aware of the opportunities available for them for training and to get employment in this sector. The Committee would like to be apprised of the initiatives taken by the Department in this regard.**

**7. The Committee note that the concept of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) is a cluster approach to promote the Petroleum, Chemical and Petrochemical sectors in an integrated and environmental friendly manner, on a large scale. The PCPIR policy was formulated in April 2007 to give a boost to this sector. At present, PCPIR projects are being set up in four States of Gujarat, Andhra Pradesh and Odisha and Tamil Nadu. All these PCPIRs except Tamil Nadu, have made some progress. As for Tamil**

Nadu PCPIR, the Department has signed Memorandum of Agreement with Government of Tamil Nadu in February 2014 and it has yet to make any significant progress. The Department has also constituted a Steering Committee for each of the PCPIRs except Tamil Nadu to monitor the implementation progress. This would help in expediting the implementation of various projects in the PCPIRs. The Committee also note that these PCPIRs were envisioned to give boost to petrochemical industries, add productivity and decrease India's dependence on import of petrochemical feedstock and to develop the region holistically in an environmentally manner as well as to provide huge employment opportunities particularly to the local people. Keeping in view the benefits which would accrue to the economy and the local region as result of PCPIRs projects, the Committee recommend that , the Department being the nodal authority should make vigorous and coordinated efforts to expedite the execution of PCPIR projects being set up in aforesaid four States. The Committee hope that as a result of PCPIRs projects, a large number of people of the area will be benefited in terms of employment and the economy of the country would get a tremendous boost. The Committee expect from the Department to regularly monitor the progress of each of these projects. The Committee would like to be apprised of the action taken by the Department in this regard.

8. The Committee note that the primary objective for development or construction of any project like PCPIR is to create employment opportunities to the local people particularly those who have been displaced/affected by the project and whose land has been acquired for the project. However, it has come to the notice of the Committee that only 30-40 per cent of the people are being employed from the local market and the rest are outsiders. According to the Department, certain projects like the PCPIR project in Odisha, the first preference for the job is given to the local people and outsiders are employed only in cases where local people are not available for certain specialized areas in construction or if they do not have adequate skill for the job. The Committee are of the view that since the local people have sacrificed their land for construction of industrial projects, the benefits in terms of employment ought to be given first to the local people to the extent possible and in case they do not have adequate skill then it is obligatory on the part of the Government/Company to train and engage them for the job in their project. The Committee, therefore, recommend that the



Department and concerned PSUs, as well as anchor tenants in projects like PCPIRs should make it a policy to give first preference to the local people for employment at their project site. The Committee also recommend that the Department should take the initiative in coordination with all stakeholders to undertake skill development programmes to train local people for their employment in the industrial projects set up/being set up in the area. Such Skill development programmes should be made an essential component to the project itself. The Department should undertake regular visits to PCPIRs, to monitor the skill development programmes and also to address the problems of the local people of the regions. While undertaking such visits, the Committee and the Members of Parliament of the area should also be invariably kept informed. The Committee would like to be apprised of the initiatives being taken by the Department in this regard.

9. The Committee note that the Indian Plastics industry is large but highly fragmented with dominance of tiny, small and medium units and thus the Department has formulated setting up of Plastic Parks scheme with a view to synergize and consolidate the capacities through cluster development. The scheme aims at setting up plastic parks with requisite state of the art infrastructure and enabling common facilities to assist the petrochemical sector to move the value chain and contribute to the economy more effectively. The Department has approved four Plastic Parks, one each in Madhya Pradesh, Odisha, Assam and Tamil Nadu and all the States have been advised to compress the timelines and aim to complete the Parks by mid 2016. According to the Department, the existing 12<sup>th</sup> Plan budgetary allocation for the scheme is insufficient even for the four proposals under implementation and the proposals from States like Haryana, Uttar Pradesh, Gujarat and Kerala are not being considered for the present. But the Department would request Planning Commission during Mid-Term Appraisal to enhance the Plan allocation for Plastic Parks to Rs. 400 crore to enable it to set up 10 Plastic Parks. During the course of evidence, the Committee were informed that while the per capita global consumption of Plastic is 30 kg and that of USA is more than 100 kg, India's consumption of Plastic is only 10 kg. The imports of petrochemical has been increasing at a growth rate of 20% which is primarily due to a huge gap between production and consumption of petrochemicals in the country.

In view of the foregoing, the Committee are of the opinion that establishment of Plastic Parks in each State in the country is very essential for augmenting production of petrochemicals and also for reduction of its imports in the country. It is, therefore, imperative for the Department to make vigorous efforts to set up Plastic Parks in all the States of the country. Keeping this aspect in view, the Committee recommend that the Department should present a strong case before the Planning Commission during the Mid-Term Appraisal of the 12<sup>th</sup> Plan for allocation of sufficient funds to enable them to set up initially 10 Plastic Parks in the country. The Committee further recommend that the Department should prepare a road map to set up at least one Plastic Parks in all the States of the country. The Committee hope that four plastic parks would be set up as per the time schedule by mid 2016 with out any delay. The Committee would like to be apprised of the action taken by the Department in this regard.

10. The Committee regret to note that various relief and rehabilitation measures initiated immediately after the Bhopal Gas Leak disaster in the intervening night of 2nd/3rd December, 1984, are still continuing. The Office of the Welfare Commissioner awarded/dispensed Rs. 1548.59 crore as compensation, out of money provided by Union Carbide Corporation, USA, in settled cases of 5,74,386 claimants belonging to the categories of death, permanent disability, temporary disability, injury of utmost severity cases, minor injury, loss of property/PSU and loss of livestock. The Supreme Court in its order dated 26<sup>th</sup> October, 2004 approved further payment of pro-rata compensation to the Bhopal Gas Victims whose cases had earlier been settled. In compliance, pro-rata compensation was awarded to 5,62,959 claimants with payment of a sum of Rs. 1511.379 crore made till 31.07.2014. An application moved by the Welfare Commissioner to treat the remaining 11,427 cases of absentee claimants as closed is pending decision in the Supreme Court. As per the decision of the Cabinet in June, 2010, disbursement of ex-gratia of Rs. 874.28 crore to the Gas victims was commenced by the Office of the Welfare Commissioner on 19.12.2010. That was for the specific cases where people had suffered specific injuries – heart diseases, kidney diseases, permanent disabilities and temporary disabilities. Out of that amount, a sum of Rs.742 crore has already been disbursed and the balance amount of Rs.130 crore is pending. In view of the foregoing, the Committee hope that all genuine claims of the victims of the gas leak disaster for the compensation

may have been settled and every efforts may have been made to trace the genuine claimant before approaching the Apex Court to write off those cases which are untraceable. Apart from financial assistance granted to the gas victims, the Committee would like to know the various rehabilitation measures undertaken by the Government in coordination with State Government for gas victims. The Committee would like to know the progress of the pending case before the Apex Court.

**New Delhi;  
5,December, 2014  
14,Agrahayana, 1936 (Saka)**

**Anandrao Adsul  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers**

MINISTRY OF CHEMICALS AND FERTILISERS  
DEMAND NO. 6  
Department of Chemicals and Petrochemicals

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

|   | Major Head | Actual 2012-2013 |          |         | Budget 2013-2014 |          |         | Revised 2013-2014 |          |         | Budget 2014-2015 |          |        |        |  |  |  |  |
|---|------------|------------------|----------|---------|------------------|----------|---------|-------------------|----------|---------|------------------|----------|--------|--------|--|--|--|--|
|   |            | Plan             | Non-Plan | Total   | Plan             | Non-Plan | Total   | Plan              | Non-Plan | Total   | Plan             | Non-Plan | Total  |        |  |  |  |  |
| 1. Secretariat-Economic Services Industries   |            |                  |          |         |                  |          |         |                   |          |         |                  |          |        |        |  |  |  |  |
|   | 3451       |                  | 0.30     | 12.17   | 12.47            | 0.70     | 13.22   | 13.92             | 0.70     | 15.87   | 16.57            | 0.50     | 15.80  | 16.30  |  |  |  |  |
| <b>Petrochemical Industries</b>   |            |                  |          |         |                  |          |         |                   |          |         |                  |          |        |        |  |  |  |  |
| 2. Central Institute of Plastics Engg. and Technology (CIPT)                        | 2852       | 21.70            | ...      | 21.70   | 140.96           | ...      | 140.96  | 140.96            | 140.96   | ...     | 140.96           | 87.81    | ...    | 87.81  |  |  |  |  |
| 3. Subsidy to Assam Gas Project   | 2852       | 1552.00          | ...      | 1552.00 | 880.00           | 0.01     | 880.01  | 880.01            | 850.48   | 0.01    | 850.47           | 0.01     | 0.01   | 0.02   |  |  |  |  |
| 4. New Schemes of Petrochemicals  | 2852       | 8.63             | ...      | 8.63    | 39.50            | ...      | 39.50   | 39.50             | 39.50    | ...     | 39.50            | 41.50    | ...    | 41.50  |  |  |  |  |
| <b>Total-Petrochemical Industries</b>   |            | 1582.33          | ...      | 1582.33 | 1060.46          | 0.01     | 1060.47 | 1039.93           | 1039.92  | 0.01    | 1039.93          | 129.32   | 0.01   | 129.33 |  |  |  |  |
| <b>Chemical and Pharmaceutical Industries</b>                                       |            |                  |          |         |                  |          |         |                   |          |         |                  |          |        |        |  |  |  |  |
| 5. Bhopal Gas Leak Disaster (BGLD)  | 2852       | ...              | ...      | 63.15   | 63.15            | ...      | 126.59  | 126.59            | ...      | 48.59   | 48.59            | ...      | 43.55  | 43.55  |  |  |  |  |
| 6. Institute of Pesticides Formulation Technology (IPTT)                            | 2852       | 0.19             | 0.50     | 0.69    | 4.34             | 3.15     | 7.49    | 4.34              | 4.34     | 3.80    | 8.14             | 5.00     | 4.30   | 9.30   |  |  |  |  |
| 7. Chemical Weapons Convention (CWC)  | 2852       | 0.89             | ...      | 0.89    | 1.50             | 0.01     | 1.51    | 1.51              | 1.50     | 0.01    | 1.51             | 1.20     | 0.01   | 1.21   |  |  |  |  |
| 8. Chemicals Promotion & Development Scheme (CPDS)                                  | 2852       | 1.19             | ...      | 1.19    | 3.00             | ...      | 3.00    | 3.00              | 3.00     | ...     | 3.00             | 4.30     | ...    | 4.30   |  |  |  |  |
| <b>Total-Chemical and Pharmaceutical Industries</b>                                 |            | 2.27             | 63.65    | 65.92   | 8.84             | 129.75   | 138.59  | 8.84              | 50.40    | 59.24   | 10.50            | 47.86    | 58.36  |        |  |  |  |  |
| <b>Total-Industries</b>   |            | 1584.60          | 63.65    | 1648.25 | 1069.30          | 129.76   | 1199.06 | 1048.76           | 50.41    | 1099.17 | 139.82           | 47.87    | 187.69 |        |  |  |  |  |
| 9. Lumpsum provision for Project/Scheme for the benefit of the N.E. Region & Sikkim | 2652       | ...              | ...      | ...     | 120.00           | ...      | 120.00  | 117.50            | ...      | 117.50  | 31.17            | ...      | 31.17  |        |  |  |  |  |
| 10. Loans to Public Enterprises   |            |                  |          |         |                  |          |         |                   |          |         |                  |          |        |        |  |  |  |  |
| 10.01 Petroffs Co-operative Ltd.(PCL)   | 6856       | ...              | ...      | ...     | ...              | 0.01     | 0.01    | ...               | ...      | ...     | ...              | ...      | ...    | ...    |  |  |  |  |
| 10.02 Hindustan Insecticides Ltd.(HIL)  | 6857       | ...              | ...      | ...     | ...              | 0.01     | 0.01    | ...               | ...      | ...     | ...              | ...      | ...    | ...    |  |  |  |  |
| 10.03 Hindustan Organic Chemicals Limited (HOCL)                                    | 6857       | ...              | ...      | ...     | ...              | 0.01     | 0.01    | ...               | ...      | ...     | ...              | ...      | ...    | ...    |  |  |  |  |
| <b>Total- Loans to Public Enterprises</b>   |            | ...              | ...      | ...     | ...              | 0.03     | 0.03    | ...               | ...      | ...     | ...              | ...      | ...    | ...    |  |  |  |  |
| 11. Investment in Public Enterprises  | 6856       | ...              | ...      | ...     | ...              | ...      | ...     | ...               | ...      | ...     | ...              | 20.50    | ...    | 20.50  |  |  |  |  |
|   | 6857       | 21.70            | ...      | 21.70   | 10.00            | ...      | 10.00   | 8.04              | 8.04     | ...     | 8.04             | 15.01    | ...    | 15.01  |  |  |  |  |

(In crores of Rupees)

|   | Major Head  | Actual 2012-2013 |          |         | Budget 2013-2014 |          |         | Revised 2013-2014 |          |         | Budget 2014-2015 |          |        |
|---|-------------|------------------|----------|---------|------------------|----------|---------|-------------------|----------|---------|------------------|----------|--------|
|   |             | Plan             | Non-Plan | Total   | Plan             | Non-Plan | Total   | Plan              | Non-Plan | Total   | Plan             | Non-Plan | Total  |
| 12. Waiver of Interest                            |             | 21.70            | ...      | 21.70   | 10.00            | ...      | 10.00   | 8.04              | ...      | 8.04    | 35.51            | ...      | 35.51  |
| 12.01 Hindustan Insecticides Ltd.                 | 2852        | ...              | 2.50     | 2.50    | ...              | ...      | ...     | ...               | ...      | ...     | ...              | ...      | ...    |
| 12.02 Less - Receipts Netted                      | 0049        | ...              | -2.50    | -2.50   | ...              | ...      | ...     | ...               | ...      | ...     | ...              | ...      | ...    |
| 12.03 Less - Receipts Netted                      | 0852        | ...              | ...      | ...     | ...              | ...      | ...     | ...               | ...      | ...     | ...              | ...      | ...    |
|   | Met         | ...              | ...      | ...     | ...              | ...      | ...     | ...               | ...      | ...     | ...              | ...      | ...    |
| 13. Recoveries of Overpayment                     | 2852        | -0.04            | ...      | -0.04   | ...              | ...      | ...     | ...               | ...      | ...     | ...              | ...      | ...    |
| Grand Total                                       |             | 1606.56          | 75.82    | 1682.38 | 1200.00          | 143.01   | 1343.01 | 1175.00           | 66.28    | 1241.28 | 207.00           | 63.68    | 270.68 |
|   | Head of Dev | Budget Support   | IEBR     | Total   | Budget Support   | IEBR     | Total   | Budget Support    | IEBR     | Total   | Budget Support   | IEBR     | Total  |
| <b>B. Investment in Public Enterprises</b>        |             |                  |          |         |                  |          |         |                   |          |         |                  |          |        |
| <b>Chemical and Pharmaceutical Industries</b>     |             |                  |          |         |                  |          |         |                   |          |         |                  |          |        |
| 11.01 Hindustan Organic Chemicals Ltd. (HOCL)     | 12857       | 17.60            | -119.67  | -102.07 | ...              | ...      | ...     | 8.04              | -3.80    | 4.24    | 0.01             | -33.41   | -33.40 |
| 11.02 Hindustan Insecticides Limited (HIL)        | 12857       | 4.10             | ...      | 4.10    | ...              | ...      | ...     | ...               | ...      | ...     | 15.00            | ...      | 15.00  |
| 11.03 Hindustan Fluorocarbons Limited             | 12856       | ...              | ...      | ...     | ...              | ...      | ...     | ...               | ...      | ...     | 20.50            | ...      | 20.50  |
| <b>Net-Chemical and Pharmaceutical Industries</b> |             | 21.70            | -119.67  | -97.97  | ...              | ...      | ...     | 8.04              | -3.80    | 4.24    | 35.51            | -33.41   | 2.10   |
| <b>Total</b>                                      |             | 21.70            | -119.67  | -97.97  | ...              | ...      | ...     | 8.04              | -3.80    | 4.24    | 35.51            | -33.41   | 2.10   |
| <b>C. Plan Outlay</b>                             |             |                  |          |         |                  |          |         |                   |          |         |                  |          |        |
| 1. Petro-Chemical Industries                      | 12856       | 1582.29          | ...      | 1582.29 | 1080.46          | ...      | 1080.46 | 1039.92           | ...      | 1039.92 | 149.82           | ...      | 149.82 |
| 2. Chemical and Pharmaceutical Industries         | 12857       | 23.97            | -119.67  | -95.70  | 18.84            | ...      | 18.84   | 16.88             | -3.80    | 13.08   | 25.51            | -33.41   | -7.90  |
| 3. Secretariat-Economic Services                  | 13451       | 0.30             | ...      | 0.30    | 0.70             | ...      | 0.70    | 0.70              | ...      | 0.70    | 0.50             | ...      | 0.50   |
| 4. North Eastern Areas                            | 22552       | ...              | ...      | ...     | 120.00           | ...      | 120.00  | 117.50            | ...      | 117.50  | 31.17            | ...      | 31.17  |
| <b>Total</b>                                      |             | 1606.56          | -119.67  | 1486.89 | 1200.00          | ...      | 1200.00 | 1175.00           | -3.80    | 1171.20 | 207.00           | -33.41   | 173.59 |

1. Secretariat: Provision of ₹ 0.50 crore during 2014-15 is for the expenditure on Secretariat of the Department and includes expenditure on Information Technology.

2. Central Institute of Plastic Engineering and Technology (CIPET): The Central Institute of Plastic Engineering and Technology was set up for giving specialized training and physical testing of plastic materials. The Institute has established 16 Extension Centers at Ahmedabad, Amritsar, Bhopal, Bhubaneswar, Chennai, Hyderabad, Haldia, Imphal, Lucknow, Kochi, Mysore, Patna, Guwahati, Panipat, Jaipur and Aurangabad. The provision of ₹ 102.98 crore for 2014-15 is for its plan schemes including establishment of new centers and infrastructure development.

4. Others(New Schemes of Petrochemicals): Various new schemes in the field of petrochemicals, in terms of National Policy on Petrochemicals initiated in the 11th plan are proposed to be continued in the 12th plan as well. The provision of ₹ 57.50 crore in 2014-15 is for various activities like National Awards for Technology Innovations in Petrochemical and downstream Plastic Processing Industry, setting up of Centers of Excellence (COE) in Polymer Technology, setting up of Dedicated Plastic Parks and Plastic Waste Management in the field of petrochemicals etc.

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

6. **Institute of Pesticides Formulation Technology (IPFT):** The Institute is engaged in the development of environment friendly pesticide formulations, which is highly essential for the safety of farmers and preservation of the environment. This Institute is playing a catalytic role for the growth of pesticides industry in the country. The outlay of ₹ 5,00crore for 2014-15 includes capital support for upgradation of existing equipment along with addition of new equipment as well as for completing bio-science projects and analytical projects taken up in the 11th plan for formulation development for pre-and-harvest pest management, pesticide formulation from basil and turmeric oil and mycoherbicides for weeds in Kharif crop.

7. **Chemical Weapons Convention (CWC):** India is one of the original signatories to the Chemical Weapons Convention (CWC). In order to discharge the obligation of the Convention, a nodal agency called National Authority has been set up in India. The agency undertakes trial inspections of the units, monitors activities of dual purpose chemical industry, makes arrangements for training of suitable personnel and assists OPCW in the regard to the implementation of CWC. The CWC Act has come into force w.e.f. 1st July, 2005. The outlay of ₹ 1.20 crore for 2014-15 includes provision for the promotional and other attendant activities.

8. **Chemical Promotion and Development Scheme (CPDS):** The budget provision of ₹ 4.30 crore for 2014-15 has been made with a view to ensure promotion of chemicals, by organizing various seminars, workshops etc. as well as for matters pertaining to setting-up of PCPIRS.

9. **Lump sum provision for North-Eastern Region & Sikkim:** The provision of ₹ 31.17 crore for 2014-15 is for implementing projects/schemes for development of North Eastern Region and Sikkim. The necessary assistance for this purpose will be provided out of the funds for Assam Gas Cracker Project, which is under implementation.

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

11. **Investment in Public Sector Enterprises:** Hindustan Insecticides Ltd. (HIL) : The Company was incorporated in 1954 and has three factories for production of D.D.T. Malathion and Endosulfan Tech. These products are used in the National Anti-Malarial Programme of the Ministry of Health. A Provision of ₹ 15.00 crore for 2014-15 has been made for upgradation of Plant Machinery.

Hindustan Fluorocarbons Ltd. (HFL): HFL is a subsidiary company of Hindustan Organic Chemicals Ltd.(HOCL) incorporated on 14th July, 1983 (Registered in Hyderabad). The company is engaged in the manufacturing of Poly Tetra Fluoro Ethylene (PTFE) and Chloro-Di-Fluoro Methane (CFM-22). ₹ 20.50 crore has been allocated for 2014-15 for upgradation of Plant and Machinery.

Or

[click given below address](http://indiabudget.nic.in/ub2014-15/eb/sbe6.pdf)

<http://indiabudget.nic.in/ub2014-15/eb/sbe6.pdf>

**( Refer to Para 7.18)**

The details of all activities undertaken under the Chemical Promotion and Development Scheme (CPDS) during the last financial year 2013-14 is given below:-

| <b>S. No.</b> | <b>Organization</b>                          | <b>Seminar/conference/event</b>  | <b>Sanction No. and date</b>                 | <b>Amount</b> |
|---------------|--|--|--|---------------|
| 1             | CIPET  | Advancement in polymeric materials- 2013   | 33027/3/2013-PC-IV<br>22.04.2013             | 50,00,000     |
| 2             | DAVP   | Poly India   | 46016/29/2012-PC-IV                          | 5,50,000      |
| 3             | CIPET  | APM 2013   | 33027/3/2013-PC-IV                           | 7,71,000      |
| 4             | FICCI  | Seminar on Potential of Petrochemicals sector to Northern India  | 46016/10/2010-PC-II                          | 4,00,000      |
| 5             | CIPET  | Technical Seminar on Plastic recycling and waste management at Six places in the year 2013-14                | 46016/10/2010-PC-II                          | 45,00,000     |
| 6.            | Durgapur Vishwagandha Science Society        | Innovative Experiment in Chemistry in school and colleges for the year 2013-14                               | C-I. 38011/0/2011-30                         | 2,00,000      |
| 7.            | Dyestuff Manufacturer's Association of India | Workshop on "Green Technology" on 20 <sup>th</sup> September, 2013 at Mumbai                                 | 51020/26/2013-C-II                           | 3,00,000      |
| 8.            | Indian Institute of Planning, Dehradun       | 7 <sup>th</sup> ISFR, 2013 during 23-26 <sup>th</sup> October, 2013 at New Delhi                             | 46016/17/2013-PC-II                          | 4,00,000      |
| 9.            | CIPET  | APM-2012   | 33027/38/2011-PC-IV<br>21.10.2013            | 48,00,000     |
| 10            | CIPET  | Plastivision India 2013  | 33027/38/2011-PC-IV<br>21.10.2013            | 5,00,000      |
| 11            | EPTRI, Hyderabad                             | Workshop on Plastic Waste Management   | 46016/33/2013-PC-II                          | 7,70,790      |
| 12            | DMAI   | Conference on textiles: Business & Environment sustainability- Challenges for the colorant industry.         | 40018/42/2009-Ch.I<br>14.11.2013             | 4,00,000      |
| 13            | Green Chemistree Foundation                  | 3 <sup>rd</sup> Industrial green chemistry world (IGCW 13)   | C-I. 38015/6/2011-30<br>5.12.2013            | 4,00,000      |
| 14            | CII  | Workshop on "Green Technology In the Chemical Industry"  | C-I. 38013/0/2011-30<br>6.12.2013            | 2,75,000      |
| 15            | National Institute of Nutrition, Hyderabad   | International conference on emerging issues on health effects of pesticides residues in food and environment | C-I. 38015/8/2013<br>10.12.2013              | 3,50,000      |
| 16            | ICC  | Workshop on sensitizing on Stockholm Convention  | C-I. 37013/2/2013-Ch.I<br>6.1.2014           | 3,00,000      |
| 17            | FICCI  | Seminar on Application of Green Chemistry to Agrochemicals   | C-II. 18012/25/2013-<br>CHEM.I<br>08.01.2014 | 5,00,000      |
| 18            | AMAI   | Seminar on operation and maintenance of membranes  | C-I. 38015/7/2013-CH.I<br>13.01.2014         | 4,00,000      |
| 19            | CIPET  | International Conference on advancements in Polymeric Material (APM)-2014                                    | 45012/23/2013-PC-IV<br>30.1.2014             | 50,50,000     |

|    |   |   |  |                    |
|----|---|---|--|--------------------|
| 20 | Asian Polymer Association, Delhi                | International conference on Polymers  | 46016/24/2011-PC-II                      | 5,00,000           |
| 21 | Krishi Vigyan Kendra Gandhigram Rural Institute | Technological week on Plastic and Chemical of sustainable agriculture development     | 46016/11/2014-PC-II                      | 1,50,000           |
| 22 | ICC   | 2 <sup>nd</sup> workshop on sensitizing Stockholm Convention and Rotterdam Convention | C-I. 37013/2/2013-CHEM.I<br>4.3.2014     | 3,00,000           |
| 23 | ICC   | 7 <sup>th</sup> Annual India Chemical Outlook Conference                              | C-I. 38013/2/2011-30-CHEM.I<br>12.3.2014 | 7,50,000           |
| 24 | IChE, Mumbai                                    | 10 <sup>th</sup> Outstanding Young Chemical Engineers (OYCE-2014)                     | C-I. 38015/1/2013-CHEM.I<br>19.3.2014    | 40,000             |
| 25 | EPTRI, Hyderabad                                | Workshop on Plastic Waste Management  | 46016/33/2013-PC-II<br>28.3.2014         | 6,97,278           |
| 26 | FICCI   | Seminar on Agrochemicals  | C-I.38012/5/2012-30<br>31.3.2014         | 3,00,000           |
|    |   |   | <b>Total</b>                             | <b>2,86,04,068</b> |



**MINUTES**

**MINUTES OF THE SECOND SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS**

**(2014-15)**

The Committee sat on Tuesday, the 28 October, 2014 from 1500 hrs. to 1700 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI ANANDRAO ADSUL - CHAIRPERSON**

**MEMBERS**

**LOK SABHA**

2. Smt. Anju Bala
3. Shri Sankar Prasad Datta
4. Shri Satish Kumar Gautam
5. Adv. Joice George
6. Shri K. Ashok Kumar
7. Shri Mohanbhai Kalyanjibhai Kundariya
8. Shri Kamalbhan Singh Marabi
9. Shri Chhedi Paswan
10. Shri Rajendran S.
11. Dr. Kulamani Samal
12. Dr. Uma Saren
13. Shri Tasleem Uddin
14. Smt. Rekha Verma

**RAJYA SABHA**

15. Shri Biswajit Daimary
16. Shri Brijlal Khabri
17. Shri Narayan Lal Panchariya
18. Shri K. Parasaran
19. Shri Garikapati Mohan Rao
20. Shri Palvai Govardhan Reddy

**SECRETARIAT**

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

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

- |    |                             |  |
|----|-----------------------------|--|
| 1. | Shri Surjit Kumar Chaudhary | Secretary  |
| 2. | Shri S.C. Kuntia            | Additional Secretary & Financial Advisor (AS & FA) |
| 3. | Dr. A.J.V. Prasad           | Joint Secretary                                    |
| 4. | Shri Avinash Joshi          | Joint Secretary                                    |
| 5. | Sh. A.K. Mathur             | Deputy Director General                            |
| 6. | Shri Pranoy Sharma          | Director   |
| 7. | Shri M.K. Vimal             | Director   |
| 8. | Ms. Ranjana Kale            | Economic Advisor                                   |

## II. REPRESENTATIVES OF PSUs

- |    |                   |  |
|----|-------------------|--|
| 1. | Dr. S.K. Raza     | Director, Institute of Pesticides Formulation Technology (IPFT)      |
| 2. | Dr. S.K. Nayak    | DG, Central Institute of Plastics and Engineering Technology (CIPET) |
| 3. | Sh. V.B.R. Nair   | CMD, Hindustan Organic Chemicals Limited (HOCL)                      |
| 4. | Sh. K. Hari Kumar | CMD, Hindustan Insecticides Limited (HIL)                            |
| 5. | Sh. P.N. Prasad   | MD, Brahmaputra Crackers and Polymers Limited (BCPL)                 |

2. At the outset, Hon'ble Chairperson welcomed the Members of the Committee and representatives of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) to the sitting. Their attention was invited to the provisions contained in the Direction 55(1) of the Directions by the Hon'ble Speaker regarding confidentiality of the Committee's proceedings.

3. After the witnesses introduced themselves, the Secretary, Department of Chemicals and Petrochemicals briefed the Committee about 'Demands for Grants' of the Department for the year 2014-15 and highlighted the Department's plans and priorities for the current financial year.

4. During the discussion, the Chairperson and Members of the Committee raised queries on several issues which were replied to by the Secretary, Department of Chemicals and Petrochemicals and other officials. The Members emphasized the need to employ local people in any projects undertaken by the Department and also stressed the need for making chemical industries environmentally sustainable. They also stressed for revival of the sick units and increase the production of chemical and petrochemical locally by introduction of new methodology such as PCPIRs and Plastic Parks etc.

5. The Chairperson, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing the valuable information to the Committee and directed them to furnish the requisite information in writing on the points raised during the discussion on which the information was not readily available with them.

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

*The Committee then adjourned.*

**MINUTES**

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

**(2014-15)**

The Committee sat on Monday, the 08 December, 2014 from 1500 hrs. to 1530 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Anandrao Adsul - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Idris Ali
3. Smt. Anju Bala
4. Shri B.N. Chandrappa
5. Shri Sankar Prasad Datta
6. Shri Rangaswamy Dhruvanarayanan
7. Shri Satish Kumar Gautam
8. Adv. Joice George
9. Shri K. Ashok Kumar
10. Shri Chhedi Paswan
11. Shri S. Rajendran
12. Shri Chandu Lal Sahu
13. Dr. Uma Saren
14. Smt. Rekha Verma

**RAJYA SABHA**

15. Shri Biswajit Daimary
16. Shri Narayan Lal Panchariya
17. Shri K. Parasaran
18. Shri Palvai Govardhan Reddy

**SECRETARIAT**

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

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

- a) Demands for Grants (2014-15) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals);
- b)       xxxx                               xxxx                               xxxx                               xxxx

4. The draft Report relating to the Department of Chemicals and Petrochemicals was adopted by the Committee without any amendment.

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

6.       xxxx                               xxxx                               xxxx                               xxxx

*The Committee then adjourned.*

-----  
xxxx   xxxx   Matters not related to this Report.