

FOURTEENTH REPORT  
STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2015-2016)

(SIXTEENTH LOK SABHA)

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

DEMANDS FOR GRANTS  
(2015-2016)

*[Action Taken by the Government on the Observations/Recommendations contained in the Seventh Report of the Standing Committee on Chemicals and Fertilizers (Sixteenth Lok Sabha) on Demands for Grants (2015-2016) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]*

*Presented to Lok Sabha on 27.11.2015*

*Laid in Rajya Sabha on 27.11.2015*



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COMPOSITION OF THE STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2015-2016)

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. Smt. Veena Devi
7. Shri R. Dhruvanarayana
8. Shri Innocent
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18. Dr. Krishna Pratap Singh
19. Shri Taslimuddin
20. Smt. Rekha Arun Verma
21. Shri Baker George<sup>#</sup>

*Rajya Sabha*

22. Shri Biswajit Daimary
23. Dr. M.S. Gill

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<sup>#</sup>Nominated w.e.f. 28.9.2015.

24. Shri Sanjay Dattatraya Kakade
25. Shri Mansukh L. Mandaviya
26. Shri Narayan Lal Panchariya
27. Shri K. Parasaran
28. Shri Garikapati Mohan Rao
29. Shri Palvai Govardhan Reddy
30. Dr. Sanjay Sinh
31. Shri Abdul Wahab

SECRETARIAT

- |                         |   |                         |
|-------------------------|---|-------------------------|
| 1. Smt. Rashmi Jain     | — | <i>Joint Secretary</i>  |
| 2. Shri A.K. Srivastava | — | <i>Director</i>         |
| 3. Smt. Emma C. Barwa   | — | <i>Deputy Secretary</i> |

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2015-16) having been authorised by the Committee to present the Report on their behalf, present this Fourteenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2014-15) on Demands for Grants (2015-16) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 20.4.2015. The Action Taken Replies of the Government to all observations/recommendations contained in the Report were received on 23.7.2015. The Standing Committee on Chemicals and Fertilizers (2015-16) considered and adopted this Report at their sitting held on 22.9.2015.

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

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

NEW DELHI;  
11 October, 2015  
20 Asvina, 1937 (Saka)

ANANDRAO ADSUL,  
Chairperson,  
Standing Committee on  
Chemicals and Fertilizers.





## CHAPTER I

### REPORT

This Report of the Standing Committee on Chemicals and Fertilizers (2015-16) deals with the action taken by the Government on the Observations/Recommendations contained in the Seventh Report (Sixteenth Lok Sabha) of the Committee on 'Demands for Grants (2015-16)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 20.4.2015. In all, the Committee made 12 Observations/Recommendations in the Report.

2. The Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/Recommendations contained in the Seventh Report within three months from the date of presentation of the Report, *i.e.* by 19.7.2015. The Action Taken Replies of the Government in respect of all the 12 Observations/Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No.23003 (2)/2015-Fin. dated 23.7.2015. These Replies have been examined and categorized as follows:—

- (i) Observations/Recommendations which have been accepted by the Government—

Rec. Nos. 1, 3, 4, 6, 7, 8, 9, 10, 11 and 12

(Total=10)  
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply—

Rec. No. Nil

(Total=0)  
Chapter-III

- (iii) Observations/Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration—

Rec. No. Nil

(Total=0)  
Chapter-IV

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited—

Rec. Nos. 2 and 5

(Total=2)  
Chapter-V

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

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

**A. Need to expedite enactment of REACH-like legislation for India**

**Recommendation No. 2**

5. While emphasizing the need to expedite enactment of a REACH-like legislation for India, the Committee had recommended as under:—

“The Committee also note with concern that our exports are facing some problem in meeting the standards of the European countries because of legislation for import of chemicals from other countries. Keeping in view the health and environment issues in the European countries, our industrialists and exports must meet the standards of European countries. The European Union’s Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) standards are very strict, very rigid and very expensive also. The Department has initiated inventorisation for which about a sum of Rs. 27 crore has been sanctioned. Regarding REACH legislation, the Department has convened many meetings with the stakeholders. Initially, the industries did not agree to support REACH legislation but finally they have agreed to go ahead with the legislation but insisted that it should not affect Indian industry. The Committee would like the Department to pursue the matter vigorously and a comprehensive law on the lines of REACH may be enacted keeping in view the interest of the Indian industry. The committee would like to be apprised of the action taken in this regard.”

**Reply of the Government**

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

“As a prerequisite for preparation of REACH-like legislation in the country, Department of Chemicals and Petrochemicals (DCPC) has

entrusted the work of inventorization of all chemical substances to CHEMEXCIL under Ministry of Commerce. The CHEMEXCIL has initiated the work and prepared a model chemical inventory of about 4613 chemical substances with their chemical structure, physical properties, hazard category, instruction for storage etc.”

#### **Comments of the Committee**

7. Noting that quality improvements are necessary to accelerate the quantum of export of Indian chemical and petrochemical products to European countries, the Committee had recommended for the Department to vigorously expedite the proposed legislation which is aimed to regulate and standardize Indian industries on the lines of European Union’s Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) law while addressing the concerns of the Indian industry.

In its Action Taken Reply, the Department of Chemicals and Petrochemicals has only stated that it had initiated the process of inventorization of all chemical substances as a prerequisite for preparation of REACH-like legislation.

In view of the above, the Committee strongly reiterate their recommendation for expediting the process of enacting REACH-like legislation in the country keeping in view the interest of the Indian industry. The Committee desire that the Department may intimate about the progress made with regard to the consultation process with all the stakeholders and spell out the time by which the legislation will be introduced. The Committee would like to be apprised of the action taken in this regard.

#### **B. Draft policy relating to plastic waste management**

##### **Recommendation No. 5**

8. Emphasizing the need to pursue proposals to set up CIPET Centres at Vijayawada and Medak vigorously and also to formulate a draft policy relating to plastic waste management, the Committee had recommended as under:—

“The Committee note that CIPET is a premier national institution devoted to Academic, Technology Support & Research (ATR) activities for the growth of polymer & allied industries in the country. CIPET operates at 23 locations spread across the country with its Head Office at Chennai. All the CIPET centres have state-of-the-art

infrastructural facilities in the area of Design, CAD/CAM/CAE, Tooling & mould manufacturing, plastics processing, testing and quality control to cater to the needs of plastics and allied industries. The Committee also note that CIPET has proposed a scheme for enhancing the capabilities in academic activities (Skill Development Training Programmes) at CIPET Centres, *inter-alia*, including “Establishment of Vocational Training Centre (VTC) at Vijayawada” at a total cost of Rs. 50 crore, on 50:50 cost sharing basis between State and Central Government. The proposal is being considered by the Government, as per extant norms and procedures. The Government of Andhra Pradesh has agreed, in principle, to establish CIPET VTC at Vijayawada with allocation of 15 acres of land. Further, the land for CIPET Centre at Medak has been procured from Hindustan Fluorocarbons Ltd. and the consent of the State Government of Telangana is being obtained to start the Centre as 50 per cent of the expenditure has to be borne by the State Government.

During the evidence, the Committee were informed that the Department has proposed a policy for recycling of plastic waste so that the plastic which is littered is collectible and carry economic value. The Department has also proposed a ban on multilayer metallised flexible packaging material in the food sector and the regulatory framework which is being proposed should not only be applicable for the industry but the same should also be applicable to the user value chain. After making the littered plastic collectible, scavengers, the rag pickers and conservancy workers would be trained to recycle it instead of sending it to the big industry to recycle. The proposed policy is being circulated to the rest of the Ministries. It was also informed during the evidence that the chemical sector is in need of skilled, semi-skilled manpower and there is no dedicated institute in the country to supply that skilled manpower.

In view of the foregoing, the Committee recommend that the proposal to set up CIPET centres at Vijayawada and Medak may be pursued vigorously with the respective State Governments so that these centres may be set up without any time and cost overrun. The Committee also desire that the proposed draft policy relating to plastic waste management be formulated without any delay. The Committee also recommend that a policy and programme may be formulated in consultation with industry to meet the demand of the chemical sector for skilled manpower and a dedicated institute may also be set up for the purpose. The Committee would like to be apprised of the progress made on aforesaid matters.”

## **Reply of the Government**

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

“Status report on proposal to set up CIPET Centres at Vijayawada and Medak is as under:

### **(i) CIPET Centre at Medak (Telangana)**

In order to establish a High Learning Centre (HCL)-cum-Vocational Training Centre (VTC) at Medak (Telangana) a Project proposal has been submitted to the Principal Secretary, Higher Education, Government of Telangana on 23.03.2015, who has referred it to Finance Department with his recommendations on 06.05.2015 for further action. CIPET is following up with Finance Department for early approval of the proposal, CIPET has already acquired 15 acres of land from M/s Hindustan Fluorocarbon Limited, Hyderabad.

In order to commence Vocational Training Programme (VTC), CIPET has identified as Industrial Shed at Rudraram, Medak on rental basis, necessary machinery & equipments will be installed in the Industrial shed and vocational training programmes will commence soon.

### **(ii) CIPET Centre at Vijayawada:**

In order to establish a Vocational Training Centre at VTC, in Andhra Pradesh, CIPET has approached Government of Andhra Pradesh for land and workshop buildings. Government of Andhra Pradesh has agreed in principle and issued consent letter dated 16.03.2015 to allot 15 acres land to CIPET at Vijayawada. In this connection, CIPET officials visited/ inspected various sites shown by the revenue authorities and found that a piece of land at Ibrahimpatnam is suitable for setting up of CIPET Centre. An application was submitted to Joint Collector, Krishna District on 17th April, 2015 for alienation of land to CIPET. The possession of 15 acres of land is expected soon.

In order to commence Vocational Training Courses at VTC, CIPET has identified a building belonging to M/s Vijayawada Auto Cluster Development Company Ltd., Vijayawada. M/s Vijayawada Auto Development Company Ltd. has sent its consent letter to Joint Collector, Krishna District on 05.05.2015 agreeing in principal to permit CIPET to run Vocational Training

Courses in the said premises. The Possession of the building and installation of machineries & equipments will be done shortly and skill development programmes will be commenced shortly.”

#### **Comments of the Committee**

10. The Committee, in their recommendation, had stressed the need to vigorously pursue the proposals to set up CIPET centres at Vijayawada in Andhra Pradesh and Medak in Telangana so that both the projects are started expeditiously. The Committee had also asked the Department to formulate a draft policy relating to plastic waste management. Finally, the Committee had recommended that a policy and programme be formulated in consultation with the industry to meet the demands of the chemical sector for skilled manpower and that a dedicated institute be set up for the purpose.

In its Action Taken Reply, the Department provided a detailed progress report on the ongoing projects to establish a High Learning Centre (HLC)—cum—Vocational Training Centre (VTC) at Medak and a Vocational Training Centre (VTC) at Vijayawada. However, the Department did not say anything about the Committee’s recommendations regarding a draft policy for plastic waste management and the need for a dedicated skills training institute for the chemical sector.

In view of the above, the Committee reiterate their recommendations and desire that the Department should immediately take action for formulation of a draft policy for plastic waste management and also for a dedicated skills training institute for the chemical sector. The Department may also highlight any initiatives taken or proposed to be taken in furtherance of the recommendation of the Committee at the earliest.

#### **C. Setting up of Plastic Parks**

##### **Recommendation No. 8**

11. Expressing their support for the setting up of Plastic Parks, the Committee had recommended as under:—

“The Committee note that the Scheme aims at setting up of need based Plastic Parks, and eco-systems with requisite state of the art infrastructure and enabling common facilities to assist the sector move up the value chain and contribute to the economy more

effectively. The objectives of the scheme, *inter alia*, are to increase competitiveness and investments, achieve environmentally sustainable growth and adopt the cluster development approach to consolidate the capacities in plastic sector. This scheme was originally approved in the year, 2010 during 11th Five Year Plan and is proposed to be implemented over a duration of 10 years during 12th Five Year Plan (2012-17) and 13th Five Year Plan (2017-22). The Government has accorded approval for setting up of four Plastic Parks in Madhya Pradesh (Raisen district), Assam (Tinsukia district), Odisha (Jagatsinghpur district) and Tamil Nadu (Thiruvallur district). In December, 2014, approval has been given for setting up of 6 additional plastic parks for implementation during 12th and 13th Plan period. The locations of the six additional Plastic Parks have not been decided and a decision on the location of the Plastic Parks will be taken in consultation with the State Governments, after examining the viability of each proposal. 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. Keeping in view aims of the Scheme the total cost of the four Plastic Parks already approved by the Planning Commission is Rs. 160 crore, however, the approved Plan budgetary allocation for the scheme under 12th Plan is Rs. 75 crore, which is inadequate even for meeting the cost of the four approved Plastic Parks. Further, keeping in view the demand from other States, the proposal for additional budgetary allocation of Rs. 280 crore for setting up seven Plastic Parks during the 12th Five Year Plan was submitted to the Planning Commission, which was not agreed to due to funds constraints. The Planning Commission advised the Department to take up the matter during the mid-term appraisal of the 12th Plan.

Keeping in view the objectives and the importance of the Plastic Park, it is imperative that these parks may be set up in country at the earliest. The proposed Plastic Parks particularly in Assam is extremely essential so that feedstock generated by the Assam Gas Cracker Project could be gainfully utilised. The Committee, therefore, recommend that the action plan may be charted out to set up the proposed Plastic Parks with in a fixed time frame. The viability of the proposal received from the States for setting of Plastic Parks and their locations may be also be examined and finalised expeditiously in consultation with the respective State Governments. The Committee also recommend that Department should vigorously take up the mater with NITI Aayog/Ministry of

Finance to sanction them adequate funds for setting up 10 Plastic parks in the country during 12th and 13th Plan as also recommended by the Committee in its First Report. The Committee hope that the implementation of this scheme will help in realizing the goals of Make in India and also generate ample employment. The Committee would like to be apprised of the progress made in this regard.”

### **Reply of the Government**

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

“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. DCPC has accorded approval to the proposals for plastic parks received from States of Madhya Pradesh, Odisha and Assam and also released first instalments of Government of India of Rs. 8 crore each to the implementing agencies. In the case of Plastic Park in Assam, part amount of 2nd instalment of Rs. 7.5 crore has also been released in March, 2015. The proposal of Tamil Nadu has been given ‘in principle’ approval, and is being examined and processed for approval.

The Standing Finance Committee (SFC) in its meeting held on 08.12.2014 recommended the setting up of additional 6 Plastic Parks with Gol grant of Rs. 240 crore, to be implemented during 12th and 13th Plan period. The approval of the competent authority has also be obtained for the same. The location of new plastic parks will be decided in detailed consultation with the State Governments. The action has been initiated for setting up these new 6 Plastic Parks and we have already taken up the matter with the Ministry of Finance for fund allocation and are pursuing with them.

The Department is periodically monitoring the progress of the Plastic Parks for their timely completion and also closely working for this purpose. The physical progress of the ongoing plastic parks is as under:

- (i) **Madhya Pradesh**—Out of the approved project cost of Rs. 108 crore for setting up Plastic Park in Madhya Pradesh, tender for first phase of Infrastructure Development Works of Rs. 25.88 crore has been issued on 01.01.2015 to M/s Shapers Construction Ltd. and now Rs. 1.3961 crore has been spent. The online marketing for allotment of plots has commenced.



Details of units are required to design the next phase of infrastructure including common facilities for which they are also in touch with CIPET for inputs.

- (ii) **Odisha**—Out of approved project cost of Rs. 106.78 crore for setting up Plastic Park at Odisha, the tender for construction of boundary wall worth Rs. 2.09 crore has been awarded. The tender has been awarded for construction of Approach Road worth Rs. 6.58 crore and for Site Grading worth Rs. 11.98 crore. Till now the SPV has incurred an expenditure of Rs. 1.398 crore on Soft Interventions and Design, Engineering and Supervision.
- (iii) **Assam**—Out of approved project cost of Rs. 93.65 crore for setting up plastic park at Assam, AIDC has incurred expenditure of Rs. 14.08 crore out of first instalment of Rs. 8 crore, released by Gol and also from its own resources. The tenders for Road and Drain Infrastructure and Security Building has been awarded. The works for boundary demarcation by RCC pillars, jungle clearance and construction of boundary wall has been completed. Road Network work against the tender awarded for an amount of Rs. 1.08 crore has been completed.”

#### Comments of the Committee

13. The Committee noted that Plastic Parks are a crucial part of the Department’s plans to popularise and standardize the petrochemicals sector. While there are four Plastic Parks already approved and in various stages of construction, seven other Parks proposed by the Department to be set up during 12th Plan could not take off due to non-allocation of funds by the Planning Commission. Taking note of this, the Committee had recommended that the Department should take up the matter with NITI Ayog/ Ministry of Finance urgently so that adequate funds are sanctioned for the same. The Committee had also stressed that the Plastic Park proposed to be set up in Assam should be given priority since it is designed to utilize the feedstock generated by the Assam Gas Cracker Project.

In its Action Taken Reply, the Department has informed, *inter alia*, that the Standing Finance Committee (SFC) in its meeting held on 08.12.2014 recommended the setting up of additional 6 Plastic Parks with the Government of India grant of Rs. 240 crore, to be implemented during 12th and 13th Plan period. The approval

of the competent authority has also been obtained for the same. The Department also stated that the location of new plastic parks will be decided in detailed consultation with the State Governments. Further, for setting up these new 6 Plastic Parks, they have already taken up the matter with the Ministry of Finance for fund allocation. The Department also provided details of the physical progress of the ongoing Plastic Parks in Madhya Pradesh, Odisha and Assam. The Department has also informed that the proposal from Tamil Nadu for setting up the Plastic Park has been given 'in principle' approval, and is being examined further.

In this regard, the Committee desire that the proposal of Tamil Nadu may be approved without further delay. The process of development of three Plastic Parks in Madhya Pradesh, Odisha and Assam may also be accomplished quickly. The Committee further recommend that the consultation with the State Governments for setting up additional six Plastic Parks in the States may also be expedited. While considering proposals from the States, the Department may take into consideration the development needs and viability of the proposed locations and make sure that these Parks contribute to overall development of the entire region where they are set up. The Department may apprise the Committee of the action taken in this regard.

#### **D. Need to co-ordinate with stakeholders regarding PCPIRs**

##### **Recommendation No. 9**

14. Emphasizing the need to closely co-ordinate with all the stakeholders for expeditious operationalization of PCPIRs, the Committee had recommended as under:—

“The Committee observe that the Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs) projects in Gujarat, Andhra Pradesh, Odisha and Tamil Nadu are at various stages of implementation. In the case of Gujarat, pre-commissioning activities of the feed Cracker project have started and commissioning is expected by end of June, 2015. Master Plan/Development plan has been sanctioned in 2011 and Environment Impact Assessment (EIA) study is in final stage. Draft final EIA to be submitted by National Environmental Engineering Research Institute (NEERI) to Ministry of Environment, Forest and Climate Change shortly. For Andhra Pradesh PCPIR, Environment Management Plan and EIA study has been submitted to AP Pollution Control Board. Public hearing has to be conducted in near future. For Odisha PCPIR, pre-commissioning

activities of the Refinery have started and commissioning is expected by June 2015. Preliminary Master Planning was carried out by M/s. L&T Ramboll. Tendering process has been initiated to engage consultant for detail Master Planning and Zoning. As for Tamil Nadu PCPIR, the State Government is yet to notify the PCPIR and form a Management Board. Nagarjuna Oil Corporation Ltd. (NOCL), the Anchor Tenant, is setting up a 6 million tone capacity refinery which is proposed to be expanded to 12 million tons in second phase. The construction work of refinery was stalled due to cyclone in 2012 which has to re-start. Master Plan and Environment Impact Assessment study will be undertaken after notification of PCPIR and formation of Management Board.

From the foregoing, it is clear that while there is substantial progress in the case of Gujarat, Andhra Pradesh and Odisha, a lot of ground remains to be covered in the case of Tamil Nadu. The PCPIR project is the most ambitious project undertaken so far by the Department of Chemicals and Petrochemicals. On their completion, the four PCPIR projects together are expected to generate employment for around 33.96 lakh persons. Hence, the projects are crucial for the growth and development of the national economy as a whole. The Committee, therefore, desire that the Department should closely co-ordinate with the concerned State Governments, Anchor Tenants and other stakeholders and monitor the progress of each PCPIR with a view to ensure that the projects are expedited and operationalised in a time bound manner. The Department should especially co-ordinate at the highest level with the State Government of Tamil Nadu so that the PCPIR is notified and Management Board is formed by the State with out further delay. The construction work of the refinery should also be re-started at the earliest. The Committee expect to be apprised of the initiatives taken and the progress made in respect of all the PCPIR.”

#### **Reply of the Government**

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

“The Department welcome the appreciation of the committee on the implementation on PCPIR Project especially in Gujarat, Andhra Pradesh & Odisha. Indeed, PCPIR scheme is a crucial endeavour of the Department of Chemicals & Petrochemicals to provide sustainable investment regions with increased economic & manufacturing activities to enhance employment and livelihood of

the public at large. The Department is committed to expenditure implementation of the project by vigorous and continuous monitoring of implementation through Monitoring and Steering Committees, set up for the purpose. The Department has also prepared activity & sub activity wise road map for implementation of PCPIR projects with designated responsibilities and timelines to fast track the implementation process. The Department is ensuring availability of external physical infrastructural & implementing agencies in dissemination of information to promote global investments in PCPIRs. The Department is also hand holding PCPIR projects for (i) approval of Master Plan & EIA and bringing Anchor Tenant project for AP PCPIR project; (ii) expeditious commissioning of Cracker unit and availability of building blocks of downstream plastic processing industries in Gujarat; (iii) preparation of final Master Plan and expeditious action on petrochemicals including Ethylene, MEG & PX PTA units in Odisha PCPIR; and (iv) restart of construction of petroleum refinery in Tamil Nadu. The notification of the Tamil Nadu PCPIR area and formation of Management Board thereof is expected to be completed by the State Government shortly. Keeping in view the experience gained from the implementation so far and suggestions received from the State Governments, Anchor Tenants and Committee, the Department has also proposed amendments to the PCPIR Monitoring/Steering Committee, the Department has also proposed amendments to the PCPIR policy to speed up the various developments in implementation of Anchor Tenant projects, infrastructure and sectors specific critical infrastructure with funding from Government of India on PPP model.”

#### **Comments of the Committee**

16. The Committee, in their recommendation, had noted that the four PCPIR projects in Gujarat, Andhra Pradesh, Odisha and Tamil Nadu are crucial for the growth and development of the national economy as a whole. The Committee had, therefore, desired that the Department should closely coordinate with the concerned State Governments, Anchor Tenants and other stakeholders and monitor the progress of each PCPIR with a view to ensure that the projects are expedited and operationalised in a time bound manner. The Committee had stressed the need to pay special attention to the Tamil Nadu PCPIR project, saying that the Department should especially coordinate at the highest level with the State Government of Tamil Nadu so that the PCPIR is notified, Management Board for the same is formed and the construction work of the refinery re-started at the earliest.

In its Action Taken Reply, the Department highlighted the latest position with regard to these PCPIR projects and stated, *inter alia*, that the notification of the Tamil Nadu PCPIR area and formation of Management Board thereof has been expected to be completed by the State Government shortly. The department further informed that keeping in view the experience gained from the implementation so far and suggestions received from the State Governments, Anchor Tenants and the Committee, it has also proposed amendments to the PCPIR Monitoring/Steering Committee and to the PCPIR policy to speed up the various developments in implementation of Anchor Tenant projects, infrastructure and sectors specific critical infrastructure with funding from Government of India on PPP model.

Noting the above, the Committee are distressed that the notification of Tamil Nadu PCPIR area and the formation of Management Board for the same are not yet done. The Committee reiterate their earlier recommendation for monitoring of the projects with close coordination with all the stakeholders so that these Projects are completed and operationalized in a time-bound manner. The Committee desire to apprise them of the progress made in this regard.

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation No. 1

##### Overview of Chemicals and Petrochemicals industry

The Committee note that chemical industry is the main stay of industrial and agricultural development of the country and provides building blocks for several downstream industries, such as textiles, papers, paints, soaps, detergents, pharmaceuticals, varnish etc. Petrochemicals, which comprise of plastic and host of other chemicals, are downstream hydrocarbons derived from crude oil and natural gas. 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 specialized usage amidst other emerging areas. However, the Committee note with concern that the growth of production of major chemicals and petrochemicals in the country has declined by 0.7% from 10328 thousand MT in 2014-15 (up to September 2014) as compared to 10402 thousand MT during the same period in 2013-14. The Committee also note with distress that Indian chemical sector spends 1-2% of their total turnover on R&D as compared to around 5-10% by the chemical industry in the developed countries. The Committee further note that imports of chemicals and products (excluding Pharmaceutical Products and Fertilizers) contributed 9.9% of total imports in 2014-15 (Up to September 2014) compared to 8.9% in 2013-14 (Up to September 2013) whereas the exports contributed 9.3% of total exports in 2014-15 (Up to September 2014), compared to 9.2% in 2013-14 (Up to September 2013). The important reason for rising imports and stagnant export of Chemicals and Petrochemicals product is increase in the domestic demand of these products without commensurate increase in the domestic production. Further the export/import of chemicals and petrochemicals is freely allowed except for a few chemicals attracting the provisions of international conventions. However, to further increase the growth of exports in this sector, the Government organises Events such as POLYINDIA showcasing the strengths of the Indian petrochemical industry which help in development, growth of chemical sector and

acceleration of exports of chemicals/ petrochemicals from India to other countries. Government is also implementing the 'Petrochemical Policy' which will help in realising the concept of 'Make in India'. Plastic Parks are being set up in the country with the objectives to increase the competitiveness and investments, achieve environmentally sustainable growth and adopt the cluster development approach to consolidate the capacities in plastic sector. According to the Department, these measures will increase the competitiveness and facilitate deeper value addition to the petrochemical sector, which will result in enhancing the exports. The Government is also exploring the possibilities of setting up production facilities in resource rich countries *i.e.* reverse SEZ and bringing intermediates in India for further value addition and employment generation. The Committee also note that the Department has taken various measures such as rationalization of import duty for synergy in the chemical manufacturing chain, protection of domestic industry by imposition of safeguard duty etc. The Department also conducts various seminars/workshops/International Exhibition for promotion of green chemistry/processes, chemical safety, trade exchange of ideas and technology etc. The Department is also setting up PCPIRs for increasing the production capacity of chemicals and petrochemicals industry. Each PCPIR will have one anchor tenant refinery which will provide valuable support to the chemical and petrochemical value chain.

The Committee hope that as a result of various measures undertaken by the Department, the production of chemicals and petrochemicals would increase significantly and resulting in decrease in imports and increase in exports in the sector. The Committee, therefore, recommend that concentrated and coordinated efforts may be made to develop a road map for indigenous development of the chemical sector in the country and the Department should monitor expeditious establishment of PCPIR and Plastic Parks and also expedite the process to set up reverse SEZ in resource rich countries in order to address the shortage of feed stock required for the chemical sector. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

#### **Reply of the Government**

The Department is committed to expeditious implementation of the PCPIR projects by vigorous and continuous monitoring of implementation through Monitoring by Steering Committees, set up for the purpose. The Department has also prepared activity & sub activity wise road map for implementation of PCPIR projects with designated

responsibilities and timelines to fast track the implementation process. The details of the initiatives and progress made in PCPIRs are given in reply to recommendation No. 9. The Department has also proactively taken up the proposal for setting up of production facilities of chemicals & petrochemicals, through cluster/reverse SEZ approach at Chabahar in Iran, in concert with stakeholders and related organizations with regard to cost sharing and feasibility.

The Department is implementing a scheme to support setting up of need based Plastic Parks, with requisite state-of-the-art infrastructure, enabling common facilities through cluster development approach, to consolidate the capacities of the domestic downstream plastic processing industry. The scheme aims to increase investment, production and export in the plastic sector.

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. DCPC has accorded approval to the proposal for plastic parks received from States of Madhya Pradesh, Odisha and Assam and also released first installments of Government of India grant of Rs. 8 crore each to the implementing agencies. In the case of Plastic Park in Assam, part amount of 2nd instalment of Rs. 7.5 crore has also been released in March, 2015. The proposal of Tamil Nadu has been given 'in principle' approval, and is being examined and processed for approval.

Keeping in view the demands received from various other States for setting up of Plastic Parks, the setting up of 10 Plastic parks (including current four Plastic Parks already approved) at a cost of Rs. 405.00 crore has been approved for implementation during 12th and 13th plan period. The location of new plastic parks will be decided in detailed consultation with the State Governments. This initiative is expected to boost not only 'Make in India' initiative but also generate huge employment.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No.23003 (2)/2015-Fin., dated 23.7.2015]

### **Recommendation No. 3**

#### **Five year plan and Annual Plans**

The Committee's examination have revealed that as against BE 2014-15 of Rs. 207 crore under Plan Head which was reduced to Rs. 173 crore at RE stage, the actual expenditure was Rs. 126.25 crore.



During 2013-14 the actual expenditure was Rs.1158.09 crore as against BE 2013-14 of Rs. 1200 crore which was reduced to Rs. 1175 crore at RE stage. Similarly, under non-Plan Head, during 2014-15, the actual expenditure was Rs.166.84 crore as against Rs.270.68 crore in BE 2014-15 which was reduced to Rs.225.73 crore in RE 2014-15. Like-wise, out of Rs. 1343.01 crore in BE 2013-14 which was reduced to Rs.1241.28 crore at RE stage, the actual expenditure was Rs. 1208.62 crore. This clearly shows that the Department has failed to utilize the entire funds allocated to them during 2013-14 and 2014-15. The Committee, therefore, recommend that the Department should formulate a road map for effective implementation of its various schemes/programmes to enable them to utilize the funds allocated to them progressively and optimally and in the process to achieve the physical and financial targets set for its various schemes/programmes.

#### Reply of the Government

Budget Estimates and Actual Expenditure for 2013-14 and 2014-15 is as under:—

	Budget Estimates			Actual Expenditure (Upto 31.03.2015)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2013-14	1200.00	143.01	1343.01	1158.09	50.63	1208.72
2014-15	207.00	63.68	270.68	151.38	44.30	191.68

- (1) The short fall in release/expenditure during the year 2014-15 was mainly in the Plan Scheme of New Schemes of Petrochemicals (Plastic Parks), Since the respective State Government agencies did not attain the required milestones to seek disbursal of second installment of Rs. 14.00 crore each. Nextly, the State Government of Tamil Nadu was requested to strengthen its DPR to enable it to obtain to release its first instalment of Rs. 8.00 crore.
- (2) Bhopal Gas Leak Disaster: Rs. 43.55 was earmarked for disbursal of *ex-gratia* to Bhopal Gas Victims for the F.Y. 2014-15. But most of the cases were involving cases of litigation involving multiple claimants, police verification, requirements of medical certification in Cancer and Total Renal Failure cases and time consumption involved in identification of genuine claimants/legal heirs, and only Rs. 26.68 crore were disbursed and Rs. 16.87 crore were reported undisbursed.

- (3) Department has started its monitoring activity on the release of funds early during the present financial year and it is repeatedly requesting all the authorities concerned to expedite the attainment of required milestone to facilitate expeditious release of funds for the various programmes/schemes.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

#### **Recommendation No. 4**

##### **Demand for Grants 2015-16**

The Committee note that Rs. 188 crore was allocated by the Ministry of Finance against the proposal of the Department for an outlay of Rs. 1011.50 crore for 2015-16. While the proposed BE 2015-16 for "Project Based Support to PSUs, was Rs. 236 crore, only Rs. 32 crore has been approved by the Ministry of Finance for the same. The above includes Rs. 17 crore approved for Hindustan Organic Chemicals Ltd. (HOCL) as against the proposed outlay of Rs. 225 crore for BE 2015-16. For the Central Institute of Plastic Engineering and Technology (CIPET), only Rs. 92.68 crore was approved against the proposed outlay of Rs. 193.01 crore of the Department in BE 2015-16. For the Assam Gas Cracker Project (AGCP), while the Department proposed an outlay of Rs. 478.96 crore, the Finance Ministry approved only Rs. 0.01 crore. As a matter of fact, allocation to the Department has been drastically slashed in BE 2015-16 in almost all schemes/programmes. As a result of the drastic reduction of Department's proposal for BE 2015-16, only 18.58% of the total amount required by the Department has been allocated for running its schemes/programmes. According to the Department, reduction in plan funding will affect the strengthening of capabilities of PSUs and CIPET centres. While expressing its deep concern, the Committee absolutely feel that the various programmes/schemes of the Department may be badly affected as a result of drastic reduction in the proposed plan outlay of the Department. The Committee, therefore, recommend that the Department should approach the Ministry of Finance and impress upon them to allocate funds as per their requirement. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

#### **Reply of the Government**

The Department shares the concern of the Committee on reduced outlays for scheme & programmes of the Department. The proposal for enhancing the Budgetary support of CIPET in the mid-term appraisal of 12th Five Year Plan has been considered by the Standing Finance

Committee under the Chairmanship of Secretary, Department of Chemical & Petrochemicals. The Committee has recommended the Schemes for (i) Enhancing the Capabilities in Academic Activities and Skill Development Training Programmes at CIPET Centres and, (ii) Enhancing the Capabilities in Research activities at two R&D Centres and Technology Support Services at CIPET Centres at a cost of Rs. 491.17 crore and Rs. 168.38 crore, respectively, for implementation during 12th Five Year Plan. The same has the approval of the Minister for Chemicals and Fertilizers. The projection for the financial year 2015-16 posed to Ministry of Finance is as under:—

Sl.No	Head	BE 2015-16
	<b>PLAN REVENUE</b>	<b>Proposed</b>
1.	Secretariat and Economic Services	0.50
	<b>Petro Chemical Industries</b>	
2.	Central Institute of Plastic Engg. & Tech.	193.01
3.	Subsidy to Assam Gas Projects	478.96
4.	New Schemes of Petrochemicals	92.00
	<b>Chemicals and Pharmaceuticals</b>	
5.	Institute of Pesticides Formulation Tech.	4.28
6.	Chemical Weapons Convention	1.25
7.	Chemical Promotion & Development Scheme	4.50
8.	Lumpsum Provision for N.E. Region	1.00
	<b>TOTAL REVENUE</b>	<b>775.50</b>
	<b>PLAN CAPITAL</b>	
9.	CIPET(EAP)	
10.	<b>Loan to PSUs</b>	
10.01	HFL	0.00
10.02	HIL	11.00
10.03	HOCL	225.00
	<b>Total</b>	<b>236.00</b>
11.	<b>Equity Investment in PSUs</b>	
11.01	PCL	0.00
11.02	HIL	0.00
11.03	HOCL	0.00
	<b>TOTAL CAPITAL</b>	<b>236.00</b>
	<b>Grand Total (Rev.+Cap.)</b>	<b>1011.50</b>

(4) BE 2015-16 provided for various schemes/programmes as per allocation of Ministry of Finance is as under:–

Sl.No.	Head	BE 2015-16
	<b>PLAN REVENUE</b>	<b>Final</b>
1.	Secretariat and Economic Services	1.00
	<b>Petro Chemical Industries</b>	
2.	Central Institute of Plastic Engg. & Tech.	83.68
3.	Subsidy to Assam Gas Projects	0.01
4.	New Schemes of Petrochemicals	42.41
	<b>Chemicals and Pharmaceuticals</b>	
5.	Institute of Pesticides Formulation Tech.	1.00
6.	Chemical Weapons Convention	1.00
7.	Chemical Promotion & Development Scheme	1.90
8.	Lumpsum Provision for N.E. Region	25.00
	<b>TOTAL REVENUE</b>	<b>156.00</b>
	<b>PLAN CAPITAL</b>	
9.	CIPET(EAP)	
10.	<b>Loan to PSUs</b>	
10.01	HFL	5.00
10.02	HIL	10.00
10.03	HOCL	17.00
	<b>Total</b>	<b>32.00</b>
11.	<b>Equity Investment in PSUs</b>	
11.01	PCL	0.00
11.02	HIL	0.00
11.03	HOCL	0.00
	<b>TOTAL CAPITAL</b>	<b>32.00</b>
	<b>Grand Total (Rev.+Cap.)</b>	<b>188.00</b>

(5) Further, Supplementary Grants to the tune of 80.58 crore have been sought in the First Batch of Supplementary Demands for Grants

for the current financial year with the Ministry of Finance. The Detail are as follows:–

- (i) New Schemes of Petrochemicals (Rs. 29.59 crore) for setting up of New Plastic Parks and development of common infrastructure facilities in the country.
- (ii) Central Institute of Plastic Engineering & Technology (Rs. 48.99 crores) for enhancing the capabilities in Academic Activities and Skill Development Training Programme. Taking into account the savings of Rs. 15.00 crore available in the Capital Section of the Grant which will be surrendered, a Technical Supplementary is being obtained, and Rs. 33.99 crore will entail cash supplementary.
- (iii) Chemicals Promotion and Development Scheme (Rs. 2.00 crore). As this will be matched by savings available in the Capital Section of the Grant, a Technical Supplementary is sought.
- (iv) Institute of Pesticides Formulation & Technology (Rs. 0.75 crore) Taking into account saving available in the same section of Grant, a token supplementary is being sought.

(6) Further, requirement of funds for AGCP are being considered in consultation with Ministry of Finance for moving the PIB.

(7) Similarly, the requirement of funds for HOCL shall be considered after crystallization of a revival package by BIFR/BRPSW, after its hearing on 22.07.2015.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

#### **Recommendation No. 6**

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

The Committee are distressed to note that HOCL has been continuously incurring heavy losses since 2011-12. During 2013-14, the Company posted a net loss to the tune of Rs. 176.85 crore. Further, during 2014-15 (up to December, 2014), the HOCL has achieved a turnover of Rs. 80.37 crore and incurred a net loss of Rs. 126.56 crore, as per the provisional, unaudited results. According to the Department, the losses suffered by HOCL was due to withdrawal of anti-dumping duties on its main products viz. Phenol, Acetone and Aniline, increase

in raw material prices which could not be passed to the customers due to cheaper imports available and the uneconomical small capacity and outdated technology of HOCL's plants, high manpower cost and high power cost in the Rasayani unit. To address the problems, HOCL had earlier engaged M/s FACT Engineering and Design Organization (FEDO) as a consultant for conducting a revival study of the company. However, the Board of Directors of HOCL decided to appoint a new consultant for preparing a fresh revival plan as the FEDO report did not take into account the macro economic factors such as fall in crude oil prices, volatile markets and fast changing domestic and international scenario in the chemical sector. Due to continuous losses since 2011-12, the Net worth of the company was completely eroded and it became a sick company and is registered under BIFR. The first hearing of HOCL was held on 27.01.2015 and the next hearing is scheduled on 22.07.2015. According to the Department, as a long term measure to revive the company, a fresh revival plan for HOCL, based on the report to be prepared by the new consultant, would be submitted for consideration and further decision of BIFR at the next hearing on 22.07.2015. Further, 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. In this context, the Committee were informed that a proposal of M/s Container Corporation India Ltd. (CONCOR), a PSU under the Ministry of Railways, for long term lease of approx. 60 acres of HOCL land at Rasayani Unit for development of Multi Modal Logistic Park is presently under consideration of the Department. Options for utilisation of other surplus/vacant land at Rasayani is also being explored by HOCL with other PSUs like Bharat Petroleum, Hindustan Petroleum, etc. However, since HOCL is already registered with BIFR as a sick company, various options for utilization of the vacant land at Rasayani would also require to be examined as part of the revival plan for HOCL to be prepared by the new consultant and submitted for consideration and further decision of BIFR. In view of the foregoing, the Committee recommend that vigorous and coordinated efforts may be made to put HOCL back on a sustained growth path with in a fixed time frame. The Committee expect the new consultant to prepare and submit the fresh revival plan on priority basis. In the meantime efforts may be made to generate revenue by reducing the cost of production by the units of HOCL and the decision on the possibility of utilization of vacant land available at Rasayani may also be expedited for the benefit of the company and its employees. The Committee would like to be apprised of the progress made in the matter.

As for Hindustan Fluorocarbons Ltd (HFL) which is a subsidiary company of HOCL, the Committee note that while the company incurred a net loss to the tune of Rs. 24.82 crore during 2013-14, the company has achieved a turnover of Rs. 22.55 crore during 2014-15 (up to December 2014) and a net profit of Rs. 0.13 crore, as per the provisional, unaudited results. The Committee note that HFL has adopted a strategy to further develop fluoro specialty chemicals to fetch higher profit margins and a result thereof, the Committee hope that the company will be able to achieve better results and generate more revenue. The Committee would like to be apprised of the progress made by the company.

As regards Hindustan Insecticides Limited (HIL), the Committee note that the profit of the company has gone up from Rs. 5.61 crore in 2009-10 to Rs. 10.92 crore in 2013-14. However, the net profit of the company has gone down from Rs. 3.06 crore in 2009-10 to Rs. 1.84 crore in 2013-14 due to increase in interest burden from Rs. 2.54 crore to Rs. 9.07 crore due to delay in releasing the payment of DDT from the Ministry of Health. The Department has taken up the matter with Ministry of Finance as the final price of the products is computed and recommended by Ministry of Finance. HIL has taken new initiatives to develop alternative vector control method and Long Lasting Insecticidal Net (LLIN). A new product, to be used for Indoor Residual Spray (IRS) as an alternative for DDT, is also under development. The Committee hope that as a result of new initiatives under taken by HIL, the fortune of the company will change around to the path of sustained growth and development. The Committee would like to be apprised of the progress of the new initiatives under taken by HIL.

### **Reply of the Government**

#### **Hindustan Organic Chemicals Ltd. (HOCL)**

The Company during the year 2014-15 has achieved a turnover of Rs. 168.31 crore and posted a net loss of Rs. 215.49 crore after making provision of Rs. 39.92 crore towards impairment of JNPT Assets.

The plants at HOCL Kochi unit were restarted in the month of April, 2015 and were continuously operated upto 27th May, 2015. The plants are again under shutdown since 27th May, 2015 due to non-availability of raw material, high inventory of phenol and acetone, downward price trend of phenol and acetone.

The Nitrobenzene and N<sub>2</sub>O<sub>4</sub> plants at Rasayani were operated during the month of April and May, 2015 and ISRO has assured to provide working capital support for continuous supply of N<sub>2</sub>O<sub>4</sub> fuel required for their rocket launching programmes.

#### Appointment of consultant for Revival Study:

The Company has now appointed M/s JPS Associated Pvt. Ltd. as consultant for preparation of Revival Report for HOCL. The Consultants have submitted their Draft Revival Report which is under consideration of the Management/Board. The final report after approval of Board will be submitted to Ministry.

#### Hindustan Fluorocarbons Limited (HFL)

- (i) Financial Status of the company as on 31.03.2015: The Company has turnover of Rs. 32.75 crores and loss of Rs. 3.77 crore as per the audited financial results of the company. Contribution in PTFE is very less as compared to fluorospeciality chemicals.

The company is continuing focusing on development of Fluorospeciality chemicals. Accordingly, one of the fluoro speciality chemical facility is commissioned in the month of June 2015. Similarly, Development work on other speciality chemical is being taken. With this effort, it is expected that financial condition will start improving.

- (ii) Project status till date: Government has disbursed Rs.16.80 crore in the financial year 2014-15 for MPTFE and various small projects and refurbishment.

The Company has completed the MPTFE Project. Production was started and exported 1.5 MT to Italy in the financial year 2014-15. Company is in the process of refurbishment of the existing plant which will increase the operational efficiency.

#### Hindustan Insecticides Limited (HIL)

- (i) Alternative for DDT: ICT after detailed literature survey for the synthesis of the new molecule has isolated molecule which has been sent for bio-efficacy testing. Once the insecticidal property is proved, chemical assay, toxicology and other studies will be undertaken, after which the pilot plant will be put up.
- (ii) Long Lasting Insecticidal Net: The pilot studies are successful. CIPET is in the process of developing a net which will exactly match the international specification, after which we will initiate registration process.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]



## **Recommendation No. 7**

### **Assam Gas Cracker Project**

The Committee note that as on 15.03.2015, the overall physical progress of Assam Gas Cracker Project is 99.5%, the overall construction progress is 98.7% and the financial progress is 93.25%. The project is expected to be commissioned in June, 2015 and various measures have been taken to ensure that the project is completed within the revised schedule. A committee was also constituted to look into the reasons for time and cost escalations and as per their findings and the conclusions, some of the reasons identified by the them which led to delay in commissioning of the project are lack of adequate and effective supervision by Engineers India Limited (EIL), the Engineering and Project Management Consultant (EPMC) for the project; delay in permission from statutory authorities (Forest Department, Government of Assam) for utilizing sand/earth for construction purpose; inadequate mobilization of resources (manpower & machinery); under Estimation of storage capacity of raw material; misplacement/mismanagement of material, loss of working days due to bandh, strike, rain etc. Further, in order to make the project economically viable, Brahmaputra Cracker & Polymer Limited (BCPL) has proposed feedstock subsidy on natural gas of Rs. 7,775.71 crore (NPV is Rs. 3,447.19 crore) for 15 years of plant operation and revenue subsidy of Rs. 240.86 crore to fund the cash deficit during initial 3 years. The project is expected to generate substantial employment in the region. In view of the foregoing, the Committee felt great concern regarding the time and cost overruns and desire that earnest efforts would be made to finally commission the Project as per the revised schedule of June, 2015. In this context, the Committee would also like to a reiterate its earlier recommendation that as far as practicable, the local people would be given preference for employment in the project for the growth and the development of the region. The Committee expect the Department to apprise them of the progress made in this regard.

### **Reply of the Government**

In view of time overrun, foreign exchange fluctuations, price escalation, increase in statutory levies etc. further cost and time escalation has occurred and therefore BCPL has proposed revised project cost of Rs. 9833.52 crore. The estimated increase in project cost of Rs. 913.52 crore is proposed to be funded by Capital Subsidy, debt and equity of Rs. 478.96 crore, Rs. 304.19 crore and Rs. 130.37 crore respectively. The commissioning of project has been scheduled for

June, 2015. Further, in order to make the project economically viable, BCPL has proposed feedstock subsidy on natural gas of Rs. 7,775.71 crore (NPV is Rs. 3,447.19 crore) for 15 years of plant operation and revenue subsidy of Rs. 240.86 crore to fund the cash deficit during initial 3 years. The proposal is based on existing natural gas price of \$ 5.61/mmbtu and three year's average polymer price. The proposal for revised project cost has been forwarded to the Ministry of Finance and will be placed before PIB and Cabinet for their consideration as per laid down procedure.

Overall physical progress of Assam Gas Cracker project being implemented by BCPL, achieved as on 15.05.2015 is 99.74%.

Mechanical completion of all the units at BCPL, Lepetkata has been broadly achieved. Following units have been commissioned as on date:

- Plant Air, Instrument Air and Nitrogen unit.
- Flare system, Fuel gas header.
- Fire Water system.
- GTG-1 with HRSG-1, Utility Boiler-1 at CPP. Power & steam generation has already started on trial basis.
- Duliajan-Lepetkata Rich and Lean gas pipeline.
- Cooling Towers.
- Raw Water Treatment Plant.
- DM Water Plant.
- Bagging Units at PPU & LLDPE.
- Compressor Train – B of GDU, Duliajan.

Pre-commissioning/commissioning activities of balance units are presently going on in full swing. The project is expected to be commissioned by June, 2015.

As on date, the total number of employees on the roll of BCPL is 499 (Executives 354, Non-Executives 145). Out of which 65% of the total employees belong to North East Region.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

## Recommendation No. 8

### Setting up of Plastic Parks

The Committee note that the Scheme aims at setting up of need based Plastic Parks, and ecosystems with requisite state of the art infrastructure and enabling common facilities to assist the sector move up the value chain and contribute to the economy more effectively. The objectives of the scheme, *inter-alia*, are to increase competitiveness and investments, achieve environmentally sustainable growth and adopt the cluster development approach to consolidate the capacities in plastic sector. This scheme was originally approved in the year 2010 during 11th Five Year Plan and is proposed to be implemented over a duration of 10 years during 12th Five Year Plan (2012-17) and 13th Five Year Plan (2017-22). The Government has accorded approval for setting up of four Plastic Parks in Madhya Pradesh (Raisen district), Assam (Tinsukia district), Odisha (Jagatsinghpur district) and Tamil Nadu (Thiruvallur district). In December, 2014, approval has been given for setting up of 6 additional plastic parks for implementation during 12th and 13th Plan period. The locations of the six additional Plastic Parks have not been decided and a decision on the location of the Plastic Parks will be taken in consultation with the State Governments, after examining the viability of each proposal. Under the scheme, Government of India provides grant funding upto 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. Keeping in view aims of the Scheme, the total cost of the four Plastic Parks already approved by the Planning Commission is Rs. 160 crore, however, the approved Plan budgetary allocation for the scheme under 12th Plan is Rs. 75 crore, which is inadequate even for meeting the cost of the four approved Plastic Parks. Further, keeping in view the demand from other States, the proposal for additional budgetary allocation of Rs. 280 crore for setting up seven Plastic Parks during the 12th Five Year Plan was submitted to the Planning Commission, which was not agreed to due to funds constraints. The Planning Commission advised the Department to take up the matter during the mid-term appraisal of the 12th Plan.

Keeping in view the objectives and the importance of the Plastic Park, it is imperative that these parks may be set up in country at the earliest. The proposed Plastic Parks particularly in Assam is extremely essential so that feedstock generated by the Assam Gas Cracker Project could be gainfully utilised. The Committee, therefore, recommend

that the action plan may be charted out to set up the proposed Plastic Parks with in a fixed time frame. The viability of the proposal received from the States for setting of Plastic Parks and their locations may also be examined and finalised expeditiously in consultation with the respective State Governments. The Committee also recommend that Department should vigorously take up the mater with NITI Aayog/ Ministry of Finance to sanction them adequate funds for setting up 10 Plastic parks in the country during 12th and 13th Plan as also recommended by the Committee in its First Report. The Committee hope that the implementation of this scheme will help in realizing the goals of Make in India and also generate ample employment. The Committee would like to be apprised of the progress made in this regard.

#### **Reply of the Government**

Under the scheme, Government of India provides grant funding upto 50% of the project cost subject to a ceiling of Rs.40 crore per project. DCPC has accorded approval to the proposals for plastic parks received from States of Madhya Pradesh, Odisha and Assam and also released first instalment of Government of India of Rs. 8 crore each to the implementing agencies. In the case of Plastic Park in Assam, part amount of 2nd instalment of Rs. 7.5 crore has also been released in March, 2015. The proposal of Tamil Nadu has been given 'in principal' approval, and is being examined and processed for approval.

The Standing Finance Committee (SFC) in its meeting held on 08.12.2014 recommended the setting up of additional 6 Plastic Parks with Gol grant of Rs. 240 crore, to be implemented during 12th and 13th Plan period. The approval of the competent authority has also been obtained for the same. The location of new plastic parks will be decided in detailed consultation with the State Governments. The action has been initiated for setting up these new 6 Plastic Parks and we have already taken up the matter with the Ministry of Finance for fund allocation and are pursuing with them.

The Department is periodically monitoring the progress of the Plastic Parks for their timely completion and also closely working for this purpose. The physical progress of the ongoing plastic parks is as under:—

- (i) **Madhya Pradesh**—Out of the approved project cost of Rs. 108 crore for setting up Plastic Park in Madhya Pradesh, tender for first phase of Infrastructure Development Works of Rs. 25.88 crore has been issued on 01.01.2015 to M/s Shapers

Construction Ltd. and now Rs. 1.3961 crore has been spent. The online marketing for allotment of plots has commenced. Details of units are required to design the next phase of infrastructure including common facilities for which they are also in touch with CIPET for inputs.

- (ii) **Odisha**—Out of approved project cost of Rs. 106.78 crore for setting up Plastic Park at Odisha, the tender for construction of boundary wall worth Rs. 2.09 crore has been awarded. The tender has been awarded for construction of Approach Road worth Rs. 6.58 crore and for Site Grading worth Rs. 11.98 crore. Till now the SPV has incurred an expenditure of Rs. 1.398 crore on Soft Interventions and Design, Engineering and Supervision.
- (iii) **Assam**—Out of approved project cost of Rs. 93.65 crore for setting up plastic park at Assam, AIDC has incurred expenditure of Rs. 14.08 crore out of first instalment of Rs. 8 crore, released by Gol and also from its own resources. The tenders for Road and Drain Infrastructure and Security Building has been awarded. The works for boundary demarcation by RCC pillars, jungle clearance and construction of boundary wall has been completed. Road Network work against the tender awarded for an amount of Rs. 1.08 crore has been completed.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No. 23003 (2)/2015-Fin., dated 23.7.2015]

#### **Comments of the Committee**

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

#### **Recommendation No. 9**

##### **Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs)**

The Committee observe that the Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) projects in Gujarat, Andhra Pradesh, Odisha and Tamil Nadu are at various stages of implementation. In the case of Gujarat, pre-commissioning activities of the feed Cracker project have started and commissioning is expected by end of June, 2015. Master Plan/Development plan has been sanctioned in 2011 and Environment Impact Assessment (EIA) study is in final stage. Draft final EIA to be submitted by National Environmental

Engineering Research Institute (NEERI) to Ministry of Environment, Forest and Climate Change shortly. For Andhra Pradesh PCPIR, Environment Management Plan and EIA study has been submitted to AP Pollution Control Board. Public hearing has to be conducted in near future. For Odisha PCPIR, pre-commissioning activities of the Refinery have started and commissioning is expected by June 2015. Preliminary Master Planning was carried out by M/s. L&T Ramboll. Tendering process has been initiated to engage consultant for detail Master Planning and Zoning. As for Tamil Nadu PCPIR, the State Government is yet to notify the PCPIR and form a Management Board. Nagarjuna Oil Corporation Ltd. (NOCL), the Anchor Tenant, is setting up a 6 million tons capacity refinery which is proposed to be expanded to 12 million tons in second phase. The construction work of refinery was stalled due to cyclone in 2012 which has to re-start. Master Plan and Environment Impact Assessment study will be undertaken after notification of PCPIR and formation of Management Board.

From the foregoing, it is clear that while there is substantial progress in the case of Gujarat, Andhra Pradesh and Odisha, a lot of ground remains to be covered in the case of Tamil Nadu. The PCPIR project is the most ambitious project undertaken so far by the Department of Chemicals and Petrochemicals. On their completion, the four PCPIR projects together are expected to generate employment for around 33.96 lakh persons. Hence, the projects are crucial for the growth and development of the national economy as a whole. The Committee, therefore, desire that the Department should closely coordinate with the concerned State Governments, Anchor Tenants and other stakeholders and monitor the progress of each PCPIR with a view to ensure that the projects are expedited and operationalised in a time bound manner. The Department should especially coordinate at the highest level with the State Government of Tamil Nadu so that the PCPIR is notified and Management Board is formed by the State with out further delay. The construction work of the refinery should also be re-started at the earliest. The Committee expect to be apprised of the initiatives taken and the progress made in respect of all the PCPIR.

#### **Reply of the Government**

The Department welcomes the appreciation of the committee on the implementation on PCPIR Project especially in Gujarat, Andhra Pradesh & Odisha. Indeed, PCPIR scheme is a crucial endeavor of the Department of Chemicals & Petrochemicals to provide sustainable investment regions with increased economic & manufacturing activities to enhance employment and livelihood of the public at large. The

Department is committed to expenditure implementation of the project by vigorous and continuous monitoring of implementation through Monitoring and steering Committees, set up for the purpose. The Department has also prepared activity & sub activity-wise road map for implementation of PCPIR projects with designated responsibilities and timelines to fast track the implementation process. The Department is ensuring availability of external physical infrastructural and implementing agencies in dissemination of information to promote global investments in PCPIRs. The Department is also hand holding PCPIR projects for (i) approval of Master Plan & EIA and bringing Anchor Tenant project for AP, PCPIR project; (ii) expeditious commissioning of Cracker unit and availability of building blocks of downstream plastic processing industries in Gujarat; (iii) preparation of final Master Plan and expeditious action on petrochemicals including Ethylene, MEG & PX PTA units in Odisha, PCPIR; and (iv) restart of construction of petroleum refinery in Tamil Nadu. The notification of the Tamil Nadu, PCPIR area and formation of Management Board thereof is expected to be completed by the State Government shortly. Keeping in view the experience gained from the implementation so far and suggestions received from the State Governments, Anchor Tenants and Committee, the Department has also proposed amendments to the PCPIR Monitoring/Steering Committee, the Department has also proposed amendments to the PCPIR policy to speed up the various developments in implementation of Anchor Tenant projects, infrastructure and sectors specific critical infrastructure with funding from Government of India on PPP model.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

#### **Comments of the Committee**

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

#### **Recommendation No. 10**

##### **Bhopal Gas Leak Disaster**

The Committee note that the Bhopal Gas Tragedy occurred on the intervening night of 2-3 December, 1984 causing death and injury to a large number of people. Various relief and rehabilitation measures were initiated immediately after the disaster, some of which are still continuing. In compliance with the orders dated 26th October, 2004 of the Supreme Court of India, *pro-rata* compensation has been awarded

to 5,62,986 cases out of originally settled cases of 5,74,386, with payment of a sum of Rs. 1511.53 crore, till 28.02.2015. A total number of 11,400 claimants [originally awarded/disbursed cases 5,74,386 minus *pro-rata* compensation paid cases 5,62,986 (till 28.02.2015)] did not turn up to the designated courts for receiving *pro-rata* compensation. Every possible effort has been made to trace the genuine claimants or their legal heirs by sending them several notices at their address, as well as through NGOs, print and electronic media but remained futile. As considerable period has elapsed, to afford a last opportunity, final notification containing names along with details of claims, wards etc, is being published in local newspapers and People's Samachar at regular interval.

The Committee were informed that it would be difficult to assign any cut-off date for applications received under Cancer and TRF (Total Renal Failure) category for payment of *ex-gratia* as per the experts opinion. The Office of the Welfare Commissioner has stated that identification of genuine claimants/legal heirs is a time consuming job and they currently receive 25 to 30 applications at an average per week from Bhopal Gas victims continuously for payment of *ex-gratia*. The Government of Madhya Pradesh has stated whenever Cancer and TRF is detected in any Gas victims, freedom to file application/claim must be available to him, because it cannot be said that after a cut-off date, no gas victim will be detected with cancer and TRF.

The Committee take note of the stand taken by the State Government of Madhya Pradesh in the matter and recommend that genuine claims of all the applicants of the victims of the tragedy should be considered regardless of the time lapse and they should be duly compensated as per the decisions/orders in the matter. The progress in the disbursement of claims should be regularly monitored and the applications of the claimants should be disposed of in a transparent and time bound manner. The Committee would like to be apprised of the updated progress in the matter.

#### **Reply of the Government**

The Supreme Court in an Order passed in the year 2004, had directed the Welfare Commissioner, Bhopal Gas Victims, Bhopal to disburse the balance amount (the amount deposited by Union Carbide Corporation) which had accumulated with the Reserve Bank of India on account of accrual of interest and exchange rate variation, on *pro-rata* basis (in the ratio of 1:1 of original compensation) to the claimants whose cases had been settled. A sum of Rs. 1511.58 crore as *pro-rata* compensation has been paid in 5,62,996 awarded cases till May, 2015.



There are 11,390 cases (Originally settled cases 5,74,386 minus *pro-rata* awarded cases till May, 2015 5,62,996) in which the claimants concerned or their legal heirs did not turn up. To settle such absentee cases, the Office of the Welfare Commissioner has issued a notification published in local newspaper with the direction to attend the Claim Tribunals for settlement of *pro-rata* Compensation. Besides this, list of absentees were also provided to the local, NGOs working for the Bhopal Gas Victims, to trace the genuine claimants. In these efforts about 100 claimants/legal heirs turned up pursuing their respective claim cases.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

### **Recommendation No. 11**

#### **Miscellaneous**

The Committee express their deep concern about pollution and environmental degradation caused by effluents from chemical industries. In this context, the Secretary of the Department explained that regulation of environment compatibility of treatment plants is a subject matter of the Ministry of Environment, Forests and Climate Change. Nevertheless, the Department is involved to ensure that the chemical and petrochemical industries are also environment compatible. The Committee desire that the Department should work in tandem with the Central Pollution Control Board and the Ministry of Environment, Forests and Climate Change so that the environment pollution caused by the chemical industries could be effectively checked.

#### **Reply of the Government**

Central Pollution Control Board under Ministry of Environment and Forests and State Pollution Control Board of different States are monitoring implementation of water, soil, air pollution/emission standards for different sectors of the industry under relevant provisions of water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981. Ministry of Environment, Forests and Climate Change (MoEF&CC) is the nodal Ministry to enforce compliance with the above regulatory framework the above chemical units with respect to implementation of environment related measures.

Department of Chemicals and Petrochemicals (DCPC) is already working in this regard with the Ministry of Environment, Forests and Climate Change and Industry stakeholders for meeting the prescribed Environmental norms for sustainable development in the chemical sector.

The Department is working on evolving an effective Plastic Waste Management Programme in consultation with the concerned Ministries/ Departments, including Ministry of Environment, Forests & Climate Change, Central Pollution Control Board and other stakeholders.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

### **Recommendation No. 12**

The Secretary of the Department pointed out during the evidence that the administration in chemicals and petrochemicals is very disjointed as for each sector, there is one Department in each Ministry whereas, this Ministry of Chemicals and Petrochemicals does not deal with all the chemicals and petrochemical items. As for illustration, the Secretary pointed out that agro-chemicals are with Ministry of Agriculture, soaps and detergents are with DIPP. Out of four units, three petrochemical units are under the control of the Ministry of Petroleum and Natural Gas. It was reported to the Committee that the Department has already initiated steps to ensure that all these units are brought together and all the subjects genuinely belonging to the Department of Chemicals and Petrochemicals should be brought under the control the Department so that all the issues relating to the development of Chemical and Petrochemical sector could be cohesively and critically dealt with. The Committee fully endorse the view expressed by the Secretary of the Department on this issue and expect the Department to pursue the matter vigorously till its logical conclusion.

### **Reply of the Government**

Department of Chemicals and Petrochemicals has already taken up the issues for transfer of subjects such as “ Insecticides Act, 1968” and “paints, soaps and detergents” with Ministry of Agriculture and Department of Industrial Policy and Promotion (DIPP) respectively.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

**CHAPTER III**

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

—NIL—

**CHAPTER IV**

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

—NIL—

## CHAPTER V

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

#### Recommendation No. 2

The Committee also note with concern that our exports are facing some problem in meeting the standards of the European countries because of legislation for import of chemicals from other countries. Keeping in view the health and environment issues in the European countries, our industrialists and exports must meet the standards of European countries. The European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) standards are very strict, very rigid and very expensive also. The Department has initiated inventorisation for which about a sum of Rs. 27 crore has been sanctioned. Regarding REACH legislation, the Department has convened many meetings with the stakeholders. Initially, the industries did not agree to support REACH legislation but finally they have agreed to go ahead with the legislation but insisted that it should not affect Indian industry. The Committee would like the Department to pursue the matter vigorously and a comprehensive law on the lines of REACH may be enacted keeping in view the interest of the Indian industry. The Committee would like to be apprised of the action taken in this regard.

#### Reply of the Government

As a prerequisite for preparation of REACH-like legislation in the country, Department of Chemicals and Petrochemicals (DCPC) has entrusted the work of inventorisation of all chemical substances to CHEMEXCIL under Ministry of Commerce. The CHEMEXCIL has initiated the work and prepared a model chemical inventory of about 4613 chemical substances with their chemical structure, physical properties, hazard category, instruction for storage etc.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

#### Comments of the Committee

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

## Recommendation No. 5

### Central Institute of Plastic Engineering and Technology (CIPET)

The Committee note that CIPET is a premier national institution devoted to Academic, Technology Support & Research (ATR) activities for the growth of polymer & allied industries in the country. CIPET operates at 23 locations spread across the country with its Head Office at Chennai. All the CIPET centres have state-of-the-art infrastructural facilities in the area of Design, CAD/CAM/CAE, Tooling & mould manufacturing, plastics processing, testing and quality control to cater to the needs of plastics and allied industries. The Committee also note that CIPET has proposed a scheme for Enhancing the Capabilities in Academic Activities (Skill Development Training Programs) at CIPET Centres, *inter alia*, including “Establishment of Vocational Training Centre (VTC) at Vijayawada” at a total cost of Rs. 50 crore, on 50:50 cost sharing basis between State and Central Government. The proposal is being considered by the Government, as per extant norms and procedures. The Government of Andhra Pradesh has agreed, in principle, to establish CIPET VTC at Vijayawada with allocation of 15 acres of land. Further, the land for CIPET Centre at Medak has been procured from Hindustan Fluro and the consent of the State Government of Telangana is being obtained to start the Centre as 50 per cent of the expenditure has to be borne by the State Government.

During the evidence, the Committee were informed that the Department has proposed a policy for recycling of plastic waste so that the plastic which is littered is collectible and carry economic value. The Department has also proposed a ban on multilayer metallised flexible packaging material in the food sector and the regulatory framework which is being proposed should not only be applicable for the industry but the same should also be applicable to the user value chain. After making the littered plastic collectible, scavengers, the rag pickers and conservancy workers would be trained to recycle it instead of sending it to the big industry to recycle. The proposed policy is being circulated to the rest of the Ministries. It was also informed during the evidence that the chemical sector is in need of skilled, semi-skilled manpower and there is no dedicated institute in the country to supply that skilled manpower.

In view of the foregoing, the Committee recommend that the proposal to set up CIPET centres at Vijayawada and Medak may be pursued vigorously with the respective State Governments so that these centres may be set up without any time and cost overrun. The

Committee also desire that the proposed draft policy relating to plastic waste management be formulated without any delay. The Committee also recommend that a policy and programme may be formulated in consultation with industry to meet the demand of the chemical sector for skilled manpower and a dedicated institute may also be set up for the purpose. The Committee would like to be apprised of the progress made on aforesaid matters.

### **Reply of the Government**

Status report on Proposal to set up CIPET Centres at Vijayawada and Medak is as under:—

#### **(i) CIPET Centre at Medak (Telangana)**

In order to establish a High Learning Centre (HCL)-cum-Vocational Training Centre (VTC) at Medak (Telangana) a Project proposal has been submitted to the Principal Secretary, Higher Education, Government of Telangana on 23.03.2015, who has referred it to Finance Department with his recommendations on 06.05.2015 for further action. CIPET is following up with Finance Department for early approval of the proposal, CIPET has already acquired 15 acres of land from M/s Hindustan Fluorocarbon Limited, Hyderabad.

In order to commence Vocational Training Courses at VTC, CIPET has identified an Industrial Shed at Rudraram, Medak on rental basis, necessary machinery & equipments will be installed in the Industrial Shed and vocational training programmes will commence soon.

#### **(ii) CIPET Centre at Vijayawada**

In order to establish a Vocational Training Centre (VTC) in Andhra Pradesh, CIPET has approached Government of Andhra Pradesh for land and workshop buildings. Government of Andhra Pradesh has agreed in principle and issued consent letter dated 16.03.2015 to allot 15 acres land to CIPET at Vijayawada. In this connection, CIPET officials visited/inspected various sites shown by the revenue authorities and found that a piece of land at Ibrahimpatnam is suitable for setting up of CIPET Centre. An application was submitted to Joint Collector, Krishna District on 17th April, 2015 for alienation of land to CIPET. The possession of 15 acres of land is expected soon.

In order to commence Vocational Training Courses at VTC, CIPET has identified a building belonging to M/s Vijayawada Auto Cluster Development Company Ltd., Vijayawada. M/s Vijayawada Auto

Development Company Ltd. has sent its consent letter to Joint Collector Krishna District on 05.05.2015 agreeing in principal to permit CIPET to run Vocational Training Courses in the said premises. The possession of the building and installation of machineries & equipment will be done shortly and skill development programmes will be commenced shortly.”

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) *vide* their O.M. No. 23003(2)/2015-Fin., dated 23.7.2015]

#### **Comments of the Committee**

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

NEW DELHI;  
11 October, 2015  
20 Asvina, 1937 (Saka)

ANANDRAO ADSUL,  
*Chairperson,*  
*Standing Committee on*  
*Chemicals and Fertilizers.*



## APPENDIX I

### MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2015-16)

The Committee sat on Tuesday, the 22 September, 2015 from 1500 hrs. to 1530 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

#### PRESENT

Shri Anandrao Adsul—*Chairperson*

#### MEMBERS

##### *Lok Sabha*

2. Shri Idris Ali
3. Shri Anju Bala
4. Shri Sankar Prasad Datta
5. Shri K. Ashok Kumar
6. Shri Chhedi Paswan
7. Shri Chandu Lal Sahu
8. Dr. Kulamani Samal
9. Shri Tasleemuddin
10. Smt. Rekha Arun Verma
11. Shri Kotha Prabhakar Reddy

##### *Rajya Sabha*

12. Shri Narayan Lal Panchariya
13. Shri K. Parasaran
14. Shri Mansukh L. Mandaviya
15. Shri Abdul Wahab

#### SECRETARIAT

1. Smt. Rashmi Jain — *Joint Secretary*
2. Shri A.K. Srivastava — *Director*

2. At the outset, the Hon'ble Chairperson welcomed the members of the Committee.

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

- (a) Action Taken Report on Demands for Grants (2015-16) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals); and
- (b) Action Taken Report on Demands for Grants (2015-16) of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals).

4. Both the draft Action Taken Reports were adopted by the Committee without any amendment.

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

6. The Committee decided to undertake a study tour to Kochi, Munnar, Chennai, Mumbai, Vadodra and Dahej from 2nd to 6th November, 2015. The Committee also decided to hold the next sitting on 7 October, 2015.

*The Committee then adjourned.*

## APPENDIX II

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SEVENTH REPORT (16TH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2014-15) ON 'DEMANDS FOR GRANTS (2015-2016)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

I. Total No. of Recommendations	12
II. Observations/Recommendations which have been accepted by the Government:—	
(Vide Recommendation Nos. 1, 3, 4, 6, 7, 8, 9, 10, 11 and 12)	10
Percentage of Total	83.33%
III. Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:—	
(Vide Recommendation No. Nil)	0
Percentage of Total	Nil
IV. Observations/Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:—	
(Vide Recommendation No. Nil)	0
Percentage of Total	Nil
V. Observations/Recommendations in respect of which replies of the Government are still awaited:—	
(Vide Recommendation Nos. 2 and 5)	2
Percentage of Total	16.67%

