

7**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS****(2014-15)****SIXTEENTH LOK SABHA****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)****DEMANDS FOR GRANTS****(2015-16)****SEVENTH REPORT****सत्यमेव जयते****LOK SABHA SECRETARIAT
NEW DELHI****20 April, 2015/30 Chaitra 1936, (Saka)**

SEVENTH 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
(2015-16)**

*Presented to Lok Sabha on 20th April 2015
Laid in Rajya Sabha on 23rd April 2015*

**LOK SABHA SECRETARIAT
NEW DELHI
*20 April, 2015/ 30 Chaitra 1936, (Saka)***

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

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 Satish Kumar Gautam
9. Shri K. Ashok Kumar
10. Shri Kamalbhan Singh Marabi
11. Shri Chhedi Paswan
12. Smt. Kamala Devi Patle
13. Shri Rajendran S.
14. Shri Chandu Lal Sahu
15. Dr. Kulamani Samal
16. Dr. Uma Saren
17. Dr. Krishan Pratap Singh
18. Shri Taslimuddin
19. Smt. Rekha Verma
- 20.* Shri Innocent
- 21.* Shri Kotha Prabhakar Reddy

RAJYA SABHA

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.% Shri Mansukh L. Mandaviya
- 31.% Dr. Chandrapal Singh Yadav

SECRETARIAT

- | | | | |
|----|---------------------------|---|---------------------|
| 1. | Smt. Rashmi Jain | - | Joint Secretary |
| 2. | Shri U.B.S. Negi | - | Director |
| 3. | Shri A.K. Srivastava | - | Additional Director |
| 4. | Smt. Emma C. Barwa | - | Deputy Secretary |
| 5. | Shri Thangkhanlal Ngaihte | - | Committee Assistant |

Changed the nomination of Shri Murli 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

Changed the nomination of Adv. Joice George, Member of Lok Sabha from the Committee on Chemicals and Fertilizers to the Personnel, Public Grievances, Law and Justice w.e.f. 24-12-2014.

**Shri Innocent, and Shri Kotha Prabhakar Reddy, Member of Lok Sabha nominated w.e.f. 22-12-2014*

% Shri Mansukh L. Mandaviya, Member of Rajya Sabha nominated w.e.f. 31-12-2014

% Dr. Chandrapal Singh Yadav, Member of Rajya Sabha nominated w.e.f. 29.01.2015

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 Seventh Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) for the year 2015-16.

2. The Committee examined the Demands for Grants (2015-16) pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which were laid in Lok Sabha and Rajya Sabha on 17 March 2015.

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 27 March 2015.

4. The Report was considered and adopted by the Committee at their sitting held on 16 April 2015.

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;
16 April, 2015
26 Chaitra 1936, (Saka)

Shri 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 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 Ltd. (HOCL), Hindustan Insecticides Ltd. (HIL) and Hindustan Fluorocarbons Limited (HFL), which is a subsidiary of HOCL, and one PSU in the petrochemical sector viz. Brahmaputra Cracker and Polymer Ltd. (BCPL). The autonomous institutes under this Department are Central Institute of Plastics Engineering and Technology (CIPET) and Institute of Pesticides Formulation and Technology (IPFT). (AR, p. 2)

1.4 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 2013-14 included formulation of a National Policy on Chemicals,

organization of India Chem Mumbai and Gujarat, approval and promotion of PCPIRs, implementation of the Assam Gas Cracker Project, development of the plastic sector through Central Institute of Plastics Engineering and 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.

1.5 In view of the de-licensed 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.

1.6 The detailed Demands for Grants (2015-16) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were presented to the Lok Sabha on 17.3.2015. The demand shows a budgetary support of Rs 255.18 crore [(Rs 188.00 crore (Plan) + Rs 67.18 crore (Non-Plan)]. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2015-16. 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 a knowledge intensive as well as capital intensive industry. It is an integral constituent of the growing Indian Industry. It includes basic chemicals and its products, petrochemicals, fertilizers, paints, varnishes, gases, soaps, perfumes and toiletry and pharmaceuticals. The diversification within the chemical industry is large and covers more than eighty thousand commercial products. This Industry occupies a pivotal position in meeting basic needs and improving quality of life. The 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.

2.2 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.

2.3. The production of selected major chemicals and petrochemicals during the years 2010-11 to 2014-15 (up to September 2014) is given in the Table below. The production of major chemicals and petrochemicals in 2014-15 (up to September 2014) was 10328 thousand MT, compared to 10402 thousand MT during the same period in 2013-14 implying growth of (-) 0.7%.

Production of selected major chemicals and petrochemicals

Group	Production / Growth Rate	2010-11	2011-12	2012-13	2013-14	2013-14 (April 13 to Sep 13)	2014-15 (April 14 to Sep 14)
Alkali Chemicals	Production	6271	6478	6487	6481	3207	3279
	Growth Rate (%)	7.6	3.3	0.1	-0.1		2.2
Inorganic Chemicals	Production	898	881	873	892	442	443
	Growth Rate (%)	9.6	-1.9	-0.9	2.2		0.4
Organic Chemicals	Production	1550	1640	1686	1792	850	833
	Growth Rate (%)	7.1	5.8	2.8	6.3		-2.0
Pesticides	Production	143.0	155.2	154.6	178.4	89.4	91.2
	Growth Rate (%)	6.6	8.5	-0.4	15.4		2.0
Dyes & Dyestuffs	Production	244.9	240.9	239.5	283.6	133.7	147.9
	Growth Rate (%)	11.3	-1.6	-0.6	18.4		10.6
Total Major chemicals	Production	9107	9395	9440	9627	4722	4794
	Growth Rate (%)	7.8	3.2	0.5	2.0		1.5

Group	Production / Growth Rate	2010-11	2011-12	2012-13	2013-14	2013-14 (April 13 to Sep 13)	2014-15 (April 14 to Sep 14)
Synthetic Fibers	Production	3108	3065	3080	3109	1587	1596
	Growth Rate (%)	9.6	-1.4	0.5	0.9		0.6
Polymers	Production	5292	6211	6424	6784	3395	3182
	Growth Rate (%)	10.5	17.4	3.4	5.6		-6.3
Elastomers (S. Rubber)	Production	105	100	96	105	48	77
	Growth Rate (%)	-0.7	-4.7	-4.2	8.7		59.7
Synth. Detergent Intermediates	Production	638	623	627	597	264	311
	Growth Rate (%)	3.3	-2.4	0.7	-4.8		17.7
Performance Plastics	Production	934	867	894	773	386	368
	Growth Rate (%)	3.1	-7.2	3.1	-13.5		-4.8
Total Basic Major Petrochemicals	Production	10077	10866	11121	11368	5681	5534
	Growth Rate (%)	8.9	7.8	2.3	2.2		-2.6
Total Major Chemicals and Petrochemicals	Production	19184	20261	20561	20995	10402	10328
	Growth Rate	8.3	5.6	1.5	2.1		-0.7

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 programmes conducted by the Department for achieving growth and development of the chemicals and petrochemicals sectors is as under:

Department of C&PC in association with industry organizations have organized various International and National seminars, conferences, workshops etc. for the development and growth of Indian Chemical and Petrochemical industry. The important International seminars conducted during the year 2014-15 are India Chem 2014, Advancements of Polymeric Materials, 2015, 6th International Convention on Colorants-2015, 8th Annual India Outlook Conference, 5th Asia Oceanic Conference on Green and Sustainable Chemistry, CORCON-2014, CHEMINAR-2015 etc. National Conferences/ seminars/ workshops such as environment management, Green Chemistry, National Agro, New Horizons for Plastic industry, Campaign for promotion of chemical industry (throughout the year), workshops on Health, Safety, Security and Environment etc were conducted during the FY 2014-15.

In the Chemical Sector, 100 percent FDI is permissible. Manufacture of most chemical products inter-alia covering organic/inorganic, dyestuffs and pesticides is delicensed excluding few chemicals such as Hydrocyanic acid & its derivatives, Phosgene & its derivatives and Isocyanates & di-isocyanates of hydrocarbons because of their hazardous nature. The import and export of chemicals is free except for a few chemicals attracting the provisions of International Conventions. Department is working as a facilitator for the growth of the Chemical Sector. Department has also taken up various fiscal matters i.e. rationalization of tax structure, safeguard duty issues, anti dumping measures with concerned authorities. Various Seminar / Workshop were held in association with stockholders on green chemistry, chemical safety and obligation under international protocols.

Department in association with FICCI organized India-Chem, an International Exhibition-cum-Conference, during October 9-11, 2014 at Mumbai. The theme of the event was "Spurting the growth of Indian Chemical and Petrochemical Industry". Iran participated as the partner country and Japan was the focus country. The Partner State was Gujarat. State Pavilions of Rajasthan, Karnataka, Andhra Pradesh, Odisha and Telangana were also set up. exhibitors, from countries such as Germany, U.K., Singapore, UAE, China Vietnam, Turkey, Iran, Japan, USA, participated in the Exhibition. More than 15,000 Business visitors from a number of countries attended the event. This facilitated exchange of ideas and technology, buyers and sellers meet generating business.

In the Petrochemical Sector, 100% Foreign Direct Investment (FDI) is permissible. Manufacture of Petrochemical, Plastics, Fiber and their intermediates are delicensed and deregulated. The entrepreneurs need to submit only Industrial Entrepreneurs' Memorandum (IEM) with the Department of Industrial Policy and Promotion provided no locational angle is applicable."

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

"The foremost important scheme being implemented by the Department is the Petroleum, Chemical and Petrochemicals Investment Regions (PCPIRs). These are long-term projects. It is different from the industrial estates. The area will be not less than 250 square kilometres. Here, the land is not plotted and sold to the industry, but the area is declared as an industrial area, and all the activities connected with the industry of petroleum, chemicals and petrochemicals is permitted there. This is led by anchor tenant, which means basically a refinery or a cracker which will manufacture and supply the feedstock to the industry. So far we have sanctioned four PCPIRs. They are located in Dahej in Gujarat; Visakhapatnam and Kakinada in Andhra Pradesh; Paradip in Odisha; and Cuddalore and Nagapattinam in Tamil Nadu. So far the investment there has been to the tune of Rs. 160000 crore.

The second important scheme is the Plastic Parks where the Government of India gives a contribution of Rs. 40 crore to the State Governments, which set up the Plastic Parks. So far we have sanctioned four Plastic Parks. They are located in Assam, Odisha, Madhya Pradesh and in Tamil Nadu. Based on the increase in demand, the Ministry has increased this number from four to ten during the coming year.

The Ministry also runs centres of excellence in polymer technology to upgrade the standards of the polymer products, that is, the petrochemicals. We have five centres of excellence. One is CIPET in Chennai; the second is CIPET in Bhubaneswar; the third is in IIT, New Delhi; the fourth is in IIT, Guwahati; and the fifth is in the National Chemicals Laboratory, Pune.

The Government has been consistently following the policy of promotion and development of chemicals and petrochemicals. Every year, a specific Budget is given and with that we promote the exhibitions, workshops, seminars and one to one meetings of the industry. Last year, the Budget allocation was Rs.4.5 crore and for 2015-16, we have been given Rs.1.9 crore for the purpose.

This Department also deals with the chemical weapons convention and is party to Prohibition of Chemical Weapons at the Hague. Then we are also the administrative Department for the Rotterdam Convention meant for the Prior Informed Consent for Hazardous Chemicals. Then we are also the administrative Ministry for the Stockholm Convention which deals with the Persistent Organic Pollutants".

2.6 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 one year and the progress made therein so far. In its written reply, the Department stated as under:-

"India being signatory country to the Chemical Weapons Convention is obligated to facilitation of compilation of annual declarations made by various industrial facilities. Under this obligation, the Department has set up Help Desks in PPP mode in association with the India Chemical Council (ICC) at various places with concentration of chemical industry of relevance to CWC, for facilitating compliance by the chemical industry in its obligation under CWC. The Help Desks are located at Hyderabad, Kolkata, Delhi, Mumbai, Chennai and Vadodara. These Help Desks have been set up for disseminating information on CWC to all stakeholders and on details of obligations of the chemical industry under the CWC Act, for identification of new units, which are potential declarant, through industry surveys and facilitate their filing declarations, for assisting the industrial units covered under the Convention in filing declarations as stipulated under the CWC Act and for conducting the awareness programmes. 15 Awareness Programmes have been conducted during the period 2014-15. Performance of Help Desks was reviewed with respect to awareness for submission of declaration and improvement in quality of declaration. Suggested improvements were found up to the requirement of CWC Act 2000.

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.

A number of workshops/seminars have been conducted in collaboration with the Industry Associations/Stakeholders on various issues listed below:-

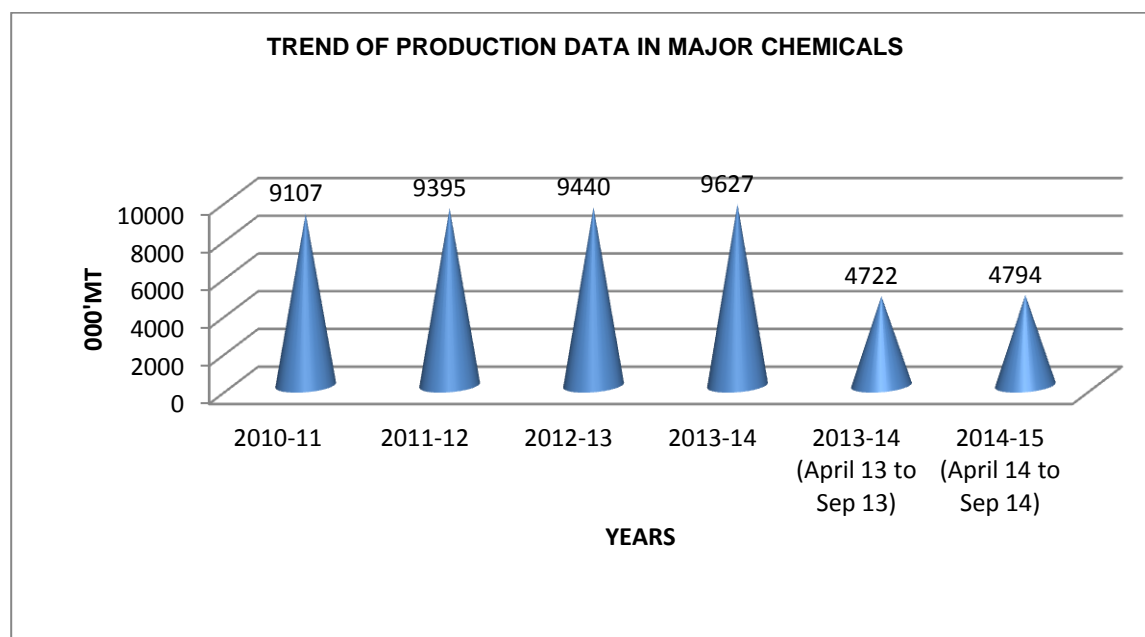
- 1) CWC Convention, to sensitize the industry to discharge their obligations under the provisions of the convention.
- 2) Rotterdam and Stockholm Convention
- 3) Health, Safety, Security and Environment (HSSE)
- 4) Green Chemistry
- 5) Responsible Care
- 6) Chemical safety and Security rating system (CSSRS)

DCPC organizes 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.

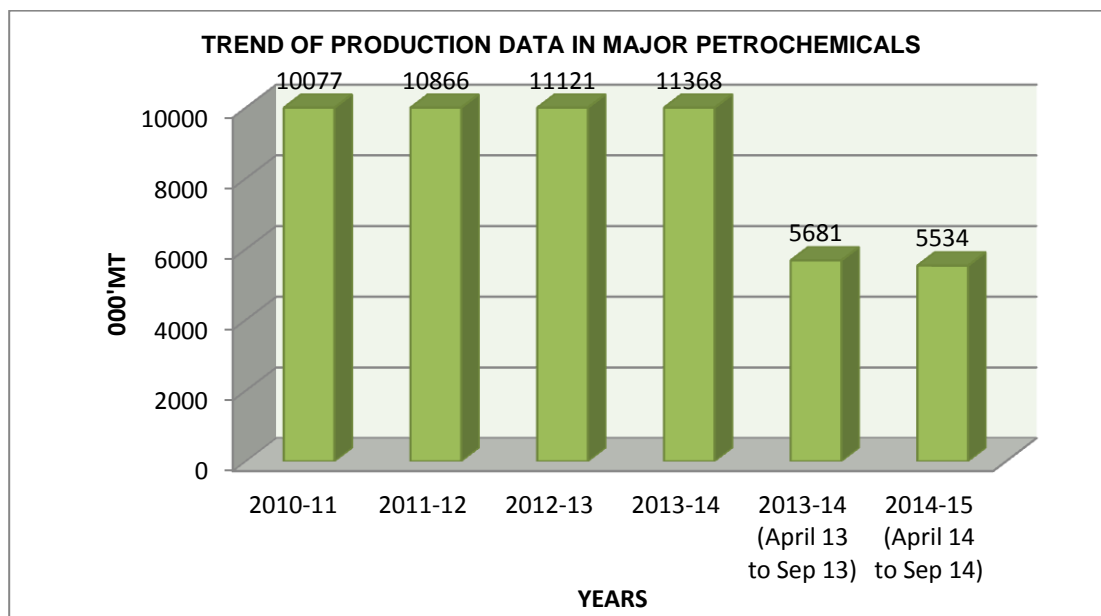
Further, the 'Plastic Parks' Scheme is another one such initiative which aims at setting up of need based Plastic Parks, and ecosystems with requisite state of the art infrastructure and enabling common facilities to assist the sector move up the value chain and contribute to the economy more effectively.

Besides, the PCPIR policy provides for development of external physical infrastructure linkages in PPP mode through Viable Gap Funding Support of the Central government through existing schemes. The PPP projects are yet to be taken up. The State Governments have been asked to undertake Feasibility Studies and send proposals for Viable Gap Funding if required."

2.7 Regarding production trends in the Chemical sector, the Department has informed that three new chemical products have been included in the coverage of the products that are monitored by the Department. These new products are: Hydrogen Peroxide, Calcium Carbonate (included under the group Inorganic Chemicals) and Inorganic Pigments (included under the group Dyes and Pigments). The production of major chemicals in 2014-15 (up to September 2014) was 4794 thousand MT, compared to 4722 thousand MT during the same period in 2013-14 implying a growth of 1.5%.



2.8 As for Petrochemical sector, three new petrochemical products have been included in the coverage of the products that are monitored by the Department. These new products are Polyester chips or PET chips, Polytetrafluoroethylene (covered under the group Performance Plastics and Polyol (Other-Petro based Chemicals)). The production of basic major petrochemicals in 2014-15 (up to September 2014) was 5534 thousand MT, compared to 5681 thousand MT during the same period in 2013-14 implying a growth of (-)2.6%.



2.9 When asked to furnish a note on Research and Development (R&D) in Chemical and Petrochemical sectors, the Department in its written reply stated as under: -

"Chemical:-The Chemical sector is a highly heterogeneous sector encompassing many segments like organic, in-organics, dyestuffs, pesticides, paints, soaps and petrochemicals etc. Research and Development is critical and of paramount importance for the growth and development of this sector. Continued R&D efforts on the part of the industry helps to improve their quality standards, obtain higher yields resulting in reduction in cost of production and to earn competitive edge in the international market. With the introduction of The Patent Act 2005, product innovation has assumed high importance and reverse engineering is not possible in this sector.

The 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. Government as an incentive, has allowed weighted deduction on expenditure incurred on approved in-house R&D units under Income Tax Act upto 200%. This will facilitate the chemical sector to have state- of- the- art R&D laboratories to enable them to develop new molecules.

For indigenous development in the chemical sector, concentrated efforts are needed towards creating a road-map to align technology, demand, standards and regulations in line with available and emerging technologies and the emerging trends.

Petrochemicals:-

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. The first Scheme viz National Awards aims at incentivizing meritorious innovations and inventions in the petrochemical Sector through National Awards. The second scheme aims at improving the existing petrochemical technology and research in the country and to promote the development of new applications of polymers and plastics.

Both the schemes are being successfully implemented and contributing towards promoting research and development in the country."

2.10 When the Committee asked about the policy measures being undertaken by the Department to increase spending on R&D in the chemical and petrochemical sectors, the Department replied in writing as under:-

"Chemical Sector:- Government as an incentive' has allowed weighted deduction on expenditure incurred on approved in-house R&D units under Income Tax Act. Further, the approved in-house R&D units also get duty concession on import of equipments required for research and development.

Petrochemical Sector:-The Central Institutes of Plastics Engineering & Technology (CIPET) is implementing the scheme for "Research and Development in Emerging Areas" with the objective of strengthening existing R&D activities in niche areas of plastics and polymers and to cater to need of technical workforce to upgrade the quality of research. In the XI Five Year Plan, CIPET took up establishment of Advanced Research School for Technology and Product Simulation (ARSTPS), Chennai and Laboratory for Advanced Research in Polymeric Material (LARPM), Bhubaneswar in the field of product simulation and material development respectively, the emerging areas of Polymer science, with a total plan assistance of Rs.24.98 cr. The scheme was approved for continuation in the 12th Plan period with an outlay of Rs. 8.65 crore, which has already been released to CIPET during the period from 2012-13 to 2014-15. As part of mid term appraisal, the continuation of the scheme at a cost of Rs. 33 crore has now been proposed. This would strengthen core research activities at these two R&D institutions for (i) design and development of composite structures for Defence applications; (ii) development of Sustainable Energy Resources; (iii) infrastructure for Research on Nanoscience and Nanotechnology for naval & health care applications; (iv) additive manufacturing of automotive & aerospace sectors; (v) microfluidic research laboratory for biomedical applications; and (vi) advanced product design in defence applications.

International Trade

2.11 Trends in exports and imports of Chemicals and Chemical Products (excluding Pharmaceutical Products and Fertilizers) during 2010-11 to 2014-15 (up to September 2014) are given in the following Tables and Charts.

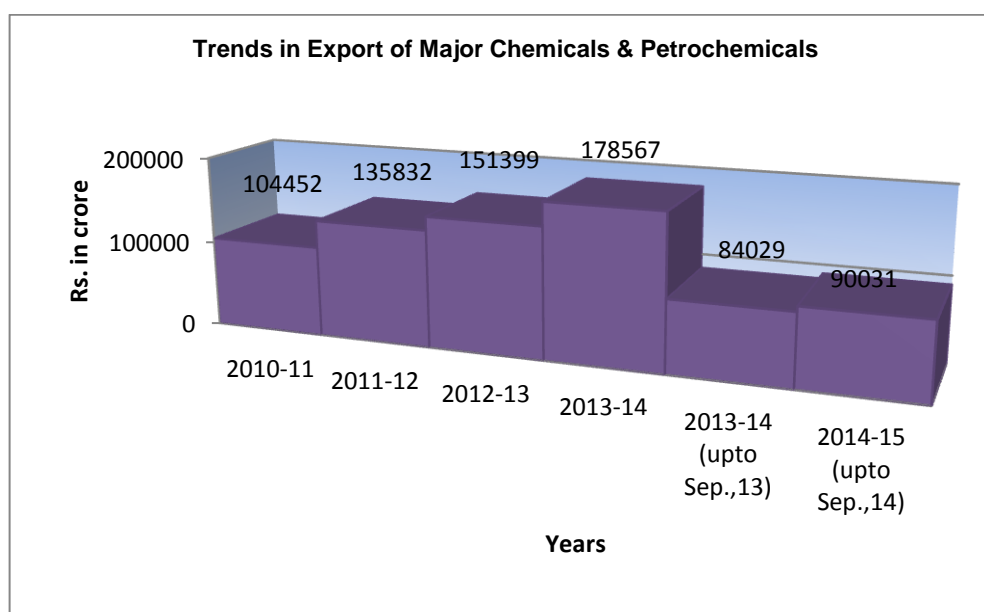
Exports and Imports- Chemicals and Chemical Products (excluding Pharmaceutical Products and Fertilizers)

A. Exports

(In Rs. crore)

HS Code	Commodity	2010-11	2011-12	2012-13	2013-14	2013-14 (upto Sep.,13)	2014-15 (upto Sep.,14)
	Total National Exports	1136964	1465959	1634319	1905011	910883	964547
28	Inorganic Chemicals	8564	8689	7176	8258	3877	4237
29	Organic Chemicals	41709	56659	66435	73565	35036	36301

HS Code	Commodity	2010-11	2011-12	2012-13	2013-14	2013-14 (upto Sep.,13)	2014-15 (upto Sep.,14)
32	Tanning or Dyeing	7720	9336	11372	15455	6914	9333
38	Miscellaneous Chemical Products.	9409	12485	15545	18694	8902	9587
39	Plastic and Articles thereof.	18150	25312	28012	34154	15948	16607
4002	Synthetic Rubber and Factice	175	286	181	245	109	173
54	Man-Made Filaments.	10469	12466	12112	15575	7291	7411
55	Man-Made Staple Fibres.	8256	10599	10565	12621	5951	6382
A:Total Chemicals and Chemical Products		104452	135832	151399	178567	84029	90031
% share in total export		9.2	9.3	9.3	9.4	9.2	9.3

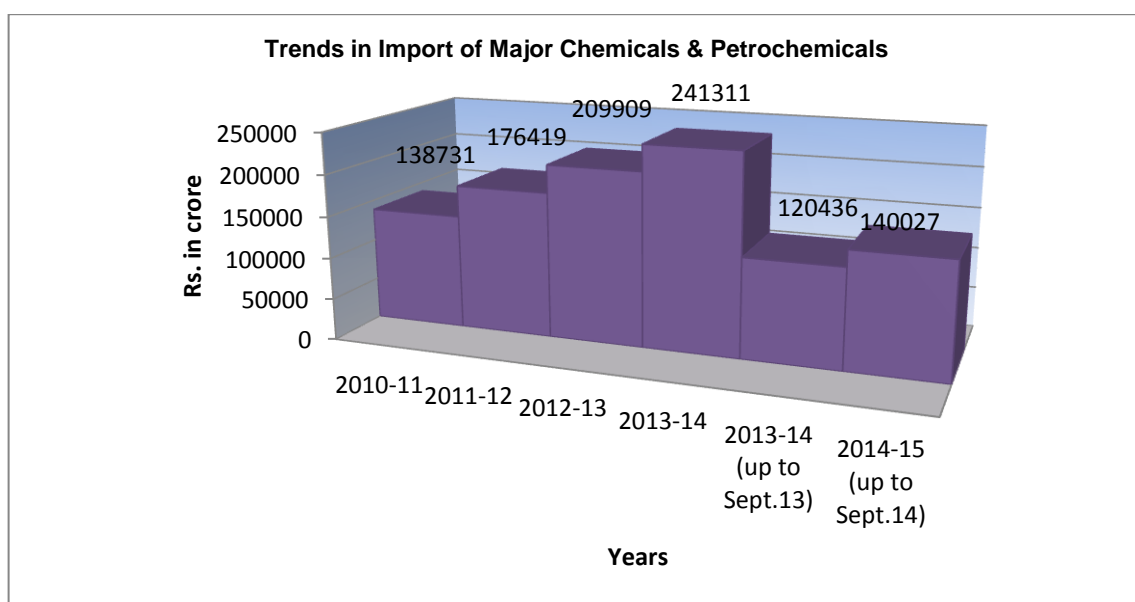


B. Imports

(In Rs. crore)

HS Code	Commodity	2010-11	2011-12	2012-13	2013-14	2013-14 (up to Sept.14)	2014-15 (up to Sept.14)
	Total National Imports of which	1683467	2345463	2669162	2715434	1355762	1407894
28	Inorganic Chemicals	17236	27792	28770	29063	14802	15196
29	Organic Chemicals	57550	69144	85439	103157	50922	59240
32	Tanning or Dyeing	5434	7097	8004	9254	4597	5171
38	Miscellaneous Chemical Products	13935	17855	20650	23107	11838	14019

HS Code	Commodity	2010-11	2011-12	2012-13	2013-14	2013-14 (up to Sept.14)	2014-15 (up to Sept.14)
39	Plastic and Articles thereof	34477	40578	52283	61072	30213	37642
4002	Synthetic Rubber And Factice	5141	7731	7562	7339	3816	3701
54	Man-Made Filaments	3024	3725	4149	4597	2289	2543
55	Man-Made Staple Fibres.	1935	2498	3052	3722	1959	2516
B: Total Chemicals and Chemical Products		138731	176419	209909	241311	120436	140027
% share in total import		8.2	7.5	7.9	8.9	8.9	9.9



2.12 The 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).

2.13 The data on imports and exports show that the percentage share of chemicals and petrochemicals sector in total imports has risen over the years since 2011-12. It was 8.2% in 2010-11 to 9.9 percent in 2014-15 (up to September, 2014). On the other hand, there is no significant increase in the percentage share of the sector in total export of the country. In this regard, the Committee desired to know the reasons for rising imports and stagnant export of chemicals and petrochemicals and what efforts are being made to check rising imports of chemical and petrochemical products. In reply thereto, the Department stated as under:-

"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. The consumers of chemicals procure them from domestic manufacturers or import the chemicals, depending upon their techno-commercial price considerations.

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

I) Events such as POLYINDIA are organized to attract delegates and visitors from India as well as from all major petrochemical 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 petrochemical industry, help in development, growth of chemical sector and acceleration of exports of chemicals/petrochemicals from India to other countries.

II) Government is implementing the 'Petrochemical Policy' which will help in realising the goal 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. The number of plastic parks has been increased from 4 to 10 recently.

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

2.14 On being enquired by the the Committee about the shortage of feedstock availability in the Country and the measures being taken to ensure availability of feedstock for sustainable growth of chemicals and petrochemicals sector, the Department in its written reply stated as under:-

"To make easy availability of feedstock for the chemicals and petrochemicals, the Government has formulated the PCPIR Policy. The policy provides that each PCPIR would have a refinery / petrochemical feedstock company as an Anchor Tenant that will help in mitigating the problem of feedstock in the country. The Government is also exploring the possibilities of putting up production facilities in resource rich countries and bringing intermediates in India for further value addition and employment generation."

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

"...We have been talking about the need for upgrading the availability of feed stock. There is a shortage of feed stock. For that, we have been talking of the reverse SEZ. One team of officers have already visited Iran where feed stock is easily available and we want to put a unit there. We have proposed to put up a unit there in Chabahar which is hardly 1000 kilometres distance from India and then process the feed stock there and then we should shift the building block/intermediate blocks to India. This proposal which we have initiated is not only to process in Iran and transport to India but also to develop the infrastructure and logistics for transport of the feed stock from Iran to the industry. That is in a very preliminary stage. It is being worked out. The first team has visited Iran and it was greatly welcomed by the Government of Iran."

2.16 On the problems being faced by Indian chemical and petrochemical industries in exports, the Secretary of the Department, during the course of evidence, informed the Committee as under:-

"We are promoting and encouraging the industry to take good practices and we are addressing their problems also. But industries have to invest and the Government is supporting them especially to increase exports and raw materials. So, for inverted duty structure also, the Department of Chemicals and Petrochemicals has taken up with the Government. The Department has managed to get some solutions. This is very encouraging. All these things happened within one year. Our exports are facing some problem in meeting the standards of the European countries because of legislation for import of chemicals from other countries. Our industrialists and our exports must meet the standards of European countries keeping in view the health and environment issues in the European countries. The REACH standards are very strict, very rigid and very expensive also. You have to appoint an OR (Only Representative) and the registration charges are very high for every product. So, industry is facing some problems and therefore the Department has initiated inventorisation. The Department this time has sanctioned approximately a sum of Rs. 27 crore for inventorisation of data because the first step to meet the standards of substances is inventorisation of chemicals. We have inventorised almost 5000 chemicals. Dr. Wakankar has been entrusted with the job. We are now reviewing whether this inventorisation is in accordance with the European Union and other countries. Small countries like Philippines have legislated REACH kind of legislation. That is why our exports are facing some problem. The Department is helping them now. The Department has started inventorisation and providing some technical support to the Indian industry. Regarding ETPs both in private and Government sector, the Department is taking it up and we are listening to their problems and we are trying to help them."

2.17 On being asked by the Committee about the issue of REACH legislation, the representative of the Department, during the course of evidence, informed the Committee as under:-

"sir, regarding REACH legislation, the Department of Chemicals and Petrochemicals has convened so many meetings with the stakeholders. Initially, the industries did not agree to support REACH legislation. They said no and they did not want this kind of legislation. Six rounds of meetings have been conducted and finally they have agreed to go ahead with the legislation, only last September or October they have agreed, but insisted that it should not affect Indian industry. So, if we make any policy or any legislation, the intention of the Department is not to harm the interests of the stakeholders. Industry has resisted for a long time and that is why it has got delayed. Now we have initiated inventorizations as a final-step. Chemexil has inventorised 5000 chemicals. We are moving in that direction."

CHAPTER III

Five Year Plans and Annual Plans

3.1 A statement showing the Department's Budget Estimates, Revised Estimates and Actual Expenditure for the last three years (year-wise) and Budget Estimates for the year 2015-16 showing separately for Plan and Non-Plan Expenditure are as below:-

Plan

Sub-Head	2012-13			2013-14			2014-15			2015-16
	BE	RE	Actual Exp	BE	RE	Actual Exp.	BE	RE	Actual Exp. as on 13.03.2015	BE
PLAN (Revenue)										
Secretariat	0.30	0.30	0.30	0.70	0.70	0.70	0.50	0.70	0.48	1.00
CIPET (GIA General)										
CIPET (Capital Assets)	110.00	40.00	21.70	140.96	140.96	140.96	87.81	83.68	83.52	83.68
New Schemes of Petrochem.(Grants in Aid Gen.)	1.20	0.63	0.63	1.50	1.50	1.34	1.50	1.37	0.59	1.41
New Schemes of Petrochem.(Grant for Creation of Capital Assets)	35.00	8.00	8.00	38.00	38.00	30.00	40.00	11.67	4.00	41.00
Assam Gas Cracker Project	1376.30	1376.30	1552.00	880.00	859.46	976.96	0.01	0.01	0.00	0.01
CWC (GIA General)	1.50	1.00	0.89	1.50	1.50	0.96	1.20	1.20	0.86	1.00
CPDS	10.00	2.00	1.19	3.00	3.00	2.83	4.30	4.00	3.32	1.90
IPFT (Grants in Aid Gen.)	2.03	0.99	0.19	0.93	0.93	0.93	1.24	0.81	0.80	0.25
IPFT (Grant for CCA)	4.97	3.35	0.00	3.41	3.41	3.41	3.76	0.88	0.88	0.75
HIL										
N.E. Region	175.70	175.70	0.00	120.00	117.50	0.00	31.17	31.17	0.00	25.00
Total Plan (Revenue)	1717.00	1608.27	1584.90	1190.00	1166.96	1158.09	171.49	137.49	94.45	156.00
Plan (Capital)										
HIL	14.00	4.10	4.10	0.00	0.00	0.00	15.00	15.00	15.00	10.00
HOCL	26.00	24.63	17.60	10.00	8.04	0.00	0.01	0.01	0.00	17.00
HFL							20.50	20.50	16.80	5.00
Total Plan Capital	40.00	28.73	21.70	10.00	8.04	0.00	35.51	35.51	31.80	32.00
[TOTAL PLAN]	1757.00	1637.00	1606.60	1200.00	1175.00	1158.09	207.00	173.00	126.25	188.00

3.2 The statement below shows BE, RE and Actual Expenditure for 2012-13 , 2013-14, 2014-15 and BE 2015-16 (Non Plan).

Non Plan

Sub-Head	2012-13			2013-14			2014-15			2015-16
	BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals Exp. As on 13.03.2015	BE
NON-PLAN (Revenue)										
Sectt.	13.28	12.33	12.17	13.22	15.87	13.91	15.80	15.06	12.96	15.79
CIPET(GIA General)	0.00	0.00	0.00	0.00						
Assam Gas Cracker Project	0.01	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.00	0.01
Bhopal Gas Leak Disaster*	27.70	94.79	60.55	126.59	46.59	33.51	43.55	33.58	24.72	47.64
CWC (Grants-in-aid-General)	0.01	0.00	0.00	0.01	0.01	0.00	0.01	0.00	0.00	0.01
IPFT	3.50	3.10	3.10	3.15	3.80	3.08	4.30	4.07	2.91	3.70
HIL (write off)			2.50							
Total Non-Plan (Revenue)	44.50	110.22	78.32	142.98	66.28	50.50	63.67	52.72	40.59	67.15
NON-PLAN (Capital)										
Petrofils Co-operative Ltd. (PCL)	1.10	0.00	0.00	0.01	0.00	0.00			0.00	
HIL	0.01	0.00	0.00	0.01	0.00	0.00			0.00	0.01
HOCL	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.01	0.00	0.01
HFL									0.00	0.01
Total Non-Plan (Capital)	1.12	0.00	0.00	0.03	0.00	0.00	0.01	0.01	0.00	0.03
[TOTAL NON-PLAN]	45.62	110.22	78.32	143.01	66.28	50.50	63.68	52.73	40.59	67.18
Grand Total (Plan+Non-Plan)	1802.62	1747.22	1684.92	1343.01	1241.28	1208.62	270.68	225.73	166.84	255.18

3.3 As per the Department, the reasons for variation in Budget Estimates, Revised Estimates and Actual Expenditure for the years , 2012-13, 2013-14 and 2014-15 are given below:-

2012-13

Against BE of Rs. 1757.00 crore, RE was reduced to Rs. 1637.00 crore. The allocation for CIPET was reduced from Rs. 110.00 crore to Rs. 40.00 crore , in New Schemes of Petrochemicals from Rs. 36.20 crore to Rs. 8.63 crore, in IPFT from Rs. 7.00 crore to Rs.4.34 crore and for HIL from Rs. 14.00 crore to Rs. 4.10 crore. An amount of Rs. 67.70 crore was re-appropriated from CIPET (Plan) to Bhopal Gas Tragedy (Non Plan) head for payment of ex-gratia to the victims with the approval of Parliament (by obtaining technical supplementary).

2013-14

Against a BE allocation of Rs. 1200.00 crore under Plan , the RE Ceiling was kept at Rs. 1175.00 crore based on the pace of expenditure. Accordingly, under Plan the allocation for Assam Gas Cracker Project was reduced from Rs. 1000.00 to Rs. 976.96 crores and the allocation to HOCL was reduced from Rs. 10.00 crores to Rs. 8.04 crores. Similarly, keeping in view the pace of expenditure, the BE allocation of Rs. 143.01 crores (Non-Plan) stood reduced to Rs. 66.28 crores. The allocation to Bhopal Gas Leak Disaster of Rs. 126.59 crores at BE stage stood reduced to Rs. 46.59 crores during consideration of RE ceilings.

2014-15

The BE allocation was Rs. 207.00 crore and it was reduced to Rs. 173.00 crore. The major variation are as follows:-

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
1. Secretariat	0.50	0.70	0.48	1.00

Reasons:-(RE 2014-15) and BE (2015-16 : Increase is for meeting additional office requirements of IT.

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
2. Central Institute of Plastics Engineering & Technology (CIPET)	87.81	85.68	83.52	83.68

Reasons:- (RE-2014-15)Department is committed to utilize the entire amount.

BE 2015-16:- Funds are required for enhancing the capabilities in Academic Activities (Skill Development Training Programmes) at CIPET Centres and for R&D in emerging Areas and Enriching Technical Infrastructure Facilities etc.

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
3. New Schemes of Petrochemicals (NSP)	41.50	13.04	4.59	42.41

Reasons:-

RE 2014-15:-Request for release of second installment of Rs. 14.00 crore each to the State Government agencies of Odisha and Madhya Pradesh not likely to be received. The DPR received from State Govt. of Tamilnadu was required to be strengthened to facilitate release of first installment of Rs. 8.00 crore.

BE 2015-16 :- To establish more new Plastic Parks.

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
4. Institute of Pesticides Formulation Technology (IPFT)	5.00	1.69	1.69	1.00

Reasons:-

RE 2014-15:-RE was reduced due to availability of unspent balances of last year.

BE 2015-16 :- For completion of 12th Plan Scheme requirement.

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
5. Hindustan Organic Chemicals Ltd (HOCL)	0.01	0.01	0.00	17.00

Reasons:- RE 2014-15 :- Token provision.

BE 2015-16: To assist the company financially to support investments for upgradation of Plants & Machinery and capacity enhancement.

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
5. Hindustan Fluorocarbons Ltd (HFL)	20.50	20.50	16.80	5.00

Reasons:-

BE 2015-16:- to support the company to complete its re-furbishment plans

Schemes	BE (2014-15)	RE (2014-15)	Expenditure upto 13.03.2015	BE (2015-16)
5. Hindustan Insecticides Ltd (HIL)	15.00	15.00	15.00	10.00

Reasons:-

BE 2015-16:- For putting up a multiproduct plant facility for production of fungicides at Udyogmandal, Kerala

3.4 When the Committee enquired about the extent to which the Department has been able to convert the outlays for different schemes and programmes into outcomes during the years 2013-14 and 2014-15, the Department, in its written reply, stated as under:-

"With regard to outcome, the schemes of this Department are broadly categorized into three groups i.e. (1) Assistance to autonomous academic and research institutions of CIPET and IPFT for research and purchase of research equipments (2) Departmental promotional/awareness schemes of CWC, CPDS and IT/Secretariat etc. (3) assistance to Public Sector Undertakings for technological upgradation and product diversification. As far as the first two categories are concerned, there is no direct physical output, though every year, during 2014-15 CIPET is committed to achieve a target of 42900 participants through long term and short term programmes. Similarly, in 2015-16 CIPET is committed to achieve the target of 51500 participants through long term and short term training programmes. Human Resource development through educational programmes of CIPET and the research being done in CIPET as well as IPFT necessarily having a long term perspective whose outcome may not be amenable to exact quantification. It is however stressed that research/educational infrastructure has been created as per budget provision made. Similarly, appropriate promotional activities under CPDS were undertaken and information technology infrastructure purchased under IT/Secc scheme.

Another vital scheme being implemented by the Department is the setting up of Assam gas Cracker Project. Cabinet Committee on Economic Affairs has (in November 2011) approved the revised cost estimate of Rs. 8920 crore (on "as built basis"). The overall physical progress, as on 15th December, 2014 was 99% and the cumulative capital expenditure incurred, was Rs. 8086.79 crore i.e. 90.66%. The Department has released capital subsidy of Rs. 4690 crore to BCPL for the project.

3.5 When the Committee enquired about the system of monitoring and control over the performance of the schemes/programmes by the Department, the Department in its written reply stated as under:-

"The implementation of all the Plan Schemes, is continuously monitored and evaluated at regular interval i.e. at the time of formulation of Annual Plan proposals, during Annual Plan discussions with the Planning Commission and preparation of Budget Estimates and Revised Estimates. In addition, progress of utilization of funds is monitored at the time of releases of funds as well. Now, for monitoring of expenditure under Long Term Fiscal Management Act, releases are monitored closely. There is a mechanism of regular monitoring of progress of implementation of the plan schemes in the Department."

Chapter IV

Demand for Grants 2015-16

4.1 The details of Budget Proposals, proposals for Gross Budget Support (GBS) and amount actually provided by the erstwhile Planning Commission/Niti Aayog for different schemes in Annual Plan 2015-16 along with comments of the Planning Commission, as furnished by the Department, is as below:-

"The Department had proposed an outlay of Rs. 1011.50 crore for 2015-16, against which the Ministry of Finance allotted Rs. 188.00 crore. While approving the outlay for 2015-16, the Ministry of Finance observed, inter alia, that the allocation was finalized as per the major head wise distribution indicated by Ministry of Finance, in this regard:-

Major Head	Allocation (Rs. in crore)
3451 (Secretariat)	1.00
2552 (Lump Sum Provision for North East Region)	25.00
2852 (Industries)	130.00
6856 /6857 (Capital)	32.00
Total	188.00

This was further allocated scheme wise by the Department, as follows:-

(Rs. in Crore)			
Sr. No.	Name of the Scheme	Proposed BE 2015-16	Approved 2015-16
I	Project Based Support to PSUs	236.00	32.00
1.1	Hindustan Organic Chemicals Ltd.(HOCL)	225.00	17.00
1.2	Hindustan Insecticides Ltd. (HIL)	11.00	10.00
1.3	Hindustan Fluorocarbons Ltd (HFL)	0.00	5.00
II	Support to Autonomous Bodies		
2.1	Central Institute of Plastic Engineering & Technology (CIPET)	193.01	92.68
2.2	Institute of Pesticides Formulation Technology (IPFT)	4.28	1.00
III	Other Ongoing Schemes		
3.1	Assam Gas Cracker Project	478.96	0.01
3.2	Chemical Promotion & Development Scheme (CPDS)	4.50	1.90
3.3	Chemical Weapons Convention (CWC)	1.25	1.00
3.4	IT/Secretariat	0.50	1.00
3.5	Other New Schemes of Petrochemicals	93.00	58.41
	Total	1011.50	188.00

4.2 As per the Department's Detailed Demand for Grants, the budgetary allocation under Plan and Non Plan under Major Head and Capital during the year 2014- 2015 and 2015-2016 are as below.

(Rs. in crore)

Major Head	Budget Estimates 2014-15			Revised Estimates 2014-15			Budget Estimates 2015-16		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue	171.49	63.67	235.16	137.49	52.72	190.21	156.00	67.15	223.15
Capital	35.51	0.01	35.52	35.51	0.01	35.52	32.00	0.03	32.03
Total	207.00	63.68	270.68	173.00	52.73	225.73	188.00	67.18	255.18

4.3 The Committee noted that Plan allocation of funds under Revenue Head has increased from Rs. 137.49 crore in RE 2014-15 to Rs. 156.00 crore in BE 2015-16. Similarly Non-Plan allocation of funds under Revenue Head has also increased from Rs.52.72 crore in RE 2014-15 to Rs.67.15 crore in BE 2015-16. When the Committee asked to explain the reasons for the increase in Plan/Non-Plan allocation of funds, the Department in its written reply stated as under:-

"The Plan allocation of funds under Revenue Head has increased from Rs. 137.49 crore in RE 2014-15 to Rs. 156.00 crore in BE 2015-16 to provide for enhanced requirement of Plan funds for Plastic Parks Scheme under 'Other New Schemes of Petrochemicals'.

The major reduction in Non Plan allocation during RE 2014-15 was in the Bhopal Gas Leak Disaster Tragedy Claim payments. Keeping in view the pace of disbursal 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, the BE of Rs. 43.55 crore was reduced to Rs. 33.58 crore at RE stage."

4.4 When the Committee asked the reasons for the decrease in Plan allocation under Capital Head from RE 2014-15 (Rs. 35.51 crore) to BE 2015-16 (Rs. 32.00 crore), the Department in its written reply stated as under:-

" In RE 2014-15, Plan allocation under Capital Head was done by DCPC as follows:

(Rs. Crore)

	Project Support to PSUs:	RE 2014-15
1.	Hindustan Organic Chemicals Ltd. (HOCL)	0.01
2.	Hindustan Insecticides LTD. (HIL)	15.00
3.	Hindustan fluorocarbons LTD (HFL)	20.50
	Total	35.51

However, in BE 2015-16, the earmarking of Plan funds under the Capital Section head has been done by the M/o Finance itself.

4.5 As per the Department's Demand for Grants 2015-16, **Lumpsum Provision for Project/Scheme for the benefit of the NE Region and Sikkim** is as below:-

MAJOR HEAD 2852						(Rs in Crores)			
BE 2014-15			RE 2014-15			BE 2015-16			
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
31.17	--	31.17	31.17	--	31.17	25.00	--	25.00	

4.6 When asked to explain the reasons for the sharp drop in allocation of funds under this Head from Rs. 31.17 crore in RE 2014-15 to Rs. 25.00 in BE 2015-16, the Department replied in writing as under:-

"The provision of Rs. 31.17 crore in RE 2014-15 and Rs. 25.00 crore in BE 2015-16, under this Head has been made for implementation of schemes under CIPET and New Schemes of Petrochemicals. The drop in allocation from RE 2014-15 to BE 2015-16 is attributed to progressive requirement of funds for these schemes / programmes in the relevant period of implementation. Provision for North East Major Head is generally 10 % of total Plan allocation. Accordingly the allocation to North East during 2015-16 is more than 10%. The amount of Rs. 25 crore has been fixed by Ministry of Finance."

4.7 When the Committee enquired on how the Department plan to utilize Rs. 25.00 crore allocated for the year 2015-16 and asked for a detailed explanation of all projects/schemes to be undertaken for the benefit of the NE region and Sikkim, the Department replied in writing as under:-

"The plan for utilization of allocation of Rs. 9.00 crore for CIPET's schemes, to be undertaken to benefit the NE region and Sikkim, by the Department, is as under:

<i>(Rs. In crore)</i>		
Sl	Name of the Scheme	Allocation
Central Institute of Plastics Engineering & Technology (CIPET)		
1	Creation of Hostel Facilities to augment increase in intake capacity of existing and new academic programmes at CIPET Centres	9.00

Further, the remaining amount of Rs. 16.00 crore is allocated for release of Rs. 14 crore to Assam Plastic Park and Rs.2.00 crore to IIT Guwahati under CoE scheme."

4.8 As per the Department's Detailed Demand for Grants 2015-16, budget proposal for **CIPET** is as below:-

MAJOR HEAD 2852 (Rs in Crores)								
BE 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
87.81	--	87.81	85.68	--	85.68	83.68	--	83.68

4.9 The Committee noted that there is a steady decline in plan allocation from Rs.87.81 crore in BE 2014-15 to Rs.85.68 crore in RE 2014-15 to Rs. 83.68 crore in BE 2015-16. When the Committee asked to explain the rationale behind this steady decrease in allocation of funds to CIPET, the Department, in a written reply, stated as under:-

"The decrease in allocation of funds to CIPET from Rs. 87.81 crore in BE 2014-15 to Rs. 85.68 crore in RE 2014-15 and further to Rs. 83.68 crore in BE 2015-16, excluding provision for North East Region, is due to overall reduction in plan outlay of the Department from Rs. 207 crore in BE 2014-15 to Rs. 173 crore in RE 2014-15. CIPET had sought an allocation of Rs. 140.54 crore was sought as Plan assistance in 2015-16. However, at the time of BE allocation for 2015-16 an amount of Rs. 188 crore only was indicated. The BE allocation by M/o Finance was also done Major

Headwise(Industries – Rs 130crore, North East – Rs 25crore, Capital 32crore and Sectt- Rs. 1.00 crore). Keeping in view the allocation in Industries Head, CIPET could only be sub-allocated an amount of Rs. 83.68crore. The balance in the major head – Industries was distributed to other schemes."

4.10 The Committee desired to know whether the steady decrease in allocation of funds has any effect on the activities of CIPET. In reply thereto, the Department stated as under:-

"An allocation of Rs. 140.54 crore was sought as Plan assistance in 2015-16 for various schemes of CIPET, including new proposed schemes for enhancing the (i) Capabilities in Academic Activities (Skill Development Training Programs) and (ii) Research activities at two R & D Centres and Technology Support Services at CIPET Centres. These schemes, proposed in mid-term appraisal of implementation of CIPET programmes, envisage strengthening of CIPET's civil, technical and research capabilities and consequent skill development initiatives undertaken by CIPET. Any reduction in plan funding shall affect strengthening of these capabilities and resources at CIPET centres. After approval of proposed schemes for enhancing the capabilities at CIPET centres, the requisite additional outlays for implementing these schemes shall be sought in supplementary grants in the year 2015-16."

4.11 As per the Department's Detailed Demand for Grants 2015-16, the budget proposal for **IPFT** is as under:-

MAJOR HEAD 2852						(Rs in Crores)		
BE 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
5.00	4.30	9.30	1.69	4.07	5.76	1.00	3.70	4.70

4.12 The data shows that there is a steady decline in Plan and Non-Plan allocation of funds from Rs. 9.30 crore in BE 2014-15 to Rs.5.76 crore in RE 2014-15 to Rs.4.70 crore in BE 2015-16. When the Committee asked the Department to explain the reasons for this steady decrease in allocation of funds to IPFT and what are its implication on the activities undertaken by the Institute, the Department in a written statement replied as under:-

"An allocation of Rs. 5.00 crore was made for 2014-15 for IPFT's following projects sanctioned for the 12th Plan:

- (i) Development of User & Environment Friendly Water Dispersible Granule Formulations of Highly Toxic, Broad Spectrum & effective Pesticides to reduce their Toxicity for Continuation of Use and Prevention from Ban.
- (ii) Development of Mass Production Technique and Formulation for Baculoviruses.
- (iii) Management of Termite by Integrated Approach and Indigenous Technologies.
- (iv) Magnetic core-shell nano particles based extraction coupled with Gas/Liquid Chromatography – Tandem Mass Spectrometry for trace level analysis of pesticides.
- (v) Pesticide formulation from Plant Extract and their Bio-efficacy studies.

Plan: The BE for the financial year 2014-15 was Rs. 5.00 crores and the RE was Rs. 1.69 crores due to unspent balances against the funds released in the previous financial year 2013–14. IPFT could not utilize the allocated budget due to poor response in Open Tenders for various

instruments/equipments and unspent balance of projects. Hence, the BE for the year 2014-15 was reduced to Rs. 1.69 Crore at RE stage. In 2015 – 16, an allocation of Rs. 1.00 crore is made in the budget for 2015-16. This will take care of the ongoing XII Plan projects and the work on these projects will not be hampered.

Non-Plan: The BE for the year 2014-15 was Rs. 4.30 crores. Due to resignation of staff and the delay in recruitment against those vacancies, the BE was reduced to Rs. 4.07 crore at RE stage. The allocation of fund for the year 2015-16 under Non-Plan is Rs. 3.70 Crores. The main expenditure for Non-Plan is for the payment of salary to the scientists and staff of IPFT which will be met by the allocated amount. Other expenditures will be met from the revenue generated by the Institute. Hence, the existing activities of the Institute will not be hampered.

4.13 When the Committee asked the Department to provide details of utilization of the fund allocated during RE 2014-15 for the HFL, the Department in a written statement, replied as under:-

"Out of the total RE 2014-15 Plan loan allocation of Rs.20.50 crore for HFL, an amount of Rs.3.60 crore for Modified PTFE project and Rs.13.20 crore for refurbishment plan and HFP & FEP related investments has so far been released to the company. For the balance amount of Rs.3.70 crore, 'in principle' approval of NITI Aayog has been received recently and same is likely to be released to the company before the end of current FY 2014-15."

414 HIL faces liquidity shortage on account of long procedural delays in payments for DDT by Ministry of Health and Family Welfare. HIL was been allocated a Plan loan of Rs. 15.00 crore in 2014-15 for the Pendimethalin, a herbicide with good export potential and its production will provide HIL a strong technical base with high potential for growth. This amount of Rs. 15.00 crore was released.

"During 2015-16, HIL stands provisionally allocated an amount of Rs. 10.00 crore for enabling of upgradation of plant and machinery for putting up a multi-product plant facility for production of fungicides at Udyogmandal, Kerala."

4.15 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 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
0.01	0.01	0.02	0.01	0.01	0.02	0.01	0.01	0.02

4.16 When the Committee observed that only Rs. 0.02 crore has been allocated in BE 2015-16 for the AGCP and desired to know whether this abysmally low allocation of funds is adequate to meet the expenditure of AGCP during 2015-16, the Department in its written reply 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 each in Plan and Non-Plan has been provided in Budget Estimates (2014-15 and 2015-16). This explains the drop in allocation. The Government is considering the proposal of Brahmaputra Cracker and Polymer Ltd. (BCPL) for Revised Cost Estimate (RCE) of the project

which envisaged requirement of capital subsidy/feedstock/ revenue subsidy. After approval of RCE, the requisite outlay for Capital Subsidy for AGCP shall be sought in supplementary grants for the year 2015-16."

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

MAJOR HEAD 2852						(Rs in Crores)		
BE 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1.20	0.01	1.21	1.20	--	1.20	1.00	0.01	1.01

4.18 When the Committee observed that funds under the Plan Head in BE 2015-2016 has been slightly reduced by Rs. 0.20 crore as compared to Rs. 1.20 crore in RE 2014-2015 and asked the Department to give reasons for the same. In its written reply, the Department stated as under:-

"Keeping in view the trend in expenditure incurred in the past, lesser allocation of funds have been sought during 2015-16."

4.19 As per the Notes on Demands for Grants 2015-16, the allocation of Rs. 1 crore under the Plan Head is to be utilized for promotional and other attendant activities, etc. When the Committee asked the Department to specify the activities proposed to be undertaken during the year 2015-2016, the Department in its written reply stated in writing as under:-

"India is one of the signatories to the Chemical Weapons Convention. An amount of Rs. 1.00 crore has been allocated in 2015-16 under CWC head of account. The fund under this head of account is utilized for conducting CWC awareness programmes and continuation of CWC Help Desks set up in PPP mode in association with Indian Chemical Council at Vadodara, Mumbai, Chennai, Hyderabad, Kolkata and Delhi. The activities undertaken by using the fund are dissemination of information on CWC, assisting the Indian Chemical industry in filing of their declarations as stipulated in the CWC Act, conducting awareness programmes etc."

4.20 The following table indicates the budgetary allocation for the **Chemical Promotion and Development Scheme (CPDS)**:-

MAJOR HEAD 2852 (Rs in Crores)								
BE 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
4.30	--	4.30	4.00	--	4.00	1.90	--	1.90

4.21 When the Committee desired to know the reasons for the decrease in budgetary allocation for the Scheme from Rs4.00 in RE 2014-15 to Rs. 1.90 crore in BE 2015-16, the Department in its written reply stated as under:-

"An allocation of Rs. 1.90 crore has been made for undertaking various promotional activities for chemical and petrochemical industry, viz:

i) Promotion of chemical industry by organising Indian Chem Mumbai and India Chem Gujarat events. These events are undertaken in association with FICCI, once in two years alternatively during the year 2015-2016 the Department would be promoting the India Chem Gujarat along with the State Government of Gujarat and FICCI.

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 chemical as well as petrochemical sector. 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.

During the year 2014-15, a sum of Rs. 4.00 crore (RE) has been allocated under Chemical Promotion Development Scheme. (CPDS). In order to release funds to the following programmes, more funds were sought during the FY 2014-15 .

i.	HOCL for revival of study	Rs. 42.60 lakhs
ii.	Indian Chemical Inventory project	Rs. 25.39 lakhs (pending claim)
iii.	India Chem Gujarat- 2013	Rs.12.00 lakhs (outstanding claim)
iv.	International Convention of Colorants	Rs. 8.00 lakhs (biennial event)
v.	India Chem 2014	Rs. 30.00 lakhs (biennial event)

As no fund is required to be released during the FY 2015-16 for the above mentioned programmes, less allocation of fund has been sought for the FY 2015-16.

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

MAJOR HEAD 2852						(Rs in Crores)		
BE 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
41.50	--	41.50	13.04	--	13.04	42.41	--	42.41

4.23 When the Committee observed that the BE 2014-2015 under Plan Head is Rs. 41.50 crore which has been reduced to Rs. 13.04 crore at RE stage for the year 2014-2015 and desired to know the reasons for this drastic reduction in allocation of funds at RE stage, the Department in its written reply stated in writing as under:-

"Under the National Policy on Petrochemicals, 3 schemes viz. Setting up of Centres of Excellence, National awards of innovation in the downstream processing industries and Setting up of Plastic Parks, have been formulated.

In BE 2014-15, a total sum of Rs. 57.50 crore was allocated, which includes an allocation of Rs. 16.00 crore for schemes under North East Region, for the above three schemes as under :-

Name of Scheme / Programme	Funds allocated (in crore)	Remarks
Scheme on National Awards for Technology Innovation in Petrochemical and downstream Plastic Processing Industry	1.00	
Setting up of Centres of Excellence (CoE) in Polymer Technology	6.00	@ Rs.2 crore for CoE at Delhi, Bhubaneswar and Guwahati.
Setting up of Plastic Parks	50.00	2 nd instalment @ Rs.14 crore for three finally approved schemes at Assam, Odisha and MP and 1 st instalment of Rs. 8 crore for Plastic Park at Tamil Nadu.
Project Manager's fee	00.5740	

Under RE, the Department had reduced funds requirement to Rs. 29.04 crore, which includes an allocation of Rs. 16.00 crore for the North East. The reduction is on account of surrender of Rs. 28.00 crore comprising 2nd instalment of Rs. 14.00 crore each for Plastic Park in Odisha and MP, as the funds could not be released as the concerned implementing agency could not fulfil the prescribed parameters for release of 2nd instalment."

4.24 When the Committee desired to know as how does the Department plan to utilize the Rs. 42.41 crore allocated in BE 2015-2016, the Department in its written reply stated as under:-

"The total allocation for the New Schemes of Petrochemicals under BE 2015-16 is Rs. 58.41 crore, which includes the component of Rs. 16.00 crore allocated under North East Head. The expenditure of this allocated funds on the schemes is targeted as under:-

Name of Scheme / Programme	Funds allocated (in crore)	Remarks
Scheme on National Awards for Technology Innovation in Petrochemical and downstream Plastic Processing Industry	1.00	
Setting up of Centres of Excellence (CoE) in Polymer Technology	4.00	3 rd instalment of Rs. 2.00 crore is expected to be released for the CoE at IIT, Guwahati and 3 rd instalment of Rs. 2.00 crore is to be released to CoE at IIT, Delhi.

Setting up of Plastic Parks	53.00	2nd instalment @ Rs.14 crore each for the Plastic Park in Odisha and Madhya Pradesh are expected to be released. 3rd instalment @ Rs.14 crore for the Plastic Park in Assam is also expected to be released, subject to fulfilment of parameters. 1 st instalment of Rs. 8 crore for Plastic Park at Tamil Nadu is due to be released, on receipt of complete DPR from Govt. of Tamil Nadu. The remaining Rs. 3.00 crore has been proposed for utilization towards 1 st instalment of one of the six additional new plastic parks.
Project Manager's fee	0.41	Fee will be released after sanction and release of the above instalments for the Plastic Parks.

4.25 The details of the budgetary allocation for **Bhopal Gas Leak Disaster (BGLD)** :-

MAJOR HEAD 2852 (Rs in Crores)								
BE 2014-15			RE 2014-15			BE 2015-16		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
--	43.55	43.55	--	33.58	33.58	--	47.64	47.64

4.26 When the Committee observed that allocation for BE 2014-2015 under non-plan head for BGLD is Rs. 43.55 crore and RE 2014-15 is Rs. 33.58 crore and desired to know why the funds were reduced by Rs. 9.43 crore at RE stage. In reply thereto, the Department stated in writing as under:-

"Total allocation of fund for Bhopal Gas Leak Disaster under BE is Rs. 43.55 crore and Rs. It was reduced to Rs. 33.58 crore at RE stage.

As reported by the Office of the Welfare Commissioner, Bhopal, 8796 cases are pending for disbursement of ex-gratia which require approximate fund of Rs. 104.43 crore. Looking to the pace of disbursal 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, the BE of Rs. 43.55 crore was reduced to Rs. 33.58 crore at RE stage."

4.27 When the Committee asked how the Department plan to utilize Rs. 47.64 crore allocated for Bhopal Gas Leak Disaster for the year 2015-16, the Department replied in writing as under:-

"8796 applications are pending for disbursement of ex-gratia for which an amount of Rs. 104.43 crore is required. Hence, a provision of Rs. 40.26 crore has been made in the budget for 2015-16, for estimated disbursal during the FY 2015-16. Further fresh applications for cancer & Total Renal Failure cases are also being received continuously."

CHAPTER V
AUTONOMOUS BODIES

CENTRAL INSTITUTE OF PLASTIC ENGINEERING AND TECHNOLOGY (CIPET)

5.1 CIPET is an ISO 9001:2008 QMS, NABL; ISO/IEC 17020 accredited 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. These Centres are listed in the Table below.

CIPET Centres

5 High Learning Centres (HLCs) <ul style="list-style-type: none"> ➤ Chennai ➤ Ahmedabad ➤ Bhubaneswar ➤ Lucknow ➤ Kochi 	11 Diploma Centres <ul style="list-style-type: none"> ➤ Amritsar ➤ Aurangabad ➤ Bhopal ➤ Guwahati ➤ Hyderabad ➤ Hajipur ➤ Haldia ➤ Jaipur ➤ Imphal ➤ Mysore ➤ Murthal
2 R&D wings <ul style="list-style-type: none"> ➤ Advanced Research School for Technology Product Simulation (ARSTPS) at Chennai. ➤ Laboratory for Advanced Research in Polymeric Materials (LARPM) at Bhubaneswar. 	
3 Specialized Centres <ul style="list-style-type: none"> ➤ Advanced Tooling and Plastics Product Development Centre (ATPDC), Madurai. ➤ Advanced Plastics Processing Technology Centre (APPTC), Balasore. ➤ Plastic Waste Management Centre at Guwahati 	1 Polymer Data Service Centre at IPFT Campus, Gurgaon 1 Vocational Training Centre at MCTI Campus, Bhubaneswar

- 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.

5.2 According to the Department, "CIPET needs substantial additional investment for building up its infrastructure to the required level. The total budget allocation for the entire 12th Plan period comes to Rs.280.15 crore and CIPET has sought additional funds in the Mid Term Appraisal to the tune of Rs.306.45crore."

5.3 In light of the above, the Committee asked the Department to explain in detail how the Department/CIPET plans to utilize the additional amount of Rs. 306.45 crore that is being sought as part of the Mid Term Appraisal. In reply thereto, the Department stated in writing as under:

"The additional funds sought in the Mid-Term Appraisal shall be utilized for building up the following infrastructure:

(Rs. in crore)

(i)	Creation of Residential Hostel facilities to augment in-take capacity of Academic Programs	:	123.45
(ii)	R&D in emerging areas	:	33.00
(iii)	Establishment of Vocational Training Centres (VTCs) at		
	• Bhopal (MP)		20.05
	• HLC-cum-VTC at Hyderabad (Telangana)		25.00
	• Vijayawada / Guntur (AP)		20.05
	• Baddi (Himachal Pradesh)		20.05
(iv)	Enriching Technical Infrastructure facilities & capabilities to meet industry needs	:	64.85

	Total		306.45

The hostel facilities are being created in CIPET Centres in ten states, as per AICTE norms, to accommodate at least 80% of boys and 100% girls, who are pursuing the long-term academic programs at these States. The High Learning Centre (HLC) and Vocational Training Centres (VTC) in Talangana and VTC in the States of Andhra Pradesh, Himachal Pradesh and Madhya Pradesh are proposed to be set up to impart skill development vocational training and conduct Undergraduate and Post Graduate courses to meet the growing demand of manpower requirements in plastic and allied industries.

The objectives of the scheme for enhancing capabilities in R&D and Technology Support Services, inter-alia, include (i) strengthening of the core research activities and technical infrastructure in the two R&D wings viz., ARSTPS & LARPM to take up more research and development programmes; (ii) support to Polymer Manufacturing Industries in the area of Tooling, Moulds, Dies, Processing, Quality Control & Testing activities, inspection, CAD/CAM CAE etc.; and (iii) up gradation of existing Technical support services through advanced training programmes in tooling / moulding technology / plastics processing technology for Indian industries."

5.4 The Committee noted that no allocations have been made under Non-Plan Head for CIPET in BE (2014-15), RE (2014-15) and BE (2015-16). In this regard, the Committee desired to know as to how CIPET plans to manage its day to day functioning in the absence of Non-Plan allocation of funds. In reply thereto, the Department stated as under:-

"CIPET, apart from conducting academic programmes in various areas of polymer science and 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 When the Committee asked whether there is an action plan for increasing the number of Plastic Waste Management Centres (PWMCs) / CIPET Centres all over the country and asked the Department to furnish details of the action plan in this regard, the Department replied in a written statement as under:-

"As per the Plastic Waste (Management & Handling) Rules, 2011 issued under Environment (Protection) Act, 1986, the concerned municipal authority shall be responsible for setting up, operationalization and co-ordination of the waste management system and for performing the associated functions. The handling and management of post-consumer plastic waste, is to be managed by the concerned Municipal Authority/ Municipal Committee/ State Government. Therefore, setting up of Plastic Waste Management Centres can be explored by these agencies only as per the Local bye laws/State Government notification. The setting up of PWMC is not the mandate of CIPET, which is an academic and technical institute imparting technical education/ training programmes. As part of its training and technology support activities, CIPET has set up a Plastic Waste Management Centre to demonstrate plastic recycling technology at Guwahati."

5.6 During the course of evidence, the Secretary of the Department elaborated the issue of plastic waste littering and its disposal as follows:-

"Another set of issues, for the kind information of the hon. Committee, is with regard to the plastic waste littering. Hon. Members are aware that though this Department is directly not responsible for the pollution from the petrochemicals, we have been indirectly involved in it and we have been focussed. As I earlier said, this Department has already proposed a policy for waste plastic recycling.

For example, to make the littered plastic treatable, the thickness of the plastic has to be fit for collection. If the plastic is very thin, nobody comes and collects it. The proposal that we have given is that thickness standards of carry-bags and packaging films need to be increased from the current level of 40 microns to 60 or 80 microns so that the plastic which is littered is collectible and it carries economic value. If it carries economic value, then only somebody will come and pick it up.

We have also said that multilayer metallised flexible packaging material, used for food material like chips, etc., is very very difficult to recycle. Therefore we said that there should be a ban on multilayer metallised flexible packaging material in the food sector. To provide opacity, impact strength and antistatic properties to plastic films, fillers are loaded. For example, the bags used for packaging cement and sugar. If the filler is more than the required standards, then that plastic also becomes a misfit for recycling. We are saying that there should be standards fixed for that also and that everybody should obey those standards.

We also said that rigid packaging of food products including disposables, need to be made mandatory. The packing material for food articles should be thick so that it can be collected and it is not littered. We also said that the regulatory framework which we are proposing should be not only for the industry, it should be also to the user value chain. It should not be that a retailer can sell and forget about it. The wholesaler, retailer, industry, distributor, everybody should be responsible for them. Like that we have proposed eight steps.

We have also proposed that after making the littered plastic collectible, instead of sending it to the big industry to recycle we should train the scavengers, the rag pickers and conservancy workers to recycle it so that those people find economic value in that. And if they recycle it they recover some

money, that will be an incentive for them to do more and more recycling. The incidental advantage would be that the most economically deprived sections of the society also start getting value. This proposal has been shown to the Cabinet Secretary also. We are in the process of circulating that policy to the rest of the Ministries."

5.7 During the Committee's Study Tour to Hyderabad on 8.1.2015, officials of CIPET and Department of Chemicals and Petrochemicals informed the Committee that they proposed to establish a High Learning-cum-Vocational Training Centre (HLC-cum-VTC) at Medak, Telangana at a cost of Rs. 50 crore. The Committee were intimated that CIPET had already acquired 20 acres of land from M/s. Hindustan Fluorocarbons Ltd. (HFL) at Medak in November, 2014. After its completion, the two CIPET Centres in Hyderabad together will have the capacity to train about 5000 students in a year. The cost of Rs. 50 crore for the Centre is to be shared between the Government of India and Government of Telangana on 50:50 basis. CIPET further informed that the Telangana Government is willing to bear its share of 50 percent. CIPET, accordingly, have sought sanction of funds to the tune of Rs. 25 crore from the Ministry for the purpose and asked for the Committee's support in the matter.

5.8 In this regard, the Committee asked the Department to provide the latest position with regard to the progress made in the establishment of proposed HLC-cum-VTC at Medak and desired to know whether the requisite funds of Rs. 25 crore as demanded by the CIPET for establishing High Learning-cum-Vocational Training Centre (HLC-cum-VTC) at Medak has been sanctioned/approved by the Government. The Committee also enquired about the status of the Vocational Training Centre (VTC) proposed to be set up by CIPET at Vijayawada. In reply thereto, the Department stated as under:-

"CIPET, in mid term appraisal, has proposed scheme for Enhancing the Capabilities in Academic Activities (Skill Development Training Programs) at CIPET Centres, *inter-alia*, including "Establishment of Vocational Training Centre at Vijayawada" at a total cost of Rs.50.00 crore, on 50:50 cost sharing 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."

5.9 During the course of evidence, the Director General, CIPET further highlighted the progress made with regard to the proposed Centre at Medak as follows:-

"As regards the Centre at Medak, it is going to be a high learning Centre and skill development Centre. The Department was pro-active to order CIPET to procure land of 20 acres from the internal resources of CIPET which was basically to be done from the State Government. The Department has approved it and CIPET spent Rs. 7 crore to buy 20 acres of land from Hindustan Fluro which we have done after the clearance from the Ministry of Finance. Two months back, the clearance came and immediately, we purchased it. The sale deed has been done in our favour. We have opened a liaison office for the Medak centre exclusively at Hyderabad and this officer is following everyday in the Telangana Secretariat for getting the consent of the State Government to start the Centre. Because 50 per cent of the expenditure has to be borne by the State Government

and the rest of 50 per cent has to be borne by the Government of India. As far as Government of India is concerned, it is there in the Mid-Term Appraisal. It should be through. We are waiting for the State Government's approval. Once it is approved, we will take up this issue."

5.10 During the course of evidence, the Secretary, Department of Chemicals and Petrochemicals intimated about the Department's plans regarding development of skills development and innovation in the chemicals and petrochemicals industry as under:-

"We have also focused in the skill development and the Ministry is currently busy in developing skill development programme both for chemical and petrochemicals. In petrochemicals through CIPET, we have been training 42,000 candidates annually and all those 42,000 candidates are getting absorbed either in India or abroad. Therefore, now we have proposed to upgrade that from next year to one lakh candidates. CIPET has already planned to upgrade it to 82,000. It has to go step by step. In addition to that, in the chemical sector, there is a great need of skilled, semi-skilled manpower. There is no dedicated Institute in the country to supply that skilled manpower. Therefore, we have focused on that. We have already started working to develop a policy and programme on skill development in the chemical sector in cooperation and in consultation with the industry.

We are facing a lot of problems in some of our organisations and they have not been able to contribute the way they should contribute, though there is a wide scope for that. For that, we have already constituted the Innovation Committee where we are getting all the new ideas. And that Innovation Committee under my chairmanship is meeting very frequently and that is where all the autonomous bodies and the public sector organisations are brought together and we are trying to create competition among them, expose them to the rest of the country and also rest of the world in their respective sectors so that they can upgrade themselves and contribute more to the nation building."

II INSTITUTE OF PESTICIDE FORMULATION TECHNOLOGY (IPFT)

5.11 The IPFT was established in May, 1991 under the aegis of Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers as an autonomous institution for achieving the following objectives:-

- To develop and produce new pesticide formulation technology that is environment friendly.
- To promote efficient application technologies for new formulations suitable for the existing requirements.
- To disseminate information on safe manufacturing practices, quality assurances, raw material specification 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 specialized training and continuing education.
- Since its inception, the institute has made efforts to establish a healthy rapport with the pesticides industries 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 IPFT continues to be accredited by National Accreditation Board for Testing & Calibration Laboratories (NABL) as per ISO - 17025 (2005) for the analysis of Pesticides and CWC related chemicals. (AR, p. 53).

5.13 The Committee have noted that during 2015-16, IPFT has been allocated an amount of Rs. 1 crore plan allocation for continuation of the ongoing activities undertaken by it. When asked to state the status of progress of work of each of the projects sanctioned for IPFT during 12th Plan, the Department replied in a written statement as under:-

"The status of progress of work of each of the projects sanctioned for IPFT during 12th Plan are as per **Annexure**."

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 (N₂O₄) 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 N₂O₄ in the country, supplying to ISRO. HOCL now has 58.78% Government share holding.

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 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 utilized 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 on 31.03.2013, HOCL filed application to BIFR on 27 November, 2013 and was registered with BIFR on 8.10.2014. Recently, with the support of Government Guarantee amounting to Rs.150 crore, HOCL raised money from the market and restarted production at Kochi plant.

6.5 The physical and financial performance of the Company during the last five years is mentioned in the Table below.

Performance of HOCL

Year	Sales /Turnover (Rs. crore)	Net Profit / Loss (Rs. 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 As per the Department's Annual Report (p. 39), 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. In this regard, the Committee asked the Department to explain the major reasons for the huge loss being incurred by HOCL over the years since 2011-12 and what steps are being taken to address the problem. In reply thereto, the Department in a written reply stated as under:-

"Main reasons for HOCL's losses since 2011-12 are cash losses suffered by the company due to withdrawal of anti-dumping duties on its main products viz. Phenol, Acetone and Aniline, and increase in raw material prices (following increase in the crude oil prices during 2012 / 2013) which could not be passed on to the customers due to cheaper imports available. The continuous cash losses resulted in erosion of working capital and, hence, the operations of the company deteriorated, resulting in stoppage of process plants for long periods. Further, the uneconomical small capacity and outdated technology of HOCL's plants, high manpower cost and high power cost (Rasayani unit) have also been adversely affecting the company's financial performance over the years.

To address the problems, HOCL had earlier engaged M/s FEDO (FACT Engineering and Design Organization) as a consultant for conducting a revival study of the company. The report of M/s FEDO has been examined by the Board of Directors of HOCL. The Board has decided to appoint a new consultant of international repute 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 & international scenario in the chemical sector.

Due to continuous cash losses since 2011-12, the Net worth of the company was completely eroded and was (-) Rs.310.01 crore as on 31.03.2014. As HOCL became a sick company, it is registered under BIFR with Case No. 501/2014. The first hearing of HOCL in BIFR was held on 27.01.2015 and the next hearing is scheduled on 22.07.2015. It is expected that 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 time of next hearing.

6.7 HOCL has engaged M/s FEDO (FACT Engineering and Design Organization) as a consultant for conducting a revival study. The consultant has submitted their draft report which, after approval of Board, will be submitted to BIFR for consideration and further decision.

6.8 In light of the above, the Committee asked the Department to spell out immediate and short-term measures that the Department/HOCL management have taken to check such a huge loss being incurred by HOCL and whether any mechanism has been put in place to maintain the performance of the HOCL. In reply thereto, the Department in a written reply stated as under:-

"As on 31.03.2013, HOCL had accumulated losses of Rs.528.83 crore and the net worth eroded to (-) Rs.131.15 crore. In order to enable HOCL to tide over its liquidity problems and facilitate smooth running of the company, the Government on 01.08.2013 approved (i) the postponement of redemption of Rs.270 crore preference shares of the Govt. of India from the originally scheduled FY 2011-12 to 2015-16 onwards, and (ii) extension of Govt. guarantee for Rs.100 crore (issue date 19.12.2001) utilized for liquidating high cost debt for another period of 5 years i.e. up to 28.08.2017.

Further, Govt. guarantee for Rs.150 crore has been provided in July, 2014 for issue of redeemable, non-convertible Bonds by HOCL for working capital and repayment of liabilities towards raw material suppliers, contractors, bank loan, statutory and employee dues. Funds of Rs.150 crore against the Govt. guarantee have been raised by HOCL in October, 2014 which has enabled the company to restore operations of manufacturing units at Kochi Unit after a long gap. After restoration of operation at Kochi Unit, there was a steep downfall in crude prices which further affected the profitability of the Company. However, in spite of severe cash crunch, the company successfully restored operations of Nitrobenzene plant at Rasayani Unit.

As a long term measure to revive the company, it is expected that 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."

6.9 The Department has informed the Committee that HOCL has been making efforts to reduce the cost of production and generate revenue. 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.

6.10 In light of the above, the Committee desired to know the current status of the plan to utilize vacant land at Rasayani and asked the Department to explain the options being explored to make profitable use of the land and their status and the time by which the proposal is likely to be materialized. In reply thereto, the Department stated as under:-

"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."

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

"Regarding HOCL, I would submit that it is a sick industry. Earlier it was making profits, but due to market situation and prices, and lifting of anti-dumping duties, the unit ran into losses. HOCL is having two units at Kochi and Rasayani. Kochi unit was making profits, but the Rasayani unit was making losses. Of late, I think, for the last two years, Kochi unit also ran into losses. Now, within this one year, hon. Minister and the Secretary have made very sincere efforts and supported these two units. We got sanction from the Expenditure Department to raise Rs. 150 crore from the market. This money was utilized in operationalising the two units. The Kochi unit is running from October. Later on, due to crash of crude prices, it ran into problems. Again, it was operationalised and it is running normally now at more than 100 per cent capacity. At Rasayani, two units have been operationalised in the last month – nitrobenzene and dinitrotetroxide. For dinitrotetroxide unit, we have support from the ISRO. This is the only unit which is making dinitrotetroxide which is used in ISRO. Earlier, they had financed and set up the unit and were producing the 500 MT of dinitrotetroxide, but now they are having another proposal to set up a second unit so that uninterrupted dinitrotetroxide is supplied to the ISRO. They are now paying the money and have sanctioned some funds. They have refurbished the first unit and operationalised it. Due to technical snag, it had stopped functioning for one month. After that, it has again been operationalised. Now, it is working. Slowly, we are making efforts to bring this Rasayani Unit on track.

DCPC is making several efforts. First of all, we wanted to do judicious utilization of surplus land because the Rasayani unit is having 1,060 acres, out of which the said unit has already utilized almost 550 or 560 acres. We are having a surplus of 500 acres. Now, we are in negotiation with BPCL and GAIL. GAIL wanted 1600 acres. They came there and had seen the land. They wanted more land, but they are having this proposal.

The second thing is that we have offered 60 acres of land to the CONCOR to set up a multilogistic park for the Railways. This is linked with the revival plan of the unit. So, we are waiting for it.

Another thing is that it is having land at Panvel which is to be used for commercial and residential purposes. Already Engineers India Ltd (IEL) is interested and we are exploring the possibilities of how to utilize that land.

Then, BPCL is also interested in 60 to 70 acres of land in Rasayani. They wanted to set up their bottling plant. We are making efforts to generate income and to revive the unit because so many employees are there. Now, the units have started working. Slowly and slowly, the arrears will be cleared. Later on, the arrears of salary will be cleared. We will operationalise. Once these short term measures have been taken to stabilize the units, medium term measures will be started, including exploring the possibility to set up JVs and all other options."

6.12 Further responding to the query as to how the progress could be made, the representative of the Department added as under:-

"Sir, regarding HOCL, Hon. Minister had taken a meeting to review the status of HOCL. Immediately after that a sum of Rs. 150 crore was released and in the meeting it was decided to de-merge the two units, the Kochi unit and the Rasayani unit. Now Kochi unit is making profits but in the recent past the Department made efforts to impose Anti Dumping Duties on Phenol and Acetone and because of ADD it has been making profits. In future this would become viable because it is earning profits. At this time the margins are very good hence it is operationalised. Slowly it will be back on track but it

will take some time. The hon. Minister and the Secretary are taking meetings and monitoring every fortnight to find out as to what is happening in these units. We are in touch with them and in the recent past, the HOCL Rasayani unit has been operationalised. HOCL has operationalised two units. Actually once we get this Rs. 60 crore or Rs. 70 crore from this leasing of land from CONCOR to set up multi logistic park, Rs. 60 to 70 crore is sufficient to run the Rasayani unit. Rs. 60 crore or Rs. 70 crore is sufficient to run the Rasayani unit because once you remove extra labour after paying VRS and arrears, expansion of the capacities will be taken up. For example, expansion of formaldehyde, dynitro tetra oxide and nitric acid do not require not more than Rs. 10 crore. So, things will improve. 300 employees have opted for VRS and they are not having funds to pay them because they require Rs. 60 crore and they do not have so much of money. Once these 300 employees are given VRS, the units will reach breakeven point and it will start making profits. In HOCL, for the last about 15 to 20 years, they have set up 21 units and these units slowly closed down. They have engaged so much man power and they are closing down the units but the man power was not reduced. Now, only four units are working and the man power is the same. So, earlier, the turnover was Rs. 580 crore to Rs. 600 crore. At that time, wage bill was Rs. 120 crore. Now, the turnover is only Rs. 180 crore but still the wage bill is Rs. 120 crore. So, this has to be addressed. Our Secretary is taking this issue very seriously in the Innovation Committee meeting and the Department will address these issues and bring back the HOCL Rasayani unit and Kochi unit on track. In the next few years, we will go for expansion also. This is our revival plan.

II. Hindustan Fluorocarbons Limited (HFL)

6.13 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 sectors. The factory is located at Rudraram, District Medak, in Telangana.

6.14 The company is 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.

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

Performance of HFL

Year	Turn Over (Rs. in Crore)	Net Profit (Rs. 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

6.16 During 2014-15 (up to December 2014), the company has achieved a turnover of Rs. 22.55 crore and a net profit of Rs. 0.13 crore, as per the provisional, unaudited results.

6.17 HFL has undertaken the development of specialized PTFE, i.e. modified PTFE, and a plan loan of Rs. 3.60 crore has been provided for this purpose by the Department to the company which plans 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

A	Refurbishment Plans
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	New Schemes/Projects
1	Hexafluoropropane (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

When the Committee asked the Department to provide details of the Department/HFL's plans to turn around the company on the growth path, the Department in a written reply stated as under:-

"HFL 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 sectors. However, the profit margin from PTFE is less as compared to fluoro specialty chemicals. Hence, company has adopted the strategy to develop fluoro specialty chemicals. Following steps have been taken in this direction:

- (i) Manufacturing of Telomers: The Company is focusing on export of Telomers to USA because it fetches higher profit margins.
- (ii) Manufacturing of Modified PTFE: Superior grades of PTFE are being developed and same will be exported wherein margins are more than the ordinary grades of PTFE. A plan loan of Rs.3.60 crore has been provided in 2014-15 for this purpose by the Govt.
- (iii) Income will be generated from the developmental work of fluoro chemicals for Vikram Sarabhai Space Centre (VSSC), Trivandrum, and DRDO.
- (iv) Unused land will be utilized to generate solar power for captive use in order to save electricity bill.
- (v) Diversify in areas of skill development and technical consultancy for plastic industries.

Plan loan of Rs.13.20 crore has also been provided to the company in 2014-15 for refurbishment scheme and Hexafluoropropane (HFP) and Fluorinated Ethylene Propylene (FEP) related projects which are expected to improve the company's performance."

6.19 During the Study Visit of the Committee to HFL at Rudraram in Medak District of Telangana on 9.1.2015, the Committee were apprised that the Company is in the process of restructuring and has been planning to downsize its employee strength too. The Company has been demanding funds to the tune of Rs. 15 crore for implementation of VRS for its employees from the Ministry and requested the Committee's help in this regard, the Committee desired to know the details of the progress made with regard to the demand of Rs. 15 crore by HFL for implementation of VRS for its employees and asked the Department/HFL to explain how this will lead to efficiency and productivity of HFL. In reply thereto, the Department stated as under:-

"So far no Plan/Non-Plan budgetary support has been provided by the Government to HFL for implementation of VRS for its employees. Due to the weak financial position and paucity of funds, the company is not in a position to implement VRS from its own resources. However, if VRS is implemented, employee wage bill will be reduced and with the remaining staff new projects can be effectively taken up by the company."

III. HINDUSTAN INSECTICIDES LTD. (HIL)

6.20 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 Cochin 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.

6.21 DDT accounts for almost 47-48% of turnover of the company and is supplied only to the National Vector Borne Disease Control Program of the Government of India. The Company supplies DDT to other countries also.

6.22 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.

6.23 During 2014-15 (up to December 2014), the company has achieved a turnover of Rs. 184 crore and a net profit of Rs. 0.95 crore, as per the provisional unaudited results.

6.24 The performance of the company over the last 5 years is as follows:

Performance of HIL

Year	Sales Turnover (Rs. in crore)	Net Profit (Rs. 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	330.35	1.84

6.25 When the Committee asked for specific measures being taken to take the Company to a sustained path of growth and development, the Department in its reply stated as under:-

"There is continuous increase in profit before interest of HIL and same has gone up from Rs.5.61 crore in 2009-10 to Rs.10.92 crore in 2013-14. The reduction in net profit is only because of the increase in interest burden which has gone up from Rs.2.54 crore to Rs.9.07 crore which was basically due to delay in releasing the payment of DDT from the Ministry of Health.

The new initiatives taken by the company like introduction of new technicals, new tools for disease vector control and diversification into seed sector are expected to take the company on a path of sustainable growth."

6.26 HIL has taken an initiative to develop alternative vector control methods including development and production of Long Lasting Insecticidal Net (LN). A new product, to be used for Indoor Residual Spray (IRS) as an alternative for DDT, is under development at a renowned University. The new molecule is expected to be a major breakthrough in vector control. Further, IRS and LN, being complimentary vector control tools, will strengthen the company's presence in this segment.

6.27 When the Committee asked to furnish a detailed status report on the progress made by HIL in its new initiatives/projects, the Department in its reply stated as under:-

"HIL has taken initiatives to develop alternative vector control methods and Long Lasting Insecticidal Nets (LN). The sample of the insecticides net developed by CIPET is currently undergoing testing at various labs. After ensuring that the LN meets specifications, HIL will initiate action for CIB registration and commercial production.

With reference to Indoor Residual Spray (IRS), the sample of the new product has been isolated in the lab at ICT, Mumbai. This is being subjected to various tests. The product has already been tested with reference to insecticidal property which is encouraging. Other tests are underway.

Further IRS and LN being complimentary vector control tools will strengthen the company's presence in this segment."

6.28 When the Committee expressed their concern about spurious pesticides and desired for setting up of more pesticides/insecticides plants, the Managing Director, HIL responded during the oral evidence as under:

"sir, putting up a manufacturing facility at every place will become a very costly proposition because we have to put all the infrastructure at one place. We are concerned about the issue of spurious pesticides. That is why we are increasing our technical production from 5 to 18 so that we can increase the technical formulations. We are taking all the actions to increase the number of products so that we are present in every segment as a result of which spurious pesticides market will come down. We will address that issue."

6.29 When the Committee desired to know about the efforts being made by the Department/HIL to cut procedural delay in payments by Ministry of Health and Family Welfare, the Department in its written reply stated as under:-

"As the final price of products supplied by HIL to Ministry of Health & Family Welfare is computed and recommended by Costs & Accounts Branch, Ministry of Finance, the Department of Chemicals & Petrochemicals has taken up the matter of delay in payment from Ministry of Health with the Ministry of Finance. After deliberations/meetings, Ministry of Finance has asked its Costs & Accounts Branch to :

- a) Reduce the gap between provisional price (received during the year of supply) and the final-price; and
 - b) Reduce the time in recommending the final price for each year.
- Cost & Accounts Branch, Ministry of Finance, is taking necessary action on the same."

6.30 On being asked by the Committee to furnish a detailed status report on the progress made with regard to the Pendimethalin project and the project to upgrade plant facilities at Udyogmandal, the Department in its written reply stated as under:-

"HIL has already applied for the "consent to establish" the Pendimethalin project from the Kerala State Pollution Control Board. Central Insecticides Board (CIB) registration also has been applied for. Detailed engineering work is in progress and technical documents for the purchase of equipments is being prepared for tendering. Subject to timely receipt of the above clearances, the project is likely to be completed by August, 2016. As for the Udyogamandal project, HIL has tied up for technology for the proposed multi product plant facility at Udyogamandal. Procurement and erection activity will be taken up after release of the Plan loan provision of Rs.10 crore for the project."

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.5,460.61 crore. A joint venture company namely Brahmaputra Cracker & Polymer Limited (BCPL), is implementing the project. Owing to various reasons, the project has witnessed cost and time overruns. The revised cost estimate of Rs. 8,920 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 December, 2014, the overall physical progress was 99% and the cumulative capital expenditure incurred, was Rs.8,086.79 crore i.e. 90.66%. The Department of Chemicals & Petrochemicals has released capital subsidy amounting to Rs.4,690 crore to BCPL. The pre-commissioning activities in different units are in progress.

7.3 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 the project has been scheduled for June, 2015.

7.4 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.

7.5 On being asked to furnish the latest up-to-date position on all components of the Assam Gas Cracker Project, the Department replied in writing as under:-

"As on 15.03.2015, the overall physical progress 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.

The pre-commissioning / commissioning activities in different units are going on and the commissioning of following units have been achieved:

- Rich Gas and Lean Gas pipeline: Duliajan - Lepetkata - Duliajan
- Captive Power Plant – GTG-I, HRSG-I and UB-1 and the trial run is under progress.
- Fuel Gas Header, Flare System, Fire Water System, Plant Air, Instrument Air & Nitrogen Plant, Cooling Tower – 1 & 2, Raw Water Treatment Plant (in manual mode), DM Water Plant.
- Bagging Machine at PPU."

7.6 When the Committee desired to know the various measures being taken to ensure that the project is commissioned as per the latest dateline, the Department in its written reply stated in writing 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 achievement committed target dates.
3. Extending financial assistance to the contractors facing financial crunch and off loading work of the non performing agencies.
4. Pre-commissioning / commissioning of the remaining units at Lepetkata are in progress.
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 due 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 for expediting the execution."

7.7 The Standing Committee, constituted to look into the time and cost overruns, has examined the reasons for cost and time escalations and submitted its report. The proposal will be placed before the Public Investment Board (PIB) and Cabinet Committee on Economic Affairs (CCEA) as per the laid down procedures.

7.8 When the Committee asked the Department to furnish the major findings and conclusions of the Standing Committee, the Department in its written reply stated as under:-

"The Standing Committee to fix the responsibility for time and cost overruns, inter-alia, identified the following reasons for delay in commissioning of the project:

- (i) Lack of adequate and effective supervision by Engineers India Limited (EIL), the Engineering and Project Management Consultant (EPMC) for the project;
- (ii) Delay in permission from statutory authorities (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 & machinery);
- (v) Under Estimation of storage capacity of raw material;
- (vi) Misplacement / mismanagement of material;

- (vii) Loss of working days due to bandh, strike, rain etc.
- (viii) Macroeconomic factors beyond control of the implementing agency like foreign exchange fluctuation, statutory levies, price escalation and interest during construction on account of delay in receipt of capital subsidy.

7.9 On being enquired about the details of the estimated number of employments to be generated on its completion, the Department replied in writing as under:-

"The total employees on BCPL roll as on date are 432. The total estimated employees on completion of the project is 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 1200 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."

7.10 Responding to the Committee's queries regarding the Department's plans for the Northeast in terms of setting up Plastic Parks and how that can be aligned with the Assam Gas Cracker Project, the representative of the Department elaborated during the evidence as under:-

"The second point regarding plastic parks was about BCPL. A lot of polymers will come out after June, 2015, around 2,80,000 tonnes per annum. That ideally should be utilised within the North-East because carrying it to far off places will involve a lot of transport costs. In Assam, we have one Plastic Park in Tinsukia, not very much distant but near the BCPL. We are even releasing the second instalment there. We have released Rs. 8 crore; we are releasing Rs. 14 crore. So, around 60 to 100 units will come in that plastic park.

There was another request for one more Plastic Park near Guwahati. We will consider that when we are enhancing it from four to ten; the additional six will depend on the State Governments' proposals and how viable they could be.

With regard to the BPCL, We already had one regional workshop in Guwahati last year where we invited all the State Government representatives, industry associations, BCPL, CIPET, and other stakeholders to find out how we can consume the polymers within Northeast only. The second such national workshop is being planned in near future. We already have moved the file and the Minister is keen to participate in that. We have asked for the date from the Minister so that it should coincide with the commissioning. When we commission in June and polymers come out, we plan after that. It should go together. In fact, BCPL has also contacted all 8 State Governments including Sikkim, regarding who all entrepreneurs are there; what facilities they want and how they can put their production facility for plastics. They are working on that. Wherever needed CIPET will do the hand holding work for initial setting up, research, training or providing skilled manpower etc."

B. CHEMICAL WEAPONS CONVENTION (CWC)

7.11 India is a signatory and party to the Chemical Weapons Convention (CWC), of the Organization for the Prohibition of Chemical Weapons (OPCW) with Head Quarters at The Hague, Netherlands. The Convention is a universal, non-discriminatory, multi-lateral, disarmament treaty which prohibits the

development, production, stock-piling and use of chemical weapons and monitors its elimination in order to secure chemical weapons free world. India signed the treaty at Paris on 14th day of January 1993. India, pursuant to provisions of the Convention enacted the Chemical Weapons Convention Act, 2000. As on date, 193 countries are parties to the Convention. India was the First State Party to secure the distinction of chemical weapon free state Party by destructing all its stockpile of its chemical weapons amongst all State Parties of the Convention. The Department of Chemicals & Petrochemicals is the administrative department of CWC Act, 2000. Department of Chemicals & Petrochemicals (DCPC) is responsible for all matters relating to production, consumption, import and export of Schedule II and Schedule III chemicals producing units, including Other Chemical Producing Facilities (OCPF), that includes preparation and filing of Annual Declaration of Past Activates (ADPA) and Annual Declaration of Anticipated Activates (ADAA) and facilitating inspections of Chemical Plants by OPCW inspection teams. (AR, p. 27).

7.12 India hosts OPCW Inspections as per the provisions of the Convention to ensure that the activities do not violate the provisions of the CWC of the Scheduled Chemicals and OCPF. Till date, India hosted 185 such inspections under CWC, however, the inspection teams did not find even traces of presence of Schedule I chemicals in any one of the above inspections. The DCPC deutes competent technical officers for on sight industrial inspections along with visiting international inspection teams for preparation of pre-inspection briefing and for smooth conduct of inspections.

7.13 The Department has set up six Help Desks in PPP Mode in association with the Indian Chemical Council at various places having industry presence as indicated in the Table below.

CWC Help Desks

Sl. No.	Help Desk	States
1.	Hyderabad	Andhra Pradesh, Orissa, Chhattisgarh
2.	Kolkata	West Bengal, Bihar, Jharkhand and North Eastern Region
3.	Delhi	Uttar Pradesh, Himachal Pradesh, Haryana, Punjab, Chandigarh, Uttarakhand and Jammu & Kashmir and Delhi
4.	Mumbai	Maharashtra, Goa, Rajasthan, Madhya Pradesh
5.	Chennai	Tamil Nadu, Kerala and Karnataka
6.	Vadodara	Gujarat

7.14 India has the distinction to be the First State Party to set up Help Desks amongst all the State Parties of the Convention. These Help Desks act as an important interface between Government and Chemical Industry, covered under the convention for facilitating compliance with the obligations of the convention. These Help Desks promote awareness, support to guide and encourage the industrial units and make them understand the necessity under the Convention to file declarations. Further, the Help Desks organize several training / awareness programmes in their respective jurisdiction for representatives of declarable industrial units. Under CWC Plan Scheme, an amount of Rs.86.5 Lakhs have been utilized out of the

sanctioned amount of Rs.88.00 lakhs, to conduct various activities of the Help Desks. Apart from the above, the Help Desks undertake the following activities:

- Disseminate information on CWC and the obligations of the chemical industry, under the CWC Act.
- Identification of new units, which are potential declarants, through industry surveys and facilitate their filing of declarations.
- During the year 2014, total 15 awareness programmes have been conducted.

7.15 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:-

"The Various activities undertaken by the National Authority during the last one year (2014-15):

- I. Submission of 73 declarations of Annual Declaration on Anticipated Activities (ADAA) and 592 Declarations of Annual Declaration on Past Activities (ADPA) of 2014 to OPCW, The Hague, The Netherlands.
- II. Facilitated 25 inspections carried out by OPCW team in India for calendar year 2014.
- III. 12th Regional Meeting of States Parties belonging to Asian Region in July 2014 was organized in collaboration with OPCW.
- IV. Basic course on Assistance & Protection programme was organized in collaboration with OPCW in August 2014.
- V. Participated in the deliberations of policy making organs of the OPCW viz. The Executive Council and the Conference of States Parties. Provided technical inputs to Permanent Mission at Hague, The Netherlands.

Major findings during its trial inspections of chemical plant sites under CWC:

During the calendar year 2014, a total number of 25 OPCW Inspections were carried out. These inspections revealed that there is consistency between the Declarations and the actual ground situations. The OPCW teams were satisfied that there was no production of Schedule 1 Chemical in any of the chemical facilities inspected." (RLOP, p. 50).

C. CHEMICAL PROMOTION AND DEVELOPMENT SCHEME (CPDS)

7.16 When the Committee asked the Department 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 in its written reply stated as under:-

"Department of Chemicals & Petrochemicals in association with industry organizations have organized various International and National seminars, conferences, workshops etc. for the development and growth of Indian Chemical and Petrochemical industry. The important International seminars conducted during the year 2014-15 are India Chem 2014, Advancements of Polymeric Materials, 2015, 6th International Convention on Colorants-2015, 8th Annual India

Outlook Conference, 5th Asia Oceanic Conference on Green and Sustainable Chemistry, CORCON-2014, CHEMINAR-2015 etc. The National Conferences/seminars/workshops such as Environment Management, Green Chemistry, National Agro Conference , New Horizons for Plastic Industry, Campaign for promotion of chemical industry (through out the year), workshops on Health, Safety, Security and Environment etc were conducted during the financial year."

7.17 When the Committee asked the Department to highlight the major benefits of organizing India Chem and India Chem Gujarat events, the Department in a written reply stated as under:-

"INDIA CHEM

Since its inception in year 2000, India-Chem has been a platform for exchange of ideas, creation of awareness about new products and technologies and exploration of possibilities of enhancement of trade, investment and cooperation in the Chemical, Petrochemical and Process Plant Machinery sector in India. The event has provided an excellent opportunity for the Indian Chemical industry to show case its capability and strength to the World Chemical Community and to attract investments into India in this growing sector.

Japanese companies like Mitsui, Mitsubishi, Kuraray, Kyowa Hakko etc and American companies like EI Dupont, Exxon Chemicals, Rockwell, Rohm & Has who have invested in Indian market are associated with India Chem series of events. The last edition of India Chem saw a tremendous growth in the participation of Iranian companies and they have tied up with the Indian companies for trade and investments. Iran has shown a keen interest for a Reverse SEZ wherein Indian Companies may invest in Iran which will enhance the trade ties between the two countries and export from Iran to other countries.

INDIA CHEM GUJARAT

More than 50% of the Chemicals production units/facilities are in the state of Gujarat. Thus, it was decided that a focused show on the Specialty Chemicals & Agrochemicals would be organized in Gujarat i.e India Chem Gujarat. Indian Chem Gujarat during the last 3 editions has been helpful for the SSI and SME units in Gujarat to tie up with the National & International companies which has helped them to enhance their trade. SME sector will play an important role in the revival of the Indian economy and the Make in India initiative of Government of India in the Chemical sector in the years ahead. India Chem Gujarat would be an important event for the success of these SSI and SME units and will emerge as an important event to foster growth in the Chemical sector in India."

7.18 The Committee desired to know whether there is any proposal to take these promotional events outside Gujarat to other States. In reply thereto, the Department stated as under:-

"Subject to receipt of proposals from the State Governments concerned and availability of funds , all the such proposals shall be considered on a case to case basis."

Chapter VIII

NEW SCHEMES OF PETROCHEMICALS

National Policy on Petrochemicals

8.1 Under the National Policy on Petrochemicals, the following 3 schemes are being implemented by the Department:-

1. Scheme on National Awards for Technology Innovation in Petrochemical and downstream Plastic Processing Industry:

Under National Policy on Petrochemicals published in 2007, the Department is implementing an Award Scheme to incentivize meritorious innovations and inventions in various fields of petrochemicals and downstream plastics processing industry.

The Award Scheme aims to motivate the inventors to carry out innovative R&D in the areas of Petrochemicals Industry, which in turn will improve performance/quality of the existing product in polymer and plastic. The ultimate objective of instituting the Award Scheme is to develop and maintain the petrochemical industry as a globally competitive industry using eco-friendly processes and technologies.

The National Awards for Technology Innovation are given in eight categories for innovation in areas such as Polymeric Materials, Polymeric Products, Polymer Waste Management and Recycling Technology and related areas. There are three sub-categories of Awards in each category, covering (i) individual/ team (ii) industry, and (iii) R&D institutions. The award money for each category is Rs. 2 lakhs. CIPET has been entrusted with the task of seeking and shortlisting nominations for the scheme.

16 “National Awards” and 14 “Runners-Up” were selected for the National Award for Technology Innovation in 2014-15 and the awardees were felicitated by Minister (C&F) in a function held on 21.02.2015 at Bengaluru.

2. Setting up of Centres of Excellence (CoE) in Polymer Technology:

The scheme for setting up of Centres of Excellence aims at improving the existing petrochemical technology and research environment in the country and to promote the development of new applications of polymers and plastics. Each CoE is expected to emerge as an internationally recognized Centre for the analysis and dissemination of existing global knowledge in the chosen fields, provide authoritative information to organization and companies for use in the implementation of their projects, while engaging in future path-breaking R&D efforts.

The scheme was approved in the year 2010. Two CoEs at (i) National Chemicals Laboratory (NCL), Pune - Centre of Excellence for Sustainable Polymer Industry through Research, Innovation & Training (CoE-SPIRIT) and (ii) CIPET, Chennai - Centre of Excellence for Green Transportation Network (GREET) were approved in FY 2010-11 during 11th Plan Period. With experience gained through this, it was decided to continue the scheme in 12th Plan Period (2012-17).

Further, three CoEs have been approved in the 12th Plan Period: (i) CoE for advanced Polymeric Materials at IIT, Delhi (ii) CoE on Sustainable Green Materials at CIPET, Bhubaneswar and (iii) CoE for Sustainable Polymers at IIT, Guwahati.

GOI is to provide financial support to the extent of maximum of 50% of total cost of the project subject to an upper limit of Rs. 6 crores over a period of three years. The remaining amount is to be met by the applicant institute and its partners. GOI's maximum contribution of Rs. 6 crore each has been released to the CoEs at Pune and Chennai. In the case of the remaining three CoEs, Rs. 4 crore each has been released to IIT Guwahati and IIT, Delhi and Rs. 6 crore has been released to CoE at CIPET, Bhubaneswar.

3. **Setting up of Plastic Parks**

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. The 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 Govt. has accorded final approval for setting up of Plastic Parks in Madhya Pradesh (Raisen district), Assam (Tinsukia district) and Odisha (Jagatsinghpur district). Proposal for a plastic park in Tamil Nadu (Thiruvallur district) has been given 'in principle' approval. Further, the SFC has recommended in December, 2014 the setting up of 6 additional plastic parks for implementation during 12th and 13th Plan period, which have been approved by the competent authority.

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.

The total cost of the project is Rs. 405 crore. It includes Rs. 160 crore for committed liability of existing scheme for 4 plastic parks in 12th Plan and Rs. 240 crore for 6 new plastic parks to be sanctioned in 12th Plan. The approved plan budget for the scheme in the 12th Five Year Plan is Rs. 75 crore. In addition, an outlay of Rs. 5 crore earmarked for payment of fee to the Programme Manager @ Rs. 0.50 crore average fee per plastic park.

Following the submission of DPRs and final approval, the Department has released the first instalment of Rs.8 crore of the Grant in Aid each to the concerned implementing agencies of the State Governments for setting up of plastic parks at Madhya Pradesh, Odisha and Assam, in the year 2013-14. The DPR, complete in all respect, is awaited from Tamil Nadu. Proposal for sanction and release of second instalment of Rs. 14 crore for implementation of the plastic park at Assam is being processed in current financial year (2014-15).

8.2 When the Committee asked about the concrete benefits that has accrued to the petrochemicals sector as a result of the CoE scheme since its inception till today, the Department in a written reply stated as under:-

"The scheme for setting up of Centres of Excellence aims at improving the existing petrochemical technology and research environment in the country and to promote the development of new applications of polymers and plastics. The following benefits have has been achieved through implementation of the scheme:-

S.No.	CoE	Outcome
1.	CoE- SPIRIT at NCL, Pune	The assets created have resulted in a boost to contemporary research in Polymer science and also contributed to training of several members of polymer industry and academia.
2.	CIPET, Chennai	Benefits are in terms of promoting academic, research and educational excellence through partnership between CIPET and Universities in USA and Canada.
3.	CIPET, Bhubaneswar	-do-
4.	IIT, Delhi	The resources and capabilities are being strengthened for furthering research activities in Advanced Polymeric Materials and Sustainable Polymers.
5.	IIT, Guwahati	The resources and capabilities are being strengthened for furthering research activities in Sustainable Polymers.

8.3 Regarding the Scheme of setting up Plastic Parks, the Department has informed that 'considering the fact that the existing 12th Plan budgetary allocation for the scheme 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 Niti Aayog/Ministry of Finance 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.'

8.4 In light of the above, the Committee asked the Department to spell out as to how does the Department plan to convince Niti Aayog/Ministry of Finance to sanction an additional amount of Rs. 400 crore to set up 10 Plastic Parks. In reply thereto, the Department stated in writing as under:-

"Indian Plastic Industry is large but highly fragmented with dominance of tiny/small and medium Units. The objective behind the scheme is to adopt a cluster development approach to synergise and consolidate the capacities owing to its benefits arising due to optimisation of resources and economies of scale. The other objectives of the scheme are :-

- Increase the competitiveness, polymer absorption capacity and value addition in the domestic downstream plastic processing industry through adaptation of modern, research and development led measures.

- Increase investments in the sector through additions in capacity and production, creating quality infrastructure and other facilities to ensure value addition and increase in exports.
- Achieve environmentally sustainable growth through innovative methods of waste management, recycling etc.

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.

Keeping in view the scheme aims to create quality infrastructure and increase investment in the sector leading to enhanced capacity, production and employment, both National Manufacturing Competitiveness Council (NMCC) and Committee of Secretaries (CoS) on "Boosting exports from MSME sector" requested DCPC to increase the number of Plastic Parks in the country. Further, Prime Minister's Office (PMO) has requested Government of Assam to expedite setting up of Plastic Parks in the State in view of the impending commissioning of the Assam Gas Cracker Project. Chief Minister, Haryana specifically also requested for a Plastic Park at Panipat.

The proposal for setting up of 10 Plastic Parks has been recommended by the SFC in a meeting held on 8th December, 2014 under the chairmanship of Secretary (C&PC) and the same has been approved by the Minister (C&F). Department of Expenditure has been requested to make provision for requisite funds.

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 Deptt. to take up the matter during the mid-term appraisal of the 12th Plan.

It is mentioned that the Govt. of India has launched the 'Make in India' initiative so that India could become a manufacturing hub in the world. The Plastic Park Scheme also has the same goal of promoting manufacturing in the area of plastic industry, and many States have requested to set up Parks in their States. The implementation of this scheme will help in realizing the goals of Make in India. Accordingly, the matter for sanctioning an additional amount of Rs. 400 crore to set up 10 Plastic Parks would be taken up with the NITI Aayog/Ministry of Finance."

8.5 On being asked about the progress made with regard to the proposal for setting up of 10 Plastic Parks and 6 additional parks for implementation during 12th and 13th Plan and where these parks are proposed to be set up, the Department in a written reply stated as under:-

"The Standing Finance Committee (SFC) recommended in 2013 the setting up of four Plastic Parks in the 12th Plan period. The Govt. has accorded final approval for setting up of Plastic Parks in

Madhya Pradesh (Raisen district), Assam (Tinsukia district) and Odisha (Jagatsinghpur district). Proposal for a plastic park in Tamil Nadu (Thiruvallur district) has been given 'in principle' approval. Further, the SFC has recommended in December, 2014 the setting up of 6 additional plastic parks for implementation during 12th and 13th plan period, which have been approved by the competent authority. Total 10 plastic parks have been approved, which include 4 plastic parks already approved by SFC in 2013.

Following the submission of DPRs and final approval, the Department has released the first instalment of Rs.8 crore of the Grant in Aid each to the concerned implementing agencies of the State Governments for setting up of plastic parks at Madhya Pradesh, Odisha and Assam, in the year 2013-14. The DPR, complete in all respect, is awaited from Tamil Nadu. Proposal for sanction and release of second instalment of Rs. 14 crore for implementation of the plastic park at Assam is being processed in current financial year (2014-15).

The locations of the 6 recently approved Plastic Parks will be finalised after detailed consultations with the State Governments."

8.6 When the Committee asked the Department whether, apart from 10 Plastic Parks under consideration, there are any other such proposals from other States and also asked about the Department's long-term plan on this. In reply thereto, the Department stated as under:-

"In addition to the four Plastic Parks (approved by the Planning Commission at Assam, MP, Odisha and Tamil Nadu), proposals have been received from Gujarat (Bharuch), Haryana (Panipat), Uttar Pradesh (Auraiya), Madhya Pradesh (Bhopal), Assam (Guwahati), Punjab (Bhatinda near HMEL refinery), Andhra Pradesh, Rajasthan (Bhiwadi). 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. Further decision on extension of the scheme beyond setting up of ten Plastic Parks will be taken depending on the demand for more Parks from the States and based on their performance as well as the overall benefits derived from the scheme."

CHAPTER IX**PETROLEUM, CHEMICALS AND PETROCHEMICALS INVESTMENT REGIONS (PCPIRs)**

9.1 Government of India has approved four Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs) in the States of Andhra Pradesh (Vishakhapatnam), Gujarat (Dahej), Odisha (Paradeep) and Tamil Nadu (Cuddalore and Naphapattinam) to promote investment and industrial development in these sectors. The PCPIR is envisioned to reap the benefits of co-siting, networking and greater efficiencies through use of common infrastructure and support services. Each PCPIR is a specifically delineated region having an area not less than 250 sq.km, wherein 40% of the area has to be for processing activities.

9.2 The concept of PCPIR is a cluster approach to promote the Petroleum, Chemical and Petrochemical sectors in an integrated and environment friendly manner, on a large scale. Government of India formulated the PCPIR policy in April 2007 to give a boost to this sector.

9.3 The State Governments carry out Environment Impact Assessment (EIA) and lead the project implementation. Government of India is ensuring infrastructure development in the PCPIRs through highways, rail links, ports, airports etc. through Public Private Partnership (PPP) 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.

9.4 The policy provides that each PCPIR would have a refinery / petrochemical feedstock company as an Anchor Tenant. Once fully established, these PCPIRs are expected to attract investment of Rs. 7,62,894 crore approximately. As on 31.12.2014 investments worth Rs.1,59,443 crore approximately have been made in these regions. Infrastructure with investment of Rs. 53,468.7 crore approximately is expected to be created in the PCPIRs, out of which the contribution of Government of India would be Rs. 4646.30 crore. The four PCPIRs are expected to generate employment for around 33.96 lakh persons. As on 31.12.2014 around 2.23 lakh persons have been employed in direct and indirect activities related to PCPIRs.

9.5 The massive scale of infrastructure development, industrial development and employment generation in the PCPIRs offer tremendous opportunities for domestic as well as foreign investments. Following advantages and opportunities are offered in the PCPIRs:

- Strategic locations at ports for domestic and global markets.
- Availability of adequate land with Government agencies and developers for allotment to industries.
- Excellent connectivity by road, train, airports.
- Institutional mechanism for management and implementation.
- Deregulated industry and promotion of 100% FDI.
- Ready availability of technical and skilled manpower.

- Opportunities for investment window in infrastructure through PPP mode.
- Forming of consortium with Indian partners e.g. refinery/cracker complex, large industrial units, etc.
- Investments in utilities and services including Waste Management, Housing, Hospitals, Education, Training etc.

9.6 As per the Department, the latest position with regard to progress made in all the four PCPIR projects is as follow (as on 31.1.2015):-

"The latest position with regard to progress made in all the four PCPIRs projects is given below:

Gujarat: The PCPIR is being implemented at Dahej in Bhurch district over an area of around 453 sq. km. ONGC Petro additions Ltd. (OPaL), the Anchor Tenant, is setting up dual feed Cracker complex of 1.1 Million tone ethylene and 0.6 million tone propylene production capacity. Pre-commissioning activities of the Cracker 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. As on 31.01.2015, investments to the tune of Rs. 70,649 crore have been made against initial estimated investments of Rs. 50000 crore and employment has been generated for around 78000 persons.

Andhra Pradesh: The PCPIR is being implemented at Vishakhapatnam- Kakinada region over an area of around 604 sq. km. Hindustan Petroleum corporation Ltd. (HPCL) and GMR were identified as Anchor Tenants. HPCL is looking for partners to set up a 15 million tons per annum capacity refinery-cum- petrochemicals complex. Revised draft final Master Plan, addressing the objections from public, is being submitted to the State Government for approval. Environment Impact Assessment study has been carried out by Environment Protection Training and Research Institute (EPTRI), Hyderabad. Environment Management Plan and EIA study has been submitted to AP Pollution Control Board. Public hearing has to be conducted in near future. As on 31.01.2015, investments to the tune of Rs. 37,010 crore have been made against initial estimated investments of Rs. 3,43,000crore and employment has been generated for around 93,500 persons.

Odisha: The PCPIR is being implemented at Paradeep in Jagatsinghpur district over an area of around 284 sq. km. Indian Oil Corporation Ltd. (IOCL), the Anchor Tenant, is setting up a 15 million tons per annum capacity refinery. 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. Proposals have been received from EPTRI / National Institute of Oceanography (NIO) to prepare terms of reference for Environment Impact Assessment study. As on 31.01.2015, investments to the tune of Rs. 45,000 crore have been made against initial estimated investments of Rs. 2,77,734crore and employment has been generated for around 38000 persons.

Tamil Nadu: The PCPIR is being implemented at Cuddalore-Nagapattinam Region over an area of around 257 sq. km. Govt. of Tamil Nadu signed MoA with Govt. of India to implement the PCPIR in February, 2014. The State Govt. 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. As on 31.01.2015, investments of around Rs. 7,812 crore have been made against initial estimated investments of Rs. 92,160 crore and employment has been generated for around 14000 persons." (RSLOP, pp. 14-15).

9.7 A snapshot of the four PCPIRs is given below:

PCPIR Snapshot

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.)	453.00	603.58	284.15	256.83
Processing Area (Sq.kms.)	248.00	270.00	123.00	104.00
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 MMTPA	Cracker: Ethylene: 1.1 Propylene: 0.6	9.3 to 15 (expansion of existing refinery) 15 (Greenfield).	15 (Greenfield refinery).	12 (Refinery).
Anchor Project Status	Expected Commissioning: June, 2015	Anchor Tenant for Greenfield project yet to come on board.	Expected Commissioning: June, 2015	Construction work, stalled since 2011, yet to restart.
Total amount of infrastructure projects approved (Rs. crore)*	7749.70	19031.00	13634.00	13354.00
GoI share in form of VGF (Rs. crore)*	80.50	1206.80	716.00	1143.00 1500.00 (budgetary support)
Proposed Investment (Rs. Crore)*	50,000	3,43,000	2,77,734	92,160
Investment made (Rs. Crore)	69,621	37,010	45,000	7,812
Projected employment (number)*	8,00,000	11,98,000	6,48,000	7,50,000
Employment generated (number)	78,000	93,500	38,000	13,950
Status of Master Planning notification	Development Plan sanctioned	Revised Draft final Master Plan, addressing objections from public, is being submitted to the State Government.	Preparation of Master Plan is in process.	Will be taken up after formation of PCPIR Management Board.
Status of EIA	CRZ Mapping and Land use classification in process. Draft final EIA to be submitted to MoEF.	EMP / EIA study submitted to APPCB. Public hearing to be conducted.	Proposal from EPTRI /NIO Goa is under evaluation by IDCO.	Will be taken up after formation of PCPIR Management Board.

*At approval stage of the Projects.

9.8 When the Committee desired to know about the status of progress made in the Coastal Regulation Zone (CRZ) Mapping and Land use classification and the latest position with regard to the Environment Impact Assessment (EIA) for the Gujarat PCPIR, the Department stated in writing as under:-

"The Coastal Regulation Zone (CRZ) Mapping and Land use classification has been finalised by Anna University and Bhaskaracharya Institute For Space Applications and Geo-Informatics (BISAG) as per the revised Terms of Reference (ToR) approved by the Expert Appraisal Committee of the Ministry of Environment and Forest.

Environmental Impact Assessment (EIA) report will be finalized by National Environmental Engineering Research Institute (NEERI), Nagpur. The EIA process is in final stage based on the final Terms of Reference (ToR) for the EIA approved by Expert Appraisal Committee (EAC) of MoEF in September 2013 with some additional points. The Public hearing has been conducted on 30th July, 2014 at Atali Housing, Dahej. Compliance of queries raised during public hearing has been submitted to Gujarat Pollution Control Board (GPCB). Minutes of Meeting (MoM) including all the queries submitted to MoEF on 9th September, 2014. NEERI will submit the Final EIA Report at the earliest."

9.9 The data also shows that the Anchor Tenant for Greenfield project in the case of Andhra Pradesh PCPIR is yet to come on board. When the Committee desired to know about the steps being taken to expedite the matter, the Department in its written reply stated as under:-

"As per the A.P. Reorganization Act 2014, IOC or HPCL shall within six months from the appointed day, examine the feasibility of establishing a Greenfield crude oil refinery and petrochemical complex in the successor state of A.P. HPCL is being pursued with. Department of C&PC has been encouraging Govt. of A.P., HPCL, GAIL and M/s GMR to explore possibilities to form consortium to setup Greenfield refinery cum petrochemical complex."

9.10 As per the data, in the case of Andhra Pradesh PCPIR, public hearing regarding Environment Impact Assessment (EIA) is yet to be conducted. In this regard, the Committee asked the Department when the public hearings will start and what efforts are being made to expedite various processes relating to the project within a fixed time frame. In reply thereto, the Department stated in writing as under:-

"Public hearing on draft EIA report is planned in the month of May 2015. After the public hearing draft EIA report will be submitted to MoEF for approval. This process is expected to be completed by July 2015."

9.11 As per the Department, preparation of Master Plan with regard to the Odisha PCPIR is in progress. In this regard, the Committee desired to know when the preparation of the Master Plan for the PCPIR will be completed. In reply thereto, the Department stated in writing as under:-

"The draft Master Plan of the Odisha PCPIR was prepared by L&T Ramboll. In order to prepare detailed Master Plan, the State Government has prepared draft Request for Proposals (RFP) to engage a consultant. The Steering Committee on PCPIRs in its meeting on 24-02-2015 advised Govt.

of Odisha to also have views from Industries / industry bodies on the draft Master plan in view of the requirements of industrial development in the PCPIRs. The RFP shall be released by the State Govt. after taking their views. Consultant may complete the Master Planning in 18 months from the date of engagement."

9.12 In the case of Tamil Nadu PCPIR, the Committee noted that construction work on the Anchor Project has been stalled since 2011 and the same is yet to restart. When asked to explain the situation, the Department in a written reply stated as under:-

"The overall progress of construction of the Petroleum Refinery project of Nagarjuna Oil Corpn.Ltd.,(NOCL) (a Joint Venture of Tamil Nadu Industrial Development Corpn. Ltd.,) in the Cuddalore District of Tamil Nadu and the designated Anchor Unit of the Tamil Nadu PCPIR was about 60% by end of Dec., 2011, when it was disrupted by 'Thane cyclone'.

The disruptions caused by this natural calamity and consequent delays resulted in escalations of the total cost of the project and requirement of additional equity from strategic and other investors. The Management of NOCL has been making efforts to resolve its project financing issues. The tie up for additional equity requirements will enable NOCL to draw additional term loans from the banks and restart the project construction work in 2015.

This project is to be implemented in two phases for an aggregate capacity of 12 million tonnes per year. The Phase-1 for 6 million tonnes per year capacity is expected to be commissioned in 2017 and Phase-II for the aggregate 12 million tonnes per year capacity is expected to be commissioned in 2018-19. The total investment made in this project as of 28.02.2015, is about Rs.8000 crore."

9.13 The Committee also observed that in the case of Tamil Nadu PCPIR, the PCPIR Management Board is not formed which resulted in the preparation of Master Planning and EIA getting delayed. When asked about this, the Department furnished the following explanation in writing:-

"The Government of Tamil Nadu is in the process of notifying the PCPIR in Cuddalore and Nagapattinam districts of Tamil Nadu. The process involves evaluation of the areas to be notified by the Directorate of Town and Country Planning, Govt. of Tamil Nadu and other stakeholders. It is expected that notification process will be completed within 1st quarter of 2015-16.

Govt. of Tamil Nadu has to form a PCPIR Management Board based on the PCPIR Policy. Tamil Nadu Industrial Development Corporation (TIDCO) and Engineers India Ltd. (EIL), a Govt of India Enterprise, have signed a Memorandum of Understanding on 22.03.2015, on cooperation for setting up of the Management Board for development of the PCPIR and development of Master Plan for the PCPIR. The activities of master planning and EIA shall be taken up after notification of PCPIR and formation of Management Board."

9.14 Concerned over the slow progress of the Tamil Nadu PCPIR, the Committee asked the Department what is the percentage of overall progress achieved in the said PCPIR and what steps are being taken to expedite Tamil Nadu PCPIR. In reply thereto, the Department stated in writing as under:-

"The progress of construction of Phase-I of Anchor unit namely the Petroleum Refinery Project of NOCL is about 60%.

The Steering Committee chaired by Secretary, Department of C&PC is regularly reviewing the status of implementation of Tamil Nadu PCPIR. The State Govt. has been requested to expedite the notification of PCPIR which is already in process with the State Govt. Simultaneously TIDCO will submit a proposal to the State Govt. on formation of the Management Board."

TIDCO is making efforts for mobilizing new investments in downstream Petrochemical units based on the refinery streams that will be available from the Petroleum Refinery Project of NOCL when it becomes operational."

9.15 Urging the Committee's help to impress upon the Tamil Nadu Government to expedite the works relating to Plastic Parks and PCPIR in the State, the Secretary, Department of Chemicals and Petrochemicals in the course of evidence stated as under:-

"Still we are awaiting complete DPR for Plastic Park from Tamil Nadu. We have kept Rs.8 crore for this year but we could not release as Tamil Nadu could not submit the proposal. Same thing is in PCPIR also, I would request you if you can prevail upon the Government of Tamil Nadu. They are going really slow. Last year, we signed MoA in February. Now, Tamil Nadu Government is supposed to notify PCPIR, and supposed to form Management Board within three months time; now, it is 14 months since then. Still, nothing has come out."

9.16 During the course of evidence, Committee reiterated the need to give priority to employment local people for big projects like PCPIR. Responding thereto, the Joint Secretary (Petrochemicals) of the Department of Chemicals and Petrochemicals stated as under:-

"In PCPIR, Odisha, last time also this question came and then we had a discussion with IDCO and the Government of Odisha. In employment, generally almost 90 to 100 per cent employment is to the local people unless they do not get the required labour force locally. When the IOCL refinery was constructed, we have those figures given by the State Government where they say that almost the entire work force they have engaged is from the local area. But definitely, Sir, once this industrial unit or anchor unit is commissioned, then also they have stipulation that minimum of that percentage of labour or even the officers has to be local. I hope and I am confident that the industries will follow it."

Chapter-X
Bhopal Gas Leak Disaster

10.1 An industrial disaster of unprecedented scale 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 death and injury to a large number of people. Various relief and rehabilitation measures were initiated immediately after the disaster, some of these are still continuing.

10.2 When the Committee desired to know as to how long the various relief and rehabilitation measures are likely to continue and whether the Department has envisaged any time-limit beyond which claims will not be entertained, the Department in its written reply stated as under:-

"The issue of fixing a cut-off date for receipt of Cancer and Total Renal Failure (TRF) application has been considered in consultation with ICMR, Government of Madhya Pradesh and Office of the Welfare Commissioner. ICMR has stated that there is no scientific evidence to establish a causal and effect relationship between exposure of toxic gas and Cancer and TRF manifestation in a person. Accordingly, it would be difficult to assign any cut-off date for applications received under Cancer and TRF 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 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."

S.No.	Head	Total Revised Estimates 2014-15	Exp. till 24.3.2015	Remarks
1	Ex-gratia	2633.00	2552.00	Rs. 5.00 crore is surrendered
2	Salaries	334.00	297.39	Rs.2.60 lakh is surrendered
3	Wages	41.00	20.23	
4	Medical Treatment	4.00	2.89	
5	TA(D)	6.00	1.23	
6	Office Expenses	328.00	159.41	Rs.157.00 lakhs is surrendered.
7	Prof. Serv.	2.00	0.33	Rs.1.67 lakhs is surrendered
8	Exchange rate variation	5.00	0.00	
9	Prof. Serv.	5.00	0.00	
	Total	3358.00	3033.48	

10.3 When the Committee desired to know about the details of utilization of the funds allocated during 2014-15 for BGLD, the Department in its written reply furnished detailed information in the form of a data as under:-

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 Supreme Court of India in its order dated 26th October, 2004 had approved further payment of pro-rata compensation to the Bhopal Gas Victims whose cases had earlier been settled. In compliance, till 28.02.2015, 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.

As per decision of the Cabinet, disbursement of ex-gratia to the Gas Victims was commenced by the Office of the Welfare Commissioner on 19.12.2010. Till 28.02.2015, 55,788 cases were decided by Office of the Welfare Commissioner and an amount of Rs. 751.21 crore has been disbursed to eligible claimants.

As reported by the Office of Welfare Commissioner, Bhopal that for the period ending February, 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, People’s Samachar, at regular intervals.

A meeting was taken by Secretary (C&PC) with the representatives of the Office of the Welfare Commissioner, Bhopal to review the progress made in the disbursement of ex-gratia cases. It has been decided in the meeting that the Office of the Welfare Commissioner should evolve a transparent system in consultation with Govt. of Madhya Pradesh and ICMR for early disposal of applications.”

10.5 Responding to the Committee's query on the latest position with regard to the disbursement of ex-gratia, the representative of the Department stated during the course of evidence as under:-

“Regarding Bhopal Gas Tragedy, the office of the Welfare Commissioner, Bhopal Gas Victims are disbursing ex-gratia to special category affected people. At this moment, office of the Welfare Commissioner have disbursed Rs.751.21 crore. Another Rs.123 crore is yet to be disbursed. We are having almost pending applications of 11,400. Funds for awarding pro-rata compensation to the tune of Rs.123 crore would be distributed this year and in the near future.”

Chapter- XI

Miscellaneous

I. Environmental pollution and degradation

11.1 When the Committee expressed its concern about pollution and environmental degradation caused by effluents from chemical industries and desired to know the measures taken by the Department in this regard, the Secretary of the Department, during the course of evidence, stated as under:-

"Regulation of environment compatibility of treatment plants is a subject matter of the Ministry of Environment, Forests and Climate Change. We are in the development of chemicals and petrochemicals. Though not directly, we are also involved in it to ensure that the chemical and petrochemical industries are also environment compatible. This Department has been actively involved with the industry, engaged in training them, cooperating with them to ensure environment compatibility.

I would like to give two examples to show how the Department is involved in that. One is that we have been directly going and visiting the chemicals industry all over the country, listing out their problems, coming and discussing, working as a platform with the authorities of environment both at the State level and at the national level, and then we are coming out with solutions. One set of solutions we have already come out with regard to the chemical industry of Gujarat and North Bombay.

For example, we have dealt with the problem of deep sea discharges of the industry cluster in South Gujarat. We have also handled the issue of this industry located at inter-State borders where they have to go to both the States. There the distance of 10 kilometres has been reduced to five kilometres. The industries that are located within the five kilometres of the inter-State border do not have to go to both the States for environment clearance.

We have also been able to successfully persuade the environment authorities that if the product mix change does not lead to additional load of effluent, then there should not be a demand for another environmental clearance by the authorities. Environment authorities have agreed for that also. We have also taken up the issue of lifting the industries in the South Gujarat from the critically polluted list. We are in negotiation with the Central Pollution Control Board, the Ministry of Environment and Forests, and the industry.

We have also been successful in getting our input accepted in the case of Comprehensive Environmental Pollution Index (CEPI). CEPI is the instrument by which the environment authorities declare that a particular area as critically polluted. So, we said that system, that principle, that apparatus, that instrument should be transparent. Secretary (Environment), Government of India has agreed to make this environment available to the industry. So the industry should also know why they have been declared critically polluting. These are one set of issues which we have been able to focus on environment."

II. All items/issues relating to chemicals and petro-chemicals under one Ministry

11.2 During the course of evidence, the Secretary of the Department stated as under:-

"We are also aware that in chemicals and petrochemicals, the administration is very disjointed, that is, for each sector, there is one Department in each Ministry whereas in chemicals and petrochemicals, this Ministry does not deal with all the chemicals and petrochemical items. For

example, agro-chemicals are with Ministry of Agriculture, soaps and detergents are with DIPP. Though we are the Department of Petrochemicals but out of four units, three petrochemical units are under the control of the Ministry of Petroleum. This 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 of the Department so that we can cohesively deal with all the issues because development of this sector is lagging behind and the criticality of the sector demands that all these things should be put together."

OBSERVATIONS/RECOMMENDATIONS

Overview of Chemicals and Petrochemicals industry

1. 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.

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.

Five year plan and Annual Plans

3. 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. Likewise, 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.

Demand for Grants 2015-16

4. 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.

Central Institute of Plastic Engineering and Technology (CIPET)

5. 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 that 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 with out any time and cost over run. 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.

Hindustan Organic Chemicals Limited (HOCL)

6. 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 as 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 (LN). 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.

Assam Gas Cracker Project

7. 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 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 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.

Setting up of Plastic Parks

8. 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 Govt. 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.

Petroleum, Chemical and Petrochemical Investment Regions (PCPIRS)

9. 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 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.

Bhopal Gas Leak Disaster

10. 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 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.

Miscellaneous

11. 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.

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 criticality 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.

New Delhi;
16 April, 2015
26 Chaitra, 1936 (Saka)

Anandrao Adsul
Chairperson
Standing Committee on
Chemicals and Fertilizers

MINISTRY OF CHEMICALS AND FERTILISERS
DEMAND NO. 7
Department of Chemicals and Petrochemicals

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

Industries	Major Head	Actual 2013-2014			Budget 2014-2015			Revised 2014-2015			Budget 2015-2016			
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	
1. Secretariat-Economic Services		3451	0.70	14.02	14.72	0.50	15.80	16.30	0.70	15.08	15.78	1.00	15.79	16.79
Petrochemical Industries														
2. Central Institute of Plastics Engg. and Technology (CIPT)	2852	140.96	...	140.96	87.81	...	87.81	85.68	...	85.68	83.68	...	83.68	
3. Subsidy to Assam Gas Project	2852	976.96	...	976.96	0.01	0.01	0.02	0.01	0.01	0.02	0.01	0.01	0.02	
4. New Schemes of Petrochemicals	2852	31.34	...	31.34	41.50	...	41.50	13.04	...	13.04	42.41	...	42.41	
Total-Petrochemical Industries		1149.26	...	1149.26	129.32	0.01	129.33	98.73	0.01	98.74	126.10	0.01	126.11	
Chemical and Pharmaceutical Industries														
5. Bhopal Gas Leak Disaster (BGLD)	2852	...	36.03	36.03	...	43.56	43.56	...	33.58	33.58	...	47.64	47.64	
6. Institute of Pesticides Formulation Technology (IPFT)	2852	4.34	0.59	4.93	5.00	4.30	9.30	1.89	4.07	5.78	1.00	3.70	4.70	
7. Chemical Weapons Convention (CWC)	2852	0.96	...	0.96	1.20	0.01	1.21	1.20	...	1.20	1.00	0.01	1.01	
8. Chemicals Promotion & Development Scheme (CPDS)	2852	2.83	...	2.83	4.30	...	4.30	4.00	...	4.00	1.90	...	1.90	
Total-Chemical and Pharmaceutical Industries		8.13	36.62	44.75	10.50	47.86	58.36	6.89	37.65	44.54	3.90	51.35	55.25	
Total-Industries		1157.39	36.62	1194.01	139.82	47.87	187.69	105.62	37.66	143.28	130.00	51.36	181.36	
9. Lumpsum provision for Project/Scheme for the benefit of the N.E. Region & Sikkim	2552	...	...	...	31.17	...	31.17	31.17	...	31.17	25.00	...	25.00
10. Loans to Public Enterprises														
10.01 Hindustan Fluorocarbons Ltd. (HFL)	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	...	0.01	0.01	...	0.01	0.01
Total, Loans to Public Enterprises		6856	...	...	20.50	0.01	20.50	20.50	0.01	20.50	5.00	0.03	5.03
11. Investment in Public Enterprises	6857	...	...	...	15.01	...	15.01	15.01	...	15.01	27.00	...	27.00

(In crores of Rupees)

	Major Head	Actual 2013-2014			Budget 2014-2015			Revised 2014-2015			Budget 2015-2016			
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
12. Waiver of Interest														
12.01 Hindustan Insecticides Ltd.	2862
12.02 Less - Receipts Netted	0049
12.03 Less - Receipts Netted	0862
	Net
13. Recoveries of Overpayment	2862	-0.15	...	-0.15
Grand Total		1157.94	50.64	1208.58	207.00	63.68	270.68	173.00	52.73	225.73	188.00	67.18	255.18	
B. Investment in Public Enterprises														
Chemical and Pharmaceutical Industries														
11.01 Hindustan Organic Chemicals Ltd. (HOCL)	12867	...	...	...	0.01	-33.41	-33.40	0.01	150.00	150.01	17.00	...	17.00
11.02 Hindustan Insecticides Limited (HIL)	12867	...	...	...	15.00	...	15.00	15.00	...	15.00	10.00	...	10.00
11.03 Hindustan Fluorocarbons Limited	12866	...	...	...	20.50	...	20.50	20.50	...	20.50	5.00	...	5.00
Net-Chemical and Pharmaceutical Industries Total		...	...	...	35.51	-33.41	2.10	35.51	150.00	185.51	32.00	...	32.00
C. Plan Outlay														
1. Petro-Chemical Industries	12866	1149.11	...	1149.11	149.82	...	149.82	119.23	...	119.23	131.10	...	131.10	
2. Chemical and Pharmaceutical Industries	12867	8.13	...	8.13	25.51	-33.41	-7.90	21.90	150.00	171.90	30.90	...	30.90	
3. Secretariat/Economic Services	13451	0.70	...	0.70	0.50	...	0.50	0.70	...	0.70	1.00	...	1.00	
4. North Eastern Areas	22562	...	...	...	31.17	...	31.17	31.17	...	31.17	25.00	...	25.00
Total		1157.94	...	1157.94	207.00	-33.41	173.59	173.00	150.00	323.00	188.00	...	188.00	

1. **Secretariat:** Provision of ₹ 1.00 crore 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, Panaji, Jaipur and Aurangabad. The provision of ₹ 83.08 crore for 2015-16 is for enhancing its capabilities in Academic activities (Skill Development Training Programme) and for research development work in emerging areas 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 ₹ 42.41 crore in 2015-16 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 disbursement of ex-gratia to Bhopal Gas Leak Disaster Victims and 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 awarding relief in professional services availed by the victims 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 ₹ 1,000 crore for 2015-16 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 myconherbicides 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 Chemical Weapons 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 ₹ 1,00 crore for 2015-16 includes provision for the promotional and other attendant activities.

8. **Chemical Promotion and Development Scheme (CPDS):** The budget provision of ₹ 1,90 crore for 2015-16 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 etc.

9. **Lump sum provision for North-Eastern Region & Sikkim:** The provision of ₹ 25.00 crore for 2015-16 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 Plastic Parks Schemes, Centres of Excellence and to CIPET for its infrastructure development and skill development training programmes, which is under implementation.

11. **Investment in Public Sector Enterprises:** Provision of ₹ 32.00 crore is for upgradation of Plants and Machinery and is granted as loans to all three Public Sector Enterprises viz. HOCL, HIL and HFL.

Appendix -II (Ref. Para 5.13)

S.No.	Title of the Projects	Progress / Achievements
1.	Development of User & Environment Friendly Water Dispersible Granule Formulations of Highly Toxic, Broad Spectrum & effective Pesticides to reduce their Toxicity for Continuation of Use and Prevention from Ban.	Triazophos WDG formulation has been successfully developed and patent has been filed. Development work on Chlorpyrifos WDG formulation is on progress, Experimental work on compatibility studies of different inert ingredients and physic-chemical studies is on progress.
2.	Development of Mass Production Technique and Formulation for Baculoviruses.	(i) Development of standard homogenous population of <i>Helicoverpa armigera</i> and <i>Spodoptera</i> collected from field and transfer under lab conditions. (ii) Isolation and purification of selected viral strains obtained from laboratory reared standard culture of <i>S litura</i> and <i>Heliothis</i> as maintained in IPFT. (iii) Study on entomopathogenic potential of viral strains obtained from field and standard laboratory culture. (iv) Poly-inclusion bodies count study that determining the insect infestation level and viral potential was done using haemo-cytometer of selected and prepared NPV strain. (v) Experiments conducted to study the effect of different food substrates on development period and mortality of <i>Heliothis</i> for development and mass production of NPV strain. (vi) Standardization on selection of most suitable food substrate for <i>in vivo</i> mass production of <i>Spodoptera litura</i> . (vii) Evaluation on effect of different larval stages and incubation period on mass production of HaNPV.
3.	Management of Termite by Integrated Approach and Indigenous Technologies.	(i) Survey conducted on different termite species from different agro-climatic regions viz. Haryana and Tamil Nadu. (ii) Identification of different termite species collected from different agro-climatic regions. (iii) Effect of intercropping with various crops and its impact on termite population build up and percentage infestation reduction in wheat crop at IPFT. (iv) Study on indigenous technology applied in termite management in various crops at farmers' level in Tamil Nadu. (v) Collection of Botanicals, Cashew and <i>Crotalaria</i> leaf samples from different location viz. Rajasthan and Tamil Nadu.
4.	Magnetic core-shell nano-particle based extraction coupled with Gas/ Liquid Chromatography – Tandem Mass spectrometry for Trace level Analysis of pesticides.	(i) Synthesis of Core-Shell Nanoparticles: Various methods of synthesis of magnetite nanoparticles have been reported such as co-precipitation, thermal decomposition, microemulsion, Sol-Gel etc. Various experimental set up were performed for the synthesis of magnetite nanoparticles of our concern. As per our findings, the co-precipitation is the best suitable one. Laboratory experiments are going on for improvements. Our study shows the synthesis of magnetite nanoparticles by co-precipitation method in three steps. The steps involve the precipitation of Fe ₃ O ₄ nanoparticles followed by layer by layer functionalization with silica and tetraethoxy(octadyl)silane (C18). (ii) Characterization of Nanoparticles : The prepared magnetite nanoparticles were investigated by SEM, TEM, XRD, FTIR and VSM. It was suggested that the intermediate iron oxide nanoparticles were formed by the competing processes of oxidation and crystal growth after decomposition of ferrous and ferric salts. The first step synthesized nanoparticles were of around 16 nm, second step silica coating of 18 nm and the final step C18 were of 58 nm.
5.	Pesticide formulation from Plant Extract and their Bio-efficacy studies.	(i) Isolation of <i>Melia Azedarach</i> extract using different solvents. (ii) Development of EC & ME formulations from <i>Melia Azedarach</i> . (iii) Biological studies (Larvicidal activity) of <i>Capparis Decidua</i> crude extracts & their emulsifiable concentrate (EC) and microemulsion (ME) formulations. (iv) Antibacterial activity of these crude extracts.
6.	Development of Recyclable Catalytic Systems based on Nano-particles and Nano-particulate Assemblies for the Treatment of Toxic Effluent Generated from Indian Pesticide Industries (Funded by OPCW)	The prepared nanoparticles showed high catalytic activity during the degradation of pesticide under different parameters such as reaction time, pH, nanoparticle dosages. With time, a least degradation of 13% after 24 hours was observed with Ag NPs synthesized <i>via</i> green method and a complete degradation was observed with Ag NPs synthesized <i>via</i> chemical reduction method after 22 hours. With increasing pH, the rate of degradation also increased and total degradation of pesticide can be possible by combing all the factors / method used.
7.	Evaluation, Efficacy Enhancement and Data Generation of Neem Based Pesticides & Fertilizers for Commercial Use.	New Project.

MINUTES**MINUTES OF THE THIRTEENTH SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS****(2014-15)**

The Committee sat on Friday, the 27th March, 2015 from 1100 hrs. to 1300 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT**Shri Anandrao Adsul - Chairperson****MEMBERS****LOK SABHA**

2. Smt. Anju Bala
3. Shri B.N. Chandrappa
4. Shri Satish Kumar Gautam
5. Shri K. Ashok Kumar
6. Shri Chhedi Paswan
7. Shri S. Rajendran
8. Shri Chandu Lal Sahu
9. Dr. Kulamani Samal
10. Shri Tasleem Uddin
11. Smt. Rekha Verma
12. Shri Kotha Prabhakar Reddy

RAJYA SABHA

13. Shri Narayan Lal Panchariya
14. Shri Garikapati Mohan Rao
15. Shri Palvai Govardhan Reddy

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Smt. Rashmi Jain | - | Joint Secretary |
| 2. | Shri U.B.S. Negi | - | Director |
| 3. | Shri A.K. Srivastava | - | Additional Director |

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

- | | | |
|----|-----------------------------|---|
| 1. | Shri Surjit Kumar Chaudhary | Secretary |
| 2. | Shri Rajiv Yadav | Special Secretary & Financial Advisor (SS & FA) |
| 3. | Dr. A.J.V. Prasad | Joint Secretary |
| 4. | Shri Avinash Joshi | Joint Secretary |
| 5. | Shri. A.K. Mathur | Deputy Director General |
| 6. | Ms. Ranjana Kale | Economic Adviser |

II. REPRESENTATIVES OF OTHER DEPARTMENTS

- | | | |
|----|-----------------------|---|
| 1. | Shri Dharminder Singh | Additional Welfare Commissioner, Bhopal |
|----|-----------------------|---|

III. REPRESENTATIVES OF PSUS

- | | | |
|----|---------------------|--|
| 1. | Dr. S.K. Raja | Director, Institute of Pesticides Formulation Technology (IPFT) |
| 2. | Dr. S.K. Nayak | DG, Central Institute of Plastics and Engineering Technology (CIPET) |
| 3. | Shri. V.B.R. Nair | CMD, Hindustan Organic Chemicals Limited (HOCL) |
| 4. | Shri. K. Hari Kumar | CMD, Hindustan Insecticides Limited (HIL) |
| 5. | Shri. P.N. Prasad | MD, Brahmaputra Crackers and Polymers Limited (BCPL) |
| 6. | Shri. T.S. Gaikwad | MD, Hindustan Fluorocarbon Limited (HFL) |

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

3. After the witnesses introduced themselves, the Secretary, Department of Chemical and Petrochemicals briefed the Committee about 'Demands for Grants' of the Department for the year 2015-16 and highlighted the Department's various plans and activities for the current financial year.

4. During the discussion, Hon'ble Chairperson and Members of the Committee raised queries on several issues like revival of sick units, waste management, import of chemicals, declining growth of major chemical and petrochemical groups, plastic parks, status of Assam Gas Cracker Project, research and development in chemicals and petrochemicals sector, employment of local people in various projects, pollution caused by chemicals industries, PCPIR, settlement of cases of Bhopal gas leak tragedy, etc. which were replied to by the Secretary, Department of Chemicals and Petrochemicals and other officials.

5. Hon'ble Chairperson thereafter thanked the witnesses for appearing before the Committee as well as for furnishing valuable information to the Committee.

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

The Committee then adjourned.

MINUTES

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

(2014-15)

The Committee sat on Thursday, the 16 April, 2015 from 1500 hrs. to 1600 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

Shri Anandrao Adsul - Chairperson

Members

Lok Sabha

2. Smt. Anju Bala
3. Shri Satish Kumar Gautam
4. Shri Chhedi Paswan
5. Dr. Kulamani Samal
6. Dr. Krishan Pratap Singh
7. Smt. Rekha Arim Verma
8. Shri Innocent
9. Shri Kotha Prabhakar Reddy

Rajya Sabha

10. Shri Narayan Lal Panchariya
11. Dr. Sanjay Sinh
12. Shri Palvai Govardhan Reddy
13. Shri Mansukh L. Mandaviya
14. Dr. Chandrapal Singh Yadav

Secretariat

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Smt. Rashmi Jain | - | Joint Secretary |
| 2. | Shri U.B.S. Negi | - | Director |
| 3. | Shri A.K. Srivastava | - | Additional 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. xxxx xxxx xxxx xxxx
- b. Demands for Grants (2015-16) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals); and

c. xxxx xxxx xxxx xxxx

4. The draft Reports relating to the Department of Fertilizers, Department of Pharmaceuticals and Department of Chemicals and Petrochemicals were adopted by the Committee without any amendment.

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

6. xxxx xxxx xxxx xxxx

The Committee then adjourned.

 xxxx *Matters not related to this Report.*