EIGHTEENTH REPORT

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2001)

(THIRTEENTH LOK SABHA)

DEMANDS FOR GRANTS (2001-2002)

MINISTRY OF CHEMICALS & FERTILISERS (DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

[Action taken by the Government on the recommendations contained in the 13th Report of the Standing Committee on Petroleum & Chemicals (2001) on Demands for Grants (2001-2002) of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals]

Presented to Lok Sabha on .... 29 AUG. 2001

Laid in Rajya Sabha on ....

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

August, 2001/Sravana, 1923 (Saka)

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3. Shri Ramchander Bainda
4. Shri Ananda Mohan Biswas
5. Shri Ajay Singh Chautala
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SECRETARIAT

1.	Shri B.R. Kanathia	*Joint Secretary*
2.	Shri Brahm Dutt	*Deputy Secretary*
3.	Shri J.N. Oberoi	*Under Secretary*
4.	Smt. Madhu Bhutani	*Senior Executive Assistant*

*Vacancy caused consequent upon retirement of Dr. (Smt.) Joyashree Goswami Mahanta, M.P. (R.S.) from the membership of Rajya Sabha w.e.f. 14.06.2001.

COMPOSITION OF THE SUB-COMMITTEE ON CHEMICALS AND PETRO-CHEMICALS

(A SUB-COMMITTEE OF THE STANDING COMMITTEE ON PETROLEUM & CHEMICALS)

Shri Mulayam Singh Yadav—*Chairman*

2. Shri Ram Nath Kovind—*Convenor*
3. Shri T.T.V. Dhinakaran
4. Shri Shriprakash Jaiswal
5. Shri Anil Kumar
6. Smt. Nivedita Mane
7. Shri P. Mohan
8. Vacant*
9. Shri Mool Chand Meena
10. Shri Ashok Pradhan
11. Shri Mukesh R. Patel
12. Smt. Basanti Sarma
13. Shri Gaya Singh
14. Dr. (Smt.) C. Suguna Kumari
15. Dr. Ramesh Chand Tomar
16. Shri B. Venkateshwarlu

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*Vacancy caused consequent upon retirement of Dr. (Smt.) Joyashree Goswami Mahanta, M.P. (R.S.) from the membership of Rajya Sabha w.e.f. 14.06.2001.

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (2001) having been authorised by the Committee to submit the Report on their behalf present this Eighteenth Report on Action Taken by Government on the recommendations contained in Thirteenth Report of the Standing Committee on Petroleum & Chemicals (2001) (Thirteenth Lok Sabha) on Demands for Grants of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for the year 2001-2002.

2. The Thirteenth Report of the Committee was presented to Lok Sabha on 19th April, 2001. Replies of Government to all the recommendations contained in the Thirteenth Report were received on 3rd August, 2001. The Sub-Committee on Chemicals & Petrochemicals considered the Action Taken Replies received from the Government and considered and adopted the Report at their sitting held on 13th August, 2001.

3. The Standing Committee on Petroleum & Chemicals (2001) considered and adopted this Report at their sitting held on 20th August, 2001. The Committee place on record their appreciation of the work done by the Sub-Committee on Chemicals & Petrochemicals.

4. An analysis of the Action Taken by Government on the recommendations contained in the Thirteenth Report (Thirteenth Lok Sabha) of the Committee is given in Appendix-III.

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

6. The Committee place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI;
August 20, 2001
Sravana 29, 1923 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on
Petroleum & Chemicals.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Thirteenth Report (Thirteenth Lok Sabha) of the Standing Committee on Petroleum & Chemicals on Demands for Grants 2001-02 relating to the Ministry of Chemicals & Fertilisers, Department of Chemicals and Petrochemicals which was presented to Lok Sabha on 19th April, 2001.

2. Action Taken notes have been received from the Government in respect of all the 35 recommendations contained in the Report. These have been categorised as follows:—

(i) Recommendations/observations that have been accepted by the Government:

Sl. Nos. 2, 3, 10, 11, 14, 16, 17, 19 and 26.

(ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government replies:

Sl. Nos. 6, 7, 8, 9, 13, 28, 29 and 34.

(iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee:

Sl. Nos. 4, 5, 15, 22, 24 and 35.

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

Sl. Nos. 1, 12, 18, 20, 21, 23, 25, 27 and 30 to 33.

3. The Committee desire that the final replies in respect of the recommendations for which only interim replies have been furnished by the Government should be furnished expeditiously.

4. The Committee will now deal with action taken by the Government on some of their recommendations and make suggestions thereupon.

A. Utilisation of Planned Funds

(Recommendation No. 1, Para Nos. 17, 18 and 19)

5. The Committee while scrutinizing the Demands for Grants of Department of Chemicals and Petrochemicals had noted that the approved outlay for the 9th Five Year Plan for the Department was Rs. 6760 crore which was brought down to Rs. 4012.56 crore. But even this outlay was unlikely to be utilized. The Committee had, therefore, observed that the Department had failed to achieve the laid down objectives for 9th Five Year Plan. Planning Commission/Ministry of Programme Implementation have also not played their monitoring role well. The Committee had, therefore, recommended that Planning Commission should evaluate performances of all Ministries with regard to their achievements of planned objectives and based upon their experience formulate guidelines for laying minimum standards which each implementing agency/Ministry/Department must achieve in a particular year. If any agency failed to achieve this, Planning Commission should hold a review meeting half-yearly with the agencies to evaluate the reasons for non-performance. In each Ministry/ Department an exclusive cell should be entrusted with specific assignment, responsibility and accountability to implement the Planned Schemes.

6. In their reply, the Government have stated:

"In so far as the observation of the Committee that this Department has failed to achieve the laid down objectives of the 9th Five Year Plan is concerned, it may be stated that when the Five Year Plan was prepared by the Department in 1996-97, it was drawn up in the back drop of three consecutive years of high growth on an average of 7.2%. However, the Plan was finally approved after two years of formal commencement of the plan period, i.e. in 1999 by which time the economic growth of the country had slowed down from 7.2% to 5%. Therefore, the Plan had to be scaled down keeping in view the unfavourable market conditions and changed economic scenario. Accordingly, the IXth Plan of the Department was proposed to be reduced from the original Rs. 6760 crores to Rs. 4012.56 crores mainly because of the resource constraint faced by Indian Petrochemicals Corporation Limited and Hindustan Organic Chemicals Limited. Both these PSUs account for 95% of the approved Plan outlay of the Deptt. This was due to factors which had affected not only chemicals and Petrochemicals Sector but the whole economy as the pace of the growth of the Indian economy had slowed down. Further due to the decision of the Government to disinvest 25% of its equity in IPCL alongwith transfer of management control in favour of a strategic buyer, the new schemes for implementation were kept pending since it was felt that in case of transfer of management control from the Government to a strategic buyer, there would be no need to implement new schemes in the company. HOCL, which had been traditionally a profit making company, not only turned into a loss making from the first year of the 9th Plan itself but also started making cash losses due to the changed business environment necesitating the company to face increased competition. These factors accounted for the change in the Plan size/non-implementation of the original plan of the Deptt. As will be seen, these factors were beyond the control of the management of the companies or the Department of Chemicals and Petrochemicals.

In view of position explained in the paragraph 1, this Department has forwarded the recommendation under reference to the Planning Commission for appropriate action in the matter."

7. The Committee find that the Government have reproduced their views on the issue almost verbatim which they had earlier stated before the Committee at the time of scrutiny of demands. The Committee would have been happy if the Department had apprised the Committee of the steps initiated within the Department e.g. creation of a cell to ensure the fulfilment of objectives and targets laid down in the final year of the 9th Plan. However, the Committee hope that the Government would appreciate the concern of the Committee in this regard. The Committee would like to be apprised of the action/guidelines recommended by the Planning Commission.

B. Setting up of centers of Central Institute of Plastics Engineering and Technology (CIPET)

(Recommendation No. 4, Para No. 32)

8. CIPET was established in 1968 as an autonomous organization under the administrative control of Department of Chemicals & Petrochemicals. The Committee had expressed their happiness to note

that CIPET was progressing well and achieving the objectives for which it was established. The Committee had further advised CIPET to become an autonomus institution of excellence and to achieve this objective, it should start planning from now onwards. In the first phase, CIPET should expand its activities by establishing at least one centre in each State and Union Territory and subsequently more centres may be established as per local requirement. Deptt. of Chemicals and Petrochemicals should act as facilitator to see that official hurdles in various Ministries in Central and State Governments are resolved in a time bound manner. As facilitator, the Department should expedite to finalise the proposal for OPEC assistance.

9. The Government while furnishing their reply stated as under with reference to setting up of centre in each State and Union Territory:—

> "As a matter of Policy, for the setting up of any Centre of CIPET, the proposal has to come from the concerned State Government/ Union Territory with a firm commitment to share 50% cost of the project. The total cost of a CIPET Centre is shared equally by the State Government concerned and the Government of India. At present, there is no concrete proposal from any State Government/ Union Territory for setting up of a new CIPET Centre. If any proposal for the same is received from any State Government/ Union Territory, the same will be considered by the Government of India. Nevertheless, CIPET has made necessary provision for setting up of one such Centre in the country during the X Plan period."

10. So far, the matter of policy is concerned, the Committee are in agreement with CIPET. But the Committee's objective is to see that CIPET centers are available throughout the country thereby benefiting the majority of the people who intend to go in for Plastics Engineering and Technology. The Committee recommend that the Chief Executive of CIPET should in a communication once a year to Chief Secretaries of such States and Union Territories where there are no branches/centres of CIPET, highlight the activities and achievements of the institution and impress upon the need to have the branches/centres in their States. The Committee hope that this may serve a useful purpose.

C. Assam Gas Cracker Project

(Recommendation No. 5, Para No. 41)

11. The Committee in their various reports had been impressing upon the concerned agencies the need to resolve all outstanding issues relating to Assam Gas Cracker Project. Earlier the Committee were informed that the only hurdle in its execution was Gas Supply Agreement between RAPL and OIL. The Committee acted proactively and got this issue resolved. Thereafter an understanding was given that no major issue has been left out and now the project would take off as soon as requisite land was handed over to Company. So far handing over land was concerned, the Department informed the Committee in August, 2000 that the Government of Assam, in consultation with the District Administration and RAPL, has fixed a time schedule for expediting the acquisition and handing over of the new site to RAPL by December, 2000.

12. The Committee had then learnt that not only the site had not been handed over to the Company but there was another hurdle in the execution of the Project and that was non-finalisation of Gas Supply Agreement between ONGC and RAPL. The Committee were certainly dismayed if not pessimistic about the future of this project. In Committee's view, the Department as facilitator has not succeeded in its assignment as the project has not moved an inch further since March, 2000. The Committee viewed this non-performance and inaction on the part of the Department seriously and recommended that the Department should hold monthly review meeting to see that project takes off at the earliest and in any case before 15th August, 2001. If the Department felt that it was not able to adhere to this schedule, it should report the matter to the Committee well before the target date and suggest a realistic time schedule which should be workable for them.

13. In their reply, the Government have stated

"Reliance Assam Petrochemicals Ltd. (RAPL), a joint venture of the Assam Industrial Development Corporation and M/s. Reliance Industries Ltd., is the implementing agency for the Assam Gas Cracker Project. With a view to expediting implementation of the Project, the Department of Chemicals and Petrochemicals has been periodically reviewing the progress and co-ordinating with the

Government of Assam, the Ministry of P&NG and other agencies concerned. The last review meeting was taken by Secretary (C&PC) on June 19, 2001. In that meeting, the representative of the Ministry of Petroleum and Natural Gas informed that they had had internal discussions with regard to the proposed Gas Supply Agreement between ONGC and RAPL for supply of balance 1.35 MMSCMD of gas. To meet the shortfall, if any, it had also been decided in principle by the Ministry of Petroleum and Natural Gas to supply alternative feedstock *i.e.* Liquefied Petroleum Gas produced in the North Eastern Region. However, ONGC would have to make additional investment of about Rs. 27.41 crores (estimated) for the same.

As regards the handing over of land to RAPL is concerned, the representative of the Government of Assam indicated that they do not envisage any difficulty. The State Government has identified 1100 acres of land in Lapetkata of Dibrugarh District, of which 1000 acres of land belongs to private owners. The remaining 100 acres of land belongs to the Government. It was also indicated that Notification u/s 6 of the Land Acquisition Act has already been issued for acquisition of about 800 acres land.

Considering the fact that Gas Supply Agreement between RAPL and ONGC is most critical for the actual implementation of the project, it was decided in the meeting held on June 19, 2001 that both RAPL and ONGC would finalise the Gas Supply Agreement by end of July, 2001."

14. The Committee would like to stress the importance and sanctity of this project. This was one of the items of the package announced which is known as Assam accord. However, it is painful to note that the project has, as of now, got derailed. At present, the Committee understand, there are two issues which need to be resolved; one is that of acquisition of land and second relates to Gas Supply Agreement between RAPL and ONGC. So far, the first issue is concerned, the Department had earlier in March 2001 stated in a written note:—

"that the State Government would be in a position to hand over the land for the site to RAPL by December 31, 2000."

The Committee visited Guwahati in May 2001, when State Government officials in an informal meeting with the Committee in the presence of Hon'ble Chief Minister had informed that the land had since been acquired. However, the Committee now find that the process of acquisition of entire land has not yet been wrapped up. The Committee are constrained to comment that the State Government has not shown the enthusiasm and promptitude which the Committee had expected. The Committee hope that this process would be completed soon.

15. Regarding Gas Supply Agreement between RAPL and ONGC, the Committee take note of the principle decision taken by the Ministry of Petroleum and Natural Gas to supply alternative feedstock *i.e.* Liquefied Petroleum Gas produced in the North Eastern Region to make good the shortfall. The Committee hope that after this decision, the only issue left for resolution will that be of acquisition of land. However, the Committee reiterate their earlier recommendation and hope that all outstanding issues would be resolved in August 2001 and the project should take off immediately and in case of non-adherence to this schedule, the Department should report to the Committee immediately.

D. Utilisation of state-of-art facilities available with IPFT

(Recommendation No. 12, Para No. 65)

16. The Committee had noted that IPFT has state-of-art facilities and is engaged in making researches. The Committee had therefore desired that these facilities, available with the Institute are made open for use by the private industry. The Committee had therefore recommended that the Department should formulate schemes to attract private industry towards this.

17. The Government in response have replied as under:-

"The Institute is trying to motivate the private industry to utilize the facilities more and more. The Institute is also contemplating to enter into a joint venture to start manufacturing facility of eco and agrochemicals formulations *i.e.* water dispersible granules and Suspension Concentrate in different locations of the country with the help of TDB of DSIR through the project financing schemes. This will not only help the Institute in promoting its technology in India and abroad but also will help the small industries to be able to formulate these state-of-art formulations and promote the technology in India and abroad."

18. The Committee are happy to note that the Institute is trying to motivate the private industry to utilize the available facilities. It would, however been appropriate if the Institute had spelt out the measures initiated to motivate the private industry. The Committee would advise the Institute to publicise the availability of facilities and their plan to enable the private industry to know more about them.

E. Pharmaceutical Export Promotion Scheme (PEPS)

(Recommendation No. 15, Para No. 75)

19. The Committee had observed that from the Export data, the Committee observe that there is marked increased in exports of Pharmaceuticals and Fine Chemicals during the last three years from Rs. 5419.32 crore in 1997-98 to Rs. 6631.00 crore in 1999-2000. It is generally said that two industries namely; Information Technology and Pharmaceutical Exports are poised for mega jump in export market. It indicates that for pharmaceutical exports psychological marketing conditions in international market are available and to tap these conditions favourably, strategic marketing plan is needed. PEPC can do a lot in this field. The Committee would like the PEPC to study the functioning of Trade Fair Authority and follow some of its mechanism especially collection, maintenance and dissemination of relevant data of foreign countries.

20. In their reply the Government have stated that the recommendations of the Committee are noted for compliance.

21. While forwarding the recommendations of the Parliamentary Committee for follow up action, it is invariably mentioned that replies should be comprehensive and not inconclusive, vague or couched in general term like "Noted" for "Compliance". In this case, the Committee would have been happy if the Government had spelt out their initial thinking, concept about the strategic marketing plan. Similarly, the Committee should have been apprised whether Pharmaceutical Export Promotion Scheme (PEPS) has interacted with Trade Fair Authority etc. The Committee, would, however await the final outcome.

F. Functioning of National Pharmaceutical Pricing Authority (NPPA)

(Recommendation No. 21, Para No. 94)

22. While reviewing the functioning of the NPPA, the Committee had noted that the Department of Chemicals & Petrochemicals had constituted in February, 2001 a Committee of experts to undertake a study of the methodologies adopted by NPPA in performing its functions and to make suggestions, wherever necessary for improving the functioning of National Pharmaceutical Pricing Authority. However, the Committee had not started its work although it was required to submit its report within two months from the date of constitution. The Committee had urged the Department to make this body functional immediately and submit its report latest by 30th June, 2001.

23. The Government have responded as under:-

> "The Committee of Experts constituted by the Government to study the methodology adopted by NPPA and to make suggestion thereon have become functional. The expert body have been informed of the direction of the Standing Committee to submit its report by 30th June, 2001."

24. The Committee find the reply as inadequate. The reply of the Government is datelined on 24th July, 2001 i.e. 24 days after the schedule time of submission of the report. The better course would have been if the Government had intimated whether the expert body has submitted its report or sought extention. The Committee find the reply not only inadequate but casual also and express their displeasure.

G. Hindustan Insecticides Limited (HIL)

(Recommendation No. 24, Para No. 106)

25. While analysing the working of HIL, the Committee had felt that the Company was not having competitive marketing network with the result that its overall production performance was not even equal to the installed capacity. The Committee had, therefore, recommended that Company should develop marketing network in a manner which competes with private industry in the same sector. They should aim at full capacity production.

26. In reply, the Government have stated as under:-

"Primary reason of Hindustan Insecticides Limited's production performance not being equal to installed capacity in recent years, is the shortage of working capital and not so much inadequacy of marketing network. The problem has been further aggravated because of payment of the idle wages (amounting to Rs. 34 crores approximately so far) to the employees of Delhi unit which has ceased operations w.e.f. 1.12.1996 as per order of Hon'ble Supreme Court.

Government has taken a decision to disinvest 51% of the total equity in Hindustan Insecticides Limited. The process has already been initiated. It is hoped that the disinvestment will lead to fresh infusion of founds in the company. This in turn may enhance capacity utilization."

27. The Committee appreciate the position of HIL and are happy to note that marketing of Product is not problem with the company. The Committee urge the Government to assist the company to overcome the problem of working capital without waiting for proceeds from disinvestment process.

H. Indian Drugs & Pharmaceutical Limited (IDPL)

(Recommendation No. 30, Para No. 123)

28. In their earlier reports the Committee had taken serious note of the observation of BIFR in relation to working of IDPL, in its hearing on 5th July, 2000 which read as under:—

"...The Bench noted the company had been before the Board for more than 8 years and the promoters had not been taking a serious view to rehabilitate it despite ample opportunities having been given to them in that regard that it appeared that the promoters were taking undue advantage of the protection available to them to the detriment of other concerned. Promoters had been allowing the company to drift and to continue incurring further losses...."

29. While scrutinising Demands for Grants of Department of Chemicals & Petrochemicals for the current year, the Committee studied the replies furnished by the Government relating to follow up action taken up by them on the observations of BIFR. The Committee reiterated their earlier position that they have taken serious note of the observations of BIFR in its hearing on 5.7.2000 when it said that it appeared that promoters were taking undue advantage of the protection available to them to the determinant of other concerned. The Committee had then again recommend that an Inquiry Committee consisting of management experts of IIMs be constituted to evaluate the role of officers who were associated with revival process from middle of 1995 onwards.

30. In their reply, the Government have stated as under:—

"The recommendation of the Committee made in the earlier report had been placed before the Cabinet Secretary. Further action in the matter is being taken as per the advice rendered by the Cabinet Sectt."

31. The Committee find the reply not only evasive but an attempt to cover up the casualness shown by the officers involved in processing revival of IDPL. About an year back, when the Committee had first made this recommendation, the reply of the Government was same which has been given now. It is strange that the Government has not been able to move further during this period. The Committee would like to emphasize that observations of BIFR as mentioned above are serious and inquiry as recommended by the Committee is imperative.

I. Transfer of Vadodara Plant of IPCL to IOCL

(Recommendation No. 35, Para No. 139 to 141)

32. The Committee had noted that the Government have decided to transfer Vadodara Plant of IPCL to IOCL and disinvest 25% of equity in other two plants of the Company. The Committee had observed that the Vadodara plant of IPCL is an old one with obsolete technology. The Committee feel that segregating this plant from the other two plants would amount to separating cream from the milk. In the opinion of the Committee, mere transfer of Vadodara Plant to IOCL would be unviable for the later. If the Government can decide to transfer the Vadodara unit of IPCL to IOCL, nothing prevents it from taking the same decision in the case of other two units, which

are part of the single company. The Committee further feel that the bifurcation of the Company would mean unnatural division of assets and coerced selling of obsolete plant to Government owned company. This would enable market forces to manipulate the sales of shares in other two plants to their advantage and ultimately change the management structure of these plants. The Committee would like to caution the Government about this design. The Committee strongly recommend that IPCL as a whole be transferred to IOCL on transfer basis so that the later can make optimum use of capital and marketing structure of IPCL, including utilisation of existing pipelines between Gandhar and Vadodara.

33. In their reply, the Government have stated as under:—

"It is an admitted fact that the technology in the Vadodara Complex is old. However, the complex is running at more than 100% of the installed capacity and is not a loss-making unit. The sale of Vadodara Complex to IOCL cannot be termed as "coerced selling of obsolete plant to the Government owned company". In fact the proposal for taking over Vadodara Complex of IPCL came from IOCL itself. The Vadodara Complex has synergies with the Gujarat Refinery of IOCL as the Naphtha produced in the Gujarat Refinery, which is adjacent to IPCL, is sold to IPCL. The price of Naphtha sold to IPCL, is more than the international price of Naphtha. The disinvestment in the total IPCL would have resulted in a situation where it was quite probable that the company taking over the management of IPCL would not purchase Naphtha from IOCL but may go in for purchase from the international market. This could have meant that IOCL would find problems in selling its Naphtha in the domestic market. Since the domestic price of Naphtha produced by IOCL is already high compared to the international price, its transportation to other locations would further add to the cost of Naphtha. Therefore, it cannot be said that IOCL made the offer to takeover the Vadodara Complex without giving any thought about the old technology at the Complex. Since they would have the infrastructure facilities and utilities, they can upgrade the size and the technology in the Vadodara Complex itself. Moreover, by taking over the Vadodara Complex, IOCL will be saving about Rs. 250 crore in terms of Sales Tax.

Regarding the observation of the Committee about the design of the market forces to manipulate the sales of share in other two plants to their advantage and ultimately change the management structure of these plants, it may be mentioned that the decision at present is to disinvest 25% shareholding in the rest of IPCL (comprising two plants after hiving off Vadodara Complex) alongwith transfer of management control. Therefore, the apprehension is misplaced.

As regards the recommendation of the Standing Committee that IPCL as a whole be transferred to IOCL on transfer basis so that the later can make optimum use of capital and marketing infrastructure of IPCL, including utilisation of existing pipelines between Gandhar and Vadodara, it may be stated hat the decision of the Government is to disinvest 25% of its equity in IPCL and transfer of management control therein to a strategic partner. The subsequent decision to transfer the Vadodara Complex to IOCL was merely a pre-disinvestment restructuring of IPCL which came about because of IOCL's interest. At this stage to arbitrarily extend the proposal and transfer or merge IPCL with IOCL would neither qualify as disinvestment nor as a rational economic decision? Moreover, if the company is to remain a PSU, it would be immaterial whether it operates under the name of IOCL or under the name of IPCL. In that case there will be no need for changing the present structure of IPCL at all. However, this will not be in consonance with the decision of the Government to disinvest in non-core sector PSUs."

34. **The Committee have come across various press reports purporting that dispute has arisen over the valuation of Vadodara plant and IOCL has its own position in this regard which is at vast variance with that of IPCL. It is understood that the matter has been referred to the Committee on Disputes. Coupled with this, the Committee have also been informed that officers Association of IOCL has agitated against the take over in the present form. But some how IOCL's management official version is different. The Government have admitted that the technology in the Complex was old. In the context of above, the Committee feel that their earlier perception of coerced selling of obsolete plant to the Government owned company is valid. The Committee term the Government's argument regarding price of Naphtha being sold to IPCL is out of context and outdated in the present scenario of marketing. The Committee are not convinced with the reply of the Government and reiterate their earlier position. The Committee, therefore, reiterate their recommendation that IPCL as a whole be transferred to IOCL.**

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2, Para No. 22)

The Committee are satisfied with the provisions on this account and are also convinced with the clarification on enhancement of foreign travel expenses. The Committee advise the Department of observe austerity wherever it can be possible on Secretariat expenses.

Reply of the Government

The Department has noted the direction of the Committee for compliance.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 3, Para No. 25)

The Committee are happy to note that the Government has taken a policy decision to provide 10% of its planned budget for developmental schemes in the North Eastern/Sikkim Region. This is a welcome step and would help in all around development of this Region. The Committee would like to be assured that funds are not allowed to be accumulated year after year without timely and purposeful utilization. For this purpose, the Committee would urge the Government to constitute a Central agency which would formulate plans and schemes and seriously monitor the implementation of these schemes.

Reply of the Government

In pursuance to the announcement made in Parliament by the Finance Minister in his budget speech (1998-99) regarding creation a non-lapsable Central Pool of Resources for funding specific programmes in the North-Eastern States and Sikkim, all Ministries/Deptts. are required to earmark at least 10% of their Plan Budget support for taking up specific programmes in North-Eastern Region and Sikkim. as per the decision of the Govt. of India the shortfall in meeting the target of 10% is pooled under the budget of Ministry of Home Affairs for allocating additional funds for other projects/schemes by other Ministries/Departments for the benefit of the North Eastern Region & Sikkim.

2. The present recommendation involves policy matters/decisions to be taken concerning not only the Department of Chemicals & Petrochemicals but also other Ministries/Departments contributing towards development of North-Eastern Region & Sikkim out of their Plan Budget. In view of this, we have forwarded this recommendation to Ministry of Finance, Planning Commission & Ministry of Home Affairs for further necessary action at their end.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 10, Para No. 63)

During the evidence of the representatives of Department, the Committee shared their perception of effectiveness and availability of pesticides in the country. The Committee observed that on the one side the Scientists claim to have developed new formulations as per changed need of the agriculture, environment etc. etc. On the other hand, farmers complain that the available pesticides as not effective. The Committee appreciate the activities of IPFT but would advise them to pursue their researches after knowing the needs of agriculturists/ farming community first hand. For this, there should be proper institutional system through which researchers and farmers, interact between themselves.

Reply of the Government

The advice rendered by the Committee to pursue research, after ascertaining the needs of agriculturists and farming community first hand has been noted by IPFT. The Institute is trying to become a part of POP into the network of agri-clinic and agri-business centre promoted by Department of Agriculture and Cooperation, Government of India through Agricultural Finance Cooperation Limited to train the agriculture graduates for the service of farmers wherein the utility of eco and environment friendly formulations being developed at the centre will be highlighted. It is hoped that through this programme, the Institute will be able to ascertain the needs and requirements of the farming community and promote amongst them the need for use of eco friendly formulations.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 11, Para No. 64)

The Committee learn with satisfaction that IPFT is developing user and environment friendly pesticide formulations based on water. It has also developed wettable powder/granules etc. for which field trials are under way. The Committee would remind the Institute that time is the essence of success and these trials should be conducted expeditiously so that these are available for use in the fields.

Reply of the Government

The Committee's suggestions as made have been noted. the Institute is presently undertaking field trials for development of the environment friendly water based and other formulations.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 14, Para No. 70)

The Committee's opinion is that Budgetary provision under this programme is being fully utilised for meeting Administrative/Secretariat expenses like TA/DA etc. etc., whereas the programme as nomenclature stands is for Research and Development. The Committee recommended that the Department should have relook at this programme and make it broad-based with real intent of Research and Development in place of Seminar-Conferences. The Committee agree with the preposition that Budget provision should be under non-plan Head instead of 'Planned'.

Reply of the Government

The suggestions of the Committee have been noted. It may, however, be pointed out that the size of the fund is not adequate to undertake any substantive pharmaceutical Research & Development which involves much larger sums spread over a period of many years. Keeping in view the recommendations/observations of the Committee, the fund can be used for activities that are relevant to pharma Research and Development and its promotion, including seminars and conferences on appropriate subjects.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 16, Para No. 76)

The Committee find the reports on unfair quality of Pharmaceuticals exports as disturbing. Such cases should be severely dealt with. The Committee recommend that Exporters who indulge in export of substandard medicines should not only be black listed but penalised under the provisions of law. If needed, an appropriate law the enacted for the purpose.

Reply of the Government

The quality aspects of drugs and pharmaceuticals come under the purview of Ministry of Health & Family Welfare. This Department has taken up with that Ministry to put into effect the Recommendations of the Committee.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 17, Para No. 84, 85)

The Committee note that NIPER has been conceived as a mother Institution to set standards of excellence for pharmaceutical colleges and for research and development in the field of pharmaceuticals. The Institute is concentrating on Masters, doctoral and postdoctoral programmes. The degrees awarded by the Institute are M. Pharm, M. Tech. (Pharm), M.S. (Pharm) and Ph. D. First batch of the Masters students graduated in December, 2000 have joined reputed Pharmaceutical Companies.

The Committee find that construction activities were held up for 6 months due to some dispute with the contractor. The Committee hope that now with the resolution of dispute, the entire pending construction work would be completed within the time schedule.

Reply of the Government

Two batches of masters' students have passed out in 1999 and 2000 respectively, and all have got gainful employment in reputed institutes or industrial houses. The first batch of Ph. D. students is likely to pass out in the current year.

The dispute with the contractor has been resolved and the construction activity of pending buildings is proceeding satisfactorily.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 19, Para No. 91 & 92)

The Committee note that the National Pharmaceutical Pricing Authority (NPPA), an independent body of experts, was established with the task of price fixation/revision and the other related matters such as monitoring the price of controlled and decontrolled drugs and formulations and enforce and implement the provisions of Drugs (Prices Control) Order DPCO, 1995.

The Committee also note that NPPA has revised the prices of 56 scheduled bulk drugs and 1235 packs formulations since inception. The Committee further note that the authority, in performing its task is facing some of the constraints such as limited manpower, non-submission of statutory returns, violation of DPCO and court cases and non-cooperation by the industry in monitoring of the prices of all the non-scheduled formulations. The Committee do not find any reason for non filling the positions against the sanctioned strength. The Committee recommend that all vacant positions in the authority should be filled up and process in this regard should start immediately.

Reply of the Government

The action to fill up the vacant posts in the NPPA has been initiated Concerned Cadre Controlling Authorities have been requested to fill up these posts on urgent basis except for the 3 posts of Dy. Director (Costs) which are under the Cadre control of Department of Expenditure.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 26, Para No. 112)

The Committee would like to see that the interests of the workers in the Company are safeguarded. So, while implementing VRS, it should be ensured that retirement is in effect voluntary and no worker is coerced and compelled to retire. Retiring persons should be given all their due retiring benefits before they actually retire.

Reply of the Government

VRS was introduced by the Company after due deliberations with the employees' Associations/Unions. All the cases of VRS have been purely voluntary and no coercive methods were adopted by the Company.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT REPLIES

Recommendation (Sl. No. 6, Para No. 52)

The Committee take note of various activities being undertaken to provide social and economic relief to the victims of Bhopal Gas Leak Disaster. The Committee are of the opinion that the accused should not be allowed to go scot free. The Committee, therefore, recommend that the Department should act in such a manner that the concerned agency(ies) charged with extradition of the accused may succeed. The Committee hope that their views will be conveyed to concerned agency and suitable follow up action will be taken.

Reply of the Government

The recommendation of the Committee has been brought to the notice of the concerned agencies.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 7, Para No. 53)

With regard to functioning of Speciality Hospital, the Committee's feeling is that all is not well. From the representations submitted to the Committee from time to time it appears that victims are not provided necessary medicines and even those which are given are of sub-standard. The Committee recommend that the State Government should look into such complaints and if necessary involve local public representatives in monitoring the proper functioning of the Hospital.

Reply of the Government

On the direction from the Supreme Court, the administration of the Speciality Hospital has been entrusted to an autonomous Trust namely, Bhopal Memorial Hospital Trust. However, the recommendation of the Committee has been brought to the notice of the State Government of Madhya Pradesh.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 8, Para No. 54)

In the wake of Bhopal Gas Leak Disaster, the local people suffered heavy physical injuries and many people lost their kith and kin. Obviously, all this has created a great mental stress for the survivors. They do need direct medicines but the role of psychiatrists is of utmost importance. The Committee view with concern that Psychiatry Department of Hospital has not become functional so far. The Committee urge that this Department should be made fully functional immediately.

Reply of the Government

The recommendation of Committee has been brought to the notice of Bhopal Memorial Hospital Trust which is responsible for the completion of the Hospital including setting up of the Psychiatry Department.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 9, Para No. 55)

The settlement of compensation claims has taken an abnormally long time. Surprisingly, the number of claimants is more than the total population of Bhopal at the time of accident in 1984. The Committee view this development as serious and recommend that effective steps should be taken to weed out bogus and false claims, rather such fake claimants should be identified and penalised. For this, Secretariat assistance to the Welfare Commissioner should be strengthened.

Reply of the Government

The recommendation of the Committee has been brought to the notice of the Welfare Commissioner, Bhopal gas victims, Bhopal, who is responsible for disposal of compensation cases.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 13, Para No. 68)

The Committee find the objectives of the Scheme, namely Promotion and Development of Chemical Industry as laudable and note that such Schemes were already under implementation in one form or the other. The Committee do not have any objection to amalgamation of previous Schemes into one but would like to know whether any evaluation of the previous Schemes has been done. The Committee recommend that there should be regular evaluation of promotion schemes to see whether objectives for which these are framed are being achieved.

Further, some of the States are also engaged in the similar exercise. The Committee urge the Department to integrate its promotions Schemes with State governments to derive maximum advantages for the Industry.

Reply of the Government

The fund allocation on CPDS has been made in the Demand for Grants for 2001-2002 of the Department of Chemicals & Petrochemicals for the developmental activities in the Chemical Sector. A task force on Chemical Industry has been constituted recently. The CPDS is mainly intended for addressing the Central issues like studies, workshops, seminars etc. on custom duty, excise duty, anti-dumping/safeguard duty, R&D, infrastructure development, etc. CPDS is subject to annual evaluation in terms of the normal budgeting exercise. No further evaluation seems necessary.

As regards integration with State schemes, while efforts would be made to involve respective State Governments in programmes specific to those States, this would largely take the shape of providing the services of sectoral expertise as and when considered necessary.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 28, Para No. 121)

The Committee appreciate that the Government is examining if IDPL can be revived by exploring the possibility of privatizing each of its units separately through the induction of strategic partner. The Committee also take note of the views of CMD, IDPL that revival of IDPL is viable. The Committee once again recommend that all the plants of company should be separated and revived as stand alone units.

Reply of the Government

The observations made by the CMD, IDPL on the viability of the company are his personal views. The Department has no separate comments in the matter; the viability of the company has also to be decided as per the technical analysis to be done by the Operating Agency appointed by the BIFR.

The company is before the BIFR and accordingly, the Government is not in a position to take any decision regarding revival of the units of the company on stand alone basis. The proposal in hand after approval of the competent authority would have to be placed before the BIFR for its consideration and final views.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 29, Para No. 122)

The Committee have noted that a provision of Rs. 31 crore has been made in the current year's budget which is mainly for meeting the expenses on wages, salaries of staff and officers. the Committee would like to be assured that wages and salaries are paid regularly and for this adequate budgetary provision should be made well in advance.

Reply of the Government

The Department of Chemicals & Petrochemicals have been projecting full requirement of funds for such purposes from time to time. It is also relevant to mention in this connection that the provisions made now would be reviewed, if necessary, at the appropriate time, in case a decision on the future of the company is not arrived at by the time such provisions are exhausted.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendations (Sl. No. 34, Para No. 134)

The Committee also take serious note of the incidents of seizing bank accounts of the Company by the Labour Department. The Committee direct that no action of any kind should be taken by any Government agency which goes against the common social interests of the workers. The Committee would like to be assured that workers' common interests including their regular/timely payment of salaries and wages are safeguard.

Reply of the Government

The Department has sent a copy of the Recommendations of the Standing Committee to Ministry of Labour and Department of Expenditure apprising them of the observations of the Standing Committee in this regard.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 4, Para No. 32)

MAJOR HEAD 2852

This Head is used for allocating funds for meeting financial requirement of various schemes/establishments such as Grants-in-aid for CIPET, subsidy to Assam Gas Cracker Project, establishment of the Welfare Commissioner under Bhopal Gas Leak Disaster (Processing of claims) Act, 1985 etc. etc. Demands analysis of the some of the institutions are as under:—

(i) Central Institute of Plastics Engineering & Technology (CIPET)

Central Institute of Plastics Engineering & Technology (CIPET) was established in 1968 as an autonomous organisation under the administrative control of Deptt. of Chemicals & Petrochemicals. The basic objective of CIPET is to train people in various disciplines of plastics such as mould making, mould design, testing and characterisation of plastics, plastics processing etc., for the plastic industry. The Institute is also organising various short term courses, tailor-made courses, awareness programme and entrepreneurs development programmes, etc. in the field of plastics at various centres located at 12 different places in the country *viz.* Chennai (HQ), Ahmedabad, Lucknow, Hyderabad, Bhubaneswar, Bhopal, Imphal, Amritsar, Mysore, Patna, Howrah and Guwahati.

A Budgetary provision of Rs. 6 crore as planned expenditure and Rs. 3.38 crore as non-planned expenditure has been made as against Rs. 4.00 crore and Rs. 3.95 crore respectively in the previous year. The Ninth Plan outlay of CIPET is Rs. 65 crore comprising Budgetary Support of Rs. 15 crore and IEBR of Rs. 50 crore. The Budgetary Support of Rs. 15 crore has been fully utilised.

As regards IEBR, CIPET has been provided with an Oil Industrial Development Board (OIDB) Grant of Rs. 11.46 crores. A proposal for OPEC Assistance of US $ 15 million (about Rs. 68.00 crores) and 10% Counter Part Expenditure by the Government of India. *i.e.* Rs. 7.80 Crores (US $ 1.67 million) is under consideration. If the OPEC Loan is granted, CIPET is likely to complete the existing/new Schemes.

CIPET is undertaking various project activities in order to strengthen its training facilities/capabilities and also marketing its technical service. Some of the on-going projects are:—

Strengthening of training of CIPET Centres under OIDB assistance

The Oil Industry Development Board (OIDB) has conveyed its approval in November, 1998 to sanction an amount of Rs. 11.46 crore as a grant-in-aid for the project submitted by CIPET. The project was subsequently cleared in the meeting of the Standing Finance Committee of Ministry of Petroleum and Natural Gas held on 23rd June, 1999. An amount of Rs. 300 lakh has been received upto 31st March, 2000.

In the meantime, information on the equipment/machinery needed by all the CIPET centres was collected and compiled. Initially, action has been taken for procurement of 29 testing equipments for various centres under 3 distinct groups. While orders for first 2 groups consisting of 13 equipments have been placed, the remaining 3rd group is under active consideration. Specifications for Processing machinery have been finalised and further action will be initiated as per procurement norms.

Capacity Building of CIPET for Development in Thrust Areas

The Feasibility Report on "Capacity Building of CIPET Centres for Development in Thrust Areas" at a total project cost of US $ 7.00 million was prepared and submitted to the Ministry in March, 1999. The report includes the list of equipment/machinery required with due justification on the thrust area of each CIPET Center and also additional infrastructural facilities required for implementing the proposal. Based on the recommendations contained in the study tour report submitted by the Senior Officials of CIPET, various details/ information sought by the Ministry have been furnished in October, 1999 in order to take up the matter further with Deptt. of Economic Affairs (DEA). The proposal is being actively followed up through the administrative Ministry and the DEA for OPEC Funding Assistance.

CIPET has also been generating its own funds and its details during the last 3 years is as under:-

Years	Rs. in crores.
1998-99	8.19
1999-2000	9.58
2000-2001	10.17 (estimated)
2001-2002	10.80 (estimated)

Observations of the Committee

The Committee are happy to note that CIPET is progressing well and achieving the objectives for which it was established. The Committee would like CIPET to become an autonomous institution of excellence and to achieve this objective, it should start planning form now onwards. In the first phase, CIPET should expand its activities by establishing at least one centre in each State and Union Territory and subsequently more centre may be established as per local requirement. Deptt. of Chemicals & Petrochemicals should act as facilitator to see that official hurdles in various ministries in the Central and State Governments are resolved in a time bound manner. As facilitator, the Department should expedite to finalise the proposal for OPEC assistance.

Reply of the Government

The Department of Chemicals & Petrochemicals is monitoring the activities and the functioning of CIPET. As a result of vigorous follow-up by the Department, CIPET has achieved self-sufficiency in respect of most of its existing Centres and it is trying to become fully self-sufficient by the end of March, 2002. Relevant modern machines are being introduced in CIPET and, for this purpose, CIPET had through the Government of India, approached the OPEC Fund for International Development for their assistance for its Project on "Capacity Building of CIPET Centres for Development in Thrust Areas". The OPEC Fund has since informed the Government about its sanction of assistance for the CIPET Project amounting to US $ 15.00 million with counter-part funding of US $ 1.67 million by the Government of India. Further necessary action in the matter in being taken by the Government. It is expected that, consequent to upgradation with the OPEC Fund assistance referred to above, CIPET will rise in stature as an autonomous institution of excellence.

In so far as the establishment of new Centres is concerned, it may be stated that CIPET is in the process of setting up three new Extension Centres at Patna (Bihar), Haldia (West Bengal) and Guwahati (Assam). These Centres are expected to be completed between mid-2002 and mid 2003.

As a matter of policy, for the seting up of any Centre of CIPET, the proposal has to come from the concerned State Government/Union Territory with a firm commitment to share 50% cost of the project. The total cost of a CIPET Centre is share equally by the State Government concerned and the Government of India. At present, there is no concrete proposal from any State Government/Union Territory for setting up of a new CIPET Centre. If any proposal for the same is received from any State Government/Union Territory, the same will be considered by the Government of India. Nevertheless, CIPET has made necessary provision for setting up of one such Centre in the country during the X Plan period.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

Please *see* para 10 of Chapter I of the Report.

Recommendation (Sl. No. 5, Para No. 41)

The Committee recall that the Assam Gas Cracker Project was conceived as a mega project for economic upliftment of North-East Region. Some how, the project has not taken off due to casual approach shown by all concerned agencies. The Standing Committee on Petroleum and Chemicals since the last 5 to 6 years have been persuading these agencies to resolve the outstanding issues and give concrete shape to the project. Earlier the Committee were informed that the only hurdle in its execution was Gas Supply Agreement between RAPL and OIL. The Committee acted proactively and got this issue resolved. Thereafter an understanding was given that no major issue has been left out and now the project would take off as soon as requisite land was handed over to the Company. So far handing over land was concerned, the Department informed the Committee in August, 2000 that the Government of Assam, in consultation with the District Administration and RAPL, has fixed a time schedule for expediting the acquisition and handing over of the new site to RAPL by December, 2000.

The Committee have now learnt not only the site has not been handed over to the Company but there was another hurdle in the execution of the Project and that was non-finalization of Gas Supply Agreement between ONGC and RAPL. The Committee are certainly dismayed if not pessimistic about the future of this project. In Committee's view, the Department as facilitator has not succeeded in its assisgnment as the project has not moved an inch further since March, 2000. The Committee view this non-performance and inaction on the part of the Department seriously and recommend that the Department should hold monthly review meetings to see that the project takes off at the earliest and in any case before 15th August, 2001. If the Department feels that it is not able to adhere to this schedule, it should report the matter to the Committee well before the target date and suggest a realistic time schedule which should be workable for them.

Reply of the Government

Reliance Assam Petrochemicals Ltd. (RAPL), a joint venture of the Assam Industrial Development Corporation and M/s. Reliance Industries Ltd., is the implementing agency for the Assam Gas Cracker Project. With a view to expediting implementation of the Project, the Department of Chemicals & Petrochemicals has been periodically reviewing the progress and co-ordinating with the Government of Assam, the Ministry of P&NG and other agencies concerned. The last review meeting was taken by Secretary (C&PC) on June 19, 2001. In that meeting, the representative of the Ministry of Petroleum & Natural Gas informed that they had had internal discussions with regard to the proposed Gas Supply Agreement between ONGC and RAPL for supply of balance 1.35 MMSCMD of gas. To meet the shortfall, if any, it had also been decided in principle by the Ministry of Petroleum & Natural Gas to supply alternative feedstock *i.e.* Liquefied Petroleum Gas produced in the North Eastern Region. However, ONGC would have to make additional investment of about Rs. 27.41 crores (estimated) for the same.

2. As regards the handing over of land to RAPL is concerned, the representative of the Government of Assam indicated that they do not envisage any difficulty. The State Government has identified 1100 acres of land in Lapetkata of Dibrugarh District, of which 1000 acres of land belongs to private owners. The remaining 100 acres of land belongs to the Government. It was also indicated that Notification u/s 6 of the Land Acquisition Act has already been issued for acquisition of about 800 acres land.

3. Considering the fact that Gas Supply Agreement between RAPL and ONGC is most critical for the actual implementation of the project, it was decided in the meeting held on June 19, 2001 that both RAPL and ONGC would finalise the Gas Supply Agreement by end of July, 2001.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

Please see para 14 and 15 of Chapter I of the Report.

Recommendation (Sl. No. 15, Para No. 75)

From the Exports data, the Committee observe that there is marked increase in exports of Pharmaceuticals and Fine Chemicals during the last three years from Rs. 5419.32 crore in 1997-98 to Rs. 6631.00 crore in 1999-2000. It is generally said that two industries namely; information Technology and Pharmaceutical Exports are poised for mega jump in export market. It indicates that for pharmaceutical exports psychological marketing conditions in International market are available and to tap these conditions favourably, strategic marketing plan is needed. PEPC can do a lot in this field. The Committee would like the PEPC to study the functioning of Trade Fair Authority and follow some of its mechanism especially collection, maintenance and dissemination of relevant data of foreign countries.

Reply of the Government

The recommendations of the Committee are noted for compliance.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

Please see para 21 of Chapter I of the Report.

Recommendation (Sl. No. 22, Para No. 101)

The Committee do not appreciate the decision taken by the Government to wind up PCL. The Committee feel that it is a set back for the Cooperative movement. The Committee are, not agreeable with the decision of the Department that valuation of assets done in 1997 was final and any further action in this regard was to be taken by Liquidator. The Committee direct that before the role of Liquidator begins, revaluation of the assets should be got done.

Reply of the Government

PCL: Petrofils Cooperative Limited (PCL) registered as a Multi-Unit Cooperative Society under the Delhi Cooperative Societies Act 1972 and registered under the Multi-State Cooperative Societies Act 1984 had an authorised capital of Rs. 50 crore and paid-up capital of Rs. 20.39 crore. This was initially a profit making Society. However, it started incurring losses from 1994-95. A rehabilitation proposal based on the report (December 1998) of the Credit Rating and Information Services of India Ltd. (CRISIL) was submitted by PCL. The rehabilitation proposal was examined thoroughly by the Government and it was not found to be techno-economically viable in the long run. Meanwhile, due to shortage of funds, the operations of the Society were closed from November 1998 and the Government was releasing funds to PCL for payment of salaries to its employees. After taking into consideration all the factors, a decision was taken to wind up the Society. PCL and the Central Registrar of Cooperative Societies were informed about the decision of the Government of winding up of PCL. While taking a decision for winding up, it was decided to offer a Separation Scheme at par with the Voluntary Separation Scheme to all the employees of PCL.

The decision of the Government was communicated to PCL and the Central Registrar of Cooperative Societies. PCL offered a VSS, which was valid upto 17/3/2001 and the employees of PCL stood relieved from PCL with effect from 17/3/2001, i.e., after a period of three months given for exercising their option for opting VSS. The Central Registrar, taking into consideration all the factors, also approved winding up of PCL and has appointed a Liquidator for PCL on 11/4/2001. The latter has been asked to complete the work of winding up within six months. The Labour Commissioner has also formally approved the closure of PCL from 18/4/2001.

Since Liquidator has already been appointed on 11/4/2001 by the Central Registrar of Cooperative Societies and is in the process of taking over the assets and liabilities/records from PCL, it is felt that the process of revaluation of assets would take considerable time and would further delay the process of winding up of PCL and may also effect the amount to be realised by sale of the assets with the passage of time. The Central Registrar of Cooperative Societies has asked the Liquidator to complete the process of winding up of PCL within six months. It may also be added that in case the revaluation of assets is to be done afresh, some revaluation agency will have to be given the task of revaluation of assets and further expenditure will have to be incurred on that.

It is felt that the recommendation has come at a time when the organisation has been formally closed and the Liquidator is in position to dispose of the assets of the Society in accordance with the provisions of law. Getting a revaluation of assets done at this stage does not seem either pragmatic or of much consequence. Whether the value of the assets is high or low would now be judged by prospective buyers and the revaluation would, therefore, only be a theoretical exercise. It would have no impact on the actual disposal of the assets by the Liquidator who would, in the normal discharge of his functions, seek to get the best possible value, which he would then apportion between the various creditors of the company.

Taking into consideration the overall position and circumstances in the matter, it is felt that the Standing Committee may not insist on revaluation of assets at this stage.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 24, Para No. 106)

The Committee also feel that the Company is not having competitive marketing network with the result that its overall production performance is not even equal to the installed capacity. The Committee recommend that Company should develop marketing network in a manner which competes with private industry in the same sector. They should aim at full capacity production.

Reply of the Government

Primary reason of Hindustan Insecticides Limited's production performance not being equal to installed capacity in recent years, is the shortage of working capital and not so much inadequacy of marketing network. The problem has been further aggravated because of payment of idle wages (amounting to Rs. 34 crores approximately so far) to the employees of Delhi unit which has ceased operations w.e.f. 1.12.1996 as per orders of Hon'ble Supreme Court.

Government has taken a decision to disinvest 51% of the total equity in Hindustan Insecticides Limited. The process has already been initiated. It is hoped that the disinvestment will lead to fresh infusion of founds in the company. This in turn may enhance capacity utilization.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

Please see para 27 of Chapter I of the Report.

Recommendation (Sl. No. 35, Para No. 139 to 141)

The Committee note that the Vadodara plant of IPCL is an old one with obsolete technology. The Committee feel that segregating this plant from the other two plants would amount to separating cream from the milk. In the opinion of the Committee, mere transfer of Vadodara plant to IOCL would be unviable for the later. If the Government can decide to transfer the Vadodara unit of IPCL to IOCL, nothing prevents it from taking the same decision in the case of other two units, which are part of the single company. The Committee further feel that the bifurcation of the Company would mean unnatural division of assets and coerced selling of obsolete plant to Government owned company. This would enable, market forces to manipulate the sales of shares in other two plants to their advantage and ultimately change the management structure of these plants. The Committee would like to caution the Government about this design. The Committee strongly recommend that IPCL as a whole be transferred to IOCL on transfer basis so that the later can make optimum use of capital and marketing structure of IPCL, including utilisation of existing pipelines between Gandhar and Vadodara.

Reply of the Government

IPCL: It is an admitted fact that the technology in the Vadodara Complex is old. However, the complex is running at more than 100% of the installed capacity and is not a loss-making unit. The sale of Vadodara Complex to IOCL cannot be termed as "coerced selling of obsolete plant to the Government owned company". In fact, the proposal for taking over Vadodara Complex of IPCL came from IOCL itself. The Vadodara Complex has synergies with the Gujarat Refinery of IOCL as the Naphtha produced in the Gujarat Refinery, which is adjacent to IPCL, is sold to IPCL. The price of Naphtha sold to IPCL, is more than the international price of Naphtha. The disinvestment in the total IPCL would have resulted in a situation where it was quite probable that the company taking over the management of IPCL would not purchase Naphtha from IOCL but may go in for purchase from the international market. This could have meant that IOCL would find problems in selling its Naphtha in the domestic market. Since the domestic price of Naphtha produced by IOCL is already high compared to the international price, its transportation to other locations would further add to the cost of Naphtha. Therefore, it cannot be said that IOCL made the offer to takeover the Vadodara Complex without giving any thought about the old technology at the Complex. Since they would have the infrastructure facilities and utilities, they can upgrade the size and the technology in the Vadodara Complex itself. Moreover, by taking over the Vadodara Complex, IOCL will be saving about Rs. 250 crore in terms of Sales Tax.

Regarding the observation of the Committee about the design of the market forces to manipulate the sales of share in other two plants to their advantage and ultimately change the management structure of these plants, it may be mentioned that the decision at present is to disinvest 25% shareholding in the rest of IPCL (comprising two plants after hiving off Vadodara Complex) alongwith transfer of management control. Therefore, the apprehension is misplaced.

As regards the recommendation of the Standing Committee that IPCL as a whole be transferred to IOCL on transfer basis so that the later can make optimum use of capital and marketing infrastructure of IPCL, including utilisation of existing pipelines between Gandhar and Vadodara, it may be stated that the decision of the Government is to disinvest 25% of its equity in IPCL and transfer of management control therein to a strategic partner. The subsequent decision to transfer the Vadodara Complex to IOC was merely a pre-disinvestment restructuring of IPCL which came about because of IOC's interest. At this stage to arbitrarily extend the proposal and transfer or merge IPCL with IOC would neither qualify as disinvestment nor as a rational economic decision? Moreover, if the company is to remain a PSU, it would be immaterial whether it operates under the name of IOCL or under the name of IPCL. In that case there will be no need for changing the present structure of IPCL at all. However, this will not be in consonance with the decision of the Government to disinvest in non-core sector PSUs.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals.) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

Please see para 34 of Chapter I of the Report.

CHAPTER V

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

Recommendation (Sl. No. 1, Para Nos. 17, 18, & 19)

The Committee are constrained to observe that the Department has failed to achieve the laid down objectives for 9th Five Year Plan. Planning Commission/Ministry of Programme Implementation have also not played their monitoring role well. The Committee recommend that Planning Commission should evaluate performances of all Ministries with regard to their achievements of planned objectives and based upon their experience formulate guidelines for laying minimum standards which each implementing agency/Ministry/Department must achieve in a particular year. If any agency fails to achieve this, Planning Commission should hold a review meeting half-yearly with the agencies to evaluate the reasons for non-performance. In each Ministry/ Department an exclusive cell should be entrusted with specific assignment, responsibility and accountability to implement the Planned Schemes.

Reply of the Government

This recommendation is a general recommendation of the Committee concerning plan schemes under all departments and Ministries.

2. In so far as the observation of the Committee that this department has failed to achieve the laid down objectives of the 9th Five Year Plan is concerned, it may be stated that when the Five Year Plan was prepared by the Department in 1996-97, it was drawn up in the back drop of three consecutive years of high growth on an average of 7.2%. However, the Plan was finally approved after two years of formal commencement of the plan period, *i.e.* in 1999 by which time the economic growth of the country had slowed down from 7.2% to 5%. Therefore, the Plan had to be scaled down keeping in view the unfavourable market conditions and changed economic scenario. Accordingly, the IXth Plan of the Department was proposed to be reduced from the original Rs. 6760 crores to Rs. 4012.56 crores mainly because of the resource constraint faced by Indian Petrochemicals Corporation Limited and Hindustan Organic Chemicals Limited. Both these PSUs account for 95% of the approved Plan outlay of the

Department. This was due to factors which had affected not only Chemicals and Petrochemicals Sector but the whole economy as the pace of the growth of the Indian economy had slowed down. Further due to the decision of the Government to disinvest 25% of its equity in IPCL alongwith transfer of management control in favour of a strategic buyer, the new schemes for implementation were kept pending since, it was felt that in case of transfer of management control from the Government to a strategic buyer, there would be no need to implement new schemes in the company. HOCL, which had been traditionally a profit making company, not only turned into a loss making from the first year of the 9th Plan itself but also started making cash losses due to the changed business environment necessitating the company to face increased competition. These factors accounted for the change in the Plan size/non-implementation of the original plan of the Department. As will be seen, these factors were beyond the control of the management of the companies or the Department of Chemicals & Petrochemicals.

3. In view of position explained in the paragraph 1, this Department has forwarded the recommendation under reference to the Planning Commission for appropriate action in the matter.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(4)/2001-Fin., dated 24.7.2001]

Comments of the Committee

(Please *see* para 7 of Chapter I of the Report)

Recommendation (Sl. No. 12, Para No. 65)

The Committee would also like to see that state of art facilities available with the Institute is made use of by the private industry. The Committee recommend that the Department should formulated schemes to attract private industry towards this.

Reply of the Government

The Institute is trying to motivate the private industry to utilize the facilities more and more. The Institute is also contemplating to enter into a joint venture to start manufacturing facility of eco & agrochemicals formulations *i.e.* water dispersible granules and Suspension Concentrate in different locations of the country with the help of TDB of DSIR through the project financing scheme. This will not only help the institute in promoting its technology in India and abroad but also will help the small industries to be able to formulate these state-of-art formulations and promote the technology in India and abroad.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(4)/2001-Fin., dated 24.7.2001]

Comments of the Committee

(Please *see* para 18 of Chapter I of the Report.)

Recommendation (Sl. No. 18, Para No. 86)

The Committee note with concern that some of the departments of the Institute could not become functional due to non-availability of appropriate faculty within the country. Amongst other reasons, one of the reasons may be that eligible persons are reluctant to join the Institute due to poor salary package being offered by the Institute. The Committee recommend that the Institute should consider offering attractive salary package along with perks to attract talented persons in the country as well as NIR. For this, if any amendment to existing laws/rules is necessary, it should be done. In any case the excellence of the Institute should be ensured and hurdle, if any, in this way should be removed. The Committee recommend that the Department should play proactive role in this regard.

Reply of the Government

Efforts are already being made to get an expert in Pharmacy Practice to visit the Institute from U.K. in the latter part of the year. A proposal to attract suitable candidates will be submitted to the BOG for approval.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 20, Para No. 93)

The Committee view with concern other constraints *viz.* non-submission of statutory returns, violation of DPCO and non-cooperation of Industry in monitoring the prices. The Committee find that because of these constraints, the authority is not able to fulfil its duties satisfactorily. The Committee urge the Government to constitute an expert body whose job should be to study all these constraints and recommend suitable and pragmatic measures to remove them. The body should be asked to submit its report within 3 months of its constitution.

Reply of the Government

Government had set up a Drugs Prices Control Review Committee (DPCRC) in March, 1999 to review the current price control mechanism and to suggest alternative modles, if any, with a view to reducing the rigours of price control, where they had become counter productive. The report of the Committee has been received by the Government. It is being examined for formulating a new pharmaceutical policy including the issues relating to drug pricing.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 21, Para No. 94)

The Committee note that the Department of Chemicals & Petrochemicals has constituted in February, 2001 a Committee of experts to undertake a study of the methodologies adopted by NPPA in performing its functions and to make suggestions, wherever necessary for improving the functioning of National Pharmaceutical Pricing Authority. However, the Committee has not started its work although it was required to submit its report within two months from the date of constitution. The Committee urge the Department to make this body functional immediately and submit its report latest by 30th June, 2001.

Reply of the Government

The Committee of Experts constituted by the Government to study the methodology adopted by NPPA and to make suggestion thereon have become functional. The expert body have been informed of the direction of the Standing Committee to submit its report by 30th June, 2001.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

(Please *see* para 24 of Chapter I of the Report.)

Recommendation (Sl. No. 23, Para No. 105)

The Committee have the impression that the Bhatinda project is not progressing as per schedule. Foundation stone was laid in July, 1999 but the construction work has not as yet started. The Committee would like to see that the project is completed as per original time and cost outlay.

Reply of the Government

After laying the foundation stone at Bhatinda in July, 1999, the work of construction of boundary wall, security office and watch tower was taken up by the Company and the same was completed in December, 1999. The work for construction of the main plant and buildings was started in May, 2001 and about 50% of the construction work has been completed. There has been delay in finalization of the equipment and machinery for the project as the evaluation of the technical bids by M/s. FEDO, the industrial consultant, was delayed. The process of placement of the purchase order for equipments and machinery is in hand and utmost efforts are being made to ensure completion of this project within this financial year.

[Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 25, Para No. 111)

The Committee observe that Hindustan Organic Chemicals Limited (HOCL) had been traditionally profit making Company. Somehow, the company could not sustain profit making and started incurring losses from 1997-98 onwards. The Committee feel that no serious efforts were made to revive the Company. At one time, the Government examined the proposal to merge Kochi Unit of the Company with Kochi Refineries but the same has been shelved without valid reasons. The Committee recommend that the Government should reconsider this proposal with an aim at merger.

Reply of the Government

Recommendation of the Committee was conveyed to the Department of Disinvestment. They have in response stated that their experience regarding mergers in similar transactions of other PSUs has not been happy. A final decision in this regard is however yet to be taken.

Recommendation (Sl. No. 27, Para No. 113)

Since the Company is under disinvestment, the Committee recommended that updated valuation of its entire assets is carried out before formal process of disinvestment is initiated.

Reply of the Government

The valuation of assets of the Company is intended to be done through an approved and reputed valuer with the approval of the Inter-Ministerial Group set up for the purpose of disinvestment.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 30, Para No. 123)

The Committee reiterate their earlier position that they have taken serious note of the observations of BIFR in its hearing on 5.7.2000 when it said that it appeared that promoters were taking undue advantage of the protection available to them to the determinant of other concerned. The Committee again recommend that an Inquiry Committee consisting of management experts of IIMs be constituted to evaluate the role of officers who were associated with revival process from middle of 1995 onwards.

Reply of the Government

The recommendations of the Committee made in the earlier report had been placed before the Cabinet Secretary. Further action in the matter is being taken as per the advice rendered by the Cabinet Sectt.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Comments of the Committee

(Please *see* para 31 of the Chapter I of the Report.)

Recommendation (Sl. No. 31, Para No. 126)

The Committee are happy to note that HAL has showed improvement in performance in 1998-99 and 1999-2000. The Company's main products, bulk drug Penicillin-G, various salts of Penicillin and Streptomycin, once were rated very high in the pharma sector but over the period of time, the Company could not compete in the liberalized economy and suffered losses. The Committee recommend that the Government should extend all financial help in the form of rehabilitation scheme to see that the company regains its past glory.

Reply of the Government

MD, HAL has submitted a proposal involving financial assistance of about Rs. 73 crores from the Government of India pursuant to the decision taken in the meeting of the Group of Secretaries held on 1.2.2001. This has since been considered in a meeting held by the Group of Secretaries on 16.3.2001. It was, *inter-alia,* decided that views of the Controller General of Accounts of Department of Expenditure may also be obtained on the proposals as these were part of the capital restructuring proposals involved in revival of HAL. The report of the CGA has since been received and the Department is taking further action for taking a stand before the BIFR.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 32, Para No. 130)

The Committee note that the Company has prepared a revival package which is under examination of the Government. The Committee appreciate that the Government's tendency would be to save either the whole or part of the company. The Committee hope that ultimately the Government will approve revival package which would make the company viable.

Reply of the Government

Government is in the process of finalizing its decision on the proposal submitted by the company, keeping in view the prospects of it leading to the revival of the company.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

Recommendation (Sl. No. 33, Para No. 133)

The Committee note that a techno-economic viability study of the company has been prepared and is pending with the Government since July, 2000. In the opinion of the Committee, sufficient time has lapsed since then and by now the Government should have taken a decision in the matter. The Committee recommend that the Government should expedite positive decision in the matter.

Reply of the Government

Government is in the process of finalizing its decision on the future of Bengal Immunity Limited, keeping in view the techno-economic viability study of the company.

[Ministry of Chemicals & Fertilizers, (Department of Chemicals & Petrochemicals) O.M. No. 16(12)/2001-Fin., dated 24.7.2001]

NEW DELHI;
August, 20, 2001
Sravana 29, 1923 (Saka)

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on
Petroleum & Chemicals.

APPENDIX I

MINUTES

SUB-COMMITTEE ON STANDING COMMITTEE ON CHEMICALS & PETROCHEMICALS

A SUB-COMMITTEE OF STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2001)

Second Sitting
13.08.2001

The sub-committee sat from 1500 hrs. to 1545 hrs.

PRESENT

Shri Ram Nath Kovind *Convenor*

MEMBERS

Lok Sabha

2. Shri P. Mohan Pradhan
3. Shri Ashok Pradhan
4. Dr. (Smt.) C. Suguna Kumari
5. Shri B. Venkateshwarlu

Rajya Sabha

6. Shri Mool Chand Meena

SECRETARIAT

1. Shri Brahm Dutt	*Deputy Secretary*
2. Shri J.N. Oberoi	*Under Secretary*

At the outset, Convenor, Sub-Committee on Chemicals & Petrochemicals welcomed the Members to the sitting of the Sub-Committee and explained the purpose of the day's meeting.

2. Thereafter, the Sub-Committee considered and adopted the following two Draft Reports:—

(i) Action Taken by the Government on the recommendations contained in the Thirteenth Report (Thirteenth Lok Sabha) of the Standing Committee on Petroleum & Chemicals (2001) on 'Demands for Grants of Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals for 2001-2002' without any amendments.

(ii) ** ** ** ** ** ** ** **

3. The Sub-Committee authorised the Convenor to finalise the Reports and submit these to the Chairman for consideration by the Standing Committee on Petroleum & Chemicals.

The Sub-Committee then adjourned.

**Matters not related to this Report.

APPENDIX II

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2001)

Seventh Sitting
20.08.2001

The Committee sat from 1000 hrs. to 1040 hrs.

PRESENT

Shri Mulayam Singh Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Dr. (Smt.) C. Suguna Kumari
3. Shri Padam Sen Choudhary
4. Shri Dilipkumar Mansukhlal Gandhi
5. Shri Pawan Singh Ghatowar
6. Smt. Nivedita Mane
7. Dr. Bikram Sarkar
8. Smt. Kanti Singh
9. Shri Prabhunath Singh
10. Shri Shankersinh Vaghela
11. Shri B. Venkateshwarlu
12. Shri Rajesh Verma

Rajya Sabha

13. Shri Gaya Singh
14. Shri Moolchand Meena
15. Shri Dipankar Mukherjee
16. Smt. Basanti Sarma
17. Shri Rajiv Ranjan Singh 'Lalan'

SECRETARIAT

1. Shri Brahm Dutt — *Deputy Secretary*
2. Shri J.N. Oberoi — *Under Secretary*

At the outset, Hon'ble Chairman welcomed the Members to the sitting and explained the purpose of the day's meeting. He invited the Members to give their suggestions if any on the draft reports being considered for adoption. He also stated that such Members who wish to give their suggestions later may do so latest by 23rd August, 2001.

2. Thereafter, the Committee considered and adopted the following Draft Reports:—

(i)

(ii)

(iii) ** **

Action taken by the Government on the recommendations contained in the Thirteenth Report (Thirteenth Lok Sabha) of the Standing Committee on Petroleum & Chemicals (2001) on 'Demands for Grants 2001-2002 of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals'.

(v) ** ** ** **

3. After some consideration, the Committee adopted the Reports without any amendment.

4. The Committee, thereafter, authorised the Chairman to finalise the Reports after factual verification from the concerned Ministries/ Departments and present them to the Parliament.

5. The Committee placed on record their appreciation of the work done by the Sub-Committees on Chemicals & Petrochemicals and Fertilizers.

6.

7. The Committee also placed on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

The Committee then adjourned.

**Matters not related to this Report.

APPENDIX III

[*Vide* Para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTEENTH REPORT (THIRTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2001) ON 'DEMANDS FOR GRANTS—2001-2002 RELATING TO DEPARTMENT OF CHEMICALS & PETROCHEMICALS'

I.	Total number of recommendations	35
II.	Recommendations that have been accepted by the Government (*Vide* Recommendations at Sl. No. 2, 3, 10, 11, 14, 16, 17, 19 & 26)	9
	Percentage to total	
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply (*vide* Recommendation at Sl. Nos. 6, 7, 8, 9, 13, 28, 29 and 34)	8
	Percentage to total	
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (*Vide* Recommendation at Sl. Nos. 4, 5, 15, 22, 24, and 35)	6
	Percentage to total	
V.	Recommendations in respect of which final replies of the Government are still awaited (*Vide* Recommendations at Sl. Nos. 1, 12, 18, 20, 21, 23, 25, 27 and 30 to 33	12
	Percentage to total	