

17.31 hrs.

HALF-AN-HOUR DISCUSSION

Closure of Chembur Unit of Union
Carbide India Limited

[English]

MR. DEPUTY SPEAKER : Now we will take up Half-an-hour discussion. Shri Sharad Dighe.

SHRI SHARAD DIGHE (Bombay North Central) : Mr. Deputy Speaker, Sir, I rise to raise a half-an-hour discussion relating to the answer given to my Question number 1954 on 9th August, 1988 regarding the closure of Chembur Unit of Union Carbide of India Limited at Bombay.

Sir, my question was in three parts :

- (a) whether Government are aware that the management of Union Carbide India Limited manufacturing LDPE, a vital raw material for a large number of plastic factories, have completely stopped the production at their Chembur, Bombay Plant since April, 1986 at a time when the demand for new material is continuously mounting and have thereby deprived more than eight hundred workers of any useful work;

The reply was 'Yes Sir'.

- (b) whether the Maharashtra Government has recommended to take over the company; and
- (c) if so, the steps Government propose to take in this regard ?

As far as the other two parts are concerned, they have given just a vague reply.

It merely says "Certain proposals/suggestions have been received from the Maharashtra Government in this regard. The various implications of the proposals are under study."

Sir, similar question was put in this House as far back on 10th August, 1987 and at that time also the then hon. Minister of State for Petroleum Shri Jaichandra Singh had stated that "the Government was reviewing the possibility

of taking over this plant." Not only that. But the same reply was given to the hon. Member Dr. Datta Samant on 2nd December, 1987 in in Lok Sabha to the question raised by him.

This problem requires urgent attention. This management of Union Carbide India Limited have stopped production since April, 1986. They were manufacturing LDPE which is a vital raw product for a large number of plastic factories. So, apart from the fact that the workers of Union Carbide at Chembur Plant are without any work since April, 1986, this closure also affects several other plastic industries in Bombay which were using this raw material. This raw material is in great demand as far as this country is concerned. As per the data provided in the Handbook of Indigenous Manufacturers (Government of India, DGTD 1986), the demand projection for its product whose consumption in 1982-86 was 1.05 tonnes, is expected to be 2.86 lakh tonnes by 1989-90. As against this, our production is less. Therefore, we have to arrange for the import of the shortfall at heavy cost of scarce foreign exchange also.

So, apart from the question of workers in Bombay, the question of saving foreign exchange is also involved, as far as production of this material is concerned. Not only that; but a substantial portion of about 26% of the investment in the Union Carbide (India) Ltd. comes from the public sector financial institutions like IDBI, ICICI and the UTI. So, the closure of this unit will also affect the investment which has been made by these financial institutions.

Therefore, we have been urging upon the Government since long, to take over this plant, or to merge it in the other public sector undertaking which is producing the same product, viz. IPCL. All experts have opined that it is a very viable unit. There is no question of loss, as far as this unit is concerned. The management is not producing anything from this plant, only on the plea that a Supreme Court judgement in the DCM case has laid down that if there is any accident hereafter, the company will be fully responsible; and that it will be liable according to its financial condition. So, the management is putting this plea that it does

not want to take any risk as far as the production of this raw material is concerned. They first approached the Maharashtra Government for permission to close; and when the permission was not granted, they just kept it closed. They are paying wages to the workers, and there is no production. So, the result would be that some day or the other this factory is going to be closed.

The first report was that the public undertaking IPCL would be asked to take it over. But to our disappointment, a report appeared in the Press on the 8th July which said :

“Contrary to reports circulating in petro-chemical industry circles, there is no move on the part of IPCL to run the closed Union Carbide plant which was manufacturing LDPE in Bombay.”

Government is not moving in this matter at all. They merely say that they are considering various implications of this matter. Perhaps they are afraid of the litigation that is going on against this company, as far as the Bhopal leakage case is concerned. But I am told that even the legal opinion says that there is no difficulty in taking over this plant or merging it in our public sector undertaking.

Lately, there was an Annual General Meeting of this company. Somewhere around the 13th August, Mr. Gokhale, the Chairman-cum-Managing Director of this company, while addressing their Annual General Meeting is reported to have said— and I quote :

“Addressing the Annual General Meeting of the Company, Mr. Gokhale said that the company had been making efforts to sell its chemicals and plastics from its plant in Bombay, and various representations were also made by the employees’ union to find a solution to this problem...”

Then he further said as follows :

“Since the public sector organisation had not shown any interest, the Company decided to sell its products to a private sector organisation within the framework acceptable to the government and the company.”

Therefore, it appears that now there is also a risk that this Company producing a very vital raw product involving the foreign exchange of this country and also on which several plastic factories are dependent, may be sold by them perhaps to a private buyer, who may come forward; and in that case, anything might happen. As far as these employees are concerned. Therefore, my submission is that the government should not lose this precious opportunity of taking over this plant at Chembur on this very vital scheme. Everybody has said that it is viable. According to the legal opinion, you can take it over. The Maharashtra Government has also requested you to take it over and the Company also wants to sell it. The same thing also appears from the address of the Chairman-cum-Managing-Director of this Company. Therefore, I will urge upon the Government that they should not waste any further time merely by saying that they are considering the several suggestions made in this respect, and should not waste time in considering all these things and lose a very precious opportunity of taking over a very good and viable Company.

The Government often told us that those companies which were not viable, they were not interested in taking them over and that it was not a good policy according to them. Well, in this case, it is a viable Company and it produces a good material. If you allow them to close it for more than a few months, then, perhaps the machinery will also get corroded and it will not be useful for further production also. Therefore, I again urge upon the hon. Minister to take a serious note of these facts and take urgent steps either to take over the management of the Company at least or to merge this Company with a public undertaking company producing similar raw material.

With these words, I would request the hon. Minister to clarify all the points mentioned by me.

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO) : I have listened with great care to all the issues that have been raised during the discussion. The matter, no doubt, is of great importance. However, at the same time, it is not without complications in view of the various legal and other issues connected not only with

[Shri J. Vengal Rao]

the question of the future of the plant but also safety and environmental aspects.

It is true that Union Carbide closed down its Chembur plant in April, 1986 for normal maintenance work. Later on, however, the company gave notice on April 16, 1987 for closure of this unit to Government of Maharashtra under Industrial Disputes Act and the same was rejected by the State Government on 8th June, 1987. The review application made by the company was also rejected by the Government of Maharashtra. The Union Carbide has subsequently filed the writ petition in Bombay High Court. Though the plant is not operating at present it is continuing to pay the workers salary. (Interruptions) I will tell you later on if you have got any doubt. Today there are 671 workers and 105 Supervisors still receiving their salaries from the Company.

SHRI BASUDEB ACHARIA (Bankura) ; They are getting their salaries without producing anything.

SHRI J. VENGAL RAO : About that I have already told you.

The Government of Maharashtra have made a proposal to the Government of India in their letter dated the 17th September, 1987, to take over the management of the Chembur unit under Section 18 AA(I)(b) of the IDR Act of 1951, and entrusts the management to the ICPL—a public sector company. This proposal requires to be examined at length, particularly in the light of the developments in the Bhopal litigation.

SHRI BASUDEB ACHARIA : It is a separate unit.

MR. DEPUTY SPEAKER : Please, let him speak.

SHRI BASUDEB ACHARIA : It has a unit at Hyderabad also.

SHRI J. VENGAL RAO : In Vizag also they have got a marine unit.

DR. DATTA SAMANT : It is a dangerous unit.

SHRI J. VENGAL RAO : I know. I know very well. This is also a dangerous unit. (Interruptions) The Maharashtra

Government have given a notice to shift that unit from Chembur to another place. Do you know that ?

DR. DATTA SAMANT : Congress Government.

SHRI J. VENGAL RAO : Even now there is a Congress government; not your government. (Interruptions)

The hon. Member will recall that immediately after filing the Bhopal case in the court, an injunction was obtained whereby the Union Carbide was given a direction to maintain unencumbered assets of three billion dollars. To that extent, the interests of the victims have been taken care of. In view of this position, the further implications of either taking over of the management of the Plant by the Government or allowing the sale of the plant to any other party have to be considered in depth to ensure that there are no adverse implications in any way.

In the meanwhile, as has already been mentioned by me, the interests of the workers are also being protected as the closure of the plant has not been permitted by the State Government. However, as mentioned earlier, this unit is situated in Chembur in the city of Bombay, which is already an over-crowded area and there are safety and environmental implications for running a Petro-chemical Plant.

PROF. MADHU DANDAVATE (Rajapur) : I rise on a point of order. When anybody initiates an Half-an-Hour Discussion, since following the earlier questions and new questions are posed, we expect that the Minister will try to reply to those questions. But here, beforehand he has prepared a statement and the reply is independent of the questions.

MR. DEPUTY SPEAKER : There is no point of order.

DR. DATTA SAMANT : I am also on a point of order.

MR. DEPUTY SPEAKER : Do not disturb him.

DR. DATTA SAMANT : There is a specific proposal to sell the unit and the High Court has rejected it, as it is a profiteering unit.

SHRI BASUDEB ACHARIA : What is the opinion of the Attorney-General? Please tell us.

SHRI J. VENGAL RAO : After taking the opinion of the Attorney-General only I am replying, because this is a very crucial issue. That is why I am speaking from a written statement. Otherwise, I would have orally answered, because there is a case in Bhopal and now we are fighting in the court.

PROF. MADHU DANDAVATE : I have no objection. What I say is, you have shown the foresight to anticipate what will be the questions and prepared a statement beforehand. But very important questions have been raised by Mr. Dighe. They are not covered by your statement.

SHRI J. VENGAL RAO : What are those new questions? The only plea is the Government of India should take over this unit. That is his plea.

SHRI BASUDEB ACHARIA : ICPL.

SHRI J. VENGAL RAO : But the ICPL is not ready to take over because the Chambur unit is located in a thickly populated area in Bombay. If something happens, who will take responsibility for it? It is a particular gas, you know.

DR. DATTA SAMANT : It is not gas. This plant is a fire hazard. It is a petrochemical. It is entirely different.

MR. DEPUTY SPEAKER : Let him speak.

SHRI J. VENGAL RAO : This aspect has also to be fully considered before taking a final decision in the matter.

Thus at present Government is considering all the implications of either take over of the Management of the Unit by Government or by permitting the sale of the unit to the third party subject to protecting the interest of the Bhopal victims. While taking a decision, I would like to assure the House that the interest of the workers of the Chambur Plant will be fully kept in mind.

Sir, this unit is producing 18,000 tonnes yearly, worth nearly rupees forty crores. As the hon. Member has pointed

out, we are in dearth of raw material... (Interruptions)

SHRI BASUDEB ACHARIA : We will have to import.

SHRI J. VENGAL RAO : What to do? The litigation is in the court. That is why, we are carefully considering all these items.

As regards the problem of workers, I assure them that we would certainly take care of their jobs. In Vizag also, they have got some plant—marine product plant. They disposed of the plant and deposited the amount in Court in Fixed Deposit, because they have to take care of the Bhopal Victims. Now, if any third party is ready to purchase that unit, they must deposit the amount in the court. We are examining all these aspects. We are aware of all these things.

[Translation]

DR. G.S. RAJHANS (Jhanjharpur) : I mean to say only this that when time and again it is said that the Chambur unit of the company would not be allowed to operate there because it is a thickly populated area, then, may I know what was the necessity of seeking an advice or opinion of the Attorney General. There was no need of seeking advice of the Attorney General when the Government had already decided not to let this unit operate in Chambur.

Secondly, when the workers are repeatedly demanding that if the Government is neither taking over this unit for some or the other reason nor merging it with I.C.P.L. then allow them only to form their cooperative if the workers are prepared to run this unit on cooperative basis and provide them only with the technical know how from I.C.P.L. That is not a big thing. We were very much disappointed from the decision of the Government of not taking over the management of the unit which is running well and giving high profits; just because the people of Bhopal are creating a lot of trouble for the Government. And for that reason, the Government has agreed to their proposition. The Government agrees to the proposal of selling the unit to any other private party but when the question of handing it over to the workers on co-operative basis arises, the

[Dr. G.S. Rajhans]

Government does not agree, which I cannot appreciate; what could be logic in it.

I have seen in the State of Bihar and West Bengal that even those units were declared sick and closed due to their involvement in litigation which were running quite smoothly. But what was the difficulty with the Government in taking over this unit which is running in profit.

You have taken a plea that Chembur is a crowded area but several big factories are located and running smoothly in old Delhi which is also a very densely populated area. Had you made some such policy statement or you might have laid down some new policy...

PROF. MADHU DANDAVATE (Rajapur) : Lok Sabha is also very much crowded.

DR. G.S. RAJHANS : Yes, undoubtedly, but what I want to say is that Government should take some realistic viewpoint because Union Carbide has closed down its plant for some months perhaps for the last two years but still it is continuing to pay its workers' salary. Certainly there is an aim behind it. Probably it may lay off all its workers. On the other hand, the Government is importing a product named L.D.P.E. from foreign countries even at the cost of foreign exchange worth Rs. 80 crores. Even then why the Government doesn't think in the terms of taking over this unit which is in the interest of the country. Beside this, about two crore litres of alcohol is also consumed by this unit and there are several alcohol factories on the verge of closure in Maharashtra and Bombay. Now it is the duty of the Government to consider the requests of the State Governments and that of the workers for the taking over this unit as it is a profitable unit. I urge upon the Government to give it a second thought either to take over this unit or to hand it over to the workers to run it on the cooperative basis.

Nobody can deny from the fact that a great tragedy had taken place in Bhopal but it is not good if the Government closes down this unit which is producing a high profit earning product on which many plastic factories are dependent, merely on the pretext of that tragedy. I request you to

consider it sympathetically because I have seen the situations in which a unit is declared sick.

[English]

I request you to consider it sympathetically and take over the factory or allow the workers to form a cooperative and run the plant.

DR. CHANDRA SHEKHAR TRIPATHI (Khalilabad) : Undoubtedly the relevant question raised by my hon. colleague, Shri Sharad Dighe, was not covered in the reply given by the hon. Minister. Nevertheless, on the pretext that it is going to pollute the atmosphere or on the ground that again a tragedy may take place in the near future, this factory cannot be allowed to be closed down. Secondly, this factory was set up by Union Carbide Limited in 1966. In 1986 they closed down this factory. It is not only in India but in various parts of the world they have either closed down or sold out their units. The raw material which they had been manufacturing since 1966 was being used by most of the plastic industries of the country. A major part of the total demand of LDPE by the plastic industries of our country was met by this factory in Chembur. Since the factory has been closed for the last two years, only 700 workers are being paid by this factory and the rest of 200 workers have not been taken care of. They have been thrown out of job. Moreover, the alcohol which was being used after cane crushing, by this plant is also not being used. As a consequence, most of the sugar factories in Maharashtra are facing the problem of storage of alcohol as more than 80,000 litres of alcohol is lying idle. This has actually created an atmosphere in which various sugar factories are also in trouble. The workers are also not getting proper wages and remuneration and several factories dependent on the raw material from this plant, are also on the verge of closure.

The demand from the employees union and from the other side has been coming repeatedly for the take over of this plant. Taking over of this plant is in the interest of the workers, industry and the nation. The Government has already taken more than two years time in considering and examining this matter. I do not know how

many decades this. Ministry will take in examining the suggestion made by the Maharashtra Government. Nobody should be allowed to play with the fate of the country at all. How much time will the Government take to take over and run this factory on its own ?

18 00 hrs.

SHRI V. SOBHANADREESWARA RAO (Vijayawada) : Sir, the hon. Minister himself has accepted that the country is in shortage of LDPE and he has also accepted that we are spending a good amount of money, very precious foreign exchange, on import of this LDPE. The hon. Members who have preceded me have brought out almost all the aspects concerning the implications of the closure of this unit. This closure is also affecting a large number of sugar factories which have now to store nearly eighty lakh litres of industrial alcohol which was being consumed by this unit. Because of its closure, they are now finding it very difficult to store this huge quantity of industrial alcohol.

Though the hon. Minister in his reply has said that the Government is very much concerned with the welfare of workers, what guarantee has he given to this august House that this Government is very sure that it can protect the interests of the workers ? For how long will the Union Carbide give salaries and wages to the workers and the employees even during the closure period ? Have they given any written commitment to our Government that they will be giving the salaries and wages for all times to come ?

The reply of the hon. Minister is evasive. We are very sorry that in spite of a concrete proposal from the Maharashtra Government as far back as one year, till now the Government is dragging its feet to take a decision. In the name of pollution of the atmosphere, why should the Government back out ? When the Government is accepting that this unit is a profit-making unit and when the country is in shortage of LDPE, and the production of this factory amounts to nearly one-seventh of our country's demand, then why not the Government take over this unit ? Why should it be clubbed to Bhopal gas tragedy ? Let it be a different issue. They cannot club both these issues and dodge the matter for all times to come. Why not the Government

take it over ? There is already Government capital in that. IDBI and several other financial institution's money is there. So, the Government should determine the value of the unit and take it over.

My information is that at the time of closure, there was nearly Rs. 27 crores worth of raw material other inventories, and my information is that today it all exhausted, sold out. How can the factory, during the period of closure, sell out all those inventories and raw material ? I would like to know categorically from the hon. Minister about this particular aspect. If necessary, if the Government feels that it is safe to shift it to a distant place, they should do it. What prevents them from doing it ? The State Government has already sent a proposal. I am very sorry the hon. Minister is signalling in a negative manner which is causing of concern to all of us. So, I would like to have from the hon. Minister a categorical reply and a time limit by which a Government will take a decision. Even earlier this question was raised by several Members. Now he is saying that the Government is examining. How long will it take ? Please set a time limit before which the Government will take a decision, take over this unit and protect the interests of the workers and also the country's interest because the country is in shortage of this. There are several small plastic industrial units which are depending upon this raw material. They are also on the verge of closure and will add to the long list of sick industries. So, I hope the Government will take a positive and concrete decision immediately. I seek from the hon. Minister clear replies to my questions.

[*Translation* :]

SHRI HARISH RAWAT (Almora) : Mr. Deputy Speaker, Sir, the product which is being manufactured by this unit is very essential for our Petro-Chemical industry. I think it is not proper if we see this unit as compared to the union carbide or to any other plant or in the context of any other such tragic incidents. Government's own Agency Engineers India Limited which is a Public Sector unit, has itself conducted a survey in this regard and has stated in its recommendations that there is no such risk involved in it. Even according to the report of the Garg Committee and the survey con-

[Shri Harish Rawat]

ducted by its employees, there is nothing apprehensible in it. All these committees have recommended that there is no risk involved in this unit. If the Government does not take over this unit only because of the Supreme Court's judgement that Government shall have to bear unlimited liabilities if any such tragic event takes place in future. I think it will be very unjust if the Government thinks about the closure of this unit only because of the fear of such tragedy. It is learnt that the decision has been taken not only to close this unit but also to hand it over to some private party. If it is implemented, it will be very unfortunate. If there is any threat to public from this unit, this can be even from any other company in any situation. If in future the ownership of this company is transferred to Birlas or to any other party, will it minimise the element of risk? I, therefore, want to know from the hon. Minister whether any such recommendation have been made in the report of survey conducted by any public sector unit in this connection that there is any element of risk in it. If any such survey has been conducted, please let us know the details of its recommendations. I request the hon. Minister to tell us about the findings or the recommendations, of the survey conducted by the private party if any or by the employees of this unit. Besides this whether Government has made any effort to evaluate the impact of shifting or transferring of this unit after its closure on its utility or profitability and what action does the Government propose to take in regard to its assets. If the Government has considered all these aspects?

[English]

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO) : Sir, I do not want to make any statement. Just I want to clarify some points raised by the hon. Members. Sir, the Maharashtra Government had said that in October 1985, the plant had been identified as hazardous and the Company were asked to shift the plant to some other location. The Company did not find it feasible to shift the plant to some other location. The Maharashtra Government itself gave a notice to the Company to shift its plant to some other location because this was not a viable unit. (Interruption)

SHRI HARISH RAWAT : It is still earning profit.

DR. G.S. RAJHANS : It is a profitable unit, Sir. (Interruptions).

DR. DATTA SAMANT : It has been earning profit since long and it is laying golden eggs. Don't say it is not viable. (Interruptions)

SHRI J. VENGAL RAO : I am not running away from here. I will answer your questions.

SHRI HARISH RAWAT : If a mistake is committed, who will rectify it?

SHRI J. VENGAL RAO : They said that it was not found feasible to shift the plant to some other location. That is why I said that the Union Carbide people are not willing to shift its plant to some other place. It is essentially the State Government subject. The Government of Maharashtra has already issued notice to the Union Carbide to shift the factory. Whoever take over the factory, they should shift it from Chembur in due course. Even if the Government wants to take over the unit, then also we may have to shift this unit from the present location to some other location.

DR. DATTA SAMANT : But in that area all chemical units are there. Of course, they are all dangerous.

SHRI J. VENGAL RAO : All are dangerous. Sir, some hon. Members raised a question about giving it to the workers so that they may run it on cooperative basis. We have not yet received any concrete proposal. (Interruptions)

DR. G.S. RAJHANS : Yes, yes, they have written to the Prime Minister. (Interruptions)

SHRI BASUDEB ACHARIA : The workers Union has written to the Prime Minister giving this proposal.

MR. DEPUTY SPEAKER : Mr. Minister, you carry on.

SHRI BASUDEB ACHARIA : Do the Government of India want to take over? The workers should be allowed to form a cooperative society to run the unit. (Interruption)

SHRI J. VENGAL RAO : Sir, they have written a letter. (Interruptions). There is no concrete proposal...

MR. DEPUTY SPEAKER : He has received 'no concrete proposal'.

SHRI J. VENGAL RAO : There is no concrete proposal from the workers. They have not yet formed a cooperative society.

SHRI SHARAD DIGHE : There is a letter dated 23rd July 1988 to you. The Union has written 'We had also informed vide our letter so and so we are prepared to form a workers' cooperative.'
(Interruptions)

MR. DEPUTY SPEAKER : He never denied that there is a proposal.

(Interruptions)

SHRI J. VENGAL RAO : I never denied that, Sir. (Interruptions). They have not yet formed the cooperative society. If they have formed a cooperative society, if they are ready to take over the unit, we will consider their demand. There are so many difficulties and the Government is aware of all these things. We are considering it, we will safeguard the interests of the workers, I am assuring you of this, Sir.

(Interruptions)

18.09-1/2 hrs.

PAPERS LAID ON THE TABLE—Contd.

[English]

Notification under Central Excise
and Salt Act, 1944

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : On behalf of Shri A.K. Panja, I beg to lay on the Table a copy of Notification No. 242/88-Central Excises (Hindi and English versions) published in Gazette of India dated the 17th August, 1988, together with an explanatory memorandum seeking to exempt liquid paraffin of I.P. Grade, when cleared in bulk form, from the whole of duty of excise, subject to the condition that such liquid paraffin is manufactured from duty paid refrigeration oil under sub-section (2) of section 38 of the Central Excises and Salt Act, 1944.

[Placed in Library. See No. LT-6408/88].

18.10 hrs.

*The Lok Sabha then adjourned till
Eleven of the Clock on Thursday,
August 18, 1988/Sravana 27,
1910 (Saka).*